

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

**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 Mississippi 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 Mississippi***

In 2007, total of 29,391 non-immigrant aliens came into Mississippi. Those in some selected categories are;

- 11,316 temporary visitors for pleasure
- 5,139 temporary visitors for business
- 252 treaty traders and investors
- 2,302 foreign students and dependant families
- 7,702 temporary foreign workers, trainees and dependant families
- 178 NAFTA professional workers and dependant families

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

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 Mississippi alone, there are 604 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 Mexico from Mississippi were \$ 1,253 million and \$ 736 million, respectively, in the past year. Third on the list of countries where Mississippi products are exported is Belgium. The increase in Mississippi exports may lead locally based companies to establish company representatives and sales personnel in those countries. Mississippi real estate professionals may decide that it's time to set up referral networks with counterparts in Canada, Mexico and Belgium.

Chemical Manufactures and Computers & Electronic Prod. were the top export industries in Mississippi. Those two industries combined account 34% of the entire exports from Mississippi. 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 Mississippi***

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 Mississippi, 657 newly admitted legal immigrants arrived in 2007. The largest group came from India (238). Other top countries of origin include:

- India (215)
- Philippines (161)
- China, People's Republic (137)
- Vietnam (85)

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, 657 immigrants to

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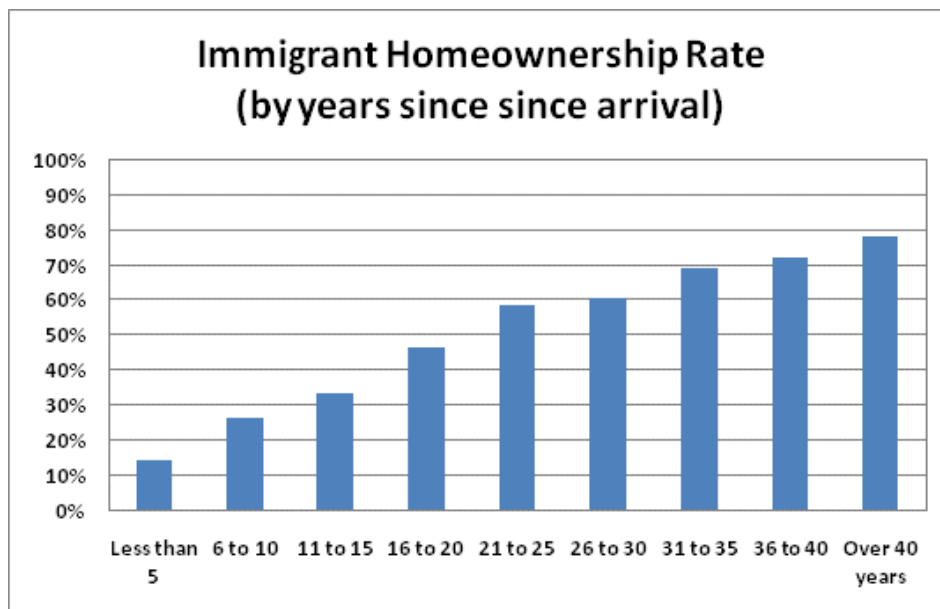
<sup>2</sup> There are contentious issues relating to swelling illegal immigration and assimilation, and this paper does not attempt to delve into this difficult topic.

Mississippi became U.S. citizens. Natives of India led with the highest number (99) of newly naturalized citizens in the state last year. Other top countries represented include:

- Vietnam (81)
- Mexico (58)
- Philippines (56)
- China, People's Republic (20)

As of 2007 there are 18,034 (0.6% of the state population) of naturalized citizens and 31,449 non-citizens (1.1% of the state population) in Mississippi. 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

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<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.

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.

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 Mississippi

	Total Population	U.S. Born Citizen	Foreign Born (%)	Naturalized Citizen	Non-U.S. Citizen	
Male	1,413,634	1,385,211	28,423	2.0%	9,139	19,284
18 and Over	1,021,319	995,563	25,756	2.5%	8,252	17,504
Under 18	392,315	389,648	2,667	0.7%	887	1,780
Female	1,505,151	1,484,091	21,060	1.4%	8,895	12,165
18 and Over	1,131,023	1,112,231	18,792	1.7%	8,136	10,656
Under 18	374,128	371,860	2,268	0.6%	759	1,509
<b>Total</b>	<b>2,918,785</b>	<b>2,869,302</b>	<b>49,483</b>	<b>1.7%</b>	<b>18,034</b>	<b>31,449</b>

Source: Census Bureau, American Community Survey 2007

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

	Total Population	U.S. Born Citizen	Foreign Born	Naturalized Citizen	Non-U.S. Citizen
2000 or later	23,631	1,805	21,826	2,265	19,561
1990 to 1999	14,144	3,115	11,029	2,962	8,067
Entered 1980 to 1989	9,320	3,204	6,116	4,026	2,090
Entered before 1980	18,266	7,754	10,512	8,781	1,731
<b>Total</b>	<b>65,361</b>	<b>15,878</b>	<b>49,483</b>	<b>18,034</b>	<b>31,449</b>

Source: Census Bureau, American Community Survey 2007

### Main Languages Spoken in Households

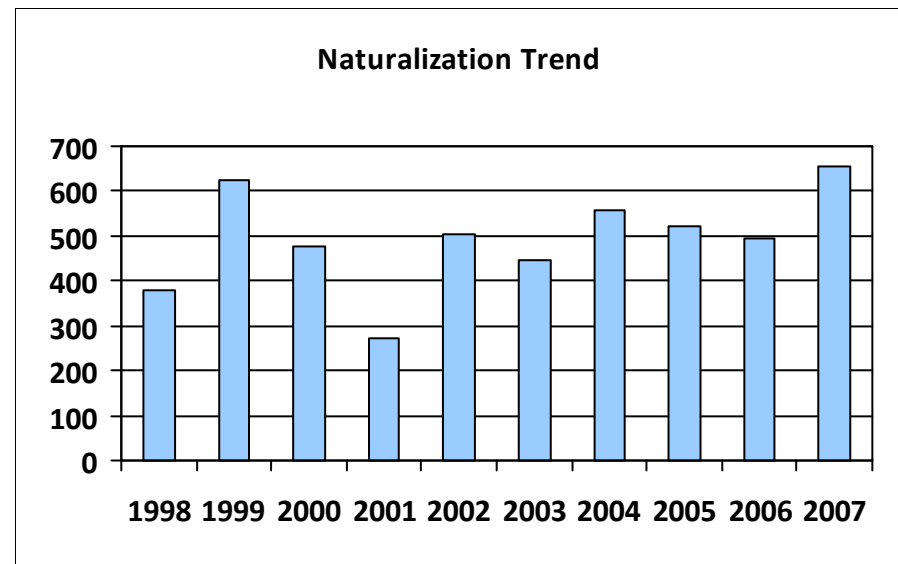
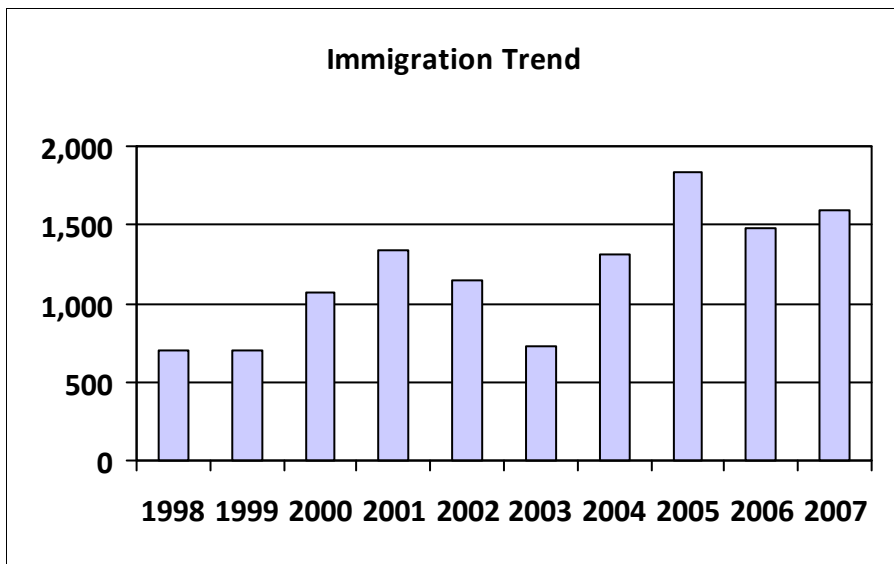
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	1,032,614		
Spanish	26,876	5,861	21,015
Indo-European	10,738	672	10,066
Asian-Pacific	6,167	2,020	4,147
Other	3,644	571	3,073
<b>Total</b>	<b>1,080,039</b>	<b>9,124</b>	<b>38,301</b>

Source: Census Bureau, American Community Survey 2007

**Immigration and Naturalization Trend in Mississippi**

Year	Admitted Immigrants	Naturalization
1998	695	378
1999	696	624
2000	1,074	475
2001	1,338	270
2002	1,145	506
2003	729	445
2004	1,312	557
2005	1,829	520
2006	1,480	495
2007	1,593	657

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

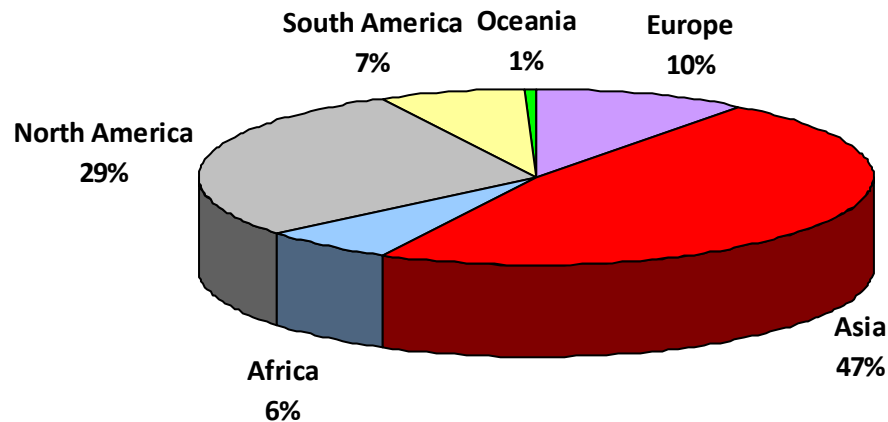


**2007 Immigration to Mississippi by Country of Birth**

										Total	1,593
<b>Europe</b>	<b>165</b>	<b>Asia</b>	<b>751</b>	<b>Africa</b>	<b>99</b>	<b>North America</b>	<b>456</b>	<b>South America</b>	<b>110</b>	<b>Oceania</b>	<b>9</b>
United Kingdom	28	India	215	Nigeria	22	Mexico	238	Colombia	35	Australia	6
Germany	24	Philippines	161	Morocco	13	Jamaica	47	Peru	18		
Russia	24	China	137	Egypt	9	Guatemala	44	Venezuela	17		
Ukraine	10	Vietnam	85	Cameroon	8	Canada	36	Argentina	10		
Romania	9	Japan	21	South Africa	7	Cuba	18	Brazil	9		
Soviet Union, frm	9	Korea	20	Ghana	6	Panama	17	Chile	7		
Bulgaria	6	Yemen	17	Burundi	5	Honduras	12	Ecuador	7		
Poland	4	Pakistan	14	Ethiopia	5	Bahamas	9	Guyana	3		
Serbia - Montenegro	4	Thailand	14	Sudan	4	Costa Rica	8				

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

**2007 Immigration to Mississippi by Origination Region**

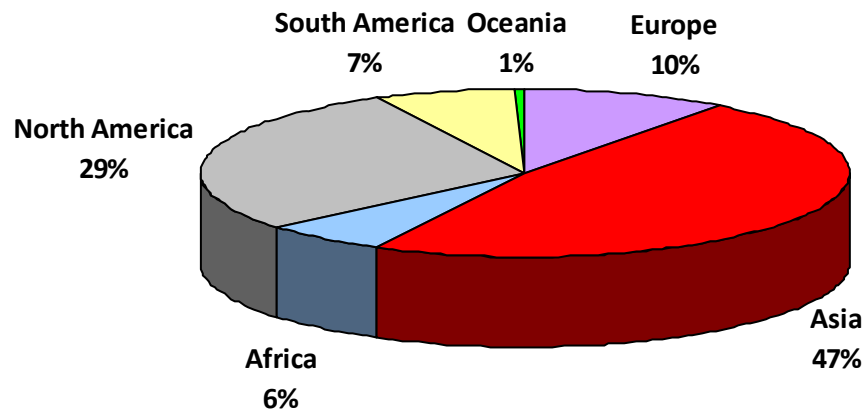


**2007 Naturalization in Mississippi by Country of Birth**

										Total	657
<b>Europe</b>	<b>74</b>	<b>Asia</b>	<b>345</b>	<b>Africa</b>	<b>50</b>	<b>North America</b>	<b>140</b>	<b>South America</b>	<b>41</b>	<b>Oceania</b>	<b>4</b>
United Kingdom	12	India	99	Nigeria	13	Mexico	58	Brazil	10	Australia	3
Romania	8	Vietnam	81	Sudan	8	Canada	13	Colombia	10		
Germany	7	Philippines	56	Egypt	6	Jamaica	11	Peru	5		
Russia	6	China	20	South Africa	6	Cuba	10	Venezuela	5		
Netherlands	5	Thailand	12	Morocco	5	El Salvador	10	Argentina	3		
Ukraine	5	Korea	11	Ethiopia	3	Honduras	8	Ecuador	3		
Bosnia - Herzegovina	3	Pakistan	10			Panama	6				
Bulgaria	3	Malaysia	7			Haiti	5				
Hungary	3	Jordan	6			Belize	3				

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

**2007 Naturalization in Mississippi by Origination Region**



## Nonimmigrant Visitors to Mississippi

	2005	2006	2007
<b>Total</b>	<b>23,743</b>	<b>25,197</b>	<b>29,391</b>
Foreign government officials and families	300	226	297
Temporary visitors: for business	3,930	4,563	5,139
Temporary visitors: for pleasure	9,946	9,359	11,316
Transit aliens	252	232	242
Treaty traders and investors	232	247	252
Students and dependant family	1,874	2,023	2,302
Representatives to international organizations and families	15	13	5
Temporary workers and trainees, dependent family	831	6,783	7,702
Representatives of foreign information media and families	32	15	35
Students and exchange visitors, and dependant family	1,107	918	1,157
Fiances/spouses of U.S. citizens and their children	164	166	158
Intracompany transferees and dependant family	218	178	259
Vocational students and dependant family	139	115	149
NATO officials and families	3	44	59
NAFTA professional workers and dependant family	131	162	178
Fiances/spouses of permanent residents and their children	43	27	20
All other classes	113	121	111

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

## Foreign Direct Investment Established in Mississippi

	U.S.	Mississippi
All industries	118588	604
Mining	1107	8
Utilities	815	2
Construction	1082	4
Manufacturing	10322	84
Wholesale trade	15798	85
Retail trade	30540	148
Transportation and warehousing	5468	34
Information	5046	16
Finance: Depository credit intermediation	3263	0
Finance: Insurance	3709	21
Real estate and rental and leasing	1890	14
Professional and technical services	4275	10
Accommodation and food services	15255	77
Other	16824	77

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

## Mississippi Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, ** 2006-2007
<b>Mississippi Exports Total</b>	<b>3,179,374</b>	<b>0.4%</b>	<b>4,007,571</b>	<b>0.4%</b>	<b>4,673,796</b>	<b>0.5%</b>	<b>5,170,098</b>	<b>0.4%</b>	<b>0.4%</b>
Chemical Manufactures	740,532	23.3%	698,667	17.4%	778,759	16.7%	1,003,909	19.4%	19.4%
Computers & Electronic Prod.	56,024	1.8%	278,280	6.9%	504,991	10.8%	739,854	14.3%	14.3%
Crop Production	231,729	7.3%	242,713	6.1%	388,440	8.3%	695,505	13.5%	13.5%
Paper Products	434,601	13.7%	429,427	10.7%	462,871	9.9%	502,708	9.7%	9.7%
Machinery Manufactures	498,856	15.7%	345,089	8.6%	383,149	8.2%	482,532	9.3%	9.3%
Transportation Equipment	255,275	8.0%	804,131	20.1%	791,339	16.9%	465,296	9.0%	9.0%
Petroleum & Coal Products	96,434	3.0%	238,208	5.9%	419,220	9.0%	275,709	5.3%	5.3%
Elec. Eq., Appliances & Parts	108,624	3.4%	143,697	3.6%	152,304	3.3%	149,434	2.9%	2.9%
Processed Foods	130,609	4.1%	151,063	3.8%	108,711	2.3%	134,240	2.6%	2.6%
Plastic & Rubber Products	78,115	2.5%	92,865	2.3%	104,181	2.2%	112,672	2.2%	2.2%
Furniture & Related Products	115,478	3.6%	113,320	2.8%	109,125	2.3%	106,361	2.1%	2.1%
Wood Products	76,507	2.4%	78,708	2.0%	93,286	2.0%	99,660	1.9%	1.9%
Fabricated Metal Products	71,457	2.2%	83,497	2.1%	99,747	2.1%	96,328	1.9%	1.9%
Fabric Mill Products	86,038	2.7%	114,402	2.9%	82,317	1.8%	79,470	1.5%	1.5%
Misc. Manufactures	45,887	1.4%	36,304	0.9%	39,038	0.8%	50,995	1.0%	1.0%
Spec. Classification Provisions	6,204	0.2%	5,228	0.1%	6,307	0.1%	40,660	0.8%	0.8%
Primary Metal Manufactures	16,635	0.5%	16,389	0.4%	27,086	0.6%	36,922	0.7%	0.7%
Apparel Manufactures	40,617	1.3%	37,036	0.9%	28,059	0.6%	26,130	0.5%	0.5%
Non-Metallic Mineral Mfgs.	45,507	1.4%	40,099	1.0%	31,570	0.7%	18,496	0.4%	0.4%
Waste & Scrap	5,199	0.2%	5,094	0.1%	14,854	0.3%	8,941	0.2%	0.2%
Mining	7,653	0.2%	10,099	0.3%	9,182	0.2%	8,788	0.2%	0.2%
Printing & Related Products	5,611	0.2%	13,410	0.3%	6,803	0.1%	8,575	0.2%	0.2%
Non-Apparel Textile Products	8,391	0.3%	6,381	0.2%	5,534	0.1%	5,895	0.1%	0.1%
Forestry & Logging	3,187	0.1%	1,500	0.0%	1,496	0.0%	5,890	0.1%	0.1%
Used Merchandise	1,081	0.0%	2,878	0.1%	3,114	0.1%	4,971	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.

## Mississippi Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
<b>World Total</b>	<b>3,179,374</b>	<b>0.4%</b>	<b>4,007,571</b>	<b>0.4%</b>	<b>4,673,796</b>	<b>0.5%</b>	<b>5,170,098</b>	<b>0.4%</b>	<b>0.4%</b>
Canada	718,452	22.6%	896,051	22.4%	1,068,684	22.9%	1,252,800	24.2%	24.2%
Mexico	466,153	14.7%	535,071	13.4%	670,714	14.4%	735,997	14.2%	14.2%
Belgium	242,331	7.6%	228,208	5.7%	200,722	4.3%	235,673	4.6%	4.6%
China	116,014	3.6%	164,793	4.1%	267,905	5.7%	349,223	6.8%	6.8%
Germany	70,445	2.2%	91,652	2.3%	80,287	1.7%	120,484	2.3%	2.3%
Hong Kong	63,151	2.0%	45,191	1.1%	51,531	1.1%	62,998	1.2%	1.2%
United Kingdom	110,051	3.5%	196,963	4.9%	368,332	7.9%	188,848	3.7%	3.7%
Honduras	63,298	2.0%	62,409	1.6%	71,474	1.5%	72,756	1.4%	1.4%
South Korea	47,519	1.5%	60,527	1.5%	51,638	1.1%	56,048	1.1%	1.1%
Japan	60,869	1.9%	54,569	1.4%	63,332	1.4%	72,981	1.4%	1.4%
Brazil	90,730	2.9%	65,871	1.6%	84,126	1.8%	141,800	2.7%	2.7%
Dominican Republic	53,355	1.7%	56,071	1.4%	69,114	1.5%	69,496	1.3%	1.3%
Spain	42,313	1.3%	56,456	1.4%	41,897	0.9%	48,484	0.9%	0.9%
Guatemala	70,411	2.2%	71,492	1.8%	56,582	1.2%	58,047	1.1%	1.1%
France	42,369	1.3%	53,538	1.3%	56,143	1.2%	47,237	0.9%	0.9%
Turkey	38,680	1.2%	38,410	1.0%	133,567	2.9%	232,784	4.5%	4.5%
Singapore	38,569	1.2%	73,720	1.8%	103,385	2.2%	128,011	2.5%	2.5%
Australia	17,733	0.6%	28,935	0.7%	27,872	0.6%	48,288	0.9%	0.9%
Saudi Arabia	16,050	0.5%	226,876	5.7%	166,163	3.6%	62,970	1.2%	1.2%
El Salvador	17,909	0.6%	11,233	0.3%	32,872	0.7%	48,948	0.9%	0.9%
Pakistan	34,811	1.1%	13,361	0.3%	18,625	0.4%	51,186	1.0%	1.0%
United Arab Emirates	11,374	0.4%	188,975	4.7%	241,110	5.2%	127,609	2.5%	2.5%
Chile	11,781	0.4%	27,230	0.7%	17,809	0.4%	109,964	2.1%	2.1%
Kuwait	5,305	0.2%	30,336	0.8%	12,191	0.3%	68,103	1.3%	1.3%
Ecuador	7,249	0.2%	4,178	0.1%	38,212	0.8%	68,787	1.3%	1.3%

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.