

RESIDENTIAL MARKET REPORT 2ND QUARTER 2009



PHOTOGRAPH TAKEN BY DULUOL CATS

2nd Quarter 2009

Long Island City's position in New York City's Real Estate market has evolved greatly over the past few years. LIC is a wonderful neighborhood of great culture, restaurants, a thriving art scene and a truly caring community. The area has been changing in so many ways while preserving the charm that was here for so many years. With a large influx of Modern Condominiums, Lovely Brownstones, Multiple Family Homes, Incredible Converted Lofts and Luxury Rental Developments, there are now options of each and every type of living style to choose from.

Economic issues have certainly played a part in the growth and overall health of the LIC market but contrary to belief, we have seen a slow and steady increase in development and construction, leaving the neighborhood in a relatively strong condition compared to many of the outer-borough's neighborhoods. Developments are being completed and sales have been slower than forecasted but we are not seeing any examples of projects that have gone half-finished due to poor sales or financing although some developers have broke ground on their projects for the 421A tax benefit and have not yet begun building.

We are seeing many new faces moving into the neighborhood in search of larger and more interesting apartments, reasonable prices and a chance to be a part of an emerging and growing neighborhood. The Waterfront Promenade and the recent extension of Gantry State Park has been an enormous draw for those living in a neighborhood with the feel of a Grandiose Park and Waterfront Living Community.

Vernon Boulevard, the main retail and commercial strip in town has seen a major increase in traffic and new businesses setting up shop. The cool dip in the market of this past winter had put a damper on demand for retail space, but the 2nd quarter quickly reversed that trend with plenty of entrepreneurs wanting to take advantage of the lower Price Per Sq. Ft., currently averaging approximately \$35. Many of the businesses that have closed up during the downturn are now being replaced by newer business with long-term vision for the neighborhood. A surge in liquor licenses this past quarter not only received headlines in the local media but also showed the demand for more businesses due to the increase in population, with a half dozen more restaurants scheduled to open over the next 2 months. Several more retail business, including two furnishing stores, is proof that Long Island City has survived the economic downturn. We have been receiving a huge demand for retail space, with not enough inventory to meet the demand. The demand for Artist space has also increased while the demand for office space has decreased, most probably due to the vacancy rate in Manhattan.

Sales

Overall market prices have stayed consistent and stabilized throughout the neighborhood with developers understanding the need to be competitive during these times. Buyers have come out much stronger in the 2nd quarter as the sentiment of an approaching bottom has been felt, bringing buyers off the sidelines and back looking for smart long term investments.

1st time Buyers have been the biggest addition to the neighborhood many of which rented in LIC for 1-2 years as they tested out the neighborhood before committing with a purchase.

There has also been an increase in demand of 'Pied-a-Terre' apartments by foreign buyers and/or transients who are looking to claim a piece of Long Island City as their home away from home. The neighborhood is also attracting a lot of tourists who visit the area for its cultural locations and great views. Many visitors are staying at local hotels and eventually requesting 'Pied-a-Terre' apartments.

Rentals

Rental development continues to move forward throughout the neighborhood. The Rental busy season proved to be just that as the 1 Bedrooms in LIC have all been rented with vacancies close to zero. All available 1 Bedroom apartments are gone right away and in some instances, several backup applications are submitted as well. Two Bedroom (3 Bedroom Convertible) apartments are available but the premium units, those with views of Manhattan and outdoor space, are being scooped up before anything else.

We are still seeing incentives being given in the form of owner-paid commissions and free rent. Rockrose's East Coast Towers and Avalon Communities make up most of the rental market in the neighborhood but our estimates are that 20% of the condo buildings are being rented out by owners, investors and speculators.

Thank you for taking the time to read about our neighborhood and for your interest into our wonderful neighborhood.

Sincerely,

Eric Benaim & Ted Kokkoris
Modern Spaces
love your place

LONG ISLAND CITY RENTAL MARKET REPORT 2nd Quarter 2009

AVERAGE DOORMAN BUILDING RENT SUMMARY

	Rent Averages	Per S.F. Averages
Studios	\$1,833	\$35.40
One Bedroom	\$2,446	\$37.67
Two Bedroom	\$3,524	\$36.57
Three Bedroom	\$4,853	\$35.54

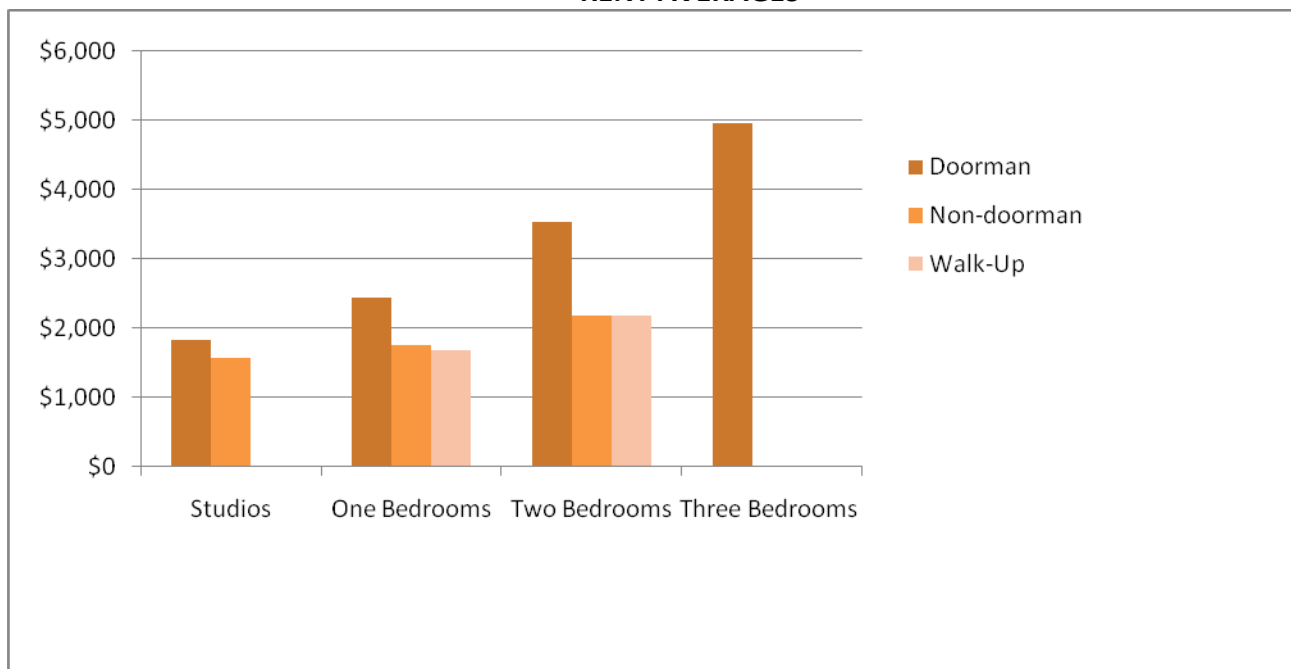
AVERAGE ELEVATOR NON-DOORMAN BUILDING RENT SUMMARY

	Rent Averages	Per S.F. Averages
Studios	\$1,550	\$33.96
One Bedroom	\$1,925	\$32.43
Two Bedroom	\$2,875	\$35.77

AVERAGE WALK-UP BUILDING RENT SUMMARY

	Rent Averages	Per S.F. Averages
One Bedroom	\$1,688	\$29.67
Two Bedroom	\$2,180	\$35.68

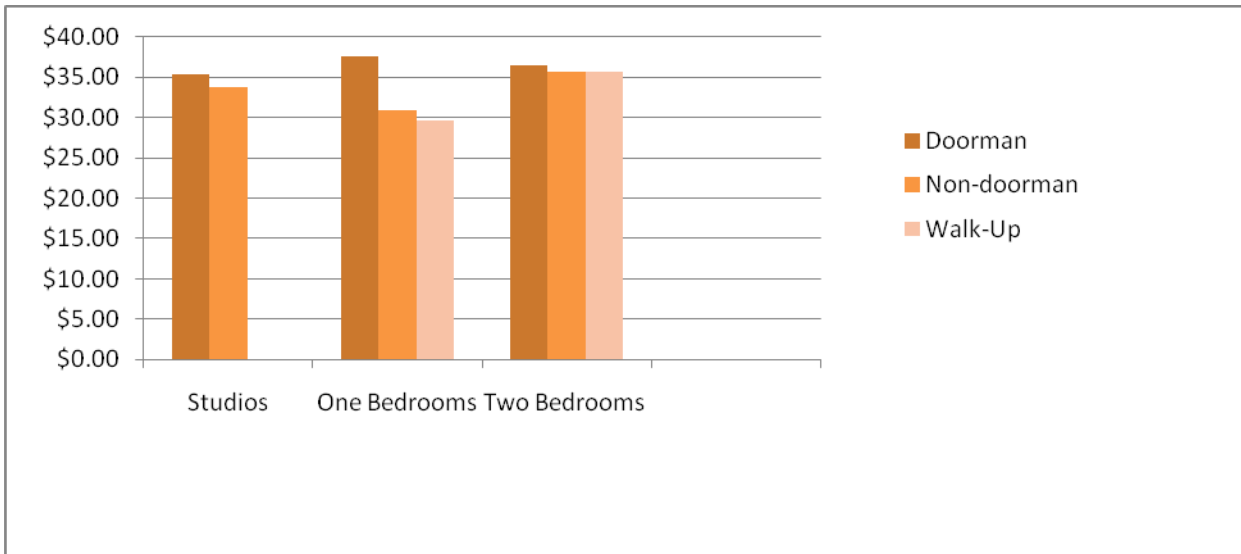
RENT AVERAGES



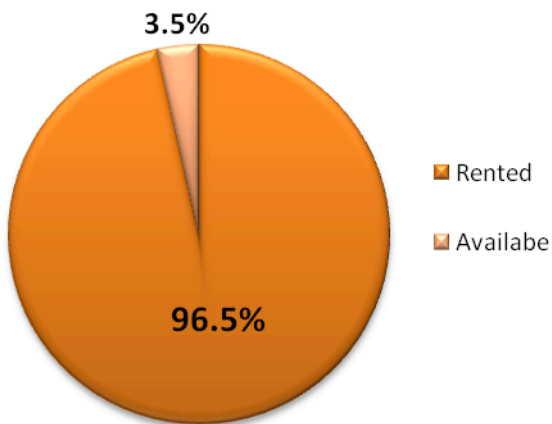
Three Bedroom Apartments Only Available in Doorman Building

LONG ISLAND CITY RENTAL MARKET REPORT
2nd Quarter 2009

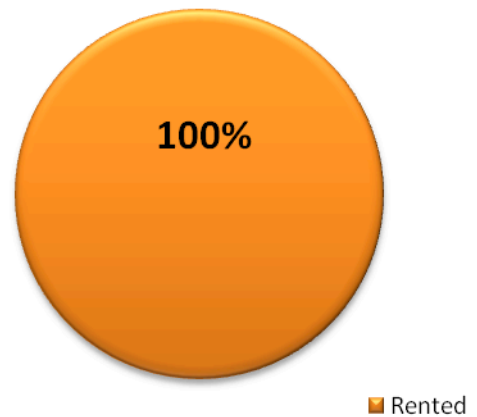
PER SQUARE FOOT AVERAGES



Rentals with Doorman
Total: 2,015 Units



Rentals Elevator without Doorman
Total: 33 Units

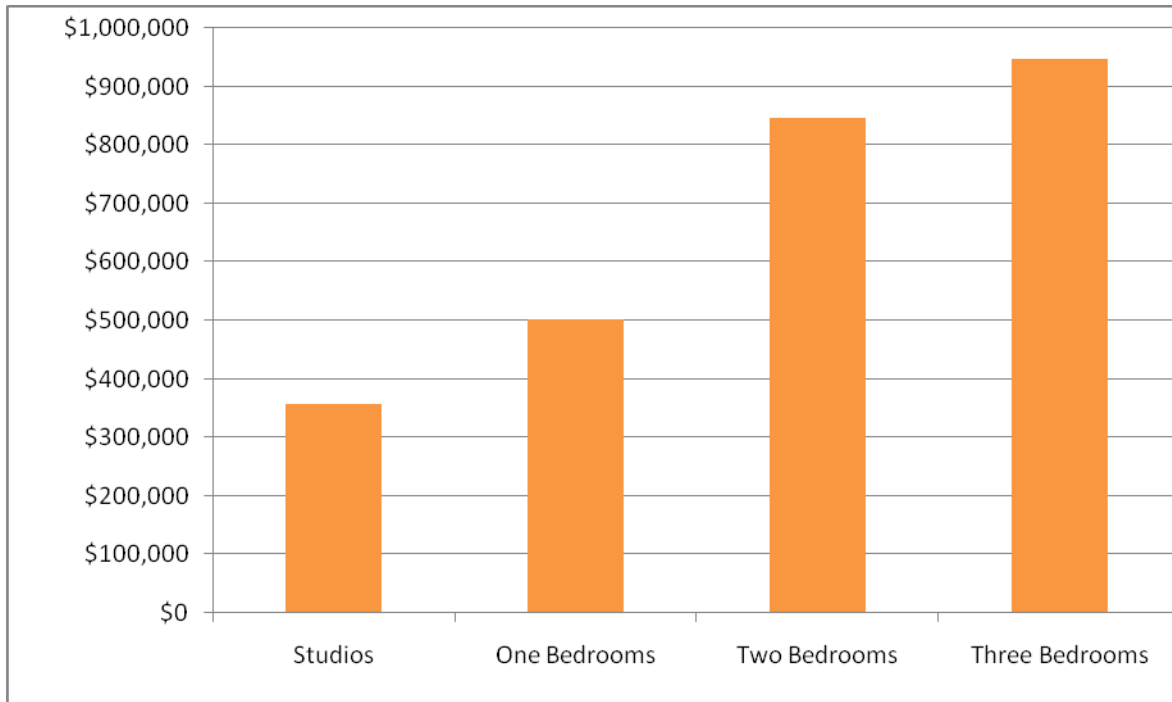


LONG ISLAND CITY SALES MARKET REPORT
2nd Quarter 2009

AVERAGE BUILDING SALES SUMMARY

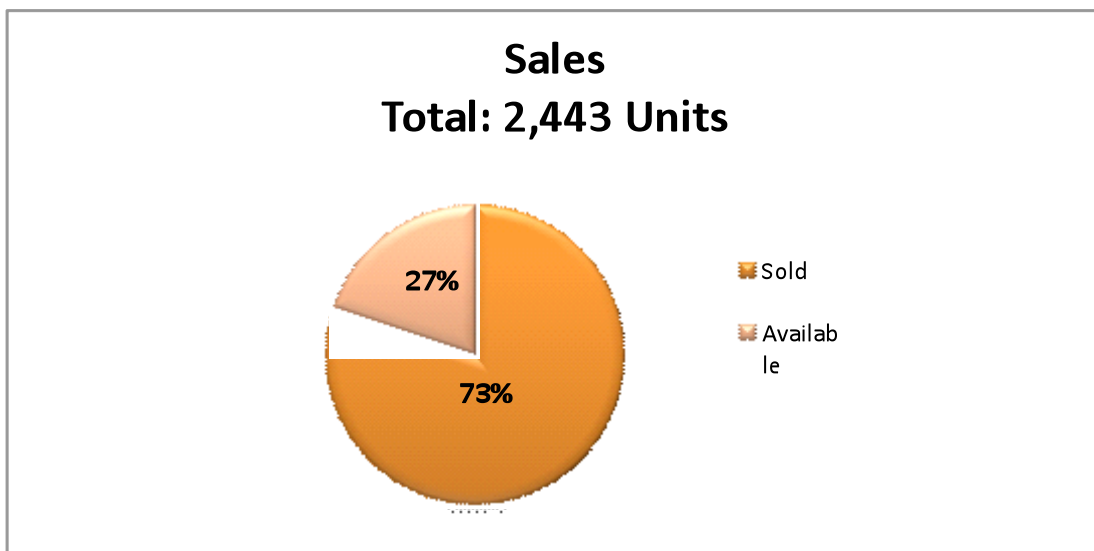
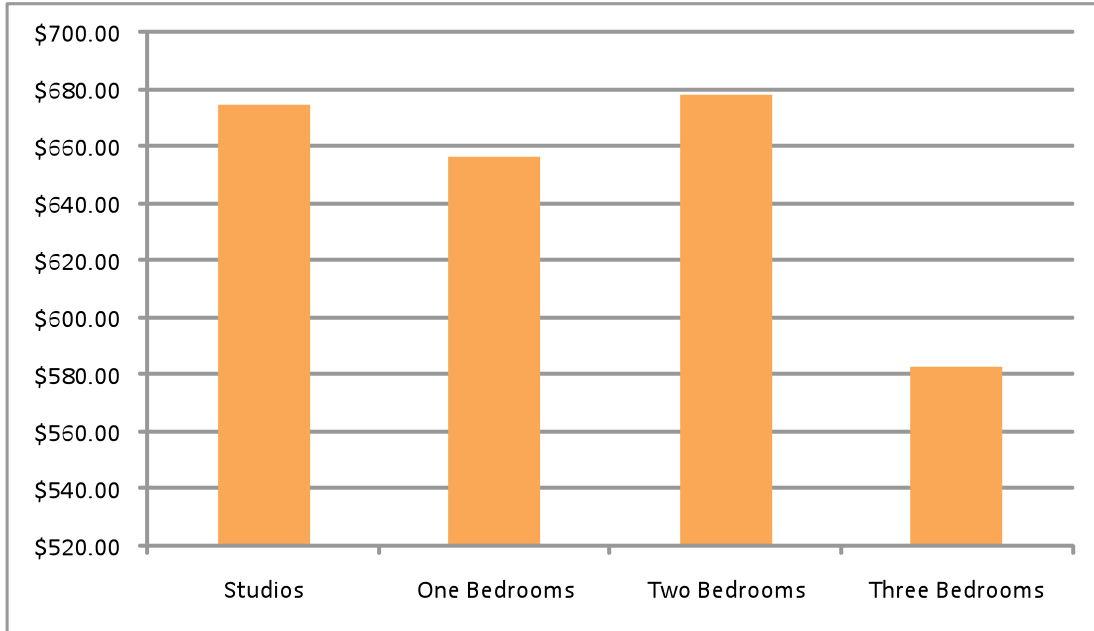
	Sale Price Average	Per S.F. Average
Studios	\$357,500	\$674.62
One Bedrooms	\$501,667	\$656.92
Two Bedrooms	\$847,000	\$678.05
Three Bedrooms	\$941,667	\$583.25

SALES PRICE AVERAGES



LONG ISLAND CITY SALES MARKET REPORT 2nd Quarter 2009

PRICE PER SQUARE FOOT AVERAGES



LONG ISLAND CITY SALES & RENTALS MARKET REPORT
2nd Quarter 2009

TOTAL APARTMENT VACANCY

Percentages	Vacant	Occupied
Rental Buildings	3.5%	96.5%
Condo Buildings	26.8%	73.2%
Total Neighborhood	16%	84%

Total	Vacant Units	Occupied Units
Rental Buildings	71	1,977
Condo Buildings	656	1,787
Total Neighborhood	727	3,764