

Market woes a matter of perspective

For international chain Engel & Völkers, Florida has never looked better

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One of the hottest real estate outfits in Europe is moving into Florida, cherry-picking choice U.S. sites, including Southwest Florida, to ensure an unending supply of high-end properties to Europeans flush with euros and pounds.

After making a name for itself on the Continent, the Hamburg, Germany-based Engel & Völkers plans to open hundreds of its "property shops" aimed at well-heeled clients.

It is going into the Hamptons on Long Island and Hyde Park, the upscale neighborhood in Tampa. A store on Main Street in Sarasota is also in the works, adding to the company's 270 residential property "shops" worldwide.

Within the next decade, Engel & Völkers aims to open at least 200 offices in Florida.

That goal is in stark contrast to today's general view of the state and national real estate market, but speaks volumes about the long-term potential for Florida property.

Keen to satisfy wealthy European clients whose euros and pounds give them immense purchasing power in the struggling U.S. market, Engel & Völkers is pushing forward as other firms are retrenching. The company is moving in despite all the talk of the crisis in sub-prime mortgages, high foreclosure rates, people "upside down" in their two-year-old home purchases and sagging home sales.

Timo Khammash, the Engel & Völkers executive driving the push into Florida, has worked for the company for more than a decade and has relatives in Sarasota -- he even attended Sarasota High School for a few months.

He shrugs off the current state of the market.

"We had more and more of our clientele asking us, 'Why aren't you here?'" he said.

His headquarters is in Naples, but Khammash does laundry in Sarasota. He is one of three managers on the road six days a week courting potential franchisees.

Brand identity

When they opened the doors to their Punta Gorda property shop in October, Martin and Hilde Block, along with partner Greg Loomis, became the first Florida franchisee of Engel & Völkers.

They also are setting up a storefront on Main Street in Sarasota.

Like the Engel & Völkers shops from Argentina to Dubai, the downtown Punta Gorda store is decked out with white wood trim on the outside, giving it somewhat of an old-world look.

Inside, the store is modern and uncluttered, with furniture that is predominately white.

Just as consumers are brand-conscious in picking restaurants and coffee shops, Engel & Völkers executives think they can train potential customers to be brand-conscious in picking a real estate firm, and Block says that brand loyalty is already paying off for him.

The Punta Gorda office is preparing for a visit from a German woman living in Rio De Janeiro who is interested in buying a Sarasota-area home. She called the Engel & Völkers agent she knew in Germany, who quickly referred her to the Punta Gorda office.

Since she is a past client, the referral package included not just her name and the properties in which she expressed an interest, but also a customer number.

"We know who this person is before they even come in the door," Dailey said. "We know they can afford it. We know what their tastes are. We know what their status is within their community, and whatever else we are supposed to be sensitive toward."

At Engel & Völkers, the system and the approach to service is paramount. All agents receive the same training and are expected to use it to provide clients with a consistent experience. They use identical software, both for keeping track of clients and for making and getting referrals from the other shops.

"If we sell the house to someone referred to us by the property shop in Prague, a percentage of our earnings goes to that shop," Martin Block said.

Pounds of euros

The U.S. dollar has been in a gradual decline since the beginning of the decade, especially compared with currencies such as the euro and the British pound.

While that is bad for Americans, eroding their global purchasing power, it makes U.S. properties look absolutely juicy to Europeans.

For them, the primary competition for a piece of Florida beachfront might be coastal Spain.

There, real estate has appreciated strongly and "there are no currency discounts," for European buyers, said Lawrence Yun, senior economist of the National Association of Realtors.

In July, the dollar hit a 26-year low as measured by the British pound, and an all time low against the euro. It takes roughly \$1.37 to buy a euro, and \$2.05 to buy a British pound.

"From a British point of view, Florida real estate is selling at a 40 percent discount," Yun said during a recent trip to Southwest Florida.

Dailey, the Engel & Völkers franchisee in Naples, knows full well the impact of the currency factor.

"In many cases, people from Europe or Great Britain can buy a million-dollar beachfront property for, in essence \$500,000, when you consider the exchange rate discrepancies and the soft market," Dailey said.

"They are more bullish on us than we are."

Staff writer Stephen Frater contributed to this report.