

Business Data for Engaging in International Real Estate Transactions in North Carolina

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 North Carolina 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 North Carolina

In 2007, total of 260,616 non-immigrant aliens came into North Carolina. Those in some selected categories are;

- 120,672 temporary visitors for pleasure
- 75,981 temporary visitors for business
- 3,849 treaty traders and investors
- 11,779 foreign students and dependant families
- 20,864 temporary foreign workers, trainees and dependant families
- 1,749 NAFTA professional workers and dependant families

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

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 North Carolina alone, there are 4,098 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 North Carolina were \$ 5,647 million and \$ 1,774 million, respectively, in the past year. Third on the list of countries where North Carolina products are exported is Mexico. The increase in North Carolina exports may lead locally based companies to establish company representatives and sales personnel in those countries. North Carolina real estate professionals may decide that it's time to set up referral networks with counterparts in Canada, Japan and Mexico.

Chemical Manufactures and Machinery Manufactures were the top export industries in North Carolina. Those two industries combined account 32% of the entire exports from North Carolina. 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 North Carolina

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 North Carolina, 6,606 newly admitted legal immigrants arrived in 2007. The largest group came from Mexico (1,933). Other top countries of origin include:

- India (1,469)
- China, People's Republic (862)
- Vietnam (685)
- Colombia (639)

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, 6,606 immigrants to

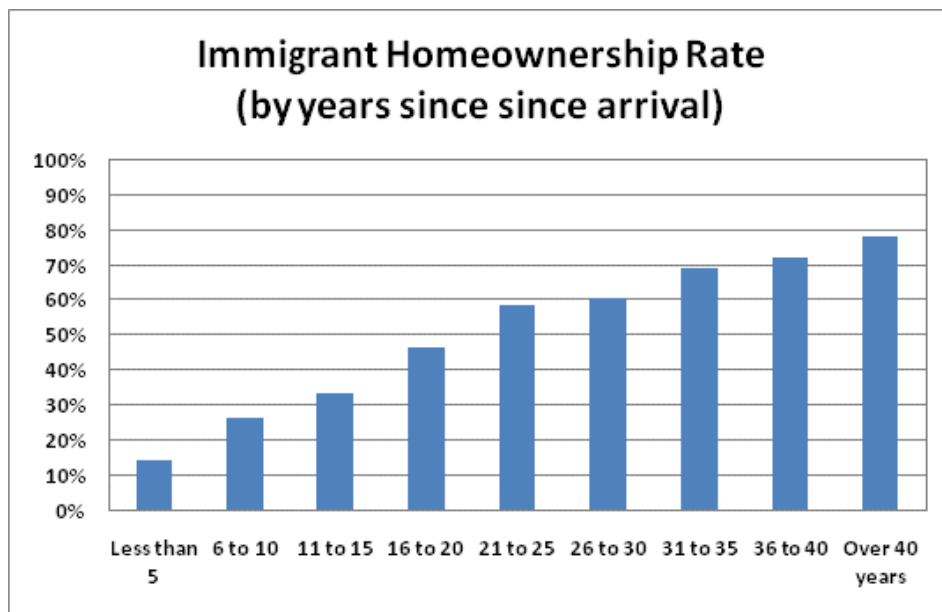
² There are contentious issues relating to swelling illegal immigration and assimilation, and this paper does not attempt to delve into this difficult topic.

North Carolina became U.S. citizens. Natives of Mexico led with the highest number (741) of newly naturalized citizens in the state last year. Other top countries represented include:

- India (726)
- Vietnam (417)
- Philippines (243)
- China, People's Republic (233)

As of 2007 there are 182,104 (2.0% of the state population) of naturalized citizens and 447,843 non-citizens (4.9% of the state population) in North Carolina. 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 North Carolina

	Total Population	U.S. Born Citizen	Foreign Born (%)	Naturalized Citizen	Non-U.S. Citizen	
Male	4,425,403	4,075,580	349,823	7.9%	87,021	262,802
18 and Over	3,293,905	2,980,898	313,007	9.5%	82,235	230,772
Under 18	1,131,498	1,094,682	36,816	3.3%	4,786	32,030
Female	4,635,629	4,355,505	280,124	6.0%	95,083	185,041
18 and Over	3,554,243	3,307,746	246,497	6.9%	88,807	157,690
Under 18	1,081,386	1,047,759	33,627	3.1%	6,276	27,351
Total	9,061,032	8,431,085	629,947	7.0%	182,104	447,843

Source: Census Bureau, American Community Survey 2007

Foreign Born Population in North Carolina by Year of Entr

	Total Population	U.S. Born Citizen	Foreign Born	Naturalized Citizen	Non-U.S. Citizen
2000 or later	269,449	16,247	253,202	17,951	235,251
1990 to 1999	221,563	15,494	206,069	48,309	157,760
Entered 1980 to 1989	103,110	14,844	88,266	49,241	39,025
Entered before 1980	117,609	35,199	82,410	66,603	15,807
Total	711,731	81,784	629,947	182,104	447,843

Source: Census Bureau, American Community Survey 2007

Main Languages Spoken in Households

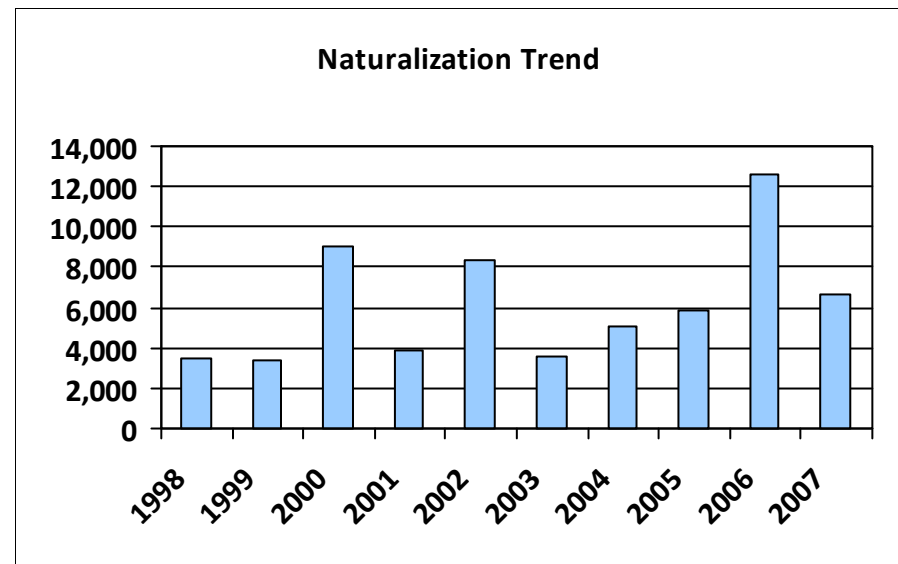
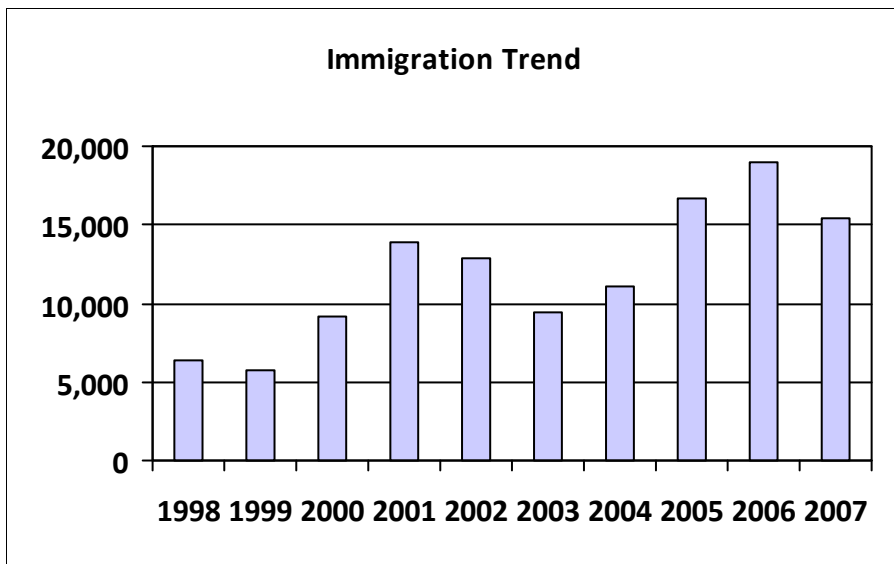
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	3,185,409		
Spanish	219,116	77,983	141,133
Indo-European	73,872	7,362	66,510
Asian-Pacific	45,274	9,728	35,546
Other	17,204	2,626	14,578
Total	3,540,875	97,699	257,767

Source: Census Bureau, American Community Survey 2007

Immigration and Naturalization Trend in North Carolina

Year	Admitted Immigrants	Naturalization
1998	6,403	3,452
1999	5,774	3,425
2000	9,193	9,021
2001	13,861	3,866
2002	12,868	8,348
2003	9,451	3,577
2004	11,036	5,084
2005	16,710	5,862
2006	18,987	12,592
2007	15,469	6,606

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

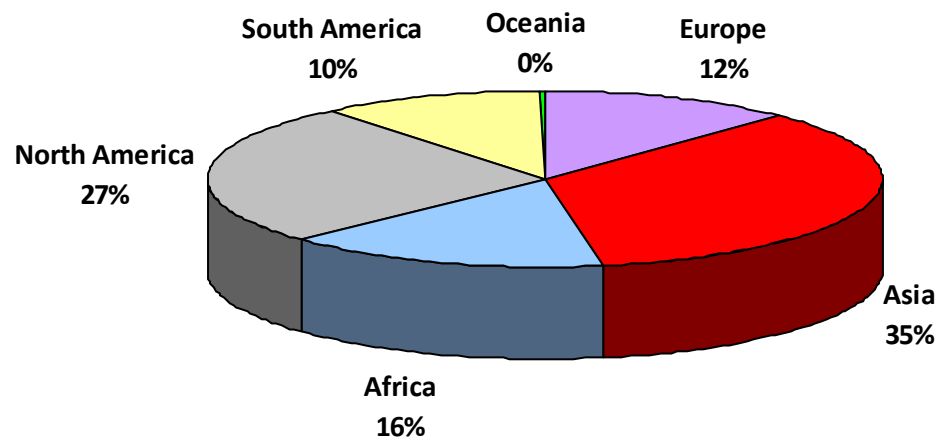


2007 Immigration to North Carolina by Country of Birth

										Total	15,469
Europe	1,882	Asia	5,388	Africa	2,406	North America	4,097	South America	1,602	Oceania	57
United Kingdom	347	India	1,469	Nigeria	286	Mexico	1,933	Colombia	639	Australia	29
Ukraine	196	China	862	Kenya	200	Canada	424	Peru	259	New Zealand	25
Germany	178	Vietnam	685	Ethiopia	190	El Salvador	360	Ecuador	209		
Russia	170	Philippines	582	Liberia	188	Guatemala	335	Brazil	179		
Soviet Union, frm	102	Korea	300	Ghana	174	Honduras	195	Venezuela	113		
Romania	89	Pakistan	201	Egypt	165	Jamaica	172	Argentina	70		
Poland	59	Thailand	153	Sudan	156	Dominican Republic	135	Chile	61		
Bulgaria	58	Iran	104	Morocco	149	Costa Rica	126	Bolivia	27		
France	48	Jordan	101	South Africa	115	Cuba	106	Guyana	26		

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

2007 Immigration to North Carolina by Origination Region

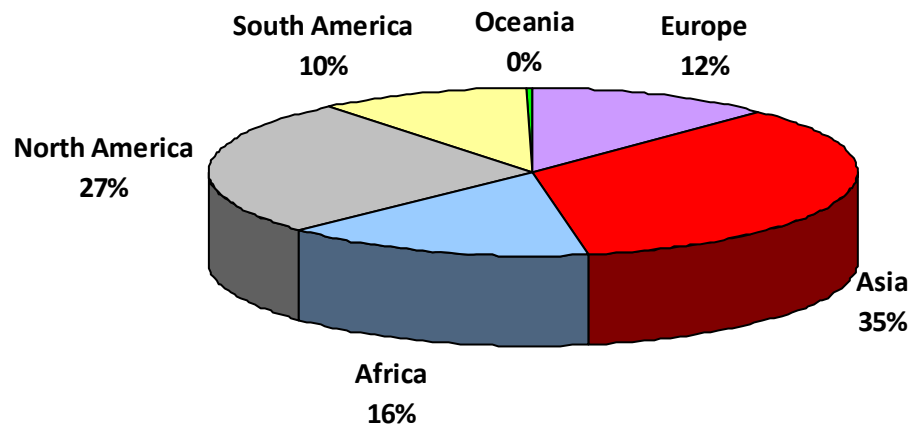


2007 Naturalization in North Carolina by Country of Birth

										Total	6,606
Europe	945	Asia	2,597	Africa	781	North America	1,756	South America	486	Oceania	34
United Kingdom	157	India	726	Nigeria	97	Mexico	741	Colombia	144	Australia	18
Bosnia - Herzegovina	103	Vietnam	417	Sudan	94	Canada	170	Peru	84	American Samo	5
Germany	91	Philippines	243	Morocco	72	El Salvador	160	Ecuador	76	New Zealand	4
Ukraine	79	China	233	Ethiopia	68	Dominican Republic	109	Venezuela	52	Palau	3
Russia	72	Korea	178	Liberia	55	Jamaica	106	Brazil	51		
Poland	40	Pakistan	116	Ghana	54	Nicaragua	82	Guyana	25		
Romania	39	Laos	113	Egypt	50	Honduras	77	Chile	22		
Serbia - Montenegro	36	Iran	60	South Africa	45	Cuba	51	Argentina	17		
Greece	32	Thailand	57	Sierra Leone	41	Panama	50	Bolivia	11		

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

2007 Naturalization in North Carolina by Origination Region



Nonimmigrant Visitors to North Carolina

	2005	2006	2007
Total	224,801	235,417	260,616
Foreign government officials and families	948	801	992
Temporary visitors: for business	63,808	69,394	75,981
Temporary visitors: for pleasure	105,183	108,561	120,672
Transit aliens	739	922	722
Treaty traders and investors	3,670	3,740	3,849
Students and dependant family	9,503	10,437	11,779
Representatives to international organizations and families	70	79	79
Temporary workers and trainees, dependent family	8,917	18,944	20,864
Representatives of foreign information media and families	270	152	200
Students and exchange visitors, and dependant family	9,797	10,136	11,221
Fiances/spouses of U.S. citizens and their children	1,019	884	938
Intracompany transferees and dependant family	5,884	5,716	6,624
Vocational students and dependant family	3,007	2,869	3,348
NATO officials and families	16	92	175
NAFTA professional workers and dependant family	1,656	1,712	1,749
Fiances/spouses of permanent residents and their children	401	205	131
All other classes	921	765	1,286

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

Foreign Direct Investment Established in North Carolina

	U.S.	North Carolina
All industries	118588	4098
Mining	1107	21
Utilities	815	24
Construction	1082	32
Manufacturing	10322	462
Wholesale trade	15798	517
Retail trade	30540	1099
Transportation and warehousing	5468	144
Information	5046	73
Finance: Depository credit intermediation	3263	215
Finance: Insurance	3709	145
Real estate and rental and leasing	1890	56
Professional and technical services	4275	132
Accommodation and food services	15255	586
Other	16824	489

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

North Carolina Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, ** 2006-2007
North Carolina Exports Total	18,114,767	2.2%	19,463,349	2.2%	21,218,227	2.0%	23,346,793	2.0%	2.0%
Chemical Manufactures	3,336,697	18.4%	3,425,879	17.6%	3,513,526	16.6%	4,351,851	18.6%	18.6%
Machinery Manufactures	1,857,529	10.3%	2,244,198	11.5%	2,589,966	12.2%	3,164,224	13.6%	13.6%
Computers & Electronic Prod.	2,816,004	15.5%	3,141,555	16.1%	2,804,056	13.2%	2,663,814	11.4%	11.4%
Transportation Equipment	1,359,026	7.5%	1,552,016	8.0%	1,829,564	8.6%	1,988,415	8.5%	8.5%
Fabric Mill Products	1,590,554	8.8%	1,719,594	8.8%	1,841,198	8.7%	1,847,391	7.9%	7.9%
Plastic & Rubber Products	909,618	5.0%	921,267	4.7%	962,315	4.5%	998,088	4.3%	4.3%
Elec. Eq., Appliances & Parts	561,029	3.1%	681,940	3.5%	898,482	4.2%	908,597	3.9%	3.9%
Paper Products	640,223	3.5%	659,140	3.4%	664,836	3.1%	840,603	3.6%	3.6%
Crop Production	534,237	2.9%	515,887	2.7%	763,792	3.6%	772,631	3.3%	3.3%
Fabricated Metal Products	599,961	3.3%	552,601	2.8%	668,846	3.2%	729,058	3.1%	3.1%
Misc. Manufactures	491,275	2.7%	551,673	2.8%	606,878	2.9%	668,862	2.9%	2.9%
Primary Metal Manufactures	404,943	2.2%	494,370	2.5%	603,801	2.8%	663,749	2.8%	2.8%
Apparel Manufactures	1,005,365	5.5%	808,166	4.2%	757,165	3.6%	636,780	2.7%	2.7%
Beverage & Tobacco Products	360,489	2.0%	479,417	2.5%	671,049	3.2%	537,156	2.3%	2.3%
Processed Foods	273,353	1.5%	353,411	1.8%	385,212	1.8%	515,431	2.2%	2.2%
Non-Metallic Mineral Mfgs.	297,263	1.6%	308,747	1.6%	363,162	1.7%	444,986	1.9%	1.9%
Waste & Scrap	73,959	0.4%	108,187	0.6%	201,137	0.9%	309,615	1.3%	1.3%
Furniture & Related Products	178,080	1.0%	211,691	1.1%	227,959	1.1%	292,878	1.3%	1.3%
Wood Products	241,638	1.3%	240,081	1.2%	301,859	1.4%	266,209	1.1%	1.1%
Spec. Classification Provisions	171,217	0.9%	110,828	0.6%	108,274	0.5%	191,858	0.8%	0.8%
Non-Apparel Textile Products	126,035	0.7%	121,521	0.6%	140,884	0.7%	125,446	0.5%	0.5%
Mining	114,877	0.6%	83,004	0.4%	97,503	0.5%	120,973	0.5%	0.5%
Forestry & Logging	48,527	0.3%	51,606	0.3%	65,392	0.3%	112,136	0.5%	0.5%
Printing & Related Products	48,497	0.3%	52,900	0.3%	57,111	0.3%	62,877	0.3%	0.3%
Leather & Related Products	31,120	0.2%	34,186	0.2%	47,180	0.2%	47,046	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.

North Carolina Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
World Total	18,114,767	2.2%	19,463,349	2.2%	21,218,227	2.0%	23,346,793	2.0%	2.0%
Canada	4,485,467	24.8%	5,038,309	25.9%	5,379,009	25.4%	5,646,642	24.2%	24.2%
Japan	1,461,869	8.1%	1,555,369	8.0%	1,692,430	8.0%	1,773,542	7.6%	7.6%
Mexico	1,582,139	8.7%	1,495,603	7.7%	1,780,299	8.4%	1,729,703	7.4%	7.4%
United Kingdom	812,116	4.5%	930,629	4.8%	942,581	4.4%	948,426	4.1%	4.1%
Germany	643,148	3.6%	685,393	3.5%	841,355	4.0%	916,224	3.9%	3.9%
Honduras	670,863	3.7%	678,154	3.5%	783,437	3.7%	879,743	3.8%	3.8%
Hong Kong	416,094	2.3%	334,741	1.7%	354,675	1.7%	361,368	1.5%	1.5%
South Korea	404,239	2.2%	442,283	2.3%	541,707	2.6%	581,337	2.5%	2.5%
China	648,447	3.6%	774,499	4.0%	1,339,826	6.3%	1,769,244	7.6%	7.6%
Costa Rica	316,298	1.7%	289,642	1.5%	273,629	1.3%	236,935	1.0%	1.0%
Belgium	308,085	1.7%	364,606	1.9%	375,553	1.8%	437,894	1.9%	1.9%
Netherlands	344,161	1.9%	392,616	2.0%	505,024	2.4%	555,548	2.4%	2.4%
El Salvador	300,720	1.7%	287,899	1.5%	288,509	1.4%	268,332	1.1%	1.1%
Taiwan	382,821	2.1%	273,229	1.4%	304,211	1.4%	331,445	1.4%	1.4%
France	554,069	3.1%	603,776	3.1%	783,002	3.7%	971,160	4.2%	4.2%
Dominican Republic	306,281	1.7%	267,280	1.4%	342,354	1.6%	343,486	1.5%	1.5%
Australia	276,425	1.5%	306,707	1.6%	301,102	1.4%	338,300	1.4%	1.4%
Italy	503,723	2.8%	555,971	2.9%	225,527	1.1%	300,261	1.3%	1.3%
Brazil	314,796	1.7%	315,267	1.6%	361,414	1.7%	556,167	2.4%	2.4%
Saudi Arabia	300,749	1.7%	186,011	1.0%	192,071	0.9%	286,069	1.2%	1.2%
Singapore	170,074	0.9%	311,674	1.6%	242,881	1.1%	260,055	1.1%	1.1%
Spain	120,380	0.7%	143,537	0.7%	160,650	0.8%	171,226	0.7%	0.7%
India	159,048	0.9%	219,829	1.1%	155,009	0.7%	167,164	0.7%	0.7%
Colombia	85,155	0.5%	113,398	0.6%	153,818	0.7%	181,074	0.8%	0.8%
Argentina	58,158	0.3%	78,419	0.4%	80,978	0.4%	159,008	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.