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The Downside for Condos in a Downturn

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DURING the recent boom, buyers who coveted condos for their sex appeal could also make the case that condos were a smarter choice than co-ops.

In theory, you didn't have to prostrate yourself, financially and otherwise, before a board for approval, and you could sell or rent pretty much to whomever you chose, should the need, or whim, arise. You could also put down a lot less money than the 20, 25, or even 50 percent of the purchase price customarily demanded by co-ops.

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Defaults on common charges began to spike last fall, according to lawyers hired by increasingly jittery boards to file liens (the first step toward foreclosure) against owners in arrears.

"We had maybe four or five before October," said Adam Leitman Bailey, a Manhattan real estate lawyer, referring to the number of liens his firm filed last year against condo owners in Manhattan and Brooklyn. "It really got going this fall. We had 28 filings here and 17 in Brooklyn. These aren't in the wealthiest or the poorest buildings. It's the buildings with the younger 30- or 35-year-old professionals buying a \$1 million to \$2.5 million apartment, who haven't been working for 20 or 30 years and are relying on their job to pay for it." Other lien-filing lawyers said the pace had picked up by at least 10 to 25 percent.