

Business Data for Engaging in International Real Estate Transactions in Ohio

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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 Ohio 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 Ohio

In 2007, total of 265,415 non-immigrant aliens came into Ohio. Those in some selected categories are;

- 112,042 temporary visitors for pleasure
- 82,161 temporary visitors for business
- 7,204 treaty traders and investors
- 18,002 foreign students and dependant families
- 16,440 temporary foreign workers, trainees and dependant families
- 1,879 NAFTA professional workers and dependant families

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

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.

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 Ohio alone, there are 4,663 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 Ohio were \$ 19,617 million and \$ 2,995 million, respectively, in the past year. Third on the list of countries where Ohio products are exported is United Kingdom. The increase in Ohio exports may lead locally based companies to establish company representatives and sales personnel in those countries. Ohio real estate professionals may decide that it's time to set up referral networks with counterparts in Canada, Mexico and United Kingdom.

Transportation Equipment and Machinery Manufactures were the top export industries in Ohio. Those two industries combined account 49% of the entire exports from Ohio. 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 Ohio

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 Ohio, 9,250 newly admitted legal immigrants arrived in 2007. The largest group came from India (1,307). Other top countries of origin include:

- China, People's Republic (1,117)
- Philippines (848)
- Somalia (701)
- Mexico (518)

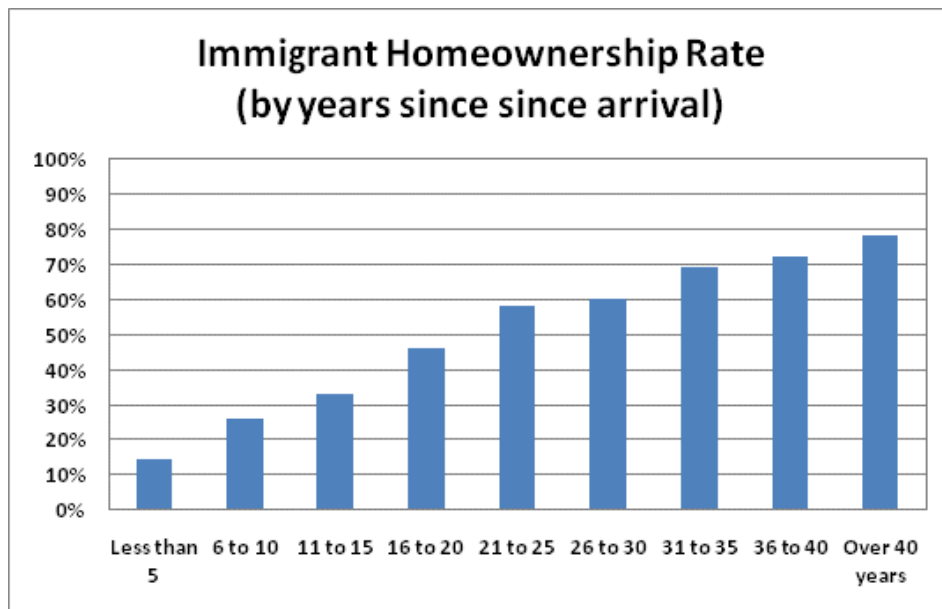
Real estate professionals may want to consider assisting, participating or setting up a network partner with these communities to open up business opportunities. In 2007, 9,250 immigrants to Ohio became U.S. citizens. Natives of India led with the highest number (1,353) of newly naturalized citizens 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.

- Somalia (498)
- China, People's Republic (496)
- Ukraine (402)
- Mexico (339)

As of 2007 there are 206,404 (1.8% of the state population) of naturalized citizens and 213,039 non-citizens (1.9% of the state population) in Ohio. 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 Ohio

	Total Population	U.S. Born Citizen	Foreign Born (%)	Naturalized Citizen	Non-U.S. Citizen	
Male	5,589,500	5,381,404	208,096	3.7%	95,013	113,083
18 and Over	4,179,852	3,993,158	186,694	4.5%	89,814	96,880
Under 18	1,409,648	1,388,246	21,402	1.5%	5,199	16,203
Female	5,877,417	5,666,070	211,347	3.6%	111,391	99,956
18 and Over	4,532,137	4,339,135	193,002	4.3%	105,386	87,616
Under 18	1,345,280	1,326,935	18,345	1.4%	6,005	12,340
Total	11,466,917	11,047,474	419,443	3.7%	206,404	213,039

Source: Census Bureau, American Community Survey 2007

Foreign Born Population in Ohio by Year of Entry

	Total Population	U.S. Born Citizen	Foreign Born	Naturalized Citizen	Non-U.S. Citizen
2000 or later	147,911	12,778	135,133	14,925	120,208
1990 to 1999	128,791	15,403	113,388	54,691	58,697
Entered 1980 to 1989	66,461	12,907	53,554	37,215	16,339
Entered before 1980	153,781	36,413	117,368	99,573	17,795
Total	496,944	77,501	419,443	206,404	213,039

Source: Census Bureau, American Community Survey 2007

Main Languages Spoken in Households

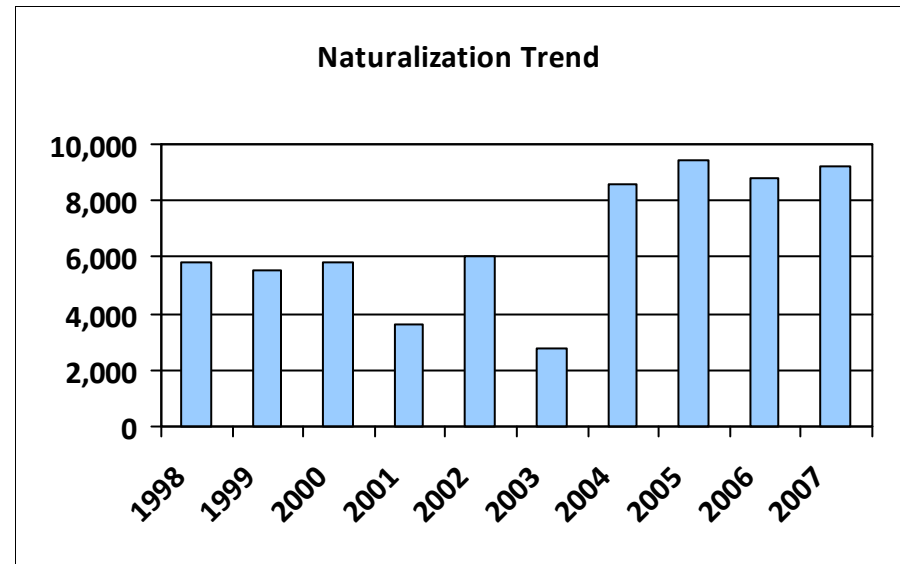
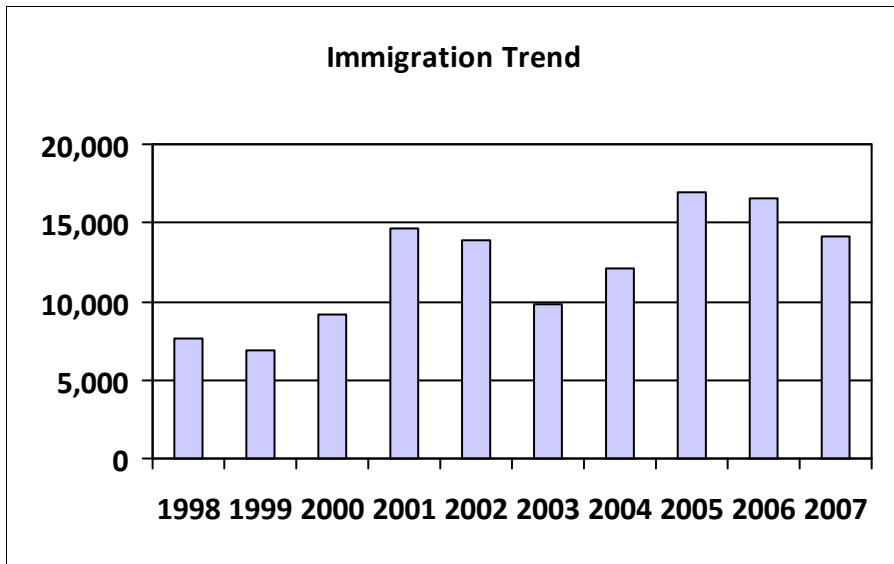
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	4,162,257		
Spanish	123,221	20,691	102,530
Indo-European	143,818	20,530	123,288
Asian-Pacific	46,234	11,725	34,509
Other	30,465	5,954	24,511
Total	4,505,995	58,900	284,838

Source: Census Bureau, American Community Survey 2007

Immigration and Naturalization Trend in Ohio

Year	Admitted Immigrants	Naturalization
1998	7,684	5,848
1999	6,832	5,503
2000	9,201	5,828
2001	14,653	3,645
2002	13,827	6,053
2003	9,787	2,764
2004	12,072	8,590
2005	16,892	9,415
2006	16,585	8,796
2007	14,078	9,250

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

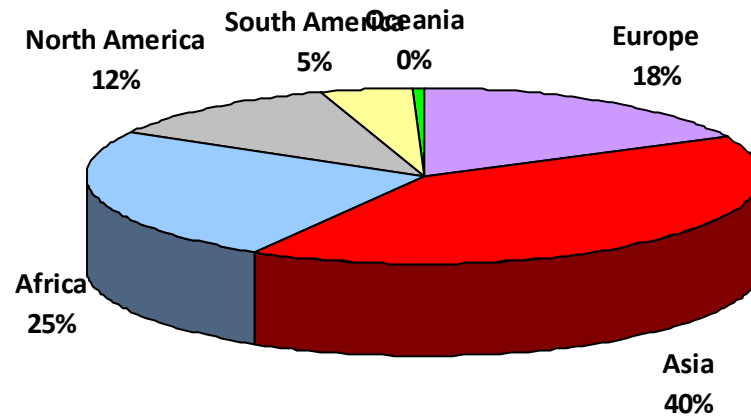


2007 Immigration to Ohio by Country of Birth

										Total	14,078
Europe	2,501	Asia	5,703	Africa	3,509	North America	1,626	South America	646	Oceania	66
Ukraine	334	India	1,307	Somalia	701	Mexico	518	Peru	156	Australia	41
United Kingdom	261	China	1,117	Ghana	501	Canada	365	Colombia	131	New Zealand	14
Romania	206	Philippines	848	Ethiopia	301	Guatemala	311	Brazil	106	Papua New Gui	6
Russia	202	Vietnam	292	Kenya	246	Jamaica	100	Venezuela	106	Fiji	3
Germany	160	Jordan	248	Nigeria	240	Dominican Republic	83	Ecuador	49		
Soviet Union, frm	134	Korea	235	Egypt	196	Haiti	44	Argentina	32		
Albania	125	Lebanon	175	Mauritania	157	Honduras	37	Chile	23		
Poland	100	Pakistan	168	Morocco	127	Trinidad - Tobago	33	Guyana	16		
Serbia - Montenegro	71	Japan	144	Senegal	109	El Salvador	32	Bolivia	10		

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

2007 Immigration to Ohio by Origination Region

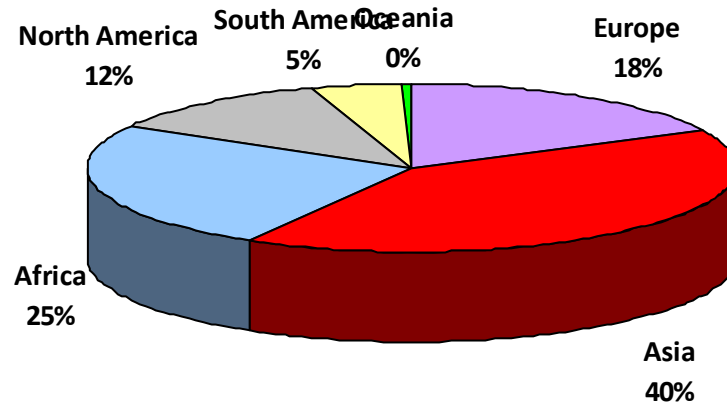


2007 Naturalization in Ohio by Country of Birth

										Total	9,250
Europe	2,224	Asia	3,820	Africa	1,758	North America	1,050	South America	353	Oceania	20
Ukraine	402	India	1,353	Somalia	498	Mexico	339	Colombia	82	Australia	13
Bosnia - Herzegovina	237	China	496	Ghana	231	Canada	223	Peru	65	Fiji	3
Romania	232	Philippines	287	Ethiopia	150	Dominican Republic	113	Venezuela	51		
Russia	182	Vietnam	286	Nigeria	136	Jamaica	86	Brazil	44		
United Kingdom	166	Korea	149	Sierra Leone	113	El Salvador	40	Guyana	29		
Albania	131	Pakistan	145	Egypt	105	Haiti	38	Ecuador	28		
Serbia - Montenegro	112	Lebanon	117	Morocco	93	Honduras	34	Argentina	21		
Poland	98	Taiwan	106	Sudan	56	Guatemala	31	Chile	16		
Germany	78	Cambodia	102	South Africa	47	Panama	27	Bolivia	9		

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

2007 Naturalization in Ohio by Origination Region



Nonimmigrant Visitors to Ohio

	2005	2006	2007
Total	234,788	243,902	265,415
Foreign government officials and families	995	796	930
Temporary visitors: for business	70,951	74,442	82,161
Temporary visitors: for pleasure	101,966	104,202	112,042
Transit aliens	288	363	332
Treaty traders and investors	6,599	6,789	7,204
Students and dependant family	15,117	16,323	18,002
Representatives to international organizations and families	63	68	79
Temporary workers and trainees, dependent family	10,822	15,013	16,440
Representatives of foreign information media and families	286	170	279
Students and exchange visitors, and dependant family	9,325	9,950	10,874
Fiances/spouses of U.S. citizens and their children	1,061	1,077	1,022
Intracompany transferees and dependant family	7,886	7,954	8,429
Vocational students and dependant family	4,455	4,130	4,439
NATO officials and families	10	190	251
NAFTA professional workers and dependant family	1,525	1,708	1,879
Fiances/spouses of permanent residents and their children	124	78	43
All other classes	880	643	1,002

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

Foreign Direct Investment Established in Ohio

	U.S.	Ohio
All industries	118588	4663
Mining	1107	45
Utilities	815	11
Construction	1082	50
Manufacturing	10322	554
Wholesale trade	15798	578
Retail trade	30540	1565
Transportation and warehousing	5468	212
Information	5046	164
Finance: Depository credit intermediation	3263	6
Finance: Insurance	3709	117
Real estate and rental and leasing	1890	39
Professional and technical services	4275	144
Accommodation and food services	15255	474
Other	16824	628

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

Ohio Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, ** 2006-2007
Ohio Exports Total	31,208,206	3.8%	34,800,926	3.8%	37,832,693	3.6%	42,381,591	3.6%	3.6%
Transportation Equipment	11,294,915	36.2%	13,180,093	37.9%	12,971,941	34.3%	15,394,225	36.3%	36.3%
Machinery Manufactures	4,419,391	14.2%	4,960,040	14.3%	5,299,918	14.0%	5,575,666	13.2%	13.2%
Chemical Manufactures	3,417,832	11.0%	3,884,831	11.2%	4,688,491	12.4%	4,629,034	10.9%	10.9%
Computers & Electronic Prod.	2,233,441	7.2%	2,024,078	5.8%	2,584,545	6.8%	2,882,544	6.8%	6.8%
Fabricated Metal Products	1,692,926	5.4%	1,877,922	5.4%	2,253,606	6.0%	2,517,912	5.9%	5.9%
Primary Metal Manufactures	1,264,062	4.1%	1,692,229	4.9%	1,990,891	5.3%	2,297,118	5.4%	5.4%
Elec. Eq., Appliances & Parts	1,242,410	4.0%	1,371,536	3.9%	1,487,453	3.9%	1,714,353	4.0%	4.0%
Plastic & Rubber Products	1,262,873	4.0%	1,297,883	3.7%	1,290,172	3.4%	1,419,494	3.3%	3.3%
Non-Metallic Mineral Mfgs.	712,926	2.3%	669,161	1.9%	788,590	2.1%	860,479	2.0%	2.0%
Paper Products	563,461	1.8%	549,223	1.6%	692,469	1.8%	806,528	1.9%	1.9%
Misc. Manufactures	560,538	1.8%	599,153	1.7%	665,228	1.8%	762,028	1.8%	1.8%
Processed Foods	445,054	1.4%	486,926	1.4%	601,335	1.6%	672,031	1.6%	1.6%
Crop Production	284,470	0.9%	329,195	0.9%	352,025	0.9%	454,689	1.1%	1.1%
Waste & Scrap	130,003	0.4%	178,519	0.5%	275,101	0.7%	381,181	0.9%	0.9%
Petroleum & Coal Products	94,896	0.3%	263,050	0.8%	295,767	0.8%	375,637	0.9%	0.9%
Spec. Classification Provisions	260,004	0.8%	238,115	0.7%	270,131	0.7%	322,381	0.8%	0.8%
Mining	385,497	1.2%	242,938	0.7%	282,791	0.7%	226,904	0.5%	0.5%
Furniture & Related Products	151,885	0.5%	162,260	0.5%	186,822	0.5%	206,880	0.5%	0.5%
Wood Products	199,237	0.6%	204,456	0.6%	213,724	0.6%	204,996	0.5%	0.5%
Printing & Related Products	149,659	0.5%	148,502	0.4%	153,175	0.4%	167,776	0.4%	0.4%
Fabric Mill Products	126,843	0.4%	114,834	0.3%	147,569	0.4%	149,280	0.4%	0.4%
Apparel Manufactures	69,604	0.2%	53,745	0.2%	60,487	0.2%	73,590	0.2%	0.2%
Non-Apparel Textile Products	55,902	0.2%	64,540	0.2%	71,549	0.2%	69,092	0.2%	0.2%
Forestry & Logging	44,018	0.1%	47,886	0.1%	50,873	0.1%	65,762	0.2%	0.2%
Leather & Related Products	39,850	0.1%	47,435	0.1%	41,831	0.1%	34,538	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.

Ohio Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
World Total	31,208,206	3.8%	34,800,926	3.8%	37,832,693	3.6%	42,381,591	3.6%	3.6%
Canada	15,536,622	49.8%	16,992,082	48.8%	18,265,576	48.3%	19,616,535	46.3%	46.3%
Mexico	2,410,232	7.7%	2,390,092	6.9%	2,707,934	7.2%	2,995,475	7.1%	7.1%
United Kingdom	1,185,174	3.8%	1,154,221	3.3%	1,220,719	3.2%	1,424,563	3.4%	3.4%
Japan	1,358,939	4.4%	1,422,831	4.1%	1,444,550	3.8%	1,543,285	3.6%	3.6%
France	893,885	2.9%	953,980	2.7%	1,009,728	2.7%	980,533	2.3%	2.3%
Germany	1,024,374	3.3%	1,108,388	3.2%	1,280,953	3.4%	1,339,469	3.2%	3.2%
China	963,589	3.1%	934,162	2.7%	1,303,724	3.4%	1,498,344	3.5%	3.5%
Netherlands	547,451	1.8%	609,656	1.8%	684,417	1.8%	717,761	1.7%	1.7%
Belgium	484,892	1.6%	523,080	1.5%	653,513	1.7%	723,334	1.7%	1.7%
South Korea	476,719	1.5%	556,584	1.6%	539,120	1.4%	592,301	1.4%	1.4%
Australia	530,444	1.7%	682,640	2.0%	659,131	1.7%	683,117	1.6%	1.6%
Brazil	490,833	1.6%	503,298	1.4%	515,997	1.4%	1,334,770	3.1%	3.1%
Italy	325,174	1.0%	354,825	1.0%	523,564	1.4%	690,901	1.6%	1.6%
Singapore	338,516	1.1%	421,057	1.2%	497,996	1.3%	471,569	1.1%	1.1%
Saudi Arabia	259,569	0.8%	460,996	1.3%	655,009	1.7%	588,400	1.4%	1.4%
Hong Kong	271,237	0.9%	260,140	0.7%	275,088	0.7%	356,168	0.8%	0.8%
Taiwan	249,173	0.8%	325,617	0.9%	302,036	0.8%	301,436	0.7%	0.7%
Ireland	128,074	0.4%	174,091	0.5%	198,231	0.5%	240,618	0.6%	0.6%
Spain	170,555	0.5%	195,682	0.6%	196,989	0.5%	285,727	0.7%	0.7%
India	172,868	0.6%	229,376	0.7%	269,769	0.7%	336,515	0.8%	0.8%
Switzerland	169,630	0.5%	169,298	0.5%	205,537	0.5%	229,566	0.5%	0.5%
South Africa	239,926	0.8%	481,508	1.4%	242,122	0.6%	277,480	0.7%	0.7%
Israel	173,837	0.6%	229,094	0.7%	307,190	0.8%	339,851	0.8%	0.8%
United Arab Emirates	197,800	0.6%	320,741	0.9%	303,549	0.8%	345,232	0.8%	0.8%
Poland	47,990	0.2%	55,633	0.2%	90,709	0.2%	413,026	1.0%	1.0%

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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