

Business Data for Engaging in International Real Estate Transactions in New Jersey

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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 New Jersey 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 New Jersey

In 2007, total of 883,395 non-immigrant aliens came into New Jersey. Those in some selected categories are;

- 555,822 temporary visitors for pleasure
- 159,185 temporary visitors for business
- 11,811 treaty traders and investors
- 21,372 foreign students and dependant families
- 58,948 temporary foreign workers, trainees and dependant families
- 3,805 NAFTA professional workers and dependant families

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

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 New Jersey alone, there are 4,216 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 United Kingdom from New Jersey were \$ 6,239 million and \$ 2,526 million, respectively, in the past year. Third on the list of countries where New Jersey products are exported is Japan. The increase in New Jersey exports may lead locally based companies to establish company representatives and sales personnel in those countries. New Jersey real estate professionals may decide that it's time to set up referral networks with counterparts in Canada, United Kingdom and Japan.

Chemical Manufactures and Primary Metal Manufactures were the top export industries in New Jersey. Those two industries combined account 38% of the entire exports from New Jersey. 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 New Jersey

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 New Jersey, 35,235 newly admitted legal immigrants arrived in 2007. The largest group came from India (7,477). Other top countries of origin include:

- Dominican Republic (4,200)
- Philippines (3,174)
- Colombia (2,867)
- China, People's Republic (2,394)

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, 35,235 immigrants to

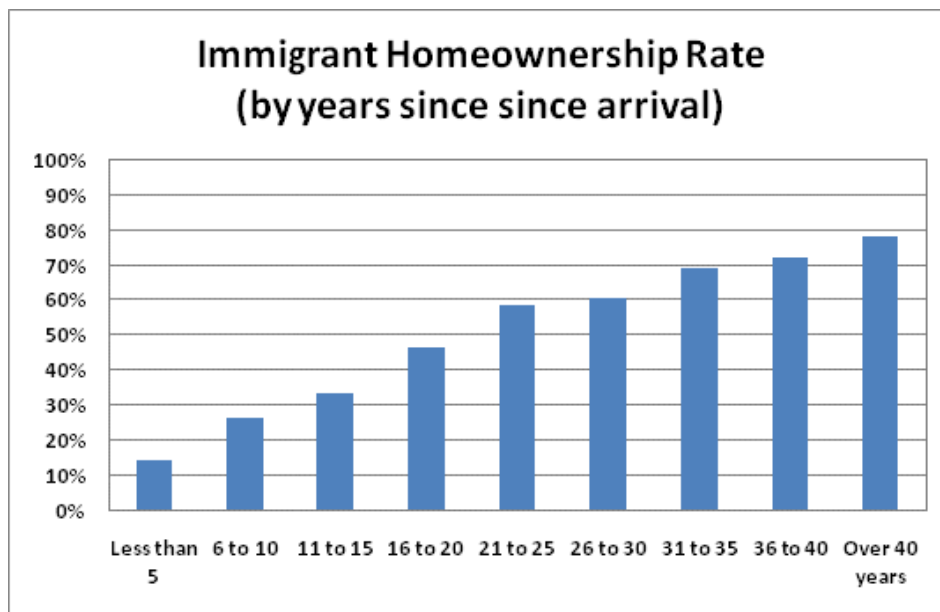
² There are contentious issues relating to swelling illegal immigration and assimilation, and this paper does not attempt to delve into this difficult topic.

New Jersey became U.S. citizens. Natives of India led with the highest number (5,809) of newly naturalized citizens in the state last year. Other top countries represented include:

- Dominican Republic (2,939)
- Philippines (1,801)
- Colombia (1,626)
- China, People's Republic (1,486)

As of 2007 there are 886,921 (10.2% of the state population) of naturalized citizens and 844,281 non-citizens (9.7% of the state population) in New Jersey. 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

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.

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

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 New Jersey

	Total Population	U.S. Born Citizen	Foreign Born (%)	Naturalized Citizen	Non-U.S. Citizen	
Male	4,251,992	3,391,171	860,821	20.2%	426,611	434,210
18 and Over	3,191,227	2,388,868	802,359	25.1%	410,460	391,899
Under 18	1,060,765	1,002,303	58,462	5.5%	16,151	42,311
Female	4,433,928	3,563,547	870,381	19.6%	460,310	410,071
18 and Over	3,431,925	2,617,158	814,767	23.7%	445,155	369,612
Under 18	1,002,003	946,389	55,614	5.6%	15,155	40,459
Total	8,685,920	6,954,718	1,731,202	19.9%	886,921	844,281

Source: Census Bureau, American Community Survey 2007

Foreign Born Population in New Jersey by Year of Entry

	Total Population	U.S. Born Citizen	Foreign Born	Naturalized Citizen	Non-U.S. Citizen
2000 or later	470,787	26,471	444,316	47,127	397,189
1990 to 1999	548,690	36,560	512,130	227,645	284,485
Entered 1980 to 1989	400,814	35,761	365,053	257,770	107,283
Entered before 1980	507,688	97,985	409,703	354,379	55,324
Total	1,927,979	196,777	1,731,202	886,921	844,281

Source: Census Bureau, American Community Survey 2007

Main Languages Spoken in Households

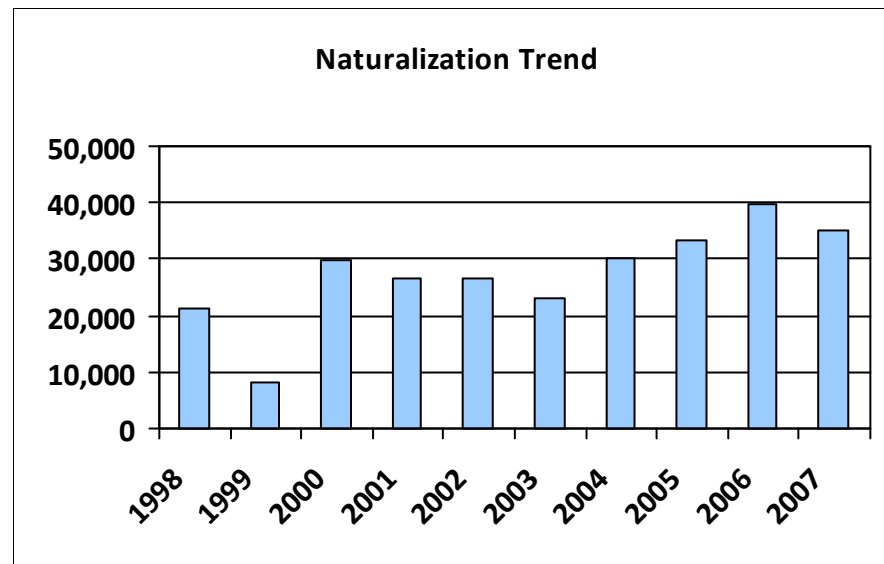
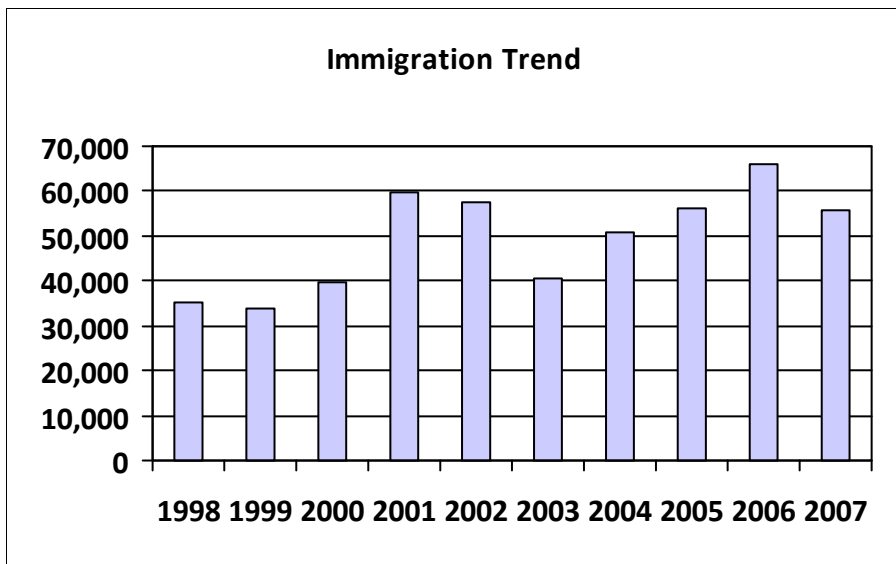
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	2,236,157		
Spanish	422,598	125,651	296,947
Indo-European	307,781	58,597	249,184
Asian-Pacific	140,346	35,123	105,223
Other	43,028	6,752	36,276
Total	3,149,910	226,123	687,630

Source: Census Bureau, American Community Survey 2007

Immigration and Naturalization Trend in New Jersey

Year	Admitted Immigrants	Naturalization
1998	35,044	21,258
1999	34,008	8,279
2000	39,778	29,918
2001	59,587	26,730
2002	57,478	26,760
2003	40,699	22,968
2004	50,699	30,291
2005	56,176	33,160
2006	65,931	39,801
2007	55,834	35,235

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

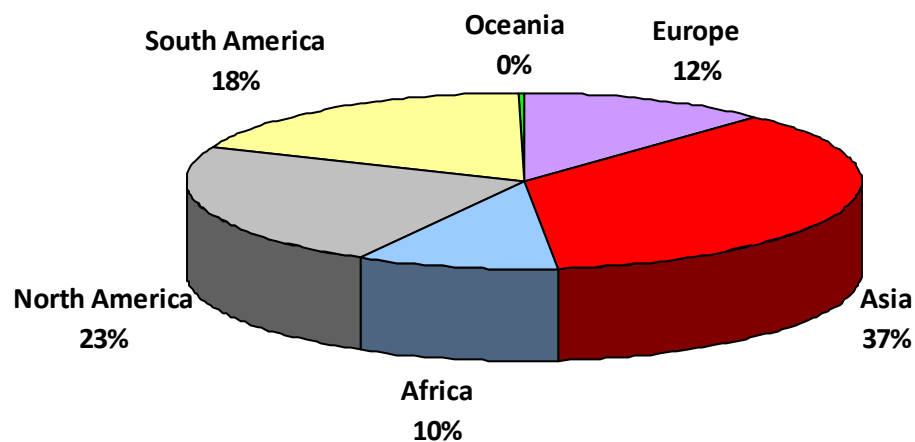


2007 Immigration to New Jersey by Country of Birth

										Total	55,834
Europe	6,736	Asia	20,264	Africa	5,360	North America	13,090	South America	10,211	Oceania	111
Poland	1,234	India	7,477	Egypt	1,798	Dominican Republic	4,200	Colombia	2,867	Australia	79
United Kingdom	702	Philippines	3,174	Nigeria	803	Haiti	2,301	Peru	2,276	New Zealand	24
Ukraine	623	China	2,394	Ghana	708	Mexico	1,238	Ecuador	2,232	Fiji	5
Russia	350	Korea	1,756	Liberia	416	Jamaica	1,192	Brazil	1,174		
Soviet Union, frm	318	Pakistan	909	Kenya	324	Cuba	672	Guyana	457		
Macedonia	270	Bangladesh	690	Morocco	237	Guatemala	641	Venezuela	357		
Germany	268	Turkey	599	Sierra Leone	150	El Salvador	630	Argentina	304		
Portugal	255	Taiwan	445	Ethiopia	114	Canada	509	Uruguay	240		
Albania	226	Vietnam	439	South Africa	96	Trinidad - Tobago	479	Chile	146		

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

2007 Immigration to New Jersey by Origination Region

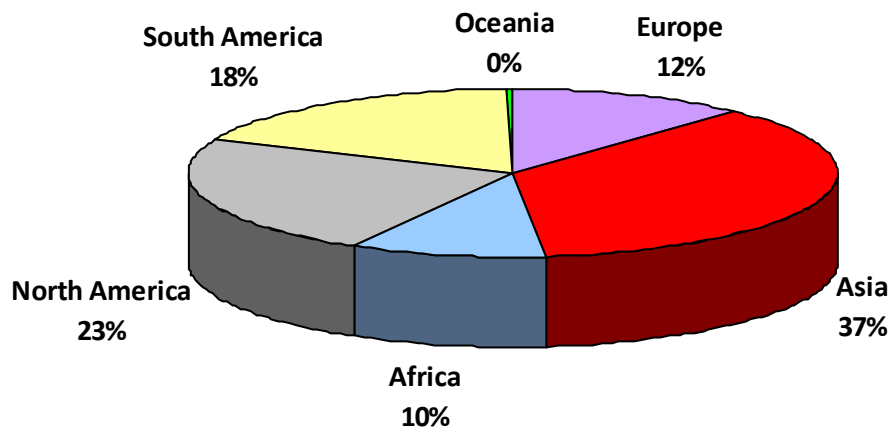


2007 Naturalization in New Jersey by Country of Birth

										Total	35,235
Europe	5,105	Asia	13,873	Africa	2,222	North America	8,187	South America	5,789	Oceania	44
Poland	970	India	5,809	Egypt	558	Dominican Republic	2,939	Colombia	1,626	Australia	29
Portugal	679	Philippines	1,801	Nigeria	404	Jamaica	913	Ecuador	1,358	New Zealand	13
Russia	404	China	1,486	Ghana	289	Haiti	873	Peru	1,259		
United Kingdom	366	Korea	1,412	Liberia	165	El Salvador	619	Brazil	546		
Ukraine	343	Pakistan	678	Morocco	161	Cuba	598	Guyana	450		
Italy	246	Taiwan	379	Sierra Leone	126	Mexico	506	Venezuela	157		
Soviet Union, frm	181	Vietnam	345	Kenya	100	Honduras	322	Argentina	142		
Spain	172	Bangladesh	329	South Africa	71	Trinidad - Tobago	304	Chile	95		
Romania	164	Turkey	279	Ethiopia	53	Guatemala	292	Uruguay	85		

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

2007 Naturalization in New Jersey by Origination Region



Nonimmigrant Visitors to New Jersey

	2005	2006	2007
Total	710,412	771,060	883,395
Foreign government officials and families	1,893	1,898	1,833
Temporary visitors: for business	125,715	140,838	159,185
Temporary visitors: for pleasure	452,674	484,900	555,822
Transit aliens	3,579	4,991	4,610
Treaty traders and investors	10,441	10,589	11,811
Students and dependant family	16,454	18,352	21,372
Representatives to international organizations and families	2,739	2,995	3,172
Temporary workers and trainees, dependent family	42,255	51,354	58,948
Representatives of foreign information media and families	686	773	898
Students and exchange visitors, and dependant family	15,971	18,332	21,119
Fiances/spouses of U.S. citizens and their children	1,830	1,470	1,850
Intracompany transferees and dependant family	19,288	19,481	22,834
Vocational students and dependant family	9,270	9,730	11,588
NATO officials and families	8	119	155
NAFTA professional workers and dependant family	2,579	3,067	3,805
Fiances/spouses of permanent residents and their children	679	334	188
All other classes	1,798	1,837	4,205

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

Foreign Direct Investment Established in New Jersey

	U.S.	New Jersey
All industries	118588	4216
Mining	1107	14
Utilities	815	18
Construction	1082	41
Manufacturing	10322	308
Wholesale trade	15798	657
Retail trade	30540	827
Transportation and warehousing	5468	245
Information	5046	203
Finance: Depository credit intermediation	3263	13
Finance: Insurance	3709	138
Real estate and rental and leasing	1890	39
Professional and technical services	4275	169
Accommodation and food services	15255	768
Other	16824	653

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

New Jersey Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, ** 2006-2007
New Jersey Exports Total	19,192,131	2.3%	21,080,305	2.3%	27,001,735	2.6%	30,462,504	2.6%	2.6%
Chemical Manufactures	5,228,729	27.2%	5,932,450	28.1%	8,113,472	30.0%	7,527,451	24.7%	24.7%
Primary Metal Manufactures	1,286,718	6.7%	1,757,584	8.3%	3,739,414	13.8%	4,047,334	13.3%	13.3%
Transportation Equipment	1,387,525	7.2%	2,158,726	10.2%	2,248,927	8.3%	3,355,797	11.0%	11.0%
Computers & Electronic Prod.	2,842,696	14.8%	2,714,234	12.9%	2,795,810	10.4%	3,152,337	10.3%	10.3%
Waste & Scrap	1,125,556	5.9%	1,124,392	5.3%	1,384,289	5.1%	2,101,988	6.9%	6.9%
Misc. Manufactures	1,207,294	6.3%	1,198,083	5.7%	1,321,745	4.9%	1,721,266	5.7%	5.7%
Machinery Manufactures	1,290,317	6.7%	1,331,722	6.3%	1,505,669	5.6%	1,622,612	5.3%	5.3%
Petroleum & Coal Products	407,699	2.1%	231,089	1.1%	855,934	3.2%	1,076,907	3.5%	3.5%
Fabricated Metal Products	484,045	2.5%	452,105	2.1%	522,856	1.9%	941,634	3.1%	3.1%
Processed Foods	622,776	3.2%	726,005	3.4%	789,548	2.9%	854,951	2.8%	2.8%
Plastic & Rubber Products	529,528	2.8%	562,113	2.7%	654,596	2.4%	730,020	2.4%	2.4%
Elec. Eq., Appliances & Parts	465,239	2.4%	464,091	2.2%	576,838	2.1%	693,673	2.3%	2.3%
Printing & Related Products	647,416	3.4%	628,130	3.0%	650,389	2.4%	634,347	2.1%	2.1%
Paper Products	266,638	1.4%	301,706	1.4%	296,998	1.1%	284,662	0.9%	0.9%
Crop Production	209,364	1.1%	268,990	1.3%	249,008	0.9%	247,317	0.8%	0.8%
Non-Metallic Mineral Mfgs.	186,504	1.0%	220,316	1.0%	217,796	0.8%	224,119	0.7%	0.7%
Spec. Classification Provisions	272,262	1.4%	180,658	0.9%	160,032	0.6%	223,535	0.7%	0.7%
Used Merchandise	130,466	0.7%	177,113	0.8%	142,100	0.5%	197,189	0.6%	0.6%
Apparel Manufactures	96,242	0.5%	113,421	0.5%	141,990	0.5%	159,229	0.5%	0.5%
Fabric Mill Products	142,903	0.7%	114,836	0.5%	112,374	0.4%	92,820	0.3%	0.3%
Non-Apparel Textile Products	55,767	0.3%	58,596	0.3%	68,815	0.3%	81,079	0.3%	0.3%
Furniture & Related Products	38,849	0.2%	49,554	0.2%	65,826	0.2%	80,653	0.3%	0.3%
Leather & Related Products	58,447	0.3%	60,525	0.3%	67,854	0.3%	69,694	0.2%	0.2%
Forestry & Logging	45,465	0.2%	57,994	0.3%	68,822	0.3%	65,706	0.2%	0.2%
Mining	35,271	0.2%	42,748	0.2%	47,141	0.2%	53,105	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.

New Jersey Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
World Total	19,192,131	2.3%	21,080,305	2.3%	27,001,735	2.6%	30,462,504	2.6%	2.6%
Canada	4,164,207	21.7%	4,770,917	22.6%	5,713,856	21.2%	6,238,896	20.5%	20.5%
United Kingdom	1,771,690	9.2%	1,765,940	8.4%	2,232,678	8.3%	2,525,775	8.3%	8.3%
Japan	1,149,429	6.0%	1,253,540	5.9%	1,783,580	6.6%	2,370,860	7.8%	7.8%
Germany	1,057,728	5.5%	1,294,359	6.1%	1,459,132	5.4%	1,639,809	5.4%	5.4%
Israel	429,711	2.2%	215,222	1.0%	309,158	1.1%	911,908	3.0%	3.0%
Mexico	1,139,694	5.9%	1,196,974	5.7%	1,679,782	6.2%	1,435,523	4.7%	4.7%
Taiwan	470,977	2.5%	507,743	2.4%	484,966	1.8%	522,558	1.7%	1.7%
South Korea	657,640	3.4%	670,114	3.2%	848,923	3.1%	972,453	3.2%	3.2%
France	744,251	3.9%	816,868	3.9%	924,020	3.4%	1,016,481	3.3%	3.3%
Belgium	573,349	3.0%	485,394	2.3%	733,120	2.7%	734,810	2.4%	2.4%
Netherlands	507,051	2.6%	587,639	2.8%	573,055	2.1%	593,466	1.9%	1.9%
Switzerland	401,531	2.1%	417,576	2.0%	1,181,476	4.4%	572,830	1.9%	1.9%
Italy	604,244	3.1%	795,446	3.8%	1,002,210	3.7%	1,378,380	4.5%	4.5%
China	578,506	3.0%	598,410	2.8%	825,731	3.1%	901,405	3.0%	3.0%
Hong Kong	428,775	2.2%	450,162	2.1%	430,802	1.6%	478,272	1.6%	1.6%
Australia	310,600	1.6%	354,417	1.7%	355,368	1.3%	363,520	1.2%	1.2%
Singapore	309,676	1.6%	321,497	1.5%	375,453	1.4%	472,460	1.6%	1.6%
Brazil	249,843	1.3%	307,439	1.5%	594,916	2.2%	504,647	1.7%	1.7%
Saudi Arabia	297,680	1.6%	321,983	1.5%	376,860	1.4%	376,942	1.2%	1.2%
Turkey	275,671	1.4%	314,582	1.5%	469,503	1.7%	727,223	2.4%	2.4%
India	217,921	1.1%	187,289	0.9%	209,224	0.8%	315,760	1.0%	1.0%
Spain	284,439	1.5%	217,248	1.0%	316,629	1.2%	354,308	1.2%	1.2%
United Arab Emirates	112,338	0.6%	139,422	0.7%	181,112	0.7%	242,806	0.8%	0.8%
Finland	180,428	0.9%	175,299	0.8%	387,273	1.4%	524,503	1.7%	1.7%
Chile	77,201	0.4%	114,260	0.5%	188,192	0.7%	259,096	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.

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