

Chinese buyers consider return to international property markets

Global property portals report big increases in Chinese inquiries



New York City, Melbourne, Vancouver: cities where Chinese interest has been strong

Zoe Dare Hall APRIL 27 2020

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In the past month, daily life in Nanjing, eastern China, has been tentatively returning to normal, following several weeks of lockdown to help combat the spread of coronavirus. Boris Mei, a 39-year-old who works in the export industry there, is among a rising number of Chinese looking to buy property overseas.

“I’m looking at either LA or Melbourne, as we have relatives in both cities,” he says. “We would like our daughter, 14, to study at university in either of these places, to experience the overseas lifestyle — and possibly for us to migrate as a family in the future.” Mei is planning to buy an “entry-level property” initially, for about Rmb3m (\$425,000).

He began his search before the outbreak of coronavirus, but is now looking more seriously, waiting for the right time to make an offer. “The economic situation is not optimistic globally, I feel that prices will continue to drop for property, so I would like to wait and see if it will go lower.”

Many others are looking too. In the six weeks from late January when parts of the country were put under lockdown, Sodichan, a property portal for Chinese buyers looking for properties around the world, recorded a 300 per cent increase in inquiries compared with the previous six-week period.



Cherry blossom in Nanjing, where life is tentatively returning to normal post- lockdown © Reuters

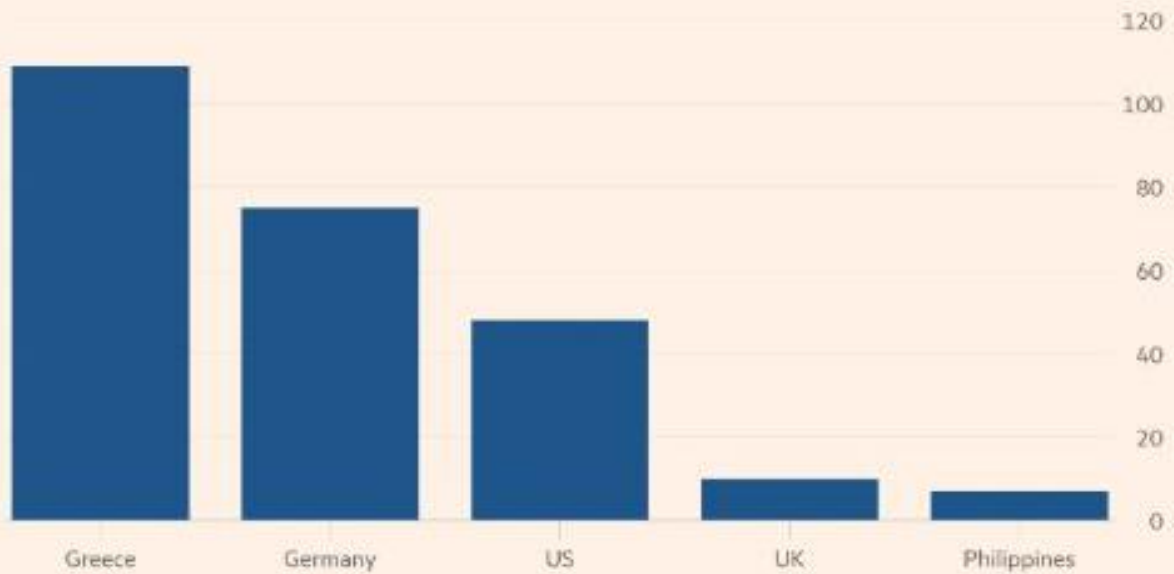
Many may simply have been browsing idly, acknowledges Sodichan's chief executive Esther Yong. But this "significant spike" nevertheless reveals three main areas of interest. First are the "all-time favourite" destinations such as the US, Canada and Australia, with good economies and attractive education systems. Second are cheaper destinations previously off-radar for Chinese buyers, such as Estonia, Romania and Morocco. And third are countries that offer citizenship investment programmes, including Greece, Spain and Portugal.

Even ski properties — not traditionally a draw for Chinese buyers — have been attracting interest, particularly resorts in Japan and the US. In the first three months of the year, the property portal SnowOnly reported a 100 per cent quarter-on-quarter increase in inquiries from the Chinese market.

In London — where the property market has effectively been frozen since the government announced that deals should be postponed until after the coronavirus crisis — estate agents have been fielding inquiries from China. Since early March, Marc Schneiderman, director at Arlington Residential, says he has received 15 "credible inquiries" from Chinese buyers looking in upmarket areas of north London.

Growth in Chinese property demand

Increase in inquiries in Q1 2020, year-over-year (%)



Source: Juvai IQI
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“Some [buyers] have a strong sense that there will be an opening to invest in the London market at prices well below those of only a few weeks ago,” says Schneiderman. His customers include two Chinese buyers — one looking for a large house in Highgate, the other an investment flat in St John’s Wood — who are planning to rent out the property first and then move in themselves.



A three-bedroom apartment at Cadence in King's Cross

Chinese buyers are looking for investment opportunities, says Victoria Garrett, Knight Frank's head of residential for the Asia-Pacific region, based in Singapore. "But in the back of their minds is educating their kids abroad."

Another target has been the US. In March, Juwai IQI, which markets international real estate to Chinese buyers, received 22 per cent more buyer inquiries for US properties compared with the monthly average in 2019 — and 9 per cent more in March than in February.



Pedestrians wearing protective masks in Shanghai © Bloomberg

Jojo Romarx Salas, global research director at Leading Real Estate Companies of the World, a network of independent agents, says that dollar-rich Chinese are being targeted by international brokers using Chinese platforms such as WeChat and Juwai. "Mainland Chinese millionaires tend to buy in flock, together with their corporate colleagues, university classmates and even province-mates," he says. "Some [buyers] are investing overseas through their companies with offshore operations."

Inquiries are hard to turn into sales, however, when there is still so much uncertainty about how bad the economic fallout could be. What is more, much of the world is still bound by restrictions on travel and movement. "In large part, Chinese consumer activity is coming back. But buyers can't yet travel to sign contracts, do in-person inspections or take possession of homes," says Kashif Ansari, Juwai IQI's group executive director.

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“The Chinese culture of buying and investing overseas is very strong, but now is a time to reassess their criteria,” says Sodichan’s Yong. The traditional priorities – countries or cities with good universities, proximity to family and economic stability – may now make way for new ones.

“Issues such as the availability of healthcare, how inclusive the country is to migrants with residency visas, and how the [country’s] government is reacting to the pandemic may all become part of how and where Chinese buyers choose to invest,” she says.

Until housing markets in the US, Europe and the UK are fully operational again, many buyers such as Boris Mei will be waiting to see how low prices go.

What you can buy for

£300,000 A one-bedroom flat at Athens Riviera, which qualifies for Greece’s Golden Visa scheme

£1.1m A new three-bedroom penthouse in central Vancouver’s False Creek neighbourhood

£1.15m A two-bedroom flat at Cadence, currently under construction in London’s King’s Cross

£1.8m A three-bedroom apartment in the Greenland Centre, currently under construction in central Sydney

£15m A new four-bedroom condo at The Towers, a collection of serviced apartments at the Waldorf Astoria in Manhattan, due to open next year

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