



Immigration, foreign buyers shaping the future of US housing market

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Immigrants and foreign buyers will have an increasing impact on the shape of the housing market as time goes on, according to a new study.

Data from the 2015 American Community Survey revealed that out of the 321.4 million residents in the US, 278.1 million are born in the country while 43.3 million – 20.7 million naturalized citizens and 22.6 million non-citizens – are immigrants.

“Immigration affects rents and home prices far more than it affects the labor market,” said Alex Nowrasteh, immigration policy analyst at the Center for Global Liberty and Prosperity at the Cato Institute. “An expected 1% increase in a city’s population produces a 1% uptick in rents, while an unexpected increase results in a 3.75% rise.”

Nowrasteh recently spoke at a National Association of Realtors (NAR) international real estate forum and said that the changes brought about by immigration on real estate are mostly felt on a local level, with most of the impact on low- to middle-income counties.

11.6 cents is added to the housing value of a county per immigrant within it, and in 2012, 40 million immigrants added a whopping \$3.7 trillion to US housing wealth.

Foreign buyers are also pushing the envelope when it comes to the housing market.

Chinese homebuyers are becoming more competitive with their American counterparts, as last year Zillow reported the median Chinese buyer was looking at an American home priced at \$572,000, while the median American homebuyer was looking at a \$253,000 home.

“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 Danielle Hale, managing director of housing research at NAR. “Foreign buyers on average purchase more

expensive homes than U.S. residents and are more likely to pay in cash.”

According to the latest NAR survey, “roughly over half of all foreign buyers purchased property in Florida (22%), California (15%), Texas (10%), Arizona or New York (each at 4%).”

Latin Americans, Europeans and Canadians sought for properties in warm places such as Florida and Arizona, while Asian buyers were attracted to California and New York.