

# THE GLOBE AND MAIL

The market

## In Vancouver, the third wave hits

Buyers from the Chinese mainland are pouring their wealth into Vancouver real estate, boosting the market and making Mandarin a must-have in the realtor's toolbox

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The economic impact of wealthy buyers from Mainland China has gone all but unnoticed by the average Vancouverite — but it's no secret to the city's real estate industry.

And unlike the buyers from Hong Kong in the 80s and Taiwan in the 90s, who had a huge impact on property values, this third wave from Mainland China is projected to be far bigger. This wave of buyer is newly rich and seeking luxury properties on the city's West Side, in downtown condo properties, and to a lesser extent, in Richmond and Burnaby. Buyers from Mainland China are even buying up recreational properties in places like Kelowna.

"They're injecting fuel into it, causing [luxury prices] to rise a little faster than they usually would," says West Side realtor Ryan Dyer. "There are definitely some fast-paced sales going on. A lot of the really highly sought after properties have been snapped up pretty fast."

Magnum Projects' George Wong has benefited first-hand from the buying spree of the Mainland Chinese. "We've sold about \$150 million in the last two months," says real estate marketer Mr. Wong.

"In terms of purchasing power, they go for the big residential single detached homes — that's all we're hearing, especially in regard to high end product," says Mr. Wong, who has had to learn Mandarin as a result.

"It's very much a reflection of the new wealth. China is no longer a sleeping giant — it's a giant.

"And it's not just a Vancouver phenomenon, it's all along the west coast."

Vancouver developer Robert Macdonald, owner of Macdonald Development, is making regular trips to China to entice buyers.

"Realtors on the West Side will tell you about 30 per cent of sales are from the Chinese market," he says.

Marketer Bob Rennie says the majority of high-end shoppers these days are from China. Based on a survey done by his office, Mr. Rennie says more than 60 per cent of West Side sales over \$1.7 million are by new Mainland Chinese purchasers. The pressure on the high end of the market could have an overall affect on affordability, says Mr. Rennie.

“We have to acknowledge that local incomes cannot compete with any foreign money,” says Mr. Rennie. “Housing supply is the one thing that cities and planners will have to watch closely to maintain any level of affordability.”

Vancouver is no stranger to international interest. Over the last two decades, there have been smaller real estate buying sprees by Americans, English, German, Iranian and Korean buyers. But the overseas Asian buyer has had the biggest impact on the Vancouver property market.

Of all the markets across Canada, realtors say the Chinese are most attracted to B.C. Visas Consulting Group is one of the largest immigration consulting firms in China, with offices in Jiangsu, Zhejiang, Guangdong and Shandong provinces. Visas’ Vincent Chen says more than 3,000 Chinese families migrate to Canada under the business category every year.

“At least 60 per cent of these families choose Vancouver to settle down — and a major part of them will buy property there, sooner or later,” says Mr. Chen, from his Shanghai office.

Macdonald Realty VP Dan Scarrow, who is half Chinese and knows Mandarin, has experienced the benefits of the new market. Last year, he sold 10 condos priced at more than \$5 million apiece to people from China.

Today, he runs a program aimed at partnering with immigration consultants who are hired by foreign clients to help them settle in, which includes the purchase of real estate.

“After a few years, the Hong Kong and Taiwan waves sort of fizzled out, whereas my immigration consultant friends tell me that there is a minimum of 10 more years of this wave.

“And it’s still the first wave, so these individuals are what you’d call the hyper rich. As these waves continue to come on shore, they get progressively less wealthy. We saw that happen with the Hong Kong and Taiwan buyers.”

The savvy realtor in the new milieu has either learned Mandarin, has Mandarin-speaking staff or is hiring translators to do deals.

Mr. Dyer has partnered with a Mandarin-speaking translator to help with selling transactions in the last six months. He specializes in West Side properties at the high end of the market.

“They are a huge part of the market, especially [for property] above \$2 million,” says Mr. Dyer. “Definitely for the last six months, it’s been a large percentage of offshore buyers. It was noticeably higher than average.

“They want the landmark properties — Shaughnessy, Drummond Drive in Point Grey. That would be what they’re after. They are astute, and they know if they are over-paying. They bring agents with them. They are not naïve about the market.”

Their interest is putting buying pressure on the high-end properties, which traditionally has fewer buyers than the lower end of the market.

It might be unbelievable to Vancouverites who’ve long been priced out of the market, but to the newly wealthy Chinese, Vancouver is relatively cheap.

“Many wealthy Chinese believe property is the safest way for investment, and the properties in Vancouver are not particularly expensive compared to the price in major cities in China, such as Shanghai or Beijing,” says Mr. Chen.

As well, the buyers from China have already been well versed in the buying and selling of real estate.

“One of the first purchases that an immigrant family makes is a roof over the head,” Mr. Wong explains. “Then there is a car and a good school for the kids. So it is a new immigrant’s lifestyle. Real estate is a very crucial part.

“Also, many Asians like to invest in real estate. There is an affinity for real estate. If you’re born in Monaco, chances of you being a good swimmer are higher than if you’re somebody from Winnipeg. You’re just immersed in that environment.”

There are other reasons for the heightened interest in Canada, such as wanting to get away from China’s pollution from increased car use, the perception that Canada’s education system is of a high standard, and the opportunity to have bigger families.

“There is a one-child policy in China. I have several clients, they might already have a teenager, and they move here and have a baby right away — that’s a strong motivation for some,” says Mr. Scarrow. “Also, I think political instability is a big fear for them. They want a safe place to go to protect their assets and their life.”

The Chinese buyer is popping up in the secondary recreational property market too. Vineyards are especially of interest, says Kelowna realtor Alexandra Rebagliati.

“I am seeing more and more Chinese buyers. I have a Chinese translator who works with me when my Chinese clients are in town,” says Ms. Rebagliati. “Half come for recreational property — I would say it’s up 20 or 25 per cent over last two to three years.

“I think you’d be very ignorant to ignore this market right now.”