

National Association of REALTORS®

# PROFILE OF INTERNATIONAL TRANSACTIONS IN U.S. RESIDENTIAL REAL ESTATE

# 2018

**Profile of International Transactions in U.S. Residential Real Estate 2018**

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# 1

# Introduction

## INTRODUCTION

### **LAWRENCE YUN, PhD**

Chief Economist & Sr. Vice  
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### **GEORGE RATIU**

Director, Housing &  
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### **GAY CORORATON**

Research Economist

International clients comprise one niche of the real estate market. Since 2009, the National Association of REALTORS® (NAR) has conducted an annual survey of REALTORS® to measure the size of U.S. residential real estate sales to international clients, to provide a profile of the origin, destination, and buying preferences of international clients, and to identify the challenges and opportunities faced by REALTORS® in serving foreign clients.

The 2018 Profile of International Transactions in U.S. Residential Real Estate presents information regarding REALTOR® transactions with international clients who purchased and sold U.S. residential property during the 12-month period of April 2017–March 2018. The report also provides some information on U.S. clients seeking to purchase property abroad.

This survey was sent to 150,000 randomly selected REALTORS® and to 7,731 REALTORS® who responded to the 2016 and 2017 surveys. The online survey was conducted from April 10–April 19, 2018. A total of 10,303 REALTORS® responded to the 2018 survey, 1,370 of which reported an international residential foreign buyer.<sup>1</sup> Information about the characteristics of international clients is based on the most recent closed transactions of the respondents during the 12-month period.

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 for investment, vacation, or visits of less than six months to the United States on non-immigrant visas.
- Resident foreigners (Type B): Non-U.S. citizens who are recent immigrants (less than two years at the time of the transaction) or non-immigrant visa holders who reside for more than six months in the United States for professional, educational, or other reasons.

Questions about this report<sup>2</sup> may be directed to the Research Group of the National Association of REALTORS® at [Data@realtors.org](mailto:Data@realtors.org).

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<sup>1</sup> The number of respondents to each question varies because of non-response or because the question is not relevant to the respondent and she is not asked to respond to the question.

<sup>2</sup> The team acknowledges Paul Bishop, Vice-President, Research; Jessica Lautz, Director, Demographics and Behavioral Insights; Lisa Herceg, Director, Marketing Research; Cindy Fauth, Director, Global Marketing and Business Development; Meredith Dunn, Communications Manager; Amanda Riggs, Survey Analyst; and Brandi Snowden, Survey Analyst, for their comments to the questionnaire and the report and its dissemination.

# 2

# Summary



## SUMMARY

The economic environment during the 12-month period April 2017—March 2018 provided both opportunities and challenges for foreign buyers interested in purchasing U.S. residential property. Amid tight supply, solid employment growth, and historically low interest rates, home prices continued to increase strongly in the United States. Measured in local currencies of foreign buyers, the U.S. home price appreciation was tempered by the weaker U.S. dollar for some countries such as Canada and China. Sustained employment growth in the United States bolstered home buying by domestic residents who competed against foreign buyers for the limited supply of homes on the market.

### Residential Properties Purchased by Foreign Buyers

- Foreign buyers purchased \$121.0 billion of residential property from April 2017—March 2018, a decrease from \$153 billion during the previous 12-month period (April 2016—March 2017). Dollar sales volume declined as both the number of foreign buyers and the average price of properties purchased decreased compared to the levels in the previous 12-month period. Foreign buyers who primarily reside outside the United States (non-resident foreign buyers) accounted for 39 percent, a decrease from 42 percent during the previous 12-month period.
- Foreign buyers purchased 266,800 residential properties, a decrease from 284,500 during the previous 12-month period.
- The average price of properties purchased by the mix of foreign buyers was \$454,400, a decrease from \$536,900 during the previous period. The median price of properties purchased by foreign buyers was \$292,400, a decrease from \$302,300 during the previous period. Foreign buyers continued to purchase properties at the higher price point compared with all existing home buyers: among existing home buyers, the average price was \$290,600 and the median price was \$249,300.<sup>3</sup>
- All dollar volume of purchases from the top five countries declined compared to the levels in the previous 12-month period, with significant decrease in purchases of buyers from Canada, Mexico, and the United Kingdom buyers. The major foreign buyers were China (\$30.4B), Canada (\$10.5B), the United Kingdom (\$7.3B), India (\$7.2B), and Mexico (\$4.2B).

<sup>3</sup> 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. The average price is used to compute the dollar volume of transactions. 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.

## SUMMARY

- Although foreigners purchased property nationwide, five states accounted for 53 percent of total residential property purchases: Florida (19 percent), California (14 percent), Texas (9 percent), New York (five percent), and Arizona (five percent). Compared to their shares in the previous 12-month period, the shares of Florida and Texas declined while the shares of California, New York, and Arizona increased.
- Most non-resident foreign buyers made an all-cash purchase (72 percent), while a smaller fraction of resident foreign buyers paid all-cash (30 percent).
- Fifty-two percent of foreign buyers purchased the property as a primary residence.

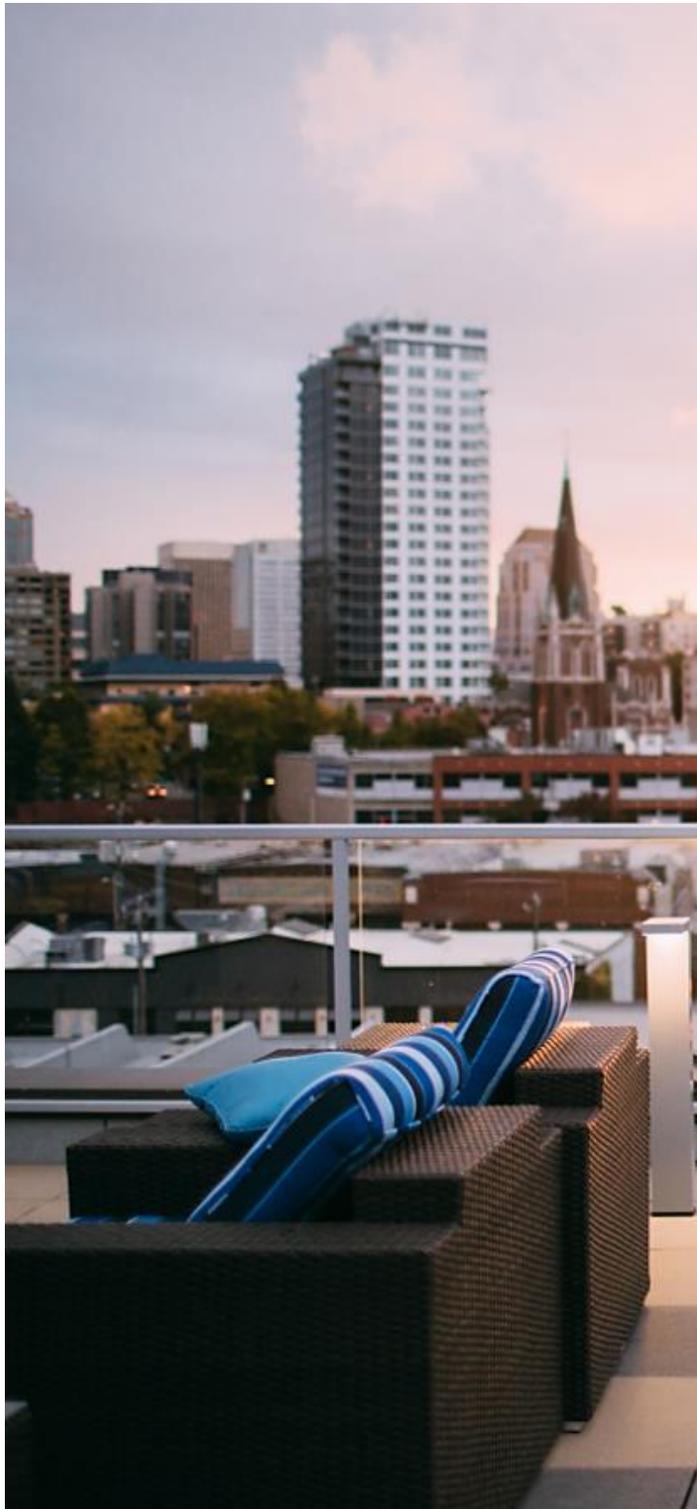
### Residential Properties Sold by Foreigners

- Like foreign buyers, 48 percent of international clients who sold their U.S. residential property originated from Canada, China, Mexico, India, and the United Kingdom.
- Sixty-one percent of the properties sold by international clients were in Florida, California, Texas, Arizona, and New York.

### U.S. Clients Searching for Properties Abroad

- Seven percent of REALTOR® respondents had clients who were interested in purchasing property abroad. Mexico, Canada, Costa Rica, France, China, and the United Kingdom were the top countries of interest.
- Most clients seeking property abroad were interested in a residential property and intended to use the property for vacation and/or residential rental. Twenty-seven percent of U.S. clients who were seeking a property abroad intended to use the property as a primary residence, an increase from the 21 percent share in the previous 12-month

period. This may be associated with the increasing numbers of baby boomers who are retiring and who may be planning to retire abroad.



## SUMMARY

### REALTOR® Interaction with International Clients

- Twenty-three percent of REALTOR® respondents reported working with international clients, a decrease from 29 percent in the previous 12-month period.
- Thirty-three percent of REALTOR® respondents reported an increase in the percentage of international client transactions to their business from one year ago, while 43 percent reported an increase from five years ago. Most respondents report no change in the share of their business that is international.
- Forty-four percent of respondents reported “don’t know” about the outlook in the next 12 months, an increase from the 40 percent share in the previous 12-month period.
- Sixty-two percent reported that personal contacts, previous clients, and business contacts were the major sources of clients/referrals. Website/internet leads accounted for 11 percent. Of those who reported a website/internet lead, Realtor.com accounted for 10 percent.
- REALTORS® also help international clients lease U.S. properties. Among all respondents, 11 percent reported they helped a client lease a residential property: Canada, four percent; Asia, three percent; Europe, two percent; Africa, less than one percent; Oceania, less than one percent; Unknown region, one percent.
- Nineteen percent of respondents have been in the business for less than one year, up from less than one percent in 2010. This is a positive indicator of the strengthening U.S. real estate market, but it also indicates the need for additional training and information for REALTORS® who are interested in cultivating and growing their business in the niche market of catering to international buyers and sellers.

- Four percent of respondents reported holding a Certified International Property Specialist (CIPS) designation.



# 3

## Economic Conditions



## ECONOMIC CONDITIONS

### U.S. Home Prices and Supply

Amid short supply, sustained job growth, and mortgage rates that are still at historically low levels (below five percent), U.S. home prices continued to increase, with the median price of existing homes sold up by six percent in March 2018 compared to the level one year ago. Home prices have been bolstered by lack of supply, with the inventory of homes for sale at about three months of the current sales' pace, well below the normal level of six months.

**MEDIAN HOME PRICES AND MONTH'S SUPPLY OF EXISTING HOMES**



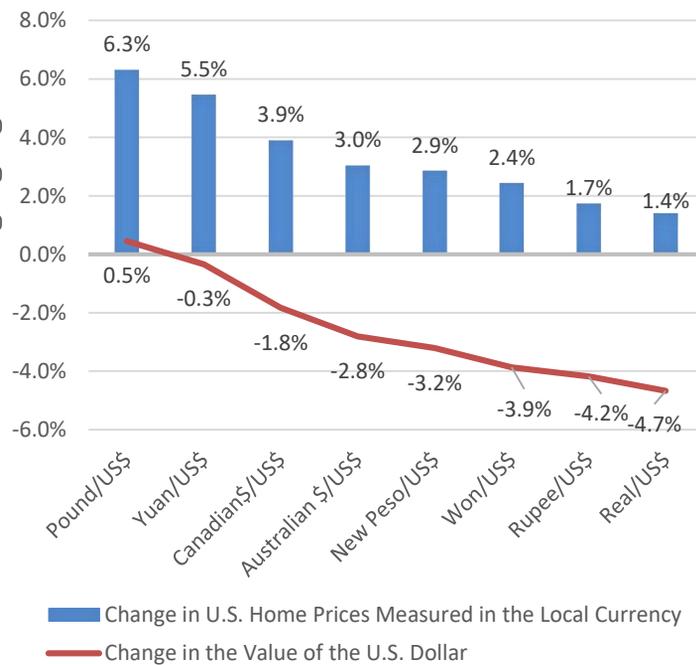
Source: NAR

A weaker dollar makes U.S. home prices less expensive when measured in the foreign buyer's local currency while a stronger dollar makes U.S. prices more expensive. The U.S. dollar weakened against currencies such as the Chinese yuan (0.3 percent), Canadian dollar (1.8 percent), the Mexican peso (3.2 percent), the Indian rupee (4.2 percent), and the Brazilian real (4.7 percent).

The Canadian dollar and most Latin American currencies strengthened partly because of the

recovery in oil prices which rose to \$63/barrel in March 2018 from a low of \$30/barrel in January 2016. The Chinese yuan strengthened under tighter regulations for dollar outflows that the Chinese government began enforcing in 2015. However, the U.S. dollar slightly strengthened against the British pound, making U.S. home prices more expensive when measured in pounds.

**U.S. HOME PRICE GROWTH MEASURED IN LOCAL CURRENCY IN MARCH 2018 FROM ONE YEAR AGO**



Source: NAR calculations

Compared with Canada, a country that attracts foreign buyers like the United States, Canadian home prices increased at an average of ten percent on a year-on-year basis during April 2017–March 2018. The pace of appreciation has slowed to five percent in March 2018, but U.S. home prices are still less expensive compared to Canadian home prices in some metro areas.

For example, home prices in Greater Vancouver are on average about twice (\$838,166) the typical home

## ECONOMIC CONDITIONS

prices in neighboring U.S. metro areas such as Seattle-Tacoma-Bellevue (\$471,700). However, home prices in San Francisco-Oakland-Hayward are typically higher (\$920,000) compared to Greater Vancouver prices. Greater Toronto home prices are also higher (\$588,263) compared to home prices in New York-Newark-New Jersey (\$395,900) or Chicago-Naperville-Elgin (\$236,800).

### House Prices in Canada and the United States in U.S. Dollars as of March 2018

Canada	\$504,446	United States	\$241,700
Greater Vancouver	\$838,166	San Francisco-Oakland-Hayward, CA	\$920,000
Fraser Valley (British Columbia)	\$627,851	Seattle-Tacoma-Bellevue, WA	\$471,700
Victoria (British Columbia)	\$509,240	Portland-Vancouver-Hillsboro, OR-WA	\$380,400
Oakville-Milton	\$552,772	Salt Lake City, UT	\$315,100
Greater Toronto	\$588,263	Boulder Colorado	\$546,400
Ottawa	\$291,348	Chicago-Naperville-Elgin, IL-IN-WI	\$236,800
Greater Montreal	\$261,502	Cincinnati, OH-KY-IN	\$158,900
		Boston-Cambridge-Newton, MA-NH	\$448,400
		New York-Newark-Jersey City, NY-NJ-PA	\$395,900
		Austin-Round Rock, TX	\$293,200
		Atlanta-Sandy Springs-Marietta, GA	\$198,900
		Wash-Arlington-Alexndria, DC-VA-MD-WV	\$397,100
		Orlando-Kissimmee-Sanford, FL	\$250,000
		Miami-Ft Lauderdale-W Palm Beach, FL	\$335,000

Source of data: The Canadian Real Estate Association, National Association of REALTORS®

Canadian average home prices are as of March 2018 and prices were converted to U.S. dollars at the rate of C\$ \$1.2933 to 1 US\$.

See <http://creastats.crea.ca/natl/>

U.S. median price of existing-homes sold in 2017 Q4.



## ECONOMIC CONDITIONS

### Economic Growth in 2017–2019

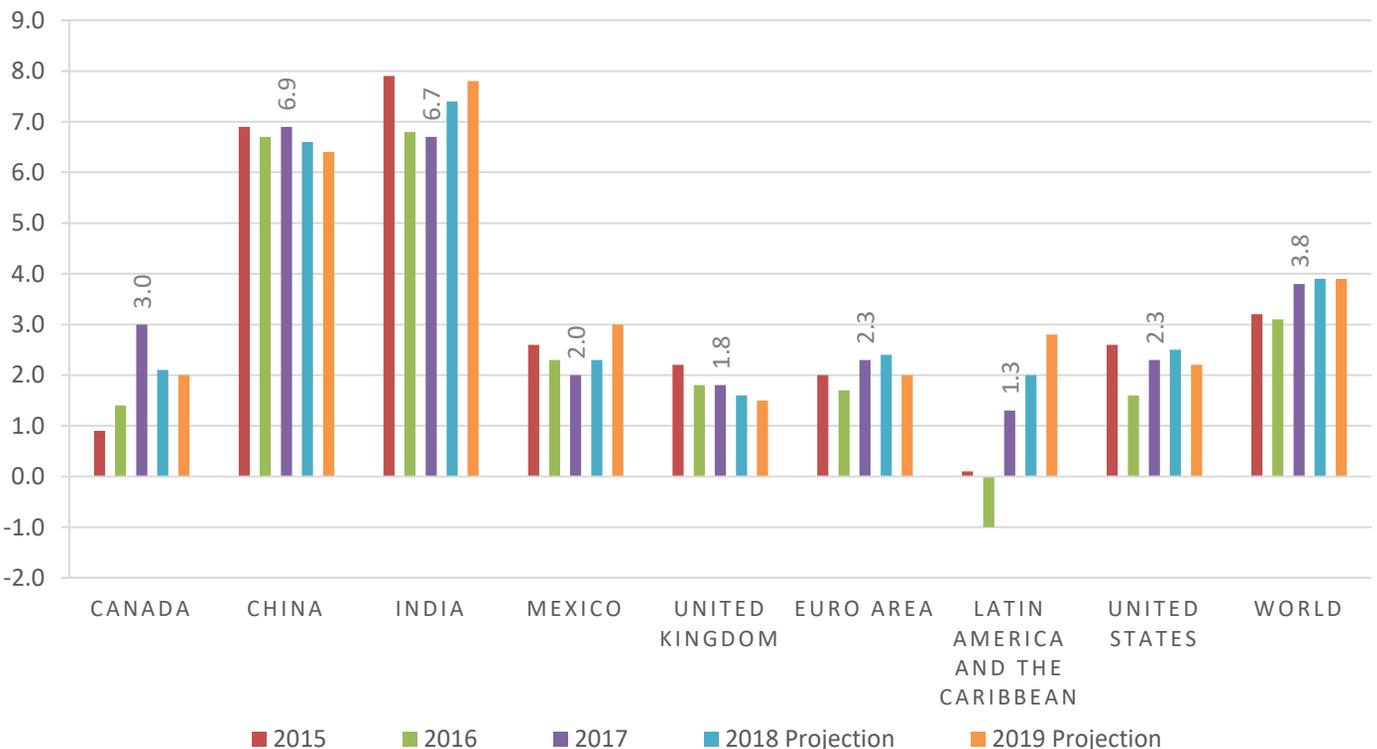
In the United States, economic growth strengthened to 2.3 percent. During the period April 2017–March 2018, the economy generated 2.3 million jobs, while the unemployment rate fell to 4.1 percent. Strong job growth, along with low interest rates, boosted home buying among domestic residents who competed against foreign buyers for the limited supply of homes on the market.

Rising economic growth improves the spending capability of foreign buyers to purchase a property. Economic growth was sustained or accelerated in countries where most U.S. foreign buyers originated. China and India were the fastest growing economies in 2017. China’s economy expanded by 6.9 percent in 2017, while India’s economy rose by 6.7 percent.

Canada’s economy rose three percent, while Latin America and the Caribbean region climbed out of a recession, as oil prices started climbing back after OPEC countries agreed to cut back oil production in August 2016, to \$63/barrel in March 2018 from nearly \$30/barrel in January 2016. In the Eurozone area, the recovery that began in 2015 stayed on course under a low interest environment. Economic growth picked up in the euro area under accommodative monetary policy. However, growth continued to taper in the United Kingdom in the wake of its decision to exit from the European Union by 2019. Global economic growth rose to 3.8 percent in 2017, and growth is expected to be sustained in 2018 and 2019 at an annual pace of 3.9 percent.<sup>4</sup>

<sup>4</sup>The unemployment rate further dipped to 3.9 percent in April 2018

### GDP GROWTH RATES



Source: IMF, April 2018 World Economic Outlook

# 4

# International Buyers



## INTERNATIONAL BUYERS

### Volume of Foreign Buyers Purchasing Residential Property

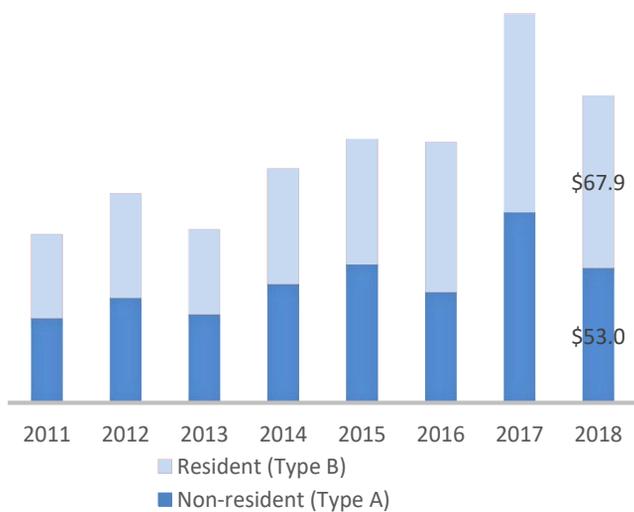
Amid short supply and higher U.S. home prices, foreign buyer purchases of U.S. existing homes during April 2017–March 2018 decreased to \$121 billion, a 21 percent decline from the level in the previous 12-month period. Resident foreign buyers purchased \$67.9 billion of U.S. existing home sales while non-resident foreign buyers purchased \$53.0 billion, both below the levels during the previous 12-month period. Foreign buyers accounted for eight percent of the \$1.6 trillion existing home sales during the same period, a decrease from the 10 percent share during the previous 12-month period.

the United States (non-resident) accounted for a smaller share of all foreign buyers, at 39 percent, compared to 42 percent during the previous 12-month period. Monthly data from NAR’s REALTORS® Confidence Index Survey<sup>6</sup> indicates that during the 12-month period of April 2017–March 2018, purchases from non-resident foreign buyers accounted for 1.9 percent of existing home sales, a decline from the 2.2 percent share of the previous 12-month period.

The number of foreign buyers and the number of properties purchased are used interchangeably under the assumption that one foreign buyer purchased one property.

The REALTORS® Confidence Index is a monthly survey about real estate transactions. About 3,000 respondents answer the survey each month.

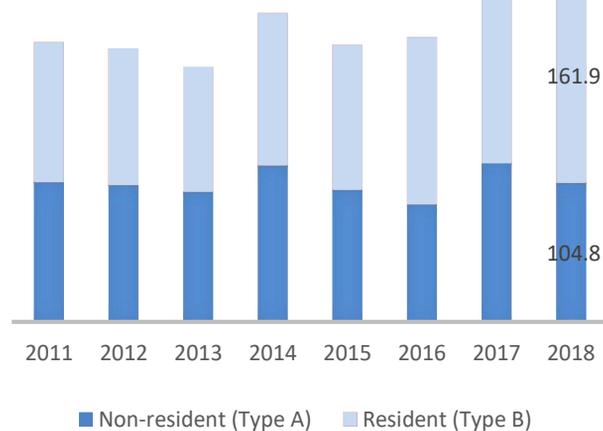
**DOLLAR VOLUME OF FOREIGN BUYER RESIDENTIAL PROPERTY PURCHASES(USD \$BIL)**



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

The dollar volume of purchases fell as both the number of purchases<sup>5</sup> and the average price decreased compared to the levels during the previous 12-month period. Foreign buyers purchased 266,800 residential properties, a six percent decline from the level in the previous period. Foreign buyers who primarily reside outside

**NUMBER OF FOREIGN BUYER RESIDENTIAL PROPERTY PURCHASES (THOUSAND UNITS)**



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

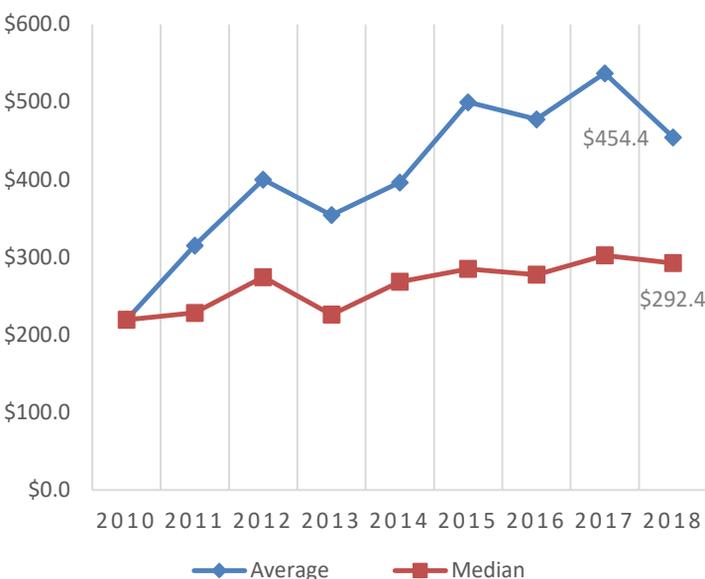
<sup>5</sup> The number of foreign buyers and the number of properties purchased are used interchangeably under the assumption that one foreign buyer purchased one property.

<sup>6</sup> The REALTORS® Confidence Index is a monthly survey about real estate transactions. About 3,000 respondents answer the survey each month.

## INTERNATIONAL BUYERS

Foreign buyers generally purchased properties at the lower price range compared to the previous 12-month period. On average, foreign buyers paid \$454,400, 15 percent less than the level during the previous period. The median price among foreign buyers was \$292,400, three percent less than the level during the previous period.

**AVERAGE AND MEDIAN PURCHASE PRICE OF FOREIGN BUYERS (USD '000)**



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

For the sixth consecutive year, Chinese foreign buyers were the top buyers, purchasing \$30.4 billion worth of residential property. Amid tighter regulations on the outflow of foreign money from China, the dollar volume of Chinese foreign purchases slightly decreased compared with the level during the previous 12-month period (-four percent).

In contrast, there was a significant decline in Canadian, Mexican, and U.K. buyers: Canadian buyers, \$10.5 billion (-45 percent); U.K. buyers, \$7.3 billion (-23 percent); and Mexican buyers, \$4.2 billion (-55 percent). Purchases by

Asian Indian buyers also declined to \$7.2 billion (-eight percent). Canadian, Mexican, and U.K. buyers typically purchase properties at the lower price range so they were likely more affected by rising prices than Chinese and Indian buyers who typically purchase more expensive properties.

**Dollar Volume of Sales to Foreign Buyers from Top Five Countries (in Billion Dollars)**

	Canada	China	India	Mexico	United Kingdom	All Foreign Buyers	Share of Top 5
2010	\$17.1	\$11.2	\$5.0	\$6.5	\$12.1	\$65.9	79%
2011	\$13.0	\$7.0	\$5.1	\$4.2	\$6.5	\$66.4	54%
2012	\$15.9	\$12.0	\$5.2	\$6.5	\$4.4	\$82.5	53%
2013	\$11.8	\$12.8	\$3.9	\$3.6	\$4.2	\$68.2	53%
2014	\$13.8	\$22.0	\$5.8	\$4.5	\$5.8	\$92.2	56%
2015	\$11.4	\$28.1	\$7.9	\$4.9	\$3.9	\$103.9	54%
2016	\$8.9	\$27.3	\$6.1	\$4.8	\$5.5	\$102.6	51%
2017	\$19.0	\$31.7	\$7.8	\$9.3	\$9.5	\$153.0	51%
2018	\$10.5	\$30.4	\$7.2	\$4.2	\$7.3	\$121.0	49%

China includes buyers from the People's Republic of China, Hong Kong, and Taiwan.

Estimates from 2010 thru 2015 include some commercial transactions.

From 2016, the estimates include only residential transactions.

Source: NAR

**Number of Purchases of Top Five Foreign Buyers**

	Canada	China	India	Mexico	United Kingdom	All Foreign Buyers	Share of Top 5
2010	69,100	27,100	15,000	30,100	27,100	300,600	56%
2011	48,500	19,000	14,800	14,800	14,800	210,800	53%
2012	49,500	24,700	12,400	16,500	12,400	206,200	56%
2013	43,900	23,100	10,400	15,800	9,500	192,500	53%
2014	43,700	37,200	12,600	20,000	11,600	232,600	54%
2015	29,900	33,800	17,200	17,900	8,500	208,900	51%
2016	26,900	29,200	14,500	17,900	9,200	214,900	45%
2017	33,800	40,600	14,900	28,500	12,900	284,500	46%
2018	27,400	40,400	13,100	20,200	9,000	266,800	41%

China includes buyers from the People's Republic of China, Hong Kong, and Taiwan.

Estimates from 2010 thru 2015 include some commercial transactions.

From 2016, the estimates include only residential transactions.

Source: NAR

## INTERNATIONAL BUYERS

### Average Purchase Price of Top Five Foreign Buyers

	Canada	China	India	Mexico	United Kingdom	All Foreign Buyers
2010	\$247,300	\$412,200	\$333,300	\$214,700	\$447,100	\$311,400
2011	\$269,100	\$370,900	\$346,400	\$283,000	\$438,900	\$315,000
2012	\$321,700	\$484,000	\$419,000	\$396,200	\$355,900	\$400,000
2013	\$269,100	\$555,900	\$372,700	\$225,500	\$440,800	\$354,193
2014	314,700	\$590,800	\$459,000	\$224,100	\$499,200	\$396,200
2015	\$380,300	\$831,800	\$460,200	\$274,800	\$455,600	\$499,600
2016	\$332,100	\$936,600	\$420,400	\$266,200	\$598,200	\$477,500
2017	\$560,800	\$781,800	\$522,440	\$326,800	\$741,900	\$536,900
2018	\$383,900	\$752,600	\$547,700	\$208,800	\$806,300	\$454,400

China includes buyers from the People's Republic of China, Hong Kong, and Taiwan.

Estimates from 2010 thru 2015 include some commercial transactions.

From 2016, the estimates include only residential transactions.

Source: NAR

### Median Purchase Price of Top Five Foreign Buyers

	Canada	China	India	Mexico	United Kingdom	All Foreign Buyers
2010	\$200,000	\$320,800	\$283,300	\$134,400	\$315,000	\$219,400
2011	\$177,300	\$282,100	\$305,600	\$168,800	\$325,000	\$228,300
2012	\$171,900	\$333,300	\$308,300	\$200,000	\$266,700	\$274,200
2013	\$183,000	\$412,500	\$300,000	\$156,300	\$250,000	\$225,900
2014	\$212,500	\$516,400	\$321,400	\$141,100	\$325,000	\$268,300
2015	\$196,300	\$486,100	\$380,000	\$171,200	\$200,000	\$284,900
2016	\$222,300	\$542,100	\$333,400	\$176,500	\$427,300	\$277,400
2017	\$288,600	\$529,900	\$340,600	\$180,900	\$329,400	\$302,300
2018	\$292,000	\$439,100	\$412,800	\$189,100	\$396,200	\$292,400

China includes buyers from the People's Republic of China, Hong Kong, and Taiwan.

Estimates from 2010 thru 2015 include some commercial transactions.

From 2016, the estimates include only residential transactions.

Source: NAR

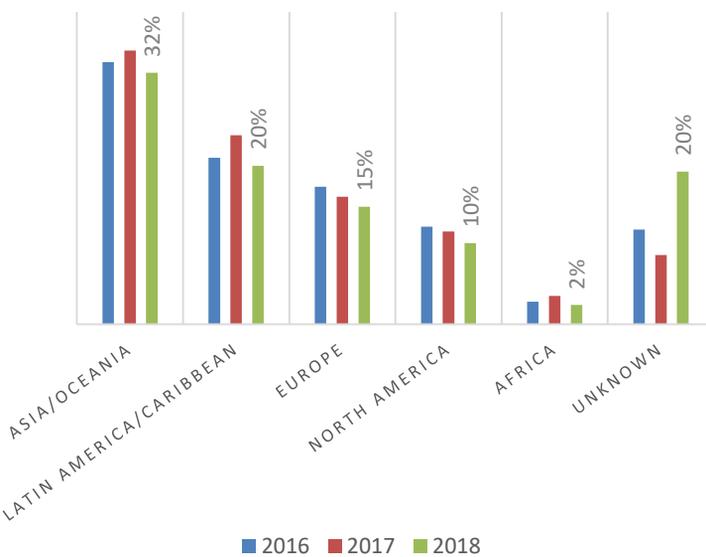


## INTERNATIONAL BUYERS

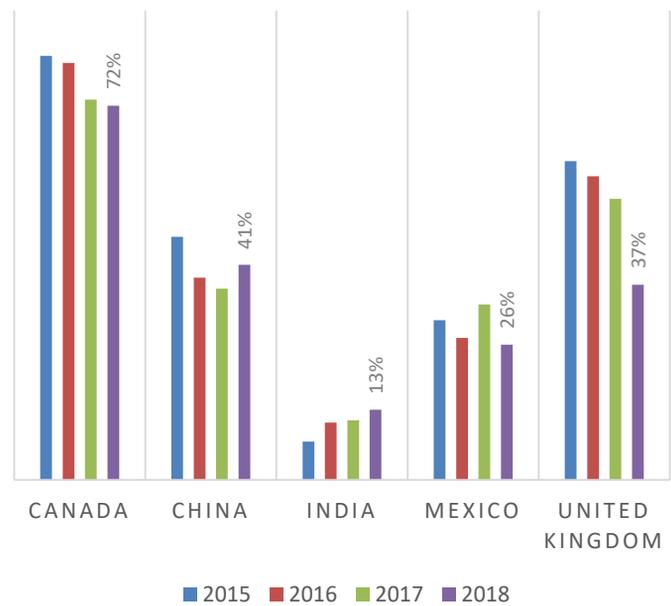
### Origin of International Buyers

Asia and Oceania accounted for 32 percent of foreign buyers of residential properties, followed by Latin America and the Caribbean at 20 percent, Europe at 15 percent, North America (Canada) at 10 percent, and Africa at two percent.<sup>7</sup> Twenty percent of foreign buyers came from a region that the survey respondent could not identify.

REGION OF ORIGIN



### SHARE OF NON-RESIDENT (TYPE A) FOREIGN BUYERS AMONG MAJOR FOREIGN BUYERS



Chinese buyers accounted for a larger share of foreign buyers (15 percent) while the shares of Canada (10 percent), Mexico (eight percent) and United Kingdom (three percent) decreased. The share of Asian Indian foreign buyers was unchanged (five percent).<sup>8</sup>

Non-resident foreign buyers accounted for a smaller share of buyers from Canada, Mexico, and the United Kingdom, while the share of non-resident foreign buyers from China and India increased.

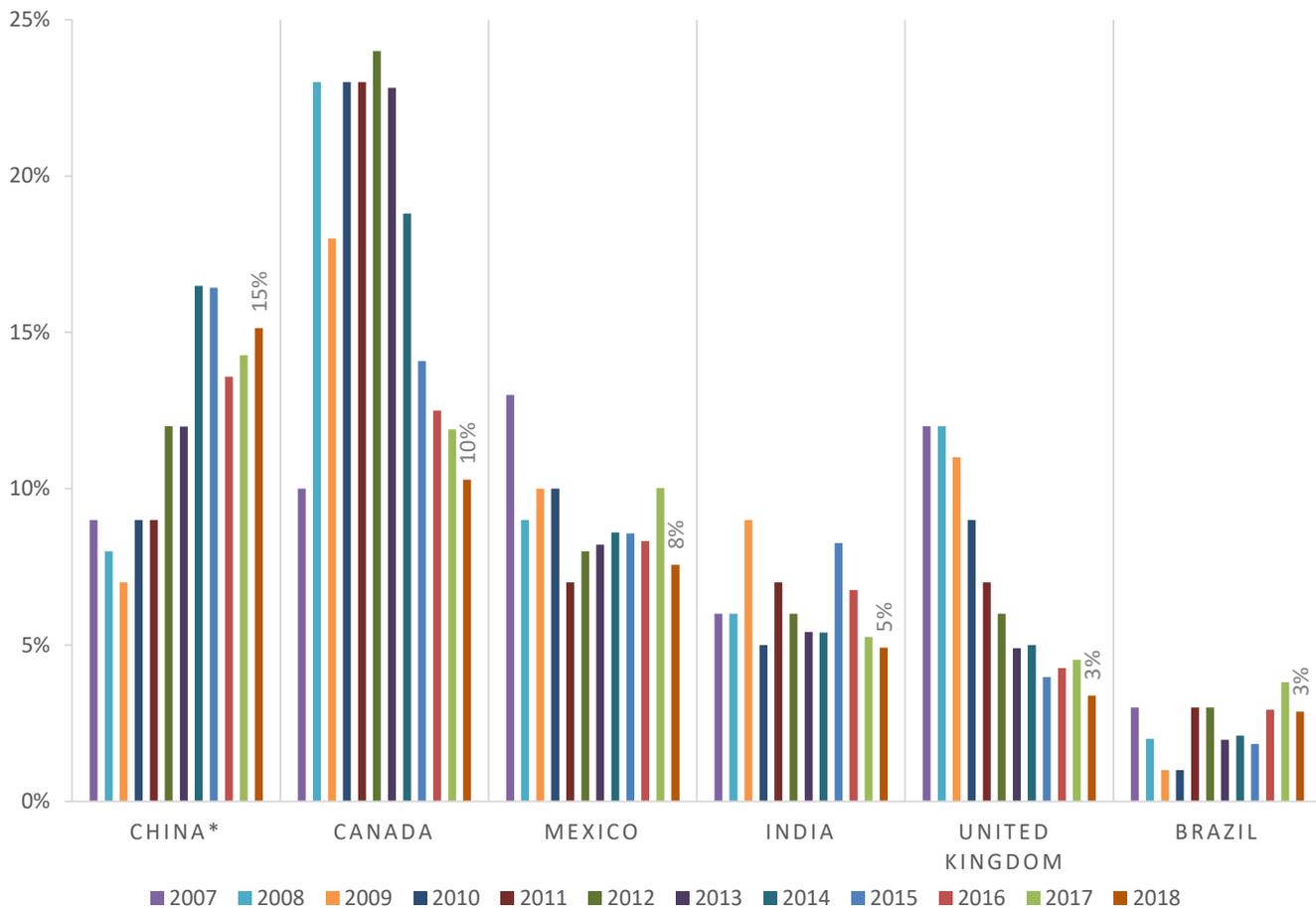
<sup>7</sup> Mexico is included in Latin America/Caribbean, although it is geographically part of North America.

<sup>8</sup> The number of foreign buyers and number of properties purchased by foreign buyers are used interchangeably under the assumption that one foreign buyer purchased one property during the transaction.



## INTERNATIONAL BUYERS

### MAJOR FOREIGN BUYERS\*



\*China includes People's Republic of China, Hong Kong, and Taiwan.



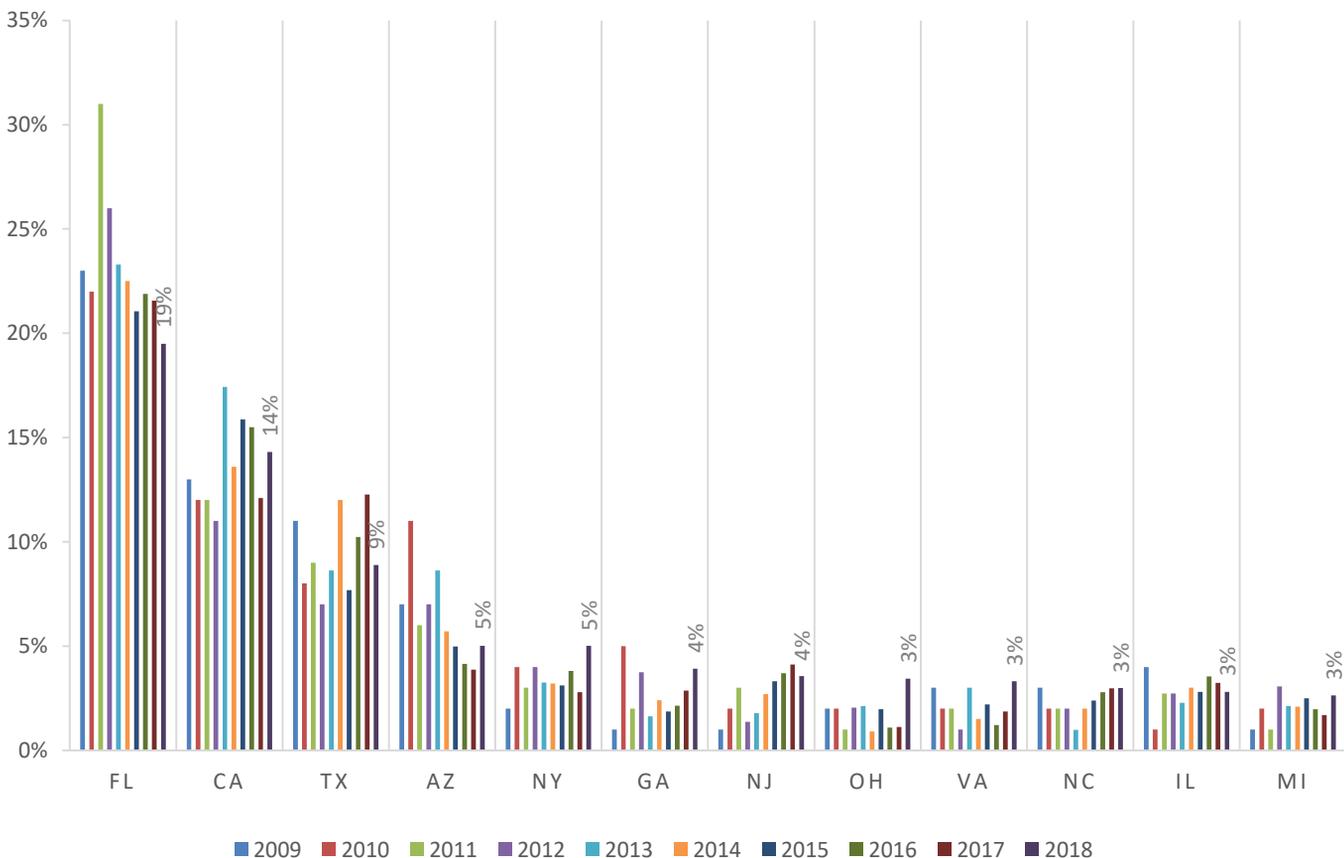
## INTERNATIONAL BUYERS

### Destinations of International Buyers

Florida remained the major destination (19 percent), although it accounted for a smaller fraction of international clients, given the decline in Latin American and Canadian buyers. California was the second major destination, and its share increased (14 percent) because of sustained demand from Chinese and Asian Indian buyers. Texas was the third largest destination, although its share also decreased (nine percent), with fewer foreign buyers from Latin America. The share of foreign buyers going to Arizona (five percent) and New York (five percent) increased. The share of foreign buyers going to Arizona (five percent) and New York (five percent) increased.

California was the major destination among Chinese and Asian Indian buyers. Florida was the major destination among Canadian and U.K. buyers. Texas was the top destination among Mexican buyers. Job and educational opportunities, familial presence, cultural similarities, and geographical proximity are factors foreign buyers likely consider when deciding where to purchase U.S. residential property

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



## INTERNATIONAL BUYERS

### Major Destinations of Top Five Foreign Buyers

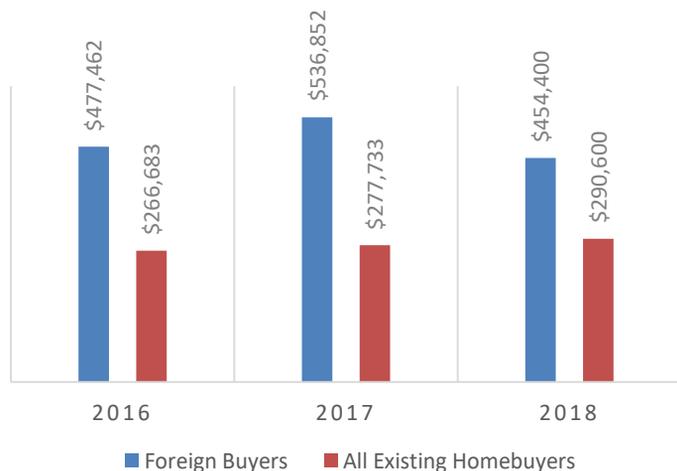
Canada		China		India		Mexico		United Kingdom	
Florida	39%	California	38%	California	15%	Texas	38%	Florida	20%
Arizona	14%	Texas	7%	Ohio	7%	Arizona	16%	California	19%
California	9%	Florida	6%	Connecticut	6%	California	10%	Ohio	11%
New York	5%	Washington	5%	Texas	6%	Florida	6%	Illinois	9%
Nevada	5%	Georgia	4%	Georgia	5%	Illinois	6%	Arizona	7%
Washington	4%	New York	4%	New Jersey	5%	Indiana	3%	Texas	5%
Michigan	3%	New Jersey	4%	North Carolina	5%	North Carolina	3%	South Carolina	4%
Texas	3%	Illinois	3%	Massachusetts	4%			New York	4%
		Michigan	3%	Arizona	4%			Virginia	4%
		North Carolina	3%	Michigan	4%			Louisiana	4%
				Pennsylvania	4%			Michigan	3%
				Washington	4%			Connecticut	3%
				Idaho	3%			New Jersey	3%
				Illinois	3%				
				New York	3%				
				Virginia	3%				
				Nevada	3%				
				Colorado	3%				

### Prices

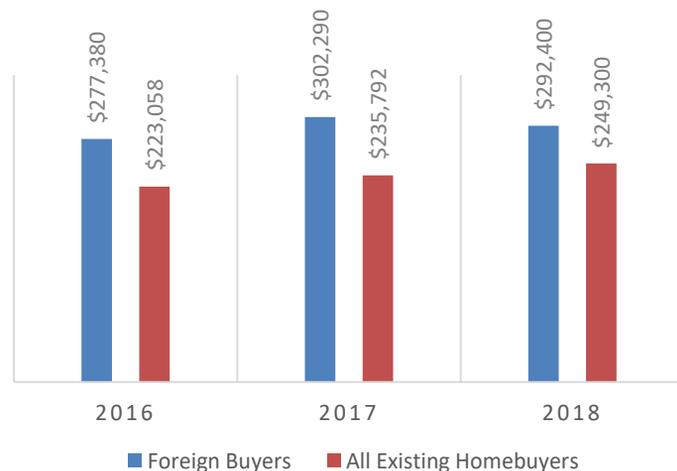
On average, foreign buyers paid \$454,400, which is higher than the average price of all existing homes sold in the United States at \$290,600.<sup>9</sup>

Among foreign buyers, the median price was \$292,400, which is higher than the median price of \$249,300 for all existing homes sold in the United States in the same period.<sup>10</sup>

AVERAGE PURCHASE PRICE



MEDIAN PURCHASE PRICE



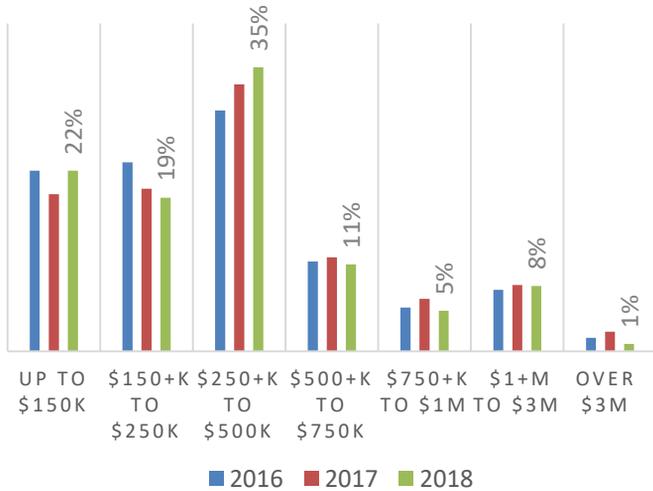
<sup>9</sup> The mean or the average price is used to calculate the dollar volume of purchases and can be used as a measure of central tendency. It is found by summing the responses and dividing by the number of responses.

<sup>10</sup> 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.

## INTERNATIONAL BUYERS

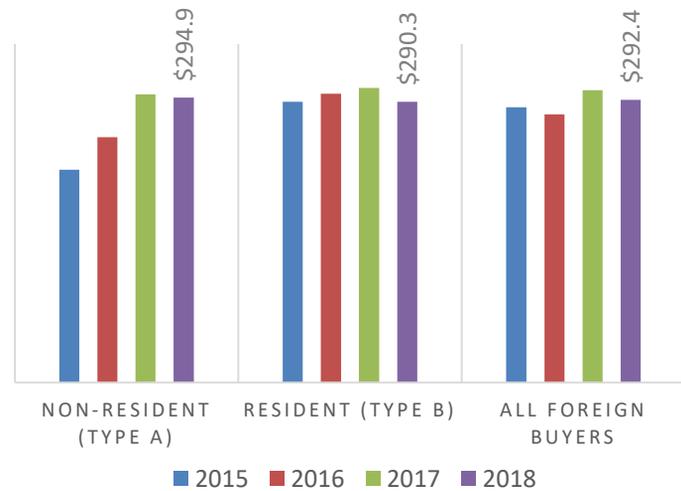
Nine percent of foreign buyers paid \$1M and over for their property, compared to less than three percent in this price range among all U.S. existing single-family home buyers.

**DISTRIBUTION OF FOREIGN BUYERS RESIDENTIAL PROPERTY PURCHASE PRICES**



Among non-resident foreign buyers, the median price was \$294,900, which is higher than the median price among resident foreign buyers of \$290,300.

**MEDIAN PURCHASE PRICE OF FOREIGN BUYERS (USD '000)**



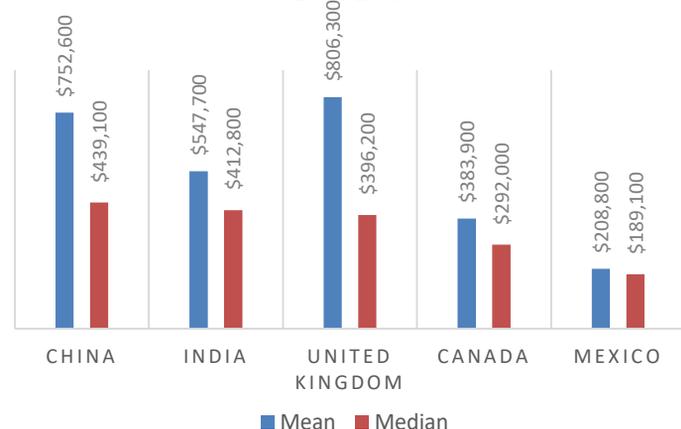
The average purchase price of non-resident foreign buyers tends to be higher than that of resident foreign buyers. On average, non-resident foreign buyers paid \$505,700 while resident foreign buyers paid \$419,600.

**AVERAGE PURCHASE PRICE OF FOREIGN BUYERS (USD '000)**



Among major foreign buyers, Chinese buyers typically purchased residential properties that were more expensive than properties purchased by other buyers. This can be partly attributed to Chinese buyers' tendency to purchase in central cities and suburban areas with relatively higher property prices such as California, New Jersey, New York, Texas, and Washington.

**AVERAGE AND MEDIAN PURCHASE PRICE AMONG TOP FIVE FOREIGN BUYERS**



## INTERNATIONAL BUYERS

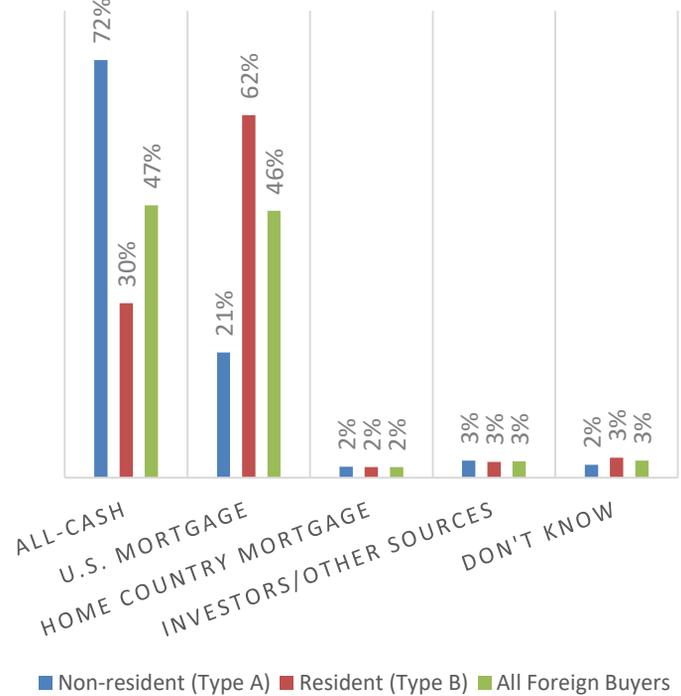
### Financing

Foreign buyers are more likely to pay cash than all existing home buyers. Forty-seven percent of reported transactions were all-cash sales, compared to 21 percent for all existing home purchases.<sup>11</sup>

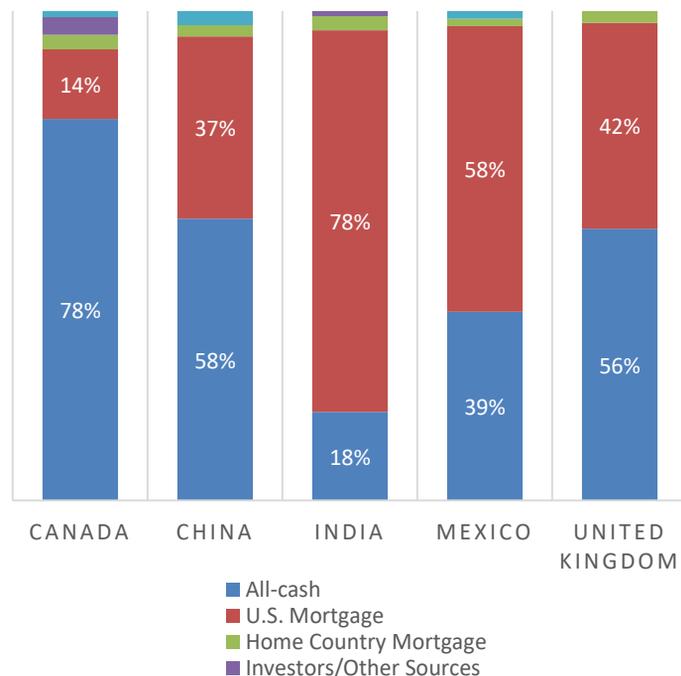
FOREIGN BUYER FINANCING



FINANCING BY TYPE OF FOREIGN BUYER



TYPE OF FINANCING AMONG MAJOR FOREIGN BUYERS



Non-resident foreign buyers are more likely to purchase in cash than resident foreign buyers who are more likely to obtain mortgage financing from U.S. sources. Seventy-two percent of non-resident foreign buyers made an all-cash purchase compared to 30 percent of resident foreign buyers.

More than half of Canadian, Chinese, and U.K. buyers made an all-cash purchase. Meanwhile, foreign buyers from India, most of whom are resident foreigners buying primary residences, obtained mortgage financing from U.S. sources.

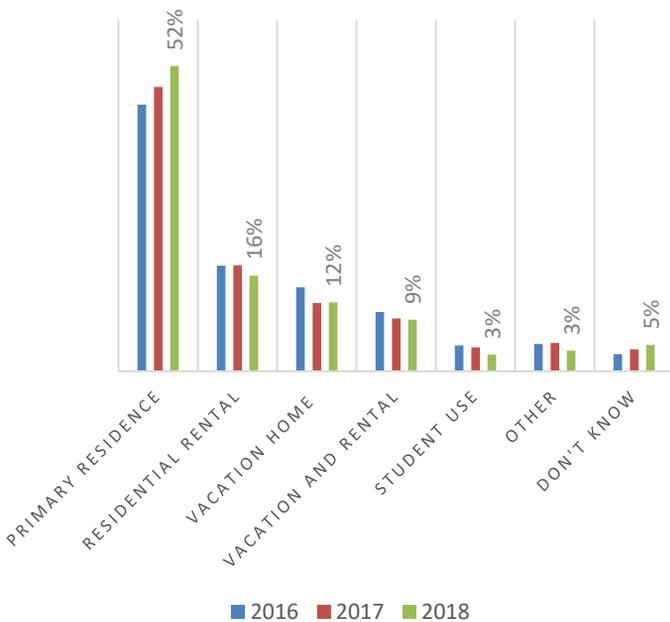
<sup>11</sup> On average, cash sales were 23 percent of existing home sales during the period April 2016–March 2017, based on NAR’s REALTORS® Confidence Index.

## INTERNATIONAL BUYERS

### Intended Use of the Property

International clients purchase properties in the United States for residential, investment, and vacation purposes. Fifty-two percent of foreign buyers purchased the property as a primary residence. By type of foreign buyer, more non-resident foreign buyers purchased a property for vacation use and/or a rental unit than did resident foreign buyers.

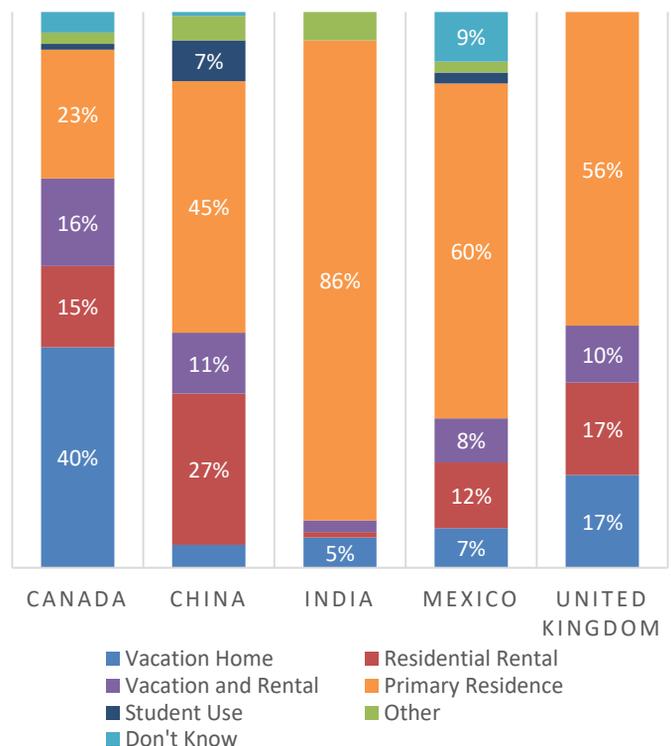
INTENDED USE OF FOREIGN BUYER RESIDENTIAL PROPERTY



INTENDED USE BY TYPE OF FOREIGN BUYER



INTENDED USE AMONG MAJOR FOREIGN BUYERS



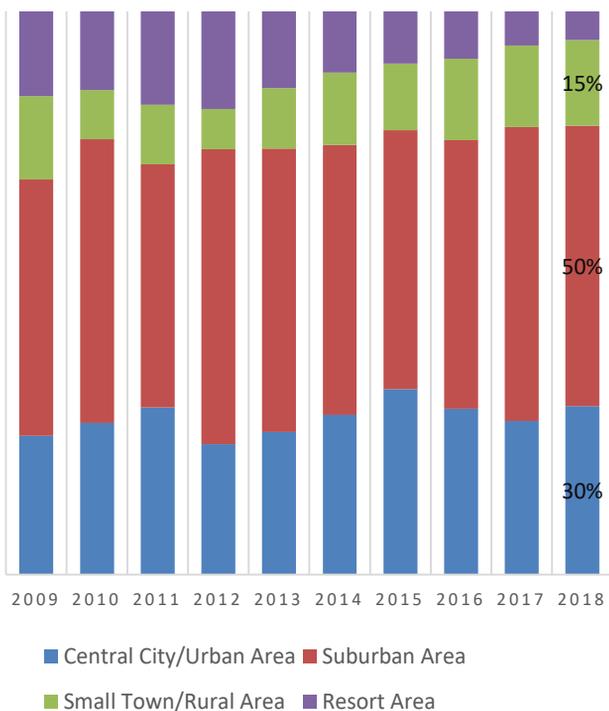
Most Canadian buyers, who are more likely to be non-resident foreign buyers, purchased the property for use as a vacation home and/or residential rental. On the other hand, more than half of Indian, Mexican, and U.K. buyers, who are predominantly resident foreign buyers, purchased the residential property for use as a primary residence. The intended use of the property among Chinese buyers was more mixed, although nearly half of purchases were for primary residential use. Among the top five buyers, Chinese buyers were most likely to purchase the property for the use of a student.

## INTERNATIONAL BUYERS

### Type of Area Where Property is Located

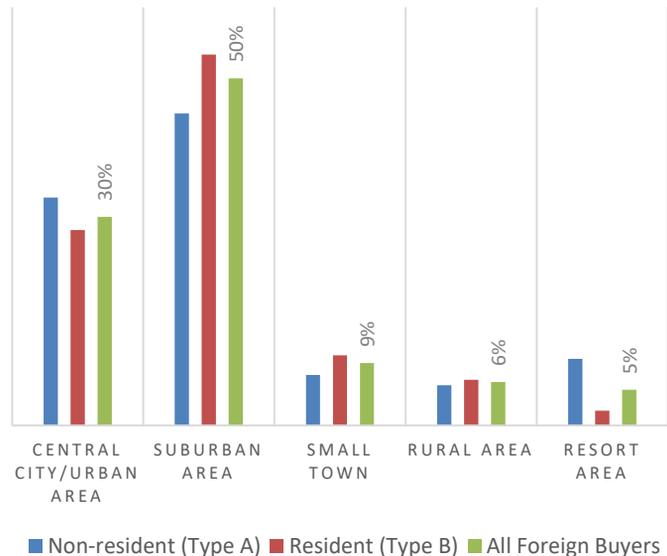
Fifty percent of foreign buyers purchased in a suburban area. Approximately 15 percent of foreign buyers purchased residential property in a small town/rural area, while only five percent of resident foreign buyers purchased in a resort area. The share of buyers purchasing in a resort area has declined since 2009, in part reflecting the mix of buyers that are decreasingly from Canada and the United Kingdom.

**TYPE OF AREA WHERE FOREIGN BUYERS PURCHASED PROPERTY**



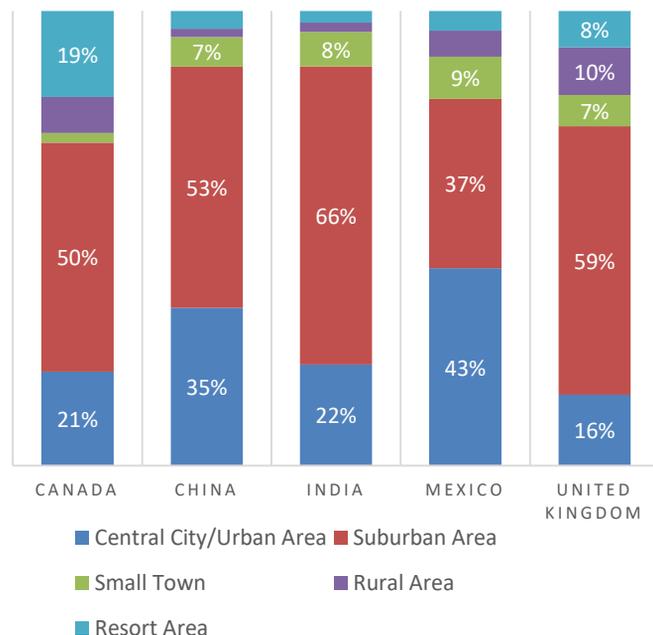
A larger fraction of non-resident foreign buyers, who tend to purchase the property for vacation and residential rental use, purchased the property in a central city/urban area and in a resort area. More than half of resident foreign buyers, who tend to purchase the property as primary residence, purchased in a suburban area.

**LOCATION PREFERENCE BY TYPE OF FOREIGN BUYER**



A majority of Canadian, Chinese, Indian, and U.K. buyers purchased property in a suburban area while majority of foreign buyers from Mexico purchased property in central city/urban area. Canadian and U.K. buyers were the most likely to purchase property in a resort area.

**LOCATION PREFERENCE AMONG MAJOR FOREIGN BUYERS**



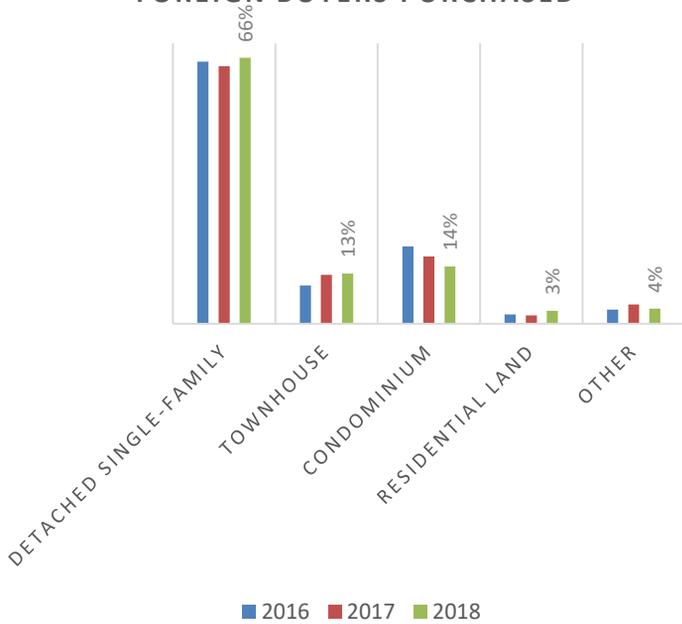
## INTERNATIONAL BUYERS

### Type of Residential Property

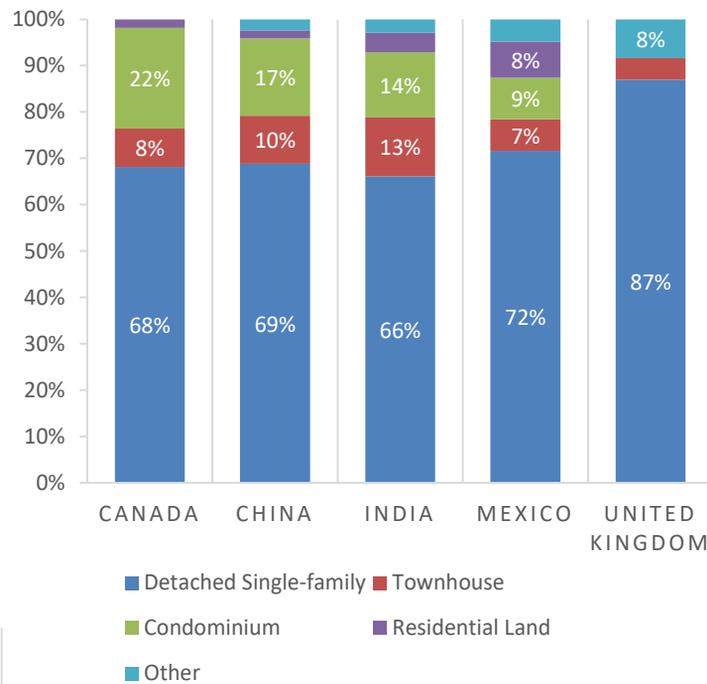
Sixty-six percent of purchases were for existing single-family homes. Resident foreign buyers were more likely to purchase detached single-family homes than non-resident foreign buyers.

A majority of all the foreign buyers purchased detached single-family homes. Among the major buyers, Canadian and Chinese buyers, many of which purchased the property for vacation use and/or residential rental, were more likely to purchase condominium properties than Asian Indian, Mexican, and U.K. buyers.

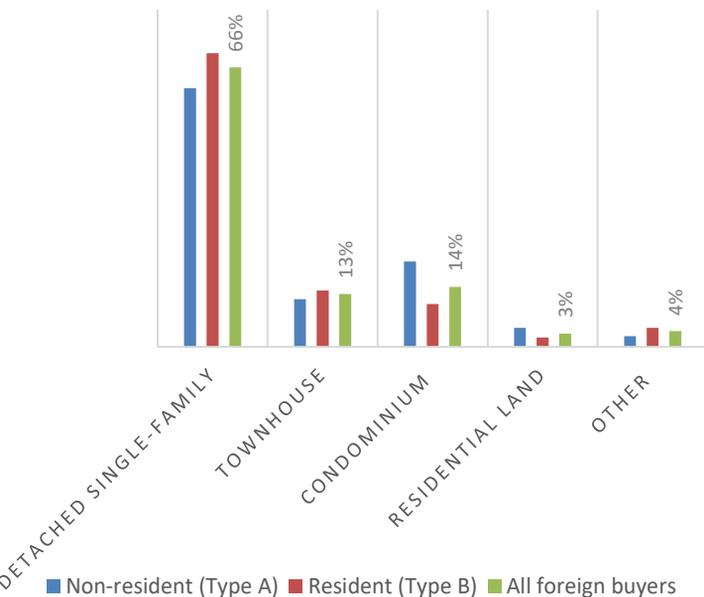
**TYPE OF RESIDENTIAL PROPERTY FOREIGN BUYERS PURCHASED**



**RESIDENTIAL PROPERTY PURCHASES OF MAJOR FOREIGN BUYERS**



**RESIDENTIAL PROPERTY PURCHASES BY TYPE OF FOREIGN BUYER**



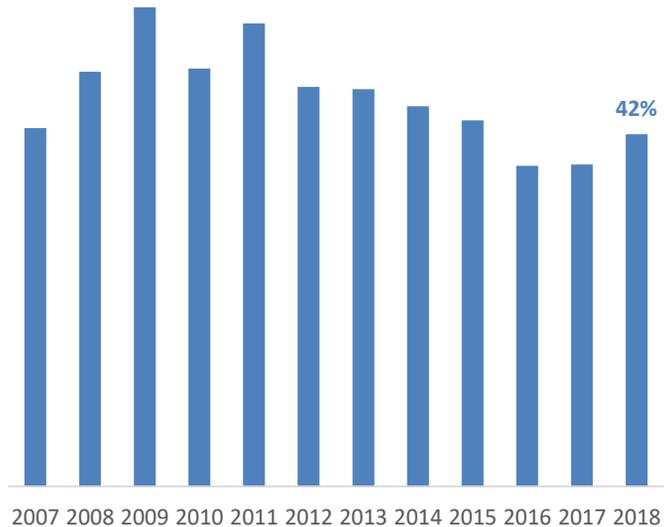
## INTERNATIONAL BUYERS

### Factors Affecting the Decision to Purchasing U.S. Property

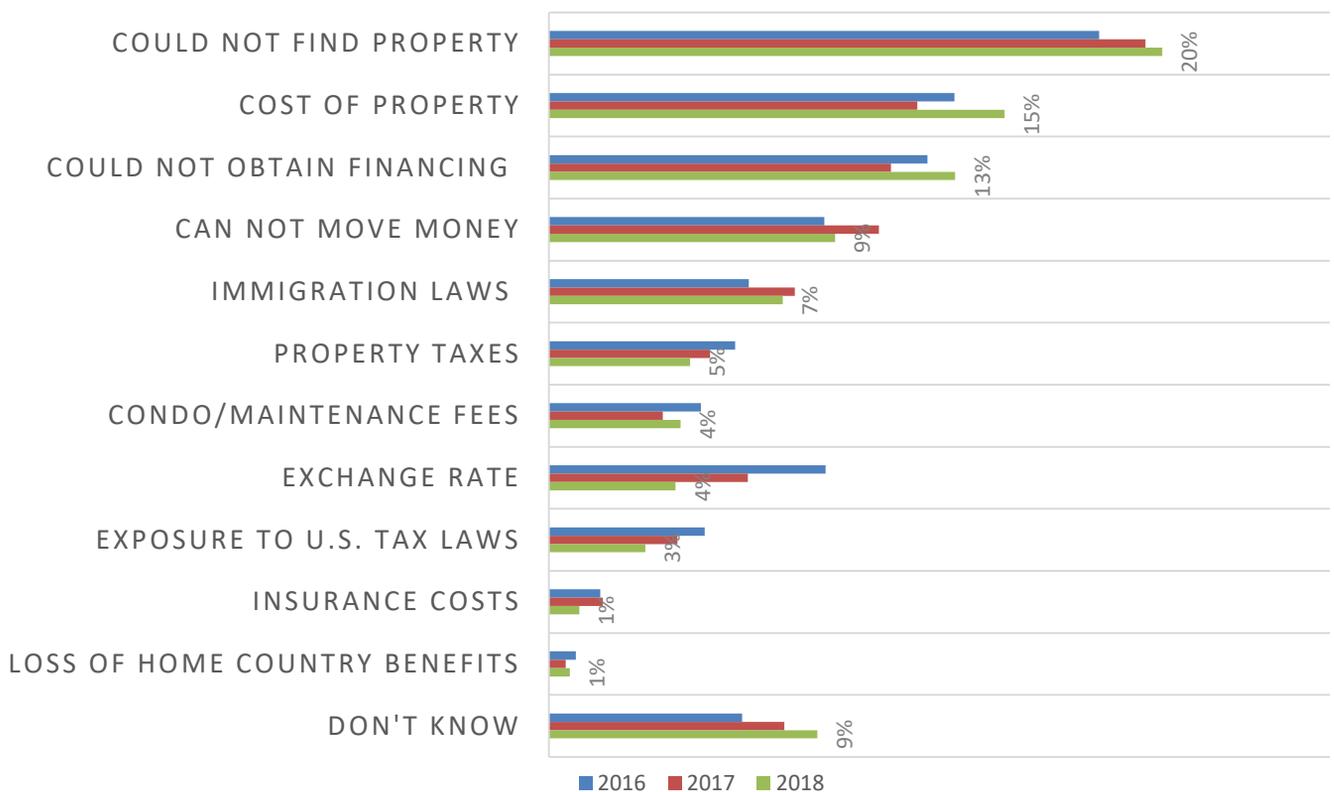
As is the case with potential domestic buyers, not all international clients will complete the purchase. A higher fraction of respondents reported they had a client who decided not to purchase property. About a third of respondents reported that their client viewed U.S. home prices to be less expensive than prices in the home country, a view unchanged from last year.

Survey respondents cited a variety of reasons why some of their clients did not ultimately become home buyers. Amid short supply which have pushed up prices, a higher fraction of respondents reported reasons for “Could not find property”, “cost of property”, “could not obtain financing”, and “could not move money”, and “Don’t know.”

AMONG REALTORS® WITH INTERNATIONAL CLIENTS, PERCENT SHARE WHO HAD ANY CLIENT WHO DECIDED NOT TO PURCHASE U.S. PROPERTY



REASONS WHY INTERNATIONAL CLIENTS DECIDED NOT TO PURCHASE U.S. RESIDENTIAL PROPERTY



# 5

# International Sellers

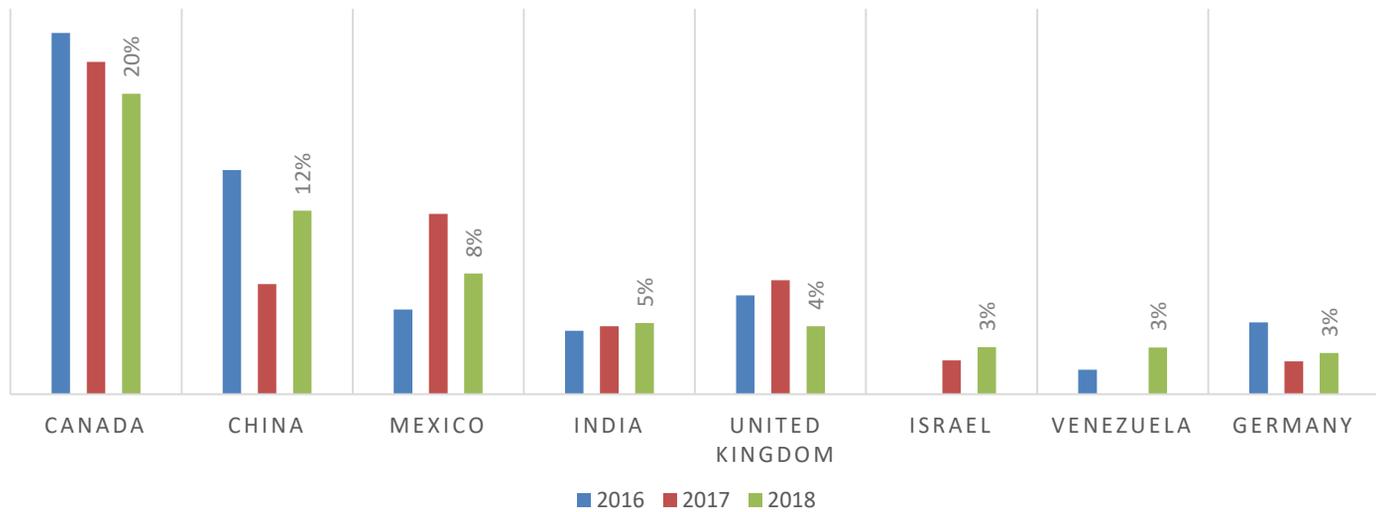


## INTERNATIONAL SELLERS

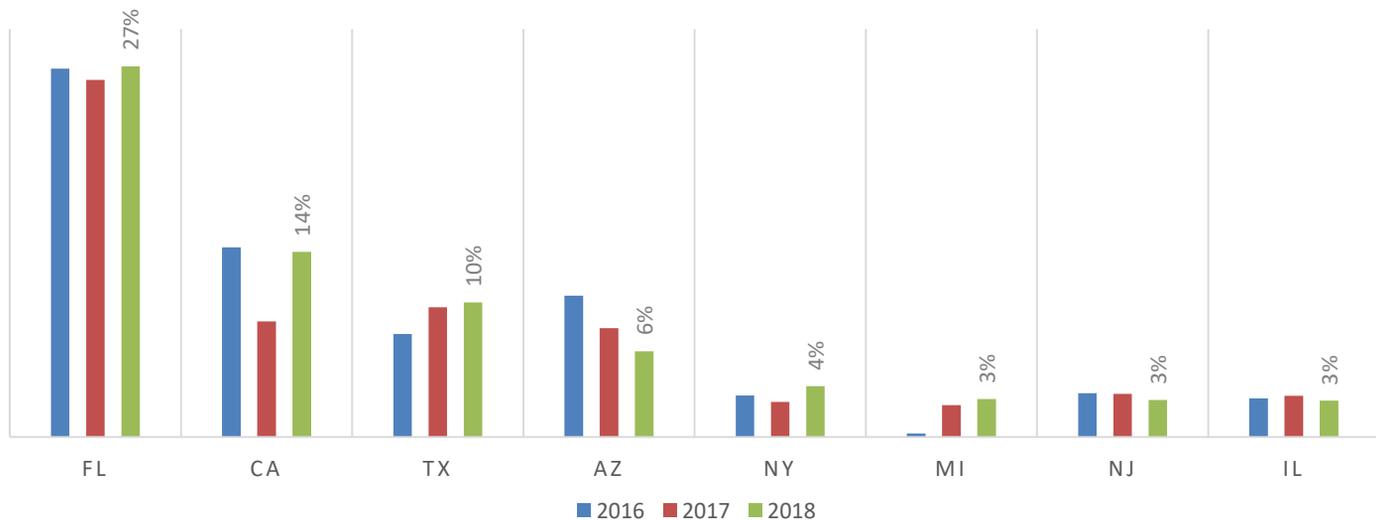
REALTORS® reported that international clients who had owned U.S. properties chose to dispose of them during the covered period. International clients who sold their U.S. residential property mostly came from Canada, China, Mexico, India, and the United Kingdom—the same countries that top the list of foreign buyers of residential property. Other major sellers of U.S. residential property were from Israel, Venezuela, Germany, Japan, France, and Brazil.

The properties sold by international clients were mostly located in Florida, California, Texas, Arizona, and New York. Other major locations of property sold by international sellers were Michigan, New Jersey, Illinois, Pennsylvania, Georgia, Virginia, Ohio, South Carolina, Utah, and Nevada. Not surprisingly, the list of states where foreign buyers sold their U.S. property is very similar to the list of states where foreign buyers typically purchase U.S. residential property.

### MAJOR INTERNATIONAL CLIENTS WHO SOLD U.S. RESIDENTIAL PROPERTY

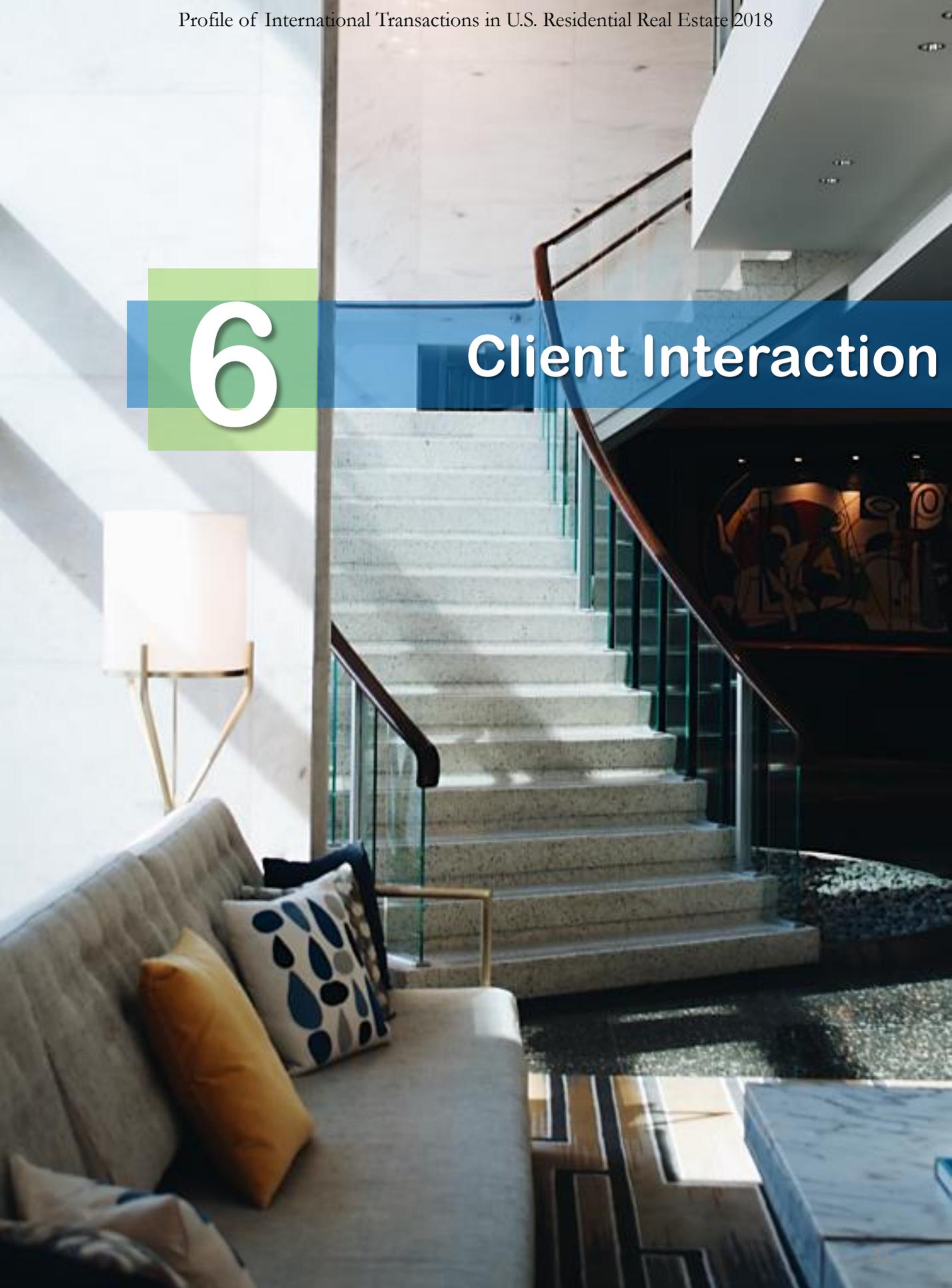


### LOCATION OF MAJOR INTERNATIONAL CLIENTS WHO SOLD U.S. RESIDENTIAL PROPERTY



# 6

## Client Interaction

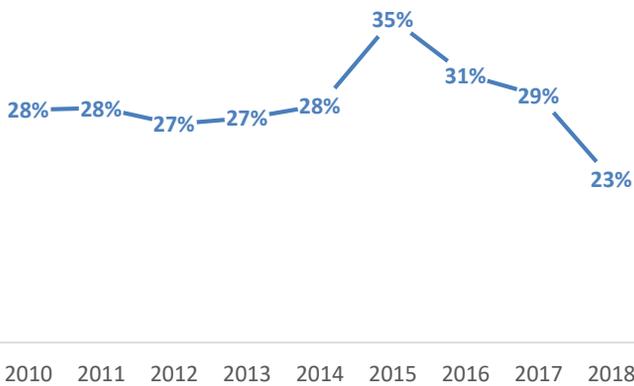


## CLIENT INTERACTIONS

### Transactions with International Clients

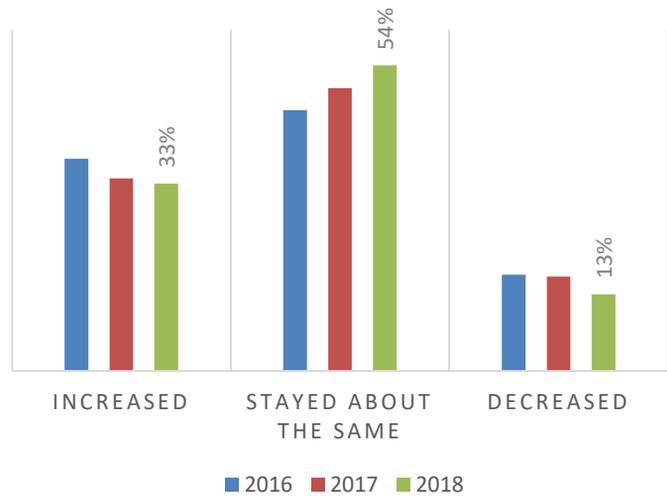
Twenty-three percent of respondents reported they worked with an international client during the 12-month period of April 2017–March 2018, a decline from 29 percent during the previous 12-month period.

SHARE OF RESPONDENTS WHO HAD AN INTERNATIONAL CLIENT

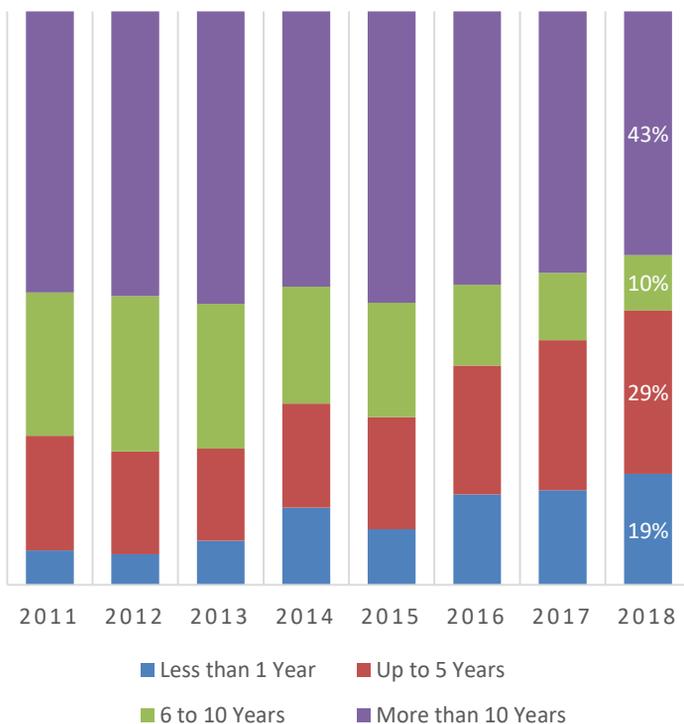


Survey respondents had mixed international market share experiences. About a third of respondents reported an increase in the share of international clients to their total business compared to one year ago. Compared to their business five years ago, forty-three percent reported an increase in the share of international clients to their total business.

HOW BUSINESS WITH INTERNATIONAL RESIDENTIAL BUYERS HAS CHANGED IN THE PAST YEAR



NUMBER OF YEARS AS A REALTOR®



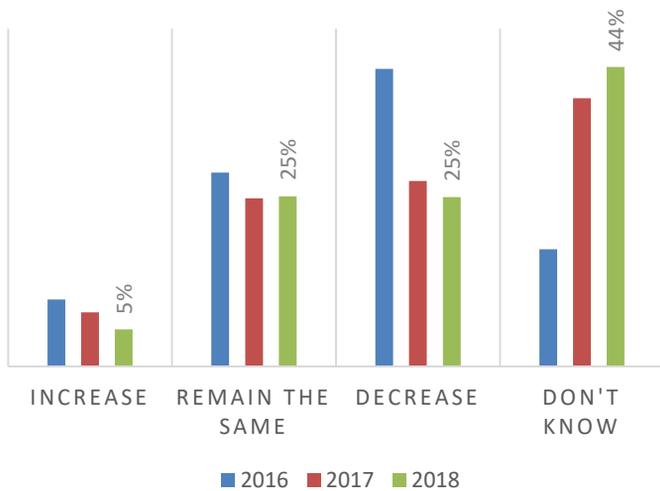
HOW BUSINESS WITH INTERNATIONAL RESIDENTIAL BUYERS HAS CHANGED IN THE PAST FIVE YEARS



## CLIENT INTERACTIONS

Respondents were more uncertain about the 12-month outlook for international residential buying activity, with 44 percent of respondents reporting “don’t know.” Uncertainty about the direction and implementation of policy changes on issues such as immigration and international trade may be contributing to the heightened uncertainty about economic and real estate conditions.

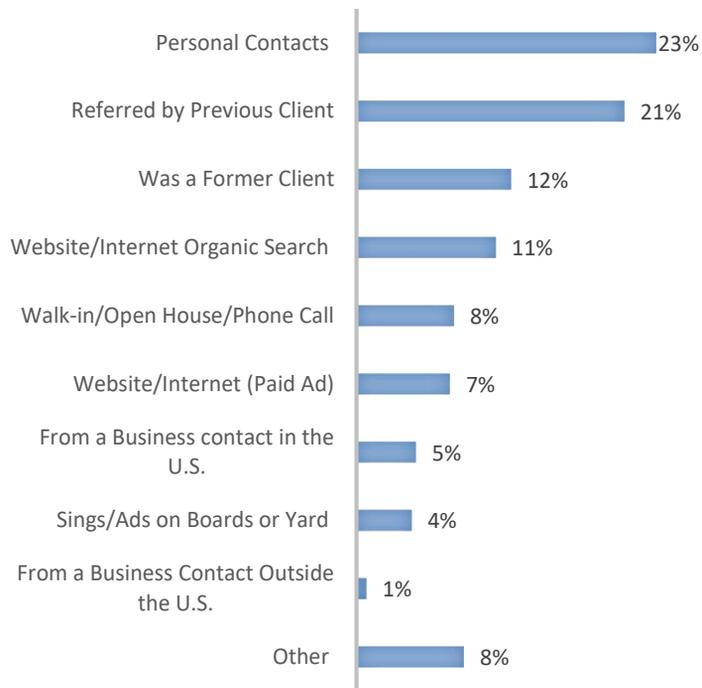
**OUTLOOK REGARDING RESIDENTIAL BUYING ACTIVITY OF INTERNATIONAL CLIENTS IN THE NEXT 12 MONTHS**



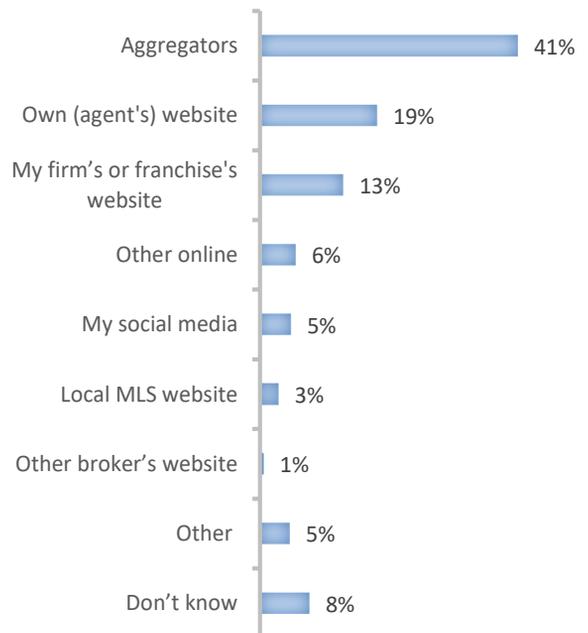
### Source of Leads and Referrals

Personal contacts, former clients, and referrals from former clients and business contacts were important sources of leads among agents who worked with foreign clients who purchased residential property, accounting for about 62 percent of responses. Website and online listings accounted for 18 percent. Among website leads, Realtor.com accounted for 10 percent.

**SOURCE OF REFERRALS OR LEADS ON FOREIGN RESIDENTIAL BUYERS**



**SOURCE OF ONLINE OR WEBSITE LEADS ON FOREIGN RESIDENTIAL BUYERS**

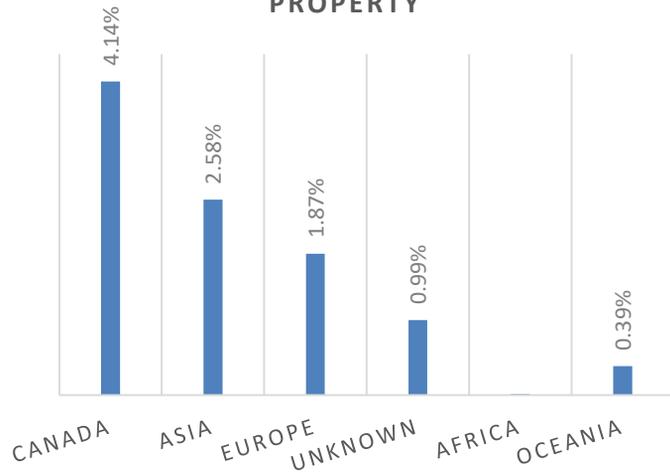


## CLIENT INTERACTIONS

### Lease Transactions

REALTORS® also help international clients lease U.S. properties, and some of these clients may in time purchase property. Among respondents, 11 percent reported they helped a client lease a residential property: Canada, four percent; Asia, three percent; Europe, two percent; Africa, less than one percent; Oceania, less than one percent; Unknown region, one percent.

PERCENT OF RESPONDENTS WHO REPORTED INTERNATIONAL CLIENTS WHO LEASED RESIDENTIAL PROPERTY



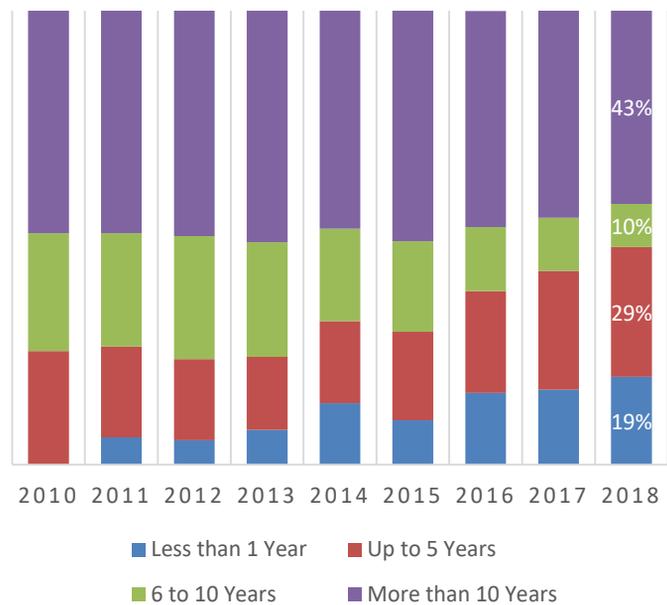
### Experience and Designations Held by Respondents

The number of REALTORS® who are new to the business has been increasing, a positive indicator of the health of the U.S. real estate market. Approximately 19 percent reported that they have been in the business less than one year, up from less than one percent in 2010.

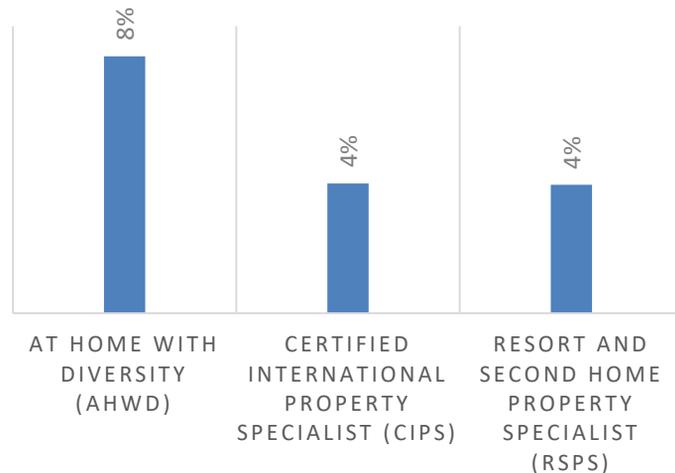
Among the respondents, four percent reported they held a Certified International Property Specialist (CIPS) designation, eight percent an At Home with Diversity (AHWD) designation, and four percent a Resort and Second Home Property Specialist (RSPS) designation. Ninety-one percent reported other designations. With more REALTORS® new to the

business, there is a need for education and training of new members in dealing with international clients, particularly non-resident foreign buyers who are likely to face greater challenges and are less familiar with the U.S. housing market than are resident foreign buyers. Serving international clients requires specialized knowledge on the part of the REALTOR® relating to immigration, tax, property, financing, and other regulations.

NUMBER OF YEARS AS A REALTOR®



PERCENT OF RESPONDENTS HOLDING THESE DESIGNATIONS\*



\* Ninety-one percent reported other designations.

# 7

## Client Referrals Abroad



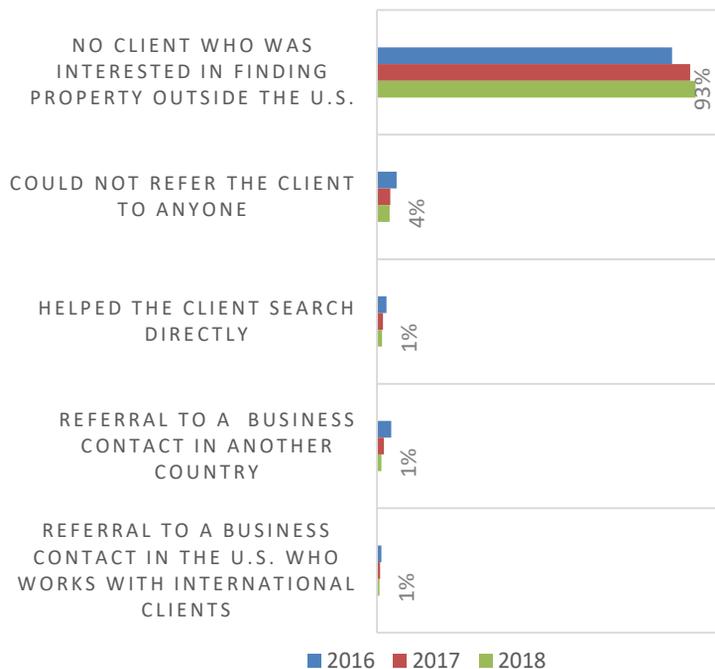
## CLIENT REFERRALS ABROAD

International real estate is multi-faceted. Not only do international clients choose to purchase U.S. real estate, U.S. clients are also interested in purchasing property abroad.

Approximately seven percent of responding REALTORS® reported that they had a client who was seeking to purchase property in another country.

Two percent of respondents referred the interested buyer to a business contact outside the United States, two percent helped the client directly, and one 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.<sup>12</sup>

### REFERRAL OF U.S. CLIENTS\* INTERESTED IN PURCHASING PROPERTY ABROAD



\*Any client, whether a U.S. citizen or non-U.S. citizen, interested in purchasing property abroad.



<sup>12</sup> NAR has a rich source of information to assist REALTORS® working with international clients. For more information, see <https://www.nar.realtor/international-real-estate>.

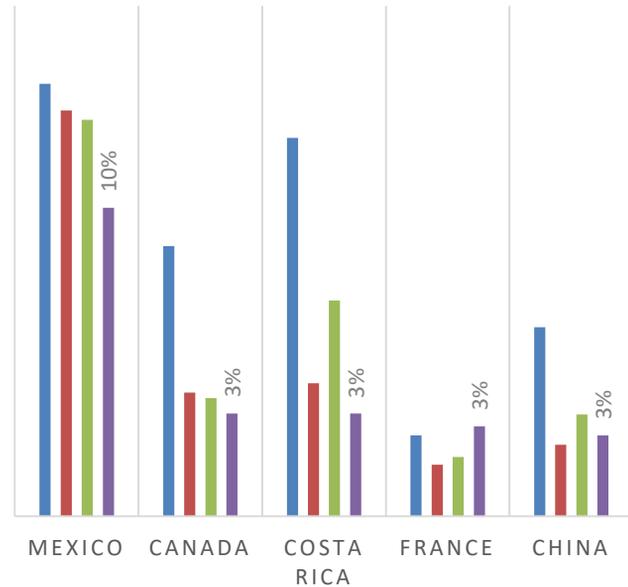
## CLIENT REFERRALS ABROAD

Among REALTORS® who had clients interested in purchasing property abroad, Mexico, Canada, Costa Rica, France, China, and the United Kingdom generated the most inquiries during April 2017–March 2018.

Fifty-eight percent were interested in a residential property. Of these, 55 percent were looking for detached single-family homes.



### MAJOR COUNTRIES SEARCHED BY U.S. CLIENTS\* WHO WANT TO PURCHASE PROPERTY ABROAD



\*Any client, whether a U.S. citizen or non-U.S. citizen, interested in purchasing property abroad.

### TYPE OF PROPERTY U.S. CLIENTS\* WERE INTERESTED IN PURCHASING ABROAD

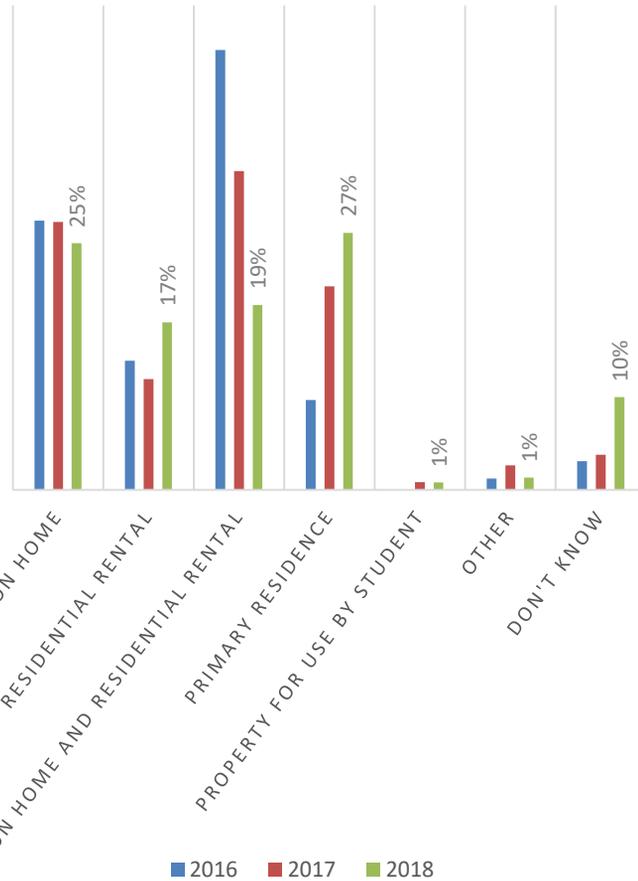


\*Any client, whether a U.S. citizen or non-U.S. citizen, interested in purchasing property abroad.

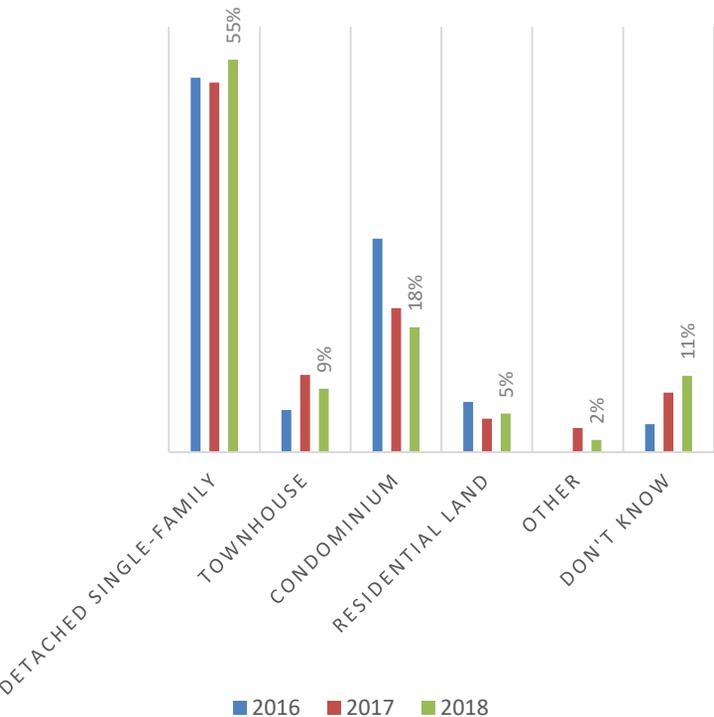
## CLIENT REFERRALS ABROAD

Most clients were interested in using the property for vacation, residential rental, or both. Twenty-seven percent of U.S. clients who were looking for property abroad were seeking a property for primary residence abroad, an increase from the 21 percent share in the previous 12-month period. This may be associated with the retirement of baby boomers. The U.S. Census defines baby boomers as those born between 1946–1964. The oldest baby boomer turned 65 years old in 2011, while the youngest boomer will turn 65 in 2029. There were about 42 million persons 65 years old and above in 2011 and this number will increase to 73 million by 2029.<sup>13</sup>

## WHY U.S. CLIENTS\* SEARCHED FOR RESIDENTIAL PROPERTY ABROAD



## TYPE OF RESIDENTIAL PROPERTY U.S. CLIENTS\* WERE INTERESTED IN PURCHASING ABROAD



\*Any client, whether a U.S. citizen or non-U.S. citizen, interested in purchasing property abroad. "Other" was an answer choice in the 2017 survey only.

\*Any client, whether a U.S. citizen or non-U.S. citizen, interested in purchasing property abroad. "Other" was an answer choice in the 2017 survey only.

<sup>13</sup> The U.S. Census Bureau defines baby boomers as those born between mid-1946 and mid-1964. See <https://www.census.gov/prod/2014pubs/p25-1141.pdf>.

# 8

# Appendices



## APPENDICES

### Appendix I. Computation of the Dollar Volume of Foreign Buyers U.S. Residential Purchases

Estimation of U.S. Residential Property Purchases of International Buyers During April 2017–March 2018		
	<b>Data Inputs</b>	
Line 1	Residential property purchases of non-resident foreigners (Type A), as a share of existing home sales	1.9%
Line 2	Share of non-resident foreign buyers to foreign buyers (Type A)	39%
Line 3	Share of non-resident foreign buyers to foreign buyers (Type B)	61%
Line 4	Existing home sales, April 2017–March 2018	5,488,000
Line 5	Average price, existing homes sales	\$290,600
Line 6	Average price of residential property purchases of non-resident (Type A) foreign buyers	\$505,700
Line 7	Average price of residential property purchases of resident (Type B) foreign buyers	\$419,600
	<b>Calculation of Number of Residential Property Sales to Foreign Buyers</b>	
	<i>To get Line 8, multiply Line 1 to Line 4</i>	
Line 8	Number of residential property purchases of non-resident foreign buyers (Type A)	104,821
	<i>To get Line 9, get the ratio of Line 3 to Line 2, and multiply this ratio by Line 8</i>	
Line 9	Number of residential property purchases of resident foreign buyers (Type B)	161,933
	<i>To get Line 10, add Line 8 and Line 9</i>	
Line 10	Total Number of residential property purchases of foreign buyers	266,754
	<b>Calculation of Dollar Volume of Residential Property Sales to Foreign Buyers</b>	
	<i>To get Line 11, multiply Line 6 by Line 8</i>	
Line 11	Dollar volume of purchases of non-resident (Type A) foreign buyers	\$53,007,878,560
	<i>To get Line 12, multiply Line 7 by Line 9</i>	
Line 12	Dollar volume of purchases of resident (Type B) foreign buyers	\$67,947,099,502
	<i>To get Line 13, add Line 11 and Line 12</i>	
Line 13	Dollar volume of residential property purchases of foreign buyers	\$120,954,978,062
Line 14	Share of residential property purchases of foreign buyers to existing home sales	5%
Line 15	Share of dollar volume of residential property purchases of foreign buyers to existing home sales dollar volume	8%

#### Notes on Data Inputs:

**Percent of Existing Home Sales to non-resident foreigners (Type A):** The fraction of U.S. existing home sales to non-resident foreign buyers (Type A) is based on survey data from the monthly REALTORS® Confidence Index.

**Split between non-resident (Type A) and resident (Type B) foreign buyers** among all foreign residential property buyers: The split between Type A and Type B foreign buyers is computed from the survey based on information about the most recent foreign buyers from respondents.

**U.S. Existing Home Sales:** Sales for the 12 months ending March 2018 are obtained by summing the monthly sales from April 2017–March 2018.

**Average Price, Existing Home Sales:** Since total market value is being computed, the average rather than median price is used. The average is computed as the average of the monthly mean price of U.S. existing home sales.

**Average Prices, International Sales:** The average prices for residential property purchased by non-resident (Type A) and resident (Type B) foreign buyers are estimated from the survey based on information about the most recent foreign buyers of the respondents.

## APPENDICES

### Appendix II. About NAR's Commercial and Global Services Group

The Commercial & Global Services Group of the NATIONAL ASSOCIATION OF REALTORS® plays an integral role in opening doors for REALTORS® to compete in the global market place. By opening markets for business and keeping members informed of the latest developments occurring around the world, the Commercial & Global Services Group gives REALTORS® the tools they need to succeed in the global market.

NAR maintains formal partnerships with 89 foreign real estate associations in 68 countries. These relationships are formed to advance the interests of REALTORS® worldwide, to uphold the highest standards of commercial practice, and to facilitate international business arrangements in strategic markets for REALTORS® and non-U.S. real estate practitioners. Additionally, the Certified International Property Specialist (CIPS) Designation offers specialized education and services to real estate professionals who aim to profit in the global market. For more information and resources about working with international clients, please visit <https://www.nar.realtor/global/global-resources>. To access the Research Group's various reports on the housing market, please visit <https://www.nar.realtor/research-and-statistics>.





The National Association of REALTORS®, “The Voice for Real Estate,” is America’s largest trade association, representing 1.3 million members, including NAR’s institutes, societies and councils, involved in all aspects of the real estate industry. NAR membership includes brokers, salespeople, property managers, appraisers, counselors and others engaged in both residential and commercial real estate. The term REALTOR® is a registered collective membership mark that identifies a real estate professional who is a member of the National Association of REALTORS® and subscribes to its strict Code of Ethics. Working for America's property owners, the National Association provides a facility for professional development, research and exchange of information among its members and to the public and government for the purpose of preserving the free enterprise system and the right to own real property.

**NATIONAL ASSOCIATION OF REALTORS®  
RESEARCH GROUP**

The Mission of the National Association of REALTORS® Research Group is to collect and disseminate timely, accurate and comprehensive real estate data and to conduct economic analysis in order to inform and engage members, consumers, and policy makers and the media in a professional and accessible manner.

To find out about other products from NAR’s Research Group, visit [www.nar.realtor/research-and-statistics](http://www.nar.realtor/research-and-statistics).

NATIONAL ASSOCIATION OF REALTORS®  
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# Profile of International Transactions in U.S. Residential Real Estate 2018