
BURLINGAME CALIFORNIA HAS BEEN TOTALLY TAKEN OVER BY RICH, ELITIST, TESLA DRIVING CHINESE OLIGARCHS

As [we've pointed out time and time again](#), foreign - mainly Chinese - buyers seeking to park their ill-gotten gains beyond the reach of the Communist Party have - in addition to global capitals like New York City and London - favored a handful of cities in the Pacific Northwest, as well as Australia and New Zealand. **Many of these cities - for example, Vancouver - have seen property values rise to levels that are unaffordable for local buyers.**

While the influx of capital helped fuel an economic recovery in the aftermath of the crisis, home values soon reached crisis levels that demanded action by local officials. Some places have tried to use taxes to deter foreign buyers. In some instances, the taxes worked - at least temporarily.

But with the flow of buyers refusing to slow despite efforts by the Chinese government to stop money moving offshore, many of these cities are getting desperate. And after years of occasional headlines, it appears the crisis has finally become dire enough for the mainstream press to start paying attention.

 [Vancouver](#)

To wit, government officials in Canada and Australia who spoke with the [Wall Street Journal](#) for a story about how Chinese homebuyers expressed concern that widespread foreign ownership has created bubbles in local real-estate markets. Even as Australia and New Zealand and some Canadian cities have raised taxes on foreign buyers, many

are worried that home values will continue to climb, foiling policy makers best efforts to control them. Since it passed an 8% foreign buyers tax last summer, Sydney says foreign buying hasn't let up.

Jon Ellis, chief executive of Investorist, an online portal for cross-border property transactions, said Chinese property buyers are an "unstoppable juggernaut". In some markets with large Mandarin-speaking populations, locals can spot real-estate ads in Mandarin at bus stations and benches in the surrounding area. In response, Vancouver imposed a 15% foreign buyers tax back in 2016. When that didn't work, city officials worked with the province on something more aggressive.

 [China](#)

The Province of British Columbia has also passed laws to discourage the resale of unfinished condo units.

After the first Vancouver 15% tax failed to put a lid on foreign buyers, Mr. Robertson worked with the province of British Columbia on more aggressive steps. In February, province officials raised the foreign-buyers tax to 20% and expanded coverage well beyond Vancouver. Officials also imposed a new levy - 0.5% of the property value and climbing to 2% next year - on homeowners who don't pay income tax in Canada.

In April, British Columbia also announced measures to deter the

resale of condo units before construction was completed, to discourage investors from flipping units before they are occupied.

*At the Beijing expo, Florence Chan said she originally wanted to buy a home in Vancouver but changed her mind. **"The taxes are too high,"** she said, adding that Melbourne is looking better.*

Officials complain that fending off foreign homebuyers is like squeezing a balloon: No matter where you press, the air moves elsewhere. After New Zealand passed a ban on foreign speculators buying homes (a measure the IMF blasted as ["discriminatory"](#)) last year, buyers moved back to Canada. And investors are already looking to Malaysia and Thailand as the next markets ripe for foreign buying.

Foreign capital is now returning to Canada, driving the latest surge in home prices. Buyers from China and the U.S. have found Victoria, the small capital of British Columbia that sits on an island west of Vancouver.

Victoria was declared the world's hottest new housing market last year in Christie's International Real Estate survey, based on a 29% increase in annual sales of million-dollar-plus homes. Single-family homes in the Victoria area hit a record high of about \$570,000 in May, up 9%

from a year earlier, according to the Victoria Real Estate Board.

"Victoria is experiencing the same rapid growth in housing prices and sales volumes that have strengthened Toronto and Vancouver in recent years," Christie's International said in its survey last month. *"If Toronto and Vancouver can be a measure, it is likely Victoria will continue to perform well despite [new] regulations" targeting foreign buyers.*

Attention has already turned to Malaysia and Thailand, which now tops the list for Chinese buyer inquiries, ahead of the U.S. and Australia, according to Juwai.com. Two years ago, Thailand ranked sixth.

In Australia, Chinese buyers are believed to be responsible for between 10% and 15% of homes under construction. Chinese buyers prefer newer homes, and will demolish old homes to rebuild from scratch. The share is highest in Melbourne and Sydney, where foreign buyers account for a quarter of newly built apartments. At one swanky new development in Melbourne, Chinese buyers are said to be behind 10% of the sales.

Officially, Chinese citizens are only allowed to move \$50,000 worth of yuan offshore every year, but there are many loopholes, including buying expensive watches and exchanging them for cash offshore, or exercising exceptions for having a child studying at college or living abroad. But

unless the Chinese government strengthens its crackdown on money moving offshore and disappearing into foreign towers, it's difficult to imagine how local governments will stop foreign buyers - after all, taxes also make the problem worse for locals. Over the next decade, some analysts predict Chinese investors could spend as much as \$1.5 trillion abroad.