

The New York Times

October 13, 2017

The Most Common Obstacles to a Sale – And What to Do About Them



Tony Cenicola/The New York Times

David Hawthorne's NoHo apartment, with its 14-foot ceilings and striking brick walls, has New York in its bones.

In a past life, before a co-op conversion in the 1970s, the street-level space was the ground floor of a hat factory. Today, it is part of a roughly 3,000-square-foot apartment spread across three levels, with a lofted office, a massive living space with original masonry walls and its own laundry room. And it is that rare apartment that has two entrances, one of which opens onto Broadway, like a private maisonette.

But what is that sound?

“Oh, that’s the N train,” Mr. Hawthorne, 71, tells guests as the busy subway line rumbles underfoot.

“It’s not terrible, but it’s definitely something people will notice,” said Nina Horowitz Rothman, an agent with Halstead, the third agency to represent the apartment in two years.

They might also notice the unusual floor plan, with two bedrooms below street level, lighted by a sidewalk light well, and the unfinished subbasement.

The apartment, re-listed for \$2.1 million in September, started at \$3.5 million last year.

From the lowliest studio to the grandest penthouse, nothing in Manhattan is perfect. Apartments in this fickle town have been boxed in, blown out and retrofitted by waves of new buyers, all while new buildings rose around them. In a market where 86 percent of apartments are resales, compromise is a necessity for buyers and a source of agita for sellers and their agents.

But not all flaws are equal in the eyes of buyers, and savvy sellers can turn some of those quirks into positives, with the right spin – and the right price.



A two-bedroom, railroad-style apartment in the East Village listed for \$2.1 million has a private outdoor space, but the only way to get to it is by climbing out a window. CORE

To find the toughest sales in the city, we asked the real estate website Realtor.com to survey New York agents on the worst hurdles they have had to clear. And over the course of a week this fall, more than 140 agents from several brokerages ranked six common obstacles to a sale, from bad to worst.

An apartment with windows that look out onto a brick wall — or some other bleak backdrop — was the most dreaded, with an average score of 4.24 out of six. Lack of sunlight was second worst, followed by noisy streets, walk-up apartments and active construction nearby. Eccentric design was the least troublesome flaw, with a score of 2.99.

Then there were the write-in responses, which read like letters from the trenches. “Filth,” wrote one agent, without elaborating. “Offensive odors,” said another. “NEEDS WORK,” a third shouted. More prosaic answers included high carrying costs, bad tenants and persnickety co-op boards.

One precise agent borrowed a phrase from German to complain about unimaginative buyers: “No fingerspitzengefühl” — which is to say, they lacked feeling in their fingertips, or a sensitivity to what the space *could* be.

That’s where creative marketing comes in. Patrick Lilly, an associate broker with CORE, sold a tiny one-bedroom on the Upper East Side last year that had lingered on the market for 10 months with another brokerage. It was on the second floor of a walk-up co-op on a dead-end street a long way from the subway.

“We called it a cul-de-sac,” Mr. Lilly said, adding that the dead-end created a quiet green space overlooking the East River that he was able to play up to make the area feel quaint and detached from the city.

“Technically, it *is* a cul-de-sac,” he said, but who “calls it that in Manhattan?” Using the euphemism, however, helped publicize the listing and got it mentioned on real estate blogs. Mr. Lilly listed the apartment for \$575,000 — \$15,000 more than the previous agent had — and it sold in a month, for \$550,000, to a family that saw it on one of the blogs.

But when it comes to the hardest obstacles, sometimes even sleight of hand falls short, said Andrew Feldman, an associate broker with Triplemint. He had a second-floor two-bedroom apartment in the Flatiron district that faced the back, with cramped eight-foot ceilings and very poor light. “It was like a dungeon. The ceilings made it feel like a torture chamber,” he said.



The staircase in an Upper West Side walk-up, listed for \$649,000, down from an initial \$675,000. Tony Cenicola/The New York Times

“There was nothing about the place I could candy-coat,” he continued. “I almost didn’t want the listing.”

Priced at \$1.025 million, it languished on the market for 292 days. In February, after the owner had put a tenant in place, the apartment finally sold for \$955,000, about 7 percent under the asking price, to an investor who was happy to collect the rental income.

For truly challenged properties, it often comes down to price. In the third quarter, the median sales price of resale apartments, including condos and co-ops, rose a modest 1.9 percent, to \$995,000, compared to the same period last year — a new record, according to a Douglas Elliman report. But the average listing discount also grew, to 5.5 percent, up from 2.9 percent in the same period last year. And listings took longer to sell, spending an average of 101 days on the market, up almost 28 percent from last year.

“The seller is traveling further to meet the buyer,” said Jonathan J. Miller, president of the appraisal firm Miller Samuel, which prepared the report. Resales are also competing with a growing share of newly built apartments, which made up 13.7 percent of inventory this quarter, up from 9.1 percent the same period last year.

For sellers, facing up to that reality, especially when there is an obvious foible to their property, can mean the difference between a quick sale and listing limbo. Michael Vargas, president of Vanderbilt Appraisal in Manhattan, said the most common deficiencies could mean a 5 to 20 percent discount on resale value, compared to units without those flaws, a gap that could rise to 30 percent in a downbeat market.

Still, most flaws can be mitigated with the right mix of perks. In a walk-up apartment building, the second floor typically commands the highest price, Mr. Vargas said, with each subsequent floor dropping 2 to 3 percent in price, because of the longer schlep up the stairs. The ground-floor unit is dinged because it is perceived as less private. But a high-floor unit can compensate with an emphasis on better views, a better layout and quality renovations, he said.

Resisting a lower price at the outset, however, could mean headaches down the line. "Once something is on the market for a period of time, it's like sharks smelling blood in the water," said the appraiser Andrew Goodman, president of Gotham Valuation in Midtown. "People just assume they can wait on it."

Frances Katzen, an associate broker with Douglas Elliman, listed a two-bedroom, two-bath apartment on a high floor of a prewar co-op on the Upper West Side for \$1.425 million in late September. The apartment has a sizable living room, 10-foot ceilings and gets lots of sunlight, but the living room windows face a brick wall.



The living room in a NoHo apartment with 14-foot ceilings and a private entrance on Broadway, listed for \$2.1 million. One quirk: The N train runs beneath the apartment. Tony Cenicola/The New York Times

At its current listing price, the unit is about \$100,000 less than comparable units with a better view, Ms. Katzen said. “I was honest” about the price, she said, telling the seller, who bought the apartment for about \$1.3 million in 2013, that it was better to aim low and drum up interest to counter the poor views.

It may have worked. The first open house, she said, had 42 showings (closer to six is typical), and she now has an offer for \$100,000 over the asking price.

For savvy buyers, of course, an overlooked apartment can present an opportunity. Ben Lund, 29, and his husband, Alexander Rosanelli, 27, found a one-bed, one-bath apartment with a private terrace on the Upper West Side that had lingered on the market because it was on the fourth floor of a five-story walk-up. They bought it for \$475,000, down from \$520,000.

“It comes down to what you’re looking for,” said Mr. Rosanelli, who runs Hound’s Tree Vineyards on Long Island. “We didn’t really think much about the walk-up at that point. I’m in a car a lot, and walking is part of what we like about the city.”

The reduced sale price allowed the couple to renovate, installing custom cabinets, reclaimed oak bookshelves, new appliances and large pocket doors to the bedroom.

They are now selling because Mr. Lund, who works in finance, has accepted a job in Greenwich, Conn. The listing, which came on the market in April, is at \$649,000, down from an initial \$675,000. Mae H. Bagai, the listing agent and an associate broker with Sotheby’s International Realty, said that she is counting on the recent remodel and private terrace to compensate for the stairs.

Often, dealing with an obstacle comes down to finding the right audience. Elizabeth Kee, an associate broker with CORE, has a railroad-style apartment in the East Village listed for \$2.1 million that she is targeting at investors. The unit is on the ground floor of an artsy prewar building, where the hallways have castle-like accents and are covered in murals of Mediterranean landscapes. Its central window faces an air shaft with a brick wall.

The apartment does get sunlight on either end. It also has a private rear outdoor space, but the only way to get to it is through a window with mini-steps that rise to the windowsill. Complicating the sale is the inclusion of a basement commercial space, which could make financing more challenging.

“It has a little bit of everything,” Ms. Kee said ruefully, but she hopes that the apartment, which has been on the market since April, will eventually appeal to a buyer looking for rental income.

The key to a sale, she said, will be transparency: “I would rather point something out that’s a little extraordinary” — the step-up window, for example — “rather than have them say, ‘Wait, what is that, a hobbit door?’”

For Mr. Hawthorne, the NoHo homeowner, the quirks of his three-level, ground-floor apartment were never a bother. He and his wife, Dorothy Durkin Hawthorne, a former dean at the New York University School of Continuing and Professional Studies who died in 2011, were the first buyers of the co-op apartment, in 1978.

A freelance writer and former publisher, Mr. Hawthorne said he bought the 3,000-square-foot apartment, which was raw space at the time, for \$73,000 cash, an amount he happened to have on hand from a recent bonus check.

Thanks to construction experience in his youth, he was able to build the apartment from the ground up with the help of a friend, creating a lofted office in the 14-foot-tall living room, two sleeping quarters on the lower level and a flexible space in the subbasement that now serves as an artist's workshop.

The sound of the subway is noticeable in the basement, he admitted, but it is not intrusive. More often, it serves as the setup for a joke. "I used to say, 'Maybe I should open up a newsstand and a coffee shop'" when the trains went by, he said.

His agent, Ms. Rothman of Halstead, said the trouble so far has been explaining the space. "People have no imagination, for the most part," she said, which is why she has been pitching a number of uses for the basement space: a home theater, a gym, a woodworking shop.

Mr. Hawthorne, who dreams of moving to Bali with his brother-in-law and rekindling his old passion for scuba diving, said that while the layout is unusual, the apartment is now priced to allow the buyer to fully remodel the space.

Just this week, they received a full-price offer from a local couple who had seen it listed at a higher price, Ms. Rothman said. And now Mr. Hawthorne has bigger concerns than train traffic.

"The big challenge," he said, "will be: What will the co-op board do?"