***Foreigners Snap Up Properties in the U.S.***

By Nick Timiraos

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The six-year slide in U.S. home prices and the dollar's weakness against some currencies are driving a property-buying binge by Asians, Canadians, Europeans and Latin Americans eager to own a piece of America.

Plowing money into real estate may sound like a risky venture to many Americans. But to growing numbers of foreigners, U.S. housing has never seemed a smarter investment.

International buyers accounted for $82.5 billion, or 8.9%, of the $928 billion spent on residential real estate in the 12-month period that ended in March, according a survey released Monday by the National Association of Realtors. That was up 24% from $66.4 billion in the previous-year period.

The survey showed that about 55% of all international buyers came from five countries: Canada, China, Mexico, India and the United Kingdom. Five states, meanwhile, accounted for around 55% of all sales to international buyers: Florida, California, Texas, Arizona, and New York. The survey found that 62% of international buyers paid in cash.

"Money is always looking for a place to go," said Elida Jacobsen Justo, who oversees sales at the Mark, a hotel on New York City's Upper East Side that is selling nine luxury residences. Last week, she fielded a call from a broker whose client is from Spain and is looking to buy a three-to-four bedroom apartment for $10 million to $20 million.

While the euro crisis has weakened the currency-exchange advantage that prevailed in recent years for European buyers, real-estate agents say demand is still strong thanks to America's perceived safe-haven status amid the slow-boiling debt woes.

In Manhattan, foreign buyers, led by Russians and Ukrainians, are setting records by buying apartments at some of the city's high-end addresses. In Miami, Brazilians and Venezuelans have helped soak up a glut of condos in glass towers overlooking Biscayne Bay, while in Arizona, Canadians are snapping up foreclosed properties they hope to rent out at a profit.

"There's this international view that America is on sale," said Eric Workman, vice president of sales and marketing for Mack Companies, a Chicago-based company that buys foreclosed homes and manages them as rentals for other investors. Mr. Mack said that around 20% of the 102 properties he has sold this year have gone to foreign buyers, primarily from Canada and Australia. Last year, all of his investors were domestic.

Ryan Doherty, a 30-year-old apartment developer from Calgary, bought two of those leased-out suburban homes south of Chicago this year. He calls Mr. Workman weekly looking to purchase his next rental. "It's a good passive income opportunity," Mr. Doherty said.

Economists say the flow of global capital into the U.S. housing market reflects several forces. Some Canadians, along with Brazilians and Chinese, worry that prices in their home market have gotten frothy. They are pulling some money out of that real estate market and investing in the U.S., where prices have already crashed. Some investors also believe they can earn higher returns by buying U.S. real estate, holding it as a rental, and then reselling it in the future for a profit.

Buyers from Venezuela, Russia, and Mexico are looking at trophy properties as a safe place to stash money amid perceptions of political uncertainty at home.

The Realtors' survey said international purchases were equally split between nonforeign residents and those who have recently immigrated or are temporary visa holders. Around four in 10 buyers plan to use houses here as their primary residence, while a similar share plan to use the homes as either vacation properties, income-generating rentals, or both, according to the Realtor survey. Many opt against living here for more than six months a year because of tax consequences, according to real-estate agents who specialize in sales to international buyers.

Foreign buyers "are either looking for safe havens or bargains, so we're seeing it at both ends of the spectrum," said Kenneth Rosen, chairman of the Fisher Center for Real Estate Research at the University of California at Berkeley.

The value of the U.S. dollar plays a big role in these decisions. Yves Gougoux, a 61-year-old advertising executive who lives in Montreal, plans to close Tuesday on an oceanfront home in Vero Beach, Fla. "I look around and see more and more French Canadians down here," said Mr. Gougoux, who plans to raze the $1.5 million property and build a home with a pool and gym. With the U.S. dollar and the Canadian dollar near parity, the price of the house comes to around 1.46 million Canadian dollars. Ten years ago, when one U.S. dollar bought 1.53 Canadian dollars, a $1.5 million home in the U.S. would have cost 2.29 million Canadian dollars.

The current exchange rates are giving foreign buyers "even greater purchasing power, never mind that prices are back to 2002 levels," said Sally Daley, the real-estate agent whose Florida firm represented Mr. Gougoux.

Few markets are benefiting from the influx of foreign money as much as hard-hit Miami. In the city's downtown district, a backlog of roughly 25,000 luxury condos three years ago has been whittled down to just a few thousand. "We'll probably come out of this cycle in two years. It would have taken us five or six years if those Latin American buyers didn't show up," said Mark Pordes, chief executive of Pordes Residential, a brokerage in Aventura, Fla.

Home prices in Miami, down by half from their 2006 peak, turned up in recent months, rising 2.5% above their year-earlier level in March, according to the Standard & Poor's Case-Shiller home-price index.

"When they see the prices that we're selling at and they compare it to their home marketplace, they're like, 'This is a gift,' " said Harvey Hernandez, managing director of Newgard Group, a developer. For example, the price of an oceanfront condo in Rio de Janeiro is 50% above that for an equivalent condo in Miami.

Mr. Hernandez launched sales last October on BrickellHouse, a new 374-unit Miami condo project that has signed sales agreements for more than 80% of its units, with around three of every four units going to foreign buyers.

Yvan Martinez, a 39-year-old real-estate attorney from Caracas, Venezuela, bought a second Miami property as a place to park his cash. "In Venezuela, economically and politically, there is no stability right now," he said.

In New York and parts of California, developers and real estate agents also are looking to tap into a growing class of Chinese and Russian millionaires who are entering property markets. Wei Min Tan, a Manhattan real estate agent with Rutenberg Realty, represented a buyer from Singapore who narrowly lost out to a different foreign buyer on a $1.6 million condo in the city's Flatiron district. "People realize Manhattan prices are not going lower," said Mr. Tan, who says demand from foreigners has spiked in the past two months. Yan Yan Zhang, a real-estate agent in Beverly Hills, Calif., estimates that around one third of her sales are to Asian buyers. She has attended marketing events in Beijing organized to showcase luxury U.S. listings to affluent buyers. "They line up with $2 million cash ready to buy the right property," she said.