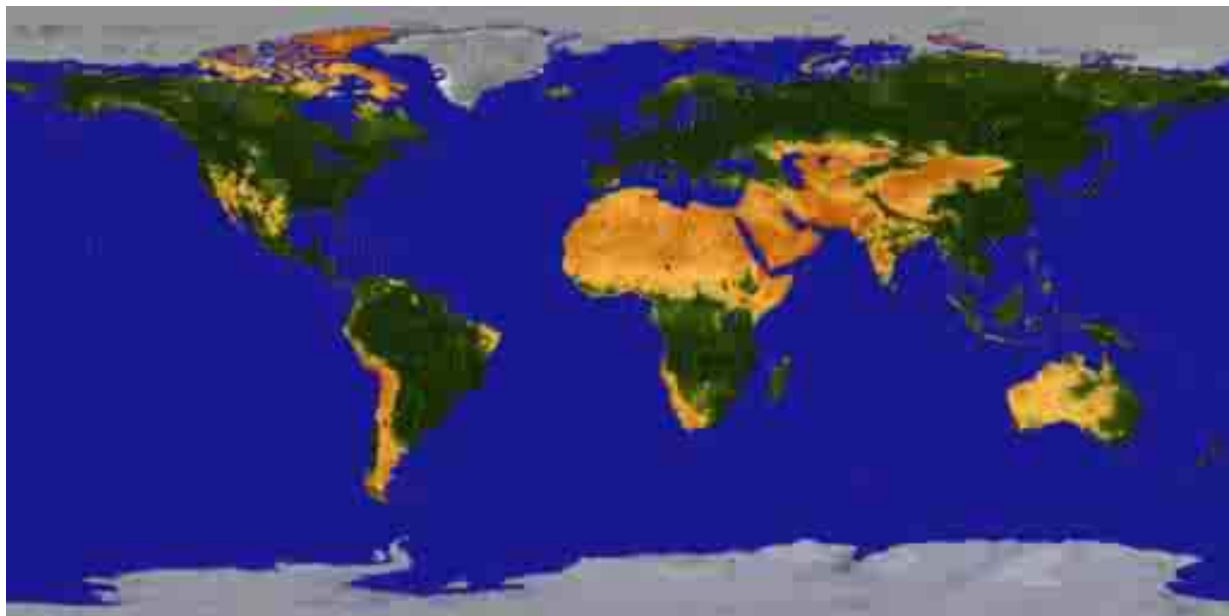




# The 2005 National Association of REALTORS® Profile of International Home Buyers in Florida



NATIONAL ASSOCIATION OF REALTORS®

*The Voice for Real Estate®*

# The 2005 National Association of REALTORS® Profile of International Home Buyers in Florida

Prepared by the The National Association of  
REALTORS® Research Division

NAR Research produces the premier measurement of residential real estate activity – the existing home sales series – and analyzes how changes in the U.S. and international economies can impact the real estate business. It also examines trends in real estate practices, and how NAR members are adapting technology in their business operations. NAR Research looks at regulatory and legislative policy proposals and how those policies could affect REALTORS® and their clients, America's property owners.

To find out about other products from NAR's Research Division, visit our web site at [www.REALTOR.org/research](http://www.REALTOR.org/research).

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**F**or the past decade, the U.S. housing market has been one of the economic wonders of the world. Home sales started an almost consistent rise in the mid-1990s, and set four consecutive records from 2000 through 2004. The availability of mortgage credit for a broader range of potential homebuyers helped bring new participants into homeownership. At the end of 2004, the U.S. homeownership rate was 69 percent. And residential real estate was easily outperforming the U.S. stock market, with home price appreciation often in double-digits. Driving this amazing activity is high demand from all segments of the U.S. population.



The U.S. housing boom was and continues to be fueled by these same fundamentals, but it is also attracting homebuyers from outside the U.S. REALTORS® in a variety of market areas are brokering home sales for clients from countries all over the world. There is increasing anecdotal evidence that international real estate clients have become significant players in many real estate markets, especially in Florida.

To date, there is little formal research that exists on these international homebuyers. To help fill that gap, the National Association of REALTORS® Research Division, in concert with the Florida Association of REALTORS®, conducted a survey of homebuying activity in Florida by foreigners. In May of 2005, this survey was sent to members of the Florida Association of REALTORS® in order to better understand the extent of non-U.S. resident homebuyers, why those buyers purchased homes in the U.S., and what types of properties they bought and for what purpose. Results of the survey were based on 986 respondents (REALTORS®) who closed 1844 home sales transactions to non-U.S. residents in the previous 12 months. Analysis of the results indicates that International buyers of U.S. homes in Florida during the period May 2004 to 2005 resided in more than 100 different countries of varied population and geographic size, various cultures, and located in all regions of the world.

While this survey focuses on home sales activity to foreign buyers in Florida, some of the results can help inform REALTORS® around the country about homebuying preferences of non-U.S. residents. Because U.S. real estate is a popular investment option for many people outside the United States, this *Profile* can provide insight to the segment of the homebuying population from other countries.

Lawrence Yun, Ph.D.  
Keunwon Chung

## NOTES:

For purposes of this survey of International Homebuying Activity, an international homebuyer or foreign homebuyer is defined as one who principally resides in another country (outside the U.S.), and is not classified as a foreign-born resident of the U.S. International buyers are not U.S. citizens (either naturalized or native-born and living outside the U.S.), a U.S. immigrant, or a foreign student or worker on a temporary visa.

In this Profile, some information from *The 2004 NAR Profile of Home Buyers and Sellers* and *The 2004 Florida Profile of Home Buyers and Sellers* is provided. These 2004 profiles are based on data from a survey conducted in the summer of 2004. Because of sampling and methodology differences, results are not necessarily directly comparable to that of the 2005 International Homebuying Profile, but may provide additional context for examining international homebuying activity.

An additional technical note is found in Appendix II.

## International Homebuyers in Florida

International buyers of U.S. residential real estate are major players in the Florida housing market. They account for 15 percent of total home sales in the state.

Of the REALTORS® who participated in the survey, 87 percent reported that they did at least one home sale transaction with international buyers. Two thirds – 66 percent – of those REALTORS® who brokered foreign-buyer purchases noted that one to four of *all* their transactions were with international clients.

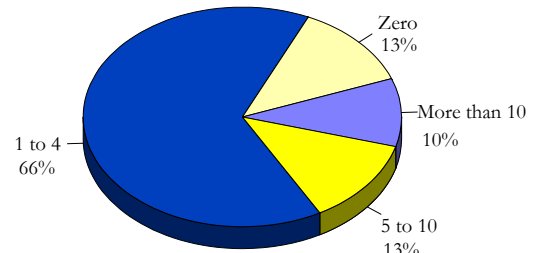
For the majority of these real estate professionals, foreign homebuyers accounted for 25 percent or less of all sales transactions between May 2004 and May 2005. The median share of foreign-based business was 17 percent.

But 11 percent of REALTORS® indicated that a quarter to half of their home sales transactions in the last twelve months were with international clients. A not insignificant share of REALTORS® – seven percent – dealt predominantly with international clients.

## Homebuyers from Around the World

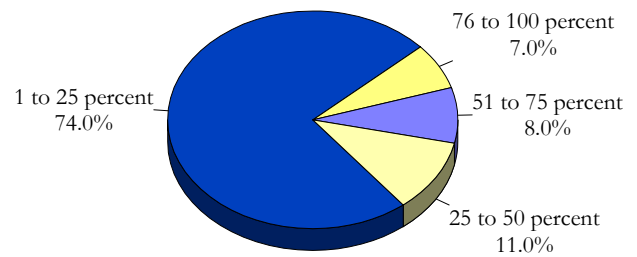
While Florida’s international homebuyers came from more than 100 countries in all areas of the world, the majority of all home purchases by foreign buyers in Florida – 58 percent – were made by Europeans. More than half of the buyers from Europe were based in the United Kingdom. In fact, the United Kingdom was the number one country of origin for foreign homebuyers, accounting for a one third all international purchasers. Eastern European countries, which include Russia and the former Soviet Republics, currently account for three percent of international homebuyers.

**Number of Home Sales to Foreign Home Buyers**  
(percent distribution)



**Proportion of Home Sales to International Clients as Percent of All Transactions**

(percent of REALTORS who brokered International transactions)

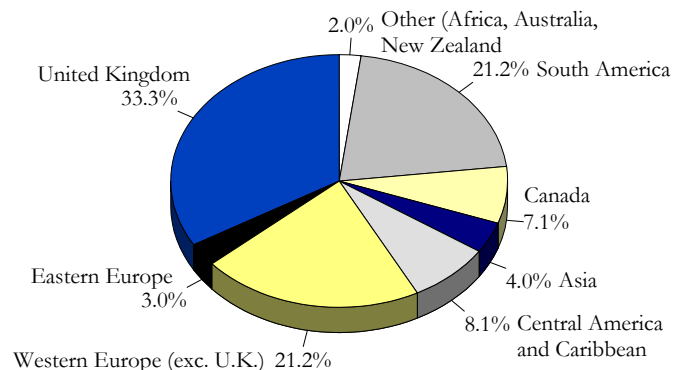


**Change in Percent of International Homebuyers in Past Five Years**

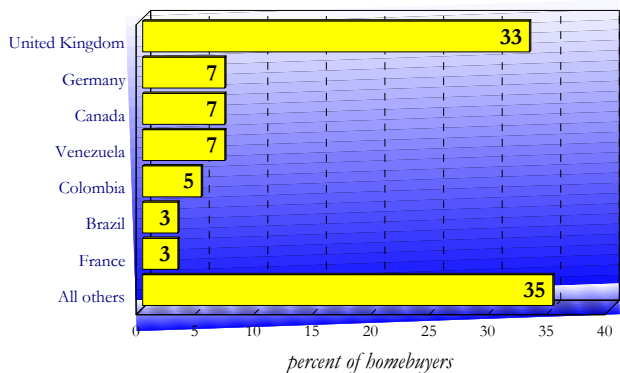
	Percent
Increased	49
About the same	45
Decreased	6

**Region of Origin of Foreign Home Buyers**

(percentage distribution)



## Top Countries of Origin of Foreign Homebuyers



One third of international buyers were from Latin America (including South America, Central America and the Caribbean). Spanish and Portuguese-speaking buyers from that region accounted for 29 percent of the total.

[The proportion of international homebuyers from the United Kingdom, Germany, Canada and Venezuela is sufficiently large to allow for separate analysis for those countries. See page 4.]

## Price of Homes Purchased by International Homebuyers

### Sales Price of Homes Purchased by Foreign Buyers

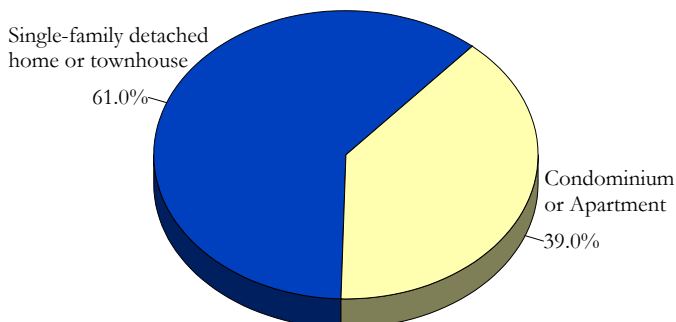
Price Paid for Home	Percent of Buyers
Under \$100,000	7
\$100,000 to \$200,000	16
\$200,001 to \$300,000	27
\$300,001 to \$400,000	18
\$400,001 to \$500,000	9
Over \$500,000	22
Median Home Price	\$299,000

The majority of foreign homebuyers purchased a single-family detached house or a townhouse that cost anywhere between \$100,000 and \$400,000. The median price paid for a home was \$299,000. (As a comparison, NAR's existing home sales statistical series report the median sales price for all existing single-family home buyers in Florida was \$196,200.)

As the results indicate, foreign buyers bought either a single-family dwelling (house or townhome) or condominium/apartment. The survey offered a third option for response – a timeshare – but received no response. This result could indicate the boom in international homebuying in the U.S. is *not* related to timeshares in any way. At the same time the results do not suggest any trends relating to the time-share market. Rather, it is likely that REALTORS® – who generally assist clients in the buying and selling of homes – may not consider time-shares as part of their normal residential brokerage business.

## Type of Home Purchased by Foreign Buyer

(percent)



## Financing the Home Purchase

Well over half of international homebuyers financed their Florida home purchase with a mortgage, but 36 percent of buyers paid cash for their home. This is significantly different from the results in *NAR's 2004 Profile of Home Buyers and Sellers*, in which only 8 percent of

all domestic homebuyers paid cash and 92 percent had some part of the purchase price financed. (For *all* of Florida homebuyers in 2004, 90 percent used a mortgage to finance the purchase of their home; 10 percent did not).

One possible explanation for this disparity in the use of cash to purchase a home could be that because international buyers *do* reside outside the U.S., they may be looking for less risk in their home investment to insure against price declines. At the same time, cash purchases lessen the foreclosure risk among this group of buyers. Lower foreclosure risk, in turn, lessens the possibility of a price decline.

### Why they buy

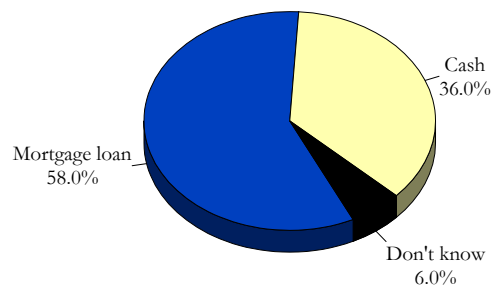
The majority of all domestic homebuyers purchase a home for use as their primary residence. For foreign buyers, an almost equal share purchased their Florida homes to use either as a vacation home (38 percent) or for purely investment purposes (37 percent). For comparison, 58 percent of all domestic *second-*home buyers purchased their second property either to diversify their investment portfolio or to generate rental income. Seventeen percent of foreign buyers needed a home in the U.S. because they spent some time in this country for their job.

Because foreign buyers are, by definition, non-residents of the U.S., most of them plan to spend less than six months in the Florida home they purchased.

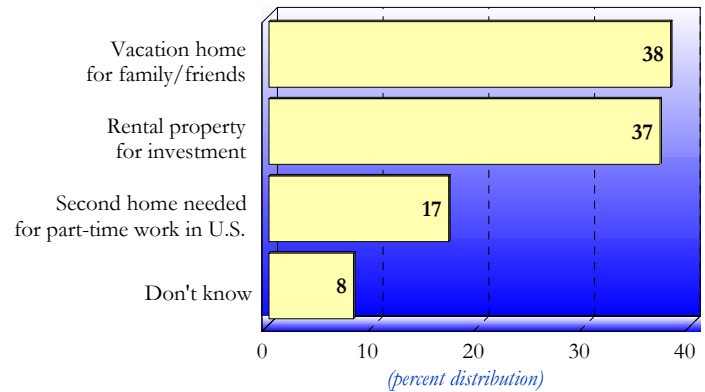
### Where They Buy

According to the most recent information from the U.S. Census Bureau, Florida is the fastest-growing state in the country. U.S. residents have been relocating there for various reasons – vacation, retirement, change of lifestyle – and Florida is one of the major gateways for immigration to the U.S.

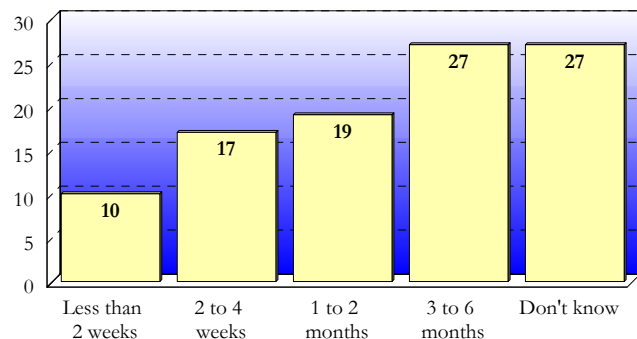
**Method of Home Purchase by Foreign Buyers**  
(percentage distribution)



**Principal Purpose for Purchasing a Home**



**Length of Time Foreign Homebuyer Plans to Use the Property Purchased**  
(percent)



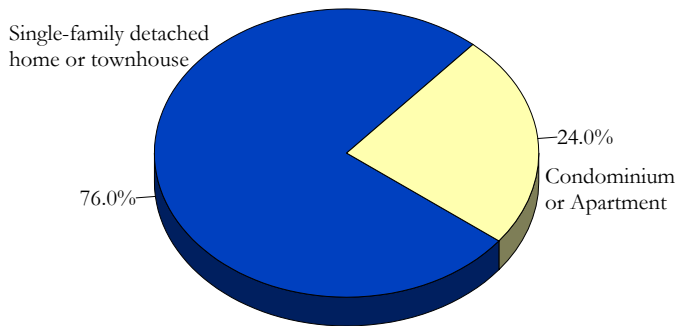
**Location of Homes Purchased  
by Foreign Homebuyers**

Florida City/Area	Percent of Foreign Homebuyers
Miami-Ft. Lauderdale	30.4
Orlando	22.7
Naples-Ft. Myers	13.7
Tampa-St. Petersburg	9.9
Sarasota	9.9
West Palm Beach	5.8
Other	7.6

Foreign homebuyers are following those U.S. residents to similar destinations. Nearly a third of international homebuyers in Florida purchased their properties in the Miami-Ft. Lauderdale area. Another third chose the central Florida regions of Orlando and Tampa-St. Petersburg. Nearly a quarter purchased homes in the Gulf Coast areas of Sarasota, Ft. Myers and Naples.

**Type of Home Purchased  
by Buyers from the United Kingdom**

*(percent)*



**Foreign Homebuyers from Different Countries**

According to the survey results, the top four countries in which foreign homebuyers live are the United Kingdom, Germany, Venezuela and Canada. Below are some highlights about buyers from those areas.

**United Kingdom**

Thirty-three percent (33%) of international buyers are based in the United Kingdom. (For ease of discussion, homebuyers from the U.K. are referred to here as “British”, even though they may be from different parts of the country.) Three quarters of British homebuyers bought a single-family detached home or townhouse, while the remaining quarter purchased a condominium or apartment. One reason behind the British preference for a single-family home could be the desire for a different living environment than the high-density, urban living style prevalent in many European countries.

**Sales Price of Homes Purchased by Buyers  
from the United Kingdom**

Price Paid for Home	Percent of Buyers
Under \$100,000	3
\$100,000 to \$200,000	14
\$200,001 to \$300,000	35
\$300,001 to \$400,000	23
\$400,001 to \$500,000	7
Over \$500,000	16
Median Home Price	\$293,300

British homebuyers in Florida paid a median of \$293,300 for their property – this is slightly less than the median price paid by all international buyers in this survey. While a significant proportion of them – 23 percent – purchased homes for more than \$400,000, this is also a smaller percentage than the 31 percent of *all*

foreign buyers who paid between \$400,001 or more for their Florida home.

Homebuyers from the U.K. chose financing options similar to that of foreign buyers as a whole. More than two thirds – 36 percent – of British purchasers paid for their Florida-based home with cash, while 59 percent used some kind of mortgage financing.

Homebuyers from the United Kingdom were more likely than other foreign buyers to use their Florida home as a rental property for investment. In fact, the majority of British home purchasers indicated to their real estate professional that this was the main purpose for their buying a home in Florida. More than half plan on using the property (directly) for two week to two months.

British homebuyers strongly favor purchasing in the Orlando area. Almost half of buyers from the U.K. purchased properties in Orlando and vicinity. The next most popular choice was Naples-Ft. Myers, followed by Tampa-St. Petersburg.

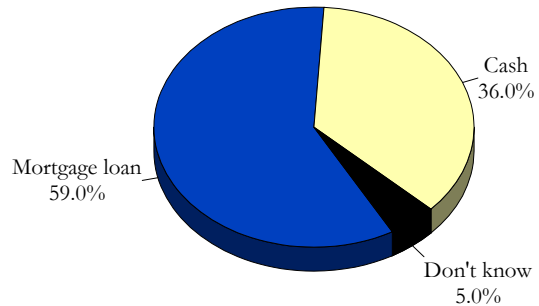
**Homebuyers from Germany, Venezuela and Canada**

Foreign residents from Germany, Venezuela and Canada each accounted for seven percent of Florida’s international homebuying clientele. While the proportion of buyers from these countries is not as large as that from the United Kingdom (and so is subject to a larger sampling error), there is sufficient data to examine buying preferences for homebuyers from these areas.

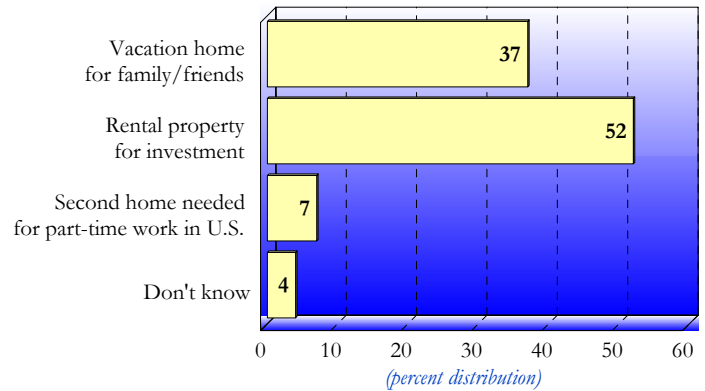
The significant proportion of buyers from Venezuela is interesting. The country’s population is smaller than many other Latin American nations – 25 million compared to Brazil’s 173 million, Colombia’s 43 million and Mexico’s 100 million. One possible explanation is the turmoil in Venezuela. Its president has attempted to nationalize the country’s oil industry, and his open admiration for Cuba’s

**Method of Home Purchase by Buyers from the United Kingdom**

*(percentage distribution)*

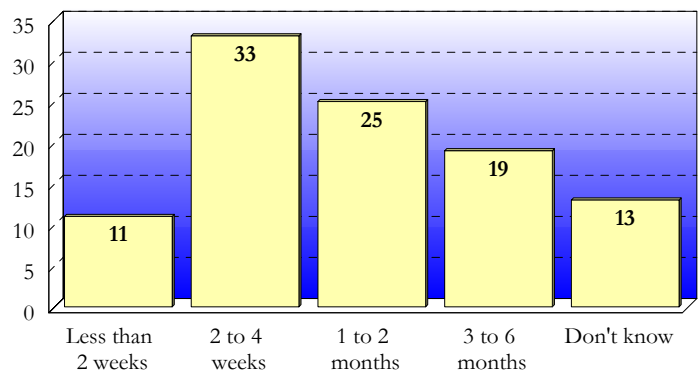


**Principal Purpose for Purchasing a Home Homebuyers from United Kingdom**



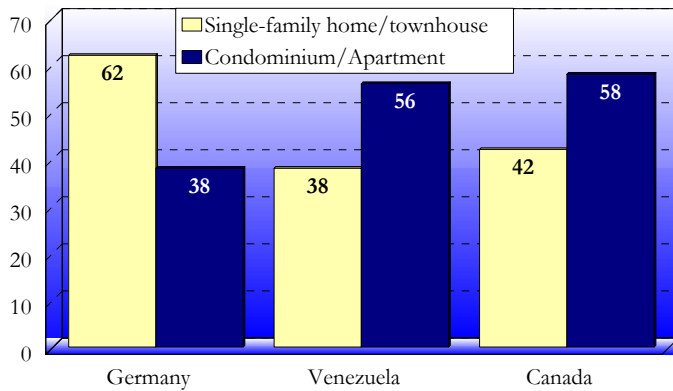
**Length of Time Buyers from the U.K. Plan to Use the Property Purchased**

*(percent)*



## Type of Home Purchased by Buyers from Germany, Venezuela and Canada

(percentage distribution)

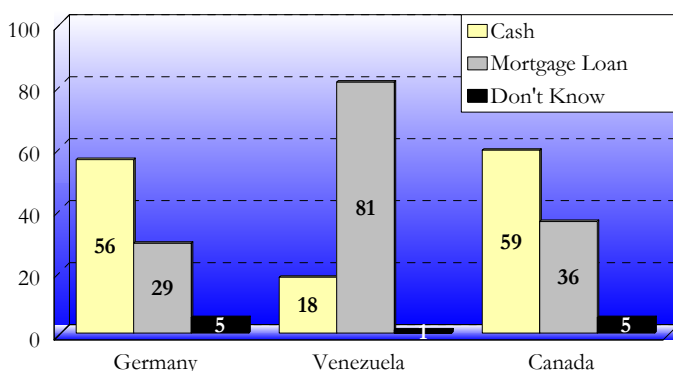


## Sales Price of Homes Purchased by Buyers from Germany, Venezuela and Canada

Price Paid for Home	Percent of Buyers from		
	Germany	Venezuela	Canada
Under \$100,000	13	1	16
\$100,001 to \$200,000	14	15	22
\$200,001 to \$300,000	21	22	27
\$300,001 to \$400,000	14	28	7
\$400,001 to \$500,000	9	17	9
Over \$500,000	29	17	19
Median Home Price	\$314,100	\$342,400	\$244,000

## Method of Home Purchase by Buyers from Germany, Venezuela and Canada

(percentage distribution)



President Castro may have influenced some of its citizens to seek more secure economic investment elsewhere.

Homebuyers from Germany and Venezuela generally paid more for their Florida homes than did other foreign buyers or foreign buyers as whole. German homebuyers typically purchased a single-family home or townhouse that cost a median of \$314,100. It is likely that, similar to their British counterparts, German homebuyers favor single-family homes because those homes offer a different style of living environment from high-density, urban living that is usual in many European countries.

Venezuelans who purchased homes in Florida paid a median of \$342,400, and more than half of them bought a condominium or apartment. One reason why Venezuelans paid more, on average, than did buyers from Germany or Canada was the type of home they purchased. Condominium and co-op apartment prices have increased at rates higher than those of single family detached homes or townhouses. In fact, for the comparable time period covered by the survey -- the second quarter of 2004 to the first quarter of 2005 -- the median price of a condominium/co-op was greater than the median price of a single-family home. The median home price for single-family units in the U.S. was \$186,900 while that for condo units was \$199,300.

Canadian buyers generally paid *less* than the median price of all foreign-purchased homes -- \$244,000 vs. \$299,000. One third of Canadians bought homes for \$200,000 or less. This could be due to their preference for more modestly priced properties. It could also be a function of "proximity." Canadians may be more familiar with U.S. financial and housing markets by virtue of being next door to the U.S. and having readier access to U.S. media that report on American housing markets.

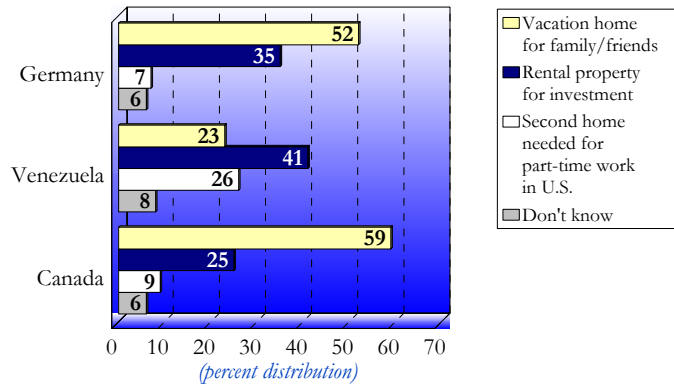
A striking majority of German and Canadian homebuyers – 56 and 59 percent, respectively – purchased their Florida properties with cash. In fact, results for Canadian purchasers were an exact reverse image as those for British homebuyers. More than four fifths of buyers from Venezuela, on the other hand, used some sort of mortgage financing to purchase their Florida home.

While German and Canadian home purchasers are more likely than other foreign buyers – and foreign buyers in general -- to use their property as a vacation home for family and friends, a significant proportion of them do intend to use their Florida home as rental property for investment. Buyers from Venezuela also purchased a Florida home primarily for rental property/investment purposes. But, more than a quarter of them intend to use their U.S. home as a “second home” to live in while they work part-time in this country. Canadians generally plan on using their Florida-based property for three to six months out of a year.

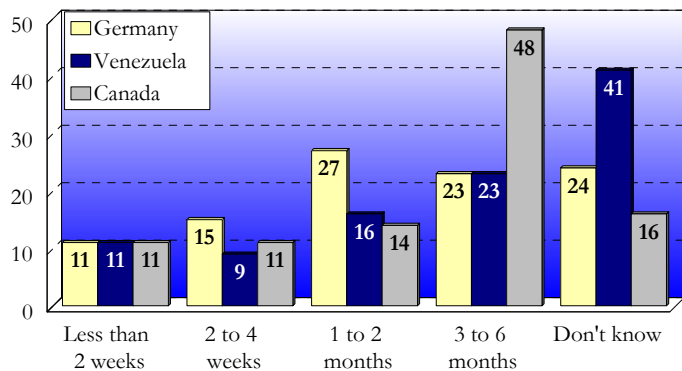
Please note: A significant “don’t know” response from REALTORS® to the question regarding how long their clients would use the property is puzzling, especially in the case of those REALTORS® who sold properties to buyers from Venezuela. It could be reticence on the part of the client, who was uncomfortable providing this information to the agent. It is also possible that due to uncertain political and economic situations in Venezuela, the client was unable to answer with certainty about how long he/she would use the U.S.-based home.

Miami is the major gateway city for visitors to the U.S. from Central and South America. Perhaps not surprising then, Miami-Ft. Lauderdale was the favored destination for buyers from Venezuela; 68 percent of them purchased property there. The next most popular destination for Venezuelan buyers was Orlando, followed by West Palm Beach.

### Principal Purpose for Purchasing a Home for Buyers from Germany, Venezuela and Canada



### Length of Time Buyers from Germany, Venezuela and Canada Plan to Use the Property Purchased



### Location of Homes Purchased by Homebuyers from the United Kingdom

Florida City/Area	Percent of Buyers from		
	Germany	Venezuela	Canada
Miami-Ft. Lauderdale	11	79	14
Orlando	5	9	9
Naples-Ft. Myers	38	6	22
Tampa-St. Petersburg	11	3	17
Sarasota	21	1	15
West Palm Beach	7	8	13
Other	7	5	10

### Sales Price of Homes Purchased by Buyers from Latin America and Europe

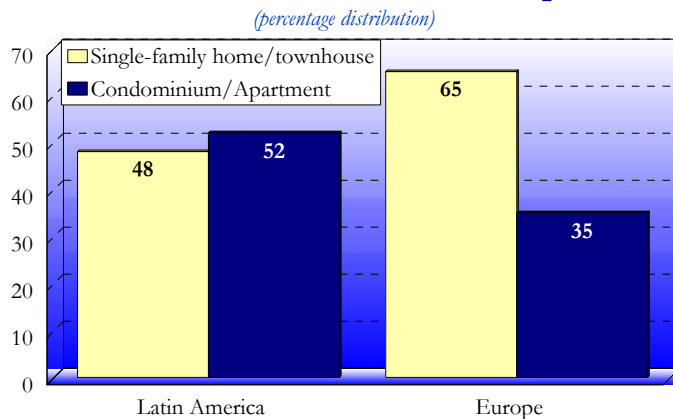
Price Paid for Home	Percent of Buyers from	
	Latin America	Europe
Under \$100,000	4	5
\$100,001 to \$200,000	16	14
\$200,001 to \$300,000	25	30
\$300,001 to \$400,000	22	21
\$400,001 to \$500,000	14	8
Over \$500,000	20	21
Median Home Price	\$322,500	\$304,715

A large majority – 70 percent – of German buyers purchased property along Florida’s south west coast and vicinity. Canadian homebuyers were distributed across most major cities, with the majority of them purchasing properties in the southwest coastal areas.

### Foreign Homebuyers by Region of Origin

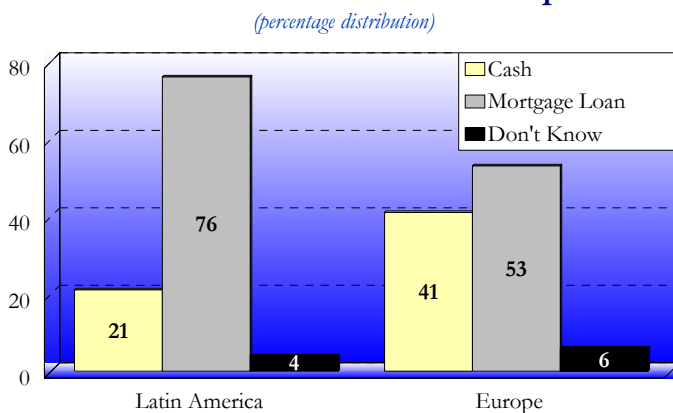
Homebuyers from Europe (both Western and Eastern) account for the majority – 58 percent – of all foreign buyers in Florida. Spanish-speaking buyers from South and Central America, as well as the Caribbean Islands, comprise 29 percent. Buyers from Brazil (Portuguese-speaking) account for 3 percent of foreign buyers. While there are buyers from Asia, Africa, Australia and New Zealand, results for those regions/countries did not yield a large enough sample size to analyze.

### Type of Home Purchased by Buyers from Latin America and Europe



Latin American buyers paid a median of \$322,500 for their Florida home. Twenty percent (20%) paid over \$500,000. Slightly more than half of homebuyers from Latin America purchased a condominium or apartment. Three quarters of them financed their purpose with a mortgage. European buyers, in general, paid slightly less than Latin Americans -- a median of \$304,715 -- for their Florida property. Europeans tended to purchase a single-family home or townhouse. A small majority – 53 percent – financed at least part of the home purchase with a mortgage. Still, a large proportion paid for the home in cash.

### Method of Home Purchase by Buyers from Latin America and Europe



One reason why Latin Americans paid slightly more, on average, than did Europeans was the type of home they purchased. Condominium and co-op apartment prices have increased at rates higher than those of single family detached homes or townhouses;

the median sales price for condominiums for *all* homebuyers is greater than that for a single family detached home.

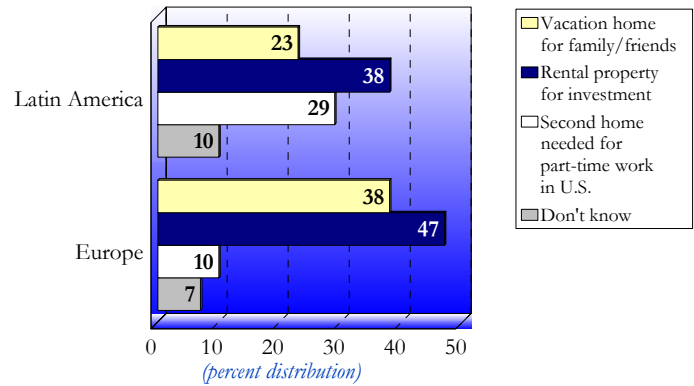
The principal purpose for purchasing a home in Florida for *both* Latin American and European buyers was as rental property for investment. Well over one third of Europeans planned to use the home as a vacation venue, while 23 percent of Latin Americans planned to do so. Close to a third of Latin American homebuyers intended the property as a second home needed for part-time work in the U.S.

Half of European homebuyers plan to use their Florida-based property for anywhere from one to six months during a year and one quarter of them for two to four weeks annually.

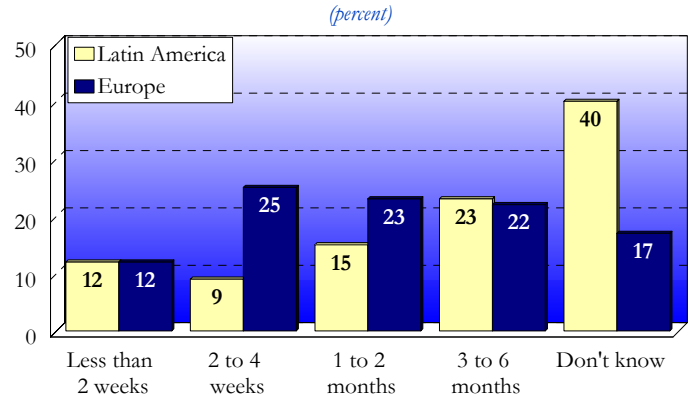
The results for Latin American buyers is harder to determine. Forty percent of REALTORS who responded to the question on how long their client intended to use the Florida property answered “don’t know.” Again, as indicated above, it is possible that clients from Latin America were either uncomfortable giving this information to their agents, or because of political, social or economic unrest in their specific countries of origin they could not give an answer.

Miami-Ft. Lauderdale tends to be the destination of choice for most Latin Americans. This is not surprising, given Miami’s status as a major port of entry for visitors from Central America south through the continent and the proximity of the islands in the Caribbean. European buyers tended to purchase properties throughout the state, with slightly less than a third buying homes in Orlando.

### Principal Purpose for Purchasing a Home for Buyers from Latin America and Europe



### Length of Time Buyers from Latin America and Europe Plan to Use the Property Purchased



### Location of Homes Purchased by Homebuyers from Latin America and Europe

Florida City/Area	Percent of Buyers from	
	Latin America	Europe
Miami-Ft. Lauderdale	67	16
Orlando	10	31
Naples-Ft. Myers	7	17
Tampa-St. Petersburg	3	11
Sarasota	3	13
West Palm Beach	6	5
Other	4	7

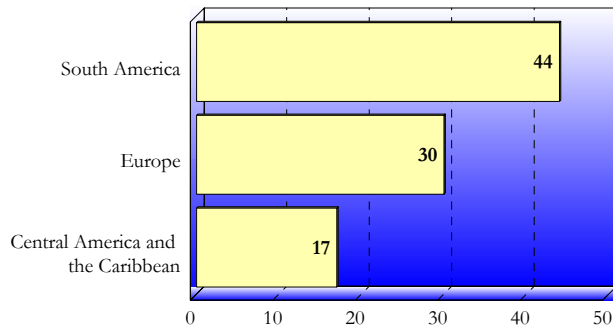
## Foreign Home-Buyers – by Destination

Results from the survey allowed for insight into foreign homebuying activity by destination. The top four cities/areas in which non-U.S. residents purchased homes were Miami-Ft. Lauderdale, Orlando, Naples-Ft. Myers, and Tampa-St. Petersburg. While Sarasota was a separate “option” for destination, for purposes of this location analysis it is included with the Naples-Ft. Myers data.

More than 30 percent of foreign homebuyers in Florida purchased properties in Miami-Ft. Lauderdale. It is by far the destination of choice for most Latin American homebuyers.

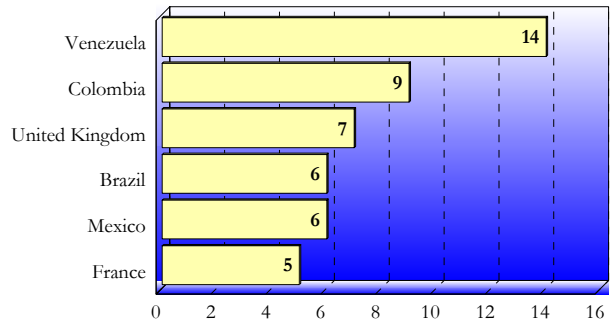
### Destination: Miami-Ft. Lauderdale

*Percent of Foreign Homebuyers by Region of Origin*



### Destination: Miami-Ft. Lauderdale

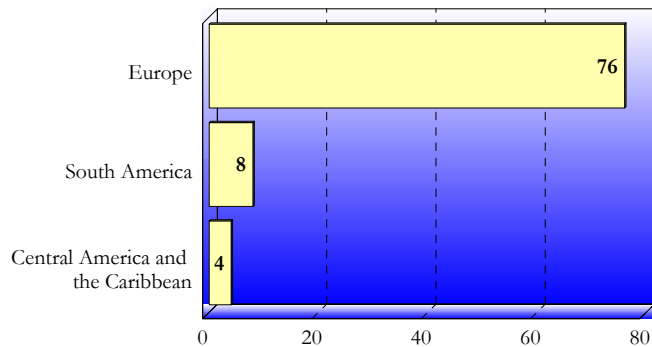
*Percent of Foreign Homebuyers by Country of Origin*



Almost 23 percent of foreign buyers who purchased homes in Florida do so in Orlando. Three quarters of foreign buyers who purchase property in Orlando are from Europe. Two thirds of those buyers are from the United Kingdom.

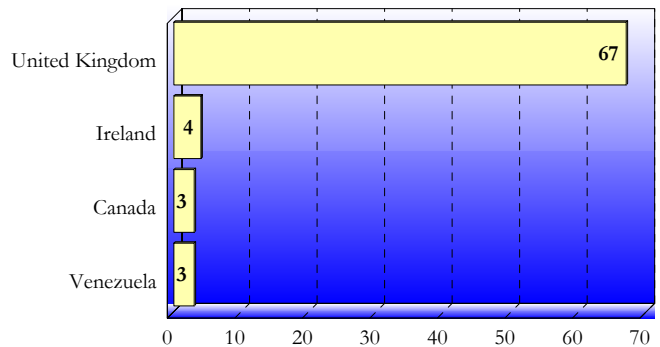
### Destination: Orlando

*Percent of Foreign Homebuyers by Region of Origin*



### Destination: Orlando

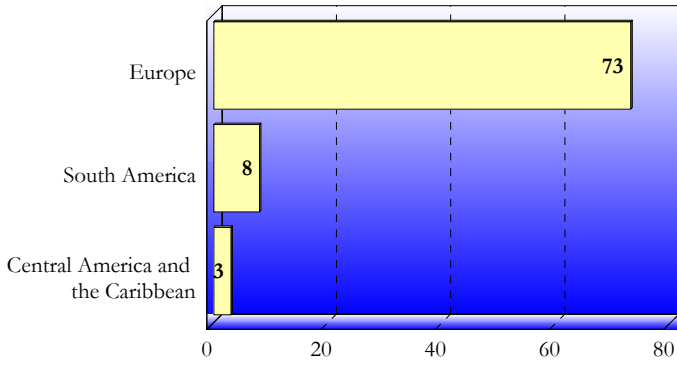
*Percent of Foreign Homebuyers by Country of Origin*



Slightly less than a quarter of foreign homebuyers in Florida purchased properties in Naples, Ft. Myers and Sarasota. More than a third of those buyers are from the United Kingdom, and 16 percent are from Germany.

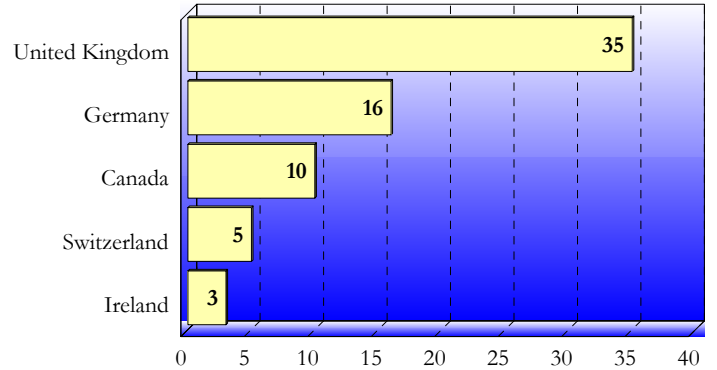
**Destination: Naples-Ft. Myers-Sarasota**

*Percent of Foreign Homebuyers by Region of Origin*



**Destination: Naples-Ft. Myers-Sarasota**

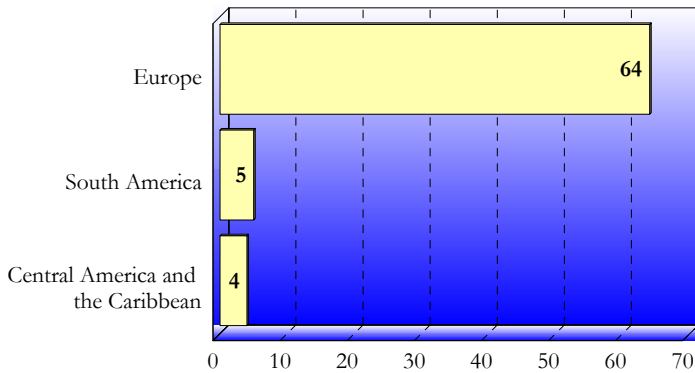
*Percent of Foreign Homebuyers by Country of Origin*



Just under 10 percent of all international homebuyers who purchased properties in Florida buy a home in the Tampa-St. Petersburg area. Nearly two thirds of them are from Europe. But 11 percent are from Canada.

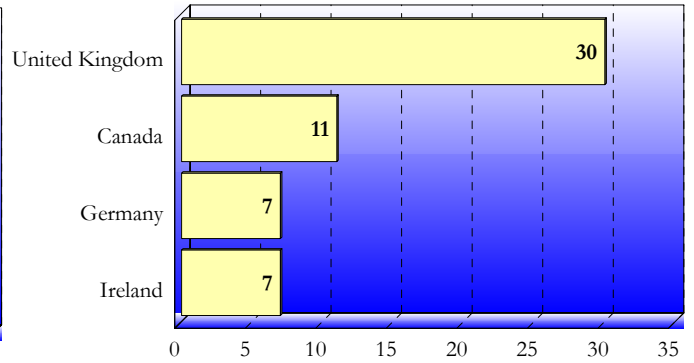
**Destination: Tampa-St. Petersburg**

*Percent of Foreign Homebuyers by Region of Origin*



**Destination: Tampa-St. Petersburg**

*Percent of Foreign Homebuyers by Country of Origin*



## Conclusion

Homebuyers from countries around the world are purchasing U.S. homes and contributing to our nation's housing boom. In Florida, these home purchasers who reside primarily outside the U.S. account for a significant portion of the state's home sales – 15 percent.

Non-U.S. residents purchase homes in this country for many different reasons. Many of them feel that investing in an American home is a more secure investment than stocks or bonds. In addition, U.S. mortgage interest rates are low – an attractive incentive for buyers from abroad. Homes in the U.S. are generally more affordable than in Europe. Many buyers can get “more house for the money” here than overseas. This is especially true in light of recent declines in the U.S. dollar's value compared to the Euro. In spite of this softness of the dollar in currency markets, most foreign homebuyers feel that the U.S. economy is sound. In addition, the U.S. is seen as politically stable. Some foreign buyers come from either newly independent states or countries that are in social or political turmoil. U.S. real estate provides a safe haven.

Other factors are helping drive foreign homebuying activity in the U.S. Air fares are generally affordable and so allow for greater international travel. The “rise” of the Euro also spurs travel to the U.S. from abroad. Demographics are playing their part as well. Other countries – especially those in Europe – are experiencing the same “aging” of their population as is the United States. Foreign baby-boomers – like their American counterparts – are looking for ways to maximize their return on investments as they approach retirement, and so are purchasing second homes.

The U.S. market contains a large supply of real estate. It also has a relatively high turnover rate and an easy exit option. The United States does not restrict or scrutinize most property purchases by foreigners, as do other countries. Many international buyers also appreciate the equal opportunity that U.S. real estate affords. There are few barriers to homeownership in the U.S. Except to the extent that may be necessary to enforce U.S. criminal laws or national security provisions, foreign participation in U.S. real estate markets is largely free. Foreign investors have the same rights as those of American property owners. The National Association of REALTORS® also believes that any legislation or regulatory barriers that would limit the open market and private property rights or access of foreign investors to U.S. markets could curtail foreign investment and potentially jeopardize the health of U.S. real estate markets

Although foreigners who purchase U.S. real estate do face higher financial requirements, any person who has the financial wherewithal to purchase a home can do so. REALTORS® can help make that “American” dream of owning a home a reality for our friends around the globe.

## **Appendix I: Comments from the Survey Respondents**

This survey solicited comments from the respondents on any factors or obstacles relating to international home purchase transactions. For instance, what factors attracted the buyer to U.S. real estate? Did the REALTOR® responding or his/her foreign client face any major cultural barriers that had to be overcome? The comments were not tabulated and so do not allow for any kind of substantive analysis. It was also not possible to determine from the responses where the REALTOR®'s client came from. This brief overview of the responses is provided for context to add to the discussion of expanding local real estate markets to foreign-based clients.

Most of the respondents to the “comment” section mentioned that their clients felt that investing in U.S. real estate made more sense than investing either in their home country or in stocks and bonds. Foreign buyers see the American real estate market as “reliable”, not prone to big shifts (like depressions), and were hoping to take advantage of the current housing boom. In addition, recent weakening of the dollar against the Euro means that Europeans get a better exchange rate in this country.

Political stability in the U.S. was also cited as a factor in deciding to invest in U.S. real estate. Some foreign homebuyers felt that their home countries were close to political – and economic – chaos. The U.S. real estate market is seen as a safe haven for their money.

While there are higher financial requirements for foreigners when they purchase U.S. property, many foreign homebuyers appreciate the way real estate is brokered here – with independent representation of a real state professional. The main barriers to the home purchase transaction are language, cultural differences, and new security regulations.

## Appendix II: Technical Notes on the Survey

NAR estimates that 15 percent of all homes sold in Florida were to international buyers. The figure was derived from the weighted average of 13 percent of respondents who indicated zero international transactions and the remaining 87 percent of respondents who indicated an average of 17 percent of their business was with international clients.

As with all surveys, the results are subject to non-sampling errors. Namely, REALTORS® who had zero international transactions could have had a much lower response rate than those REALTORS® who had some international transactions. However, a question was asked at the end of the survey about their colleague's business regarding international transactions. The results are as follows:

<b>What percentage of your colleagues' business in your office would have been with international clients?</b>	
Less than 25%	45%
25% to 50%	15
51% to 75%	6
More than 75%	5
Don't know	30

If the “don't know” responses are not factored in, then the results imply a higher level of international transactions by colleagues (i.e., non-respondents) than by the respondents. Assuming that “don't know” responses correspond to zero transactions by colleagues (an extreme low-end assumption) then the distribution implies a median percentage of colleagues' business with international clients to be 11 percent – not very different from the 13 percent median percentage of international business by the respondents themselves. Therefore, NAR does not believe that the non-sampling error to be measurably biased one way or the other.