

TRAVEL

St. Louis' many little pockets of delight



SUNDAY
JUNE 28, 2009

BUSINESS

A GREEN GLOW
Peco set to debut new light system.



SPORTS

PULSE FOUND
Happ hurls shutout, Werth leads 10-0 rout of Toronto.

The timeless appeal of baseball on the radio endures.



Dimple Khurana (left), her father, Satish Khurana (center), and Andy Oei, their real estate agent, check on units left for sale during the bidding. They were outbid on a condo unit by \$1,000.

The Philadelphia Inquirer

philly.com

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\$1.75
\$2 in some locations outside the metropolitan area

Economic Realities

Sold! Luxury condos go at deep discounts

By Suzette Parnley
INQUIRER STAFF WRITER
With her heart racing, Peggy Seltzer, a nurse at Children's Hospital of Philadelphia, had her game face on at yesterday's auction of 40 luxury condos at the Murano.



Ken Cullum relays a bid for a unit at the Murano to his brother, Ken, the auctioneer. All units up for bid — 42 total — sold yesterday. Those in the real estate industry see that as a positive sign for the sector.

Two towns, linked by tough times

Marlton is wealthier, the Clementon area worn; they share the strain of job loss.

By Alfred Labrano
INQUIRER STAFF WRITER
Joe Profaci can tell things are tougher than usual at his Sparkle Clean Laundromat in hard-time Clementon because of all the wet laundry coming through the door.



Barry Tarzy of St. Joan of Arc Roman Catholic Church, who recently started a ministry to help the unemployed in town. "I was shocked there were so many who lost jobs in IT, finance, and construction."



Real estate agent Jeanne Whipple wins a bid for a client. The Murano is at 21st and Market Streets.

JOBS
At a Loss
Upheaval in the Region's Job Market

Ed. "Everybody is struggling. Meanwhile, in middle-class Marlton, all is not as sound as it seems, as growing numbers of residents find themselves jobless. Restaurant business is down, and Whole Foods Market has loaded up on bulk foods for the uptick in customers who eat at home."

Rabbi's accuser recants

Len Jenoff said he was a robber, not a hit man, in Cherry Hill's 1994 Neulander case.



Len Jenoff, given a 23-year term, says prosecutors had promised him just five years. husband, prominent Cherry Hill rabbi Fred Neulander. "Fred Neulander never asked me to kill his wife, and to the best of my knowledge he never had any idea of any attempt on his wife's life."

Thread of pain, pills through Jackson's life

Accidents, plastic surgeries, rigorous dancing brought physical strain to the entertainer.

By Jake Coyle
ASSOCIATED PRESS
It was the last day of shooting for a Pepsi commercial at the Shrine Auditorium in Los Angeles in 1984, and the only hiccup had been an argument between Michael Jackson and an ad executive over whether the young superstar would take off his sunglasses. "Then," as the executive later wrote, "we set his hair on fire."

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Murano

MURANO from A1
The lowest winning bid was \$335,000 — for a one-bedroom, one-bath unit — and the highest, for a two-bedroom, two-bath unit, was \$796,000, according to Accelerated Marketing Partners.

Close to \$21 million worth of real estate was sold yesterday in one hour and 45 minutes, roughly at a 25 percent or more reduction of the last asking price for the units in the Murano brochure, according to Accelerated Marketing. "I'm not surprised they sold for more than the original auction minimum bids, but I am surprised they sold so fast," said Wharton economist and Economist vice president Kevin Gillen after the auction. "I am encouraged by that."

"We have a lot of unsold units here, and before our market hits bottom, we need to sell them off," he said. "This is a significant step toward that."

About 2,000 condos are currently for sale downtown, according to Trend Multiple Listing Service, Board of Revision of Taxes data, and the developers themselves. Jon Gollinger, chief executive officer of Accelerated Marketing, said the auction once again proved his thinking.

"This is a watershed event for the Philadelphia condo market, pure and simple," he said. "All people have to do is analyze this building in relation to what the consumers paid, and then really extrapolate from that to determine what their properties are worth in the eyes of the consumer. The consumer rules."

The auctioning of high-end condos at steep discounts has become a survival strategy nationwide for struggling developers to prevent foreclosure or bankruptcy as their condo towers sit more than half empty. Gollinger said he had held similar auctions in other stagnant condo markets, including Atlanta and Chicago. His firm has an auction in Boston today.

Experts say the Murano auction was indicative of how far and deep this recession has cut. The luxury sector in particular has been hammered.

According to the city's Department of Records, condo sales citywide declined 64 percent over the last year, while sales of high-end condos declined 74 percent. There were 712 condos sold in the city in the first quarter of 2008. Of those, 115 were priced at \$500,000 and up. By comparison, there were 255 condo sales during the first quarter of this year. Of those, 87 were priced at \$500,000 and up, with more than half of them occurring in the recently completed Residences at the Ritz.

Gollinger described the auction as "a very audacious and bold move" by the developer to address the current disequilibrium in the Center City condo marketplace. "When you have a gap between what a seller wants and what a buyer wants to pay, you can fight it," he said, "or you can accept it and let the consumer determine the value of the property."

That is what Jill and Michael Williams, who flew in from St. Martin, did at yesterday's auction. They bid on a one-bedroom, 1.5-bath unit originally listed for \$780,000. The minimum bid for the 1,091-square-foot



Peggy Seltzer checks out her new one-bedroom condo in the Murano after the auction. The Williamses put down the winning bid of \$513,000, after losing out on three other units.

"We had some lines in the sand, and we had some units in mind," said Michael Williams, 50, who owns a gutter business. "But we set a price for each that we weren't going over."

Afterward, the couple, who also own a home in Galloway Township, N.J., that they are trying to sell, celebrated with two glasses of champagne in the closing room. Seltzer, who is renting an apartment in the Art Museum

at the Shore — the Bella in Atlantic City — that targets the same market as the Murano, and where sales have lagged this year.

The Murano auction could be the spark plug to the Philadelphia condo market, said real estate lawyer Gary Krimstock, who represents most of the luxury condominium buildings in Center City, including Society Hill Towers, the Philadelphia, Symphony House, and the Dorchester.

"I think this will certainly start interest by other developers in auction sales as a form of marketing in a difficult recession economy," said Krimstock, who specializes in condominium-association law. "It's a better alternative than the developer and the condo association running out of money and not being able to keep the electricity on."

Scott Kramlich, executive vice president of Thomas Properties Group — the Murano's owner — said that was the strategy behind yesterday's auction: to move a chunk of the 178 remaining unsold units fairly quickly.

"We are very pleased with the volume," he said. "Natural-ly, the product is worth more than what buyers think it's worth, but that's because of the disconnect in the market. "Rather than carrying the units, paying the debt service, condo fees, and so forth, it became more efficient for us to pass those savings to buyers," he said. "We view the auction as a deciding event to allow us to understand where buyers value our product."

"The market spoke today." Scott said the remaining 136 unsold units at the Murano would be priced based on what similar units went for yesterday. That pricing will start immediately, he said.

Gillen said the people who would likely be most upset are those that bought at the Murano recently. "When that many units change hands at a significant discount, it sets the market," he said. "Recent buyers could see paper losses on their purchase of \$100,000 or more. For many, that could be enough to put them upside-down on their purchase."

On the plus side, Gollinger said, there were now more owners in the Murano, who will be paying their condo fees to help operate and maintain the property. "The most important thing is she has a building full of homeowners," said Gollinger, "and one which affords them a wonderful lifestyle."

That kind of lifestyle is what the Williamses bought into. They got their first peek of their \$513,000 purchase yesterday. "That view is magnificent," Jill Williams said.

Scannapico said he was particularly interested in yesterday's results because he owns a condominium tower



Jill and Michael Williams in their new one-bedroom condo. Listed for \$780,000, the unit is theirs for \$513,000.

Chief executive officer of Accelerated Marketing Partners, who auctioned the Murano units

area, was escorted to the room with her parents after her winning bid. "I'm still shaking," said Seltzer, as she wrote out a check for \$26,000 and handed a lending agent her \$10,000 cashier's check — a requirement at yesterday's bidding. Combined, they made up the required 10 percent deposit for her \$360,000 unit.

Many eyes were on the Murano auction yesterday. "It's a great idea because the fact of the matter is, there's a ton of middle-market units, and they're not selling," said Tom Scannapico, who is developing 1706 Rittenhouse, the most expensive condominium development in the city, where 31 units start at just under \$4 million. "An auction will at least move the units, and the market will go on from there."

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