

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

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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 Mexico 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 Mexico

In 2007, total of 250,413 non-immigrant aliens came into New Mexico. Those in some selected categories are;

- 223,559 temporary visitors for pleasure
- 14,975 temporary visitors for business
- 300 treaty traders and investors
- 2,763 foreign students and dependant families
- 2,361 temporary foreign workers, trainees and dependant families
- 355 NAFTA professional workers and dependant families

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

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 Mexico alone, there are 494 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 Philippines and Mexico from New Mexico were \$ 82 million and \$ 375 million, respectively, in the past year. Third on the list of countries where New Mexico products are exported is South Korea. The increase in New Mexico exports may lead locally based companies to establish company representatives and sales personnel in those countries. New Mexico real estate professionals may decide that it's time to set up referral networks with counterparts in Philippines, Mexico and South Korea.

Computers & Electronic Prod. and Transportation Equipment were the top export industries in New Mexico. Those two industries combined account 72% of the entire exports from New Mexico. 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 Mexico

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 Mexico, 1,704 newly admitted legal immigrants arrived in 2007. The largest group came from Mexico (1,624). Other top countries of origin include:

- Philippines (139)
- China, People's Republic (133)
- India (96)
- Vietnam (95)

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, 1,704 immigrants to

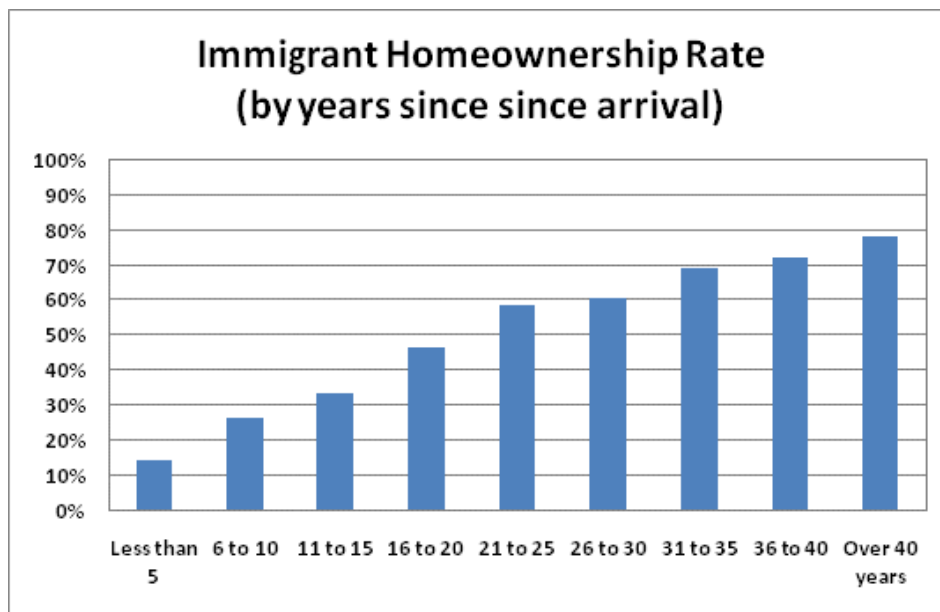
² There are contentious issues relating to swelling illegal immigration and assimilation, and this paper does not attempt to delve into this difficult topic.

New Mexico became U.S. citizens. Natives of Mexico led with the highest number (923) of newly naturalized citizens in the state last year. Other top countries represented include:

- Vietnam (65)
- Philippines (56)
- India (45)
- United Kingdom (37)

As of 2007 there are 59,482 (3.0% of the state population) of naturalized citizens and 123,454 non-citizens (6.3% of the state population) in New Mexico. 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 Mexico

	Total Population	U.S. Born Citizen	Foreign Born (%)	Naturalized Citizen	Non-U.S. Citizen	
Male	977,250	885,607	91,643	9.4%	26,915	64,728
18 and Over	720,501	636,736	83,765	11.6%	25,895	57,870
Under 18	256,749	248,871	7,878	3.1%	1,020	6,858
Female	992,665	901,372	91,293	9.2%	32,567	58,726
18 and Over	752,649	669,944	82,705	11.0%	31,339	51,366
Under 18	240,016	231,428	8,588	3.6%	1,228	7,360
Total	1,969,915	1,786,979	182,936	9.3%	59,482	123,454

Source: Census Bureau, American Community Survey 2007

Foreign Born Population in New Mexico by Year of Entry

	Total Population	U.S. Born Citizen	Foreign Born	Naturalized Citizen	Non-U.S. Citizen
2000 or later	52,459	3,015	49,444	3,584	45,860
1990 to 1999	51,397	3,773	47,624	9,428	38,196
Entered 1980 to 1989	43,025	3,829	39,196	14,934	24,262
Entered before 1980	56,093	9,421	46,672	31,536	15,136
Total	202,974	20,038	182,936	59,482	123,454

Source: Census Bureau, American Community Survey 2007

Main Languages Spoken in Households

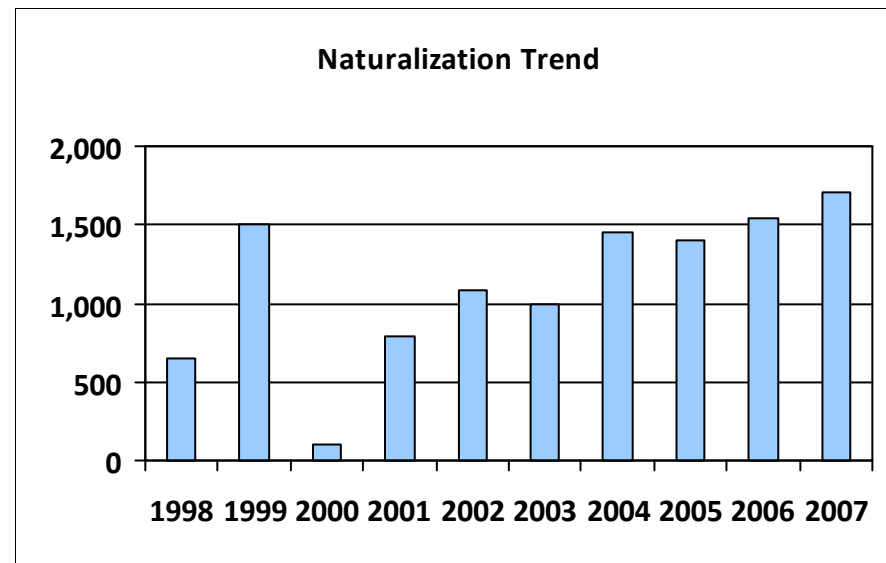
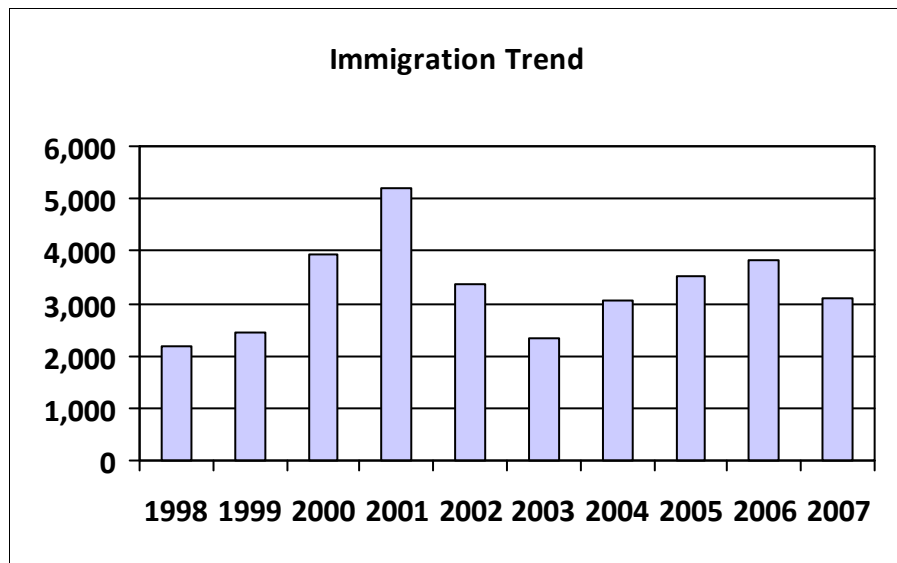
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	445,128		
Spanish	234,693	36,064	198,629
Indo-European	12,673	1,044	11,629
Asian-Pacific	7,348	1,334	6,014
Other	35,005	4,867	30,138
Total	734,847	43,309	246,410

Source: Census Bureau, American Community Survey 2007

Immigration and Naturalization Trend in New Mexico

Year	Admitted Immigrants	Naturalization
1998	2,193	648
1999	2,439	1,501
2000	3,951	104
2001	5,186	785
2002	3,374	1,084
2003	2,336	993
2004	3,076	1,449
2005	3,513	1,401
2006	3,805	1,538
2007	3,112	1,704

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

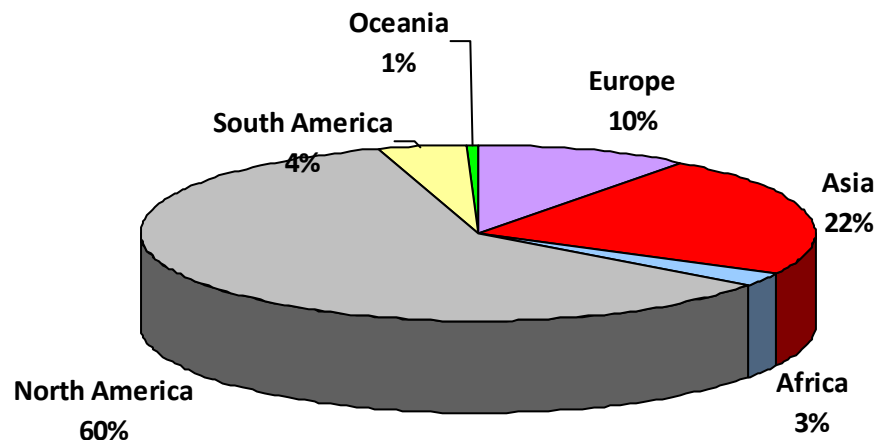


2007 Immigration to New Mexico by Country of Birth

										Total	3,112
Europe	322	Asia	694	Africa	84	North America	1,860	South America	128	Oceania	18
United Kingdom	75	Philippines	139	Nigeria	11	Mexico	1,624	Peru	29	Australia	15
Germany	57	China	133	South Africa	10	Cuba	88	Colombia	28		
Russia	17	India	96	Ethiopia	9	Guatemala	53	Brazil	19		
Netherlands	15	Vietnam	95	Ghana	8	Canada	45	Venezuela	17		
Soviet Union, frm	14	Nepal	29	Kenya	7	El Salvador	15	Ecuador	12		
Romania	13	Pakistan	27	Mauritius	4	Costa Rica	7	Argentina	9		
Poland	12	Iran	24	Morocco	4	Panama	7	Chile	7		
Ukraine	11	Japan	22	Tanzania	4	Nicaragua	6	Bolivia	4		
France	10	Korea	19	Zimbabwe	4	Dominican Republic	5				

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

2007 Immigration to New Mexico by Origination Region

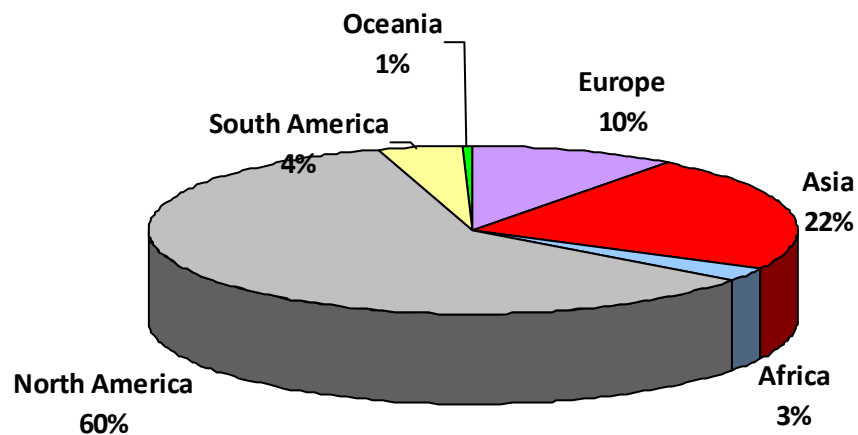


2007 Naturalization in New Mexico by Country of Birth

										Total	1,704
Europe	176	Asia	339	Africa	32	North America	1,066	South America	74	Oceania	12
United Kingdom	37	Vietnam	65	Sudan	5	Mexico	923	Colombia	20	Australia	7
Germany	26	Philippines	56	Ghana	4	Cuba	36	Peru	11	New Zealand	4
Russia	19	India	45	Morocco	3	Canada	34	Chile	10		
Ukraine	10	China	34	Nigeria	3	El Salvador	18	Venezuela	9		
France	9	Iran	26	South Africa	3	Guatemala	13	Ecuador	8		
Soviet Union, frm	7	Afghanistan	17	Zimbabwe	3	Honduras	8	Brazil	7		
Romania	6	Pakistan	16			Nicaragua	8	Argentina	5		
Spain	6	Taiwan	13			Trinidad - Tobago	7	Bolivia	3		
Switzerland	6	Korea	10			Dominican Republic	6				

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

2007 Naturalization in New Mexico by Origination Region



Nonimmigrant Visitors to New Mexico

	2005	2006	2007
Total	152,868	176,951	250,413
Foreign government officials and families	1,080	840	852
Temporary visitors: for business	8,955	12,333	14,975
Temporary visitors: for pleasure	133,993	153,767	223,559
Transit aliens	19	24	35
Treaty traders and investors	186	195	300
Students and dependant family	1,938	2,156	2,763
Representatives to international organizations and families	64	59	64
Temporary workers and trainees, dependent family	1,538	2,181	2,361
Representatives of foreign information media and families	85	65	90
Students and exchange visitors, and dependant family	1,470	1,523	1,812
Fiances/spouses of U.S. citizens and their children	283	265	392
Intracompany transferees and dependant family	196	591	395
Vocational students and dependant family	146	508	224
NATO officials and families	37	1,653	1,546
NAFTA professional workers and dependant family	315	318	355
Fiances/spouses of permanent residents and their children	309	286	353
All other classes	1,884	180	331

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

Foreign Direct Investment Established in New Mexico

	U.S.	New Mexico
All industries	118588	494
Mining	1107	20
Utilities	815	1
Construction	1082	6
Manufacturing	10322	29
Wholesale trade	15798	66
Retail trade	30540	122
Transportation and warehousing	5468	29
Information	5046	27
Finance: Depository credit intermediation	3263	24
Finance: Insurance	3709	11
Real estate and rental and leasing	1890	10
Professional and technical services	4275	15
Accommodation and food services	15255	68
Other	16824	54

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

New Mexico Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, ** 2006-2007
New Mexico Exports Total	2,045,806	0.3%	2,540,264	0.3%	2,891,559	0.3%	2,583,288	0.2%	0.2%
Computers & Electronic Prod.	1,304,089	63.7%	1,955,882	77.0%	2,127,487	73.6%	1,663,143	64.4%	64.4%
Transportation Equipment	83,892	4.1%	115,002	4.5%	190,556	6.6%	193,076	7.5%	7.5%
Machinery Manufactures	142,957	7.0%	77,097	3.0%	100,309	3.5%	131,587	5.1%	5.1%
Fabricated Metal Products	98,745	4.8%	43,455	1.7%	57,901	2.0%	98,543	3.8%	3.8%
Elec. Eq., Appliances & Parts	28,531	1.4%	19,728	0.8%	35,381	1.2%	70,523	2.7%	2.7%
Plastic & Rubber Products	46,416	2.3%	27,920	1.1%	33,703	1.2%	66,550	2.6%	2.6%
Processed Foods	26,039	1.3%	26,191	1.0%	30,801	1.1%	62,385	2.4%	2.4%
Spec. Classification Provisions	43,005	2.1%	37,425	1.5%	56,487	2.0%	41,980	1.6%	1.6%
Primary Metal Manufactures	31,246	1.5%	24,160	1.0%	45,629	1.6%	38,910	1.5%	1.5%
Chemical Manufactures	30,172	1.5%	35,462	1.4%	55,062	1.9%	37,896	1.5%	1.5%
Oil & Gas Extraction	6,224	0.3%	3,071	0.1%	17,875	0.6%	37,746	1.5%	1.5%
Crop Production	23,370	1.1%	7,854	0.3%	11,483	0.4%	34,691	1.3%	1.3%
Misc. Manufactures	105,087	5.1%	71,183	2.8%	45,892	1.6%	29,637	1.1%	1.1%
Mining	18,569	0.9%	17,233	0.7%	23,007	0.8%	21,398	0.8%	0.8%
Fabric Mill Products	14,513	0.7%	6,009	0.2%	6,200	0.2%	10,837	0.4%	0.4%
Paper Products	6,197	0.3%	7,005	0.3%	10,497	0.4%	9,671	0.4%	0.4%
Used Merchandise	4,536	0.2%	14,251	0.6%	6,277	0.2%	8,710	0.3%	0.3%
Non-Metallic Mineral Mfgs.	10,749	0.5%	7,424	0.3%	5,641	0.2%	7,817	0.3%	0.3%
Waste & Scrap	3,483	0.2%	3,003	0.1%	3,541	0.1%	5,230	0.2%	0.2%
Wood Products	6,507	0.3%	4,913	0.2%	4,713	0.2%	3,881	0.2%	0.2%
Animal Production	319	0.0%	1,373	0.1%	4,633	0.2%	2,313	0.1%	0.1%
Petroleum & Coal Products	3,560	0.2%	2,027	0.1%	755	0.0%	1,738	0.1%	0.1%
Non-Apparel Textile Products	519	0.0%	1,956	0.1%	5,272	0.2%	1,709	0.1%	0.1%
Furniture & Related Products	1,114	0.1%	9,808	0.4%	9,871	0.3%	1,121	0.0%	0.0%
Printing & Related Products	1,167	0.1%	900	0.0%	999	0.0%	658	0.0%	0.0%

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 Mexico Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
World Total	2,045,806	0.3%	2,540,264	0.3%	2,891,559	0.3%	2,583,288	0.2%	0.2%
Philippines	203,077	9.9%	453,406	17.8%	267,383	9.2%	82,349	3.2%	3.2%
Mexico	357,569	17.5%	184,988	7.3%	258,013	8.9%	375,381	14.5%	14.5%
South Korea	49,465	2.4%	91,394	3.6%	183,872	6.4%	76,747	3.0%	3.0%
Canada	113,141	5.5%	133,920	5.3%	194,285	6.7%	236,032	9.1%	9.1%
Malaysia	224,757	11.0%	342,691	13.5%	490,070	16.9%	477,401	18.5%	18.5%
Taiwan	74,006	3.6%	147,014	5.8%	144,705	5.0%	60,888	2.4%	2.4%
Japan	43,513	2.1%	75,207	3.0%	59,299	2.1%	78,284	3.0%	3.0%
China	220,975	10.8%	444,872	17.5%	701,572	24.3%	685,944	26.6%	26.6%
Ireland	65,699	3.2%	74,744	2.9%	47,370	1.6%	25,826	1.0%	1.0%
United Kingdom	29,308	1.4%	46,890	1.8%	43,099	1.5%	53,186	2.1%	2.1%
Netherlands	49,829	2.4%	8,859	0.3%	25,082	0.9%	9,819	0.4%	0.4%
Israel	149,190	7.3%	27,707	1.1%	36,639	1.3%	41,872	1.6%	1.6%
Germany	27,486	1.3%	41,916	1.7%	44,934	1.6%	56,676	2.2%	2.2%
Singapore	14,578	0.7%	36,748	1.4%	16,527	0.6%	26,576	1.0%	1.0%
Thailand	3,768	0.2%	11,084	0.4%	5,760	0.2%	21,172	0.8%	0.8%
France	13,546	0.7%	20,898	0.8%	34,378	1.2%	38,417	1.5%	1.5%
Belgium	48,585	2.4%	36,227	1.4%	8,894	0.3%	27,088	1.0%	1.0%
Australia	7,541	0.4%	7,941	0.3%	9,530	0.3%	13,723	0.5%	0.5%
Hong Kong	19,982	1.0%	14,015	0.6%	16,203	0.6%	14,138	0.5%	0.5%
Austria	3,878	0.2%	7,007	0.3%	15,827	0.5%	20,503	0.8%	0.8%
Italy	17,612	0.9%	10,987	0.4%	16,154	0.6%	16,131	0.6%	0.6%
Brazil	3,966	0.2%	12,051	0.5%	8,530	0.3%	8,485	0.3%	0.3%
India	1,367	0.1%	2,850	0.1%	10,481	0.4%	13,313	0.5%	0.5%
United Arab Emirates	978	0.0%	2,390	0.1%	2,881	0.1%	12,737	0.5%	0.5%
South Africa	1,456	0.1%	909	0.0%	4,099	0.1%	7,364	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.