

Business Data for Engaging in International Real Estate Transactions in Indiana

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Produced By: NAR Research

An abstract graphic at the bottom of the page consists of several overlapping, semi-transparent geometric shapes in shades of blue and grey, creating a layered, architectural effect.

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 Indiana 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 Indiana

In 2007, total of 139,226 non-immigrant aliens came into Indiana. Those in some selected categories are;

- 61,083 temporary visitors for pleasure
- 38,174 temporary visitors for business
- 3,424 treaty traders and investors
- 16,607 foreign students and dependant families
- 6,101 temporary foreign workers, trainees and dependant families
- 721 NAFTA professional workers and dependant families

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

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 Indiana alone, there are 2,012 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 Indiana were \$ 10,727 million and \$ 2,606 million, respectively, in the past year. Third on the list of countries where Indiana products are exported is United Kingdom. The increase in Indiana exports may lead locally based companies to establish company representatives and sales personnel in those countries. Indiana 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 Chemical Manufactures were the top export industries in Indiana. Those two industries combined account 49% of the entire exports from Indiana. 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 Indiana

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 Indiana, 3,652 newly admitted legal immigrants arrived in 2007. The largest group came from Mexico (892). Other top countries of origin include:

- China, People's Republic (597)
- India (561)
- Philippines (408)
- Guatemala (207)

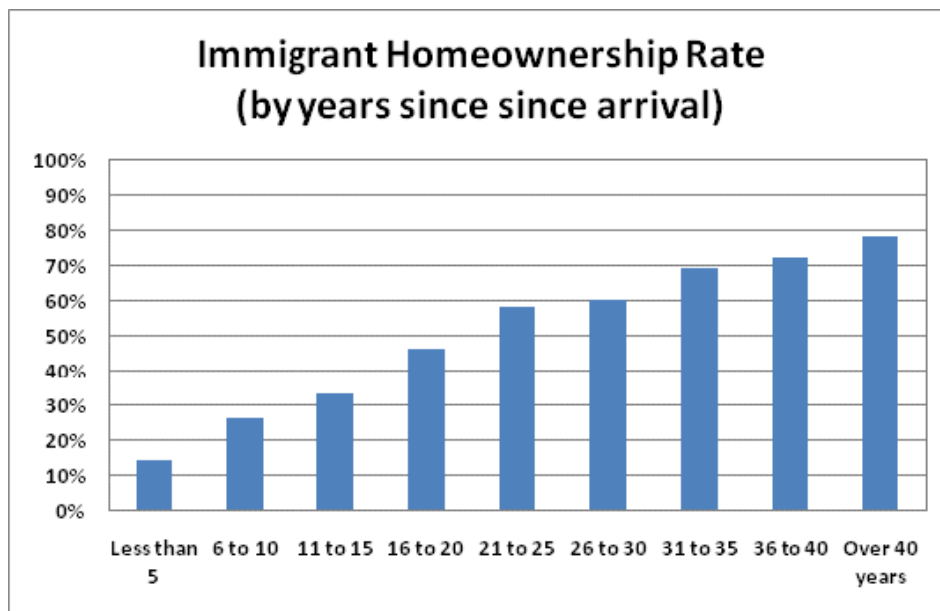
Real estate professionals may want to consider assisting, participating or setting up a network partner with these communities to open up business opportunities. In 2007, 3,652 immigrants to Indiana became U.S. citizens. Natives of Mexico led with the highest number (747) of newly naturalized citizens 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.

- India (417)
- China, People's Republic (194)
- Philippines (184)
- Vietnam (132)

As of 2007 there are 96,401 (1.5% of the state population) of naturalized citizens and 167,447 non-citizens (2.6% of the state population) in Indiana. 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 Indiana

	Total Population	U.S. Born Citizen	Foreign Born (%)	Naturalized Citizen	Non-U.S. Citizen	
Male	3,125,322	2,989,014	136,308	4.4%	44,932	91,376
18 and Over	2,311,352	2,188,144	123,208	5.3%	41,478	81,730
Under 18	813,970	800,870	13,100	1.6%	3,454	9,646
Female	3,219,967	3,092,427	127,540	4.0%	51,469	76,071
18 and Over	2,447,627	2,336,554	111,073	4.5%	47,065	64,008
Under 18	772,340	755,873	16,467	2.1%	4,404	12,063
Total	6,345,289	6,081,441	263,848	4.2%	96,401	167,447

Source: Census Bureau, American Community Survey 2007

Foreign Born Population in Indiana by Year of Entry

	Total Population	U.S. Born Citizen	Foreign Born	Naturalized Citizen	Non-U.S. Citizen
2000 or later	98,837	3,642	95,195	8,653	86,542
1990 to 1999	93,028	5,397	87,631	29,048	58,583
Entered 1980 to 1989	36,301	7,168	29,133	15,991	13,142
Entered before 1980	70,650	18,761	51,889	42,709	9,180
Total	298,816	34,968	263,848	96,401	167,447

Source: Census Bureau, American Community Survey 2007

Main Languages Spoken in Households

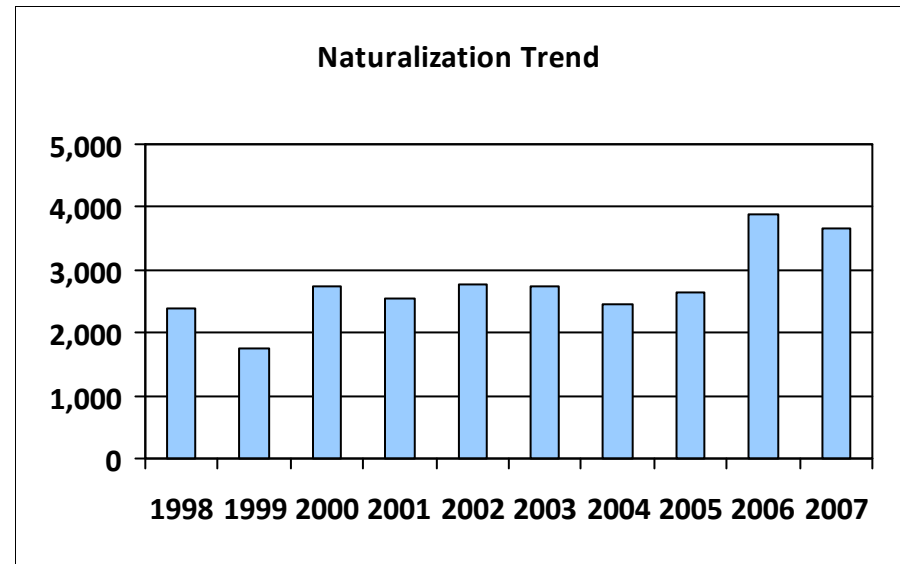
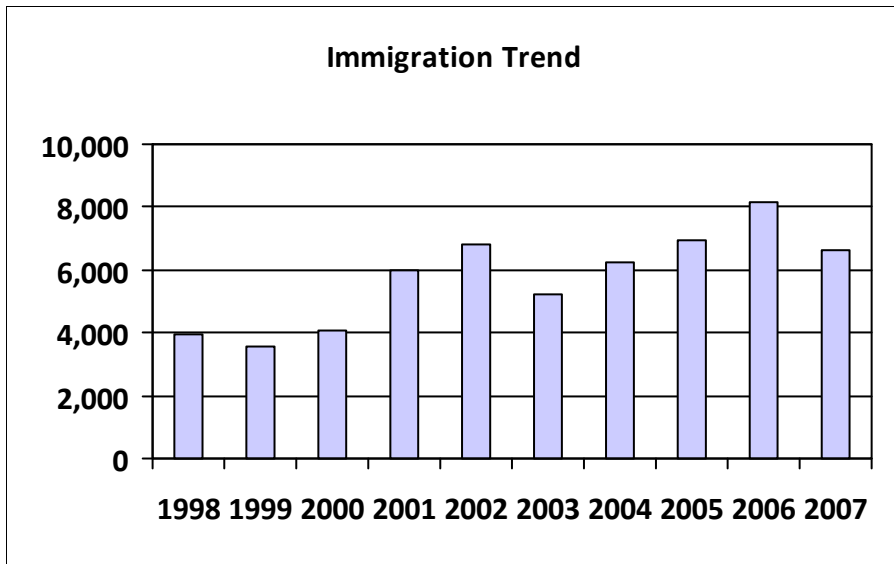
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	2,251,437		
Spanish	115,257	30,545	84,712
Indo-European	64,821	6,626	58,195
Asian-Pacific	22,483	5,588	16,895
Other	8,280	1,017	7,263
Total	2,462,278	43,776	167,065

Source: Census Bureau, American Community Survey 2007

Immigration and Naturalization Trend in Indiana

Year	Admitted Immigrants	Naturalization
1998	3,970	2,396
1999	3,546	1,737
2000	4,105	2,746
2001	5,980	2,558
2002	6,838	2,774
2003	5,241	2,725
2004	6,262	2,455
2005	6,913	2,650
2006	8,122	3,885
2007	6,639	3,652

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

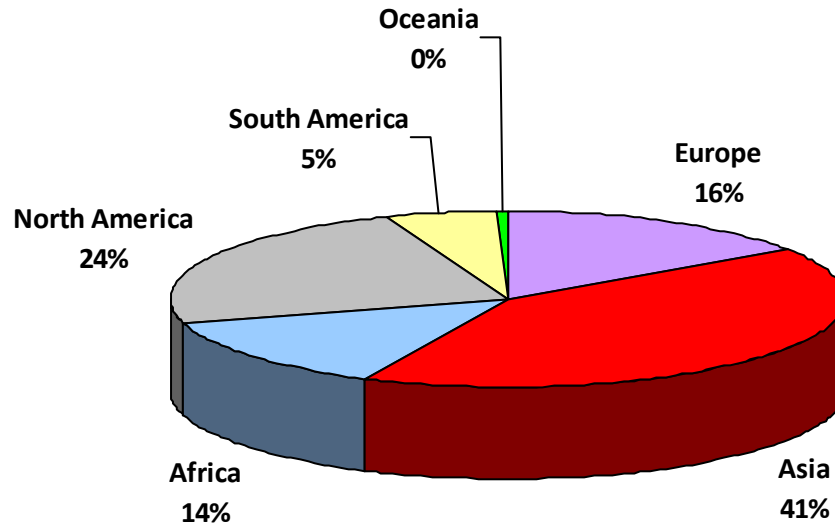


2007 Immigration to Indiana by Country of Birth

										Total	6,639
Europe	1,034	Asia	2,732	Africa	905	North America	1,577	South America	347	Oceania	31
United Kingdom	149	China	597	Nigeria	162	Mexico	892	Colombia	90	Australia	19
Ukraine	108	India	561	Kenya	108	Guatemala	207	Peru	82	New Zealand	11
Russia	95	Philippines	408	Ethiopia	88	Canada	146	Brazil	65		
Germany	72	Vietnam	158	Zimbabwe	43	El Salvador	79	Venezuela	54		
Macedonia	69	Myanmar	151	Egypt	42	Honduras	48	Argentina	22		
Romania	57	Korea	145	Liberia	41	Haiti	38	Chile	14		
Soviet Union, frm	51	Pakistan	86	South Africa	38	Jamaica	30	Ecuador	10		
Poland	46	Japan	54	Ghana	36	Dominican Republic	29	Guyana	7		
Bulgaria	33	Thailand	52	Sudan	31	Nicaragua	28				

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

2007 Immigration to Indiana by Origination Region

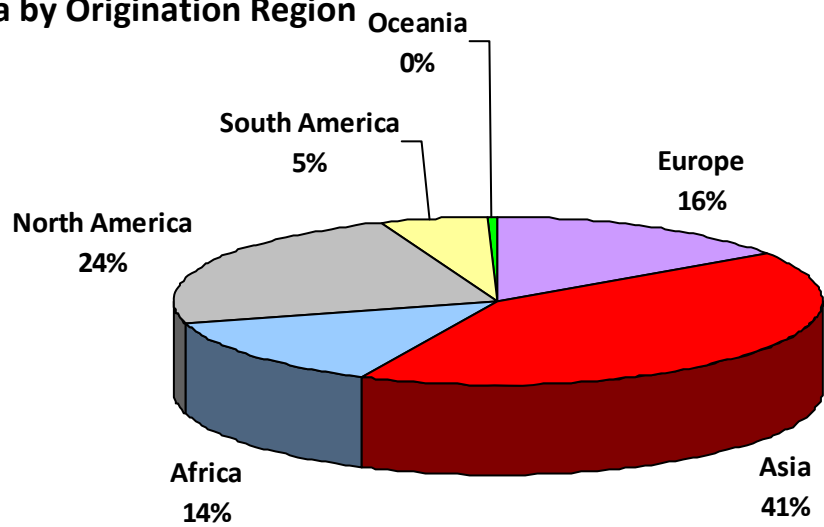


2007 Naturalization in Indiana by Country of Birth

										Total	3,652
Europe	662	Asia	1,377	Africa	345	North America	1,094	South America	159	Oceania	11
Bosnia - Herzegovina	122	India	417	Nigeria	79	Mexico	747	Colombia	46	Australia	9
United Kingdom	64	China	194	Egypt	33	Canada	81	Peru	26		
Ukraine	54	Philippines	184	South Africa	27	El Salvador	41	Venezuela	21		
Croatia	47	Vietnam	132	Ethiopia	26	Nicaragua	40	Brazil	19		
Russia	44	Korea	69	Sudan	19	Dominican Republic	32	Argentina	16		
Serbia - Montenegro	37	Pakistan	61	Morocco	18	Honduras	32	Ecuador	13		
Macedonia	35	Myanmar	56	Liberia	14	Cuba	27	Chile	7		
Germany	34	Taiwan	30	Ghana	13	Haiti	21	Bolivia	5		
Poland	33	Iran	29	Kenya	13	Jamaica	21	Guyana	3		

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

2007 Naturalization in Indiana by Origination Region



Nonimmigrant Visitors to Indiana

	2005	2006	2007
Total	125,191	127,523	139,226
Foreign government officials and families	222	292	254
Temporary visitors: for business	33,678	33,982	38,174
Temporary visitors: for pleasure	57,368	57,083	61,083
Transit aliens	127	157	131
Treaty traders and investors	2,769	2,849	3,424
Students and dependant family	13,409	14,799	16,607
Representatives to international organizations and families	47	76	93
Temporary workers and trainees, dependent family	5,265	5,816	6,101
Representatives of foreign information media and families	289	237	246
Students and exchange visitors, and dependant family	4,871	5,357	5,400
Fiances/spouses of U.S. citizens and their children	594	584	557
Intracompany transferees and dependant family	3,166	3,253	3,553
Vocational students and dependant family	1,879	1,807	2,175
NATO officials and families		19	30
NAFTA professional workers and dependant family	644	744	721
Fiances/spouses of permanent residents and their children	123	91	51
All other classes	380	371	621

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

Foreign Direct Investment Established in Indiana

	U.S.	Indiana
All industries	118588	2012
Mining	1107	19
Utilities	815	3
Construction	1082	14
Manufacturing	10322	346
Wholesale trade	15798	280
Retail trade	30540	539
Transportation and warehousing	5468	79
Information	5046	72
Finance: Depository credit intermediation	3263	0
Finance: Insurance	3709	57
Real estate and rental and leasing	1890	22
Professional and technical services	4275	63
Accommodation and food services	15255	243
Other	16824	248

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

Indiana Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, ** 2006-2007
Indiana Exports Total	19,109,378	2.3%	21,475,918	2.4%	22,619,712	2.2%	25,877,845	2.2%	2.2%
Transportation Equipment	6,206,833	32.5%	6,842,542	31.9%	6,957,793	30.8%	7,757,379	30.0%	30.0%
Chemical Manufactures	3,678,570	19.3%	4,278,840	19.9%	4,552,539	20.1%	4,868,663	18.8%	18.8%
Machinery Manufactures	2,883,636	15.1%	3,015,705	14.0%	3,017,845	13.3%	3,914,748	15.1%	15.1%
Computers & Electronic Prod.	1,641,056	8.6%	1,737,346	8.1%	1,778,050	7.9%	1,849,316	7.1%	7.1%
Primary Metal Manufactures	775,973	4.1%	995,413	4.6%	1,241,516	5.5%	1,579,453	6.1%	6.1%
Misc. Manufactures	908,351	4.8%	1,051,716	4.9%	1,136,132	5.0%	1,250,114	4.8%	4.8%
Elec. Eq., Appliances & Parts	620,358	3.2%	724,775	3.4%	783,236	3.5%	1,081,342	4.2%	4.2%
Fabricated Metal Products	525,962	2.8%	628,491	2.9%	646,084	2.9%	693,113	2.7%	2.7%
Plastic & Rubber Products	584,086	3.1%	671,892	3.1%	673,231	3.0%	689,318	2.7%	2.7%
Processed Foods	207,748	1.1%	242,294	1.1%	291,334	1.3%	380,306	1.5%	1.5%
Printing & Related Products	159,771	0.8%	218,028	1.0%	286,923	1.3%	270,555	1.0%	1.0%
Waste & Scrap	43,543	0.2%	67,223	0.3%	87,982	0.4%	226,374	0.9%	0.9%
Spec. Classification Provisions	153,247	0.8%	158,211	0.7%	235,656	1.0%	226,235	0.9%	0.9%
Non-Metallic Mineral Mfgs.	172,326	0.9%	202,673	0.9%	210,635	0.9%	222,129	0.9%	0.9%
Wood Products	145,785	0.8%	149,165	0.7%	190,860	0.8%	219,468	0.8%	0.8%
Paper Products	123,516	0.6%	136,584	0.6%	129,821	0.6%	145,969	0.6%	0.6%
Crop Production	52,505	0.3%	85,483	0.4%	89,979	0.4%	123,147	0.5%	0.5%
Furniture & Related Products	52,291	0.3%	67,955	0.3%	72,787	0.3%	93,659	0.4%	0.4%
Petroleum & Coal Products	19,351	0.1%	51,040	0.2%	63,839	0.3%	70,773	0.3%	0.3%
Non-Apparel Textile Products	18,568	0.1%	21,656	0.1%	23,978	0.1%	38,270	0.1%	0.1%
Beverage & Tobacco Products	21,601	0.1%	19,687	0.1%	27,364	0.1%	34,013	0.1%	0.1%
Forestry & Logging	19,416	0.1%	28,011	0.1%	25,704	0.1%	33,841	0.1%	0.1%
Fabric Mill Products	22,949	0.1%	24,065	0.1%	26,096	0.1%	32,668	0.1%	0.1%
Mining	15,078	0.1%	15,399	0.1%	17,000	0.1%	18,771	0.1%	0.1%
Used Merchandise	9,048	0.0%	9,192	0.0%	9,488	0.0%	13,078	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.

Indiana Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
World Total	19,109,378	2.3%	21,475,918	2.4%	22,619,712	2.2%	25,877,845	2.2%	2.2%
Canada	8,534,498	44.7%	9,550,428	44.5%	9,841,737	43.5%	10,726,898	41.5%	41.5%
Mexico	2,543,046	13.3%	2,618,138	12.2%	2,428,364	10.7%	2,605,683	10.1%	10.1%
United Kingdom	1,281,837	6.7%	1,516,132	7.1%	1,889,689	8.4%	1,899,913	7.3%	7.3%
Japan	720,274	3.8%	768,750	3.6%	830,893	3.7%	737,275	2.8%	2.8%
France	1,177,877	6.2%	1,467,054	6.8%	1,378,191	6.1%	1,500,531	5.8%	5.8%
Germany	578,909	3.0%	691,350	3.2%	733,523	3.2%	1,099,694	4.2%	4.2%
Netherlands	368,886	1.9%	426,838	2.0%	472,860	2.1%	461,988	1.8%	1.8%
Singapore	246,827	1.3%	239,612	1.1%	220,327	1.0%	352,204	1.4%	1.4%
South Korea	245,507	1.3%	303,316	1.4%	325,808	1.4%	367,485	1.4%	1.4%
Australia	267,435	1.4%	334,061	1.6%	397,432	1.8%	470,193	1.8%	1.8%
Brazil	251,677	1.3%	237,799	1.1%	292,098	1.3%	511,558	2.0%	2.0%
China	294,385	1.5%	418,010	1.9%	559,231	2.5%	758,116	2.9%	2.9%
Italy	135,087	0.7%	122,938	0.6%	108,915	0.5%	176,606	0.7%	0.7%
Ireland	122,054	0.6%	195,562	0.9%	192,298	0.9%	132,771	0.5%	0.5%
Hong Kong	186,219	1.0%	205,469	1.0%	232,115	1.0%	251,665	1.0%	1.0%
Spain	276,109	1.4%	162,538	0.8%	137,913	0.6%	313,586	1.2%	1.2%
Belgium	140,844	0.7%	148,028	0.7%	241,802	1.1%	435,866	1.7%	1.7%
Austria	84,068	0.4%	128,148	0.6%	155,785	0.7%	124,227	0.5%	0.5%
Saudi Arabia	65,665	0.3%	72,178	0.3%	74,957	0.3%	146,641	0.6%	0.6%
Taiwan	99,240	0.5%	110,099	0.5%	105,546	0.5%	116,993	0.5%	0.5%
Switzerland	100,771	0.5%	213,290	1.0%	214,322	0.9%	208,464	0.8%	0.8%
India	90,712	0.5%	100,091	0.5%	122,597	0.5%	180,331	0.7%	0.7%
Denmark	63,066	0.3%	66,584	0.3%	98,907	0.4%	124,897	0.5%	0.5%
Venezuela	14,492	0.1%	29,412	0.1%	43,471	0.2%	126,757	0.5%	0.5%
United Arab Emirates	32,667	0.2%	41,815	0.2%	69,596	0.3%	125,261	0.5%	0.5%

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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