

Solid & Safe:

Foreign Real Estate Investment in the United States

BY ANDREA SLAYDON

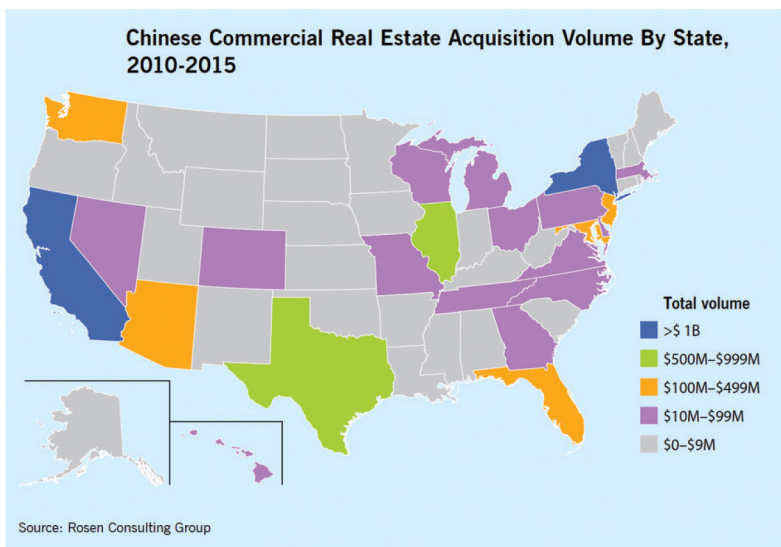
Commercial Real Estate in the United States continues to be a solid investment for foreign investors and it's only expected to go up in 2017. Real estate is one of the safest investments around and Texas is one of the most popular areas for foreigners to settle down.



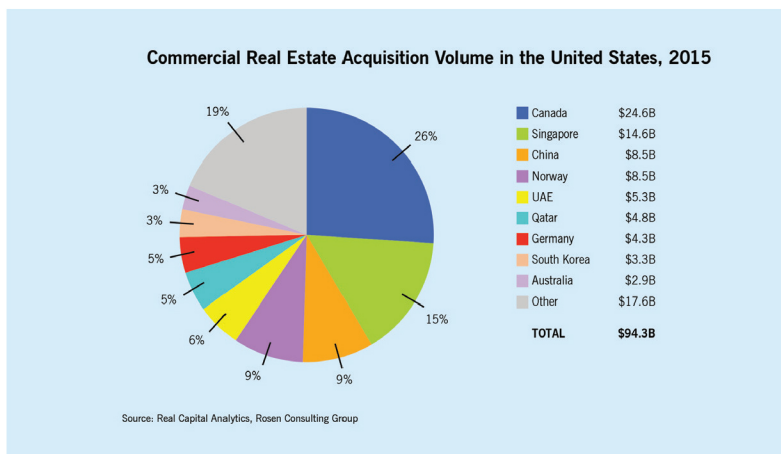
Eugene Wang



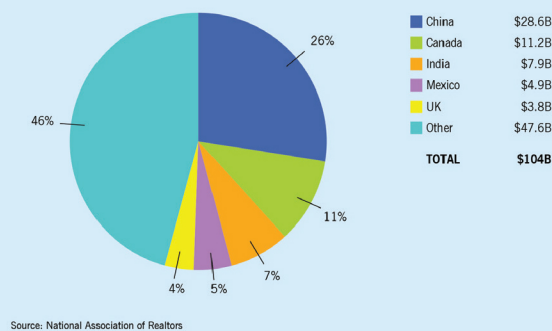
Kenneth Li



"One major investment foreigners are making is in real estate, both commercial and residential," said Eugene Wang, Vice President of the Asian Real Estate Association of America (AREAA) Houston Chapter. "Texas is getting a huge chunk of that because of the strong economy and friendly business policies."



Residential Real Estate Acquisition Volume in the United States, 2015



Behind Canadians, the Chinese now represent the largest group of foreign buyers in the United States real estate market. Chinese investors acquired at least \$17.1 billion of existing commercial real estate property between 2010 and 2015 with half of that investment in 2015 alone, according to an in depth study from the Rosen Consulting Group.

"Foreign investment is largely driven by international investors who are looking to place their money into the United States," said Wang. "Because of turmoil in Asia, Europe and other places around the world, the United States is being viewed as the safest country to invest in the world."

Why Texas?

Kenneth Li is the broker/owner of Texas George Realty DBA Southwest Realty Group and the unofficial Mayor of Houston's booming Chinatown area. He's been involved in the Houston real estate market since the '80s and has seen huge changes and growth along the way.

"At the time there were only 30,000 Asians in the Houston market," said Li. "Unofficially, the Asian population is now 400,000. It's one of the fastest growing populations in the area."

Li says the popularity of Chinatown in Houston is part of what helps bring in foreign investors and business.

"There are thousands of restaurants and businesses and many community centers," said Li. "Chinatown has become the life center for all of the diverse community. It's a lifestyle of your own country and when you feel more comfortable you can have all the professionals you need to help grow your business. They know the culture; they can quickly adapt to the market."

Along with the strong Asian community in Houston and in other cities across the state, there is also just more land available for purchase.

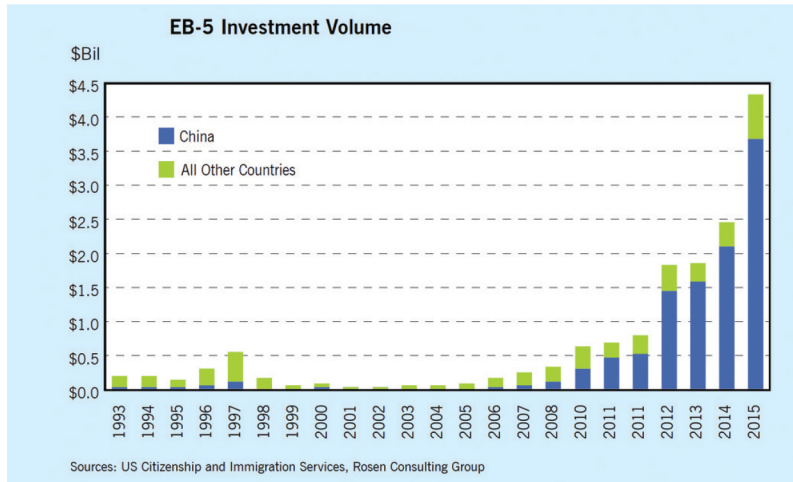
"There are a lot of opportunities in real estate in Texas because the growth in population and jobs is driving new development," said Wang. "Texas real estate

is also more affordable relative to other major cities which makes investments accessible to more investors."



Bringing Jobs

Chinese investors have dominated the EB-5 Immigrant Investor Program. According to the Rosen Consulting Group report, in the 25 year history of the program, Chinese individuals represented 70% of total EB-5 investment from all countries. This investment has contributed to the creation of 200,000 jobs.



The job growth helps when other factors in real estate take a dip, says Dawn Lin, President of AREAA Houston Chapter.

"During the market downtime without this foreign investment, there is more influx with more foreign money and this helps to stabilize the market," said Lin. "They are not only buying real estate, they are helping to create a lot of job opportunities. They buy shopping centers, hotels, all ready to develop. Think about all the jobs being created because of this."

Trump impact?

We don't have a crystal ball to see how the change in leadership in the White House may impact foreign investment in the commercial real estate market. But, Wang predicts if there is a slowdown, it shouldn't last long.

"There are a lot of foreign companies taking a pause right now because they want to see what President Elect Trump's policy will be before they make large investments in the United States," said Wang. "This would be the case for any change in leadership."

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"Trump built a real estate empire for himself, so don't think there will be a dramatic change that will be adversary for real estate investors," said Lin.

Piece of the Pie

Commercial real estate agents or business owners may see foreign investment as an opportunity for growth and advancement. But how? Wang recommends getting involved with the players.

"The seasoned Asian American brokers and other professionals involved in AREAA should be the channel to invest into," said Li. "They know the players and the culture of the country can help with networking and negotiations. AREAA can provide that platform."

"The members of AREAA cover all areas of real estate," said Lin, "contractors, title companies, insurance agents and mortgage companies. Our mission is to promote a network of opportunity for commercial business owners and home buyers."

"We want the commercial real estate professional to realize there is a big piece of the pie we can all share together," adds Lin. ●

For more information on AREAA see: areaa.org

