

Business Data for Engaging in International Real Estate Transactions in Georgia

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 Georgia 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 Georgia

In 2007, total of 453,518 non-immigrant aliens came into Georgia. Those in some selected categories are;

- 247,138 temporary visitors for pleasure
- 124,869 temporary visitors for business
- 7,231 treaty traders and investors
- 14,652 foreign students and dependant families
- 24,922 temporary foreign workers, trainees and dependant families
- 2,214 NAFTA professional workers and dependant families

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

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.

Foreign Direct Investment Establishment in Georgia

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 Georgia alone, there are 4,313 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 Japan from Georgia were \$ 4,384 million and \$ 1,161 million, respectively, in the past year. Third on the list of countries where Georgia products are exported is Mexico. The increase in Georgia exports may lead locally based companies to establish company representatives and sales personnel in those countries. Georgia real estate professionals may decide that it's time to set up referral networks with counterparts in Canada, Japan and Mexico.

Transportation Equipment and Machinery Manufactures were the top export industries in Georgia. Those two industries combined account 33% of the entire exports from Georgia. 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 Georgia

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 Georgia, 14,181 newly admitted legal immigrants arrived in 2007. The largest group came from Mexico (2,984). Other top countries of origin include:

- India (2,850)
- China, People's Republic (1,227)
- Colombia (1,210)
- Vietnam (1,033)

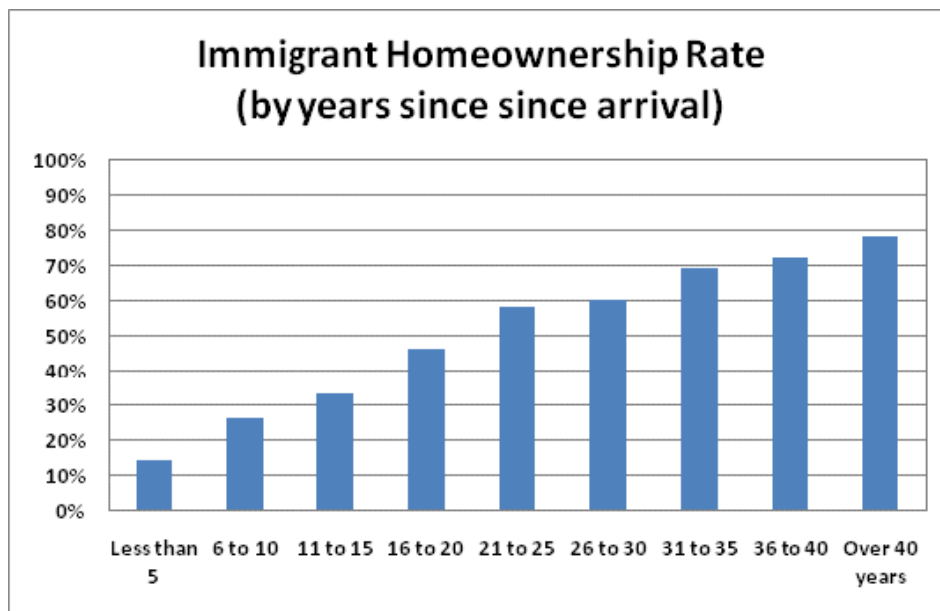
Real estate professionals may want to consider assisting, participating or setting up a network partner with these communities to open up business opportunities. In 2007, 14,181 immigrants to Georgia became U.S. citizens. Natives of Mexico led with the highest number (1,557) of newly naturalized citizens 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.

- India (1,389)
- Vietnam (1,078)
- Korea (718)
- Jamaica (691)

As of 2007 there are 283,201 (3.0% of the state population) of naturalized citizens and 585,212 non-citizens (6.1% of the state population) in Georgia. 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 Georgia

	Total Population	U.S. Born Citizen	Foreign Born (%)	Naturalized Citizen	Non-U.S. Citizen	
Male	4,698,253	4,224,806	473,447	10.1%	137,483	335,964
18 and Over	3,400,570	2,973,618	426,952	12.6%	130,766	296,186
Under 18	1,297,683	1,251,188	46,495	3.6%	6,717	39,778
Female	4,846,497	4,451,531	394,966	8.1%	145,718	249,248
18 and Over	3,617,317	3,264,184	353,133	9.8%	137,734	215,399
Under 18	1,229,180	1,187,347	41,833	3.4%	7,984	33,849
Total	9,544,750	8,676,337	868,413	9.1%	283,201	585,212

Source: Census Bureau, American Community Survey 2007

Foreign Born Population in Georgia by Year of Entry

	Total Population	U.S. Born Citizen	Foreign Born	Naturalized Citizen	Non-U.S. Citizen
2000 or later	333,975	16,862	317,113	24,337	292,776
1990 to 1999	322,564	22,078	300,486	88,625	211,861
Entered 1980 to 1989	159,772	18,018	141,754	85,077	56,677
Entered before 1980	153,019	43,959	109,060	85,162	23,898
Total	969,330	100,917	868,413	283,201	585,212

Source: Census Bureau, American Community Survey 2007

Main Languages Spoken in Households

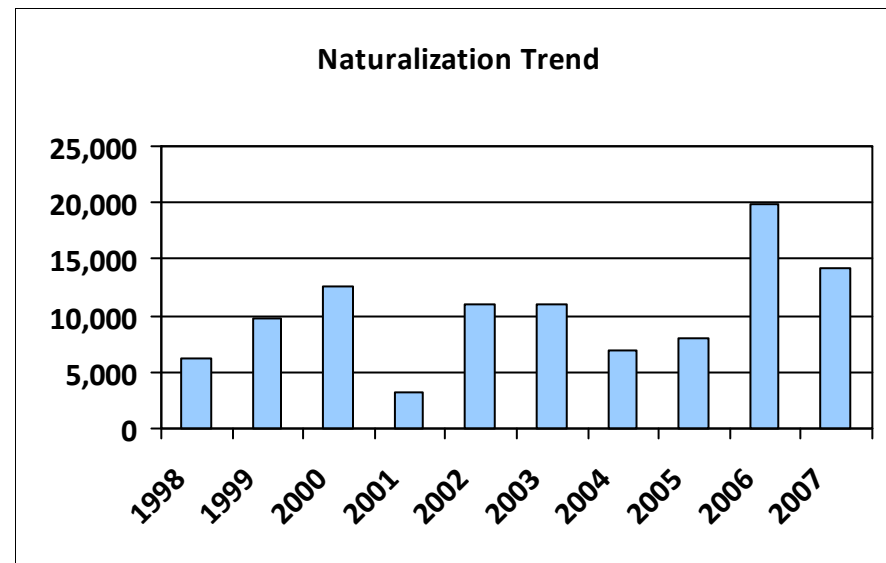
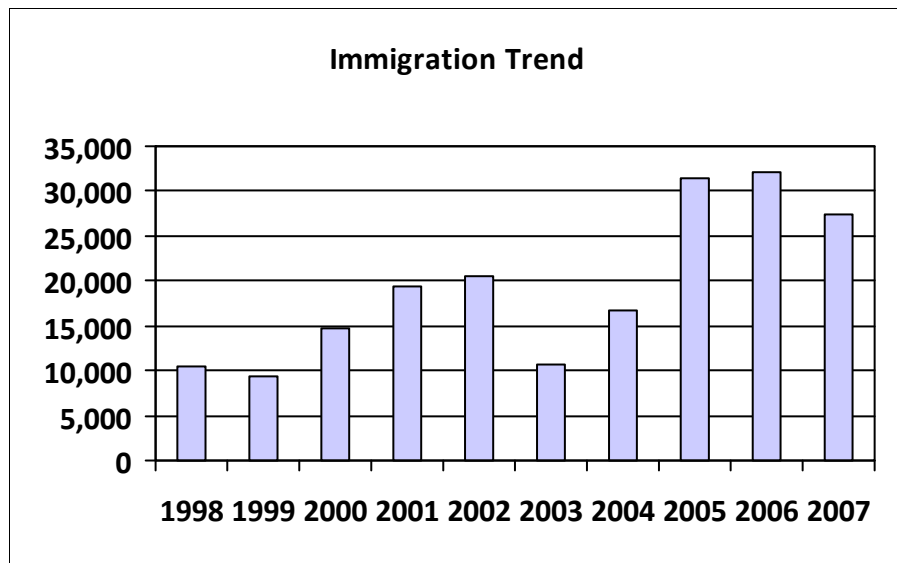
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	3,002,794		
Spanish	225,398	77,273	148,125
Indo-European	102,330	14,754	87,576
Asian-Pacific	62,652	17,353	45,299
Other	23,941	3,893	20,048
Total	3,417,115	113,273	301,048

Source: Census Bureau, American Community Survey 2007

Immigration and Naturalization Trend in Georgia

Year	Admitted Immigrants	Naturalization
1998	10,424	6,250
1999	9,377	9,700
2000	14,707	12,580
2001	19,370	3,223
2002	20,496	11,066
2003	10,794	11,068
2004	16,681	6,880
2005	31,527	7,903
2006	32,202	19,785
2007	27,353	14,181

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

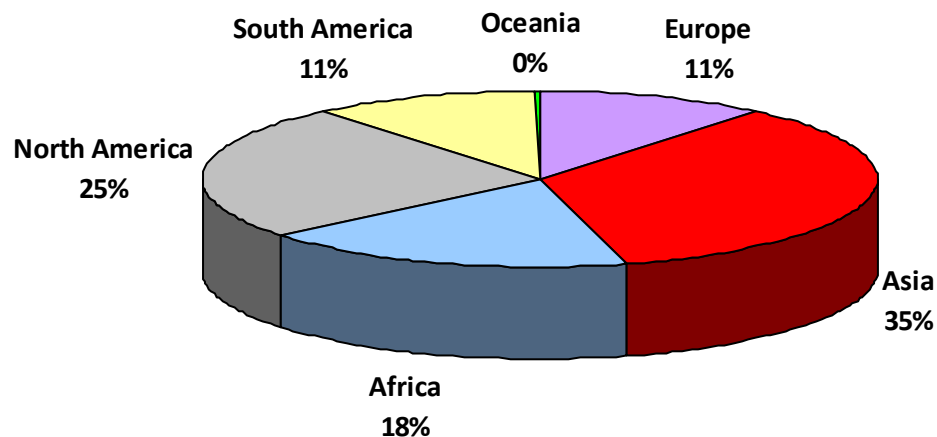


2007 Immigration to Georgia by Country of Birth

											Total	27,353
Europe	3,016	Asia	9,489	Africa	4,938	North America	6,856	South America	2,913	Oceania	104	
United Kingdom	531	India	2,850	Nigeria	945	Mexico	2,984	Colombia	1,210	Australia	66	
Germany	277	China	1,227	Ethiopia	865	Jamaica	962	Brazil	501	New Zealand	27	
Russia	268	Vietnam	1,033	Ghana	454	Canada	457	Peru	384	Fiji	6	
Romania	256	Korea	950	Kenya	443	Haiti	438	Venezuela	304			
Bulgaria	162	Philippines	790	Cameroon	269	Guatemala	367	Ecuador	149			
Ukraine	162	Pakistan	402	Liberia	207	El Salvador	317	Guyana	132			
Soviet Union, frm	125	Bangladesh	370	Somalia	201	Trinidad - Tobago	257	Argentina	80			
Poland	99	Iran	267	South Africa	173	Cuba	203	Uruguay	68			
France	84	Uzbekistan	182	Morocco	129	Dominican Republic	184	Chile	43			

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

2007 Immigration to Georgia by Origination Region

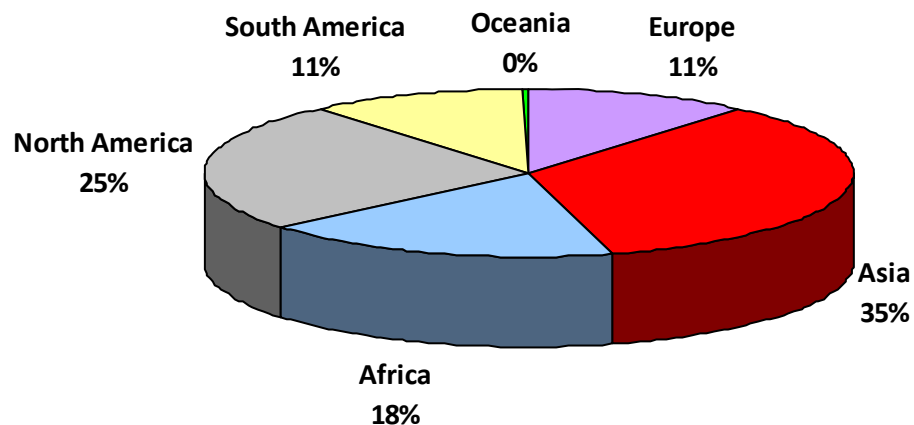


2007 Naturalization in Georgia by Country of Birth

										Total	14,181
Europe	1,818	Asia	5,213	Africa	2,191	North America	3,957	South America	940	Oceania	35
Bosnia - Herzegovina	382	India	1,389	Nigeria	501	Mexico	1,557	Colombia	319	Australia	16
United Kingdom	227	Vietnam	1,078	Ethiopia	467	Jamaica	691	Peru	130	Fiji	9
Romania	163	Korea	718	Ghana	146	Haiti	319	Brazil	118	New Zealand	4
Bulgaria	156	China	380	Liberia	133	El Salvador	226	Guyana	116		
Russia	126	Philippines	253	Somalia	115	Canada	193	Venezuela	110		
Germany	112	Pakistan	236	South Africa	115	Trinidad - Tobago	142	Ecuador	62		
Ukraine	99	Iran	193	Sudan	104	Dominican Republic	140	Argentina	34		
Serbia - Montenegro	49	Bangladesh	136	Kenya	70	Guatemala	115	Uruguay	16		
France	48	Taiwan	111	Sierra Leone	70	Cuba	112	Chile	13		

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

2007 Naturalization in Georgia by Origination Region



Nonimmigrant Visitors to Georgia

	2005	2006	2007
Total	409,942	436,905	453,518
Foreign government officials and families	3,147	3,372	3,705
Temporary visitors: for business	120,576	138,993	124,869
Temporary visitors: for pleasure	220,123	224,446	247,138
Transit aliens	1,667	2,055	2,390
Treaty traders and investors	5,911	6,720	7,231
Students and dependant family	11,635	12,802	14,652
Representatives to international organizations and families	193	197	256
Temporary workers and trainees, dependent family	16,052	22,878	24,922
Representatives of foreign information media and families	500	512	559
Students and exchange visitors, and dependant family	6,795	7,335	7,764
Fiances/spouses of U.S. citizens and their children	1,504	1,336	1,244
Intracompany transferees and dependant family	8,812	8,461	9,295
Vocational students and dependant family	4,058	4,064	4,518
NATO officials and families	14	265	316
NAFTA professional workers and dependant family	1,741	1,988	2,214
Fiances/spouses of permanent residents and their children	703	312	202
All other classes	1,507	1,161	2,239

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

Foreign Direct Investment Established in Georgia

	U.S.	Georgia
All industries	118588	4313
Mining	1107	44
Utilities	815	8
Construction	1082	48
Manufacturing	10322	462
Wholesale trade	15798	675
Retail trade	30540	990
Transportation and warehousing	5468	213
Information	5046	190
Finance: Depository credit intermediation	3263	23
Finance: Insurance	3709	174
Real estate and rental and leasing	1890	81
Professional and technical services	4275	152
Accommodation and food services	15255	504
Other	16824	646

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

Georgia Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, ** 2006-2007
Georgia Exports Total	19,632,738	2.4%	20,576,631	2.3%	20,073,303	1.9%	23,342,329	2.0%	2.0%
Transportation Equipment	4,516,846	23.0%	4,956,784	24.1%	3,884,475	19.4%	4,271,616	18.3%	18.3%
Machinery Manufactures	2,413,615	12.3%	2,757,771	13.4%	2,909,478	14.5%	3,407,349	14.6%	14.6%
Chemical Manufactures	2,347,146	12.0%	2,183,546	10.6%	2,250,440	11.2%	2,714,918	11.6%	11.6%
Computers & Electronic Prod.	2,657,965	13.5%	2,674,548	13.0%	2,279,689	11.4%	2,320,676	9.9%	9.9%
Paper Products	1,404,934	7.2%	1,584,806	7.7%	1,803,662	9.0%	2,250,435	9.6%	9.6%
Processed Foods	699,010	3.6%	801,219	3.9%	840,024	4.2%	1,138,297	4.9%	4.9%
Elec. Eq., Appliances & Parts	633,457	3.2%	655,160	3.2%	753,334	3.8%	1,110,562	4.8%	4.8%
Misc. Manufactures	579,005	2.9%	656,834	3.2%	787,427	3.9%	998,966	4.3%	4.3%
Mining	630,826	3.2%	647,014	3.1%	728,323	3.6%	758,988	3.3%	3.3%
Crop Production	335,628	1.7%	254,109	1.2%	306,502	1.5%	600,205	2.6%	2.6%
Non-Apparel Textile Products	406,727	2.1%	465,621	2.3%	531,302	2.6%	584,204	2.5%	2.5%
Fabric Mill Products	653,360	3.3%	705,568	3.4%	644,586	3.2%	527,621	2.3%	2.3%
Plastic & Rubber Products	318,207	1.6%	346,340	1.7%	410,572	2.0%	432,243	1.9%	1.9%
Fabricated Metal Products	355,688	1.8%	393,857	1.9%	381,158	1.9%	422,898	1.8%	1.8%
Waste & Scrap	124,562	0.6%	145,678	0.7%	235,134	1.2%	369,618	1.6%	1.6%
Primary Metal Manufactures	151,926	0.8%	152,626	0.7%	250,035	1.2%	281,960	1.2%	1.2%
Spec. Classification Provisions	196,370	1.0%	162,088	0.8%	216,811	1.1%	228,565	1.0%	1.0%
Non-Metallic Mineral Mfgs.	170,592	0.9%	175,030	0.9%	178,468	0.9%	221,058	0.9%	0.9%
Wood Products	132,242	0.7%	129,533	0.6%	174,190	0.9%	173,094	0.7%	0.7%
Printing & Related Products	67,939	0.3%	81,956	0.4%	84,780	0.4%	96,647	0.4%	0.4%
Animal Production	68,349	0.3%	62,045	0.3%	55,353	0.3%	88,374	0.4%	0.4%
Used Merchandise	73,137	0.4%	64,792	0.3%	71,044	0.4%	85,285	0.4%	0.4%
Furniture & Related Products	28,437	0.1%	30,310	0.1%	33,927	0.2%	47,480	0.2%	0.2%
Apparel Manufactures	95,400	0.5%	70,239	0.3%	48,495	0.2%	44,021	0.2%	0.2%
Beverage & Tobacco Products	427,165	2.2%	311,830	1.5%	65,842	0.3%	43,139	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.

Georgia Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
World Total	19,632,738	2.4%	20,576,631	2.3%	20,073,303	1.9%	23,342,329	2.0%	2.0%
Canada	4,265,236	21.7%	4,836,479	23.5%	4,706,549	23.4%	4,384,222	18.8%	18.8%
Japan	1,545,585	7.9%	1,289,925	6.3%	1,053,121	5.2%	1,160,654	5.0%	5.0%
Mexico	1,495,070	7.6%	1,410,939	6.9%	1,440,522	7.2%	1,228,159	5.3%	5.3%
United Kingdom	1,111,231	5.7%	1,176,059	5.7%	1,081,774	5.4%	1,247,282	5.3%	5.3%
Netherlands	832,933	4.2%	761,163	3.7%	685,783	3.4%	980,705	4.2%	4.2%
Germany	709,711	3.6%	836,582	4.1%	841,938	4.2%	1,113,823	4.8%	4.8%
China	801,370	4.1%	978,733	4.8%	1,084,126	5.4%	1,599,661	6.9%	6.9%
France	326,737	1.7%	359,313	1.7%	407,322	2.0%	465,511	2.0%	2.0%
Ireland	373,109	1.9%	237,709	1.2%	162,321	0.8%	207,016	0.9%	0.9%
Brazil	380,900	1.9%	362,128	1.8%	430,488	2.1%	494,854	2.1%	2.1%
Hong Kong	267,254	1.4%	292,093	1.4%	302,901	1.5%	358,039	1.5%	1.5%
Australia	339,574	1.7%	365,592	1.8%	346,276	1.7%	418,963	1.8%	1.8%
Italy	696,896	3.5%	555,159	2.7%	489,181	2.4%	531,130	2.3%	2.3%
Singapore	661,189	3.4%	999,886	4.9%	660,953	3.3%	815,483	3.5%	3.5%
Belgium	261,623	1.3%	290,866	1.4%	340,407	1.7%	551,364	2.4%	2.4%
South Korea	523,645	2.7%	493,855	2.4%	382,316	1.9%	390,574	1.7%	1.7%
Taiwan	300,439	1.5%	400,663	1.9%	362,411	1.8%	425,471	1.8%	1.8%
Saudi Arabia	132,028	0.7%	215,917	1.0%	189,057	0.9%	378,871	1.6%	1.6%
Spain	204,335	1.0%	250,713	1.2%	299,094	1.5%	389,613	1.7%	1.7%
United Arab Emirates	132,148	0.7%	114,113	0.6%	119,962	0.6%	245,790	1.1%	1.1%
Sweden	105,412	0.5%	147,247	0.7%	161,719	0.8%	183,290	0.8%	0.8%
Turkey	197,951	1.0%	172,514	0.8%	160,155	0.8%	274,312	1.2%	1.2%
India	141,889	0.7%	160,489	0.8%	194,514	1.0%	263,352	1.1%	1.1%
Israel	172,633	0.9%	212,249	1.0%	242,082	1.2%	185,680	0.8%	0.8%
Denmark	284,524	1.4%	65,687	0.3%	75,562	0.4%	214,639	0.9%	0.9%

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.