Business Data for International Real Estate Transactions in Rhode Island

October 2013

NATIONAL ASSOCIATION of REALTORS®

NATIONAL ASSOCIATION OF REALTORS®
RESEARCH DIVISION

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International transactions contribute to the expansion of the U.S. real estate market. In its *2013 National Association of REALTORS® Profile of International Home Buying Activity*, NAR estimated the volume of international sales for the period covering April 2012-March 2013 at $ 68.2 billion, which is approximately 6 percent of total existing home sales during the same period.

While opportunities exist, transacting with international clients also presents significant challenges, especially on the buyer's side of the market. Cultural affinity or orientation with the prospective purchaser, foreign language capabilities, and an appreciation of the differences between the U.S. real estate and those of other countries are important in bringing an international transaction to successful conclusion.

This Report serves as an overview of information that can be used to expand the scope for international real estate transactions with non-US residents and recent immigrants to the United States. It includes state level and metro area level indicators on the economy, demographic trends, immigration, and commercial real estate data for areas where data is available.

NAR's Commercial & Global Services department has the expertise to address specific questions related to international transactions as well as the ability to direct specific questions to other NAR resources. For more data and information, REALTORS® are encouraged to visit the NAR Research webpage at http://www.realtor.org/research-and-statistics and NAR's global pages at http://www.realtor.org/global/global-alliances .

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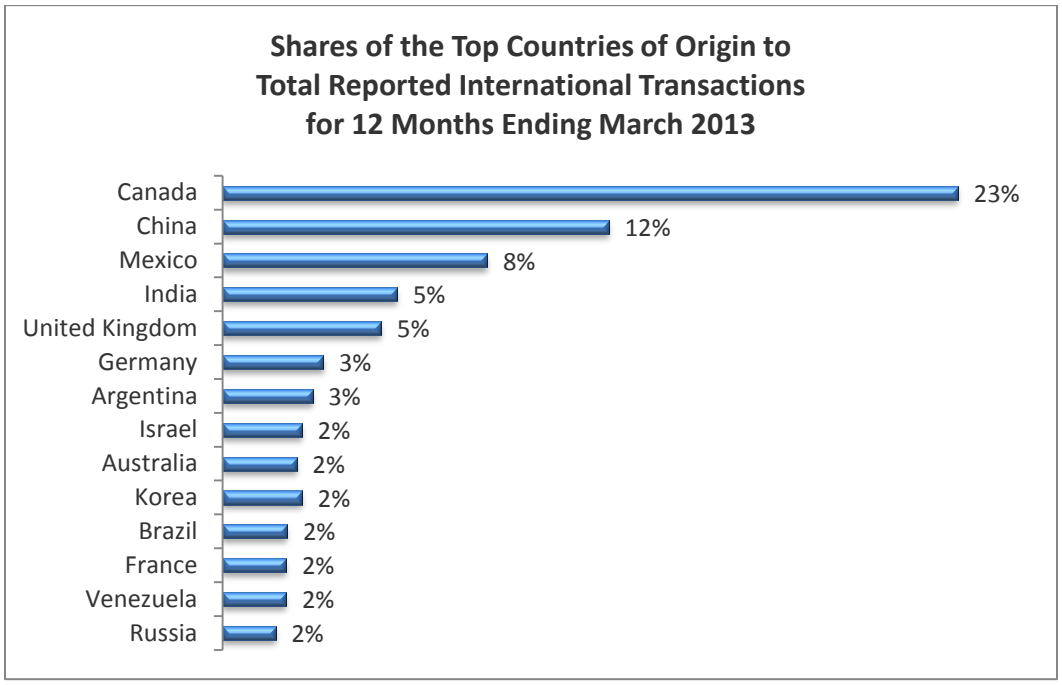
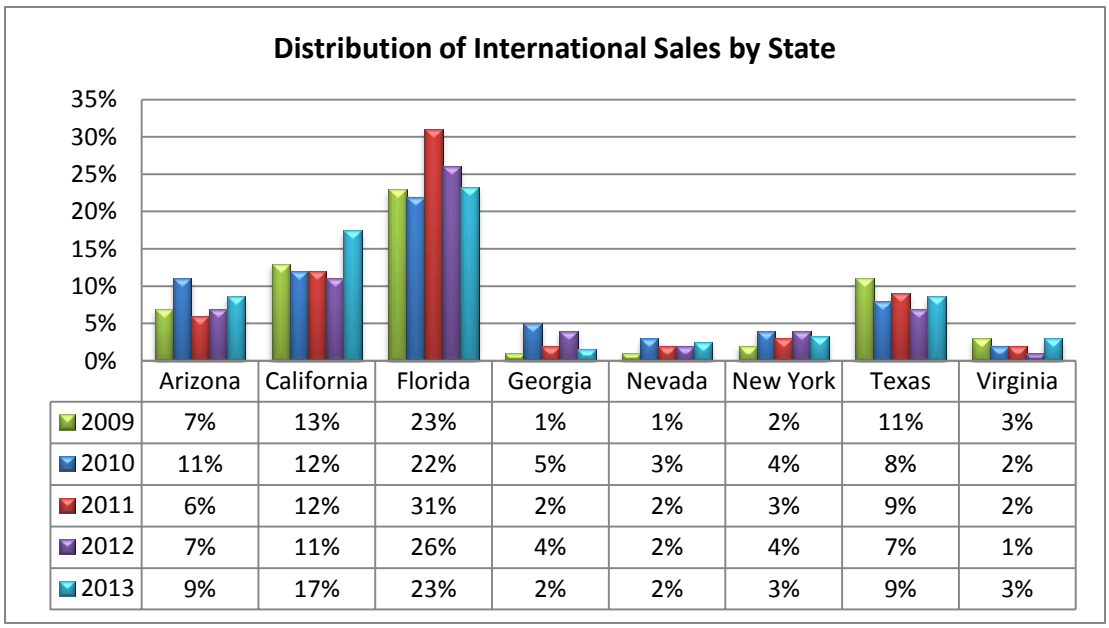
I. Introduction

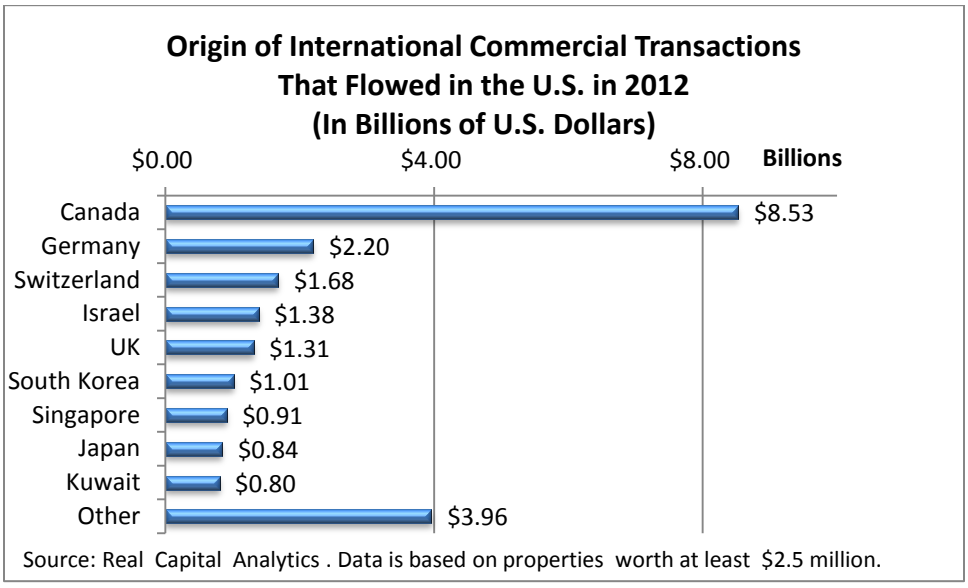
In its *2013 National Association of REALTORS® Profile of International Home Buying Activity*, NAR estimated the volume of international sales for the period covering April 2012-March 2013 at $ 68.2 billion, which is approximately 6.3 percent of the U.S. total existing home sales of $ 1.08 trillion for the same period. Sales are roughly split between foreign buyers whose primary residence is abroad and those who are in the U.S. as recent immigrants or on temporary visas. The major foreign buyers have typically come from Canada, China, Mexico, India, and the United Kingdom. The primary destinations are Florida, California, Arizona, and Texas.

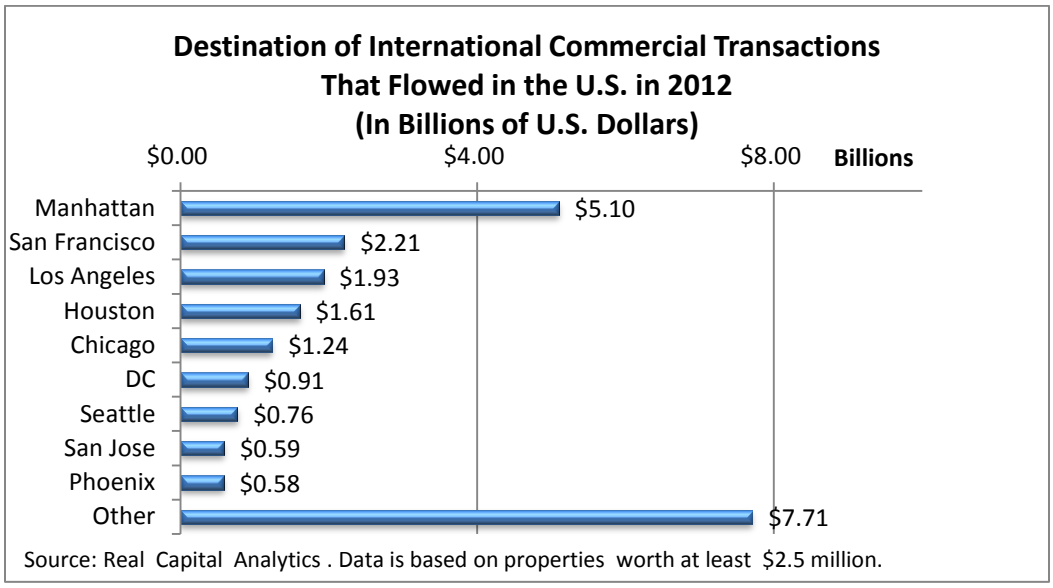




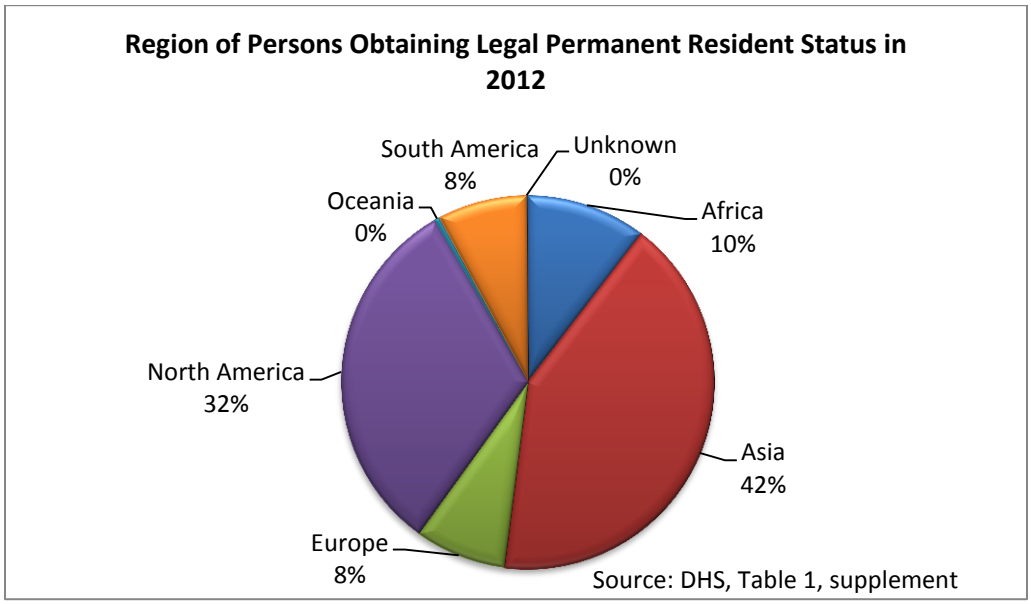
	Arizona	California	Florida	Georgia	Nevada	New York	Texas	Virginia
2009	7%	13%	23%	1%	1%	2%	11%	3%
2010	11%	12%	22%	5%	3%	4%	8%	2%
2011	6%	12%	31%	2%	2%	3%	9%	2%
2012	7%	11%	26%	4%	2%	4%	7%	1%
2013	9%	17%	23%	2%	2%	3%	9%	3%

Commercial international transactions also represent a billion dollar market. In 2012, about $ 22.6 billion dollars flowed into the U.S. with a major chunk from Canada and countries in Europe, Asia, and the Middle East. Manhattan, San Francisco, and Los Angeles were the major destinations.

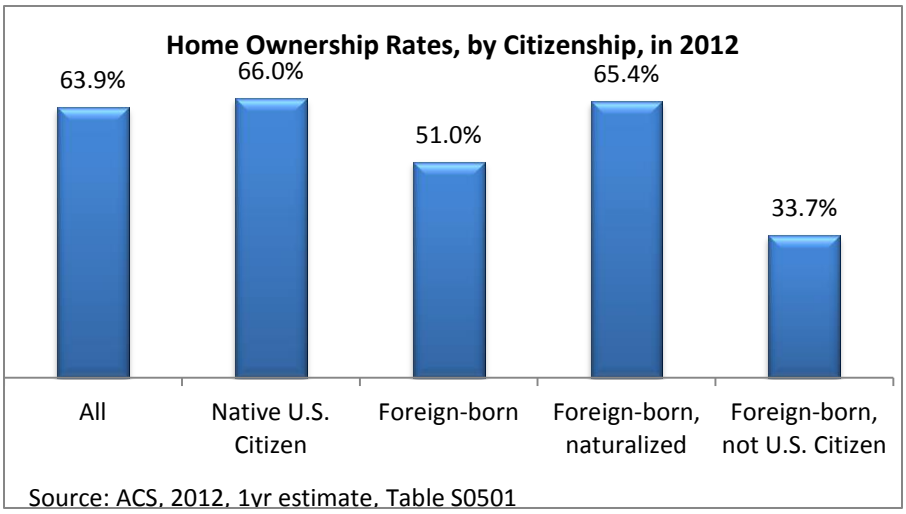




Foreign purchasers are interested in U.S. real estate for residential, investment and portfolio diversification purposes. Since 2000, about 1 million immigrants have come annually into the United States. About 2.5 to 3 million have entered the U.S. as temporary workers on non-immigrant admissions since 2010. Majority of recent immigrants come from Asia and Latin America.



Immigrants are likely to become homeowners over time; the homeownership rate of the foreign-born who are now U.S. citizens (naturalized) is at par with native U.S. citizens. The naturalized foreign-born have sound prospects for home ownership because they are generally well-educated and comparably earn high incomes. On the other hand, the foreign-born who are not yet U.S. citizens are mostly renters.



Income, Education and Employment in 2012

	Median Household Income	Unemployed rate /1	Percent with Bachelor's degree /2
Native U.S. Citizen	$51,975	9.5%	18.6%
Foreign Born	$46,983	8.5%	16.4%
Foreign-Born, naturalized	$56,190	7.1%	20.2%
Foreign-born, not a U.S. citizen	$38,214	9.8%	12.6%

/1 as percent of civilian labor force age 16+

/2 as percent of population age 25+

Source: Census Bureau, American Community Survey 2012, 1 year estimate, Table S0501.

II. NAR's Global Programs

NAR's Commercial & Global Services division helps members prepare to serve the growing market of global buyers. Offering the Certified International Property Specialist designation, and the At Home With Diversity certification, REALTORS® gain insights on how to diversify their business, and are provided with the research, tools and access to globalize their network. With over 80 bilateral agreements, affiliation with 60 countries, and strategic partnerships, NAR Global helps you explore the global market.

NAR's international program has a long 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 Global home page at Realtor.org** – Best general resource for information on NAR international programs and services – http://www.realtor.org/global.

- **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 the NAR Global home page, http://www.realtor.org/global.

- **NAR Global Association Network** – NAR partners with nearly 80 associations in 60 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 volunteer liaisons to these groups, and/or access the association directly at http://www.realtor.org/global/cooperating_associations.

- **Global Perspectives in Real Estate -** NAR Global's bi-monthly newsletter filled with valuable information regarding global business development for REALTORS®. View the electronic version at http://www.realtor.org/global/globalperspectives.

- **International Research Reports -** Learn about the global impact in your market. Access NAR's International Real Estate Research Reports, including all 50 State-by-State International Business Reports, at http://www.realtor.org/research/research/reportsintl.

- **The Global View-** Updated weekly, NAR's internationally-themed blog covers a wide range of topics providing tips and tools to help REALTORS®, both inside and outside the U.S., succeed in the global market. http://theglobalview.blogs.realtor.org

III. State Specific Economic and Real Estate Data

Table 1. Population By Place of Birth in 2012

	Rhode Island	U.S.
Total Population, by Place of Birth	1,050,292	313,914,040
Native /1	910,167	273,089,382
Foreign-Born /2	140,125	40,824,658
Naturalized	71,278	18,686,237
Not a U.S. Citizen	68,847	22,138,421
Percent, Native	87%	87%

/1 The The U.S. Census Bureau uses the terms native and native born to refer to anyone born in the United States Puerto Rico, a U.S. Island Area , or abroad of a U.S. citizen parent or parents.

/2 The U.S. Census Bureau uses the term foreign born to refer to anyone who is not a U.S. citizen at birth. This inc naturalized U.S. citizens, lawful permanent residents (immigrants) present in the U.S., temporary migrants (such a foreign students), humanitarian migrants (such as refugees and asylees), and persons illegally present in the U.S

Source: U.S. Census Bureau, ACS 2012, 1 yr estimates, Table DP02

Table 2. Population By Race in 2012

	Rhode Island	U.S.
Total Population	1,050,292	313,914,040
Hispanic or Latino	138,550	52,961,017
Not Hispanic or Latino	911,742	260,953,023
White Alone	791,560	197,243,423
Black or African-American Alone	52,500	38,464,192
American Indian and Alaska Native Alone	3,643	2,084,472
Asian Alone	33,246	15,375,460
Native Hawaiian and Other Pacific Islander Al	201	497,807
Some other race alone	8,828	614,725
Two or more races	21,764	6,672,944

Source: U.S. Census Bureau, ACS 2012, 1 yr estimates, Table DP05

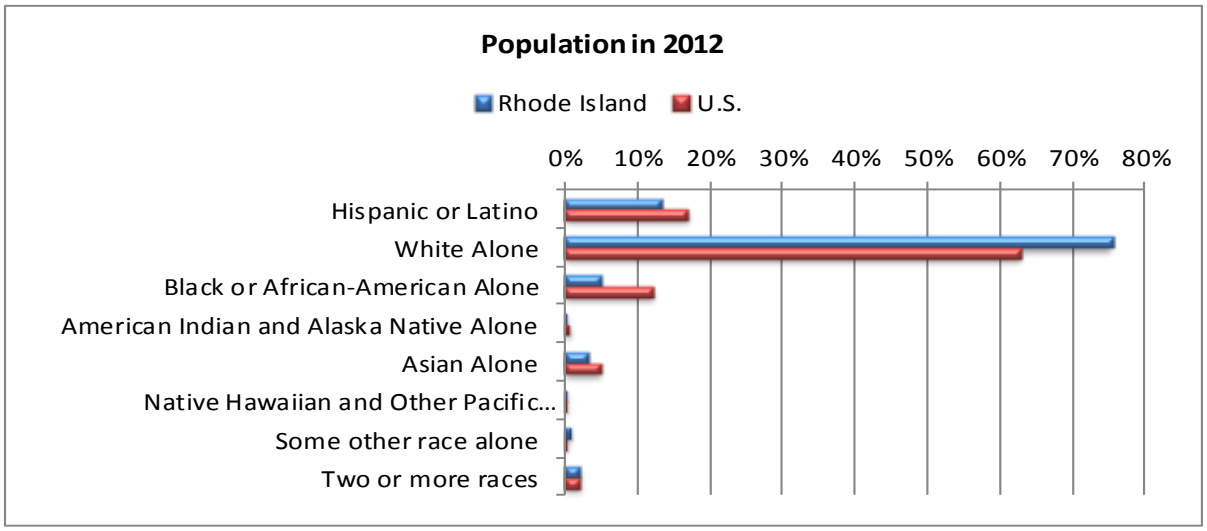


Table 3. Language Spoken in 2012

	Rhode Island	U.S.
Population, 5 years and over	994,145	294,003,714
Speak English Only	786,467	232,126,499
Speak Language Other Than English	207,678	61,877,215
Spanish	109,951	38,325,155
Other Indo-European	68,651	11,034,625
Asian	20,464	9,752,336
Other Languages	8,612	2,765,099

Percent Who Speak English "Very Well" Among Population Who Do Not Speak English Only

	Rhode Island	U.S.
Speak Language Other Than English	59%	59%
Spanish	54%	58%
Other Indo-European	67%	69%
Asian	57%	53%
Other Languages	67%	69%

Source: U.S. Census Bureau, ACS 2012, 1 yr estimates, Table DP02

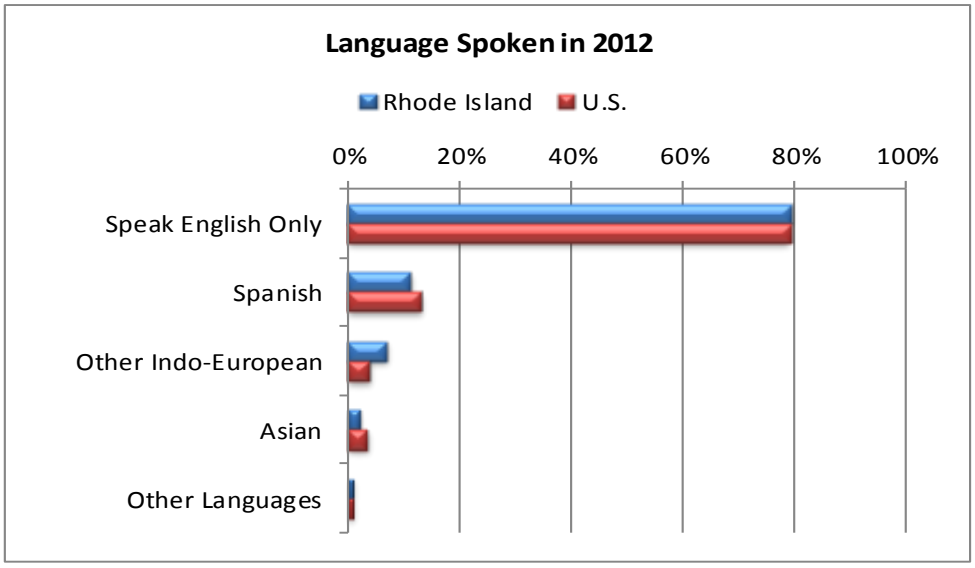
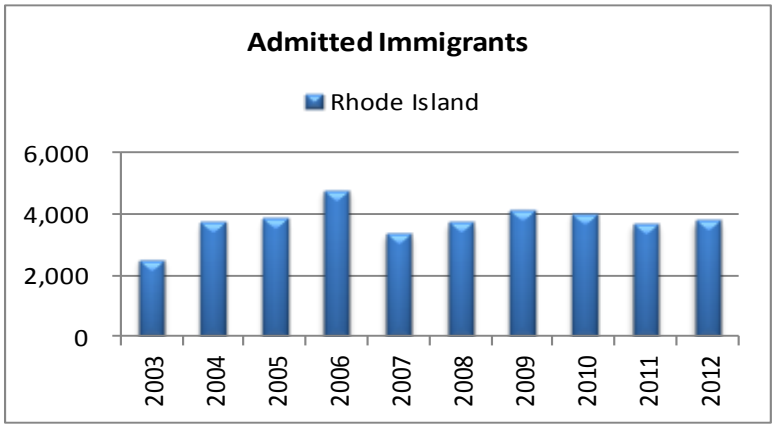


Table 4. Persons Obtaining Permanent Residence Status

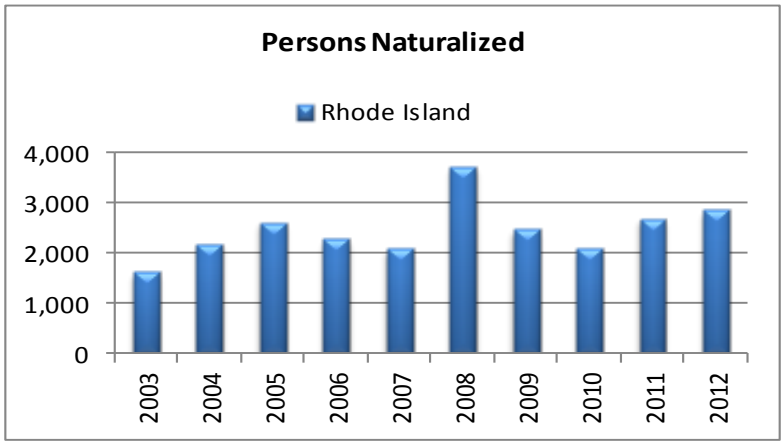
	Rhode Island	U.S.
2003	2,492	703,542
2004	3,740	957,883
2005	3,852	1,122,257
2006	4,778	1,266,129
2007	3,354	1,052,415
2008	3,735	1,107,126
2009	4,156	1,130,818
2010	4,027	1,042,625
2011	3,681	1,062,040
2012	3,798	1,031,631



Source:U.S. Department of Homeland Security, Yearbook of Immigration Statistics 2012,Table 4

Table 5. Persons Naturalized

	Rhode Island	U.S.
2003	1,620	462,435
2004	2,185	537,151
2005	2,604	604,280
2006	2,266	702,589
2007	2,088	660,477
2008	3,721	1,046,539
2009	2,458	743,715
2010	2,078	619,913
2011	2,682	694,193
2012	2,854	757,434



Source:U.S. Department of Homeland Security,Yearbook of Immigration Statistics 2012 ,Table 22

Table 6. Non-immigrant admissions (I-94 only)

	2008	2009	2010	2011	2012
Business Traveler,Visa waiver /1	21,984	19,246	18,256	18,943	18,710
Business Traveler, Other /2	15,589	13,690	15,702	16,617	17,572
Students and exchange visitors/3	8,161	8,392	10,484	10,475	10,696
Temporary workers and families/4	3,030	2,669	3,432	3,447	3,346
Diplomats/other representatives/5	956	736	1,031	856	922
All other classes	452	325	369	296	344
Unknown	304	277	298	278	165
Rhode Island	50,476	45,335	49,572	50,912	51,755
U.S.	39,381,928	36,231,554	46,471,516	46,471,516	53,887,286

[1] Includes GB, GMB, GT, GMT, WB, and WT admissions.

[2] Includes B1, B2 and a limited number of Border Crossing Card (BCC) admissions.

[3] Includes principals, spouses, and children (F,J,M admissions).

[4] Includes principals, spouses, and children (CW1, E, H,I,L,O, P,Q, R, TD and TN admissions).

[5] Includes principals, spouses, and children (A, G, Nadmissions).

Notes:

Admissions represent counts of events, i.e., arrivals, not unique individuals.

The majority of short-term admissions from Canada and Mexico are excluded.

Source: U.S. Department of Homeland Security, Yearbook of Immigration Statistics, 2012, Table 30

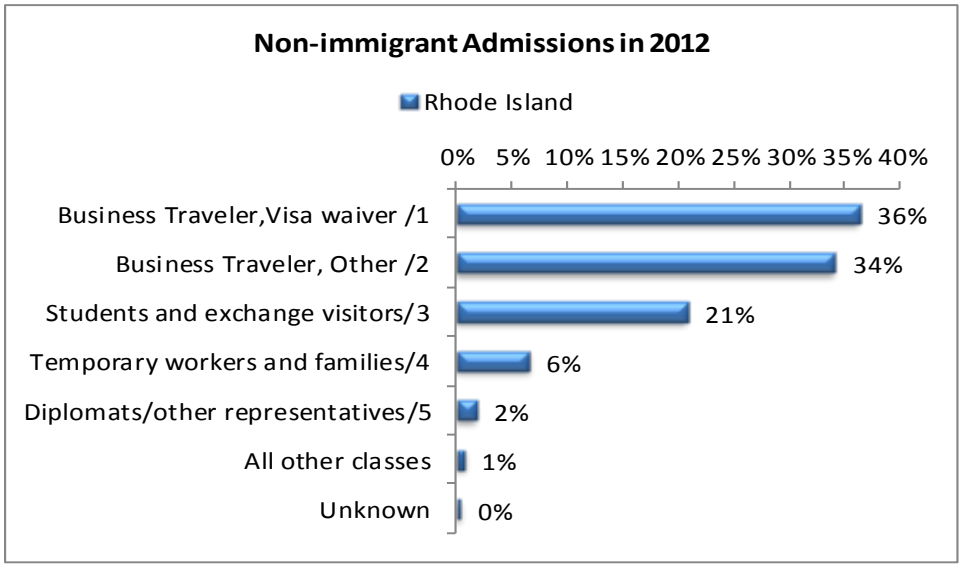


Table 7. Home Ownership and Income

Rhode Island	Home Ownership Rate (in %)	Median HH Income (in $)
Total	60.0	54,554
Born in the U.S. or abroad of U.S. parent(s)	62.4	56,782
Foreign Born	45.4	45,329
Naturalized	60.6	46,404
Not a U.S. Citizen	23.7	43,128
U.S.		
Total	63.9	51,371
Born in the U.S. or abroad of U.S. parent(s)	66.0	51,975
Foreign Born	51.0	46,983
Naturalized	65.4	56,190
Not a U.S. Citizen	33.7	38,214

Source: U.S. Census Bureau, ACS2012, 1 yr estimates, Table S0501

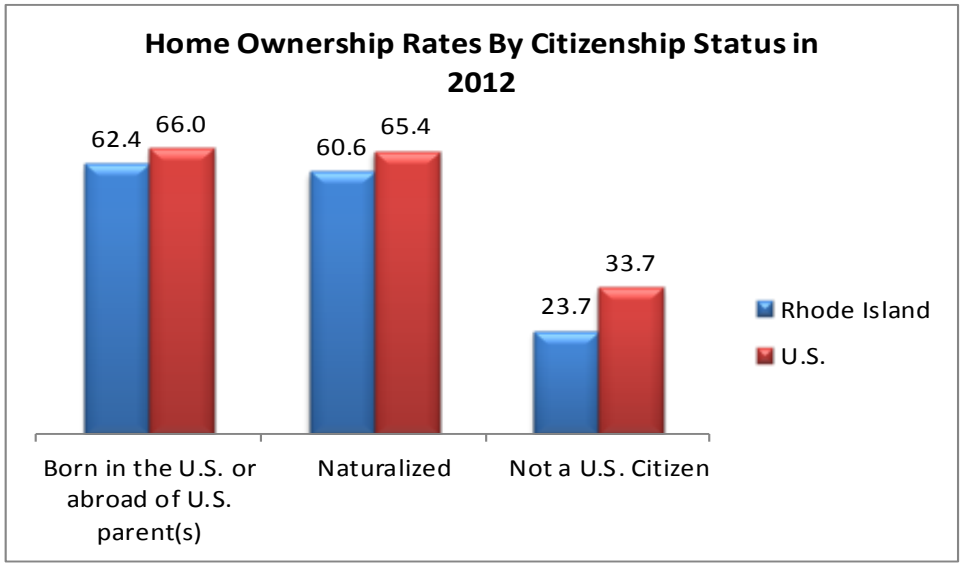
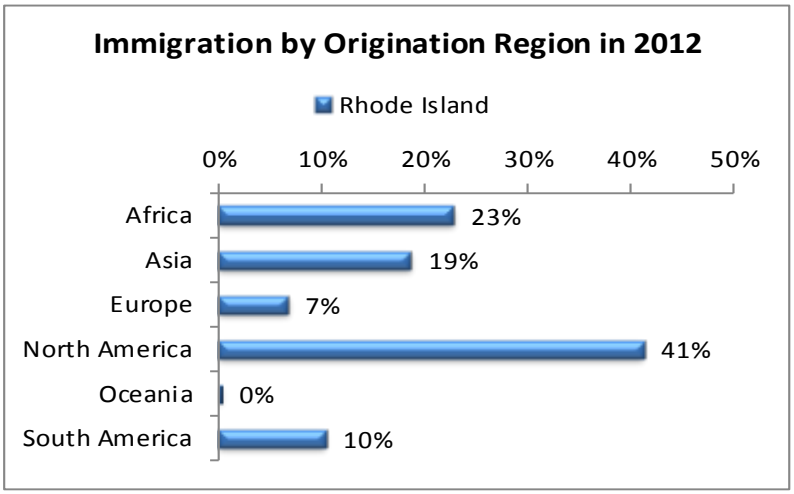
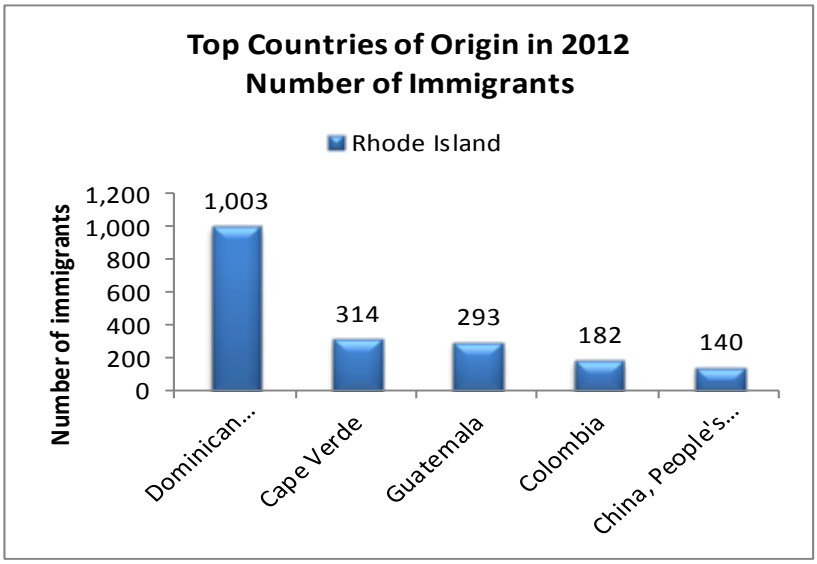


Table 8. Immigration by Origination Region and Country in 2012

REGION	
Total	3,798
Africa	864
Asia	707
Europe	256
North America	1,564
Oceania	12
South America	392
Unknown	3
COUNTRY	
Total	3,798
Dominican Republic	1,003
Cape Verde	314
Guatemala	293
Colombia	182
China, People's Republic	140
Liberia	137
India	109
Nigeria	92
Haiti	70
Bolivia	66
Ghana	63
Bhutan	54
Brazil	53
Philippines	53
Portugal	46
El Salvador	42
Mexico	41
Nepal	39
United Kingdom	38
Ecuador	36
Jamaica	34
Senegal	34
Syria	34
Vietnam	31
Cambodia	29
Morocco	29





Source of data: DHS, Yearbook of Immigration Statistics, Supplemental Table 1.

Table 9. Home Value and Comparative Cost of Renting vs. Home Ownership in 2012

	Rhode Island	U.S.
Median Household Income	$54,554	$51,371
Median Value of a Home	$234,600	$171,900
Selected Monthly Owner Cost		
With Mortgage	$1,774	$1,460
Without Mortgage	$657	$434
Gross Rent	$878	$884
Annualized Selected Owner Cost and Rent As Percent of Income		
Selected Monthly Owner Cost		
With Mortgage	39%	34%
Without Mortgage	14%	10%
Gross Rent	19%	21%

Source: U.S. Census Bureau, ACS2012, 1yr estimates, Table DP04

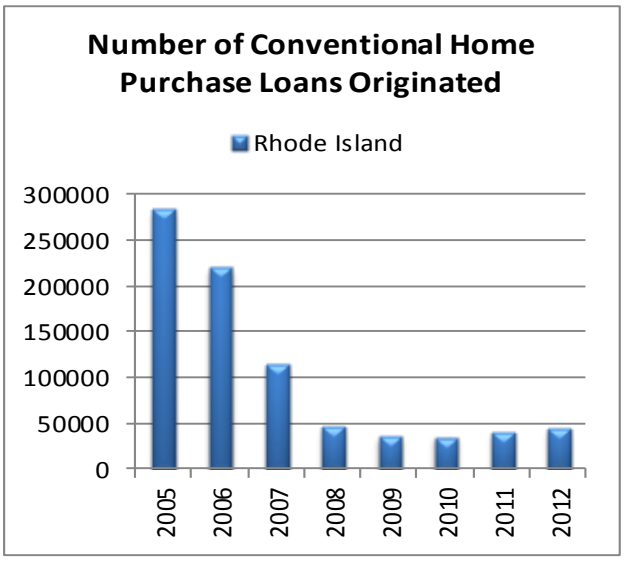
Table 10. Mortgage Status in 2012

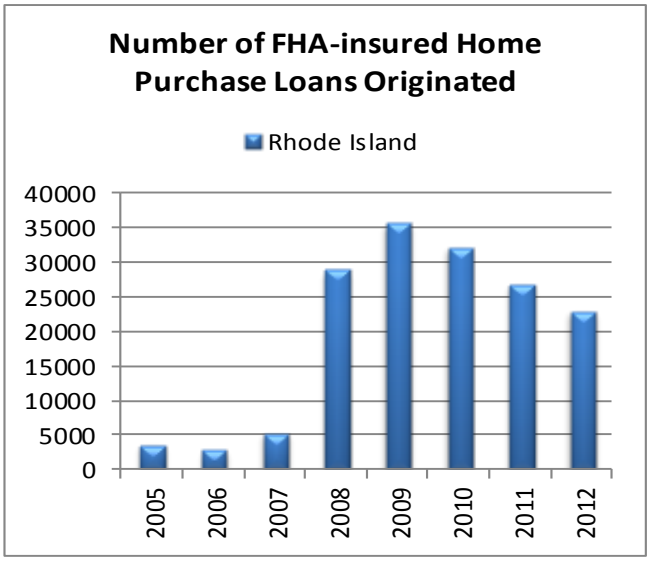
	Rhode Islanc	Percent to Owner Occupied Units
Total Owner Occupied Units	247,790	
Housing Units With a Mortgage	177,131	
Either second mortgage or home equity loan	40,440	
Second mortgage only	9,034	3.6%
Home equity loan only	31,406	12.7%
Both second mortgage and home equity	1,270	0.5%
No second mortgage or home equity loan	135,421	54.7%
Housing Units Without a Mortgage	70,659	28.5%

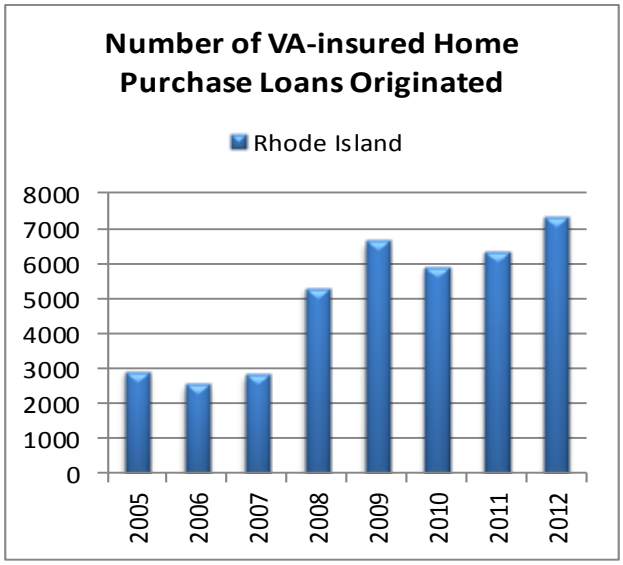
	U.S.	Percent to Owner Occupied Units
Total Owner Occupied Units	74,119,256	
Housing Units With a Mortgage	48,726,257	
Either second mortgage or home equity loan	8,719,098	
Second mortgage only	2,192,958	3.0%
Home equity loan only	6,526,140	8.8%
Both second mortgage and home equity	337,993	0.5%
No second mortgage or home equity loan	39,669,166	53.5%
Housing Units Without a Mortgage	25,392,999	34.3%

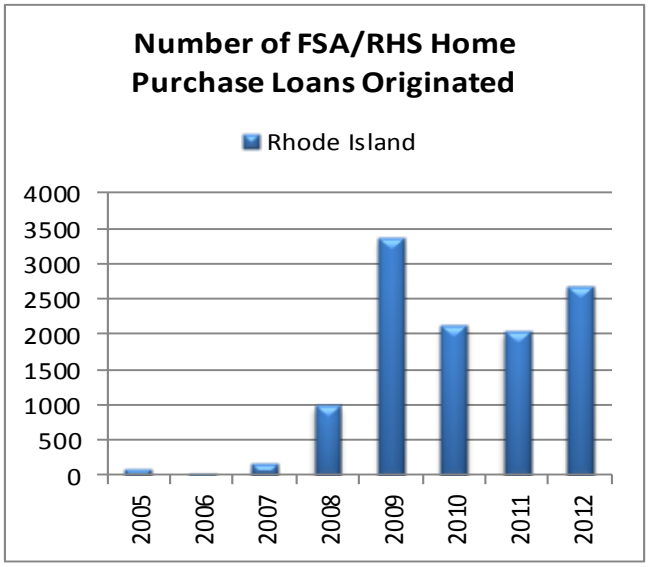
Source: U.S. Census Bureau, ACS2012, 1yr estimates, Table B25081

Table/Chart 11. Number of Home Purchase Loans, 2005-2012







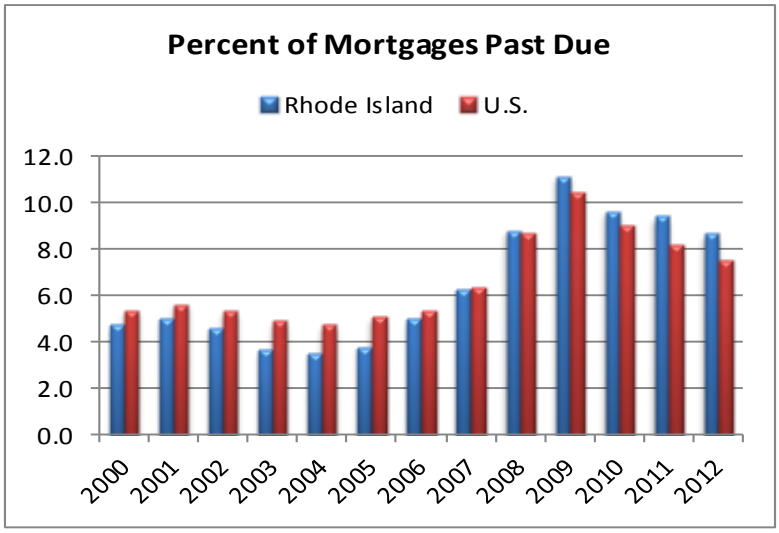


Source of data: HMDA Loan Application Registrar

Table/Chart 12. Mortgages Past Due

	Rhode Island		U.S.	
	Number	Percent Past Due	Number	Percent Past Due
2000	4,779	4.7	1,629,283	5.3
2001	5,182	5.0	1,820,010	5.6
2002	4,892	4.6	1,794,726	5.3
2003	3,964	3.7	1,816,984	4.9
2004	3,983	3.5	1,851,339	4.7
2005	4,785	3.7	2,086,461	5.1
2006	6,731	5.0	2,308,885	5.3
2007	8,891	6.3	2,901,834	6.3
2008	12,288	8.8	3,917,690	8.6
2009	15,228	11.1	4,638,100	10.4
2010	12,842	9.6	3,911,904	9.0
2011	12,515	9.4	3,495,749	8.2
2012	11,462	8.7	3,124,665	7.5

Source of data: HMDA Loan Application Registrar

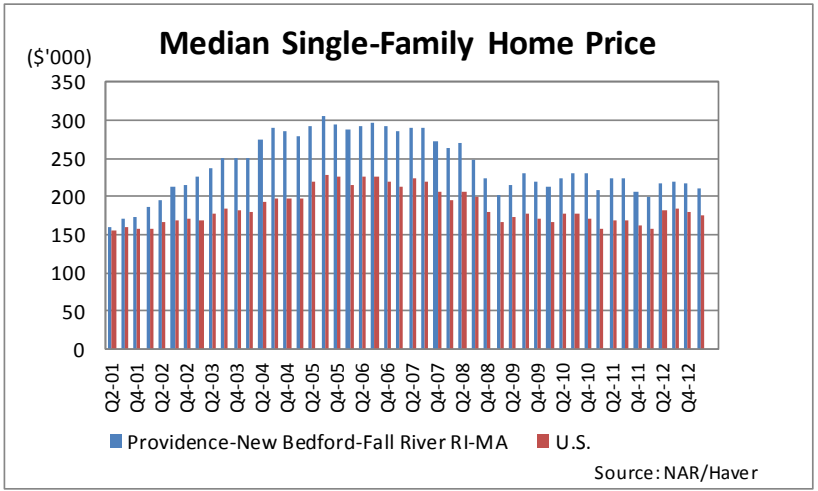


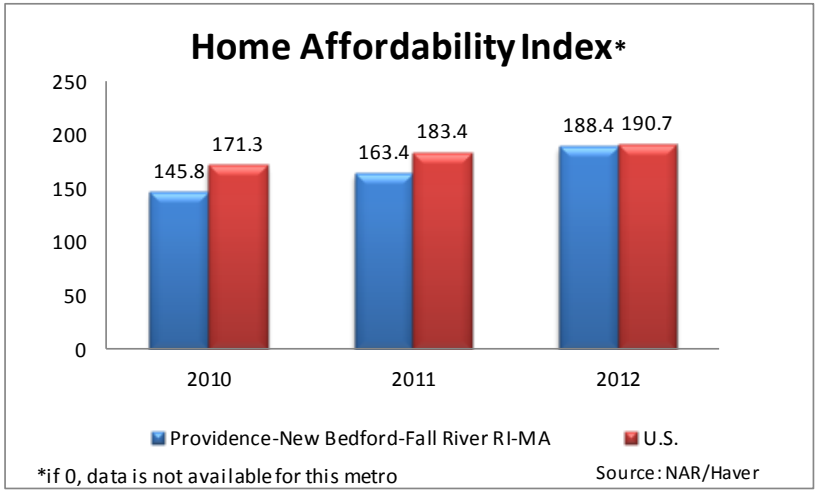
IV. Local Economic and Real Estate Data

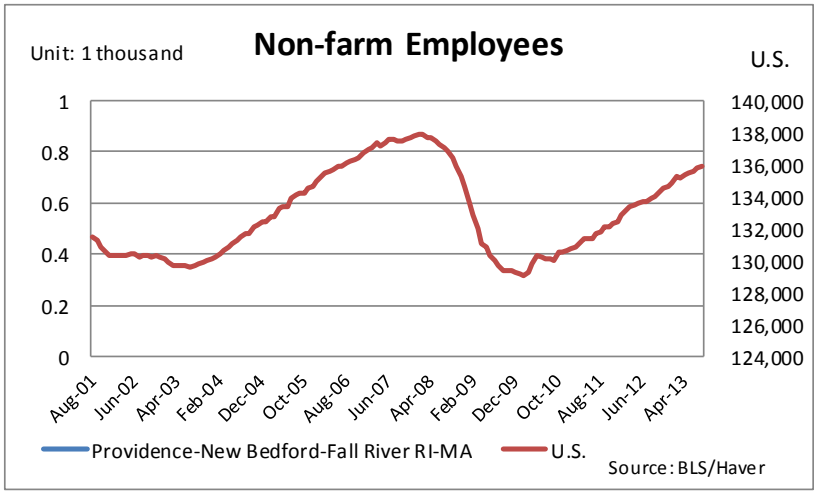
Housing and Economic Trends

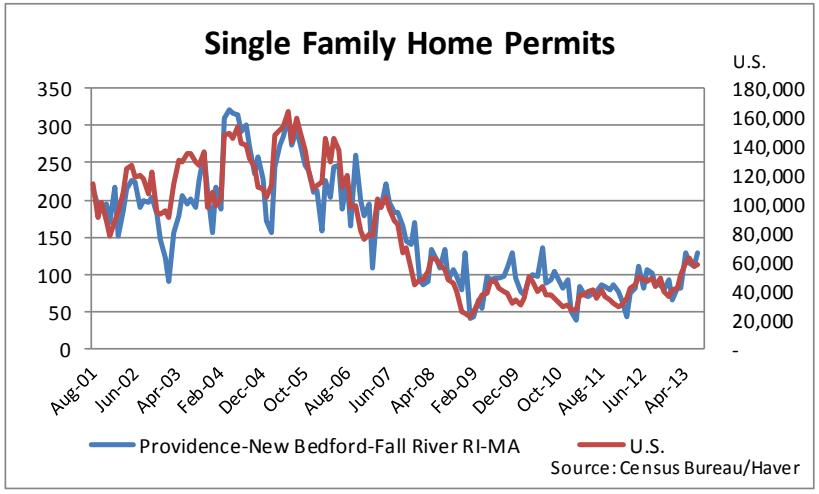
Metro Level Data

Providence-New Bedford-Fall River RI-MA



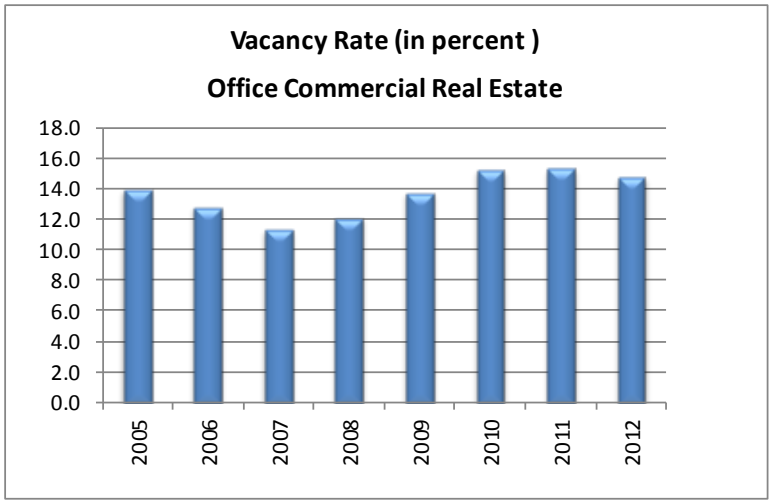


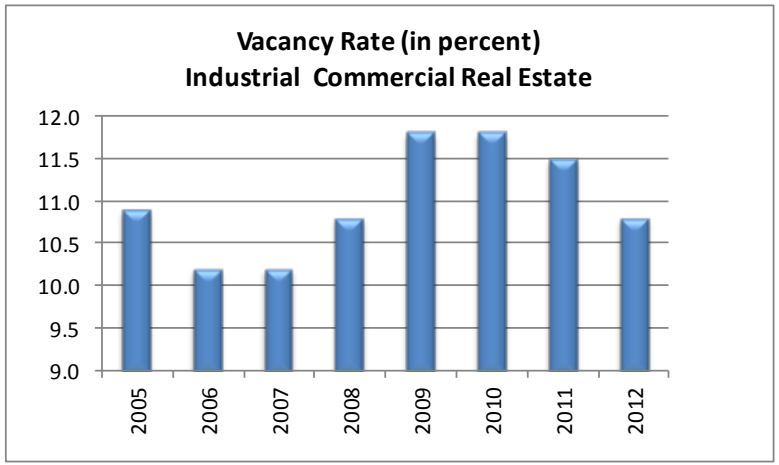


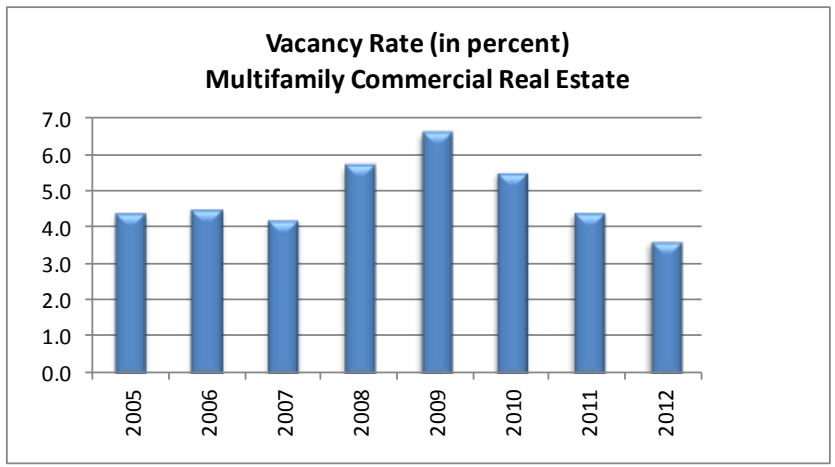


V. Commercial Data for Some Metro Areas

Commercial Real Estate
Providence,RI







Source of data: REIS, Inc.

Data may not be available for some metro areas and for all years.