

# **Business Data for Engaging in International Real Estate Transactions in Delaware**

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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, three-dimensional 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 Delaware 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 Delaware***

In 2007, total of 37,633 non-immigrant aliens came into Delaware. Those in some selected categories are;

- 15,215 temporary visitors for pleasure
- 12,039 temporary visitors for business
- 220 treaty traders and investors
- 1,598 foreign students and dependant families
- 3,395 temporary foreign workers, trainees and dependant families
- 232 NAFTA professional workers and dependant families

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

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 Delaware alone, there are 867 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 Delaware were \$ 770 million and \$ 147 million, respectively, in the past year. Third on the list of countries where Delaware products are exported is United Kingdom. The increase in Delaware exports may lead locally based companies to establish company representatives and sales personnel in those countries. Delaware real estate professionals may decide that it's time to set up referral networks with counterparts in Canada, Mexico and United Kingdom.

Chemical Manufactures and Transportation Equipment were the top export industries in Delaware. Those two industries combined account 57% of the entire exports from Delaware. 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 Delaware***

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 Delaware, 1,094 newly admitted legal immigrants arrived in 2007. The largest group came from India (309). Other top countries of origin include:

- Mexico (194)
- China, People's Republic (144)
- Philippines (93)
- Kenya (93)

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, 1,094 immigrants to

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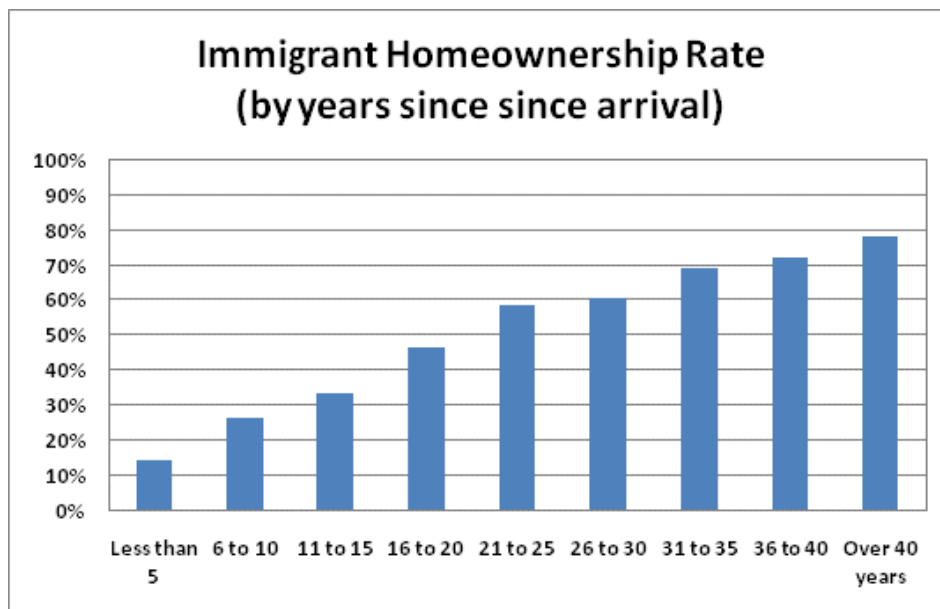
<sup>2</sup> There are contentious issues relating to swelling illegal immigration and assimilation, and this paper does not attempt to delve into this difficult topic.

Delaware became U.S. citizens. Natives of India led with the highest number (203) of newly naturalized citizens in the state last year. Other top countries represented include:

- Mexico (92)
- Philippines (68)
- China, People's Republic (58)
- Jamaica (45)

As of 2007 there are 27,690 (3.2% of the state population) of naturalized citizens and 38,131 non-citizens (4.4% of the state population) in Delaware. 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 Delaware**

	<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	418,659	385,123	33,536	8.0%	12,510	21,026
18 and Over	314,048	284,191	29,857	9.5%	11,888	17,969
Under 18	104,611	100,932	3,679	3.5%	622	3,057
Female	446,105	413,820	32,285	7.2%	15,180	17,105
18 and Over	345,084	315,624	29,460	8.5%	13,929	15,531
Under 18	101,021	98,196	2,825	2.8%	1,251	1,574
<b>Total</b>	<b>864,764</b>	<b>798,943</b>	<b>65,821</b>	<b>7.6%</b>	<b>27,690</b>	<b>38,131</b>

Source: Census Bureau, American Community Survey 2007

**Foreign Born Population in Delaware by Year of Entry**

	<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	24,367	1,005	23,362	2,769	20,593
1990 to 1999	21,930	2,444	19,486	6,109	13,377
Entered 1980 to 1989	11,756	2,481	9,275	6,744	2,531
Entered before 1980	20,274	6,576	13,698	12,068	1,630
<b>Total</b>	<b>78,327</b>	<b>12,506</b>	<b>65,821</b>	<b>27,690</b>	<b>38,131</b>

Source: Census Bureau, American Community Survey 2007

**Main Languages Spoken in Households**

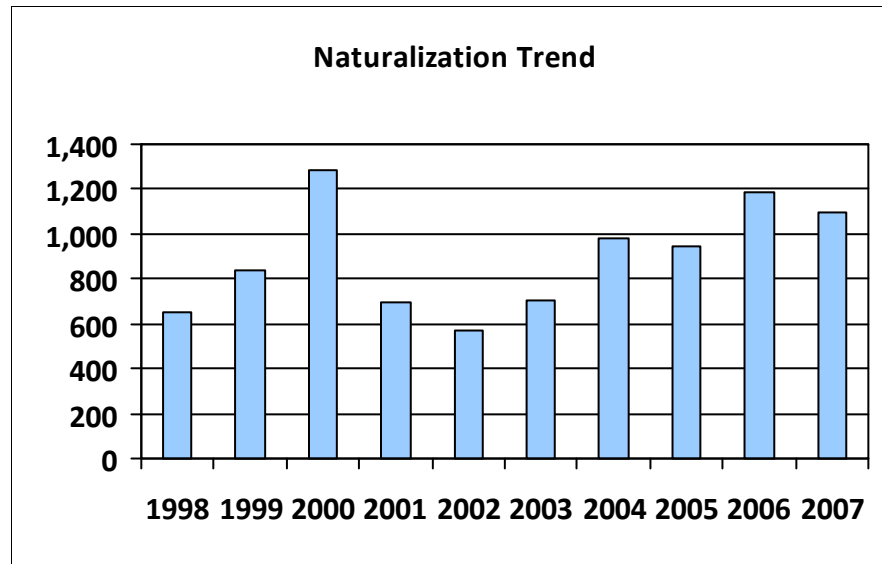
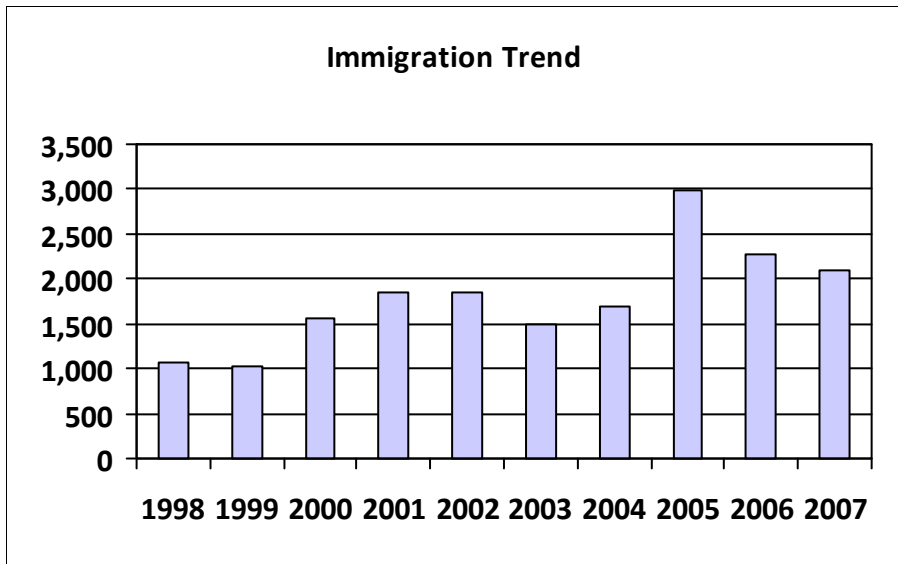
<b>Main Language</b>	<b>Total Household</b>	<b>Linguistically Isolated</b>	<b>Not Linguistically Isolated</b>
English	283,805		
Spanish	19,946	4,863	15,083
Indo-European	14,577	1,442	13,135
Asian-Pacific	5,875	1,366	4,509
Other	4,274	1,093	3,181
<b>Total</b>	<b>328,477</b>	<b>8,764</b>	<b>35,908</b>

Source: Census Bureau, American Community Survey 2007

### Immigration and Naturalization Trend in Delaware

Year	Admitted Immigrants	Naturalization
1998	1,060	648
1999	1,024	842
2000	1,563	1,281
2001	1,847	697
2002	1,856	568
2003	1,487	707
2004	1,705	982
2005	2,991	945
2006	2,263	1,187
2007	2,085	1,094

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

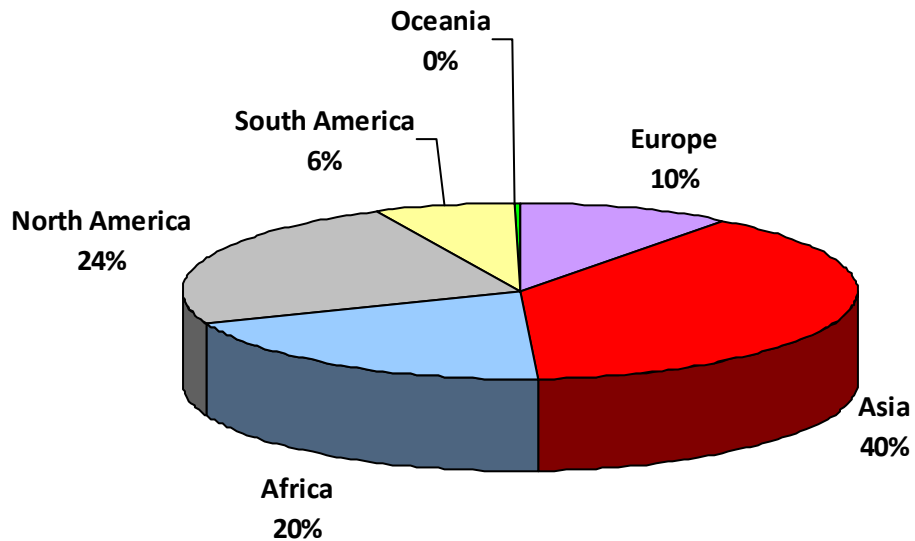


**2007 Immigration to Delaware by Country of Birth**

										Total	2,085
<b>Europe</b>	<b>213</b>	<b>Asia</b>	<b>812</b>	<b>Africa</b>	<b>412</b>	<b>North America</b>	<b>504</b>	<b>South America</b>	<b>135</b>	<b>Oceania</b>	<b>8</b>
United Kingdom	32	India	309	Kenya	93	Mexico	194	Colombia	45	Australia	4
Romania	19	China	144	Liberia	57	Haiti	81	Venezuela	18	New Zealand	4
Bulgaria	18	Philippines	93	Nigeria	57	Jamaica	64	Peru	17		
Germany	16	Pakistan	51	Ghana	46	Guatemala	58	Guyana	16		
Russia	16	Bangladesh	42	Egypt	31	Dominican Republic	26	Brazil	12		
Belarus	13	Turkey	40	Cameroon	28	Canada	18	Argentina	10		
Ukraine	11	Korea	35	Morocco	17	Trinidad - Tobago	16	Ecuador	6		
Poland	10	Vietnam	18	Cote d'Ivoire	10	El Salvador	15	Chile	4		
Lithuania	8	Lebanon	12	Guinea	10	Costa Rica	7	Bolivia	3		

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

**2007 Immigration to Delaware by Origination Region**

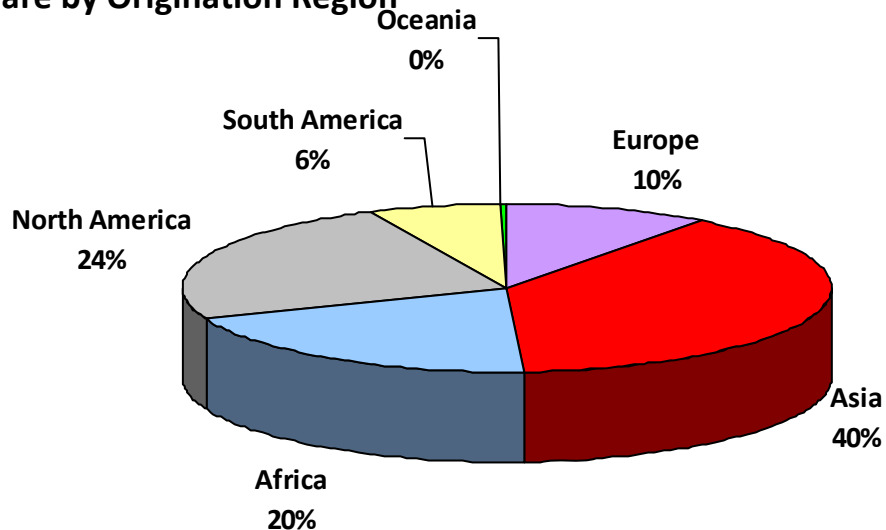


**2007 Naturalization in Delaware by Country of Birth**

								Total	1,094
<b>Europe</b>	<b>113</b>	<b>Asia</b>	<b>493</b>	<b>Africa</b>	<b>149</b>	<b>North America</b>	<b>267</b>	<b>Colombia</b>	<b>20</b>
Croatia	12	India	203	Nigeria	39	Mexico	92	Guyana	15
Germany	11	Philippines	68	Liberia	24	Jamaica	45	Peru	12
Poland	10	China	58	Ghana	16	Haiti	36	Ecuador	8
Italy	9	Korea	32	Kenya	13	Dominican Republic	21	Brazil	5
Ukraine	9	Pakistan	27	Cameroon	10	Trinidad - Tobago	17	Argentina	4
United Kingdom	9	Vietnam	18	Sierra Leone	10	El Salvador	12	Venezuela	4
Bulgaria	8	Turkey	16	Morocco	8	Canada	10		
Russia	7	Taiwan	10	Egypt	7	Honduras	8		
Lithuania	4	Afghanistan	9	South Africa	4	Panama	5		

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

**2007 Naturalization in Delaware by Origination Region**



## Nonimmigrant Visitors to Delaware

	2005	2006	2007
<b>Total</b>	<b>31,030</b>	<b>34,511</b>	<b>37,633</b>
Foreign government officials and families	282	330	401
Temporary visitors: for business	9,408	10,708	12,039
Temporary visitors: for pleasure	13,192	14,061	15,215
Transit aliens	237	299	313
Treaty traders and investors	196	214	220
Students and dependant family	1,413	1,534	1,598
Representatives to international organizations and families	9	11	12
Temporary workers and trainees, dependent family	1,859	3,045	3,395
Representatives of foreign information media and families	14	19	32
Students and exchange visitors, and dependant family	2,570	2,893	2,642
Fiances/spouses of U.S. citizens and their children	105	87	116
Intracompany transferees and dependant family	598	684	872
Vocational students and dependant family	207	262	363
NATO officials and families		8	8
NAFTA professional workers and dependant family	171	234	232
Fiances/spouses of permanent residents and their children	49	17	21
All other classes	69	95	147

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

**Foreign Direct Investment Established in Delaware**

	<b>U.S.</b>	<b>Delaware</b>
All industries	118588	867
Mining	1107	3
Utilities	815	2
Construction	1082	2
Manufacturing	10322	32
Wholesale trade	15798	47
Retail trade	30540	111
Transportation and warehousing	5468	21
Information	5046	7
Finance: Depository credit intermediation	3263	20
Finance: Insurance	3709	27
Real estate and rental and leasing	1890	56
Professional and technical services	4275	27
Accommodation and food services	15255	58
Other	16824	398

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

## Delaware Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, ** 2006-2007
<b>Delaware Exports Total</b>	<b>2,053,423</b>	<b>0.3%</b>	<b>2,525,054</b>	<b>0.3%</b>	<b>3,889,465</b>	<b>0.4%</b>	<b>3,986,213</b>	<b>0.3%</b>	<b>0.3%</b>
Chemical Manufactures	693,141	33.8%	952,892	37.7%	1,867,510	48.0%	1,687,030	42.3%	42.3%
Transportation Equipment	334,505	16.3%	330,469	13.1%	472,501	12.1%	572,415	14.4%	14.4%
Computers & Electronic Prod.	290,260	14.1%	378,136	15.0%	474,649	12.2%	561,742	14.1%	14.1%
Machinery Manufactures	192,161	9.4%	219,987	8.7%	288,833	7.4%	325,133	8.2%	8.2%
Petroleum & Coal Products	44,969	2.2%	110,656	4.4%	217,129	5.6%	119,625	3.0%	3.0%
Crop Production	101,701	5.0%	106,428	4.2%	108,915	2.8%	118,755	3.0%	3.0%
Processed Foods	53,833	2.6%	85,875	3.4%	81,661	2.1%	115,496	2.9%	2.9%
Primary Metal Manufactures	45,790	2.2%	46,762	1.9%	51,083	1.3%	102,811	2.6%	2.6%
Plastic & Rubber Products	115,722	5.6%	91,900	3.6%	85,805	2.2%	86,153	2.2%	2.2%
Misc. Manufactures	46,875	2.3%	43,072	1.7%	61,622	1.6%	72,066	1.8%	1.8%
Paper Products	30,619	1.5%	41,720	1.7%	41,403	1.1%	53,041	1.3%	1.3%
Elec. Eq., Appliances & Parts	20,080	1.0%	27,123	1.1%	29,424	0.8%	34,708	0.9%	0.9%
Spec. Classification Provisions	4,860	0.2%	6,263	0.2%	10,225	0.3%	25,113	0.6%	0.6%
Fabricated Metal Products	25,373	1.2%	16,117	0.6%	22,079	0.6%	21,334	0.5%	0.5%
Fabric Mill Products	3,755	0.2%	5,018	0.2%	17,019	0.4%	17,452	0.4%	0.4%
Oil & Gas Extraction	302	0.0%	9,851	0.4%	6,040	0.2%	14,977	0.4%	0.4%
Non-Apparel Textile Products	12,109	0.6%	12,605	0.5%	13,555	0.3%	14,027	0.4%	0.4%
Furniture & Related Products	4,598	0.2%	7,000	0.3%	5,274	0.1%	12,467	0.3%	0.3%
Non-Metallic Mineral Mfgs.	9,460	0.5%	7,185	0.3%	8,594	0.2%	10,483	0.3%	0.3%
Mining	5,781	0.3%	7,990	0.3%	8,454	0.2%	4,679	0.1%	0.1%
Waste & Scrap	2,018	0.1%	2,671	0.1%	2,732	0.1%	3,452	0.1%	0.1%
Animal Production	2,858	0.1%	3,308	0.1%	3,056	0.1%	3,039	0.1%	0.1%
Used Merchandise	5,517	0.3%	3,473	0.1%	3,105	0.1%	2,810	0.1%	0.1%
Printing & Related Products	1,939	0.1%	3,067	0.1%	3,647	0.1%	2,056	0.1%	0.1%
Fishing, Hunting, & Trapping	537	0.0%	1,118	0.0%	1,107	0.0%	1,262	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.

Delaware Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
<b>World Total</b>	<b>2,053,423</b>	<b>0.3%</b>	<b>2,525,054</b>	<b>0.3%</b>	<b>3,889,465</b>	<b>0.4%</b>	<b>3,986,213</b>	<b>0.3%</b>	<b>0.3%</b>
Canada	615,728	30.0%	537,696	21.3%	633,703	16.3%	770,342	19.3%	19.3%
Mexico	222,141	10.8%	155,441	6.2%	175,759	4.5%	146,708	3.7%	3.7%
United Kingdom	84,223	4.1%	263,345	10.4%	1,127,363	29.0%	856,063	21.5%	21.5%
Germany	262,986	12.8%	286,986	11.4%	322,775	8.3%	466,626	11.7%	11.7%
Japan	127,594	6.2%	168,420	6.7%	209,279	5.4%	251,453	6.3%	6.3%
Taiwan	95,651	4.7%	114,036	4.5%	146,303	3.8%	167,850	4.2%	4.2%
China	75,308	3.7%	113,858	4.5%	149,570	3.8%	219,569	5.5%	5.5%
Belgium	70,690	3.4%	126,856	5.0%	94,602	2.4%	107,072	2.7%	2.7%
Netherlands	64,171	3.1%	80,469	3.2%	137,897	3.5%	87,739	2.2%	2.2%
Brazil	24,806	1.2%	31,778	1.3%	36,644	0.9%	57,056	1.4%	1.4%
Singapore	44,450	2.2%	93,899	3.7%	110,195	2.8%	124,353	3.1%	3.1%
South Korea	45,345	2.2%	35,451	1.4%	94,298	2.4%	85,428	2.1%	2.1%
Hong Kong	31,637	1.5%	34,759	1.4%	22,308	0.6%	35,473	0.9%	0.9%
France	17,071	0.8%	19,686	0.8%	24,278	0.6%	22,509	0.6%	0.6%
Colombia	14,666	0.7%	14,577	0.6%	14,989	0.4%	17,316	0.4%	0.4%
Italy	15,543	0.8%	20,802	0.8%	21,579	0.6%	19,565	0.5%	0.5%
Australia	10,924	0.5%	13,025	0.5%	20,881	0.5%	20,012	0.5%	0.5%
Saudi Arabia	24,492	1.2%	71,169	2.8%	119,047	3.1%	111,890	2.8%	2.8%
Costa Rica	19,109	0.9%	25,544	1.0%	26,905	0.7%	42,015	1.1%	1.1%
Ireland	16,103	0.8%	20,681	0.8%	28,397	0.7%	26,839	0.7%	0.7%
Russian Federation	3,131	0.2%	19,107	0.8%	17,084	0.4%	17,564	0.4%	0.4%
Argentina	6,237	0.3%	5,411	0.2%	6,083	0.2%	16,050	0.4%	0.4%
Israel	11,026	0.5%	33,784	1.3%	32,427	0.8%	16,527	0.4%	0.4%
Venezuela	8,176	0.4%	5,940	0.2%	7,809	0.2%	19,348	0.5%	0.5%
United Arab Emirates	4,656	0.2%	8,685	0.3%	9,324	0.2%	21,705	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.

\*\* (Z) means that % change is greater than 500%, and (-) means that this is a new partner.