

REAL ESTATE

## Buying Condos Based on a Drawing

OCT 30, 2014 11:08 AM EDT

By Jonathan J. Miller

a A

Almost half of all contracts for Manhattan properties costing \$4 million or more are being signed based on floor plans -- an architectural drawing of an apartment that hasn't been built yet.

### Buying, Sight Unseen

Percent of High-End Manhattan Properties Bought From Floor Plans



Source: Olshan Realty Luxury Report

Buyers have a potent incentive to buy early: Initial asking prices are set at or just below market rates to create a sense of urgency, while prices tend to rise as the construction approaches completion. Early buyers may realize a profit by the time the unit is ready for occupancy, after a wait of as long as two years.

Since the beginning of 2014, the share of contracts on unfinished high-end properties has almost doubled from last year. This suggests that demand for new condos is outpacing new construction.

Five or six years ago, unsold but completed condos were easy to find and buyers preferred to view the finished product before making an offer. The rise of buying from floor plans, supported by glossy marketing materials, is evidence that the surplus inventory from that era is gone.

To contact the author of this article: Jonathan J. Miller at [jmiller@millersamuel.com](mailto:jmiller@millersamuel.com).

To contact the editor responsible for this article: James Greiff at [jgreiff@bloomberg.net](mailto:jgreiff@bloomberg.net).

