

RESEARCH

## Foreign buyers take advantage of favorable exchange rates in stable Canada: report

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*Montreal, QC home for sale via Royal LePage*

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By FORREST CARDAMENIS

Real estate advisors believe that foreign buyers purchase at least a quarter of Canadian luxury properties, according to a new report from Royal LePage.

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When asked about changes in the market, two-thirds of advisors say foreign buyer activity has increased, with 24 percent saying foreign buyers account for at least 25 percent of properties. Canada's culture, laws and currency suggest that the trend will continue throughout the year.

"Canada did very well during the global financial crisis," said Phil Soper, CEO of [Royal LePage](#). "The banking system has some structural differences from the U.S., where we operate brokerages as well, and [Canada's] lends itself to more stability and less risk, so the period of time in which the market was real estate market was damaged by the global recession was just under a year, compared to about six years in the U.S.

"So one of the things that's attracted foreign capital has been the stability of the real estate and financial sector," he said.

"Secondly the country has a reputation for tolerance and acceptance of immigrants. We talk in terms of multiculturalism versus the American melting pot. One way to look at that if you're, say, Chinese, is that in Canada you can be Chinese and Canadian, in America you have to be American."

[The Royal LePage Carriage Trade Luxury Properties Report](#) surveyed 250 Canadian real estate advisors, with separate interviews being conducted for additional insight. "Luxury properties" are defined in the report as those that cost three times the average home price or four times as much in Vancouver, British Columbia; Calgary, Alberta; Toronto, Ontario and Montreal, Quebec.

Money from abroad

China was cited as the primary origin of non-citizen purchases, and three-fifths of surveyed advisors believe that foreign buyer activity will continue this year. The sentiment among advisors is particularly strong in British Columbia, where a third believe foreign buyers constitute at least 30 percent of luxury property purchases and 79 percent say foreign buyer activity has increased since January 2015.



*Vancouver, BC house listed via Royal LePage*

On one extreme, some Vancouver neighborhoods could see over half of buying activities from foreigners; Calgary has seen a more limited impact. The local economy, dependent on oil, has been hounded by recent economic woes, and advisors consequently see local families rather than foreign buyers as primary purchasers.

"Unit sales in the luxury category have dropped slightly from last year's level," said John Hripko, real estate agent, Royal LePage Benchmark. "Recently however, oil prices have inched higher, giving some agents and homeowners a renewed sense of optimism, causing inquiries for luxury properties in the \$1 million to \$2 million range to pick up.

"Demand for luxury properties above that price range has been slower, but consistent with the pace seen in 2015," he said.

While Alberta prices drop on account of the economy and Vancouver's shortage of land and abundance of natural beauty propels growth, Ontario and Quebec fill out the middle.

Foreign buyers have made a difference in Ontario, particularly Toronto, where prices have increased 69 percent since 2005. Quebec's growth is more locally influenced and more modest at 58 percent.



*5 Dunlace Dr, Toronto, ON*

Other countries, including the United States and Australia, have also seen an increase in foreign and particularly Chinese buyers, but Canada is particularly conducive to the environment. Even putting aside cultural factors that may lead consumers to favor Canada, the drop in currency has offset the price growth for foreigners.

While Vancouver goes strong and Alberta looks to recover, Quebec is the province that might have the highest upside relative to growth expectations. With cooperation and political stability improving, demand for Montreal homes could skyrocket.



*Calgary, AB home listing*

The report also includes neighborhood data, looking at average size and value in 2005 compared to 2015 to give a hyper-local impression of growth, as well as profiles of featured properties.

#### Road to recovery

The weakened currency combined with signs of an economic rebound have led other real estate firms to also project strong growth.

The weakening Canadian dollar has made the country's real estate especially attractive to foreign buyers, according to a new report by Sotheby's International Realty Canada.

2015 was a great year for luxury real estate in Canada. Sales increases were largest in the category of real estate costing more than \$4 million and were propelled largely by the markets in Vancouver, British Columbia and the Greater Toronto Area ([see story](#)).

The influx of buyers from abroad has led marketers elsewhere to adjust their strategy.

For example, Realogics Sotheby's International Realty (RSIR), the brokerage's largest Pacific affiliate in the Pacific Northwest, recently launched a publication geared toward the region's influx of Chinese individuals.

The all-Mandarin "Seattle Luxury Living," released in partnership with Tiger Oak Publications, will target the affluent Chinese who have immigrated to or are visiting the Seattle metropolitan area, particularly Bellevue, WA, as the area is currently undergoing an immigration wave. Speaking to consumers in their own language is a necessary step in forming strong relationships and converting sales ([see story](#)).

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