

As appeared in...

# COLORADO REAL ESTATE JOURNAL

THE COMMUNICATION CHANNEL OF THE COMMERCIAL REAL ESTATE COMMUNITY

MARCH 16-APRIL 5, 2022

## Capital Markets

### Tips to attract foreign investors to the Colorado market

Capitalizing on current and past political unrest creates opportunities for Colorado firms to attract foreign investors. For example, we've worked extensively with Chilean investors to pursue other financial opportunities outside of their country.

As an immigrant from Chile, many international investors from both Chile and Mexico have taken special interest in partnering with us. The main investor/developer partner of ours is the Maiza Development Group from Chile. Currently, the Maiza Group has invested in three locations in Lakewood, for a total of \$10 million in equity as well as venture partnership with Quannah Group that includes a 300-unit development with construction permits underway in the city of Lakewood at Wadsworth and 12th Avenue. In addition, they plan to build 70 new for-sale townhomes in two other locations on West Colfax in Lakewood.

Partnerships are a key driver for many of these investments, said Francisca Maiza, now a Boulder resident, and one of the principals of the Maiza Group. "We also like the stability and projections of the Denver market," said Maiza. "We are currently seeking investors and



**Alfonso Silva**  
President and CEO,  
Silva-Markham  
Partners

local partners for further developments in the area. The Maiza Group and its partners are positioned to bring approximately \$80 million to \$100 million in equity for real estate development in the next couple of years."

There are many benefits to working with international partners and quite a bit of interest should Colorado-based companies want to get more involved. We're sharing six steps we've implemented to great success.

First, identify countries with investors willing to invest in the U.S. real estate market. Most countries in Latin America are going through abrupt political changes, which means many local Latin developers and investors are willing to connect and invest with U.S. developers. Most of the large developers in Latin American that would invest in the U.S. can be found online. You also should check the history of the development company in the country you are targeting. Important ques-

tions to ask are: What are their reviews? Are there any litigations with the company in that country? If so, why? What is your connection to that specific country, is it family, friends or business partners? Are you prepared to consider potential language barriers, culture shocks or just a different speed of life?

Second, investigate tax treaties between the U.S. and the investor's country. Taxation when money is repatriated to the country of origin could be a big issue for foreign investors. If there is no tax treaty with the country where the investors live, it could be taxed up to 30% by the U.S., this is in addition to any capital gain obtained in the U.S. This taxation also could be in addition to whatever taxes the foreign country may tax the investors when repatriating the funds.

Third, an experienced certified public accountant firm with knowledge and experience in dealing with international and foreign investors is a must to attract these types of investments. It is important that the CPA firm already has experience in dealing with foreign investors. The IRS requires a variety of special forms to be filed when the owners are not U.S. citizen or U.S. residents.



The Maiza Group, along with Silva-Markham Partners, sought out a venture partnership with Denver's Quannah Group, and is working on a 300-unit development in the city of Lakewood at Wadsworth and 12th Avenue.

Fourth, educate and provide samples of partnership agreements and how U.S. laws protect foreign or local investors. Most foreign investors would like to know how the LLC or the corporations are formed in the U.S., as well as understand what the liabilities are if something goes south. Explain that brokers and property managers must be licensed in the state they operate and propose the adequate coverage of insurance for both the property and the company to stay on the safe side.

Fifth, do your homework and seek and provide deals that make sense in the current market. It is important to submit the current trends and statistics of the Colorado market such

as historical trends, how recessions and the pandemic have affected the market and current cap rates. Also, share expectations, never overpromise and be conservative in predictions. It is beneficial and professional to provide examples of returns of projects your company has done.

And finally, invite the foreign investors to come to Denver and show them why they should invest in our great state. Show investors the capital city, take them to the mountains, show them how vibrant Denver is, all the job opportunities available, and the continued growth of our city. ▲

asilva@silva-markham.com