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REAL ESTATE SQUARE FEET

When Deals Need to Pass the Feng Shui Test

By JONATHAN VATNER

In July, Michael Rudder, a broker at Time Equities, was nearing completion of a deal with a Chinese client to buy two floors of office condominiums at 131 West 33rd Street when the client made some last-minute requests that struck Mr. Rudder as peculiar.

Adjacent floors were available, but the company, Om-Ah-Hum Realty LLC, chose the 9th and 15th for its offices, then switched to the 9th and 14th upon learning that there was no 13th floor. And although the price had been set at \$450 per square foot, the company asked for \$448 — and offered to make up the difference in another way. In addition, Om-Ah-Hum requested that the deal be signed on a day with a date ending in 8.

Om-Ah-Hum's requests were based on feng shui, the Chinese system of beliefs that governs building design, the calendar and numbers, among other things, and which is followed by many people in other cultures, particularly in East Asia. Mr. Rudder said the number of Asian buyers and lessees in New York had surged this year, and he and other brokers are quickly learning just how pervasive feng shui can be.

As the deal at 131 West 33rd progressed, the principal of the business was spotted outside the building, taking measurements with a feng shui kit, Mr. Rudder said. "It looks like a very elaborate compass," said Mr. Rudder, who said he first encountered feng shui in a deal in 2007. "I joke that I can tell how much space my Asian clients are going to buy by how elaborate their feng shui kit is. And this buyer had the most beautiful feng shui kit I've ever seen."

With the commercial market in New York still soft (prices for some of the buildings Mr. Rudder sells have come down 40 percent over the past few years), he said almost all of his recent sales of office condominiums had been to foreign buyers, especially those based in Asia, where the economy is booming. "They have this huge appetite for office condos," he said, preferring to own their space rather than rent. "I've completely redirected my marketing plan."

John Lim, a vice president of the business and commercial banking group at Citibank, also said that Asian businesses were buying New York property that they perceive to be undervalued. As someone who provides owner-occupied commercial mortgages to many Asian-owned businesses, including some of Mr. Rudder's clients, Mr. Lim has made it a point to understand feng shui.

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According to Mr. Lim, numbers associated with a building and suite are significant: In Chinese, Japanese and Korean, the pronunciation of the number four sounds the same as the word for “death” — which is why many buildings in Asia do not have a fourth floor, the way American buildings often skip the 13th. And in Chinese, the number eight is a homophone for the word for getting rich. The eighth floor, and building numbers with eights in them, often sell at a premium.

For example, in Chinatown in Manhattan, office condos on the eighth floor of the building at 139 Centre Street have sold for as much as \$100,000 more than those on other floors. And Queens Crossing, a retail-office building in downtown Flushing, Queens, is occupied almost entirely by Asian companies, but the fourth floor is taken by a non-Asian educational institute.

The concern over numbers extends to the timing of a closing, too. Not only should the day end in an eight, but certain times of day are more auspicious than others.

“Scheduling a closing in our system is like having a dinner party with eight of your closest friends,” said Luigi Rosabianca, a real estate lawyer. “It’s so difficult, and then when you start to insert cultural requirements, it becomes very challenging.”

Sometimes it is non-Asian clients who are guided by numerology. In the last year, Faith Hope Consolo, chairwoman of the retail leasing, marketing and sales division of Prudential Douglas Elliman, has overseen six leases in which the client would not sign in certain locations, on certain days and even in certain hours.

“It started with East Asian and Indian clients,” Ms. Consolo said, “but we’re seeing more American clients now. People are so cautious, they’re consulting not just feng shui but also the astrological calendar and the numerological calendar.”

“In some instances,” she continued, “I now have clients telling me, ‘Please don’t present my proposal until tomorrow after three.’ We’ve never had that before.”

Ms. Consolo attributes the increased anxiety that she has seen over dates to a general nervousness about the economy. “Our clients have stopped asking, ‘Is this the lowest rent?’ and ‘Are the rents going down?’ but they’re trying to rationalize the transaction by putting on other safety valves.”

Feng shui dictates more than just numbers and times; it is probably best known for its guiding principles for the design and orientation of homes and offices. There should be ample natural light, for example, entering through the windows and no open air shafts in the middle of the unit. Also, space should not abut fire-escape stairs.

Michael Heaner, a partner of the Kaufman Organization, which leases and manages office space in New York, said he had seen many deals fall through because of bad feng shui. For companies that put stake in it, therefore, Mr. Heaner has learned to ask for their feng shui master to examine the space before negotiating a lease. “Frequently you’ll get all the way down the road and figure out that the space really does not have the proper feng shui,” he said.

In one instance a few years ago, he said, the feng shui master for a fashion company rejected the space because it faced too many water towers. “Personally, I think they add scenery,” Mr. Heaner said.

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For Indian clients who follow the Hindu system of design called Vastu the shape and orientation of a building and rooms affect a space's desirability. Parag Mehta, the principal of PM Architecture, said that square and rectangular rooms were good but that L-shaped rooms were not. The entrance to the office, as well as the principal of the business, should face north or east. "You never face south," Mr. Mehta said. "It's totally a no-no."

If a client is dead set on a space with a south-facing entrance, Mr. Mehta sometimes extends the hallway and moves the entrance so that it faces north. "If they really like the office," he said, "we can make it happen."

Some of the potential sticking points are more easily understood by Americans. In adherence to the Jain religion, the owners of Amikam & Paras, an Indian diamond company, are strictly vegetarian, and they worried that meat smells from the neighboring Keens Steakhouse would waft into the 5,500-square-foot space they were buying from Time Equities at 70 West 36th Street. Once they were satisfied with the smell of the place, they closed the deal; since then, three other Jain companies have inquired about other floors in the building.

Even if requests like this make Mr. Rudder's job more difficult, he said he was thrilled about every new one he received. "I don't know that you're running into this much diversity in any other city," he said. "It's been such an education."