

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

**Produced By: NAR Research
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Introduction

The purpose of this report is to present recent international-related data trends directly associated with Virginia. Such data, properly gleaned, will present real estate opportunities with foreign nationals, foreign companies and foreign referral counterparts.

Global Presence

The exchange of goods and services across international borders has greatly increased, with the growth in international transactions far exceeding growth in domestic transactions in recent years. U.S. exports of goods and services increased 10.5 percent, while imports from foreign countries rose 12.8 percent in 2005. Such increases are three to four times higher than growth in the overall national economy. Due in part to the significant rise in international business activity, the flow of people across borders has increased, as well. At the same time, the demand for real estate - both residential and commercial – has been on the rise. Fast-growing international trade leads to relocation of foreigners in the United States, as well as U.S. businesses opening offices abroad. In short, conditions are ripe for engaging in international property brokerages.

Consider the number of foreigners (non-immigrants) arriving in Virginia in 2004 by category:

- 181,159 foreigners for vacation
- 2,223 traders and investors
- 12,973 foreign students
- 5,234 foreign workers due to intra-company transfers
- 1,437 foreign workers related to NAFTA
- 6,4785 foreigners for other business

Obviously, many of these foreigners will need rental housing, second homes, or commercial property in Virginia. A recent study of home purchases in Florida revealed that 15 percent of all sales were made by foreigners - largely for vacation homes.¹ Though Virginia may not witness such a high level of foreign transactions, there are still enough foreigners arriving in the state to make an impact on overall real estate transactions.

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 Germany from Virginia increased 3 percent and 5 percent, respectively, in the past year. Third on

¹ NAR conducted a survey of REALTORS® in Florida in 2005 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, 87 percent reported that they did at least one home sale transaction with international buyers. Two thirds – 66 percent – of those REALTORS® who brokered foreign-buyer purchases noted that one to four of *all* their transactions were with international clients.

the list of countries to which Virginia products are exported is Japan. This 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, Germany and Japan.

Non-agglomerated bituminous coal was the top export product for Virginia. Savvy real estate professionals may want to visit the human resource departments of the companies producing this export to let them know about relocation services offered in your professional global network.

Immigrants to 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.² The U.S. population grew by roughly 30 million people during the last decade of the 20th century and by another 12 million in the last four years. The strong increase in immigration contributed to nearly 40 percent of the rise in U.S. population since 1990.

In Virginia, 21,695 newly admitted legal immigrants arrived in 2004. Most came from India (2,269). Other top countries of origin include:

- El Salvador (1,575)
- The Philippines (1,265)
- Korea (1,009)
- China (888)
- Vietnam (841)

Real estate professionals may want to consider assisting, participating or setting up a network partner with these communities to open up business opportunities.

In 2004, 13,478 immigrants to Virginia became U.S. citizens. Natives of India led with the highest number (1,100) of newly naturalized citizens in the state last year. Other top countries represented include:

- The Philippines (890)
- Korea (794)
- Vietnam (782)
- El Salvador (602)
- Pakistan (574)

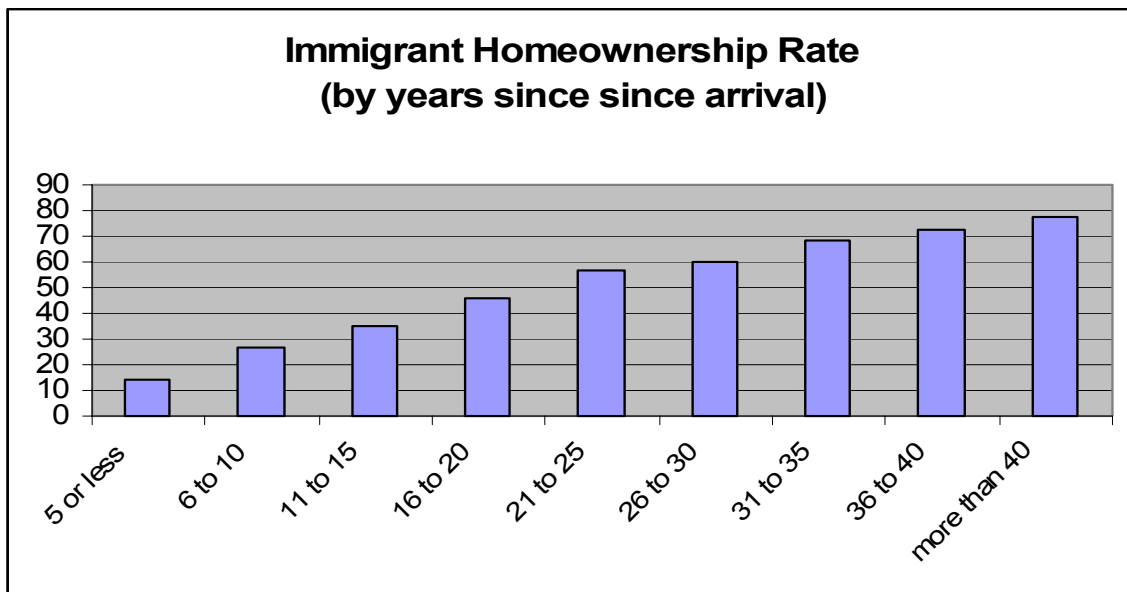
² There are contentious issues relating to swelling illegal immigration and assimilation, and this paper does not attempt to delve into this difficult topic.

The new citizens and immigrants, brought the total number of naturalized citizens in Virginia to 281,849 (4 percent of the population) and 405,240 non-citizens (6 percent of the population) in 2004.

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

Also consider what happens to housing markets when there is no immigration. For example, home prices in Japan have been stagnant for the past 20 years. One reason is that the country’s population has been virtually unchanged during that same time period. The same stagnation is also present in East Germany (where many have left for West Germany). Similar situations can be found in U.S. areas such as Elmira, NY and Danville, IL.

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.



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. More people translates into more housing demand.

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.

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 70 partner associations in more than 50 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 – www.realtor.org/international
- **Expand Your Market Course** – Turn-key course to introduce agents/brokers to the global real estate market. Eligible for continuing education approval. More information at <http://www.realtor.org/cipshome.nsf/pages/eym>
- **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, www.realtor.org/international
- **Monthly International eReport (Electronic Newsletter)** – Available free to any NAR member. Sign up via "Subscribe to News" link on home page at www.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. Downloads 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. Group seeking a speaker contacts and deals directly with the speaker. Access the database at <http://www.realtor.org/cipshome.nsf/pages/speakers>
- **NAR International Association Network** – NAR partners with 70 national associations in more than 50 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>

The International Consortium of Real Estate Associations (ICREA)/WorldProperties.com is the centerpiece of NAR’s International multilateral strategic initiative and can be found online at **www.WorldProperties.com**. NAR is a founding member and co-chair of the 25-member alliance of leading national real estate associations, which collectively represent more than 2 million real estate professionals worldwide and 3 million property listings. WorldProperties.com assists consumers in locating broker assisted properties outside their country and in locating a qualified real estate professional. Key site features include a distinctive resale property advertising service, links to 3 million residential and commercial property ads, a portal featuring high quality resort/new developments, a cross border client referral system, comparative business practice profiles, and more. It is the only organization of its kind and is constantly looking to the future to provide its members with new products and services that will help them more effectively compete in increasingly global real estate environments and keep the broker central to the real estate transaction.

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 Virginia

	U.S. Born Citizen	Foreign Born			
		Naturalized Citizen	(%)	Non-U.S. Citizen	(%)
Male	3,182,254	139,021	2.13%	204,908	3.14%
18 years old or more	2,295,214	131,453	4.13%	181,355	5.70%
Under 18 years old	887,040	7,568	0.33%	23,553	1.03%
Female	3,352,659	144,345	16.27%	200,332	22.58%
18 years old or more	2,504,970	139,342	4.16%	180,074	5.37%
Under 18 years old	847,689	5,003	0.20%	20,258	0.81%
Total	6,534,913	281,849	3.90%	405,240	5.61%
Total Population in Virginia :				7,223,519	

Source : Census Bureau, American Community Survey 2004

Year of Entry of Foreign Born Population in Virginia

Entered to U.S.	Total	U.S. Citizen Born Abroad	Foreign Born		
			Total	Naturalized Citizen	Non-U.S. Citizen
2000 or later	164,255	9,454	154,801	6,710	148,091
1990 and 1999	267,197	24,547	242,650	67,213	175,437
1980 and 1989	168,940	18,781	150,159	94,688	55,471
Before 1980	202,158	61,162	140,996	114,755	26,241
Total	802,550	113,944	688,606	283,366	405,240

Source : Census Bureau, American Community Survey 2004

Household Languages

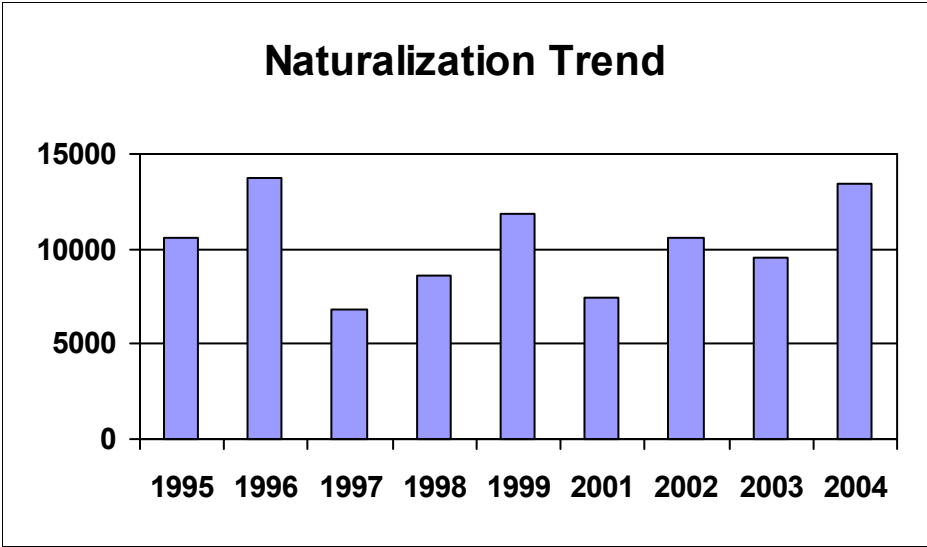
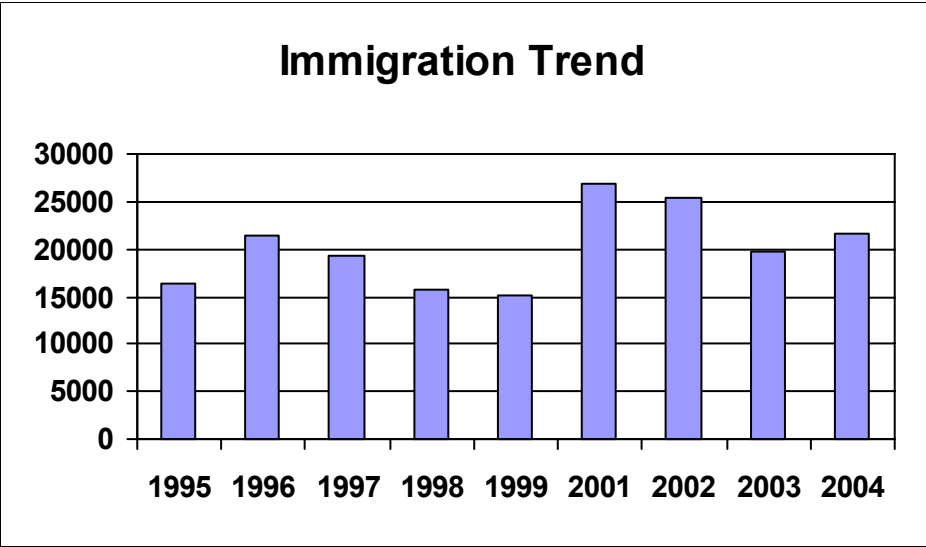
Main Language	Total Household	Linguistically Isolated	Not Linguistically Isolated
English	2,456,052		
Spanish	160,895	37,264	123,631
Indo-European Languages excluding English	114,354	14,620	99,734
Asian and Pacific Island Languages	83,290	25,280	58,010
Other Languages	31,826	3,551	28,275
Total	2,846,417		

Source : Census Bureau, American Community Survey 2004

Immigration and Naturalization Trend in Virginia

Year	Admitted Immigrants	Naturalization
1995	16,319	10,542
1996	21,375	13,724
1997	19,277	6,803
1998	15,686	8,589
1999	15,144	11,808
2001	26,876	7,426
2002	25,411	10,612
2003	19,781	9,593
2004	21,695	13,478

Source : Office of Immigration Statistic, 2004 Yearbook of Immigration Statistics



Virginia

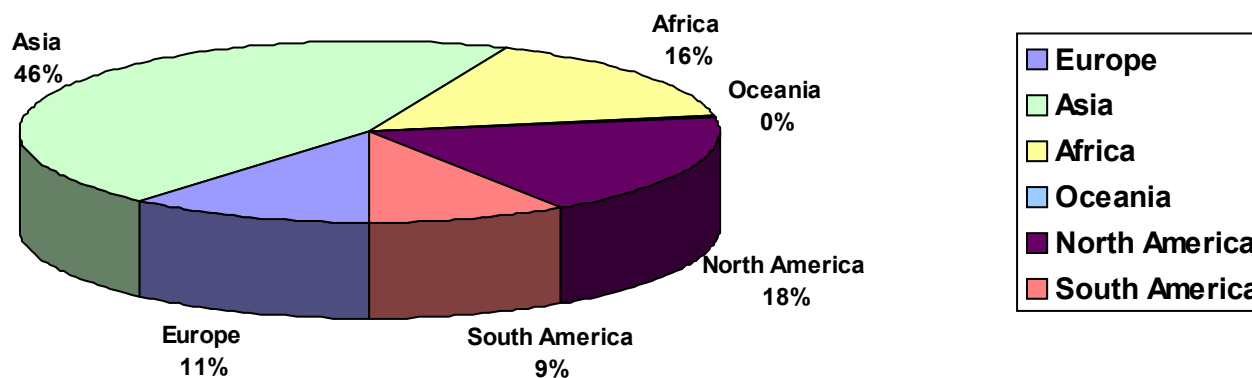
Virginia Immigrants in 2004 by Country of Birth

Total : 21,695

Europe		Asia		Africa		Oceania		North America		South America	
United Kingdom	379	India	2,269	Ethiopia	815	Australia	70	El Salvador	1,575	Bolivia	587
Russia	302	Philippines	1,265	Ghana	528	New Zealand	22	Mexico	755	Peru	586
Bosnia-Herzegovina	253	Korea	1,009	Morocco	328			Guatemala	356	Colombia	266
Germany	209	China, People's Republic	888	Egypt	306			Canada	293	Brazil	128
Ukraine	177	Vietnam	841	Sudan	239			Honduras	285	Ecuador	126
Bulgaria	118	Pakistan	751	Sierra Leone	189			Jamaica	143	Argentina	114
France	77	Iran	388	Nigeria	139			Cuba	108	Venezuela	65
Poland	65	Bangladesh	327	Somalia	116			Dominican Republic	97	Chile	49
Serbia and Montenegro	58	Nepal	322	Kenya	101			Trinidad & Tobago	93	Guyana	35
Romania	57	Afghanistan	314	Liberia	82			Nicaragua	88	Uruguay	18

Source : Office of Immigration Statistic, 2004 Yearbook of Immigration Statistics

Virginia Immigrants by Region



Virginia

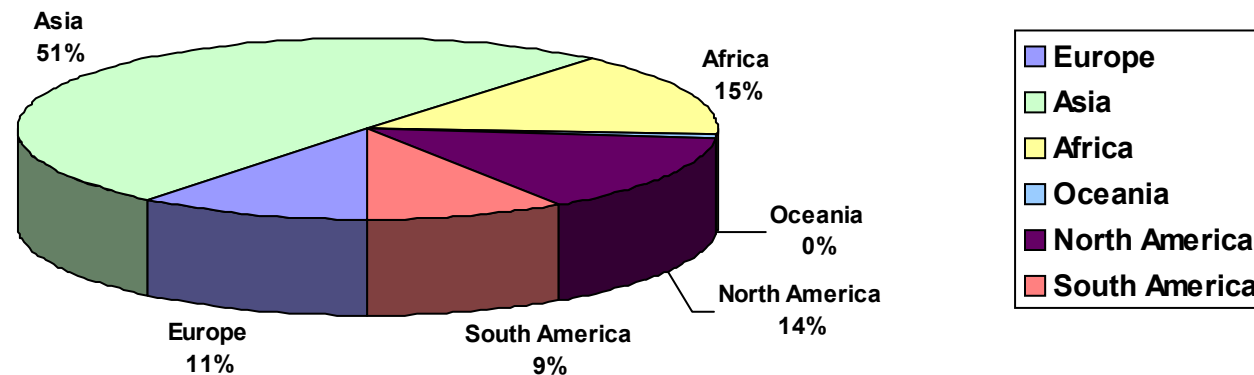
Virginia Naturalization in 2004 by Country of Birth

Total : 13,478

Europe		Asia		Africa		Oceania		North America		South America	
United Kingdom	209	India	1,100	Ethiopia	453	Australia	34	El Salvador	602	Peru	354
Germany	136	Philippines	890	Ghana	393			Mexico	250	Bolivia	344
Russia	132	Korea	794	Morocco	183			Jamaica	193	Colombia	167
Bosnia-Herzegovina	127	Vietnam	782	Egypt	144			Guatemala	147	Brazil	94
Ukraine	71	Pakistan	574	Sudan	115			Canada	129	Ecuador	70
Bulgaria	71	China, People's Republic	542	Nigeria	114			Trinidad & Tobago	91	Guyana	51
France	55	Iran	450	Somalia	107			Dominican Republic	87	Venezuela	50
Soviet Union, former	53	Bangladesh	251	Sierra Leone	99			Honduras	84	Argentina	44
Romania	52	Afghanistan	219	Eritrea	75			Nicaragua	71	Chile	27
Serbia and Montenegro	52	Thailand	148	Liberia	61			Haiti	63	Uruguay	13

Source : Office of Immigration Statistice, 2004 Yearbook of Immigration Statistics

Virginia Naturalization by Region



Nonimmigrant Visitors to Virginia

	2001	2002	2003	2004
All classes	338,932	302,742	310,066	340,932
Foreign government officials	10,488	10,847	11,227	12,308
Temporary visitors for business		53,173	58,036	64,785
Temporary visitors for pleasure		163,064	164,536	181,159
Transit aliens	804	695	785	905
Treaty traders and investors	3,377	2,750	2,369	2,223
Students	15,234	13,720	13,159	12,973
Spouses and children of students	1,602	1,362	1,219	1,222
Temporary workers and trainees	16,009	15,941	16,130	17,649
Spouses and children of temporary workers and trainees	4,242	3,826	3,792	3,958
International representatives	13,057	13,342	14,214	15,396
Representatives of foreign information media	682	573	739	871
Exchange visitors	7,873	8,524	8,750	10,417
Spouses and children of exchange visitors	1,217	1,003	1,009	1,016
Fiancés of U.S. citizens	865	878	994	1,014
Intracompany transferees	5,902	4,882	4,562	5,234
Spouses and children of intracompany transferees	2,732	2,264	2,172	2,290
NATO officials	2,856	2,765	2,839	3,407
North American Free-Trade Agreement workers	1,818	1,227	1,131	1,437
Spouses and children of North American Free-Trade workers	502	303	268	278

Source : Office of Immigration Statistics, 2004 Yearbook of Immigration Statistics

Virginia Exports by Product*

Unit: \$ million

	2002		2003		2004		2005		% Change, 2004-2005**
		(%)		(%)		(%)		(%)	
Total Virginia Exports and % Share of U.S. Total	10,796	1.6	10,853	1.5	11,631	1.4	12,216	1.4	5.0
Total, Top 25 Commodities and % Share of State Total	3,950	36.6	4,266	39.3	4,963	42.7	5,261	43.1	6.0
1 Non-agglomerated bituminous coal	481	4.5	430	4.0	653	5.6	836	6.8	28.0
2 Digital monolithic integrated circuits	614	5.7	455	4.2	401	3.4	646	5.3	61.0
3 Cigarettes containing tobacco	580	5.4	586	5.4	556	4.8	440	3.6	-20.9
4 Tobacco, partly or wholly stemmed/stripped	351	3.2	400	3.7	418	3.6	405	3.3	-3.0
5 Parts of airplanes or helicopters	297	2.8	341	3.1	353	3.0	277	2.3	-21.5
6 Bleached kraft paper with wood fibers obtained by chemical pr	238	2.2	283	2.6	293	2.5	261	2.1	-11.0
7 Motor vehicle for the transport of goods with spark ignition engi	39	0.4	214	2.0	255	2.2	254	2.1	-0.4
8 Road tractors for semi-trailers	149	1.4	240	2.2	356	3.1	227	1.9	-36.2
9 Parts and accessories of motor vehicles	133	1.2	140	1.3	185	1.6	216	1.8	16.7
10 Gas turbine parts	184	1.7	138	1.3	90	0.8	192	1.6	113.7
11 Artificial filament tow	155	1.4	148	1.4	169	1.5	173	1.4	2.8
12 Parts and accessories for automatic data processing machine	171	1.6	166	1.5	205	1.8	169	1.4	-17.8
13 Soybeans	3	0.0	124	1.1	49	0.4	146	1.2	195.9
14 Compressors used in refrigerating equipment	186	1.7	168	1.6	170	1.5	111	0.9	-34.4
15 Antennas and antenna reflectors and parts	9	0.1	22	0.2	62	0.5	104	0.9	67.9
16 Nonwovens of manmade fibers	64	0.6	87	0.8	93	0.8	90	0.7	-3.3
17 Medium spark-ignition passenger vehicles	6	0.1	9	0.1	29	0.2	88	0.7	208.2
18 Steering wheels, columns and boxes for motor vehicles	57	0.5	44	0.4	56	0.5	81	0.7	45.4
19 Heterocyclic compounds with nitrogen hetero-atoms	17	0.2	21	0.2	38	0.3	81	0.7	115.5
20 Antibiotics	55	0.5	48	0.4	49	0.4	79	0.7	62.6
21 Retail packs of measured dose medication	45	0.4	71	0.7	308	2.6	78	0.6	-74.8
22 Uncoated and unbleached kraftliner in rolls or sheets	45	0.4	49	0.5	47	0.4	77	0.6	63.4
23 Polyamide-6,-11,-12,-6,6,-6,9,-6,10 or -6,12	40	0.4	43	0.4	67	0.6	77	0.6	15.6
24 Waste and scrap galinium, halfnium, indium, niobium, rhenium	1	0.0	0	0.0	6	0.0	77	0.6	(Z)
25 Chain saws	32	0.3	38	0.4	57	0.5	75	0.6	33.0

Source : Census Bureau

* The U.S. Census Bureau assigns detailed names to export products. For example, products listed as digital monolithic integrated circuits are essentially semiconductors. To maintain the integrity of government's export records, this report follows the terminology used by the Census.

** (Z) means over 500% growth.

Virginia Exports by Trading Partner Country

Unit: \$ million

	2002		2003		2004		2005		% Change, 2004-2005*
		(%)		(%)		(%)		(%)	
Total Virginia Exports and % Share of U.S. Total	10,796	1.6	10,853	1.5	11,631	1.4	12,216	1.4	5.0
Total, Top 25 Countries and % Share of State Total	9,115	84.4	9,077	83.6	9,914	85.2	10,156	83.1	2.4
1 Canada	1,839	17.0	2,106	19.4	2,515	21.6	2,586	21.2	2.8
2 Federal Republic of Germany	1,158	10.7	990	9.1	1,125	9.7	1,179	9.7	4.8
3 Japan	1,322	12.2	908	8.4	940	8.1	773	6.3	-17.8
4 United Kingdom	654	6.1	724	6.7	663	5.7	744	6.1	12.1
5 China	369	3.4	521	4.8	608	5.2	722	5.9	18.6
6 Belgium	476	4.4	474	4.4	374	3.2	417	3.4	11.5
7 Netherlands	317	2.9	389	3.6	602	5.2	410	3.4	-31.9
8 Mexico	450	4.2	399	3.7	424	3.6	405	3.3	-4.4
9 Singapore	98	0.9	118	1.1	181	1.6	311	2.5	71.3
10 France	217	2.0	200	1.8	225	1.9	279	2.3	24.0
11 Brazil	249	2.3	226	2.1	208	1.8	274	2.2	31.6
12 Italy	240	2.2	224	2.1	199	1.7	255	2.1	27.7
13 Korea, South	241	2.2	247	2.3	248	2.1	205	1.7	-17.3
14 Saudi Arabia	256	2.4	262	2.4	277	2.4	202	1.7	-27.1
15 Turkey	101	0.9	102	0.9	80	0.7	170	1.4	112.8
16 Australia	161	1.5	150	1.4	197	1.7	154	1.3	-21.9
17 Spain	176	1.6	172	1.6	140	1.2	150	1.2	7.1
18 Sweden	93	0.9	139	1.3	108	0.9	144	1.2	33.6
19 Hong Kong	155	1.4	144	1.3	157	1.3	140	1.1	-10.5
20 Russia	76	0.7	82	0.8	128	1.1	129	1.1	0.7
21 Indonesia	44	0.4	43	0.4	62	0.5	126	1.0	104.3
22 Taiwan	101	0.9	114	1.0	165	1.4	115	0.9	-30.2
23 Romania	13	0.1	18	0.2	40	0.3	100	0.8	149.0
24 Malaysia	278	2.6	280	2.6	146	1.3	87	0.7	-40.8
25 India	33	0.3	45	0.4	102	0.9	81	0.7	-20.8

Source : Census Bureau

* (Z) means over 500% growth.