

# THE METZGER REPORT



2008 URBAN CONDO TRENDS IN THE CAPITAL REGION

Released February 2009



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## CONTRIBUTORS PROFILES



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TL Metzger & Associates

Tracy has been active in the Capital Region real estate market for over 20 years and started her own brokerage and consulting business in 2000. TL Metzger is now ranked as one of the top real estate brokerage companies in the Region with average annual sales of \$40 million.

Current Affiliations include: Board Member of the Downtown Albany Business Improvement District • Board Member of the Albany Colonie Regional Chamber of Commerce • Board Member Greater Capital Area Realtors • Board Member Albany County Convention and Visitors Bureau • Board Member of the Berkshire Bank Advisory • Member of the Center for Economic Growth • Member of Warren County Economic Development • Member of Saratoga Economic Development Council • Member of the National and State Associations of Realtors • Member of the Rensselaer County Chamber of Commerce.

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## A MESSAGE FROM THE PRESIDENT OF TL METZGER

We are pleased to present our third issue of the Metzger Report which was designed to provide a comprehensive overview of the regional urban condo markets in the cities of Albany, Schenectady, Troy, Cohoes, Saratoga and Glens Falls. The data sources for this report remain the Multiple Listing Service, City Planners, Developers, Attorney Generals Office and tax records.

What a difference a year makes. The national economic crisis coupled with historic state budget deficits resulted in a significant slowdown in our housing market. Consumer confidence was shaken due to the historic losses in the stock market and an uncertain economic future both locally and nationally.

The condo buyer in these local markets, as identified in our previous report, remains the empty nester looking to simplify their life and the young professional looking to avoid the responsibility of owning a home. The Saratoga market remains unique with at least 50% of the sales attributed to second homes.

The overall market decline caused a number of proposed condo projects to be placed on the back burner and others abandoned in favor of apartments where demand is strong. While this is a disappointment for our market it was a prudent move by the developers.

Low interest rates, potential for tax credits for home buyers and the expected stabilization of the local economy should improve local consumer confidence in 2009. I would therefore expect positive absorption, a continued decrease in the number of available condos, and a demand for additional condo options to increase in 2009. The real question is... When will the consumer will feel confident enough to move forward. My guess is 2010.



# THE GROWING URBAN CONDO MARKET

Data Analysis • Market Overview • Featured Projects • Urban Condominium Property Inventory  
• Urban Condominium Projects Announced

## DATA ANALYSIS

While sales continued in all markets, closed urban sales were down sharply with a 27% decrease to 117 units. Pending sales going into 2009 are at 115 units which would typically trend to an increase in closed sales for 2009. However, 46 units that are pending are attributed to the Capital Grand Project which will not close in 2009.

The Capital Grand project witnessed a significant slow down in sales during the last half of 2008 primarily attributed to the overall condition of the economy. When you couple this with changing project financing conditions the developer, Norstar, has decided to proceed with amending the Offering Plan, pushing the delivery of units to June 2011. It is expected that a number of contracted buyers will opt out of their contracts due to the time delay. This will be good news for other existing condos on the market including re-sales and new construction. 17 Chapel, a recently announced 20 unit conversion in downtown Albany, will benefit if the developer is able to move this project forward quickly with delivery in mid 2010. While this project is currently in design, it will have indoor parking and the size of the units will range between 1400-2500 SF.

Overall inventory established in 2007 was 1,006 condo units in the markets covered in this report. At the close of 2008, inventory was down to 970 units. The decrease is a result of one project, Turnberry Condominiums, being removed from the list due to its location in Queensbury. Two projects in Saratoga, the Residences on Union Ave and Point West were withdrawn from the market due to lack of sales. This is unfortunate as both projects offered new, exciting choices for the condo buyer. Should these projects come back on line in 2010-2011, I would expect them to move forward to completion. Greyledge Estates, a 44 unit development was added to the Albany inventory.

Available condos at the end of 2008 were 377 units. As a true indicator of a market change, only 44 units at 38 High Rock in Saratoga made it to the market in 2008 out of the planned 483 units.

The highest closed sales price was \$1,315,000.00 at the Lofts Division Street in Saratoga versus \$1,070,454 at Railroad Place in Saratoga in 2007. This does not indicate that prices have increased but rather that a higher priced condo closed.

This data as of January 1, 2008 to December 31, 2008 provides a market data overview for the cities of Albany, Troy, Saratoga, Schenectady, Cohoes and Glens Falls.

	ALBANY	TROY	SARATOGA	SCHENECTADY	COHOES	GLENS FALLS
2008 INVENTORY	452	54	215	30	147	72
CONDOS AVAILABLE FOR PURCHASE	147	3	82	1	96	48
SOLD UNITS 2008	38	5	27	1	34	12
PENDING	47	1	37	1	17	12
CONDOS FOR SALE NEW CONSTRUCTION	136	0	75	0	96	48
HIGHEST PRICE PAID IN 2008 PER MLS	\$460,365	\$397,500	\$1,315,000	104,800	\$255,400	\$0
HIGHEST PRICE IN THE MARKET 2008	\$475,000	\$395,000	\$1,315,000	\$108,000	\$253,900	\$893,200
AVERAGE PRICE 2008	\$238,045	\$218,830	\$593,592	\$104,800	\$215,226	\$414,446
LOWEST PRICE 2008	\$119,900	\$160,000	\$154,000	\$104,800	\$173,200	\$223,650



## MARKET OVERVIEW

As previously mentioned, downtown Albany's newest project, The Capital Grand, is now pushed out until 2011. The 46 contracted buyers as well as the list of buyers classified as a potential will now have to choose to wait or move on to other locations. The strong early sales in this project verified the demand for Albany Central Business District condos and downtown living in general. Due to the lack of condo options, demand will remain strong for apartments as evidenced by upper floors of existing buildings being converted to apartments that are generally rented before completion. A significant apartment conversion at the Arcade Building on Broadway, offering 55 units is planned to come on line sometime in 2010.

Saratoga remains the strongest condo market in the Region due in part to the strong second home market. 38 High Rock, featuring 44 luxury condominium residences sitting next to a 123-room Hampton Inn & Suites, is under construction with the first units expected to close by the end of 2009. Sales have been relatively strong with 13 pending contracts since June of 2008. According to the sales agent, Lisa Stoll, the success can be attributed to the hotel amenities, sky deck and the club room all offering a resort atmosphere. Park Place, also under construction will expect to close their first units by this summer. With 12 contracts pending at the end of 2008, including a \$1,637,981 unit (\$496 per SF), Julie Bonacio, sales agent, is pleased and recognizes that "they have to be at the top of their game and must really know their market to be successful". Sonny Bonacio, developer and builder, and Julie Bonacio have demonstrated this with the success of Railroad Place (sold out) and the Lofts at Division St. where only 2 units remain available. Ludlow Street, a 10 unit conversion offers condos priced from \$100,000- \$200,000, an affordable Saratoga option with 7 units available.

The Mills in Glens Falls, 52 units, is expected to start closing on their 12 units pending contracts in May of 2009. 2008 was a challenging year for this project as some initial buyers were lost due to the economy. Crandall Square, 20 units, currently has 8 units available for purchase.

Cohoes led the market in 2007 with over 384 condo units expected to hit the market in 2008. None of which did. Water's View, 220 units, is on hold; Waterside, 120 units, is now senior apartments; Eagles Nest, 30 units, has converted to apartments; and 147 Mohawk Street, a 14 unit church conversion is on hold. However, Admiral's Walk, 110 units, closed 16 units in 2008 and had 9 more pending. John Mesko, listing agent, was ecstatic with a significant increase in activity just this past month. Avalon Place, 37 units, only had 11 units left at the end of 2008.

No new projects have been reported in Troy or Schenectady in 2008. Total urban condo inventory in Troy is 54 with on 3 re-sales available at Power Park Lofts. Schenectady's inventory is at 30 with only 1 unit available on Front Street.



## PROJECTS UNDER CONSTRUCTION



### 38 High Rock

Saratoga Springs is the site of the region's first downtown joint condo and hotel complex, mirroring a movement that has gained momentum in some of the most desirable real estate markets throughout North America. 45 Luxury units, ranging from 1,000 to 3,000 SF. Prices ranging from \$400,000 to \$1,500,000.



### The Mill at South Glens Falls

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Standing six stories tall, The Mill, Glens Falls' newest 65-unit multi use condominium complex, offers spectacular and sweeping views of the Hudson River, Adirondack Mountains and downtown Glens Falls. Offering 52 residential condos, ranging from 1,075 to 2,643 SF. Prices ranging from \$211,300 to \$1,026,900

## HIGH PROFILE PROJECTS



### Park Place Condominiums

Located in downtown Saratoga Springs, with conveniences such as underground parking, a fitness room, home theatres and home offices. Offering 43 residential condos and 8 commercial condos, ranging from 1,490 to 3,680 SF. Priced from \$569,000 to \$1,984,410. 12 sold.



### Greyledge Estates

Greyledge Estates gives you the opportunity to live in a Maintenance Free home designed with a multitude of conveniences. Featuring nine foot ceilings, lavish master bedroom suites with spacious closet space. Enjoy exceptional gourmet kitchens and large open great rooms ideal for entertaining. Greyledge Estates provides easy access to the incredible Wolferts Roost Country Club just across the street. Offering 49 units, ranging from 1,181 to 2,048 SF. Prices starting in the mid \$300's.

## **URBAN CONDOMINIUM PROPERTY INVENTORY (10 units or more)**



### Albany

- The Capital Grand; 124 residential units
- 1112 Western Avenue; 16 residential units
- 399 State Street; 66 residential units
- 355 State Street; 17 residential units
- 352 State Street; 40 residential units
- The Lofts at Bryn Mawr; 14 residential units
- 270 Hudson; 16 residential units
- Village in the Green; 96 residential units
- 409 Madison; 14 residential units
- Greyledge Estates; 49 residential units

### Troy

- Power Park Lofts; 18 units
- North Ridge Condominiums; 36 units

### Saratoga

- The Lofts at 18 Division Street; 30 units
- Park Place Condominiums, 268 Broadway; 43 units
- Excelsior Park/Gibson Court; 30 units
- 64 Ludlow Street; 10 units
- Whistler Court; 30 units
- Railroad Place; 60 residential units
- 38 High Rock; 44 units

### Schenectady

- 137 Front Street; 31 residential units

### Cohoes

- The Seasons at Mohawk Pointe/Avalon Place; 37 residential units
- Admirals Walk; 110 units

### Glens Falls

- The Mills of Glens Falls; 52 units
- Crandall Square; 20 units

## **ANNOUNCED URBAN CONDO PROJECTS**



### Albany

- 17 Chapel Street; 20 units

### Saratoga

- Pavilion Grand; 8 residential units, 5 office condos

## CONDO SPECIALIST TEAM

These Specialists have completed the condo training course developed by the company. The curriculum included specific condo education and site visits to the major developments in the Region.

You can count on our Condo Specialists for....

- Comprehensive knowledge of dozens of existing and planned condo communities
- Familiarity with offering plans, purchase procedures and other factors that are unique to condo transactions
- Extensive knowledge of closed condo transactions

Given the company's thorough research of the emerging condo markets and involvement with a number of new condo projects, these Specialists are uniquely qualified. They are "in the know" about what's going to happen in the regional condo market . . . even before it happens.

Meet our Condo Specialists:



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# THE GROWING URBAN CONDO MARKET

Appendix: Condo Definitions

## **APPENDIX: CONDO DEFINITIONS** (excerpted from the Office of The New York State Attorney General)

### **What is a Condominium?**

A condominium is a form of property ownership in which the homeowner holds title to an individual dwelling unit, an undivided interest in common areas of a multi-unit project, and sometimes the exclusive use of certain limited common areas.

Condominium buyers own their individual units outright and receive deeds for them. Each of the unit owners is responsible for paying a proportionate share of the building's fuel costs, building employee salaries, and other expenses of operation.

These costs are known as common charges. Additionally, each condominium owner pays real estate taxes, separately assessed against each unit, and the cost of any mortgage obtained to finance the original purchase.

The condominium owner may deduct these tax payments and the payments of interest (but not principal) on the mortgage, from taxable income.

The condominium is governed by a board of managers elected by the unit owners. The board's authority to operate the building is explained in detail in the condominium declaration and by-laws, a copy of which is included in the offering plan.

### **Who governs the sale of condominiums?**

The Investor Protection Bureau - Real Estate Financing Section's main function is to protect the public from fraud with regard to real estate offerings, including cooperatives, condominiums, syndications and real estate investment trusts. To carry out this responsibility, the Bureau requires the filing of prospectuses or offering circulars, which must disclose information concerning all material aspects of the offering, what is planned to be built for newly constructed properties, and detailed disclosure of the condition of the property for existing buildings.

### **What exactly is the role of the Attorney General in the conversion process?**

In New York, interests in a cooperative, condominium or homeowners' association may not be sold, or even offered for sale, until an offering plan -- disclosing all the material facts and complying with all of the laws -- has been submitted to, and accepted for filing by the Attorney General.

Before accepting a plan for filing, the Attorney General's office reviews the offering plan and supporting documents submitted by the sponsor to determine whether the sponsor has complied with tenant protection laws and whether the plan appears to disclose all of the information required by the laws and regulations issued by the Attorney General. By accepting a plan for filing, the Attorney General is indicating only that the sponsor appears to have complied with the law. Responsibility for full compliance lies with the sponsor. Acceptance does not constitute a value judgment on the plan. It does not mean the Attorney General has approved the financial terms, the price, the description of the building's condition or any other aspect of the plan.

### **Time schedule**

When the Attorney General's office determines that all of the material facts concerning the building appear to have been adequately disclosed, and makes all the findings required by law, the offering plan is accepted for filing. In the case of buildings occupied entirely or partly for residential purposes, the Attorney General may not accept the plan in less than four months after its submission. In no more than six months, the sponsor must by law be informed that the plan is either accepted for filing or is deficient and must be modified.

### **The Final Offering Plan**

A black book is a final offering plan for a co-op or condo that has been accepted for filing by the Attorney General's office, the plan constitutes the sponsor's offer to sell co-op or condo units on the terms and conditions set forth in the plan.

### **Typical Time Schedule**

- 1- Developer buys property
- 2- Developer decides physical and legal structures for building: Puts his dream on paper and includes supporting evidence that helped him propose the plan.
3. Developer presents Plan to City for approval- City gives conditional approval.
- 3- Developer presents Plans to Attorney General.
- 4- Attorney General reply: When the Attorney General's office determines that all of the material facts concerning the building appear to have been adequately disclosed, and makes all the findings required by law, the offering plan is accepted for filing. In the case of buildings occupied entirely or partly for residential purposes.
- 5- Time schedule for reply: The Attorney General may not accept the plan in less than four months after its submission. In no more than six months, the sponsor must by law be informed that the plan is either accepted for filing or is deficient and must be modified.
- 6- Once Plan is accepted developer can start selling units.

## APPENDIX: CONDO REPORT DEFINITIONS

### Urban Condo-

Considered urban due to location within City limits, and consisting of 10 units or more with sales or offering price greater than \$75,000.

### Urban Market-

Albany, Cohoes, Glens Falls, Troy, Schenectady, Saratoga.

### Base Inventory-

All existing and new construction urban condos as defined.

### City Approved Condos-

Projects that have received necessary approvals from the local municipality.

### AG Approved Condos-

Projects that have received necessary approvals from the NYS Attorney General Office.

### Planned Condos-

Projects which have been announced but have not yet received approval.

### Vacancy Factor-

Percentage of completed units available.

### Available Units in the Market-

Number of units that are currently for sale, excluding projects that have not received Attorney General Approval.

### Sold Units -

Units that either were sold and ownership transferred or units that have an executed contract for sale.

### Average Asking Price/Sales price/Taxes/Fees -

An average price was developed for each location by taking the total prices and dividing by the number of units.

\*ALL INFORMATION IS RELIABLE BUT NOT GUARANTEED





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