

REAL ESTATE NEWS

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Understanding This Real Estate Market: Securing, Surviving and Profiting

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Understanding our local real estate market is vital to making current or future housing plans. New York City home prices have slowly been falling. Developers' betting on the condominium market has turned every inch of property they could buy into condominiums that have expanded the selection of homes. This condominium conversion craze has resulted in thirst for office space as this space has been removed from the market.

As a result of incredible property sale prices, and the removal of rental units from the market, the rental market is flying high. Only three years ago, landlords provided incentives and paid "OPs" or "owner pays" the brokerage commission. These incentives are dinosaurs. The flood of condominium units could, along with rising interest rates, lead to a decrease in prices if the number of units on the market is more than the number of available units.

This past summer, interest rates hit their highest level this decade increasing the cost of a loan and therefore were providing less money for buyers to go shopping with to buy a home. In addition, recent governmental statistics indicate that inflation has set in, and fewer homes are being built than at this time last year.

Despite these facts, few foreclosures have been initiated in the courts thus far. Manhattan may also be immune to a serious price drop. This assertion is based on its world stature, economic and cultural importance. Of course, a serious terror attack may be Manhattan's kryptonite. Also, the undocumented but obvious baby-boom as witnessed by the number of carriages on any New York City street dictates that these children will need a place to live and that their parents will need larger apartments.

Our advice is simple. Prepare for the worst possible market conditions when looking for a home. Here are a few strategies for surviving and profiting in this market.

Become a Real Estate Expert

Great apartment deals occurred even at the real estate market's plateau. The most savvy and aggressive buyers surrounding themselves with a solid real estate agent and attorney closed on these deals.

As prices decrease and uncertainty creeps in, more frequent and better buy opportunities will appear. Real estate is not like gold or a buried treasure waiting to be discovered. Education rules. Only the educated and the dedicated will know when to pull the trigger on a deal. Whether you have found unsold shares. (See <http://www.bpvance.com/index.cfm?action=Resources&subaction=Newsletter> or Issue Number 3/June/July 2005 on the BP Vance website for a discussion on this), a pre-foreclosure, or an undervalued unit or brownstone, those that understand New York real estate are usually claiming the prize. The amazing thing about real estate is that professionals like your local broker will work for you for free until the transaction closes to share their expertise and assist in the education.

Knowing The Market Price

You do not need to know the entire city, only the area that you want to live or invest in. This could even be a ten block radius. But your agent should be feeding you every property in your price range the minute it comes on the market. You should visit these properties to see how much your money will get you. The local corner broker will usually have the best street information and when a person in distress needs to sell fast, as such, a person is more likely to walk into a store office.

Be Financially Ready to Buy

Order your credit report now so you will have time to correct any mistakes. Make sure your money is in an account where you can immediately withdraw the down payment funds. Do a financial statement of your assets and liabilities in order to impress a seller that you are the best candidate to close the deal and to have ready for a cooperative and what is becoming more frequent, a condominium board. Get pre-approved from a few banks. Before you go shopping you need to know how much money you have to spend, and since the banks are fronting most of the money, contacting them in advance is essential. These banks compete for your business so contact more than one bank or mortgage broker to see who has the best rates and minimum or no fees.