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REAL ESTATE | DEAL OF THE WEEK

Condo Pitch: We'll Donate to Charity for Every Property Sold

High-end developers add philanthropy angle in bid to appeal to socially conscious buyers



For each sale at Three Hundred Collins in Miami Beach, Fla., rendering above, JMH Development will donate cash to a nonprofit organization that helps provide clean water to impoverished areas in Nepal and Ethiopia. ILLUSTRATION: BLOOMIMAGES

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1 COMMENTS

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As the competition to sell luxury condominiums heats up, some developers are embracing an unusual strategy to attract buyers: offering to donate a portion of the sales proceeds to charity.

Consider Brooklyn, N.Y.-based JMH Development LLC. This week, the company is expected to announce that, for every seven-figure condominium it sells at Three Hundred Collins, a 19-unit boutique project in Miami Beach, Fla., JMH will donate \$20,000 to a nonprofit organization that provides clean water to impoverished areas in Nepal and Ethiopia.

“This is the first time JMH Development has launched an initiative of this nature, which we believe is especially critical in light of the recent events in Nepal,” said JMH founder Jason Halpern, referring to the earthquakes that struck the country in April and May, killing nearly 9,000 people. “Giving back is the correct thing to do. I’m hoping this raises awareness to other developers to do it.”

So far, nine of the 19 units at Three Hundred Collins have gone under contract since sales launched in February. Prices at the project range from \$1.2 million to over \$9 million. Mr. Halpern said he is committed to making a lump-sum payment of \$180,000 for the nine units already sold and then will make interim payments of \$20,000 each as future units go under contract.

It isn’t uncommon for real-estate developers and other businesses to donate a portion of their profits to charity, especially to nonprofits in their communities. Tying donations to sales is rarer. But the practice is attracting developers of high-end properties who want to stand out from the crowd and those wanting to appeal to socially conscious buyers.

“Developers are getting more marketing bang for their buck by tying it to unit sales, because they can make luxury buyers feel like they’re doing good by buying a unit,” said Anthony M. Graziano, senior managing director of Integra Realty Resources, a real-estate consulting firm in Miami.

But some industry participants are skeptical of linking philanthropic endeavors to commercial transactions.

“Buyers, no matter what their age or socioeconomic status, are more interested in what they can get, as opposed to the environment, charity or the developers burnishing their reputation at the buyer’s expense,” said Andy Weiser, a real-estate agent with Coldwell Banker Real Estate LLC in Fort Lauderdale who regularly works with buyers of newly built homes. “All the developer is really doing is burying the cost of the donation in the purchase price of the unit.”

Craig Studnicky, co-founder of Aventura, Fla.-based ISG World LLC, a real-estate sales and marketing firm, said most developers making donations aren’t doing it just for the marketing. “The main reason developers do it is to be a part of the community,” he said. “It’s not just about developing and making big profits in a town—they actually do have the sensitivity to give back.”

Last year, Canada's Westbank Projects Corp. said it would donate money to World Housing, an organization that builds and donates houses to families in underdeveloped countries, for each condo it sells at Vancouver House, a 59-story building designed by Danish architect Bjarke Ingels that is slated for completion in 2019. Under the partnership, for each condo sold at Vancouver House, where prices range from 395,000 Canadian dollars (about 312,000 U.S. dollars) to C\$10 million, Westbank will donate US\$2,900—the cost for each of the homes being built in Cambodia. All units at Vancouver House have sold, except for a few penthouses.

“Homeowners in Vancouver are now inextricably linked to a family in the Third World, and they have transformed lives,” said Ian Gillespie, Westbank's founder and president. “This is about connecting communities and people. Each purchaser at Vancouver House is connected to the family that a home is being built for. It's not anonymous—it's personal.”

Mr. Gillespie said a representative of the Cambodian Children's Fund, the beneficiary of the Vancouver House donation, visited Vancouver last November to personally thank unit purchasers. “It was quite profound,” he said. “When purchasers were given a certificate with the name of the family gifted, it got emotional.”

Mr. Gillespie said he is committed to building 400 Cambodian homes as a result of the Vancouver House. So far, 280 have been built.

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