

Business Data for Engaging in International Real Estate Transactions in Utah

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Produced By: NAR Research

An abstract graphic at the bottom of the page consists of several overlapping, semi-transparent geometric planes in shades of blue and grey, creating a layered, architectural effect.

Introduction

Today, we are living in the global marketplace. The international transactions in the production and consumption of goods and services are ever growing. In 2007, the U.S. exported \$ 1,163 billion and imported \$1,954 billion. Both expanded over 11% during the past several years, which is far beyond of domestic transactions growth. With the expansion of international trade, the flow of people across borders has also increased fast, and therefore, the demand for real estate in both residential and commercial sectors has been on the rise.

The purpose of this report is to present recent economic data related to international business activity directly associated with Utah and explore the possible opportunities in real estate business in today's global economy with foreign nationals, foreign companies and foreign referral counterparts.

Non-immigrant visitors to Utah

In 2007, total of 121,771 non-immigrant aliens came into Utah. Those in some selected categories are;

- 77,371 temporary visitors for pleasure
- 25,429 temporary visitors for business
- 368 treaty traders and investors
- 5,804 foreign students and dependant families
- 6,126 temporary foreign workers, trainees and dependant families
- 424 NAFTA professional workers and dependant families

Obviously many of them will need rental housing, second homes, or commercial properties in Utah. A recent study of *The 2008 National Association of REALTORS® Profile of international Home Buying Activity*¹ shows that about 3 percent of entire home sales involved foreign buyers in the nationwide. The percentage of foreign buyer's participation varies according to state. For example, over 9 % of all home sales transactions involve international buyers in Florida which has been the most popular destination of home buyers from abroad. Although Utah may not witness such high volume of international transactions as in Florida, there are still enough foreigners arriving in the state to make an impact on overall real estate transactions.

Foreign Direct Investment Establishment in Utah

¹ NAR conducted a survey of REALTORS® in 2008 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, 13 percent reported that they did at least one home sale transaction with international buyers.

A U.S. affiliate is a U.S. business enterprise that is owned 10 percent or more, directly or indirectly, by a foreign person. As of 2002, there are total of 118,588 U.S. affiliates of foreign companies in the nationwide. This is increased by 12% compared to 5 years before. In Utah alone, there are 971 companies in this category. They contribute local real estate industry by purchasing or renting commercial real estate properties for their business. In addition, the frequent flows of staff and their families from home countries will create housing demand.

U.S. Residents Looking for Homes Abroad

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 Switzerland and United Kingdom from Utah were \$ 456 million and \$ 2,382 million, respectively, in the past year. Third on the list of countries where Utah products are exported is Canada. The increase in Utah exports may lead locally based companies to establish company representatives and sales personnel in those countries. Utah real estate professionals may decide that it's time to set up referral networks with counterparts in Switzerland, United Kingdom and Canada.

Primary Metal Manufactures and Computers & Electronic Prod. were the top export industries in Utah. Those two industries combined account 53% of the entire exports from Utah. 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.

Immigration and Naturalization in Utah

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 20 million people since year 2000. The strong increase in immigration added 8 million people, and resulted nearly 40 percent of the rise in U.S. population since 2000.

In Utah, 2,777 newly admitted legal immigrants arrived in 2007. The largest group came from Mexico (1,223). Other top countries of origin include:

- Peru (242)
- China, People's Republic (225)
- Philippines (199)
- Brazil (189)

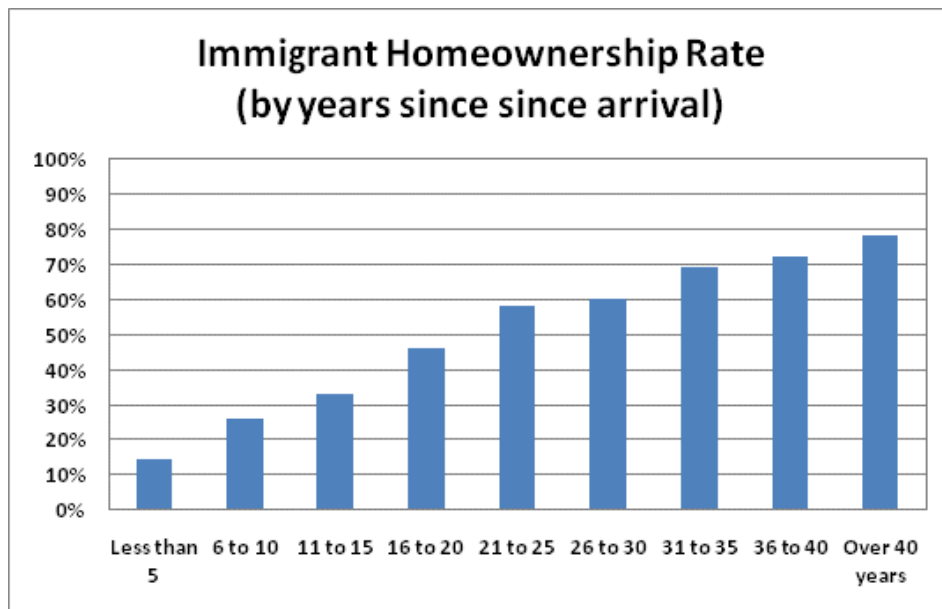
Real estate professionals may want to consider assisting, participating or setting up a network partner with these communities to open up business opportunities. In 2007, 2,777 immigrants to Utah became U.S. citizens. Natives of Mexico led with the highest number (759) of newly naturalized citizens in the state last year. Other top countries represented include:

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

- Bosnia - Herzegovina (162)
- Vietnam (127)
- Canada (101)
- Peru (87)

As of 2007 there are 71,661 (2.7% of the state population) of naturalized citizens and 144,096 non-citizens (5.4% of the state population) in Utah. 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

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.



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.

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. Larger number of people translates into more housing demand.

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 75 partner associations in more than 56 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 – <http://www.realtor.org/international>
- **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, <http://www.realtor.org/international>
- **Expand Your Market Course** – Turn-key course to introduce agents/brokers to the global real estate market. They are eligible for continuing education approval. More information is available at <http://www.realtor.org/cipshome.nsf/pages/eym>
- **International Real Estate Report** (Electronic Newsletter) – Available free to any NAR member. You may review all the current and past reports at <http://www.realtor.org/cipshome.nsf/webreport> . To subscribe to this newsletter, please visit your Profile page at 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. You may download 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. You may find speaker contacts and deals directly with the speaker. Access the database at <http://www.realtor.org/cipshome.nsf/pages/speakers>

• **The International Consortium of Real Estate Associations (ICREA): NAR International Association Network** – NAR partners with 75 national associations in more than 56 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>

• **WorldProperties.com.** WorldProperties.com is backed by the International Consortium of Real Estate Associations (ICREA). Currently, it is comprised of 30+ leading national real estate organizations representing 2 million brokers/agents worldwide, each of whom adhere to a code of conduct. WorldProperties.com provides benefits to broker/agent members by assisting them in marketing and facilitating business in the global marketplace. WorldProperties.com assists consumers in locating properties outside their country and in finding a qualified real estate professional. Access www.WorldProperties.com

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 Utah

	Total Population	U.S. Born Citizen	Foreign Born (%)	Naturalized Citizen	Non-U.S. Citizen	
Male	1,334,664	1,222,814	111,850	8.4%	35,207	76,643
18 and Over	914,276	815,310	98,966	10.8%	32,175	66,791
Under 18	420,388	407,504	12,884	3.1%	3,032	9,852
Female	1,310,666	1,206,759	103,907	7.9%	36,454	67,453
18 and Over	912,666	822,793	89,873	9.8%	33,689	56,184
Under 18	398,000	383,966	14,034	3.5%	2,765	11,269
Total	2,645,330	2,429,573	215,757	8.2%	71,661	144,096

Source: Census Bureau, American Community Survey 2007

Foreign Born Population in Utah by Year of Entry

	Total Population	U.S. Born Citizen	Foreign Born	Naturalized Citizen	Non-U.S. Citizen
2000 or later	85,957	3,987	81,970	7,464	74,506
1990 to 1999	76,793	4,988	71,805	22,803	49,002
Entered 1980 to 1989	37,098	5,228	31,870	18,167	13,703
Entered before 1980	42,162	12,050	30,112	23,227	6,885
Total	242,010	26,253	215,757	71,661	144,096

Source: Census Bureau, American Community Survey 2007

Main Languages Spoken in Households

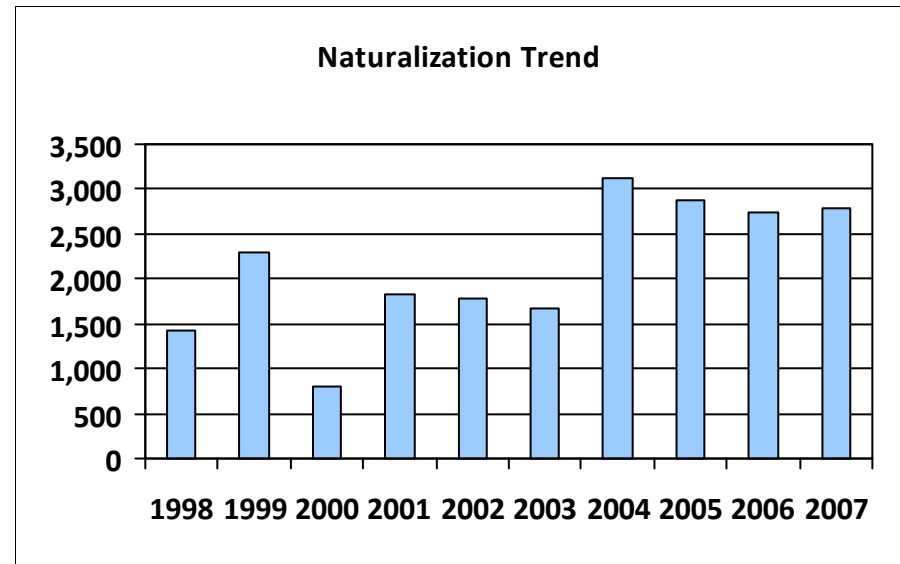
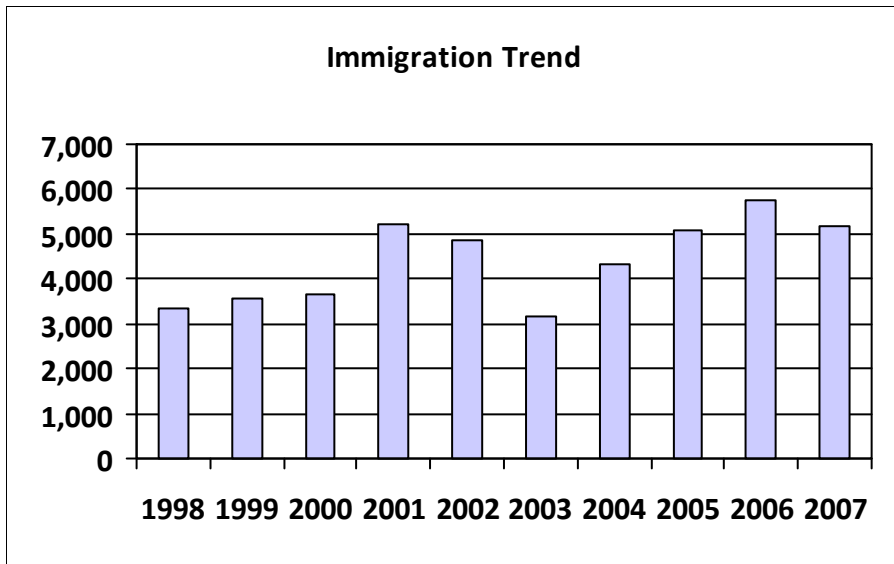
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	693,462		
Spanish	81,889	23,948	57,941
Indo-European	32,594	2,872	29,722
Asian-Pacific	20,720	3,718	17,002
Other	6,655	529	6,126
Total	835,320	31,067	110,791

Source: Census Bureau, American Community Survey 2007

Immigration and Naturalization Trend in Utah

Year	Admitted Immigrants	Naturalization
1998	3,352	1,419
1999	3,547	2,292
2000	3,667	793
2001	5,218	1,828
2002	4,871	1,789
2003	3,159	1,682
2004	4,346	3,110
2005	5,082	2,874
2006	5,749	2,740
2007	5,168	2,777

Source: Department of Homeland Security, Yearbook of Immigration Statistics: 2007

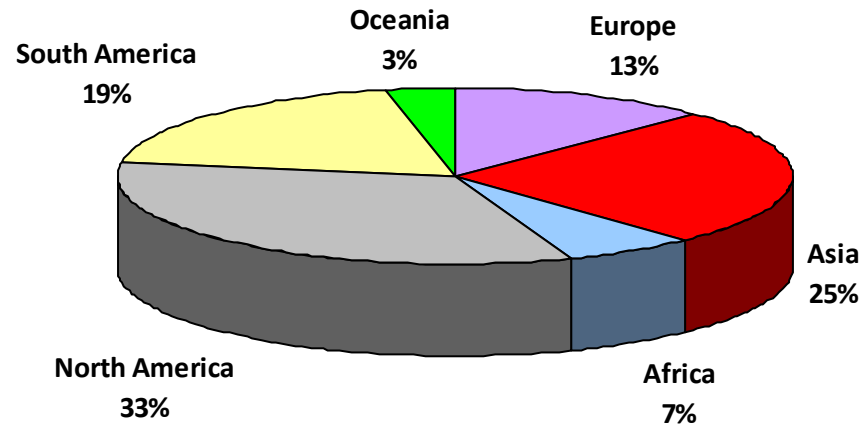


2007 Immigration to Utah by Country of Birth

										Total	5,168
Europe	652	Asia	1,309	Africa	339	North America	1,699	South America	988	Oceania	177
United Kingdom	90	China	225	Somalia	88	Mexico	1,223	Peru	242	Tonga	54
Russia	83	Philippines	199	Ethiopia	49	Canada	126	Brazil	189	Australia	42
Ukraine	59	Vietnam	162	Kenya	48	Guatemala	108	Colombia	162	Samoa	35
Soviet Union, frm	53	India	107	South Africa	23	El Salvador	103	Venezuela	125	New Zealand	19
Germany	37	Korea	101	Sudan	19	Cuba	46	Argentina	89	Marshall Islands	17
Bosnia - Herzegovina	33	Iran	94	Nigeria	17	Honduras	32	Ecuador	71	Fiji	8
Bulgaria	26	Japan	57	Ghana	15	Dominican Republic	17	Chile	65		
Romania	20	Taiwan	55	Congo, Republic	8	Haiti	13	Bolivia	26		
Spain	18	Pakistan	40	Congo, Democra	7	Costa Rica	11	Uruguay	15		

Source: Department of Homeland Security, Yearbook of Immigration Statistics: 2007

2007 Immigration to Utah by Origination Region

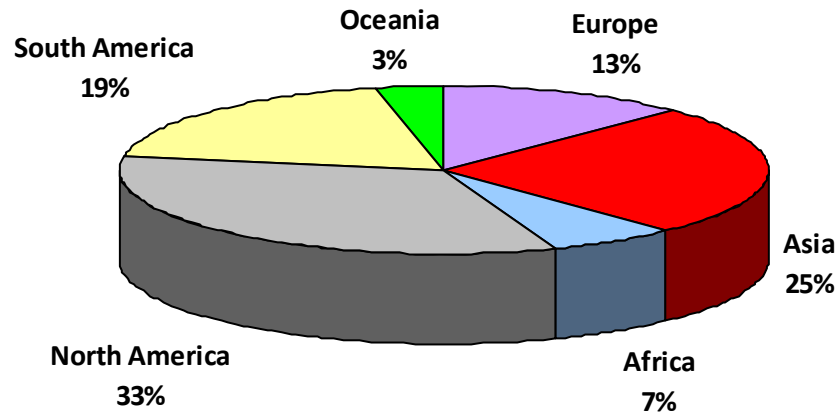


2007 Naturalization in Utah by Country of Birth

										Total	2,777
Europe	477	Asia	622	Africa	139	North America	1,094	South America	347	Oceania	97
Bosnia - Herzegovina	162	Vietnam	127	Sudan	55	Mexico	759	Peru	87	Tonga	38
United Kingdom	48	China	84	South Africa	19	Canada	101	Brazil	68	Samoa	16
Russia	30	Philippines	72	Somalia	12	El Salvador	71	Colombia	43	Australia	13
Germany	24	India	64	Togo	9	Guatemala	69	Argentina	38	American Samo	12
Croatia	20	Iran	48	Nigeria	7	Honduras	24	Ecuador	34	Fiji	8
Ukraine	19	Korea	32	Congo, Republi	6	Nicaragua	21	Venezuela	33	New Zealand	8
Serbia - Montenegro	14	Taiwan	27	Egypt	4	Dominican Republic	16	Chile	23		
Romania	11	Laos	25	Ethiopia	4	Jamaica	10	Bolivia	15		
Spain	10	Iraq	24	Ghana	3	Cuba	7	Uruguay	5		

Source: Department of Homeland Security, Yearbook of Immigration Statistics: 2007

2007 Naturalization in Utah by Origination Region



Nonimmigrant Visitors to Utah

	2005	2006	2007
Total	94,699	104,196	121,771
Foreign government officials and families	391	400	387
Temporary visitors: for business	17,810	22,215	25,429
Temporary visitors: for pleasure	63,489	66,593	77,371
Transit aliens	38	37	31
Treaty traders and investors	223	320	368
Students and dependant family	4,876	5,385	5,804
Representatives to international organizations and families	64	38	65
Temporary workers and trainees, dependent family	2,611	4,475	6,126
Representatives of foreign information media and families	119	192	144
Students and exchange visitors, and dependant family	1,912	2,311	3,161
Fiances/spouses of U.S. citizens and their children	385	410	409
Intracompany transferees and dependant family	638	696	932
Vocational students and dependant family	325	325	534
NATO officials and families	5	104	114
NAFTA professional workers and dependant family	313	329	424
Fiances/spouses of permanent residents and their children	69	43	42
All other classes	359	316	426

Source: Department of Homeland Security, Yearbook of Immigration Statistics: 2007

Foreign Direct Investment Established in Utah

	U.S.	Utah
All industries	118588	971
Mining	1107	23
Utilities	815	51
Construction	1082	9
Manufacturing	10322	63
Wholesale trade	15798	149
Retail trade	30540	356
Transportation and warehousing	5468	32
Information	5046	45
Finance: Depository credit intermediation	3263	2
Finance: Insurance	3709	18
Real estate and rental and leasing	1890	12
Professional and technical services	4275	28
Accommodation and food services	15255	71
Other	16824	97

Source: Department of Commerce, Foreign Direct Investment in the United States Establishment Data for 2002

Utah Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, ** 2006-2007
Utah Exports Total	4,718,350	0.6%	6,055,863	0.7%	6,798,092	0.7%	7,811,529	0.7%	0.7%
Primary Metal Manufactures	1,507,520	32.0%	2,059,958	34.0%	2,769,916	40.7%	3,222,120	41.2%	41.2%
Computers & Electronic Prod.	910,641	19.3%	856,063	14.1%	589,303	8.7%	946,528	12.1%	12.1%
Transportation Equipment	469,563	10.0%	541,359	8.9%	614,569	9.0%	640,121	8.2%	8.2%
Mining	96,736	2.1%	618,938	10.2%	572,428	8.4%	549,752	7.0%	7.0%
Chemical Manufactures	429,823	9.1%	454,145	7.5%	467,860	6.9%	483,639	6.2%	6.2%
Processed Foods	308,509	6.5%	357,725	5.9%	382,028	5.6%	428,171	5.5%	5.5%
Misc. Manufactures	289,271	6.1%	332,791	5.5%	378,009	5.6%	383,143	4.9%	4.9%
Machinery Manufactures	205,569	4.4%	225,400	3.7%	266,595	3.9%	293,686	3.8%	3.8%
Elec. Eq., Appliances & Parts	83,489	1.8%	102,760	1.7%	107,674	1.6%	173,965	2.2%	2.2%
Fabricated Metal Products	71,636	1.5%	90,495	1.5%	111,921	1.6%	133,422	1.7%	1.7%
Waste & Scrap	26,849	0.6%	40,671	0.7%	78,770	1.2%	104,147	1.3%	1.3%
Paper Products	31,885	0.7%	34,866	0.6%	59,241	0.9%	74,963	1.0%	1.0%
Plastic & Rubber Products	67,174	1.4%	59,506	1.0%	79,951	1.2%	72,457	0.9%	0.9%
Furniture & Related Products	20,731	0.4%	26,619	0.4%	62,222	0.9%	63,769	0.8%	0.8%
Spec. Classification Provisions	94,925	2.0%	99,380	1.6%	87,522	1.3%	56,033	0.7%	0.7%
Printing & Related Products	26,659	0.6%	28,176	0.5%	30,917	0.5%	37,487	0.5%	0.5%
Beverage & Tobacco Products	9,009	0.2%	52,263	0.9%	49,870	0.7%	32,941	0.4%	0.4%
Non-Metallic Mineral Mfgs.	11,948	0.3%	13,424	0.2%	13,424	0.2%	22,347	0.3%	0.3%
Used Merchandise	2,956	0.1%	3,922	0.1%	8,141	0.1%	18,762	0.2%	0.2%
Crop Production	9,060	0.2%	12,917	0.2%	12,487	0.2%	15,379	0.2%	0.2%
Publishing Industries	4,905	0.1%	8,237	0.1%	8,156	0.1%	13,620	0.2%	0.2%
Non-Apparel Textile Products	5,463	0.1%	6,810	0.1%	8,329	0.1%	10,634	0.1%	0.1%
Leather & Related Products	8,034	0.2%	7,353	0.1%	7,865	0.1%	7,008	0.1%	0.1%
Petroleum & Coal Products	4,251	0.1%	5,763	0.1%	9,543	0.1%	6,104	0.1%	0.1%
Apparel Manufactures	4,511	0.1%	5,308	0.1%	6,517	0.1%	6,027	0.1%	0.1%

Source: Department of Commerce, State by State Exports: 2007

* % of State export total is the share of entire U.S. export, and others are shares of state export.

** (Z) means that % change is greater than 500%, and (-) means that the product is a new export.

Utah Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
World Total	4,718,350	0.6%	6,055,863	0.7%	6,798,092	0.7%	7,811,529	0.7%	0.7%
Switzerland	772,659	16.4%	777,058	12.8%	484,072	7.1%	455,679	5.8%	5.8%
United Kingdom	559,469	11.9%	1,105,145	18.2%	2,282,614	33.6%	2,382,394	30.5%	30.5%
Canada	865,725	18.3%	709,236	11.7%	888,532	13.1%	941,419	12.1%	12.1%
Japan	541,989	11.5%	588,670	9.7%	482,805	7.1%	417,302	5.3%	5.3%
Singapore	125,724	2.7%	127,463	2.1%	57,045	0.8%	222,855	2.9%	2.9%
Netherlands	105,345	2.2%	119,069	2.0%	116,571	1.7%	188,713	2.4%	2.4%
Mexico	122,158	2.6%	128,223	2.1%	268,400	3.9%	223,847	2.9%	2.9%
South Korea	104,659	2.2%	124,504	2.1%	128,815	1.9%	126,196	1.6%	1.6%
Philippines	117,754	2.5%	110,413	1.8%	113,711	1.7%	146,264	1.9%	1.9%
Germany	170,179	3.6%	208,318	3.4%	205,034	3.0%	170,562	2.2%	2.2%
Hong Kong	89,096	1.9%	145,815	2.4%	90,407	1.3%	101,586	1.3%	1.3%
China	123,012	2.6%	320,616	5.3%	245,081	3.6%	386,626	4.9%	4.9%
Belgium	93,482	2.0%	428,229	7.1%	345,318	5.1%	393,326	5.0%	5.0%
Taiwan	79,495	1.7%	96,846	1.6%	81,027	1.2%	211,688	2.7%	2.7%
Australia	74,492	1.6%	109,356	1.8%	120,966	1.8%	126,617	1.6%	1.6%
France	72,870	1.5%	112,553	1.9%	94,823	1.4%	107,213	1.4%	1.4%
Italy	43,467	0.9%	59,426	1.0%	71,255	1.0%	67,072	0.9%	0.9%
Malaysia	39,977	0.8%	49,548	0.8%	29,683	0.4%	40,572	0.5%	0.5%
Thailand	60,936	1.3%	40,204	0.7%	28,152	0.4%	41,037	0.5%	0.5%
Spain	24,625	0.5%	49,372	0.8%	41,493	0.6%	49,664	0.6%	0.6%
Ireland	16,722	0.4%	16,796	0.3%	77,338	1.1%	38,815	0.5%	0.5%
India	18,521	0.4%	54,131	0.9%	20,584	0.3%	384,036	4.9%	4.9%
Brazil	39,817	0.8%	30,520	0.5%	79,662	1.2%	95,450	1.2%	1.2%
Israel	47,713	1.0%	57,448	0.9%	58,812	0.9%	60,224	0.8%	0.8%
United Arab Emirates	93,451	2.0%	138,036	2.3%	32,322	0.5%	27,523	0.4%	0.4%

Source: Department of Commerce, State by State Exports: 2007

* % of State export total is the share of entire U.S. export, and others are shares of state export.

** (Z) means that % change is greater than 500%, and (-) means that this is a new partner.