

Business Data for International Real Estate Transactions in California



October 2013



**NATIONAL
ASSOCIATION *of*
REALTORS®**

**NATIONAL ASSOCIATION OF
REALTORS®
RESEARCH DIVISION**

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International transactions contribute to the expansion of the U.S. real estate market. In its *2013 National Association of REALTORS® Profile of International Home Buying Activity*, NAR estimated the volume of international sales for the period covering April 2012-March 2013 at \$ 68.2 billion, which is approximately 6 percent of total existing home sales during the same period.

While opportunities exist, transacting with international clients also presents significant challenges, especially on the buyer's side of the market. Cultural affinity or orientation with the prospective purchaser, foreign language capabilities, and an appreciation of the differences between the U.S. real estate and those of other countries are important in bringing an international transaction to successful conclusion.

This Report serves as an overview of information that can be used to expand the scope for international real estate transactions with non-US residents and recent immigrants to the United States. It includes state level and metro area level indicators on the economy, demographic trends, immigration, and commercial real estate data for areas where data is available.

NAR's Commercial & Global Services department has the expertise to address specific questions related to international transactions as well as the ability to direct specific questions to other NAR resources. For more data and information, REALTORS® are encouraged to visit the NAR Research webpage at <http://www.realtor.org/research-and-statistics> and NAR's global pages at <http://www.realtor.org/global/global-alliances> .

National Association of REALTORS®
Research Department
October 2013

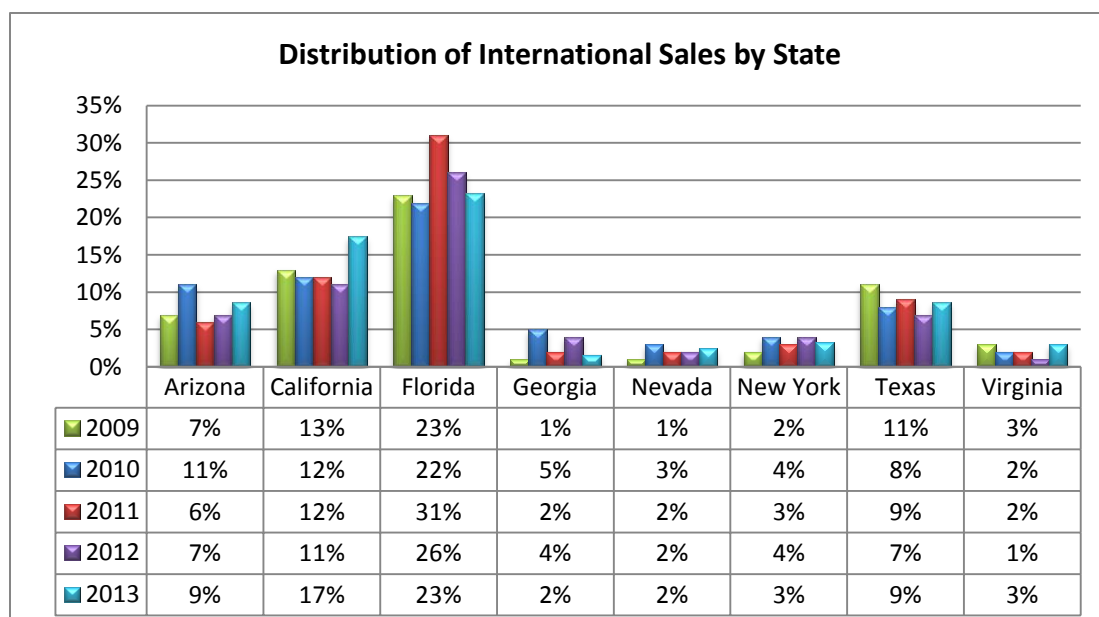
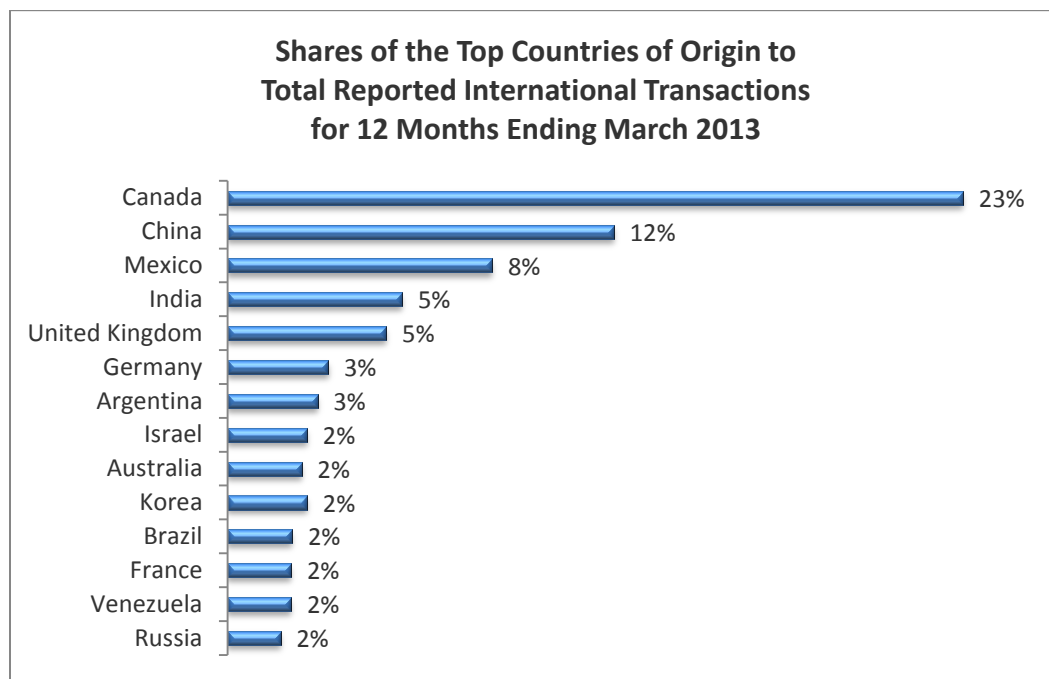
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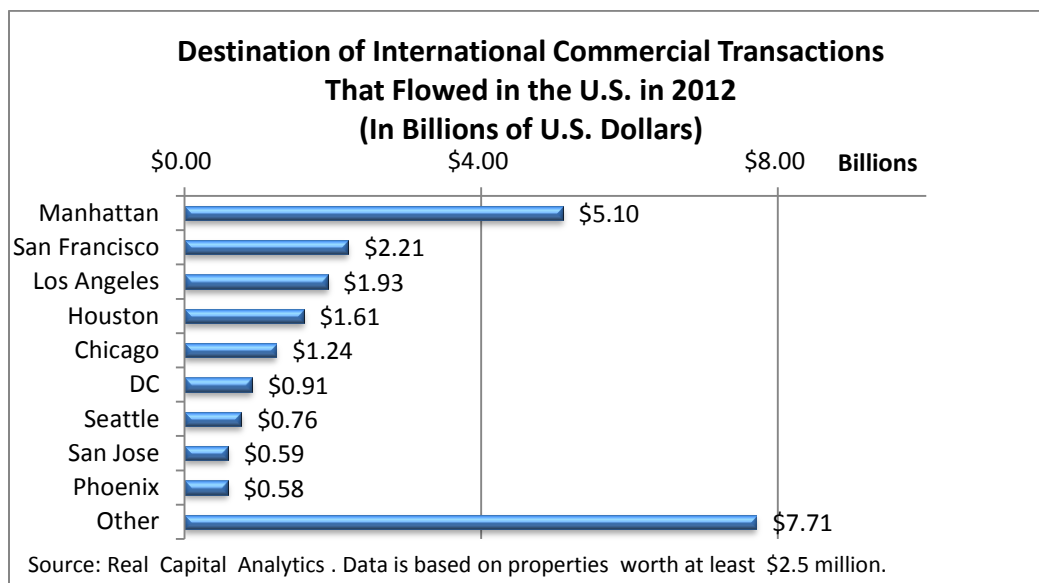
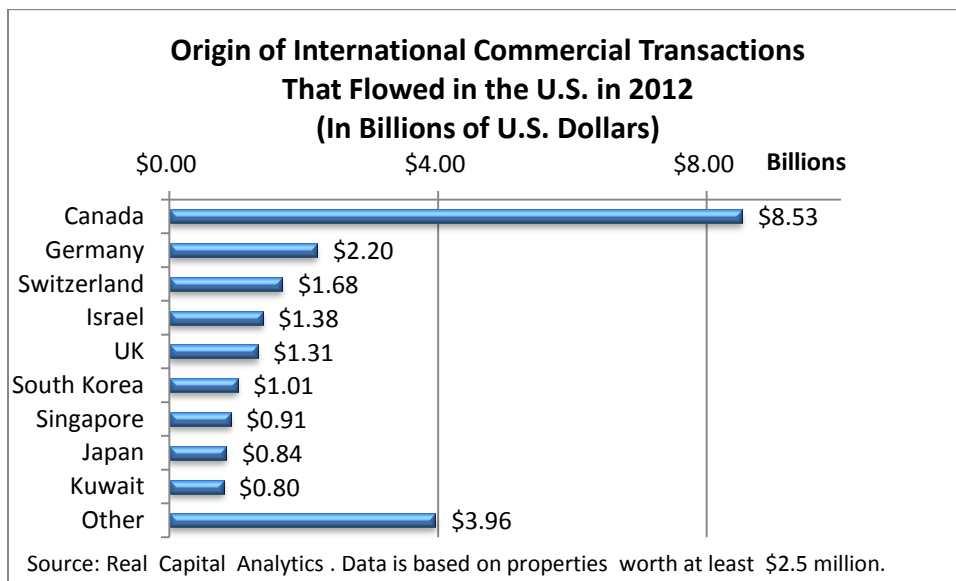
Gay Cororaton
Research Economist

I. Introduction

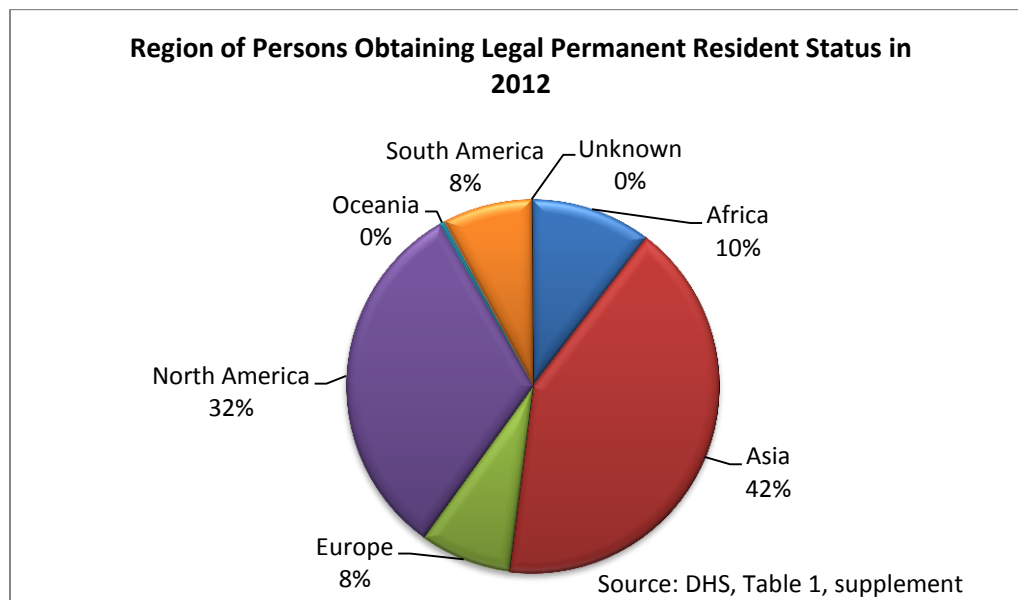
In its 2013 *National Association of REALTORS® Profile of International Home Buying Activity*, NAR estimated the volume of international sales for the period covering April 2012–March 2013 at \$ 68.2 billion, which is approximately 6.3 percent of the U.S. total existing home sales of \$ 1.08 trillion for the same period. Sales are roughly split between foreign buyers whose primary residence is abroad and those who are in the U.S. as recent immigrants or on temporary visas. The major foreign buyers have typically come from Canada, China, Mexico, India, and the United Kingdom. The primary destinations are Florida, California, Arizona, and Texas.



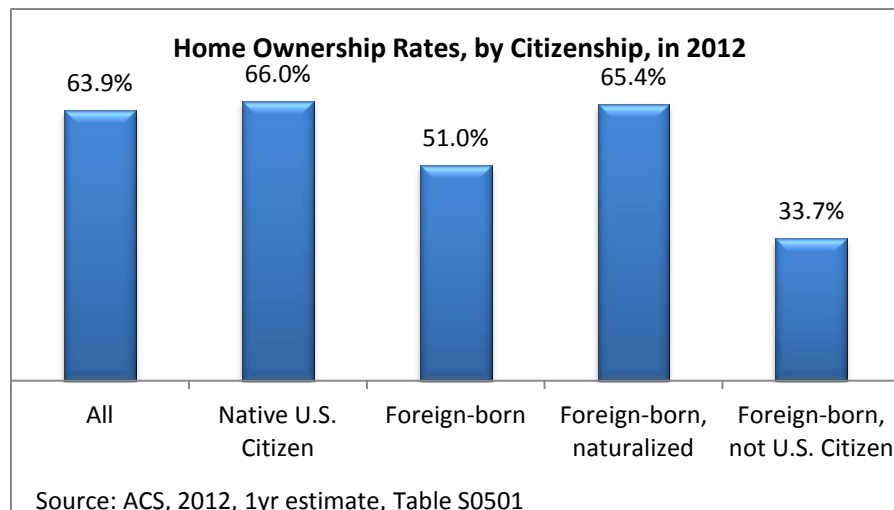
Commercial international transactions also represent a billion dollar market. In 2012, about \$ 22.6 billion dollars flowed into the U.S. with a major chunk from Canada and countries in Europe, Asia, and the Middle East. Manhattan, San Francisco, and Los Angeles were the major destinations.



Foreign purchasers are interested in U.S. real estate for residential, investment and portfolio diversification purposes. Since 2000, about 1 million immigrants have come annually into the United States. About 2.5 to 3 million have entered the U.S. as temporary workers on non-immigrant admissions since 2010. Majority of recent immigrants come from Asia and Latin America.



Immigrants are likely to become homeowners over time; the homeownership rate of the foreign-born who are now U.S. citizens (naturalized) is at par with native U.S. citizens. The naturalized foreign-born have sound prospects for home ownership because they are generally well-educated and comparably earn high incomes. On the other hand, the foreign-born who are not yet U.S. citizens are mostly renters.



Income, Education and Employment in 2012

	Median Household Income	Unemployed rate /1	Percent with Bachelor's degree /2
Native U.S. Citizen	\$51,975	9.5%	18.6%
Foreign Born	\$46,983	8.5%	16.4%
Foreign-Born, naturalized	\$56,190	7.1%	20.2%
Foreign-born, not a U.S. citizen	\$38,214	9.8%	12.6%

/1 as percent of civilian labor force age 16+

/2 as percent of population age 25+

Source: Census Bureau, American Community Survey 2012, 1 year estimate, Table S0501.

II. NAR's Global Programs

NAR's Commercial & Global Services division helps members prepare to serve the growing market of global buyers. Offering the Certified International Property Specialist designation, and the At Home With Diversity certification, REALTORS® gain insights on how to diversify their business, and are provided with the research, tools and access to globalize their network. With over 80 bilateral agreements, affiliation with 60 countries, and strategic partnerships, NAR Global helps you explore the global market.

NAR's international program has a long 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 Global home page at Realtor.org** – Best general resource for information on NAR international programs and services – <http://www.realtor.org/global>.
- **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 the NAR Global home page, <http://www.realtor.org/global>.
- **NAR Global Association Network** – NAR partners with nearly 80 associations in 60 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 volunteer liaisons to these groups, and/or access the association directly at http://www.realtor.org/global/cooperating_associations.
- **Global Perspectives in Real Estate** - NAR Global's bi-monthly newsletter filled with valuable information regarding global business development for REALTORS®. View the electronic version at <http://www.realtor.org/global/globalperspectives>.
- **International Research Reports** - Learn about the global impact in your market. Access NAR's International Real Estate Research Reports, including all 50 State-by-State International Business Reports, at <http://www.realtor.org/research/research/reportsintl>.
- **The Global View**- Updated weekly, NAR's internationally-themed blog covers a wide range of topics providing tips and tools to help REALTORS®, both inside and outside the U.S., succeed in the global market. <http://theglobalview.blogs.realtor.org>

III. State Specific Economic and Real Estate Data**Table 1. Population By Place of Birth in 2012**

	California	U.S.
Total Population, by Place of Birth	38,041,430	313,914,040
Native /1	27,740,598	273,089,382
Foreign-Born /2	10,300,832	40,824,658
Naturalized	4,899,682	18,686,237
Not a U.S. Citizen	5,401,150	22,138,421
Percent, Native	73%	87%

/1 The U.S. Census Bureau uses the terms native and native born to refer to anyone born in the United States, Puerto Rico, a U.S. Island Area, or abroad of a U.S. citizen parent or parents.

/2 The U.S. Census Bureau uses the term foreign born to refer to anyone who is not a U.S. citizen at birth. This includes naturalized U.S. citizens, lawful permanent residents (immigrants) present in the U.S., temporary migrants (such as foreign students), humanitarian migrants (such as refugees and asylees), and persons illegally present in the U.S.

Source: U.S. Census Bureau, ACS 2012, 1 yr estimates, Table DP02

Table 2. Population By Race in 2012

	California	U.S.
Total Population	38,041,430	313,914,040
Hispanic or Latino	14,537,661	52,961,017
Not Hispanic or Latino	23,503,769	260,953,023
White Alone	14,904,055	197,243,423
Black or African-American Alone	2,150,453	38,464,192
American Indian and Alaska Native Alone	145,112	2,084,472
Asian Alone	5,047,744	15,375,460
Native Hawaiian and Other Pacific Islander Alone	137,403	497,807
Some other race alone	83,285	614,725
Two or more races	1,035,717	6,672,944

Source: U.S. Census Bureau, ACS 2012, 1 yr estimates, Table DP05

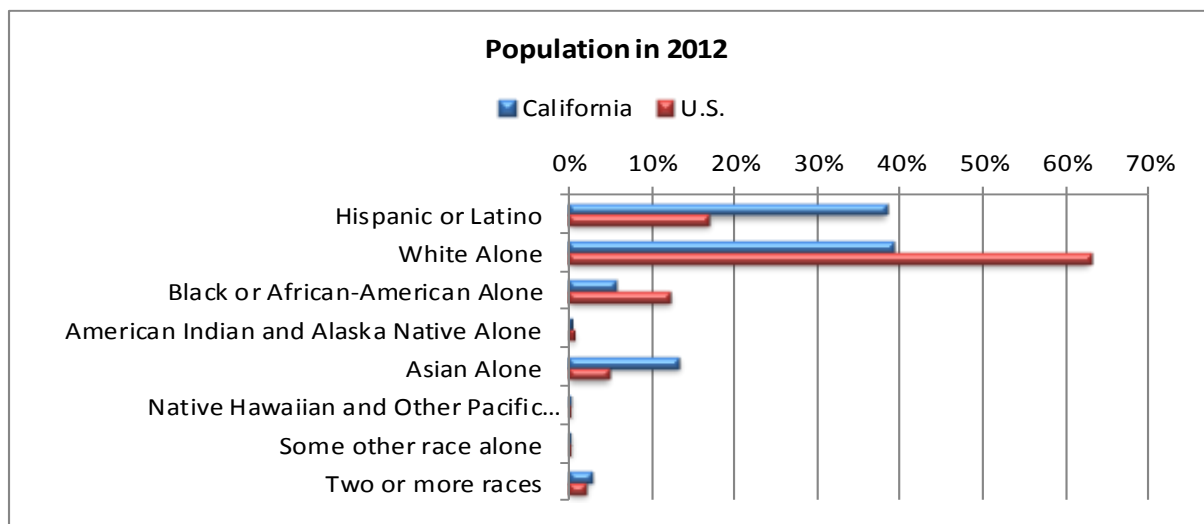


Table 3. Language Spoken in 2012

	California	U.S.
Population, 5 years and over	35,504,620	294,003,714
Speak English Only	19,781,507	232,126,499
Speak Language Other Than English	15,723,113	61,877,215
Spanish	10,301,841	38,325,155
Other Indo-European	1,623,518	11,034,625
Asian	3,465,033	9,752,336
Other Languages	332,721	2,765,099

Percent Who Speak English "Very Well" Among Population Who Do Not Speak English Only

	California	U.S.
Speak Language Other Than English	57%	59%
Spanish	57%	58%
Other Indo-European	69%	69%
Asian	52%	53%
Other Languages	64%	69%

Source: U.S. Census Bureau, ACS 2012, 1 yr estimates, Table DP02

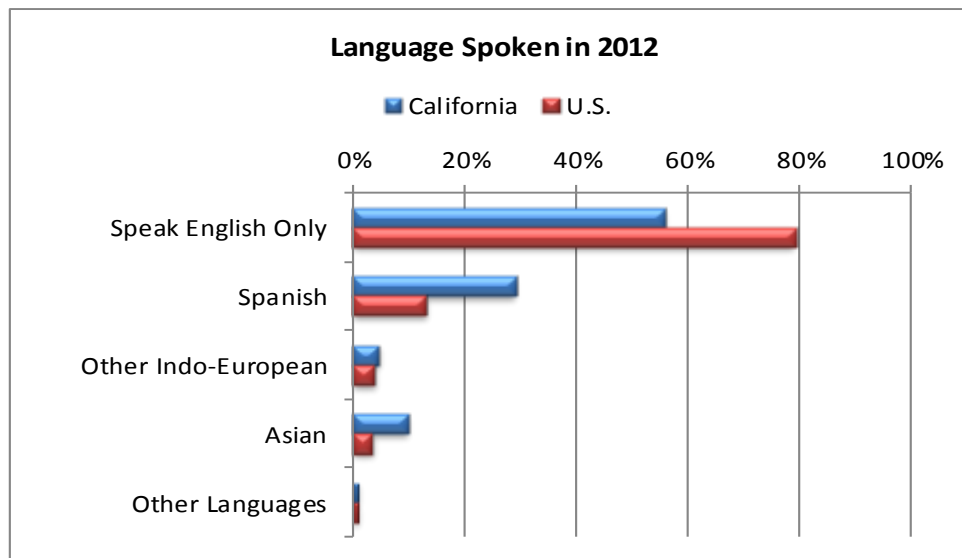
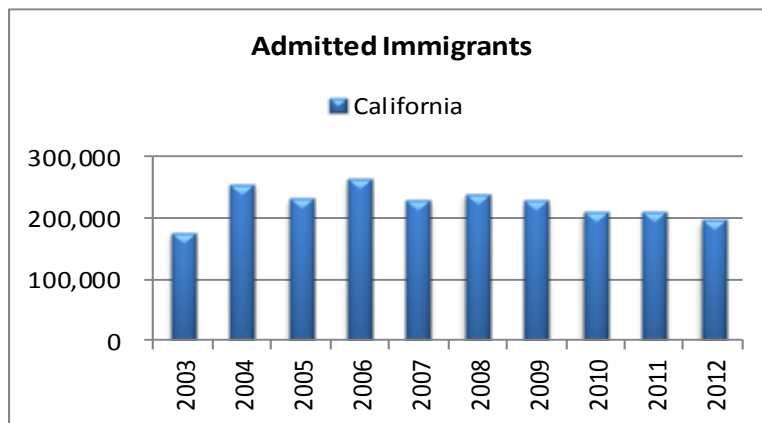


Table 4. Persons Obtaining Permanent Residence Status

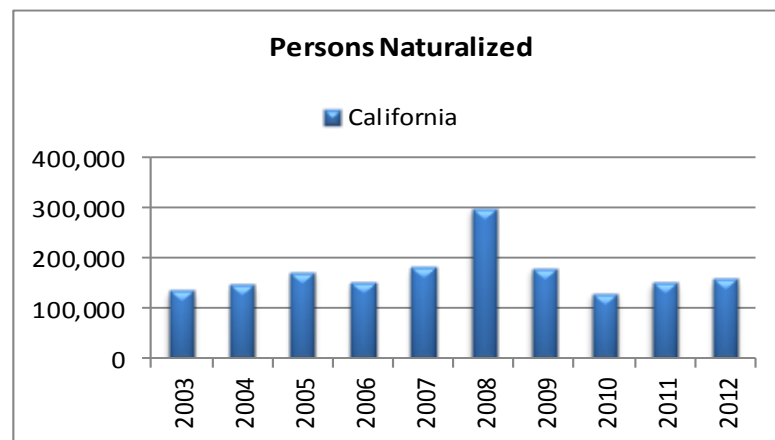
	California	U.S.
2003	175,579	703,542
2004	253,858	957,883
2005	232,014	1,122,257
2006	264,667	1,266,129
2007	228,941	1,052,415
2008	238,444	1,107,126
2009	227,876	1,130,818
2010	208,446	1,042,625
2011	210,591	1,062,040
2012	196,622	1,031,631



Source:U.S. Department of Homeland Security, Yearbook of Immigration Statistics 2012,Table 4

Table 5. Persons Naturalized

	California	U.S.
2003	135,599	462,435
2004	145,593	537,151
2005	170,489	604,280
2006	152,836	702,589
2007	181,684	660,477
2008	297,909	1,046,539
2009	179,754	743,715
2010	129,354	619,913
2011	151,183	694,193
2012	158,850	757,434



Source:U.S. Department of Homeland Security,Yearbook of Immigration Statistics 2012 ,Table 22

Table 6. Non-immigrant admissions (I-94 only)

	2008	2009	2010	2011	2012
Business Traveler, Visa waiver /1	2,371,493	2,066,217	2,444,096	2,860,698	2,947,638
Business Traveler, Other /2	3,635,686	3,231,894	5,082,597	6,657,464	6,551,023
Students and exchange visitors/3	224,015	214,883	264,697	284,117	276,379
Temporary workers and families/4	282,861	251,661	374,422	420,398	361,579
Diplomats/other representatives/5	18,906	18,019	22,749	24,116	22,225
All other classes	38,387	33,237	39,641	46,025	37,041
Unknown	19,342	18,453	23,202	14,153	12,824
California	6,590,690	5,834,364	8,251,404	10,306,971	10,208,709
U.S.	39,381,928	36,231,554	46,471,516	46,471,516	53,887,286

¹ Includes GB, GMB, GT, GMT, WB, and WT admissions.

² Includes B1, B2 and a limited number of Border Crossing Card (BCC) admissions.

³ Includes principals, spouses, and children (F, J, M admissions).

⁴ Includes principals, spouses, and children (CW1, E, H, I, L, O, P, Q, R, TD and TN admissions).

⁵ Includes principals, spouses, and children (A, G, N admissions).

Notes:

Admissions represent counts of events, i.e., arrivals, not unique individuals.

The majority of short-term admissions from Canada and Mexico are excluded.

Source: U.S. Department of Homeland Security, Yearbook of Immigration Statistics, 2012, Table 30

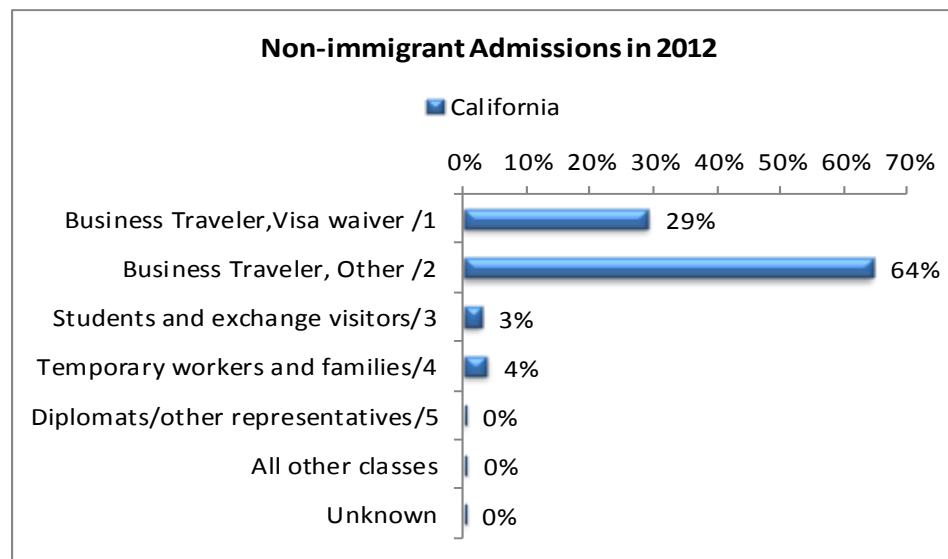


Table 7. Home Ownership and Income

	Home Ownership Rate (in %)	Median HH Income (in \$)
California		
Total	54.0	58,328
Born in the U.S. or abroad of U.S. parent(s)	57.3	62,448
Foreign Born	47.2	49,940
Naturalized	61.9	60,856
Not a U.S. Citizen	27.8	39,288
U.S.		
Total	63.9	51,371
Born in the U.S. or abroad of U.S. parent(s)	66.0	51,975
Foreign Born	51.0	46,983
Naturalized	65.4	56,190
Not a U.S. Citizen	33.7	38,214

Source: U.S. Census Bureau, ACS2012, 1 yr estimates, Table S0501

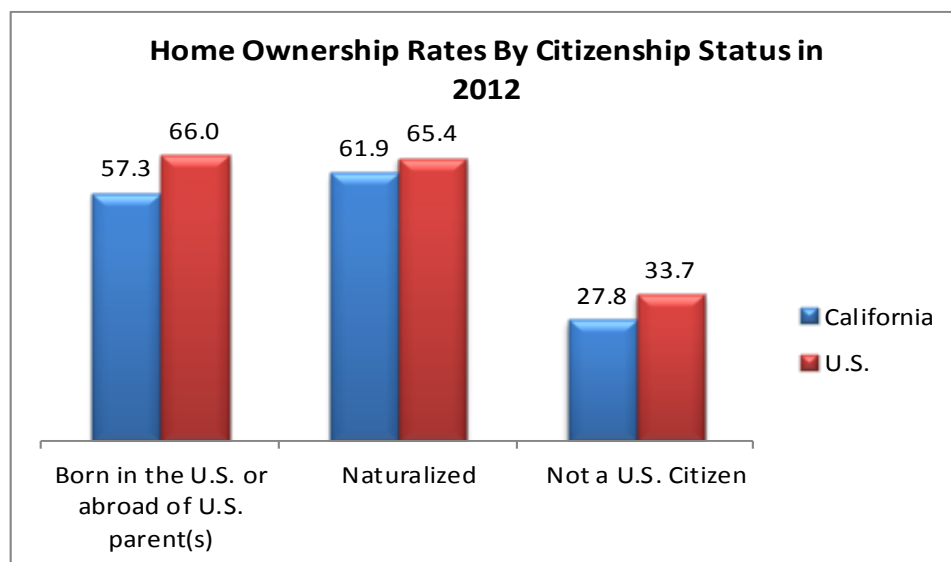
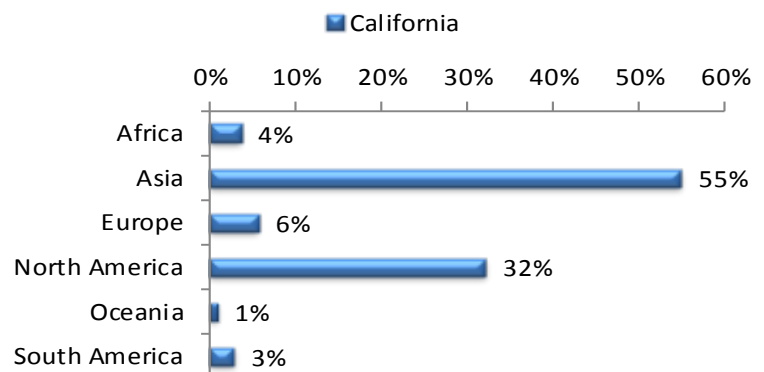
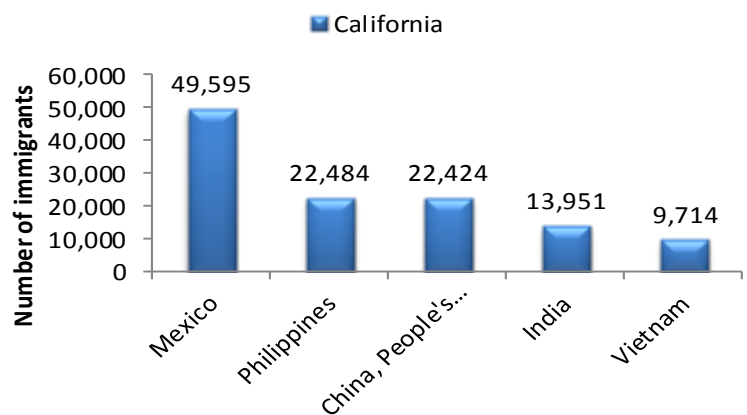


Table 8. Immigration by Origination Region and Country in 2012

REGION	
Total	196,622
Africa	7,150
Asia	107,825
Europe	11,121
North America	63,037
Oceania	1,732
South America	5,620
Unknown	137
COUNTRY	
Total	196,622
Mexico	49,595
Philippines	22,484
China, People's Republic	22,424
India	13,951
Vietnam	9,714
Korea, South	6,621
Iran	6,591
El Salvador	5,026
Iraq	3,926
Guatemala	3,447
Taiwan	2,409
United Kingdom	2,090
Canada	2,038
Armenia	1,977
Japan	1,832
Pakistan	1,731
Peru	1,644
Russia	1,582
Thailand	1,337
Egypt	1,328
Ethiopia	1,290
Colombia	1,163
Brazil	1,162
Burma	1,129
Nigeria	1,023
Indonesia	950

Immigration by Origination Region in 2012**Top Countries of Origin in 2012
Number of Immigrants**

Source of data: DHS, Yearbook of Immigration Statistics, Supplemental Table 1.

Table 9. Home Value and Comparative Cost of Renting vs. Home Ownership in 2012

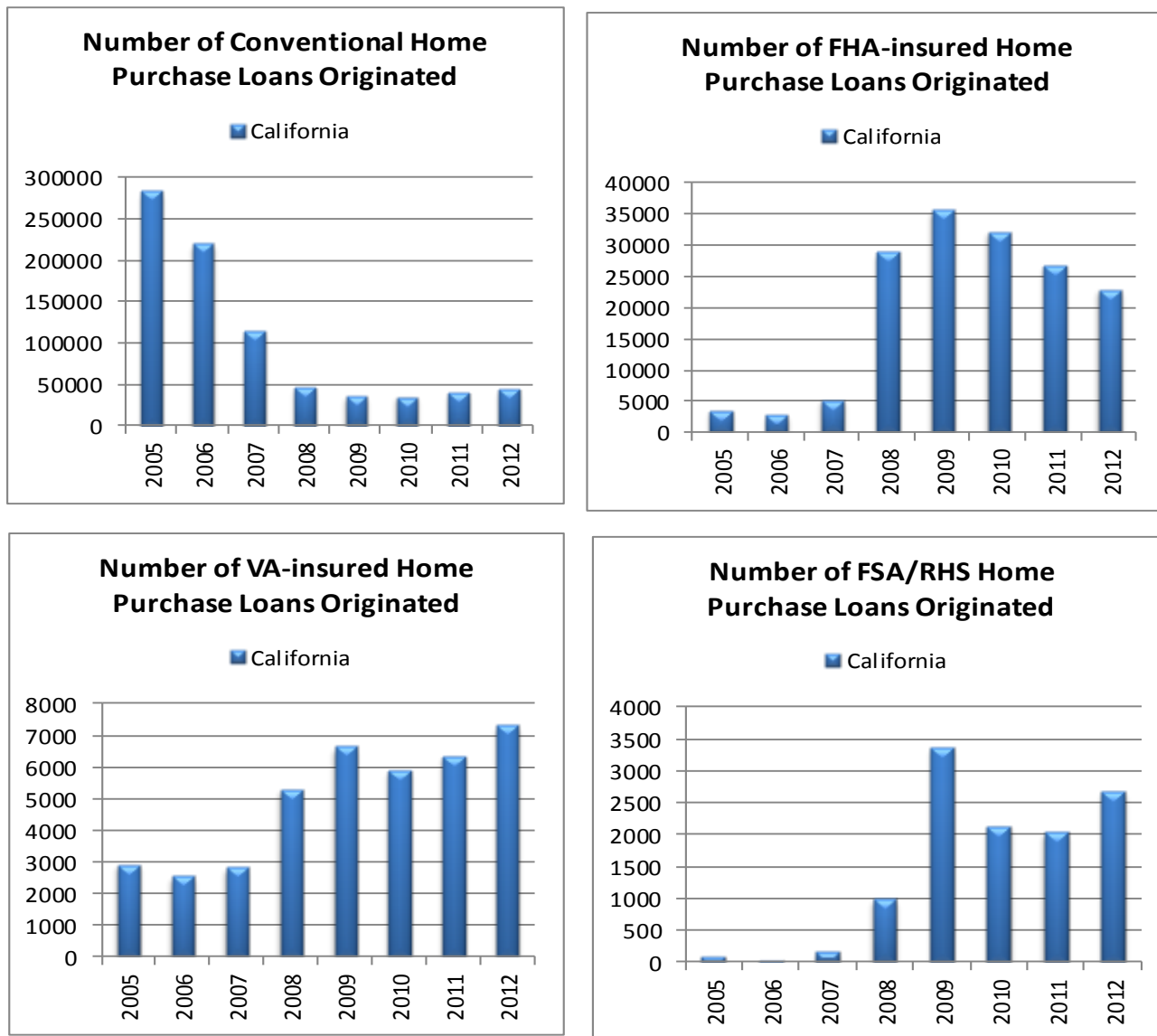
	California	U.S.
Median Household Income	\$58,328	\$51,371
Median Value of a Home	\$349,400	\$171,900
Selected Monthly Owner Cost		
With Mortgage	\$2,119	\$1,460
Without Mortgage	\$478	\$434
Gross Rent	\$1,200	\$884
Annualized Selected Owner Cost and Rent As Percent of Income		
Selected Monthly Owner Cost		
With Mortgage	44%	34%
Without Mortgage	10%	10%
Gross Rent	25%	21%

Source: U.S. Census Bureau, ACS2012, 1yr estimates, Table DP04

Table 10. Mortgage Status in 2012

	California	Percent to Owner Occupied Units
Total Owner Occupied Units	6,781,817	
Housing Units With a Mortgage	5,013,594	
Either second mortgage or home equity loan	1,047,065	
Second mortgage only	281,151	4.1%
Home equity loan only	765,914	11.3%
Both second mortgage and home equity	57,061	0.8%
No second mortgage or home equity loan	3,909,468	57.6%
Housing Units Without a Mortgage	1,768,223	26.1%
	U.S.	Percent to Owner Occupied Units
Total Owner Occupied Units	74,119,256	
Housing Units With a Mortgage	48,726,257	
Either second mortgage or home equity loan	8,719,098	
Second mortgage only	2,192,958	3.0%
Home equity loan only	6,526,140	8.8%
Both second mortgage and home equity	337,993	0.5%
No second mortgage or home equity loan	39,669,166	53.5%
Housing Units Without a Mortgage	25,392,999	34.3%

Source: U.S. Census Bureau, ACS2012, 1yr estimates, Table B25081

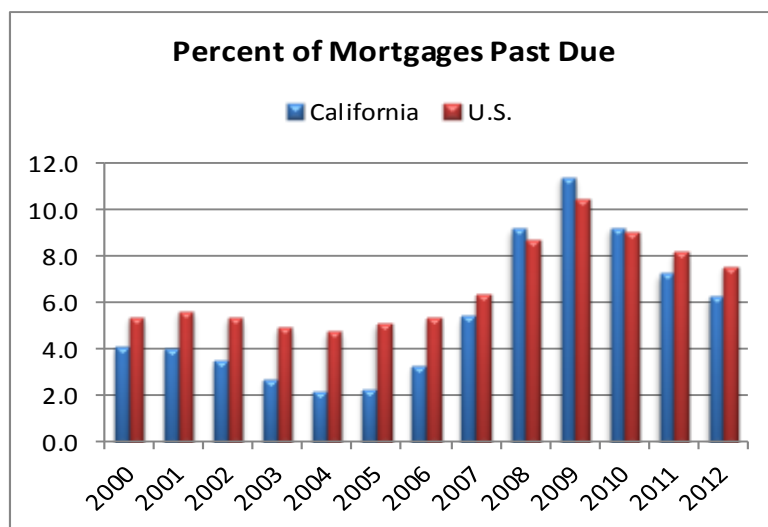
Table/Chart 11. Number of Home Purchase Loans, 2005-2012

Source of data: HMDA Loan Application Registrar

Table/Chart 12. Mortgages Past Due

	California		U.S.	
	Number	Percent Past Due	Number	Percent Past Due
2000	184,875	4.0	1,629,283	5.3
2001	188,788	4.0	1,820,010	5.6
2002	161,865	3.5	1,794,726	5.3
2003	132,431	2.7	1,816,984	4.9
2004	110,155	2.1	1,851,339	4.7
2005	118,620	2.2	2,086,461	5.1
2006	181,653	3.3	2,308,885	5.3
2007	321,055	5.4	2,901,834	6.3
2008	538,032	9.1	3,917,690	8.6
2009	655,282	11.3	4,638,100	10.4
2010	517,714	9.2	3,911,904	9.0
2011	399,527	7.2	3,495,749	8.2
2012	335,820	6.2	3,124,665	7.5

Source of data: HMDA Loan Application Registrar

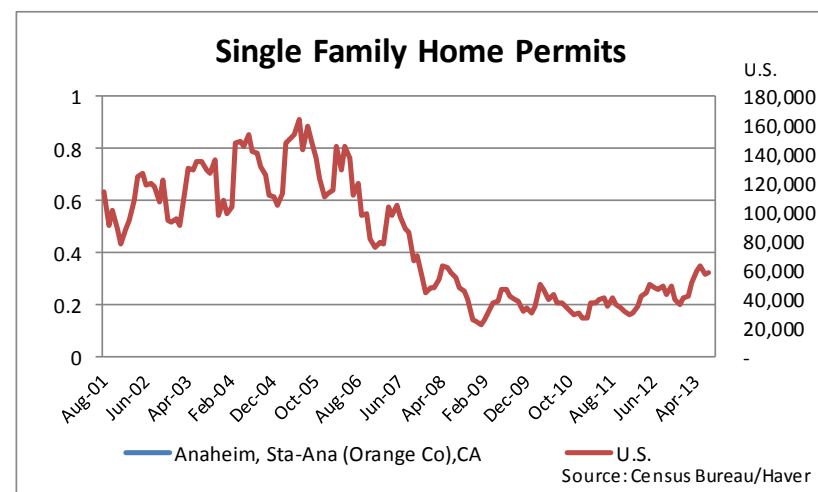
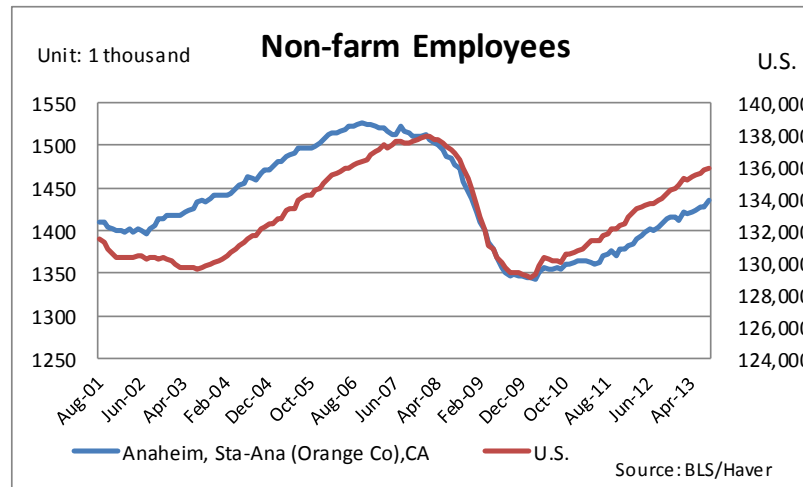
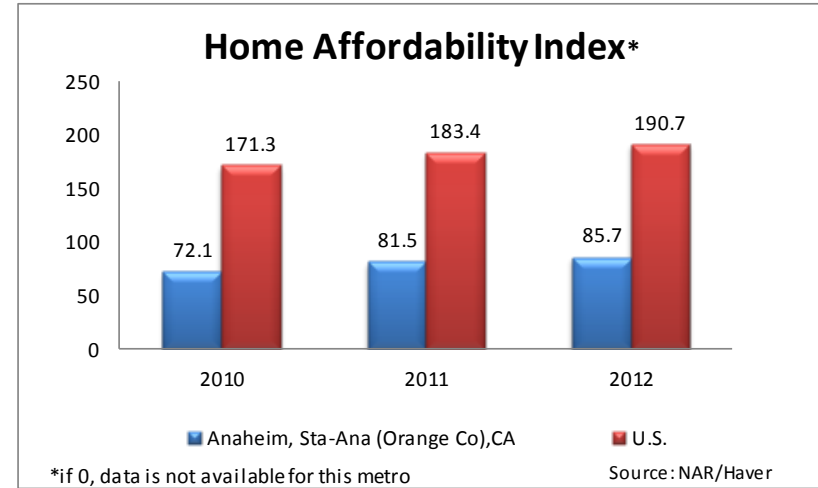
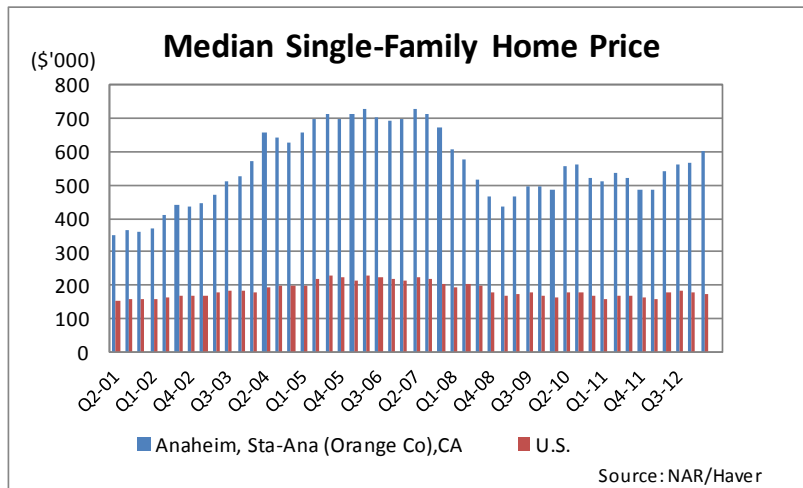


IV. Local Economic and Real Estate Data

Housing and Economic Trends

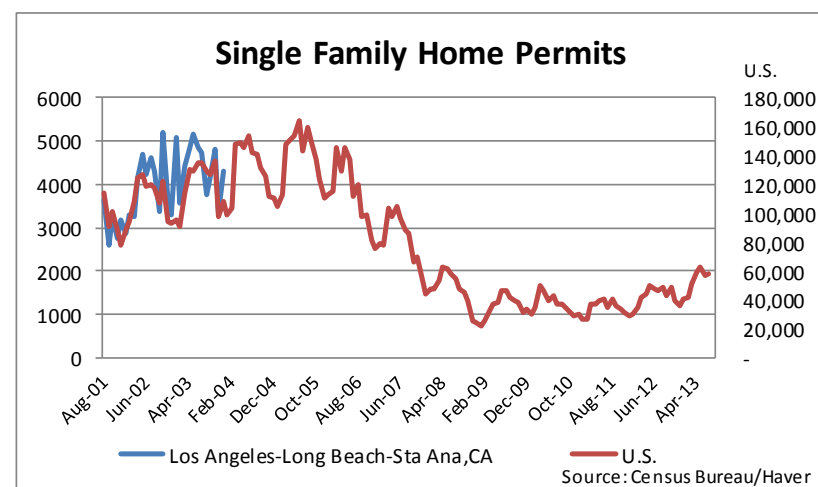
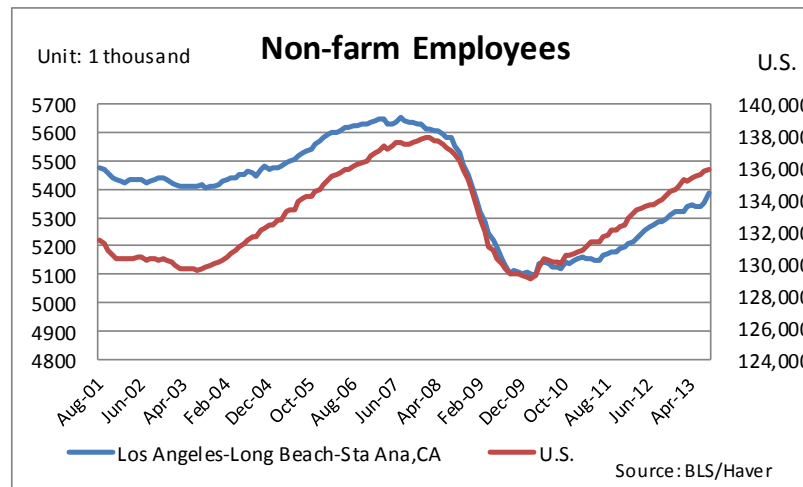
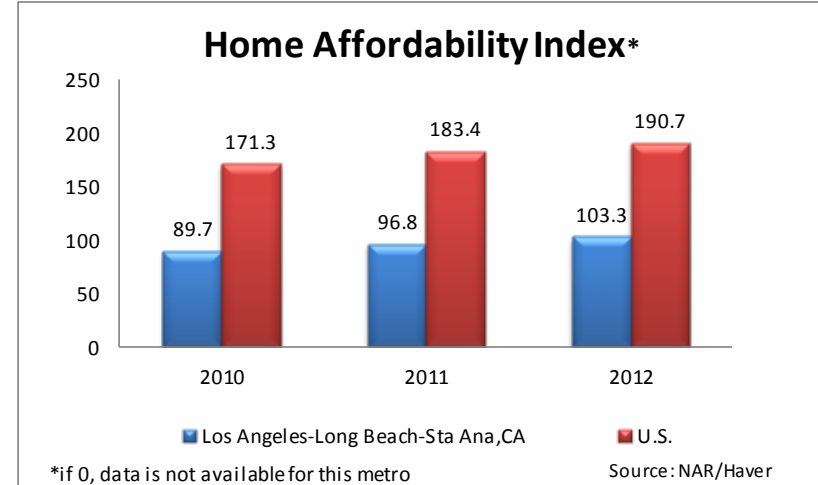
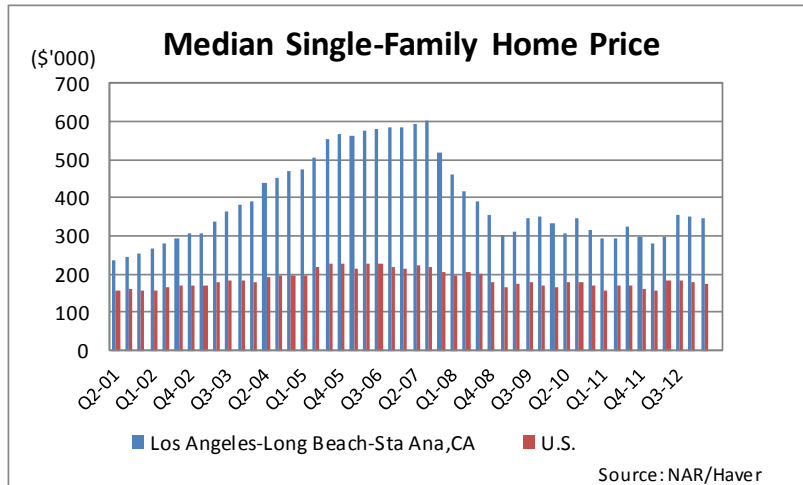
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Metro Level Data



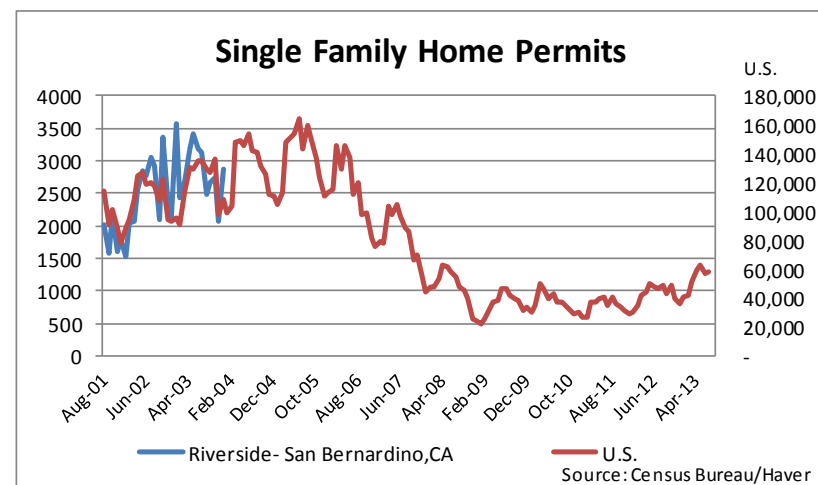
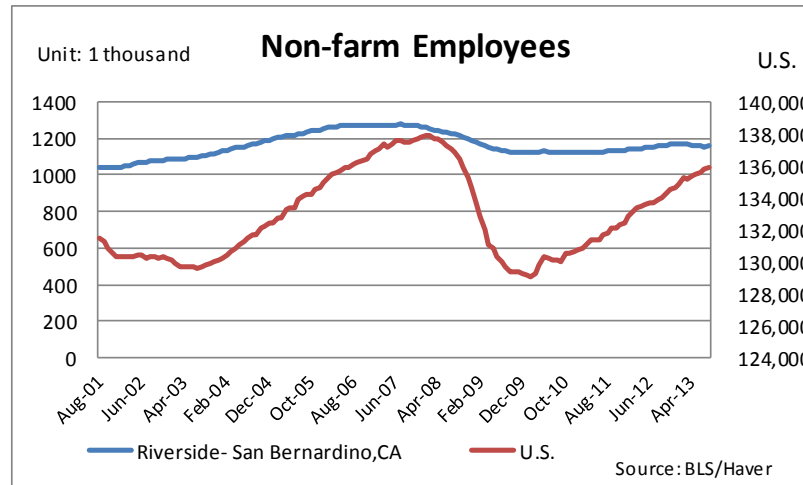
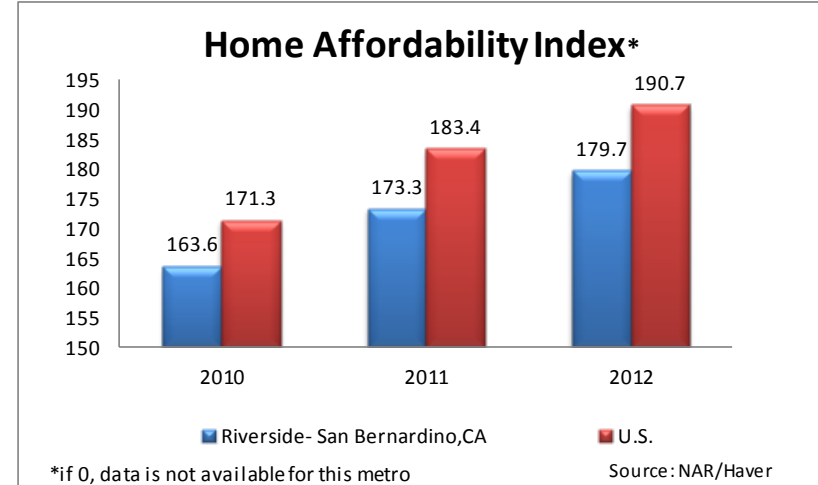
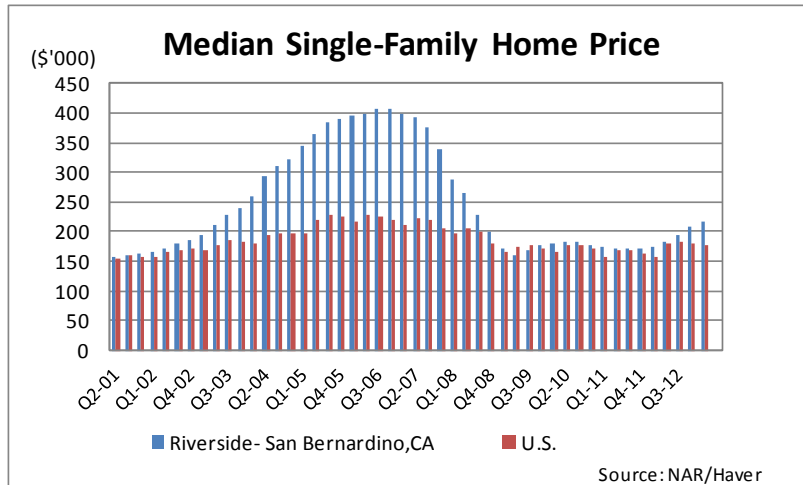
Housing and Economic Trends

Los Angeles-Long Beach-Sta Ana,CA



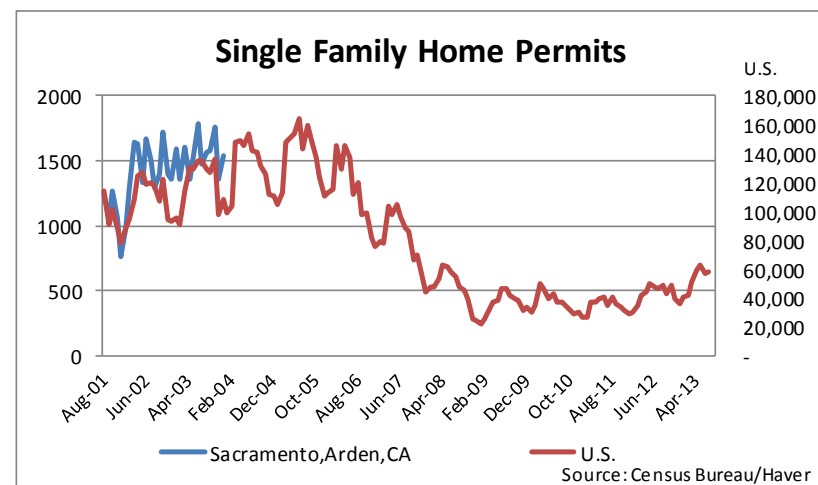
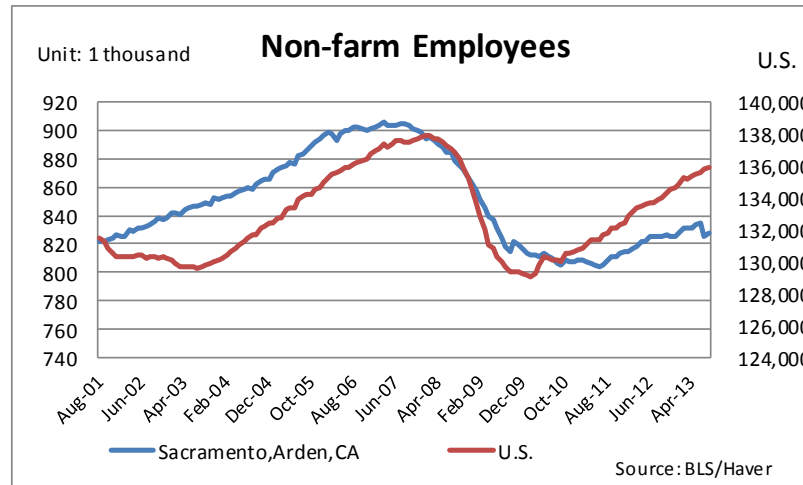
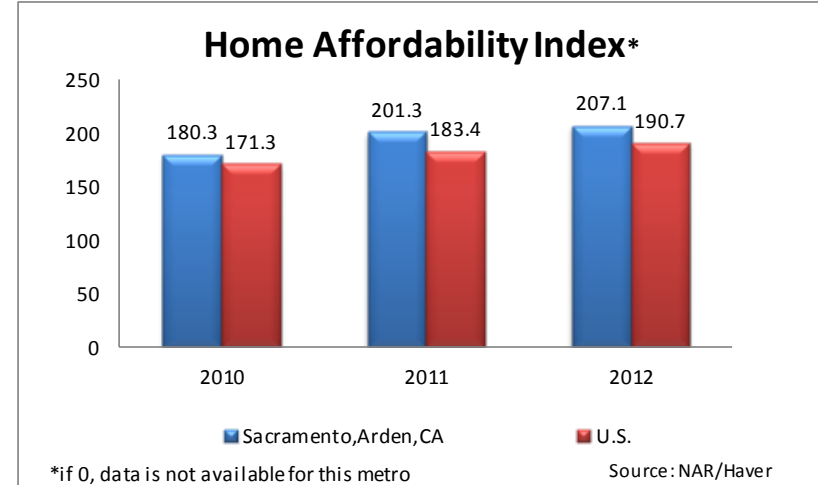
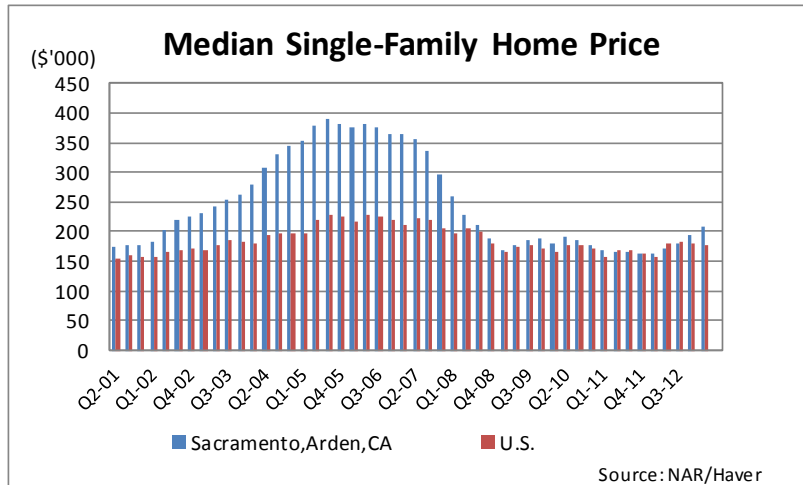
Housing and Economic Trends

Riverside- San Bernardino,CA



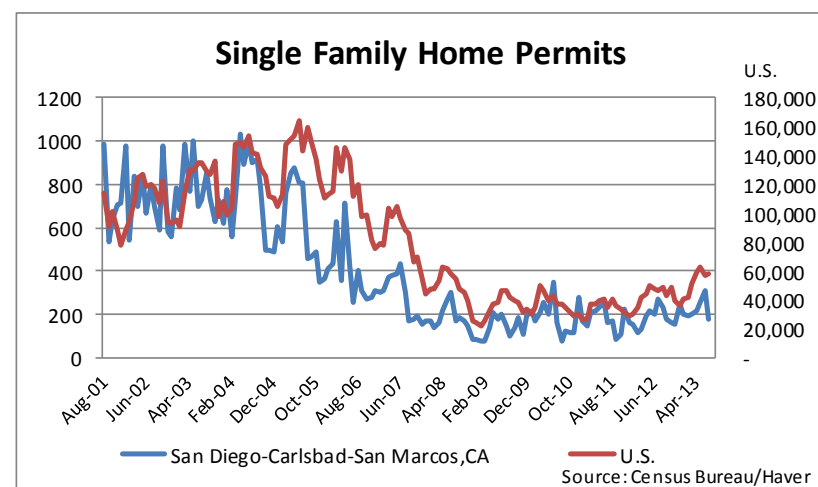
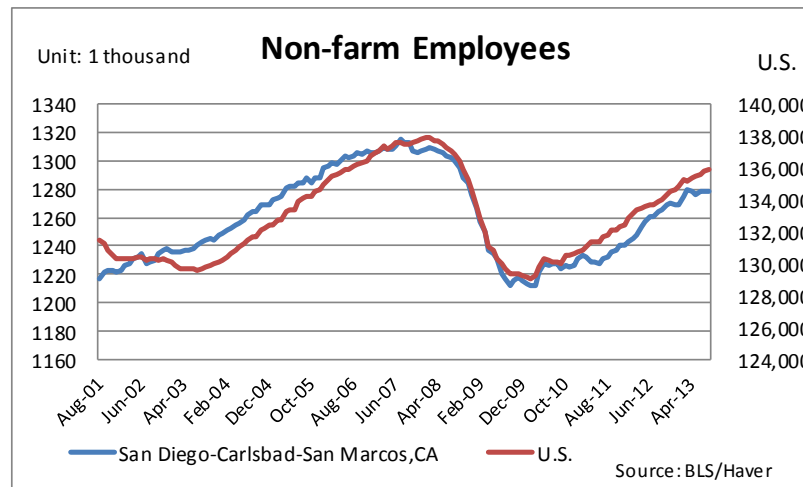
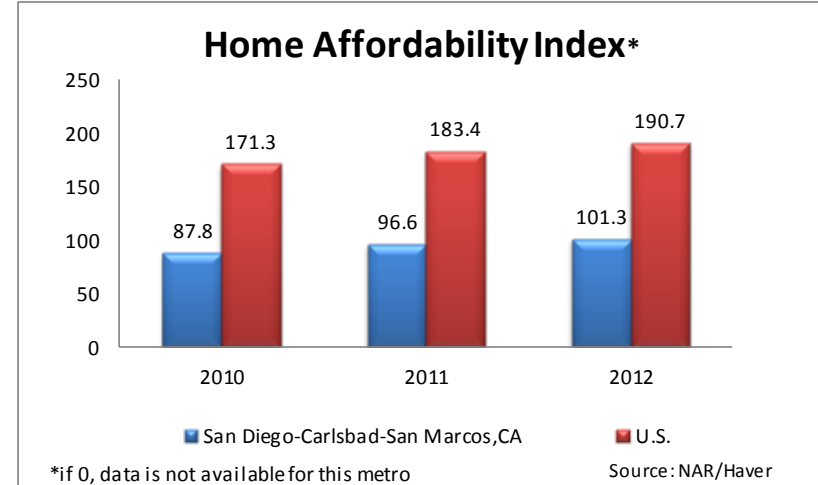
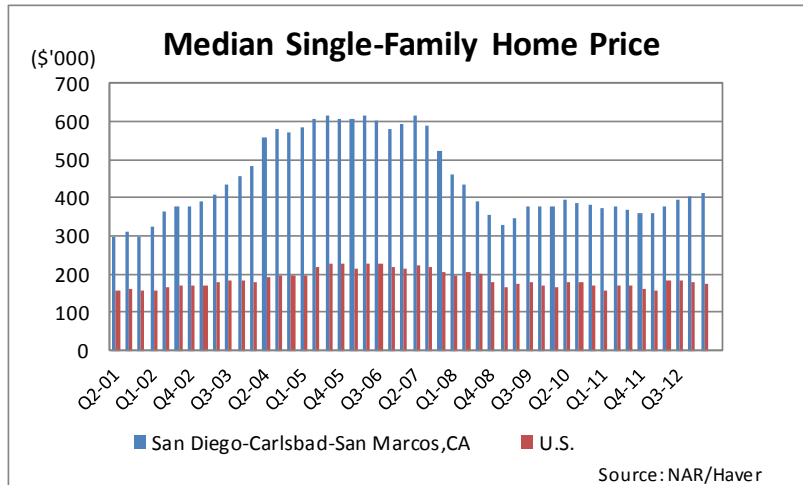
Housing and Economic Trends

Sacramento, Arden, CA



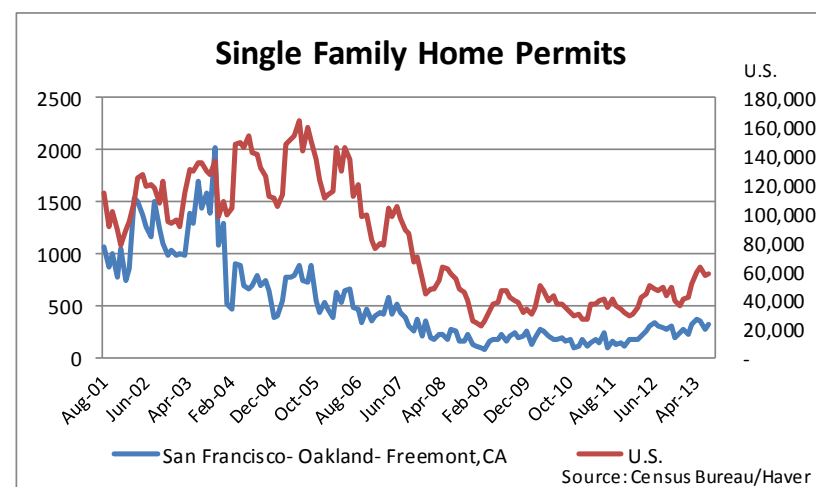
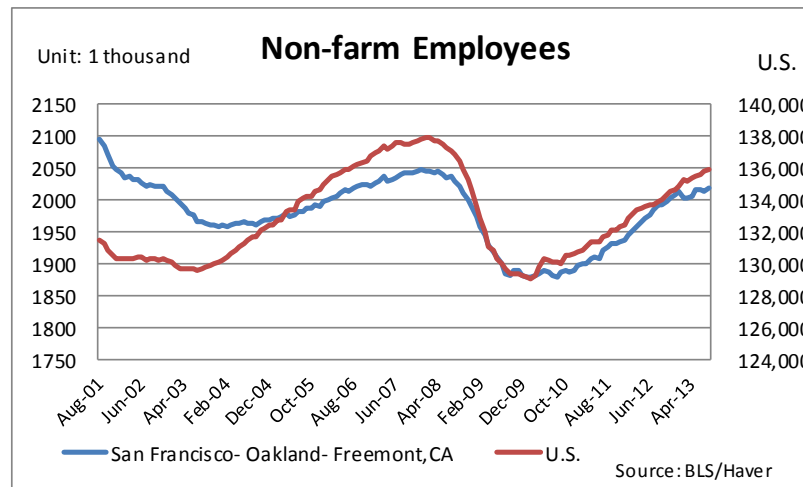
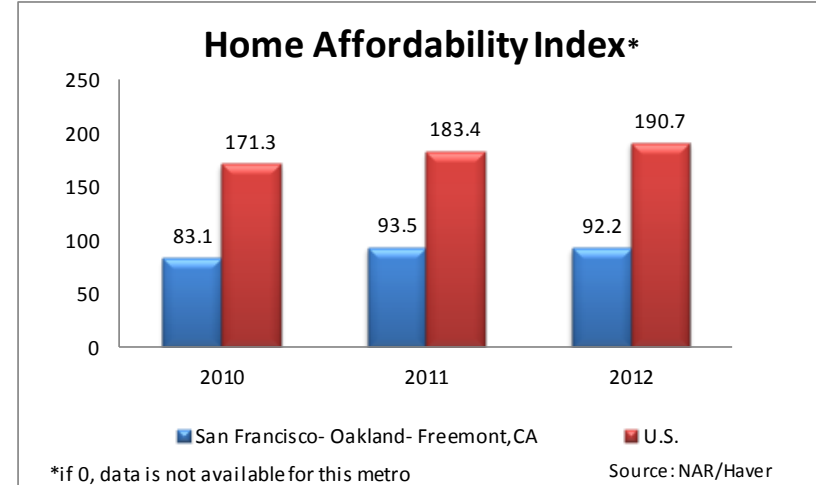
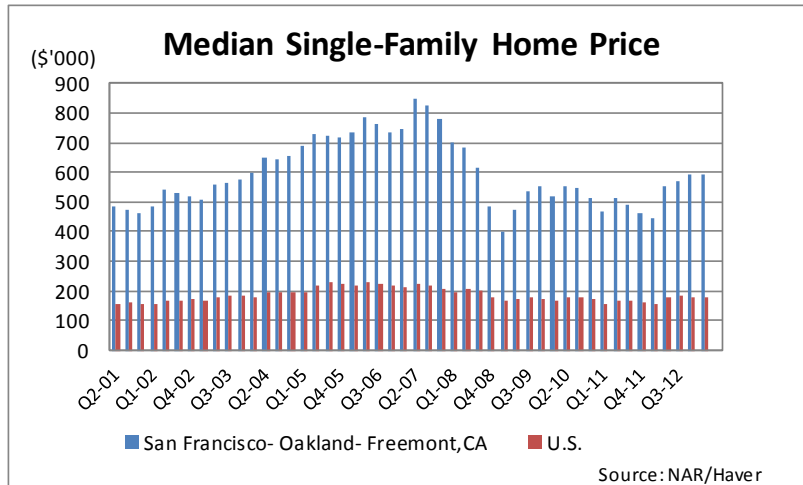
Housing and Economic Trends

San Diego-Carlsbad-San Marcos,CA



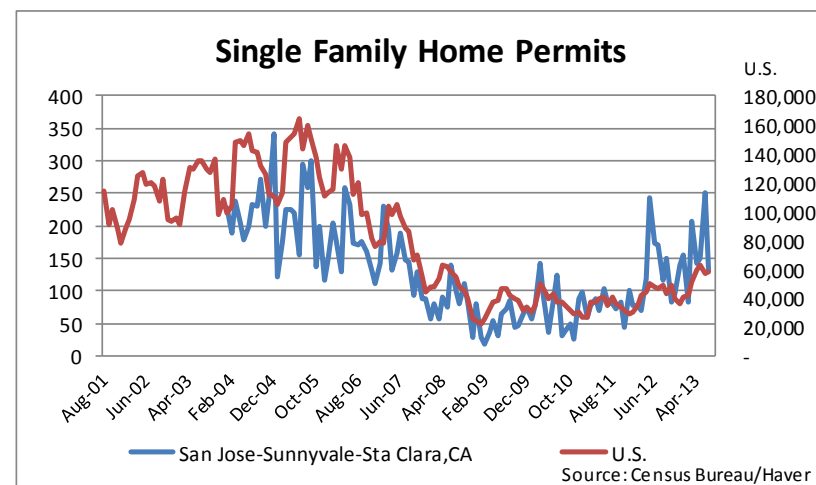
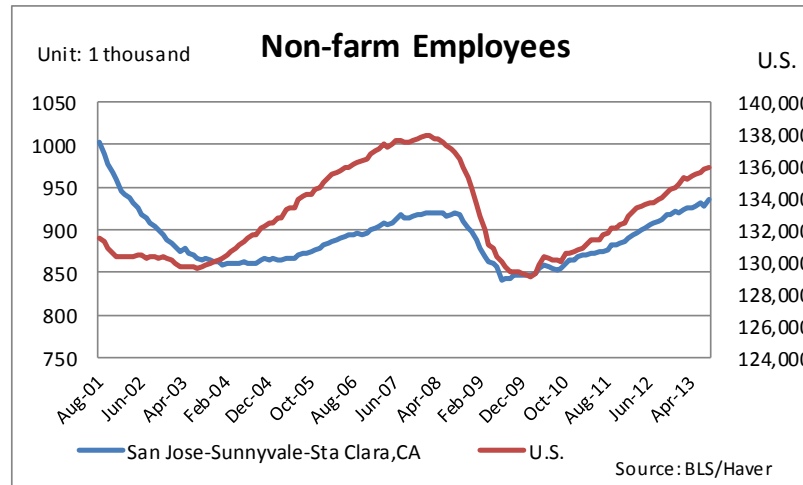
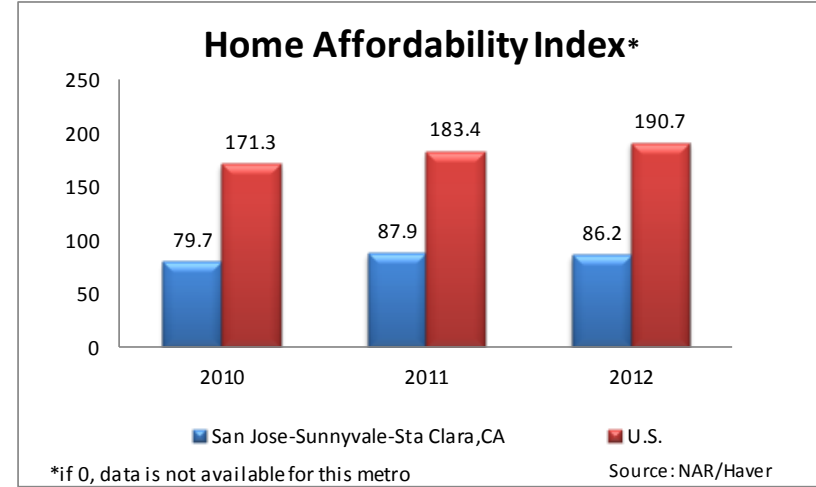
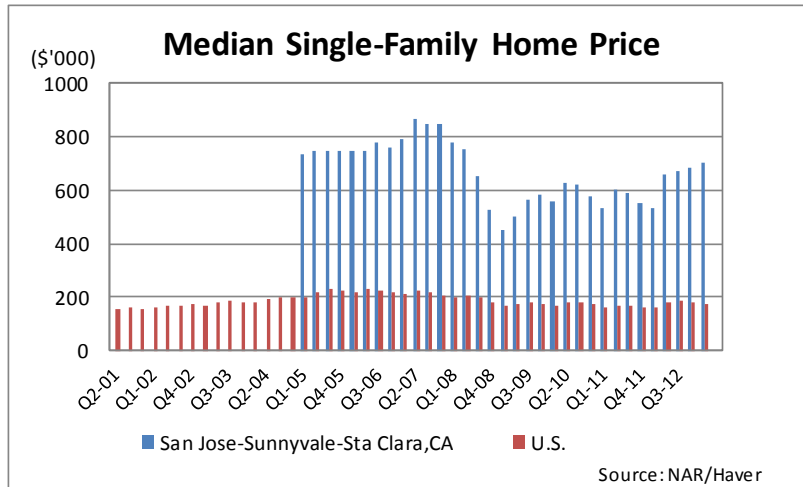
Housing and Economic Trends

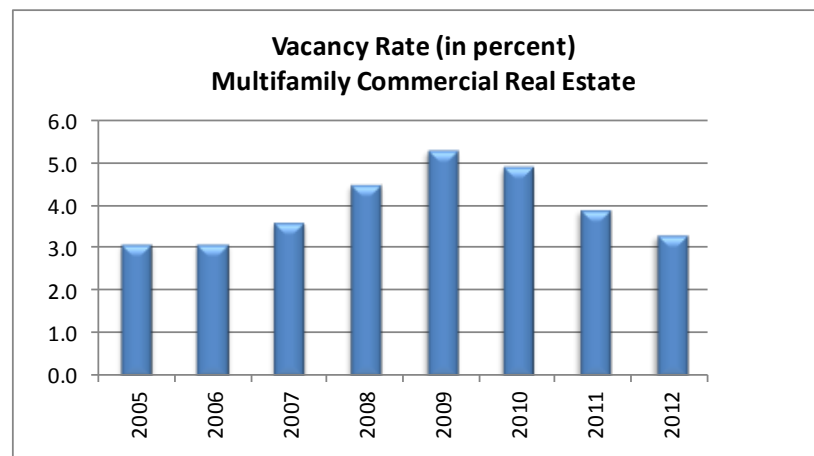
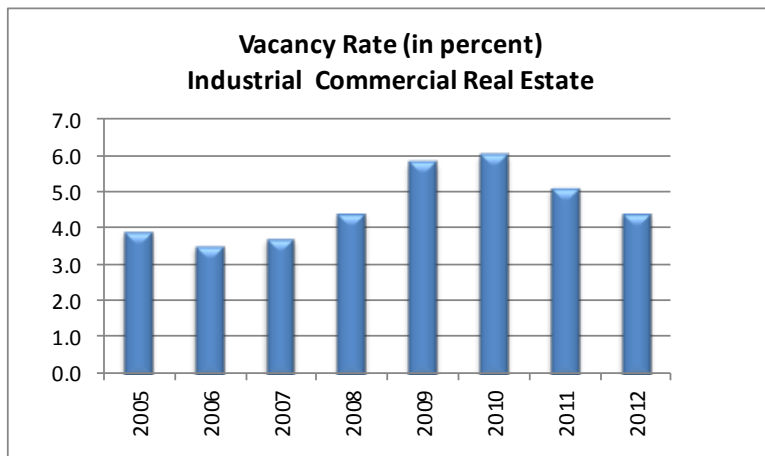
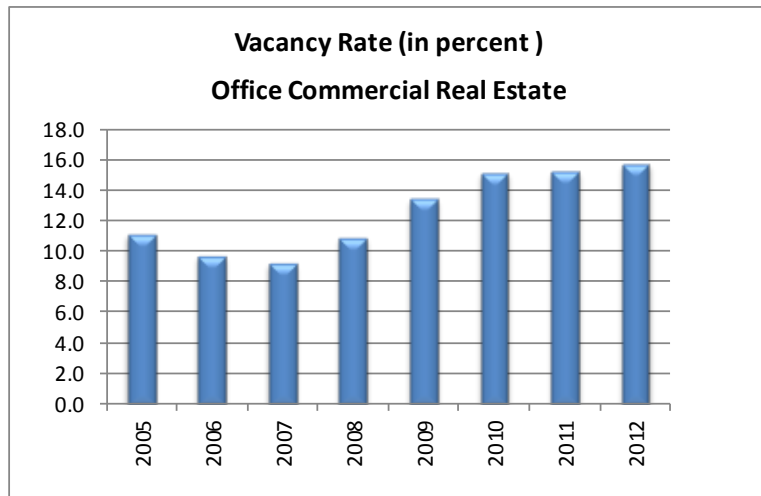
San Francisco- Oakland- Fremont,CA



Housing and Economic Trends

San Jose-Sunnyvale-Sta Clara,CA

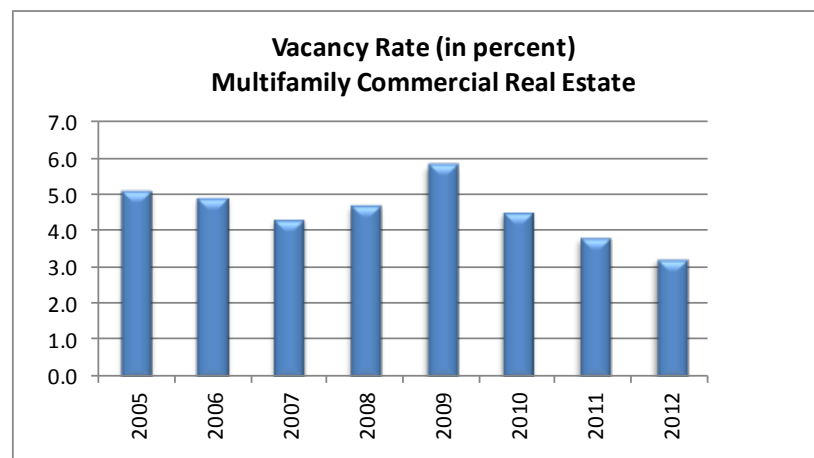
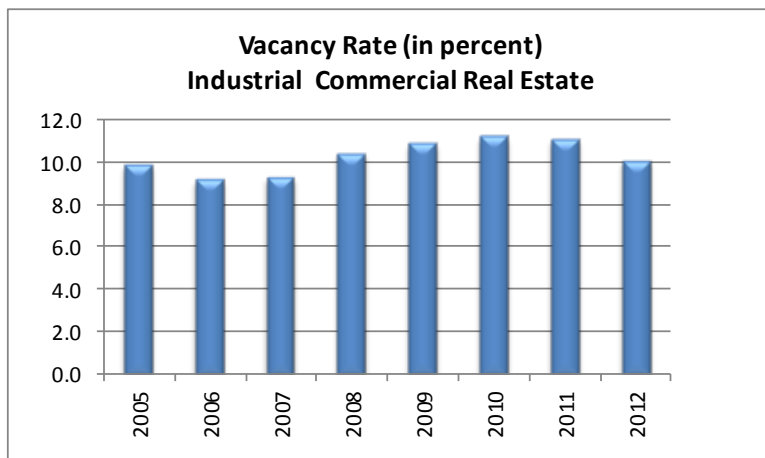
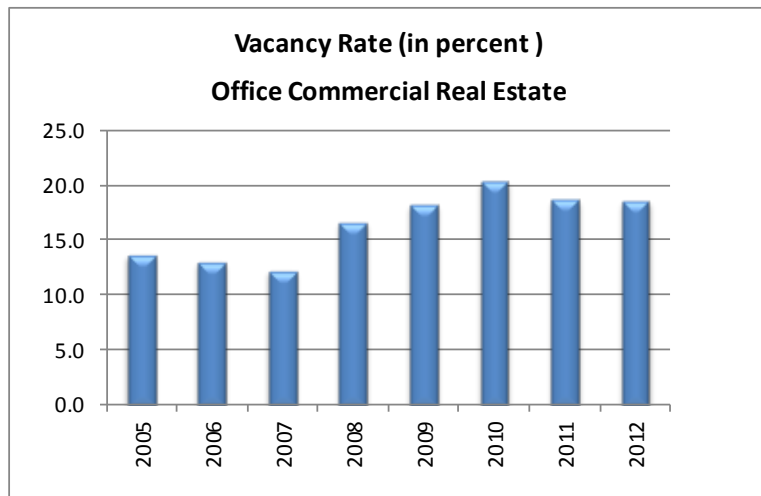


V. Commercial Data for Some Metro Areas**Commercial Real Estate****Los Angeles, CA**

Source of data: REIS, Inc.

Data may not be available for some metro areas and for all years.

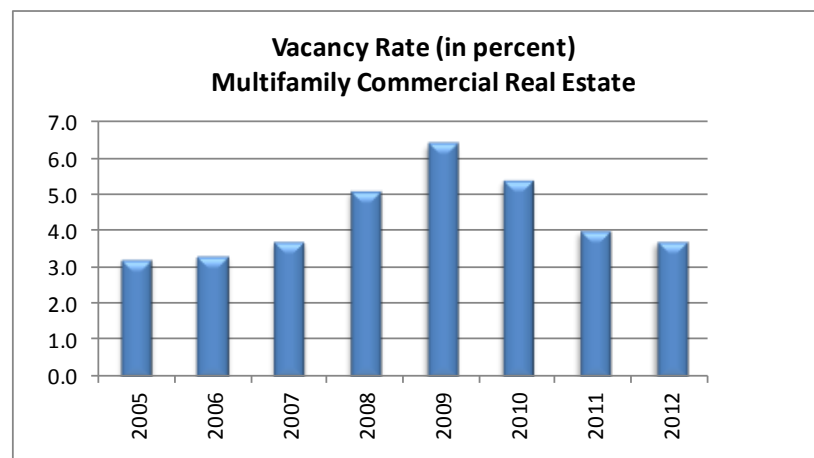
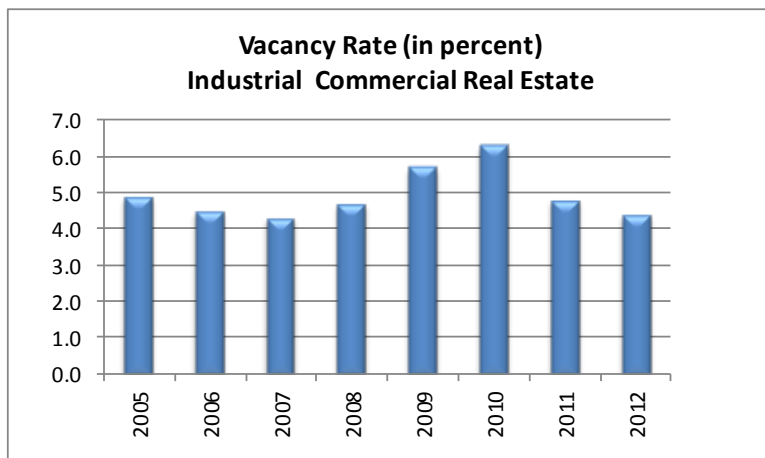
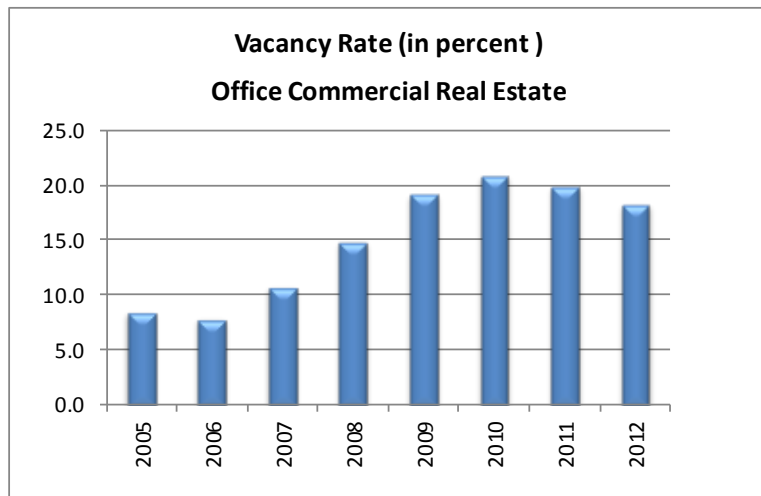
**Commercial Real Estate
Oakland-East Bay,CA**



Source of data: REIS, Inc.

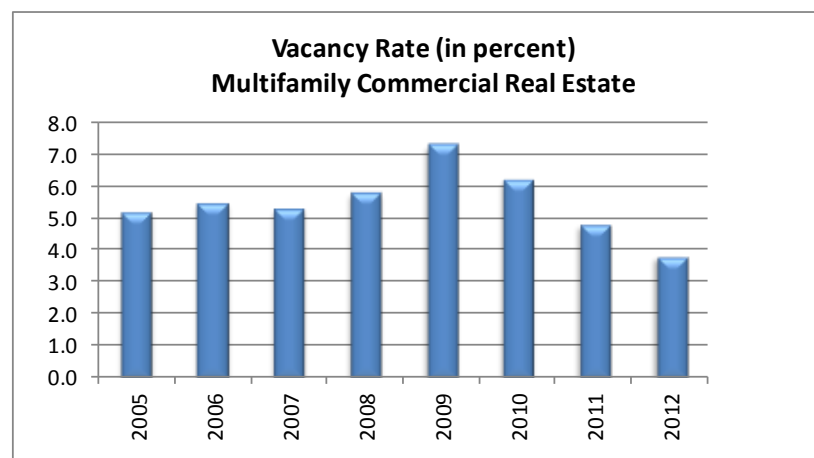
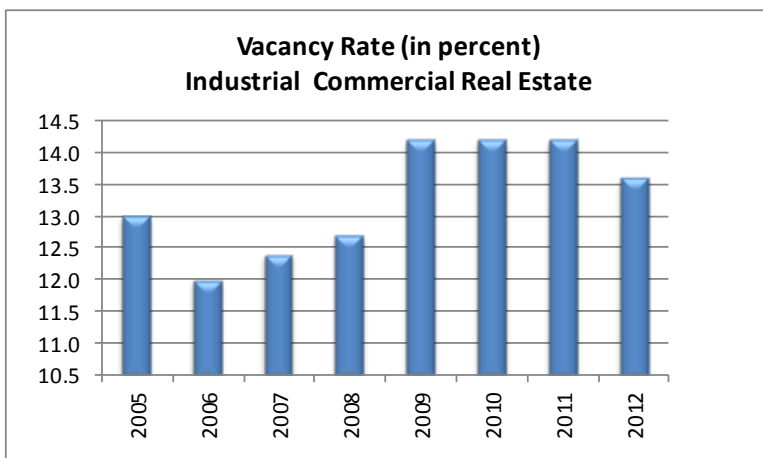
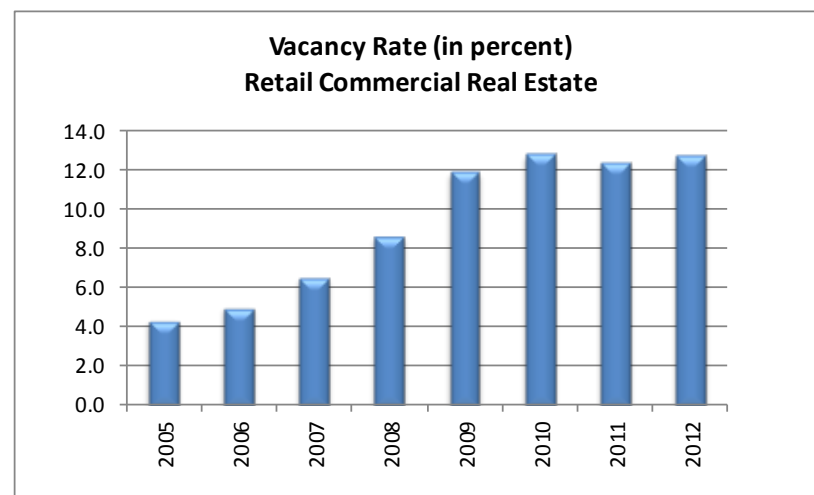
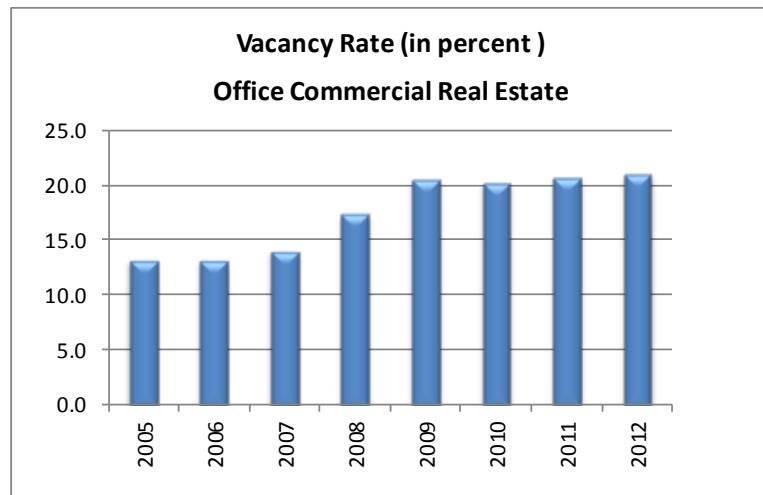
Data may not be available for some metro areas and for all years.

**Commercial Real Estate
Orange County, CA**



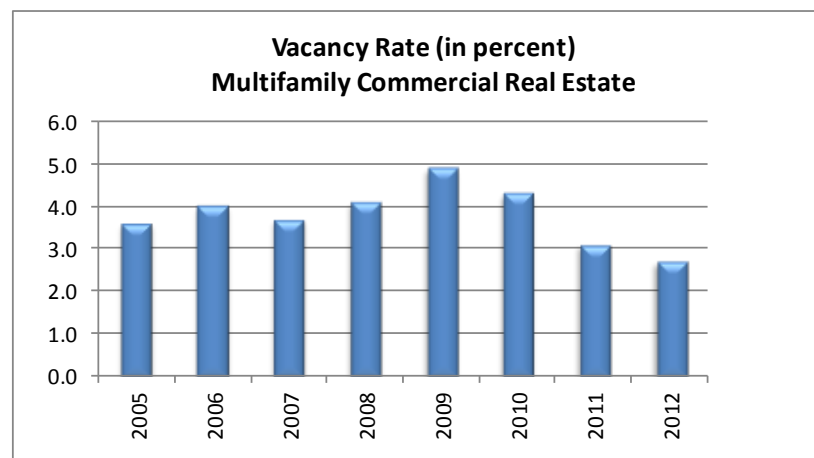
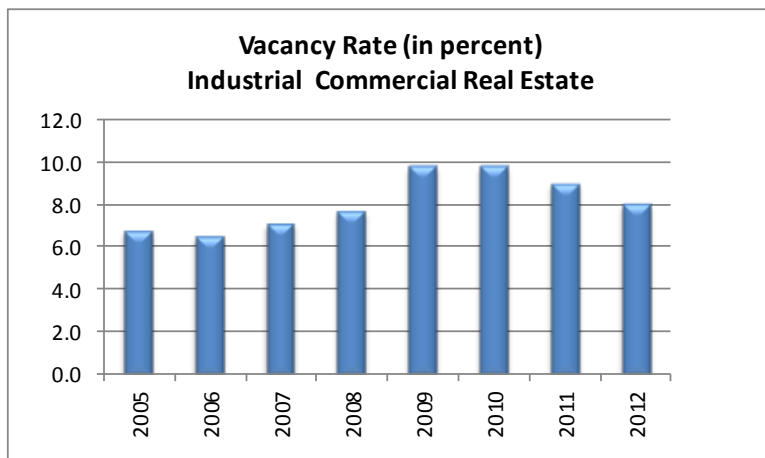
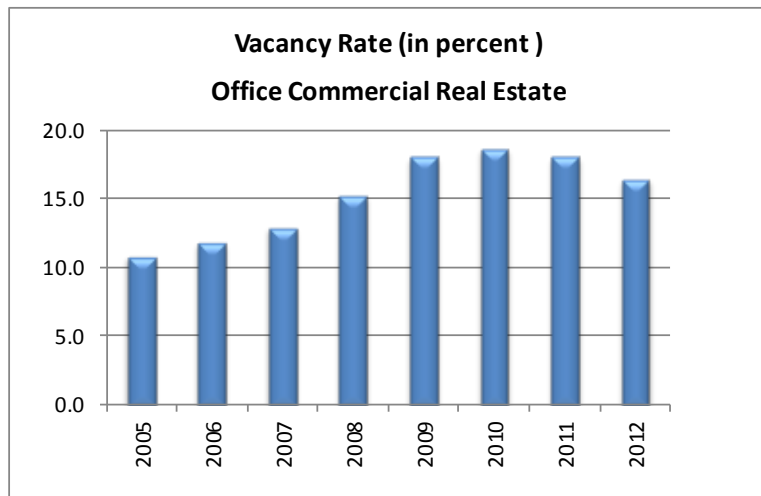
Source of data: REIS, Inc.

Data may not be available for some metro areas and for all years.

**Commercial Real Estate
Sacramento, CA**

Source of data: REIS, Inc.

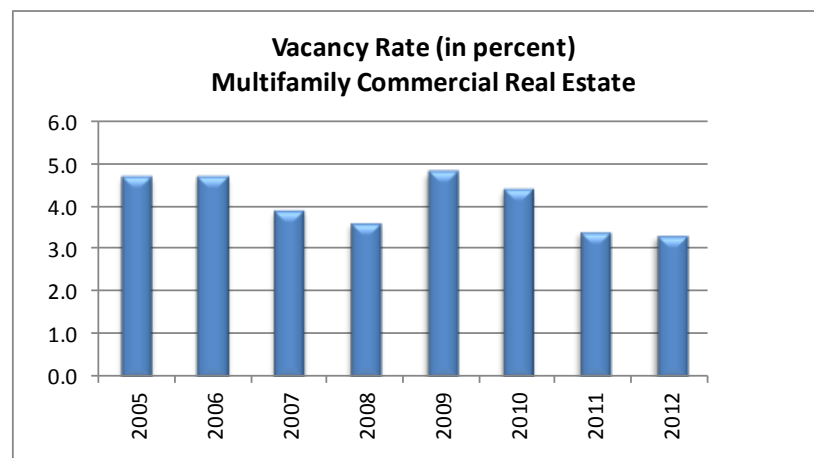
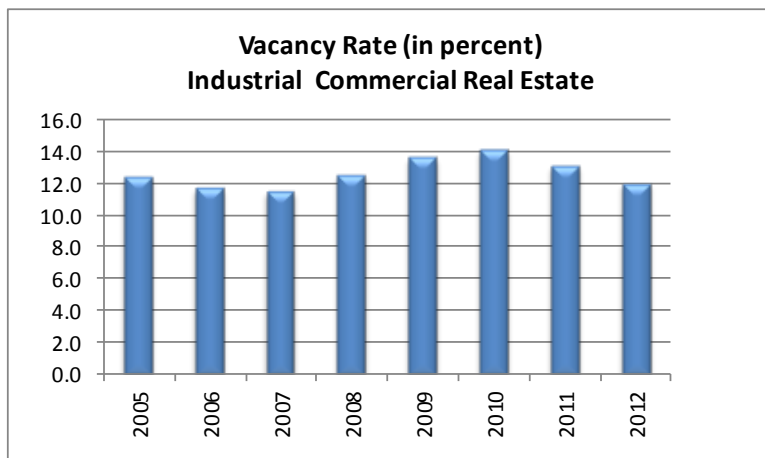
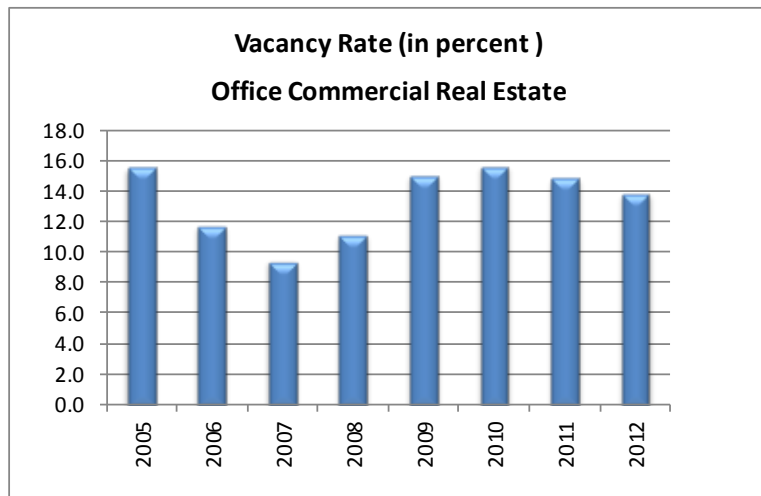
Data may not be available for some metro areas and for all years.

**Commercial Real Estate
San Diego, CA**

Source of data: REIS, Inc.

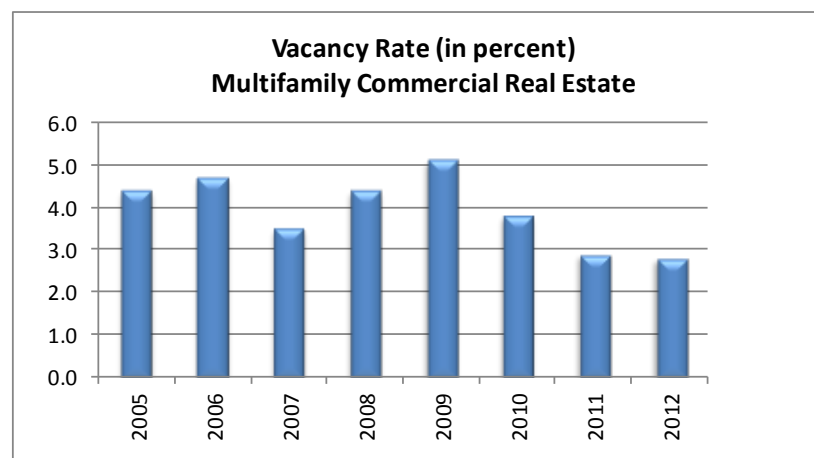
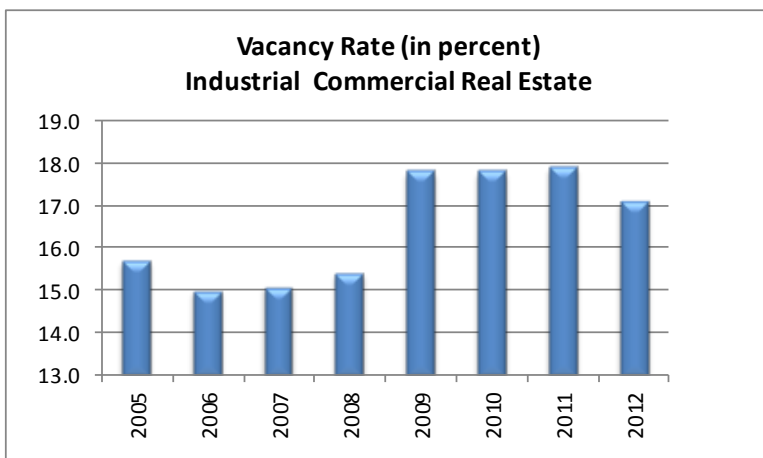
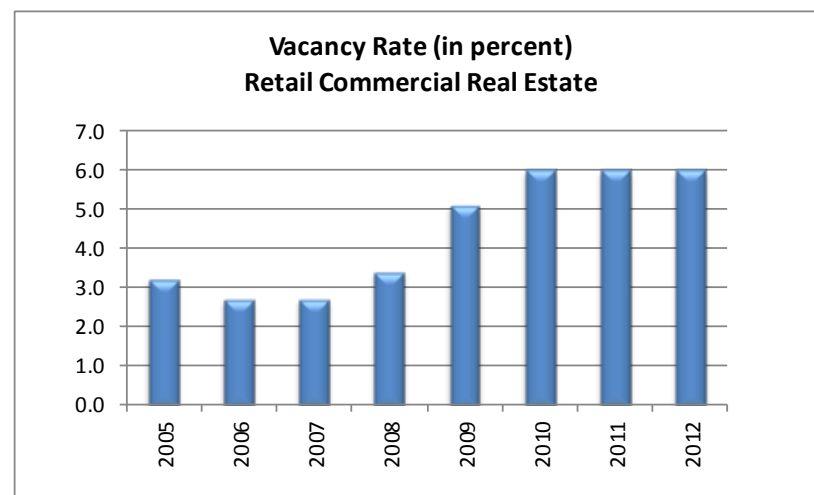
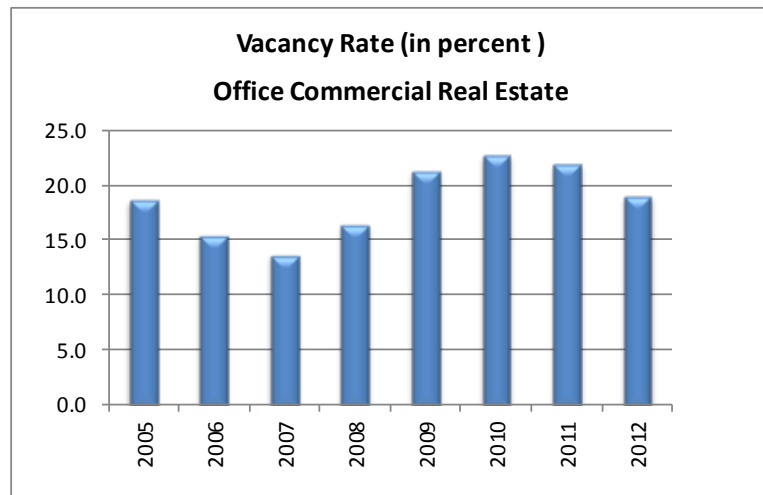
Data may not be available for some metro areas and for all years.

**Commercial Real Estate
San Francisco, CA**



Source of data: REIS, Inc.

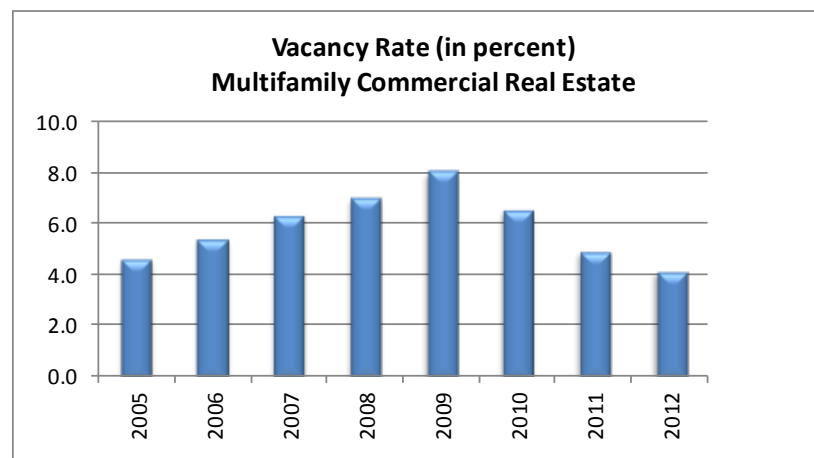
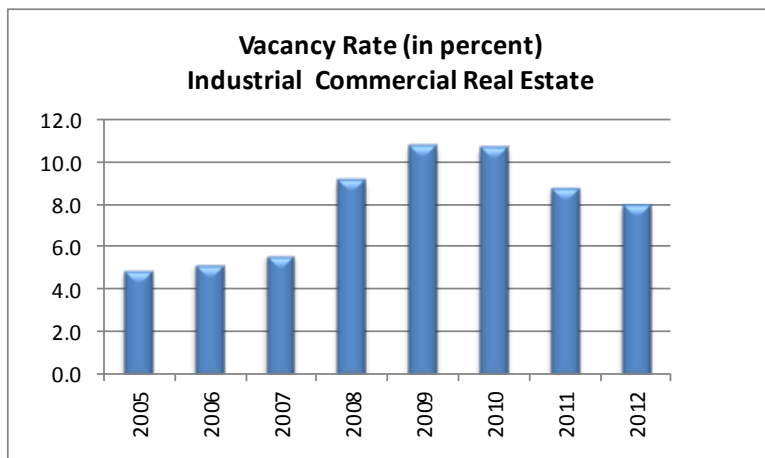
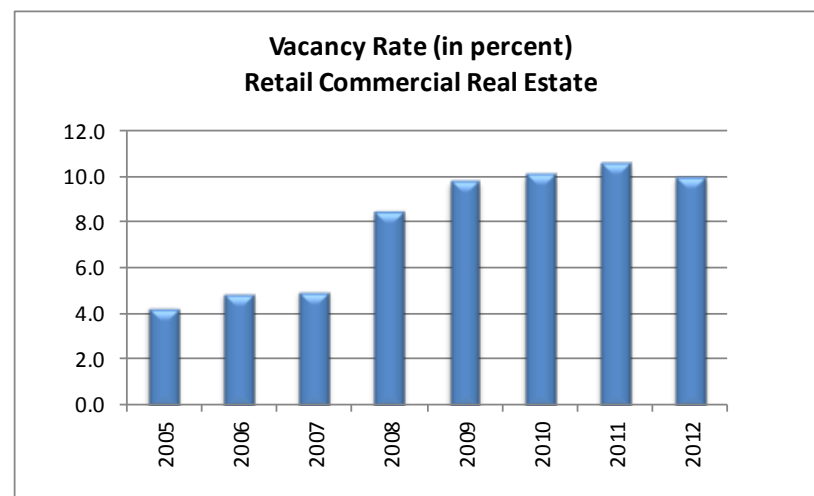
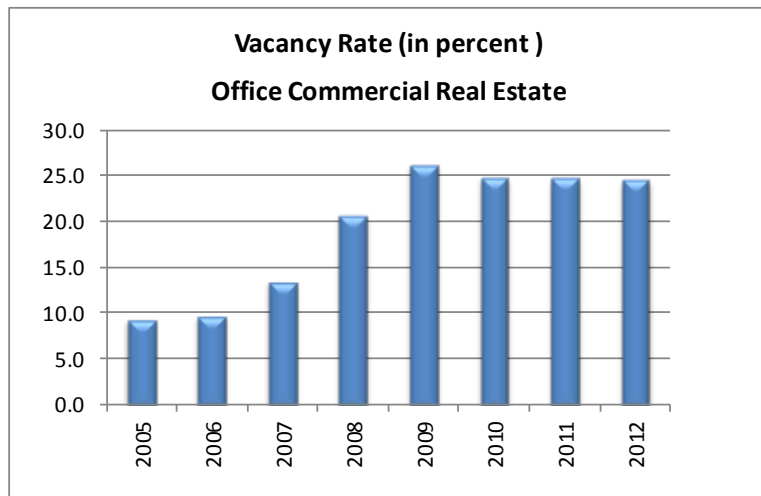
Data may not be available for some metro areas and for all years.

Commercial Real Estate**San Jose, CA**

Source of data: REIS, Inc.

Data may not be available for some metro areas and for all years.

**Commercial Real Estate
San Bernardino/Riverside,CA**



Source of data: REIS, Inc.

Data may not be available for some metro areas and for all years.