



# Today's Realtors®: Real Estate Ambassadors To Foreign Buyers

## *Highlights You Can Use From NAR'S 2008 Profile of International Home Buying Activity*

### **International Purchases: A Significant Share of Business for Many REALTORS®**

- NAR estimates that between 150,000 and 190,000 homes were sold to foreign nationals from May 2007 to May 2008.
- More than a quarter of Realtors® have some international clientele.
- Realtors® with international clients who purchased homes reported that their international clientele accounted for a median 16 percent of all home sales transactions.
- Of those Realtors® who sold to international clients in 2008, 79.9 percent had foreign buyers make up one to 25 percent of their transactions. Ten percent of Realtors® sold to foreign buyers 26-50 percent of the time, and 4.3 percent and 3.9 percent of Realtors® had 51-75 percent and 76-100 percent of their transactions made up of foreign buyers, respectively.
- As media mogul Rupert Murdoch has said, "***You have to have a global attitude.***"

### **Where They Are Coming From:**

- The top six countries of origin for foreign homebuyers in 2008 were Canada, the United Kingdom, Mexico, China, India, and Germany.
- The number of Canadian buyers doubled in 2008 from the previous year.
- Most foreign buyers came from Canada and the U.K., and buyers from these countries made up 36.1 percent of purchasers.
- Mexico, which accounted for the largest share in 2007, ranked third in 2008, at 8.7 percent.

### **What They Bought:**

- Foreign home buyers tended to make the same type of home purchase as U.S. buyers.
- Single-family homes were the most popular, accounting for three quarters of all purchases. They were the most popular among buyers from Mexico, and made up 91.8 of their home purchases. German buyers were not far behind at 87.5 percent.
- A little less than 20 percent of all foreign home buyers purchased a condo, while 6 percent purchased townhomes.
- Condos were most popular among Canadian buyers, and accounted for nearly half of their property purchases.
- Townhouses were most popular with buyers from China, and made up 14 percent of their home purchases.



### Where They Are Buying:

- International buyers purchased properties across the U.S., but by far their most favorite regions were the South (at 46.8 percent) and the West (at 30 percent).
- North American buyers and those from Asia were more likely to make a home purchase in the West.
- More than half of European buyers bought property in the South.
- 13 percent of foreign buyers chose to buy in the Northeast – an increase from 9 percent last year.
- While foreign buyers bought in every state (including the District of Columbia), four states were clear favorites: Florida, California, Arizona and Texas.
- New York, Washington, and Nevada were also popular destination states.
- Florida was the most popular choice for buyers from North America, Europe, and Latin America, while California emerged as the most popular choice for buyers from Asia. Both of these states are major international gateways and known for their mild climate, which undoubtedly had influence on buyers' choices.
- It is a well-known and unattributed saying that “***The three most important factors in buying a home are location, location, location!***”

### What They Are Paying and How:

- The median price foreign buyers paid for a home was \$297,400 (U.S.).
- This was a much larger amount than the national median price of \$217,900. It is, however, slightly less than the median price of foreign purchases from 2007, recorded at \$299,500.
- Foreign buyers from China paid the most (median) for their property, while buyers from the U.K. paid the second most.
- Foreign buyers are much less likely to take out a loan in order to buy property in the U.S. A little over half (54 percent) used a mortgage to finance their purchase.
- 4 in ten purchasers paid for their transaction in cash.
- Canadians and Germans were most likely to pay cash for their U.S. purchases. Indian and Mexican buyers were more likely than other foreign buyers to use mortgage financing.

### Why They Are Buying:

- Current laws do not permit foreign nationals to buy property in the U.S. as a primary residence.
- As a result, over half – 55 percent – of international buyers purchased property in the U.S. as a vacation destination for family and friends. This is an increase of 8 percent from 2007.
- About 31.6 percent bought a home as a vacation home *and* an investment property.
- There was a significant decrease in properties purchased for investment purposes only – 13.4 percent, down from 22 percent in 2007.



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