

What's happening in NYC real estate

April 2022

Spring has finally sprung, but the cold weather remains in New York City. It was a bone chilling month in the markets and worries over the US & global economy are persistent.

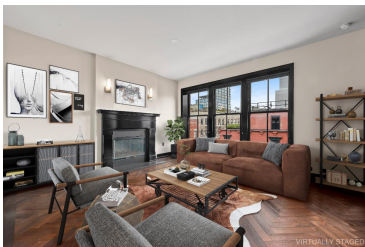
Inflation worries have been rattling the US stock market as the Federal Reserve prepares for their second rate hike of 2022. Investors expect a 50 basis point rate hike at the next Fed meeting, which will have a serious impact on the global markets. This should help get inflation under control, but could hurt demand for real estate as mortgage rates continue to rise.

Despite increasing mortgage rates, real estate in New York City continues to perform well. Many people are beginning to realize that NYC is really a market like no other. [The LivNY team](#) had a great month. Our team has multiple properties on the market and a lot of contracts waiting to close. It's been a very exciting start to the spring selling season, with no signs of slowing. The rental market is even crazier. We put a few rental apartments on the market this month and they rented within a day at the highest prices ever for these units. There is no shortage of demand, but there is a shortage of rental apartments.

Unprecedented rental demand is the talk of the town, along with rental rate increases. Tenants are receiving rent renewal options that are significantly higher than they expected. The New York Times reported an annual rent increase of over 33% which has forced many people to live with roommates. In other news, the commercial office space market is showing signs of life as Microsoft signed a huge deal for 150k square feet in Flatiron. Lastly, on Tuesday our new Mayor, Eric Adams, unveiled an ambitious budget increase to \$99.7 billion. Yes, billion with a B.

The spotlight this month is on co-operative apartments. The majority of real estate in New York City are co-op buildings. As we wait for co-op board approval on a few of our apartments it seemed like a good time to review New York City co-operatives.

On the market...



One Bed @ 211 Elizabeth



Studio @ 69 Fifth Ave



Retail Condo For Sale

In contract...

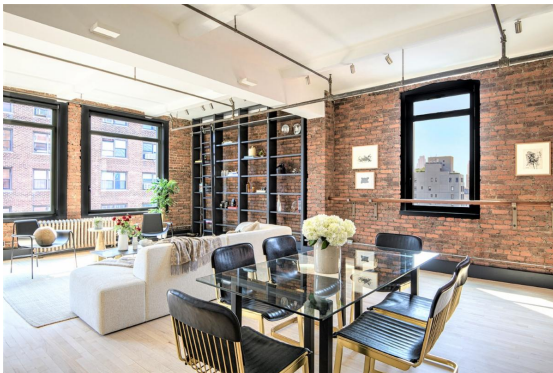


122 West Street #3M



44-27 Purves #7D

Pending Board Approval...



55 West 16 #9



261 West 22 #18

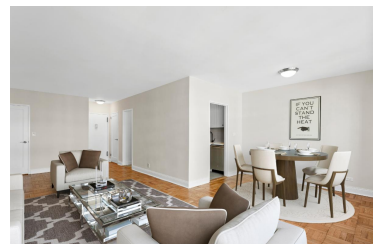
Rented...



One Bed @ 69 Fifth Ave



Studio @ 200 East 17



One Bed @ 69 Fifth Ave

In the news...



Rent Raises & Roommates



Microsoft @ 122 Fifth Ave



\$99.7B Budget Proposal

SPOTLIGHT ON: Co-operative's in New York City



One of the most unique parts of New York City real estate is the co-operative. Co-operatives are buildings that are run like corporations, where each owner is allocated shares of the building depending on the size of their unit. So, you are not actually purchasing real property when you buy a co-op, you are purchasing shares like a stock. Becoming a shareholder. Those shares come with the right to live in your apartment.

Each co-op is run like an operating business. One of the main differences you'll notice is that the building pays the entire tax bill for all of the shareholders. Every month, instead of sending in your own property taxes, you actually pay "maintenance" to the building organization, which is responsible for paying the taxes. Also included in the monthly maintenance are the building common charges. Some buildings have very good financials with low maintenance payments, while others have large operating expenses and high maintenance. Each one is different.

Also, co-ops have rules. Many do not allow foreign purchasers. Others have restrictions on subletting. Typically, you need to live in a co-op for 2 years before you can rent it out. Most co-ops have limits on how long you can sublet your unit and you could have to pay an additional charge for leasing. Some of the most prestigious co-ops have financing requirements that demand a 50% minimum down payment!

Not only that, to purchase your shares, you'll need to be ready to put in the time and effort. Purchasing a co-op takes work. You have to submit a board application and pass a board interview as well. The co-op board will examine every financial aspect of your life, to confirm you meet proper debt-to-income guidelines. Even after submitting a board application, which can take up to 90 days, there is still risk that the board might not approve the purchase.

Hmmm, why would anyone want to do this? Well, there are many benefits that come with living in a co-operative. First, as I mentioned, the majority of the buildings in New York City are co-ops. Some of these buildings have the most prime real estate. There are coveted co-ops steps from Central Park, Gramercy, and Park Avenue. Also, the closing costs are much less than purchasing a condo. In New York, buying a condo comes with a sales tax of ~4-5% of the purchase price! Buying a co-op avoids mortgage tax or real property transfer taxes. Best of all, you get to live alongside owners who are committed to the well-being of the building.

As you can probably tell from this long "quick" summary, buying a co-op can be pretty complicated, but also very rewarding. Anyone who buys a co-op should be working with a seasoned real estate professional, like me! Feel free to reach out anytime to learn more about co-ops!!

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