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# MY MOST COMPLICATED MULTIMILLION- DOLLAR SALE

By JOHN PERETZ, with PHIL CHEN

To say that Mr. Phil Chen brings a high level of energy would be the ultimate understatement.

Not very many people start their real estate career at 25 years old as an investor in multi-unit buildings and residential homes, and then go on to be the founder of a high-end fitness company in the heart of San Francisco's financial district with a client list of CEOs, bankers, brokers and lawyers.

Today, Mr. Chen is president of Sybarite Investments, an active AREA A member and a 2013 AREA A "A" List honoree.

*a|r|e* magazine recently caught up with Mr. Chen to chat about his first multimillion-dollar sale.

"Well, first of all, we do a lot of multimillion-dollar sales because it's the Bay Area," Mr. Chen explained. "I

a very street-savvy entrepreneur and really didn't have to sell.

The buyers were very bright as well, a notable lawyer and his attorney girlfriend who loved the home and the area but were used to high-level negotiations, helped in part by their own estate attorney.

Believe it or not, the deal took a couple of years to complete because the



sides could not bridge a \$100,000 gap.

Eventually, the two sides agreed to a lease option to buy to create an agreeable compromise and to bridge the seller's price and buyer's reservations.

"To say it took patience would be an understatement," explains Mr. Chen. "Imagine having to start with a standard CAR form, but having endless pages of addendums, with attorneys making constant additions and subtractions to the language of the contract. Basically, it was every transaction a real estate agent might do, all rolled into one. It included a purchase contract, lease agreement, lease option along with the multiple addendums to tie them all together."

Mr. Chen likes to reference this to anyone who thinks that doing a "luxury" real estate deal is easy.

"We deal all the time with buyers who don't need to buy and sellers that don't have to sell. To many upscale buyers and sellers, it's all about the negotiations and managing emotions," Mr. Chen continued.

"When you introduce a first-time homebuyer who has some reservations

think the more interesting story might be the most complicated multimillion-dollar sale."

As a San Francisco native, Mr. Chen sells throughout the Bay Area but lives in Hillsborough, a posh community about 18 miles south of San Francisco in San Mateo County. Here, the average single-family home sells for about \$3.5 million.

As the name suggests, Hillsborough is a beautiful, hilly enclave with two prominent streams that flow into the wooded slopes.

The seller owned a beautiful 7,000-square-foot home with breathtaking "touch the sky" views. He was

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about making a high-priced purchase, and add three lawyers and an entrepreneur who isn't afraid of them into the mix, you could imagine the egos involved. And if you've worked a lot with lawyers, you know that nothing this complicated is fast. It was critical that all the t's were crossed and the i's were dotted."

The house eventually sold for \$4.6 million.

"This was about as complicated a transaction as you can get, and it was filled with potential pitfalls. You have to manage the emotional toll and not become frustrated. For a buyer and a seller, the emotional feeling of getting the best price or deal is really important. You could have a \$1,500 pool heater kill a multimillion-dollar deal," Mr. Chen explains.

In 2013, this was really put to the test. The tightness of the housing inventory limited Mr. Chen's sales to about \$40 million in transactions, when he thought he might have had at least \$60 million in transactions. Some of that business went sideways in the market, and some may return in 2014, but Mr. Chen is not dejected.

"It's just the way the market is right now, and it will change for the better," Mr. Chen believes.

And what does Mr. Chen attribute his success to?

"I learned quickly to listen very carefully. Demonstrate the value that you bring to your clients with your hyper-local market knowledge and negotiating skills. And don't flinch when you're giving your advice. After all, you are the expert," Mr. Chen concludes. **a|r|e**

Like the rest of San Mateo County, prices are at record levels in the Hillsborough real estate market. Highlights as of November 2013:

- » **AVERAGE SALE PRICES WILL LIKELY EXCEED \$3.5 MILLION IN 2013.** The previous record was just over \$3 million in 2008.
- » **THE AVERAGE PRICE PER SQUARE FOOT has been \$821 through November and WILL CERTAINLY END THE YEAR ABOVE \$800 FOR THE FIRST TIME EVER.**
- » **HOMES THAT DO SELL ARE GOING FOR 98.2% OF THEIR FINAL ASKING PRICE,** the most since 2005.



Mr. Chen is the President of Sybarite Investments and is an equity partner and shareholder of Keller Williams Peninsula Estates. He is also a Keller Williams Global Property Specialist. In addition to his real estate interests, Mr. Chen also is a martial arts and exercise enthusiast, and also enjoys skateboarding. In addition to making the AREAA "A-List", Mr. Chen was also named multiple times to Gentry Magazine's "10 under 40" agents to watch list.

## 2013 HILLSBOROUGH REAL ESTATE BY THE NUMBERS

	Current Month		YTD Total or Average	
	Nov 2012	Nov 2013	Jan-Nov 2012	Jan-Nov 2013
Sales	11	6	135	127
Days on Market	43	81	60	61
Months of Supply	4.8	6.5	4.6	4.7
Average Price	\$2,560,000	\$2,994,000	\$2,845,222	\$3,537,583
Median Price	\$2,750,000	\$3,350,000	\$2,746,946	\$3,218,252
Avg \$ per Ft <sup>2</sup>	\$742	\$753	\$715	\$822

Prices continue to rise in Hillsborough. In the past 12 months, prices have increased by around 20%. All signs suggest that prices are at record levels.

Average selling prices have risen faster than the average price per square foot due to larger homes listing and selling in 2013 than the previous year. It is normal to see fluctuations in the size of homes that happen to be listed from one month to the next and from one year to the next. In 2013, the average sold home in Hillsborough has been over 4,250 square feet. Last year, the average sold home was 4,000 square feet. There is some evidence to suggest that homes in the area are getting larger. In the past five years, the average sold home has been just over 4,000 square feet. In the five years prior to that, the average sold home was just under 3,800 square feet.

Due to the combination of a surge in accepted offers and the normal seasonal drought of new listings, inventory levels declined to their lowest since December 2011. There were just 39 homes remaining for sale on the market in Hillsborough at the end of November 2013. Inventory almost always falls from November to December so the market should tighten even further as the year ends. As a reminder, across San Mateo County, inventory levels in the real estate market are at historic lows. Hillsborough has actually been an outlier with inventory remaining closer to recent average levels.