

IN THE NEWS

They're back: foreign buyers make a welcome return to New York



The Centurion, 33 West 56th Street

Not long after Amy Williamson began marketing the Centurion, a condo tower on West 56th Street designed by architect I.M. Pei, she found herself on a plane to Hong Kong and Shanghai.

With the help of local brokers, Williamson, a vice president of sales at Prodigy Network, held information sessions about the limestone-clad tower in hotel conference rooms, and met privately with prospective buyers to discuss finances.

Quickly, she learned that apartment hunting strategies vary by region: Entrepreneurs on mainland China treated their potential pied-a-terres like "incredible artworks," she said, on par with the jewelry and sports cars they collected with loads of disposable cash.

Hong Kong residents, on the other hand, concerned themselves with practical matters — remarking on the building's luxurious touches, like a water-filled courtyard off the lobby, Central Park views, and 17-foot living room ceilings with oversized windows, only if they related to resale potential. But at the end of the day, buyers from China to Peru to Senegal were drawn by one thing: the cachet of I.M. Pei's name. ...

... When foreign buyers do look beyond a household name like Trump or Pei, they focus on proximity to world-class shops and restaurants.

"They will recognize the name, but they're not stuck on it," said **Marcia Roma**, a director of **Fox Residential's** international division. "I do have one customer that does name-drop, so to speak. However a lot of them will just buy into a condominium."

Robert A.M. Stern buildings like 15 Central Park West are particularly popular among foreign-born clients, she said. But the desirability of a neighborhood weighs in just as heavily. In the last few years, she has shown dozens of investors, many from China, Italy, and Brazil, around Columbus Circle, as well as the Upper East and West sides.

On the East Side, **Roma** recently sold a pied-a-terre to a couple from Santo Domingo that owned several properties. Buyers of third, fourth, and even fifth homes aren't uncommon in New York.

"People that are looking at the penthouse at 502 have many homes," and are in search of a trophy property that doubles as a place to rest their heads when they visit Manhattan, said Rich. As veteran investors, they know the house-hunting process inside out.

Less experienced buyers might hit some bumps in the road. One of Rich's clients, an Italian businessman, disappeared right before closing on a condo, unaware of the urgency of the American sales process. "He went on his honeymoon and never told anyone," Rich said. "He never gave a contact number. He almost lost his deposit."

Buyers looking to settle in New York full time, particularly after a last-minute job transfer, are especially at risk of hitting financial snags. The relocation process went well for several of **Roma's** clients, like a businessman from Dubai who recently traded a slice of Manhattan for a large house in Connecticut, and a South African couple who plan on renting an apartment in June before searching for a condo.

But some transplants don't have the appropriate credit history to secure a mortgage if they're strapped for cash — which most foreigners use to buy Manhattan apartments.

Rich sold a \$14 million apartment at 502 Park to an all-cash buyer listed on the contract as an LLC, and expects a similar deal to transpire for a penthouse at the building, which is on the market for \$25 million.

And five Brazilians recently bought into Hudson Hill, a condo complex on West 58th Street built

by Alchemy Properties, without having to apply for mortgages.

"Those foreign buyers could do other things with their cash," said Tracy Becker, a credit specialist who has advised a handful of real estate professionals on securing loans for foreign clients. "How many brokers could sell better properties if their clients could get a mortgage?"

For aspiring homeowners without credit history in the US, the application process requires a patient wade through bureaucracy.

"If they have no credit and apply for a loan, once they're denied, they can then force the bank to look at other types of credit," said Becker. Under equal opportunity regulations, banks are required to consider alternatives — like cable and electric bills, insurance history, and company credit card statements — when presented with a rejection letter, or in bank parlance, a notice of adverse action.

"Most bankers don't even know they're obligated to look at alternative credit because it hasn't really happened much," Tracy said. So some clients prefer a more proactive approach. "They can talk to the bank right from the start and ask: can you build a credit profile for me with my alternative credit?" she explained.

To better ensure an influx of foreign buyers a smooth-sailing transaction, **Fox Residential** has begun to expand its international services. **Roma** and **Marzia Kennedy**, an Italian-born broker that co-chairs the division, first gave the program a boost three years ago, with a trip to a real estate conference in London.

"There were participants from every country," she said. "It was very good exposure. We got several clients from that show, and several referrals from clients we met at the show."

Now that the market is turning around, the two brokers are out and about again. "We kind of laid low," said **Roma**. "Now we're back full force."

(EXCERPT)

