

# INLAND VALLEYS REALTOR®

THE OFFICIAL PUBLICATION OF THE INLAND VALLEYS ASSOCIATION OF REALTORS®

## 84 Percent of Americans See Homeownership as Good Investment, Affordability a Growing Concern

FOR MORE INFORMATION GO TO PAGE 17





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# As Homeownership Slips out of Range for Many, REALTORS® Continue Work to Find Solutions



FRANK LICEA,  
2017 IVAR PRESIDENT

The REALTOR® Party supports homeownership and the American Dream. That sentiment is one of the core principles of what we work on daily as real estate professionals and professional organizations engaged in the public policy debate in California.

Unfortunately, homeownership and the American Dream are slipping away from more and more Californians. Across our state, we see fewer people living in a home they own. With that, we see fewer Californians invested in their neighborhood, building equity, establishing financial stability and finding a cornerstone for their families and futures.

The homeownership rate in California is slipping into the lower end of the 50 percent range. That is driving into the lowest levels since the Baby Boom generation entered the world and homeownership became a key part of the middle-class lifestyle.

The housing crash and financial crisis of a decade ago left the impression that California had over-invested in building housing. In reality, California was simply keeping up with its growing population. When the economy went bust, we no longer had the means to keep up.

Yet children continued to be born and grow up. As the economy has improved, people got back to work. Now we see a state with more than a million households with the income to buy but who are not entering the ranks of homeownership.

The solution is supply. Housing markets aren't exactly like every other product. However, the laws of supply and demand still hold. People are often tempted to blame landlords or builders for the cost of rents or

homes. In reality, homes lease and sell for precisely what consumers are willing to pay. When you have a shortage of something people want and need – water, food, shelter – the prices go up.

According to the California Department of Housing and Community Development, our state is building less than half the homes necessary to meet demand. This means that each year we are making life more difficult on working class families. We are locking California families out of homeownership.

What's most disturbing is that we're doing it to ourselves. Homeownership is falling in an era with 30-year, fixed-rate mortgages in the 4 percent range. Homeownership is falling in an era when the unemployment rate is below 5 percent and even below 2006 levels. Wages are rising alongside the falling unemployment rate.

Those favorable winds won't last. They never have. We have to be concerned about what happens to homeownership levels when find the downside of the business cycle again.

On the bright side, California is starting to take this seriously. State and local lawmakers are pushing ideas forward that can open up new construction and begin to address our deficit. REALTORS®, concerned about how these issues affect our hopeful clients daily, are part of that discussion.

In the coming year, look for announcements on a series of initiatives that can have a real impact on homeownership and affordability across California. IVAR intends to be part of the solution to ensure that the American Dream of homeownership remains an attainable goal of the middle class.



# THE SKY'S THE LIMIT

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## Government Affairs Updates



PAUL HERRERA,  
GOVERNMENT AFFAIRS DIRECTOR

### Local: IVAR Member Anthony Jones Launches Campaign for San Bernardino Unified School District

Anthony Jones, an IVAR member and REALTOR® at Century 21 Showcase in Highland has announced plans to run for a seat on the San Bernardino Unified School District Board of Education.

Anthony, a lifelong resident of San Bernardino, will be on the ballot this coming November seeking one of three at-large positions.

### Federal: REALTORS® Win Important Protections in New Flood Insurance Program Bill

In July, the National Association of REALTORS® announced that it could now support legislation to strengthen and re-authorize the National Flood Insurance Program. The shift followed important changes to the legislation to protect homeowners from significant rate increases and other improvements sought by NAR.

The new draft bill retains “grandfathering” policies that protects homeowners from rate spikes when flood maps change. It also further limits the amount of proposed increases to fees and rates. It also removes provisions that would have largely removed protections against major cost increases beginning in 2021.

NAR President William E. Brown thanked lawmakers for their work to improve the NFIP reauthorization bills and urged all parties to move swiftly to meet the Sept. 30th deadline.

“The changes to the 21st Century Flood Reform Act will help give certainty to homeowners who have brought their property to code and have done their part to protect it against flood risk. It’s a fair and reasonable approach that recognizes the need for accessible, affordable flood insurance, while taking us one step closer towards reauthorization.”

### State: Senate passes SB 2, Bill heads to Assembly

In May, the California State Senate approved SB 2, the Building Jobs and Homes Act. This bill, which still requires approval by the Assembly and Governor Jerry Brown, would impose a new \$75 documentary tax on many real-estate-related, recorded documents. The new fees are capped at \$225 and do not include documents that are part of a sales transaction.

The C.A.R.-supported legislation would generate hundreds of millions in additional funds each year toward affordable housing initiatives in California. The bill includes a provision that would set aside 20 percent of the funds toward owner-occupied workforce housing.

Other funds would support existing affordable housing programs, including subsidized rental housing and support development of more affordable housing throughout California.

# Support our Mission, Support the REALTOR® Party

The most important thing each member can do to support our government affairs work is to stay informed and help spread the word on important issues to your colleagues, clients, friends and neighbors. Nothing is more important than your time, including the time you devote to making your voice heard at the ballot box each election day.

Our work is supported through voluntary contributions made by members to the REALTOR® Action Fund. These annual contributions of \$49 or more help ensure that we have the resources to research important issues, communicate with our members and mobilize our industry to have the impact necessary to make a difference.

You can make a contribution as you renew your membership – or anytime by going to [www.car.org/governmentaffairs/raf](http://www.car.org/governmentaffairs/raf).

Questions? Comments? You can reach Paul Herrera, Government Affairs Director, at [pherrera@ivaor.com](mailto:pherrera@ivaor.com) or on his cell phone at 951-500-1222.



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## CFPB Formalizes Rule That Agents May Receive Closing Disclosures

Real estate professionals are now officially entitled to receive a copy of the closing disclosure from lenders, the Consumer Financial Protection Bureau (CFPB) has announced. While agents had traditionally used information in the HUD-1 disclosure form to advise their clients during transactions, some lenders, concerned with the new TRID (TILA-RESPA Integrated Disclosure) rules and privacy concerns, stopped providing the form.

About a year ago, the National Association of REALTORS® obtained an informal clarification from the CFPB that it is usual, accepted, and appropriate for creditors and settlement agents to provide a Closing Disclosure to consumers, sellers, and their real estate brokers or other agents in accordance with the existing exception within the Gramm-Leach-Bliley Act (GLBA) allowing lenders to share the CD with third parties.

The CFPB's recent action makes it official and finalizes the rule. The CFPB recognizes the CD as a "record of the transaction," which is "informative to real estate agents and others representing both the consumer credit and real estate portions of residential real estate sales transactions." The CFPB notes that CD sharing is permissible to the extent it is consistent with GLBA and is not barred by applicable State law.

## Copyright Judgment Against Zillow Upheld in Part

A lower court ruling against Zillow for copyright infringement has been upheld in favor of VHT Inc., a company that contracts with real estate professionals to produce listing photos for marketing purposes (VHT, Inc. v. Zillow Group, Inc. et al). Zillow now owes VHT \$4 million (reduced from \$8.3 million) for the misuse of more than 2,700 of the company's photographs.

VHT had authorized the use of the photos for currently marketed properties. However, Zillow's use of the photos after the properties were no longer on the market on its Zillow Digs website for residential design, home improvement and remodeling ideas, as opposed to actual listings, violated VHT's copyright terms.

This ruling is a reminder that marketing photos receive copyright protection. In a digital world, agents should be aware that images displayed online are not public domain and require licensing. Per the MLS model rules, by submitting a photo to the MLS, an agent is warranting that they either own the photo or have procured the rights from the appropriate party to reproduce it. Use of a photo by a subsequent listing agent requires prior written authorization from the originating listing agent or the appropriate party.

## DFEH Reaches Agreement with AIRBNB Host Who Cancels Reservation Citing Renter's Race

Affirming that the California Department of Fair Employment and Housing (DFEH) is serious about its work, the DFEH recently announced that it has reached an agreement with a former AIRBNB host who had cited the guest's race as the reason for canceling a previously booked reservation. The host issued a personal apology, agreed to attend training, participate in community education, and to report rental data to DFEH for four years. Additionally, the host paid a \$5,000 fine and was permanently banned by AIRBNB from using its online platform.

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# Housing Data Report June 2017

The Voice of Real Estate in the Inland Empire<sup>SM</sup>



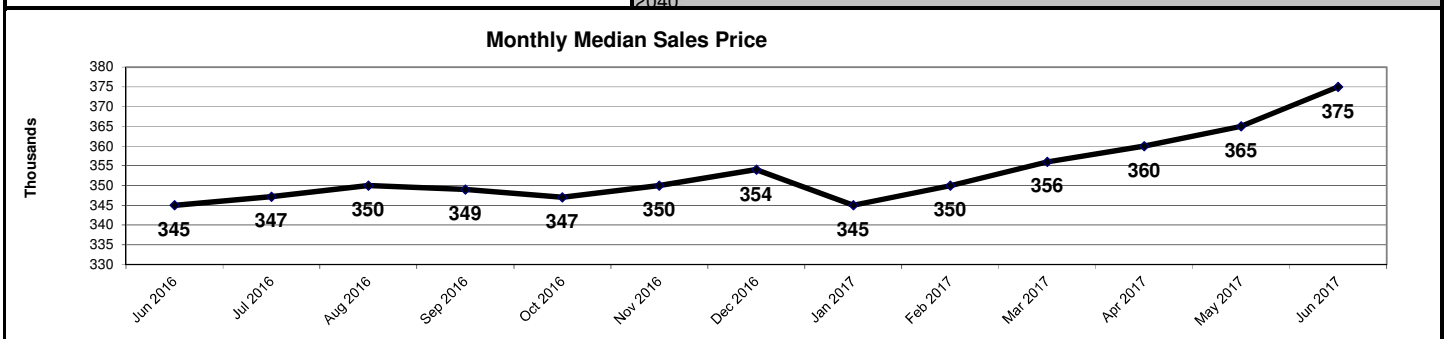
A report brought to you by the Inland Valleys Association of REALTORS® (IVAR)  
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## Mark Dowling, Chief Executive Officer

- Strong demand with limited housing supply is driving an aggressive "Seller's market" real estate market. When comparing year-to-date housing data from (Jan-June 2016 vs. Jan-June 2017) there were strong increases in Sold Listings (up 7.2%), Sales Volume (up 15.4%) and Pending Sales (up 17%). However, New Listings continue to lag with a 6.8% decrease.
- Heightened demand has also caused a reduction in "Combined Days on Market" which has decreased 50% year-over-year. Moreover, roughly one-third of the homes sold were on the market less than two weeks.
- Median Sales prices took another jump in June coming in at \$375,000, which is a 8.7% increase compared to June, 2016.
- Following a robust 2016 housing market, the mid-way point of 2017 reflects a very strong demand for housing demonstrated through increased Sold Listings, Sales Volume and Median Sales Prices, and a drastic reduction of Days on Market for homes.



		Jun-2016	Jun-2017	Annual Change
<b>Monthly New Listings</b> 	New Listings	5,598	5,220	↓ -6.8%
	Pending Sales	3,869	4,525	↑ 17.0%
	Sold Listings	4,316	4,628	↑ 7.2%
	Median Sales Price	\$345,000	\$375,000	↑ 8.7%
	Sales Volume (\$M)	\$1,621	\$1,872	↑ 15.4%
<b>Monthly Closed Listings</b> 	Price/Sq.Ft.	\$187	\$204	↑ 9.0%
	Sold \$/List \$	99.11%	100.00%	↑ 0.9%
	Days on Market	42	14	↓ -66.7%
	CDOM	50	15	↓ -70.0%
	All data used to generate these reports comes from the California Regional Multiple Listing Service, Inc. If you have any questions about the data, please call the CRMLS Customer Service Department between the hours of 8:30am to 9:00pm Monday thru Friday or 10:00am to 3:00pm Saturday and Sunday at 800-925-1525 or 909-859-2040.			

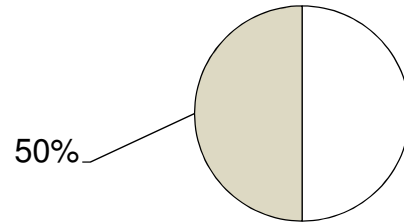


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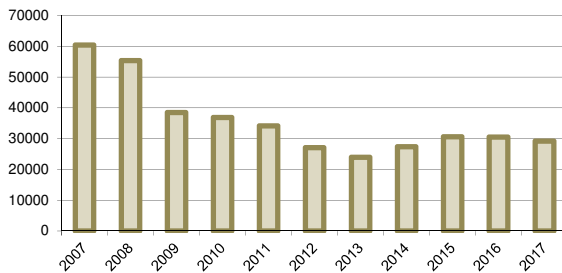
We are 6 months through the year:

The statistics shown below are for all 6 months of the years represented.

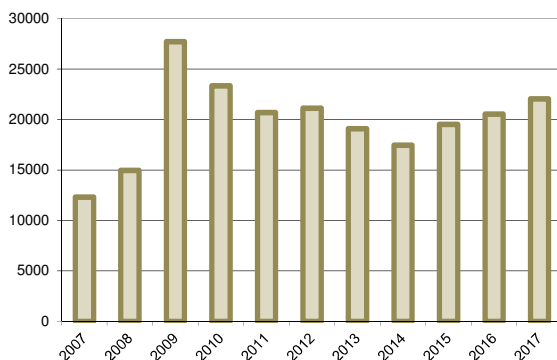
Month to month comparisons give you a quick way to see what is recently changing in the region. However, by comparing Year-To-Date (YTD) information across several years, you can observe more significant trends.



YTD New Listings



YTD Closed Listings

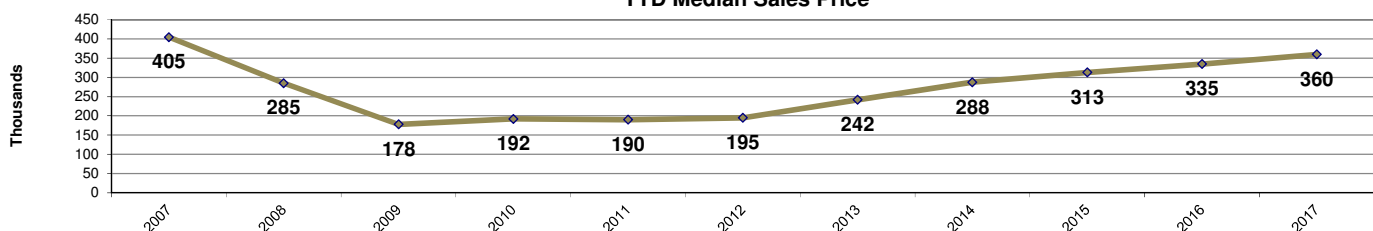


	Jan-Jun 2016	Jan-Jun 2017	Year-Over-Year Change
New Listings	30,522	29,219	↓ -4.3%
Pending Sales	22,575	24,587	↑ 8.9%
Sold Listings	20,544	22,033	↑ 7.2%
Median Sales Price	\$335,000	\$360,000	↑ 7.5%
Sales Volume (\$M)	\$7,460	\$8,562	↑ 14.8%
Price/Sq.Ft.	\$186	\$199	↑ 7.0%
Sold \$/List \$	98.69%	99.25%	↑ 0.6%
Days on Market	46	23	↓ -50.0%
CDOM	55	27	↓ -50.9%

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YTD Median Sales Price



## Jun 2017 City Overview

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As a service and convenience to our members, IVAR is pleased to offer several "Quick Look" reports. This is one more way for IVAR members to stay informed with minimal effort.

The following monthly data shows "YEAR-OVER-YEAR" (YOY) changes as well as current conditions in the real estate market

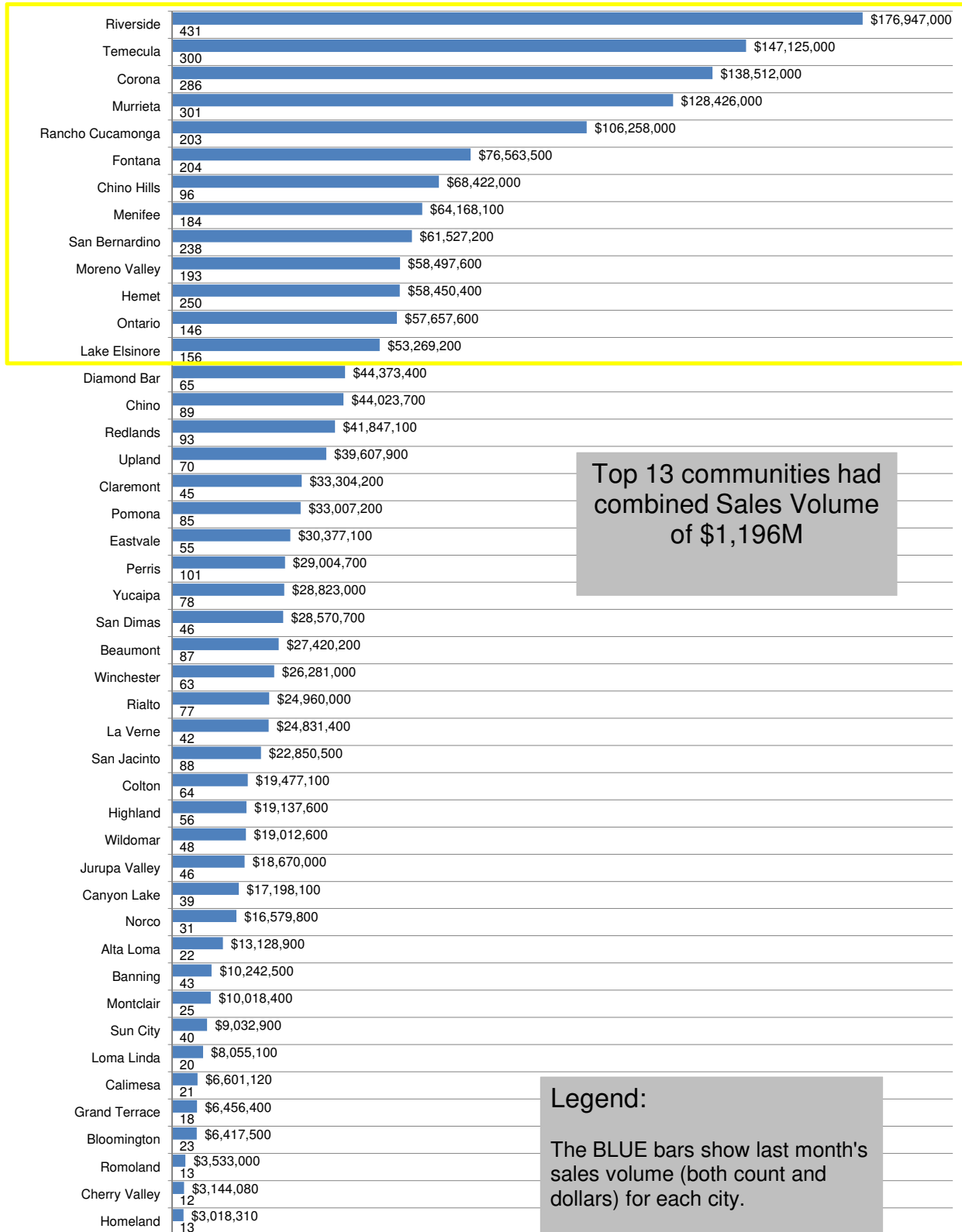
	YOY Sales Transactions	YOY Median Sales Price %	Median Sales Price \$	Inventory	Price per Sq.Ft.	Total Days on Market
Alta Loma	83%	5%	\$ 560,000	22	\$ 277	14
Banning	-7%	6%	\$ 241,750	53	\$ 176	20
Beaumont	-15%	9%	\$ 315,000	111	\$ 155	22
Bloomington	28%	2%	\$ 280,000	33	\$ 226	13
Calimesa	24%	-2%	\$ 310,000	13	\$ 186	15
Canyon Lake	77%	5%	\$ 399,900	45	\$ 206	40
Cherry Valley	100%	24%	\$ 219,777	8	\$ 170	15
Chino	7%	7%	\$ 465,000	109	\$ 263	13
Chino Hills	9%	11%	\$ 621,111	93	\$ 325	12
Claremont	15%	2%	\$ 660,000	33	\$ 356	23
Colton	56%	21%	\$ 285,000	75	\$ 191	12
Corona	24%	4%	\$ 455,000	284	\$ 238	14
Diamond Bar	2%	8%	\$ 625,000	84	\$ 356	13
Eastvale	-31%	9%	\$ 544,196	59	\$ 192	13
Fontana	-5%	-1%	\$ 365,000	246	\$ 213	18
Grand Terrace	50%	21%	\$ 349,000	22	\$ 205	14
Hemet	-3%	8%	\$ 233,900	239	\$ 144	15
Highland	-20%	15%	\$ 344,000	74	\$ 189	15
Homeland	63%	51%	\$ 250,000	10	\$ 142	25
Jurupa Valley	28%	3%	\$ 405,000	64	\$ 199	20
La Verne	24%	-8%	\$ 580,000	35	\$ 339	20
Lake Elsinore	30%	6%	\$ 348,000	138	\$ 170	19
Loma Linda	43%	14%	\$ 420,000	14	\$ 218	13
Menifee	3%	9%	\$ 355,000	195	\$ 167	13
Montclair	79%	13%	\$ 405,000	30	\$ 283	26
Moreno Valley	-4%	4%	\$ 297,000	226	\$ 177	12
Murrieta	-1%	6%	\$ 404,000	253	\$ 183	15
Norco	19%	6%	\$ 529,999	33	\$ 267	23
Ontario	-1%	12%	\$ 392,000	136	\$ 263	11
Perris	17%	14%	\$ 290,000	129	\$ 144	12
Pomona	10%	9%	\$ 380,000	88	\$ 289	14
Rancho Cucamonga	37%	7%	\$ 464,000	220	\$ 263	17
Redlands	4%	7%	\$ 390,000	95	\$ 233	12
Rialto	-13%	12%	\$ 320,000	99	\$ 209	18
Riverside	6%	7%	\$ 375,000	547	\$ 223	18
Romoland	86%	33%	\$ 305,000	13	\$ 165	15
San Bernardino	-2%	11%	\$ 255,000	300	\$ 183	16
San Dimas	24%	3%	\$ 580,000	32	\$ 337	12
San Jacinto	13%	10%	\$ 260,000	81	\$ 130	11
Sun City	14%	2%	\$ 216,400	30	\$ 172	18
Temecula	22%	1%	\$ 435,000	255	\$ 209	11
Upland	-18%	6%	\$ 540,000	83	\$ 265	18
Wildomar	-16%	11%	\$ 390,000	58	\$ 156	23
Winchester	5%	9%	\$ 415,000	71	\$ 160	23

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## Jun 2017 - Sales Volume per City

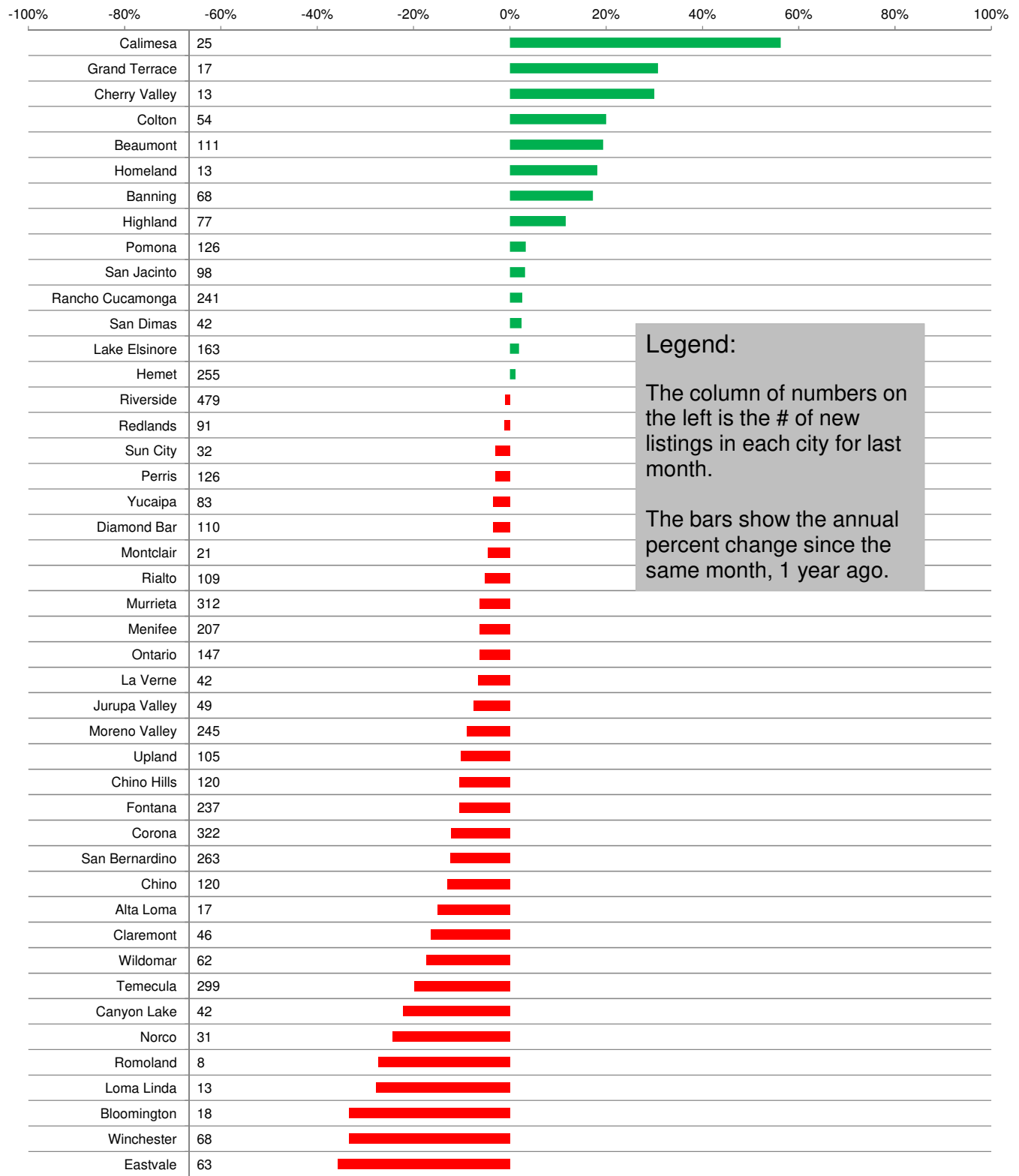
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## Jun 2017 - Top Communities with New Listings (year-over-year)

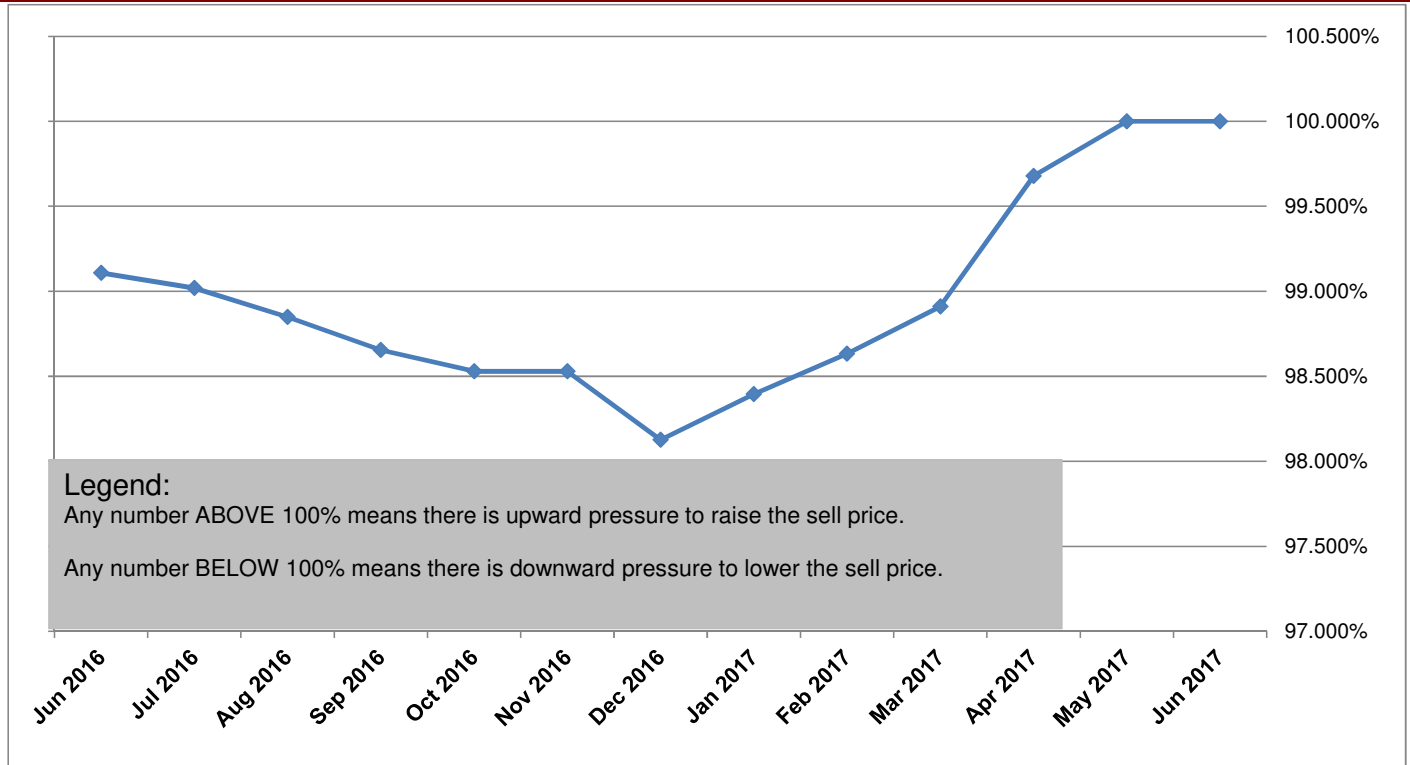
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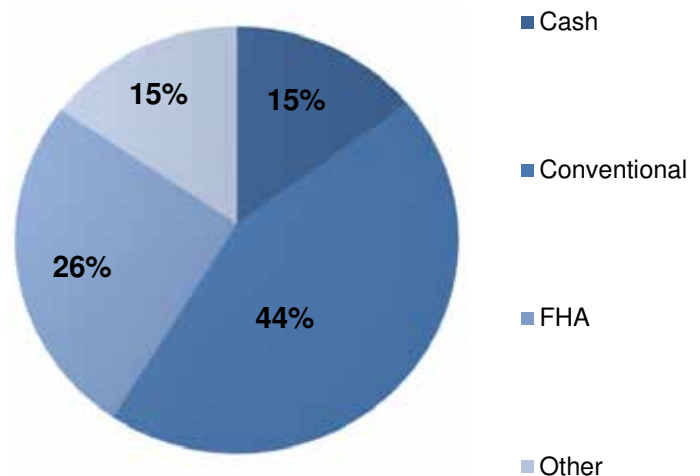


### This report is brought to you by IVAR:

As a service to the more than 4 million residents of the Inland Empire, the **Inland Valleys Association of Realtors®** is proud to distribute this data report on the housing market in the 50 communities served by our Realtor Members.

The core purpose of IVAR is to help its members become more professional and profitable, while promoting and protecting real property rights.

### Finance Type



# 84 Percent of Americans See Homeownership as Good Investment, Affordability a Growing Concern



*MEDIA CONTACT: COLE HENRY / 202-383-1290*

WASHINGTON (July 12, 2017) — According to the National Association of Realtors'® 2017 National Housing Pulse Survey, concerns over housing affordability show clear demographic divides especially among unmarried and non-white Americans. More than five out of 10 unmarried and non-white Americans view the lack of available affordable housing as a big problem, compared to only 40 percent of married and white Americans.

The survey, [www.nar.realtor/reports/housing-pulse-surveys](http://www.nar.realtor/reports/housing-pulse-surveys), measures consumers' attitudes and concerns about housing issues in the nation's 25 largest metropolitan statistical areas and found that 84 percent of Americans now believe that purchasing a home is a good financial decision - the highest number since 2007. Yet six in 10 said that they are concerned about affordability and the rising cost of buying a home or renting in their area. Housing affordability was ranked fourth in the top-five issues Americans face in their area behind the lack of affordable health care; low wages and debt making it hard to save; and heroin and opioid drug abuse, and ahead of job layoffs and employment.

Nationally, 44 percent of respondents categorized the lack of available affordable housing as a very big or fairly big problem. In the top 25 densest markets, more than half see the lack of affordable housing as a big problem, an increase of 11 percentage points from the 2015 National Housing Pulse Survey. Low-income Americans, renters and young women most acutely feel the housing pinch. There is also greater concern about affordable housing among the working class (65 percent) than for public servants such as teachers, firefighters or police (55 percent).

"Despite the growing concern over affordable housing, this survey makes it clear that a strong majority still believe in homeownership and aspire to own a home of their own. Building equity, wanting a stable and safe environment, and having the freedom to choose their neighborhood remain the top reasons to own a home," says NAR president William E. Brown, a second-generation Realtor® from Alamo, California and founder of Investment Properties.

Eight out of 10 believe that the most important financial reason to own a home is that the money spent on housing goes towards building equity rather than to a property owner. Paying off a mortgage and owning a home by the time you retire is the next most important financial reason for buying a home followed by ownership being a good investment opportunity to build long-term wealth and increase net worth.

When asked about the amount of down payment needed for a mortgage, four in 10 respondents believe that a down payment of 15 percent or more is necessary. Seventy percent feel that a reasonable down payment should be 10 percent or less, according to the survey. Misperceptions about higher down payment requirements were most prevalent in bigger cities and by older adults.

Apparent confusion about down payment requirements most likely added to non-owners concerns about affordability. NAR's Profile of Home Buyers and Sellers found that the median down payment for first-time buyers has been 6 percent for three straight years and 14 percent for repeat buyers in three of the past four years.

Over 50 percent of respondents strongly agree that homeownership helps build safe and secure neighborhoods and provides a stable and safe environment for children and family members.

The survey also found that four in 10 Americans say paying their rent or mortgage is a strain on their budget. Those most likely to say their mortgage is a strain have incomes under \$60,000, are residents of New York City or the Pacific coast, are under the age of 50 and non-white. Just over half, 51 percent, of respondents said they were willing to strain their budget for a better living environment and would pick a neighborhood with better schools and job opportunities even if housing prices are a bigger strain on their budget. Those most willing to strain their budget are disproportionately married, upper income and living in the suburbs. Overspending on homes is more prevalent in Northeastern cities (36 percent), the Mountain West (34 percent) and the Pacific coast (33 percent).

# Foreign U.S. Home Sales Dollar Volume Surges 49 Percent to Record \$153 Billion



MEDIA CONTACT: ADAM DESANCTIS / 202-383-1178

WASHINGTON (July 18, 2017) – Fueled by a substantial increase in sales dollar volume from Canadian buyers, foreign investment in U.S. residential real estate skyrocketed to a new high, as transactions grew in each of the top five countries where buyers originated.

This is according to an annual survey of residential purchases from international buyers released today by the National Association of Realtors®, which also revealed that nearly half of all foreign sales were in three states: Florida, California and Texas.

NAR's 2017 Profile of International Activity in U.S. Residential Real Estate, <https://www.nar.realtor/topics/profile-of-international-home-buying-activity>, found that between April 2016 and March 2017, foreign buyers and recent immigrants purchased \$153.0 billion of residential property, which is a 49 percent jump from 2016 (\$102.6 billion) and surpasses 2015 (\$103.9 billion) as the new survey high<sup>1</sup>. Overall, 284,455 U.S. properties were bought by foreign buyers (up 32 percent from 2016), and purchases accounted for 10 percent of the dollar volume of existing-home sales (8 percent in 2016).

"The political and economic uncertainty both here and abroad did not deter foreigners from exponentially ramping up their purchases of U.S. property over the past year," said Lawrence Yun, NAR chief economist. "While the strengthening of the U.S. dollar in relation to other currencies and steadfast home-price growth made buying a home more expensive in many areas, foreigners increasingly acted on their beliefs that

the U.S. is a safe and secure place to live, work and invest."

Although China maintained its top position in sales dollar volume for the fourth straight year, the significant rise in foreign investment in the survey came from a massive hike in activity from Canadian buyers. After dipping in the 2016 survey to \$8.9 billion in sales (\$11.2 billion in 2015), transactions from Canadians this year totaled \$19.0 billion – a new high for Canada.

Yun attributes this notable rise in activity to Canadians opting to buy property in U.S. markets that are expensive but still more affordable than in their native land. While much of the U.S. continues to see fast price growth, home price gains in many cities in Canada have been steeper, especially in Vancouver and Toronto.

"Inventory shortages continue to drive up U.S. home values, but prices in five countries, including Canada, experienced even quicker appreciation<sup>2</sup>," said Yun. "Some of the acceleration in foreign purchases over the past year appears to come from the combination of more affordable property choices in the U.S. and foreigners deciding to buy now knowing that any further weakening of their local currency against the dollar will make buying more expensive in the future."

Foreign buyers typically paid \$302,290, which was a 9.0 percent increase from the median sales price in the 2016 survey (\$277,380) and above the sales price of all existing homes sold during the same period (\$235,792). Approximately 10 percent of foreign buyers paid over \$1 million, and 44 percent of transactions were all-cash purchases (50 percent in 2016).

Foreign sales rise in top five countries; three states account for nearly half of all purchases

Buyers from China exceeded all countries by dollar volume of sales at \$31.7 billion, which was up from last year's survey (\$27.3 billion) and topped 2015 (\$28.6 billion) as the new survey high. Chinese buyers also purchased the most housing units for the third consecutive year (40,572; up from 29,195 in 2016).

Rounding out the top five, the sales dollar volume from buyers in Canada (\$19.0 billion), the United Kingdom (\$9.5 billion), Mexico (\$9.3 billion) and India (\$7.8 billion) all increased from their levels one year ago.

This year's survey once again revealed that foreign buying activity is mostly confined to three states, as Florida (22 percent), California (12 percent) and Texas (12 percent) maintained their position as the top destinations for foreigners, followed by New Jersey and Arizona (each at 4 percent). Florida was the most popular state for Canadian buyers, Chinese buyers mostly chose California, and Texas was the preferred state for Mexican buyers.

Sales to resident foreigners and non-residents each reach new peak

The upswing in foreign investment came from both recent immigrants and non-resident foreign buyers<sup>3</sup> as each increased substantially to new highs. Sales to foreigners residing in the U.S. reached \$78.1 billion (up 32 percent from 2016) and non-resident foreign sales spiked to \$74.9 billion (up 72 percent from 2016).

"Although non-resident foreign purchases climbed over the past year, it appears much of the activity occurred during the second half of 2016," said Yun. "Realtors® in some markets are reporting that the effect of tighter regulations on capital outflows in China and weaker currencies in Canada and the U.K. have somewhat cooled non-resident foreign buyer interest in early 2017."

Looking ahead, Yun believes the gradually expanding U.S. and global economies should keep foreign buyer demand at a robust level. However, it remains to be seen if both the shortage of homes for sale and economic and political headwinds end up curbing sales activity to foreigners.

"Stricter foreign government regulations and the current uncertainty on policy surrounding U.S. immigration and international trade policy could very well lead to a slowdown in foreign investment," said Yun.

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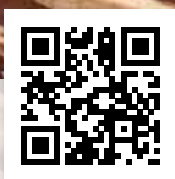


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