

National Association of Realtors: Immigration Is Good for Real Estate

REAL ESTATE TODAY



By JIM SMITH, Realtor®

This article was not written by me. Instead I am reprinting it from the May 2017 online edition of Realtor Magazine.

Immigration is among the most hotly debated issues in America right now, but regardless of the political arguments about how to manage the country's borders, there's no denying that an uptick in foreign residents in the U.S. is a boon for real estate, according to Alex Nowrasteh, immigration policy analyst with the Cato Institute's Center for Global Liberty and Prosperity.

"No other market is more affected by immigration than real estate," Nowrasteh said at a session called "Housing Markets Are International" at the Realtors Legislative Meetings & Trade Expo. "The effect of immigration on the labor market is, at most, one-tenth the size that it is on real estate." He noted that immigrants gravitate toward construction jobs at a much higher rate than American-born citizens. When immigration rates increase, the homebuilding industry may benefit.

Nowrasteh also said Cato Institute research has shown that on a local level, a 1 percent rise in the immigrant population corresponds to a 1 percent hike

How Many Square Feet Is Your Home? That Depends...

There are three different square footage numbers for every MLS listing, and which of those figures is advertised on other websites can confuse buyers. So, here is a quick tutorial on square footage terminology..

Above-Grade square footage used to be called "Main" square footage or simply square footage without any modifier. As the new name suggests, it does not include basement square footage. But that begs the question, "what is a basement?" In a split-level home, the lower level, which is often below grade, is included as "above-grade" square footage, since there is frequently a basement below that level. In a "raised ranch" home, the lower level is included in "above-grade" square footage for the same reason. (A "raised ranch" is defined as a home where you have to climb a flight of stairs to get to the "main" level. The "main" level is defined as the level with the kitchen.)

Finished square footage includes all the finished square feet, including in a basement. If the basement is unfinished (or there is no basement), this number will be the same as the "Above Grade" number.

Total square footage is what the name suggests, whether finished or unfinished.

For a listing with a partially finished basement, all three square footage numbers will be different.

More restrictive residency policies can have widespread effects on housing markets.

in rental rates. And with 22.6 percent of the U.S. population—or 43.3 million people—being foreign-born, according to Census Bureau data, the economy is getting a huge influx of cash. In 2012, Nowrasteh noted, immigrants added \$3.1 trillion to U.S. housing wealth, mostly in mid- to low-income counties.

Policies that tamp down immigration will tend to have a negative effect on housing, Nowrasteh said, using a controversial Arizona law as an example. The Legal Arizona Workers Act, which was enacted in 2007, aims to crack down on employers who hire undocumented workers and force illegal immigrants out of the state. Between 2008 and 2010, about 100,000 residents left Arizona, resulting in a 16 percent decline in foreign-born residents, Nowrasteh said. During that same time period, rental vacancy rates soared from 9.8 percent to 16.8 percent.

The exodus wasn't the sole reason for skyrocketing housing vacancies given that it took place in the midst of the last housing crisis, Nowrasteh noted. But it definitely compounded the problem, he said. "A shrinking population decreases housing prices, period. If you want to increase housing prices, the number one thing you can do is increase the population."

Also during the session, Danielle Hale, managing director of housing statistics for the National Associa-

tion of Realtors, revealed NAR's latest research on international buying activity in the U.S. in 2016. These are some of the highlights:

- > Foreign buyers purchased \$102.6 billion worth of U.S. real estate.
- > While the majority of foreign buyers typically reside outside the U.S., 2016 was the first year that more were living inside the country.
- > Following the trend of the last few years, China again represented the largest share of foreign buyers in the U.S., followed by Canada, the United Kingdom, India, and Mexico. Buyers from Canada and the UK were most likely to reside primarily outside the U.S.
- > The average price of a property purchased by a foreign buyer was around \$477,000, while the average national home price was \$260,000.

Florida, California, Texas, Arizona, and New York were the most popular states for both foreign buyers and sellers.

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Just Listed: Spacious & Updated Westminster Home

Don't miss this very tastefully updated Westminster home at **11020 Otis Street**, just north of Westminster City Park and convenient to the Boulder Turnpike. With over 2,700 square feet of space (nearly 2,600 finished) this lovely home's four bedrooms and two bathrooms are all on the upper level, making it perfect for your growing family! Eat-in kitchen with beautiful birch cabinets, granite countertops with custom backsplash and stainless steel appliances. The kitchen shares the main floor with separate living and dining rooms, a third bathroom and a cozy family room with gas fireplace. The basement features another beautifully finished family room. Outside, the home offers lovely landscaping, a large covered porch in the front and covered patio in the back, plus a huge 12x20 shed in the back that will help to keep your attached two-car garage uncluttered. Just listed by broker associate **Norm Kowitz, 303-229-3891**. Take a narrated video tour at www.WestminsterHome.info. Norm is holding it open this Saturday, 1-4 pm.



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How to Avoid the Most Common Real Estate Mistakes

Mistake #1: Listing with a Friend or Relative

It seems that we all know someone who is a real estate agent, and how do you not list your home with that friend or relative? The answer can be pretty simple. List with the right agent and have that agent pay a 25% referral fee to your friend or relative. They'll earn a commission without doing any work, and you'll get the better listing agent and possibly a higher price for your home.

Mistake #2: Not Having a Variable Commission

When your listing agent doesn't have to share his commission, he (or she) should **reduce** their commission. That's called a "variable commission." Yet only 15% of listings on the MLS have a variable commission. Good for the agent, not so good for you!

Mistake #3: Not Using the Same Agent to Buy/Sell

When you're buying a replacement home in the same market, **choose the best agent for listing your home** and have that agent reduce his or her commission in return for earning a commission on the purchase of your replacement home.

Debunking Some Mistruths About Electric Cars

With the \$35,000 Tesla Model 3 now in production and GM ramping up its sales of the equally affordable Chevy Bolt, buyers are demonstrating a keener interest in electric vehicles (EVs) — and nay-sayers, primarily from the fossil fuels industry, are spreading mistruths about EVs in a vain attempt to slow their adoption. As an early adopter of EVs myself, having already driven 150,000 or more miles on electricity alone, I can debunk the numerous mistruths contained in a currently circulating email.

Mistruth: Electricity costs \$1.16 per kWh, so it costs \$18 to charge a Chevy Volt for just 25 miles of range. **Truth:** Xcel charges 11 cents per kWh, and it costs \$1.25 to fully charge a Volt for 30 to 40 miles of range. (The newest Volt has a range of 50-60 miles.) United Power charges 5 cents per kWh overnight, so it costs 50 to 75 cents to fully charge a Volt. The fuel cost per mile for **all** EVs is 3 to 5 cents — and there are no maintenance costs. No oil change, no engine/

Come to Golden Saturday for SuperCruise

Golden Real Estate welcomes classic cars in our parking lot for every SuperCruise, which happens on the first Saturday of each month from April through October. This Saturday we have a special treat for you. The Denver Police Department is bringing its Tesla Model S cruiser from 5 to 7 p.m. We'll have other electric cars there, too.

transmission repairs.

Mistruth: A Tesla requires 75 amps for charging and if every third home had a Tesla, it would overload our electric grid. **Truth:** A Tesla requires the same 220-volt outlet as an electric clothes dryer and would typically draw power for only 4 to 5 hours. You leave your garage every morning with 200 to 300 miles of range, costing at most \$6-7 per night.

Mistruth: It would take three times as long to drive long distances because of charging time. **Truth:** In a Volt, you could drive non-stop and just burn gasoline at 30 mpg or more. For a Tesla, it takes 15 to 40 minutes at a Supercharger to be on your way again — enough time to pee, eat, check and return emails, etc. The only way to go faster in a gas car is to use drive-thrus and eat while driving.

I debunk other mistruths from that email at www.JimSmithBlog.com. Also, see a video of my presentation at www.GasCarsAreObsolete.info.



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