

# The Record

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## Gold Coast lures buyers

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SPECIAL TO THE RECORD

Lots of people can negotiate good real estate deals, but when Inyoung Park came to the table, she had a built-in advantage: Her money was simply worth more.

Park's parents, who live in Korea, purchased the two-bedroom condo at Independence Harbor in Edgewater in her name. She lives there; they can stay there when they visit and use it as their investment property.

Park, a 23-year-old who takes the ferry daily to her job in the financial district, estimates that the condo cost about \$795,000. But because the family transferred their won from a Korean bank to pay for it, it really cost them only about \$740,000 -- pricey, but a lot cheaper than similar places in New York City. Differences in the value of the currencies accounted for the savings.

New York City has long been a haven for international buyers, a trend that has stepped up in recent months because of the weak dollar. But local brokers and experts are saying that foreign buyers are increasingly looking across the Hudson River to New Jersey's Gold Coast, lured by luxury living at prices considerably lower than in Manhattan.

Because of the weak dollar, "they're buying at an appreciation the minute they sign, and that is very motivating," said Jackie Urgo, president of The Marketing Directors, a group that does marketing and sales for the new Trump Plaza in Jersey City.

Trump developers believe so much in the overseas market that they've hired an international sales director who travels throughout Latin America and other parts of the world, looking for foreign buyers.

"Foreign buyers are attracted because of the Trump name and the cachet that is associated with it," said Urgo. The international sales director meets with brokers who represent buyers overseas, and will attend major international property expos in Dubai, Moscow, Manila and Singapore.



Trump Plaza Jersey City eventually will have two towers of about 400 units each. The first 55-story tower is 84 percent sold out, and about 60 of the homes have been purchased by overseas buyers, mostly from Latin America, Asia and Europe.

Nelson Chen, the broker owner of The Chen Agency in Fort Lee, handled the Park deal. He and other experts say the number of foreign buyers in New Jersey started rising about six to nine months ago. One thing that led to an uptick in Korean buyers was a recent change by the Korean government, allowing citizens to take more money out of the country.

When Park was growing up in Demarest, her father regularly commuted between Korea and the U.S. for his work in clothing importing/exporting. Both parents, who have green cards, moved back to Korea not long after she graduated from high school.

Of her new condo, she said, "For my parents it's a safety net; if they want to come here after retirement they have a place to live," Park said. "At the same time, even though I technically couldn't save enough yet to buy on my own, I still get the full effect of what having a home mortgage would give me from a tax standpoint."

"The weak dollar was not the sole factor, but it was a big factor," Park said of the purchase. "If the dollar was very strong and we would lose out, my father might have had second thoughts. But given the economic situation, where the interest rates are so low we had a little more room to negotiate."

According to a 2007 survey by the National Association of Realtors, one-third of the group's members reported having at least one international client between April 2006 and April 2007. More than half of those who had international interest made the sale. About 25 percent of Realtors surveyed said their international business has increased in the past five years.

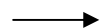
The survey found that 47 percent of foreign buyers planned to use the property as a vacation home for family and friends; the average buyer planned to spend about four months per year in their U.S. property.

At The Promenade in Edgewater, a buyer from Saudi Arabia closed in December on two units in a deal worth more than \$1.5 million, said Lennard Charles, the broker-owner of Smart Realty in Edgewater. The buyer plans to combine and renovate the units, and then live there during the summer, Charles said.

Foreign buyers have an advantage over many U.S. buyers who need to sell their current homes in a soft market before they can buy their next property, Charles said.

"Foreign buyers are generally looking for a second home," he said. "The effect of the market, soft or not, is irrelevant to them."

Still, according to the Realtor survey, the Northeast has the lowest percent of international sales, at 9 percent. The Southern region of the country has the highest with 49 percent. Manhattan stands apart: In the past 18 months, foreign buyers have bought one-third of all new condos for sale on the island, according to Radar Logic, a Manhattan-based company that tracks housing markets nationwide.



Jonathan Miller, executive vice president and director of research for Radar Logic, said foreign buyers do bleed out from Manhattan to New Jersey, but he was not confident they are doing so in big numbers. The trend overall, he said, will remain strong because of a continued weak dollar and lower interest rates.

"If we do slip into a recession, I don't know how much longer their enthusiasm will continue," Miller said. "If things do get worse, buyers might get spooked, but I don't see any sign of it so far."

Miller said he's seen the trend of foreign buyers ebb and flow over 20 years. Some upward swings are linked to a weak dollar, and others are connected to the cost of foreign real estate. In the late 1980s many Asian real estate markets skyrocketed, so Asian buyers came to the U.S. to purchase instead, he said.

"They singlehandedly softened the fall of the condo market at the end of the '80s. They absorbed a tremendous amount of new development," Miller said.

In that case, properties were bought mostly as investments or to rent out. Today, foreign buyers are looking for more luxurious properties for living and investment, he said.

While New Jersey's numbers may be small compared with Manhattan and other parts of the country, brokers and other experts say foreign buyers are still making an impact.

Aurora on the Hudson, a luxury condo development in Cliffside Park, has seen interest from foreign buyers, including some from Korea who have already signed deals, said Mary Boorman, senior vice president for the Pinnacle Companies, a development partner.

Construction is slated to begin in the spring on the project, which features work by famous designer Philippe Starck. Boorman said the Starck name is also attracting overseas buyers. The designer has "been passing us some potential purchasers because of their fame in Europe and Asia," she said.

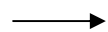
While much of the recent focus on foreign buyers coming to the U.S. has been on the residential side, the commercial side has also seen growth.

According to Real Capital Analytics, foreign buyers accounted for 7 percent of commercial property sales nationwide in 2007 -- up from 1 percent in 2004.

Those numbers in New Jersey are not as strong, said Real Capital spokesman Dan Fasulo. Out of the \$7.4 billion worth of commercial real estate activity in 2007, foreign investment accounted for less than 1 percent.

"Northern New Jersey is a good market, but it does not have the type of trophy assets like there are in Manhattan," said Fasulo. Still, those real numbers could actually be higher because many times foreign capital comes in through private partnerships, making it more difficult to track, he said.

Dean Marchi, first vice president of the private client group for CB Richard Ellis, the world's largest commercial real estate broker, said he's still seeing movement in smaller deals.



In recent months, Marchi said, he talked to an Italian investor about a mixed-use building for sale in Newark and a Shanghai buyer about an apartment building in East Orange.

"These are properties in the \$2 million to \$5 million range," he said. While real estate is largely a local business, Marchi said technological advances are making it easier for international buyers.

"As information has become more readily available via the Internet, it is as easy for someone at a desk in Milan or Shanghai to access data as it is for me," he said. "With an airplane trip here and a local management firm, there is no reason why they can't own property."