



International Real Estate Deals in the United States

The United States (U.S.) draws individuals from all over the world who want to live, work, and study here because it has the greatest economy in the world and is a nation of immigrants. REALTORS® cater to a significant portion of international clientele.



Since 2009, the **National Association of REALTORS® (NAR)** has surveyed its members annually to determine the volume of foreign buyers who buy homes in the United States, learn more about their origins, destinations, and buying preferences, and assess the challenges and opportunities that REALTORS® face when working with foreign buyers.

The 2023 Profile of International Transactions in U.S. Residential Real Estate details transactions between REALTORS® and foreign buyers and sellers of residential real estate in the United States during the 12-month period from April 2022 to March 2023.

This study is based on an online poll that was taken between April 3 and May 8, 2023. 150,000 randomly chosen REALTORS® and members of regional groups, who also surveyed overseas purchasers, received the survey.¹ NAR weighted the distribution of answers to the distribution of NAR members by the state as of May 2023 to account for over- and under-sampling at the state level. The national market poll received responses from 7,425 REALTORS® in total, and 951 of them mentioned an international residential foreign buyer. The most recent closed transactions of the respondents over 12 months provide the basis for information on the characteristics of overseas customers.



The term international or foreign client refers to two types of clients:

- Non-resident foreigners (Type A): Non-U.S. citizens with permanent residences outside the U.S.
- Resident foreigners (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.

The number of foreign buyers and the number of properties purchased are used interchangeably in this report under the assumption that one foreign buyer purchased one property.

Highlights

\$53.3 Billion – Dollar volume of foreign buyer residential purchases during April 2022–March 2023 (2.3% of \$2.3 trillion of the dollar volume of existing-home sales)

84,600 – Number of foreign buyer existing-home purchases during April 2022–March 2023 (1.8% of 4.73 million existing-home sales)

51% – Foreign buyers who reside in the United States (recent immigrants; less than two years at the time of the transaction) or non-immigrant visa holders (Type B)

\$396,400 – Foreign buyer median purchase price (compared to \$384,200 for all U.S. existing homes sold)

42% – Foreign buyers who paid all-cash (compared to 26% among all existing-home buyers)

50% – Foreign buyers who purchased a property for use as a vacation home, rental, or both (compared to 16% among all existing-home buyers)

76% – Foreign buyers who purchased a detached single-family home or townhome (compared to 89% of all existing-home buyers)

45% – Foreign buyers who purchased in a suburban area

Top Foreign Buyers

China (13% of foreign buyers, \$13.6 B)

Mexico (11% of foreign buyers, \$4.2 B)

Canada (10% of foreign buyers, \$6.6 B)

India (7% of foreign buyers, \$3.4 B)

Colombia (3% of foreign buyers, \$0.9 B)

Top Destinations

Florida (23%)

California (12%)

Texas (12%)

North Carolina (4%)

Arizona (4%)



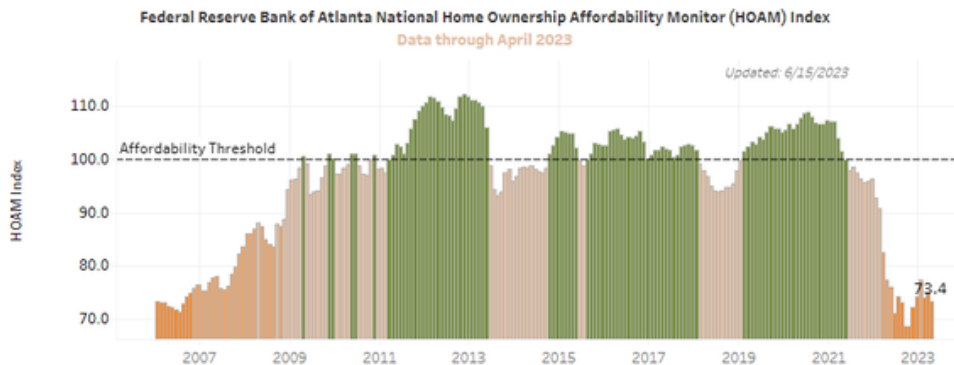
EVERGREEN CAPITAL

Real Estate Insights: Demand for Apartments Reaches 5-Quarter High

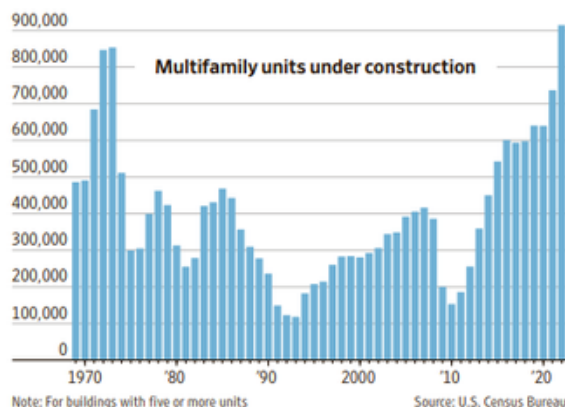
The remarkable surge in demand for apartments, reaching a 5-quarter high in Q2 2023.

The current multifamily landscape is painting a promising picture. We've witnessed a surge in both absorption rates and rental prices, with Q2 2023 standing out as a shining quarter of growth. Notably, this heightened demand is particularly concentrated in the thriving Sunbelt region. Rent growth has surged by an impressive 2.6% year-over-year on average, with even more substantial increases seen in value-added properties. This robust demand for apartments can be attributed to a combination of factors, most notably the booming job market and supportive FED policies.

Last week, the Federal Reserve made waves with its announcement of another rate increase, aimed at reigning in spending to curb inflation. This change has caused mortgage rates to nudge past 7%, causing a notable 19% drop in existing home sales compared to the previous year. This shift is particularly felt in the lower price points of the housing market, where options are becoming scarce. This mismatch is becoming more evident, with a staggering 9 million people priced out of homeownership since 2022. As a direct consequence, the demand for apartments has been given a substantial boost.



The Federal Reserve Bank of Atlanta's National Home Ownership Affordability Monitor provides a stark visual of the gap between median income families and their ability to afford median-priced homes. As illustrated, we're currently far below the affordability threshold. With home prices at \$357k, median income at \$75.5k, and interest rates surpassing 7%, the gap between buying and renting is more pronounced than ever. This is evidenced by a staggering affordability gap of \$1,176 per month, the highest since 2006. While home prices have experienced slight declines, the problem remains far from solved.





Navigating the Competitive Landscape: What We're Doing

The significant affordability gap creates a favorable climate in the multifamily industry, but it is not without obstacles. Competition is heating up, with 1.5 million new apartments set to reach the market in the next 18 months. These new buildings, which will mostly be Class A offers, will compete for the most profitable tenant base. Rent reductions and rising vacancy rates are possible problems in Class A agreements. We're reminded that rent hikes must be balanced with pay growth to keep tenants engaged.

The importance of operational excellence is paramount in today's evolving market landscape. Our strategy is focused on increasing occupancy rates and effectively controlling unit turnover to ensure significant returns in the near future. As wages rise and competition intensifies, smart operational management is essential to driving net operating income. By turning units quickly and efficiently, we can maintain a competitive advantage.

Seizing Opportunities in Dynamic Times.

In a rapidly changing market where demand for apartments is surging, Evergreen recognizes the dynamism of the industry. The interplay between Federal Reserve policies, interest rates, and affordability underscores the value of well-informed investment decisions. As we navigate this dynamic phase, our focus remains steadfast on delivering optimal results through operational excellence and strategic management.



DFW leads nation in apartment sales More than 30K units traded during first half of 2023

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It's a good time for the multifamily market, if you're in Dallas-Fort Worth.

More than 30,000 apartment units sold during the first half of 2023. DFW ranked first in the nation, and multifamily accounted for more than half of the region's \$8 billion in investment property purchases this year, the Dallas Morning News reported, citing data from RealPage and MSCI.

At the end of the first quarter, DFW also led the nation in apartments under construction, with over 74,000 units in the pipeline.

The 30,028 units that changed hands through the midyear point made up about 10 percent of all apartment purchases in the country. Houston, which ranked second on the list, had half the number of apartment sales, according to RealPage chief economist Jay Parsons.

DFW's multifamily sector is performing relatively well compared to other markets, but apartment sales are down significantly across the U.S. Nearly 300,000 units sold nationwide through June, marking the lowest number at the midyear point since 2011. High interest rates, a tight lending climate and fears of an economic downturn have contributed to the slow down.

Notable apartment transactions this year include the 378-unit Mezzo Dallas that Harbor Group International purchased in May, and the 26-story Cirque apartment building that sold last month in Victory Park. Some of the fastest-growing apartment markets in the country are in the suburbs of DFW. Burelson, after the first quarter of 2023, had an annual new supply of 1,335 rental units and a 20 percent spike in inventory. Frisco has more than 4,000 apartments in the pipeline, equating to a nearly 15 percent increase in rental units.