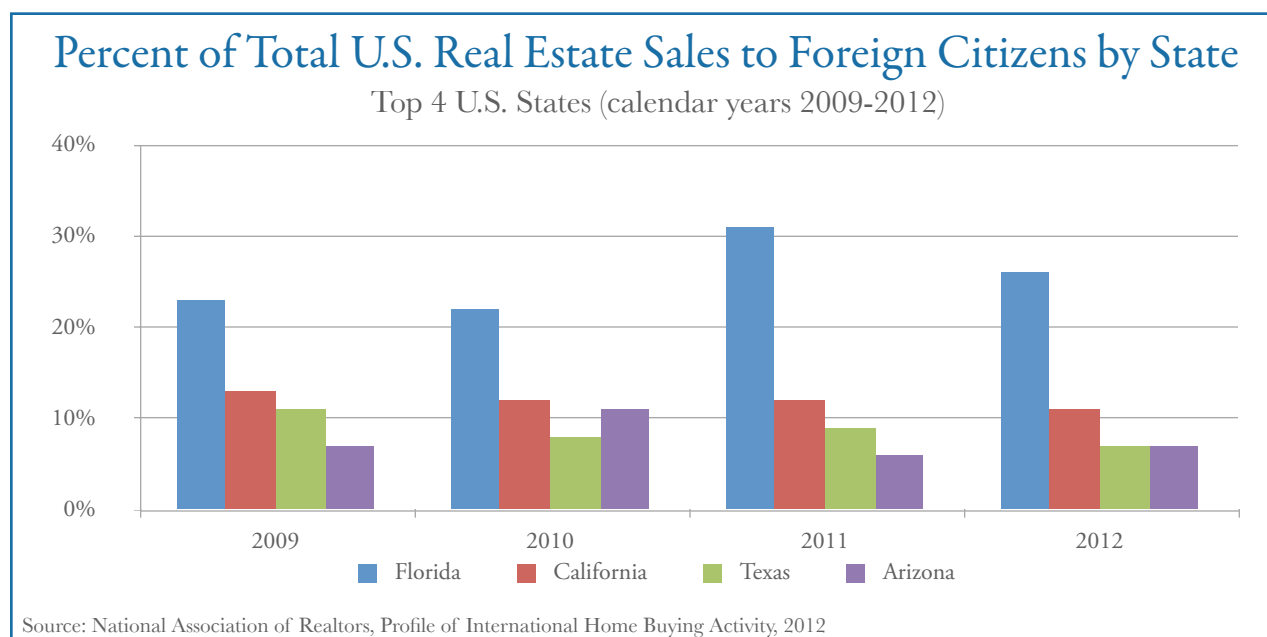


Foreign Buyers of Florida Homes

While we typically think of Florida as a top destination for U.S. citizens looking to buy homes, Florida is the top state in the U.S. for attracting foreign homebuyers. During the last four years, Florida has more than twice the market share of international buyers as California, the state with the second highest share. The estimated sales to international buyers in the U.S. were \$82.5 billion compared to an estimated \$66.4 billion in the previous 12 months. According to the National Association of Realtors *Profile of International Home Buyers in Florida* (2011), approximately 25 percent of total Florida residential sales are estimated to have been to foreigners in the 12 months ending June 2011 (years mentioned in this *Commentary* are state fiscal years in Florida, unless otherwise noted). The chart below shows the yearly state market share of international buyers for the top 4 states.



There are several reasons that foreigners purchase homes in the U.S. Some are relocating to the U.S. for work, while many others arrive at retirement. In many cases, the foreign buyer is looking for a place to vacation or live part of the year, and some use the houses for rental income during the other parts of the year, which helps to diversify their investments both in currency and business cycles. Many are drawn to the U.S. because of political stability as well as the security of property rights for which the U.S. is known. Also, homes in Florida are now seen internationally as an exceptional value, due to recent decreases in property values.

What Countries are Florida Purchasers Coming From?

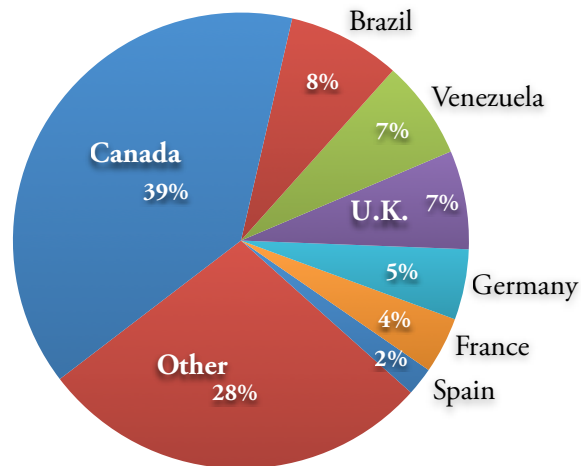
The graphs below show the country of origin of international homebuyers in Florida. Canadians represent the largest group, making up 39 percent of the international purchasers of Florida homes.

When comparing the 2011 data to the same data from 2010, an interesting trend develops. While Canada remained at the top (36% in 2010 compared to 39% in 2011), the largest increases came from Latin American countries. Brazil had the largest increase, now at eight percent, which is up from three percent the previous year. This follows Brazil having its highest GDP growth in 25 years in 2010 – growing at a 7.5 percent rate – and the resulting increase in purchasing power of many Brazilians. The next-highest increase came from Venezuela, now at seven percent compared to three percent the previous year. This may be due primarily to political and economic uncertainties in Venezuela. The country with the largest percentage change was the United Kingdom, dropping from 15 percent in 2010 compared to 7 percent in the period of the study. This is likely due to the relative decline in real exchange rates between the U.K. pound and the U.S. dollar.

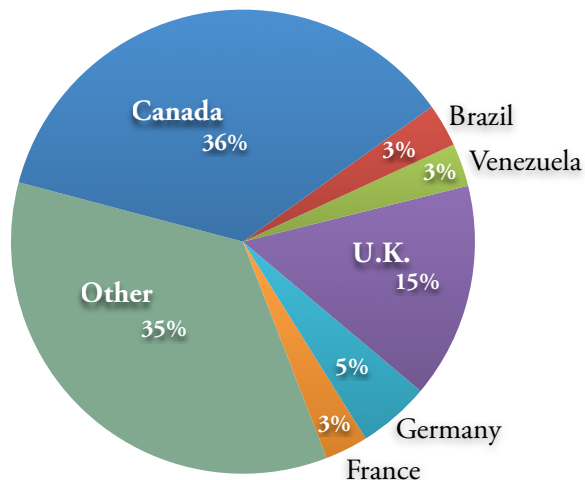
According to the 2012 National Association of Realtors *Profile of International Home Buying Activity*, mortgage financing may be unavailable for international buyers due to lack of credit history in the United States, lack of a Social Security number, and difficulties in meeting mortgage requirements.

This situation generally results in homes purchased without U.S. mortgage financing, which can significantly reduce the risk of foreclosures.

2011 Foreign Homebuyers in Florida- Country of Origin



2010 Foreign Homebuyers in Florida- Country of Origin



Source: National Association of Realtors, Profile of International Home Buyers in Florida, 2011

Spotlight on: Canada

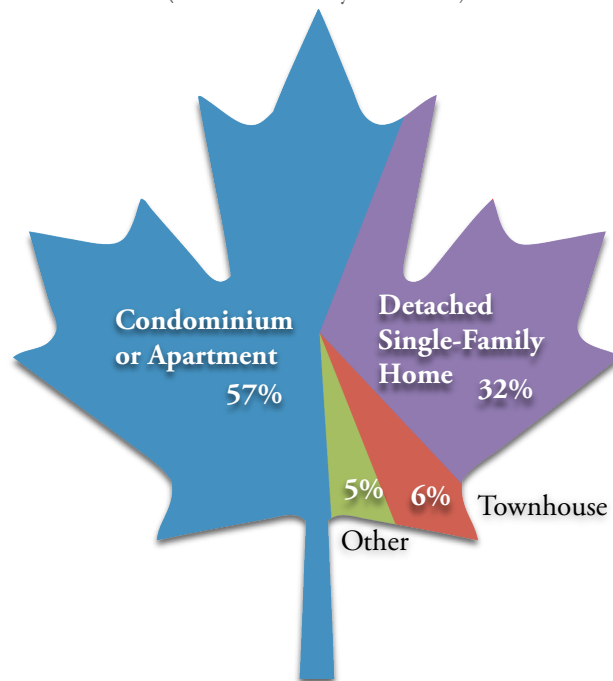
As the graphs on the previous page show, Canadians are the largest group of foreign home buyers in Florida each year.

A closer look at the types of purchases shows that 57 percent of Canadians bought condominiums or apartments (international buyers as a group are close behind, at 49 percent), and 32 percent purchased single-family homes.

These types of figures can be useful to Florida public policy makers and companies looking to target specific demographic groups with planned and future projects.

Types of Florida Homes Purchased by Canadian Buyers

(Florida state fiscal year 2010-11)



Source: National Association of Realtors, Profile of International Home Buyers in Florida, 2011

Looking to the Near Future

Florida leads the nation as the destination for home sales to foreign citizens, and given the recent fluctuations in the housing market, international homebuyers are as important as ever to Florida's economy. As a state, Florida must remain aware of these investors, and consider their role in the market when crafting state policies.

A national program providing a Silver Visa (aka "Retirement Visa") would likely increase demand for Florida real estate and provide positive economic benefits for Florida. A Silver Visa is a specialized type of immigration authorization that allows foreign persons meeting certain requirements (usually minimum age and asset thresholds) to retire in the issuing country, but would not allow those holding the Visa to work. Specifically, a U.S. Silver Visa program would allow foreign citizens who could afford to retire in Florida an opportunity to do so through special immigration status. Currently, such a program does not exist in the U.S.; however, many other countries, including the UK and other Euro Zone countries, do have some form of a Silver Visa program.

An April 2009 Florida TaxWatch analysis used REMI to estimate the impact of a U.S. Silver Visa program on Florida's economy. The total number of Florida jobs cumulatively created is estimated to be more than 100,000 for the ten years over which the model was run (2009 – 2018), and the model showed an increase in Florida's Gross State Product (GSP) by \$25 billion. Newer estimates would provide a significantly more accurate picture of the effect of a Silver Visa program today. Such a program—if implemented by the federal government—would likely increase the demand for Florida real estate, which would benefit the state's housing market, and inject money directly into Florida's economy.

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