

Business Data for Engaging in International Real Estate Transactions in Idaho

November 2008

Produced By: NAR Research

An abstract graphic at the bottom of the page consists of several overlapping, semi-transparent geometric shapes. The shapes are primarily rectangular and trapezoidal, creating a layered, 3D effect. The colors used are various shades of blue (from light to medium) and grey. The shapes are arranged in a way that they appear to be floating or stacked, with some overlapping others, creating a sense of depth and movement.

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 Idaho 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 Idaho

In 2007, total of 29,401 non-immigrant aliens came into Idaho. Those in some selected categories are;

- 15,098 temporary visitors for pleasure
- 5,851 temporary visitors for business
- 179 treaty traders and investors
- 1,785 foreign students and dependant families
- 3,712 temporary foreign workers, trainees and dependant families
- 210 NAFTA professional workers and dependant families

Obviously many of them will need rental housing, second homes, or commercial properties in Idaho. 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 Idaho 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 Idaho

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 Idaho alone, there are 419 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 United Kingdom and Canada from Idaho were \$ 171 million and \$ 606 million, respectively, in the past year. Third on the list of countries where Idaho products are exported is Japan. The increase in Idaho exports may lead locally based companies to establish company representatives and sales personnel in those countries. Idaho real estate professionals may decide that it's time to set up referral networks with counterparts in United Kingdom, Canada and Japan.

Computers & Electronic Prod. and Processed Foods were the top export industries in Idaho. Those two industries combined account 77% of the entire exports from Idaho. 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 Idaho

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 Idaho, 1,261 newly admitted legal immigrants arrived in 2007. The largest group came from Mexico (632). Other top countries of origin include:

- Philippines (132)
- China, People's Republic (123)
- Uzbekistan (99)
- Vietnam (70)

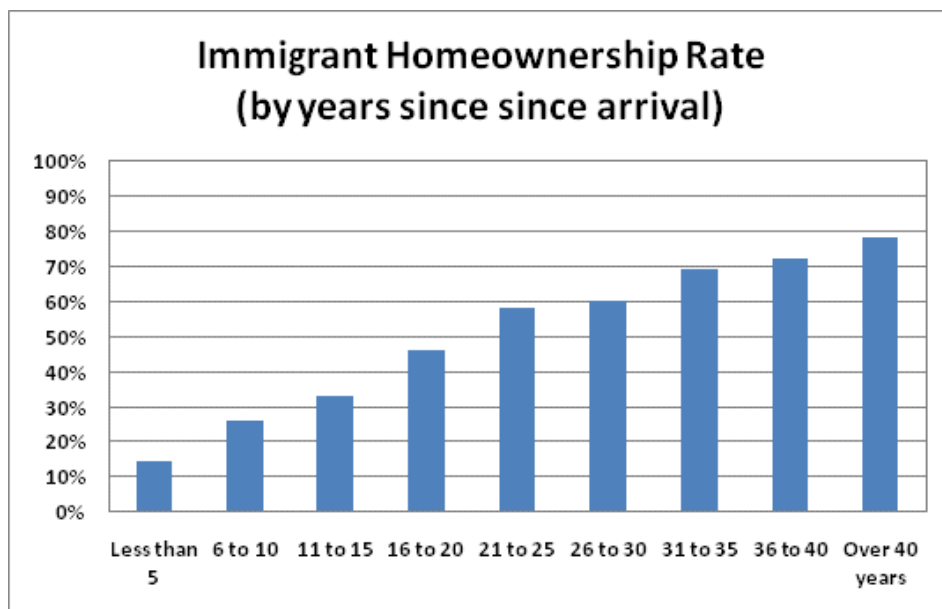
Real estate professionals may want to consider assisting, participating or setting up a network partner with these communities to open up business opportunities. In 2007, 1,261 immigrants to Idaho became U.S. citizens. Natives of Mexico led with the highest number (514) of newly naturalized citizens 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 (156)
- Philippines (67)
- China, People's Republic (37)
- Canada (36)

As of 2007 there are 29,215 (1.9% of the state population) of naturalized citizens and 54,689 non-citizens (3.6% of the state population) in Idaho. 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 Idaho

	Total Population	U.S. Born Citizen	Foreign Born (%)	Naturalized Citizen	Non-U.S. Citizen	
Male	752,500	706,486	46,014	6.1%	14,912	31,102
18 and Over	543,261	502,068	41,193	7.6%	14,175	27,018
Under 18	209,239	204,418	4,821	2.3%	737	4,084
Female	746,902	709,012	37,890	5.1%	14,303	23,587
18 and Over	548,324	514,398	33,926	6.2%	13,128	20,798
Under 18	198,578	194,614	3,964	2.0%	1,175	2,789
Total	1,499,402	1,415,498	83,904	5.6%	29,215	54,689

Source: Census Bureau, American Community Survey 2007

Foreign Born Population in Idaho by Year of Entry

	Total Population	U.S. Born Citizen	Foreign Born	Naturalized Citizen	Non-U.S. Citizen
2000 or later	25,134	1,348	23,786	1,465	22,321
1990 to 1999	31,046	2,148	28,898	8,542	20,356
Entered 1980 to 1989	14,994	1,698	13,296	6,477	6,819
Entered before 1980	24,206	6,282	17,924	12,731	5,193
Total	95,380	11,476	83,904	29,215	54,689

Source: Census Bureau, American Community Survey 2007

Main Languages Spoken in Households

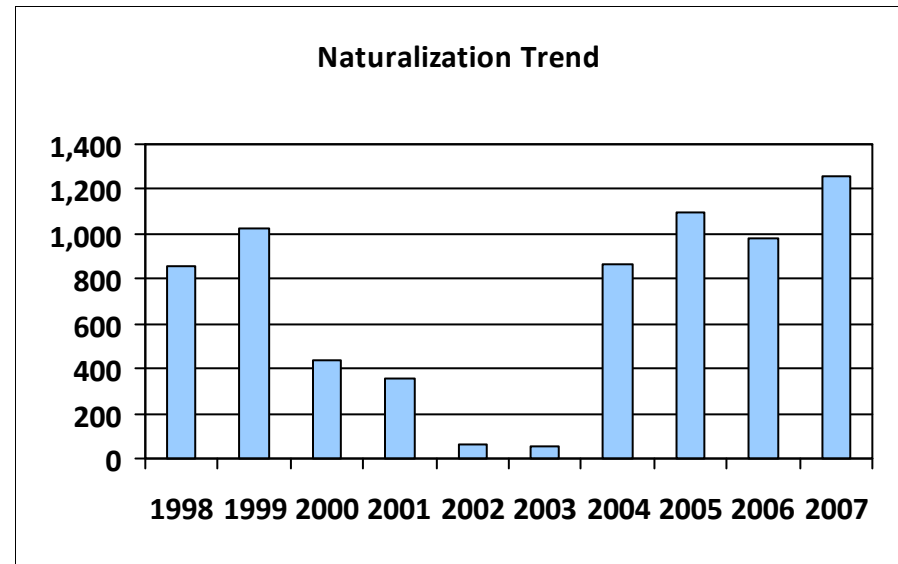
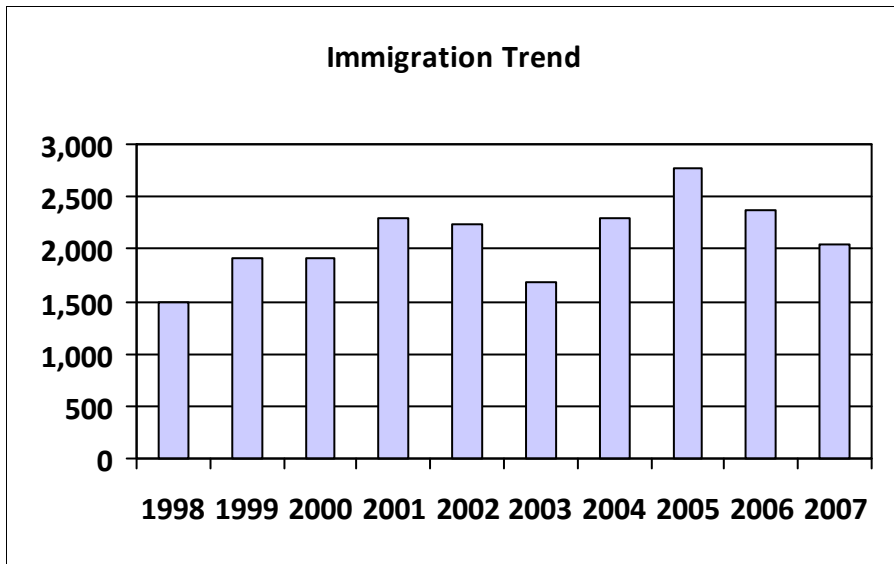
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	493,968		
Spanish	44,570	9,790	34,780
Indo-European	12,376	1,236	11,140
Asian-Pacific	6,364	963	5,401
Other	3,289	103	3,186
Total	560,567	12,092	54,507

Source: Census Bureau, American Community Survey 2007

Immigration and Naturalization Trend in Idaho

Year	Admitted Immigrants	Naturalization
1998	1,500	852
1999	1,904	1,027
2000	1,914	437
2001	2,285	355
2002	2,229	58
2003	1,686	56
2004	2,299	864
2005	2,768	1,097
2006	2,377	980
2007	2,044	1,261

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

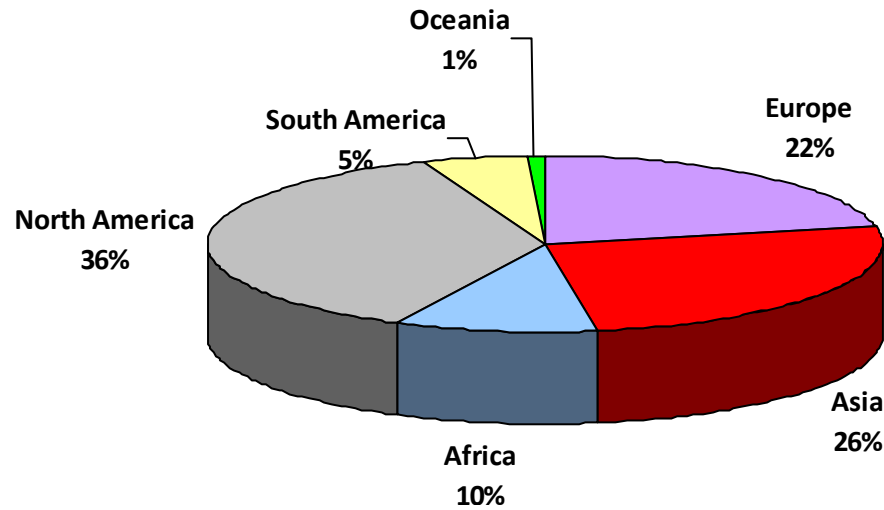


2007 Immigration to Idaho by Country of Birth

										Total	2,044
Europe	449	Asia	521	Africa	195	North America	758	South America	100	Oceania	17
Russia	67	Philippines	132	Somalia	49	Mexico	632	Peru	39	Australia	12
United Kingdom	39	China	123	Kenya	37	Canada	62	Colombia	29	New Zealand	3
Ukraine	33	Uzbekistan	99	Ethiopia	22	Guatemala	32	Brazil	10		
Romania	30	Vietnam	70	Sudan	19	Cuba	6	Venezuela	7		
Soviet Union, frm	24	India	40	South Africa	14	El Salvador	6	Argentina	5		
Bosnia - Herzegovina	22	Korea	31	Egypt	13	Honduras	5	Chile	4		
Germany	13	Afghanistan	21	Morocco	7	Dominican Republic	4	Ecuador	3		
France	12	Georgia	17	Nigeria	7	Haiti	3				
Serbia - Montenegro	11	Japan	17	Liberia	6						

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

2007 Immigration to Idaho by Origination Region

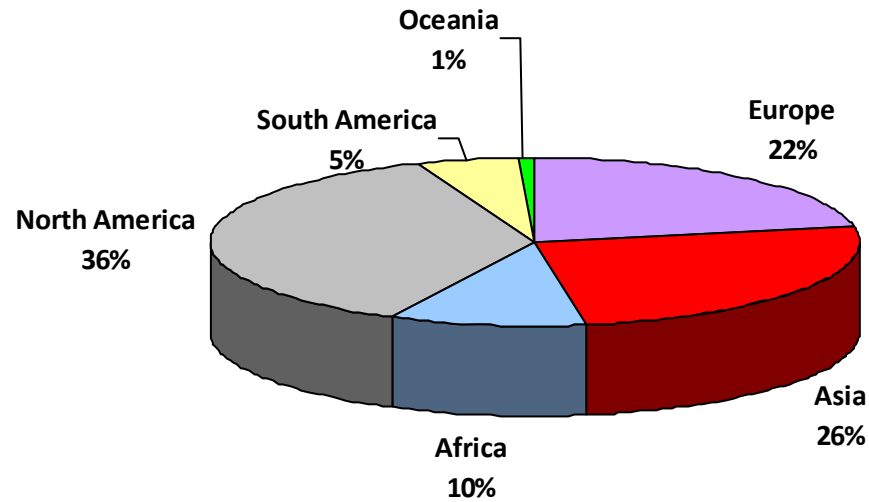


2007 Naturalization in Idaho by Country of Birth

										Total	1,261
Europe	329	Asia	255	Africa	28	North America	593	South America	46	Oceania	10
Bosnia - Herzegovina	156	Philippines	67	Sudan	6	Mexico	514	Peru	14	Australia	3
United Kingdom	28	China	37	Kenya	4	Canada	36	Colombia	7		
Ukraine	20	Vietnam	32	South Africa	4	El Salvador	10	Brazil	6		
Serbia - Montenegro	18	India	24	Togo	3	Guatemala	9	Venezuela	6		
Germany	16	Afghanistan	17			Haiti	5	Argentina	4		
Croatia	15	Laos	12			Honduras	4	Chile	4		
Romania	12	Thailand	10			Nicaragua	4	Ecuador	3		
Russia	11	Iran	9			Trinidad - Tobago	3				
Albania	6	Taiwan	9								

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

2007 Naturalization in Idaho by Origination Region



Nonimmigrant Visitors to Idaho

	2005	2006	2007
Total	24,433	26,975	29,401
Foreign government officials and families	48	157	97
Temporary visitors: for business	5,342	5,508	5,851
Temporary visitors: for pleasure	12,488	13,984	15,098
Transit aliens	7	10	7
Treaty traders and investors	98	111	179
Students and dependant family	1,628	1,734	1,785
Representatives to international organizations and families	5		20
Temporary workers and trainees, dependent family	862	3,104	3,712
Representatives of foreign information media and families	25	35	18
Students and exchange visitors, and dependant family	989	1,151	1,435
Fiances/spouses of U.S. citizens and their children	181	222	206
Intracompany transferees and dependant family	427	369	381
Vocational students and dependant family	275	230	226
NAFTA professional workers and dependant family	188	193	210
Fiances/spouses of permanent residents and their children	96	61	41
All other classes	78	88	125

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

Foreign Direct Investment Established in Idaho

	U.S.	Idaho
All industries	118588	419
Mining	1107	5
Utilities	815	22
Construction	1082	4
Manufacturing	10322	28
Wholesale trade	15798	88
Retail trade	30540	138
Transportation and warehousing	5468	7
Information	5046	14
Finance: Depository credit intermediation	3263	5
Finance: Insurance	3709	9
Real estate and rental and leasing	1890	6
Professional and technical services	4275	14
Accommodation and food services	15255	34
Other	16824	34

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

Idaho Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, ** 2006-2007
Idaho Exports Total	2,914,604	0.4%	3,260,239	0.4%	3,720,922	0.4%	4,703,845	0.4%	0.4%
Computers & Electronic Prod.	1,910,884	65.6%	2,213,418	67.9%	2,560,712	68.8%	3,270,865	69.5%	69.5%
Processed Foods	243,744	8.4%	224,485	6.9%	272,528	7.3%	360,333	7.7%	7.7%
Paper Products	135,514	4.6%	147,104	4.5%	129,312	3.5%	176,313	3.7%	3.7%
Crop Production	110,450	3.8%	119,641	3.7%	142,824	3.8%	161,508	3.4%	3.4%
Machinery Manufactures	112,675	3.9%	110,091	3.4%	113,788	3.1%	153,717	3.3%	3.3%
Chemical Manufactures	161,912	5.6%	154,512	4.7%	156,902	4.2%	140,247	3.0%	3.0%
Transportation Equipment	41,113	1.4%	85,339	2.6%	91,629	2.5%	112,857	2.4%	2.4%
Mining	48,265	1.7%	50,866	1.6%	67,511	1.8%	100,848	2.1%	2.1%
Spec. Classification Provisions	15,692	0.5%	30,722	0.9%	37,816	1.0%	53,125	1.1%	1.1%
Wood Products	20,582	0.7%	23,679	0.7%	35,317	0.9%	47,419	1.0%	1.0%
Fabricated Metal Products	15,427	0.5%	22,262	0.7%	27,988	0.8%	39,713	0.8%	0.8%
Elec. Eq., Appliances & Parts	46,009	1.6%	28,456	0.9%	27,334	0.7%	22,352	0.5%	0.5%
Misc. Manufactures	12,883	0.4%	12,932	0.4%	12,290	0.3%	14,268	0.3%	0.3%
Primary Metal Manufactures	6,226	0.2%	9,455	0.3%	11,264	0.3%	11,128	0.2%	0.2%
Plastic & Rubber Products	3,690	0.1%	3,890	0.1%	7,087	0.2%	9,628	0.2%	0.2%
Forestry & Logging	1,245	0.0%	2,801	0.1%	5,912	0.2%	4,634	0.1%	0.1%
Non-Metallic Mineral Mfgs.	4,395	0.2%	3,205	0.1%	3,089	0.1%	3,774	0.1%	0.1%
Waste & Scrap	2,835	0.1%	1,786	0.1%	1,556	0.0%	3,197	0.1%	0.1%
Printing & Related Products	7,139	0.2%	3,063	0.1%	2,270	0.1%	2,969	0.1%	0.1%
Used Merchandise	3,288	0.1%	3,156	0.1%	4,434	0.1%	2,819	0.1%	0.1%
Animal Production	1,942	0.1%	1,290	0.0%	1,828	0.0%	2,640	0.1%	0.1%
Furniture & Related Products	1,219	0.0%	2,218	0.1%	960	0.0%	2,522	0.1%	0.1%
Leather & Related Products	2,655	0.1%	1,898	0.1%	2,313	0.1%	1,817	0.0%	0.0%
Petroleum & Coal Products	140	0.0%	183	0.0%	300	0.0%	1,592	0.0%	0.0%
Apparel Manufactures	1,038	0.0%	1,041	0.0%	1,084	0.0%	1,128	0.0%	0.0%

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.

Idaho Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
World Total	2,914,604	0.4%	3,260,239	0.4%	3,720,922	0.4%	4,703,845	0.4%	0.4%
United Kingdom	459,137	15.8%	347,790	10.7%	224,725	6.0%	171,240	3.6%	3.6%
Canada	435,682	14.9%	528,028	16.2%	561,324	15.1%	606,135	12.9%	12.9%
Japan	267,553	9.2%	303,416	9.3%	336,213	9.0%	325,411	6.9%	6.9%
Singapore	393,113	13.5%	257,478	7.9%	484,151	13.0%	1,092,459	23.2%	23.2%
Malaysia	76,219	2.6%	150,170	4.6%	152,679	4.1%	124,308	2.6%	2.6%
Taiwan	319,897	11.0%	335,371	10.3%	171,941	4.6%	304,007	6.5%	6.5%
China	170,478	5.8%	318,258	9.8%	593,000	15.9%	722,782	15.4%	15.4%
Philippines	96,024	3.3%	75,071	2.3%	239,456	6.4%	319,185	6.8%	6.8%
Hong Kong	163,403	5.6%	236,229	7.2%	138,570	3.7%	168,731	3.6%	3.6%
Mexico	92,445	3.2%	101,466	3.1%	128,159	3.4%	138,628	2.9%	2.9%
South Korea	93,525	3.2%	164,007	5.0%	274,583	7.4%	197,847	4.2%	4.2%
Italy	18,098	0.6%	28,625	0.9%	14,709	0.4%	38,199	0.8%	0.8%
Germany	35,805	1.2%	38,506	1.2%	31,675	0.9%	37,170	0.8%	0.8%
Australia	23,348	0.8%	31,554	1.0%	30,458	0.8%	33,084	0.7%	0.7%
Netherlands	27,976	1.0%	34,172	1.0%	35,703	1.0%	63,991	1.4%	1.4%
Israel	25,384	0.9%	21,347	0.7%	22,878	0.6%	19,910	0.4%	0.4%
France	21,748	0.7%	64,131	2.0%	39,618	1.1%	49,116	1.0%	1.0%
Brazil	5,927	0.2%	4,987	0.2%	5,958	0.2%	10,758	0.2%	0.2%
Spain	11,233	0.4%	13,185	0.4%	11,169	0.3%	17,736	0.4%	0.4%
Ireland	6,854	0.2%	7,265	0.2%	10,420	0.3%	7,777	0.2%	0.2%
Thailand	36,658	1.3%	44,047	1.4%	55,211	1.5%	48,606	1.0%	1.0%
Indonesia	6,869	0.2%	15,967	0.5%	12,898	0.3%	39,029	0.8%	0.8%
India	20,775	0.7%	9,464	0.3%	10,571	0.3%	22,594	0.5%	0.5%
Switzerland	4,154	0.1%	27,217	0.8%	6,154	0.2%	9,194	0.2%	0.2%
Viet Nam	688	0.0%	1,334	0.0%	6,371	0.2%	10,668	0.2%	0.2%

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.