



Watch your condo listings and model apartments!

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I enjoy using the recent technological innovations in real estate. I have signed up for and use Zillow for its estimates of house values and neighborhood sales. I have listed my co-op building for alerts on StreetEasy. I have signed up with several crowdfunding sites. I am a regular follower of Donna Olshan's "Olshan Luxury Report," a weekly report on residential sales over \$4 million. While I am not eligible to use it, I know the Real Estate Board of New York now has a multiple listing service for Manhattan. Despite all this newfangled technology, I have frequently seen and heard of errors in the various online databases. I spoke with Olshan (I have known Donna for 30 years - she is the daughter of the founding partner of my firm) and asked her about it. Donna's Olshan Realty is one of the leading luxury residential brokers in Manhattan.

According to Donna, "The deluge of new condos has ignited a substantial amount of listing misinformation, often making its way into the REBNY multiple listing database and other online sources." For example, she cites numerous new condo projects in the MLS that are mistakenly labeled as a walk-up, with no elevator or doorman. Such errors can eliminate a building from an agent's database search. Once I got Donna talking, she also pointed out examples of model apartments that show poorly, missing the mark either in the selection of finishes or below par furniture. None of this may matter in a strong market but as supply increases missteps can prove critical.

Another frequent area for mistakes is in the square footage of an apartment listed in the offering plan - sponsors are required to disclose the total square feet in the offering plan and a description of how the measurements were calculated. But things happen - between the time the offering plan is prepared and the condominium declaration is recorded, the building is built and floor plans often change. While offering plans can be amended, sponsors need to be careful that the measurements track through the multi-year construction and sale period.

For investors in these projects, the quality control of the listings and model apartments should be a key element of review to determine the quality of the developer and its sales agent. While the top brokerage firms in the city who act as sponsor selling agents are experienced and high quality, sponsors and their equity partners should double check these key details, particularly where an investor or co-developer is relying on the lead developer's relationships with the chosen selling agent.

Sponsors should assign a junior, technologically adept staffer to review online information and reach out to respective third party brokers to hear feedback on model apartments and sales literature. Donna Olshan has frequently been retained by developers and investors to consult and offer an educated third party evaluation of these marketing fundamentals.

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