

Asian Investors Are Buying US Properties

According to a recent survey conducted by the National Association of Realtors, international buyers accounted for \$82.5 billion of the \$928 billion that was spent on residential real estate in the 12-month period that ended in March of this year (2012); and those \$Billions spent on US residential property was up 24% from the \$66.4 billion that was spent the previous year over the same period.

It's common knowledge that the US economy is still emerging from an almost crippling recession (the "great recession") that almost pushed it over the cliff and into depression, but the recession was not limited to the America's shores; in fact it was thought of in terms of a "global" recession, and as such it begs the question, why are all these international buyers spending so much money to buy up US residential property?

Well, let's think about this question for a minute. The US is still considered the best place in the world to invest, and many investors – both domestic and international – believe the housing market will bounce back; but the same positive outlook has not been attributed to Europe where economic conditions are still dismal. In addition, when dealing with the prospects of buying real estate in the US at below-market prices or having the same opportunity of buying real estate elsewhere, investors will usually decide to put their resources in US real estate.

But there is another aspect to this trend. Consider a recent Wall Street Journal article with the headline "Buyers from China are pouring billions into residential property—and developers are courting them with everything from feng shui to lucky numbers." Asian investors, mostly from China, Hong Kong, Singapore and Korea are paying \$Millions for US residential property – from mansions in Beverly Hills, CA to high-rise condos in Manhattan, NY and Miami, FL – for dual reasons. One reason as mentioned earlier, is the US is still the best place to invest, but the other reason is to establish residence in the United States.

What hasn't been given much thought as to why to some Asian investors are buying real estate - prime real estate I might add - in the US is their intention to occupy these properties as their primary residences in order to satisfy one of the requirements for US citizenship. Asian Investors, some from China, Taiwan, Hong Kong and many other parts of SE Asia, are investing in international properties for both investment and immigration purposes. They are willing to buy \$1 million+ investments to fulfill their US immigration requirements as stated earlier, but also to establish property investments as their business, as well as for their families to relocate to North America.

In conclusion, US residential property values – despite a decline in recent years – is not expected to remain in a depressed state and has already shown signs of resurgence although there will be some time before a full recovery. But if international buyers, a big part of which are Asian investors, continue the trend of buying real estate in the US and domestic investors become more active, US residential property value will definitely return to pre-recession levels – and perhaps beyond – at a much faster pace.

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