

Business Data for Engaging in International Real Estate Transactions in Nevada

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Produced By: NAR Research

An abstract graphic at the bottom of the page consists of several overlapping, semi-transparent geometric planes in shades of blue and grey, creating a layered, architectural effect.

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 Nevada 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 Nevada

In 2007, total of 1,182,712 non-immigrant aliens came into Nevada. Those in some selected categories are;

- 984,810 temporary visitors for pleasure
- 160,850 temporary visitors for business
- 1,303 treaty traders and investors
- 3,538 foreign students and dependant families
- 6,742 temporary foreign workers, trainees and dependant families
- 806 NAFTA professional workers and dependant families

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

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 Nevada alone, there are 808 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 Nevada were \$ 797 million and \$ 241 million, respectively, in the past year. Third on the list of countries where Nevada products are exported is United Kingdom. The increase in Nevada exports may lead locally based companies to establish company representatives and sales personnel in those countries. Nevada real estate professionals may decide that it's time to set up referral networks with counterparts in Canada, Japan and United Kingdom.

Primary Metal Manufactures and Misc. Manufactures were the top export industries in Nevada. Those two industries combined account 60% of the entire exports from Nevada. 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 Nevada

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 Nevada, 8,363 newly admitted legal immigrants arrived in 2007. The largest group came from Mexico (3,082). Other top countries of origin include:

- Philippines (2,415)
- Cuba (774)
- China, People's Republic (661)
- El Salvador (413)

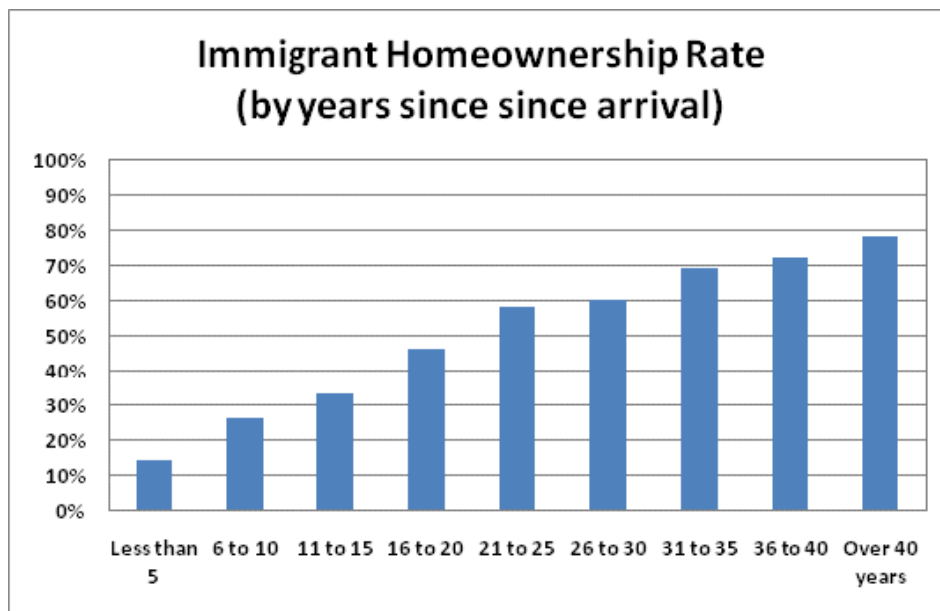
Real estate professionals may want to consider assisting, participating or setting up a network partner with these communities to open up business opportunities. In 2007, 8,363 immigrants to Nevada became U.S. citizens. Natives of Mexico led with the highest number (2,840) of newly naturalized citizens 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.

- Philippines (1,427)
- El Salvador (363)
- Cuba (245)
- China, People's Republic (226)

As of 2007 there are 189,707 (7.4% of the state population) of naturalized citizens and 308,114 non-citizens (12.0% of the state population) in Nevada. 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 Nevada

	Total Population	U.S. Born Citizen	Foreign Born (%)	Naturalized Citizen	Non-U.S. Citizen	
Male	1,301,954	1,046,115	255,839	19.7%	91,782	164,057
18 and Over	963,793	731,029	232,764	24.2%	88,168	144,596
Under 18	338,161	315,086	23,075	6.8%	3,614	19,461
Female	1,263,428	1,021,446	241,982	19.2%	97,925	144,057
18 and Over	937,239	717,437	219,802	23.5%	95,570	124,232
Under 18	326,189	304,009	22,180	6.8%	2,355	19,825
Total	2,565,382	2,067,561	497,821	19.4%	189,707	308,114

Source: Census Bureau, American Community Survey 2007

Foreign Born Population in Nevada by Year of Entry

	Total Population	U.S. Born Citizen	Foreign Born	Naturalized Citizen	Non-U.S. Citizen
2000 or later	147,466	4,495	142,971	10,332	132,639
1990 to 1999	153,582	5,839	147,743	45,843	101,900
Entered 1980 to 1989	119,328	5,585	113,743	63,715	50,028
Entered before 1980	109,951	16,587	93,364	69,817	23,547
Total	530,327	32,506	497,821	189,707	308,114

Source: Census Bureau, American Community Survey 2007

Main Languages Spoken in Households

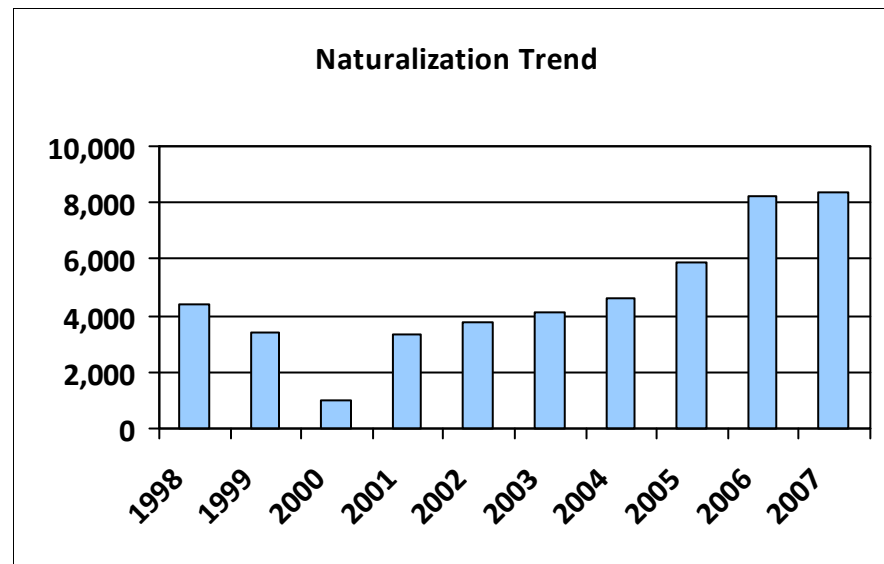
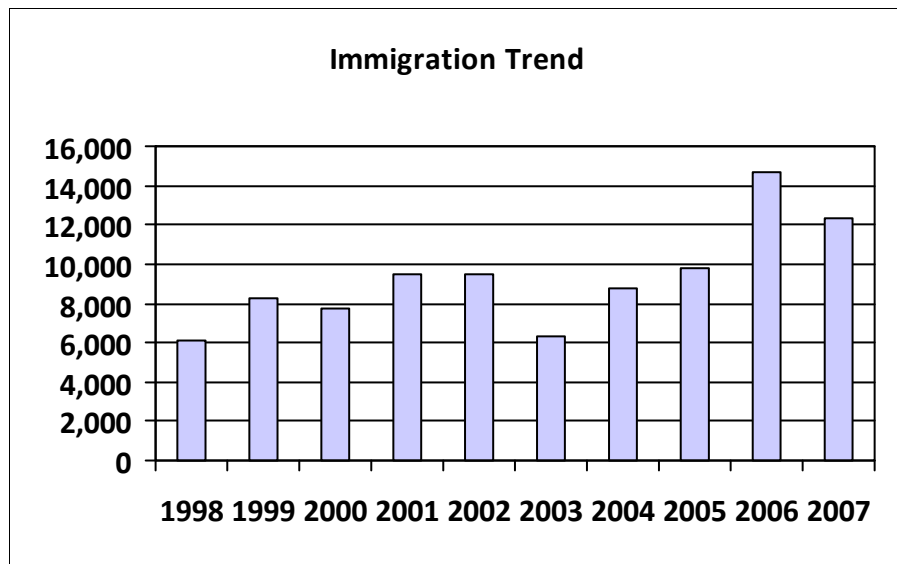
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	694,790		
Spanish	166,977	51,648	115,329
Indo-European	34,903	4,812	30,091
Asian-Pacific	49,425	9,518	39,907
Other	7,972	1,543	6,429
Total	954,067	67,521	191,756

Source: Census Bureau, American Community Survey 2007

Immigration and Naturalization Trend in Nevada

Year	Admitted Immigrants	Naturalization
1998	6,093	4,389
1999	8,268	3,414
2000	7,757	960
2001	9,459	3,321
2002	9,447	3,779
2003	6,336	4,095
2004	8,798	4,622
2005	9,823	5,901
2006	14,713	8,202
2007	12,308	8,363

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

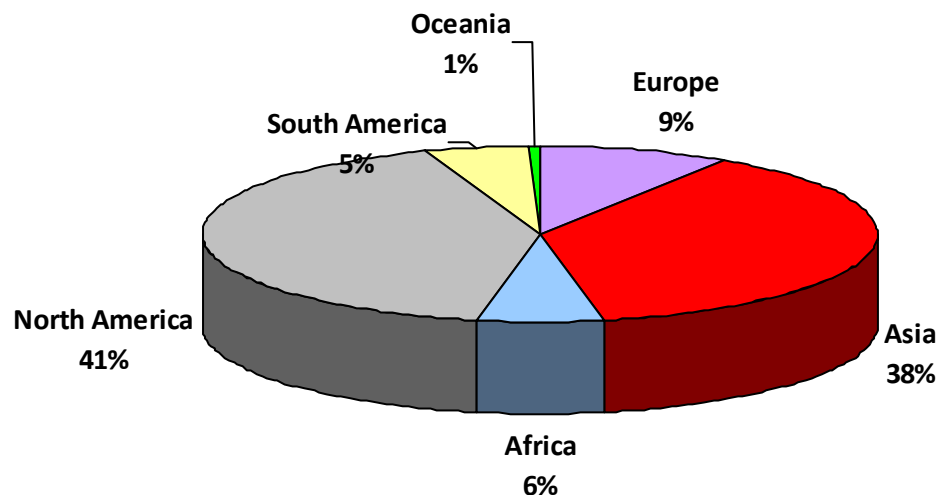


2007 Immigration to Nevada by Country of Birth

										Total	12,308
Europe	1,134	Asia	4,626	Africa	766	North America	5,072	South America	621	Oceania	71
Bulgaria	151	Philippines	2,415	Ethiopia	399	Mexico	3,082	Colombia	161	Australia	32
United Kingdom	143	China	661	Kenya	53	Cuba	774	Peru	158	New Zealand	17
Romania	91	India	245	Nigeria	50	El Salvador	413	Brazil	111	Fiji	12
Russia	70	Thailand	180	Somalia	49	Guatemala	298	Argentina	56	Samoa	6
Germany	58	Vietnam	148	Eritrea	34	Canada	206	Ecuador	46	Tonga	3
Poland	56	Korea	141	Morocco	24	Nicaragua	69	Venezuela	31		
Ukraine	56	Iran	101	Ghana	21	Honduras	62	Chile	23		
Soviet Union, frm	54	Pakistan	87	South Africa	20	Belize	35	Bolivia	14		
Bosnia - Herzegovina	40	Armenia	85	Cameroon	19	Costa Rica	28	Uruguay	13		

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

2007 Immigration to Nevada by Origination Region

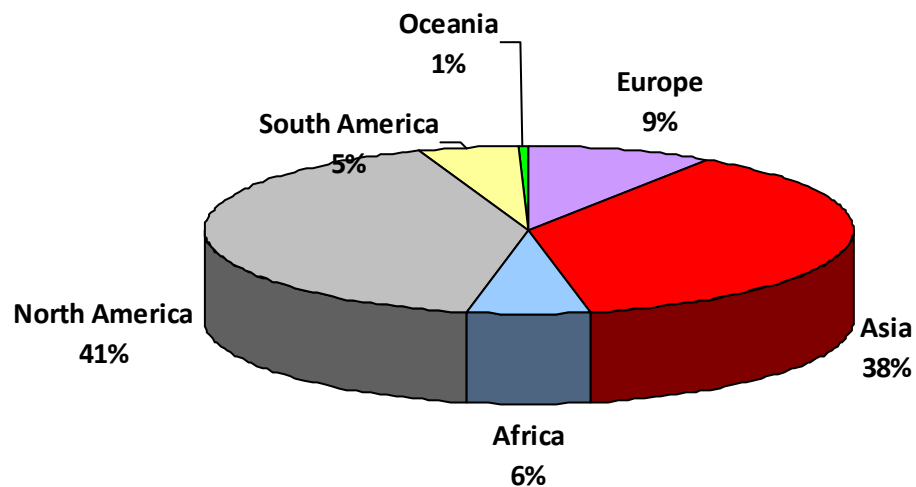


2007 Naturalization in Nevada by Country of Birth

										Total	8,363
Europe	795	Asia	2,791	Africa	340	North America	4,039	South America	361	Oceania	35
Bosnia - Herzegovina	107	Philippines	1,427	Ethiopia	194	Mexico	2,840	Peru	104	Australia	15
Bulgaria	82	China	226	South Africa	21	El Salvador	363	Colombia	90	Fiji	7
United Kingdom	75	Vietnam	194	Nigeria	19	Cuba	245	Brazil	47	Tonga	7
Russia	63	Korea	155	Morocco	17	Guatemala	166	Argentina	36	New Zealand	5
Romania	55	Thailand	130	Egypt	14	Canada	120	Chile	27		
Germany	36	India	129	Sudan	13	Nicaragua	118	Ecuador	18		
Poland	32	Iran	95	Eritrea	12	Honduras	60	Venezuela	14		
Ukraine	30	Taiwan	52	Ghana	10	Dominican Republic	32	Bolivia	12		
Croatia	28	Laos	40	Algeria	7	Costa Rica	22	Uruguay	8		

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

2007 Naturalization in Nevada by Origination Region



Nonimmigrant Visitors to Nevada

	2005	2006	2007
Total	1,004,080	1,067,921	1,182,712
Foreign government officials and families	1,151	1,110	1,218
Temporary visitors: for business	148,685	144,871	160,850
Temporary visitors: for pleasure	835,325	895,743	984,810
Transit aliens	280	410	335
Treaty traders and investors	894	1,113	1,303
Students and dependant family	3,134	3,401	3,538
Representatives to international organizations and families	66	86	61
Temporary workers and trainees, dependent family	3,508	6,065	6,742
Representatives of foreign information media and families	1,031	1,111	1,484
Students and exchange visitors, and dependant family	2,866	4,655	4,778
Fiances/spouses of U.S. citizens and their children	810	761	919
Intracompany transferees and dependant family	798	1,027	1,276
Vocational students and dependant family	416	406	437
NATO officials and families	10	245	456
NAFTA professional workers and dependant family	614	710	806
Fiances/spouses of permanent residents and their children	252	209	186
All other classes	2,958	5,994	13,508

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

Foreign Direct Investment Established in Nevada

	U.S.	Nevada
All industries	118588	808
Mining	1107	22
Utilities	815	3
Construction	1082	16
Manufacturing	10322	53
Wholesale trade	15798	118
Retail trade	30540	248
Transportation and warehousing	5468	46
Information	5046	23
Finance: Depository credit intermediation	3263	11
Finance: Insurance	3709	19
Real estate and rental and leasing	1890	16
Professional and technical services	4275	22
Accommodation and food services	15255	65
Other	16824	113

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

Nevada Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, ** 2006-2007
Nevada Exports Total	2,906,689	0.4%	3,936,548	0.4%	5,493,142	0.5%	5,713,222	0.5%	0.5%
Primary Metal Manufactures	1,274,547	43.8%	1,846,943	46.9%	2,686,890	48.9%	2,613,223	45.7%	45.7%
Misc. Manufactures	435,661	15.0%	570,866	14.5%	813,501	14.8%	790,160	13.8%	13.8%
Computers & Electronic Prod.	571,206	19.7%	627,977	16.0%	683,924	12.5%	699,775	12.2%	12.2%
Mining	47,439	1.6%	190,113	4.8%	409,141	7.4%	576,449	10.1%	10.1%
Machinery Manufactures	129,402	4.5%	153,755	3.9%	239,065	4.4%	247,075	4.3%	4.3%
Transportation Equipment	76,745	2.6%	90,205	2.3%	143,030	2.6%	216,314	3.8%	3.8%
Fabricated Metal Products	85,391	2.9%	117,638	3.0%	120,376	2.2%	107,870	1.9%	1.9%
Elec. Eq., Appliances & Parts	28,980	1.0%	45,820	1.2%	53,913	1.0%	73,939	1.3%	1.3%
Printing & Related Products	35,031	1.2%	43,399	1.1%	64,331	1.2%	56,416	1.0%	1.0%
Chemical Manufactures	44,188	1.5%	56,455	1.4%	42,950	0.8%	55,884	1.0%	1.0%
Plastic & Rubber Products	43,911	1.5%	54,366	1.4%	62,508	1.1%	51,707	0.9%	0.9%
Spec. Classification Provisions	35,732	1.2%	32,812	0.8%	27,772	0.5%	45,480	0.8%	0.8%
Used Merchandise	7,450	0.3%	13,377	0.3%	14,454	0.3%	24,871	0.4%	0.4%
Non-Apparel Textile Products	4,459	0.2%	6,935	0.2%	9,924	0.2%	22,198	0.4%	0.4%
Processed Foods	11,844	0.4%	12,603	0.3%	13,834	0.3%	21,818	0.4%	0.4%
Non-Metallic Mineral Mfgs.	8,785	0.3%	13,287	0.3%	17,861	0.3%	21,207	0.4%	0.4%
Crop Production	5,573	0.2%	7,780	0.2%	11,164	0.2%	15,628	0.3%	0.3%
Leather & Related Products	5,143	0.2%	9,657	0.2%	31,982	0.6%	15,230	0.3%	0.3%
Apparel Manufactures	9,783	0.3%	10,509	0.3%	8,704	0.2%	11,695	0.2%	0.2%
Wood Products	7,313	0.3%	7,539	0.2%	9,751	0.2%	8,984	0.2%	0.2%
Waste & Scrap	3,753	0.1%	4,237	0.1%	4,817	0.1%	7,964	0.1%	0.1%
Furniture & Related Products	2,479	0.1%	6,078	0.2%	5,564	0.1%	7,064	0.1%	0.1%
Beverage & Tobacco Products	2,680	0.1%	2,327	0.1%	2,908	0.1%	6,581	0.1%	0.1%
Animal Production	734	0.0%	880	0.0%	2,086	0.0%	4,638	0.1%	0.1%
Paper Products	3,153	0.1%	5,054	0.1%	7,825	0.1%	3,997	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.

Nevada Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
World Total	2,906,689	0.4%	3,936,548	0.4%	5,493,142	0.5%	5,713,222	0.5%	0.5%
Canada	583,293	20.1%	561,236	14.3%	696,792	12.7%	797,101	14.0%	14.0%
Japan	100,967	3.5%	154,219	3.9%	239,327	4.4%	241,128	4.2%	4.2%
United Kingdom	70,372	2.4%	77,581	2.0%	80,906	1.5%	107,961	1.9%	1.9%
Mexico	117,578	4.0%	179,117	4.6%	207,913	3.8%	177,535	3.1%	3.1%
Belgium	34,879	1.2%	51,618	1.3%	104,270	1.9%	75,035	1.3%	1.3%
Australia	64,600	2.2%	79,798	2.0%	100,790	1.8%	86,932	1.5%	1.5%
Germany	50,342	1.7%	46,702	1.2%	102,381	1.9%	88,828	1.6%	1.6%
Hong Kong	38,530	1.3%	39,530	1.0%	69,709	1.3%	69,257	1.2%	1.2%
Israel	71,351	2.5%	111,627	2.8%	142,669	2.6%	113,801	2.0%	2.0%
France	44,735	1.5%	48,760	1.2%	75,689	1.4%	73,587	1.3%	1.3%
Netherlands	46,921	1.6%	104,240	2.6%	102,155	1.9%	75,883	1.3%	1.3%
Singapore	28,922	1.0%	35,007	0.9%	33,036	0.6%	38,263	0.7%	0.7%
South Korea	32,613	1.1%	42,215	1.1%	52,692	1.0%	65,306	1.1%	1.1%
China	47,066	1.6%	137,410	3.5%	203,219	3.7%	351,691	6.2%	6.2%
Malaysia	20,620	0.7%	36,558	0.9%	67,639	1.2%	37,580	0.7%	0.7%
Italy	29,522	1.0%	25,997	0.7%	26,463	0.5%	35,560	0.6%	0.6%
South Africa	17,699	0.6%	22,871	0.6%	33,546	0.6%	28,925	0.5%	0.5%
Switzerland	1,260,130	43.4%	1,832,748	46.6%	2,676,602	48.7%	2,623,047	45.9%	45.9%
Thailand	20,469	0.7%	30,296	0.8%	26,681	0.5%	41,000	0.7%	0.7%
Russian Federation	7,601	0.3%	10,371	0.3%	10,581	0.2%	75,184	1.3%	1.3%
Brazil	7,921	0.3%	14,583	0.4%	24,766	0.5%	24,777	0.4%	0.4%
India	13,173	0.5%	11,092	0.3%	58,076	1.1%	33,370	0.6%	0.6%
Argentina	8,393	0.3%	16,720	0.4%	38,051	0.7%	37,782	0.7%	0.7%
Qatar	968	0.0%	2,171	0.1%	13,148	0.2%	39,675	0.7%	0.7%
Macau, SAR of China	4,295	0.1%	9,485	0.2%	22,598	0.4%	28,557	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.

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