

# **Business Data for Engaging in International Real Estate Transactions in West Virginia**

**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 West Virginia 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 West Virginia***

In 2007, total of 15,267 non-immigrant aliens came into West Virginia. Those in some selected categories are;

- 7,056 temporary visitors for pleasure
- 2,722 temporary visitors for business
- 350 treaty traders and investors
- 2,518 foreign students and dependant families
- 697 temporary foreign workers, trainees and dependant families
- 90 NAFTA professional workers and dependant families

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

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 West Virginia alone, there are 427 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 West Virginia were \$ 1,161 million and \$ 304 million, respectively, in the past year. Third on the list of countries where West Virginia products are exported is Belgium. The increase in West Virginia exports may lead locally based companies to establish company representatives and sales personnel in those countries. West Virginia real estate professionals may decide that it's time to set up referral networks with counterparts in Canada, Japan and Belgium.

Chemical Manufactures and Mining were the top export industries in West Virginia. Those two industries combined account 57% of the entire exports from West Virginia. 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 West Virginia***

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 West Virginia, 310 newly admitted legal immigrants arrived in 2007. The largest group came from India (78). Other top countries of origin include:

- Philippines (66)
- India (40)
- United Kingdom (31)
- Guatemala (22)

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, 310 immigrants to

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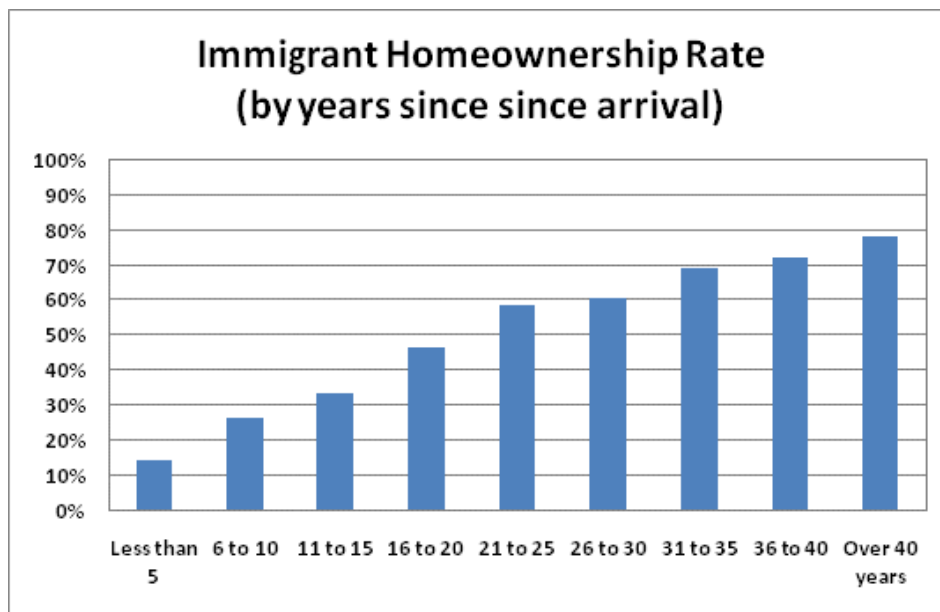
<sup>2</sup> There are contentious issues relating to swelling illegal immigration and assimilation, and this paper does not attempt to delve into this difficult topic.

West Virginia became U.S. citizens. Natives of India led with the highest number (43) of newly naturalized citizens in the state last year. Other top countries represented include:

- China, People's Republic (21)
- Philippines (17)
- Vietnam (14)
- Pakistan (13)

As of 2007 there are 13,140 (0.7% of the state population) of naturalized citizens and 10,315 non-citizens (0.6% of the state population) in West Virginia. 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 West Virginia

	Total Population	U.S. Born Citizen	Foreign Born (%)	Naturalized Citizen	Non-U.S. Citizen	
Male	888,822	876,658	12,164	1.4%	6,346	5,818
18 and Over	688,460	677,831	10,629	1.5%	5,797	4,832
Under 18	200,362	198,827	1,535	0.8%	549	986
Female	923,213	911,922	11,291	1.2%	6,794	4,497
18 and Over	736,116	725,575	10,541	1.4%	6,277	4,264
Under 18	187,097	186,347	750	0.4%	517	233
<b>Total</b>	<b>1,812,035</b>	<b>1,788,580</b>	<b>23,455</b>	<b>1.3%</b>	<b>13,140</b>	<b>10,315</b>

Source: Census Bureau, American Community Survey 2007

### Foreign Born Population in West Virginia by Year of Entry

	Total Population	U.S. Born Citizen	Foreign Born	Naturalized Citizen	Non-U.S. Citizen
2000 or later	8,096	966	7,130	1,266	5,864
1990 to 1999	7,506	1,566	5,940	3,109	2,831
Entered 1980 to 1989	5,202	1,052	4,150	3,135	1,015
Entered before 1980	10,412	4,177	6,235	5,630	605
<b>Total</b>	<b>31,216</b>	<b>7,761</b>	<b>23,455</b>	<b>13,140</b>	<b>10,315</b>

Source: Census Bureau, American Community Survey 2007

### Main Languages Spoken in Households

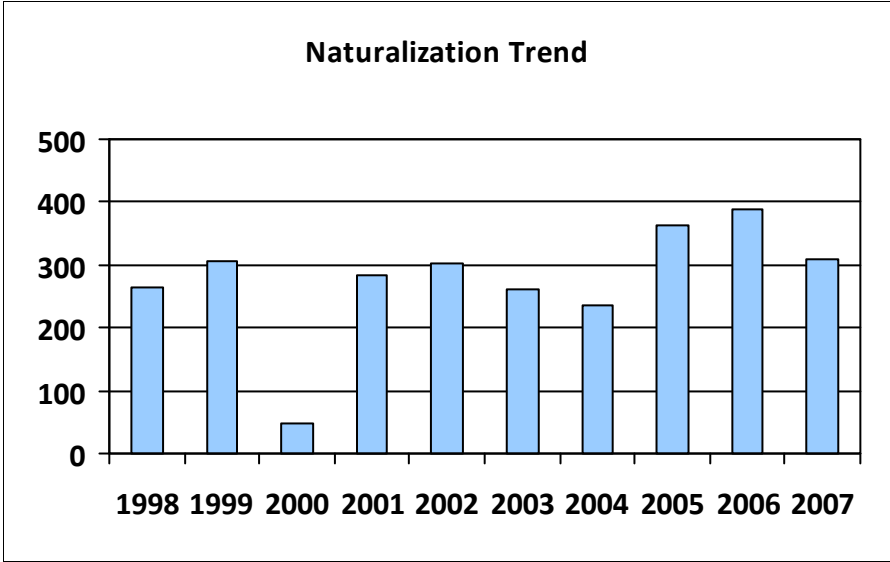
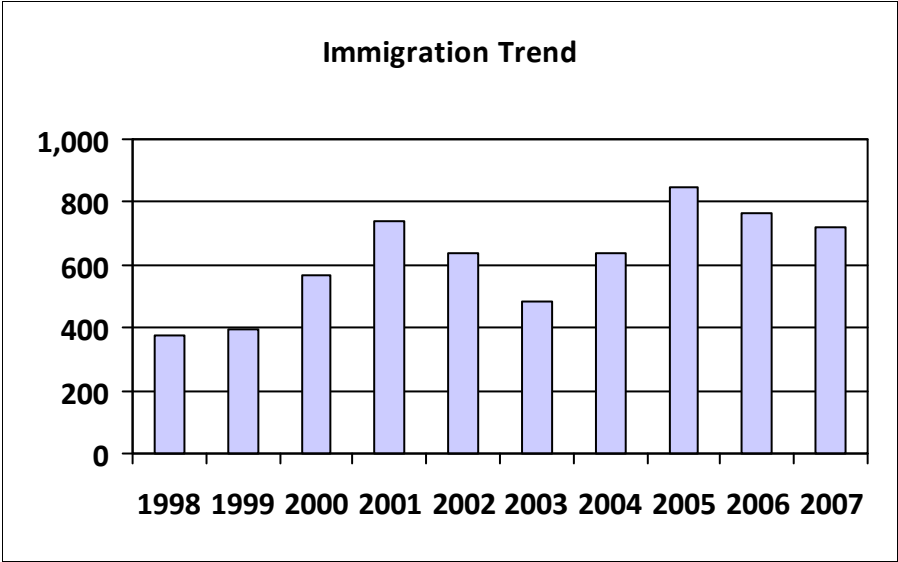
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	709,251		
Spanish	11,485	747	10,738
Indo-European	8,624	731	7,893
Asian-Pacific	3,136	587	2,549
Other	1,353	150	1,203
<b>Total</b>	<b>733,849</b>	<b>2,215</b>	<b>22,383</b>

Source: Census Bureau, American Community Survey 2007

**Immigration and Naturalization Trend in West Virginia**

Year	Admitted Immigrants	Naturalization
1998	375	264
1999	392	307
2000	569	47
2001	736	285
2002	635	302
2003	483	261
2004	634	237
2005	847	362
2006	763	390
2007	721	310

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

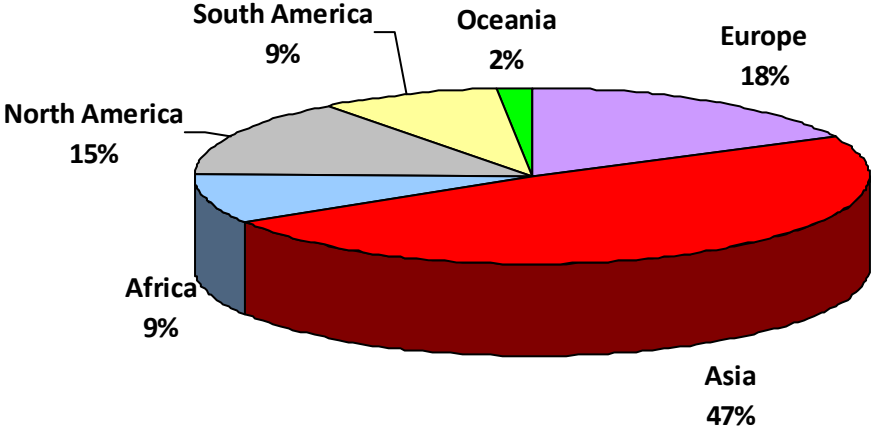


**2007 Immigration to West Virginia by Country of Birth**

										Total	721
<b>Europe</b>	<b>129</b>	<b>Asia</b>	<b>347</b>	<b>Africa</b>	<b>66</b>	<b>North America</b>	<b>105</b>	<b>South America</b>	<b>62</b>	<b>Oceania</b>	<b>12</b>
United Kingdom	31	China	78	Nigeria	12	Guatemala	22	Peru	16	Australia	7
Germany	14	Philippines	66	Ethiopia	8	Canada	20	Colombia	15	New Zealand	5
Romania	14	India	40	Egypt	7	El Salvador	20	Venezuela	10		
Russia	10	Iran	21	Liberia	5	Mexico	16	Argentina	6		
Ukraine	9	Vietnam	19	Morocco	5	Jamaica	13	Brazil	6		
Soviet Union, frm	7	Korea	18	Kenya	4	Trinidad - Tobago	5	Bolivia	4		
Bulgaria	5	Pakistan	18	Zimbabwe	4	Costa Rica	3	Ecuador	3		
Italy	5	Japan	14	Congo, Democra	3						
France	4	Syria	9	Libya	3						

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

**2007 Immigration to West Virginia by Origination Region**

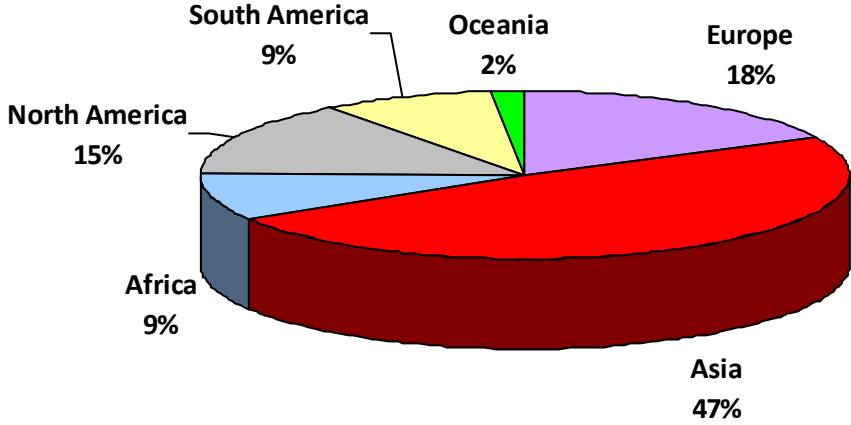


**2007 Naturalization in West Virginia by Country of Birth**

										Total	310
<b>Europe</b>	<b>54</b>	<b>Asia</b>	<b>157</b>	<b>Africa</b>	<b>29</b>	<b>North America</b>	<b>42</b>	<b>South America</b>	<b>25</b>	<b>Oceania</b>	<b>3</b>
Germany	8	India	43	Ethiopia	5	Mexico	11	Bolivia	5		
United Kingdom	8	China	21	South Africa	5	Canada	10	Venezuela	4		
Russia	7	Philippines	17	Ghana	3	El Salvador	10	Brazil	3		
Ukraine	7	Vietnam	14	Nigeria	3	Jamaica	3	Colombia	3		
Romania	5	Pakistan	13	Sierra Leone	3			Peru	3		
		Iran	9					Uruguay	3		
		Lebanon	8								
		Syria	8								
		Korea	4								

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

**2007 Naturalization in West Virginia by Origination Region**



## Nonimmigrant Visitors to West Virginia

	2005	2006	2007
<b>Total</b>	<b>13,368</b>	<b>14,003</b>	<b>15,267</b>
Foreign government officials and families	88	107	113
Temporary visitors: for business	2,501	2,620	2,722
Temporary visitors: for pleasure	6,264	6,369	7,056
Transit aliens	9	8	6
Treaty traders and investors	144	202	350
Students and dependant family	2,199	2,445	2,518
Representatives to international organizations and families	13	14	12
Temporary workers and trainees, dependent family	554	613	697
Representatives of foreign information media and families	14	6	9
Students and exchange visitors, and dependant family	976	1,136	1,260
Fiances/spouses of U.S. citizens and their children	92	85	75
Intracompany transferees and dependant family	195	186	179
Vocational students and dependant family	94	72	93
NAFTA professional workers and dependant family	106	67	90
All other classes	40	35	72

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

**Foreign Direct Investment Established in West Virginia**

	<b>U.S.</b>	<b>est Virginia</b>
All industries	118588	427
Mining	1107	20
Utilities	815	4
Construction	1082	8
Manufacturing	10322	56
Wholesale trade	15798	46
Retail trade	30540	122
Transportation and warehousing	5468	7
Information	5046	1
Finance: Depository credit intermediation	3263	0
Finance: Insurance	3709	18
Real estate and rental and leasing	1890	9
Professional and technical services	4275	16
Accommodation and food services	15255	44
Other	16824	63

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

## West Virginia Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, ** 2006-2007
<b>West Virginia Exports Total</b>	<b>3,261,683</b>	<b>0.4%</b>	<b>3,146,577</b>	<b>0.3%</b>	<b>3,225,357</b>	<b>0.3%</b>	<b>3,972,153</b>	<b>0.3%</b>	<b>0.3%</b>
Chemical Manufactures	1,321,132	40.5%	1,299,246	41.3%	1,345,948	41.7%	1,454,501	36.6%	36.6%
Mining	397,287	12.2%	489,235	15.5%	544,788	16.9%	824,944	20.8%	20.8%
Transportation Equipment	458,671	14.1%	454,941	14.5%	337,598	10.5%	477,975	12.0%	12.0%
Machinery Manufactures	167,601	5.1%	210,478	6.7%	289,442	9.0%	407,276	10.3%	10.3%
Primary Metal Manufactures	210,409	6.5%	261,008	8.3%	272,984	8.5%	321,683	8.1%	8.1%
Wood Products	107,691	3.3%	93,378	3.0%	85,529	2.7%	77,145	1.9%	1.9%
Non-Metallic Mineral Mfgs.	42,610	1.3%	61,978	2.0%	56,240	1.7%	68,376	1.7%	1.7%
Computers & Electronic Prod.	356,577	10.9%	79,198	2.5%	54,672	1.7%	66,354	1.7%	1.7%
Petroleum & Coal Products	25,132	0.8%	18,339	0.6%	41,663	1.3%	44,786	1.1%	1.1%
Waste & Scrap	16,996	0.5%	5,643	0.2%	19,935	0.6%	30,809	0.8%	0.8%
Fabricated Metal Products	22,907	0.7%	27,160	0.9%	28,426	0.9%	30,178	0.8%	0.8%
Oil & Gas Extraction	8	0.0%	14	0.0%	3,048	0.1%	26,898	0.7%	0.7%
Plastic & Rubber Products	35,563	1.1%	57,954	1.8%	41,924	1.3%	21,052	0.5%	0.5%
Misc. Manufactures	14,652	0.4%	21,815	0.7%	4,033	0.1%	20,879	0.5%	0.5%
Forestry & Logging	8,576	0.3%	9,082	0.3%	9,964	0.3%	20,708	0.5%	0.5%
Printing & Related Products	10,347	0.3%	11,271	0.4%	18,102	0.6%	17,192	0.4%	0.4%
Paper Products	10,264	0.3%	13,095	0.4%	14,588	0.5%	15,415	0.4%	0.4%
Processed Foods	6,844	0.2%	7,212	0.2%	10,069	0.3%	11,338	0.3%	0.3%
Spec. Classification Provisions	13,189	0.4%	6,824	0.2%	14,071	0.4%	10,180	0.3%	0.3%
Elec. Eq., Appliances & Parts	18,199	0.6%	9,527	0.3%	8,571	0.3%	8,303	0.2%	0.2%
Used Merchandise	1,196	0.0%	2,338	0.1%	13,187	0.4%	6,424	0.2%	0.2%
Animal Production	4,702	0.1%	433	0.0%	4,490	0.1%	6,231	0.2%	0.2%
Goods Returned to Canada	3,500	0.1%	2,647	0.1%	86	0.0%	847	0.0%	0.0%
Furniture & Related Products	509	0.0%	645	0.0%	792	0.0%	740	0.0%	0.0%
Apparel Manufactures	262	0.0%	1,047	0.0%	1,681	0.1%	473	0.0%	0.0%

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.

\*\* (Z) means that % change is greater than 500%, and (-) means that the product is a new export.

## West Virginia Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
<b>World Total</b>	<b>3,261,683</b>	<b>0.4%</b>	<b>3,146,577</b>	<b>0.3%</b>	<b>3,225,357</b>	<b>0.3%</b>	<b>3,972,153</b>	<b>0.3%</b>	<b>0.3%</b>
Canada	979,759	30.0%	1,072,220	34.1%	923,282	28.6%	1,160,602	29.2%	29.2%
Japan	361,540	11.1%	361,233	11.5%	268,891	8.3%	303,929	7.7%	7.7%
Belgium	282,470	8.7%	288,494	9.2%	312,512	9.7%	289,203	7.3%	7.3%
China	128,681	3.9%	135,381	4.3%	187,110	5.8%	254,710	6.4%	6.4%
South Korea	77,159	2.4%	90,409	2.9%	86,403	2.7%	84,897	2.1%	2.1%
Mexico	435,502	13.4%	142,092	4.5%	129,959	4.0%	150,238	3.8%	3.8%
Netherlands	135,749	4.2%	140,121	4.5%	141,033	4.4%	200,208	5.0%	5.0%
Hong Kong	75,823	2.3%	62,774	2.0%	67,927	2.1%	74,473	1.9%	1.9%
United Kingdom	66,221	2.0%	83,337	2.6%	132,396	4.1%	84,990	2.1%	2.1%
Brazil	131,039	4.0%	114,120	3.6%	143,130	4.4%	222,820	5.6%	5.6%
France	53,903	1.7%	61,232	1.9%	81,108	2.5%	134,104	3.4%	3.4%
Italy	70,266	2.2%	91,516	2.9%	133,422	4.1%	136,326	3.4%	3.4%
Germany	55,698	1.7%	46,085	1.5%	84,156	2.6%	100,563	2.5%	2.5%
Taiwan	63,699	2.0%	38,392	1.2%	37,362	1.2%	40,827	1.0%	1.0%
Singapore	33,969	1.0%	36,865	1.2%	31,821	1.0%	36,395	0.9%	0.9%
Australia	35,049	1.1%	33,496	1.1%	44,701	1.4%	32,453	0.8%	0.8%
India	29,015	0.9%	58,346	1.9%	100,092	3.1%	112,455	2.8%	2.8%
Malaysia	12,735	0.4%	23,060	0.7%	8,464	0.3%	22,153	0.6%	0.6%
Spain	12,610	0.4%	10,240	0.3%	14,587	0.5%	31,300	0.8%	0.8%
Thailand	19,488	0.6%	16,972	0.5%	24,885	0.8%	30,644	0.8%	0.8%
South Africa	9,656	0.3%	11,301	0.4%	13,758	0.4%	32,669	0.8%	0.8%
Turkey	21,393	0.7%	55,462	1.8%	48,800	1.5%	51,741	1.3%	1.3%
Egypt	22,372	0.7%	1,243	0.0%	23,979	0.7%	80,931	2.0%	2.0%
Ukraine	1,775	0.1%	18,538	0.6%	873	0.0%	38,149	1.0%	1.0%
Croatia	22	0.0%	18	0.0%	6,509	0.2%	35,496	0.9%	0.9%

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.