



International Real Estate

A Roadmap to Information about the Foreign-born in the U.S. and International Real Estate for REALTORS®

Prepared by the Research Division of
the National Association of REALTORS®

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Introduction

All real estate is local. It's an axiom used by most real estate professionals. And it is generally true. Local market fundamentals drive demand for homes and other real property, and each market has its own unique influence on property prices.

But there is a caveat to *all real estate is local*. The world is now one big market – for clothes, entertainment, financial services, and sports. When once international travel was only an option for the very rich, now cheap air fares and affordable cruises mean almost everyone can take advantage of visiting another country. The World Cup and Olympics are broadcast to most nations of the world. This globalization extends to real estate as well. As recently as 15 years ago, information about property listings in a specific market was the sole province of a local real estate brokerage. Now, the Internet enables those properties to be viewed not only by those potential buyers in the market in which the property is listed, but by potential buyers and other brokers in another city, another state, and even in another country. Those people outside of the U.S. who hope to emigrate to America can look for properties before they even get on an airplane!

While the real estate market has changed, so has the U.S. population. In October 2006, the nation's population hit the 300 million-mark. That is 30 million more than the original 2000 Census projections. And that is due in no small part to healthy levels of immigrants continuing to move to the United States. The immigrant population is increasingly becoming a population of homeowners. But access to homeownership continues to be a challenge for our nation's immigrant population. Of the over 30 million immigrants now in the U.S., most arrived since 1980. According to surveys conducted by The Fannie Mae Foundation, immigrants are three times as likely as all households to rank buying a home as their number one priority, but immigrant homeownership rates continue to lag behind those of the native-born.

And the global economy means there is an increasing international business presence in the U.S. Foreign-based companies are taking advantage of opportunities to invest and conduct business in the U.S. And as they pour capital into the U.S. and contribute to local economies, they are

contributing to demand for commercial properties and their U.S.-based employees are creating a market for homes.

Finding information that can help real estate professionals market to international clients is challenging, and some of the data can be quite confusing. To help REALTORS® and REALTOR® Association executives serve as a resource for data, trends and other information on international real estate clients, NAR Research has prepared this “roadmap” to make available information that can benefit those engaging in international real estate transactions. It is not meant to be a one-stop source of actual data. Neither is it intended to provide an analysis of international real estate markets, foreign-born homebuyers or investment real estate opportunities. Rather, we hope it will serve as a guide to data and analysis -- primarily from NAR but also from other organizations -- so that REALTORS® and REALTOR® Association executives can have ready access to information about the potential for serving international real estate clients.

This roadmap shows a list of “stops” along the way:

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The major road we'll travel along is the Association's web site – specifically, www.REALTOR.org/research. This is the web site for the Research group of the National Association of REALTORS®. There are many places to visit on this site that provide statistics and analysis to help those real estate professionals who serve the foreign-born homebuyer or international clients looking to invest in U.S. real estate. We're going to take a brief look at each of these resources, and then discuss how it can be used by real estate professionals.



First Stop: The Foreign-Born Population in the United States

It is often said – and is true – that the United States is a nation of immigrants. Unless one's heritage is Native American, all of our ancestors were, at some point, immigrants to America's shores. Immigration continues to play a significant role in the growth of the U.S. population, as well as having an impact on how and what products and services are marketed and sold. Immigration to the United States has soared in the past two decades. The strong increase in immigration has contributed to nearly 40 percent of the total population increase in the U.S. since 1990.

NAR's Report, *Migration to the United States*, is a simple data file (in Excel format) which lists the population for each county and state, as well as the foreign-born population. It shows, for instance that Nebraska

has a population of 1.7 million people.

Approximately 40 percent of Nebraska's

	Total Population	Foreign-born Population	Entry between 1995 and March 2000
Nebraska	1,711,263	74,638	27,516
Nebraska – Colfax County	10,441	1,902	601

population is foreign-born. Of those who are foreign-born, more than 27,000 immigrated to the U.S. between 1995 and March of 2000. In Nebraska's Colfax County, out of population of 10,441, slightly more than 1,900 are foreign-born and just under a third of those immigrants came to the U.S. between 1995 and 2000.

Migration in the United States reports on the population for every state and every county with these similar breakdowns. If your members conduct business in any part of Missouri, you can provide them with information about the level of foreign-born residents, for example, in St.

Charles County. You can link to this report by clicking on:

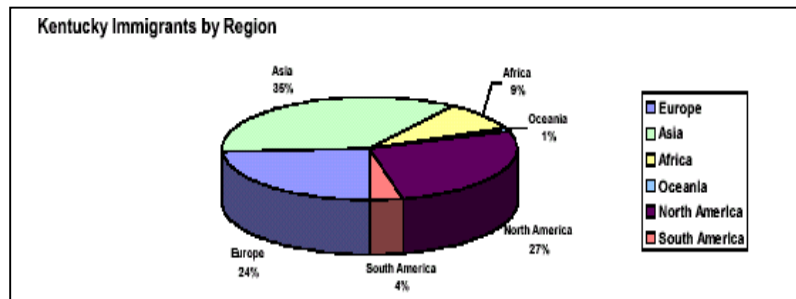
[www.REALTOR.org/Research.nsf/files/Frmigration.xls/\\$FILE/Frmigration.xls](http://www.REALTOR.org/Research.nsf/files/Frmigration.xls/$FILE/Frmigration.xls)



Next stop: Impact of Foreign-born in Each State

So, now you know how many people in your state or county are foreign-born. But the more you know about this potential market, the better you can develop programs and services that address their needs. What countries are they from? Are all the foreign-born seeking to stay in the U.S. and eventually become citizens? What about those here on student visas? What if most of them are merely in the U.S. working for either an American or international company? How do you find out?

NAR's reports, *Business Data for Engaging in International Real Estate Transactions* are available for each state. These reports detail not only the country of origin for immigrants in each state, year of entry of the foreign-born population, figures on the foreign-born in each state who became U.S. citizens, household languages spoken in each state, state exports and each state's major trading partner. By finding out what major immigrant groups are resident in your communities, you can develop programs and services that are specifically targeted to those groups.

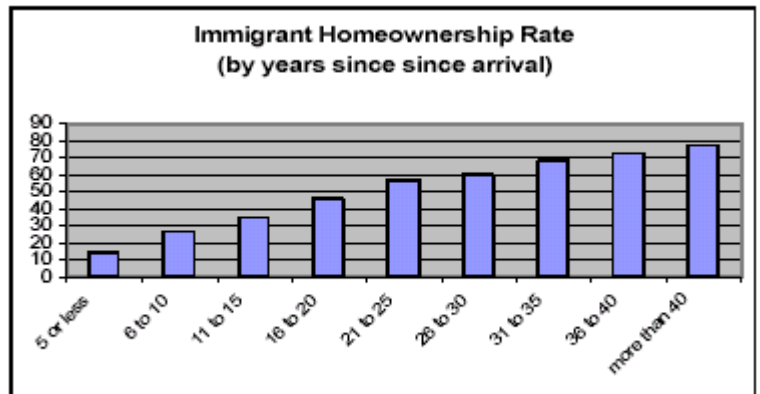


In Alabama, for instance, there were 2,139 legal immigrants who arrived in 2004; the largest number of immigrants were from Mexico. Putting together a Spanish-language pamphlet about the benefits of homeownership could result in additional business.

In the same state, 734 of those immigrants became U.S. citizens. The largest number of these naturalized citizens came from India and Vietnam. Encouraging firms to recruit salespeople fluent in the languages and culture from these countries will help increase the homeownership rate and thus contribute to both the state and local economies.

You can access these *Business Data for Engaging in International Real Estate Transactions* reports by clicking on: www.realtor.org/Research.nsf/pages/stateinternationalbusinessreports

Why is this important to real estate professionals? Because the longer an immigrant stays in the U.S., the more likely an immigrant household becomes a *homeowner household*. The homeownership rate of foreign-born households who came to the U.S. in the past five years is only 18 percent, but that rate steadily rises over time.



Next Stop: Learning the Language

Communicating is essential in any business, and in real estate particularly. Buying a home is the one of the largest financial transactions most households will ever make, and purchasing a commercial property involves a variety of details that need to be clearly understood by the buyer. According to the *2005 NAR Member Profile*, 15 percent of NAR

members are fluent in another language – six percent in Spanish. But does a significant share of residents in

	Total Population	English-Speaking only	Other Languages	Percent of total state population speaking another language
New Jersey	7,856,268	5,854,578	2,001,690	25.5%
New Jersey – Middlesex County	701,409	467,470	233,939	33.4%

your county speak a language other than English? NAR’s report on *Foreign-Speaking Residents in the United States by State and County* is a single data file (in Excel format) that shows the extent of the non-English-speaking population in those jurisdictions. You can view this report by clicking on:

[www.realtor.org/Research.nsf/files/FRLanguageSpeakingPopulatation.xls/\\$FILE/FRLanguagesSpeakingPopulation.xls](http://www.realtor.org/Research.nsf/files/FRLanguageSpeakingPopulatation.xls/$FILE/FRLanguagesSpeakingPopulation.xls)

To see what languages other than English are spoken in your counties, click on:
[www.realtor.org/Research.nsf/files/FRLanguagePopular.xls/\\$FILE/FRLanguagePopular.xls](http://www.realtor.org/Research.nsf/files/FRLanguagePopular.xls/$FILE/FRLanguagePopular.xls).

The reports on *Business Data for Engaging in International Real Estate Transactions* also contain valuable information about languages spoken in each state. It also notes whether or not immigrant households speak only their native language (linguistically isolated).

Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	1,677,951		
Spanish	39,956	11,558	27,998
Indo-European Languages excluding English	21,896	2,172	19,724
Asian and Pacific Island Languages	14,424	5,397	9,027
Other Languages	1,905	0	1,905
Total	1,756,332		

Source : Census Bureau, American Community Survey 2004



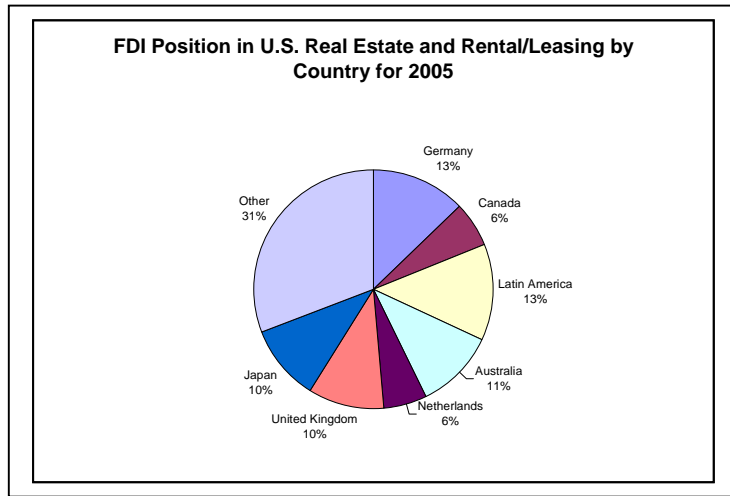
Next Stop: Foreign Investment in U.S. Real Estate

The U.S. real estate market is still historically strong. Demand from baby-boomers for retirement or second-homes, as well as the unceasing desire for homeownership by the foreign-born population will continue to support the health of U.S. residential real estate. High levels of consumer spending will continue to prop up demand for retail properties. An expanding economy is generating jobs, creating a need for more office, warehouse and industrial space. By and large, investing in U.S. real estate is – over the long-term – an attractive option. Foreign governments, international financial institutions, foreign pension and equity funds and individuals are among the major investors in U.S. real estate.

NAR’s annual report on *Foreign Direct Investment in U.S. Real Estate* looks at the impact of foreign investment in the U.S. economy as a whole, with particular attention paid to the impact on commercial and residential real estate markets and which countries are the major investors. For instance, in the past six years Japanese investment in U.S. real estate plummeted from \$11.7 billion in 2000 to \$4.7 billion in 2005. Meanwhile, investment shares from Latin America, Germany, and Australia steadily rose over this same period to more than offset the

declines in investment by the Japanese. In 2005, Latin America and Germany each accounted for 13% of total foreign investment.

For those REALTORS® who specialize in commercial properties, the information in this report can help point the way towards marketing to foreign companies to purchase or lease



commercial real estate in your state or local area. You can access this report by clicking on: [www.realtor.org/Research.nsf/Pages/ForInvestSurvey\\$OpenDocument](http://www.realtor.org/Research.nsf/Pages/ForInvestSurvey$OpenDocument)



Next Stop: Let's Pause for a Commercial Break

The majority of REALTORS® are involved primarily in residential brokerage. But a full four percent focus solely on commercial brokerage activities, and 16 percent of REALTORS® cite commercial brokerage as their secondary business specialty. NAR's commercial affiliates answer the needs of the Association's commercial real estate specialists.

But NAR Research also provides information for commercial specialists. It tracks developments and forecasts activity for all of the major commercial segments in many U.S. markets in its quarterly report, ***NAR Commercial Real Estate Outlook***. Because international investors are major players in commercial real estate, the Commercial Outlook can be a useful source of information for those real estate professionals who want to market office, retail, industrial, multifamily, or warehouse properties to those clients.

Included in this report is NAR's Commercial Leading Indicator for Brokerage Activity (CLI). By incorporating 13 variables that reflect future commercial real estate activity, the CLI is designed to provide early signals of "turning points" between expansions and slowdowns in commercial real estate.

You can access the *NAR Commercial Real Estate Outlook* by clicking on:

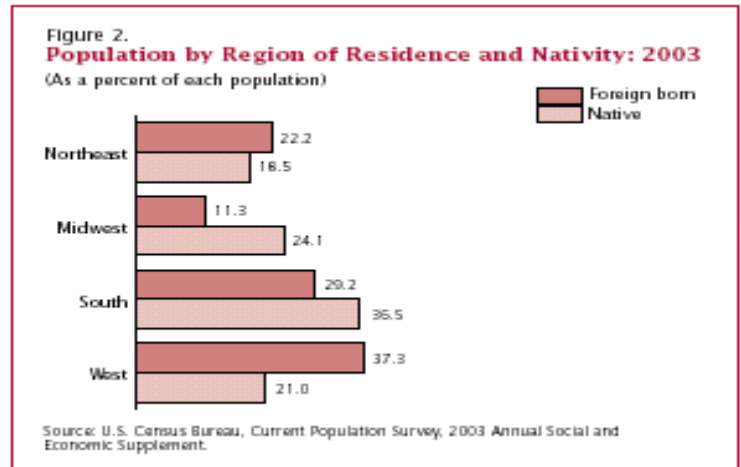
www.realtor.org/research.nsf/pages/commercialhome



Taking an off-ramp to other sources

All of the above sources are available at REALTOR.org/Research. But there are other sources of data that can be useful to real estate professionals marketing to foreign-born or international clients.

Population and immigration trends. Our first exit takes us to the U.S. Bureau of the Census. The amount of data on population and immigration trends is staggering. In addition to providing basic population data (how many of us are there?), the Census Bureau also regularly reports on immigrants, who they are, where they are from and where they live. The Census Bureau is also the source of information the nation's homeownership rate.



The bureau's analyses include a *Profile of the Foreign-Born U.S. Population*. This report includes data on immigrants' countries of origin, where they settled in the U.S., as well as basic demographic characteristics such as age, size of household, length of residence in the U.S., education and income.

You can this and other data and analysis from the Census Bureau's web site at:

www.census.gov



The Association for Foreign Investors in Real Estate

The Association of Foreign Investors in Real Estate (AFIRE) is the only not-for-profit association for the foreign real estate investment community. AFIRE members have a common interest in advocating and promoting international real estate investments.

While the NAR sources listed above focus primarily on U.S. markets, AFIRE provides information about foreign real estate markets. Each year the Association reports on the latest trends in real estate investing around the world, based on a survey of its members. The survey reports on the top five cities (globally) for investing, the top five U.S. markets, foreign investors “top competitors” in the U.S., and the best type of real estate investments (strategies) in the U.S.

You can link to information about AFIRE by clicking here: www.afire.org



A Closer Look

You serve as a resource for information and advice for your clients. So let's stop driving for a while, and take a closer look at how some of these sources of information can be used by you and your clients.

I know there is a significant immigrant population in my state. What information can I use to develop programs and services that will help serve that market?

- First, find out how many foreign-born are in your market and when they arrived in the U.S. Go to NAR's Report, ***Migration to the United States*** and select the one for your state.
- What are the major foreign-related businesses in your area? The ***Business Data for Engaging in International Real Estate Transactions*** report for your state doesn't list specific foreign-owned companies, but it does provide the major exports by product and trading partner country. For instance, if Mexico is one of the top five countries to which your state exports products, it is likely that a company doing business in your state has employees from Mexico who speak Spanish.
- Determine the extent of foreign-language-speaking households from this same report.
- If there is a foreign-company employer in your market, talk to the CEO or the Human Resources department of that company to determine how many foreign-born are working there. This could be an opportunity to talk about the benefits of homeownership and your association can work with the company on developing an employer housing assistance program especially targeted to those workers from other countries.
- Encourage your members to learn the languages and cultural behaviors of the major immigrant populations in your state or local area. If your market has a significant population of residents who are from Vietnam, bring in a local community leader to talk about their housing needs.



Focus on International Clients

Growing international trade leads to relocation of foreigners to the United States, as well as U.S. businesses opening offices abroad. In short, conditions are ripe for engaging in international property brokerages. Consider the number of foreigners (non-immigrants) arriving in Kentucky in 2004 by category:

- 25,092 foreigners for vacation
- 2,838 traders and investors
- 3,692 foreign students
- 2,408 foreign workers due to intra-company transfers
- 281 foreign workers related to NAFTA
- 19,797 foreigners for other business

Many of these foreigners will need rental housing, second homes, or commercial property in Kentucky.

It is not only foreigners that will significantly impact international home buying. Many U.S. residents will require a home abroad. Exports of products to Canada from Alabama increased 21.7 percent from 2004 to 2005, and exports from Kentucky to Mexico 78 percent during the same period. These increases in exports may lead locally based companies to establish company representatives and sales personnel in those countries. Real estate professionals may decide that it's time to set up referral networks with counterparts in Canada and Mexico.



But I'm not an economist? Help!

Don't panic. We know there is a lot of information in all these sources. But NAR Research is here to help. Here's how:

- NAR Research monitors developments in the U.S. economy as well as most major economies in other countries. We can point you in the right direction to find any additional data you need. You can email us at: eresearch@realtors.org.
- NAR's International Operations Group is dedicated to helping promote real estate transactions involving parties from different countries. NAR's **International Network** – with 70 partner associations in more than 50 countries – demonstrates the value of NAR's international leadership and emphasizes the Association's commitment to promote business development opportunities for U.S. members.
- Numerous products and resources have been developed to assist NAR members and REALTOR® Associations in including a global market component in their business plan/member services program. These resources include:
 - **NAR International home page at REALTOR.org** – Best general resource for information on NAR international programs and services – www.realtor.org/international
 - **Expand Your Market Course** – Turn-key course to introduce agents/brokers to the global real estate market. Eligible for continuing education approval. More information at <http://www.realtor.org/cipshome.nsf/pages/eym>
 - **Certified International Real Estate Specialist (CIPS)** designation program and business network – Provides introductory and advanced training for real estate professionals and administrators, along with business development/networking tools, resources and events. Access course descriptions, schedule, benefits and other information on CIPS from NAR International home page, www.realtor.org/international
 - **Monthly International eReport (Electronic Newsletter)** – Available free to any NAR member. Sign up via “Subscribe to News” link on home page at www.realtor.org

- **Pre-packaged Meeting Tool Kits for Broker Meetings** – Series of short, informational training modules on global market topics; ideal for use in sales agent meetings, local council meetings, etc. Downloads at <http://www.realtor.org/cipshome.nsf/pages/toolkits>
- **International Speaker Cadre & Presentation database** – Resource for REALTOR® Associations looking for a speaker and/or a presentation on a topic related to global real estate business. Group seeking a speaker contacts and deals directly with the speaker. Access the database at <http://www.realtor.org/cipshome.nsf/pages/speakers>
- **NAR International Association Network** – NAR partners with 70 national associations in more than 50 countries—all of whose members subscribe to a code of conduct similar to the NAR Code of Ethics. Review the full list of foreign partners, NAR’s liaisons to these groups, and/or access the association directly at <http://www.realtor.org/intlnet.nsf/coopassocmain>
- The International Consortium of Real Estate Associations (ICREA)/WorldProperties.com is the centerpiece of NAR’s International multilateral strategic initiative and can be found online at **www.WorldProperties.com**. NAR is a founding member and co-chair of the 25-member alliance of leading national real estate associations, which collectively represent more than 2 million real estate professionals worldwide and 3 million property listings. WorldProperties.com assists consumers in locating broker assisted properties outside their country and in locating a qualified real estate professional. Key site features include a distinctive resale property advertising service, links to 3 million residential and commercial property ads, a portal featuring high quality resort/new developments, a cross border client referral system, comparative business practice profiles, and more. It is the only organization of its kind and is constantly looking to the future to provide its members with new products and services that will help them more effectively compete in increasingly global real estate environments and keep the broker central to the real estate transaction.

etc. *There's more down the road ...*

NAR Research has selected what it feels are the sources with the most applicable information for use by association executives who want to help their members build their business among the nation's immigrant communities and foreign clients. But there are a number of other public sources of information that impact both the foreign-born in the U.S. as well as foreign-based businesses that operate in the U.S. We list just a few. Should you need any guidance in how this information can be used to develop programs and services for your members, please contact NAR Research.

- State economic development offices. Each state – and many a large local municipality -- has its own “Economic Development” agency/department. Information about the activities of these agencies are usually accessible through the state government’s web site. It will contain information on recent companies setting up headquarters in the state.
- Real Estate Research Centers. Many of the nation’s leading universities have established separate “schools of real estate research,” some through the support of state REALTOR® associations. In addition to doing basic research on real estate trends, some have focused studies on the impact of local immigrant populations on the real estate market in their communities. For a list of Real Estate Research Centers, click here: www.realtor.org/libweb.nsf/pages/fg005?OpenDocument
- The U.S. Bureau of Economic Analysis reports on U.S. trade activities (import/export). The bureau’s web site is: www.bea.gov.
- For a broader perspective on how people move between countries, the Organisation for Economic Cooperation and Development – OECD -- publishes data on inter-country migration patterns for the 30-member countries of the OECD. Its most recent report includes a database on both immigrants AND foreign residents (expatriates). The organization’s web site is found at www.oecd.org/about/0,2337,en_2649_201185_1_1_1_1_1,00.html

The U.S. market contains a large supply of real estate. It also has a relatively high turnover rate and an easy exit option. The United States does not restrict or scrutinize most property purchases by foreigners, as do other countries. Many international buyers also appreciate the equal opportunity that U.S. real estate affords. There are few barriers to homeownership in the U.S. Except to the extent that may be necessary to enforce U.S. criminal laws or national security provisions, foreign participation in U.S. real estate markets is largely free. Foreign investors have the same rights as those of American property owners.

The National Association of REALTORS® also believes that any legislation or regulatory barriers that would limit the open market and private property rights or access of foreign investors to U.S. markets could curtail foreign investment and potentially jeopardize the health of U.S. real estate markets.



About NAR Research

The Research Group of the National Association of REALTORS® produces the premiere measurement of residential real estate activity – the existing home sales series – and analyzes how changes in the U.S. and foreign economies can impact the real estate business. It examines trends in real estate practices, and how NAR members are adapting technology in their business operations. NAR Research also looks at regulatory and legislative policy proposals and how those policies could affect REALTORS® and their clients, America’s property owners. You can reach NAR Research via email at eresearch@realtors.org

For information about the products and services available from NAR Research, visit www.realtor.org/research and click on “Buy Research.”

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