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COVER STORY

STUDENT HOMES

By Jason Turcotte

In school they were the kids you loved to hate but for some brokers in New York the college students of the wealthy elite provide some big business. Each spring – and sometimes earlier – a flux of parents hit the market in order to send their children off to college in style: with a condo or co-op all their own.

In fact, it's a trend Elika Associates founder and principal broker Gea Elika says he's seeing more of. His firm's currently handling four such deals involving parents looking to buy apartments for their children in college, meaning they have a number of clients in the market for space in or near Union Square, the Upper East Side, Columbia University and the trendier parts of Brooklyn including Williamsburg, Greenpoint and Carroll Gardens.

The buys may provide lavish student living that makes the rest of us gawk but there's something in it for the parents, too.

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— GEA ELIKA

"Parents want to park money in something other than the stock market and provide quality of life and build equity for their kids," Elika said. "The longer they hold it, the more return they see...it's seen as an investment vehicle."

The Department of Education forecasted a 25% increase in the number of college students nationwide between 2000-2013, adding more than 18 million students to campuses across the country. And nearly 400,000 students are estimated in New York City alone. It's no secret more Americans are sending their kids off to college, and with limited and costly university housing in New York, the sales route can be a better use of dollars.

It's a situation Citi Habitats broker Anna McCormick is privy to. She's currently assisting parents in the purchase of an apartment for their daughter, a graduate student, after she spent two years – rather unhappily – renting with a roommate in Murray Hill. Looking to shorten her commute and take

advantage of the market, her parents are committed to buying her something in Brooklyn.

Brokers have learned that handling these deals has its perks.

For starters, those who can afford to buy their children a condo or co-op usually have the means for an all-cash deal (and Elika said parents are shopping around in the \$500,000 to \$1.5 million range).

Also, students and parents are operating under a deadline and their need to secure a place before the start of the semester makes them a serious client who's ready to pull the trigger on a deal. In some cases sending a child off to college brings in additional business for a broker, should the parents decide to downsize after their child moves out.

And these deals also have their challenges.

Executing a parent-child deal requires that the broker appease multiple parties – parties with generational differences, differing tastes and differing needs. Elika has found that the parents are more realistic when it comes to pricing, but the students are more realistic about New York's space constraints considering they have likely rented here and the majority of their parents are from out of town and have not been a tenant here.

"You have to hold everybody's hand throughout the whole deal," said DJK Residential broker Edward Berkise.

Berkise – along with colleagues Barbara Fiorino and Frank Assini – has worked on a number of deals for parent-student clients and while each situation has its own quirks the one constant is the need to satisfy both the parents and the student. And adding a layer of complexity is the emotional nature of the transaction: the parents in some cases are letting go of their first or last child.

In fact, parental visits are even factored into some buying decisions.

Berkise recently represented a California-based client in the purchase of a 2-bed/2-bath co-op apartment on Christopher Street for their son who enrolled at New York University. Rather than seeking a modest studio or 1-bedroom unit, they shelled out more than \$1 million for a space large enough to accommodate them when they are in town visiting their son.

In this particular deal, which involved co-op scrutiny and a client unfamiliar with the co-op process, the mother called the shots while the student had very little authority. They weren't the easiest of clients to work with but Berkise has handled other parent-student purchases with relative ease.

He just made a \$440,000 offer on an alcove studio on 14th Street for a Chinese client buying for their 21-year-old daughter, who's com-



ing to New York to work on her Master's degree. Unlike other deals he's worked on, there was tremendous synergy between parent and child this time around.

"The parents have really given her the green light on where she wanted to live and she's stayed within the budget they wanted," Berkise said.

The student came down from Buffalo to tour apartments for two weeks. According to Berkise, she was driven, mature and didn't stray from the parameters set forth by her parents in China (with whom he needed to liaise with by phone). Furthermore, the client put down an all-cash offer.

In other cases, students were not only cooperative, but market savvy as well. Berkise handled a deal for a student studying to be a CPA. Proving they weren't afraid to do their homework, so to speak, that student even requested the seller to pay their closing costs. "They're even scrutinizing the broker," he added.

But more commonly, a student's inexperience — and lack of maturity — can add a layer of work for a broker. Young clients often want more than their parents have budgeted for and brokers need to sometimes temper expectations. It's a process of give-and-take that Citi Habitats broker Michael Feldman is undergoing right now.

Rather than an incoming student, Feldman's been tapped by the parents of a graduating NYU student to find him an apartment in either NoHo or Greenwich Village. Despite the \$1.7 million budget, the student isn't likely to see all of his demands become a reality — demands that include a doorman, elevator, 2-bed/2-bath, renovated pre-war building, high-end finishes, a subway stop within two blocks and a pet-friendly place for his 15-pound dog.

"The first time I met with the son, he had a whole wish list which wasn't realistic, if you will," Feldman said. "And at the end of the day, the parents are the decision-makers."

And the parents tend to exude more patience in finding the space since, after all, it is their money (and it's not uncommon for them to flip the apartment or retain the apartment as a pied-a-terre after their child is ready to move on). In this particular case, the threat of moving in with his parents temporarily is motivation enough for the student to move on something in haste.

Having been out looking at properties three times now, Feldman is working a balance act that involves appeasing the parents, educating the student and emphasizing the need to make some sacrifices to work within the budget outlined for him.

For Feldman, closing this deal cannot be done without additional legwork, but working with a parent-student client, he's well aware of what he's getting into and came into the situation with a plan of attack.

"I understand it's a process," Feldman said. "First I'll educate. Then I'll lay out the pros and cons. And when the time is right, we'll go after one or two apartments."



L-R: Gea Elika, Edward Berkise and Michael Feldman.