

Real Estate

# Forum

## Foreign Funds Flowing Into U.S. Realty Market

Rampant Inflation, Political And Social Unrest  
at Home Encouraging American Property Investments  
By Institutions, Wealthy Individuals

It was this kind of venture funding which paved the way for recycling an old office building at 111 Fourth Avenue into apartments under New York City's innovative J-51 tax incentive program. David M. Teitelbaum, president of Teitelbaum Holdings Ltd., did not originally intend to seek overseas funding but after his mortgage banker, Jerome Steiker of Sonnenblick-Goldman presented the deal to nearly 300 domestic lending institutions, with no takers, attorney Robert Bell who like Mr. Steiker is a member of the Teitelbaum consortium backing the Fourth Avenue job, approached individual investors in Europe.

Not only did the Teitelbaum group come up with the \$6.5 million necessary to buy and renovate the building, but commitments were obtained totaling \$20 million for this

and other projects the consortium intends to do in New York. According to Mr. Teitelbaum, "One of the reasons for Bob Bell's success was that Europeans are much more agreeable to equity financing than are Americans, who generally think first of providing a mortgage.

"Eventually," he adds, "we will go the mortgage route. We believe the Fourth Avenue building makes enough economic sense so that much of the invested capital can be returned to the overseas investors, once we obtain a permanent mortgage in this country. Besides the readiness of Europeans to put all the cash up front, we had other things in our favor, including the recycling concept. In Europe, there is a long tradition of treating buildings with loving care so foreign investors seem much more open to a rehabilitation project."