

# **Business Data for Engaging in International Real Estate Transactions in Virginia**

**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 Virginia 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 Virginia***

In 2007, total of 409,690 non-immigrant aliens came into Virginia. Those in some selected categories are;

- 211,369 temporary visitors for pleasure
- 77,693 temporary visitors for business
- 2,858 treaty traders and investors
- 18,182 foreign students and dependant families
- 29,388 temporary foreign workers, trainees and dependant families
- 2,037 NAFTA professional workers and dependant families

Obviously many of them will need rental housing, second homes, or commercial properties in Virginia. A recent study of *The 2008 National Association of REALTORS® Profile of international Home Buying Activity*<sup>1</sup> 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 Virginia 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.

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<sup>1</sup> 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 Virginia***

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 Virginia alone, there are 3,711 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 Virginia were \$ 2,729 million and \$ 784 million, respectively, in the past year. Third on the list of countries where Virginia products are exported is Germany. The increase in Virginia exports may lead locally based companies to establish company representatives and sales personnel in those countries. Virginia real estate professionals may decide that it's time to set up referral networks with counterparts in Canada, Japan and Germany.

Computers & Electronic Prod. and Transportation Equipment were the top export industries in Virginia. Those two industries combined account 35% of the entire exports from Virginia. 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 Virginia***

Immigration to the United States soared in the past two decades, which likely will lead to many more home purchases in the coming decade.<sup>2</sup> 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 Virginia, 14,171 newly admitted legal immigrants arrived in 2007. The largest group came from India (2,387). Other top countries of origin include:

- El Salvador (1,975)
- Philippines (1,687)
- Korea (1,388)
- Mexico (1,373)

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, 14,171 immigrants to Virginia became U.S. citizens. Natives of India led with the highest number (1,580) of newly naturalized citizens in the state last year. Other top countries represented include:

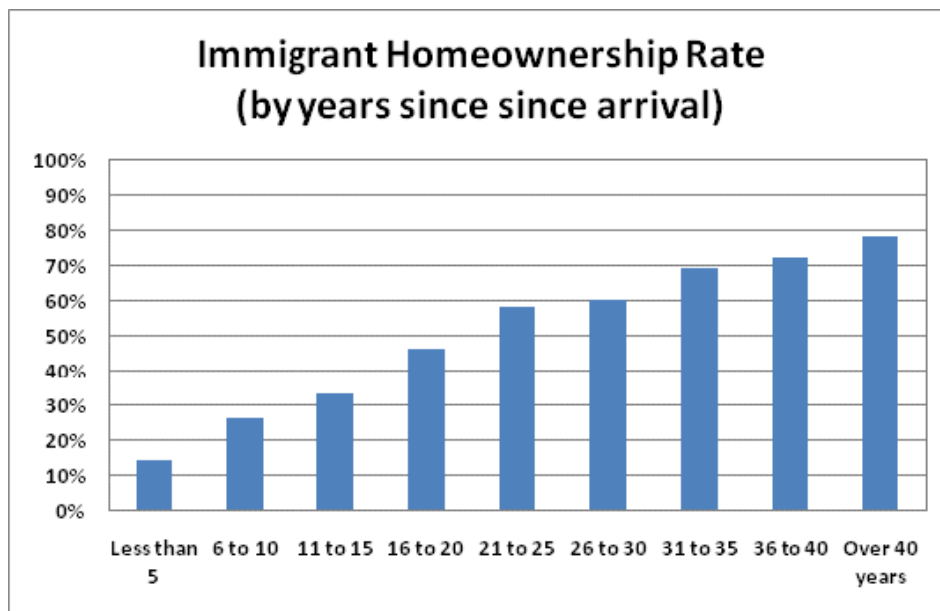
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<sup>2</sup> There are contentious issues relating to swelling illegal immigration and assimilation, and this paper does not attempt to delve into this difficult topic.

- El Salvador (858)
- Philippines (806)
- Vietnam (730)
- Korea (722)

As of 2007 there are 347,874 (4.5% of the state population) of naturalized citizens and 446,372 non-citizens (5.8% of the state population) in Virginia. 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.<sup>3</sup>

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.

<sup>3</sup> 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](http://www.WorldProperties.com)

*For more information on NAR’s International programs, please email us at [NARGlobe@realtors.org](mailto:NARGlobe@realtors.org) or visit us online at [www.Realtor.org/international](http://www.Realtor.org/international).*

## Population Demographics in Virginia

	Total Population	U.S. Born Citizen	Foreign Born (%)	Naturalized Citizen	Non-U.S. Citizen	
Male	3,788,043	3,396,234	391,809	10.3%	160,585	231,224
18 and Over	2,854,278	2,493,533	360,745	12.6%	154,365	206,380
Under 18	933,765	902,701	31,064	3.3%	6,220	24,844
Female	3,924,048	3,521,611	402,437	10.3%	187,289	215,148
18 and Over	3,034,578	2,668,651	365,927	12.1%	178,151	187,776
Under 18	889,470	852,960	36,510	4.1%	9,138	27,372
<b>Total</b>	<b>7,712,091</b>	<b>6,917,845</b>	<b>794,246</b>	<b>10.3%</b>	<b>347,874</b>	<b>446,372</b>

Source: Census Bureau, American Community Survey 2007

## Foreign Born Population in Virginia by Year of Entry

	Total Population	U.S. Born Citizen	Foreign Born	Naturalized Citizen	Non-U.S. Citizen
2000 or later	291,099	22,708	268,391	24,435	243,956
1990 to 1999	251,578	22,030	229,548	94,122	135,426
Entered 1980 to 1989	180,874	22,736	158,138	111,890	46,248
Entered before 1980	193,705	55,536	138,169	117,427	20,742
<b>Total</b>	<b>917,256</b>	<b>123,010</b>	<b>794,246</b>	<b>347,874</b>	<b>446,372</b>

Source: Census Bureau, American Community Survey 2007

## Main Languages Spoken in Households

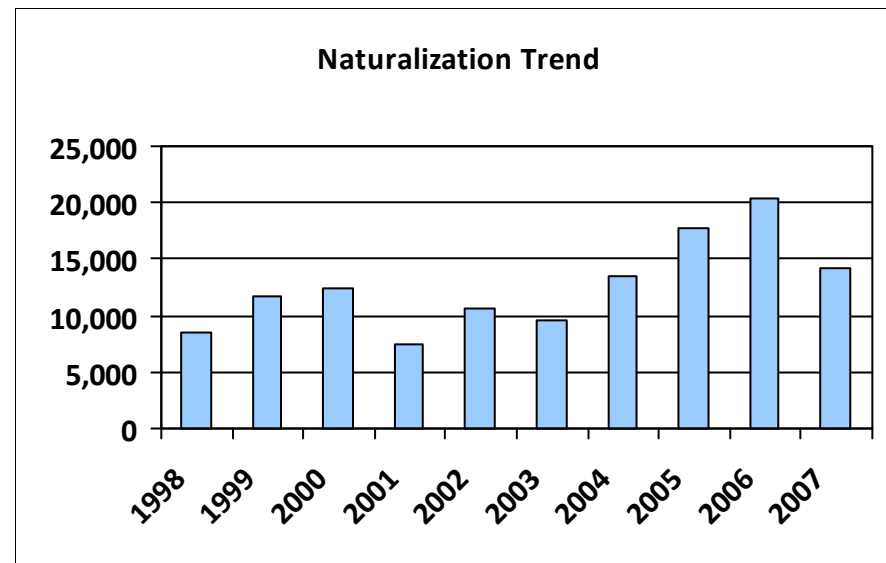
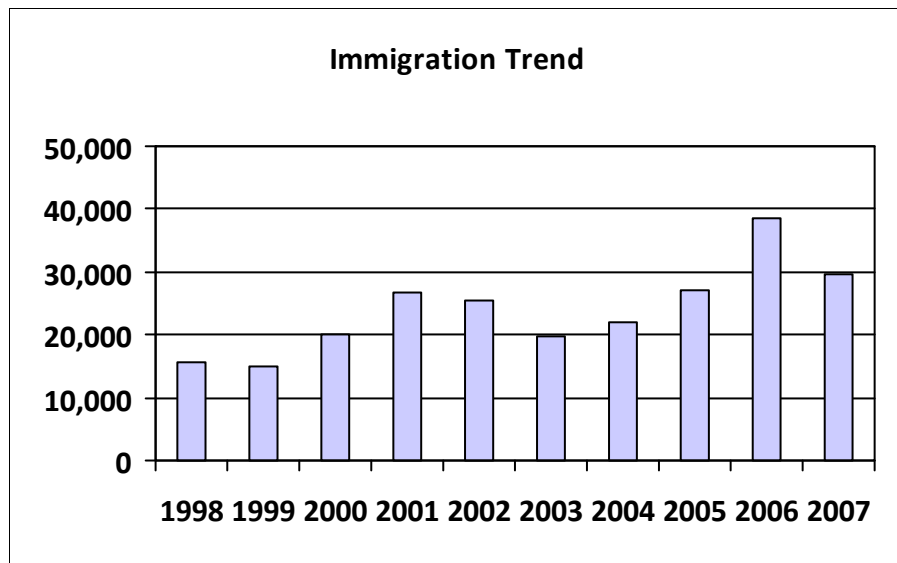
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	2,521,361		
Spanish	170,410	39,567	130,843
Indo-European	113,410	12,067	101,343
Asian-Pacific	96,483	22,653	73,830
Other	30,570	4,838	25,732
<b>Total</b>	<b>2,932,234</b>	<b>79,125</b>	<b>331,748</b>

Source: Census Bureau, American Community Survey 2007

### Immigration and Naturalization Trend in Virginia

Year	Admitted Immigrants	Naturalization
1998	15,650	8,567
1999	15,111	11,789
2000	19,985	12,494
2001	26,767	7,414
2002	25,319	10,598
2003	19,726	9,583
2004	22,104	13,478
2005	27,095	17,653
2006	38,483	20,401
2007	29,682	14,171

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

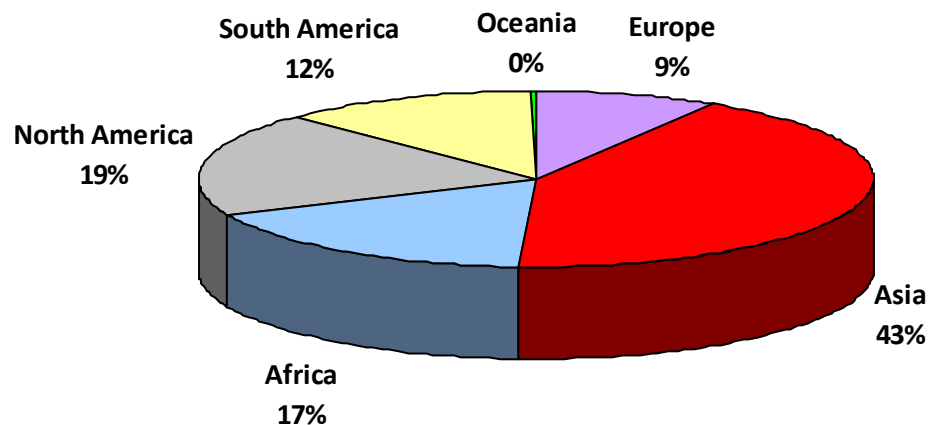


**2007 Immigration to Virginia by Country of Birth**

											Total	29,682
<b>Europe</b>	<b>2,658</b>	<b>Asia</b>	<b>12,453</b>	<b>Africa</b>	<b>5,167</b>	<b>North America</b>	<b>5,677</b>	<b>South America</b>	<b>3,591</b>	<b>Oceania</b>	<b>105</b>	
United Kingdom	358	India	2,387	Ethiopia	1,333	El Salvador	1,975	Peru	1,136	Australia	73	
Russia	267	Philippines	1,687	Ghana	740	Mexico	1,373	Bolivia	1,083	New Zealand	24	
Germany	234	Korea	1,388	Egypt	493	Guatemala	646	Colombia	505	Fiji	3	
Ukraine	172	China	1,311	Morocco	400	Honduras	411	Brazil	230			
Romania	131	Pakistan	1,038	Sudan	324	Canada	285	Argentina	181			
Soviet Union, frm	129	Vietnam	969	Somalia	216	Jamaica	234	Venezuela	176			
Bulgaria	122	Iran	521	Nigeria	215	Cuba	178	Ecuador	107			
Poland	112	Bangladesh	459	Sierra Leone	213	Dominican Republic	108	Chile	83			
Serbia - Montenegro	79	Nepal	354	Kenya	171	Trinidad - Tobago	103	Guyana	37			

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

**2007 Immigration to Virginia by Origination Region**

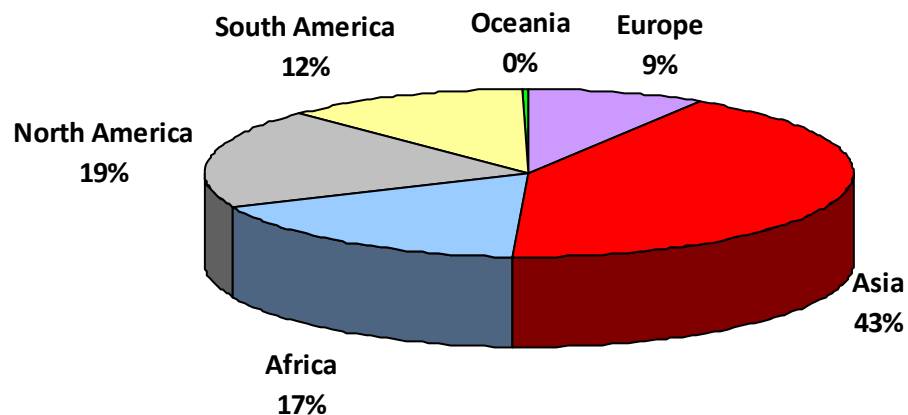


### 2007 Naturalization in Virginia by Country of Birth

											Total	14,171
<b>Europe</b>	<b>1,492</b>	<b>Asia</b>	<b>6,825</b>	<b>Africa</b>	<b>1,934</b>	<b>North America</b>	<b>2,414</b>	<b>South America</b>	<b>1,437</b>	<b>Oceania</b>	<b>63</b>	
United Kingdom	226	India	1,580	Ethiopia	377	El Salvador	858	Peru	424	Australia	35	
Bosnia - Herzegovina	147	Philippines	806	Ghana	309	Mexico	400	Bolivia	390	New Zealand	10	
Russia	124	Vietnam	730	Morocco	214	Guatemala	178	Colombia	204	Fiji	5	
Germany	112	Korea	722	Sudan	162	Jamaica	169	Brazil	99	American Samo	4	
Ukraine	82	China	552	Egypt	140	Canada	147	Ecuador	89	Micronesia, Fed	4	
Soviet Union, frm	65	Pakistan	529	Sierra Leone	140	Nicaragua	131	Venezuela	60	Palau	3	
Bulgaria	62	Iran	345	Nigeria	116	Dominican Republic	103	Guyana	54			
Serbia - Montenegro	51	Afghanistan	240	Somalia	85	Honduras	101	Chile	46			
France	48	Bangladesh	183	Liberia	60	Trinidad - Tobago	94	Argentina	43			

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

### 2007 Naturalization in Virginia by Origination Region



## Nonimmigrant Visitors to Virginia

	2005	2006	2007
<b>Total</b>	<b>363,242</b>	<b>377,462</b>	<b>409,690</b>
Foreign government officials and families	13,161	13,810	14,456
Temporary visitors: for business	66,515	72,336	77,693
Temporary visitors: for pleasure	195,136	195,367	211,369
Transit aliens	1,073	1,053	1,477
Treaty traders and investors	2,320	2,414	2,858
Students and dependant family	14,500	16,329	18,182
Representatives to international organizations and families	15,119	15,514	15,561
Temporary workers and trainees, dependent family	17,508	26,966	29,388
Representatives of foreign information media and families	921	888	1,055
Students and exchange visitors, and dependant family	13,185	14,633	17,466
Fiances/spouses of U.S. citizens and their children	1,471	1,339	1,371
Intracompany transferees and dependant family	5,405	5,520	6,113
Vocational students and dependant family	2,622	2,878	3,221
NATO officials and families	74	4,997	5,358
NAFTA professional workers and dependant family	1,726	1,958	2,037
Fiances/spouses of permanent residents and their children	250	156	101
All other classes	5,401	1,299	1,984

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

## Foreign Direct Investment Established in Virginia

	U.S.	Virginia
All industries	118588	3711
Mining	1107	12
Utilities	815	17
Construction	1082	18
Manufacturing	10322	218
Wholesale trade	15798	340
Retail trade	30540	1632
Transportation and warehousing	5468	106
Information	5046	129
Finance: Depository credit intermediation	3263	27
Finance: Insurance	3709	89
Real estate and rental and leasing	1890	54
Professional and technical services	4275	106
Accommodation and food services	15255	426
Other	16824	449

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

## Virginia Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, ** 2006-2007
<b>Virginia Exports Total</b>	<b>11,630,744</b>	<b>1.4%</b>	<b>12,215,567</b>	<b>1.4%</b>	<b>14,104,000</b>	<b>1.4%</b>	<b>16,884,685</b>	<b>1.5%</b>	<b>1.5%</b>
Computers & Electronic Prod.	1,353,859	11.6%	1,752,955	14.4%	2,634,257	18.7%	3,747,859	22.2%	22.2%
Transportation Equipment	1,843,207	15.8%	1,780,142	14.6%	2,042,764	14.5%	2,108,191	12.5%	12.5%
Chemical Manufactures	1,804,407	15.5%	1,658,574	13.6%	1,712,087	12.1%	2,083,246	12.3%	12.3%
Machinery Manufactures	1,134,158	9.8%	1,188,811	9.7%	1,306,260	9.3%	1,368,948	8.1%	8.1%
Mining	673,732	5.8%	872,853	7.1%	925,381	6.6%	1,174,059	7.0%	7.0%
Crop Production	524,914	4.5%	651,920	5.3%	599,710	4.3%	867,605	5.1%	5.1%
Paper Products	520,489	4.5%	554,388	4.5%	588,691	4.2%	836,360	5.0%	5.0%
Processed Foods	252,336	2.2%	289,162	2.4%	398,053	2.8%	558,938	3.3%	3.3%
Beverage & Tobacco Products	755,825	6.5%	480,828	3.9%	559,542	4.0%	521,966	3.1%	3.1%
Plastic & Rubber Products	401,124	3.4%	419,253	3.4%	460,511	3.3%	506,936	3.0%	3.0%
Elec. Eq., Appliances & Parts	344,679	3.0%	392,043	3.2%	400,516	2.8%	410,715	2.4%	2.4%
Fabricated Metal Products	297,858	2.6%	266,477	2.2%	345,781	2.5%	401,866	2.4%	2.4%
Fabric Mill Products	266,209	2.3%	342,288	2.8%	349,499	2.5%	301,837	1.8%	1.8%
Misc. Manufactures	230,391	2.0%	272,741	2.2%	257,913	1.8%	286,443	1.7%	1.7%
Waste & Scrap	87,296	0.8%	124,889	1.0%	193,793	1.4%	257,827	1.5%	1.5%
Spec. Classification Provisions	246,866	2.1%	191,445	1.6%	201,740	1.4%	243,359	1.4%	1.4%
Primary Metal Manufactures	165,054	1.4%	283,880	2.3%	297,176	2.1%	243,356	1.4%	1.4%
Wood Products	184,777	1.6%	183,070	1.5%	208,264	1.5%	200,960	1.2%	1.2%
Petroleum & Coal Products	27,315	0.2%	31,462	0.3%	90,058	0.6%	126,738	0.8%	0.8%
Printing & Related Products	91,762	0.8%	110,239	0.9%	112,148	0.8%	121,864	0.7%	0.7%
Non-Metallic Mineral Mfgs.	76,081	0.7%	61,107	0.5%	98,957	0.7%	115,641	0.7%	0.7%
Non-Apparel Textile Products	76,673	0.7%	83,108	0.7%	97,769	0.7%	101,294	0.6%	0.6%
Forestry & Logging	50,074	0.4%	44,707	0.4%	57,471	0.4%	77,790	0.5%	0.5%
Oil & Gas Extraction	49	0.0%	0	0.0%	0	0.0%	73,260	0.4%	0.4%
Furniture & Related Products	39,102	0.3%	48,973	0.4%	50,203	0.4%	51,737	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.

## Virginia Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
<b>World Total</b>	<b>11,630,744</b>	<b>1.4%</b>	<b>12,215,567</b>	<b>1.4%</b>	<b>14,104,000</b>	<b>1.4%</b>	<b>16,884,685</b>	<b>1.5%</b>	<b>1.5%</b>
Canada	2,514,537	21.6%	2,585,811	21.2%	2,635,558	18.7%	2,729,218	16.2%	16.2%
Japan	939,806	8.1%	772,949	6.3%	821,044	5.8%	783,784	4.6%	4.6%
Germany	1,124,656	9.7%	1,178,992	9.7%	1,588,057	11.3%	962,060	5.7%	5.7%
United Kingdom	663,330	5.7%	743,582	6.1%	809,443	5.7%	1,099,415	6.5%	6.5%
Belgium	373,712	3.2%	416,737	3.4%	341,872	2.4%	419,249	2.5%	2.5%
Mexico	423,915	3.6%	405,449	3.3%	486,491	3.4%	615,782	3.6%	3.6%
China	608,378	5.2%	721,516	5.9%	942,515	6.7%	1,103,787	6.5%	6.5%
Netherlands	601,924	5.2%	409,885	3.4%	324,867	2.3%	438,792	2.6%	2.6%
Saudi Arabia	276,790	2.4%	201,842	1.7%	237,310	1.7%	245,055	1.5%	1.5%
Brazil	208,156	1.8%	273,893	2.2%	411,800	2.9%	527,562	3.1%	3.1%
South Korea	247,591	2.1%	204,831	1.7%	214,319	1.5%	212,665	1.3%	1.3%
Italy	199,442	1.7%	254,733	2.1%	450,892	3.2%	451,530	2.7%	2.7%
France	224,864	1.9%	278,834	2.3%	311,451	2.2%	379,908	2.3%	2.3%
Spain	140,129	1.2%	150,042	1.2%	200,109	1.4%	180,728	1.1%	1.1%
Australia	197,010	1.7%	153,961	1.3%	236,544	1.7%	269,500	1.6%	1.6%
Hong Kong	156,753	1.3%	140,230	1.1%	182,352	1.3%	199,987	1.2%	1.2%
Taiwan	164,795	1.4%	115,094	0.9%	151,928	1.1%	503,734	3.0%	3.0%
Turkey	79,829	0.7%	169,882	1.4%	100,274	0.7%	134,218	0.8%	0.8%
Singapore	181,499	1.6%	310,828	2.5%	546,076	3.9%	822,745	4.9%	4.9%
Sweden	108,051	0.9%	144,382	1.2%	145,720	1.0%	162,940	1.0%	1.0%
Russian Federation	128,135	1.1%	129,024	1.1%	117,748	0.8%	161,821	1.0%	1.0%
Egypt	38,345	0.3%	65,567	0.5%	133,247	0.9%	282,412	1.7%	1.7%
Portugal	23,099	0.2%	27,821	0.2%	202,017	1.4%	897,071	5.3%	5.3%
Morocco	39,408	0.3%	50,570	0.4%	58,917	0.4%	165,175	1.0%	1.0%
Ukraine	12,606	0.1%	21,445	0.2%	64,478	0.5%	151,955	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.

\*\* (Z) means that % change is greater than 500%, and (-) means that this is a new partner.