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BIG DEAL

Why Brokers Study Chinese



Richard Perry/The New York Times

FOLLOWING THE MONEY Kevin Brown and Nikki Field of Sotheby's International Realty travel to Asia four times a year.

By ALEXEI BARRIONUEVO

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WITH a torrent of money flowing into the United States from China, some savvy real estate brokers are trying to jump in farther upstream to better position themselves to win new clients.

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When the New York market dried up at the end of 2008, Sotheby's International Realty turned its focus to Asia. The company dispatched one of its prominent brokers, Nikki Field, to travel to Asia to develop relationships with potential clients. She and her real estate partner, Kevin Brown, began making about four trips a year there, with a growing focus on mainland China.

"We wanted to get out ahead of the world's investment flow," Ms. Field said.

And with good reason. The explosion of wealth in China has created myriad new billionaires eager to diversify their holdings with real estate investments in the United States. Often, they are looking to give their children a plush crash pad for boarding school or college, or a place to live in when they start careers and families. Many wealthy Chinese are also looking for places to invest where to preserve their wealth and avoid the rising inflation in Chinese cities like Shanghai and Beijing.

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One57, left, set aside apartment 88 for Chinese buyers; perceived as lucky, it's in contract.

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Robert Stolarik for The New York Times
The lobby at 225 Rector Place was designed with feng shui in mind.

No city in the United States has been a bigger beneficiary of the Chinese buying wave than New York.

So to some brokers, it has made sense to more aggressively seek out Chinese buyers on their own turf.

Since 2008, Ms. Field said, she has been on an at times exasperating journey to understand China. She started taking Mandarin classes about two years ago. More recently she and Mr. Brown have been attending classes in Mandarin and business culture at the State University of New York's Confucius Institute for Business, a program that began in early 2011 and that is seeing a lot of interest from real estate brokers eager to sell to the Chinese.

While other major foreign buying groups in New York — the Brazilians, the Russians and other Europeans — all require some cultural understanding for brokers to be successful, no group has posed more of a challenge than the Chinese, brokers say.

The old way of doing business is no longer enough, Ms. Field said. “We as Americans always expected anyone to adapt to our business style, and they did,” she said. “That is no longer true with the Chinese. There are too many of them, they have too much power. We truly must adapt to their style of business in order to do deals.”

Not all brokers agree that regular trips to China and classes in Chinese business protocol are necessary to win deals in [Manhattan](#).

Janet Wang, a broker at the Corcoran Group, who along with her colleague Carrie Chiang, make up one of the more successful real estate teams doing deals with the Chinese in New York, said that they have politely declined invitations by banks and organizations to travel to China to talk about American real estate.

“I have yet to see how successful those cold approaches and road shows are,” Ms. Wang said. “Chinese, especially on the high end, rely heavily on the circle of their trusted friends and family members and people they have done business with in the past.”

Dolly Lenz, the vice chairman of Prudential Douglas Elliman, said that classes in Mandarin and Chinese culture aren't necessarily the answer.

“In my opinion, that won't be what will work in the end, but it can't hurt,” Ms. Lenz said. “What matters to them is trust. And they expect you to be on the ball and know everything.”

Ms. Lenz hasn't made a trip to Asia in six years. She said she continues to rely on the web of contacts she made during an eight-year span when she made some 25 trips to Asia.

Still, she is benefiting from the Chinese buying wave. Half of her clients now come from Asia, many of them from China. That is twice as many as she had two years ago, she said.

Chinese billionaires continue to buy high-end properties in buildings like the Time Warner Center, 15 Central Park West and the newest, One57. But in May and June she saw something different: an “almost overwhelming volume” of calls and sales driven largely by interest in apartments ranging from \$3 million to \$6 million — what Ms. Lenz calls the “middle market” in Manhattan.

Chinese buyers are also no longer paying all cash as they were a few years ago. In recent months, several Chinese buyers have financed their purchases, some with United States-based loans, Ms. Lenz said. They seem to be leveraging in New York so they can also buy properties in [Los Angeles](#), London or other cities, she said.

On her trips to China, Ms. Field has noticed a change in the conversation among potential clients. “When I first went over there five years ago, my presentations all had to be about



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return,” she said.

“Everyone was looking for returns. Two years ago, return questions almost dried up. Now it is all about wealth preservation. They are anticipating a bubble” in China, she added.

For Ms. Field’s team, that concern has translated into growing sales. Meetings with 37 potential Chinese clients this year resulted in nine signed contracts or closings on properties in Manhattan, at prices ranging from \$3.5 million to \$50 million. Most of those were at One57, she said.

Groups of Chinese are making their way to New York for house-hunting tours. A Mandarin-English luxury lifestyle magazine, YUE, is organizing a real estate conference in New York in October at which Ms. Field is scheduled to speak. More than 150 wealthy Chinese that Sotheby’s has reached out to are expected to attend, she said.

After five years of traveling to Asia, Ms. Field acknowledges that she is still not fluent in Mandarin and has “only scratched the surface on the choreography” required to be successful with the mainland Chinese. There is proper protocol with greetings to consider, welcome gifts, seating and who eats when at meals. There are nuances related to distinguishing business time and social time.

Understanding Chinese negotiating styles has been a challenge, she said.

But nothing is more puzzling to brokers and non-Chinese sellers than feng shui, the Chinese belief system that often dictates a final purchase decision. Apartments need to be feng shui-friendly. The layout of the apartment — which direction it faces, where the kitchen and bathrooms are — are all factors. Ms. Wang said some of her clients have a family feng shui counselor “on speed dial” and won’t hesitate to fly him or her in from China with a compass to evaluate a potential purchase.

Numbers are a particular focus. The number eight sounds like the word for “prosperity,” and that is one reason some of the full-floor apartments at One57 were sold early to Chinese buyers for about \$50 million apiece. The Extell Development Company, which is building One57, specifically set aside apartment 88 for Chinese buyers, and it is under contract to a Chinese buyer, Ms. Field said.

Developers like Extell and the Related Companies have tried to make buildings feng shui-friendly. The designer Clodagh created peaceful, harmonious lobbies at the Caledonia in West Chelsea and at 225 Rector in Battery Park City that have helped make those buildings popular with Chinese buyers, said Sherry Tobak, a senior vice president of the Related Companies.

But some buildings simply face an uphill battle. At 995 Fifth Avenue, the former Stanhope Hotel, Ms. Field said that Chinese buyers in Beijing and Shanghai initially were excited about an 8,000-square-foot apartment she was selling for \$30 million — until they realized it was a restoration, not a new building. “They were very concerned about past lives that were inhabiting the building,” Ms. Field said.

A development at the former Drake Hotel site, 425 Park Avenue, which will be the city’s tallest residential building (and some say the country’s) when it opens, is not likely to have many Chinese residents. The number four sounds like the word for “death” in Chinese. Both Ms. Field and Ms. Lenz said they haven’t received any calls from the Chinese, although wealthy Russians keep calling.

But knowing that four is not a good number to have in an address is the easy part. “I have talked to my tutors about this, hoping to get a road map, so I would understand what would be approved as good feng shui versus bad, but there is no road map,” Ms. Field said.

Ms. Field is off to Asia again in two weeks, this time on a swing through Beijing, Shanghai, Singapore and Hong Kong. In Hong Kong, Sotheby’s auction house will be selling art and wine. She is expecting the event to attract a lot of high-net-worth Asians from the region.

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“It is drawing bigger numbers than our auction houses have in the past for any sales,” Ms. Field said. “They are buying art and also looking for the houses to put the art in.”

Follow Alexei Barrionuevo on Twitter: [@alexeinyt](#).

This article has been revised to reflect the following correction:

Correction: September 7, 2012

In an earlier version of this article, a photo caption misstated the address for a building in Battery Park City. It is 225 Rector Place, not Rector Street.

A version of this article appeared in print on September 9, 2012, on page RE1 of the New York edition with the headline: Why Brokers Study Chinese.

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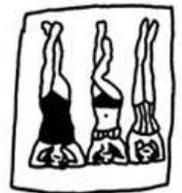
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