

# **Business Data for Engaging in International Real Estate Transactions in Maine**

**November 2008**

**Produced By: NAR Research**



## ***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 Maine 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 Maine***

In 2007, total of 50,820 non-immigrant aliens came into Maine. Those in some selected categories are;

- 33,275 temporary visitors for pleasure
- 5,509 temporary visitors for business
- 181 treaty traders and investors
- 2,481 foreign students and dependant families
- 2,785 temporary foreign workers, trainees and dependant families
- 608 NAFTA professional workers and dependant families

Obviously many of them will need rental housing, second homes, or commercial properties in Maine. A recent study of *The 2008 National Association of REALTORS® Profile of international Home Buying Activity*<sup>1</sup> 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 Maine 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.

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<sup>1</sup> 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.

### ***Foreign Direct Investment Establishment in Maine***

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 Maine alone, there are 572 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 Canada and Singapore from Maine were \$ 891 million and \$ 17 million, respectively, in the past year. Third on the list of countries where Maine products are exported is Malaysia. The increase in Maine exports may lead locally based companies to establish company representatives and sales personnel in those countries. Maine real estate professionals may decide that it's time to set up referral networks with counterparts in Canada, Singapore and Malaysia.

Computers & Electronic Prod. and Paper Products were the top export industries in Maine. Those two industries combined account 54% of the entire exports from Maine. 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 Maine***

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 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 Maine, 728 newly admitted legal immigrants arrived in 2007. The largest group came from Somalia (199). Other top countries of origin include:

- China, People's Republic (104)
- Philippines (89)
- Canada (88)
- Sudan (72)

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, 728 immigrants to Maine became U.S. citizens. Natives of Somalia led with the highest number (102) of newly naturalized citizens in the state last year. Other top countries represented include:

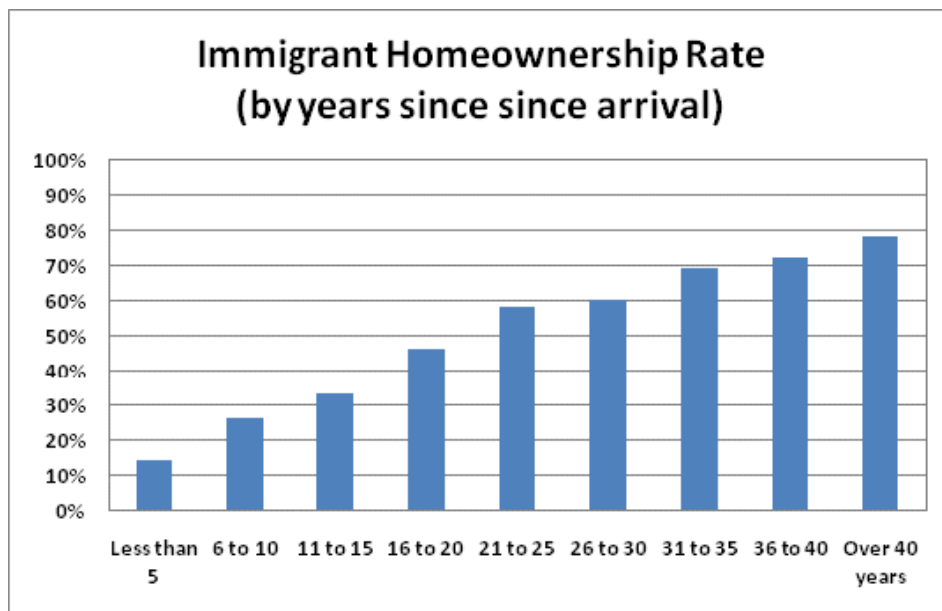
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<sup>2</sup> There are contentious issues relating to swelling illegal immigration and assimilation, and this paper does not attempt to delve into this difficult topic.

- Canada (81)
- Vietnam (57)
- China, People's Republic (38)
- Cambodia (38)

As of 2007 there are 23,288 (1.8% of the state population) of naturalized citizens and 21,176 non-citizens (1.6% of the state population) in Maine. 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>

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.

<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. 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](http://www.WorldProperties.com)

*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 Maine

	Total Population	U.S. Born Citizen	Foreign Born (%)	Naturalized Citizen	Non-U.S. Citizen	
Male	642,050	621,329	20,721	3.2%	9,727	10,994
18 and Over	498,579	480,442	18,137	3.6%	9,184	8,953
Under 18	143,471	140,887	2,584	1.8%	543	2,041
Female	675,157	651,414	23,743	3.5%	13,561	10,182
18 and Over	538,962	517,960	21,002	3.9%	12,349	8,653
Under 18	136,195	133,454	2,741	2.0%	1,212	1,529
<b>Total</b>	<b>1,317,207</b>	<b>1,272,743</b>	<b>44,464</b>	<b>3.4%</b>	<b>23,288</b>	<b>21,176</b>

Source: Census Bureau, American Community Survey 2007

### Foreign Born Population in Maine by Year of Entry

	Total Population	U.S. Born Citizen	Foreign Born	Naturalized Citizen	Non-U.S. Citizen
2000 or later	12,426	639	11,787	930	10,857
1990 to 1999	11,084	1,568	9,516	4,258	5,258
Entered 1980 to 1989	7,936	1,862	6,074	3,793	2,281
Entered before 1980	24,033	6,946	17,087	14,307	2,780
<b>Total</b>	<b>55,479</b>	<b>11,015</b>	<b>44,464</b>	<b>23,288</b>	<b>21,176</b>

Source: Census Bureau, American Community Survey 2007

### Main Languages Spoken in Households

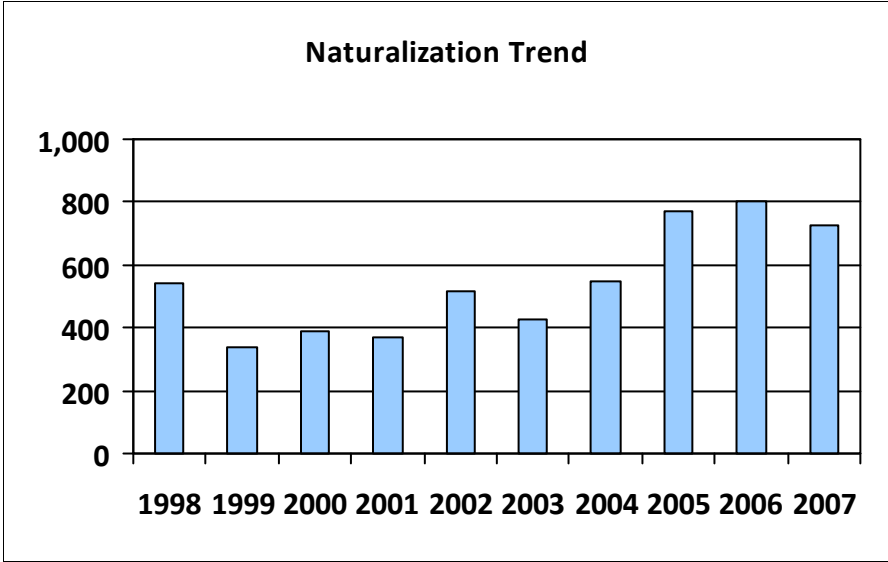
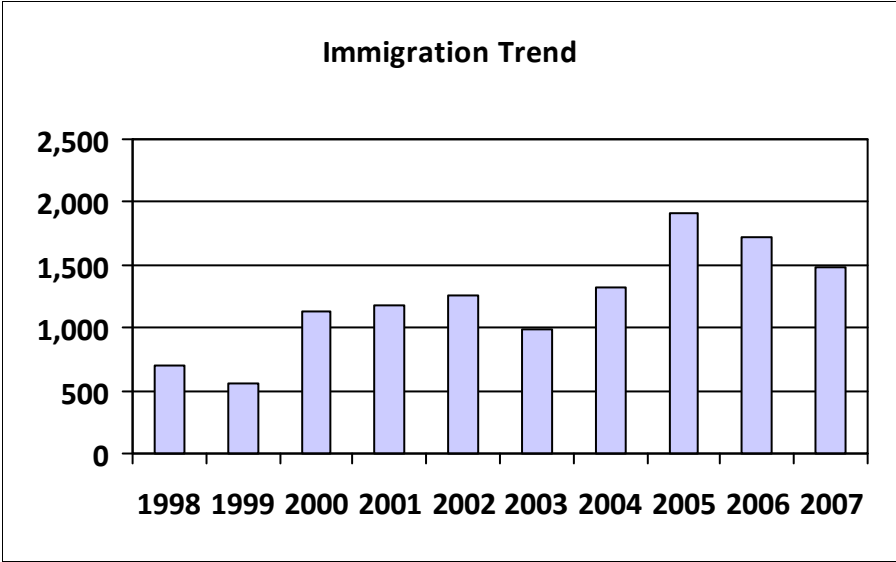
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	486,296		
Spanish	7,662	1,063	6,599
Indo-European	43,534	4,233	39,301
Asian-Pacific	3,513	765	2,748
Other	2,947	765	2,182
<b>Total</b>	<b>543,952</b>	<b>6,826</b>	<b>50,830</b>

Source: Census Bureau, American Community Survey 2007

### Immigration and Naturalization Trend in Maine

Year	Admitted Immigrants	Naturalization
1998	708	542
1999	558	340
2000	1,123	388
2001	1,185	367
2002	1,265	514
2003	992	427
2004	1,322	548
2005	1,907	772
2006	1,717	802
2007	1,488	728

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

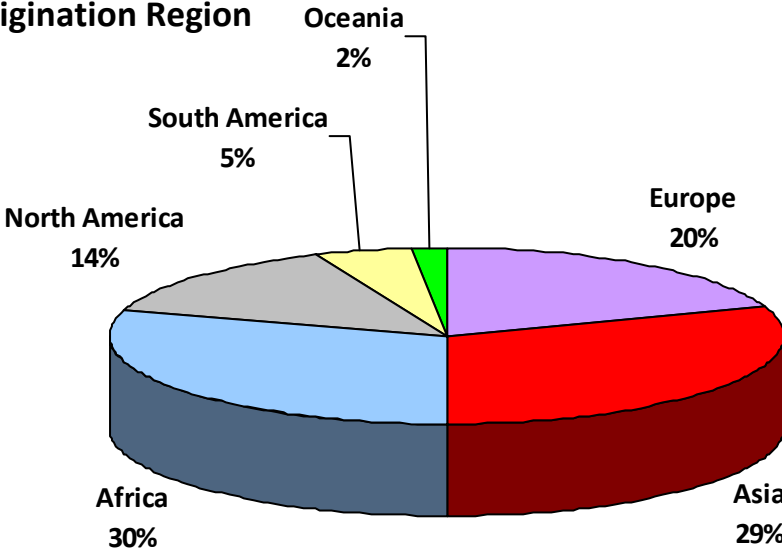


**2007 Immigration to Maine by Country of Birth**

										Total	1,488
<b>Europe</b>	<b>291</b>	<b>Asia</b>	<b>453</b>	<b>Africa</b>	<b>442</b>	<b>North America</b>	<b>205</b>	<b>South America</b>	<b>73</b>	<b>Oceania</b>	<b>24</b>
United Kingdom	57	China	104	Somalia	199	Canada	88	Peru	23	Australia	15
Russia	30	Philippines	89	Sudan	72	Guatemala	30	Brazil	22	New Zealand	7
Soviet Union, frm	26	India	46	Kenya	65	Jamaica	26	Ecuador	8		
Germany	22	Cambodia	41	Egypt	12	Mexico	17	Colombia	6		
Bulgaria	19	Vietnam	32	Ethiopia	12	Dominican Republic	10	Argentina	5		
Poland	13	Iraq	28	Rwanda	12	Haiti	10	Venezuela	5		
Romania	12	Thailand	23	South Africa	12	El Salvador	8				
Belarus	10	Korea	19	Congo, Republic	9	Costa Rica	6				
France	10	Iran	13	Congo, Democra	8						

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

**2007 Immigration to Maine by Origination Region**

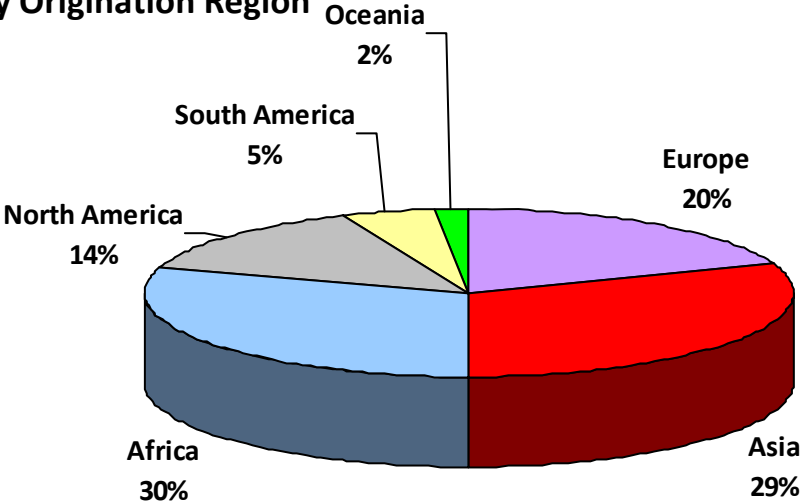


**2007 Naturalization in Maine by Country of Birth**

										Total	728
<b>Europe</b>	<b>171</b>	<b>Asia</b>	<b>232</b>	<b>Africa</b>	<b>180</b>	<b>North America</b>	<b>122</b>	<b>South America</b>	<b>18</b>	<b>Oceania</b>	<b>5</b>
Bosnia - Herzegovina	28	Vietnam	57	Somalia	102	Canada	81	Colombia	4	Australia	3
United Kingdom	27	Cambodia	38	Sudan	36	Mexico	10	Ecuador	4		
Russia	18	China	38	Congo, Republi	7	Dominican Republic	7	Peru	4		
Bulgaria	9	Philippines	26	Ethiopia	6	Jamaica	7	Argentina	3		
Albania	8	India	23	Togo	5	Panama	5				
Ukraine	8	Thailand	10	Kenya	3						
Germany	7	Afghanistan	7								
Poland	7	Kazakhstan	7								
Croatia	6	Iran	6								

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

**2007 Naturalization in Maine by Origination Region**



## Nonimmigrant Visitors to Maine

	2005	2006	2007
<b>Total</b>	<b>40,979</b>	<b>46,993</b>	<b>50,820</b>
Foreign government officials and families	80	72	99
Temporary visitors: for business	4,391	4,766	5,509
Temporary visitors: for pleasure	26,013	31,081	33,275
Transit aliens	462	415	437
Treaty traders and investors	153	149	181
Students and dependant family	2,152	2,349	2,481
Representatives to international organizations and families	12	9	3
Temporary workers and trainees, dependent family	697	2,532	2,785
Representatives of foreign information media and families	24	26	55
Students and exchange visitors, and dependant family	4,491	4,189	4,538
Fiances/spouses of U.S. citizens and their children	164	173	166
Intracompany transferees and dependant family	213	195	286
Vocational students and dependant family	124	108	127
NATO officials and families		4	20
NAFTA professional workers and dependant family	687	678	608
Fiances/spouses of permanent residents and their children	13	6	5
All other classes	88	234	236

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

**Foreign Direct Investment Established in Maine**

	<b>U.S.</b>	<b>Maine</b>
All industries	118588	572
Mining	1107	3
Utilities	815	18
Construction	1082	5
Manufacturing	10322	68
Wholesale trade	15798	56
Retail trade	30540	233
Transportation and warehousing	5468	24
Information	5046	18
Finance: Depository credit intermediation	3263	0
Finance: Insurance	3709	11
Real estate and rental and leasing	1890	0
Professional and technical services	4275	16
Accommodation and food services	15255	65
Other	16824	49

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

## Maine Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, ** 2006-2007
<b>Maine Exports Total</b>	<b>2,432,219</b>	<b>0.3%</b>	<b>2,309,789</b>	<b>0.3%</b>	<b>2,626,614</b>	<b>0.3%</b>	<b>2,742,370</b>	<b>0.2%</b>	<b>0.2%</b>
Computers & Electronic Prod.	674,843	27.7%	690,231	29.9%	830,548	31.6%	913,979	33.3%	33.3%
Paper Products	429,441	17.7%	483,028	20.9%	572,450	21.8%	557,502	20.3%	20.3%
Transportation Equipment	327,309	13.5%	102,831	4.5%	122,426	4.7%	185,707	6.8%	6.8%
Fishing, Hunting, & Trapping	177,016	7.3%	185,160	8.0%	178,213	6.8%	174,694	6.4%	6.4%
Forestry & Logging	197,078	8.1%	200,712	8.7%	199,761	7.6%	150,012	5.5%	5.5%
Wood Products	90,411	3.7%	89,695	3.9%	96,701	3.7%	127,003	4.6%	4.6%
Chemical Manufactures	57,606	2.4%	75,342	3.3%	90,524	3.4%	111,112	4.1%	4.1%
Machinery Manufactures	87,306	3.6%	94,116	4.1%	100,668	3.8%	95,538	3.5%	3.5%
Processed Foods	68,532	2.8%	62,401	2.7%	66,698	2.5%	64,918	2.4%	2.4%
Plastic & Rubber Products	31,292	1.3%	31,824	1.4%	42,223	1.6%	48,776	1.8%	1.8%
Leather & Related Products	55,052	2.3%	53,263	2.3%	50,541	1.9%	42,891	1.6%	1.6%
Elec. Eq., Appliances & Parts	36,926	1.5%	37,913	1.6%	40,843	1.6%	36,349	1.3%	1.3%
Fabricated Metal Products	16,915	0.7%	20,590	0.9%	24,046	0.9%	35,281	1.3%	1.3%
Waste & Scrap	26,052	1.1%	13,154	0.6%	18,754	0.7%	27,655	1.0%	1.0%
Primary Metal Manufactures	17,516	0.7%	20,675	0.9%	22,138	0.8%	26,481	1.0%	1.0%
Animal Production	30,025	1.2%	29,254	1.3%	23,338	0.9%	22,443	0.8%	0.8%
Misc. Manufactures	19,255	0.8%	23,649	1.0%	26,105	1.0%	22,183	0.8%	0.8%
Crop Production	16,746	0.7%	22,264	1.0%	21,443	0.8%	21,324	0.8%	0.8%
Fabric Mill Products	5,674	0.2%	8,102	0.4%	11,077	0.4%	14,922	0.5%	0.5%
Spec. Classification Provisions	12,195	0.5%	18,814	0.8%	26,303	1.0%	13,507	0.5%	0.5%
Non-Metallic Mineral Mfgs.	4,925	0.2%	7,339	0.3%	7,073	0.3%	11,495	0.4%	0.4%
Non-Apparel Textile Products	9,135	0.4%	7,624	0.3%	8,926	0.3%	8,945	0.3%	0.3%
Furniture & Related Products	8,626	0.4%	5,687	0.2%	5,988	0.2%	5,739	0.2%	0.2%
Beverage & Tobacco Products	3,941	0.2%	6,062	0.3%	7,819	0.3%	5,434	0.2%	0.2%
Used Merchandise	2,160	0.1%	4,117	0.2%	6,217	0.2%	4,994	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 the product is a new export.

## Maine Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
<b>World Total</b>	<b>2,432,219</b>	<b>0.3%</b>	<b>2,309,789</b>	<b>0.3%</b>	<b>2,626,614</b>	<b>0.3%</b>	<b>2,742,370</b>	<b>0.2%</b>	<b>0.2%</b>
Canada	827,138	34.0%	900,512	39.0%	922,205	35.1%	890,723	32.5%	32.5%
Singapore	234,253	9.6%	207,712	9.0%	24,552	0.9%	16,636	0.6%	0.6%
Malaysia	338,618	13.9%	364,620	15.8%	673,324	25.6%	723,405	26.4%	26.4%
Japan	84,552	3.5%	87,514	3.8%	128,581	4.9%	118,685	4.3%	4.3%
South Korea	92,247	3.8%	86,948	3.8%	111,885	4.3%	118,483	4.3%	4.3%
United Kingdom	32,009	1.3%	46,970	2.0%	46,426	1.8%	56,893	2.1%	2.1%
Belgium	39,848	1.6%	43,374	1.9%	45,301	1.7%	41,022	1.5%	1.5%
China	112,885	4.6%	101,336	4.4%	152,561	5.8%	139,182	5.1%	5.1%
Hong Kong	34,767	1.4%	34,322	1.5%	36,861	1.4%	41,903	1.5%	1.5%
Australia	20,704	0.9%	28,586	1.2%	31,118	1.2%	34,845	1.3%	1.3%
France	18,556	0.8%	25,617	1.1%	34,522	1.3%	30,784	1.1%	1.1%
Italy	35,740	1.5%	35,970	1.6%	36,188	1.4%	37,764	1.4%	1.4%
Mexico	26,429	1.1%	32,954	1.4%	41,332	1.6%	29,146	1.1%	1.1%
Netherlands	39,321	1.6%	49,723	2.2%	50,298	1.9%	73,854	2.7%	2.7%
Germany	24,124	1.0%	28,679	1.2%	30,265	1.2%	38,975	1.4%	1.4%
Dominican Republic	26,076	1.1%	17,249	0.7%	14,481	0.6%	15,049	0.5%	0.5%
Brazil	262,528	10.8%	11,623	0.5%	22,429	0.9%	13,792	0.5%	0.5%
Turkey	9,325	0.4%	2,726	0.1%	9,343	0.4%	10,499	0.4%	0.4%
Taiwan	11,476	0.5%	25,960	1.1%	31,483	1.2%	73,864	2.7%	2.7%
Sweden	3,263	0.1%	10,352	0.4%	10,695	0.4%	10,759	0.4%	0.4%
India	7,682	0.3%	5,337	0.2%	12,238	0.5%	9,822	0.4%	0.4%
Finland	5,587	0.2%	6,440	0.3%	8,017	0.3%	13,151	0.5%	0.5%
Norway	4,341	0.2%	2,080	0.1%	1,805	0.1%	16,957	0.6%	0.6%
Saudi Arabia	12,633	0.5%	4,943	0.2%	3,066	0.1%	34,019	1.2%	1.2%
El Salvador	3,349	0.1%	6,953	0.3%	7,649	0.3%	8,942	0.3%	0.3%

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.