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## Foreign-buyer real estate deals plunge

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A mansion at 420 Hillcrest in West Vancouver, part of the new real estate gold rush. file photo Paul McGrath, North Shore News.

Figures released by the province on Thursday appear to confirm what many local Realtors already knew – that interest from foreign buyers in the real estate market has fallen significantly since the province imposed a 15 per cent tax on deals involving foreign citizens.

According to data released by the government, real estate transactions involving foreign buyers made up about 13 per cent of the total number and 16 per cent of the total value changing hands between June 1 and Aug. 2 in Metro Vancouver.

Following imposition of the 15 per cent tax, sales to foreigners fell dramatically, making up less than one per cent of all real estate deals in Metro Vancouver between Aug. 2 - 31.

The data also points to an astonishing number of deals being registered on July 29 – the last business day before the tax came into effect. Government data points to more than \$850 million in residential property transitions involving foreign buyers in Metro Vancouver being registered on that single day – equal to over half of all real estate transactions in Metro Vancouver on that day and half of all foreign investment in real estate between June 10 and Aug. 1.

Data provided by the Landcor Data Corporation, which analyzes real estate data – showed more sales for single detached homes were registered for West Vancouver during July than in any other month going back to January 2013.

“Everybody had that last week to rush and get their deals done,” said Brent Eilers, a West Vancouver Realtor.

Since then, however, sales of detached homes in West Vancouver have dropped massively.

“It’s the top end of the market that’s being significantly impacted (by the 15 per cent tax),” said Eilers. The foreign buyers tax, combined with the luxury sales tax and the crackdown on “shadow flipping” by the province have all

combined for a significant cooling in West Vancouver's recently white-hot real estate market, said Eilers.

Sales of detached homes in West Vancouver during June, July and August are down 44 per cent over the same period last year, he said – although down only 28 per cent over the 10-year average.

Average prices on single-family homes in West Vancouver also dropped about 20 per cent between July and August, he said.

Jason Soprovich, another West Vancouver Realtor, said the market has definitely cooled – something that began before the 15 per cent foreign buyers' tax was brought in.

Buyers are waiting to see what happens, he said. "It definitely put the brakes on people purchasing immediately."

West Vancouver MLA Ralph Sultan said he's received well over 100 emails on the topic – all but three or four of those from unhappy real estate agents. One Realtor said "he just saw \$400,000 in commissions going down the road," said Sultan. "The industry as a whole is quite upset."

Sultan said the tax has definitely had a chilling effect – which is what was intended.

He added nobody will likely know the full impact of the tax before next spring, however. "To reach dramatic conclusions based on one or two weeks of data is highly premature."

Sultan said he believes that in the long-term, interest in the Vancouver real estate market isn't going away.

He added polls show the foreign buyers' tax is a popular move with the public at large.

"My sense of it is it has accomplished its purpose," he said.