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INTERNATIONAL REALTY

CHINA TO CANADA: INTERNATIONAL HOME BUYER INSIGHTS

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Introduction¹

Sotheby's International Realty Canada releases a series of reports and surveys to capture relevant market data and consumer trends impacting Canada's largest metropolitan centres. Released in partnership with Juwai.com, the findings in **China to Canada: International Home Buyer Insights** are based on Canadian property enquiry data submitted by potential home buyers from China on Juwai.com, qualitative research on Juwai.com users from the largest centres of mainland China, and market insights from Sotheby's International Realty Canada.

It is the only Canadian report to disclose trends in target pricing and personal motivation from potential purchasers from China, and to compare data on levels of their interest between conventional and top-tier real estate in Vancouver, Calgary, Toronto and Montréal.

The research and data within China to Canada: International Home Buyer Insights are intended to provide general insight into real estate consumer trends, and do not indicate causation between property enquiry and other data, sales activity or real estate market performance.

¹ The information contained in this report references Canadian property enquiry data submitted by potential real estate buyers from China on Juwai.com in 2016, qualitative research on prospective purchasers from the largest centers of mainland China, market insights from Sotheby's International Realty Canada and market data from MLS boards across Canada. Juwai.com and Sotheby's International Realty Canada cautions that such research and data can be useful in establishing trends over time, but does not imply causation with sales activity or real estate market performance. This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information and analysis presented in this report, no responsibility or liability whatsoever can be accepted by Juwai.com, Sotheby's International Realty Canada or Sotheby's International Realty Affiliates for any loss or damage resultant from any use of, reliance on or reference to the contents of this document.



About

JUWAI.COM

Juwai.com is the number one Chinese international property portal, with more than 2 million visitors from China and other countries, and showcasing 2.5 million listings from 89 countries. One of its key advantages is that it is hosted on both sides of China's internet firewall so listings are visible online both within and outside of China. Juwai.com was named the top international real estate website in China in both 2014 and 2015 by the country's leading e-commerce body and won the prestigious Red Herring Global Top 100 award in 2015. The company is headquartered in Shanghai and Hong Kong and has regional teams in the UK, the US, Canada and Australia.

SOTHEBY'S INTERNATIONAL REALTY CANADA

Combining the world's most prestigious real estate brand with local market knowledge and specialized marketing expertise, Sotheby's International Realty Canada is the leading international real estate sales and marketing company for the country's most exceptional properties. With offices in over 30 residential and resort markets nationwide, and a global affiliate sales network of approximately 850 offices in 65 countries, the international sales and marketing company showcases every property it represents, regardless of neighbourhood or price point, on a premier, global digital and publications network.

At the time of this report's release, Sotheby's International Realty Affiliates is the only global luxury real estate brand to partner with Juwai.com to reach the mainland Chinese market.



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Key Trends & Implications

Ongoing research conducted and released by Juwai.com and Sotheby's International Realty Canada has indicated that international purchasers, including those from mainland China, are a motivated and important driver of the conventional and luxury segments of Canada's real estate market. As international buyers continue to play a critical role in the real estate market in Canada and abroad, data from **China to Canada: International Home Buyer Insights** examines consumer trends through qualitative research. The compiled intelligence examines under-reported knowledge about the motivations and behaviours influencing Chinese investors in Canada.

Canada ranked as the third highest destination globally for Juwai.com property enquiries, behind the United States and Australia. Based on the total number of enquiries made on Juwai.com, Toronto ranked as the top Canadian city of interest, receiving more enquiries than the next five cities combined. Vancouver received the second highest volume of property enquiries, followed by Montreal, Calgary and Ottawa.

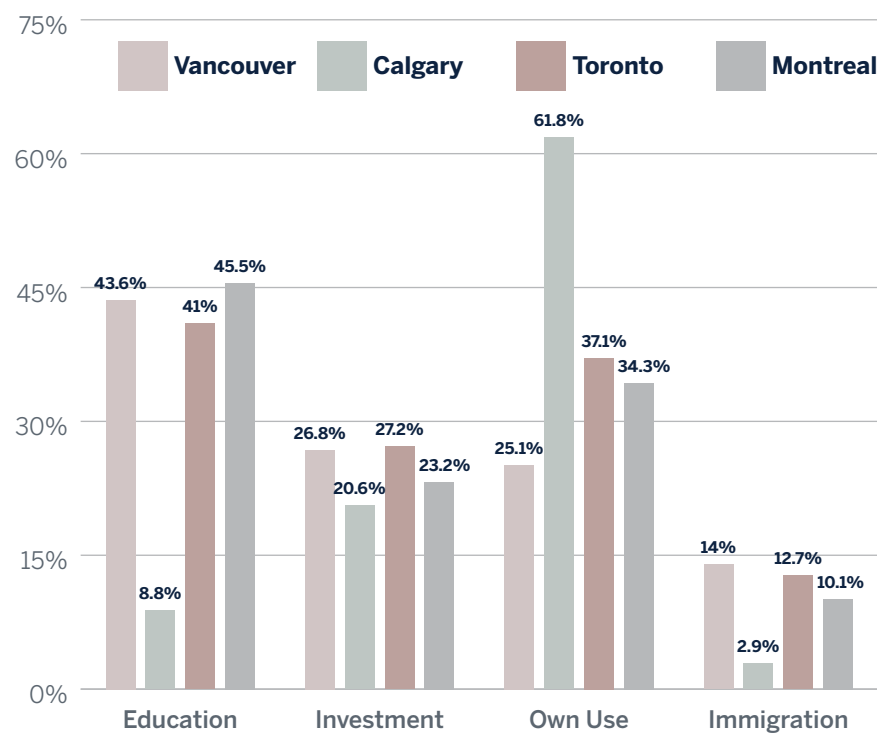
Juwai.com and Sotheby's International Realty Canada data and market insights revealed the following key trends:

EDUCATION AND PERSONAL USE ARE THE LEADING MOTIVATIONS

Juwai.com data clearly indicated that personal use was an implied or explicit motivation for Chinese interest in Canada's largest cities. Education was the most commonly cited motivation for Juwai.com property enquiries in Toronto,

Vancouver and Montreal, cited by 41% of Juwai.com enquirers in Toronto, 44% in Vancouver and 46% in Montreal, while 'own use' was the second leading motivation at 37%, 25% and 34% respectively. 'Own use' was the single highest motivation for those Juwai.com property enquirers interested in Calgary real estate, with 62% indicating that this compelled their search.

CHINESE PROPERTY ENQUIRERS: PURCHASE MOTIVATIONS¹



Source: JUWAI.COM

Investment was cited by approximately one quarter of Juwai.com property enquirers in Canada's key real estate markets: 27% in Vancouver and Toronto, 23% in Montreal and

¹ Respondents' option to select more than one

21% in Calgary. Only a small segment of property enquirers cited immigration as a key motivation for their real estate search on Juwai.com, with 14%, 3%, 13% and 10% of enquirers in Vancouver, Calgary, Toronto and Montreal doing so respectively.

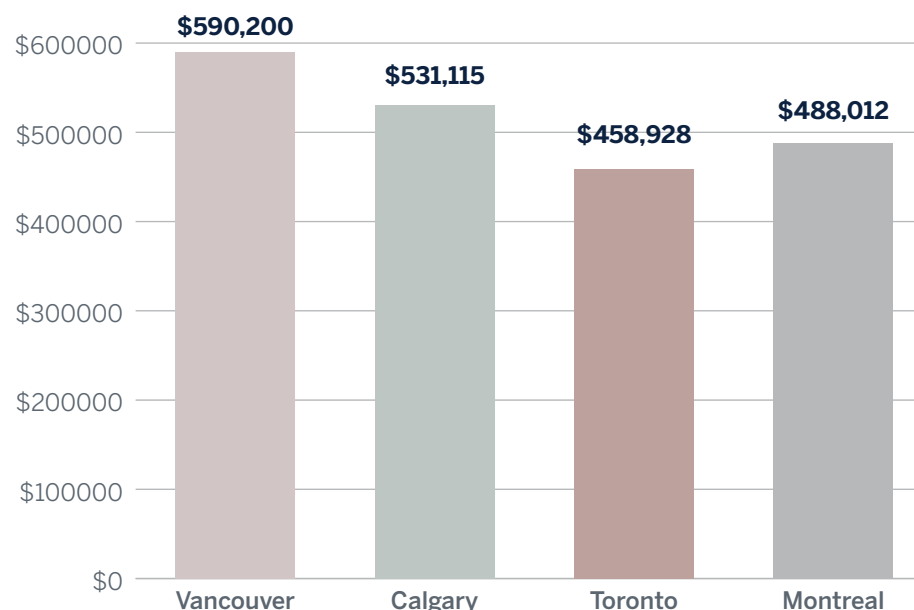
Previous research released by Sotheby's International Realty Canada, as well as survey findings released by Ipsos² and the Toronto Real Estate Board (TREB) in January 2017, reinforce the notion that personal use, rather than pure financial investment, drives interest from foreign buyers, including those from China, in Canadian real estate. Sotheby's International Realty Canada's Top-Tier Generational Trends Report revealed that financial security, improvement of family lifestyle, and for buyers with school-aged children, access to premier education, drove the real estate purchase decisions of foreign luxury homebuyers in Canada's largest metropolitan real estate markets. The **TREB Market Year in Review & Outlook Report** also revealed that an estimated 40% of foreign buyers were purchasing a home in the GTA for a principal residence and a further 15% of transactions involved the purchase of a home for another family member to live in.

With the Organization for Economic Co-operation and Development's Better Life Index ranking Canada well above global averages in housing, well-being, personal security, health status, income and wealth, social connections, environmental quality, jobs and earnings, education and skills, work-life balance, and civic engagement, the desire for improved lifestyle and educational opportunities are expected to remain primary motivations for mainland Chinese purchasers in Canada.

DEMAND FOR CONVENTIONAL HOUSING OUTWEIGHS LUXURY DEMAND

Property enquiry data from Juwai.com indicates that the majority of properties receiving interest from prospective Chinese buyers fell below \$655,050³ in 2016: 57% of property enquiries in Vancouver, 67% in Calgary, and 68% in both Toronto and Montreal were below this listing price threshold.

CHINESE PROPERTY ENQUIRERS: MEDIAN ENQUIRY PROPERTY PRICE⁴



Source: JUWAI.COM

In each of these cities, the median price for Juwai.com property enquiries was within the range of, and in some cases,

³ At an exchange rate of 1.3101, \$500,000 USD=\$655,050 CDN

⁴ At an exchange rate of 1.3101, \$450,500 USD= \$590,200 CDN, \$405,400 USD= \$531,115 CDN, \$350,300 USD=\$458,928 CDN, \$372,500 USD = \$488,012 CDN

² TREB Market Year in Review and Outlook, 2017

significantly below the average sale price of residential real estate sold within the market. In Vancouver, the median price of Juwai.com property enquiries for 2016 was \$590,200, while median Calgary, Toronto and Montreal property enquiries were \$531,115, \$458,928 and \$488,012 respectively.

While home buyers from mainland China have been identified as a notable segment of foreign purchasers within the luxury property markets of Vancouver and Toronto, Juwai.com data dispels the assumption that Chinese interest is limited to the high-end segment. Instead it implies that conventional real estate dominates demand.

METRO VANCOUVER FOREIGN BUYERS' TAX SHIFTS SENTIMENT

Following a heated start to 2016, Vancouver real estate sales cooled in the latter half of the year with the introduction of a series of municipal, provincial and federal policy changes aimed at moderating the market. Announced in July 2016 and implemented in August 2016, a 15% provincial property transfer tax on foreign nationals, corporations and trusts buying Metro Vancouver real estate captured national interest as it took direct aim at addressing concerns about the impact of foreign purchasers, of which mainland Chinese buyers are a key cohort.

As the tax triggered local consumer uncertainty and calmed market activity— sales of residential properties in the region decreased 5.6% to 39,943 units in 2016 and ended the year with December sales down 39% year-over-year⁵ – questions also arose as to whether interest from mainland China had waned or shifted to other major Canadian cities.

⁵ Greater Vancouver Real Estate Board, 2016

Juwai.com data indicates that the impact of the foreign buyers' tax on Vancouver property interest was immediate. Vancouver listings enquiries fell 81% year-over-year in July 2016, the month the foreign buyers' tax was announced, and 78% year-over-year in August when the tax came into effect. Data also indicates that interest from prospective real estate purchasers on Juwai.com immediately redirected into other Canadian markets in the months immediately following the tax's implementation: property enquiries trended up 1050% and 420% year-over-year in Calgary during August and September, and rose 62% year-over-year in August and 72% in September within Toronto. Meanwhile, Montreal experienced a slight 4% year-over-year decline in property enquiries on Juwai.com in August before resurging 152% year-over-year in September.

Notably however, Sotheby's International Realty Canada experts observed that increased interest from Chinese property enquirers did not result in matching surges in sales activity from this cohort in alternative markets, or within the market overall. Further, Juwai.com property enquiry growth trends leveled off towards the end of 2016, as new awareness of the tax was absorbed by potential real estate consumers.

In the longer term, Sotheby's International Realty Canada anticipates that while interest from pure investors may shift to other cities, the majority of foreign buyers with personal use motivations will continue to make lifestyle-driven real estate decisions, rather than reactionary choices resulting from the tax.

\$1 MILLION-PLUS MARKET COMPARATIVELY RESILIENT TO POLICY SHIFTS

Interest in real estate over \$1 million was less elastic to changes in tax policy than in the conventional real estate market.

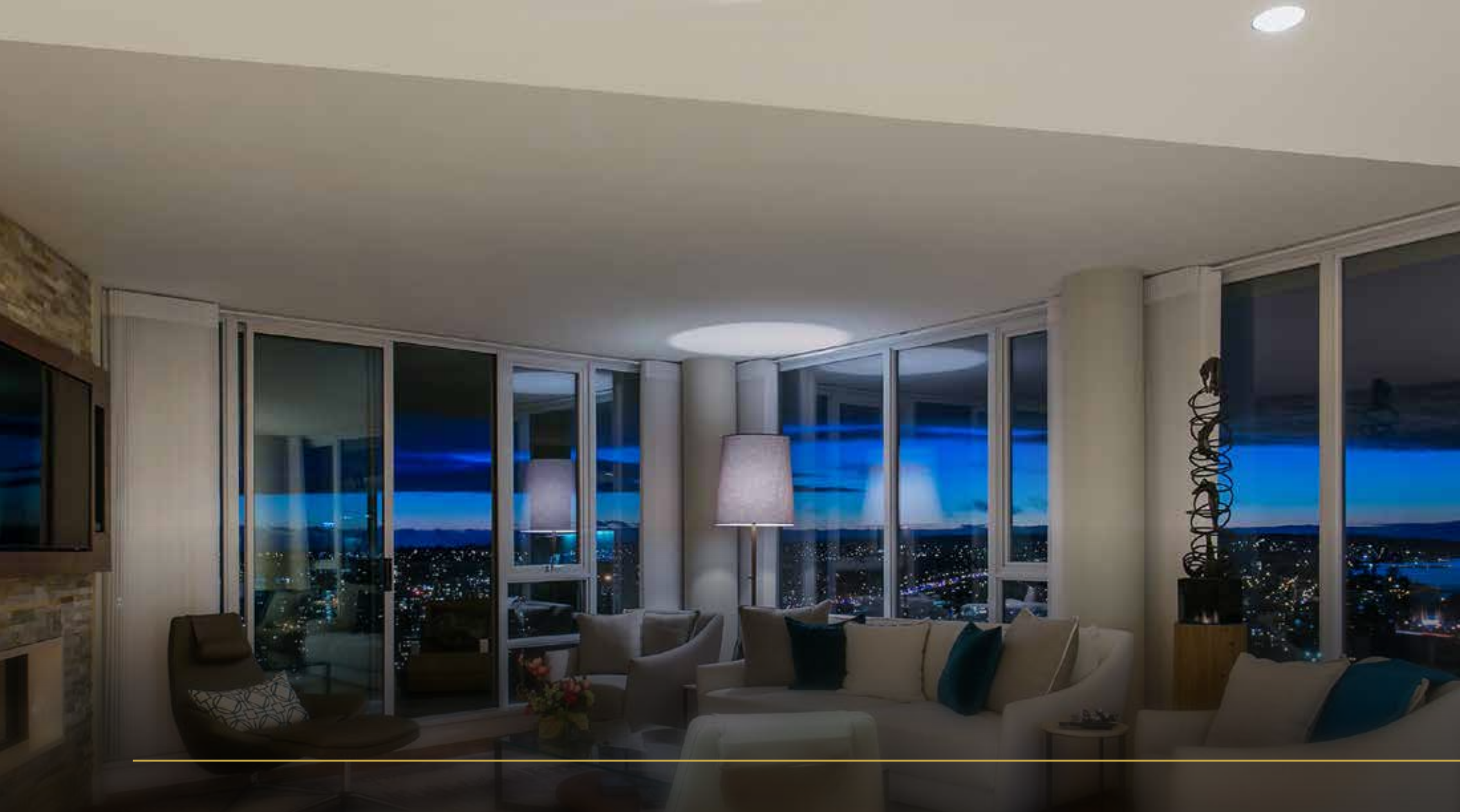
Juwai.com property enquiries for Vancouver fell 67% year-over-year in the third quarter of 2016 in the month the 15% foreign buyers' tax was implemented, but rebounded with an 18% year-over-year increase in the last quarter, even as Juwai.com property enquiries as well as overall sales activity were down across the conventional market.

In Toronto, properties over \$1 million experienced a nominal, 1.6% year-over-year uptick on Juwai.com in the third quarter of 2016 following the implementation of the Metro Vancouver foreign buyers' tax, before ending the fourth quarter with enquiries up 18.4% over the same period in 2015.

In both Calgary and Montreal, cities that have traditionally experienced lower levels of Chinese homebuyer interest compared to Toronto and Vancouver, property enquiry patterns on \$1 million-plus real estate showed gains in interest through 2016, but weaker evidence of any sustained impact of the tax. \$1 million-plus property enquiries rose 133% and 167% year-over-year in the third and fourth quarters in Calgary, rates that were lower than the 800% and 375% year-over-year gains in the first two quarters of 2016. While Juwai.com property enquiries for Montreal real estate over \$1 million increased 160% year-over-year in the third quarter, those year-over-year gains subsided to 29% in the fourth quarter.

As in the case of the conventional real estate market, rising interest in luxury real estate in Toronto, Calgary and Montreal did not result in a matching surge in observable sales activity from this cohort.





China To Canada: International Home Buyer Insights

VANCOUVER

JUWAI.COM & SOTHEBY'S INTERNATIONAL REALTY CANADA

Vancouver

Following a record-breaking first half of 2016 that propelled Vancouver real estate sales volume, market velocity and pricing to unprecedented heights, concerns about affordability prompted municipal, provincial and federal policy changes that amplified market moderation. Several of these measures, such as the British Columbia government's August implementation of an additional 15% property transfer tax on foreign nationals, corporations and trusts purchasing real estate in Metro Vancouver, as well the approval of a 1% Empty Homes Tax by the City of Vancouver in November (effective January 1, 2017), specifically addressed concerns about the influence of foreign investors, of which mainland Chinese buyers were regarded as a predominant group.

Although data on foreign real estate buyers remains scant for the city, Juwai.com property enquiry data, as well as market insight from Sotheby's International Realty Canada, pierces several common assumptions about the interests and motivations of this cohort, while revealing several trends in market behaviour in the months following pivotal policy implementation.

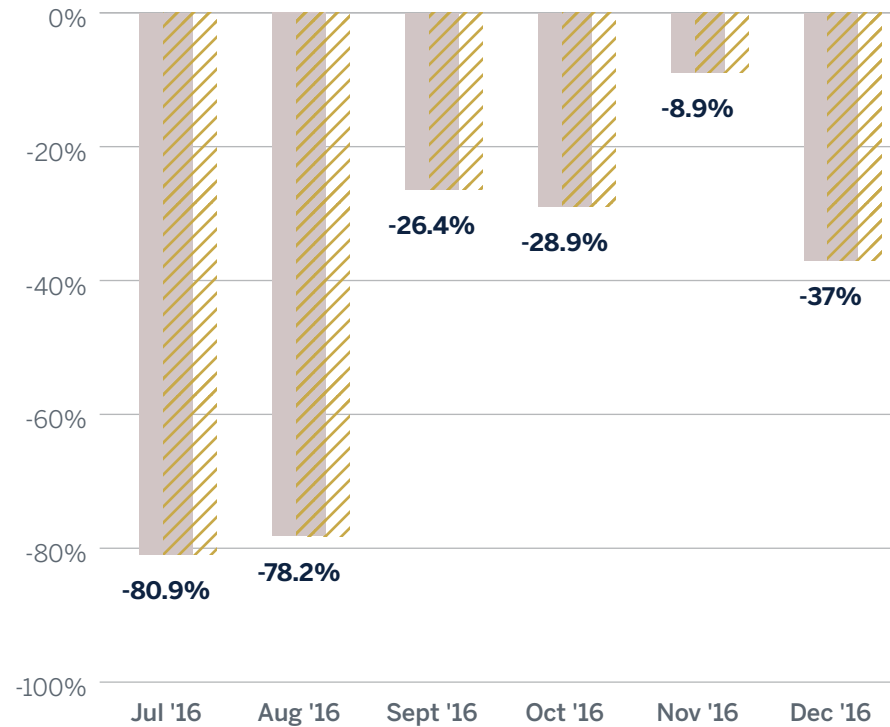


GENERAL MARKET INTEREST

Data from Juwai.com revealed that in July 2016, the month the 15% foreign buyers' tax was announced but one month prior to its actual implementation, enquiries on Vancouver properties from prospective buyers from mainland China declined 81% year-over-year. By August 2016, the month the tax was implemented, Vancouver property enquiries on Juwai.com experienced a 78% year-over-year decline, followed by year-over-year decreases of 26%, 29%, 9% and 37% in September, October, November and December respectively.

The impact on local and foreign consumer confidence in the real estate was sharp at the outset, but moderated towards the end of the year. While buyers held a "wait and see" attitude in the initial months following these key policy changes, Sotheby's International Realty Canada expects local and international confidence to endure in the long term, and for the city's strong economic fundamentals to continue to stabilize the market leading into spring 2017.

VANCOUVER: CHINESE PROPERTY ENQUIRIES YEAR-OVER-YEAR CHANGE¹



Source: JUWAI.COM

¹ Respondents' option to select more than one

MEDIAN PRICE

In spite of both speculated and actual participation of buyers of mainland Chinese origin in Vancouver's luxury market, the median price point for city of Vancouver property enquiries on Juwai.com was \$590,200 in 2016². This is notably lower than the MLS Home Price Index composite benchmark price for all residential properties in Metro Vancouver, which stood at \$897,600 at the end of the year.³

\$590,200

**JUWAI.COM - 2016 MEDIAN PRICE FOR
VANCOUVER PROPERTY ENQUIRIES**

\$897,600

**VANCOUVER - 2016 AVERAGE
SALE PRICE OF HOMES SOLD**

² At an exchange rate of 1.3101, \$450,500 USD= \$590,200 CDN

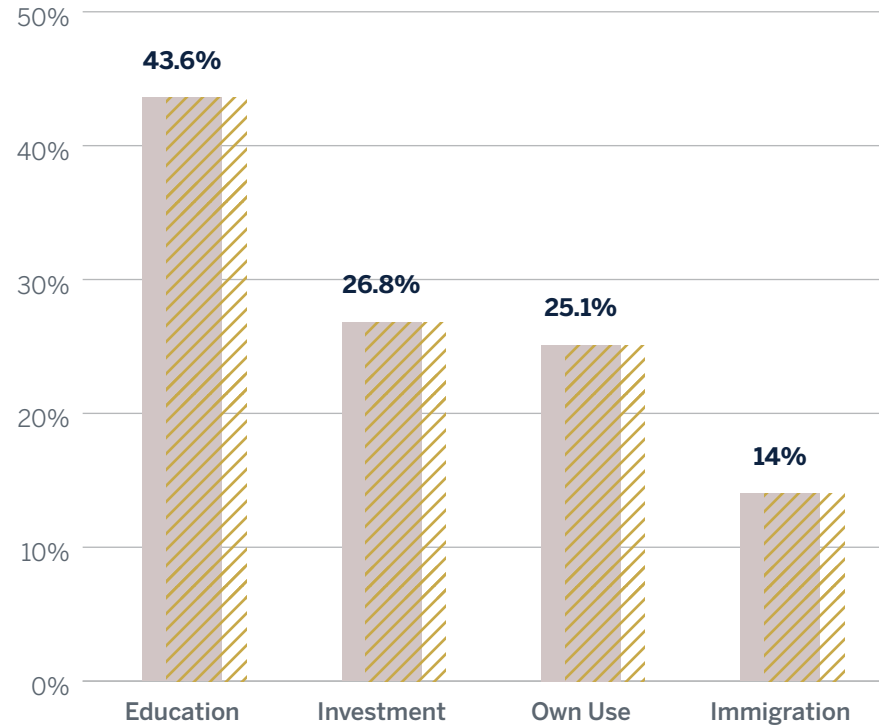
³ Greater Vancouver Real Estate Board, December 2016

PURCHASE MOTIVATION

Education was cited as the most common motivation for interest in Vancouver real estate, with 44% of Juwai.com Vancouver property enquirers identifying it as a key driver for their search. This finding reinforces previously released research by Sotheby's International Realty Canada that revealed a trend of affluent parents of international students, particularly those from mainland China, the Middle East and Europe, purchasing Vancouver, Toronto and Montreal condominiums as residences for students within close proximity to their educational facility.⁴

Investment, personal use, and immigration were cited less frequently. 27% of Juwai.com Vancouver property enquirers indicated investment as a motivating factor, 25% indicated personal use, while immigration was cited by 14%.

VANCOUVER: CHINESE PROPERTY ENQUIRERS' PURCHASE MOTIVATION



Source: JUWAI.COM

⁴ Sotheby's International Realty Canada: 2015 Top-Tier Generational Trends Report

TOP-TIER MARKET INTEREST

In 2016, overall sales of \$1 million-plus real estate in the city of Vancouver remained consistent with 2015 levels, with a negligible 1% year-over-year dip, while luxury real estate sales over \$4 million increased 36% year-over-year. However, the performance of the top-tier real estate market pivoted over the summer months: while real estate sales over \$1 million increased 26% year-over-year in the first half of 2016, prompting speculation of the role mainland Chinese buyers played in the market, the segment saw a 34% year-over-year decrease in sales volume in the latter half of 2016 following the introduction of several governmental policies aimed at cooling the market.⁵

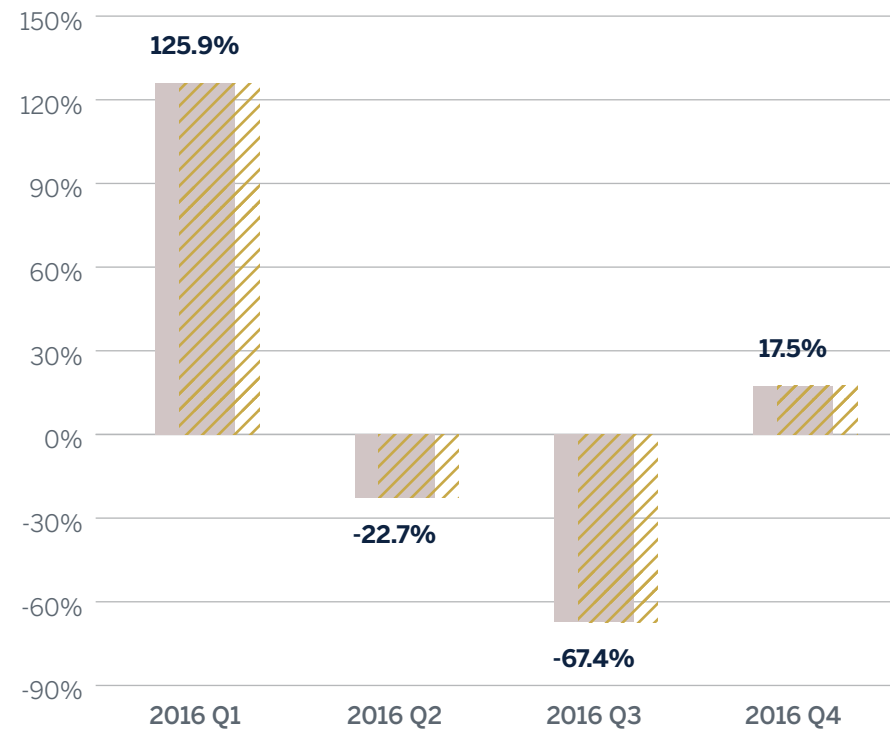
Vancouver property enquiry data from Juwai.com reveals that consumer interest from prospective mainland Chinese buyers did not correlate directly with the implementation of key policy measures, suggesting that those intending to buy top-tier real estate may be less influenced and impacted by such measures than conventional real estate purchasers. It further indicates that declines in \$1 million-plus sales activity may be a result of dampened local consumer confidence, rather than a withdrawal of mainland Chinese investors from the market.

Interest in Vancouver real estate over \$1 million experienced a 126% year-over-year increase in property enquiries on Juwai.com in the first quarter of 2016, but fell 23% year-over-year in the second quarter of 2016, prior to the implementation of the 15% foreign buyers' tax. Although property enquiries fell 67% year-over-year in the third quarter of 2016, fourth quarter enquiries for \$1 million-plus Vancouver properties on Juwai.com indicated a rebound in interest in the top-tier real estate market with an 18% year-over-year increase, even as Juwai.com property enquiries as well as overall sales activity across the conventional market were down.

⁵ Sotheby's International Realty Canada: 2016 Year-End Top-Tier Real Estate Report

According to Sotheby's International Realty Canada experts, the overall impact of these measures on the market remains to be seen. To date, it is clear that the introduction of new taxation and lending policies has had less pronounced effects on the top-tier condominium and attached home markets, as compared to the market for single family homes. It is expected that the spring 2017 real estate market will reveal the degree of the market shift following these pivotal changes.

VANCOUVER: CHINESE \$1 MILLION+ PROPERTY ENQUIRIES YEAR-OVER-YEAR CHANGE



Source: JUWAI.COM



China To Canada: International Home Buyer Insights

CALGARY

JUWAI.COM & SOTHEBY'S INTERNATIONAL REALTY CANADA

Calgary

Inter-country migration from other Canadian cities and foreign purchasers from the Midwest of the United States have traditionally bolstered Calgary's local real estate market, rather than offshore international interest. The influence of foreign buyers, however, has remained topical in light of heightened awareness of the role of this cohort within other major Canadian cities, and following the implementation of a tax on foreign buyers of Metro Vancouver real estate by the neighbouring British Columbia provincial government in 2016.

While Juwai.com data indicates increasing awareness of Calgary amongst potential real estate purchasers from mainland China, insights from Sotheby's International Realty Canada experts underscore the market reality that this interest has not yet resulted in significant gains in sales activity.

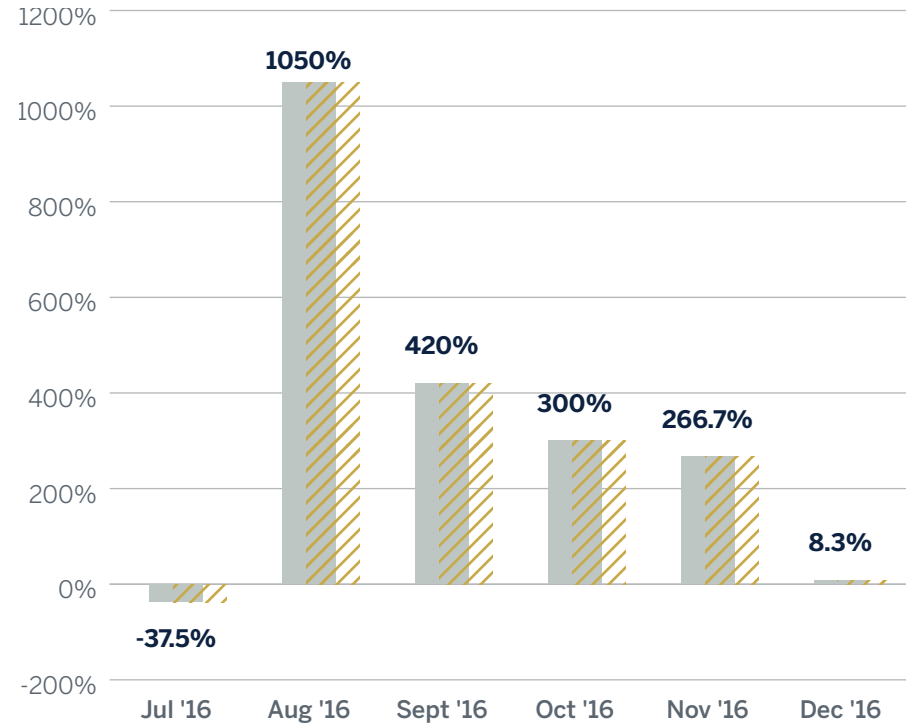


GENERAL MARKET INTEREST

The implementation of the foreign buyers' tax in Metro Vancouver appeared to have an immediate and significant impact on the level of interest in Calgary real estate on Juwai.com. While enquiries had been down 38% year-over-year in July 2016, the month preceding the tax, property enquiries suddenly spiked 1050% year-over-year in August. Property enquiries in Calgary were up 420%, 300% and 267% in September, October and November respectively, before stabilizing in December with 8% gains over 2015.

Increased awareness in Calgary as a Canadian lifestyle and real estate alternative to the traditional gateway cities of Toronto and Vancouver has not yet translated into a corresponding surge in real estate sales activity within the Calgary market from this cohort, according to Sotheby's International Realty Canada market observers. Conditions in the Calgary market remain driven by local market forces. Against a backdrop of continued volatility in the oil and gas sector, an economy projected to contract 2.1% in 2017 by the Conference Board of Canada, wage and unemployment uncertainty, and tighter mortgage lending rules, interest from Chinese buyers is expected to play a minor to negligible role in the real estate market in the year ahead.

CALGARY: CHINESE PROPERTY ENQUIRIES YEAR-OVER-YEAR CHANGE



Source: JUWAI.COM

MEDIAN PRICE

Data collected by Juwai.com indicates interest in Calgary's real estate market from mainland Chinese buyers was slightly above the city's average real estate price points. The median price for property enquiries on Juwai.com was \$531,115 in 2016¹, while the average and median sale prices of Calgary real estate for the calendar year of 2016 were \$479,486 and \$425,000.²



\$531,115

**JUWAI.COM - 2016 MEDIAN PRICE FOR
CALGARY PROPERTY ENQUIRIES**

\$479,486

**CALGARY - 2016 AVERAGE
SALE PRICE OF HOMES SOLD**

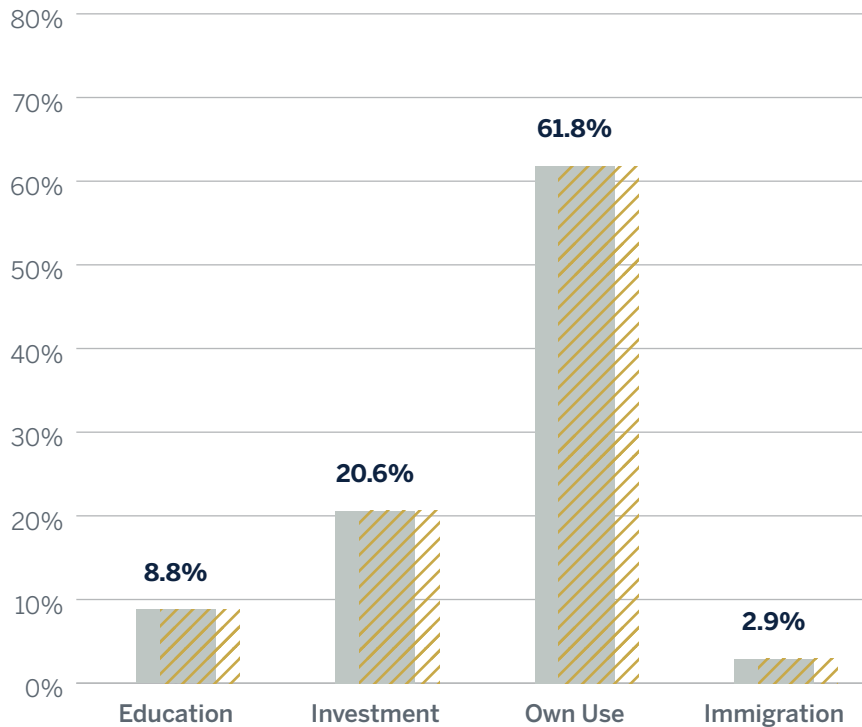
¹ At an exchange rate of 1.3101, \$405,400 USD = \$531,115 CDN

² Calgary Real Estate Board, 2016

PURCHASE MOTIVATION

While education was the leading motivator for a Juwai.com real estate enquiry in Vancouver, Toronto and Montreal, the primary incentive for a property search amongst Juwai.com enquirers in Calgary was identified as 'own use', with 62% of enquirers indicating that this was their key motivation. 21% stated investment was a motivating factor, while even lower percentages suggested education and immigration as motivators at 9% and 3% respectively.

CALGARY: CHINESE PROPERTY ENQUIRERS' PURCHASE MOTIVATION³



Source: JUWAI.COM

³ Respondents' option to select more than one

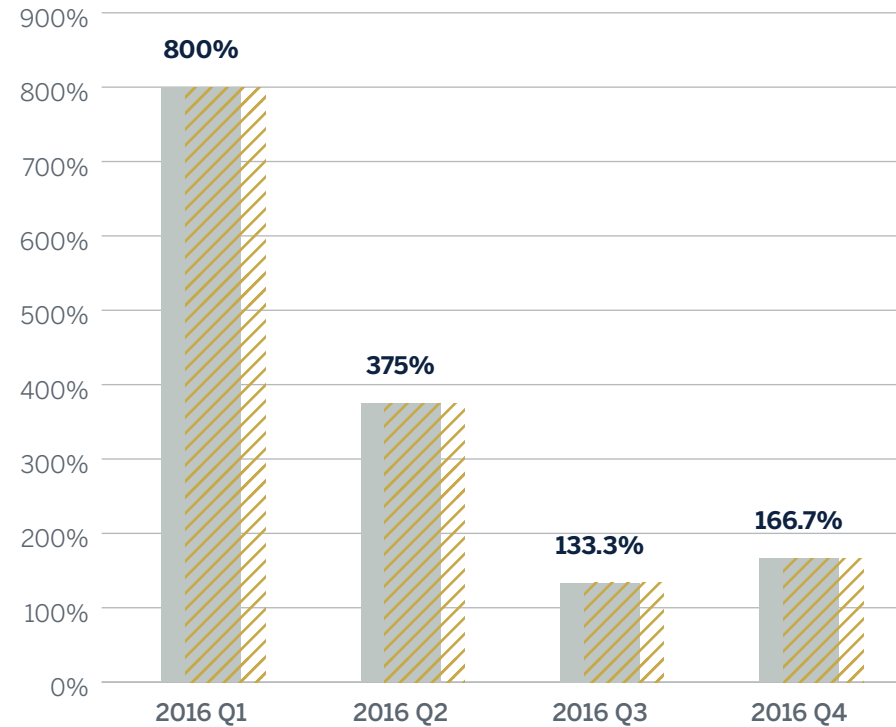


TOP-TIER MARKET INTEREST

Awareness and interest in Calgary's top-tier real estate increased amongst mainland Chinese property searchers on Juwai.com in 2016: \$1 million-plus property enquiries rose 800% in the first quarter of 2016 compared to the same period in 2015. Enquiries on real estate over \$1 million were up 375%, 133% and 167% in the second, third and fourth quarters in Calgary, respectively.

This interest however, did not translate into a noticeable change in sales activity from this specific cohort. Instead, Sotheby's International Realty Canada experts reported that the 19% year-over-year increase in \$1 million-plus sales volume in 2016⁴ was propelled by local market factors, including increasingly motivated sellers and adjustments in pricing to match current market conditions.

CALGARY: CHINESE \$1 MILLION+ PROPERTY ENQUIRIES YEAR-OVER-YEAR CHANGE



Source: JUWAI.COM

⁴ Sotheby's International Realty Canada: 2016 Year-End Top-Tier Real Estate Report



China To Canada: International Home Buyer Insights

TORONTO

JUWAI.COM & SOTHEBY'S INTERNATIONAL REALTY CANADA

Toronto

Speculation about the influence of foreign buying activity simmered within the Toronto real estate market in 2016, accelerated with elevating sales activity, pricing gains and market velocity, and boiled over with the introduction of a 15% tax on foreign buyers in Metro Vancouver by the Government of British Columbia in August.

In anticipation of data required to guide governmental and industry response, the Toronto Real Estate Board (TREB) commissioned a third-party research firm, Ipsos, to survey its members regarding the level and type of foreign buying activity within the Greater Toronto Area in fall of 2016. Released in January 2017 within the **TREB Market Year in Review & Outlook Report**, the survey findings were robust, with over 3,500 respondents, a margin of error of $\pm 2\%$ and an accuracy rate of 19 times out of 20.

The TREB/Ipsos study revealed that an estimated 4.9% of GTA transactions involved foreign purchasers, a level that reached 5% in the city of Toronto itself. Based on TREB member responses, Ipsos reported that an estimated 40% of foreign buyers were purchasing principal residences and another 15% of transactions involved the purchase of a home for another family member to live in. A further 25% of foreign buyers purchased a property as an investment to rent out to tenants, while 4% purchased a property use as a non-primary residence and 3% purchased with the intention of leaving it vacant. The average price of a foreign purchase, according to surveyed members, was just over \$1 million.¹

Only one in ten TREB members received enquiries from foreign buyers as a result of the recent foreign buyers tax implemented for the Vancouver area; 16% of these led to an actual purchase.

Juwai.com property enquiry data, as well as insights from Sotheby's International Realty Canada reinforced several points made in the TREB/Ipsos survey – even as the behaviour of Juwai.com property enquirers diverged from some of the survey's conclusions.

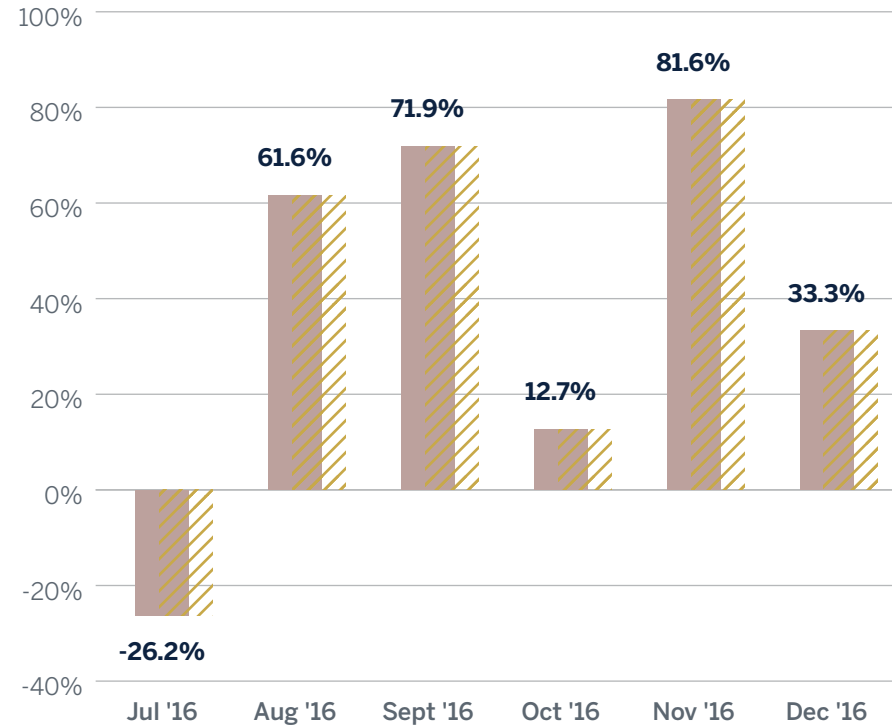
¹ TREB Market Year in Review & Outlook Report, 2017

GENERAL MARKET INTEREST

According to Juwai.com property enquiry data, the implementation of a new tax on foreign buyers of real estate in Metro Vancouver appeared to have had an immediate and substantial impact on the level of mainland Chinese interest in Toronto real estate. Juwai.com property enquiries trended down 26% year-over-year in July 2016 for the city of Toronto, the month preceding the tax's introduction, but sharply rose 62% year-over-year in August and 72% year-over-year in September immediately following its implementation. Year-over-year property enquiries were up 13%, 82% and 33% in October, November and December respectively.

In spite of a demonstrable increase in interest from mainland Chinese buyers, Sotheby's International Realty Canada noted that this did not translate into a corresponding surge in real estate purchases from this cohort during this time. Rather, industry experts noted that the coinciding strength of the Toronto real estate market was largely driven by local consumer demand and economic factors, such as soaring demand in relation to a chronic shortage of listings supply, enduring confidence in real estate as a secure and appreciating asset, low interest rates, a low Canadian dollar, and a strong regional economy that sustained below national average unemployment rates.

TORONTO: CHINESE PROPERTY ENQUIRIES YEAR-OVER-YEAR CHANGE



Source: JUWAI.COM

MEDIAN PRICE

Juwai.com data indicated that interest from prospective mainland Chinese real estate purchasers skewed below average real estate prices in the city of Toronto. In 2016, the median price of Toronto property enquiries was \$458,928², below the average sale price of residential real estate sold in Toronto at \$740,685 for the calendar year of 2016³, and significantly lower than the near-million-dollar average price of a foreign property purchase, according to the TREB/Ipsos study.



\$458,928

JUWAI.COM - 2016 MEDIAN PRICE FOR TORONTO PROPERTY ENQUIRIES

\$740,685

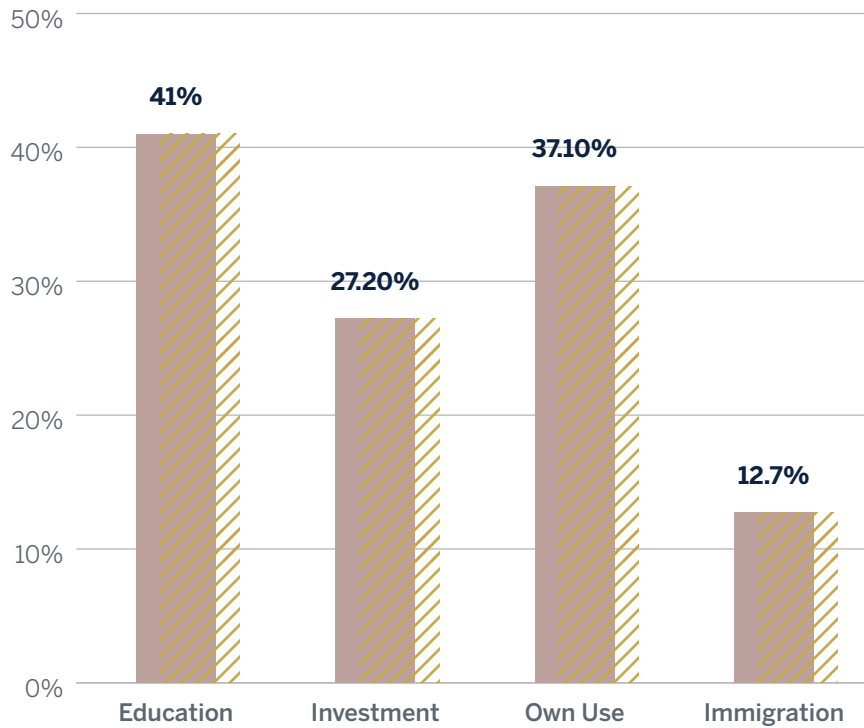
TORONTO - 2016 AVERAGE SALE PRICE OF HOMES SOLD

² At an exchange rate of 1.3101, \$350,300 USD=\$458,928 CDN
³ Toronto Real Estate Board, 2016

PURCHASE MOTIVATION

Both education and personal use were the two leading motivations for real estate interest in Toronto, with 41% and 37% of Juwai.com property enquirers identifying these factors as key drivers for their search. Investment and immigration were motivators for 27% and 13% of Juwai.com property enquirers respectively.

TORONTO: CHINESE PROPERTY ENQUIRERS' PURCHASE MOTIVATION⁴



Source: JUWAI.COM

⁴ Respondents' option to select more than one



TOP-TIER MARKET INTEREST

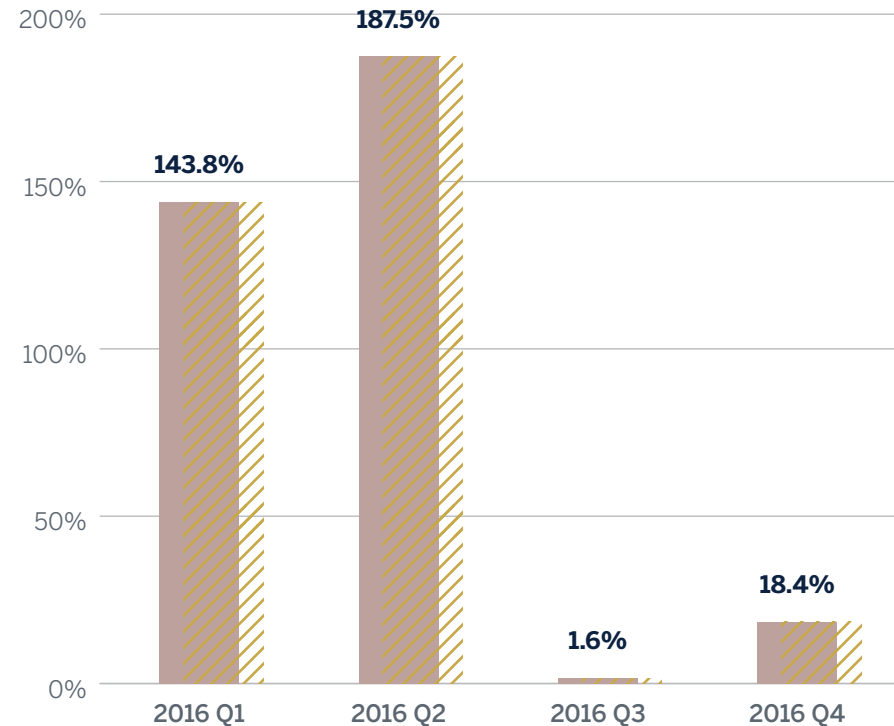
The Greater Toronto Area (GTA) real estate market led Canada's four major metropolitan centres in top-tier residential real estate sales in 2016 for a second straight year, with \$1 million-plus sales volume surging 77% year-over-year and \$4 million-plus luxury sales close to doubling with 95% gains⁵. Record-setting market performance triggered speculation on the role of foreign interest and investment in the high-end market, particularly from Chinese buyers in the months following the implementation of the 15% foreign buyers' tax in Metro Vancouver.

According to data from Juwai.com, enquiries on \$1 million-plus properties in the city of Toronto increased 144% and 188% in the first and second quarters of 2016 over the same periods in 2015, surpassing the year-over-year percentage gains experienced in the conventional real estate segment during this time. However, Toronto properties over \$1 million experienced only a nominal, 1.6% year-over-year uptick on Juwai.com in the third quarter of 2016 following the implementation of the Metro Vancouver foreign buyers' tax, before ending the fourth quarter with enquiries up 18.4% over the same period in 2015.

Further, the increased interest from mainland Chinese buyers in top-tier real estate through the course of 2016 did not correlate with comparable gains in real estate transactions closed. Leading experts at Sotheby's International Realty Canada emphasized that in spite of ongoing interest from buyers of international origin in high-end Toronto real estate, awareness of the city as a destination for immigration, education and investment has been sustained over the course of several years. Local demand and regional market influencer were cited as the primary drivers of record-breaking sales activity in the \$1 million-plus real estate market, rather than

newly-minted awareness of Toronto amongst the Chinese cohort.

TORONTO: CHINESE \$1 MILLION+ PROPERTY ENQUIRIES YEAR-OVER-YEAR CHANGE



Source: JUWAI.COM

⁵ Sotheby's International Realty Canada: 2016 Year-End Top-Tier Real Estate Report



China To Canada: International Home Buyer Insights

MONTREAL

JUWAI.COM & SOTHEBY'S INTERNATIONAL REALTY CANADA

Montréal

Data on foreign buying activity is largely absent for Montréal, as it has been for most major Canadian cities, however, property enquiry data from Juwai.com indicates that interest in Montreal property from mainland China has been increasing off a low base since 2015. Insights from Sotheby's International Realty Canada experts indicate that while the city is drawing increased attention from Chinese buyers with an interest in Canadian real estate, this has not yet corresponded to significant gains in sales activity from this cohort.



GENERAL MARKET INTEREST

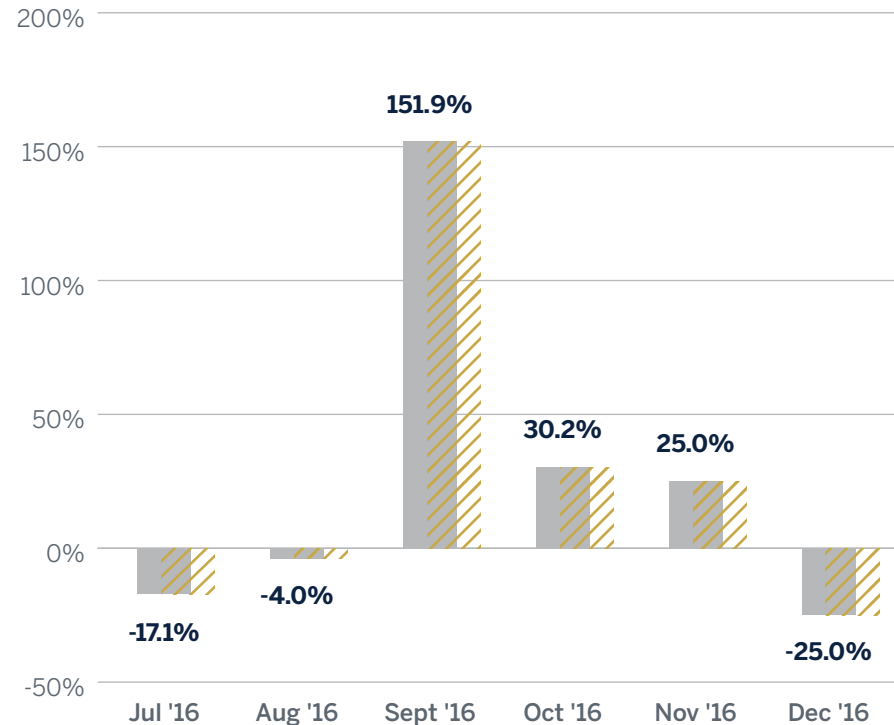
Montréal experienced healthy gains in the conventional and luxury real estate markets throughout 2016. Influenced by a stable provincial economy and political landscape, as well as growth in Quebec's manufacturing, transportation services, finance and hospitality industries towards the end of the year, the Greater Montréal Real Estate Board (GMREB) reported 78,231 concluded sales in the Montréal Census Metropolitan Area (CMA) in 2016, a 6% increase compared to 2015.¹

Montreal also experienced a swift and significant spike in interest from Chinese property enquirers on Juwai.com in 2016, particularly following the implementation of the foreign buyer's tax in Metro Vancouver. While enquiries had been down 17% year-over-year in July 2016, the month preceding the tax, Montreal property enquiries surged 152% year-over-year in September 2016, the month immediately following. Year-over-year enquiries were up 30% in October and 25% in November, before subsiding 25% year-over-year in December.

These ebbs and flow in interest did not result in corresponding trends in sales activity from this cohort, according to Sotheby's International Realty Canada. Rather they appeared to correspond with growing awareness of Montreal as a destination of interest through the course of 2016.

¹ Greater Montréal Real Estate Board, 2016

MONTRÉAL: CHINESE PROPERTY ENQUIRIES YEAR-OVER-YEAR CHANGE



Source: JUWAI.COM

MEDIAN PRICE

The median price of Montreal property enquiries on Juwai.com was \$488,012² in 2016, exceeding the median sale price of homes sold in Montreal at \$367,033 according to Centris data.³



\$488,012

**JUWAI.COM - 2016 MEDIAN PRICE FOR
MONTREAL PROPERTY ENQUIRIES**

\$367,033

**MONTREAL - 2016 MEDIAN
SALE PRICE OF HOMES SOLD**

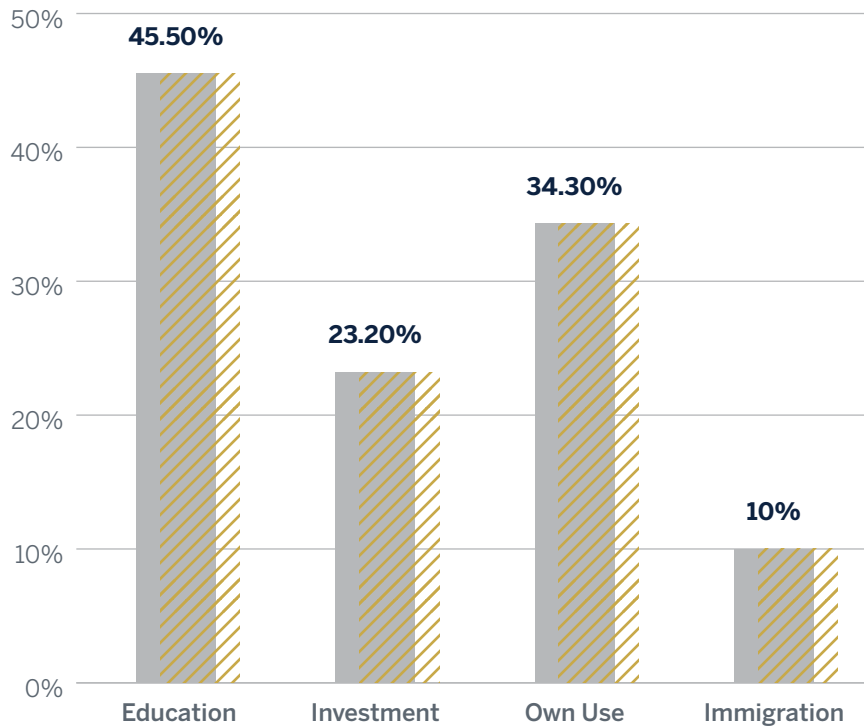
² At an exchange rate of 1.3101, \$372,500 USD = \$488,012 CDN

³ Centris.ca Montréal (Island), 2016

PURCHASE MOTIVATION

Similar to Vancouver and Toronto, the primary interest in purchasing real estate in Montreal was education, with 46% of Juwai.com property enquirers identifying this as a key driver for their real estate search. Personal use followed at 34%, while investment and immigration were motivations for 23% and 10% of Juwai.com property enquiries respectively.

MONTRÉAL: CHINESE PROPERTY ENQUIRERS' PURCHASE MOTIVATION⁴



Source: JUWAI.COM

⁴ Respondents' option to select more than one



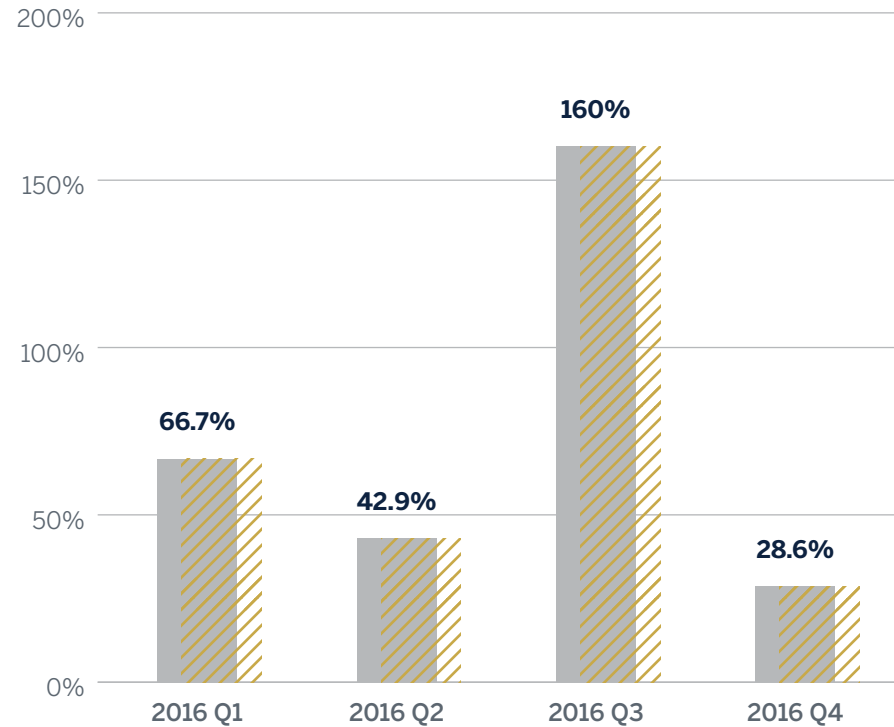
TOP-TIER MARKET INTEREST

As sales over \$1 million in the city of Montreal increased 23% year-over-year from 2015 to 2016,⁵ national discourse surrounding the influence of international buyers on Canadian luxury real estate prompted speculation as to the degree to which mainland Chinese buyers might be influencing the Montreal market. As in other major Canadian cities, this speculation intensified following the implementation of the tax on foreign buyers in Metro Vancouver.

Juwai.com data reveals that interest in Montreal real estate over \$1 million increased significantly in 2016, and at a steeper and more consistent rate than in the conventional real estate segment. Following 67% and 43% year-over-year surges in enquiries in the first and second quarters of 2016, Juwai.com sustained 160% and 29% gains over 2015 enquiries in the third and fourth quarter of 2016.

Rising interest, however, did not result in an observable, corresponding lift in luxury real estate sales according to Sotheby's International Realty Canada experts, nor did the implementation of the foreign buyer tax in Metro Vancouver ignite a surge of high-end sales activity. Instead, the increase in property enquiries appeared to signal a growing awareness within China of Montreal as an alternative gateway to Canadian lifestyle and real estate opportunities.

MONTREAL: CHINESE \$1 MILLION+ PROPERTY ENQUIRIES YEAR-OVER-YEAR CHANGE



Source: JUWAI.COM

⁵ Sotheby's International Realty Canada: 2016 Year-End Top-Tier Real Estate Report



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