

Why You Should Work with Buyers from China...and How

By Andrew King



One of the hottest trends in American [real estate](#) right now isn't coming from America. It's the millions of new Chinese buyers that are investing in residential properties here in the USA. They're wealthy. They're motivated. And they're very savvy when it comes to buying real estate.

Consider the following statistics from China-based global real estate listing site, Juwai.com:

- Chinese are so eager to invest in North American property that sometimes they bring the money with them on the plane. Last summer, a Chinese man was stopped at the airport for having around \$177,500 in hundred-dollar bills stuffed in his wallet, pockets and under the lining of his suitcase. In the U.S., Chinese citizens are the top source of airport cash seizures after Americans.
- Chinese are the world's fastest-growing property buyer demographic. They spent \$7.2 billion on overseas property in 2009. This is projected to climb to \$114 billion by 2015.
- One-third of Chinese millionaires have assets overseas, and real estate is their preferred asset type, according to research by the Hurun Report.
- China's economy is still thriving. The country is minting millionaires at a rapid pace. The pool of high net-worth individuals (HNWIs) in China is expected to expand at a 20 percent compound annual growth rate in the next three years, according to McKinsey & Company.

That said, reaching the Chinese buyer of American real estate isn't as easy as listing your property online or buying an advertisement in a Chinese magazine.

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"Advertising doesn't bring the return," says Pauline Ha, a Chinese-American [real estate](#) agent with Better Homes and Gardens Real Estate Mason-McDuffie in San Francisco. "In Chinese culture, you have to build a relationship first."

Ha advocates a strategy that puts customer service up front and center, working hard to satisfy the needs of all foreign buyers and catering to her clients as well as their family members. Her company has been ramping up its sales force and marketing initiatives to attract foreign buyers.

"We have a very active market," says Ed Krafchow, chairman of the board, Better Homes and Gardens Real Estate Mason-McDuffie.

Business has been particularly booming around college communities as immigrants look to put down roots where a child might be getting an American education, or many try to move to ethnic neighborhoods where they may know people or be more familiar with the local scene, Krafchow explains.

According to Juwai.com, other reasons the Chinese are attracted to the U.S. real estate market include:

- A full 57 percent of rich Chinese have contemplated emigration. Some 20 percent have actually already gone through immigration procedures in countries like Australia, or will soon.
- They want to diversify their risk. By investing in North America as well as at home, they avoid losing everything if one property market or the other goes down.
- One risk Chinese face at home is the possibility of new regulations or taxes that reduce their wealth. Some also worry about social unrest. Riots, strikes and protests recently doubled over the last five years to 180,000.

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From a broker's perspective, a lot of the challenge in courting the Chinese buyer comes down to the language barrier.

"I advise agents that if they don't speak Mandarin, get an interpreter – you have to understand the market," says Krafchow. "We're very fortunate in my company because we speak 40 different languages."

Even among Chinese, there are differences in the language depending on what region they're from, so the more understanding of their practices, the better off a [real estate](#) agent will be when building a relationship.

In the San Francisco area, Krafchow estimates that foreign buyers comprise 20 to 30 percent of the market right now, an increase of 300 to 400 percent from where it was 10 years ago. A lot of the surge in foreign – particularly Chinese – interest in American real estate comes from the emergence of the nation's middle class and the explosion of the Chinese Internet, particularly social media.

The Internet in China, though, isn't the simple communication tool we're used to when it comes to domestic marketing. When communicating digitally, the Chinese government regulates communications—and it's even stricter for content that comes in from overseas.

"There is a great firewall of China and it's nothing like what we've experienced before. It is sexy and advanced. It's a real living, breathing thing," says Andrew Taylor, Co-CEO of Juwai.com.

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The system blocks content that comes from certain applications such as YouTube or Twitter. Even The New York Times is blocked before it can get to Chinese computers, Taylor says. To make sure their content gets through the “great firewall,” American brokers need to know what programs are compatible.

There's also the matter of where the content is coming from. Sites that are hosted overseas – even if they're on a compatible system and software – will take much longer to load in China because of all the government's filters. According to Taylor, some of the approved pages could take 10 to 15 minutes to load, and Chinese buyers won't wait that long. The best solution, he says, is to find a local site in China – such as Juwai.com- to host your American listings.

Then, of course, it all comes back to the language barrier. While many American [real estate](#) agents use translating machines to create Chinese language content, Taylor warns that they're not always accurate and could mistranslate the meaning of what the agent is trying to express, prompting regulators to assume the agent is trying to mislead their citizens.

“For a broker to put a listing through a machine translator, you're putting your broker license in jeopardy,” Taylor advises. “Make sure you're hosted in China for speed and make sure you're speaking the right language.”

According to Taylor, these strategies go a long way toward a broker's credibility, and in China, credibility goes a long way toward business.

“Chinese buyers often take a lot of time to research the market, a given property and the agency involved,” he says. “Once they find what they want, however, they can move quickly.”

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Taylor adds that American [real estate](#) agents can get more bang for their buck by marketing to wealthy Chinese buyers. Trying to reach the whole country on the Internet would not be an effective strategy, he warns.

"Asia has more high net-worth individuals than any other part of the world, but people on the average income won't be able to buy your property," explains Taylor. "Focus your efforts on the high net-worth Chinese. They often make multiple purchases over a short period of time."

Most of these buyers are also extremely loyal and have a tight-knit family structure.

"First-generation (Chinese-Americans) might have little understanding of the English language, so they rely on friends and family," adds Taylor.

These traits often make it difficult for an American real estate agent to build a reputation among Chinese communities, but once that trust is established, it can pay huge dividends for the agents because they're likely to get the client – and all future deals within that client's family.

"Be patient," Taylor says. "It's a longer lead, but it's a more powerful lead."

Andrew King is an award-winning journalist with 15 years of experience with the Gannett newspaper company, appearing in The Journal News (Westchester, NY), Asbury Park Press and USA Today. He also contributes to The Real Deal, TheLadders.com and TechPageOne.com.