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Israelis increase real estate investment in the U.S.

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Jan 16 (Reuters) - Israeli investors are increasingly looking to invest in U.S. properties as they seek to diversify their portfolios and as local real estate has grown pricey.

A report by real estate services firm Colliers International with data through mid-2013 ranked Israel as the third-largest foreign investor in U.S. commercial real estate over the past three years with a 6 percent share, tied with Switzerland and behind Canada and Germany.

In the U.S. multifamily market, Israel was also third with an 11 percent share of sales volume while it was second in Florida's multifamily market among foreign investors. Israeli investment in U.S. commercial real estate surpassed \$1 billion in 2012.

"From the demand I've seen and from speaking to Israeli investors I think that number will go up dramatically," Robert Ivanhoe, global real estate practice chair at the Greenberg Traurig law firm, told Reuters during a visit to Israel. "There appears to be a need for greater diversification and for finding additional opportunities because Israel is a small country and domestic investment opportunities are limited."

Foreign investment in U.S. commercial real estate totalled nearly \$27 billion in 2012, according to Colliers.

New York-based Ivanhoe, who represented Israeli billionaire Yitzhak Tshuva in his purchase of Manhattan's Plaza Hotel in 2004 for \$675 million, said he is currently representing Tshuva's firm Elad in a development joint venture with Silverstein Properties in New York.

The two partners have acquired a development site on Manhattan's West End Avenue that will include retail space as well as condominiums, a project cost estimated at \$800 million. Some Israeli investors are focused on New York while others feel the city is too expensive and the deal size too large. Ivanhoe said New York was close to becoming overpriced though he does not see a bubble forming.

Harel Insurance Investments and Financial Services , one of Israel's largest insurers, was part of a group that in April acquired the 51-story IDS Center, the tallest tower in Minneapolis, for \$277 million.

Ivanhoe said three quarters of his focus now is on New York but from 2000-2008 he spent half his time on transactions in Las Vegas, a market hit hard by the global financial crisis. "I think it will come back but someone has to be prepared to invest and be patient. Its recovery will follow that of the U.S. economy," Ivanhoe said. (Reporting by Tova Cohen)