

Weak Canadian Dollar Shifts U.S. Home Purchases

By Nancy Keates



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Illustration: Laszlito Kovacs

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Every day for the past six months Brian Christopher closely observed a swooning loonie. Mr. Christopher, 34, isn't a bird nut: He's a Canadian, who was trying to buy a home in Los Angeles, and facing a sharply [depreciating Canadian dollar](#). "I've just watched it get worse and worse," he says.

Down about 10% over the past year, the falling Canadian dollar (also known as a "loonie," due to the image of a loon on the dollar coin) is shifting the landscape of foreign buyers in the U.S.

For the first time, Chinese have overtaken Canadians as the [biggest foreign purchasers of U.S. property](#) by total number of transactions, accounting for 16% of sales to international buyers in the 12 months ending March 2015,

according to the National Association of Realtors. Canadians accounted for 14%—down from 23% in 2013.

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Real-estate agents say the biggest drop is in the lower end of the market, where Canadians have traditionally bought condos and smaller homes in cities like Honolulu and Orlando as investments. These buyers swooped in when the U.S. housing market crashed and the Canadian dollar was much stronger. Now, with the Canadian dollar trading at about 75 cents U.S., many are selling.

But the high end of the market hasn't been affected as much, say agents in Florida, California and Arizona—the three states with the most Canadian buyers. “We are seeing fewer buyers overall but the buyers we are seeing are purchasing at a higher price point,” says Diane Olson, a Scottsdale, Ariz.-based real estate agent with a number of Canadian clients. She just closed on a home sale over \$1 million to a Canadian buyer in Scottsdale.

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Paul Doyle, a finance executive in St. John's, Newfoundland, says he wasn't discouraged by the unfavorable exchange rate. In August, he bought a four-bedroom, 3,700-square-foot house in Sarasota, Fla., for \$400,000. He plans to add a pool, and says he is looking at a long-term approach. “You can't really worry if the dollar goes up or down. It's great to invest in real estate, but it's also important to invest in life. It's about the memories you make there,” he says. Mr. Doyle, 51, says he would have preferred to have purchased the house a few years ago, when the Canadian dollar was at par with the U.S. dollar and prices for homes in Florida were cheaper. But he said he wants to eventually retire in Florida and decided to go ahead now in case the situation gets even worse.

The combination of the weaker Canadian dollar and higher home prices in Florida means Canadians are paying more than they would have five years ago (an average of \$400,000 instead of \$300,000) and getting less, says Brent Leathwood, an agent with Cross Border Realty in Venice, Fla. “They're kicking themselves, but they're still buying,” he says of his Canadian clients.

According to real-estate website realtor.com, searches by Canadians for properties in the U.S. on the site over the past year fell for more moderately priced homes and increased for higher priced homes. “There's a material difference this year compared to last year,” says Realtor.com economist Jonathan Smoke. The company's data also show a shift in where Canadians are searching. Page views were up for New York, Cambridge, Mass., and Kennebunkport, Maine, and many areas of Hawaii—markets where home prices tend to be high. Page views were down for Detroit, Whitefish, Mont., and Hollywood, Fla., where home prices are generally lower. ([News Corp](#), which owns The Wall Street Journal, also owns realtor.com.)

Jim Schneider, principal broker at the Kukio Real Estate Company, says business has been steady from Canadians buying homes in Kukio, the area of Hawaii's Big Island where Starbucks CEO [Howard Schultz](#) bought a \$25 million home in August. He adds that Canadians tend to buy on word of mouth from compatriots. “It's a lot of friends of friends,” he says.

Sean Jones, founder of Vancouver-based Spence Diamonds, bought a half-acre lot in Kukio for \$3.4 million in March, according to public records. Mr. Jones, who declined to comment, is currently listing his house in Vancouver for \$36.8 million.



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Brian Christopher, left, and Marco Bianchi, with their cat, Mister P, at their new home in Los Angeles. Photo: Michal Czerwonka for The Wall Street Journal

Jim Treliving, who lives in Vancouver and owns the Canadian restaurant chain Boston Pizza International, bought a 1.18 acre lot in Kukio earlier this year for \$1.5 million. Mr. Treliving is headed to Kukio in January to meet with contractors about the house he plans to build on the property. He says his building plans will not be affected at all by the depreciating Canadian dollar. "Hawaii is a great investment," he says. "In two or three years the exchange rate could change. My investment will be there for a long time. You might take a hit going in but then when you sell it you get it back."

Other recent buyers are slightly more cautious. Scott Ratushny, chairman and CEO of Calgary-based [Cardinal Energy Ltd.](#), bought a Kukio lot in June for \$1 million, according to public records. He says he intends to build a home there, but has delayed due to conditions in the oil market and the weak Canadian dollar.

Some Canadians continue to wait to see if the Canadian dollar will strengthen before they buy a home, says David Ivkovic, a Canadian by birth who is a realtor with Keller Williams Realty in Studio City, Calif. "Others just suffer the loss," he says.

As for Mr. Christopher, he finally bit the bullet and bought a Los Angeles home, despite his fears about the swooning loonie. Mr. Christopher, an actor, and his husband Marco Bianchi, a tech executive, closed on a three-bedroom house with a nice view in Baldwin Hills for about \$995,000 in October. Of the loonie, he says, "We were hoping until the last minute it would go back up."