SUBSCRIBE TO HAARETZ DIGITAL EDITIONS GET YOUR SPECIAL OFFER NOW ›

Opinion
The fall of U.S.-Jews' deli identity ›



HAARETZ
Thursday, January 22, 2015 Shvat 2, 5775

Login | Not a member? Register now
Search Haaretz.com Search

GROW YOUR PROPERTY MANAGEMENT BUSINESS FROM ANYWHERE
appfolio Property Manager
Try It Now ››

For Israelis, the white picket fence hides big risks

Young Israelis are increasingly snatching up residential property in the U.S. for investment, but experts urge caution.

By Nimrod Bousso | Apr. 22, 2013 | 6:40 PM | 1

0 g+1 Tweet 0 Subm reddit this! Recommend Share 1



A steal of a deal? Photo by Reuters

Get HAARETZ on iPhone | Get HAARETZ on Android | Get HAARETZ on iPad

The deal the saleswoman on the phone was offering seemed too good to be true: a 1,500-square-foot house in Phoenix, Arizona. The house, Suli told me, had four bedrooms and two bathrooms on one floor and sat on a 6,500-square-foot lot. And the price? $78,000 including broker's fees and renovation costs. It could be rented out for $800 to $900 a month, Suli said. That means even after the company's 8% management fee, the new owner would earn a return of 11% a year.

Text size A+ A-
Comments (1)
Print Page
Send to friend
Share on Facebook
Share on Twitter
Share

HAARETZ SELECT



In State of the Union, Obama stops telling Americans they're safer
This year, Obama's domestic-policy narrative reached its crescendo, while his foreign-policy narrative quietly collapsed.
By Peter Beinart | Opinion

In Israel, military strikes don't hurt electioneering
By Asher Schechter | Diplomacy and Defense

Haaretz digital editions
Only $1 for the 1st

The house was in a great neighborhood for families near downtown Phoenix, with good schools and real estate prices in the neighborhood have been on the rise for a long time, Suli continued. "A property like this one would have sold for $60,000 to $70,000 just a few months ago, but prices have been going up, and it looks like that will continue," she said.

If you consider that under good circumstances, the yield on residential investment property in Israel is about 5% a year, and frequently more like 2.5% to 3%, the Phoenix house is tempting. So it's no surprise that more and more young Israeli couples, some of which may be having trouble paying for an apartment here, are sinking their meager savings into houses in the United States. $78,000, or NIS 280,000, for a house in Phoenix is just a quarter of the average cost of a new four-room apartment in Hadera.

The American dream

North American real estate industry sources say over the past year they have seen a sharp rise in the number of young Israeli couples seeking to invest in residential real estate. In actuality, though, real estate abroad can be among the riskiest investments. There are fraud schemes targeting unsuspecting investors and well-meaning but unprofessional sales people in the field. But Israelis have shown interest nonetheless.

"Up to now, the investors have been relatively well-to-do people in their 50s and up who already see retirement approaching," said Yisrael Harris, the owner of the real estate firm BNH, which operates primarily in the Cleveland area, particularly in the relatively wealthy and largely Jewish suburb of Beachwood. "Twenty to 30 percent of our inquiries come from young couples in Israel who don't own a home. It began with a trickle about a year ago and has gotten much stronger lately."

According to Harris, who himself lives in Beachwood, in an average month his office is involved in five home sales for investment purposes to young couples, some of which don't own their own apartments. Many of these customers, he says, are ultra-Orthodox.

"In the ultra-Orthodox community, it is customary [for parents] to buy an apartment for a young couple or at least to help them in a major way," he said. "But at the current price of housing [in Israel] couples prefer to use their savings that would go to buy an apartment with a mortgage in Israel to buy a house in the U.S. free and clear of a mortgage, and then pay for their rent in Israel through the return they get on the house."

RELATED TAGS

Israel US
Israel business news
Israel economy

RELATED ARTICLES

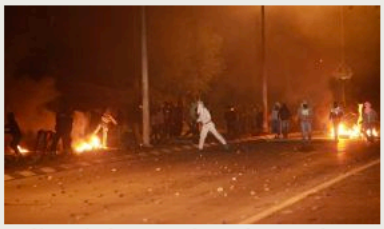
Fewer investors buying apartments in Tel Aviv, study shows
By Nimrod Bousso | Mar. 13, 2013 | 5:53 PM | 1

Statistics bureau downgrades Israel's growth for 2012
By Moti Bassok | Mar. 11, 2013 | 4:56 AM

What you get for your Tel Aviv apartment: A Caribbean island or an Italian village
By Raz Smolsky | Oct. 24, 2014 | 6:11 PM

month
Act Now

Framing the Paris shootings in Israel and abroad
By Michael Handelzalts | Movies & Television



Editorial || Arabs of Israel, suspects until proven otherwise?
We must not accept a situation in which police 'errors' occur mainly with Arabs.
By Haaretz Editorial | Opinion

This Day || The man who ushered English Judaism into the modern age dies
By David B. Green | This Day in Jewish History

What is the Jewish afterlife like?
By Elon Gilad | Jewish World Features | 2

Nominees for the Special Place In Hell Awards
By Bradley Burston | A Special Place in Hell



The American dream

North American real estate industry sources say over the past year they have seen a sharp rise in the number of young Israeli couples seeking to invest in residential real estate. In actuality, though, real estate abroad can be among the riskiest investments. There are fraud schemes targeting unsuspecting investors and well-meaning but unprofessional sales people in the field. But Israelis have shown interest nonetheless.

"Up to now, the investors have been relatively well-to-do people in their 50s and up who already see retirement approaching," said Yisrael Harris, the owner of the real estate firm BNH, which operates primarily in the Cleveland area, particularly in the relatively wealthy and largely Jewish suburb of Beachwood. "Twenty to 30 percent of our inquiries come from young couples in Israel who don't own a home. It began with a trickle about a year ago and has gotten much stronger lately."

According to Harris, who himself lives in Beachwood, in an average month his office is involved in five home sales for investment purposes to young couples, some of which don't own their own apartments. Many of these customers, he says, are ultra-Orthodox.

"In the ultra-Orthodox community, it is customary [for parents] to buy an apartment for a young couple or at least to help them in a major way," he said. "But at the current price of housing [in Israel] couples prefer to use their savings that would go to buy an apartment with a mortgage in Israel to buy a house in the U.S. free and clear of a mortgage, and then pay for their rent in Israel through the return they get on the house."

Many of the houses being bought in the U.S. by Israelis had been foreclosed on during the years of the subprime mortgage crisis, and now the banks are looking to sell them cheaply, Harris explained. "People are looking for something solid but that will generate quick results, and they count on the fact that the market will be going up."

Younger Israeli buyers, Harris says, generally don't come to Cleveland to check out their property before they purchase it, but he tries to give them as much information as possible. "It's now possible to find a great deal of data on the Internet. The American counterpart to [the Israeli classified advertising website] Yad 2 is zillow.com, which operates using maps. You can click on a specific house and get complete information on its entire sales history or in the area."



Editorial || Arabs of Israel, suspects until proven otherwise?
We must not accept a situation in which police 'errors' occur mainly with Arabs.
By Haaretz Editorial | **Opinion**

This Day || The man who ushered English Judaism into the modern age dies
By David B. Green | **This Day in Jewish History**

What is the Jewish afterlife like?
By Elon Gilad | **Jewish World Features** | 2

Nominees for the Special Place In Hell Awards
By Bradley Burston | **A Special Place in Hell**



BUSINESS

Want to fly from Toronto to Tel Aviv? More Israel-Canada flights coming soon
By Zohar Blumenkrantz | 10:57 PM



Palestinian startup aims to be the Google of Gaza
By Reuters | 07:11 PM | 2



Microsoft acquires Israeli startup Equivio for an estimated $50 million
By Amir Teig , Inbal Orpaz | 10:46 AM



The Ticker / Euro at