

Foreign home buyers flock to U.S.

By Amy Hoak

Canadians buy the most properties, followed by China, Mexico, India

Home sales made to international buyers rose about 35% for the year ending March 2014, as people took advantage of favorable exchange rates and affordable prices, according to a report released by the National Association of Realtors on Tuesday.

Total sales to foreign buyers reached an estimated \$92.2 billion from April 2013 through March 2014, up from \$68.2 billion the previous year, according to [NAR's 2014 Profile of International Home Buying Activity](#) report. That's about 7% of the total U.S. existing home sales for the period.

Four states — Florida, California, Arizona and Texas — accounted for more than half of the total reported purchases to international buyers, the report found.

Twenty-three percent of foreign purchases were in Florida. The top five cities searched by international buyers: Los Angeles, Miami, Las Vegas, Orlando and New York, according to data from Realtor.com.

Buyers from Canada made the largest share of purchases (19%), while buyers from China led in dollar volume, buying up \$22 billion in property (with an average price of \$590,826). Other common places where international buyers hailed from included Mexico, India and the United Kingdom.

The study is based on a survey of 3,547 NAR members. Those who participated submitted sales prices and quantities sold, which helped researchers make their estimations, said Jed Smith, managing director of quantitative research for the group and one of the study's co-authors. Both resident and non-resident foreigners are counted as international buyers.

Heidi Klum's \$25 million estate is up for grabs if you can afford. Plus, a look at a Washington, D.C., mansion with a presidential pedigree. Candace Taylor joins the News Hub with Sara Murray. Photo: Nick Springett.

"They see the U.S. as a place of economic stability, they see value in our market and view it as a positive place to invest their dollars," said Danny Hertzberg, sales associate with The Jills Coldwell Banker, based in Miami. About 70% of his

buyers are international, coming primarily from Mexico, Brazil, Venezuela and Argentina, he said. “In many places, it’s a hedge against their currency.”

While international buyers have been increasing over the past few years, Hertzberg has noticed a significant surge in his market during the last 12 months — reflective of the national report.

“Some people are buying trophy properties, some are modest second homes and some people are buying for investment purchases,” said Smith, from NAR. The median price for a home purchase to an international buyer: \$268,284, according to the report.

Other buyers have children attending school in the U.S. and seek a place for them to stay, said Wei Min Tan, a real-estate agent with Rutenberg Realty in New York City. While shocking headlines of multimillion-dollar property sales to foreign investors often make a splash in the media, Tan said there are many foreign buyers looking for more modestly priced homes.

And some are looking for downright bargains.

More of RealtyTrac’s subscribers are coming from foreign countries, according to the company. RealtyTrac provides listings for all types of properties, including non-distressed homes as well as short sales, auctions and foreclosures. Foreign subscriber activity increased 125% between 2009 and 2013, with the biggest increases coming from the United Arab Emirates, Switzerland and China, said spokeswoman Jennifer von Pohlmann. [Foreign subscribers to RealtyTrac are most prevalent](#) in Canada, followed by the United Kingdom, Australia, China and Mexico.

Still, the influx of foreign buyers has at least one significant effect on domestic buyers.

“A lot of the foreign buyers [make sales in] all cash,” Tan said. “They are driving up the prices that way. They are getting the edge in terms of the negotiation.”

Indeed, nearly 60% of reported international transactions within the past year were all cash, compared with one-third of domestic purchases, according to the NAR report.

Often, locals will offer the same amount as a foreign buyer — or more, Hertzberg said. But most domestic buyers need a mortgage in order to buy the home, while many foreign buyers don’t. An all-cash offer is often preferable to the seller because they are more certain to close.

