



# NYC First-time Home Buyers' Series

MARCH 2, 2019



# Q&A

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## VISIT



Slido.com

## CODE



NYCHome

# StreetEasy Research

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**Nancy Wu** *Economic Data Analyst, StreetEasy*



@nancyfwu

**Grant Long** *Senior Economist, StreetEasy*



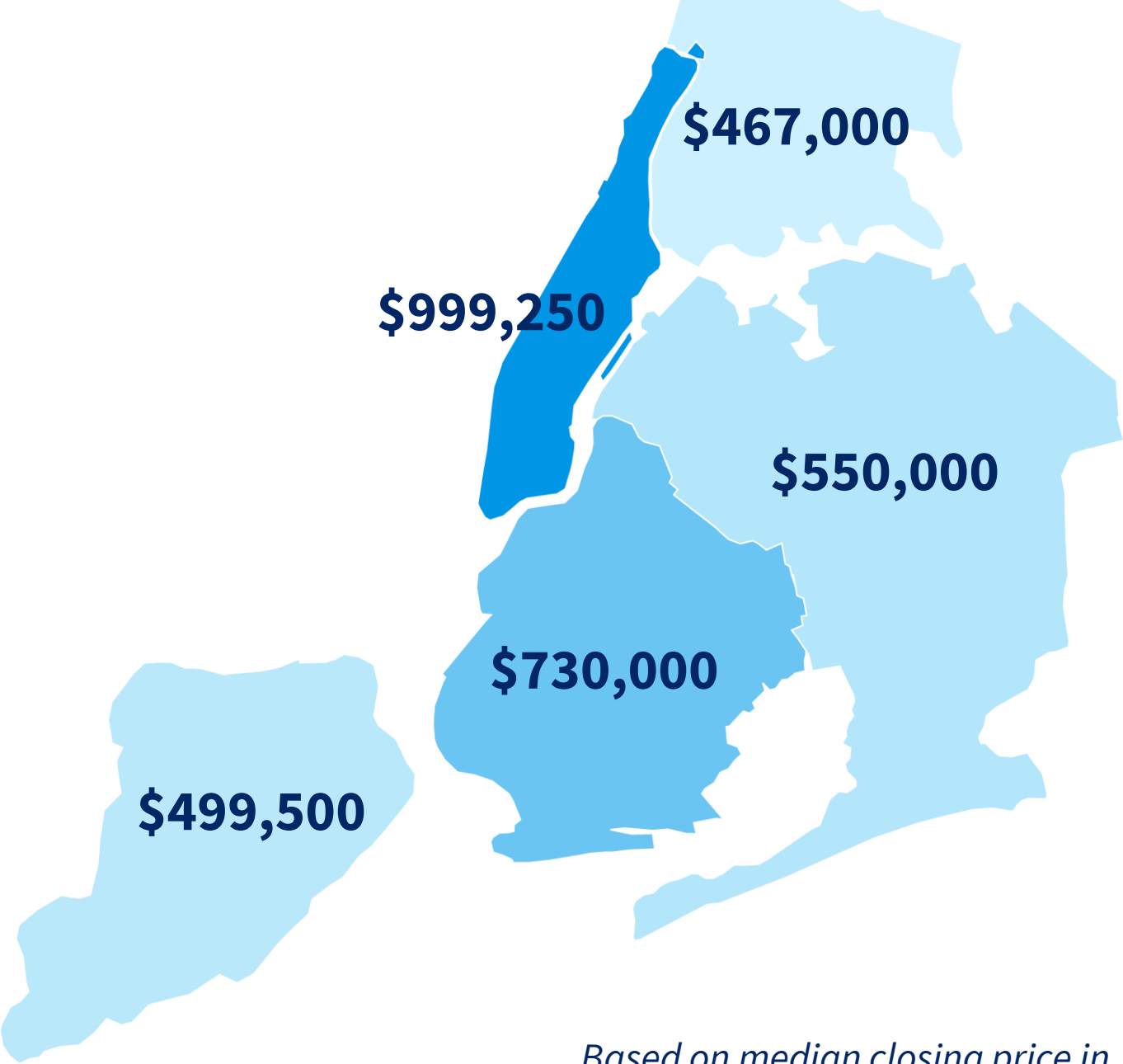
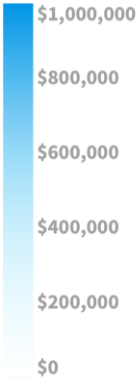
@grantmlong

# Market Overview

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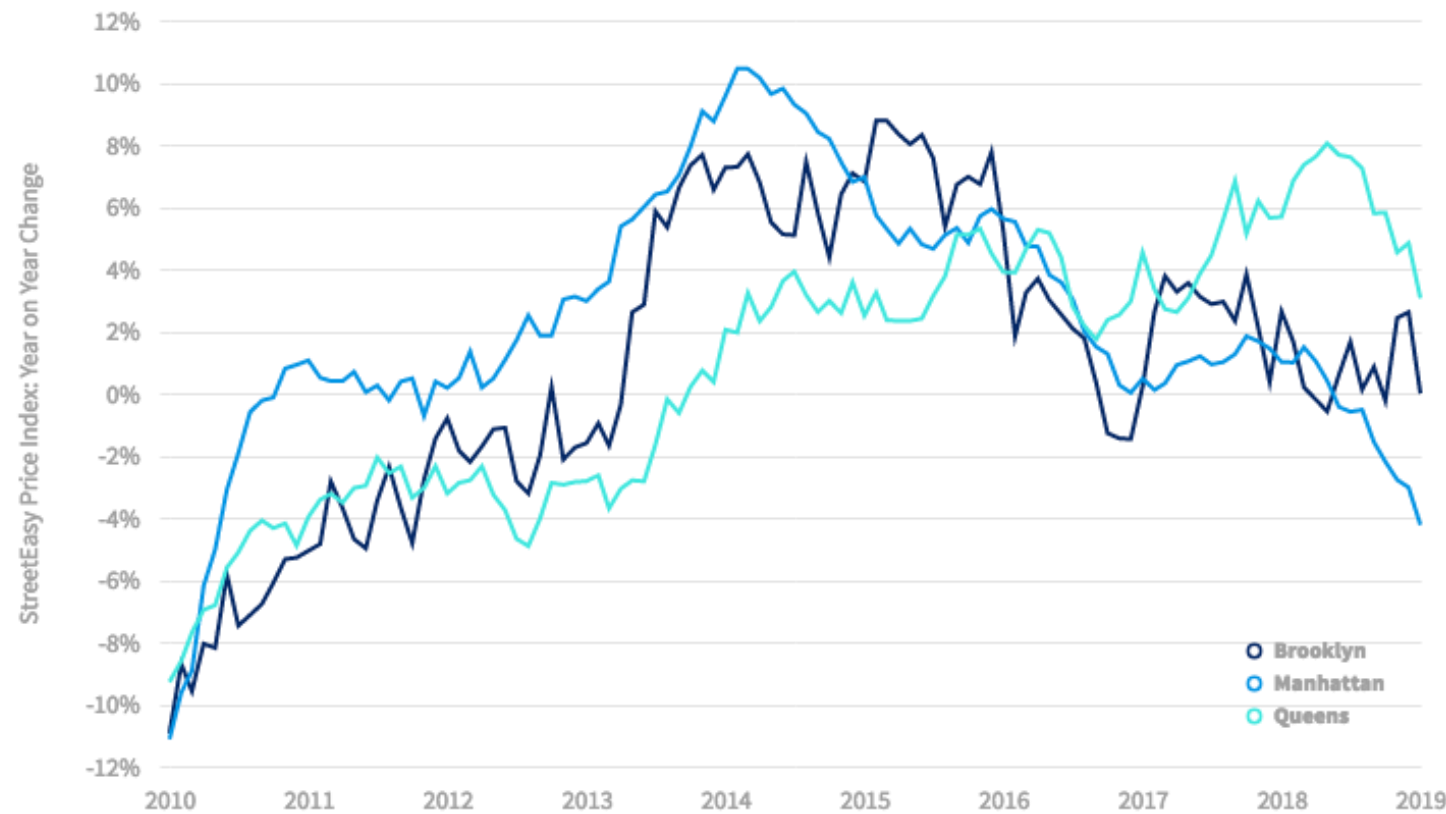
# Prices by Borough

Median Closing Price

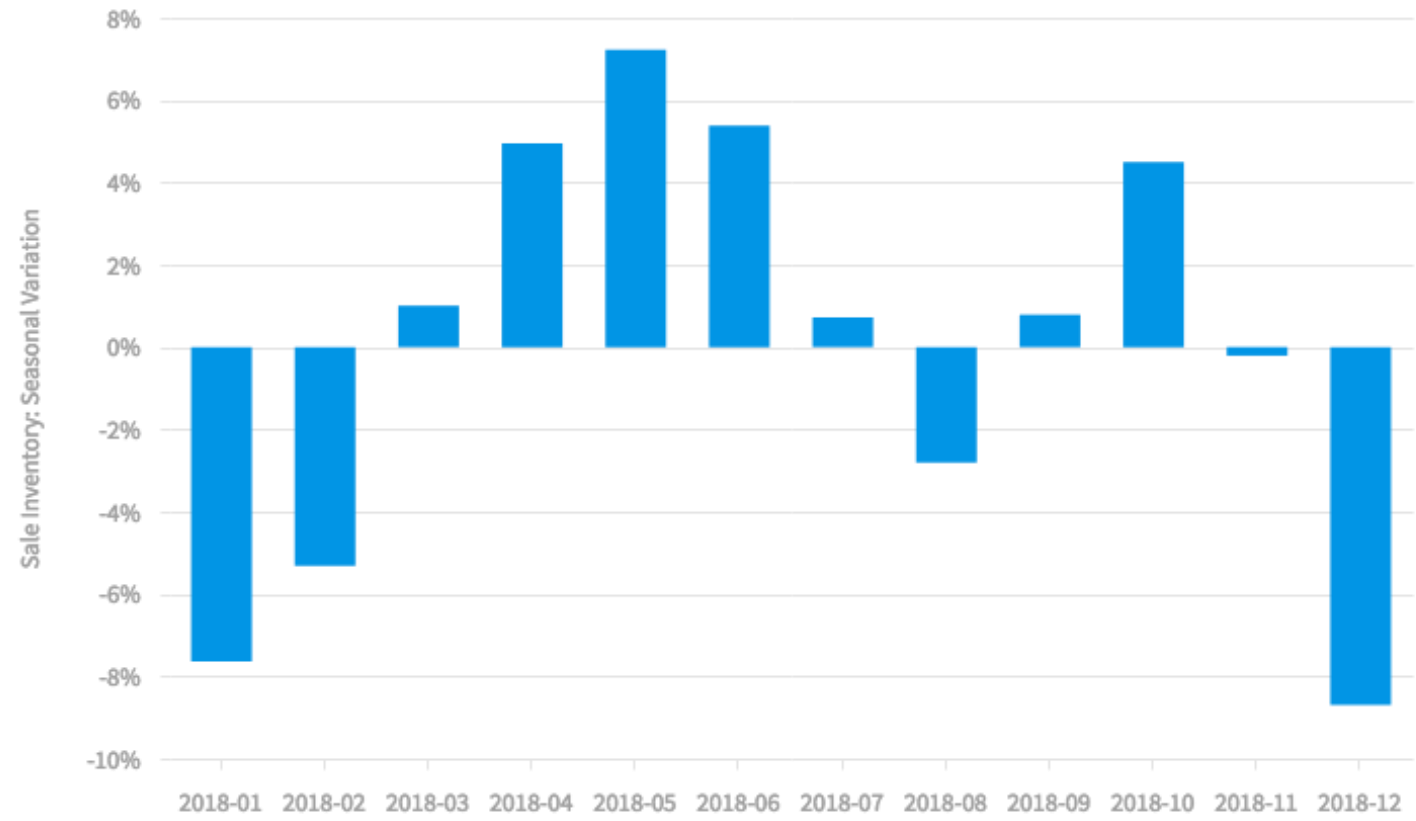


*Based on median closing price in January 2019*

**Price growth has slowed substantially across the city.**



**More homes go on the market in the spring than in the winter.**



**The number of  
units listed for  
sale is  
increasing while  
sales are  
slowing.**

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**8K+ Units**

Listed for sale in  
Manhattan in  
January.

**5K+ Units**

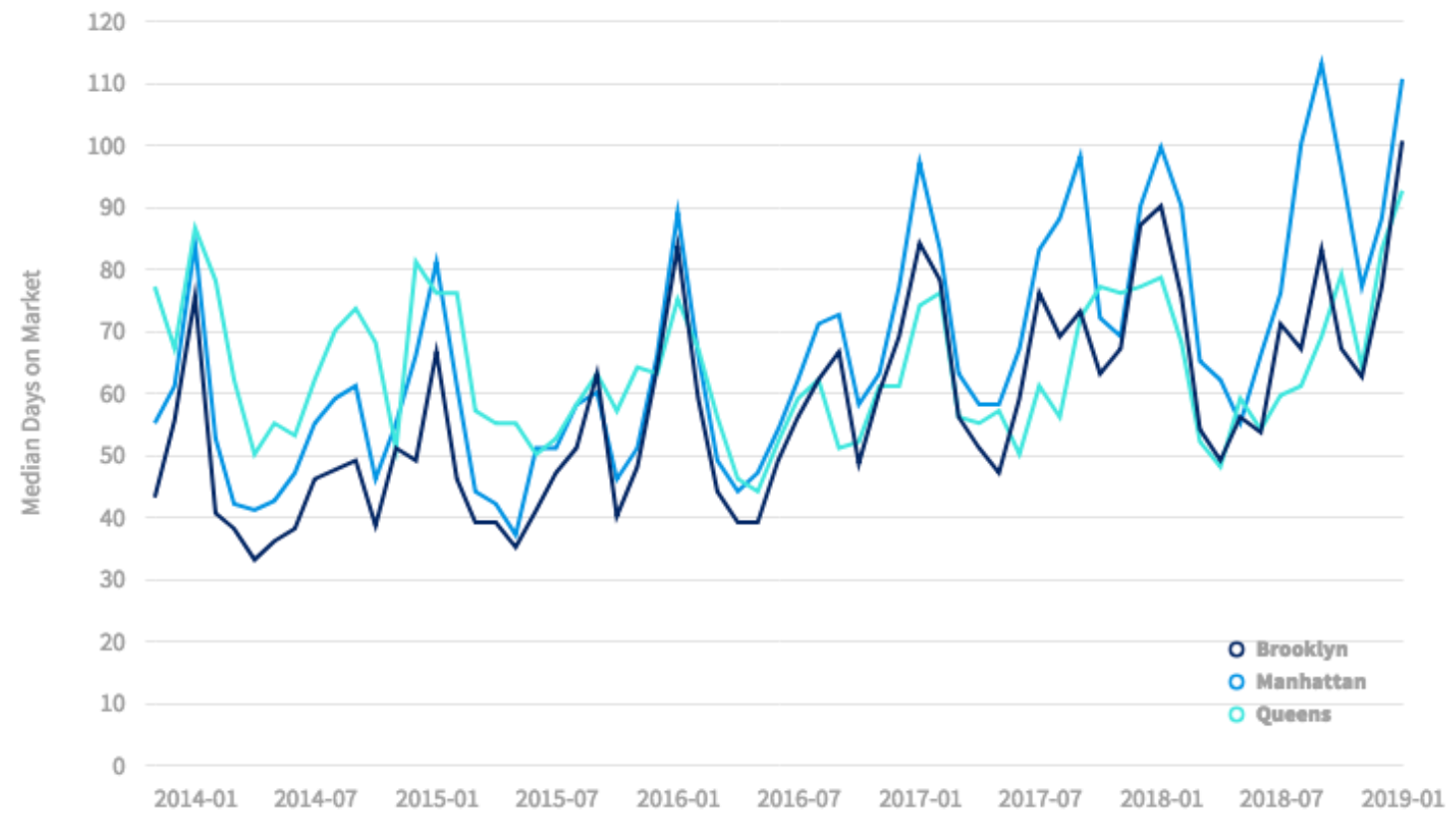
Listed for sale in  
Brooklyn in January.

**3K+ Units**

Listed for sale in  
Queens in January.



# Homes are spending longer on the market.



## The growing market weakness is forcing sellers to cut listing prices.

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**15 percent**

Manhattan homes received a price cut in January.

**12 percent**

Manhattan condos received a price cut.

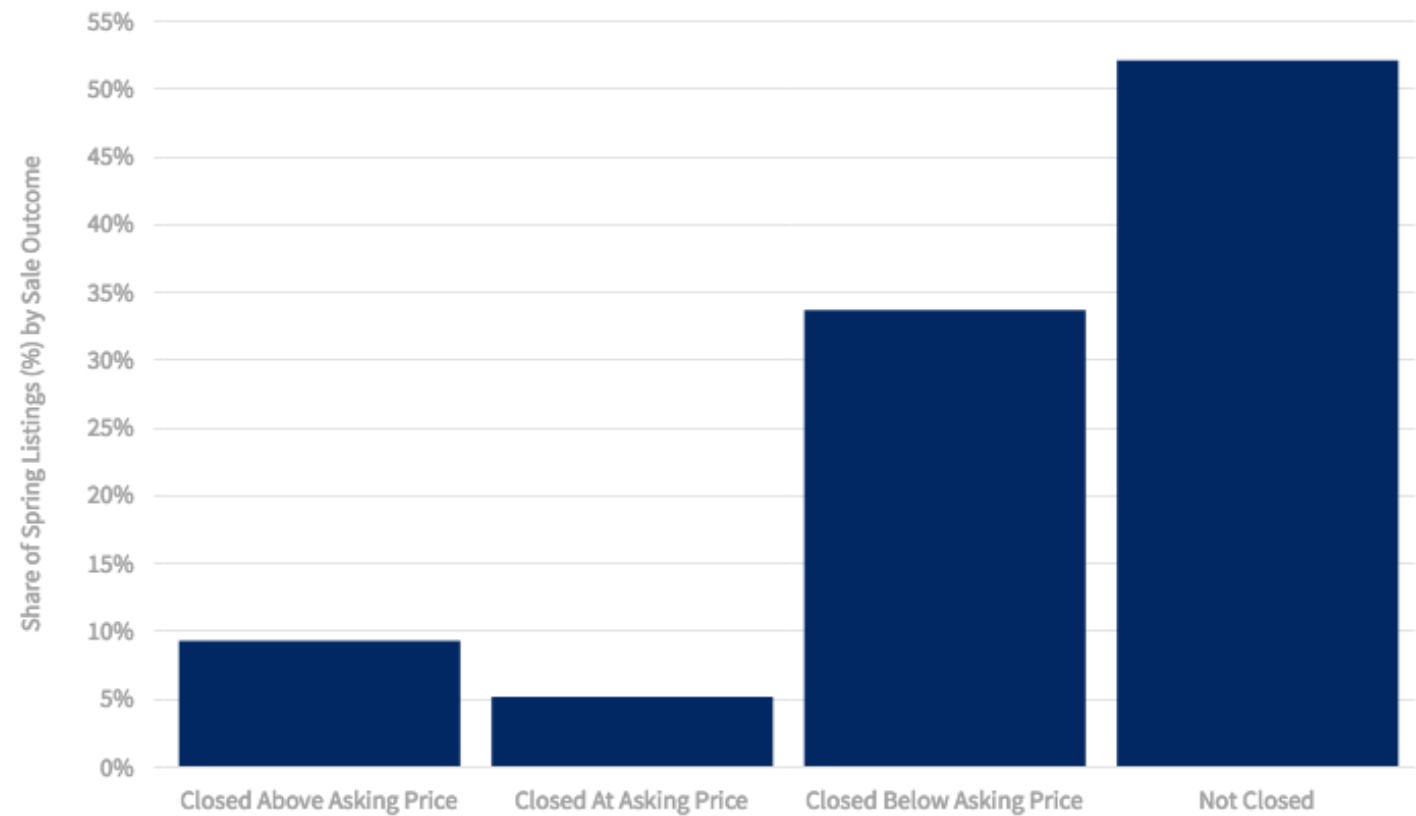
**19 percent**

Manhattan co-ops received a price cut.

# Navigating the Sales Market

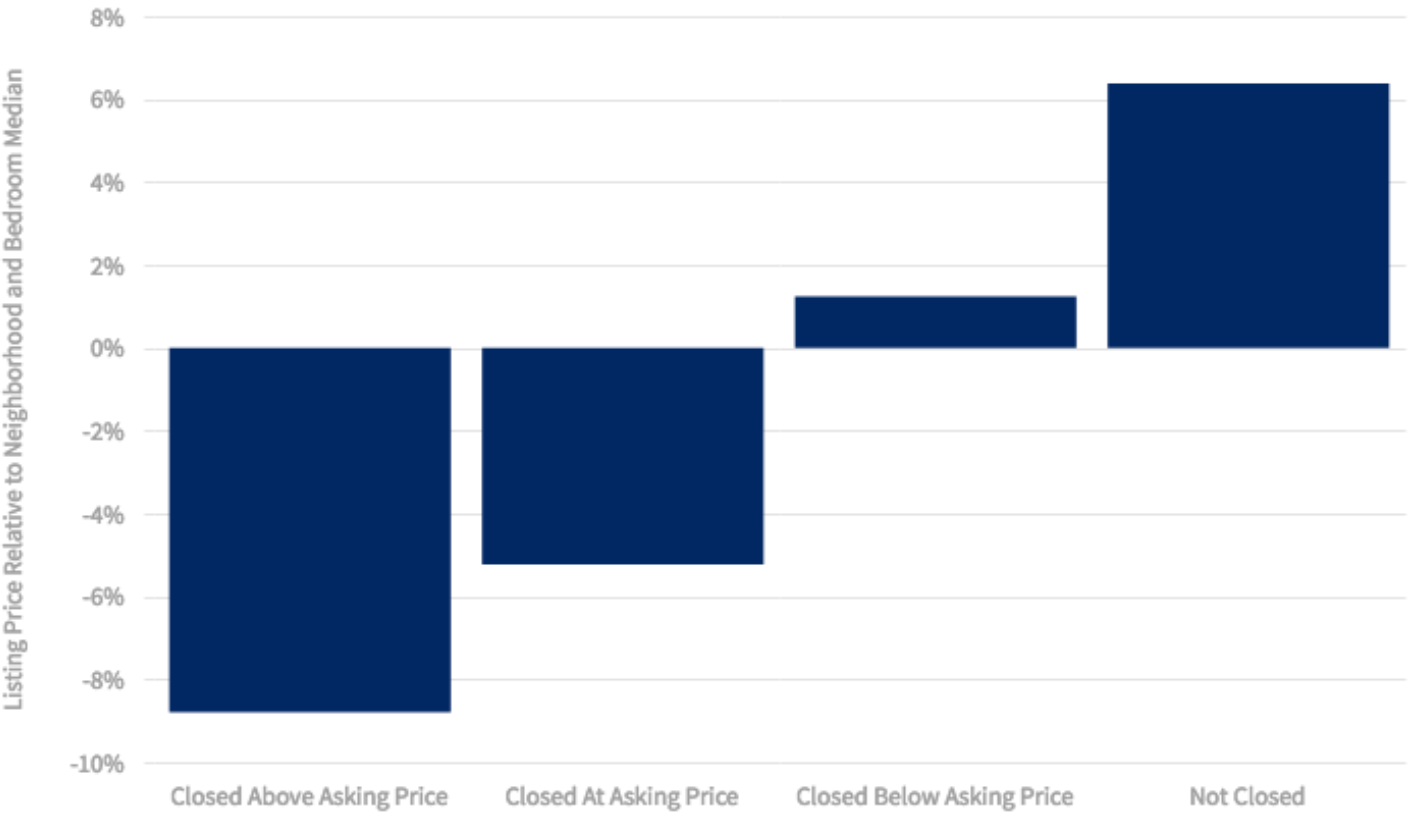
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**More than half of the homes listed on StreetEasy in spring 2018 failed to find buyers.**



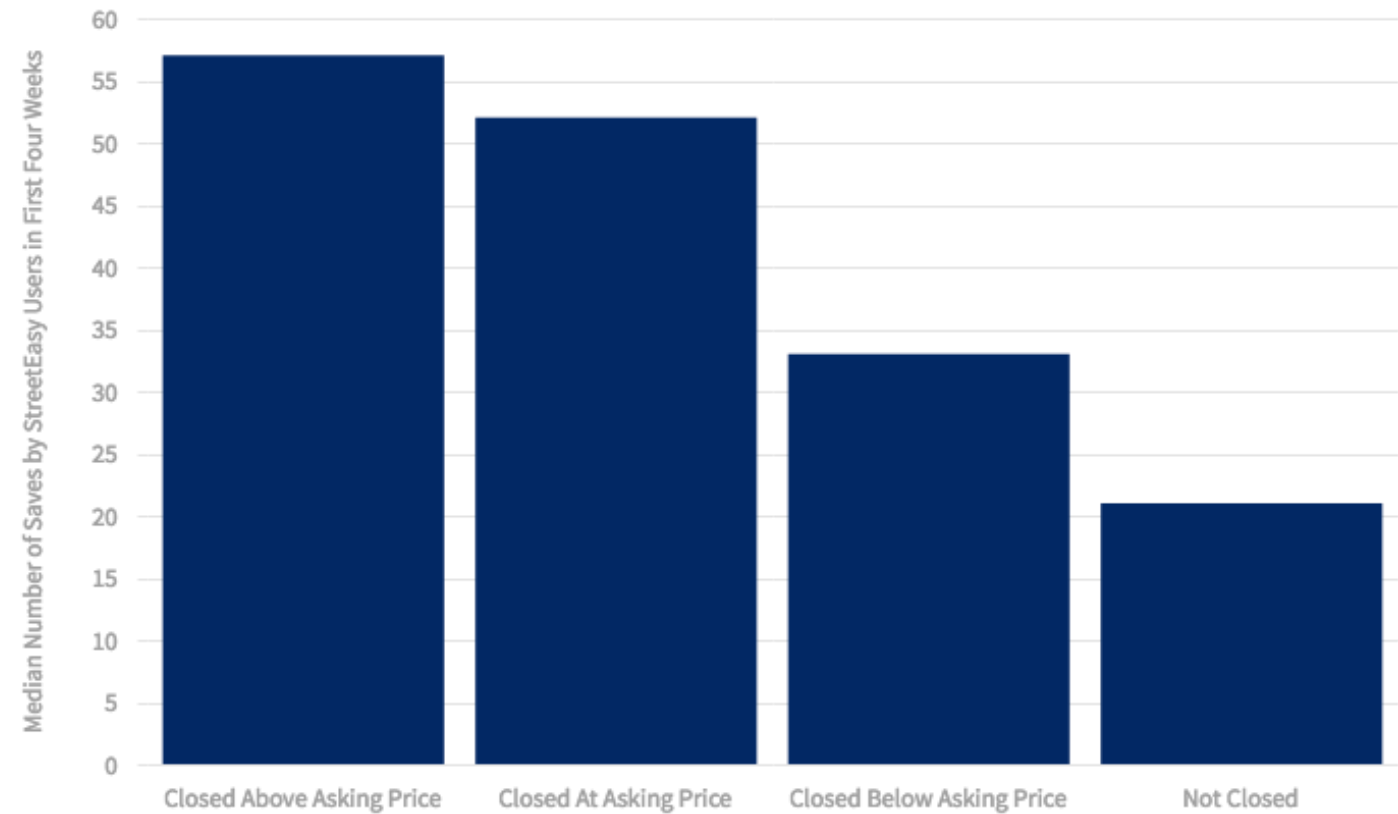
Share of homes listed in March, April, and May of 2018. Data on sales through February 1, 2019. Excludes new development.

**Homes that struggled to sell tended to be priced above neighborhood averages.**



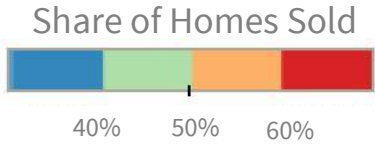
Initial listing prices of homes listed in March, April, and May of 2018. Data on sales through February 1, 2019. Excludes new development.

**StreetEasy users saved homes that sold above ask nearly 3x as often as homes that did not sell.**

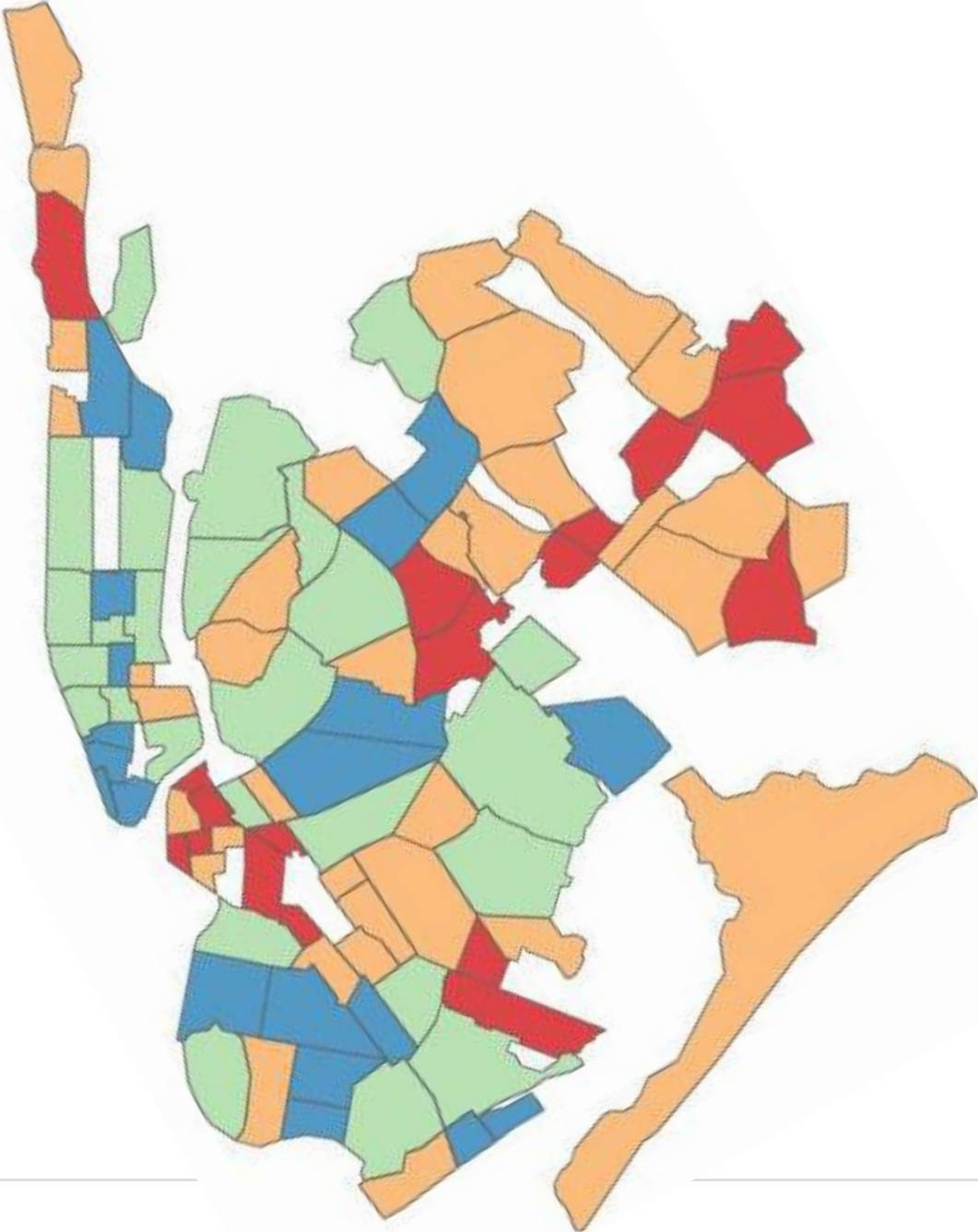


Saves of homes listed in March, April, and May of 2018. Saves during the first four weeks of listing. Data on sales through February 1, 2019. Excludes new development.

**Some markets – including Eastern Queens and Northwest Brooklyn – were more competitive than others.**



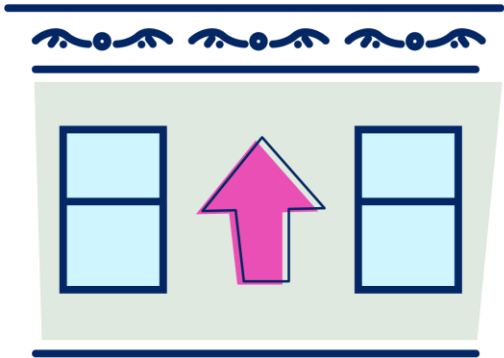
Share of homes listed in March, April, and May of 2018. Data on sales through February 1, 2019. Excludes new development.



# Headwinds



GLOBAL UNCERTAINTY



HIGHER MORTGAGE RATES



TAX REFORM



# Optimism

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**800K** private sector  
jobs created since 2010

NYC unemployment  
rate **4.0%**

# Thank You

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**@grantmlong**  
**@nancyfwu**



**[streeteasy.com/blog/research](https://streeteasy.com/blog/research)**

# The Home-Buying Process: What You Need to Know

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**Tyler Whitman**

*Triplemint*

# Agenda

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Why am I buying?

When should I buy?

What am I buying?

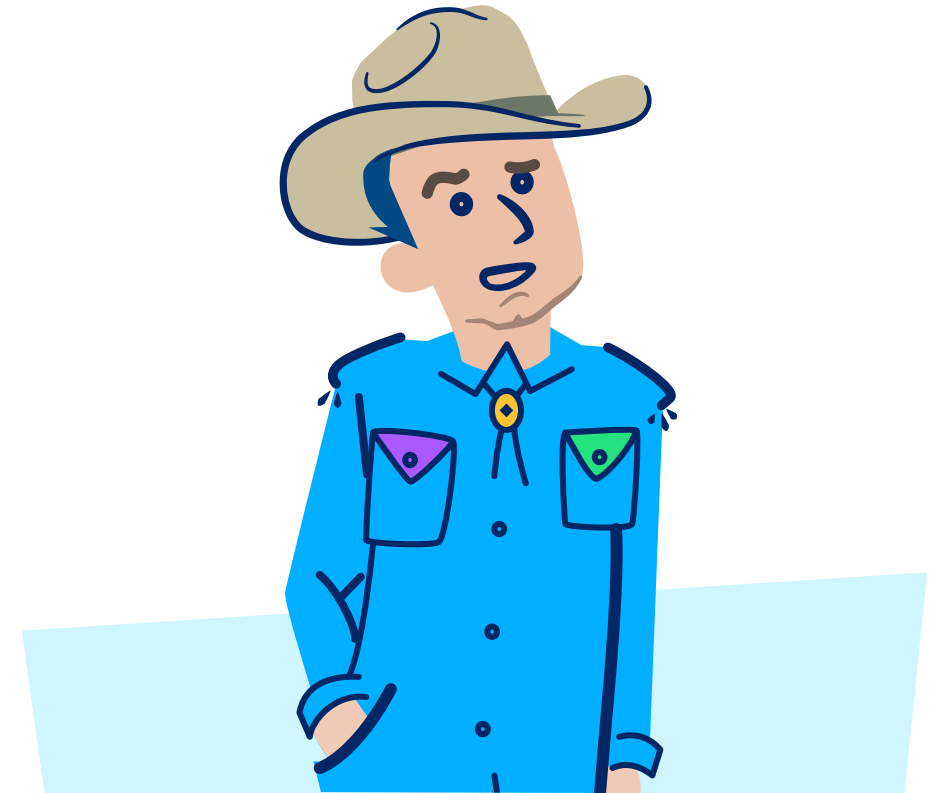
Where am I buying?

How am I buying?

# Why Am I Buying?

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- Owner Occupied
- Investment
- Second home
- Tax Advantages



# When Should I Buy?



## **TIMING THE MARKET**



## **MARKET CONDITIONS**

INTEREST RATES



## **SUPPLY AND DEMAND**

LOCAL NEIGHBORHOOD

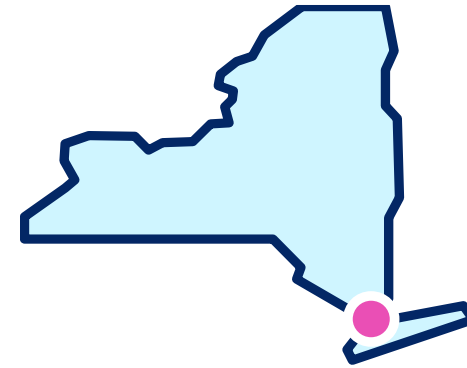
# What Am I Buying?

| CO-OP  |   | CONDO  |  | 1-4 FAMILY   |  |
|--|---|--|--|--|--|
| PROS   | CONS  | PROS   | CONS   | PROS   | CONS   |
| <ul style="list-style-type: none"><li>• Typically less expensive (more supply ~70% of market)</li><li>• Know thy neighbors</li><li>• Lower closing costs</li><li>• Character</li></ul> | <ul style="list-style-type: none"><li>• Board approval process</li><li>• Higher liquidity requirements (down payment /post-closing)</li><li>• Sublet Restrictions</li></ul> | <ul style="list-style-type: none"><li>• Lower liquidity requirements</li><li>• New developments – Tax Abatements</li><li>• Flexible Sublet options</li></ul> | <ul style="list-style-type: none"><li>• Typically more expensive (less supply ~30% of market)</li><li>• Higher closing costs</li></ul> | <ul style="list-style-type: none"><li>• Increased privacy</li><li>• Potential rental income</li><li>• No board</li></ul> | <ul style="list-style-type: none"><li>• Upkeep</li><li>• Tenant issues</li></ul> |

# Where Am I Buying?

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- Schools
- Transportation
- Amenities
- Noise
- Inventory
- Local blogs and social media groups – "Nextdoor"





# How am I buying?

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1

Establish  
Credit History

2

Assemble Your  
Team

3

Get Loan Pre-  
Approval

4

Find Your  
Dream Home

5

Submit An  
Offer

6

Offer  
Accepted

7

Due  
Diligence

8

Sign  
Contract

9

Submit  
Mortgage  
Application

10

Get Mortgage  
Commitment  
from Your  
Bank

11

Board Package  
Submission  
and Interview

12

Final Walk-  
through

# Financing 101: Preparing to Buy in NYC

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**Tony Jao**

*Regional Manager, Investors Bank*

# Preapproval

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- Start process 90-120 days before buying
- Income (pay stubs, tax returns, W-2s)
- Assets (bank statements, gift letters)
- Establish credit score and debt-to-income ratio  
(helps determine interest rate)

## GOALS

- See what you can afford
- Show sellers you are serious

# Condo & Co-op Projects to Avoid

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- Projects in which a single entity owns more than 20% of units
- Projects with litigation
- The space used for nonresidential/commercial purposes is more than 35%
- Projects that are managed and operated as a hotel, even though units are individually owned (Condotels)
- Projects where 50% or more of the units are investment properties
- A property in which the proprietary lease is not equal to or greater than the loan term

# Buying Do's & Don'ts

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## DO

- Pay bills on time
- Keep paying your rent
- Keep working
- Save your pay stubs
- Ask your lender questions



# Buying Do's & Don'ts

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## DON'T

- Make large purchases (car, furniture, appliances)
- Apply for new cards, transfer balances, close cards
- Move money
- Incur large infusion of cash 60 days before contract signing



# Landing the Apartment

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- Condo and single-family home closing costs are higher:
  - Lenders title insurance
  - Municipal search
  - Owner's title insurance
  - Recording fees
  - Mortgage tax
  - Real estate taxes
- Where interest rates are headed
- Locking in a rate



# Legal Pitfalls to Avoid

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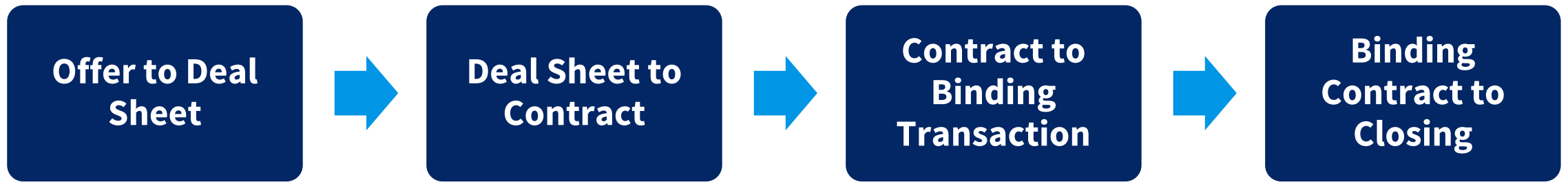
**Rosalind Ting Kwast Esq.**

*Real Estate Attorney, Kwast Law, PLLC*



# The Process: What You Need to Know

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# The Due Diligence Process

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**Minutes**

**Financials**

**Attorney  
Questionnaire**

**Offering Plan**

# The Home Inspection

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**Jacqueline Gathers**

*Licensed Home Inspector, Pillar To Post*

# About Me

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- NY State Licensed Home Inspector
- Owner of Pillar To Post Home Inspections
- 30 years of service at NYC Housing Authority
- Host ongoing workshops on the home inspection process



# Why Get a Home Inspection?

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- One of the most important (and expensive) purchases in your lifetime
- Offers an in-depth, impartial look at the property
- Ensures that the home you purchase is in good condition
- Allows you to make an intelligent, informed decision on whether to buy



# Home Inspection Timing

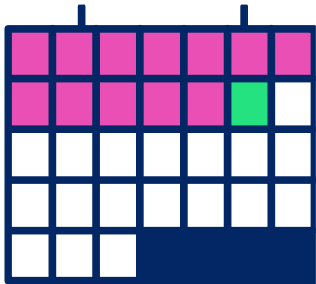
- Pre-inspection done by the home seller
  - *Have your agent find out if one exists for the home you're interested in*

- Inspection done by the buyer before going into contract



**RECOMMENDED**

- Inspection done by the buyer after going into contract



# Misconceptions About Inspections

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- Home inspections = appraisals
- New construction does not need an inspection
- Most inspections can be done in a hour
- I do not need to be present for the inspection
- Even if items are found, I can fix it when I purchase



# Important Questions to Ask

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- Is the inspector licensed and insured in NYS?
- Are they a ASHI member or affiliate?
- Do they test for mold, termites or radon?
- How long will it take and what will it cost?
- How soon can I expect a report?
- Can I attend the inspection?
- Do they speak English and/or Spanish?

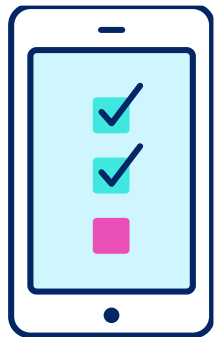




# Summary

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- Help identify deficiencies and potential problems
- Allow you to negotiate the price of the home
- Give you peace of mind
- Remember, a home inspection is NOT an appraisal



# Thank You and Good Luck!



# Q&A

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# Thank You

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