

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

**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 Nebraska 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 Nebraska***

In 2007, total of 27,999 non-immigrant aliens came into Nebraska. Those in some selected categories are;

- 14,413 temporary visitors for pleasure
- 6,008 temporary visitors for business
- 202 treaty traders and investors
- 3,313 foreign students and dependant families
- 1,623 temporary foreign workers, trainees and dependant families
- 178 NAFTA professional workers and dependant families

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

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 Nebraska alone, there are 466 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 Nebraska were \$ 1,208 million and \$ 900 million, respectively, in the past year. Third on the list of countries where Nebraska products are exported is Japan. The increase in Nebraska exports may lead locally based companies to establish company representatives and sales personnel in those countries. Nebraska real estate professionals may decide that it's time to set up referral networks with counterparts in Canada, Mexico and Japan.

Processed Foods and Machinery Manufactures were the top export industries in Nebraska. Those two industries combined account 42% of the entire exports from Nebraska. 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 Nebraska***

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 Nebraska, 2,188 newly admitted legal immigrants arrived in 2007. The largest group came from Mexico (903). Other top countries of origin include:

- India (209)
- Vietnam (188)
- Guatemala (163)
- Sudan (152)

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, 2,188 immigrants to

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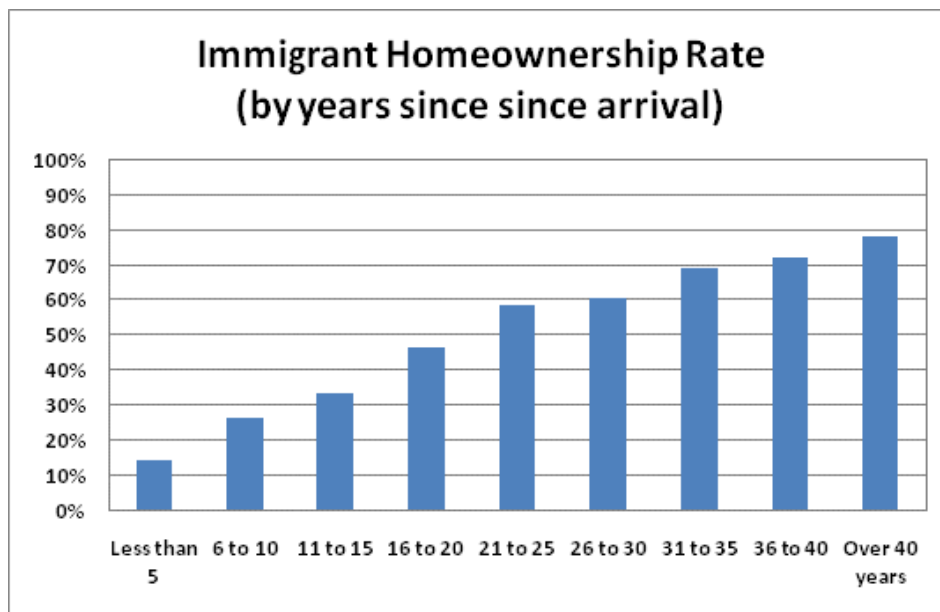
<sup>2</sup> There are contentious issues relating to swelling illegal immigration and assimilation, and this paper does not attempt to delve into this difficult topic.

Nebraska became U.S. citizens. Natives of Mexico led with the highest number (720) of newly naturalized citizens in the state last year. Other top countries represented include:

- Vietnam (192)
- Sudan (181)
- India (126)
- Iraq (99)

As of 2007 there are 36,423 (2.1% of the state population) of naturalized citizens and 62,089 non-citizens (3.5% of the state population) in Nebraska. 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

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<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.

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](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 Nebraska**

	<b>Total Population</b>	<b>U.S. Born Citizen</b>	<b>Foreign Born (%)</b>	<b>Naturalized Citizen</b>	<b>Non-U.S. Citizen</b>	
Male	879,144	828,598	50,546	5.7%	16,925	33,621
18 and Over	648,971	604,337	44,634	6.9%	15,428	29,206
Under 18	230,173	224,261	5,912	2.6%	1,497	4,415
Female	895,427	847,461	47,966	5.4%	19,498	28,468
18 and Over	678,122	636,807	41,315	6.1%	17,164	24,151
Under 18	217,305	210,654	6,651	3.1%	2,334	4,317
<b>Total</b>	<b>1,774,571</b>	<b>1,676,059</b>	<b>98,512</b>	<b>5.6%</b>	<b>36,423</b>	<b>62,089</b>

Source: Census Bureau, American Community Survey 2007

**Foreign Born Population in Nebraska by Year of Entry**

	<b>Total Population</b>	<b>U.S. Born Citizen</b>	<b>Foreign Born</b>	<b>Naturalized Citizen</b>	<b>Non-U.S. Citizen</b>
2000 or later	37,524	2,607	34,917	2,454	32,463
1990 to 1999	33,866	2,572	31,294	9,931	21,363
Entered 1980 to 1989	18,995	1,835	17,160	11,120	6,040
Entered before 1980	20,210	5,069	15,141	12,918	2,223
<b>Total</b>	<b>110,595</b>	<b>12,083</b>	<b>98,512</b>	<b>36,423</b>	<b>62,089</b>

Source: Census Bureau, American Community Survey 2007

**Main Languages Spoken in Households**

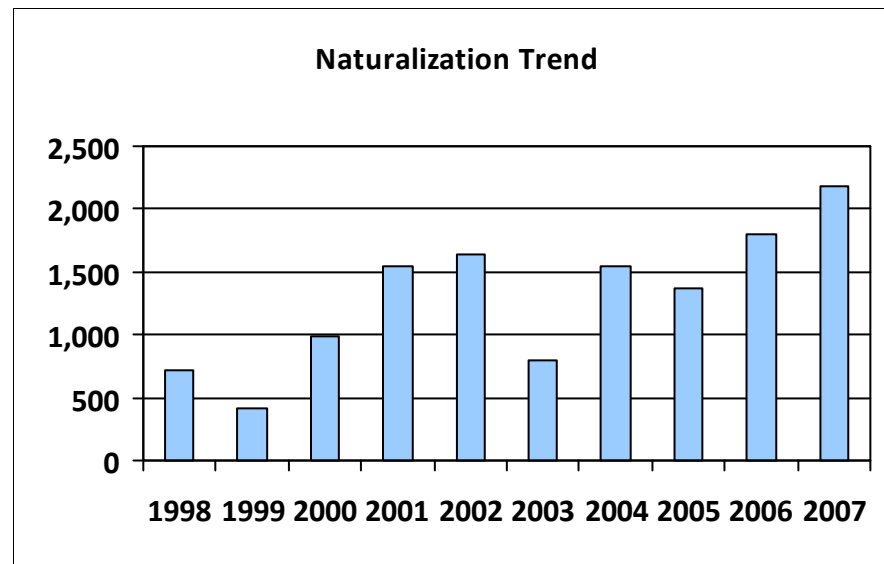
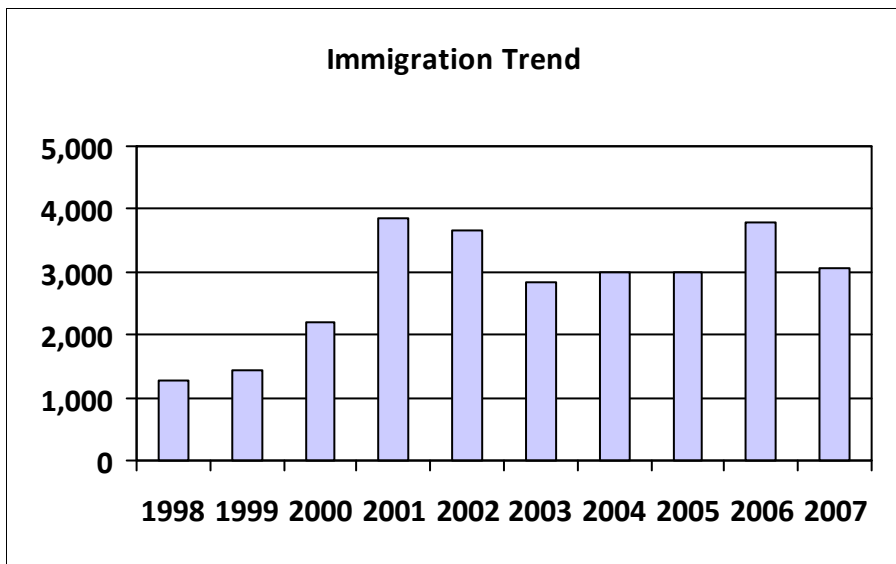
<b>Main Language</b>	<b>Total Household</b>	<b>Linguistically Isolated</b>	<b>Not Linguistically Isolated</b>
English	630,521		
Spanish	40,968	11,868	29,100
Indo-European	16,196	954	15,242
Asian-Pacific	8,484	1,833	6,651
Other	3,559	729	2,830
<b>Total</b>	<b>699,728</b>	<b>15,384</b>	<b>53,823</b>

Source: Census Bureau, American Community Survey 2007

### Immigration and Naturalization Trend in Nebraska

Year	Admitted Immigrants	Naturalization
1998	1,267	717
1999	1,437	407
2000	2,201	989
2001	3,839	1,547
2002	3,655	1,644
2003	2,827	789
2004	3,002	1,537
2005	2,996	1,365
2006	3,795	1,797
2007	3,066	2,188

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

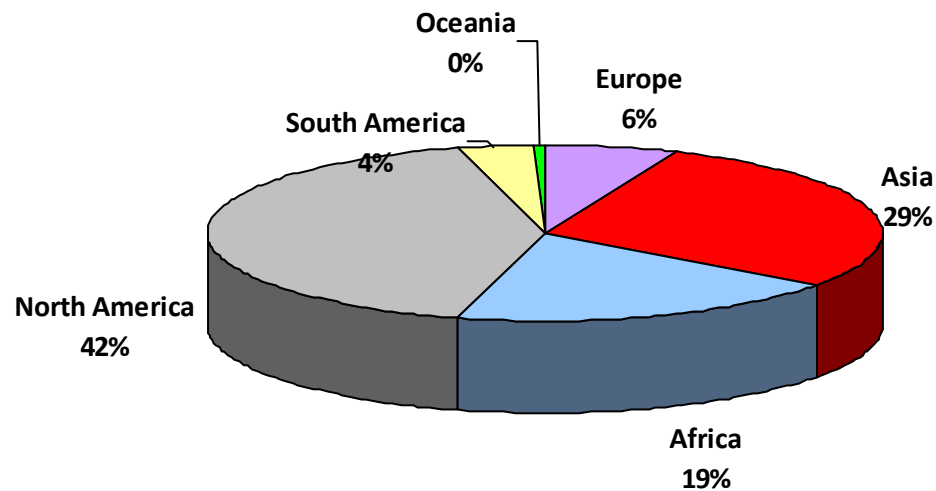


### 2007 Immigration to Nebraska by Country of Birth

										Total	3,066
<b>Europe</b>	<b>198</b>	<b>Asia</b>	<b>877</b>	<b>Africa</b>	<b>587</b>	<b>North America</b>	<b>1,272</b>	<b>South America</b>	<b>117</b>	<b>Oceania</b>	<b>13</b>
Ukraine	25	India	209	Sudan	152	Mexico	903	Peru	38	New Zealand	6
Russia	24	Vietnam	188	Togo	107	Guatemala	163	Colombia	37	Australia	4
Germany	21	China	108	Somalia	87	El Salvador	98	Venezuela	11	Fiji	3
United Kingdom	18	Philippines	87	Kenya	61	Canada	39	Brazil	10		
Poland	13	Korea	39	Nigeria	25	Honduras	29	Ecuador	8		
Bosnia - Herzegovina	10	Nepal	35	Ethiopia	24	Cuba	10	Argentina	6		
Soviet Union, frm	8	Iraq	32	Ghana	21	Haiti	10	Bolivia	3		
France	7	Pakistan	20	South Africa	17	Bahamas	4				
Romania	6	Afghanistan	16	Egypt	15	Nicaragua	4				

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

### 2007 Immigration to Nebraska by Origination Region

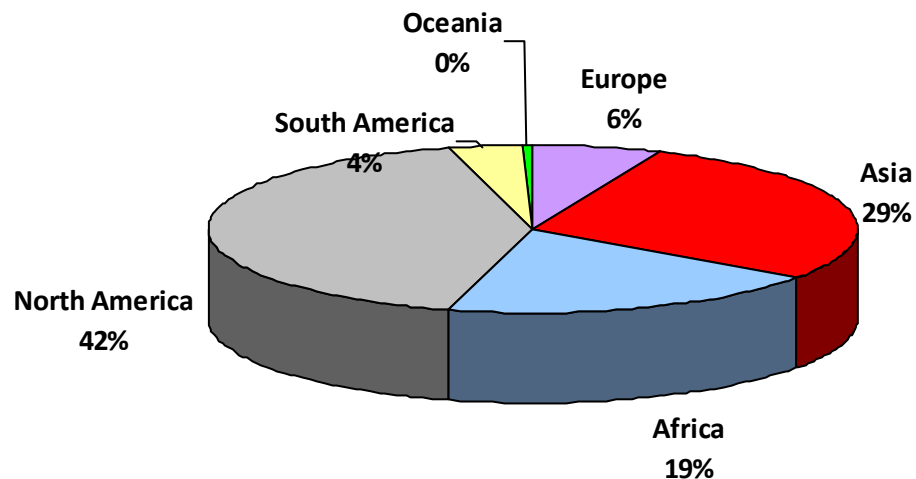


### 2007 Naturalization in Nebraska by Country of Birth

										Total	2,188
<b>Europe</b>	<b>212</b>	<b>Asia</b>	<b>665</b>	<b>Africa</b>	<b>285</b>	<b>North America</b>	<b>952</b>	<b>South America</b>	<b>71</b>		
Bosnia - Herzegovina	55	Vietnam	192	Sudan	181	Mexico	720	Colombia	31		
Ukraine	36	India	126	Togo	25	El Salvador	75	Peru	13		
Russia	18	Iraq	99	Nigeria	22	Guatemala	69	Venezuela	10		
Serbia - Montenegro	16	Philippines	56	Ethiopia	10	Canada	31	Brazil	7		
Germany	14	China	39	Somalia	8	Honduras	12	Argentina	3		
United Kingdom	8	Laos	21	Cameroon	6	Cuba	11	Chile	3		
France	7	Afghanistan	19	Congo, Republi	5	Nicaragua	11				
Poland	7	Nepal	15	Ghana	5	Panama	7				
Albania	6	Iran	14	Egypt	3	Trinidad - Tobago	4				

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

### 2007 Naturalization in Nebraska by Origination Region



## Nonimmigrant Visitors to Nebraska

	2005	2006	2007
<b>Total</b>	<b>23,829</b>	<b>25,483</b>	<b>27,999</b>
Foreign government officials and families	193	145	130
Temporary visitors: for business	4,662	5,287	6,008
Temporary visitors: for pleasure	12,500	13,082	14,413
Transit aliens	16	22	24
Treaty traders and investors	155	194	202
Students and dependant family	2,869	3,178	3,313
Representatives to international organizations and families	14		8
Temporary workers and trainees, dependent family	1,106	1,465	1,623
Representatives of foreign information media and families	9	21	31
Students and exchange visitors, and dependant family	1,123	1,143	1,218
Fiances/spouses of U.S. citizens and their children	222	222	191
Intracompany transferees and dependant family	225	256	326
Vocational students and dependant family	136	136	137
NATO officials and families		43	56
NAFTA professional workers and dependant family	144	136	178
Fiances/spouses of permanent residents and their children	85	60	23
All other classes	145	81	111

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

**Foreign Direct Investment Established in Nebraska**

	<b>U.S.</b>	<b>Nebraska</b>
All industries	118588	466
Mining	1107	4
Utilities	815	0
Construction	1082	7
Manufacturing	10322	60
Wholesale trade	15798	66
Retail trade	30540	115
Transportation and warehousing	5468	21
Information	5046	11
Finance: Depository credit intermediation	3263	3
Finance: Insurance	3709	19
Real estate and rental and leasing	1890	10
Professional and technical services	4275	12
Accommodation and food services	15255	72
Other	16824	52

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

## Nebraska Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, ** 2006-2007
<b>Nebraska Exports Total</b>	<b>2,316,114</b>	<b>0.3%</b>	<b>3,003,585</b>	<b>0.3%</b>	<b>3,624,878</b>	<b>0.3%</b>	<b>4,255,684</b>	<b>0.4%</b>	<b>0.4%</b>
Processed Foods	563,217	24.3%	795,189	26.5%	948,400	26.2%	1,120,833	26.3%	26.3%
Machinery Manufactures	367,669	15.9%	524,576	17.5%	578,540	16.0%	658,597	15.5%	15.5%
Crop Production	266,412	11.5%	261,324	8.7%	392,508	10.8%	542,379	12.7%	12.7%
Transportation Equipment	215,411	9.3%	343,169	11.4%	427,668	11.8%	497,516	11.7%	11.7%
Chemical Manufactures	295,417	12.8%	286,360	9.5%	318,938	8.8%	371,265	8.7%	8.7%
Oil & Gas Extraction	75,398	3.3%	145,241	4.8%	130,278	3.6%	217,033	5.1%	5.1%
Computers & Electronic Prod.	130,039	5.6%	151,803	5.1%	146,761	4.0%	168,581	4.0%	4.0%
Misc. Manufactures	38,884	1.7%	69,416	2.3%	96,691	2.7%	117,584	2.8%	2.8%
Fabricated Metal Products	54,040	2.3%	75,853	2.5%	91,723	2.5%	112,664	2.6%	2.6%
Leather & Related Products	49,938	2.2%	50,079	1.7%	131,507	3.6%	94,339	2.2%	2.2%
Elec. Eq., Appliances & Parts	70,841	3.1%	78,974	2.6%	96,546	2.7%	80,496	1.9%	1.9%
Plastic & Rubber Products	50,254	2.2%	61,599	2.1%	66,212	1.8%	65,866	1.5%	1.5%
Used Merchandise	15,437	0.7%	19,237	0.6%	35,081	1.0%	59,060	1.4%	1.4%
Primary Metal Manufactures	32,581	1.4%	30,763	1.0%	28,322	0.8%	36,865	0.9%	0.9%
Waste & Scrap	9,492	0.4%	11,190	0.4%	18,975	0.5%	23,944	0.6%	0.6%
Furniture & Related Products	16,050	0.7%	11,729	0.4%	15,821	0.4%	15,928	0.4%	0.4%
Paper Products	7,902	0.3%	8,179	0.3%	11,171	0.3%	12,886	0.3%	0.3%
Fabric Mill Products	10,084	0.4%	27,810	0.9%	31,894	0.9%	11,865	0.3%	0.3%
Spec. Classification Provisions	8,954	0.4%	7,714	0.3%	5,324	0.1%	10,599	0.2%	0.2%
Non-Apparel Textile Products	9,692	0.4%	11,112	0.4%	12,113	0.3%	7,750	0.2%	0.2%
Non-Metallic Mineral Mfgs.	4,895	0.2%	5,321	0.2%	7,204	0.2%	7,200	0.2%	0.2%
Printing & Related Products	14,442	0.6%	15,485	0.5%	20,210	0.6%	6,318	0.1%	0.1%
Wood Products	1,899	0.1%	2,745	0.1%	3,980	0.1%	5,172	0.1%	0.1%
Beverage & Tobacco Products	366	0.0%	478	0.0%	586	0.0%	3,311	0.1%	0.1%
Animal Production	571	0.0%	433	0.0%	1,507	0.0%	3,291	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.

## Nebraska Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
<b>World Total</b>	<b>2,316,114</b>	<b>0.3%</b>	<b>3,003,585</b>	<b>0.3%</b>	<b>3,624,878</b>	<b>0.3%</b>	<b>4,255,684</b>	<b>0.4%</b>	<b>0.4%</b>
Canada	689,636	29.8%	891,089	29.7%	1,027,152	28.3%	1,208,153	28.4%	28.4%
Mexico	418,198	18.1%	528,683	17.6%	802,892	22.1%	900,381	21.2%	21.2%
Japan	193,357	8.3%	248,744	8.3%	225,690	6.2%	269,884	6.3%	6.3%
South Korea	46,973	2.0%	63,833	2.1%	85,665	2.4%	127,303	3.0%	3.0%
China	87,738	3.8%	111,153	3.7%	180,624	5.0%	189,693	4.5%	4.5%
Netherlands	86,440	3.7%	72,538	2.4%	84,015	2.3%	136,413	3.2%	3.2%
Taiwan	58,554	2.5%	69,172	2.3%	64,587	1.8%	72,751	1.7%	1.7%
United Kingdom	45,595	2.0%	62,850	2.1%	88,254	2.4%	57,863	1.4%	1.4%
Australia	85,503	3.7%	126,309	4.2%	98,498	2.7%	80,682	1.9%	1.9%
France	29,525	1.3%	49,786	1.7%	50,052	1.4%	49,941	1.2%	1.2%
Hong Kong	35,494	1.5%	26,184	0.9%	36,722	1.0%	47,951	1.1%	1.1%
Belgium	33,248	1.4%	45,711	1.5%	82,746	2.3%	76,602	1.8%	1.8%
Singapore	32,400	1.4%	32,165	1.1%	33,790	0.9%	30,864	0.7%	0.7%
Italy	44,844	1.9%	45,530	1.5%	54,951	1.5%	53,069	1.2%	1.2%
Germany	40,744	1.8%	65,203	2.2%	81,239	2.2%	69,343	1.6%	1.6%
Spain	20,711	0.9%	20,923	0.7%	29,623	0.8%	27,133	0.6%	0.6%
South Africa	24,810	1.1%	21,807	0.7%	25,639	0.7%	30,066	0.7%	0.7%
Brazil	29,565	1.3%	33,059	1.1%	26,250	0.7%	40,893	1.0%	1.0%
New Zealand	19,767	0.9%	24,818	0.8%	22,883	0.6%	31,526	0.7%	0.7%
Dominican Republic	5,567	0.2%	14,154	0.5%	24,736	0.7%	26,542	0.6%	0.6%
Russian Federation	10,047	0.4%	17,566	0.6%	42,842	1.2%	75,835	1.8%	1.8%
Ukraine	2,792	0.1%	2,461	0.1%	11,537	0.3%	34,419	0.8%	0.8%
Viet Nam	9,383	0.4%	10,411	0.3%	7,624	0.2%	28,420	0.7%	0.7%
Argentina	14,636	0.6%	14,107	0.5%	21,921	0.6%	34,821	0.8%	0.8%
Qatar	10,316	0.4%	78,213	2.6%	75,258	2.1%	105,563	2.5%	2.5%

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.

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