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Apartment Buyers Combat Low Inventory By Combining Units

By: Jill Urban



Some buyers who are unable to find the exact apartment they want are instead purchasing two apartments and combining them into the home of their dreams. NY1's Jill Urban filed the following report.

It's a tough time to be a buyer, especially if you are looking for a large apartment. With inventory so low, many buyers are deciding to create the apartment of their dreams rather than look for it.

"I think people are looking more to combine apartments," says Yair Tavivian of Douglas Elliman. "First, because of the lack of inventory, and secondly, people are looking for inventory which doesn't exist. For example, more unique layouts and different types of spaces."

Tavivian says many buyers are also finding combining units creates more value. A two-bedroom and a one-bedroom, for example, can be made into a four-bedroom, and the cost would be less than buying a four-bedroom outright.

While the end result may be worth it, doing this is not for the faint of heart. Combining units is a complicated process.

"It's not an immediate move in. It's a process that requires construction, permits, architects, interior designer," Tavivian says. "I think that the rewards are worth it, but it does require extra investment from potential buyers."

And it requires board approval. Then, if you are financing, you can expect higher rates and a more complicated process.

In a condo, you will likely have to pay to combine two tax lots into one, which could result in higher real estate taxes.

You also need to consider your expenses during construction. Once you close, you will need to pay to carry both apartments. Plus, you'll have to pay for a place to live until you move in.

Many of these opportunities are found in new developments and when sellers with adjacent properties join forces to sell their units as a combo possibility. Or sometimes, buyers opt to stay put and buy out the neighbors to expand.

While it has its challenges, it certainly has its rewards once the combination is complete. Aside from a great living space, sellers like Phyllis Enfanto say it has a major upside when it comes time to sell.

"We might have some of the same units as some of our friends, [but] our unit looks totally different than any other apartment in this building," Enfanto says.

These days, having a large, unique flexible space is the perfect way to wet a hungry buyer's appetite.