Emily Myers ([00:01](#)):

This is the Brick Underground podcast. I'm Emily Myers, bringing you everything you need to know about New York city real estate. Whether you have a question about co-ops or condos, renting or buying, selling, or moving, or even renovating, we aim to have you covered. And if you head to our website, brickunderground.com, we have lots of advice, explainers and analysis on the New York city real estate landscape. So as we head into 2021, we are seeing buyers looking to take advantage of lower sales prices, historically low interest rates and some big concessions on new development. And there are certainly signs that sales in Manhattan are inching up after a huge plunge that has come about as a result of the pandemic. In the fourth quarter of the year, when sales are usually really slow, they were actually up by 38% compared to the previous quarter last year. So what can you expect when you are buying at this moment, nearly a year into the pandemic? Whether you've bought before in New York city, or this is your first time, the process has been reshaped in the last year: There'd a greater reliance on video tours for listings, there's virtual co-op board interviews and electronic filings.

Emily Myers ([01:12](#)):

Well, I'm joined by Daniel Gershburg a real estate attorney and partner at the law firm, Konnor Gershburg, Melnick, who is going to help us walk through some of this. Hi Daniel.

Daniel Gershburg ([01:23](#)):

Hi, thanks for having me.

Emily Myers ([01:24](#)):

Well, 2021 is certainly continuing to test us. Perhaps you can talk about some of the most significant changes to how closings work now.

Daniel Gershburg ([01:34](#)):

Yeah, I would say that it's been sort of a tectonic shift. If that cliche hasn't been overused at this stage in terms of the practice of real estate and buying and selling. I think one of the, probably most important facets that's shifted dramatically is how we actually do everything in the beginning of the contract phase. And also more importantly, probably how we close. So, you know, go back to February of 2020 when someone was buying a co-op or a condo, we would look at the financials and we would physically go to a managing agent's office to review documents that were on a laptop. And there were humans in that office and they would breathe on us and we would breathe on them, and then we would leave. And when we closed, we would have what seemingly now sounds insane—anywhere from a half dozen to 10 people in a very small confined space where we spent hours there signing documents, copying documents and that's gone. Whereas now you know, attorneys differ the way that they approach it, but almost everything we try and do is completely and utterly virtual—everything from the due diligence on a particular building itself all the way through the actual closing, which for us I've mandated that all of our closings are completely remote and that we physically will not show up to any closing room or anything else until you know, either this completely gets eradicated or we get to a permissible place where everyone feels comfortable with being in a small confined space for a period of time. So it's drastically changed every single facet of the way I operate as an attorney.

Emily Myers ([03:07](#)):

So presumably everything was sort of very close to being set up for this. And you just had to make some tweaks, but there's a huge sort of psychological shift for buyers and sellers in New York to do this.

Daniel Gershburg (03:21):

I would say, I mean, it's akin to someone, you know, that had a horse and they've heard of cars and you give them the keys to the car and they just kind of look at you and go, what do you want to do with this? There's no, there's nothing to feed! So technically speaking, yes, we were always set up to send emails and, and I mean, this is a sincere way. I think it's rather ridiculous that, you know, it's taken us this long to even get to it, like first base of this thing. But it's forced people to do things that they're not comfortable doing because they've always done it the other way. And it's been a tremendous upgrade across the board. People will differ in terms of the way they looked at it. Some people think it's a waste of time. I think that that's, you know, it's the best thing to come out of this from a practice standpoint that you could possibly hope for. We're only 20% of the way there, realistically speaking and adoption rates even smaller, but you know, this is when I say this is the future. It almost sounds ridiculous because it's all I'm really talking about is a car with a steering wheel and airbags. It's not the future. But it's certainly a step in the right direction, according to me.

Emily Myers (04:26):

Okay. So, so what are buyers and sellers then telling you about the process? You're saying many are saying it's easier. Is it more fraught or more complicated in any way, or is it just a simpler process?

Daniel Gershburg (04:39):

No, I think that the, the, probably the one knock-on it was when there was a closing, everyone would just appear at the closing with a bunch of papers and everything would be signed. And again, you know, if you look at, from a behavioral, psychological perspective, people look back at things in a glowing way. But realistically, these things were fraught with issues across the board. You had people that forgot documents. You had bank attorneys that were late for hours and hours. You had misused time, you had checks that weren't cut the proper way, so they'd have to go back to a teller, et cetera. Versus now where the knock really is, you're basically waiting on wires to come in and that could take a while. And there's two x the number of emails that go back and forth in a particular closing. But with that, I haven't had any buyers or sellers, frankly, complain about the process itself. It's less of a, you know, at the closing table, you get a set of keys and everyone typically high-fives, which in reality is significantly more anticlimactic than that. And now it's an email at five, o'clock going, "Hey, did I close on this place? Do I have this place?" Right? At the end of the day though? It just, I think once it gets adopted more and more, and once, you know, best practices start being used across the board, you're going to have a, a much smoother, way to do things. And I think going back to the theme of making people uncomfortable, you know banks were very reluctant to previously, you know, deal with this stuff or, or send wires or anything else. They just had one policy of checks, et cetera, and now that's shifted and it's shifted for the better. So I don't think it's fraught with any more pitfalls than were there before. Frankly, I think the more you put this platform on an electronic basis, the better, you know, from a client perspective, I think it's been fantastic.

Emily Myers (06:27):

Is there any difference between when you're buying a co-op and a condo, because a co-op obviously has that extra step, doesn't it, where you are exchanging shares and the share certificates? So is there, is there something different with a co-op?

Daniel Gershburg (06:39):

We were really concerned going forward. I think at the beginning of this, no one knew what the hell they were doing. And we were just on the fly, we would say, this is how we're going to do it. And co-op boards to their credit, and managing agents have been very, very good at setting up an ecosystem where it makes sense. So there's almost no differentiating factor between a co-op and a condo anymore. So the shares can be held in escrow, by me, the shares can be held in escrow, by, you know, Chaves Perlawitz or whoever it is on the other side, the shares can be held in escrow by the managing agent payoff bank. The realization to all of this is that you can paper things and say, I will not do anything with these shares until the closing has been done.

Emily Myers (07:22):

I mean, escrow, which just means there's a sort of third party involved, those kinds of closings have been well, they are used throughout the country.

Daniel Gershburg (07:29):

No, I don't think in many parts of the country, you show up to your condo and there's someone else living there because something, went awry during the closing!

Emily Myers (07:36):

So actually what you're saying is that even after the need for social distancing subsides, these virtual formats are going to stay?

Daniel Gershburg (07:43):

Yes. I think that there's going to be a break between those people—and I know very good attorneys that refuse to do remote closings even now, because they think it's an utter waste of time—I think the, you know, from the client perspective, it's do you want to work with someone that would allow you to stay at work and do a closing? Or do you want to be forced to go into a room and spend three hours there and hope people brought the right checks? And I think you'll have plenty of people that want to go back to the traditional ways. And I have no desire to do that, nor will I. It's been from a revenue perspective from an efficiency perspective from just, just a management perspective, the best thing you could possibly think of.

Emily Myers (08:23):

Yeah. So actually some online closing platforms are popping up, but what do you know about how they work?

Daniel Gershburg (08:30):

Look not much. I have always been of the opinion that I would love to be put out of business and, and find a new line of work. And I mean that sincerely, because I think, you know, unlike many fields, I think technology has a ton that they can bring to bear to any sort of field that that's actually there, real estate, not withstanding. My issue is less the typical, "well, you know, they don't know what our value is, et cetera," and more, a lot of these decisions—so I think you're talking about technologies that allow a closing to happen, you know, via app or via this really discount, low cost thing—you get what you pay for, and you're signing documents on the largest decision, financial decision of your life, which can result in divorce, which can result in you upending your life. And do you, is this really where you want to cut fees? And I don't say this from a self preservation standpoint, I say this from an inherently, you know, practical standpoint of don't you want someone there, that's going to answer your questions at all times? I think you've seen this try and come out in the broker context and the real estate broker context where the fees are significantly larger, where you had discount brokerages. And from my understanding with discount brokers, the vast majority of them have filed for chapter 11 or chapter seven bankruptcy. And the reason they don't stick in a place where everyone complains about certain things, even if lawyers don't necessarily get respect for the work that they do on transactions, because they're quote unquote "all the same" is that people want to have someone to turn to, to have an actual conversation. It's, it's honest to God, and I dunno if this analogy is apt. It's why people sign up to a particular company or a particular credit card when they can speak to someone right away, right? A customer service agent right away, rather than 60 automated prompts. That's there. Now, I don't know of these programs. They could be fantastic. They could be the best thing since sliced bread. I don't buy it. And I just don't buy it because I don't think that you can make efficient something that is almost inherently inefficient, which is the real estate process itself because you're dealing with emotions and people and you know, narratives. And I don't think you can condense that into an app. Yeah.

Emily Myers (10:46):

Yeah. I think what you're saying is that, that having someone to speak to and represent you is still going to be important, even though these you know, technologies are going to potentially simplify, speed up the process, but sometimes actually speeding up the process might be to your detriment because sometimes having time to think about things might help?

Daniel Gershburg (11:11):

What's the worst thing that can happen if you trust an app and don't have an attorney handling your transaction? It's a lot of money, right? I mean, and that you sort of weigh the costs and benefits as to whether that the market needs this. And I don't know that the market's like yearning when attorneys, there's some attorneys that charge a thousand dollars. No, one's really going, Oh my God, "I wish I just had something that was $400." I mean, I don't, what's the market for this? It seems limited to me, but God bless, you know, I hope they do fantastic. And I sincerely mean that. I hope they do great.

Emily Myers (11:41):

So what are your tips then for buyers as they head into a closing at this point in the pandemic?

Daniel Gershburg (11:47):

You know, a couple of things: One is on the front end of the transaction. I think you really want to look at this and I've always looked at this of rather than, is it a fantastic time to buy? (Which Broker say ad nauseum over the past 10 years, and it frankly has not been a fantastic time to buy in some of these situations) is what neighborhood do you want to live in? What type of place do you want to live in? And do you see yourself there for a period of time rather than, is this a good investment? Are you buying this for 6% off what it usually should be? Because once you get into these, these numbers, there's, there's no basis for any of these numbers, right? The historical averages pre-COVID are meaningless in a society that's essentially been abandoned completely. I think buyers should look at the health of the building, of course. I think buyers need to look at, and we can dig into this, how many commercial units are in the building. I think buyers need to look at whether or not they can afford the place itself. If maintenance goes up or common charges go up, or the sort of outlier risks, sort of come up, as I mentioned before. And only then do you sort of make the determination that this makes sense for you to pursue. Rather than, wow, you know, this sold for $1.3 before, and I'm getting it from $1.2. I think that's, you know, you, you have, if there's every chance that it goes to $1.1, as it does back to $1.3, again, there's, there's just no guarantee although we think it will go up to $1.3, for whatever reason that it will. So I think that's what you sort of focus on.

Emily Myers (13:12):

So actually you touched on this, but how has COVID changed what buyers are looking for when they do their due diligence? I mean, would a commercial space previously seen as perhaps a reliable income source now be considered a liability?

Daniel Gershburg (13:25):

Yes, without question. I'm working on the building right now, where there are 13 commercial units, and they're all in default. I'm working on another building where there's half a dozen, they're all in default. And when I say they're all in default, you have to think of it, not as—and some buildings was say, well, we're suing them—and I would say good for you, because there's no court system to speak of. And when the courts do realistically reopen, you're going to have a flood of cases unlike anything you've ever seen before. And so, whereas, you know, commercial tenants and anchor tenants like Duane Reed or Sephora or whatever, was great before, it's not so great now. And it's, it's impacting co-ops in the same way as it is condos these days, because you have a, this huge section of, and I think it's important to carve out in Manhattan from the rest, right?

Emily Myers (14:13):

Right.

Daniel Gershburg (14:14):

You have this huge section of Manhattan with co-ops with anchor tenants that are below that provide money for the building. And you can split up sometimes co-ops like to split up the financials in terms of, well, this is dedicated to this, but at the end of the day—money in the pot—and if there's not money in the pot, you have to make it up somehow. And it's not even from the sense of, well, "what happens if we lose money on this?" It's "how are you planning to sell your place if this continues and it begins to look worse and worse, from a financial perspective" when someone's doing their due diligence? So I think it's incumbent on, on buyers when they look at this stuff to see if they're comfortable with it. Post-2008, co-ops were the sort of secure place that you go to and they weren't affected by...that that's gone, right? There's just as much, because you have people losing their jobs and white collar jobs, blue collar jobs, $50,000 a year, $250,000 a year. So, you know, forgive the sort of use of words, but it's spread. Right. and I think that's what sort of they have to go to, but can you afford this thing? It really comes down to that. Do you like where you live? Is it well-run Has it been well-run in the past three years? How many units are in arrears? Now we look at that as well. Residential and commercial. Are there any assessments that are planned? Is the building planning to do work? How is the building planning to pay for PPE for every person that's actually there? Does the building have policies surrounding move out, move in? And I mean, all of these questions are things that we now ask. We looked at backwards looking before, but now our job is significantly harder in that we're forward-looking in terms of what we think is going to happen.

Emily Myers (16:00):

Wow. So, I mean, you mentioned Manhattan being significantly affected by this. What about the outer boroughs?

Daniel Gershburg (16:08):

I keep going back to this—in that, you now, in my opinion, have completely separate ecosystems, the Brooklyn real estate market, versus the Manhattan real estate market, versus the Queens real estate market are completely different entities. I lived and, you know, was, I was born in New Jersey, but I moved to Brooklyn. I've been in Brooklyn boy, my entire life—that market through COVID anecdotally was on fire. I mean, people were moving in in droves. I had almost nothing in the city in terms of transaction volume. My Queen's volume was strong as well. Across the board, new development was, and again, this is anecdotal. It, you would have probably been 60%, maybe less than let's say 50% of, of what I was doing—it was maybe 10%. And so when you're talking outer boroughs, Brooklyn, at least again for me and continues to be incredibly strong, there has not been an across the board price discounting that I've seen, frankly, I've seen bidding wars left and right. Queens I've seen less transaction volume. I like to attribute some things—I don't know if it's actually real to what's happening there—where first-time buyers that were going to Queens, you know to Jackson Heights and to Rego park to Forest Hills to buy homes—are now decamping to suburbs or outside of New York. But Manhattan: you know, I'll just say, thank God, the majority of my deals were Brooklyn deals. Otherwise, you know, we would have, we would have had significantly more problems as a firm than we did over the past nine months, we were blessed to have all that volume from Brooklyn. And I think unfortunately, or unfortunately that continues. Yeah.

Emily Myers (17:45):

So I mean Brooklyn has really benefited from the sort of falling-off of the daily commute to Manhattan?

Daniel Gershburg (17:52):

Yes. Yes. I think that's part of it. Yeah. You don't have to commute to Manhattan. But I think Brooklyn was a personality in and of itself for a long period of time prior to that. And you had a workforce that was working from home sometimes anyway. I think Brooklyn is more spread out. I think Brooklyn has, you know, these restaurants and these areas that people weren't used to before. I think Brooklyn now has a, a nice commercial base and a growing industrial base that they didn't have before. And you have people that live and work in Brooklyn. So I don't think it's just specifically the commute to Manhattan that, you know, that sort of caused this, this thing. It was more like, Oh, schools are good. You know, there's places to live. Everyone seems nice. There's organic coffee and cheese, which everyone loves...let's think about that. Right? The rents are cheaper. Uthough, I think if you look at it from a price per square foot angle, they were getting closer than ever to Manhattan. It seems ridiculous because it's a few miles away. It's a different lifestyle though. I think the same can be said for Queens. I don't know what in the world happens in Staten Island, but maybe the same thing happens in Staten Island, but you know, this was happening for a while. I think sure it's been exacerbated by the fact that people aren't working from their offices. I don't know how quickly it goes back, even when people start working from their offices.

Emily Myers (19:08):

Yeah. Well, lots to, to look ahead for, I'll just say that we have articles on a lot of what we're talking about at brickunderground.com, including a comprehensive guide to closing costs, articles on negotiating and how contingencies work as well as information on getting a mortgage. And we also have, we also love answering questions, readers and listeners, so please do get in touch either via our website or social media @BrickU on Twitter @Brickunderground on Facebook, I'm talking to Daniel Gershburg, partner at the law firm, Konnor Gershburg, Melnick. Actually Daniel, one question that we got from a reader recently was about buying cash only are more co-ops asking for cash only purchases. Is this a red flag, if they are? Bearing in mind what we've talked about with regard to commercial entities within a building.

Daniel Gershburg (19:59):

No. Frankly I've not seen one that has asked co-ops, that have asked cash only. I've seen co-ops that are very stringent in terms of financial requirements, their finance requirements. But I think that's a double-edged sword because I don't think that co-ops—the caveat being that I could be wrong, I often am, but I don't think co-ops can be as picky in terms of their financing right now because the pool of buyers specifically in Manhattan has probably shrunk from what it was before. I think a qualified candidate is a qualified candidate. I know just as many people with seven and eight figure bank accounts that are financing because money's cheap as, you know, people that are all-cash. So I think it would be a mistake for a co-op to ask for cash-only buyers frankly. I'm sure there are some that, you know, don't allow financing or their financing is so stringent that, you know, they feel that an appropriate buyer should have X think that's fine, but you know, do you want to be around people like that?

Emily Myers (20:55):

Yeah. So that comes back to the sort of the character of the building?

Daniel Gershburg (21:01):

Yep. It really does. And I think that the co-ops that were do the way that they were doing business 2019, 2018, 2017, this will upend the way that they actually do business. Because I think that, you know, you had a lot of people that were transitioning to condos—at least my clients—instead of co-ops because they had two kids that were noisy or because they had a dog that they really wanted, they really wanted a Rottweiler or the co-op would say, well, "look, we're not comfortable with larger breed dogs". And I think that, you know, co-ops are for a specific subset, a large subset of people across New York city. But you think about what you can do to make yourself significantly more attractive to the people that are buying in New York city and continue to buy in New York city. And that's one of the things that you want to sort of look at, you know, is the character of the building, the people who live there and what they're sort of requesting.

Emily Myers (21:49):

You typically give advice to co-op buyers who are obviously now having their interviews online? Has anything changed about how they should approach the the interview online or is that really something that the brokers deal with?

Daniel Gershburg (22:01):

It's the brokers more than anything else. The one thing I will say, though, that took a while is the zoom interviews, which, which actually are extremely beneficial for all sides. Sometimes buyers are nervous when they go into an interview, they don't know what to expect. And when you do this from your living room, you feel much better, right? In terms of doing that and, and from an efficiency standpoint, it helps out to get these because these interviews are able to be done on Zoom. If one person, this is gonna sound so horrible and cliche, but if one person is in the Hamptons, one board member, you don't have to wait until the person gets back from East Hampton and to have the interview, you can now do it via Zoom, which has again been great across the board, but I didn't really coach them per se, because I don't know what boards, I don't think boards know what they're looking for. You, you could be rich, but if they don't like you, for whatever reason it's bad.

Daniel Gershburg ([22:53](#)):

Yeah. So actually, what are some of the issues that most frequently come up to jeopardize a closing? Because I mean, typically the interview isn't the make or break that many people think it is. Would it come down to financing? What typically are you seeing?

Daniel Gershburg ([23:11](#)):

I can count on one hand? The number of times my buyers have been declined by a co-op board in 13 and 14 years of practice, it just rarely happens. I'm sure people remember the instance where it does happen, but if you took a percentage of the transactions that I've done versus the transactions that I've done where a board's declined—tiny. When it comes to financing, that's the number one. And what typically happens in a scenario is someone will receive a mortgage commitment a couple of weeks before the closing happens, let's say its board approval from a co-op or let's say it's a condo and you've received waiver, so you can essentially close—the bank may say, "Hey, we've checked the building again. And we don't like the, the, the financials that are in the building, we're not going to be able to extend this loan." Happens rare, rarely I should say, but it does happen. Or you'll have a credit score that's dipped, you'll have someone that's lost their jobs. You'll have a portfolio that has dipped significantly. So no one remembers this because the SNP shot up but when COVID first started the market tanked, I mean, literally overnight, basically tanked. And you had people that had X and met guidelines for a lender, went down, you don't meet guidelines anymore. And the lenders were stuck and everyone was, was sort of stuck in place—and you couldn't close on the loans themselves. I had more deals fall apart in the months between March and June, by a factor of five than I had in my entire career.

Daniel Gershburg ([24:37](#)):

And I could probably say with confidence that many residential real estate attorneys have to same for a variety of factors. How do you price something anymore? What is a high rise worth when you can't use the amenities? When you know, building the, it has 20 apartments that are identical to yours and the stock market just tanked 40%? And you know, there's a virus that's taking over the country and unemployment may we may literally face another Great Depression? And so you had appraisal problems and you honestly had problems and it's still, it's still happening now of no one is really sure how to price things. And that's what sort of stopped closings in their tracks and stop people from closing in a smooth sort of way. I don't know that people have a clear answer for it right now. The last 10 months have shown us we know absolutely nothing about anything. And, and I don't mean that in a hyperbolic sense. I really mean, you know, if you ask someone in January, what's this market gonna look like? No, one's going to say, well, you know, throughout the year, there's probably going to be a worldwide pandemic that causes millions of people to get sick, a market dip that goes from 40% down to 60% up and 2021 will bring in an attempted coup. So any kind of predictions of what's going to, what's going to happen in the future, I think is silly. And I think that's what may stop closings going forward, as well as banks being incredibly more queasy about this market.

Emily Myers ([26:08](#)):

Wow. So you think the uncertainty that we're seeing politically might affect someone's closing right now, I mean, are banks jittery as a result of this, do you think?

Daniel Gershburg ([26:20](#)):

It's, it's very strange to me again, these opinions are my own and my own opinions, let me again, caveat, could be wrong. I don't know how you can feasibly look at what happened on TV last week and what's happening over the past six months and say that large institutions aren't concerned or people aren't concerned about the actual foundation under their feet. Now, I think if you're being honest with yourself, to a certain extent, you have to be comfortable with, with that uncomfortable feeling. And you have to understand that there's no foundation for a lot of this stuff that we're sort of looking at. And so I think that yes, as an institution or an institutional lender will have concerns with what they're seeing in Washington. They will have concern with the debt loads that the States are having. They will have concerns with what cheap money is doing to the overall marketplace. They will have concerns with employment numbers, and they will have concerns with interest rates that have been low for a period of time. Whether that causes any real world effects, who knows? You know, I won't pontificate on it, but I think you would have blinders on if you were to just simply suggest that this is going to be a very busy 2021, and everyone's going to be great.

Emily Myers (27:36):

Yeah, you did mention mortgages. And I know that jumbo loans are now larger, which I suppose is a good thing for New York city, but of course, many retail banks are demanding 70% down payment now towards a property for a jumbo loan. So that means buyers are obviously having to increase their down payments. I don't know whether these factors cancel each other out, but and of course, you know, the level of uncertainty it's sometimes good for buyers when it comes to sales price, but then not much good, not no good when you're trying to navigate the financing of something.

Daniel Gershburg (28:14):

The sellers are getting the hint that they're not going to make two X, what they made when they bought the place. And, you know, I say from past experience of representing some friends that sold and moved out of New York, that they thought they were going to make a lot more than they did on their sale. And that's a good thing because it moves the market. On the flip side buyers, some buyers need liquidity, meaning they need cash in their pockets. And so they were very okay with getting interest-only mortgages and putting 20% down when you ask them to put more down on, you know, apartments, that average a significant amount that can stifle the market going forward and the way in which it should, but it should be a signal that, you know, the market has hit a certain level where banks that were doing amazing amounts of volume have set in. They're seeing something, right? The market is reacting. And I trust the market. They're seeing something that they don't like. Now, if you're a buyer, let's go have glass half full and you have cash, great time. And you're not buying it in the hopes of selling it for 70% more in three or four or five years, because your neighbor did five years ago, but you really want a great place to live. Do it. It could be a great time for you to buy. It goes back to a central truth of if you can afford the place and you have the funds to do this, you are in a better position than you probably have been in a generation in Manhattan, in New York just generally, right? If you can't and you were doing interest only mortgages, and you were, you were basically refinancing and refinancing and refinancing, then it's a question of, you know, are you out of this? Are you sitting out of this market now? I think the other thing to keep in mind being hyper-local is what New York is going to do with crime. What New York is going to do with the taxes, whether a pied-a-terre tax is going to come in and how condos and co-ops deal with the loss of income. That's why I think there's uncertainty. There's uncertainty from a federal basis, right? And there's also a local uncertainty. We have we have a mayoral election that's coming in in 2021. We still have a virus running around and we have one in the three restaurants closing. So you look at it from two angles. And I mean, this necessarily from a, from a bad angle is, "Oh my God, there's no way." And from a great angle is "the best money that's ever been made and the best decisions ever made is when you buy Warren Buffet always says this, you know, buy when everyone thinks you shouldn't buy" and then it comes down to, as it always has a personal decision, more than anything else. But I think you can, you can make an argument either way.

Emily Myers ([30:45]):

Interesting. Yeah. I mean, we're obviously closing in on the transition to a new administration and president-elect Biden has promised to give first-time buyers a tax credit of up to $15,000, which I think revives a tax break from the 2008 Housing and Economic Recovery Act, which ended in 2010. Do you think this tax credit might have an impact on the market or is it just too small for New York city?

Daniel Gershburg ([31:13]):

If I wasn't practicing in 2008, I would say no. 2008 was—this specific thing that you brought up was shocking to me. I was, I couldn't go home I was doing so many transactions because of that. And I believe that credit, if I, if I remember correctly was significantly less, I think it was $8,000 or something along those lines, or even less than that. And I'm thinking who who's buying for $1,000,005 that cares? People care. I mean, people truly care about free money. So I think based on that, you know, if the future of the past is indicative of future, that it will spur volume and it will spur people buying which could be a great thing.

Emily Myers ([31:54]):

That's interesting actually. I think they might also do away with the SALT cap, which limits these itemized deductions for home mortgage interest and state and local taxes or the impact of the SALT cap has been, felt really heavily in high-tax cities like New York city where sales have slowed, some industry experts say buyers have shunned New York city metro area because of the tax. So it stands to reason, I suppose, that reversing it could benefit sellers. What do you think?

Daniel Gershburg ([32:24]):

Well, I think anything where, where you can tell yourself, I've never been one to use tax policy to say, "Oh, this is a great decision." It's like, those people sell at a loss. They say, "Oh, you know, I can write this off." Or if they buy something and say, "Oh, I can just write it off in the business." You're still spending. Like, you're, you're getting way less than you're actually spending on these things. So but it, but it does move the needle. And I think it certainly will, you know, the question becomes, does that make the suburbs even more attractive than they are now? My question is who is paying for all of this? And I don't mean this in this, you know, I'm not even looking along party lines when I say this, but that there's going to be a bill for this. Like, I mean, someone's going to have to pay for this. And so I don't know if that means banks become more uncertain than interest rates go up. And so how does that affect pricing, et cetera? I think these things will certainly help with volume across, across the board. You know, I think the, the one thing that's helped with volume beyond price or anything else is interest rates. I think that if you look at a piece of paper and you say, "I can afford this," then you will make the determination. I was looking at places, you know, in the city where the numbers themselves, I was like, there's no possible way. And then you look at the mortgage and you go, Oh my God, I can actually, this is great. And I didn't do it because there was no way I could afford it. But the interest rate, I think that people receive so that they get is more indicative of whether or not they're going to pull the trigger, then anything else to me, anecdotally. And so I think these credits help, but they are credits in the future, I would say, if you can afford to buy, based on those numbers, then that decision for you is going to be significantly easier and you'll likely buy.

Emily Myers (34:07):

So actually the health of the market is typically measured by the volume of sales. I mean, what's your forecast as we head into the new year?

Daniel Gershburg (34:17):

I haven't the faintest idea what's going to happen in 2021. I hope—and I don't mean that from a selfish perspective, although I do mean it in a selfish perspective—that people buy, right? We, I started my firm with Matt Melnick and Scott Konnor six months ago. We didn't know if we were going to be able to pay the rent, and we've tripled headcount and been busier than we ever have been. And it has almost nothing to do with us. And I sincerely mean that from an ego perspective, it's just the market was on fire. We were at the right place at the right time, working with wonderful brokers that were, you know, moving transactions. I don't know what 2021 brings because I just came out of a year that included just from a personal level, me going from one firm, starting another firm, my wife working, then not working, having a second kid, moving twice, moving out of state. And if you were to ask me at the beginning of 2020, what would happen? I would say, none of this would've come up. Right? And we're wearing face masks. So I think 2021...I very much hope that volume picks up. I just hope that it can do so in a way that's completely sustainable where people are making good financial decisions and not just buying in the hopes that they're going to double their money in some way or do incredibly well. But rather that they want to set up a foundation, a base in this wonderful city and continue to live here. So, you know, I don't, I don't think you can use any numbers and I would doubt friends, experts or anything else that say, this is what the first or second or third quarter is going to bring. I'm done with forecasts but I do believe if, and when this vaccine takes, hold that you will have enough people that because they've been dreading for so long and because they've been negative, will hopefully be euphoric. And maybe that translates into a very vibrant marketplace, which then trickles down to more jobs and better lives across the board.

Emily Myers (36:15):

On that hopeful note, we will leave it. Thank you, Daniel.

Daniel Gershburg (36:18):

My pleasure.

Daniel Gershburg (36:19):

That's real estate attorney Daniel Gershburg. I'm Emily Myers. Thank you for downloading the brick underground podcast. For more information, head to brickunderground.com. The podcast is produced by myself and Jenny Falcon. Terry Rogers is our executive producer.