

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

**Produced By: NAR Research
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Introduction

The purpose of this report is to present recent international-related data trends directly associated with Washington. 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 Washington in 2004 by category:

- 265,286 foreigners for vacation
- 3,109 traders and investors
- 14,977 foreign students
- 4,658 foreign workers due to intra-company transfers
- 2,652 foreign workers related to NAFTA
- 73,366 foreigners for other business

Obviously, many of these foreigners will need rental housing, second homes, or commercial property in Washington. A recent study of home purchases in Florida revealed that 15 percent of all sales were made by foreigners - largely for vacation homes.¹ Though Washington 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. Dollar values of exports to Japan and Canada from Washington are \$6.4 billion and \$5.2 billion, respectively, in the past year. Third on

¹ 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 Washington products are exported is China. The increase in Washington exports may lead locally based companies to establish company representatives and sales personnel in those countries. Washington real estate professionals may decide that it's time to set up referral networks with counterparts in Japan, Canada and China.

Airplanes and other aircraft, unladen weight over 15,000 kg were the top export products for Washington. 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 Washington

Immigration to the United States soared in the past two decades, which likely will lead to many more home purchases in the coming decade.² 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 Washington, 19,442 newly admitted legal immigrants arrived in 2004. Most came from Mexico (2,549). Other top countries of origin include:

- Ukraine (1,669)
- The Philippines (1,532)
- Vietnam (1,179)
- India (1,172)
- China (959)

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, 12,668 immigrants to Washington became U.S. citizens. Natives of Vietnam led with the highest number (1,216) of newly naturalized citizens in the state last year. Other top countries represented include:

- The Philippines (1,137)
- Mexico (976)
- Korea (915)
- Ukraine (692)
- India (635)

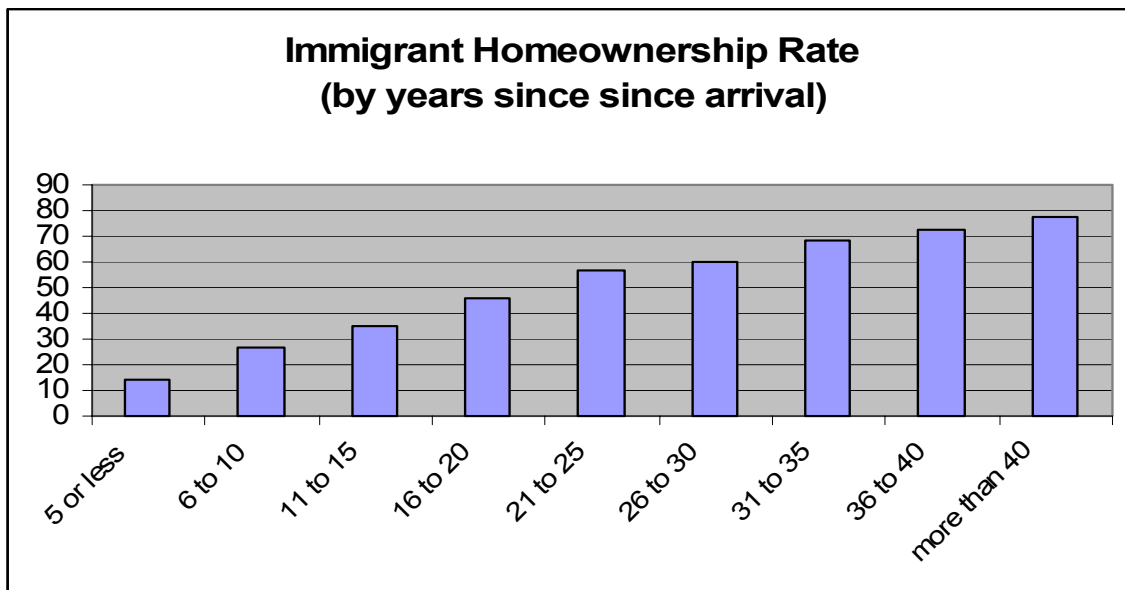
² There are contentious issues relating to swelling illegal immigration and assimilation, and this paper does not attempt to delve into this difficult topic.

The new citizens and immigrants, brought the total number of naturalized citizens in Washington to 297,240 (5 percent of the population) and 385,735 non-citizens (6 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.³

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.



³ 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
- **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.

For more information on NAR’s International programs, please email us at NARGlobe@realtors.org or visit us online at www.Realtor.org/international.

Population Demographics in Washington

	U.S. Born Citizen	Foreign Born		Non-U.S. Citizen	Non-U.S. (%)
		Naturalized Citizen	(%)		
Male	2,674,666	135,603	2.52%	194,960	3.63%
18 years old or more	1,951,123	129,428	4.84%	165,181	6.18%
Under 18 years old	723,543	6,175	0.32%	29,779	1.53%
Female	2,703,540	163,504	22.60%	190,775	26.37%
18 years old or more	2,013,146	154,966	5.73%	167,750	6.20%
Under 18 years old	690,394	8,538	0.42%	23,025	1.14%
Total	5,378,206	297,240	4.90%	385,735	6.36%
Total Population in Washington :				6,063,048	

Source : Census Bureau, American Community Survey 2004

Year of Entry of Foreign Born Population in Washington

Entered to U.S.	Total	U.S. Citizen Born Abroad	Foreign Born		
			Total	Naturalized Citizen	Non-U.S. Citizen
2000 or later	139,649	8,510	131,139	4,351	126,788
1990 and 1999	262,389	21,615	240,774	74,379	166,395
1980 and 1989	165,455	14,668	150,787	97,058	53,729
Before 1980	212,744	50,602	162,142	123,319	38,823
Total	780,237	95,395	684,842	299,107	385,735

Source : Census Bureau, American Community Survey 2004

Household Languages

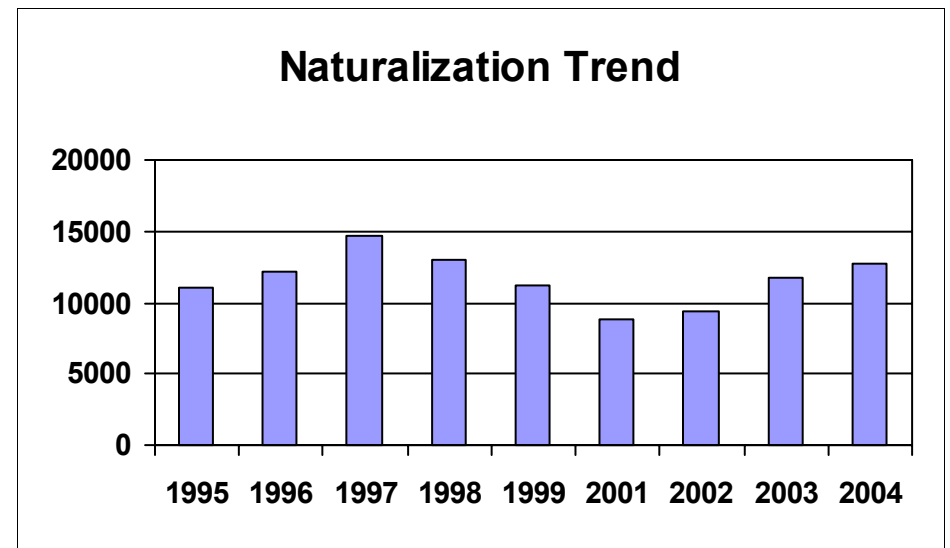
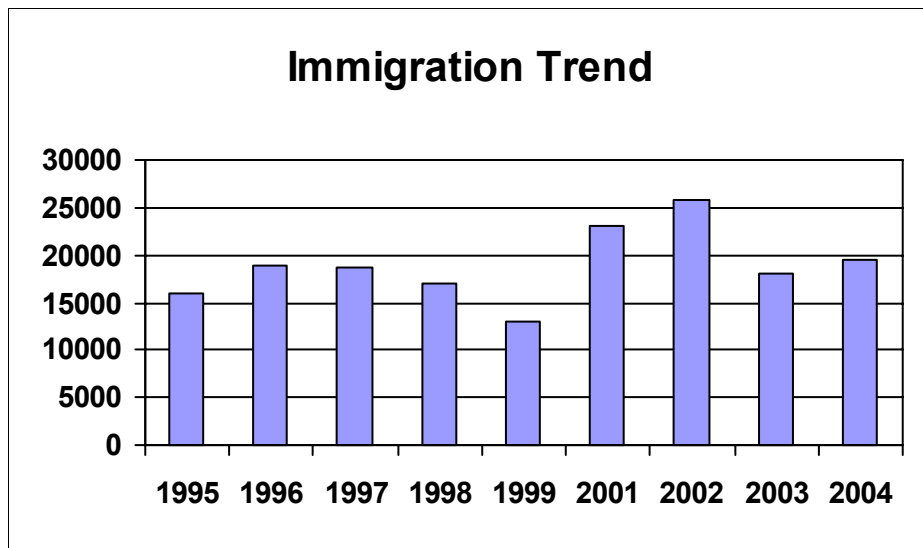
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	2,008,975		
Spanish	153,659	36,517	117,142
Indo-European Languages excluding English	108,055	16,485	91,570
Asian and Pacific Island Languages	126,670	32,080	94,590
Other Languages	18,942	2,736	16,206
Total	2,416,301		

Source : Census Bureau, American Community Survey 2004

Immigration and Naturalization Trend in Washington

Year	Admitted Immigrants	Naturalization
1995	15,862	11,063
1996	18,833	12,228
1997	18,656	14,668
1998	16,920	12,991
1999	13,046	11,174
2001	23,085	8,793
2002	25,704	9,339
2003	18,017	11,790
2004	19,442	12,667

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



Washington

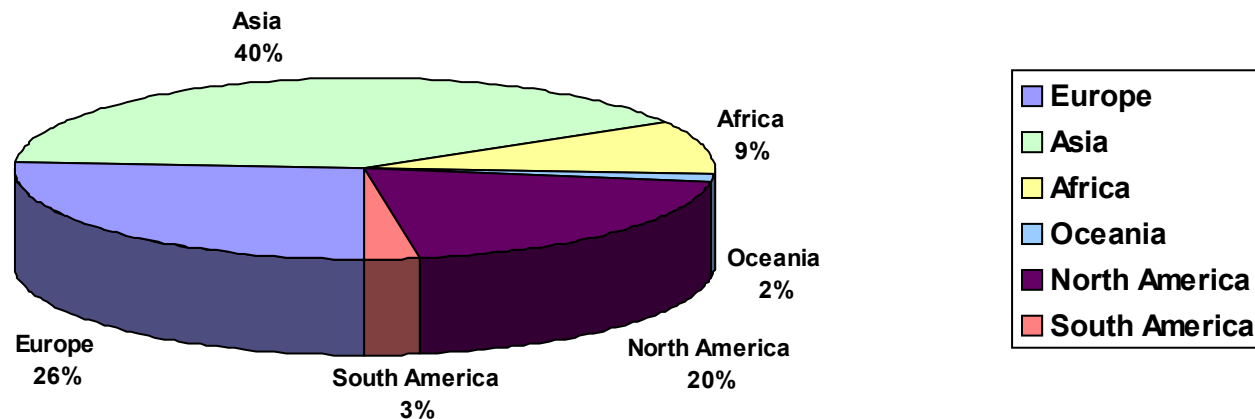
Washington Immigrants in 2004 by Country of Birth

Total : 19,442

Europe	5,084	Asia	7,783	Africa	1,835	Oceania	296	North America	3,913	South America	496
Ukraine	1,669	Philippines	1,532	Ethiopia	568	Fiji	107	Mexico	2,549	Peru	120
Russia	855	Vietnam	1,179	Somalia	325	Australia	103	Canada	849	Brazil	99
United Kingdom	331	India	1,172	Kenya	180	New Zealand	48	El Salvador	192	Colombia	75
Moldova	288	China, People's Republic	959	Sudan	134	Samoa	19	Guatemala	107	Venezuela	52
Bosnia-Herzegovina	270	Korea	684	South Africa	83	Tonga	11	Cuba	35	Argentina	45
Germany	188	Japan	324	Egypt	73	American Samoa	3	Haiti	25	Chile	40
Romania	176	Cambodia	264	Eritrea	62			Honduras	25	Ecuador	24
Belarus	133	Taiwan	264	Ghana	54			Jamaica	23	Bolivia	21
Kazakhstan	121	Iran	227	Morocco	52			Nicaragua	23	Guyana	8
Bulgaria	118	Thailand	205	Gambia, The	51			Panama	22	Paraguay	7

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

Washington Immigrants by Region



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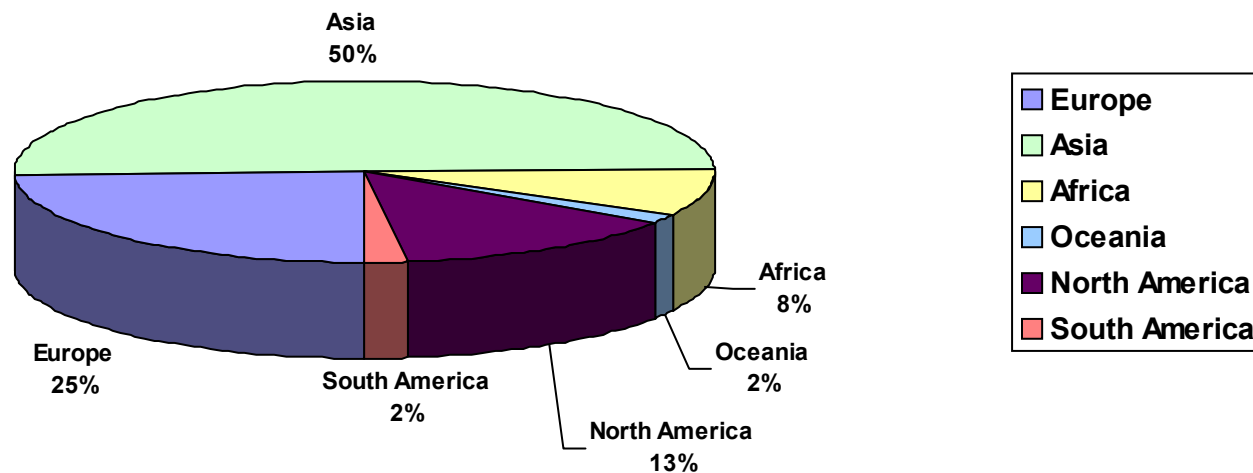
Washington Naturalization in 2004 by Country of Birth

Total : 12,668

Europe		Asia		Africa		Oceania		North America		South America	
Ukraine	692	Vietnam	1,216	Ethiopia	301	Fiji	102	Mexico	976	Peru	63
Russia	526	Philippines	1,137	Somalia	237	Australia	36	Canada	411	Colombia	60
Bosnia-Herzegovina	278	Korea	915	Eritrea	91	New Zealand	18	El Salvador	61	Brazil	38
United Kingdom	177	India	635	Nigeria	52	American Samoa	16	Honduras	34	Ecuador	21
Romania	159	China, People's Republic	563	South Africa	51	Samoa	12	Panama	29	Chile	19
Soviet Union, former	138	Cambodia	382	Egypt	46	Tonga	8	Guatemala	29	Argentina	18
Moldova	113	Taiwan	268	Kenya	36			Jamaica	24	Guyana	12
Germany	99	Iran	177	Ghana	33			Trinidad & Tobago	24	Venezuela	12
Bulgaria	98	Laos	175	Morocco	33			Nicaragua	23	Bolivia	7
Belarus	70	Thailand	171	Sudan	30			Haiti	22	Paraguay	5

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

Washington Naturalization by Region



Nonimmigrant Visitors to Washington

	2001	2002	2003	2004
All classes	341,325	332,394	360,244	399,070
Foreign government officials	1,767	1,923	2,079	1,642
Temporary visitors for business		66,504	67,664	73,366
Temporary visitors for pleasure		210,052	235,812	265,286
Transit aliens	3,954	4,090	5,187	5,941
Treaty traders and investors	2,801	2,507	2,530	3,109
Students	17,339	15,775	14,930	14,977
Spouses and children of students	694	691	750	671
Temporary workers and trainees	9,963	9,082	9,500	10,425
Spouses and children of temporary workers and trainees	3,697	3,024	3,230	3,597
International representatives	166	209	198	221
Representatives of foreign information media	432	336	301	442
Exchange visitors	4,666	4,482	4,365	4,701
Spouses and children of exchange visitors	870	821	836	774
Fiances of U.S. citizens	1,004	1,086	903	1,159
Intracompany transferees	4,392	4,072	4,215	4,658
Spouses and children of intracompany transferees	2,152	1,940	2,134	2,310
NATO officials	184	142	171	216
North American Free-Trade Agreement workers	3,927	3,170	2,647	2,652
Spouses and children of North American Free- Trade workers	1,234	770	586	582

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

Washington

Washington Exports by Product*

Unit: \$ million

	2002		2003		2004		2005		% Change, 2004-2005**
		(%)		(%)		(%)		(%)	
Total Washington Exports and % Share of U.S. Total	34,627	5.0	34,173	4.7	33,793	4.1	37,948	4.2	12.3
Total, Top 25 Commodities and % Share of State Total	27,487	79.4	26,416	77.3	25,237	74.7	28,190	74.3	11.7
1 Large airplanes and other aircraft	21,930	63.3	18,837	55.1	16,091	47.6	18,357	48.4	14.1
2 Parts of airplanes or helicopters	1,059	3.1	1,165	3.4	1,055	3.1	1,471	3.9	39.4
3 Soybeans	495	1.4	1,423	4.2	1,199	3.5	1,453	3.8	21.3
4 Corn	354	1.0	574	1.7	1,252	3.7	1,038	2.7	-17.0
5 Oil (not crude) from petroleum and bituminous minerals	308	0.9	525	1.5	712	2.1	833	2.2	17.0
6 Wheat and meslin	473	1.4	483	1.4	830	2.5	584	1.5	-29.6
7 Coniferous wood in the rough	364	1.1	340	1.0	448	1.3	422	1.1	-6.0
8 Digital monolithic integrated circuits	200	0.6	566	1.7	682	2.0	420	1.1	-38.4
9 Fresh apples	257	0.7	248	0.7	266	0.8	369	1.0	38.6
10 Ultrasonic scanning apparatus	176	0.5	191	0.6	304	0.9	363	1.0	19.6
11 Fork-lift and works trucks	81	0.2	140	0.4	180	0.5	323	0.9	79.2
12 Silicon	84	0.2	116	0.3	186	0.5	265	0.7	42.8
13 Frozen and prepared Potatoes	179	0.5	196	0.6	234	0.7	264	0.7	13.0
14 Forage products (hay, clover, vetches)	145	0.4	161	0.5	198	0.6	231	0.6	16.3
15 Bleached paper and paperboard with plastic	190	0.5	176	0.5	194	0.6	224	0.6	15.5
16 Uranium enriched in u235 plutonium	335	1.0	306	0.9	316	0.9	213	0.6	-32.4
17 Road tractors for semi-trailers	75	0.2	82	0.2	121	0.4	182	0.5	51.3
18 Newsprint, in rolls or sheets	187	0.5	186	0.5	186	0.5	169	0.4	-8.9
19 Ferrous waste and scrap	19	0.1	60	0.2	122	0.4	167	0.4	37.8
20 Diesel trucks	58	0.2	57	0.2	47	0.1	155	0.4	226.8
21 Prepared or preserved Salmon	119	0.3	128	0.4	152	0.4	153	0.4	0.7
22 Calcined petroleum coke	136	0.4	135	0.4	134	0.4	148	0.4	10.6
23 Portable digital automatic data processing machines	96	0.3	118	0.3	105	0.3	131	0.3	24.7
24 Whole/not ground soybean oilcake and other solid residue	56	0.2	74	0.2	82	0.2	126	0.3	53.4
25 Automatic data processing storage units	110	0.3	130	0.4	142	0.4	126	0.3	-11.3

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.

Washington Exports by Trading Partner Country

Unit: \$ million

	2002		2003		2004		2005		% Change, 2004-2005*
		(%)		(%)		(%)		(%)	
Total Washington Exports and % Share of U.S. Total	34,627	5.0	34,173	4.7	33,793	4.1	37,948	4.2	12.3
Total, Top 25 Countries and % Share of State Total	28,898	83.5	29,239	85.6	29,453	87.2	34,943	92.1	18.6
1 Japan	4,349	12.6	5,428	15.9	6,312	18.7	6,370	16.8	0.9
2 Canada	2,944	8.5	3,314	9.7	4,041	12.0	5,202	13.7	28.7
3 China	3,831	11.1	3,211	9.4	3,094	9.2	5,086	13.4	64.3
4 Taiwan	1,047	3.0	1,958	5.7	2,138	6.3	3,118	8.2	45.8
5 Ireland	621	1.8	843	2.5	1,500	4.4	1,846	4.9	23.0
6 Korea, South	2,056	5.9	1,673	4.9	2,061	6.1	1,794	4.7	-13.0
7 United Arab Emirates	947	2.7	679	2.0	113	0.3	1,520	4.0	(Z)
8 Singapore	2,306	6.7	2,087	6.1	1,482	4.4	1,237	3.3	-16.5
9 France	1,953	5.6	684	2.0	1,266	3.7	978	2.6	-22.8
10 Australia	2,627	7.6	1,967	5.8	1,067	3.2	963	2.5	-9.7
11 Mexico	432	1.2	607	1.8	851	2.5	959	2.5	12.7
12 United Kingdom	1,230	3.6	1,462	4.3	1,090	3.2	887	2.3	-18.6
13 Netherlands	766	2.2	1,739	5.1	952	2.8	649	1.7	-31.8
14 Federal Republic of Germany	1,007	2.9	786	2.3	465	1.4	552	1.5	18.6
15 Spain	231	0.7	176	0.5	432	1.3	453	1.2	5.0
16 India	259	0.7	229	0.7	307	0.9	425	1.1	38.3
17 Kenya	100	0.3	54	0.2	197	0.6	416	1.1	110.7
18 Philippines	246	0.7	367	1.1	510	1.5	377	1.0	-26.2
19 Hong Kong	322	0.9	351	1.0	345	1.0	356	0.9	3.2
20 Chile	25	0.1	29	0.1	59	0.2	343	0.9	478.7
21 New Zealand	135	0.4	152	0.4	136	0.4	335	0.9	145.9
22 Indonesia	189	0.5	261	0.8	186	0.5	300	0.8	61.6
23 Luxembourg	188	0.5	2	0.0	315	0.9	283	0.7	-10.2
24 Russia	60	0.2	80	0.2	159	0.5	260	0.7	63.1
25 Italy	1,027	3.0	1,101	3.2	373	1.1	235	0.6	-37.1

Source : Census Bureau

* (Z) means over 500% growth.