

# GLOBAL PERSPECTIVES

TO LOCAL, INTERNATIONAL & LIFESTYLE REAL ESTATE



## CIPS

Certified International Property Specialist

### > FOREIGN DIRECT INVESTMENT AND IMMIGRATION

## ECONOMIC DEVELOPMENT: KEY CHANNELS TO BOOST YOUR GLOBAL REAL ESTATE PRACTICE

Economic development organizations (EDOs) exist to help businesses connect with global investors and customers. Working with them allows agents to broaden their exposure to foreign nationals interested in investing in commercial, industrial and residential property through foreign direct investment and relocation.

If you haven't worked with EDOs before, you may not know how to find them and take advantage of the connections they offer. Depending on your market, they can provide great resources for learning about international trade, identifying key foreign markets served by businesses in your area, and participating in local efforts to bring in foreign direct investment.

This issue of *Global Perspectives* looks at economic development from two very different angles. First, learn how agents can identify and work with EDOs to tap into the stream of foreign investment entering their market. EDOs provide not only a first point of contact for global investors looking at opportunities, but also a great venue for networking, for working with other related companies to coordinate approaches and offerings, and an opportunity for you to put your market's best foot forward directly to potential investors and buyers.

You'll also find important insights on how immigration is making a positive impact on the U.S. housing market. Immigrants represent a significant portion of the residential market. In some cities they have turned around key indicators and contributed to reversing negative trends. Learn where and how immigrants are making this happen. 🌍



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# Unlocking Opportunities with Economic Development Organizations

**Economic development organizations** (EDOs) are an important part of the equation for bringing jobs and businesses to a particular geographic area, be it a city, county or state. They can be agencies established and funded by the government, or non-governmental alliances of businesses and institutions working together to bring economic growth to their markets.



## Why explore EDOs?

Especially at the state level, EDOs are often the first point of contact that foreign buyers, investors and corporations have with U.S. markets. While foreign nationals are usually familiar with major American cities like New York, Chicago, and Los Angeles, they may know next to nothing about other destinations.

## EDOs, public and private

Agencies promoting economic development exist at many levels of the public sector, from national down to local cities and counties. At the national level, the largest is the U.S. Department of Commerce. For global agents, the agencies that can be most helpful are those at the state level or even closer to your local market.

## Economic development at the state level

State-level EDOs reach out abroad and put a face on various parts of the U.S. They may have satellite offices in other countries to promote their state and the advantages of doing business there. Getting involved in EDO activities can make you the first local real estate agent a foreign buyer encounters.

These offices are tasked with fostering economic development and sustainable job growth across the state. Much of their activity will be focused on domestic endeavors, like supporting

entrepreneurs and small businesses, channeling funding for job training, and pursuing corporate investment in state-based facilities that generate local jobs.

Increasingly, state EDOs are also looking for investors outside their state—and beyond the U.S. In doing so, they compete with other states for investment from abroad. States whose economies were once dominated by dying industries have redirected their attention to target sectors that will grow and attract foreign manufacturers. Outbound, they are encouraging local firms to develop export markets. In both cases, industries rely upon EDOs to reach out globally to push and pull business to and from the state.

A state-level EDO's international goals include:

- building public-private partnerships
- attracting targeted industries and investments
- extending global awareness of the area through public relations, trade missions, etc.
- attracting foreign direct investment
- generating interest in site selection by international companies
- conducting outbound foreign trade missions and hosting inbound foreign delegations

**To find each state's economic development organization**, refer to a list maintained by the Small Business Administration on their website at [sba.gov/content/economic-development-agencies](http://sba.gov/content/economic-development-agencies).



## Regional EDOs

Local agencies promote economic development in smaller targeted regions, often a city, county, or multi-county area. Smaller agencies seeking international investment tend to do so in conjunction with efforts by their state EDO. For instance, they may participate in joint marketing efforts for site selection purposes or publicize state-level EDO events to their local constituents.

Some of the functions they provide include:

- hosting networking events
- workforce development
- direction in obtaining funding
- information on local demographics, economic indicators and competitive advantages

## Private sector EDOs

There are also private non-profit organizations whose goal is to promote the local economy. They may receive funding from corporations seeking to promote international trade and foreign direct investment in that area or they may be self-supporting through their members.

Local and regional Chambers of Commerce are examples of this type of EDO. It is not unusual in areas seeking international investment for the city or county Chamber of Commerce to be working with their state EDO on initiatives to attract funds from abroad. Some Chambers are large enough that they can reach out internationally through sponsoring trade missions for their members. For example, the Colombia-Texas Chamber of Commerce in Houston, Texas will host a trade mission to Bogota, Colombia in November 2014.

A more recent development is a network of organizations called World Trade Centers. These are private, non-profit organizations promoting international trade and foreign direct investment in their areas. The World Trade Center Kansas City, for example, promotes international business relations around the globe and is sponsored by Kansas City companies both domestic and foreign-owned, like Black and Veatch, Bayer CropScience, and Commerce Bank.

## OTHER EXAMPLES

### World Trade Center Los Angeles/Long Beach

WTC Los Angeles/Long Beach is the leading international trade resource in the Los Angeles region. It is part of the Los Angeles Economic Development Corporation, a private non-profit organization, and promotes Los Angeles County as a destination for foreign direct investment.

☛ Learn more at [laedc.org/wtc](http://laedc.org/wtc).

### World Trade Center Utah, Salt Lake City

This WTC works with the Utah Governor's Office of Economic Development (GOED) to increase the state's international trade and attract foreign investment. Trade missions are one of their big initiatives. For example, in late-October 2014, the WTC Utah will conduct trade missions to the United Arab Emirates and Turkey.

☛ See [wtcutah.com](http://wtcutah.com).

### Arizona Commerce Authority, Phoenix

The Arizona Commerce Authority (ACA) is a public-private sector partnership whose mission is to grow and strengthen Arizona's economy. Its international efforts are primarily focused on attracting foreign direct investment. Most of their outreach resources can be found under "International Business Services" at

[azcommerce.com/locate/international-business-services](http://azcommerce.com/locate/international-business-services).

They also provide Arizona businesses with programs to pursue global trade including trade missions, prospect identification and trade shows.

See [azcommerce.com/programs/international-trade](http://azcommerce.com/programs/international-trade).

### Mobile, Alabama Chamber of Commerce

Mobile, Alabama is one of the country's oldest and largest ports. Founded on shipping, much of it with other nations, the city has deep cultural roots across many nationalities. This international flavor is reflected in the scope of the Mobile Area Chamber of Commerce ([mobilechamber.com/economic-development/international-trade-2/](http://mobilechamber.com/economic-development/international-trade-2/)), which offers numerous programs aimed at supporting the city's global reach.

"From both an educational and networking standpoint, Mobile's International Trade Leadership Series is outstanding," says Mia Burmeister, CIPS, Associate Broker at Bellator Real Estate and Development of Mobile, Alabama. "They cover export planning and research, logistics and documentation, international financing and insurance, and the legal aspects of international business. Seminars like these attract executives and business leaders across many industries and give agents an opportunity to learn about individual companies—and brainstorm with other executives on creative ways to grow international exposure."

(continued on page 4.)

# Unlocking Opportunities with EDOs

(continued from page 3.)

## Hidden Gems

Economic development organizations, especially at the state level, can be excellent sources for data on foreign direct investment and other aspects of cross-border business development. Among the resources you may find on these organizations' websites:

- Educational series on international trade
- Lead generation and prospect screening services
- Translation and interpreter services
- Links to relevant trade organizations at other levels
- Market research and trade data
- Maps and interactive tools

## MORE WAYS TO GET INVOLVED

There are many channels to explore for leveraging your involvement with economic development organizations. Consider these options:

### At the state level

Look for the division or department that is responsible for building global connections. Each state structures its website differently. More than one area may contain the information you are looking for, so some digging may be required. Many states have a tab on their home page that references international or global trade. Other states may put international trade information under other divisions.

### Closer to home

City or local Chambers of Commerce may be your best way to find connections to global business. Burmeister recommends joining your Chamber and getting onto any international or governmental affairs committees you can. She is on the Partners for Growth Council which places her first in line for referrals coming from the state-level EDO and lets her meet incoming business leaders as they enter her area, as well as the Government Affairs Committee of the Mobile Area Association of REALTOR®, which "puts me in touch with legislative activities and global issues at the state level."

If your Chamber of Commerce has global leanings, it will probably be working with public EDOs to help expand the international reach of its member businesses. Get involved in their international committee, if they have one. Even if they don't, search out members with global business dealings. Look for businesses that export or import, or manufacture and have global suppliers. Most businesses have some ties to business abroad.

## Networking

After investigating local economic development resources, start making contacts, attending events and seminars and actively engaging with other members to determine where their interests intersect with your own.

"You have to do more than just scratch the surface," says Burmeister. "Other businesspeople won't know about your global interests unless you get the word out and tell them. When you do, you'll begin to build a network of contacts with similar interests and the potential to develop mutually beneficial relationships."

## Trade missions

To turbo-charge your global business, consider participating in outbound trade missions. They are a terrific way to become feet-on-the-ground familiar with other cultures and business practices. Trips are most often organized and sponsored by state-level EDOs, but sometimes through larger local Chambers or regional EDOs.

Taking part in a trade mission usually requires investing in overseas travel. If your global practice is new, remember that the payoff is a long-term one and will depend on follow-up to cultivate relationships with the foreign nationals you'll meet abroad.

## REALTOR® organizations

You may also learn about relevant EDOs through a Global Business Council. If your local Association of REALTORS® has one, make a point of getting involved. Even if it doesn't, consider establishing a relationship with another Council nearby so you can network through their contacts. The more people you meet, the more you will learn about their experiences with state and local EDOs and other resources who might be valuable contacts regarding specific activities.



## Helping your EDO

Working with an economic development organization is a two-way street. They can help you leverage your global business, but you'll maximize your relationship if you're also contributing to their efforts. For example, Tim Hur, CIPS, President's Liaison to South Korea and President, Point Honors and Associates of Atlanta, Georgia has found that EDOs need direct input from local business people for structuring their marketing content.

"You can assist an EDO in selling the area to clients by providing demographics and pertinent information about the local area, like ethnic restaurants, grocery stores, religious centers and services," says Hur. "Hopefully, when clients and executives

from foreign companies visit your market, the EDO will give them your name so you can assist with their housing needs."

## The payoff

Economic development organizations can have a multiplier effect on your presence to international clients considering investing in your market. Through discovering which EDOs are offering programs targeting global business and working with the programs and people involved in them, you will gain the contacts, expertise and reputation to be known as a truly global agent.



## Outside the U.S.

Economic development organizations, both public and private, can be found across the globe. Most larger European cities have Chambers of Commerce that actively cultivate cross-border relationships and major cities on every continent have economic development agencies that foster export business and foreign direct investment in specific industries.

One of the easiest ways to connect to international business opportunities is via inbound trade missions. Ask your local Chamber or government agency about upcoming trips. The delegation may include members of a foreign Chamber of Commerce, U.S. agents from a state or local REALTOR® association and prominent local business leaders, all excellent points of contact for building ties to a specific locale.

Make it a point to participate in other globally-focused events, such as trade seminars, training courses and outbound trade missions. For instance, in late 2014 the London Chamber of Commerce will hold a trade and investment forum on the Baltic States and lead a trade mission to Qatar in anticipation of its hosting of the 2022 World Cup. In 2015, missions to India, Japan, Mexico, Saudi Arabia and the East Coast of the United States are also proposed.

If you're interested in cultivating ties in the U.S. or Canada, identify trade offices or representatives based in your country. They can provide area-specific promotional materials and put you in touch with relevant business people in large cities. For U.S. state trade offices, go to [mbda.gov/node/2194](http://mbda.gov/node/2194). For Canadian trade offices, go to [tradecommissioner.gc.ca/eng/offices-worldwide.jsp](http://tradecommissioner.gc.ca/eng/offices-worldwide.jsp).

## Don't Be Fooled by Names

Economic development organizations share a common mission of promoting regional strategies, partnerships and solutions that build the competitiveness of their local economy. While their objectives are similar, their names can vary dramatically, including these and other terms:

- Growth Alliance
- Economic Council
- Planning District
- Regional Development Authority plus Coalitions, Partnerships and Forums



# IMMIGRATION: One Key to Economic Development

Today, immigrants play an important role in economic growth across the United States where they start businesses and hire workers. Immigrant workers supply the labor market at all skill levels. They also make up a significant portion of home sales and constitute one of the fastest growing segments of the housing market.

In addition to economic opportunities, immigrants are attracted to the U.S.'s strong, legal protection of personal property rights. In other countries, homeowners' rights may not be codified and, depending on the political climate, can wax and wane. In the U.S., homeowners can be assured that, if they buy property, their rights to it are protected.

## Foreign-born buyers drive growth

Most immigrants have a strong desire to own their own home. The longer an immigrant stays in the U.S., the more likely it is that they will purchase property. In fact, the rate of foreign-born homeownership has been trending up for many years, while the homeownership rate for native-born residents has been trending downward. See *Homeownership Rates* on page 7.

Immigrants make up a significant portion of domestic home sales, especially in the first-time buyer's market. According to Harvard University's Joint Center for Housing Studies they account for about 10 percent of home sales in the U.S. and about 15 percent of first-time buyers. In a number of cities, they are the difference between a stable market and one in distress.

Even more important is that immigrants are driving growth in the housing market. Between 2000 and 2012, foreign-born buyers accounted for about 40 percent of market growth in the U.S. while only representing 13 percent of the population. They are the fastest growing segment of American buyers according to a study done by the Mortgage Bankers Association. Though this is particularly true in areas that have traditionally served as gateways, including California and New York, immigrants are also important in newer U.S. destinations such as Georgia and North Carolina.

## Rebuilding distressed markets

Immigrants are often first-time homebuyers who look for bargain properties in which they can invest sweat equity. Neighborhoods rampant with foreclosures and bottomed-out prices have become attractive investments. In many cities hard hit by the economic downturn, foreign-born buyers are finding value and preventing further market declines.

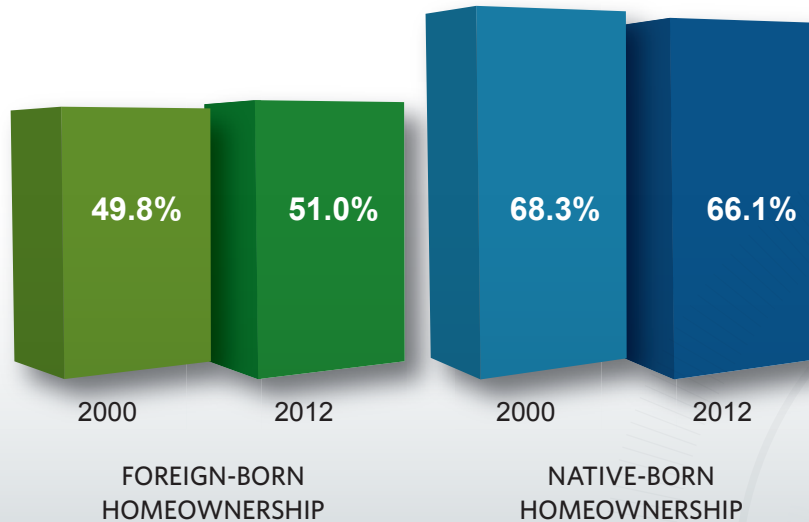
A report on immigrants' effects on local economies by Partnership for a New American Economy concludes "immigrants can simultaneously boost housing prices in some areas while easing housing affordability problems elsewhere," because many gravitate to affordable neighborhoods and revitalize areas in decline. The same report quantifies the effect of immigrants on median home values by U.S. county for the period 2000 to 2010. Their interactive map, available at [renewoureconomy.org/housingmap](http://renewoureconomy.org/housingmap), makes it easy to view these impacts across the U.S.

Immigrants not only raise home prices through increasing demand, they also attract more native-born residents to the same areas. An Americas Society/Council of the Americas research report found that for every 1,000 immigrants moving to a county, 250 U.S.-born residents move there. Find their report at [renewoureconomy.org/issues/american-cities](http://renewoureconomy.org/issues/american-cities).



## Homeownership Rates: Foreign-Born Improves While Native-Born Declines

Source: Pew Research Center



### The Dayton initiative

Dayton, Ohio is a city that has actively recruited immigrants to rebuild its sliding economy and real estate market. The city lost a major employer when General Motors closed a huge manufacturing facility in 2008 at the beginning of the recession. Leaders recognized they needed more businesses and employers to stay afloat.

In a 2011 plan called “Welcome Dayton – Immigrant-Friendly City,” the city outlined initiatives to nurture immigrant culture and businesses, including:

- creating immigrant business districts
- conducting trade missions to other countries
- expanding translation services for city services
- encouraging immigrant participation in local government and
- initiating a city-wide conversation on the plan

In 2012, Dayton’s mayor traveled to Turkey to convince a community of refugee Ahiska Turks to relocate to the city. Over 2,000 Turks moved to a neighborhood called North Dayton. Refugees from other areas have joined them. The city has been infused with entrepreneurs starting businesses in everything from ethnic restaurants to information technology firms.

Now, Dayton is home to over 20 immigrant communities. As they’ve grown and businesses have prospered, new residents began buying and repairing homes, boosting home sales. Dayton’s rate of home sales was up 16 percent in 2013 from a year earlier, significantly above a national increase of 9.2 percent. Read more about Dayton’s program at [welcomedayton.org](http://welcomedayton.org).

### Austin’s experience

Following Dayton’s cues, Austin, Texas rolled out its International Welcome program in early 2013. The city runs quarterly orientation sessions for immigrant newcomers giving them information on navigating city services and agencies that provide assistance to new residents, including how to access city resources like the library system, guidance on how to start a small business, and the basics of moving to a new city.

Austin’s program emphasizes giving new immigrants a point of contact for questions about city life and what their community has to offer. Volunteer ambassadors are matched with an international newcomer for six months to answer any questions about Austin life, and are encouraged to meet with them once a month to show them around the sights of Austin.

### A spreading movement

Other cities have joined the immigrant-friendly movement. The organization Welcoming America is a grassroots-driven collaborative promoting mutual respect and cooperation between foreign-born and native-born Americans. Partner cities such as Boston, St. Louis and Philadelphia—as well as Dayton and Austin—have joined as affiliates to utilize Welcoming America’s programs for change. Find out more at [welcomingamerica.org](http://welcomingamerica.org).

Back in Ohio, other cities have jumped on the bandwagon. In July 2014 Cincinnati announced that it is looking into how to launch an immigrant-friendly initiative. Springfield, Ohio is also implementing a plan based on the Dayton model. These two cities have decided that being immigrant-friendly is good economic policy. Rather than being a drain on the cities’ resources, community leaders see immigrants as a source of capital, innovation and productivity, as well as new tax revenues.

Legal immigration and economic growth go hand in hand. As the immigrant population in the U.S. grows, its impact on the housing market will increase, providing a natural base of referral business for global real estate agents. Don’t overlook this important area of opportunity! 🌐



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