

Why Chicago is in the international real estate spotlight



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Chicago is becoming a magnet for international buyers, mainly from China, as evidenced by some high-profile deals in the hundreds of millions of dollars last year. While large investors are interested in purchasing downtown office buildings — there were over \$2 billion in deals in 2013 and 2014 — large and small investors are buying Chicago-area residential property.

Investment buyers

Though there are no statistics on Chinese buyers in Chicagoland, Coldwell Banker agent Danielle Moy, whose parents are from China, says she works with such clients often.

"Quite a few of my clients live in China and are buying with cash for investments," she says. Some purchase condos for their kids to live in while attending college here, then rent them after their children graduate, Moy says.

Why Chicago?

Many Chinese parents want to provide their kids with a U.S. education, and universities like Northwestern, the University of Chicago and DePaul University are highly ranked, Moy says.

In addition, some Chinese buyers use relatives here as their "eyes" to visit properties, relay information and attend inspections during a contract. Others make the long journey themselves.

Most of Moy's foreign clients are from China though she recently got a referral for a couple in Mumbai, India, who also has eyes in Chicago to help them search.

Even before the recent surge in Chinese real estate investors, Chicago was on the map for international investors from Canada and Europe, as well as from other parts of Asia. The city hosts more than 1,800 foreign-based companies with more than \$100 billion in foreign direct investment, according to World Business Chicago, a nonprofit economic development group.

The Chinese trend is more recent. Chinese investors who have been snapping up real estate in London, New York and San Francisco for several years are now turning to Chicago, says John Robinson, chief executive of Mandarin Communications Group, a consulting and media company that connects Chinese residents and visitors in the U.S. with American brands and real estate.

"New York is hard to get into because asset values are so high, and the potential for appreciation is somewhat limited," Robinson says. "A lot of Chinese investors are looking for lower price points to buy something prime."

A Chinese client of Robinson's says that real estate in China is now priced too high for investors to expect further appreciation. Chinese developers in business for decades have amassed cash that they are now investing instead in America, Australia and Europe, the client says.

Chicago offers a stable economy, a reliable U.S. legal system, frequent flights to China and for commercial investors, a lot of prime downtown real estate that hasn't skyrocketed to New York or San Francisco levels.

Residential investors are attracted to downtown condos and single-family homes in suburbs with good schools, like Naperville, Arlington Heights, Buffalo Grove, and Palatine, Robinson says.

Selling to international cash buyers

Sellers like dealing with international buyers because they pay cash, Moy says, eliminating the worry that a deal will be canceled if a mortgage loan doesn't come through.

That's particularly important in some condo developments, where banks won't lend if a high percentage of owners are renting out their properties. Sometimes foreign buyers ask agents to contact owners looking to rent out units in desirable buildings, asking them if they would consider selling instead.

With listed properties, "They're being pretty aggressive and coming in at full price. They know the value is there," Moy says.

To attract international buyers who travel, sellers might consider advertising in hotel publications, Moy suggests.

They could also advertise in a Chinatown newspaper, as Moy does. Her ads are in English though it probably helps that she also speaks Cantonese.

For Chinese buyers, be sure to play up a second kitchen or mother-in-law quarters if you have them — many Chinese families like multigenerational living, Moy says.

And make sure your kitchen exhaust fan works properly. Wok cooking and savory foods fill the air with scents, and both Moy and Robinson said that Chinese buyers always test the fan. A large refrigerator and high-quality appliances are also big pluses, Moy says.

—*Teresa Meek, Tribune Content Solutions*

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