

Is the Chinese investment boom in NYC real estate already over?

Developers fear market turmoil in China could turn off cash spigot to NYC

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Time to wave goodbye to all that Chinese cash?

Chinese investors only really started piling into New York's commercial real estate market two years ago, and *The Real Deal* proclaimed 2015 the "year of the Chinese investor." But now, a growing number of developers argue the party may already be over.

"We should be looking for other sources of capital over the next few years," Jeff Blau, CEO of the Related Companies, said at a 2016 real estate outlook conference hosted by ULI New York Wednesday morning.

Over the past months, stock market turmoil, exchange rate volatility and a slew of bad economic data have raised questions over the health of the Chinese economy. For New York's real estate industry, this has also stirred fears of fewer Chinese investors lining up to spend.

Blau, whose firm has raised [hundreds of millions of dollars](#) for its Hudson Yards project from [Chinese EB-5 investors](#), said many of the Chinese institutional investors are still bullish on the country's economy. But he also said that Chinese investment abroad could nonetheless take a hit.

Related received bids from all over the world to recapitalize the first Hudson Yards tower by Tuesday, Blau said, but Chinese investors were notably absent.

"We got probably 10 bids to recap, but no Chinese," he said.

Tom Arnold, who heads U.S. real estate investments for Abu Dhabi Investment Authority, a sovereign wealth fund with an estimated \$800 billion in assets under management, said he also "noticed a little less Chinese activity" at the end of 2015 compared to the beginning of the year. "But the flip side of that," he said, "was it was just the opposite story the two years preceding that."

In 2015, [Chinese investors](#) were behind \$5.4 billion in Manhattan commercial real estate deals, according to Real Capital Analytics – 7 percent of all activity. Foreign buyers as a whole played a part in 35 percent of Manhattan's deal volume in 2015, RCA data show.

Opinions diverged on what a dip in Chinese real estate investment would mean for the New York real estate market. [CBRE broker Darcy Stacom](#) was among the optimists.

"I think we have plenty of people who can fill that void," Stacom said, later adding that she is still bullish on Middle Eastern, Canadian and pension fund interest in the New York market. "I don't really worry about it."

Dean Shapiro, senior vice president for U.S. Investments at Canadian pension-fund investor Oxford Properties Group (a partner in the Hudson Yards project), said his firm is still bullish on the New York market. As did ADIA's Arnold, although he cautioned that he noticed some "anxiety" about the market in internal company communications over the past ten days.

[Leslie Himmel](#), a principal at Himmel + Meringoff Properties, offered a more bleak outlook. She suggested that a slowdown in luxury apartment sales to foreigners could doom condo projects and ultimately spill over into the office market, pushing down prices.

“Are we going to go back to basics,” she said, “where trees don’t grow to heaven and where we will be able to buy at a four, or five or six cap?”

The comments made at the ULI conference highlight the anxiety that has gripped New York’s real estate industry at the start of 2016. A week earlier, at REBNY’s [annual gala dinner](#), global market turmoil and its potential impact on real estate prices were a big conversation topic.

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