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BIG DEAL

# Prospecting for Dollars

## Developers Market Foreign Real Estate to New Yorkers



Christian Horan

A vacation house in Oil Nut Bay in the British Virgin Islands is among properties developers are marketing to New Yorkers.

By JULIE SATOW

Published: November 14, 2013

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International buyers are known for spending big money in New York, be it the woman from China who spent more than \$6 million on a home for her toddler at the skyscraper One57, or the daughter of Dmitry Rybolovlev, the Russian potash magnate, who used a trust to pay \$88 million for an apartment at 15 Central Park West.

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Viewpoint

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A rendering of the lounge at Meier-on-Rothschild, a 42-story condominium in Tel Aviv.



Berggruen Residential

Meier-on-Rothschild

But what of wealthy New York buyers who might set their sights elsewhere? As luxury real estate surges globally, developers with projects in cities around the world are increasingly turning their marketing dollars toward New York.

“We have put our aims on New York because this is where a lot of potential buyers are,” said [Yigal Zemah](#), the founder of Berggruen Residential, which is building a 42-story condominium in Tel Aviv. Designed by the [Pritzker Prize-](#)

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winning architect Richard Meier, the project, called Meier-on-Rothschild, is one of the country's most expensive, offering a 15,000-square-foot penthouse priced at nearly \$50 million.

A number of builders are following Mr. Zemah's lead and marketing their projects in New York. So far this year, 13 offering plans have been filed in New York for projects being built outside of the state, according to the [New York State](#) Attorney General. That is more than double the six projects filed last year, although far below the 46 offering plans filed here in 2007 during the peak of the real estate bubble.

"There has been a definite increase, yes," said Stuart M. Saft, a chairman of the global condominium development practice at the law firm Holland & Knight. "In the last two years, we have done as many New York offering plans for out-of-state offerings as we did in the previous five years."

This is being helped along by the rising prices in New York's ultraluxury market. Developers selling multimillion-dollar homes have tended to concentrate on the big money in areas such as China, Russia and the Middle East. But as condominium prices in New York approach the \$100 million mark — catching up with cities like London — New Yorkers begin to look like prime candidates.

"Global developers are not scared of New York," said Royce Pinkwater, a broker who specializes in superluxury projects in New York and globally, and the chief executive of the firm Pinkwater Select. "New Yorkers are not only among the most global residents in the world, but the increase of wealth here has made it very attractive."

Among the projects drawing the attention of New Yorkers: 5 Princes Gate in London, a small luxury building developed by Mike Spink; and [18 Nouvel](#), two 36-story towers in Singapore designed by Jean Nouvel, also a Pritzker Prize-winning architect. Many of the developments being marketed to New Yorkers are in vacation areas like [Florida](#) and the [Caribbean](#). For example, the developer of [Oil Nut Bay](#), a community of vacation houses in the British Virgin Islands where



prices range from \$3 million to as much as \$50 million, has been actively courting New Yorkers.

“New York kind of dropped off the radar for a few years after the collapse of the financial sector,” said David V. Johnson, the founder of the [Victor International Corporation](#), the developer of Oil Nut Bay. “But it is certainly back now.” The company has hired a New York public relations agency and is holding parties to advertise the project, most recently at the exclusive Metropolitan Club. “Marketing to New York is a heavy focus of ours,” he said.

In [Miami](#), the Argentine developer Consultatio is building the [Oceana Bal Harbour](#), a 240-unit luxury condominium adorned by two large Jeff Koons sculptures. Sales began two weeks ago, and so far about 10 percent of buyers are from the New York area, said Ernesto Cohan, the director of sales. “New York is going to be an important piece of the equation for us,” he predicted.

But although increasing numbers of developers want to woo the New York market, the process is arduous and costly. New York is the only state in the nation that requires developers to file offering plans with the state attorney general if they want to sell co-ops and condominiums to its residents, even if the projects are elsewhere. Even to market the project in New York but not officially sell it, developers are required to file certain documents.

On top of this, the offering plans required by the New York attorney general are far more extensive than in many other parts of the country. They typically run 400 pages and require comprehensive disclosures — for instance, certifications from architects and projected expenses for the first year of operation, with detailed footnotes containing the basis for those numbers. “It is very, very complicated,” Mr. Saft said. “The regulations themselves run in the hundreds of pages.”

The requirements date back to the Martin Act of 1921, which came into being to protect New York buyers from charlatan developers advertising vacation homes in states like Florida, “only for the buyers to turn up and find out they had bought a swamp,” Mr. Saft said.

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With such a high barrier to entry, some developers don't bother to follow the strictures. The ramifications of failing to file the correct paperwork, however, can be serious, Mr. Saft said. Anyone selling units to New Yorkers without an accepted offering plan faces the possibility of being banned by the attorney general from selling co-ops and condos in New York, as well as fines of \$10,000 a unit, he said.

“Only serious developers who have major projects can really afford to do business in [New York City](#),” said Mr. Zemah, who spent \$100,000 in legal fees to file his offering plan for Meier-on-Rothschild.

After more than a year of gathering the appropriate paperwork, Mr. Zemah is finally able to begin a marketing push in New York. The company interviewed some 15 New York brokers and recently hired Jacky Teplitzky of Douglas Elliman to represent the building in the state.

“I'm very excited about this opportunity, because we are doing it all the way,” said Ms. Teplitzky, who was born in Chile and raised in Israel. “We have to sell two things: the building and Tel Aviv. People still think of Israel as not a fun country, and associate it with history, religion and conflict.” To change the perception of potential buyers, Ms. Teplitzky is creating a marketing video to take them on a virtual tour of the city. She also plans to open a sales center in New York.

“You have all these foreign developers looking around the globe and saying, ‘From where are we going to get our buyers?’ ” Ms. Teplitzky said. “It just makes sense that New York is the next go-to place.”

A version of this article appears in print on November 17, 2013, on page RE1 of the New York edition with the headline: Prospecting for Dollars.

<http://www.nytimes.com/2013/11/17/realestate/developers-market-foreign-real-estate-to-new-yorkers.html?smid=pl-share>

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