

2016 Profile of International Activity in U.S. Residential Real Estate

**National Association of REALTORS®
Research Department**

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**National Association of REALTORS®
Research Division
June 2016**



About the Survey

Since 2009, the Research Division of the National Association of REALTORS® (NAR) has conducted an annual survey of REALTORS® to measure the share of U.S. residential real estate sales to international clients, to provide a profile of the origin, destination, and buying preferences of international clients, as well as the challenges and opportunities faced by REALTORS® in serving foreign clients.

The *2016 Profile of International Activity in U.S. Residential Real Estate* presents information regarding REALTOR® transactions with international clients during the 12-month period of April 2015–March 2016. While past years' reports focused on residential buyers, the 2016 report presents information on international client sales of U.S. residential property. Following on from last year's initiative, the report also provides insights on U.S. clients seeking to purchase property abroad.

This survey was sent to 150,000 REALTORS® who were randomly selected to participate in the online survey and to 6,565 REALTORS® who responded to the 2014 and 2015 surveys. The online survey was conducted from April 12–28th, 2016. A total of 5,960 REALTORS® responded to the 2016 survey.¹ Information about the characteristics of international clients is based on the most recent closed transactions of the respondents during the 12 months ending March 2016.

The term international or foreign client refers to two types of clients:

- Non-resident foreigners (Type A): Non-U.S. citizens with permanent residences outside the United States. These clients typically purchase property as an investment, for vacations, or other visits of less than six months to the United States.
- Resident foreigners (Type B): Non-U.S. citizens who are recent immigrants (in the country less than two years at the time of the transaction) or temporary visa holders residing for more than six months in the United States for professional, educational, or other reasons.

Questions about this report² may be directed to the Research Division of the National Association of REALTORS® at Dhale@realtors.org.

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June 2016

¹ The number of respondents to each question varies because of non-response or because the question is not relevant to the respondent and is not asked to respond to the question.

² The team acknowledges Jessica Lautz, Managing Director, Survey Research and Communications; Lisa Herceg, Director, Marketing Research; Meredith Dunn, Communications Manager; and Amanda Riggs, Survey Analyst, for their valuable comments in improving the survey questionnaire and editing the report.

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Summary

Amid slower economic growth in many countries and the strengthening of the U.S. dollar, fewer non-resident foreigners purchased U.S. residential properties while resident foreigners stepped up their purchases. Meanwhile, more U.S. domestic clients searched for properties abroad.

Residential Properties Purchased by Foreign Buyers

- Foreign buyers purchased \$102.6 billion of residential property from April 2015—March 2016, a decrease from \$103.9 billion in the previous 12-month period. Foreign buyers purchased 214,885 residential properties, a three percent increase from 208,947 in the previous 12-month period. The dollar volume decreased even as the number of residential property units purchased increased because there were fewer non-resident foreign buyers who tend to purchase more expensive properties than resident foreign buyers.
- Non-resident foreigners accounted for 41 percent of foreign buyers while resident foreigners made up 59 percent. In past years, the number of foreign buyers was split almost evenly between resident and non-resident foreign buyers. The slowdown in economic growth in many countries and the strengthening of the U.S. dollar against many foreign currencies explains in part the drop in the number of non-resident foreign buyers.
- Foreign buyers typically purchase more expensive properties. For example, foreign buyers purchased properties valued at \$277,380 compared to the median price of \$223,058 of all U.S. existing home sales.³ The median price of properties purchased by non-resident foreign buyers was \$253,684, and the median price of properties purchased by resident foreign buyers was \$298,701. However, because the distribution of non-resident foreign buyers skews to the upper end, a look at average prices shows that non-resident foreign buyers purchased properties that cost \$491,427 on average compared to resident foreign buyers who purchased properties that cost \$467,444.⁴Forty-five percent of foreign buyers who purchased residential property came from China (\$27.0B), Canada (\$8.9B), India (\$6.1B), the United Kingdom (\$5.5B), and Mexico (\$4.8B). Non-resident foreign buyers made up the bulk of buyers from Canada and the United Kingdom while resident foreign buyers came from China, India, and Mexico.
- Although foreigners purchased property nationwide, five states accounted for 51 percent of total residential property purchases: Florida (22 percent), California (15 percent), Texas (10 percent), Arizona (four percent), and New York (four percent).
- Seventy-two percent of non-resident foreign buyers purchased the property as a vacation and/or residential rental property for investment while 21 percent of resident foreign buyers purchased the property for vacation and/or rental use.

³ The median is the middle value of the distribution. Half of all purchases fall below this value and half are above this value. Because home values tend to skew to the higher end, the median is often a better reflection of typical market activity.

⁴ The mean or the average price is used to calculate the total dollar volume of purchases and can be used as a measure of central tendency. It is found by summing the responses and dividing by the number of responses.

- Fifty percent of reported transactions were all-cash sales. Seventy-three percent of non-resident foreign buyers made an all-cash purchase compared to 33 percent among resident foreign buyers.
- Previous client contacts and referrals accounted for 47 percent of leads for respondents who had a residential buyer.

Residential Properties Sold by Foreigners

- The majority of international clients who sold their U.S. residential property originated from Canada, China, the United Kingdom, Mexico, Germany, and India. Properties owned by international clients sold for \$446,191 on average and a median of \$245,331.

U.S. Domestic Clients Searching For Properties Abroad

- Fourteen percent of REALTOR[®] respondents had U.S. domestic clients who were interested in purchasing property abroad. Mexico, Costa Rica, Philippines, Colombia, and Canada generated the most interest. Seventy-nine percent of U.S. domestic clients seeking property abroad were interested in a residential property. Eighty-seven percent of those clients intended to use the property as a vacation home and/or residential rental property.

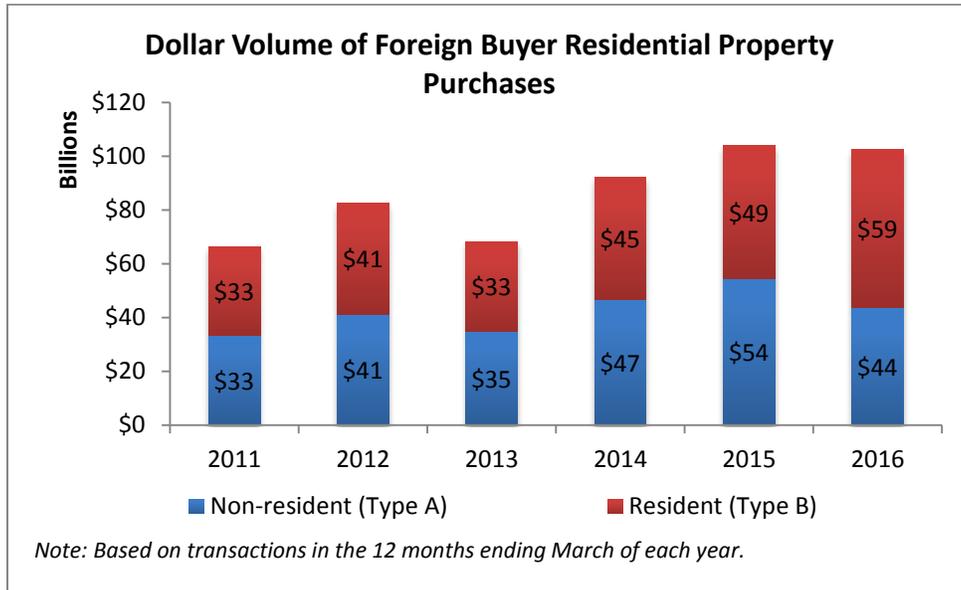
REALTOR[®] Interaction with International Clients

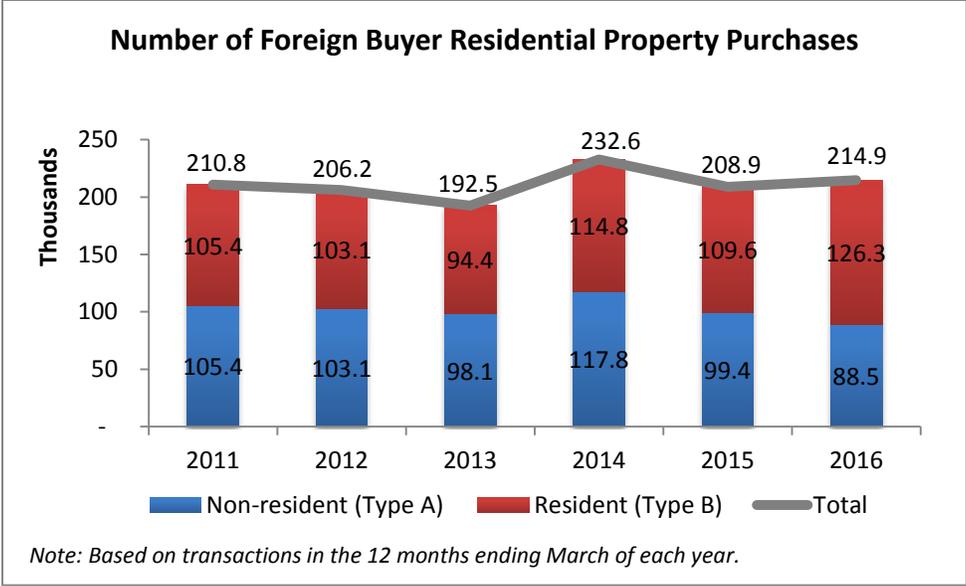
- Thirty-one percent of REALTOR[®] respondents reported working with international clients, a decrease from the 35 percent share in the previous period.
- Sixteen percent of respondents have been in the business for less than one year, up from less than one percent in 2010. This is a positive indicator of the strengthening U.S. real estate market, but it also indicates the need for additional training and information for REALTORS[®] who are interested in cultivating and growing their business in this niche market catering to international buyers and sellers.
- Most REALTOR[®] respondents are optimistic about the outlook over the next 12 months: 44 percent of respondents expect increased activity with international clients, 29 percent expect no change, 17 percent do not know, and only 10 percent expect decreased activity. After the survey was closed, the voters of the United Kingdom decided to leave the European Union in a referendum (“Brexit”). This decision rocked currency markets and has driven bond rates lower as investors flock to safe investments. The decline in the value of the British Pound is likely to mean fewer buyers from the United Kingdom. Longer-term ramifications could be mixed. Businesses and foreign real estate investors may choose to stay away from the United Kingdom, and the United States could become an attractive alternative. However, if the uncertainty impacts global economic growth, demand for U.S. real estate could fall.

I. PROFILE OF INTERNATIONAL CLIENTS WHO PURCHASED U.S. RESIDENTIAL PROPERTY

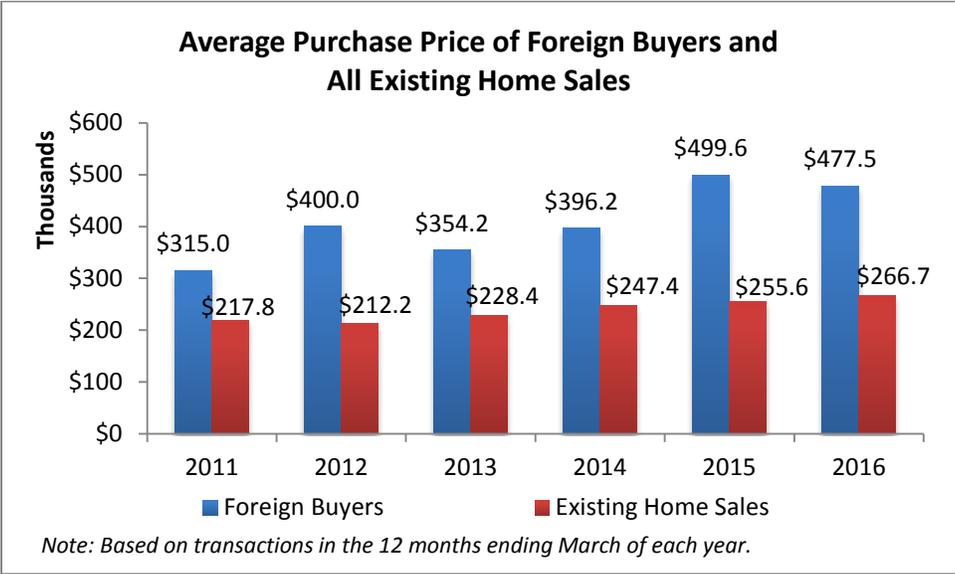
Volume of Foreign Buyers Purchasing Residential Property

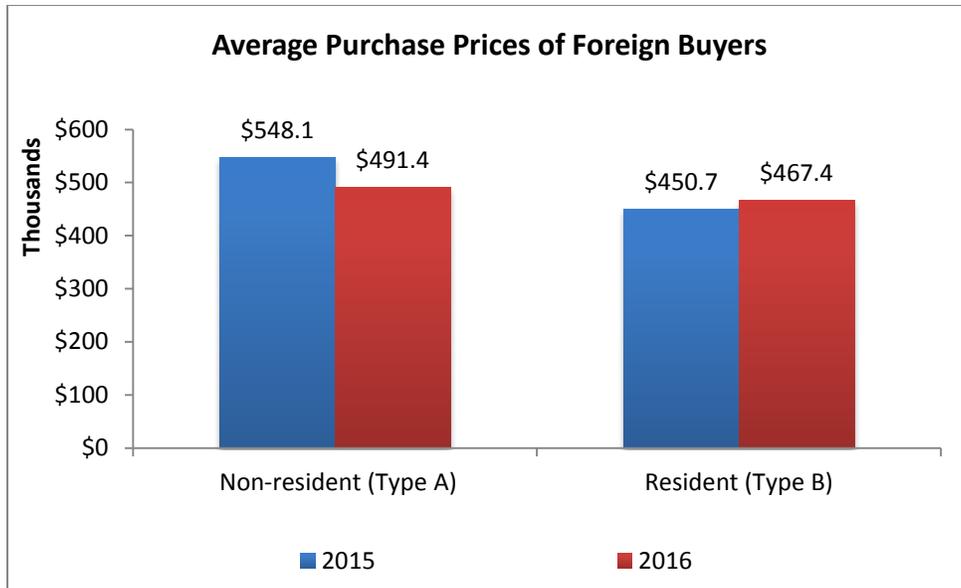
Foreign buyers purchased \$102.6 billion of residential property in April 2015—March 2016, a one percent decrease from the \$103.9 billion of property purchased in April 2014—March 2015. Foreign buyers purchased 214,885 residential properties, a three percent increase from the previous period. The dollar volume decreased even as the number of residential properties purchased increased, in part because of the decrease in non-resident foreign buyers who tend to purchase more expensive properties than resident foreign buyers. The share of non-resident foreign buyers to foreign residential buyers decreased to 41 percent from the almost even split between resident and non-resident foreign buyers in previous years.



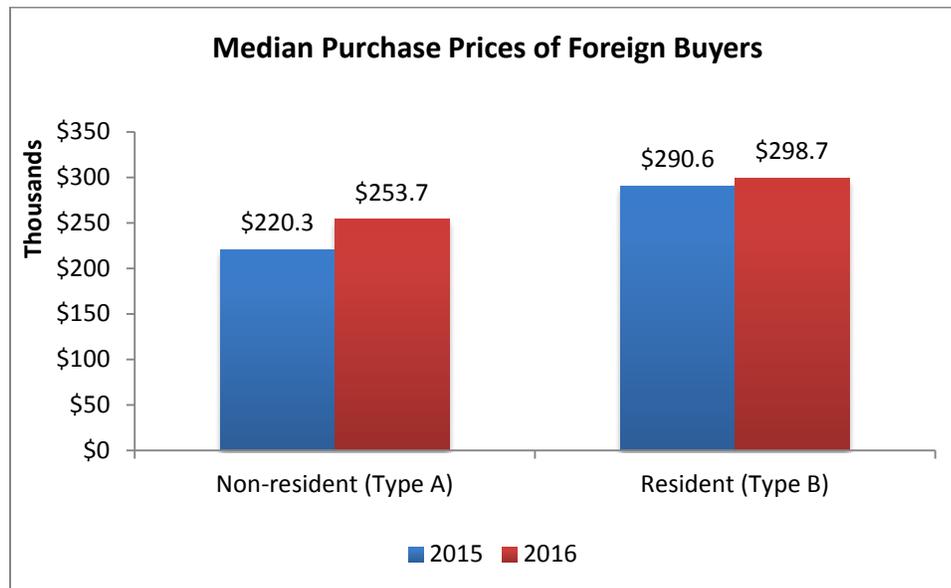


Foreign buyers purchased properties that, on average, were more expensive than existing-homes sales for all buyers in the United States. Foreign buyers paid \$477,462 which is higher than the average price of \$266,683 of existing homes sales. Ten percent of foreign buyers purchased properties valued at over \$1 million, pulling up the average purchase price of properties by foreign buyers. Non-resident foreign buyers paid \$491,427 while resident foreign buyers paid \$467,444.





In terms of typical transactions, foreign buyers purchased properties valued at \$277,380 compared to the median price of \$223,058 of all U.S. existing home sales. Although non-resident foreign buyers purchased more expensive properties on average compared to resident foreign buyers, non-resident foreign buyers typically purchased less expensive properties compared to resident foreign buyers. Non-resident foreign buyers purchased properties valued at a median of \$253,684, compared to resident foreign buyers who paid a median of \$298,701.



For the second year in a row, Chinese foreign buyers were the top buyers in terms of the number of units purchased and dollar volume, purchasing \$27.3 billion worth of residential property which is 26.7 percent of the dollar volume of residential property sold. Canadian

buyers purchased \$8.9 billion of residential property; Indian buyers, \$6.1 billion; United Kingdom buyers, \$5.5 billion; and Mexican buyers, \$4.8 billion. Both the number of properties sold and the dollar volume from foreign buyers from Canada, China, India, and Mexico decreased from their levels one year ago. The number of properties sold and the dollar volume of sales to foreign buyers from the United Kingdom increased after a decrease in the previous period.⁵

Dollar Volume of Sales to Foreign Buyers from Top Five Countries (in Billion Dollars)							
	2010	2011	2012	2013	2014	2015	2016
Canada	\$17.1	\$13.0	\$15.9	\$11.8	\$13.8	\$11.2	\$8.9
China	\$11.2	\$7.0	\$12.0	\$12.8	\$22.0	\$28.6	\$27.3
India	\$5.0	\$5.1	\$5.2	\$3.9	\$5.8	\$7.9	\$6.1
Mexico	\$6.5	\$4.2	\$6.5	\$3.6	\$4.5	\$4.9	\$4.8
United Kingdom	\$12.1	\$6.5	\$4.4	\$4.2	\$5.8	\$3.8	\$5.5
Total International Sales	\$65.9	\$66.4	\$82.5	\$68.2	\$92.2	\$103.9	\$102.6

China includes buyers from the People's Republic of China, Hong Kong, and Taiwan.

Estimates from 2010 thru 2015 include some commercial transactions. The 2016 estimate includes only residential transactions.

Source: NAR

Share of Top Five Countries to the Total Dollar Volume of International Sales							
	2010	2011	2012	2013	2014	2015	2016
Canada	25.9%	19.6%	19.3%	17.3%	14.9%	10.8%	8.7%
China	16.9%	10.6%	14.5%	18.8%	23.9%	27.5%	26.7%
India	7.6%	7.7%	6.3%	5.7%	6.3%	7.7%	6.0%
Mexico	9.8%	6.3%	7.9%	5.2%	4.9%	4.7%	4.6%
United Kingdom	18.3%	9.8%	5.3%	6.1%	6.3%	3.6%	5.3%
Share of Top Five	78.6%	54.0%	53.4%	53.2%	56.2%	54.3%	51.3%

China includes buyers from the People's Republic of China, Hong Kong, and Taiwan.

Figures from 2010 thru 2015 include some commercial transactions. Figures in 2016 includes only residential transactions.

Source: NAR

⁵ Estimates for the United Kingdom also exhibit more volatility because of smaller sample size.

Number of Properties Purchased by Foreign Buyers from Top Five Countries							
	2010	2011	2012	2013	2014	2015	2016
Canada	69,135	48,483	49,486	43,937	43,737	29,423	26,851
China	27,053	18,972	24,743	23,075	37,223	34,327	29,195
India	15,029	14,756	12,371	10,431	12,563	17,270	14,527
Mexico	30,059	14,756	16,495	15,805	20,007	17,910	17,881
United Kingdom	27,053	14,756	12,371	9,483	11,632	8,315	9,150
All Countries	300,585	210,797	206,192	192,500	232,643	208,947	214,885

China includes buyers from the People's Republic of China, Hong Kong, and Taiwan.

Figures from 2010 thru 2015 includes some commercial transactions. Figures in 2016 includes only residential transactions.

Source: NAR

Average Purchase Price of Foreign Buyers from Top Five Countries							
	2010	2011	2012	2013	2014	2015	2016
Canada	\$247,283	\$269,071	\$321,745	\$269,065	\$314,718	\$380,292	\$332,072
China	\$412,162	\$370,902	\$483,984	\$555,903	\$590,826	\$831,761	\$936,615
India	\$333,333	\$346,354	\$418,966	\$372,656	\$459,028	\$460,156	\$420,352
Mexico	\$214,744	\$283,000	\$396,154	\$225,500	\$224,123	\$274,849	\$266,188
United Kingdom	\$447,143	\$438,889	\$355,921	\$440,833	\$499,242	\$455,592	\$598,182
All Countries	\$311,400	\$315,000	\$400,000	\$354,193	\$396,200	\$499,600	\$477,462

China includes buyers from the People's Republic of China, Hong Kong, and Taiwan.

Figures from 2010 thru 2015 include some commercial transactions. Figures in 2016 includes only residential transactions.

Source: NAR

Median Purchase of Foreign Buyers from Top Five Countries							
	2010	2011	2012	2013	2014	2015	2016
Canada	\$200,001	\$177,274	\$171,876	\$182,956	\$212,501	\$196,250	\$222,310
China	\$320,834	\$282,144	\$333,334	\$412,501	\$516,448	\$486,111	\$542,084
India	\$283,334	\$305,557	\$308,334	\$300,000	\$321,430	\$380,000	\$333,372
Mexico	\$134,376	\$168,751	\$200,001	\$156,251	\$141,072	\$171,154	\$176,522
United Kingdom	\$315,001	\$325,001	\$266,668	\$250,001	\$325,001	\$200,000	\$427,348
All Countries	\$219,400	\$228,279	\$274,219	\$225,862	\$268,284	\$284,878	\$277,380

China includes buyers from the People's Republic of China, Hong Kong, and Taiwan.

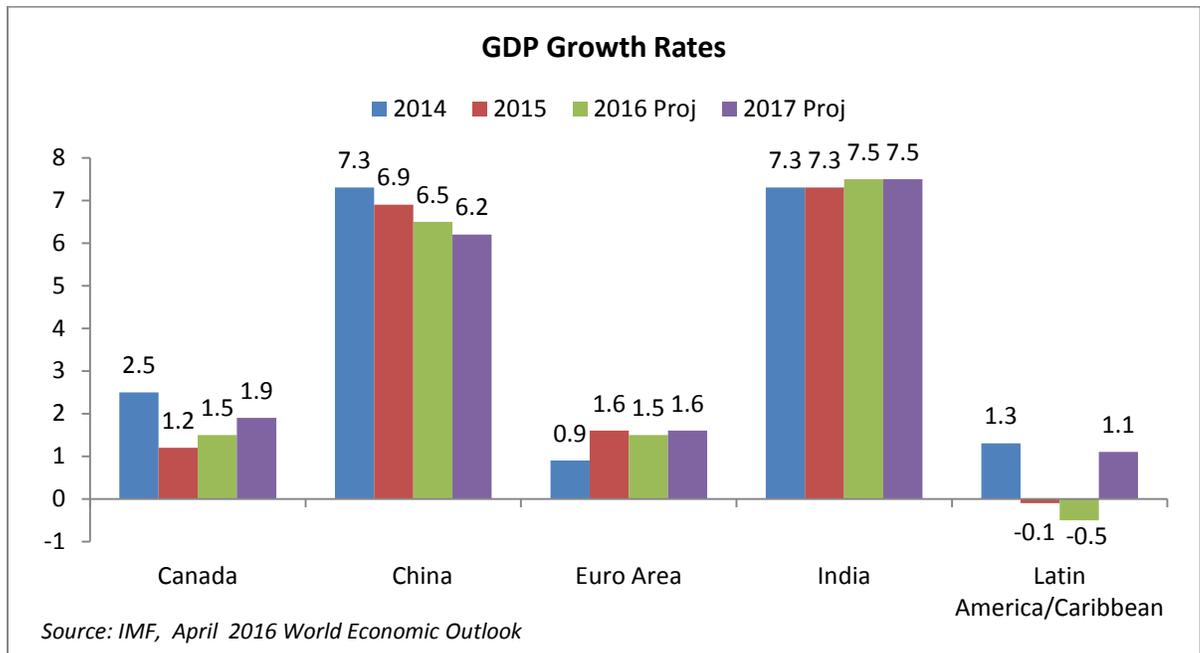
Figures from 2010 thru 2015 include some commercial transactions. Figures in 2016 includes only residential transactions.

Source: NAR

Economic Environment Effects on International Sales

Economic, political, social, and personal factors affect an individual's decision to purchase U.S. property. In April 2015–March 2016, foreign buyers faced challenging economic conditions which made U.S. residential real estate less affordable. Economic growth slowed in

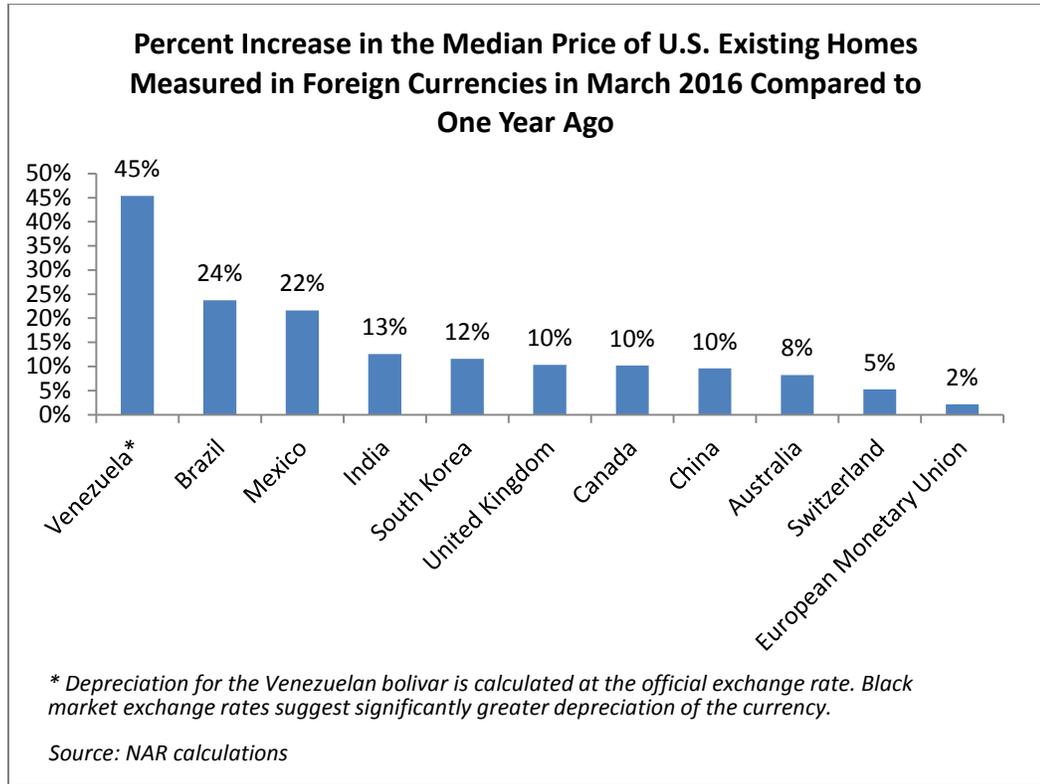
China and Canada while the Latin America/Caribbean region's economy contracted.⁶ Slower growth, led by China, reduced the global demand for oil which, along with strong global oil production, led to the collapse of crude oil prices from about \$100 per barrel to about \$50 per barrel by January 2015. Oil-producing economies such as Canada, Mexico, Brazil, Venezuela, and Russia where many foreign buyers originate were adversely impacted. Meanwhile, India continued to grow at a strong and sustained pace, benefiting from the lower global oil prices, as well as strong fiscal markets, investment, and consumer spending.



With falling export revenues, many currencies weakened against the U.S. dollar. The Canadian dollar depreciated by five percent, the Chinese yuan by four percent, the Indian rupee by seven percent, the Mexican peso by 16 percent, the British pound by five percent, the Brazilian real by 18 percent, and the Venezuelan bolivar by 38 percent.⁷ Meanwhile, the median price of existing-home sales in the United States increased by six percent in March 2016 compared to one year ago. Both the increase in U.S. home prices and the stronger dollar raised the price of U.S. properties valued in foreign currencies, as shown in the graph below. For example, a Canadian buyer who is purchasing a U.S. home will pay 10 percent more in Canadian dollars in March 2016 compared to March 2015. Respondents to this year's survey observed a slowdown in Canadian purchases because of the strong U.S. dollar (see Appendix 2, [Comments](#)).

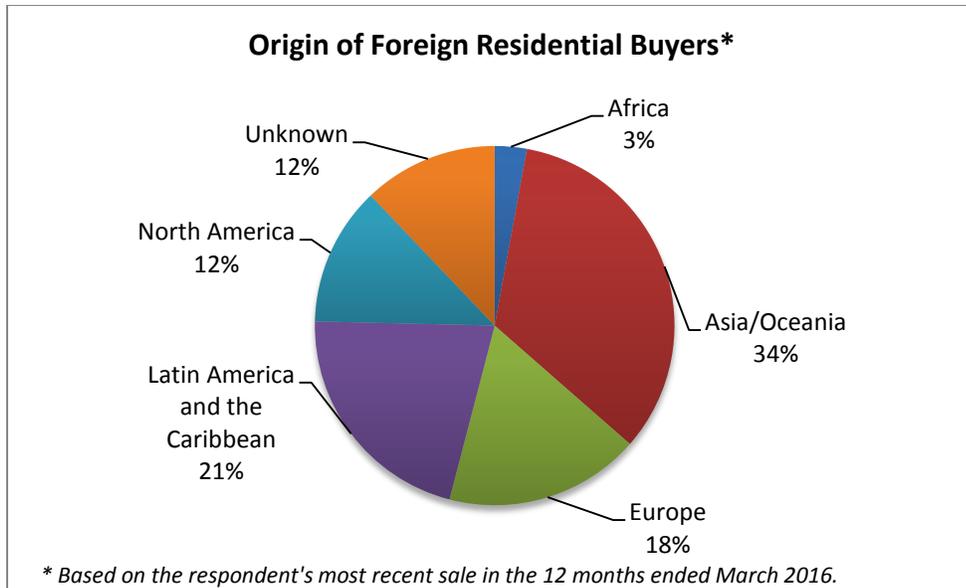
⁶International Monetary Fund, World Economic Outlook, April 2016, downloaded at <http://www.imf.org/external/pubs/ft/weo/2016/01/pdf/text.pdf>

⁷ Depreciation for the Venezuelan bolivar is calculated at the official exchange rate. Black market exchange rates suggest significantly greater depreciation of the currency.

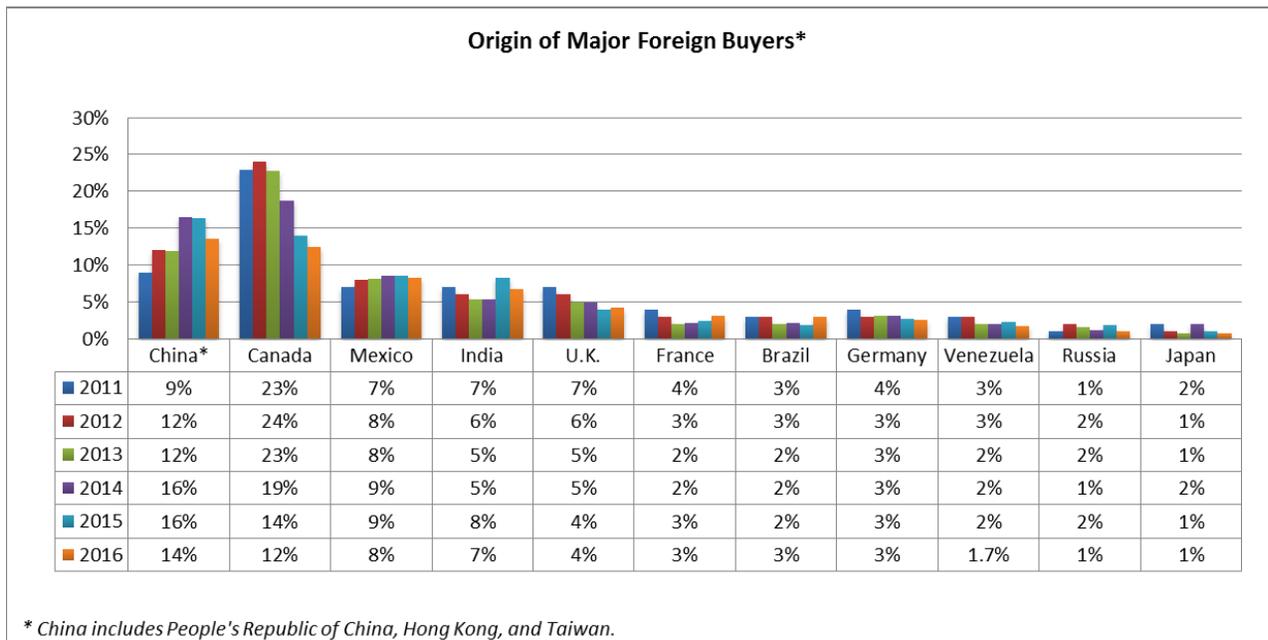


Origin of International Buyers

International clients come from across the globe. Asia/Oceania accounted for 34 percent of foreign buyers of residential properties, followed by Latin America and the Caribbean at 21 percent, Europe at 18 percent, North America (mainly, Canada) at 12 percent, and Africa at three percent. Twelve percent of foreign buyers came from a country that the survey respondent could not identify.

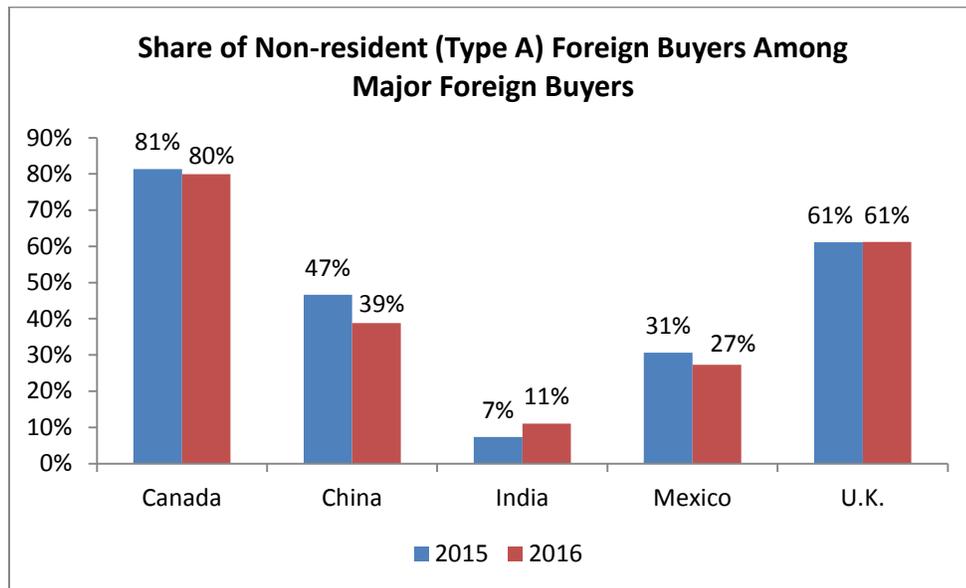


Foreign buyers from five countries continued to account for most of the reported purchases: China, Canada, Mexico, India, and the United Kingdom. Together, they constituted 45 percent of foreign residential property buyers.



Canadians and U.K. buyers were mainly non-resident foreigners while Chinese, Indian, and Mexican foreign buyers were mostly resident foreigners. About 80 percent of Canadian foreign buyers and 61 percent of U.K. foreign buyers were non-resident buyers. Only 39 percent of Chinese foreign buyers were non-resident, a decrease from the 47 percent share in the previous 12-month period. Slower economic growth in China, the depreciation of the yuan, and

tighter regulation on individual capital outflows may account for this. Eleven percent of foreign buyers from India were non-resident buyers. Among Mexican foreign buyers, 27 percent were non-resident. Non-resident foreign buyers typically have different characteristics than resident foreign buyers in terms of the reasons for purchasing property, the type of property purchased, and the type of payment or financing.

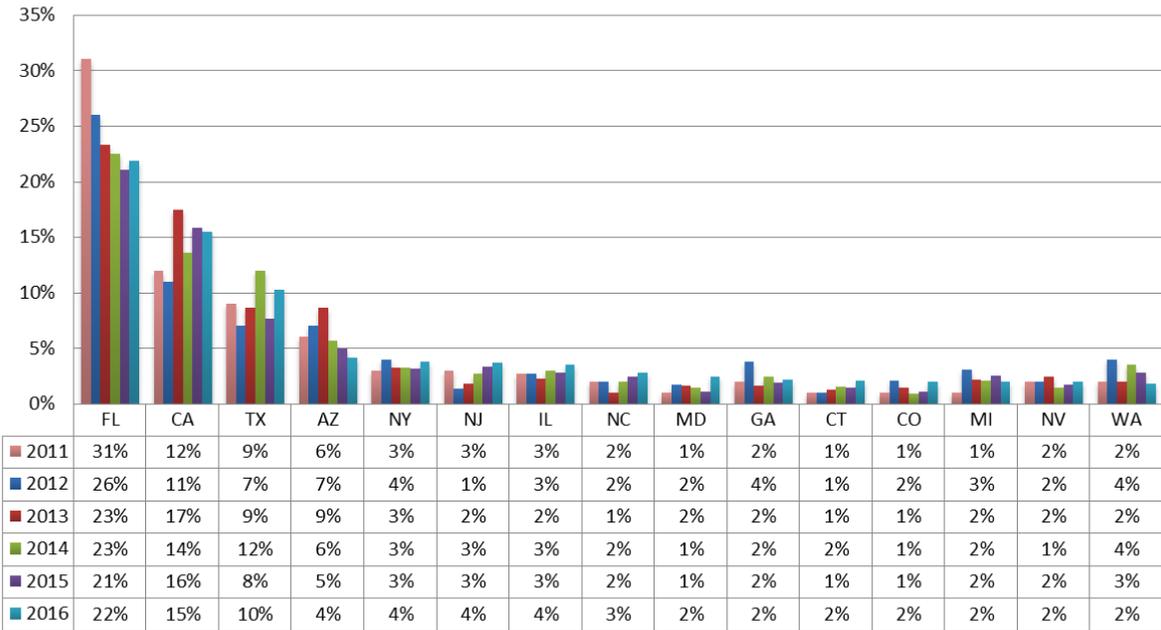


Destination of International Buyers

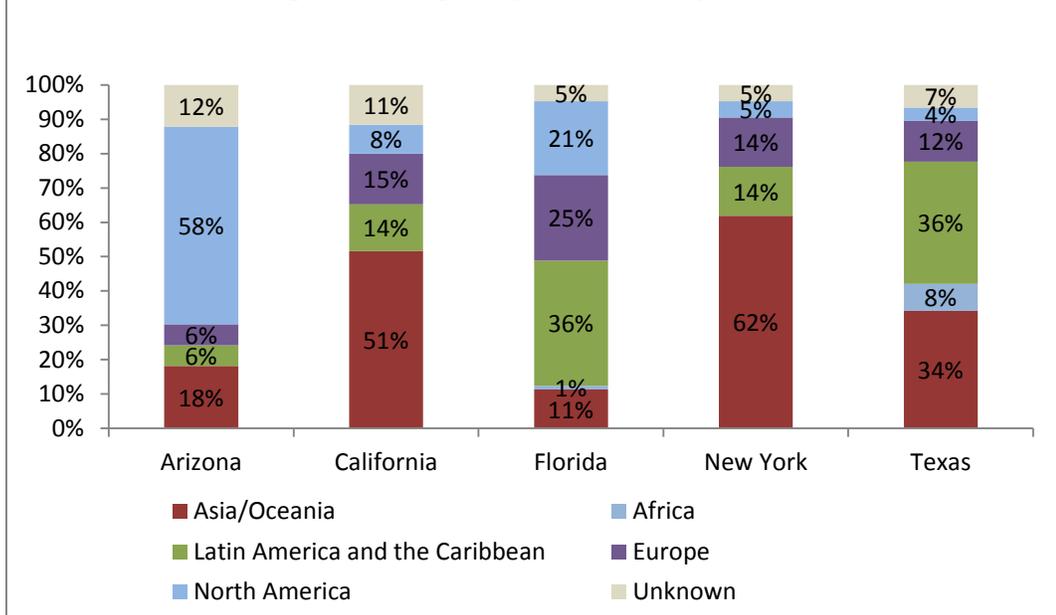
While international clients represent a small segment of total U.S. existing-home sales market, they are an important clientele, particularly to states that tend to attract international clients: Florida, California, Texas, Arizona, and New York. Together, these five states accounted for 51 percent of international buyers who purchased residential property. Other major destinations include New Jersey, Illinois, North Carolina, Maryland, Georgia, Connecticut, Colorado, Michigan, Nevada, and Washington.

Proximity to the home country, the presence of relatives, friends and associates, job and educational opportunities, and climate and location appear to be important considerations in deciding where to purchase a property. Florida and Arizona attracted buyers from Latin America, Europe, and Canada who tend to purchase properties in warm climates for vacation purposes. California and New York drew Asian buyers, most likely for reasons related to geographic proximity, cultural similarities, and job opportunities. Texas, which is physically close to Latin America and home to a large Latino population attracted buyers from Latin America and the Caribbean, as well as Asian buyers.

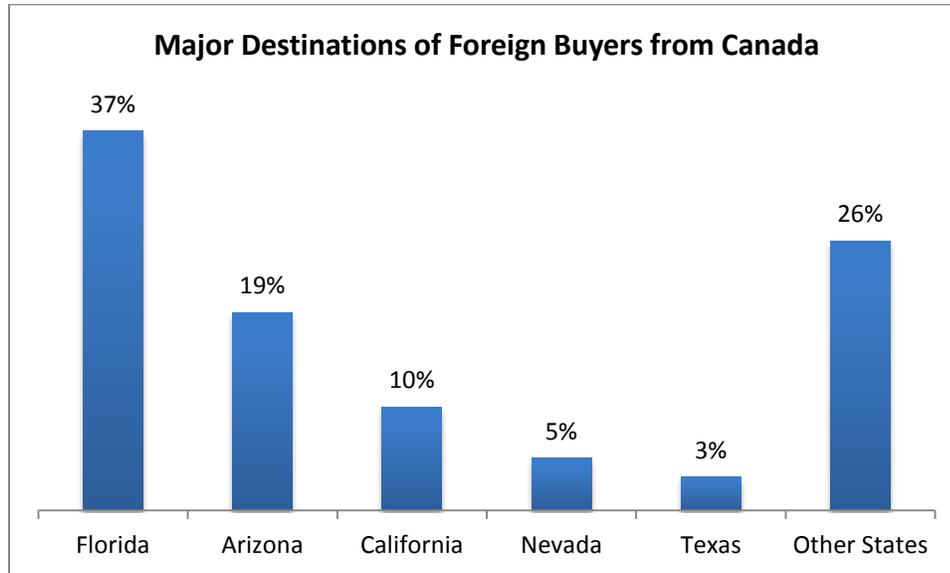
**Major Destination of Foreign Buyers
(State's Share to Number of International Sales)**



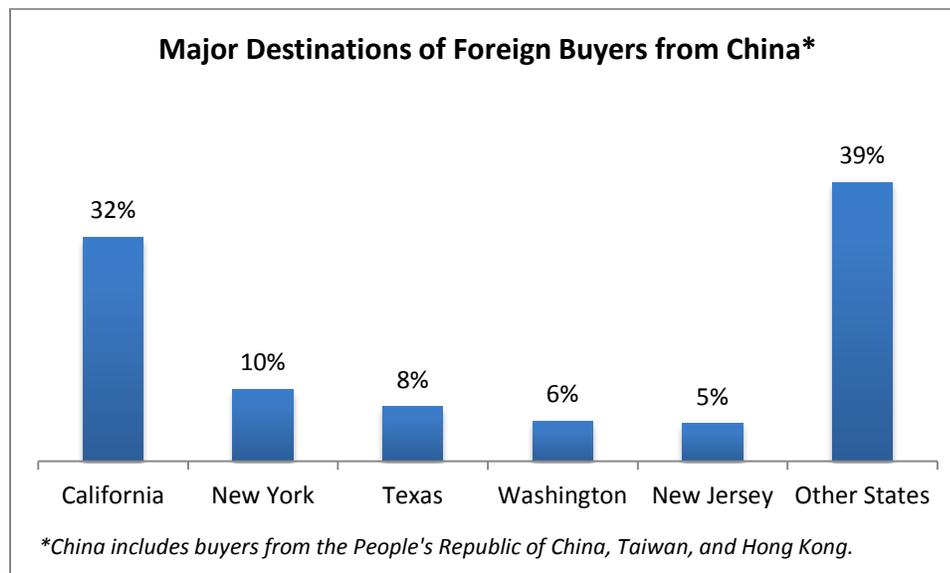
Origin of Foreign Buyers in the Major States



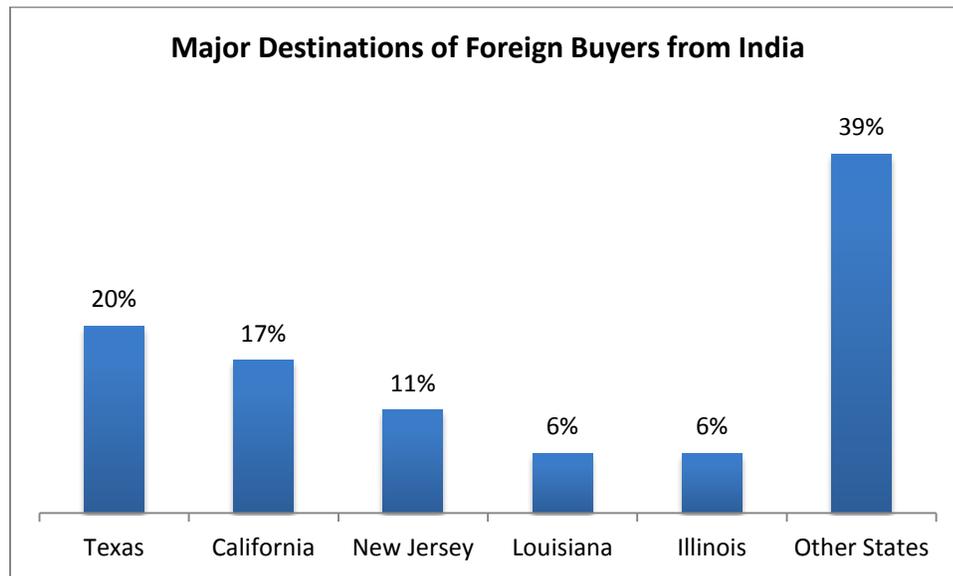
Most Canadian buyers purchased residential property in Florida, Arizona, California, Nevada, and Texas. Canadian buyers typically purchase properties for use as vacation homes, so they tend to locate in states with warm climates and resort areas.



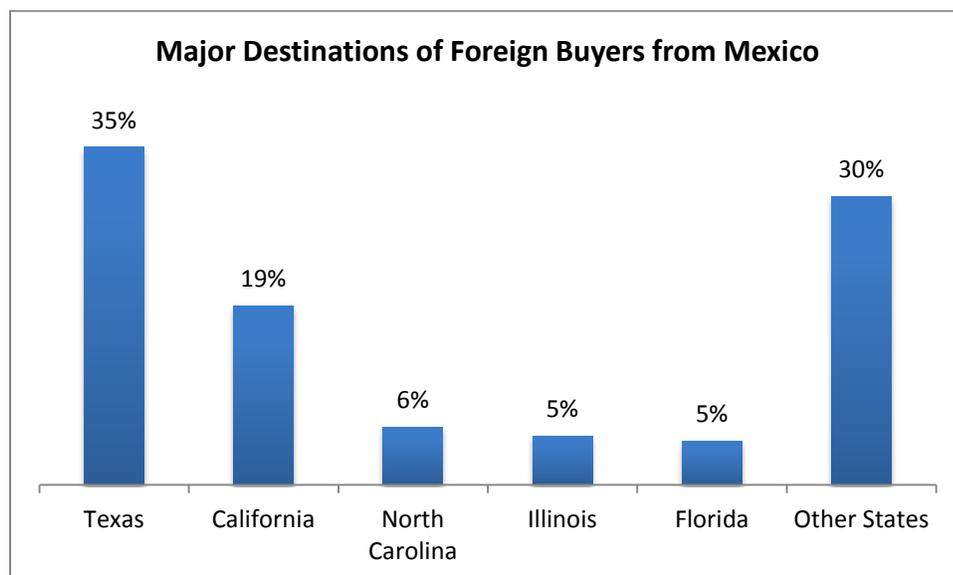
About a third of Chinese buyers purchased residential property in California, most likely because of its proximity to and cultural affinity with Asia. New York, Texas, Washington, and New Jersey were also preferred destinations. With roughly 39 percent of Chinese buyers buying in states other than these top five states, they are among the more broadly geographically distributed foreign buyer groups.



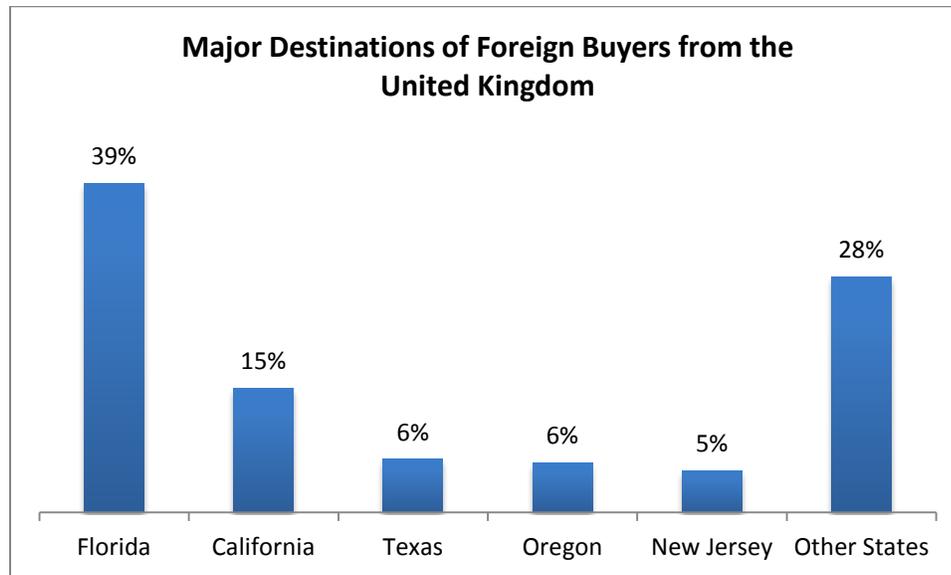
Compared to other major foreign buyers, Indian buyers are not as concentrated in any particular state, although Texas, California, and New Jersey were top destinations. Most Indian buyers purchased properties to use as a primary residence in these states where they most likely found jobs.



Most buyers from Mexico purchased properties in Texas and California, which are both geographically close and culturally similar to Mexico. North Carolina, Illinois, and Florida were also major destinations.



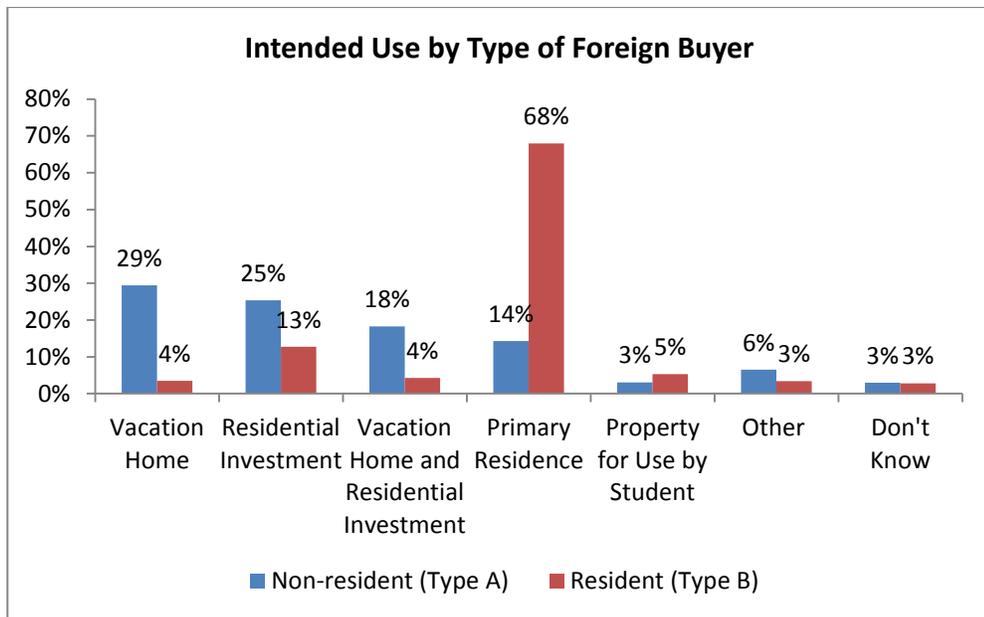
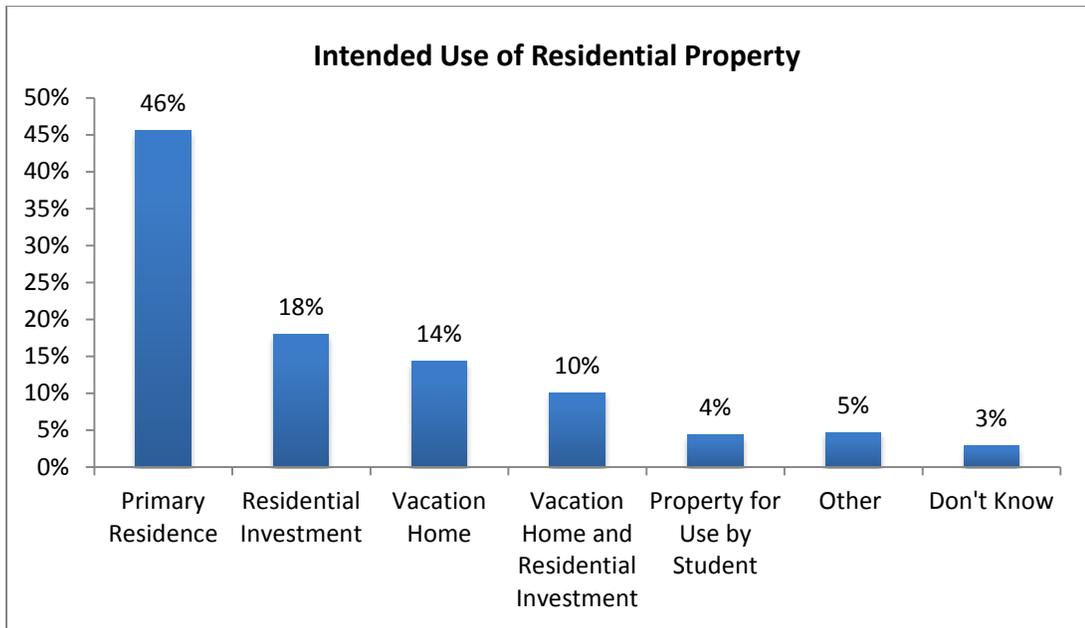
U.K. buyers mainly purchased residential property for vacation use, typically in warm-weather states of Florida, California, and Texas.



REALTOR.com provides data on the market interest of global buyers searching for properties in the United States. (See Appendix 4. Realtor.com Data on [Global Buyers Searching In the United States](#)).

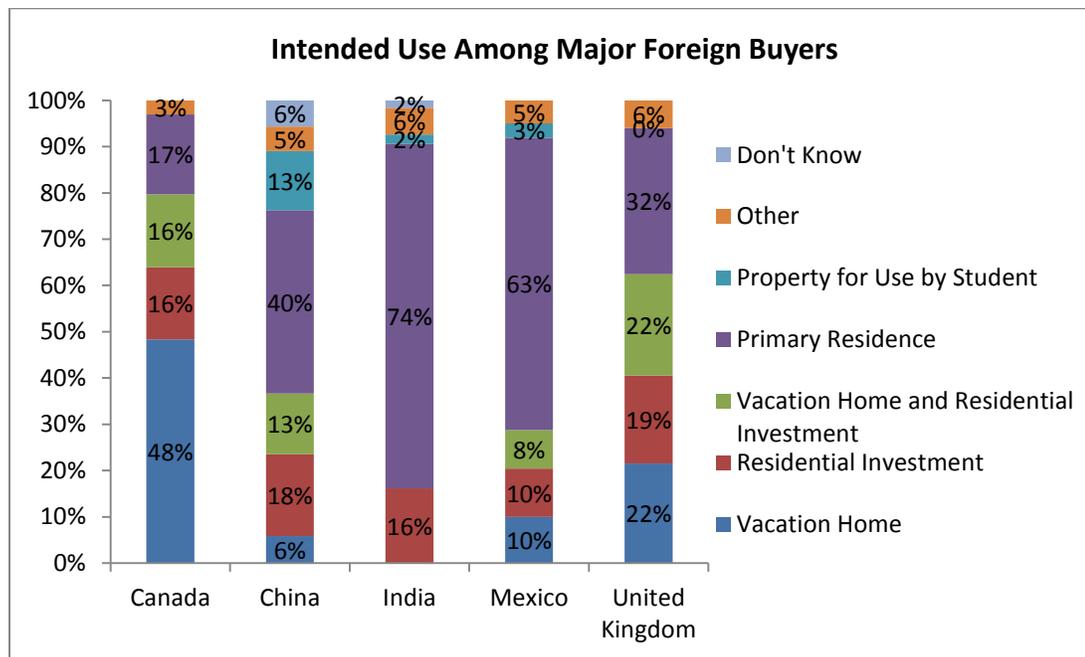
Intended Use of the Property

International clients purchase properties in the United States for residential, investment, and vacation purposes. Forty-six percent of residential properties were purchased for use as primary residences. By type of foreign buyer, resident foreign buyers were more likely to purchase the property as a primary residence while non-resident foreign buyers were more likely to purchase the property as a vacation home, a residential rental unit or both. Seventy-two percent of non-resident foreign buyers purchased the property as a vacation and/or residential rental property for investment while only 21 percent of resident foreign buyers purchased for this purpose.



Canadian and U.K. buyers, who are often non-resident buyers, were more likely to purchase the property for use as a vacation home and/or residential rental property for investment. Among Canadian foreign buyers, 80 percent purchased the residential property for vacation purposes and/or investment purposes. Among U.K. foreign buyers, 43 percent purchased the property for vacation use and/or investment purposes. On the other hand, buyers from China, India, and Mexico, who are predominantly resident buyers, were more likely to purchase residential property for use as a primary residence or for the use of a child studying at a U.S. university. Forty percent of Chinese foreign buyers purchased the property for use as a

primary residence and 13 percent purchased for the use of a student. Among Indian foreign buyers, 74 percent purchased the property to use as a primary residence. Among Mexican foreign buyers, 63 percent intended to use the property as a primary residence.



Prices and Financing

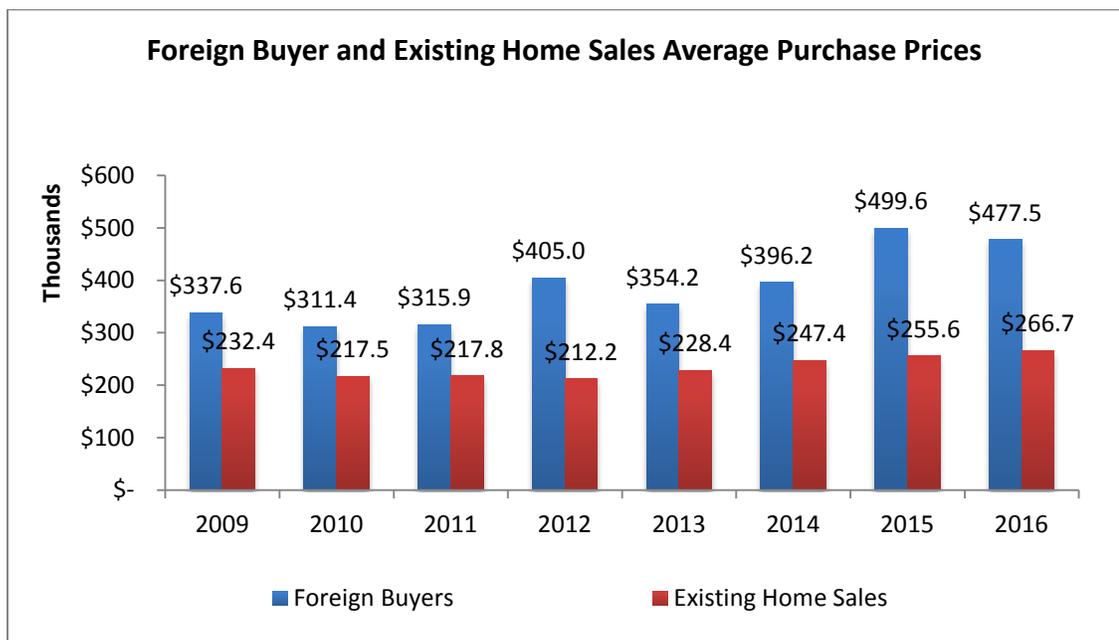
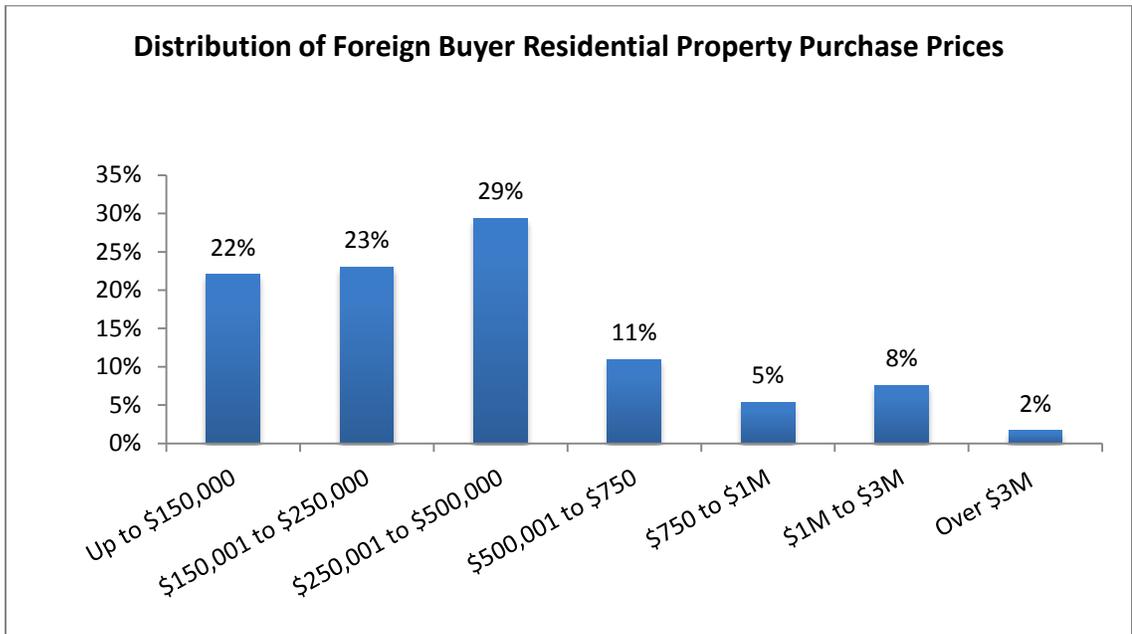
Foreign buyers purchase residential properties for a variety of reasons and across geographic areas, with the prices of properties purchased varying widely. On average, foreign buyers paid \$477,462 which is higher than the average price of all existing homes sold in the U.S. at \$266,683.⁸ Over 10 percent of foreign buyers paid \$1M and over for their property. In terms of the typical residential property purchased by foreign buyers, the median price of these properties was \$277,380 compared to \$223,058 for all existing homes sold in the U.S. in the same time period.⁹

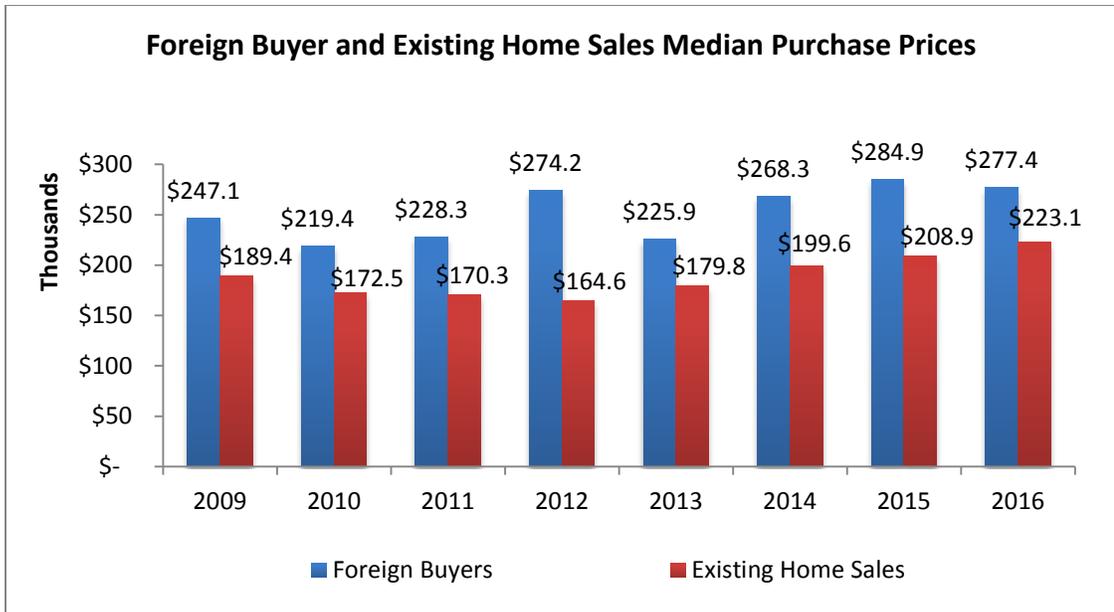
Among the major foreign buyers, Chinese buyers purchased residential properties that were more expensive than properties purchased by other buyers. This can be attributed to the tendency of Chinese buyers to purchase residential properties in central cities and suburban areas with relatively higher property prices such as California, Washington, and New York. In

⁸ The mean or the average price is used to calculate the dollar volume of purchases and can be used as a measure of central tendency. It is found by summing the responses and dividing by the number of responses.

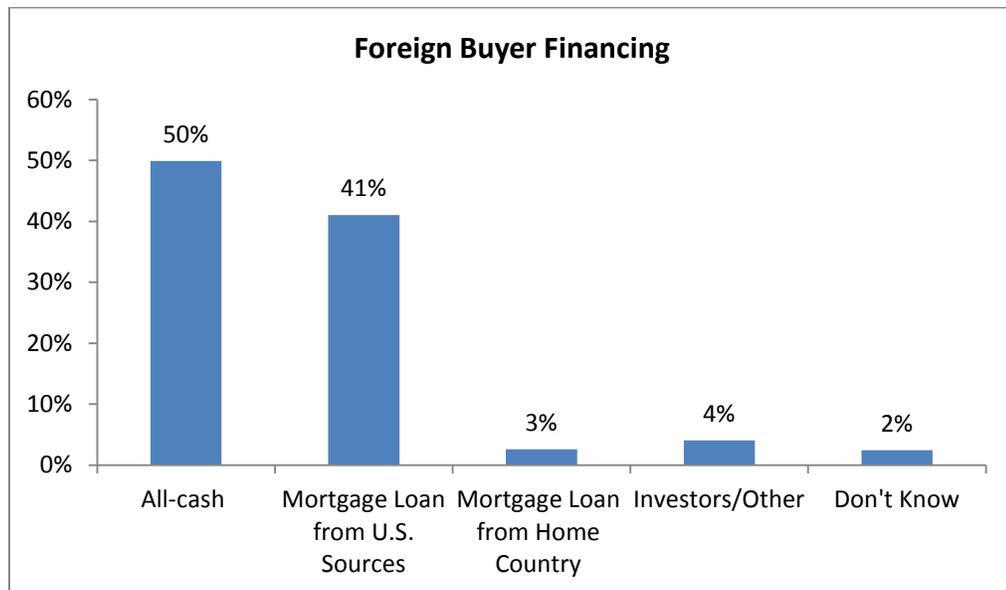
⁹ The median is the middle value of the distribution. Half of all purchases fall below this value and half are above this value. Because home values tend to skew to the higher end, the median is often a better reflection of typical market activity.

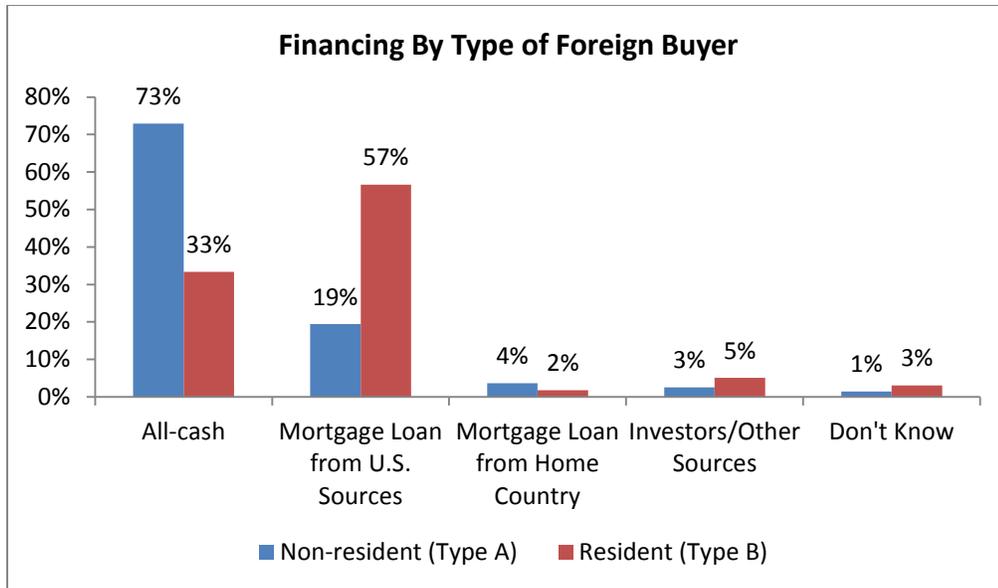
contrast, Canadians mostly purchased residential properties in Florida and Arizona where properties may be cheaper.





Fifty percent of reported transactions were all-cash sales. Non-resident foreign buyers are more likely to purchase in cash than resident foreign buyers who are more likely to obtain mortgage financing from U.S. sources. Seventy-three percent of non-resident foreign buyers made an all-cash purchase compared to 33 percent of resident foreign buyers.

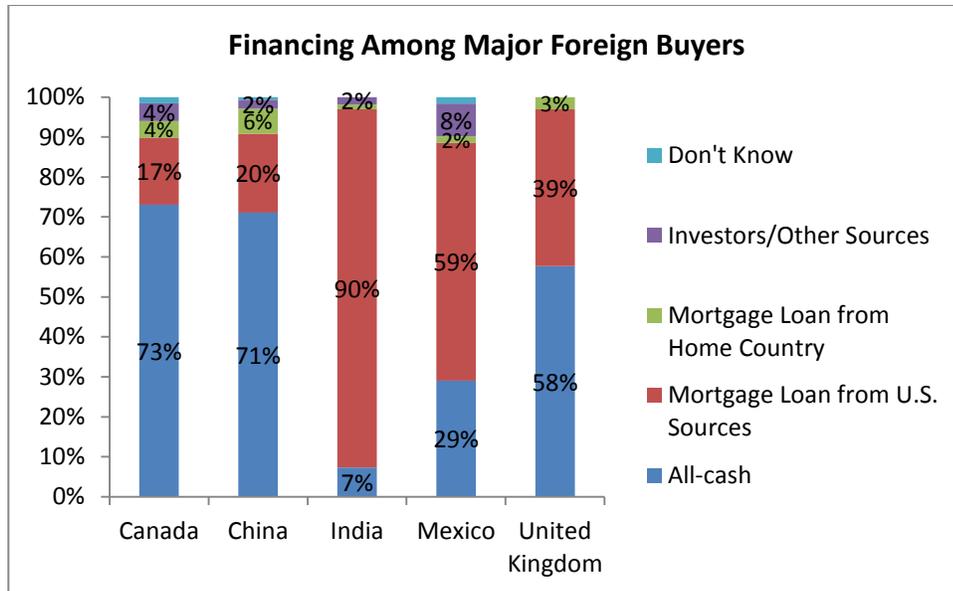




Nationally, cash sales account for about a fourth of all existing-home sales.¹⁰ On the other hand, foreign buyers are substantially more likely to pay cash. Mortgage financing tends to be a major problem for non-resident international clients, due to a lack of a U.S. based credit history and a lack of a Social Security number which make it difficult to provide the mortgage documentation required by U.S. creditors. Transferring funds from the home country to the United States may also be difficult and/or a lengthy process. Among cases in which a respondent had a foreign client who did not purchase property, 21 percent were associated with cases where the client “cannot move money” and “could not obtain financing”. Respondents suggested easing the requirements to access U.S. mortgage financing, especially in the case of Canadian buyers because of the strong economic ties between Canada and the United States and the similarities in financial systems between the two countries (see Appendix 2, [Comments](#)).

Foreign buyers from Canada, China, and the United Kingdom were more likely to pay cash. Meanwhile, foreign buyers from India and Mexico, most of whom are resident foreigners buying primary residences, were more likely to obtain mortgage financing from U.S. sources.

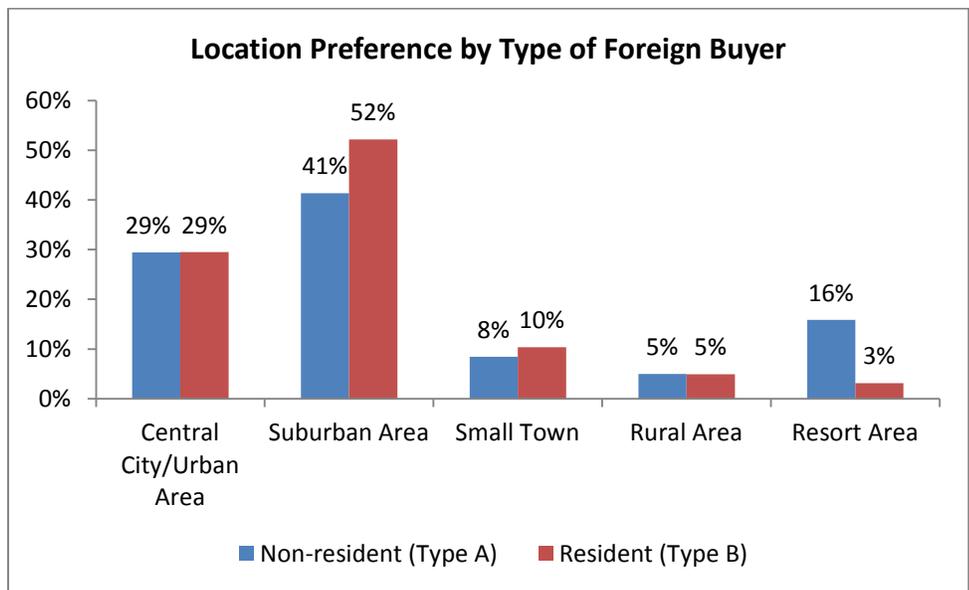
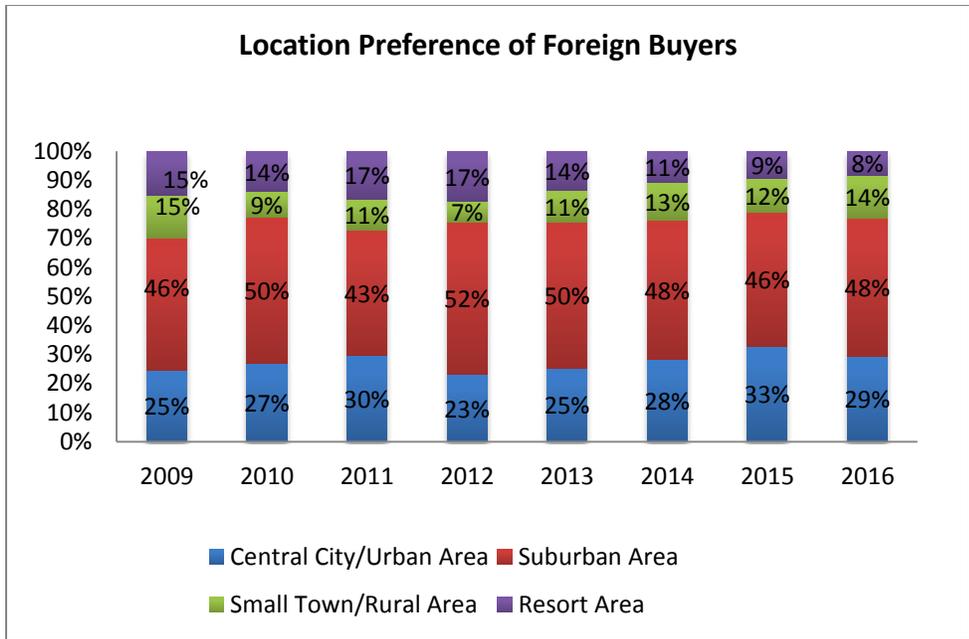
¹⁰ As of March 2016, cash sales were 25 percent of existing home sales, based on NAR’s REALTORS® Confidence Index Survey.



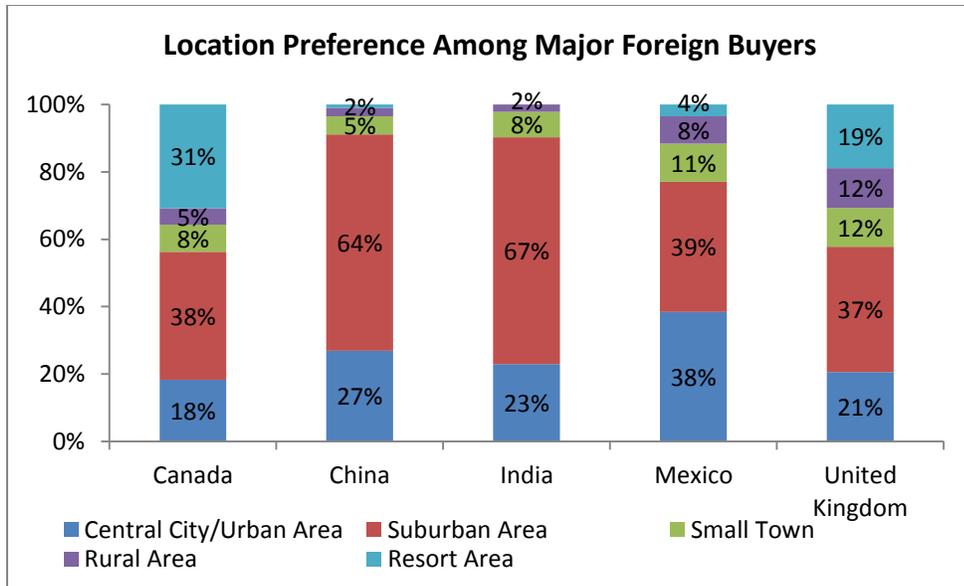
Type of Area Where Property is Located

Nearly half of international clients were located in a suburban area and close to a third were located in a central city/urban area.

Approximately eight percent of foreign buyers purchased residential property in a resort area, with non-resident foreign buyers more likely to purchase property in those locations: 16 percent of non-resident foreign buyers purchased a resort property, while only three percent of resident foreign buyers purchased in a resort area.

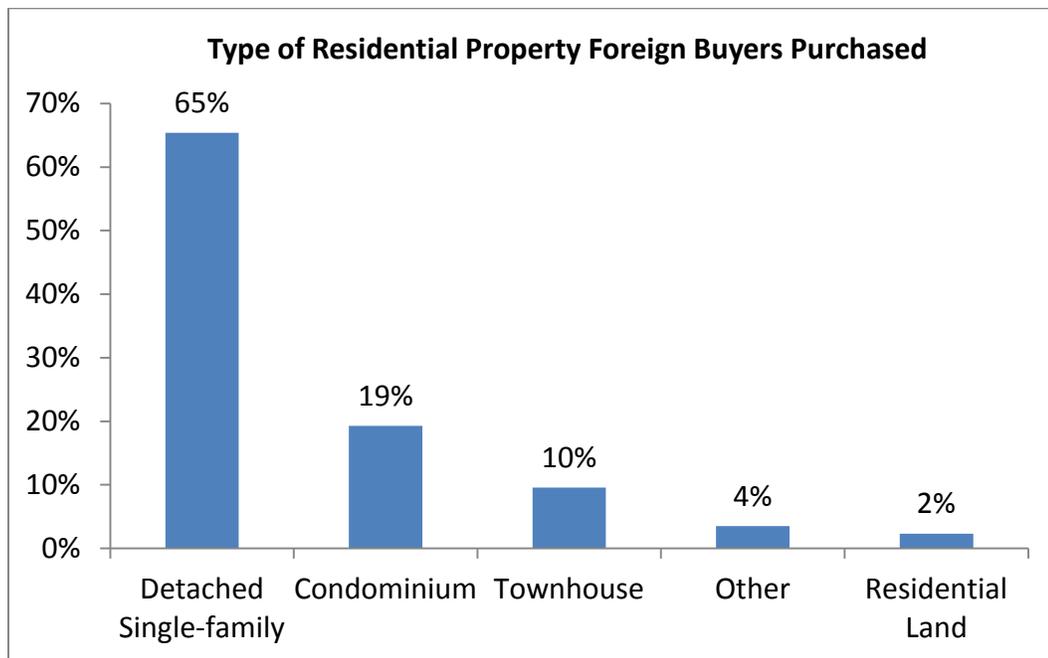


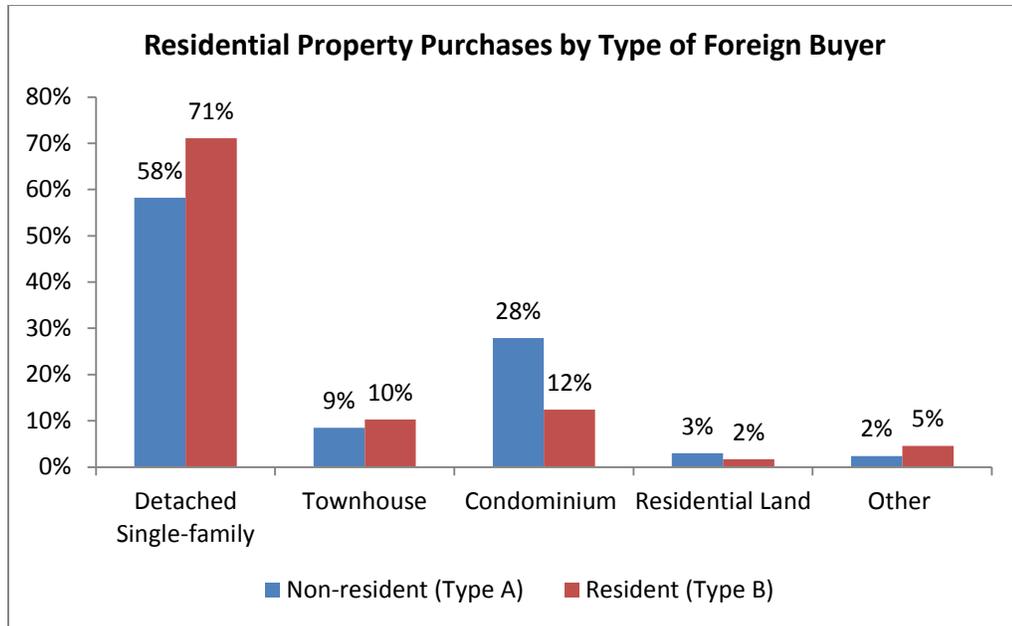
Chinese and Indian foreign buyers, who are mostly resident foreign buyers, tended to purchase property in a suburban area. Among foreign buyers from Canada and the United Kingdom, who are mostly non-resident foreign buyers, a larger fraction purchased property in a resort area. Foreign buyers from Mexico, who are mostly resident foreign buyers, tended to purchase in central city/urban and suburban areas.



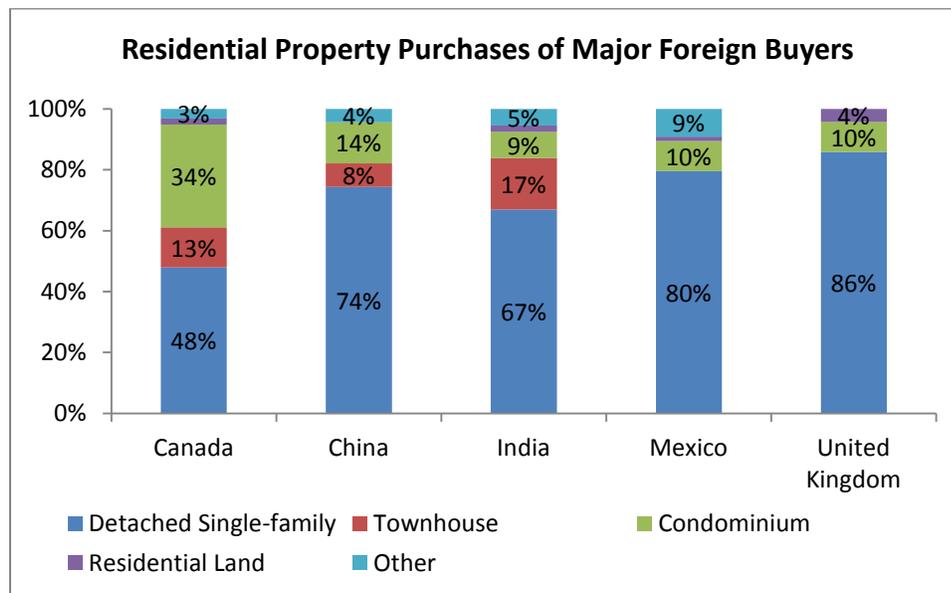
Type of Residential Property

Approximately 92 percent of transactions were purchases of existing single-family homes, condominiums, and townhouses. A larger fraction of resident foreign buyers purchased detached single-family homes compared to non-resident foreign buyers.





By major country of origin, two-thirds or more of buyers from China, India, Mexico, and the United Kingdom purchased detached single-family homes, while just fewer than half of Canadian buyers purchased this type of property.



Reasons for Not Purchasing Property

As is the case with potential domestic buyers, not all international clients will complete the purchase. Survey respondents cited a variety of reasons why some of their clients did not ultimately become home buyers.

“Cost of property” and “exchange rate” accounted for 22 percent of the cases in which an international client did not complete a purchase. Finance-related reasons such as “could not obtain financing” and “cannot move money” accounted for 21 percent of why the client did not purchase property. “Could not find property” was the reason in 18 percent of the cases. The lack of inventory may explain some of the cases why the international client failed to find a property. Working with international clients requires an understanding of their needs and cultures, so difficulties in meeting the objectives of the potential purchaser may also account for instances when the buyer could not find property.

Other reasons are related to immigration laws (mainly that the buyer cannot stay in the U.S. for more than six months), exposure to U.S. tax laws (if and when the buyer decides to sell the property), and costs and maintenance fees. “Other” reasons include personal reasons such as the buyer deciding to rent instead of purchasing, or purchasing in another area.

Respondents provided information on their experience in working with international clients (see Appendix 2, [Comments](#)). NAR’s Commercial and Global Services Group can assist REALTORS® in building their skills to successfully address the needs of their international clients (see Appendix 3, [NAR’s Commercial and Global Services Group](#)).



II. PROFILE OF INTERNATIONAL CLIENTS WHO SOLD RESIDENTIAL PROPERTY

This year’s survey also gathered information from residential seller’s agents about international clients who sold residential property. Of the total domestic and international transactions of seller’s agents responding to this survey, four percent were sales of properties sold by international clients.¹¹

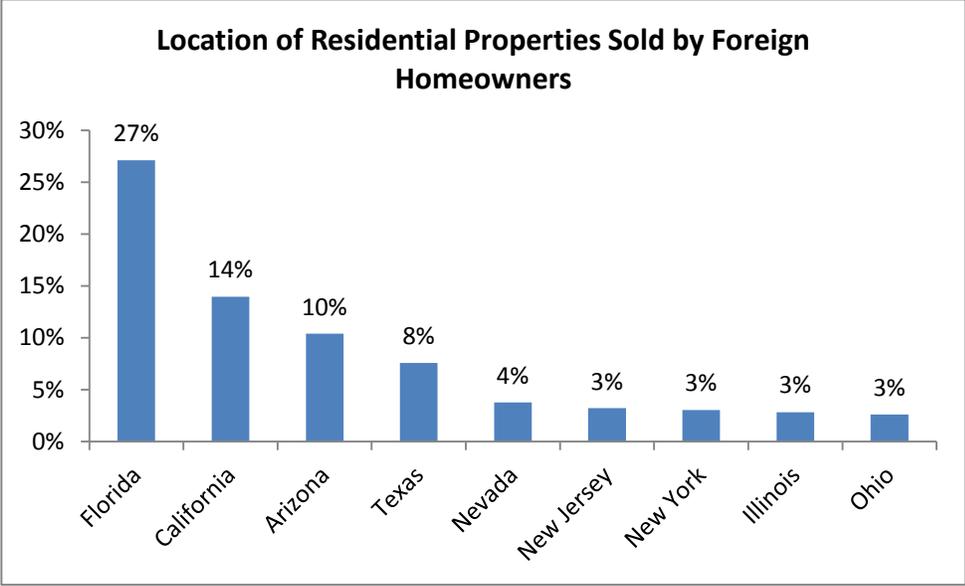
International clients who sold their U.S. residential property mostly came from Canada, China, United Kingdom, Mexico, Germany, and India—a list that is notably similar to the list of top foreign buyers of residential property. Other major sellers of U.S. residential property are from Brazil, Australia, Japan, Venezuela, and Colombia. Respondents reported several cases of Canadians selling their U.S. property because of the stronger U.S. dollar.¹² Just less than ten percent of respondents could not identify the seller’s country of origin.

¹¹ This data is based on survey responses. By comparison, the share of purchases by international clients is based on survey response benchmarked to additional data from the REALTORS® Confidence Index on international transactions as demonstrated in Appendix 1. A similar benchmark for sales data will be explored in future surveys.

¹² A stronger U.S. dollar means that a Canadian who sells U.S. property gets more Canadian dollars for every U.S. dollar of investment on the purchase of a U.S. residential property.

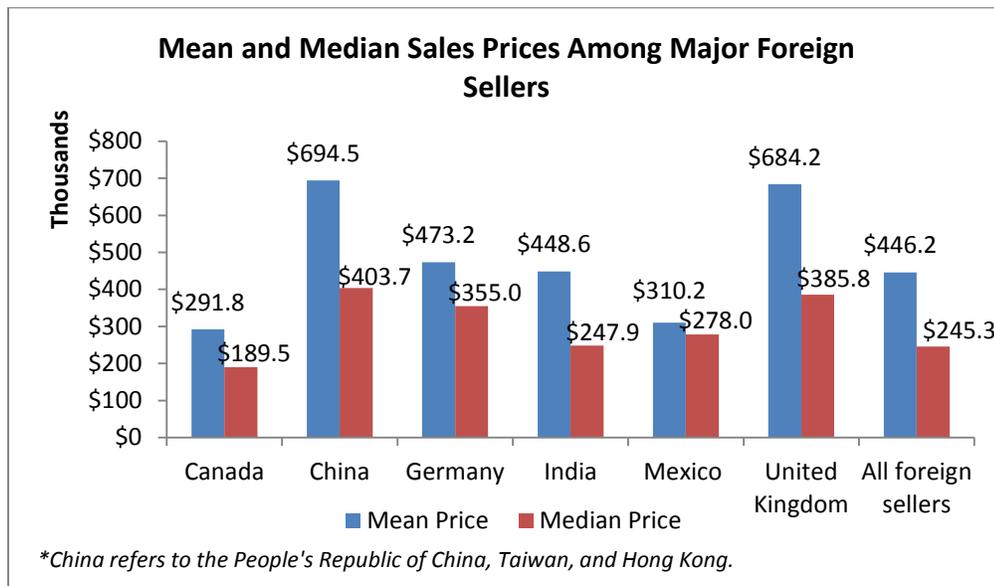


The properties sold by international clients were mostly located in Florida, California, Arizona, Texas, Nevada, New Jersey, New York, Illinois, and Ohio. Not surprisingly, the list of states where foreign buyers sold their U.S. property is similar to the list of states where foreign buyers typically purchase U.S. residential property.



Properties owned by international clients sold for \$446,191 on average and for a median of \$245,331. International clients from China and the United Kingdom sold more expensive

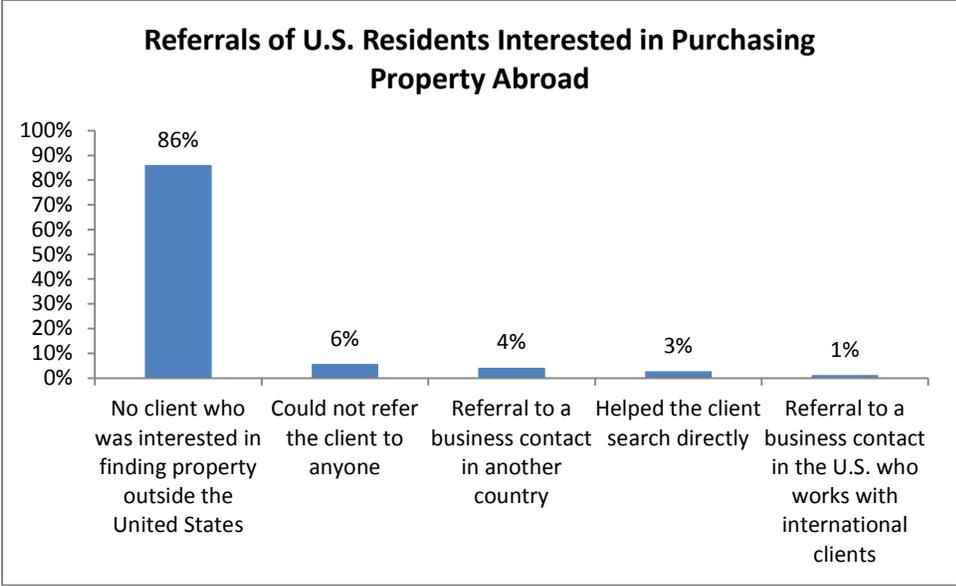
properties. This is consistent with the data that Chinese and U.K. clients tend to purchase properties that are more expensive than properties purchased by other foreign buyers.



III. PROFILE OF U.S. RESIDENTS PURCHASING A PROPERTY ABROAD

International real estate is multi-faceted. Not only do international clients choose to purchase U.S. real estate, U.S. clients are also interested in purchasing property abroad. Approximately 14 percent of responding REALTORS® reported that they had a client who was seeking to purchase property in another country, compared to six percent in the previous 12-month period. Four percent of respondents referred the interested buyer to a business contact outside the United States, three percent helped the client directly, and one percent referred the client to a business contact in the United States who works with international clients. About six percent of respondents reported that they had a client interested in purchasing property abroad but could not refer the client to anyone to assist in the purchase process.¹³

¹³ NAR has a rich source of information to assist REALTORS® working with international clients. For more information, see <http://www.realtor.org/global/global-resources>.

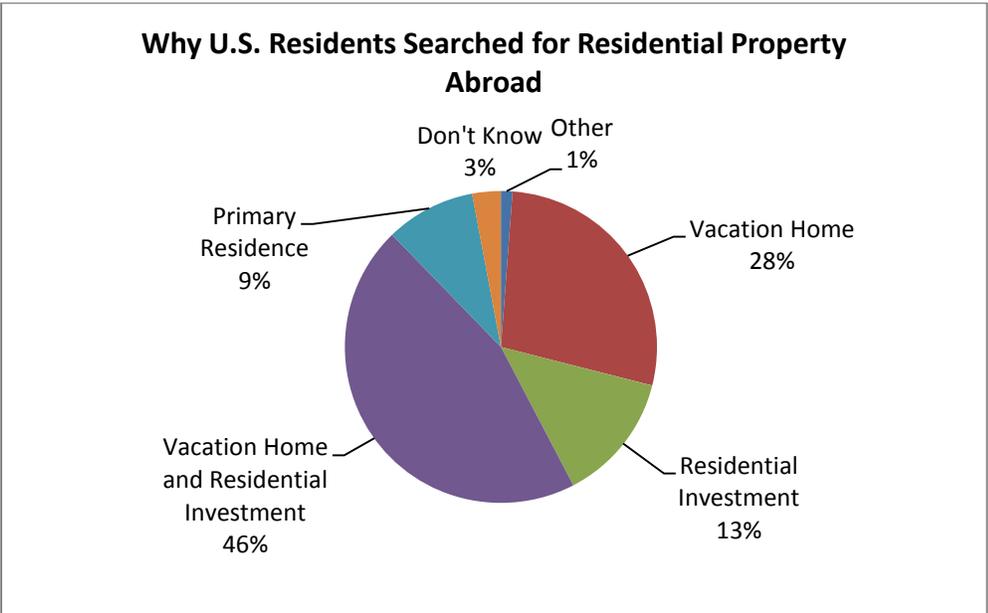
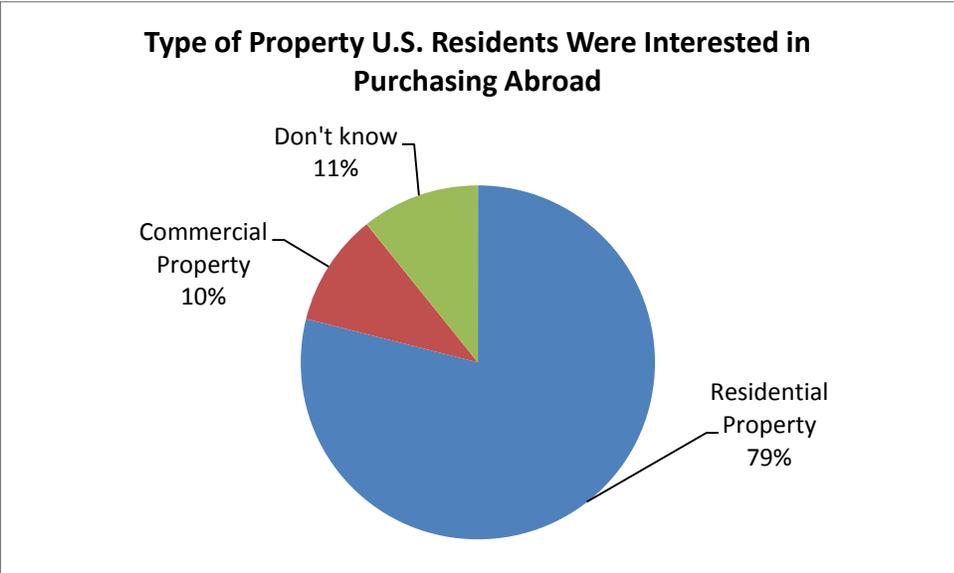


Among REALTORS® who had clients interested in purchasing property abroad, the countries that generated the most inquiries were Mexico, Costa Rica, Philippines, Colombia, and Canada. Spain, Brazil, Thailand, and Italy were also countries of interest to domestic clients searching for property abroad.



The vast majority of U.S. clients seeking property abroad were interested in residential property (79 percent), and a slim majority of those seeking residential property were interested in purchasing a detached single-family home (53 percent) while nearly a third (30 percent) were interested in a condominium. Most clients (87 percent) were looking to use the property as a

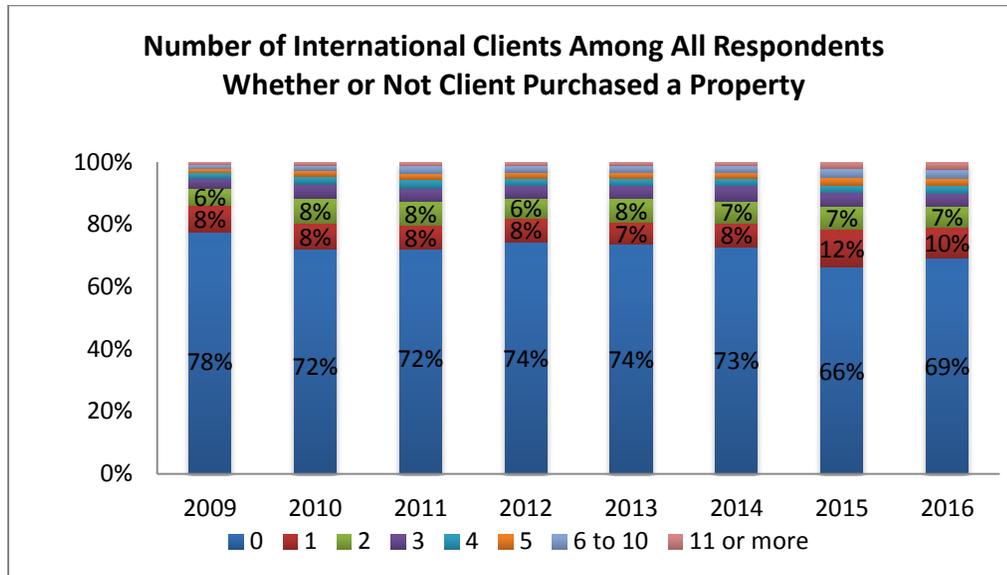
vacation home and/or residential rental unit. Only nine percent of U.S. clients were seeking a primary residence abroad.



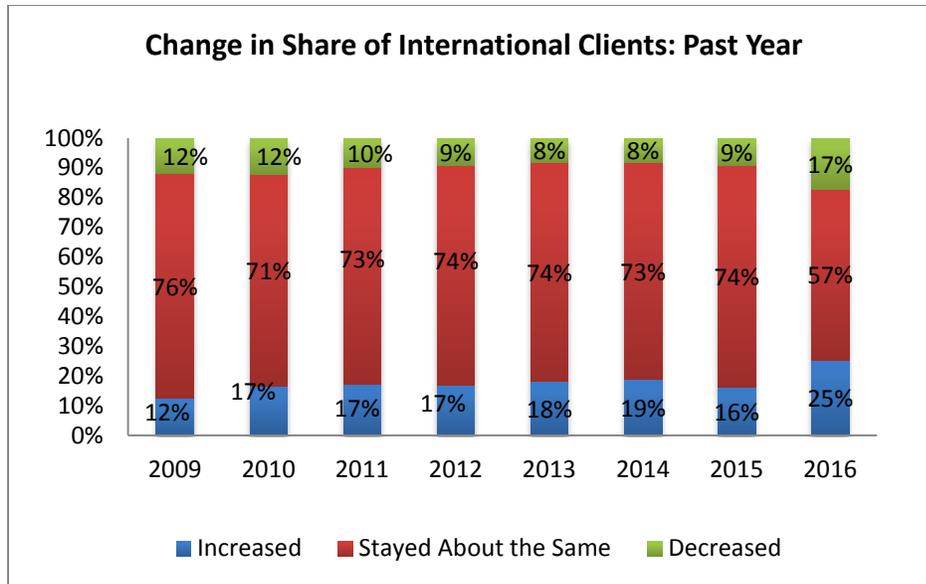
IV. REALTOR® INTERACTION WITH INTERNATIONAL CLIENTS

Number and Share of International Clients

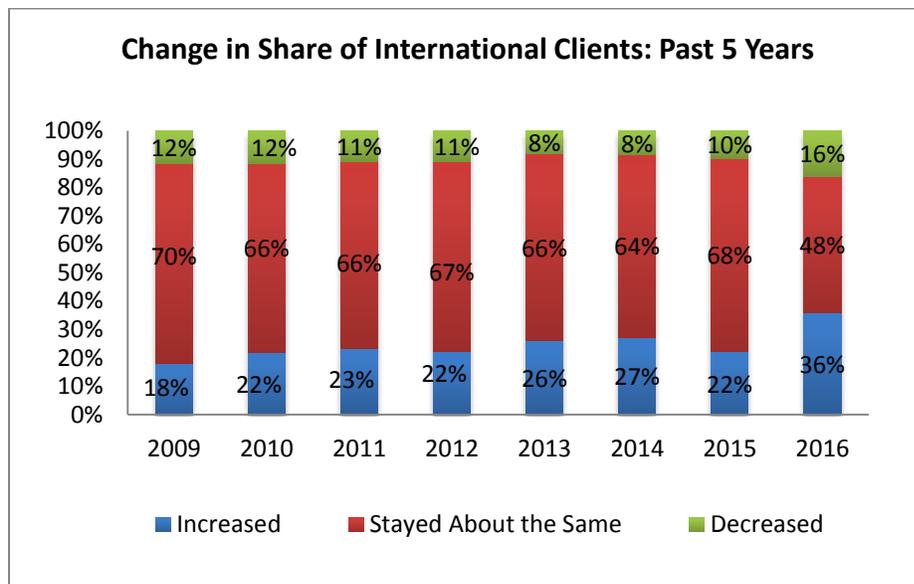
Approximately 31 percent of REALTOR® respondents reported working with international clients, a decrease from the 34 percent share in the previous 12-month period. Seventeen percent had one to two foreign clients and five percent of respondents had six or more foreign clients.



Survey respondents had mixed international market share experiences. A smaller majority of respondents indicated that the share of international clients they had was about the same as last year (57 percent), while the shares of respondents indicating increases and decreases in international clients both increased. Respondents reporting a decrease in the share of international clients grew to 17 percent compared to nine percent in the previous 12-month period. A higher percentage of respondents also reported an increase in the share of international clients to their total business in the past year, 25 percent compared to 16 percent in the previous 12-month period.



Over a five year time frame, the experience among respondents is similarly mixed, indicated by the higher fraction of respondents who reported either an increase or a decrease in the percentage of clients who are international. Just less than half (48 percent) of respondents reported a constant level in the share of international clients over the past five years.

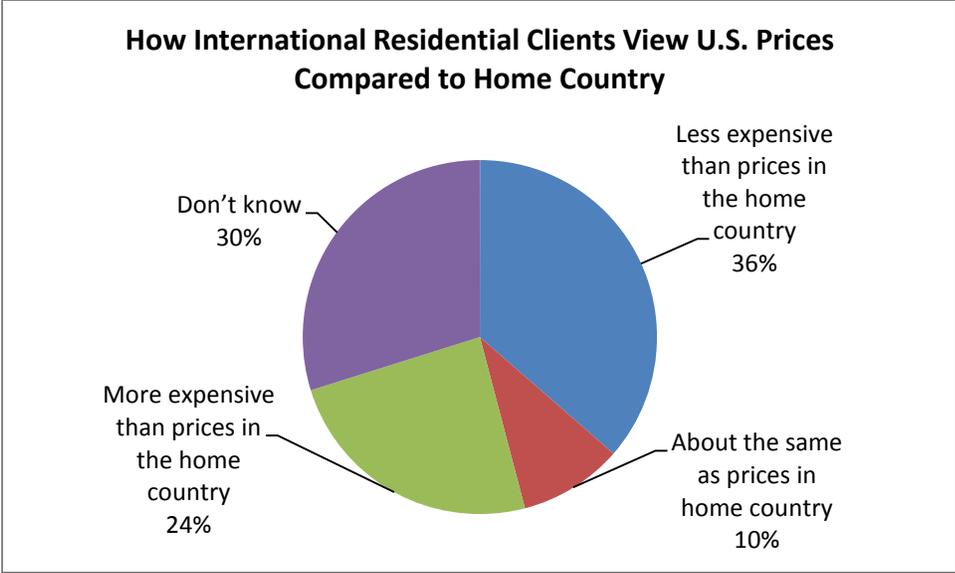


Respondents were mainly optimistic about the outlook for international clients looking to purchase residential property in the next 12 months, with 44 percent of respondents expecting increased activity. After the survey was closed, the voters of the United Kingdom decided to leave the European Union in a referendum (“Brexit”). This decision rocked currency

markets and has driven bond rates lower as investors flock to safe investments. The decline in the value of the British Pound is likely to mean fewer buyers from the United Kingdom. Longer-term ramifications could be mixed. Businesses and foreign real estate investors may choose to stay away from the United Kingdom, and the United States could become an attractive alternative. However, if the uncertainty impacts global economic growth, demand for U.S real estate could fall



One reason behind the favorable outlook regarding residential purchase activities among international clients may be that U.S. prices are often perceived to be more affordable compared to home country prices. Approximately 36 percent of residential clients viewed U.S. property prices to be less expensive than prices in their home country, while 24 percent viewed U.S. prices as more expensive than prices in their home country, and 10 percent viewed U.S. prices to be about the same as in the home country. Roughly three in 10 respondents were not sure how their residential clients viewed U.S. home prices comparatively.

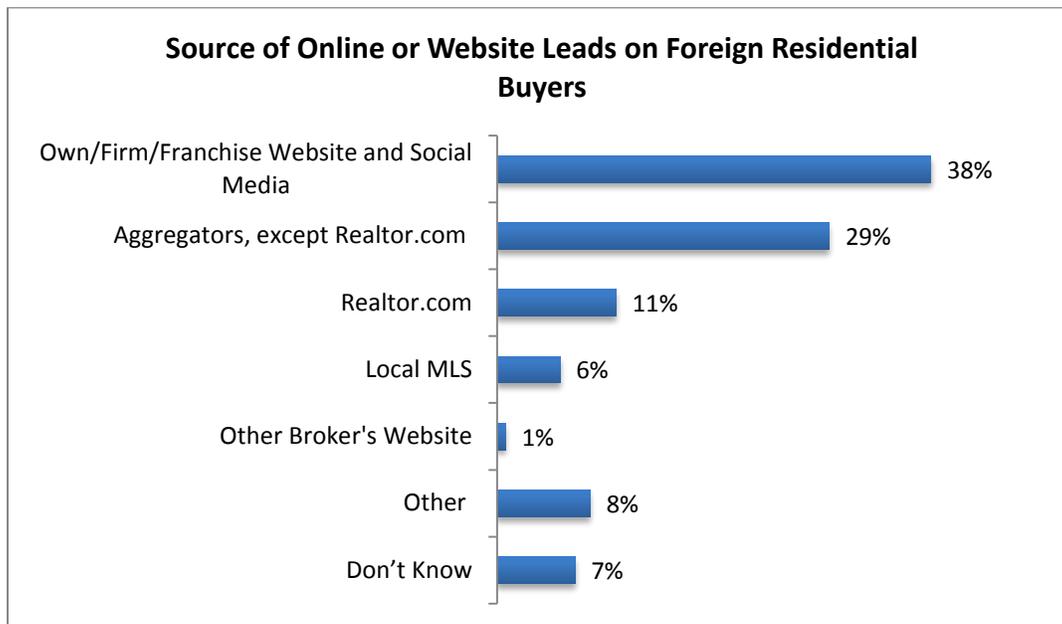


Source of Leads and Referrals

Personal contacts and referrals were the most important sources of leads among agents who worked with foreign clients who purchased residential property, accounting for about 47 percent of responses. Website/online listings accounted for 17 percent.



Among those who found their client through online sources (17 percent), the firm's and agent's websites accounted for 35 percent of leads.

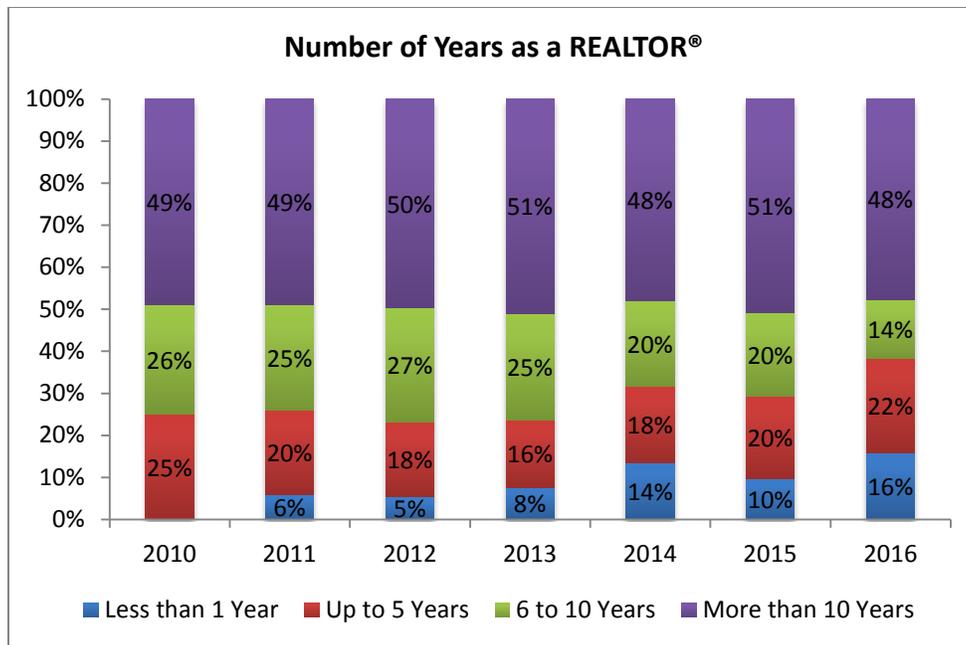


Challenges in Dealing with International Clients

The number of REALTORS® who are new to the business has been increasing, a positive indicator of the health of the U.S. real estate market. Approximately 16 percent reported that they have been in the business less than one year, up from less than one percent of respondents in 2010 when the housing market was in a slump.

Serving international clients requires specialized knowledge on the part of the REALTOR® relating to immigration, tax, property, financing, and other regulations. Cultural affinity and knowledge of client preferences also play an important role in nurturing relationships with international clients (see Appendix 2, [Comments](#)).

With more REALTORS® new to the business, there is a need for education and training of new members in dealing with international clients, particularly non-resident foreign buyers who are likely to face greater challenges and are less familiar with the U.S. housing market than resident foreign buyers. NAR offers valuable educational training and resources for agents who are looking at expanding their business transactions with international clients (see Appendix 3, [NAR's Commercial and Global Services Group](#)).



V. CONCLUSIONS

All real estate is local, and although international clients represent a small segment of the market, they are important to the REALTORS® who serve them and to the local markets that attract international clients.

Foreign buyers purchased \$102.6 billion of residential property from April 2015–March 2016, a one percent decrease from the \$103.9 billion of property purchased in the previous 12-month period. Foreign buyers purchased 214,800 residential properties, a three percent increase from 209,000 units purchased in the previous 12-months. Purchases by non-resident foreigners decreased to 41 percent of residential units while purchases by resident foreigners increased to 59 percent. In the past years, purchases by resident and non-resident foreigners were nearly split. The dollar volume decreased even as the number of residential units purchased increased because resident foreign buyers generally purchase less expensive properties than non-resident foreign buyers. Non-resident foreign buyers retreated as economic growth slowed in many countries, including in China and Latin America, and as the dollar strengthened against many foreign currencies.

Canada, China, India, Mexico and the United Kingdom were the major countries of origin of residential buyers. Non-resident foreign buyers originated from Canada and the United Kingdom, while resident foreign buyers came from China, India, and Mexico. Florida, California, Arizona, Texas, and New York were the major destinations of foreign buyers.

Among international clients who sold the U.S. residential property they owned, the major sellers were citizens from Canada, China, the United Kingdom, Mexico, Germany, and India. Properties owned by international clients sold for \$446,191 on average and the median sales price was \$245,331.

U.S. domestic clients are also engaging in international transactions and looking to purchase property abroad. Mexico, Costa Rica, Philippines, Colombia, and Canada were the countries that generated the most interest from survey respondents. Seventy-nine percent of recent clients seeking property abroad were interested in a residential property, mainly to use as a vacation home and/or rental property.

Personal contacts and referrals are the top sources for the majority of business opportunities for REALTORS® serving international clients, accounting for 47 percent of all international client leads. In addition, website/online listings continue to be an increasing source of clients, including the agent's own website.

Sixteen percent of respondents have been in the business for less than one year, an increase from the share of less than one percent in 2010. This is a positive sign of the strength of the U.S. real estate market, but it also indicates the need for training and support on working with international clients. Serving international clients may require specialized knowledge on

the part of the REALTOR® relating to immigration, tax, property, financing, and other regulations. Cultural affinity and knowledge of client preferences may also play an important role in nurturing relationships with international clients. NAR's Commercial & Global Services Group has resources that can assist REALTORS® who wish to expand their international business.

The outlook for international real estate activity in the United States remains positive. In the next 12 months, 44 percent of respondents expect increased activity with international clients, 29 percent expect no change, 10 percent expect decreased activity, and 17 percent were unsure. While the voters of the United Kingdom decided to leave the European Union in a referendum ("Brexit") after the survey was closed, the outlook for international real estate activity in the United States remains positive. The decline in the value of the British Pound following Brexit is likely to mean fewer buyers from the United Kingdom. However, businesses and foreign real estate investors may choose to stay away from the United Kingdom, and the United States could become an attractive alternative. .

Appendix 1. Computation of the Dollar Volume of Foreign Buyers U.S. Residential Purchases

Estimation of U.S. Residential Property Purchases of International Buyers During April 2015–March 2016		
	Data Inputs	
Line 1	Residential property purchases of non-resident foreigners (Type A), as a share of existing home sales	1.7%
Line 2	Share of non-resident foreign buyers to foreign buyers (Type A)	41%
Line 3	Share of non-resident foreign buyers to foreign buyers (Type B)	59%
Line 4	Existing home sales, April 2015-March 2016	5,309,000
Line 5	Average price, existing homes sales	\$266,683
Line 6	Average price of residential property purchases of non-resident (Type A) foreign buyers	\$491,427
Line 7	Average price of residential property purchases of resident (Type B) foreign buyers	\$477,462
	Calculation of Number of Residential Property Sales to Foreign Buyers	
	<i>To get Line 8, multiply Line 1 to Line 4, and round to nearest hundreds</i>	
Line 8	Number of residential property purchases of non-resident foreign buyers (Type A)	88,546
	<i>To get Line 9, get the ratio of Line 3 to Line 2, and multiply this ratio by Line 8, and round to nearest hundreds</i>	
Line 9	Number of residential property purchases of resident foreign buyers (Type B)	126,338
	<i>To get Line 10, add Line 8 and Line 9</i>	
Line 10	Total Number of residential property purchases of foreign buyers	214,885
	Calculation of Dollar Volume of Residential Property Sales to Foreign Buyers	
	<i>To get Line 11, multiply Line 6 by Line 8</i>	
Line 11	Dollar volume of purchases of non-resident (Type A) foreign buyers	\$43,514,075,409
	<i>To get Line 12, multiply Line 7 by Line 9</i>	
Line 12	Dollar volume of purchases of resident (Type B) foreign buyers	\$59,055,994,862
	<i>To get Line 13, add Line 11 and Line 12</i>	
Line 13	Dollar volume of residential property purchases of foreign buyers	\$102,570,070,271

Notes on Data Inputs:

Percent of Existing Home Sales to non-resident foreigners (Type A): The fraction of U.S. existing home sales to non-resident foreign buyers (Type A) is based on survey data from the monthly REALTORS® Confidence Index Survey.

Split between non-resident (Type A) and resident (Type B) foreign buyers among all foreign residential property buyers: The split between Type A and Type B foreign buyers is computed from the survey based on information about the most recent foreign buyers from respondents.

U.S. Existing Home Sales: Sales for the 12 months ending March 2016 are obtained by summing the monthly sales from April 2015–March 2016.

Average Price, Existing Home Sales: Since total market value is being computed, the average rather than median price is used. The average is computed as the average of the monthly mean price of U.S. existing home sales.

Average Prices, International Sales: The average prices for residential property purchased by non-resident (Type A) and resident (Type B) foreign buyers are estimated from the survey based on information about the most recent foreign buyers of the respondents.

Appendix 2. Comments from REALTOR® Respondents¹⁴

Comments on Market Trends

- All of my Canadian buyers are on hold until their dollar increases (AZ).
- As a designed broker I have observed an increase in Canadians looking to sell in our Arizona market. Other foreign buyers are sometimes taking their place in the market but most often it is American buyers with renewed purchasing ability (AZ).
- Canadians are selling and not buying due to currency exchange (FL).
- Here in SW Florida we have found a decline in European and Canadian buyers (FL).
- Most Canadians who frequent South Carolina during the winter months showed little interest in buying this year over years past (SC).
- The exchange rate for the American dollar raised so much in all the other countries in the Americas that buying real estate property in the USA became very expensive. Winter Seasonal rentals from Canadians significantly lowered in 2016 (FL).
- The US dollar is so strong right now that though folks are looking they are not necessarily buying yet (HI).
- I work in the Disney area; many of the owners here are second home owners who use their property as a vacation home. Most of my sales last year were affected by the strong US dollar. The Europeans who bought their homes are selling now to avail of the strong dollar rate whereas many of my foreign investors are waiting to see what will happen, especially with the British pound 's value due to uncertainty from a "Brexit." There are more European enquiries but they are still slower because of the foreign exchange rate uncertainty (FL).
- I work in a resort community that draws many international visitors. Our housing prices are among the highest in the country, yet I foresee wealthy visitors will continue to inquire, and potentially purchase residential real estate here (WY).
- I have had more international renters than buyers, but they will probably buy. A lot of Canadians looking to rent. I rent myself and over the past four years I have had two landlords from different countries in South America, one from Russia, and one from Canada (FL).
- The numbers are increasing (MD).
- Most of my international clients are Chinese, (or other Asian cultures) and probably more than 50% of them pay cash. I attribute this in large measure to the fact that the areas where I work are very close to The Ohio State University —most of my clients either work at OSU or are students there. In general, they are wonderful to work with (OH).
- Foreign people have been buying in my condominium complex. We have a view of the city and are at the highest point in the city - so foreigners can really see the value (PA).
- I list and sell properties in northwest Wisconsin; I've never worked with international clients or customers (WI).
- I rarely have had an International client but have had many International tenants over the last 40 years of owning and managing rental properties (FL).
- In Texas, there are many buyers coming from Mexico (TX).

¹⁴ Comments were edited for clarity, spelling, and grammar. The comments that are featured here were selected to highlight the broad range of issues across a mix of geographic areas that REALTOR® face when working with international clients. Thank you to all our respondents who provided their valuable comments.

- I see a rise in the purchase of homes by international buyers. I am aggressively seeking avenues to attract these clients (NC).
- International client business is increasing and will in the next 5 years (MN).
- Chicago has seen an increase in the number of foreign buyers of our residential real estate—sometimes for children attending school as well as for investment purposes to rent out. I see this activity maintaining its current level, as prices are reasonable and rents are high (IL).
- Don't see any in our area (MN).
- Even though most of my transactions were with US citizens, most of these people are not originally from the US or are 1st generation US born citizens. Countries include: Korea, Scotland, Canada, Argentina, India, Mexico, and Trinidad (TX).
- Not a draw area for internationals - odds are one in a thousand... Adjacent "Knoxville" Tennessee, likely. Maybe Sevier Co. Tennessee, too (TN).
- Foreign buyers, who by the way pay only cash and are investors, are causing the bidding wars. They buy property but not live in them and rent them out at outrageous prices, then turn around and sell them. A lot of the foreign buyers only buy cash because they can show their purchase to INS and prove they have property and dollars and immediately get their papers (CA).
- My clients are mostly from Latin America, especially from Venezuela. I think most of them went already through the process of buying. There were two types: those who reacted to the current crisis in Venezuela and were preparing to leave the country when needed and those who took advantage of the crash in the US Real Estate market and came to Miami to buy properties (FL).
- International Buyers are looking for investment property. They consider that real estate prices have gone up in the USA and, once they pay expenses (taxes, insurance, maintenance fees, real estate commission, etc.) the return on their investment is not what they are looking for (FL).
- All my clientele are living overseas for the most part and renting their properties with me as their agent (VA).

Comments on Working with International Clients

- I enjoy working with International clients. They are very grateful for everything I do for him (TN).
- It was a pleasure to help international buyers purchase their primary residence in Willowbrook, IL. They were renting for years and are now happy to own. I loved helping them and they have referred me to their friend who is also originally from Turkey (IL).
- I would love to help more international buyers. They know that they want to purchase something and are less difficult with amenities (OH).
- REALTORS[®] should be aware of the interest of international Buyers in acquiring property in the USA and the importance of understanding their needs and negotiation styles. I think it is important that NAR promote the CIPS designation (AZ).
- International clients seem to be most interested in finding a home with high quality schools. The direction the home faces is increasingly a factor in many of these buyers decision (CA).
- Most international customers that I have spoken to are interested in the school system that a community can provide. Just like the Nationals (AL).
- U.S. and state taxes are a negative issue for foreign buyers and sellers (HI).
- Immigration chances make sales tough (FL).
- International buyers are looking for investment property. They consider that real estate prices have gone up in the USA and, once they pay expenses (taxes, insurance, maintenance fees, real estate commission, etc.) the return on their investment is not what they are looking for.

- It is important for US banks to write mortgages on Canadian properties and for Canadian banks to write mortgages for US properties. These two countries are the friendliest yet cross-border investment (using debt financing) is prohibitive. Our Governments must change the laws to force banks to write mortgages for cross border investments that make economic sense (NY).
- Financial qualification has been difficult for my clients (CA).
- U.S .sources of financing are very important to increase of volume of purchase from international buyers (CA).
- While in the past 12 months I haven't had an international client, several years ago, I represented an international client who purchased a house in TX. A complex transaction due to the lender requirements (TX).
- The buyer international base is expanding. It is sometimes difficult to find lenders. Most international buyers are well funded cash-wise, but paper work requirements hinder their purchases (NJ).
- There is more than a language barrier. You need to understand their cultural standards also (TN).
- Knowing a second language is important for agent (TX).
- Had many transactions with foreign buyers but transactions were not completed for one reason or another...didn't find the home, didn't like our community, etc. (IL).
- The one international client I had come from China. After working with me, he purchased a home with an agent that spoke Chinese (NJ).
- May I suggest having International Clients Training twice a year? (TX).
- I would like to have Chinese language available in the REALTORS® documents, Website, MLS and all Purchased / Selling documents (CA).
- There is a great deal of interest from international buyers and much education and facilitating that can be done by our industry (IL).

Appendix 3. About NAR's Commercial and Global Services Group

The Commercial & Global Services Group of the NATIONAL ASSOCIATION OF REALTORS® plays an integral role in opening doors for REALTORS® to compete in the global market place. By opening markets for business and keeping members informed of the latest developments occurring around the world, the Commercial & Global Services Group gives REALTORS® the tools they need to succeed in the global market. NAR maintains formal partnerships with over [80 foreign real estate associations](#) in 60 countries. These relationships are formed to advance the interests of REALTORS® worldwide, to uphold the highest standards of commercial practice, and to facilitate international business arrangements in strategic markets for REALTORS® and non-U.S. real estate practitioners. Additionally, the Certified International Property Specialist (CIPS) Designation offers specialized education and services to real estate professionals who aim to profit in the global market.

For more information and resources about working with international clients, please visit <http://www.realtor.org/global/global-resources>

To access the Research Division's various reports on the housing market, please visit <http://www.realtor.org/research-and-statistics>

Appendix 4. Realtor.com Data on Global Buyers Searching in the United States

Realtor.com® offers comprehensive reporting on the market interest of global buyers searching in the United States. The graphs below show the countries searching U.S. properties, and which U.S. cities were of most interest to them. These reports are updated monthly and can be accessed on <http://www.realtor.org/articles/where-are-global-buyers-searching-in-the-united-states>.

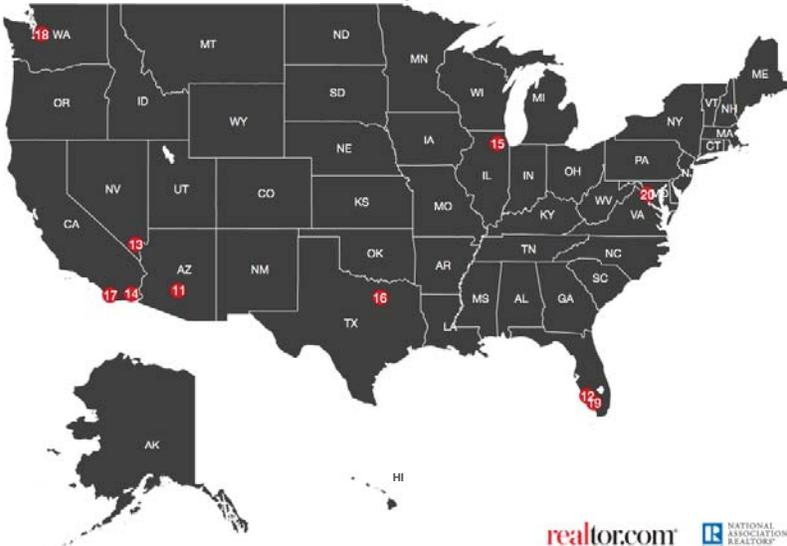
Top 10 US Markets Searched by International Consumers in April 2016



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Top 11 - 20 US Markets Searched by International Consumers in April 2016



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