



NYC Living Guide



[Helena Lopes](#)

There are two types of people in NYC: renters and buyers. Well, there are also subletters, and folks staying in Airbnbs, and all those people who are staying in hotels, and those people who are here visiting friends, going on and on about how they're paying \$12 a month for their four-bedroom, three-bath spreads in the middle of Kansas and how crazy their friends are to be paying a kazillion dollars a month for their teeny tiny NYC "apartments" (quotes theirs). For the most part, however, people are split into two camps: renters and buyers. Whatever camp you're in will help determine what you need to do to live here.

Condo/Co-op Buyers' Guides



Brayden Law

If you're buying an apartment in NYC, you're going to be buying either a co-op or a condo. There are also people who buy entire brownstones to live in themselves or to split up into multi-family dwellings consisting of separate apartments, but people who are buying individual apartments are either buying condos or co-ops.

Buying a Co-op in NYC

Co-ops are the most common residential properties for sale in NYC. They usually make up approximately 75% of the available apartments for purchase.

When you buy a co-op in NYC, you're not actually buying an apartment. You're buying shares in a corporation that owns the building you'll be living in, so technically you'll be a shareholder in that corporation, not an "owner" of the actual unit you're living in. That's a mouthful, but once you understand exactly what a co-op is, you'll be able to better understand the rules that come with being a part of one.

What you're effectively buying when you buy a co-op is a long-term lease. You will pay monthly fees called maintenance fees. These fees will cover the day-to-day operating expenses of the building, including paying for things like utilities, building maintenance and staff salaries. Since the building is a corporation, it gets one tax bill. Each shareholder's portion of the tax bill gets taken out of the monthly maintenance fees.

In a corporation, some buyers have bigger shares than others. In a co-op, people with bigger apartments have more shares than those with smaller dwellings.

Pros to Buying a NYC Co-op

There are several upsides to buying a co-op.

- Co-ops are generally more affordable than condos. How much more affordable? A [study](#) showed that in 2018, co-ops were on average *50% less expensive* than condos when compared per square foot.
- There's a less transient vibe in co-ops since there are usually strict rules in place that prevent shareholders from renting out or subletting their apartments. This means that the people you run into in the laundry room or the ones using the building's amenities are actually shareholders in the co-op.
- Shareholders want what's best for the companies they own shares in. They'll do everything in their power to make sure that the company gains value over time because the company is their investment. If the company does better, the value of their shares

increase. This means that (good) co-ops make sure that the building mechanicals are in great condition, that the co-op is well-maintained and that it has a healthy reserve fund in order to protect itself against unforeseen issues.

Cons to Buying a NYC Co-op



There are a few downsides to buying a co-op vs. a condo in NYC.

- It's next to impossible to sublet a co-op apartment. Co-op boards usually prohibit any type of subleasing. This means that anyone planning on subletting the apartment or

renting it out for short-term use for extra money should consider other apartment purchase options.

- It can be BRUTAL trying to get past the co-op board approval process when you put in your application to buy your co-op. Co-op boards will require tons of documentation and information from you, including several years of tax returns, banking and investment portfolio info, multiple references, etc. This is all before the in-person interview, which can feel like an extremely uncomfortable physical. The board is literally going over your entire life with a fine-toothed comb. Not only do they want to make sure that you can afford to live in the building, but they also want to make sure that you fit into the vibe of the building. Many people can't handle the stress, so if you've never been through the process, consider this your heads up.
- The monthly fees that Co-op residents pay are called maintenance fees. These fees are usually much higher than the monthly charges that condo residents pay which are called common charges.
- When you buy a co-op, you're going to have to have up to 2 years worth of mortgage payments and maintenance fee set aside. This is money that you need to have in the bank AFTER closing. The co-op wants to ensure that you have money set aside to continue to pay your monthly bills in the event of unforeseen circumstances like a job loss or illness. Condos don't usually require that buyers have this much set aside. This provision puts many potential co-op buyers out of the running.
- You may have to put a lot more down when buying a co-op. Many Co-op boards require a minimum of 20% down, but a lot of them require more sometimes as much as 30% or higher. Once again, this puts many people out of the running who don't have that amount of cash up front to put down on the table. Condos usually require a lower deposit.
- It can be really difficult to make changes to your apartment when you live in a co-op. Every single thing that you want to do has to be approved by the board. You want to put in a dishwasher? Not if the co-op board said you can't. You want an in-unit washer/dryer? Does the board know about it? They'd better! Every single change that you want to make to your apartment, whether it's changing the flooring or adding a bathroom, will need to be run by the board. This can be a challenging issue for people who don't want the board having a say in how they live in their own homes.
- If you want to sell your co-op, the board has to approve the new buyer. The reasons above are why it can be difficult to unload your co-op when it comes time to sell.
- Many co-ops are set in older buildings, and many of those buildings don't have highly prized amenities like in-unit laundries and dishwashers. Even worse, many of these older buildings have no plans to add these amenities to their buildings. Many of these buildings are 50 years old and older, and their electrical and plumbing systems simply couldn't handle the stress that modern appliances would put on them.

Buying a Condo in NYC



[Megan Markham](#)

Most of those new developments you see popping up around the city are condos. Unlike a co-op purchase, when you buy a condo, you're buying what is considered real property. This means that once you close on your purchase, you'll be in possession of an actual deed for your exact unit.

Pros to Buying a NYC Condo



[Megan Markham](#)

There are several reasons that it may make more sense for someone to go the condo route vs the co-op route.

- Condos usually require a smaller down payment to purchase, with some of them requiring as little as 10% down. This is great news for buyers who might not have a lot of cash to put up front but who still wish to buy into the NYC residential real estate market. Since a condo is actual real estate that you own, the board doesn't have any say in how much you put down.

- A condo's monthly fees, called common charges, are usually a lot less expensive than the monthly fees you'd pay in a coop. This helps keep your overall monthly costs down.
- One of the biggest reasons that people buy condos in New York City is because they're able to sublet them. This is great news for people who are buying their condos as an investment property. The amount that your renters and subletters pay you help pay for your mortgage. Again, this is in direct contrast to co-ops which usually don't allow subletters and renters.
- If you need to sell your condo, you can sell it at any time you wish. this is a direct contrast to selling a co-op, which requires board approval of the new buyer.
- Condos are excellent for people who want to purchase a property purely for investment purposes. This opens the NYC real estate door to a lot of overseas investors.
- You have a lot more freedom when it comes to making changes in your apartment. For all intents and purposes, owning a condo is like owning your own, stand-alone real estate, so there are way fewer restrictions.
- Condos in NYC tend to be newer builds, so they are filled with the amenities many buyers are looking for, including in-unit washer dryers and dishwashers.



Megan Markham

Cons to Buying a NYC Condo



Brandon Nickerson

You may be thinking, “Whoa! Condo buying looks like the way to go! No brainer!”

Not so fast.

There are several what could be considered *downsides* to buying a NYC condo.

- Because there’s no arduous, soul-shattering board approval process to go through, more people are able to buy condos. Because more people are able to buy condos, there’s usually a high demand for them. When there’s a higher demand for them, their list price goes up. In other words, condos are usually much more expensive than co-ops.

- International investors increase the pool of buyers for condos even more.
- Because you're buying real property when you purchase a condo, you have to pay a mortgage recording tax when you purchase the condo. The mortgage recording tax is a tax imposed on purchases of real property in New York State. This tax will be part of your closing costs when you purchase, and Co-op owners don't have to pay this tax since they're not purchasing "real" property. In other words, closing costs for condos are much higher than they are for co-ops.
- When you purchase a NYC condo, you need to pay for title insurance as well. This insurance will protect you against any claims made against your condo before you own it. So if the previous owner "forgot" to pay taxes on the apartment and it comes to light while you're buying the home, you won't be responsible for them.

Buying a condo or co-op in NYC is a process that can feel like a long walk through purgatory, but if you can make it through, you'll end up with the home - or investment property - of your dreams.