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Build Business with International Investors

Brokers can find new customers by looking abroad

THE BRITISH ARE COMING — AND SO are the Canadians, the Chinese and investors from many other countries. Foreign companies and foreign high-net-worth individuals are interested in buying real estate in the United States now. They are interested for a variety of reasons, including favorable currency-exchange rates, a significant drop in real estate prices, a global shift in economic power, and the stability of the U.S. legal system.

Commercial mortgage brokers looking to increase their business in this niche should know what foreign investors are looking for and how to deliver it. According to the Association of Foreign Investors in Real Estate, foreign buyers in the U.S. focus primarily on multifamily and office buildings in Washington, D.C., New York City, San Francisco, Boston and Los Angeles. In addition, the Organization for International Investment reports that, as of the end of 2009, U.S. subsidiaries of foreign-owned companies employed about 5.5 million Americans, which translates into office, industrial and retail space.

Although some foreign investors are cash buyers, many seek funding from either U.S. or foreign lenders.

Like all prudent investors, foreign buyers entering the U.S. marketplace seek the advice of mortgage brokers, real estate agents, attorneys and other real estate professionals. In general, these investors select professionals who have offices in their country and the U.S. Unless you are already part of a multinational firm, one effective way to find foreign customers is to form a business relationship with a multinational firm.

Another place to meet foreign investors is at major international commercial real estate trade fairs such as Expo Real and Le Marché International des Professionnels de l'Immobilier (aka MIPIM). Within the U.S., other popular places to meet foreign investors are the local chapters of foreign chambers of commerce and local foreign community groups.

After you've made contacts, you must market your services. Start by making sure you understand special rules, regulations and underwriting requirements that apply to foreign borrowers. It is important to have a good understanding of the Patriot Act and the Foreign Investment in Real Property Tax Act.

Learn the basic commercial lending rules

that apply in the foreign customer's home country. If you can explain U.S. requirements in a way that gives foreign investors a point of reference, you have a great marketing advantage. If you can either speak at conferences attended by foreign investors or write articles on the similarities and differences between national systems, you can distinguish yourself as an expert.

Foreign investors are an emerging customer segment in need of mortgage services. By working with other real estate professionals already in this space and by developing expertise, you can grow your business. ●

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