BROKERS WEEKLY
THE RESIDENTIAL MARKETPLACE
A Real Estate Weekly Publication

COVER

WE ♥ NY

BY ALICIA HARTGROVE

Despite a global economic slump, foreign buyers still see value in New York real estate and more firms are now developing their services to cater to the market.

"No matter what happens around the world as far as economic crises, foreigners still want a slice of the Big Apple," said Jacky Teplitzky, a vice president at Prudential Douglas Elliman who specializes in international sales.

Born in Chile and raised in Israel, Teplitzky said being bilingual is definitely a plus when it comes to global real estate, but she says brokers also have to have an eye to what makes the international set tick.

Russians like glitz and amenities; Israelis are bargain hunters; Brazilians want low key buildings and don't want to be recognized.

"This is the only place rich foreigners can come and be incognito," said Teplitzky.

According to the experts, there are three kinds of international buyers: those looking to permanently move here, those seeking an investment and those looking for a second home or pied-a-terre.

Either way, foreigners continue to look at New York City as a good investment. "Everyone is feeling the pain from the global economical crisis, but there are still wealthy individuals that think now is the time to invest," said Adrienne Albert, CEO of The Marketing Directors. "New York is very resilient and they all feel secure here."

LISA CHIN-TOSTES: Speaking Mandarin gives her an advantage in the international market.

The city is also a relative bargain compared to other international centers like London, Paris and Tokyo.

According to a recent survey by the National Association of Realtors, almost one third of Realtors (32%) have at least one international client and more than half of them closed at least one successful deal. The top buyers came from Mexico, the United Kingdom, Canada, India and China.

The survey of the nation's Realtors also enabled the NAR to craft a profile of the typical international home buyer.

That buyer would purchase a single-family home or townhouse for which the primary purpose was a vacation venue. The median sales price paid was $299,500 and that was financed through a mortgage loan. The typical foreign buyer in the U.S. spends 4.2 months in their property search.

Cognizant of the growing global market, New York's real estate biz has adapted to suit the needs of foreigners, offering everything from one-stop-shop brokerage to property management.

Luigi Rosabianca, principal attorney and founder of Rosabianca & Associates, helps international buyers with the transaction process. Well-versed in tax treaties, he offers a full analysis of the transaction and tax consequences. He is also fluent in Italian and French and has German and Spanish speakers on his staff.

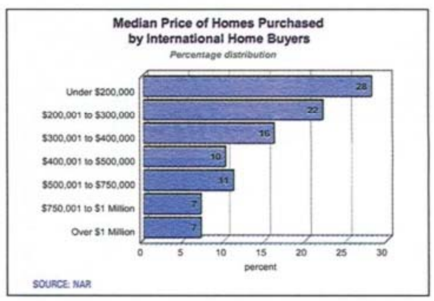
"In the last year, the strength of the New York City real estate market compounded with strength of the Euro made it more desirable. Then the Euro took a dip and international purchases took a step back," said Rosabianca.

Many firms have gone abroad to market their services. Adrienne Albert has three trips to Europe planned between now and April and another to South America. However, she said The Marketing Directors really developed its network of foreign clients through working with foreign brokerages.

Albert (who speaks Spanish, some French and "menu Italian") said being aware of cultural differences is a must when it comes to conducting foreign transactions.

According to Albert, Asians give their business cards out like a gift and would be offended if anyone casually handed them a card.

"And sometimes different cultures say yes when they mean 'I hear you' not 'Yes, I agree with you,'" Albert said. "They rarely say 'no' even if they mean no. Sometimes you will think you have a deal with a person but you don't."



Middle Eastern cultures are famous for long negotiations and Koreans tend to have a hard time accepting that the price is the price. Many cultures are superstitious about numbers — in Asia the number eight is very lucky and the number four is not. Brokers have reported that Asian buyers absolutely will not buy an apartment with a number 4 in the address, but will occasionally pay more to have a number eight in it. The number 17 is unlucky in Italy where there is never a 17th floor in a building.

Foreign buyers usually don't want to make any changes to a property as they are often not around to oversee renovations. Therefore, they are most attracted to new buildings.

Some only want an apartment with a "name address" like Fifth Avenue, Park Avenue, Central Park, and Upper East Side. Current trends show very little desire for the Upper West Side although Midtown East and Midtown West are beginning to generate some buzz.

ELENA SARKISSIAN: Europeans know their architects.

Most brokers said they won't push outer borough homes unless buyers are looking for a lower price point or specifically ask to look outside of Manhattan. Albert has sold properties along the New Jersey Gold Coast after explaining that the area is an extension of New York City and easily accessible. Queens holds charm for some foreign buyers; not only is it cheaper than Manhattan, but has a large Asian population.

"The big hits we've gotten are Platinum, because it's near Times Square, The Setai, because some feel this is the moment to invest in downtown and the Setai name carries a lot of weight, and Visionaire in Battery Park City because it's green," said Albert.

Lisa Chin-Tostes at Manhattan Apartments, who is originally from Canton, China, speaks Mandarin and Cantonese, as well as conversational Spanish and Portuguese. She specifically markets herself to foreign clients through Manhattan Apartments' website and an ad in the Chinese World Journal.

"They understand location, location, location. They know they have to pay more for a prime area, but will get the highest selling point later," said Chin-Tostes, who has recommended Harlem to some Chinese clients because Gleam Realty, a Chinese developer, has three condominium buildings there: Manhattan Hill on West 135th Street, Riverside Park on 147th Street, and Hudson View on 163rd Street.

"Because I am one of the few who can speak to them in their language, it makes me just a little bit more helpful to my buyers because of the cultural understanding," Chin-Tostes said.

Not a foreign, multi-lingual broker? No worries, there are still ways to gain international cliental.

Speaking at the RE Connect conference earleir this month, David Michonski, chief executive officer for Coldwell Banker's Preview International, said brokers could network and build relationships while traveling abroad, stop by foreign brokerages and make face-to-face contact and drop off your card.

"The best way to network with foreign clients is by attending global conferences and expos where international firms will be because they've come to do business and you've come to do business," said Michonski.

Marilyn Kaye, president of MLBKaye International Realty, has found foreigners are renting more now than ever.

"They still have the confidence that Manhattan is the place to be, but when they can't get the price that they want, they rent," said Kaye.

With current mortgage restrictions and FICO scores required to be over 700, Kaye said her business is adapting to meet the demand for rentals from foreigners.

"This is what they want now and we want to maintain that relationship so we can be there when they are ready to buy," she said, adding that the international

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crowd likes being able to walk in to her firm's three store front locations: 1067 Park Avenue, 641 Lexington Avenue, and 38 West 8th Street

MLBKaye also has a multi-cultural staff. Off the 100 brokers, several are from France, Germany, Turkey and South American countries and many of the American brokers are fluent in other languages.

Andres Hogg, U.S. head of operations for Espais, a development company based in Barcelona, said its new condo, Twenty9th Park Madison has attracted many foreign buyers. The 142-unit building is 70% sold with nearly 20% of the units bought by foreigners.

Michonski said that, besides quality, the main thing buyers look for is trust. One millionaire client from Singapore came to him by referral and, after two years of working together, the investor still hasn't bought anything.

"He's not interested in making a fast transaction," said Michonski, noting that he is that investor's "man in New York" for advice, counsel and hopefully a purchase soon.

Jason Walker, a senior vice president at Prudential Douglas Elliman, is the lead broker for Fifty Franklin, another new condo that's a hit with foreigners.

Advertising online and in the Global Wall Street Journal and International Herald Tribune, the development has attracted buyers from Spain, Germany, Italy and France.

Walker thinks the dollar value of the building is most attractive to foreign buyers, as well as the neighborhood and amenities. Prices start at $600,600 for a studio and go to $3 million for a three bedroom.

Elena Sarkissian, vice president at CORE Group Marketing, who is fluent in Greek, French and English, is the director of sales at Vintage Group's Number 5, a new 23-unit condominium in Midtown.

She thinks Number 5's sleek and modern design is drawing the foreign crowd thanks to architects Phillip Johnson and Alan Ritchie.

"They (Europeans) know their architects and appreciate design and architecture. They also like the fact that it is a private location," said Sarkissian.

"I think New York City is always going to be the brass ring for the world wide community. People with mobile lifestyles know New York City, love it and will always come here," said Sarkissian.