

# Opportunities and Landmines in Global Markets

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# FACT: Global Business is Growing

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**“The rise in cross border transaction volume shows a real estate return in the major markets”** --Steve Collins, managing director, Americas, International Capital Group.

“Overseas buyers now account for more than 50 percent of purchases in London” --Knight Frank

**“I have never seen such a high concentration of foreign nationals acquiring real estate. Eighty percent of the sales in downtown Miami are foreign-based. This is unprecedented.”** --Peter Zalewski, Condo Vultures

# Today's Topic

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Who is Buying?

Where are They Buying?

# Where's the Money?

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# Where's the Money?

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## Asia

- “Number of millionaires in China, Malaysia and Singapore jumped 35 percent in 2009”\*
- Chinese account for largest number of international searches in California\*\*

\* Source: Chesteron

\*\* Source: Immobel

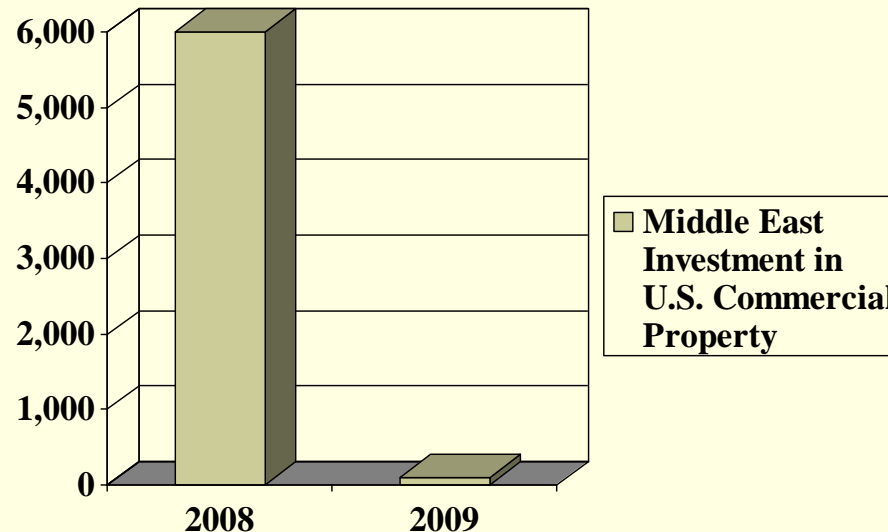
# Where's the Money?

## The Return of the Middle East

### Middle East Investment in U.S. Commercial Property:

**2008: \$6 billion**  
**2009: \$100 million**

\* Real Capital Analytics:



# Where's the Money?

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## The Return of the Middle East

- Dubai World, Nakheel settled debt issues
- Eager to demonstrate they're back in business
- Sovereign funds flush with cash
- Qatar a player

# Where's the Money?

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## Latin America





# Where's the Money?

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## Latin America

- Unstable home economies-Mexico, Venezuela
- Mobile wealth
- Familiarity with U.S.
- Brazil—"real" exchange

# **Why Are They Buying?**

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# Why Are They Buying?

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- Looking for a safe haven

# Why Are They Buying?

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- Looking for a safe haven
- Using, not just investing

# Why Are They Buying?

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- Looking for Safe Haven
- Using, Not Just Investing

- Retirement

“57 percent of Britons want to retire somewhere else” –AON Consulting

# What Do They Want?

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# What Do They Want?

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- A Deal
- Security--Personal and Financial
- Medical Care
- Marinas
- Waterfront
- Brands

# Not So Important?

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- Golf
- High ceilings
- Bocce ball courts
- Off plan discounts
- Seclusion

\* Source: Developer interviews



# Global Outlook

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# Global Outlook

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“The most obvious sign of the recovery in the global housing market is that 61% of countries recorded positive growth in the 12 months to mid 2010... Data from the second quarter of 2010 suggests that the recovery is continuing to spread.”

-Knight Frank, Global Residential Forecast 2011

# Hot Spots

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# Hot Spots

Hong Kong	+30.6%
Singapore	+23.4
Australia	+20%
Israel	+15.9%
South Africa	+11.8%
Canada	+11.6%
United Kingdom	+8.8%
	* Q1, 2009-Q2, 2010, Knight Frank

# Not So Hot Spots

Ireland	-18.9%
Bulgaria	-17.8%
Russia	-9.1%
Dubai	-8.2%
Spain	-4.7%
France	-4.3%
	*Q1,2009-Q2,2010, Knight Frank

# Snapshot: Spain

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- Price drops 30 to 40 percent since 2007
- Sweet spot: €150,000 and €250,000\*
- Resolution to land law issues



\* Taylor Wimpey de Espana

# Snapshot: Dubai

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- Prices down 50 percent from peak
- Supply of condos to last until end of days
- Growing regulation and oversight



# Snapshot: Costa Rica

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- New road from San Jose to coast
- New marinas on Pacific coast
- Major projects still stalled
- South opening up





# Snapshot: Hong Kong

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- Record prices
- Government movement to dampen prices
- Land opened for new projects
- Bubble ready to burst?



# Opportunities\*

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\*Source: My opinion

# Opportunities: St. Lucia

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- Critical mass of quality, mid-level development
- Improving infrastructure
- Prices in the \$500,000-\$1 million range
- Spectacular locales

# Opportunities: Brazil

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- Investor-friendly
- Minha Casa law, promoting home purchases
- Middle class growth
- Trump and other big names moving in

# Opportunities: Vancouver

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- Prices surged post-crisis
- Pent up demand
- Huge Asia market
- Slow-down, not a bubble burst



# Opportunities: Panama

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- Stable, pro-business government
- Great retirement program
- Reasonable prices
- Steady stream of new developments

# Opportunities: Mexico

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- Prices finally dropping
- Bargains: Puerto Escondido oceanfront, \$40,000-\$300,000
- Still top market for U.S. travelers
- Air arrivals up 20 percent in first half of 2010
- Conga line of bad news has to end

# Landmines

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# Landmines: Mexico

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- Will conga line of bad news ever end?
- Violence is real
- Political unrest
- Tough to change public perception



# Landmines: Panama City

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- Large over supply of product
- Shady deals
- Pollution, city issues



# Landmines: Rollercoasters

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- Eastern Europe-Bulgaria, Poland, Latvia
- Asia Bubble
- Ireland supply and demand
- Spain, Dubai over supply

# Landmines: Government

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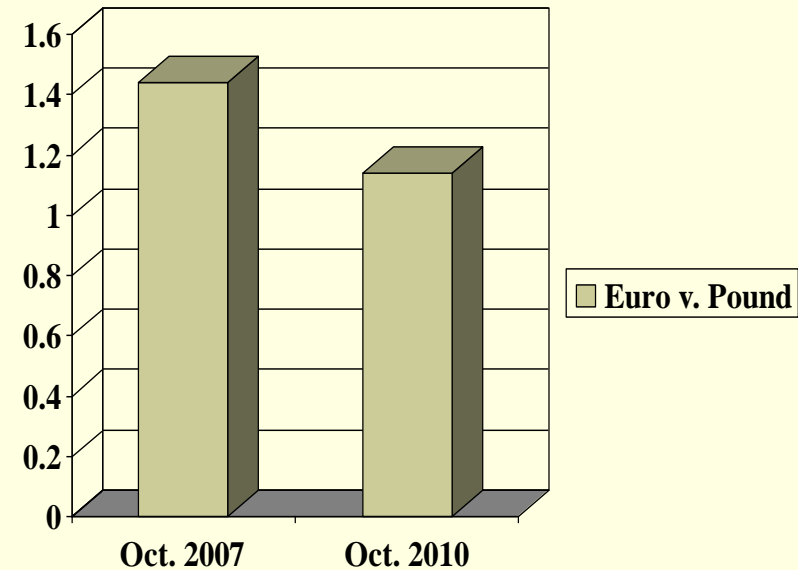
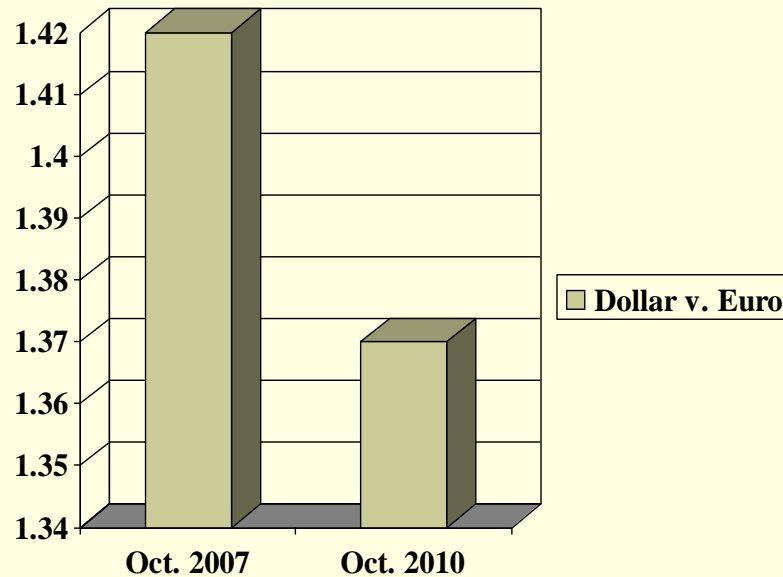
- China, Singapore moving to suppress market
- Political turmoil in Thailand, Mexico
- Visa issues

# Market Keys

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## The Exchange Rate Play



# Market Keys

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- The movable pricing sweet spot
- Interest rate hikes
- Consumer confidence index
- Domestic economic turnaround
- Growth in High Net Worth Individuals



# Getting Started

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Five basics:

- Pick a country, any country
- Join FIABCI
- Get CIPS certification
- Participate in local expat groups
- Establish resource for news and info

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