

Real Estate: What International Buyers Want and Buy

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More and more real estate professionals are dealing with international clients, and interviews with some of the most active agents in the city indicate a clear trend.

Victoria Rong Kennedy, Senior VP of Investment and Relocation at Citi Habitats, talks excitedly about her newest client: "He is one of the top seven contemporary artists in China, his paintings sell from \$350,000 to over one million dollars and he's looking for a two-bedroom condo in Chelsea."

No, she can't reveal his name, but she can say that when he arrives in the city on the weekend, she'll have a list of properties for him and it will be ready-set-go for a whirlwind search.

Buyers are flying in from Europe, the UK and the BRIC countries -- Brazil, Russia, India and China -- bringing their money with them, attracted by a stable real estate market and what many of them consider to be bargain prices.

Scientifically tracking the trend in international buying is tricky. As data guru Sophia Song, vice president of research at StreetEasy, explains: Most buyers register their sale with U.S. addresses, either that of their attorney or of an LLC, so trying to quantify the trend is just about impossible using public records.

So, for now, the industry has to rely on the instincts of real estate professionals like Wei Min Tan, executive vice president of Castle Avenue Partners at Rutenberg Realty, who says that his "gut feeling" is that 25% of the condo buyers in Manhattan are international.

Tan is working with clients from Hong Kong, China, Singapore and the U.K. and he reports that business is booming.

Why? Tan explains, "New York real estate is cheap globally. It may be the most expensive in the U.S., but it's still cheap globally -- 10th on the list of the most expensive properties in the world's most popular cities."

"Condos in New York average \$1,300 per square foot," he adds. "Compare that to the most expensive, Monaco which is \$4,500; London, \$3,500; Paris, \$2,400. There's a huge property bubble in China and Hong Kong now -- so much speculation and sky-high prices have convinced investors to come here to buy."

Europeans think of N.Y.C. as a safe haven for their money, experts told us. They see that real estate here has weathered the economic storm that is wreaking havoc with their home countries.

But the low mortgage rates in the U.S. are irrelevant to international buyers, as many pay in cash.

What are international buyers looking for? They want a condo, not a co-op, because there is too much risk of litigation and red tape with the latter.

Most seem to want two-bedrooms, and they'd like them to be in a shiny, new, amenities-loaded building. Some want a pied-a-terre, others want to buy and then rent with the view to using it themselves in a year or two.

They want to live in the neighborhoods they've read about and seen in movies and on television. When they start the search, they ask for places on Park or Fifth Avenue, something with a Central Park view. That's where the help of a good real estate professional comes in.

First, explains Doug Russell, senior vice president and managing director at Brown Harris Stevens, they need to understand that the condo market is less than 30% of the total market, co-ops are 70% and there are precious few condos on either Park or Fifth Avenue.

Russell sold 230 condos in the Trump International, about one-third to internationals.

It is a broker's job to educate the international buyer about the realities of the market -- about what is available, where and for how much. Often what the international buyer wants is not what he or she buys.

Tan explains that he has to build a closer relationship with his international clients than with their American counterparts: "There's more hand-holding. I have to become their trusted friend."

He helps his clients understand that they can't shop for a property on the Internet, where everything looks good. They have to be open to some neighborhoods that they may not have heard so much about -- not everyone can live on a high floor facing Central Park West. According to Tan, new neighborhoods worth exploring are TriBeCa, midtown East, the Financial District, SoHo and Chelsea.

Agents working with international buyers must be ready for the fast and furious search.

Sharon McIntosh, president of The McIntosh Company, showed an Israeli client 100 apartments in four days. He finally settled on a two-bedroom with "spectacular views" on the top floor of a building in TriBeCa.

He's planning to rent the apartment out for \$7,500 per month.

Tan has a client who doesn't have four days to spare. He wants to make a decision in half a day, so Tan is compiling a top-five list for him.

Some developers have a dog-and-pony show that they bring to the countries where the most likely buyers live.

With photos and floor plans, they try to seal the deal right on the spot.

But Tan believes international buyers shouldn't rely on long-distance sales pitches without a first-hand look at the property.

"Think about it: does Harvard go around the world recruiting students?" he explains.