

*The*

# **INTERNATIONAL BUYER'S GUIDE**

*to Purchasing U.S. Property*







The United States real estate market has historically attracted people from around the world looking to live, work, play, study or invest. To demystify the buying process, the Coldwell Banker® brand has curated a collection of guidelines and best practices for international clients seeking to purchase property in the United States.

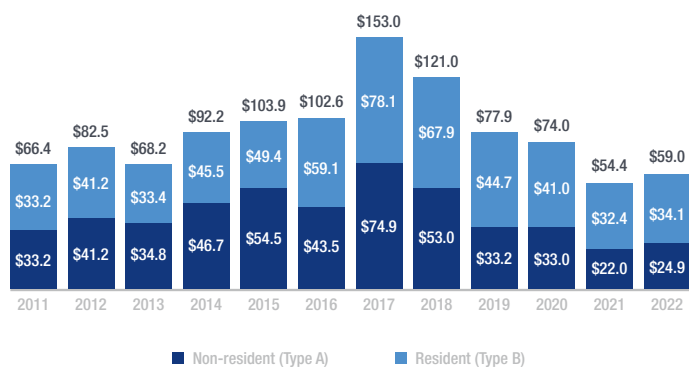
## I. THE CURRENT REAL ESTATE LANDSCAPE

The coronavirus pandemic and travel restrictions dampened international demand for U.S. properties over the past two years.

According to the National Association of REALTORS® (NAR), the sales volume generated by international home buyers in 2021 hit its lowest level since 2011. International buyer purchases accounted for just 1.6% of existing home sales, down from a peak of 5.2% in 2017. While transactions further decreased in the most recent period, dollar volume of foreign buyer purchases rose 8.5% to \$59 billion in the period ending March 2022. Now that travel bans have eased, the expectation is that there will be a surge in pent-up international demand released for U.S. properties.

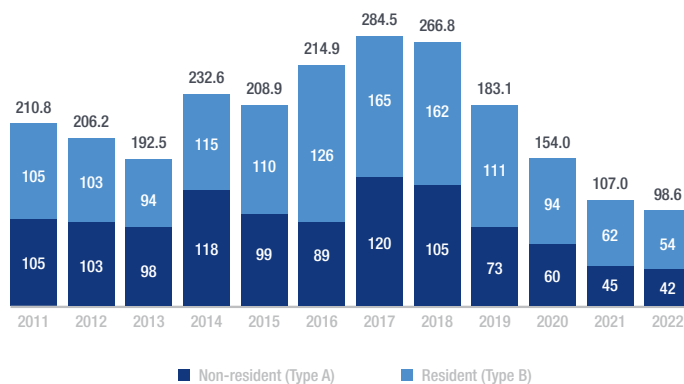
### Foreign Buyers Snapshot<sup>1</sup>

Dollar Volume of Existing-Home Purchases by Foreign Buyers (Billion Dollars)



Note: Based on transactions in the 12 months ending March of each year.

Number of Existing-Home Purchases by Foreign Buyers (Thousand Units)



Note: Based on transactions in the 12 months ending March of each year.

**Key Terms:** Non-resident international buyers (Type A): Non-U.S. citizens with permanent residences outside the U.S. Resident international buyers (Type B): Non-U.S. citizens who are recent immigrants (less than two years at the time of the transaction) or non-immigrant visa holders who reside for more than six months in the U.S. for professional, educational or other reasons.



# \$59 BILLION

IN DOLLAR VOLUME OF INTERNATIONAL BUYER RESIDENTIAL PURCHASES IN THE U.S.<sup>2</sup> (APRIL 2021 - MARCH 2022)

# 44%

INTERNATIONAL BUYERS WHO PURCHASED PROPERTY FOR USE AS A VACATION HOME, RENTAL OR BOTH IN THE U.S.<sup>2</sup>

# 44%

INTERNATIONAL BUYERS WHO PAID ALL-CASH FOR A U.S. PROPERTY (COMPARED TO 24% AMONG ALL EXISTING HOME BUYERS)<sup>2</sup>

# 64%

INTERNATIONAL BUYERS WHO PURCHASED A DETACHED SINGLE-FAMILY HOME OR TOWNHOME IN THE U.S.<sup>2</sup>

### **Strong U.S. Luxury Market Fundamentals**

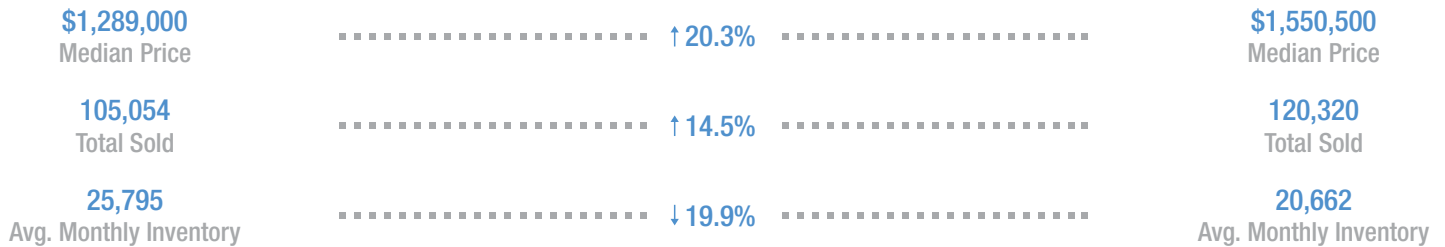
Historically low inventory, rapid price gains and a flood of new wealth entering the U.S. property market have converged over the past two years to create a strong-yet-challenging buying environment for international buyers.

According to The Report: 2022 published by the Coldwell Banker Global Luxury® program, 2021 sales of luxury single-family homes rose 14.5% while prices increased 20.3% from 2020. Sales of attached luxury homes saw a more dramatic uptick of 29.6% year-over-year and a 16.6% increase in prices.

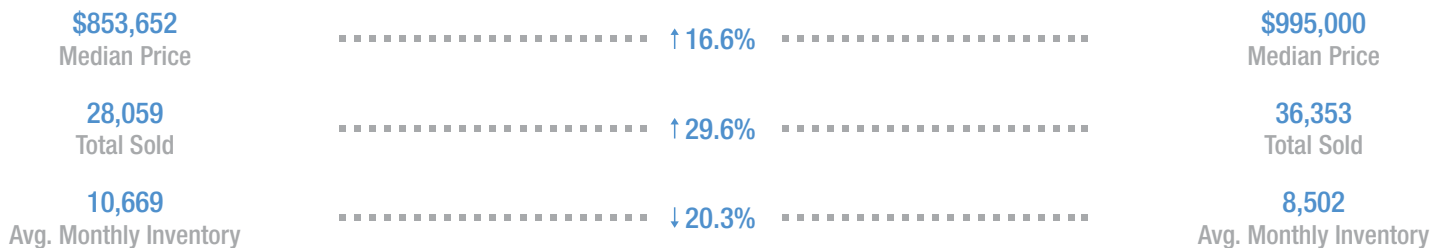
## The Luxury Market<sup>3</sup>



### Single-Family Homes 2020-2021



### Attached Properties 2020-2021



Due to years of underbuilding and a decline in listings, supply has also not kept pace with demand. However, the number of available listings is expected to gradually increase this year as new sellers come forward and post-pandemic new construction ramps up. The Federal Reserve has also slowly been raising interest rates this year to curb inflation, resulting in a stronger dollar. This could also have a slight cooling effect for domestic buyers who are financing their real estate purchases, allowing more opportunities for international buyers.

## II. BUYING BASICS

What do you need to know before you start the process of buying U.S. property?

### Who Can Buy?

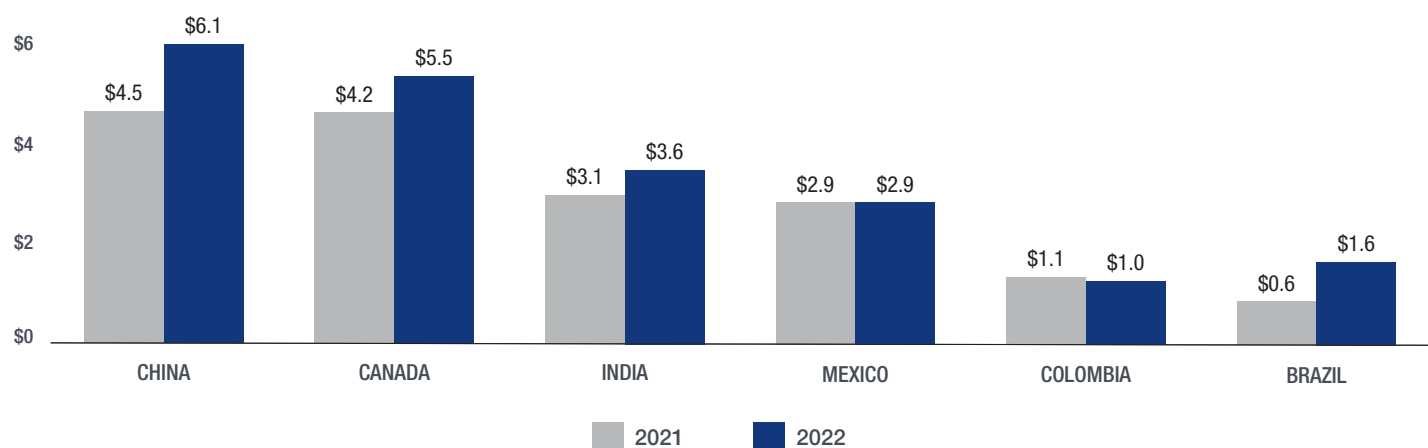
Anyone may buy and own property in the United States, regardless of citizenship. However, property owners may face more complex tax laws or face hurdles obtaining a mortgage as a non-U.S. citizen.

### What Can You Buy?

Non-citizens can own or buy single-family homes, condominiums, duplexes, triplexes, quadplexes, townhomes, multi-unit residential buildings or commercial properties such as shopping malls. However, various U.S. laws may impose restrictions or requirements applicable to foreign investors in certain cases, such as through the Office of Foreign Assets Control (OFAC), the Patriot Act, and the Committee on Foreign Investment, to name a few. It is advisable that non-citizens seeking to buy real estate in the U.S. consult their legal advisor about any restrictions or requirements that may be applicable. Additionally, in certain metropolitan areas, such as New York City, housing cooperatives, or co-ops, often require a buyer's source of income to be from the U.S. and the majority of the buyer's assets to be kept in the U.S.

## Top 6 International Buyers in the U.S. 2022.<sup>2</sup>

U.S. Real Estate Purchased By Dollar Volume (\$BN)



### How Can You Buy?

Non-U.S. citizen investors may purchase property directly – in their names – or through a business entity, such as a domestic corporation, international corporation, limited partnership, joint venture, real estate investment trust or limited liability company. Depending on the state and how you are purchasing the property, various legal and personal documents may be required for non-U.S. citizens to purchase property in the U.S.

## III. PURCHASING U.S. REAL ESTATE: A HOW-TO GUIDE

What are the steps you need to take to own U.S. property? To start the process, contact your local Coldwell Banker® office or Coldwell Banker sales associate who can guide you to a Coldwell Banker real estate professional in the United States in your area of interest.

### STEP 1

**Decide where you want to buy.** Do you need the property to be close to a place of business or a certain school? How important is international airport access? Do you want to be in an urban setting or a suburban setting with more open space? Do you prefer to live in a single-family residence or a condo/apartment? Do you need certain lifestyle amenities nearby? Is it important to live near relatives? These are all factors you may want to consider when choosing where you'd like to purchase real estate in the U.S.

### STEP 2

**Hire a real estate professional in your preferred market who specializes in working with international buyers.** A qualified agent, such as a Coldwell Banker® sales associate or a Luxury Property Specialist with the Coldwell Banker Global Luxury® program, can walk you through any local state-specific rules or regulations, and help you narrow down your search to the most desirable properties while keeping your needs in mind. You can work with your local Coldwell Banker office to reach the right Coldwell Banker sales associate in the United States in your market of interest. Some Coldwell Banker affiliated agents may also be able to help you assemble a U.S.-based group of trusted advisors, such as a real estate attorney, a financial advisor/accountant and/or a tax attorney.

In addition to your local Coldwell Banker office, you can also connect with a Coldwell Banker sales associate in your area of interest. **Visit [coldwellbanker.com/real-estate-agents](https://coldwellbanker.com/real-estate-agents).**





**The Coldwell Banker® network maintains a strong presence in markets across these states.**

**Florida<sup>4</sup>**

10,000+ Total Sales Associates  
700+ Luxury Property Specialists  
156 Coldwell Banker offices  
\$33 billion+ in closed volume in 2021

**California<sup>4</sup>**

15,000+ Total Sales Associates  
2,000+ Luxury Property Specialists  
282 Coldwell Banker offices  
\$74 billion+ in closed volume in 2021

**Texas<sup>4</sup>**

5,000+ Total Sales Associates  
400+ Luxury Property Specialists  
119 Coldwell Banker offices  
\$16 billion+ in closed volume in 2021

**Arizona<sup>4</sup>**

1,600+ Total sales associates  
132+ Luxury Property Specialists  
28 Coldwell Banker offices  
\$5 billion+ in closed volume in 2021

**New York<sup>4</sup>**

3,600+ Total Sales Associates  
261 Luxury Property Specialists  
113 Coldwell Banker offices  
\$138 billion+ in closed volume in 2021

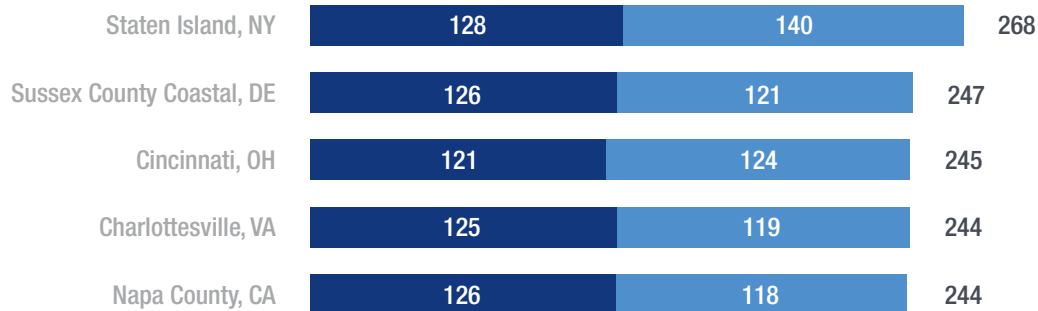
**Top Cities and New Opportunities**

Cities like New York, Los Angeles and Miami have traditionally attracted the most international dollars. However, affordable secondary cities, suburbs and inland housing markets could also present international buyers with “hidden gem” opportunities away from major metro centers.

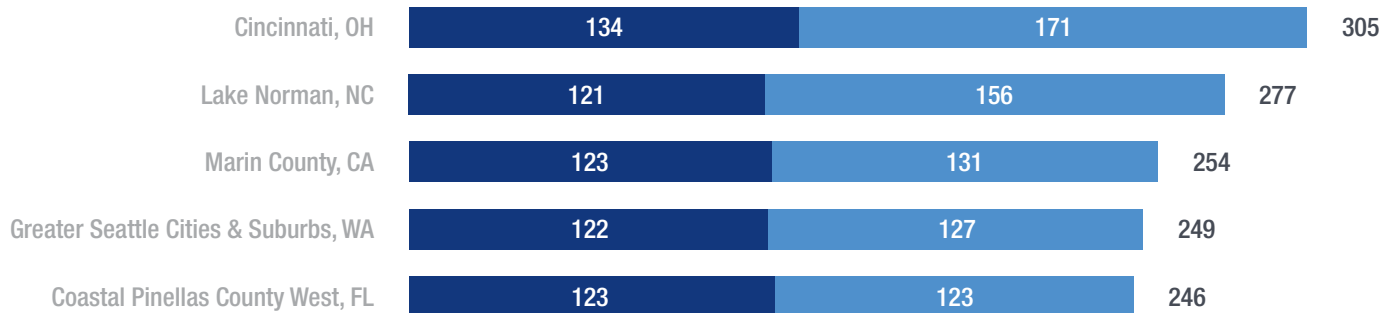
The Coldwell Banker Global Luxury® program identified the U.S. locations that still had room to rise and places to buy in “The Opportunity Index,” which measures a market’s percentage of annual price increase against the current inventory level.



### If You're Looking For a Single-Family Property<sup>3</sup>:



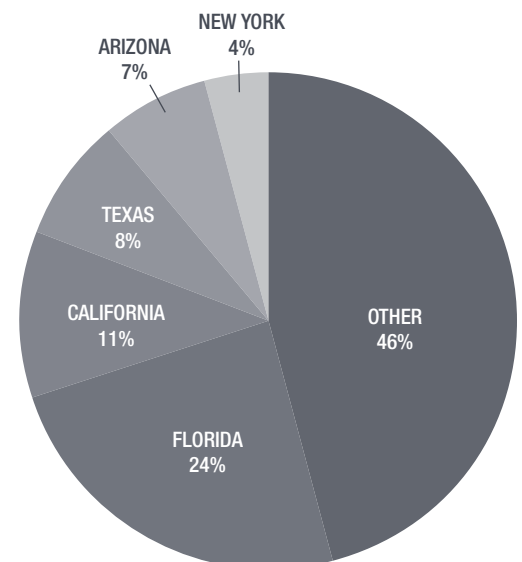
### If You're Looking For an Attached Property<sup>3</sup>:



### Top U.S. States for International Real Estate Buyers<sup>2</sup>

The five U.S. states that attract the greatest number of international home buyers are Florida, California, Texas, Arizona and New York.

Florida and Arizona tend to attract buyers from Latin America, Europe and Canada who are looking to purchase properties in warm climates for vacation purposes. Affordability and diversity of housing in these states are also considerations for many international buyers. California and New York have long enticed buyers, who look for properties that have easy international airport access, as well as job and educational opportunities. Texas, with its affordable (and plentiful) housing, has historically drawn buyers from Latin America and the Caribbean as well as Asian buyers.





### STEP 3

**Set your budget and arrange your financing.** The next step is to figure out how much you want to spend and set a budget. This may mean applying for a home loan in the U.S. or in your home country, using savings, liquidating stock, or cryptocurrencies, or refinancing a property you already own elsewhere to release cash. Whether you decide to purchase with cash or a home loan, it is important to understand the pros and cons of both methods, including any hurdles obtaining financing or tax considerations as a non-U.S. citizen.

#### **If you're purchasing with cash:**

All-cash purchases are permitted in the U.S., however cash transactions over \$10,000 must be reported to the federal government. You'll need to show how you earned the money and that it was legally obtained. As a non-U.S. citizen investor, you may find that funding your payment with cash will result in an easier transaction, since most lenders usually require establishing local credit history. Additionally, there are no mortgage application fees or loan origination fees, or loan appraisals associated with cash transactions.

#### **If you're using a mortgage lender:**

Your real estate agent may be able to refer you to a reputable mortgage advisor who has experience working with international buyers. Some U.S. lenders may offer mortgages for new immigrants and non-resident buyers with no U.S. credit history at a competitive rate. Most mortgage experts advise that it takes approximately 3-6 months to start building up a credit history. Many mortgage lenders require an appraisal before they will grant a loan.

To obtain a home loan as a non-U.S. citizen, you may need to present any or all of the following:

- Social Security number or Individual Taxpayer Identification Number (ITIN)
- Valid international passport, a U.S. visa or a driver's license
- Bank statements and, if applicable, financial records from your overseas bank
- Proof of reserves
- Pay stubs
- Credit score
- Tax return

**REMEMBER** — *In the U.S., a property seller covers the commission fee for the buyer's and the seller's real estate agent.*



#### STEP 4

**Navigate the U.S. tax landscape.** Non-resident international investors will be required to pay taxes on their U.S. property. International buyers will also have additional tax obligations if they generate income from a rental property in the U.S. or sell U.S. property for a gain on the sale. As of 2022, the IRS requires that buyers of property from non-U.S. citizens withhold 15% of the gross sale price to ensure international nationals do not evade U.S. income tax on their sold property. Whether you are purchasing with cash or obtaining a mortgage, non-resident international buyers are also required to get an Individual Taxpayer Identification Number (ITIN) to purchase property in the United States in most cases. Your Coldwell Banker® affiliated sales associate may be able to assist you with this process.

#### STEP 5

**Start your home search.** Your Coldwell Banker sales associate will be able to show you various options online that meet your criteria and can arrange virtual tours if you are not able to see a property in person. They can also answer general lifestyle and area questions about the community you are considering.

#### STEP 6

**Make an offer.** Once you have selected a property you would like to purchase, your Coldwell Banker sales associate will provide you with comparable properties that recently sold in the area so you can make an educated offer. Most property sales in the U.S. are negotiable, so expect to rely heavily on your Coldwell Banker sales associate's negotiating expertise during this phase.

#### STEP 7

**Conduct a home inspection before you commit.** You can buy a house without doing an inspection in the U.S., but it's highly recommended you hire a qualified home inspector to check for any construction defects or damages, make sure the house is structurally sound and all systems are working. Your Coldwell Banker sales associate can guide you through the process and help arrange for an inspection on your behalf.

#### STEP 8

**Sign the contract and make your deposit.** After the home inspection, you will enter into a contract of sale with the seller. The contract of sale is the document that binds you to the transaction. The contract of sale will include the price and any other terms that your agent negotiated for you. Your agent will use their expertise to guide you through the local practices that apply to your area.

#### STEP 9

**Obtain a title report.** In the U.S., a title report will show previous owners of the property, any current liens or taxes owed against the property and confirms the property's rightful legal owner. The title report is critical because it protects you as the purchaser before taking ownership.

#### STEP 10

**Take ownership of your new property.** Closing is comprised of many documents requiring your signature. There are many ways to facilitate closing – in person, via a power of attorney – and it varies state to state. Your agent can help advise you on what options are available to you.

COLDWELL BANKER AGENTS HANDLE  
**\$267 MILLION**  
IN \$1 MILLION+ HOME SALES DAILY\*







#### IV. WHY WORK WITH A COLDWELL BANKER® SALES ASSOCIATE

Purchasing a property can be a stressful process, and maybe even more so for an international buyer. It is important that you work with a knowledgeable agent you trust to have your best interests in mind – who has the right network connections, technological skills and understanding of the unique challenges associated with international property buying. That is why the highly trained Coldwell Banker sales associates and Luxury Property Specialists with the Coldwell Banker Global Luxury® program are the most uniquely positioned to guide you through the process.

##### **Heritage**

The Coldwell Banker brand is the most established residential real estate franchise system in North America. Founded by young entrepreneurs Colbert Coldwell in 1906 and later Benjamin Banker, Coldwell Banker changed the way people bought and sold homes across America, ultimately becoming one of the most trusted real estate brands in the world. More than 100 years later, the Coldwell Banker network is still recognized for its innovation and leadership across 2,900 offices in 41 countries and territories.

The Coldwell Banker Global Luxury® program traces its roots to 1933 on Manhattan's Madison Avenue and has since become a world leader in luxury real estate. Backed by the 116-year history of the Coldwell Banker brand, the program has established the gold standard for how the finest properties around the globe are bought and sold.





**100,000+**

COLDWELL BANKER AFFILIATED  
REAL ESTATE AGENTS GLOBALLY

**80** INDIVIDUALS  
AND TEAMS

RANKED ON 2021 REALTRENDS  
THE THOUSAND LIST

**36,000+**

CERTIFIED LUXURY PROPERTY  
SPECIALISTS WITH THE  
COLDWELL BANKER  
GLOBAL LUXURY® PROGRAM


**50,353<sup>5</sup>**

TRANSACTIONS OF  
HOMES PRICED AT \$1 MILLION  
OR MORE IN 2021





**COLDWELL  
BANKER**

1. National Association of REALTORS®. 2. The 2022 Profile of International Transactions in U.S. Residential Real Estate, National Association of REALTORS®. 3. Coldwell Banker Global Luxury® The Report: 2022 Global Luxury Market Insights. 4. Company Data 2021. (Dash & Trident Jan.-Dec. 2021). 5. Data based on closed and recorded buyer and/or seller transaction sides of homes sold for \$1 million or more as reported by affiliates of the U.S. Coldwell Banker franchise system for the calendar year of 2021. USD\$. This document contains suggestions and best practices regarding specific issues you may encounter for you to use at your discretion. Any services or products provided by independently owned and operated franchisees are not provided by, affiliated with or related to Coldwell Banker Real Estate LLC nor any of its affiliated companies. This is not intended as a solicitation if your property is already listed by another broker. Affiliated real estate agents are independent contractor sales associates, not employees. ©2022 Coldwell Banker. All Rights Reserved. Coldwell Banker and the Coldwell Banker logos are trademarks of Coldwell Banker Real Estate LLC. The Coldwell Banker® System is comprised of company owned offices which are owned by a subsidiary of Anywhere Advisors LLC and franchised offices which are independently owned and operated. The Coldwell Banker System fully supports the principles of the Fair Housing Act and the Equal Opportunity Act.  22KE9U\_NAT\_8/22