Listas de conteúdos disponíveis em Portal de Periódicos CAPES

Revista JRG de Estudos Acadêmicos

ISSN: 2595-1661

Página da revista:
https://revistajrg.com/index.php/jrg

ARTIGO

Real estate investment strategies for foreign investors: regulatory barriers and market opportunities

DOI: 10.55892/jrg.v8i19.2510
ARK: 57118/JRG.v8i19.2510

Recebido: 04/10/2025 | Aceito: 09/10/2025 | Publicado *on-line*: 11/10/2025

Maria Isabel Sanchez
https://orcid.org/0009-0008-3857-1470
Email: isasanchezrealtor@gmail.com

Abstract

This narrative review, based on a qualitative and interpretive approach, examines regulatory barriers and market opportunities related to foreign real estate investment. A comprehensive yet non-systematic search was conducted in Scopus, Web of Science, PubMed, and SciELO for peer-reviewed studies published between 2015 and 2025 in Portuguese, English, and Spanish. Eligible articles addressed non-resident investors and at least one of the following: price dynamics, transaction volumes, rents, housing supply/stock, or affordability, as well as policy instruments such as foreign-buyer surcharges, ownership restrictions or bans, residency-by-investment programs, and capital controls. Screening proceeded in two stages (titles/abstracts and full texts), and findings were synthesized through thematic analysis using a standardized evidence chart. Results indicate that surcharges targeted at non-resident buyers tend to moderate prices in the short term, with heterogeneous magnitude across segments and locations; residency-by-investment schemes show modest aggregate impacts but can create localized heating near eligibility thresholds; inbound-oriented capital controls may dampen cycles depending on domestic financial settings; and increased foreign participation often pressures upper-tier segments without a proportional supply response. The review concludes that policy mixes combining selective demand-side instruments with supply-expanding measures and granular monitoring by segment and territory are more likely to foster market stability and affordability. Limitations inherent to narrative designs were mitigated through explicit search, selection, and qualitative appraisal criteria.

Keywords: Foreign Real Estate Investment; Regulatory Barriers; Foreign Buyer Tax; Capital Controls; Housing Affordability.

INTRODUCTION

The internationalization of real estate capital has intensified in recent decades, driven by portfolio diversification strategies, international mobility, and the search for assets perceived as safe. Empirical evidence shows that the entry of non-resident investors can alter price formation and market liquidity, with magnitude conditioned by local factors such as supply elasticity, credit structure, and regulatory framework (Du; Yin; Zhang, 2022; Sá, 2025).

In response to external demand pressures, several jurisdictions have adopted surcharges applied to foreign buyers. Quasi-experimental assessments conducted in Vancouver (2016) and Toronto (2017) identified significant short-term price reductions following the implementation of these taxes, with heterogeneity across segments and variable temporal persistence. These results suggest a moderating effect on prices and a slight improvement in affordability when calibrated to local conditions (Du; Yin; Zhang, 2022; Pavlov; Somerville; Wetzel, 2024).

Another important regulatory vector is the set of residence-by-investment programs, known as *golden visas*, which allow real estate acquisition as a qualifying criterion for residency or citizenship. Comparative studies indicate that, although the aggregate impact on prices and housing stock is modest, there is a concentration of transactions near eligibility thresholds and price distortions in specific market segments. These factors have led several European countries to revise or restrict such programs (Surak, 2021).

In addition to fiscal and migratory measures, capital controls regulating the inflow and outflow of financial resources also influence the housing market. An analysis involving 53 economies between 1995 and 2017 demonstrated that restrictions on inflows tend to reduce real housing prices in the long term, with more pronounced effects in advanced economies, whereas measures on outflows show limited impact (Zhou, 2024).

In emerging countries, particularly within the Latin American context, the literature on urban financialization describes the reconfiguration of agents and instruments, including through real estate-financial vehicles and funds. It also emphasizes the importance of understanding how barriers imposed on foreign investors interact with local financing structures, spatial production processes, and land-use regulation (Omena, 2024; Penha Filho; Santos, 2025).

Given a body of interdisciplinary studies fragmented by region, regulatory instruments, and evaluation metrics, a comprehensive analysis capable of synthesizing and interpreting the available evidence on foreign real estate investment strategies and their regulatory barriers becomes necessary. Therefore, this study aims to map the policies and mechanisms affecting non-resident investment in the real estate sector, evaluate their effects on prices, affordability, liquidity, and supply, identify emerging market opportunities, and highlight research and policy gaps within the field of regulation and urban economics.

METHODOLOGY

This review is characterized as a narrative literature review with a qualitative and interpretive approach, aimed at identifying, analyzing, and discussing the main regulatory barriers applied to foreign investors in the real estate market, such as non-resident buyer surcharges, ownership restrictions or bans, residence-by-investment programs (*golden visas*), and capital controls, as well as mapping associated market opportunities across different jurisdictions. The narrative review format was chosen due to its methodological flexibility and its capacity to integrate empirical studies, theoretical analyses, and case studies, allowing the construction of a critical synthesis within an interdisciplinary field in which the purpose is not to estimate aggregate effects through meta-analysis, but rather to understand mechanisms, contexts, and strategies (Green; Johnson; Adams, 2006; Ferrari, 2015). It constitutes a comprehensive yet non-systematic search, without the intent of exhaustiveness, designed to capture the main findings and contemporary debates.

To ensure rigor and transparency, explicit criteria for search, selection, and analysis were established. Bibliographic collection was carried out between August and October 2025 in the Scopus, Web of Science Core Collection, PubMed/MEDLINE, and SciELO databases, prioritizing peer-reviewed journals with recognized scientific relevance. The time frame covered the period from 2015 to 2025, allowing retroactive inclusion when justified by conceptual relevance (e.g., foundational formulations). Peer-reviewed articles published in Portuguese, English, or Spanish that addressed foreign or non-resident investment in the real estate sector and discussed regulatory instruments and/or market effects (prices, transactions, rents, supply/stock, affordability) were included. Duplicates, editorials, commentaries, dissertations, book chapters, and non-indexed documents were excluded; secondary reviews were used only for tracing references to primary studies. Bibliographic management, deduplication, and decision tracking were performed using Mendeley.

The search strategy combined DeCS/MeSH descriptors and topic-related keywords, with Boolean operators (AND/OR) and syntax adjustments for each database. Among the terms used were: “foreign buyer tax,” “non-resident buyer,” “stamp duty surcharge,” “golden visa,” “residency by investment,” “foreign ownership ban,” “ownership restrictions,” “capital controls,” “capital flow management,” and “foreign real estate investment,” combined with “housing,” “real estate,” “prices,” “transactions,” “rents,” “affordability,” and “supply,” along with their equivalents in Portuguese and Spanish (e.g., “sobretaxa ao comprador estrangeiro,” “restrição à propriedade por estrangeiros,” “vistos por investimento,” “controles de capital”). The construction of these terms was informed by recent empirical literature on non-resident surcharges (Du; Yin; Zhang, 2022; Pavlov; Somerville; Wetzel, 2024), *golden visa* programs (Surak; Tsuzuki, 2021), capital controls and housing prices (Zhou, 2024), and the effects of foreign investment on prices and supply (Sá, 2025), reflecting the vocabulary and indicators used in reference studies.

Article selection occurred in two stages. Initially, titles and abstracts were screened to exclude studies unrelated to the research objective. Subsequently, potentially eligible articles were read in full to confirm thematic and methodological relevance. To broaden coverage and mitigate publication bias, the *snowballing* technique (tracking of references and citations) was applied from key studies, maintaining the indexation criterion across the four databases. The assessment of quality and consistency followed qualitative standards inspired by the SANRA scale (scientific justification, theoretical foundation, explicit methodology, argumentative coherence), without formal scoring but through structured narrative judgment (Baethge; Goldbeck-Wood; Mertens, 2019).

The analysis involved in-depth reading and standardized extraction of author, year, country/region, design/methodology, type of regulatory instrument (non-resident surcharge, ownership restriction/ban, residence-by-investment program, capital control), policy intensity/scope, data sources, metrics (prices, transactions, rents, supply/stock, affordability), and main findings. A synthesis table was then developed, followed by thematic classification into interpretive axes: conceptual bases of regulation and foreign investment; policy transmission mechanisms; observed effects in different markets; market risks and opportunities for investors; and regulatory trade-offs for policymakers. No meta-analysis was conducted; therefore, the conclusions should be interpreted as a critical synthesis of the state of the art, intended to guide research agendas and strategic decision-making in the field of regulation and urban economics (Green; Johnson; Adams, 2006; Ferrari, 2015).

RESULTS AND DISCUSSION

Recent empirical literature indicates that fiscal instruments specifically targeting foreign buyers tend to moderate short-term price pressures, with their magnitude and persistence depending on policy design and local supply structures. Quasi-experimental studies on the non-resident buyer tax in British Columbia (Canada) show measurable price declines following the implementation of the levy, especially in areas with a higher concentration of external demand. In this case, improved affordability results primarily from price effects rather than income variations, with no evidence of liquidity collapse or full reversal in the medium term (Du; Yin; Zhang, 2022; Pavlov; Somerville; Wetzel, 2024).

At the same time, the transmission mechanisms of these taxes are not homogeneous across market segments: high-value properties and “gateway” areas with strong internationalization tend to respond with greater elasticity, while peripheral submarkets may exhibit attenuated effects. The direct transactional identification of foreign buyers, available through Canadian administrative databases, has made it possible to distinguish cyclical variations from regulatory shocks, reinforcing the causal interpretation for the first months following policy implementation and suggesting relevant spatial heterogeneity in the intensity of the impact (Pavlov; Somerville; Wetzel, 2024).

Regarding residence-by-investment programs (*golden visas*), comparative European evidence points to modest aggregate effects on prices and housing stocks, but with a concentration of transactions near eligibility thresholds and signs of strategic pricing in specific market segments. These findings help explain why several countries have revised or restricted real estate eligibility over the past decade, given the risk of localized distortions without clear long-term affordability benefits (Surak; Tsuzuki, 2021).

The literature also suggests that capital controls capable of modulating inflows may reduce real housing prices in the long term, with asymmetries between advanced and emerging economies. By constraining the speed and scale of international investment flows, such measures affect liquidity and expectation formation, although their effects depend on interaction with domestic credit conditions, exchange rate regimes, and implementation horizons. In general, controls on outflows have less clear impacts on price levels, reinforcing the idea that the dominant channel, when present, operates mainly through tightening inflows (Zhou, 2024).

In the case of foreign direct investment in mature markets, evidence from England and Wales indicates price increases associated with greater participation by foreign buyers, with stronger effects in higher-value segments and, crucially, without a proportional increase in construction. This combination suggests a demand channel that pressures existing housing stock without triggering an equivalent supply response, particularly in contexts characterized by land scarcity and stricter planning and licensing regulations (Sá, 2025).

In terms of market opportunities, the reviewed studies indicate that the attractiveness for foreign investors tends to persist in premium segments (central locations, high-end assets, and products with international liquidity), as well as in income-protected products (e.g., long-term corporate leases) and collective investment vehicles that offer governance and diversification, such as REITs. In the Brazilian and Latin American contexts, there is evidence of increasing participation of funds in the residential sector, linking local and global agents within the real estate–financial circuit. These developments illustrate how financial structures and technological platforms are reshaping intermediation and creating defensive niches in environments of higher regulatory uncertainty (Kalinoski, 2023; Klink, 2017; Melo, 2020).

From a regulatory standpoint, the findings converge on three main implications. First, demand-side measures alone (such as foreign buyer surcharges) generate short-term price relief but show limited and heterogeneous effects when not accompanied by supply-side policies and urban development reforms. Second, eligibility criteria in residence-by-investment programs require fine-tuning, as they may generate localized market overheating without clear distributive benefits. Third, capital controls are macroprudential instruments with the potential to moderate cycles fueled by external flows, though their impact depends on domestic financial arrangements and the implementation timeframe; by themselves, they rarely resolve affordability issues. In summary, the literature supports combinations of fiscal, urban, and financial policies and emphasizes granular monitoring by market segment and territory, a framework that also guides risk management and sectoral selection strategies for foreign investors.

CONCLUSION

This review allows us to conclude that the participation of foreign investors in real estate markets produces measurable yet heterogeneous effects on prices, liquidity, and transaction composition, modulated by institutional context, supply elasticity, and regulatory design. Demand-oriented measures, such as non-resident buyer surcharges, tend to alleviate short-term price pressures in markets highly exposed to external capital flows; however, their effectiveness is limited when not accompanied by policies that expand housing supply and improve land-use and zoning frameworks. Real estate eligibility within residence-by-investment programs shows modest aggregate impacts, although it may generate localized overheating near price thresholds and encourage strategic pricing. In such cases, fine-tuning eligibility criteria and maintaining continuous monitoring can mitigate distortions without eliminating the potential benefits of attracting productive capital.

Capital controls targeting inflows can reduce the intensity of cycles fueled by international investment, functioning as a sectoral macroprudential tool. Nevertheless, their effects depend on the domestic financial regime, implementation timeframe, and coordination with credit and urban land policies. Restrictions or outright bans on foreign ownership yield mixed results and often shift demand toward neighboring segments or jurisdictions, highlighting the need for case-by-case evaluations that consider spillover effects.

From a market opportunity standpoint, premium segments and income-protected assets remain attractive, as do investment vehicles with strong governance and sectoral diversification. In uncertain regulatory environments, defensive strategies, such as regulatory due diligence, gradual exposure, use of collective structures, and geographic diversification, tend to improve risk–return profiles. For policymakers, combinations that align selective tax instruments with supply acceleration (through streamlined licensing, urban densification, and social housing initiatives) and data transparency are more likely to yield sustainable outcomes in affordability, stability, and fiscal performance.

As with all narrative reviews, this study does not aim for exhaustiveness or the estimation of aggregate effects; the synthesis is interpretative and depends on the quality and availability of the included studies. Nonetheless, the broad search scope and explicit selection and analysis criteria lend robustness to the conclusions. For future research agendas, it is recommended to standardize metrics and study designs to enable more precise international comparisons; to explore medium- and long-term effects on construction, rent levels, and residential mobility; to evaluate distributive impacts across income brackets and regions; and to investigate interactions between real estate regulation, land-use policy, and macroprudential instruments. In summary, balanced and coordinated policy frameworks, combined with evidence-based and well-governed investment strategies, are the most promising path to aligning market stability, housing affordability, and the attraction of high-quality foreign capital.

REFERENCES

BAETHGE, C.; GOLDBECK-WOOD, S.; MERTENS, S. SANRA—a scale for the quality assessment of narrative review articles. *Research Integrity and Peer Review*, v. 4, n. 1, p. 5, 2019. DOI: 10.1186/s41073-019-0064-8.

DU, Z.; YIN, H.; ZHANG, L. Foreign buyer taxes and house prices in Canada: a tale of two cities. *Journal of Housing Economics*, v. 55, 2022, e101807. DOI: 10.1016/j.jhe.2021.101807.

FERRARI, R. Writing narrative style literature reviews. *Medical Writing*, v. 24, n. 4, p. 230–235, 2015. DOI: 10.1179/2047480615Z.000000000329.

GHOLIPOUR, H. F. The effect of foreign real estate investments on house prices: evidence from emerging economies. *International Journal of Strategic Property Management*, v. 17, n. 1, p. 32–43, 2013. DOI: 10.3846/1648715X.2013.765523.

GREEN, B. N.; JOHNSON, C. D.; ADAMS, A. Writing narrative literature reviews for peer-reviewed journals: secrets of the trade. *Journal of Chiropractic Medicine*, v. 5, n. 3, p. 101–117, 2006. DOI: 10.1016/S0899-3467(07)60142-6.

KALINOSKI, R.; PROKOPIUK, M. Financeirização da moradia via fundos de investimento imobiliário em metrópoles brasileiras. *EURE (Santiago)*, v. 49, n. 148, 2023. DOI: 10.7764/eure.49.148.10.

KLINK, J. Financeirização: conceitos, experiências e relevância para o campo do planejamento urbano-metropolitano. *Cadernos Metrópole*, v. 19, n. 39, p. 379–406, 2017. DOI: 10.1590/2236-9996.2017-3902.

MELO, E. O. Financeirização, governança urbana e poder empresarial nas cidades brasileiras. *Cadernos Metrópole*, v. 23, n. 50, p. 41–66, 2020. DOI: 10.1590/2236-9996.2021-5002.

OMENA, E. A financeirização urbana brasileira em perspectiva comparada: um complexo realmente imobiliário-financeiro? *Revista Brasileira de Estudos Urbanos e Regionais*, v. 26, 2024, e202438. DOI: 10.22296/2317-1529.rbeur.202438.

PAVLOV, A.; SOMERVILLE, T.; WETZEL, J. Foreign buyer taxes and housing affordability. *Real Estate Economics*, v. 52, n. 3, p. 928–950, 2024. DOI: 10.1111/1540-6229.12468.

PENHA FILHO, C. A.; NAKAMA, V. K.; RUFINO, B.; MIOTO, B. T. Articulações imobiliário-financeiras na consolidação dos ativos de locação residencial no Brasil: novos enlaces entre incorporadoras, instrumentos e agentes financeiros. *urbe. Revista Brasileira de Gestão Urbana*, v. 17, 2025, e20240193. DOI: 10.1590/2175-3369.017.e20240193.

SÁ, F. The effect of foreign investors on local housing markets. *Journal of Economic Geography*, v. 25, n. 3, p. 329–349, 2025. DOI: 10.1093/jeg/lbae043.

SURAK, K.; TSUZUKI, Y. Are golden visas a golden opportunity? Assessing the economic origins and outcomes of residence by investment programmes in the EU. *Journal of Ethnic and Migration Studies*, v. 47, n. 15, p. 3367–3389, 2021. DOI: 10.1080/1369183X.2021.1915755.

ZHOU, Y. The effects of capital controls on housing prices. *Journal of Real Estate Finance and Economics*, 2024. DOI: 10.1007/s11146-024-09983-2.