



## **Foreign Buyers and Immigration Expected to Increase Demand for U.S. Housing**

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“Immigration is the best way to increase population, housing supply and prices.” – Alex Nowrasteh

Foreign home buyers and immigrants are predicted to drive future demand for U.S. housing which will help bolster home sales and drive up values, according to the latest news from the National Association of Realtors® (NAR).

The NAR recently sponsored the international real estate forum organized where Danielle Hale, NAR’s managing director of housing research, was joined by Alex Nowrasteh, immigration policy analyst at the Center for Global Liberty and Prosperity at the Cato Institute, had shared their research with the attendees.

Nowrasteh said that the population is rising due partly to an influx of immigrant households which are helping to transform the real estate market. Her states that approximately 321.4 million residents in the U.S., 278.1 million are born here (natives) and the remaining 43.3 million – made up of 20.7 million naturalized citizens and 22.6 million non-citizens – are foreign-born.

“Immigration affects rents and home prices far more than it affects the labor market,” said Nowrasteh. “An expected 1 percent increase in a city’s population produces a 1 percent uptick in rents, while an unexpected increase results in a 3.75 percent rise.”

Nowrasteh explained that the effects of immigration on real estate are localized, with most of the impact felt where immigrants tend to reside: low-to-middle income counties. Each immigrant adds 11.6 cents to housing value within that county. In 2012, 40 million immigrants added roughly \$3.7 trillion to U.S. housing wealth.

Danielle Hale said that more foreigners are investing in U.S. real estate. Over the last seven years, with total foreign buyer transactions have risen dramatically from \$65.9 billion in 2010 to \$102.6 billion in the latest survey.

“A majority of foreign buyers in recent years are coming from China, which surpassed Canada as the top country by dollar volume of sales in 2013 and total sales 2015,” said Hale. “Foreign buyers on average purchase more expensive homes than U.S. residents and are more likely to pay in cash.”

Florida leads the country as the favorite place for foreign buyers with a 22 percent market share; followed by California at 15%, Texas at 10% Arizona or New York – each at 4%. Latin Americans, Europeans and Canadians – who tend to buy for vacation purposes in warm climates

– mostly sought properties in Florida and Arizona. Asian buyers were most attracted to California and New York, while Texas mostly saw sales activity from Latin American, Caribbean and Asian buyers.

“Chinese buyers are once again expected to top all countries in both total dollar volume and overall sales,” said Hale.