

Business Data for Engaging in International Real Estate Transactions in Rhode Island

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Produced By: NAR Research

An abstract graphic at the bottom of the page consists of several overlapping, semi-transparent geometric shapes. The shapes are primarily rectangular and trapezoidal, with some having a fine grid or dot pattern. The colors are muted blues and greys, 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 Rhode Island 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 Rhode Island

In 2007, total of 49,530 non-immigrant aliens came into Rhode Island. Those in some selected categories are;

- 27,288 temporary visitors for pleasure
- 9,707 temporary visitors for business
- 282 treaty traders and investors
- 5,149 foreign students and dependant families
- 1,751 temporary foreign workers, trainees and dependant families
- 210 NAFTA professional workers and dependant families

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

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 Rhode Island alone, there are 520 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 Singapore from Rhode Island were \$ 533 million and \$ 38 million, respectively, in the past year. Third on the list of countries where Rhode Island products are exported is Mexico. The increase in Rhode Island exports may lead locally based companies to establish company representatives and sales personnel in those countries. Rhode Island real estate professionals may decide that it's time to set up referral networks with counterparts in Canada, Singapore and Mexico.

Waste & Scrap and Computers & Electronic Prod. were the top export industries in Rhode Island. Those two industries combined account 37% of the entire exports from Rhode Island. 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 Rhode Island

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 Rhode Island, 2,088 newly admitted legal immigrants arrived in 2007. The largest group came from Dominican Republic (657). Other top countries of origin include:

- Guatemala (346)
- Cape Verde (290)
- Colombia (189)
- Liberia (140)

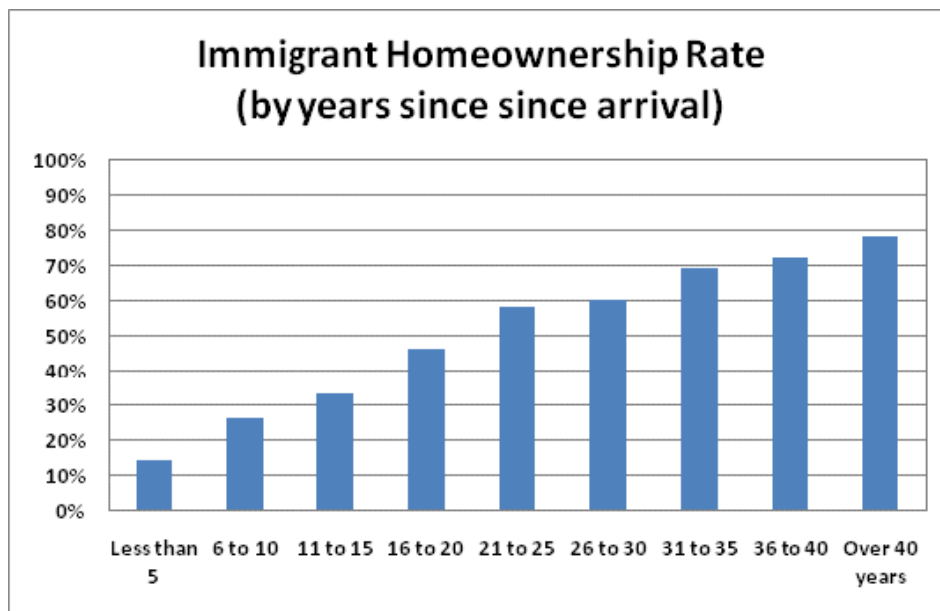
Real estate professionals may want to consider assisting, participating or setting up a network partner with these communities to open up business opportunities. In 2007, 2,088 immigrants to Rhode Island became U.S. citizens. Natives of Dominican Republic led with the highest number (438) of newly naturalized 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.

- Portugal (201)
- Cape Verde (170)
- Guatemala (151)
- Colombia (107)

As of 2007 there are 62,721 (5.9% of the state population) of naturalized citizens and 72,102 non-citizens (6.8% of the state population) in Rhode Island. 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 Rhode Island

	Total Population	U.S. Born Citizen	Foreign Born (%)	Naturalized Citizen	Non-U.S. Citizen	
Male	511,071	445,412	65,659	12.8%	28,377	37,282
18 and Over	391,591	330,688	60,903	15.6%	27,322	33,581
Under 18	119,480	114,724	4,756	4.0%	1,055	3,701
Female	546,761	477,597	69,164	12.6%	34,344	34,820
18 and Over	431,420	367,120	64,300	14.9%	32,376	31,924
Under 18	115,341	110,477	4,864	4.2%	1,968	2,896
Total	1,057,832	923,009	134,823	12.7%	62,721	72,102

Source: Census Bureau, American Community Survey 2007

Foreign Born Population in Rhode Island by Year of Entry

	Total Population	U.S. Born Citizen	Foreign Born	Naturalized Citizen	Non-U.S. Citizen
2000 or later	37,554	4,601	32,953	4,200	28,753
1990 to 1999	39,723	6,066	33,657	14,388	19,269
Entered 1980 to 1989	34,887	4,099	30,788	15,124	15,664
Entered before 1980	43,011	5,586	37,425	29,009	8,416
Total	155,175	20,352	134,823	62,721	72,102

Source: Census Bureau, American Community Survey 2007

Main Languages Spoken in Households

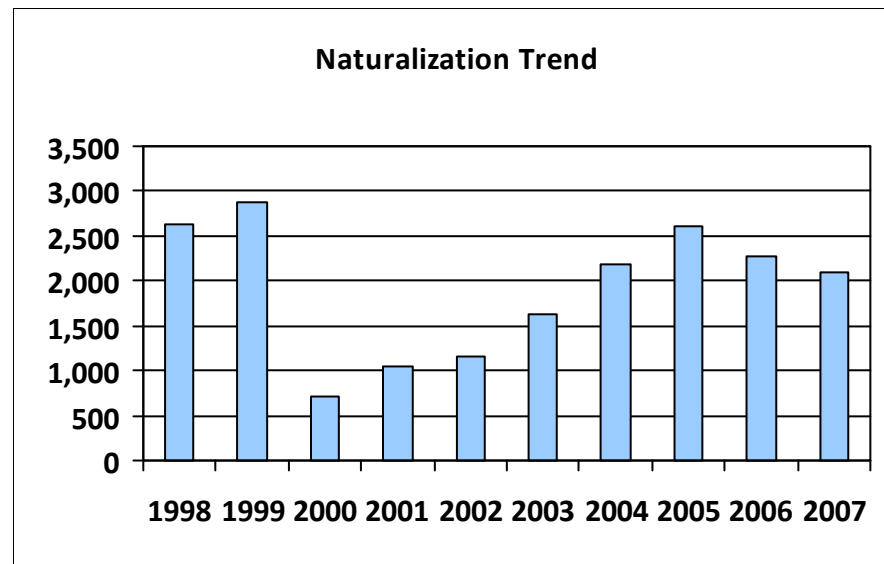
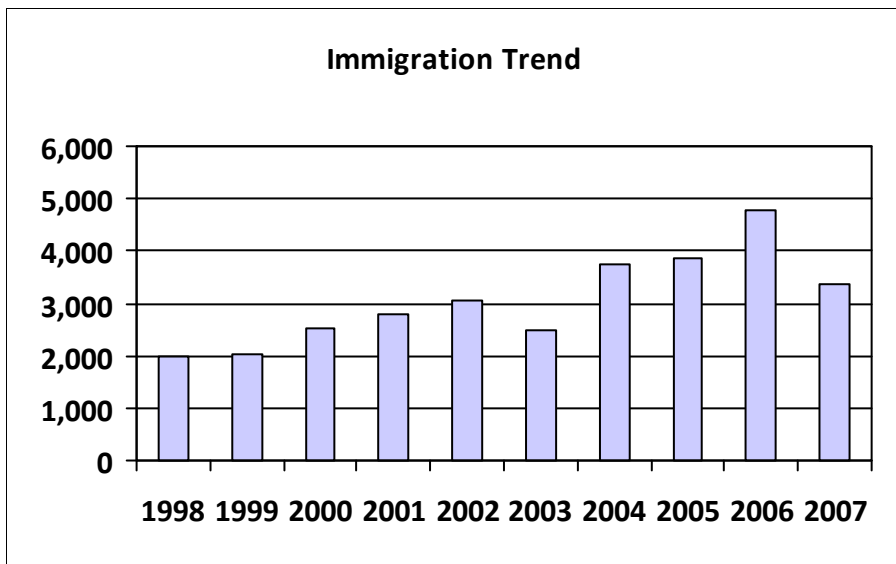
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	314,406		
Spanish	38,163	13,362	24,801
Indo-European	37,889	7,613	30,276
Asian-Pacific	8,099	2,337	5,762
Other	3,981	851	3,130
Total	402,538	24,163	63,969

Source: Census Bureau, American Community Survey 2007

Immigration and Naturalization Trend in Rhode Island

Year	Admitted Immigrants	Naturalization
1998	1,973	2,633
1999	2,043	2,870
2000	2,513	719
2001	2,802	1,058
2002	3,048	1,158
2003	2,492	1,620
2004	3,740	2,185
2005	3,852	2,604
2006	4,778	2,266
2007	3,354	2,088

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

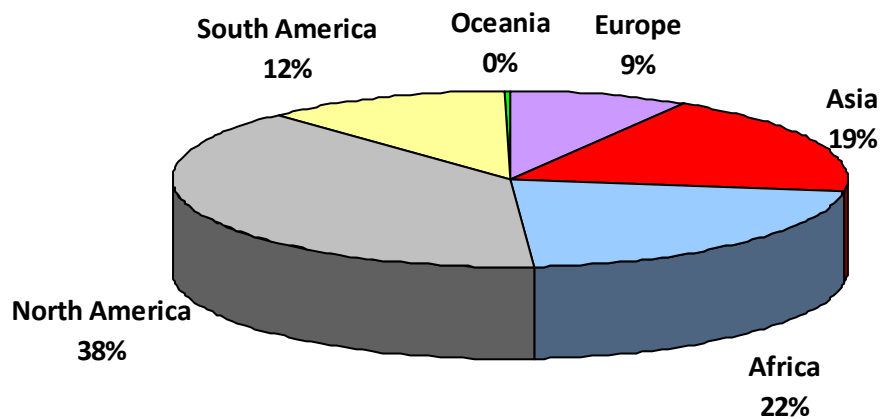


2007 Immigration to Rhode Island by Country of Birth

										Total	3,354
Europe	290	Asia	620	Africa	727	North America	1,310	South America	392	Oceania	10
Portugal	64	China	115	Cape Verde	290	Dominican Republic	657	Colombia	189	New Zealand	5
United Kingdom	42	India	104	Liberia	140	Guatemala	346	Brazil	55	Australia	4
Russia	32	Cambodia	84	Nigeria	81	Haiti	111	Bolivia	47		
Poland	19	Philippines	64	Ghana	30	Mexico	51	Peru	38		
Germany	17	Pakistan	31	Morocco	30	El Salvador	47	Venezuela	26		
Soviet Union, frm	14	Korea	30	Ethiopia	19	Canada	31	Ecuador	23		
France	13	Lebanon	24	Senegal	18	Jamaica	18	Argentina	6		
Ukraine	11	Vietnam	19	Gambia	15	Honduras	11	Chile	5		
Ireland	8	Thailand	18	Kenya	13	Trinidad - Tobago	11				

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

2007 Immigration to Rhode Island by Origination Region

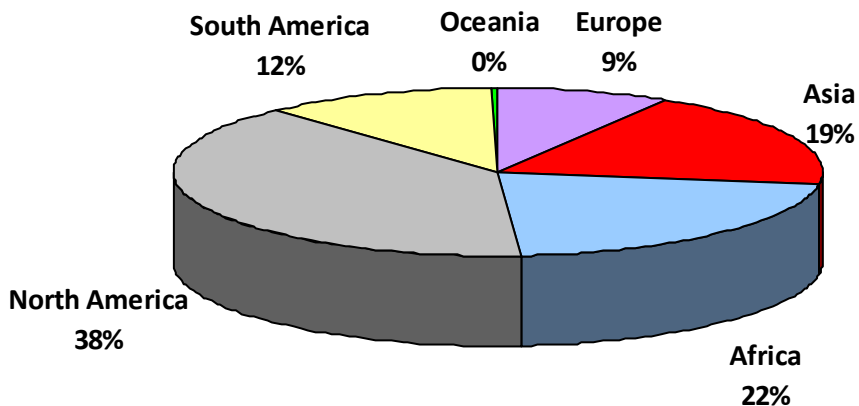


2007 Naturalization in Rhode Island by Country of Birth

										Total	2,088
Europe	369	Asia	383	Africa	376	North America	757	South America	199	Oceania	4
Portugal	201	Cambodia	87	Cape Verde	170	Dominican Republic	438	Colombia	107		
Poland	23	China	49	Liberia	84	Guatemala	151	Brazil	23		
Ukraine	23	Laos	45	Nigeria	44	Haiti	50	Bolivia	22		
Russia	17	Philippines	36	Ghana	15	Mexico	35	Venezuela	19		
United Kingdom	15	India	32	Egypt	11	Canada	20	Peru	11		
Italy	13	Thailand	25	Angola	8	El Salvador	18	Ecuador	10		
Soviet Union, frm	13	Vietnam	23	Morocco	8	Jamaica	11	Paraguay	3		
Germany	9	Lebanon	14	Senegal	7	Honduras	10				
Romania	6	Pakistan	14	Kenya	5	Nicaragua	8				

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

2007 Naturalization in Rhode Island by Origination Region



Nonimmigrant Visitors to Rhode Island

	2005	2006	2007
Total	43,926	45,648	49,530
Foreign government officials and families	684	567	759
Temporary visitors: for business	7,458	8,383	9,707
Temporary visitors: for pleasure	26,257	26,210	27,288
Transit aliens	292	248	244
Treaty traders and investors	230	248	282
Students and dependant family	4,122	4,699	5,149
Representatives to international organizations and families	19	31	14
Temporary workers and trainees, dependent family	1,382	1,610	1,751
Representatives of foreign information media and families	34	49	52
Students and exchange visitors, and dependant family	1,770	2,191	2,261
Fiances/spouses of U.S. citizens and their children	210	218	219
Intracompany transferees and dependant family	515	538	716
Vocational students and dependant family	210	264	348
NATO officials and families		64	172
NAFTA professional workers and dependant family	170	189	210
Fiances/spouses of permanent residents and their children	45	18	15
All other classes	224	113	338

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

Foreign Direct Investment Established in Rhode Island

	U.S.	Rhode Island
All industries	118588	520
Mining	1107	3
Utilities	815	9
Construction	1082	4
Manufacturing	10322	33
Wholesale trade	15798	46
Retail trade	30540	140
Transportation and warehousing	5468	30
Information	5046	11
Finance: Depository credit intermediation	3263	76
Finance: Insurance	3709	10
Real estate and rental and leasing	1890	2
Professional and technical services	4275	8
Accommodation and food services	15255	81
Other	16824	63

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

Rhode Island Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, ** 2006-2007
Rhode Island Exports Total	1,286,324	0.2%	1,268,589	0.1%	1,531,226	0.1%	1,646,587	0.1%	0.1%
Waste & Scrap	157,435	12.2%	158,093	12.5%	278,142	18.2%	395,497	24.0%	24.0%
Computers & Electronic Prod.	254,324	19.8%	171,883	13.5%	178,440	11.7%	214,218	13.0%	13.0%
Misc. Manufactures	203,171	15.8%	208,824	16.5%	222,565	14.5%	201,903	12.3%	12.3%
Machinery Manufactures	128,390	10.0%	133,527	10.5%	173,341	11.3%	179,017	10.9%	10.9%
Chemical Manufactures	122,716	9.5%	130,464	10.3%	137,339	9.0%	164,464	10.0%	10.0%
Plastic & Rubber Products	83,045	6.5%	83,600	6.6%	87,900	5.7%	94,123	5.7%	5.7%
Primary Metal Manufactures	70,253	5.5%	84,330	6.6%	129,664	8.5%	87,318	5.3%	5.3%
Elec. Eq., Appliances & Parts	51,387	4.0%	56,096	4.4%	68,688	4.5%	72,611	4.4%	4.4%
Transportation Equipment	30,687	2.4%	44,073	3.5%	49,361	3.2%	63,546	3.9%	3.9%
Fabricated Metal Products	52,316	4.1%	45,481	3.6%	55,925	3.7%	48,385	2.9%	2.9%
Fabric Mill Products	31,162	2.4%	35,914	2.8%	29,270	1.9%	26,696	1.6%	1.6%
Fishing, Hunting, & Trapping	17,653	1.4%	24,823	2.0%	35,882	2.3%	23,838	1.4%	1.4%
Paper Products	17,243	1.3%	17,360	1.4%	17,895	1.2%	15,832	1.0%	1.0%
Non-Metallic Mineral Mfgs.	10,567	0.8%	7,297	0.6%	8,900	0.6%	9,278	0.6%	0.6%
Spec. Classification Provisions	7,619	0.6%	8,367	0.7%	10,558	0.7%	8,967	0.5%	0.5%
Printing & Related Products	8,160	0.6%	13,377	1.1%	11,996	0.8%	8,046	0.5%	0.5%
Furniture & Related Products	7,254	0.6%	5,611	0.4%	4,765	0.3%	5,866	0.4%	0.4%
Non-Apparel Textile Products	9,019	0.7%	7,824	0.6%	4,622	0.3%	5,090	0.3%	0.3%
Processed Foods	11,096	0.9%	16,416	1.3%	8,918	0.6%	5,007	0.3%	0.3%
Apparel Manufactures	3,005	0.2%	3,163	0.2%	3,684	0.2%	4,683	0.3%	0.3%
Leather & Related Products	2,060	0.2%	2,309	0.2%	2,842	0.2%	4,011	0.2%	0.2%
Mining	1,235	0.1%	1,529	0.1%	2,856	0.2%	1,487	0.1%	0.1%
Crop Production	304	0.0%	3,223	0.3%	358	0.0%	1,422	0.1%	0.1%
Used Merchandise	1,312	0.1%	827	0.1%	3,894	0.3%	1,325	0.1%	0.1%
Animal Production	170	0.0%	166	0.0%	660	0.0%	1,301	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.

Rhode Island Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
World Total	1,286,324	0.2%	1,268,589	0.1%	1,531,226	0.1%	1,646,587	0.1%	0.1%
Canada	438,595	34.1%	426,598	33.6%	548,179	35.8%	533,427	32.4%	32.4%
Singapore	85,369	6.6%	44,297	3.5%	31,505	2.1%	37,544	2.3%	2.3%
Mexico	65,101	5.1%	68,019	5.4%	103,496	6.8%	71,130	4.3%	4.3%
United Kingdom	67,007	5.2%	64,680	5.1%	102,990	6.7%	96,133	5.8%	5.8%
Germany	48,673	3.8%	53,724	4.2%	60,739	4.0%	87,799	5.3%	5.3%
Japan	38,202	3.0%	36,959	2.9%	37,434	2.4%	43,395	2.6%	2.6%
Hong Kong	48,438	3.8%	50,697	4.0%	61,790	4.0%	44,305	2.7%	2.7%
Belgium	37,866	2.9%	31,830	2.5%	35,269	2.3%	37,361	2.3%	2.3%
China	45,822	3.6%	47,304	3.7%	60,863	4.0%	58,022	3.5%	3.5%
Italy	31,183	2.4%	31,179	2.5%	22,541	1.5%	37,987	2.3%	2.3%
Netherlands	20,879	1.6%	21,567	1.7%	29,946	2.0%	25,716	1.6%	1.6%
France	26,912	2.1%	25,280	2.0%	34,760	2.3%	41,813	2.5%	2.5%
Spain	20,324	1.6%	11,396	0.9%	11,991	0.8%	14,294	0.9%	0.9%
Australia	9,024	0.7%	9,286	0.7%	11,545	0.8%	23,045	1.4%	1.4%
Taiwan	11,634	0.9%	9,492	0.7%	10,915	0.7%	15,919	1.0%	1.0%
Thailand	17,783	1.4%	11,190	0.9%	23,027	1.5%	16,207	1.0%	1.0%
Brazil	8,999	0.7%	8,267	0.7%	9,120	0.6%	14,741	0.9%	0.9%
Philippines	24,397	1.9%	28,619	2.3%	13,891	0.9%		0.0%	0.0%
India	12,667	1.0%	34,940	2.8%	20,993	1.4%	29,136	1.8%	1.8%
Finland	4,977	0.4%	7,197	0.6%	10,624	0.7%	16,135	1.0%	1.0%
Dominican Republic	24,835	1.9%	26,762	2.1%	33,129	2.2%	41,017	2.5%	2.5%
Turkey	19,892	1.5%	18,146	1.4%	54,994	3.6%	68,554	4.2%	4.2%
Chile	3,569	0.3%	7,345	0.6%	4,346	0.3%	23,829	1.4%	1.4%
Egypt	931	0.1%	7,825	0.6%	4,760	0.3%	35,298	2.1%	2.1%
Greece	563	0.0%	2,012	0.2%	2,752	0.2%	20,060	1.2%	1.2%

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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