

RESEARCH

Education, environment top preferences of Chinese real estate investors

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Photo of Seattle from National Geographic

By NANCY BUCKLEY

Washington state's Realogics Sotheby's International Realty is anticipating an influx in Chinese real estate consumption as the Seattle region's popularity rises compared to other West Coast destinations.

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Changes in visa regulations and the relative affordability of the Seattle area entice many Chinese nationals to look to the Pacific Northwest instead of California or Vancouver. Increases in affluent Chinese consumers will not only affect the real estate market, but will also change the presence of brands preferred by these ultra-high-net-worth individuals.

“The Seattle/Bellevue metro area is simply playing catch up to alternative West Coast gateway markets such as Vancouver, British Columbia, San Francisco and Los Angeles, which have until recently seen the largest bounty of Chinese investors and immigrants,” said Dean Jones, principal and owner of [Realogics Sotheby's International Realty](#), Seattle.

“These cities [are] broadly viewed as global cities, and Seattle is on its way,” he said. “We

expect greater diversity in society and within the international business community, which will influence development trends and the housing market.

“Our region already has increasing structural demand given the local economic expansion with job, wage and population growth. This is increasing median home prices. On top of all this the international demand is yet another layer that is likely to amplify housing prices as it has in other harbinger markets. The term 'hedge city' has been coined suggesting real estate microclimates where values, spurred largely by foreign investment, are substantially greater than what would otherwise be likely with local job, wage and population growth. Demand has no borders.”

Heading West

Realogics Sotheby's International Realty created a documentary video, “East Meets West” which features Mr. Jones speaking about the trends and efforts from both sides of the Pacific.

The short film focuses on the Pacific Northwest's rise of immigration. The Seattle/Bellevue area has gained favor and Chinese nationals have surpassed Japanese as the top visitors.

Visitations can also be expanded from one year to 10 years with changes in visa regulation put forth by the Obama administration. Also, student visa options have also been updated.

“Most notably these policies increase mobility for Chinese Nationals to visit the U.S. and it greatly encourages more international tourism and investment,” Mr. Jones said. “The U.S. is now better positioned to tap what's likely to become be the world's largest economy for the benefit of U.S. stakeholders.

“Long term these policies suggest that U.S.-China relations are improving,” he said. “According to Visit Seattle, Chinese consumers are now the top overseas visitor to the Seattle area, outpacing the Japanese for the first time.

“The fact that Chinese Nationals can come and go from the U.S., combined with the fact there are more commercial flights connecting the countries, suggests that Chinese can purchase second—or multiple—homes in the US to enjoy as well as make an investment without having to file for any type of more permanent immigration status. A 10-year window, without making numerous filings, is long enough to make sense out of buying.”

The primary markets on the West Coast have become so expensive that the secondary markets have become a primary focus for Chinese consumers.

To help foreign consumers understand the real estate marketplaces on the West Coast, Realogics Sotheby's International Realty has created its Dragon and the Pearls initiative.

Washington state is second to California in sales to Chinese consumers.

Embedded Video: <https://www.youtube.com/embed/G9FrcrpCEhY>

East meets West

Pop culture is credited with some of the city's popularity with some movies painting a fairy tale image of what it is like to live in Seattle.

In Vancouver, in the 1990s, Hong Kong residents took advantage of Canada's relatively relaxed immigration policies and eventually Mainland Chinese consumers followed the investments in real estate markets. Now 50 percent of metro Vancouver is considered to be of Asian descent.

Seattle's Asian population is 13 percent, but is rising.

An increase in direct flights and Seattle's shorter flight to and from China adds to the appeal.

Schooling systems, both public and private and the high Ranking of University of Washington further entice Chinese affluents to invest in the region.

Many developers in Beijing neighborhoods are creating 172-square foot apartments and selling them for \$1 million so that families can own property and gain an advantage on their child's acceptance into a better school.

Also, the clear, clean and waterfront location of the Pacific Northwest appeals to many Chinese consumers.

Changing times

Along with Seattle, Canadian cities have seen an influx of real estate interest.

In 2014, the major metropolitan markets in Canada all saw double-digit sales growth for properties priced at more than \$1 million, according to a report by Sotheby's Realty Canada.

The Greater Toronto Area saw the greatest gain, with a 38 percent rise in sales volume, compared to 2013. With a high demand for real estate in these markets, properties stayed on the market for less days, with a greater percentage of sales happening at more than the owner's asking price in both Vancouver and the GTA ([see story](#)).

Real estate trends open doors for more than just the real estate markets, but tend to be the catalyst for other changes.

"Firstly, we must recognize the trends and anticipate the needs," Mr. Jones said. "We are in a global economy. Learn the cultures and prepare your company for doing business in foreign languages including Mandarin-speaking sales representatives, localized Web sites and perhaps augment your product lines based on Chinese consumer demands.

"Also anticipate your competitors doing the same," he said. "These new buyer segments offer a bounty of opportunities and it's very likely there will be a rush to the counter to service them amongst the other companies. Typically, the first responders garner the greatest market share. We've seen this play out in local real estate whereas decidedly local companies are now positioning themselves as global."

Final Take

Nancy Buckley, editorial assistant on Luxury Daily, New York

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