

Business Data for Engaging in International Real Estate Transactions in Colorado

November 2008

Produced By: NAR Research

An abstract graphic at the bottom of the page consists of several overlapping, semi-transparent geometric shapes 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 Colorado 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 Colorado

In 2007, total of 420,822 non-immigrant aliens came into Colorado. Those in some selected categories are;

- 303,961 temporary visitors for pleasure
- 70,286 temporary visitors for business
- 1,366 treaty traders and investors
- 7,288 foreign students and dependant families
- 17,860 temporary foreign workers, trainees and dependant families
- 1,253 NAFTA professional workers and dependant families

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

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 Colorado alone, there are 2,259 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 Colorado were \$ 1,774 million and \$ 359 million, respectively, in the past year. Third on the list of countries where Colorado products are exported is Mexico. The increase in Colorado exports may lead locally based companies to establish company representatives and sales personnel in those countries. Colorado real estate professionals may decide that it's time to set up referral networks with counterparts in Canada, Japan and Mexico.

Computers & Electronic Prod. and Processed Foods were the top export industries in Colorado. Those two industries combined account 53% of the entire exports from Colorado. 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 Colorado

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 Colorado, 7,829 newly admitted legal immigrants arrived in 2007. The largest group came from Mexico (2,931). Other top countries of origin include:

- China, People's Republic (705)
- Ethiopia (556)
- Vietnam (455)
- India (397)

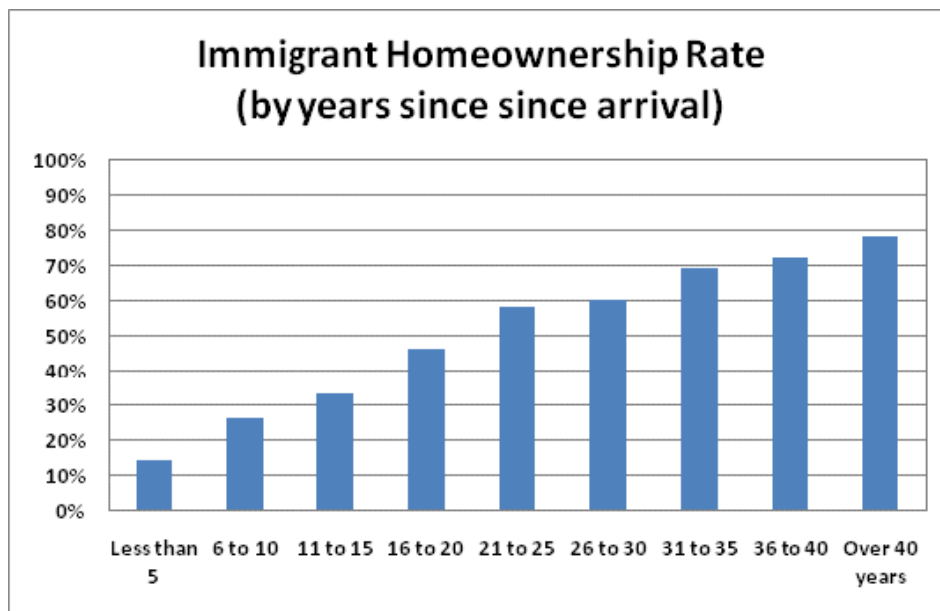
Real estate professionals may want to consider assisting, participating or setting up a network partner with these communities to open up business opportunities. In 2007, 7,829 immigrants to Colorado became U.S. citizens. Natives of Mexico led with the highest number (2,466) of newly naturalized citizens 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.

- Vietnam (469)
- India (359)
- China, People's Republic (271)
- Ethiopia (244)

As of 2007 there are 152,957 (3.1% of the state population) of naturalized citizens and 332,213 non-citizens (6.8% of the state population) in Colorado. 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 Colorado

	Total Population	U.S. Born Citizen	Foreign Born (%)	Naturalized Citizen	Non-U.S. Citizen	
Male	2,451,108	2,197,150	253,958	10.4%	72,359	181,599
18 and Over	1,840,981	1,612,538	228,443	12.4%	69,782	158,661
Under 18	610,127	584,612	25,515	4.2%	2,577	22,938
Female	2,410,407	2,179,195	231,212	9.6%	80,598	150,614
18 and Over	1,828,395	1,622,847	205,548	11.2%	75,810	129,738
Under 18	582,012	556,348	25,664	4.4%	4,788	20,876
Total	4,861,515	4,376,345	485,170	10.0%	152,957	332,213

Source: Census Bureau, American Community Survey 2007

Foreign Born Population in Colorado by Year of Entry

	Total Population	U.S. Born Citizen	Foreign Born	Naturalized Citizen	Non-U.S. Citizen
2000 or later	165,752	7,125	158,627	10,362	148,265
1990 to 1999	170,298	11,731	158,567	38,894	119,673
Entered 1980 to 1989	94,838	12,549	82,289	40,852	41,437
Entered before 1980	117,786	32,099	85,687	62,849	22,838
Total	548,674	63,504	485,170	152,957	332,213

Source: Census Bureau, American Community Survey 2007

Main Languages Spoken in Households

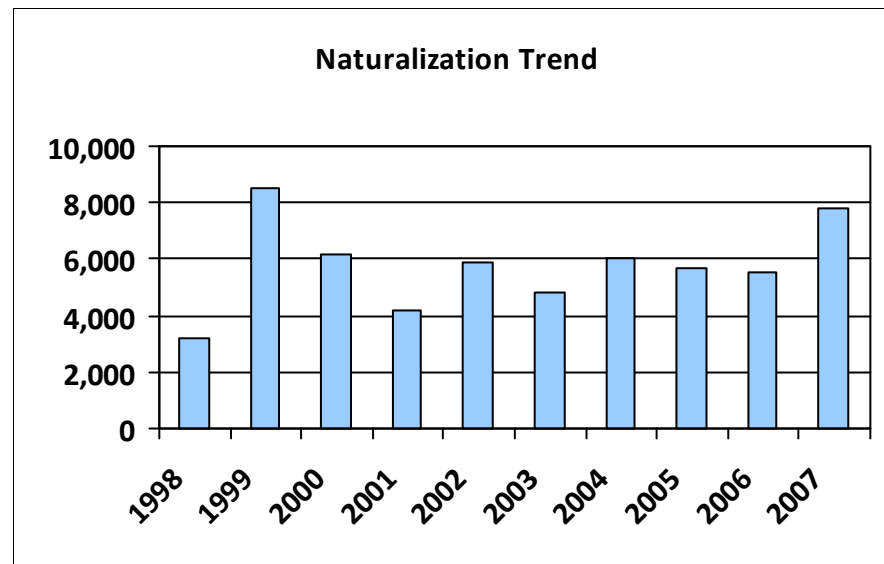
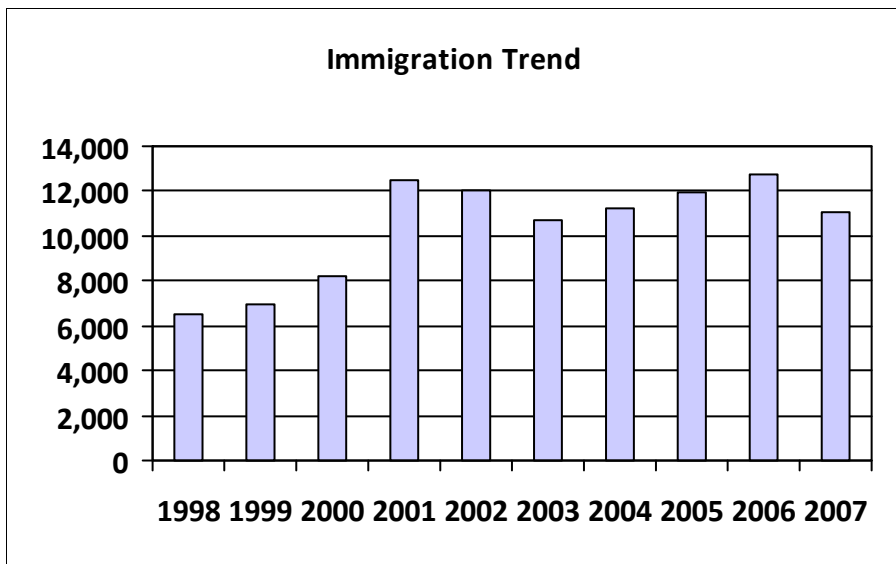
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	1,525,037		
Spanish	222,242	58,512	163,730
Indo-European	64,020	5,286	58,734
Asian-Pacific	36,329	8,427	27,902
Other	12,337	1,958	10,379
Total	1,859,965	74,183	260,745

Source: Census Bureau, American Community Survey 2007

Immigration and Naturalization Trend in Colorado

Year	Admitted Immigrants	Naturalization
1998	6,497	3,224
1999	6,965	8,541
2000	8,167	6,136
2001	12,451	4,210
2002	12,027	5,875
2003	10,661	4,833
2004	11,255	6,007
2005	11,975	5,681
2006	12,713	5,526
2007	11,039	7,829

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

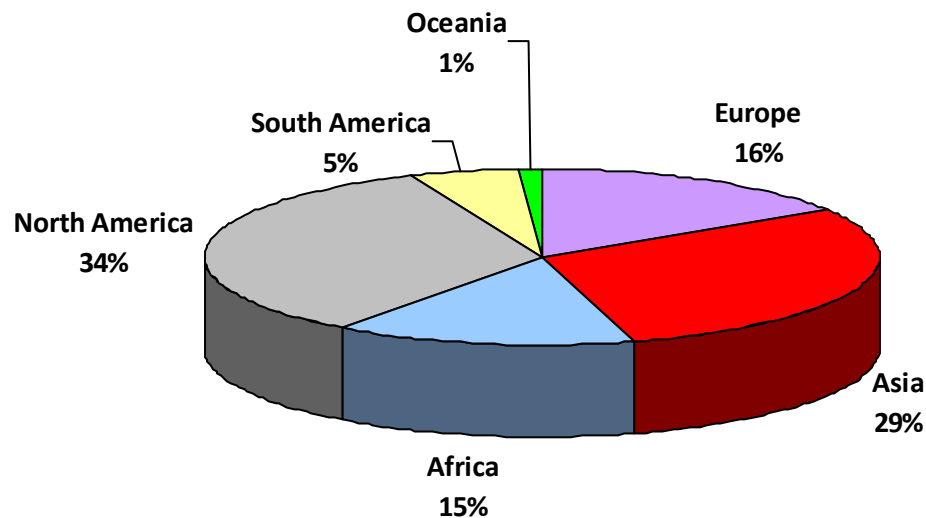


2007 Immigration to Colorado by Country of Birth

										Total	11,039
Europe	1,780	Asia	3,237	Africa	1,608	North America	3,699	South America	570	Oceania	134
Russia	271	China	705	Ethiopia	556	Mexico	2,931	Peru	183	Australia	86
United Kingdom	250	Vietnam	455	Sudan	110	Canada	248	Brazil	111	New Zealand	31
Ukraine	152	India	397	Somalia	97	Guatemala	177	Colombia	103	Fiji	3
Germany	125	Philippines	362	Ghana	95	El Salvador	124	Venezuela	67	Tonga	3
Poland	79	Korea	262	Nigeria	86	Honduras	46	Argentina	43		
Soviet Union, frm	76	Nepal	205	Morocco	84	Jamaica	38	Chile	24		
Romania	64	Uzbekistan	148	South Africa	80	Cuba	31	Ecuador	21		
Bulgaria	55	Iran	98	Kenya	73	Haiti	29	Bolivia	6		
Belarus	53	Japan	83	Eritrea	55	Panama	18	Guyana	5		

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

2007 Immigration to Colorado by Origination Region

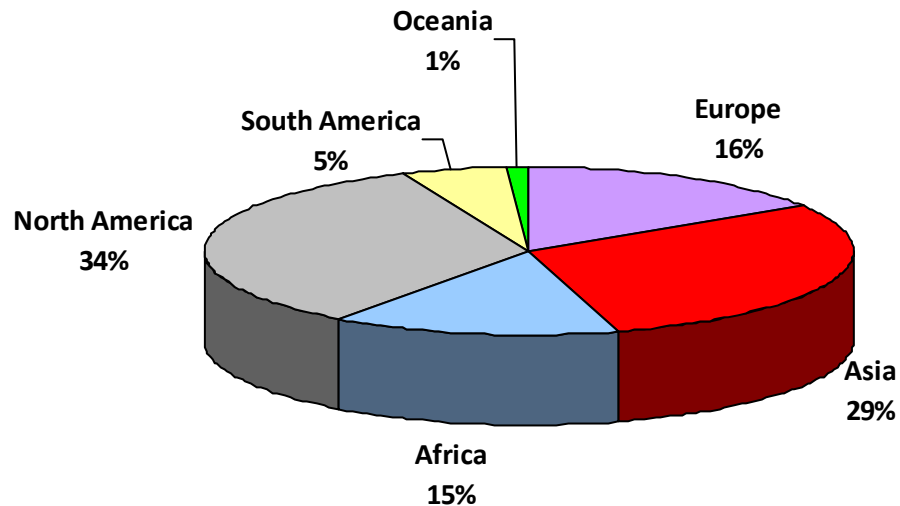


2007 Naturalization in Colorado by Country of Birth

										Total	7,829
Europe	1,420	Asia	2,245	Africa	784	North America	2,959	South America	366	Oceania	50
Russia	210	Vietnam	469	Ethiopia	244	Mexico	2,466	Peru	105	Australia	26
United Kingdom	165	India	359	Sudan	91	Canada	186	Colombia	72	New Zealand	14
Ukraine	153	China	271	South Africa	74	El Salvador	91	Venezuela	51	Samoa	4
Bosnia - Herzegovina	118	Korea	214	Morocco	72	Guatemala	70	Brazil	36		
Germany	104	Philippines	200	Ghana	60	Honduras	30	Argentina	30		
Poland	82	Iran	86	Nigeria	48	Nicaragua	19	Ecuador	28		
Bulgaria	53	Thailand	66	Eritrea	34	Jamaica	18	Chile	16		
Belarus	37	Taiwan	58	Somalia	24	Cuba	15	Bolivia	15		
Soviet Union, frm	37	Laos	55	Egypt	18	Haiti	14	Guyana	10		

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

2007 Naturalization in Colorado by Origination Region



Nonimmigrant Visitors to Colorado

	2005	2006	2007
Total	322,198	355,991	420,822
Foreign government officials and families	1,100	1,215	1,136
Temporary visitors: for business	51,258	59,039	70,286
Temporary visitors: for pleasure	235,089	256,544	303,961
Transit aliens	129	158	167
Treaty traders and investors	970	1,145	1,366
Students and dependant family	5,436	6,487	7,288
Representatives to international organizations and families	47	63	82
Temporary workers and trainees, dependent family	6,106	15,716	17,860
Representatives of foreign information media and families	317	305	344
Students and exchange visitors, and dependant family	7,360	8,194	9,730
Fiances/spouses of U.S. citizens and their children	849	838	761
Intracompany transferees and dependant family	2,583	2,504	3,199
Vocational students and dependant family	1,258	1,317	1,601
NATO officials and families	9	239	293
NAFTA professional workers and dependant family	947	1,050	1,253
Fiances/spouses of permanent residents and their children	436	296	226
All other classes	1,669	876	1,265

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

Foreign Direct Investment Established in Colorado

	U.S.	Colorado
All industries	118588	2259
Mining	1107	53
Utilities	815	3
Construction	1082	42
Manufacturing	10322	129
Wholesale trade	15798	281
Retail trade	30540	778
Transportation and warehousing	5468	74
Information	5046	111
Finance: Depository credit intermediation	3263	5
Finance: Insurance	3709	61
Real estate and rental and leasing	1890	62
Professional and technical services	4275	82
Accommodation and food services	15255	250
Other	16824	266

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

Colorado Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, ** 2006-2007
Colorado Exports Total	6,650,999	0.8%	6,783,559	0.8%	7,955,966	0.8%	7,350,176	0.6%	0.6%
Computers & Electronic Prod.	3,913,110	58.8%	3,549,315	52.3%	4,036,687	50.7%	3,058,171	41.6%	41.6%
Processed Foods	460,772	6.9%	523,555	7.7%	675,637	8.5%	831,830	11.3%	11.3%
Machinery Manufactures	552,377	8.3%	596,667	8.8%	720,647	9.1%	681,792	9.3%	9.3%
Chemical Manufactures	428,962	6.4%	610,825	9.0%	706,974	8.9%	645,072	8.8%	8.8%
Misc. Manufactures	181,562	2.7%	225,937	3.3%	287,415	3.6%	316,989	4.3%	4.3%
Primary Metal Manufactures	100,640	1.5%	145,428	2.1%	206,011	2.6%	264,340	3.6%	3.6%
Transportation Equipment	286,488	4.3%	266,225	3.9%	264,959	3.3%	248,135	3.4%	3.4%
Fabricated Metal Products	98,537	1.5%	121,497	1.8%	172,125	2.2%	195,151	2.7%	2.7%
Mining	48,037	0.7%	63,396	0.9%	50,940	0.6%	188,487	2.6%	2.6%
Elec. Eq., Appliances & Parts	94,977	1.4%	109,513	1.6%	140,898	1.8%	178,297	2.4%	2.4%
Plastic & Rubber Products	73,036	1.1%	91,645	1.4%	122,749	1.5%	121,305	1.7%	1.7%
Waste & Scrap	23,045	0.3%	33,892	0.5%	66,363	0.8%	89,770	1.2%	1.2%
Spec. Classification Provisions	62,678	0.9%	65,049	1.0%	60,753	0.8%	66,393	0.9%	0.9%
Oil & Gas Extraction	33,437	0.5%	66,594	1.0%	87,107	1.1%	65,645	0.9%	0.9%
Non-Metallic Mineral Mfgs.	61,297	0.9%	62,928	0.9%	71,075	0.9%	64,962	0.9%	0.9%
Printing & Related Products	50,413	0.8%	40,061	0.6%	48,476	0.6%	53,952	0.7%	0.7%
Petroleum & Coal Products	23,762	0.4%	35,937	0.5%	33,214	0.4%	40,033	0.5%	0.5%
Non-Apparel Textile Products	17,895	0.3%	20,654	0.3%	27,250	0.3%	37,292	0.5%	0.5%
Crop Production	22,103	0.3%	24,634	0.4%	28,520	0.4%	29,656	0.4%	0.4%
Used Merchandise	15,857	0.2%	16,751	0.2%	26,698	0.3%	29,154	0.4%	0.4%
Paper Products	35,969	0.5%	35,995	0.5%	33,674	0.4%	28,280	0.4%	0.4%
Furniture & Related Products	10,614	0.2%	12,596	0.2%	16,476	0.2%	25,716	0.3%	0.3%
Leather & Related Products	17,394	0.3%	19,848	0.3%	22,612	0.3%	25,268	0.3%	0.3%
Wood Products	3,333	0.1%	3,366	0.0%	5,741	0.1%	19,252	0.3%	0.3%
Fabric Mill Products	9,576	0.1%	9,951	0.1%	15,180	0.2%	14,471	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.

Colorado Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
World Total	6,650,999	0.8%	6,783,559	0.8%	7,955,966	0.8%	7,350,176	0.6%	0.6%
Canada	1,660,429	25.0%	1,807,467	26.6%	1,849,336	23.2%	1,773,612	24.1%	24.1%
Japan	411,334	6.2%	384,343	5.7%	399,498	5.0%	359,049	4.9%	4.9%
Mexico	689,402	10.4%	849,000	12.5%	1,020,143	12.8%	949,925	12.9%	12.9%
South Korea	341,930	5.1%	273,771	4.0%	240,204	3.0%	181,644	2.5%	2.5%
Germany	272,148	4.1%	277,868	4.1%	370,727	4.7%	315,016	4.3%	4.3%
United Kingdom	253,548	3.8%	240,525	3.5%	221,017	2.8%	253,723	3.5%	3.5%
France	250,052	3.8%	224,885	3.3%	219,476	2.8%	183,384	2.5%	2.5%
Singapore	187,198	2.8%	156,084	2.3%	177,781	2.2%	126,459	1.7%	1.7%
Hong Kong	227,968	3.4%	204,537	3.0%	216,689	2.7%	188,858	2.6%	2.6%
Netherlands	236,729	3.6%	243,548	3.6%	180,582	2.3%	294,234	4.0%	4.0%
Taiwan	255,126	3.8%	205,682	3.0%	706,673	8.9%	329,073	4.5%	4.5%
Malaysia	309,549	4.7%	246,070	3.6%	242,385	3.0%	206,753	2.8%	2.8%
China	356,218	5.4%	355,689	5.2%	583,716	7.3%	487,963	6.6%	6.6%
Australia	140,772	2.1%	222,849	3.3%	217,659	2.7%	157,379	2.1%	2.1%
Ireland	53,846	0.8%	71,799	1.1%	55,706	0.7%	48,421	0.7%	0.7%
Philippines	169,443	2.5%	77,375	1.1%	131,997	1.7%	204,793	2.8%	2.8%
Switzerland	75,796	1.1%	78,933	1.2%	147,292	1.9%	137,156	1.9%	1.9%
Thailand	71,191	1.1%	81,570	1.2%	89,511	1.1%	90,720	1.2%	1.2%
Brazil	57,872	0.9%	82,921	1.2%	86,655	1.1%	104,219	1.4%	1.4%
Italy	63,661	1.0%	67,651	1.0%	64,118	0.8%	63,163	0.9%	0.9%
Belgium	65,081	1.0%	75,059	1.1%	84,983	1.1%	133,974	1.8%	1.8%
Spain	29,119	0.4%	31,598	0.5%	38,095	0.5%	40,366	0.5%	0.5%
India	53,190	0.8%	72,590	1.1%	89,184	1.1%	103,186	1.4%	1.4%
Israel	24,962	0.4%	39,483	0.6%	56,126	0.7%	51,731	0.7%	0.7%
Russian Federation	8,676	0.1%	12,914	0.2%	19,147	0.2%	37,591	0.5%	0.5%

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.