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NYC brokers sell the world

As the market tightens, Manhattan agents take on more listings in other countries

By Hayley Kaplan

Last spring, Manhattan real estate broker John Barbato got a call from Spain. The owner of an 11-room condo in Barcelona wanted to know if he would list the property.

The seller had heard about a \$60,000-per-month rental deal Barbato had done at Olympic Tower at 641 Fifth Avenue in Manhattan, and called the Stribling & Associates broker directly to ask if he would market the condo, plus another property in Ibiza, Spain.

The seller, a high-profile figure in his native country, told Barbato he wanted an overseas broker to help maintain his privacy during the sales process.

“There are people of a certain stature who don’t want everybody to know they’re selling their home,” said Barbato, who is now listing 18 Turo Park in Barcelona for \$9.39 million and a four-bedroom Ibiza villa for \$1.75 million.

And he isn’t the only New York broker marketing overseas properties. The financial crisis is still impacting many corners of the globe, but über-wealthy jet-setters largely immune to the economic turmoil are using it as an opportunity to snap up real estate. And international sellers are increasingly reaching out to New York brokers in hopes of getting more publicity — and wealthy buyers — for their listings.

Although international listings tend to make up only a small part of brokers’ overall annual business — around 5 percent, agents estimated — industry insiders said that marketing overseas properties offers an increasingly helpful way to earn extra revenue and make contacts in a tight market.

Indeed, Manhattan brokers, faced with a shortage of available inventory at home, are more motivated than ever to market properties in other countries. That’s especially true since listing properties abroad can help them network with international clients who may be interested in buying in New York.

“It happens pretty rarely that I find a buyer for [one of my] French [listings],” said Joelle Larroche, a broker at Douglas Elliman in Manhattan who is currently listing several properties in her native France. “But to do this creates contacts [with] people buying in Manhattan.”

American money

New York City brokers — especially those who originally hail from overseas — have always had a smattering of international properties. But recent market conditions have led more brokers to list homes abroad.

In addition, the luxury real estate market is now more global than in the past. That means if high-end sellers want the best price for their homes, they have to market their properties outside their home country, explained Yolande Barnes, the director of residential research at London-based brokerage Savills.

“Real estate has become a global investment commodity,” Barnes said.

To that end, many overseas sellers look to New York brokers. Because Manhattan real estate is popular with buyers from all over the world, brokerage websites here are among the most-trafficked real estate sites in the world.

Marie-Claire Gladstone, a Manhattan-based broker at the Corcoran Group, is a beneficiary of that higher web traffic. Gladstone is currently listing a \$16.75 million château in St. Tropez, France, and recently got an inquiry about the property from a potential buyer in Australia, who had stumbled across the listing on Corcoran’s website. That buyer ended up making an offer on the home, Gladstone said, though the deal ultimately fell through.

And, of course, many international sellers are hoping that enlisting a New York broker will help attract wealthy American buyers.

“[Sellers are] definitely looking for the American money,” said Manhattan Douglas Elliman broker Frances Katzen, who is currently listing eight overseas properties, including an \$86.85 million villa in Italy and a five-bedroom apartment in Sydney priced at \$17.5 million. “It’s a way for the Italians and the Turkish and Middle Easterners to feel that they have the Western option or the American option.”

In particular, marketing to Americans has increased in countries that have been hit hard by the global financial crisis, such as Italy and Greece.

“It’s a good time for Americans to buy in Italy now because the [Italian] market is suffering,” said Keller Williams NYC broker Richard Tayar, who is originally from Florence. He is currently listing two estates in Tuscany — one for \$53 million and one for \$45.18 million — and said he has received inquiries about them from New Yorkers looking for vacation homes.

Larroche — who is currently listing Château de Sannes in Provence for \$13.7 million, and a three-bedroom apartment in Paris for \$2.6 million — said having even a few international listings can be crucial to finding foreign buyers interested in purchasing properties in New York City.

“My main objective is to sell apartments in Manhattan,” she said, “and this is a way to find buyers.”

And international listings can sometimes amount to easy money for New York brokers.

Brokers are occasionally offered a fee — sometimes thousands of dollars per month — just for putting an international listing on their website. “Some [owners] just pay you because you had it on [your] website,” Katzen said. “You’re doing the courtesy to house it, so you get paid something.”

Other times American brokers receive a referral fee, or part of the commission.

Elliman broker Neal Sroka said he often acts as the marketing consultant for Viceroy Hotels and Resorts, selling homes at Caribbean properties such as the Viceroy Anguilla and the Sugar Beach resort in St. Lucia.

For those projects, Sroka said he sends one of his team members to the development to assist in marketing. He then receives a monthly fee from Viceroy to advertise the listings on his site. (He declined to say how much that fee is.)

New York City brokers are not legally allowed to list properties in cities where they don't have a real estate license, so most of the overseas properties listed by New York brokers are co-listed with a broker based in the seller's home country. That broker usually takes care of things like showing the listing to potential buyers.

Barbato, for example, said after the Spanish seller contacted him, he did research to find a local brokerage — Isabel Vert — to co-list the Barcelona property with him. He's sharing the Ibiza listing with Savills, which has an office there.

Tayar's Tuscan listings, too, are co-listed with a local Italian brokerage, since he does not have a real estate license in Italy.

Still, New York brokers do sometimes travel internationally to service overseas listings. Barbato flew to Barcelona to meet his Spanish client, for example, and Tayar makes several trips to Europe each year. Katzen said she also frequently travels to Europe and Australia, doing networking to get listings.

And many New York-based firms have relationships with firms overseas, which they can tap to help sell new listings. For example, Stribling has a partnership agreement with the high-end London brokerage Savills, while Elliman has a similar arrangement with London-based brokerage Knight Frank. Meanwhile, Brown Harris Stevens is an affiliate of Christie's International Real Estate. And in April, with the help of Tayar, Keller Williams NYC formed a partnership with Lionard, a boutique brokerage in Tuscany.

Of course, there are challenges to listing international properties.

When the seller of a Tuscan villa asked Katzen to list the property, Katzen first wanted to verify its existence and determine the condition of the property. So she reached out to Knight Frank, which sent a broker to visit the Italian property and report back. Katzen is now co-listing the property with Knight Frank.

Another challenge is that commissions are usually lower overseas than they are in New York, where the standard 6 percent is "probably the highest commission in the world," Barbato said.

In London, for example, the standard commission is 2 percent, Barnes said, though sellers there pay for marketing expenses, unlike in New York, where the broker is expected to foot the bill.

How much a New York broker makes on an international listing varies depending on each country's rules, and negotiations with the seller.

If Barbato finds the buyer for his Barcelona and Ibiza listings, he will get the entire commission, which in Spain is about 4 percent. However, if the local brokers he's working with in Spain find the buyers, Barbato's agreement states that he receives only a referral fee. Depending on their agreement with their local counterpart, a New York broker may get nothing at all if they don't find the buyer.

Elliman's Larroche said even if she finds a buyer for her French listings, she usually earns only a referral fee, which is typically about 20 to 30 percent of the overall commission.

There are a bevy of other challenges, too, from different time zones and language barriers to local customs. Keller Williams' Tavar said he's had a hard time getting Italian brokers — who are used to focusing on local buyers — to consider marketing their properties internationally.

Many Italian firms “don't want to hear about” it, he said. “So it's been hard to find the right partners.”