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## 10 Tips for Buying Apartments in New Developments

By Amy Zimmer

MANHATTAN — A crop of ultra-luxury condos is sprouting across Manhattan and, even before the homes are built, sales offices are packed.

New development sales made up 16 percent of the borough's market in the first quarter of 2014, according to a recent Douglas Elliman report. And the report's author Jonathan Miller expected that number is going to increase.

But don't expect to see anything like the development boom of 2006 when new units represented nearly 58 of Manhattan's sales, Miller said. Developers are focusing on sprawling — and therefore relatively fewer — units.

“Price points, in many cases, are starting at \$3 million and going upwards of \$45 million,” said Clayton Orrigo of Douglas Elliman's Eklund Gomes Team, which has more than 20 new development projects in various stages of development.

“You're certainly not seeing a lot of these new developments as studios. Developers know they can get a lot more money for two- and three-bedrooms.”

It takes a certain kind of buyer: someone willing to make big decisions after viewing just a floor plan — sometimes more than a year before the apartment is ready.

“They have to trust us and trust the developers,” Orrigo said, “and with that comes doing your research.”



An image of a living room at Village Green West, a boutique condo that is built with an eye toward sustainability. Sales rep Aaron Goed said the extra layer of oversight for green buildings helps convince some who buy off the floor plan that the product will be high quality, especially in terms of ventilation systems.

Here are some tips from brokers on buying in new development.

### **1. Research the developer.**

“A big part of what you’re buying is the reputation of the developer,” said Aaron Goed, a sales director for Alfa Development’s Village Green West, an eco-friendly condo rising at 245 W. 14th St. in Chelsea.

“So doing your research on the developer is important, making sure they’re not a flash in the pan, checking out their track record.”

### **2. Be the first.**

Buying early gives you the most choices in terms of floor plans, views and exposures, Orrigo said.

Plus, it’s the best time to get a “deal” since prices often rise before a building is finished as developers release units in successive batches.

“Sometimes you’ll see 10 increments in pricing,” Orrigo said.

### **3. Want to see your view? Drones are now snapping photos from would-be windows.**

Most prospective buyers ask about views, brokers said. It’s getting easier to show them.

Before 35XV — a 20-unit condo at 35 W. 15th St. — started rising, developer Alchemy Properties used a high-definition camera attached to a remote control helicopter — or drone — to capture projected views from the anticipated apartments, sales manager Jill Preschel, explained.

“It’s becoming more common [to use drones] ... to give them insight into what they’re buying,” she said.

### **4. Ask how square footage is measured.**

Though condos have to disclose square footage of apartments in offering plans, they might not explain whether they calculate the measurement from exterior wall to exterior wall or just between the interior walls.

“There’s no standard,” Preschel said. “It differs between developers and sometimes between a company’s own developments.”

### **5. Understand the fees involved.**

Buyers in new developments pay costs that sellers typically pay in re-sales, like the 1.825 percent transfer tax, the sellers’ attorney fees and costs for the buyers and sellers brokers.

Purchasers also pay into the “working capital fund,” which are startup costs for the building’s operations. This is often a few months worth of common charges, Goed said.

### **6. But also note the gains.**

“In most cases people are making money on their apartment the day they close,” Goed said, reiterating, “The unit on the market today might be available tomorrow on a lower floor for a higher price.”

### **7. Know the building’s timeframe.**

If you’re buying a \$3 million apartment and have to put 20 percent down while the building is under construction — which might be a year or two — you have to be willing to sit on that \$600,000.

“In general, 20 percent is going to be required from when you go into contract and when the property is delivered. Granted, it’s a down payment,” Orrigo said. “But you have to factor that in the calculation.”

### **8. You may need to be flexible with your move-in date.**

Delays could occur for a range of reasons, from natural disasters to material supply problems.

“There could be any number of things that might slow down the delivery process,” said Karen Duncan, director of sales at Extell’s One Riverside Park, on the Upper West Side.

Offering plans protects buyers and sellers if there are any material changes. But it’s become more commonplace for buyers to have an even earlier “kick out” date by which they have a right to rescind if their home isn’t ready by a certain time, explained Halstead’s Stephen McArdle, who is handling sales for 540West, at 540 W. 49th St.

**9. Learn as much as you can about the building.**

Ask about finishes, pet rules, ceiling heights, whether windows will open and if you can control your apartment’s thermostat, Duncan advised.

Find out about subletting rules, which will help give a sense of whether there will be a lot of investors or owners, McArdle advised. A building that has a lot of investors may as a result have a more transient population. If you plan to rent out your own apartment, that could be a big plus.

**10. Don’t bother asking about custom touches.**

Buyers often ask about custom touches like sound systems or a shower instead of a bath, Goed said. But few developers will allow that.

“It’s infinitely more complicated for a developer to make that change than hire a contractor after the building is finished,” Goed explained.