

Manhattan looks abroad for real estate saviours

Property

Daniel Pimlott and Sarah Mishkin report on efforts to bolster a market beset by sagging Wall Street fortunes

Real estate developers in New York City are stepping up their appeals to foreign buyers to bolster a housing market that is beginning to reflect the sagging fortunes of Wall Street.

Stratospheric housing prices in Manhattan, which until recently was one of the few markets in the US that had escaped the housing slump, have long been propped up by foreigners eager to live and invest there. The weak dollar has helped to encourage them still further in recent years.

But financial workers - whose annual bonuses (or lack thereof) are an obsession for Manhattan's property brokers - are facing job cuts and an uncertain future. This has left the city's resourceful brokers working harder to lure foreign investors.

"[Sales to foreigners are] absolutely one of the stabil-

ising factors in the current market," says Steven Usher, who runs a big real estate marketing company in New York. "For the last two years we have been travelling internationally to sell product around the globe - Korea, Australia, India, Spain, Singapore" and others.

The Moinian Group, a Manhattan developer, is keen to pitch its apartment tower on the west side of Midtown to foreigners. A quarter of sales so far have gone to international buyers and, with 10 per cent of the apartments still on the market, the group is increasing its advertising in Korean and Italian publications. It is

also trying to attract Chinese buyers.

Prices in Manhattan are nearly four times as high as they were a decade ago, according to Miller Samuel, a New York real estate data company.

But home prices fell 3.1 per cent to an average of \$1,669,730 (£1,128,100, £894,200) in the second quarter, according to Miller Samuel - the first time prices have slipped since the end of 2006. The total number of sales was more than 20 per cent lower than a year ago.

"In this market the international client base is more prevalent," says Jason Gothari, associate director at the Moinian Group. "They have

the means right now to more easily obtain cash."

Foreigners have had an outsized impact on the market in New York recently - about a third of all condominiums sold in the last two years went to foreign buyers, according to Jonathan Miller, who runs Miller Samuel. That is about double the previous level.

The appeal to foreigners looking to buy apartments comes as the city's hotels and shops are bulging with tourists eager to take advantage of the weak dollar. Middle Eastern buyers have also been buying up New York's prize real estate assets this year, taking a controlling stake in the Chrysler Build-

ing, the art deco icon of the Manhattan skyline, and investing in the GM Building, the most expensive ever sold in the US.

Other high-profile developers making a pitch to foreign buyers include Donald Trump scions Donald Jr and Ivanka Trump. The developer's children recently hosted a press event reaching out to British buyers for their Soho Hotel project. About 10 per cent of the units sold so far have been to Brits.

"We've had an enormous number of UK buyers contacting us on their own," Ms Trump said.

At Sotheby's, the luxury estate agent whose proper-

ties include \$120m penthouses overlooking Central Park and \$20m apartments in the West Village, "a lot of agents speak more than one language", says Lee Summers, senior vice-president.

The exclusive broker recently showed up at the Salon Privé supercar event at the Hurlingham Club in England to seek out wealthy young Brits.

But, with Wall Street banks continuing to suffer a year after the onset of the credit crisis, some doubt whether foreign investment will be enough to rescue the Manhattan market from some of the pain afflicting other parts of the US.

"As the US economy weakens their importance to the market becomes more heavily weighted," says Mr Miller. "But while important they are not enough to offset the weakness."

Senior Partners of Sagal & Motters, the international brokerage in the US, says excited US estate agents are increasingly turning up at European road shows. "Based on the common perception that everyone in Europe should be buying in the US... the expectation is high, but I'd say the real result is relatively low."



New York skyline: property prices have slipped this year for the first time since 2006

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