

National Association of REALTORS® 2013 Profile of International Home Buying Activity

Purchases of U.S. Real Estate by International Clients for the Twelve Month Period Ending March 2013



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June 2013

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I. INTRODUCTION AND SUMMARY

Since 2007, the National Association of REALTORS® (NAR) has conducted a yearly survey to measure the level of sales of U.S. residential real estate to foreigners. This report provides information on international home buyers and their preferences, and presents feedback on the challenges and opportunities faced by REALTORS® in addressing the international market. The *2013 Profile of International Home Buying Activity* presents the analysis of data gathered from REALTORS® on purchases of U.S. residential real estate by international clients for the 12 months ending March 2013¹. There were 3,357 respondents to the survey conducted from April 9 - May 10, 2013.

The United States continues to attract international visitors, temporary residents, and immigrants – all potential homebuyers. In 2011, about 1 million persons gained permanent residency status, and another 1 million were admitted as non-resident workers in specialty occupations². The term international client refers to two types of purchasers of properties.

- Type A: Foreign clients with permanent residences outside the U.S. These clients typically purchase property for investments, vacations, or visits of less than six months to the U.S.
- Type B: Clients who are recent immigrants (in the country less than two years) or temporary visa holders residing for more than six months in the U.S. for professional, educational, or other reasons.

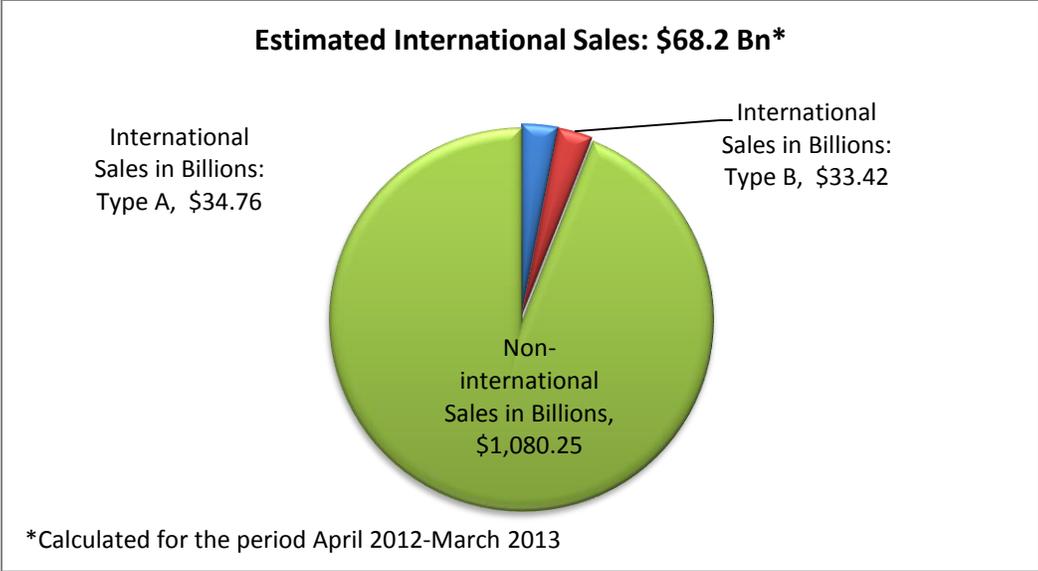
International Sales: \$ 68.2 Billion in 12 Months Ending March 2013

For the 12 months ending March 2013, the total sales volume to international clients (“international sales”) is estimated at \$68.2 billion, which is approximately 6.3 percent of the total U.S. Existing Homes Sales (EHS) market of \$ 1.08 trillion for the same period³. Of total international transactions, \$34.8 billion is attributed to Type A clients (51%) and \$ 33.4 billion to Type B clients (49%). The computations are delineated in the Appendix.

¹ The survey was sent to a random sample of about 50,000 REALTORS®.

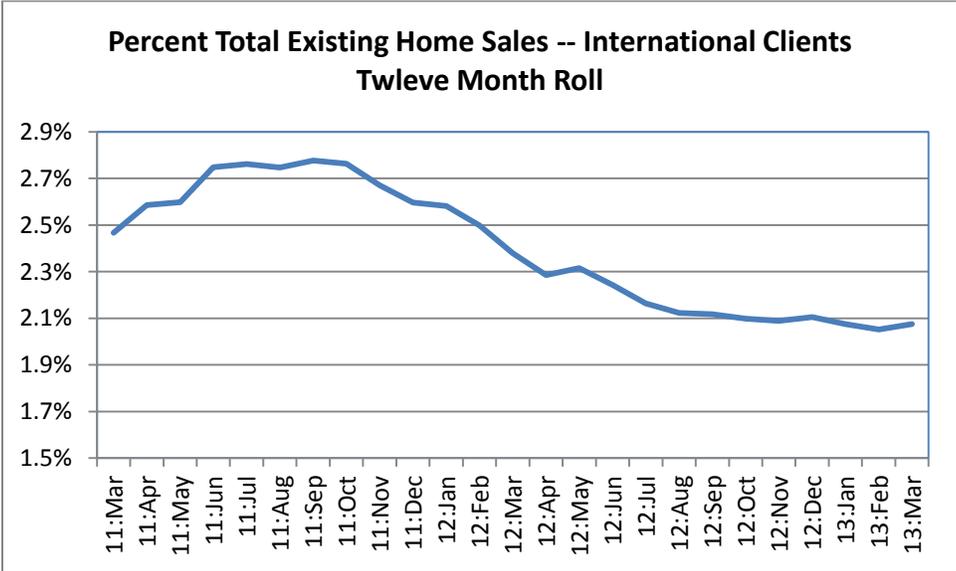
² Source: *2011 Yearbook of Immigration Statistics*, Department of Homeland Security.

³ Sales figures in dollars are not a measure of GDP, for sales represent the transfer of existing assets that previously counted in the GDP during the time of construction. However, GDP is generated from the sale of existing homes as a result of services during and after the transaction, for example, commissions, fees, remodeling, etc.

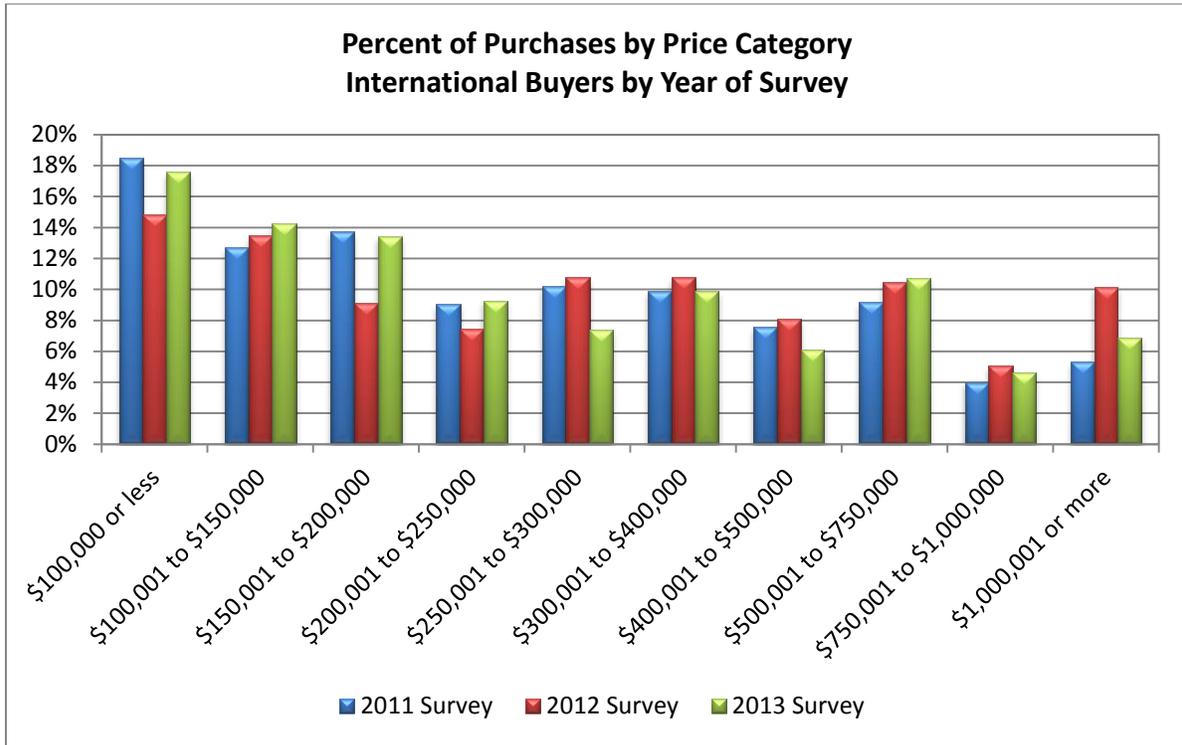


Although international sales decreased from the previous level of \$ 82.5 billion for the year ending March 2012 due to decreased sales and an increased number of transactions at the lower end of the market by foreign buyers, the dollar value was the second highest in recent years.

International Transactions a Lower Percentage of the Market



Percentage of Sales to International Clients at Lower Price Levels

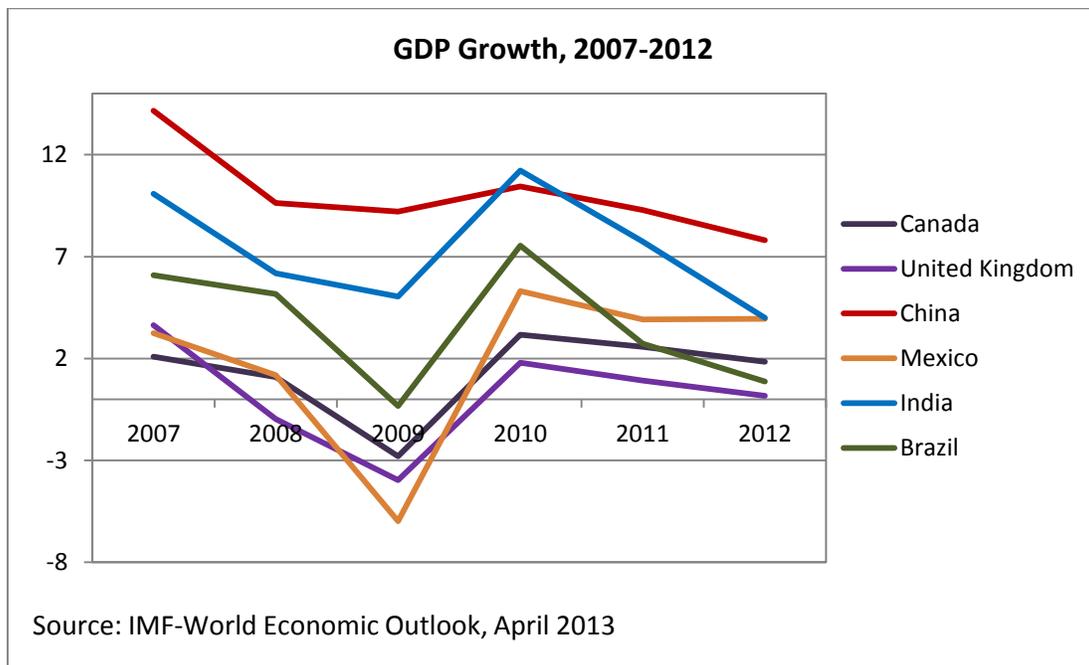


International Sales Volume Down in 2013 But Second Highest Since Data Was Collected

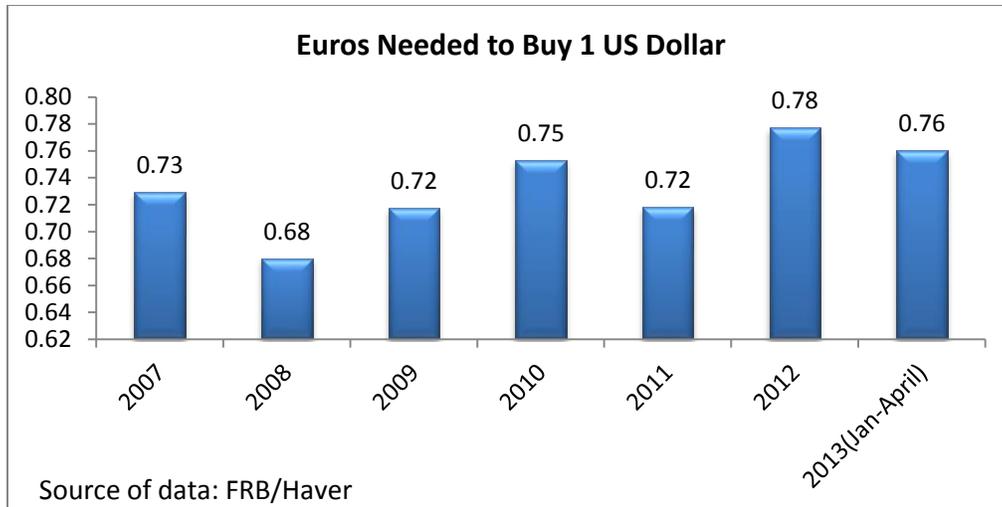


The change in sales between the 2012 and 2013 reports was a negative \$14.3 billion. The decline in sales due to lower prices was \$8.8 Billion, and the decline due to a decreased number of transactions was \$5.5 billion.

A number of factors adversely impacted foreign demand for U.S. residential properties over the past year. Economic slowdowns in a number of major foreign economies appear to have been a major reason for a drop in sales; a number of potential customers apparently held off on purchases. In the case of resident foreigners (denoted as Type B) economic uncertainties in the U.S. economy may have slowed buying activity. Exceptionally tight mortgage credit standards appear to have had a negative impact on foreigners seeking a mortgage. NAR estimates that if normal credit standards had been in place home sales nationally would have been 10 to 15 percent higher than was the case. Home prices rose 11.6 percent over the March 2012/March 2013 time period, and the inventory of available residential properties declined from 6.2 months of available supply to 4.7 months. In some areas of the country—particularly the West—inventories were even tighter.



Finally, the Euro and currencies from Brazil, India, and Mexico weakened against the dollar during 2012; only the Canadian dollar strengthened. A graph for the Euro follows; graphs for other, weakening currencies are similar.



Specialized Expertise: Important in International Transactions

REALTOR® specialization on the buyer’s side of the market--such as cultural affinity or orientation with the prospective purchaser, foreign language capabilities, and experience in explaining U.S. real estate procedures and requirements to foreigners--appears to be important in bringing an international transaction to successful conclusion. Approximately 27 percent of REALTOR® respondents reported having worked with international clients; 76 percent have been in the business for more than 5 years.

Twenty-seven percent of REALTORS® had an international client although 76 percent have been in business more than 5 years.

Economic Conditions Impact International Sales

Although sales to foreigners have recently declined, the United States remains a premiere residence and investment area for international clients. Approximately 53 percent of REALTORS® reported that the main factors influencing the decision to purchase in the U.S. are profitability and security. Property rights are well defined, and despite short term economic challenges the U.S. continues to be the leading world economy, with housing expected to follow.

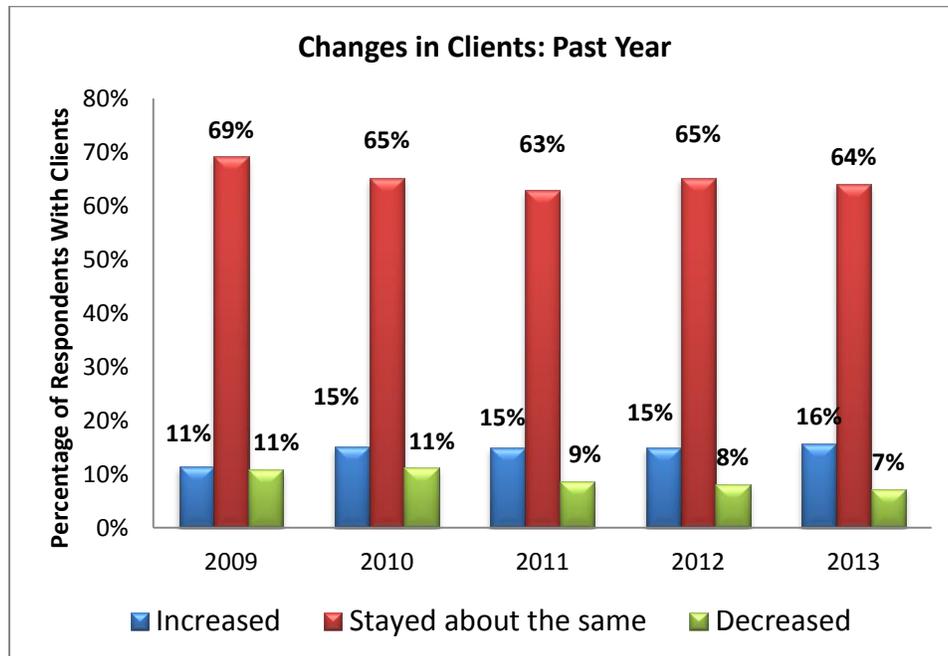
II. REALTOR® EXPERIENCE IN SERVING INTERNATIONAL CLIENTS

Number of International Transactions

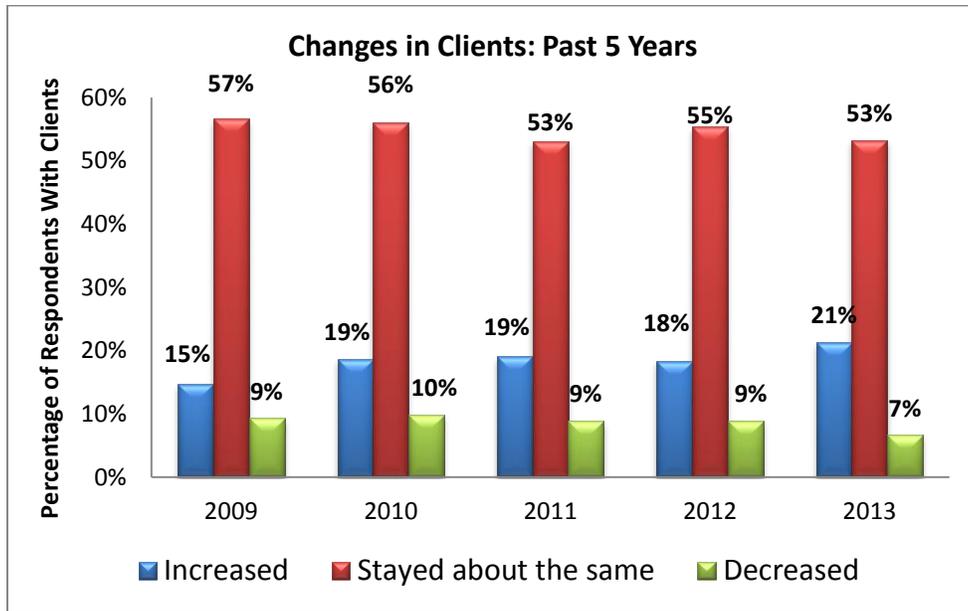
The percentage of REALTOR® respondents who reported working with international clients in the 12 months ending March 2013 was 27 percent, unchanged from the previous year.



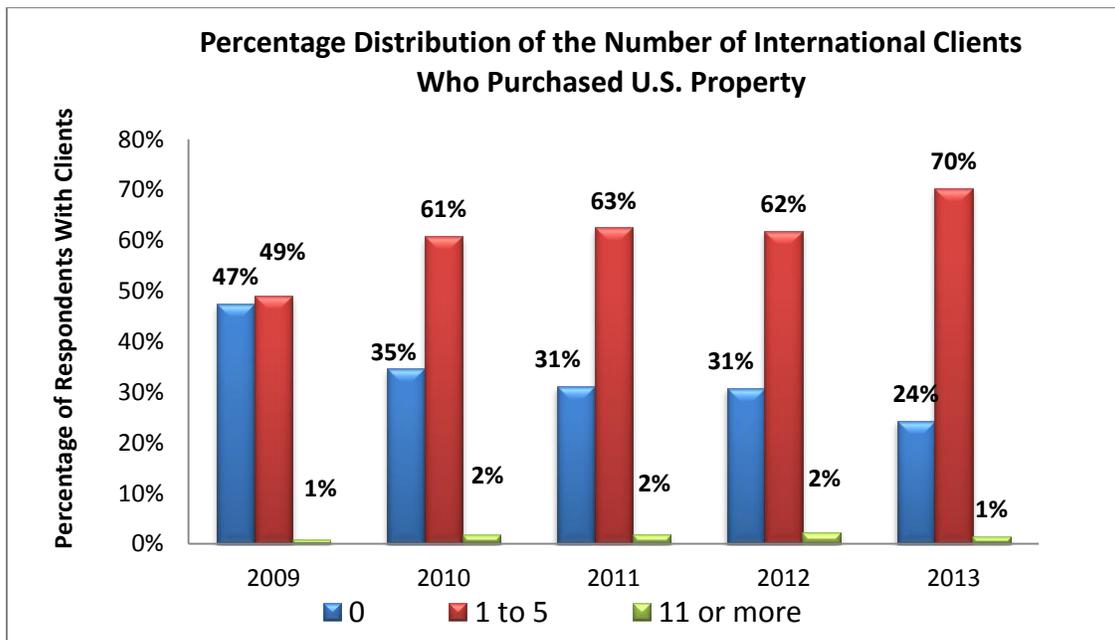
Out of all REALTOR® respondents (with or without international clients in the past 12 months), 80 percent reported a constant level or an increase in the number of clients in the 12 months ending March 2013, essentially unchanged from responses in the previous periods.



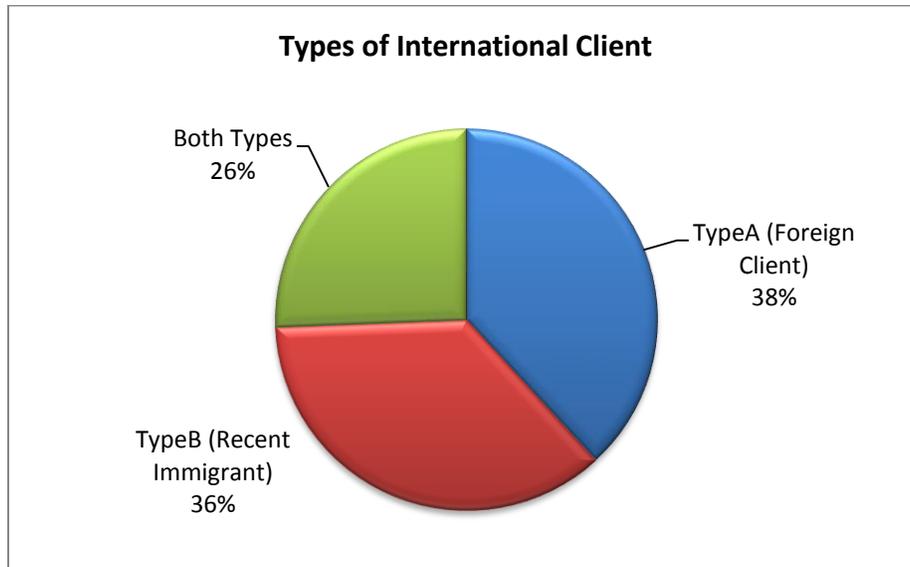
Over a five year time frame, about 74 percent of REALTORS® reported a constant level or an increase in the number of international clients, also unchanged from the responses in the previous periods.



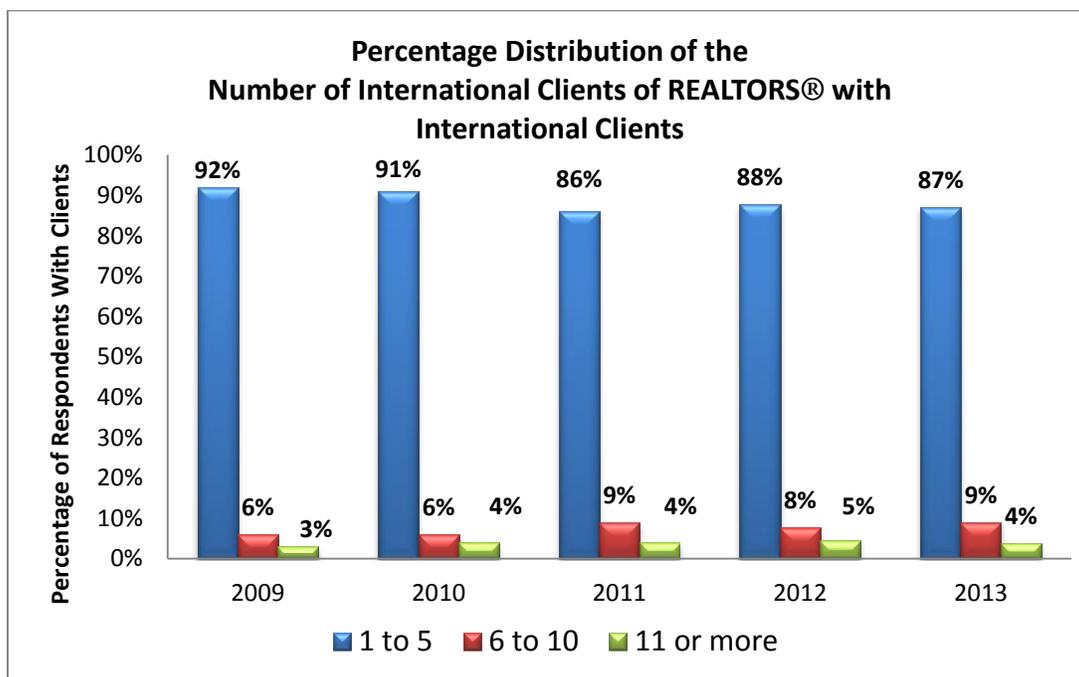
Of the REALTORS® who reported having an international client, 70 percent reported that they had 1 to 5 clients who purchased U.S. property.



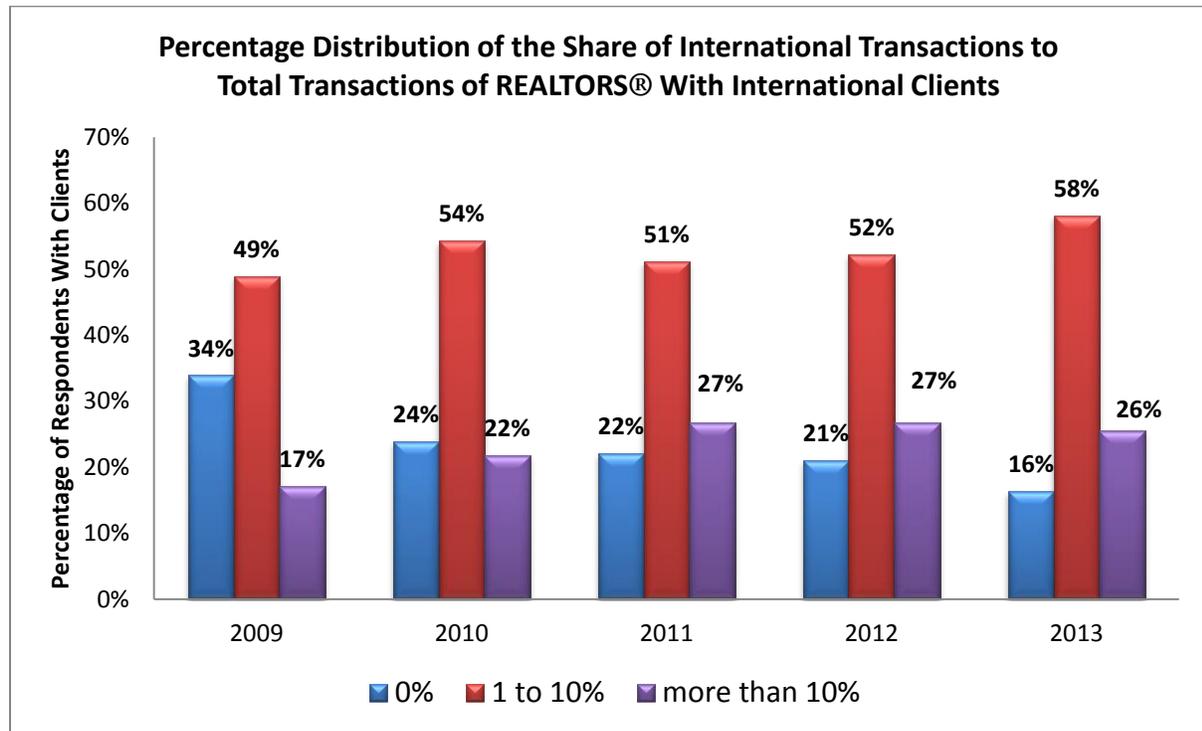
Of the REALTORS® who had an international client, 38 percent reported dealing with foreign non-resident clients (Type A), 36 percent with foreign resident/recent immigrant clients (Type B), and 26 percent reported working with both types of clients.



Approximately 87 percent of REALTORS® who reported having an international client had fewer than five international clients, unchanged since 2011. REALTORS® on the buyer-side of transactions frequently use specialized skills in working with a relatively large number of international clients in a given year. REALTORS® on the seller-side may have relatively few international clients in a given year, for international sales are a small portion of overall sales.



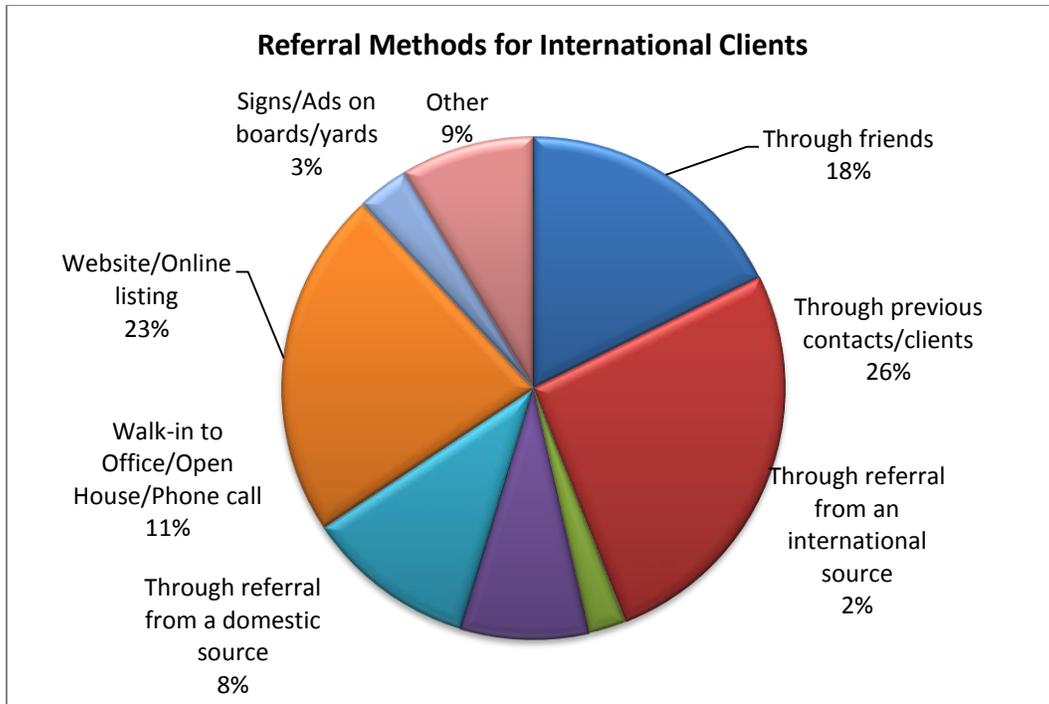
Of the REALTORS® who reported having an international client, approximately 58 percent of respondents reported that international transactions accounted for 1 to 10 percent of their total transactions, an increase compared to the share from the previous period. Conversely, a smaller share or about 16 percent reported having no completed international transaction.



Specialized Skills on the Buyer Side

An understanding of international buyers’ interests in approaching the U.S. real estate market and a cultural affinity to the prospective buyers are reported by many REALTORS® to be important to achieving successful closings. Of the REALTORS® who reported transactions with foreigners, 54 percent reported that clients were referred to them through friends, previous clients, and international and domestic referrals. About 23 percent of clients were obtained through website/online listings, an increase from the 20 percent figure in the previous survey. The growth of global listing portals may be a reason for the increase of clients obtained through website/online listings. For example realtor.com®, which launched an international site ([www.realtor.com®/international](http://www.realtor.com/international)) at the end of 2011 gained traffic in one year at the rate of around 1 million unique international users each month.⁴

⁴ Source: Omniture Site Catalyst, March 2013.



Some REALTORS® expressed frustration about working with international clients, but in general there was also a desire to develop REALTOR® skills in connecting with international clients as well as access to information about the needs of international clients which many REALTORS® see as an increasingly important market.

Selected Quotes from REALTORS® About Their Experience

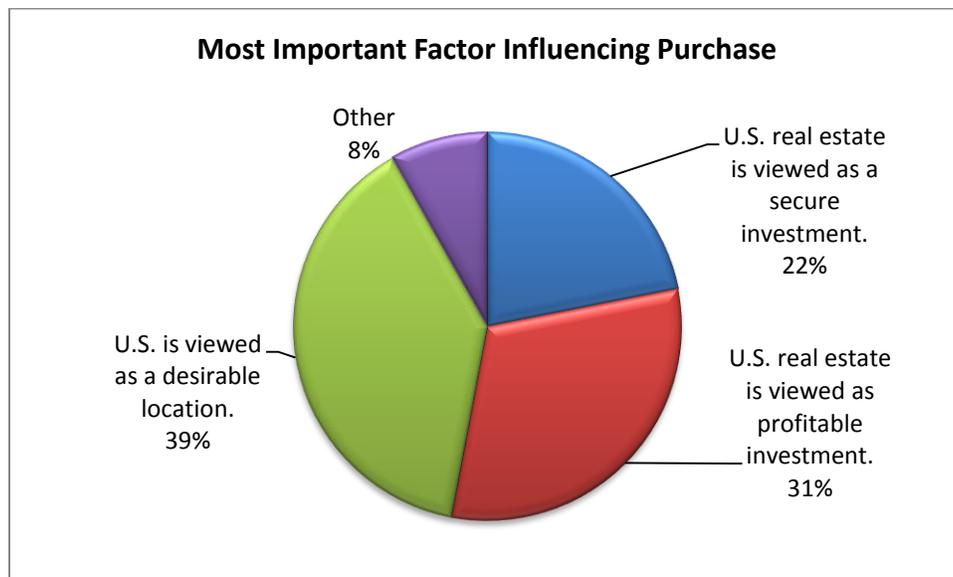
Working with International Clients

- Sixty percent or more of my business comes from immigrant/foreign population, but almost all have been in the US for more than 5 years; most more than 10. They tend to be citizens, but are closely knit with their own ethnic communities. They tend to primarily work with agents who speak their language. However, once they do break out, the most common comment I hear is that they want to work with an agent that knows real estate!
- Financing options in local markets outside of NYC would be critical to the success of these well qualified buyers coming to US with little or no US credit.
- Electronic signatures make it easier to work with international clients, thank you.
- Florida will always be desirable to International customers. It has the best weather, lots of things to do, and world wide appeal - so it's fun to visit, and a good investment as well.
- Foreign investors are increasing; I sell to them about one / two times per year. Market is moving out of the ability of "ordinary" people to buy.
- Guam recently got a Russian Visa Waiver. A visa is no longer required for Russian citizens to visit Guam, so we have seen a huge increase in Russians visiting Guam.
- I am currently helping an Italian with the marketing of her property in Arizona. Additional information on NAR's Global resources would be very interesting to me.
- I have long time friends in France, England and Australia and intend to visit Europe...of course I will be doing some real estate contact work while on vacation. As we all get older, they are interested in retiring to Florida.
- I work with relocation companies who send international clients to me on a regular basis. One reason is that I speak several languages. The clients have usually been transferred here for work for a minimum of 3yrs. They sometimes choose to purchase after renting for a year because of the tax savings.
- International clients buy property here because it's cheaper than where they are from, and it's a good investment.
- Many Internationals have moved here and are buying for themselves or their families, not investing as far as I can determine.
- Most international clients' major concern is stability in the market, as they are seeking properties as investment vehicles, and others are willing to purchase with the aim of coming to the U. S. to live in the future.
- Most of my international business comes from referrals.
- Most of my international clients are from India or Bangladesh. They refer me to their friends and family. Trust is very important. Learning the culture is important also. It has been very educational and fun.
- Most of our international clients come from Japan or China. Typically they pick a Japanese or Chinese speaking agent to represent them here. However, I do a certain number of transactions with Canadians.
- Mostly clients are from Asia and Mexico.
- My European customers have been affected severely by the downturn in the economy of Europe.
- My one international client in 2012 (Colombia) rented a home and did not purchase a home.
- We have a lot of Chinese clients. Due to the value of the Chinese yuan, clients obtain U.S. dollars relatively easily. The Chinese economy is booming, and the Chinese like to diversify their money in different investments. US real estate is their best choice.
- I work in a secondary home market area. International interest is mostly based on second home consideration, not as an investment but more a home away from home.

III. THE CHOICE TO BUY AND ISSUES AFFECTING BUYERS

Foreign purchasers are interested in U.S. real estate for a variety of reasons: as a place to live for those relocating in the U.S. for a job or for children going to college, for investment and portfolio diversification, or for vacation purposes. Another source of international demand is from foreign executives temporarily working in this country. Typically, foreign executives on temporary assignments in the U.S. seek rental properties; however, depending on family and personal preferences, the purchase of a home is not unusual. Finally, in the case of recent immigrants to the U.S., home ownership is viewed by many as an important accomplishment in their efforts to become established in this country and as an alternative to paying rent.

Of REALTORS® who had an international client, 39 percent reported that the client purchased a property because the U.S. was a desirable location, while 53 percent cited the security and profitability of investing in U.S. real estate.

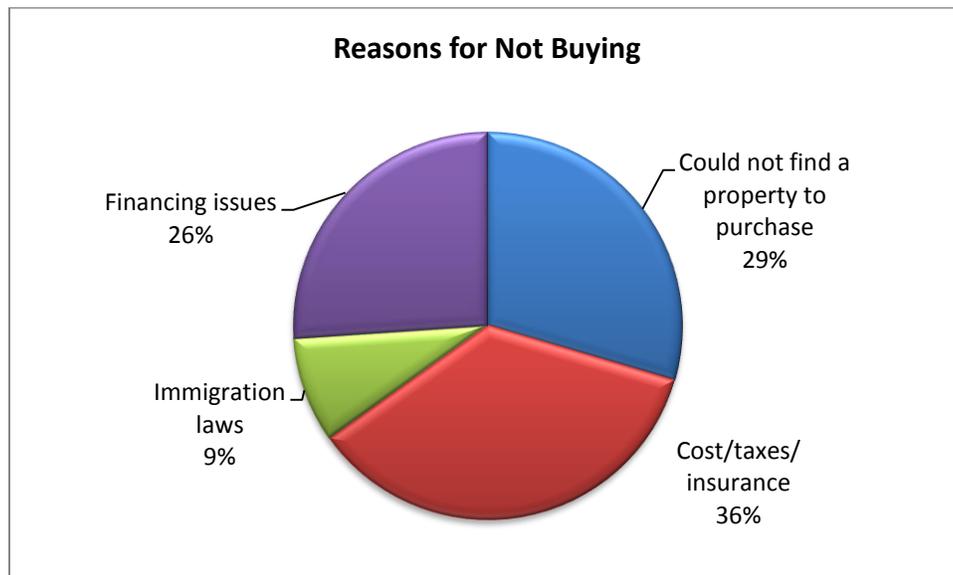


Among REALTORS® who had international clients that did not purchase U.S. property, cost/taxes and insurance accounted for 36 percent of the reasons cited while and financing issues took up 26 percent.

- “Could not find a property to purchase” was mentioned in 29 percent of cases: This is a somewhat surprising comment, given the diversity of U.S. properties. It may indicate that the real estate agent did not relate well to the client’s tastes and preferences. NAR can provide extensive information related to real estate transactions with foreign

purchasers. NAR's Commercial & Global Services Group has extensive information on the NAR website concerning business practices and approaches for dealing with potential foreign purchasers: <http://www.realtor.org/global>.

- Cost/taxes/insurance are mentioned by 36 percent. In some cases potential foreign buyers do not understand the ongoing costs associated with a U.S. real estate purchase, costs which are sometimes very different from those incurred in other countries. Some education of the potential buyer concerning ongoing U.S. real estate practices may be necessary.

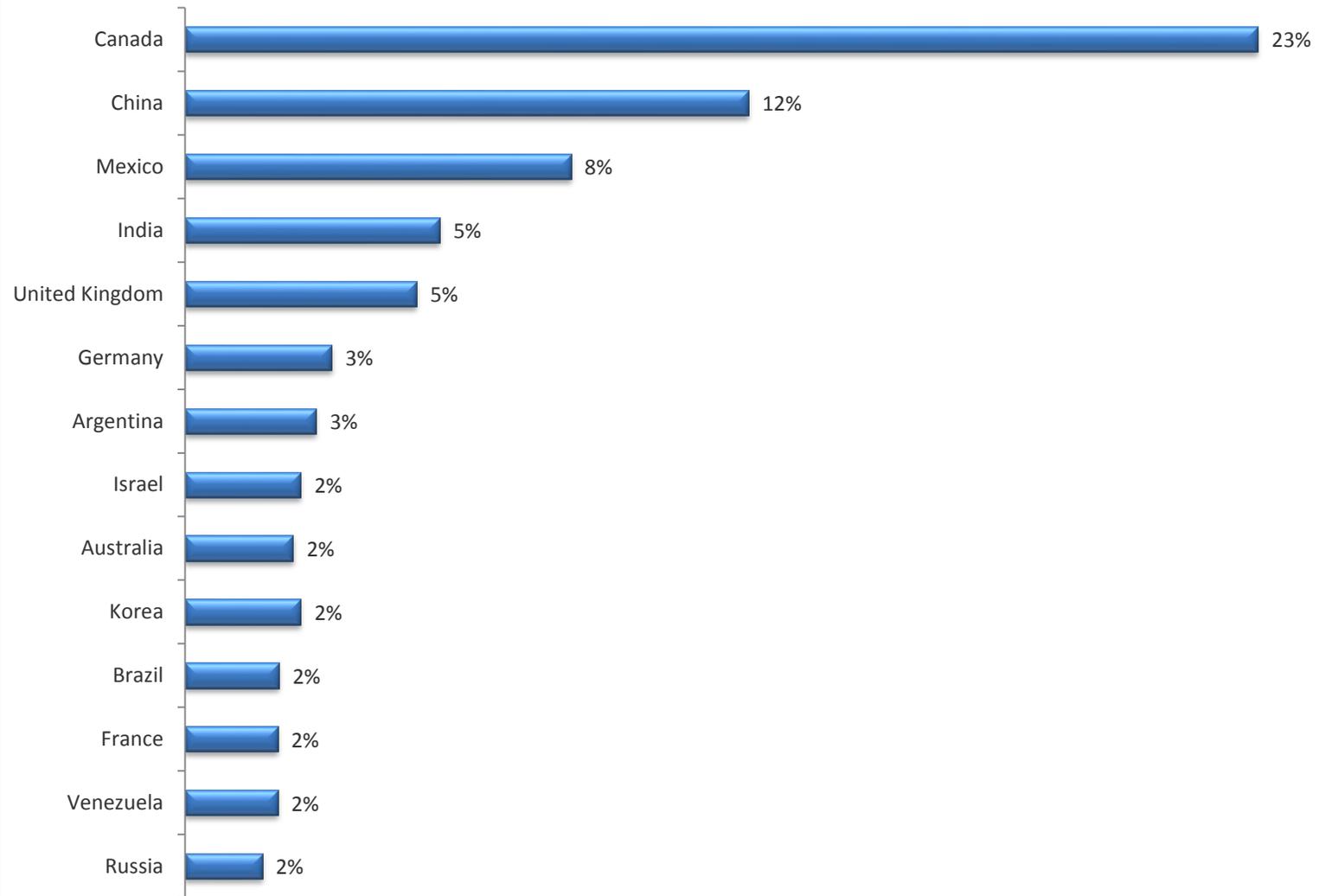


IV. INTERNATIONAL BUYERS: ORIGINS AND PURCHASES

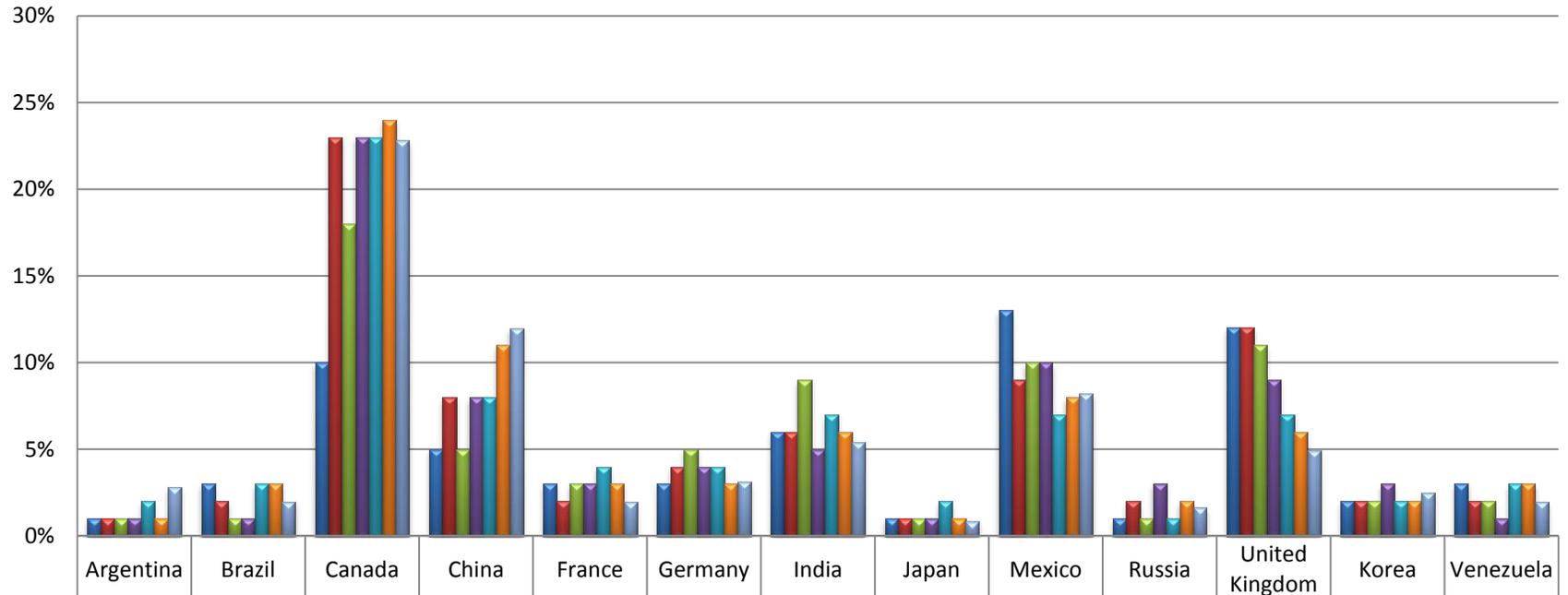
Countries of Origin

REALTORS® reported purchases from 68 countries. Five countries have historically accounted for a bulk of the reported purchases: namely, Canada, China (PRC, Hong Kong, Taiwan), Mexico, India, and the United Kingdom. In the latest survey, these countries accounted for approximately 53 percent of the reported international transactions. China and Canada have been the fastest growing sources of international clients.

Shares of the Top Countries of Origin to Total Reported International Transactions



Distribution of International Sales by Country of Origin
Percent of International Transactions by Country--Selected Countries

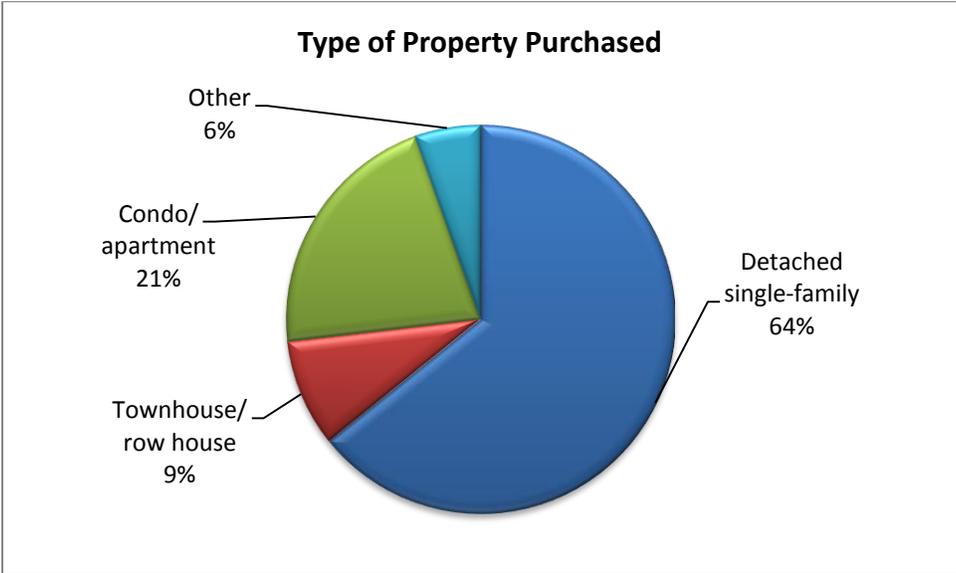


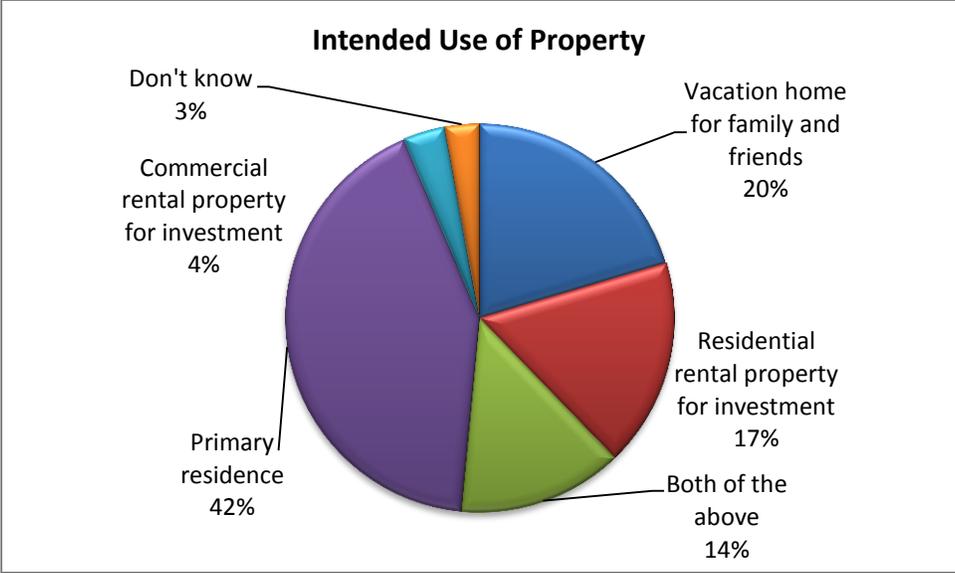
	Argentina	Brazil	Canada	China	France	Germany	India	Japan	Mexico	Russia	United Kingdom	Korea	Venezuela
2007	1%	3%	10%	5%	3%	3%	6%	1%	13%	1%	12%	2%	3%
2008	1%	2%	23%	8%	2%	4%	6%	1%	9%	2%	12%	2%	2%
2009	1%	1%	18%	5%	3%	5%	9%	1%	10%	1%	11%	2%	2%
2010	1%	1%	23%	8%	3%	4%	5%	1%	10%	3%	9%	3%	1%
2011	2%	3%	23%	8%	4%	4%	7%	2%	7%	1%	7%	2%	3%
2012	1%	3%	24%	11%	3%	3%	6%	1%	8%	2%	6%	2%	3%
2013	3%	2%	23%	12%	2%	3%	5%	1%	8%	2%	5%	2%	2%

Type of Property and Use

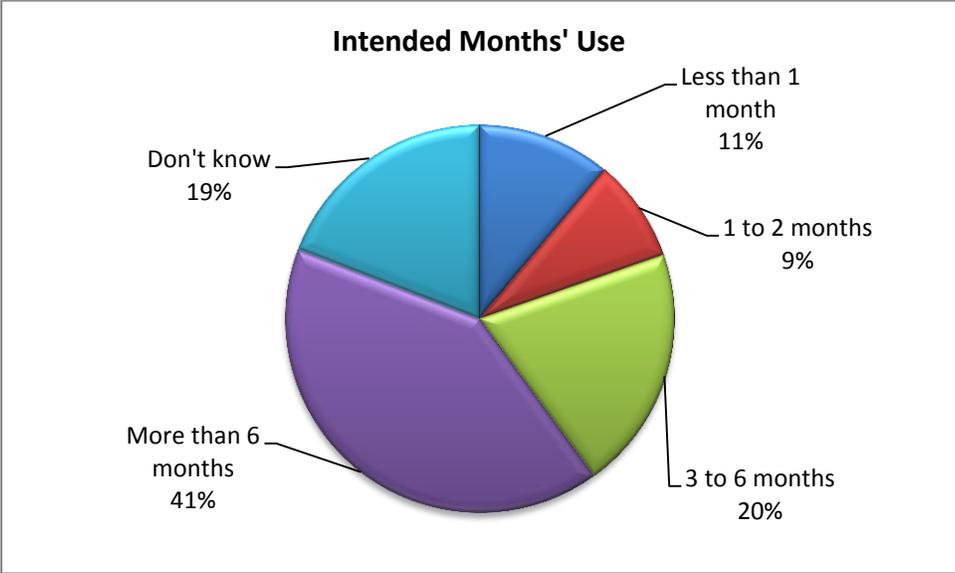
International purchasers typically buy detached single-family homes, which they intend to use for primary residence and for longer than six months. Approximately 64 percent of respondents reported Single Family sales.

About 42 percent of reported international transactions were intended for primary residences. International students enrolled in U.S. colleges and universities, recent immigrants, and professional and managerial employees of businesses and institutions who are in the U.S. on a temporary but extended visit may plan on using the property year round for primary residence. Non-resident foreigners are limited to 6-month stays in the U.S., so these international buyers generally expect to use the property for vacation/rental purposes and as an investment. Purchasing a residential/rental property may be economically advantageous for an international buyer, for the buyer is able to use the property as a secondary/vacation home while being able to rent out the property during the times when the owners are not personally using the property.



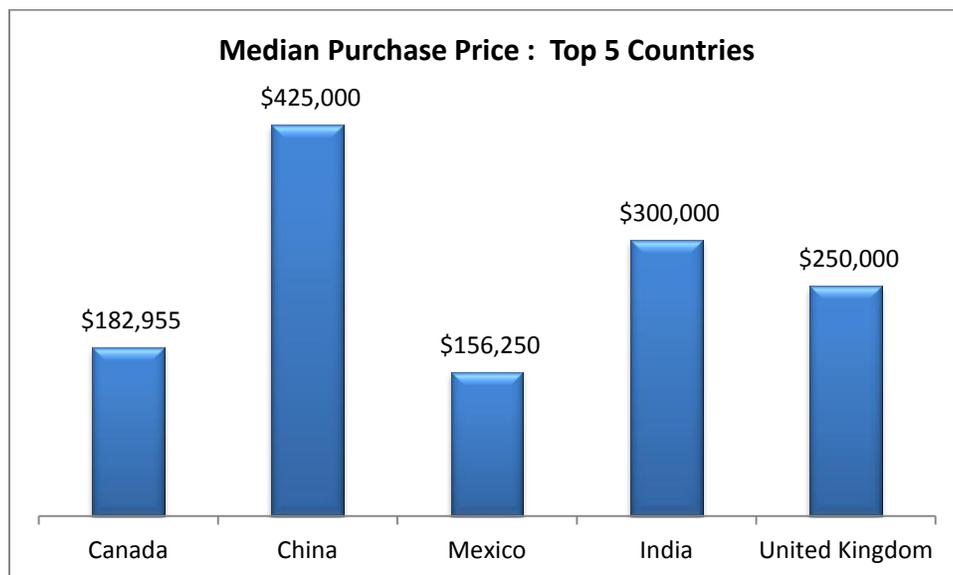
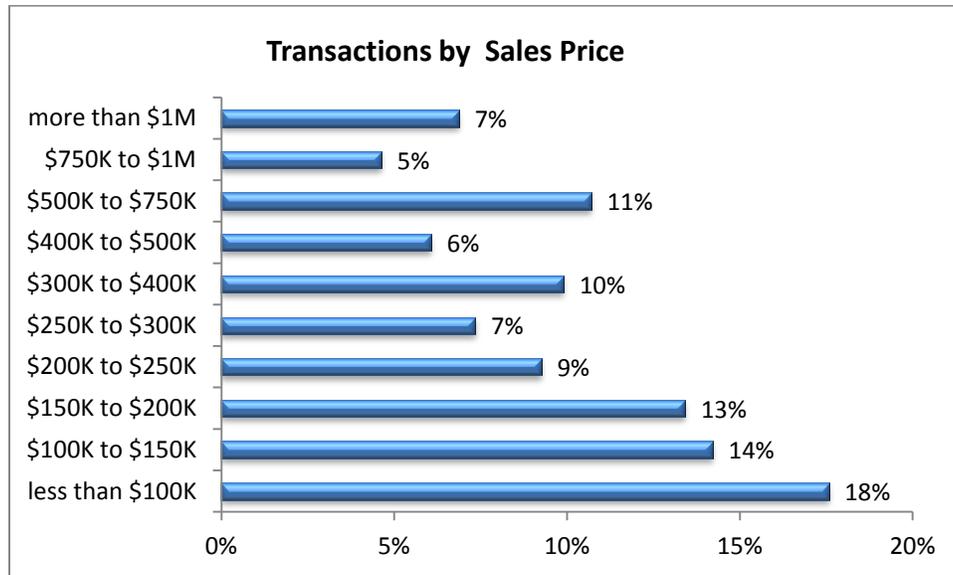


Approximately 41 percent of reported transactions were from international clients who planned to use the property for more than 6 months, which is consistent with earlier data that show that buyers are buying single family homes for primary residential purposes.



Prices and Financing

Approximately 54 percent of reported international purchases were under \$250,000. Chinese buyers were reported to be buying homes in the upper range, with the median price at \$425,000, followed by India (\$ 300,000), the United Kingdom (\$ 250,000), Canada (\$ 183,000) and Mexico (\$ 156,250)



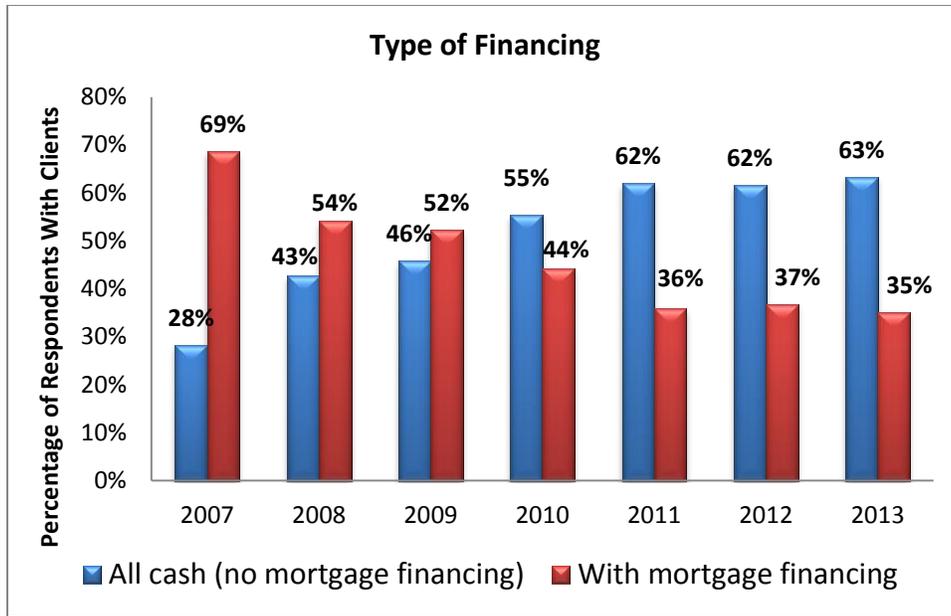
Based on the reported transactions, the mean and median prices of international purchases were higher compared to purchase prices of domestic buyers⁵. The types of homes purchased by international clients frequently tend to be different from the types of homes purchased by domestic U.S. buyers. For example, the international non-resident client is likely to be substantially wealthier than the median domestic buyer, may be looking for a trophy property, and is probably looking for a property to be purchased after having met essential living needs. The international resident client will also tend to be more affluent than most buyers, and may be looking for a property in a specialized niche, for example, a larger property suitable for multi-generational living, or a property that establishes the individual’s presence and standing in the community. The prices are used in the Appendix in calculating the size of the market.

Average Mean and Median Prices from April 2012- March 2013		
	Mean Price	Median Price
U.S. Existing Home Sales	\$ 228,383	\$ 179,867
International Sales	\$ 354,193	\$ 275,862

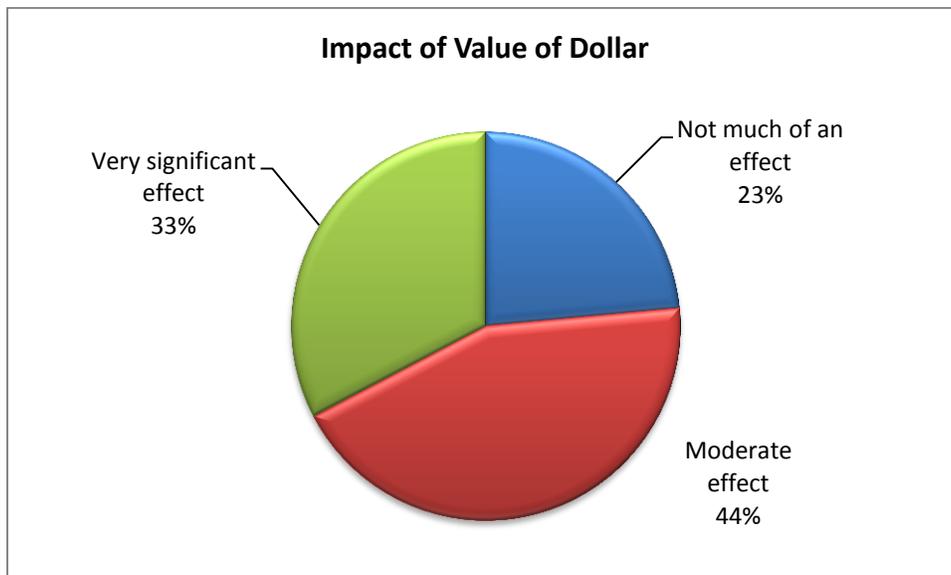
International clients frequently pay all cash compared to domestic buyers: About 63 percent of reported transactions were all cash; domestic cash transactions are generally 30 percent of transactions⁶. Mortgage financing tends to be a major problem for international clients due to a lack of a U.S. based credit history, lack of a Social Security number, difficulties in documenting mortgage requirements, and financial profiles that are different in some cases from those normally received by the financial institution from domestic residents.

⁵ NAR focuses on median home prices in reporting the Existing Home Sales market. This is an approach that makes sense when considering market dynamics and the buying power of individuals with median incomes—i.e., the individuals “in the middle” and what they can afford. However, in estimating the size of the international market, it is necessary to use average price.

⁶ This is based on data gathered from the *REALTORS® Confidence Index Survey*.



Approximately 77 percent of REALTORS® reported that the value of the dollar had a moderate to significant impact on international sales. When a foreign country’s currency gains in value relative to the dollar, U.S. home prices are effectively less expensive to the foreigner than was the case prior to the change in currency values. The converse is also true.



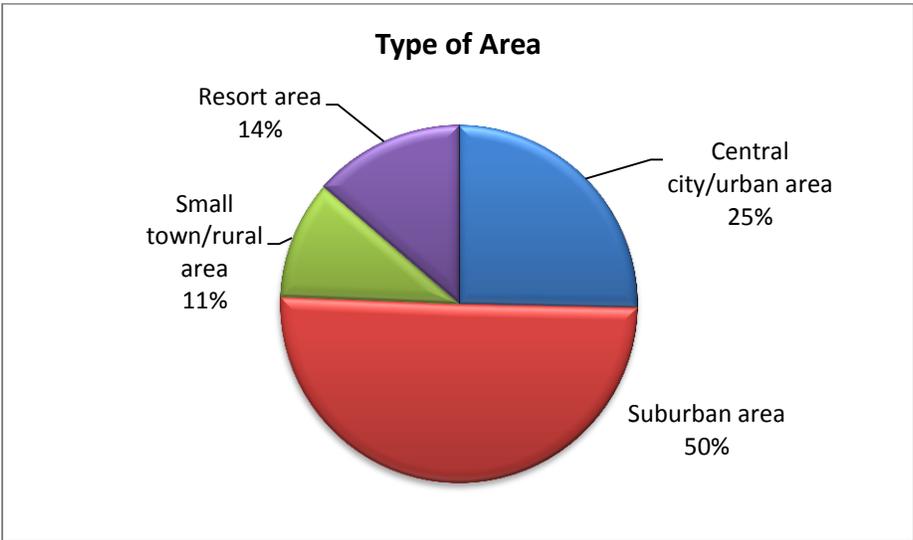
The values of all currencies fluctuate based on a variety of supply and demand factors influenced by trends in international commodities, industry competitiveness, and the flow of international investments. A number of countries providing international clients – China (PRC), Canada, Mexico, and Brazil – have experienced strengthening of their currencies relative to the dollar over the past decade. This meant that international clients needed to spend less of their home

currency to buy U.S. homes in dollars. However, this trend reversed to a significant degree in 2012, with the Euro and Brazilian, Indian, and Mexican currencies declining in value against the dollar. Until recently U.S. home prices were declining—providing increased value to domestic and foreign buyers in conjunction with exchange rate trends; this has reversed.

Destination: Property Location and Type of Area

It is possible to offer some general comments on buying preferences—although one can easily find counter examples to any statement. International buyers are heavily concentrated in four states: Florida, California, Texas, and Arizona, accounting for 58 percent of total international clients. Purchasers from South America frequently find Florida attractive. Miami is viewed as a culturally diverse, international city. Canadians tend to focus on Florida and Arizona, vacationing from the weather of northern winters. Mexican purchasers tend to focus on Arizona and Texas, possibly due to geographic proximity. Asian purchasers frequently locate in California—accessible by air. Buyers tend to cluster in specific locations based on their countries of origin, probably based on word-of-mouth and shared experiences and likely because of the shorter geographic distance from their home country to the state location (e.g., Europeans locating on the East Coast and Asians locating on the West Coast). International buyers are diverse—some looking for trophy properties and other buyers looking for very modest vacation properties.

About half of international clients prefer to locate in a suburban area and about a quarter locate in a central city/urban area. About 14 percent locate in a resort area.



International Sales are Geographically Concentrated and Segmented

The international home sales market in the U.S. appears to be concentrated in terms of purchasers' home country and preferred destination. International buyers came from nearly all over the globe, but five countries (Canada, China, Mexico, India, and the United Kingdom) accounted for 53 percent of the reported transactions in the recent study. There is international activity throughout the country, but the top five states (Florida, California, Arizona, Texas, and New York) made up 61 percent of the reported purchases.

Proximity to the home country, the presence of relatives, friends and associates, job and education opportunities, and climate and location appear to be important considerations to prospective buyers. For example, Europeans are attracted to states with warmer climates such as Florida and Arizona. The West Coast is attractive to Asian purchasers. Buyers from Mexico favor states in close proximity such as Texas and Arizona. Florida appears to be attractive to South Americans as well as Europeans and Canadians. Buyers from India are locating in urbanized areas and states that are home to IT companies such as California, New York, and North Carolina. Within markets in an individual state, it is not unusual to find concentrations of people grouped by nationality. One could speculate that word-of-mouth and shared experiences influence the purchase.

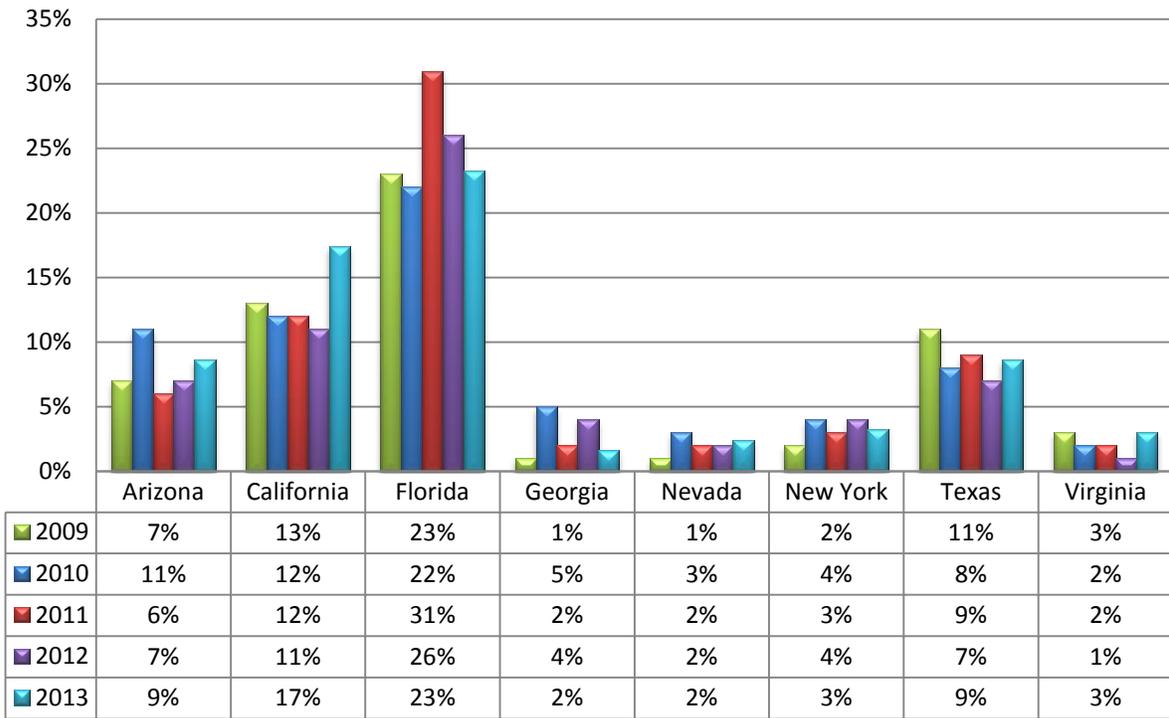
International Buyers by State

The top four states in terms of number of buyers were

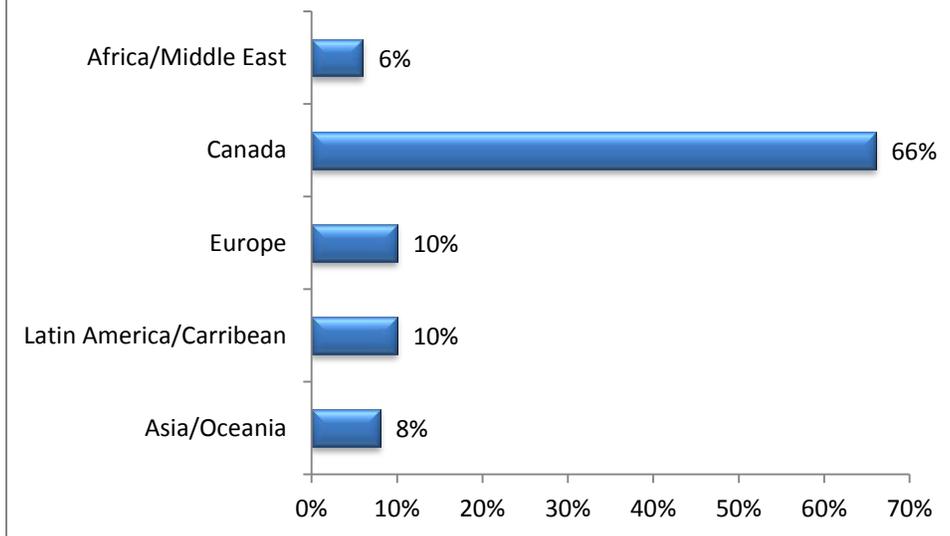
- Arizona: 9 percent of U.S. total.
- California: 17 percent of U.S. total.
- Florida: 23 percent of U.S. total.
- Texas: 9 percent of U.S. total.

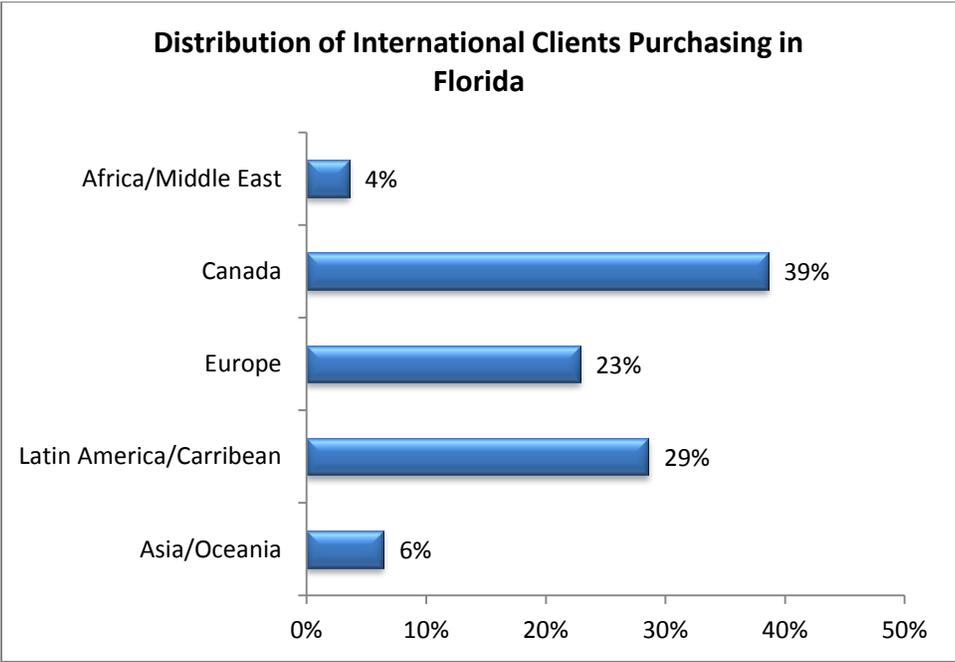
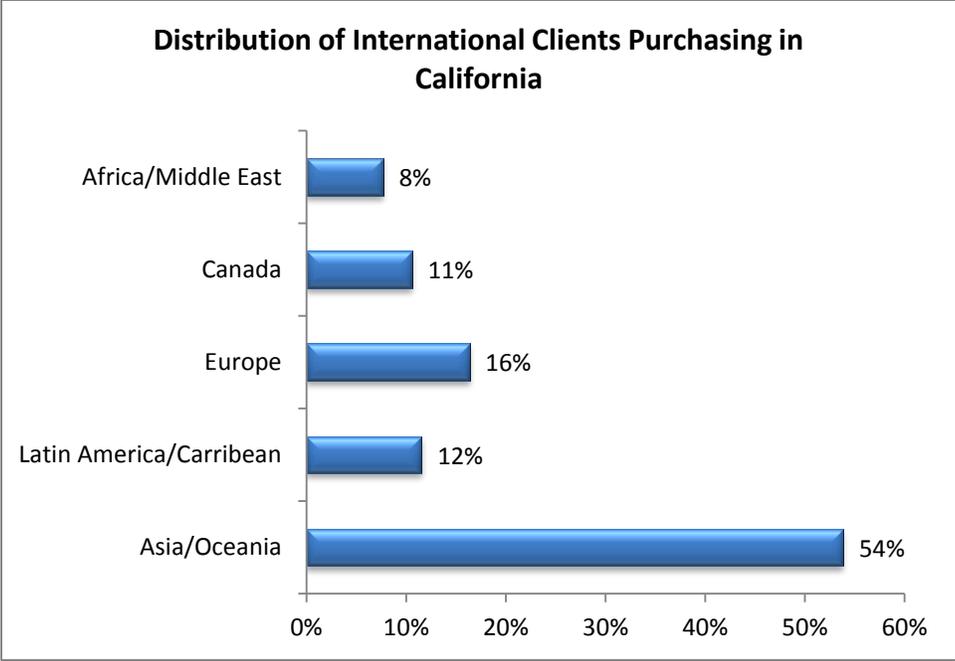
International buyers:
Concentrated in terms of countries and states.

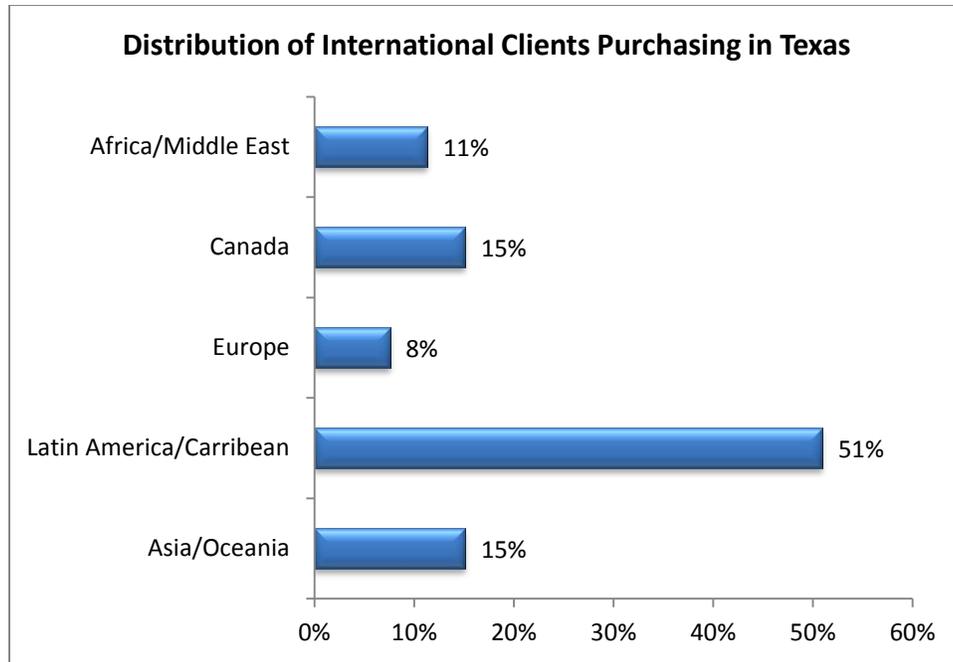
Distribution of International Sales by State



Distribution of International Clients Purchasing in Arizona







Profile of Top 5 Buyers by Country

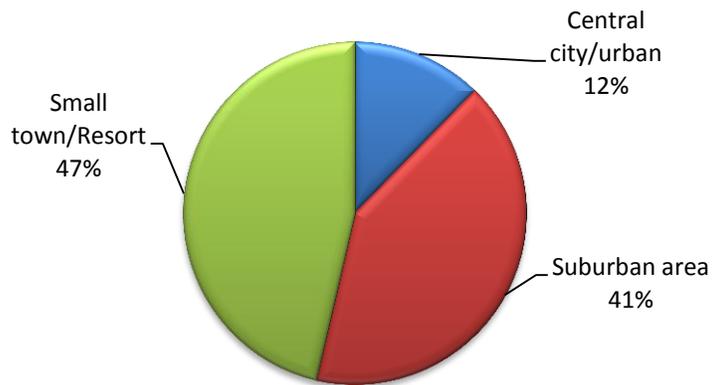
The top 5 countries of buyer origin were reported to be Canada, China, Mexico, India, and the United Kingdom. The buying profiles of these countries in terms of the type of property, type of area, intended use, intended length of stay, destination, and purchase price are presented below:

Canada

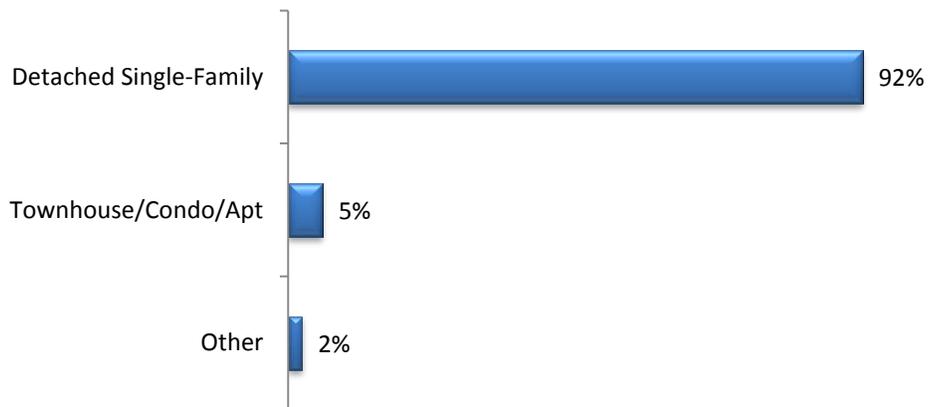
Approximately 71 percent of reported purchases by Canadian buyers were for properties in Florida, Arizona, and California. Canadian buyers preferred to locate in a suburban or resort area. According to information from realtor.com[®] as of March 2013, the five markets of greatest interest to Canadians are Las Vegas, Fort Lauderdale, Orlando, Detroit, and Naples.⁷ Based on data from the survey, approximately 98 percent of buyers purchased a residential property. The median price of the reported properties was \$183,000, with about 86 percent purchased on an all-cash basis.

⁷ Source: Omniture Discover-March 2013. See also www.realtor.org/articles/where-are-global-buyers-searching-in-the-united-states.

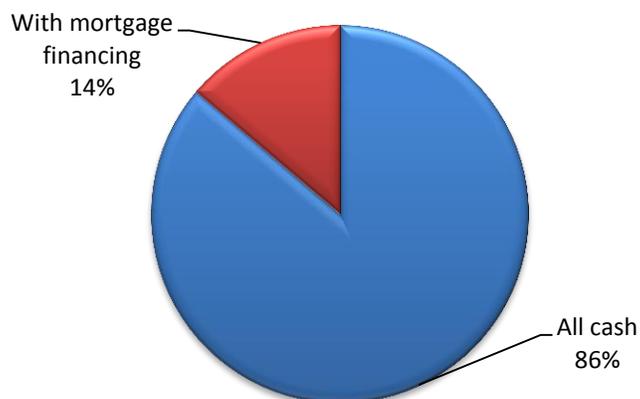
Canada: Purchases by Type of Area

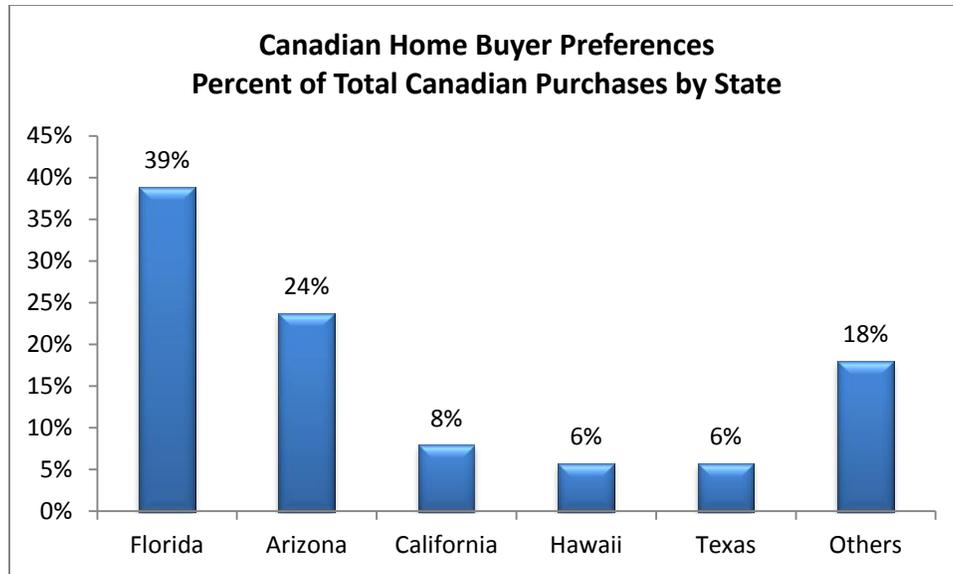


Canada: Purchases by Property Type



Canada: Purchases by Type of Financing

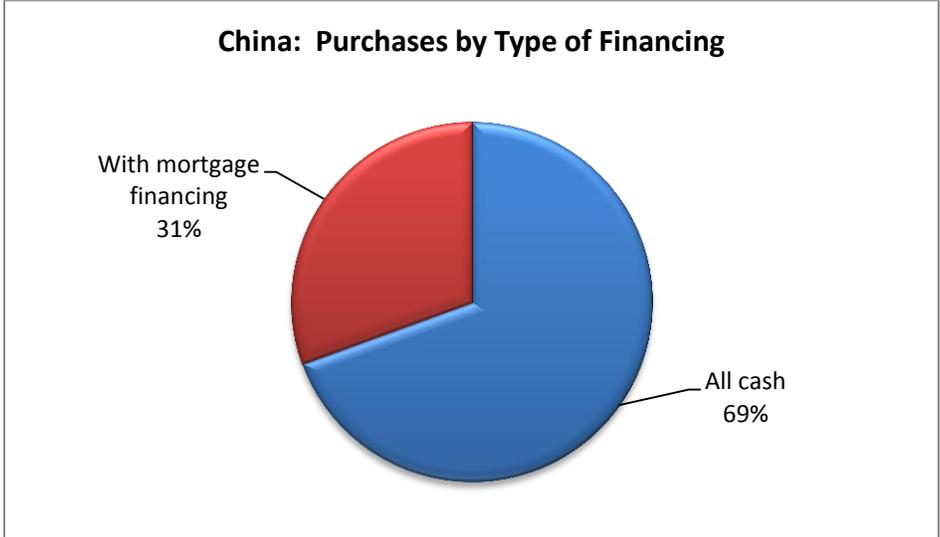
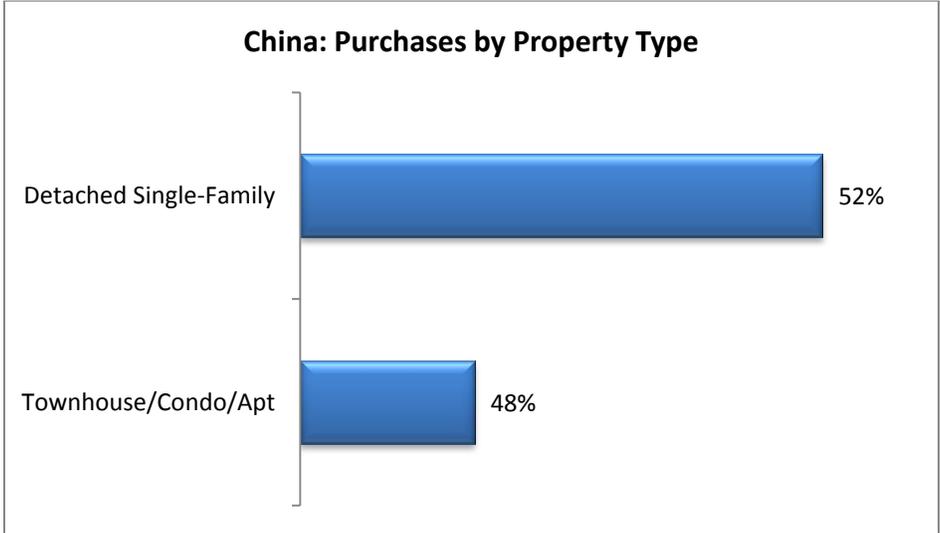
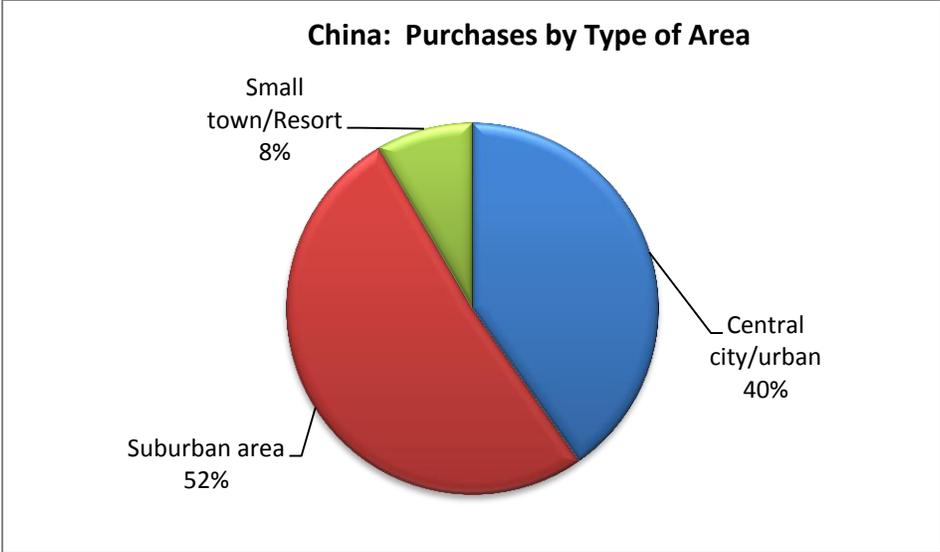


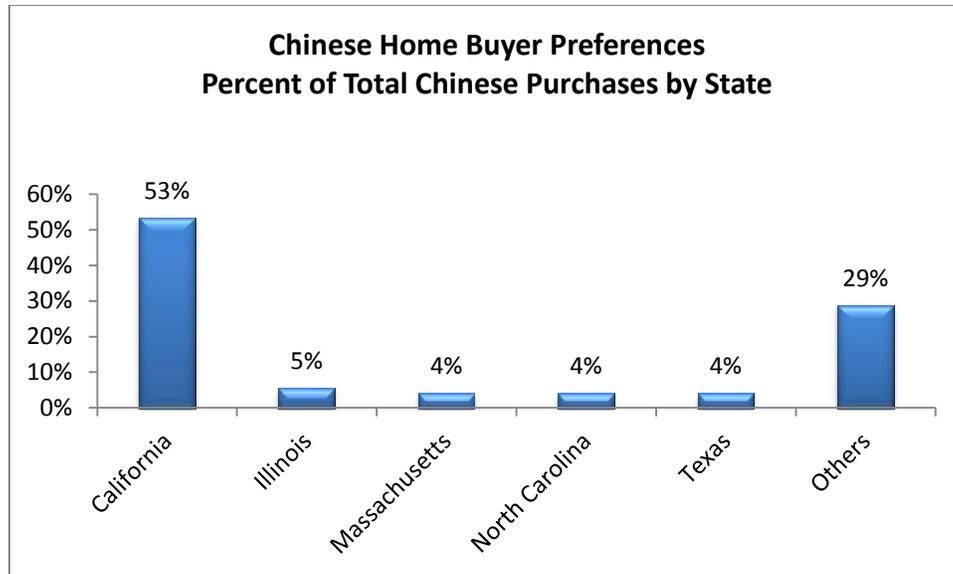


China

Approximately 53 percent of reported purchases by Chinese buyers were in California. About 92 percent of reported purchases were in the urban and suburban areas. According to information from realtor.com[®] as of March 2013, the five markets of greatest interest to potential Chinese buyers are Detroit, Los Angeles, Irvine, Las Vegas, and Orlando.⁸ Based on data from the survey, international clients from China purchased approximately an even mix of detached single-family and multifamily housing. The median price was \$425,000 with about 69 percent of purchases reported as all-cash purchases.

⁸ Source: Omniture Discover-March 2013. See also www.realtor.org/articles/where-are-global-buyers-searching-in-the-united-states.



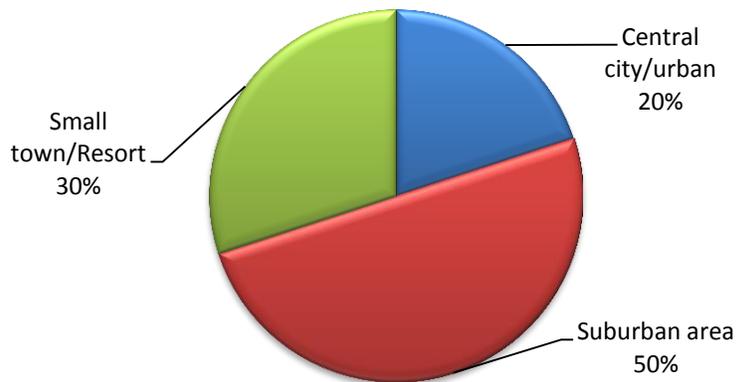


Mexico

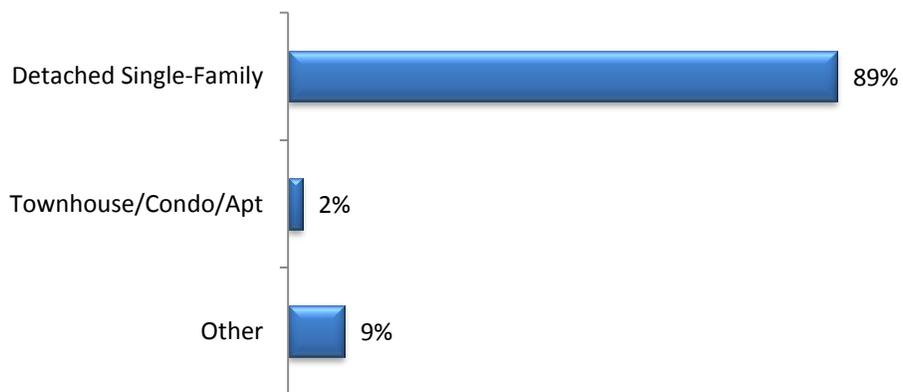
Approximately 62 percent of buyers from Mexico purchased in California and Texas. According to information from realtor.com[®] as of March 2013, the five markets of greatest interest to potential Mexican buyers are San Diego, El Paso, Laredo, San Antonio, and Las Vegas.⁹ Based on data from the survey, approximately 50 percent of reported purchases by Mexicans were in suburban areas and about 30 percent in resort areas. Approximately 91 percent of reported purchases were residential purchases and 9 percent were land purchases. The reported median price was \$ 156,250 with almost an even mix of all-cash and mortgage financing.

⁹ Source: Omniture Discover-March 2013. See also www.realtor.org/articles/where-are-global-buyers-searching-in-the-united-states.

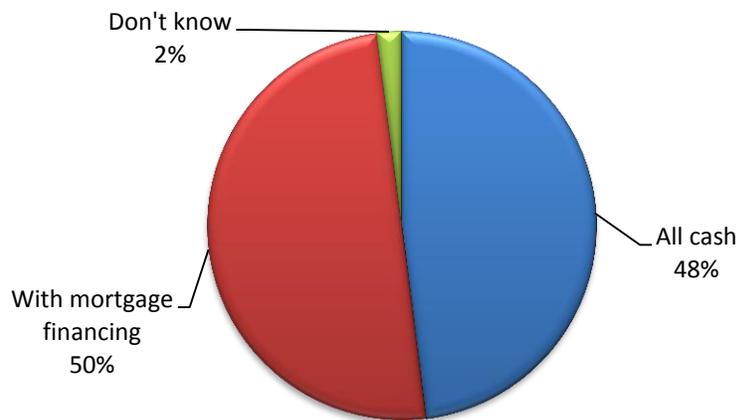
Mexico: Purchases by Type of Area



Mexico: Purchases by Property Type

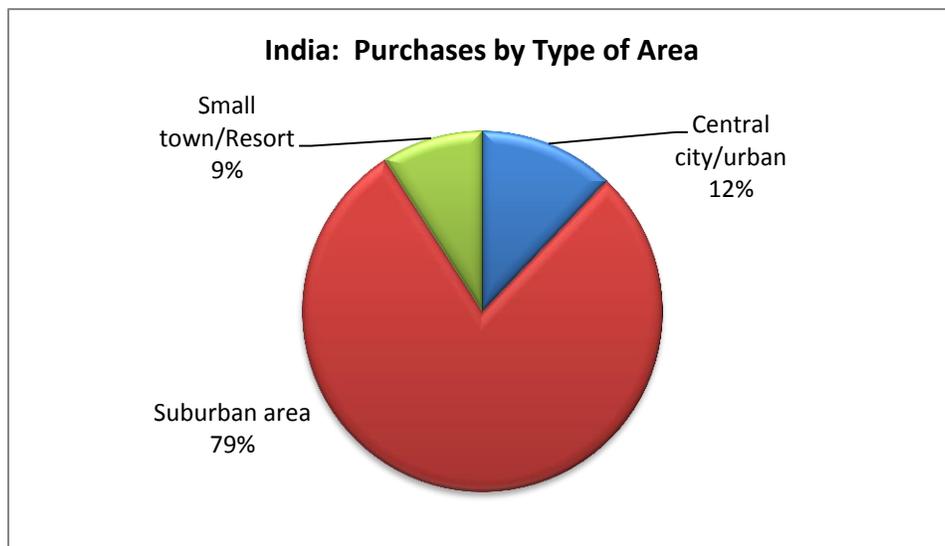


Mexico: Purchases by Type of Financing

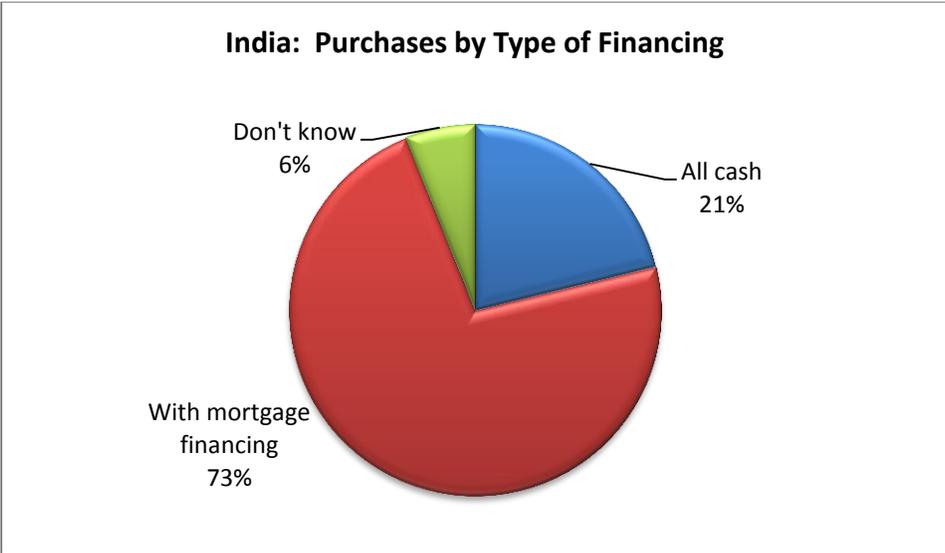
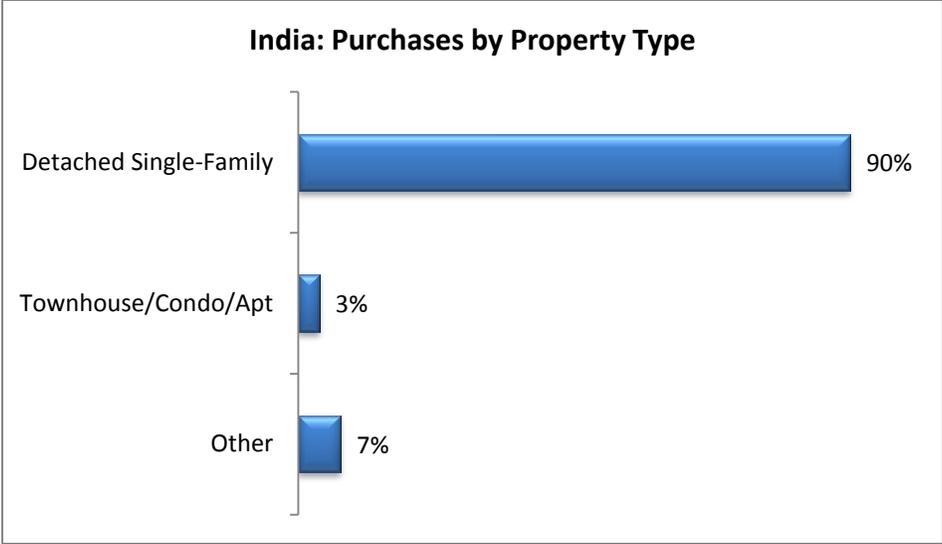


India

Among the reported destination states for buyers from India, the top states were California, Tennessee, Connecticut, and New Jersey. According to information from realtor.com[®] as of March 2013, the five markets of greatest interest to potential Indian buyers are Los Angeles, Orlando, Chicago, Dallas, and Houston.¹⁰ Based on data from the survey, the bulk of properties purchased by Indian buyers were in the suburban area. Approximately 90 percent of reported purchases were detached single-family properties and 7 percent were commercial properties or land. The median price was \$300,000. Approximately 21 percent of the reported purchases were all-cash.



¹⁰ Source: Omniture Discover-March 2013. See also www.realtor.org/articles/where-are-global-buyers-searching-in-the-united-states.

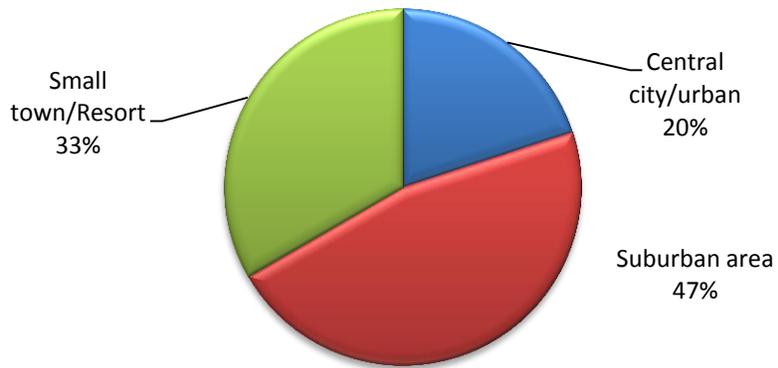


United Kingdom

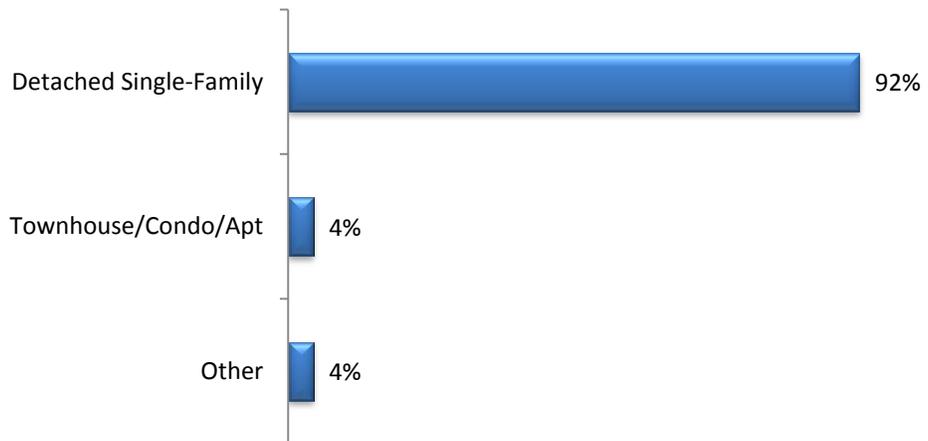
Approximately 47 percent of purchases from clients from the United Kingdom (U.K.) purchased in Florida, California, and Rhode Island. According to information from realtor.com[®] as of March 2013, the five markets of greatest interest to potential U.K. buyers are Los Angeles, Orlando, Miami, Houston, and Las Vegas.¹¹ Based on data from the survey, approximately 8 in 10 purchases were located in a suburban or small town/resort area. About 9 in 10 properties were single-family properties. The median purchase price was \$250,000. The purchases reflected a balanced mix of mortgage and all-cash financing.

¹¹ Source: Omniture Discover-March 2013. See also www.realtor.org/articles/where-are-global-buyers-searching-in-the-united-states.

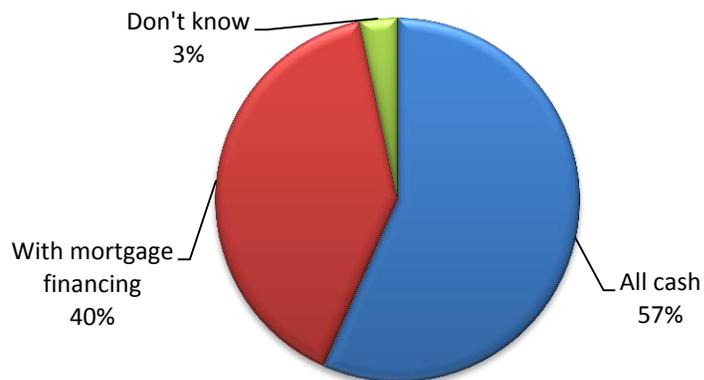
United Kingdom: Purchases by Type of Area



United Kingdom: Purchases by Property Type



United Kingdom: Purchases by Type of Financing



V. CONCLUSIONS

The dollar volume of purchases by residents and non-residents is estimated at \$ 68.2 billion for the 12 months ended March 2013. This accounts for about 6.3 percent of total existing home sales of about \$ 1 trillion over the same period. Possible reasons for the decline in sales from the previous year are (1) the slowdown in economic growth of countries of origin of international clients, (2) weak economic recovery and job growth in the U.S., (3) changing trends in U.S. prices and (4) unfavorable changes in exchange rates.

Canada, China, India, Mexico and the United Kingdom remain as the major sources of purchasers. However, it is not unusual to find potential buyers from a wide variety of countries. Florida, California, Arizona, Texas, and New York are the top preferred locations based on the number of reported purchases, with many other states receiving at least some degree of interest from foreign buyers throughout the U.S.

The bulk of international purchases are single-family homes for residential purposes. Location appears to be the primary factor affecting residential home purchases, depending on the buyer's employment, vacation preferences, family, educational, and investment objectives.

Personal contacts and referrals are the sources for the majority of business opportunities obtained by REALTORS®. In this regard, cultural affinity, language skills, and the need by the purchaser to understand U.S. customs and practices as related to real estate are important factors in bringing about a successful transaction. On the buyer side, the market seems to require specific REALTOR® skills and experience in dealing with international buyers. On the seller side, REALTORS® who handle relatively few international transactions can obtain information that may be helpful. NAR's Commercial & Global Services Group can help REALTORS® enhance their skills in navigating the challenges of dealing with international clients; extensive information is available at the website.

APPENDIX: Methodology for Estimation of International Sales

Data Inputs

Total U.S. Residential Sales: Sales for the 12 months ending March of each year are obtained from the NAR Existing Home Sales series by summing monthly sales for the time period April through March in each case.

Existing Home Sales Price: Since total market value is being computed, mean rather than median price is used, computed on the basis of the mean of the twelve monthly mean prices for the time periods under consideration.

Prices, International Sales: This is an average price computed on the basis of survey information. The price is significantly higher than the average price for Existing Home Sales in general, for the foreign client typically is buying properties that are significantly above average: foreign clients are a very different type of buyer in comparison to most home buyers.

Percent of Market that is International (non-resident): The percent of market consisting of sales to non-resident foreigners is based on survey data from the monthly REALTORS® Confidence Index Survey.

Methodology: Computation of International Sales (\$)

Sales to non-resident foreigners (Type A): Multiply Total U.S. Residential Sales by percent of market that is international (non-resident). Then multiply by Prices, International Sales.

Sales to resident foreigners (Type B): Multiply Sales to non-resident foreigners (Type A) by the share of Type B to share of Type A. Then multiply by Prices, International Sales.

Total International Sales: Add Sales to Type A and Type B.

Percent International: Computed as Total International Sales to Total U.S. Residential Sales.

		<u>2012</u>			<u>2013</u>		
Pct International(RCI)		2.4%			2.1%		
Percent Type A:		50%			51%		
Percent Type B		50%			49%		
		Total			Total		
		Sales Units	Price	Market	Sales Units	Price	Market
US Total Sales:	EHS	4,374,573	\$ 212,183	\$ 928,209,952,244	4,730,000	\$ 228,383	\$ 1,080,253,166,667
International Sales:	Type A	103,096	\$ 400,000	\$ 41,238,221,619	98,137	\$ 354,193	\$ 34,759,523,171
	Type B	103,096	\$ 400,000	\$ 41,238,221,619	94,363	\$ 354,193	\$ 33,422,618,434
Total International		206,191		\$ 82,476,443,238	192,500		\$ 68,182,141,605
Percent International				8.9%			6.3%

Note on NAR's Commercial & 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 please visit www.realtor.org/global



The NATIONAL ASSOCIATION OF REALTORS®, “The Voice for Real Estate,” is America’s largest trade association, representing 1.1 million members, including NAR’s institutes, societies and councils, involved in all aspects of the real estate industry. NAR membership includes brokers, salespeople, property managers, appraisers, counselors and others engaged in both residential and commercial real estate.

The term REALTOR® is a registered collective membership mark that identifies a real estate professional who is a member of the NATIONAL ASSOCIATION OF REALTORS® and subscribes to its strict Code of Ethics.

Working for America's property owners, the National Association provides a facility for professional development, research and exchange of information among its members and to the public and government for the purpose of preserving the free enterprise system and the right to own real property.

NATIONAL ASSOCIATION OF REALTORS® RESEARCH DIVISION

The Mission of the NATIONAL ASSOCIATION OF REALTORS® Research Division is to collect and disseminate timely, accurate and comprehensive real estate data and to conduct economic analysis in order to inform and engage members, consumers, and policymakers and the media in a professional and accessible manner.

To find out about other products from NAR’s Research Division, visit www.REALTOR.org/research.

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