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INTERNATIONAL

New heart of New York

South Africans invest in property in the US for capital gain and to hedge against the rand – and some of the most exciting opportunities are in New York City

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Vision has underpinned the most imaginative concepts, across a range of genres, not the least of which is 15 Hudson Yards on the west side of Manhattan. This new city within a city incorporates the biggest private real estate development in US history. Located on the site of an old railway yard, 15 Hudson Yards is the brainchild of chairman and founder of Related Companies Stephen Ross.

What makes it more than another mixed-use development? Just about everything.

The megaproject is expected to attract 125,000 people a day for work or play if they're not living there by the time it is complete in 2025. It will include about 1.7-million square metres of commercial and residential space, more than 100 stores, restaurants,

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Keren Ringler, property specialist, CORE

about 4,000 residences. The Shed (a new centre for artistic invention), 14 acres of public open space, a 750-seat public school and an Equinox-branded luxury hotel with more than 200 rooms.

LANDMARK

Then there's Vessel, envisioned by Thomas Heatherwick and Heatherwick Studio, as a new landmark for the city. Influenced by Indian stepwells, it is designed to be climbed and explored via 154 interconnecting flights of stairs rising above the public gardens.

South African real estate investors keen on getting their feet through these prestigious doors can do so through boutique real

estate agents Dogon Group Properties and CORE, a New York-based South African-owned company.

Dogon Group Properties CEO Denise Dogon says that for those looking to diversify their portfolio and hedge against the volatility of the rand, investing in New York is an attractive

prospect. "South Africans can purchase property in America as one does not have to be a US citizen to own property there," she says. "However, without knowledge and the right advice, buying in the US can be daunting".

Entry-level apartments at 15 Hudson Yards are already sold.

Remaining inventory ranges from two-bed apartments for \$3.89m (about R53.26m) to penthouses starting at \$12.8m (about R175.26m). In addition to magnificent views of the Hudson River and New York City skyline, the apartments boast oak flooring and cabinetry, and marble



HOMEFRONT



Vessel, envisioned by Thomas Heatherwick and Heatherwick Studio as a new landmark for the city

countertops in the kitchen. Amenities include a fitness centre, swimming pool, dining suite, children's centre and beauty bar.

"People like to invest in New York City because it has been able to withstand so many economic bubbles," says South African-born Keren Ringler, a New York City property specialist with CORE. "Despite the recession of 2008, the value of property has increased

over time. That year the average condominium sold for \$1.8m. In 2017 the selling price was \$3.2m. The rental market has increased accordingly."

ART DECO

The financial district has experienced a similar metamorphosis to Hudson Yards. One Wall Street is part of it, where acclaimed developer Harry Macklowe has reimagined

the 1931 skyscraper built by Ralph Walker into an Art Deco beauty.

"The Wall Street district had to be redone after 9/11 and Hurricane Sandy. It was a no man's land.

"It is now so beautifully restored and modernised, but still full of character, with phenomenal hotels and luxury stores such as Louis Vuitton and Chanel," says Dogon.

"It is not like the Wall

Street we used to know as a purely business destination – a stop on a guided tour so you could see the New York Stock Exchange building."

The Wall Street district upswing is comparable to what happened in the Tribeca district. It is no longer a single occupancy rental location. Young couples and families are moving back now that schools are being established in the neighbourhood.

5 THINGS YOU NEED TO KNOW ABOUT US INVESTMENT

1 Green card Does real estate property investment help you with becoming a US citizen? "No," says CORE real estate broker Keren Ringler. "It's not as easy as it looks ... unless you buy into an investment property as an EB-5 investor, and you have a registered business with an income that allows you to qualify for the EB-5 visa."

Nigel Barnes, managing partner at leading citizenship planning firm Henley & Partners, explains that each EB-5 investor must create 10 direct or indirect permanent jobs for US workers in order to obtain a green card. "Investments in 'targeted employment areas' (rural or geographical areas that have unemployment at a rate of at least 150% the national average) qualify with a minimum of \$500,000."

2 Deposit Once an offer to purchase has been

accepted and the contract is signed, a deposit of 10%-25% of the purchase price will be required. CORE will connect clients with legal and tax experts to assist with the process.

3 Typical closing costs An all-cash transaction will accrue closing costs of 2.5%-3%. If a mortgage is required the costs will be 5%-6%.

4 Average rental A \$900,000 studio apartment of about 50m²-60m² in a high-quality building could attract a gross monthly rental of \$3,500 to \$4,000.

5 Tax clearance

The current annual foreign investment allowance for South Africans, with tax clearance, is R10m a person a year. The annual discretionary allowance is capped at R1m a person a year.