Chinese Foreign Buyers: Where are they buying globally?

PRESENTER
Georg Chmiel
Executive Chairman of Juwai IQI Holdings
### Juwai IQI in 2020

<table>
<thead>
<tr>
<th><strong>Empowering Asian Consumers to be Global Residents</strong></th>
<th><strong>Juwai IQI – Asia’s Biggest PropTech Group</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>5-6m Property Listings in 110+ Countries</td>
<td>21,000+ Real Estate Agents</td>
</tr>
<tr>
<td>20m Monthly Active Users (25% from China)</td>
<td>17,000 Property Transactions</td>
</tr>
<tr>
<td>500 Developments Marketed</td>
<td>30 Offices in 20 Countries</td>
</tr>
<tr>
<td>12 Global Real Estate Partners</td>
<td>400,000 Real Estate Agents Advertising</td>
</tr>
</tbody>
</table>

Juwai IQI provides realtors around the world with an end-to-end solution to **promote and sell global properties to Asian buyers** via the largest real estate network in Asia.
Who are Chinese Foreign Buyers?

Motivations for Overseas Buyers
- Education
- Investment
- Lifestyle
- Emigration

Key Buyer Segments

- $$$$ 6 million High Net Worth Chinese by 2025
  - Purchase multiple overseas properties

- $$$ 57 million Affluent Chinese by 2022
  - Purchase 1-2 overseas properties

- $ 720 million + Middle-Class Chinese by 2025
  - Demand more affordable investment options, e.g. REITs

Rapid Asian Wealth Creation Fuels Growth in Chinese Outbound Real Estate Investments

China is leading demand for global real estate – South Asian and ASEAN buyers will follow

Sources:
H1 2021 Top Countries For Chinese Buyers Based On Enquiries

Top 10 Countries for Chinese Buyers

<table>
<thead>
<tr>
<th>#</th>
<th>2021 H1</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Thailand</td>
<td>Thailand</td>
</tr>
<tr>
<td>2</td>
<td>United States</td>
<td>Australia</td>
</tr>
<tr>
<td>3</td>
<td>Australia</td>
<td>Japan</td>
</tr>
<tr>
<td>4</td>
<td>Canada</td>
<td>United States</td>
</tr>
<tr>
<td>5</td>
<td>UK</td>
<td>Canada</td>
</tr>
<tr>
<td>6</td>
<td>Japan</td>
<td>Malaysia</td>
</tr>
<tr>
<td>7</td>
<td>Malaysia</td>
<td>UK</td>
</tr>
<tr>
<td>8</td>
<td>Vietnam</td>
<td>UAE</td>
</tr>
<tr>
<td>9</td>
<td>Germany</td>
<td>Vietnam</td>
</tr>
<tr>
<td>10</td>
<td>Greece</td>
<td>Philippines</td>
</tr>
</tbody>
</table>

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Market Deep Dive: United States (I)

The US was the **second most popular destination** for Chinese cross-border buyers in 2020.

- **Chinese buyers acquired close to $200 billion of American residential real estate over the past 10 years – 62% more than Canadians.**
- **Many are HNW individuals purchasing secondary homes** for part-time residence and investment purposes.
  - For these buyers, the **traditional American gateway cities remain the most popular destinations.**
  - In NYC alone, 23.8% of HNW secondary homeowners are from Greater China.
- **However, non-HNW buyers are increasingly looking to smaller, less expensive and less congested cities as a source of price appreciation – it is these cities that are expected to lead price growth in coming years.**

### US Residential Real Estate Sales to Foreign Buyers (US$ Billion)

<table>
<thead>
<tr>
<th>Country</th>
<th>2020</th>
<th>10 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>11.5</td>
<td>196.7</td>
</tr>
<tr>
<td>Canada</td>
<td>9.5</td>
<td>121.6</td>
</tr>
<tr>
<td>India</td>
<td>5.4</td>
<td>61.3</td>
</tr>
<tr>
<td>Mexico</td>
<td>5.8</td>
<td>50.1</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>N/A</td>
<td>50.8</td>
</tr>
<tr>
<td>All others</td>
<td>45.7</td>
<td>464.9</td>
</tr>
<tr>
<td>Total Int’l Sales</td>
<td>74.0</td>
<td>941.7</td>
</tr>
<tr>
<td>Chinese Share by Value</td>
<td>15.5%</td>
<td>20.9%</td>
</tr>
</tbody>
</table>

*Source: JuwaiIQI, National Association of Realtors.*

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Market Deep Dive: United States (II)

Strong Chinese demand for US overseas property expected to continue

Evidence of promising Covid-19 recovery

United States: Chinese Real Estate Buying Enquiries Index

Biden Boost:
- New administration seems friendlier and more rationale
- Student visas are easier to obtain
- The No. of HNW Asians seeking US 2nd homes has climbed strongly.
  In New York alone, Greater Chinese own 1 of every 4 high-net-worth 2nd homes.

Impact of Florida Condo Collapse:
- Expect no hit to demand for new high rise South Florida condos
- Asian buyer demand for older buildings has never been great, but is likely to be even lower going forward
- Owners of units in these older buildings could have to pay as much as 50% of their unit’s resale value to fund necessary repairs
Canada was the fourth most popular destination for Chinese cross-border buyers in 2020

- During 2020, some purchasers who would have considered the US shifted their focus to Canada
- Foreign buyers have recently been drawn by strong recent price appreciation in Canada’s domestic market and fear they will have to pay more if they postpone their purchase
- Smaller markets have seen the greatest price appreciation, but Chinese buyer interest is still concentrated in Toronto, Vancouver and – to a lesser extent – Montreal
Chinese buyers represent a tremendous new market opportunity for property sellers around the world. However, this opportunity brings new challenges in reaching, communicating and engaging with this new market.

### Selling Property to Chinese Foreign Buyers

#### Understanding the Chinese Foreign Buyer Journey

**The Internet is a primary research channel**
91% of affluent Chinese access the internet every day, with the internet serving as their primary research channel.

**Access to foreign websites is limited by the Great Firewall**
Many buyers rely on Chinese websites, friends & family and social media for information.

**Language barriers are a widespread challenge**
Many Chinese buyers do not speak English fluently and prefer to conduct research and negotiations in Mandarin.

**The purchase process may be long and protracted**
Due to additional challenges around communication, restrictions on foreign funds transfers from China, restrictions on property sales to foreigners in certain countries, reduced access to information of Chinese buyers, and so on.

#### 5 Tips for Selling Property to Chinese Foreign Buyers

1. **Create a presence on Chinese social media**
   To connect with buyers in mainland China, create an official WeChat account and use it to maintain regular engagement with potential buyers.

2. **Market property through Chinese-accessible platforms**
   To effectively market foreign property to Chinese buyers, partner with a Chinese-hosted specialist advertising platform that can provide additional services such as Chinese language content translation and customer support.

3. **Embrace virtual events and technology enabling remote sales**
   Particularly in the wake of the Covid-19 pandemic, Chinese consumers are increasingly embracing online purchasing in large ticket verticals and are active participants in virtual promotional events, viewings and trade shows.

4. **Develop an understanding of Chinese culture and beliefs**
   For many Chinese, considerations around Feng Shui and numerology play a key role in decision making when purchasing a home. Developing an understanding of these beliefs can go far in helping you effectively market to Chinese buyers.

5. **Offer value-added services for the cross-border buyer**
   Offering additional services, such as around visas, immigration or cross-border property financing, can help increase your value proposition to foreign buyers.
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Juwai.com  Juwai.asia

Leading cross-border real estate marketplaces for Chinese and Asian buyers

- Listings packages
- Hosting on both sides of the Great Firewall
- Professional content translation
- Local customer support services
- International account management services, and more

- Developer solutions
- Commercial property solutions
- Events services

Juwai IQI Research

Our latest data and insights on Chinese and Asian foreign property demand

For more information, visit list.juwai.com
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