



August 2011

GLOBAL PERSPECTIVES

to local, international & lifestyle real estate

► U.S. DEMOGRAPHIC SHIFTS

The New American Melting Pot

Over the past several months, a mountain of data from the latest U.S. Census has been gradually released to the public. While many news headlines about the 2010 Census have focused on population shifts and political implications—debates over where to redraw lines for voting districts—the message to real estate agents is loud and clear: **the face of America is changing.**

Any business that wants to position itself for long-term growth needs to sit up and take note. Tomorrow's home buyers will not resemble today's. Increasingly, the U.S. is becoming a multicultural nation, with recent waves of immigration playing a major role in reshaping communities.

In light of these developments, past assumptions regarding the origins of your business and how to best serve future home buyers and sellers need to be reevaluated.

This issue of *Global Perspectives* helps global agents embark on that path by providing a detailed **snapshot of the latest Census data**, including key facts about changing demographics and implications to real estate professionals.

Two groups in particular—**Hispanics and Asians**—will play a growing role in the future U.S. housing market. Inside, you'll also find fresh insights on understanding these groups' cultural perspectives and advice on how to best serve them. **GP**



The Changing Face of America

Anyone over the age of 30 has probably noticed that television shows, advertising, and even customers at grocery stores look different than they did a decade ago. The early findings of the 2010 U.S. Census tell us why. The population has changed dramatically since 2000. The American melting pot has become more diverse than ever before, largely due to immigration from Latin America and Asia.

What does this mean to real estate agents? If you are planning to stay in this business for another ten years or more, you should prepare now to serve a multicultural base of clients, no matter where you reside in the U.S.

The big picture

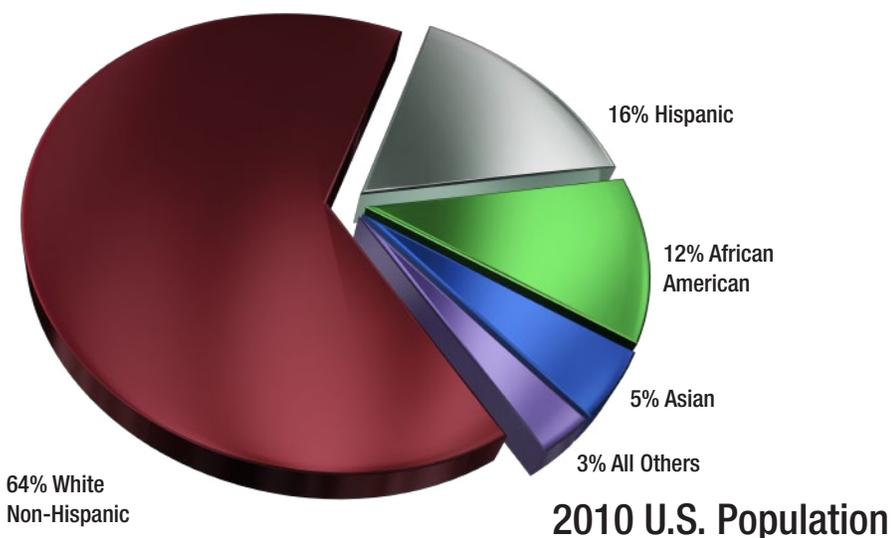
The 2010 U.S. Census found that 308.7 million people reside in the United States, an increase of 27.3 million, or 9.7 percent, over the count in 2000. Topline findings include:

- The population has gotten older. The segment of people age 55 through 65 grew by 50 percent. The median age is now 37.2, up from 35.3 ten years ago.
- Among those who own homes, average household size is 2.65 people.
- Average family size is 3.14 people.
- Owner-occupied homes make up 65 percent of occupied housing; 35 percent are rented.

The real news is that the ethnic population is growing rapidly, and data for minority groups looks different from the population as a whole. Minorities grew to be 36 percent of the U.S. population in 2010, up from 31 percent 10 years earlier. The largest minority groups were Hispanics (16 percent), African Americans (12 percent) and Asians (5 percent). White Non-Hispanics were less than two-thirds of the population. *Figure 1*

Asian and Hispanic growth skyrockets

As the fastest growing ethnic groups in the U.S., Asian and Hispanic populations each increased 43 percent since the last census, four times faster than the general population. All minority groups grew in the double-digits, while White Non-Hispanics grew just 1 percent between 2000 and 2010. *Figure 2*



2010 U.S. Population

Source: U.S. Census Bureau, 2010

In fact, nearly three in four (72 percent of) new residents added since the last census were either Hispanic or Asian. The Hispanic population accounted for more than half of the nation's growth (56 percent) between 2000 and 2010, while Asians drove 16 percent of that growth. White Non-Hispanics comprised only 8 percent of new residents. *Figure 3*

Immigration is driving U.S. growth

The biggest single factor in population growth is immigration from Latin America and Asia. Immigrants and their children make up the vast majority of Asians and Hispanics in the U.S. today. In 2009, almost two-thirds (63 percent) of all Asians living

in the U.S. were foreign-born, as were 40 percent of Hispanics. Immigration's impact is even more dramatic when looking at these groups by generation. Over nine in ten (93 percent of) Asians and two-thirds (67 percent) of Hispanics in the U.S. are first- (foreign-born) or second-generation residents. *Figure 4*

Overall, about 27 percent of immigrants in the U.S. arrived in or after 2000.

Minorities and age

The most striking demographic difference between the minority and majority population is age. Median age for Hispanics is currently 27.3 years; for Asians, 34 years; but for White Non-Hispanics, 41.2 years.

Minority groups tend to be a larger part of up-and-coming generations. Over 40 percent of Generation Xers and Millennials (currently ages 25-44 and 5-24, respectively) are minority. Baby Boomers (age 45-64) are 73 percent White Non-Hispanic. Asians and Hispanics comprise the majority of minorities in all age sets. If you assume that most of the people buying homes in the next two decades are now under the age of 44, then more than one in four will be Hispanic or Asian.

The rural landscape

Rural counties and states are hotbeds of minority and immigrant growth. Minority populations grew by double-digit rates in all but three states. In a change from the last century, the growth rate was often highest in rural states. (See map on page 5)

Before 2000, most immigrants were drawn to existing communities in six large gateway states: California, New York, Texas, Florida, New Jersey and Illinois. As of 2009, about half of all immigrants lived in non-gateway states. Between 2000 and 2010, the foreign-born population increased by more than 50 percent in nine states, including South Carolina, Kentucky, Montana, North Carolina and Wisconsin.

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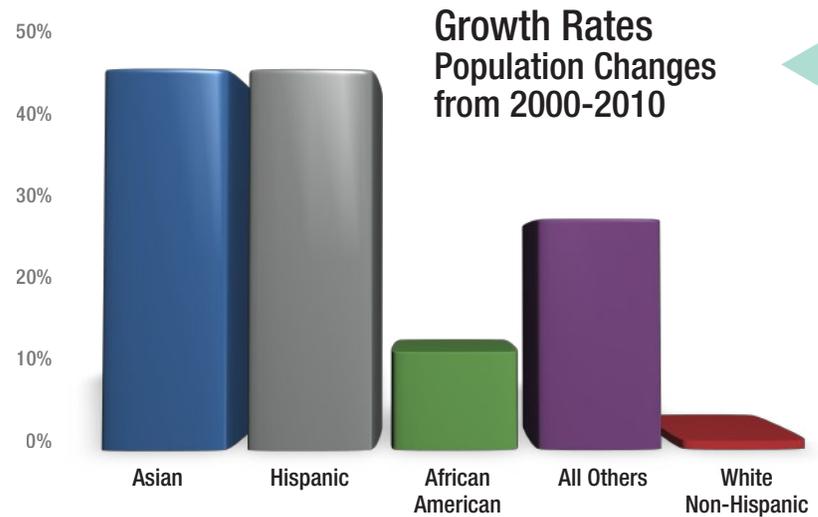


FIGURE 2

Source: Annual Social and Economic (ASEC) Supplement to the Current Population Survey (CPS), 2010

FIGURE 3

New Residents Since 2000 = 27.3 million

Source: U.S. Census, 2010

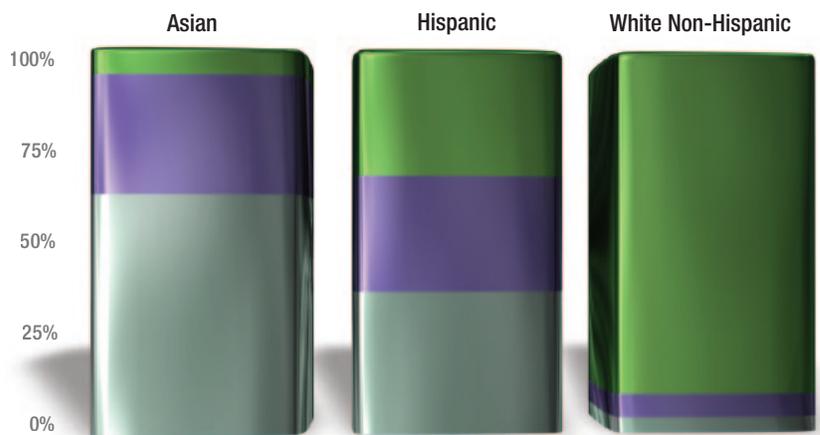
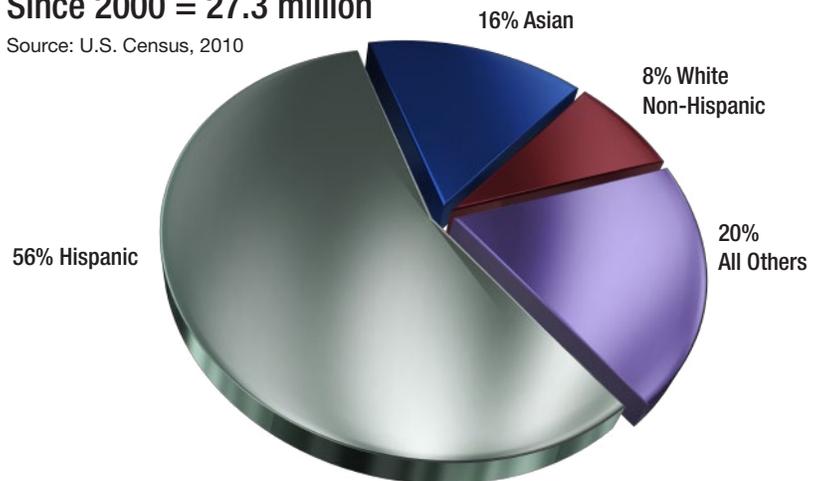


FIGURE 4

Ethnic Population Breakdowns by Generation

Legend: Third+ Generation (Green), Second-Generation (Purple), First-Generation (Grey)

Source: Annual Social and Economic (ASEC) Supplement to the Current Population Survey (CPS), 2010

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The Changing Face of America

For an example of the boom in rural Hispanic and Asian populations, consider new census data for the town of Sun Prairie, Wisconsin. Since 2000, the number of Asians has grown by 307 percent and Hispanics by 136 percent. To look up your area, go to factfinder2.census.gov and click “View 2010 Census tables.” Next, select Table GCT-PL1, titled “Race and Hispanic or Latino: 2010 - State—Place” and enter your state.

Since the 2000 Census, the Hispanic population more than doubled its size in one in four U.S. counties. About one in ten counties are now “majority-minority,” that is, minorities compose 50 percent or more of the total population. Among states, Texas, Hawaii, New Mexico and California have a “majority-minority” population, as does the District of Columbia.

Household characteristics

More Asian and Hispanic households are married and larger in size than White Non-Hispanic households. These numbers reflect not only more children in Hispanic households, but also more multi-generational families in Hispanic and Asian groups. *Figure 6*

Looking forward

Projections based upon 2010 data have not yet been released, but the Census Bureau recently published population estimates by race, using interim surveys and lower-than-current immigration rates. Findings include:

- By 2030, the U.S. population is expected to be 366 million, up 18.8 percent overall.
- Asians and Hispanics will have grown by more than 50 percent and will account for over 28 percent of the population.
- White Non-Hispanics are expected to shrink to about 56 percent of U.S. residents by 2030.
- By 2050, the United States is predicted to be a “majority-minority” nation. **GP**

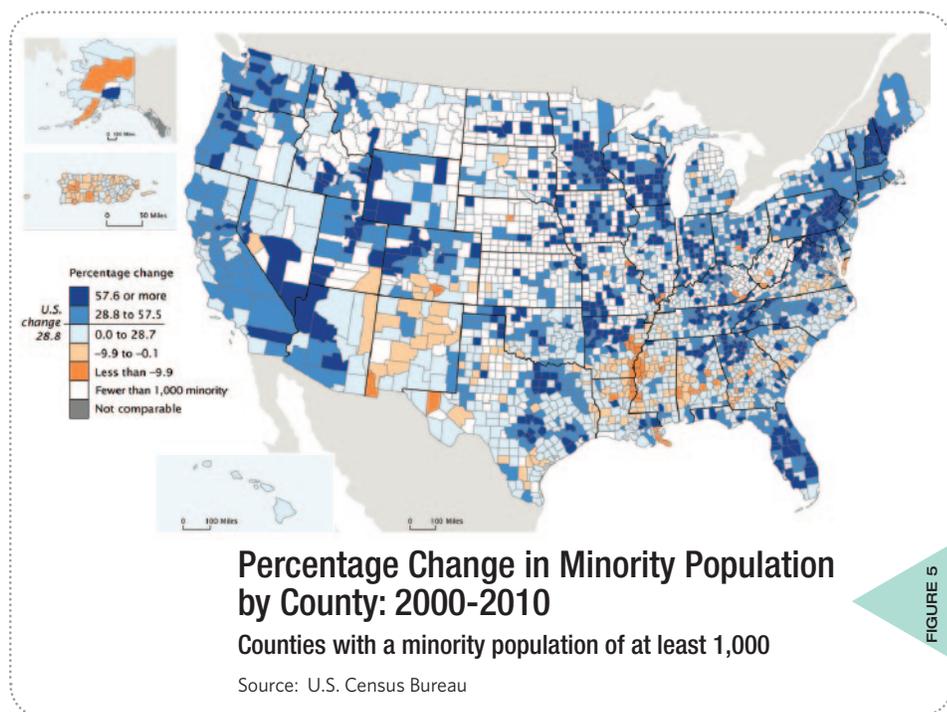


FIGURE 5

Household characteristics of three ethnic groups

FIGURE 6

Characteristic	Asian	Hispanic	White Non-Hispanic
Family household	76%	78%	65%
Nonfamily household	24%	22%	35%
Average family size	3.39	3.93	2.97
Families w/ 5+ children	19%	29%	11.5%
Median income (2009)	\$69,500	\$40,000	\$55,000
Owner occupied dwelling	60%	48%	74%
Rented dwelling	40%	52%	26%

Sources: Pew Hispanic Center, 2009 American Community Survey, Annual Social and Economic (ASEC) Supplement to the Current Population Survey (CPS), 2010

3 Key Takeaways for Global Agents



1. Most of the population growth in the U.S. since 2000 has been in the Hispanic and Asian segments.
2. A strong influx of young immigrants has been the driver of growth in these groups.
3. Among the next generation of home buyers (those now under age 44), about one in four will be Asian or Hispanic.



THE NEXT WAVE OF BUYERS

PREPARE NOW TO MEET THE NEEDS OF MULTICULTURAL CLIENTS

Multicultural buyers have been important to the health of today's housing market. Over the next decade, as more Baby Boomers put their homes on the market, and population shifts continue across the U.S., the role of multicultural buyers will become even more significant. Hispanics and Asians comprise the largest segments of tomorrow's buyers. Are you ready to sell to them now and grow your business with them in the future?

Most Baby Boomers are White Non-Hispanic and African American. However, a sea change is coming in the next two generations. Since the 1990s, the United States has experienced the largest wave of immigration in its history. Today, Asians and Hispanics make up about one in four Generation Xers (born 1966 to 1985) and Millennials (born 1986 to 2005). And by 2050, over one in three U.S. residents is projected to be Hispanic or Asian.

The face of tomorrow's home buyers

In 2007, minorities and immigrants made up 35 percent and 19 percent, respectively, of the first-time buyer market. Factors indicate they will be very important to tomorrow's housing market:

Multicultural buyers will continue to seek buying opportunities in today's soft market. "Though most potential first-time buyers are on the fence about buying a home, multicultural buyers, on average, are less so," says Oscar Gonzales, principal of the Gonzales Group, a firm that provides analysis of demographic and economic trends for the real estate industry.

Households headed by children of immigrants aged 25-64 typically have higher incomes than any other native- or foreign-born household segments in that age group, states the Joint Center for Household Studies at Harvard University's Kennedy Center. Today and over the next fifty years, these will be second-generation Hispanics and Asians.

The buying power of Hispanics and Asians is expected to grow faster than the rest of the population, in the near term. Buying power, defined as total post-tax income, for Hispanics and Asians more than doubled the growth rate for the total U.S. population between 1990 and 2009, according to the Selig Center for Economic Growth at the University of Georgia.

Financing hurdles

As predominantly first- and second-generation residents, Asians and Hispanics are often closer to their country of origin's cultural roots than are most Americans. Cultural attitudes toward borrowing and a lack of experience with financial institutions have created the biggest barrier to buying a home—knowing how to navigate the mortgage process. In serving these markets, you should know:

Debt is seen as shameful in many Latin American and Asian countries. Often these sentiments are carried to the United States. Foreign-born buyers may be very wary of taking on a mortgage.

First- and second-generation Hispanics and Asians may not have a credit history they can provide to the lender. Because of this bias against borrowing, your buyers may have had little experience dealing with financial institutions—and possess no credit cards.

Funds for down payments, or even mortgage payments, may come from the buyers' extended family, and even from abroad. Gonzales notes that sometimes the people making the down payment are the buyers' extended family.

Major lenders may turn away your immigrant buyers. "Your clients may meet all the financial criteria and have an ample down payment, but be turned away by major lenders simply because they don't have a credit history," says Gonzales.

Breaking barriers

The agent's role in clearing these obstacles is to be both an educator and a trusted advisor.

Start with Real Estate 101. If your clients have no experience purchasing real estate in the U.S., walk them through the entire process. Discuss your role and duties to them as their representative in the buying process.

Explain that most U.S. home buyers take out mortgages. Help your clients understand how mortgages work, and discuss the process of obtaining one. Ask them about the source of their down payment funds, and explain the documentation they'll need if the money has come from overseas. Also discuss the impact of credit history on borrowing rates.

Go the extra mile to find a lender that will work with them. Regional and community banks as well as credit unions are more likely to be open to the needs of borrowers who don't fit the traditional requirements. Establish a network of contacts with lending officers at small financial institutions and educate them on the value of having multicultural borrowers.

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THE NEXT WAVE OF BUYERS

Language and cultural styles

While hiring multi-lingual agents or assistants is ideal, language should not be a barrier to dealings with most Asian and Hispanic clients. “For the most part, multicultural buyers’ command of the English language is generally strong,” points out Gonzales. Don’t assume that documents have to be translated into your clients’ native tongue. Focus instead on explaining the meaning and intent of the documents.

Working with multicultural clients will require a sensitivity to non-Western styles of communication including gestures, body language, personal space boundaries, and observance of social hierarchy. Anthropologist Edwin Hall’s concept of high and low context cultures offers a useful framework for understanding differences in cross-cultural communication.

Low context societies communicate informally, are loose in how business contacts are addressed, and rely heavily on written contracts to legitimize business agreements.

High context societies have a heightened degree of formality in business practices, hierarchical social relationships, and require extra communication time to establish trust between parties doing business.

The U.S. is a low context culture. Most countries in Asia and Central and South America are high context cultures. Being sensitive to contextual differences may be critical to gaining the trust of your multicultural clients.

Including the entire (extended) family

Asian and Hispanics tend to be closer to their cultural roots, and because of that, the extended family is more important to them than in many other segments of American society. “Two of the biggest mistakes you can make are ignoring children and elders who accompany a couple buying a house,” says Gonzales. “You must understand that everyone in the family is a customer and has a say in the decision.” What should a real estate agent do?

Acknowledge all young family members and be friendly to them. Introduce yourself and ask their names. Answer their questions and listen to their comments. Ignoring or being unfriendly to a multicultural buyer’s child may dissolve their trust in you.

Show deference and attention to elders. Introduce yourself to all older members of the family and listen carefully to what they have to say. Answer any questions they have, and address all of their concerns. In Hispanic and Asian families, elders are often key decision makers not only because they are deemed wise, but because they may be making a substantial financial contribution to the purchase. They may also plan on living with the family.

Technology considerations

Many Non-Western immigrants are more tech-savvy than Americans, especially younger generations. Agents should be ready to accommodate any client’s communication preferences.

Learn to text. Several Asian countries have had high-speed Internet access for the last decade, and their nationals have all but given up landlines. Mexican taxi drivers adopted texting years ahead of their American counterparts. Given that many young immigrants, like many young Americans, have used wireless technology for most of their lives, it makes sense that text is now their preferred mode of communication.

Interesting facts about Asian U.S. residents



- **52.6 percent** over the age of 25 had Bachelor’s degrees in 2008.
- Their median home value in 2007 was **\$399,000**, double the national average.
- Their buying power in the U.S. economy is expected to rise **36.9 percent** from 2009 to 2014.

Interesting facts about Hispanic U.S. residents



- Their median home value in 2007 was **\$215,500**, compared to \$192,800 for Non-Hispanics.
- Their buying power in the U.S. economy is expected to increase **36 percent** from 2009 to 2014, compared to 20.9 percent for White Non-Hispanics.

Your website should include elements that address multicultural buyers' community interests. These interests can trump the actual curb appeal of their future home. Many brokerages focus on listings, contact information and credentials. Since young multicultural customers may get their first impression of you from your Web page, keep their interests in mind. Include photos of the multicultural aspects of your market as well as information on schools and cultural organizations, while remaining inclusive of potential home buyers of all ethnic backgrounds.¹

Unique housing preferences

While agents should not assume that buyers of a particular cultural heritage automatically prefer certain types of housing, it's helpful to be aware that Asian and Hispanic buyers may have different housing needs. Religious, spiritual and multigenerational family concerns can influence their preferences.

Buyers from East Asian cultures sometimes use feng shui or vastu shastra in selecting homes and neighborhoods.

Feng shui suggests directional orientations, large open front yards, not being on a cul-de-sac, and that a house have a good history (no divorce or foreclosure). Vastu shastra, the Sanskrit term for *science of structure*, guides site selection and structural characteristics of the house to attract positive forces of the universe while minimizing negative ones.

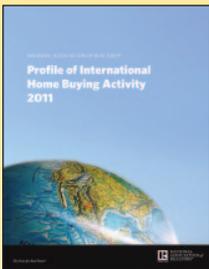
Asians and Hispanics may want homes to accommodate multiple generations, with contained living quarters for grandparents or in-laws. "Hispanic extended families often look for homes with a *casita*, an additional small home on the property, for grandparents," points out Gonzales. "Multigenerational families may also be interested in homes with two master suites."

Oscar Gonzales says the housing crash has motivated builders to take positive steps towards meeting these unique needs. "Developments like Telfair, Cinco Rancho and Sienna Plantations - Paradigm Cove in the Houston area are designed to appeal to Asian and Hispanic buyers," he says. "Builders are reaching out to ethnic communities." Looking for new construction like this in your area will help you provide additional attractive options for multicultural clients, assuming they ask for them.

Asian and Hispanic buyers have helped keep the market afloat during the present housing crisis. Preparing now to meet their future needs simply makes good business sense for any agent who wants to grow their real estate practice over the long term. **GP**

¹ Always recall that Fair Housing laws dictate that agents cannot target or exclude specific protected groups in their marketing efforts.

Foreign Home Ownership in U.S. Up Sharply



According to NAR's latest annual report on international home buying activity, the U.S. remains a top destination for foreign buyers. International purchases surged by \$16 billion this year, one of the highest increases in recent years.

According to the survey, total residential international sales in the U.S. (for the year ending March 2011) equaled \$82 billion, up from \$66 billion in 2010. Total international sales were split evenly between non-resident foreigners and recent immigrants, while combined total domestic and international existing-home sales in the U.S. were \$1.07 trillion.

Other notable findings:

- Immigrant buyers (those in the U.S. less than 2 years or with visas) now account for half of U.S. foreign buyers, or \$41 billion (this group grew by \$16 billion)
- 28 percent of REALTORS® had international clients
- 8 percent stated that international clients accounted for 50 percent or more of their business
- High visibility and a wide network of contacts are important tools for getting international buyers (53 percent of clients were referred by friends, previous clients and international referrals)
- Chinese buyers overtook Mexico and U.K. as the second largest buyer group (after Canada)
- Buyers from 70 countries purchased in the U.S.
- Top 10 countries (in order): Canada, China, Mexico, U.K., India, Argentina/Brazil, France, Germany, Japan and Russia
- Noted reasons for investment include: secure investment, rental and long-term appreciation, purchase residence for college students, foreign executives temporarily working in U.S. **GP**

You can download the complete *2011 Profile of International Home Buying Activity* at realtor.org/research/research/reportsintl.

Reasons to be in Anaheim, CA

Have you made plans to attend the **2011 REALTORS® Conference & Expo in Anaheim, California**, in November? It's your chance to meet with 18,000 REALTORS® and real estate professionals from 80 countries — all under one roof. Here are 5 additional reasons to attend:



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November 11-14

- 1 Realtor.com is going global** - Realtor.com/global will launch, providing greater global exposure for members' listings. Enhanced features include: translations of U.S. listings to multiple languages, inclusion of international listings, and area and currency conversions.
- 2 Global Day** - A full day of sessions specifically for those practicing global business. For our international audience, sessions will be translated into French, Portuguese, and Spanish.
- 3 Expo** - Stop by the International & Second-Home Pavilion to visit our international partners. We'll also feature networking hours by country (as in the past). Each partner country will have a table and time slot to facilitate networking exchange.
- 4 International Night Out** - Experience the glitz and glamour of Hollywood as you walk the red carpet with colleagues from around the world. This is the international community's night to shine — we'll honor some of our special guests during the Global Awards Ceremony, followed by dinner and dancing to live music.
- 5 CIPS Breakfast** - This is NAR Global's chance to honor you! Celebrate with fellow CIPS designees at this breakfast event and welcome the newest class of designees.

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