

**Business Data for Engaging in  
International Real Estate Transactions in Arizona**

**Produced By: NAR Research  
May 2006**

## ***Introduction***

The purpose of this report is to present recent international-related data trends directly associated with Arizona. Such data, properly gleaned, will present real estate opportunities with foreign nationals, foreign companies and foreign referral counterparts.

## ***Global Presence***

The exchange of goods and services across international borders has greatly increased, with the growth in international transactions far exceeding growth in domestic transactions in recent years. U.S. exports of goods and services increased 10.5 percent, while imports from foreign countries rose 12.8 percent in 2005. Such increases are three to four times higher than growth in the overall national economy. Due in part to the significant rise in international business activity, the flow of people across borders has increased, as well. At the same time, the demand for real estate - both residential and commercial - has been on the rise. Fast-growing international trade leads to relocation of foreigners in 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 Arizona in 2004 by category:

- 405,731 foreigners for vacation
- 1,661 traders and investors
- 7,532 foreign students
- 2,984 foreign workers due to intra-company transfers
- 1,175 foreign workers related to NAFTA
- 51,191 foreigners for other business

Obviously, many of these foreigners will need rental housing, second homes, or commercial property in Arizona. A recent study of home purchases in Florida revealed that 15 percent of all sales were made by foreigners - largely for vacation homes.<sup>1</sup> Though Arizona may not witness such a high level of foreign transactions, there are still enough foreigners arriving in the state to make an impact on overall real estate transactions.

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 Mexico and Canada from Arizona increased 25 percent and 16 percent, respectively, in the past year. Third on

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<sup>1</sup> NAR conducted a survey of REALTORS® in Florida in 2005 to better understand the extent of non-U.S. resident homebuyers, why those buyers purchased U.S. homes, and what types of properties they bought and for what purpose. Of the REALTORS® who participated in the survey, 87 percent reported that they did at least one home sale transaction with international buyers. Two thirds - 66 percent - of those REALTORS® who brokered foreign-buyer purchases noted that one to four of *all* their transactions were with international clients.

the list of countries to which Arizona products are exported is Malaysia. This increase in Arizona exports may lead locally based companies to establish company representatives and sales personnel in those countries. Arizona real estate professionals may decide that it's time to set up referral networks with counterparts in Mexico, Canada and Malaysia.

Digital monolithic integrated circuits were the top export product for Arizona. Savvy real estate professionals may want to visit the human resource departments of the companies producing these exports to let them know about relocation services offered in your professional global network.

### ***Immigrants to Arizona***

Immigration to the United States soared in the past two decades, which likely will lead to many more home purchases in the coming decade.<sup>2</sup> The U.S. population grew by roughly 30 million people during the last decade of the 20th century and by another 12 million in the last four years. The strong increase in immigration contributed to nearly 40 percent of the rise in U.S. population since 1990.

In Arizona, 19,297 newly admitted legal immigrants arrived in 2004. Most came from Mexico (10,367). Other top countries of origin include:

- India (800)
- The Philippines (647)
- China (543)
- Canada (501)
- Bosnia-Herzegovina (410)

Real estate professionals may want to consider assisting, participating or setting up a network partner with these communities to open up business opportunities.

In 2004, 6,500 immigrants to Arizona became U.S. citizens. Natives of Mexico led with the highest number (2,453) of newly naturalized citizens in the state last year. Other top countries represented include:

- Vietnam (332)
- The Philippines (306)
- India (300)
- Bosnia-Herzegovina (291)
- Canada (223)

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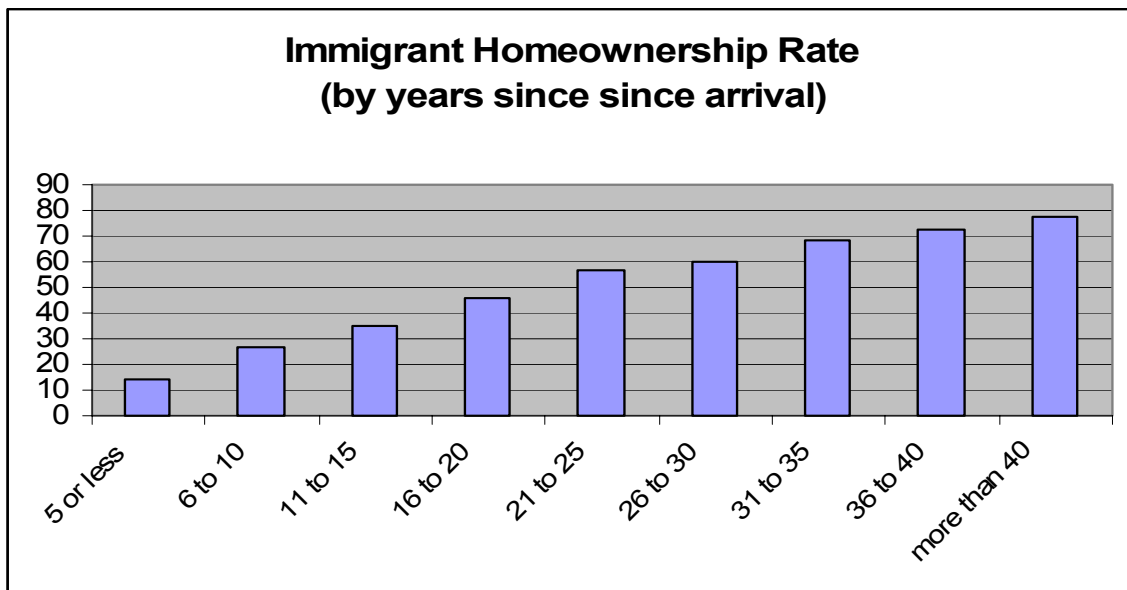
<sup>2</sup> There are contentious issues relating to swelling illegal immigration and assimilation, and this paper does not attempt to delve into this difficult topic.

The new citizens and immigrants, brought the total number of naturalized citizens in Arizona to 225,197 (4 percent of the population) and 584,171 non-citizens (10 percent of the population) in 2004.

Immigration boosts the residential housing market for the simple reason that people need a home in which to live. So it should not be surprising that dynamic housing markets of recent years have been in those regions with significant immigrant populations. The fast-growing regions of Las Vegas, Phoenix, Washington D.C. and much of Florida have seen strong housing demand – and a significant run-up in home prices – due in no small part to the fact that these markets have strong immigrant populations.<sup>3</sup>

Also consider what happens to housing markets when there is no immigration. For example, home prices in Japan have been stagnant for the past 20 years. One reason is that the country’s population has been virtually unchanged during that same time period. The same stagnation is also present in East Germany (where many have left for West Germany). Similar situations can be found in U.S. areas such as Elmira, NY and Danville, IL.

The homeownership rate of foreign-born households who came to the U.S. in the past five years is only 18 percent. The ownership rate then steadily rises over time.



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<sup>3</sup> A study by the Philadelphia Federal Reserve Bank showed that home prices in immigration-heavy neighborhoods rise much more slowly than other neighborhoods in the local region. That is, the “there goes the neighborhood” reaction may be at work as established residents flee an area and newcomers move in. However, home prices in metro regions with a high concentration of immigrants in general rose at a significantly faster clip than those metro regions with little immigration. More people translates into more housing demand.

Naturally, due to language, cultural and institutional adjustments, homeownership among recent immigrants lags behind that of native-born Americans and the population as a whole. However, obtaining U.S. citizenship quickly raises the odds of becoming a homeowner. In fact, among households who entered the country more than 30 years ago, the homeownership rate surpasses that of the national average, with 78 percent of foreign-born U.S. residents owning a home - far higher than the national homeownership rate of 69 percent.

REALTORS® can seize the opportunity and help close the early-year homeownership gap through counseling and homebuyer education programs for their foreign-born clients. Many REALTORS® have already realized the potential business opportunities. Over the last five years, almost half of NAR members indicated that they have participated in a transaction involving an international element, and this trend will inevitably increase.

### ***Information on NAR International and WorldProperties.com***

NAR's international program has a long and progressive history, demonstrating the foresight of NAR leaders over a number of decades. Through carefully developing and nurturing international bilateral and multilateral relationships worldwide, NAR has laid a solid foundation for participation in today's global marketplace. NAR's **International Network** – today 70 partner associations in more than 50 countries – demonstrates the value of NAR's international leadership and emphasizes its commitment to promote business development opportunities for U.S. members. NAR's International Mission statement is as follows: "Increase REALTORS®' (commercial and residential) ability and opportunity to do business at home and abroad in an increasingly global/multicultural real estate environment."

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](http://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](http://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](http://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.

*For more information on NAR’s International programs, please email us at [NARGlobe@realtors.org](mailto:NARGlobe@realtors.org) or visit us online at [www.Realtor.org/international](http://www.Realtor.org/international).*

**Population Demographics in Arizona**

	U.S. Born Citizen	Foreign Born			
		Naturalized Citizen	(%)	Non-U.S. Citizen	(%)
Male	2,382,625	98,678	2.05%	311,289	6.45%
18 years old or more	1,646,961	93,941	3.94%	266,726	11.19%
Under 18 years old	735,664	4,737	0.29%	44,563	2.71%
Female	2,441,045	127,478	17.33%	272,882	37.09%
18 years old or more	1,739,435	123,712	5.07%	221,516	9.07%
Under 18 years old	701,610	3,766	0.22%	51,366	2.95%
<b>Total</b>	<b>4,823,670</b>	<b>225,197</b>	<b>4.00%</b>	<b>584,171</b>	<b>10.37%</b>
<b>Total Population in Arizona :</b>				<b>5,633,997</b>	

Source : Census Bureau, American Community Survey 2004

**Year of Entry of Foreign Born Population in Arizona**

Entered to U.S.	Total	Foreign Born			
		U.S. Citizen Born Abroad	Total	Naturalized Citizen	Non-U.S. Citizen
2000 or later	205,872	4,193	201,679	4,077	197,602
1990 and 1999	292,214	9,868	282,346	40,017	242,329
1980 and 1989	165,754	8,768	156,986	60,722	96,264
Before 1980	201,115	31,799	169,316	121,340	47,976
<b>Total</b>	<b>864,955</b>	<b>54,628</b>	<b>810,327</b>	<b>226,156</b>	<b>584,171</b>

Source : Census Bureau, American Community Survey 2004

**Household Languages**

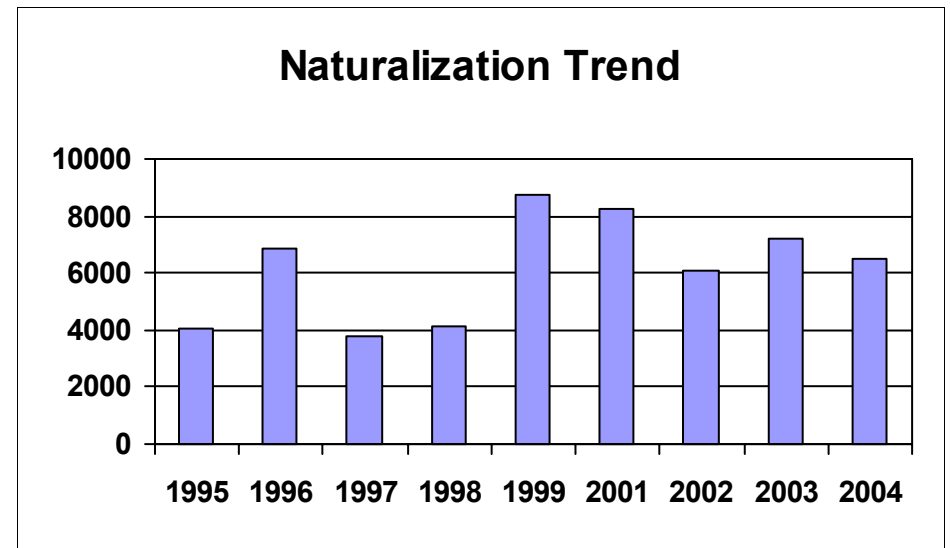
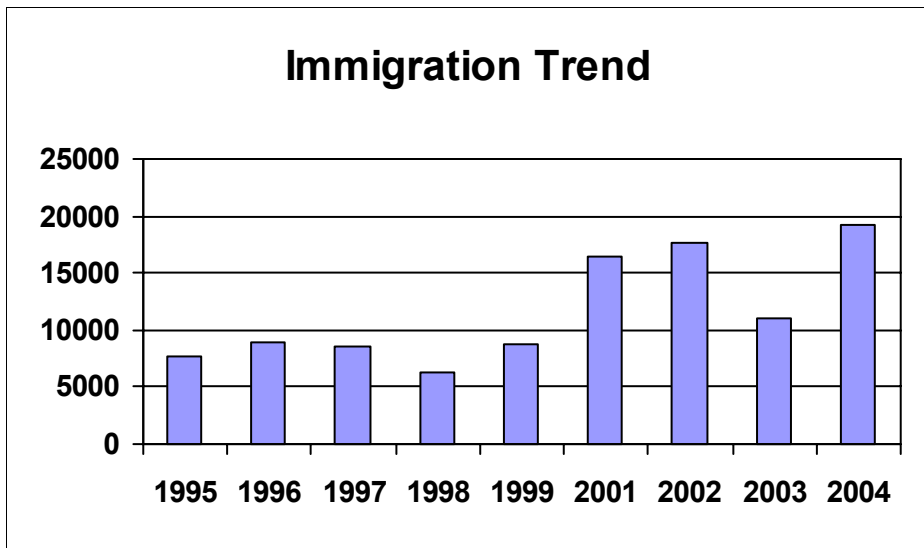
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	1,569,714		
Spanish	411,536	99,992	311,544
Indo-European Languages excluding English	61,621	9,842	51,779
Asian and Pacific Island Languages	32,402	6,220	26,182
Other Languages	56,261	6,720	49,541
<b>Total</b>	<b>2,131,534</b>		

Source : Census Bureau, American Community Survey 2004

**Immigration and Naturalization Trend in Arizona**

Year	Admitted Immigrants	Naturalization
1995	7,700	4,059
1996	8,900	6,838
1997	8,632	3,767
1998	6,211	4,105
1999	8,667	8,737
2001	16,362	8,245
2002	17,719	6,067
2003	11,001	7,225
2004	19,297	6,500

Source : Office of Immigration Statistic, 2004 Yearbook of Immigration Statistics



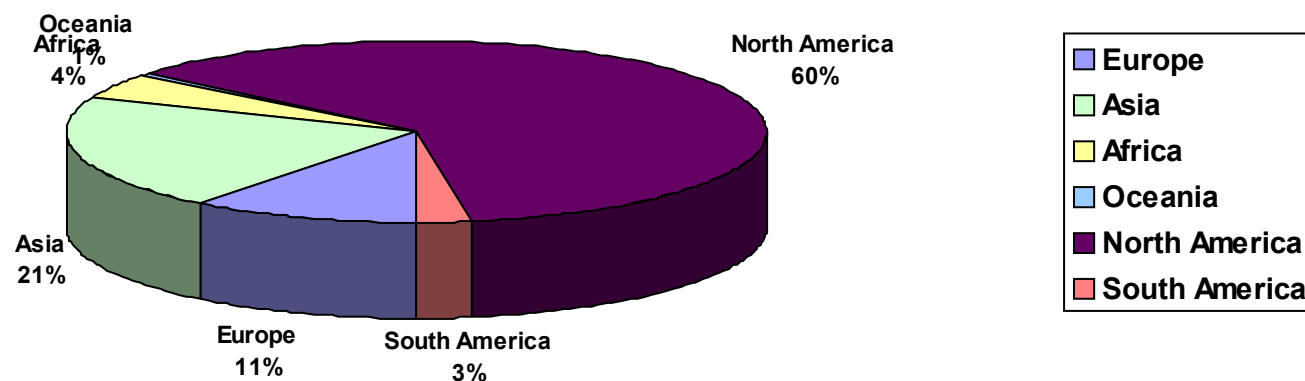
## Arizona Immigrants in 2004 by Country of Birth

Total : 19,297

Europe		Asia		Africa		Oceania		North America		South America	
Bosnia-Herzegovina	410	India	800	Sudan	178	Australia	58	Mexico	10,367	Colombia	123
United Kingdom	335	Philippines	647	Ethiopia	84	New Zealand	22	Canada	501	Peru	97
Germany	182	China, People's Republic	543	Somalia	61	Tonga	8	Guatemala	230	Brazil	69
Russia	157	Vietnam	427	South Africa	58	Samoa	5	El Salvador	223	Argentina	52
Romania	134	Korea	184	Egypt	51			Cuba	219	Venezuela	46
Bulgaria	93	Iran	180	Kenya	44			Honduras	63	Ecuador	35
Ukraine	90	Iraq	158	Nigeria	39			Dominican Republic	44	Chile	29
Poland	86	Japan	111	Congo, Republic	34			Costa Rica	29	Bolivia	18
Serbia and Montenegro	63	Afghanistan	105	Ghana	30			Jamaica	22	Guyana	11
Croatia	56	Taiwan	92	Liberia	26			Panama	21	Uruguay	8

Source : Office of Immigration Statistic, 2004 Yearbook of Immigration Statistics

## Arizona Immigrants by Region



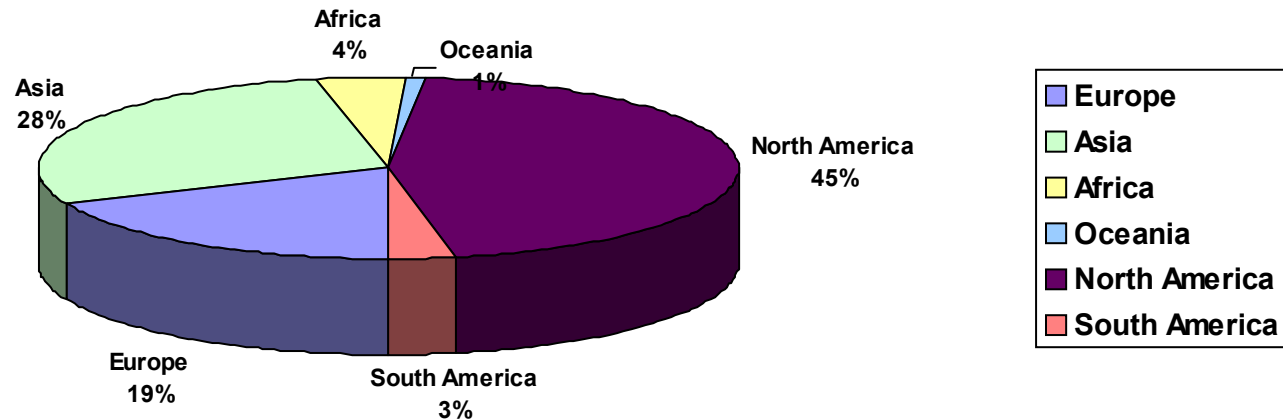
## Arizona Naturalization in 2004 by Country of Birth

Total : 6,500

Europe		Asia		Africa		Oceania		North America		South America	
Bosnia-Herzegovina	291	Vietnam	332	Nigeria	38	Australia	29	Mexico	2,453	Colombia	48
United Kingdom	153	Philippines	306	South Africa	38	Samoa	4	Canada	223	Peru	41
Romania	102	India	300	Ethiopia	32	Fiji	3	El Salvador	68	Brazil	31
Serbia and Montenegro	96	China, People's Republic	138	Somalia	32	New Zealand	3	Guatemala	59	Ecuador	17
Germany	92	Iran	129	Egypt	14			Cuba	29	Venezuela	14
Russia	61	Korea	113	Ghana	14			Honduras	19	Chile	13
Bulgaria	52	Iraq	82	Eritrea	13			Panama	17	Argentina	9
Poland	37	Pakistan	41	Morocco	13			Haiti	14	Guyana	8
Ukraine	32	Thailand	41	Sierra Leone	11			Jamaica	13	Bolivia	6
Croatia	27	Taiwan	37	Sudan	10			Nicaragua	12		

Source : Office of Immigration Statistice, 2004 Yearbook of Immigration Statistics

## Arizona Naturalization by Region



**Nonimmigrant Visitors to Arizona**

	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
All classes	395,462	377,195	433,977	492,257
Foreign government officials	1,402	1,828	1,889	1,703
Temporary visitors for business		44,574	46,020	51,191
Temporary visitors for pleasure		300,827	354,171	405,731
Transit aliens	163	115	103	157
Treaty traders and investors	1,487	1,307	1,353	1,661
Students	10,204	8,600	8,094	7,532
Spouses and children of students	828	775	750	640
Temporary workers and trainees	5,214	4,796	5,691	5,922
Spouses and children of temporary workers and trainees	1,708	1,556	1,358	1,731
International representatives	43	66	41	62
Representatives of foreign information media	351	315	233	302
Exchange visitors	3,037	2,722	2,982	3,342
Spouses and children of exchange visitors	495	444	451	427
Fiances of U.S. citizens	452	576	498	483
Intracompany transferees	2,512	2,285	2,644	2,984
Spouses and children of intracompany transferees	1,500	1,276	1,414	1,548
NATO officials	221	182	164	268
North American Free-Trade Agreement workers	1,605	1,384	1,161	1,175
Spouses and children of North American Free- Trade workers	661	466	414	395

Source : Office of Immigration Statistice, 2004 Yearbook of Immigration Statistics

# Arizona

## Arizona Exports by Product\*

Unit: \$ million

	2002		2003		2004		2005		% Change, 2004-2005**
		(%)		(%)		(%)		(%)	
<b>Total Arizona Exports and % Share of U.S. Total</b>	<b>11,871</b>	<b>1.7</b>	<b>13,323</b>	<b>1.8</b>	<b>13,423</b>	<b>1.6</b>	<b>14,950</b>	<b>1.7</b>	<b>11.4</b>
<b>Total, Top 25 Commodities and % Share of State Total</b>	<b>6,919</b>	<b>58.3</b>	<b>7,681</b>	<b>57.6</b>	<b>7,000</b>	<b>52.2</b>	<b>7,778</b>	<b>52.0</b>	<b>11.1</b>
1 Digital monolithic integrated circuits	2,728	23.0	3,963	29.7	2,655	19.8	2,649	17.7	-0.2
2 Parts of airplanes or helicopters	570	4.8	423	3.2	494	3.7	685	4.6	38.8
3 Large airplanes and other aircraft	265	2.2	478	3.6	658	4.9	485	3.2	-26.3
4 Non-digital monolithic integrated circuits	667	5.6	461	3.5	467	3.5	426	2.9	-8.8
5 Parts for electrical machine and apparatus with individual func	25	0.2	25	0.2	173	1.3	372	2.5	114.8
6 Roasted molybdenum ores and concentrates	0	0.0	0	0.0	1	0.0	366	2.4	(Z)
7 Parts and accessories for automatic data processing machines	120	1.0	135	1.0	127	0.9	216	1.4	69.8
8 Parts for electric apparatus for electric circuit	97	0.8	91	0.7	118	0.9	199	1.3	68.1
9 Turbojet and turboproller parts	387	3.3	370	2.8	269	2.0	187	1.3	-30.4
10 Articles of plastics	217	1.8	168	1.3	162	1.2	183	1.2	12.9
11 Medium airplanes and aircraft	489	4.1	263	2.0	310	2.3	182	1.2	-41.2
12 Appliances worn, carried, or implanted in the body and their p	169	1.4	183	1.4	184	1.4	179	1.2	-2.9
13 Parts for transmission apparatus for radar, radio, and TV	49	0.4	41	0.3	125	0.9	176	1.2	40.5
14 Large gas turbines	6	0.1	23	0.2	141	1.1	157	1.1	11.4
15 Electrical apparatus for protecting electrical circuits	150	1.3	137	1.0	149	1.1	145	1.0	-3.0
16 Printed circuits	79	0.7	90	0.7	102	0.8	141	0.9	38.1
17 Electrical plugs and sockets	116	1.0	98	0.7	102	0.8	126	0.8	23.3
18 Instruments for aeronautcal/space navigation	160	1.4	113	0.8	119	0.9	125	0.8	5.6
19 Machine and mechanical appliances with individual function	127	1.1	107	0.8	171	1.3	122	0.8	-28.5
20 Non-photosensitive transistors	88	0.7	64	0.5	52	0.4	117	0.8	124.1
21 Transmission apparatus incorporating reception apparatus	31	0.3	45	0.3	44	0.3	115	0.8	164.6
22 Small thrust turbojets	187	1.6	146	1.1	68	0.5	115	0.8	68.9
23 Automatic data processing units	38	0.3	66	0.5	104	0.8	114	0.8	9.3
24 High thrust turbojets	65	0.5	84	0.6	73	0.5	101	0.7	38.7
25 Diodes excluding photosensitive or light-emitting diodes	87	0.7	105	0.8	133	1.0	97	0.6	-27.4

Source : Census Bureau

\* The U.S. Census Bureau assigns detailed names to export products. For example, products listed as digital monolithic integrated circuits are essentially semiconductors. To maintain the integrity of government's export records, this report follows the terminology used by the Census.

\*\* (Z) means over 500% growth.

**Arizona Exports by Trading Partner Country**

Unit: \$ million

	2002		2003		2004		2005		% Change, 2004-2005*
		(%)		(%)		(%)		(%)	
<b>Total Arizona Exports and % Share of U.S. Total</b>	<b>11,871</b>	<b>1.7</b>	<b>13,323</b>	<b>1.8</b>	<b>13,423</b>	<b>1.6</b>	<b>14,950</b>	<b>1.7</b>	<b>11.4</b>
<b>Total, Top 25 Countries and % Share of State Total</b>	<b>11,279</b>	<b>95.0</b>	<b>12,455</b>	<b>93.5</b>	<b>12,222</b>	<b>91.1</b>	<b>13,952</b>	<b>93.3</b>	<b>14.2</b>
1 Mexico	3,044	25.6	3,229	24.2	3,794	28.3	4,757	31.8	25.4
2 Canada	1,167	9.8	1,131	8.5	1,386	10.3	1,615	10.8	16.5
3 Malaysia	1,211	10.2	1,629	12.2	744	5.5	779	5.2	4.7
4 United Kingdom	928	7.8	742	5.6	657	4.9	761	5.1	15.8
5 Federal Republic of Germany	525	4.4	607	4.6	688	5.1	743	5.0	8.1
6 Singapore	344	2.9	510	3.8	604	4.5	727	4.9	20.4
7 China	380	3.2	741	5.6	629	4.7	649	4.3	3.3
8 Netherlands	102	0.9	126	0.9	137	1.0	527	3.5	284.2
9 Thailand	329	2.8	323	2.4	440	3.3	520	3.5	18.0
10 Japan	328	2.8	466	3.5	440	3.3	515	3.4	17.1
11 France	443	3.7	350	2.6	466	3.5	441	3.0	-5.3
12 Taiwan	374	3.2	339	2.5	327	2.4	230	1.5	-29.7
13 Switzerland	245	2.1	266	2.0	213	1.6	229	1.5	7.6
14 Hong Kong	272	2.3	177	1.3	195	1.5	174	1.2	-10.8
15 Australia	195	1.6	158	1.2	172	1.3	155	1.0	-10.0
16 Korea, South	253	2.1	355	2.7	225	1.7	149	1.0	-33.6
17 Costa Rica	167	1.4	233	1.7	179	1.3	137	0.9	-23.6
18 Philippines	377	3.2	444	3.3	232	1.7	136	0.9	-41.4
19 Ireland	96	0.8	160	1.2	93	0.7	111	0.7	18.9
20 Turkey	28	0.2	28	0.2	20	0.1	107	0.7	433.5
21 Israel	154	1.3	139	1.0	232	1.7	107	0.7	-54.0
22 Brazil	139	1.2	120	0.9	154	1.1	106	0.7	-31.2
23 Italy	87	0.7	84	0.6	97	0.7	104	0.7	6.5
24 India	27	0.2	38	0.3	38	0.3	98	0.7	160.3
25 Sweden	62	0.5	59	0.4	58	0.4	76	0.5	29.5

Source : Census Bureau

\* (Z) means over 500% growth.