

08.2016

# GLOBAL PERSPECTIVES

TO LOCAL, INTERNATIONAL & LIFESTYLE REAL ESTATE



## CIPS

Certified International Property Specialist

## > FINDING SUCCESS

### *The Big Question:* How do I build a global real estate practice?

Many agents aspiring to “go global” have wrestled with this question at some point in their careers. There isn’t a one size fits all answer to this question, but there are common threads among the most successful international business practices.

One such thread is positioning yourself as a trusted advisor and knowledgeable international expert. The more you add value, by providing vital information and assistance, the more respect and business will come your way.

Another is adopting a proactive global mindset – one that sees international activities and opportunities in every direction. You’ll find global business in markets of all sizes, in commercial and residential real estate, in buyers as well as sellers, and in countries all over the world.

To demonstrate, this issue of *Global Perspectives* showcases three agents who are making solid inroads with international clients, from a long-term industry veteran who completely overhauled his business to two rising stars on the international stage. Their methods vary, based on their personal situations and strengths, but they share a proactive global mindset. Learn how they positioned their businesses for international success. 🌐



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certified international property specialist

# Torontoism Team Goes Global

## How One Agent Retooled His Business

Richard Silver had already established a very successful real estate practice in Toronto. His extensive knowledge of technology and social media savvy attracted both real estate clients and invitations to speak at industry events.

Never one to rest on his laurels, however, Silver continued to monitor his local market and noticed changes—more showings and offerings were coming from Chinese agents and Chinese clients. Upon closer inspection, market data supported his hunches. Four years ago, Chinese clients represented roughly 10 percent of the housing market. Since then, that figure has doubled.

Not every agent is willing to reengineer his or her entire business model for a new opportunity, but Silver knew he was onto something. Besides, he genuinely enjoys a challenge. His story serves as a model for other global agents wanting to follow a similar path.

### Why China?

Almost every real estate market offers cross-border opportunities originating from many different countries. In numerous markets, however, Chinese buyers play a dominant role.

In the U.S., for example, buyers from China hold the top spot among all international buyers of U.S. homes; they also rank among the top five international buyers in 46 of the 50 states.

The situation in Canada is very similar. According to Chinese property listing site Juwai, the total value of all Canadian property inquiries made by prospective Chinese buyers nearly tripled in one year—from \$5.6 billion in 2014 to \$14.9 billion in 2015. Toronto was their top Canadian destination, by value of properties searched (\$7.4 billion), followed by Vancouver (\$2.5 billion).

The dominance of Chinese buyers in various markets can be explained, in part, by demographic data. The population of China's middle class alone—roughly 350 million people—is comparable to the **entire** population of the U.S. and Canada **combined!** Further, middle class Chinese households have money to spend and a strong appetite for foreign real estate.

“EVEN THOUGH ALL REAL ESTATE MARKETS ARE LOCAL, IT'S INCREASINGLY IMPORTANT TO HAVE GLOBAL REACH. SHIFTING MY BUSINESS MODEL HAS BEEN A MAJOR UNDERTAKING, BUT I FIRMLY BELIEVE IT'S ONE OF THE BEST DECISIONS I'VE MADE.”

—Richard Silver

### Top Destination Countries for Chinese Emigrants

(mid-2015 estimates)



Source: Migration Policy Institute, based on United Nations data.

1. **Hong Kong**  
2,308,000
2. **United States**  
2,104,000
3. **Korea**  
751,000
4. **Canada**  
711,000
5. **Japan**  
652,000

### Initial Groundwork

To elevate his opportunities with this growing group of buyers, Silver took several significant steps:

**Expanded team** — While Silver had primarily worked independently, he realized a team approach was essential for capturing Chinese clients. Prior to pivoting his practice specifically towards China, Silver added two team members—a sales representative who was also a recent British immigrant and a senior sales representative who serves as Silver's backup for his original “farmed” markets.





Next, he invited a talented local agent, originally from Mainland China, to join his team, in order to gain Chinese language skills and more cultural experience. She quickly became so successful that he needed to hire a Mandarin-speaking assistant to support her. Two additional assistants now round out the Torontoism team.

**Specialized training** — A strong believer in the importance of professional education, Silver completed his Certified International Property Specialist (CIPS) designation, which he says provided spot-on insights into the differences in real estate practices around the world and cultural issues.

**Brokerage affiliation** — Recognizing the power of affiliation with a prestigious international real estate brand, Silver moved to Sotheby's International Realty Canada. In addition to gaining more Chinese clients, Silver's goal was to capture more high net-worth buyers—a group with strong affinity towards the Sotheby's brand, including its auction house for fine wine, art and jewelry. Referrals through this branch of the company have been a huge bonus.

## Chinese Challenges

These shifts in Silver's business model laid a solid foundation, but there were still numerous challenges to tackle, specific to connecting with Chinese buyers, including:

**Marketing properties** — The "Great Firewall of China" prevents citizens from accessing many sites hosted outside of China, including Facebook, Twitter or Google. The same is true for many popular real estate portals from other countries.

To display property listings, Silver needed to learn how to work within an entirely different system. He relies on sites like [Juwai.com](http://Juwai.com) and [Caimeiju.com](http://Caimeiju.com), both developed specifically for Chinese buyers and operating behind China's firewall. He's also forged a cooperative agreement with a local brokerage to feature his listings.

**Client communications** — Adding two Mandarin-speaking members to his team was the first step in accommodating Chinese clients; these team members often work odd hours to contend with the roughly 12-hour difference in time zones, which can be difficult, but has also been an important aspect of serving their clients.

In addition to direct phone contact, buyers from China prefer communicating by text rather than email. WeChat is the most popular service, offering both mobile text and voice messaging, as well as web-based versions for Windows and Mac.

**Professional networking** — Given the challenges of marketing properties directly to Chinese buyers, Silver has found it very beneficial to forge strong referral relationships with real estate salespeople in China, Hong Kong and Taiwan, as well as China-based bankers working with high net-worth clients.

**Real estate practices** — Silver points out that there are huge differences between Hong Kong and Taiwan relative to mainland China. For example, real estate is a well-established industry in Hong Kong and Taiwan with many experienced agents, whereas sales reps in China tend to be very young.

Additionally, Silver quickly discovered that everything is up for negotiation, including referral fees. "Don't be surprised or offended by requests for large referral fees or low-ball property offers," he advises. "It's all part of the Chinese negotiation culture. If a buyer really wants the property, they'll pay. If not, they're just enjoying the negotiation process."

## Purchase Motivations

When working with any buyer, it's extremely beneficial to understand what's driving their interest. Among Chinese buyers, Silver has found the answers often include:

**The next generation** — Frequently, the decision to buy property overlaps with providing a Western education for children, typically at the university level, but sometimes at younger ages. Condos near college campuses are popular options, providing rental income before and/or after a student attends. Another benefit is that Canada automatically offers foreign students a three-year work permit at the conclusion of their studies.

**True ownership** — In China, all property belongs to the government and is only available on a leasehold basis. As a result, buyers from China are strongly attracted to freehold ownership, which Canada offers to foreigners without restrictions.

**Sheltering wealth** — Even though China has embarked upon limited financial reforms, many citizens still feel safer holding their wealth offshore, adding to the appeal of foreign real estate investments.

**Savvy investors** — As a rule, Chinese buyers carefully research potential property investments and are less likely to make decisions based on emotional appeal.

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## Torontoism Team Goes Global

### How One Agent Retooled His Business

#### Agent Essentials

Silver has made a substantial investment in ensuring his success with global clients. He cites these steps as being among the most important:

**Training** — As noted earlier, Silver found that earning the CIPS designation laid a solid educational foundation for his global practice. He also relies on other designees (the CIPS Network) for additional professional networking opportunities.

**Customs** — Whether interacting with a local Chinese community (greater metropolitan Toronto has five distinct areas), attending international conferences, or traveling overseas, it's important to avoid cultural faux pas.

**Involvement** — Look for groups within your local REALTOR® board, including NAR-affiliated Global Business Councils and related groups (based on language spoken, for example). Attend their fundraisers and support them as a volunteer.

**Travel** — Even though much can be accomplished from home, international travel goes a long way towards cementing relationships and developing a richer cultural understanding. Silver has made a point of attending Sotheby's networking events and visiting overseas branches. "I offered presentations on our local market, featuring areas and properties that would be attractive to Chinese clients," he explains. "It's a great way to become known as 'the Toronto guy.'"

#### Results

Consistently among the top one percent of salespeople in Toronto, Silver's efforts to expand his international presence are already paying off. Currently, 30 percent of his business comes from Chinese clients. He's also seen a change in the quality and price range of the properties they're marketing.

In addition to winning new buyer-clients, he's found that his global efforts are giving him an edge in winning new listings. Sellers are genuinely impressed when he explains how he can provide their home much broader visibility to a substantial and important market, largely untouched by other local agents.

"Even though all real estate markets are local, it's increasingly important to have global reach," explains Silver. "Shifting my business model has been a major undertaking, but I firmly believe it's one of the best decisions I've made. Plus, it's been genuinely fun and exciting!" 🌍

## 8 More Recommendations for Building Business with Chinese Clients

- 1. Spend money in non-local media and websites.** It's the only way to get past the "Great Firewall of China."
- 2. Join a local chapter of the Asian Real Estate Association of America (AREAA)** and attend conferences. With over 15,000 members and 35 chapters in the U.S. and Canada, AREAA offers excellent networking opportunities.
- 3. Get educated on local schools and universities.** Since education is central to many Chinese buyers' purchasing decision, it's essential to be informed about all options for all ages.
- 4. Learn about Feng Shui.** Attempt to incorporate these elements when staging homes.
- 5. Explore and get used to eating unusual foods.** Food is central to Chinese celebrations and it's important to participate in and potentially host these occasions.
- 6. When visiting business colleagues, bring gifts.** Also learn what gifts are considered appropriate (or offensive).
- 7. Learn the proper protocol for exchanging business cards.** Throughout Asia, there are extensive rules of etiquette for both giving and receiving.
- 8. Pay attention to lucky/unlucky numbers.** Eight, for example, is one of the luckiest numbers, whereas four signifies death. Attempt to adjust listing prices and appointments (dates) accordingly.

Note: For additional insights on Chinese market dynamics and buying trends, see the February 2016 issue of *Global Perspectives*.





## Agent Snapshot



### **Brian Woods, CIPS**

Team Realty and Investment Solutions, LLC  
Royal Palm Beach, FL

**If you don't get out and talk to people, you won't hear what they're doing, which can be your best source of new ideas and business opportunities.**

**I've been very enthusiastic about global real estate opportunities, taking three or four international trips a year, typically making presentations to agents and investor groups. Whether I'm visiting Canada, Colombia, Panama, China, or other countries, my goal is always the same—to establish point people in various destinations through whom I can gain access to an even broader set of relationships.**

Success is never simple, but I've seen these qualities as among the most important:

**Leverage your CIPS** - The training really helped me understand how real estate practices vary across countries. Since completing the coursework, I've also relied heavily on the CIPS Network. It's an exceptionally strong and growing group of professionals who've invested in their business and "get" global real estate. Whenever I travel internationally, I rely on CIPS connections to build my global network.

**Deliver top-notch client service** - When working with international clients, you have to offer "white glove" service. These clients

won't be familiar with many aspects of how things are done in a foreign market and will rely heavily on your assistance. We're fortunate in that we have a very diverse team of agents and value added partners who can help solve various challenges.

**Get involved** — There are many ways to do this. I've chosen travel and REALTOR® leadership, but that's not essential. What's more important is simply getting involved locally (especially if your association has a Global Business Council) and at various international networking events. If you don't get out and talk to people, you won't hear what they're doing, which can be your best source of new ideas and business opportunities.

**Be persistent** — Global business won't happen overnight, but if you stick with it, it will come. And once you do land an international buyer, you can pretty much count on several additional referral-based transactions when they pass your name along to others back home.

I firmly believe global is the future direction of the real estate industry, especially in the U.S., which attracts buyers from all over the world. 🌍



## Agent Snapshot



**Robert Rosmis, ABR®, CIPS**  
 Spaces Property Group LLC  
 Chicago, IL

**My own personal strengths are in coaching, teaching and training, which I've leveraged to enhance my global real estate networking efforts.**

I've always been an entrepreneur, and real estate gave me the perfect platform to build on. In 2013, I became a licensed agent with @Properties. Two years later, I was recruited by Spaces Property Group to head up their Sales Division and manage their training/recruitment efforts. Earlier this year I decided to expand my reach by earning my CIPS designation.

So far in 2016, I've visited four countries (Germany, Dubai, Greece, and Costa Rica). My goal on these trips is to meet and connect with quality people who are already established in their respective markets. My CIPS instructor David Wyant and his wife Patsy have been instrumental in pointing me towards the right people, and the right opportunities.

Having global connections helps set me apart from other local agents and provides additional reach for my clients. Even if I'm referring a client to another agent, however, I want to retain some direct involvement in their experience instead of simply passing them off to someone else.

My own personal strengths are in coaching, teaching and training, which I've leveraged to enhance my global real estate networking efforts. I'm always looking for opportunities to share valuable insights

with other agents and forge stronger cooperative working relationships.

To that end, I've started hosting monthly webinars/conference calls on various global real estate topics, based on the connections I've made. For example, when attending a recent Mexican Association of Real Estate Agents (AMPI) event, I met Mitch Creekmore with Stewart Title. This led to a joint program that examined the entire real estate transaction process in Mexico, including buyer acquisition, searching for homes, and the steps between contract and closing.

Mitch provided most of the content, but I took the lead in promoting the event, primarily on the CIPS-only Facebook page (Official Group: NAR CIPS Designees). Participation in these events is growing, accomplishing two important goals—helping CIPS designees work together and raising my visibility within the group.

Similarly, I've launched a CIPS - Midwest group on Facebook, inviting my classmates

to join and remain in contact, sharing class information, events, real estate tips and photos. My sincere interest in reaching out and collaborating with other agents has been a great way to jumpstart my global efforts. 🌐

**Rob Rosmis**  
 June 6 at 7:44am · Chicago, IL

**THE MEXICAN REAL ESTATE TRANSACTION: TUESDAY (TOMORROW) ----- JUNE 7TH @ 10:00 Central Time (US & Canada)**

**CLICK FOR SCREEN SHARE: <https://join.me/RobRosmisChicago>**  
**CALL FOR CONFERENCE: 1-213-226-1066... See More**

**The Mexican Transaction Process**  
 TOMORROW · June 7th @ 10:00am (Central / US)