

Business Data for Engaging in International Real Estate Transactions in Washington

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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 Washington 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 Washington

In 2007, total of 646,458 non-immigrant aliens came into Washington. Those in some selected categories are;

- 454,456 temporary visitors for pleasure
- 103,700 temporary visitors for business
- 4,425 treaty traders and investors
- 22,334 foreign students and dependant families
- 22,002 temporary foreign workers, trainees and dependant families
- 5,263 NAFTA professional workers and dependant families

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

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 Washington alone, there are 2,562 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 Japan and China from Washington were \$ 7,715 million and \$ 9,610 million, respectively, in the past year. Third on the list of countries where Washington products are exported is Canada. The increase in Washington exports may lead locally based companies to establish company representatives and sales personnel in those countries. Washington real estate professionals may decide that it's time to set up referral networks with counterparts in Japan, China and Canada.

Transportation Equipment and Crop Production were the top export industries in Washington. Those two industries combined account 74% of the entire exports from Washington. 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 Washington

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 Washington, 14,671 newly admitted legal immigrants arrived in 2007. The largest group came from Mexico (2,360). Other top countries of origin include:

- Philippines (2,172)
- China, People's Republic (1,579)
- India (1,544)
- Vietnam (1,306)

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, 14,671 immigrants to

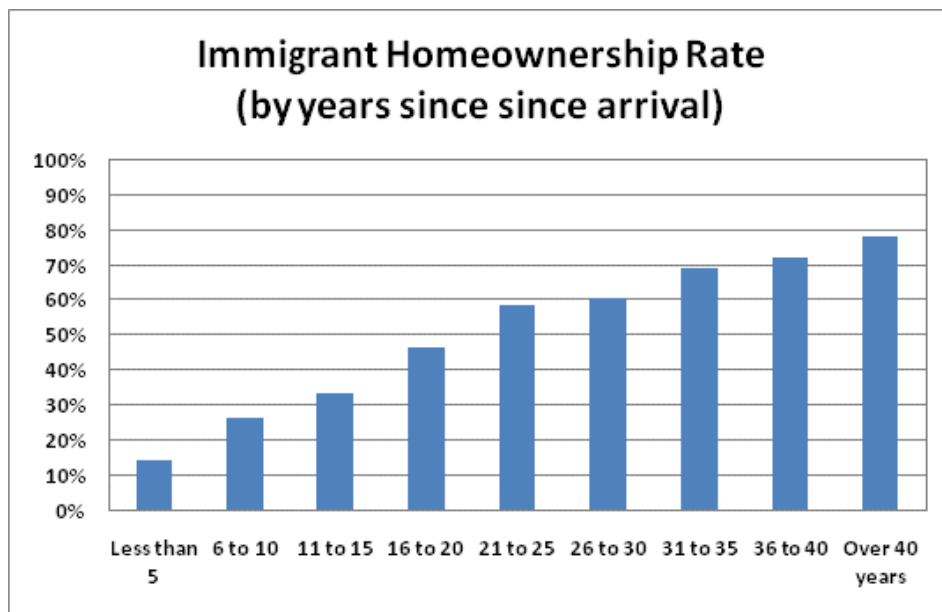
² There are contentious issues relating to swelling illegal immigration and assimilation, and this paper does not attempt to delve into this difficult topic.

Washington became U.S. citizens. Natives of Mexico led with the highest number (2,122) of newly naturalized citizens in the state last year. Other top countries represented include:

- Philippines (1,070)
- Vietnam (1,058)
- Ukraine (1,050)
- India (978)

As of 2007 there are 332,755 (5.1% of the state population) of naturalized citizens and 462,424 non-citizens (7.1% of the state population) in Washington. 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 Washington

	Total Population	U.S. Born Citizen	Foreign Born (%)	Naturalized Citizen	Non-U.S. Citizen	
Male	3,226,432	2,842,098	384,334	11.9%	149,553	234,781
18 and Over	2,434,964	2,091,322	343,642	14.1%	141,309	202,333
Under 18	791,468	750,776	40,692	5.1%	8,244	32,448
Female	3,241,992	2,831,147	410,845	12.7%	183,202	227,643
18 and Over	2,496,651	2,127,813	368,838	14.8%	173,627	195,211
Under 18	745,341	703,334	42,007	5.6%	9,575	32,432
Total	6,468,424	5,673,245	795,179	12.3%	332,755	462,424

Source: Census Bureau, American Community Survey 2007

Foreign Born Population in Washington by Year of Entry

	Total Population	U.S. Born Citizen	Foreign Born	Naturalized Citizen	Non-U.S. Citizen
2000 or later	261,288	15,975	245,313	21,505	223,808
1990 to 1999	270,719	21,341	249,378	102,056	147,322
Entered 1980 to 1989	154,081	15,219	138,862	85,601	53,261
Entered before 1980	206,629	45,003	161,626	123,593	38,033
Total	892,717	97,538	795,179	332,755	462,424

Source: Census Bureau, American Community Survey 2007

Main Languages Spoken in Households

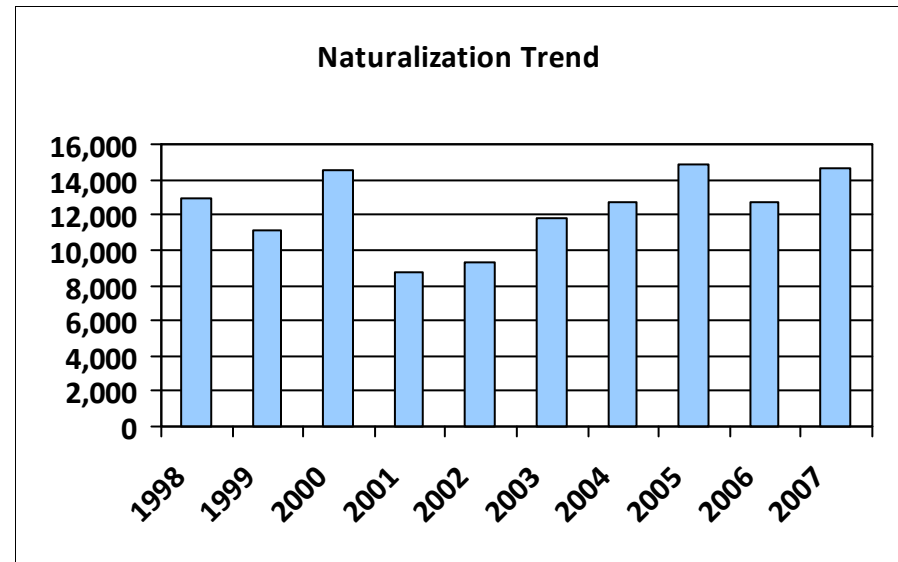
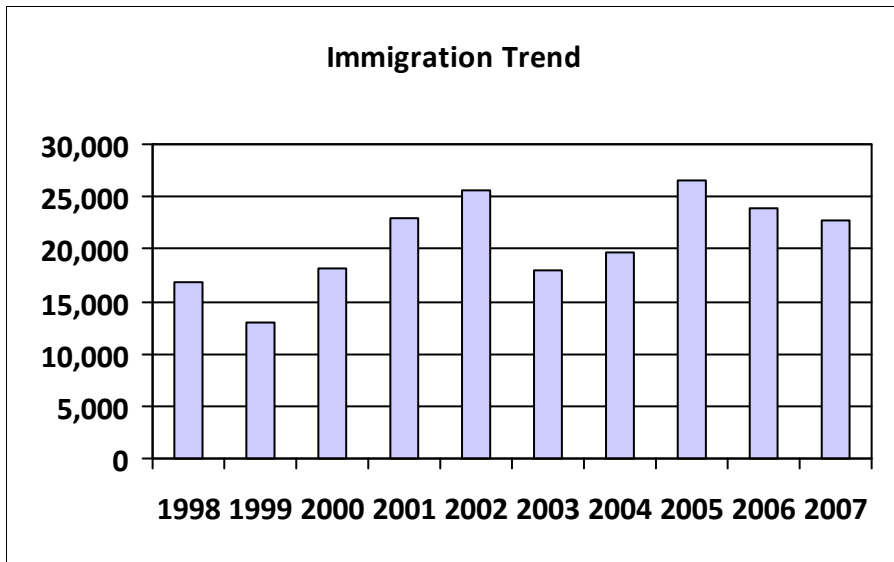
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	2,061,554		
Spanish	177,823	46,297	131,526
Indo-European	106,694	16,684	90,010
Asian-Pacific	134,767	36,701	98,066
Other	20,671	4,518	16,153
Total	2,501,509	104,200	335,755

Source: Census Bureau, American Community Survey 2007

Immigration and Naturalization Trend in Washington

Year	Admitted Immigrants	Naturalization
1998	16,886	12,963
1999	13,003	11,150
2000	18,245	14,485
2001	22,977	8,778
2002	25,631	9,335
2003	17,935	11,787
2004	19,758	12,667
2005	26,480	14,817
2006	23,803	12,762
2007	22,657	14,671

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

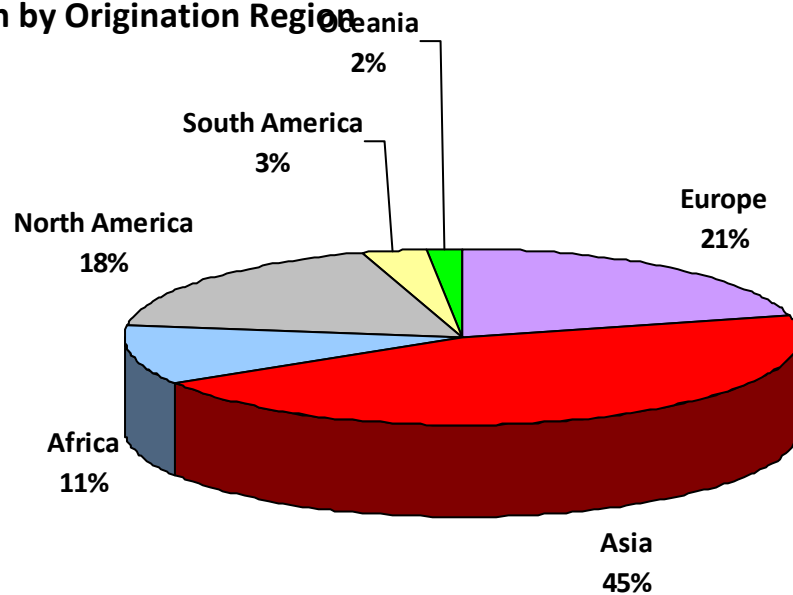


2007 Immigration to Washington by Country of Birth

										Total	22,657
Europe	4,793	Asia	10,139	Africa	2,485	North America	4,131	South America	711	Oceania	374
Ukraine	1,014	Philippines	2,172	Ethiopia	815	Mexico	2,360	Brazil	195	Australia	142
Russia	622	China	1,579	Somalia	450	Canada	1,146	Peru	165	Fiji	122
United Kingdom	484	India	1,544	Kenya	265	Guatemala	225	Colombia	125	New Zealand	53
Romania	326	Vietnam	1,306	Egypt	107	El Salvador	134	Argentina	74	Tonga	26
Moldova	251	Korea	759	Eritrea	91	Honduras	48	Venezuela	58	Samoa	24
Germany	239	Cambodia	361	South Africa	90	Haiti	40	Chile	46	Marshall Islands	4
Soviet Union, frm	197	Japan	325	Nigeria	82	Cuba	39	Ecuador	26		
Bulgaria	141	Uzbekistan	291	Gambia	72	Dominican Republic	26	Bolivia	7		
Poland	106	Thailand	264	Sudan	67	Costa Rica	23	Uruguay	7		

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

2007 Immigration to Washington by Origination Region

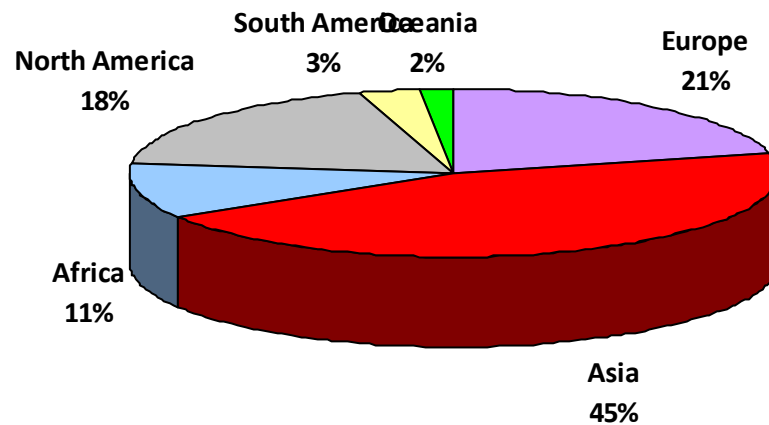


2007 Naturalization in Washington by Country of Birth

										Total	14,671
Europe	3,724	Asia	6,354	Africa	1,078	North America	2,997	South America	306	Oceania	209
Ukraine	1,050	Philippines	1,070	Ethiopia	316	Mexico	2,122	Peru	70	Fiji	86
Russia	656	Vietnam	1,058	Somalia	229	Canada	483	Colombia	60	Australia	46
Bosnia - Herzegovina	227	India	978	Sudan	99	El Salvador	111	Brazil	58	American Samo	27
United Kingdom	224	Korea	809	South Africa	52	Guatemala	59	Venezuela	28	New Zealand	25
Moldova	208	China	703	Kenya	46	Honduras	34	Argentina	26	Samoa	8
Romania	174	Cambodia	283	Nigeria	44	Cuba	29	Chile	25	Palau	5
Germany	105	Iran	228	Eritrea	43	Nicaragua	28	Ecuador	20	Tonga	4
Soviet Union, frm	104	Thailand	196	Egypt	35	Jamaica	24	Bolivia	11	Micronesia, Fed	3
Poland	84	Taiwan	195	Gambia	26	Trinidad - Tobago	23	Guyana	4		

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

2007 Naturalization in Washington by Origination Region



Nonimmigrant Visitors to Washington

	2005	2006	2007
Total	466,718	578,192	646,458
Foreign government officials and families	2,131	2,590	2,525
Temporary visitors: for business	83,520	97,756	103,700
Temporary visitors: for pleasure	314,860	402,383	454,456
Transit aliens	7,387	7,288	8,013
Treaty traders and investors	3,739	3,848	4,425
Students and dependant family	16,721	20,103	22,334
Representatives to international organizations and families	224	218	215
Temporary workers and trainees, dependent family	15,353	19,807	22,002
Representatives of foreign information media and families	554	587	551
Students and exchange visitors, and dependant family	5,776	6,454	7,532
Fiances/spouses of U.S. citizens and their children	1,999	1,896	1,920
Intracompany transferees and dependant family	5,295	5,590	6,715
Vocational students and dependant family	2,979	3,268	3,982
NATO officials and families	10	210	218
NAFTA professional workers and dependant family	3,796	4,885	5,263
Fiances/spouses of permanent residents and their children	166	147	172
All other classes	1,434	1,162	2,429

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

Foreign Direct Investment Established in Washington

	U.S.	Washington
All industries	118588	2562
Mining	1107	26
Utilities	815	19
Construction	1082	31
Manufacturing	10322	213
Wholesale trade	15798	443
Retail trade	30540	673
Transportation and warehousing	5468	146
Information	5046	121
Finance: Depository credit intermediation	3263	26
Finance: Insurance	3709	57
Real estate and rental and leasing	1890	43
Professional and technical services	4275	88
Accommodation and food services	15255	335
Other	16824	292

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

Washington Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, ** 2006-2007
Washington Exports Total	33,792,504	4.1%	37,948,361	4.2%	53,074,909	5.1%	66,258,480	5.7%	5.7%
Transportation Equipment	17,686,252	52.3%	20,494,436	54.0%	33,677,256	63.5%	42,665,113	64.4%	64.4%
Crop Production	4,180,763	12.4%	4,231,378	11.2%	4,576,332	8.6%	6,548,119	9.9%	9.9%
Computers & Electronic Prod.	2,746,112	8.1%	2,845,817	7.5%	3,096,984	5.8%	3,346,825	5.1%	5.1%
Machinery Manufactures	1,030,716	3.1%	1,538,219	4.1%	1,934,748	3.6%	2,097,553	3.2%	3.2%
Processed Foods	1,584,764	4.7%	1,597,377	4.2%	1,562,439	2.9%	2,096,875	3.2%	3.2%
Petroleum & Coal Products	954,723	2.8%	1,114,214	2.9%	1,243,458	2.3%	1,172,466	1.8%	1.8%
Primary Metal Manufactures	566,399	1.7%	730,824	1.9%	929,758	1.8%	1,121,975	1.7%	1.7%
Paper Products	865,969	2.6%	966,707	2.5%	884,563	1.7%	911,863	1.4%	1.4%
Misc. Manufactures	372,895	1.1%	385,795	1.0%	496,501	0.9%	888,185	1.3%	1.3%
Chemical Manufactures	633,623	1.9%	603,913	1.6%	682,710	1.3%	789,775	1.2%	1.2%
Waste & Scrap	290,007	0.9%	402,487	1.1%	531,348	1.0%	684,177	1.0%	1.0%
Elec. Eq., Appliances & Parts	372,841	1.1%	465,613	1.2%	579,202	1.1%	641,489	1.0%	1.0%
Fishing, Hunting, & Trapping	564,791	1.7%	554,337	1.5%	610,091	1.1%	641,372	1.0%	1.0%
Forestry & Logging	461,326	1.4%	438,244	1.2%	432,783	0.8%	441,054	0.7%	0.7%
Fabricated Metal Products	264,947	0.8%	263,845	0.7%	309,578	0.6%	433,889	0.7%	0.7%
Wood Products	349,614	1.0%	379,665	1.0%	378,093	0.7%	420,698	0.6%	0.6%
Plastic & Rubber Products	167,333	0.5%	189,282	0.5%	245,187	0.5%	265,063	0.4%	0.4%
Mining	46,448	0.1%	71,275	0.2%	136,691	0.3%	239,621	0.4%	0.4%
Spec. Classification Provisions	149,209	0.4%	129,700	0.3%	123,214	0.2%	172,099	0.3%	0.3%
Non-Metallic Mineral Mfgs.	97,041	0.3%	106,452	0.3%	172,619	0.3%	148,558	0.2%	0.2%
Animal Production	110,434	0.3%	116,237	0.3%	130,517	0.2%	144,131	0.2%	0.2%
Non-Apparel Textile Products	69,379	0.2%	77,598	0.2%	69,735	0.1%	66,929	0.1%	0.1%
Used Merchandise	29,555	0.1%	33,824	0.1%	39,906	0.1%	53,657	0.1%	0.1%
Furniture & Related Products	21,881	0.1%	24,861	0.1%	26,962	0.1%	51,918	0.1%	0.1%
Oil & Gas Extraction	10,582	0.0%	40,462	0.1%	52,651	0.1%	50,433	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.

Washington Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
World Total	33,792,504	4.1%	37,948,361	4.2%	53,074,909	5.1%	66,258,480	5.7%	5.7%
Japan	6,311,668	18.7%	6,369,979	16.8%	6,708,965	12.6%	7,715,465	11.6%	11.6%
China	3,094,408	9.2%	5,085,632	13.4%	6,828,818	12.9%	9,609,671	14.5%	14.5%
Canada	4,041,144	12.0%	5,202,160	13.7%	6,205,917	11.7%	7,588,822	11.5%	11.5%
Australia	1,066,759	3.2%	963,108	2.5%	1,180,843	2.2%	775,869	1.2%	1.2%
Singapore	1,482,276	4.4%	1,237,425	3.3%	2,361,276	4.4%	1,940,769	2.9%	2.9%
South Korea	2,061,066	6.1%	1,793,995	4.7%	2,494,624	4.7%	2,990,455	4.5%	4.5%
France	1,266,014	3.7%	977,981	2.6%	1,798,706	3.4%	2,320,524	3.5%	3.5%
United Kingdom	1,089,822	3.2%	886,902	2.3%	986,297	1.9%	1,911,455	2.9%	2.9%
Taiwan	2,138,095	6.3%	3,117,939	8.2%	2,425,712	4.6%	2,839,785	4.3%	4.3%
Germany	465,319	1.4%	551,956	1.5%	987,487	1.9%	1,376,878	2.1%	2.1%
United Arab Emirates	113,229	0.3%	1,519,993	4.0%	3,986,030	7.5%	2,934,390	4.4%	4.4%
Netherlands	951,953	2.8%	649,081	1.7%	1,270,506	2.4%	1,271,945	1.9%	1.9%
Ireland	1,500,003	4.4%	1,845,635	4.9%	1,739,768	3.3%	2,388,012	3.6%	3.6%
Brazil	289,515	0.9%	90,838	0.2%	919,283	1.7%	1,186,402	1.8%	1.8%
Mexico	850,994	2.5%	959,177	2.5%	1,302,758	2.5%	1,209,296	1.8%	1.8%
Hong Kong	345,266	1.0%	356,155	0.9%	495,239	0.9%	1,391,691	2.1%	2.1%
India	306,941	0.9%	424,547	1.1%	1,061,312	2.0%	5,775,518	8.7%	8.7%
Israel	42,702	0.1%	52,813	0.1%	65,080	0.1%	540,523	0.8%	0.8%
Indonesia	185,688	0.5%	300,126	0.8%	318,760	0.6%	1,005,277	1.5%	1.5%
New Zealand	136,348	0.4%	335,306	0.9%	519,120	1.0%	532,912	0.8%	0.8%
Thailand	220,960	0.7%	219,312	0.6%	1,099,305	2.1%	804,036	1.2%	1.2%
Russian Federation	159,488	0.5%	260,131	0.7%	216,815	0.4%	496,109	0.7%	0.7%
Chile	59,256	0.2%	342,904	0.9%	608,385	1.1%	514,783	0.8%	0.8%
Qatar	2,790	0.0%	5,278	0.0%	6,094	0.0%	553,249	0.8%	0.8%
Slovakia	378	0.0%	803	0.0%	299,059	0.6%	433,175	0.7%	0.7%

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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