



KATHLEEN CABBLE

A 5-acre plot in St. Petersburg on Central Avenue is the site of a condo project called The Arts.

Area real estate attracting interest of offshore capital

BY MICHAEL HINMAN
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Overseas investment is picking up in Florida, and in particular the Bay area, thanks to a softening local market and a weakened dollar.

The Arts, a planned 503-unit project in two 31-story towers near downtown St. Petersburg, has already benefited not only from one of its developers, Israeli-based BSR Group Ltd., but also from some 50 units already reserved by overseas buyers.

"We have a lot of European interest," said Yaron David, managing director of The Arts, which is planned for 5 acres on both sides of Central Avenue. "People are tending to purchase units in Florida rather than the rest of the United States. They're planning to make them predominantly second homes and vacation spots."

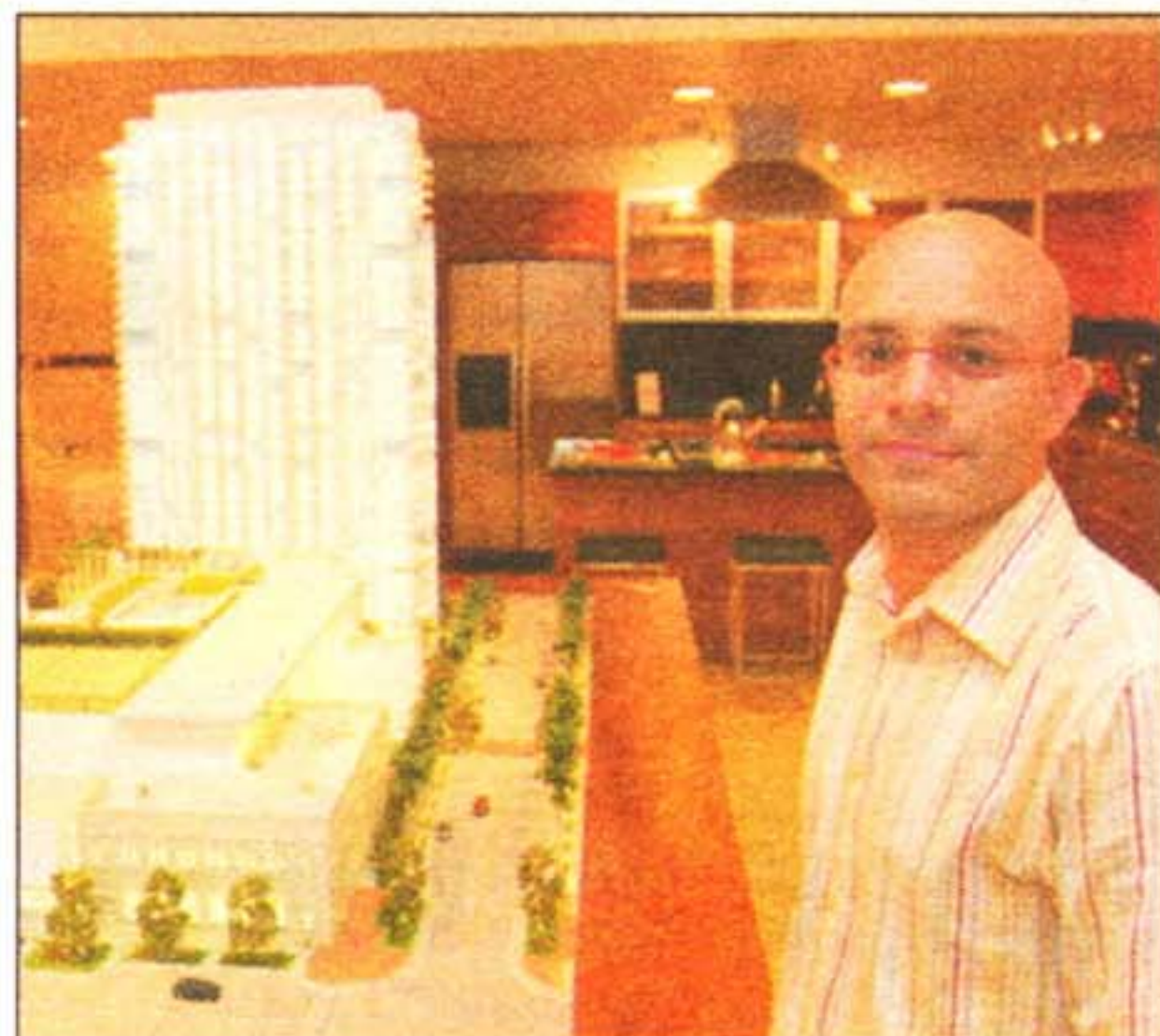
PLAYING WITH "FUNNY MONEY"

Foreign investments is a sought-after market in Florida, especially by Paradise Advertising & Marketing of St. Petersburg, which represents clients on both the real estate and tourism side, including BSR. Cedar Hames, president of Paradise, is finding many buyers coming in from London as well as Munich, Frankfurt and Berlin. Many vacation in Florida and soon discover they can invest at a discount courtesy of favorable exchange rates.

"They discover that when the dollar is weak, it's like funny money," Hames said. "They can buy a million-dollar townhome over there, and buy the same thing here with the same square footage and quality for half that."

Many investors even look for larger projects as well, including multitenant deals in both residential and commercial, said Michael Spiker, managing director for Euro American Advisors in Tampa.

"For us, the exchange rate plays a little bit into it, but for our investors, it's really just the opportunity," Spiker said. "They



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Yaron David, managing director of The Arts in St. Petersburg, with a model of one of the towers.

just don't have the same opportunities to invest over there."

Buyers for these larger transactions tend to come from Germany and The Netherlands, Spiker said, and have been putting money in larger projects ranging between \$20 million and \$80 million. There seem to be very few limits: One group took part in a \$200 million condominium project in Orlando.

MORE PERSONAL PURCHASES

Investors do tend to get some sort of tax advantages for investing overseas from their home countries, but it varies from government to government, Spiker said. The United States puts up few restrictions on foreign investments, but they do have to go through a review process he said is similar to Securities and Exchange Commission oversight.

Restrictions are even less for investors more interested in smaller, single-unit projects, said The Arts' David.

"They tend to be looking more for something they would like to live in or stay in, then simply making money off of it," he said. "These are people who tend to be much more personal and much more hands on with what they buy."