

THE METZGER REPORT



2009 URBAN CONDO TRENDS IN THE CAPITAL REGION

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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 fourth issue of the Metzger Report which continues to provide a comprehensive overview of the regional urban condo markets in the cities of Albany, Schenectady, Troy, Cohoes, Saratoga and Glens Falls. Urban condominiums are in demand in these markets as they offer a new lifestyle choice we had not previously enjoyed. Unfortunately, while baby boomers and young professionals have demonstrated their desire to live in our cities and experience a more carefree lifestyle, the tightening of the credit markets over the past 18 months caused many condo projects to be placed on hold, scratched or be converted to apartments.

The boomers are the biggest niches of all condo buyers with the oldest of the boom generation turning 64 in 2009. I recently read in the New York Realtor magazine that someone turns 60 every nine seconds. While developers were eager to satisfy this market, the banks have not been with the much hailed Capital Grand project officially withdrawn this past summer even after high demand was established with 46 presales. While The Mill, a high-end luxury condo project in Glens Falls, did secure the necessary project financing and was subsequently built, the timing was off as buyer confidence continued to decline with the economy.

Moving forward I think we will see smaller urban condo projects as evidenced by Whitehall Pointe and 17 Chapel in Albany which are featured later in this report. As condos continue to be in short supply, we should expect prices to remain stable and even increase in some of the markets. High-end apartments are already showing signs of market acceptance with leasing continuing at a solid pace at The Alexander in Albany and two recent residential conversions in downtown Albany at 23-25 N. Pearl Street and the Meginniss Flats at 370 Broadway. These conversions offer larger apartments, high-end finishes, and more amenities than typical appealing to the empty nesters and young professionals. I would expect more apartment options to come on line with developers potentially looking to convert them into condominiums in the future.

Please do not hesitate to contact me with any questions or if you would like to receive updates on these markets or developments. I can be reached at Tracy@tlmetzger.com.



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THE GROWING URBAN CONDO MARKET

DATA ANALYSIS

As expected closed sales for condos in our market areas slowed considerably with a 43% decrease in sales from 2008. Pending sales at the start of 2010 are at 37 units, again showing a decrease in pending sales from the start of 2009 but this was primarily attributed to the Capital Grand project in Albany shutting down where we reported 46 pending contracts at the start of 2009.

Overall inventory reported in 2007 of 1,006 continues to decline with a 2008 inventory of 970 units and a 2009 inventory of 846. This is attributed to 2 major projects, The Capital Grand and The Mill being withdrawn from the market and the addition of Whitehall Pointe in Albany.

The number of available condos has decreased as overall inventory has declined and sales have continued. At the end of 2009 there were 253 condos available as compared to 377 units at the end of 2008, a 33% decrease in available condos. True absorption was only 79 units in 2009 with 67 units closed and 12 under contract in 2009.

The highest closed sales price was \$1,984,410 at Park Place in Saratoga establishing a new benchmark. Saratoga remains the only market able to develop and sell high-end condos. However, 17 Chapel is expected to secure the highest price thus far in downtown Albany.

Taking a look at prices on a per square foot basis in Albany, Saratoga, and Cohoes, it comes as no surprise that Saratoga tops the chart at an average price per SF of \$302 for 2009 and \$290 for 2008 with the highest per SF sale at \$539.24 at Park Place. Albany showed a decline in the price per SF with \$178 per SF in 2009 and \$204 in 2008. However, this can be attributed to some degree on the limited inventory with Greyledge closing 6 units in 2008 with the highest price at \$255 per SF. The Cohoes market offers a more consistent price point with units closing at an average price of \$150 per SF with the highest sale at \$189 per SF at Admirals Walk in 2009.

This data as of January 1, 2009 to December 31, 2009 provides a market data overview for the cities of Albany, Troy, Saratoga, Schenectady, Cohoes and Glens Falls.

2009	ALBANY	TROY	SARATOGA	SCHENECTADY	COHOES	GLENS FALLS
2009 INVENTORY	380	54	215	30	147	20
CONDOS AVAILABLE FOR PURCHASE	101	5	42	1	96	8
SOLD UNITS 2009	22	5	13	4	23	0
UNDER CONTRACT	4	0	27	0	6	0
CONDOS FOR SALE NEW CONSTRUCTION	72	0	22	0	96	0
HIGHEST PRICE PAID IN 2009 PER MLS	\$480,000	\$321,000	\$1,984,410	\$135,000	\$255,400	\$0
HIGHEST PRICE IN THE MARKET 2009	\$480,900	\$349,900	\$1,984,410	\$159,500	\$255,400	\$0
AVERAGE PRICE 2009	\$224,980	\$191,780	\$741,005	\$114,250	\$222,526	\$0
LOWEST PRICE 2009	\$83,000	\$118,000	\$198,000	\$77,000	\$169,000	\$0

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.

2008	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
UNDER CONTRACT	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

Developers continue to test the **Albany** market with different condo options even in these challenging economic times. Lack of financing caused the withdrawal of The Capital Grand project which was a huge disappointment after strong interest was shown by the 46 contracts in place. Fortunately, 17 Chapel, a 24-unit condo project is on track with financing in place and Attorney General approval expected in February 2010. Although prices are higher than the Capital Grand on most of the units, the developer is offering larger units, a location that is more proximate to restaurants and services and higher end finishes. Whitehall Pointe offers a more affordable option with attractive features like a garage, separate entrance and a desirable floor plan. Sales are off to a great start with young professionals and empty nesters eager to secure their choice location. It should be noted that the new 300 unit apartment complex in Albany, The Alexander, (see featured properties) may be satisfying the market demand for an easier lifestyle with 120 units leased since August 2009.

Saratoga witnessed a slow down in sales with a 52% decrease in closed sales over 2008. This comes as no surprise due to the percentage of sales attributed to second homebuyers and the overall slow down of the higher end housing market. 38 High Rock, a 44 unit high rise project in downtown, had 15 units pending at the end of 2009 but no closings have taken place per the MLS. On the flip side, The Lofts at Division Street are now sold out with only one unit pending at the end of 2009.

Julie Bonacio, listing agent for Park Place, has seen a significant increase in activity as of the beginning of 2010 indicating a potential rebound in sales. I would expect with construction of Global Foundries now underway and employees continuing to relocate here that this will also have a positive impact on 2010. It should be noted that a much smaller project, Greenfield Avenue, a 9 unit conversion of an existing large historic mansion located just off North Broadway demonstrated its appeal in 2009 with 6 units pending at the end of the year.

Glens Falls had a difficult year with no sales and no pendings for the year. The Mill was converted to an apartment project in late 2009 as sales slowed after an initial 12 units were placed under contract. Market timing certainly attributed to the change in status but this project was considered risky from the start with Saratoga prices in an unproven market. Crandall Square continue to struggle with no sales in 2009.

Condo sales in **Cohoes** were the highest in the inventory tracked with 23 closed sales and 6 units pending. Admirals Walk had 13 sales with Avalon Place at 10.

There were several condo projects approved in 2009 by municipalities. **Post Creek**, a 47-unit condo project is located on Brunswick Road in Troy with proximity to RPI, Samaritan Hospital and St. Mary's Hospital. Featuring a contemporary carriage house design with garages on the first floor and 2-3 levels of living space with 2-3 bedroom layouts. **North Hills Estates**, 30-unit condo project in Troy, is located just below Gurley Avenue on 7th Avenue. Designed as one 50,000 square foot building with 3 levels of living space and underground garage parking, the condo units offer interesting designs with 2 or 3 bedrooms. Having reviewed these projects, they all offer a different lifestyle choice in locations where demand should be high.

FEATURED CONDO PROJECTS



17 Chapel

17 Chapel Street, Albany NY – Announced in 2009, this 24 unit high-rise condo project in downtown Albany is just weeks away from Attorney General approval. The sales model is currently under construction with an expected opening in mid-March. Prices are expected to range from the low \$300,000 to mid \$700,000.



The Reserve at Whitehall Pointe

Whitehall Pointe, Albany NY – Also announced in 2009, this 52-unit condo project is under construction with 2 units under contract and 8 lot holds in place since Attorney General approval in early January 2010. The first closings are expected in June 2010. Prices are \$204,900 or \$214,900 depending on size and location. This suburban style condo offers a garage and separate entrance for each unit.



FEATURED APARTMENT PROJECTS



The Alexander at Patroon Creek

The Alexander, Albany NY – This 300 unit apartment complex located right off I-90 offers a condo lifestyle of the big city. Featuring an indoor and outdoor pool, large courtyards, private balconies, fitness center, business center, media room, party room and much more. Larger than typical apartment size is also offered with square footages ranging from 730 SF to 1600 SF. Opening in August 2009, 40% of the units are leased with rents ranging from \$1095 to \$2150.



23-25 North Pearl Street

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23-25 North Pearl Street, Albany, NY- This beautifully renovated 7 unit apartment conversion in downtown Albany offers a great option for the professional who wants to be in the heart of it all. High end finishes such as granite counter tops, stainless steel appliances, hardwood floors, exposed brick and oversized windows makes a terrific opportunity for the true city dweller. Prices range from \$1100 to \$1500, with two units already rented since the beginning of the year.

URBAN CONDOMINIUM PROPERTY INVENTORY (10 units or more)

Albany

- 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

- Crandall Square; 20 units

ANNOUNCED URBAN CONDO PROJECTS

Troy

- North Hill Estates; 30 units
- Post Creek; 47 units

Cohoes

- Captains Lookout; 140 units

Rensselaer

- DeLaets Landing; 250 - 300 units



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:



Carmella Richards
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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**