

Business Data for Engaging in International Real Estate Transactions in Connecticut

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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 Connecticut 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 Connecticut

In 2007, total of 227,032 non-immigrant aliens came into Connecticut. Those in some selected categories are;

- 125,629 temporary visitors for pleasure
- 43,497 temporary visitors for business
- 2,874 treaty traders and investors
- 12,623 foreign students and dependant families
- 14,279 temporary foreign workers, trainees and dependant families
- 1,592 NAFTA professional workers and dependant families

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

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 Connecticut alone, there are 2,095 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 France from Connecticut were \$ 1,799 million and \$ 1,411 million, respectively, in the past year. Third on the list of countries where Connecticut products are exported is Germany. The increase in Connecticut exports may lead locally based companies to establish company representatives and sales personnel in those countries. Connecticut real estate professionals may decide that it's time to set up referral networks with counterparts in Canada, France and Germany.

Transportation Equipment and Machinery Manufactures were the top export industries in Connecticut. Those two industries combined account 54% of the entire exports from Connecticut. 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 Connecticut

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 Connecticut, 4,552 newly admitted legal immigrants arrived in 2007. The largest group came from India (1,173). Other top countries of origin include:

- Jamaica (906)
- China, People's Republic (741)
- Haiti (556)
- Poland (502)

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, 4,552 immigrants to

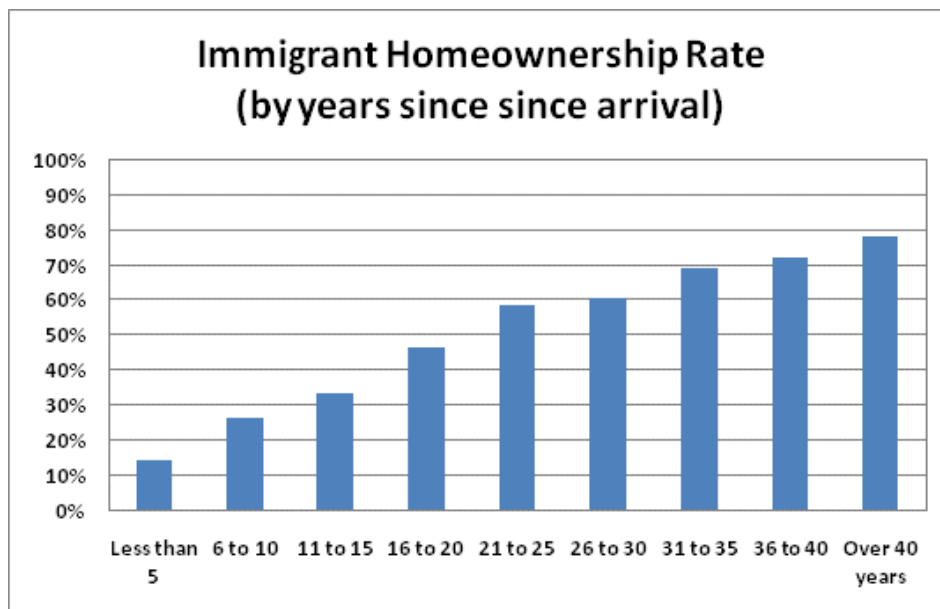
² There are contentious issues relating to swelling illegal immigration and assimilation, and this paper does not attempt to delve into this difficult topic.

Connecticut became U.S. citizens. Natives of India led with the highest number (464) of newly naturalized citizens in the state last year. Other top countries represented include:

- Jamaica (394)
- Poland (260)
- China, People's Republic (217)
- Dominican Republic (156)

As of 2007 there are 212,704 (6.1% of the state population) of naturalized citizens and 236,957 non-citizens (6.8% of the state population) in Connecticut. 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 Connecticut

	Total Population	U.S. Born Citizen	Foreign Born (%)	Naturalized Citizen	Non-U.S. Citizen	
Male	1,706,150	1,484,129	222,021	13.0%	97,110	124,911
18 and Over	1,287,730	1,082,025	205,705	16.0%	92,313	113,392
Under 18	418,420	402,104	16,316	3.9%	4,797	11,519
Female	1,796,159	1,568,519	227,640	12.7%	115,594	112,046
18 and Over	1,395,529	1,184,262	211,267	15.1%	110,521	100,746
Under 18	400,630	384,257	16,373	4.1%	5,073	11,300
Total	3,502,309	3,052,648	449,661	12.8%	212,704	236,957

Source: Census Bureau, American Community Survey 2007

Foreign Born Population in Connecticut by Year of Entry

	Total Population	U.S. Born Citizen	Foreign Born	Naturalized Citizen	Non-U.S. Citizen
2000 or later	139,129	17,855	121,274	9,661	111,613
1990 to 1999	149,928	21,773	128,155	51,900	76,255
Entered 1980 to 1989	99,043	21,746	77,297	51,865	25,432
Entered before 1980	171,361	48,426	122,935	99,278	23,657
Total	559,461	109,800	449,661	212,704	236,957

Source: Census Bureau, American Community Survey 2007

Main Languages Spoken in Households

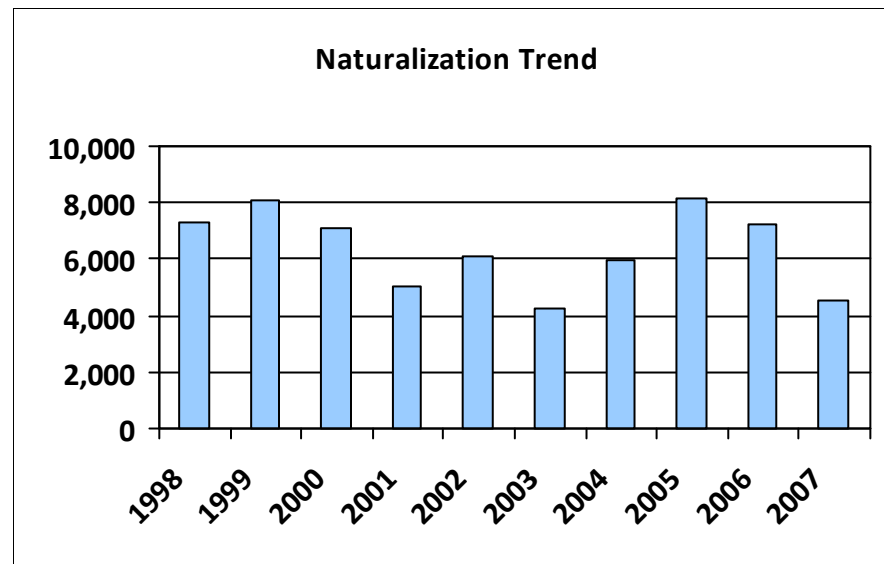
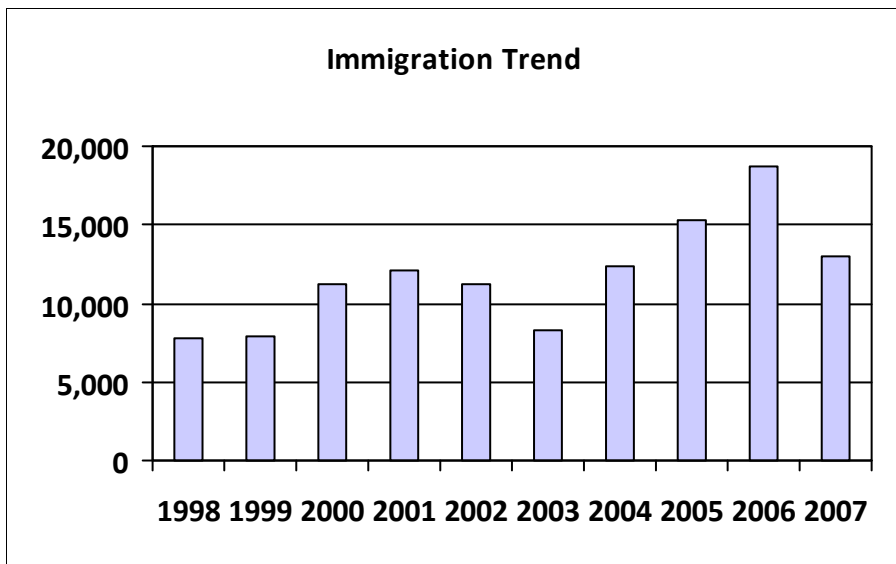
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	1,027,212		
Spanish	126,792	36,279	90,513
Indo-European	128,208	24,426	103,782
Asian-Pacific	29,595	7,737	21,858
Other	8,907	1,844	7,063
Total	1,320,714	70,286	223,216

Source: Census Bureau, American Community Survey 2007

Immigration and Naturalization Trend in Connecticut

Year	Admitted Immigrants	Naturalization
1998	7,760	7,329
1999	7,861	8,050
2000	11,263	7,091
2001	12,089	5,005
2002	11,213	6,072
2003	8,274	4,284
2004	12,335	5,957
2005	15,334	8,169
2006	18,697	7,231
2007	12,932	4,552

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

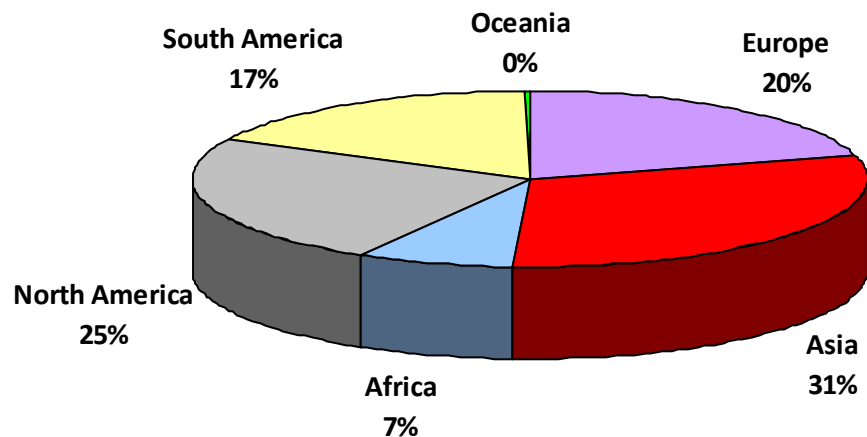


2007 Immigration to Connecticut by Country of Birth

										Total	12,932
Europe	2,644	Asia	3,917	Africa	963	North America	3,148	South America	2,197	Oceania	48
Poland	502	India	1,173	Ghana	147	Jamaica	906	Ecuador	494	Australia	36
Albania	325	China	741	Morocco	117	Haiti	556	Colombia	484	New Zealand	9
United Kingdom	321	Philippines	470	Nigeria	101	Mexico	460	Brazil	456		
Ukraine	218	Pakistan	227	Egypt	81	Dominican Republic	398	Peru	448		
Russia	135	Vietnam	188	South Africa	53	Guatemala	243	Guyana	102		
Germany	124	Bangladesh	167	Kenya	52	Canada	218	Venezuela	81		
Serbia - Montenegro	109	Korea	163	Somalia	46	Trinidad - Tobago	59	Argentina	60		
Romania	92	Turkey	112	Liberia	39	Honduras	55	Chile	29		
France	70	Nepal	65	Ethiopia	37	Saint Lucia	46	Uruguay	23		

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

2007 Immigration to Connecticut by Origination Region

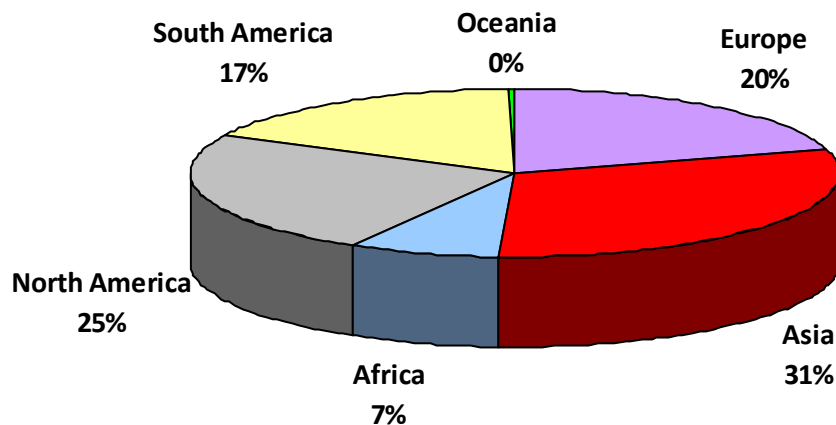


2007 Naturalization in Connecticut by Country of Birth

										Total	4,552
Europe	1,186	Asia	1,458	Africa	268	North America	1,048	South America	577	Oceania	14
Poland	260	India	464	Ghana	47	Jamaica	394	Colombia	144	Australia	9
Albania	143	China	217	Morocco	42	Dominican Republic	156	Ecuador	121	New Zealand	4
United Kingdom	123	Philippines	151	Nigeria	37	Haiti	136	Peru	113		
Portugal	80	Vietnam	144	Egypt	26	Canada	103	Brazil	85		
Russia	76	Pakistan	107	Sudan	25	Mexico	56	Guyana	50		
Ukraine	64	Bangladesh	50	South Africa	19	Guatemala	41	Argentina	21		
Italy	57	Korea	46	Cape Verde	11	Trinidad - Tobago	27	Chile	18		
Serbia - Montenegro	54	Cambodia	31	Liberia	10	El Salvador	21	Venezuela	11		
Bosnia - Herzegovina	48	Taiwan	29	Togo	7	Cuba	19	Bolivia	7		

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

2007 Naturalization in Connecticut by Origination Region



Nonimmigrant Visitors to Connecticut

	2005	2006	2007
Total	204,608	212,993	227,032
Foreign government officials and families	420	491	533
Temporary visitors: for business	37,806	41,130	43,497
Temporary visitors: for pleasure	116,085	118,427	125,629
Transit aliens	541	563	595
Treaty traders and investors	2,855	2,709	2,874
Students and dependant family	10,119	11,328	12,623
Representatives to international organizations and families	530	571	559
Temporary workers and trainees, dependent family	11,910	14,075	14,279
Representatives of foreign information media and families	125	173	215
Students and exchange visitors, and dependant family	7,834	8,258	8,932
Fiances/spouses of U.S. citizens and their children	568	522	649
Intracompany transferees and dependant family	8,354	8,392	9,293
Vocational students and dependant family	4,153	4,333	4,667
NATO officials and families	3	39	64
NAFTA professional workers and dependant family	1,495	1,462	1,592
Fiances/spouses of permanent residents and their children	159	108	53
All other classes	477	407	975

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

Foreign Direct Investment Established in Connecticut

	U.S.	Connecticut
All industries	118588	2095
Mining	1107	12
Utilities	815	19
Construction	1082	18
Manufacturing	10322	148
Wholesale trade	15798	215
Retail trade	30540	447
Transportation and warehousing	5468	116
Information	5046	87
Finance: Depository credit intermediation	3263	43
Finance: Insurance	3709	84
Real estate and rental and leasing	1890	13
Professional and technical services	4275	77
Accommodation and food services	15255	388
Other	16824	357

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

Connecticut Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, ** 2006-2007
Connecticut Exports Total	8,559,237	1.0%	9,687,292	1.1%	12,238,324	1.2%	13,719,049	1.2%	1.2%
Transportation Equipment	3,177,828	37.1%	3,936,717	40.6%	5,339,061	43.6%	5,726,515	41.7%	41.7%
Machinery Manufactures	1,106,773	12.9%	1,129,158	11.7%	1,387,390	11.3%	1,615,685	11.8%	11.8%
Chemical Manufactures	608,180	7.1%	590,389	6.1%	749,002	6.1%	1,446,006	10.5%	10.5%
Computers & Electronic Prod.	803,611	9.4%	885,393	9.1%	1,076,997	8.8%	1,310,964	9.6%	9.6%
Elec. Eq., Appliances & Parts	469,689	5.5%	432,978	4.5%	551,314	4.5%	606,420	4.4%	4.4%
Fabricated Metal Products	406,460	4.7%	408,245	4.2%	540,138	4.4%	584,259	4.3%	4.3%
Primary Metal Manufactures	275,741	3.2%	325,881	3.4%	639,734	5.2%	480,075	3.5%	3.5%
Spec. Classification Provisions	197,556	2.3%	253,199	2.6%	250,596	2.0%	323,795	2.4%	2.4%
Misc. Manufactures	606,203	7.1%	562,071	5.8%	285,826	2.3%	228,846	1.7%	1.7%
Waste & Scrap	87,933	1.0%	86,658	0.9%	109,728	0.9%	215,352	1.6%	1.6%
Plastic & Rubber Products	179,580	2.1%	178,448	1.8%	203,105	1.7%	211,812	1.5%	1.5%
Crop Production	63,130	0.7%	81,795	0.8%	106,753	0.9%	170,059	1.2%	1.2%
Paper Products	165,850	1.9%	219,841	2.3%	230,337	1.9%	147,833	1.1%	1.1%
Processed Foods	64,326	0.8%	74,500	0.8%	107,699	0.9%	131,342	1.0%	1.0%
Petroleum & Coal Products	28,046	0.3%	48,186	0.5%	123,500	1.0%	100,500	0.7%	0.7%
Non-Metallic Mineral Mfgs.	48,995	0.6%	54,699	0.6%	66,421	0.5%	88,503	0.6%	0.6%
Fabric Mill Products	57,660	0.7%	50,047	0.5%	66,794	0.5%	71,117	0.5%	0.5%
Oil & Gas Extraction	60,633	0.7%	105,148	1.1%	103,203	0.8%	42,027	0.3%	0.3%
Mining	8,531	0.1%	117,185	1.2%	128,812	1.1%	37,444	0.3%	0.3%
Furniture & Related Products	24,808	0.3%	27,665	0.3%	33,774	0.3%	35,253	0.3%	0.3%
Printing & Related Products	33,445	0.4%	30,010	0.3%	33,594	0.3%	31,442	0.2%	0.2%
Non-Apparel Textile Products	16,032	0.2%	19,472	0.2%	24,673	0.2%	26,591	0.2%	0.2%
Wood Products	9,695	0.1%	8,110	0.1%	22,599	0.2%	21,063	0.2%	0.2%
Used Merchandise	14,569	0.2%	24,934	0.3%	14,174	0.1%	18,952	0.1%	0.1%
Leather & Related Products	6,221	0.1%	8,564	0.1%	9,397	0.1%	13,089	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.

Connecticut Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
World Total	8,559,237	1.0%	9,687,292	1.1%	12,238,324	1.2%	13,719,049	1.2%	1.2%
Canada	1,472,483	17.2%	1,680,077	17.3%	1,931,583	15.8%	1,799,465	13.1%	13.1%
France	1,181,671	13.8%	1,602,191	16.5%	1,216,584	9.9%	1,410,923	10.3%	10.3%
Germany	762,243	8.9%	832,233	8.6%	1,212,297	9.9%	1,450,597	10.6%	10.6%
Japan	501,516	5.9%	436,807	4.5%	702,836	5.7%	622,505	4.5%	4.5%
United Kingdom	547,772	6.4%	696,946	7.2%	857,033	7.0%	854,654	6.2%	6.2%
Singapore	340,949	4.0%	246,579	2.5%	839,741	6.9%	748,916	5.5%	5.5%
Mexico	586,306	6.8%	559,773	5.8%	707,008	5.8%	784,764	5.7%	5.7%
South Korea	195,728	2.3%	170,912	1.8%	379,532	3.1%	555,495	4.0%	4.0%
Turkey	51,001	0.6%	89,190	0.9%	158,956	1.3%	224,805	1.6%	1.6%
Belgium	227,903	2.7%	262,851	2.7%	251,686	2.1%	450,706	3.3%	3.3%
Australia	138,791	1.6%	120,565	1.2%	151,305	1.2%	164,576	1.2%	1.2%
Switzerland	227,259	2.7%	160,657	1.7%	418,975	3.4%	208,405	1.5%	1.5%
Netherlands	270,110	3.2%	364,540	3.8%	412,081	3.4%	470,658	3.4%	3.4%
Italy	123,534	1.4%	150,015	1.5%	158,544	1.3%	143,516	1.0%	1.0%
China	204,501	2.4%	337,202	3.5%	369,601	3.0%	565,100	4.1%	4.1%
Taiwan	121,961	1.4%	98,414	1.0%	158,639	1.3%	129,426	0.9%	0.9%
Malaysia	115,407	1.3%	114,754	1.2%	155,254	1.3%	204,830	1.5%	1.5%
Dominican Republic	75,543	0.9%	77,257	0.8%	93,015	0.8%	121,797	0.9%	0.9%
Hong Kong	148,007	1.7%	146,578	1.5%	177,242	1.4%	183,493	1.3%	1.3%
Spain	54,368	0.6%	80,097	0.8%	72,489	0.6%	104,081	0.8%	0.8%
Brazil	98,056	1.1%	130,915	1.4%	115,048	0.9%	170,030	1.2%	1.2%
Israel	53,483	0.6%	82,635	0.9%	144,373	1.2%	161,353	1.2%	1.2%
Norway	48,835	0.6%	153,445	1.6%	149,574	1.2%	263,423	1.9%	1.9%
Poland	12,929	0.2%	22,800	0.2%	104,147	0.9%	89,728	0.7%	0.7%
Russian Federation	8,276	0.1%	11,692	0.1%	38,205	0.3%	133,564	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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