

2018 Profile of International Home Buyers of the Miami Association of REALTORS®



Miami Association of REALTORS®

Teresa King Kinney
Chief Executive Officer

Lynda Fernandez
Chief of Communications and International

National Association of REALTORS®

Lawrence Yun, Ph.D.
Senior Vice President and Chief Economist

George Ratiu
Director, Housing and Commercial Research

Gay Cororaton
Research Economist

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REPORT HIGHLIGHTS

- Volume of Foreign Buyer Purchases
- Foreign Buyer Characteristics
- Working with International Clients

Report Highlights

- The 2018 Miami Association of REALTORS® (MIAMI) Survey measured the volume of foreign buyer transactions of MIAMI members during August 2017-July 2018. The survey considered two types of foreign buyers:
 - **Non-resident foreigners (Type A):** Non-U.S. citizens with permanent residences outside the United States. These clients typically purchase property as an investment and/or for vacation, or 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 visa holders residing for more than six months in the United States for professional, educational, or other reasons.

Report Highlights

- MIAMI's foreign buyer residential purchases during August 2017–July 2018 increased to **\$8.7 billion** (\$7.1 billion in 2017), or 50 percent of the dollar sales volume .
- While dollar volume rose, foreign buyer purchases decreased to **14,300 units** (15,300 in 2017), or 33 percent of closed sales.
- **Non-resident foreign buyers** (Type A) accounted for 63 percent of MIAMI's foreign buyers compared to 39 percent nationally.
- The top five buyers accounted for half of MIAMI's foreign buyers: **Brazil** (12 percent), **Colombia** (11 percent), **Venezuela** (11 percent), **Argentina** (8 percent), and **Canada** (8 percent). The fraction of Brazilian and Colombian buyers increased compared to their shares one year ago.

Report Highlights

- **Miami-Dade County** accounted for the largest share of MIAMI's foreign buyers, 65 percent (64 percent in 2017); **Broward County**, 31 percent (25 percent in 2017); **Palm Beach County**, 4 percent (4 percent in 2017); **Martin County**, less than one percent; and other counties, less than one percent.
- Given the mix of buyers and the overall increase in U.S. home prices, the median purchase price among MIAMI's foreign buyers rose to **\$373,000** (\$339,300 in 2017).
- **MIAMI's foreign buyers** typically purchased more expensive properties compared to Florida's foreign buyers (\$286,500) and all U.S. foreign buyers (\$292,400).
- **All-cash sales** declined to 58 percent (66 percent in 2017) although a higher fraction of MIAMI's foreign buyers paid all cash compared to U.S. foreign buyers (47 percent).

Report Highlights

- Foreign buyer purchases intended for **vacation, rental**, or both uses declined to 66 percent of purchases (70 percent in 2017).
- **Condominiums** accounted for a higher share of units purchased, at 53 percent (44 percent in 2017).
- The share of buyers who purchased in a **central city/urban** area decreased to 51 percent (57 percent in 2017).
- Among respondents who had a foreign buyer, 95 percent **visited Florida** at least once before making a purchase.

Report Highlights

- A higher fraction of respondents—72 percent—reported they had an **international client** (57 percent in 2017).
- Of the respondents who had an international client:
 - 23 percent reported an increase in the share of business that is international in the **past year** (23 percent in 2017).
 - 27 percent reported an increase in the share of business that is international in the **past five years** (31 percent in 2017).
 - 38 percent expected an increase in international business in the **next 12 months** (37 percent in 2017).
- A higher fraction of respondents who had an international client—52 percent—reported that clients found **Florida prices** to be more expensive than in home country prices (43 percent in 2017).
- Major reasons clients decided not to purchase property were: **cost of the property, condo fee payments**, effect of exchange rate, and the agent “**could not find a property**” for the client.

Report Highlights

- Among respondents who had a foreign buyer, **personal and business contacts**, and **previous clients** accounted for 82 percent of referrals or sales leads (78 percent in 2017).
- Most respondents who had an international client—67 percent—reported no **language or cultural problems** working with international clients (68 percent in 2017).
- A majority of MIAMI members—69 percent—are **fluent in a language other than English**, and 55 percent were born outside the United States.
- A higher fraction of respondents—36 percent—had at most **five years of experience** (32 percent in 2017).
- Among all respondents, 22 percent reported a **CIPS designation** (22 percent in 2017).

ECONOMIC ENVIRONMENT

- U.S. Real Estate Market
- Exchange Rate
- Global Economic Growth

U.S. Home Prices Continued to Appreciate Amid Low Inventory of Homes for Sale

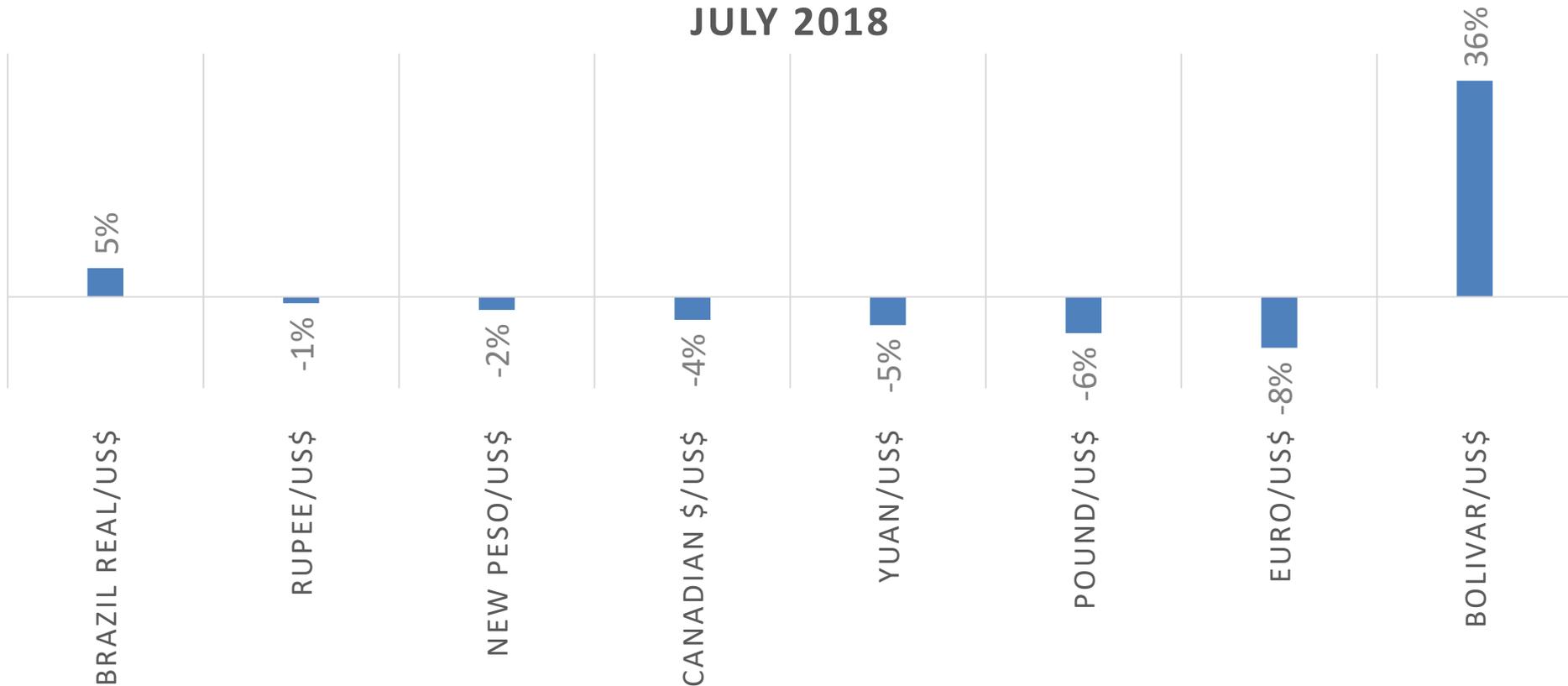
MEDIAN HOME PRICES AND MONTH'S SUPPLY OF EXISTING HOMES



Source: National Association of REALTORS®

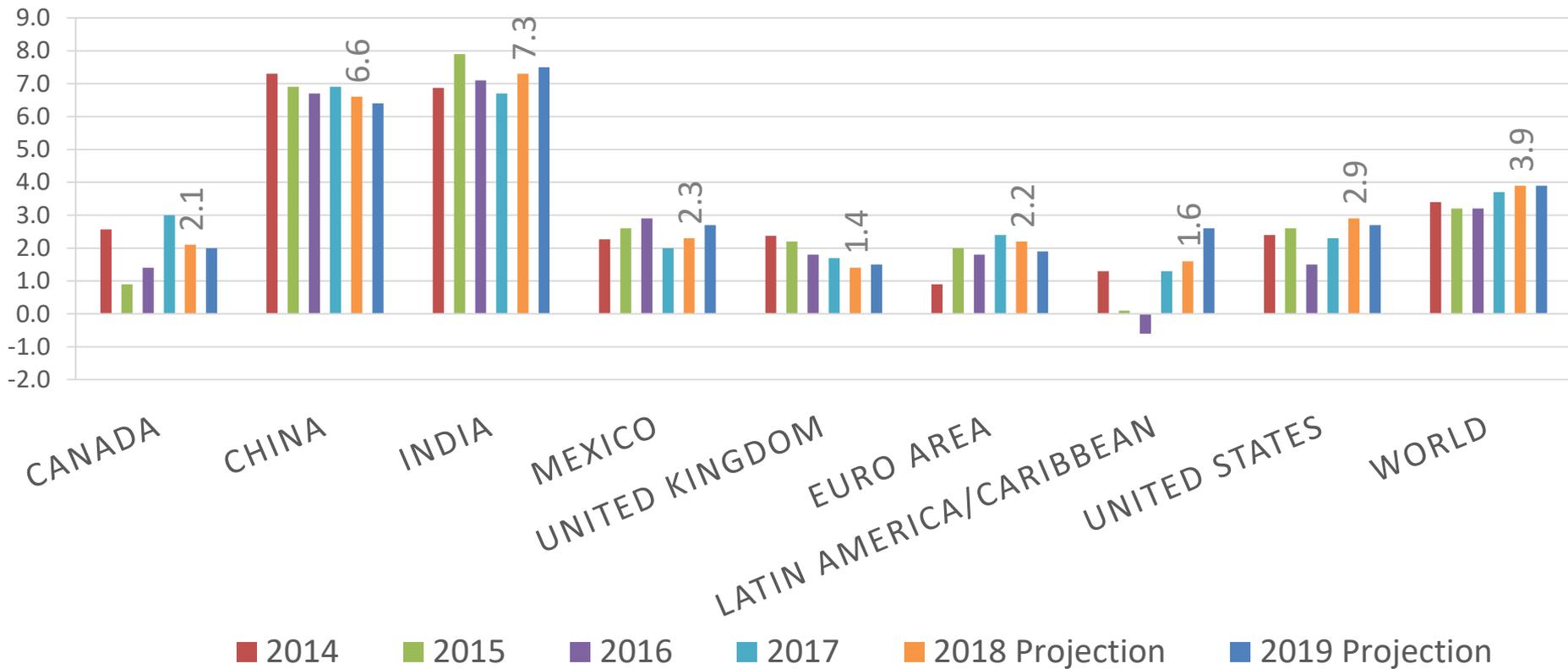
Weaker Dollar Tempered the Home Price Appreciation Measured in the Local Currency of Foreign Buyers

AVERAGE YEAR-TO-YEAR CHANGE OF THE VALUE OF THE U.S. DOLLAR AGAINST LOCAL CURRENCIES DURING AUGUST 2017– JULY 2018



Foreign Homebuyers Experienced Mixed Global Economic Growth

GDP GROWTH RATES



Source: IMF, July 2018 World Economic Outlook

Rebound in Oil Prices Has Supported Growth in Oil Producing Countries

SPOT OIL PRICE (WEST TEXAS INTERMEDIATE) IN DOLLARS PER BARREL



Source: Energy Information Administration downloaded from Haver Analytics

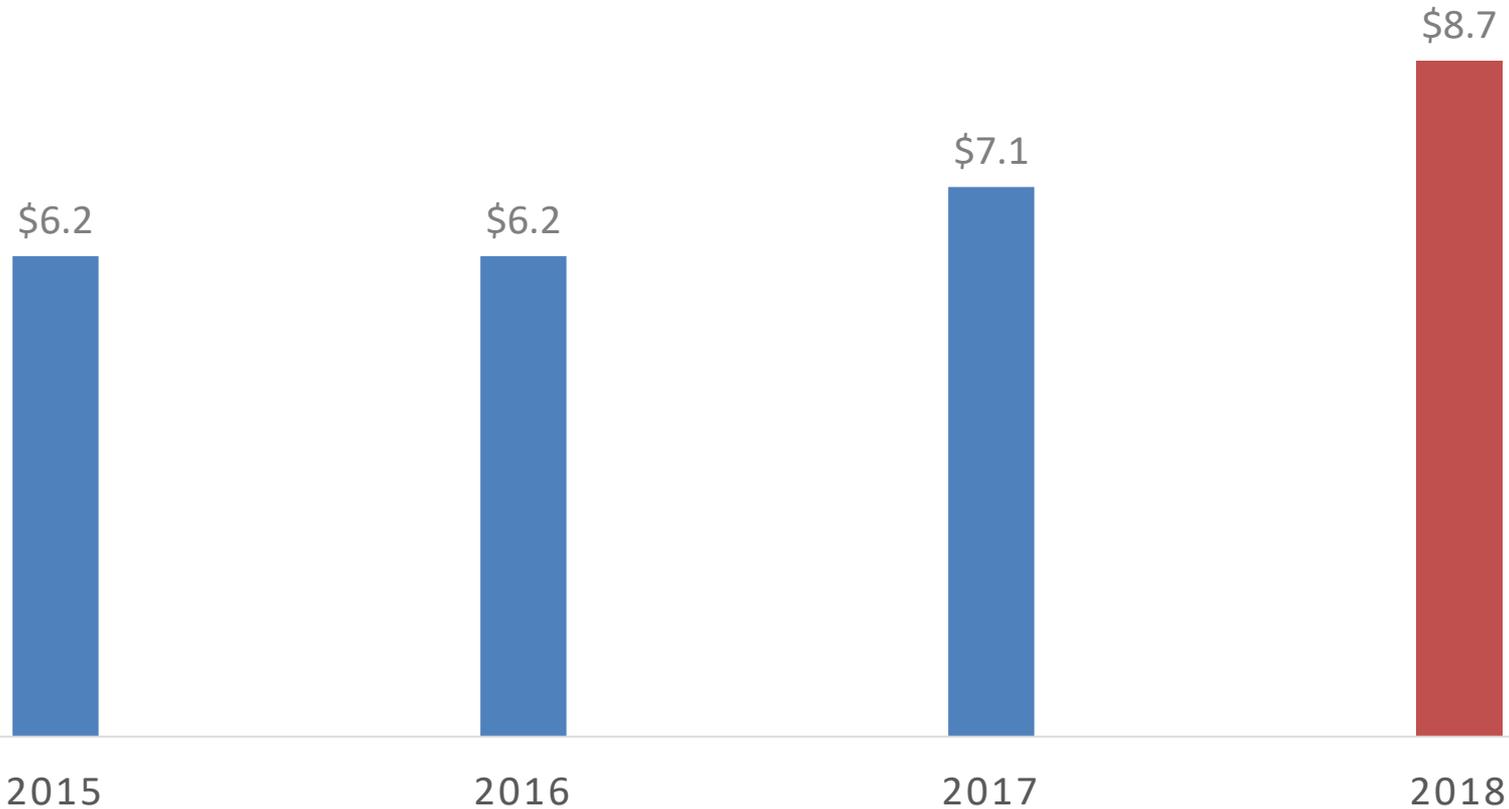
FOREIGN BUYER PURCHASES

- Dollar Volume
- Origin and Destination
- Foreign Buyer Preferences



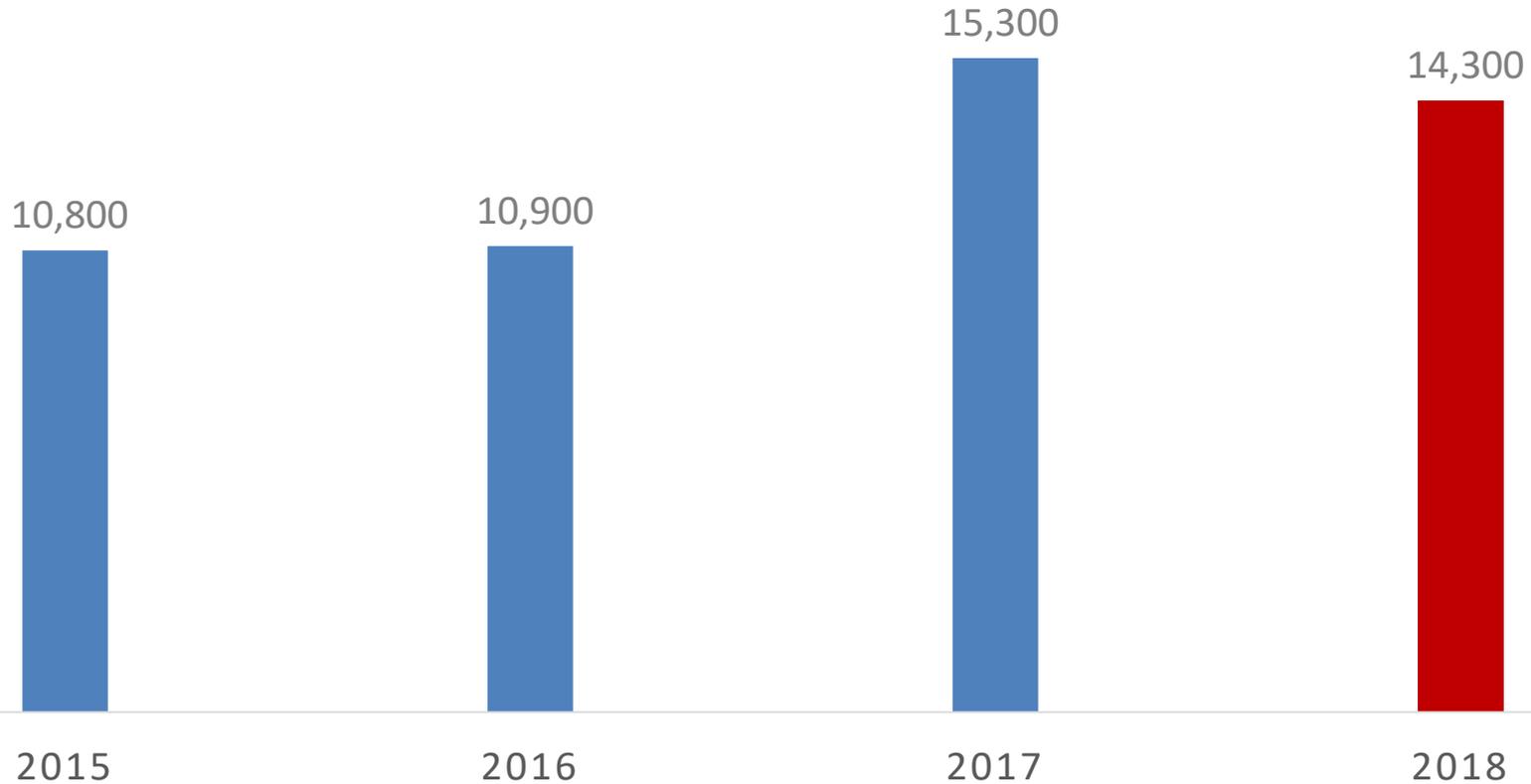
Dollar Volume of Foreign Buyer Residential Purchases Rose to \$8.7 B in Past 12 Months

MIAMI FOREIGN BUYER DOLLAR VOLUME (IN \$ BIL)



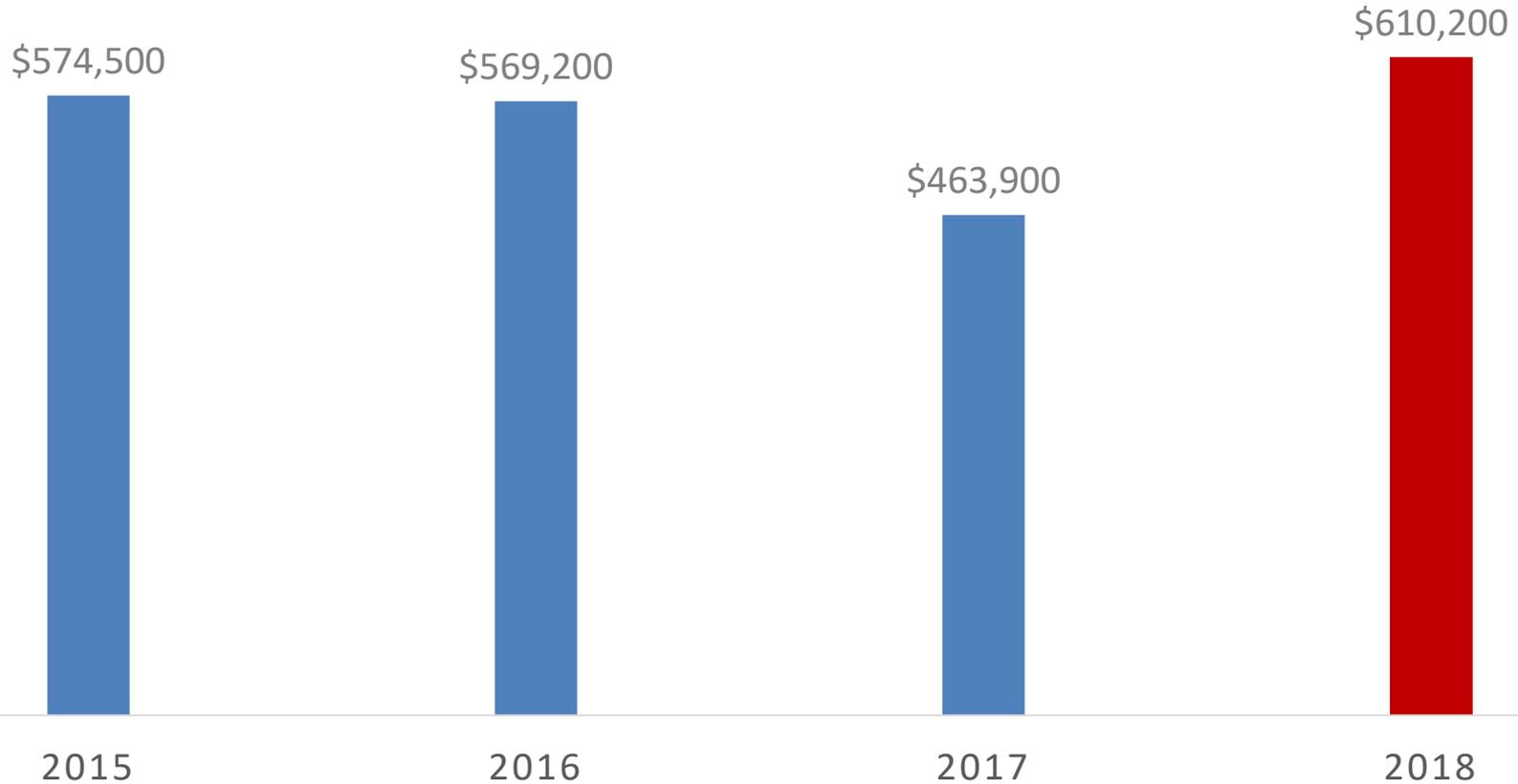
Number of Foreign Buyer Residential Purchases Decreased to 14,300 Homes

MIAMI FOREIGN BUYER PURCHASES



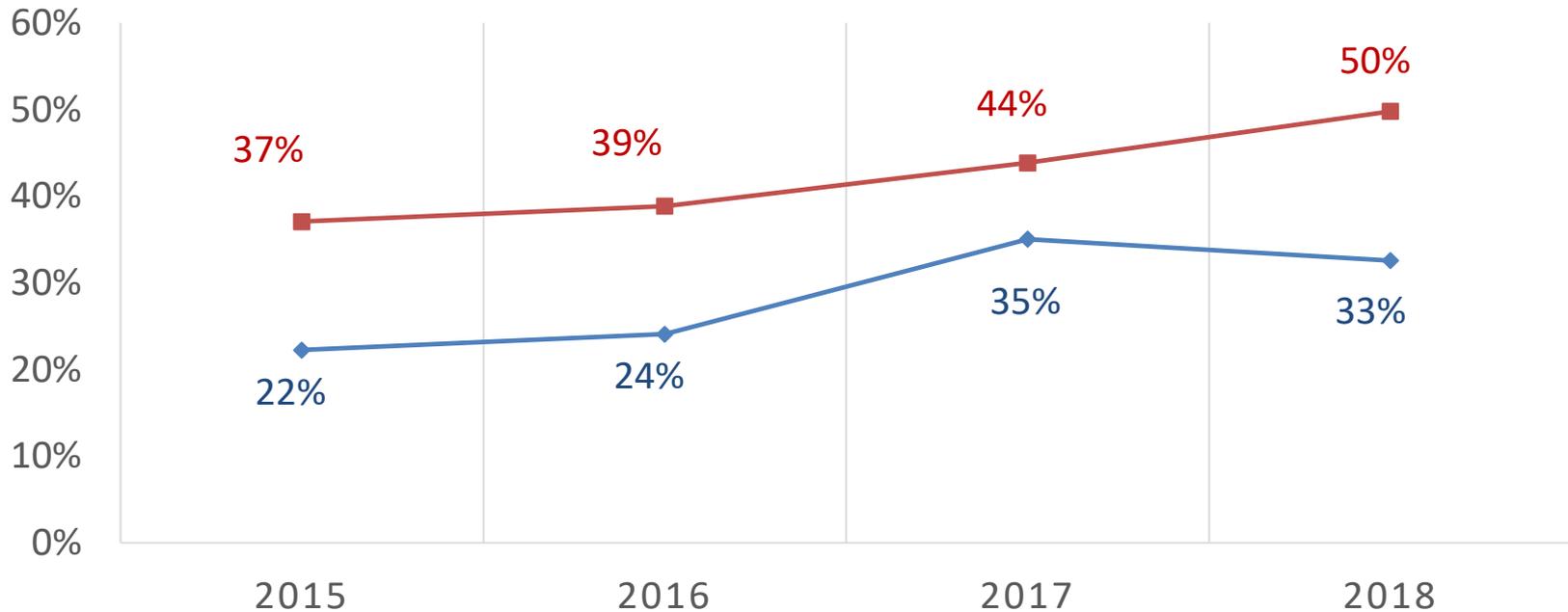
Dollar Volume Increased Even as Number of Purchases Decreased Due to Higher Purchase Price

MIAMI FOREIGN BUYER AVERAGE PRICE



Foreign Buyer Purchases: 33 Percent of Properties* Sold and 50 Percent of Dollar Volume

FOREIGN BUYERS AS A PERCENT OF CLOSED SALES*

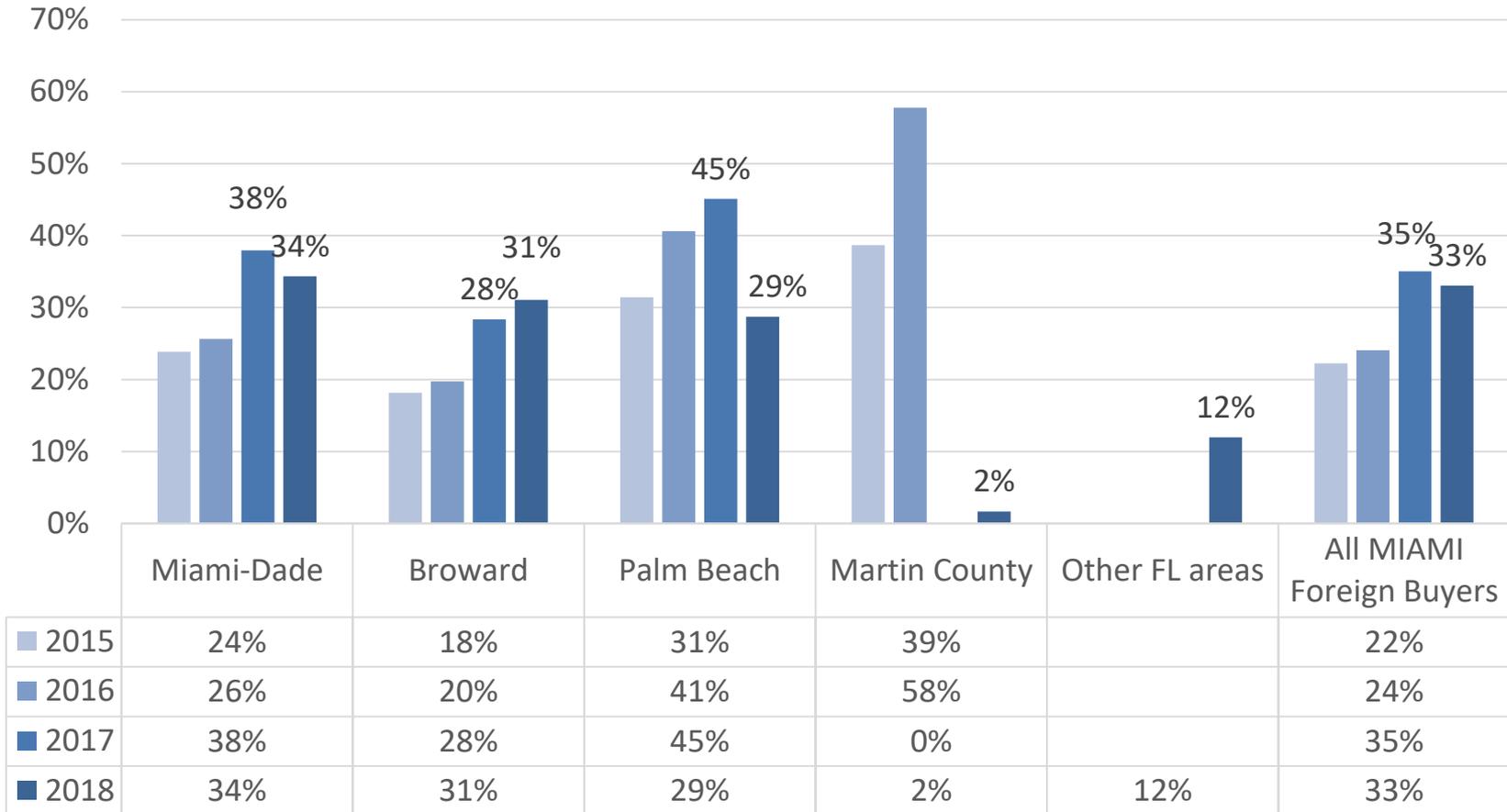


◆ Foreign Buyers as a Percent of MIAMI Realtors® Closed Sales

■ Foreign Buyer Purchases as a Percent of MIAMI REALTORS® Sales Dollar Volume

* Single-family, townhomes, and condominiums

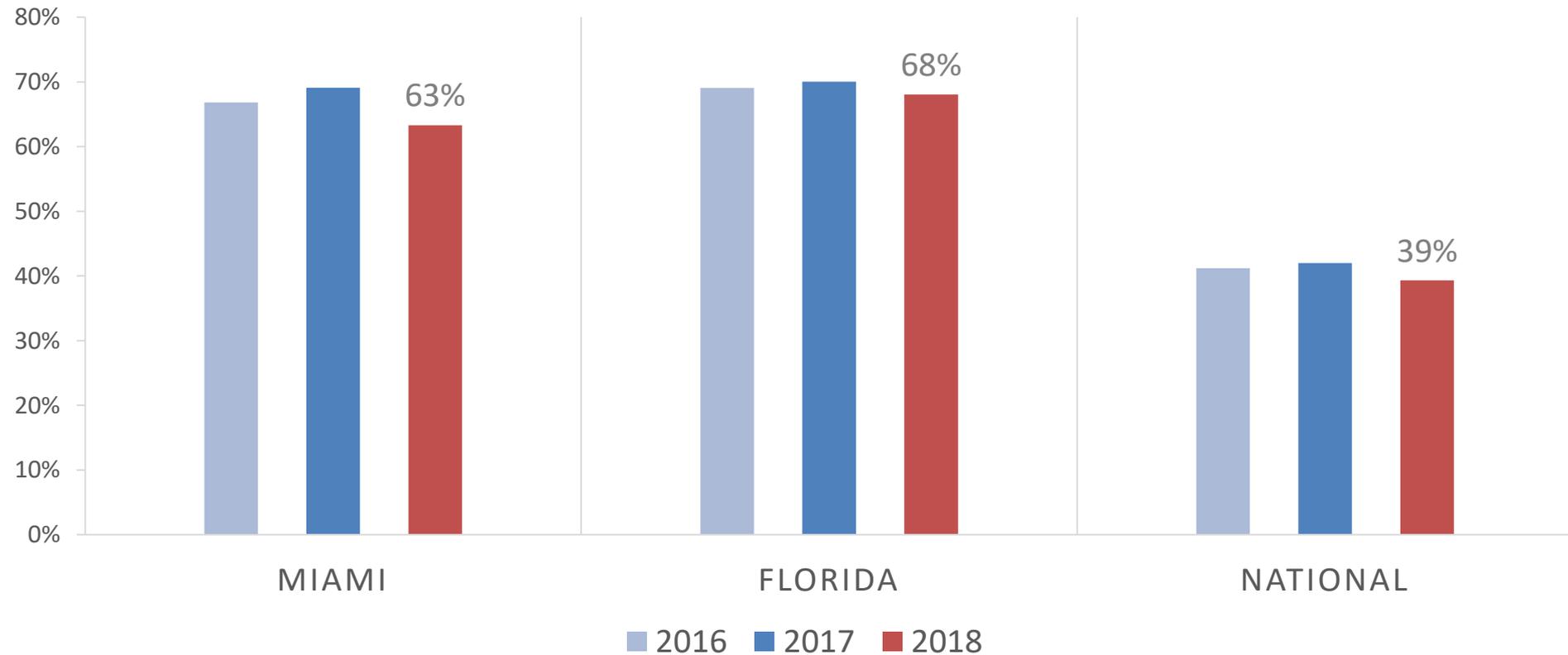
Foreign Buyers as a Percent of MIAMI Realtors® Sales in the County



* No estimates for Other FL areas from 2015 through 2017. Estimate is for family, townhomes, and condominiums and excludes manufactured homes.

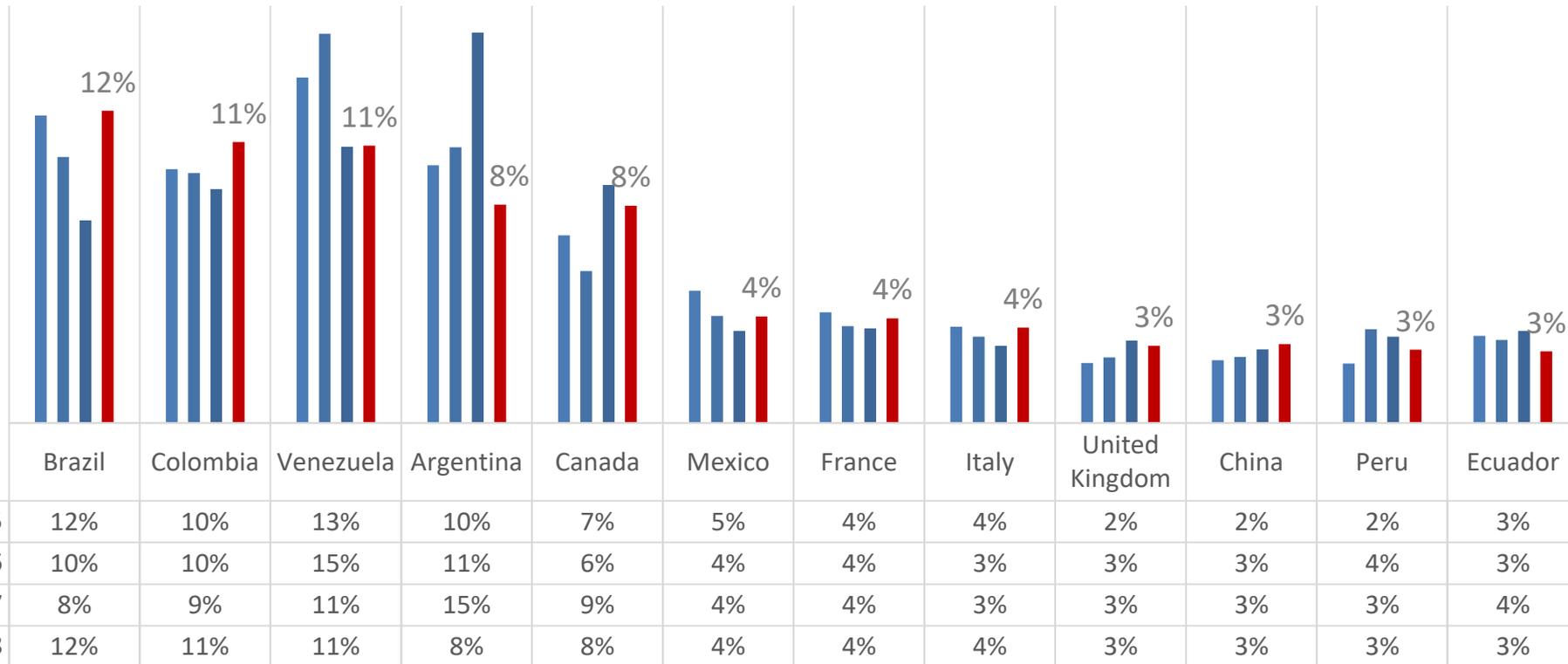
63 Percent of Foreign Buyers Were Non-Resident Compared to 39 Percent Nationally

NON-RESIDENT BUYERS, AS PERCENT OF MIAMI FOREIGN BUYERS



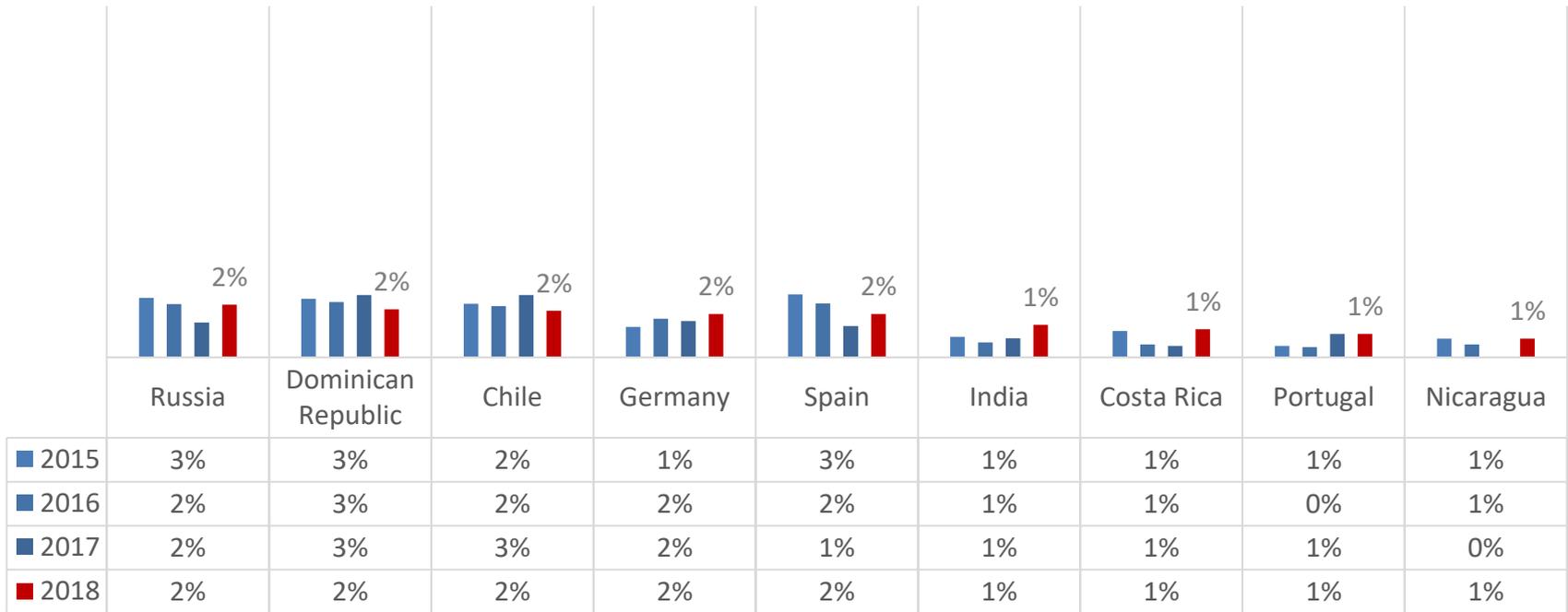
Top Tier Countries of Origin (Slide 1 of 2): Changing Mix of Buyers from Latin America

TOP TIER COUNTRIES OF ORIGIN

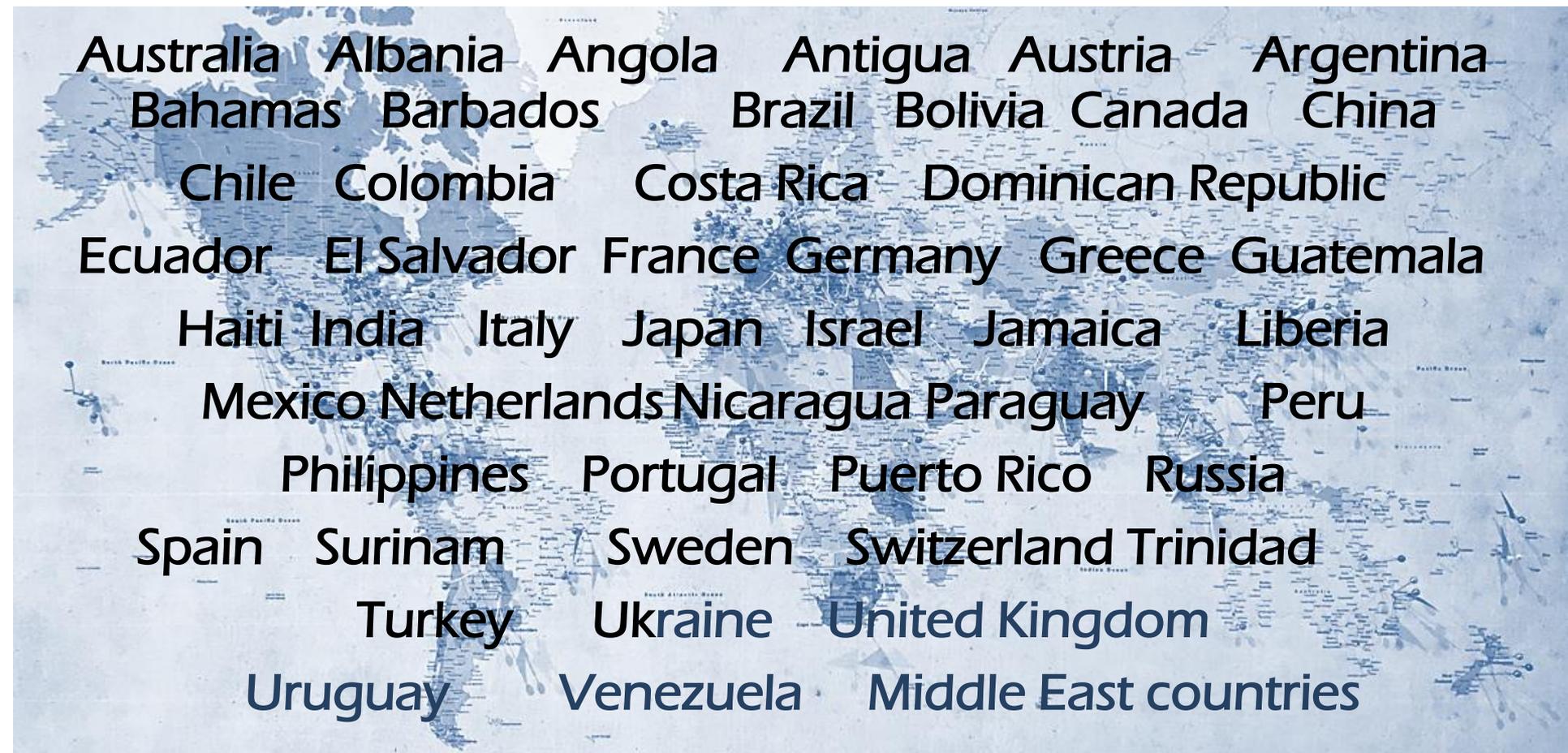


Top Tier Countries of Origin (Slide 2 of 2)

TOP TIER COUNTRIES OF ORIGIN



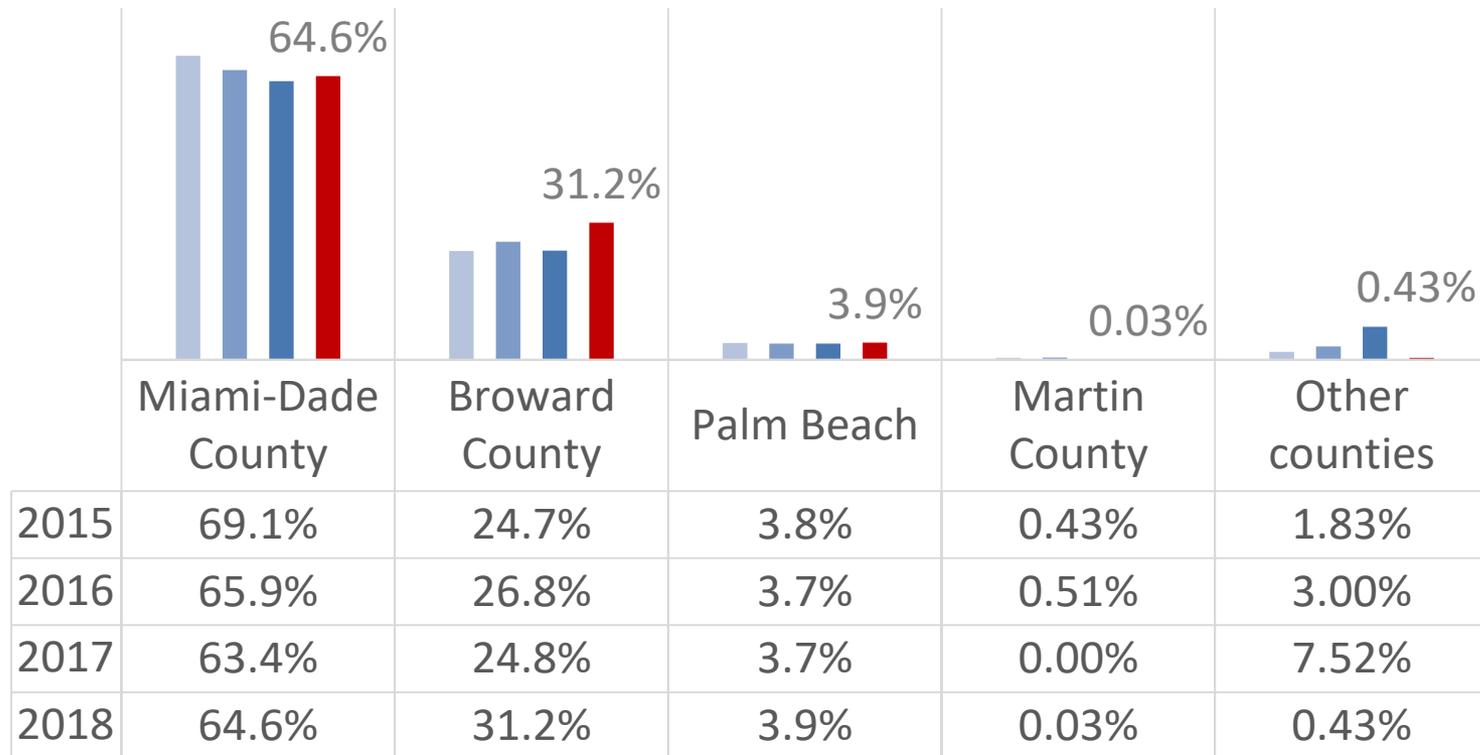
MIAMI's Foreign Buyers Hail from Over 50 Countries



Australia Albania Angola Antigua Austria Argentina
Bahamas Barbados Brazil Bolivia Canada China
Chile Colombia Costa Rica Dominican Republic
Ecuador El Salvador France Germany Greece Guatemala
Haiti India Italy Japan Israel Jamaica Liberia
Mexico Netherlands Nicaragua Paraguay Peru
Philippines Portugal Puerto Rico Russia
Spain Surinam Sweden Switzerland Trinidad
Turkey Ukraine United Kingdom
Uruguay Venezuela Middle East countries

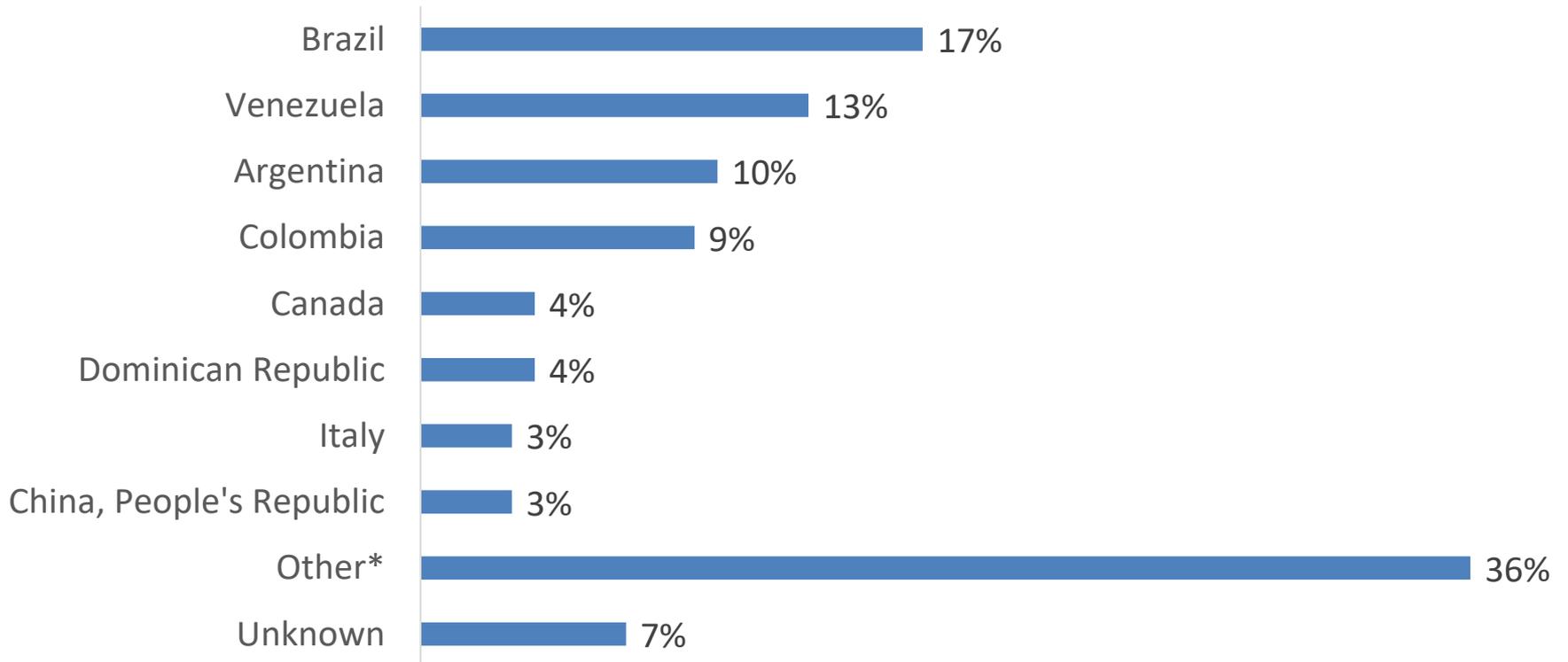
Miami-Dade County: 65 Percent of Foreign Buyers

DESTINATION OF FOREIGN BUYERS



Miami-Dade County: Latin Americans Were Major Buyers

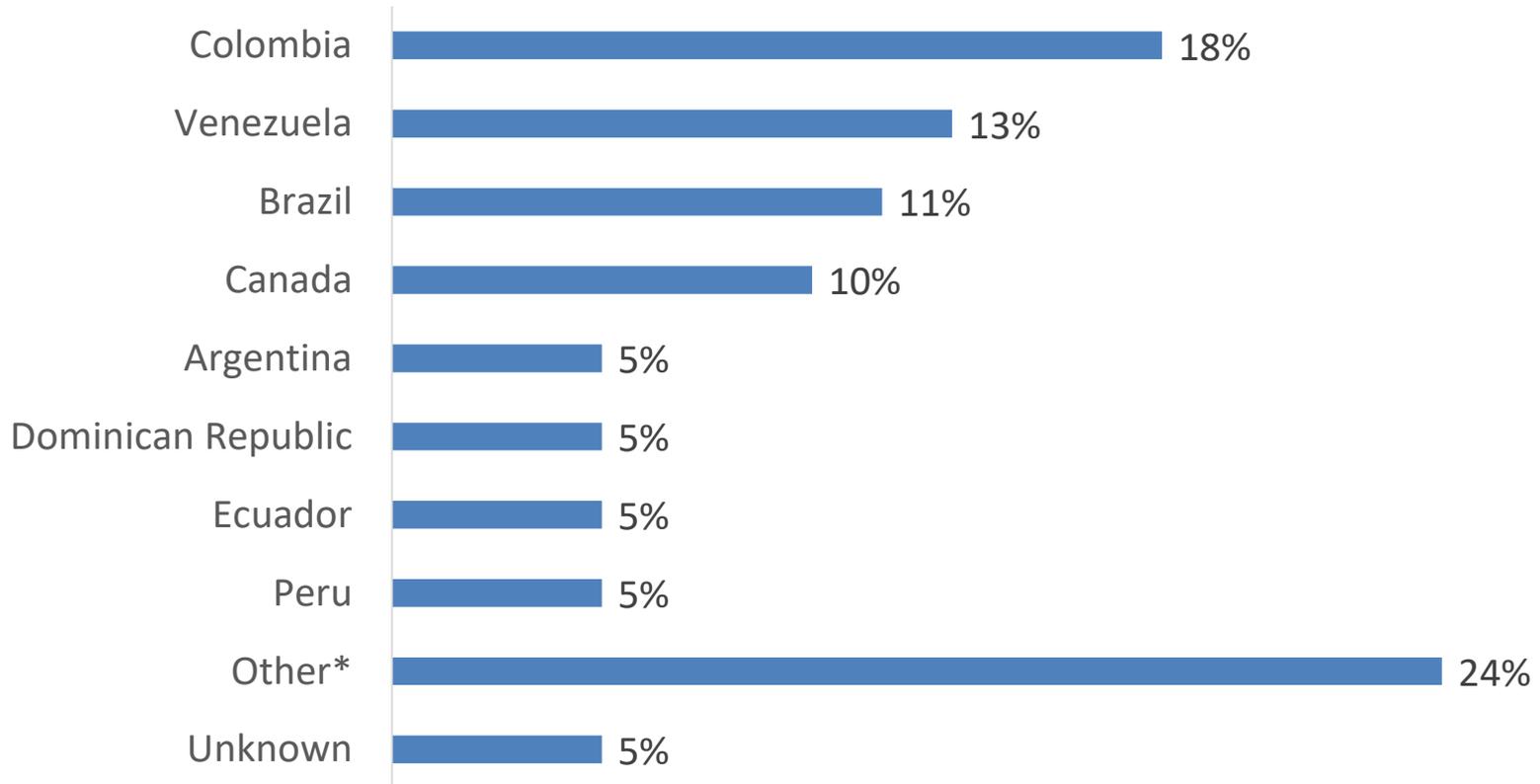
MAJOR FOREIGN BUYERS IN MIAMI-DADE COUNTY



**Other includes Chile, France, Mexico, Peru, Russia, Spain, Cuba, Ecuador, India, Panama, United Kingdom, Egypt, Estonia, Nicaragua, Israel, Romania, Switzerland, Trinidad & Tobago*

Broward County : Latin Americans Were Major Buyers

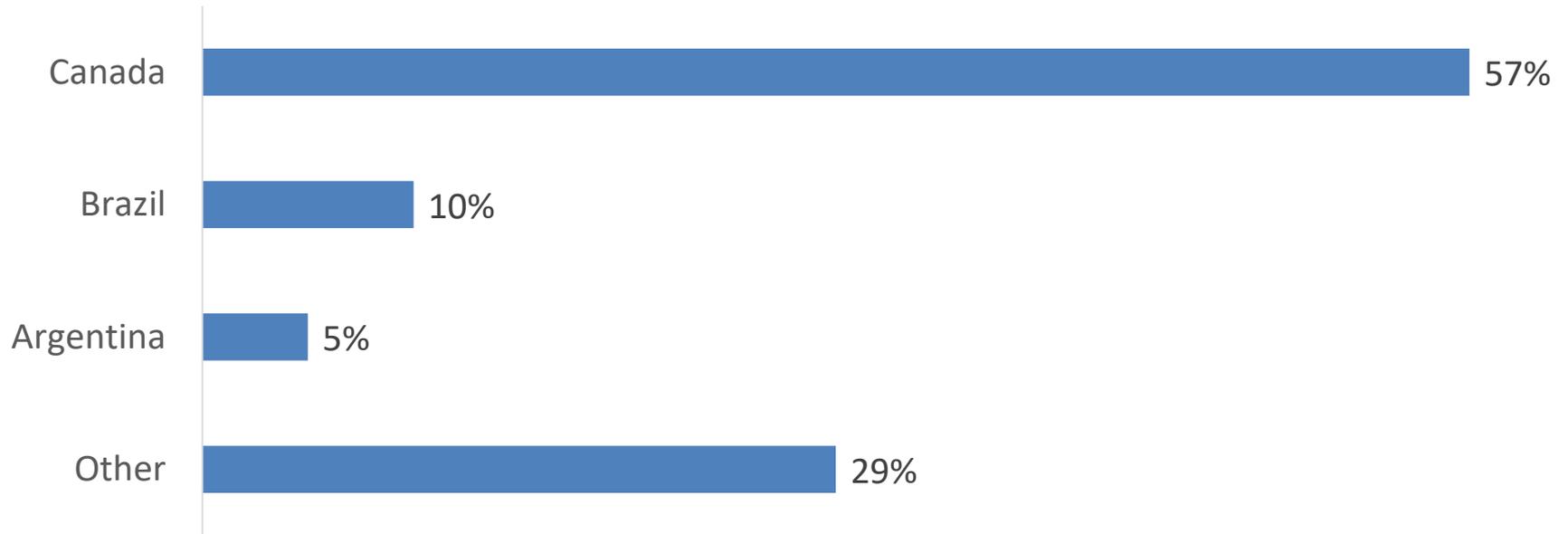
MAJOR FOREIGN BUYERS IN BROWARD COUNTY



**Other includes Barbados, Bolivia, China, Costa Rica, El Salvador, Germany, India, Israel, Jamaica, Japan, Portugal, Russia*

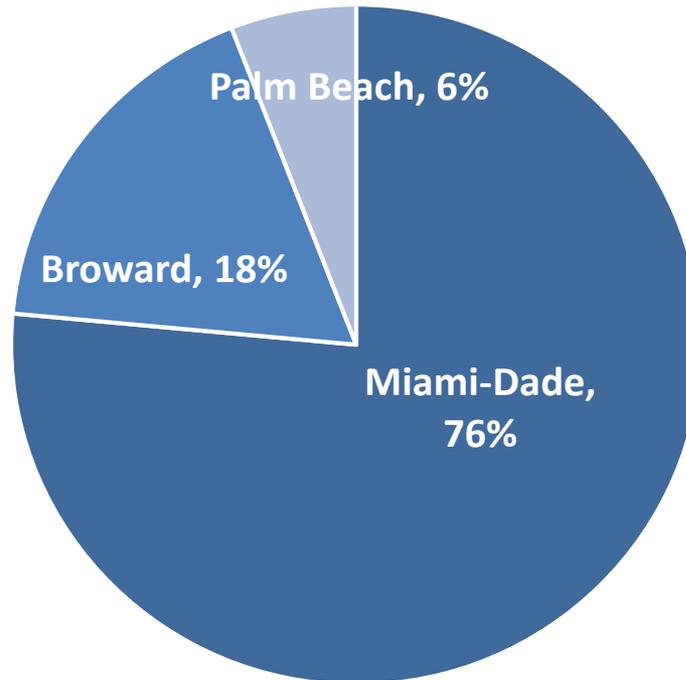
Palm Beach County: Canadians Were Major Buyers

MAJOR FOREIGN BUYERS IN PALM BEACH COUNTY



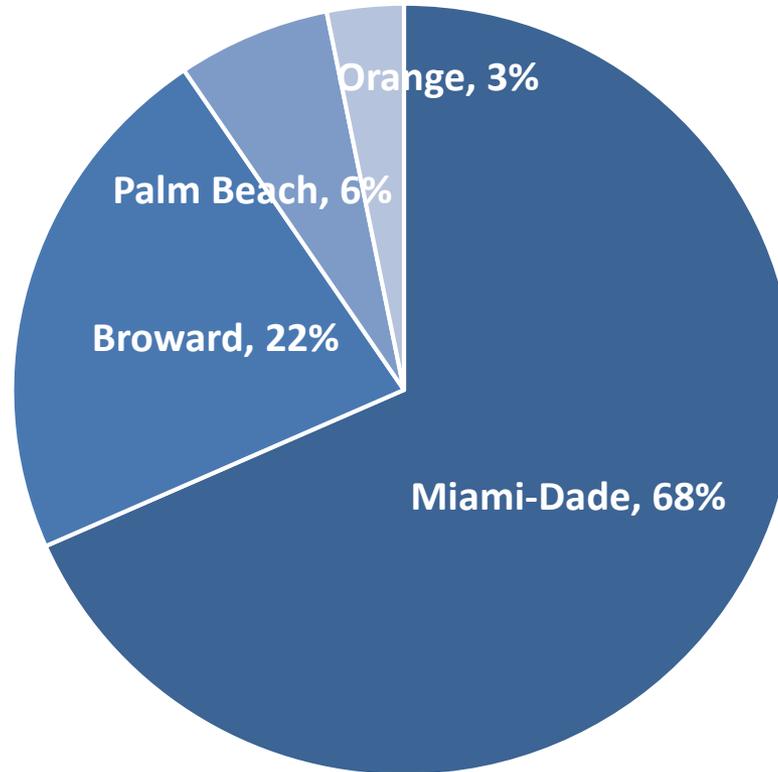
**Other includes Chile, China, France, Portugal, United Kingdom, and countries the respondent could not identify (Unknown).*

Major Destination of Argentinian Buyers: Miami-Dade County



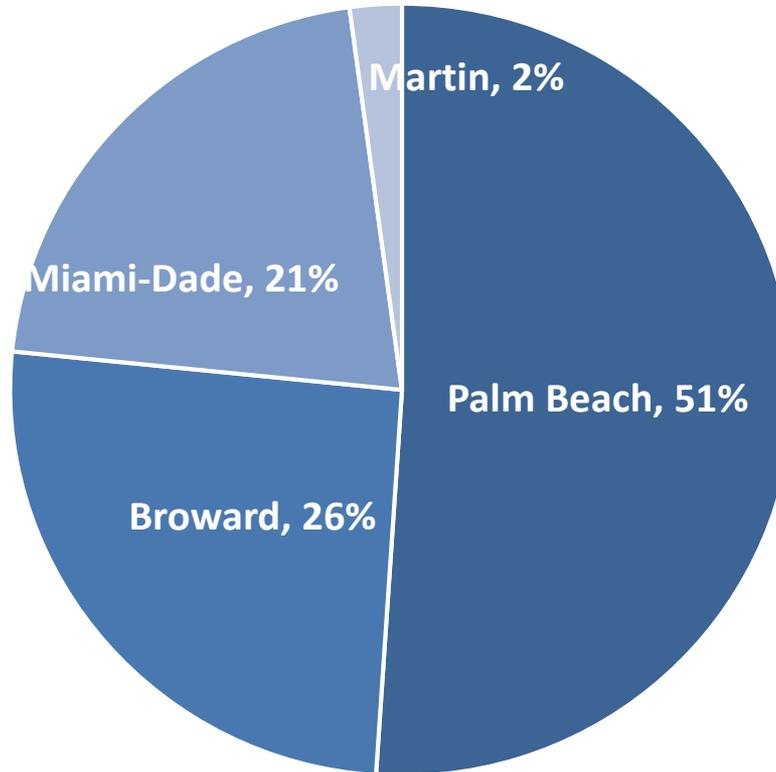
Major Destination of Brazilian Buyers: Miami-Dade County

DESTINATION OF BRAZILIAN BUYERS



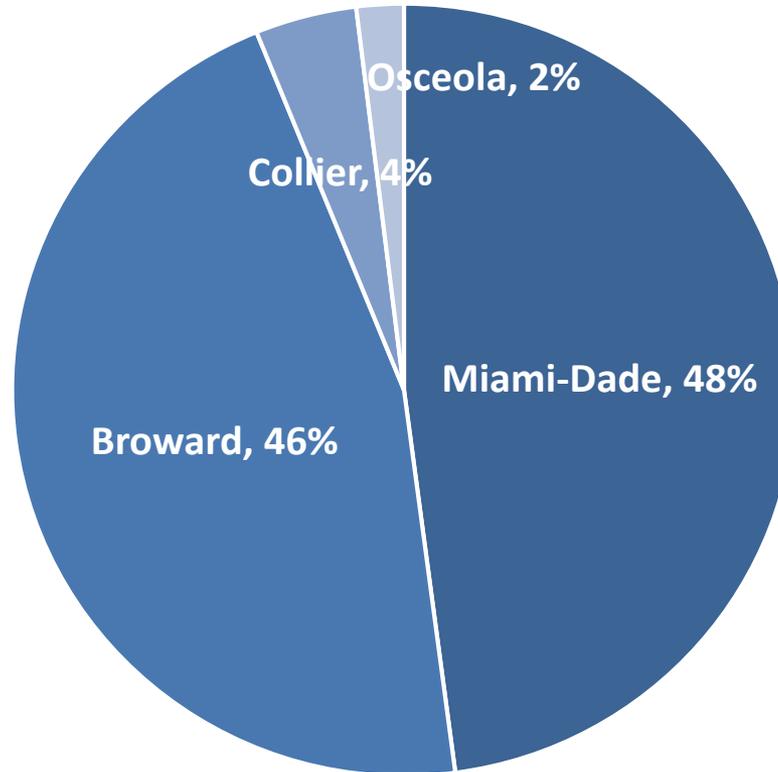
Major Destination of Canadian Buyers: Palm Beach County

DESTINATION OF CANADIAN BUYERS



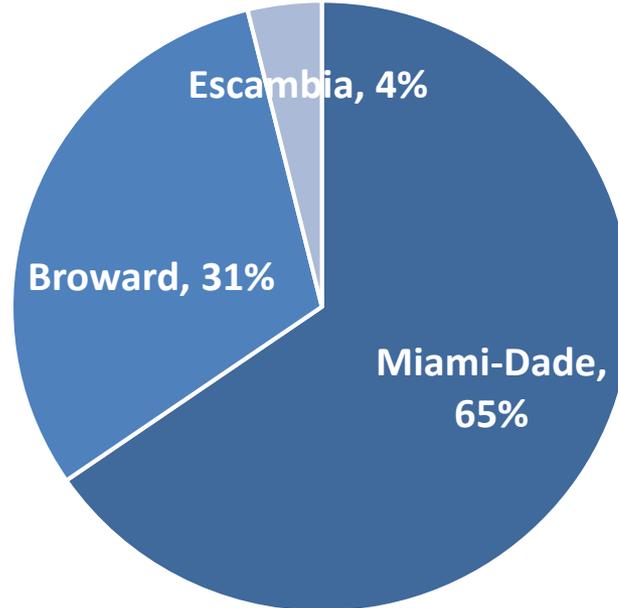
Destination of Colombian Buyers: Miami-Dade and Broward Counties

DESTINATION OF COLOMBIAN BUYERS



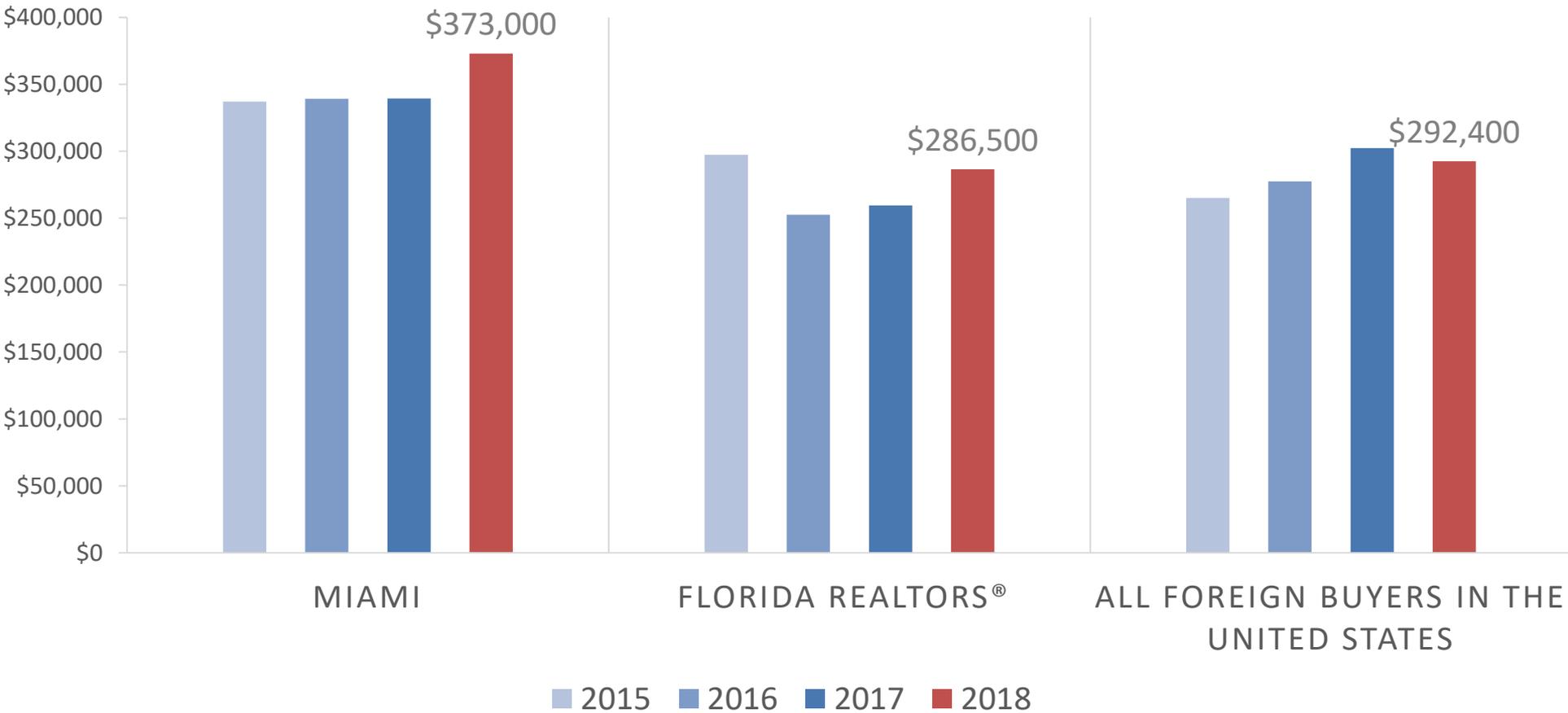
Destination of Venezuelan Buyers: Miami-Dade County

DESTINATION OF VENEZUELAN BUYERS



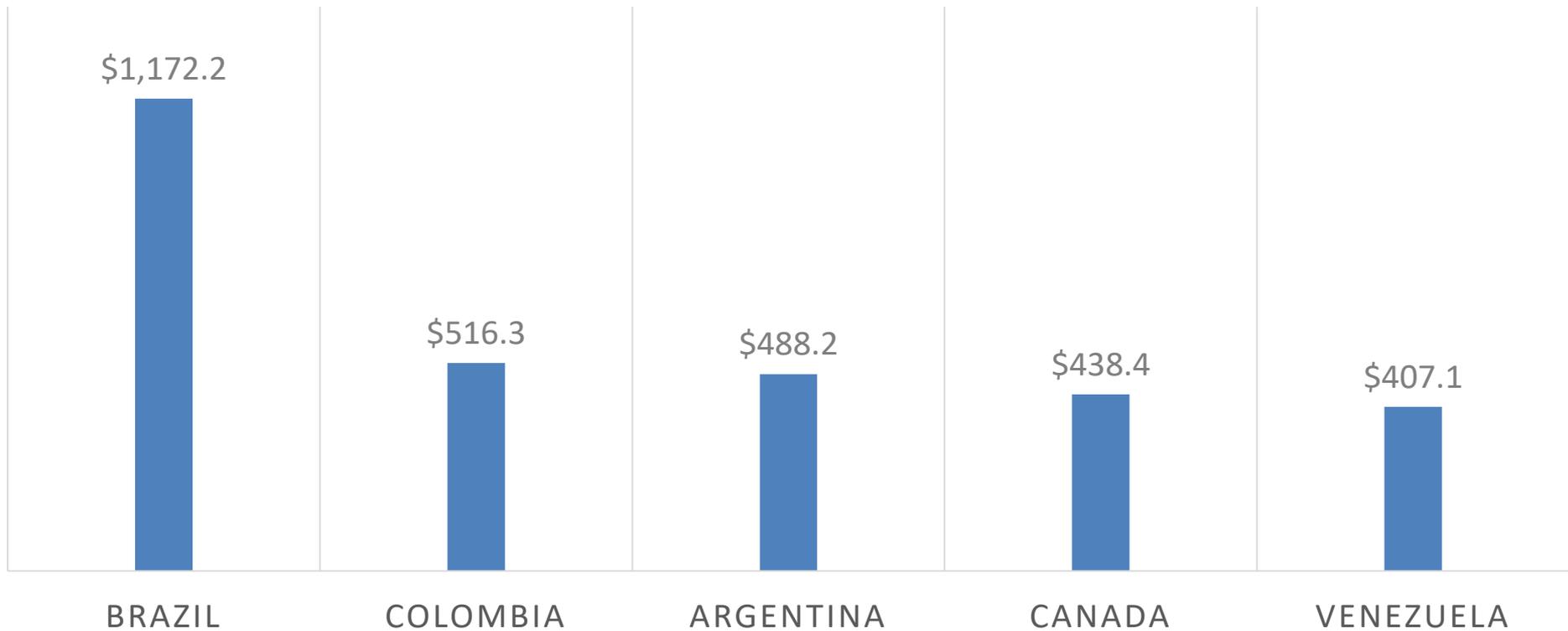
MIAMI Foreign Buyers Purchased Higher Priced Homes Compared to Florida and U.S. Foreign Buyers

FOREIGN BUYER MEDIAN PURCHASE PRICES



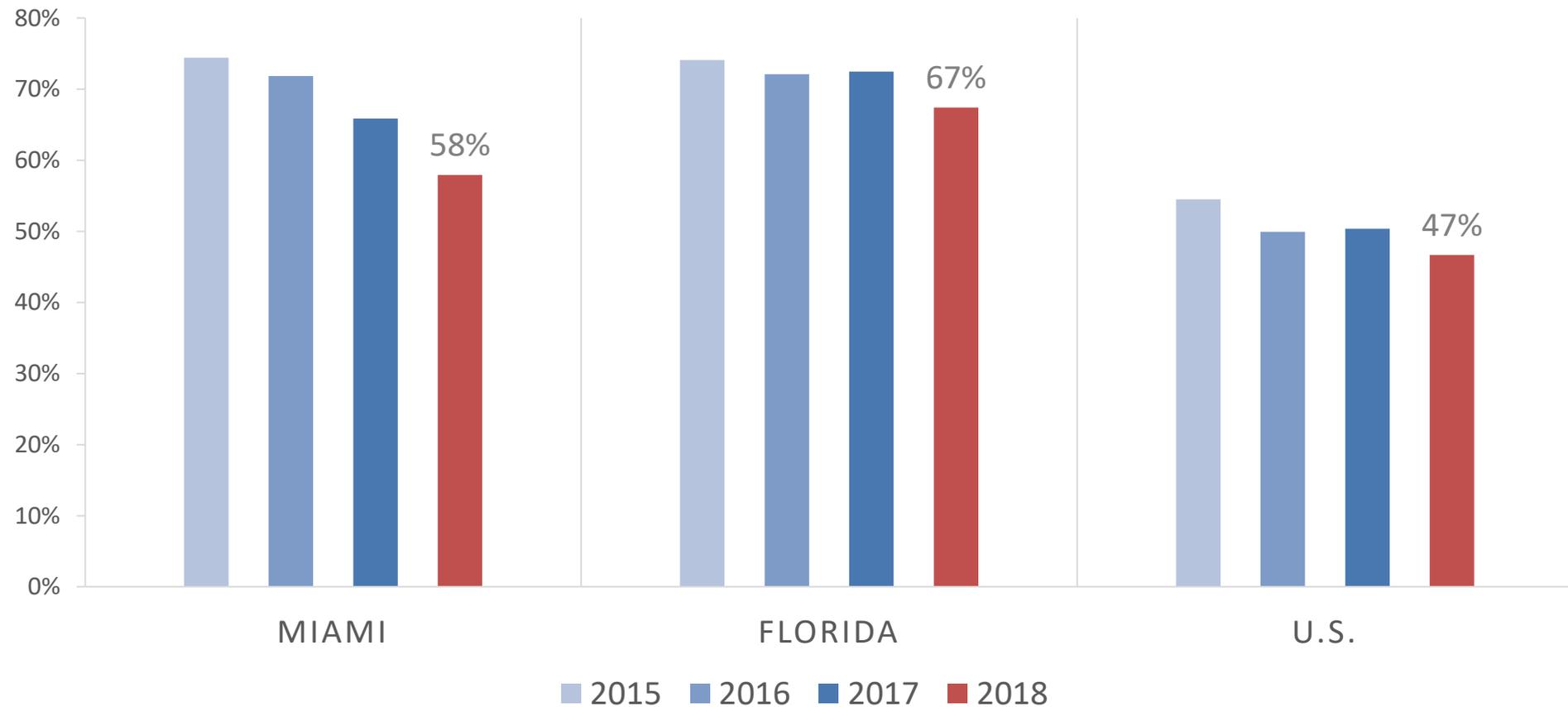
Median Purchase Price Among Major Buyers

MEDIAN PURCHASES PRICE AMONG MAJOR BUYERS IN THOUSAND DOLLARS



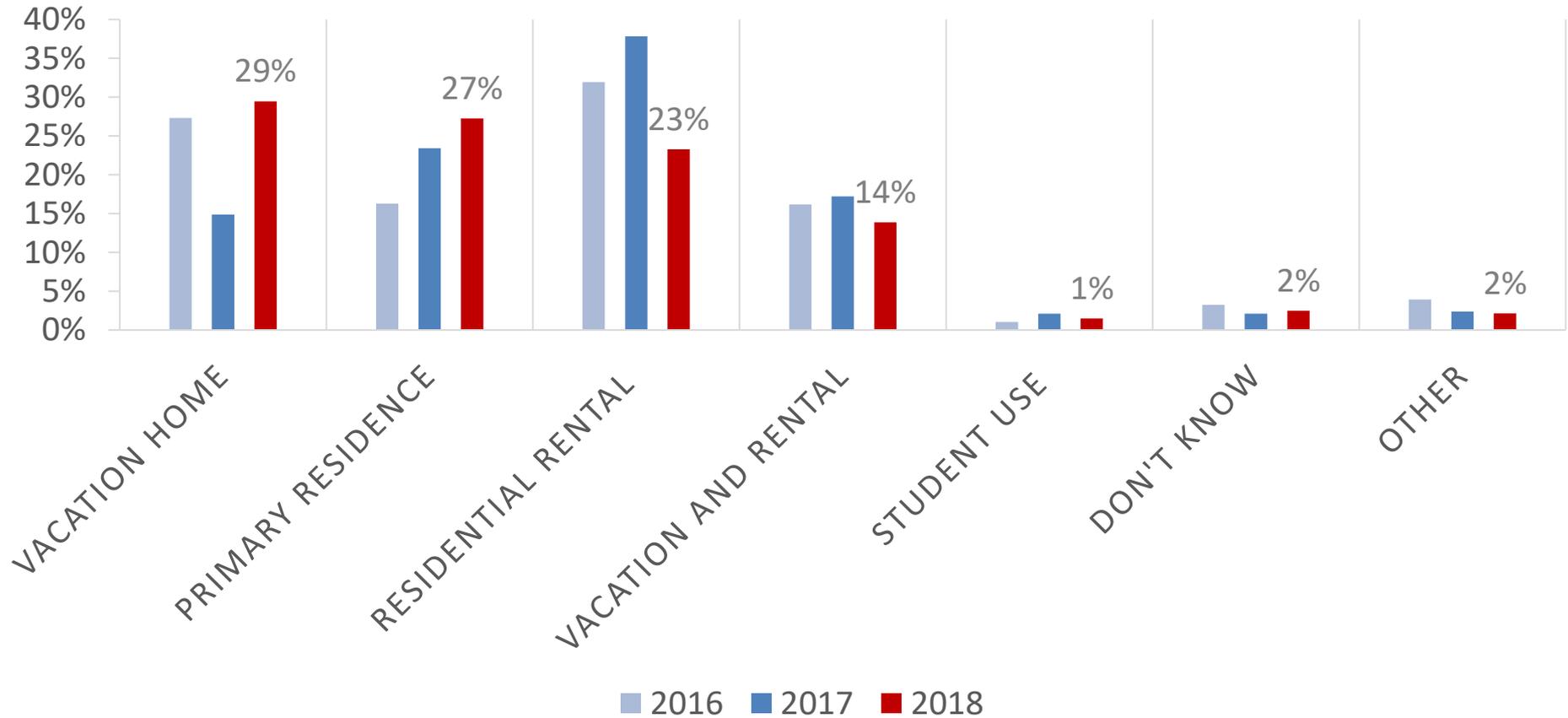
58 Percent of MIAMI Foreign Buyers Paid Cash, A Higher Fraction than Among U.S. Foreign Buyers

ALL-CASH PURCHASES



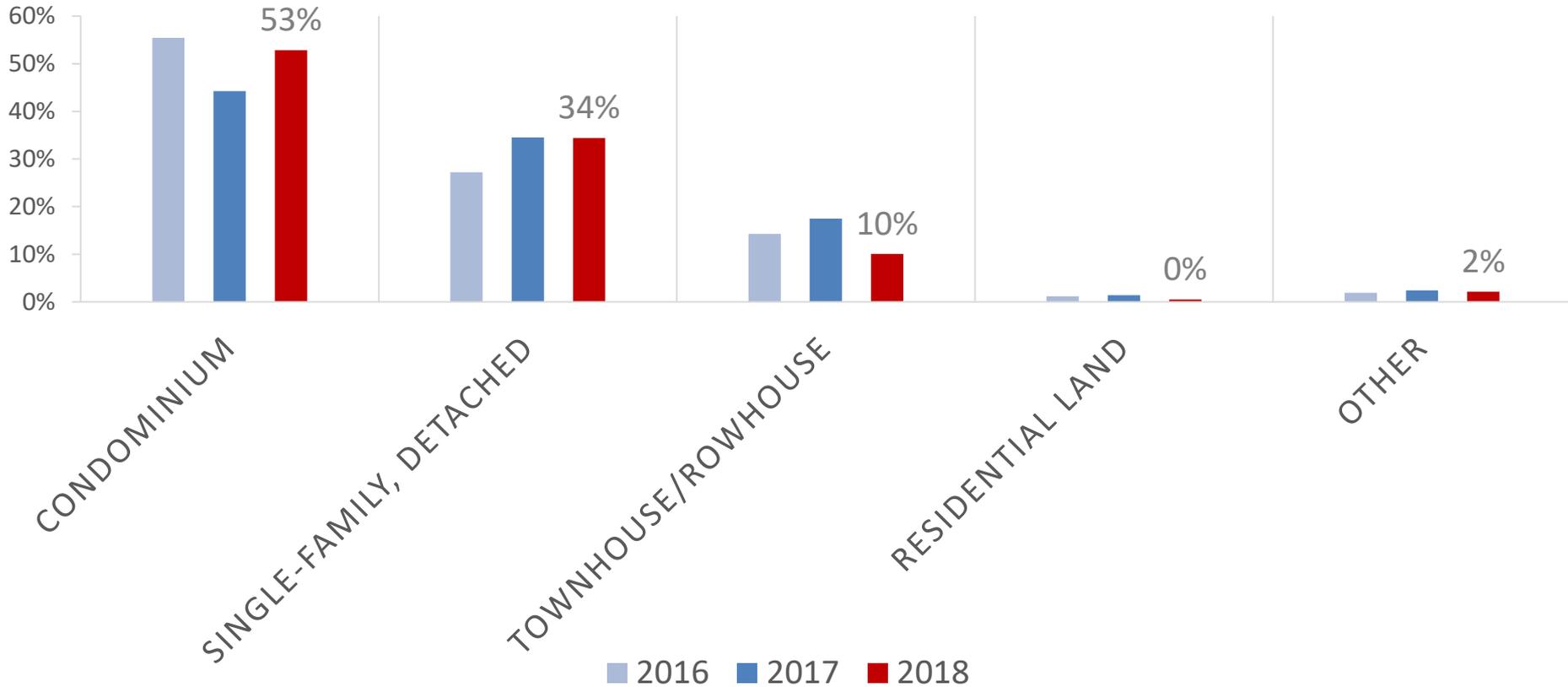
66 Percent Purchased for Vacation and/or Rental (A Lower Share Compared to 2017)

INTENDED USE OF PROPERTY



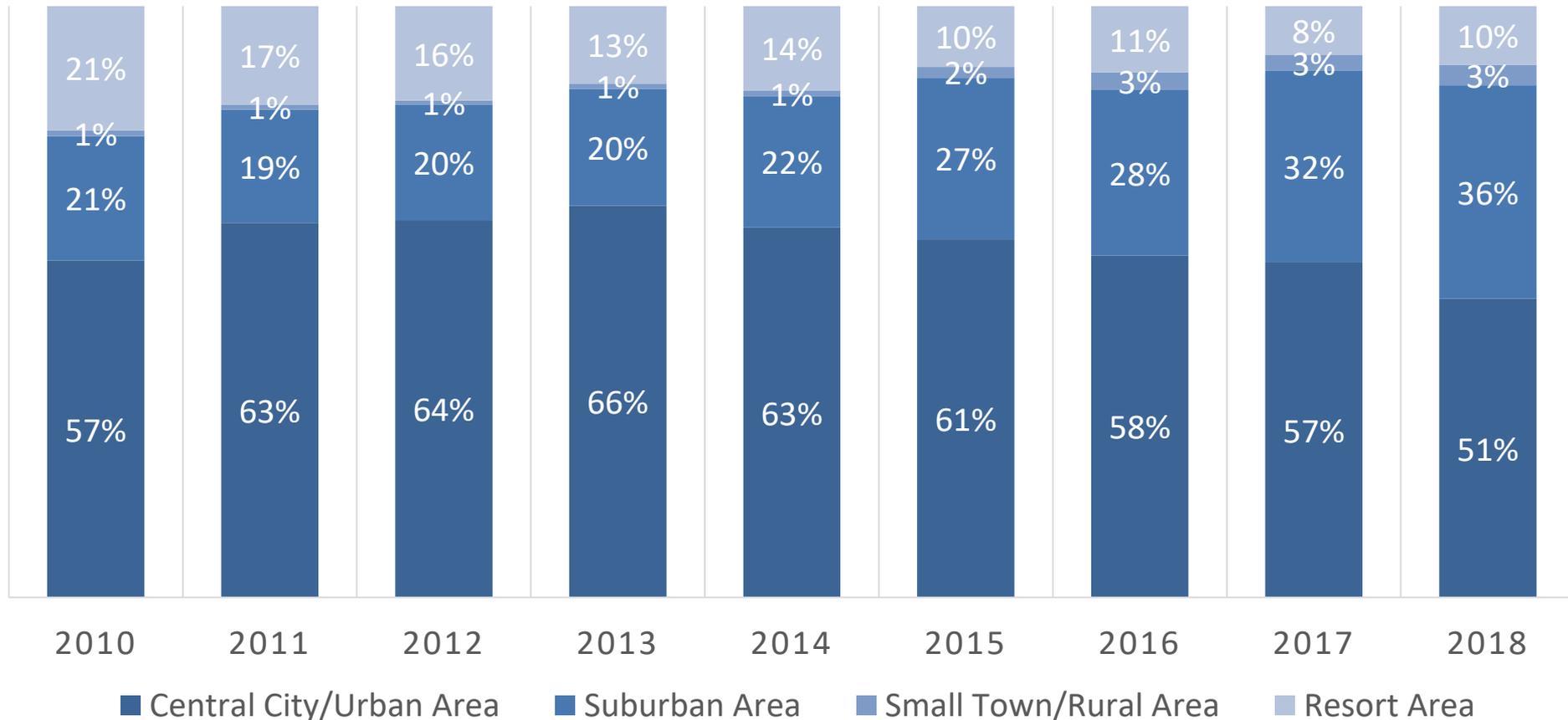
53 Percent of Foreign Buyers Purchased Condominiums (A Higher Share Compared to 2017)

TYPE OF PROPERTY



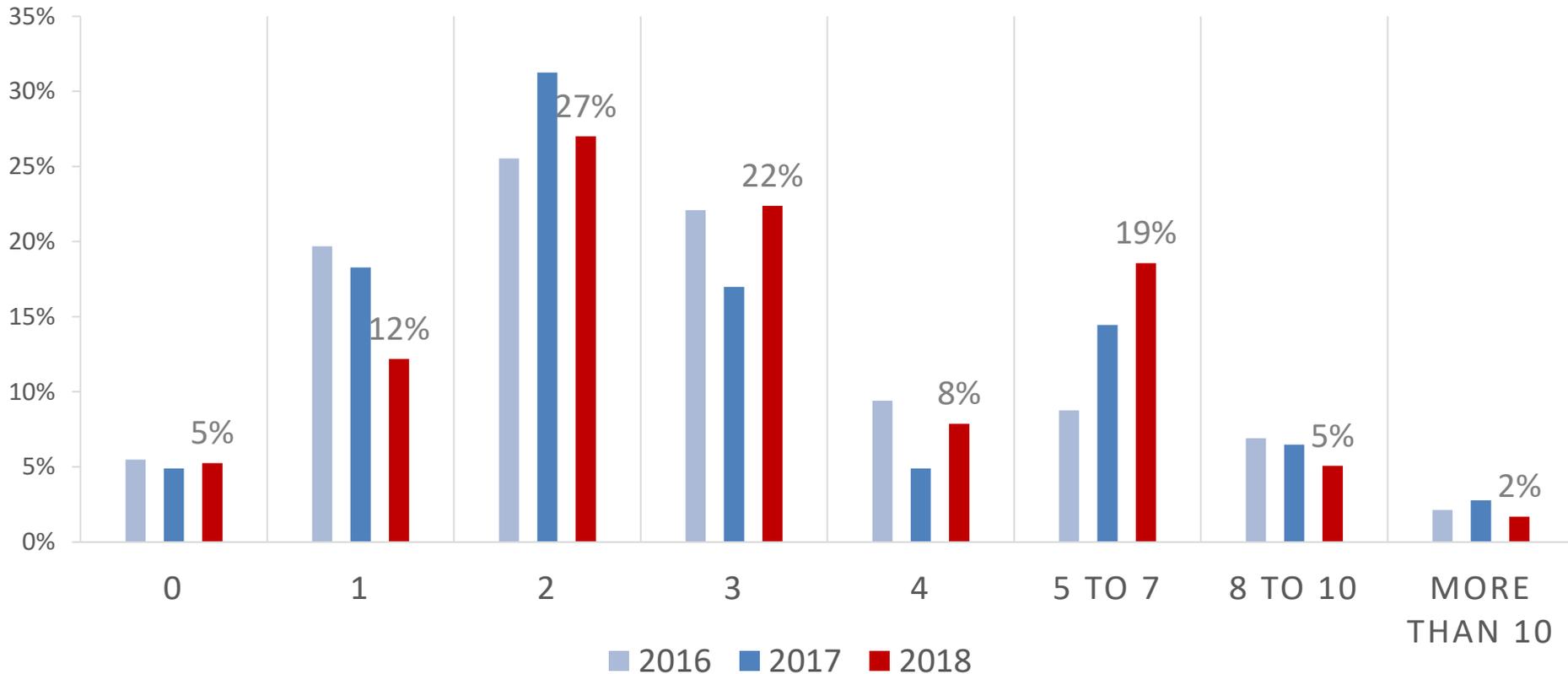
36 Percent Purchased in Suburban Areas (A Higher Share Compared to 2017 and Past Years)

TYPE OF AREA



95 Percent of Foreign Buyers Visited Florida At Least Once Before Purchasing a Property

NUMBER OF TIMES FOREIGN BUYER VISITED FLORIDA BEFORE MAKING A PURCHASE



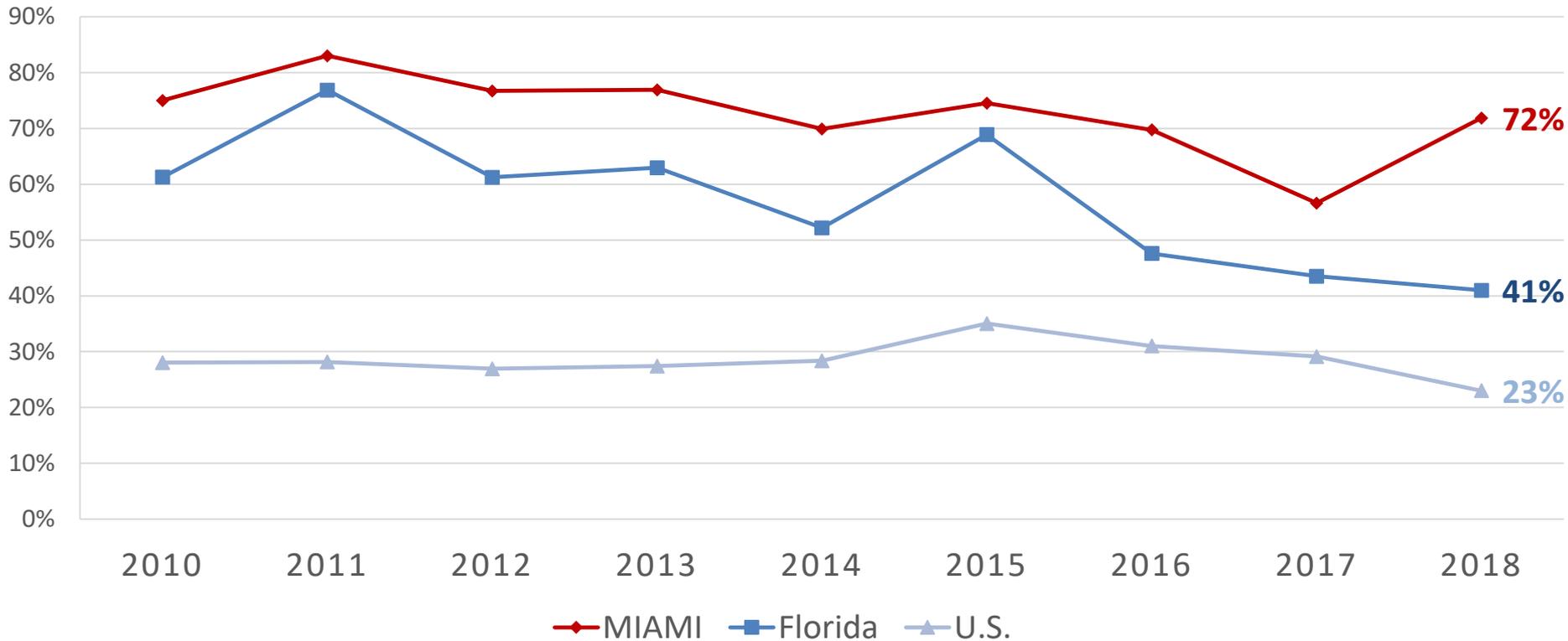
WORKING WITH INTERNATIONAL CLIENTS

- International Business Trends
- Factors Clients Consider
- Leads and Referrals
- Client Interaction



A Higher Fraction of Respondents Reported Working With an International Client in 2018 Survey

REALTORS® WHO WORKED WITH AN INTERNATIONAL CUSTOMER IN THE PAST 12 MONTHS



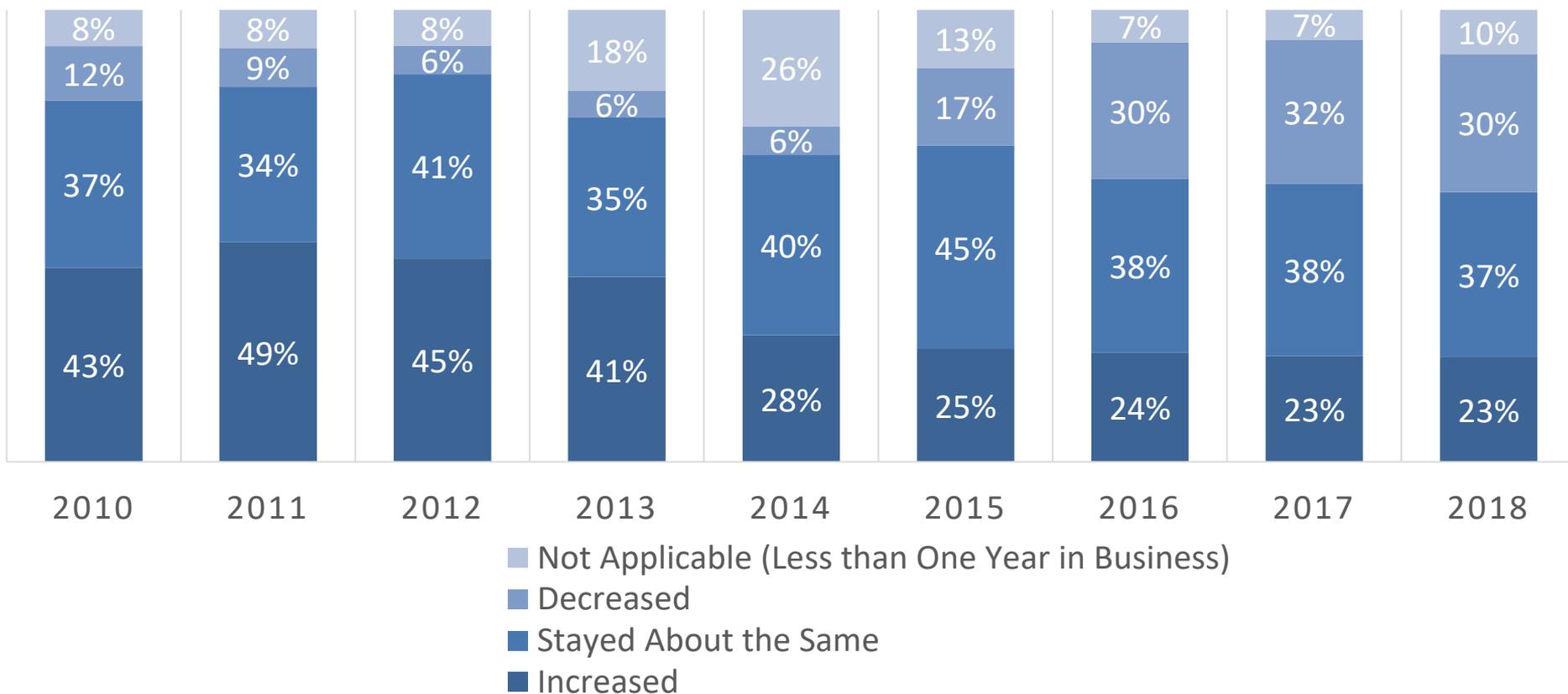
40 Percent Had Three or More International Clients

NUMBER OF CLIENTS WHETHER OR NOT THEY PURCHASED PROPERTY



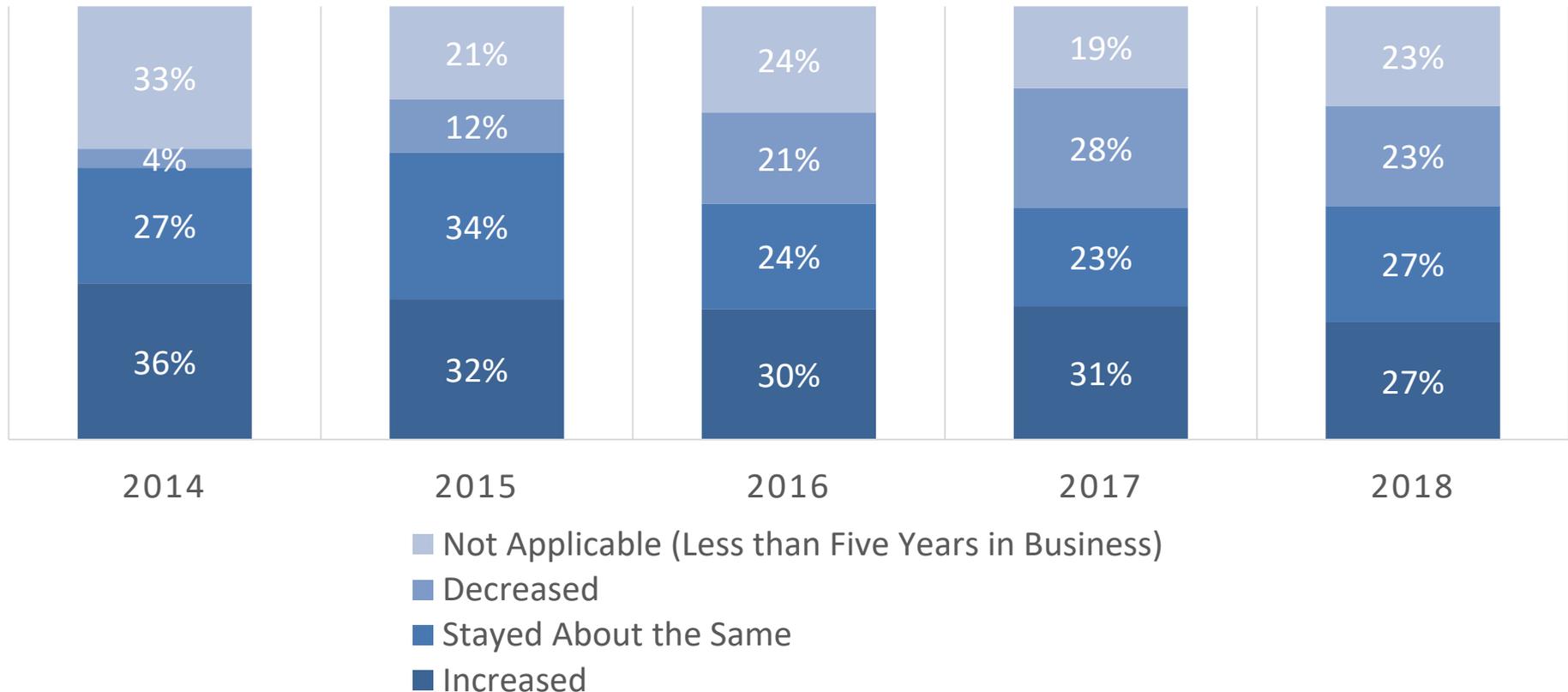
23 Percent of Respondents Reported More International Clients In the Past Year

CHANGE IN THE PERCENTAGE OF CUSTOMERS WHO ARE INTERNATIONAL IN THE PAST YEAR



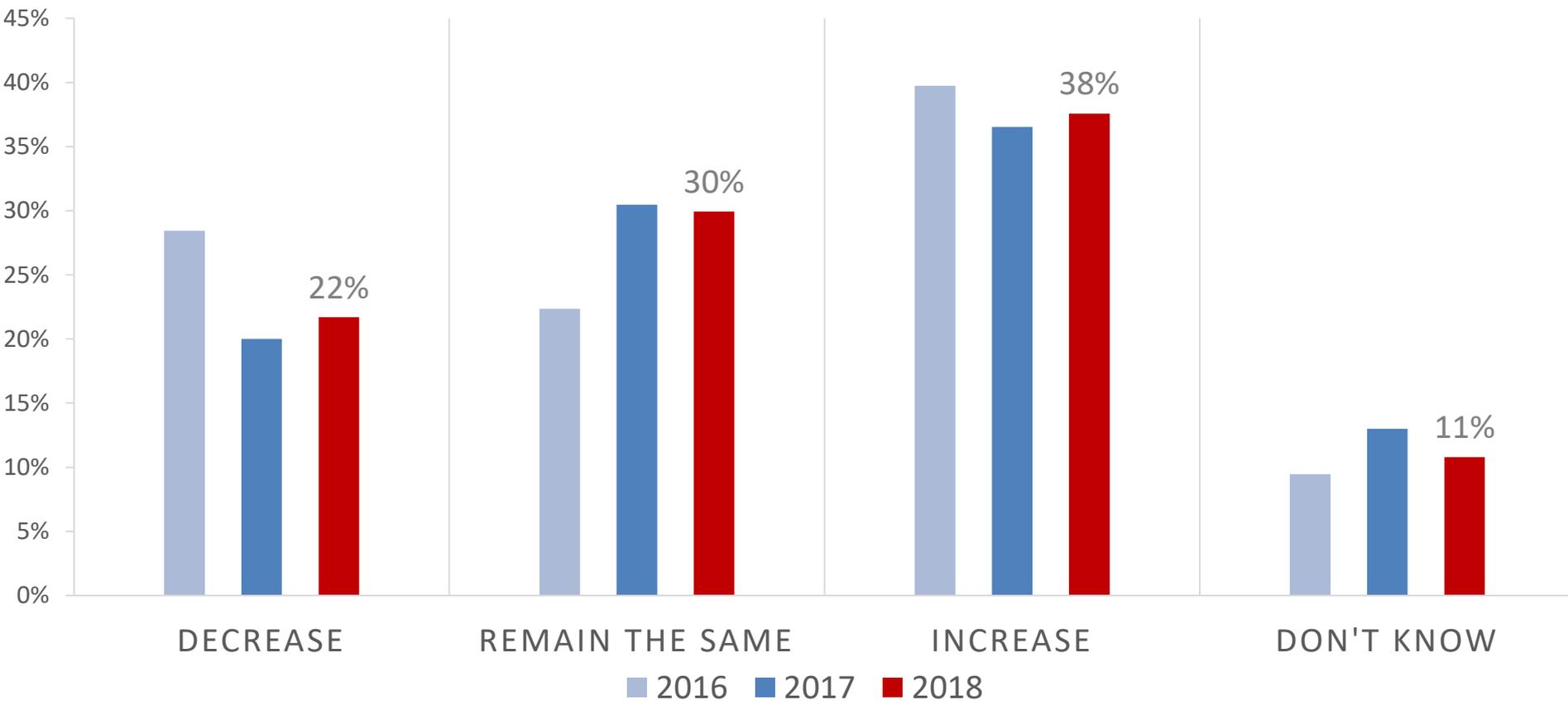
27 Percent of Respondents Reported Increased Share of International Clients Over Past Five Years

CHANGE IN THE PERCENTAGE OF CUSTOMERS WHO ARE INTERNATIONAL IN THE PAST FIVE YEARS



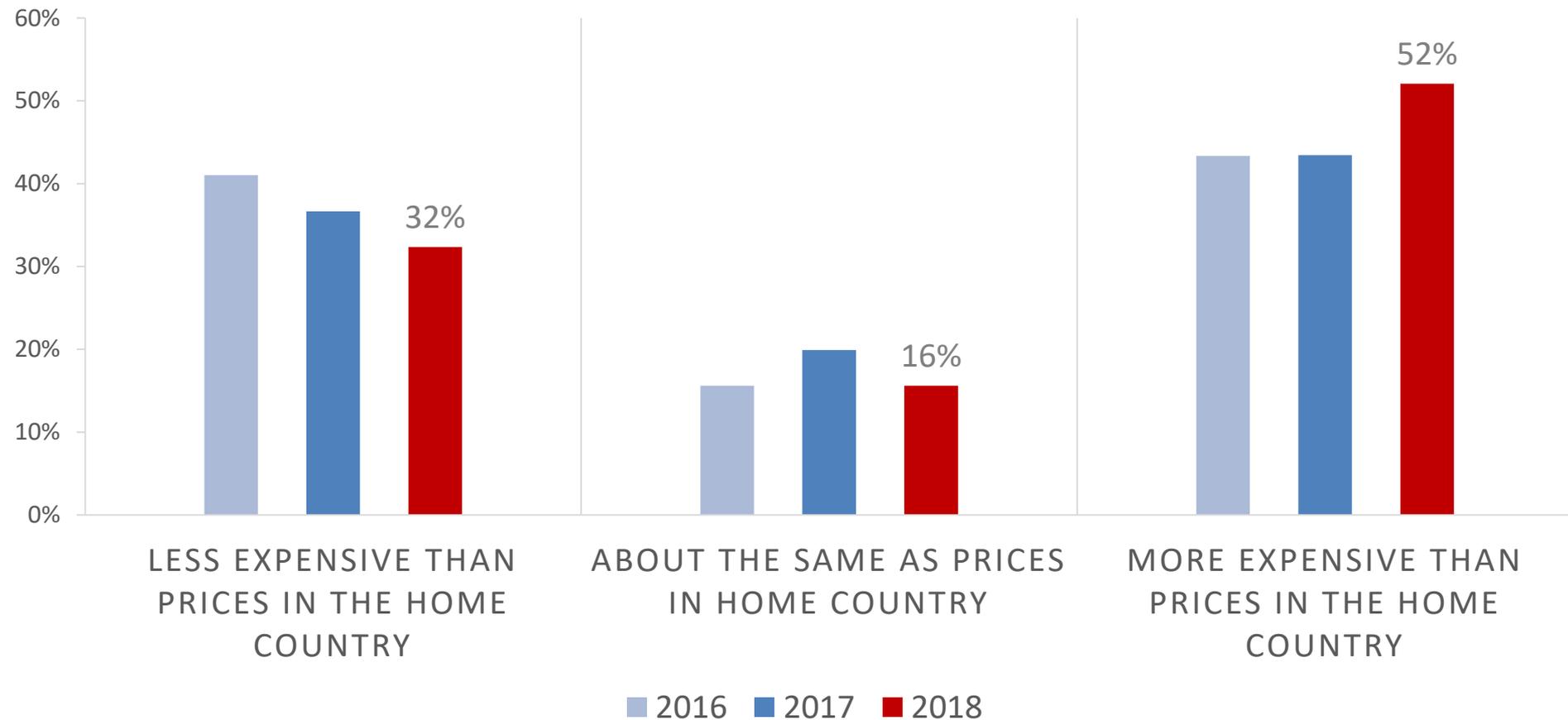
38 Percent of Respondents Who Worked with an International Client Expect Business to Increase

OUTLOOK IN NEXT 12 MONTHS



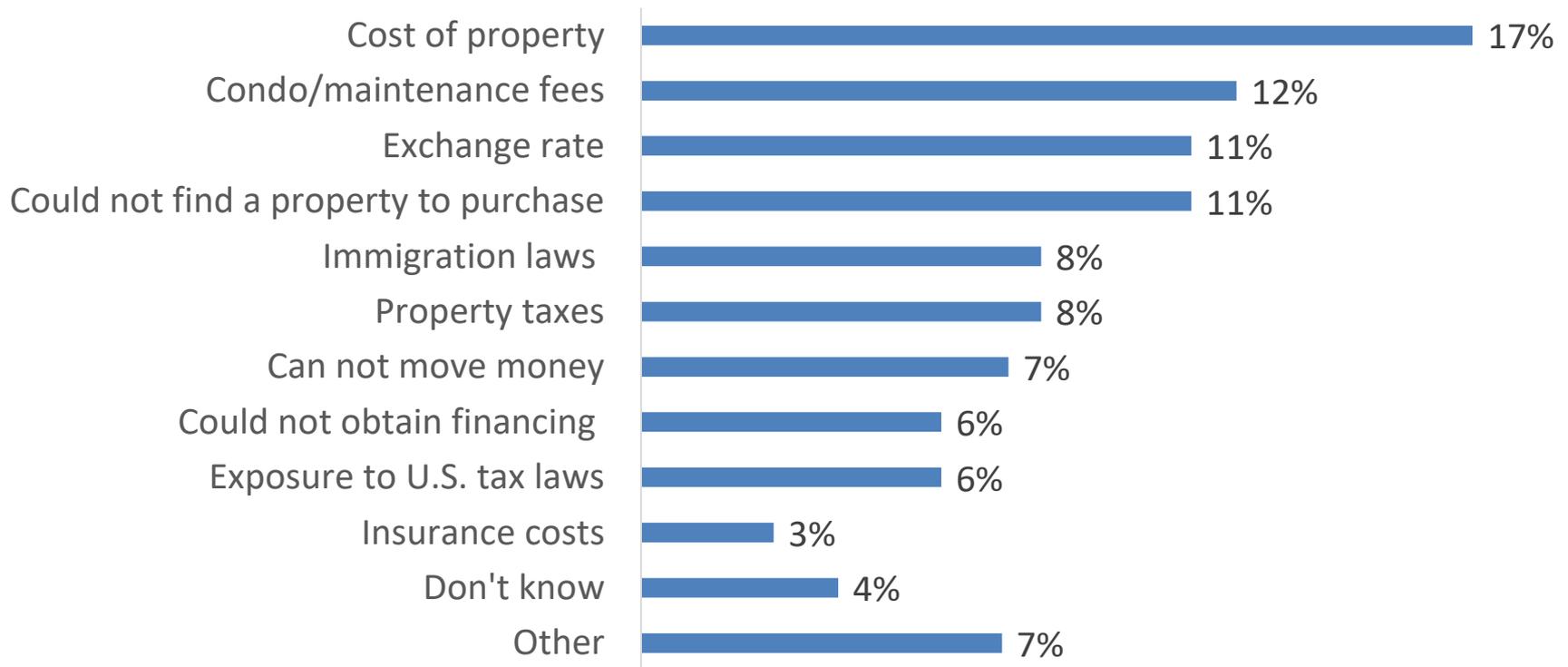
52 Percent of Respondents Reported Clients Found U.S. Prices to be More Expensive than in Home Country

HOW CLIENTS VIEWED REAL ESTATE PRICES



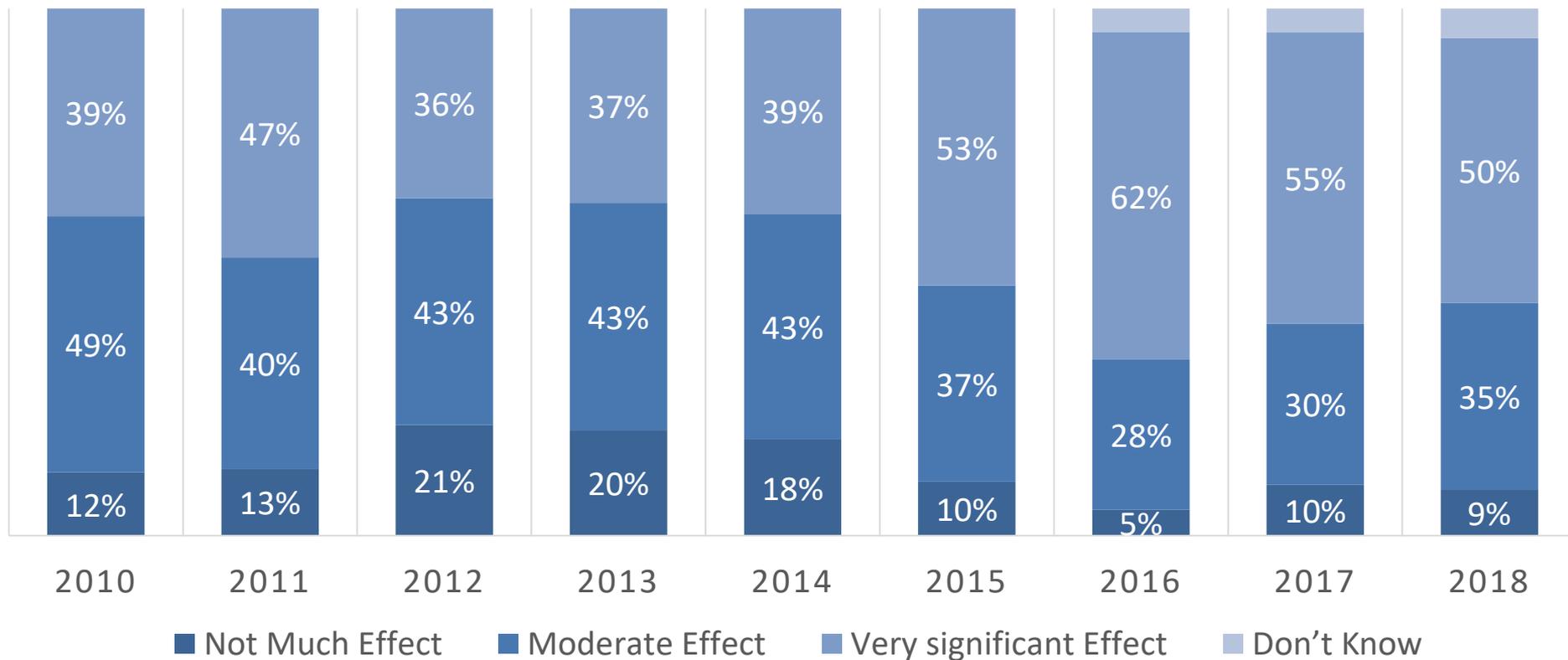
Major Reasons Clients Did Not Purchase Property: Cost, Condo Fees, Exchange Rate, Tight Inventory

REASONS INTERNATIONAL CLIENT DID NOT PURCHASE PROPERTY IN PAST 12 MONTHS ENDED JULY 2017



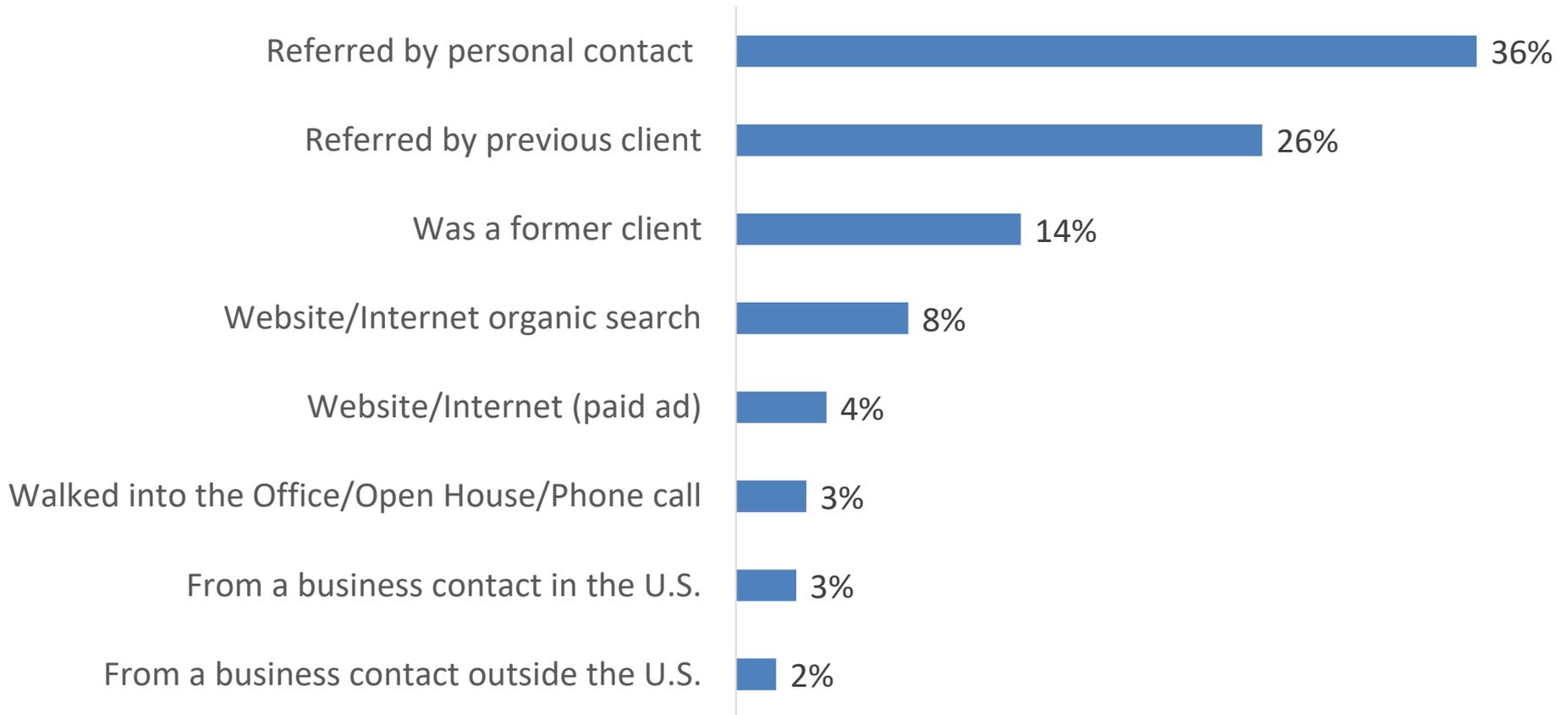
50 Percent Reported that the Exchange Rate Had a 'Very Significant' Effect on Clients

EFFECT OF EXCHANGE RATE CHANGES ON INTERNATIONAL CLIENTS



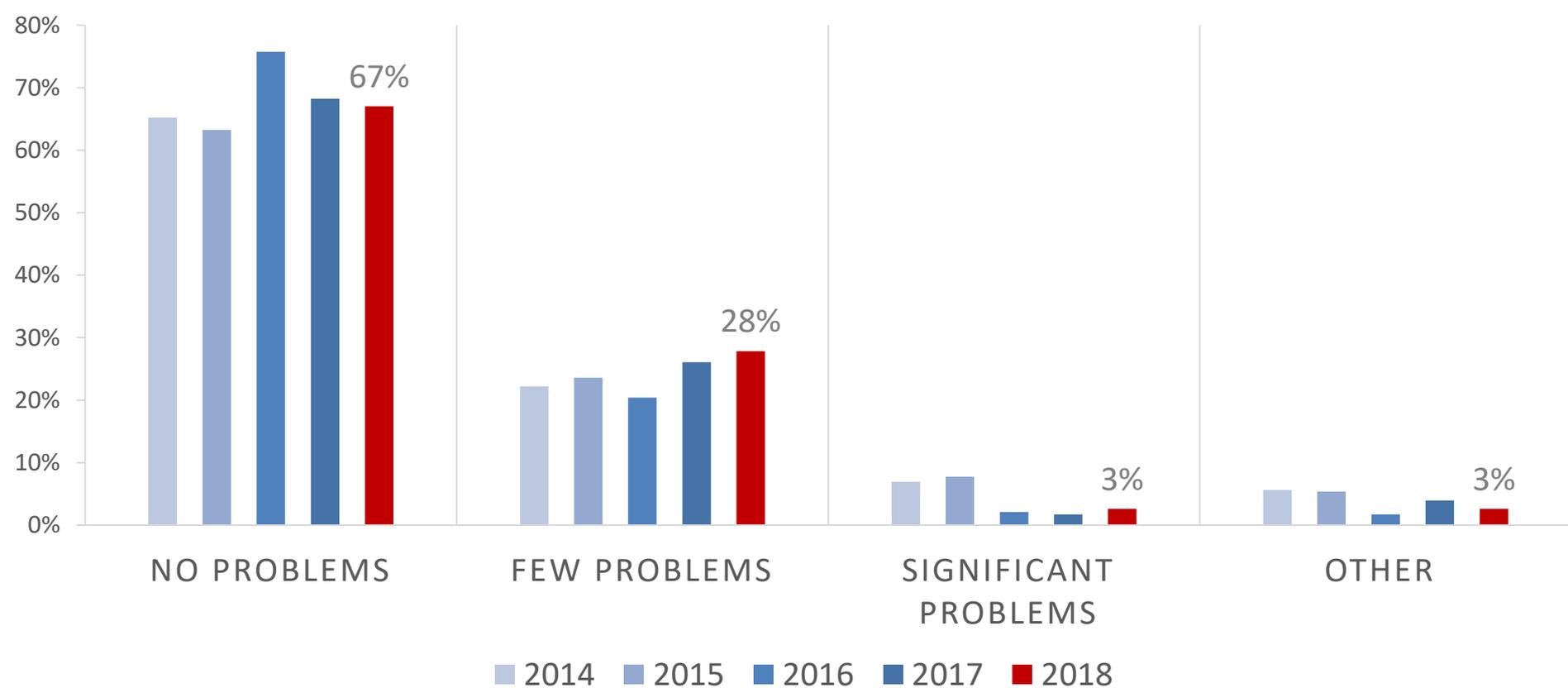
82 Percent of Foreign Buyer Leads/Referrals Were Personal and Business Contacts, and Previous Clients

SOURCES OF REFERRALS OR LEADS



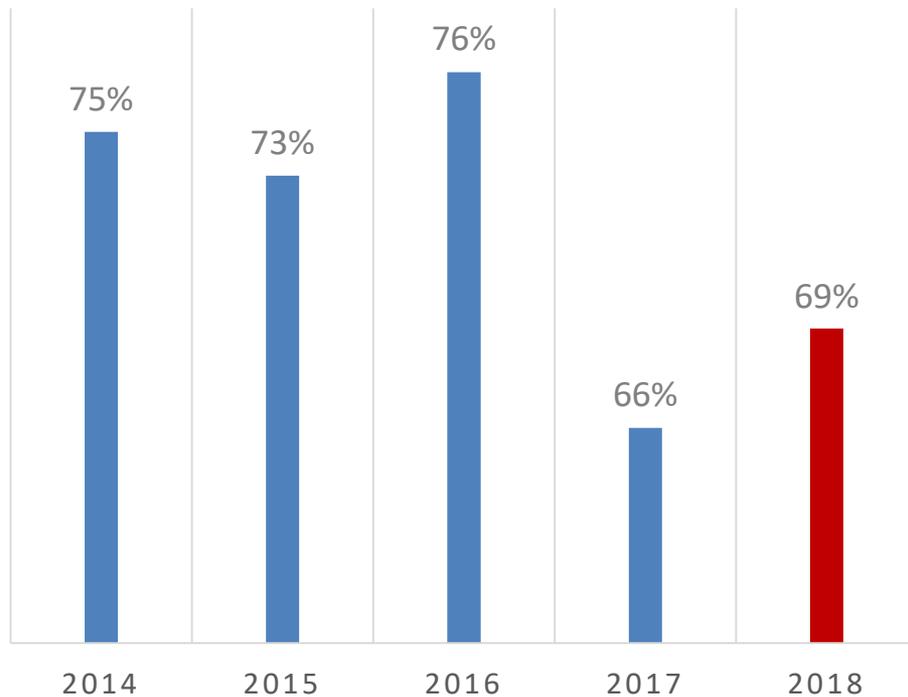
Most Respondents Who Worked with an International Client Reported No Language or Cultural Barriers

OVERCOMING CULTURAL OR LANGUAGE BARRIERS

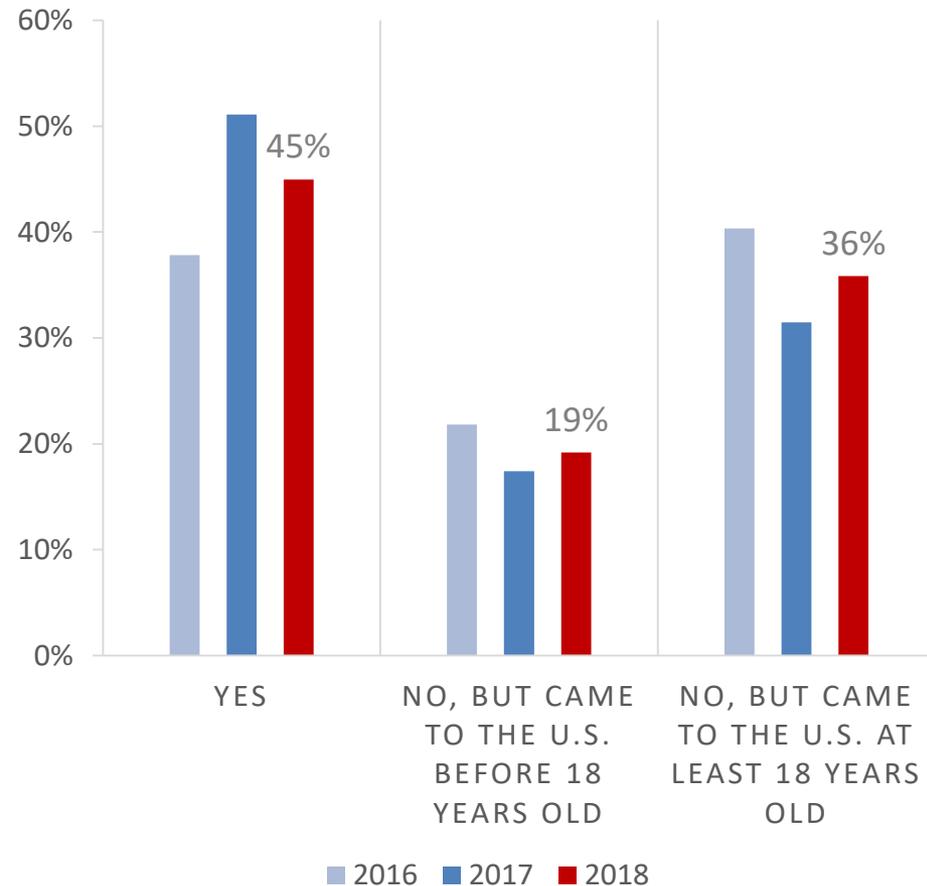


Most Respondents are Fluent in Another Language and Are Foreign-Born

FLUENT IN A LANGUAGE OTHER THAN ENGLISH

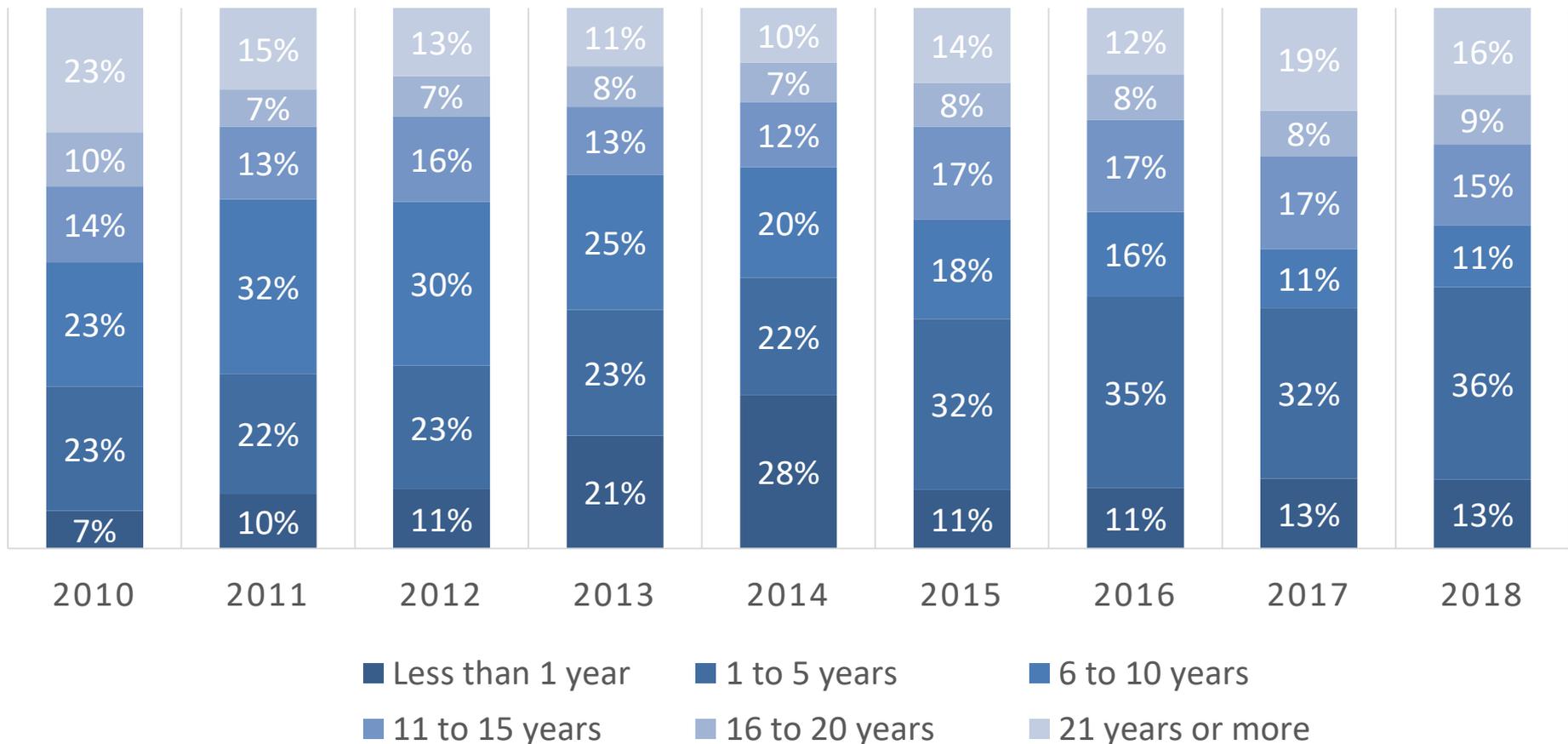


WERE YOU BORN IN THE U.S. ?



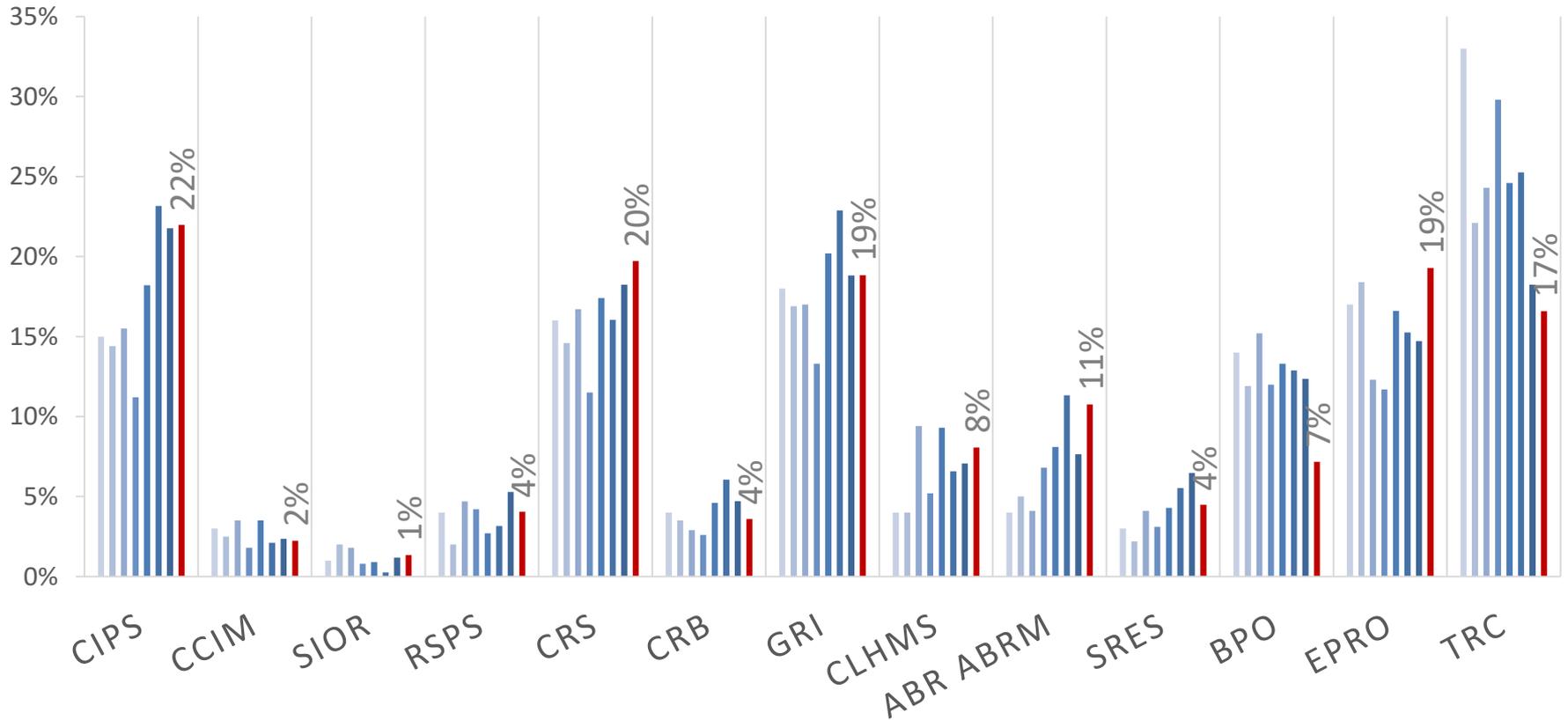
Almost 50 Percent of Respondents Have Less than Six Years of Experience as REALTORS®

HOW MANY YEARS HAVE YOU BEEN A REALTOR®?



22 Percent of Respondents Held a CIPS Designation

DESIGNATIONS HELD BY RESPONDENTS



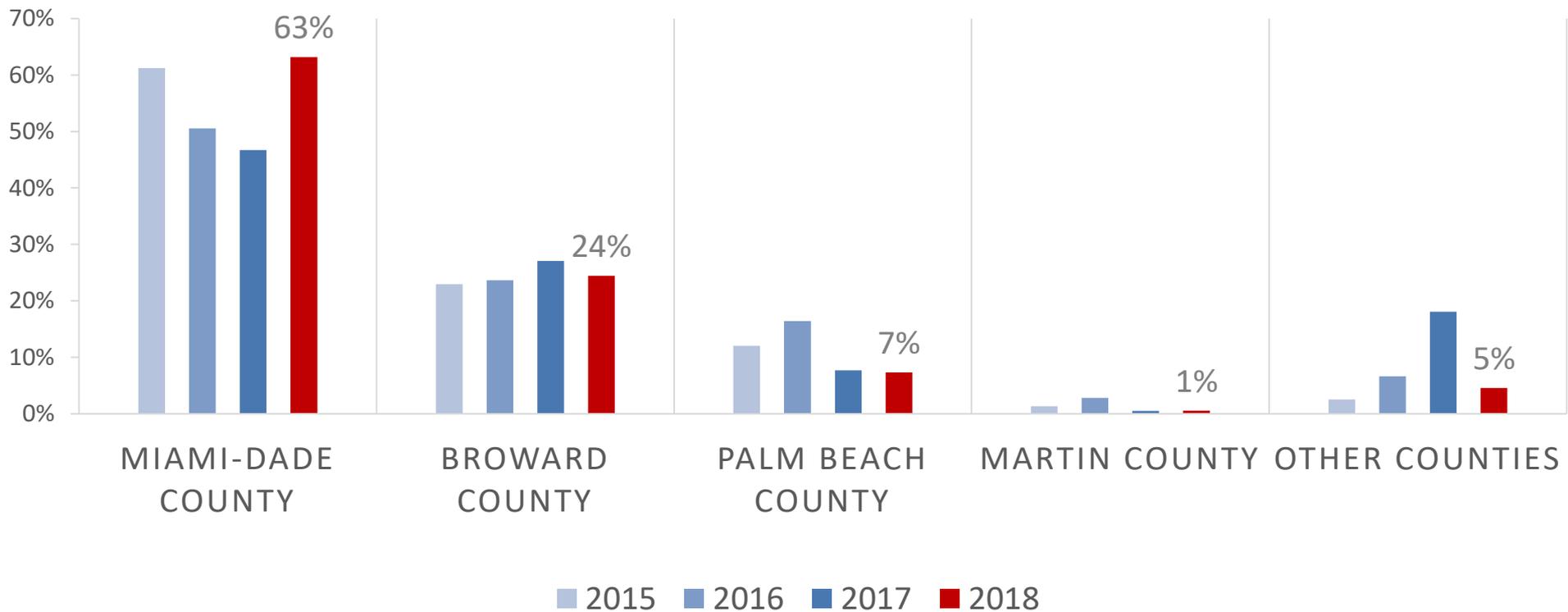
APPENDIX 1:

About the 2018 Miami Association of REALTORS® (MIAMI) Survey

- The 2018 survey provides information on the international residential transactions of the Miami Association of REALTORS®' ("MIAMI") members during August 2017–July 2018.
- The association sent the online survey to its approximately 45,000 members. The survey was conducted from August 6–September 3, 2018. There were 916 respondents, yielding an overall margin of error of +/- 3 percent for the sample proportion estimate (Yes/No proportion).
- To adjust for over- or under-responses of MIAMI members across counties, NAR used a factor that aligns the sample distribution of MIAMI respondents to the Florida REALTORS® membership distribution.

Primary Business Area of Respondents in the 2015–2018 Surveys

PRIMARY BUSINESS AREA REPORTED BY MIAMI RESPONDENTS

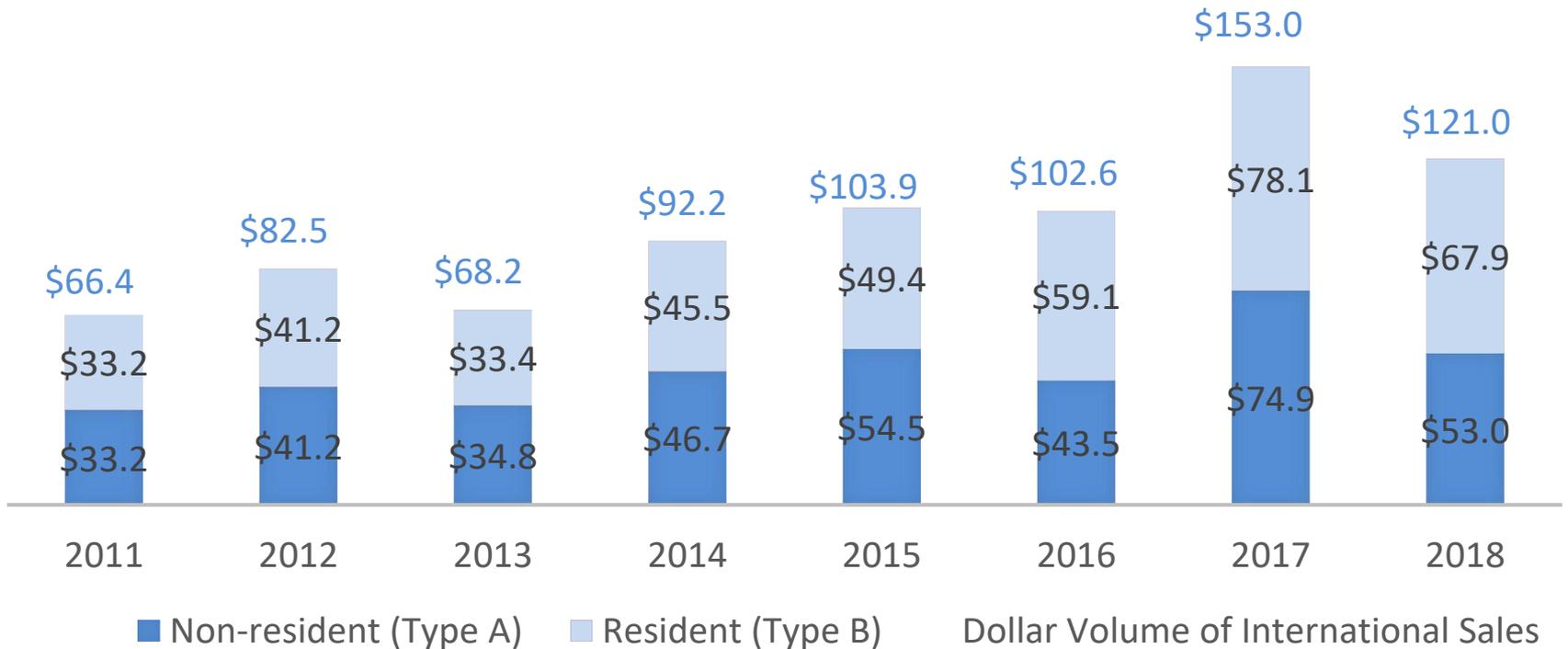


APPENDIX 2: FOREIGN BUYER RESIDENTIAL PURCHASES IN THE UNITED STATES AND FLORIDA*

**Sources: 2018 Profile of International Activity in U.S. Residential Real Estate
2018 Profile of International Residential Real Estate Activity in Florida*

U.S. Foreign Buyers Purchases: \$121 Billion During April 2017–March 2018

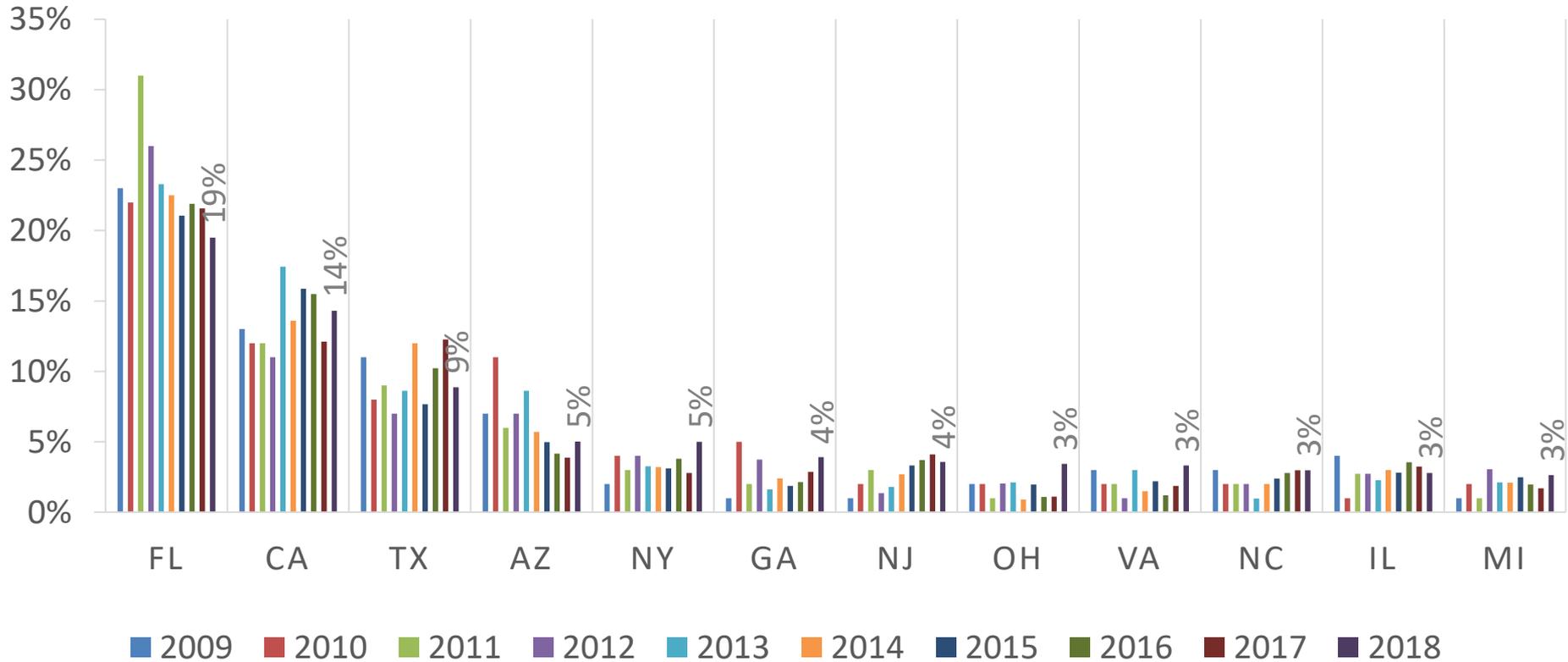
DOLLAR VOLUME OF FOREIGN BUYER RESIDENTIAL PROPERTY PURCHASES(USD \$BIL)



Note: Based on transactions in the 12 months ending March of each year.

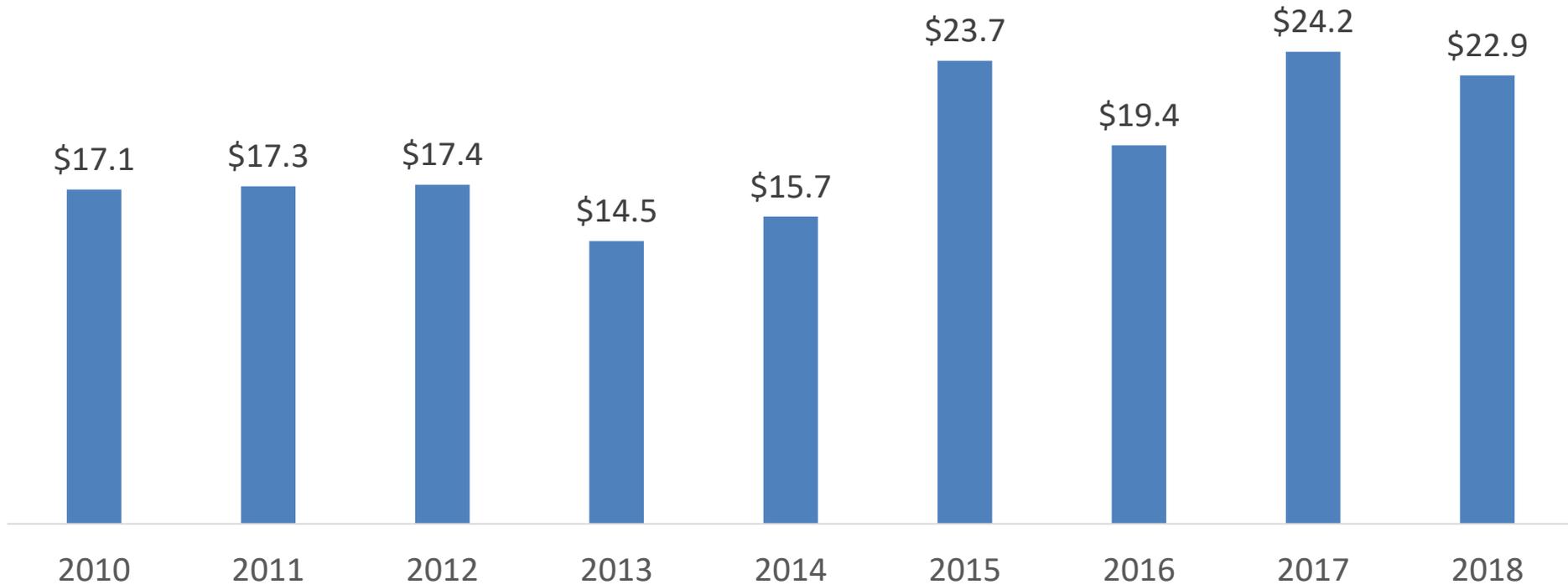
Major U.S. Destinations of Foreign Buyers: Florida has been #1 for 10 Years

**MAJOR DESTINATIONS OF FOREIGN BUYERS
(STATE'S SHARE TO ALL FOREIGN BUYERS)**



Foreign Buyers Purchased \$22.9 B of Florida Residential Property During August 2017–July 2018

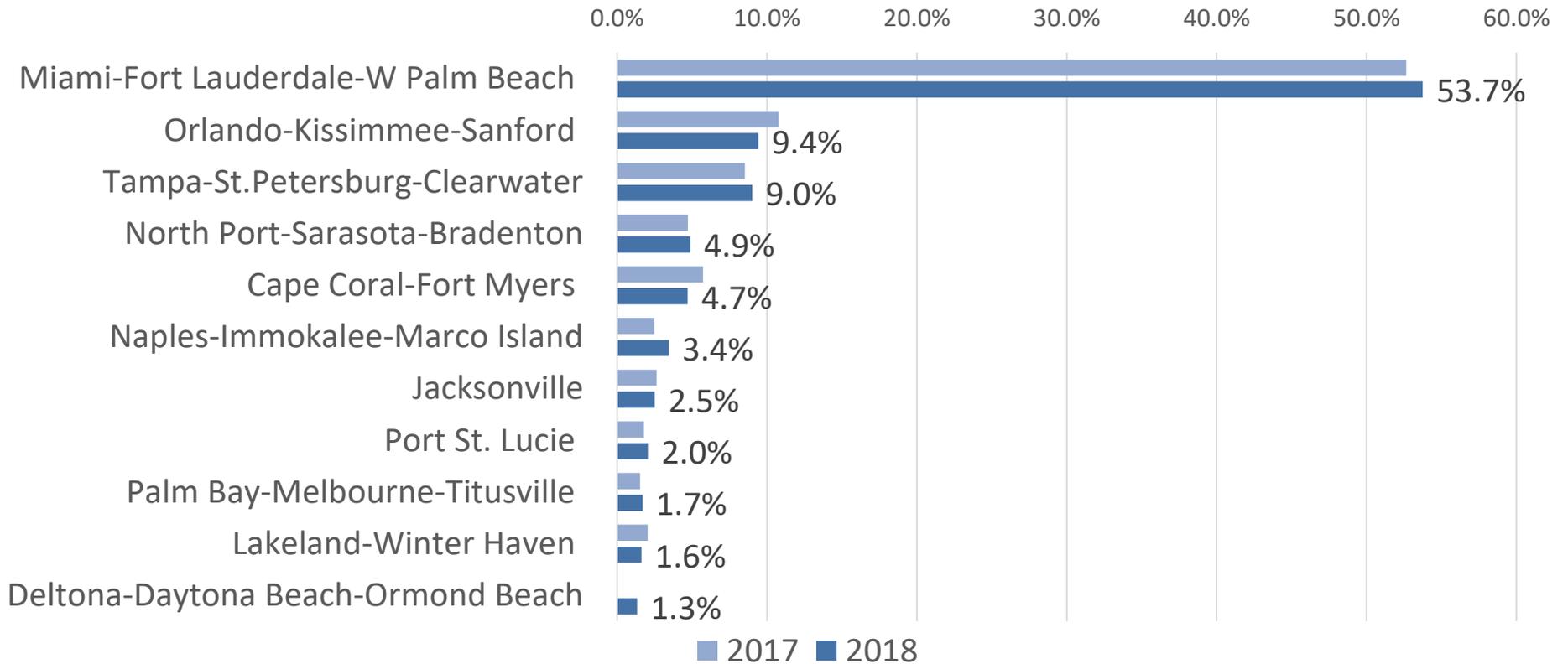
Dollar Volume of International Sales (\$ Billions)



Source: 2018 Profile of International Residential Real Estate Activity in Florida

Destination of Florida's Foreign Buyers: 54 Percent are in MIAMI Region

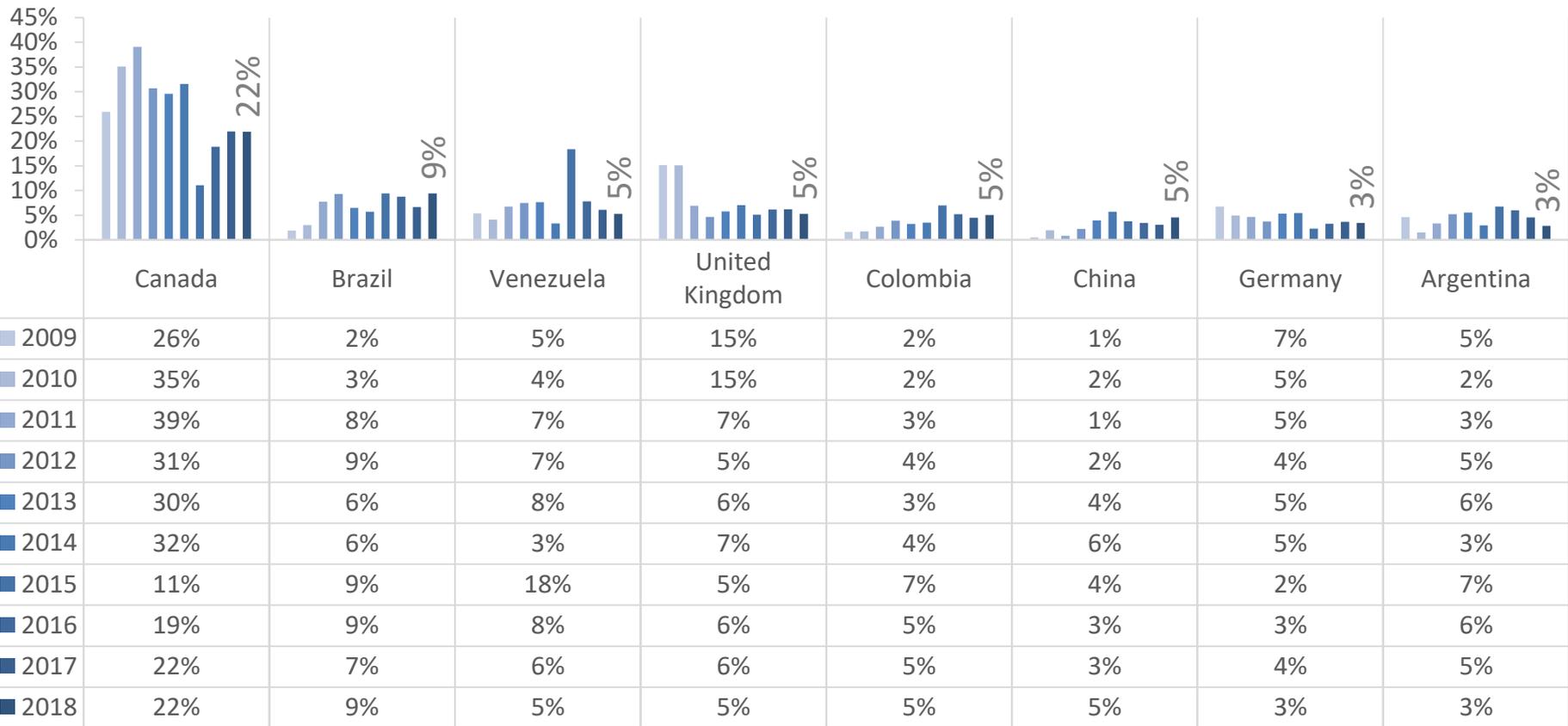
Destination of Florida's Foreign Buyers



Other metro areas each account for one percent or less of the destination of foreign buyers.

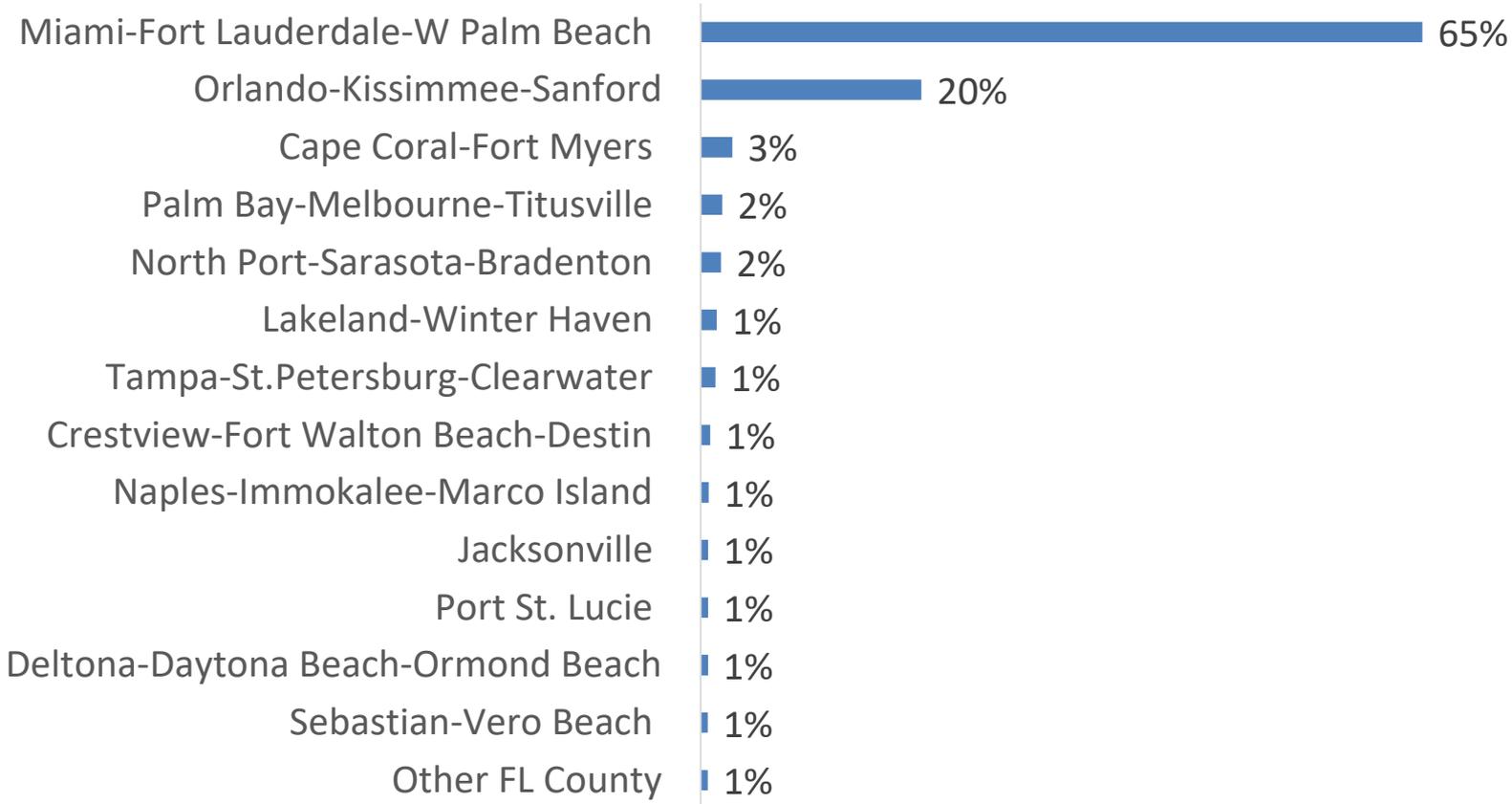
Florida's Major Foreign Buyers: Fewer from Latin America / Europe, More from Asia

FLORIDA'S MAJOR FOREIGN BUYERS



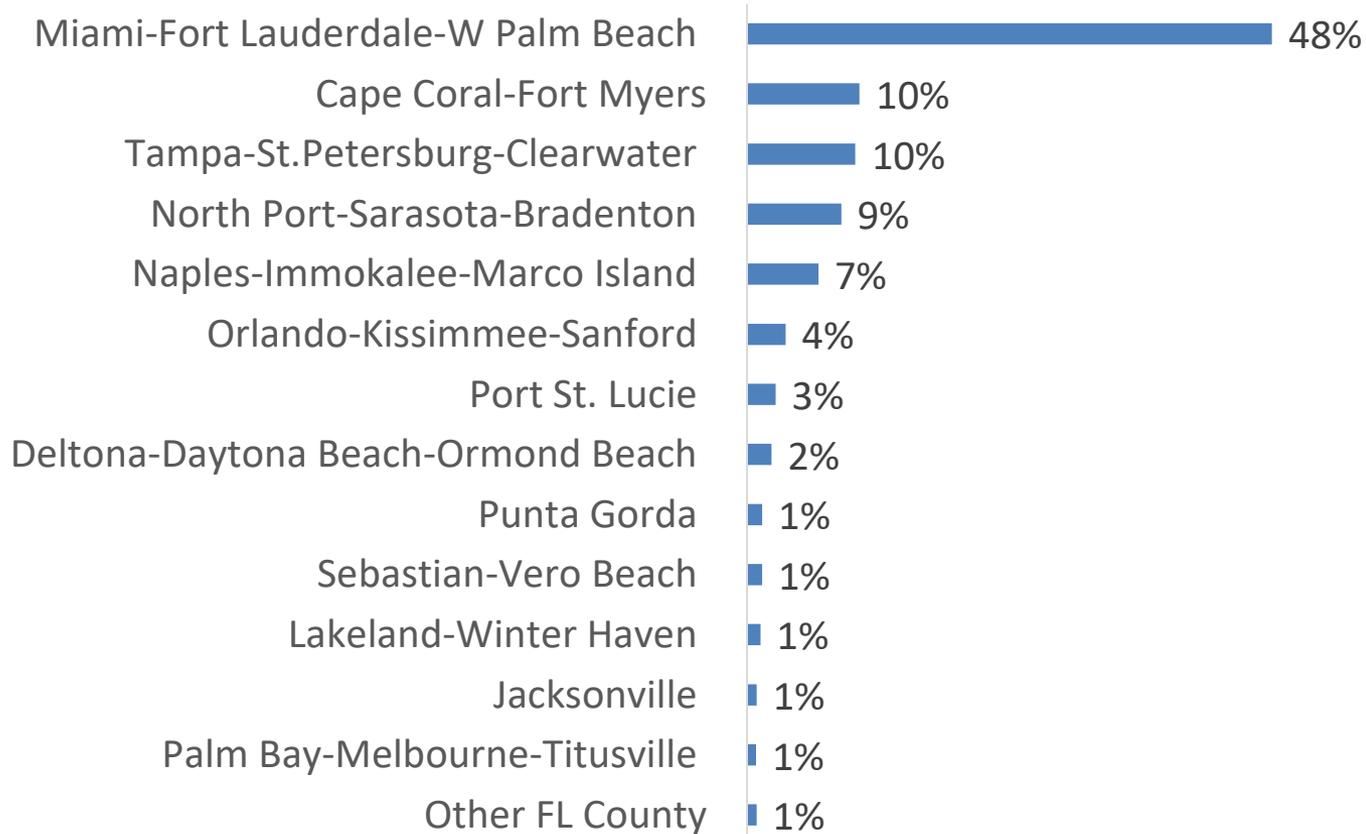
Florida Destinations of Brazilian Buyers: MIAMI Region is # 1

Destinations of Brazilian Buyers



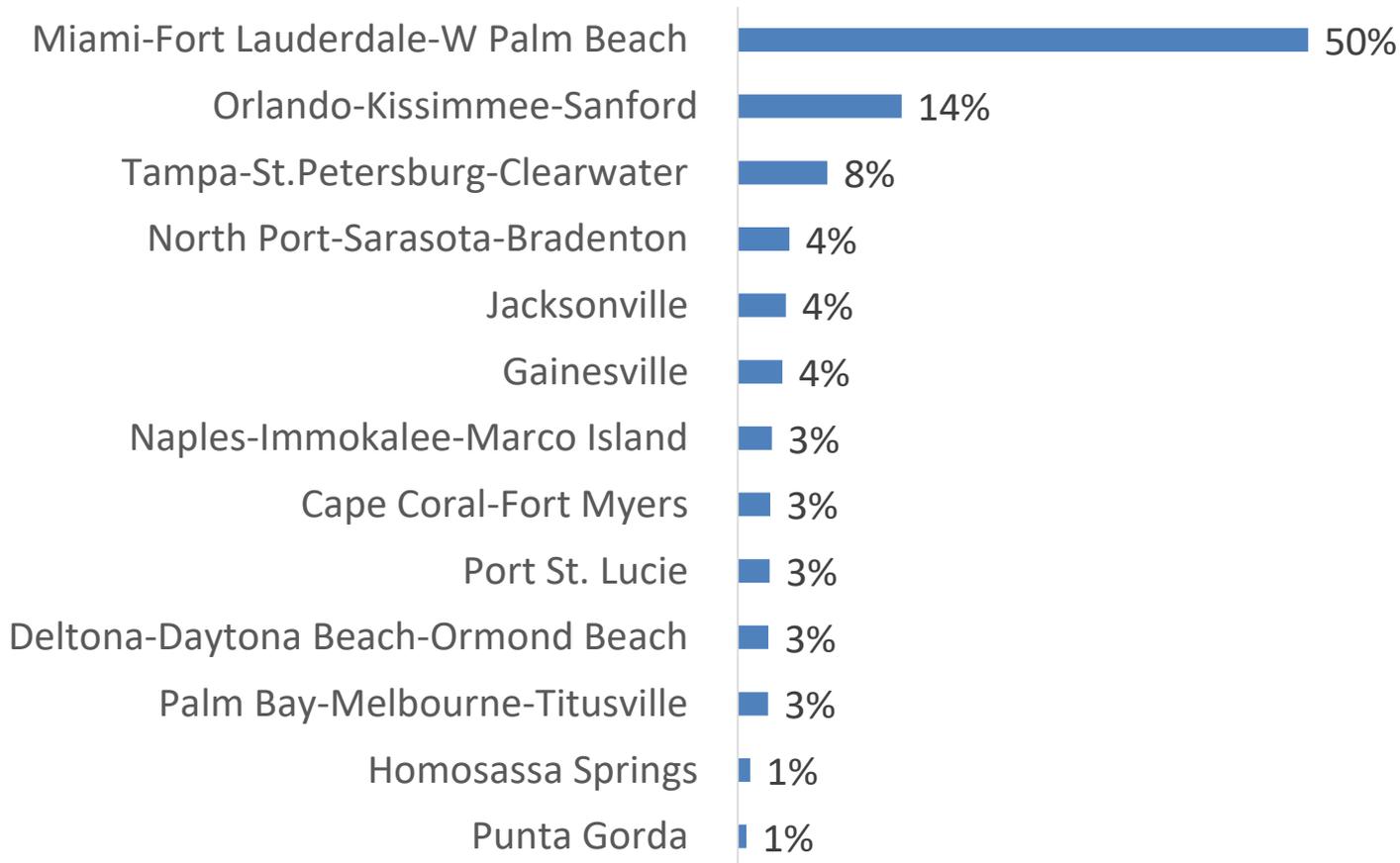
Florida Destinations of Canadian Buyers: MIAMI Region is #1

Destinations of Canadian Buyers



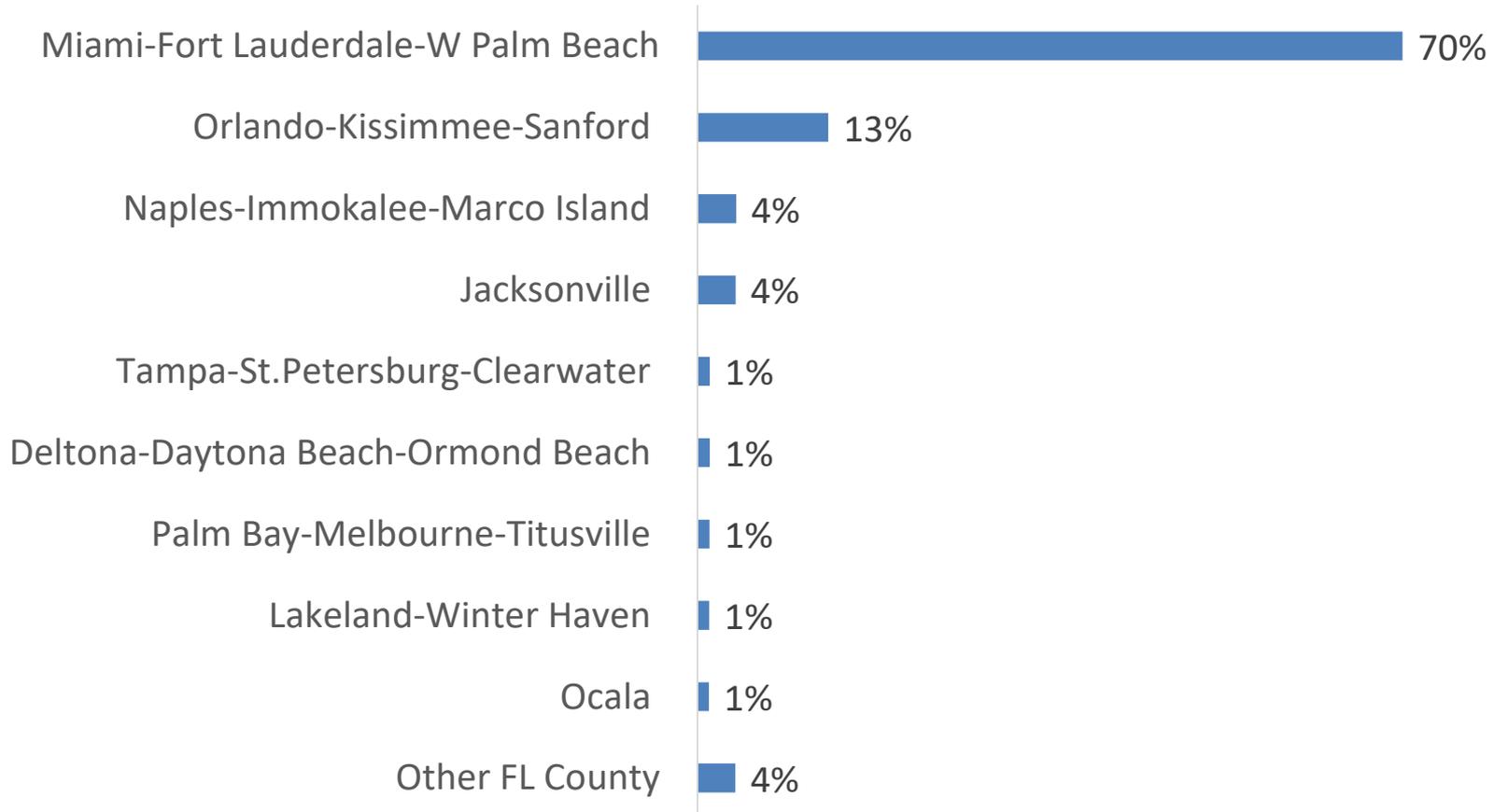
Florida Destinations of Chinese Buyers: MIAMI Region is #1

Destinations of Chinese Buyers



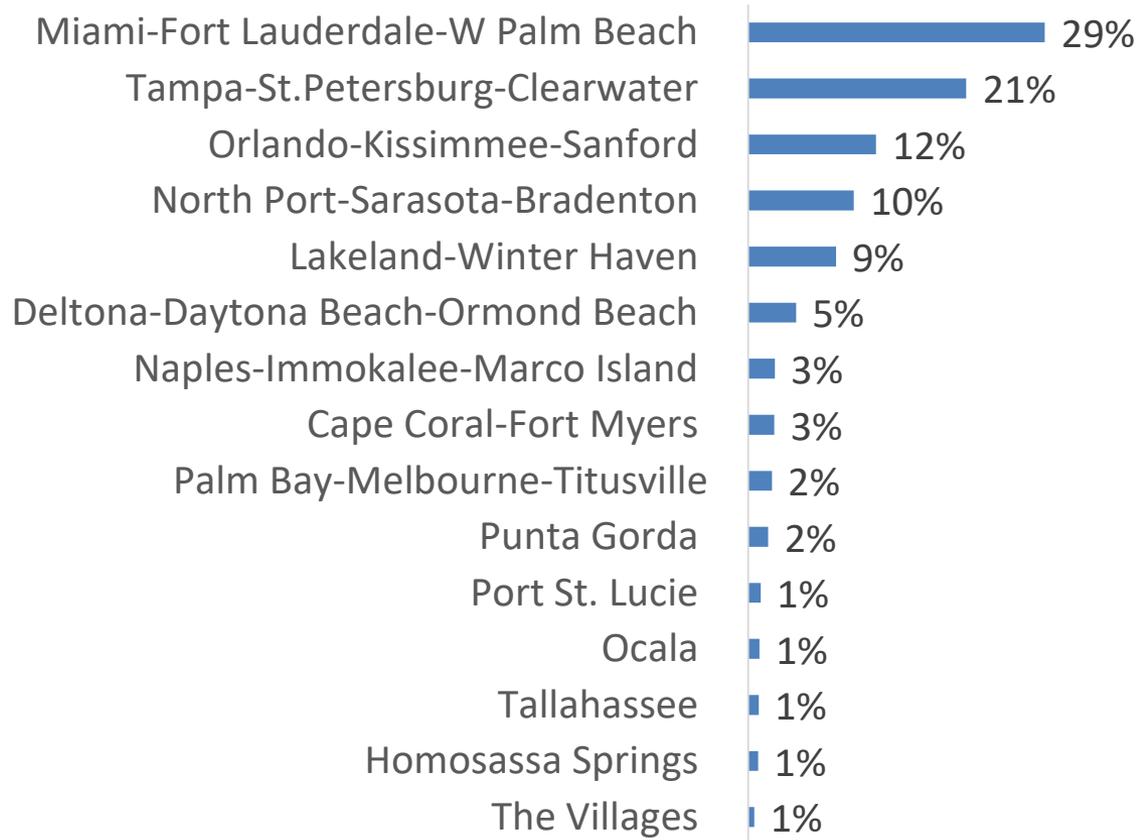
Florida Destinations of Colombian Buyers: MIAMI Region is #1

Destinations of Colombian Buyers



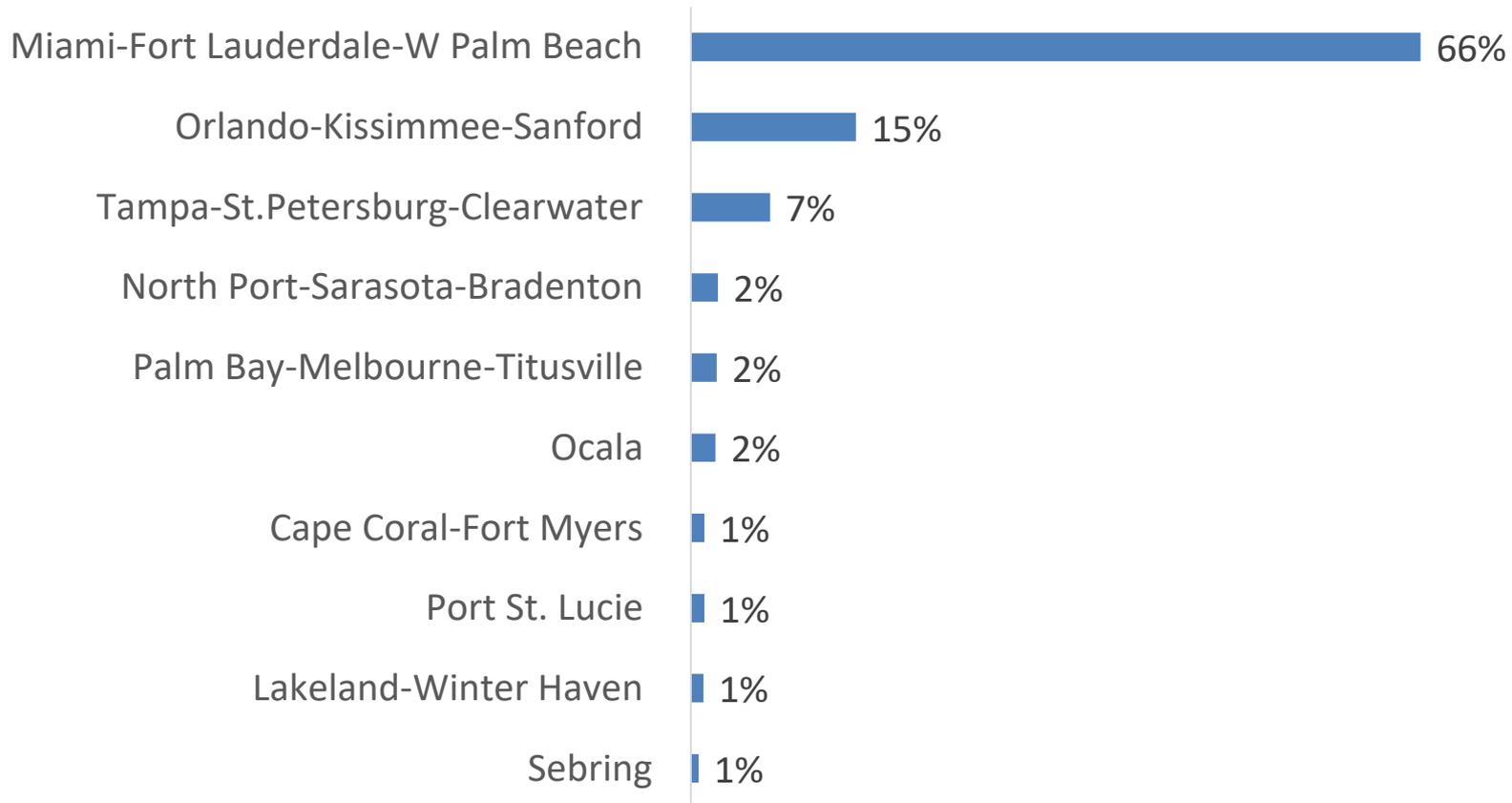
Florida Destinations of United Kingdom Buyers: MIAMI Region is # 1

Destinations of United Kingdom Buyers



Florida Destinations of Venezuelan Buyers: MIAMI Region is # 1

Destinations of Venezuelan Buyers



2018 Profile of International Home Buyers of the Miami Association of REALTORS®

Miami Association of REALTORS®

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