

Business Data for Engaging in International Real Estate Transactions in Illinois

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 Illinois 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 Illinois

In 2007, total of 896,799 non-immigrant aliens came into Illinois. Those in some selected categories are;

- 505,042 temporary visitors for pleasure
- 260,629 temporary visitors for business
- 9,179 treaty traders and investors
- 32,103 foreign students and dependant families
- 34,067 temporary foreign workers, trainees and dependant families
- 3,302 NAFTA professional workers and dependant families

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

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 Illinois alone, there are 5,602 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 Illinois were \$ 13,312 million and \$ 3,630 million, respectively, in the past year. Third on the list of countries where Illinois products are exported is Japan. The increase in Illinois exports may lead locally based companies to establish company representatives and sales personnel in those countries. Illinois real estate professionals may decide that it's time to set up referral networks with counterparts in Canada, Mexico and Japan.

Machinery Manufactures and Transportation Equipment were the top export industries in Illinois. Those two industries combined account 41% of the entire exports from Illinois. 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 Illinois

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 Illinois, 38,735 newly admitted legal immigrants arrived in 2007. The largest group came from Mexico (8,617). Other top countries of origin include:

- India (5,096)
- Philippines (3,524)
- Poland (3,321)
- China, People's Republic (2,299)

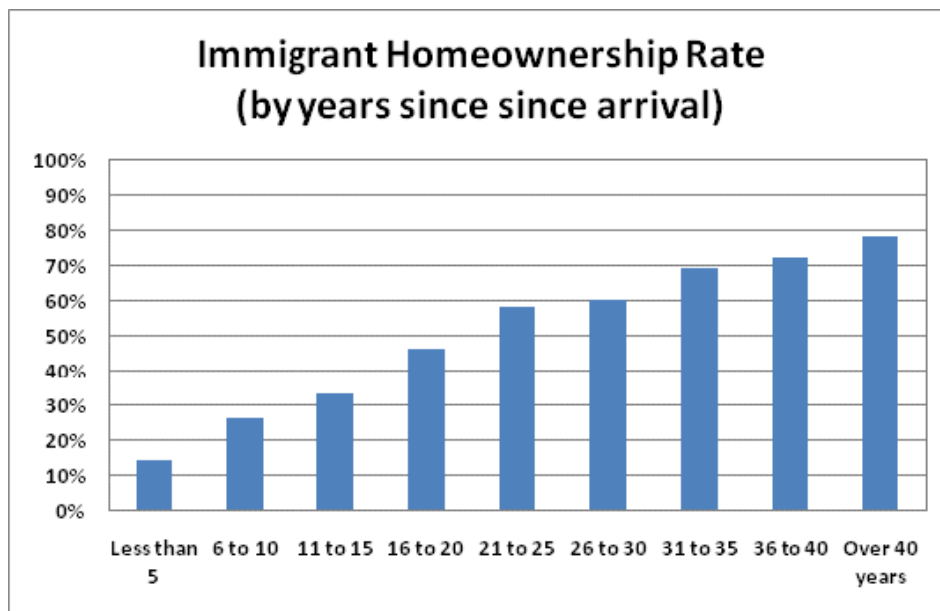
Real estate professionals may want to consider assisting, participating or setting up a network partner with these communities to open up business opportunities. In 2007, 38,735 immigrants to Illinois became U.S. citizens. Natives of Mexico led with the highest number (11,010) of newly naturalized citizens 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.

- Poland (4,347)
- India (4,181)
- Philippines (2,477)
- China, People's Republic (1,499)

As of 2007 there are 773,389 (6.0% of the state population) of naturalized citizens and 995,129 non-citizens (7.7% of the state population) in Illinois. 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 Illinois

	Total Population	U.S. Born Citizen	Foreign Born (%)	Naturalized Citizen	Non-U.S. Citizen	
Male	6,332,498	5,417,352	915,146	14.5%	379,108	536,038
18 and Over	4,694,181	3,846,837	847,344	18.1%	363,721	483,623
Under 18	1,638,317	1,570,515	67,802	4.1%	15,387	52,415
Female	6,520,050	5,666,678	853,372	13.1%	394,281	459,091
18 and Over	4,960,211	4,170,628	789,583	15.9%	379,146	410,437
Under 18	1,559,839	1,496,050	63,789	4.1%	15,135	48,654
Total	12,852,548	11,084,030	1,768,518	13.8%	773,389	995,129

Source: Census Bureau, American Community Survey 2007

Foreign Born Population in Illinois by Year of Entry

	Total Population	U.S. Born Citizen	Foreign Born	Naturalized Citizen	Non-U.S. Citizen
2000 or later	476,887	17,776	459,111	48,206	410,905
1990 to 1999	589,584	20,347	569,237	207,319	361,918
Entered 1980 to 1989	342,965	17,766	325,199	190,890	134,309
Entered before 1980	479,974	65,003	414,971	326,974	87,997
Total	1,889,410	120,892	1,768,518	773,389	995,129

Source: Census Bureau, American Community Survey 2007

Main Languages Spoken in Households

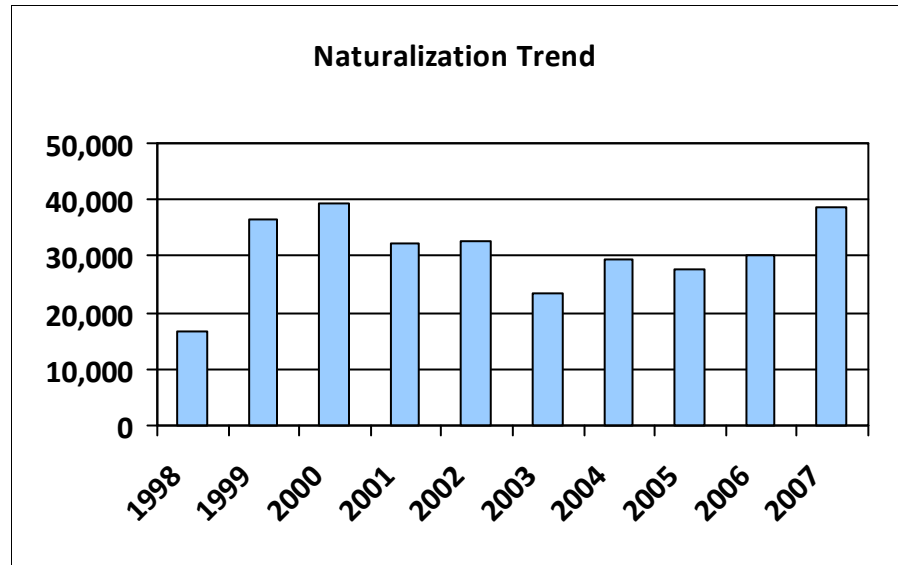
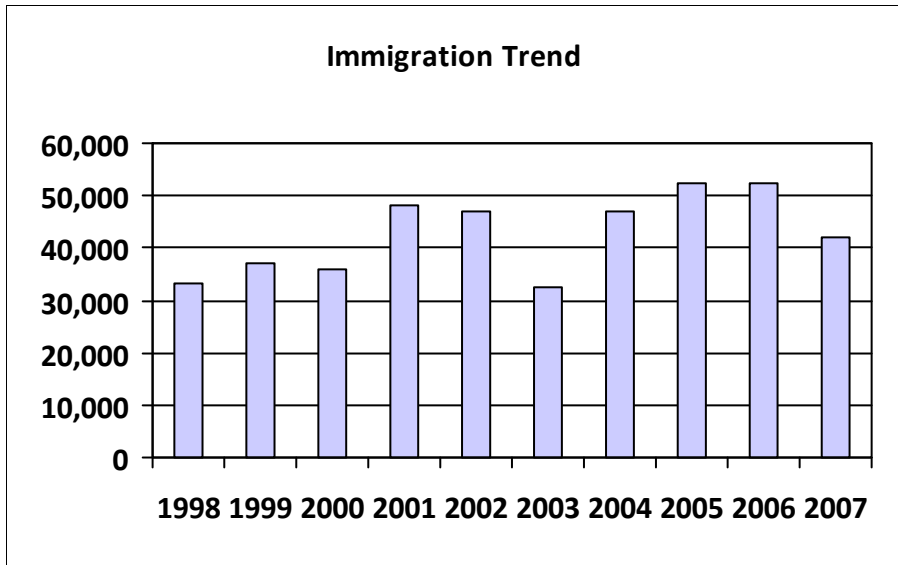
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	3,750,844		
Spanish	526,700	152,355	374,345
Indo-European	315,420	71,662	243,758
Asian-Pacific	126,183	32,902	93,281
Other	40,432	8,264	32,168
Total	4,759,579	265,183	743,552

Source: Census Bureau, American Community Survey 2007

Immigration and Naturalization Trend in Illinois

Year	Admitted Immigrants	Naturalization
1998	33,122	16,704
1999	36,895	36,553
2000	36,052	39,252
2001	48,087	32,256
2002	47,095	32,585
2003	32,413	23,401
2004	46,896	29,432
2005	52,415	27,739
2006	52,452	30,156
2007	41,971	38,735

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

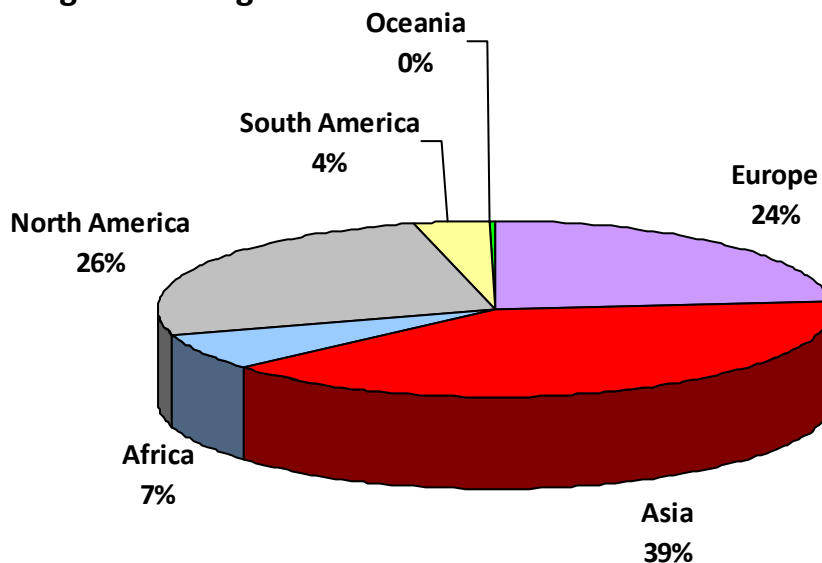


2007 Immigration to Illinois by Country of Birth

										Total	41,971
Europe	9,870	Asia	16,621	Africa	2,924	North America	10,808	South America	1,553	Oceania	106
Poland	3,321	India	5,096	Nigeria	751	Mexico	8,617	Colombia	438	Australia	75
Ukraine	1,115	Philippines	3,524	Ethiopia	287	Guatemala	601	Ecuador	339	New Zealand	22
Bulgaria	755	China	2,299	Ghana	281	Canada	429	Peru	252		
Romania	635	Korea	1,011	Egypt	199	Jamaica	198	Brazil	207		
United Kingdom	515	Pakistan	846	Morocco	186	El Salvador	186	Venezuela	117		
Lithuania	438	Vietnam	560	Kenya	119	Haiti	155	Argentina	87		
Russia	398	Jordan	505	Cameroon	104	Honduras	149	Bolivia	37		
Serbia - Montenegro	317	Iraq	278	Togo	101	Belize	127	Chile	28		
Albania	311	Iran	232	South Africa	97	Cuba	112	Guyana	24		

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

2007 Immigration to Illinois by Origination Region

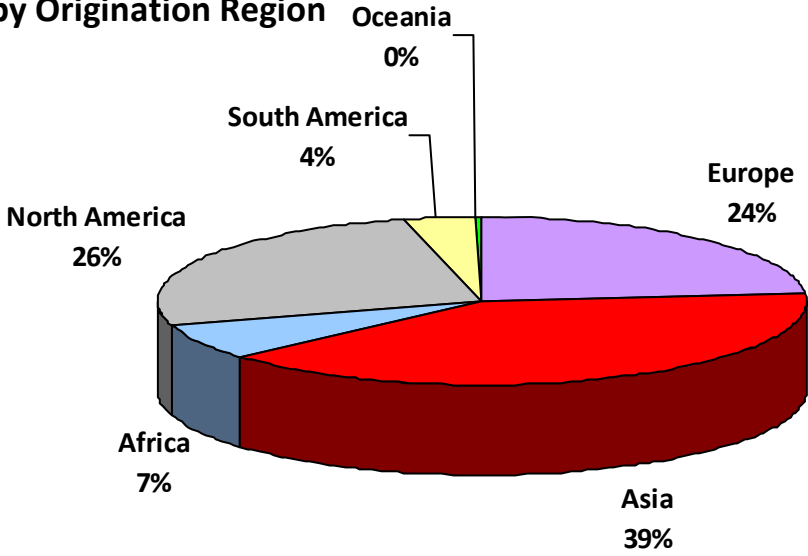


2007 Naturalization in Illinois by Country of Birth

										Total	38,735
Europe	10,128	Asia	12,833	Africa	1,534	North America	12,977	South America	1,128	Oceania	51
Poland	4,347	India	4,181	Nigeria	427	Mexico	11,010	Ecuador	362	Australia	29
Bosnia - Herzegovina	1,036	Philippines	2,477	Ghana	160	Guatemala	535	Colombia	282	New Zealand	14
Ukraine	599	China	1,499	Morocco	139	Canada	261	Peru	142	Samoa	3
Bulgaria	588	Pakistan	879	Ethiopia	113	El Salvador	219	Brazil	110		
Romania	515	Korea	790	Egypt	103	Jamaica	215	Venezuela	83		
Serbia - Montenegro	376	Vietnam	543	Sudan	86	Honduras	140	Argentina	69		
Lithuania	347	Jordan	350	South Africa	81	Haiti	111	Chile	28		
Russia	325	Iraq	277	Somalia	71	Cuba	98	Guyana	20		
United Kingdom	273	Iran	243	Kenya	53	Nicaragua	91	Bolivia	19		

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

2007 Naturalization in Illinois by Origination Region



Nonimmigrant Visitors to Illinois

	2005	2006	2007
Total	750,924	791,277	896,799
Foreign government officials and families	3,136	3,682	3,919
Temporary visitors: for business	196,404	218,289	260,629
Temporary visitors: for pleasure	448,537	458,731	505,042
Transit aliens	934	1,029	1,153
Treaty traders and investors	7,811	8,286	9,179
Students and dependant family	26,258	28,476	32,103
Representatives to international organizations and families	199	213	290
Temporary workers and trainees, dependent family	24,479	29,759	34,067
Representatives of foreign information media and families	725	859	803
Students and exchange visitors, and dependant family	13,901	14,588	15,772
Fiances/spouses of U.S. citizens and their children	2,240	2,154	1,984
Intracompany transferees and dependant family	12,990	13,385	15,936
Vocational students and dependant family	5,920	6,018	7,236
NATO officials and families	13	86	127
NAFTA professional workers and dependant family	2,521	2,947	3,302
Fiances/spouses of permanent residents and their children	1,091	659	392
All other classes	2,811	2,110	4,862

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

Foreign Direct Investment Established in Illinois

	U.S.	Illinois
All industries	118588	5602
Mining	1107	20
Utilities	815	14
Construction	1082	35
Manufacturing	10322	454
Wholesale trade	15798	867
Retail trade	30540	1097
Transportation and warehousing	5468	315
Information	5046	273
Finance: Depository credit intermediation	3263	308
Finance: Insurance	3709	179
Real estate and rental and leasing	1890	62
Professional and technical services	4275	212
Accommodation and food services	15255	802
Other	16824	773

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

Illinois Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, **
									2006-2007
Illinois Exports Total	30,213,626	3.7%	35,868,406	4.0%	42,084,595	4.1%	48,730,156	4.2%	4.2%
Machinery Manufactures	8,528,414	28.2%	10,436,526	29.1%	11,793,693	28.0%	12,669,302	26.0%	26.0%
Transportation Equipment	3,146,466	10.4%	3,359,958	9.4%	4,713,513	11.2%	7,488,671	15.4%	15.4%
Chemical Manufactures	4,617,182	15.3%	5,634,744	15.7%	5,832,530	13.9%	6,187,652	12.7%	12.7%
Computers & Electronic Prod.	4,210,482	13.9%	4,705,704	13.1%	5,439,660	12.9%	5,796,048	11.9%	11.9%
Elec. Eq., Appliances & Parts	1,792,496	5.9%	2,289,475	6.4%	2,859,789	6.8%	2,596,436	5.3%	5.3%
Processed Foods	1,302,395	4.3%	1,520,226	4.2%	1,935,638	4.6%	2,136,717	4.4%	4.4%
Fabricated Metal Products	1,159,747	3.8%	1,246,671	3.5%	1,650,901	3.9%	1,942,699	4.0%	4.0%
Misc. Manufactures	1,043,757	3.5%	1,103,086	3.1%	1,580,445	3.8%	1,874,868	3.8%	3.8%
Crop Production	357,698	1.2%	544,147	1.5%	714,777	1.7%	1,647,558	3.4%	3.4%
Primary Metal Manufactures	702,534	2.3%	917,369	2.6%	1,084,667	2.6%	1,172,338	2.4%	2.4%
Plastic & Rubber Products	873,190	2.9%	972,621	2.7%	1,075,928	2.6%	1,105,445	2.3%	2.3%
Waste & Scrap	301,876	1.0%	440,356	1.2%	708,610	1.7%	972,837	2.0%	2.0%
Paper Products	479,889	1.6%	532,064	1.5%	561,868	1.3%	584,802	1.2%	1.2%
Printing & Related Products	311,238	1.0%	348,563	1.0%	424,080	1.0%	451,836	0.9%	0.9%
Oil & Gas Extraction	143,227	0.5%	441,251	1.2%	296,815	0.7%	429,675	0.9%	0.9%
Non-Metallic Mineral Mfgs.	327,414	1.1%	341,001	1.0%	363,428	0.9%	428,764	0.9%	0.9%
Spec. Classification Provisions	222,515	0.7%	199,761	0.6%	194,536	0.5%	190,539	0.4%	0.4%
Petroleum & Coal Products	64,063	0.2%	74,593	0.2%	117,374	0.3%	180,556	0.4%	0.4%
Furniture & Related Products	133,678	0.4%	115,252	0.3%	126,545	0.3%	162,586	0.3%	0.3%
Used Merchandise	47,248	0.2%	114,449	0.3%	99,205	0.2%	131,325	0.3%	0.3%
Beverage & Tobacco Products	29,744	0.1%	37,004	0.1%	50,452	0.1%	121,414	0.2%	0.2%
Fabric Mill Products	60,310	0.2%	84,589	0.2%	108,433	0.3%	92,130	0.2%	0.2%
Leather & Related Products	65,714	0.2%	86,509	0.2%	66,093	0.2%	69,436	0.1%	0.1%
Non-Apparel Textile Products	36,109	0.1%	39,149	0.1%	46,456	0.1%	59,420	0.1%	0.1%
Mining	108,179	0.4%	141,057	0.4%	38,293	0.1%	56,071	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.

Illinois Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
World Total	30,213,626	3.7%	35,868,406	4.0%	42,084,595	4.1%	48,730,156	4.2%	4.2%
Canada	9,281,658	30.7%	10,864,592	30.3%	12,332,757	29.3%	13,312,146	27.3%	27.3%
Mexico	2,417,220	8.0%	2,884,471	8.0%	3,407,655	8.1%	3,629,529	7.4%	7.4%
Japan	1,855,831	6.1%	2,000,513	5.6%	2,113,164	5.0%	2,214,385	4.5%	4.5%
United Kingdom	1,858,578	6.2%	1,851,374	5.2%	2,284,227	5.4%	2,225,184	4.6%	4.6%
Germany	1,420,264	4.7%	1,781,333	5.0%	2,027,782	4.8%	2,334,361	4.8%	4.8%
Australia	1,324,896	4.4%	1,551,132	4.3%	2,028,796	4.8%	2,234,735	4.6%	4.6%
Belgium	931,456	3.1%	1,312,929	3.7%	1,510,310	3.6%	1,662,138	3.4%	3.4%
Brazil	811,377	2.7%	1,107,982	3.1%	1,299,630	3.1%	1,379,101	2.8%	2.8%
Netherlands	1,025,316	3.4%	1,236,030	3.4%	1,332,737	3.2%	2,193,807	4.5%	4.5%
China	922,952	3.1%	1,195,923	3.3%	1,521,639	3.6%	1,958,835	4.0%	4.0%
France	731,964	2.4%	834,555	2.3%	1,055,813	2.5%	1,304,589	2.7%	2.7%
Singapore	735,566	2.4%	984,505	2.7%	917,490	2.2%	979,021	2.0%	2.0%
South Korea	475,186	1.6%	541,578	1.5%	630,944	1.5%	754,950	1.5%	1.5%
Hong Kong	515,665	1.7%	493,176	1.4%	544,582	1.3%	564,353	1.2%	1.2%
Italy	351,898	1.2%	371,318	1.0%	440,363	1.0%	543,526	1.1%	1.1%
Taiwan	400,487	1.3%	544,292	1.5%	700,640	1.7%	1,273,567	2.6%	2.6%
India	274,888	0.9%	437,873	1.2%	439,833	1.0%	613,608	1.3%	1.3%
South Africa	282,958	0.9%	369,896	1.0%	529,596	1.3%	819,469	1.7%	1.7%
Spain	248,128	0.8%	279,768	0.8%	418,022	1.0%	579,962	1.2%	1.2%
Malaysia	261,481	0.9%	233,015	0.6%	321,275	0.8%	335,173	0.7%	0.7%
Saudi Arabia	170,046	0.6%	238,126	0.7%	317,008	0.8%	421,659	0.9%	0.9%
Chile	258,162	0.9%	380,231	1.1%	470,649	1.1%	646,308	1.3%	1.3%
Russian Federation	110,098	0.4%	160,716	0.4%	305,528	0.7%	508,759	1.0%	1.0%
Switzerland	108,841	0.4%	179,259	0.5%	247,551	0.6%	318,224	0.7%	0.7%
Argentina	157,978	0.5%	196,091	0.5%	250,213	0.6%	316,901	0.7%	0.7%

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.