

# THE REAL DEAL

## NEW YORK REAL ESTATE NEWS

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### **Pan-Asian play: CORE teams up with JLL to reach Chinese buyers**

*JLL sells units directly to buyers via roadshows in cities such as Beijing and Shanghai*



Economists may be warning that the Chinese economy is on wobbly footing, but New York brokers are still looking East to find condo buyers.

To that end, boutique residential brokerage CORE and JLL have formed an exclusive partnership to market CORE's new development projects to the pan-Asian market, CORE CEO Shaun Osher told The Real Deal.

"We explored entering this market on our own, but we quickly understood that the Asian buying experience is particularly unique," Osher TRData LogoTINY said in a statement. "We knew that to do this right we needed to partner with an expert in this field, and there is no one in Asia with more experience or a better track record than JLL."

For JLL, which has long run a residential business overseas but stateside is best known for its commercial brokerage practice, the move marks its first foray into the residential business in the U.S. In London for instance, the company has worked with developers to bring projects such as the 800-unit Battersea Power Station to buyers in China, Hong Kong, Malaysia and Singapore. JLL has a team of more than 180 brokers on the ground in those regions, who specialize in marketing overseas projects to Asian buyers via exhibitions.

"JLL isn't in the condominium business in New York City or the U.S. but we have this fantastic sales platform that's long established in Asia Pac," said Gavin Morgan, head of JLL's Capital Markets Group in the Tri-State region, who is heading up the CORE initiative. "To get scale quickly, it made a lot of sense to form this relationship with CORE. Growing organically would take a lot longer."

The partnership follows Morgan's move to New York from JLL's Hong Kong office last year.

“Nearly every weekend in the year, we are in a facility in a luxury hotel in the center of the cities we’re selling in,” he said. “Buyers sign contractually binding agreements right there in the room. We’ve got a massive database of buyers and an experienced team on the ground. What we don’t have access to is a significant pool of condominium projects that we can sell using that platform.”

CORE’s New York projects include Macklowe Properties’ One Wall Street, a 500-unit residential conversion which is slated to have 188 condo units, and Atlas Capital Group’s 42 Crosby.

Morgan noted that direct sales to Asian buyers have been a boon to the London market.

“This is something that London developers have absolutely latched onto,” he said. “It’s been a big component of why the London market has been bid up so aggressively over the last 10 years.”

While companies such as Douglas Elliman have formed alliances with international brokerages such as Knight Frank, Osher said the JLL deal covers new ground in that it’s centered around direct sales to the international community. Related Companies owns a 50 percent stake in CORE.

Meanwhile, sources said they expect demand from Chinese investors to stay strong, despite worries of a crash in China.

“I think New York has an inherent advantage over London or Europe in general,” John Liang of Chinese development company Xinyuan Real Estate told TRD in July. “When people buy an apartment here, they have all sorts of things on their mind beyond buying a house. They have their children’s education and potentially even immigration on their minds.”

Despite positive forecasts for the Chinese economy in the fourth quarter, some have warned of a potential slowdown.

Earlier this week, China’s richest man, real estate developer Wang Jianlin, said the Chinese real estate market was facing the “biggest bubble in history.”

“I don’t see a good solution to this problem,” the Dalian Wanda Group chairman said in an interview with CNN Money. “The government has come up with all sorts of measures — limiting purchase or credit — but none have worked.”

Although fewer individual Chinese have been snapping up pricey Manhattan apartments, institutional investment from China is as aggressive as ever. August was the 24th straight month of net capital outflows from China, with \$51 billion leaving the country after accounting for capital inflows. And those investors are increasingly taking on complex ground-up development projects in New York City.