

2020

Raleigh Regional Association of REALTORS® International Residential Transactions



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About the Survey

Objective



The objective of this survey is to gather information about international residential real estate transactions of Raleigh Regional Association of REALTORS® (RRAR) members during April 2019–March 2020

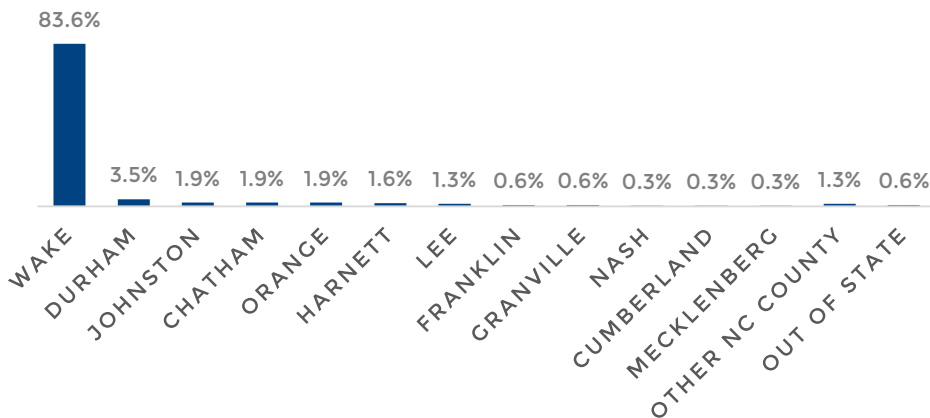
Respondents



The Raleigh Regional Association of REALTORS® sent out the survey to its nearly 9,000 members from May 27 through June 16, 2020, of which 315 members responded to the survey. Of those who responded, 47 respondents reported an international buyer. Of the 311 respondents 84% reported Wake County as their primary business area, and about 2% reported other North Carolina counties or another state.

Ten percent of respondents reported a CIPS designation. Forty-seven percent of respondents who provided information about a membership in a NAR, state, or local global council reported they were a member of the local global council. Eighty-five percent of respondents who reported the number of years they have been a REALTOR® reported six years or more.

PRIMARY BUSINESS AREA OF RESPONDENT



Who is an International Client?

In this study, the term *international or foreign client* refers to two types of non-U.S. citizens:

Non-resident (Type A): non-U.S. citizens who primarily reside outside the U.S. and who don't stay in the U.S. year-round.

Resident (Type B): non-U.S. citizens who reside in the U.S. on non-immigrant visas (e.g., diplomats, foreign students, foreign workers) or recent immigrants who have been in the U.S. for less than two years as of the time of the transaction.

2020 Report Highlights

Dollar volume of foreign buyer purchases

\$420 million (52% decline from \$870 million in the prior 12-month period)

69% of foreign buyers resided in the United States (Type B)

Regions of origin of foreign buyers

Asia/Oceania (38%)

Latin America (19%)

Europe (19%)

Africa (13%)

Country was not identified by the respondent (13%)

Top countries of origin of foreign buyers

China (31%)

Mexico (13%)

United Kingdom (6%)

Counties where foreign buyers purchased property

Wake (65%)

Durham (19%)

Harnett (4%)

Other North Carolina county (8%)

Other state (4%)

2020 Report Highlights

Median price of home purchased

\$383,300 median purchase price among RRAR foreign buyers

\$275,000 median price of RRAR home sales

Financing

42% of foreign buyers paid all-cash

Intended Use

58% of foreign buyers purchased the property for primary residential use

Type of Property

73% of foreign buyers purchased a single-family detached property

Location of Property

65% of foreign buyers purchased a property in a suburban area

2020 Report Highlights

Major reasons foreign client decided not to purchase property

- Could not obtain financing (16%)
- Cannot move money (14%)
- Could not find property (14%)
- Immigration laws (14%)

Source of leads/referrals

73% of referrals/leads about foreign buyers were personal/business contacts or former clients

International business trends

23% of respondents worked with international clients, whether they bought a property or not (25% in the prior year)

On average, respondents closed a sale with one foreign buyer (one sale in the prior year)

33% of respondents who had been in business for at least five years reported an increase in international business in the past five years (40% in the prior year)

44% of respondents who had been in business for at least five years reported an increase in international business in the past five years (50% in the prior year)

2020 Report Highlights

Sales transactions with foreign clients who sold property

Among respondents, 5% of sales transactions involved a foreign client who sold U.S. property

60% of foreign sellers were Asians

70% of the sold properties were in Wake County

Percent of respondents who reported leasing transactions with clients from:

Asia/Oceania (4%)

North/Latin America (4%)

Africa (3%)

Europe (2%)

Not identified/unknown (1%)

U.S. clients seeking property abroad

7% of respondents had U.S. clients who were seeking to purchase property abroad

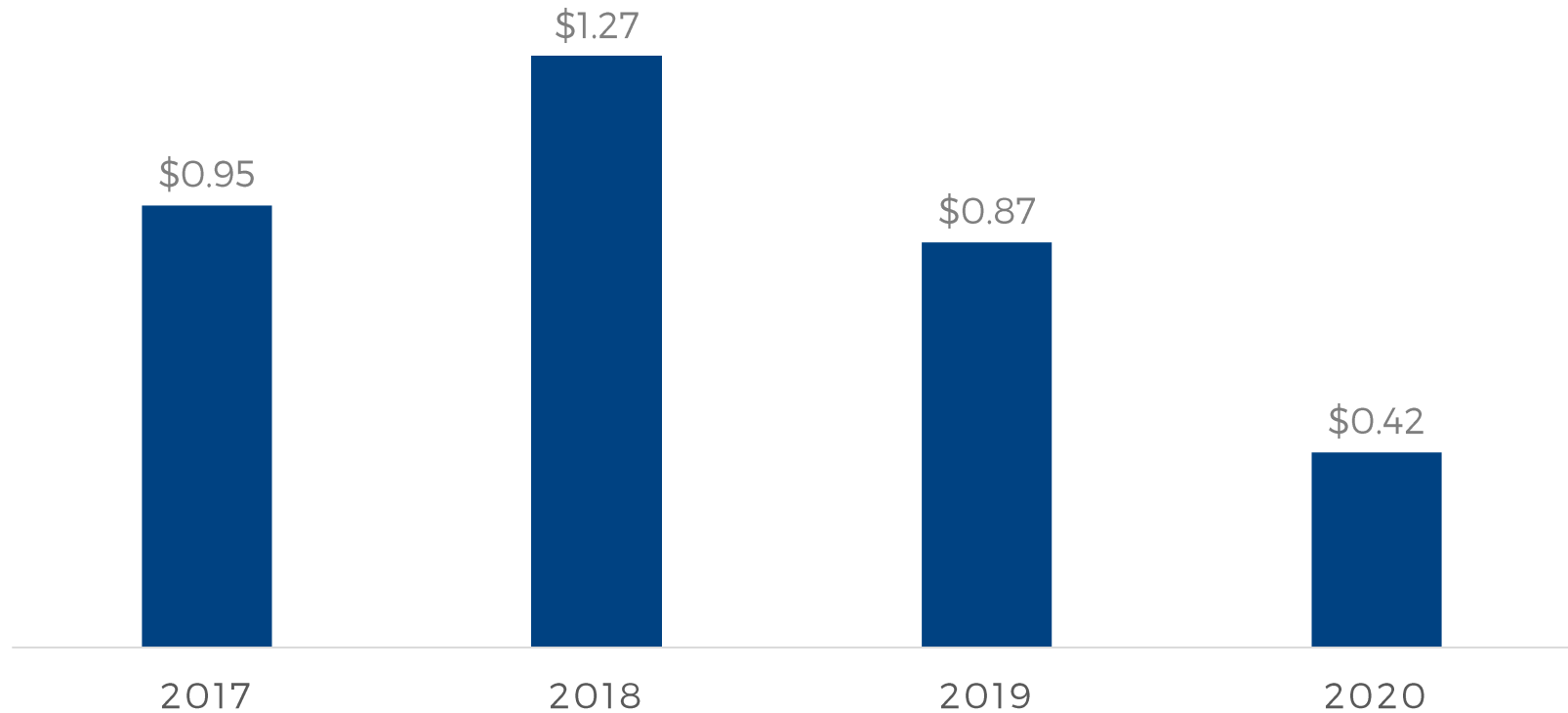
Of the 7% who reported a client seeking property abroad, 71% either referred the client to a business contact in the U.S. or abroad or assisted the client directly.

INTERNATIONAL RESIDENTIAL BUYERS



Foreign Buyer Purchases Declined to \$420 Million

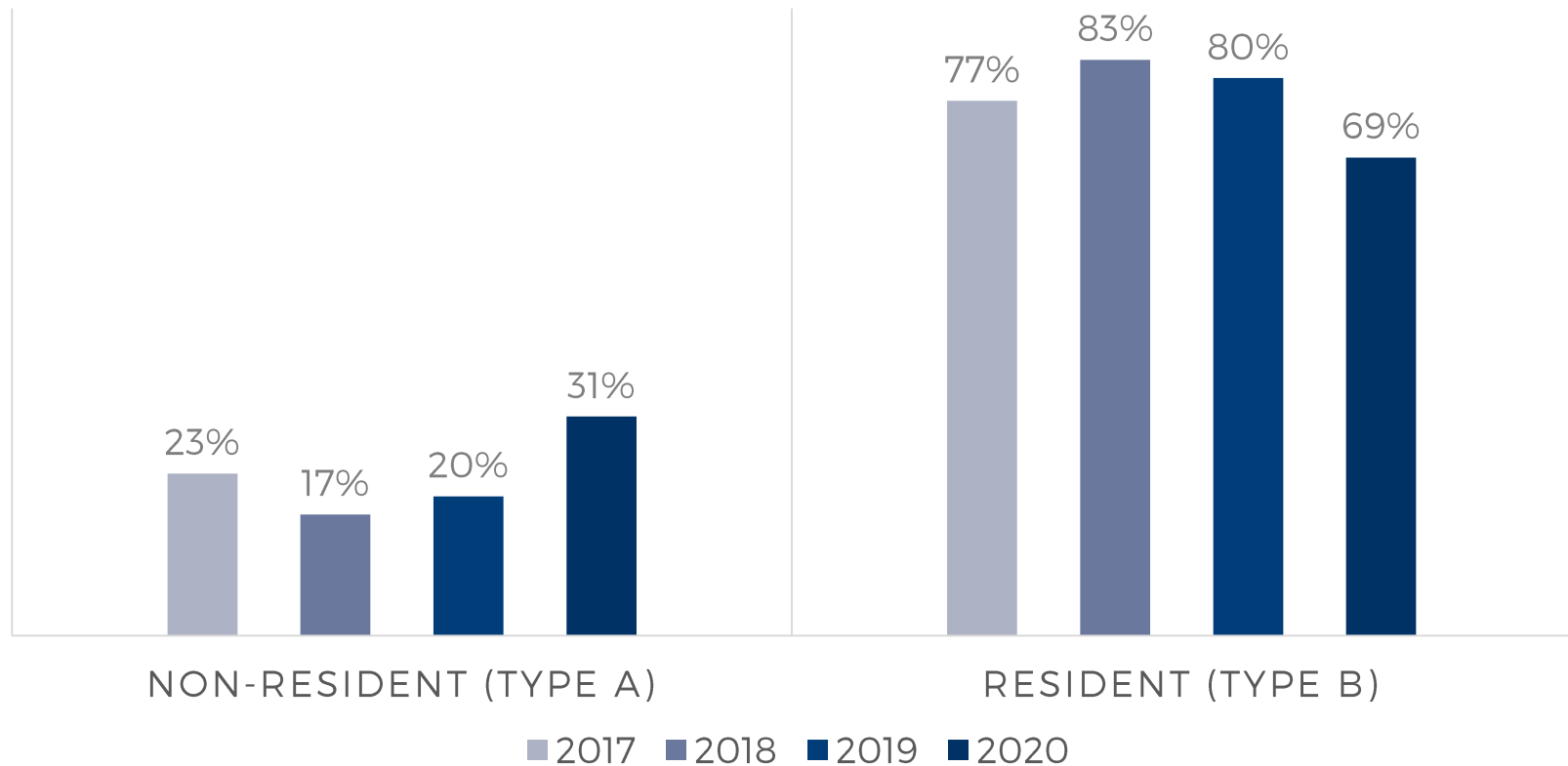
DOLLAR VOLUME OF FOREIGN BUYER RESIDENTIAL PURCHASES



Reference period is April of the preceding year through March of the current year

69% of Foreign Buyers Resided in the U.S. as Recent Immigrants or Visa Holders

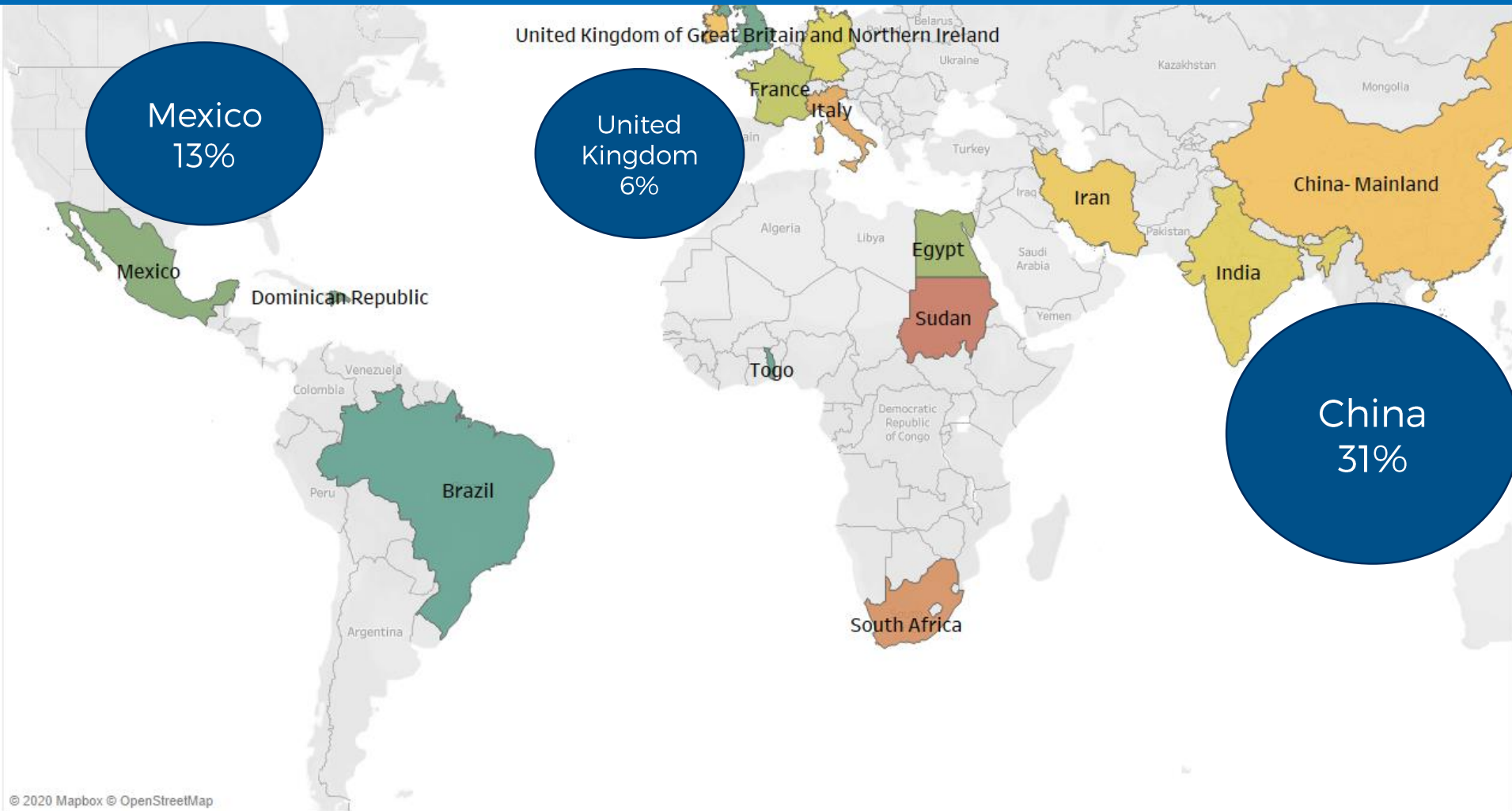
TYPE OF FOREIGN RESIDENTIAL BUYER



38% of Foreign Buyers Were from Asia/Oceania

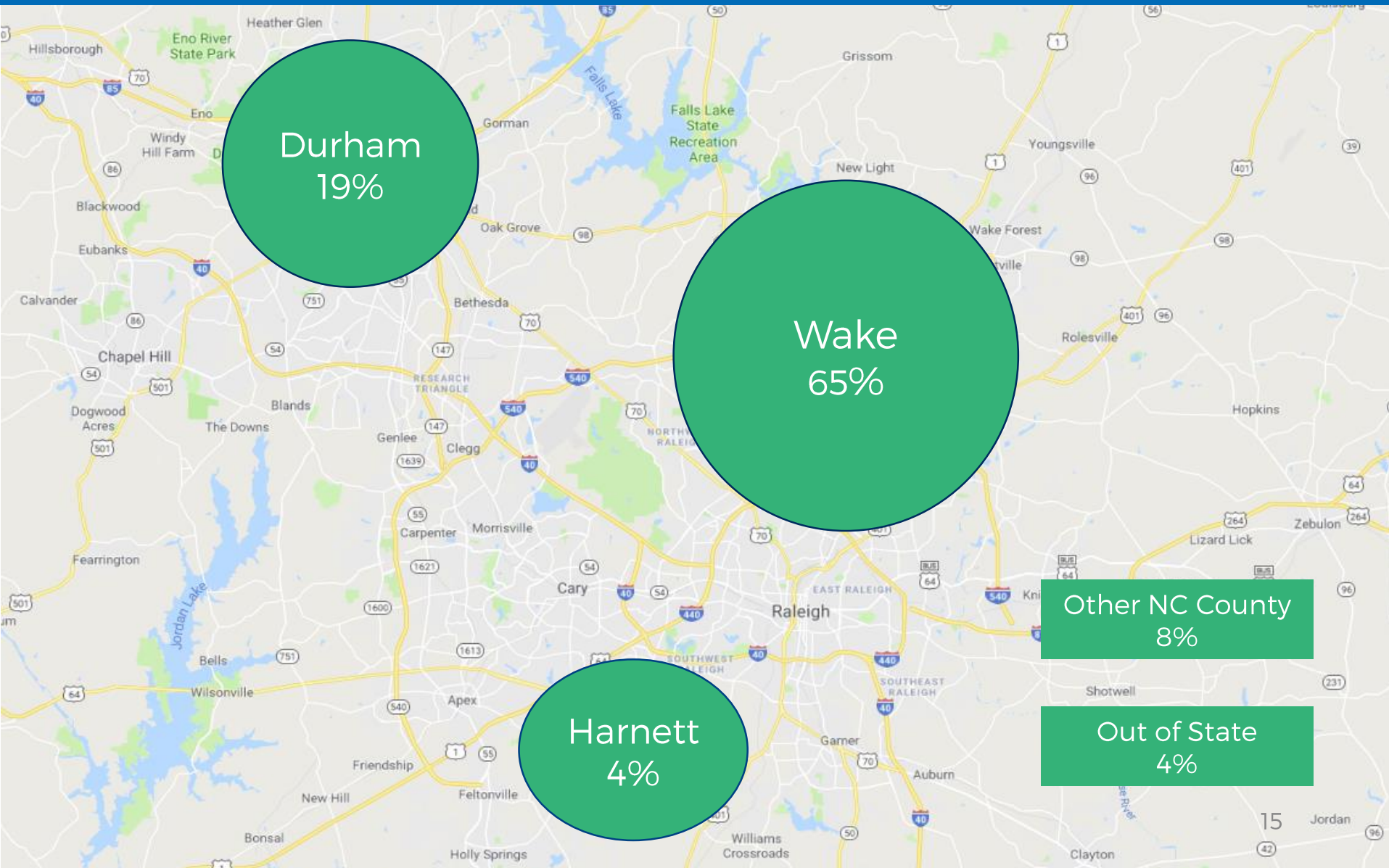


China, Mexico, and the United Kingdom Were Top Countries of Origin



In 2019, China accounted for 9% of foreign buyers, U.K. accounted for 2%, and no respondent reported buyers from Mexico. One should exercise caution in comparing the results year-to-year due to small sample size (43 respondents in 2019 survey and 32 respondents in 2020 survey)

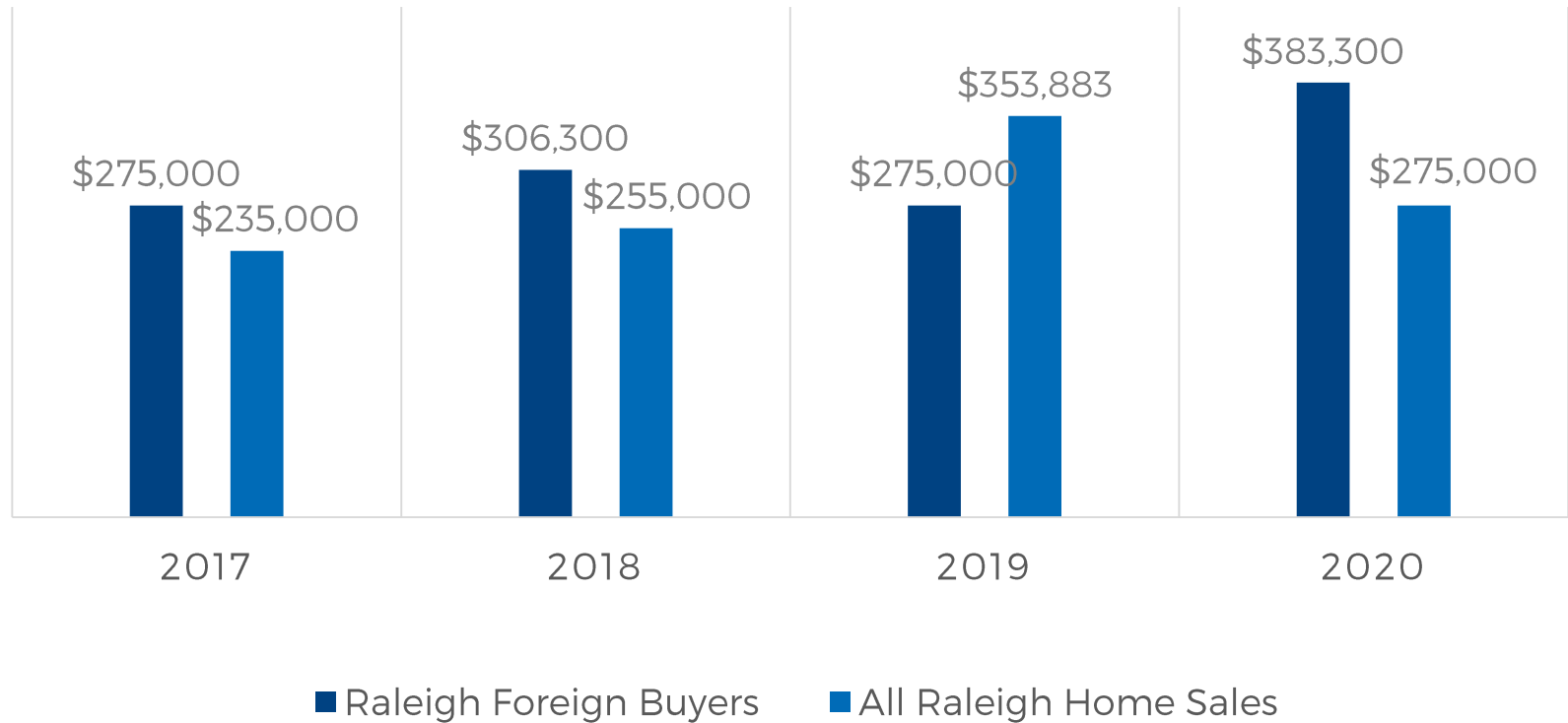
Wake and Durham Were Top Destinations



Foreign Buyer Median Price: \$383,300

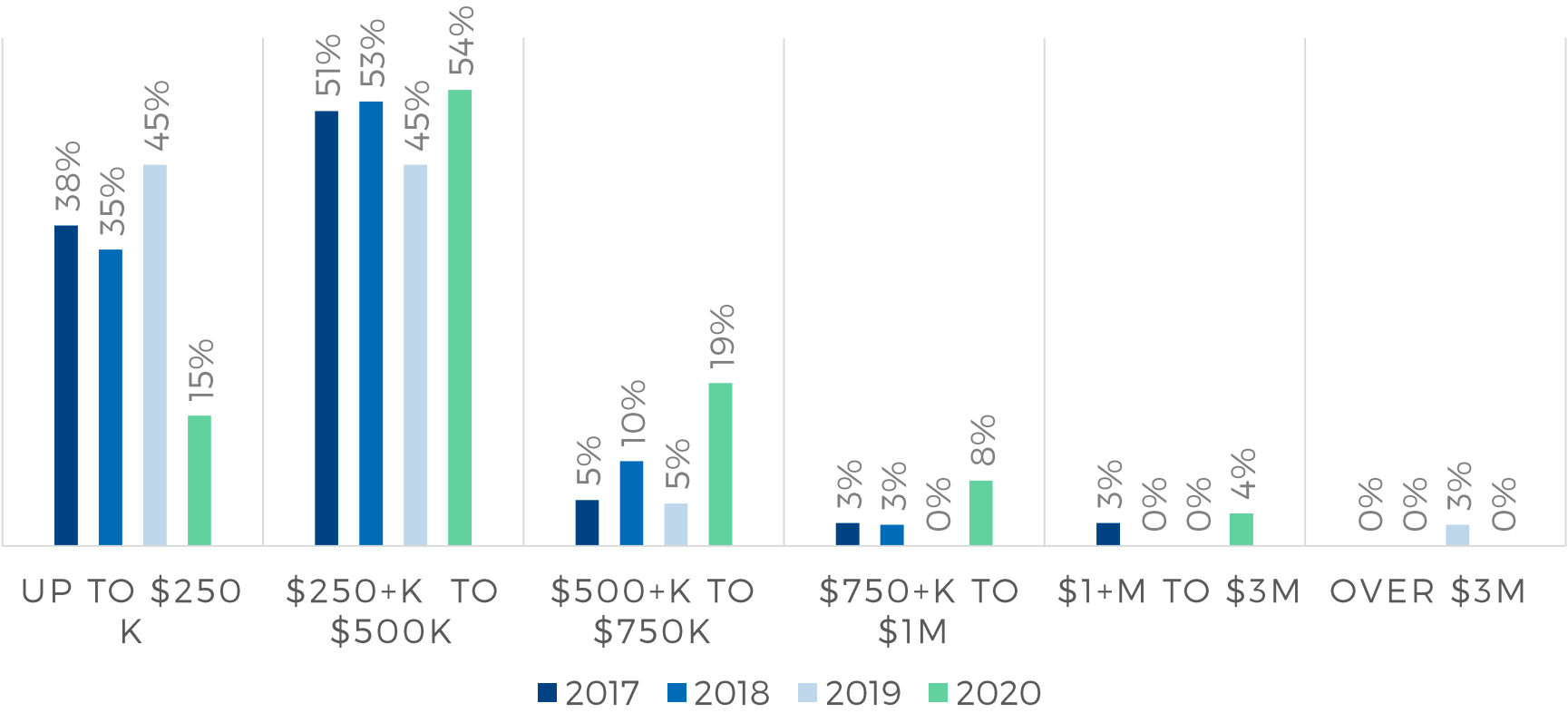
Higher than overall median RRAR sales price of \$275,000

COMPARATIVE MEDIAN PURCHASE PRICE



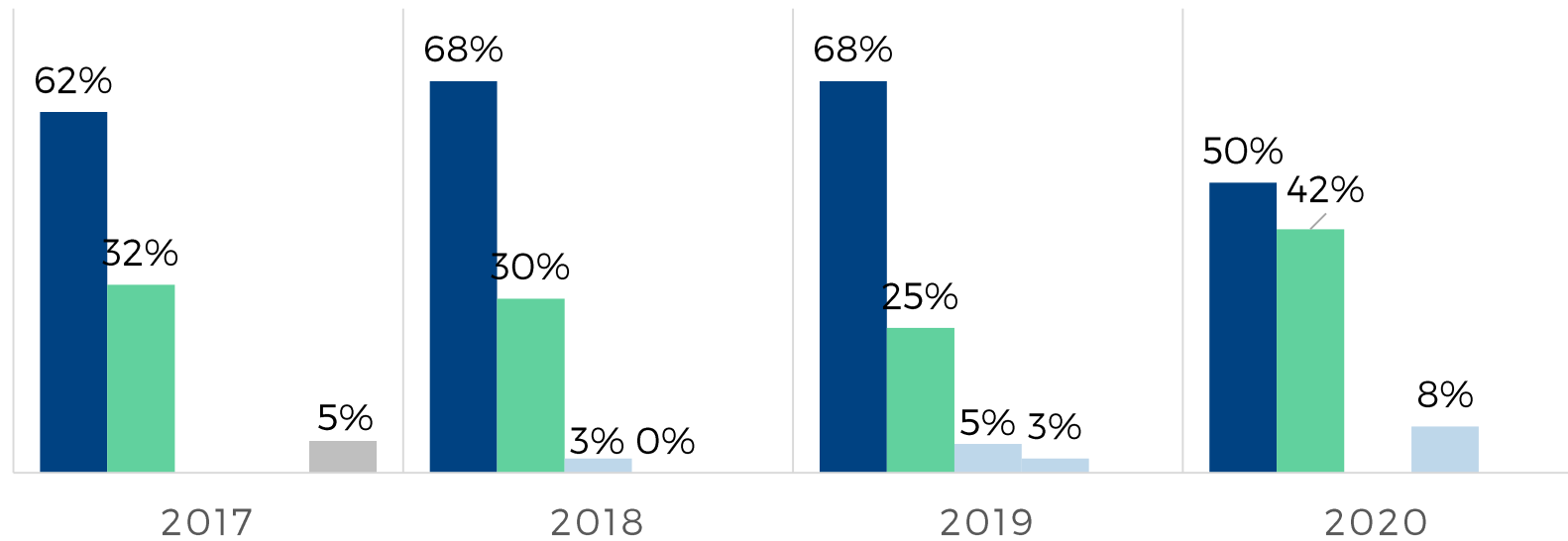
\$1M+ Homes: 4% of Foreign Buyer Purchases

DISTRIBUTION OF FOREIGN BUYERS RESIDENTIAL PROPERTY PURCHASE PRICES



42% of Foreign Buyers Paid All-Cash

FOREIGN BUYER FINANCING

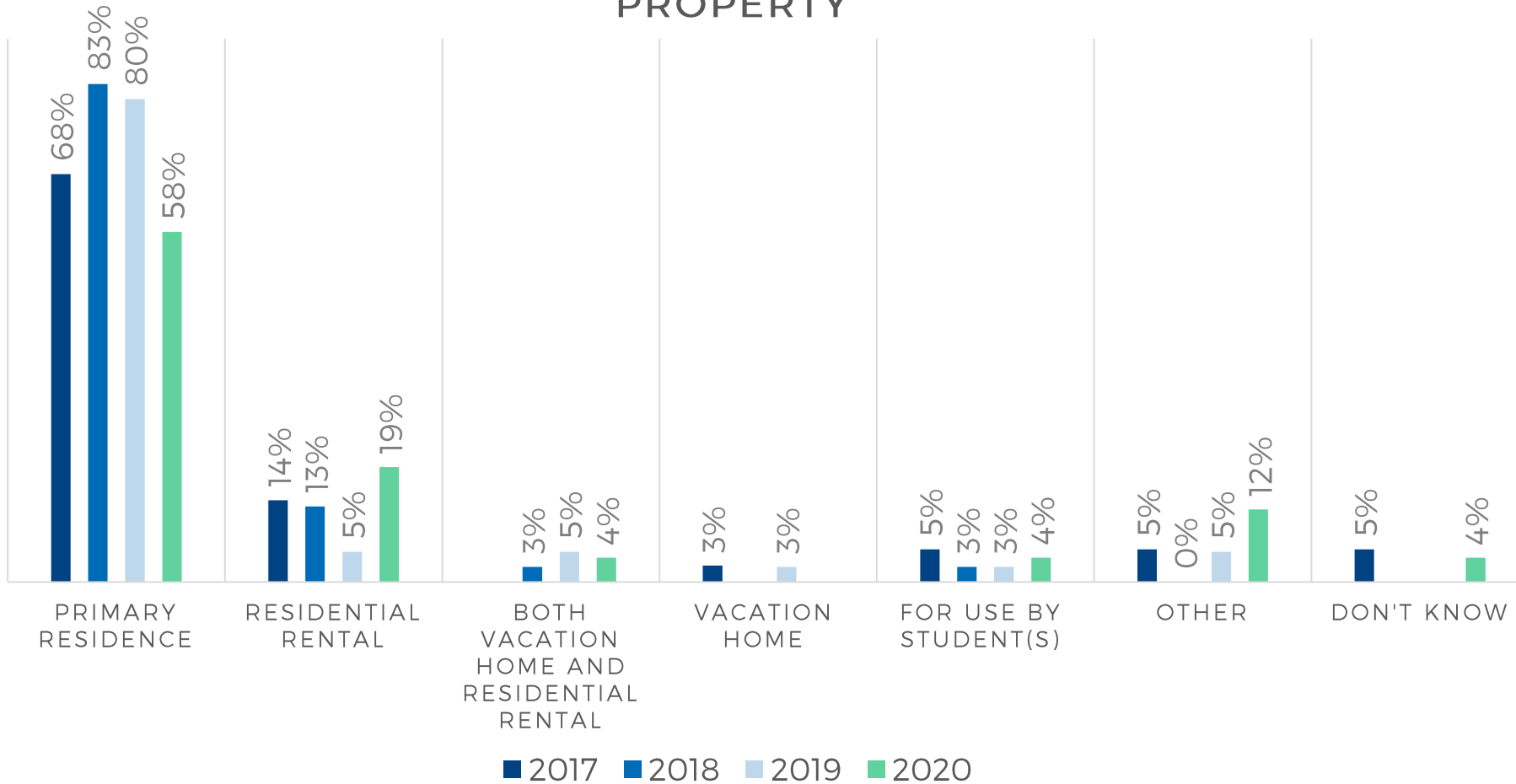


- Mortgage Loan from U.S. Sources
- All-Cash
- Investors/Crowdsourcing/Other
- Don't Know

- All-Cash
- Mortgage Loan from Home Country

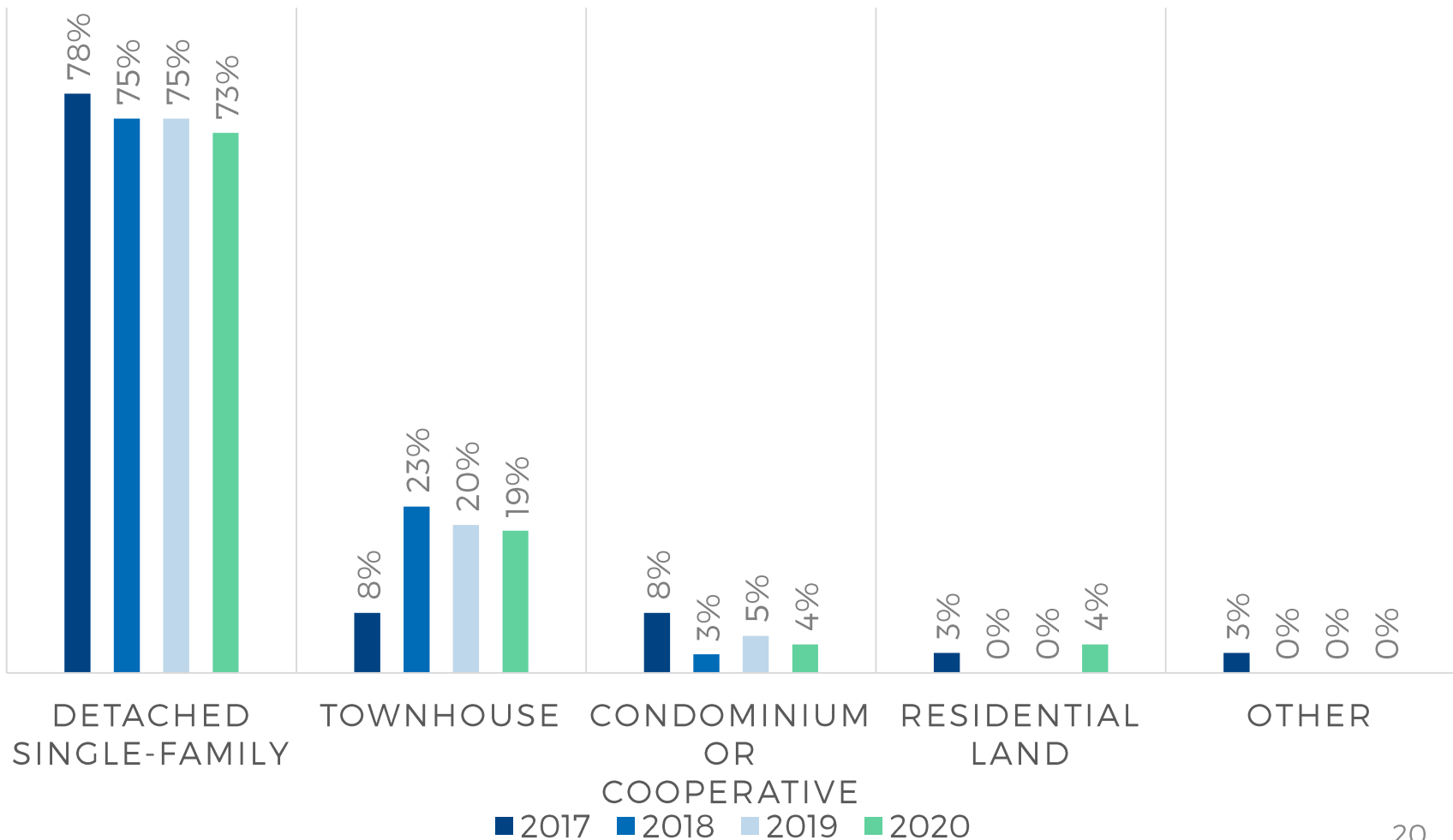
58% of Foreign Buyers Purchased the Property as a Primary Residence

HOW FOREIGN BUYER INTENDS TO USE RESIDENTIAL PROPERTY



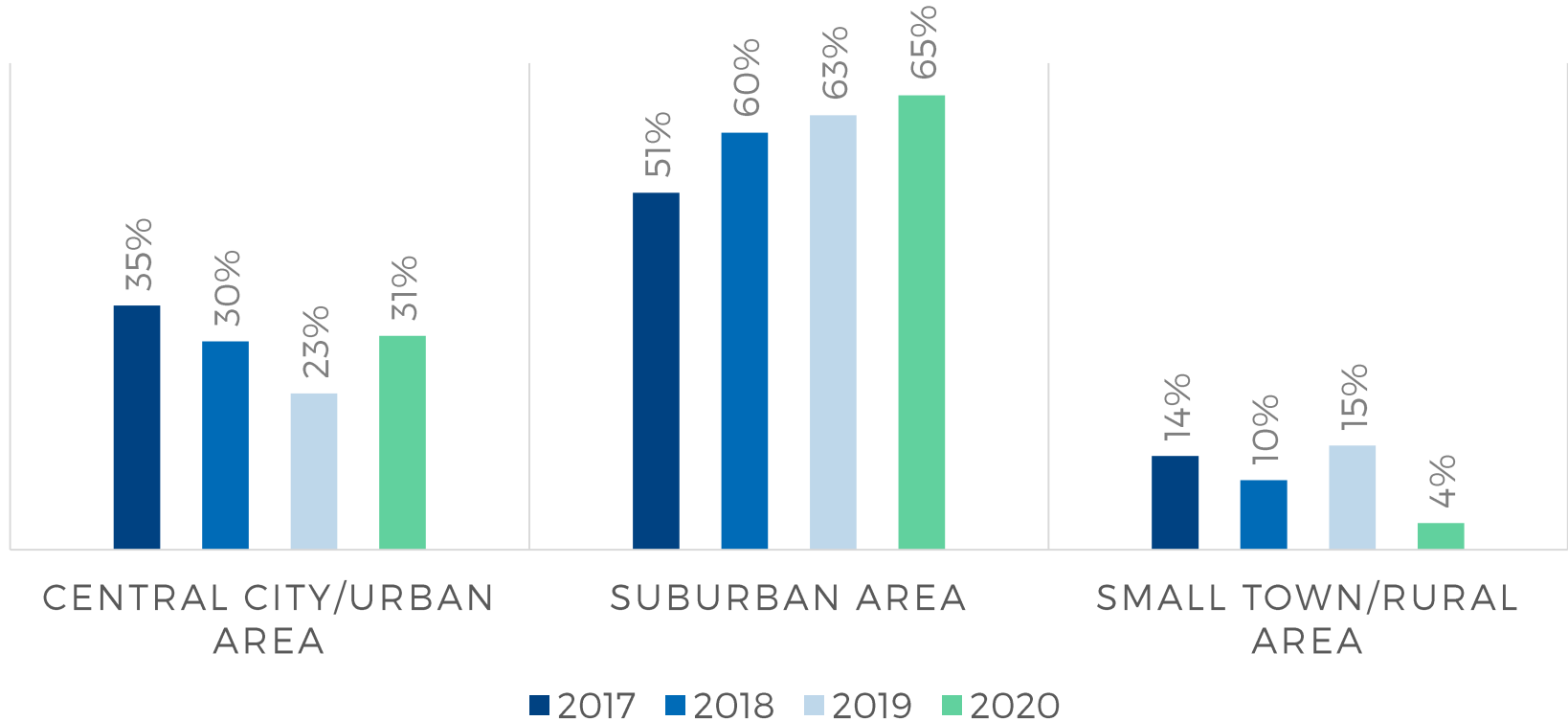
73% of Foreign Buyers Purchased Detached Single-family Homes

TYPE OF RESIDENTIAL PROPERTY FOREIGN BUYERS PURCHASED



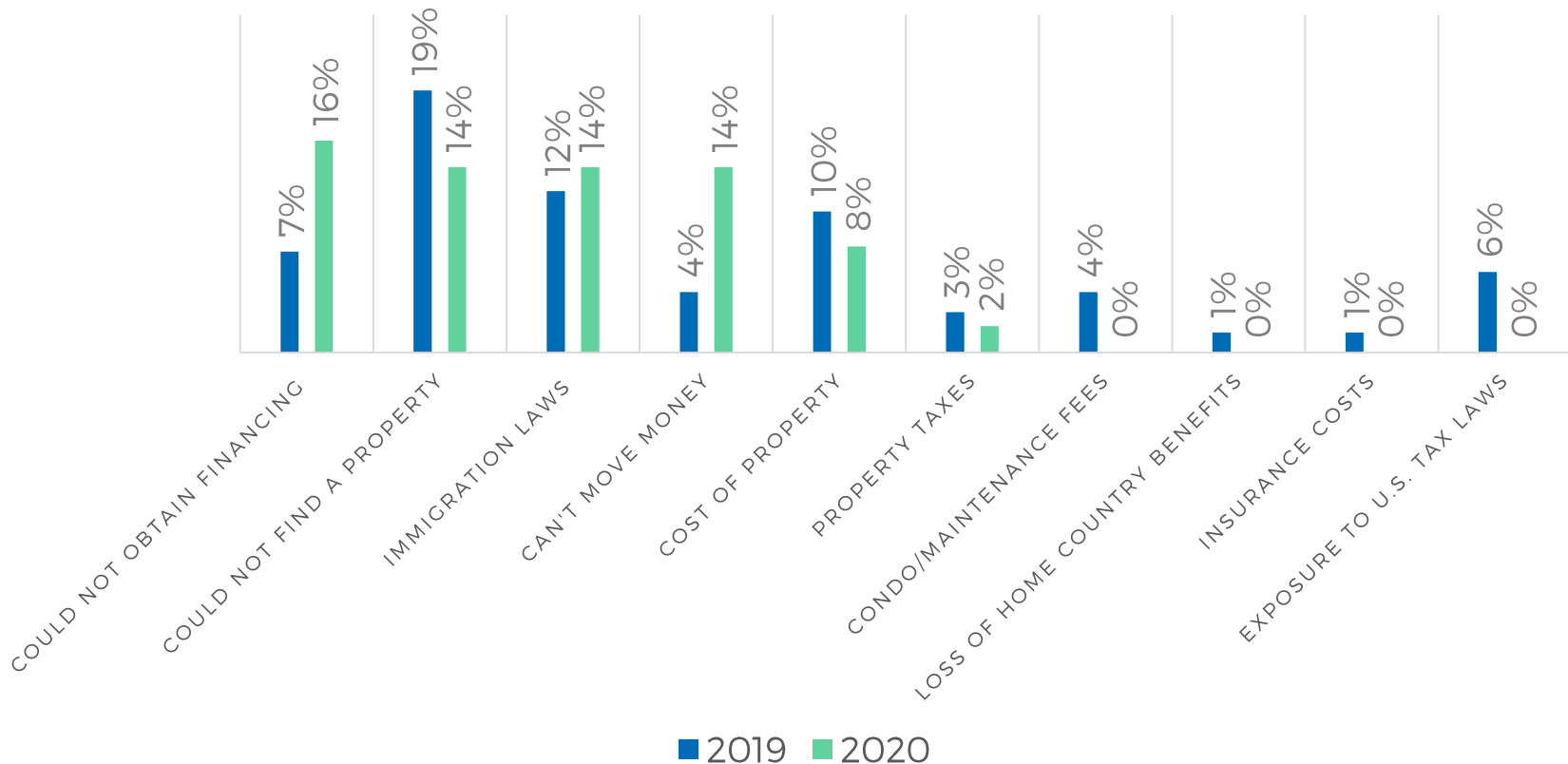
65% of Foreign Buyers Purchased Property in a Suburban Area

TYPE OF AREA WHERE FOREIGN BUYERS PURCHASED PROPERTY



Increase in Cases Where Client “Could Not Obtain Financing” or “Can’t Move Money”

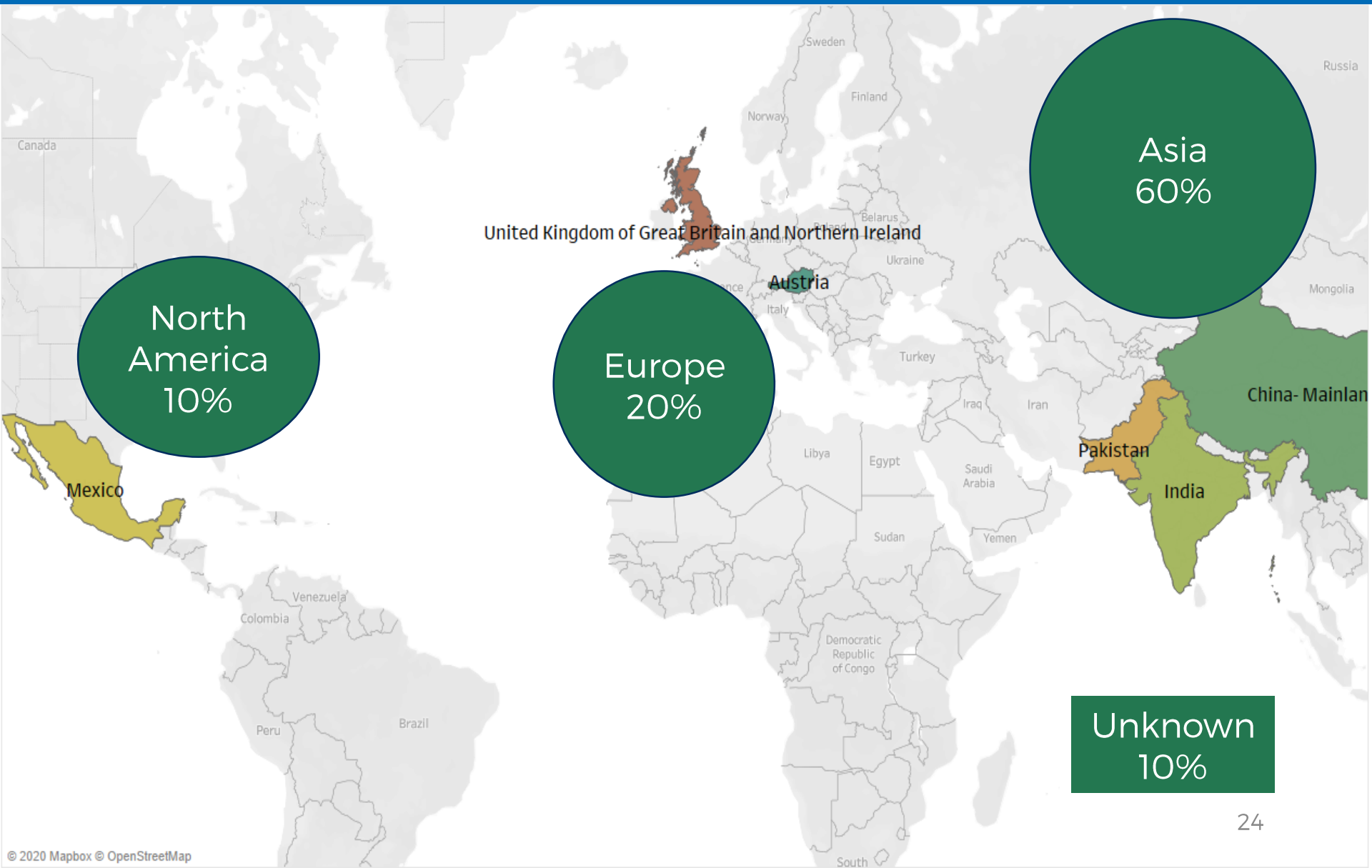
REASONS WHY INTERNATIONAL CLIENTS DECIDED NOT TO PURCHASE U.S. RESIDENTIAL PROPERTY



INTERNATIONAL RESIDENTIAL SELLERS



60% of Foreign Clients Who Sold U.S. Property were Asians



70% of Sold Properties were in Wake County

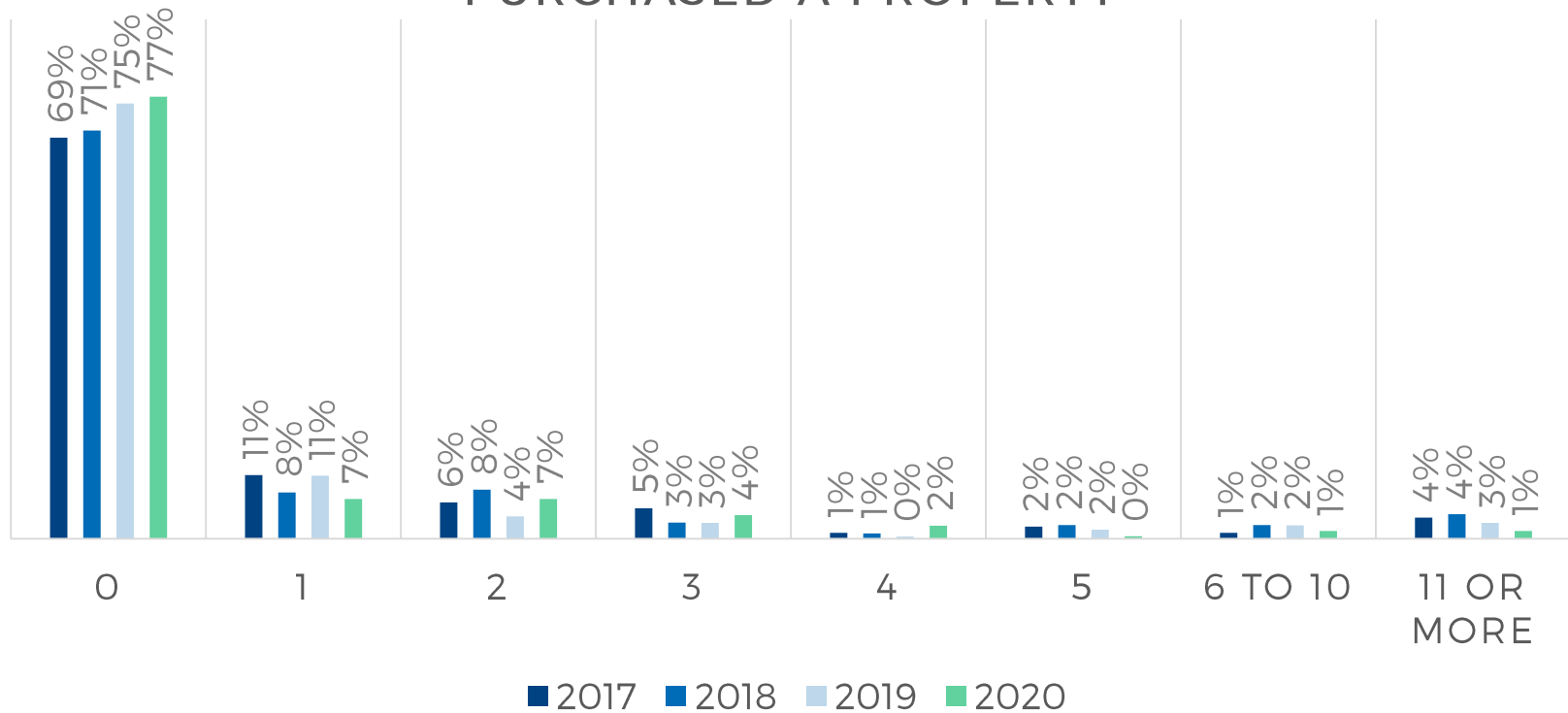


INTERNATIONAL TRANSACTIONS



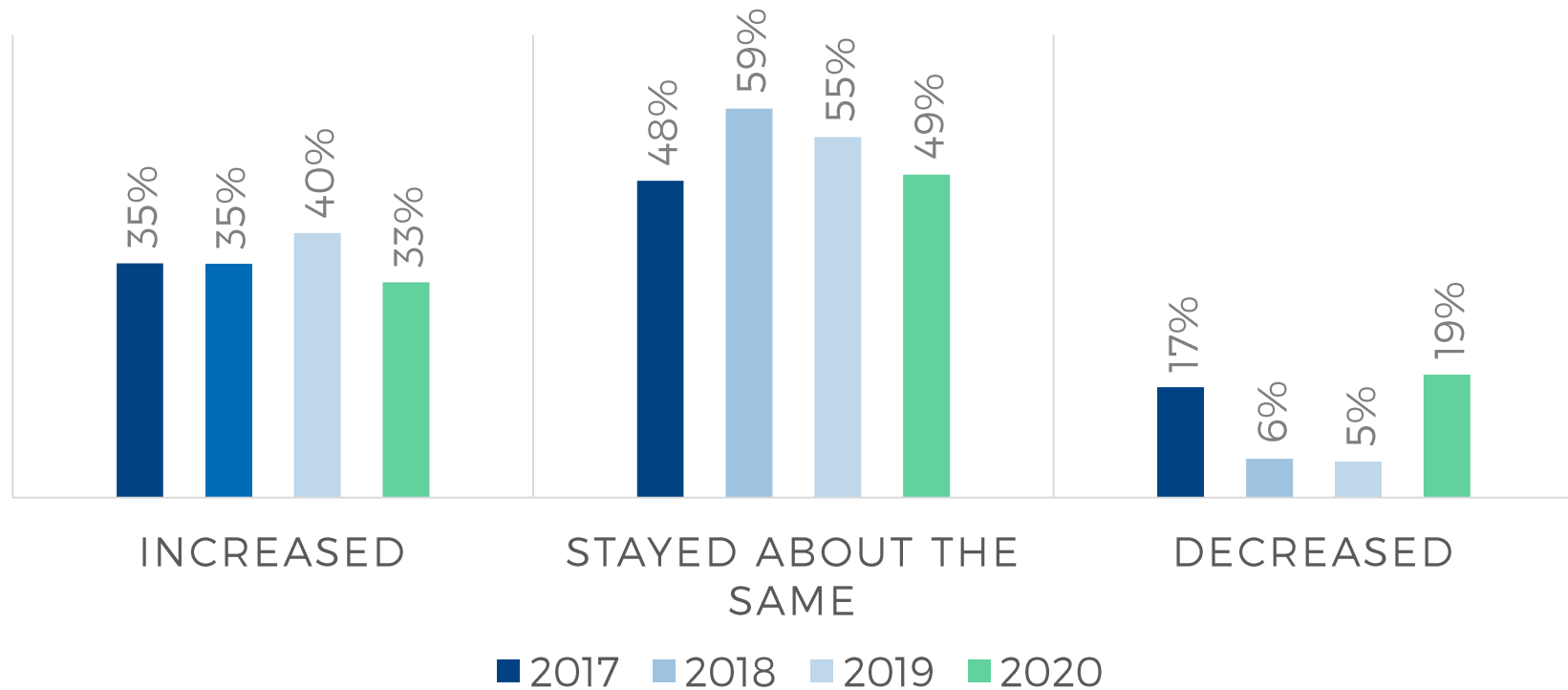
23% of Respondents Worked with at Least One International Client, a Decline from Past Years

NUMBER OF INTERNATIONAL CLIENTS AMONG RESPONDENTS WHETHER OR NOT CLIENT PURCHASED A PROPERTY



Decline in the Fraction of Respondents Who Reported an Increase in International Business in the Past Year*

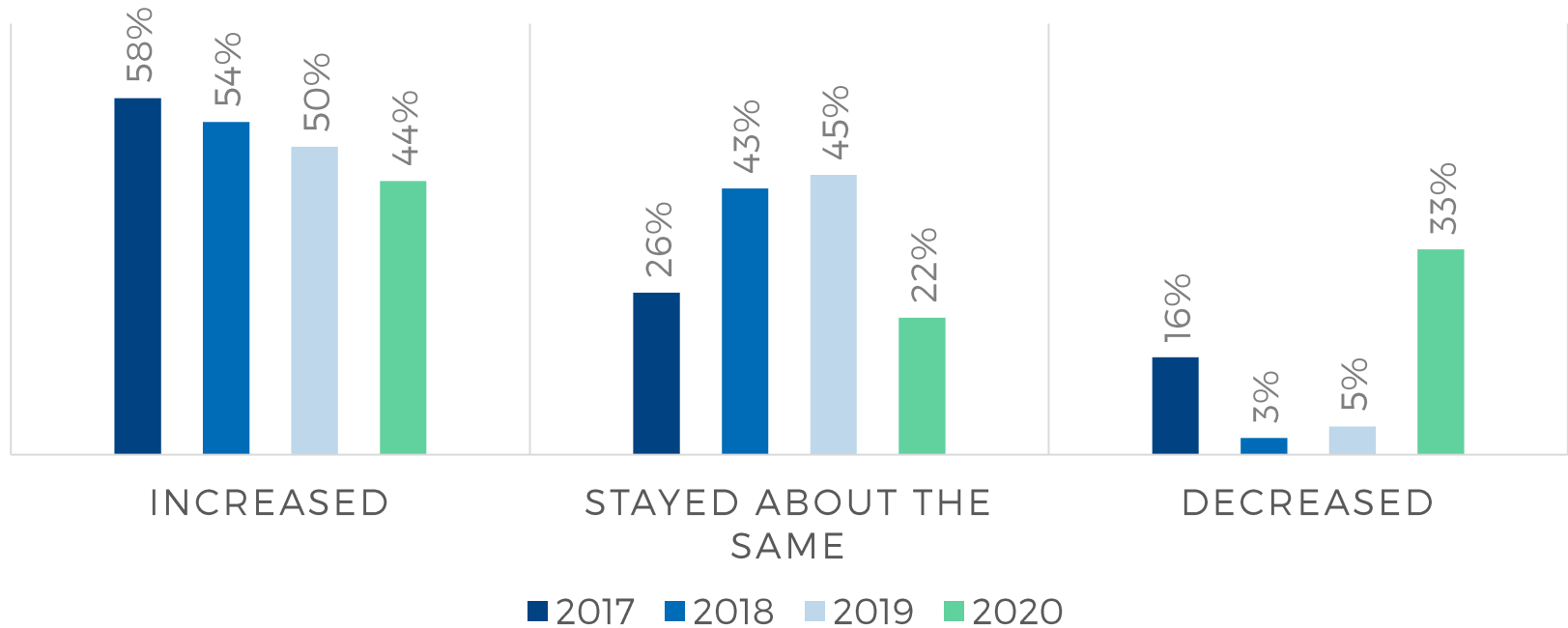
HOW BUSINESS WITH INTERNATIONAL RESIDENTIAL BUYERS HAS CHANGED IN THE PAST YEAR



*Among respondents with at least one year of experience

Decline in the Fraction of Reported Who Reported an Increase in International Business in the Past 5 Years*

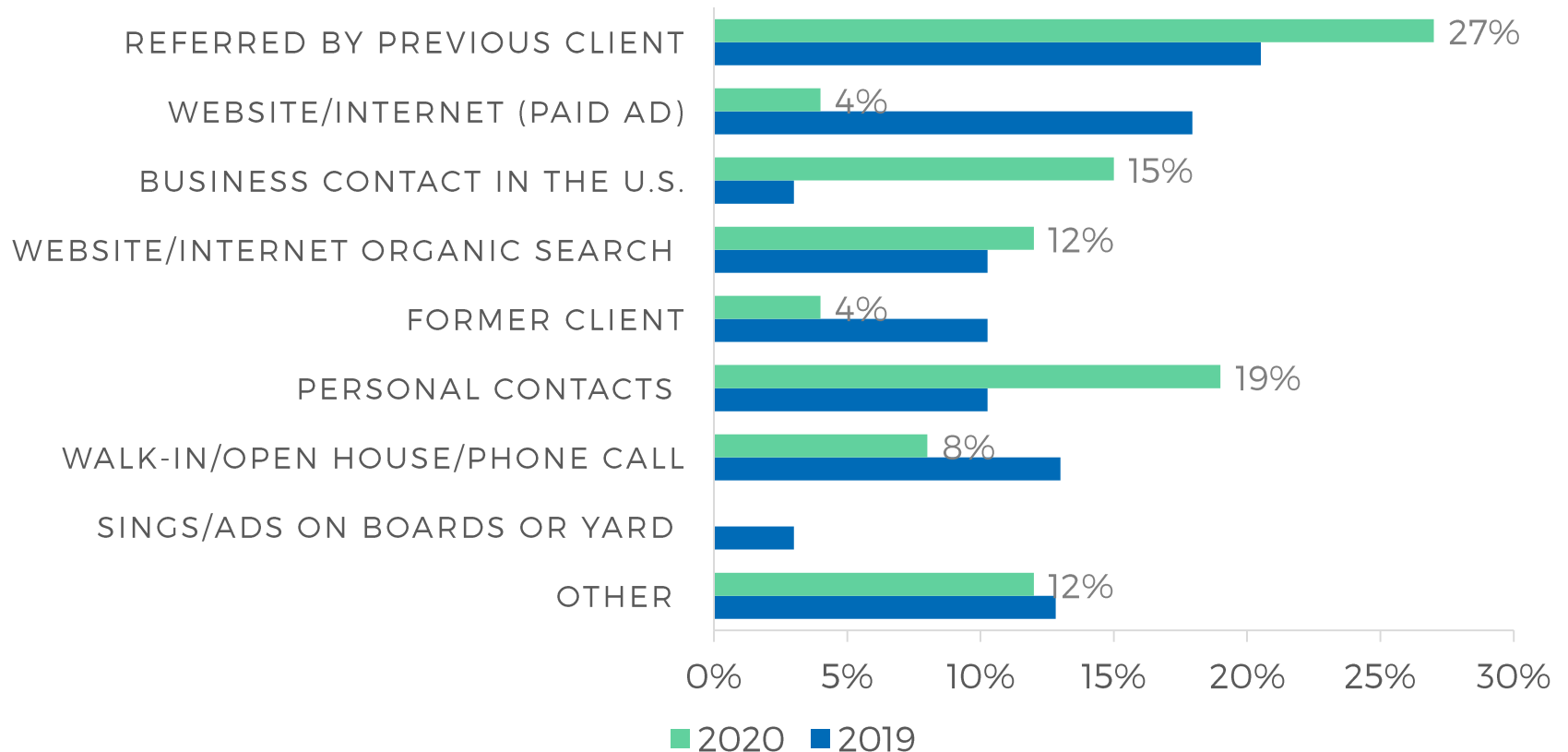
HOW BUSINESS WITH INTERNATIONAL RESIDENTIAL BUYERS HAS CHANGED IN THE PAST FIVE YEARS



*Among respondents with at least five years of experience

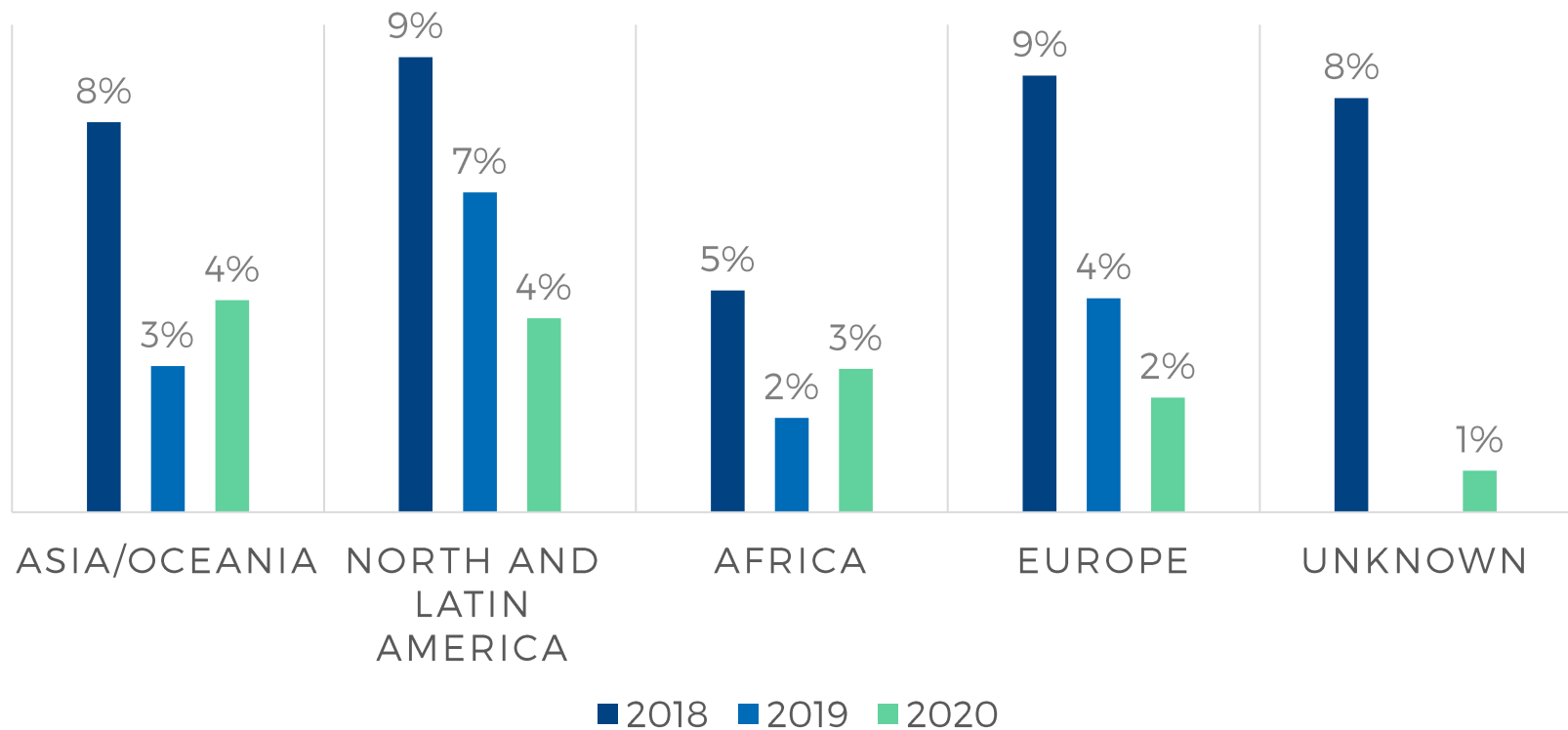
73% of Referrals or Leads Came from Personal/Business Contacts or Were Past Clients

SOURCE OF REFERRALS OR LEADS ON FOREIGN RESIDENTIAL BUYERS

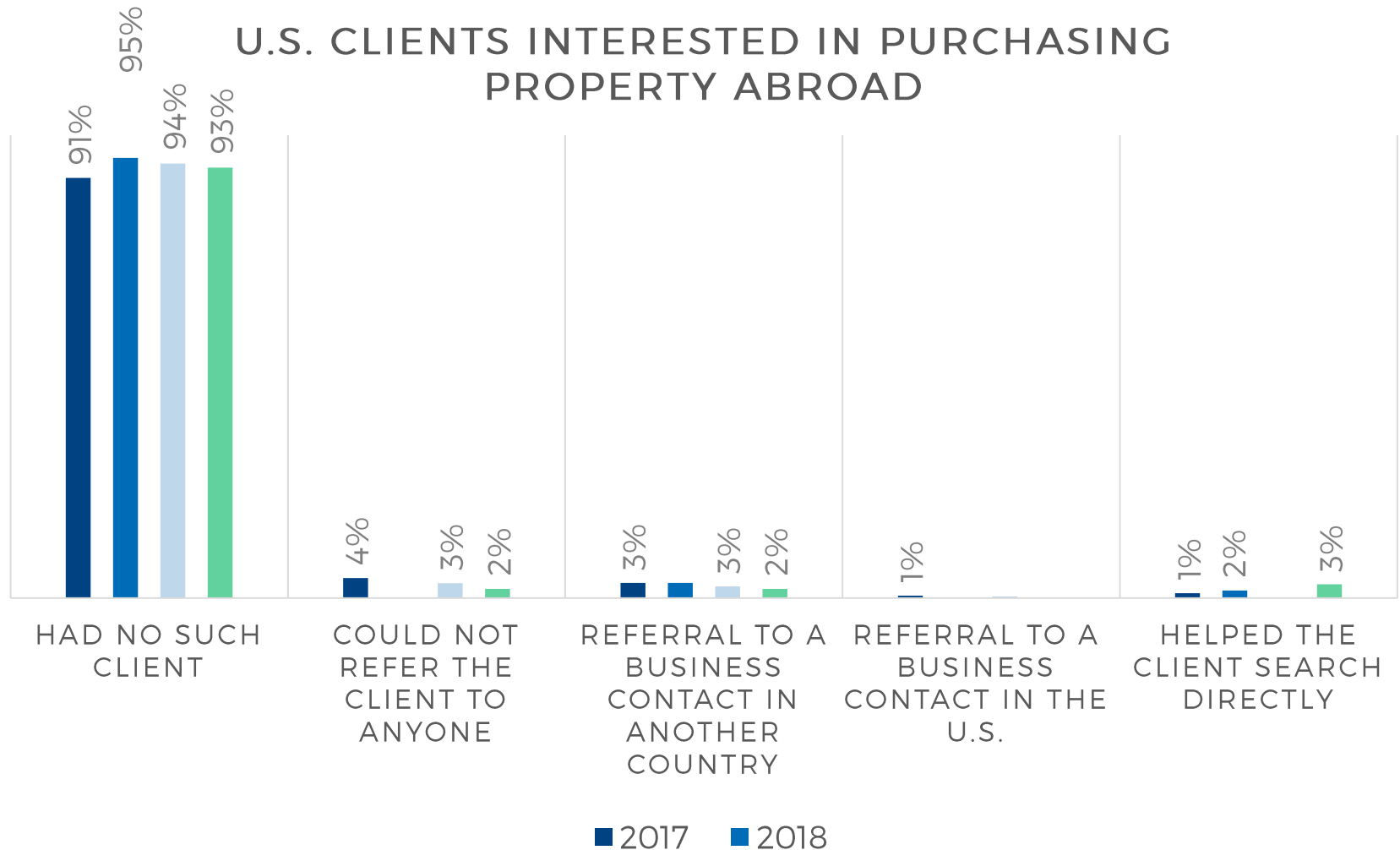


Respondents Also Reported Leasing Transactions with International Clients

PERCENT OF RESPONDENTS WHO REPORTED LEASING TO INTERNATIONAL CLIENTS



7% of Respondents Reported Clients Searching for Property Abroad



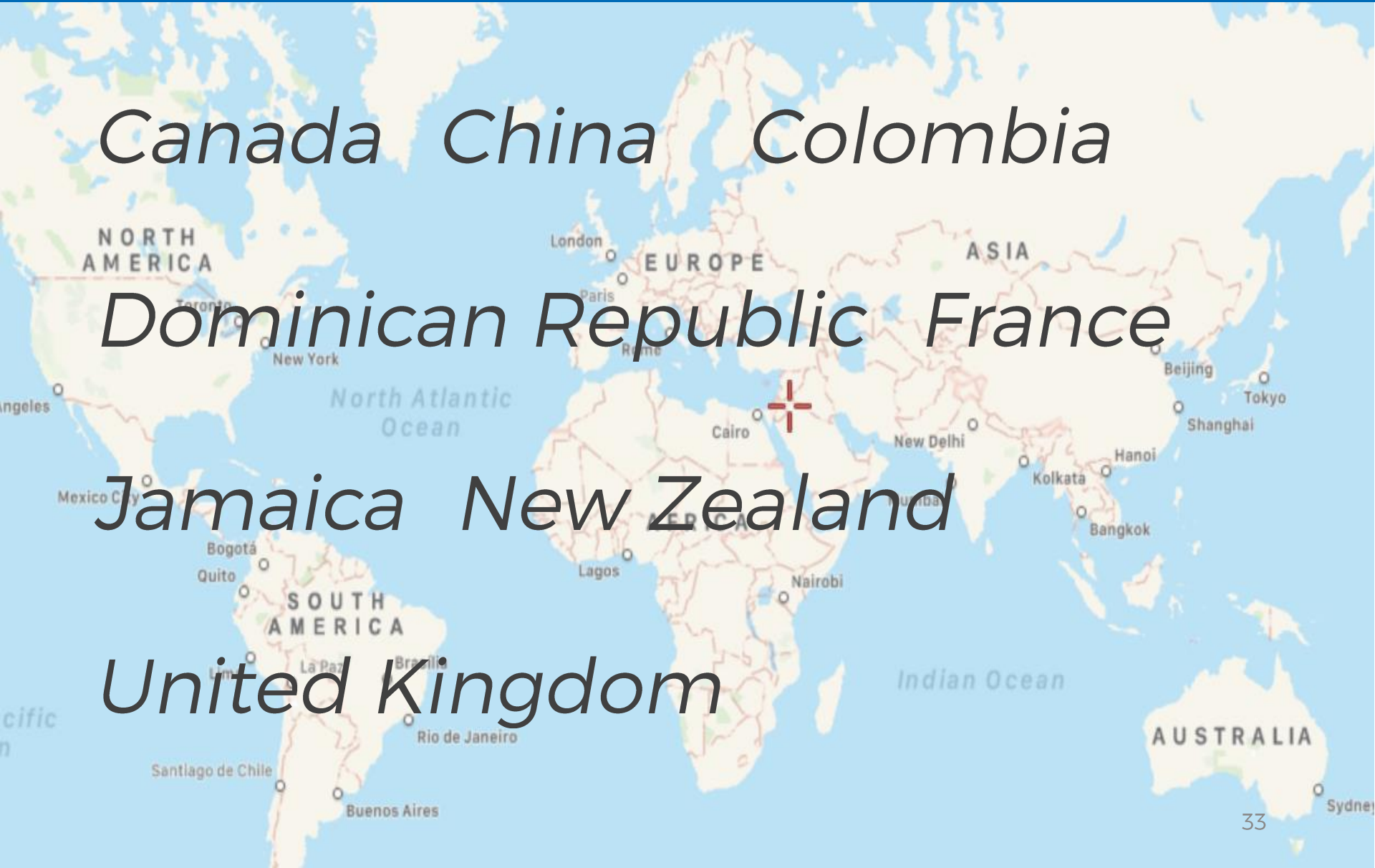
Countries of Interest to Clients Searching for Property Abroad

Canada China Colombia

Dominican Republic France

Jamaica New Zealand

United Kingdom



This study was conducted by the National Association of REALTORS® for the Raleigh Regional Association of REALTORS®.

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RALEIGH REGIONAL ASSOCIATION OF REALTORS®

The Raleigh Regional Association of REALTORS® (RRAR) is the area's voice of real estate.

RRAR Mission Statement

- Promote the highest ethical and professional standards and cooperation among its members.
- Provide products, programs and services to meet the evolving needs of the real estate industry and consumers.
- Serve as a leading advocate of private property rights and community involvement.

RRAR Vision Statement

Anticipating and meeting the opportunities and challenges of our industry.

Raleigh Regional Association of REALTORS®

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NATIONAL ASSOCIATION OF REALTORS®

The National Association of REALTORS® (NAR) is America's largest trade association, representing more than 1.4 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 produce timely, data-driven market analysis and authoritative business intelligence to serve members, and inform consumers, policymakers 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

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