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## Europeans Flock To Buy New York Real Estate

By Roland Li

Affluent citizens from France, Britain and other European nations who are concerned about their euro-denominated assets as the euro zone's sovereign debt crisis worsens are flying to buy one of the world's most stable investments: Manhattan real estate.

With the island's limited supply and international prestige, New York's condo values -- underpinned by the strong U.S. currency -- are expected to increase, allowing the foreign buyer to use cash to generate returns with a resale and avoid high taxes at home.

The election of French socialist party candidate François Hollande has been an additional worry in Paris and beyond. Hollande favors a tax rate of [75 percent](#) on those earning more than 1 million euros (\$1.24 million) per year, including capital gains. And his potential differences with German chancellor Angela Merkel could lead to further breakdowns in euro zone talks and more delays in solving the problem.

Dolly Lenz, vice chairman of Prudential Douglas Elliman and a top New York residential broker, described European investment in New York City real estate as "fright capital" in an interview with [CNBC last week](#). "Europeans are coming in droves," said Lenz. "They're concerned about what's happening in Europe, after the election in France and everything else."

The record-low interest rates in the U.S. are not a major driver of foreign investment in New York City real estate, added Lenz. Many of the buyers pay cash, and those who seek to qualify for mortgages generally need a 40 percent down payment.

The U.S. dollar has risen to around 0.80 euros, up from 0.67 euros last April, so properties can no longer be had at a steep, exchange-aided discount. But Europeans can also rent their properties when they are not in use.

Many Europeans like the city's flashy new developments, like Joseph Moinian's W New York downtown or Gary Barnett's One57, which have attracted many foreigners. Central Park views or proximity to major landmarks also adds to a property's cachet.

To further entice outside investors, Senators Chuck Schumer (D-N.Y.) and Mike Lee (R-Utah) introduced a bill last fall that would give foreign buyers three-year visas if they invested at least \$500,000 in cash in U.S. residential real estate.

But even if they aren't seeking to live in the city, Europeans look ready to buy.