

Foreign Demand for US Housing Concentrated on New York City Real Estate

The falling dollar has made [Manhattan apartments](#) an incredible value for those that earn their salaries in foreign currencies. Even the Canadian Dollar is worth more than the US dollar these days. The cheaper it is to buy dollars, the cheaper New York apartments are for those that earn money in yens, euros and British pounds. The lower the price, the higher the demand. This foreign demand has helped support the market for New York City apartments throughout much of last year and will continue to do so in 2008.

All of this, however, has been in the public's eye for some time. It has been clear that New York City, like other major American cities, would benefit from this increase in foreign demand. What hasn't been obvious until now, though, is that New York City has benefited more from foreign demand than any other American city.

Perhaps because it has been largely sheltered from the subprime crisis, or perhaps because of its international allure, it seems foreign realtor's are looking to New York City for a large number of potentially high-profit investments. The Association of Foreign Investors in Real Estate (AFIRE) has just released their annual survey of their members. That study has ranked New York City the number one city for foreign real estate investment not just in the United States, but in the World.

Washington D.C. is the second-highest ranked city, followed by London, Paris and then Shanghai.

Surprisingly, given the recent turmoil in the real estate and credit markets, the survey also ranked the U.S. as the "most stable and secure" country for real estate investment. This may be, in part, because of the higher levels of transparency in U.S. markets. This helps prevent what economists call "informational asymmetry," when one side of the buyer – seller equation – usually it's the buyer – knows less than the other.

This combination of higher levels of transparency and the falling US dollar may prove to be a substantial boon to the economy as a whole.

The findings of AFIRE's survey mean that, across the globe, realtors will be directing foreign buyers to [Manhattan apartments](#) in greater numbers than in years past; more so than other American city.

Foreign demand will only increase if the dollar falls further. Furthermore, as the roughly million homes that are estimated to foreclose in 2008 due to subprime-related reasons start going back on the market, much of New York City – Manhattan especially – will look like an even safer investment in comparison to the rest of the country. This should further concentrate the foreign demand for U.S. housing into the [Manhattan real estate](#) market.

About the Author

Nicholas Adams Judge is a freelance writer specializing in business, politics and economics. He holds a B.A. in political science and will begin his PhD studies in political economy and public opinion next fall. He has studied economics and political science at a number of different institutions, both here and in the U.K., including Amherst College, Warwick University, Oxford University and the University of Massachusetts-Amherst.

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