

Chinese Invest in Queens Real Estate

By C. J. HUGHES

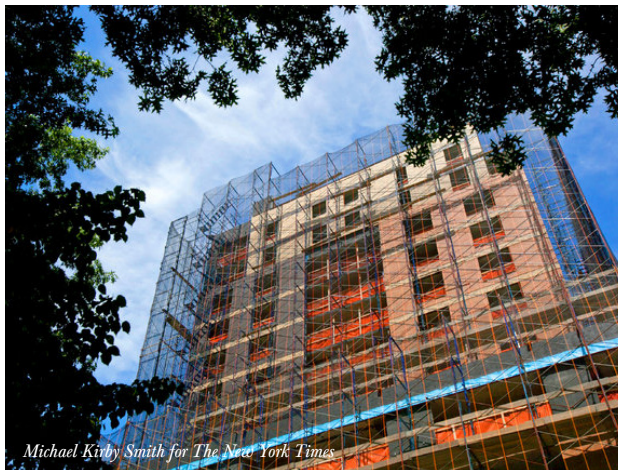


Michael Kirby Smith for The New York Times

Bill Seto at the site of One Fulton Square in Flushing. He says newly wealthy buyers from China are increasingly drawn to Queens.

Quick, name a New York neighborhood that has investors from China buying properties. Midtown? TriBeCa? The Upper East Side? Guess again. They're going to Queens. The borough of airports and the Mets has boasted a thriving East-Asian community for decades, in Flushing, so perhaps the destination doesn't come as a total surprise. But when interest began to build among Chinese citizens a few years ago, its focus was a handful of high-end, high-rise condominiums in Manhattan. Now, as the pool widens to include more upper-middle-class buyers — and as Chinese investors overall diversify their bets — Queens is reaping the benefits, according to developers, lenders and brokers. “In the beginning, there was a lot of well-to-do people from China buying here,” said Bill Seto, a residential broker in Flushing who was born in Hong Kong but has worked around the city for three decades. “But in the last year, it started to be different.” Mr. Seto is also the president of the Chinese American Real Estate Association, a local trade group whose 350 members include lawyers, title companies and mortgage brokers. “These new buyers have just come into wealth,” he said, “and they also want to invest it in New York.” Measuring this trend can be difficult; deeds don't generally indicate a buyer's country of origin. And because some buyers speak mostly Mandarin, and seek out agents who can do the same, the number of brokers who can reliably vouch for the phenomenon is limited. Still, buyers from mainland China today can account for as many as half of the buyers at certain buildings in “Falasheng” (as the area is known in Mandarin) and surrounding neighborhoods, brokers say. A few years ago there were virtually none. Ten of the 21 units that have sold in the condominium portion of One Fulton Square, a mixed-use project on Prince Street in Flushing, have gone to Chinese buyers, according to Mr. Seto, who is marketing the project for the F&T Group, the developer. One-bedrooms in the 43-unit building start at \$550,000. Similarly, overseas buyers are flocking to Sky View Parc, a 448-unit Flushing condo complex owned by Onex Real Estate Partners. About 135 of the 410 units that have sold so far have gone to buyers from China, said Helen Lee, an Onex director, adding that one-bedrooms, which started at \$500,000, are now sold out. For many Chinese buyers in this latest wave, the apartments are investments and will be rented out, according to Ms. Lee, who says that Sky View often has tenants lined up before a deal even closes. These tenants tend to be students at Queens College, the Fashion Institute of Technology or Parsons, the design school, though usually not the children of the buyers, she said; some of the buyers also own homes in Manhattan. “This is no longer about going after some Fifth Avenue apartment for prestige and status,” Ms. Lee declared. The influx of Chinese buyers has prompted several studies on their buying trends. Nationally, New York

would appear to have some catching up to do. More Chinese buyers snapped up homes in California than in other states, according to a report on international buyers released in June by the National Association of Realtors. In fact, 53 percent of Chinese purchases in the United States were made in California, the report found. Illinois, with 5 percent, came in a distant second, followed by Massachusetts, North Carolina and Texas, in a three-way tie at 4 percent. New York had 3 percent. Canada is the country from which most foreign buyers are coming, representing 23 percent of all deals, the report found; China was second, with 12 percent, followed by Mexico, with 8 percent. But China accounted for just 5 percent of all foreign deals in 2009, the report noted, and that rose to 11 percent in 2012. A comparable spike may be around the corner for New York City, according to Juwai.com, a Web site created to help buyers from China find overseas properties. Started in 2011, Juwai (pronounced JOO-why) offers a few million home listings in 53 countries. The site can be loaded either in simplified Chinese characters, for mainland Chinese, or traditional Chinese for people in Hong Kong and elsewhere. Unlike other real estate sites, Juwai, based in Shanghai, pays careful attention to its translations, said Andrew Taylor, a founder of the company, adding that the few English-based sites that try to translate listings often get it wrong.



Michael Kirby Smith for The New York Times

Almost all units of One Fulton Square have been bought by Chinese buyers.

“The Chinese comes off at best, stupid, and at worst, misleading or offensive to the consumer,” Mr. Taylor said. Juwai's precise translation costs brokers \$158 a month for 20 listings, which also covers additional explanatory marketing on the Web page to help buyers distinguish between, say, Murray Hill in Manhattan and Murray Hill in Queens. In addition, Juwai operators field calls from buyers in a variety of Chinese dialects, before directing them to listing agents. Access for consumers is free. So far, the United States has been the No. 1 search for Chinese buyers, according to a new Juwai report, with New York leading all other American cities. In May, New York was the recipient

of 26,437 Web searches, versus 19,989 for Los Angeles and 16,434 for San Francisco. And Queens draws the most interest; it had 9 of 10 of the most-searched neighborhoods from January through April, according to Juwai, whose listings emphasize middle-of-the-pack homes over luxury ones. Kew Gardens claimed the top spot, followed by Flushing and Forest Hills. Others that garnered interest were Elmhurst, Jackson Heights and Rego Park, where many Asian families have put down roots. Howard Beach, historically an Italian-American enclave, finished at No. 9. But there may be a simple explanation: Waterfront destinations account for about half of all the places around the world that Chinese buyers are interested in, according to Juwai, even if there's not much sand in Howard Beach. Jacques Ambron, the broker/owner of Madeleine Realty in Forest Hills, says that in the last year he has begun receiving calls from China for the first time in his 32 years selling homes, and that those buyers appear interested in neighborhoods beyond Flushing. At a recent open house in Kew Garden Hills, all of the 20 buyers who lined up early to get in were Asian, he said, and a handful appeared to be from overseas. (The property was a fairly standard Queens dwelling — a semidetached two-family with a small front yard. It was listed at \$465,000, and sold for \$483,000 to a local buyer, Mr. Ambron said.) “Flushing has become so dense,” he added, “there may be nowhere to go but out.” Though people may be poring over listings 7,000 or so miles away, that doesn't mean they're all beating a path to New York. Some brokers who have Queens listings on the Juwai site say they have yet to hear from buyers from China. “I really, really hope they come,” said Carolyn DeFalco of Re/Max Liberty, who in July listed a two-bedroom condo with a private terrace in Howard Beach for \$269,000. Mr. Taylor noted that Chinese buyers face restrictions at home: the country limits how much money can be transferred out in a year, for example, and securing a visa to come over for house-hunting can take several months. Still, he said, the intense Chinese desire to invest in other places is being fueled by insecurity among the newly rich, who worry that their wealth could vanish if the political winds shifted. “It will be interesting to see how these places go in the next six months,” he said. Another reason driving Chinese interest in overseas properties, according to Juwai and local real estate brokers, is education; many families want their children to enroll in American schools, whether public or private, and homes here can be a ticket in. Although the Chinese market may be widening, some constants still apply, brokers say. New construction is preferable to old, as are condominiums to co-ops. And for ideal feng shui, southern exposure tops a list of important factors. And, of course, Manhattan continues to enjoy strong interest among Chinese buyers looking to spend \$3 million and up. Luxury condominiums like the Aldyn, the Rushmore and Carlton House — all uptown properties from the Extell Development Company — are a strong draw for Chinese, said Nikki Field of Sotheby's International Realty, who in 2008 began reaching out to such clients. Last year 22 percent of her buyers were from China, she said, and she just hired a Mandarin-speaking associate. Asher Alcobi, the president of Peter Ashe Real Estate on the Upper East Side, says that 30 percent of his business is from China, Hong Kong or Singapore. Two of the three condo units he recently sold at the Chelsea Green, now under construction in Chelsea, went to Chinese citizens. Iris Chen of Hong Kong bought a one-bedroom there for about \$1 million. In 2011 she acquired two one-bedrooms at Trump SoHo for a combined \$1.8 million; they are rented out most of the time, though she occasionally stays there when visiting New York. Ms. Chen says she will very likely lease the Chelsea Green unit when the building opens next year. “The property market in China is too expensive; the same money here won't buy the same thing there,” she said. “Chinese people want new opportunities, which is why they are putting their money overseas.”