

A NEW LENS:

What the Latest Data Tells Us about Raising EB-5 Capital in an Increasingly Challenging Marketplace



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Raising EB-5 capital world-wide has proven to be an increasingly challenging endeavor.

As the industry trade

association, IIUSA is committed to publishing the latest intelligence on EB-5 investor markets and proactively seeking data via Freedom of Information Act (FOIA) requests about statistics on investors' country of birth. In June 2017, IIUSA obtained a dataset from the U.S. Citizenship & Immigration Services (USCIS) FOIA office that included Form I-526 (Immigrant Petition by Alien Entrepreneur) filings approval and denial statistics for fiscal year (FY) 2016 by petitioner's country of origin. Despite some minor discrepancies in USCIS's data¹, the latest I-526 statistics illustrate new and exciting trends that will help project marketers make informed decisions on where to invest their time and money raising EB-5 capital.

TOP 15 EB-5 INVESTOR MARKETS IN 2016

Approximately 95% of all I-526 filings in FY2016 came from the top 15 EB-5 investor markets (listed in Table 1), representing more than \$6.3 billion in potential capital investment for various economic development projects across the U.S. Although its global share in I-526 filings declined by 2.5% from FY2015, investors from Mainland China remained the top participants in the EB-5 Program, accounting for 10,950 I-526 filings (82.5% of all I-526 petitions filed) in FY2016. Coming in second and third place were Vietnam and India, respectively, remaining in the same position as FY2015.

A surprising change was South Korea, which saw a bump of two spots from FY2015 to fourth rank in FY2016. Meanwhile, Brazil saw a 30% decline in number of I-526 petitions filed in FY2016, and is now ranked as the fifth most

¹ The total I-526 filings worldwide in FY2016 from the dataset that IIUSA obtained via FOIA is 13,273; while the total number of I-526 receipts in FY2016 that USCIS published on its website is 14,147.

I-526 Filings & Approval Rates by Investor's Country of Birth (FY2016) - Top EB-5 Investor Markets

Country/Region	Rankings (Compared to FY'15)	I-526 Filings (Number)	I-526 Filings (Global Share)	EB-5 Investments (in \$million)	FY2015-2016 Growth	I-526 Approval Rates
China (Mainland)	1 (-)	10,948	82.5%	\$5,474	-19%	83%
Vietnam	2 (-)	404	3.0%	\$202	40%	87%
India	3 (-)	354	2.7%	\$177	48%	66%
South Korea	4 (+2)	156	1.2%	\$78	-7%	82%
Brazil	5 (-1)	151	1.1%	\$76	-34%	74%
Taiwan	6 (-1)	143	1.1%	\$72	-16%	76%
Iran	7 (-)	104	0.8%	\$52	-32%	37%
Venezuela	8 (-)	95	0.7%	\$48	-23%	84%
Mexico	9 (-)	78	0.6%	\$39	-12%	57%
Russia	10 (-)	54	0.4%	\$27	-34%	67%
Hong Kong	11 (+3)	49	0.4%	\$25	17%	96%
Canada	12 (-)	38	0.3%	\$19	-32%	75%
United Kingdom	13 (-)	36	0.3%	\$18	-35%	84%
South Africa	14 (+1)	35	0.3%	\$18	-13%	77%
Japan	15 (+1)	28	0.2%	\$14	47%	85%
Others 90 Countries	-	600	4.5%	\$300	-	-
Grand Total	-	13,273	100.0%	\$6,637	-17%	82%

Data Note: Margin of error: +/- 6.6%. EB-5 investments are calculated based on \$500,000 per filing of I-526 petition.

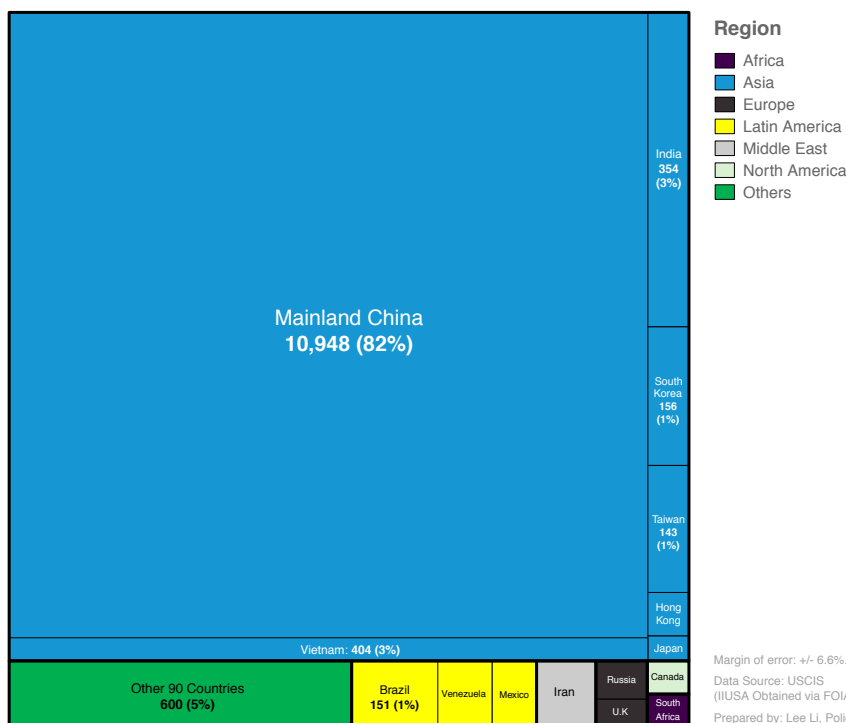
Data Source: U.S. Citizenship and Immigration Services (IIUSA Obtained via FOIA)

Prepared by: Lee Li, Policy Analyst, IIUSA

(Table 1)

95% of All EB-5 Investors in FY2016 Come from the Top 15 Investor Markets

Here is the total numbers and the market shares of I-526 filings by EB-5 investor's country of birth (FY2016)



(Figure 1)

Margin of error: +/- 6.6%.

Data Source: USCIS (IIUSA Obtained via FOIA)

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popular EB-5 investor marketplace. Another highlight was the downward movement of Nigeria, which experienced a decline of almost 60% in I-526 filings in FY2016 and dropped out of the top 15 investor markets in FY2016. In FY2015, Nigeria was ranked 11th for EB-5

investor markets.

As illustrated by Figure 1, EB-5 investors from Asia, including Mainland China, Vietnam, India, South Korea, Taiwan, Hong Kong, and Japan, accounted for over 91% of all I-526 pe-

titions filed in FY2016. Latin America, holding top investor markets such as Brazil, Venezuela, and Mexico, remained the second largest region based on I-526 filings in FY2016, generating \$187 million worth of EB-5 capital² in the last fiscal year.

TOP EB-5 INVESTOR MARKETS GROWTH TRENDS: FY2014 - 2016

In addition to a one year snapshot, it is also instructive to analyze the data year-over-year to assess which statistics may be anomalies and which may be actual trends. A total of 11 of the top 15 EB-5 investor markets in last year's dataset experienced a decline in I-526 filing. Brazil, which had the highest growth rate from FY2013 to FY2015, experienced a decline of 35% in terms of number of I-526 petitions filed in FY2016. Meanwhile, Mainland China, which had a growth rate of 40% in FY2014, experienced a 20% decrease in FY2016 as well.

As illustrated in Figure 2, India and Vietnam demonstrated stable growth in the past few years – with both countries seeing over 100% growth in I-526 petitions filed in FY2015 and a more than 40% increase in FY2016.

The year-over-year growth of Vietnam's and India's EB-5 investor markets are significant. As Figure 3 shows, just as the EB-5 visa category saw its first signs of retrogression for Mainland Chinese applicants in 2014, the demands for EB-5 visas in Vietnam and India started their exponential rise. When viewed in a 10 year prism, the numbers are even more startling. I-526 petitions filed by Indian investors increased by over 2,200% since 2006 and filings by Vietnamese EB-5 investors saw an over 20,000% increase in the same time span.

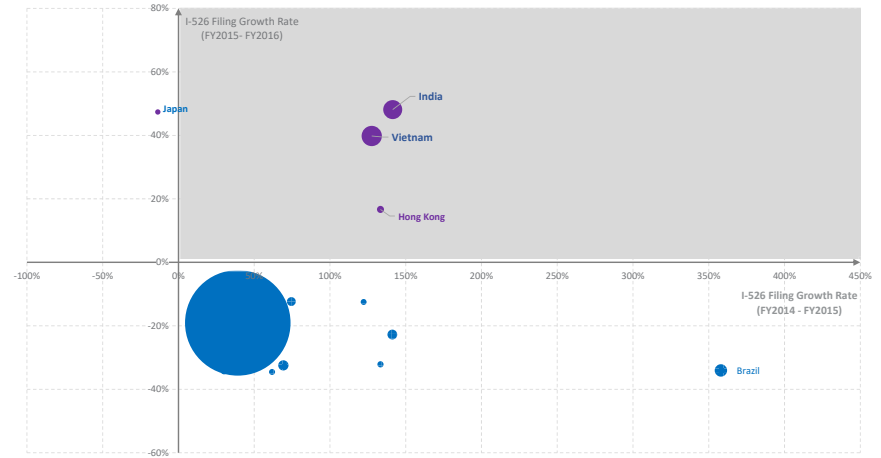
I-526 APPROVAL RATES BY INVESTOR'S ORIGIN

In addition to I-526 filing statistics, the I-526 petitions dataset also includes the numbers of I-526 petition approvals and denials by investor's origin, allowing us to dig deeper into the data. Figure 4 not only shows the average I-526 approval rates for the EB-5 investors from the top 15 investor markets, but also compares those statistics to the overall average approval rate worldwide (82%) in FY2016. According to the data, the vast majority of I-526 petitioners from the top countries had an average approval

² EB-5 capital is calculated based on \$500,000 in capital investment per I-526 filing.

India and Vietnam: Consistent Growth from FY2013 – FY2015

I-526 filing growth rates in FY2014-2015 versus growth rates in FY2015-2016 in top EB-5 investor markets. Bubble size represents the amount of I-526 filings in FY2016.

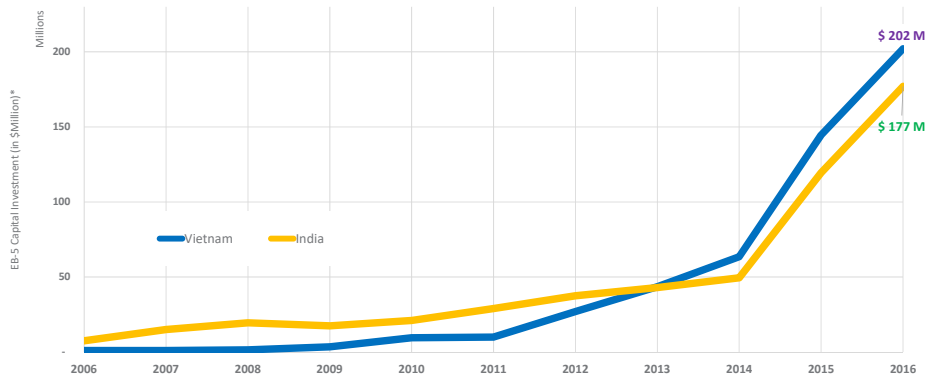


Data Source: U.S. Citizenship and Immigration Services (IUSA Obtained via FOIA)
Prepared by: Lee Li, Policy Analyst, IUSA

(Figure 2)

EB-5 Investment from Vietnam and India: Exponential Growth from FY2006 – FY2016

EB-5 capital investment* from Vietnam and Indian based on I-526 filings by fiscal year in the past decade:

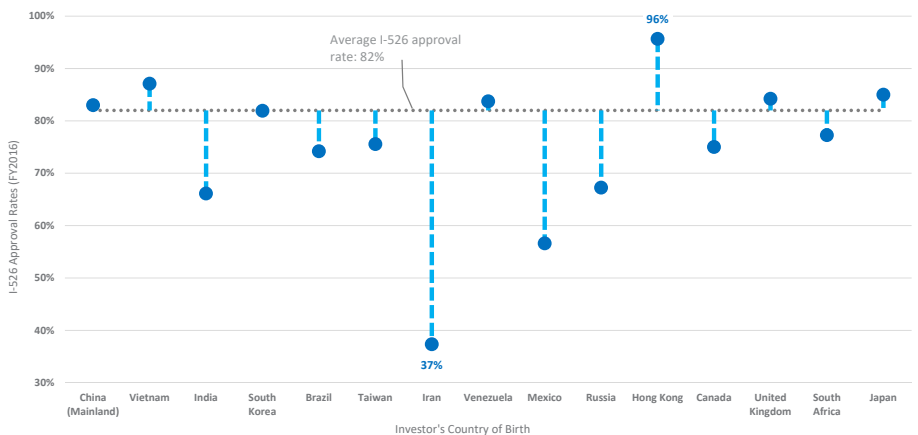


Data Note: Margin of error: +/- 6.8%
*EB-5 investments are calculated based on \$500,000 per filing of I-526 petition.
Data Source: U.S. Citizenship and Immigration Services (IUSA Obtained via FOIA)
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(Figure 3)

Approval Rates of I-526 Petitions Range from 37% to 96% by Investors' Country of Birth

I-526 Approval Rates by Investor's Country of Birth in Comparison to Global Average (FY2016):



Data Source: U.S. Citizenship and Immigration Services (IUSA Obtained via FOIA)
Prepared by: Lee Li, Policy Analyst, IUSA

(Figure 4)

rate ranging from 75% to 85%. The outlier is Iran, which only averages a 37% I-526 petitions approval rate by USCIS, significantly lower than the global average. One might conclude that international sanctions against Iran – and by extension Iranian investment overseas – continued to cloud its prospects for participation in the EB-5 Program moving forward. In contrast, 96% of the I-526 petitioners from Hong Kong ended up receiving their approvals (the highest level among all top 15 markets).

WHERE IN THE WORLD ARE EB-5 INVESTORS? LOOKING AT CONSULAR PROCESSING VS. ADJUSTMENT OF STATUS

Rather significantly, it should be noted that the I-526 petition adjudication data is incomplete because it does not account for the number of investors who are already physically in the U.S. before they filed their petitions and acquired their EB-5 visas through adjustment of status

(AOS). Hence, included is the FY2016 EB-5 visa usage statistics³ published by the Department of State that shows the number of EB-5 visa issued by consular processing (CP) overseas versus EB-5 visas used by AOS to supplement our analyses on the EB-5 investor market trends. The results (Figure 5) indicate that the majority of EB-5 principal investors (and their eligible family members) from Brazil (67%), Venezuela (71%), Mexico (53%), Russia (52%) and Canada (59%) obtained their EB-5 visa via AOS. This information suggests that most EB-5 investors attributed to these markets are already within the U.S.

Furthermore, in FY2016, 40% of EB-5 visa holders born in India got their green cards through AOS, a much higher percentage in comparison to the other top two EB-5 investor markets (Mainland China: 2% and Vietnam: 14%).

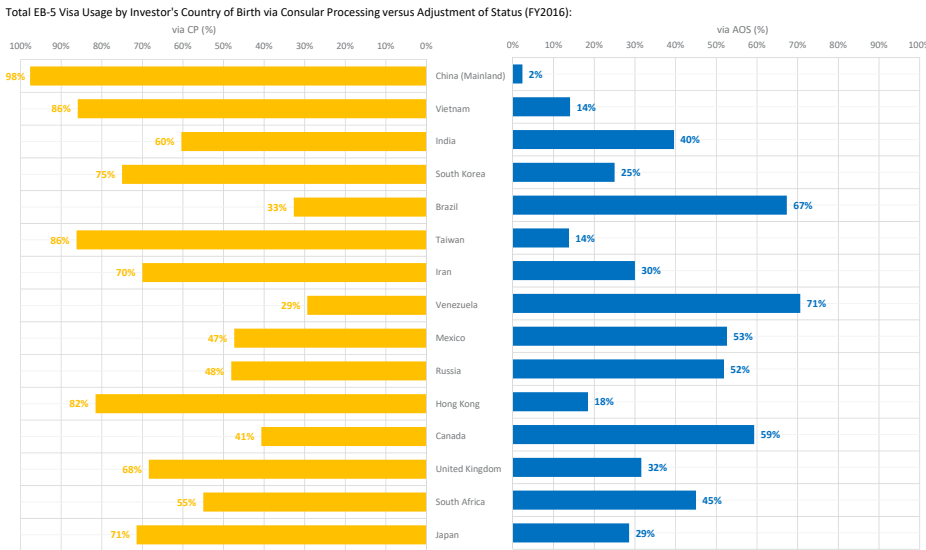
ANALYZING INVESTOR PREFERENCES FOR REGIONAL CENTERS VS DIRECT EB-5 INVESTMENTS

The EB-5 visa usage statistics also shed light on which EB-5 markets prefer Regional Center investment projects versus direct EB-5 projects. Overall, the majority (91.5%) of EB-5 visas in FY2016 were used by applicants who invested in a Regional Center project, as shown in Figure 6. India, in comparison with the other top countries, had a relatively high percentage (25%) of EB-5 visa usage in FY2016 that was associated with direct EB-5 projects, the only top EB-5 investor market with a share of EB-5 investment in Regional Center projects that is lower than 80%.

The EB-5 Program in FY2017 faces unprecedented uncertainty from visa backlogs, ever-increasing processing times, and potential legislative and/or regulatory changes. More than ever, EB-5 industry participants should utilize analytics to optimize its global marketing strategies. Because, in the end, locating EB-5 capital is just the start of spurring economic development projects and job creation in communities all across the country. In these challenging times, IIUSA is proud to continue serving its members and the broader EB-5 stakeholder community with qualitative and quantitative analyses of EB-5 investment trends. ■

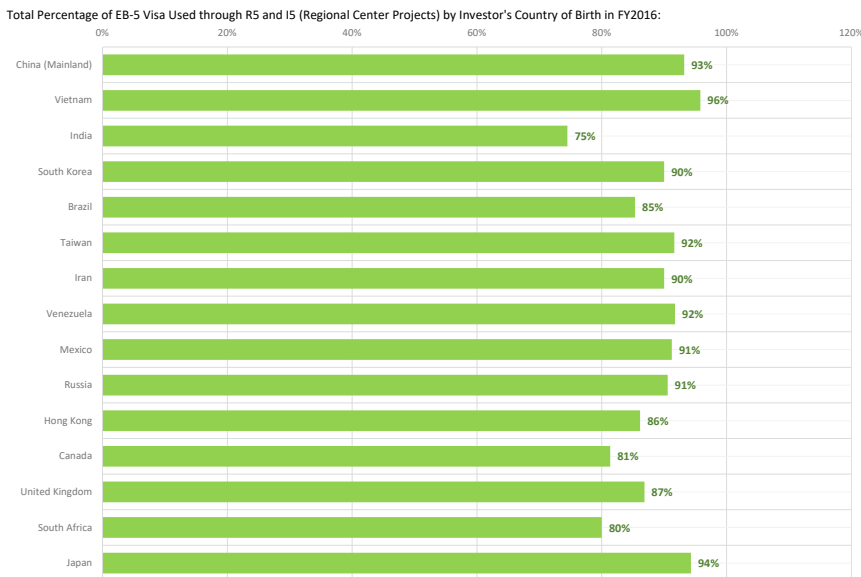
³ DOS, Report of the Visa Office 2016, Statistical Tables, Table V (Part3); <https://travel.state.gov/content/dam/visas/Statistics/AnnualReports/FY2016AnnualReport/FY16AnnualReport-TableV-Part3.pdf>

Majority of Brazilian and Venezuelan Investors Obtained their EB-5 Visa via Adjustment of Status



Data Source: U.S. Department of State
Prepared by: Lee Li, Policy Analyst, IIUSA (Figure 5)

95% EB-5 Investors from Vietnam Chose Regional Center Projects; 25% of Indian EB-5 Visa Holders Invested in Direct EB-5 Projects;



Data Source: U.S. Department of State
Prepared by: Lee Li, Policy Analyst, IIUSA (Figure 6)