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For Rich Chinese, U.S. Becoming Giant Monopoly Game

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If they could buy Broadway and Park Avenue, they would. Rich Chinese investors are the biggest buyers of high-end luxury real estate in New York. And on a national level, they replaced Canada as the leading foreign buyer of American properties.

"The Chinese like anything new, and they like brand named locations like Central Park South," says Dottie Herman, CEO of Douglas Elliman, one of the leading real estate brokers in the city.

The property market in China, coupled with a stronger currency, is also enticing Chinese millionaires to buy homes here. Beijing no longer permits individuals to own more than two properties, even as an investment. So a growing number are going abroad as cash buyers.

"I've seen Chinese buyers for years, but the problematic real estate market in China has sent them to us," Elliman says. "They're parking money in the property market as investments and also using it as a short-term home for their college-aged children."



Last year, China accounted for \$12.8 billion of the \$68.2 billion in foreign real estate transactions, according to the National Association of Realtors. For the last 12 months ending in March, China accounted for \$22 billion of what is now a \$92 billion market. Moreover, Chinese purchasing power moved them from a 19% share of the market last year, to a 24% share so far this year.

Thanks to all the money the Chinese are spending on penthouse suites in midtown Manhattan, the median price of a home purchased by the Chinese is greater than all the other top international markets. On average, China home buyers dished out over \$523,000 for a home, more than the U.K. (\$350,000), India (\$342,000), Canada (\$212,000) and Mexico (\$141,000).

In New York's super high-luxury housing market, the Chinese have surpassed the Russian oligarchs. For new properties costing over \$20 million, China is the main foreign customer these days, says Martin Purcell, a broker for Rutenberg Realty.

When the newly renovated Bank Building on 300 West 14th Street was turned into condos and ready to market, the Chinese came knocking for one bedroom \$7 million real estate. "It used to be that they would just appear out of the woodwork, but now everyone in the real estate market is going to the Chinese and marketing their product directly to them in China," says Purcell, who advertises on Juwai, a popular real estate website. "Some of these guys are buying property sight unseen," he adds.

For instance, a Douglas Elliman client from China bought two properties inside the upscale Baccarat Hotel & Residences on West 53rd Street for around \$13 million each. He closed the deal on WeChat, a free texting service owned by China's [Tencent Holdings \(/companies/tencent-holdings/\)](http://companies.tencent-holdings/), and never walked into the building prior to closing. The property remains empty.

Some 30% of apartments from 49th Street on up to 79th Street in Central Park — between Fifth Avenue and Park Avenue — are vacant. They are all owned by foreigners, of which the majority of them are Chinese.

New York is the most expensive real estate market for the Chinese, but not their favorite state to buy a home. That status goes to California. Not only is it easier to get to, but big cities like Los Angeles are finally building mixed-used properties in the urban areas.

The Greenland Group, one of China's largest real estate developers, is helping to sell California real estate to the Chinese. It bought a \$1.5 billion six acre lot in downtown Los Angeles in February. They're building the largest mixed-use development in the state, at 1.2 million square feet. It won't be over-run by Chinese buyers, but Greenland's arrival stands as a testament to the fact that China is becoming a bigger player in U.S. real estate.

Around 14% of California's real estate sales come from foreign buyers, making it second only to Florida, which is dominated by Latin Americans and Canadians.

"I see no stopping to China's investment in the general U.S. real estate market," says Horacio LeDon, in charge of development and marketing for California and Florida at Douglas Elliman. "It's becoming more wide spread now. You're even seeing them start to invest in Miami, a city that does not really resonate historically with the Chinese. Their property market has come to a head. Rather than invest in equities, wealthy Chinese invest in real estate."

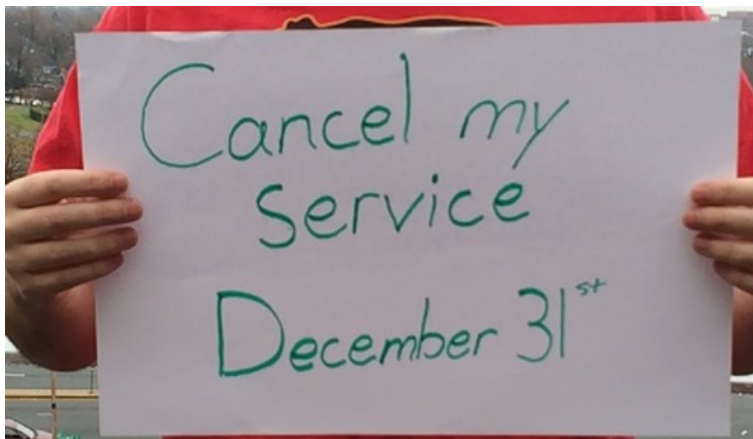
The U.S. isn't the only market for China house hunters. According to Juwai, Canada is just as close, making North America the No. 1 spot overall. Australia comes in at No. 2 as a destination.

Canada moved into the top three destinations for the first time this year. After the country ended its investment visa program, some people thought Chinese property interest would dry up. Chinese buyers are mainly present in Vancouver thanks to its proximity to the Pacific Ocean, but are becoming more of a presence in Toronto, Ottawa and Calgary. Like the U.S. market, "Chinese buyers like Canada because it is a long-term safe investment, has a large Chinese speaking population and a good educational system and strong economic ties to China," says Andrew Taylor, co-CEO of Juwai.

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