

Business Data for Engaging in International Real Estate Transactions in Missouri

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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 Missouri 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 Missouri

In 2007, total of 117,467 non-immigrant aliens came into Missouri. Those in some selected categories are;

- 52,711 temporary visitors for pleasure
- 32,701 temporary visitors for business
- 668 treaty traders and investors
- 10,732 foreign students and dependant families
- 9,022 temporary foreign workers, trainees and dependant families
- 769 NAFTA professional workers and dependant families

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

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 Missouri alone, there are 1,909 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 Missouri were \$ 4,963 million and \$ 1,355 million, respectively, in the past year. Third on the list of countries where Missouri products are exported is United Kingdom. The increase in Missouri exports may lead locally based companies to establish company representatives and sales personnel in those countries. Missouri real estate professionals may decide that it's time to set up referral networks with counterparts in Canada, Mexico and United Kingdom.

Transportation Equipment and Chemical Manufactures were the top export industries in Missouri. Those two industries combined account 51% of the entire exports from Missouri. 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 Missouri

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 Missouri, 4,237 newly admitted legal immigrants arrived in 2007. The largest group came from Bosnia - Herzegovina (540). Other top countries of origin include:

- China, People's Republic (521)
- India (497)
- Philippines (389)
- Vietnam (301)

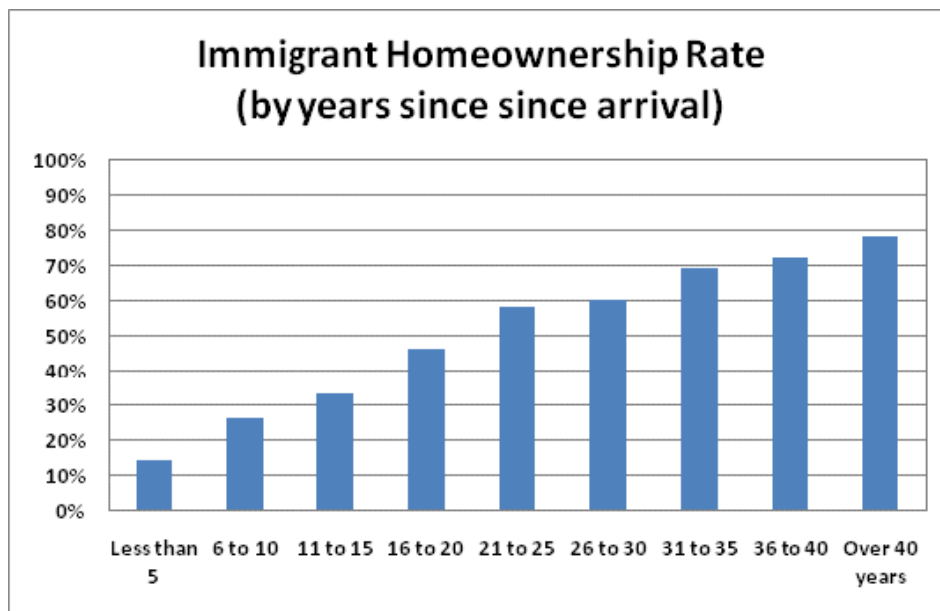
Real estate professionals may want to consider assisting, participating or setting up a network partner with these communities to open up business opportunities. In 2007, 4,237 immigrants to Missouri became U.S. citizens. Natives of Bosnia - Herzegovina led with the highest number (694) of newly naturalized citizens in the state last year. Other top countries represented include:

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

- Mexico (367)
- India (319)
- Vietnam (259)
- China, People's Republic (202)

As of 2007 there are 84,745 (1.4% of the state population) of naturalized citizens and 123,376 non-citizens (2.1% of the state population) in Missouri. Immigration boosts the residential housing market for the simple reason that people need a home in which to live. So it should not be surprising that dynamic housing markets of recent years have been in those regions with significant immigrant populations. The fast growing regions of Las Vegas, Phoenix, Washington D.C. and much of Florida have seen strong housing demand – and a significant run-up in home prices – due in no small part to the fact that these markets have strong immigrant populations.³

The homeownership rate of foreign-born households who came to the U.S. in the past five years is only 18 percent. The ownership rate then steadily rises over time.



Naturally, due to language, cultural and institutional adjustments, homeownership among recent immigrants lags behind that of native-born Americans and the population as a whole. However, obtaining U.S. citizenship quickly raises the odds of becoming a homeowner. In fact, among households who entered the country more than 30 years ago, the homeownership rate surpasses that of the national average, with 78 percent of foreign-born U.S. residents owning a home - far higher than the national homeownership rate of 69 percent.

³ A study by the Philadelphia Federal Reserve Bank showed that home prices in immigration-heavy neighborhoods rise much more slowly than other neighborhoods in the local region. That is, the “there goes the neighborhood” reaction may be at work as established residents flee an area and newcomers move in. However, home prices in metro regions with a high concentration of immigrants in general rose at a significantly faster clip than those metro regions with little immigration. Larger number of people translates into more housing demand.

REALTORS® can seize the opportunity and help close the early-year homeownership gap through counseling and homebuyer education programs for their foreign-born clients. Many REALTORS® have already realized the potential business opportunities. Over the last five years, almost half of NAR members indicated that they have participated in a transaction involving an international element, and this trend will inevitably increase.

Information on NAR International and WorldProperties.com

NAR's international program has a long and progressive history, demonstrating the foresight of NAR leaders over a number of decades. Through carefully developing and nurturing international bilateral and multilateral relationships worldwide, NAR has laid a solid foundation for participation in today's global marketplace. NAR's **International Network** – today 75 partner associations in more than 56 countries – demonstrates the value of NAR's international leadership and emphasizes its commitment to promote business development opportunities for U.S. members. NAR's International Mission statement is as follows: "Increase REALTORS®' (commercial and residential) ability and opportunity to do business at home and abroad in an increasingly global/multicultural real estate environment."

Numerous products and resources have been developed to assist NAR members and REALTOR® Associations in including a global market component in their business plan/member services program. These resources include:

- **NAR International home page at Realtor.org** – Best general resource for information on NAR international programs and services – <http://www.realtor.org/international>
- **Certified International Real Estate Specialist (CIPS)** designation program and business network – Provides introductory and advanced training for real estate professionals and administrators, along with business development/networking tools, resources and events. Access course descriptions, schedule, benefits and other information on CIPS from NAR International home page, <http://www.realtor.org/international>
- **Expand Your Market Course** – Turn-key course to introduce agents/brokers to the global real estate market. They are eligible for continuing education approval. More information is available at <http://www.realtor.org/cipshome.nsf/pages/eym>
- **International Real Estate Report** (Electronic Newsletter) – Available free to any NAR member. You may review all the current and past reports at <http://www.realtor.org/cipshome.nsf/webreport> . To subscribe to this newsletter, please visit your Profile page at Realtor.org.
- **Pre-packaged Meeting Tool Kits for Broker Meetings** – Series of short, informational training modules on global market topics; ideal for use in sales agent meetings, local council meetings, etc. You may download at <http://www.realtor.org/cipshome.nsf/pages/toolkits>

• **International Speaker Cadre & Presentation database** – Resource for REALTOR® Associations looking for a speaker and/or a presentation on a topic related to global real estate business. You may find speaker contacts and deals directly with the speaker. Access the database at <http://www.realtor.org/cipshome.nsf/pages/speakers>

• **The International Consortium of Real Estate Associations (ICREA): NAR International Association Network** – NAR partners with 75 national associations in more than 56 countries—all of whose members subscribe to a code of conduct similar to the NAR Code of Ethics. Review the full list of foreign partners, NAR’s liaisons to these groups, and/or access the association directly at <http://www.realtor.org/intlnet.nsf/coopassocmain>

• **WorldProperties.com.** WorldProperties.com is backed by the International Consortium of Real Estate Associations (ICREA). Currently, it is comprised of 30+ leading national real estate organizations representing 2 million brokers/agents worldwide, each of whom adhere to a code of conduct. WorldProperties.com provides benefits to broker/agent members by assisting them in marketing and facilitating business in the global marketplace. WorldProperties.com assists consumers in locating properties outside their country and in finding a qualified real estate professional. Access www.WorldProperties.com

For more information on NAR’s International programs, please email us at NARGlobe@realtors.org or visit us online at www.Realtor.org/international.

Population Demographics in Missouri

	Total Population	U.S. Born Citizen	Foreign Born (%)	Naturalized Citizen	Non-U.S. Citizen	
Male	2,865,354	2,760,849	104,505	3.6%	39,016	65,489
18 and Over	2,138,339	2,047,518	90,821	4.2%	34,367	56,454
Under 18	727,015	713,331	13,684	1.9%	4,649	9,035
Female	3,013,061	2,909,445	103,616	3.4%	45,729	57,887
18 and Over	2,312,774	2,222,676	90,098	3.9%	40,261	49,837
Under 18	700,287	686,769	13,518	1.9%	5,468	8,050
Total	5,878,415	5,670,294	208,121	3.5%	84,745	123,376

Source: Census Bureau, American Community Survey 2007

Foreign Born Population in Missouri by Year of Entry

	Total Population	U.S. Born Citizen	Foreign Born	Naturalized Citizen	Non-U.S. Citizen
2000 or later	81,244	4,861	76,383	9,616	66,767
1990 to 1999	74,216	7,226	66,990	26,873	40,117
Entered 1980 to 1989	31,947	4,393	27,554	16,864	10,690
Entered before 1980	54,615	17,421	37,194	31,392	5,802
Total	242,022	33,901	208,121	84,745	123,376

Source: Census Bureau, American Community Survey 2007

Main Languages Spoken in Households

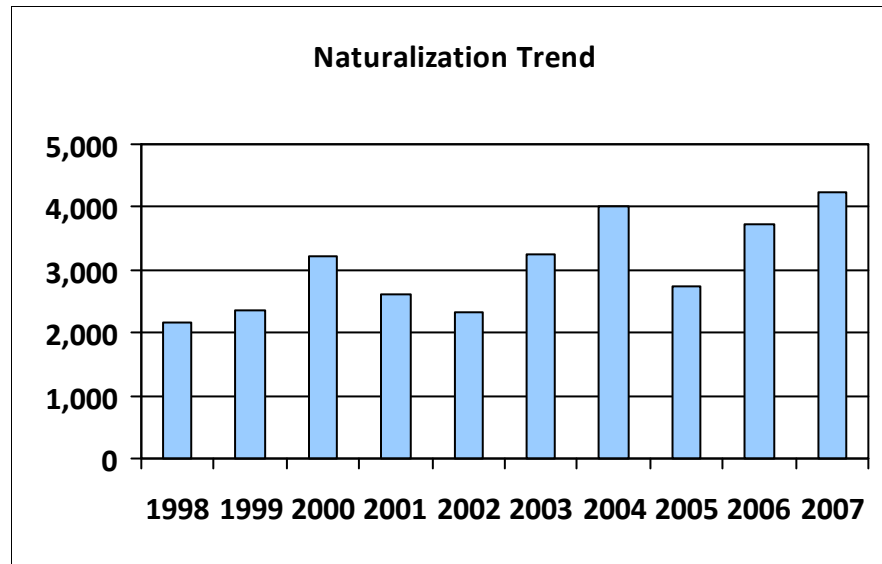
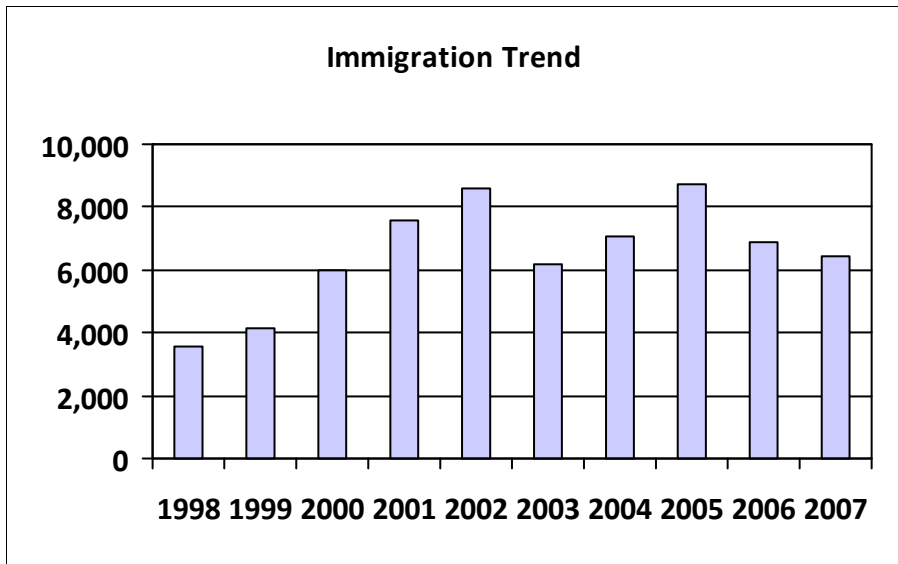
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	2,144,848		
Spanish	75,372	13,273	62,099
Indo-European	53,980	7,062	46,918
Asian-Pacific	26,995	8,169	18,826
Other	8,431	1,341	7,090
Total	2,309,626	29,845	134,933

Source: Census Bureau, American Community Survey 2007

Immigration and Naturalization Trend in Missouri

Year	Admitted Immigrants	Naturalization
1998	3,576	2,153
1999	4,157	2,367
2000	5,988	3,222
2001	7,574	2,627
2002	8,585	2,311
2003	6,160	3,255
2004	7,050	3,999
2005	8,742	2,733
2006	6,852	3,711
2007	6,459	4,237

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

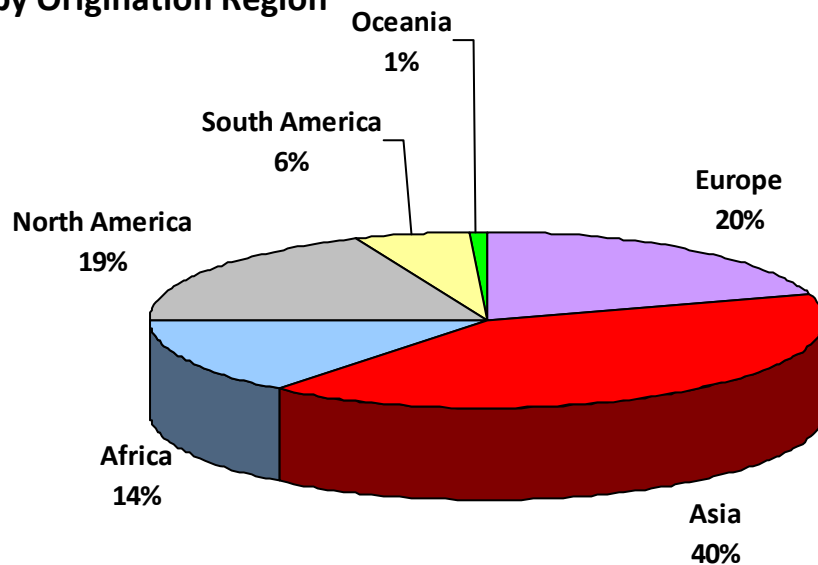


2007 Immigration to Missouri by Country of Birth

										Total	6,459
Europe	1,316	Asia	2,592	Africa	933	North America	1,195	South America	360	Oceania	54
Russia	201	China	521	Kenya	172	Mexico	540	Colombia	98	New Zealand	21
United Kingdom	138	India	497	Ethiopia	127	Guatemala	202	Brazil	84	Australia	13
Bosnia - Herzegovina	131	Philippines	389	Somalia	120	Canada	124	Peru	60	Fiji	12
Ukraine	96	Vietnam	301	Nigeria	108	Cuba	54	Venezuela	41	Samoa	5
Germany	94	Pakistan	120	Sudan	43	Haiti	52	Argentina	22		
Bulgaria	75	Korea	103	Ghana	39	Jamaica	51	Chile	17		
Albania	59	Uzbekistan	103	Egypt	26	El Salvador	45	Ecuador	17		
Romania	46	Iran	77	South Africa	25	Honduras	40	Bolivia	9		
Serbia - Montenegro	46	Thailand	53	Morocco	23	Dominican Republic	29	Guyana	5		

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

2007 Immigration to Missouri by Origination Region

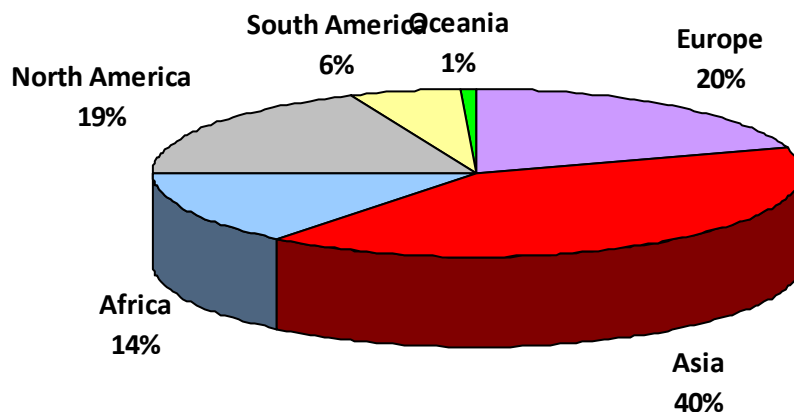


2007 Naturalization in Missouri by Country of Birth

										Total	4,237
Europe	1,348	Asia	1,586	Africa	466	North America	674	South America	145	Oceania	16
Bosnia - Herzegovina	694	India	319	Somalia	91	Mexico	367	Colombia	38	Australia	7
Ukraine	73	Vietnam	259	Nigeria	66	Canada	82	Peru	24	New Zealand	3
Germany	62	China	202	Sudan	59	El Salvador	34	Brazil	22	Samoa	3
Russia	58	Philippines	167	Ethiopia	57	Honduras	31	Venezuela	15		
Bulgaria	57	Taiwan	73	Kenya	26	Jamaica	31	Argentina	13		
United Kingdom	50	Korea	71	South Africa	25	Haiti	25	Ecuador	13		
Albania	49	Pakistan	71	Liberia	17	Cuba	20	Guyana	8		
Serbia - Montenegro	44	Afghanistan	60	Morocco	17	Dominican Republic	20	Bolivia	5		
Romania	31	Iran	56	Egypt	16	Guatemala	15	Chile	5		

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

2007 Naturalization in Missouri by Origination Region



Nonimmigrant Visitors to Missouri

	2005	2006	2007
Total	106,655	101,566	117,467
Foreign government officials and families	882	702	656
Temporary visitors: for business	29,533	26,703	32,701
Temporary visitors: for pleasure	50,870	46,440	52,711
Transit aliens	63	72	77
Treaty traders and investors	555	551	668
Students and dependant family	8,627	9,488	10,732
Representatives to international organizations and families	113	96	74
Temporary workers and trainees, dependent family	5,060	8,339	9,022
Representatives of foreign information media and families	132	116	124
Students and exchange visitors, and dependant family	4,593	4,752	5,376
Fiances/spouses of U.S. citizens and their children	593	597	591
Intracompany transferees and dependant family	1,384	1,592	2,117
Vocational students and dependant family	682	888	1,169
NATO officials and families	6	90	82
NAFTA professional workers and dependant family	439	593	769
Fiances/spouses of permanent residents and their children	71	32	25
All other classes	610	508	565

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

Foreign Direct Investment Established in Missouri

	U.S.	Missouri
All industries	118588	1909
Mining	1107	9
Utilities	815	6
Construction	1082	17
Manufacturing	10322	219
Wholesale trade	15798	241
Retail trade	30540	447
Transportation and warehousing	5468	162
Information	5046	77
Finance: Depository credit intermediation	3263	1
Finance: Insurance	3709	64
Real estate and rental and leasing	1890	36
Professional and technical services	4275	55
Accommodation and food services	15255	288
Other	16824	238

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

Missouri Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, ** 2006-2007
Missouri Exports Total	8,997,288	1.1%	10,462,296	1.2%	12,775,706	1.2%	13,416,807	1.2%	1.2%
Transportation Equipment	2,942,353	32.7%	3,548,511	33.9%	4,992,227	39.1%	4,674,613	34.8%	34.8%
Chemical Manufactures	1,953,058	21.7%	1,969,157	18.8%	1,941,825	15.2%	2,184,720	16.3%	16.3%
Machinery Manufactures	832,957	9.3%	1,004,197	9.6%	1,101,257	8.6%	1,173,690	8.7%	8.7%
Processed Foods	408,341	4.5%	560,280	5.4%	721,489	5.6%	721,690	5.4%	5.4%
Elec. Eq., Appliances & Parts	432,579	4.8%	521,031	5.0%	591,856	4.6%	695,909	5.2%	5.2%
Crop Production	200,019	2.2%	297,615	2.8%	267,344	2.1%	600,920	4.5%	4.5%
Computers & Electronic Prod.	553,723	6.2%	529,166	5.1%	489,277	3.8%	522,777	3.9%	3.9%
Fabricated Metal Products	246,039	2.7%	315,450	3.0%	387,895	3.0%	427,880	3.2%	3.2%
Mining	62,286	0.7%	254,879	2.4%	349,690	2.7%	415,943	3.1%	3.1%
Primary Metal Manufactures	184,191	2.0%	221,771	2.1%	286,337	2.2%	327,698	2.4%	2.4%
Waste & Scrap	73,377	0.8%	116,043	1.1%	361,032	2.8%	288,959	2.2%	2.2%
Plastic & Rubber Products	181,943	2.0%	199,792	1.9%	229,593	1.8%	242,192	1.8%	1.8%
Printing & Related Products	179,218	2.0%	191,070	1.8%	198,024	1.6%	206,626	1.5%	1.5%
Misc. Manufactures	145,865	1.6%	153,930	1.5%	163,902	1.3%	170,117	1.3%	1.3%
Leather & Related Products	151,823	1.7%	130,604	1.2%	146,565	1.1%	161,237	1.2%	1.2%
Paper Products	73,357	0.8%	57,179	0.5%	104,741	0.8%	95,465	0.7%	0.7%
Non-Metallic Mineral Mfgs.	43,953	0.5%	56,400	0.5%	69,864	0.5%	87,482	0.7%	0.7%
Spec. Classification Provisions	29,141	0.3%	36,457	0.3%	59,562	0.5%	74,453	0.6%	0.6%
Wood Products	86,550	1.0%	81,749	0.8%	79,044	0.6%	73,890	0.6%	0.6%
Petroleum & Coal Products	23,526	0.3%	26,803	0.3%	43,631	0.3%	58,556	0.4%	0.4%
Forestry & Logging	23,683	0.3%	28,073	0.3%	34,744	0.3%	55,497	0.4%	0.4%
Fabric Mill Products	32,847	0.4%	35,960	0.3%	47,752	0.4%	44,365	0.3%	0.3%
Furniture & Related Products	54,079	0.6%	52,956	0.5%	45,511	0.4%	40,696	0.3%	0.3%
Beverage & Tobacco Products	21,842	0.2%	25,103	0.2%	28,846	0.2%	33,751	0.3%	0.3%
Used Merchandise	12,405	0.1%	11,278	0.1%	9,524	0.1%	12,933	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.

Missouri Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
World Total	8,997,288	1.1%	10,462,296	1.2%	12,775,706	1.2%	13,416,807	1.2%	1.2%
Canada	3,961,936	44.0%	4,237,463	40.5%	4,818,172	37.7%	4,963,093	37.0%	37.0%
Mexico	946,069	10.5%	1,154,993	11.0%	1,239,366	9.7%	1,355,058	10.1%	10.1%
United Kingdom	344,063	3.8%	375,201	3.6%	376,608	2.9%	345,375	2.6%	2.6%
Japan	433,992	4.8%	504,531	4.8%	546,938	4.3%	658,657	4.9%	4.9%
Germany	271,245	3.0%	311,143	3.0%	327,492	2.6%	310,378	2.3%	2.3%
Italy	241,247	2.7%	231,223	2.2%	155,062	1.2%	141,439	1.1%	1.1%
Hong Kong	187,345	2.1%	135,182	1.3%	158,768	1.2%	120,244	0.9%	0.9%
China	365,959	4.1%	499,545	4.8%	769,238	6.0%	1,015,049	7.6%	7.6%
Australia	188,436	2.1%	223,757	2.1%	267,203	2.1%	206,798	1.5%	1.5%
Belgium	245,553	2.7%	290,959	2.8%	371,999	2.9%	423,836	3.2%	3.2%
South Korea	113,432	1.3%	571,692	5.5%	1,646,512	12.9%	1,251,988	9.3%	9.3%
Taiwan	122,697	1.4%	116,661	1.1%	118,951	0.9%	114,798	0.9%	0.9%
Netherlands	133,293	1.5%	157,382	1.5%	169,567	1.3%	162,625	1.2%	1.2%
Singapore	112,146	1.2%	97,911	0.9%	92,472	0.7%	124,689	0.9%	0.9%
France	125,711	1.4%	135,754	1.3%	134,882	1.1%	134,032	1.0%	1.0%
Sweden	41,954	0.5%	55,014	0.5%	57,051	0.4%	69,938	0.5%	0.5%
Brazil	141,074	1.6%	149,654	1.4%	137,495	1.1%	222,251	1.7%	1.7%
Spain	79,464	0.9%	71,739	0.7%	77,397	0.6%	71,264	0.5%	0.5%
Saudi Arabia	25,412	0.3%	32,131	0.3%	57,045	0.4%	129,814	1.0%	1.0%
Thailand	60,278	0.7%	63,481	0.6%	75,734	0.6%	89,965	0.7%	0.7%
Israel	28,494	0.3%	37,810	0.4%	44,140	0.3%	80,001	0.6%	0.6%
India	43,509	0.5%	48,402	0.5%	54,871	0.4%	103,620	0.8%	0.8%
Venezuela	22,955	0.3%	33,990	0.3%	44,598	0.3%	78,261	0.6%	0.6%
United Arab Emirates	23,706	0.3%	44,277	0.4%	54,265	0.4%	108,042	0.8%	0.8%
Argentina	53,146	0.6%	49,994	0.5%	41,740	0.3%	94,132	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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