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SOTHEBY'S INTERNATIONAL REALTY

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What was your biggest deal or most successful project this year?

A triple sale/triple rental deal with a European investor who purchased a high-end condo for income and appreciation potential. Within weeks of the closing, I placed a qualified tenant, who, after two months of occupancy, made my owner a significant offer for purchase. The principle and profit from that sale were used to double-down on 2 more trophy properties, and both are now available for rental: a 5-bedroom, loft-style, furnished home at The Lucida for \$35,000 monthly and a Didier Lorence-designed and furnished 3-bedroom at One Beacon Court for \$50,000 monthly.

Have you noticed an increase in foreign investors?

I traveled to China last month to build on Sotheby's growing business with international investors. The emerging elite in Beijing and Shanghai are particularly interested in acquiring Manhattan residential real estate. The Chinese appetite for Manhattan is exploding. International buyers consider the New York market a stronger investment opportunity than other world capitals. A recent *International Herald Tribune* survey determined that residential values in Manhattan are 18 percent below London, 54 percent below Moscow and a whopping 94 percent below Hong Kong. It is not surprising that the Chinese are taking advantage of current market conditions here.

Why this focus on Manhattan when there are better prices in other U.S. markets?

Use and familiarity. Many international investors are following their

children here, who are flooding school and university campuses along the East Coast. These buyers are purchasing homes for personal use, proximity to the schools and prime investment opportunities. They find that conditions in the Manhattan market are much healthier than most of the country, thereby providing purchase incentive along with income and investment security.

In what direction are prices headed?

I am currently seeing market stabilization, especially on the high end, with gradual price increases becoming substantial as inventory declines and economic conditions improve. If you are looking for a prime property, this is definitely the time to buy. In my opinion, prices for high-end residences are still rising.

What, in your opinion, is on the horizon for the real estate market in your area this coming year?

Amped up foreign investment. The Association of Foreign Investors in Real Estate (AFIRE) Survey recently ranked U.S. real estate as "Most Desired Amongst Foreign Investors," and ranks New York City as "Top Global City for Real Estate Investment." When asked which country provided the best opportunity for capital appreciation related to real estate investments, an astounding 65 percent of those surveyed answered the United States. This was a drastic increase over the mere 26 percent of the vote received in 2006 during a time when the U.S. real estate market was at its peak. For sake of comparison, in 2009, New York City finished behind London globally and Washington, D.C., nationally. It is clear that the New York market is the targeted area for the non-U.S. investor.