

Spring 2014

# Kelly Kreth's SALES IN THE CITY



**N**ew York City is surely a melting pot and attracts buyers from all over the world. This diversity makes it an even hotter commodity.

*According to Bloomberg,*

“Wealthy foreigners have bought high-end U.S. properties for their safety and because they’re denominated in dollars, the world’s reserve currency,” said Mitchell Roschelle, real estate advisory leader at Pricewaterhouse Coopers LLP .

We interviewed five top NYC real estate experts, each with extensive experience working with aforementioned foreign investors, about the NYC foreign investment market and what it means for NYC sellers.

## What percentage of your business is spent working with foreign investors?

**HEDAYA:** I would say about 60% of our sales business is derived from foreign investment. This has increased drastically since 2009. We started deriving a lot of business from our Paris office after its launch. Most recently we had a buyer come through our Paris office who purchased a multifamily building in the East Village as an investment.

**KATZEN:** 35%

**ROSABIANCA:** In my brokerage, 75% of the clientele is comprised of foreign nationals and in the law offices I oversee, 50% of clients are international.

**FROTA:** About 50-60%

**SAGIEV:** 90%

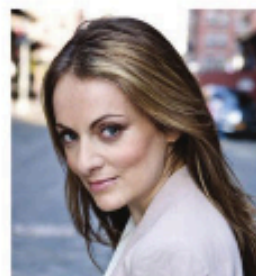
## What factors are currently influencing the foreign investment market in NYC?

**HEDAYA:** I think the foreign markets and political climate have a strong influence in foreign investment into NYC. Foreigners are looking for places to diversify their investments and considering the fairly stable market in NYC, it has been shown to be one of the most sound investments they can make.

**KATZEN:** Main cities such as Paris, London and New York are the hubs for business, international tourism and fashion. Foreign investors want to invest in cities that hold wealth, exposure and



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# Let's Talk About Foreign Investors!

population. Diversification of overseas money to the United States is key. The United States is considered "cheap" when compared to other countries at this time in terms of property and therefore there is still a value against the euro.

**ROSABIANCA:** The current global state of economic affairs greatly affects how many investment dollars the New York market sees. In the present reality of our global village, New York often becomes the preferred and safest option.

**SAGIEV:** It's always hard to say whether it's a market trend or our company trend. We made a lot of effort to attract clients from Brazil and China this year and that may be the result of our marketing campaign. We have been getting a steady interest from the Russian buyers over the last years due to our strong ties with the Russian market and a solid expertise in the region.

The factors that are always important apart from the general NYC appeal are exchange rate fluctuations, availability of credit (believe it or not, many of our international buyers seek financing), and politico-economic situation in a particular region.

Argentines share their concerns about a more socialist government in Argentina and their worries on the safety of their assets in local banks.

Many Russians demonstrate increasing concerns about the local political situation, risky small business environment, recent anti-gay legislation, increasing right and nationalistic rhetoric. As a result, many choose to move their assets, and even their family overseas, while continuing to run businesses in Russia. They see investment in the US as a much safer way to save for their own retirement and children.

The Chinese often buy for children who either already study or work in the US or might do so one day in the future.

As for Brazil, there seems to be a lot of fascination and love for NYC among the Brazilians. We don't see that many investors planning to rent their apartments out. Most of our clients from Brazil buy for personal use, pied-a-terre or a second home.

## What type of property best attracts foreign investors?

**HEDAYA:** The type of property that appeals to individual investors depends on their goals. Some investors look for a property that will appreciate over time, some look for properties to derive regular income from, while others may look for something dilapidated to fix up and flip. Ultimately, by doing a brief interview with the investor we can accurately target the types of properties that will suit their needs/goals.

**FROTA:** Condo, condo, condo! Good location, good rental income, good history of price increase in building. They usually like to buy in central locations of Manhattan (50's-70's) and property condition is very important.

**SAGIEV:** Most of our clients require that the property can be rented quickly and bring them maximum possible return on their investment. When that requirement is satisfied, they tend to like newer, cleaner apartments, ideally with views. So we mainly sell new developments completed in the last five years or so. Even those clients who prefer older buildings with higher ceilings, details and fireplaces usually choose new conversions. Amenities are more important for clients looking for a personal residence. One of our Brazilian clients



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