

Business Data for Engaging in International Real Estate Transactions in South Carolina

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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 South Carolina 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 South Carolina

In 2007, total of 117,471 non-immigrant aliens came into South Carolina. Those in some selected categories are;

- 56,544 temporary visitors for pleasure
- 31,085 temporary visitors for business
- 5,015 treaty traders and investors
- 4,121 foreign students and dependant families
- 6,309 temporary foreign workers, trainees and dependant families
- 576 NAFTA professional workers and dependant families

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

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.

Foreign Direct Investment Establishment in South Carolina

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 South Carolina alone, there are 1,950 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 Germany from South Carolina were \$ 3,248 million and \$ 3,761 million, respectively, in the past year. Third on the list of countries where South Carolina products are exported is Mexico. The increase in South Carolina exports may lead locally based companies to establish company representatives and sales personnel in those countries. South Carolina real estate professionals may decide that it's time to set up referral networks with counterparts in Canada, Germany and Mexico.

Transportation Equipment and Chemical Manufactures were the top export industries in South Carolina. Those two industries combined account 48% of the entire exports from South Carolina. 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 South Carolina

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 South Carolina, 1,499 newly admitted legal immigrants arrived in 2007. The largest group came from India (581). Other top countries of origin include:

- Colombia (405)
- India (343)
- Philippines (316)
- China, People's Republic (281)

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, 1,499 immigrants to

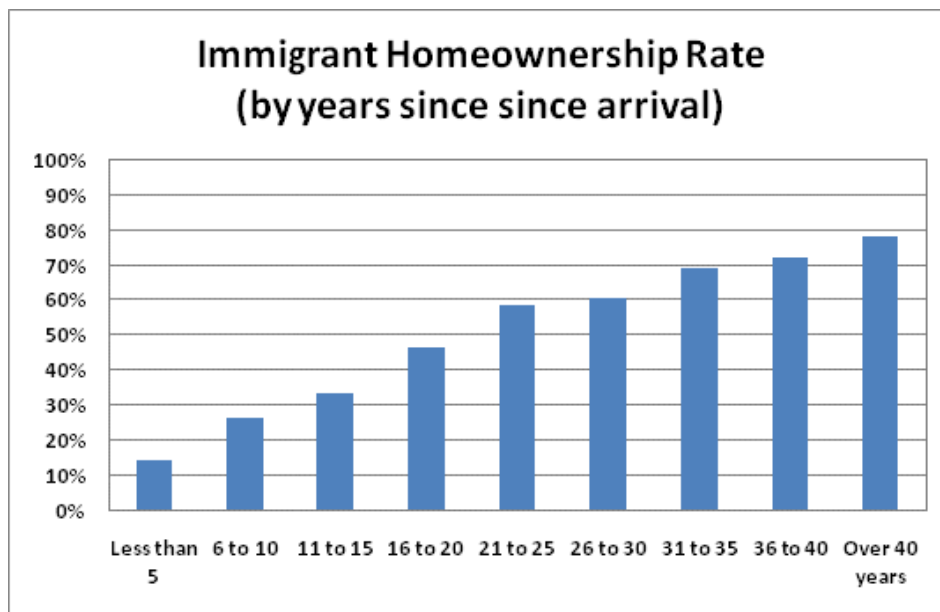
² There are contentious issues relating to swelling illegal immigration and assimilation, and this paper does not attempt to delve into this difficult topic.

South Carolina became U.S. citizens. Natives of India led with the highest number (177) of newly naturalized citizens in the state last year. Other top countries represented include:

- Mexico (111)
- Colombia (85)
- Philippines (75)
- Vietnam (72)

As of 2007 there are 66,631 (1.5% of the state population) of naturalized citizens and 123,383 non-citizens (2.8% of the state population) in South Carolina. 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

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.

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

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 South Carolina

	Total Population	U.S. Born Citizen	Foreign Born (%)	Naturalized Citizen	Non-U.S. Citizen	
Male	2,139,763	2,036,958	102,805	4.8%	33,741	69,064
18 and Over	1,602,106	1,510,994	91,112	5.7%	30,256	60,856
Under 18	537,657	525,964	11,693	2.2%	3,485	8,208
Female	2,267,946	2,180,737	87,209	3.8%	32,890	54,319
18 and Over	1,747,947	1,670,275	77,672	4.4%	31,244	46,428
Under 18	519,999	510,462	9,537	1.8%	1,646	7,891
Total	4,407,709	4,217,695	190,014	4.3%	66,631	123,383

Source: Census Bureau, American Community Survey 2007

Foreign Born Population in South Carolina by Year of Entr

	Total Population	U.S. Born Citizen	Foreign Born	Naturalized Citizen	Non-U.S. Citizen
2000 or later	79,627	6,713	72,914	6,475	66,439
1990 to 1999	62,528	7,406	55,122	16,665	38,457
Entered 1980 to 1989	33,441	7,426	26,015	14,763	11,252
Entered before 1980	53,613	17,650	35,963	28,728	7,235
Total	229,209	39,195	190,014	66,631	123,383

Source: Census Bureau, American Community Survey 2007

Main Languages Spoken in Households

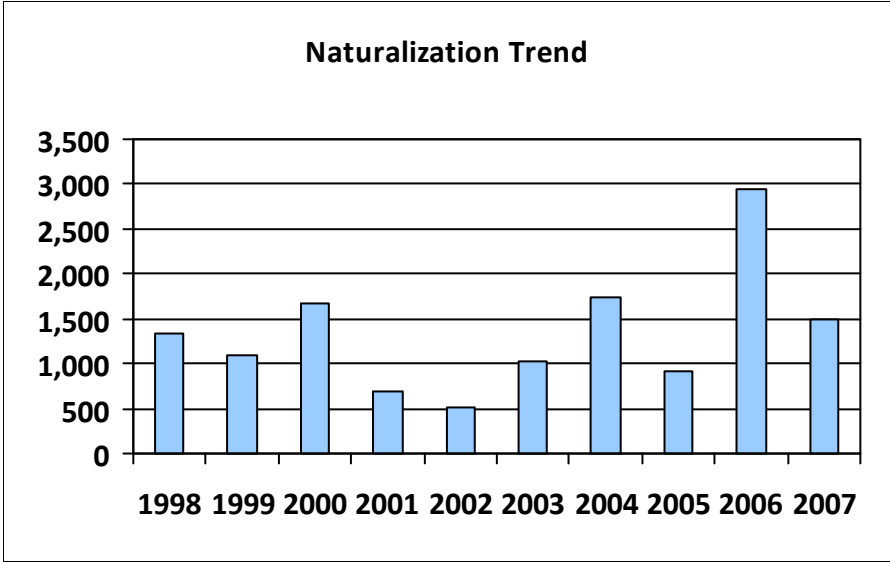
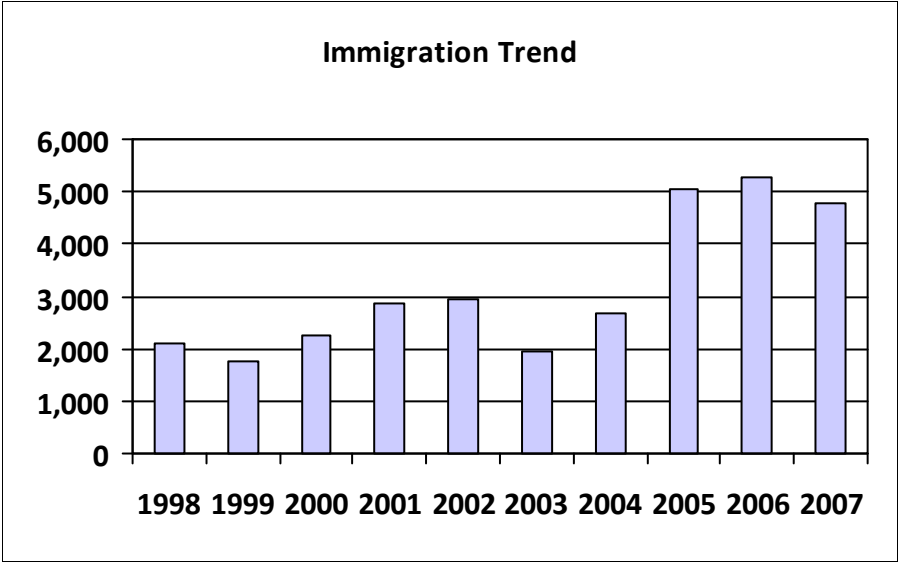
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	1,585,511		
Spanish	65,311	19,654	45,657
Indo-European	32,015	3,289	28,726
Asian-Pacific	15,904	3,993	11,911
Other	3,823	432	3,391
Total	1,702,564	27,368	89,685

Source: Census Bureau, American Community Survey 2007

Immigration and Naturalization Trend in South Carolina

Year	Admitted Immigrants	Naturalization
1998	2,119	1,330
1999	1,770	1,091
2000	2,253	1,682
2001	2,862	694
2002	2,952	504
2003	1,942	1,020
2004	2,672	1,748
2005	5,028	916
2006	5,291	2,940
2007	4,788	1,499

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

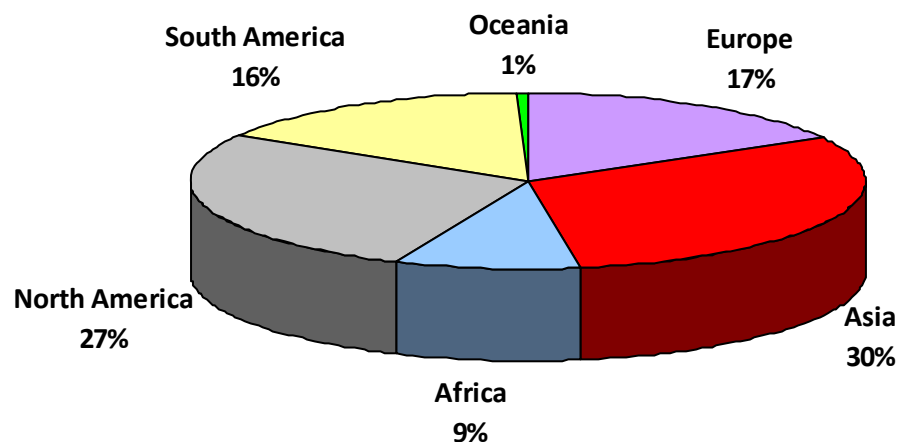


2007 Immigration to South Carolina by Country of Birth

										Total	4,788
Europe	815	Asia	1,456	Africa	424	North America	1,298	South America	760	Oceania	27
United Kingdom	158	India	343	Egypt	69	Mexico	581	Colombia	405	Australia	17
Germany	91	Philippines	316	Nigeria	65	Canada	183	Brazil	108	New Zealand	5
Soviet Union, frm	53	China	281	Morocco	58	Jamaica	145	Venezuela	64	Tonga	4
Romania	52	Vietnam	98	South Africa	43	Guatemala	110	Peru	60		
Russia	50	Korea	67	Kenya	41	Honduras	66	Ecuador	35		
Ukraine	48	Uzbekistan	38	Ethiopia	23	Costa Rica	42	Guyana	28		
Poland	35	Thailand	37	Cameroon	22	Panama	32	Argentina	23		
Albania	29	Japan	36	Ghana	15	El Salvador	25	Uruguay	14		
Bulgaria	26	Israel	28	Liberia	14	Dominican Republic	22	Bolivia	13		

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

2007 Immigration to South Carolina by Origination Region

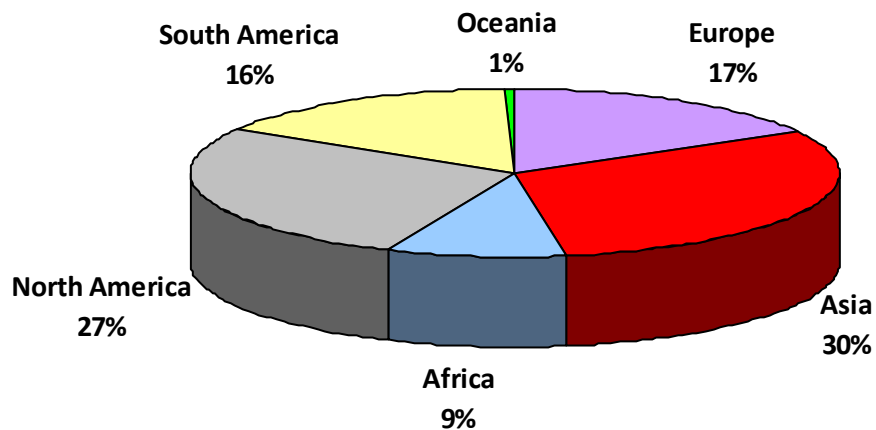


2007 Naturalization in South Carolina by Country of Birth

										Total	1,499
Europe	311	Asia	574	Africa	122	North America	305	South America	172	Oceania	8
United Kingdom	55	India	177	South Africa	35	Mexico	111	Colombia	85	Australia	7
Germany	40	Philippines	75	Egypt	21	Canada	63	Brazil	25		
Romania	26	Vietnam	72	Nigeria	12	Jamaica	18	Ecuador	14		
Ukraine	23	China	53	Kenya	9	Honduras	17	Peru	14		
Russia	21	Korea	35	Morocco	9	El Salvador	14	Venezuela	11		
Belarus	13	Laos	21	Ghana	6	Costa Rica	13	Argentina	6		
France	13	Iran	18	Sudan	6	Dominican Republic	12	Guyana	5		
Poland	13	Pakistan	17	Cameroon	3	Cuba	11	Uruguay	4		
Greece	12	Cambodia	16	Zambia	3	Haiti	9	Bolivia	3		

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

2007 Naturalization in South Carolina by Origination Region



Nonimmigrant Visitors to South Carolina

	2005	2006	2007
Total	98,527	108,650	117,471
Foreign government officials and families	381	528	490
Temporary visitors: for business	24,479	30,263	31,085
Temporary visitors: for pleasure	50,436	52,083	56,544
Transit aliens	842	964	1,050
Treaty traders and investors	4,285	4,717	5,015
Students and dependant family	3,733	3,945	4,121
Representatives to international organizations and families	61	56	37
Temporary workers and trainees, dependent family	2,701	5,452	6,309
Representatives of foreign information media and families	49	97	118
Students and exchange visitors, and dependant family	4,383	5,460	7,008
Fiances/spouses of U.S. citizens and their children	383	293	338
Intracompany transferees and dependant family	2,309	2,563	2,780
Vocational students and dependant family	1,263	1,275	1,421
NATO officials and families		48	43
NAFTA professional workers and dependant family	461	437	576
Fiances/spouses of permanent residents and their children	105	67	34
All other classes	338	395	498

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

Foreign Direct Investment Established in South Carolina

	U.S.	th Carolina
All industries	118588	1950
Mining	1107	15
Utilities	815	9
Construction	1082	20
Manufacturing	10322	321
Wholesale trade	15798	219
Retail trade	30540	600
Transportation and warehousing	5468	111
Information	5046	38
Finance: Depository credit intermediation	3263	12
Finance: Insurance	3709	73
Real estate and rental and leasing	1890	26
Professional and technical services	4275	28
Accommodation and food services	15255	224
Other	16824	204

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

South Carolina Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, **
									2006-2007
South Carolina Exports Total	13,375,890	1.6%	13,943,965	1.5%	13,615,041	1.3%	16,560,187	1.4%	1.4%
Transportation Equipment	4,366,726	32.6%	4,088,297	29.3%	3,437,148	25.2%	5,644,653	34.1%	34.1%
Chemical Manufactures	1,969,558	14.7%	2,169,735	15.6%	2,076,455	15.3%	2,303,467	13.9%	13.9%
Machinery Manufactures	1,486,436	11.1%	1,744,188	12.5%	1,900,551	14.0%	1,930,511	11.7%	11.7%
Plastic & Rubber Products	953,821	7.1%	1,087,954	7.8%	1,121,361	8.2%	1,353,699	8.2%	8.2%
Paper Products	647,783	4.8%	804,458	5.8%	923,032	6.8%	1,099,149	6.6%	6.6%
Computers & Electronic Prod.	1,427,199	10.7%	1,333,428	9.6%	1,208,266	8.9%	948,581	5.7%	5.7%
Fabricated Metal Products	336,283	2.5%	381,688	2.7%	401,498	2.9%	542,638	3.3%	3.3%
Elec. Eq., Appliances & Parts	399,643	3.0%	447,774	3.2%	525,141	3.9%	519,971	3.1%	3.1%
Fabric Mill Products	570,652	4.3%	590,025	4.2%	537,530	3.9%	508,477	3.1%	3.1%
Primary Metal Manufactures	141,641	1.1%	183,171	1.3%	258,871	1.9%	318,797	1.9%	1.9%
Processed Foods	205,052	1.5%	241,970	1.7%	236,379	1.7%	256,461	1.5%	1.5%
Waste & Scrap	60,414	0.5%	79,316	0.6%	139,579	1.0%	229,719	1.4%	1.4%
Spec. Classification Provisions	51,604	0.4%	62,681	0.4%	71,780	0.5%	212,080	1.3%	1.3%
Non-Metallic Mineral Mfgs.	139,704	1.0%	148,759	1.1%	159,524	1.2%	174,443	1.1%	1.1%
Misc. Manufactures	97,344	0.7%	89,515	0.6%	109,251	0.8%	125,365	0.8%	0.8%
Crop Production	196,545	1.5%	176,752	1.3%	231,951	1.7%	108,517	0.7%	0.7%
Wood Products	63,326	0.5%	59,390	0.4%	54,078	0.4%	64,899	0.4%	0.4%
Non-Apparel Textile Products	79,790	0.6%	65,093	0.5%	61,665	0.5%	56,759	0.3%	0.3%
Apparel Manufactures	89,754	0.7%	93,440	0.7%	53,897	0.4%	38,177	0.2%	0.2%
Mining	19,240	0.1%	16,125	0.1%	20,370	0.1%	25,730	0.2%	0.2%
Furniture & Related Products	10,996	0.1%	16,211	0.1%	17,254	0.1%	19,815	0.1%	0.1%
Printing & Related Products	13,899	0.1%	14,688	0.1%	15,033	0.1%	17,105	0.1%	0.1%
Animal Production	2,468	0.0%	5,752	0.0%	6,823	0.1%	15,188	0.1%	0.1%
Used Merchandise	9,400	0.1%	9,267	0.1%	15,033	0.1%	14,318	0.1%	0.1%
Forestry & Logging	16,625	0.1%	19,762	0.1%	13,022	0.1%	10,169	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.

South Carolina Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
World Total	13,375,890	1.6%	13,943,965	1.5%	13,615,041	1.3%	16,560,187	1.4%	1.4%
Canada	2,818,597	21.1%	3,035,071	21.8%	3,151,955	23.2%	3,248,009	19.6%	19.6%
Germany	2,816,336	21.1%	2,356,748	16.9%	2,089,134	15.3%	3,761,251	22.7%	22.7%
Mexico	868,474	6.5%	1,113,462	8.0%	1,095,228	8.0%	981,581	5.9%	5.9%
United Kingdom	824,955	6.2%	970,741	7.0%	788,484	5.8%	943,565	5.7%	5.7%
Japan	436,233	3.3%	416,719	3.0%	473,429	3.5%	536,072	3.2%	3.2%
France	318,251	2.4%	347,583	2.5%	340,344	2.5%	407,463	2.5%	2.5%
Belgium	374,711	2.8%	425,524	3.1%	365,532	2.7%	484,641	2.9%	2.9%
China	480,936	3.6%	622,274	4.5%	702,610	5.2%	623,563	3.8%	3.8%
Netherlands	556,439	4.2%	467,441	3.4%	344,697	2.5%	278,352	1.7%	1.7%
Brazil	301,871	2.3%	249,940	1.8%	239,714	1.8%	339,525	2.1%	2.1%
Italy	166,519	1.2%	142,777	1.0%	180,317	1.3%	188,404	1.1%	1.1%
Australia	345,584	2.6%	335,539	2.4%	364,432	2.7%	574,929	3.5%	3.5%
Hong Kong	168,254	1.3%	149,939	1.1%	164,650	1.2%	118,183	0.7%	0.7%
South Korea	223,971	1.7%	275,115	2.0%	281,493	2.1%	274,234	1.7%	1.7%
Switzerland	124,697	0.9%	177,692	1.3%	187,511	1.4%	233,347	1.4%	1.4%
South Africa	156,942	1.2%	160,099	1.1%	196,636	1.4%	280,504	1.7%	1.7%
Singapore	153,120	1.1%	174,557	1.3%	175,385	1.3%	126,528	0.8%	0.8%
Spain	71,116	0.5%	105,320	0.8%	91,736	0.7%	107,186	0.6%	0.6%
Honduras	112,623	0.8%	106,937	0.8%	82,192	0.6%	125,207	0.8%	0.8%
Sweden	41,331	0.3%	66,545	0.5%	85,054	0.6%	133,820	0.8%	0.8%
Turkey	108,551	0.8%	134,898	1.0%	140,158	1.0%	139,122	0.8%	0.8%
India	75,684	0.6%	110,033	0.8%	154,625	1.1%	200,008	1.2%	1.2%
United Arab Emirates	53,191	0.4%	87,613	0.6%	76,061	0.6%	229,567	1.4%	1.4%
Chile	69,204	0.5%	76,298	0.5%	94,448	0.7%	137,248	0.8%	0.8%
Argentina	71,345	0.5%	75,814	0.5%	62,112	0.5%	110,414	0.7%	0.7%

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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