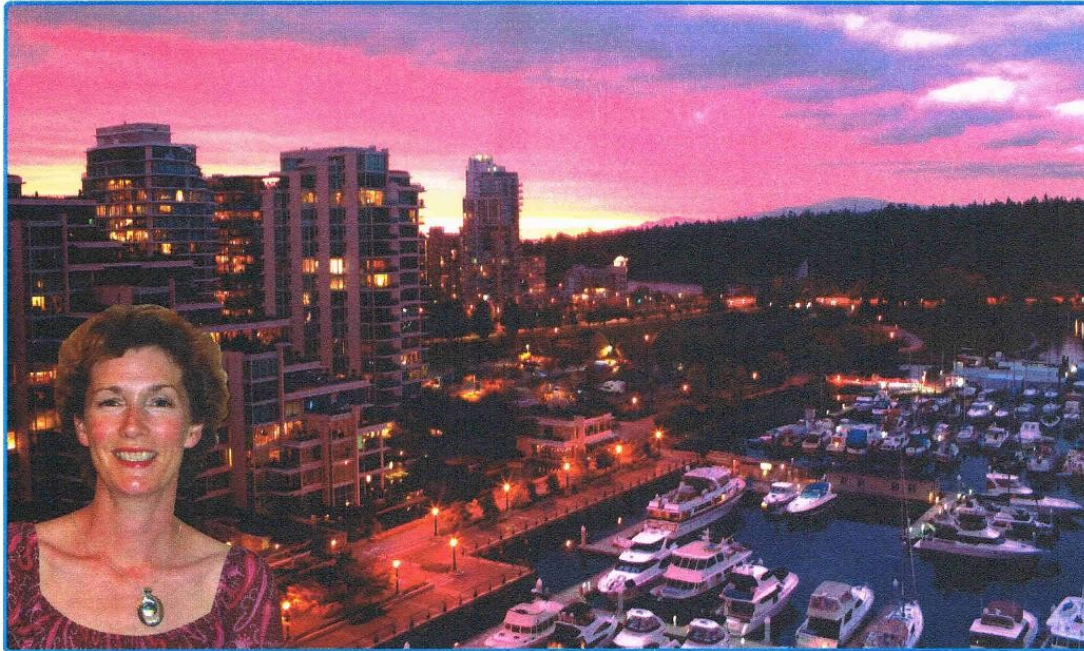


WORDS | Nicola Way



Vancouver supreme

It's long been known that Vancouver - with its "Pacific Rim" location on Canada's north-west seaboard - is a real magnet for Asians wanting to migrate and invest in property abroad. It has been a popular buying destination for decades. Its rise to fame, however, has recently become meteoric. When the Chinese government recently announced the launch of its first visa service centre for the whole of North America, it chose to open it in this, the capital city of British Columbia. How long will Vancouver's dragon go on breathing fire?

When China and Canada first established a trading relationship back in the 1960s, there was a total of Cdn\$160-million worth of trade between them each year. Today, China has grown to become Canada's second largest trading partner behind the U.S. with trade reaching Cdn\$50.8 billion in 2009 consisting of \$11.2 billion in Canadian exports to, and \$39.6 billion in imports from, China.

Key to Vancouver's success in attracting the Chinese market is the convenience of direct travel between the two continents. In June 2001, China Southern Airlines confirmed Vancouver's importance by providing Canada's first non-stop flights from

Vancouver to China's most populous province, Guangdong, which is home to more than 104 million inhabitants. Interestingly, in a prescient move in 1985, Guangzhou (the capital) was twinned with Vancouver. And, in 1995, Guangdong province itself was twinned with British Columbia.

A survey published in November by the Bank of China and wealth researcher, Hurun Report, revealed that more than half of China's existing millionaires - those with assets of more than 10 million yuan (US\$1.6 million) - are either considering emigrating or have taken steps to do so. The most popular emigration destinations are the U.S. and Canada, which gather 40 per cent and 37 per cent of the vote

respectively. The next destination, third-placed Singapore, attracted only 14 per cent, and Europe 11 per cent.

One of the most compelling reasons for emigration to North America is education, followed by a desire for better medical treatment, as well as a fear of China's all-pervasive pollution problems.

The most common model for Chinese families looking to move overseas is that the wife and child obtain foreign passports and live abroad, while the husband gets a residency permit but spends most of his time working in China.

"Vancouver has become an international educational hub," says Karim Virani, of Vancouver-based

This is the first in a new series of columns on the Canadian market written and compiled by Nicola Way of www.BestHomesBC.com and www.AssignmentCanada.ca. She specialises in off-plan and resale properties throughout British Columbia and Canada. If you would like to contact Nicola, please write to nicola@besthomesbc.com.

Virani Real Estate Advisors, who points out that highly-acclaimed institutions such as the University of British Columbia, Simon Fraser University, and a host of community colleges "attract students from all around the Asia Pacific region."

Virani explains that the 1967

Immigration Act introduced a points system that encouraged educated migrants to come to Canada. Hong Kong Chinese comprised the first major wave of foreign students to B.C. in the 1980s and 1990s, and contributed to a significant change in the class structure of Vancouver. Their numbers were further boosted by an influx of professionals from Hong Kong who left in anticipation of the 1997 handover of the island back to the Chinese. This resulted in a boom in university-educated migrants whose children have since filled Vancouver's colleges and universities.

Virani also points out that Vancouver has milder winters than the rest of Canada, and that it offers Chinese investors the ability to protect their savings which can be hard under China's strict capital controls. The city's established Chinese community also makes the transition for new residents easier. In November 2010, Osaka Supermarket opened its second Vancouver-area store in West Vancouver's Park Royal shopping centre offering items ranging from marinated duck wings to a full dim sum bar and Asian fruits such as mangosteens, rambutans and longans - all of which are normally hard to find in North America.

Despite global financial market volatility and economic uncertainty, Vancouver's property market has gone from strength to strength. Even news from The Economist that Canada is part of a group of countries - including Australia, Belgium, France, New Zealand, Britain, the Netherlands, and Sweden - whose property prices are overvalued by 25 per cent, does not deter buyers.

The Chinese government recently introduced legislation to curb home ownership by raising the minimum down payment for second-home purchases and introducing taxes on residential properties in a bid to control their own spiralling house prices and offset a housing bubble. The effect of this was for many Chinese investors to look at overseas markets, and Vancouver is one that stood out.

While China has tight measures in place regarding the amount of money taken out of the country, there appear to be substantial loopholes in the system. Some economists say they

have detected signs of large outflows of capital in recent months, driven in part by a decline in the global economy and expectations of slower yuan appreciation. Overseas property buying is one way to move money out of the country and into hard assets.

According to the Real Estate Board of Greater Vancouver, detached homes on Vancouver's affluent Westside have experienced an 81.5 per cent appreciation over the past five years, reaching an average price of \$2.019 million in November 2011 compared to

“Vancouver has become an education hub attracting students from the Asia Pacific region”

the national average of \$396,100.

The many media reports of Vancouver's spiralling house prices has ignited frustration among Vancouver 'locals' who feel they are being priced out of the market by Chinese buyers. Headlines proclaiming that Chinese demand is driving Vancouver's house prices up, are failing to look at the bigger picture that includes Canada's continuing low interest rates playing a significant role.

Karim Virani raises another salient point: As Vancouver's Westside prices skyrocket, other markets - especially West Vancouver's - are garnering interest among Chinese buyers. The reason is as simple as Feng Shui. West Vancouver houses are generally built with their backs to the Coast Mountain Range, and facing south towards spectacular views of English Bay and Burrard Inlet. This situation conforms to the principles of feng shui: The proper placement of features within, and surrounding, a house to increase wealth and deflect bad luck.

One such example of this is 5051 Meadfield Road in West Vancouver, which boasts one of the most spectacular water views that Vancouver has to offer. It is currently on the market at Cdn\$5.388 million through Virani Real Estate Advisors. This five-bedroom / seven-bathroom villa sits on a generous 28,000-square-foot lot which is accessed via entrance gates that lead to a partially-heated driveway. The 6,000-plus square-foot home was designed with sophistication and

practicality in mind and features vaulted ceilings, a Redl kitchen with high-end appliances, a large wine cellar, an open entertainment space that leads to a massive patio overlooking the view, and an indoor pool and Jacuzzi. Other key features include radiant in-floor heating, a heat recovery ventilation system, a media room, and an elevator.

But there is another factor at play contributing to Vancouver's real estate market's price increase. The fact is that Vancouver's geography - which is bordered by mountains and ocean - ensures that the city cannot become a sprawling metropolis like so many North American cities, simply because it has natural restrictions which limit the amount of land available for development. It's basic economics: The laws of supply and demand.

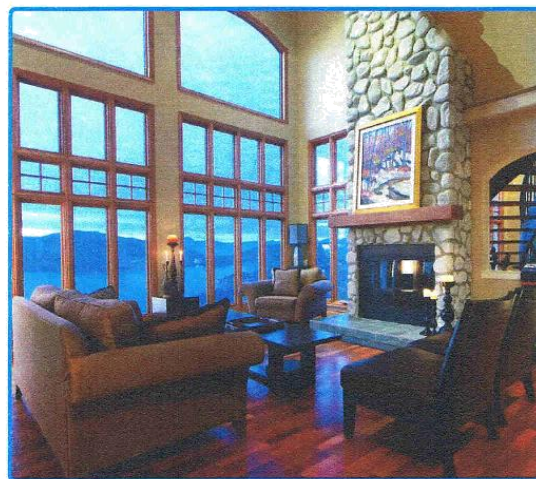
Bryan Yan, a Realtor with Regent Park Realty Inc., specialises in selling homes on Vancouver's Westside. He admits that this prosperous area certainly has a high-status reputation which provides a certain caché for Chinese buyers.

Yan is currently marketing some properties for sale in Point Grey - one of Vancouver Westside's most wealthy neighbourhoods. One features three parcels of land which together represent the most expensive residential lots in the Greater Vancouver Regional District at Cdn\$36.8 million. The reason for this price tag? Some of the most sought-after views of Vancouver's three principle attractions: water,

mountains and city, and upon which three new multi-million-dollar homes could be built. Another property in the same upscale area is 3743 Bienenheim Street which is priced at \$1.98 million. It is a distinctive three-level home that impresses with its modern west coast contemporary architectural style. It enjoys panoramic 360-degree unobstructed views from all three floors with expansive windows that bring natural sunlight into this four-bedroom/ four-bathroom residence. The home features an elegant Bianco Carrara marble entryway and fireplace, a sauna and 400-square-foot rooftop deck.

It is important to remember that the nexus between Canada and China is a two-way street. Being the second-largest country in the world, Canada relies on immigrants to populate its cities and bring much-needed skills to the workforce. Vancouver is consistently ranked as one of the most liveable cities in the world by the Mercer Quality of Living survey and the Economist Intelligence Unit, both of which base their rankings on factors such as the availability of goods and services, low personal risk, and an effective infrastructure.

And finally, 2012 is also the Year of the Dragon in the Chinese calendar. While it remains to be seen whether Vancouver's house prices continue to climb next year, it is worth remembering much will be played on this symbol of power and wealth - both in Vancouver and China. 



Great views and luxurious living appeal to Chinese investors in western Vancouver