

# **Business Data for Engaging in International Real Estate Transactions in District of Columbia**

**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 District of Columbia 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 District of Columbia***

In 2007, total of 325,881 non-immigrant aliens came into District of Columbia. Those in some selected categories are;

- 135,334 temporary visitors for pleasure
- 100,363 temporary visitors for business
- 594 treaty traders and investors
- 7,235 foreign students and dependant families
- 6,234 temporary foreign workers, trainees and dependant families
- 582 NAFTA professional workers and dependant families

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

---

<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 District of Columbia***

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 District of Columbia alone, there are 499 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 United Kingdom and Italy from District of Columbia were \$ 359 million and \$ 8 million, respectively, in the past year. Third on the list of countries where District of Columbia products are exported is Bahrain. The increase in District of Columbia exports may lead locally based companies to establish company representatives and sales personnel in those countries. District of Columbia real estate professionals may decide that it's time to set up referral networks with counterparts in United Kingdom, Italy and Bahrain.

Transportation Equipment and Fabricated Metal Products were the top export industries in District of Columbia. Those two industries combined account 76% of the entire exports from District of Columbia. 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 District of Columbia***

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 District of Columbia, 1,334 newly admitted legal immigrants arrived in 2007. The largest group came from El Salvador (445). Other top countries of origin include:

- El Salvador (290)
- Philippines (95)
- China, People's Republic (85)
- Nigeria (84)

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, 1,334 immigrants to

---

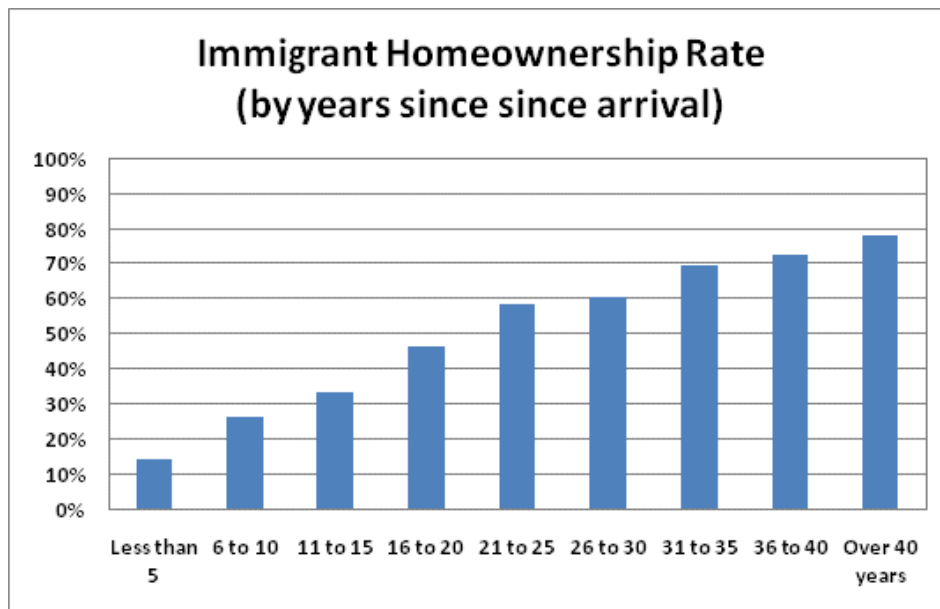
<sup>2</sup> There are contentious issues relating to swelling illegal immigration and assimilation, and this paper does not attempt to delve into this difficult topic.

District of Columbia became U.S. citizens. Natives of El Salvador led with the highest number (134) of newly naturalized citizens in the state last year. Other top countries represented include:

- Ethiopia (133)
- Nigeria (72)
- China, People's Republic (51)
- Jamaica (45)

As of 2007 there are 27,048 (4.6% of the state population) of naturalized citizens and 47,361 non-citizens (8.1% of the state population) in District of Columbia. 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

<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 District of Colum**

	<b>Total Population</b>	<b>U.S. Born Citizen</b>	<b>Foreign Born (%)</b>	<b>Naturalized Citizen</b>	<b>Non-U.S. Citizen</b>	
Male	277,076	239,899	37,177	13.4%	12,444	24,733
18 and Over	219,854	184,389	35,465	16.1%	12,090	23,375
Under 18	57,222	55,510	1,712	3.0%	354	1,358
Female	311,216	273,984	37,232	12.0%	14,604	22,628
18 and Over	254,864	219,377	35,487	13.9%	13,967	21,520
Under 18	56,352	54,607	1,745	3.1%	637	1,108
<b>Total</b>	<b>588,292</b>	<b>513,883</b>	<b>74,409</b>	<b>12.6%</b>	<b>27,048</b>	<b>47,361</b>

Source: Census Bureau, American Community Survey 2007

**Foreign Born Population in District of Columbia by Year o**

	<b>Total Population</b>	<b>U.S. Born Citizen</b>	<b>Foreign Born</b>	<b>Naturalized Citizen</b>	<b>Non-U.S. Citizen</b>
2000 or later	26,821	1,251	25,570	2,083	23,487
1990 to 1999	19,800	919	18,881	5,927	12,954
Entered 1980 to 1989	17,120	1,748	15,372	8,804	6,568
Entered before 1980	17,008	2,422	14,586	10,234	4,352
<b>Total</b>	<b>80,749</b>	<b>6,340</b>	<b>74,409</b>	<b>27,048</b>	<b>47,361</b>

Source: Census Bureau, American Community Survey 2007

**Main Languages Spoken in Households**

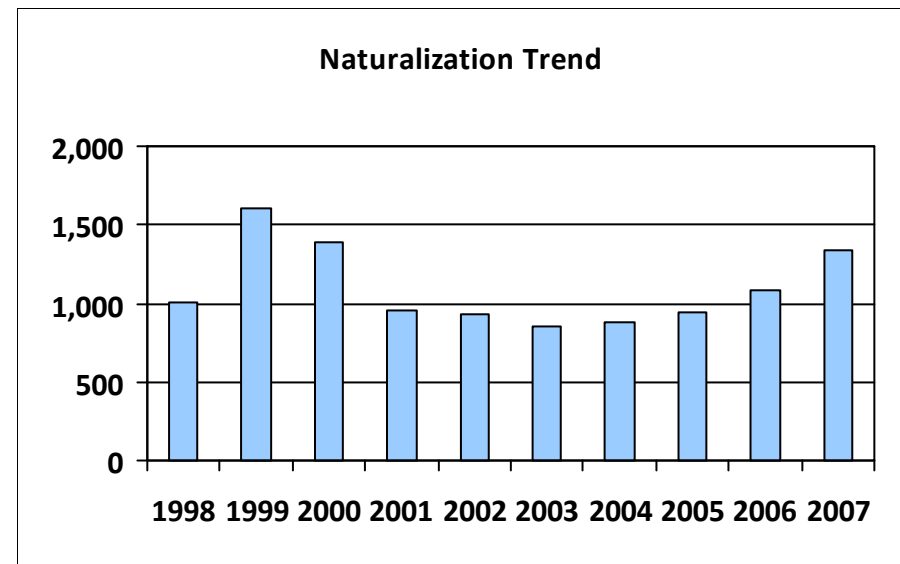
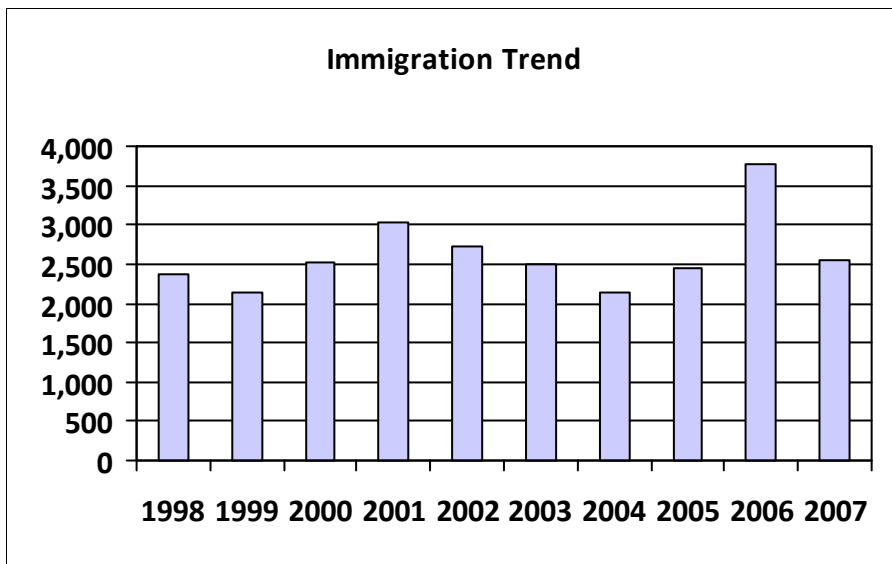
<b>Main Language</b>	<b>Total Household</b>	<b>Linguistically Isolated</b>	<b>Not Linguistically Isolated</b>
English	207,608		
Spanish	20,089	3,875	16,214
Indo-European	13,940	1,567	12,373
Asian-Pacific	4,471	764	3,707
Other	4,931	846	4,085
<b>Total</b>	<b>251,039</b>	<b>7,052</b>	<b>36,379</b>

Source: Census Bureau, American Community Survey 2007

**Immigration and Naturalization Trend in District of Colu**

Year	Admitted Immigrants	Naturalization
1998	2,372	1,012
1999	2,130	1,606
2000	2,528	1,390
2001	3,034	951
2002	2,719	926
2003	2,491	852
2004	2,148	882
2005	2,457	939
2006	3,775	1,089
2007	2,541	1,334

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

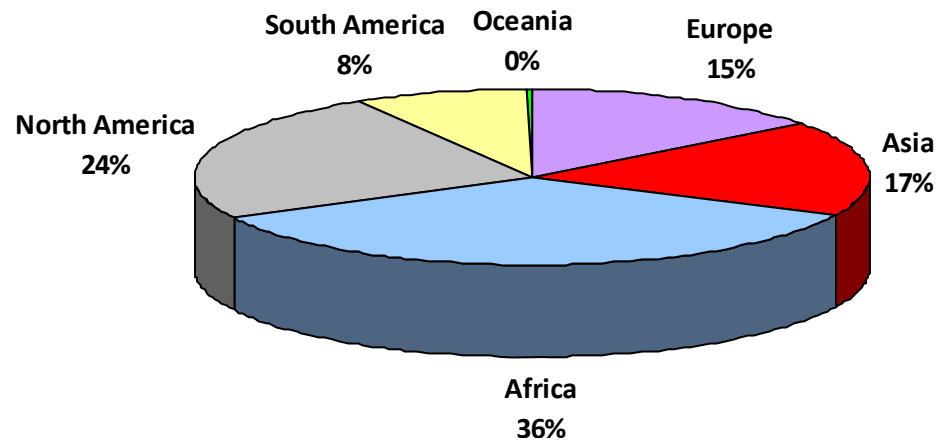


**2007 Immigration to District of Columbia by Country of Birth**

										Total	2,541
<b>Europe</b>	<b>377</b>	<b>Asia</b>	<b>441</b>	<b>Africa</b>	<b>887</b>	<b>North America</b>	<b>614</b>	<b>South America</b>	<b>211</b>	<b>Oceania</b>	<b>8</b>
United Kingdom	65	Philippines	95	Ethiopia	445	El Salvador	290	Colombia	47	Australia	6
France	37	China	85	Nigeria	84	Guatemala	51	Peru	30		
Germany	25	India	30	Cameroon	49	Mexico	45	Brazil	25		
Russia	21	Korea	24	Ghana	34	Dominican Republic	44	Guyana	24		
Bulgaria	15	Uzbekistan	24	Eritrea	30	Jamaica	42	Venezuela	23		
Italy	13	Vietnam	24	Togo	28	Honduras	36	Argentina	19		
Ukraine	13	Bangladesh	23	Egypt	23	Canada	25	Bolivia	16		
Albania	12	Japan	22	Kenya	22	Trinidad - Tobago	25	Chile	9		
Poland	12	Pakistan	19	Morocco	20	Nicaragua	11	Ecuador	9		

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

**2007 Immigration to District of Columbia by Origination Region**

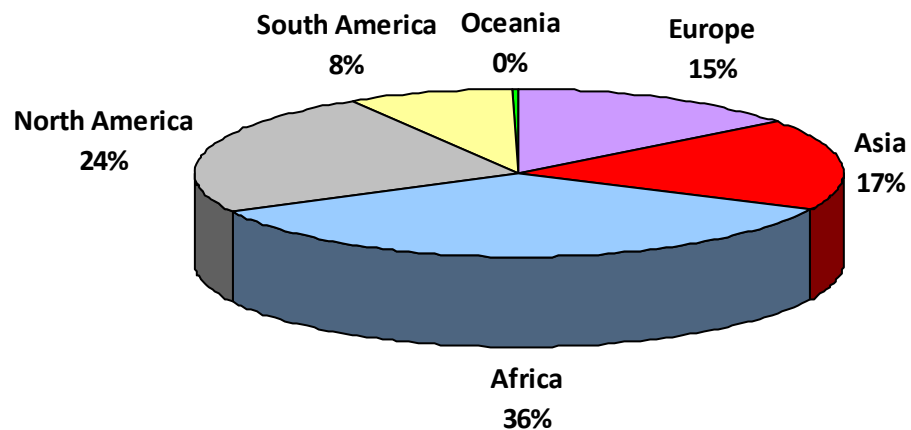


**2007 Naturalization in District of Columbia by Country of Birth**

										Total	1,334
<b>Europe</b>	<b>201</b>	<b>Asia</b>	<b>249</b>	<b>Africa</b>	<b>375</b>	<b>North America</b>	<b>360</b>	<b>South America</b>	<b>135</b>	<b>Oceania</b>	<b>14</b>
United Kingdom	43	China	51	Ethiopia	133	El Salvador	134	Peru	23	Australia	10
France	17	Philippines	43	Nigeria	72	Jamaica	45	Colombia	21		
Germany	15	India	29	Ghana	20	Trinidad - Tobago	34	Brazil	20		
Ukraine	13	Vietnam	23	Morocco	16	Dominican Republic	32	Guyana	20		
Russia	10	Iran	13	Eritrea	14	Nicaragua	20	Argentina	12		
Serbia - Montenegro	10	Korea	13	Cameroon	13	Guatemala	18	Bolivia	11		
Spain	10	Turkey	13	Liberia	11	Canada	16	Ecuador	10		
Italy	9	Pakistan	12	Sierra Leone	10	Mexico	14	Venezuela	6		
Soviet Union, frm	9	Bangladesh	8	Egypt	9	Haiti	9	Chile	5		

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

**2007 Naturalization in District of Columbia by Origination Region**



**Nonimmigrant Visitors to District of Columbia**

	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Total</b>	<b>316,687</b>	<b>312,585</b>	<b>325,881</b>
Foreign government officials and families	28,022	27,182	27,410
Temporary visitors: for business	100,939	99,715	100,363
Temporary visitors: for pleasure	128,817	126,238	135,334
Transit aliens	552	564	529
Treaty traders and investors	506	549	594
Students and dependant family	6,216	7,135	7,235
Representatives to international organizations and families	27,098	26,904	28,166
Temporary workers and trainees, dependent family	5,593	6,088	6,234
Representatives of foreign information media and families	4,179	3,480	3,470
Students and exchange visitors, and dependant family	10,784	10,815	11,868
Fiances/spouses of U.S. citizens and their children	189	177	181
Intracompany transferees and dependant family	1,198	1,417	1,454
Vocational students and dependant family	288	333	380
NATO officials and families	9	567	545
NAFTA professional workers and dependant family	487	542	582
Fiances/spouses of permanent residents and their children	48	41	16
All other classes	1,627	833	1,512

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

**Foreign Direct Investment Established in District of Columbia**

	<b>U.S.</b>	<b>of Columbia</b>
All industries	118588	499
Mining	1107	0
Utilities	815	1
Construction	1082	2
Manufacturing	10322	0
Wholesale trade	15798	14
Retail trade	30540	44
Transportation and warehousing	5468	12
Information	5046	51
Finance: Depository credit intermediation	3263	16
Finance: Insurance	3709	14
Real estate and rental and leasing	1890	7
Professional and technical services	4275	43
Accommodation and food services	15255	168
Other	16824	113

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

**District of Columbia Exports by Product**

(Unit: \$1,000)

	<b>2004</b>	<b>(%)*</b>	<b>2005</b>	<b>(%)</b>	<b>2006</b>	<b>(%)</b>	<b>2007</b>	<b>(%)</b>	<b>% Change, ** 2006-2007</b>
<b>District of Columbia Exports Total</b>	<b>1,164,327</b>	<b>0.1%</b>	<b>825,442</b>	<b>0.1%</b>	<b>1,039,868</b>	<b>0.1%</b>	<b>1,082,956</b>	<b>0.1%</b>	<b>0.1%</b>
Transportation Equipment	659,649	56.7%	451,218	54.7%	526,398	50.6%	657,223	60.7%	60.7%
Fabricated Metal Products	140,844	12.1%	72,005	8.7%	195,956	18.8%	161,118	14.9%	14.9%
Computers & Electronic Prod.	165,305	14.2%	97,800	11.8%	79,231	7.6%	72,590	6.7%	6.7%
Spec. Classification Provisions	39,444	3.4%	52,895	6.4%	44,416	4.3%	64,009	5.9%	5.9%
Machinery Manufactures	44,338	3.8%	27,787	3.4%	24,716	2.4%	18,664	1.7%	1.7%
Chemical Manufactures	39,086	3.4%	32,492	3.9%	22,352	2.1%	18,255	1.7%	1.7%
Elec. Eq., Appliances & Parts	9,302	0.8%	18,975	2.3%	16,372	1.6%	17,664	1.6%	1.6%
Used Merchandise	8,428	0.7%	15,139	1.8%	18,085	1.7%	13,593	1.3%	1.3%
Printing & Related Products	20,031	1.7%	9,075	1.1%	8,975	0.9%	12,128	1.1%	1.1%
Plastic & Rubber Products	3,178	0.3%	6,545	0.8%	8,370	0.8%	9,664	0.9%	0.9%
Processed Foods	2,981	0.3%	3,563	0.4%	5,524	0.5%	7,410	0.7%	0.7%
Misc. Manufactures	8,583	0.7%	7,534	0.9%	5,649	0.5%	7,204	0.7%	0.7%
Crop Production	787	0.1%	1,539	0.2%	4,064	0.4%	6,061	0.6%	0.6%
Non-Apparel Textile Products	3,900	0.3%	4,059	0.5%	3,769	0.4%	3,012	0.3%	0.3%
Beverage & Tobacco Products	278	0.0%	610	0.1%	47	0.0%	2,937	0.3%	0.3%
Furniture & Related Products	2,341	0.2%	1,253	0.2%	3,483	0.3%	2,692	0.2%	0.2%
Primary Metal Manufactures	684	0.1%	1,194	0.1%	63,492	6.1%	1,406	0.1%	0.1%
Non-Metallic Mineral Mfgs.	1,221	0.1%	1,967	0.2%	898	0.1%	1,301	0.1%	0.1%
Waste & Scrap	2,982	0.3%	3,741	0.5%	750	0.1%	1,189	0.1%	0.1%
Fabric Mill Products	559	0.0%	1,382	0.2%	891	0.1%	956	0.1%	0.1%
Wood Products	86	0.0%	4,314	0.5%	1,693	0.2%	933	0.1%	0.1%
Paper Products	7,066	0.6%	1,782	0.2%	653	0.1%	919	0.1%	0.1%
Apparel Manufactures	361	0.0%	664	0.1%	656	0.1%	733	0.1%	0.1%
Petroleum & Coal Products	462	0.0%	799	0.1%	865	0.1%	683	0.1%	0.1%
Publishing Industries	33	0.0%	177	0.0%	84	0.0%	315	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.

**District of Columbia Exports by Trading Partner Countries**

(Unit: \$1,000)

	<b>2004</b>	<b>(%)*</b>	<b>2005</b>	<b>(%)</b>	<b>2006</b>	<b>(%)</b>	<b>2007</b>	<b>(%)</b>	<b>% Change,** 2006-2007</b>
<b>World Total</b>	<b>1,164,327</b>	<b>0.1%</b>	<b>825,442</b>	<b>0.1%</b>	<b>1,039,868</b>	<b>0.1%</b>	<b>1,082,956</b>	<b>0.1%</b>	<b>0.1%</b>
United Kingdom	282,416	24.3%	259,443	31.4%	214,834	20.7%	358,759	33.1%	33.1%
Italy	15,622	1.3%	21,731	2.6%	16,075	1.5%	8,288	0.8%	0.8%
Bahrain	6,667	0.6%	29,489	3.6%	41,037	3.9%	22,230	2.1%	2.1%
Canada	12,780	1.1%	16,038	1.9%	25,861	2.5%	5,877	0.5%	0.5%
Netherlands	4,583	0.4%	3,299	0.4%	3,802	0.4%	5,848	0.5%	0.5%
Jordan	16,991	1.5%	5,560	0.7%	32,955	3.2%	151,600	14.0%	14.0%
Israel	17,185	1.5%	7,901	1.0%	36,969	3.6%	9,066	0.8%	0.8%
Germany	14,228	1.2%	7,946	1.0%	5,950	0.6%	7,429	0.7%	0.7%
France	9,492	0.8%	8,114	1.0%	12,191	1.2%	8,010	0.7%	0.7%
India	8,952	0.8%	6,583	0.8%	9,806	0.9%	5,679	0.5%	0.5%
Switzerland	8,573	0.7%	20,524	2.5%	20,803	2.0%	78,891	7.3%	7.3%
Greece	392,915	33.7%	89,831	10.9%	139,467	13.4%	142,513	13.2%	13.2%
Tunisia	5,510	0.5%	4,509	0.5%	4,776	0.5%	6,066	0.6%	0.6%
Japan	12,705	1.1%	9,084	1.1%	4,537	0.4%	6,511	0.6%	0.6%
China	9,145	0.8%	3,670	0.4%	3,987	0.4%	5,934	0.5%	0.5%
Finland	13,812	1.2%	22,928	2.8%	22,160	2.1%	31,142	2.9%	2.9%
Kuwait	6,762	0.6%	1,388	0.2%	3,370	0.3%	4,577	0.4%	0.4%
Chile	4,937	0.4%	14,393	1.7%	14,911	1.4%	12,218	1.1%	1.1%
Brazil	16,654	1.4%	22,329	2.7%	20,061	1.9%	14,068	1.3%	1.3%
Malaysia	5,641	0.5%	6,039	0.7%	4,385	0.4%	4,924	0.5%	0.5%
Russian Federation	623	0.1%	1,487	0.2%	908	0.1%	4,203	0.4%	0.4%
United Arab Emirates	55,176	4.7%	79,593	9.6%	93,045	8.9%	22,396	2.1%	2.1%
Pakistan	6,957	0.6%	21,611	2.6%	120,868	11.6%	22,836	2.1%	2.1%
Nigeria	898	0.1%	843	0.1%	492	0.0%	4,711	0.4%	0.4%
Oman	6,429	0.6%	21,357	2.6%	9,941	1.0%	66,364	6.1%	6.1%

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 this is a new partner.