

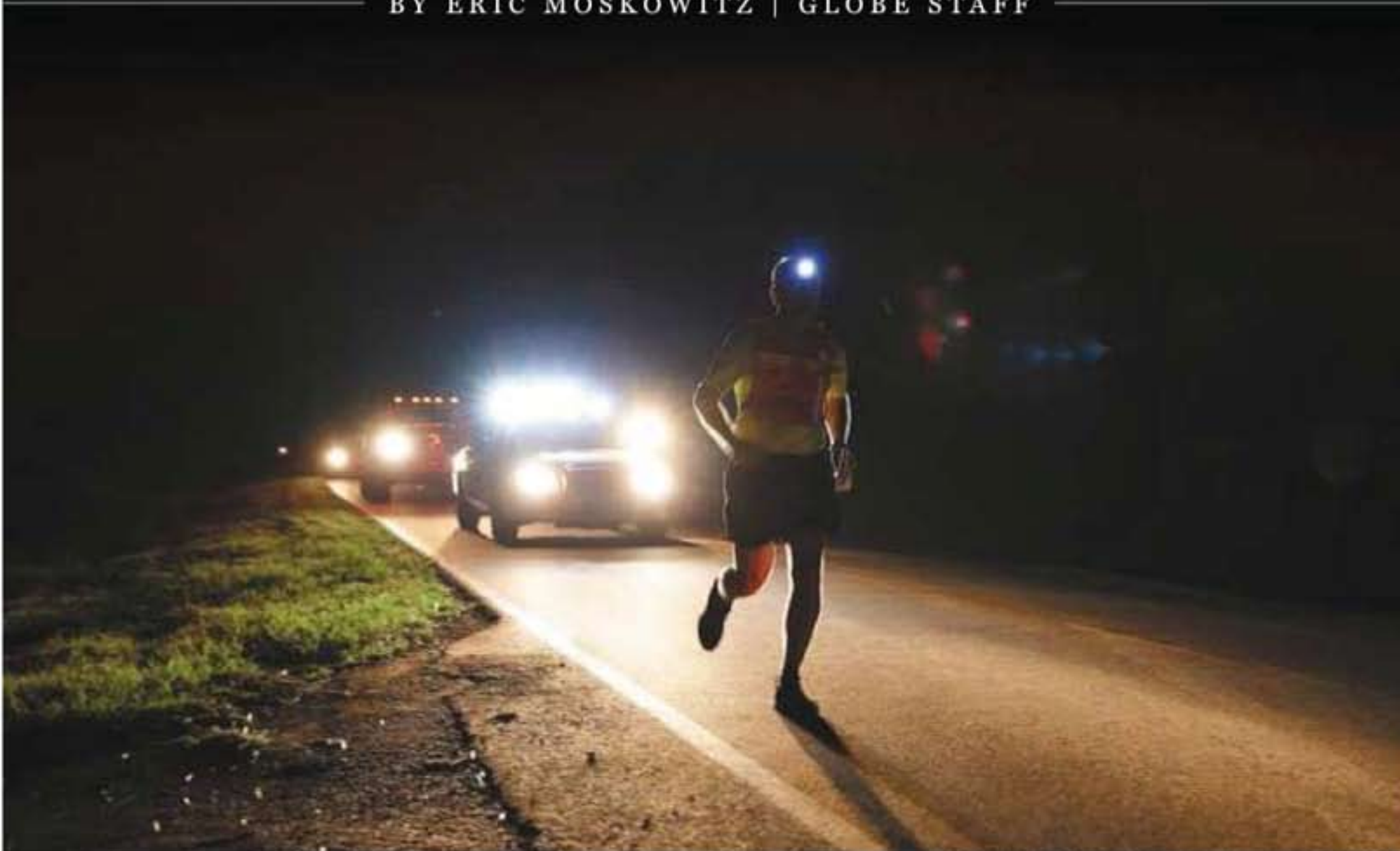
Boston Sunday Globe

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A long night's journey toward a new day

Moved by the Marathon tragedy, a few young Brits dreamed up a cross-country relay to raise money and spirits. In the Ozarks, Dan Bohannon held down leg 173.

BY ERIC MOSKOWITZ | GLOBE STAFF



Overseas buyers flood area's realty market

Wealthy investors, many from China, lift economy but crowd out local bidders

By Jenifer B. McKim
GLOBE STAFF

Foreign investors, especially Chinese and other Asian buyers flush with cash, are purchasing properties in Boston and its high-end suburbs in increasing numbers, adding to the housing market's revival but also crowding out some local bidders, real estate agents and specialists say.

Several of the city's luxury condominium buildings — including the Residences at W Boston, 45 Province, and Millennium Place — report that at least 24 percent of recent buyers have been international clients, many of them paying in cash.

They are motivated by Massachusetts' improving economy, the quality of schools, and the region's clean environment compared with congested urban areas in Asia.

Patty Chen, a Wellesley entrepreneur who runs a company to help Chinese investors find homes here, said she was involved in four deals during the spring that totaled more than \$7 mil.

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'A lot of my friends who have kids in Boston are thinking about doing the same thing.'

RAMEZ GEORGE SAWABINI, an investment banker from Bahrain who has purchased four Boston condos for his children in college.

Foreign buyers flood regional home market

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lion. With real estate prices skyrocketing in many Chinese cities, homes in the Boston area are considered a bargain for those with money to spend, she said.

"They are very, very happy to buy houses here," mostly for \$1 million to \$2 million, said Chen, who in 2007 launched her full-service company, America Asia Business Tour Group-Boston, which offers assistance with immigration visas and real estate transactions, as well as consultations on schools and neighborhoods.

"A house in Boston is cheaper than a house in Beijing," Chen said. "Why (would) they stay there to compete with others?"

In addition to the Chinese, real estate agents say, wealthy buyers are coming from Canada and other countries in Asia, South America, and Europe.

While other parts of the United States — including Florida, California, Texas, and Arizona — have traditionally attracted foreign investors, Boston is also increasingly a magnet, said Jed Smith, managing director of quantitative research at the National Association of Realtors.

"There's an active market in Boston," Smith said of foreign home buyers. "They are higher-end customers."

A big part of the trend is that foreign investors frequently pay cash, which gives them more clout in closing a deal. During the first three months of the year, more than 42 percent of

condo sales in Massachusetts were completed without a mortgage lender, according to the Warren Group, a private company that tracks local real estate.

That compares with 30.8 percent of condo sales being all-cash deals in 2010, according to the Warren Group.

The surge in cash sales is bad news for buyers who are dependent on securing a loan. They often have less latitude in bidding on desirable properties that often sell for far more than the original asking price.

"The average high-end buyer isn't able to be competitive, because everyone else behind them has cash," said Ken Tutunjian, a branch manager for the Back Bay office of Coldwell Banker Residential Brokerage.

Chinese interest in local real estate has increased as that country's economy has gone on a stunning growth spurt over the past five years. The number of affluent Chinese — those able to invest at least \$1.6 million — grew to about 700,000 by the end of 2012, more than double the number in 2008, according to a report published last month by the Boston consulting firm Bain & Co.

Jack Worthington, managing partner for the New York investment firm Arundel & Co., said recent news about the once-frenetic pace of China's economic expansion slowing will only push more people to look for other places to invest, he said.

"The Chinese 'economic miracle' and private wealth creation are very, very recent phe-



KAYANA SZYMCAK FOR THE BOSTON GLOBE

Real estate agent Patty Chen (right) and one of her clients, Jane, in Brookline. Chen helps people from China buy homes.

nomena, and the wealthy of China know that," he said. "We are still a safe haven."

In addition to seeking profits, rich foreigners are buying homes here to use for vacations and for their children attending schools in the Boston area. According to real estate agents, some are investing in homes years before their offspring are ready to enter college.

Ramez George Sawabini of Bahrain said he has spent about \$4.5 million on four condos at the W over the last several years, a pattern that began when his son enrolled at Northeastern University.

Sawabini, who is an investment banker, said he bought

the first one-bedroom condo after determining it made more financial sense than renting one for his son. He paid in cash for the first two, and obtained mortgages from a Canadian bank for the others, though he made 50 percent down payments.

"A lot of my friends who have kids in Boston are thinking about doing the same thing," he said.

At 45 Province, where condo prices range from \$975,000 to \$5 million, foreign investors have purchased about 35 percent of the 109 units, said sales director Wayne Lopez.

"My biggest demographic is the Asian international buyer,"

Lopez said. "They see Boston as a great city from an educational and long-term investment standpoint."

Chen, at America Asia Business Tour Group-Boston, said her clients prefer properties that are newly built and already furnished. In many cases, she said, men buy homes for their children and wives to live in while they travel back and forth from China.

For example, she said, a man from Beijing recently bought a \$1.35 million, four-bedroom Colonial in Brookline for his 17-year-old daughter, who is attending a private school in Lawrence.

The buyer — a sales execu-

tive who did not want his name published because of privacy concerns — is still not sure how much time he and his wife will be able to spend here, but decided to go ahead with the deal because it's likely his daughter will go to college in the area and need a place to live. He is already enamored of metropolitan Boston, citing its clean skies and green yards. And his family is happy to help the local economy by investing in property.

"When we live here," he said, "we spend lots of money."

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