3 truths to improve your standing with Chinese homebuyers

Agents all over the world are increasingly looking to sell their condos, houses and new projects to Asian investors. And this is for a good reason — the Asian buyer's market is large and growing fast.

For example, the population of China and India together is almost 40 percent of the total world's population. Within this community in Asia, there is an ever-increasing desire to buy anything that is made in the west.

This includes French designer handbags, Italian handmade shoes, German cars and, of course, houses that are located in cities in the U.S., Canada, Australia and Europe.

Furthermore, the amount of wealth in Asia is growing faster than probably anywhere else in the world. There are now more billionaires in Asia than in any other continent.

According to CNBC, there are more than 5.1 millionaires in Asia, compared to the 4.8 million in the U.S. And China on itself is creating one new billionaire every five days.

Success factors

As the potential market of Chinese buyers is large and growing, it is good to understand what really works for an agent to close a deal with an overseas Chinese buyer.

1. **Chinese buyers' purpose and requirements may change along the way**

If you ask Chinese clients what their purpose of buying a house in the U.S. is, they might express a purpose and talk about the requirements that are in their mind at that particular moment.

But it is very possible that they will change their purpose and their requirements later if they receive some new information or have a new idea. This is because they are not accustomed to categorizing real estate by purpose.

This can be explained by looking at the differences between the Chinese and U.S. real estate markets.

In China, it's clear where the first-tier locations are, and where the second-tier or third-tier locations are.

They are in the best locations with the best schools and the shortest commutes to the best business areas. They are convenient living environments near the best hospitals. They are easier to rent and resell with higher-scale tenants.

If going farther away from the best area, everything is less attractive. The farther, the worse, though some exceptions exist. However, the situation in the U.S. is quite different. Different properties at different locations have their own strengths and weaknesses.

Therefore, providing Chinese buyers with more information (this is not asking them to change requirements but just giving them more background information) about their expressed purpose and requirements is always recommended to agents.

2. **Relationships and trust matter here even more**

You need to understand that relationships matter for many Chinese buyers. Of course, relationships are important everywhere in the world.

Knowing someone will get the job done more quickly, open doors and get a sale anywhere in the world.

The difference is that relationship is the first thing that Chinese buyers focus on. It is not your listing or that beautiful house that is completely renovated and priced lower than all the comparables in your area.

They need to like you first.

Chinese buyers simply consider the relationship with you as the No. 1 reason of doing future business with you.

If the Chinese buyers don't have that relationship with you, you will be simply one of the many agents they are reaching out to. Relationship is key in order to build trust, which is a key component for any foreign buyer who has never met you.

It is obvious that many foreigners will be hesitant in dealing with any agent in the U.S. whom they have never met. Introduction and referrals are a great way to solve this challenge.

3. **It's not only about the house**

Chinese buyers are looking for a holistic view on their purchase, not just the real estate asset itself.

This is likely true for domestic buyers as well, but often agents forget about the importance of sharing their knowledge about schools, typical investment returns, typical property management fees — Chinese buyers usually do not have much of an idea about how property taxes, property management services, etc., work, so this is your chance to stand out and truly become valuable to that overseas buyer.

The Chinese buyers' market plays an important role today and likely much more in the years to come. Agents should consider the differences in approaching these foreign buyers and domestic buyers to close deals.

Sam Van Horebeek is a director at East-West Property Advisors, a U.S. real estate platform based in China. You can follow on Facebook and Twitter.

Email Sam Van Horebeek

Source: click here