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## **Williamsburg is Not in Manhattan, and 6 Other Surprises For NYC's Foreign Apartment Buyers**



*Jeffrey Zeldman*

For the average overseas buyer, the NYC apartment search will be an education. The New York City real estate market already feels like a foreign country, with its own language (alcove studio, classic-fives, mansion tax), geography (no, "the city" is not the five boroughs, according to some people), and social conventions (yes, it's perfectly acceptable never to speak to your neighbors). But when you're shopping for an apartment and you actually come from a foreign country, the hunt is that much more complex—and filled with assumptions that are all too quickly dispelled.

With the firm belief that ignorance is *not* bliss, we spoke to local real estate brokers who frequently work with buyers from China, Russia, Europe and elsewhere to enumerate the most common myths their clients have about the New York market. Below, the biggest reality checks for buyers from outside the United States:

### **1. Most apartments are not actually for sale**

Many clients are surprised to find out that the ratio of all apartments is 70/30, of which only 30 percent are sales and 70 percent are rentals. — *Eliot Bogod, founder of brokerage Broadway Realty*

Compared to the fast developing cities in China, New York City has a very low inventory. — *Li Chen, a broker at Siderow Residential Group*

The inventory that hovers between \$800,000 and \$1.5 million is very minimal. So the all-cash buyer who believes they can come here and make a quick deal is not so quick. — *Reba Miller, founder of brokerage RP Miller Realty Group*

## **2. And the apartments that *are* for sale are off-limits**

Approximately 80 percent [of the apartments in New York] are co-ops, which are hard for foreigners to purchase. They are always surprised when they hear about the concept of a co-op. — *Nataly Rothschild, a broker at Engel & Volkers*

In regards to purchasing in a co-op, these buyers are also sometimes taken aback by the lengthy board approval process and the restrictions that come along with ownership in these buildings. — *Keren Ringler, a broker at CORE*

They are even more interested to find out that only 30 percent are condos... Many of my foreign clients are surprised to find out that most "desirable" real estate is out of touch for them. As an example, they inquire about Fifth Avenue buildings north of East 57th Street along Central Park. When they learn that area is mostly co-ops that allow full-time residents only, they are disappointed. — *Eliot Bogod*

## **3. Some sellers find out everything about your finances**

Foreign buyers are always surprised and easily annoyed by the fact they need to be fully prepared with their financial documents before they make an offer, and sometimes even before they can see apartments. ... The different buying process makes it harder for them to understand that the sellers need to see all funds for the down payment in a U.S. bank as well as a pre-approval letter from the bank in order to be considered a serious offer. — *Li Chen*

## **4. Prices may seem comparatively low...**

Prices are reasonable compared to other major international cities such as London. — *Keren Ringler*

Very wealthy buyers accept [the prices] as they are looking for a status symbol or are used to high prices in other cities where they already own real estate. — *Nataly Rothschild*

Someone from Hong Kong is usually surprised at how much bigger apartments here are. A studio in Manhattan is the size of a two-bedroom in Hong Kong. — *Wei min Tan, a broker at Rutenberg Realty*

## **5. ...Until you realize what you get for those yen, Euros and pounds**

For a lot of buyers [with budgets] between \$1 and \$10 million, they need a learning curve of several months to understand what is available for the money they want to spend. This will most likely be a much smaller place than they thought they could buy and could afford in their hometown, with some exceptions of similar expensive cities around the globe. They will most likely lose some great apartments because they are not quite ready to understand the market. — *Nataly Rothschild*

Buyers from overseas are used to living in high-end glass towers back home, so when they come to New York, they expect to buy similar spacious apartments with high [ceilings] and in brand new condition. Many of them consider post-war buildings too old. Only buildings [that are] three to five years old are acceptable to them. — *Li Chen*

## **6. Neighborhood choices are all over the map**

Usually foreign buyers come anticipating to buy in Times Square, Wall Street, Central Park and Fifth Avenue [because] these are the names they are familiar with. These are touristy areas but may not always

be the best for investment. ... Those buying for investment decide based on metrics such as demand/supply, rental prices and vacancy rates. — *Wei Min Tan*

There are two groups of overseas buyers: investors and homeowners. For pure investors, they will compare the rental market, fees that are involved, return rate and potential growth of value. Many of them prefer neighborhoods close to universities for the stable rental income that this provides, while some of them will consider buying in neighborhoods which are up-and-coming, such as central Harlem, and the First and Second Avenue areas. For homeowners, they scatter all over the city. They care more about safety and convenience. Many of them like buildings which are only two to three blocks to subway stations, supermarkets, and sometimes close to their work place. — *Li Chen*

Always very popular with our international clients: the West Village, Soho, Chelsea and the Flatiron, as well as centrally located in Midtown. And the "classic" buyers who still love the areas around Central Park best. — *Nataly Rothschild*

## **7. Oh, and Williamsburg is in Brooklyn**

"Williamsburg is now an entity unto itself. I get phone calls—usually from foreign buyers looking to buy something for their children—who are absolutely sure it's a neighborhood on the island of Manhattan."  
— *Jacky Teplitzky, a broker at Douglas Elliman*