

Forget Dorms: Increasingly, International Parents Buy Luxury Condos for Kids Attending U.S. Colleges

From New York to Miami, a look at what families are looking for to house their kids as they go back to school

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Fifty Third and Eighth, a recently converted condo building in Manhattan's Hell's Kitchen neighborhood, is attracting students from Columbia University, Fordham and The Juilliard School, according to the broker.

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Tuition may be costly in the U.S., but wealthy international parents are spending whatever it takes to buy luxury condominiums for their children who are attending the country's colleges and universities.

According to the 2016 Open Doors Report, released by the Institute of International Education, the number of international students enrolled in the country increased by 7.1% in academic year 2015-16 with 69,000 more students than the previous year attending U.S. schools of higher education.

The report noted that China sent the largest number of students to the U.S., but the largest growth was in the number of students from India at the graduate school level. "Students from the top three countries of origin—China, India and Saudi Arabia—now represent approximately 53% of the total enrollment of international students in the United States," the report said.

Simultaneously, luxury residential developments in major cities, like New York, Boston and Miami, are reporting steady interest from international students and their families, who buy places for the students to live in and for families to stay in when they visit.

"We have student residents who are attending Columbia University, Fordham and The Juilliard School," said Donald Schiraldo, a broker with Douglas Elliman who handles condo sales at Fifty Third and Eighth in Manhattan's Hell's Kitchen neighborhood. "The parents who purchase the units come from Europe, South America and Southeast Asia."

Fifty Third and Eighth was converted from apartment rentals to condos in 2014, with sales launching in 2015. Twenty of the building's 248 units are left for sale, with prices starting at \$1.2 million for a one-bedroom. Larger units go for \$2.5 million to \$3.5 million. According to Mr. Schiraldo, 5% of the building's occupants are students.



An outdoor area of Fifty Third and Eighth
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An easy commute, amenities are key

The location of the building is a huge factor in attracting college students, Mr. Schiraldo said, because most major subway lines are less than two blocks away, making the commute uptown to Columbia University less than 15 minutes, and to Fordham University's Bronx campus around 30 minutes. Juilliard, a renowned arts institution, is less than a 15-minute walk away.

"Most students live in one-bedroom units, but we've had scenarios where parents have bought a two-bedroom to accommodate family members who visit," Mr. Schiraldo said. "Or, for a better investment, the son or daughter will live in one bedroom, and rent out the second one to a roommate."

Building amenities include a 24-hour doorman and concierge, rooftop terrace, fitness center, and security cameras in all hallways and public spaces. A lounge offers free Wi-Fi and TV. "At any time of the day, you'll find students there watching a movie, or working on their laptops," Mr. Schiraldo said.

Looking for an investment property

While realtors say the purchase of luxury condos by international parents for their children has grown over the last few years, some note that the Trump administration's anti-immigration leanings may be slowing that growth.

"During the time of the election and immediately after, we saw a slowdown from our international customers," said Brett DeRocker, vice president of First Boston Realty International, who specializes in international sales. "We saw a pickup in the spring, but Boston has a good supply of full-service buildings, so sales have slowed down and stabilized."

With more than 60 colleges and universities in the Boston area, Mr. DeRocker said diplomatic and entrepreneurial families from China, Latin America, Europe and the Middle East have become a steady clientele for luxury condos within a 30-minute commute of area campuses.

He said many clients come from countries with shaky economies, and are seeking a U.S. real estate investment that will double as a second family home.

“Families, especially from the Gulf and Middle East, have one, two or three children they expect will come to study in Boston,” Mr. DeRocker said. “They see the amount they’d spend on rent over four to six years, versus putting their money into an investment.”

Plus, some luxury properties won’t rent to students at all. He said, for example, there are three towers in the Ritz-Carlton Hotel & Residences in Boston, but one tower will not rent to undergraduates. Students can, on the other hand, live there if the family owns a unit.

“Many prefer hotel-condos, like the Four Seasons Private Residences and Mandarin Oriental Residences, because they’re familiar with those brands overseas,” Mr. DeRocker said. “Most of my customers are attracted to five-star, full-service buildings like the Millennium Tower, which has two floors of amenities. A one-bedroom there starts around \$1 million.”

Full-service developments are popular

In Miami, the mixed-use Brickell City Centre offers two high-rise luxury condos that have attracted a large international community, with students attending the University of Miami, Florida International University and Miami-Dade Community College.

“Between 70 to 75% of our residents are from countries in Latin America,” said Maile Aguila, senior vice president of residential sales for Swire Properties. “Typically, the students’ families purchase one- or two-bedroom units, which range in price from \$650,000 to \$1.5 million.”

The center, in the heart of the city’s financial district, is a short walk to the Metromover, a free light rail system, and the Metrorail, making it attractive for students who can take the train, bus or drive to school.

The first three floors of the mixed-use development are retail, anchored by Saks Fifth Avenue, with a fourth level of restaurants and a movie theater. On top of that are the two residential high-rises, office towers and a hotel.

“We have a young, upbeat vibe,” Ms. Aguila said. “Students live in an urban setting with great dining, movies and shopping right there. Amenities include a gym, with yoga, Pilates, Zumba and on-site trainers; an acre amenity deck with pool, Jacuzzi and barbecue area; and a hair salon with a mani-pedi spa.”

Two blocks from Biscayne Bay, the residential towers boast a biometric entry security system that requires a fob to get up the elevator to the owner’s floor. Thumb-print readers are being added to the elevators for extra safety and security later this year.

Finding a new home to live in with college-bound children

The number of full-service luxury condos open to college age students on the West Coast is not as prevalent as it is on the East Coast, said Brian Chancellor, vice president and sales manager for Sereno Group Palo Alto, who deals with international parents looking to house children attending Stanford University. While there’s a slow, but steady, clientele in that demographic, he notes that what qualifies as luxury is different out west.

“This isn’t New York where people have safety concerns that would require a doorman and building security cameras,” Mr. Chancellor said. “Palo Alto is a suburban arena. There are few full service luxury condos here because it isn’t cost effective enough for developers to build, and most don’t allow students to live alone in the building.”

Mr. Chancellor said inventory of available homes in the Palo Alto area has dropped steadily year over year, due to a number of factors, and market prices are high. Most international families must pay a minimum of \$2 million to \$3 million for an updated two-to-three bedroom unit in a condo building that doesn’t have all the bells and whistles in amenities.

“The majority of my clients have only one child, and they want to stay close to them,” Mr. Chancellor said. “They’re used to luxury, and expect their kid to stay in the U.S. after graduation, so they buy larger places to cohabitate and use as a second home.”

Kim Heng, director of sales at Deleon Realty in Palo Alto, often works with overseas Chinese buyers who have students attending Stanford. She said the market slowdown in this demographic is not tied to President Trump’s anti-immigration stance, but can be traced to policies in China that limit the amount of money that can be taken out of the country.

“We used to have a lot of cash offers, but that’s gone down drastically since 2015,” Ms. Heng said. “Overseas Chinese like to pay cash because they don’t want to have debt. Many Chinese buyers have to finance purchases now. Still, the super wealthy always have ways to make a purchase happen.”