MEMBER SURVEYS

Helping shape the future of real estate in Houston.

July 2019

International Survey

Provided by the Houston Association of REALTORS®
To analyze HAR members’ international business and its trends to identify how HAR can help their international business succeed.

To benchmark this year’s result against past years’ results and assess members’ current needs.
Methodology

Number of invitation sent - 35,974
Number of Respondents – 2,030
Response Rate -6%

Number of respondents who work with international clients = 794

Number of respondents who do not work with international clients = 1,237
Observations

- International market is large - 2 in 5 respondents work with international clients
- Type of property - Residential lease is on the rise compared to last year Income /investment property is on the decline
- Location of property - Suburbs surpassed city/urban setting this year
- 25% say international clients are more challenging
- Financial issues, immigration and tax laws are biggest barriers for international purchases
- Transaction process, English-only document, and language barriers are the biggest challenges in transaction process
- 72% believe international market is growing
- 59% are interested in attending a HAR course to grow number of international clients
- 48% are extremely or very interested in becoming a CIPS Designee
- Many respondents want HAR’s help in international marketing / transaction / legal training
Recommendations

• Promote value of CIPS designation and participation
• Aggressively promotion international training class to those identified as interested in it from survey (WAV Group will provide database)
• Build materials in most prevalent languages international languages to explain US real estate transaction process including translated guides to forms
• Create a partnership with local translators to make it easier for REALTORS® to work with non English-speaking clients
• Publish content/white papers explaining the economic factors around the globe influencing interest from international customers
• Create materials to help REALTORS understand financing and tax options for each of the top international markets
• Partner with international tax attorney to provide education to REALTORS about international tax implications
2 in 5 respondents work with international clients

Do you currently work with international clients?

- Yes: 39%
- No: 61%
Members with International Business Section

Following section is answered by respondents who said “Yes” to currently working with international clients.
54% have worked with International clients 3 years or less

How long have you been working with international clients?

- Less than 1 year: 22%
- 1 to 3 years: 32%
- 4 to 10 years: 26%
- 11 to 19 years: 13%
- 20+ years: 8%
Majority’s international business is less than 1/4 in proportion of their entire business

What proportion of your business involves international clients?

- Under 25%: 71%
- 26 to 50%: 19%
- 51 to 75%: 7%
- Over 76%: 3%
- All: 0%
Residential purchasing and leasing are the main types of properties

On which of the following types of properties have you worked with international clients? (Choose all that apply)

<table>
<thead>
<tr>
<th>Type of Property</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Purchase</td>
<td>95%</td>
<td>5%</td>
</tr>
<tr>
<td>Residential Leasing</td>
<td>79%</td>
<td>21%</td>
</tr>
<tr>
<td>Commercial Purchase</td>
<td>30%</td>
<td>71%</td>
</tr>
<tr>
<td>Commercial Leasing</td>
<td>23%</td>
<td>77%</td>
</tr>
<tr>
<td>Land Purchase</td>
<td>42%</td>
<td>58%</td>
</tr>
</tbody>
</table>
What type of residential properties are most of your international clients interested in purchasing or leasing? (Choose all that apply)

- Detached single family homes: 87%
- Residential lease: 38%
- Income/investment property: 44%
- Townhouse/row house: 37%
- Mid/Hi-rise condos: 24%
- Residential Lots or new construction: 19%
- Second or vacation home: 20%
- Resort properties (waterfront, golf courses, etc.): 6%

Type of properties for International Clients: Income/investment property is on the decline.
Suburbs surpassed city/urban setting this year

For residential transactions involving international clients, in what type of area are most of the properties located? (Choose all that apply)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suburbs</td>
<td>63%</td>
<td>68%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>City/urban setting</td>
<td>73%</td>
<td>66%</td>
<td></td>
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</tr>
<tr>
<td>Rural areas</td>
<td></td>
<td></td>
<td>12%</td>
<td>8%</td>
</tr>
<tr>
<td>Resort areas (waterfront, golf courses, etc.)</td>
<td></td>
<td></td>
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</tbody>
</table>
Interest in office buildings and Industrial/Manufacturing on the rise

What type of commercial properties are most of your international clients interested in purchasing or leasing? (Choose all that apply)

- Retail/restaurant: 55% in 2016, 48% in 2017, 47% in 2018, 35% in 2019
- Multifamily: 20% in 2016, 17% in 2017, 16% in 2018, 17% in 2019
- Office building: 28% in 2016, 47% in 2017, 35% in 2018, 28% in 2019
- Undeveloped Land: 17% in 2016, 35% in 2017, 28% in 2018, 17% in 2019
- Industrial/manufacturing: 17% in 2016, 17% in 2017, 17% in 2018, 17% in 2019
- Hotel: 17% in 2016, 17% in 2017, 17% in 2018, 17% in 2019
Mexico, Europe and South America are the 3 largest international audiences

What country/area are the majority of your international clients from?
(Choose all that apply)

- Mexico: 56%
- Europe (England in Red): 23% (13% in Red)
- South America (Brazil in Red): 21% (9% in Red)
- Central America: 26%
- East Asia (China in Red): 2% (23% in Red)
- Middle East: 23%
- India: 19%
- Africa: 13%
- Canada: 13%
- South East Asia: 10%
- Australia: 5%
- Russia: 4%
- Caribbean: 1%
- Other: 1%
$400K and under most interesting price points; $100K and under doubled since 2018

For transactions where your international client is making a purchase, what is the average purchase price for the property?

- $100,000 or less: 3% (2016), 6% (2017), 35% (2018), 30% (2019)
- $100,001-250,000: 30% (2016), 33% (2017), 34% (2018), 30% (2019)
- $250,001-400,000: 30% (2016), 33% (2017), 30% (2018), 34% (2019)
- $400,001-500,000: 34% (2016), 30% (2017), 33% (2018), 34% (2019)
- $750,001-1,000,000: 8% (2016), 5% (2017), 3% (2018), 5% (2019)
- More than $1,000,000: 4% (2016), 5% (2017), 3% (2018), 5% (2019)
Mix between cash and financing is the most popular method of payment amongst international clients

How do the majority of your international clients pay for their properties?

- Cash: 32%
- Apply for financing: 24%
- About even between cash and financing: 43%
- Other (Please specify): 1%
Investment and employment purposes are the most common reasons for international clients to purchase in Houston.

What reasons do your international clients cite for wanting to purchase a property in Houston?

- Investment purposes: 57%
- Employment: 46%
- Quality of life: 33%
- Higher education for themselves or their children: 22%
- To be closer to family: 22%
- Multi-cultural population: 13%
- International airport: 7%
- Other (Please specify): 3%
1 in 5 international clients connected to the respondents via HAR.com

How did most of your international clients find you, their REALTOR®? (Choose all that apply)

- Previous client referral: 65%
- Personal contact: 60%
- Found me/my listing on HAR.com: 21%
- Social media marketing: 19%
- Open house: 13%
- Found me/my listing on property portal e.g. Zillow: 12%
- Relocation agency/department: 11%
- Other (Please specify): 8%
- International agent marketing network: 5%
- International brokerage networks: 3%
- Youtube marketing: 1%
25% say international clients are more challenging

Are international clients generally easier, about the same as, or more challenging to work with than other clients?

- Much easier: 2016 - 6%, 2017 - 16%, 2018 - 16%, 2019 - 6%
- About the same: 2016 - 53%, 2017 - 25%, 2018 - 25%, 2019 - 25%
- Much more challenging: 2016 - 25%, 2017 - 6%, 2018 - 6%, 2019 - 6%
Financial issues, immigration and tax laws are biggest barriers for purchases

What are the three biggest barriers preventing your international clients from purchasing property?

- Financing issues: 52%
- Immigration laws: 29%
- Tax laws: 23%
- Cost of the property: 23%
- Property taxes: 21%
- Unable to find a property: 20%
- Hurricanes/natural disasters concern: 14%
- Other (Please Specify): 10%
- Insurance costs: 4%
What is the most challenging part of the real estate process when dealing with international clients?

- Explaining the transaction process: 34%
- The documents and contract not in client’s native language: 20%
- Language barriers/communicating with client: 18%
- Negotiating the transaction: 14%
- The closing process: 7%
- Other (Please specify): 7%
72% say that international market is growing

Would you say the market for U.S. properties among international clients is growing, about the same or becoming smaller?

- **Growing**: 73% (2016), 72% (2017), 72% (2018), 73% (2019)
- **Remaining the same**: 18% (2016), 18% (2017), 22% (2018), 18% (2019)
- **Becoming smaller**: 9% (2016), 9% (2017), 6% (2018), 6% (2019)
Have you seen a shift in the purchasing tendencies of your international clients in the Houston market? If yes, please describe.

- For me personally I have seen more international clients in the recent years.
- More homestead purchasers now than ever before.
- Clients are becoming more knowledgeable in US laws and ways of doing business. I think this is leading to more diversity in their portfolios.
- Yes, slowing down due to "foreign status" and inability to get their $ out of their home country.
- Less incoming international clients because of the international slow down in the oil and gas industry.
- With the change in the White house... A few of my international clients are a more concerned about doing a lot of business here... At the same time I don't think things has slow down...
All Respondents Section

Following section is answered by all respondents, including ones who are not currently working with international clients.
59% are interested in attending a HAR course to grow number of international clients

How interested would you be in attending a course from HAR on how to grow your number of international clients?

What can be done to ensure the international market for U.S. properties grows over the next few years?

- International Conferences, retreats, networking opportunities. Also, marketing tools for realtors interested in connecting with international clients.
- Marketing to international prospects so they can understand the background of investing in the US.
- Contracts in Various languages
  Don't forget about Commercial, utilizing social media.
- Stable taxes and overall rules.
  More exposure outside the US.
- More agent could be more educated to work with foreign buyers. They tend to back off, not knowing how to act with buyers from various part of the world.
- Staying involved in the political advocacy process to insure that buyers are protected. FIRPTA rules are hard to understand from a buyer perspective and certainly can cause hardship.
65% have been a REALTOR® for less than 10 years

How long have you been a REALTOR®?

- 0-5 years: 52%
- 6-10 years: 13%
- 11-15 years: 14%
- 16-20 years: 8%
- More than 20 years: 13%

International Survey
July 2019
Only 10% have CIPS designation

What designations do you currently have? (Choose all that apply)

- ABR: 32%
- GRI: 25%
- CRN: 14%
- CIPS: 10%
- CNE: 9%
- None: 7%
- Broker: 3%
- CHLMS: 3%
- CCIM: 3%
- SRS: 2%
- Realtor: 2%
- SRES: 2%
- SIOR: 2%
- MCNE: 2%
- MRP: 2%
- ALHS: 2%
- TRLP: 2%
- CSMS: 1%
48% are extremely or very interested in becoming a CIPS Designee

How interested are you in becoming a CIPS Designee? (Certified International Property Specialist)

- Extremely interested: 26% in 2016, 22% in 2017, 33% in 2018, 9% in 2019
- Very interested: 26% in 2016, 33% in 2017, 22% in 2018, 10% in 2019
- Somewhat interested: 33% in 2016, 22% in 2017, 26% in 2018, 9% in 2019
- Not at all interested: 10% in 2016, 9% in 2017, 10% in 2018, 10% in 2019
- Not sure - need to know more: 9% in 2016, 9% in 2017, 10% in 2018, 10% in 2019
Do you have any suggestions about how HAR can help you grow your business with international clients?

- Classes on best practices (marketing, networking, international laws, etc.) to ensure we are well informed on how to conduct business on an international scale.
- Overall process - from start to finish. Where to start, leads, lenders, etc.
- More training classes beyond CIPS
- Do some generic advertising in countries which have a history of investing in USA - such as China, India, Canada, Germany, United Kingdom.
- Ability to translate the HAR website to different language with a click of a button.
- Social media exposure.
83% of respondents are agents

What is your role?

- Sales Agent: 83%
- Broker: 8%
- Associate Broker: 7%
- Other (Please specify): 2%
- Appraiser: 0%
60% closed between 1-10 transaction sides in past 12 months

Approximately how many transaction sides have you closed in the past 12 months?

- None - don't sell real estate: 7%
- 1: 10%
- 2 to 5: 28%
- 6 to 10: 22%
- 11 to 15: 14%
- 16 to 20: 7%
- 21 to 30: 6%
- 31 to 50: 4%
- More than 50: 2%