Real estate agents see return of foreign buyers

By Adrian Sainz
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Canadian investor Arthur Wong is buying condos in Las Vegas and Phoenix like a shopper at Costco: In bulk, with slashed prices.

Wong, president of Optimus U.S. Real Estate Fund, has bought 60 condos at heavy discounts from developers in financial trouble. Wong paid about $62,500 each for 18 Las Vegas condos that once were priced at about $250,000 apiece.

"This could be a once-in-a-generation opportunity for real estate investment," said Wong, whose Calgary, Alberta-based fund has already invested $5 million cash and will spend millions more in the U.S. Southwest over the next several months.

While foreign real estate investment in the first six months of 2009 was lower than last year's level, real estate agents from New York to Las Vegas say purchases have increased rapidly in recent months.

Foreign investors have long been attracted to U.S. residential real estate, drawn by the market's stability compared with other countries. But the dollar's descent in the past six months has made makes homes even cheaper for foreigners, and prices are showing signs of stability.

International investors bought 154,000 homes and condos in the 12-month period ending in May, down from 170,000 for the same period a year earlier, the National Association of Realtors reports.

But since June, the dollar has tumbled by 9 to 11 percent against currencies like the Japanese yen, the European euro and the Canadian dollar. The Brazilian real has gained 17 percent against the dollar in the past six months.

Buyers from Brazil, Canada, France and the Netherlands, for example, have paid mostly cash for second homes ranging from $6 million to $15.5 million in condo buildings like 40 East 66th Street, a stone's throw from Central Park and steps from shopping, dining and nightlife.

"(Foreign investors) love to have everything available to them once they walk out their front door," said Barbara Russo, an agent with The Corcoran Group Real Estate in Manhattan.

Manhattan real estate agent Cynthia Crowley recently spoke with three Israeli investors who have complained about rising real estate prices at home.

"They want to buy," said Crowley, an agent with Olshan Realty in New York. "This is not tire kicking."

Foreign investors love floor-level prices and the limp dollar but also are confident in a long-term recovery of the U.S. economy and the housing market's resurgence. Some want vacation homes. Others are looking for rental income.

Buyers from Canada, India, the Middle East, Mexico, and Venezuela like Houston's neighborhoods and its economy, which benefits from strong oil and health care industries.

"They also like to gravitate to where they have friends or family," said Bill Gottfried, managing director of Gottfried International Estates.

Foreign investors often pay cash, or offer down payments of 40 percent or more, because financing is difficult to get. Nearly half paid cash in the 12-month period ending in May, the Realtors group reports.

Florida leads the country in the amount of international buyers, accounting for nearly a quarter of foreign purchases. The Sunshine State was followed by three gateway states with warm climates — California, Texas, and Arizona.