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# Vancouver is set for a return in Chinese buyer demand – here's why

By Juwai, 03 March 2017



Despite a 15% foreign buyer tax, a new policy may now allow Chinese to continue buying Vancouver homes.

Last August, British Columbia (BC) imposed a 15% property tax on foreign buyers<sup>1</sup>, which saw Chinese buyers interest in red-hot Vancouver dampened as Chinese real estate buyers switched attention from red-hot Vancouver to other Canadian cities, such as Toronto (<https://list.juwai.com/news/2017/02/juwai-reveals-top-10-chinese-buyer-picks-for-2016>) and Calgary (<https://list.juwai.com/news/2016/08/3-reasons-why-calgary-is-on-the-rise-for-chinese-buyers>), as well towards nearby Seattle (<https://list.juwai.com/press/2017/02/for-chinese-homebuyers-seattle-is-the-new-vancouver>) in the US.

Now, however Chinese real estate investors may soon be allowed to continue their love affair with Vancouver, thanks to a new policy from the BC government that waives the tax for foreign buyers with a work permit<sup>2</sup>, thus opening up a huge opportunity for Chinese.

## Why Vancouver?

According to The Economist Intelligence Unit's 'Global Liveability Ranking 2016', Vancouver is the world's third most liveable city, behind Melbourne (#1) and Vienna (#2) but ahead of Toronto (#4).<sup>3</sup>

This speaks right to the hearts of Chinese, who are fast becoming more discerning in their lifestyle demands, and greatly

boosts their interest to live in Canada (<https://list.juwai.com/news/2015/08/what-drives-chinese-buyers-to-canada>), a longtime favourite immigration destination for rich Chinese.<sup>4</sup>

Hurun Report ranks Canada as the third most desired country for Chinese high net worth individuals (HNWIs) to migrate to, behind the US and the UK.<sup>4</sup>

That's why interest in achieving permanent residence in Canada is higher than ever – 22,114 Chinese received permanent residency in Canada between Q1 and Q3 2016, a 52% y-o-y increase that took total Chinese achieving permanent Canadian residency to 532,246 since 2000.<sup>5</sup>

Although the 15% real estate tax on foreign buyers had led to concerns for some Chinese who had their hearts set on buying Vancouver property to reside in, this new policy change has now opened yet another pathway for them through its current population of Chinese graduates and expatriates in Canada.

## How big is the Chinese student population in Canada?

By the end of 2015, Canada had 119,335 Chinese students enrolled at institutions across the country – a 200% from the 39,850 recorded in 2004.<sup>6</sup>

What's more, British Columbia saw the biggest growth in Chinese students with a 253% increase, compared to 214% in Ontario and 209% in Nova Scotia<sup>6</sup>, and that firmly shows how popular British Columbia has become as an education destination for Chinese buyers, especially in Vancouver.

Vancouver ranks within the top 10 list in the QS Best Student Cities 2017, which was released recently by global higher education analysts QS Quacquarelli Symonds.<sup>7</sup>

With 35% of Chinese students choosing to study in British Columbia<sup>6</sup>, and the fact that more than half of Chinese students enrolled in Canadian colleges plan to apply for permanent residency (PR) upon graduating<sup>8</sup>, that makes for a huge pool of prospective Chinese buyers just waiting in the wings to purchase, should they be successful in securing a job permit in Canada.

Already, the recently-announced BC tax exemption for work permit holders had stirred up a storm of interest with Chinese students and buyers alike on WeChat (<https://list.juwai.com/chinese-buyer-tips/2016/08/tip-08-go-social>), China's most popular social media app.<sup>9</sup>

Given the the fact that newly-graduated foreign students in Canada are also entitled to post-graduation work permits (PGWPP) that last up to a maximum of three years<sup>10</sup>, we believe Chinese students in Vancouver and other parts of Canada will be seriously looking to leverage this opportunity to invest in Vancouver real estate.

## Canada calls out to Chinese professionals

Beyond the Chinese students' desire to remain in Canada after graduation, it also helps that the Canadian government is getting ready to roll out the red carpet to attract more foreign expatriates to the country.

In fact, during Canadian Prime Minister Justin Trudeau's visit to China (<https://list.juwai.com/news/2016/09/justin-trudeau-4-key-takeaways-from-his-china-visit>), Canadian Immigration Minister John McCallum stressed Canada's commitment to upping the number of emigrants<sup>11</sup> that it receives from China, and put plans in motion to build five new visa processing offices within China to help speed up application processes.

That's because Canada is facing a tight labour market, and needs graduates in hi-tech disciplines to help boost its own

businesses. For example, Canada's economy will create at least 218,000 tech jobs between 2015 and 2020, but lacks the people to fill them, according to a report by Canada's Information and Communications Technology Council (ICTC).<sup>12</sup>

With Chinese professionals seeking more overseas experience than before<sup>13</sup>, and the stiff competition faced by Chinese graduates in China itself, the prospect of broader job opportunities and an a better lifestyle in Canada is downright attractive.

96% of Chinese professionals said they were willing to head overseas for job postings for international experience and to relocate away from China, according to a recent survey by global HR services company Hays International.<sup>13</sup>

With that in mind, Vancouver is a perfect pick for them. After all, with great job prospects, high education standards, pristine natural environment, excellent healthcare, as well as its position as both the fastest-growing regional economy in Canada<sup>14</sup> and its role as a bustling trade hub on the Pacific, Vancouver has much to offer for Chinese expatriates.

## Vancouver, get set for a Chinese buyer comeback

All these factors combined points to Vancouver looking to be a real winner with Chinese once more.

Seeing as Vancouver still remained as the second most popular city in Canada for Chinese homebuyers on Juwai.com in 2016<sup>15</sup> – even with the 15% BC foreign buyer tax imposed – we believe Vancouver is all set for a resurgence in demand with Chinese, who see it as a safe and stable choice on par with London and New York.

That said, would this propel Chinese property investment in Vancouver to surpass the estimated \$12.7 billion spent in 2015?<sup>16</sup> We'll find out in time.

**Sources:** 1. Bloomberg: Foreign buying plummets in Vancouver after new property tax; 2. CTV News Canada: No foreign buyers tax for people with work permits; 3. The Economist Intelligence Unit "A Summary of the Liveability Ranking and Overview" Report; 4. Hurun Report "Immigration and Chinese HNWI 2016"; 5. Government of Canada: Permanent Resident Admissions; 6. The Canadian Magazine of Immigration: Chinese students Canada; 7. PR Newswire: Montreal replaces Paris as world's best student city; 8. Canada Bureau for International Education: Facts & Figures; 9. SCMP: Vancouver's foreign buyer tax and the work-permit loophole 'you could drive Highway 99 through'; 10. Government of Canada: Stay in Canada after graduation; 11. CBC News: Canada seeks to double visa offices in China to attract more high-skilled workers; 12. Huffington Post: Tech jobs will boom in Canada, but country lacks people to fill them: Study; 13. BBC: The rise of the Asian expat; 14. Conference Board: Vancouver holds on to top spot in economic growth this year and next; 15. Juwai IQ Data 2016; 16. Financial Post: Chinese are buying third of Vancouver homes, analyst's rough tally estimates;