

INDUSTRY NEWS

Aussies home in on US market for bargains

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More and more Australian investors are looking to the US market for low-priced residential properties and high returns after being priced out of the local market, according to two local experts in American real estate. Some cities have properties listed for as little as \$35,000 — the cost of stamp duty on an average Australian property, with returns of 15-20 per cent compared with 4-5 per cent in Australia.

Clinton Battye, general manager of Foreclosed American Homes, in Cannington, said expensive Perth property and comparatively low returns had driven many potential investors elsewhere, and the strong Australian dollar combined with US affordability had made certain cities a viable option.

"With the strength of the Australian dollar and the ability to own freehold land in the US — and a little research of economic cycles — this will prove to be one of the best investment opportunities," Mr Battye said.

"The demand is very strong, however there is still an oversupply of property. This is what keeps the prices low but this supply starts to dry up, prices will come back to normal levels and stabilise."

Foreclosed American Homes only deals with areas offering capital growth, strong rental yields and lower risk. Atlanta (Georgia), Phoenix (Arizona) and Orlando (Florida) are seen as cities with solid opportunities.

"There are still other great places to buy, but we believe these three areas to be most beneficial in terms of rental returns and capital growth," Mr Battye said. One listed property in Atlanta is available for \$US34,750 (\$32,650) and expected to rent for \$1050 a month, providing a 19.06 per cent return before capital growth. "The property was sold in 2000 for \$US137,600."

Ken Wood, co-owner of education company Universal Events and website Buy US Property Now, said this was the best investment opportunity since



A home for sale in Atlanta, Georgia, that is being promoted by Foreclosed American Homes.

the post-Depression era. "The floodgates are opening and hundreds of international buyers are hitting the US market, snapping up houses and apartments that American residents cannot access because credit is all but dried up," Mr Wood said.

"And as so many people are forced to sell, they're fuelling record demand for rental accommodation. A typical two-bedroom apartment can achieve rental yields as high as 20 per cent, and are available from only \$US22,000.

"If you're selective about the

opportunities, the returns could be incredible," he said.

Mr Wood said the value of international residential purchases in the US surged from \$66 billion to \$82 billion in the year ended last March, according to 2011 Profile of International Home Buying Activity from the National Association of Realtors.

However, he warned against rushing into anything without careful consideration, research and advice from credible experts.

Mr Battye said US property investment was long term and would not suit speculators hoping to "get rich quick".

With American-based property managers and real estate agents working for them, Foreclosed American Homes could help investors through every stage of the process, with up-to-date information and knowledge to remove the risk of entering an overseas market blind.

Universal Events will run a free seminar in Perth, How to Buy US Property, on Saturday, July 23, at Citigate Hotel from 8.30am-6pm. For more information, visit www.foreclosedamericanhomes.com.au or www.buyuspropertynow.com.au.

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