



# NYC: Purchasing From Abroad

A MLLP | Winter 2013

There is a reason owning a piece of New York affords bragging rights. It is an influential city with international demand and finite supply. Navigating this marketplace to emerge with a valuable investment requires expertise and a strong network.

**Market Basics:** In NYC, condominium and townhouse ownership provides for freehold real property ownership; there are few 100-year government leases as seen in parts of Asia and the UK. For this reason and others these are the most popular property types with non-resident buyers. Condos and townhouses only account for 33% of NYC's housing stock.

**Property Search:** There is no Multiple Listing Service (MLS) in NYC, but [www.Streeteasy.com](http://www.Streeteasy.com) enables buyers to search alongside and partner with their brokers in property identification.

**Negotiation:** Most transactions involve two brokers, one representing the seller and one representing the buyer. Buyers are also protected from a legal standpoint by virtue of a law requiring an attorney be involved in the purchase transaction.

**Building Board Approval:** Condo boards have the Right of First Refusal (ROFR) to purchase the unit at the terms agreed to between buyer and seller even after a contract is signed (very few boards exercise this right).

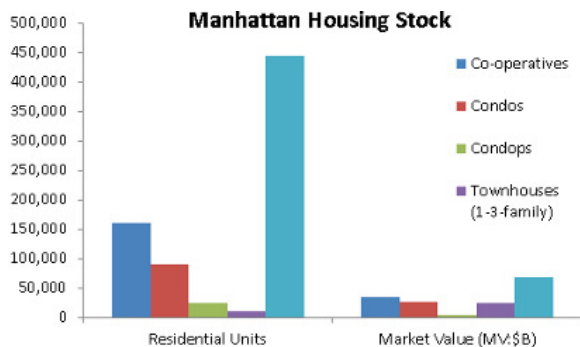
**Fees:** The closing costs on a condo can approach 9% of the purchase price (these are approximately 4% lower when purchasing resale units and purchasing for cash). So-called "flip taxes" can be government-imposed (New York City and State transfer taxes) or building-specific (e.g., capital contributions, percentage of purchase price): the former are added to consideration when calculating mansion tax liability. Some condos have tax abatements: your broker can research unabated taxes to estimate future liability. The broker fee is payable by the seller and is set before the property is listed for sale when the seller engages a broker through a marketing contract. If there are two brokers in a deal this fee is split 50/50; if the buyer does not have a broker, the entire fee is payable to the listing agent. When selling, you may be subject to FIRPTA (Foreign Investment in Real Property Tax Act-your attorney can provide details).

**Benefits:** A liquid market that has proven itself resilient. Reasonable cap rates coupled with short- and long-term appreciation potential. Plus, an investment that can double as an intermittent pied-a-terre and potential future home in influential NYC.

Partnering with an expert broker with awareness of these issues, and comprehensive resources for addressing each, is essential to the Manhattan real estate purchase process.

BROWN HARRIS STEVENS  
Established 1873

BHS  
Website



- Condos comprise 31% of the non-rental housing stock and account for 29% of MV
- Cooperatives comprise 57% of the non-rental housing stock and account for 39% of MV
- Townhouses comprise less than 2% of the total housing stock, yet account for 27% of MV
- Rentals comprise 61% of the total housing stock
- Condops (a co-op-condo hybrid) comprise 8% of private housing stock
- The population of Manhattan residents is 1.54M
- The population of Manhattan swells to 2.87M during the workday

## Did You Know?

**For International Buyers: Condo vs. Co-op**

Condos comprise 31% of the housing stock in NYC, and their purchase is evidenced by a deed rather than shares (as in a co-op). Condos have the right of first refusal to purchase the unit but otherwise cannot block a sale (co-ops can refuse a sale for any non-discriminatory reason). Condos allow leasing from day one of ownership while most co-ops do not. Condos can be purchased in vehicles that protect owners from liability (LLCs, Trusts); co-ops generally cannot. Financing a condo purchase will subject you to a mortgage recording tax; since a co-op is technically not real property, there is no mortgage and thus no recording tax.

Condos lead the market for investment purchases, foreign and domestic.

**Inspiration:** It couldn't have happened anywhere but in little old New York. -- O. Henry

Julia Hoagland and the Modern Luxury Living Partnership (MLLP) at Brown Harris Stevens are known for being innovative and creative thinkers who bring expertise to the Manhattan marketplace through comprehensive data collection and analysis, market research and a gift for interpretation. Advising clients throughout the United States and those based in Brazil, Canada, Chile, China, Ecuador, France, Hong Kong, Singapore, Turkey, UK, Venezuela, and Vietnam, MLLP sales performance has positioned them in the top 5% of Brown Harris Stevens (BHS). BHS is recognized as a luxury market leader with designation as the exclusive NYC affiliate of Christie's International Real Estate.

[Julia Hoagland](#) | [MLLP](#) | [jhoagland@bhsusa.com](mailto:jhoagland@bhsusa.com) | o: +1 212.906.9262 | c: +1 646.696.1372  

EXCLUSIVE AFFILIATE OF  
**CHRISTIE'S**  
INTERNATIONAL REAL ESTATE

Modern Luxury Living Partnership

MLLP

 SafeUnsubscribe™

This email was sent to clavery0836@aol.com by [jhoagland@bhsusa.com](mailto:jhoagland@bhsusa.com) |  
[Update Profile/Email Address](#) | Instant removal with [SafeUnsubscribe™](#) | [Privacy Policy](#).

Modern Luxury Living Partnership | 445 Park Avenue, 11Fl | New York | NY | 10022