

# **Business Data for Engaging in International Real Estate Transactions in Iowa**

**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 Iowa 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 Iowa***

In 2007, total of 49,997 non-immigrant aliens came into Iowa. Those in some selected categories are;

- 21,482 temporary visitors for pleasure
- 13,244 temporary visitors for business
- 206 treaty traders and investors
- 5,954 foreign students and dependant families
- 3,788 temporary foreign workers, trainees and dependant families
- 357 NAFTA professional workers and dependant families

Obviously many of them will need rental housing, second homes, or commercial properties in Iowa. A recent study of *The 2008 National Association of REALTORS® Profile of international Home Buying Activity*<sup>1</sup> 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 Iowa 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.

## ***Foreign Direct Investment Establishment in Iowa***

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<sup>1</sup> 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.

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 Iowa alone, there are 826 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 Iowa were \$ 3,234 million and \$ 749 million, respectively, in the past year. Third on the list of countries where Iowa products are exported is Mexico. The increase in Iowa exports may lead locally based companies to establish company representatives and sales personnel in those countries. Iowa real estate professionals may decide that it's time to set up referral networks with counterparts in Canada, Japan and Mexico.

Machinery Manufactures and Processed Foods were the top export industries in Iowa. Those two industries combined account 46% of the entire exports from Iowa. 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 Iowa***

Immigration to the United States soared in the past two decades, which likely will lead to many more home purchases in the coming decade.<sup>2</sup> 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 Iowa, 2,093 newly admitted legal immigrants arrived in 2007. The largest group came from Mexico (715). Other top countries of origin include:

- India (235)
- China, People's Republic (213)
- Vietnam (199)
- Philippines (129)

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, 2,093 immigrants to Iowa became U.S. citizens. Natives of Mexico led with the highest number (547) of newly naturalized citizens in the state last year. Other top countries represented include:

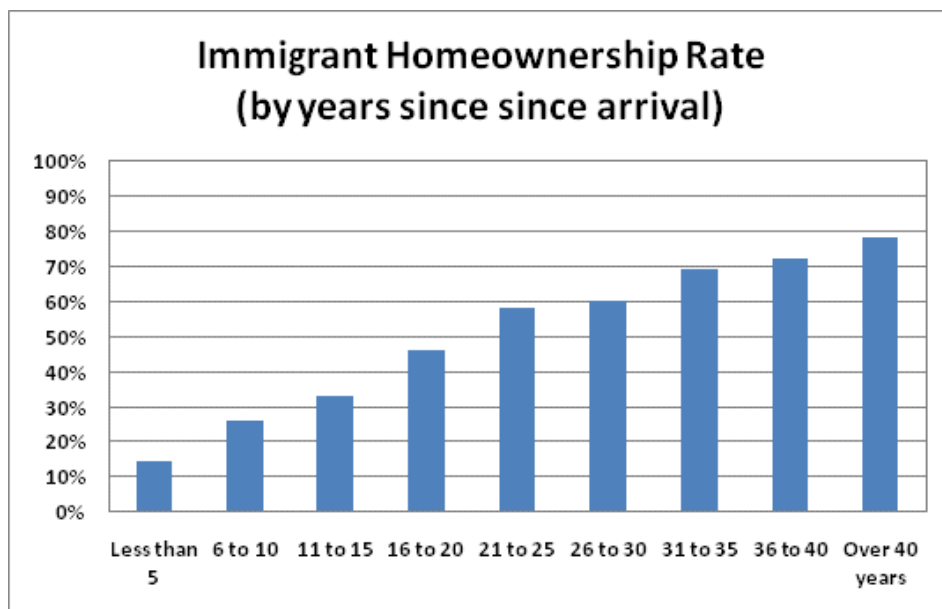
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<sup>2</sup> There are contentious issues relating to swelling illegal immigration and assimilation, and this paper does not attempt to delve into this difficult topic.

- Bosnia - Herzegovina (362)
- Vietnam (185)
- India (127)
- Sudan (76)

As of 2007 there are 40,473 (1.4% of the state population) of naturalized citizens and 76,964 non-citizens (2.6% of the state population) in Iowa. 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.<sup>3</sup>

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.

<sup>3</sup> 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](http://www.WorldProperties.com)

*For more information on NAR’s International programs, please email us at [NARGlobe@realtors.org](mailto:NARGlobe@realtors.org) or visit us online at [www.Realtor.org/international](http://www.Realtor.org/international).*

## Population Demographics in Iowa

	Total Population	U.S. Born Citizen	Foreign Born (%)	Naturalized Citizen	Non-U.S. Citizen	
Male	1,474,159	1,412,163	61,996	4.2%	19,747	42,249
18 and Over	1,108,296	1,053,072	55,224	5.0%	18,511	36,713
Under 18	365,863	359,091	6,772	1.9%	1,236	5,536
Female	1,513,888	1,458,447	55,441	3.7%	20,726	34,715
18 and Over	1,168,067	1,120,659	47,408	4.1%	18,243	29,165
Under 18	345,821	337,788	8,033	2.3%	2,483	5,550
<b>Total</b>	<b>2,988,047</b>	<b>2,870,610</b>	<b>117,437</b>	<b>3.9%</b>	<b>40,473</b>	<b>76,964</b>

Source: Census Bureau, American Community Survey 2007

## Foreign Born Population in Iowa by Year of Entry

	Total Population	U.S. Born Citizen	Foreign Born	Naturalized Citizen	Non-U.S. Citizen
2000 or later	46,517	2,104	44,413	2,935	41,478
1990 to 1999	41,902	3,086	38,816	13,470	25,346
Entered 1980 to 1989	18,182	2,282	15,900	9,699	6,201
Entered before 1980	25,289	6,981	18,308	14,369	3,939
<b>Total</b>	<b>131,890</b>	<b>14,453</b>	<b>117,437</b>	<b>40,473</b>	<b>76,964</b>

Source: Census Bureau, American Community Survey 2007

## Main Languages Spoken in Households

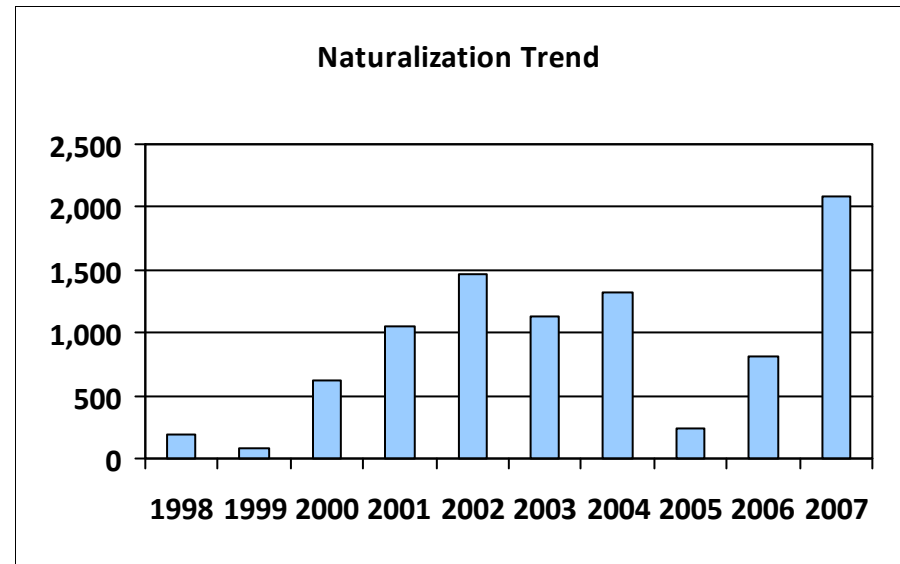
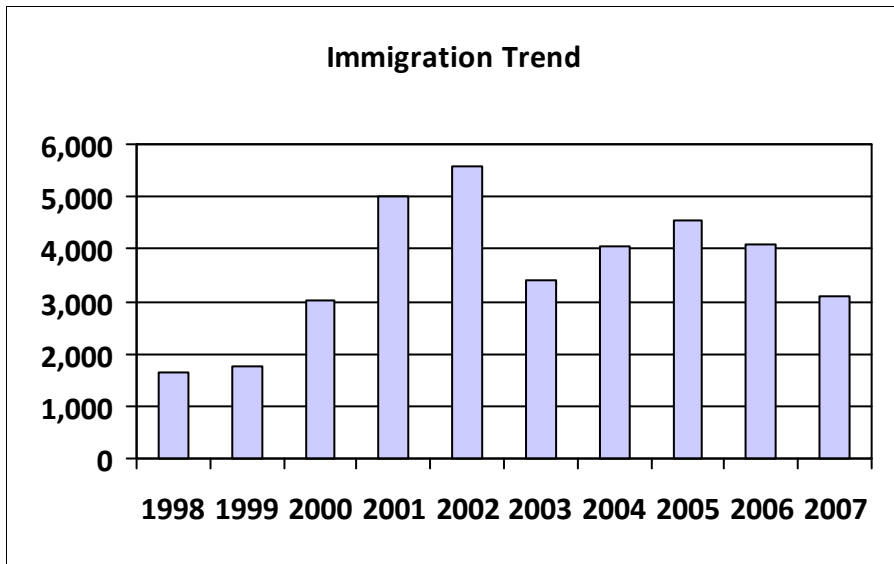
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	1,123,610		
Spanish	48,885	11,275	37,610
Indo-European	24,587	2,740	21,847
Asian-Pacific	13,944	4,576	9,368
Other	3,327	424	2,903
<b>Total</b>	<b>1,214,353</b>	<b>19,015</b>	<b>71,728</b>

Source: Census Bureau, American Community Survey 2007

### Immigration and Naturalization Trend in Iowa

Year	Admitted Immigrants	Naturalization
1998	1,655	191
1999	1,771	73
2000	3,035	621
2001	5,014	1,055
2002	5,570	1,465
2003	3,419	1,123
2004	4,067	1,314
2005	4,535	234
2006	4,085	805
2007	3,103	2,093

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

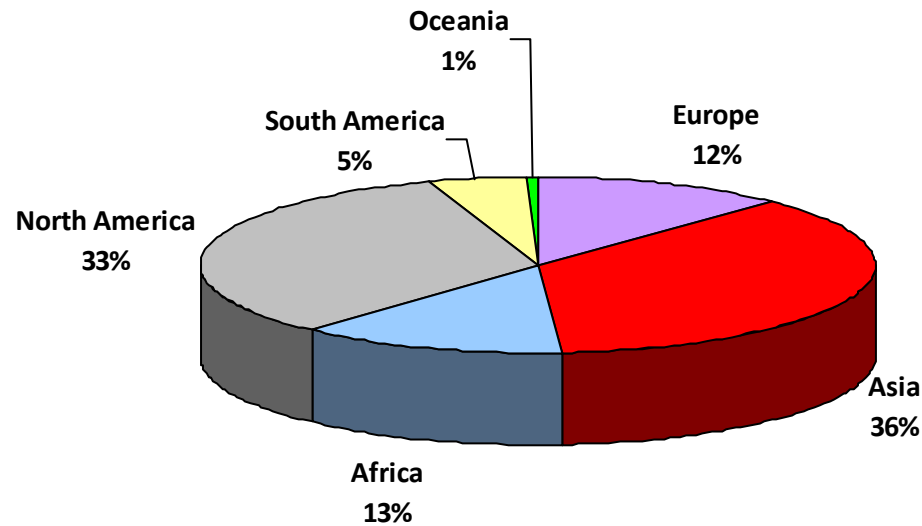


**2007 Immigration to Iowa by Country of Birth**

										Total	3,103
<b>Europe</b>	<b>378</b>	<b>Asia</b>	<b>1,136</b>	<b>Africa</b>	<b>400</b>	<b>North America</b>	<b>1,028</b>	<b>South America</b>	<b>142</b>	<b>Oceania</b>	<b>19</b>
Bosnia - Herzegovina	56	India	235	Sudan	80	Mexico	715	Brazil	37	Australia	11
Russia	50	China	213	Kenya	70	Guatemala	107	Colombia	32	New Zealand	6
Germany	49	Vietnam	199	Ethiopia	36	Canada	100	Peru	16		
Ukraine	44	Philippines	129	Ghana	25	El Salvador	64	Venezuela	15		
United Kingdom	34	Korea	56	Nigeria	23	Honduras	16	Argentina	13		
Netherlands	15	Nepal	35	South Africa	19	Cuba	4	Ecuador	12		
Romania	13	Taiwan	27	Somalia	17	Nicaragua	4	Uruguay	5		
Serbia - Montenegro	12	Japan	24	Liberia	16	Panama	4	Chile	4		
France	9	Pakistan	24	Congo, Democra	13	Dominican Republic	3	Guyana	3		

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

**2007 Immigration to Iowa by Origination Region**

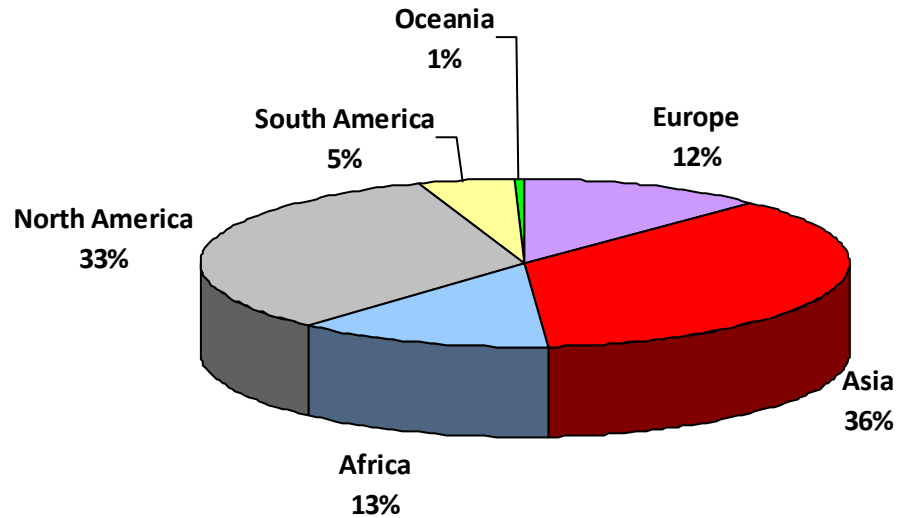


**2007 Naturalization in Iowa by Country of Birth**

										Total	2,093
<b>Europe</b>	<b>571</b>	<b>Asia</b>	<b>586</b>	<b>Africa</b>	<b>179</b>	<b>North America</b>	<b>699</b>	<b>South America</b>	<b>50</b>	<b>Oceania</b>	<b>8</b>
Bosnia - Herzegovina	362	Vietnam	185	Sudan	76	Mexico	547	Ecuador	12	Australia	5
Croatia	35	India	127	Nigeria	12	El Salvador	44	Argentina	11	New Zealand	3
Russia	28	China	65	Liberia	11	Canada	37	Colombia	10		
United Kingdom	21	Laos	41	Egypt	8	Guatemala	31	Peru	5		
Serbia - Montenegro	20	Philippines	36	Somalia	8	Honduras	12	Venezuela	5		
Ukraine	13	Taiwan	19	Congo, Republi	7	Costa Rica	6				
Romania	11	Korea	17	Ghana	7	Cuba	4				
Germany	9	Cambodia	16	Morocco	7	Dominican Republic	4				
Macedonia	8	Thailand	16	Ethiopia	6	Nicaragua	4				

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

**2007 Naturalization in Iowa by Origination Region**



## Nonimmigrant Visitors to Iowa

	2005	2006	2007
<b>Total</b>	<b>40,381</b>	<b>43,543</b>	<b>49,997</b>
Foreign government officials and families	85	77	73
Temporary visitors: for business	10,059	10,948	13,244
Temporary visitors: for pleasure	18,462	19,350	21,482
Transit aliens	16	36	33
Treaty traders and investors	207	234	206
Students and dependant family	5,160	5,484	5,954
Representatives to international organizations and families	14	15	16
Temporary workers and trainees, dependent family	1,902	2,538	3,788
Representatives of foreign information media and families	26	53	39
Students and exchange visitors, and dependant family	2,421	2,669	2,671
Fiances/spouses of U.S. citizens and their children	242	297	290
Intracompany transferees and dependant family	651	821	1,055
Vocational students and dependant family	304	452	518
NATO officials and families			6
NAFTA professional workers and dependant family	244	332	357
Fiances/spouses of permanent residents and their children	67	72	27
All other classes	162	153	228

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

**Foreign Direct Investment Established in Iowa**

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	<b>U.S.</b>	<b>Iowa</b>
All industries	118588	826
Mining	1107	2
Utilities	815	10
Construction	1082	6
Manufacturing	10322	126
Wholesale trade	15798	123
Retail trade	30540	246
Transportation and warehousing	5468	35
Information	5046	37
Finance: Depository credit intermediation	3263	1
Finance: Insurance	3709	29
Real estate and rental and leasing	1890	17
Professional and technical services	4275	16
Accommodation and food services	15255	93
Other	16824	68

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

## Iowa Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, ** 2006-2007
<b>Iowa Exports Total</b>	<b>6,393,941</b>	<b>0.8%</b>	<b>7,347,678</b>	<b>0.8%</b>	<b>8,409,957</b>	<b>0.8%</b>	<b>9,614,139</b>	<b>0.8%</b>	<b>0.8%</b>
Machinery Manufactures	1,686,847	26.4%	1,963,365	26.7%	2,301,226	27.4%	2,690,765	28.0%	28.0%
Processed Foods	1,195,079	18.7%	1,307,761	17.8%	1,523,941	18.1%	1,767,450	18.4%	18.4%
Chemical Manufactures	523,398	8.2%	665,905	9.1%	680,892	8.1%	841,920	8.8%	8.8%
Computers & Electronic Prod.	452,101	7.1%	481,192	6.5%	550,211	6.5%	682,671	7.1%	7.1%
Crop Production	303,522	4.7%	351,627	4.8%	445,012	5.3%	641,048	6.7%	6.7%
Primary Metal Manufactures	396,972	6.2%	524,192	7.1%	633,287	7.5%	606,738	6.3%	6.3%
Elec. Eq., Appliances & Parts	510,662	8.0%	577,633	7.9%	576,994	6.9%	501,007	5.2%	5.2%
Transportation Equipment	338,428	5.3%	364,426	5.0%	486,695	5.8%	486,028	5.1%	5.1%
Fabricated Metal Products	211,947	3.3%	233,678	3.2%	262,374	3.1%	310,483	3.2%	3.2%
Misc. Manufactures	225,301	3.5%	259,781	3.5%	252,523	3.0%	236,435	2.5%	2.5%
Plastic & Rubber Products	168,792	2.6%	181,885	2.5%	201,367	2.4%	233,304	2.4%	2.4%
Beverage & Tobacco Products	16,555	0.3%	24,533	0.3%	62,267	0.7%	105,075	1.1%	1.1%
Mining	58,449	0.9%	43,089	0.6%	905	0.0%	81,432	0.8%	0.8%
Waste & Scrap	8,379	0.1%	14,903	0.2%	67,102	0.8%	72,124	0.8%	0.8%
Furniture & Related Products	56,856	0.9%	61,260	0.8%	65,219	0.8%	67,719	0.7%	0.7%
Paper Products	52,776	0.8%	61,678	0.8%	68,200	0.8%	60,579	0.6%	0.6%
Wood Products	26,570	0.4%	27,178	0.4%	36,786	0.4%	40,950	0.4%	0.4%
Printing & Related Products	25,965	0.4%	38,237	0.5%	32,662	0.4%	36,865	0.4%	0.4%
Animal Production	19,445	0.3%	27,034	0.4%	29,874	0.4%	30,536	0.3%	0.3%
Non-Metallic Mineral Mfgs.	23,667	0.4%	24,185	0.3%	24,995	0.3%	27,901	0.3%	0.3%
Fabric Mill Products	28,151	0.4%	40,390	0.5%	29,663	0.4%	27,045	0.3%	0.3%
Spec. Classification Provisions	18,537	0.3%	20,265	0.3%	23,452	0.3%	19,513	0.2%	0.2%
Used Merchandise	7,050	0.1%	7,550	0.1%	9,146	0.1%	10,393	0.1%	0.1%
Forestry & Logging	5,348	0.1%	5,099	0.1%	4,776	0.1%	9,742	0.1%	0.1%
Non-Apparel Textile Products	16,929	0.3%	25,345	0.3%	21,876	0.3%	8,562	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.

## Iowa Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
<b>World Total</b>	<b>6,393,941</b>	<b>0.8%</b>	<b>7,347,678</b>	<b>0.8%</b>	<b>8,409,957</b>	<b>0.8%</b>	<b>9,614,139</b>	<b>0.8%</b>	<b>0.8%</b>
Canada	2,292,485	35.9%	2,555,851	34.8%	3,065,279	36.4%	3,234,199	33.6%	33.6%
Japan	631,505	9.9%	670,726	9.1%	656,126	7.8%	748,664	7.8%	7.8%
Mexico	820,228	12.8%	1,027,020	14.0%	1,283,893	15.3%	1,583,793	16.5%	16.5%
Germany	242,408	3.8%	316,030	4.3%	395,942	4.7%	451,714	4.7%	4.7%
France	212,823	3.3%	230,923	3.1%	243,404	2.9%	247,361	2.6%	2.6%
United Kingdom	254,220	4.0%	256,237	3.5%	245,070	2.9%	268,125	2.8%	2.8%
Australia	250,679	3.9%	217,605	3.0%	199,476	2.4%	199,606	2.1%	2.1%
South Korea	101,940	1.6%	139,559	1.9%	186,972	2.2%	205,692	2.1%	2.1%
Belgium	81,028	1.3%	77,717	1.1%	76,004	0.9%	70,221	0.7%	0.7%
China	128,292	2.0%	194,209	2.6%	243,636	2.9%	278,224	2.9%	2.9%
Netherlands	127,131	2.0%	131,954	1.8%	121,977	1.5%	185,284	1.9%	1.9%
Taiwan	63,388	1.0%	69,784	0.9%	67,861	0.8%	59,583	0.6%	0.6%
Saudi Arabia	53,575	0.8%	39,052	0.5%	49,422	0.6%	76,600	0.8%	0.8%
Singapore	65,429	1.0%	98,813	1.3%	86,402	1.0%	82,027	0.9%	0.9%
Russian Federation	46,445	0.7%	70,660	1.0%	122,741	1.5%	233,741	2.4%	2.4%
Brazil	135,784	2.1%	97,613	1.3%	95,512	1.1%	217,258	2.3%	2.3%
Italy	40,555	0.6%	62,098	0.8%	74,062	0.9%	73,264	0.8%	0.8%
Ireland	59,711	0.9%	102,020	1.4%	62,289	0.7%	67,926	0.7%	0.7%
Hong Kong	41,217	0.6%	43,409	0.6%	68,362	0.8%	72,511	0.8%	0.8%
South Africa	60,981	1.0%	37,597	0.5%	62,469	0.7%	75,193	0.8%	0.8%
Spain	54,146	0.8%	48,125	0.7%	57,888	0.7%	57,274	0.6%	0.6%
Venezuela	13,220	0.2%	18,609	0.3%	37,160	0.4%	47,607	0.5%	0.5%
Denmark	20,302	0.3%	42,123	0.6%	47,169	0.6%	53,068	0.6%	0.6%
Argentina	42,643	0.7%	40,898	0.6%	56,662	0.7%	55,161	0.6%	0.6%
Turkey	12,729	0.2%	16,210	0.2%	47,356	0.6%	51,444	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.