



The Charles
1355 First Avenue
New York

Marketing Plan

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I. Community Overview

The Charles, a 35 story, 45 unit luxury residential condominium community is located on the Upper East Side of Manhattan. Bordered by the natural beauty of Central Park and the East River, the Upper East Side is home to Fifth Avenue's Museum Mile and many exclusive boutiques, salons and restaurants. The community consists of private 1, 2, 3 and 4 bedroom residences and a triplex penthouse. There are only one or two residences per floor. The community has numerous amenities including; a house manager, a classically designed lobby, drawing room, skylight pool, English style garden, library, wine vault, screening room, playroom and fitness suite.

II. Current Market Conditions

Market conditions have changed dramatically in the past 3 years. Historically, Manhattans Upper East Side has commanded one of the highest price per square footage in the nation. A marketing report released by Gregory Heym, Chief Economist of Brown Harris Stevens, a leading real estate brokerage house in Manhattan, indicates that there was 28% decline in condominium sales between 2007-2008. This decrease in sales leveled off in 2009 but the Upper East Side experienced what the rest of the nation has with a decline in home prices. According to Manhattan's Condos on Wired New York there has be a 20% decrease in price per square footage throughout Manhattan including the Upper East Side. That said, sellers are negotiating on their price and offering more concessions.

III. Competitive Market Survey

The following page includes a competitive market survey based on price per square foot for the top 11 luxury condominium competitors of The Charles. All of the new developments are located on the Upper East Side of Manhattan. In addition, included is a survey of the top 3 competitor's amenity package. Because they are luxury condominiums the amenities offered are similar in nature but vary in the degree.

Address	Noted	Total Units	Price Per Square Foot
1355 First Ave. The Charles	Has not started construction	45	\$1,914
400 East 67th Street The Laurel	Recently started closings	129	\$1,816
305 East 85th Street The Georgica	Sales seem to have stalled	58	\$1,272
151 East 85th Street The Lucida	Spring 09 occupancy	110	\$2,016
255 East 74th Street Casa 74	Midway through closings	87	\$1,781
303 East 77th Street The Isis	Sales stalled out	32	\$1,663
205 East 85th Street The Brompton	Winter/Spring 09 closings	193	\$1,697
433 East 74th Street Lux 74	Immediate occupancy	12	\$1,367
515 East 72nd Street Miraval	Immediate occupancy	366	\$1,473
200 East 66th Street Manhattan House	Immediate occupancy	475	\$1,595
300 East 79th Street	Immediate occupancy	34	\$1,515
170 East End Avenue	Over half closed / few resales	119	\$1,943

Amenity	The Charles	The Laurel	The Georgica	The Lucida
House Manager	✓	✓		
Drawing Room	✓			
Library	✓			
Garden	✓		✓	
Skylight Pool	✓			
Screening Room	✓			✓
Playroom	✓		✓	✓
Fitness Suite	✓	✓	✓	✓
Wine Vault	✓			✓
Doorman		✓		✓
Bicycle Storage		✓		✓
Concierge	✓	✓		✓

IV. SWOT Analysis

In analyzing The Charles strengths, weakness, opportunities and threats there are a few worthy notes. The greatest strength of The Charles is a very well designed community by a world renowned interior designed from London, David Collins. Every detail in the design of the residences and amenities was well thought out. Subsequently, The Charles has the most impressive list of amenities amongst its competition. Although the Lucida is higher in price per square foot it offers fewer services. The Charles has two weaknesses; the cost per square foot and its location. It is located at 1355 First Ave at 72nd Street. Among Upper East Sider's this is considered too far east from Madison Ave. In addition, the cost per square footage is high in today's market place.

The opportunities and threats of the external environment should not be overlooked when analyzing the market conditions for The Charles. Among the opportunities for The Charles is the strength in population and net worth of the Upper East Side target audience. Although currently, the number of sales and price per square foot has decreased the overall opportunity in sell condominiums in this community is still high. The greatest threat to the community is the current economic conditions. New York is experiencing a higher than normal unemployment rate among hedge fund managers and other Wall Street elite. Initially, financial professionals and Wall Street elite was the target audience for The Charles. Now the focus is on other segments of the marketplace. In addition, prospective buyers have voiced uncertainty and anxiety about the financial markets, the decrease in home prices and the overall health of the economy. Therefore, the rate of sales has slowed to 0 as of March 2009.

V. Target Market

The target customer for The Charles will be a high income, highly educated, professional most likely living or working nearby. The household income of the buyer is expected to be over \$500,000. Additionally, there will be a number of foreign buyers looking to acquire a high quality full service New York

Pied-a-terre. This customer will be very discerning, with expectations of world renowned design, five star service and an unparalleled collection of amenities. This clientele wants to maintain a convenient connection to the active lifestyle of the city but still have the serenity of a private residence.

Upper East Side (UES) Residents

There will be a strong focus on the East 57th to East 96th, Lexington to River neighborhoods. In these neighborhoods there will be a focus on growing families who desire to “trade up” in size and quality, but are unable to afford prime locations west of Lexington between 60th and 86th Streets. In these locations the family home market hardly exists for under \$2,500 per square foot. At the Charles we are able to offer the exclusive feeling and design cache that attracts this buyer demographic, at an attainable price point.

Empty-nesters

Our research indicates that 10-15% of purchasers will be “empty-nesters”. These couples have raised their children in affluent suburbs in the Tri-State area, particularly in New Jersey, Westchester and Connecticut. They are urban, well-educated, sophisticated people who like to enjoy the culture of Manhattan. They would prefer to own a full service condominium rather than commute into the city or stay in a hotel. These buyers move back to the city once their children are grown or will utilize this residence as a weekend home.

First time buyers

These buyers are at the upper echelon of their respective fields and have been identified as “top young talent”. Their professions (Wall Street fund managers) give them the financial wherewithal to purchase a home rather than rent. They prefer the convenience of a full service condominium community. In addition, many first-time buyers have young families and want a spacious condominium with amenities to enhance their lifestyle. They are seeking the UES school district for its prestige and history of being the best.

Medical

Because of the unparalleled volume of high caliber medical institutions concentrated in this neighborhood, we anticipate a good portion of purchasers to be young, established medical professionals from institutions such as Sloan Kettering, Cornell, NYU and The Ear Nose and Throat Hospital. These professionals appreciate the sophistication, exclusivity and lifestyle that The Charles will offer.

VI. Integrated Marketing

Overview

The objective of The Charles marketing campaign is to utilize a variety of target initiatives in concert with one another to achieve maximum brand awareness. We will achieve this with a consistent selling message otherwise known as a positioning statement. The positioning statement for The Charles is: "Our vision is not to make a statement for design alone – but to provide bespoke European sensibility on the Upper East Side. The Charles presents full and half-floor homes with impeccable service and amenities, to offer a truly private experience in a very public city." A description of opening advertising and marketing venues is listed below. All advertising and promotional activity will be tracked on a weekly basis and modified accordingly.

Internet Marketing (Web sites)

Because of the exclusivity of this community we will not post a listing on all housing web sites, especially common ones like Condos.com. There is a narrow market for this luxury product and we will be very selective on the marketing venues we utilize. That said, below are the following Web sites that would best serve The Charles via Internet exposure.

- BHS.com (Brown, Harris, Stevens)
- NYTimes.com
- ResidentialNYC.com
- ChristiesGreatEstates.com
- Google (utilizing search engine optimization techniques)
- Monthly Charles Newsletter (construction progress, community updates, information regarding the neighborhood) This newsletter will serve as a reminder of The Charles.

Direct Mail

We will carefully select direct mail lists, encompassing the target markets of our purchaser profile to ensure maximizing our mailing distribution. We will accomplish this through the following initiatives:

- Initial invitation to preview the exceptional sales gallery and receive a private presentation of the community and residences. The invitation will go out to 5,000 key prospects and 2,000 brokers power brokers (the A list).
- Sales gallery opening to the public and brokers (the B list)
- Building or a specific residence mailer to specific purchaser profiles.

The chart below represents estimated pricing and a description of targeted lists. There will be additional lists purchased and mailers sent beyond doctors and UES apartment residents. The costs of the mailers include; design, printing, postage and fulfillment fees.

Targeted Address	Est. Quantity	Est. Price for list	Estimated Price of Mailer	Description of List
Doctors	4-6 Hospitals 5,000 Mailers	\$600- \$1,000	\$35K	Target specific hospitals (ex: Sloan Kettering, NY Presbyterian Hospital)
UES	5,000 Mailers	\$500- \$600	\$35K	Household income of \$500k + (both owners & renters) Separate owner list form rental list and rental list should be sorted by buildings that are targeted.

Broker Outreach

- One-on-one previews with select power brokers
- Direct mail piece (invitation to preview, sales gallery opening)
- Targeted emails (brokers who do business in neighborhood; brokers who have similar listings in neighborhood; office specific)
- Christie’s brochure (all affiliate offices, both national and international)
- Presentations at weekly office sales meetings

Special Events for consideration

- Sales gallery opening
- An Evening with David Collins
- Press lunch
- Cross promotional event with area hospital / charity
- Open House tours with other area new development properties
- Cross promotional with Insider Magazine
- Wine tastings
- Christie’s Auction House cross-promotional
- Sunday open houses
- Holiday Party

Print Advertising Plan

Spring of 2008

Christies Magazine full page ad will be featured in mid June.

Summer of 2008

Christie's summer issue; Hamptons, Avenue, NYT Homes, NYT Magazine; BHS IRP; Wall Street Journal, Financial Times "How to Spend it"

Fall of 2008

Avenue, NYT Homes, NYT Magazine; BHS IRP; Wall Street Journal

The following chart reflects current pricing and distribution for various print advertising.

Print Advertising	Size	BHS Price	Distribution
Financial Times "How to Spend it"	Full Page	\$50,000	London, Europe
NYT Magazine Luxury Homes	Full Page	\$31,000	Weekly
NYT Homes Book	Full Page	\$4,885	Monthly
New York Times	Real Estate Classified	Regular spot ads are \$20.30/line/ Display is the same line rate then multiplied by the column width.	Tri-State Area
Quest Magazine	Full Page	\$4,383	Monthly
Avenue	Full Page	\$5,070	Monthly
Christies Great Estates	Full Page	1x rate \$7,555, 2x rate \$7,020, 3x rate \$6,400 4x rate \$5,995	Circulated four times per year, Mid March, Mid June, Mid September & Mid December/Rate includes advertising for one issue.
Brown Harris Stevens Important Residential Properties-Manhattan	Full Page	\$3,000	Fall Winter/Spring/Summer
Brown Harris Stevens Important Residential Properties-Hamptons	Full Page	\$3,000	Summer Issue

Public Relations/ Press Strategy

PHASE 1

Launch The Charles brand to the public. This will be done in the manner listed below.

Press Kit Mailing: Press kits (suggested 250) will be sent out immediately upon completion and should include:

- A press release on The Charles
- A fact sheet on The Charles that lists all key players, design information and amenities/special features; contact information; location
- A bio on designer David Collins
- Background on Bluerock Real Estate
- Background on ID Marketing
- Renderings and floor plans

Exclusives: Secure exclusives in the following categories:

Real Estate Exclusive – to break the story of The Charles

- The New York Times – Josh Barbanel, Penelope Green
- New York Magazine – S. Jhoanna Robledo
- The Wall Street Journal

US Design Exclusive* - with renderings of The Charles

- Elle Décor, Metropolitan Home, Surface

Lifestyle Exclusive – profile piece on David Collins

- W Magazine, WSJ. Magazine, Vanity Fair, Men's Vogue

Food Exclusive – Jean Luc De Lu as in-building sommelier

- The New York Times – Florence Fabricant
- Food & Wine, Bon Appétit

Trade Exclusive – with details on The Charles project

- New York Living

Phase II

Begin pitching to the press larger features and trend stories around the following story ideas, ensuring maximum coverage of The Charles with photos and renderings:

Living in a world-renowned designer building: Gotham, Avenue, Haute Living, NY Living, Quest, Manhattan Magazine, CITY, Blackbook, New Yorker, Zink, Flaunt

Living East of Lexington: NY Post, NY Daily News, New York Magazine, First Look NY/LX.TV, Cookie, Town & Country, amNew York, Metro New York, Village Voice

Incorporating hospitality elements into residential spaces: The New York Times, Departures, Travel+Leisure, Time: Style and Design, Interior Design, GQ, Esquire, Wall Street Journal, In Style, USA Today

Anchor buildings that changed a neighborhood: NY Post, The New York Times, Gotham, NY Sun, NY Daily News, Manhattan Magazine, amNew York, Metro NY

Living privately in a public city: NY Magazine, NY Observer, Manhattan Magazine, USA Today, Robb Report, Cookie, Domino

Bluerock Real Estate's first Manhattan project: Crain's New York, The New York Times, The Real Deal, New York Real Estate Journal, Real Estate Forum, Real Estate Weekly, The Daily Deal

- Leverage ID Marketing Group's Reid Price and Wendy Maitland as experts in the luxury real estate market to comment on industry and trend pieces, including print and broadcast, ensuring maxim possible coverage for The Charles.
- Invite key editors to The Charles Sales Center for a sneak peek.
- Look for target events for Wendy Maitland and Reid Price to attend and be photographed, where appropriate, to help raise their profiles in the media.

Press activity will be monitored weekly and modified based on the public's response.