

Business Data for Engaging in International Real Estate Transactions in Oregon

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 Oregon 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 Oregon

In 2007, total of 138,274 non-immigrant aliens came into Oregon. Those in some selected categories are;

- 77,728 temporary visitors for pleasure
- 33,246 temporary visitors for business
- 1,636 treaty traders and investors
- 8,076 foreign students and dependant families
- 5,179 temporary foreign workers, trainees and dependant families
- 815 NAFTA professional workers and dependant families

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

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 Oregon alone, there are 1,399 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 Japan from Oregon were \$ 2,785 million and \$ 1,477 million, respectively, in the past year. Third on the list of countries where Oregon products are exported is South Korea. The increase in Oregon exports may lead locally based companies to establish company representatives and sales personnel in those countries. Oregon real estate professionals may decide that it's time to set up referral networks with counterparts in Canada, Japan and South Korea.

Computers & Electronic Prod. and Crop Production were the top export industries in Oregon. Those two industries combined account 51% of the entire exports from Oregon. 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 Oregon

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 Oregon, 5,572 newly admitted legal immigrants arrived in 2007. The largest group came from Mexico (1,535). Other top countries of origin include:

- China, People's Republic (743)
- Vietnam (526)
- Philippines (407)
- Ukraine (380)

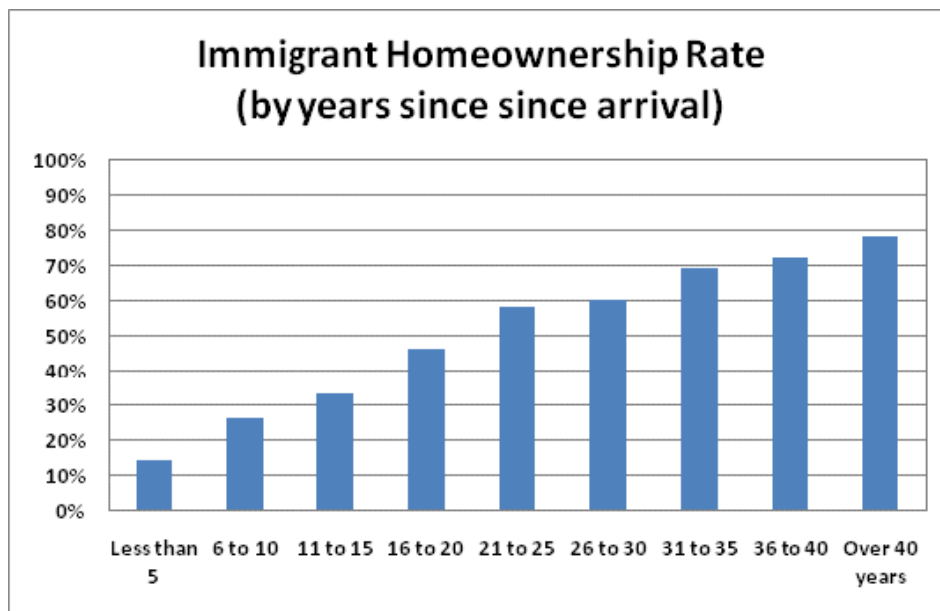
Real estate professionals may want to consider assisting, participating or setting up a network partner with these communities to open up business opportunities. In 2007, 5,572 immigrants to Oregon became U.S. citizens. Natives of Mexico led with the highest number (1,061) of newly naturalized citizens 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.

- Vietnam (530)
- China, People's Republic (425)
- India (383)
- Soviet Union, former (283)

As of 2007 there are 127,302 (3.4% of the state population) of naturalized citizens and 240,249 non-citizens (6.4% of the state population) in Oregon. 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 Oregon

	Total Population	U.S. Born Citizen	Foreign Born (%)	Naturalized Citizen	Non-U.S. Citizen	
Male	1,857,248	1,669,367	187,881	10.1%	57,394	130,487
18 and Over	1,416,010	1,246,661	169,349	12.0%	53,928	115,421
Under 18	441,238	422,706	18,532	4.2%	3,466	15,066
Female	1,890,207	1,710,537	179,670	9.5%	69,908	109,762
18 and Over	1,466,691	1,302,792	163,899	11.2%	65,565	98,334
Under 18	423,516	407,745	15,771	3.7%	4,343	11,428
Total	3,747,455	3,379,904	367,551	9.8%	127,302	240,249

Source: Census Bureau, American Community Survey 2007

Foreign Born Population in Oregon by Year of Entry

	Total Population	U.S. Born Citizen	Foreign Born	Naturalized Citizen	Non-U.S. Citizen
2000 or later	104,549	4,397	100,152	9,353	90,799
1990 to 1999	129,817	6,101	123,716	32,660	91,056
Entered 1980 to 1989	79,436	7,294	72,142	32,234	39,908
Entered before 1980	90,358	18,817	71,541	53,055	18,486
Total	404,160	36,609	367,551	127,302	240,249

Source: Census Bureau, American Community Survey 2007

Main Languages Spoken in Households

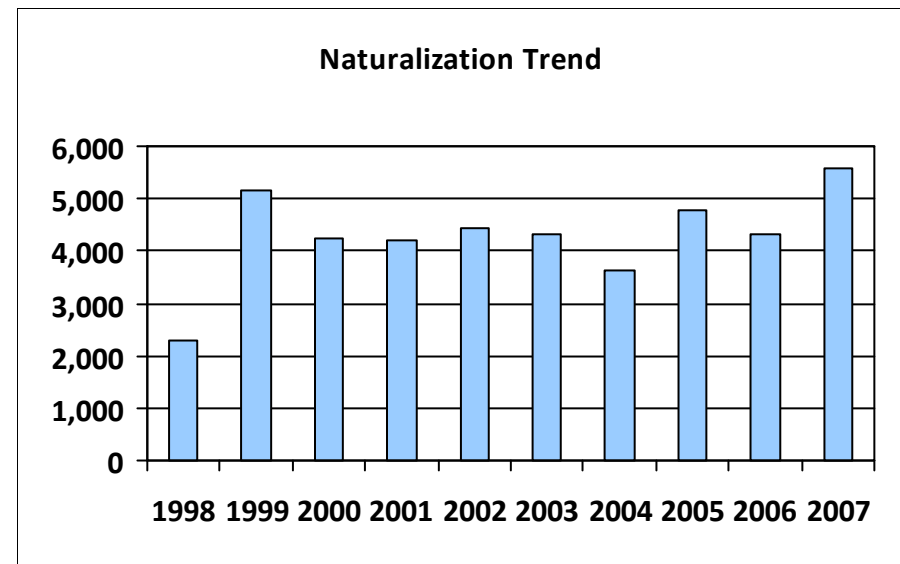
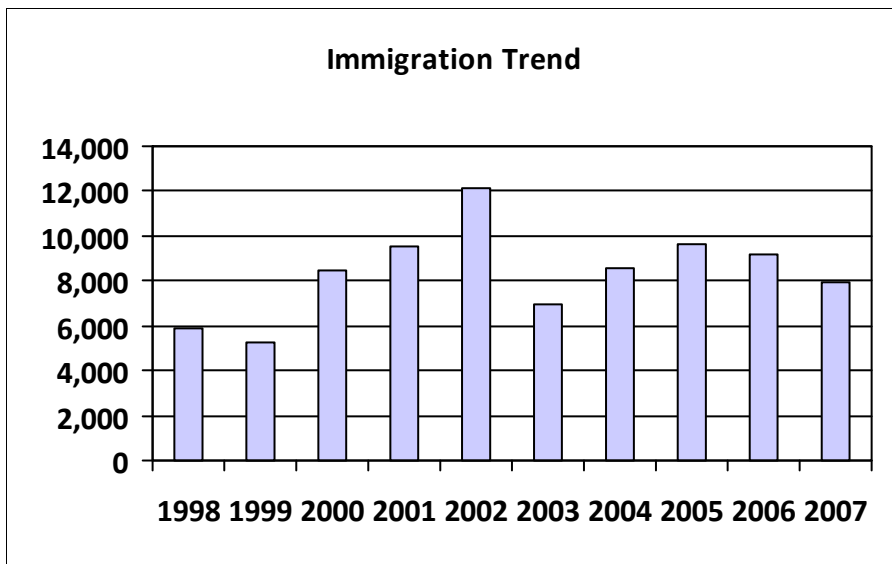
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	1,259,004		
Spanish	118,310	33,982	84,328
Indo-European	47,115	6,782	40,333
Asian-Pacific	39,276	11,030	28,246
Other	8,260	1,368	6,892
Total	1,471,965	53,162	159,799

Source: Census Bureau, American Community Survey 2007

Immigration and Naturalization Trend in Oregon

Year	Admitted Immigrants	Naturalization
1998	5,895	2,295
1999	5,217	5,147
2000	8,479	4,242
2001	9,560	4,189
2002	12,083	4,441
2003	6,946	4,300
2004	8,540	3,612
2005	9,623	4,777
2006	9,188	4,332
2007	7,905	5,572

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

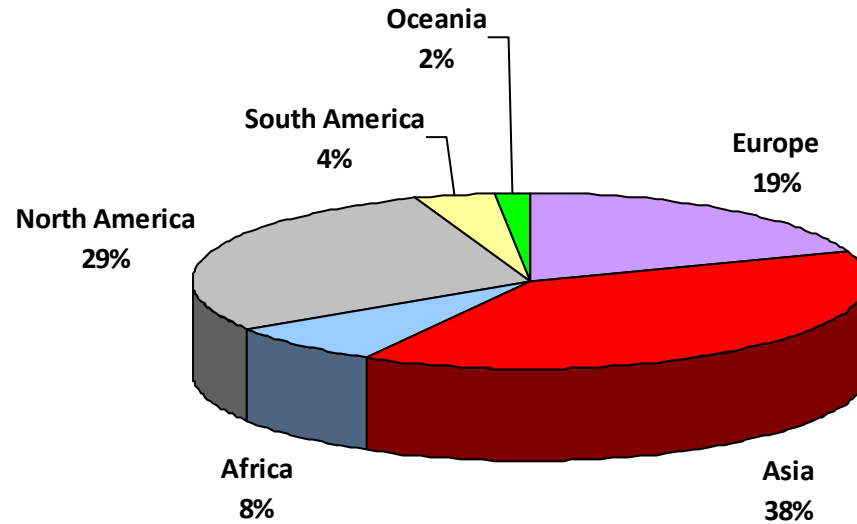


2007 Immigration to Oregon by Country of Birth

										Total	7,905
Europe	1,530	Asia	3,065	Africa	602	North America	2,258	South America	299	Oceania	142
Ukraine	380	China	743	Ethiopia	165	Mexico	1,535	Peru	104	Fiji	79
Russia	172	Vietnam	526	Somalia	104	Guatemala	239	Brazil	60	Australia	38
United Kingdom	143	Philippines	407	Kenya	54	Canada	232	Colombia	46	New Zealand	13
Romania	142	India	334	Egypt	48	Cuba	94	Venezuela	33	Samoa	8
Germany	106	Korea	191	Nigeria	33	El Salvador	56	Ecuador	16	Tonga	4
Soviet Union, frm	57	Japan	108	South Africa	29	Haiti	25	Chile	14		
Moldova	55	Uzbekistan	108	Ghana	24	Costa Rica	20	Argentina	12		
Belarus	27	Thailand	93	Liberia	22	Honduras	14	Paraguay	5		
Bulgaria	23	Taiwan	92	Morocco	16	Nicaragua	11	Bolivia	4		

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

2007 Immigration to Oregon by Origination Region

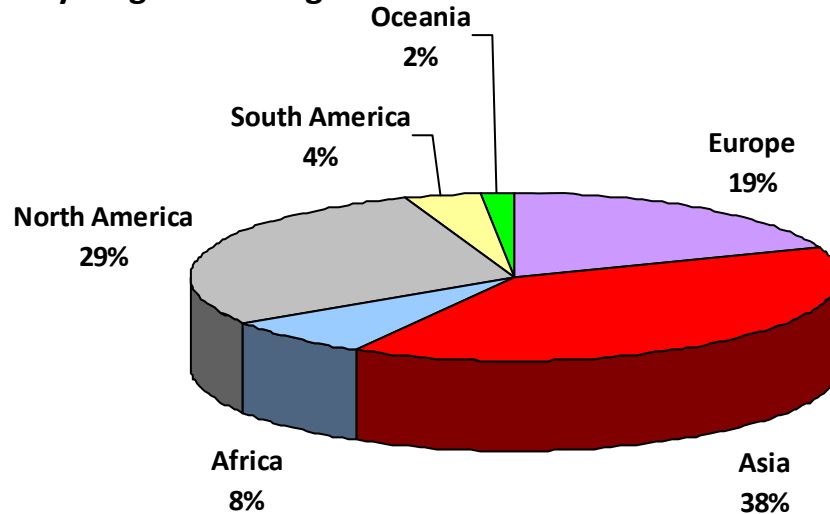


2007 Naturalization in Oregon by Country of Birth

										Total	5,572
Europe	1,289	Asia	2,305	Africa	273	North America	1,443	South America	175	Oceania	87
Soviet Union, frm	283	Vietnam	530	Somalia	65	Mexico	1,061	Brazil	36	Fiji	41
Ukraine	187	China	425	Ethiopia	62	Canada	151	Peru	35	Australia	20
Russia	143	India	383	South Africa	26	El Salvador	64	Colombia	31	New Zealand	12
Romania	119	Philippines	246	Nigeria	18	Guatemala	56	Argentina	19	Samoa	6
United Kingdom	96	Korea	168	Morocco	13	Cuba	47	Chile	19	Tonga	4
Bosnia - Herzegovina	70	Thailand	77	Liberia	11	Nicaragua	14	Ecuador	15	American Samo	3
Serbia - Montenegro	57	Iran	68	Sudan	11	Honduras	10	Venezuela	12		
Germany	52	Laos	60	Eritrea	9	Costa Rica	9	Bolivia	3		
Moldova	27	Cambodia	57	Ghana	9	Jamaica	9	Guyana	3		

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

2007 Naturalization in Oregon by Origination Region



Nonimmigrant Visitors to Oregon

	2005	2006	2007
Total	124,970	127,637	138,274
Foreign government officials and families	221	246	242
Temporary visitors: for business	30,581	30,990	33,246
Temporary visitors: for pleasure	70,869	72,047	77,728
Transit aliens	587	607	592
Treaty traders and investors	1,254	1,387	1,636
Students and dependant family	6,586	7,546	8,076
Representatives to international organizations and families	91	64	46
Temporary workers and trainees, dependent family	3,973	4,759	5,179
Representatives of foreign information media and families	111	163	134
Students and exchange visitors, and dependant family	3,612	3,728	4,348
Fiances/spouses of U.S. citizens and their children	748	784	682
Intracompany transferees and dependant family	2,706	2,386	2,978
Vocational students and dependant family	1,614	1,385	2,023
NATO officials and families		30	13
NAFTA professional workers and dependant family	758	827	815
Fiances/spouses of permanent residents and their children	181	130	57
All other classes	850	553	474

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

Foreign Direct Investment Established in Oregon

	U.S.	Oregon
All industries	118588	1399
Mining	1107	8
Utilities	815	53
Construction	1082	7
Manufacturing	10322	104
Wholesale trade	15798	267
Retail trade	30540	315
Transportation and warehousing	5468	87
Information	5046	40
Finance: Depository credit intermediation	3263	42
Finance: Insurance	3709	35
Real estate and rental and leasing	1890	20
Professional and technical services	4275	39
Accommodation and food services	15255	185
Other	16824	161

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

Oregon Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, ** 2006-2007
Oregon Exports Total	11,171,751	1.4%	12,380,658	1.4%	15,288,284	1.5%	16,515,410	1.4%	1.4%
Computers & Electronic Prod.	4,211,950	37.7%	4,602,109	37.2%	6,549,747	42.8%	6,303,526	38.2%	38.2%
Crop Production	1,550,859	13.9%	1,483,330	12.0%	1,490,521	9.7%	2,200,954	13.3%	13.3%
Transportation Equipment	1,353,118	12.1%	1,649,875	13.3%	1,883,625	12.3%	1,749,012	10.6%	10.6%
Machinery Manufactures	1,237,707	11.1%	1,343,526	10.9%	1,571,278	10.3%	1,694,704	10.3%	10.3%
Chemical Manufactures	424,133	3.8%	519,361	4.2%	496,873	3.3%	664,209	4.0%	4.0%
Primary Metal Manufactures	234,796	2.1%	368,317	3.0%	494,968	3.2%	601,556	3.6%	3.6%
Paper Products	290,392	2.6%	345,305	2.8%	373,555	2.4%	427,215	2.6%	2.6%
Wood Products	347,834	3.1%	343,379	2.8%	372,366	2.4%	419,423	2.5%	2.5%
Processed Foods	276,187	2.5%	304,674	2.5%	321,267	2.1%	409,187	2.5%	2.5%
Waste & Scrap	164,107	1.5%	134,868	1.1%	306,660	2.0%	407,255	2.5%	2.5%
Fabricated Metal Products	194,786	1.7%	215,347	1.7%	251,828	1.6%	306,156	1.9%	1.9%
Misc. Manufactures	116,391	1.0%	136,809	1.1%	213,075	1.4%	259,238	1.6%	1.6%
Elec. Eq., Appliances & Parts	147,609	1.3%	160,463	1.3%	182,669	1.2%	227,630	1.4%	1.4%
Plastic & Rubber Products	115,227	1.0%	139,209	1.1%	153,119	1.0%	181,839	1.1%	1.1%
Non-Metallic Mineral Mfgs.	83,623	0.7%	90,954	0.7%	87,804	0.6%	122,619	0.7%	0.7%
Leather & Related Products	94,173	0.8%	116,570	0.9%	141,964	0.9%	118,354	0.7%	0.7%
Petroleum & Coal Products	87,343	0.8%	84,888	0.7%	107,102	0.7%	104,329	0.6%	0.6%
Mining	5,183	0.0%	7,148	0.1%	4,125	0.0%	91,116	0.6%	0.6%
Printing & Related Products	37,417	0.3%	45,580	0.4%	45,092	0.3%	48,851	0.3%	0.3%
Spec. Classification Provisions	40,150	0.4%	104,470	0.8%	83,313	0.5%	42,041	0.3%	0.3%
Fishing, Hunting, & Trapping	54,660	0.5%	46,534	0.4%	47,565	0.3%	41,472	0.3%	0.3%
Furniture & Related Products	19,956	0.2%	19,031	0.2%	20,442	0.1%	20,188	0.1%	0.1%
Forestry & Logging	42,114	0.4%	25,358	0.2%	13,575	0.1%	18,965	0.1%	0.1%
Used Merchandise	10,953	0.1%	13,205	0.1%	15,346	0.1%	18,726	0.1%	0.1%
Apparel Manufactures	8,360	0.1%	8,897	0.1%	9,037	0.1%	8,313	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.

Oregon Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
World Total	11,171,751	1.4%	12,380,658	1.4%	15,288,284	1.5%	16,515,410	1.4%	1.4%
Canada	1,888,454	16.9%	2,337,206	18.9%	2,693,539	17.6%	2,785,331	16.9%	16.9%
Japan	1,212,566	10.9%	1,209,553	9.8%	1,251,534	8.2%	1,477,028	8.9%	8.9%
South Korea	1,122,296	10.0%	1,308,172	10.6%	1,288,373	8.4%	1,331,907	8.1%	8.1%
Philippines	675,821	6.0%	609,499	4.9%	870,840	5.7%	782,637	4.7%	4.7%
China	791,038	7.1%	805,230	6.5%	1,390,254	9.1%	1,432,243	8.7%	8.7%
Taiwan	659,091	5.9%	639,861	5.2%	854,604	5.6%	939,354	5.7%	5.7%
Malaysia	496,119	4.4%	914,641	7.4%	1,215,185	7.9%	1,076,699	6.5%	6.5%
Mexico	668,394	6.0%	811,404	6.6%	855,898	5.6%	954,010	5.8%	5.8%
Germany	330,275	3.0%	319,792	2.6%	386,040	2.5%	415,952	2.5%	2.5%
Singapore	245,801	2.2%	356,562	2.9%	491,175	3.2%	432,776	2.6%	2.6%
France	212,303	1.9%	222,925	1.8%	227,231	1.5%	284,178	1.7%	1.7%
Hong Kong	254,855	2.3%	229,913	1.9%	252,664	1.7%	309,525	1.9%	1.9%
Australia	321,356	2.9%	350,133	2.8%	417,784	2.7%	589,553	3.6%	3.6%
Netherlands	177,413	1.6%	173,388	1.4%	173,043	1.1%	288,298	1.7%	1.7%
United Kingdom	231,149	2.1%	220,561	1.8%	296,281	1.9%	289,738	1.8%	1.8%
Costa Rica	257,024	2.3%	264,725	2.1%	584,149	3.8%	542,879	3.3%	3.3%
Italy	115,667	1.0%	115,279	0.9%	194,048	1.3%	166,242	1.0%	1.0%
Thailand	74,063	0.7%	53,120	0.4%	108,607	0.7%	127,155	0.8%	0.8%
Belgium	78,031	0.7%	74,213	0.6%	73,257	0.5%	101,179	0.6%	0.6%
Indonesia	45,855	0.4%	53,764	0.4%	35,729	0.2%	180,785	1.1%	1.1%
Israel	58,251	0.5%	70,033	0.6%	85,540	0.6%	136,266	0.8%	0.8%
Viet Nam	33,481	0.3%	48,646	0.4%	51,724	0.3%	97,659	0.6%	0.6%
Brazil	33,728	0.3%	40,240	0.3%	62,685	0.4%	188,785	1.1%	1.1%
South Africa	22,861	0.2%	29,214	0.2%	110,768	0.7%	184,406	1.1%	1.1%
Iraq	2,960	0.0%	7,778	0.1%	71,925	0.5%	105,260	0.6%	0.6%

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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