

A wide-angle photograph of the New York City skyline at sunset. The sky is filled with soft, orange and pink clouds, with the sun low on the horizon. The city's lights are beginning to glow, reflecting on the water in the foreground. The Freedom Tower stands prominently in the center, with its spire reaching into the sky. Other skyscrapers like the Empire State Building and the Chrysler Building are visible. A bridge spans the water in the foreground, and the water reflects the colors of the sky and the lights of the city.

# Investing in New York City Residential Real Estate

Westin Hotel - June 28th, 2023



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# Introduction



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[www.elikarealestate.com](http://www.elikarealestate.com)



# Who are we?

- For over two decades, ELIKA has garnered a reputation as the premier and leading exclusive buyer's agency in New York.
- We specialize in representing home buyers and high net worth investors, both local and international.
- Our mission is to find the perfect home or investment property for you built to outperform the broader market.







# THE BETTER WAY TO BUY REAL ESTATE IN NYC

Since 2001, ELIKA has worked exclusively to benefit the New York City real estate buyer. Our mission is to help you find a better home for a fair price. We provide personalized service, unbiased representation, independent market research, and expert knowledge for buyers.

Buy with confidence.



# **Importance of the exchange rate on the residential market in NYC**



## USD/EUR exchange rate since the creation of the Euro





# Overview of different local markets in NYC (Manhattan, Brooklyn)

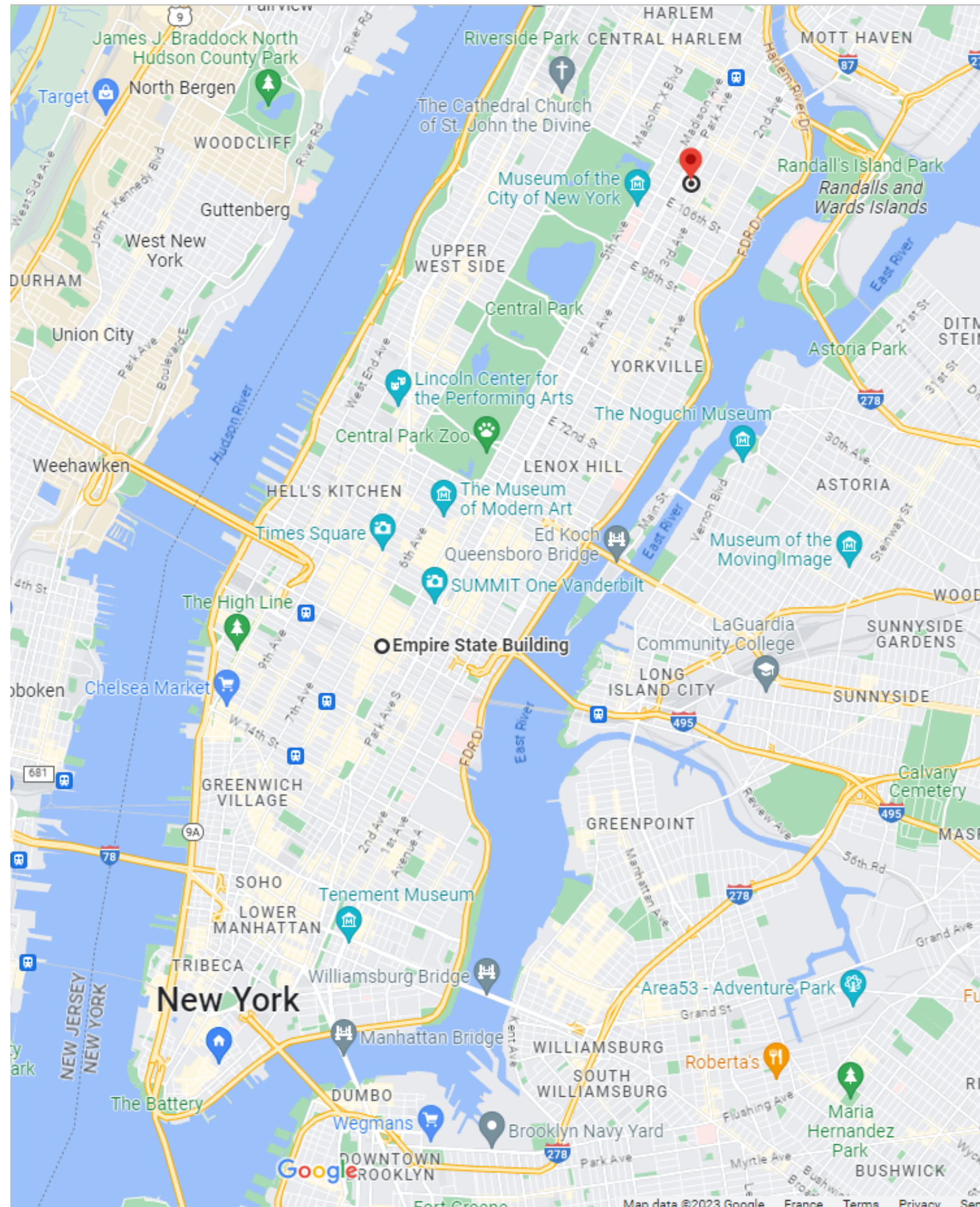
- Manhattan has a limited supply of available land, leading to high competition and limited inventory.
- Brooklyn has experienced significant growth in the past 20 years becoming a mature market.
- Brooklyn generally offers more affordable housing options compared to Manhattan, making it attractive to a broader range of buyers.



***New York City***







# Why condo and not coop for foreign investors?

- Condos are more flexible. When you buy a condo, you own the unit outright and are free to do with it as you please. This includes renting it out, subletting it, or using it as a pied-à-terre. Co-ops, on the other hand, are more restrictive. They often have rules about how often you can rent out your unit, and they may require board approval before you can sublet.
- Co-ops require board approval and in most cases require 2 years of US tax returns and it to serve as a primary residence not an investment property. Subletting is also restricted and selling requires a board interview process.







# Overview of the current state of the New York City real estate market

- Home Sellers Feel Trapped By Their Low Mortgage Rates
- Desirable End User and Entry Level Investment Properties up to \$2mil are limited in demand and active.
- Activity for properties price \$5mil + is slow and significant discounts can be negotiated especially for \$10mil+

# Trends in residential investment

- The rise of rental investment properties. In the past, most foreign investors bought residential property in New York City with the intention of living in it themselves.
- However, in recent years, there has been a growing trend towards buying rental investment properties. This is due to the fact that the rental market in New York City is very strong, and there is a high demand for rental properties.



# Impact of COVID-19 and remote work on the Market

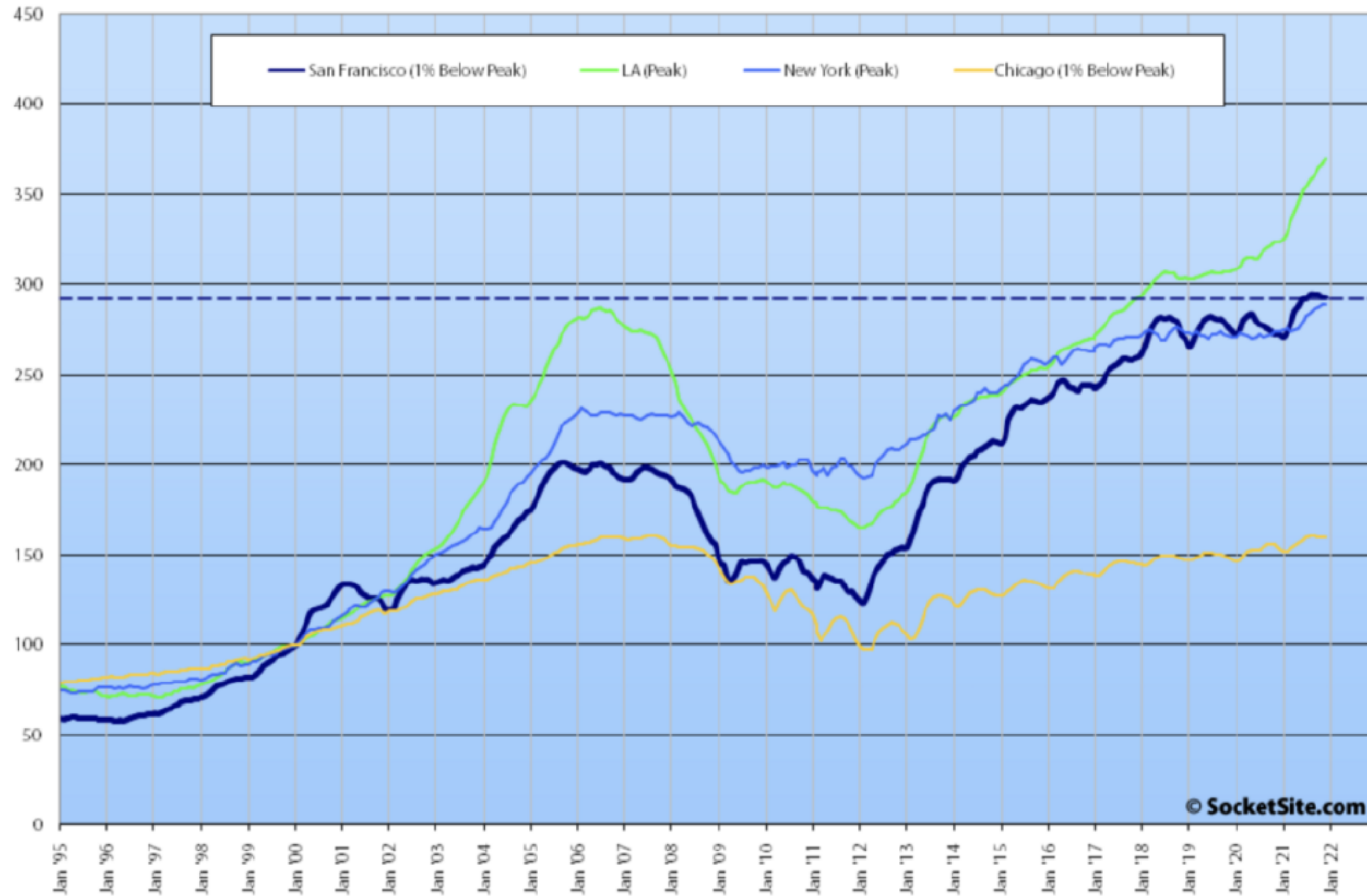
- Office market: The office market has been particularly hard hit, as many companies have downsized their office space or moved to a hybrid work model. This has led to an increase in office vacancies and a decrease in rents.
- Residential market: The residential market has been more resilient, but it has also seen some changes. For example, there has been an increase in demand for apartments with more space and amenities, as well as an increase in demand for apartments in outer boroughs.

# The resilience of the NYC real estate market during crises and recessions

- The NYC real estate market was relatively resilient during the tech bubble of the late 1990s. While prices did decline during the bubble's collapse, they did not fall as far as in other markets, and the market rebounded relatively quickly.
- The 9/11 attacks had a devastating impact on the NYC economy, but the real estate market was relatively unscathed. In fact, home prices actually increased in the months following the attacks.
- The 2008 financial crisis was the most recent major economic downturn pre-covid, and it had a significant impact on the NYC real estate market. However, the market rebounded relatively quickly, some areas like the West Village did not decline in price and were flat however over leveraged neighborhoods at the time like Williamsburg saw a 20%+ correction. Neighborhoods matter in a time of crisis.

## S&P/Case-Shiller Condo Price Index (1995-2022)

(Normalized Index = 100 in January 2000)





# Build an A team

- A buyer's broker
- A real estate lawyer
- A mortgage banker or broker
- A property manager
- A tax advisor

# The legal, regulatory, and financial considerations involved in investing

- An LLC can help to protect your personal assets from liability in the event of a lawsuit or other legal action. This is because an LLC is a separate legal entity from its owners. LLC's are most commonly used by foreigners when buying in NYC.
- Property taxes in NYC are relatively high. It is important to factor in the property taxes when making your investment decision.
- If you are considering buying a condo or co-op, you will need to factor in the common charge fees. Common charge fees cover the cost of common amenities and services, such as maintenance, repairs, and security.

# What about financing for foreign investors?

- Financing for Foreigners is limited but available at typically 40% down with rate locks upto 30 years.
- ELIKA has relationships with mortgage broker and bankers to help with financing.
- For properties to run at cash flow neutral typically 50% down is required.





# The potential risks and rewards of investing in this market

- The cost of real estate in NYC is notoriously high. This can make it difficult for investors to get started, and it can also make it difficult to make a profit if the market takes a downturn.
- If you are renting out your property, you are exposed to tenant risk. This means that you could lose money if your tenant stops paying rent or damages your property.
- High potential for appreciation. The real estate market in NYC has a long history of appreciation. This means that your investment could increase in value over time, which could lead to significant profits.
- High rental demand. There is always a high demand for rental properties in NYC. This means that you should be able to find tenants easily, and you should be able to charge a good rent.

# The organization of the market: listing brokers/buyer's brokers

- The NYC real estate is Governed by REBNY and as a member ELIKA is able to access all proeprties.
- We participate in the Universal Co-Broke agreement thus we do not need to charge our clients.
- Unlike a listing agent a buyer's agent extends undivided loyalty and fiduciary duty to the buyer 100% of the time.

# Case studies of successful residential real estate investments in NYC

- ELIKA has exclusively and successfully represented buyers from first-time investors to ultra-high-net-worth families in acquiring properties built to outperform. Such properties in 400 West 12th Street, 40 Bleecker St, 160 Leroy Street, 500 West 21st Street, 84 Bedford Street, and many more.
- The best properties for investors to buy up to \$2 million are those that New Yorkers want to live in. ELIKA understands the micro trends and flows to help position Investors into the safest, most stable residential properties through-out Manhattan, Brooklyn, and Queens, as well as the Hamptons for those seeking vacation properties.



# Rental Yield

Property Price	\$2,000,000
Monthly Rent	\$8,500
Monthly Common Charges	\$2,000
Monthly Property Taxes	\$2,300
Misc. Monthly Expenses	\$700
Vacancy Rate	2%
Gross Rental Yield	5.00% per year
Net Rental Yield	2.00% per year
Cashflow	\$39,960 per year
Payback Period	51 years of investing

Disclaimer: Costs above are only estimates. Please confirm your costs with your attorney and mortgage representative.

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[www.elikarealestate.com](http://www.elikarealestate.com)

# Bibliography

When investing in residential real estate in the bustling city of New York, several key factors must be considered. To make the most informed decisions, conducting detailed research and analysis is crucial.

- [www.elikarealestate.com](http://www.elikarealestate.com), in particular the New York City the Foreign Buyers Guide
- [www.streeteasy.com](http://www.streeteasy.com)
- [www.nytimes.com](http://www.nytimes.com), refer to Section Real Estate
- "Real Estate for Dummies" – 4th Edition by Eric Tyson, MBA and Robert Griswold, CRE
- Historical building in New York by XYZ



# Conclusion



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Q&A



# Thank you!



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