

## Initial Tremors

**Those overseas buyers who've been driving the New York condo market are starting to slam on the brakes.**

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Illustration by Peter Arkle.

**L**ast Tuesday, Prudential Douglas Elliman's Alex Chang heard from four overseas clients. All had been looking at New York property, and all were calling with the same message: "Let's hold off and see what happens." Global markets had suffered huge setbacks, fueled by worries over the economy, and city brokers and sellers were bracing themselves for any fallout. Downtown expert Darren Sukenik saw a client from Spain, poised to go into contract for a \$5 million condo at a high-end building that's rising in the West Village, abruptly change course. **The day before, Century 21 NY Metro's Jordan Tepper learned that a Dutch buyer working with his office had nixed a deal even though his offer had already been accepted. "It's getting hard to get a commitment," says his colleague Sherri Shang, who has many Chinese buyers.**

For months, foreigners have been keeping our market flying high, swooping in and bearing prices aloft. Even as New Yorkers have fretted at the talk of housing bubbles and slowdowns, we have been heavily insulated from the price drops brought about by the larger economy; the weak dollar has made the prospect of a bargain pied-à-terre in Manhattan very attractive to buyers in Asia and Europe. But now it appears—at least in a very preliminary sense—that those buyers are wavering, and a lot of people are asking exactly how much they're holding up our market. Press reports have lately credited foreign buyers for 15 percent of purchases—mostly condos, since many co-ops won't allow pieds-à-terre and investors—in the last quarter of 2007. "Foreign demand has been a big part of the story," real-estate numbers guru Jonathan Miller told Reuters a few weeks ago. If overseas buyers do take their money elsewhere, or sell off properties for fear of gloomy days ahead, the correction could be substantial. UrbanDigs blogger and Halstead broker Noah Rosenblatt has been saying that a lack of confidence is more powerful than a favorable exchange rate. "Look, I tell it like it is. This is something to keep an eye on."

One broker says the chill began to set in a few weeks ago. "We've had nine clients we'd been working with since October, and they've stepped back," she says. "I have one prominent family from Singapore who were about to make an offer, and they decided no." Tightened lending standards may also be a factor—Sukenik says his buyer walked because a bank told him he had to put 40 percent down. All the same, like most brokers, he's putting the best possible face on what he's seeing. "There's more where he came from," he says. Besides, says Chang, many overseas buyers "are coming to New York with a long-term plan. They're not expecting to make 20 percent in one year." Whatever happens next, everyone agrees that those kinds of price increases are over for a good long while.