



BUYERS WAITING TO LOOK BEFORE THEY LEAP

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By Catherine Wigginton

In the good -- or maybe not so good -- old days of New York's residential boom, many seeking to buy a condo had to walk into a sales office, check in hand, immediately after a unit went on the market. With too few apartments to satisfy the incredible demand, potential buyers had to act fast, which often meant buying apartments before they were built, sometimes without seeing blueprints.



As the market has stabilized, homebuyers now have more choices, giving them more time to select their apartments. But there are still stories of buildings selling out before they're built.

While buyers may be taking more time to decide, the buzz around some new developments means every unit can sell before the building is complete.

Several projects now under construction around the city are getting strong advance sales. In Hell's Kitchen, the Element, due to open this year, is about 50 percent sold. Forty Mercer Street in Soho opens in February and is about to sell out. And at 111 Central Park North in Harlem, opening in fall 2007, the sales staff has sold 20 of the building's 47 units since they opened the sales office in mid-September.

Still, the frenzy has subsided, says Andrew Oliver, managing director and principal with Sonnenblick-Goldman, a financing firm involved with projects such as the Onyx Chelsea on West 28th Street. He says buyers now want to see more choices and tend to buy closer to a building's completion.

"In the middle of the boom, people bought based on location, reputation of the developers, price and availability," says Jeffrey Berger, a vice president with Halstead Property and the sales director for 111 Central Park North. "As things slow down, there's more product, more choices, and people have become more educated." The typical buyer, according to Berger, can read floor plans and understands the market.

That has led to buyers shopping around quite a bit more than they did at the height of the boom, says Jane Gol, managing partner at Continental Ventures Realty, developer of the Element. "People are still definitely buying sight unseen," she says. "But they're going from project to project, studying layouts, and then they come back."

Savvier buyers mean higher standards for developers, says Gol, since developers who skimp on details are more easily spotted. A recent buyer at the Element, for example, commented on the faucets used in the bathroom and knew they were part of Dornbracht's MEM collection, a top-of-the-line brand. Buyers a few

years ago, says Gol, might not have been as discerning.

That's good for buyers, but what about lenders? With more product on the market and buildings not selling out as quickly as before, backing a new condo project may no longer be a sure thing. "There is more risk now," says Oliver. "So many projects were going up during the boom that lenders still have a lot on their balance sheets. There's a cautiousness there now."

Even so, Oliver points out that New York has never been a very big pre-sale market like South Florida, where there are countless 500-unit projects, and cranes can be seen everywhere. Moreover, New York has weathered the real estate slowdown well and more people want to own than don't, he explains.

Gol agrees and suggests the market in its current state is actually healthier. "There was an auction mentality before. Buyers thought, 'If I don't buy on Thursday, by Saturday, I won't get the apartment,'" she says. "Buildings are still selling well before they're finished. But you won't sell out in 24 hours."

But with Wall Street bonuses about to hit bank accounts, city brokers are optimistic that the market will pick up even more in the coming months. "It's like running with the bulls right now," says Kelly Kennedy Mack, president of Corcoran Sunshine Marketing Group. "And a large majority of new development buyers will buy from floor plans."

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