

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

**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 Wisconsin 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 Wisconsin***

In 2007, total of 130,232 non-immigrant aliens came into Wisconsin. Those in some selected categories are;

- 62,249 temporary visitors for pleasure
- 36,227 temporary visitors for business
- 723 treaty traders and investors
- 9,006 foreign students and dependant families
- 6,587 temporary foreign workers, trainees and dependant families
- 761 NAFTA professional workers and dependant families

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

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 Wisconsin alone, there are 1,735 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 Wisconsin were \$ 5,846 million and \$ 655 million, respectively, in the past year. Third on the list of countries where Wisconsin products are exported is Mexico. The increase in Wisconsin exports may lead locally based companies to establish company representatives and sales personnel in those countries. Wisconsin real estate professionals may decide that it's time to set up referral networks with counterparts in Canada, Japan and Mexico.

Machinery Manufactures and Computers & Electronic Prod. were the top export industries in Wisconsin. Those two industries combined account 44% of the entire exports from Wisconsin. 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 Wisconsin***

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 Wisconsin, 4,485 newly admitted legal immigrants arrived in 2007. The largest group came from Mexico (1,090). Other top countries of origin include:

- Thailand (826)
- India (675)
- China, People's Republic (528)
- Philippines (384)

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, 4,485 immigrants to

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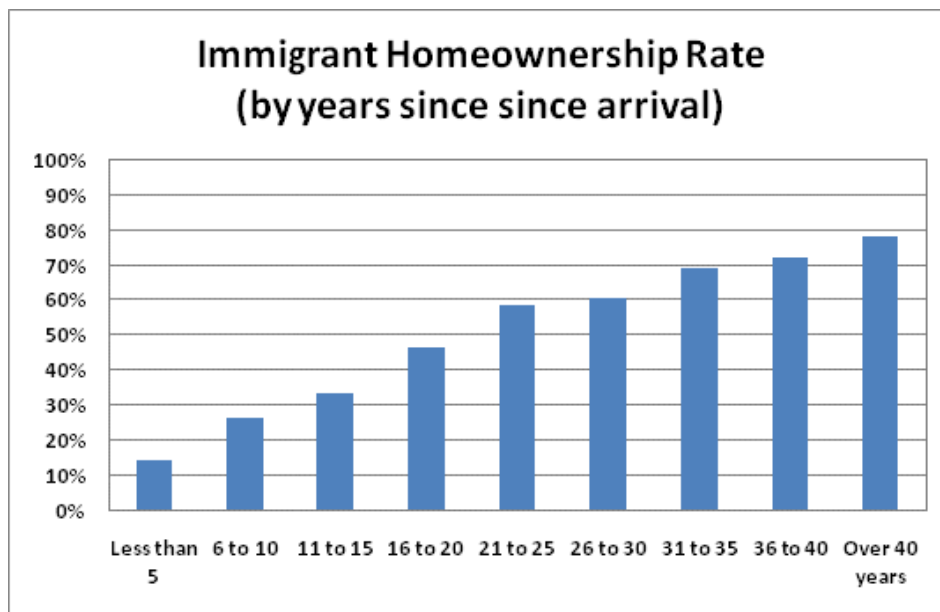
<sup>2</sup> There are contentious issues relating to swelling illegal immigration and assimilation, and this paper does not attempt to delve into this difficult topic.

Wisconsin became U.S. citizens. Natives of Mexico led with the highest number (897) of newly naturalized citizens in the state last year. Other top countries represented include:

- Laos (428)
- India (371)
- Thailand (211)
- Bosnia - Herzegovina (158)

As of 2007 there are 103,921 (1.9% of the state population) of naturalized citizens and 148,229 non-citizens (2.6% of the state population) in Wisconsin. 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

<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 Wisconsin

	Total Population	U.S. Born Citizen	Foreign Born (%)	Naturalized Citizen	Non-U.S. Citizen	
Male	2,785,178	2,651,771	133,407	4.8%	49,550	83,857
18 and Over	2,107,959	1,988,739	119,220	5.7%	45,218	74,002
Under 18	677,219	663,032	14,187	2.1%	4,332	9,855
Female	2,816,462	2,697,719	118,743	4.2%	54,371	64,372
18 and Over	2,173,661	2,068,223	105,438	4.9%	48,466	56,972
Under 18	642,801	629,496	13,305	2.1%	5,905	7,400
<b>Total</b>	<b>5,601,640</b>	<b>5,349,490</b>	<b>252,150</b>	<b>4.5%</b>	<b>103,921</b>	<b>148,229</b>

Source: Census Bureau, American Community Survey 2007

## Foreign Born Population in Wisconsin by Year of Entry

	Total Population	U.S. Born Citizen	Foreign Born	Naturalized Citizen	Non-U.S. Citizen
2000 or later	92,803	6,548	86,255	11,233	75,022
1990 to 1999	81,525	8,952	72,573	26,254	46,319
Entered 1980 to 1989	45,896	6,826	39,070	23,366	15,704
Entered before 1980	70,422	16,170	54,252	43,068	11,184
<b>Total</b>	<b>290,646</b>	<b>38,496</b>	<b>252,150</b>	<b>103,921</b>	<b>148,229</b>

Source: Census Bureau, American Community Survey 2007

## Main Languages Spoken in Households

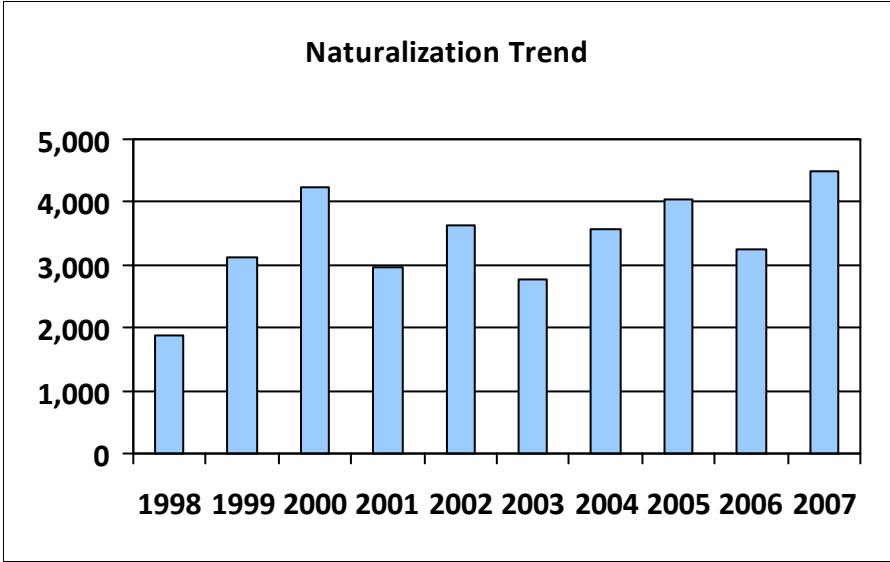
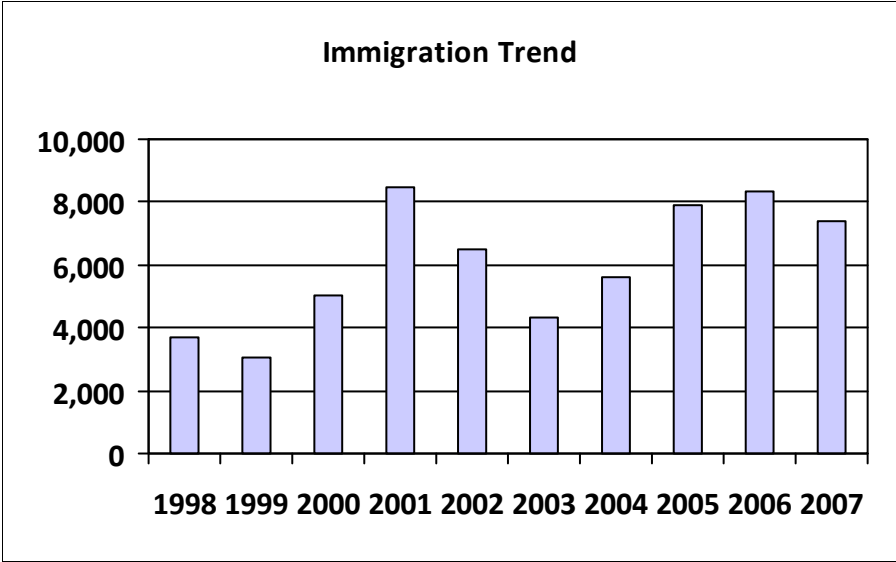
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	2,035,180		
Spanish	102,062	21,847	80,215
Indo-European	72,058	7,283	64,775
Asian-Pacific	24,846	5,720	19,126
Other	7,451	711	6,740
<b>Total</b>	<b>2,241,597</b>	<b>35,561</b>	<b>170,856</b>

Source: Census Bureau, American Community Survey 2007

**Immigration and Naturalization Trend in Wisconsin**

Year	Admitted Immigrants	Naturalization
1998	3,718	1,890
1999	3,038	3,131
2000	5,034	4,234
2001	8,442	2,955
2002	6,486	3,623
2003	4,357	2,775
2004	5,580	3,570
2005	7,907	4,040
2006	8,339	3,247
2007	7,381	4,485

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

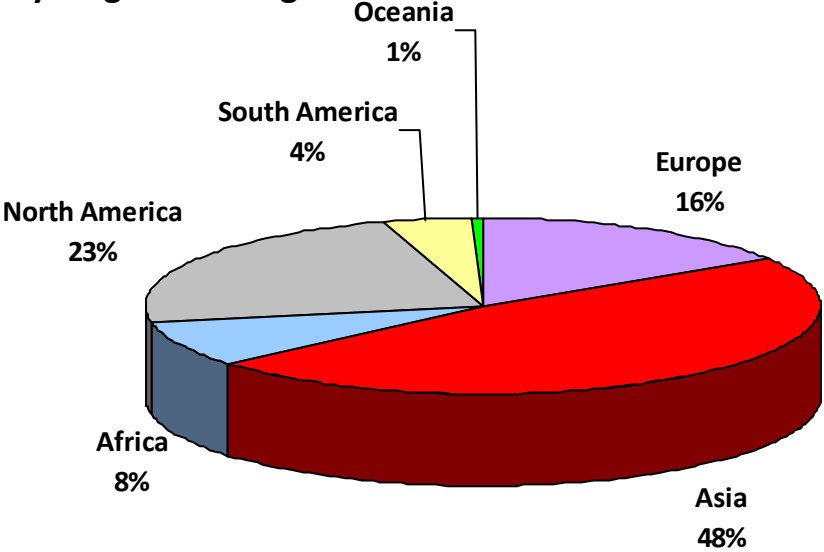


**2007 Immigration to Wisconsin by Country of Birth**

										Total	7,381
<b>Europe</b>	<b>1,181</b>	<b>Asia</b>	<b>3,515</b>	<b>Africa</b>	<b>597</b>	<b>North America</b>	<b>1,725</b>	<b>South America</b>	<b>302</b>	<b>Oceania</b>	<b>47</b>
Russia	146	Thailand	826	Ethiopia	101	Mexico	1,090	Peru	73	Australia	28
United Kingdom	130	India	675	Nigeria	66	Guatemala	250	Colombia	70	New Zealand	19
Germany	93	China	528	Somalia	66	Canada	180	Brazil	54		
Albania	87	Philippines	384	Kenya	61	Jamaica	52	Ecuador	31		
Poland	81	Laos	379	Liberia	36	Dominican Republic	38	Venezuela	19		
Ukraine	81	Vietnam	117	Morocco	30	Honduras	29	Argentina	16		
Serbia - Montenegro	60	Pakistan	99	Cameroon	28	El Salvador	20	Chile	14		
Soviet Union, frm	59	Korea	67	Ghana	28	Cuba	13	Uruguay	12		
Bulgaria	39	Jordan	58	South Africa	27	Nicaragua	12	Bolivia	8		

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

**2007 Immigration to Wisconsin by Origination Region**

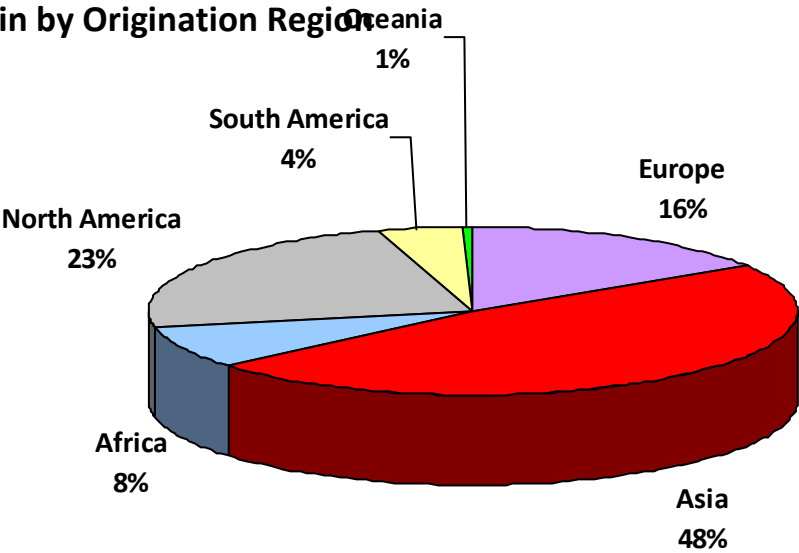


**2007 Naturalization in Wisconsin by Country of Birth**

										Total	4,485
<b>Europe</b>	<b>991</b>	<b>Asia</b>	<b>1,806</b>	<b>Africa</b>	<b>255</b>	<b>North America</b>	<b>1,229</b>	<b>South America</b>	<b>177</b>	<b>Oceania</b>	<b>21</b>
Bosnia - Herzegovina	158	Laos	428	Nigeria	38	Mexico	897	Colombia	55	Australia	12
Serbia - Montenegro	75	India	371	Somalia	30	Canada	104	Brazil	36	New Zealand	6
Croatia	73	Thailand	211	Ghana	21	Nicaragua	44	Peru	26	Fiji	3
United Kingdom	68	Philippines	147	Morocco	20	Jamaica	41	Venezuela	17		
Ukraine	66	China	129	South Africa	17	Guatemala	31	Ecuador	14		
Albania	65	Vietnam	94	Ethiopia	15	Dominican Republic	25	Chile	8		
Poland	65	Pakistan	73	Gambia	13	Honduras	23	Guyana	8		
Russia	59	Korea	48	Algeria	12	El Salvador	20	Argentina	6		
Germany	56	Jordan	47	Egypt	11	Panama	14	Bolivia	6		

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

**2007 Naturalization in Wisconsin by Origination Region**



## Nonimmigrant Visitors to Wisconsin

	2005	2006	2007
<b>Total</b>	<b>113,346</b>	<b>119,990</b>	<b>130,232</b>
Foreign government officials and families	248	233	239
Temporary visitors: for business	29,213	32,754	36,227
Temporary visitors: for pleasure	57,078	58,972	62,249
Transit aliens	109	150	135
Treaty traders and investors	755	720	723
Students and dependant family	7,653	8,095	9,006
Representatives to international organizations and families	26	25	21
Temporary workers and trainees, dependent family	4,952	5,773	6,587
Representatives of foreign information media and families	62	84	73
Students and exchange visitors, and dependant family	7,513	7,869	8,674
Fiances/spouses of U.S. citizens and their children	640	615	579
Intracompany transferees and dependant family	2,298	2,420	2,909
Vocational students and dependant family	1,096	1,115	1,340
NATO officials and families	3	11	5
NAFTA professional workers and dependant family	639	671	761
Fiances/spouses of permanent residents and their children	187	130	51
All other classes	395	348	648

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

## Foreign Direct Investment Established in Wisconsin

	U.S.	Wisconsin
All industries	118588	1735
Mining	1107	7
Utilities	815	4
Construction	1082	9
Manufacturing	10322	269
Wholesale trade	15798	271
Retail trade	30540	447
Transportation and warehousing	5468	79
Information	5046	44
Finance: Depository credit intermediation	3263	1
Finance: Insurance	3709	44
Real estate and rental and leasing	1890	14
Professional and technical services	4275	55
Accommodation and food services	15255	167
Other	16824	283

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

## Wisconsin Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, ** 2006-2007
<b>Wisconsin Exports Total</b>	<b>12,706,343</b>	<b>1.6%</b>	<b>14,923,487</b>	<b>1.7%</b>	<b>17,169,113</b>	<b>1.7%</b>	<b>19,185,670</b>	<b>1.7%</b>	<b>1.7%</b>
Machinery Manufactures	3,714,963	29.2%	4,322,014	29.0%	4,556,200	26.5%	5,493,744	28.6%	28.6%
Computers & Electronic Prod.	2,168,159	17.1%	2,788,994	18.7%	3,138,727	18.3%	2,999,781	15.6%	15.6%
Transportation Equipment	1,518,503	12.0%	1,677,101	11.2%	2,315,984	13.5%	2,342,066	12.2%	12.2%
Elec. Eq., Appliances & Parts	653,287	5.1%	712,217	4.8%	887,308	5.2%	1,028,936	5.4%	5.4%
Processed Foods	560,429	4.4%	668,599	4.5%	716,463	4.2%	1,019,363	5.3%	5.3%
Chemical Manufactures	638,795	5.0%	706,644	4.7%	740,514	4.3%	825,634	4.3%	4.3%
Paper Products	664,924	5.2%	772,556	5.2%	774,742	4.5%	805,273	4.2%	4.2%
Waste & Scrap	166,068	1.3%	310,228	2.1%	660,389	3.8%	698,662	3.6%	3.6%
Crop Production	310,788	2.4%	355,774	2.4%	365,572	2.1%	591,385	3.1%	3.1%
Fabricated Metal Products	422,332	3.3%	476,811	3.2%	531,968	3.1%	557,512	2.9%	2.9%
Misc. Manufactures	387,631	3.1%	447,621	3.0%	489,136	2.8%	554,554	2.9%	2.9%
Plastic & Rubber Products	369,084	2.9%	386,932	2.6%	458,324	2.7%	472,834	2.5%	2.5%
Primary Metal Manufactures	145,268	1.1%	186,799	1.3%	265,047	1.5%	350,677	1.8%	1.8%
Printing & Related Products	194,827	1.5%	245,950	1.6%	289,795	1.7%	301,960	1.6%	1.6%
Wood Products	95,259	0.7%	120,162	0.8%	121,036	0.7%	148,961	0.8%	0.8%
Animal Production	61,305	0.5%	72,369	0.5%	103,615	0.6%	144,390	0.8%	0.8%
Furniture & Related Products	79,600	0.6%	98,027	0.7%	126,170	0.7%	139,314	0.7%	0.7%
Fabric Mill Products	85,382	0.7%	99,657	0.7%	101,902	0.6%	118,912	0.6%	0.6%
Beverage & Tobacco Products	65,219	0.5%	94,044	0.6%	81,145	0.5%	102,783	0.5%	0.5%
Non-Metallic Mineral Mfgs.	58,748	0.5%	65,153	0.4%	79,619	0.5%	97,214	0.5%	0.5%
Spec. Classification Provisions	79,229	0.6%	74,309	0.5%	76,839	0.4%	96,442	0.5%	0.5%
Petroleum & Coal Products	21,994	0.2%	26,965	0.2%	42,121	0.2%	61,639	0.3%	0.3%
Apparel Manufactures	78,152	0.6%	65,245	0.4%	67,318	0.4%	56,108	0.3%	0.3%
Leather & Related Products	27,157	0.2%	32,832	0.2%	33,336	0.2%	35,456	0.2%	0.2%
Publishing Industries	25,045	0.2%	34,308	0.2%	50,517	0.3%	29,209	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.

## Wisconsin Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
<b>World Total</b>	<b>12,706,343</b>	<b>1.6%</b>	<b>14,923,487</b>	<b>1.7%</b>	<b>17,169,113</b>	<b>1.7%</b>	<b>19,185,670</b>	<b>1.7%</b>	<b>1.7%</b>
Canada	4,856,674	38.2%	5,237,728	35.1%	5,446,925	31.7%	5,845,788	30.5%	30.5%
Japan	624,627	4.9%	695,965	4.7%	738,809	4.3%	655,118	3.4%	3.4%
Mexico	1,064,414	8.4%	1,333,043	8.9%	1,854,465	10.8%	1,890,879	9.9%	9.9%
Germany	460,588	3.6%	549,555	3.7%	582,727	3.4%	660,820	3.4%	3.4%
United Kingdom	517,304	4.1%	642,836	4.3%	686,452	4.0%	722,780	3.8%	3.8%
China	583,303	4.6%	673,767	4.5%	870,287	5.1%	1,178,516	6.1%	6.1%
France	364,565	2.9%	414,631	2.8%	467,838	2.7%	441,932	2.3%	2.3%
Netherlands	228,291	1.8%	263,956	1.8%	339,797	2.0%	388,160	2.0%	2.0%
Belgium	330,803	2.6%	375,618	2.5%	383,760	2.2%	422,929	2.2%	2.2%
Australia	325,525	2.6%	424,739	2.8%	466,617	2.7%	563,687	2.9%	2.9%
Italy	229,446	1.8%	305,366	2.0%	292,924	1.7%	329,252	1.7%	1.7%
South Korea	273,018	2.1%	307,939	2.1%	342,519	2.0%	344,593	1.8%	1.8%
Hong Kong	193,697	1.5%	214,638	1.4%	288,255	1.7%	312,773	1.6%	1.6%
Taiwan	188,689	1.5%	198,450	1.3%	259,508	1.5%	219,048	1.1%	1.1%
Brazil	158,117	1.2%	246,424	1.7%	248,450	1.4%	326,535	1.7%	1.7%
India	115,344	0.9%	138,415	0.9%	168,582	1.0%	217,589	1.1%	1.1%
Unidentified Countries	126,907	1.0%	110,954	0.7%	26,881	0.2%	149,364	0.8%	0.8%
Singapore	141,566	1.1%	200,511	1.3%	231,684	1.3%	210,991	1.1%	1.1%
Saudi Arabia	91,955	0.7%	167,531	1.1%	505,112	2.9%	475,566	2.5%	2.5%
Spain	95,129	0.7%	134,805	0.9%	129,957	0.8%	214,227	1.1%	1.1%
Chile	147,010	1.2%	120,825	0.8%	120,797	0.7%	188,210	1.0%	1.0%
Sweden	73,030	0.6%	104,369	0.7%	144,910	0.8%	142,447	0.7%	0.7%
Thailand	61,974	0.5%	66,066	0.4%	75,910	0.4%	187,886	1.0%	1.0%
Venezuela	28,560	0.2%	53,746	0.4%	132,947	0.8%	162,124	0.8%	0.8%
United Arab Emirates	54,772	0.4%	86,569	0.6%	120,865	0.7%	205,014	1.1%	1.1%

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 this is a new partner.