



Hello RE/MAX Luxury Real Estate Professionals,

There's an interesting [article from Mansion Global](#) about Chinese buyers and their prominence – and billions of dollars in buying power – in both U.S. and Canadian real estate markets. It cross-references various studies and articles, concluding that Chinese buyers are a group to pay attention to in numerous markets and market segments, including the luxury realm.

Take a few minutes – it's worth the read: <http://rem.ax/1QT5YcO> This article is attached starting page 2

The article resonated with me especially because, just a few weeks ago, I attended the Asian Real Estate Association of America (AREAA) Global and Luxury Summit in Honolulu. The organization highlights the commanding influence of Asian American and Asian nationals in both international and luxury markets, and helps connect agents and Asian clients.

There are indications in most markets of a surge in transactions specifically with Chinese buyers. And there's also a rise in international real estate activity overall. With a little awareness and preparation, you can elevate yourself as a luxury professional who can meet the needs of buyers both near and far.

Using The RE/MAX Collection marketing and branding resources is a great start. Let me know how we can help you get the most out of your premier luxury real estate program. You can reach me at theremaxcollection@remax.net.

Enjoy the article!

Best regards,

Anne Miller
Director, Brand Marketing
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How Much Chinese Money Is Really in the U.S. Real Estate Market?

With no accurate source of foreign-investment data, analysts must be creative

BY FANG BLOCK ORIGINALLY PUBLISHED ON APRIL 20, 2016



Inscrutable investors: Why is it so hard to put a single number on Chinese real estate holdings in the U.S.?

ROY SCOTT / GETTY IMAGES

According to ongoing news reports, Chinese buyers are snapping up properties all over North America, artificially inflating values and causing consternation among local buyers who feel priced-out.

But exactly how many Chinese buyers are investing in American and Canadian real estate — and how much are they spending??

The answer, it turns out, is not easy to come by. Unlike most European countries, the U.S. and Canada do not collect official statistics on foreign buyers, making it difficult to obtain accurate, authoritative foreign-buyer data. Factor in the role of shell companies, and the situation becomes even more complex.

As a result, real estate companies and research institutions are turning to a number of other

methods to track Chinese buyers' data.

IDENTIFYING BUYERS BY THEIR SURNAMES

According to a report published last year by Andy Yan, an adjunct professor of planning at the University of British Columbia, 66% of the buyers of single-family homes in certain wealthy Vancouver communities are new Chinese immigrants.

[According to *The Globe and Mail*](#), Yan arrived at this figure by analyzing 172 transactions from August 2014 to February 2015 in three communities of West Vancouver and screening for non-Anglicized Chinese names. David Eby, a local politician who assisted Yan with the research, told [The Province](#) that the study “bears out the anecdotal feelings that people have about [the high numbers of] mainland China buyers.”

Critics were quick to question both the validity of Yan’s data and the assumptions that were drawn from his conclusions. Bob Ransford, an urban planning consultant, voiced worries over analyzing buyers by ethnicity and connecting them to hot-button issues. Speaking with the [Vancouver Sun](#)

, he said there is danger in “singling out certain groups of people saying they're to blame for this.”

Yan’s defenders [noted](#) that this “is the same name analysis methodology used by governmental organizations for public health and political science.”

THE JOURNALISTIC APPROACH

“Collecting real estate transaction data is difficult,” said Arthur Margon, a partner at [Rosen Consulting Group](#), a California-based real estate economics consulting firm, “and it is more difficult when foreign sellers and buyers are involved, especially when they are Chinese.”

As Margon explained, Chinese buyers tend to keep a low profile and are reluctant to make public announcements, even when they’re partners on a large project. To counter this, Margon’s group — working with the [Asia Society](#) — is taking a journalistic approach.

For a report due to be published online in May, RCG is compiling Chinese buyers’ home-buying transactions in the U.S. According to Margon, the data comes from several sources, including the federal government’s EB-5 Immigrant Investor Program and bank loan records. They’re also verifying buyers through first-hand interviews.

“This is going to be the most comprehensive and authoritative report on Chinese investments in U.S. real estate market,” Margon promised.

ASKING THE AGENTS

Every year, The National Association of Realtors sends a questionnaire on foreign property investment to 150,000 of its one million members. Additionally, every month, it surveys 50,000

real-estate agents about the number of foreign buyers they've worked with.

By cross-referencing these results with economic models from other sources, including U.K.-based consultancy Knight Frank, the association breaks out the investments coming from different countries.

Their [2015 Profile of Home Buying Activity of International Clients](#) reported that Chinese buyers put \$28.6 billion into American real estate. That number was then widely reported by international outlets such as [The New York Times](#)

EXTRAPOLATING FROM BROADER STATISTICS

In 2014, [KPMG](#), a world-renowned accounting firm, began releasing a semi-annual report entitled, "[China Inbound Investing in U.S. Real Estate](#)"

According to the [second 2015 report](#), the first half of that year saw Chinese companies making 88 direct investments in the United States for nearly \$6.4 billion. KPMG noted that, "Real estate and hospitality continues to be the biggest draw, accounting for 65 percent of total investment."

Using these numbers, it's tempting to conclude that Chinese real estate (and hospitality) investment for the first half of 2015 was 65% of \$6.4 billion, or \$4.16 billion. The problem: KPMG only tracks investments made by commercial organizations, and their data comes from partnerships with institutional organizations.

KPMG's next report is due in May.

THE BIGGER PICTURE

No matter the method, locking down a single, conclusive number on Chinese investment is tricky business. However elusive, it remains an important issue — not just for buyers from China.

"The aggregate scale of Chinese investment in U.S. real estate should get attention by the policy-makers during the next several years," said Margon. "It affects such policy areas as EB-5 program, tax system and security risks."

The challenge will be reliably and accurately calculating the scale of that investment.