

# THE ORANGE COUNTY REGISTER

## Chinese Homebuyers Seek Security Here

August 8, 2014  
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Jordan Lu wants to play in the NBA.

It's a long-shot dream for American 14 year olds -- even more so for a boy growing up in China.



But Lu's parents take seriously the ambition of their son, the 5-foot-10 lead scorer for the International School basketball team in Beijing. So, in March, they plunked down \$1.2 million in cash to buy a brand new, four-bedroom house in Irvine, just two minutes walk from the community basketball court.

This fall, Lu will start attending classes at Jeffrey Trail Middle School. The reason?

"They want to let me have a better education in America," said Lu, who is fluent in English.



And, added Christina Shaw, the Lu family real estate agent and translator, "because of the basketball. They think he will be a professional basketball player."

Great schools and wider opportunities for their children have been key draws for Chinese home shoppers, who have flocked to grab properties in Irvine and a handful of other Southern California cities in recent years.

But another key reason is to get their money out of China, fearing that a real estate bubble there might pop or that the government might clamp down on wealth.

Overseas shoppers spent a record \$92.2 billion buying existing U.S. homes in the year ending in March, with Chinese buyers accounting for a fourth of that, according to a National Association of Realtors survey released last month.

Spending by Chinese buyers on U.S. homes soared 72 percent in one year, to \$22 billion, the most of any nationality, according to Realtor estimates. Thirty-five percent of that went to buying homes in California.

About half of the foreign buyers are purchasing U.S. homes to live in year-round -- or for their children to live in while studying here, the Realtor report said. Half are maintaining their permanent homes overseas.

### Top destinations

A separate survey tracking online home searches on Realtor.com showed that Los Angeles, San Francisco and Irvine were the top three markets searched by prospective buyers from China, Hong Kong and Taiwan.

Most buyers prefer to congregate near existing Chinese enclaves in Irvine and the San Gabriel Valley communities of Arcadia and San Marino. But local agents specializing in overseas transactions say buyers now are diversifying, with showings and sales occurring in Yorba Linda, Tustin, Newport Coast, Laguna Beach, San Juan Capistrano and Palos Verdes.



“People like to invest, and Chinese people like to invest in property more than anything,” said Irvine broker Alisha Chen, who travels frequently to Asia in search of buyers. “Because of that, we had a high rise of money pouring into the U.S.”

Asians – including foreign buyers from China, Hong Kong and Taiwan – make up the top demographic at some of Southern California’s new housing developments.

Asians make up about 75 percent of the buyers at FivePoint Communities’ Pavilion Park project at the Orange County Great Park, said company spokeswoman Carol Wold.

The New Home Company, an Aliso Viejo homebuilder, estimated that Asian buyers account for 65 percent of their sales, with the highest concentration in Irvine and the San Francisco Bay Area, said Joan Marcus-Colvin, senior vice president of sales, marketing and design.



“Just in the last 30 days, we have seen a jump in foreign nationals who are touring our models,” Marcus-Colvin said, noting that the increase could be a summer vacation phenomenon.

Driving this demand is a booming Chinese economy that’s boosting the ranks of the rich.

China added 900,000 millionaires in 2013 alone, increasing

its total to 2.4 million households, the Boston Consulting Group reported in June. (It doesn't include real estate wealth in determining who is a "millionaire.") The consulting group credited the 9.6 percent growth rate of China's GDP and the nation's savings rate of 16.8 percent.

But the Chinese don't believe that their government protects private property rights as well as the U.S. government. For example, China doesn't have anything equivalent to the Federal Deposit Insurance Corp. protecting bank deposits, local agents noted.

"The real driving force is preservation of wealth," said luxury home specialist Lee Ann Canaday of Laguna Beach, who has been attending real estate expos in China for the past three years. "They still see the United States as a safe haven."

China also limits the number of homes people can own, Chen said.

Chinese buyers seek out places like Irvine, which has a reputation for top schools and low crime. They tend to prefer newer areas, and since these buyers often rank among China's elite, there's a strong appetite for luxury homes.

"We're getting a ton of showings in Newport Coast and Crystal Cove," Canaday said.

### **Sending Jordan to school**

The house Jordan Lu's parents bought has yet to acquire a lived-in look.

On a recent Friday morning, many of the rooms still were unfurnished. The kitchen had just the bare necessities. A living room console still had its tag hanging from a knob.

Back home, Lu attended a private academy patterned after Western schools. But such schools are pricey in China, with tuition costing more than \$34,000 a year.

Lu's father, a sports apparel executive who had traveled extensively in the United States, decided about a year ago to buy a home so his son could study here.

The family is getting permanent U.S. residency through the EB-5 program, under which immigrants get a green card by investing a minimum of \$500,000 to \$1 million in the U.S. and creating at least 10 jobs. Lu's father declined to be interviewed and did not elaborate on what he did to qualify.

He spent about three months researching real estate online. The Chinese websites he visited mentioned Irvine over and over again, citing high test scores, low crime and high quality of life.

"You would be surprised how famous Irvine is in China," said Shaw, an international specialist for Re/Max Fine Homes in Newport Beach.

Lu's family came to Orange County for a one-week shopping junket in February, and picked the two-story, 2,900-square-foot home before it was built.

As with about 60 percent of overseas buyers, Lu's father paid cash. Compared to China, houses in Irvine aren't expensive, Lu's parents said.

The family arrived in late July to take possession of their new home and bought a new BMW X5 SUV that same day, again paying cash.

Before returning to China, Shaw had chauffeured them to three furniture stores, and Lu's father spent \$50,000 online ordering the basics – beds, dressers, dishes, sofas and chairs.

They spent a week in the new home before Lu's father jetted back to work in China, leaving Lu and his mom, Yongqun Meng, 43, behind. He plans to visit them every two to three months.

Unlike the Lu family's home in Beijing's Shang Yuen district, the home in Irvine is a detached house with its own land.

For what the Lu-Meng family paid for their Irvine house, they'd get a home half as big in Beijing – most likely in a high-rise building without any land.

Their current home in north Beijing -- purchased 12 years ago -- is a three-level townhome, with a rooftop garden. It has about the same amount of space as their Irvine house, but is worth twice as much.

The Irvine home is more functional, however. And, according to the Lu-Meng family, great quality.

“The design of this house is better than our house in Beijing,” Lu said. “I don't know why. I just like it better.”

“The amenities are much better here,” added his mother, speaking through an interpreter. “There's an association pool and a sports park. ... It's easy access to the shopping center, the freeways and the supermarket.”

Meng also loves the air quality – pristine compared to Beijing's notoriously polluted air. And compared to overpopulated Beijing, “it's much quieter here.”

### **Close to Disneyland**

Beijing furniture importer Jerry Lin has yet to spend a night in his new Irvine home.

When he came to take possession of the home in June, the furniture had yet to arrive, so Lin and his 20-year-old son, Jason, a student living in San Diego, slept in a hotel.

Lin, 48, paid just over \$1 million for a three-bedroom, three-bath two-story house in the Cypress Village development just west of the Orange County Great Park.



The home is an investment. And it's a place for Lin and his wife, Lilian Liu, 50, to stay during regular vacations and while visiting their son.

"It's very impressive for me. I think this is nice," the business owner said via Skype from his primary home in downtown Beijing. "You have many more options. It's a chance to have a place for vacations."

Compared to overcrowded Beijing, Orange County -- the sixth most populous county in the U.S. -- is relaxing, Lin said.

"Orange County is a little bit rustic and very quiet," Lin said. "It's not cold in the winter. ... It's very close to Disneyland and very close to the ocean, so it's good for us."

In October, he came to Orange County to look for a house, and decided on his new residence in three or four days after rejecting older homes in Newport Beach.

The new house isn't luxurious, even after he put in such upgrades as recessed lights, crown molding, upgraded counter-tops and a finished epoxy garage floor, Lin said.

"It's just a normal house," he said.

But a similar home in central Beijing, where he lives, likely would cost around \$5 million, Lin estimated. Downtown Beijing is like Manhattan, he said.

"You can't compare a condo in Manhattan to buying a house in Irvine."

## **Leaving China**

For Xiao "Shane" Hu, 49, his wife, Yimin "Mindy" Shi, and their two children, Yorba Linda is now home.

With First Team agent Kaylyn Shen acting as translator, Hu said he paid \$910,000 for a four-bedroom, 3,000-square-foot pool home in that city last February.

Hu and his wife then went back to China, packed up their home in Shanghai and moved to Yorba Linda this summer.

As an architect, Hu says he qualifies for a visa provided to people with extraordinary or scholarly expertise. He plans to sell his home back in China and apply for permanent U.S. residency.

"There are many reasons," Shen quoted Hu as saying. "The main reasons are a better education for our children, the lovely weather in Southern California and food safety."

Following a host of safety incidents back home, Hu and Shi said they're very concerned about the quality of the food supply there.

The family already have a network of family and friends in the region. And they're hoping more will be moving nearby in the future.

As an architect, Hu said he's impressed by the floor plans and structural design of Yorba Linda homes.

"It's a great value," he said. "I'm really, really happy with my choice. This is the right choice for me and my family."

<http://www.oregister.com/articles/home-631181-china-irvine.html?page=1>