



BUYERS WITHOUT BORDERS



GLOBAL OPPORTUNITIES TO GAIN MARKET SHARE

“The starting
point of all
achievement
is desire.”

- NAPOLEON HILL

welcome

A MESSAGE FROM THE PRESIDENT OF KW WORLDWIDE

Dear Associates –

Emerging economies, innovative technology and globalization have produced an international audience that is more connected than ever before.

At the nexus of all this activity is the real estate industry. Last year alone, \$82.5 billion of U.S. sales came from buyers around the world. That number is only going to grow in the coming years, and we need to be there ready to help them make smart purchasing decisions.

We also see it as an enormous opportunity for you to gain a global advantage in your local marketplace.

In our endeavor to help you stay ahead of the market, we collected valuable insights and perspectives from the industry's latest research on the future of this growing market.

We looked at what these international consumers are buying, where they're coming from and how YOU can become their global real estate agent of choice. We hope that the information will prepare you to expand your business beyond our borders and launch into an emerging market that holds untold growth and opportunity!

Yours in exploring the future of real estate and expanding your global reach,



Chris Heller
President of KW Worldwide

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about this report

The contents of this report released by Keller Williams Realty, Inc., are based on a report released by the National Association of REALTORS® (NAR). The 2012 *Profile of International Home Buying Activity* is based on a survey conducted annually since 2007 by NAR. The survey was conducted in April 2012 and collected information from REALTORS® on purchases of U.S. residential real estate by international clients for the 12 months ending March 2012. The “Courtship Across Cultures” portion of the report is based on the book *Kiss, Bow, or Shake Hands* by Terri Morrison and Wayne A. Conaway.

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global opportunities to gain market share

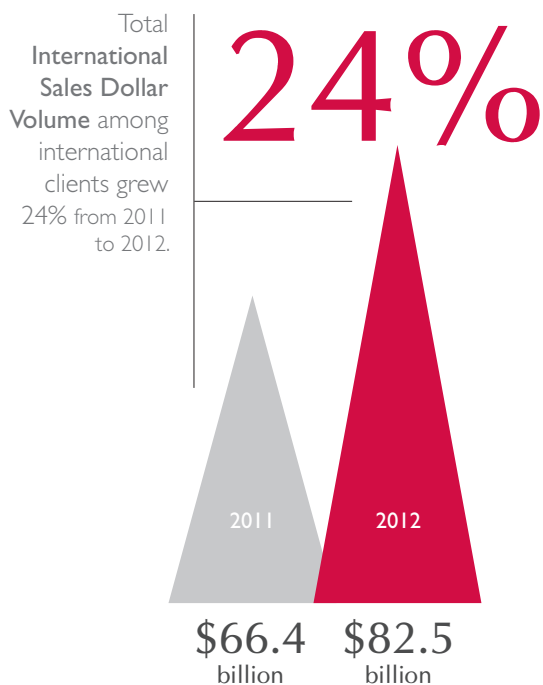
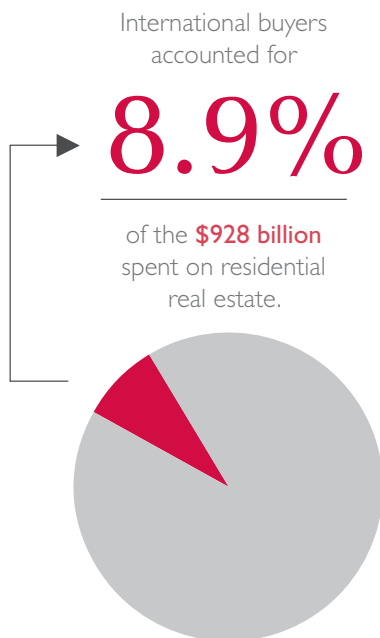
INTERNATIONAL BUYERS ARE READY TO DO BUSINESS

Real estate is a hot commodity among today's cash-rich foreign buyers. Fueled by favorable exchange rates, a weakened American dollar and a six-year slide in home prices, they are traveling across borders in search of opportunity, a good deal and a safe haven for their money. Research from a recent study by the National Association of REALTORS® (NAR) backs up the global trend in a big way.

According to NAR's 2012 *Profile of International Home Buying Activity*, for the 12 months ending in March 2012, international clients accounted for an estimated \$82.5 billion in international sales – up 24 percent from the same 12 months ending in March 2011.

3
out of
33
homes sold in
the U.S. are to
international
buyers.



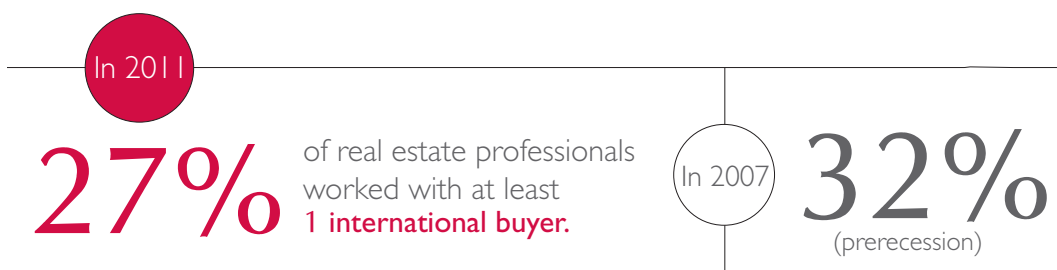


INTERNATIONAL BUYERS NEED YOU ... NOW

Word is spreading fast about the advantage of investing in Western real estate.

As the flow of global capital into U.S. markets increases, so does the number of foreign buyers who also want a piece of this re-emerging opportunity.

In fact, the number of real estate professionals who worked with international clients in 2011 is nearly back to prerecession levels.



characteristics of international buyers

WHO THEY ARE

50%



Foreign Nonresidents

International buyers with permanent residence outside of the United States.

Foreign nonresidents fall into 3 categories



1. Investors: Interested in return on investment, portfolio diversification and stability not otherwise found in their home country.



2. Vacationers: Interested in finding a property that fits their family's vacation needs. Distance from home country or word of mouth from family and friends are factors that impact their decision to buy.



3. Education Buyers: Interested in being near their children who are attending college in the United States.

50%



Immigrants and Visa Holders

Buyers who have lived in the United States for more than six months for professional, educational or other reasons.

Recent immigrants fall into 3 categories



1. Students: Interested in finding a home while they study abroad.



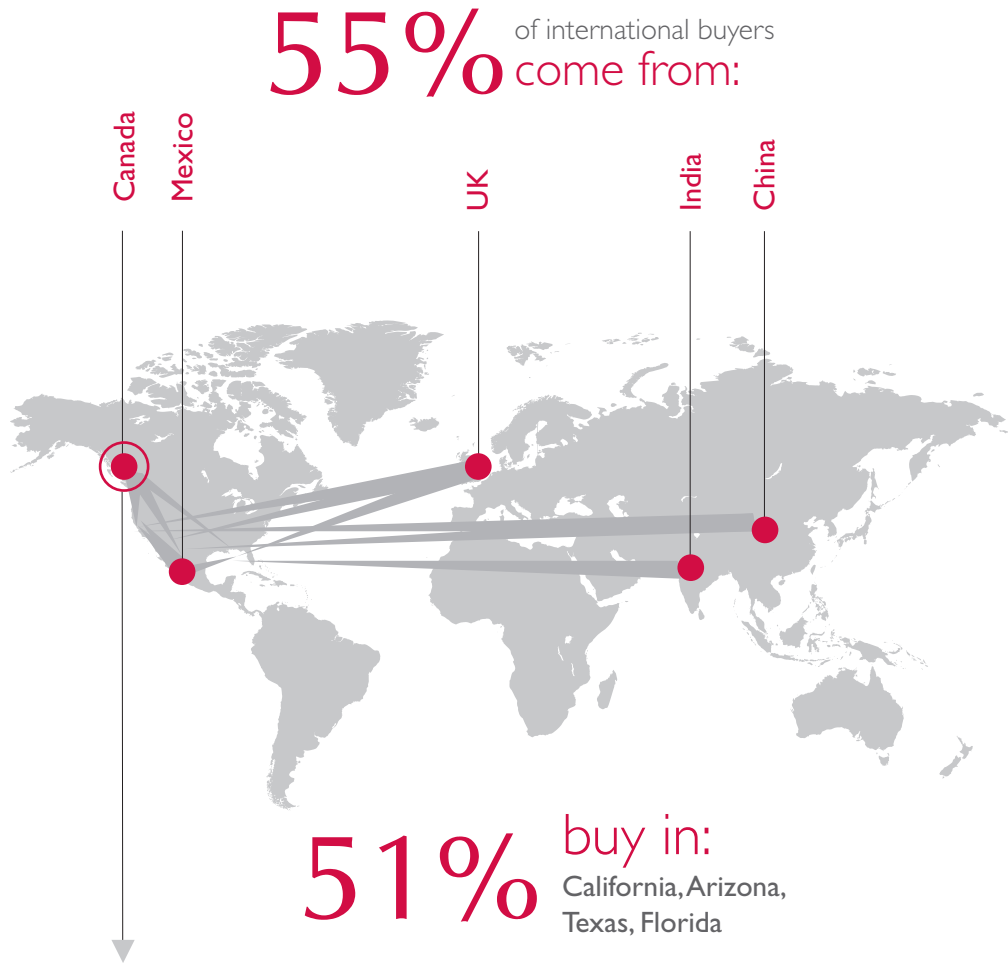
2. Achievers: Interested in establishing themselves as citizens and achieving the dream of home ownership in America.



3. Opportunists: Interested in taking advantage of the EB-5 visa, which can fast-track a green card for foreign nationals who invest \$1,000,000 in an area, or no less than \$500,000 in a "targeted employment area."

WHERE THEY'RE BUYING AND WHERE THEY'RE FROM

International buyers emanate from all over the globe, and they're scooping up properties in cities across the United States.



OUR NORTHERN NEIGHBORS ARE FLOCKING SOUTH

Of the total international sales in the United States, 24 percent came from Canadian buyers, making them the No. 1 source of international purchases. Canadians seek properties in hard-hit Sunbelt states such as Arizona and Florida and northern cities like Chicago, which are in close proximity to the country's border.



Build a Strong Cross-Border Referral Base

With nearly 2,000 Keller Williams associates serving clients in Canada, an international buyer IS ONLY ONE REFERRAL AWAY. Increase your influence among Keller Williams Realty's fast-growing international associate base at events such as Family Reunion and Mega Camp, and take advantage of the opportunity to generate global business leads.

factors that attract: what international clients want now



40%
Seek out a
desirable location

31% - Profitable Investment
21% - Secure Investment
8% - Other



45%
spend up to
\$250K

45% - \$250K - \$1M
10% - more than \$1M

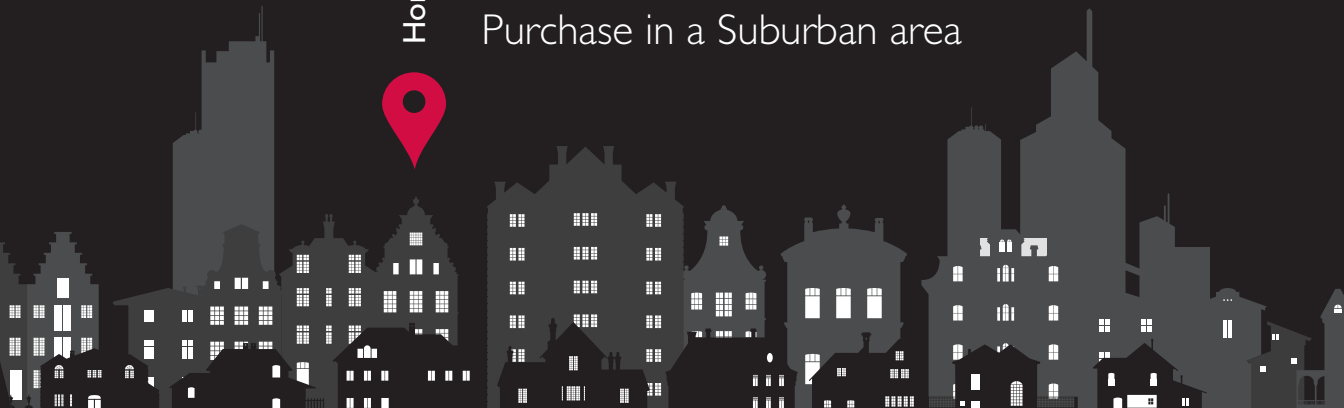
Home Location



52%

Purchase in a Suburban area

23% - Urban
17% - Resort
7% - Rural

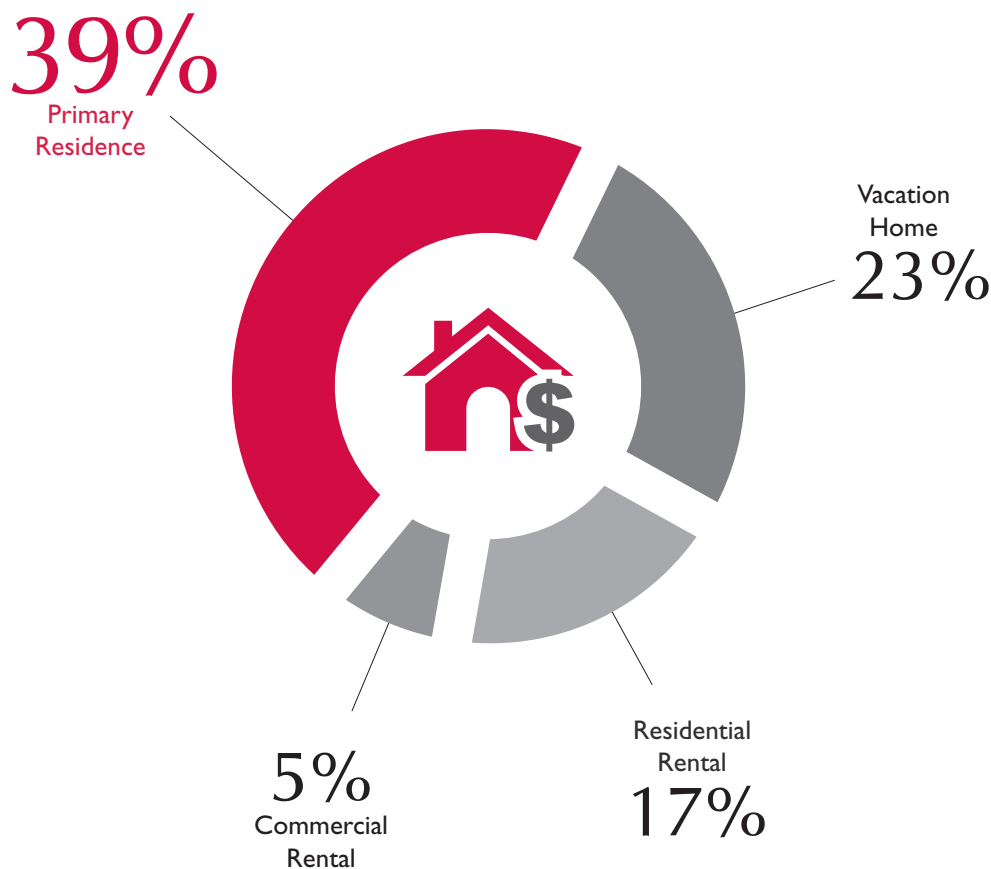


WHAT'S HOT NOW

Purchases of single-family homes were up 5 percent from 2011, compared to town/row houses and condominiums, which were both down 3 percent.

PROPERTY MUST MIRROR PURPOSE

Whether they're non resident foreigners whose stay in the United States is limited or student immigrants who are pursuing an extended visit, the majority of international buyers are searching for homes as a primary place of residence or as a vacation home.



2/3

are buying for their personal enjoyment

1/3

are buying for investment

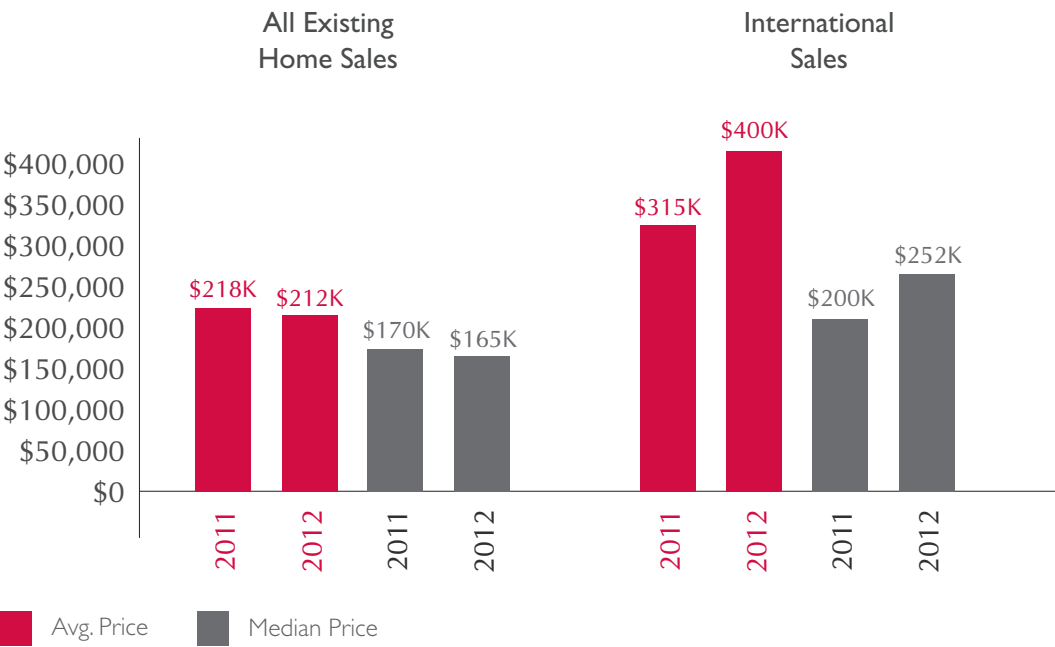
The number of buyers who purchased their homes as a primary residence went up 2 percent in 2012.

- Primary Residence 2012 - 39%
- Primary Residence 2011 - 37%

INTERNATIONAL BUYERS WANT A GOOD DEAL – AND THEY’RE WILLING TO PAY FOR IT

According to the research, international buyers purchase homes that are nearly TWICE as expensive as the average price of a home in the United States. Why the higher price? One word: value. Even higher-ticketed homes in the United States are less expensive than those in their home country and are seen as a bigger bargain when combined with favorable exchange rates.

Annual property prices for the 12 months ending in March



AS YOUR GLOBAL REACH EXPANDS, SO DOES YOUR INCOME

On average, selling a \$400,000 home at a **3%** commission rate will earn you **\$12,000!**



Get Your Property on the Global Playing Field
Using keywords such as “good deal,” “bargain,” “great value for the money,” “cheap property,” “safe haven” and “high return on ROI” in property descriptions, website details and blog posts are proven to capture consumers overseas.

how to cultivate a cross-border clientele

CULTURAL INTELLECT: THE MORE YOU LEARN, THE MORE YOU EARN

International customs may seem a world away; but the U.S. real estate process is just as foreign to buyers from across the border. From unique contractual differences and currency calculations to immigration laws and international restrictions and requirements, real estate professionals must be proficient in explaining the procedures and navigating the clients from contract to close.

International consumers want to do business with a real estate professional who understands their culture and speaks their language.

15% of those with experience

- In a foreign language,
- With a cultural affinity or orientation to the buyer, or
- Were skilled at explaining the U.S. real estate process to a foreigner

Worked with more international buyers in the past year than those who did not.

TAKE ACTION:

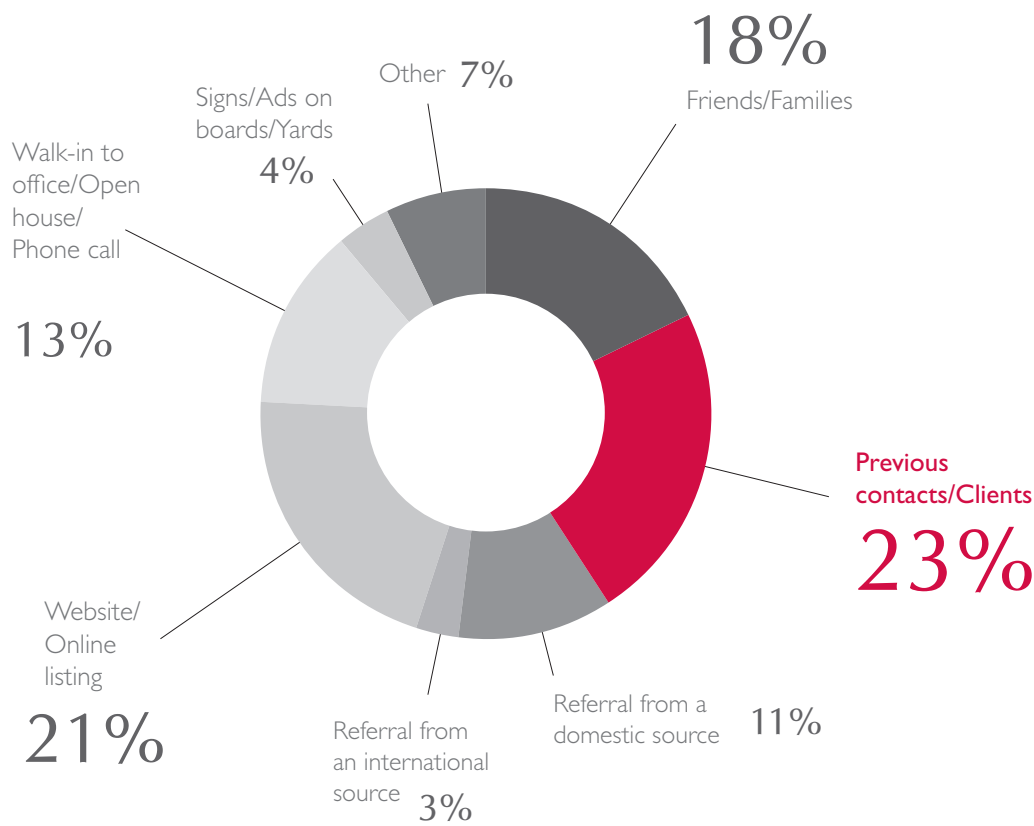
Speak Their “Language”

Does your city attract one nationality over another? Get to know that particular country’s real estate process, its potential pitfalls and any other unique characteristics that might stand in the way of a seamless transaction.

ENERGIZE YOUR BUSINESS WITH INTERNATIONAL LEADS

According to NAR's research, international clients are captured and cultivated the same as homegrown ones: through consistent lead generation.

Relationships with friends, family, previous contacts, clients, as well as a comprehensive website presence were the most common ways real estate professionals connected with international buyers.



Ask for International Referrals

Leads are the lifeblood of any real estate business. Fuel your database with foreign contacts by picking up the phone and calling on friends, family, previous clients and contacts. Then ask the question: “Who might you know from the international community that is looking to buy or invest in real estate in our country?”

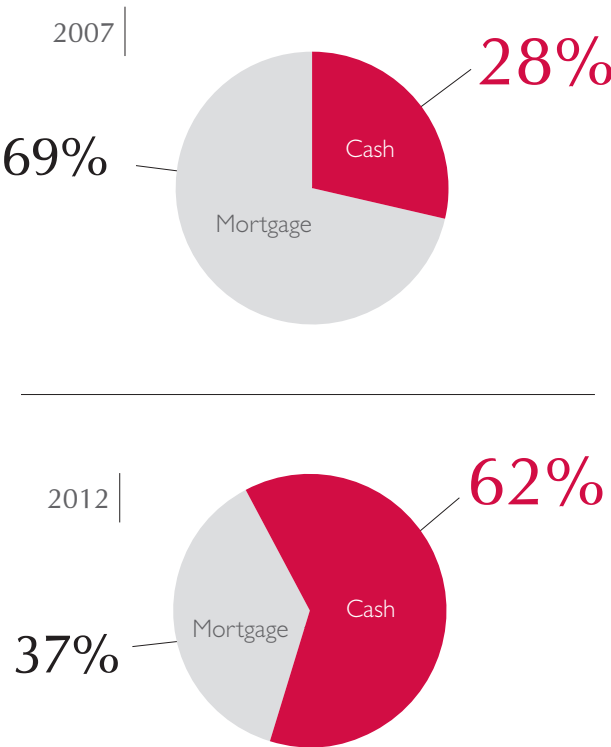
TOUT THE VALUE OF THEIR SPENDING POWER

International buyers want to know that their money is being well spent. Currency exchange rates are in constant flux. In fact, 88 percent of international buyers said currency counts toward their final purchasing decision and 35 percent said it was very significant.



CASH IN ON CASH-ONLY DEALS

The number of international real estate transactions financed through a lender has dropped by nearly half since the real estate bust of 2007. But that hasn't stopped consumers from scooping up properties across the United States. They're motivated, ready to buy and they're paying with cash. In fact, more than half of today's international buyers skipped the mortgage process entirely.



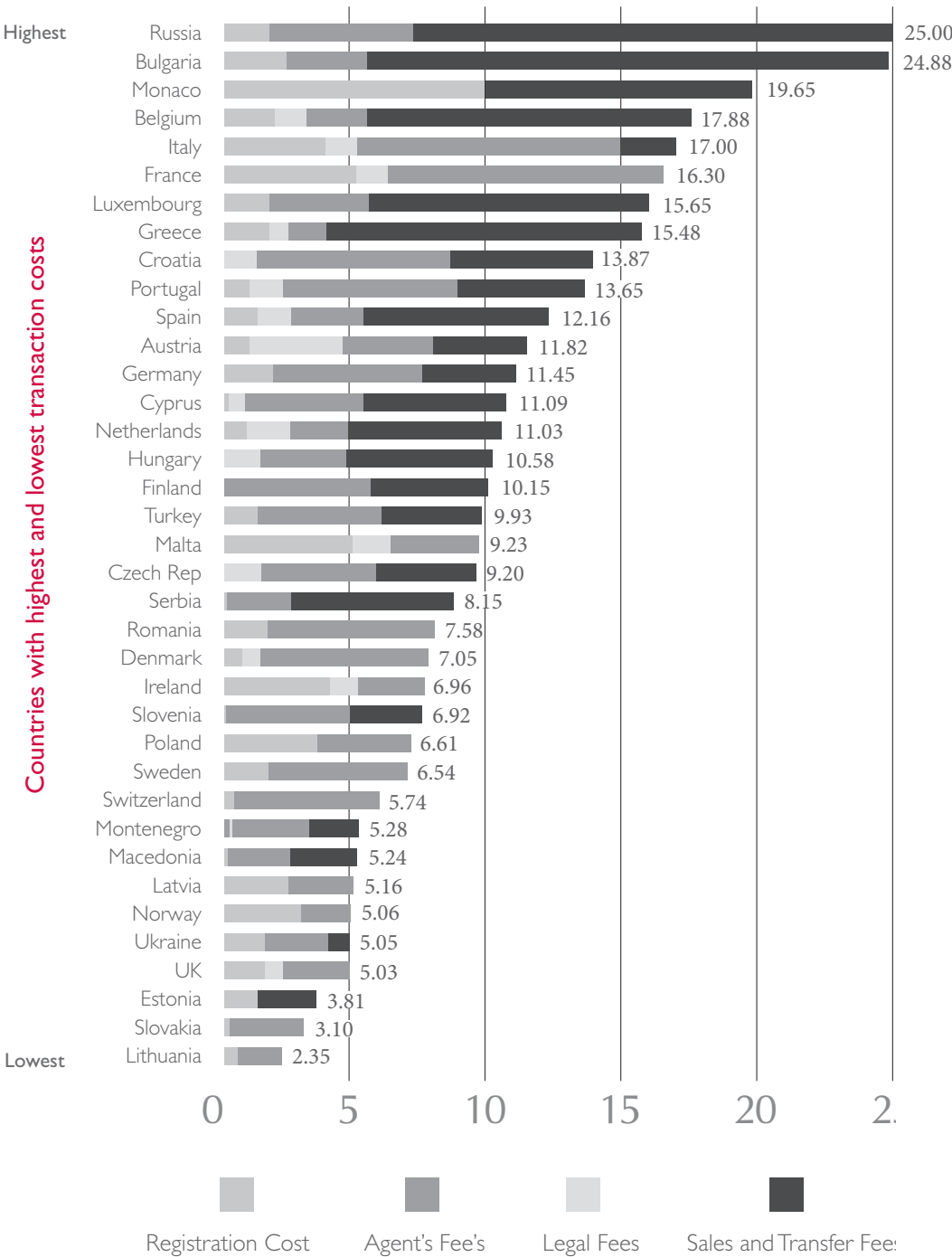
Appreciation in Foreign Currency
Depreciation in the Value of the U.S. Dollar
Decline in Home Prices

=

Increase
in International
Buying Power

NAVIGATE, EDUCATE AND STAY IN CURIOSITY

Taxes, registration costs, sales and transfer fees, association fees, as well as legal and agent fees are often the hardest concepts for international buyers to grasp. As their real estate professional, knowing which countries have the highest and lowest barriers and becoming educated on navigating these contingencies carefully is key to successfully closing the deal and building clients for life.



COURTSHIP ACROSS CULTURES



CLIFF NOTES TO THE CULTURAL DIFFERENCES
EVERY SALESPERSON NEEDS TO KNOW



CAPITAL: OTTAWA

Typical Work Hours: 9 a.m. to 5 p.m., Monday through Friday

National Languages: English (60%) and French (24%)

What You Should Know When Working with Canadian Clients

1. Canadians often exhibit a strong “Canadian identity” and a strong patriotic demeanor.
2. English-speaking populations tend to be more polite and rarely interrupt another person’s conversation. In contrast, French-speaking Canadians will often interrupt each other and find a more lively conversation more appealing.
3. In general, Canadians prefer objective information rather than subjective. When conversing, stick to the facts, as communication styles tend to be more reserved and understated.
4. Punctuality is important in business relations, especially for English-speaking Canadians. Be sure to arrive for appointments a few minutes early.
5. Canadians tend to save a larger share of their income than Americans.
6. Consider having all of your documents prepared in both English and French, especially if the person is from the province of Quebec.

Top Five Internet Searches by Canadian Investors

1. Las Vegas, Nev.
2. Miami, Fla.
3. Los Angeles, Calif.
4. Chicago, Ill.
5. Orlando, Fla.

Points of Interest

1. While Canada is the second-largest country in the world in terms of area, its population density is 8.6 people per square mile, which makes the country the ninth-most sparsely populated in the entire world.
2. Hockey is the national sport of Canada.



PEOPLE’S REPUBLIC OF CHINA CAPITAL: BEIJING

Typical Work Hours: 44-hours (varies considerably)

National Language: Standard Chinese (based on Mandarin)

Local Dialect: Zhong Guo (Zhonghua Renmin Gongheguo)

What You Should Know When Working with Chinese Clients

1. China has a storied history boasting the world’s oldest continuous civilization with more than 4,000 years of history. Unlike most Western governments, China is a Marxist-Leninist single-party Communist state.
2. The Chinese pride themselves on understanding foreign customs and cultural identity. Be prepared to know as much as possible about their customs and cultural identity.
3. China is a hierarchical culture and it is customary to address elder statesmen with the upmost respect. The eldest member of your party should also be the first person to enter or exit a room.
4. Punctuality is cherished in China. In contrast, lateness is considered an insult. Be on time whether the occasion is business or social.
5. The Chinese are very sensitive to status. Always use official titles when addressing a client.

6. Face, which is characterized as public perception, social role and self-esteem are important concepts to understand in the Chinese culture. Any action can either add or detract from a counterpart's face.
7. With 1.3 billion people, there is no such thing as a typical Chinese person. Be sure to listen carefully and act accordingly.
8. Show your commitment to the transaction by following up with the client. The Chinese culture tends to operate at a slower pace and showing interest over a longer period of time could reap many rewards.
9. Trading business cards is a respected tradition. Make sure the card is translated into Chinese on one side and has the native language on the other. Present the card with two hands and take a few seconds to read and comment on it.
10. Patience is a virtue among Chinese clients. Avoid being too eager to pull out a contract right away. Work on the relationship before diving into business.
11. Western notions of the contractual process are not always viewed the same by Chinese, making negotiations a lively event. Last-minute changes and even post-close changes to agreements are often requested.
12. Color matters. Avoid using white, which is associated with death. Avoid writing a living person's name using red ink, as red can be associated with someone who has died. However, red is acceptable for writing anything other than a person's name. Gold and yellow are considered to be lucky.

Top Five Internet Searches by Chinese Investors:

1. Las Vegas, Nev.
2. Los Angeles, Calif.
3. Irvine, Calif.
4. New York, N.Y.
5. Miami, Fla.

Points of Interest

1. One in five people in the world are citizens of China.
2. The fortune cookie was invented in San Francisco and has no tradition in China.
3. The Chinese are responsible for inventing the compass, paper and printing.
4. Even though China is the fourth-largest country in the world in terms of area, the country only has one time zone.



CAPITAL: NEW DELHI

Typical Work Hours: 9:30 a.m. to 5:30 p.m., Monday through Friday

National Languages: Hindi and English (most common for commercial use)

What You Should Know When Working with Indian Clients

1. India is one of the largest and oldest countries and possesses a diverse background.
2. Some topics are considered taboo in the country. These include the caste system, disputes with neighboring countries (especially Pakistan), religion, poverty, transportation or red tape. Mentioning any of these topics might result in a strong backlash from your counterpart.
3. In the Indian culture, the cow is regarded as a sacred animal and is never used for meat. This is a widespread belief that is often a trouble spot for Westerners who are accustomed to consuming beef.
4. The Indian culture does not hold punctuality in as high regard as Westerners. It is common to expect delays during business dealings.

india (cont.)

5. Use “sir” and “ma’am” when speaking to a native of India; otherwise you run the risk of being perceived as disrespectful.
6. Be aware that contact between men and women is not as common among Indians. Use discretion before extending your arm to shake hands with a member of the opposite sex. It is usually better to wait and see if the other person, especially women, extend the invitation to shake hands first.
7. Indians are not always direct, so it’s important to ease into negotiations. Engaging in small talk before jumping in can be an excellent way to build trust amongst clientele.
8. The word “no” is a four-letter word and has a negative connotation in the Indian culture. Avoid using the word “no” in conversation and, instead, try to find a more polite way to show objection.

Top Five Internet Searches by Indian Investors

1. Los Angeles, Calif.
2. Miami, Fla.
3. Las Vegas, Nev.
4. New York, N.Y.
5. Chicago, Ill.

Points of Interest

1. Over the next three years, up to 25 percent of the world’s new workers will be from India.
2. GDP per capita in India is expected to quadruple from 2007 to 2020, according to Goldman Sachs.
3. India’s Cherrapunji is the wettest place on Earth, receiving 425 inches of rain every year.

mexico

CAPITAL: MEXICO CITY

Typical Work Hours: 9 a.m. to 5 p.m., Monday through Friday

National Language: Spanish

What You Should Know When Working with Hispanic Clients

1. Mexico is a country built on connections and family. Because of that, referrals are common and relationships are incredibly important. During the first meeting, for example, be sure to mention the mutual connection as a conversation icebreaker.
2. Accept social invitations as often as possible. Be flexible on weekends, which are peak times for building relationships and closing deals.
3. Avoid long periods of eye contact, which can be perceived as insolence, intimacy or adoration, depending on the two parties involved.
4. Arrive on time and be prepared to wait for the client.
5. In Mexico a person’s name includes both the father and mother’s last name. It is incorrect to call someone by their mother’s last name, so always use the second-to-last name when greeting your client.
6. Titles are critically important in executive circles. Wait for your client to move to a first-name basis before you do.
7. A phone message to a client in Mexico may not always receive a callback. It is generally expected that you will call them back in a proactive manner.
8. Though a person is responsible for his or her own actions, the prevailing consideration will most always be for the best interest of the group or family.

Top Five Internet Searches by Mexican Investors

1. San Diego, Calif.
2. Miami, Fla.
3. San Antonio, Texas
4. Laredo, Texas
5. Chula Vista, Calif.

Points of Interest

1. Over the last three decades, two of every five newcomers were Hispanic, according to the National Association of Hispanic Real Estate Professionals.
2. Mexico is one of the best countries for bird watching with more than 50 different varieties of hummingbirds and countless other species that do not live in any other country.
3. Mexico is responsible for introducing the world to chocolate, corn and chilies.

united kingdom

CAPITAL: LONDON

Typical Work Hours: 9 a.m. to 6 p.m., Monday through Friday

National Language: English

What You Should Know When Working with English Clients

1. Many Britains speak a dialect of English called "The Queen's English" (formally known as Received Pronunciation [RP]). The dialect includes various slang terms that most Westerners will not understand. It's important to listen carefully and build context when speaking with clients.
2. The British culture is traditionally more formal in terms of communication and etiquette. As a result, punctuality is important to Britains, so be sure to arrive on time.
3. When greeting someone from the UK, use a common greeting such as "how do you do?" rather than "nice to meet you."
4. Never directly call someone from Scotland, Wales or Northern Ireland British or English. Instead call them Scottish, Welsh or Irish. They appreciate their own cultural differences and expect others to as well.
5. The British are known to hold a stereotype that Western businesspeople are condescending.
6. The British are known to be very direct – more so than Americans. Do not be offended if an idea is shot down abruptly.
7. Privacy is important to Britains. Avoid being perceived as intrusive by asking too many questions.
8. The British tend to be self-critical, but do not be tempted to join in. Politely listen but never partake.

Top Five Internet Searches by English Investors

1. Los Angeles, Calif.
2. Orlando, Fla.
3. Miami, Fla.
4. Las Vegas, Nev.
5. Kissimmee, Fla.

Points of Interest

1. 25 percent of London residents were born outside England.
2. To signal that something is to be kept confidential or secret, tap your nose.

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