

# Foreigners Are Unloading CRE Assets – In Miami, At Least

December 13, 2017 | Deirdra Funcheon, Bisnow South Florida 



For the past decade, foreign investors looking to stash capital in a safe place bought up Miami condos like kids dropping pennies in their piggy banks. Fearing that prices were plateauing, many investors moved into commercial real estate in major U.S. cities. Now they are cashing out, Marcus & Millichap Senior Managing Director Investments Alex Zylberglait said.

Foreigners began moving into CRE in 2015, Zylberglait said. He cited data from Real Capital Analytics showing that in 2014, Miami saw at least \$468M worth of CRE deals involving foreign capital. In 2015, that number jumped to more than \$2.3B.

"So far this year CRE transactions involving foreign capital have reached at least \$1B," Zylberglait said. "Last year, it was closer to \$1.9B. While the volume of cross-border transactions has slowed down, it continues to be significantly higher than it was pre-2015."

"Now we are beginning to see many of the foreign investors who bought CRE properties since the last recession put their property on the market as the real estate cycle nears the end," he said. "Also, it is projected that there are going to be four interest rate hikes in the next year, so now is the time to sell because higher interest rates will cause property values to come down or flatten."

Zylberglait said his clients are selling to capitalize on the market's rapid appreciation in the last five years. "Due to where we are in the cycle, they no longer expect a significant appreciation," he said. "With the cost of borrowing expected to go up, values will stabilize or even flatten."

For example, Zylberglait said, one of his clients is an Argentinean investor who has been buying commercial properties in South Florida for nearly a decade and is now selling a single-tenant building occupied by Starbucks at 7840 NW 25th St. in Doral for \$3.86M.

The Starbucks recently signed a 10-year extension with four five-year renewal options, Zylberglait said. He said the same seller, trying to capitalize on his investments to turn them into bigger buys down the road, is unloading a 2.6-acre parcel in Sunrise.

In August, Metro Capital Partners, which invests capital from Colombia, sold the Tamiami Metro office building, which it had picked up in a 2014 distress sale for \$3.2M, for \$7.9M. Zylberglait represents two different Venezuelan investors selling office condos they acquired in the past decade. Zylberglait said that foreign investors he represents are selling all types of assets — office buildings, development sites and retail — but especially single-tenant assets like Starbucks, Walgreens and bank branches.

However, Zylberglait's assessment differs from other experts. Colliers International Eastern Region President Joe Harbert told GlobeSt that while

sales volumes are down, foreign interest in CRE assets remains strong along the East Coast, especially in certain pockets, and despite the current political uncertainty.

[https://www.bisnow.com/south-florida/news/commercial-real-estate/foreigners-selling-commercial-real-estate-cre-82623?be=jessica%40topofmind-pr.com&utm\\_source=Newsletter&utm\\_medium=email&utm\\_campaign=wed-13-dec-2017-000000-0500\\_south-florida-re?utm\\_source=CopyShare&utm\\_medium=Browser](https://www.bisnow.com/south-florida/news/commercial-real-estate/foreigners-selling-commercial-real-estate-cre-82623?be=jessica%40topofmind-pr.com&utm_source=Newsletter&utm_medium=email&utm_campaign=wed-13-dec-2017-000000-0500_south-florida-re?utm_source=CopyShare&utm_medium=Browser)