

Improved Environment for First-Time Buyers Seen

Throughout all of the housing bubble and most of last year, first-time buyers were at a distinct disadvantage in competing for [New York City apartments](#). The market was such an intense seller's market that those without previous home-buying experience often lost out to the more savvy and well-endowed home buyers who would get the seller's attention more readily with such perks as all cash deals. The hesitation that comes naturally with buying one's first home would not infrequently cost first-time buyers the home of their dreams.

As the market has cooled slightly, however, the market has reached the "Goldilocks" point for first-time buyers: Not too hot, not too cold. Not too hot because, the competition over most apartments is no longer so intense that an extra several days of hammering out the details and allaying fears is no longer necessarily the death nail in an agreement.

More importantly, those without a home don't have to worry about selling a piece of property before they purchase their ideal New York apartment. When the market was red-hot, [Manhattan apartments](#) were a relatively liquid commodity, and those with most of their assets sunk into a home held an investment that, for the time being, at least, wasn't especially illiquid. Now, however, a potential seller may actually be attracted to a first-time buyer on the basis that he or she won't have to stall a deal until their previous home is sold.

The largest hurdle for first-time buyers: They lack a track record with home loans, so most lenders will consider them riskier investments than most potential buyers.

That aspect of the process has actually gotten more difficult recently. While mortgage rates remain relatively low, the credit crunch and the negative press coverage of the subprime crisis has led most residential real estate lenders to tighten their lending standards, according to a recently published survey of real estate lenders by the Federal Reserve.

For the most part, though, as the market has shifted away from a sellers market to more of a buyer-seller detente of sorts, first time buyers have benefited greatly. While many [Manhattan apartments](#) are still sound investments, the demand has cooled enough that first-time buyers no longer have to participate in the often brutal process known as a bidding contest.

Analysts expect these market conditions to exist for at least the bulk of the first half of the year.

About the Author

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