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BALDREY: Foreign buyers debate lacks backup data

[Keith Baldrey](#) / North Shore News

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View from
THE LEDGE
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Don't look for the provincial government to offer any fixes to cool down the red-hot Metro Vancouver housing market any time soon, and that's probably a good thing.

That may come as a disappointment to many hoping to access that market, but government officials tell me they've studied the situation and have concluded there are limited options available, and even those are unlikely to have much impact.

After taking a close look at things, officials have concluded the following: foreign buyers have had little impact on escalating market prices (with the exception of high-end properties), speculators have also had little impact, and the gradual decline in the number of single-family dwellings is more than anything else the biggest reason for skyrocketing housing prices.

Emotions are running high on this issue, and I saw evidence of that a few days ago on social media, after I posted on my Facebook page the information I had picked up. That posting unleashed an often heated discussion among 75 people, many of them journalists, realtors, developers, professionals of various sorts and all with strong opinions.

In summary, there was little agreement on what just what, if anything, should be done by government (or by anyone else) and while there was plenty of anecdotes thrown around there was precious little data provided to back up all kinds of assertions.

Of particular interest was the reaction to the B.C. government's conclusion that foreign buyers have had little impact on the housing market.

This struck some as simply unbelievable, while others thought singling out foreign buyers was irrelevant, if not offensive.

Certainly, a number of factors would support those who think foreign money is indeed contorting the Metro Vancouver housing market.

For example, there is documented proof that huge amounts of money are leaving China right now. Veteran foreign affairs journalist Jonathan Manthorpe, in an excellent article posted in that Facebook discussion, points out various banking institutions suggest the cash exodus from that country could exceed \$300 billion this year.

Presumably, those Chinese investors would view Metro Vancouver as an ideal place to park their money. After all, it is a desirable place to live and has a banking system that makes Canada a safe place for investments.

Yet, the B.C. government insists it has found no evidence to support the theory about foreign investors igniting the market. Part of the problem here appears to be the lack of data, as **no one seems to keep track of much of anything when it comes to housing sales, other than the price and the tax revenues for various levels of government.**

But perhaps none of this matters anyways.

Any kind of major government intervention (e.g. limiting foreign ownership, implementing some kind of speculation tax etc.) would probably be unworkable and in any event may do more harm than good (no one holding a \$700,000 mortgage right now wants to see the built-up equity in their home start shrinking because of new rules or taxes).

I have a number of friends who have recently purchased homes in Vancouver for well more than \$1 million, and are carrying huge mortgages. Should they (and presumably hundreds of others who have bought homes in the past few years) be penalized because they took a chance and got into the market?

The distortions that are happening in the Metro Vancouver housing market seem to be the result of large sums of money moving around and a shifting difference between supply and demand (in other words, the kinds of things that can happen in the marketplace).

If action were to be taken, it should have been taken long ago, before the market went crazy. To intervene and change the rules now would likely hurt more existing homeowners than those who aspire to own one.

No one has some kind of constitutional right to own something they can't afford, and that means no one has a guaranteed "right" to own a home in Metro Vancouver. It appears the B.C. government will do nothing to change that.

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