

It's Today, Here's the Money!

South Florida and New York's Condominium Implosion Facts

GERALD GUTERMAN | SENIOR PRINCIPAL PARTNER, CHIEF INVESTMENT OFFICER

I am writing this White Paper to be sure that we have clearly explained our approach to Bulk Purchasing of condominium apartments, from developers who have run out of time or for whom time is closing in, because they have run out of operating capital and have been unable to lower the sales prices on their condominium apartments.

The reason for bulk purchasing of unsold condominium apartments is direct and realistic. Bank lending restrictions on lowering prices, occur because the collateral value of those lowered unit prices may present ratio (loan to value) problems for the lender. This in turn causes the lender to increase reserves to protect the lender's own equity position and may in fact cause any other loans which the lender has in the area, to also be written down and additional reserves held.



The Borrower/Developer/Sponsor is caught within the sales price restrictions and unable to extricate the collateral from the development/conversion loan, unless a "bulk sale" is completed.

As I have written before, this is not a trick! This is common sense, together with the expertise to know and understand the demographic matching of each specific area. When this expertise and experience is combined with a Developer/Sponsor who continues to own unsold apartments for any extended period of-time, sparks fly, bells ring and immediate "cash" to be paid by Fund-47 is a "can't refuse" inducement.

Below are some of the current supply and demand facts, that I believe will be of assistance to you as you consider your interest in Guterman Real Estate Partners-47, LLC.

SOUTH FLORIDA'S CONDOMINIUM IMPLOSION FACTS

1. As of January 20, 2019, more than 3,900 luxury condominium apartments (over \$1,000,000) formally listed for sale in the tri-county region of Miami-Dade, Broward and Palm Beach. **Approximately 31.3 average months of supply before addition of new condominium apartments added to supply.**
2. As of January 20, 2019, more than 26,500 middle income condominium apartments (average price of \$671,554 / \$394.00 per square foot) formally listed for sale in the tri-county region of Miami-Dade, Broward and Palm Beach. **Approximately 8.9 average months of supply before addition of new condominium apartments added to supply.**

3. As of January 20, 2019, nearly 47,500 new condominium apartments currently in development east of Interstate 95 in the tri-county region of Miami-Dade, Broward and Palm Beach.

4. The MLS Matrix has an arbitrary rule that limits the overall "pricing" and "days on the market" information, to a maximum of 10,000 condominium apartments at a time, therefore limiting the available information in the tri-county region of Miami-Dade, Broward and Palm Beach.

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NEW YORK'S CONDOMINIUM IMPLOSION FACTS

The value of new Manhattan contracts last week, were reported at \$60.645 million, the lowest weekly total since the very first week of 2014, and not one of those homes was asking more than \$10 million. Sales numbers at this level are an important factor in adding to the strength of our financial position and the seriousness of the condominium over-building when combined with the financial pressures of the developers.

1. East and West Sides of Manhattan - \$20m+

As of December 31, 2018, condominium apartments selling for \$20m+ have 48 average months of supply.

2. East Side of Manhattan - \$10m - \$20m

As of December 31, 2018, condominium apartments selling for \$10m-\$20m have 25.1 average months of supply.

3. West Side of Manhattan - \$10m - \$20m

As of December 31, 2018, condominium apartments selling for \$10m-\$20m have 35.3 average months of supply.

4. East Side of Manhattan - \$5m - \$9.99m

As of December 31, 2018, condominium apartments selling for \$5m-\$9.99m have 14.9 average months of supply.

5. West Side of Manhattan - \$5m - \$9.99m

As of December 31, 2018, condominium apartments selling for \$5m-\$9.99m have 18.9 average months of supply.

6. East Side of Manhattan - \$3m - \$4.99m

As of December 31, 2018, condominium apartments selling for \$3m-\$4.00m have 13.6 average months of supply.

7. West Side of Manhattan - \$3m - \$4.99m

As of December 31, 2018, condominium apartments selling for \$3m-\$4.99m have 11.9 average months of supply.

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Once again repeating what I have said before in my White Paper 5, everything my partners and I have learned and experienced during our now forty-one (41) years as developers of condominium apartments and converters of rental apartments to both cooperative and condominium ownership, has arrived "now" in South Florida and is currently arriving "now" in New York with heretofore unprecedented speed.

The Market is now and will again generate significant profits for Owners of condominium housing.

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GRAMERCY HOUSE

VERMEER

STANHOPE

SUTTON HOUSE



MANHATTAN, NEW YORK

These significant profits or "low hanging fruit," are now ready to once again flow into the bank accounts of Second Owners, also known as "Bulk Purchase Owners" as they purchase and resell the original Developer/Sponsors' unsold Condominium Apartments.

I am referring to the Investors participating in Guterman Real Estate Partners-47, LLC ("Fund-47") who through Fund-47, will purchase large groups of "Unsold Condominium Apartments" from the original Developer/Sponsors, for a forty-five to fifty-five (45% - 55%) percent discount from the Sponsor's original retail pricing.

Fund-47 will finance each bulk purchase of unsold condominium apartments with a mortgage loan in the amount of approximately seventy-five (75%) percent of our fifty (50%) percent discounted price, which will require Fund-47 to invest approximately twenty-five (25%) percent of the discounted purchase price. However, in reality, Fund-47 will invest approximately twelve and one half (12.5%) percent of the original retail sales price.

Thereafter, Fund-47, will sell each individual Condominium Apartment for a "bargain amount," to a Retail User/Buyer. That bargain amount may be as much as twenty-five (25%) percent less than the original retail sales price offered by the Developer/Sponsor. The Retail Buyer saves a significant amount on the purchase and Fund-47 will at least double the cash investment within approximately twelve months or less.

Bulk purchasing of unsold Condominium apartments at significant discounts ranging from forty-five to fifty-five (45% – 55%) percent off the retail market price, followed by the resale of those same specific Condominium apartments at discounts of approximately twenty-five (25%) percent off the retail market price, is the single most influential way of "disrupting" absorption rates in overbuilt areas such as New York and Florida.

As I have written before, this is not a trick! This is common sense, together with the expertise to know and understand the demographic matching of each specific area. When this expertise and experience is combined with a Developer/Sponsor who continues to own unsold apartments for any extended period of time, sparks fly, bells ring and immediate "cash" to be paid by Fund-47 is a "can't refuse" inducement.

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If you have questions, please go to the Contact page on the Guterman Partners' internet site and click on Ask Gerry a Question. www.gutermanpartners.com

WHY GUTERMAN PARTNERS? BECAUSE "EXPERIENCE IS EVERYTHING"

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