

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

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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 Vermont 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 Vermont***

In 2007, total of 50,015 non-immigrant aliens came into Vermont. Those in some selected categories are;

- 37,655 temporary visitors for pleasure
- 3,839 temporary visitors for business
- 145 treaty traders and investors
- 2,110 foreign students and dependant families
- 1,834 temporary foreign workers, trainees and dependant families
- 399 NAFTA professional workers and dependant families

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

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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.

### ***Foreign Direct Investment Establishment in Vermont***

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 Vermont alone, there are 310 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 South Korea from Vermont were \$ 1,350 million and \$ 261 million, respectively, in the past year. Third on the list of countries where Vermont products are exported is Taiwan. The increase in Vermont exports may lead locally based companies to establish company representatives and sales personnel in those countries. Vermont real estate professionals may decide that it's time to set up referral networks with counterparts in Canada, South Korea and Taiwan.

Computers & Electronic Prod. and Machinery Manufactures were the top export industries in Vermont. Those two industries combined account 77% of the entire exports from Vermont. 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 Vermont***

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 Vermont, 468 newly admitted legal immigrants arrived in 2007. The largest group came from Bosnia - Herzegovina (67). Other top countries of origin include:

- China, People's Republic (66)
- Kenya (53)
- India (49)
- Philippines (43)

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, 468 immigrants to Vermont became U.S. citizens. Natives of Bosnia - Herzegovina led with the highest number (98) of newly naturalized citizens in the state last year. Other top countries represented include:

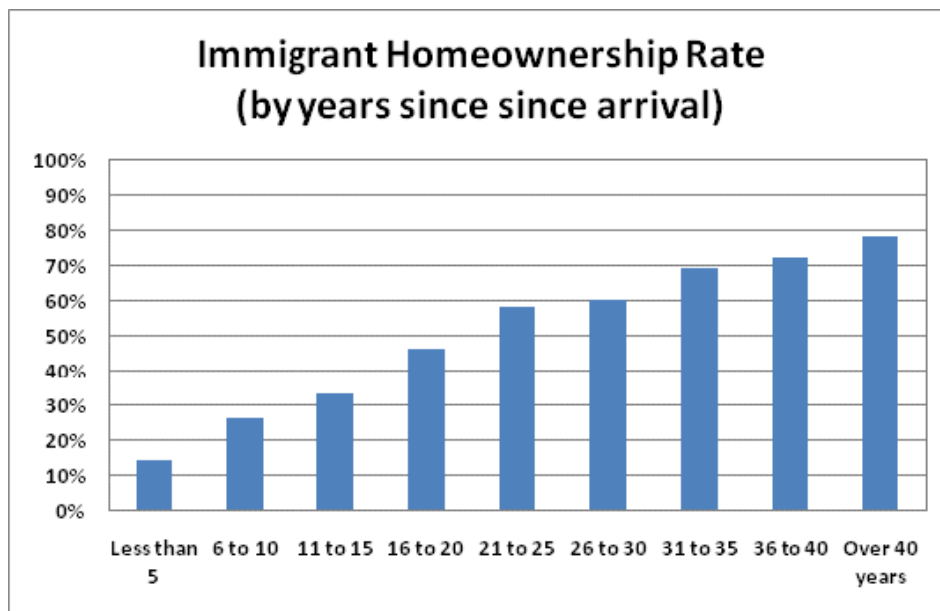
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<sup>2</sup> There are contentious issues relating to swelling illegal immigration and assimilation, and this paper does not attempt to delve into this difficult topic.

- Canada (56)
- Vietnam (41)
- India (30)
- China, People's Republic (25)

As of 2007 there are 11,999 (1.9% of the state population) of naturalized citizens and 9,411 non-citizens (1.5% of the state population) in Vermont. 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 Vermont

	Total Population	U.S. Born Citizen	Foreign Born (%)	Naturalized Citizen	Non-U.S. Citizen	
Male	304,942	295,020	9,922	3.3%	5,248	4,674
18 and Over	237,761	228,497	9,264	3.9%	5,094	4,170
Under 18	67,181	66,523	658	1.0%	154	504
Female	316,312	304,824	11,488	3.6%	6,751	4,737
18 and Over	251,801	241,086	10,715	4.3%	6,367	4,348
Under 18	64,511	63,738	773	1.2%	384	389
<b>Total</b>	<b>621,254</b>	<b>599,844</b>	<b>21,410</b>	<b>3.4%</b>	<b>11,999</b>	<b>9,411</b>

Source: Census Bureau, American Community Survey 2007

### Foreign Born Population in Vermont by Year of Entry

	Total Population	U.S. Born Citizen	Foreign Born	Naturalized Citizen	Non-U.S. Citizen
2000 or later	5,029	396	4,633	613	4,020
1990 to 1999	6,856	738	6,118	2,974	3,144
Entered 1980 to 1989	2,700	326	2,374	1,652	722
Entered before 1980	10,669	2,384	8,285	6,760	1,525
<b>Total</b>	<b>25,254</b>	<b>3,844</b>	<b>21,410</b>	<b>11,999</b>	<b>9,411</b>

Source: Census Bureau, American Community Survey 2007

### Main Languages Spoken in Households

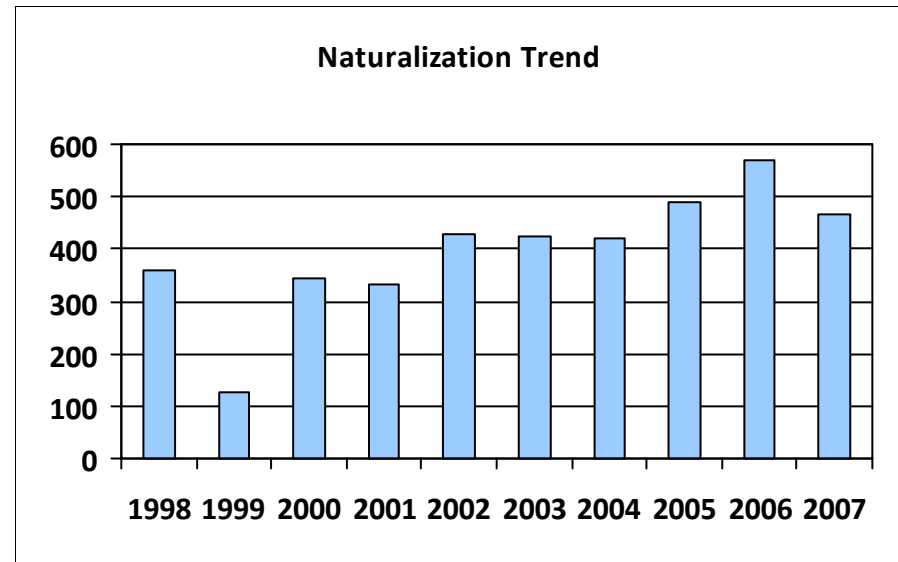
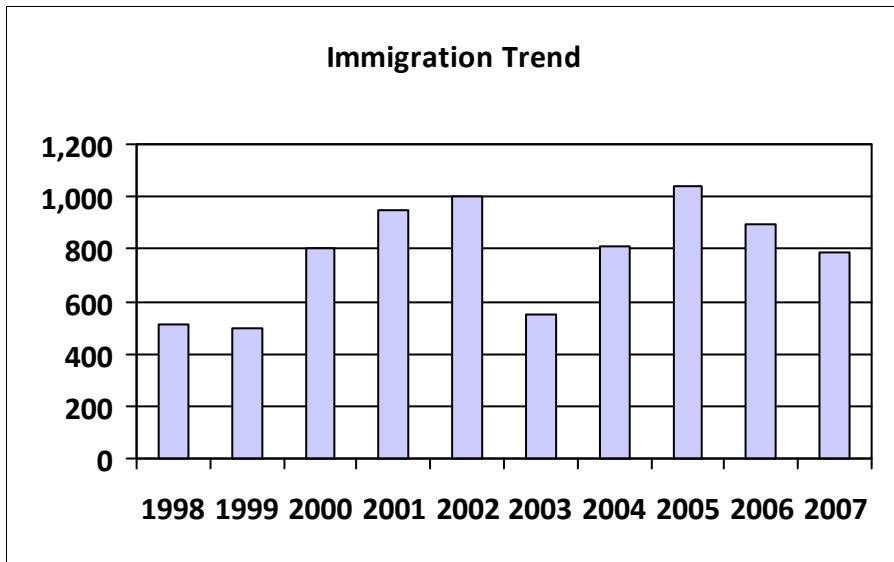
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	234,280		
Spanish	3,741	340	3,401
Indo-European	12,702	1,066	11,636
Asian-Pacific	1,386	171	1,215
Other	471	0	471
<b>Total</b>	<b>252,580</b>	<b>1,577</b>	<b>16,723</b>

Source: Census Bureau, American Community Survey 2007

### Immigration and Naturalization Trend in Vermont

Year	Admitted Immigrants	Naturalization
1998	511	359
1999	494	126
2000	802	345
2001	950	332
2002	1,003	428
2003	550	426
2004	814	419
2005	1,042	488
2006	894	569
2007	791	468

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

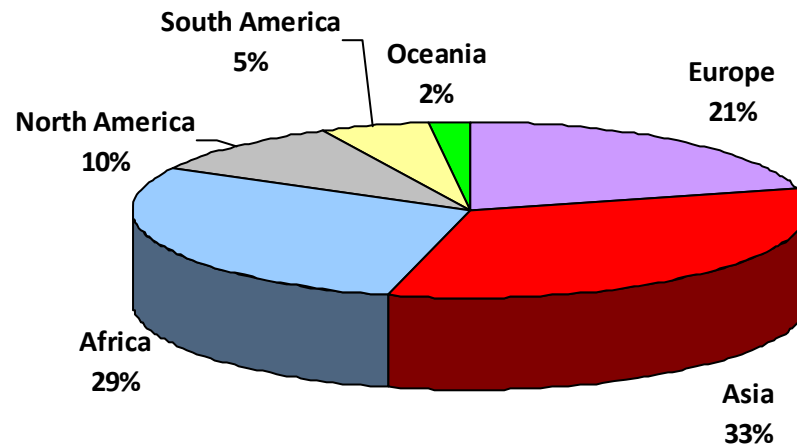


**2007 Immigration to Vermont by Country of Birth**

										Total	791
<b>Europe</b>	<b>166</b>	<b>Asia</b>	<b>259</b>	<b>Africa</b>	<b>230</b>	<b>North America</b>	<b>78</b>	<b>South America</b>	<b>42</b>	<b>Oceania</b>	<b>15</b>
United Kingdom	41	China	66	Somalia	67	Canada	43	Peru	10	Australia	12
Russia	20	India	49	Kenya	53	Guatemala	14	Argentina	8	New Zealand	3
Germany	11	Philippines	43	Ethiopia	14	Jamaica	7	Brazil	8		
Soviet Union, frm	9	Korea	22	Ghana	12	Dominican Republic	4	Chile	6		
Bosnia - Herzegovina	7	Vietnam	20	Burundi	10	Mexico	3	Colombia	6		
Ukraine	7	Uzbekistan	18	Sudan	10						
Serbia - Montenegro	6	Thailand	7	Congo, Democra	8						
Sweden	5	Nepal	6	Congo, Republic	8						
Switzerland	5	Turkey	6	Tanzania	8						

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

**2007 Immigration to Vermont by Origination Region**

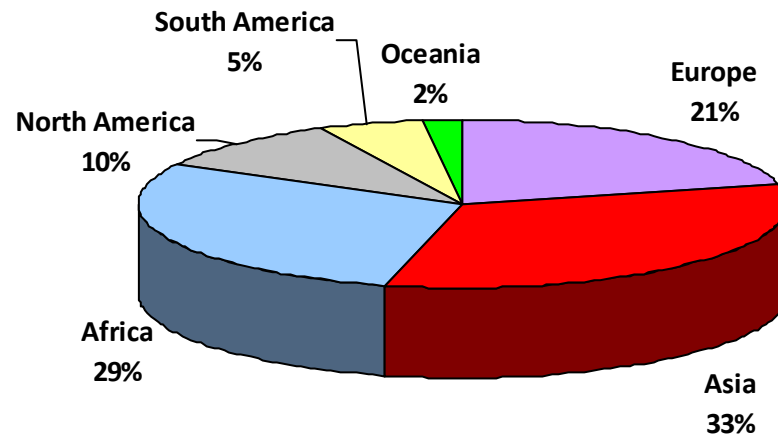


**2007 Naturalization in Vermont by Country of Birth**

										Total	468
<b>Europe</b>	<b>198</b>	<b>Asia</b>	<b>136</b>	<b>Africa</b>	<b>40</b>	<b>North America</b>	<b>70</b>	<b>South America</b>	<b>18</b>	<b>Oceania</b>	<b>6</b>
Bosnia - Herzegovina	98	Vietnam	41	Sudan	10	Canada	56	Argentina	5	Australia	4
United Kingdom	17	India	30	Nigeria	5	Mexico	5	Peru	4		
Germany	9	China	25	Congo, Republi	4			Colombia	3		
Russia	8	Philippines	13	Ethiopia	3						
Serbia - Montenegro	7	Korea	4	Ghana	3						
France	6	Lebanon	3								
Czechoslovakia, frm	5	Nepal	3								
Netherlands	5	Turkey	3								
Romania	5										

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

**2007 Naturalization in Vermont by Origination Region**



## Nonimmigrant Visitors to Vermont

	2005	2006	2007
<b>Total</b>	<b>39,396</b>	<b>46,098</b>	<b>50,015</b>
Foreign government officials and families	56	42	43
Temporary visitors: for business	2,926	3,658	3,839
Temporary visitors: for pleasure	29,436	34,718	37,655
Transit aliens	15	25	13
Treaty traders and investors	134	154	145
Students and dependant family	1,726	1,798	2,110
Representatives to international organizations and families	8	7	15
Temporary workers and trainees, dependent family	689	1,645	1,834
Representatives of foreign information media and families	35	15	27
Students and exchange visitors, and dependant family	2,554	3,063	3,237
Fiances/spouses of U.S. citizens and their children	80	75	75
Intracompany transferees and dependant family	278	265	267
Vocational students and dependant family	114	95	100
NAFTA professional workers and dependant family	384	416	399
Fiances/spouses of permanent residents and their children	7		12
All other classes	68	111	239

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

## Foreign Direct Investment Established in Vermont

	U.S.	Vermont
All industries	118588	310
Mining	1107	3
Utilities	815	9
Construction	1082	1
Manufacturing	10322	28
Wholesale trade	15798	31
Retail trade	30540	125
Transportation and warehousing	5468	17
Information	5046	10
Finance: Depository credit intermediation	3263	0
Finance: Insurance	3709	4
Real estate and rental and leasing	1890	4
Professional and technical services	4275	8
Accommodation and food services	15255	44
Other	16824	21

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

## Vermont Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, ** 2006-2007
<b>Vermont Exports Total</b>	<b>3,283,135</b>	<b>0.4%</b>	<b>4,239,667</b>	<b>0.5%</b>	<b>3,816,784</b>	<b>0.4%</b>	<b>3,434,557</b>	<b>0.3%</b>	<b>0.3%</b>
Computers & Electronic Prod.	2,578,132	78.5%	3,535,187	83.4%	2,995,935	78.5%	2,488,358	72.5%	72.5%
Machinery Manufactures	140,180	4.3%	120,305	2.8%	136,420	3.6%	163,129	4.7%	4.7%
Transportation Equipment	100,925	3.1%	110,822	2.6%	125,627	3.3%	123,936	3.6%	3.6%
Processed Foods	49,022	1.5%	52,371	1.2%	66,811	1.8%	85,157	2.5%	2.5%
Paper Products	41,698	1.3%	50,914	1.2%	58,310	1.5%	73,005	2.1%	2.1%
Fabricated Metal Products	56,887	1.7%	53,638	1.3%	72,032	1.9%	70,144	2.0%	2.0%
Elec. Eq., Appliances & Parts	52,786	1.6%	44,885	1.1%	43,713	1.1%	65,719	1.9%	1.9%
Chemical Manufactures	40,580	1.2%	46,830	1.1%	46,086	1.2%	48,509	1.4%	1.4%
Wood Products	30,787	0.9%	33,875	0.8%	45,500	1.2%	48,238	1.4%	1.4%
Misc. Manufactures	40,197	1.2%	41,716	1.0%	46,377	1.2%	46,918	1.4%	1.4%
Plastic & Rubber Products	17,751	0.5%	24,944	0.6%	26,932	0.7%	31,855	0.9%	0.9%
Mining	25,160	0.8%	20,595	0.5%	26,616	0.7%	31,158	0.9%	0.9%
Forestry & Logging	24,165	0.7%	24,232	0.6%	26,650	0.7%	26,717	0.8%	0.8%
Waste & Scrap	8,582	0.3%	10,325	0.2%	15,036	0.4%	21,077	0.6%	0.6%
Goods Returned to Canada	7,839	0.2%	1,274	0.0%	787	0.0%	17,595	0.5%	0.5%
Fabric Mill Products	10,674	0.3%	8,623	0.2%	11,992	0.3%	13,147	0.4%	0.4%
Non-Metallic Mineral Mfgs.	6,324	0.2%	8,411	0.2%	10,165	0.3%	12,802	0.4%	0.4%
Primary Metal Manufactures	6,400	0.2%	4,204	0.1%	7,633	0.2%	10,194	0.3%	0.3%
Spec. Classification Provisions	11,900	0.4%	9,108	0.2%	8,584	0.2%	8,445	0.2%	0.2%
Printing & Related Products	7,530	0.2%	7,265	0.2%	11,115	0.3%	7,999	0.2%	0.2%
Fishing, Hunting, & Trapping	1,979	0.1%	2,059	0.0%	3,455	0.1%	6,213	0.2%	0.2%
Apparel Manufactures	5,317	0.2%	6,174	0.1%	6,130	0.2%	5,749	0.2%	0.2%
Used Merchandise	1,801	0.1%	1,756	0.0%	1,970	0.1%	5,030	0.1%	0.1%
Furniture & Related Products	4,562	0.1%	3,037	0.1%	4,999	0.1%	4,446	0.1%	0.1%
Animal Production	4,340	0.1%	4,107	0.1%	3,638	0.1%	4,282	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.

## Vermont Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
<b>World Total</b>	<b>3,283,135</b>	<b>0.4%</b>	<b>4,239,667</b>	<b>0.5%</b>	<b>3,816,784</b>	<b>0.4%</b>	<b>3,434,557</b>	<b>0.3%</b>	<b>0.3%</b>
Canada	1,516,110	46.2%	2,110,325	49.8%	1,670,214	43.8%	1,349,901	39.3%	39.3%
South Korea	259,695	7.9%	321,569	7.6%	259,643	6.8%	261,057	7.6%	7.6%
Taiwan	511,936	15.6%	416,839	9.8%	303,737	8.0%	210,524	6.1%	6.1%
Japan	97,908	3.0%	124,044	2.9%	135,607	3.6%	106,941	3.1%	3.1%
Netherlands	19,251	0.6%	25,708	0.6%	21,200	0.6%	14,170	0.4%	0.4%
United Kingdom	72,496	2.2%	80,808	1.9%	87,670	2.3%	55,234	1.6%	1.6%
Singapore	132,711	4.0%	210,469	5.0%	262,264	6.9%	173,468	5.1%	5.1%
Italy	29,851	0.9%	21,621	0.5%	18,157	0.5%	14,400	0.4%	0.4%
Hong Kong	138,920	4.2%	199,374	4.7%	200,299	5.2%	344,732	10.0%	10.0%
Germany	41,786	1.3%	34,401	0.8%	41,771	1.1%	34,474	1.0%	1.0%
Mexico	33,300	1.0%	38,743	0.9%	41,890	1.1%	51,885	1.5%	1.5%
France	22,077	0.7%	21,974	0.5%	37,164	1.0%	20,864	0.6%	0.6%
Malaysia	102,461	3.1%	123,452	2.9%	189,631	5.0%	242,592	7.1%	7.1%
Thailand	32,168	1.0%	17,649	0.4%	22,870	0.6%	57,246	1.7%	1.7%
China	83,105	2.5%	212,294	5.0%	185,811	4.9%	154,910	4.5%	4.5%
Ireland	79,566	2.4%	139,894	3.3%	131,240	3.4%	130,461	3.8%	3.8%
Philippines	3,324	0.1%	6,086	0.1%	10,490	0.3%	17,835	0.5%	0.5%
Switzerland	6,739	0.2%	4,682	0.1%	5,539	0.1%	12,299	0.4%	0.4%
Australia	6,268	0.2%	5,902	0.1%	7,827	0.2%	10,807	0.3%	0.3%
Spain	4,713	0.1%	6,624	0.2%	6,500	0.2%	8,491	0.2%	0.2%
Belgium	5,765	0.2%	4,525	0.1%	23,737	0.6%	21,400	0.6%	0.6%
Brazil	4,314	0.1%	5,221	0.1%	7,120	0.2%	8,571	0.2%	0.2%
Russian Federation	6,630	0.2%	6,611	0.2%	2,552	0.1%	7,335	0.2%	0.2%
Qatar	259	0.0%	1,485	0.0%	345	0.0%	9,278	0.3%	0.3%
Czech Republic	1,641	0.0%	26,178	0.6%	49,714	1.3%	13,717	0.4%	0.4%

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.