

Vancouver Housing Bubble Doesn't Scare Chinese Investors

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With all the doom and gloom stories about Vancouver's housing bubble bursting, some industry experts shed some light on the Chinese entrepreneurs who continue to invest in the city's properties.

Most Chinese investors don't buy lavish \$18 million mansions, preferring "more discreet" homes and transactions in B.C.'s Lower Mainland, said Graham Kwan, CEO of Character Capital Inc., a strategic investment firm. He was speaking as part of a panel at the [Western Canadian Hotel and Resort Investment Conference](#) this week in Vancouver.

Foreign buyers— the majority from China – have been [blamed for increasing housing demand and prices](#) around Vancouver, as well as for turning friendly neighbourhoods into ghost towns by holding onto, but not living in the properties.

However, Kwan pointed to the expansion of Chinese supermarkets as a sign of where investors' families are actually living.

"There's the show side of real estate, the trophy homes. But look at Burnaby, look at Richmond, look at West Vancouver and an increasing number of Chinese families buying into those markets," he explained in a post-panel interview with The Huffington Post B.C.

There are no statistics on the percentage of [foreign residential buyers in Canada](#), but U.S. figures collected by the realty association there show foreigners account for four per cent of the American market, reported the Globe and Mail.

Ian Gillespie, head of Vancouver developer Westbank Projects Corp., told the newspaper that one-third of the luxury Fairmont Pacific Rim condo-hotel tower was sold last year to people in China – as residences and not investments.

"They're not coming in to speculate, throwing money at things. They're not trying to flip. They probably flip less than anybody," said Gillespie.

Kwan also noted there are few headlines about the \$800,000 house purchases by Chinese immigrants that make up the majority of the deals.

It's by no means an affordable price point, but the price of an average two-storey house in Vancouver stood at \$1.1 million in the first three months of 2011 – or three times the national average, reported the Globe and Mail.

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Roque Hsieh, a partner in KPMG's real estate tax practice in Vancouver, told the conference that his foreign Chinese clients look at social and political stability as factors in their investment decisions.

But interest rates are not at the top of the list.

"Interest rates are irrelevant for Chinese markets because they pay cash," said Kwan.

The conference also heard that in addition to smaller deals, Chinese clients are now buying farmland and resort land.

"You're going to get wealthy individuals who buy quite ostentatious products, like you do in the West. And you're going to get wealthy individuals that are discreet with their money, look after their money," said Kwan.

He used one of his clients as an example who is by nature a "discreet and humble guy." The man, who became successful through an outdoor sports company, ended up buying a property in Port Moody where he could go outdoors.

"He feels vulnerable doing that in China now because he doesn't know if someone may rob him," explained Kwan.

In the face of the cooling B.C. market, Hsieh said his clients are "not liquidating anything" and are "very bullish in the long term."

British Columbia has no [restrictions on foreign ownership of real estate](#), unlike jurisdictions including Australia, Switzerland and China.