

Profile of International Home Buyers in Florida 2014 Report



Prepared for the Florida REALTORS®
By the Research Division, National Association of REALTORS®

September 2014



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To assess the significance of foreign home buyers in Florida, the National Association of REALTORS®[®], in cooperation with the Florida REALTORS®[®], has conducted an annual survey of the experiences of Florida REALTORS®[®] in working with non-resident international clients since 2007.

For the purposes of this report, foreign buyers are defined as non-resident foreigners --- individuals who are citizens of another country and who purchase property in the U.S. but live in the U.S. only part of the year, typically using the property as a rental unit, vacation unit, or both. In this report, “international sales” will refer to sales to these non-resident foreigners.

A total of 1,886 Florida REALTORS®[®] responded to this year’s survey, conducted over the time period July 11 - August 7, 2014. REALTORS®[®] provided information on their service to non-resident foreign buyers over the 12 months ending June 2014.

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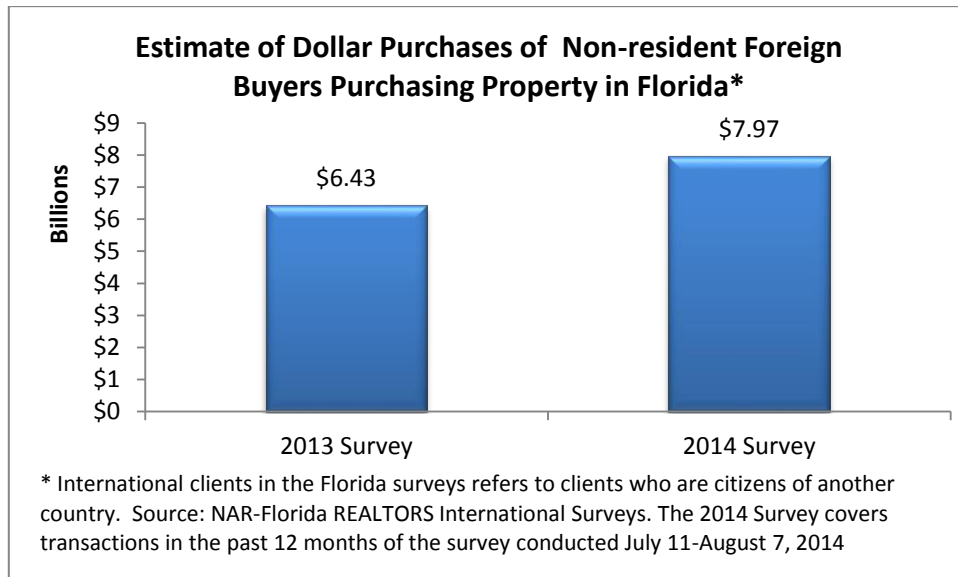
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I. INTRODUCTION AND HIGHLIGHTS

Florida is one of the major U.S. destinations of international residential real estate buyers. Approximately 25 percent of foreign home buyers in the U.S. purchase property in Florida. In the 12 months ended June 2014, the dollar value of purchases of non-resident foreigners buying property in Florida is estimated at approximately \$7.97 billion, an increase from the previous 12-month period's level of \$ 6.43 billion¹. International sales accounted for about 10 percent of Florida's residential market, compared to a 9 percent share in the preceding period.² Corresponding to this dollar sales value, the number of purchases made by non-resident foreigners is estimated at 26,500 units, also an increase from the previous period's level of 22,600 units. These transactions accounted for about 8 percent of Florida's residential unit sales, an increase compared to the 7 percent share in the previous period.³



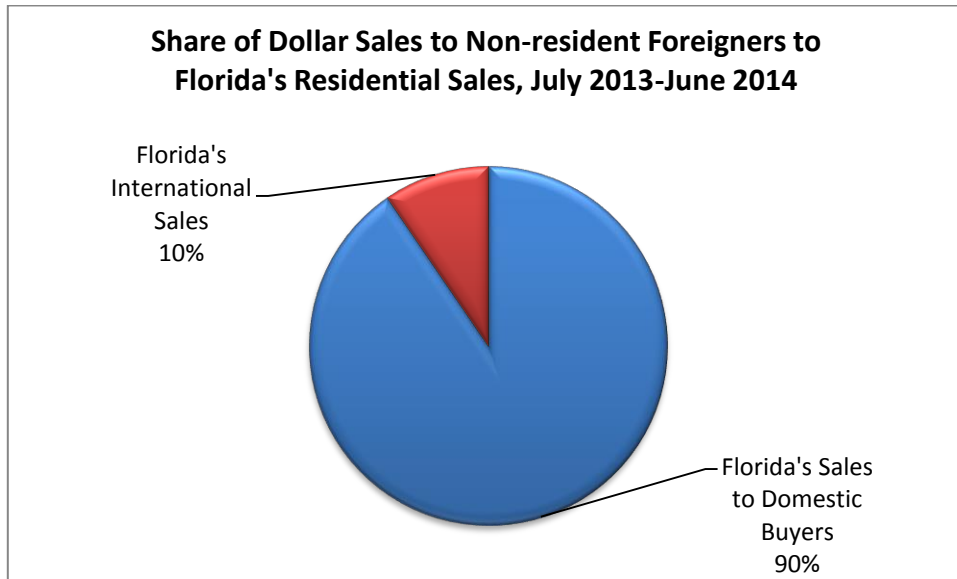
Nationally, international home buying activity of non-resident foreigners was estimated at \$ 46.7 billion during the period April 2013-March 2014 as reported in NAR's *2014 Profile of International Home Buying Activity*. Florida's sales to non-resident foreigners are estimated at \$7.97 Billion, accounting for 17 percent of total non-resident foreigner sales.⁴

¹ NAR publishes the *Profile of International Home Buyers*, which presents data on two types of international home buyers: resident and non-resident foreigners. However, the Florida report focuses only on non-resident foreigners. Based on data relationships from the national report, the figures could be grossed-up by approximately 1.96 times non-resident sales for Florida if one wished to achieve consistency between the two reports.

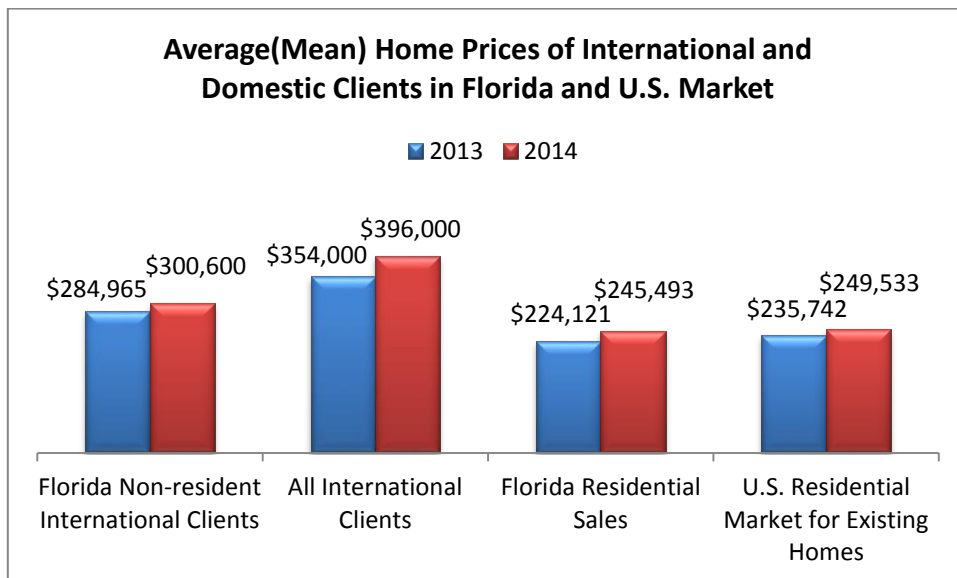
² See Appendix 1 for computations.

³ Based on July 2013 thru June 2014 data of closed sales and mean prices for single-family homes and condo/townhouses. Source of data: <http://media.floridarealtors.org>.

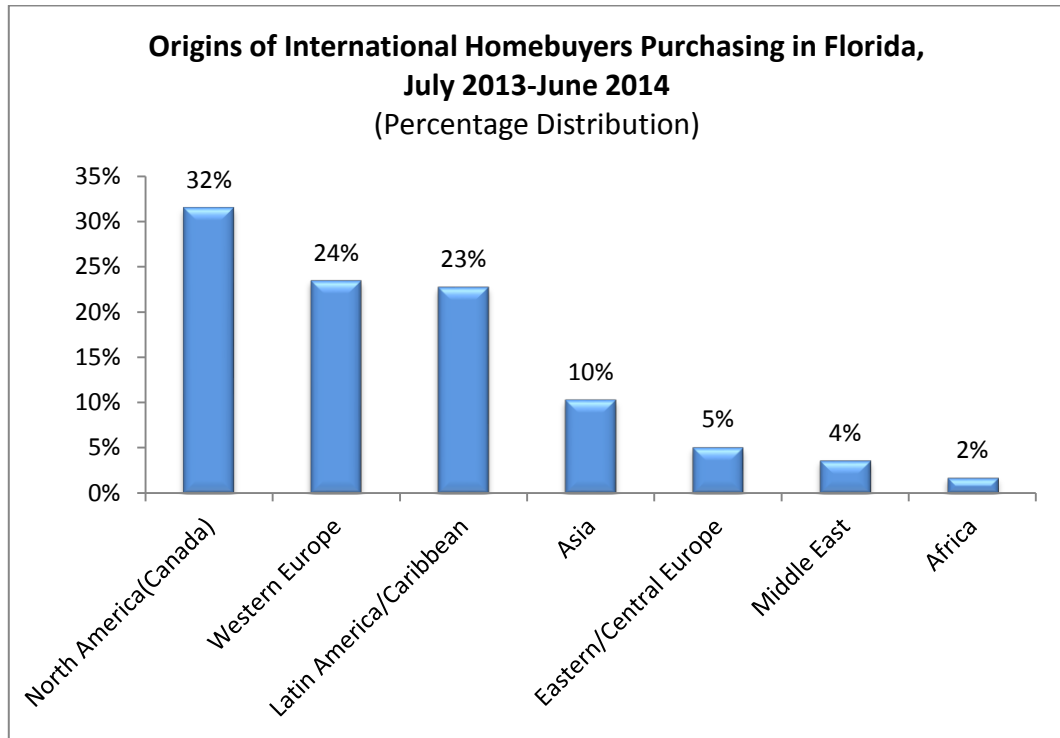
⁴ This is an approximation since the national survey captured transactions in the 12 months of April 2013-March 2014 while the Florida Survey captured transactions mainly from July 2013-June 2014.



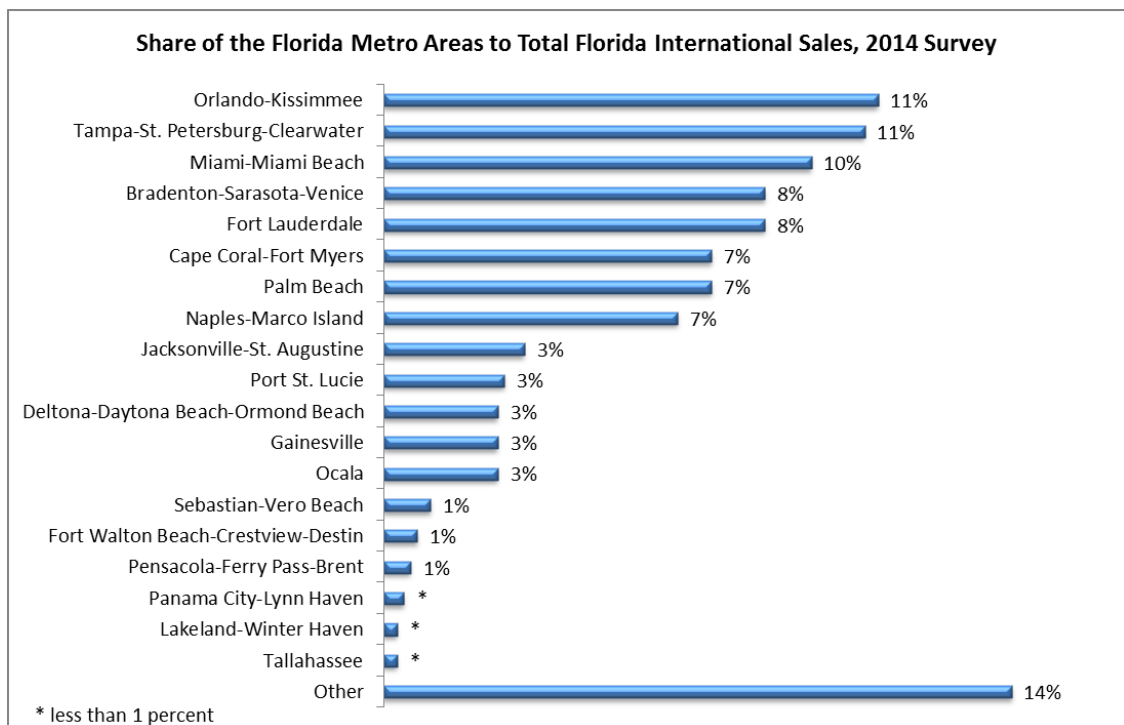
The increase in international home buying activity was driven by the continued recovery of the world economy and the affordability of U.S. properties. Both U.S. and Florida residential prices remain affordable to most international homebuyers. In fact, international clients continued to purchase properties that are on the average above the mean price paid by domestic buyers. Approximately 76 percent of all Florida REALTORS® believe that their clients found Florida property less expensive than similar property in their home countries.



Canadian buyers accounted for the largest share of international clients (32 percent), followed by buyers from Western Europe (24 percent; primarily from the United Kingdom, France, and Germany), buyers from Latin America/Caribbean (23 percent; primarily from Brazil and Venezuela), and buyers from Asia (10 percent; primarily from China).



Sales to non-resident international clients were spread across a number of major areas; as percent of international sales: Orlando-Kissimmee (11 percent), Tampa-St. Petersburg-Clearwater (11 percent), Miami-Miami Beach (10 percent), Bradenton-Sarasota-Venice (8 percent), and Fort Lauderdale (8 percent).



Key conclusions show the importance of foreign sales to the Florida residential market:

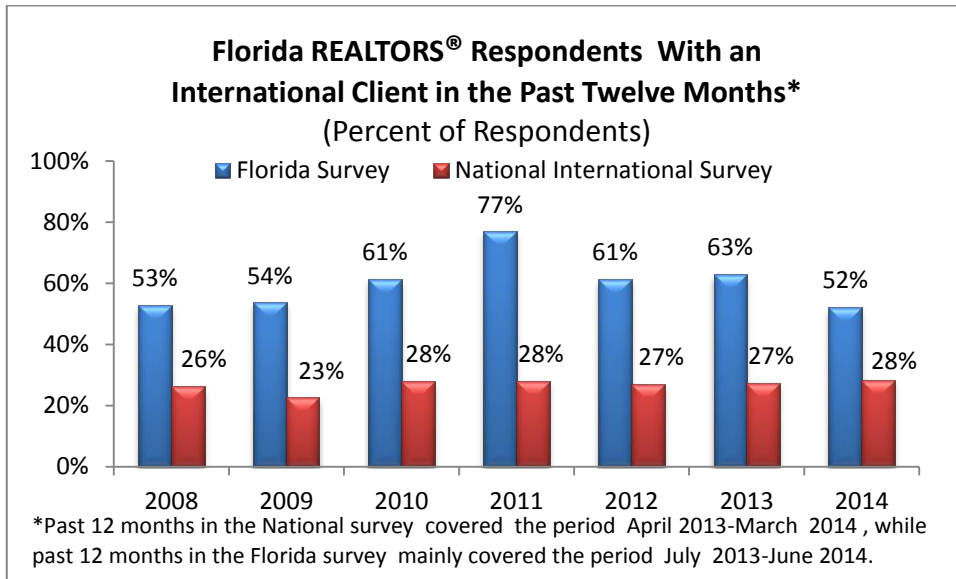
- 52 percent of Florida REALTORS® reported having international clients, compared to the national average of 28 percent.
- 19 percent of Florida REALTORS® reported having 6 or more clients, compared to the national average of 12 percent
- 20 percent of Florida REALTORS® with international clients reported that international clients accounted for 26 percent or more of their transactions, compared to 15 percent at the national level.
- 29 percent of Florida REALTORS® reported that the percentage of international clients had increased in the last five years, compared to 20 percent at the national level

Florida is reported to have a strong growth potential for attracting international clients. As noted by REALTORS® who have been successful in dealing with international clients, understanding the culture, concerns and language of potential foreign clients, reaching out through personal contacts and online tools, and assisting potential foreign buyers through the regulatory and financial process are important, especially for agents on the buy-side of the transaction. REALTORS® also noted that the relaxation of visa restrictions pertaining to the length of stay would attract additional international clients.

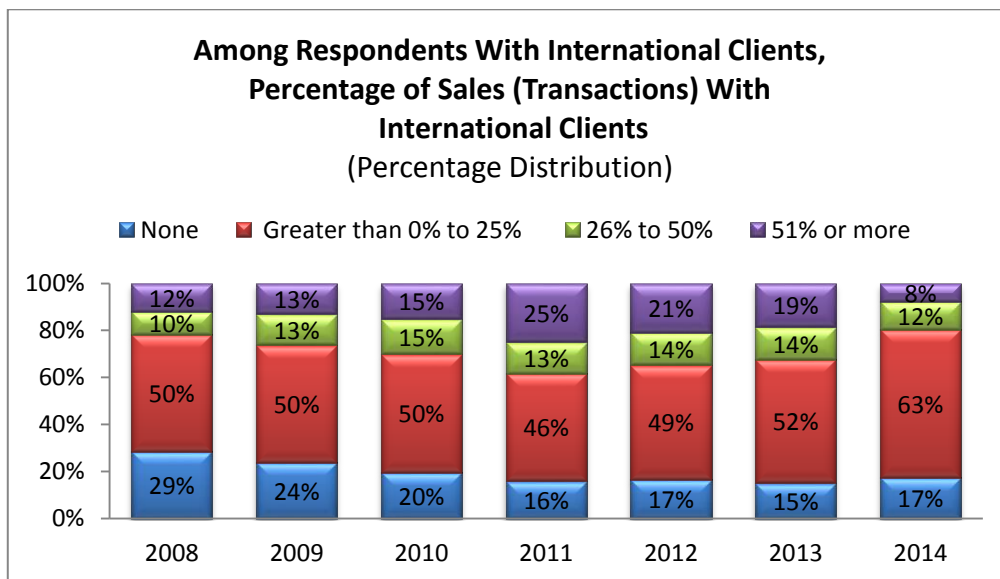
II. THE SIGNIFICANCE OF INTERNATIONAL TRANSACTIONS FOR REALTOR® BUSINESS

Compared to the national experience, Florida has a higher proportion of its REALTORS® working with international clients⁵. About half of the respondents to this year's Florida survey reported that they had worked with a non-resident international client in the past 12 months. Nationally, only 28 percent of REALTORS® had an international client (both resident and non-resident) for the twelve months ended March 2014.

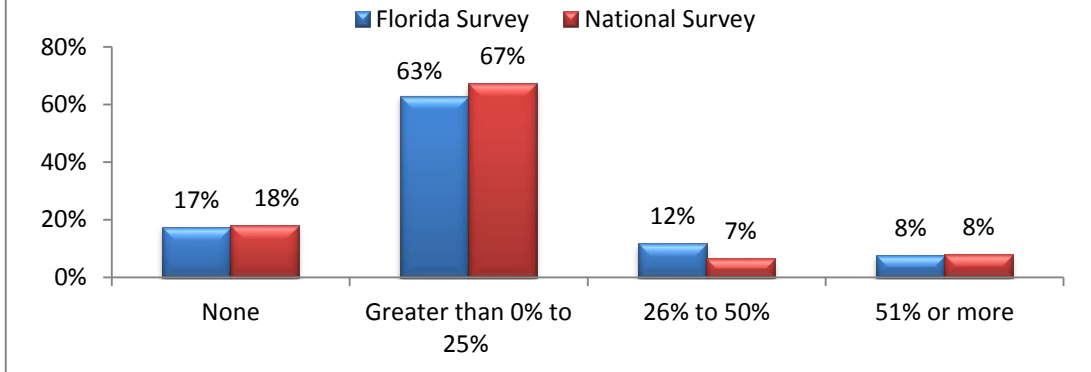
⁵ The comparison is an approximation because the national survey includes both non-resident and resident foreigners in its coverage of international clients while the Florida survey covers only non-resident foreigners. However, the conclusion that Florida has a higher share of REALTORS® engaged in international transactions remains valid because Florida's share would have been higher if the survey had covered resident foreigners as well.



Respondents have reported an increase in the share of international transactions to total transactions since 2008. The majority of Florida REALTORS® respondents with international clients reported that international transactions accounted for at most a quarter of their transactions. Approximately 17 percent reported they did not close a transaction with international clients, at par with the national level of 18 percent.

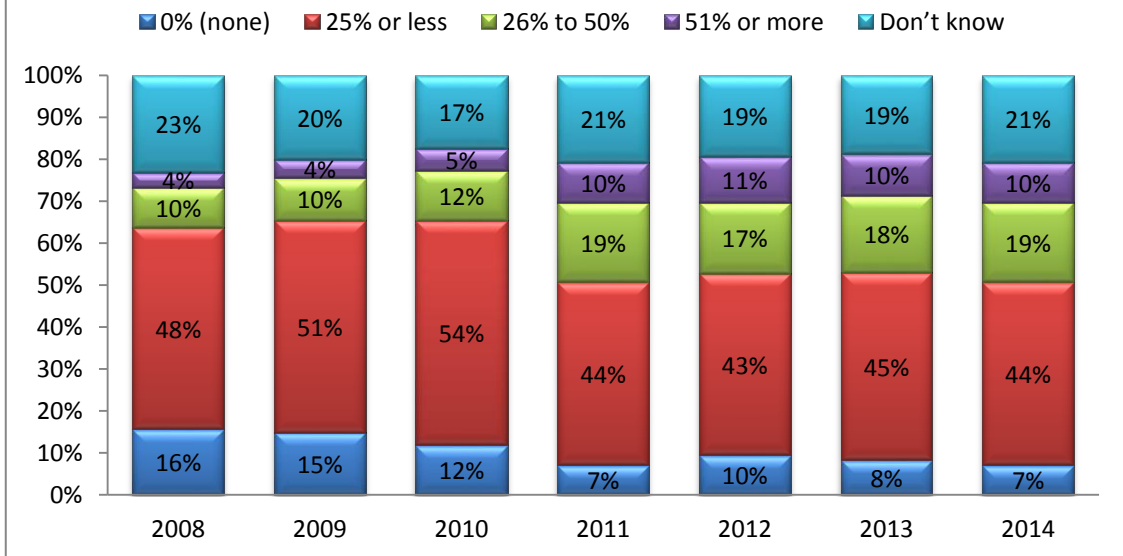


**Among Respondents With International Clients,
Percentage of Sales (Transactions) With International Clients
Florida vs. National, 2014 Surveys
(Percent of Respondents)**

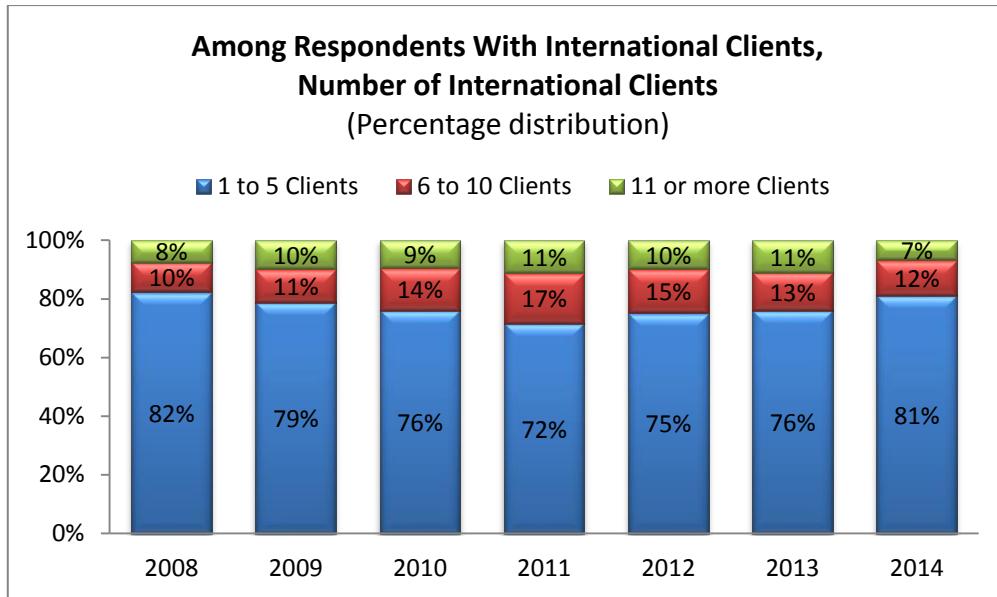


Of the total transactions in the REALTOR®'s office, only 7 percent of respondents reported they did not close a transaction with international clients.

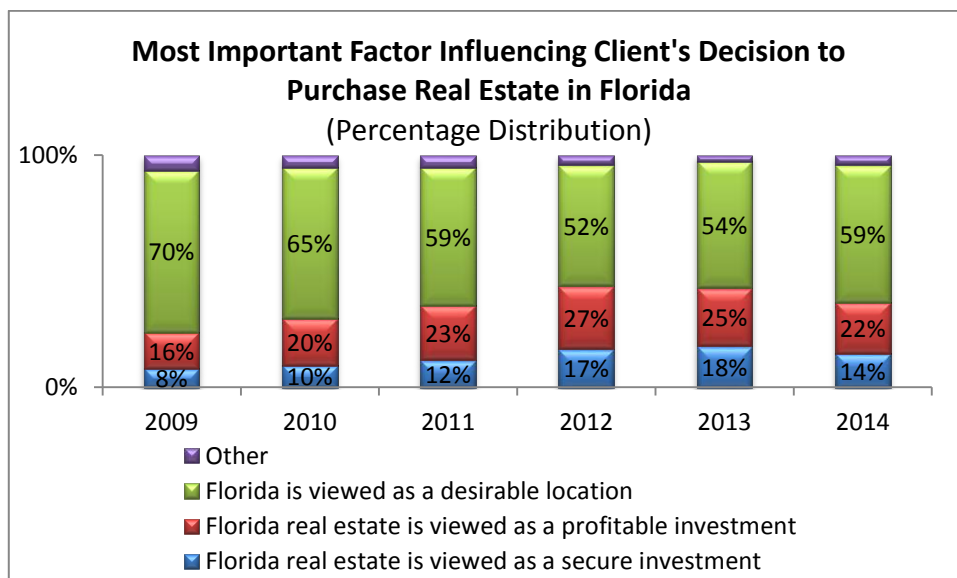
**Percent of Sales (Transactions) in REALTOR®'s Office
With International Clients
(Percentage Distribution)**



The majority of Florida REALTORS® have 1 to 5 international clients.

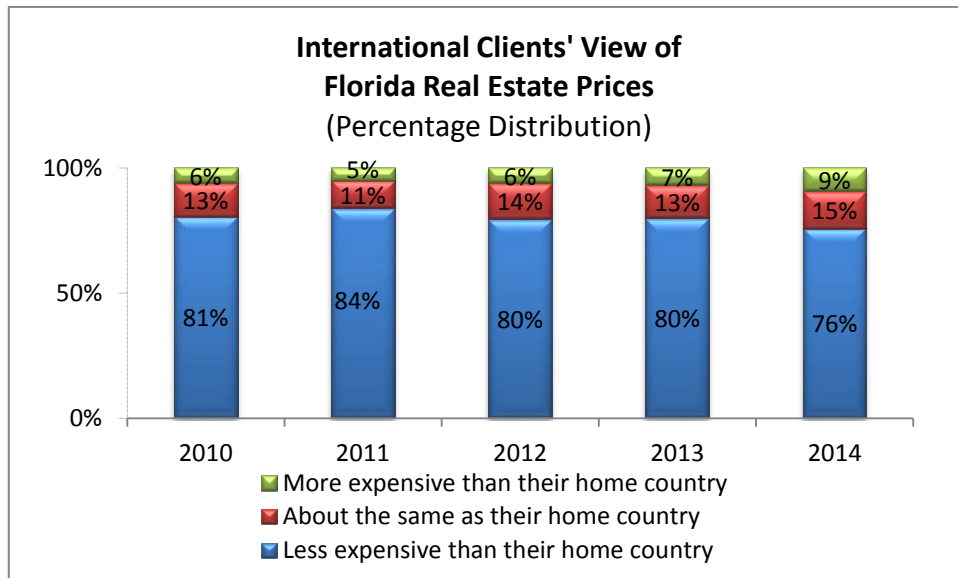


Florida's location was reported to be the most important factor influencing a client's decision to purchase Florida property⁶. About 59 percent of Florida REALTORS® respondents reported location as the most important factor, exceeding the nationwide estimate of 37 percent at the national level as reported in NAR's *2014 Profile of International Home Buying Activity*. An increasing percentage of respondents reported that profitability of Florida real estate is the major factor affecting their purchase decision, consistent with the finding of this survey that shows buyers are purchasing property for rental purposes.

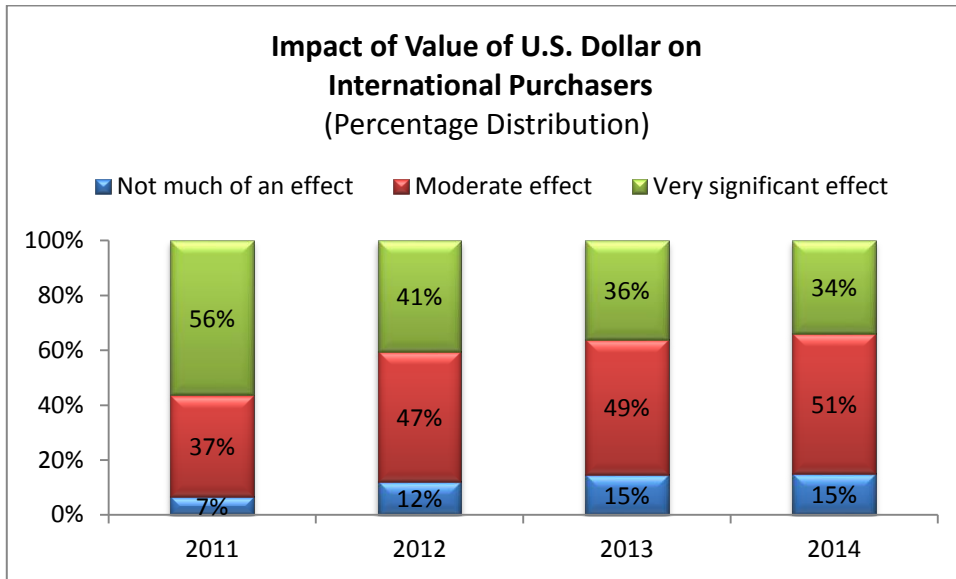


⁶ Respondents were restricted to only one answer although many factors influence the purchase decision.

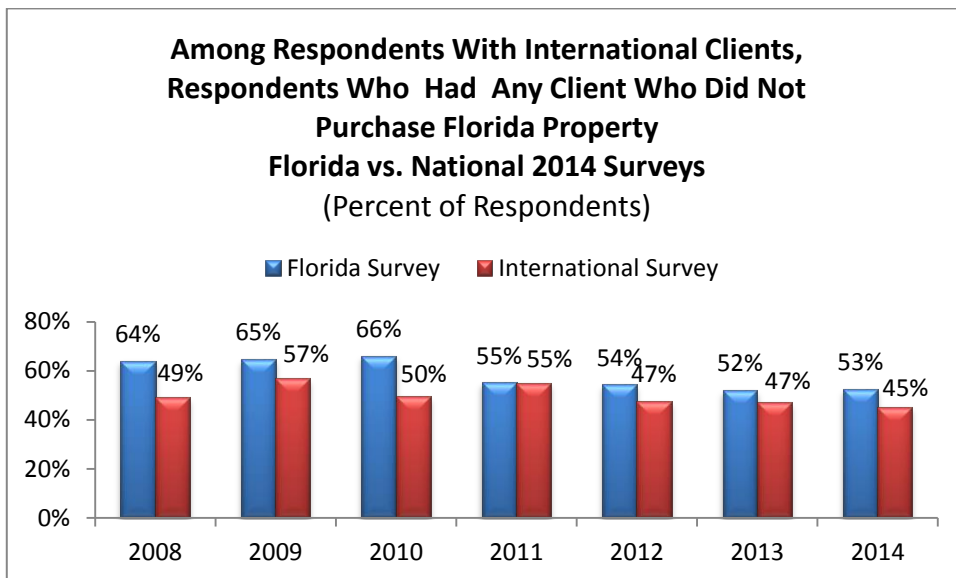
International clients also purchase property in Florida because of their perception about the value they get for their money. About 76 percent of Florida REALTORS® respondents reported that their clients found Florida properties less expensive than comparable properties in their home country.



The value of the U.S. dollar versus a prospective buyer’s respective home country currency contributes to the buying decision when considering international real estate. A weaker U.S. dollar means that the foreign buyer’s money goes farther in the U.S., thus effectively making U.S. real estate less expensive for the foreign buyer than would otherwise be the case. About 85 percent of Florida REALTOR® respondents reported that the value of the U.S. dollar relative to foreign currencies had an impact on the real estate purchasing decision. Results from this year’s survey indicate a decline in the share of international clients coming from Venezuela, possibly due in part to the steep depreciation of the Venezuelan bolivar, for example.



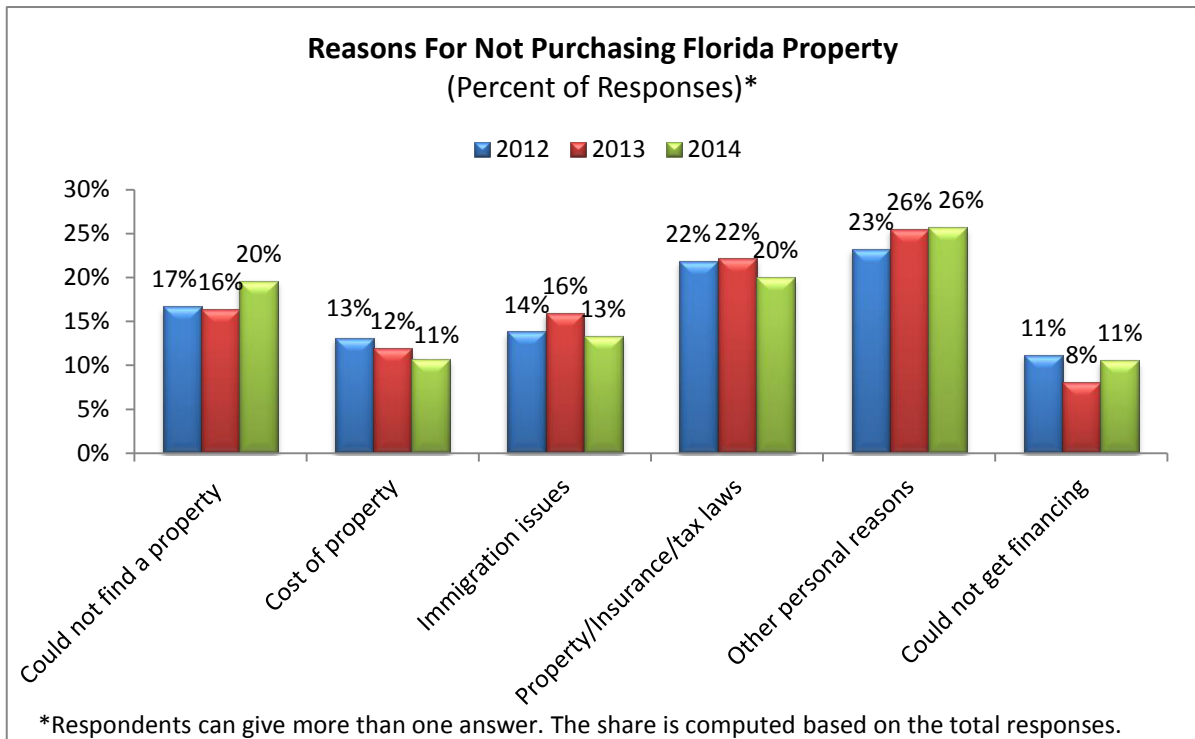
Not all interactions with potential foreign clients resulted in a transaction. Approximately 53 percent of Florida REALTORS® respondents who worked with international clients reported having at least one client who did not purchase a Florida property.⁷



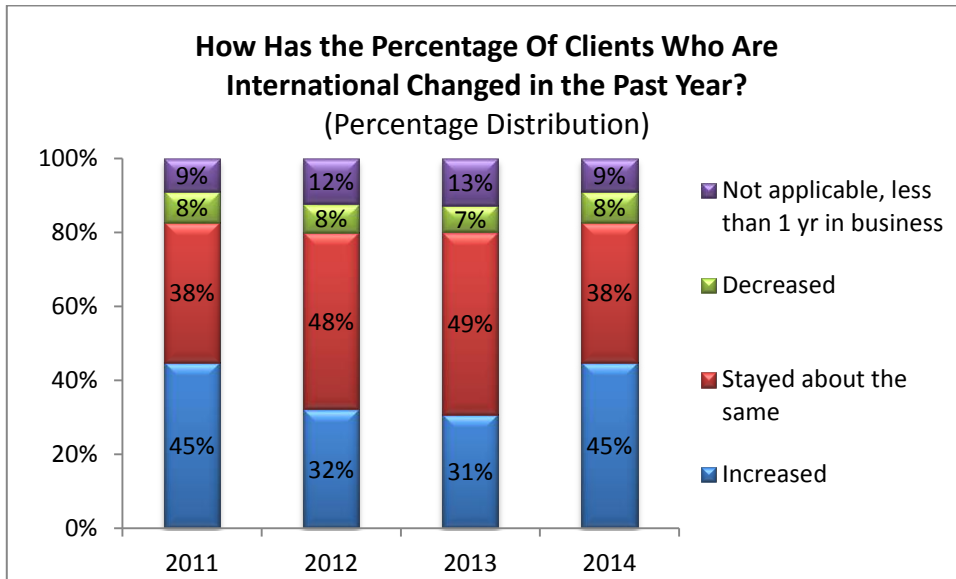
There were a variety of reasons explaining why a client did not purchase a property. The most often cited reasons were “personal” and “could not find a property.” Interestingly, “could not find property” was mentioned by 20 percent of Florida REALTORS® respondents compared to about 15 percent in the last two years. The tight inventory condition and/or the

⁷ This is higher than the national average of 45 percent reported in the *2014 Profile of International Home Buying Activity* because the Florida survey covers only non-residents while the national survey also includes resident foreigners who probably face fewer regulatory, cultural and financial barriers and challenges.

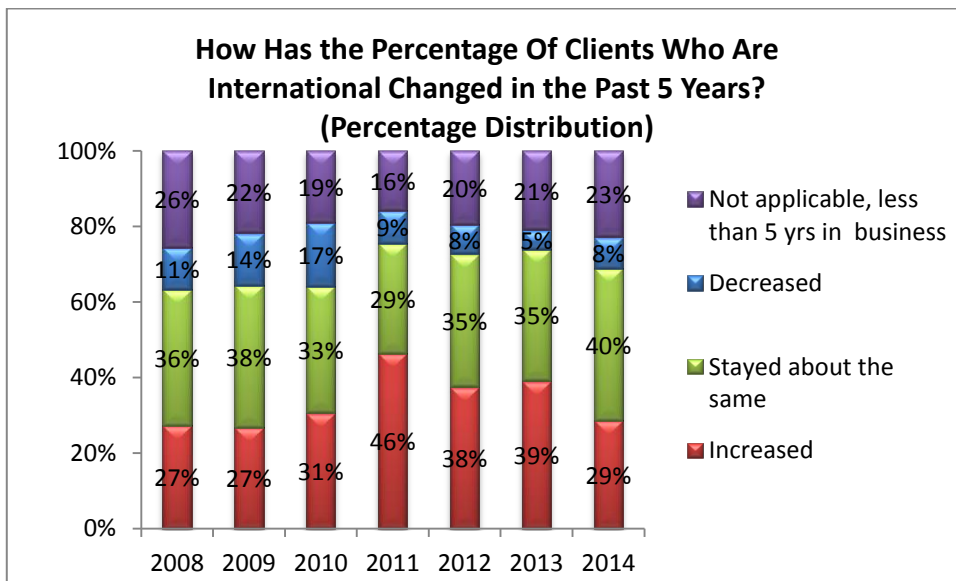
failure of the REALTOR® to connect with buyer needs and preferences might have accounted for this increase.



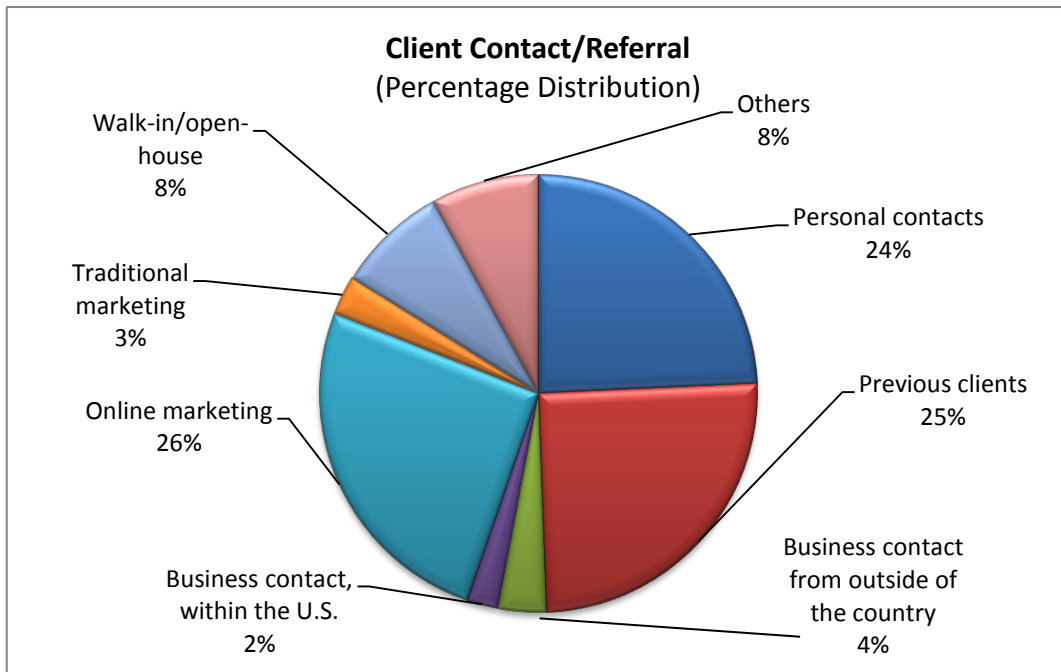
Approximately 45 percent of Florida REALTORS® respondents reported that the share of international clients in their practices has increased in the past year. The latest results reflect a higher share of Florida REALTORS® respondents indicating a greater share of international clients. In the 2013 Florida survey 31 percent reported a growing share of international clients while in the 2014 *Profile of International Home Buying Activity* 15 percent of REALTOR® respondents indicated a rising share of international clients.



Over a five-year time period, 29 percent of Florida REALTORS® respondents reported an increase in the share of clients who were international, while 40 percent reported no change.

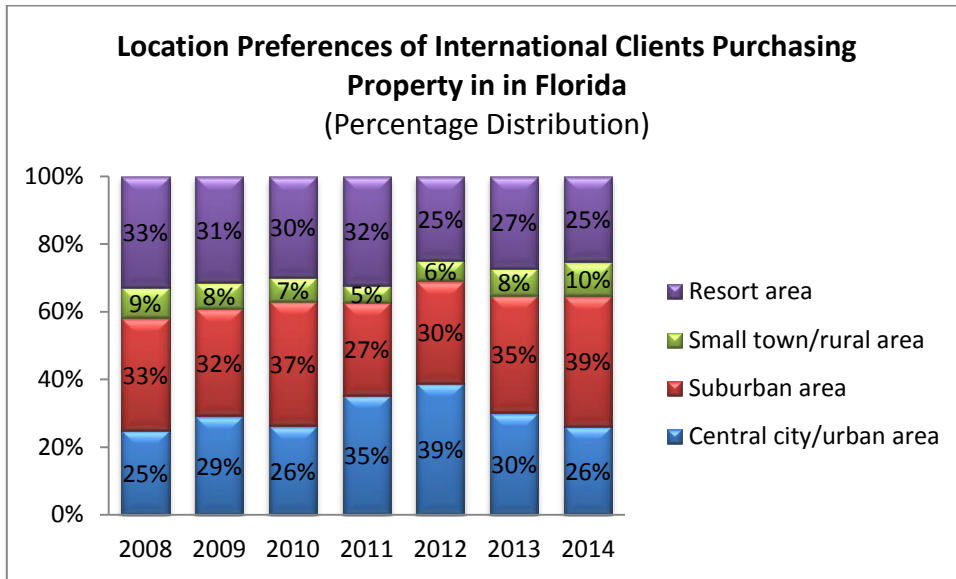


Referrals from previous clients/friends/business contacts and online marketing are the important sources of contacts.

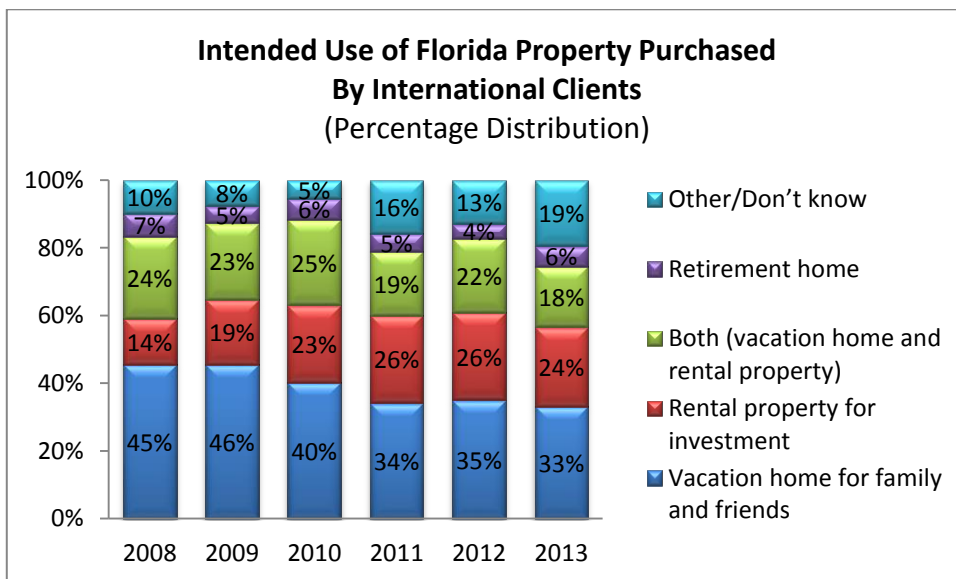


III. CHARACTERISTICS OF BUYERS AND THE HOME PURCHASE

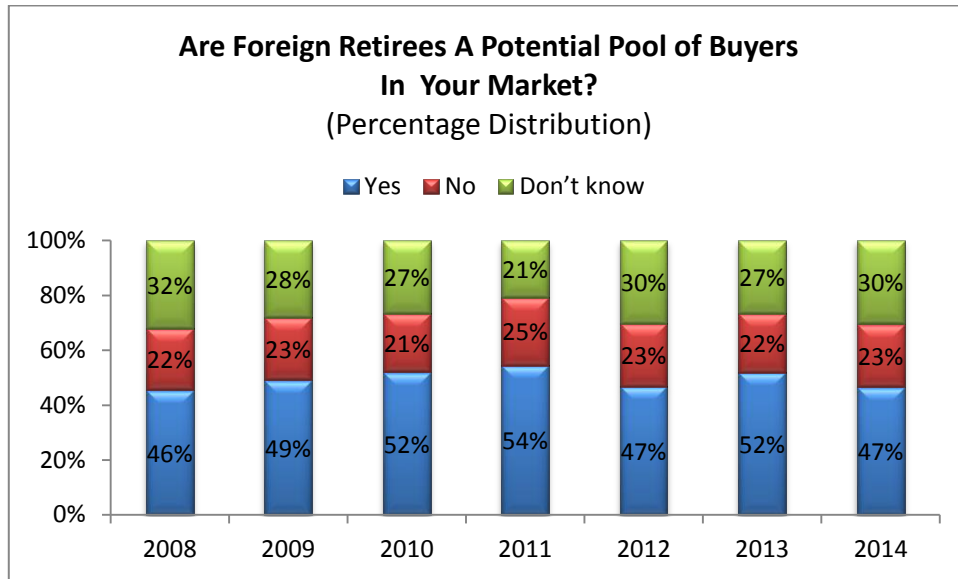
Florida's location has been cited as the most important factor affecting the home purchase. Suburban areas appear to be gaining favorability with foreign buyers with an increasing share of buyers locating in suburban areas. Resort areas accounted for about a fourth of reported purchases, down from about a third in 2008.



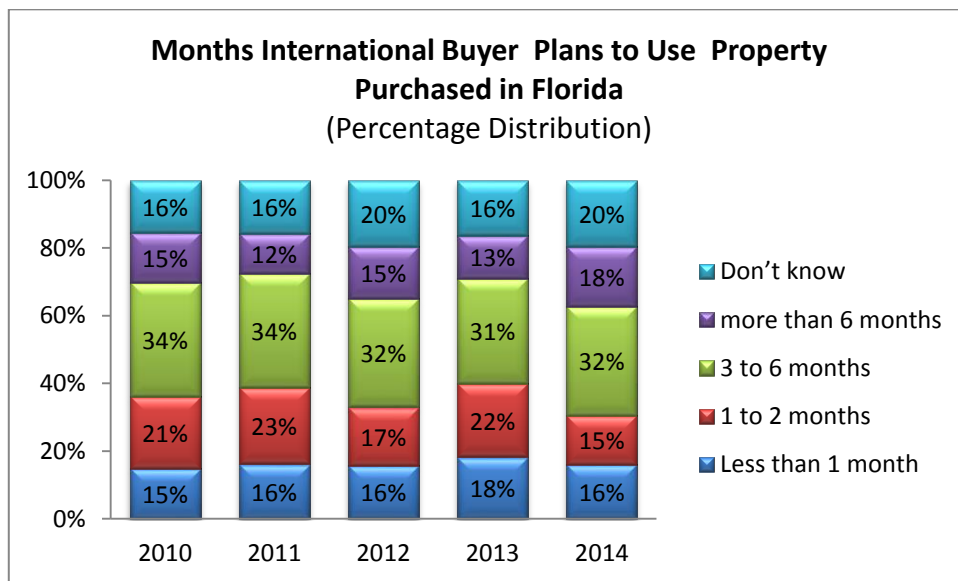
An increasing share of buyers have been purchasing property either for rental alone or both for vacation and rental purposes. About 24 percent purchased for rental purposes alone, up from 14 percent in 2008. This indicates that foreign buyers continue to see the U.S. properties as a profitable investment. Six percent of properties were reported purchased for retirement.



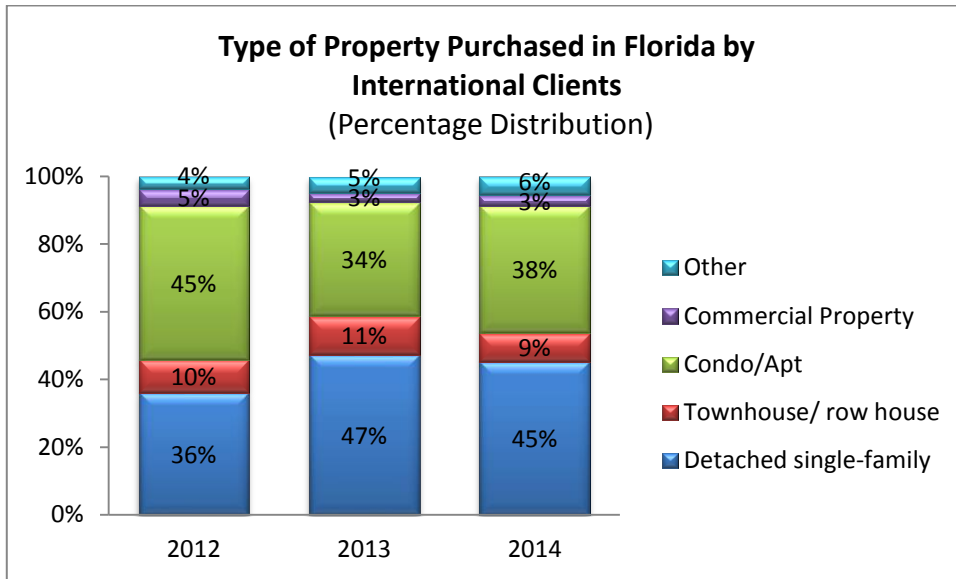
Although retirees accounted only for a small portion of purchases by foreign buyers, approximately half of the Florida REALTORS® respondents reported retirees as potential buyers.



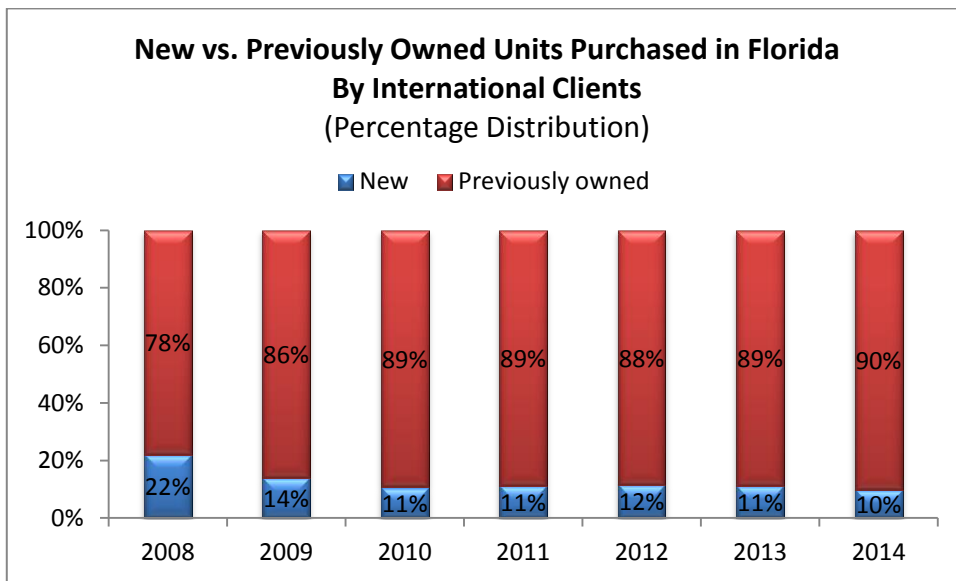
The likelihood that properties may have a dual use is also reflected in the length of time that buyers plan to personally use them, with shorter intended use among those who also plan to rent their property to others. Historically, about a third of buyers have intended to use their property for 3 to 6 months.



About half of foreign buyers in Florida bought a detached single-family home. Foreign buyers are more likely to purchase condominiums and townhouses/row houses since the owners are not staying at their property all year round. In comparison, approximately 80 percent of domestic U.S. buyers purchased detached single-family homes, as reported in NAR's *2013 Profile of Home Buyers and Sellers*.

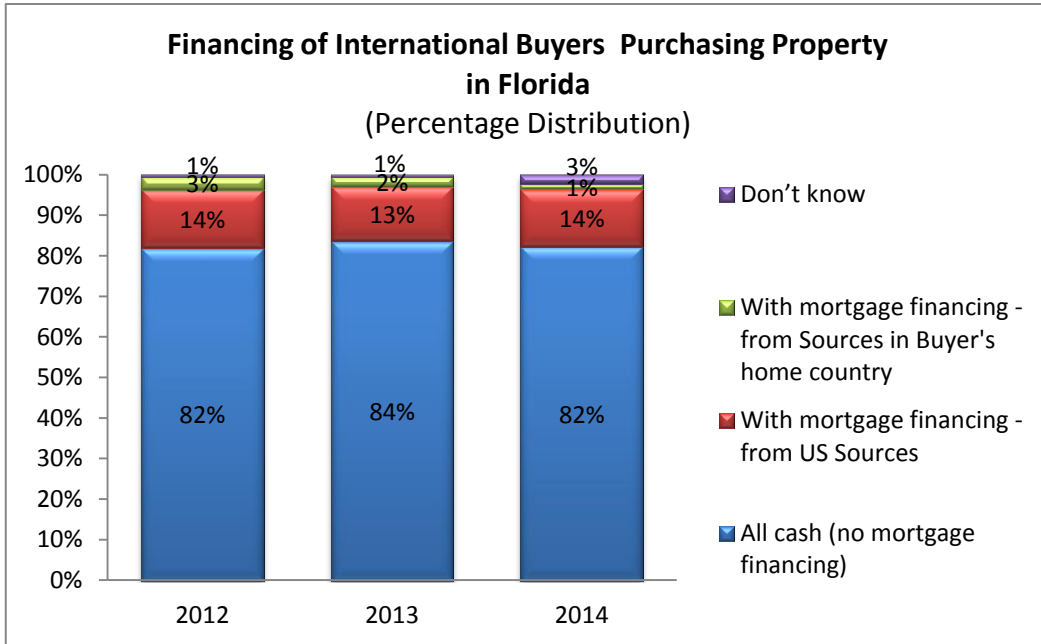


About 90 percent of foreign buyers who purchased a home in Florida bought an existing home, slightly higher than the national average of 86 percent reported in *NAR's 2013 Profile of Home Buyers and Sellers*.



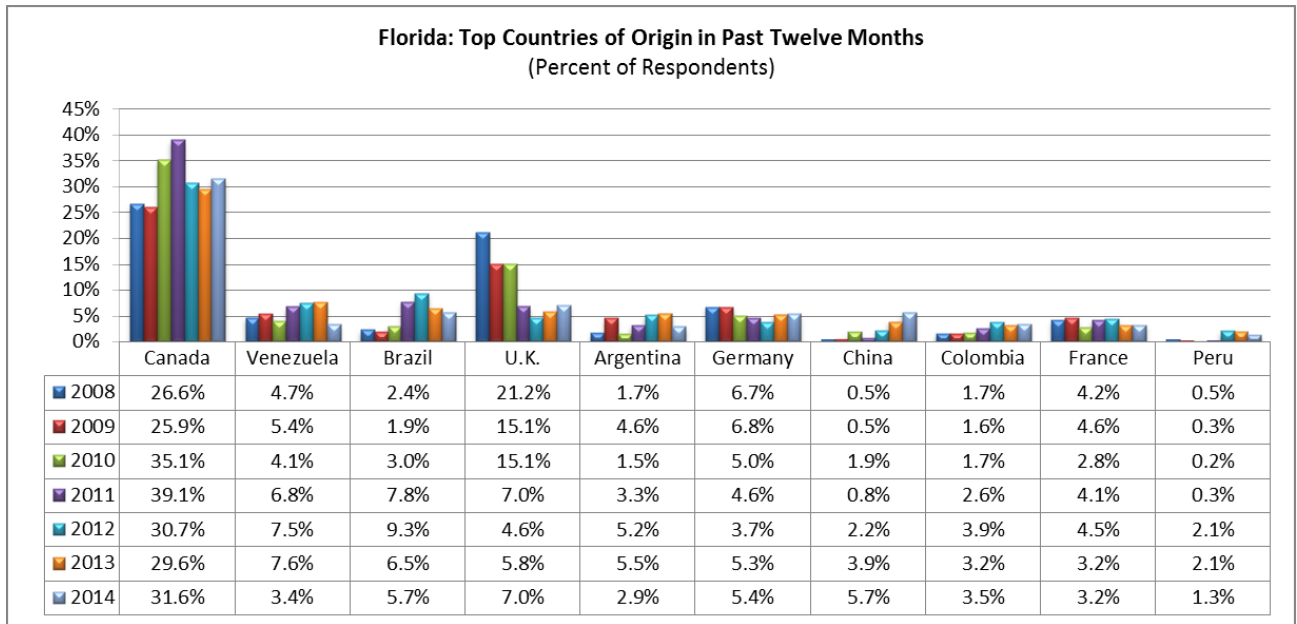
About 82 percent of Florida REALTORS® respondents reported all cash sales to foreign buyers. Among recent foreign buyers in Florida, the use of mortgage financing was much less frequent at 15 percent compared with the overall national average of 88 percent of transactions, according to *NAR's 2013 Profile of Home Buyers and Sellers*. This disparity in the use of mortgages appears to be due to differences in credit reporting between the U.S. and foreign countries, and difficulties in confirming credit worthiness internationally. Foreign buyers typically don't have credit ratings that are computed on scales similar to U.S. practices,

don't have Social Security numbers, and have credit and asset profiles significantly different from those typically experienced in standard U.S. credit profiles. This makes obtaining a mortgage difficult for the foreign buyer.



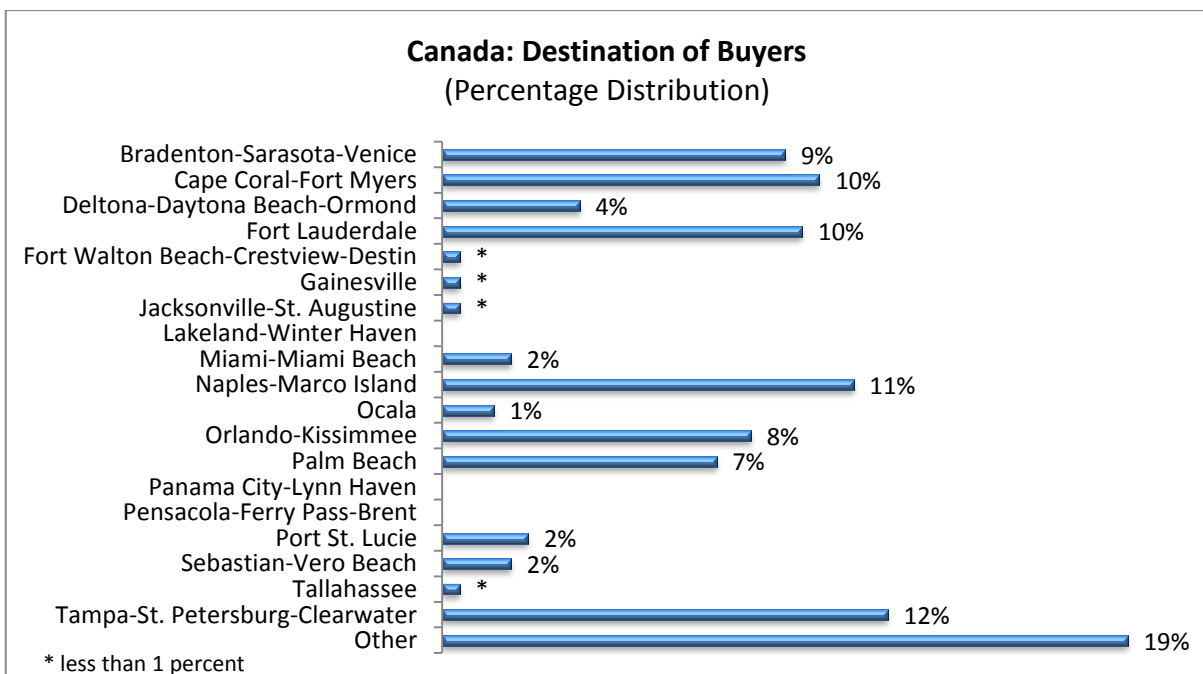
IV. REGION OF ORIGIN OF INTERNATIONAL HOME BUYERS

Foreign home buyers in Florida come from a wide variety of countries. However, ten countries accounted for about 70 percent of reported foreign sales. Canada continued to be the major country of origin followed by the United Kingdom. Among the Latin American countries, Brazil and Venezuela were the major sources of clients. The share of buyers from China has increased.

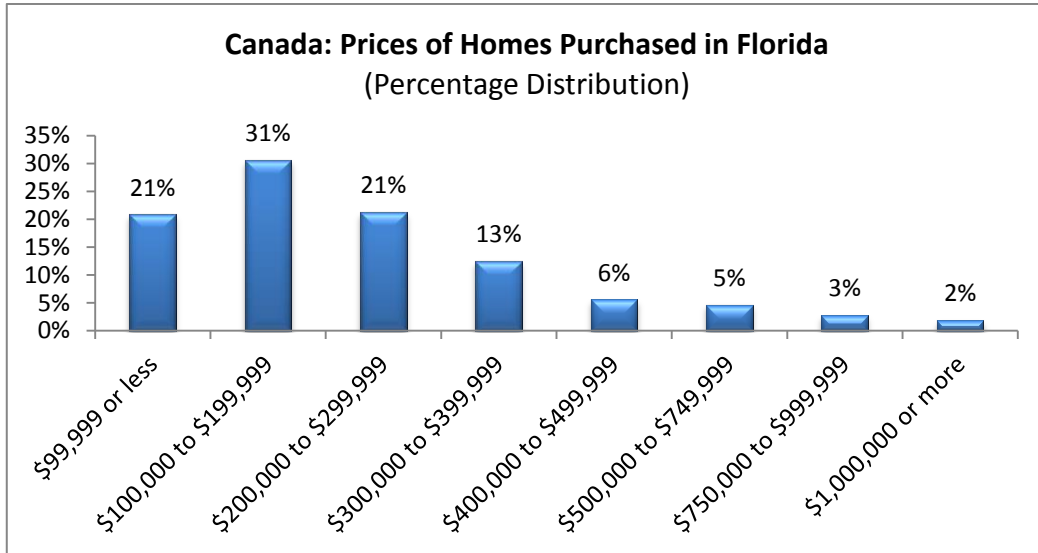


Buyers from Canada

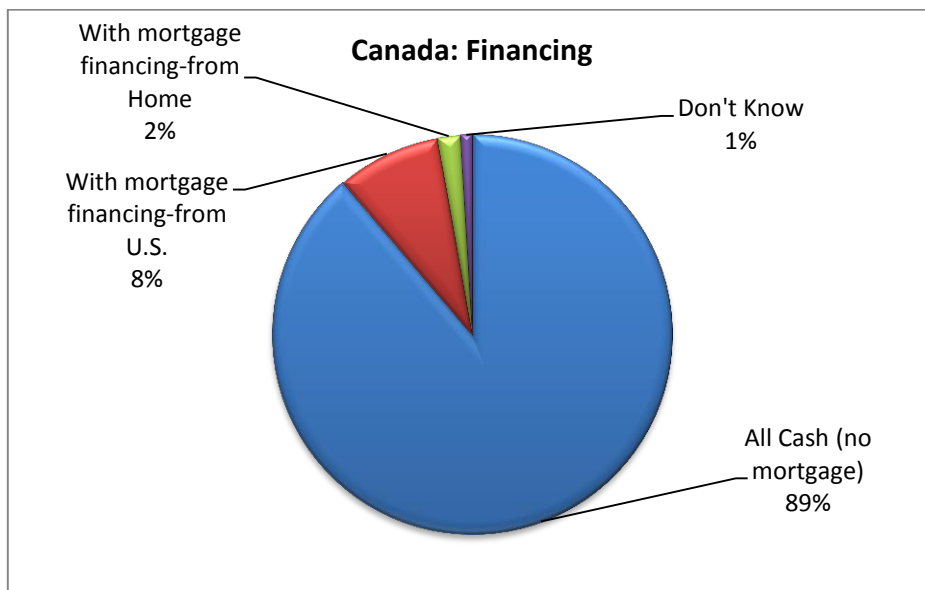
Canadian buyers accounted for approximately 32 percent of foreign buyers in Florida. Canadians buyers purchased properties in a number of areas across the state.



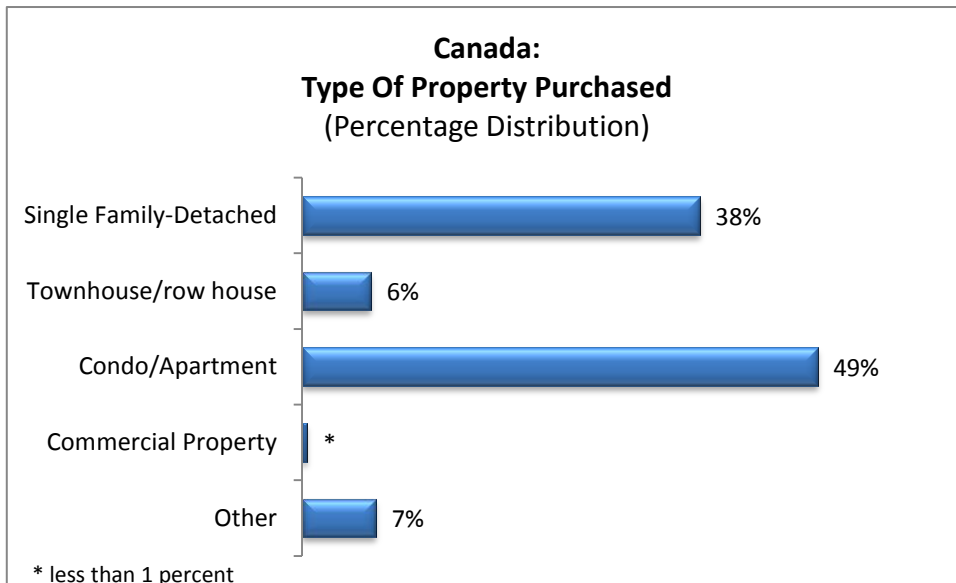
Approximately half of Canadian buyers paid under \$200,000. The mean price paid by Canadian buyers was \$260,800, which was below the \$300,600 mean price paid by all foreign buyers in Florida.



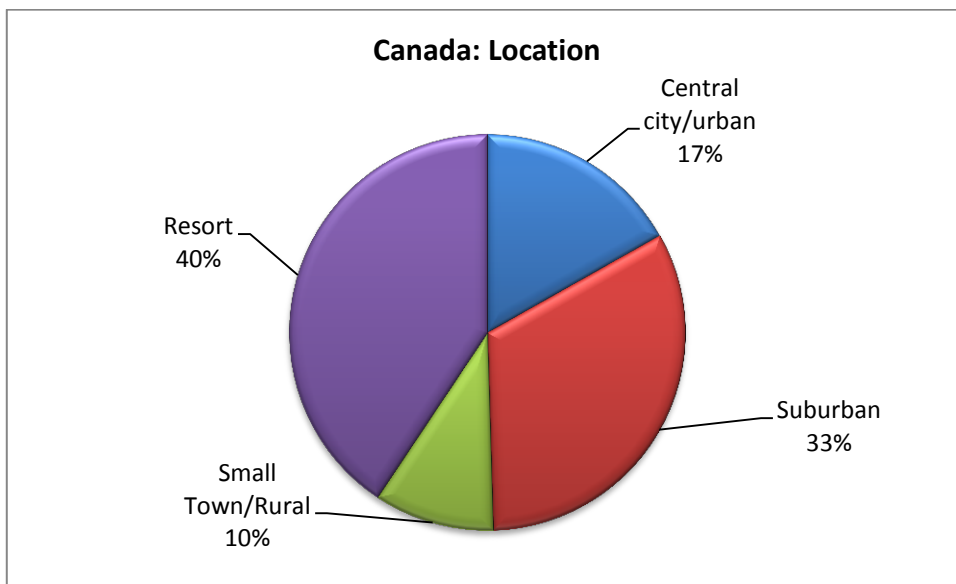
Approximately 89 percent of Canadian buyers paid cash.



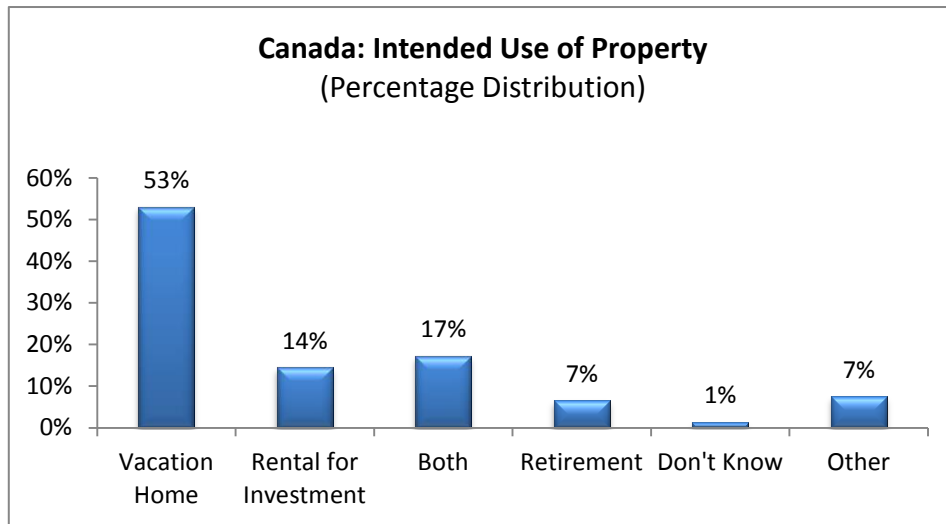
Slightly more than half of Canadian purchases were for condominiums/apartments and townhouses/row houses.



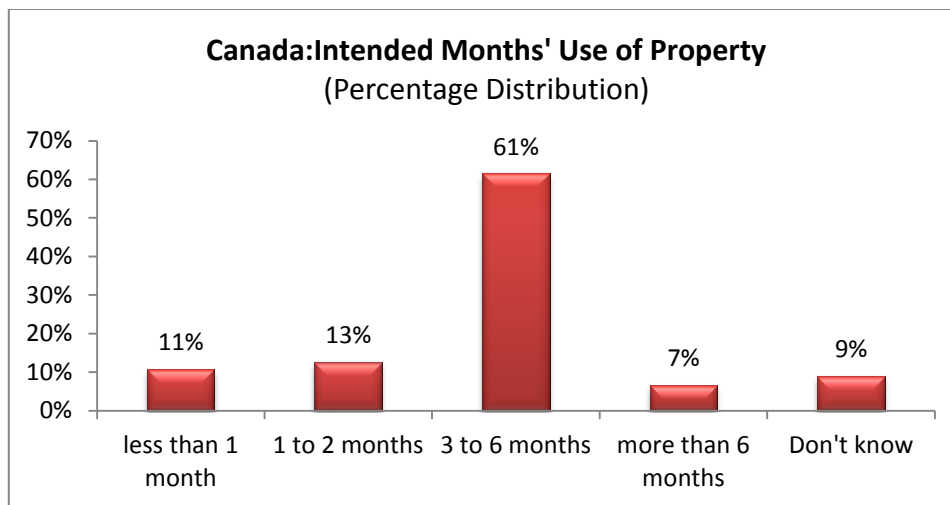
The majority of Canadian buyers purchased properties located in a resort or suburban area.



Approximately half of the properties purchased by Canadians were purchased for vacation purposes.

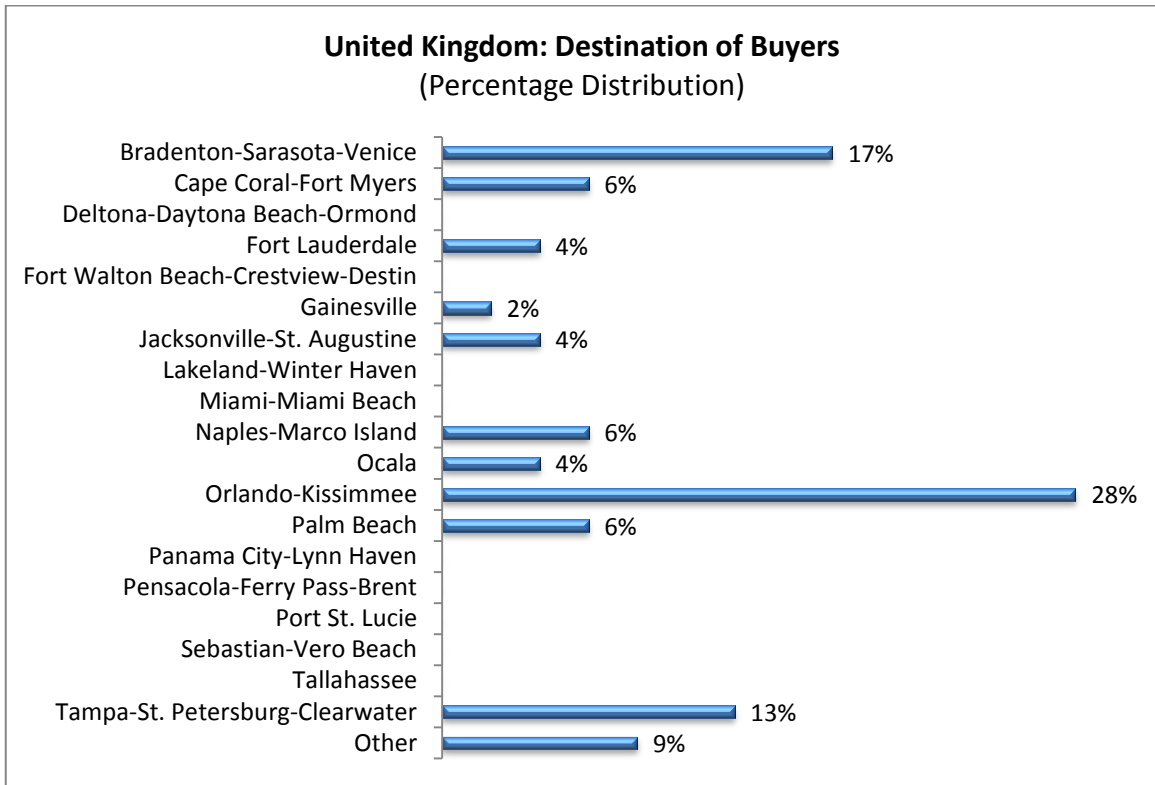


Florida REALTORS® respondents reported that most Canadian buyers planned to use the property between 3 to 6 months during the year, which is in line with the overall preference for Canadian buyers to purchase property intended to be used for vacation.

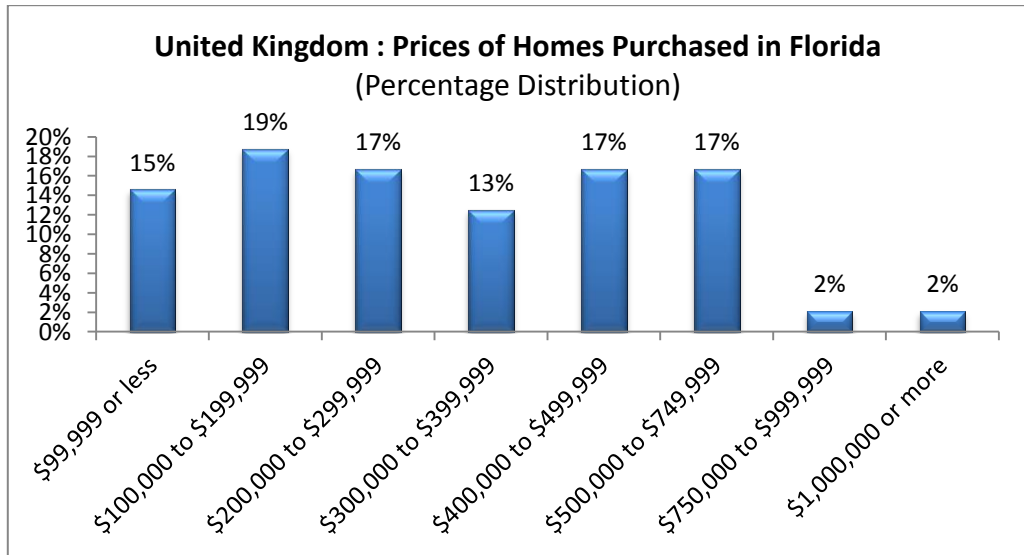


Buyers from United Kingdom

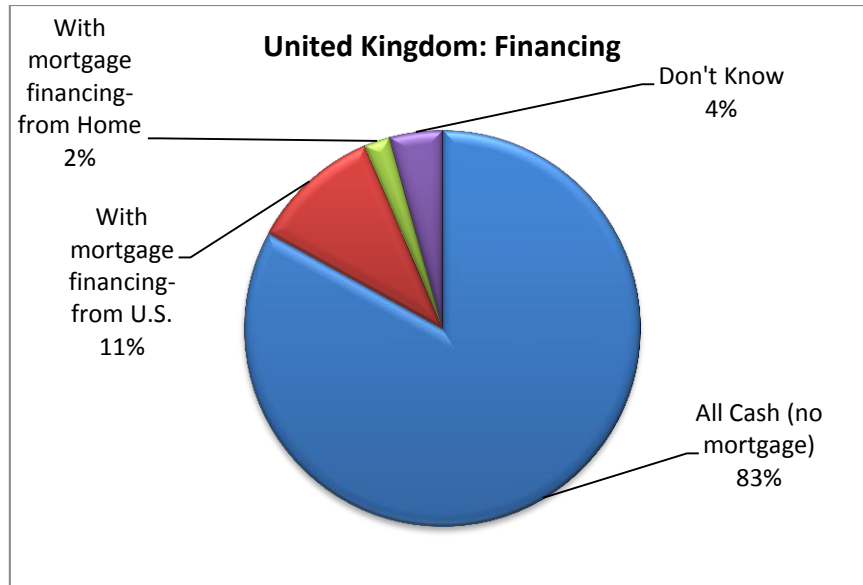
Buyers from the United Kingdom were the second largest group and accounted for 7 percent of all foreign buyers. The most popular destinations for U.K. buyers were Orlando-Kissimmee, Bradenton-Sarasota-Venice, and Tampa-St. Petersburg-Clearwater.



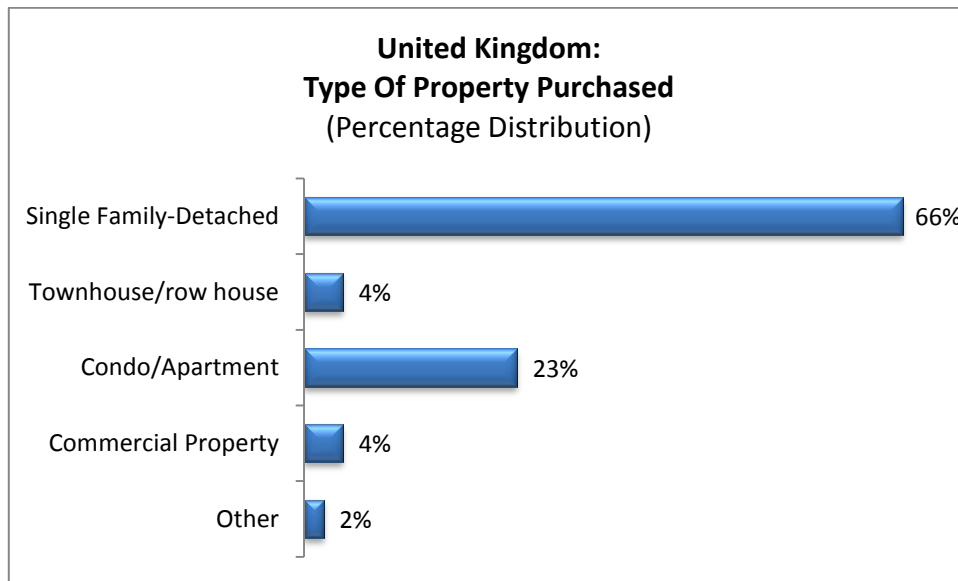
The mean price paid by U.K. buyers was \$349,000 which was above the \$300,600 mean price paid by all foreign buyers in Florida.



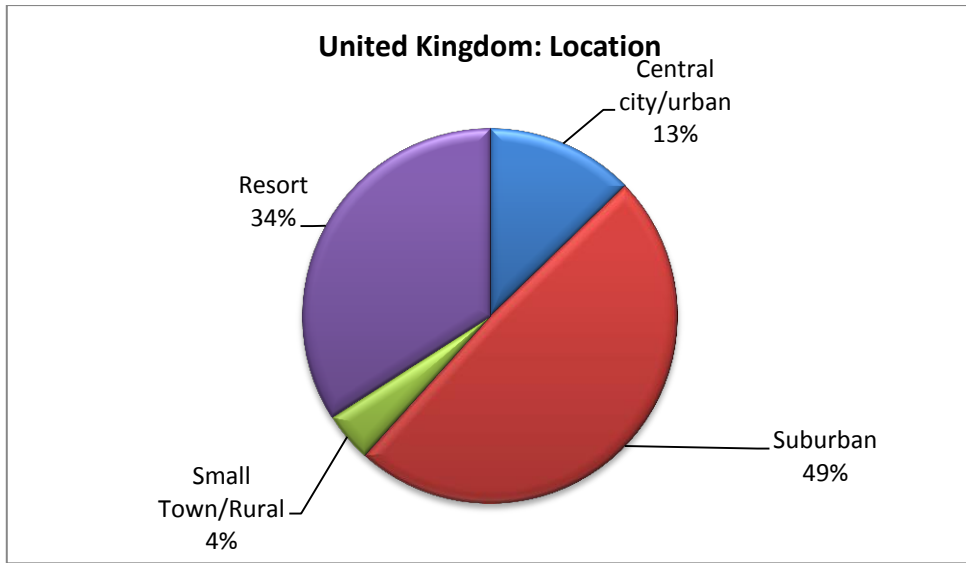
Approximately 83 percent of U.K. buyers paid cash.



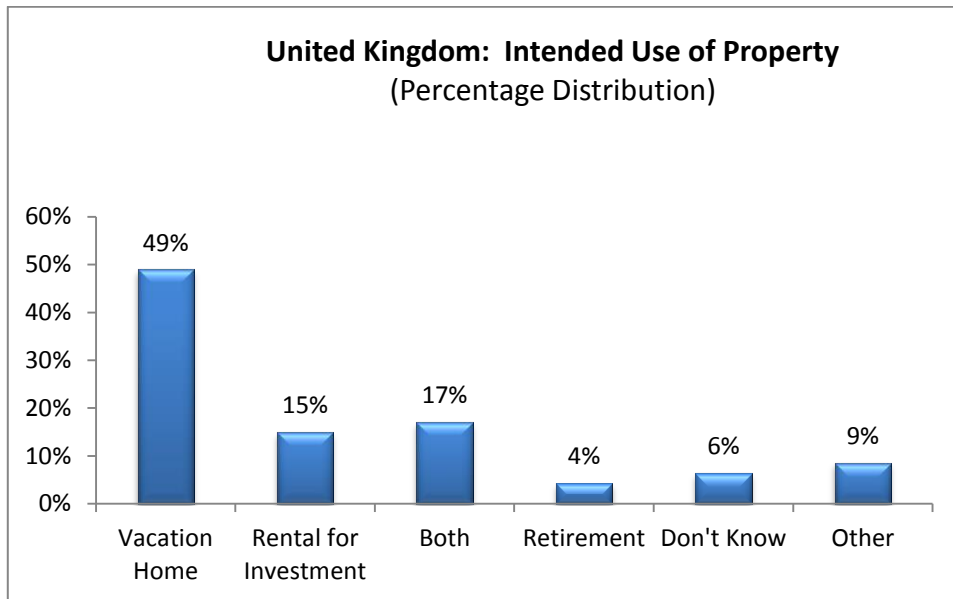
U.K. buyers preferred detached single-family homes over condos/apartments.



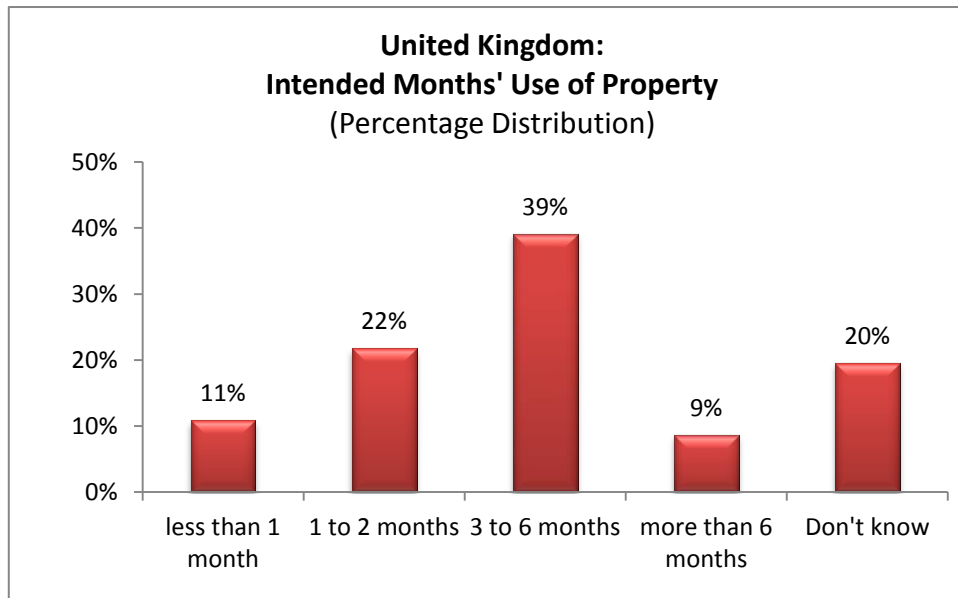
U.K. buyers purchased properties mostly in the suburban and resort areas.



U.K. buyers purchased mostly for vacation purpose.



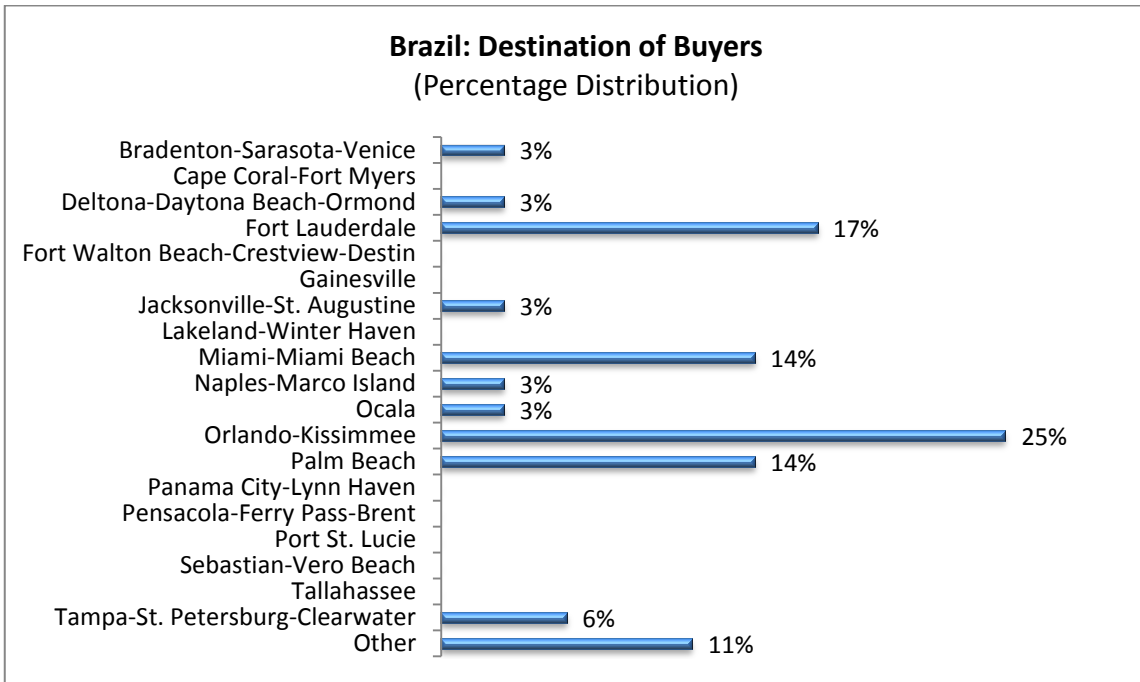
With most properties being bought for vacation purposes, about two-thirds of U.K. buyers expected to stay in the property for less than 6 months.



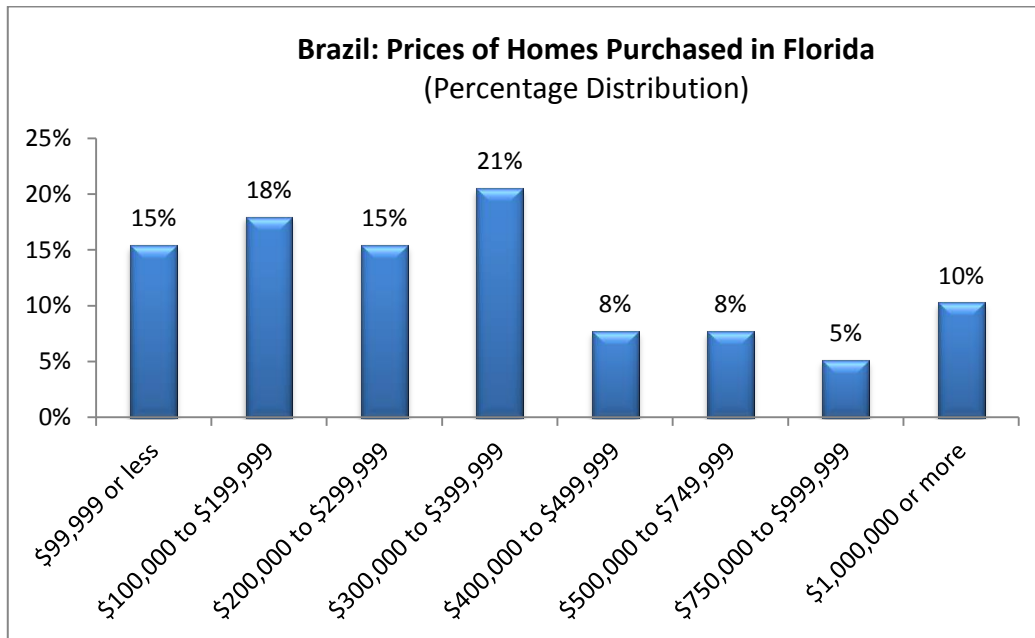
Buyers from Brazil

Buyers from Brazil declined to about 6 percent of foreign Florida buyers, down from 9 percent in 2012. The depreciation of the Brazilian real and the economic slowdown in Brazil are possible reasons for the decline.

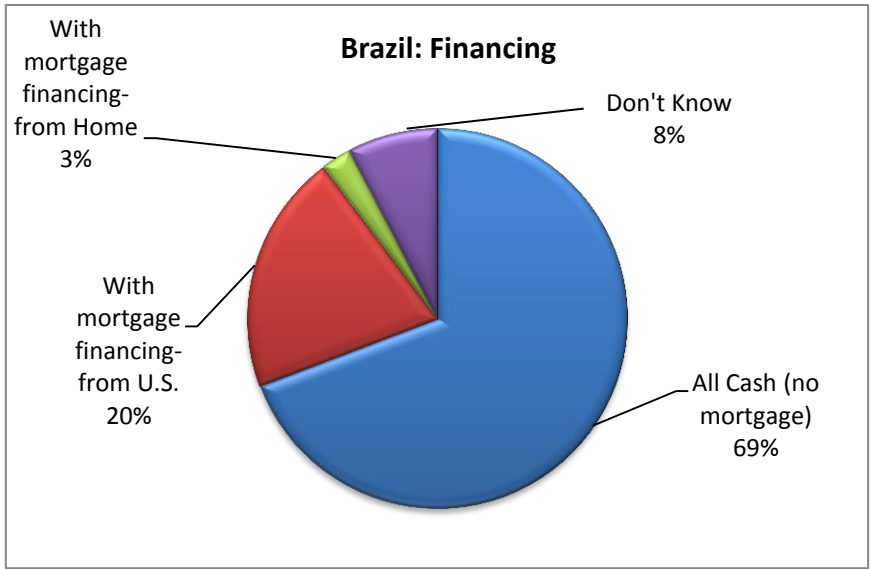
Almost two-thirds of Brazilian buyers were concentrated in metropolitan areas such as Orlando-Kissimmee, Fort Lauderdale, Miami-Miami Beach, and Palm Beach.



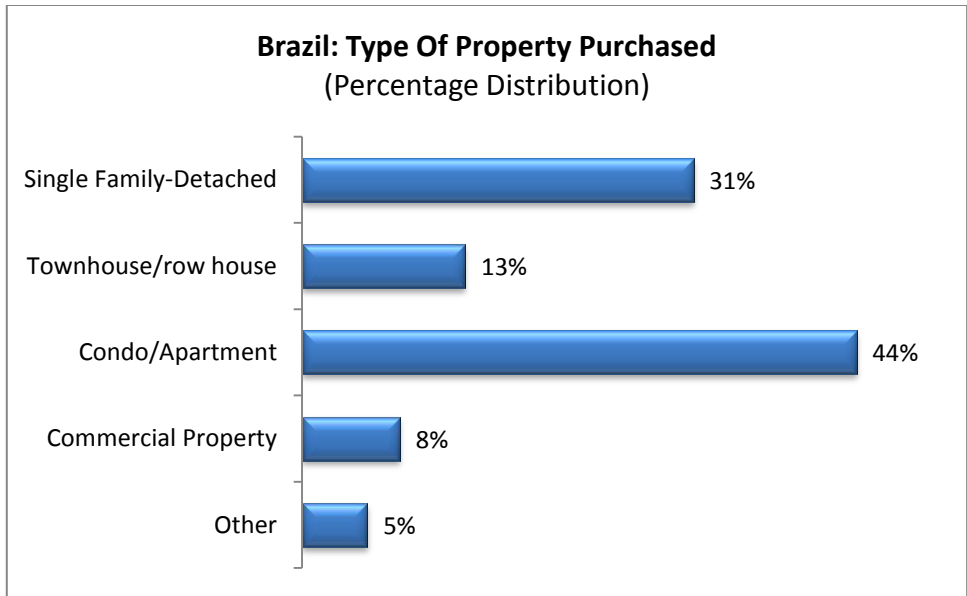
Brazilians tended to purchase higher priced homes with the average price at \$409,600 which was above the \$300,600 mean price paid by all foreign buyers in Florida.



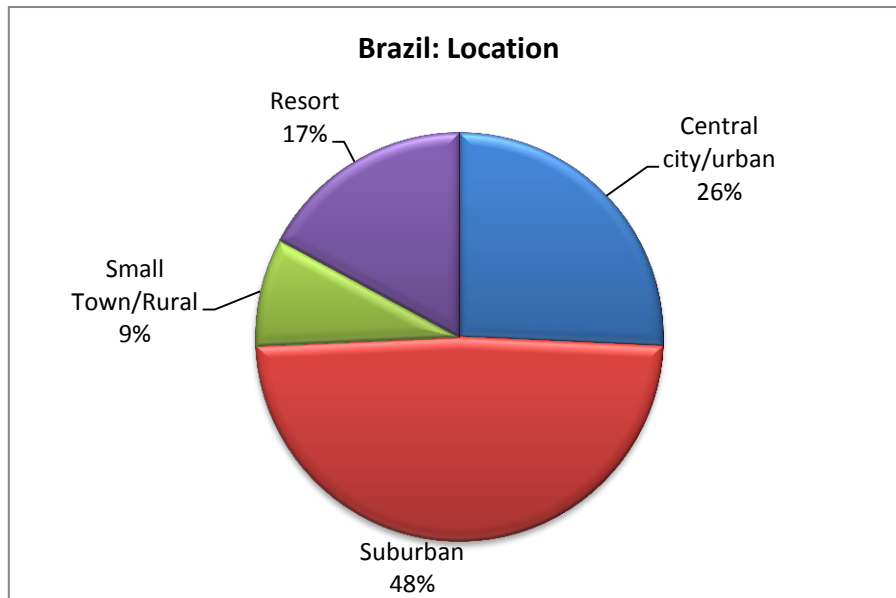
Approximately 69 percent of Brazilian buyers paid cash. About 20 percent were able to secure financing from the U.S.



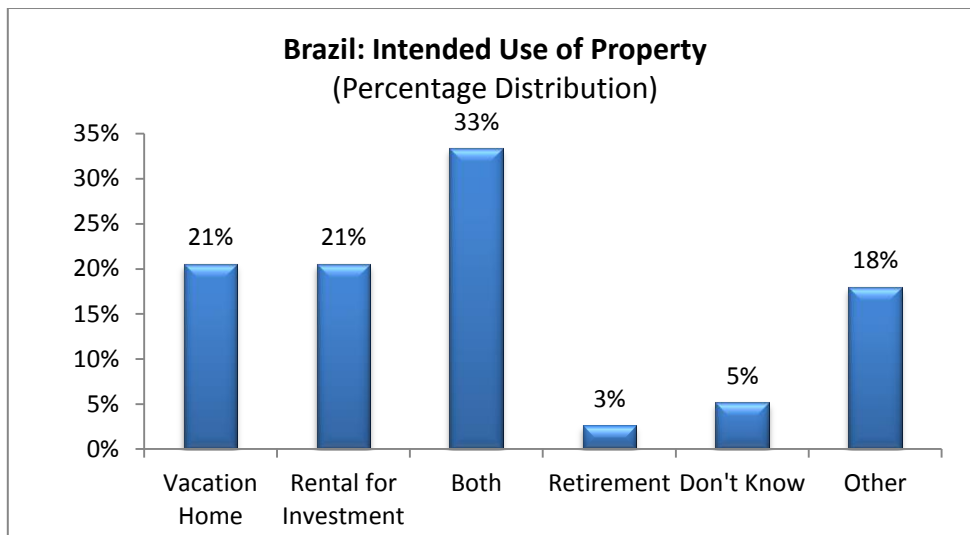
Brazilian buyers preferred condominiums/apartments and townhouses/row houses. About 8 percent bought commercial property, more than other buyers.



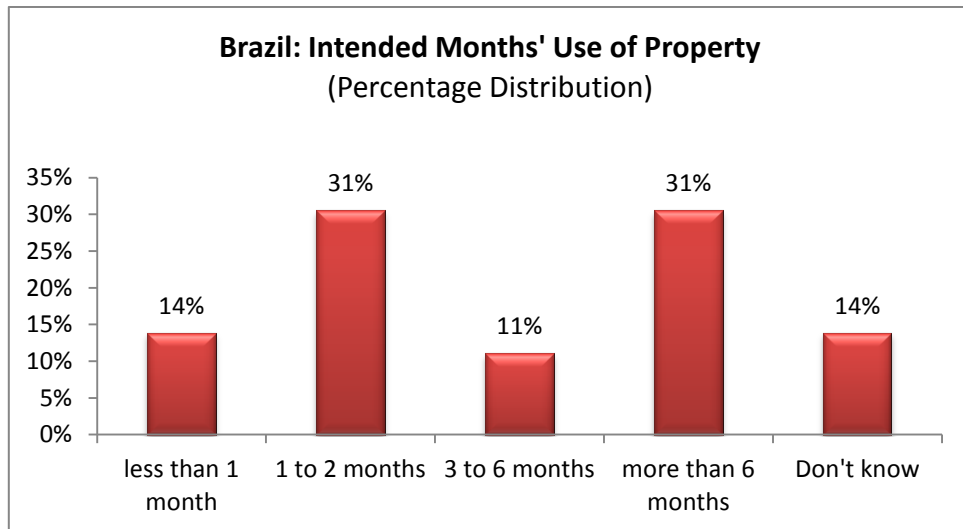
Most Brazilian buyers purchased homes located in the central city/urban area and suburban areas, with less than a fifth purchasing in a resort area.



About half of Brazilian buyers bought properties with the intention of using them for rental alone or for both vacation and rental purposes.

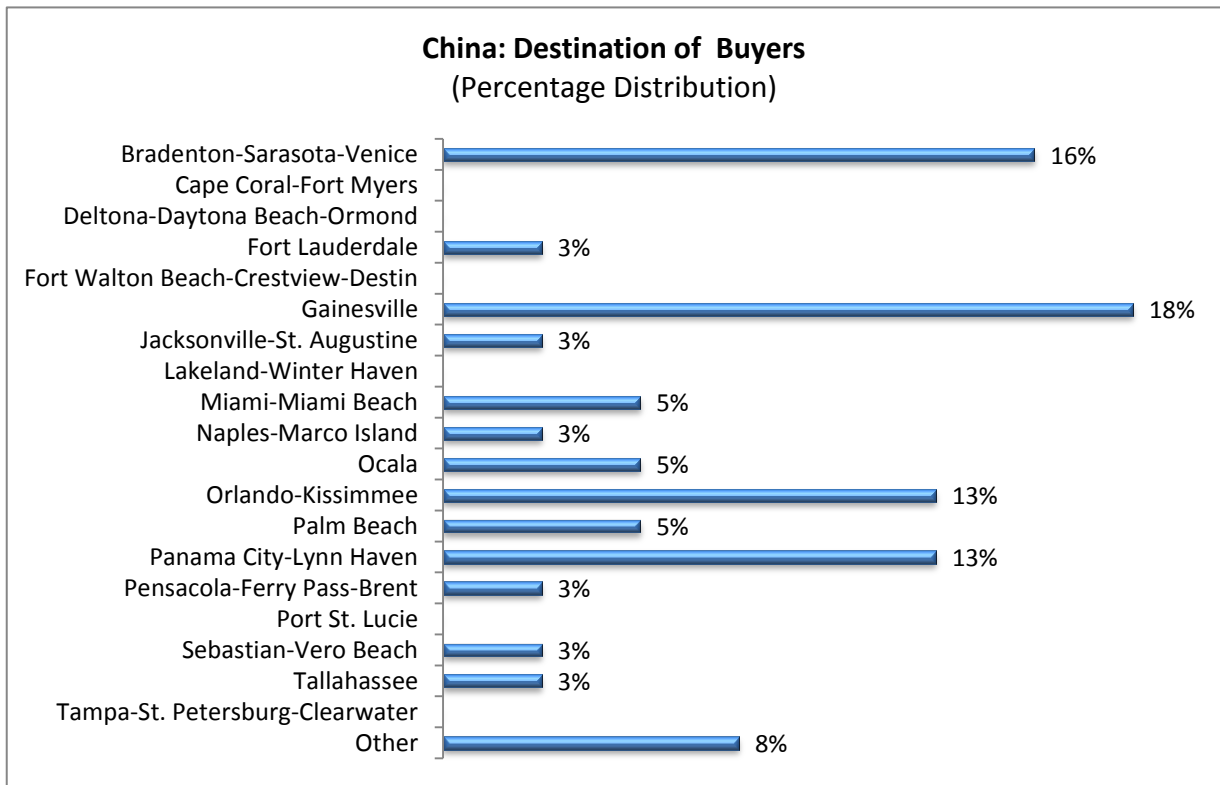


Brazilian buyers were almost split evenly among those who intended to stay at most 6 months and those who intend to stay longer, which reflects their interest in properties to be used for both vacation or rental purposes.

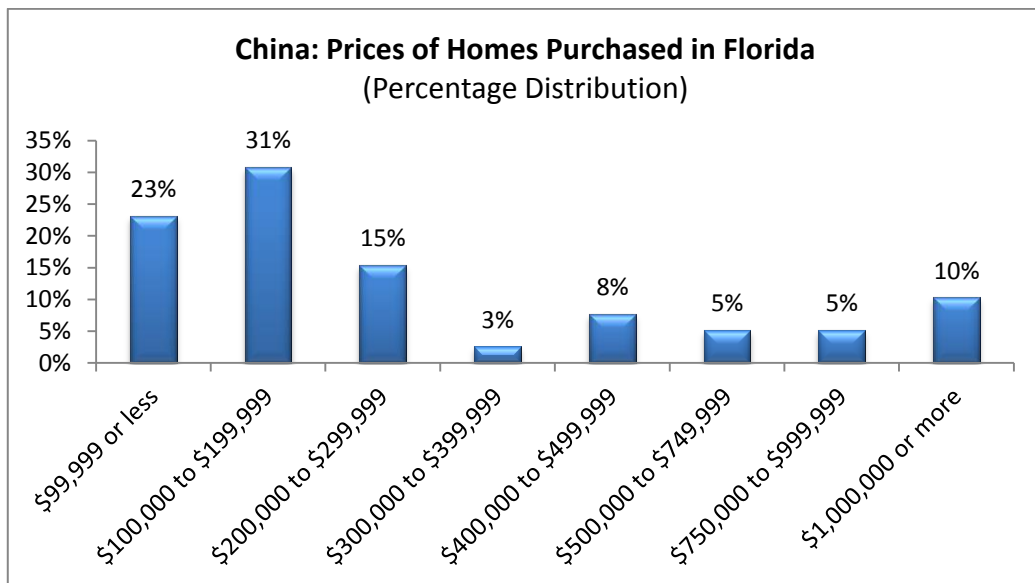


Buyers from China

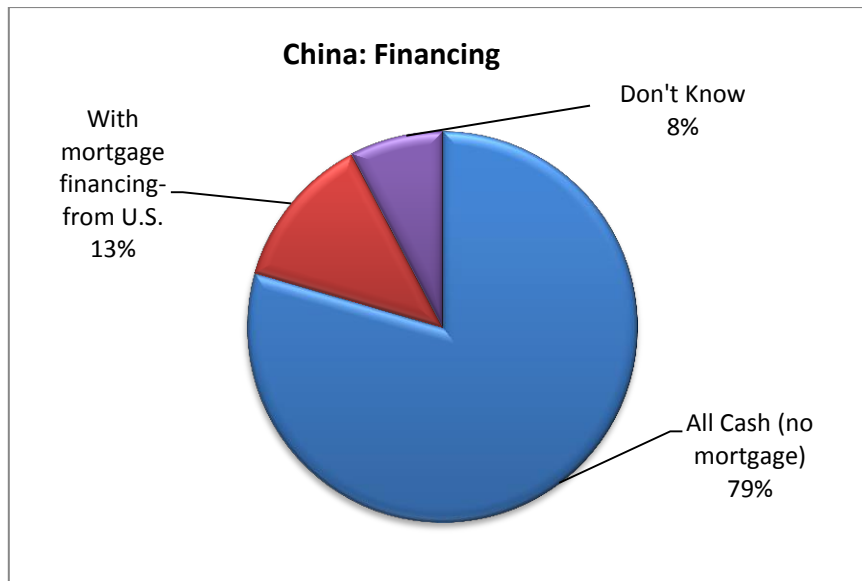
Buyers from China are increasingly purchasing property in Florida. They accounted for almost 6 percent of all purchases, up from less than 1 percent a few years ago, and at about the same level as Brazil's share of international purchases in the Florida market. Chinese buyers purchased properties located mainly in Gainesville, Bradenton-Sarasota-Venice, Orlando-Kissimmee, and Panama City-Lynn Haven.



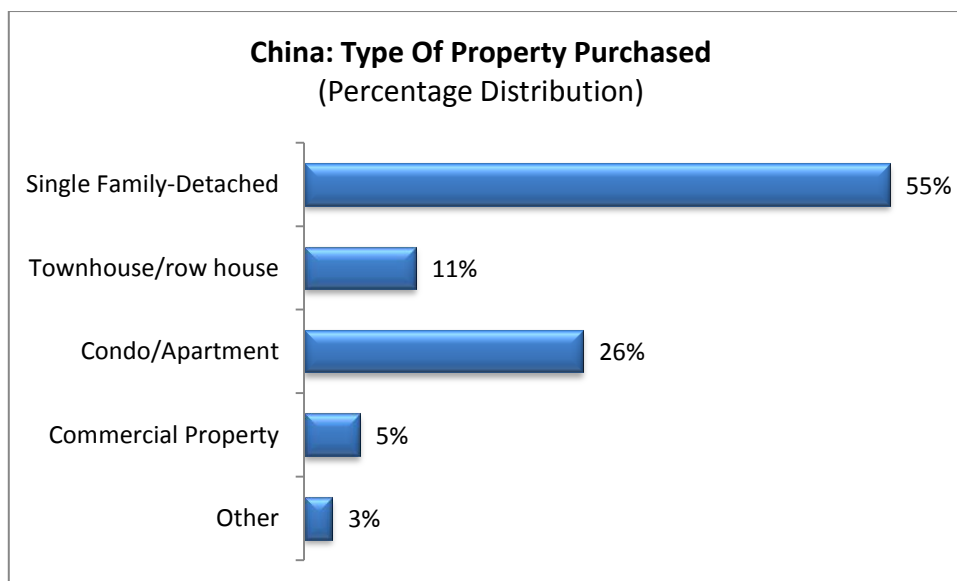
The mean price of properties purchased by Chinese buyers was \$355,800 which was higher than the overall mean price of \$300,600 paid by all foreign buyers in Florida.



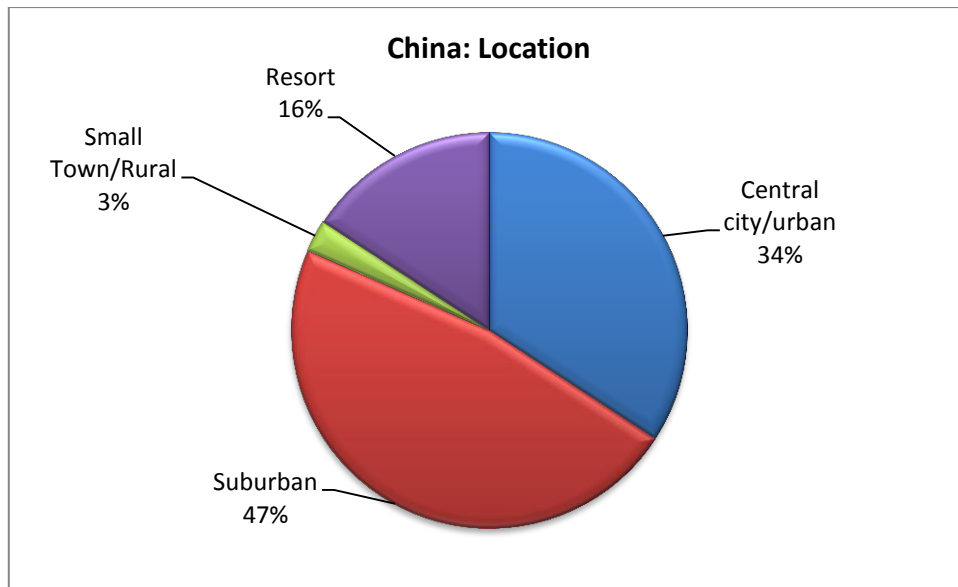
Approximately 79 percent of Chinese buyers paid cash.



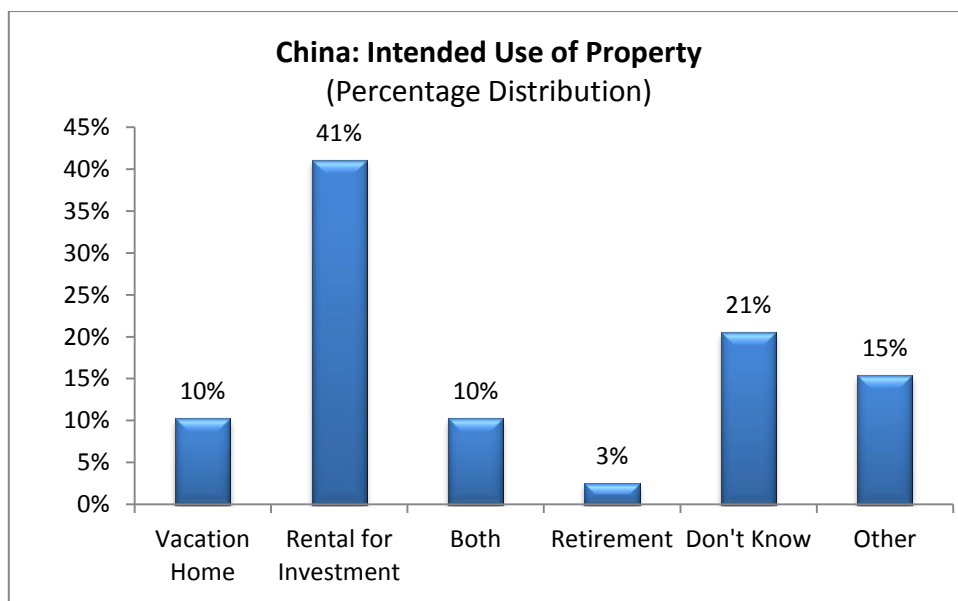
About half purchased single family detached homes. About 5 percent purchased commercial property.



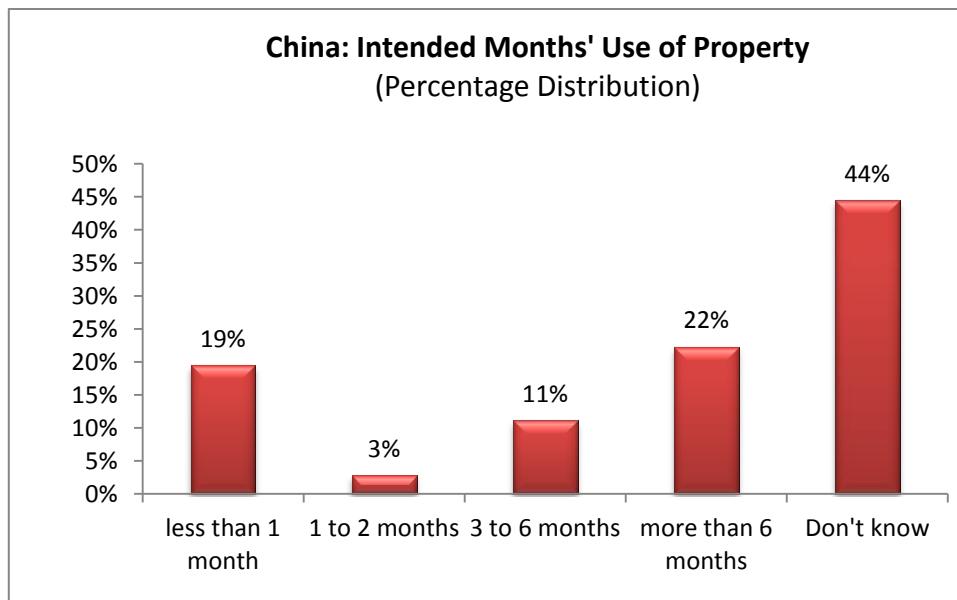
Suburban and central city/urban areas were preferred destinations of Chinese buyers.



Chinese buyers bought property mainly for investment purposes. Only 10 percent bought for vacation purposes.



Close to half of respondents did not know how long the buyer intended to use the property. Among respondents who knew, about a third reported the buyer intended to use the property for 3 months or more.

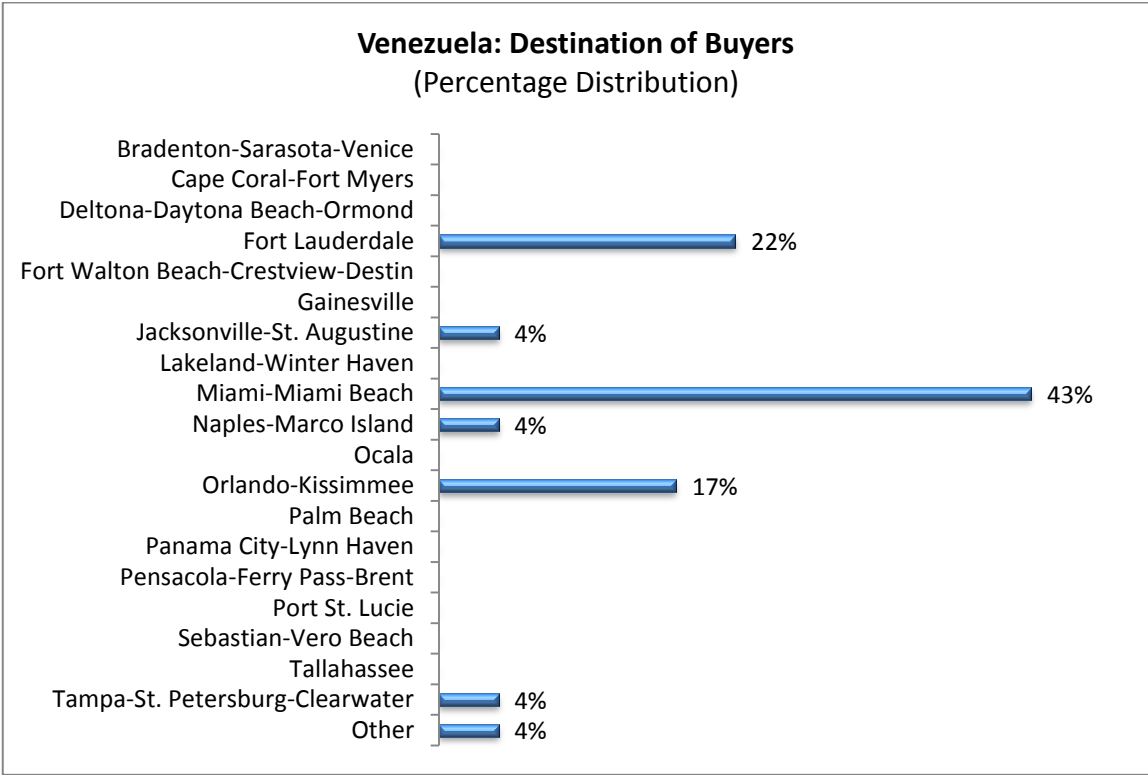


Buyers from Venezuela

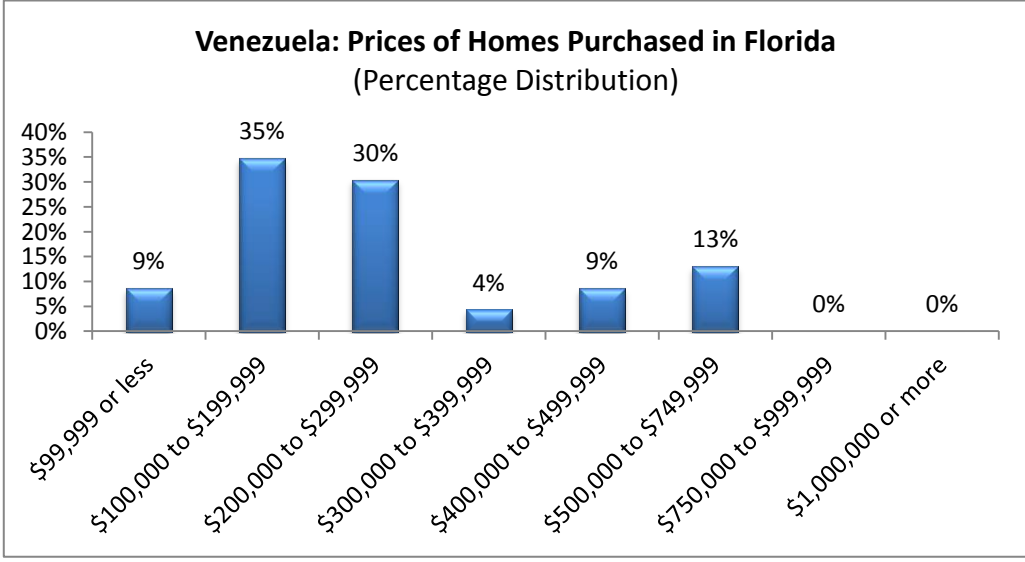
Buyers from Venezuela were approximately 3 percent of international purchasers in Florida, declining from the 8 percent share in the 2013 survey. The steep depreciation of the Venezuelan bolivar in 2013 might have accounted for the decline of Venezuelan buyers⁸, along with political and social factors.

Venezuelan purchases were concentrated in Miami-Miami Beach, Fort Lauderdale, and Orlando-Kissimmee.

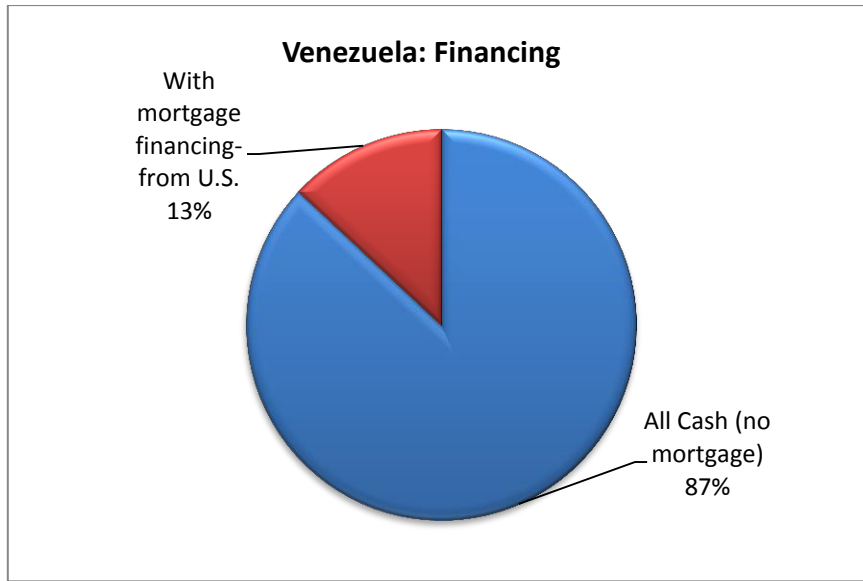
⁸ In January 2013, 4.3 bolivars exchanged for 1 US dollar. As of July 2014, 6.3 bolivars exchanged for 1 US dollar.



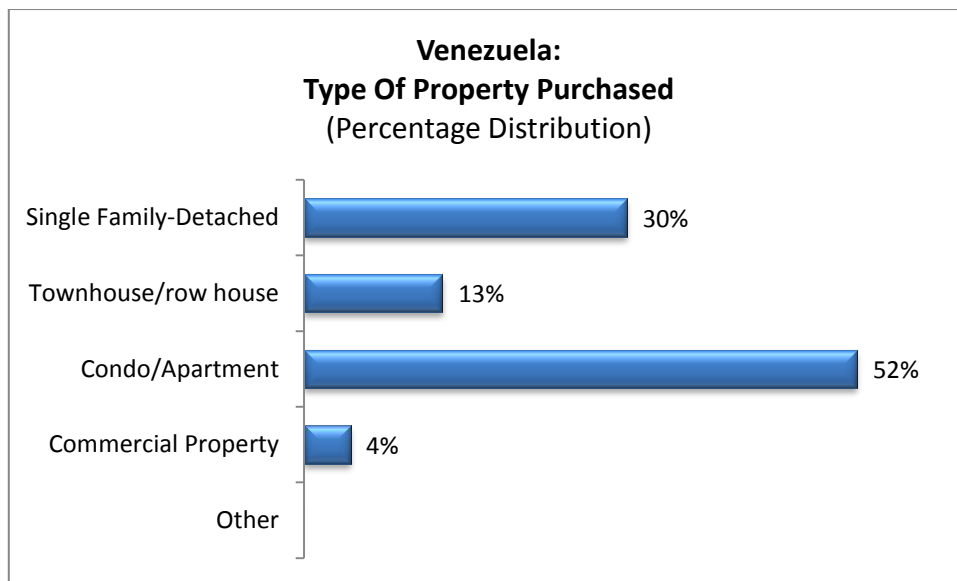
The mean price paid by Venezuelan buyers was \$270,700, which was lower than the overall mean price paid by foreign buyers of \$300,600 in Florida.



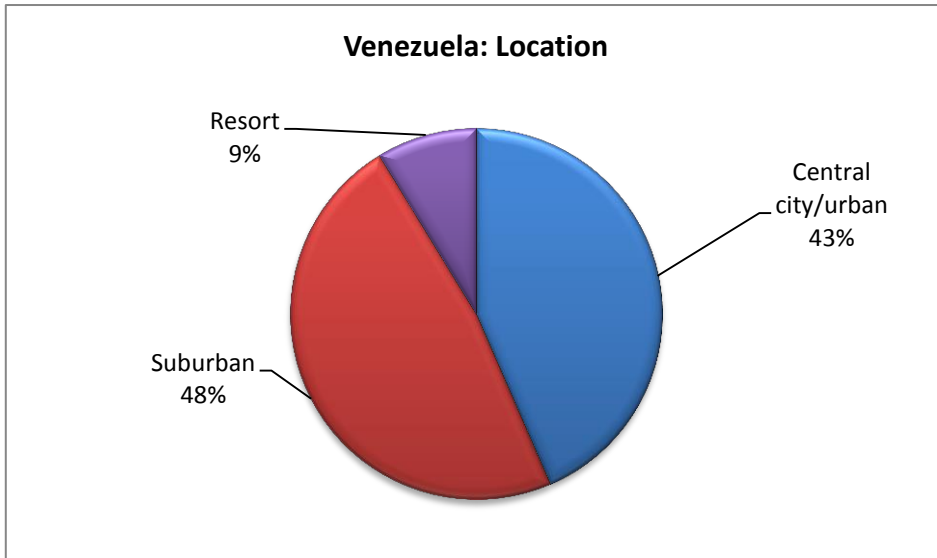
About 87 percent of Venezuelan buyers paid cash.



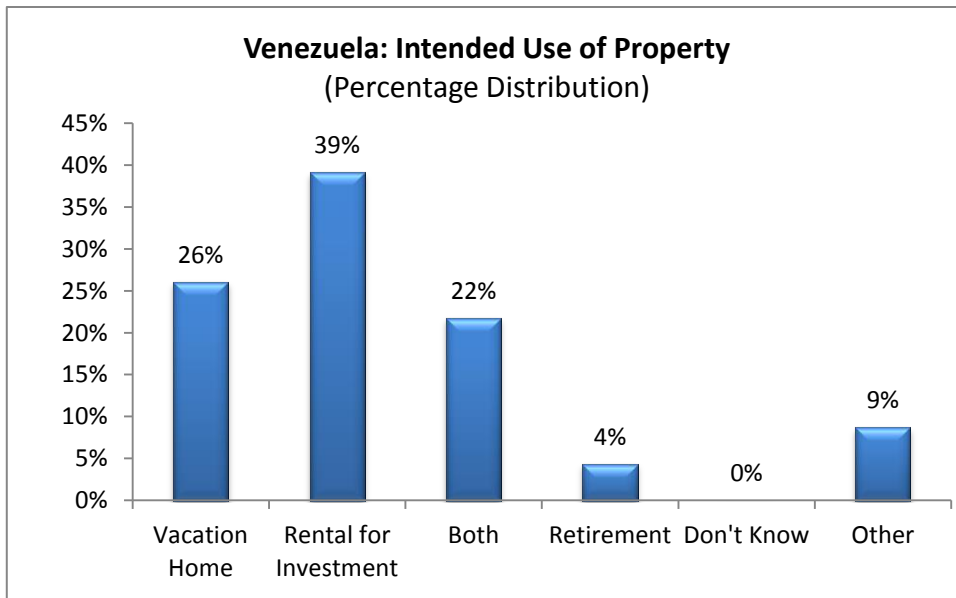
Venezuelan buyers purchased mostly condominiums/apartments and townhouses/ row houses. About 4 percent bought commercial property.



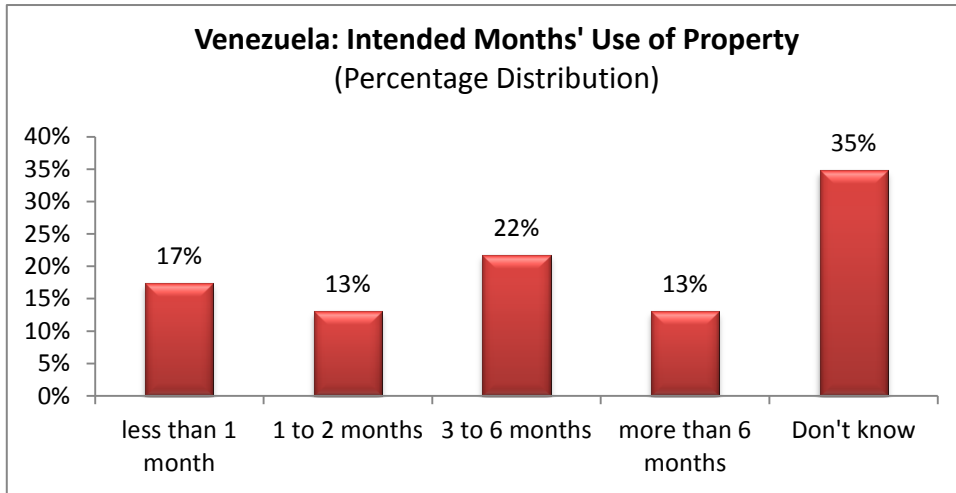
Most Venezuelan buyers favored properties located in central city/ urban area, followed by resort areas.



Purchases were mostly for rental/investment purposes; about a quarter of purchasers bought for solely vacation purposes.

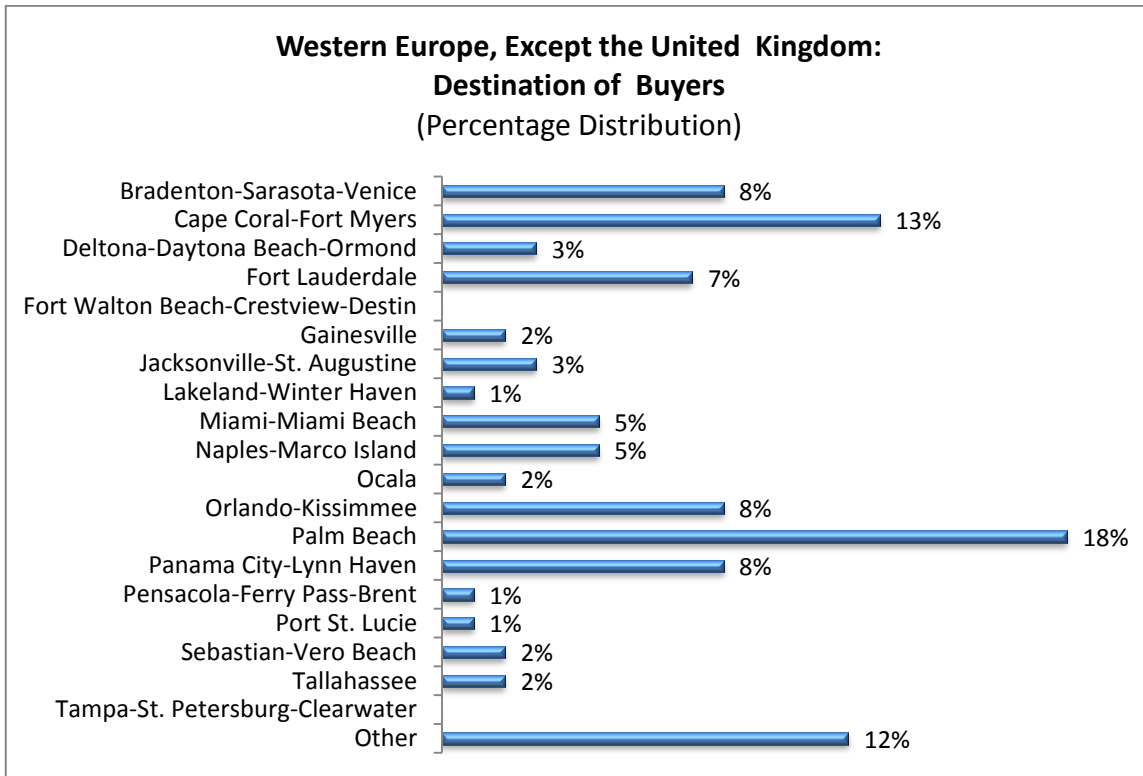


Approximately a third of Florida REALTORS® respondents were not aware of how long the Venezuelans buyer intended to use the property.

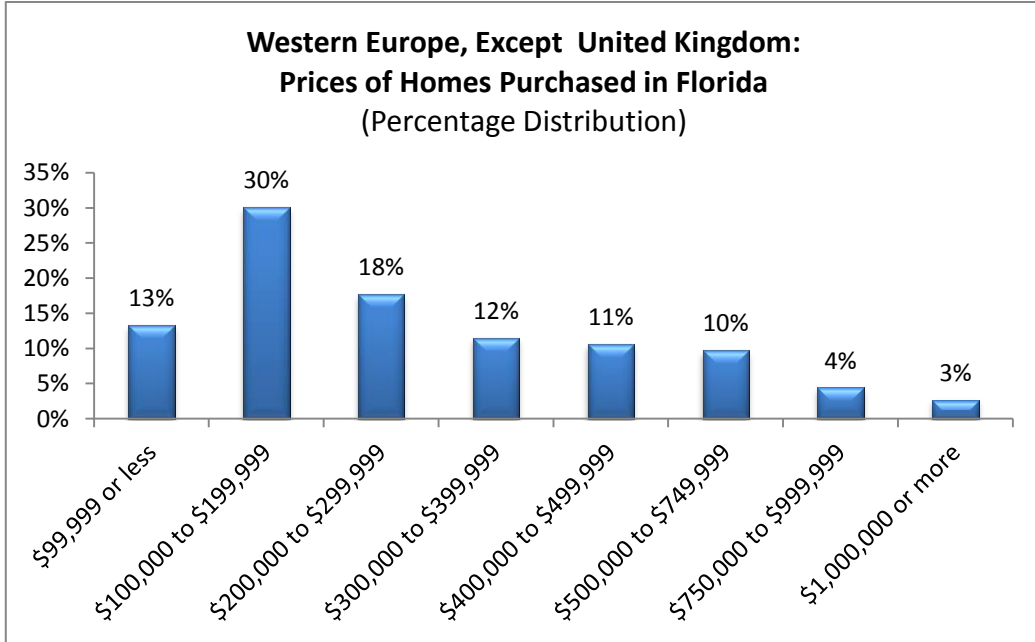


Buyers from Western Europe, Excluding U.K.

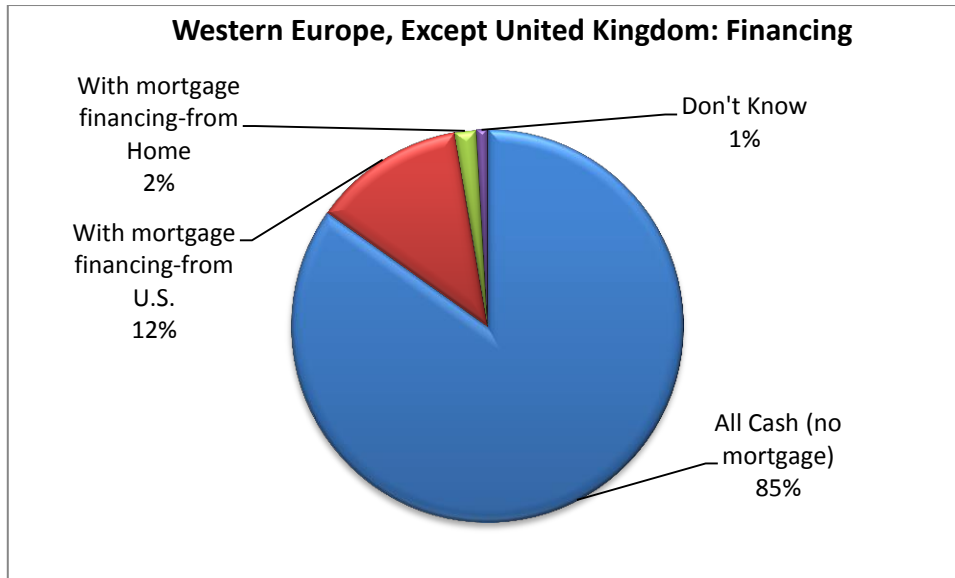
Buyers from Western Europe (excluding U.K.) generally chose Palm Beach, Cape Coral-Fort Myers, Bradenton-Sarasota-Venice, Orlando-Kissimmee, Panama City-Lynn Haven, and Fort Lauderdale.



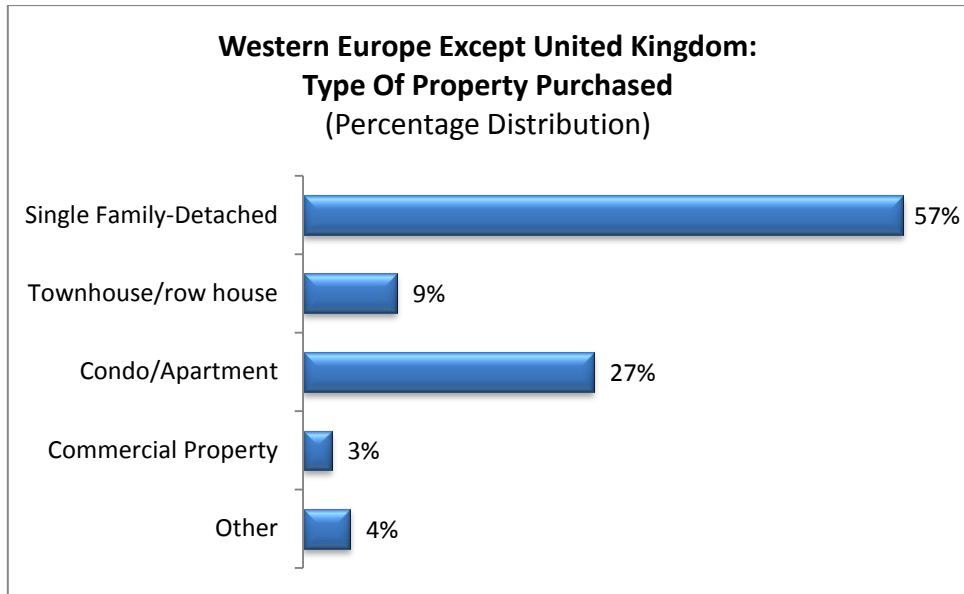
Buyers from Western Europe (excluding the U.K.) purchased at the mean price of \$ 321,500, slightly above the overall mean price of \$300,600 paid by all foreign buyers in Florida.



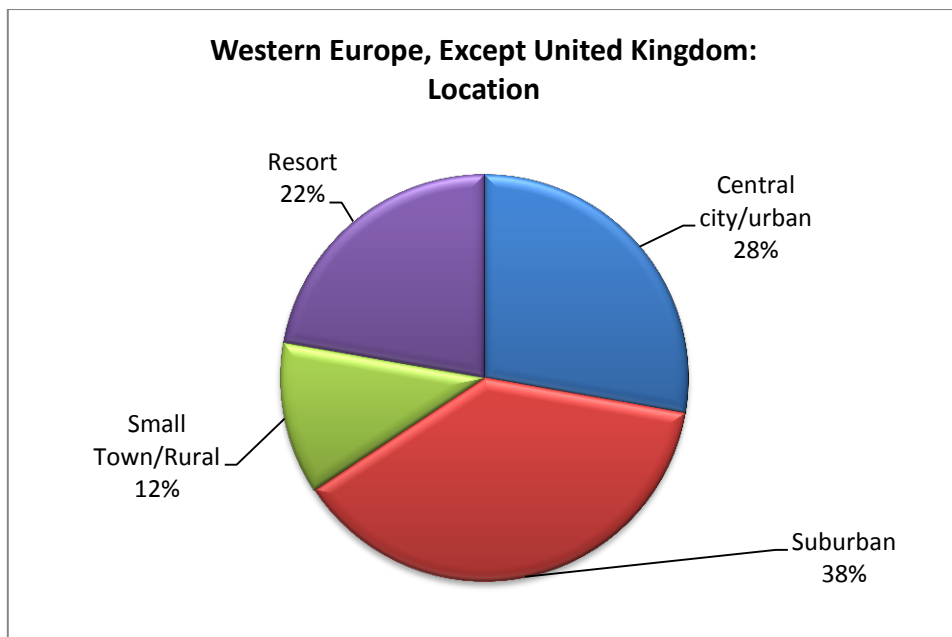
About 85 percent of Western European buyers paid cash.



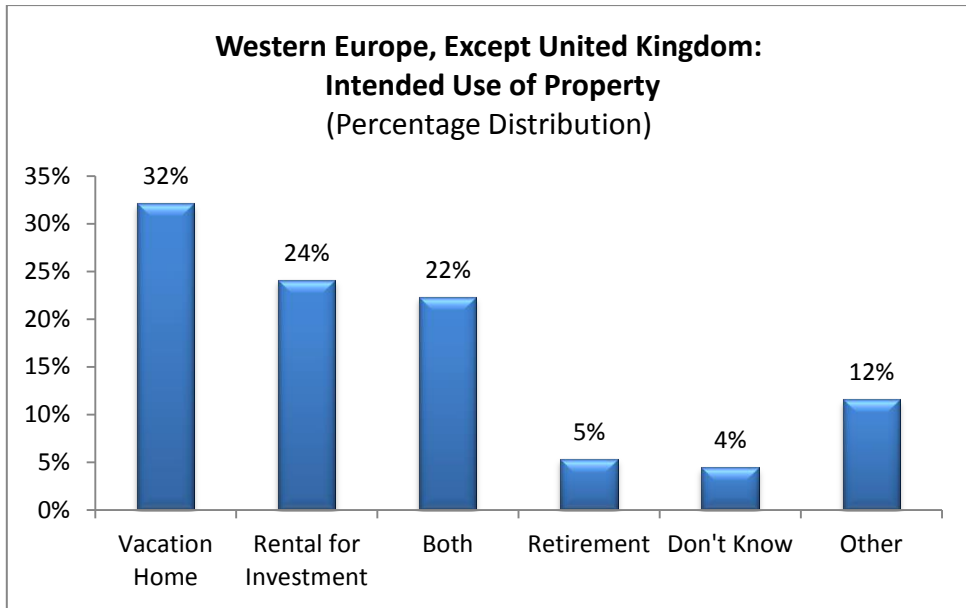
Slightly more than half of Western Europeans purchased detached single family homes.



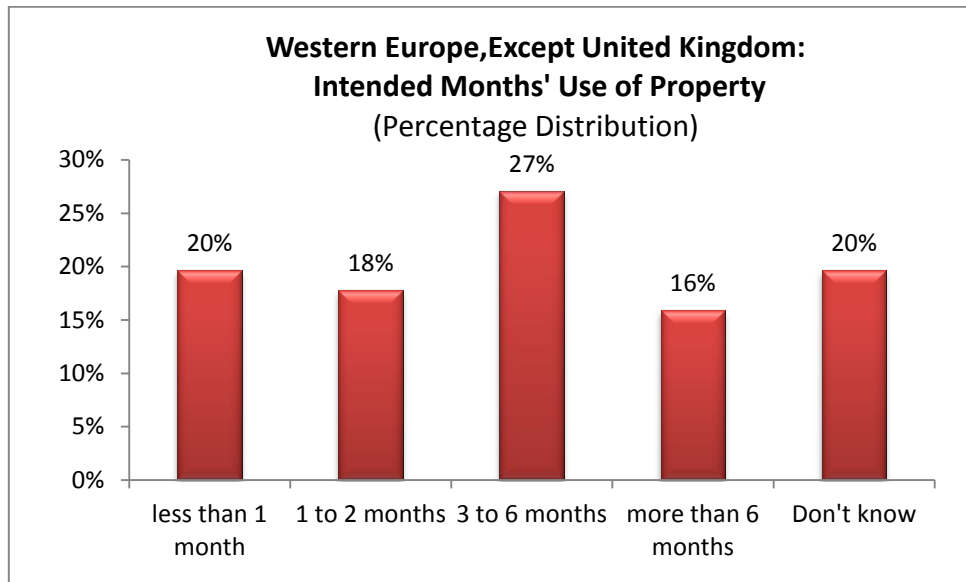
Western European buyers appeared to be almost evenly spread across suburban, central city/urban, and resort areas.



Western Europeans bought property intended for both vacation and rental purposes.

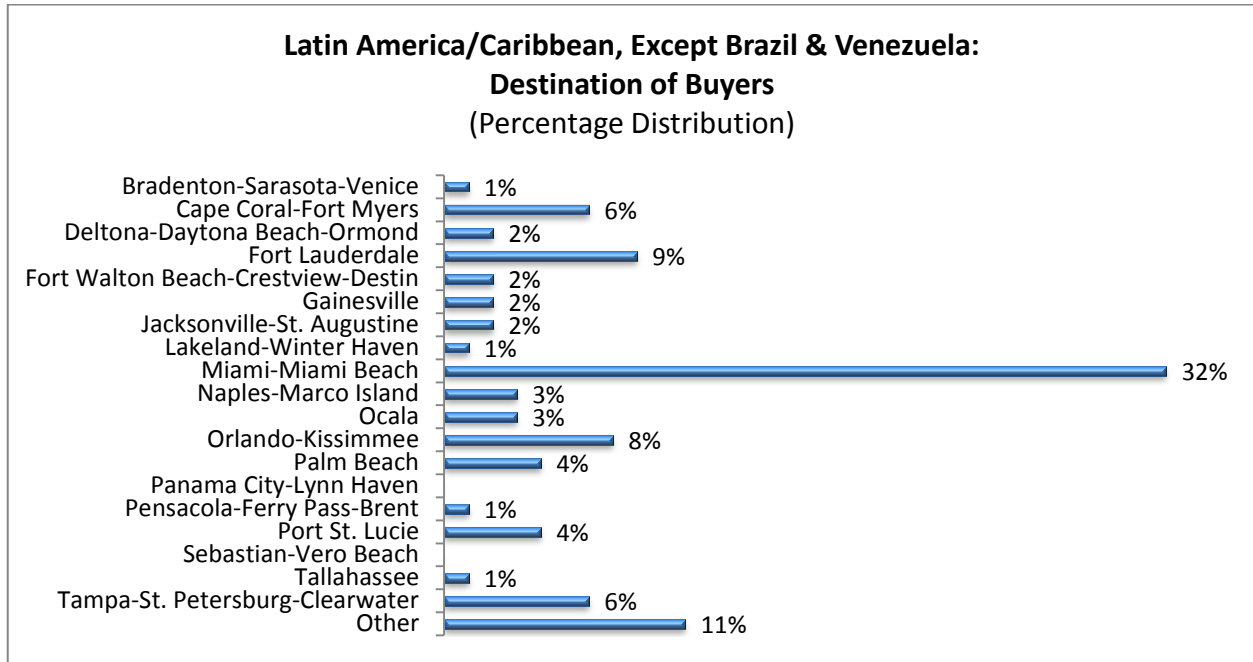


Expected yearly length of property usage appeared to be spread across all time frames.

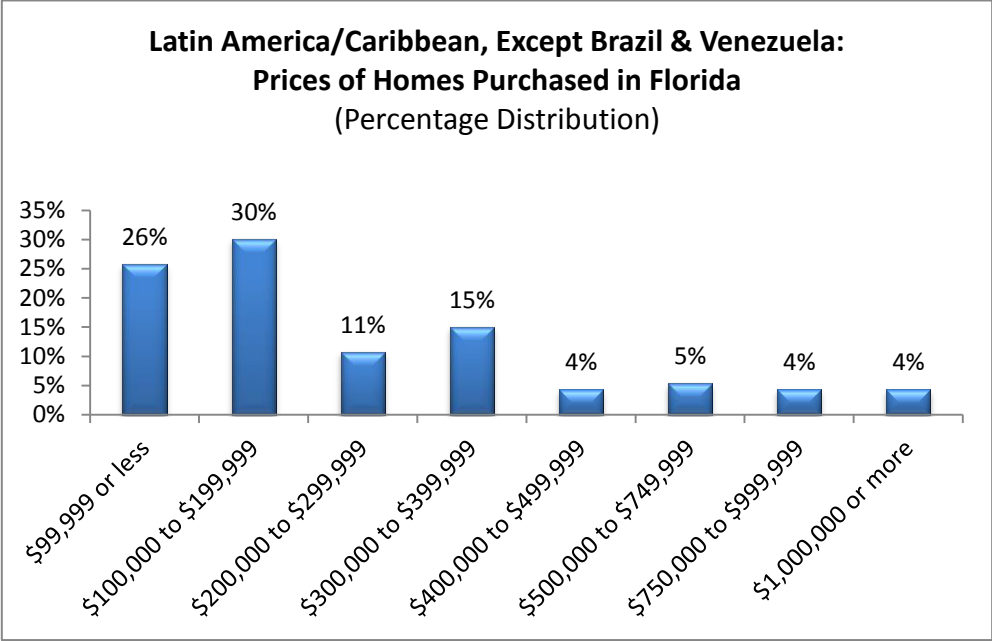


Buyers from Latin America/Caribbean Other than Brazil and Venezuela

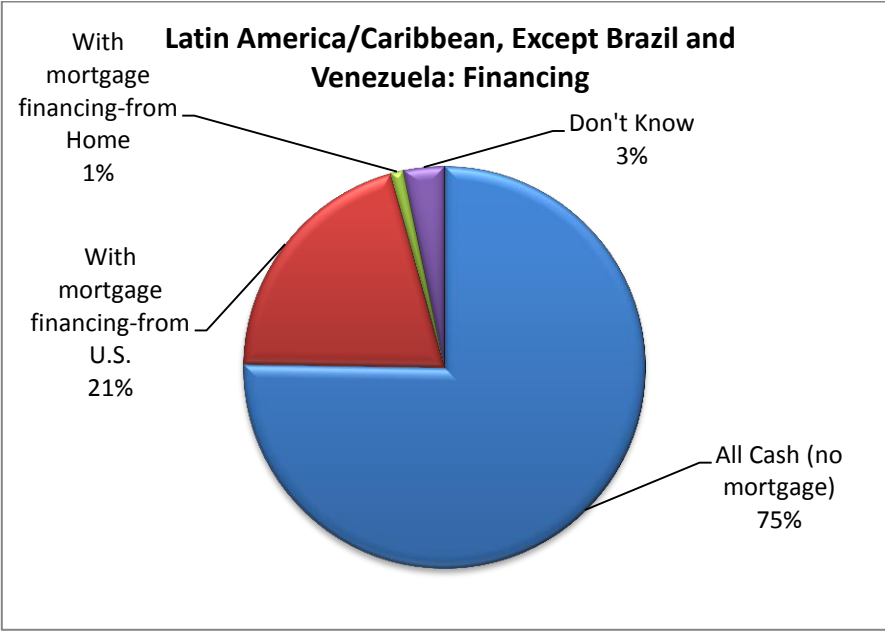
About a third of buyers from Latin America/Caribbean other than Brazil and Venezuela bought properties in Miami-Miami Beach. Other major destinations were Fort Lauderdale, Orlando-Kissimmee, Cape Coral-Fort Myers, and Tampa-St. Petersburg-Clearwater.



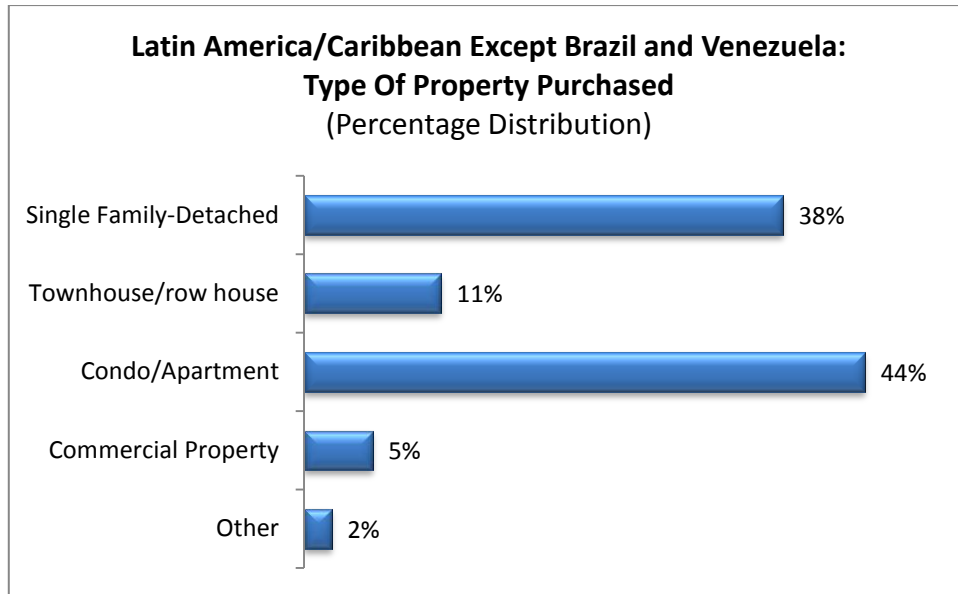
The mean price was \$290,600, slightly below the overall mean price for foreign properties of \$300,600 paid by all foreign buyers in Florida.



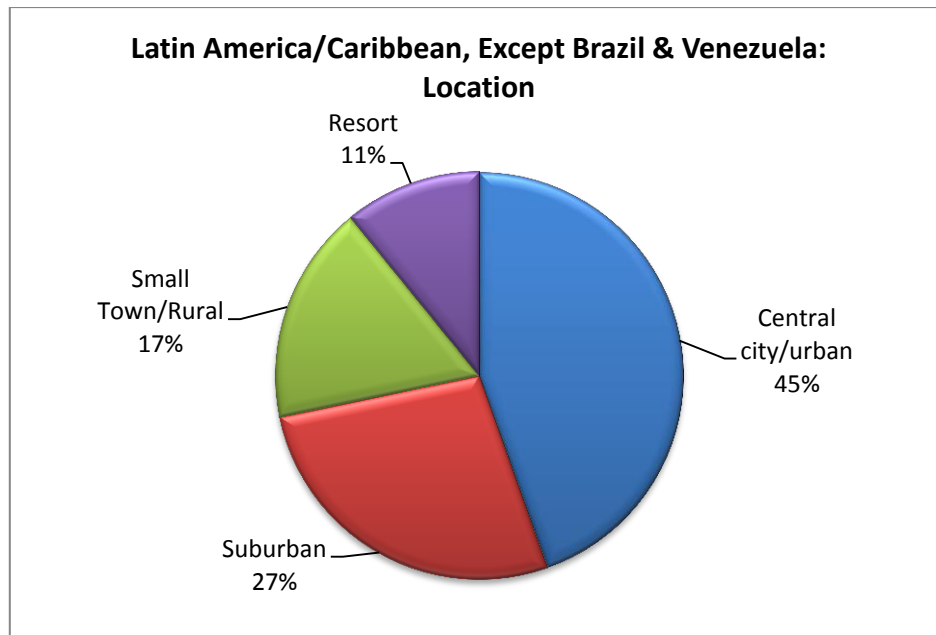
About 75 percent of buyers paid all cash.



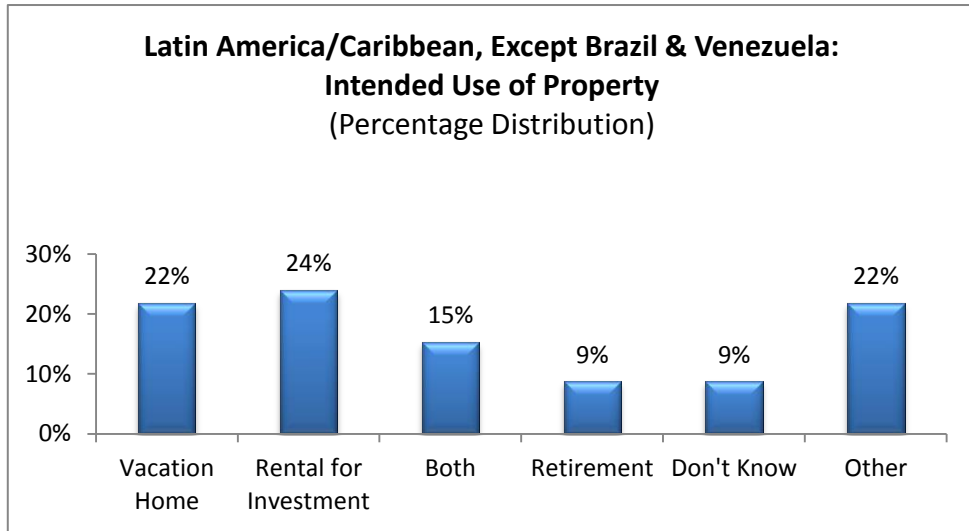
About half of purchases were condominiums and townhouses.



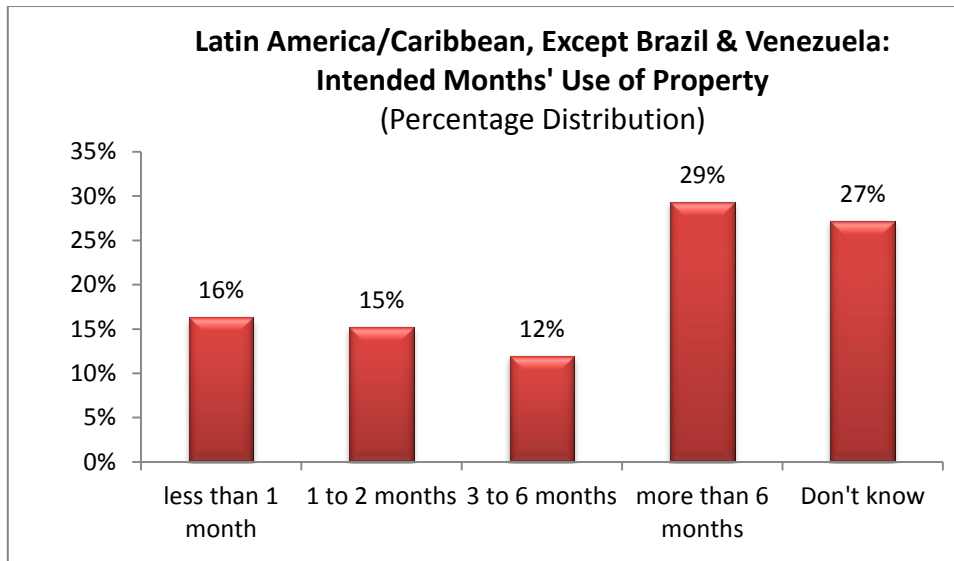
Buyers preferred central city/urban areas.



Buyers most often intended to use the property for both vacation and rental for investment purposes.



Slightly less than half intended to use the property for at most six months.



Summary of Destination Cities

Based on the information in the graphs, the top cities preferred by residents of specific foreign countries are delineated.

Top Destination Cities of Major Foreign Buyers in Florida, 2014 Florida Survey*							
	Canada	United Kingdom	Brazil	China	Venezuela	Western Europe, Except U.K.	Latin America/Caribbean, Except Brazil & Venezuela
Bradenton-Sarasota-Venice	x	x		x		x	
Cape Coral-Fort Myers	x	x				x	x
Fort Lauderdale	x		x		x	x	x
Gainesville				x			
Miami-Miami Beach			x	x	x	x	x
Naples-Marco Island	x	x				x	
Ocala				x			
Orlando-Kissimmee	x	x	x	x	x	x	x
Palm Beach	x	x	x	x		x	
Panama City-Lynn Haven				x		x	
Tampa-St. Petersburg-Clearwater	x	x	x				x

* Listed here are the destinations that have at least 5 percent of the buyers coming from the country of origin.

The mean price paid by residents of the major countries for which data are available along with the total value of transactions is presented in the next table.

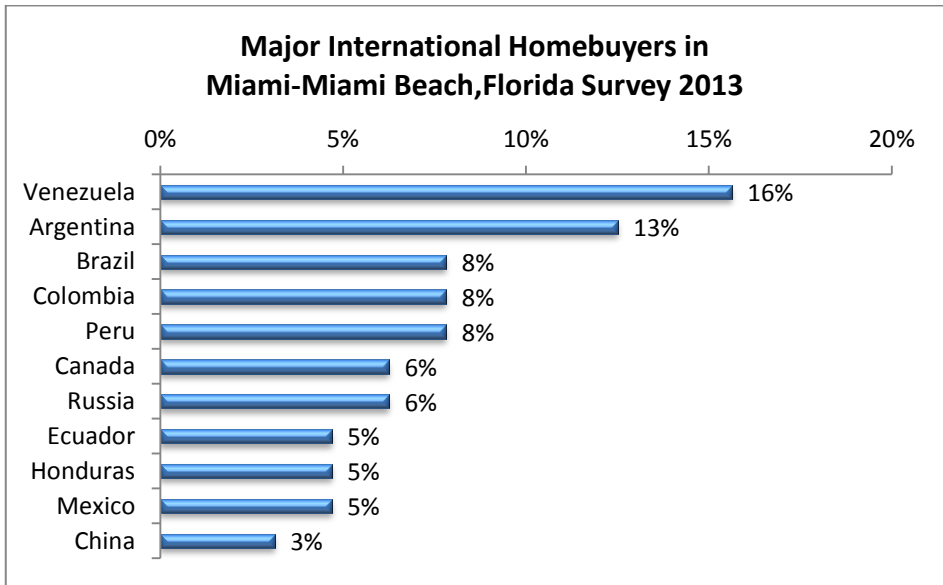
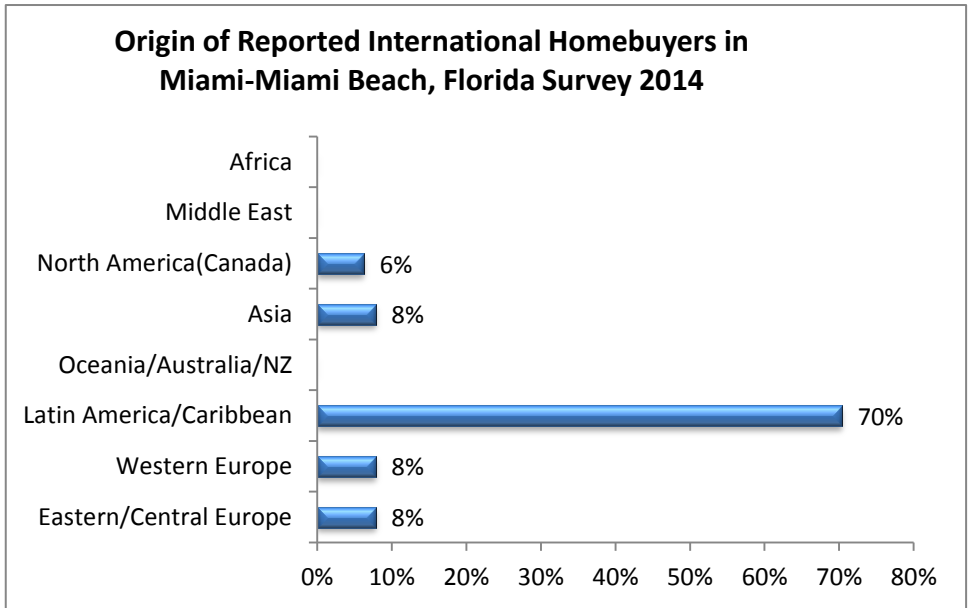
Value of Purchases of Major Non-resident Foreign Buyers Purchasing Property in Florida, July 2013-June 2014		
	Mean Price	Value (in Billion Dollars)
Canada	\$260,800	\$2.18
United Kingdom	\$349,000	\$0.65
Brazil	\$409,600	\$0.62
China	\$355,800	\$0.54
Venezuela	\$270,700	\$0.24
Western Europe Except United Kingdom	\$321,500	\$1.41
Latin America/Caribbean Except Brazil & Venezuela	\$290,600	\$1.05
All foreign buyers	\$300,600	\$7.97

Source of data: 2014 Florida Survey of International Home Buying Activity

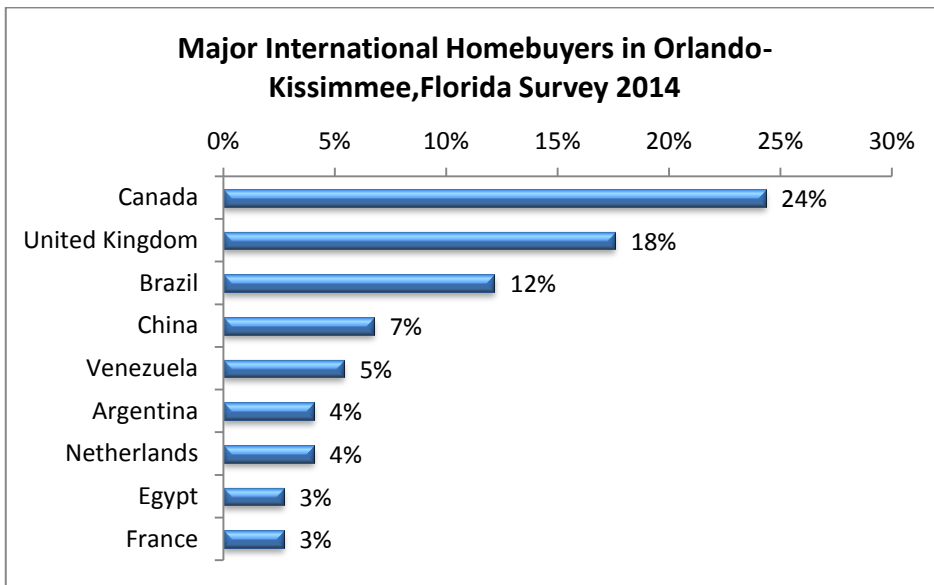
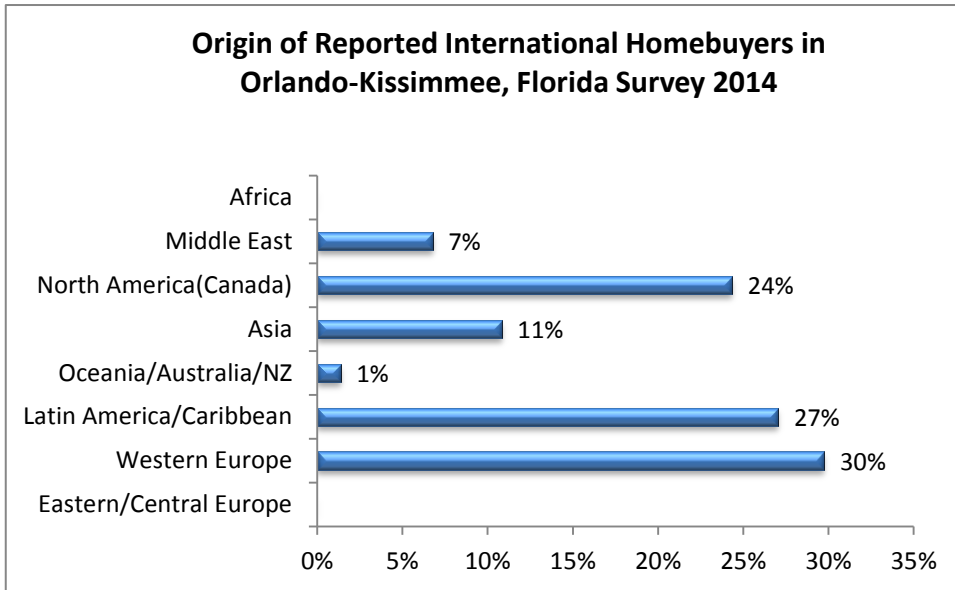
V. TOP FLORIDA DESTINATIONS FOR HOMEBUYERS

The top destinations for international homebuyers in Florida were Miami-Miami Beach, Orlando-Kissimmee, Fort Lauderdale, Cape Coral-Fort Myers, Naples-Marco Island, Bradenton-Sarasota-Venice, Tampa-St. Petersburg-Clearwater, and Palm-Beach. Information about the areas of origin of international clients follows for these areas.

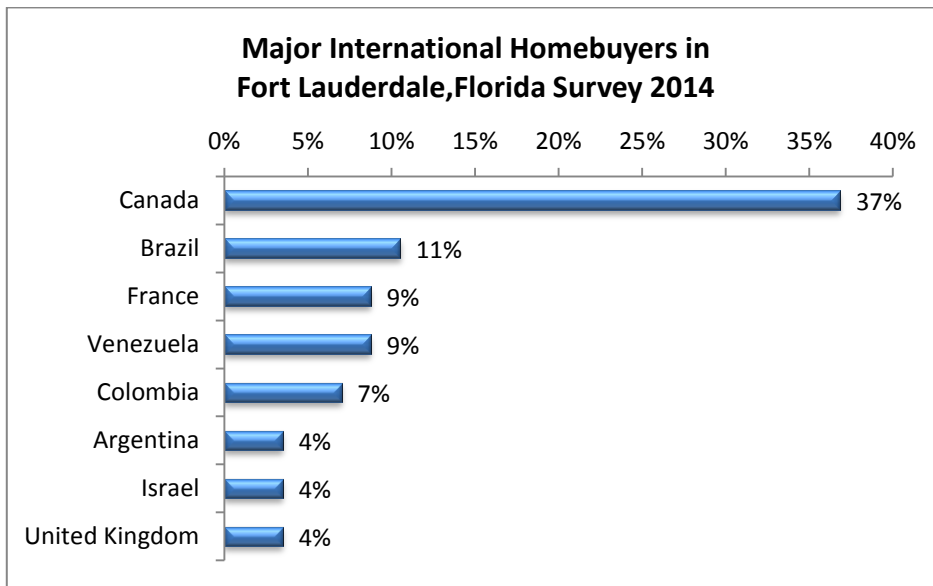
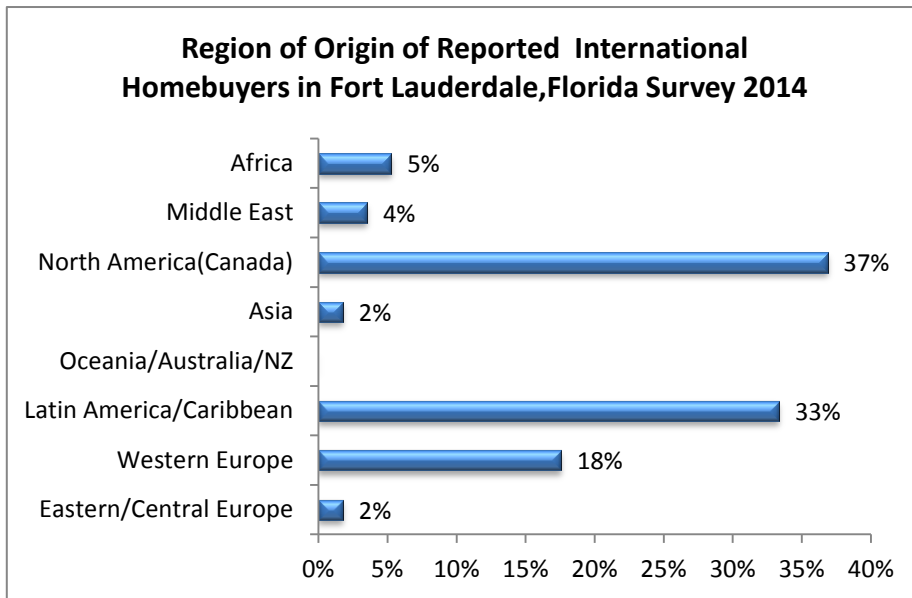
Miami-Miami Beach



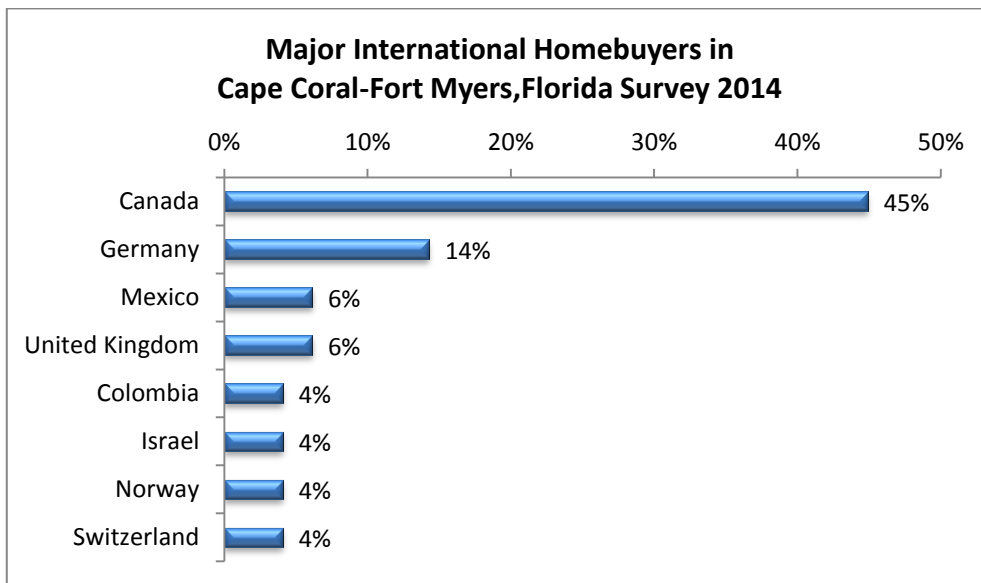
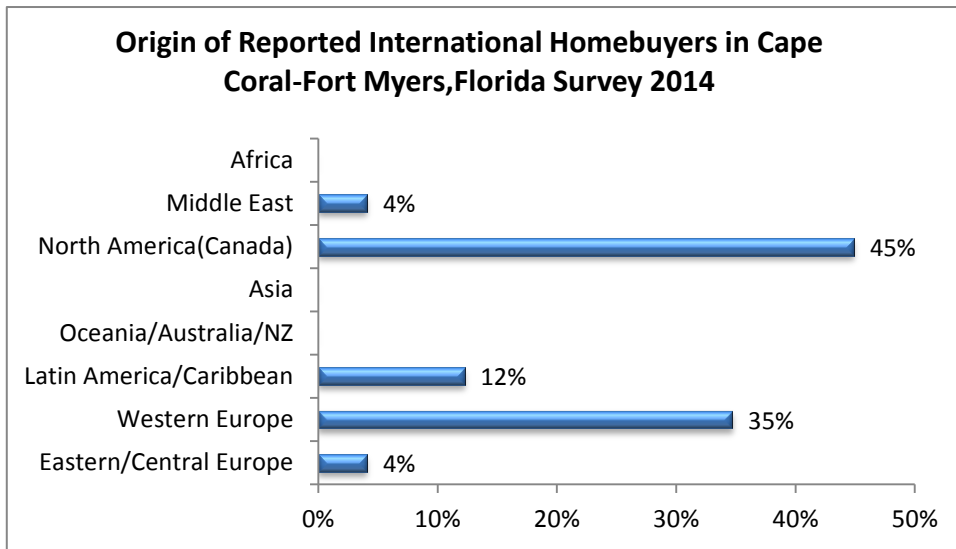
Orlando-Kissimmee



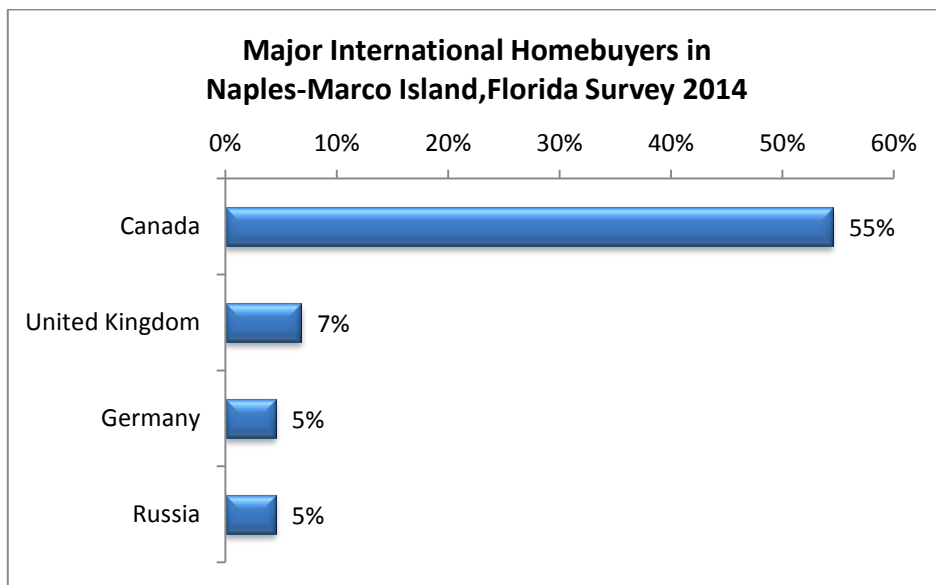
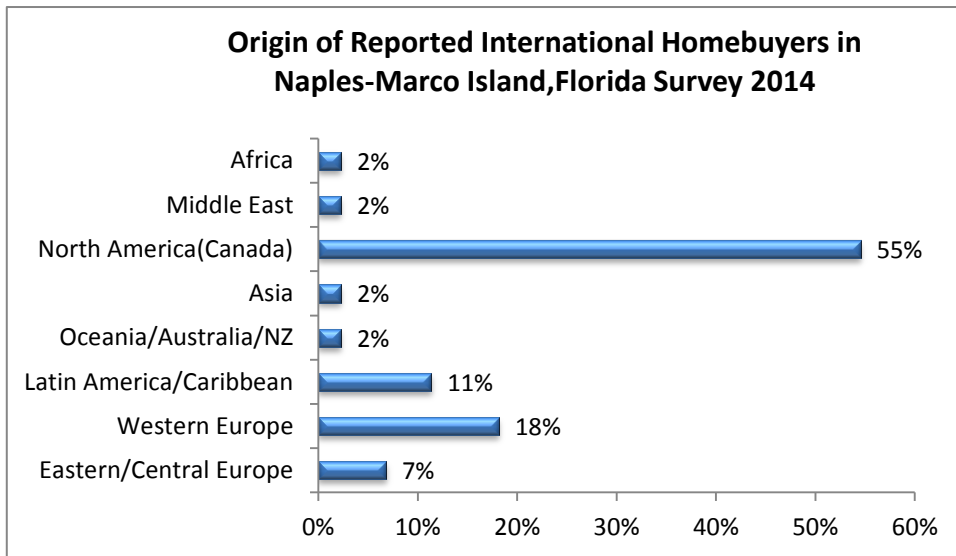
Fort Lauderdale



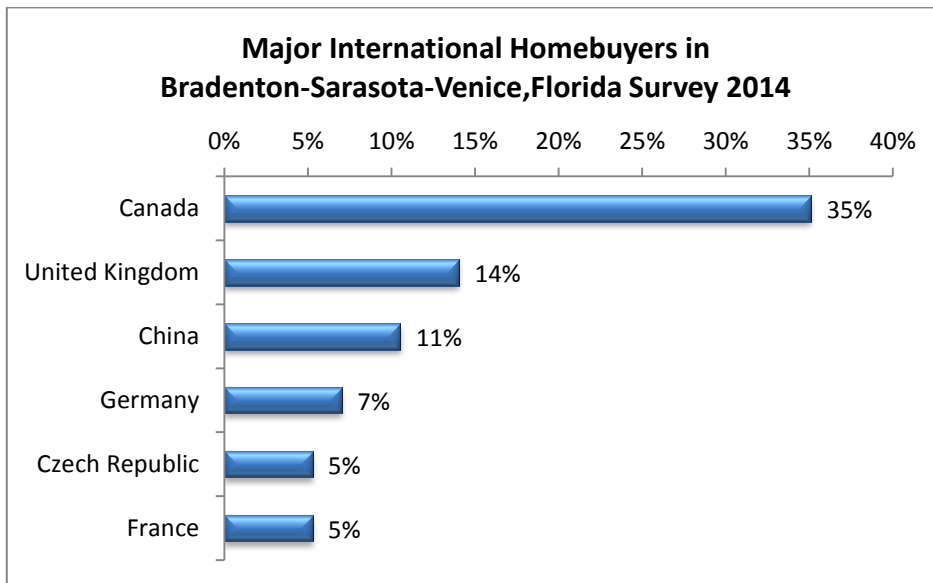
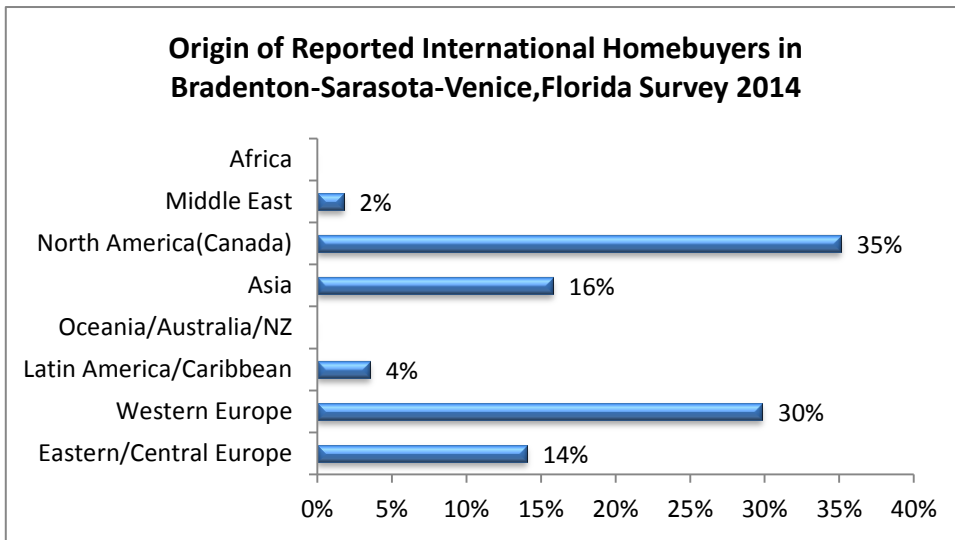
Cape Coral-Fort Myers



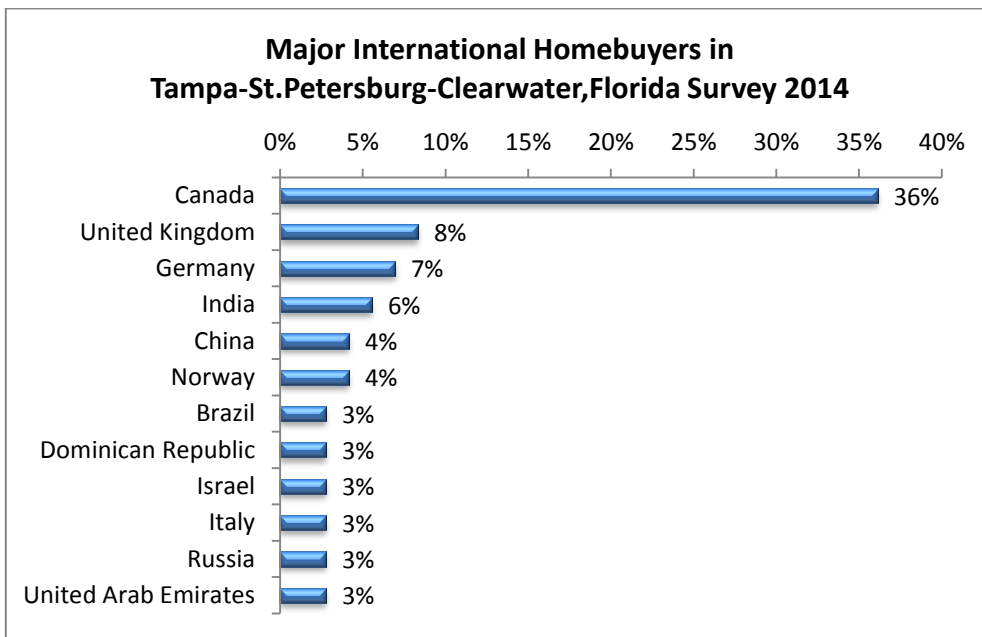
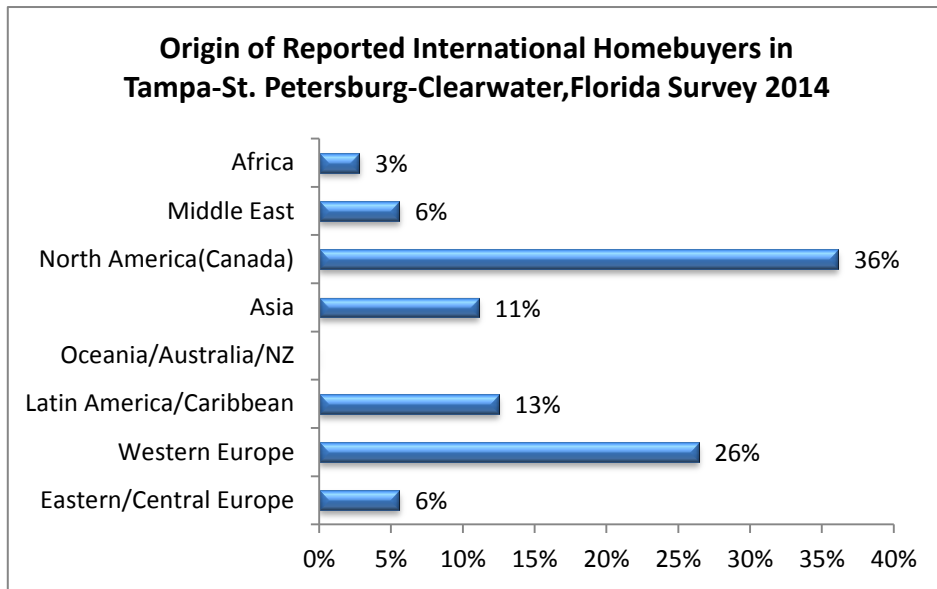
Naples-Marco Island



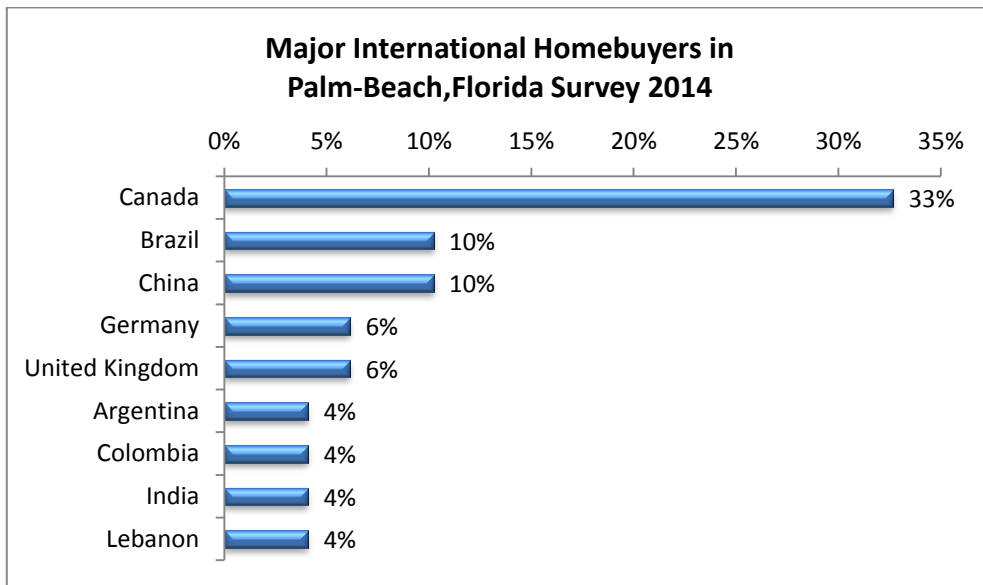
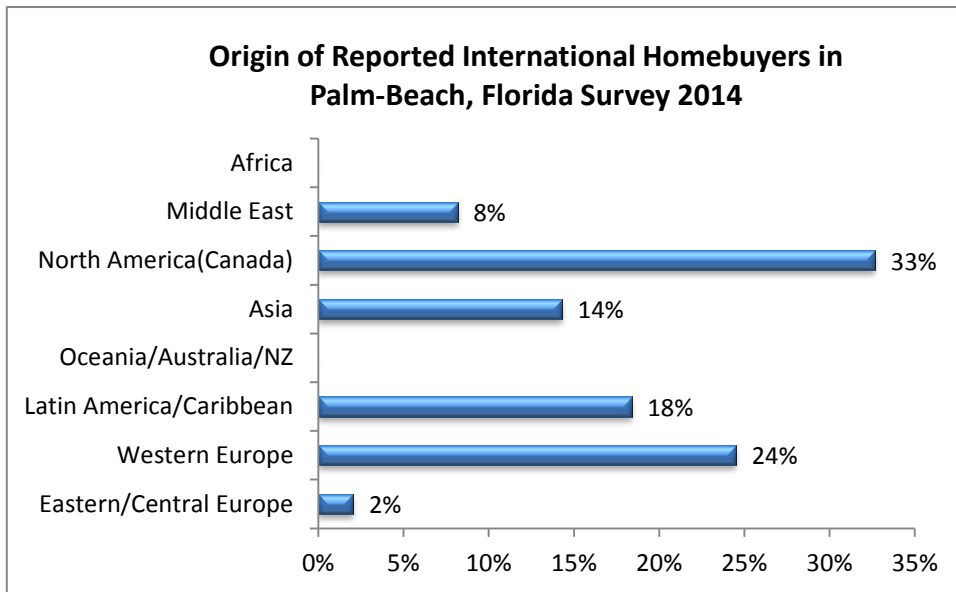
Bradenton-Sarasota-Venice



Tampa-St. Petersburg-Clearwater



Palm Beach

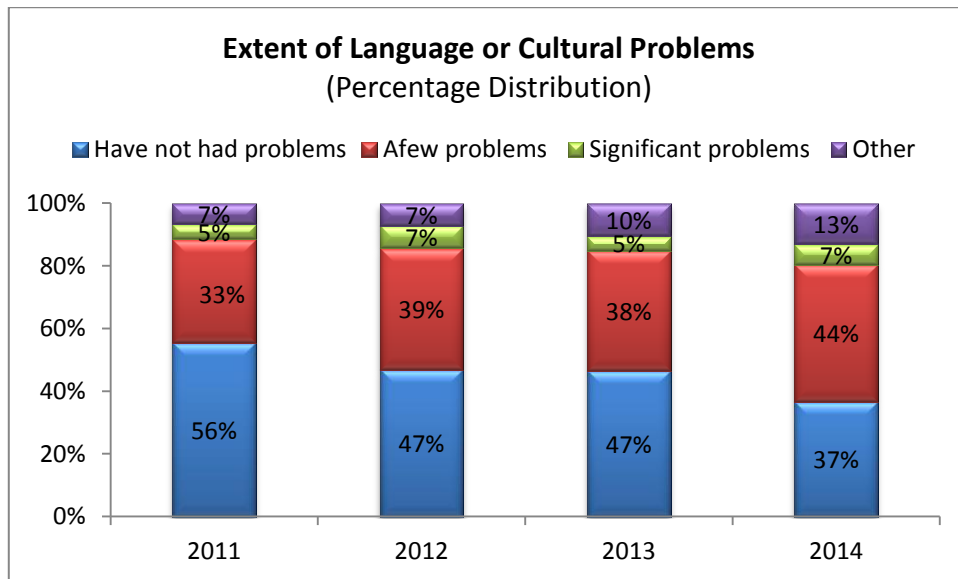


VI. LANGUAGE AND CULTURAL BARRIERS WHEN WORKING WITH INTERNATIONAL CLIENTS

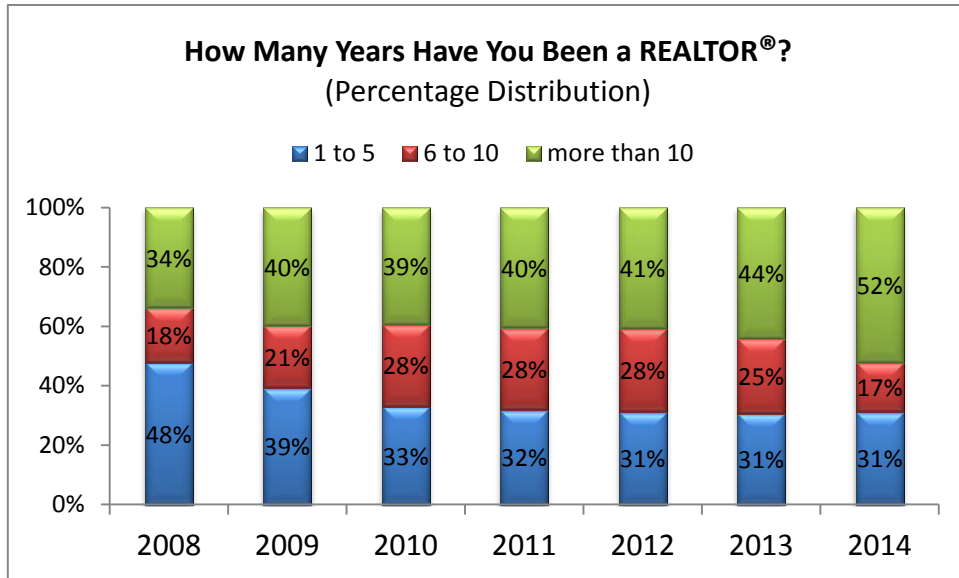
The international market appears to be very specialized on the buyer-side. There are significant differences between the U.S. and foreign countries in terms of culture, business practices, and consumer expectations. Typically, agents serving clients on the buyer-side of the market have a language and cultural background in common with the prospective purchaser, specialized experience in identifying buyer needs, and a knowledge of the intricacies of property transactions for international clients. Appendix 2 provides some comments from Florida REALTORS® working with international clients.

On the seller-side of the market, specialized experience may be less prevalent; in some cases the listing agent may have had no experience in dealing with international customers. Given differences in culture, customer needs, negotiation styles, and other factors, a listing agent may benefit from reviewing relevant material available from NAR in the event of having an opportunity to work with an international customer.

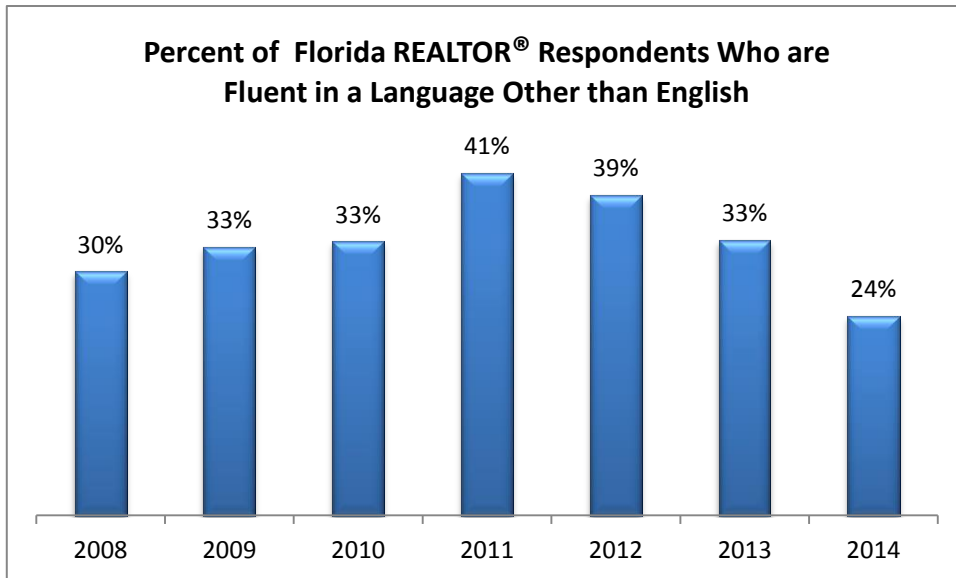
The graph delineates the experience of Florida REALTORS® respondents in dealing with cultural and language issues.

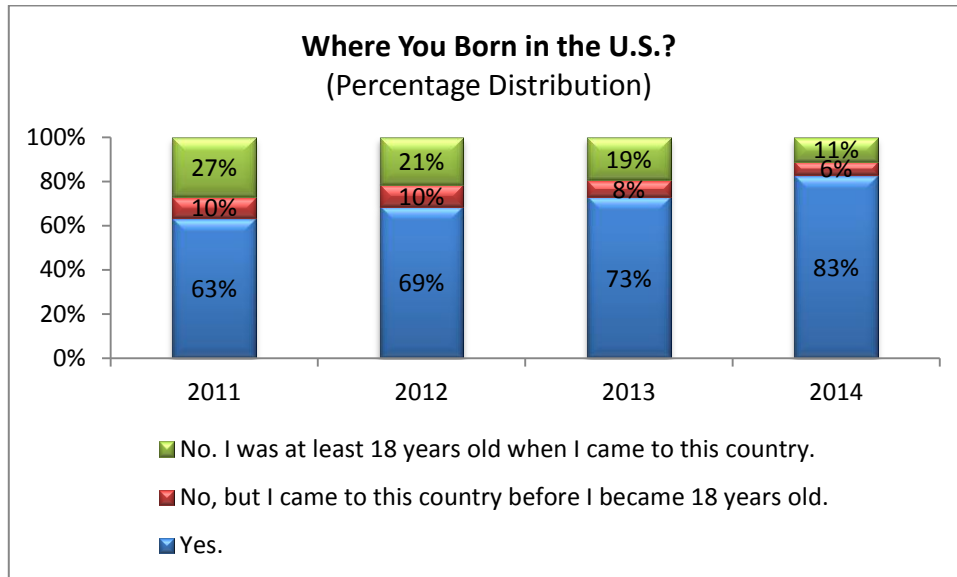


About half of Florida REALTORS® respondents have been in the business for more than 10 years.



About a fifth of respondents reported they were proficient in a language other than English. The majority of Florida REALTOR® respondents were born in the United States.





VII. FLORIDA REALTORS® ISSUES WORKING WITH INTERNATIONAL CLIENTS

Appendix 2 presents a representative selection of additional comments received from respondents to the survey. The comments can be summarized:

- U.S. immigration and visa policies, especially pertaining to the restriction on length of stay, were mentioned as major impediments to foreign purchasers. A number of respondents noted that a permanent visa for foreigners purchasing a home for retirement purposes would create an additional, significant market of buyers.
- Most foreign buyers purchase with cash due to the unavailability of bank financing to international clients. Access to improved/more widespread financing sources might boost international sales. Banks are reluctant to lend to foreigners. When financing is available, a very substantial down payment is frequently required. Although domestic purchasers currently also have significant issues in obtaining mortgages due to the lingering results of the Great Recession and financial meltdown and current aversion to risk on the part of financial institutions, foreign buyers face even greater problems due to credit ratings which do not transfer from foreign countries to the U.S. as well as banks' perceptions of international buyers as absentee owners. In addition, transferring large sums of money internationally can be time consuming and difficult--another problem facing the international buyer. The ability to advise the potential foreign buyer concerning problems associated with financing may be an important skill for REALTORS®.
- REALTORS® also noted as deterrents the perceived high levels of condo fees, maintenance fees, and real estate taxes. Apparently the ongoing costs of ownership are higher than

expected by foreigners and may be different from normal expenses experienced in other countries.

- A number of respondents noted the importance of understanding cultural diversity when dealing with potential international buyers. Language capabilities and an understanding of foreign cultures and practices are important.
- Respondents noted that foreigners perceive that Florida currently offers major real estate bargains as well as being a desirable location. Location has clearly been important to some buyers. In addition to providing a warm climate, in a number of cases there is a sufficient gathering of people from specific countries that new buyers feel a sense of familiarity.

VIII. CONCLUDING COMMENTS

The international market for the sale of residential homes to non-resident foreigners is clearly an important part of the total Florida real estate market, comprising approximately 8 percent of sales transactions and 10 percent of sales dollars in Florida in the 12 month time period ending June 2014. A wide diversity of purchasers is attracted to Florida for investment and vacation purposes. The skills needed to serve the market appear to be specialized on the buyer side, with agents who represent the foreign buyer having language and cultural skills related to the client. Foreign purchasers are active across a wide breadth of price ranges.

Florida appears to continue to have a strong growth potential for attracting international clients. The major impediments to additional market growth are financial (as related to mortgage availability and remittance of large sums of money internationally) and travel related (as related to visa requirements as well as perceptions of unwelcoming attitudes by government personnel at U.S. borders).

In general, Florida REALTORS® responding to the survey have seen their international practices expand over the past five years, and a number of agents indicated that further growth could be expected as current economic problems are resolved. The future growth of international sales to non-resident foreigners will be strongly dependent on the economic outlook in the countries of origin as well as the other factors that typically drive residential markets.

Appendix 1: Computation of Market Share

	Appendix 1	
	Computations for Florida Market, 2014 Survey	
Line	Computation of International Sales to Non-resident Foreigners and Share to Total Residential Sales--Florida	
	<i>Florida International Market</i>	
1	Total U.S International Sales Transactions to non-resident foreigners (Units)	117,846
2	Share of Florida International to Total International Transactions (Units)	23%
3	Estimate of International Transactions to non-resident foreigners purchasing Florida property	26,500
4	Average Price of International Buyer Purchasing in Florida	\$ 300,600
5	Florida Sales to Non-resident Foreigners--12 Mo Ending June 2014	\$7,965,900,000
	<i>Florida Residential Market</i>	
6	Florida Residential Sales, -- July 2013-June 2014	\$83,554,604,771
7	Closed Sales, Single-Family and Condo/Townhomes	340,355
	<i>Share of International Sales to Florida's Residential Market</i>	
8	Share of International Sales to Non-resident foreigners to Total Florida Residential Sales (Value)	10%
9	Share of International Sales to Non-resident foreigners to Total Florida Residential Sales (Units)	8%
	Notes/Source:	
Line 1	NAR Profile of International Home Buying Activity, 2014	
Line 2	NAR Profile of International Home Buying Activity, 2014	
Line 3	Multiply Lines 1 and 2	
Line 4	Florida Survey of International Home Buying Activity, 2014	
Line 5	Multiply Lines 3 and 4 (Sales = # of units x mean price)	
Line 6	Monthly Florida Residential Sales = Closed sales -SF x average price-SF + Closed sales -Co/TH x average price -Co/TH	
Line 7	Closed sales for single-family homes and condominiums/townhomes. Source of data: Florida Realtors®	
Line 8	Line 5 divided by Line 6	
Line 9	Line 3 divided by Line 7	

Florida Residential Market						
	Closed S		Average Sale Price		Total Florida	
	SF	Condos/TH	SF	Condos/TH	Residential Sales	
Jul-13	21,042	9,626	\$256,320	\$208,412	\$7,399,659,352	
Aug-13	20,726	9,698	\$248,227	\$207,429	\$7,156,399,244	
Sep-13	18,314	8,455	\$241,385	\$199,314	\$6,105,924,760	
Oct-13	18,593	8,733	\$241,284	\$196,538	\$6,202,559,766	
Nov-13	16,061	7,638	\$242,413	\$202,224	\$5,437,982,105	
Dec-13	19,355	8,506	\$254,041	\$214,517	\$6,741,645,157	
Jan-14	14,628	7,418	\$252,562	\$218,319	\$5,313,967,278	
Feb-14	15,712	7,692	\$261,353	\$212,702	\$5,742,482,120	
Mar-14	19,911	9,750	\$261,175	\$226,616	\$7,409,761,425	
Apr-14	21,385	10,766	\$266,511	\$237,637	\$8,257,737,677	
May-14	23,013	10,558	\$283,394	\$246,348	\$9,122,688,306	
Jun-14	23,181	9,594	\$279,505	\$227,704	\$8,663,797,581	
	231,921	108,434	\$257,348	\$216,480		
12 mos total	340,355				\$83,554,604,771	
Mean Price					\$245,492.51	

Appendix 2: Some Comments Received From 2014 Florida Survey

Immigration/Visas

- Customers would like to stay longer than 6 months.
- Get the Silver Visa passed.
- Like in the Australia real estate crash of 1989, the U.S. should pass an immigration law giving a green card to foreigners buying cash property for \$250k + and paying taxes for 5 years. This will allow foreigners to absorb the surplus of foreclosures. We need a smart comprehensive immigration bill that is less pretentious on the amount invested and job created, but on properties paid with cash, improved and on the property taxes paid. Policy “formula” is: Lower foreign investor to \$250k + 5 years property taxes + proof of covered healthcare = get work permit & stay permit + after 5 years green card after 10 years citizenship. You absorb all the foreclosure. You let the best of other countries to come in to make it better in the US.
- Block foreign buyer’s period.
- Some foreign nationals do not realize that they may need a U. S. social security number and that there is a 10-30% holdback on sales.

Bank/Mortgage/Financing

- Financing for international buyers would be a huge help. More favorable immigration laws for foreign investors/homeowners would also help.
- Foreign Investors usually pay cash to avoid all the hassles with getting a mortgage.
- It is important to have a check list for international buyers regarding taxes involved in U.S. property purchase to complete our real estate services.
- The transfer of funds to the U.S. has become more difficult since 9/11. I think this is something that requires education.

Homeowner Association Fees/Taxes/Procedures

- I am working with a Canadian buyer who is interested in a beachfront condo that is also an income producing investment and suitable for leasing several times per year. Most condo associations do not permit leasing more than 2 times per year.
- Other big problem was finding a condo that allowed ...short term rentals so buyers could use the property for the 3 months; they were here and rented it out the rest of time.
- This particular Buyer had to be approved by the condo assn. They required a criminal background check. This process took 3+ weeks! It was all cash with a U.S. Bank account to debit for monthly maintenance fees.
- Will be interesting in the future if FIRPTA withholding will create a slowdown in the market when and if international sellers decide to sell and see proceeds held by laws they may not agree with.

Language/Culture

- International buyers are great! They normally have a lot of friends too, and that's a huge aspect for referrals!
- It is vital that International Clients are 100% sure that you know what you are doing and that you are looking out for their best interests.

- International buyers waste a lot of your time unless you are from their country.
- All of our international buyers are investors, but they feel better with Realtors® that speak their language.
- Being able to speak their language is very important in getting the sale.
- Be available and communicate. Be honest.
- It helps to have contacts with offshore people so you can refer and receive referrals.
- Be educated on the clients' countries economic conditions and how to make the transfer of funds legal and uncomplicated.
- The key to a good transaction was a savvy real estate agent on international side to help clients negotiate their way through our laws and customs during the transaction.
- Communication in any language is easy with translation programs when communicating via email.
- Don't ever use computer-translated text for your website or for advertising abroad! The translated text may look "foreign" to someone who only speaks English, but it usually turn out pretty absurd. I've actually contacted a few fellow Realtors® to make them aware of it. These 'auto-translations' are only good enough to figure out what somebody means when you receive an email in German or another foreign language.
- Almost all of my international customers speak good English.
- Folks get upset when you hand them Spanish forms. They want to speak English and feel that it insults them.

Trends/Factors Influencing Purchase

- Had transactions fall apart due to exchange rates and also for uncertainty with international conditions.
- My current broker works with foreign investors, and they were buying mostly condos when prices were at their lowest and are now buying a lot of single family homes, as well.
- As prices of homes increase, interest from buyers has decreased. More financed deals and not so much cash.
- Foreign buyers are looking for a good deal that will be easy to make money in the future. They are looking for today with the future investment profits also on their minds.
- International buyers getting larger living square footage homes for significant lower price levels than in their country.
- Biggest problem was exchange rate.
- International buyers worry about rising real estate taxes and insurance rates.
- Flood insurance is way too high. Would like to see the flow of BUYERS come back!
- The main effect on foreign retirees is their medical coverage.
- Health insurance is a reason for many to withdraw their purchase.
- The biggest concern right now from the foreigners purchasers are the outrageous insurance rates!
- The stability of their counties economy has motivated them to seek safe harbor in the USA.
- Down payment for a foreigner is just too high... Especially on a jumbo loan.
- International buyers find safety in investing in the U.S. The primary reason they pick a location is the abundant international news an area get, such as Miami and Orlando.
- Jacksonville isn't at the forefront of foreign purchases. We're not on the radar like Miami and other cities in Florida.
- Security and social dynamics (security of savings and retirement accounts) are a common thread in all conversations with foreign buyers (Russia, Colombia, Argentina, Brazil, Caribbean).
- I am seeing lots of Asian buyers at this time.

- Where they are coming from changes--first it was almost all Canadians; a few years ago I saw a surge in UK clients; now I'm getting clients from Sweden and the Netherlands.
- The Internationals have Cash to buy. They are coming from Russia, Canada, Middle East and South America, from all parts of the world.
- SW Florida is extremely diverse. We are seeing more Cubans moving here from Miami to get away from the traffic and crime. We have Mexicans, people from the Caribbean Islands, Central America, Europe (large German population) and our Canadian friends. I love the diversity other cultures bring to our area.
- We have a huge number of foreign retiree renters during our Jan-March season. Mostly from Canada, England, Germany.
- We have seen a huge uptick in our traffic/customers from Brazil, Portugal and France. UK remains about the same; they are a steady stream of opportunity for us.
- Clients within our office have primarily been from China, Indonesia and Malaysia. Most speak English. Seem to be looking for REO's.
- I relocated from the Southeast region of Florida to the Northwest region two years ago, and my business was seriously affected by the lack of foreign buyers.
- Demand for Florida real estate is high from countries that have not done business extensively in the past. The US needs to improve potential business with existing partnerships. An image issue has been created because of the real estate meltdown.
- I do not see my area as a destination for high end buyers. High unemployment rates and low wages attract only base workers who can't afford homes and for our Board to spend money to attract these buyers is a waste of funds that could be better spent somewhere else.
- We are in northwest Florida, and the international hot markets are on the east coast of the state.
- In Okaloosa County, we have a large military population. Many military have married foreign wives. These are the people we work with.

Association Assistance/Support

- All MLS's should have a field to be filled out upon Closing that identifies a non-US buyer, specifically what country.
- Associations should have more technology available to all members as part of their membership to encourage more international buyers to work with Florida Realtors®.
- Education in more technology to reach international buyers would be ideal.
- Need to have more access to international buyers, something in the form of a universal MLS.
- Would like more information about setting up foreign corporations.
- More "Marketing" should be done internationally, as more condos are erecting in south Florida.