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The New York Times

Special: Manhattan Real Estate Offerings

Real Estate

SUNDAY, MA

The New York Times

Five Ways to Outsmart The Market

By SUSAN STELLIN

TRYING to pinpoint what's going on with the New York City real estate market right now can be like standing at the shoreline and determining the exact moment the tide turns — without a tide chart.

But as sales pick up and open houses draw dozens of prospects instead of single-digit groups, one thing is clear: the rules of the game have changed — in some ways, for good. The recession has brought about many of the biggest changes, like lower prices, tighter lending standards and historically low interest rates. But technology, too, has had a large impact on the way deals get done, giving everyone access to information that brokers once held close to the vest, and revealing details even they may not have known. (A buyer involved in multiple lawsuits? Thanks, Google!) As buyers and sellers make their way down the path to move-in day, what once seemed like a well-marked highway has become more like a labyrinth. Here are guideposts that can help make sense of the maze:

MORTGAGE HURDLES If there's one word that sums up the current mortgage application process, it's paperwork. And tighter lending standards mean that many buyers will need more of it. The traditional starting point for buyers has been securing a simple preapproval letter for a mortgage. Now lenders recommend having detailed discussions about a loan before heading to open houses. This way, you can get a jump on collecting all the documents the bank will want to see. "Three years ago, I got a mortgage literally after conducting a phone call while I was driving," said Peter Hamarich, who closed on a studio apartment in Chelsea in April after he and his partner sold their one-bedroom near Lincoln Center. This time, though, things were different. "I'd bet 90 percent of the documents we submitted we had to submit twice, or submit updated copies," Mr. Hamarich said.

That paperwork includes tax returns, bank statements and pay stubs, all of which will probably have to be resubmitted as newer versions arrive during a process that can take up to six months. "Putting the right paperwork together up front really can save you some trouble at the end of the transaction," said Bob Donovan, a senior vice president of Bank of America, which recently revamped its Web site to offer buyers more preapplication advice. Another change is that the mortgage commitment letter that banks give to buyers once they have a signed contract is now likely to have conditions attached — meaning that before the bank will actually issue a check, you may have to undergo a more detailed review of your finances. An unusual deposit in your checking account, for instance, could raise questions about whether someone was helping you with the purchase. Richard Martin, a

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senior vice president of DE Capital Mortgage, said the goal of gathering up records early on was to head off questions later in the process.

"As loan officers, we have to be incredibly detailed and prepared to be able to answer these questions," Mr. Martin said. "We've stepped into a whole new era in the mortgage business, which in a sense we'll never turn back from. All of this stuff is here to stay."

THE SEARCH

The rule of thumb used to be that spring was the busiest time to buy or sell in New York City, but shifting financial winds have changed that pattern. "Seasonality has been less important in the past couple years," said Kenneth Scheff, an executive vice president of Stribling & Associates. "It's more about the economic news. When the news is good and people feel more secure, there's a rush to buy."

Mr. Scheff said post-up demand led to a strong fourth quarter of 2009, and other brokers reported an earlier-than-usual flurry of spring shoppers hoping to take advantage of the home buyers' tax credit that expired at the end of April.

That was the motivation for Anne Hunnell Chen and her husband, Cory Chen, first-time buyers who started looking in January and closed on a two-bedroom apartment in lower Harlem on May 16. Although she admitted they bought was one of the first that they saw, they took their time before submitting a bid.

"I think we came back to this place three times before we put in an offer," Ms. Hunnell Chen said. "We spent a lot of time walking around the neighborhood, checking out the grocery stores and the corner and things like that."

That care reflects today's more cautious buyers. In the boom years, people bought homes without thinking about how long they planned to live there or how long a property might take to sell. Some brokers say they are now advising clients to plan on staying put for at least five years — or rent instead.

And when the time does come to sell (you have considered transaction costs, haven't you?), properties that will appeal to a broad base of buyers are looking better than ever.

Andrew Bartfield, who accepted an offer in April on the Hell's Kitchen loft he put on the market in December, said that the apartment's open floor plan and setting in a converted armory were a draw when he bought it in 2003, but that "glass and metal" seemed like the hot thing now. Still, he is happy he has a deal and comfortable with the price.

"I don't think it's the same thing I would've gotten two years ago," Mr. Bartfield said. "But I wasn't selling two years ago."

PRICING AND NEGOTIATING Probably no other factor affected the negotiation process more than the wealth of real estate data now available online. Web sites like Zillow.com, StreetEasy and Zillow let buyers in on previously guarded details like how many times a property's price has been cut, how long it has been on the market and how much the owner paid.

A few more mouse clicks might bring up the recent sales history of every apartment in a given building, and spirited discussions at sites like Brownstoner and Curbed can reveal things like whether a nearby school is noisy.

Douglas Heddings, the founder of the Heddings Property Group and a blogger — about industry ethics — at TrueGotham.com, said the new availability of information had foiled some old tricks of the trade. "Some brokers would take a listing off the market and put it back on as if it were new," he said.

Now buyers can see the history, and this type of data has given them new ammunition at the negotiating table.

"What you're doing is playing poker," said Spencer Rascoff, the chief operating officer of Zillow. "You want to have as much information as possible about what the other person is holding."

Took on Zillow help pinpoint market value by showing the listing discount — the sales price compared to the last list



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NEW TERRAIN

When they went house-hunting, Anne Hunnell Chen and her husband, Cory Chen, top, were, like many buyers today, very careful. They visited their two-bedroom apartment in lower Harlem at least three times before making an offer. Andrew Bartfield, above, accepted the fact that he might have received more for his Hell's Kitchen loft two years ago. Peter Hamarich, left, found far more paperwork was involved in securing his new home on West 21st Street than with his last purchase three years ago.

price — for similar properties that have recently changed hands. But for those tempted to lob a low-ball offer, brokers report that as prices have come down, deals are happening within 10 percent of the list price and that good, well-priced apartments can generate multiple offers since there are so few of these gems

for sale. "We kept hearing, 'It's a buyer's market' — well, I'm not feeling that," said Wendy Weissman, who with her husband has been looking for a one-bedroom prewar apartment in a doorman building since September. They thought for a time in the winter that they had

found what they were looking for. But that deal, an estate sale, fell through because the seller lacked a document showing that he was the sole owner, and they began house-hunting again in March. "When I first started to look," Ms. Weissman said, "there seemed to be a