

Business Data for Engaging in International Real Estate Transactions in Arkansas

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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. The shapes are primarily rectangular and trapezoidal, creating a layered, 3D effect. The colors used are various shades of blue (from light to medium) and grey. The shapes are arranged in a way that they appear to be floating or stacked, with some overlapping others, creating a sense of depth and movement.

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 Arkansas 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 Arkansas

In 2007, total of 44,223 non-immigrant aliens came into Arkansas. Those in some selected categories are;

- 18,421 temporary visitors for pleasure
- 9,927 temporary visitors for business
- 797 treaty traders and investors
- 3,569 foreign students and dependant families
- 8,160 temporary foreign workers, trainees and dependant families
- 250 NAFTA professional workers and dependant families

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

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 Arkansas alone, there are 537 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 Arkansas were \$ 1,211 million and \$ 540 million, respectively, in the past year. Third on the list of countries where Arkansas products are exported is Japan. The increase in Arkansas exports may lead locally based companies to establish company representatives and sales personnel in those countries. Arkansas real estate professionals may decide that it's time to set up referral networks with counterparts in Canada, Mexico and Japan.

Transportation Equipment and Processed Foods were the top export industries in Arkansas. Those two industries combined account 40% of the entire exports from Arkansas. 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 Arkansas

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 Arkansas, 1,214 newly admitted legal immigrants arrived in 2007. The largest group came from Mexico (968). Other top countries of origin include:

- Philippines (199)
- India (155)
- El Salvador (150)
- China, People's Republic (149)

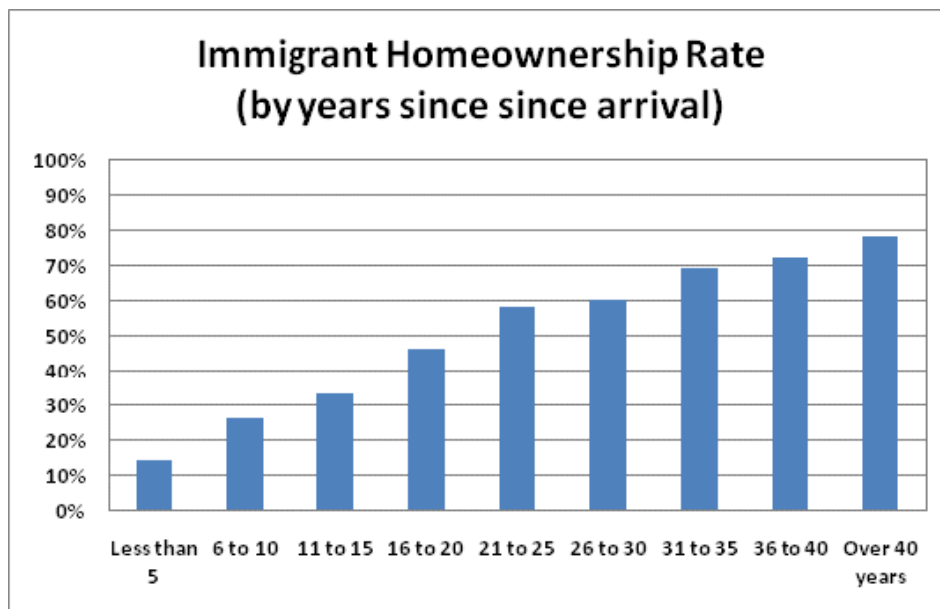
Real estate professionals may want to consider assisting, participating or setting up a network partner with these communities to open up business opportunities. In 2007, 1,214 immigrants to Arkansas became U.S. citizens. Natives of Mexico led with the highest number (473) of newly naturalized citizens 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 (101)
- El Salvador (71)
- Vietnam (62)
- Laos (47)

As of 2007 there are 33,316 (1.2% of the state population) of naturalized citizens and 85,089 non-citizens (3.0% of the state population) in Arkansas. 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 Arkansas

	Total Population	U.S. Born Citizen	Foreign Born (%)	Naturalized Citizen	Non-U.S. Citizen	
Male	1,387,235	1,325,214	62,021	4.5%	15,908	46,113
18 and Over	1,030,476	975,843	54,633	5.3%	14,575	40,058
Under 18	356,759	349,371	7,388	2.1%	1,333	6,055
Female	1,447,562	1,391,178	56,384	3.9%	17,408	38,976
18 and Over	1,102,829	1,054,022	48,807	4.4%	16,113	32,694
Under 18	344,733	337,156	7,577	2.2%	1,295	6,282
Total	2,834,797	2,716,392	118,405	4.2%	33,316	85,089

Source: Census Bureau, American Community Survey 2007

Foreign Born Population in Arkansas by Year of Entry

	Total Population	U.S. Born Citizen	Foreign Born	Naturalized Citizen	Non-U.S. Citizen
2000 or later	45,564	2,240	43,324	3,555	39,769
1990 to 1999	44,689	3,043	41,646	10,180	31,466
Entered 1980 to 1989	22,747	4,273	18,474	8,308	10,166
Entered before 1980	23,132	8,171	14,961	11,273	3,688
Total	136,132	17,727	118,405	33,316	85,089

Source: Census Bureau, American Community Survey 2007

Main Languages Spoken in Households

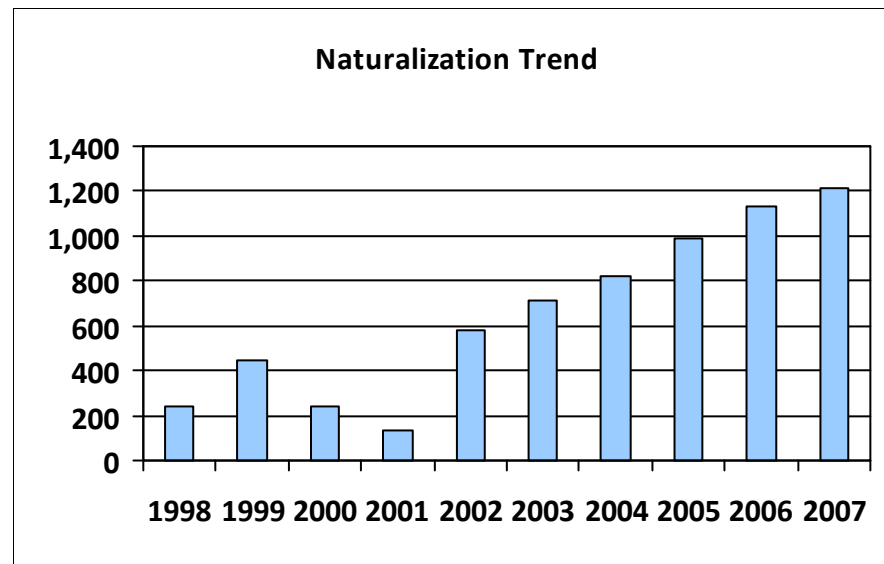
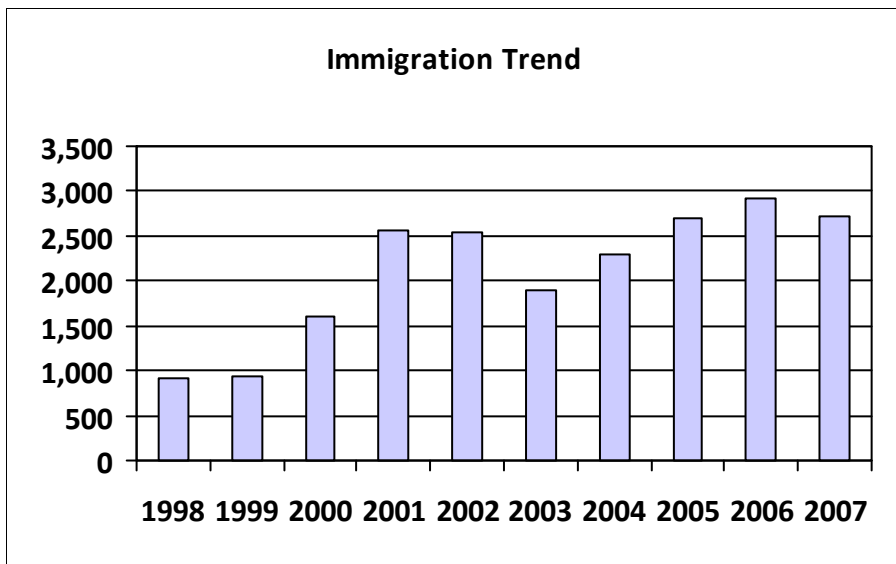
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	1,032,135		
Spanish	47,553	15,315	32,238
Indo-European	12,138	853	11,285
Asian-Pacific	9,036	2,868	6,168
Other	1,872	62	1,810
Total	1,102,734	19,098	51,501

Source: Census Bureau, American Community Survey 2007

Immigration and Naturalization Trend in Arkansas

Year	Admitted Immigrants	Naturalization
1998	913	244
1999	937	442
2000	1,594	241
2001	2,561	132
2002	2,531	583
2003	1,903	715
2004	2,288	823
2005	2,698	990
2006	2,924	1,133
2007	2,722	1,214

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

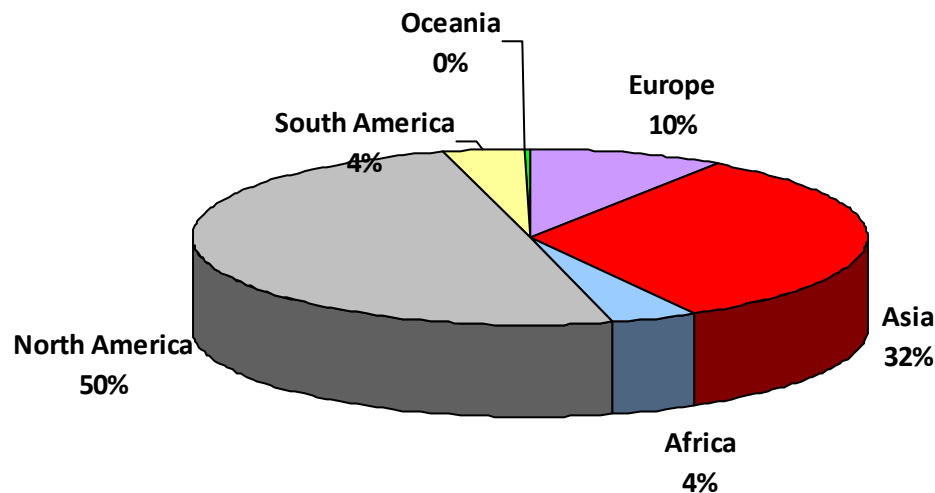


2007 Immigration to Arkansas by Country of Birth

										Total	2,722
Europe	258	Asia	878	Africa	118	North America	1,345	South America	106	Oceania	9
United Kingdom	45	Philippines	199	Nigeria	21	Mexico	968	Colombia	24	Australia	6
Germany	39	India	155	Egypt	16	El Salvador	150	Brazil	20	New Zealand	3
Romania	39	China	149	South Africa	13	Guatemala	87	Peru	16		
Soviet Union, frm	17	Vietnam	115	Cameroon	12	Canada	47	Venezuela	13		
Russia	16	Pakistan	39	Ghana	8	Honduras	25	Argentina	11		
Bulgaria	13	Korea	37	Liberia	8	Trinidad - Tobago	14	Ecuador	9		
Ukraine	10	Laos	24	Kenya	7	Jamaica	10	Bolivia	4		
Poland	7	Taiwan	24	Ethiopia	6	Costa Rica	9	Chile	4		
Sweden	7	Thailand	20	Morocco	3	Nicaragua	9	Paraguay	4		

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

2007 Immigration to Arkansas by Origination Region

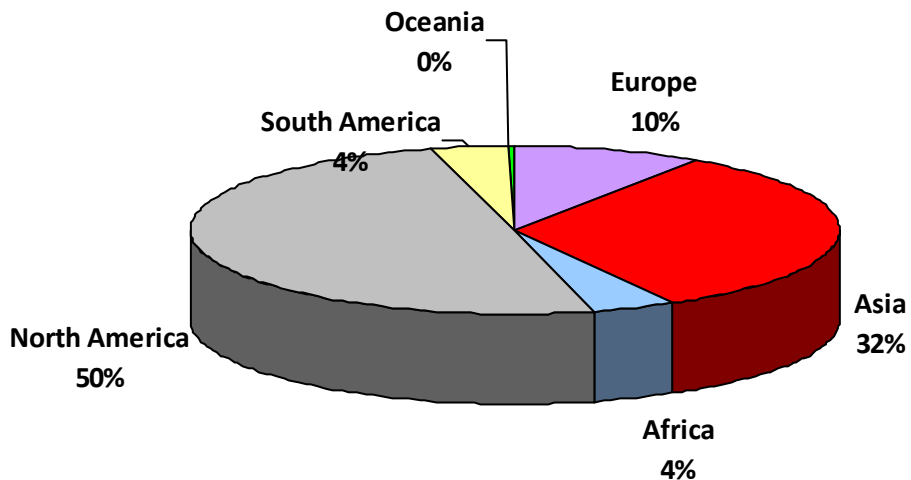


2007 Naturalization in Arkansas by Country of Birth

										Total	1,214
Europe	94	Asia	375	Africa	52	North America	631	South America	51	Oceania	8
Germany	13	India	101	Nigeria	16	Mexico	473	Peru	14	Australia	4
Romania	12	Vietnam	62	South Africa	11	El Salvador	71	Colombia	10		
United Kingdom	12	Laos	47	Egypt	4	Guatemala	26	Ecuador	10		
Ukraine	7	Philippines	45	Kenya	4	Canada	19	Bolivia	5		
Poland	5	China	25	Sudan	4	Honduras	9	Venezuela	4		
Russia	5	Korea	16	Morocco	3	Nicaragua	7	Argentina	3		
France	4	Taiwan	15			Cuba	4				
Italy	4	Thailand	8			Haiti	4				
Moldova	3	Hong Kong	6			Jamaica	4				

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

2007 Naturalization in Arkansas by Origination Region



Nonimmigrant Visitors to Arkansas

	2005	2006	2007
Total	34,789	39,848	44,223
Foreign government officials and families	149	88	121
Temporary visitors: for business	7,234	8,931	9,927
Temporary visitors: for pleasure	14,170	16,014	18,421
Transit aliens	30	49	43
Treaty traders and investors	317	547	797
Students and dependant family	2,575	3,094	3,569
Representatives to international organizations and families	44	34	52
Temporary workers and trainees, dependent family	1,457	8,256	8,160
Representatives of foreign information media and families	17	18	25
Students and exchange visitors, and dependant family	1,224	1,202	1,229
Fiances/spouses of U.S. citizens and their children	261	208	208
Intracompany transferees and dependant family	453	510	768
Vocational students and dependant family	246	279	392
NATO officials and families		17	33
NAFTA professional workers and dependant family	175	161	250
Fiances/spouses of permanent residents and their children	203	135	91
All other classes	347	289	131

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

Foreign Direct Investment Established in Arkansas

	U.S.	Arkansas
All industries	118588	537
Mining	1107	13
Utilities	815	1
Construction	1082	4
Manufacturing	10322	91
Wholesale trade	15798	104
Retail trade	30540	111
Transportation and warehousing	5468	25
Information	5046	7
Finance: Depository credit intermediation	3263	0
Finance: Insurance	3709	19
Real estate and rental and leasing	1890	14
Professional and technical services	4275	8
Accommodation and food services	15255	82
Other	16824	57

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

Arkansas Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, ** 2006-2007
Arkansas Exports Total	3,493,133	0.4%	3,862,283	0.4%	4,265,024	0.4%	4,880,222	0.4%	0.4%
Transportation Equipment	687,553	19.7%	1,008,567	26.1%	1,204,297	28.2%	1,332,926	27.3%	27.3%
Processed Foods	574,925	16.5%	536,531	13.9%	455,241	10.7%	605,147	12.4%	12.4%
Chemical Manufactures	486,066	13.9%	500,210	13.0%	469,693	11.0%	563,174	11.5%	11.5%
Machinery Manufactures	316,571	9.1%	397,587	10.3%	464,477	10.9%	509,378	10.4%	10.4%
Fabricated Metal Products	144,728	4.1%	121,516	3.1%	171,057	4.0%	301,764	6.2%	6.2%
Elec. Eq., Appliances & Parts	157,545	4.5%	181,868	4.7%	228,661	5.4%	271,384	5.6%	5.6%
Primary Metal Manufactures	230,377	6.6%	299,771	7.8%	345,527	8.1%	264,771	5.4%	5.4%
Crop Production	103,085	3.0%	100,318	2.6%	135,908	3.2%	217,675	4.5%	4.5%
Computers & Electronic Prod.	151,100	4.3%	141,142	3.7%	194,853	4.6%	170,906	3.5%	3.5%
Paper Products	236,665	6.8%	175,212	4.5%	163,054	3.8%	169,001	3.5%	3.5%
Plastic & Rubber Products	111,741	3.2%	125,749	3.3%	126,353	3.0%	123,147	2.5%	2.5%
Beverage & Tobacco Products	38,929	1.1%	19,518	0.5%	40,356	0.9%	51,568	1.1%	1.1%
Misc. Manufactures	42,900	1.2%	36,554	0.9%	37,790	0.9%	46,867	1.0%	1.0%
Fabric Mill Products	40,565	1.2%	38,125	1.0%	42,185	1.0%	44,642	0.9%	0.9%
Printing & Related Products	26,769	0.8%	29,263	0.8%	30,037	0.7%	34,844	0.7%	0.7%
Animal Production	45,551	1.3%	37,452	1.0%	43,674	1.0%	33,437	0.7%	0.7%
Spec. Classification Provisions	18,146	0.5%	12,777	0.3%	13,072	0.3%	26,859	0.6%	0.6%
Wood Products	16,388	0.5%	15,055	0.4%	18,400	0.4%	26,690	0.5%	0.5%
Non-Metallic Mineral Mfgs.	11,266	0.3%	24,785	0.6%	25,624	0.6%	24,711	0.5%	0.5%
Furniture & Related Products	14,762	0.4%	15,656	0.4%	23,476	0.6%	18,311	0.4%	0.4%
Waste & Scrap	8,901	0.3%	17,847	0.5%	7,064	0.2%	13,189	0.3%	0.3%
Petroleum & Coal Products	5,960	0.2%	7,376	0.2%	8,626	0.2%	9,661	0.2%	0.2%
Non-Apparel Textile Products	5,620	0.2%	3,913	0.1%	3,878	0.1%	5,789	0.1%	0.1%
Used Merchandise	1,275	0.0%	924	0.0%	1,138	0.0%	5,286	0.1%	0.1%
Leather & Related Products	2,148	0.1%	3,387	0.1%	5,470	0.1%	4,225	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.

Arkansas Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
World Total	3,493,133	0.4%	3,862,283	0.4%	4,265,024	0.4%	4,880,222	0.4%	0.4%
Canada	975,408	27.9%	1,019,786	26.4%	1,129,873	26.5%	1,210,899	24.8%	24.8%
Mexico	343,886	9.8%	415,517	10.8%	527,585	12.4%	539,679	11.1%	11.1%
Japan	184,851	5.3%	147,676	3.8%	165,957	3.9%	155,734	3.2%	3.2%
Russian Federation	189,940	5.4%	156,610	4.1%	111,824	2.6%	179,682	3.7%	3.7%
United Kingdom	163,919	4.7%	190,698	4.9%	177,212	4.2%	191,917	3.9%	3.9%
South Korea	140,921	4.0%	118,824	3.1%	117,293	2.8%	82,468	1.7%	1.7%
Hong Kong	57,847	1.7%	43,060	1.1%	49,902	1.2%	54,142	1.1%	1.1%
Brazil	71,161	2.0%	26,802	0.7%	75,750	1.8%	114,711	2.4%	2.4%
Australia	67,874	1.9%	65,327	1.7%	81,929	1.9%	58,837	1.2%	1.2%
France	163,402	4.7%	269,788	7.0%	468,772	11.0%	214,192	4.4%	4.4%
Taiwan	62,892	1.8%	59,861	1.5%	57,015	1.3%	77,396	1.6%	1.6%
Belgium	69,919	2.0%	88,693	2.3%	55,205	1.3%	137,968	2.8%	2.8%
China	90,697	2.6%	144,449	3.7%	174,814	4.1%	307,493	6.3%	6.3%
Germany	70,975	2.0%	57,225	1.5%	114,064	2.7%	140,660	2.9%	2.9%
Saudi Arabia	41,125	1.2%	39,825	1.0%	23,993	0.6%	69,305	1.4%	1.4%
Norway	1,768	0.1%	1,971	0.1%	5,796	0.1%	78,287	1.6%	1.6%
Singapore	33,637	1.0%	31,695	0.8%	48,598	1.1%	64,114	1.3%	1.3%
Italy	30,765	0.9%	60,571	1.6%	95,002	2.2%	42,896	0.9%	0.9%
Sweden	13,520	0.4%	15,655	0.4%	17,740	0.4%	94,234	1.9%	1.9%
Turkey	14,889	0.4%	37,036	1.0%	47,646	1.1%	102,815	2.1%	2.1%
Switzerland	4,562	0.1%	81,210	2.1%	25,521	0.6%	87,249	1.8%	1.8%
United Arab Emirates	8,603	0.2%	20,625	0.5%	32,069	0.8%	75,442	1.5%	1.5%
India	7,204	0.2%	10,759	0.3%	23,136	0.5%	76,789	1.6%	1.6%
Portugal	96,772	2.8%	105,475	2.7%	170,310	4.0%	104,692	2.1%	2.1%
Luxembourg	119	0.0%	196	0.0%	133	0.0%	46,677	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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