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Karen Berman - Finding the right message: The key is to focus on a property as a home, rather than an investment

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Last month, Argo Real Estate co-hosted a forum with international accounting firm WeiserMazars, LLP. Entitled "Preserving Wealth through Real Estate," I sat on an expert panel that included prominent real estate attorney, Neil Garfinkel of Adams, Garfinkel, Margolis Bergson, LLC; estates and trusts specialist Lawrence Keiser of Stern, Keiser and Panker, LLP; and two principals from WeiserMazars, i.e., David Weinstock, CPA, whose focus is in estate, insurance, and investment planning and David Katz, a financial advisor in charge of the firm's asset management division in charge of the asset management. Our moderator was Amy Tennery, editor of Mogulite.com and former residential real estate writer from The Real Deal. The audience included many board members and apartment owners from all over the city, along with industry colleagues. As a result, the tone was deliberately geared to consumers, rather than industry. And surprisingly, getting the right message across wasn't all that easy.

As a REBNY board member and residential broker for more than three decades, I'm used to speaking to my peers on panels and at conferences on issues that are relevant to the brokerage community. But while preparing for this forum, I had to carefully put together a message that would communicate the advantages of the current housing market without sounding disingenuous. Of course, for those of us who are veterans of this business, today's residential real estate market is not unique. We've seen more slow summers than active ones. We've watched sales prices dip and then rally through predictable "corrections." But what I haven't seen before are consistently, long-lasting low interest rates. And for me, it's a little discouraging that more people can't jump on these opportunities.

For one thing, the city continues to be economic anomaly. Although our situation isn't perfect, current data indicate that New York is stabilizing at a sustained pace and private sector jobs continue to increase.

So why isn't everyone buying new homes with 30-year fixed mortgages at the lowest historical rates ever?

In a way, the reticence is understandable. In addition to daily headlines that shout out we're in terrible trouble and banks that make it tough to get a loan, apartment prices still feel high in the city. The average buyer may find it difficult to come up with the $100,000 cash downpayment necessary to buy a typical one-bedroom cooperative apartment in Manhattan, or even $40,000 for one in Queens, for that matter. Moreover, traditional investment vehicles are just now returning to pre-2009 levels, so for many the required liquidity isn't quite available yet.

Nevertheless, this is one of the best times to buy. On average, people live in their homes for seven years, which just happens to coincide with most economic cycles. So my mission is to explain how buying low now is bound to reap rewards on the re-sale down the road. The key at this time is to focus on a property as a home, rather than an investment.

For example, the Joneses may find themselves selling their two-bedroom cooperative for $100,000 less than they'd initially anticipated. But chances are their dream home -with all the bells and whistles and views, to boot-can be purchased right now for $300,000 less than the original ask. And with the 3.625% 15-year fixed or 3.99% for a 30-year fixed rates being offered by some banks, the monthlies will likely be comparable-and the advantages unparalleled.

But that's a complicated message to communicate, especially to those who are not used to investing in real estate. These are, understandably, scary times. Most of the transactions we have been working on in recent months have been for more expensive properties because high-net worth buyers tend to have a greater familiarity, hence, comfort level with investing in property.

So despite some amazing opportunities to own in New York City, the trend is to rent again. Of course, as asking prices go down in the cooperative and condominium markets, rents go up. Landlord concessions are off the table now, too. The silver lining for brokers, however, is the return of the 15% commission.

A major portion of sales agents entered the business during unprecedented sales booms over the past 12 years. Now, many are leaving because they don't understand the cyclical nature of the market: they simply lack a frame of reference on how hard it can get pre-recovery. But for those of us who have grown up in the industry, we always anticipate change. And when I can convince a prospective buyer that this may just be the best of times for his or her dream home, I've done a good deed.

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