Co-Op vs. Condo

Prospective homebuyers are faced with many questions. There's one question in particular that is rather unique to the New York City market: **co-op or condo?** It's crucial to know the difference between the two, and the pros and cons of each, before starting your search.

What's the difference between a co-op and a condo?

Buying a co-op is not like buying traditional real estate. You're actually purchasing shares of a corporation or "co-op," which owns the building. The number of shares you own is usually determined by the size of your unit.

A condo, on the other hand, is true real estate in which you own the unit itself. Common areas of the building are jointly owned.

Co-ops are less expensive than condos

The median asking price for a condo in Manhattan was $2.3M in January 2022, while the median asking price for a Manhattan co-op was $830,000.[1]

There are more co-ops in NYC than condos

NYC contains far more co-ops than condos. In fact, some estimates suggest that 75% of residential buildings in New York are co-ops.[2]

Condos offer more flexibility to sublet

Most co-ops have strict subletting rules, including minimum time periods that an owner must live in an apartment before they can rent it out. And some co-ops don't allow subletting, period. When permitted, co-ops usually have limits on how long an owner can rent out their apartment within a five-year time frame.

Usually, condos have one-year minimum rental policies, but many have more flexible policies in place. Condos are also more likely to allow pied-à-terre (secondary residence) usage than co-ops.

Condos tend to be in newer buildings

Many homebuyers prefer newer construction, and they are often willing to pay a premium for it. If that's you, a condo is the way to go. They're more likely to be found in new developments than co-ops are.

Co-ops are more restrictive than condos

Co-ops impose greater restrictions on transactions, and board approval processes can be notoriously difficult. Approval can also take anywhere from two to four months — or longer.

Condo boards, on the other hand, only have the right of first refusal when they receive an application for purchase. This means the condo either has to buy the for-sale property at the contract price or sign a waiver enabling the transaction to go through.

Co-ops may have fewer amenities

For many homebuyers, a building's amenities are becoming just as important as the unit itself. Co-ops can certainly have the same "white glove" touches as condos — after all, Park Avenue is known for some of the most exclusive and luxurious co-op buildings in all of Manhattan. But they generally can't compete with the amenities of newer condo buildings.

Many co-ops, space permitting, have adapted to changing demands by adding amenities like gyms, private storage units, and roof decks. But many simply weren't built with amenities in mind, meaning that adding them is near-impossible due to space limitations.

Down payment requirements can differ

Every building has different requirements, but a good rule of thumb is that co-ops require a down payment of at least 20%. Some co-ops require 40% down or more.

More and more condominium buildings are starting to require hefty down payments as well, but it's not as much of an industry standard as it is in the co-op market.

Condos have higher closing costs

If you're purchasing a condo, you should expect higher closing costs. Since a co-op is shares of a building and a condo is real estate, there are several additional fees to consider, including title insurance and mortgage taxes.