



From the desk of **BRAD J. LAMB**

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CHINESE A HUGE BUYING FORCE



You just have to attend any condo launch in Toronto to understand the huge effect foreign buyers are having on our marketplace. Specifically, mainland Chinese buyers are the single largest condo client currently in Toronto. I estimate they account for \$2.5 billion dollars of new condo transactions per year in the new condominium business, ponying up almost a half a billion dollars in deposits.

So, what is the reason for their love of Toronto? It is due to several reasons; one of course, is that there is a huge Chinese community already living in the GTA. Canada is also one of the few Western countries with an extremely high allowance for new immigrants. We have programs that allow for a landed immigrant status based on medium-level investments in Canada. Mostly though, it is due to where they come from. China does not have

private land ownership. All the land sales are based on 70 year lease terms (or more). When you buy a condo in China, it is a leasehold form of ownership, not freehold like in Canada or the USA. You may own a condo in China, but you only lease the land it is built on. In 70 years, the land and the condo reverts to the state (or that is the fear). Rich Chinese prefer to buy property and get freehold absolute title, and they cannot do that in China. The number of Chinese trying to invest abroad is staggering. Additionally, the wealthy Chinese prefer a free society with access to quality education, health care, and freedom to have multiple offspring, among other obvious benefits.

Last year, one million wealthy Chinese became legal, permanent residents in the West. This is a huge economic reason benefitting cities like Toronto.



BUY U.S. REAL ESTATE

Almost 8% of all resale homes bought in the U.S. during 2010 were bought by Canadians; and Canadians currently own \$50 billion of Florida real estate. Smart move. The best place in the world to buy real estate is in the good ol' U.S. of A. In my opinion, over the long haul, investors who purchase today will greatly enrich themselves. The caveat is that you need to do your research and understand some vital points.

1. Investment property needs to be managed properly.
2. 2nd or 3rd homes need to be visited or used frequently to be worth investing in.
3. U.S. financing is hard to arrange, and will likely be this way for a while.
4. A managed investment with financing available is a good option.
5. Most foreign buyers are buying with cash, as financing is difficult.
6. Avoid desperate areas – I personally like South Florida, New York City, Chicago, Los Angeles, San Francisco, Boston, and Philadelphia. As a wild card, I like Las Vegas, as casinos are not going away.
7. Buying when no one wants to is usually the best time to buy.

HOUSING EXPERTS CMHC SEE 2012 HOUSING SALES UP

According to CMHC, 183,200 new housing units will get built in 2011 and 183,900 in 2012. This is an upwardly revised estimate from their previous statements. Employment, immigration, and low mortgage rates will all contribute to the higher demand.

Looks like 2012 could be a good year for real estate in Canada.

TORONTO'S NET WORTH

Toronto's average household net worth is \$553,896. That is a big number and represents a 9.6% increase from 2007. Investors increased their bank deposits by 47.2% to \$116,619, avoiding stocks and mutual funds. Real estate values rose 12.1%. debt level rose by the lowest rate among all Canadian cities, by just 14.1% to \$149,161.

I don't see a problem here. I see a strong household balance sheet with money to invest. No small wonder our real estate market continues to perform well.

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