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## Property in America: In the land of opportunities

Last Updated: 12:01am BST 16/08/2008

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**The US housing market crash dwarfs our own - but now could be the time to buy, says Graham Norwood**

- [Property overseas homepage](#)
- [Telegraph Homes Abroad service](#)

The 2008 crash in British housing prices began in a land far, far away - the USA, to be precise. But whereas our slump shows no signs of bottoming out, across the Atlantic it's a different story. Property prices are now so low that for some, investing in real estate seems irresistible.



The States we're in: Sheila Harrison, above right, has bought in Naples, Florida; top Vermont, where bargains can be had. Above left, a buyers' bus tour

Sheila Harrison, a commercial property agent from Bedfordshire, has just bought a three-bedroom, two-bathroom home in Naples, on the west coast of Florida, for \$200,000 (£100,015). This was only 50 per cent of its value in late 2007, but she reckons its price will bounce back in the years to come.

"It's not actually an investment," says Harrison, a commercial property agent who lives in Amptill and runs her business in Luton. "It's a second home in a place I love and I'm not going to rent it out. But I've studied the US market and prices aren't going to go down forever."

It isn't just a case of the pendulum swinging. "The dollar-sterling exchange rate is fabulous and prices in the US are so low," she says. "For £100,000, I've got a home that was built for domestic buyers, so it has a top specification. The developer needed to sell quickly, so I've got a bargain."

She is not the only Briton defying the gloomy headlines about the American market. Brian and Debbie Gill, from Leamington, Warwickshire, have bought a flat at New Smyrna Beach, near Daytona, Florida, for £135,000 at auction. It was valued at £205,000 last year.

advertisement "The combination of the US slump and good exchange rate stirred our interest," says Brian. "We were prepared to bid 65 per cent of the original price. When the auctioneers' premium of 11 per cent is included, our unit has cost 66 per cent."

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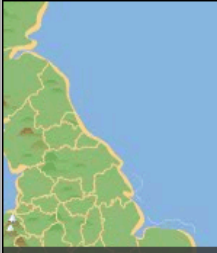
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Win a luxury break

Florida, where most Britons buy, is among the areas worst hit by the crash. The Orlando Sentinel reported in May that prices had fallen 19 per cent in a year and memorably headlined its story: "Local home values are still in the toilet - and the flushing continues". Since then prices have gone further down the pan.

The misery is not confined to second-home hotspots. Falls have occurred everywhere and the figures are, as Americans would say, awesome. Standard & Poor's Cash Shiller index, the most authoritative in the US, says average prices in the year to late April were down 16.3 per cent. Over two years, the price fall is 22 per cent.

Yet, despite the bombed-out state of the US market - or perhaps because of it - Britons have not lost their fascination with American property. "Searches for the US are up 50 per cent year on year, averaging 190,000 per month," says Justin Figgins, director of Rightmove Overseas. Prices have generally been adjusted 20-30 per cent down in the past year, he says, "which, coupled with the strong exchange rate, has made the US the third most popular market after France and Spain on our site".

There are bargains to be had in every state, if you are willing to take a risk. Foreclosure Bus Tours - a firm organising trips around streets and neighbourhoods where less well-off owners have fallen victim to the sub-prime lending crisis and have had their homes repossessed - is doing big business, ferrying would-be buyers to the cheapest homes on the market. The itinerary includes Florida, Texas, Arizona, California, Georgia, Maryland, Michigan and Illinois. Many of its clients are developers and realtors buying cheaply in anticipation of a market recovery. Now individual investors and holiday home buyers are joining in. "We've had many inquiries from the UK," says a spokesman.

Meanwhile, US estate agents are uncharacteristically falling over themselves to show how prices have fallen. "Reductions of \$100,000 are not uncommon," says Anthony Marguleas, of LA Estate Homes in Los Angeles, "and sometimes you'll get \$500,000 off a top-end home. It's an investors' market."

Hawaiian agent John Petrella, of Local Hawaii Real Estate, agrees. "Our home prices are down by about 34 per cent on the strongest years and the US dollar is down by about 23 per cent. In other words, if you compare relative prices of April 2004 and now, you're looking at a discount of over 40 per cent.

"It's the same story in New York. "There's a decline coming," says Ofer Vilenko, of Vision, a property investment firm on Fifth Avenue. He predicts "an eventual reduction in price of 10-15 per cent compared to the current level, which in itself reflects price reductions".

"We're now back to 2003 pricing and even lower," says Ken O'Brian, of Southwest Coast Realty in Florida. "I'm doing mostly internet sales to customers from Canada and Europe, since they have a strong currency against the US dollar."

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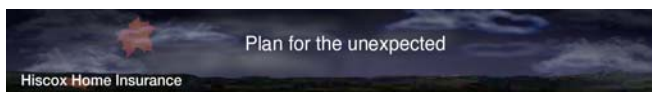
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The US-based agency British Homes Group is selling unsold homes by two Florida developers through "no reserve, no minimum" online auctions. Bidders - mostly from the UK and mainland Europe - log on to auctions or make telephone bids. The developers commit to sell to the highest bidder, however low that final bid may be. "This is a stark indication of a desperate sellers' market and therefore how strong the buyers' market is," says Virginia Cowie, BHG's managing director.

But are these adventurous buyers timing it right, bagging bargains before the market rises? Or should they wait longer because there are more falls to come? The National Association of Realtors believes they are spot-on. "The speed at which home prices have declined in a few select markets is unprecedented," says its chief economist, Lawrence Yun. "There have been reports of multiple bidding after large price cuts, so it's possible most of the declines have already occurred."

The Economic Outlook Group, a Princeton-based business consultancy, says rising numbers of applications by developers to build - the first for 12 months - indicates life returning to the newbuild market, too.

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Others point to the historic bounce in confidence in all major US markets when a new president is elected. In three months, Barack Obama or John McCain will be hoping to inherit a housing market that is on the way up rather than still in freefall.

But this US downturn has had a habit, so far, of confounding experts. Yet Sheila Harrison thinks she has all bases covered. "If I make any substantial sum it will be a bonus, as this is after all just a holiday home," she says. "But I'm confident I'll get my money back whenever I sell. In the meantime, I'm going to enjoy it to the full. It was only £100,000 - what on earth could I get here in the UK for that?"

- Foreclosure Bus Tours, [www.foreclosurebustours.com](http://www.foreclosurebustours.com); British Homes Group, [www.britishhomesgroup.com](http://www.britishhomesgroup.com); Rightmove, [www.rightmove.co.uk](http://www.rightmove.co.uk); National Association of Realtors, [www.realtor.org](http://www.realtor.org), lists estate agents across the US.

### The US crash by numbers

**£1,750 million** Total value that houses have lost since spring 2006.

**36.5 per cent** The drop in the number of new homes built in a year.

**1.5 million** Number of foreclosures - the legal process by which a mortgage lender takes ownership of a property after a borrower defaults on payments. The National Association of Realtors, a US estate agents' umbrella group, predicts another 2.5 million entering foreclosure this year.

**3,133** Number of homes already seized by lenders in the worst-hit state, Nevada.

- Sources: NAR, Caxton FX foreign exchange

### The drop zones

#### House-price falls April 2007-April 2008

Atlanta, Georgia.....	7.5%
Boston, Mass.....	6.4%
Charlotte, N Carolina....	0.1%
Chicago, Illinois.....	9.3%
Cleveland, Ohio.....	6.8%
Dallas, Texas.....	3.4%
Denver, Colorado.....	4.7%

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- Standard & Poor's Case Shiller Index

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**Vermont**



Three-bedroom units at a mountain resort in Montpelier, with sailing and land sports in extensive grounds, and management schemes to let out the property. Marketed at over \$1m a year ago, now \$849,000 (£425,650). Mountain Associates: [www.mountainassociates.com](http://www.mountainassociates.com)

**Florida**



Three-bedroom villa with outdoor pool and large grounds at Kissimmee, near Orlando. In the autumn of 2007, the property was put on sale at \$275,000 (£137,550) but now the asking price is \$175,000 (£87,540). British Home Sales Florida: 0800 0965989; [www.britishhomesgroup.com](http://www.britishhomesgroup.com)

**California**

Born in South America and having travelled widely around

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A three-bedroom, two-bathroom villa with a private swimming pool in sunny San Diego County, now only \$200,000 (£100,015) after a 35 per cent price reduction this year. Napolitano GMAC Real Estate: 001 866 576 1328; [www.office.gmac-realestate.com](http://www.office.gmac-realestate.com)

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