

Commercial Real Estate China, Mexico Lead Countries Buying in U.S.

By Gary Washburn, President, and David Walker, Southland Regional Association of Realtors®. Nearly one-fifth of Realtors® practicing in commercial real estate closed a sale with an international client in 2017, and 35 percent said they have experienced an increase in the number of international clients in the past five years.



Realtor® Gary Washburn, 2018 SRAR President

That was one of the conclusions found in a recent report from the National Association of Realtors, titled 2018 Commercial Real Estate International Business

Trends, which analyzed cross-border commercial real estate transactions made by Realtors during 2017.

The study found that most Realtors who specialize in commercial real estate reside in smaller commercial markets where the typical deal is less than \$2.5 million.

“The profile of smaller commercial markets is continuing to rise as many foreign investors are attracted to smaller-sized properties in secondary and tertiary markets, bringing Realtors confidence that increased sales and leasing activity will continue to occur in 2018,” said Lawrence Yun, NAR chief economist.

“Since 2016, world economies have regained their footing and have pressed toward higher ground. Global economic output increased in 2017, and commercial real estate continues to be a healthy investment for global investors,” Yun said.



Over 60 percent of buyer-side sales were transactions with foreign buyers who primarily reside abroad. Most seller-side transactions (57 percent)

were China (20 percent), Mexico (11 percent), Canada (8 percent) and the United Kingdom (6 percent). While sellers were typically from Mexico (20 percent), China (15 percent), and Brazil and Israel

Seventy percent of international commercial real estate transactions were closed with cash

were of properties sold by clients who were temporarily residing in the U.S. on non-immigrant visas.

The top countries of origin for buyers

(both at 10 percent).

Florida and Texas were the top two states where foreigners purchased and sold commercial property last year, with California being the third most popular buyer and seller destination.

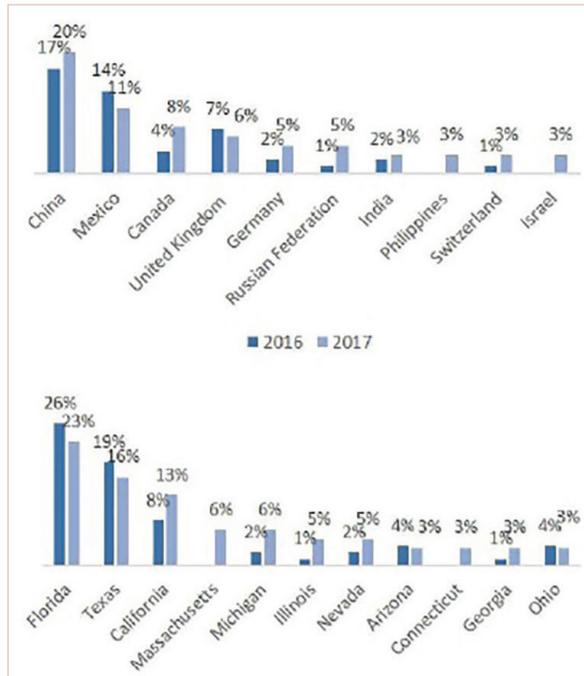
International commercial buyer and seller transactions typically tend to be at the higher end of the market. Last year, the median international buyer-side transaction was \$975,000 and a median seller-side transaction was \$1 million, while the median commercial transaction was \$625,000.

“Realtors’ international clients found U.S. commercial real estate markets to be a good value in 2017.

“About seven in 10 respondents reported that international clients view U.S. prices to be about the same or less expensive than prices in their home country,” Yun stated.

The survey also found that foreign buyers of commercial property typically bring more cash to the table than those purchasing residential real estate. Seventy percent of international transactions were closed with cash, while NAR’s 2017 residential survey found that half of buyers paid in cash.

The Southland Regional Association of Realtors® is a local trade association with more than 10,300 members serving the San Fernando and Santa Clarita Valleys. SRAR is one of the largest local associations in the nation.



International commercial buyers come from across the world: Europe (29 percent), Asia (28 percent), Americas, which includes Canada and Latin America (25 percent), Middle East (12 percent), Oceania (one percent), and from other countries that were not identified by respondents (six percent). By country of origin, the top countries were China (20 percent), Mexico (11 percent), Canada (eight percent), United Kingdom (six percent), and Germany (five percent).

Buyers from the Russian Federation, India, the Philippines, Switzerland, and Israel each accounted for three percent. The top state destinations were Florida (23 percent), Texas (19 percent), and California (13 percent). Other top destinations were Massachusetts, Michigan, Illinois, Nevada, Arizona, Connecticut, Georgia, and Ohio. International commercial buyers purchased across a variety of property types: apartment (20 percent), industrial (20 percent), land (16 percent), retail (13 percent), office (9 percent), hotel (two percent), and other types

Reauthorize National Flood Insurance Now!

Act NOW to avoid another shutdown of the National Flood Insurance Program – It is vital for Realtors and homeowners to urge Congress to reform and reauthorize the NFIP.

Congress has until July 31 to renew NFIP, which under current law must be revisited every three years.

Over 5 million homeowners in 22,000 communities around the country rely on the NFIP to provide flood insurance. In California there is almost 247,000 policies, and just over 21,000 of them in Los Angeles County.



FEMA

The Federal Emergency Management Agency and Congress have never failed to honor the flood insurance contracts in place with NFIP policyholders. In the unlikely event the NFIP’s authorization lapses, FEMA would still have authority to ensure the payment of valid claims with available funds.

However, FEMA would stop selling and renewing policies for millions of properties in communities across the nation.

Nationwide, the National Association of Realtors estimates that a lapse might impact approximately 40,000 home sale closings per month. NFIP reauthorization is an opportunity for Congress to take bold steps to reduce the complexity of the program while transitioning it to a long-term, sounder financial framework that includes much needed reforms to support a robust and lasting NFIP.

The level of damage from the 2017 hurricanes makes it abundantly clear that FEMA needs a holistic plan to ready the Nation for managing the cost of catastrophic flooding under the NFIP.

Follow this link to take action and make sure Congress reauthorizes the National Flood Insurance Program: www.realtorparty.realtor/renewnfip

2018 Homebuyer Grants Awarded

A total of 24 homebuyer grants of \$2,500 each have been awarded by the Southland Regional Association of Realtors, bringing the 2018 program to a close.

The grants were awarded to recent college graduates. They were offered on a first-come, first-serve basis in partnership with the California Association of Realtors’ Housing Affordability Fund.

Several applicants were turned away, however, check this page in early 2019 for details of the new program. Applicants must meet certain requirements, along with income limitations, and the home must be owner occupied. Each grant can be used to defray closing costs in the purchase of a home using the services of a member of the Southland Regional Association of Realtors.

Frank Chavoya, fourth from left, used the grant to defray closing costs on the purchase of a home in Upland.



Realtor Rosemary Estrada, third from left, facilitated the purchase. Pictured with Chavoya are Tim Johnson, left, SRAR’s chief executive officer, Nancy Starczyk, second from right, and Gary Washburn, right, the 2017 and 2018 presidents of the 10,300-member Southland Regional Association of Realtors.



THE VOICE FOR REAL ESTATE IN THE SAN FERNANDO AND SANTA CLARITA VALLEYS

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