

# 2020

## Mainstreet Organization of REALTORS® International Residential Transactions



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# About the Survey

## Objective



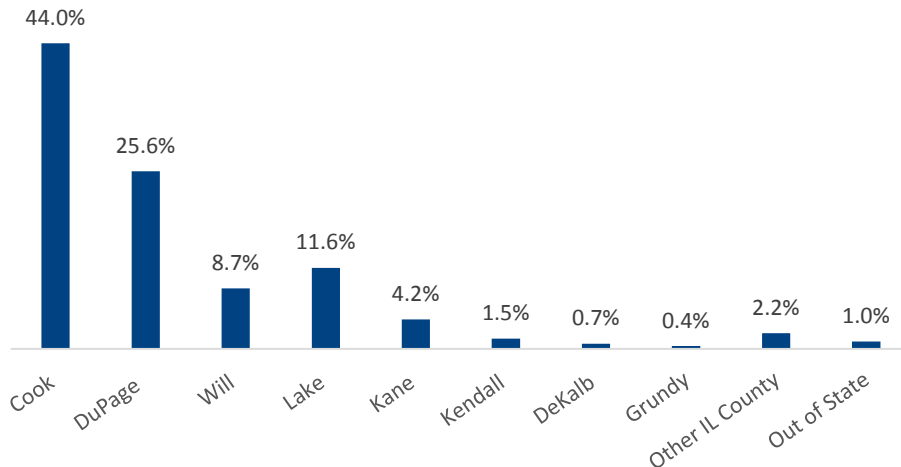
The objective of this survey is to gather information about international residential real estate transactions of Mainstreet Organization of REALTORS® (MORE) members during April 2019–March 2020

## Respondents



The Mainstreet Organization of REALTORS® sent out the survey to its 18,000+ members from May 25 through July 13, 2020, of which 1,586 members responded to the survey, of those who responded, 141 respondents reported an international buyer. Of the 1,563 respondents who provided their primary business area, 44% reported Cook County, and 3% reported other Illinois counties or another state.

PRIMARY BUSINESS AREA OF RESPONDENTS



- 6% of respondents reported a CIPS designation.
- 36% of respondents who provided information about a membership in a NAR, state, or local global council reported they were a member of the local global council.
- 67% of respondents who reported the number of years they have been a REALTOR® reported six years or more.

# Who is an International Client?

In this study, the term *international or foreign client* refers to two types of non-U.S. citizens:

**Non-resident (Type A):** non-U.S. citizens who primarily reside outside the U.S. and who don't stay in the U.S. year-round.

**Resident (Type B):** non-U.S. citizens who reside in the U.S. on non-immigrant visas (e.g., diplomats, foreign students, foreign workers) or recent immigrants who have been in the U.S. for less than two years as of the time of the transaction.

# 2020 Report Highlights

## Dollar volume of foreign buyer purchases

\$3.43 billion (10% of MORE home sales)

76% of foreign buyers resided in the United States (Type B)

## Regions of origin of foreign buyers

Asia/Oceania (32%)

Latin America (21%)

Europe (21%)

Africa (4%)

North America (1%)

Country was not identified by the respondent (20%)

## Top countries of origin of foreign buyers

Mexico (16%)

India (13%)

China (9%)

## Top counties where foreign buyers purchased property

Cook (43%)

DuPage (25%)

Lake (13%)

Kane (6%)

Will (6%)

DeKalb (3%)

# 2020 Report Highlights

## **Median price of home purchased**

\$253,600 median purchase price among MORE foreign buyers

\$253,700 median price of MORE home sales

## **Financing**

22% of foreign buyers paid all-cash

## **Intended Use**

75% of foreign buyers purchased the property for primary residential use

## **Type of Property**

67% of foreign buyers purchased a single-family detached property

## **Location of Property**

80% of foreign buyers purchased a property in a suburban area

# 2020 Report Highlights

## Major reasons foreign client decided not to purchase property

- Cost of property (14%)
- Property taxes (13%)
- Could not find property (13%)
- Could not obtain financing (10%)

## Source of leads/referrals

73% of referrals/leads about foreign buyers were personal/business contacts or former clients

## International business trends

14% of respondents worked with international clients, whether they closed a sale or not

On average, respondents closed a sale with one foreign buyer

17% of respondents who had been in business for at least one year reported an increase in international business in the past five years

31% of respondents who had been in business for at least five years reported an increase in international business in the past five years

# 2020 Report Highlights

## **Sales transactions with foreign clients who sold property**

3% of sales transactions involved a foreign client who sold U.S. property

48% of foreign sellers were Asians

48% of the sold properties were in Cook County

## **Percent of respondents who reported leasing transactions with clients from:**

Asia/Oceania (6%)

North/Latin America (5%)

Europe (3%)

Africa (1%)

Not identified/unknown (1%)

## **U.S. clients seeking property abroad**

5% of respondents had U.S. clients who were seeking to purchase property abroad

Of those who had clients, 60% were able to refer the client to a U.S. or foreign business contact or helped the client directly



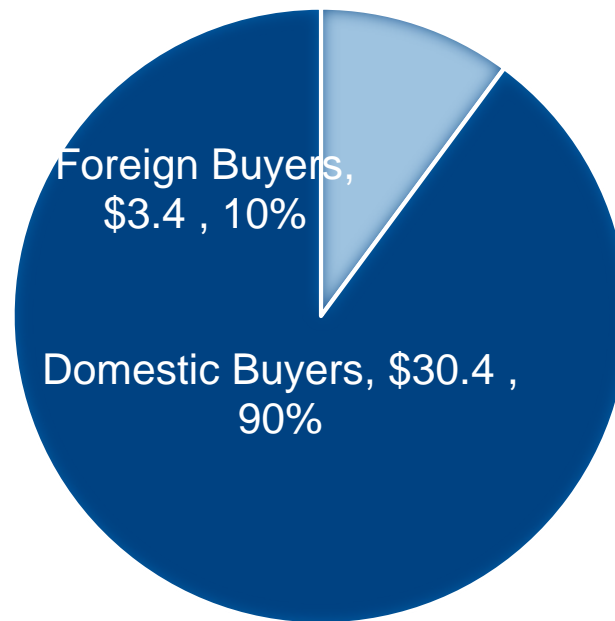
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# INTERNATIONAL RESIDENTIAL BUYERS



# Foreign Buyers Purchased \$3.4 Billion or 10% of Home Sales\*

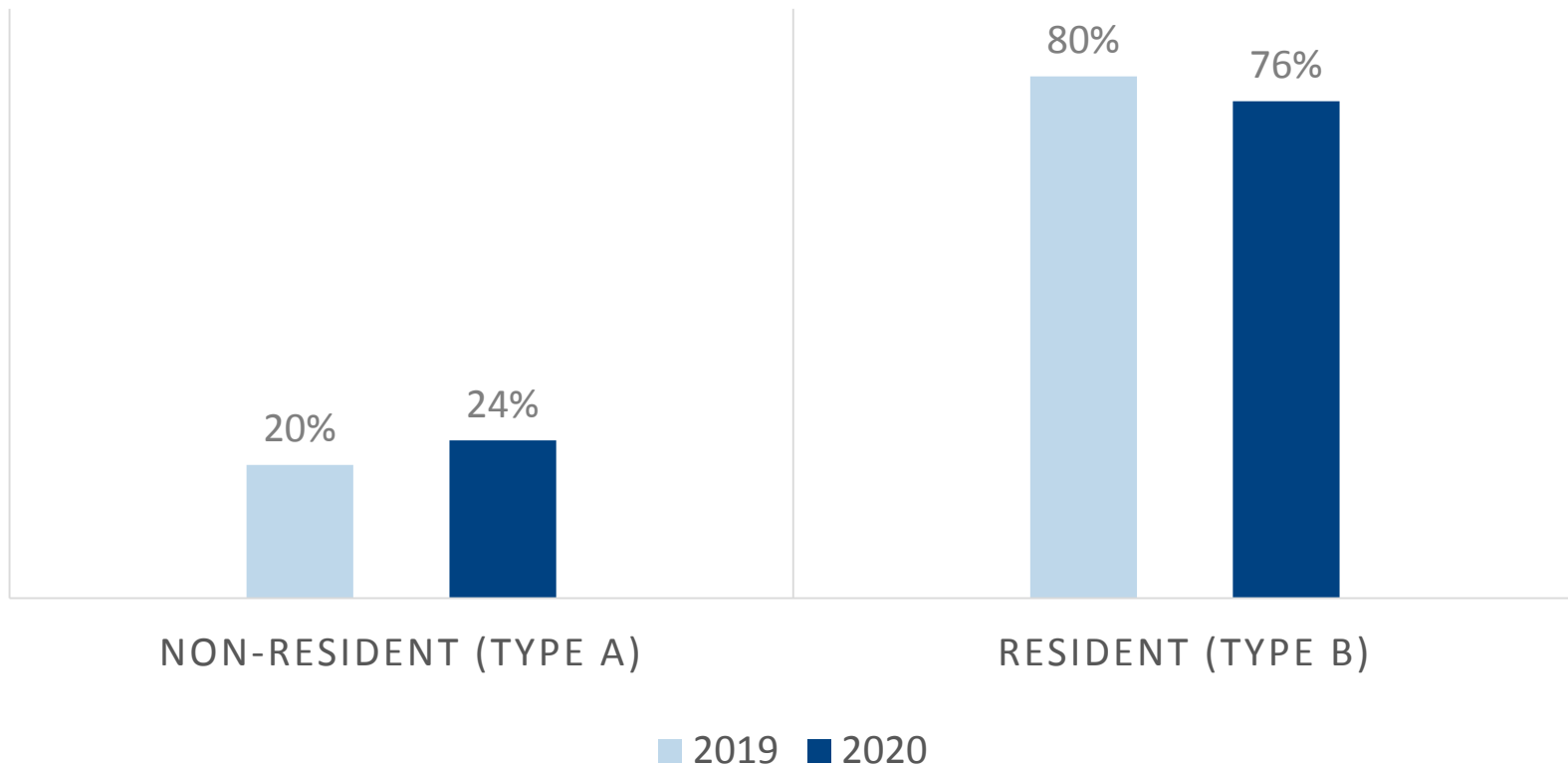
## DOLLAR VOLUME OF FOREIGN BUYER PURCHASES IN BILLION DOLLARS



\*Based on total home sales of \$33.8 billion dollars of 106,528 properties in the counties of Cook, DeKalb, DuPage, Grundy, Kane, Kendall, Lake and Will.

# 76% of Foreign Buyers Resided in the U.S. as Recent Immigrants or Visa Holders

## TYPE OF FOREIGN RESIDENTIAL BUYER

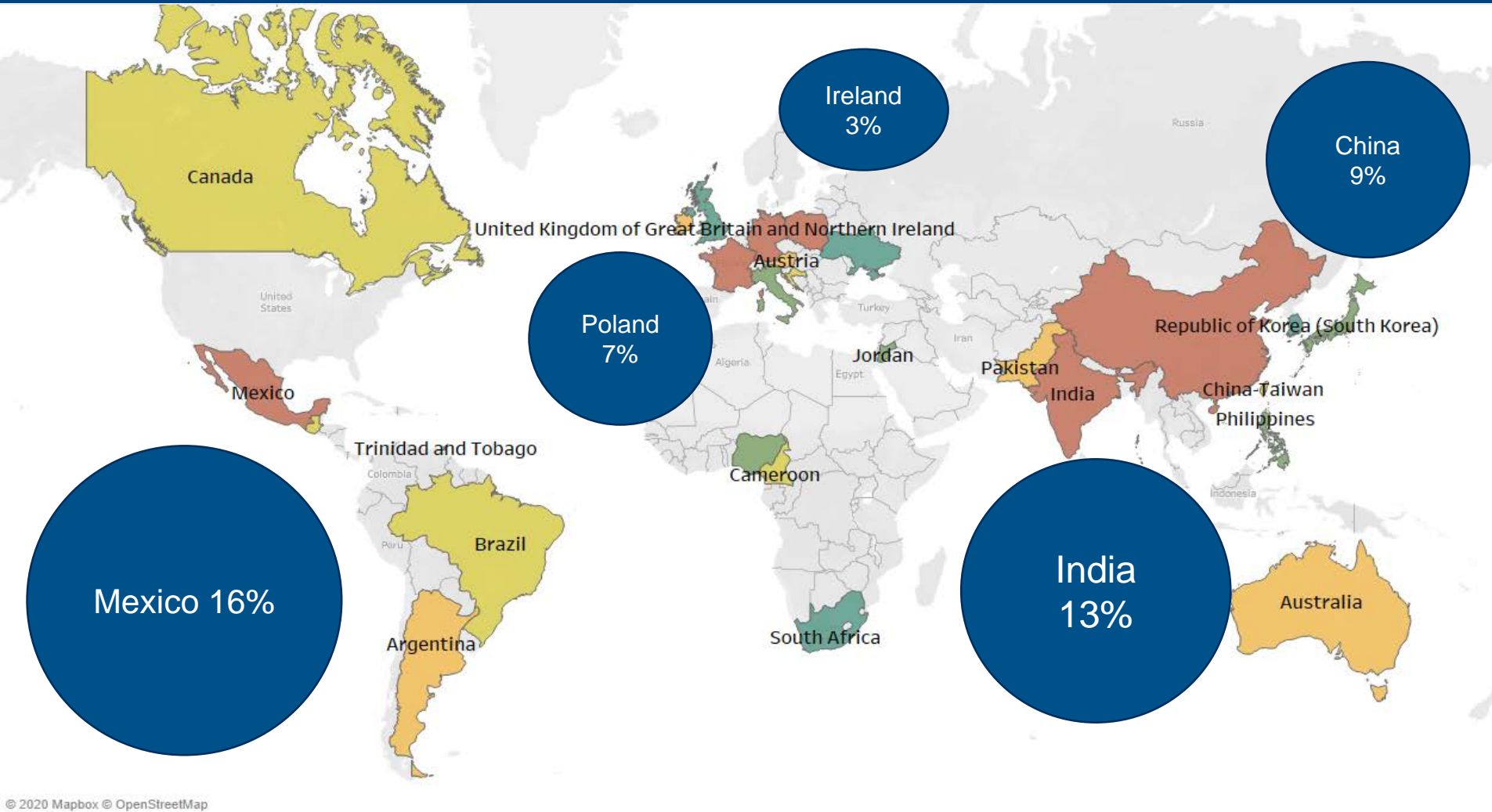


# 32% of Foreign Buyers Were from Asia/Oceania





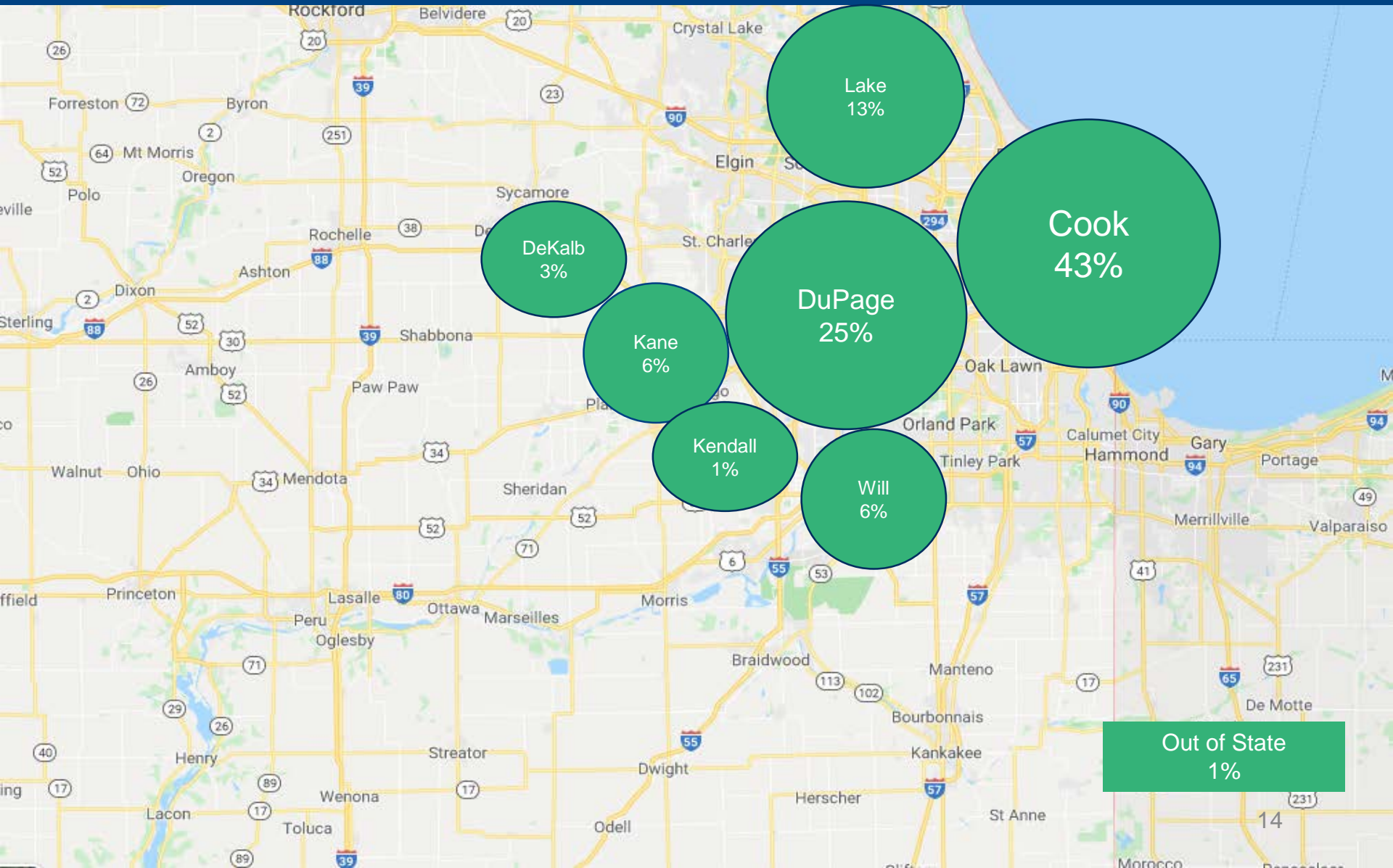
# Top Foreign Buyers: Mexico, India, China, Poland (48% Share)



© 2020 Mapbox © OpenStreetMap

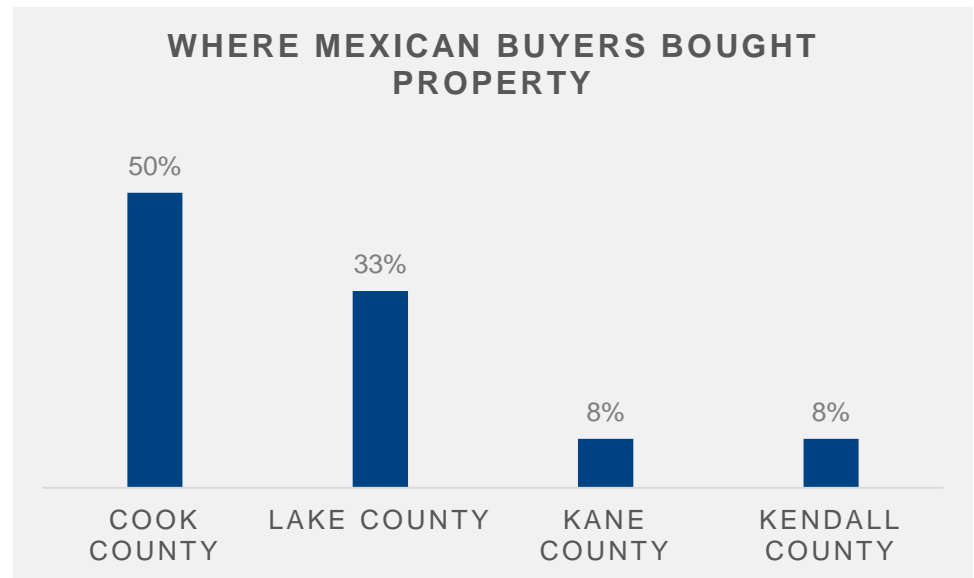
In 2019, China accounted for 18% of foreign buyers, India and Mexico accounted for 10% respectively, and Poland accounted for 3%. One should exercise caution in comparing the results year-to-year due to sample size (115 respondents in 2019 survey and 75 respondents in 2020 survey)

# Cook and DuPage Were Top Destinations



# Buyers from Mexico

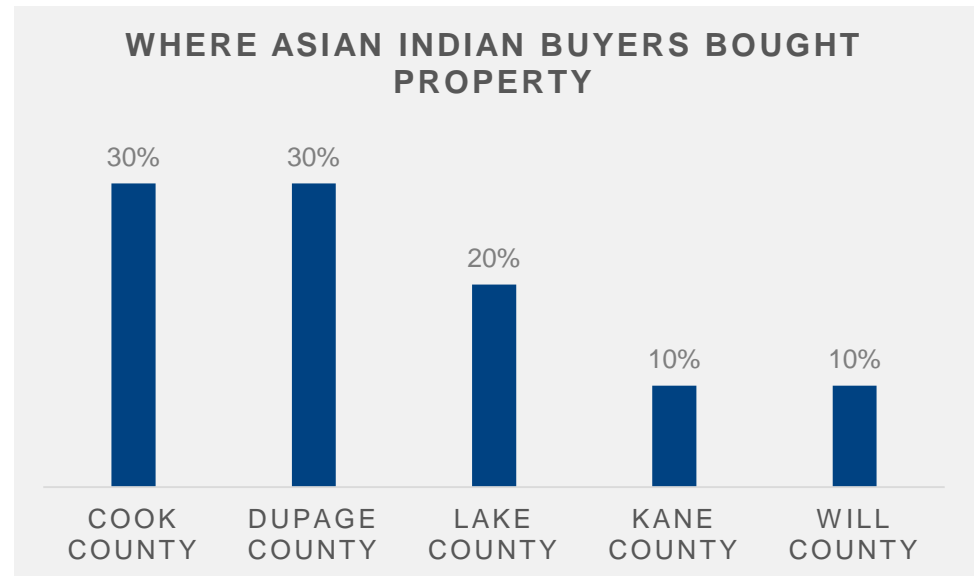
- 91% were resident buyers (Type B)
- Purchased properties\* in Cook, Lake, Kane, and Kendall
- Median purchase price was \$150,001 to \$200,000
- 8% were all-cash
- 100% purchased property for primary residence use
- Preferred to purchase property in the suburban area
- 100% purchased detached single-family homes



\* Figures are based on small sample of less than 30 so the figures should be treated as indicators of a broad trend rather than as accurate estimates

# Buyers from India

- 100% were resident buyers (Type B)
- Purchased properties\* in Cook, DuPage, Lake, Kane, and Will
- Median purchase price was \$250,001 to \$300,000
- 10% were all-cash
- 80% purchased property for primary residence use
- Preferred to purchase property in the suburban area
- 60% purchased detached single-family homes

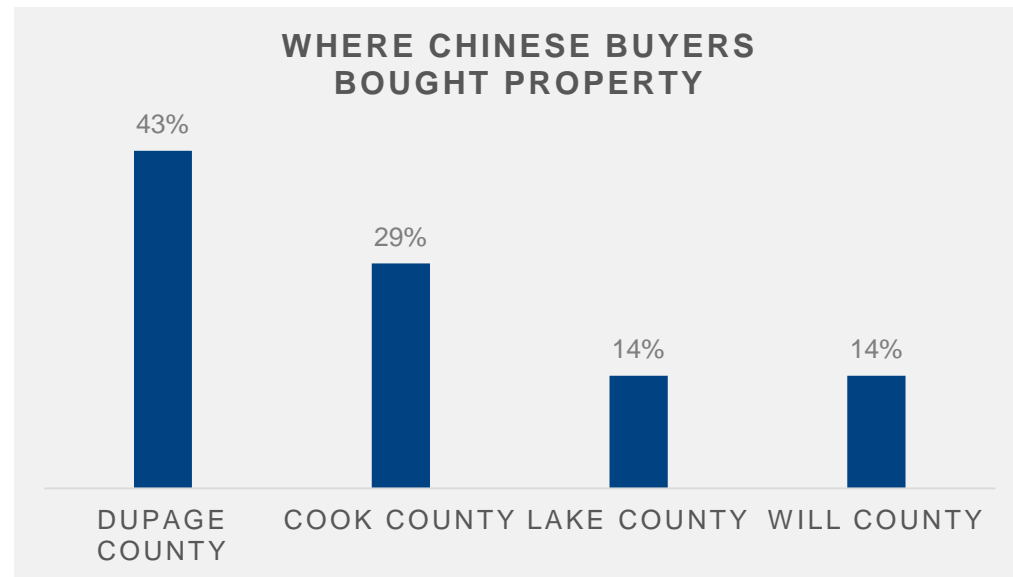


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# Buyers from China

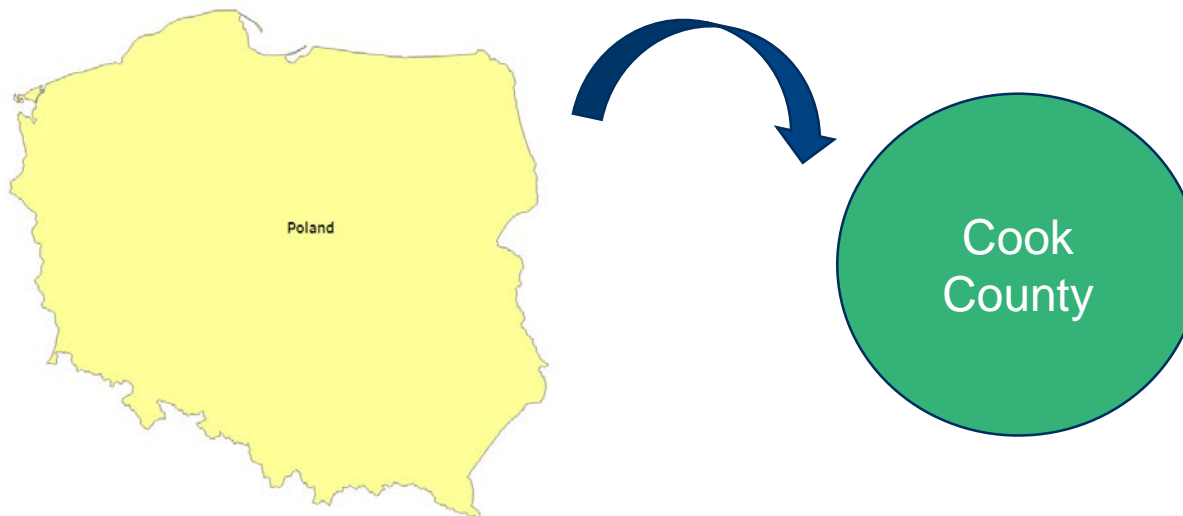
- 57% were resident buyers (Type B)
- Purchased properties\* in DuPage, Lake, Will, and Cook
- Median purchase price was \$300,001 to \$350,000
- 71% were all-cash
- 43% purchase property for primary residence use
- Preferred to purchase property in the suburban area
- 57% purchased condominium or cooperative homes



\* Figures are based on small sample of less than 30 so the figures should be treated as indicators of a broad trend rather than as accurate estimates

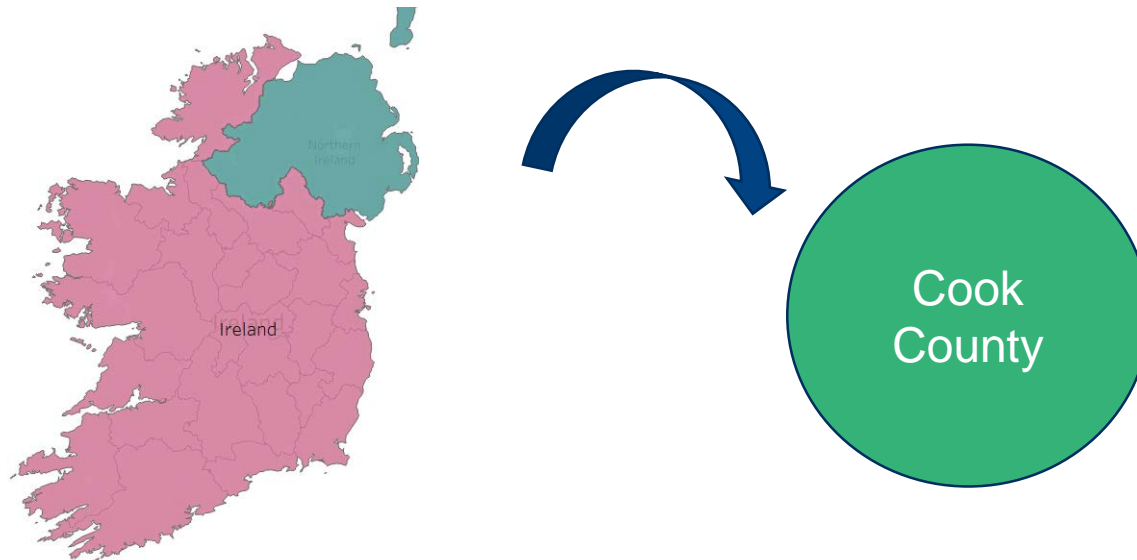
# Buyers from Poland

- 80% were resident buyers (Type B)
- Purchased properties in Cook County
- Median purchase price was \$150,001 to \$200,000
- 50% were all-cash
- 25% purchased property for primary residence use
- Preferred to purchase property in the suburban area
- 50% purchased condominium or cooperative homes



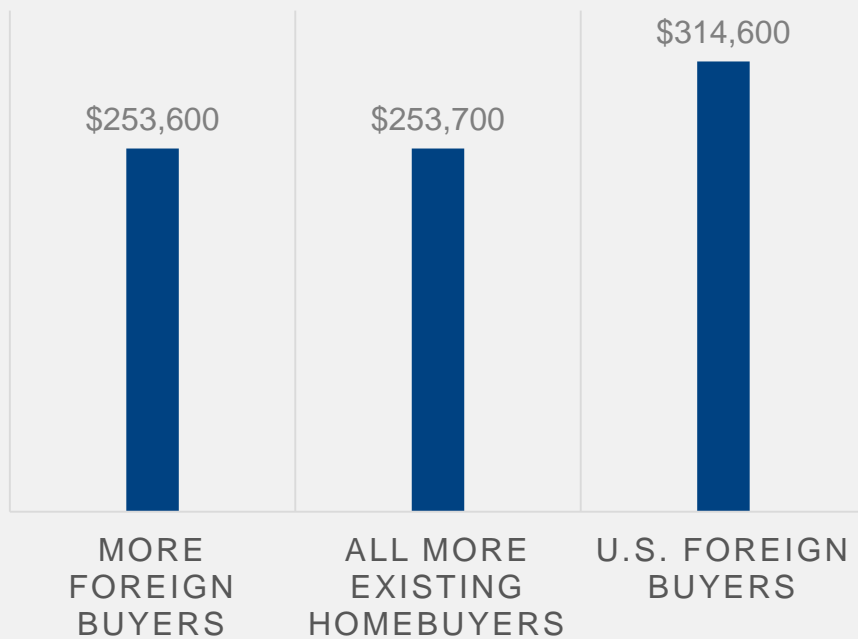
# Buyers from Ireland

- All were non-resident buyers (Type A)
- Purchased properties in Cook County
- Median purchase price was \$200,001 to \$250,000
- Buyers paid all-cash
- Evenly split between primary residence and vacation uses
- Evenly split between central city and suburban areas
- Evenly split between detached single-family and condominiums

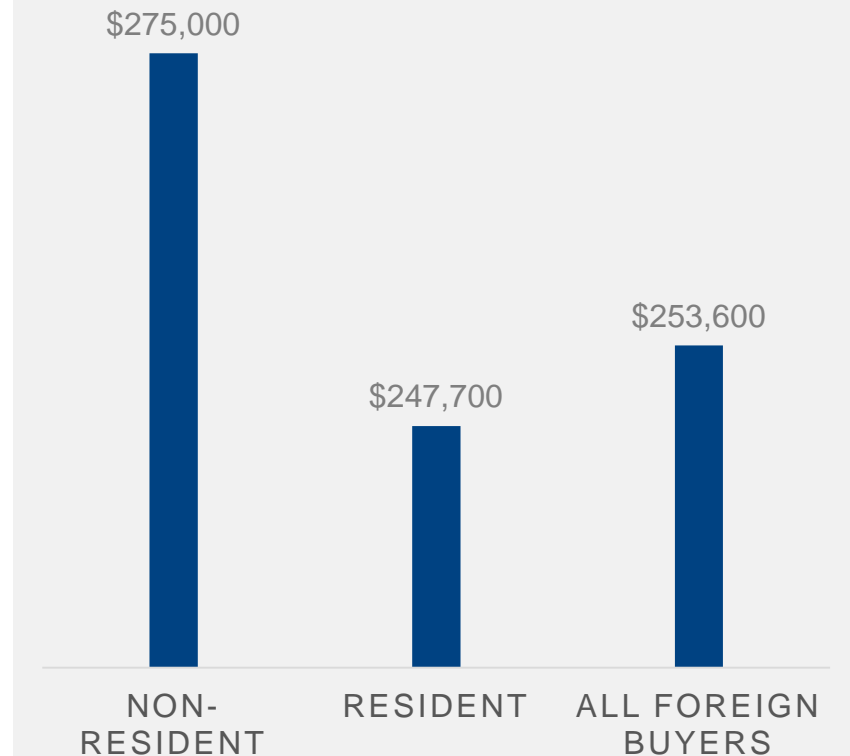


# Foreign Buyer Median Price: \$253,600 (Higher among non-resident buyers)

## MEDIAN PURCHASE PRICE



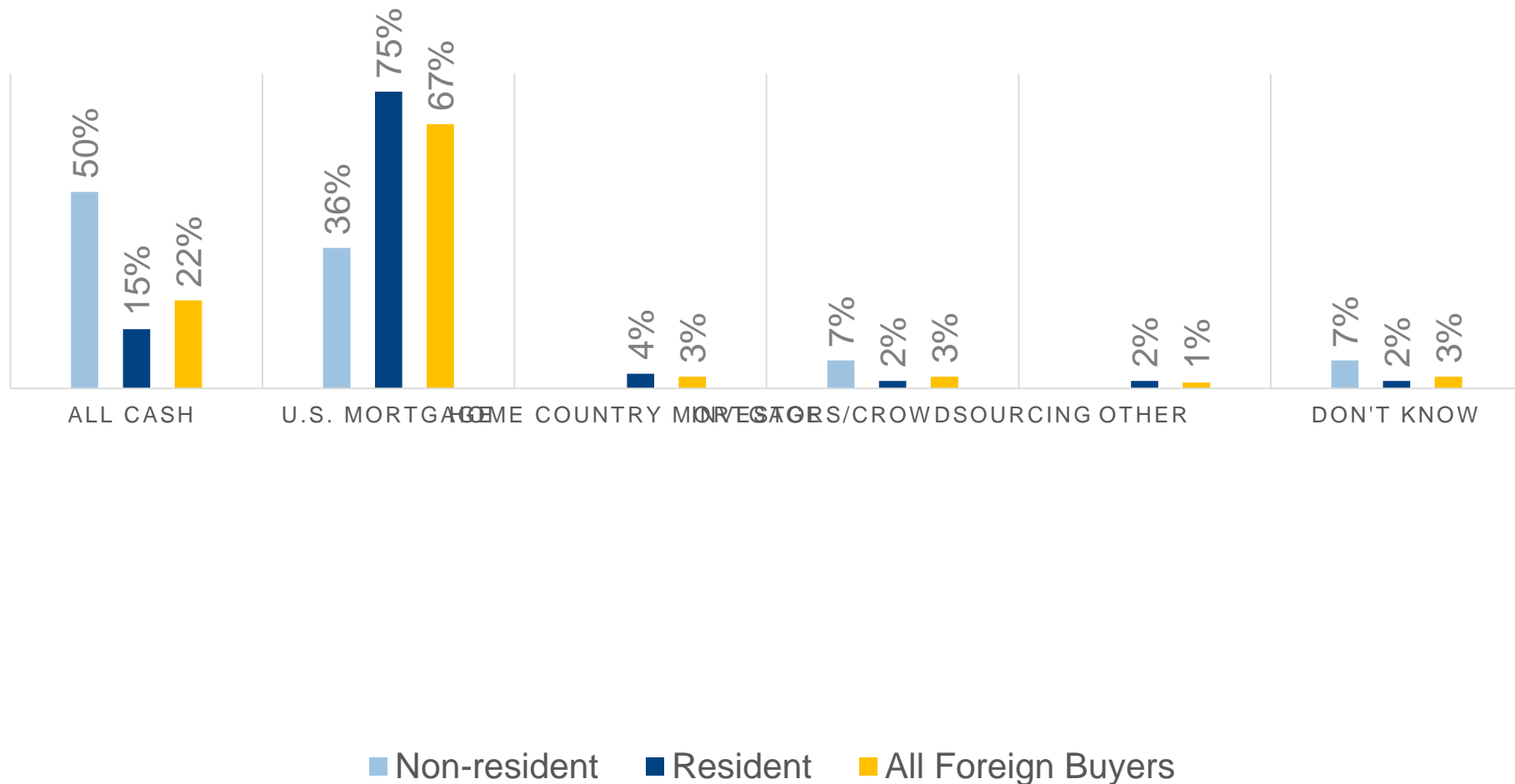
## MEDIAN PURCHASE PRICE BY TYPE OF FOREIGN BUYER



# 22% of Foreign Buyers Paid All-Cash

Higher share among non-resident foreign buyers (50%)

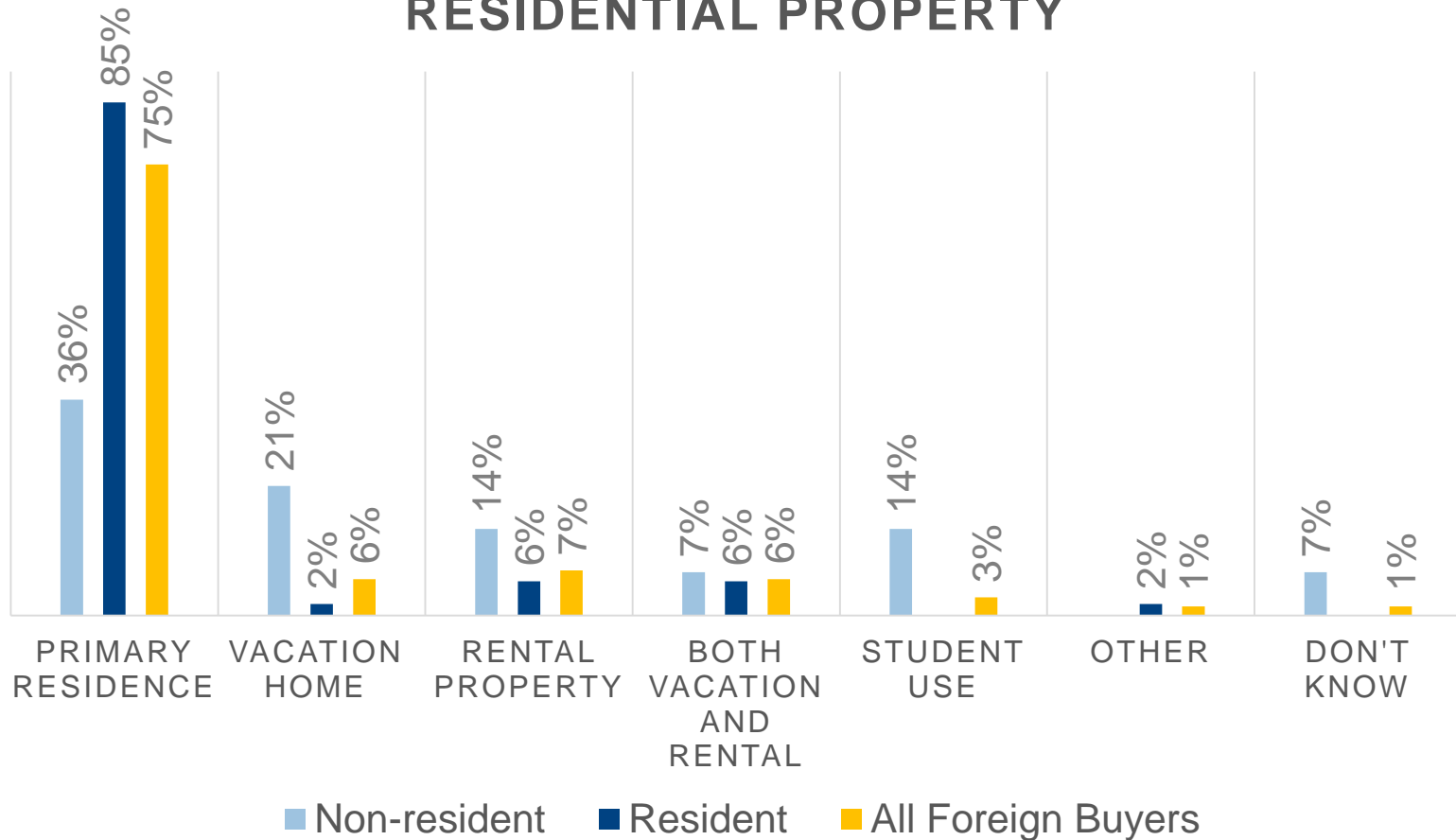
## FINANCING BY TYPE OF FOREIGN BUYER



# 75% of Foreign Buyers Were Primary Residence Buyers

Higher share among resident buyers (85%)

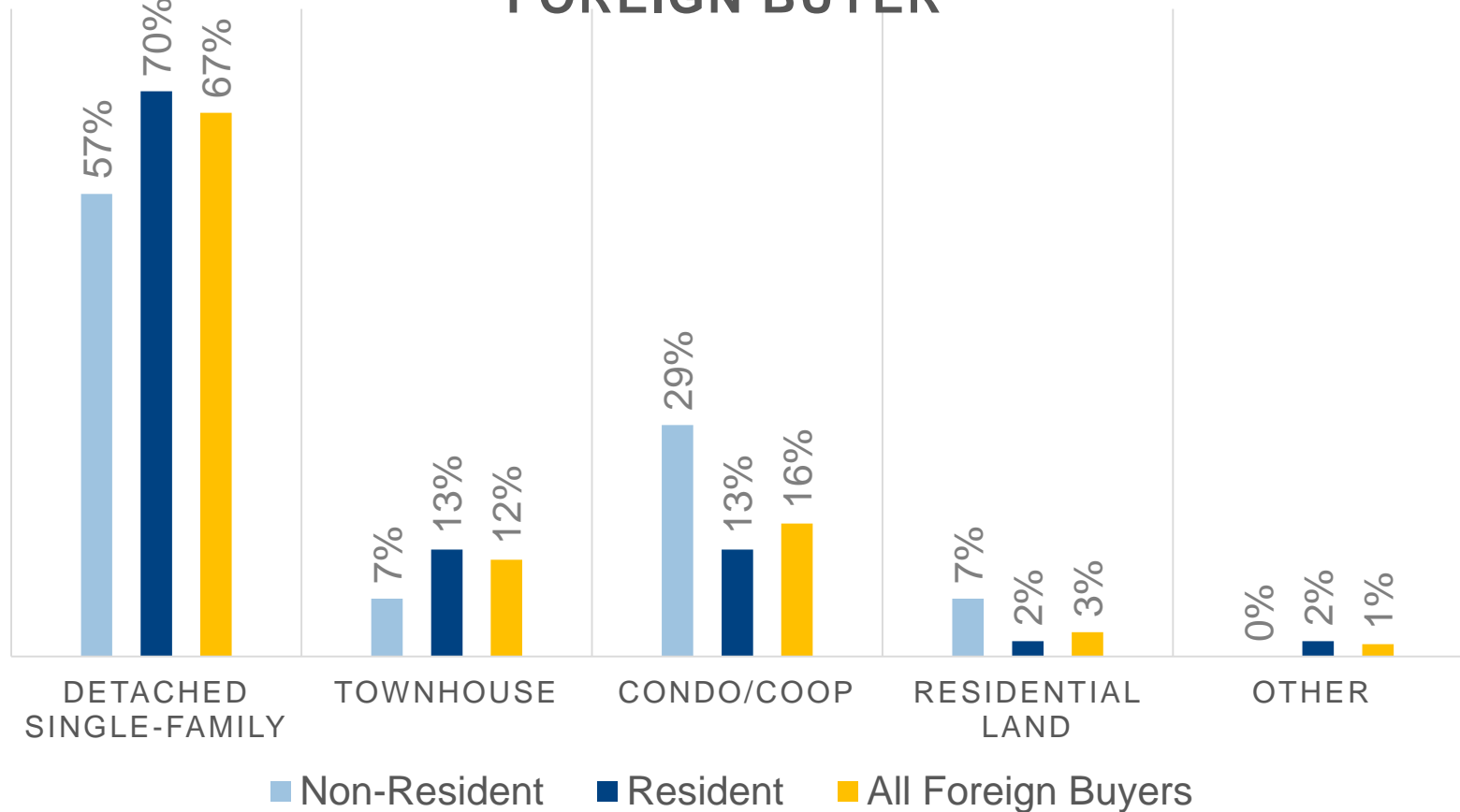
## HOW FOREIGN BUYER INTENDS TO USE RESIDENTIAL PROPERTY



# 67% of Foreign Buyers Purchased Detached Single-family Homes

Higher share among resident foreign buyers (70%)

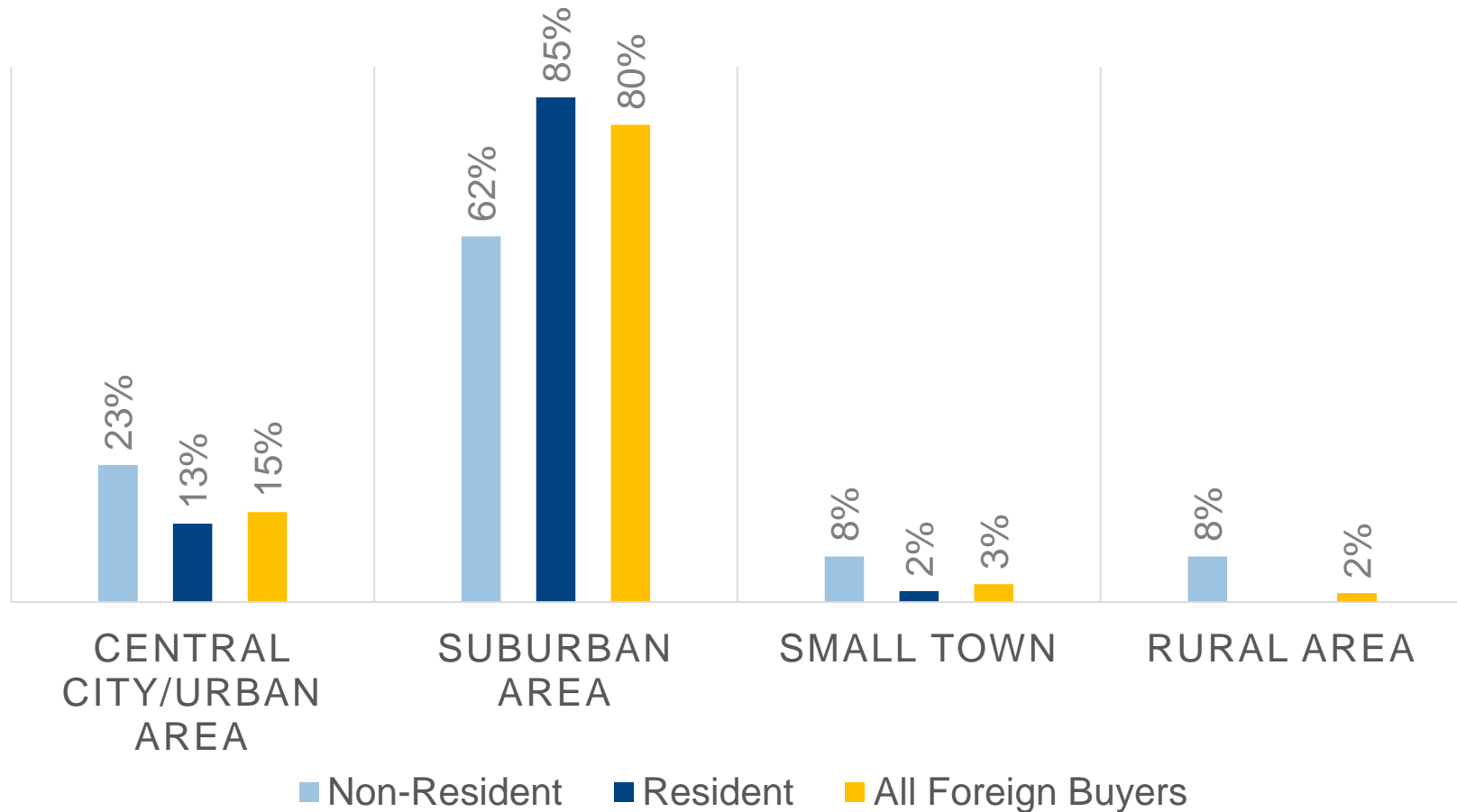
## TYPE OF PROPERTY PURCHASED BY FOREIGN BUYER



# 80% of Foreign Buyers Purchased Property in a Suburban Area

Higher share among resident foreign buyers (85%)

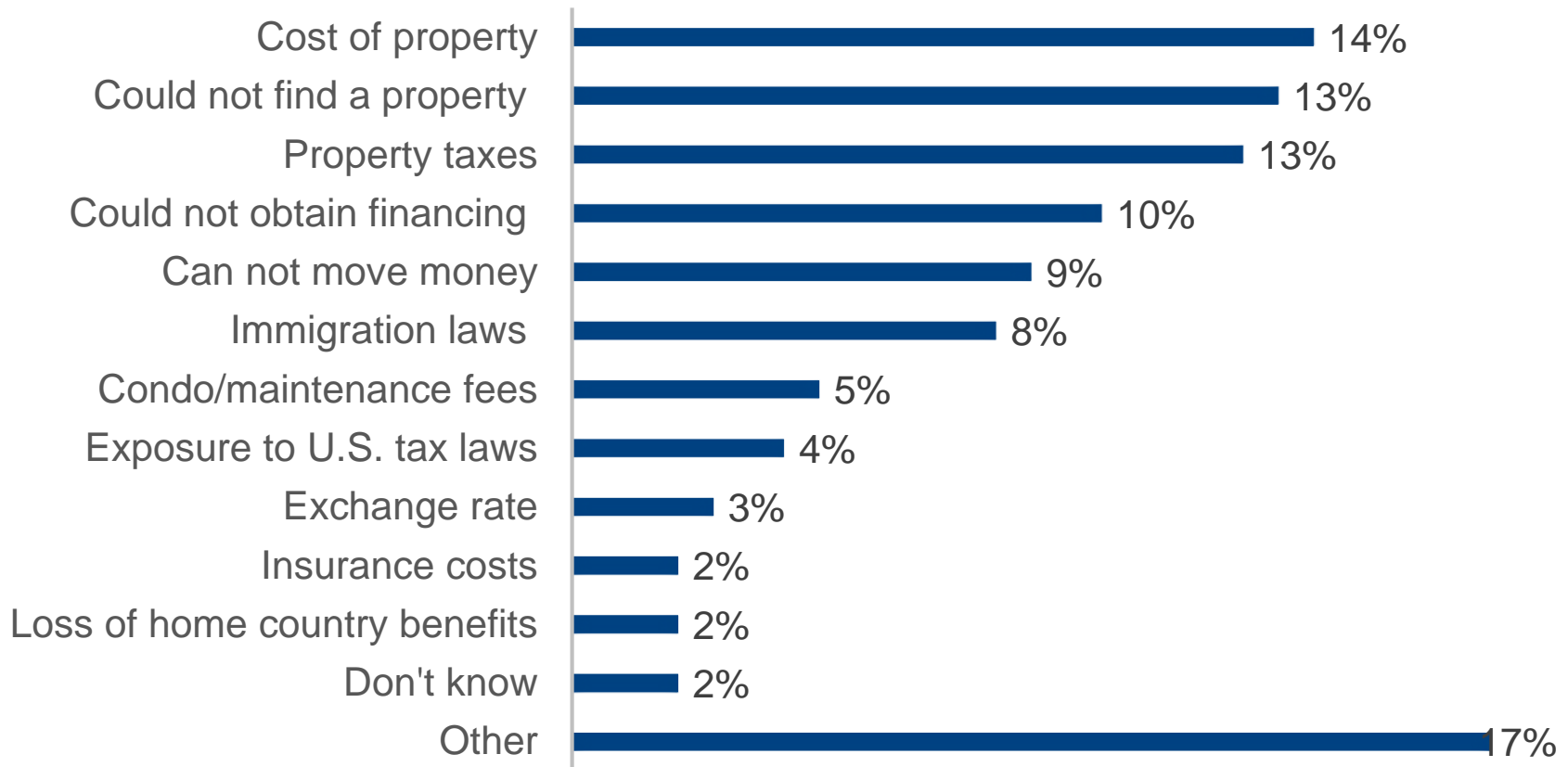
## TYPE OF AREA WHERE FOREIGN BUYERS PURCHASED PROPERTY





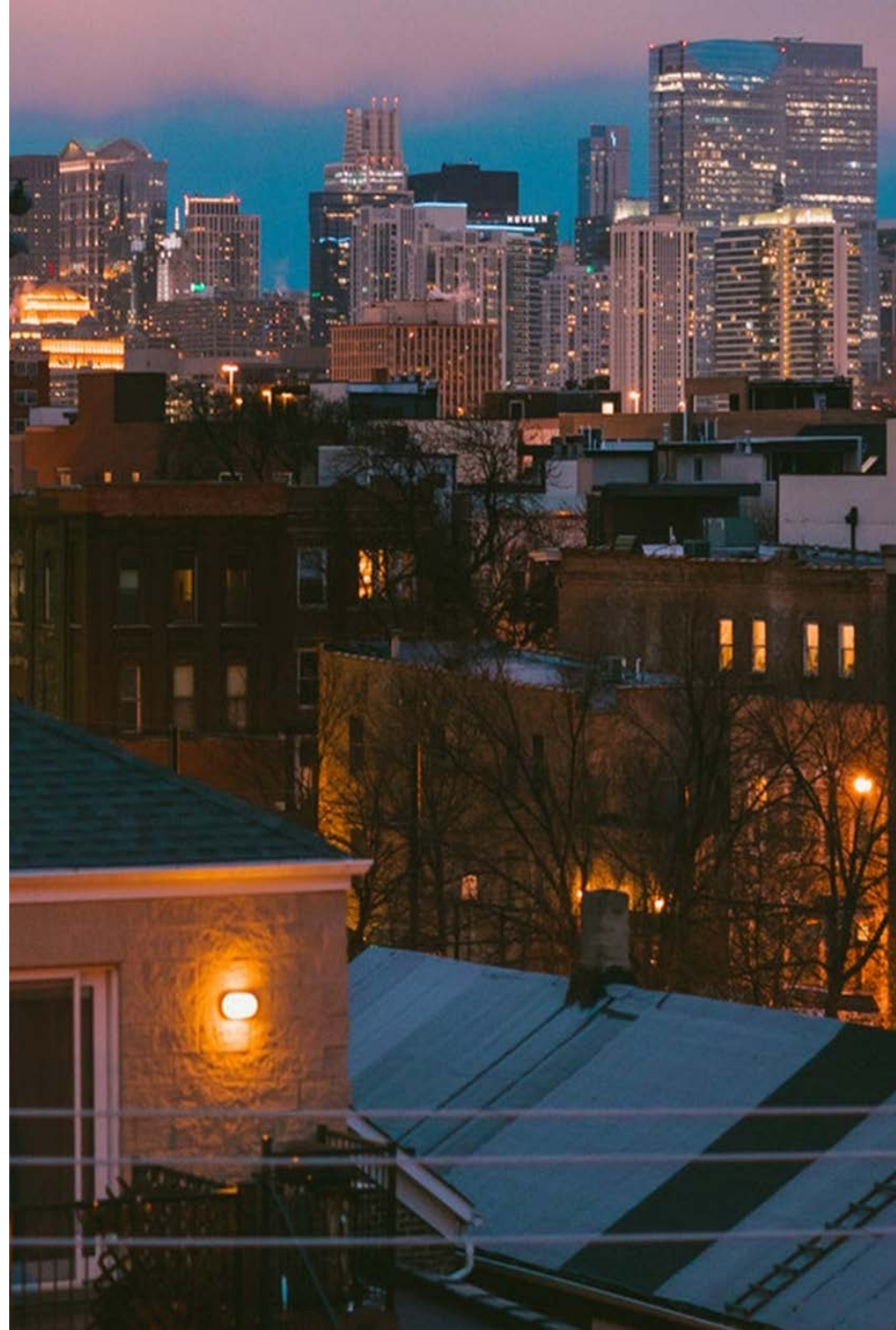
# “Cost of property”, “Could not find a property” And “Property taxes” Were Top Reasons For Not Purchasing U.S. Property

## REASONS INTERNATIONAL CLIENT DECIDED NOT TO PURCHASE U.S. PROPERTY

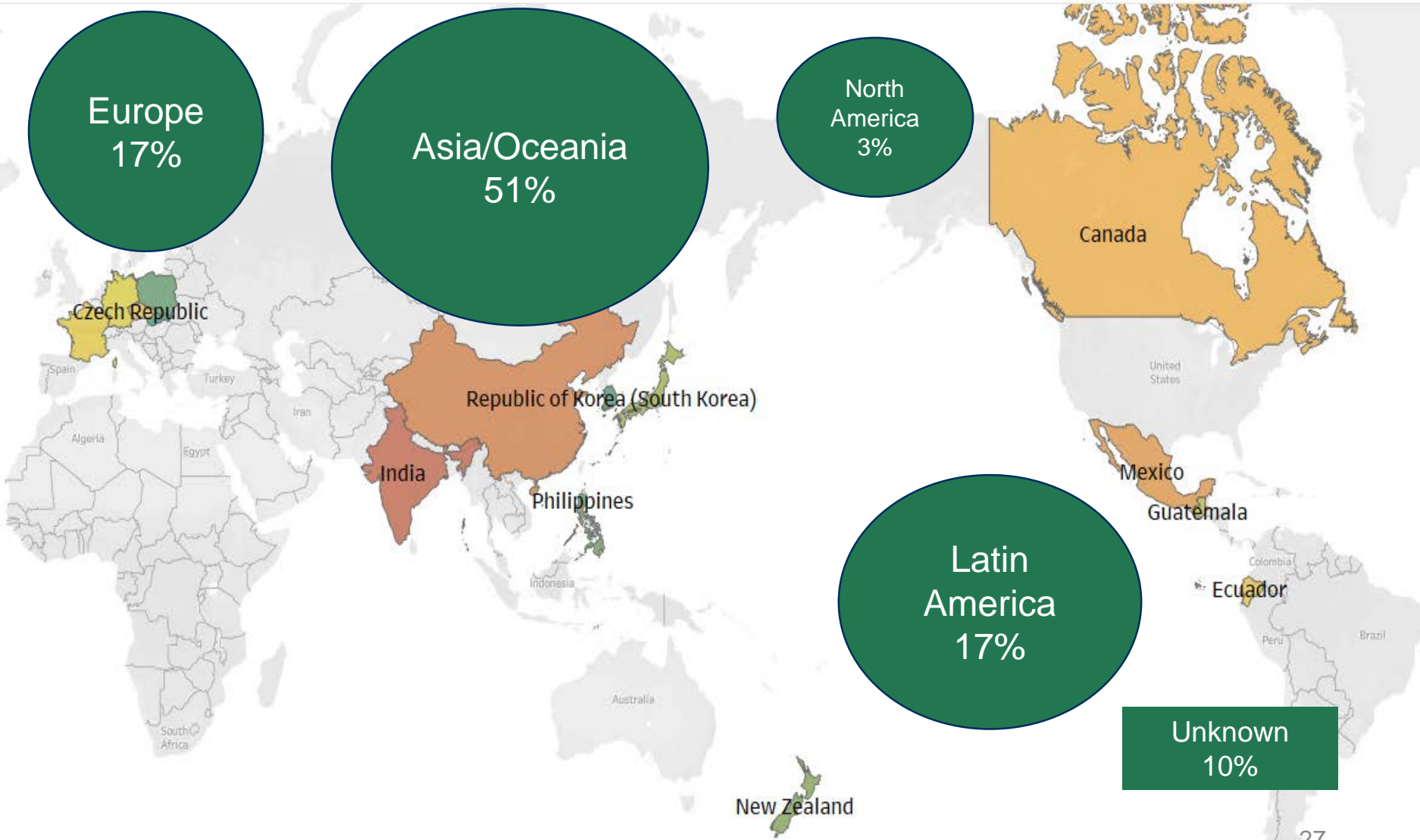


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# INTERNATIONAL RESIDENTIAL SELLERS



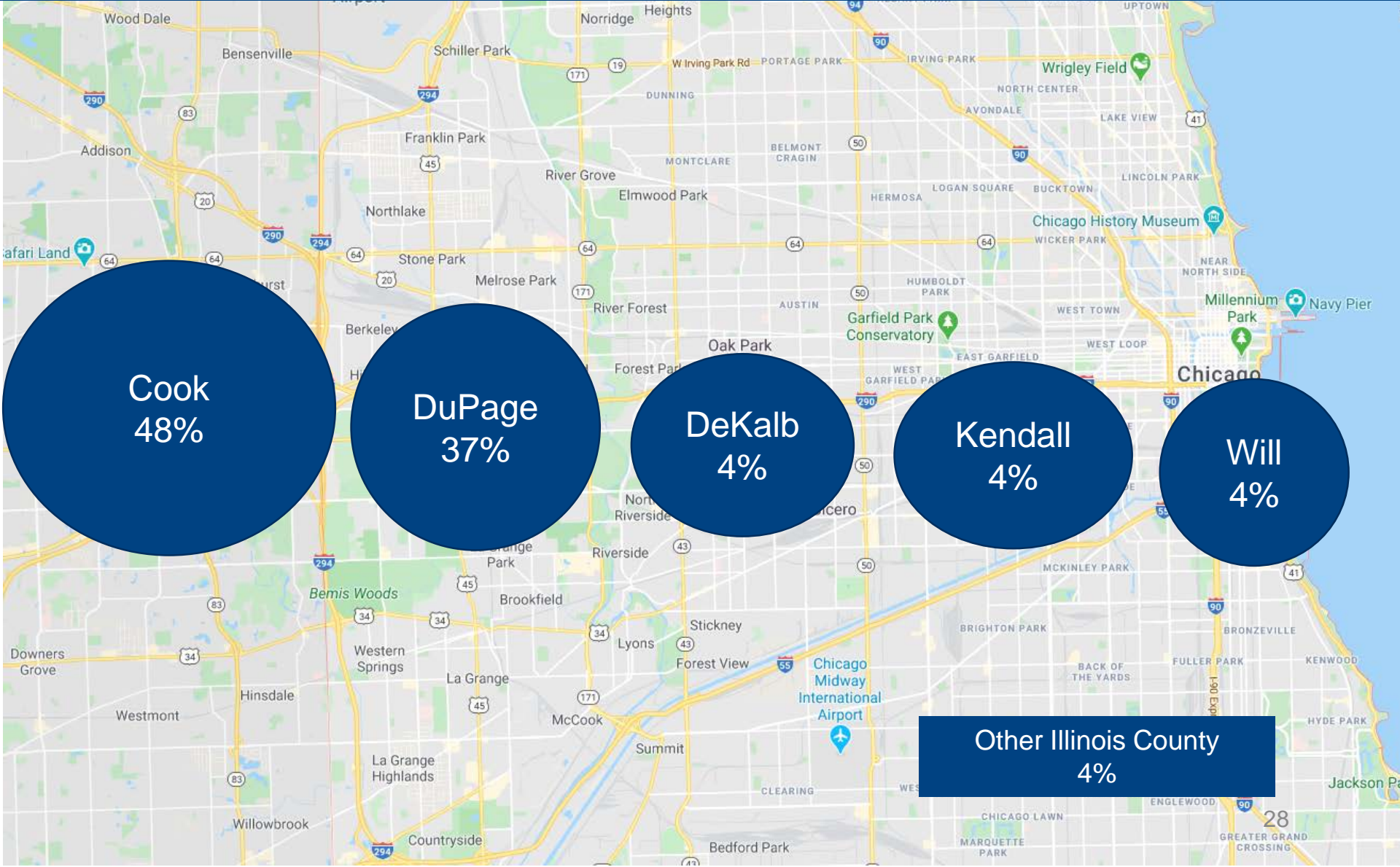
# International Clients Also Sold U.S. Property



\* 3% of sales transactions involved a foreign client who sold U.S. property



# Location of Sold Property



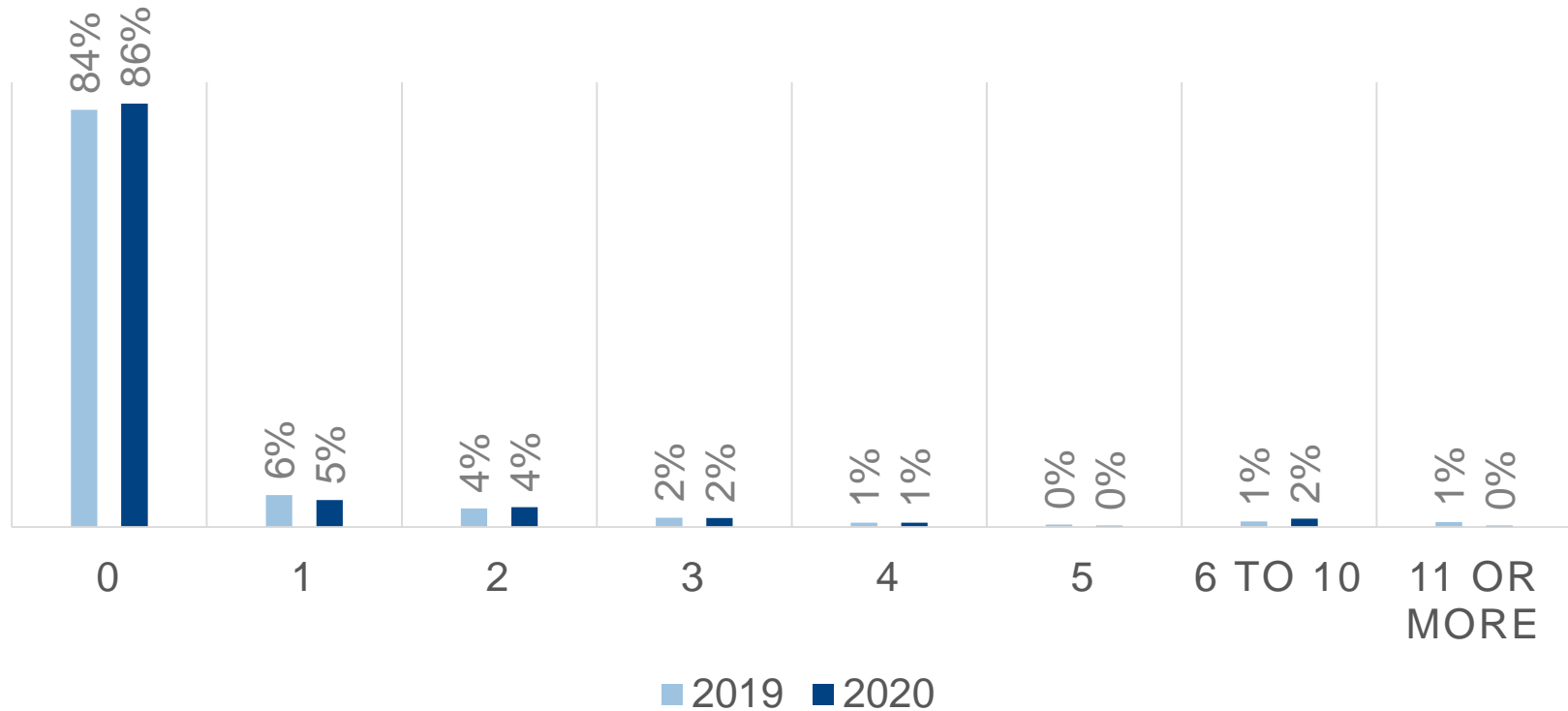
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# INTERNATIONAL TRANSACTIONS



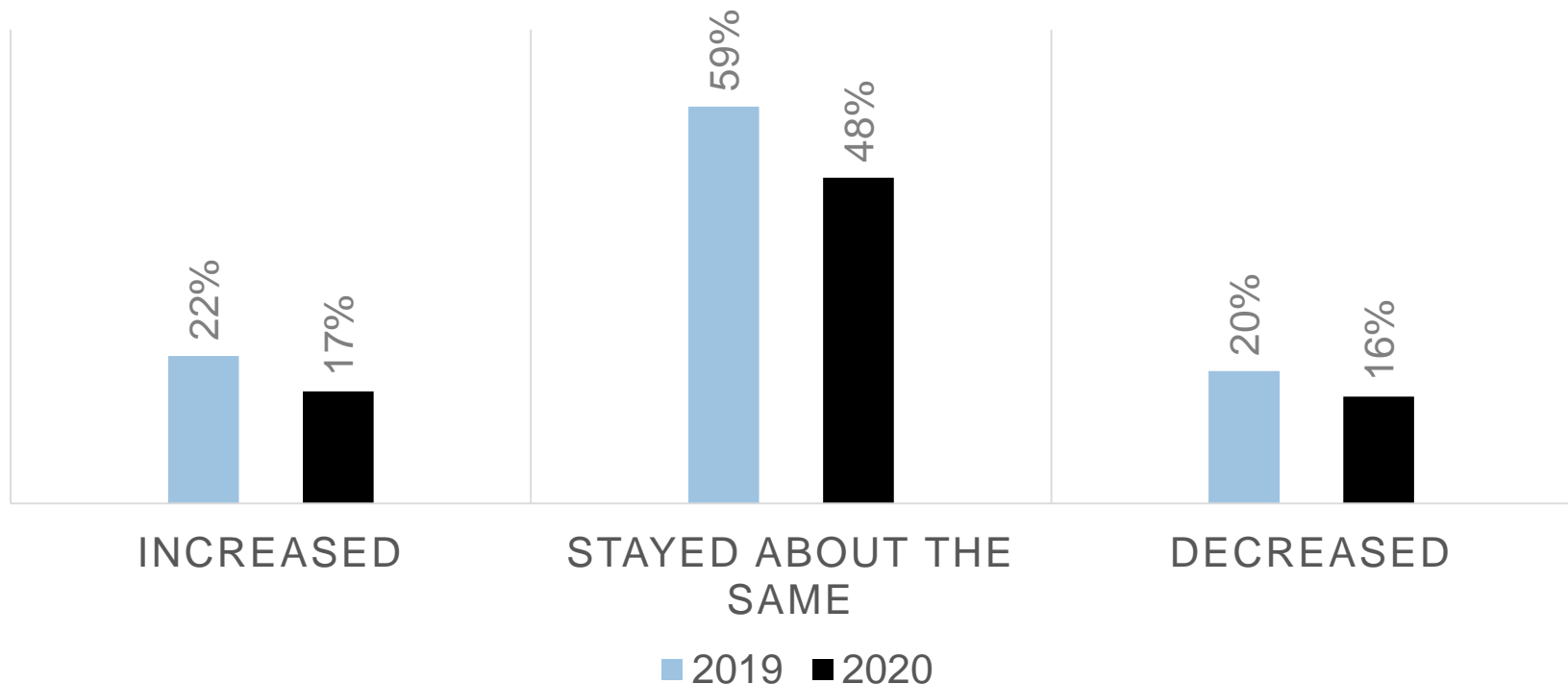
# 14% of Respondents Worked with an International Client

NUMBER OF INTERNATIONAL CLIENTS AMONG RESPONDENTS WHETHER OR NOT CLIENT PURCHASED A PROPERTY



# Decrease in International Business in the Past Year\*

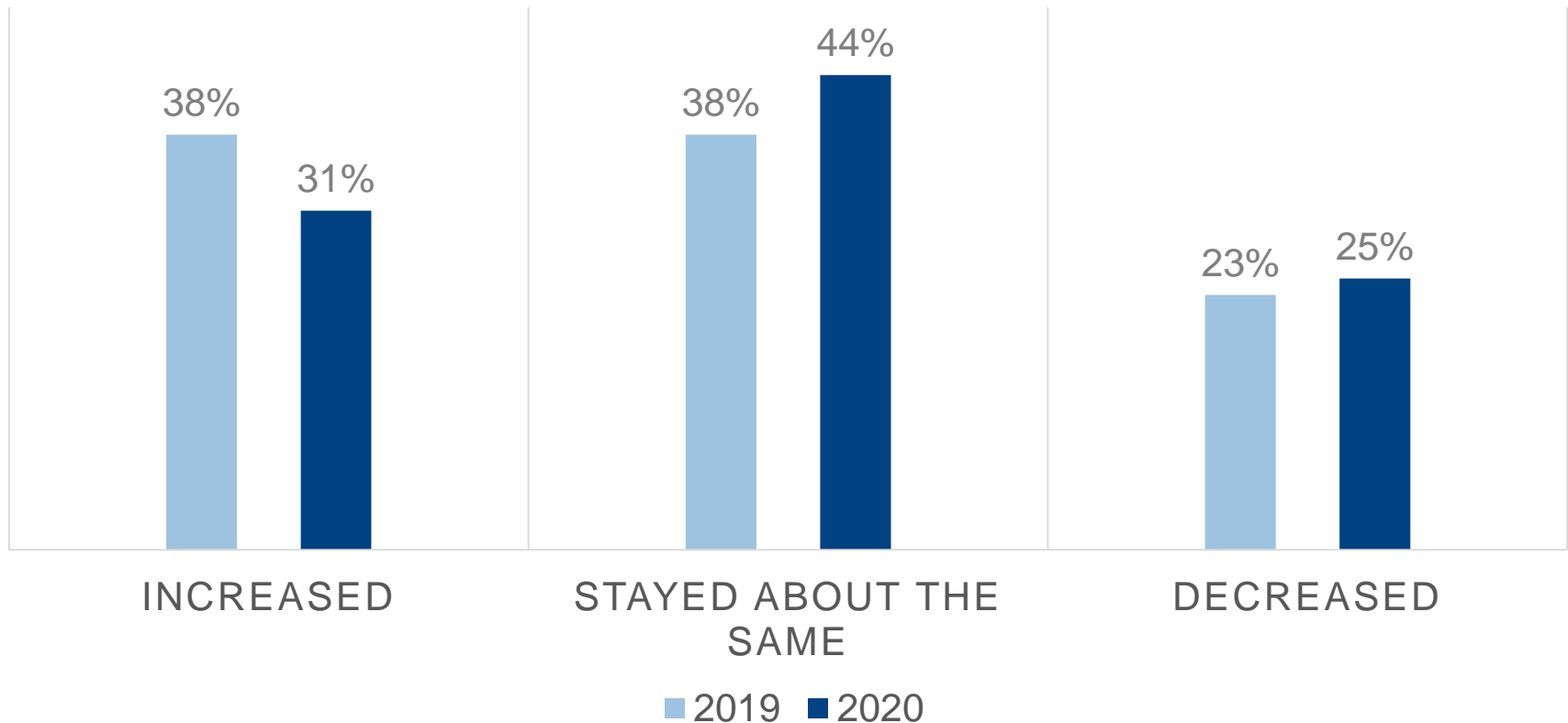
## HOW BUSINESS WITH INTERNATIONAL RESIDENTIAL BUYERS HAS CHANGED IN THE PAST YEAR



\*Among respondents with at least one year of experience

# Decrease in International Business in the Past 5 Years\*

## HOW BUSINESS WITH INTERNATIONAL RESIDENTIAL BUYERS HAS CHANGED IN THE PAST FIVE YEARS

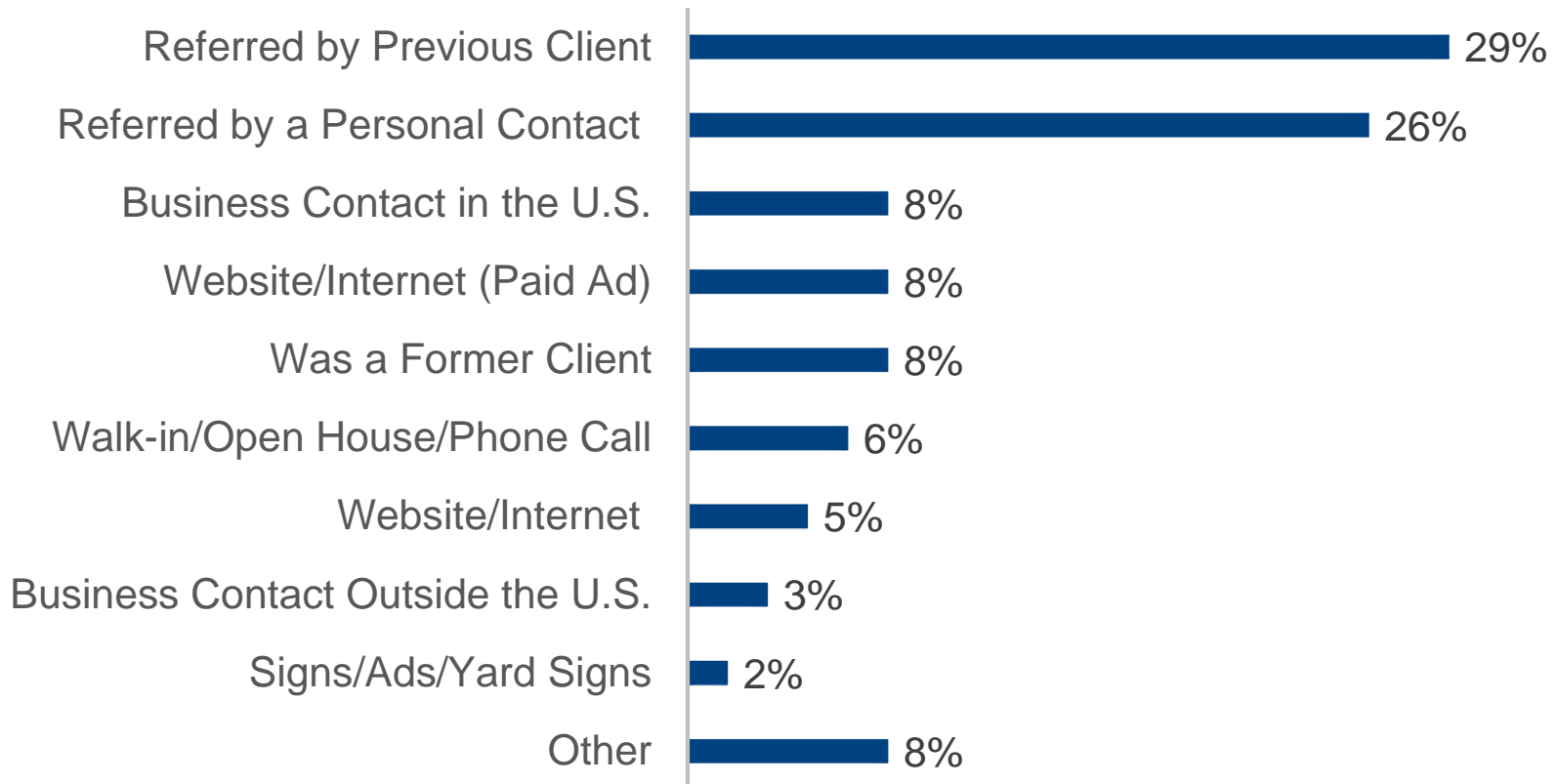


\*Among respondents with at least five years of experience



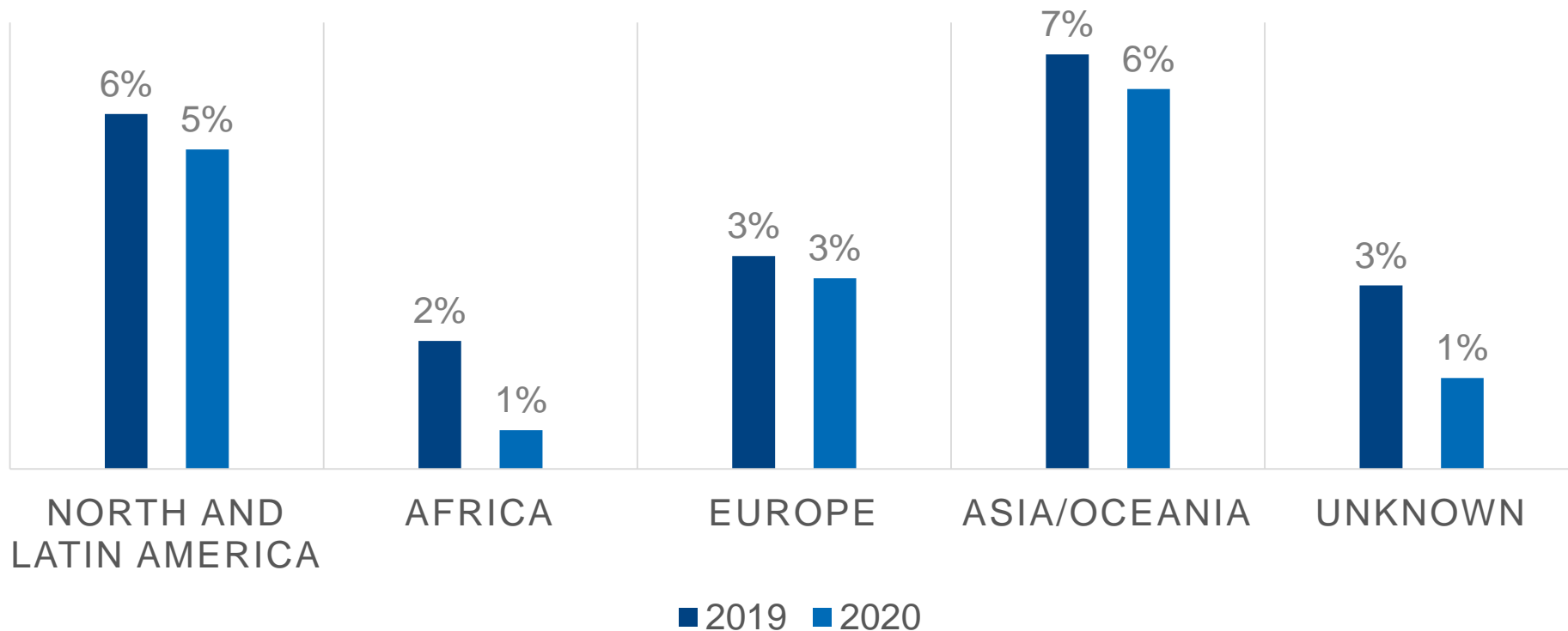
# 73% of Referrals or Leads: Personal/Business Contacts or Past Clients

## SOURCE OF FOREIGN BUYER LEADS/REFERRALS



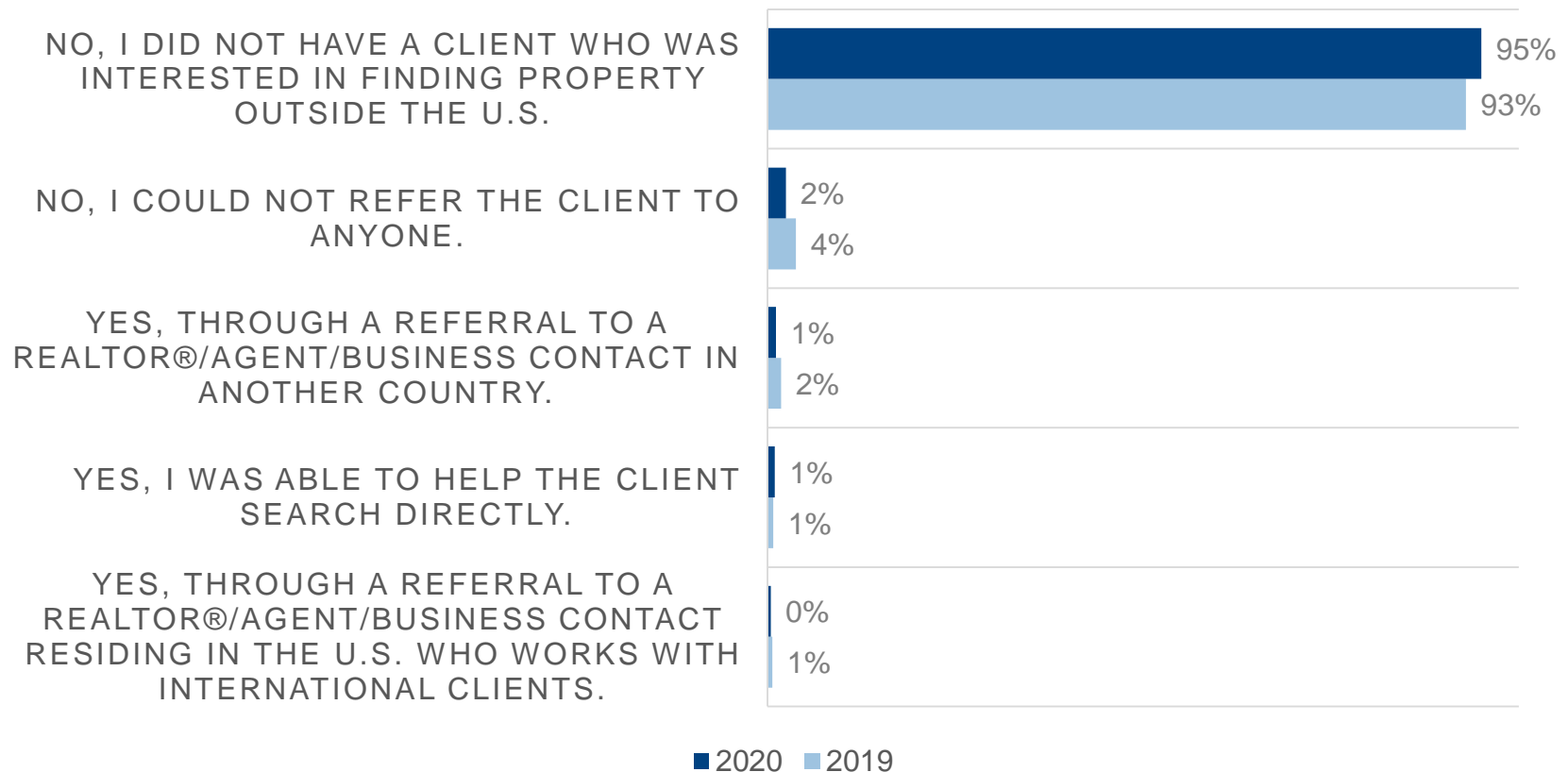
# Smaller Fraction of Respondents Who Had International Clients Who Leased Property

PERCENT OF RESPONDENTS WHO REPORTED INTERNATIONAL CLIENTS WHO LEASED RESIDENTIAL PROPERTY

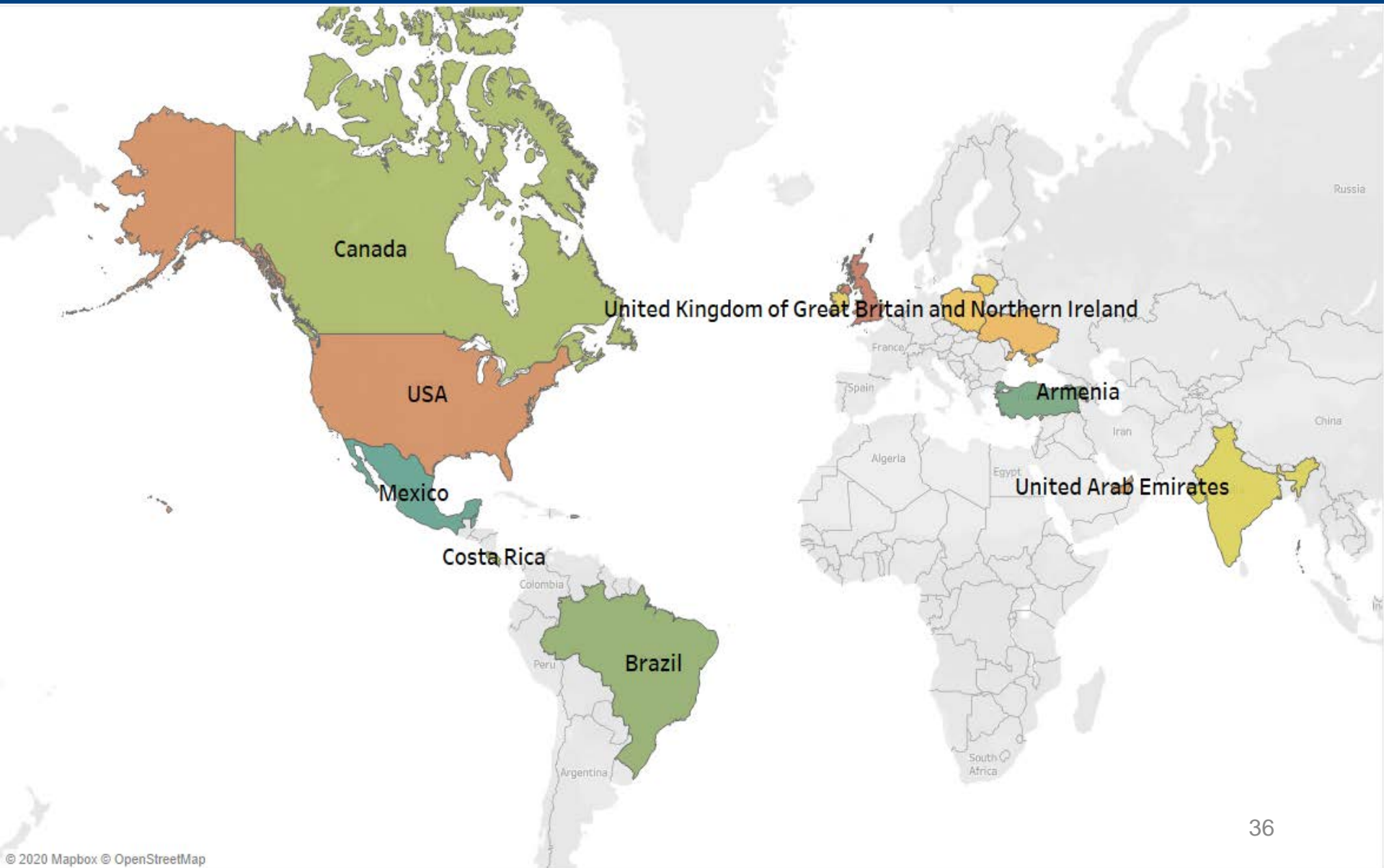


# 5% of Respondents Reported They Had U.S. Clients Searching for Property Abroad

## PERCENT OF RESPONDENTS WHO HAD U.S. CLIENTS WHO WERE SEARCHING FOR PROPERTY ABROAD



# Countries of Interest to Clients Searching for Property Abroad



# Appendix: Estimation of Foreign Buyer Purchases

## Mainstreet Organization of REALTORS® Members International Sales\* During April 2019-March 2020

Line 1	Share of Type A foreign buyer purchases to MORE home sales	2%
Line 2	Non-resident (Type A) foreign buyer purchases (units)	2,131
Line 3	Share of Type A foreign buyers	24%
Line 4	Resident (Type B) foreign buyer purchases (units)	6,747
Line 5	Total foreign buyer residential property purchases (units) /1	8,877
Line 6	Average foreign buyer purchase price	\$386,200
Line 7	Dollar volume of foreign buyer purchases, in billions	\$3.43
Line 8	Foreign buyer purchases (units), as a percent of MORE residential sales	8%
Line 9	Foreign buyer dollar volume of purchases, as a percent of MORE dollar sales volume	10%

### *MOR Home Sales/1:*

Line 10	MOR residential sales	106,528
Line 11	Average price of MORE residential sales	\$317,589
Line 12	Dollar sales volume, in billions	\$33.8

### *Calculations:*

Line 1	Illinois's share of Type A sales to total sales, based on NAR Realtors® Confidence Index Survey We assume that MOR's share of Type A to total sales is the same as Illinois share of Type A to total sales.
Line 2	Multiply Line 1 and Line 10
Line 3	Source: MORE Survey of International Clients
Line 4	Multiply Type A sales by the ratio: share of Type Type B to Type A
Line 5	Add Line 2 and Line 4
Line 6	Source: MORE Survey of International Clients
Line 7	Multiply Line 5 and Line 6
Line 8	Divide Line 5 by Line 10
Line 9	Divide Line 7 by Line 12
Line 10	Source of data: Mainstreet Organization of REALTORS® (MORE)
Line 11	Source of data: Mainstreet Organization of REALTORS® (MORE)
Line 12	Multiply Line 10 and Line 11

\* Based on purchases during April of preceding year to March of current year, which is April 2019 to March 2020 for this report.

This study was conducted by the National Association of REALTORS® for the Mainstreet Organization of REALTORS®.

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## **NATIONAL ASSOCIATION OF REALTORS®**

The National Association of REALTORS® (NAR) is America's largest trade association, representing more than 1.4 million members, including NAR's institutes, societies and councils, involved in all aspects of the real estate industry. NAR membership includes brokers, salespeople, property managers, appraisers, counselors and others engaged in both residential and commercial real estate. The term REALTOR® is a registered collective membership mark that identifies a real estate professional who is a member of the National Association of REALTORS® and subscribes to its strict Code of Ethics. Working for America's property owners, the National Association provides a facility for professional development, research and exchange of information among its members and to the public and government for the purpose of preserving the free enterprise system and the right to own real property.

## **NATIONAL ASSOCIATION OF REALTORS® Research Group**

The Mission of the NATIONAL ASSOCIATION OF REALTORS® Research Group is to produce timely, data-driven market analysis and authoritative business intelligence to serve members, and inform consumers, policymakers and the media in a professional and accessible manner.

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# MAINSTREET ORGANIZATION OF REALTORS®

Mainstreet Organization of REALTORS® (MORE) has a long history of serving REALTORS® and the communities our members reside, work, and volunteer in. What began in 1921 as the then DuPage Association of REALTORS®, the organization grew and merged many times to become Mainstreet Organization of REALTORS® in 2007. Today, with more than 18,000 members, MORE and our members cover more than 200 municipalities in DuPage County, Lake County and Western and Southern Suburban Cook County.

For nearly a century, MORE has been dedicated to anticipating and serving the needs of REALTORS®, Affiliates, and Licensed Appraisers in Chicagoland. We have steadily grown and we are now the largest REALTOR® member organization in Illinois and the fourth largest in the nation. With 18,000+ members, we can be trusted to have the resources and expertise to take our members to the next level of their professional development. MORE believes in leadership through member-driven programming and empowering services. We strive to become more accessible by offering trusted and timely communication tools to ensure our members' continued success.

MORE strives to be a diverse, accessible, and trusted leader of resources that empower real estate professionals (members), and the consumers they serve, to successfully advocate for, and make the most informed decisions about, homeownership.



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