

New York Monthly Real Estate Newsletter

January, 2014

The key takeaways from the [Manhattan 4th quarter's report](#)*:

- Low inventory: available residences in Manhattan decreased in number for the twelfth straight quarter (three years).
- Demand is aggressive and on the rise: more contracts are being executed now than at the same time a year ago, a trend that has been ongoing for eight quarters (two years).
- Short supply and high demand meant higher prices: the price per square foot in Manhattan reached \$1197, a five-year high (just 5% off the all-time high of \$1261 in Q2 08)
- New development sales are pumping up luxury sales and resulting in dramatic price gains at the high end.

The key takeaways from the [Brooklyn's 4th quarter's report](#)*:

- Extremely short supply in the borough, particularly in new developments, forced buyers to spend more for space. The price per square foot in Brooklyn was up 10%.
- Fewer luxury apartments were available for purchase, leading high-end buyers to prefer single family townhouses. Single family townhouses enjoyed significant price increases (25% over the prior year).
- The diminished number of high-end apartment sales meant small-scale units represented a larger proportion of last quarter's sales than before. The result is lower median or average sale prices even when the price per square foot is higher.

*Courtesy of Corcoran's research department

Buying into a Condo will give you real property ownership and is the most straight forward transaction process to buy a property in New York. On the other hand, buying a co-op is similar to acquiring shares of a company. The application process requires full disclosure and asks to show all your assets, liabilities, letters of references and more to be reviewed by a board of directors (residents of the co-op) prior to your interview. A board has the freedom to deny your application without justification. Finally, the 2-3 family townhouse is a great alternative from which the owner can derive income from renting the extra units(s) to cover mortgage expenses or generate extra income.

| CONDO | | CO-OPS |
|--|---------------------------------------|--|
| Real property Fee Simple | Ownership | Stock certificate + proprietary lease |
| Condominium board | Governance | Board of directors (resident shareholders) |
| Generally allowed at any point in time | Sub-tenancy | Generally allowed after 2-3 years of tenancy |
| Monthly common charge paid to the building taxes to the City | Common Charge & Taxes | Monthly maintenance charge paid to the building includes taxes |
| Lengthy/ Requires flexibility | Application Process | More lengthy/ Requires flexibility |
| Around 6% of the purchase price | Closing Costs (Rule of thumbs) | Around 3% of the purchase price |

When does buying become a more sound decision than renting?
Find out with [this interactive chart](#).

HOW TO PREP YOURSELF?

Step 1: Select a Licensed New York Real Estate agent

The inventory of apartments available in New York is shared, can be shown, and transacted by any NY licensed real estate sales person. Therefore, choosing **one and unique** agent can be helpful for the following reasons:

- Building loyalty with your agent will make the process easier
- One Agent One Focus: you! avoid confusion
- The agent is notified live of any new properties coming in the market matching your criteria
- The seller pays the broker fee, so get the most out of your agent for FREE
- Save time, money and energy and get the job done!

Step 2: Consult with your Real Estate agent

MONEY



Account for:

- Salary and bonuses
- Saving account
- Gift/Family

STATUS



Consider:

- Staying single
- Enjoying the couple life
- Extending the family

FUTURE



Keep in mind:

- Work relocation
- Sabbatical year
- Investment

Step 3: Mortgage pre-approval/qualification

SHOP early and contact a few lenders to determine how much you can afford

CONSOLIDATE your last 2 years of federal tax return, recent bank statements, pay stubs, proof of income/investments

TIME your search along with the 90-days validity of your pre-approval. Apply for an extension if 45-60 days have passed

KEEP IN MIND the loan rate is not stipulated on the letter as it may vary over time. DO NOT open or close credit card account, or large purchase until you have the apt keys in hands

PURCHASING PROCESS TIMELINE (upon an accepted offer)

3-5 days

1-2 weeks

2 weeks

2-4 weeks

1-2 days

Contract drafting and signing. 10% down in escrow

Loan Application & Appraisal

Loan approval & Commitment letter

Condo Application & Board Package

Final Walkthrough and Closing

CASH TRANSACTION

CLOSING REMARKS

The competitive market place resulting of 15 years low inventory level, and increasing demand for Manhattan & Brooklyn properties has made the purchasing process more challenging that it has ever been. Getting into the market prepared with a team of experts available to consult and act is key to achieve your ownership goals. For more information, please feel free to contact me at 646 287 1991 or by email: fmaingois@corcoran.com.