

## Buying a College-Town Apartment—While Junior Is Still in Diapers

Chinese buyers are laying the groundwork for their kids, some still in diapers, to study abroad by snapping up high-end real estate in college towns.

By  
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Li Sheng and his wife Xu Tongtong of Harbin, China, are looking at homes in Melbourne, where they hope their two children, 8 months and 10 years old, will someday attend college. *Wu Hong for The Wall Street Journal*

Chinese businessman Li Sheng is looking for a \$900,000, four-bedroom home in Australia, where he hopes his two children will someday attend college. At this point, neither child has finished grade school—one is still in diapers—but Mr. Li hopes to buy a family home in Melbourne in the next year.

Mr. Li, who lives in Harbin, an industrial city in northern China, sees the purchase as a good investment in both his real-estate portfolio and his children's future. While China has plenty of universities, he and other affluent parents say they want their children to experience life abroad, where the educational system is less rigid. "In Chinese families, the parents make the choice for their kids," Mr. Li, 40, says. When his children get older, "I don't want to make choices for them. I want them to do it themselves."

In an effort to increase the likelihood of their children studying abroad, a growing group of Chinese buyers is snapping up high-end real estate in college towns around the world. Some Chinese buyers are using the properties to meet the universities' residency requirements. Luxury homes also offer their children an upscale alternative to dorm life. Most important, many hope that real-estate purchases will help pay the costly university tuition.



Real-estate broker Kevin Brown recently sold a \$6.5 million condo in Manhattan's One57 building, pictured, that a Chinese buyer's 2-year-old daughter may use someday. *Andrew Hinderaker for The Wall Street Journal*

"Parents might buy several apartments, one for their child to study in and one to bring in an investment return," says Andrew Taylor, co-CEO of Juwai.com, a Shanghai-based real-estate portal that features world-wide property listings for Chinese home buyers.

A few months ago, Kevin Brown, a real-estate broker in New York, sold a \$6.5 million, two-bedroom, 2½-bath condo in Manhattan's One 57 building to a Chinese woman from Hong Kong. One reason for the purchase: Her daughter, who was 2 years old, could use the apartment if she decided to go to New York University or Columbia University, Mr. Brown says. For now, Mr. Brown says his client plans to rent out the unit and estimates she will earn a 3% return on her investment each year. "Family and financial planning all mix into one," Mr. Brown says. "Where we have a one-year or three-year plan, they generally have a 20-year plan."



A rendering of 1321 Seneca, a planned 24-story condo tower in Seattle's First Hill neighborhood, an area being marketed in Asia as student friendly. *Weber Thompson*

Since 1978, more than 2.6 million Chinese students have gone to school abroad, according to the latest statistics available from China's Ministry of Education. And the number of Chinese students studying abroad increased nearly 18% in 2012 compared with 2011. In a survey published last year, about 80% of high-net-worth Chinese individuals said they planned to send their children overseas to study, according to the Hurun Research Institute, which tracks China's wealthy individuals. At the same time, the cost of real estate in big cities such as Hong Kong, Beijing and Shanghai has skyrocketed, making a \$1 million condo in Boston look like a relative bargain. "In Beijing you can buy a home for about \$600

a square foot," says Patty Chen, founder of the PattyC Property Group, which helps Asian buyers find real estate in the U.S. "In Boston, you can buy a home for about \$400 a square foot."

Developers, too, are catching on, marketing new units as student-friendly. In May, Dean Jones, owner of Realogics Sotheby's International Realty in Seattle, will travel to a Beijing luxury property show to market student-friendly real-estate projects, such as 1321 Seneca, a planned 24-story condo tower in Seattle's First Hill neighborhood, near downtown.

One of Mr. Jones' clients, a Chinese family from the Sichuan province, is under contract to purchase an \$8 million home outside Seattle. The 14,400-square-foot residence has five bedrooms and eight bathrooms and includes an indoor pool and 1,600 feet of riverfront. The parents, who both graduated from the University of Washington, have a newborn. The home is a gift from the man's father, who hopes the entire family will settle in Seattle, Mr. Jones says.

In downtown Boston, developers of the Millennium Tower, a 60-story building that will have 442 condos, plan to market the property this fall in Asia. The idea followed the success of Millennium Place, a luxury building in Boston that sold 25 condos to Chinese buyers—many of whom bought units for their children's future use, says Leanne So of Bel & Well Property in Beijing.

Of course, there's always the chance that these Chinese children won't go to a university nearby, or that visas and residence permits won't come through. But many buyers still view the homes as long-term investments that can generate income. "Even if their kids don't end up coming here, they're more likely to make a profit on renting or resale," says William Montero, an agent at Gibson Sotheby's International Realty in Boston.



Millennium Place, a luxury building in Boston, sold 25 condos to Chinese buyers, many of whom bought units for their children's future use, according to Beijing-based real-estate agent Leanne So. *Bryce Vickmark for The Wall Street Journal*

Recently, Mr. Montero sold a \$2.6 million two-bedroom, two-bath condo to a Chinese woman with two children attending school in Boston—one at Suffolk University and the other at Boston University. Four months later, she decided the apartment was too far away from Suffolk's campus, so she sold the condo for \$2.9 million and bought a three-bedroom apartment for \$2.4 million in a luxury building in Boston's Back Bay neighborhood.

She then asked Mr. Montero to show her other properties in the area, and ended up buying three additional properties: a \$9.5 million single-family home, which she now rents out for about \$30,000 a month, a \$4.5 million home that rents for about \$25,000 a month, and another unit on the same floor of her children's apartment, which cost \$2.8 million. "It all started with a place for her children," Mr. Montero says. "Now she considers the real estate a safe, protected asset."