

Business Data for Engaging in International Real Estate Transactions in Alaska

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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 Alaska 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 Alaska

In 2007, total of 113,347 non-immigrant aliens came into Alaska. Those in some selected categories are;

- 97,468 temporary visitors for pleasure
- 4,811 temporary visitors for business
- 462 treaty traders and investors
- 488 foreign students and dependant families
- 729 temporary foreign workers, trainees and dependant families
- 509 NAFTA professional workers and dependant families

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

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 Alaska alone, there are 292 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 South Korea from Alaska were \$ 855 million and \$ 703 million, respectively, in the past year. Third on the list of countries where Alaska products are exported is Canada. The increase in Alaska exports may lead locally based companies to establish company representatives and sales personnel in those countries. Alaska real estate professionals may decide that it's time to set up referral networks with counterparts in Japan, South Korea and Canada.

Fishing, Hunting, & Trapping and Mining were the top export industries in Alaska. Those two industries combined account 81% of the entire exports from Alaska. 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 Alaska

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 Alaska, 849 newly admitted legal immigrants arrived in 2007. The largest group came from Philippines (575). Other top countries of origin include:

- Korea (91)
- China, People's Republic (89)
- Thailand (86)
- Mexico (83)

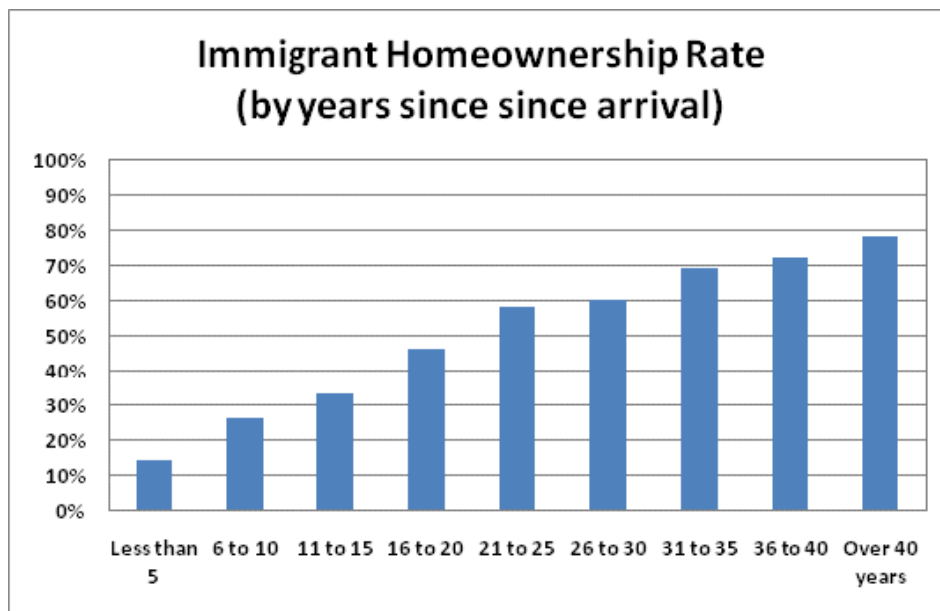
Real estate professionals may want to consider assisting, participating or setting up a network partner with these communities to open up business opportunities. In 2007, 849 immigrants to Alaska became U.S. citizens. Natives of Philippines led with the highest number (264) of newly naturalized citizens 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.

- Mexico (62)
- Korea (60)
- Russia (48)
- Canada (28)

As of 2007 there are 25,046 (3.7% of the state population) of naturalized citizens and 23,882 non-citizens (3.5% of the state population) in Alaska. 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 Alaska

	Total Population	U.S. Born Citizen	Foreign Born (%)	Naturalized Citizen	Non-U.S. Citizen	
Male	357,280	333,759	23,521	6.6%	10,854	12,667
18 and Over	262,358	240,344	22,014	8.4%	10,352	11,662
Under 18	94,922	93,415	1,507	1.6%	502	1,005
Female	326,198	300,791	25,407	7.8%	14,192	11,215
18 and Over	240,001	216,260	23,741	9.9%	13,403	10,338
Under 18	86,197	84,531	1,666	1.9%	789	877
Total	683,478	634,550	48,928	7.2%	25,046	23,882

Source: Census Bureau, American Community Survey 2007

Foreign Born Population in Alaska by Year of Entry

	Total Population	U.S. Born Citizen	Foreign Born	Naturalized Citizen	Non-U.S. Citizen
2000 or later	18,117	4,590	13,527	1,730	11,797
1990 to 1999	16,635	3,001	13,634	7,567	6,067
Entered 1980 to 1989	11,179	1,638	9,541	6,551	2,990
Entered before 1980	19,102	6,876	12,226	9,198	3,028
Total	65,033	16,105	48,928	25,046	23,882

Source: Census Bureau, American Community Survey 2007

Main Languages Spoken in Households

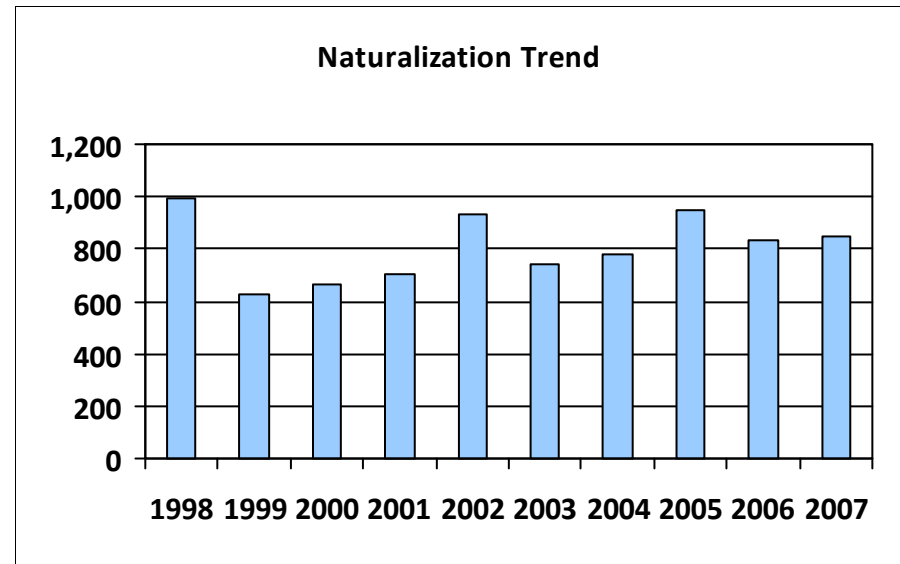
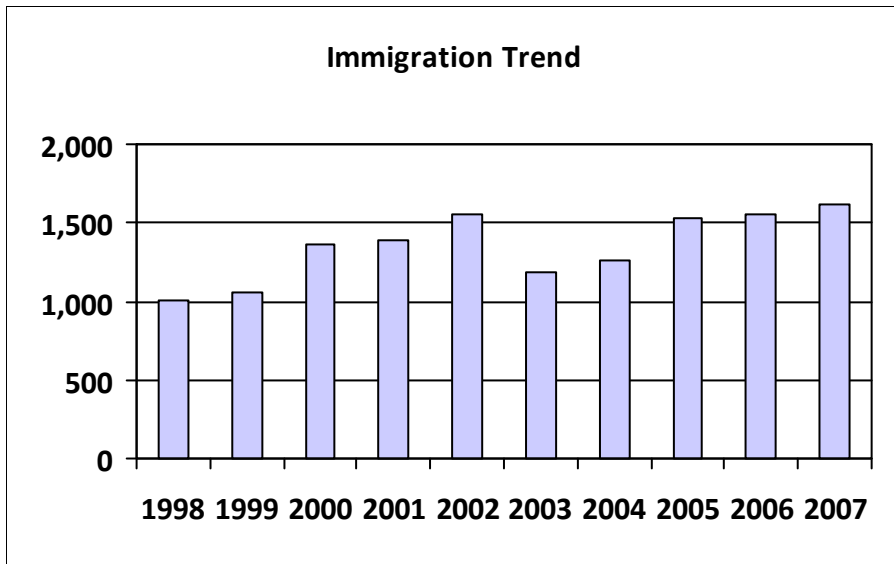
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	192,360		
Spanish	10,511	1,268	9,243
Indo-European	8,951	1,236	7,715
Asian-Pacific	10,974	2,228	8,746
Other	13,625	1,847	11,778
Total	236,421	6,579	37,482

Source: Census Bureau, American Community Survey 2007

Immigration and Naturalization Trend in Alaska

Year	Admitted Immigrants	Naturalization
1998	1,007	994
1999	1,055	630
2000	1,364	668
2001	1,389	707
2002	1,557	929
2003	1,188	745
2004	1,261	777
2005	1,524	951
2006	1,554	831
2007	1,617	849

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

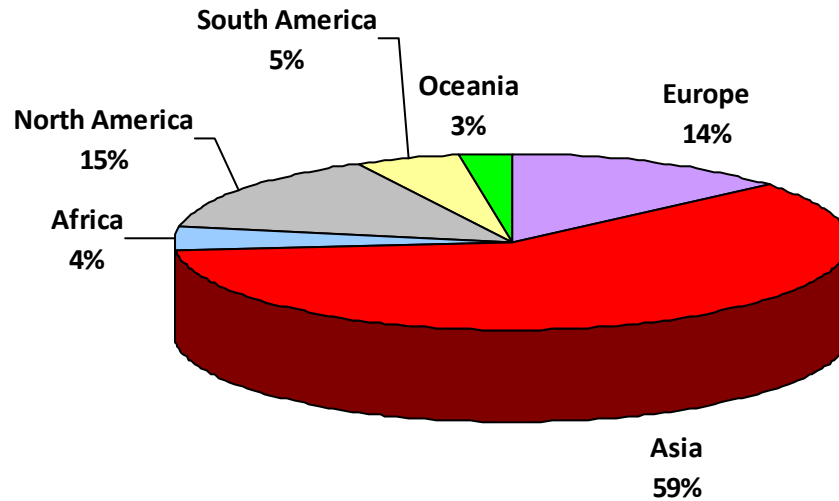


2007 Immigration to Alaska by Country of Birth

										Total	1,617
Europe	222	Asia	966	Africa	68	North America	239	South America	77	Oceania	42
Russia	37	Philippines	575	Nigeria	17	Mexico	83	Peru	21	Australia	16
Soviet Union, frm	37	Korea	91	Ethiopia	15	Canada	46	Colombia	18	Samoa	12
Macedonia	25	China	89	Gambia	13	Dominican Republic	30	Brazil	17	Tonga	7
United Kingdom	20	Thailand	86	South Africa	8	El Salvador	30	Argentina	6	New Zealand	4
Germany	18	Laos	22	Egypt	3	Guatemala	16	Ecuador	6		
Ukraine	15	India	20			Honduras	10	Uruguay	3		
Albania	6	Vietnam	20			Cuba	4	Venezuela	3		
Bulgaria	5	Japan	10			Belize	3				
Poland	5	Indonesia	9			Panama	3				

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

2007 Immigration to Alaska by Origination Region

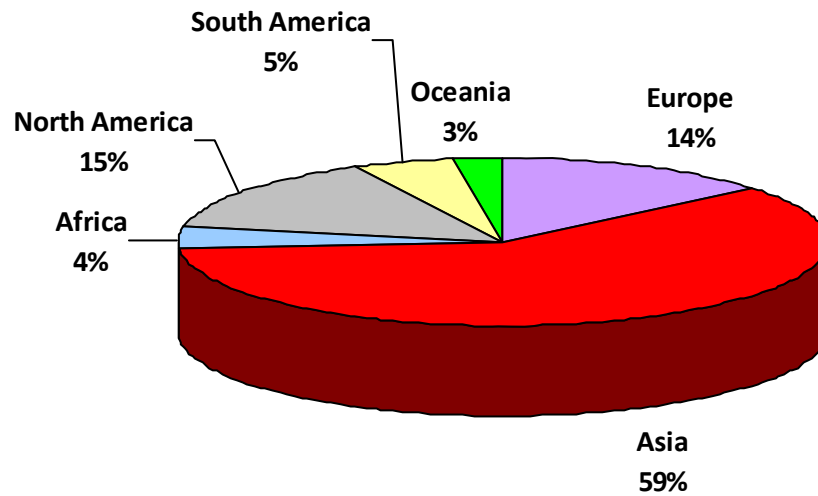


2007 Naturalization in Alaska by Country of Birth

										Total	849
Europe	165	Asia	419	Africa	31	North America	164	South America	37	Oceania	33
Russia	48	Philippines	264	Gambia	5	Mexico	62	Colombia	18	American Samo	10
Germany	19	Korea	60	Ghana	5	Canada	28	Peru	14	Samoa	8
Ukraine	19	Thailand	25	Sudan	4	Dominican Republic	24			Australia	7
United Kingdom	15	Laos	13	Nigeria	3	El Salvador	12				
Poland	10	Vietnam	13			Guatemala	10				
Soviet Union, frm	10	India	9			Panama	6				
Serbia - Montenegro	4	China	7			Costa Rica	4				
Sweden	4	Japan	6			Dominica	4				
Belarus	3	Taiwan	4			Honduras	4				

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

2007 Naturalization in Alaska by Origination Region



Nonimmigrant Visitors to Alaska

	2005	2006	2007
Total	93,296	100,647	113,347
Foreign government officials and families	560	620	687
Temporary visitors: for business	4,109	4,813	4,811
Temporary visitors: for pleasure	81,814	86,836	97,468
Transit aliens	1,135	1,118	1,638
Treaty traders and investors	444	456	462
Students and dependant family	481	489	488
Representatives to international organizations and families	33	60	80
Temporary workers and trainees, dependent family	420	710	729
Representatives of foreign information media and families	167	166	155
Students and exchange visitors, and dependant family	2,466	3,870	4,515
Fiances/spouses of U.S. citizens and their children	283	231	254
Intracompany transferees and dependant family	356	407	618
Vocational students and dependant family	160	159	287
NATO officials and families	5	59	43
NAFTA professional workers and dependant family	393	465	509
Fiances/spouses of permanent residents and their children	22	33	67
All other classes	259	151	529

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

Foreign Direct Investment Established in Alaska

	U.S.	Alaska
All industries	118588	292
Mining	1107	18
Utilities	815	0
Construction	1082	5
Manufacturing	10322	29
Wholesale trade	15798	41
Retail trade	30540	55
Transportation and warehousing	5468	33
Information	5046	1
Finance: Depository credit intermediation	3263	1
Finance: Insurance	3709	3
Real estate and rental and leasing	1890	0
Professional and technical services	4275	8
Accommodation and food services	15255	47
Other	16824	50

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

Alaska Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, ** 2006-2007
Alaska Exports Total	3,156,911	0.4%	3,591,882	0.4%	4,044,411	0.4%	3,894,618	0.3%	0.3%
Fishing, Hunting, & Trapping	1,686,126	53.4%	1,963,611	54.7%	2,020,155	49.9%	1,977,214	50.8%	50.8%
Mining	519,853	16.5%	525,226	14.6%	1,104,424	27.3%	1,192,236	30.6%	30.6%
Primary Metal Manufactures	100,249	3.2%	91,471	2.5%	115,153	2.8%	134,822	3.5%	3.5%
Petroleum & Coal Products	196,238	6.2%	184,268	5.1%	92,586	2.3%	132,557	3.4%	3.4%
Chemical Manufactures	237,534	7.5%	280,265	7.8%	176,374	4.4%	105,037	2.7%	2.7%
Oil & Gas Extraction	166,137	5.3%	136,842	3.8%	160,604	4.0%	94,334	2.4%	2.4%
Forestry & Logging	98,612	3.1%	122,453	3.4%	108,210	2.7%	82,517	2.1%	2.1%
Processed Foods	50,491	1.6%	54,768	1.5%	57,302	1.4%	42,466	1.1%	1.1%
Transportation Equipment	18,415	0.6%	162,755	4.5%	97,846	2.4%	40,157	1.0%	1.0%
Machinery Manufactures	27,540	0.9%	19,769	0.6%	52,928	1.3%	38,247	1.0%	1.0%
Computers & Electronic Prod.	21,040	0.7%	18,902	0.5%	15,387	0.4%	22,001	0.6%	0.6%
Elec. Eq., Appliances & Parts	2,615	0.1%	4,626	0.1%	14,971	0.4%	9,835	0.3%	0.3%
Fabricated Metal Products	10,605	0.3%	4,665	0.1%	6,426	0.2%	5,404	0.1%	0.1%
Wood Products	5,911	0.2%	10,140	0.3%	3,446	0.1%	4,262	0.1%	0.1%
Misc. Manufactures	1,476	0.0%	875	0.0%	2,461	0.1%	2,573	0.1%	0.1%
Non-Metallic Mineral Mfgs.	333	0.0%	423	0.0%	1,350	0.0%	1,560	0.0%	0.0%
Spec. Classification Provisions	1,236	0.0%	763	0.0%	1,784	0.0%	1,555	0.0%	0.0%
Plastic & Rubber Products	4,917	0.2%	3,656	0.1%	2,687	0.1%	1,463	0.0%	0.0%
Waste & Scrap	0	0.0%	236	0.0%	361	0.0%	943	0.0%	0.0%
Paper Products	557	0.0%	111	0.0%	477	0.0%	759	0.0%	0.0%
Used Merchandise	845	0.0%	2,751	0.1%	5,846	0.1%	757	0.0%	0.0%
Apparel Manufactures	442	0.0%	494	0.0%	484	0.0%	712	0.0%	0.0%
Goods Returned to Canada	3,731	0.1%	215	0.0%	383	0.0%	597	0.0%	0.0%
Beverage & Tobacco Products	62	0.0%	349	0.0%	231	0.0%	524	0.0%	0.0%
Printing & Related Products	131	0.0%	255	0.0%	119	0.0%	514	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.

Alaska Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,** 2006-2007
World Total	3,156,911	0.4%	3,591,882	0.4%	4,044,411	0.4%	3,894,618	0.3%	0.3%
Japan	1,189,666	37.7%	1,180,644	32.9%	1,095,870	27.1%	854,607	21.9%	21.9%
South Korea	579,610	18.4%	683,537	19.0%	725,682	17.9%	702,933	18.0%	18.0%
Canada	246,567	7.8%	221,524	6.2%	444,904	11.0%	460,330	11.8%	11.8%
China	241,502	7.6%	337,215	9.4%	474,280	11.7%	715,666	18.4%	18.4%
Germany	146,531	4.6%	180,080	5.0%	241,528	6.0%	202,179	5.2%	5.2%
Netherlands	92,385	2.9%	114,298	3.2%	124,534	3.1%	113,855	2.9%	2.9%
Spain	69,979	2.2%	71,447	2.0%	143,748	3.6%	143,317	3.7%	3.7%
Mexico	107,665	3.4%	165,706	4.6%	128,983	3.2%	63,847	1.6%	1.6%
Belgium	52,827	1.7%	38,348	1.1%	94,203	2.3%	48,988	1.3%	1.3%
Switzerland	92,648	2.9%	103,406	2.9%	115,153	2.8%	132,356	3.4%	3.4%
Thailand	32,257	1.0%	30,229	0.8%	18,195	0.4%	36,159	0.9%	0.9%
Taiwan	19,908	0.6%	17,163	0.5%	13,753	0.3%	28,688	0.7%	0.7%
France	38,566	1.2%	33,845	0.9%	29,103	0.7%	41,522	1.1%	1.1%
United Kingdom	11,690	0.4%	20,893	0.6%	36,753	0.9%	27,717	0.7%	0.7%
Italy	2,455	0.1%	27,311	0.8%	24,723	0.6%	25,723	0.7%	0.7%
Norway	31,564	1.0%	25,189	0.7%	22,036	0.5%	31,657	0.8%	0.8%
Portugal	30,952	1.0%	35,522	1.0%	43,475	1.1%	53,293	1.4%	1.4%
Hong Kong	28,369	0.9%	48,624	1.4%	60,761	1.5%	9,136	0.2%	0.2%
Singapore	2,964	0.1%	76,751	2.1%	10,906	0.3%	12,700	0.3%	0.3%
Lithuania	6,861	0.2%	15,909	0.4%	10,493	0.3%	15,019	0.4%	0.4%
Russian Federation	7,864	0.2%	8,496	0.2%	10,829	0.3%	13,816	0.4%	0.4%
Chile	12,325	0.4%	18,658	0.5%	23,175	0.6%	21,687	0.6%	0.6%
Poland	931	0.0%	5,126	0.1%	6,435	0.2%	10,663	0.3%	0.3%
Finland	19,411	0.6%	21,567	0.6%	38,748	1.0%	65,953	1.7%	1.7%
Ukraine	720	0.0%	2,921	0.1%	8,918	0.2%	15,751	0.4%	0.4%

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.