

## NEW YORK CONDOS LURE DEAL-SEEKING EUROPEANS

By Christine Haughney | December 21, 2007

The sidewalks of Manhattan are crammed this month with European tourists on shopping sprees, picking up gifts that cost far less in the United States than they do at home because of the weak dollar. But they are not just crowding into boutiques and department stores. Some are also shopping for condominiums.

"There's bargains to be had," said Kerry Miller, a public relations executive who with her husband, Marty, a disc jockey, was working through her Christmas gift list by buying sweaters at Abercrombie & Fitch and makeup at MAC, as well as touring 32 apartments. The Millers, from Malahide, Ireland, a suburb of Dublin, searched for a one-bedroom condo. They made an offer for \$700,000 on one apartment in the meatpacking district and are waiting to hear back from the seller.

While natives remain wary about real estate and worry about bonuses and the economic climate, foreign tourists are keeping brokers busy with their eagerness to buy up Manhattan apartments, which many see as investments.

"The exchange rate is like a gift from God for Europeans," said Danielle Grossenbacher, the broker for Coldwell Banker Hunt Kennedy who showed the Millers around. "Everybody is feeling they have an opportunity to purchase a piece of Manhattan."

These buyers are transforming a traditionally slow month for Manhattan real estate brokers at a time when brokers nationwide are struggling to sell homes. This year, Manhattan brokers are waking before dawn to talk by phone with European buyers about amenities and closing costs and working late advising foreign buyers in town on the best places to shop for gadgets and clothes.

The number of foreign buyers has doubled in the last two years, according to data from the research firm Radar Logic. In just the last 18 months, they have bought one-third of all new condos that were up for sale, said Jonathan J. Miller, an executive vice president at Radar Logic and its director of research.

"We'd have had difficulty absorbing the elevated level of new development coming on the market without foreign buyers," Mr. Miller said. "They are a key source of demand for new development."

Donna Olshan, a Manhattan broker, said that in December she typically received calls only from a few Wall Street bankers who had gotten their bonus numbers. This month, she said, a record number of foreign buyers have called, sent e-mail messages and shown up at her office shopping for real estate.

"We're seeing a flurry of foreign activity from Britain, France and Italy, looking to spend their pounds and euros," Ms. Olshan said.

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Foreign buyers are helping shield Manhattan from the housing slowdown that has plagued the rest of the nation and are providing a ready market for thousands of newly built condominiums. They like condos for the amenities and flexible rules that allow renting the apartments as investments. That many units are in neighborhoods that are not traditionally residential like Midtown and the financial district does not seem to bother the shoppers. They like that those neighborhoods are well known.

Diane Ramirez, president of the real estate brokerage Halstead Property, said foreign buyers would make up about 20 percent of the firm's sales transactions in 2007 in terms of dollars spent compared with nearly 15 percent in 2005. Ms. Ramirez said that five years ago, there were no apartments for foreign buyers because the market was made up mainly of co-ops whose owners would not welcome them into their buildings.

Real estate brokers project that foreign buyers will continue their shopping sprees for condos and clothes through the new year with the expectation that the dollar will continue to weaken.

Jonathan Fletcher, who works in information technology, and Aine Marshall, a dentist, came to Manhattan from London to buy a \$1 million investment property. Mr. Fletcher, who is considering buying in the financial district, where he believes there is opportunity for appreciation, plans to put down his deposit money first and wait for the dollar to weaken more before paying for the entire apartment. Even if he does not buy an apartment, the savings from shopping in the United States covered the cost of the trip, he said. They spent a total of \$8,000 on clothes, a camera and a \$5,000 drum set that would have cost about double back home.

Foreign buyers often purchase quickly because they largely view these apartments as investments like a bond or a stock. Dorothy Somekh, a Halstead broker, said that in an afternoon a Belgian couple she represented bought a \$1.7 million two-bedroom condo at the Sheffield in Midtown to rent out for about \$7,500 a month. After the couple signed the contract, they headed to Abercrombie & Fitch to shop for clothes for their daughters.

"They're not really sophisticated investors," Ms. Somekh said. "But they thought, 'Where else can I put my money?'"

Anne Marie Moriarty, a Corcoran broker, recently coordinated her meetings with an Italian buyer, Roberto Lorenzon, around his family's shopping schedule. She showed him some apartments after his trip to Gap Kids for his son and daughter. She met Mr. Lorenzon, a financial adviser, at Victoria's Secret while he waited for his wife to finish her shopping. While Mr. Lorenzon had a deal fall through on a \$1.3 million penthouse in Murray Hill, he will visit again in January.

"She was all about the stores, and he was all about the condos," Ms. Moriarty said. "All of the hours were arranged around shopping."

But Mr. Lorenzon said that in this "very favorable period" for investing and buying in New York, he had bought clothes, a neck massager, a digital picture album and toys for his children.

Of course, a busy shopping season means that Manhattan brokers are running out of time to buy family gifts. Ms. Moriarty, who has worked every day for six straight weeks, has resigned herself to shopping with the last-minute crowds. By the weekend, she said, her British, Irish and Italian buyers will "be home with their presents."