

Business Data for Engaging in International Real Estate Transactions in Louisiana

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 Louisiana 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 Louisiana

In 2007, total of 138,693 non-immigrant aliens came into Louisiana. Those in some selected categories are;

- 55,564 temporary visitors for pleasure
- 42,929 temporary visitors for business
- 852 treaty traders and investors
- 5,473 foreign students and dependant families
- 19,285 temporary foreign workers, trainees and dependant families
- 485 NAFTA professional workers and dependant families

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

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 Louisiana alone, there are 1,274 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 Mexico from Louisiana were \$ 2,831 million and \$ 2,830 million, respectively, in the past year. Third on the list of countries where Louisiana products are exported is Canada. The increase in Louisiana exports may lead locally based companies to establish company representatives and sales personnel in those countries. Louisiana real estate professionals may decide that it's time to set up referral networks with counterparts in Japan, Mexico and Canada.

Crop Production and Petroleum & Coal Products were the top export industries in Louisiana. Those two industries combined account 60% of the entire exports from Louisiana. 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 Louisiana

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 Louisiana, 2,240 newly admitted legal immigrants arrived in 2007. The largest group came from Vietnam (386). Other top countries of origin include:

- China, People's Republic (248)
- Mexico (241)
- Honduras (233)
- Philippines (211)

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, 2,240 immigrants to

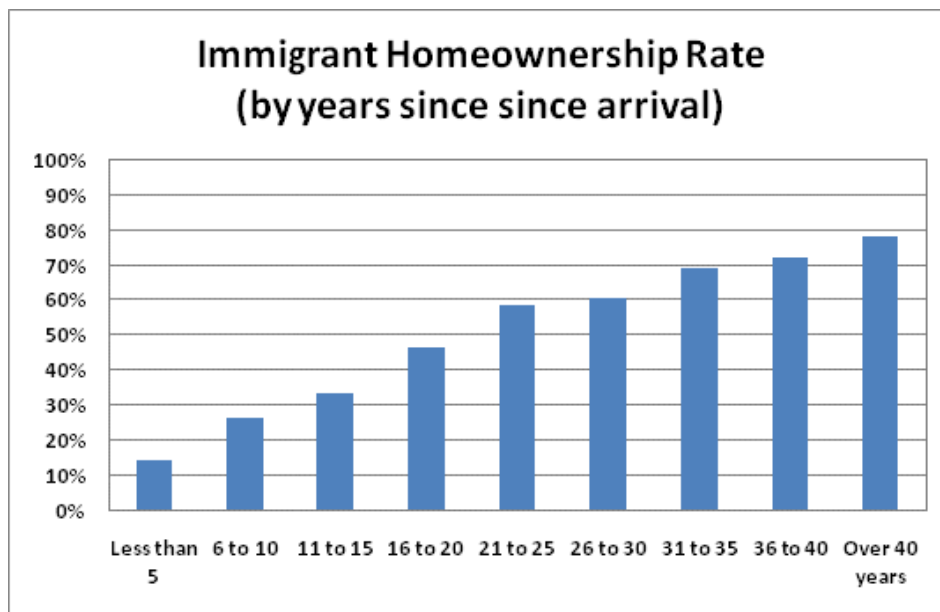
² There are contentious issues relating to swelling illegal immigration and assimilation, and this paper does not attempt to delve into this difficult topic.

Louisiana became U.S. citizens. Natives of Vietnam led with the highest number (452) of newly naturalized citizens in the state last year. Other top countries represented include:

- Honduras (210)
- India (152)
- Mexico (125)
- Philippines (95)

As of 2007 there are 61,952 (1.4% of the state population) of naturalized citizens and 81,315 non-citizens (1.9% of the state population) in Louisiana. 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 Louisiana

	Total Population	U.S. Born Citizen	Foreign Born (%)	Naturalized Citizen	Non-U.S. Citizen	
Male	2,088,309	2,012,786	75,523	3.6%	29,869	45,654
18 and Over	1,534,291	1,465,320	68,971	4.5%	28,306	40,665
Under 18	554,018	547,466	6,552	1.2%	1,563	4,989
Female	2,204,895	2,137,151	67,744	3.1%	32,083	35,661
18 and Over	1,680,381	1,617,711	62,670	3.7%	30,483	32,187
Under 18	524,514	519,440	5,074	1.0%	1,600	3,474
Total	4,293,204	4,149,937	143,267	3.3%	61,952	81,315

Source: Census Bureau, American Community Survey 2007

Foreign Born Population in Louisiana by Year of Entry

	Total Population	U.S. Born Citizen	Foreign Born	Naturalized Citizen	Non-U.S. Citizen
2000 or later	54,490	3,378	51,112	4,548	46,564
1990 to 1999	31,118	2,498	28,620	10,582	18,038
Entered 1980 to 1989	32,037	3,919	28,118	16,904	11,214
Entered before 1980	47,592	12,175	35,417	29,918	5,499
Total	165,237	21,970	143,267	61,952	81,315

Source: Census Bureau, American Community Survey 2007

Main Languages Spoken in Households

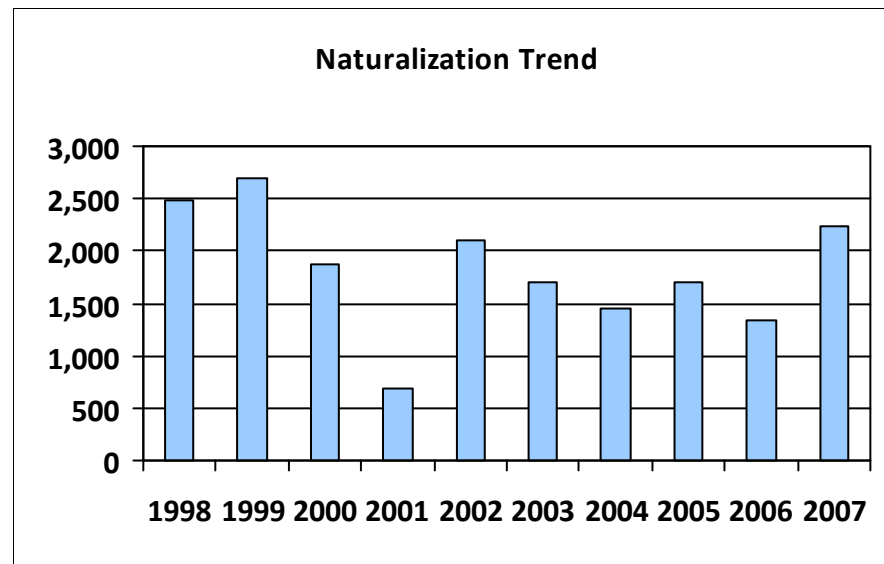
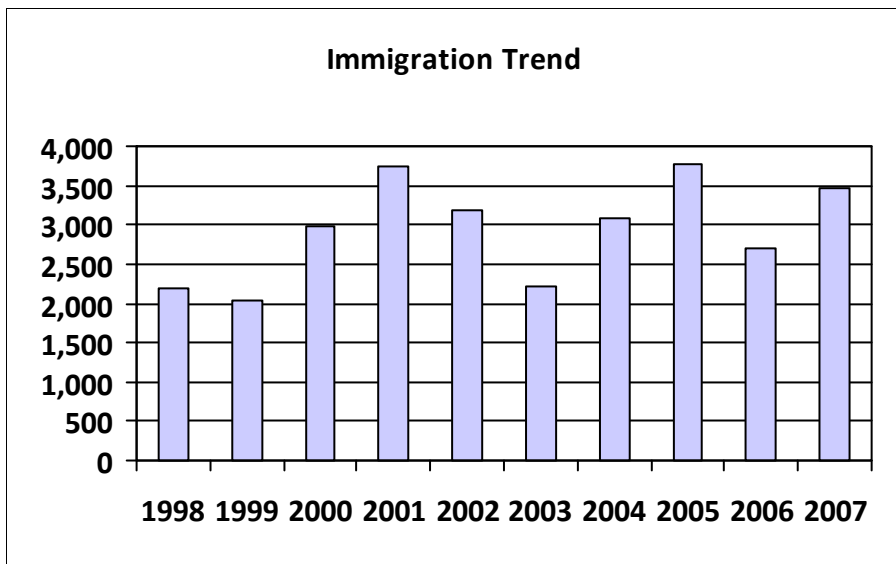
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	1,410,753		
Spanish	57,418	11,398	46,020
Indo-European	109,795	9,364	100,431
Asian-Pacific	15,083	4,706	10,377
Other	4,062	427	3,635
Total	1,597,111	25,895	160,463

Source: Census Bureau, American Community Survey 2007

Immigration and Naturalization Trend in Louisiana

Year	Admitted Immigrants	Naturalization
1998	2,179	2,475
1999	2,034	2,697
2000	2,981	1,876
2001	3,751	685
2002	3,176	2,106
2003	2,214	1,702
2004	3,095	1,458
2005	3,776	1,700
2006	2,693	1,336
2007	3,475	2,240

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

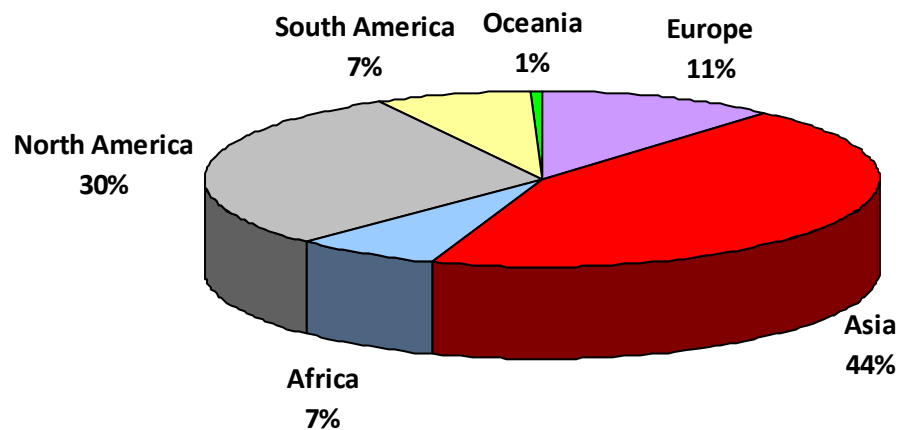


2007 Immigration to Louisiana by Country of Birth

										Total	3,475
Europe	391	Asia	1,522	Africa	240	North America	1,031	South America	259	Oceania	18
United Kingdom	72	Vietnam	386	Nigeria	58	Mexico	241	Colombia	73	Australia	10
Germany	43	China	248	Egypt	28	Honduras	233	Peru	48	New Zealand	4
Russia	36	Philippines	211	Ethiopia	28	Guatemala	132	Venezuela	48		
Romania	21	India	194	Kenya	17	Cuba	102	Brazil	40		
Ukraine	21	Pakistan	68	Morocco	14	Canada	79	Argentina	24		
Soviet Union, frm	19	Jordan	61	Cameroon	12	Nicaragua	64	Ecuador	10		
Bulgaria	16	Iran	39	South Africa	12	Jamaica	37	Guyana	8		
France	16	Korea	37	Algeria	11	Dominican Republic	35	Uruguay	4		
Italy	13	Japan	30	Ghana	11	Haiti	27	Chile	3		

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

2007 Immigration to Louisiana by Origination Region

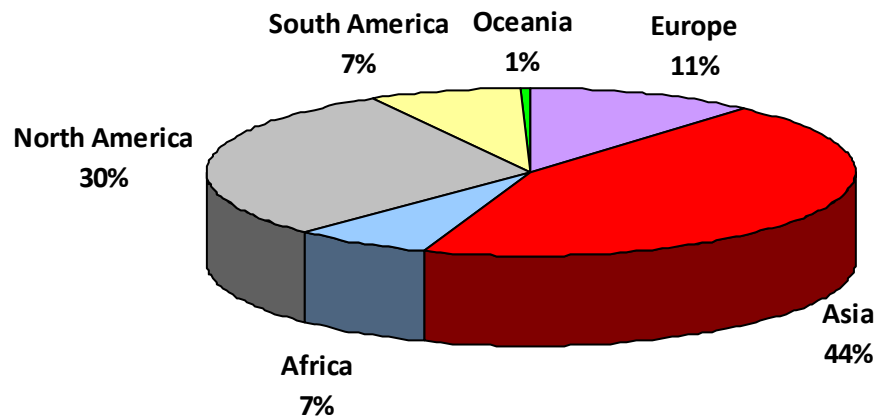


2007 Naturalization in Louisiana by Country of Birth

										Total	2,240
Europe	213	Asia	1,098	Africa	129	North America	661	South America	116	Oceania	15
United Kingdom	34	Vietnam	452	Nigeria	42	Honduras	210	Colombia	36	Australia	12
Bosnia - Herzegovina	21	India	152	Egypt	15	Mexico	125	Venezuela	24		
Germany	15	Philippines	95	South Africa	11	Nicaragua	82	Ecuador	15		
Russia	15	China	85	Morocco	7	Cuba	44	Peru	14		
Romania	14	Pakistan	49	Sudan	7	Canada	34	Brazil	10		
Bulgaria	12	Jordan	32	Ethiopia	5	El Salvador	30	Chile	5		
Serbia - Montenegro	11	Korea	26	Congo, Republi	4	Dominican Republic	28	Guyana	4		
Ukraine	11	Laos	25	Ghana	4	Guatemala	28				
France	8	Thailand	25	Liberia	4	Jamaica	16				

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

2007 Naturalization in Louisiana by Origination Region



Nonimmigrant Visitors to Louisiana

	2005	2006	2007
Total	173,047	87,185	138,693
Foreign government officials and families	1,240	825	595
Temporary visitors: for business	55,582	22,704	42,929
Temporary visitors: for pleasure	89,313	35,321	55,564
Transit aliens	6,465	5,565	7,220
Treaty traders and investors	406	371	852
Students and dependant family	5,503	4,887	5,473
Representatives to international organizations and families	57	30	41
Temporary workers and trainees, dependent family	2,781	12,447	19,285
Representatives of foreign information media and families	315	253	203
Students and exchange visitors, and dependant family	2,522	1,895	2,803
Fiances/spouses of U.S. citizens and their children	380	296	397
Intracompany transferees and dependant family	1,562	1,146	1,397
Vocational students and dependant family	807	639	747
NATO officials and families		22	38
NAFTA professional workers and dependant family	332	354	485
Fiances/spouses of permanent residents and their children	122	53	47
All other classes	436	373	614

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

Foreign Direct Investment Established in Louisiana

	U.S.	Louisiana
All industries	118588	1274
Mining	1107	44
Utilities	815	6
Construction	1082	14
Manufacturing	10322	119
Wholesale trade	15798	230
Retail trade	30540	261
Transportation and warehousing	5468	90
Information	5046	36
Finance: Depository credit intermediation	3263	1
Finance: Insurance	3709	64
Real estate and rental and leasing	1890	35
Professional and technical services	4275	50
Accommodation and food services	15255	115
Other	16824	195

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

Louisiana Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, ** 2006-2007
Louisiana Exports Total	19,922,346	2.4%	19,231,807	2.1%	23,503,359	2.3%	30,374,690	2.6%	2.6%
Crop Production	9,247,964	46.4%	7,126,161	37.1%	9,056,754	38.5%	12,477,708	41.1%	41.1%
Petroleum & Coal Products	1,922,012	9.6%	2,763,520	14.4%	3,913,945	16.7%	5,721,429	18.8%	18.8%
Chemical Manufactures	4,478,360	22.5%	4,690,997	24.4%	5,125,835	21.8%	5,634,363	18.5%	18.5%
Processed Foods	1,860,831	9.3%	1,822,116	9.5%	2,204,879	9.4%	2,639,360	8.7%	8.7%
Machinery Manufactures	487,333	2.4%	660,447	3.4%	648,488	2.8%	851,440	2.8%	2.8%
Transportation Equipment	497,251	2.5%	526,466	2.7%	711,087	3.0%	830,317	2.7%	2.7%
Paper Products	282,234	1.4%	305,034	1.6%	273,612	1.2%	360,509	1.2%	1.2%
Waste & Scrap	103,060	0.5%	132,379	0.7%	114,373	0.5%	241,995	0.8%	0.8%
Primary Metal Manufactures	200,140	1.0%	344,977	1.8%	375,454	1.6%	239,676	0.8%	0.8%
Computers & Electronic Prod.	71,564	0.4%	95,036	0.5%	151,263	0.6%	200,754	0.7%	0.7%
Mining	135,868	0.7%	70,739	0.4%	97,506	0.4%	191,953	0.6%	0.6%
Fabricated Metal Products	116,693	0.6%	139,974	0.7%	176,538	0.8%	172,835	0.6%	0.6%
Plastic & Rubber Products	54,709	0.3%	86,759	0.5%	115,647	0.5%	143,336	0.5%	0.5%
Elec. Eq., Appliances & Parts	96,768	0.5%	82,729	0.4%	104,167	0.4%	137,819	0.5%	0.5%
Oil & Gas Extraction	430	0.0%	692	0.0%	36,745	0.2%	124,892	0.4%	0.4%
Beverage & Tobacco Products	76,350	0.4%	62,649	0.3%	51,602	0.2%	101,869	0.3%	0.3%
Misc. Manufactures	74,974	0.4%	77,904	0.4%	69,155	0.3%	68,194	0.2%	0.2%
Wood Products	42,516	0.2%	46,497	0.2%	50,609	0.2%	55,354	0.2%	0.2%
Fishing, Hunting, & Trapping	44,803	0.2%	47,882	0.2%	42,504	0.2%	45,030	0.1%	0.1%
Spec. Classification Provisions	50,880	0.3%	65,918	0.3%	73,481	0.3%	37,847	0.1%	0.1%
Non-Metallic Mineral Mfgs.	15,241	0.1%	17,442	0.1%	17,015	0.1%	22,330	0.1%	0.1%
Used Merchandise	6,871	0.0%	4,552	0.0%	10,764	0.0%	14,801	0.0%	0.0%
Fabric Mill Products	17,775	0.1%	16,397	0.1%	17,348	0.1%	13,976	0.0%	0.0%
Animal Production	5,639	0.0%	6,111	0.0%	10,769	0.0%	10,670	0.0%	0.0%
Forestry & Logging	3,752	0.0%	2,322	0.0%	4,786	0.0%	9,390	0.0%	0.0%

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.

Louisiana Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
World Total	19,922,346	2.4%	19,231,807	2.1%	23,503,359	2.3%	30,374,690	2.6%	2.6%
Japan	2,360,697	11.8%	2,019,352	10.5%	2,501,688	10.6%	2,831,204	9.3%	9.3%
Mexico	1,948,560	9.8%	2,212,424	11.5%	2,187,465	9.3%	2,830,403	9.3%	9.3%
Canada	1,433,795	7.2%	1,557,470	8.1%	1,787,714	7.6%	1,853,877	6.1%	6.1%
China	2,194,433	11.0%	1,896,003	9.9%	2,213,092	9.4%	2,653,028	8.7%	8.7%
Egypt	537,685	2.7%	549,391	2.9%	632,788	2.7%	1,334,268	4.4%	4.4%
Netherlands	557,846	2.8%	631,810	3.3%	1,126,581	4.8%	1,284,076	4.2%	4.2%
South Korea	728,460	3.7%	537,168	2.8%	834,739	3.6%	920,697	3.0%	3.0%
Belgium	457,748	2.3%	470,703	2.4%	658,921	2.8%	567,633	1.9%	1.9%
Spain	366,758	1.8%	215,900	1.1%	227,521	1.0%	456,109	1.5%	1.5%
Colombia	520,772	2.6%	543,193	2.8%	630,394	2.7%	856,731	2.8%	2.8%
United Kingdom	313,229	1.6%	340,140	1.8%	372,890	1.6%	348,573	1.1%	1.1%
Germany	502,787	2.5%	332,713	1.7%	237,907	1.0%	538,992	1.8%	1.8%
Brazil	391,432	2.0%	349,755	1.8%	464,001	2.0%	609,124	2.0%	2.0%
Dominican Republic	281,382	1.4%	330,971	1.7%	369,299	1.6%	596,376	2.0%	2.0%
Turkey	254,572	1.3%	182,846	1.0%	292,936	1.2%	410,026	1.3%	1.3%
Israel	209,224	1.1%	93,669	0.5%	254,961	1.1%	363,561	1.2%	1.2%
Venezuela	344,132	1.7%	333,648	1.7%	295,126	1.3%	448,165	1.5%	1.5%
Singapore	382,631	1.9%	317,609	1.7%	381,582	1.6%	586,550	1.9%	1.9%
Costa Rica	263,970	1.3%	252,999	1.3%	257,307	1.1%	381,816	1.3%	1.3%
Guatemala	223,526	1.1%	306,310	1.6%	353,544	1.5%	601,090	2.0%	2.0%
Jamaica	234,392	1.2%	347,139	1.8%	439,352	1.9%	578,268	1.9%	1.9%
Saudi Arabia	171,643	0.9%	139,478	0.7%	234,566	1.0%	388,635	1.3%	1.3%
Honduras	139,956	0.7%	164,411	0.9%	302,816	1.3%	351,911	1.2%	1.2%
Panama	141,067	0.7%	159,730	0.8%	288,337	1.2%	627,336	2.1%	2.1%
Peru	154,414	0.8%	118,604	0.6%	205,969	0.9%	347,657	1.1%	1.1%

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 this is a new partner.