

# PROMENADE

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LUXURY PROPERTIES NEW YORK



## The Internationals

Affluent buyers from around the world are heating up the Manhattan luxury market.

By Karli Petrovic

**F**rom the time Ellis Island opened its doors as a federal immigration station in 1892, until it closed in 1954, millions of immigrants poured in from all over the world. While some sought to escape from religious persecution or political and economic oppression, others hoped to avoid drought and famine, and all desired to build a new life in the New World. Today, New York City retains its international appeal, but this time around, the modern Manhattan melting pot is comprised of affluent foreigners with their eyes on the city's lucrative real estate market.

#### WHO IS BUYING

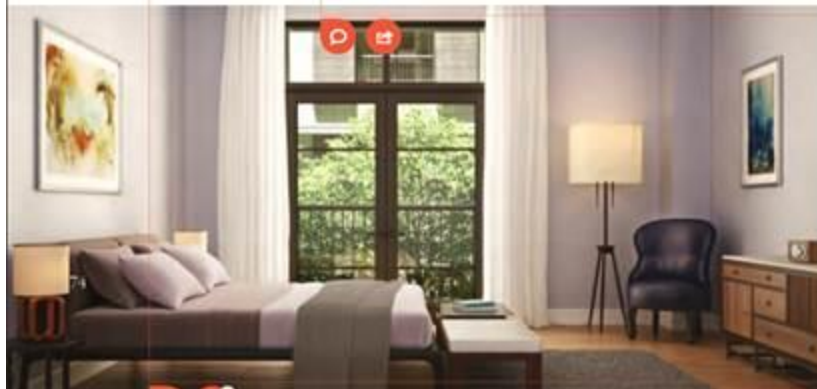
In regards to purchasing real estate, Manhattan entices residents of certain countries more frequently than others. Daniel Hedaya, president of Platinum Properties, a family-owned boutique brokerage that has worked extensively with international clients, says that who has an interest in Manhattan depends on the state of foreign currency.

"New York has always been an international city," Hedaya explains. "You see people from different epicenters of the world more frequently than others. Asia and Europe always

have a steady pace of foreign buyers coming in. Asian buyers from China and Singapore are most prevalent right now, but we still see people from Europe and South America on a regular basis."

Hedaya's sentiments mirror those of other brokers, developers and investment companies that have an interest in local real estate. Western and Southern Europe, Brazil and Asia tend to be the biggest players, and Germans, Israelis and Canadians are consistent investors.

"It's always very interesting to see where people are coming from," says Naftali Group executive Matthew Van Damm. "It's always ebbed and flowed. Sometimes it becomes trendy in certain places to buy in Manhattan. There are a lot of factors, but New York is in a very healthy place. The amount of buyers coming in and the different reasons for why they're coming in makes for exciting times."



[ Top: Many international buyers relocate to Manhattan for career opportunities and bring their families with them. The Azure appeals to these buyers because of the proximity to some of the city's most prestigious schools. ]

[ Left: The Sterling Mason at 71 Light Street in Tribeca appeals to foreign buyers with architectural elements and high-end finishes that are reminiscent of luxury properties in Western Europe. ]

#### WHY THEY'RE BUYING

"International buyers look at New York real estate as a good investment," says Armanda Squadilli, a licensed associate real estate broker with Douglas Elliman Real Estate, who is fluent in a number of languages, including Italian, French and Spanish, and works with a high volume of European clients. "Manhattan, especially, is a good place to buy for the future as well as the present, and foreign buyers feel that way as well. It's not just about the financial part. There's the enjoyment part, too."

Certainly some are looking for money-making investments in a stable economy, but, as Squadilli notes, others, eager to experience the Manhattan lifestyle, opt for an enchanting pied-à-terre in a world-class city. International students from wealthy families often forgo the lackluster college dormitory to make up a segment of the renters market, as well.

When it comes to selecting a property, however, not all real estate is created equal. In fact, Richard J. Steinberg, a broker with Warburg Realty and host of HGTV's "Selling New York," estimates that 95% of foreign purchasers choose residences with enticing amenities packages.

And, he says, "It's not about the purchasing," says Steinberg, whose international clientele skyrocketed from 25% foreign buyers five years ago to 60% today. "It's about taking money from an

are highly regarded, and those who want a small charming space with some history flock to the West Village. Daniel McInerney, Vice President of Taconic Investment Partners, an owner, operator and developer of local real estate, has noticed a similar trend. He was surprised at the amount of foreign interest the company's The Sterling Mason project in Tribeca has garnered, primarily among buyers in the U.K. and China. "Tribeca has traditionally been a local market," McInerney says. "It's a hidden jewel. You have to travel here to understand it, but more people are hearing about it and coming to understand it. Anyone who is looking for a luxury property, Tribeca has to be on their list."

Although some brokers insist it's a mixed bag on what certain international populations are keen to buy, other real estate pros have noticed intriguing trends. Ofer Yardeni, co-chairman and CEO of Stonehenge Partners, explains that many people are interested in Manhattan neighborhoods that are familiar. "Foreigners from the Far East come to areas like Times Square and Madison Square Garden because they

York, and they can't get financing here. So you have these clients who are paying all cash for deals, and it creates a market where locals have trouble competing."

Steinberg agrees, saying, "Unfortunately, foreign buyers are pricing many Americans and New Yorkers out of the market. They're willing to pay five, six or seven thousand dollars per square foot, and developers are using those prices as baseline. Coops are different. It's like a 'Tale of Two Cities.'



[ "Everyone has a different opinion about what neighborhood is for them," says Douglas Elliman's Armanda Squadilli, who helps buyers find homes like 130 Jane Street #111. "I sell a ton in the West Village. I think this appeals to Europeans because it's smaller scale in terms of height. It's more like what they're used to in Europe." ]

unstable economy and putting it in what is arguably the most stable economy in the world. It's like putting your money in a CD or bank account. For that reason, co-ops are not an option. Many co-ops require you to disclose your wealth and have other restrictions that would cause international buyers to be rejected as applicants. Instead, they are taking their money and parking it in houses and condos."

#### **WHERE THEY'RE BUYING**

Domestic and foreign purchasers may differ in their buying habits, but they have at least one maxim in common: location, location, location. "Foreign buyers want to know one thing," Steinberg says. "How close am I to Central Park?" When listing the most popular areas, real estate pros all mentioned Central Park. Other top choices for foreign buyers included Midtown/Times Square area, the Upper East Side, Wall Street/Financial District, the Upper West Side and the 57th Street corridor.

To certain international clients, trendy properties in Tribeca and the Meatpacking District

feel at home," he says. "Russians like more glass than the Germans, who prefer old-style design with new amenities."

Piquet Realty's Cristiano Piquet works with a large number of clients from Brazil, where the local real estate is "practically untouchable." To these buyers, he says the United Nations and Upper East Side areas carry the most cache. Santo Rosabianca at WIRE International Realty, a first-generation Italian-American, says that his Italian clientele are conservative buyers who prefer the Financial District. "Nine times out of ten, they would rather have the least attractive apartment in a prime neighborhood over a luxurious, attractive apartment in a less desirable neighborhood."

#### **WHAT IT MEANS FOR THE MARKET**

With all the international interest in New York real estate, already elite properties are becoming even more expensive. "International buyers often come in and pay for properties all in cash," Hediya explains. "They want to keep their money in New

York. There's the condo and house market, and then you have the old standard co-ops that attract American buyers." Despite the increased competition, many brokers and developers maintain that local buyers drive the majority of market sales. After all, the city's many elegant neighborhoods will always be desirable for everyone.

"As a resident of Manhattan for 36 years myself, I find it a great place to live at any stage in life," Squadrilli says. "The apartment I live in now—at 350 Bleecker Street in the West Village—I bought for my mother 20 years ago. She was in her mid-70s and from Rome. It was a perfect place for her. I've lived there for some 15 years, and it's a perfect place for me. Manhattan isn't more for one demographic or another or one age or another. Anyone can make a wonderful life at any stage and any age. There are so many cultures, and there's so much diversity. I encourage anyone who is thinking of investing to consider Manhattan. There is so much to offer, and you never get tired of what's available." ■