

Just Released: 2016 Survey Shows Foreign Real Estate Investment Driven by Mainland Chinese Nationals

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From April 2014 to March 2015, the National Association of Realtors® recorded over 200,000 houses sold to foreign buyers, which totaled to over \$103.9bn in home sales and the five countries that made up over 50% of those sales were foreigners from Canada, China, Mexico, India, and the United Kingdom. This was a dramatic increase from 2013-14 survey results of \$92.2bn shows that foreign nationals interest in US real estate continues to strengthen.

And while the latest National Association of Realtors® 2016 Annual Survey, showed a marginal 1.3% decline in houses sold to foreign nationals to \$102.6bn, attributable largely to the strengthening of the US dollar versus weakening foreign currencies and turbulence in foreign markets, interest amongst mainland Chinese continues to buck the trend.

The Chinese are currently the single largest foreign national investor-group in the US. Figures released by research firm Rhodium Group and the National Committee on U.S.-China Relations, indicate that Chinese businesses and individuals are set to invest over \$30 billion in 2016, double from 2015.

This large increase is fueled in part by a slowdown in China's economy and instability with the Chinese currency, the yuan, which has Chinese nationals looking elsewhere to invest their capital. The US is considered a highly attractive proposition due to its strong economic fundamentals and an attractive place to visit and live.

The U.S. government is taking additional measures to strengthen this avenue of investment for foreign nationals, through the PATH Act which is designed to protect investors from additional taxes and keep several taxes from renewing after they sunset.

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This Act will work alongside a reform in the Foreign Investment in Real Property Tax Act (FIRPTA), passed in March 2106, which had international investors paying taxes on gains made on real estate. The FIRPTA reform will further encourage international investment by providing breaks on those taxes from gains on real estate, REITs and other stocks as well as the ability for foreign pensions to own U.S. real estate. Overall, financial experts believe this reform will continue to encourage foreign nationals to purchase property in the US.

According to New York Times, the foreign nationals' home-buying spree started on the coasts in places like Silicon Valley, CA, and Manhattan, NY, but due to increasing real estate values and competition amongst US nationals who are bidding up prices due to ownership demand, savvy foreign investors are now focusing on US markets that offer lower entry home prices, better yields and brighter prospects for long term home price appreciation.

Using data analytics and predictive models, our Research team identifies markets and detailed information on neighborhoods within those markets, and drills down to which specific properties and layouts that will provide foreign national investors with the returns they are seeking.

Additionally, the unique Greystone Build-to-Rent™ platform and our Client-focused team enables our foreign investors to take advantage of our end-to-end solutions that provide a superior investment product with complete peace of mind.

If you would like to know more about investing in one of our Class "A" properties in any one of our hand-picked locations in the United States, please call us on 586.482.8156 or write to us on info@buildgreystone.com and one of our experienced Client Advisors will be happy to answer any of your questions.

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