



2013 Profile of International Buyers: Summary

Twelve Months Ending March 2013

National Association of REALTORS® Research

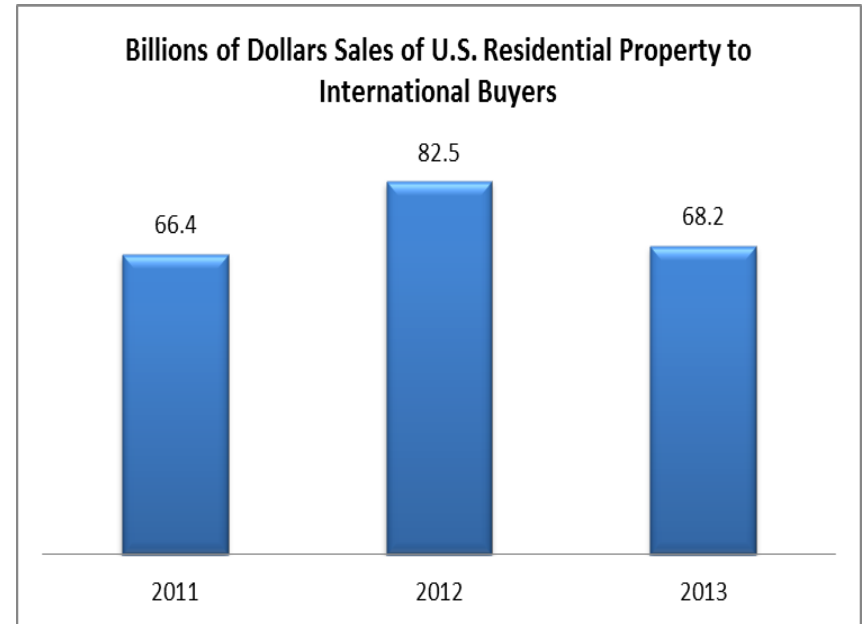
Lawrence Yun, Chief Economist and Senior Vice President

Jed Smith, Managing Director, Quantitative Research

Gay Cororaton, Research Economist

Volume of International Transactions

- **International Sales Activity , April 2012-March 2013**
 - **\$68.2Billion in 2013 Report compared to \$82.4Billion in 2012; this is second highest since data was collected.**
 - **Over 6 percent of total U.S. Existing Home Sales (EHS) in dollars.**
 - **Over 4 percent of EHS transactions.**
 - **Buyers are upscale—average price of \$354K vs. U.S. average of \$228K.**
 - **Florida, California, Texas, and Arizona the leading destinations.**
 - **Canada, China, India, Mexico and U.K. provide majority of buyers.**



**U.S. Relatively Inexpensive—Both For Cost of Living and for Housing
U.S. Offers Value, Diversification, Stability, Size**

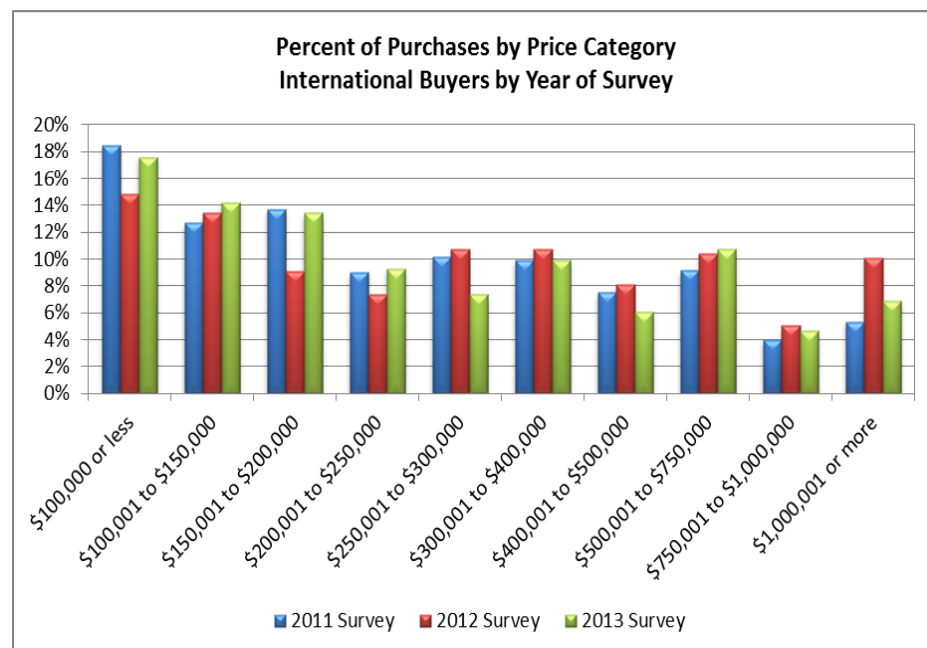
World's Most Expensive Cities

- 1. Hong Kong, China**
- 2. Tokyo, Japan**
- 3. London, UK**
- 4. Paris, France**
- 5. Moscow, Russia**
- 6. New York, NY**
- 7. Shanghai, China**
- 8. Singapore**
- 9. Mumbai, India**
- 10. Sydney, Australia**

Source: *Forbes Magazine- March 2013*

Volume of International Transactions

- **Reasons for Sales Decline**
 - **Slower growth in major foreign economies, particularly in Europe impacting purchases by foreigners.**
 - **Slow recovery from U.S. recession impacting purchases by immigrants.**
 - **Tight U.S. credit standards facing resident foreign buyers.**
 - **Overall low housing inventories.**
 - **Economic uncertainties and concern over future price trajectories.**
 - **Reversal, at least temporarily, of exchange rates—resulting in higher effective prices for foreign buyers.**
- ❖ **None of these causes appear to be permanent—should dissipate over time.**



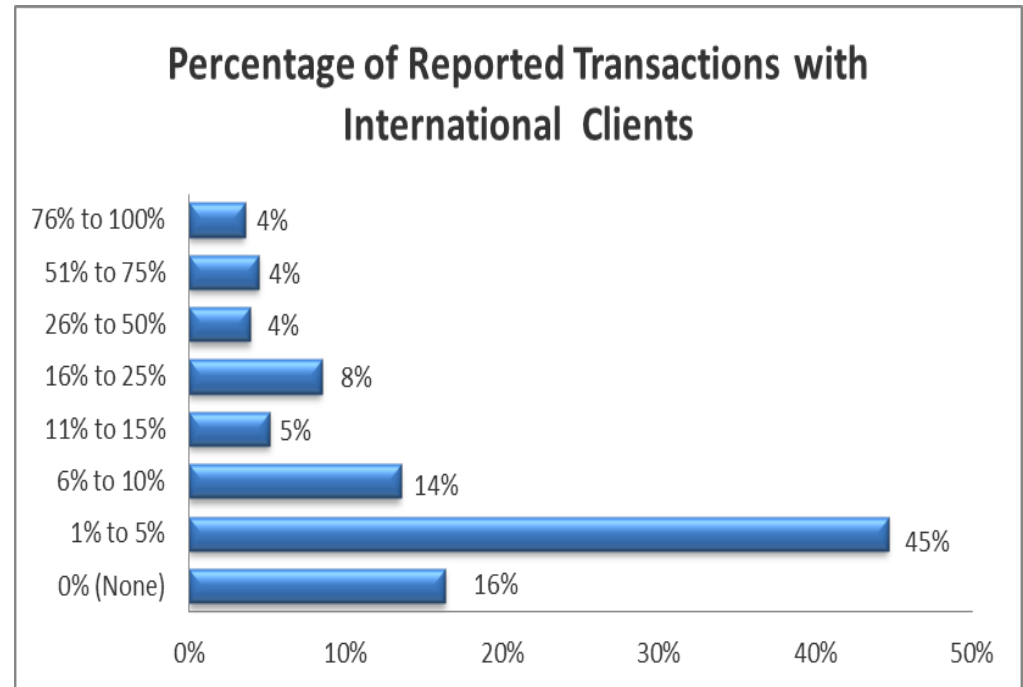
REALTORS® Working With International Clients

- **In Past 12 Months, 27 Percent of REALTORS® Have Worked with an International Client.**
 - **Clients Residing in Another Country: 51 Percent.**
 - **Clients Residing in this Country: 49 Percent.**
 - **A Niche Market on Buyer Side: Facility with languages and cultures very helpful.**
 - **On Sellers Side—Understanding of foreign cultures helpful.**



REALTORS® Working With International Clients

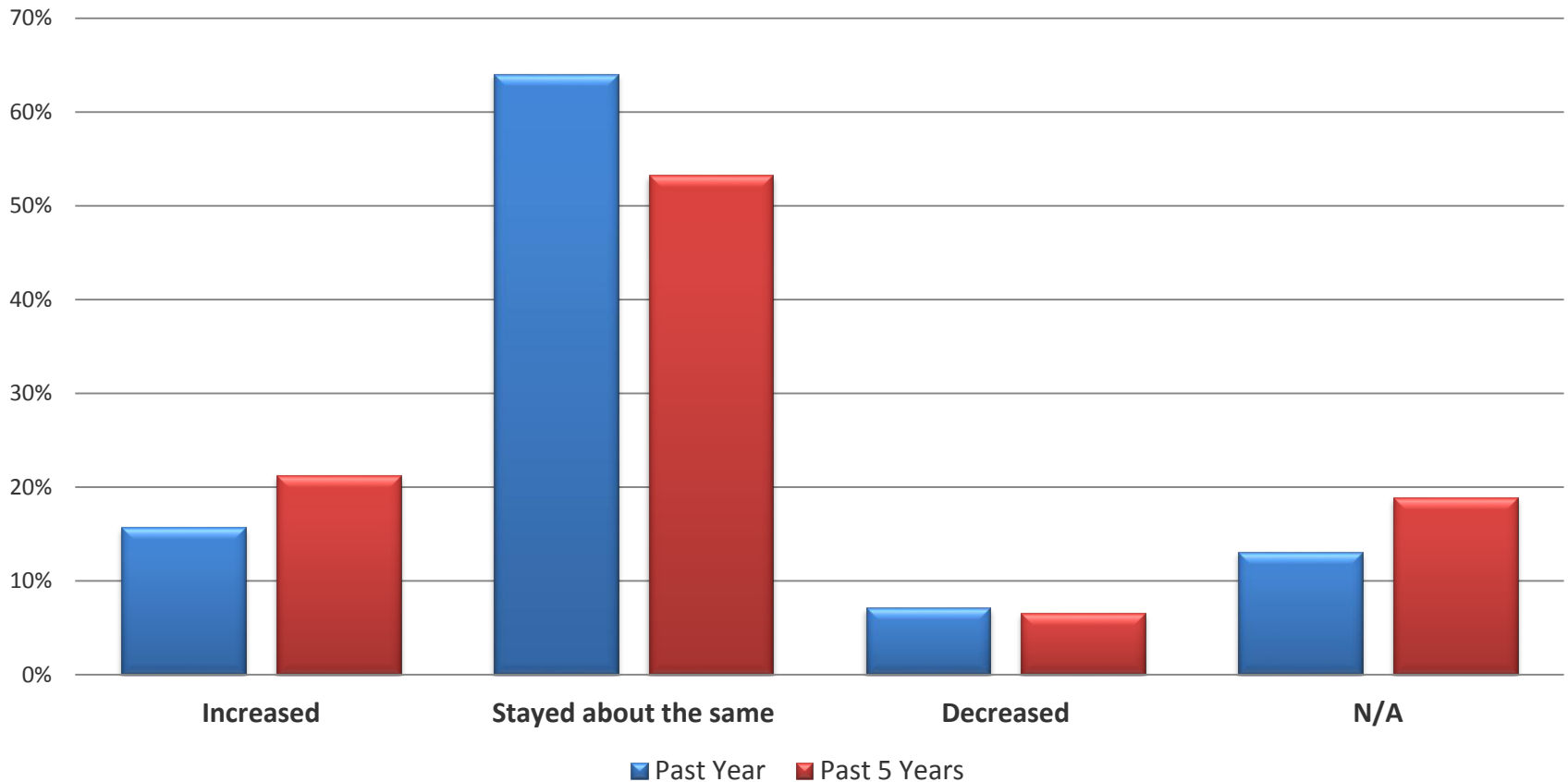
- **Importance of International Transactions to Real Estate Practices Varied.**
 - **8 Percent of REALTORS® had predominantly international clients representing 50 percent of their overall transactions .**
 - **16 Percent of REALTORS® Who Dealt with an International Client Had No Completed International Transaction.**



REALTORS[®] Report Growing Sales

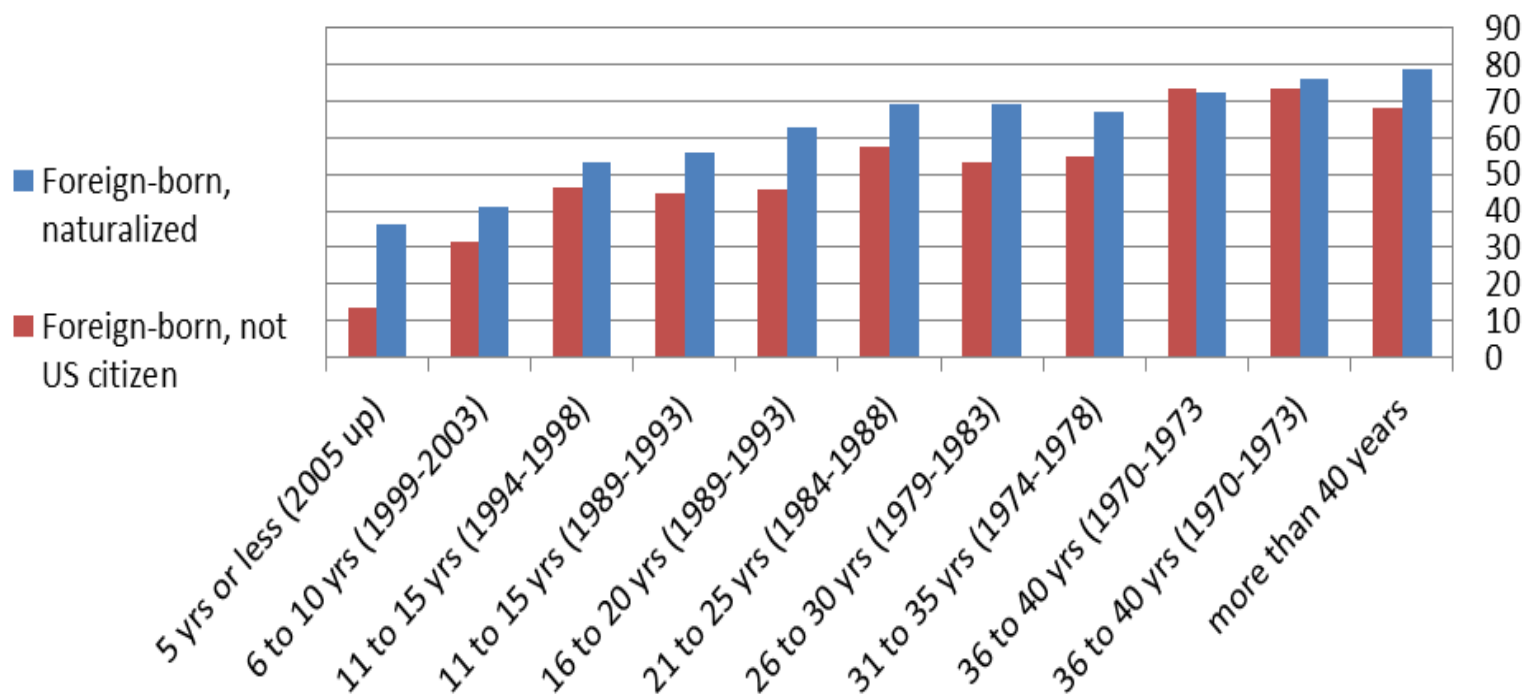
75 Percent: Same/Increased Pct. International Clients in Past Year
80 Percent: Same/Increased Pct. International Clients in Past 5 Years

Percent of REALTORS[®] Commenting on Trends in International Transactions



Foreign Born Residents Become Homeowners Over Time

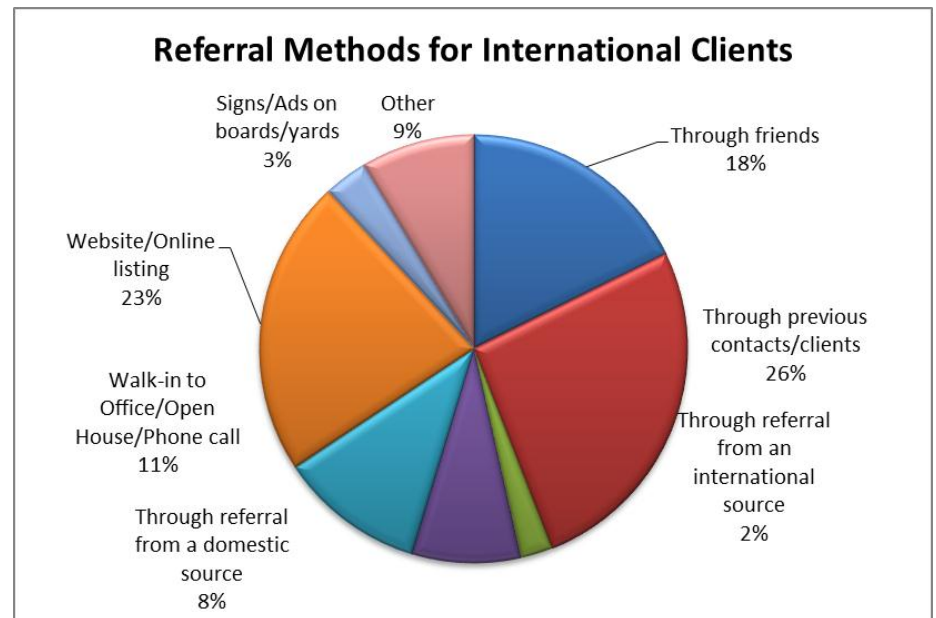
Homeownership of Foreign-born by Length of Stay in the U.S.



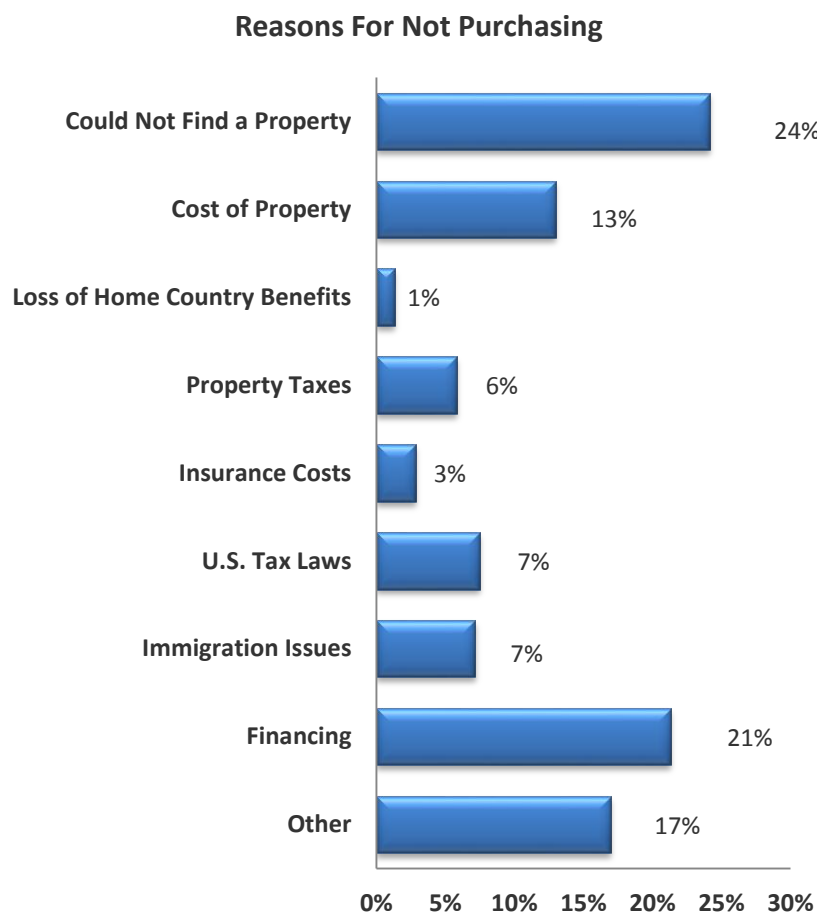
Source of data: AHS, 2009, HUD

REALTORS® Working With International Clients

- **Top Three Sources of Clients**
 - **Previous contacts and clients: 26 Percent**
 - **Website/Online Listings: 23 Percent.**
 - **Families and Friends: 18 Percent**



International Clients Not Purchasing Property Experienced by 47 Percent of REALTORS®

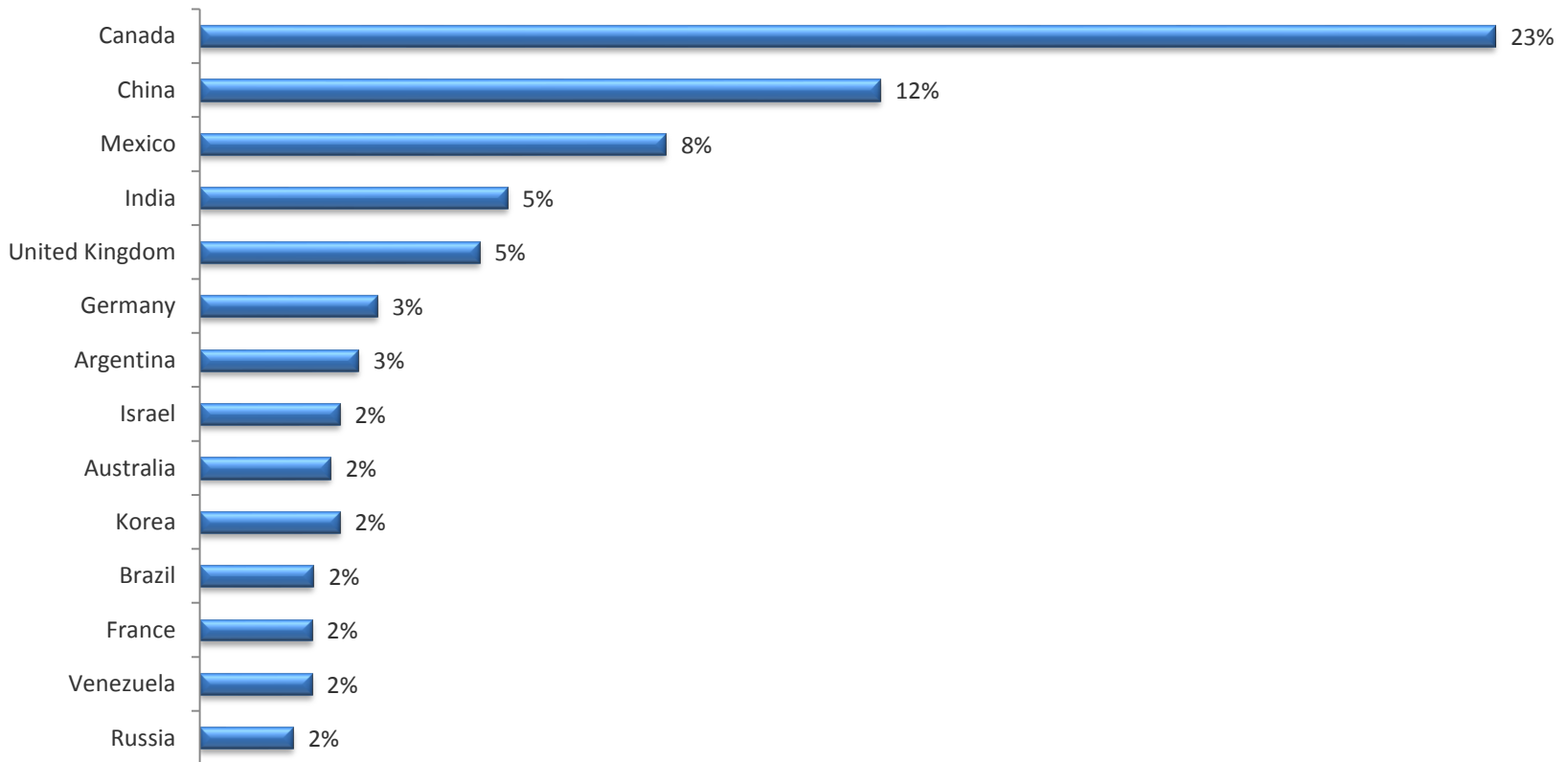


- **Foreign Buyers are Different from Domestic Buyers.**
 - Different Cultural Needs.
 - Different Concerns.
 - Different Understanding of Real Estate and Business Practices.
 - Condo fees, real estate taxes, functions of various levels of government, restrictions on property use and other issues may be very different from home country.
 - Potential buyer may not understand the market, resulting in no sale.
- **Meeting/Educating Specific Client Concerns and Needs May Require Experience or Training.**

Percent of Total U.S. International Sales by Country

Top 20 Countries—2013 Report

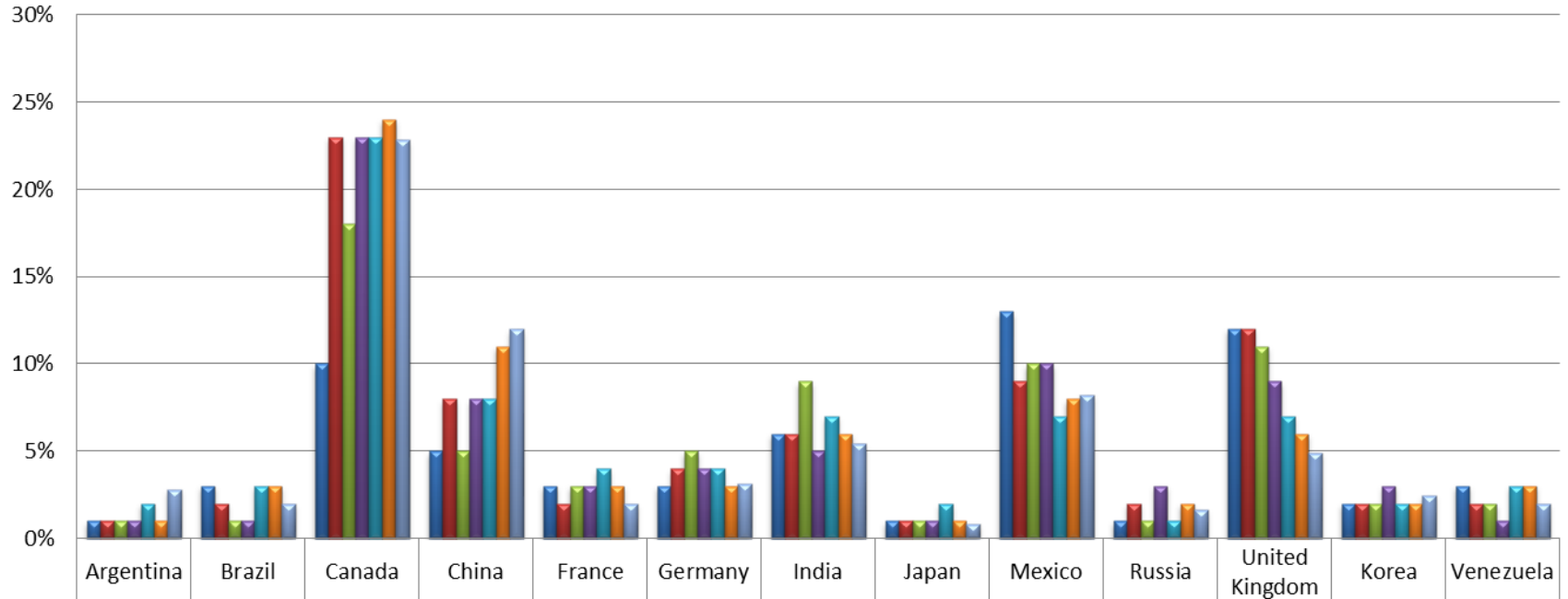
Shares of the Top Countries of Origin to
Total Reported International Transactions



*China includes PROC, Hong Kong, Taiwan

Trends in International Sales

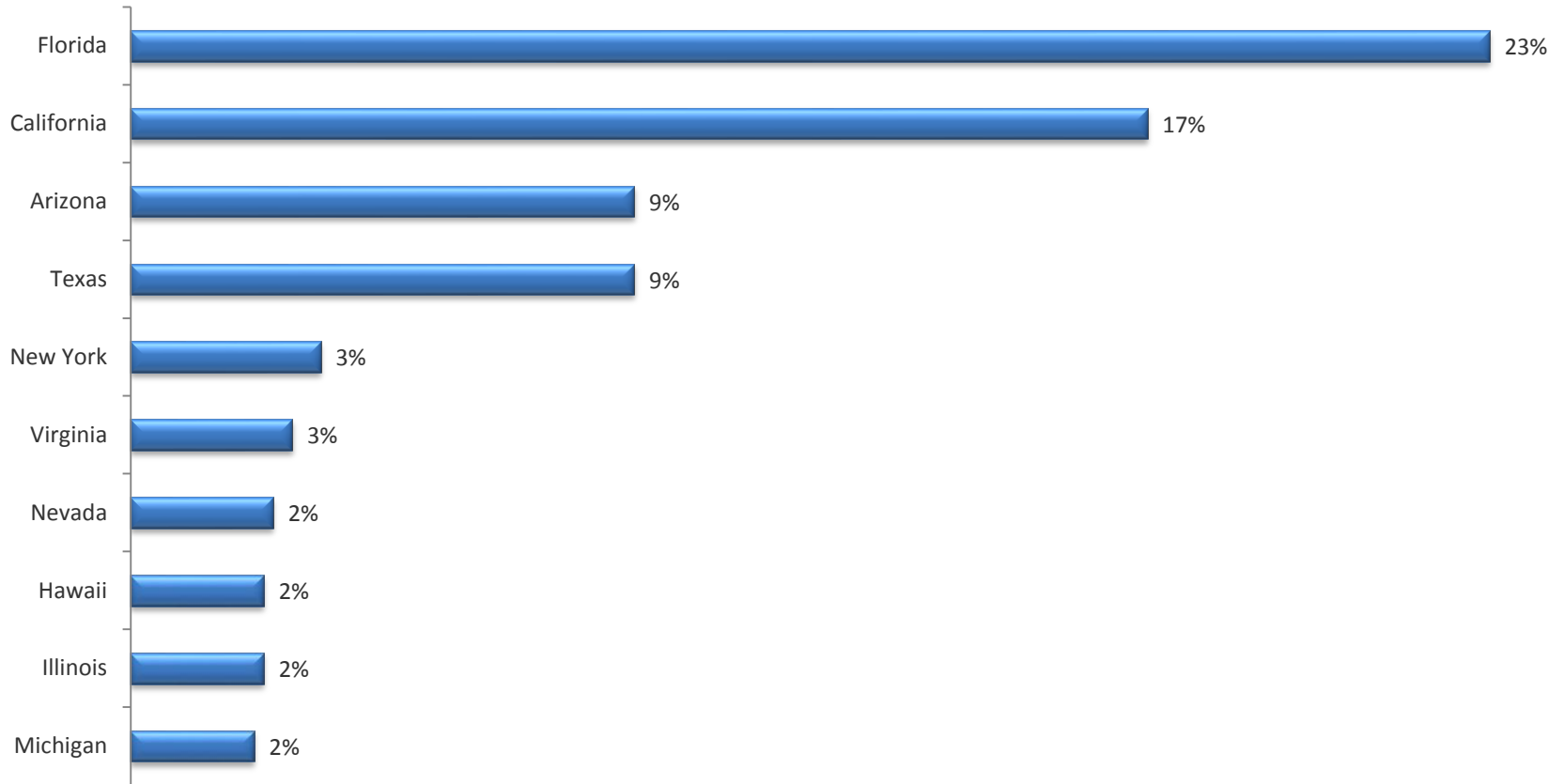
Distribution of International Sales by Country of Origin
Percent of International Transactions by Country--Selected Countries



	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%

Top 10 State Destinations—2013 Report

Top 10 Destinations



June Searches on realtor.com®

Source: Omniture Discover—June 2013

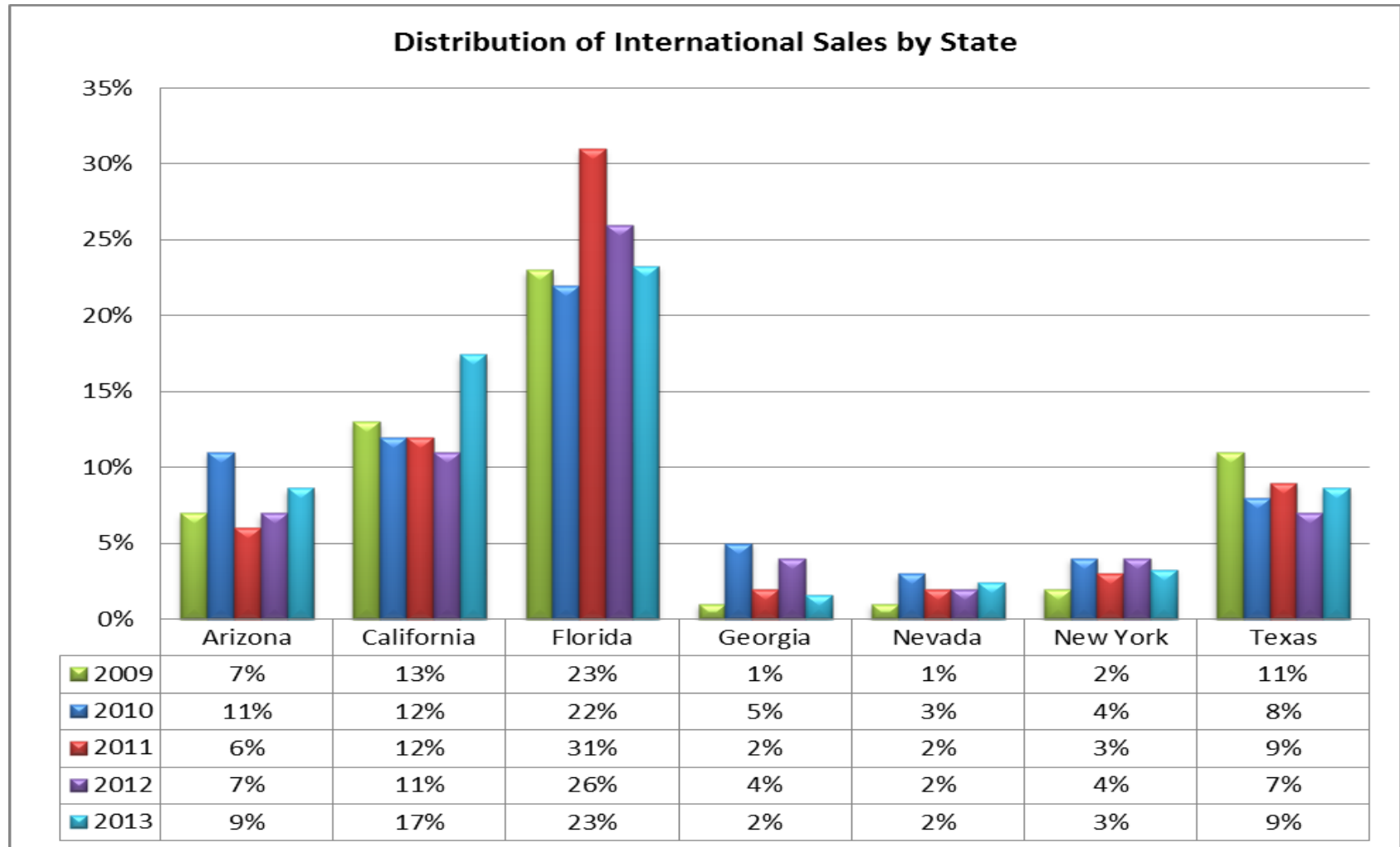
Top 10 Cities Searched

- Los Angeles
- Miami
- Las Vegas
- Orlando
- Washington
- Detroit
- Houston
- New York
- Atlanta
- San Diego

Boston Searches on realtor.com

- Canada
- U.K.
- Australia
- India
- Germany
- Brazil
- China
- Russia
- France
- Italy

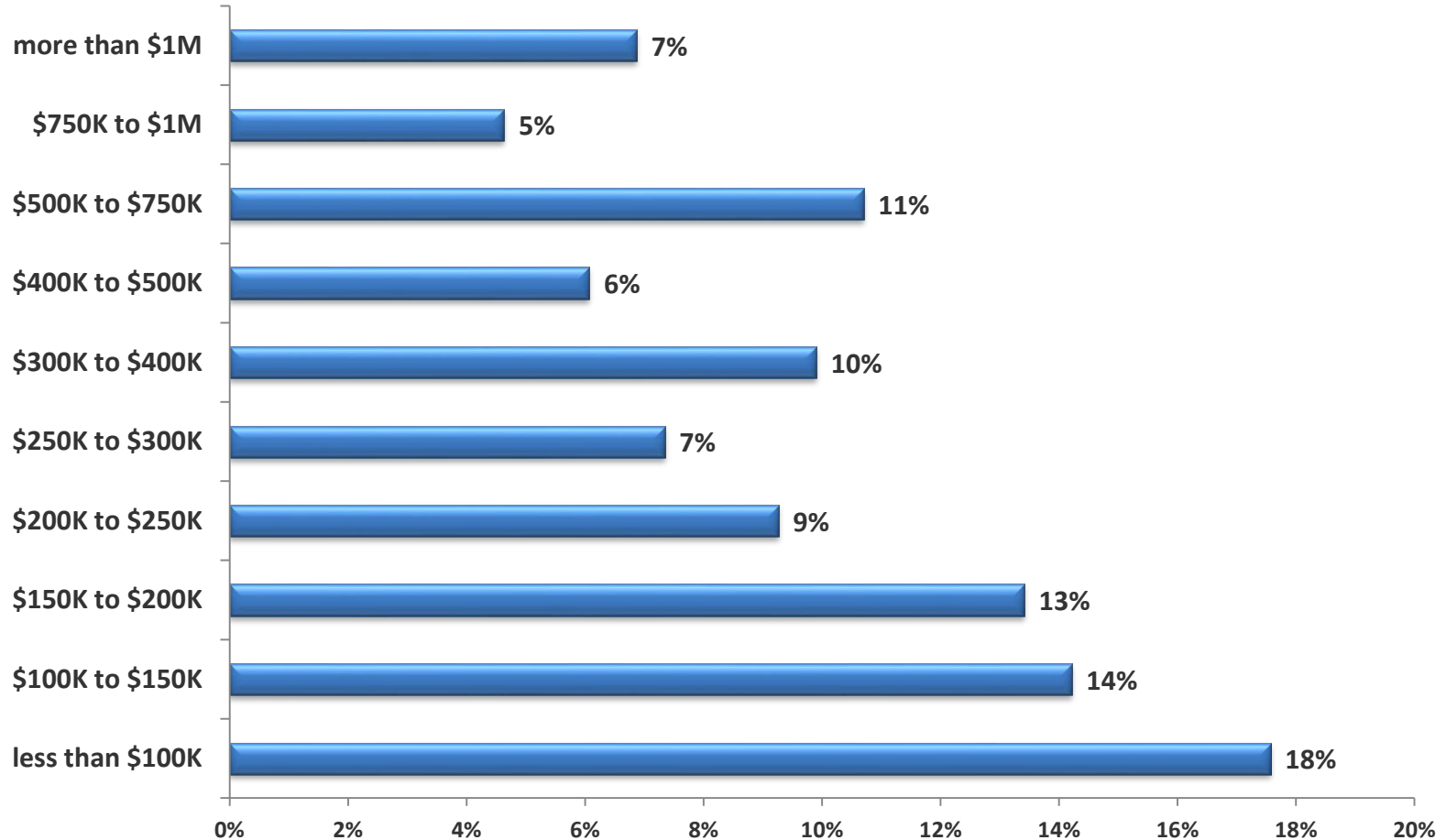
Trends: Percent of Total U.S. International Home Sales by State



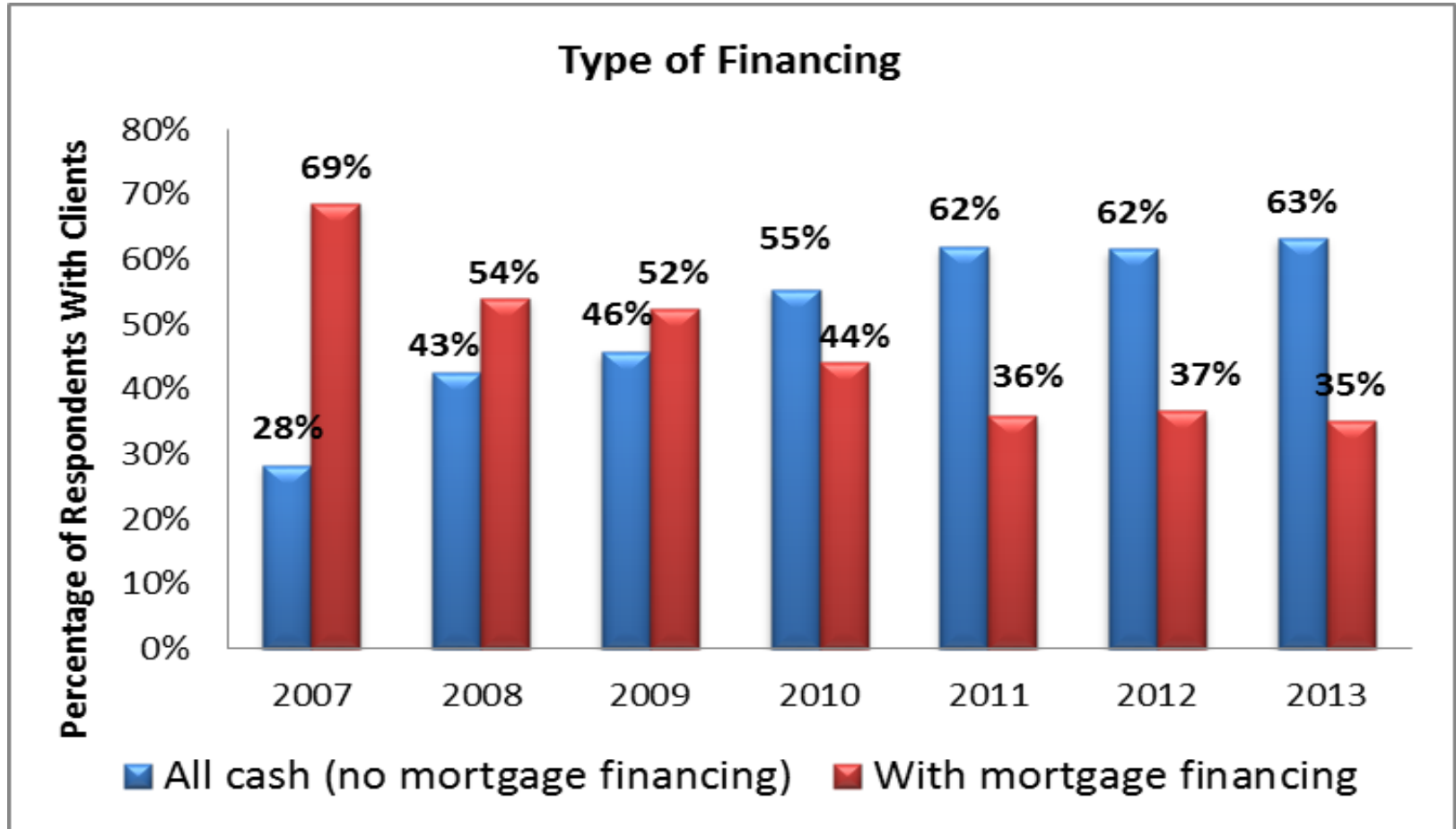
International Buyers are Upscale

Median Sales Price: \$275,862; Mean Sales Price: \$354,193

Percent of REALTORS® Reporting Sales Price

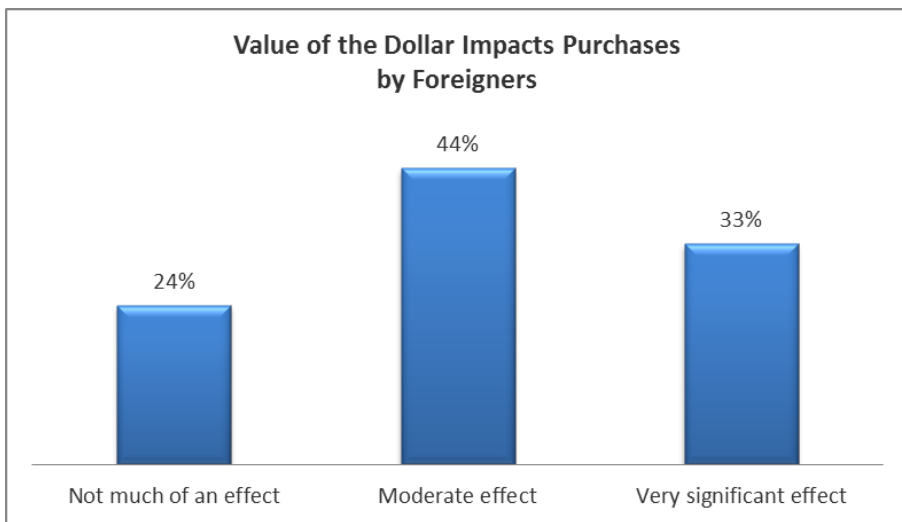


Majority of International Buyers Pay All Cash

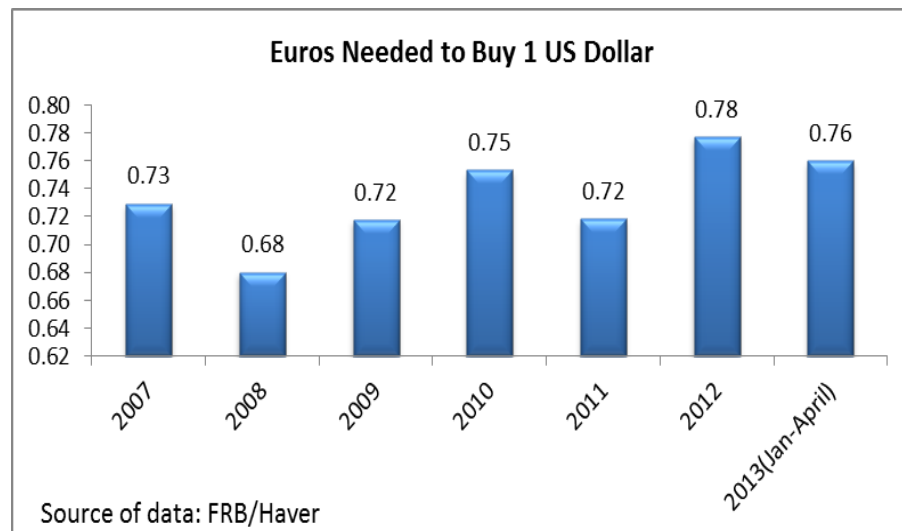


Impact of the Value of the Dollar on Foreign Purchases

Value of the Dollar Impacts Purchases by Foreigners



Stronger Value of the Dollar in Recent Years—Example in Terms of Euros.



Focus on International Sales

Information Sources for Consideration

- **Legal Eagles**
- **Financial Wizards**
- **Lending Lions**
- **Tax Titans**
- **Appraisers**
- **Home inspectors**
- **Moving companies**
- **Insurance agents**
- **Contractors, remodelers & repair people**

Focus on International Sales

Assembling a Global Team

- **Specialization:** What are your strongest skills? Do you have knowledge of a particular country or language? Working with other people who have complementary skills gives the team greater strength.
- **Leverage :** Strength in numbers = agents can extend their reach & create a stronger presence in a market. A team may find it easier to cover business development and administrative expenses than any go-it-alone agent.
- **Convenience –** Working with a partner, you can divide up responsibilities
- **Global Business Councils** are dedicated to globally themed education, programming, and networking for their members.
- **Additional Information:** bsummerfield@realtors.org

Focus on International Sales

realtor.com

International Exposure:

- **Translation to 11 languages**
- **Currency & Metric dimension converters**
- **PLUS:**
- **International property listings – 37 countries (and growing)**
- **Around 1 million unique non-U.S. visitors on realtor.com® each month**
- **Market to international buyers – create translated listing brochures**
- **No Charge to you: U.S. listings automatically roll over to international site.**

www.realtor.com/international

Focus on International Sales

CIPS Designation

CIPS Designation

- 5 days of classes
- Application to prove “100 points” of international
- Experience
- Recognized worldwide – designees in 40 countries (read: Referral partners!)
- Courses on-line and in classroom. More Info:
www.realtor.org/earncips.

International Transactions:

- What are the differences in the home buying process?
- What financing options do foreign clients have?
- What types of visas fit their needs?
- What are the business practices in your country of focus?
- What are the cultural differences?

Focus on International Sales

NAR Resources—Networking and Information

- **NAR's Global Alliances Networks- bilateral partnerships in over 60 Countries**
- **Social Media: Like NAR Global on Facebook; Follow NAR Global on Twitter @NARGlobal; Join our Linked In Page, Official Group: NAR Global**
- **Attend the 2013 NAR Conference & Expo, Nov. 8-11, San Francisco- Highlights Include: International Night Out, Global Day, Networking Pavilion, Canada Day, etc. www.realtor.org/conference**

The International Market: Challenges for REALTORS®

- **International purchasers have a difficult time securing U.S. financing**
- **REALTORS® should be well-versed in challenges facing international buyers:**
 - mortgage issues,
 - unexpected fees,
 - taxes,
 - residence requirements & immigration issues, etc.
- **Working with international buyers and sellers is different from working with domestic buyers. Keys for success:**
 - Know how to find & attract global business
 - NAR training provides information for a global skillset
 - Build your team and global network

Concluding Comments

- **International sales declined to \$68.2 Billion in 2013, which nonetheless still represents the second highest since data was collected.**
 - **Transitory economic conditions.**
 - **Economic slowdown in major countries, weakening of currencies relative to the dollar, and tight inventory and rising prices in the U.S.**
- **Market remains concentrated**
 - **Major Buyers: Canada, China, Mexico, India, and the United Kingdom.**
 - **Major Destinations: Florida, California, Texas, and Arizona.**
- **International buyers typically purchase higher-priced properties compared to domestic clients and most purchases are all-cash (63%)**
- **Language, cultural affinity, and patience in explaining U.S. real estate practices are key to penetrating the international market**
- **Continued major foreign interest in U.S. properties.**

Quick Summary of 2013 International Profile



WHERE ARE MOST INTERNATIONAL HOME BUYERS FROM?



HOW ARE THEY PAYING? WHERE IN THE U.S. ARE THEY BUYING?



Global Business and Alliances Group

- The Global Business and Alliances Group of the NATIONAL ASSOCIATION OF REALTORS® plays an integral role in opening doors for Realtors® to compete in the global market place. NAR maintains formal partnerships with over [80 foreign real estate associations](#) in 60 countries.
- 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