

Business Data for Engaging in International Real Estate Transactions in Maryland

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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 Maryland 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 Maryland

In 2007, total of 322,619 non-immigrant aliens came into Maryland. Those in some selected categories are;

- 173,968 temporary visitors for pleasure
- 55,326 temporary visitors for business
- 1,592 treaty traders and investors
- 12,014 foreign students and dependant families
- 20,552 temporary foreign workers, trainees and dependant families
- 1,633 NAFTA professional workers and dependant families

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

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 Maryland alone, there are 2,644 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 Netherlands from Maryland were \$ 1,449 million and \$ 365 million, respectively, in the past year. Third on the list of countries where Maryland products are exported is United Kingdom. The increase in Maryland exports may lead locally based companies to establish company representatives and sales personnel in those countries. Maryland real estate professionals may decide that it's time to set up referral networks with counterparts in Canada, Netherlands and United Kingdom.

Transportation Equipment and Chemical Manufactures were the top export industries in Maryland. Those two industries combined account 38% of the entire exports from Maryland. 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 Maryland

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 Maryland, 11,613 newly admitted legal immigrants arrived in 2007. The largest group came from India (1,617). Other top countries of origin include:

- China, People's Republic (1,568)
- El Salvador (1,542)
- Nigeria (1,484)
- Ethiopia (1,451)

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, 11,613 immigrants to

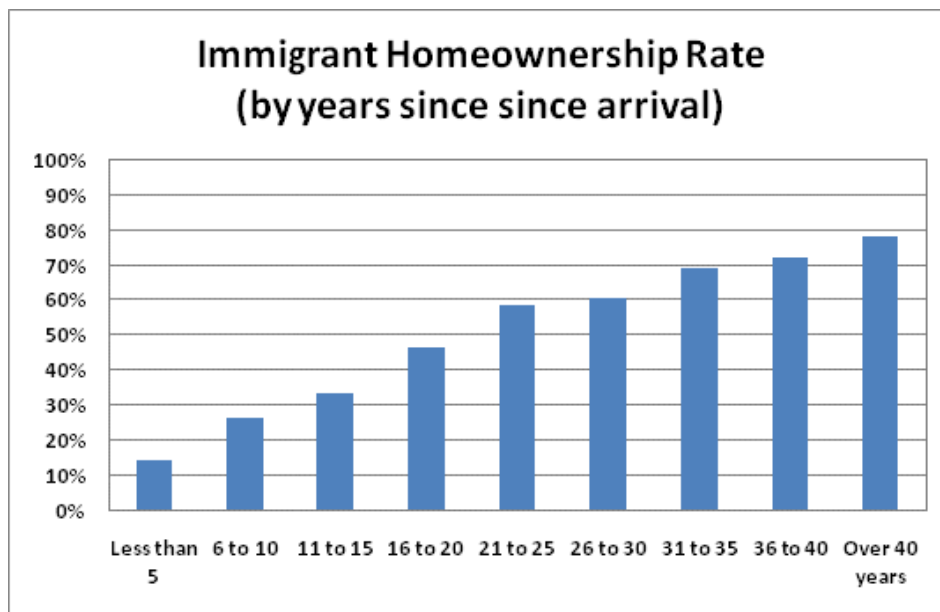
² There are contentious issues relating to swelling illegal immigration and assimilation, and this paper does not attempt to delve into this difficult topic.

Maryland became U.S. citizens. Natives of India led with the highest number (1,042) of newly naturalized citizens in the state last year. Other top countries represented include:

- China, People's Republic (765)
- El Salvador (751)
- Korea (646)
- Nigeria (625)

As of 2007 there are 315,892 (5.6% of the state population) of naturalized citizens and 378,698 non-citizens (6.7% of the state population) in Maryland. 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 Maryland

	Total Population	U.S. Born Citizen	Foreign Born (%)	Naturalized Citizen	Non-U.S. Citizen	
Male	2,715,986	2,378,928	337,058	12.4%	146,124	190,934
18 and Over	2,023,522	1,716,649	306,873	15.2%	138,569	168,304
Under 18	692,464	662,279	30,185	4.4%	7,555	22,630
Female	2,902,358	2,544,826	357,532	12.3%	169,768	187,764
18 and Over	2,236,246	1,906,021	330,225	14.8%	162,856	167,369
Under 18	666,112	638,805	27,307	4.1%	6,912	20,395
Total	5,618,344	4,923,754	694,590	12.4%	315,892	378,698

Source: Census Bureau, American Community Survey 2007

Foreign Born Population in Maryland by Year of Entry

	Total Population	U.S. Born Citizen	Foreign Born	Naturalized Citizen	Non-U.S. Citizen
2000 or later	242,684	15,233	227,451	22,723	204,728
1990 to 1999	211,696	13,043	198,653	86,738	111,915
Entered 1980 to 1989	146,370	10,748	135,622	91,477	44,145
Entered before 1980	159,612	26,748	132,864	114,954	17,910
Total	760,362	65,772	694,590	315,892	378,698

Source: Census Bureau, American Community Survey 2007

Main Languages Spoken in Households

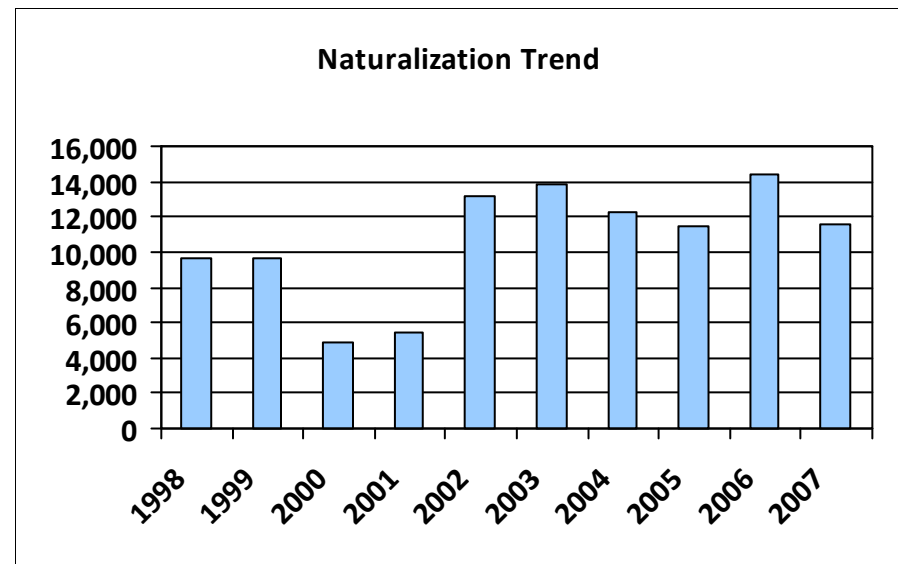
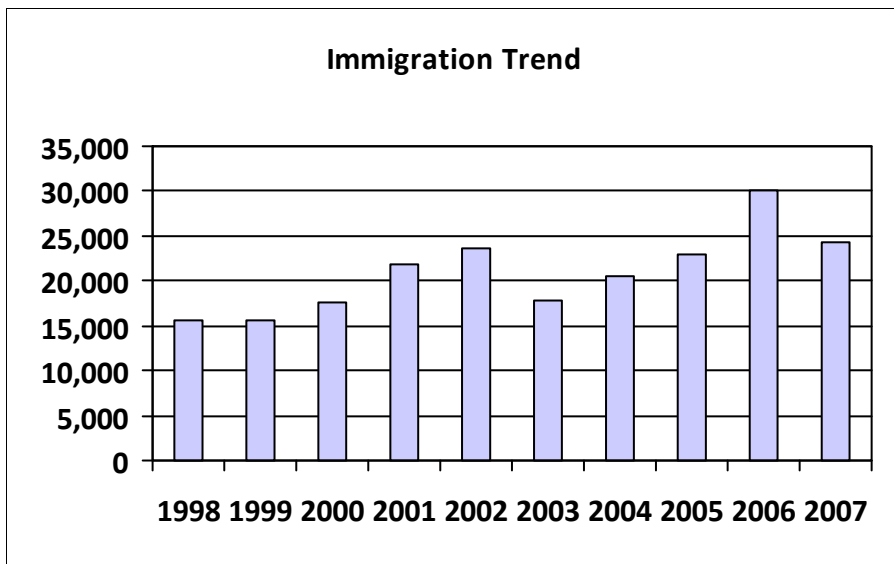
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	1,743,936		
Spanish	121,222	29,653	91,569
Indo-European	106,527	13,901	92,626
Asian-Pacific	72,466	19,661	52,805
Other	38,307	4,368	33,939
Total	2,082,458	67,583	270,939

Source: Census Bureau, American Community Survey 2007

Immigration and Naturalization Trend in Maryland

Year	Admitted Immigrants	Naturalization
1998	15,523	9,597
1999	15,543	9,675
2000	17,565	4,904
2001	21,919	5,405
2002	23,677	13,217
2003	17,770	13,836
2004	20,549	12,295
2005	22,868	11,503
2006	30,199	14,465
2007	24,255	11,613

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

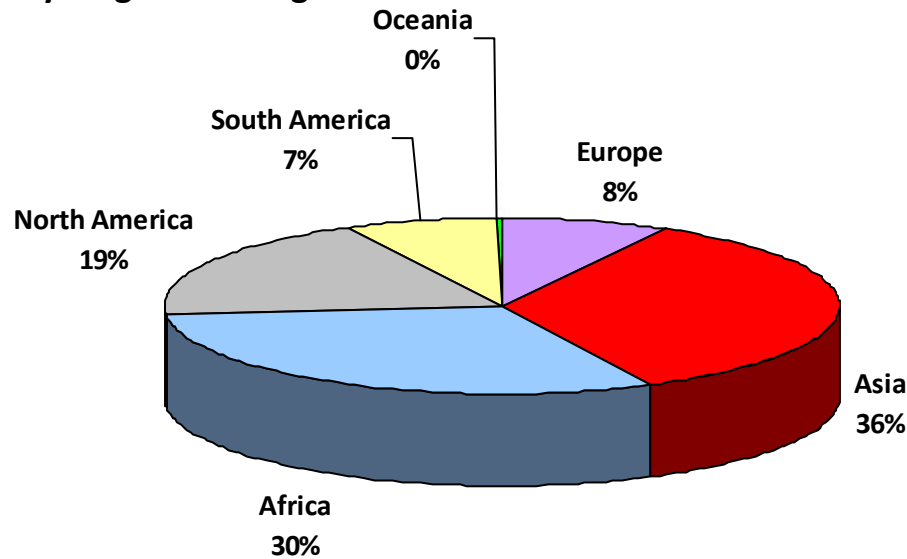


2007 Immigration to Maryland by Country of Birth

										Total	24,255
Europe	1,919	Asia	8,443	Africa	7,368	North America	4,661	South America	1,757	Oceania	57
Russia	286	India	1,617	Nigeria	1,484	El Salvador	1,542	Peru	489	Australia	35
United Kingdom	235	China	1,568	Ethiopia	1,451	Mexico	700	Colombia	346	New Zealand	15
Germany	121	Philippines	1,407	Cameroon	1,131	Jamaica	474	Brazil	199	Fiji	3
Ukraine	121	Korea	699	Ghana	524	Guatemala	438	Bolivia	161	Samoa	3
Bulgaria	90	Pakistan	517	Liberia	361	Trinidad - Tobago	309	Ecuador	124		
Romania	84	Vietnam	448	Sierra Leone	339	Haiti	290	Argentina	114		
Soviet Union, frm	77	Iran	319	Togo	320	Dominican Republic	231	Guyana	114		
France	75	Bangladesh	259	Kenya	275	Honduras	218	Venezuela	105		
Poland	62	Nepal	213	Cote d'Ivoire	137	Canada	157	Chile	57		

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

2007 Immigration to Maryland by Origination Region

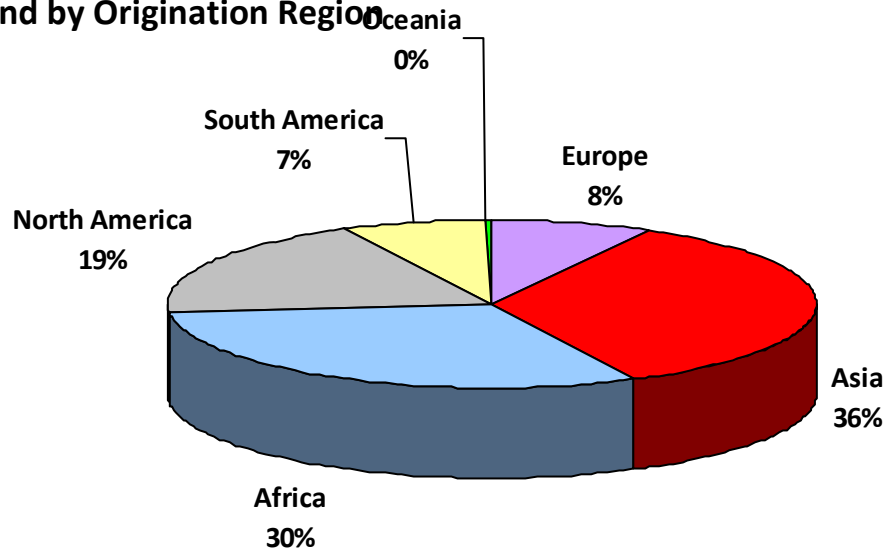


2007 Naturalization in Maryland by Country of Birth

										Total	11,613
Europe	1,181	Asia	4,798	Africa	2,332	North America	2,399	South America	867	Oceania	28
United Kingdom	163	India	1,042	Nigeria	625	El Salvador	751	Peru	209	Australia	21
Russia	156	China	765	Ethiopia	361	Jamaica	393	Guyana	135	New Zealand	7
Ukraine	122	Korea	646	Sierra Leone	268	Trinidad - Tobago	200	Colombia	125		
Germany	90	Philippines	548	Ghana	229	Mexico	180	Bolivia	96		
Soviet Union, frm	72	Pakistan	319	Liberia	119	Dominican Republic	141	Brazil	92		
Romania	59	Vietnam	305	Cameroon	117	Guatemala	121	Ecuador	74		
Poland	47	Iran	268	Kenya	67	Nicaragua	117	Argentina	43		
Serbia - Montenegro	37	Taiwan	141	Morocco	62	Canada	102	Venezuela	42		
Italy	35	Bangladesh	109	Sudan	59	Haiti	99	Chile	29		

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

2007 Naturalization in Maryland by Origination Region



Nonimmigrant Visitors to Maryland

	2005	2006	2007
Total	291,045	300,318	322,619
Foreign government officials and families	9,069	9,146	9,374
Temporary visitors: for business	50,069	50,471	55,326
Temporary visitors: for pleasure	158,960	161,960	173,968
Transit aliens	1,555	1,592	1,508
Treaty traders and investors	1,326	1,484	1,592
Students and dependant family	10,054	11,188	12,014
Representatives to international organizations and families	18,958	19,213	19,327
Temporary workers and trainees, dependent family	12,516	18,854	20,552
Representatives of foreign information media and families	949	942	945
Students and exchange visitors, and dependant family	15,347	17,057	18,398
Fiances/spouses of U.S. citizens and their children	1,044	1,074	1,081
Intracompany transferees and dependant family	2,655	2,732	2,969
Vocational students and dependant family	1,429	1,512	1,557
NATO officials and families	11	377	428
NAFTA professional workers and dependant family	1,379	1,520	1,633
Fiances/spouses of permanent residents and their children	211	144	106
All other classes	1,459	1,048	1,836

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

Foreign Direct Investment Established in Maryland

	U.S.	Maryland
All industries	118588	2644
Mining	1107	13
Utilities	815	4
Construction	1082	28
Manufacturing	10322	124
Wholesale trade	15798	261
Retail trade	30540	814
Transportation and warehousing	5468	87
Information	5046	108
Finance: Depository credit intermediation	3263	155
Finance: Insurance	3709	85
Real estate and rental and leasing	1890	31
Professional and technical services	4275	73
Accommodation and food services	15255	325
Other	16824	487

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

Maryland Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, ** 2006-2007
Maryland Exports Total	5,746,142	0.7%	7,119,177	0.8%	7,597,860	0.7%	8,945,518	0.8%	0.8%
Transportation Equipment	941,708	16.4%	1,242,365	17.5%	1,365,916	18.0%	1,955,250	21.9%	21.9%
Chemical Manufactures	995,979	17.3%	1,154,447	16.2%	1,401,261	18.4%	1,478,201	16.5%	16.5%
Computers & Electronic Prod.	991,240	17.3%	1,192,791	16.8%	1,238,389	16.3%	1,393,264	15.6%	15.6%
Machinery Manufactures	587,800	10.2%	623,522	8.8%	645,975	8.5%	826,823	9.2%	9.2%
Primary Metal Manufactures	187,917	3.3%	345,880	4.9%	250,246	3.3%	511,981	5.7%	5.7%
Elec. Eq., Appliances & Parts	176,815	3.1%	236,963	3.3%	246,355	3.2%	312,485	3.5%	3.5%
Waste & Scrap	65,469	1.1%	134,018	1.9%	223,010	2.9%	294,140	3.3%	3.3%
Fabricated Metal Products	370,676	6.5%	472,790	6.6%	378,727	5.0%	290,183	3.2%	3.2%
Spec. Classification Provisions	131,814	2.3%	284,126	4.0%	384,826	5.1%	279,532	3.1%	3.1%
Mining	94,046	1.6%	174,431	2.5%	241,937	3.2%	248,426	2.8%	2.8%
Printing & Related Products	182,294	3.2%	212,985	3.0%	223,511	2.9%	227,501	2.5%	2.5%
Processed Foods	122,204	2.1%	153,680	2.2%	167,660	2.2%	160,179	1.8%	1.8%
Plastic & Rubber Products	117,590	2.0%	117,927	1.7%	130,068	1.7%	147,933	1.7%	1.7%
Fabric Mill Products	110,872	1.9%	109,001	1.5%	113,458	1.5%	130,613	1.5%	1.5%
Misc. Manufactures	118,180	2.1%	104,623	1.5%	107,046	1.4%	130,249	1.5%	1.5%
Paper Products	61,260	1.1%	73,278	1.0%	92,418	1.2%	112,588	1.3%	1.3%
Petroleum & Coal Products	9,088	0.2%	18,382	0.3%	73,560	1.0%	106,554	1.2%	1.2%
Non-Metallic Mineral Mfgs.	30,728	0.5%	44,237	0.6%	42,239	0.6%	51,453	0.6%	0.6%
Non-Apparel Textile Products	21,688	0.4%	34,332	0.5%	33,378	0.4%	43,938	0.5%	0.5%
Furniture & Related Products	16,302	0.3%	25,908	0.4%	29,802	0.4%	36,783	0.4%	0.4%
Used Merchandise	21,960	0.4%	23,126	0.3%	32,426	0.4%	33,091	0.4%	0.4%
Apparel Manufactures	16,578	0.3%	24,145	0.3%	30,197	0.4%	29,488	0.3%	0.3%
Beverage & Tobacco Products	23,212	0.4%	25,272	0.4%	20,968	0.3%	28,375	0.3%	0.3%
Wood Products	59,129	1.0%	62,573	0.9%	38,370	0.5%	25,317	0.3%	0.3%
Forestry & Logging	20,804	0.4%	20,924	0.3%	19,363	0.3%	22,983	0.3%	0.3%

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.

Maryland Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
World Total	5,746,142	0.7%	7,119,177	0.8%	7,597,860	0.7%	8,945,518	0.8%	0.8%
Canada	1,091,684	19.0%	1,339,169	18.8%	1,491,291	19.6%	1,448,981	16.2%	16.2%
Netherlands	165,296	2.9%	211,839	3.0%	355,161	4.7%	364,854	4.1%	4.1%
United Kingdom	323,019	5.6%	350,108	4.9%	444,626	5.9%	469,538	5.2%	5.2%
Japan	359,672	6.3%	467,189	6.6%	315,135	4.1%	345,076	3.9%	3.9%
Mexico	341,278	5.9%	308,577	4.3%	230,532	3.0%	465,540	5.2%	5.2%
Belgium	205,621	3.6%	379,460	5.3%	335,354	4.4%	361,002	4.0%	4.0%
South Korea	173,360	3.0%	113,212	1.6%	130,849	1.7%	181,389	2.0%	2.0%
Germany	168,935	2.9%	294,758	4.1%	325,047	4.3%	422,040	4.7%	4.7%
France	180,354	3.1%	136,125	1.9%	220,200	2.9%	234,555	2.6%	2.6%
China	223,870	3.9%	284,298	4.0%	307,678	4.0%	445,806	5.0%	5.0%
Brazil	143,108	2.5%	177,568	2.5%	158,872	2.1%	195,732	2.2%	2.2%
Saudi Arabia	88,920	1.5%	125,611	1.8%	159,373	2.1%	182,705	2.0%	2.0%
Australia	141,405	2.5%	162,561	2.3%	213,328	2.8%	358,128	4.0%	4.0%
Italy	104,223	1.8%	152,446	2.1%	102,820	1.4%	150,027	1.7%	1.7%
Hong Kong	79,141	1.4%	81,437	1.1%	112,309	1.5%	142,970	1.6%	1.6%
India	77,638	1.4%	112,595	1.6%	103,016	1.4%	154,304	1.7%	1.7%
Singapore	57,179	1.0%	53,464	0.8%	60,869	0.8%	80,154	0.9%	0.9%
Sweden	74,370	1.3%	81,323	1.1%	144,802	1.9%	118,546	1.3%	1.3%
United Arab Emirates	44,151	0.8%	53,312	0.7%	72,072	0.9%	121,791	1.4%	1.4%
Spain	37,679	0.7%	35,346	0.5%	43,008	0.6%	130,597	1.5%	1.5%
Egypt	382,510	6.7%	780,150	11.0%	809,896	10.7%	712,968	8.0%	8.0%
Kuwait	36,260	0.6%	40,311	0.6%	74,168	1.0%	78,405	0.9%	0.9%
Israel	33,404	0.6%	46,104	0.6%	43,690	0.6%	81,322	0.9%	0.9%
Oman	9,430	0.2%	30,440	0.4%	45,526	0.6%	86,168	1.0%	1.0%
Iraq	15,645	0.3%	34,963	0.5%	42,778	0.6%	77,092	0.9%	0.9%

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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