Profile of International Residential Real Estate Activity in Florida

2016 Report

National Association of REALTORS
Research Department

FloridaRealtors®

NATIONAL ASSOCIATION of REALTORS®

Florida REALTORS®

2016 Profile of International Residential Real Estate Activity in Florida

Conducted by the National Association of REALTORS®
December 2016

FloridaRealtors®

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ABOUT THE SURVEY

Since 2005, the Research Division of the National Association of REALTORS® has conducted an annual survey for Florida REALTORS® to gather information about the interaction of its members with international clients, the challenges and opportunities they face in serving foreign clients, and the characteristics of foreign buyers purchasing property in Florida.

The *2016 Profile of International Residential Real Estate Activity in Florida* presents information regarding residential transactions with international clients of Florida REALTORS® members during the 12-month period of August 2015–July 2016. The 2016 report also presents information on U.S. clients seeking to purchase property abroad. In this report, the year 2016 refers to the 12-month period August 2015–July 2016, and the year 2015 refers to the period July 2014–June 2015.

Florida REALTORS® issued the invitation to its members to participate in the online survey. Over the duration of the survey period from August 9–29, 2016, there were 6,167 members who responded.

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 report[1] may be directed to the Research Division of the National Association of REALTORS® at Dhale@realtors.org.

Lawrence Yun, Senior Vice President & Chief Economist
Danielle Hale, Managing Director, Housing Research
Gay Cororaton, Research Economist

December 2016

[1] 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

Florida remained the top destination of foreign buyers purchasing U.S. residential properties in 2016, accounting for 22 percent of all foreign buyers who purchased residential property in the United States.[2] However, slower economic growth in many countries, the appreciation of the dollar against a number of currencies, and strong price growth in multiple areas due to limited housing inventory combined to make conditions more difficult for foreign buyers purchasing in the United States and in Florida.

Residential Properties Purchased by Foreign Buyers

- Foreign buyer purchases of Florida residential properties decreased to $19.4 billion ($23.7 billion in 2015). This accounted for 19 percent of Florida's residential dollar volume of sales (24 percent in 2015). Nationally, foreign buyers comprised seven percent of the dollar volume of existing home sales.
- Foreign buyers purchased 47,000 residential properties (44,000 in 2015), which made up 12 percent of Florida's residential market (12 percent in 2015). Nationally, foreign buyer residential purchases accounted for four percent of existing-home sales.
- The dollar volume of purchases decreased even as the number of purchases increased because the average price of foreign buyer purchases declined to $412,000 in 2016 compared to $539,000 in 2015. The median purchase price also decreased to $253,000 from $297,000. In part, this is due to the smaller fraction of Latin American buyers who tend to purchase properties at the higher price range.
- The appreciation of the dollar affected the decision to purchase, with 58 percent of respondents reporting the effect was "significant" (52 percent in 2015).
- A higher fraction of respondents, 30 percent, reported that Florida's real estate prices were more expensive than prices in the buyer's home country (22 percent in 2015).
- Latin America and Caribbean buyers accounted for the largest fraction of Florida foreign buyers at 39 percent, although they comprised a smaller share than in 2015 (56 percent).
- Florida's foreign buyers come from many countries, and the top five countries of origin by dollar volume were Canada ($3.0B), Brazil ($2.8B), Venezuela ($1.5B), the United Kingdom ($1.4B), and Argentina ($1.4B). Altogether, buyers from these countries accounted for 52 percent of total dollar volume and 48 percent of foreign buyer purchases.
- Foreign buyers purchased property across Florida, but foreign buyers were concentrated in Miami-Fort Lauderdale-West Palm Beach MSA (52 percent), Orlando-Kissimmee-Sanford MSA (12 percent), and Tampa-St. Petersburg-Clearwater MSA (eight percent).
- Most foreign buyers, 72 percent, made an all-cash purchase.
- Most foreign buyers, 72 percent, purchased residential property for vacation, residential rental, or for both uses. Nationally, 44 percent of all foreign buyers purchased for these purposes.

[2] National Association of REALTORS®, 2016 Profile of International Activity in U.S. Residential Real Estate. The estimate is based on foreign purchases from April 2015–March 2016.

- Just over half (52 percent) of foreign buyers bought a townhouse or condominium. Nationally, only 29 percent of foreign buyers purchased these types of properties.
- Florida's foreign buyers are increasingly located in a central city/urban area. Forty percent of foreign buyers chose a central city or urban location, up from 25 percent eight years ago. Meanwhile, 14 percent purchased in a resort area, down from 33 percent in 2008.
- Forty-two percent expected a decrease in foreign clients in the next 12 months.

Florida Domestic Clients Searching for Properties Abroad

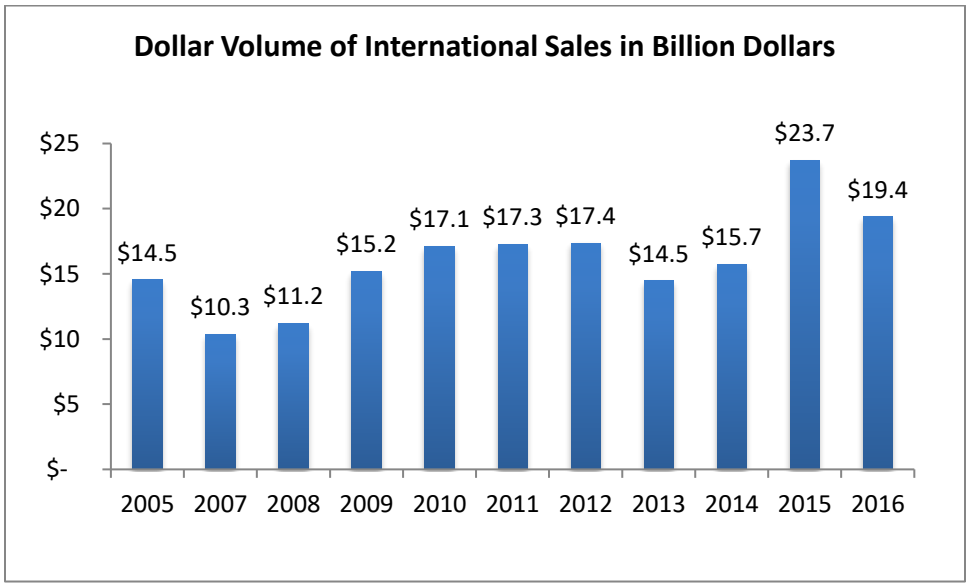
- Among respondents, 14 percent reported that they had a client seeking to purchase property abroad.
- Countries in Latin America and the Caribbean generated the most inquiries. Spain, Italy, Canada, the United Kingdom, France, and Germany—countries that are also origins of foreign buyers—were also of interest.
- Most clients, 79 percent, were interested in residential property.
- Most clients, 84 percent, intended to use the property for vacation, residential rental, or both uses.

Interaction with International Clients

- A lower fraction of Florida REALTORS® respondents, 48 percent, worked with an international client (69 percent in 2015), Nationally, 31 percent of REALTORS® worked with an international client.
- A smaller share of respondents, 10 percent, had six or more clients (21 percent in 2015). Nationally, the share was five percent of REALTORS®.
- A lower fraction of respondents, 64 percent, reported no change or an increase in the percentage of their clients who are international in the past year (69 percent in 2015). A lower fraction of respondents, 53 percent, also reported no change or an increase in the percentage of clients who are international during the past five years (59 percent in 2015).
- Personal contacts, previous clients, and business contacts accounted for 68 percent of referrals or leads. The agent's firm's or franchise's website or social media was the primary source of online leads, as well as other aggregator websites and Realtor.com.
- A higher fraction, 63 percent, reported they have not had problems dealing with international clients (61 percent in 2015).
- A larger percentage of respondents, 39 percent, spoke a language other than English (36 percent in 2015).
- Florida REALTORS® has been gaining new members, with 18 percent of respondents reporting less than one year of experience as a REALTOR®, up from six percent in 2008.

I. SIZE OF INTERNATIONAL TRANSACTIONS

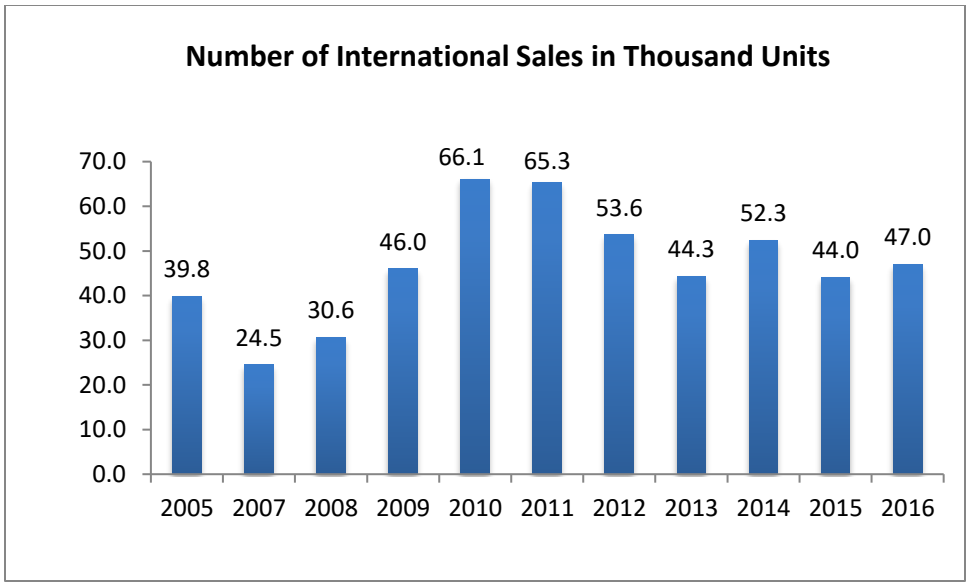
In the 12-month period ending in July 2016, foreign buyers purchased $19.4 billion of Florida residential real estate, an 18 percent decrease from the $23.7 billion in purchases during the 12-month period ending in June 2015.[3] The dollar volume of foreign buyer purchases accounted for 19 percent of Florida's existing home sales, a decrease from the 24 percent share in 2015. Nationally, the dollar volume of such sales accounted for seven percent of the U.S. dollar volume of existing home sales.

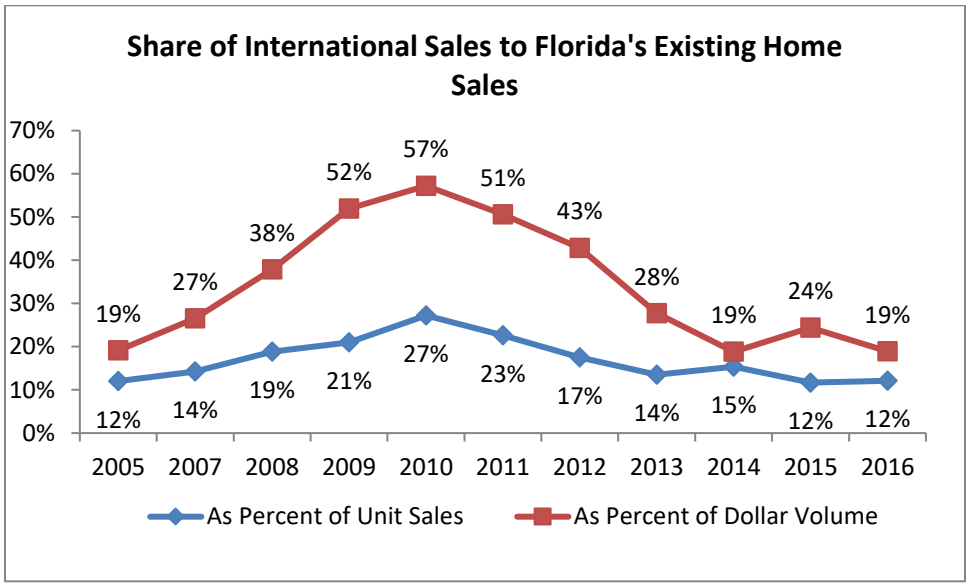


Foreign buyers purchased 47,000 residential properties, a seven percent increase from the 44,000 properties purchased in the 12-month period ending in June 2015. The number of foreign buyer purchases held at 12 percent of Florida's existing home sales. Nationally, foreign buyer residential property purchases accounted for four percent of U.S. total existing home sales.[4]

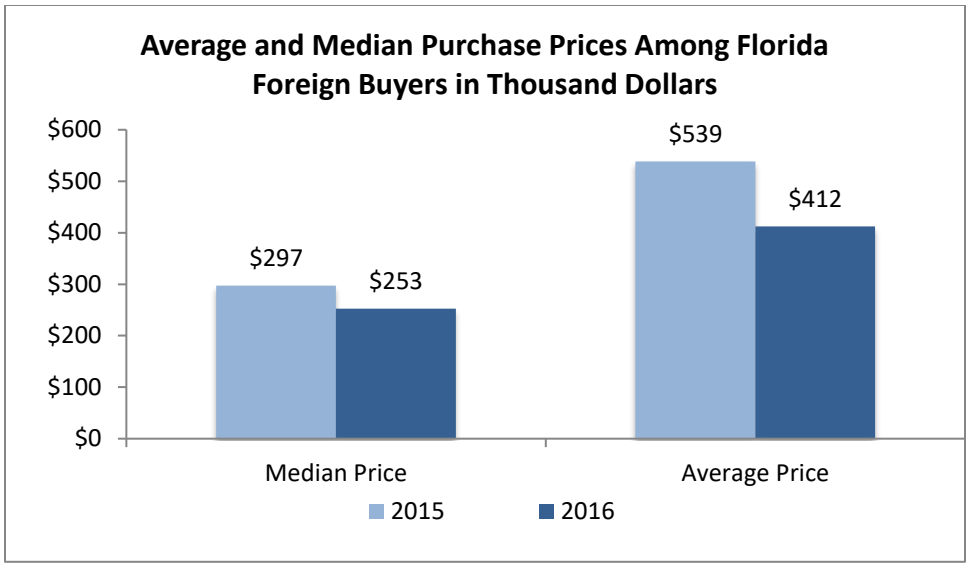
[3] The 2016 Florida REALTORS® survey covered the period August 2015–July 2016. In past Florida REALTORS® surveys, the 12-month period generally covered July of the previous year to June of the current year. No survey was held in 2006. The 2005, 2007, and 2008 surveys covered only non-resident foreign buyers (Type A). Starting in 2010, the estimates were benchmarked to the national survey. Starting in 2015, the purchase price was top-coded at $5 million from $1.3 million in previous surveys. From 2005–2015, estimates included some purchases for commercial properties. In 2016, NAR estimated the value of these commercial purchases at $2 billion. See Appendix 1 for the calculations and Appendix 2 for notes on the survey and estimation methods.

[4] Source: NAR's 2016 Profile of International Activity in the U.S. Residential Real Estate. The reference period in estimating the national level of foreign buyer purchases of residential property is April 2015—March 2016.

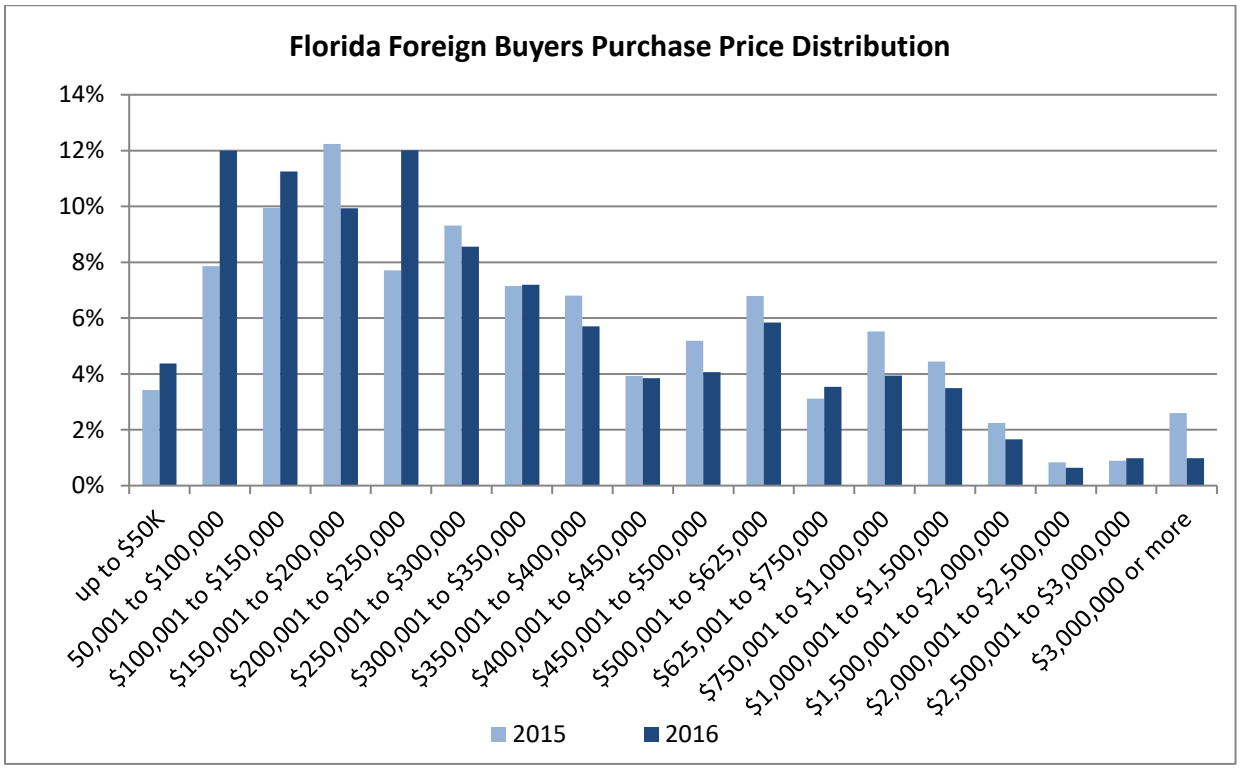




The dollar volume of purchases decreased even as the number of purchases increased, because foreign buyers paid $412,000 on average compared to $539,000 in 2015. The median purchase price also decreased to $253,000 from $297,000.

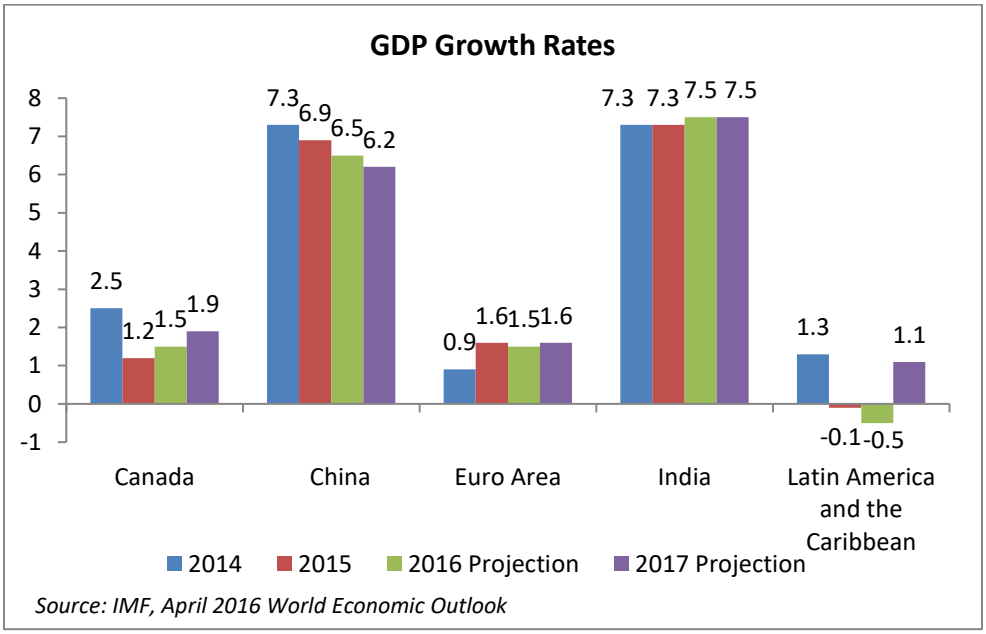


The share of foreign buyers who purchased homes priced above $250,000 decreased to 50 percent from 59 percent in 2015. The declining share of buyers from Latin America who tend to purchase at the higher price range, and the appreciation of the dollar which creates more incentive for buyers to seek less expensive properties, may account for the decline in average and median foreign buyer purchase prices.



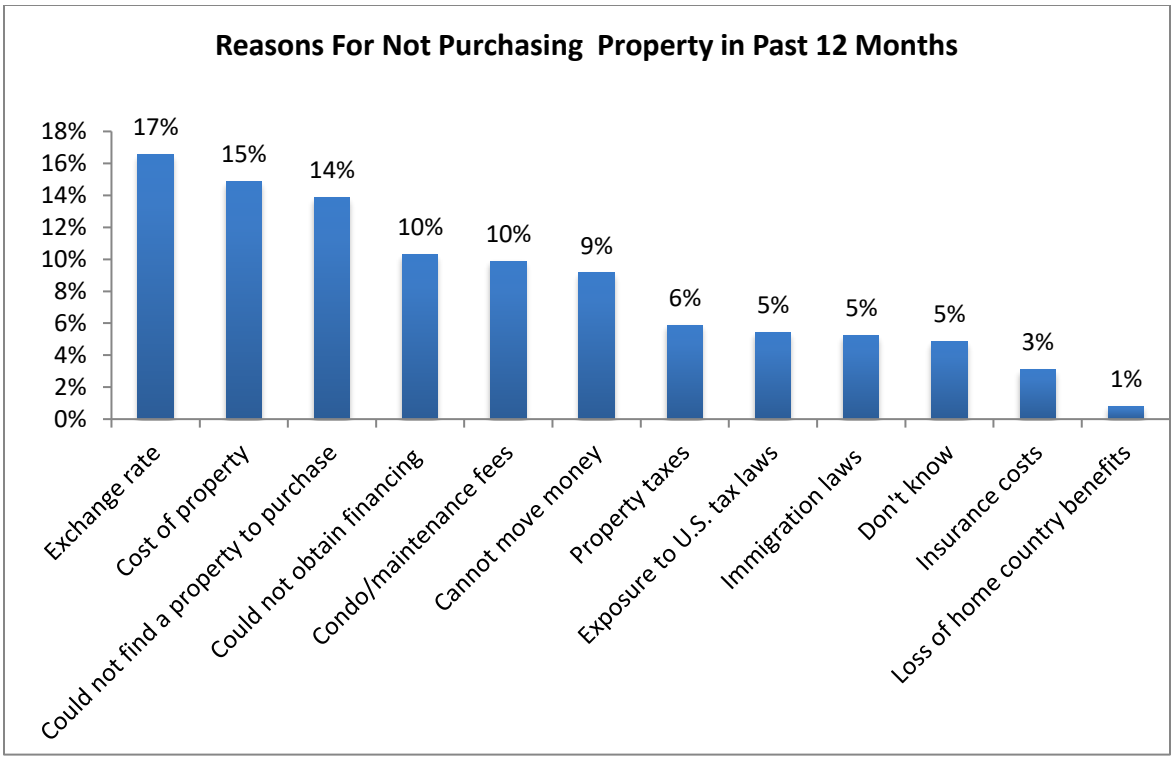
Economic Environment Effects on International Sales

Slower economic growth in many countries, the strengthening of the dollar against most currencies, and rising prices due to lack of homes being sold on the market created a more challenging environment for foreign homebuyers in the period August 2015–July 2016. Amid the collapse of oil prices beginning in the third quarter of 2015, the Latin American and the Caribbean economy contracted, and it is expected to continue to contract through the end of 2016. Canada's economy grew at a slower pace in 2015–2016 compared to 2014, while the euro area also grew at a modest pace.[5] Oil-producing economies such as Canada, Brazil, and Venezuela, who are Florida's major source of foreign buyers, appeared to have been adversely impacted by these developments.

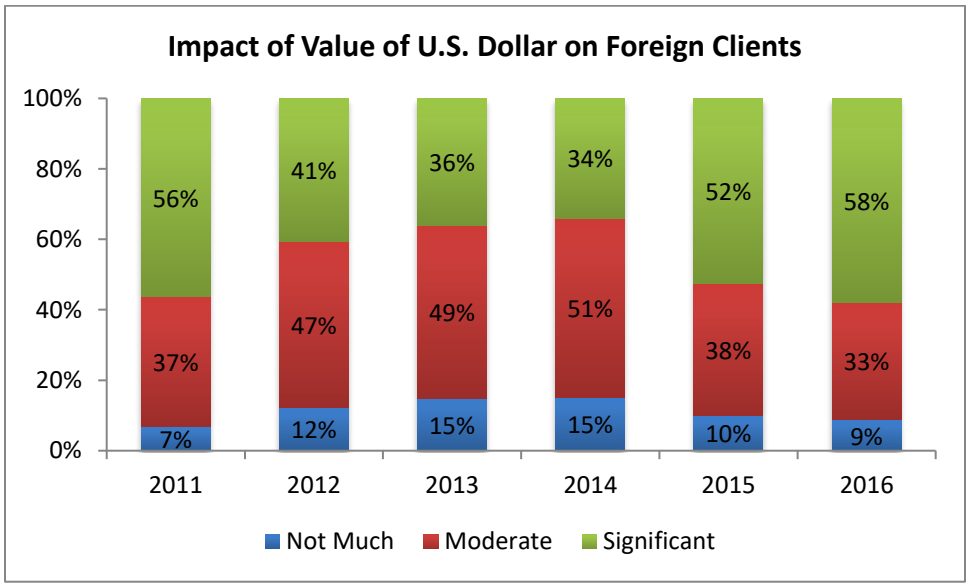


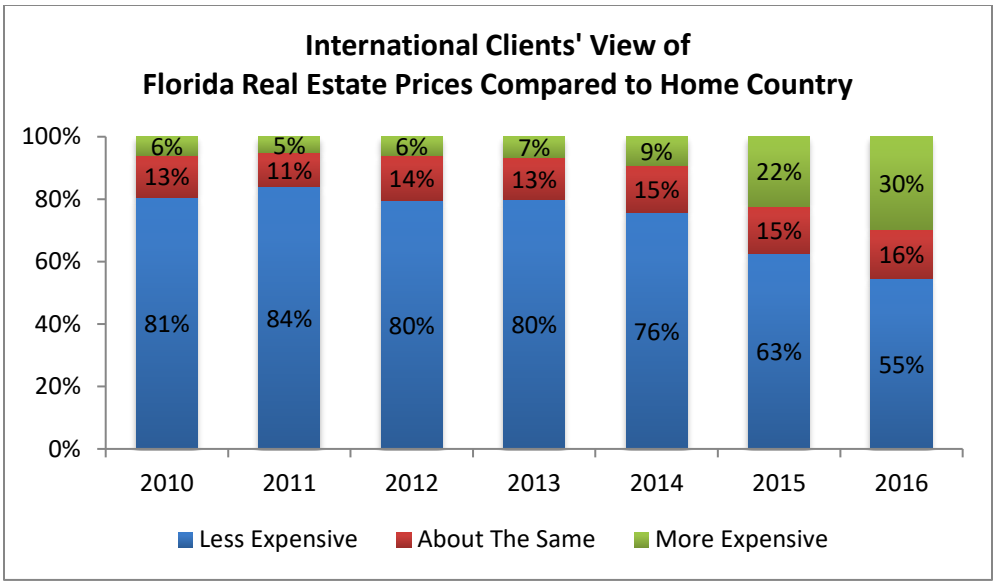
Respondents reported that the major reasons why a potential foreign buyer decided not to purchase a property were related to exchange rates, costs, and an inability to find a property.

[5]International Monetary Fund, World Economic Outlook, Aril 2016, downloaded at http://www.imf.org/external/pubs/ft/weo/2016/01/pdf/text.pdf

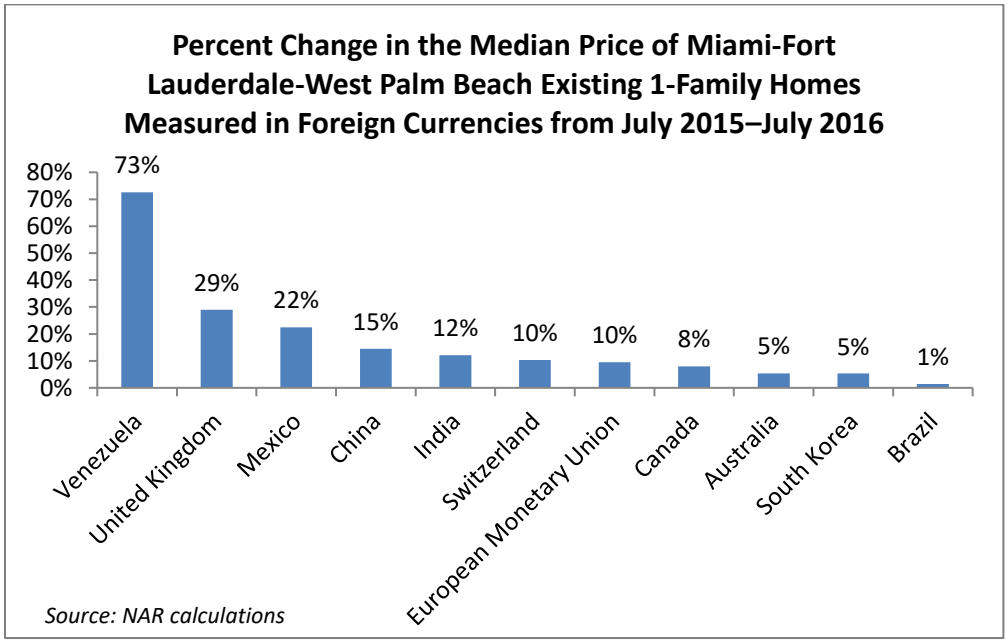


A higher share of respondents, 58 percent, reported that the exchange rate had a significant impact on their transactions (52 percent in 2015). A larger fraction of respondents, 30 percent, also reported that Florida's real estate prices were more expensive than prices in their home country (22 percent in 2015).





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 Venezuelan buyer who purchased an existing single-family home in Miami-Fort Lauderdale-West Palm Beach MSA faced a 73 percent price increase in July 2016 compared to the price in July 2015, when the dollar values of the properties during these months were converted to Venezuelan bolivars at the exchange rate prevailing during these periods.[6]



[6] The estimate is based on NAR's quarterly median price for single-family homes. The median prices in the third quarter of 2015 and 2016 were used as proxies for the median prices in July 2015 and July 2016.

II. FOREIGN BUYERS: ORIGINS AND PREFERENCES

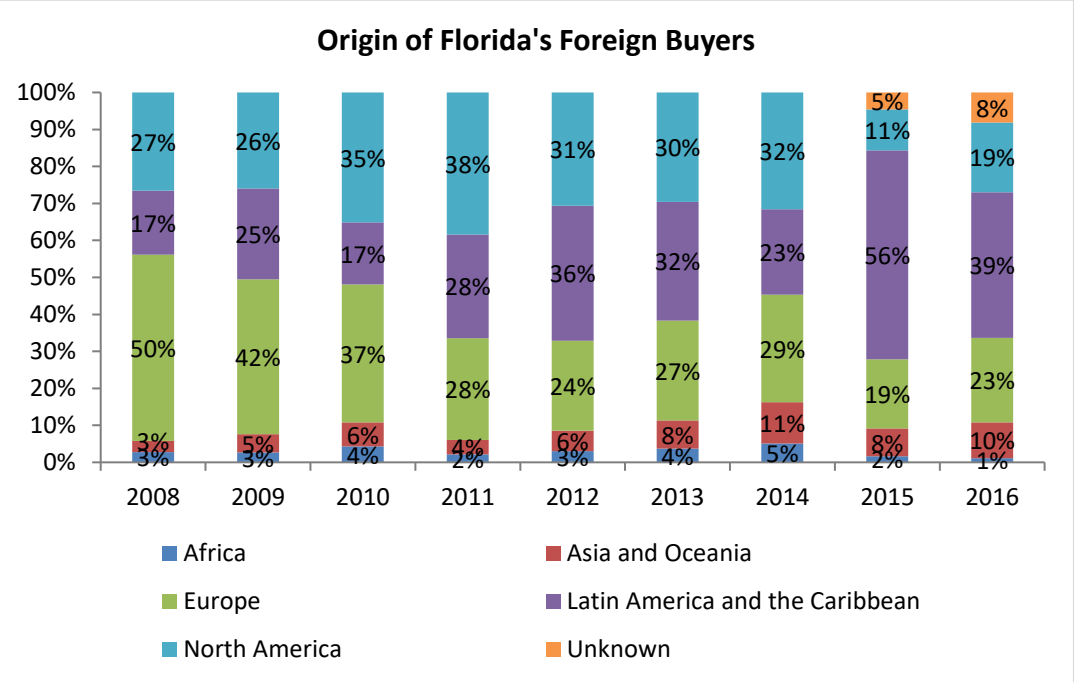
Origin of Foreign Buyers

Florida's foreign buyers come from a wide variety of countries. Buyers from Latin America and the Caribbean accounted for the largest fraction at 39 percent, although they comprised a smaller share than in 2015 (56 percent). The recession in Venezuela, the steep devaluation of the Venezuelan bolivar, and weaker economic conditions in the region likely account for the decline in purchases in 2016.

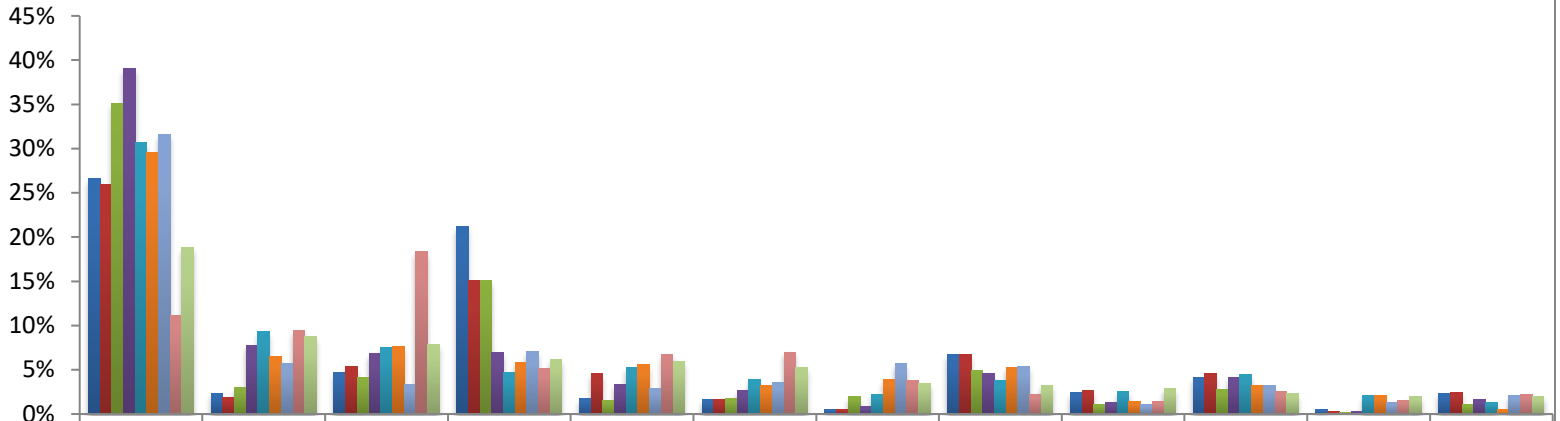
European buyers made up the second largest group at 23 percent, followed by Canadians (North America) at 19 percent.

Buyers from Asia and Oceania accounted for a smaller fraction of overall foreign buyers at 10 percent, although they have become more prevalent since 2008 when they comprised only three percent of foreign buyers.

African buyers were one percent of foreign buyers, and eight percent of foreign buyers were classified as Unknown because the respondent did not identify the region or country of the foreign buyer.



Florida's Major Foreign Buyers

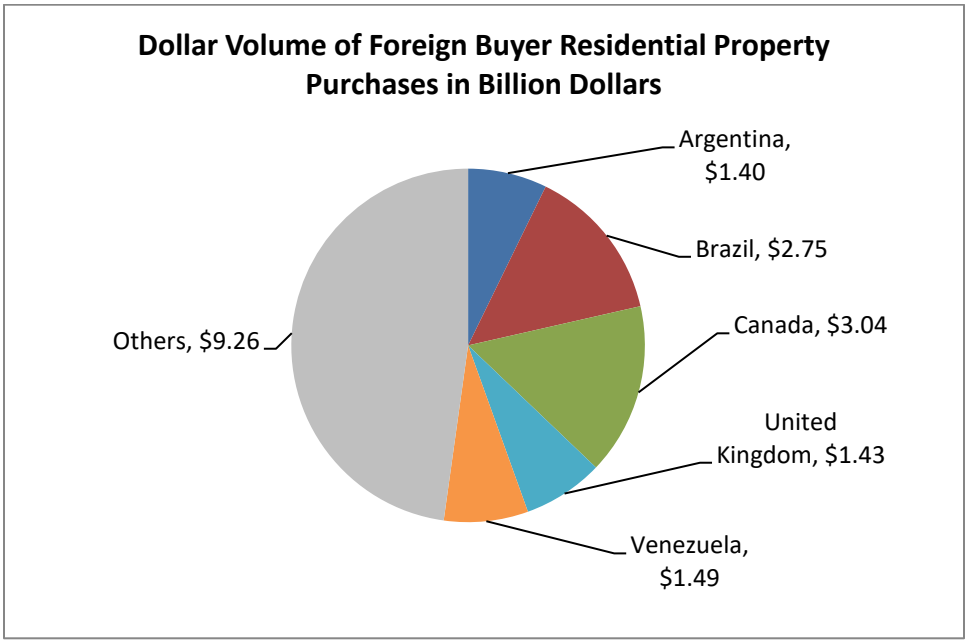


	Canada	Brazil	Venezuela	United Kingdom	Argentina	Colombia	China	Germany	Italy	France	Peru	Mexico
2008	26.6%	2.4%	4.7%	21.2%	1.7%	1.7%	0.5%	6.7%	2.4%	4.2%	0.5%	2.4%
2009	25.9%	1.9%	5.4%	15.1%	4.6%	1.6%	0.5%	6.8%	2.7%	4.6%	0.3%	2.4%
2010	35.1%	3.0%	4.1%	15.1%	1.5%	1.7%	1.9%	5.0%	1.1%	2.8%	0.2%	1.1%
2011	39.1%	7.8%	6.8%	7.0%	3.3%	2.6%	0.8%	4.6%	1.3%	4.1%	0.3%	1.7%
2012	30.7%	9.3%	7.5%	4.6%	5.2%	3.9%	2.2%	3.7%	2.5%	4.5%	2.1%	1.3%
2013	29.6%	6.5%	7.6%	5.8%	5.5%	3.2%	3.9%	5.3%	1.4%	3.2%	2.1%	0.5%
2014	31.6%	5.7%	3.4%	7.0%	2.9%	3.5%	5.7%	5.4%	1.0%	3.2%	1.3%	2.0%
2015	11.1%	9.4%	18.4%	5.1%	6.7%	7.0%	3.8%	2.3%	1.4%	2.6%	1.5%	2.3%
2016	18.9%	8.7%	7.8%	6.2%	6.0%	5.2%	3.5%	3.3%	2.9%	2.3%	2.0%	2.0%

Florida's foreign buyers were from many countries, but the bulk of buyers came from Canada, Brazil, Venezuela, the United Kingdom, and Argentina, which altogether comprised 48 percent of Florida's foreign buyers. The fraction of buyers from Venezuela declined significantly (18 percent in 2015, eight percent in 2016), while the share of buyers from Canada increased (11 percent in 2015, 19 percent in 2016).

Historically, Venezuelan buyers have bought more expensive properties than Canadian buyers, and this change in the mix of buyers may partly account for the decrease in the average purchase price of Florida's foreign buyers in 2016.

The top five foreign buyers purchased $10.1 billion worth of residential property, 52 percent of total dollar volume from international sales.



Destination of Foreign Buyers

While foreign buyers purchased property across Florida, buyers tended to concentrate in a few areas. The Miami-Fort Lauderdale-West Palm Beach MSA accounted for 52 percent of Florida's foreign buyers (53 percent in 2015). Its share of foreign buyers is higher than its 31 percent share of Florida's existing home sales.[7]

The Orlando-Kissimmee-Sanford MSA accounted for 12 percent of foreign buyers in 2016 (eight percent in 2015). Its share of foreign buyers is just slightly higher than its 10 percent share of Florida's existing home sales.

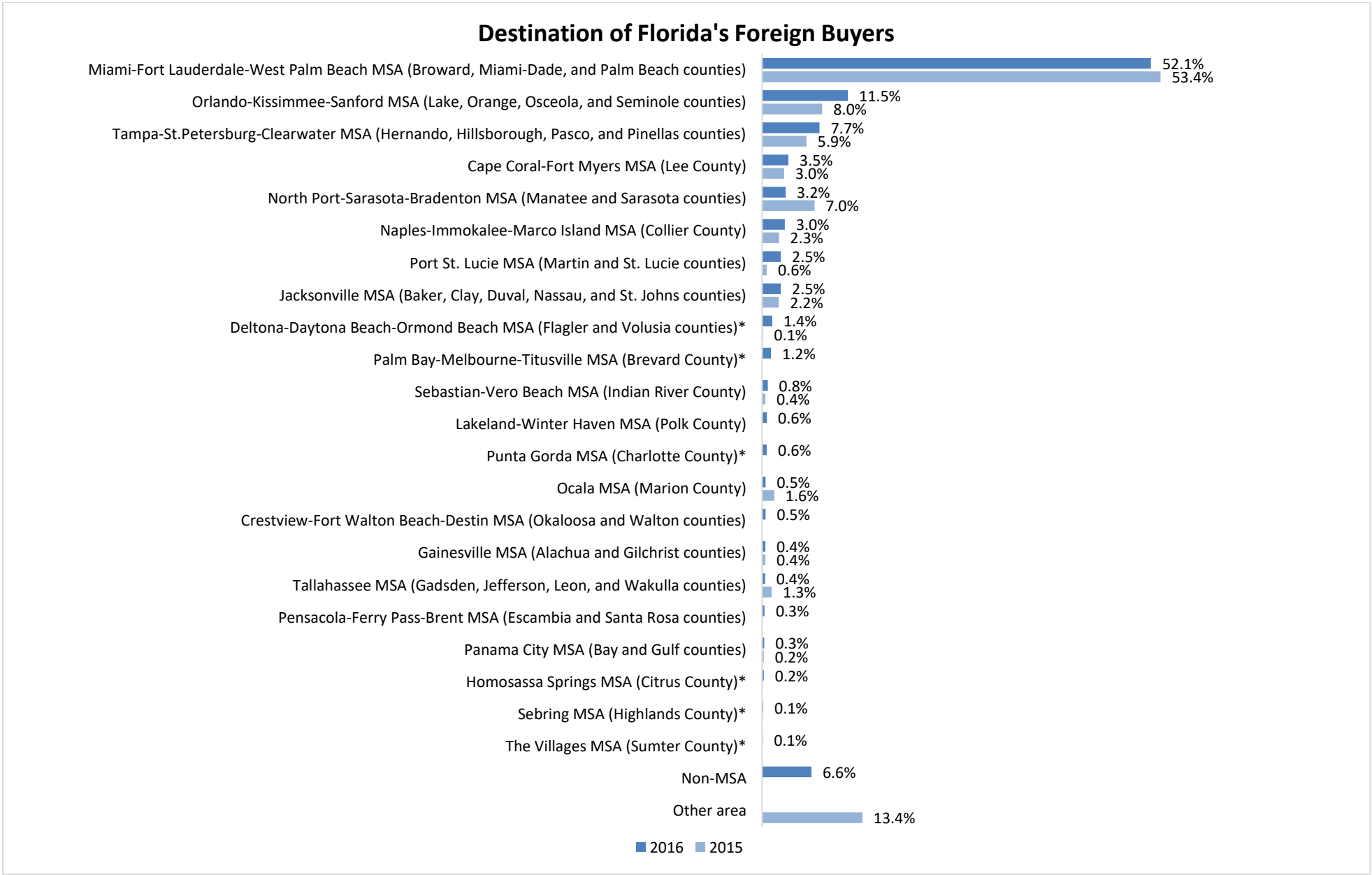
[7] An MSA may account for a large share of Florida's international sales because of its large share of Florida's residential market. To take into account the size effect, we compared the MSA's share of Florida's foreign buyers to the MSA's share of Florida's existing home sales. If the foreign buyer share is higher than the market share, the MSA can be viewed as being relatively attractive to foreign buyers compared to other MSAs.

The Tampa-St. Petersburg-Clearwater MSA accounted for eight percent (six percent in 2015). Its share of foreign buyers is less than its 13 percent share of Florida's existing home sales.

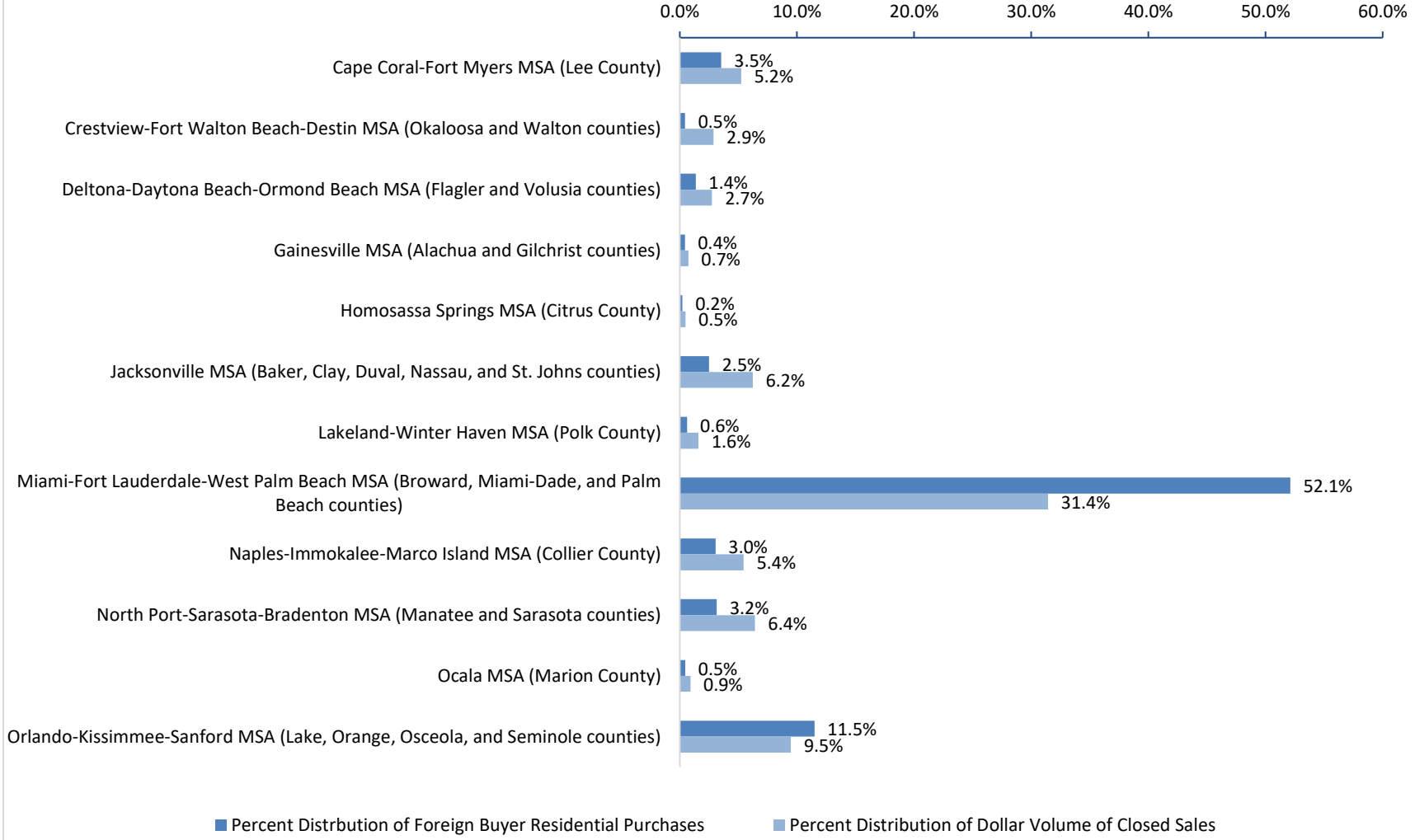
Cape Coral-Fort Myers MSA, North Point-Sarasota-Bradenton MSA, Naples-Immokalee-Marco Island MSA, and Port St. Lucie MSA were also popular destinations, and each accounted for three percent of Florida's foreign buyers.

Non-MSA, which includes counties that are not delineated within a metropolitan statistical area, accounted for seven percent of foreign buyer purchases in 2016 .[8] This is higher than its two percent market share of Florida's existing-home sales.

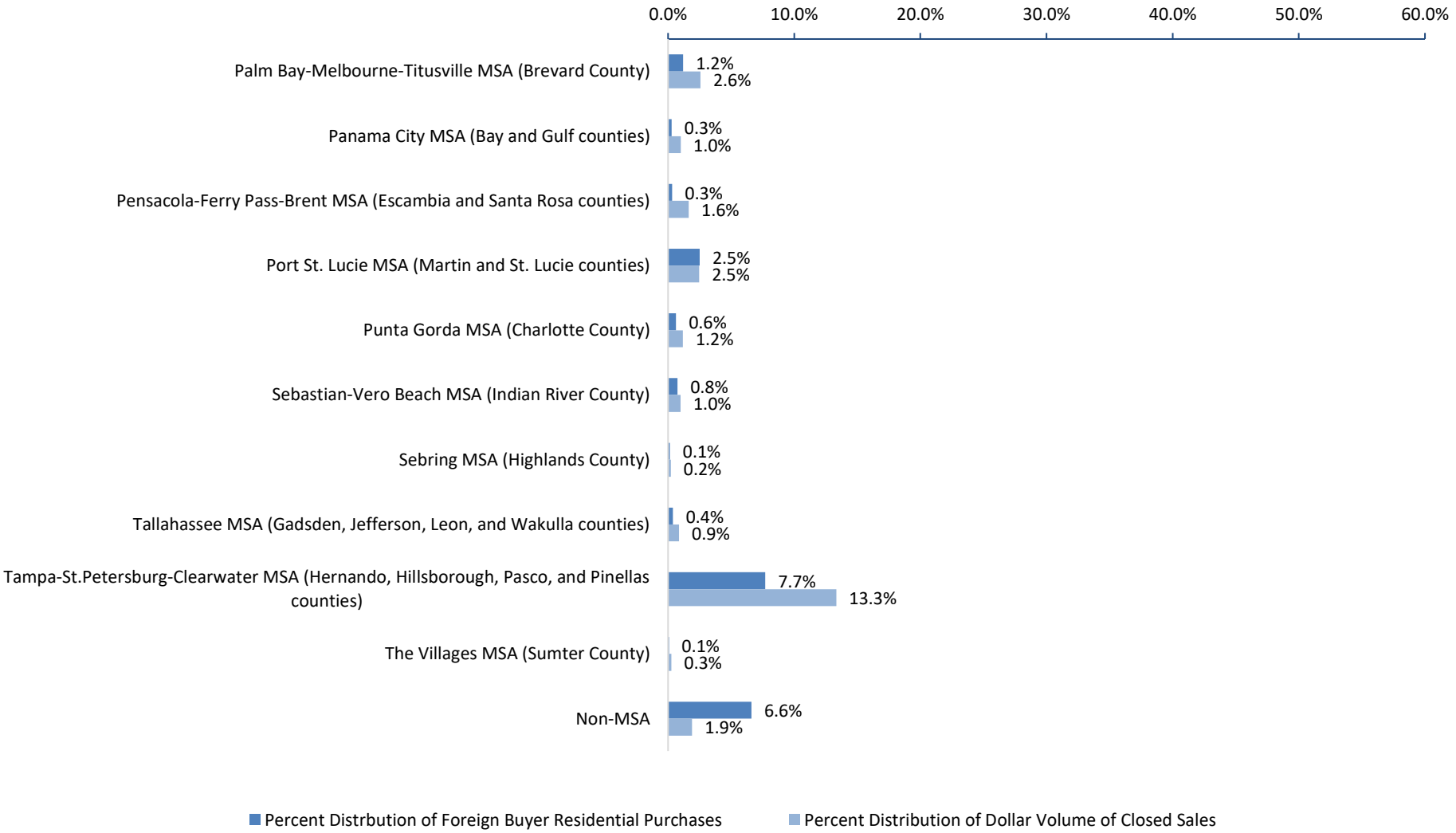
[8] Metropolitan statistical areas (MSAs) marked with asterisks were not listed separately in the 2015 survey or because of a change in MSA delineation (specifically, Flagler County was delineated as part of Deltona-Daytona Beach-Ormond MSA in 2013 per OMB Bulletin 13-01 dated February 28, 2013 which Florida REALTORS® used starting in 2015. The sales for these areas that are not listed separately may be reported in "Other area" or Non-MSA. See Appendix 2 for list of areas in the 2015 and 2016 surveys.


Destination of Florida's Foreign Buyers
Miami-Fort Lauderdale-West Palm Beach MSA (Broward, Miami-Dade, and Palm Beach counties)
52.1%
53.4%
Orlando-Kissimmee-Sanford MSA (Lake, Orange, Osceola, and Seminole counties)
11.5%
8.0%
Tampa-St.Petersburg-Clearwater MSA (Hernando, Hillsborough, Pasco, and Pinellas counties)
7.7%
5.9%
Cape Coral-Fort Myers MSA (Lee County)
3.5%
3.0%
North Port-Sarasota-Bradenton MSA (Manatee and Sarasota counties)
3.2%
7.0%
Naples-Immokalee-Marco Island MSA (Collier County)
3.0%
2.3%
Port St. Lucie MSA (Martin and St. Lucie counties)
2.5%
0.6%
Jacksonville MSA (Baker, Clay, Duval, Nassau, and St. Johns counties)
2.5%
2.2%
Deltona-Daytona Beach-Ormond Beach MSA (Flagler and Volusia counties)*
1.4%
0.1%
Palm Bay-Melbourne-Titusville MSA (Brevard County)*
1.2%
Sebastian-Vero Beach MSA (Indian River County)
0.8%
0.4%
Lakeland-Winter Haven MSA (Polk County)
0.6%
Punta Gorda MSA (Charlotte County)*
0.6%
Ocala MSA (Marion County)
0.5%
1.6%
Crestview-Fort Walton Beach-Destin MSA (Okaloosa and Walton counties)
0.5%
Gainesville MSA (Alachua and Gilchrist counties)
0.4%
0.4%
Tallahassee MSA (Gadsden, Jefferson, Leon, and Wakulla counties)
0.4%
1.3%
Pensacola-Ferry Pass-Brent MSA (Escambia and Santa Rosa counties)
0.3%
Panama City MSA (Bay and Gulf counties)
0.3%
0.2%
Homosassa Springs MSA (Citrus County)*
0.2%
Sebring MSA (Highlands County)*
0.1%
The Villages MSA (Sumter County)*
0.1%
Non-MSA
6.6%
Other area
13.4%
2016
2015

Distribution of Foreign Buyers vs. Distribution of Dollar Volume of Closed Sales (Chart 1 of 2)



Distribution of Foreign Buyers vs. Distribution of Dollar Volume of Closed Sales (Chart 2 of 2)



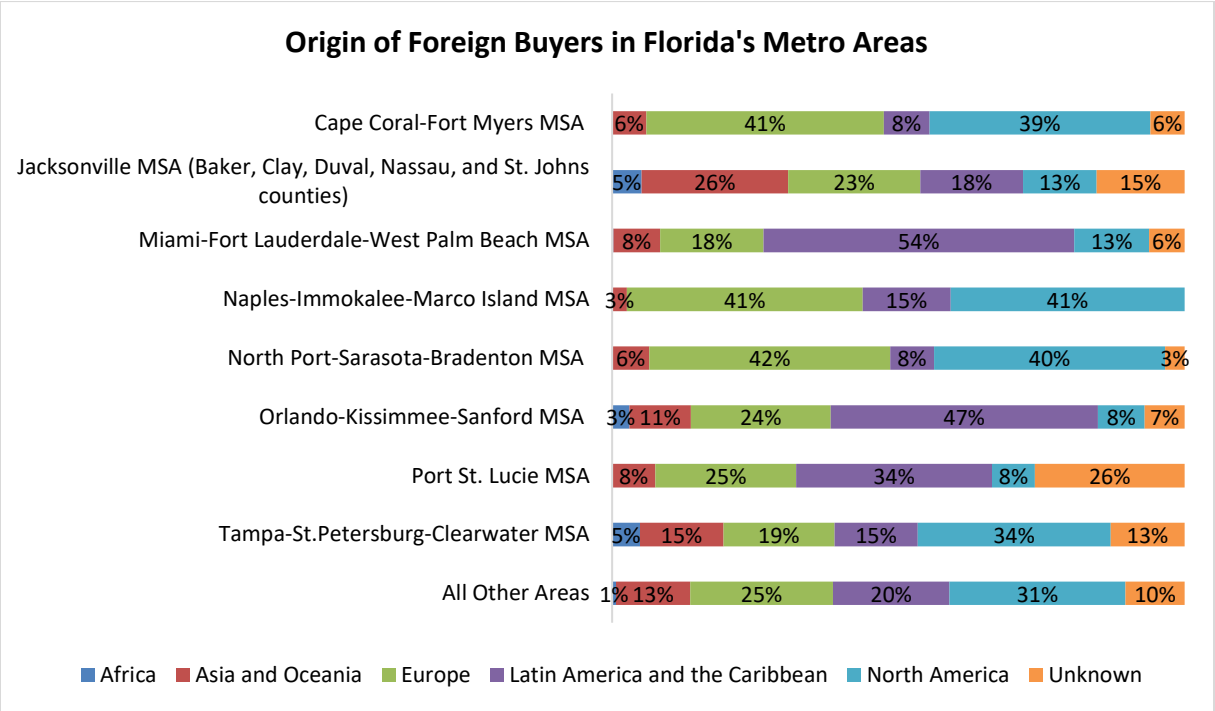
Top Buyers by Metro Area

Foreign buyers tend to concentrate in an area for a variety of reasons such as geographic proximity, cultural similarities, investment opportunities, and the presence of family or friends.

Latin American and Caribbean buyers were the major buyers in the metropolitan statistical areas of Miami-Fort Lauderdale-West Palm Beach, Orlando-Kissimmee-Sanford, and Port St. Lucie.

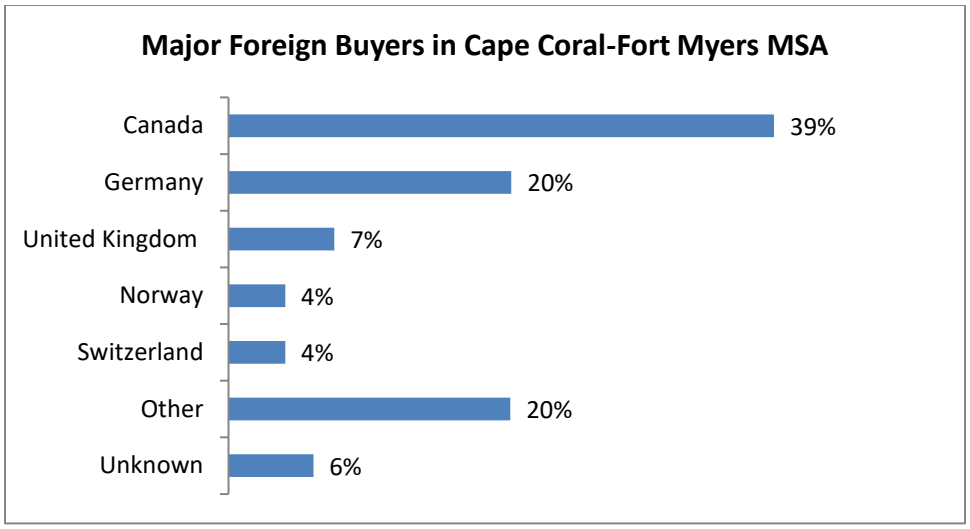
Europeans and Canadians (North America) comprised the bulk of foreign buyers in the metropolitan statistical areas of Cape Coral-Fort Myers, Naples-Immokalee-Marco Island, North Point-Sarasota-Bradenton, Tampa-St. Petersburg-Clearwater, and All Other Areas.[9]

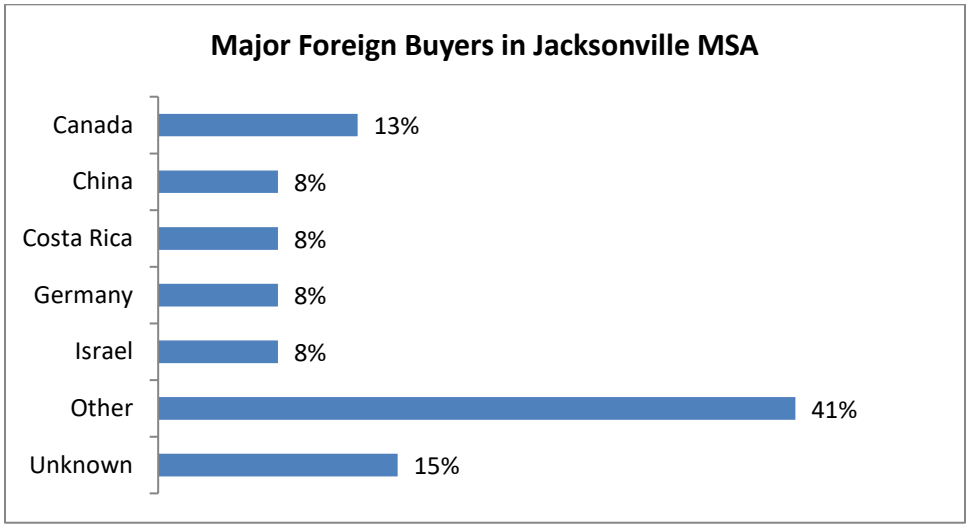
Buyers from Asia and Oceania and Europe were the largest groups of buyers in the metropolitan statistical area of Jacksonville.

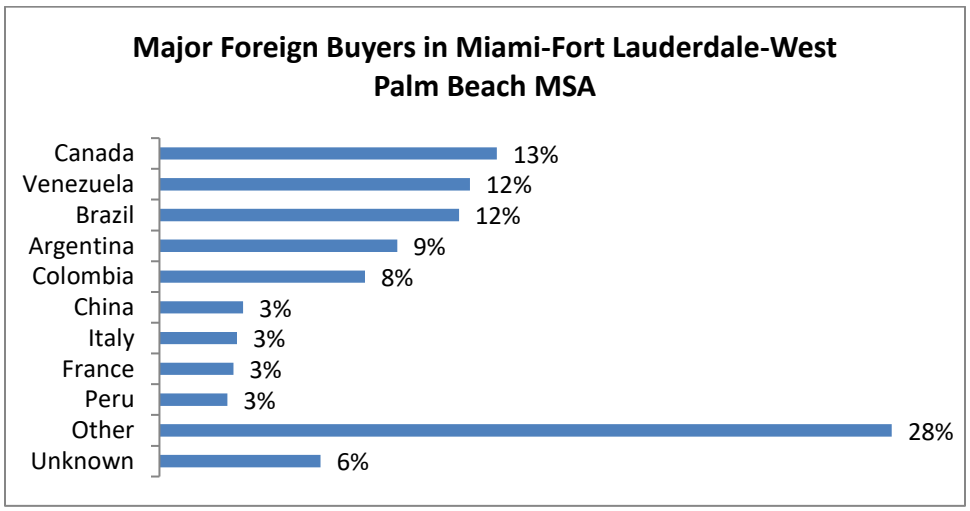


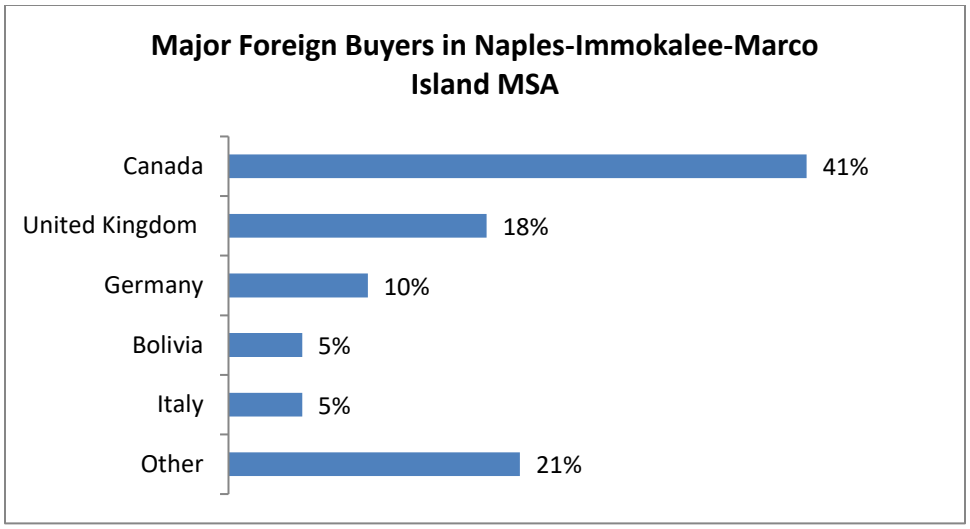
The next set of charts show the foreign buyers from single countries that accounted for more than three percent of foreign buyer purchases in each metropolitan statistical area (MSA). Note that Canada was the top country of origin in all MSAs except Orlando-Kissimmee-Sanford.

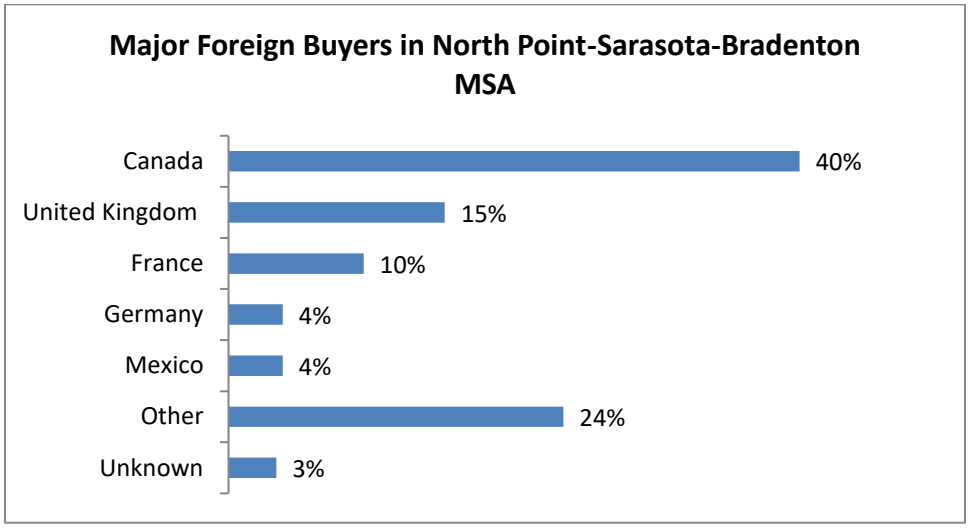
[9] "All Other Areas" represents Florida's other metropolitan statistical areas (MSAs) and areas outside MSAs which are not separately shown in the chart because of the small size of foreign buyers in each of these areas.

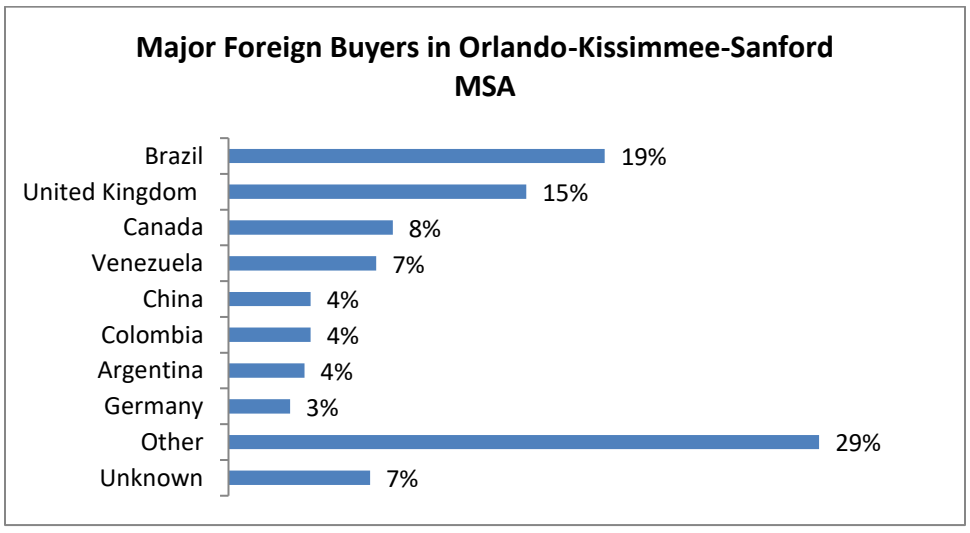

Major Foreign Buyers in Cape Coral-Fort Myers MSA
Canada
39%
Germany
20%
United Kingdom
7%
Norway
4%
Switzerland
4%
Other
20%
Unknown
6%

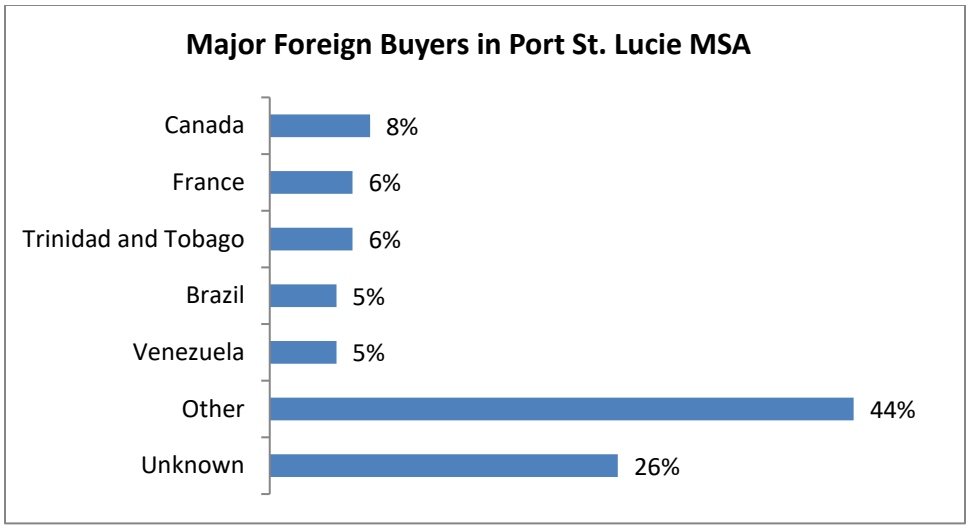

Major Foreign Buyers in Jacksonville MSA
Canada
13%
China
8%
Costa Rica
8%
Germany
8%
Israel
8%
Other
41%
Unknown
15%

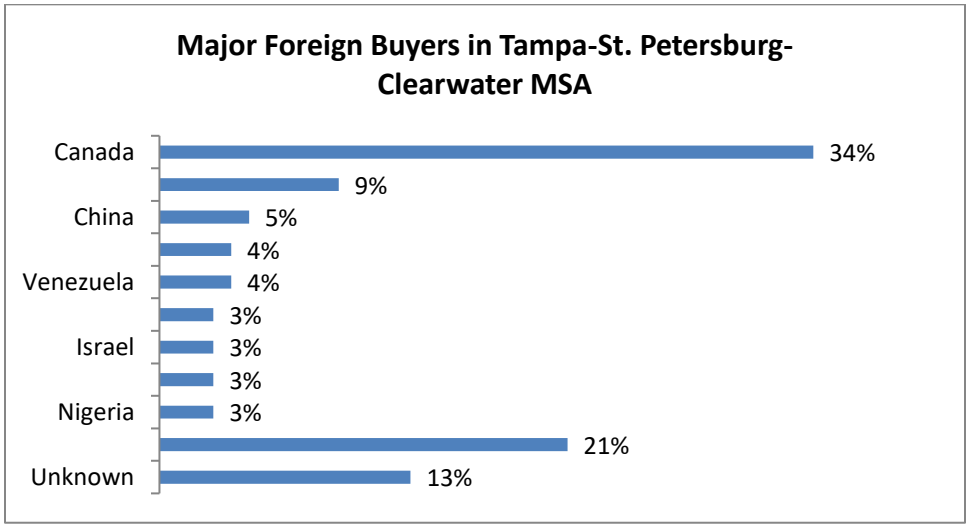

Major Foreign Buyers in Miami-Fort Lauderdale-West Palm Beach MSA
Canada
13%
Venezuela
12%
Brazil
12%
Argentina
9%
Colombia
8%
China
3%
Italy
3%
France
3%
Peru
3%
Other
28%
Unknown
6%


Major Foreign Buyers in Naples-Immokalee-Marco Island MSA
Canada 41%
United Kingdom 18%
Germany 10%
Bolivia 5%
Italy 5%
Other 21%

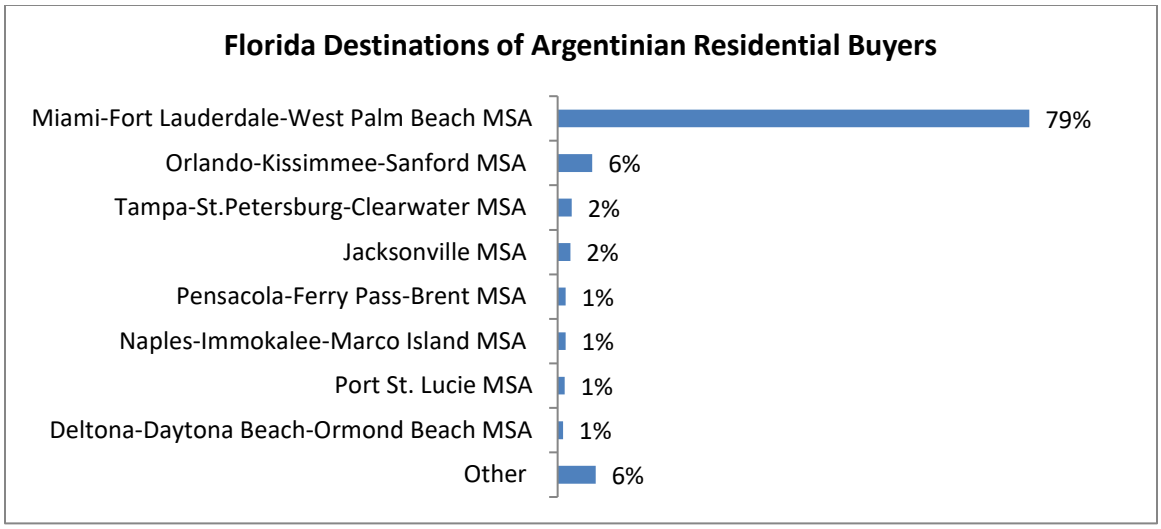

Major Foreign Buyers in North Point-Sarasota-Bradenton MSA
Canada 40%
United Kingdom 15%
France 10%
Germany 4%
Mexico 4%
Other 24%
Unknown 3%

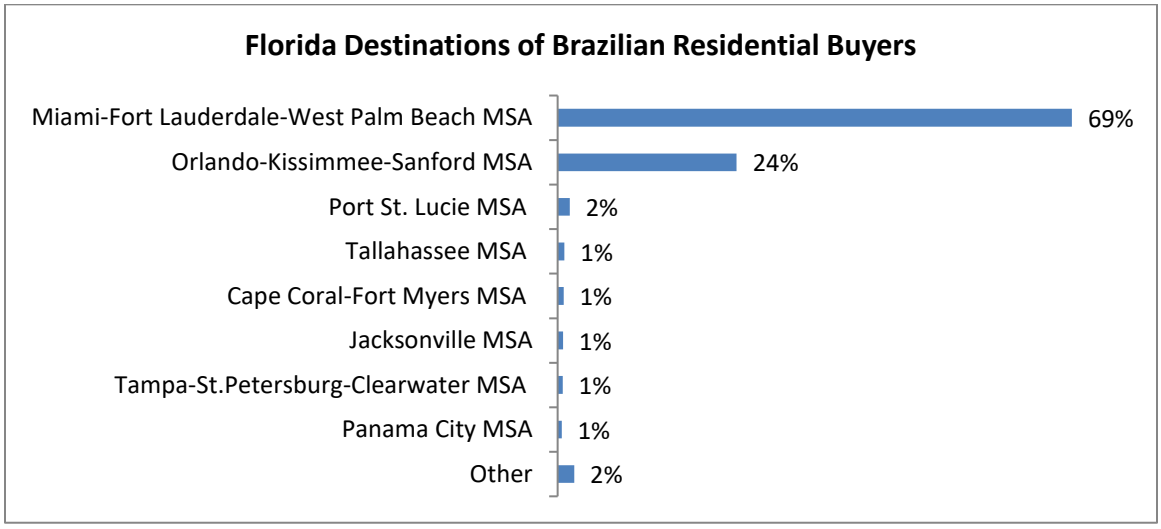

Major Foreign Buyers in Orlando-Kissimmee-Sanford MSA
Brazil 19%
United Kingdom 15%
Canada 8%
Venezuela 7%
China 4%
Colombia 4%
Argentina 4%
Germany 3%
Other 29%
Unknown 7%

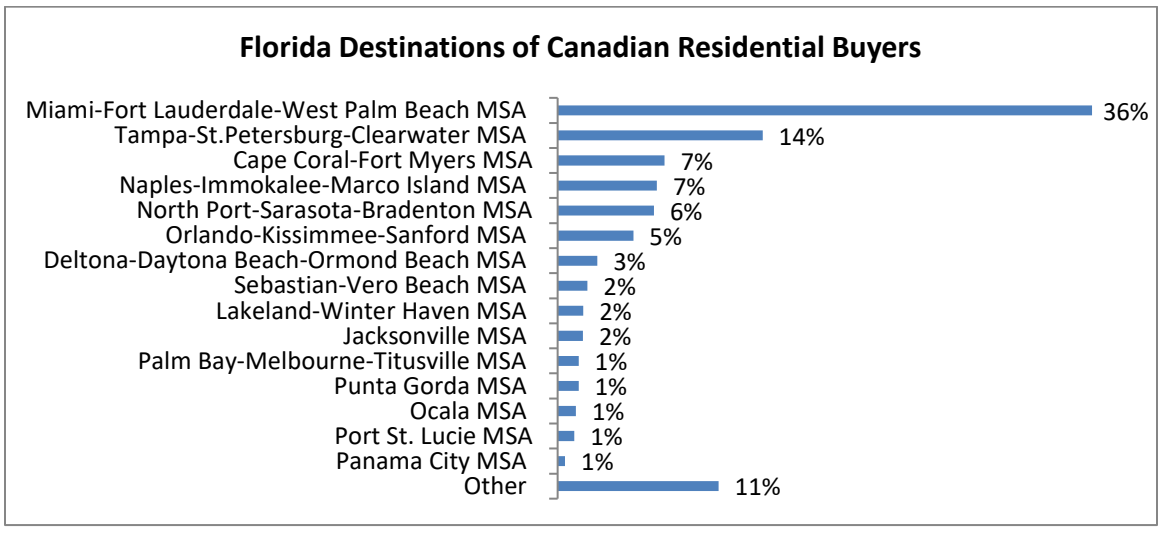


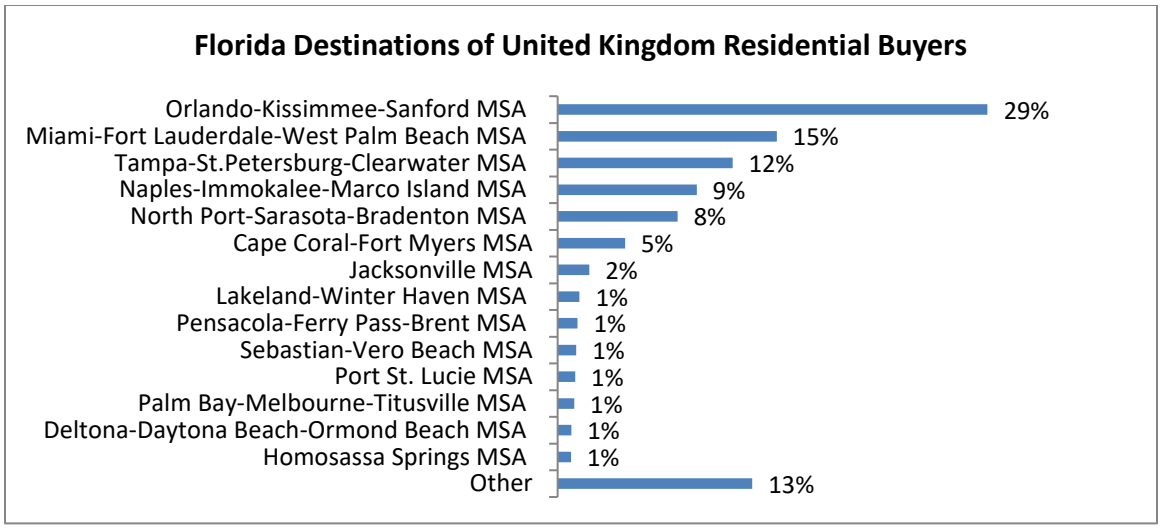


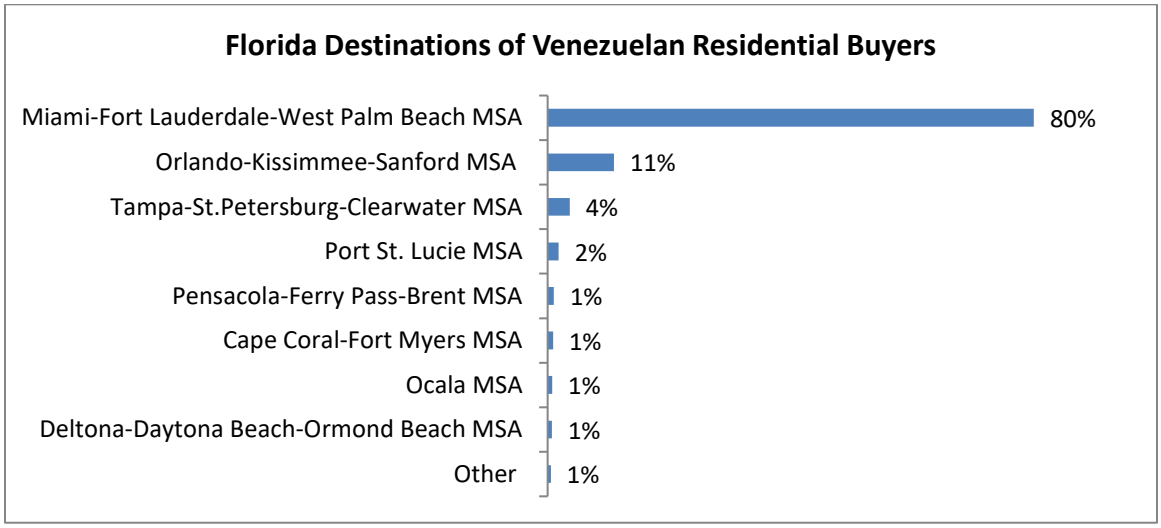
The next set of charts shows the destinations of the top five foreign buyers. Buyers from Argentina, Brazil, and Venezuela generally purchased property along the eastern coast of Florida, while buyers from Canada and the United Kingdom purchased property towards the central and west gulf coast.


Florida Destinations of Argentinian Residential Buyers
Miami-Fort Lauderdale-West Palm Beach MSA 79%
Orlando-Kissimmee-Sanford MSA 6%
Tampa-St.Petersburg-Clearwater MSA 2%
Jacksonville MSA 2%
Pensacola-Ferry Pass-Brent MSA 1%
Naples-Immokalee-Marco Island MSA 1%
Port St. Lucie MSA 1%
Deltona-Daytona Beach-Ormond Beach MSA 1%
Other 6%


Florida Destinations of Brazilian Residential Buyers
Miami-Fort Lauderdale-West Palm Beach MSA 69%
Orlando-Kissimmee-Sanford MSA 24%
Port St. Lucie MSA 2%
Tallahassee MSA 1%
Cape Coral-Fort Myers MSA 1%
Jacksonville MSA 1%
Tampa-St.Petersburg-Clearwater MSA 1%
Panama City MSA 1%
Other 2%


Florida Destinations of Canadian Residential Buyers
Miami-Fort Lauderdale-West Palm Beach MSA 36%
Tampa-St.Petersburg-Clearwater MSA 14%
Cape Coral-Fort Myers MSA 7%
Naples-Immokalee-Marco Island MSA 7%
North Port-Sarasota-Bradenton MSA 6%
Orlando-Kissimmee-Sanford MSA 5%
Deltona-Daytona Beach-Ormond Beach MSA 3%
Sebastian-Vero Beach MSA 2%
Lakeland-Winter Haven MSA 2%
Jacksonville MSA 2%
Palm Bay-Melbourne-Titusville MSA 1%
Punta Gorda MSA 1%
Ocala MSA 1%
Port St. Lucie MSA 1%
Panama City MSA 1%
Other 11%

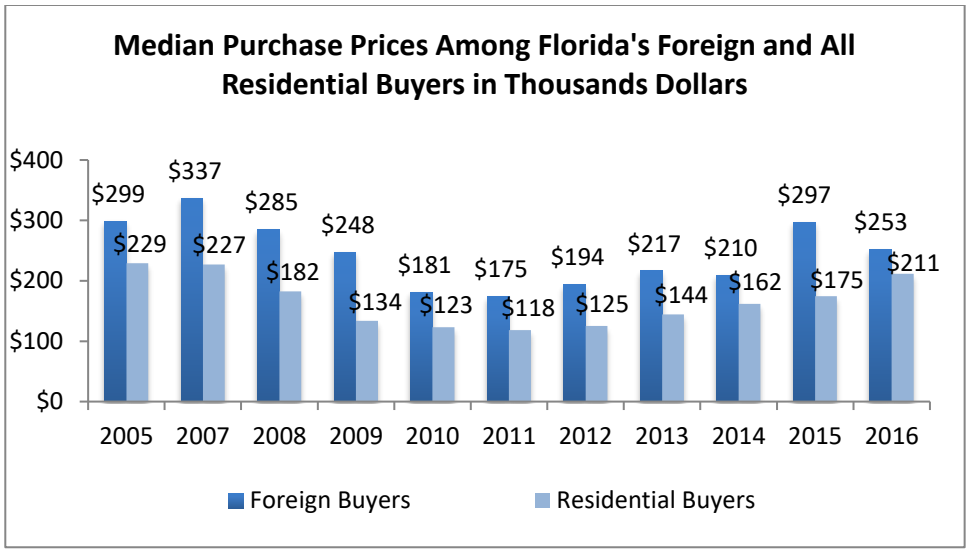


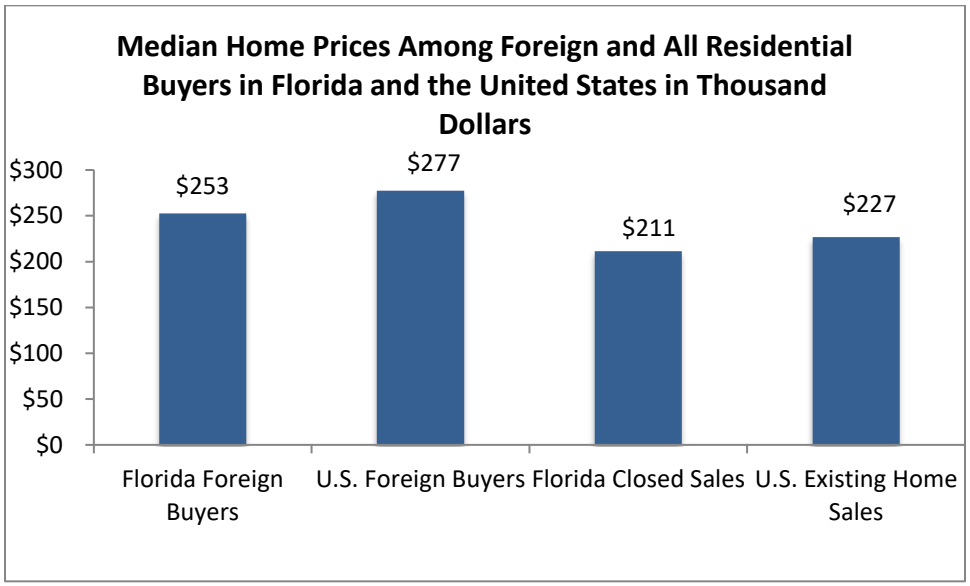


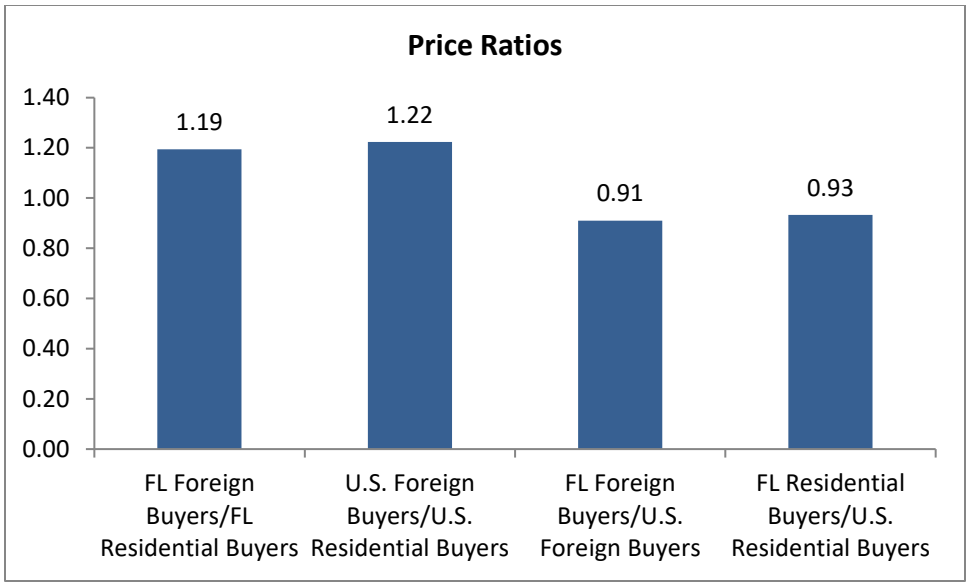
Prices and Financing

The median price of a property purchased by Florida's foreign buyers was $253,000, higher than the median price of $211,000 in Florida's residential market.[10] Florida's foreign buyers typically paid 19 percent more than Florida's residential existing home buyers, about the same as the national rate of 22 percent.

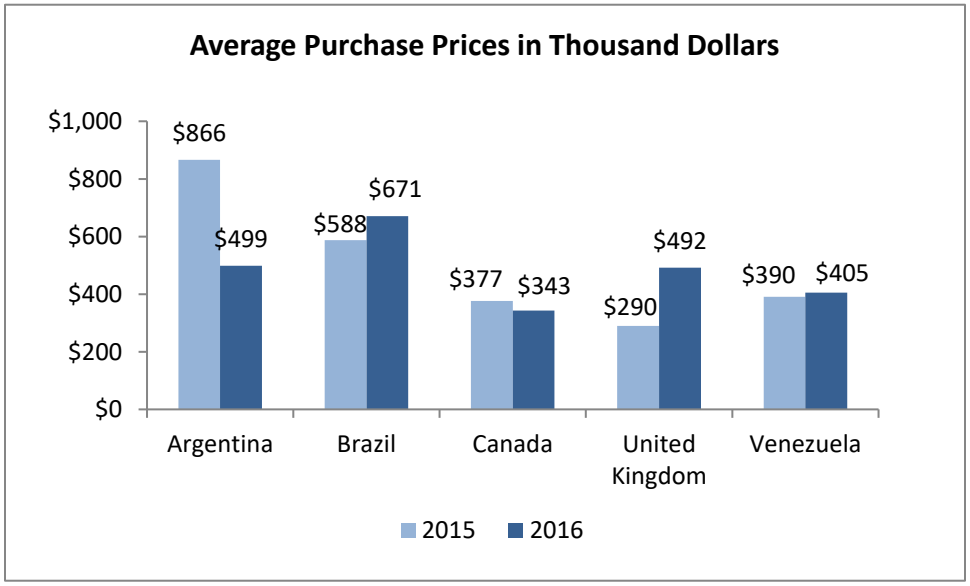
[10] NAR computed the median price of Florida's closed sales as the weighted average of the median price of residential closed sales in Florida's metro areas, using as weight for each metro area its share to total closed sales. Florida REALTORS® provided the data on closed sales and median prices.


Median Purchase Prices Among Florida's Foreign and All Residential Buyers in Thousands Dollars
$400
$300
$200
$100
$0
$299
$229
$337
$227
$285
$182
$248
$134
$181
$123
$175
$118
$194
$125
$217
$144
$210
$162
$297
$175
$253
$211
2005
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
Foreign Buyers
Residential Buyers

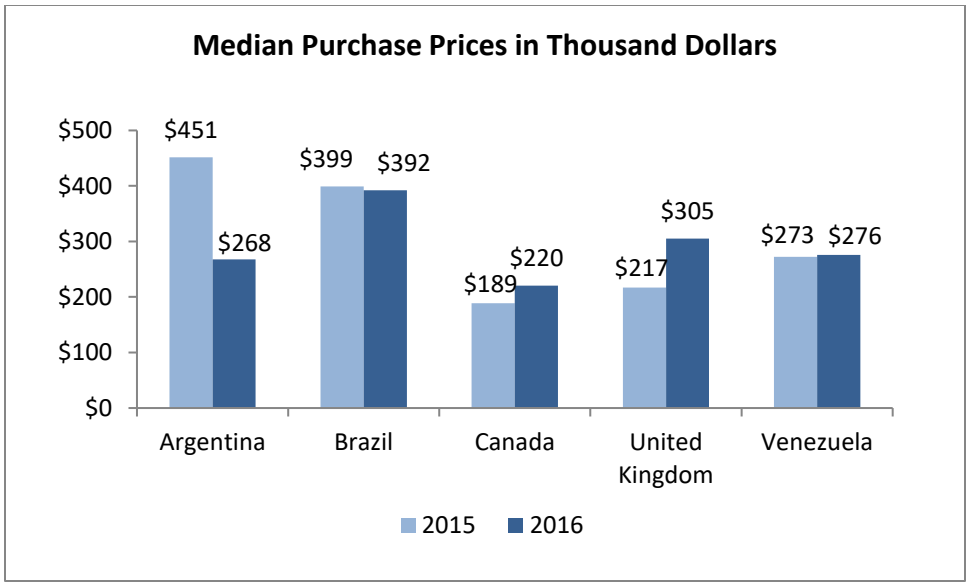

Median Home Prices Among Foreign and All Residential Buyers in Florida and the United States in Thousand Dollars
$300
$250
$200
$150
$100
$50
$0
$253
$277
$211
$227
Florida Foreign Buyers
U.S. Foreign Buyers
Florida Closed Sales
U.S. Existing Home Sales



The average and median purchase price of Brazilian buyers were higher than those of the other major foreign buyers in 2016.[11] This may be in part because they purchased properties in areas such as Miami-Fort Lauderdale-Palm Beach and Orlando-Kissimmee-Sanford where property values are higher compared to other metropolitan areas.

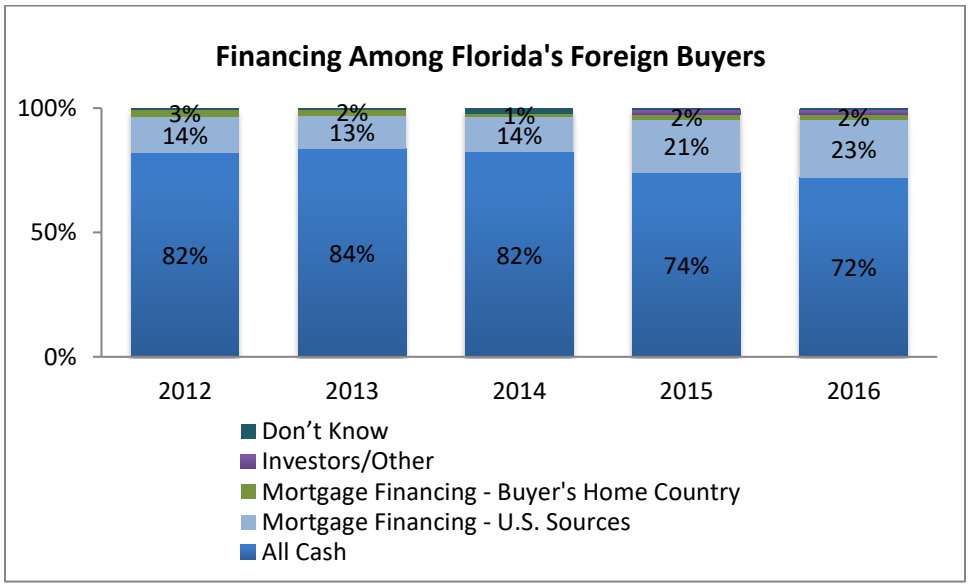


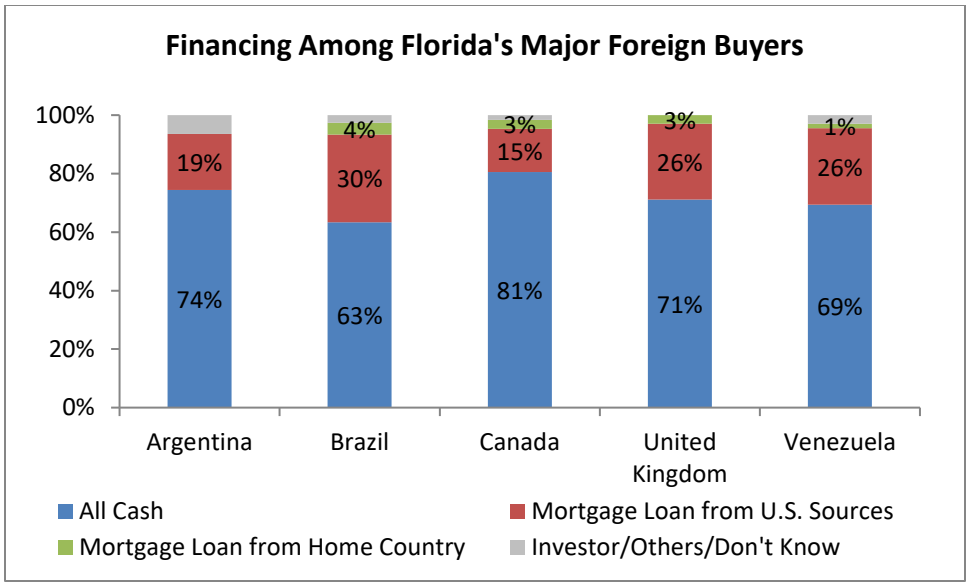
[11] The median is the middle value of the distribution. Half of all purchases fall below this value and half are above this value. Because home values tend to skew to the higher end, the median is often a better reflection of typical market activity. The mean or the average price is used to calculate 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.



About 72 percent of foreign buyer purchases were all-cash sales. Foreign buyers tend to make an all-cash purchase because they may not have the required U.S. credit history to obtain a mortgage from a U.S. source.

Among the major foreign buyers, Canadian foreign buyers were the most likely to make an all-cash purchase.

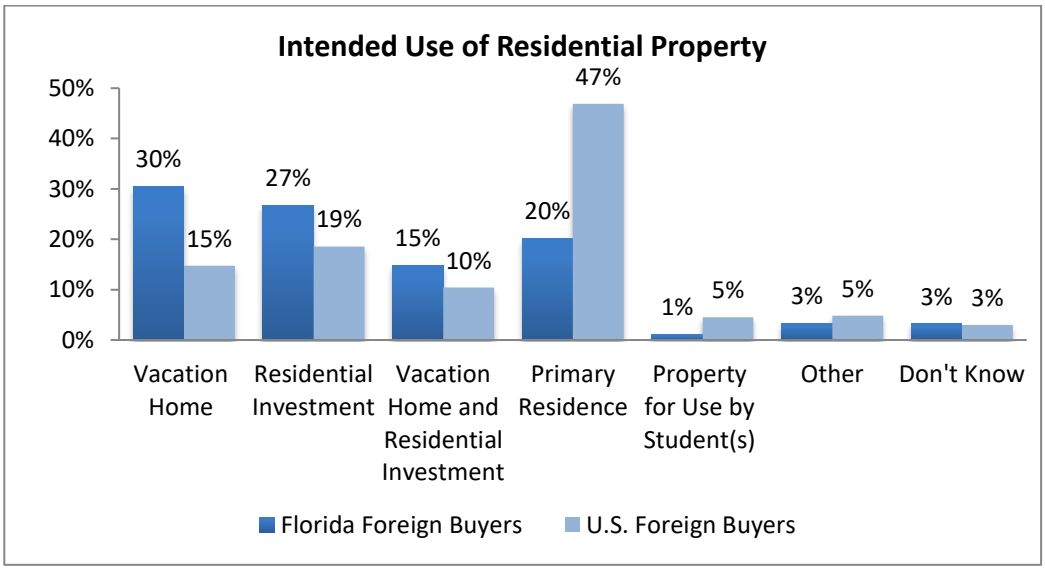


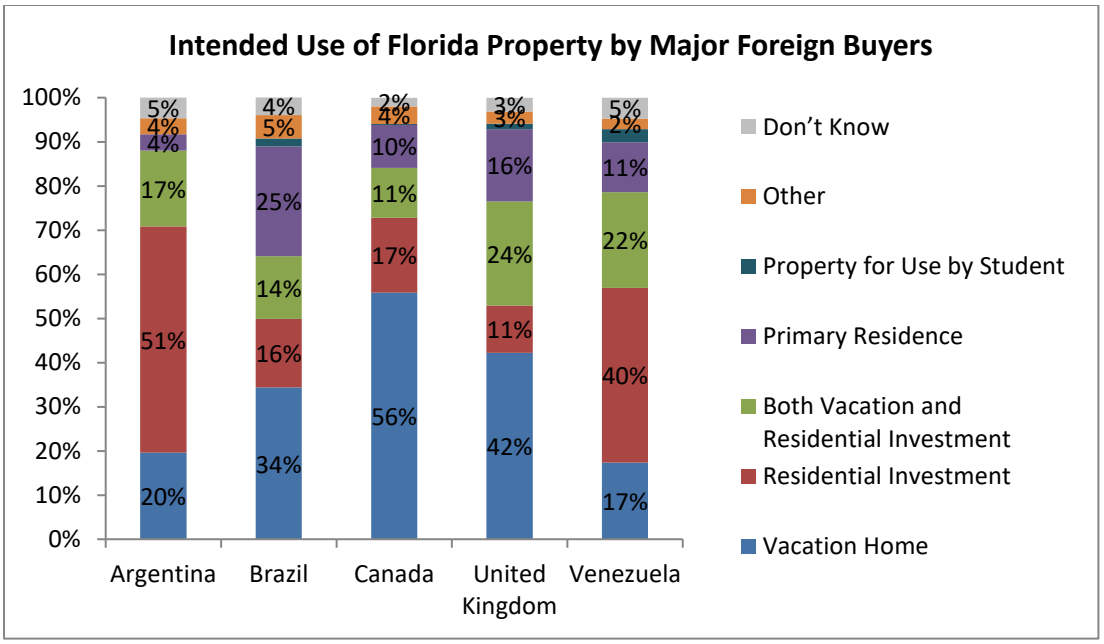


Intended Use of Property

Compared to U.S. foreign buyers, Florida's foreign buyers were more likely to purchase property for vacation, residential rental, or both uses. Approximately 72 percent of Florida's foreign buyers purchased the property for these uses compared to 44 percent nationally.

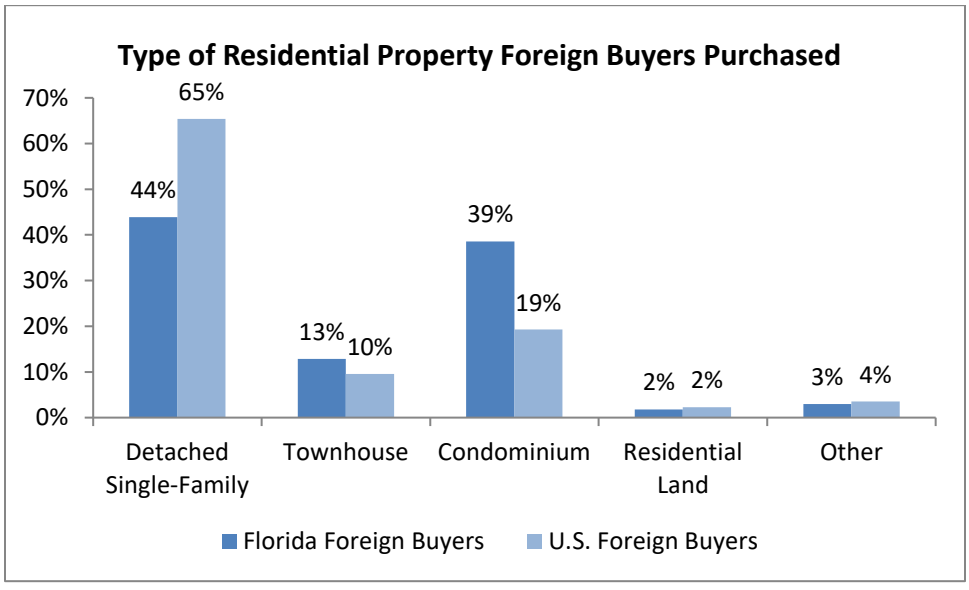
Buyers from Canada and the United Kingdom were the most likely to purchase a property for vacation use. The bulk of buyers from Argentina and Venezuela purchased property for residential rental purposes.



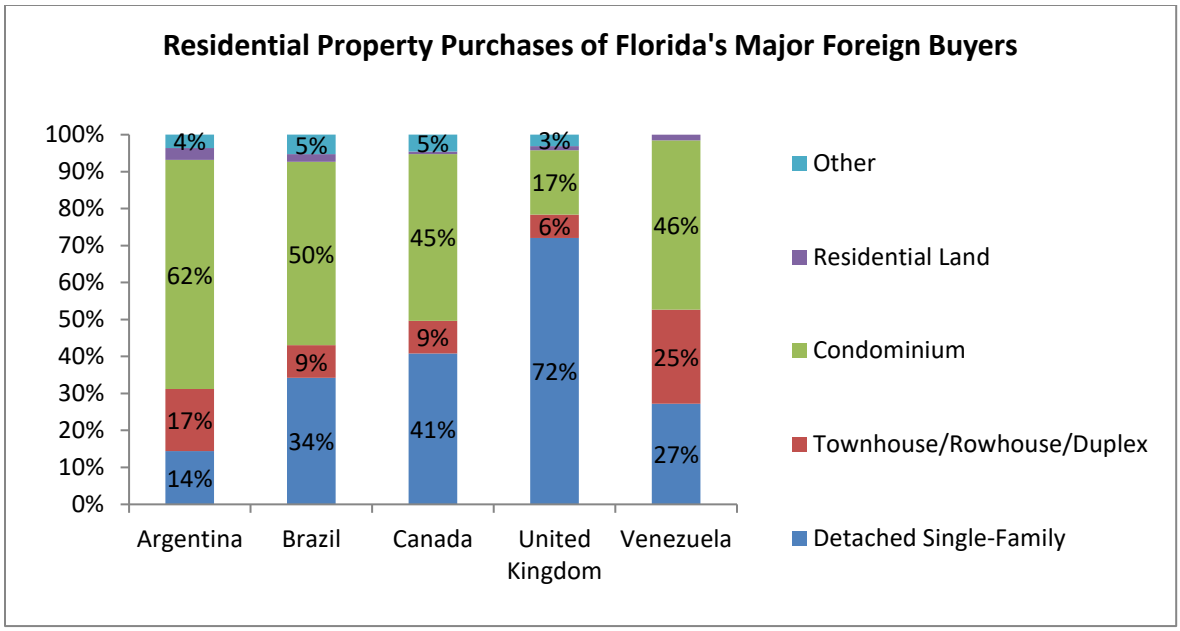


Type of Property

More than half (52 percent) of foreign buyers in Florida bought a townhouse or condominium, higher than the 29 percent share among all foreign buyers who purchased property in the United States. Most of Florida's foreign buyers purchased townhomes and condominiums, perhaps because they intended to use the property for vacation, residential rental, or both uses, rather than for primary residence. Another factor that might have led foreign buyers to purchase townhomes and condominiums was the urban location in which many were searching (see below).

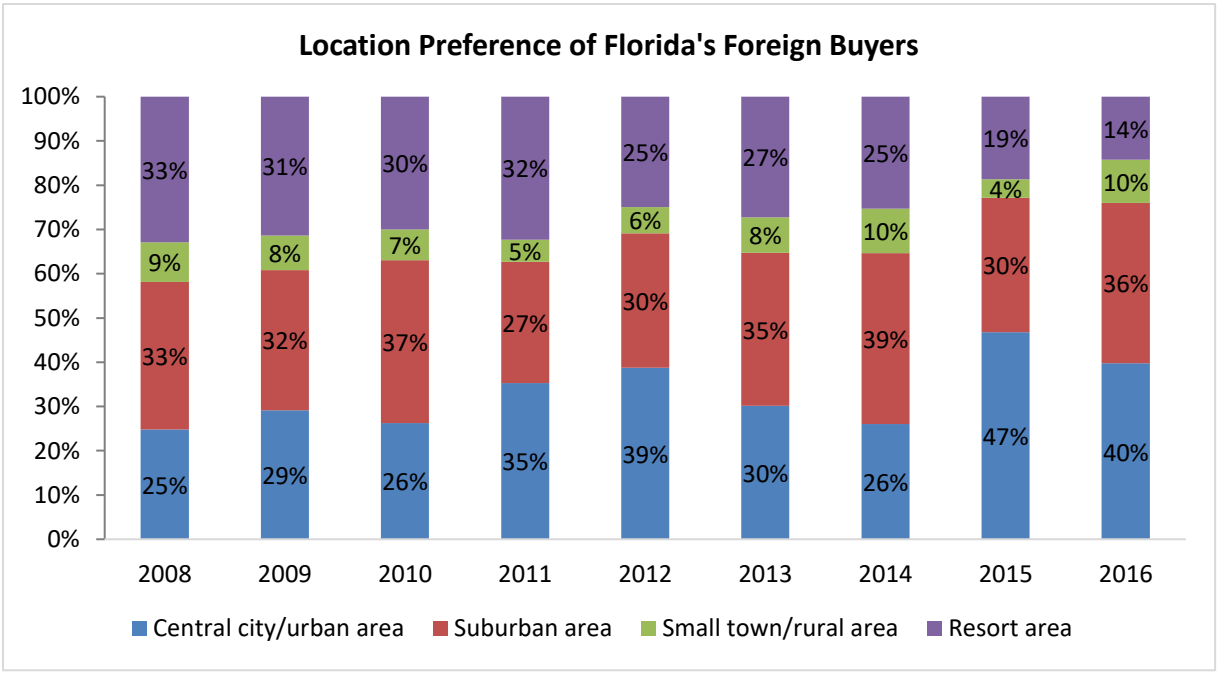


Among the major buyers, United Kingdom buyers had a preference for detached single-family properties, while other buyers preferred condominium properties.

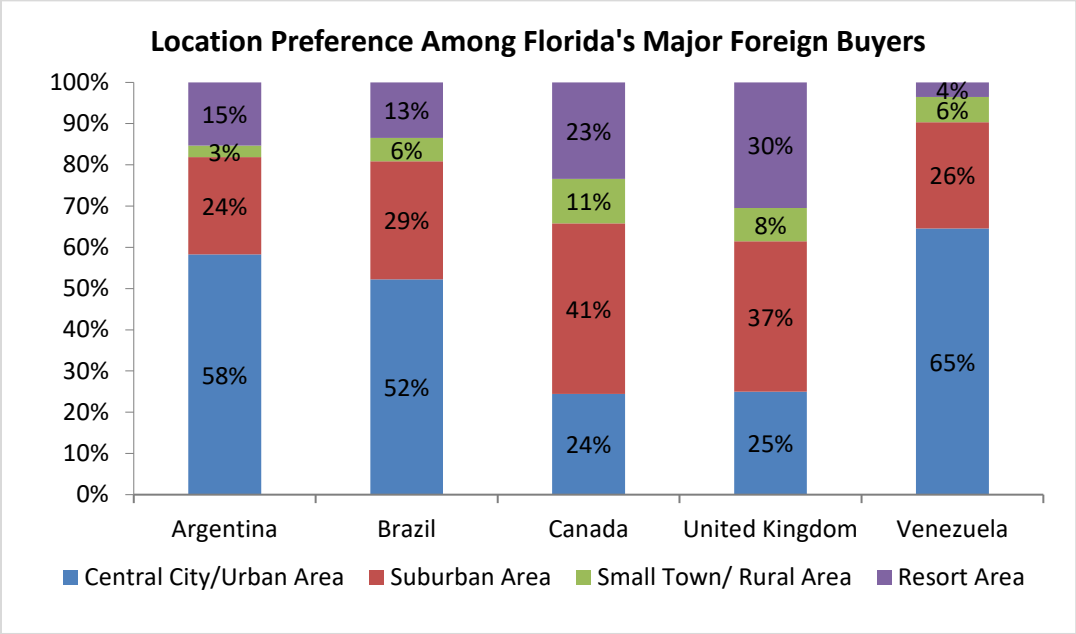


Location Preference

Florida's foreign buyers appear to have an increasing tendency to locate in a city or urban area. In 2016, 40 percent of Florida's foreign buyers purchased their property in a central city or urban area, up from 25 percent eight years ago. Meanwhile, the fraction of foreign buyers who purchased in a resort area declined to 14 percent from 33 percent in 2008. The fact that fewer foreign buyers hail from Canada and the United Kingdom, who tend to purchase properties for vacation use, may help explain the declining share of foreign buyers in resort areas.

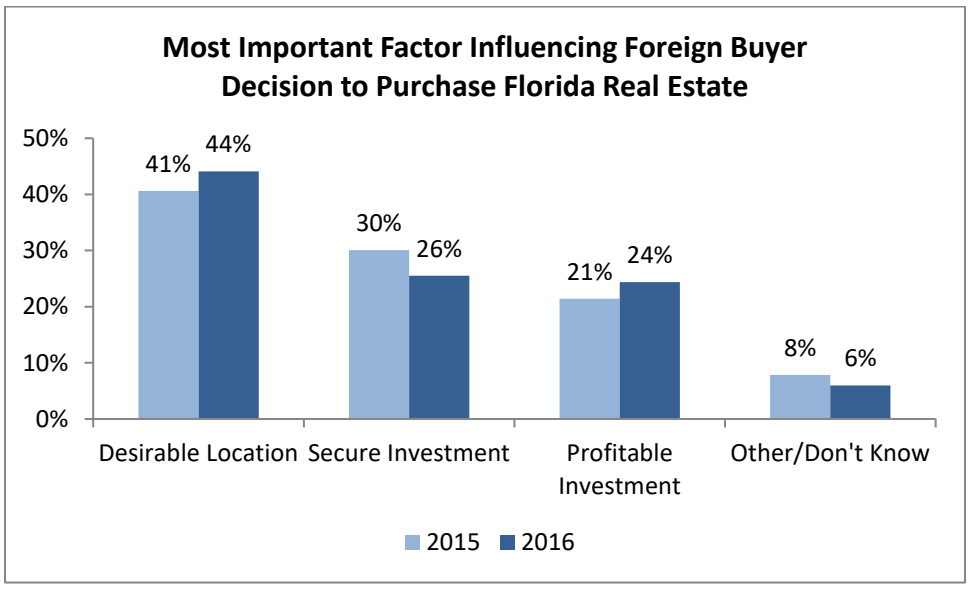


Buyers from the Latin American preferred to locate in the central city, and buyers from Canada and the United Kingdom tended to locate in suburban and resort areas.

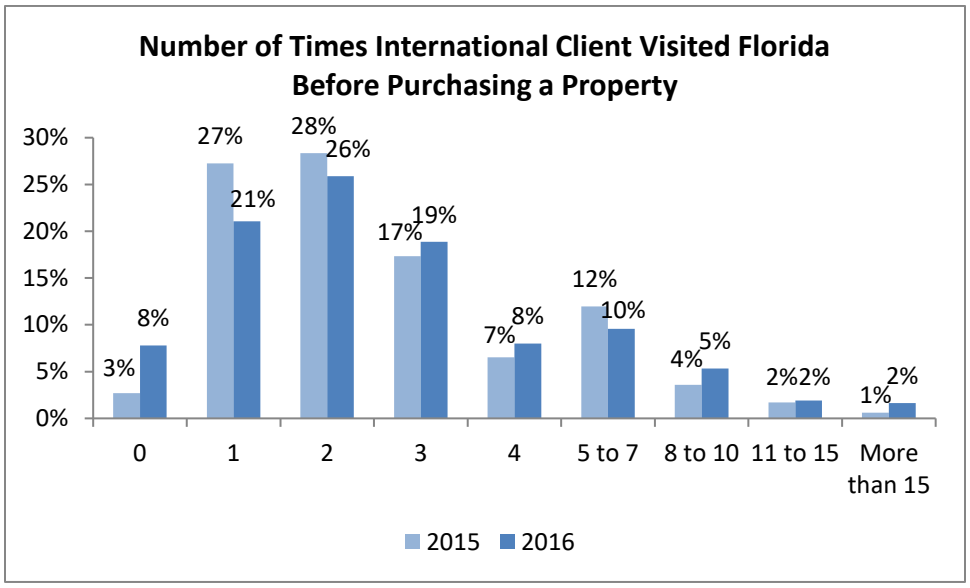


Other Characteristics of Foreign Buyers

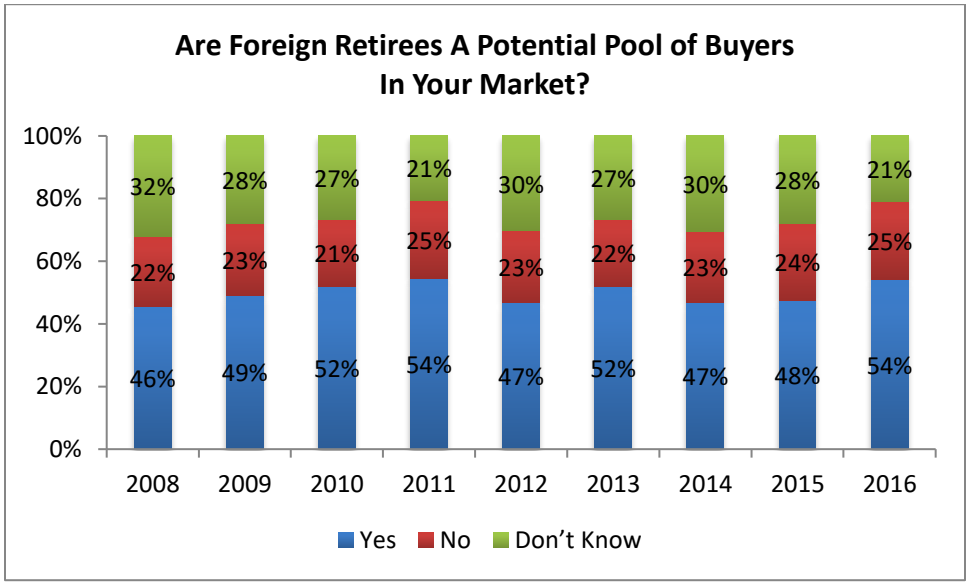
Florida's desirable location appeared to have played a more important factor in influencing the decision to purchase Florida real estate in 2016 compared to 2015. Among respondents, 44 percent cited Florida's desirable location as their clients' most important decision factor influencing the decision to purchase Florida property (41 percent in 2015).



The vast majority of buyers, 92 percent, visited Florida before making a purchase (97 percent in 2015).



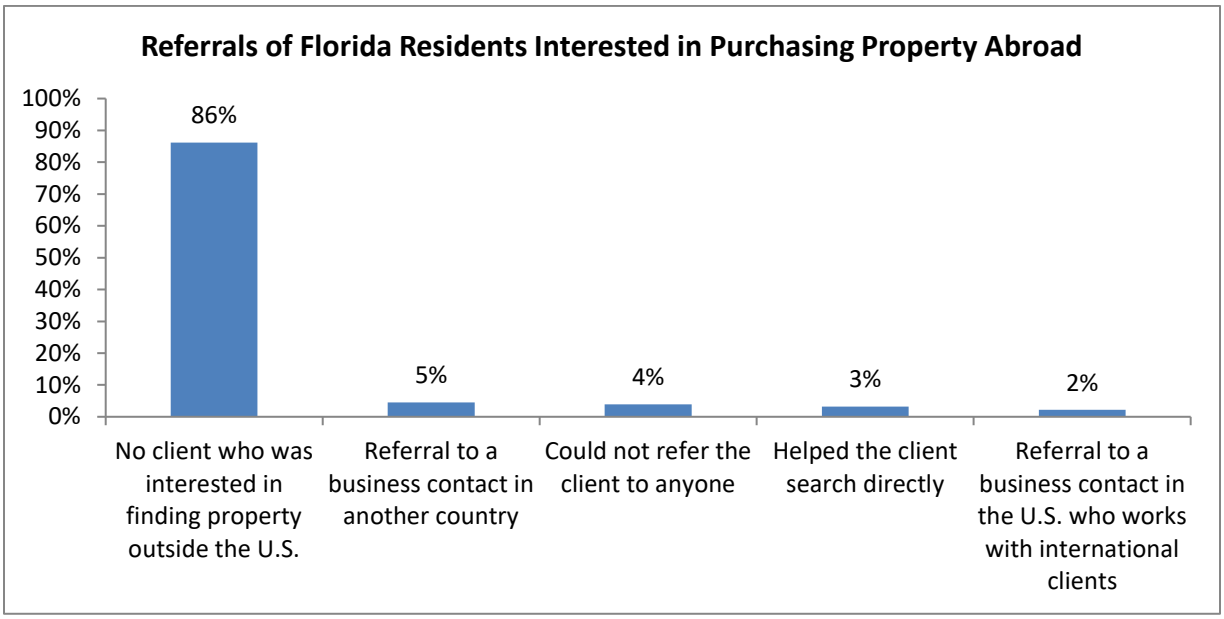
A higher fraction of respondents, 54 percent, expected foreign retirees to be a potential pool of buyers.



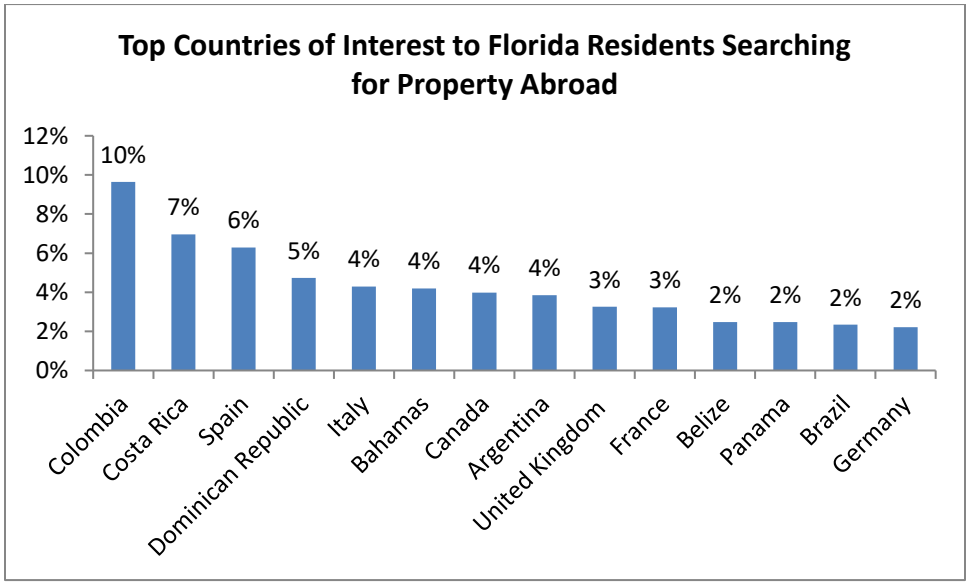
III. FLORIDA RESIDENTS SEEKING TO PURCHASE PROPERTY ABROAD

For the first time, the 2016 survey gathered information on Florida residents interested in purchasing property abroad. Among respondents, 14 percent reported that they had a client who was seeking to purchase property in another country, the same as the national rate. Five percent of respondents referred the interested buyer to a business

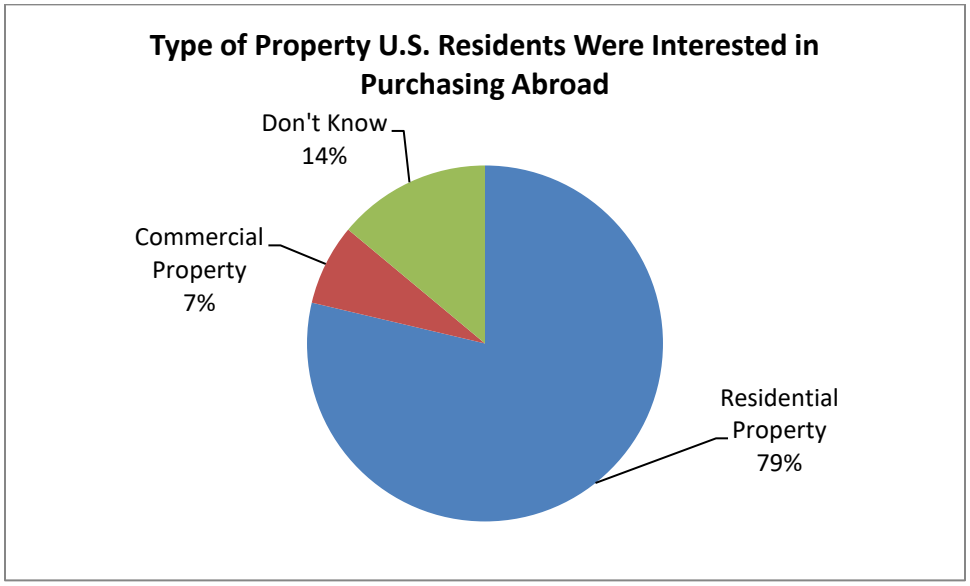
contact outside the United States, three percent helped the client directly, and two percent referred the client to a business contact in the United States who works with international clients. Four percent of respondents reported that they had a client interested in purchasing property abroad but could not refer the client to anyone to assist in the purchase process.

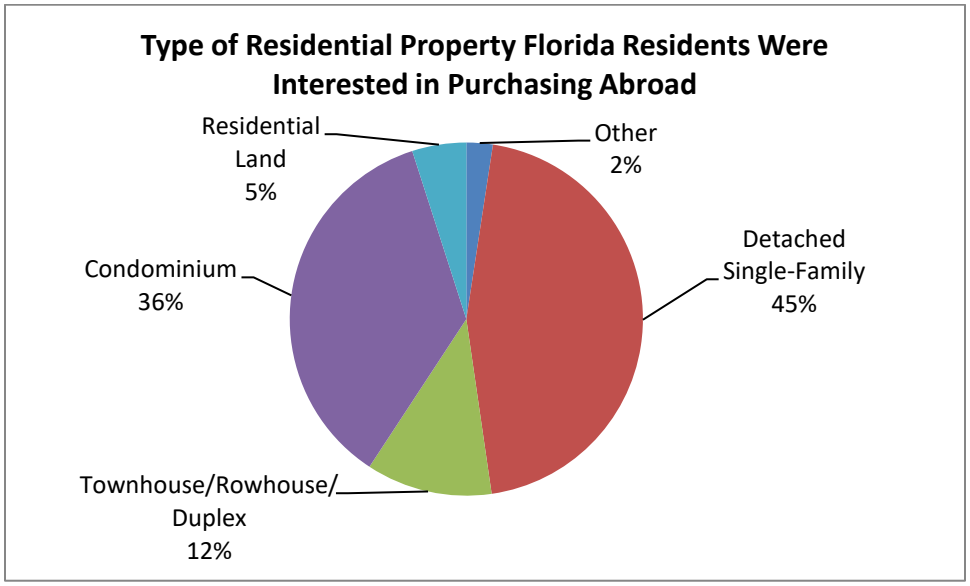


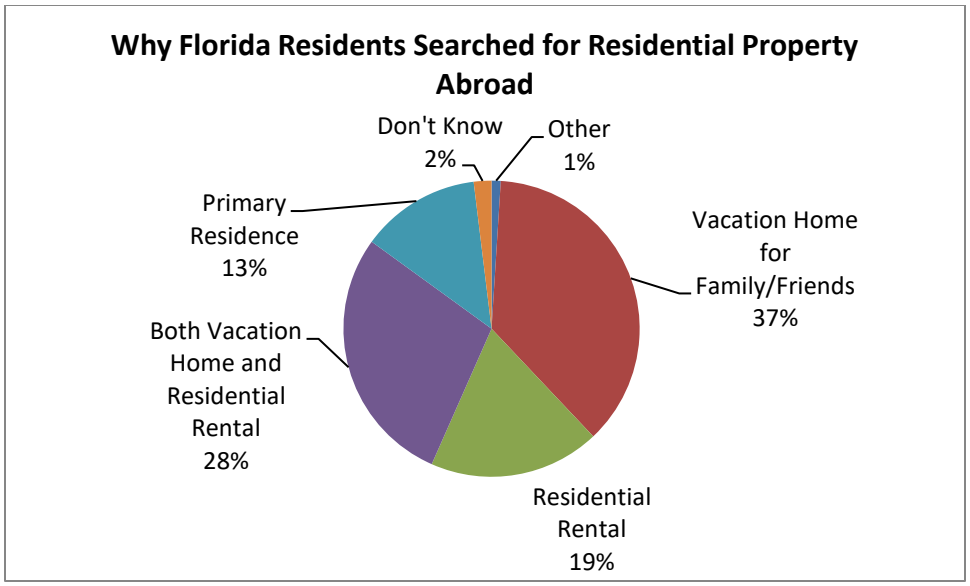
Among REALTORS® who had clients interested in purchasing property abroad, countries in Latin America and the Caribbean generated the most inquiries. Spain, Italy, Canada, the United Kingdom, France, and Germany—countries that are also origins of foreign buyers in Florida—were also of major interest.



Most clients were interested in residential property (79 percent), and detached single-family homes (45 percent) and condominiums (36 percent) were the preferred types of properties among residential buyers. Most clients (84 percent) intended to use the property for vacation, residential rental unit, or both uses.



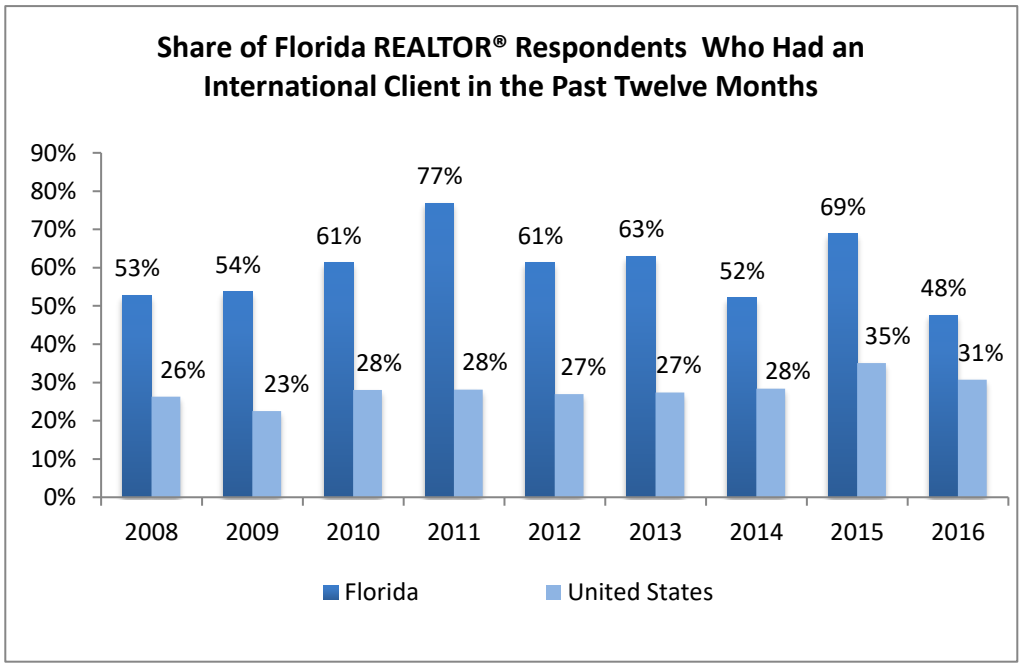




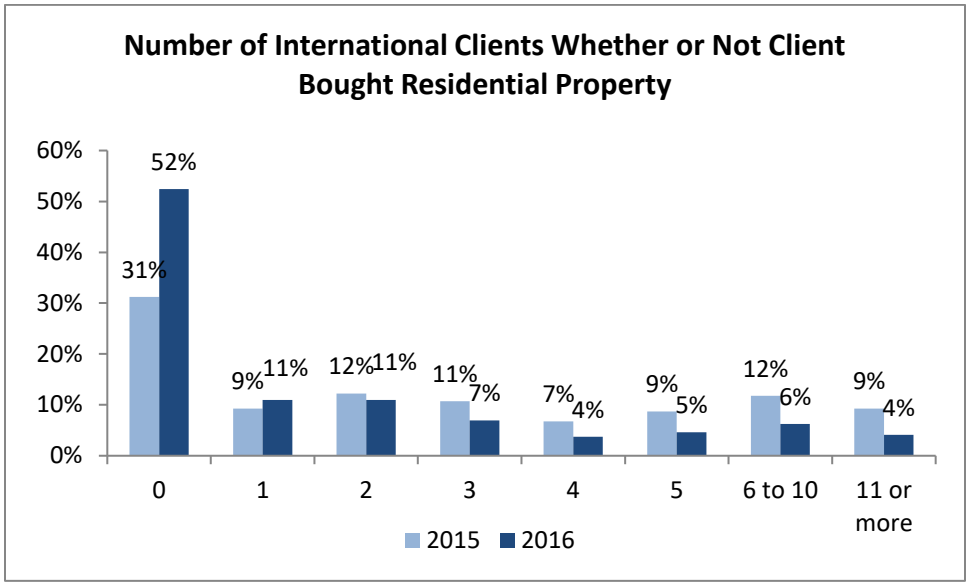
IV. REALTOR® INTERACTION WITH INTERNATIONAL CLIENTS

Number and Share of International Clients

Amid a tougher economic environment, international transactions accounted for a smaller share of transactions in 2016 compared to 2015. While 69 percent of Florida REALTORS® worked with an international client in 2015, only 48 percent of respondents reported this in 2016. However, this is still notably higher than the national rate of 31 percent.

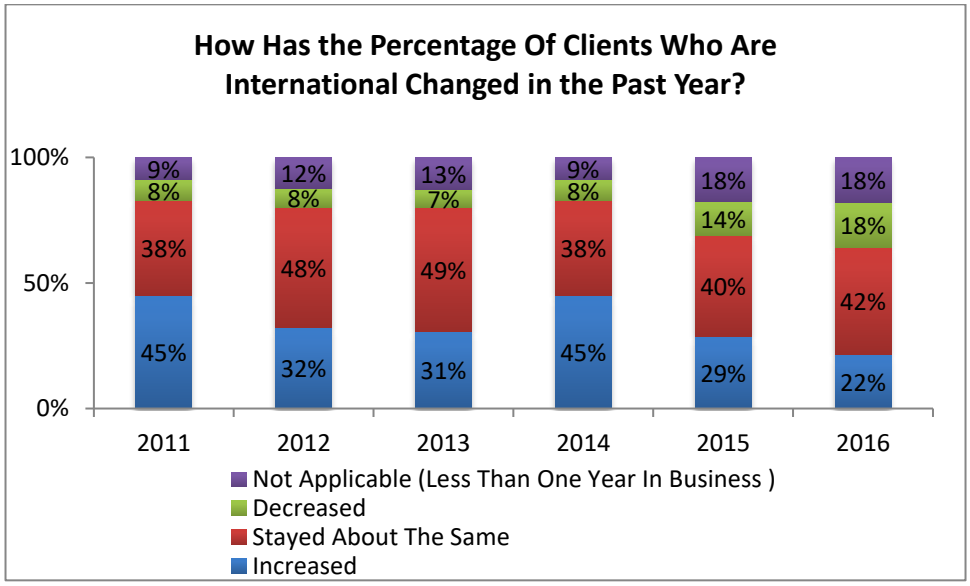


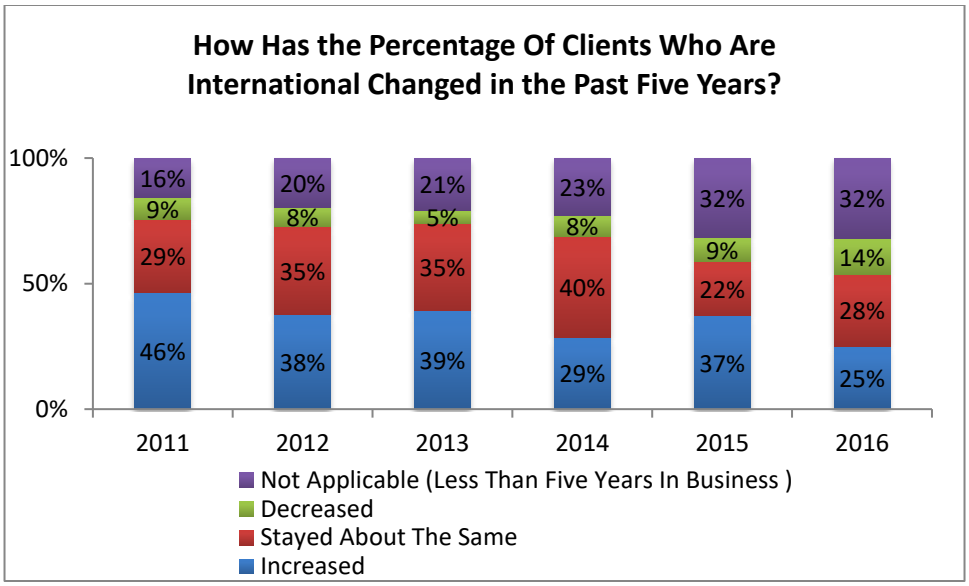
The degree of specialization varies, with 11 percent of respondents reporting only one client and 10 percent reporting six or more clients. In 2015, 21 percent reported working with six or more international clients.



Change in the Percentage of International Clients

A lower fraction of respondents, 64 percent, reported no change or an increase in the percentage of their clients who are international in the past year (69 percent in 2015). A lower fraction of respondents, 53 percent, also reported no change or an increase in the percentage of clients who are international during the past five years (59 percent in 2015).

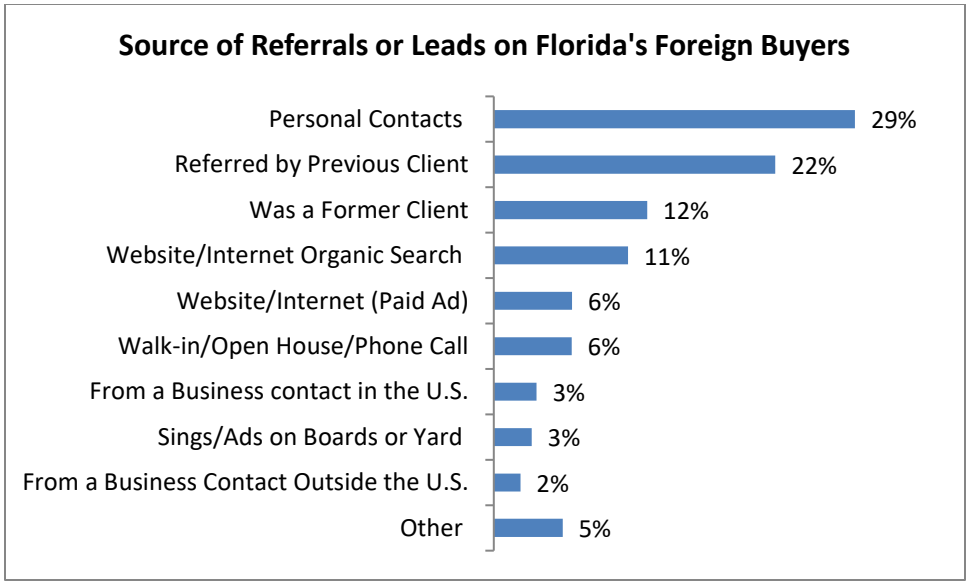


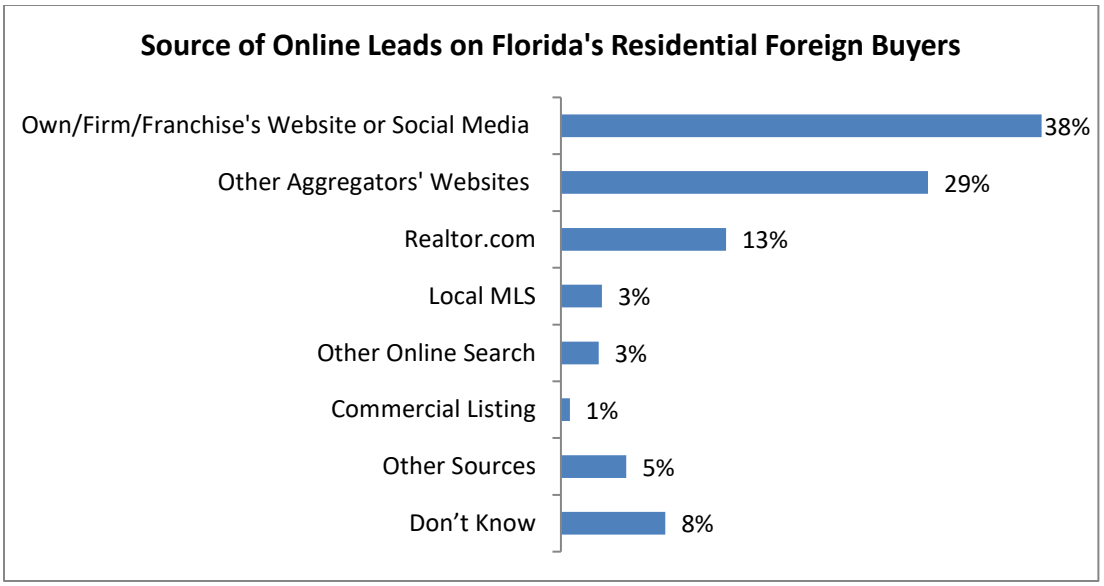


Source of Client Contact

Relationships matter in real estate. Personal contacts, previous clients, and business contacts accounted for 68 percent of referrals or leads. Business contacts in the United States and abroad are potential sources of client referrals.

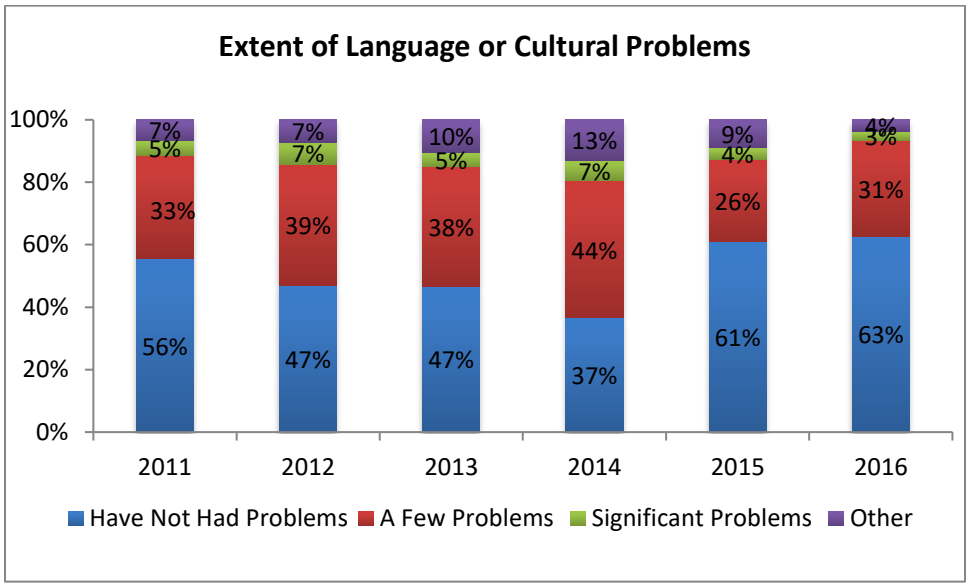
Online leads generated 17 percent of respondent clients. The primary source of online leads was the agent/firm/franchise website or social media, followed by other aggregators' websites and Realtor.com.

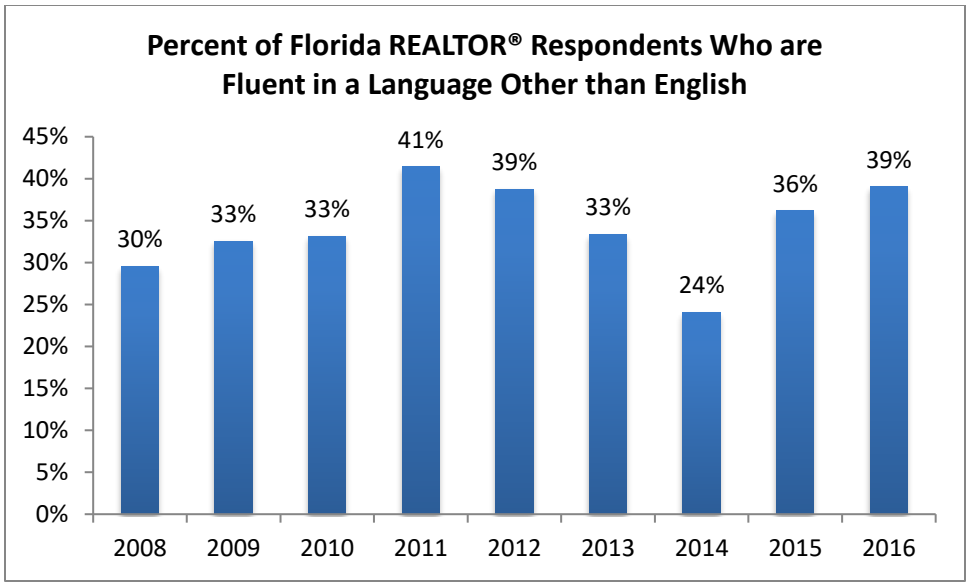


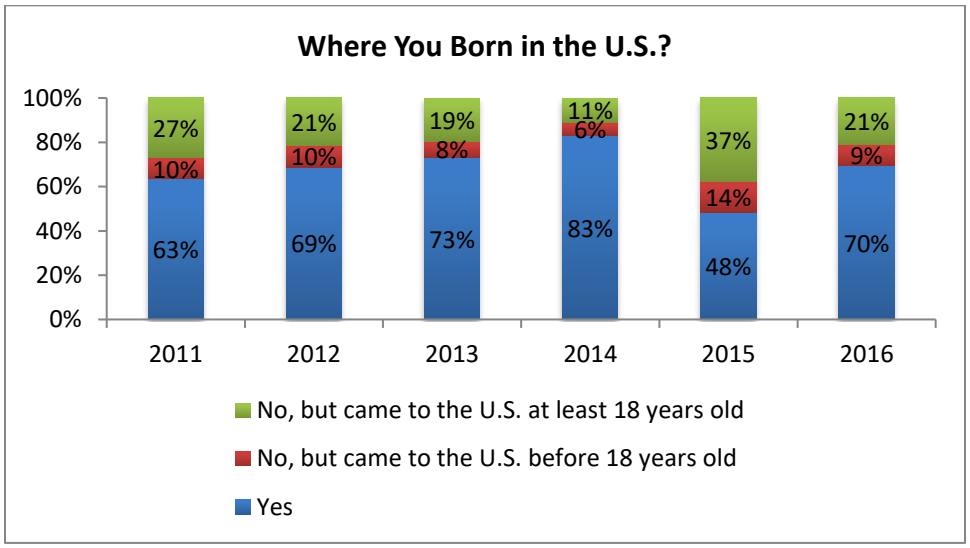


Language and Cultural Factors

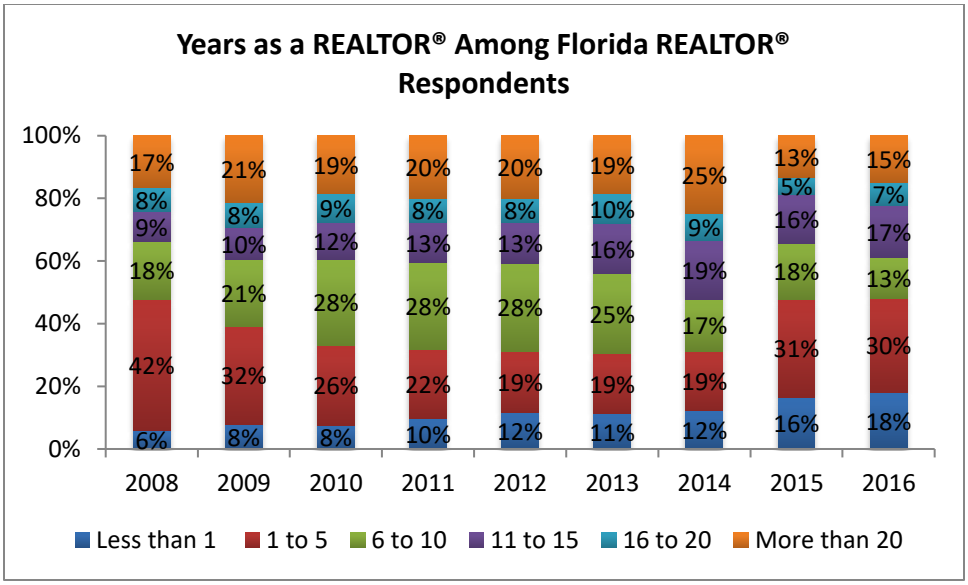
Among all respondents, 63 percent reported they did not have problems dealing with international clients in 2016, slightly higher than in previous survey years. A higher fraction of respondents reported they were born in the United States, but the share of respondents who spoke a language other than English also increased to 39 percent.







Eighteen percent of respondents reported less than one year of experience as a REALTOR®, a slight increase from 2015 (16 percent) and up notably from six percent in 2008. The entry of new members is reflective of positive expectations of Florida's real estate market, but it also indicates the need for training of these new members in tapping and nurturing international clients.



V. CONCLUDING COMMENTS

Amid slower economic growth, the appreciation of the dollar and strong price growth in many metropolitan areas amid lack of inventory, Florida REALTORS® saw a decline in business transactions involving international clients. Still, foreign buyers were a significant source of business in Florida when compared against the national performance.

The future growth of business with international clients will be strongly dependent on global economic conditions and the real estate conditions in Florida, mainly prices and availability of supply. Florida's natural endowments—its warm climate, beauty of the land, and proximity to Latin America, are expected to help keep Florida a top destination for foreign buyers.

The increasing entry of new agents may be reflective of their positive expectations of Florida's residential market. However, this also indicates the opportunity to train new Florida REALTORS® members in cultivating and growing their business with both domestic and international clients.

APPENDIX 1. COMPUTATION OF DOLLAR VOLUME OF FOREIGN BUYER PURCHASES

Appendix 1 **Computation of Residential Purchases of Foreign Buyers in Florida for the 12-Month Period August 2015–July 2016**		
Line	*Florida's Foreign Buyer Residential Purchases*	
1	Total U.S. Foreign Buyer Residential Purchases	214,885
2	Florida's Share to U.S. Foreign Buyer Residential Purchases (units)	22%
3	Number of Florida Foreign Buyer Residential Purchases	47,000
4	Average Price of Florida Foreign Buyer Residential Purchases	$412,100
5	Dollar Volume of Foreign Buyer Residential Purchases in Florida	$19,368,700,000
	Florida's Residential Market	
6	Florida's Residential Dollar Volume (Single-Family, Condo/Townhomes, Mobile/Manufactured Homes)	$102,199,522,842
7	Florida's Closed Sales (Single-Family, Condo/Townhomes, Mobile/Manufactured Homes)	387,161
	Share of Foreign Buyer Residential Purchases to Florida's Residential Market	
8	Share of Foreign Buyer Residential Purchases to Florida's Dollar Volume of Residential Sales	19%
9	Share of Foreign Buyer Residential Purchases to Florida's Number of Residential Closed Sales	12%
Notes:		
Line 1	Source: NAR's 2016 Profile of International Activity in U.S. Residential Real Estate	
Line 2	Source: NAR's 2016 Profile of International Activity in U.S. Residential Real Estate	
Line 3	Mutiply Lines 1 and 2	
Line 4	*Florida Survey of International Home Buying Activity, 2016*	
Line 5	Mutiply Lines 3 and 4 (Sales = # of units x mean price)	
Line 6	Dollar volume of closed sales for single-family homes, condominiums/townhomes, mobile/manufactured homes. Source of data: Florida Realtors®	
Line 7	Closed sales for single-family homes, condominiums/townhomes, mobile/manufactured homes. Source of data: Florida Realtors®	
Line 8	Line 5 divided by Line 6	
Line 9	Line 3 divided by Line 7	
Memo Item	*Florida's Foreign Buyer Commercial Purchases*	
	Share of Foreign Buyer Commercial Purchases to Total Foreign Buyer Commercial and Residential Purchases	4%
	Average Price of Foreign Buyer Commercial Purchases	$1,091,000
	Number of Foreign Buyer Residential Purchases	2,000
	Dollar Volume of Commercial Purchases in Florida	$2,182,000,000
Source: National Association of REALTORS ®		

APPENDIX 2. NOTES ON SURVEY AND ESTIMATION METHOD

Some caution needs to be exercised in comparing the annual results because of changes in the collection of the data and estimation of the volume of sales from international (foreign) clients:

- The 2005, 2007, 2008 surveys covered only Type A international clients, those who primarily resided abroad and who were purchasing U.S. property for vacation or investment purposes. From 2009 onwards, the survey asked about clients who are "citizens of another country", a definition that includes Type A clients and non-U.S. citizens such as immigrants and those residing in the United States on work or student visas (Type B). No survey was held in 2006.
- The 2005, 2007, 2008, 2009 estimates of Florida's international sales (units, dollar volume, and share to Florida's closed sales) were estimated using Florida survey data. From 2010 onwards, when NAR started to generate the estimate of international sales in the United States (national estimate), the number of international sales (in units) in Florida were estimated based on Florida's share of the national estimate. However, the average price and the distribution of Florida's foreign buyers across metro areas were taken from the Florida surveys.
- From 2005-2015, estimates of international sales included some commercial purchases. In 2016, the estimate only included foreign buyer purchases of residential property, yielding a better estimate that can be compared to total existing home sales.
- The 2016 survey covers transactions during the 12-month period, August 2015–July 2016 while previous surveys covered transactions from July of the previous year to June of the current year. The impact of this change is likely to be minimal because the seasonal difference between the July–June period and the August–July period is not likely to be significant.
- Starting in the 2015 survey, the responses were weighted to correct for over- or under- response from a metro area. The weight factor w_i is equal to the number of members in area *i* divided by the number of respondents in area *i*. Data on Florida REALTORS® membership was provided by the association.
- Starting in 2015, the highest purchase price was capped at $5 million, from $1.3 million in previous surveys. The mean or the average price is used to calculate the total dollar volume of purchases. The mean can be used as a measure of central tendency. It is found by summing the responses and dividing by the number of responses. However, because home values tend to skew to the higher end, the median is often a better reflection of typical market activity. The median is the middle value of the distribution. Half of all purchases fall below this value and half are above this value.
- Some metropolitan statistical areas (MSAs) were not listed separately in the 2015 survey or because of a change in the MSA delineation (specifically, Flagler County was delineated as part of the Deltona-Daytona Beach-Ormond MSA in 2013 per OMB Bulletin 13-01 dated February 28, 2013, which Florida REALTORS® used starting in 2015). In the table below, these areas are marked with an asterisk under the column 2016 Survey.

2015 Survey	2016 Survey
Cape Coral-Fort Myers	Cape Coral-Fort Myers MSA (Lee County)
Fort Walton beach-Crestview-Destin	Crestview-Fort Walton Beach-Destin MSA (Okaloosa and Walton counties)
Deltona-Daytona Beach-Ormond Beach	Deltona-Daytona Beach-Ormond Beach MSA (Flagler and Volusia counties)*
Gainesville	Gainesville MSA (Alachua and Gilchrist counties)
	Homosassa Springs MSA (Citrus County)*
Jacksonville-St. Augustine	Jacksonville MSA (Baker, Clay, Duval, Nassau, and St. Johns counties)
Lakeland-Winter Haven	Lakeland-Winter Haven MSA (Polk County)
Miami-Miami Beach	Miami-Fort Lauderdale-West Palm Beach MSA (Broward, Miami-Dade, and Palm Beach counties)
Fort Lauderdale	
Palm Beach	
Naples-Marco Island	Naples-Immokalee-Marco Island MSA (Collier County)
Bradenton-Sarasota-Venice	North Port-Sarasota-Bradenton MSA (Manatee and Sarasota counties)
Ocala	Ocala MSA (Marion County)
Orlando-Kissimmee	Orlando-Kissimmee-Sanford MSA (Lake, Orange, Osceola, and Seminole counties)
	Palm Bay-Melbourne-Titusville MSA (Brevard County)*
Panama City-Lynn Haven	Panama City MSA (Bay and Gulf counties)
Pensacola-Ferry Pass-Brent	Pensacola-Ferry Pass-Brent MSA (Escambia and Santa Rosa counties)
Port St. Lucie	Port St. Lucie MSA (Martin and St. Lucie counties)
	Punta Gorda MSA (Charlotte County)*
Sebastian-Vero Beach	Sebastian-Vero Beach MSA (Indian River County)
	Sebring MSA (Highlands County)*
Tallahassee	Tallahassee MSA (Gadsden, Jefferson, Leon, and Wakulla counties)
Tampa-St. Petersburg-Clearwater	Tampa-St.Petersburg-Clearwater MSA (Hernando, Hillsborough, Pasco, and Pinellas counties)
	The Villages MSA (Sumter County)*
Other	Other

* MSA is not listed separately in the 2015 FL survey or because of a change in MSA delineation (specifically, Flagler County was delineated as part of Deltona-Daytona Beach-Ormond MSA in 2013 per OMB Bulletin 13-01 dated February 28, 2013 which Florida REALTORS® used starting in 2015.