

Business Data for Engaging in International Real Estate Transactions in Kansas

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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 Kansas 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 Kansas

In 2007, total of 73,857 non-immigrant aliens came into Kansas. Those in some selected categories are;

- 41,256 temporary visitors for pleasure
- 15,031 temporary visitors for business
- 482 treaty traders and investors
- 6,524 foreign students and dependant families
- 4,292 temporary foreign workers, trainees and dependant families
- 398 NAFTA professional workers and dependant families

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

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 Kansas alone, there are 829 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 Mexico from Kansas were \$ 2,428 million and \$ 916 million, respectively, in the past year. Third on the list of countries where Kansas products are exported is Japan. The increase in Kansas exports may lead locally based companies to establish company representatives and sales personnel in those countries. Kansas real estate professionals may decide that it's time to set up referral networks with counterparts in Canada, Mexico and Japan.

Transportation Equipment and Processed Foods were the top export industries in Kansas. Those two industries combined account 50% of the entire exports from Kansas. 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 Kansas

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 Kansas, 2,406 newly admitted legal immigrants arrived in 2007. The largest group came from Mexico (1,103). Other top countries of origin include:

- Vietnam (333)
- India (297)
- China, People's Republic (239)
- Philippines (238)

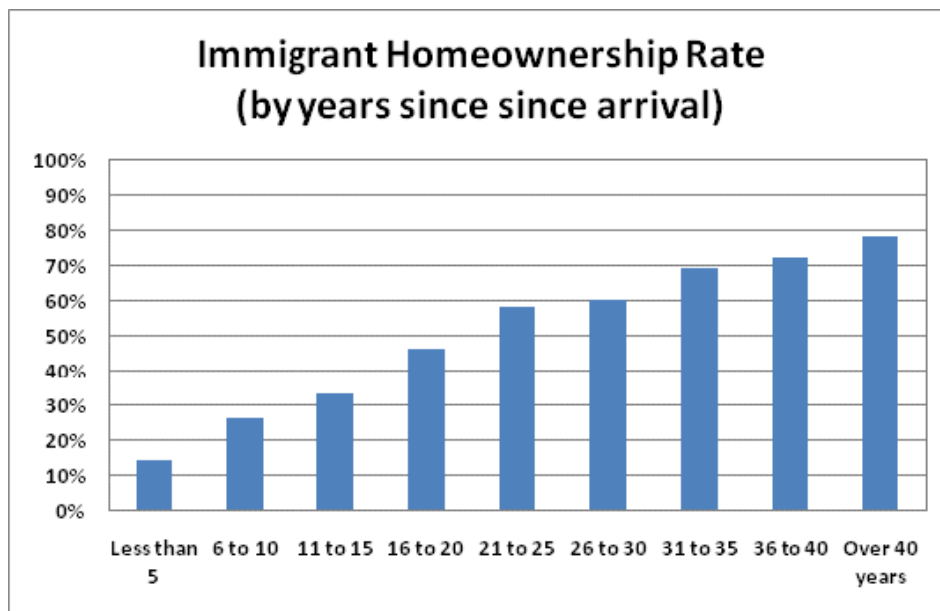
Real estate professionals may want to consider assisting, participating or setting up a network partner with these communities to open up business opportunities. In 2007, 2,406 immigrants to Kansas became U.S. citizens. Natives of Mexico led with the highest number (763) of newly naturalized citizens 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.

- India (235)
- Vietnam (198)
- China, People's Republic (90)
- Philippines (82)

As of 2007 there are 52,095 (1.9% of the state population) of naturalized citizens and 114,990 non-citizens (4.1% of the state population) in Kansas. 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 Kansas

	Total Population	U.S. Born Citizen	Foreign Born (%)	Naturalized Citizen	Non-U.S. Citizen	
Male	1,373,442	1,284,725	88,717	6.5%	24,222	64,495
18 and Over	1,017,209	936,855	80,354	7.9%	22,695	57,659
Under 18	356,233	347,870	8,363	2.3%	1,527	6,836
Female	1,402,555	1,324,187	78,368	5.6%	27,873	50,495
18 and Over	1,061,842	992,391	69,451	6.5%	25,891	43,560
Under 18	340,713	331,796	8,917	2.6%	1,982	6,935
Total	2,775,997	2,608,912	167,085	6.0%	52,095	114,990

Source: Census Bureau, American Community Survey 2007

Foreign Born Population in Kansas by Year of Entry

	Total Population	U.S. Born Citizen	Foreign Born	Naturalized Citizen	Non-U.S. Citizen
2000 or later	67,890	3,421	64,469	3,888	60,581
1990 to 1999	55,934	3,794	52,140	15,453	36,687
Entered 1980 to 1989	30,509	4,285	26,224	14,834	11,390
Entered before 1980	33,423	9,171	24,252	17,920	6,332
Total	187,756	20,671	167,085	52,095	114,990

Source: Census Bureau, American Community Survey 2007

Main Languages Spoken in Households

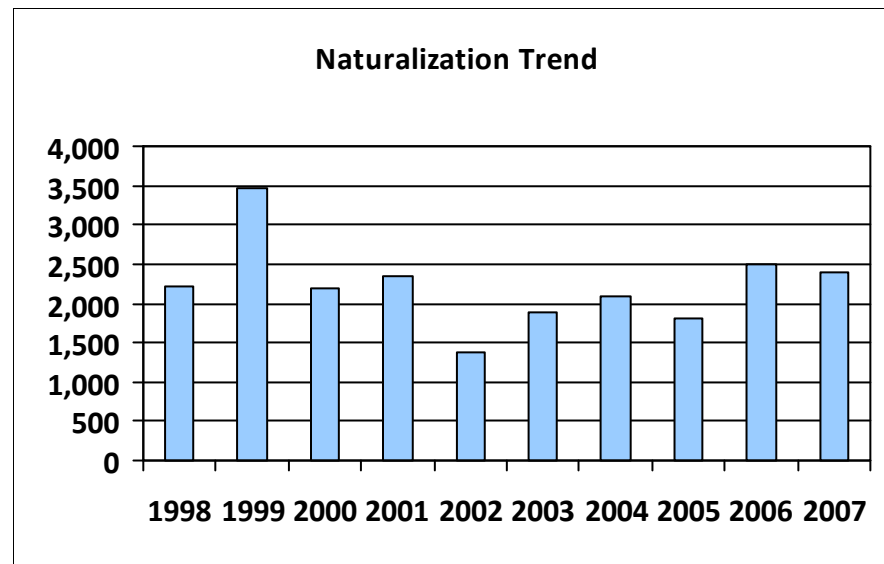
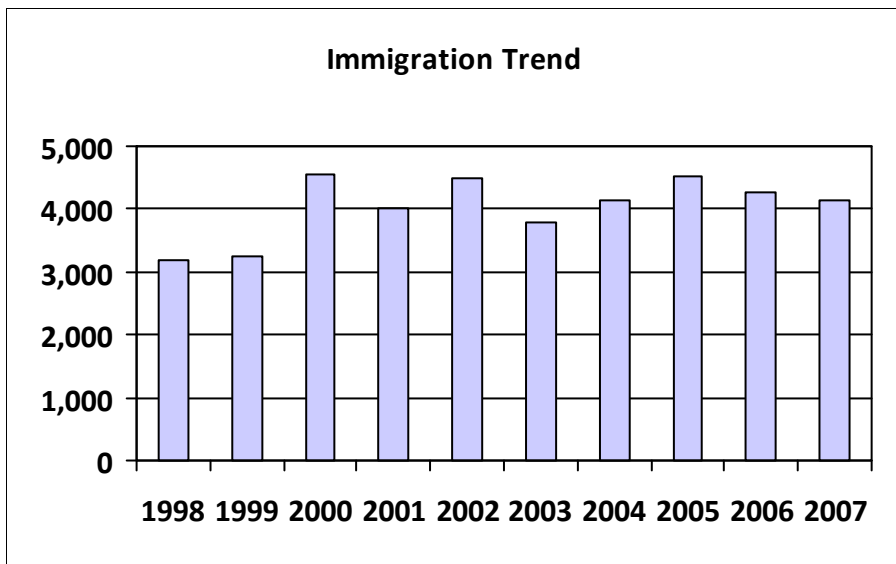
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	972,718		
Spanish	72,193	20,391	51,802
Indo-European	21,116	2,347	18,769
Asian-Pacific	16,910	5,736	11,174
Other	5,898	803	5,095
Total	1,088,835	29,277	86,840

Source: Census Bureau, American Community Survey 2007

Immigration and Naturalization Trend in Kansas

Year	Admitted Immigrants	Naturalization
1998	3,179	2,204
1999	3,251	3,458
2000	4,554	2,194
2001	4,018	2,337
2002	4,500	1,367
2003	3,804	1,897
2004	4,139	2,093
2005	4,512	1,814
2006	4,277	2,509
2007	4,141	2,406

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

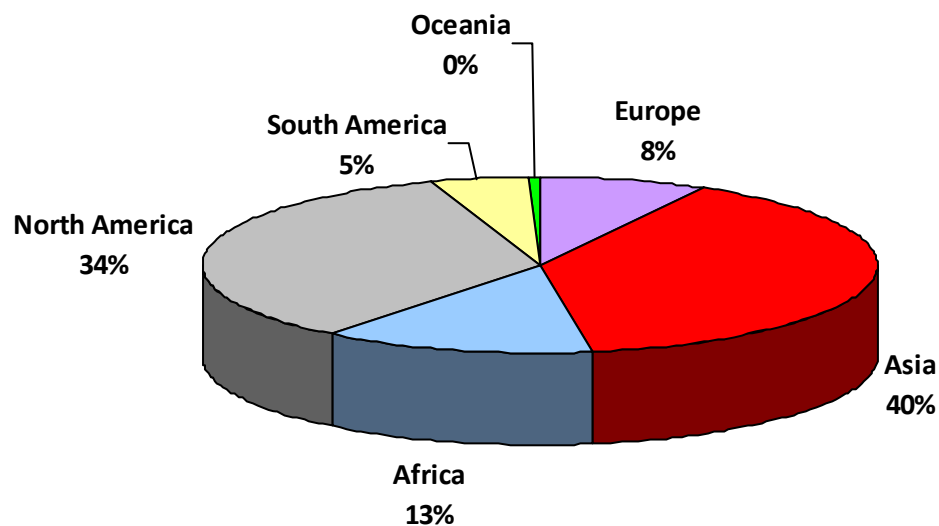


2007 Immigration to Kansas by Country of Birth

										Total	4,141
Europe	334	Asia	1,635	Africa	538	North America	1,419	South America	193	Oceania	20
United Kingdom	55	Vietnam	333	Kenya	149	Mexico	1,103	Colombia	52	Australia	12
Germany	44	India	297	Ethiopia	90	Guatemala	81	Peru	34	Fiji	4
Russia	33	China	239	Nigeria	46	Canada	78	Venezuela	34		
Soviet Union, frm	24	Philippines	238	Somalia	38	El Salvador	74	Brazil	33		
Ukraine	24	Korea	82	Egypt	37	Honduras	26	Ecuador	14		
Bulgaria	14	Laos	55	Tanzania	24	Haiti	14	Bolivia	9		
France	12	Taiwan	46	Sudan	20	Panama	9	Argentina	7		
Romania	10	Iran	40	South Africa	19	Jamaica	8	Chile	4		
Spain	9	Thailand	34	Cameroon	16	Dominican Republic	7	Paraguay	4		

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

2007 Immigration to Kansas by Origination Region



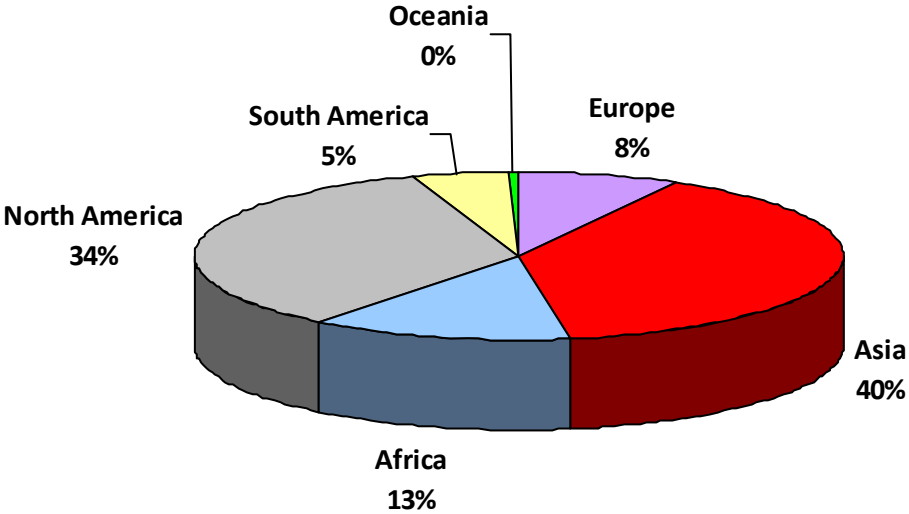
2007 Naturalization in Kansas by Country of Birth

Total 2,406

Europe		Asia		Africa		North America		South America		Oceania	
United Kingdom	33	India	235	Ethiopia	41	Mexico	763	Peru	29	Fiji	5
Bosnia - Herzegovina	21	Vietnam	198	Kenya	34	El Salvador	45	Colombia	21	Marshall Island	3
Russia	21	China	90	Sudan	25	Canada	42	Brazil	13		
Germany	17	Philippines	82	Nigeria	20	Guatemala	27	Ecuador	11		
Ukraine	14	Laos	43	Egypt	8	Honduras	16	Venezuela	9		
Bulgaria	12	Korea	42	South Africa	8	Nicaragua	12	Argentina	8		
Poland	9	Pakistan	40	Ghana	7	Dominican Republic	11	Chile	5		
Romania	6	Iran	32	Morocco	7	Cuba	9	Paraguay	3		
Soviet Union, frm	6	Taiwan	24	Algeria	6	Jamaica	8				

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

2007 Naturalization in Kansas by Origination Region



Nonimmigrant Visitors to Kansas

	2005	2006	2007
Total	56,167	61,161	73,857
Foreign government officials and families	702	798	999
Temporary visitors: for business	11,060	12,346	15,031
Temporary visitors: for pleasure	30,677	33,298	41,256
Transit aliens	66	70	90
Treaty traders and investors	300	388	482
Students and dependant family	5,315	5,772	6,524
Representatives to international organizations and families	15	14	8
Temporary workers and trainees, dependent family	2,430	3,878	4,292
Representatives of foreign information media and families	55	34	23
Students and exchange visitors, and dependant family	2,051	2,063	2,266
Fiances/spouses of U.S. citizens and their children	347	361	295
Intracompany transferees and dependant family	757	793	1,085
Vocational students and dependant family	500	506	656
NATO officials and families		153	163
NAFTA professional workers and dependant family	305	419	398
Fiances/spouses of permanent residents and their children	118	117	58
All other classes	364	146	225

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

Foreign Direct Investment Established in Kansas

	U.S.	Kansas
All industries	118588	829
Mining	1107	9
Utilities	815	2
Construction	1082	7
Manufacturing	10322	86
Wholesale trade	15798	137
Retail trade	30540	194
Transportation and warehousing	5468	60
Information	5046	50
Finance: Depository credit intermediation	3263	1
Finance: Insurance	3709	48
Real estate and rental and leasing	1890	15
Professional and technical services	4275	24
Accommodation and food services	15255	65
Other	16824	108

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

Kansas Exports by Product

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change, **
									2006-2007
Kansas Exports Total	4,930,774	0.6%	6,720,075	0.7%	8,625,553	0.8%	10,246,053	0.9%	0.9%
Transportation Equipment	1,632,244	33.1%	2,430,838	36.2%	3,310,887	38.4%	3,726,905	36.4%	36.4%
Processed Foods	804,171	16.3%	985,610	14.7%	1,299,961	15.1%	1,439,649	14.1%	14.1%
Computers & Electronic Prod.	599,970	12.2%	810,403	12.1%	1,085,548	12.6%	1,177,779	11.5%	11.5%
Crop Production	345,411	7.0%	413,949	6.2%	395,268	4.6%	1,026,875	10.0%	10.0%
Machinery Manufactures	507,281	10.3%	694,060	10.3%	747,131	8.7%	897,748	8.8%	8.8%
Chemical Manufactures	340,592	6.9%	475,571	7.1%	666,066	7.7%	716,620	7.0%	7.0%
Plastic & Rubber Products	122,901	2.5%	153,615	2.3%	183,970	2.1%	263,711	2.6%	2.6%
Elec. Eq., Appliances & Parts	88,801	1.8%	132,546	2.0%	153,289	1.8%	168,467	1.6%	1.6%
Fabricated Metal Products	91,944	1.9%	117,520	1.7%	115,385	1.3%	166,175	1.6%	1.6%
Leather & Related Products	75,392	1.5%	102,204	1.5%	126,109	1.5%	135,319	1.3%	1.3%
Spec. Classification Provisions	61,916	1.3%	58,546	0.9%	132,617	1.5%	109,584	1.1%	1.1%
Waste & Scrap	18,072	0.4%	34,293	0.5%	45,429	0.5%	75,702	0.7%	0.7%
Primary Metal Manufactures	25,688	0.5%	39,825	0.6%	59,782	0.7%	73,609	0.7%	0.7%
Misc. Manufactures	54,150	1.1%	71,359	1.1%	70,017	0.8%	70,734	0.7%	0.7%
Non-Metallic Mineral Mfgs.	27,828	0.6%	29,288	0.4%	39,300	0.5%	39,717	0.4%	0.4%
Printing & Related Products	20,317	0.4%	19,869	0.3%	28,494	0.3%	35,192	0.3%	0.3%
Petroleum & Coal Products	14,409	0.3%	14,974	0.2%	78,170	0.9%	27,351	0.3%	0.3%
Paper Products	20,253	0.4%	20,904	0.3%	24,155	0.3%	22,937	0.2%	0.2%
Oil & Gas Extraction	6,227	0.1%	10,770	0.2%	8,404	0.1%	14,560	0.1%	0.1%
Mining	33,622	0.7%	45,578	0.7%	9,128	0.1%	9,979	0.1%	0.1%
Wood Products	3,676	0.1%	7,370	0.1%	8,537	0.1%	9,641	0.1%	0.1%
Fabric Mill Products	10,900	0.2%	14,573	0.2%	8,110	0.1%	7,873	0.1%	0.1%
Used Merchandise	4,923	0.1%	16,072	0.2%	5,120	0.1%	7,339	0.1%	0.1%
Furniture & Related Products	3,720	0.1%	4,702	0.1%	4,330	0.1%	6,328	0.1%	0.1%
Non-Apparel Textile Products	3,661	0.1%	3,977	0.1%	5,332	0.1%	4,683	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.

Kansas Exports by Trading Partner Countries

(Unit: \$1,000)

	2004	(%)*	2005	(%)	2006	(%)	2007	(%)	% Change,**	2006-2007
World Total	4,930,774	0.6%	6,720,075	0.7%	8,625,553	0.8%	10,246,053	0.9%	0.9%	
Canada	1,309,568	26.6%	1,792,238	26.7%	2,267,969	26.3%	2,427,678	23.7%	23.7%	
Mexico	644,922	13.1%	853,894	12.7%	956,131	11.1%	915,777	8.9%	8.9%	
Japan	198,478	4.0%	258,861	3.9%	366,579	4.2%	376,663	3.7%	3.7%	
South Korea	167,692	3.4%	172,734	2.6%	170,124	2.0%	226,674	2.2%	2.2%	
United Kingdom	286,455	5.8%	306,412	4.6%	529,419	6.1%	593,111	5.8%	5.8%	
China	210,500	4.3%	313,310	4.7%	359,929	4.2%	489,168	4.8%	4.8%	
Germany	186,802	3.8%	280,136	4.2%	387,085	4.5%	615,631	6.0%	6.0%	
Brazil	128,272	2.6%	188,196	2.8%	183,372	2.1%	338,820	3.3%	3.3%	
France	143,654	2.9%	162,510	2.4%	162,335	1.9%	245,583	2.4%	2.4%	
Australia	133,367	2.7%	192,397	2.9%	252,569	2.9%	281,522	2.7%	2.7%	
Nigeria	53,503	1.1%	89,348	1.3%	22,421	0.3%	93,807	0.9%	0.9%	
Belgium	36,195	0.7%	53,651	0.8%	156,434	1.8%	139,204	1.4%	1.4%	
Italy	94,117	1.9%	108,167	1.6%	109,848	1.3%	143,114	1.4%	1.4%	
Hong Kong	62,200	1.3%	110,533	1.6%	196,472	2.3%	172,226	1.7%	1.7%	
Switzerland	55,994	1.1%	89,799	1.3%	58,025	0.7%	90,795	0.9%	0.9%	
Portugal	65,612	1.3%	124,844	1.9%	140,941	1.6%	133,642	1.3%	1.3%	
Egypt	14,773	0.3%	23,874	0.4%	42,276	0.5%	96,664	0.9%	0.9%	
South Africa	68,116	1.4%	78,044	1.2%	124,688	1.4%	128,493	1.3%	1.3%	
Taiwan	64,188	1.3%	81,272	1.2%	122,274	1.4%	172,987	1.7%	1.7%	
Singapore	126,270	2.6%	167,025	2.5%	199,993	2.3%	185,405	1.8%	1.8%	
Netherlands	54,051	1.1%	58,618	0.9%	102,242	1.2%	108,721	1.1%	1.1%	
Spain	54,873	1.1%	62,905	0.9%	78,025	0.9%	156,113	1.5%	1.5%	
India	44,547	0.9%	84,083	1.3%	104,104	1.2%	131,609	1.3%	1.3%	
Austria	95,871	1.9%	83,930	1.2%	113,305	1.3%	84,296	0.8%	0.8%	
Iraq	521	0.0%	1,601	0.0%	1,782	0.0%	101,420	1.0%	1.0%	

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.

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