

Foreign Investment in The San Gabriel Valley



**THE EASTERN BRANCH OF THE
SOUTHERN CALIFORNIA CHAPTER OF THE
APPRAISAL INSTITUTE**

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GREGG WHITTLESEY**

Overview



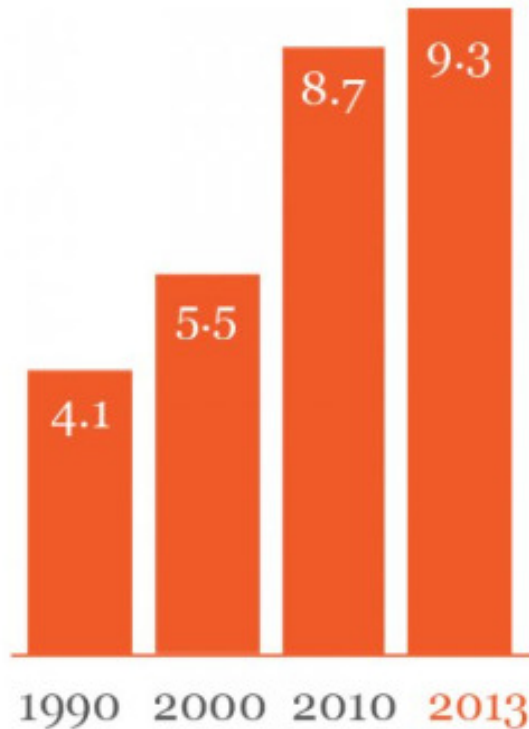
- Introduction
- Architecture and aesthetics
- EB5 program
- Neighborhood dynamics and trends
- Arcadia focus
- Location and orientation / cultural trends
- Graphing the trend
- Prominent builders and developers
- Building cost case studies
- Notable properties

Emigrant trends

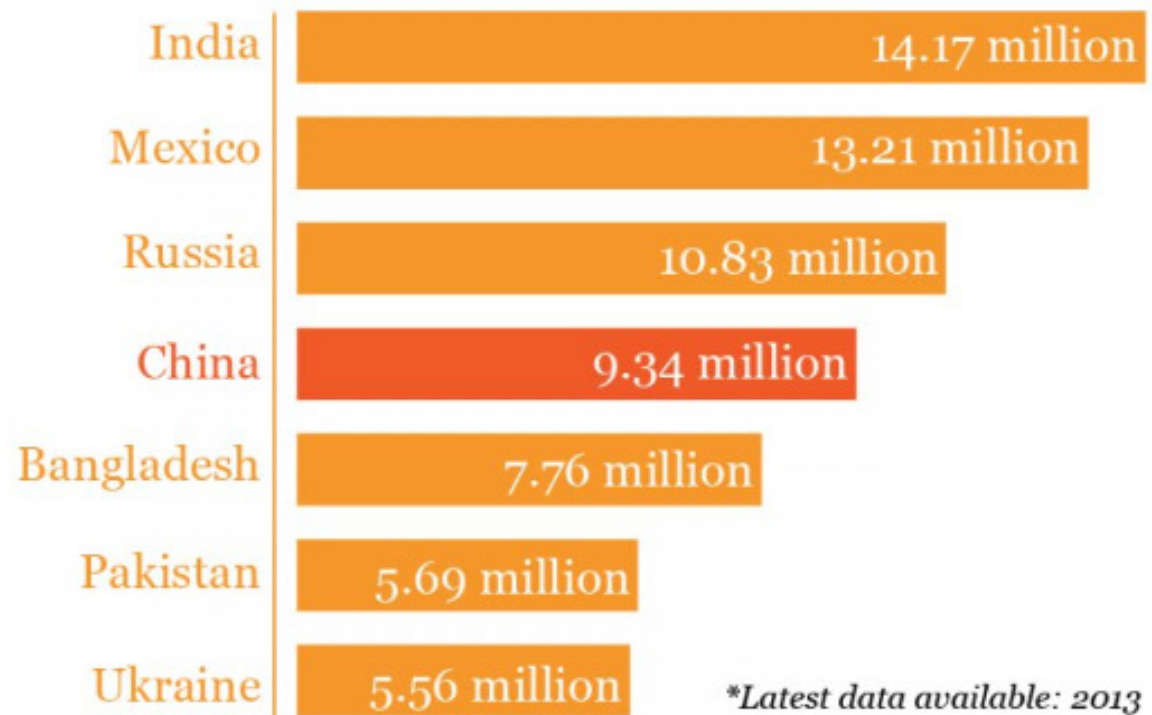


Emigrants from China Per Year

**unit is millions*



Countries of Origin for Emigrants Worldwide

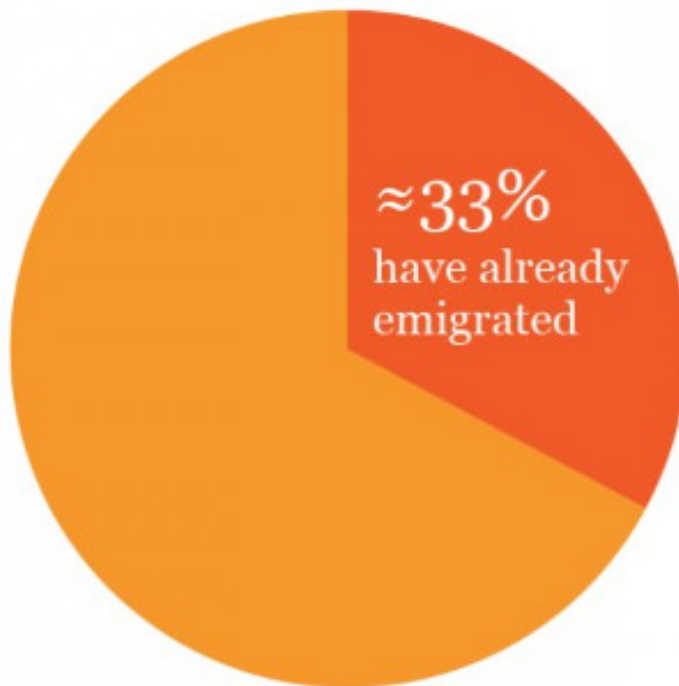


**Latest data available: 2013*

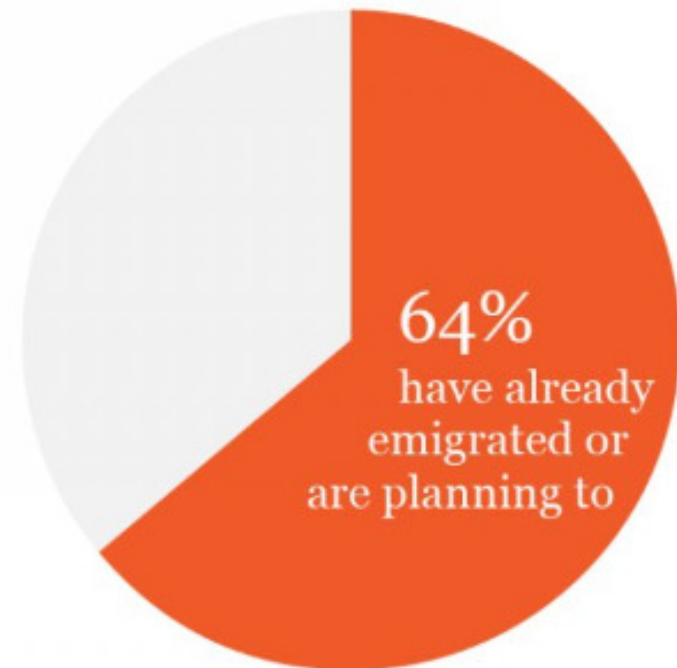
Percentages of Rich People Who Leave the Country

Super-Rich

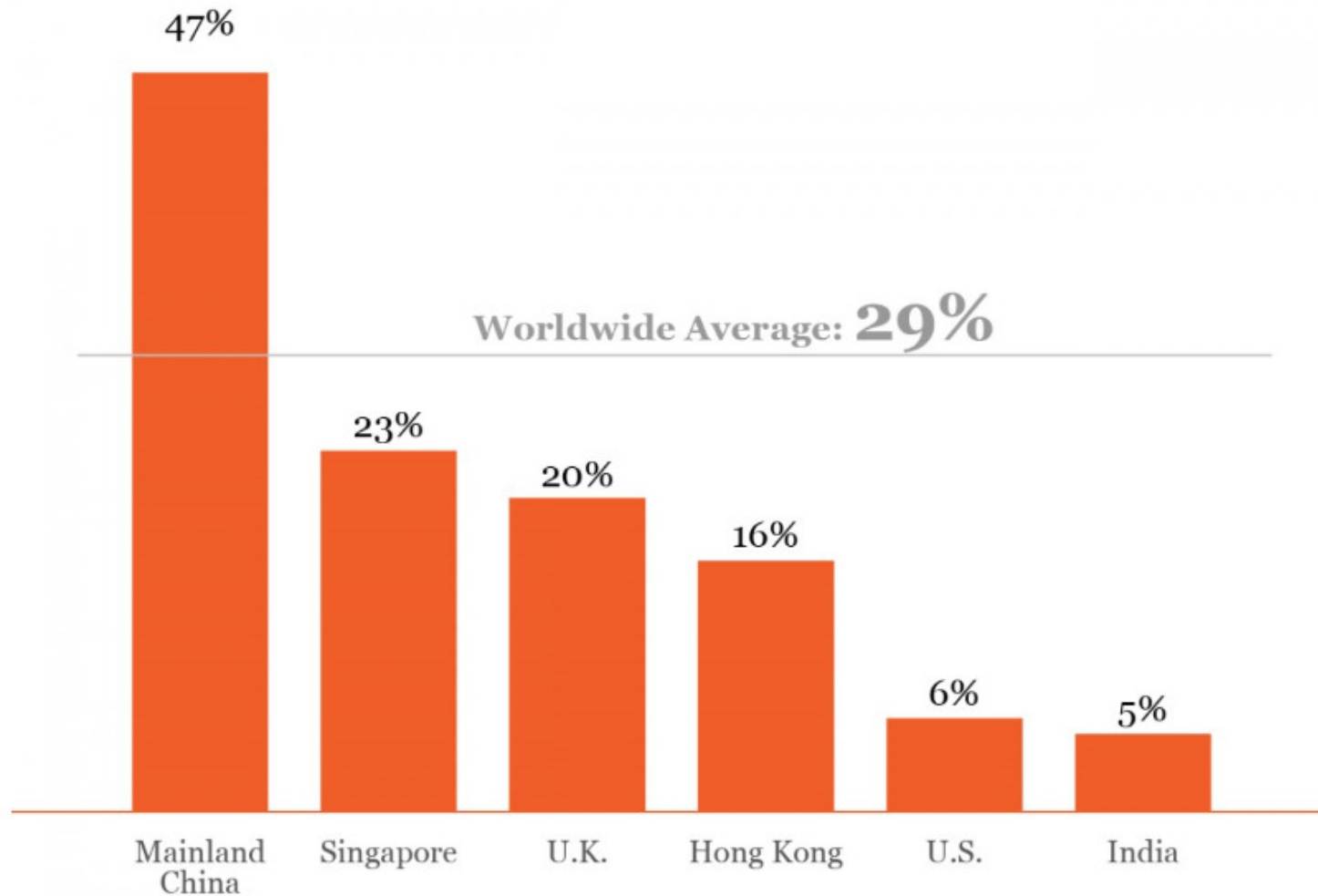
Assets exceeding U.S. \$16 million



Millionaires



Percentage of Wealthy Individuals Who Plan to Move Abroad Within the Next 5 Years

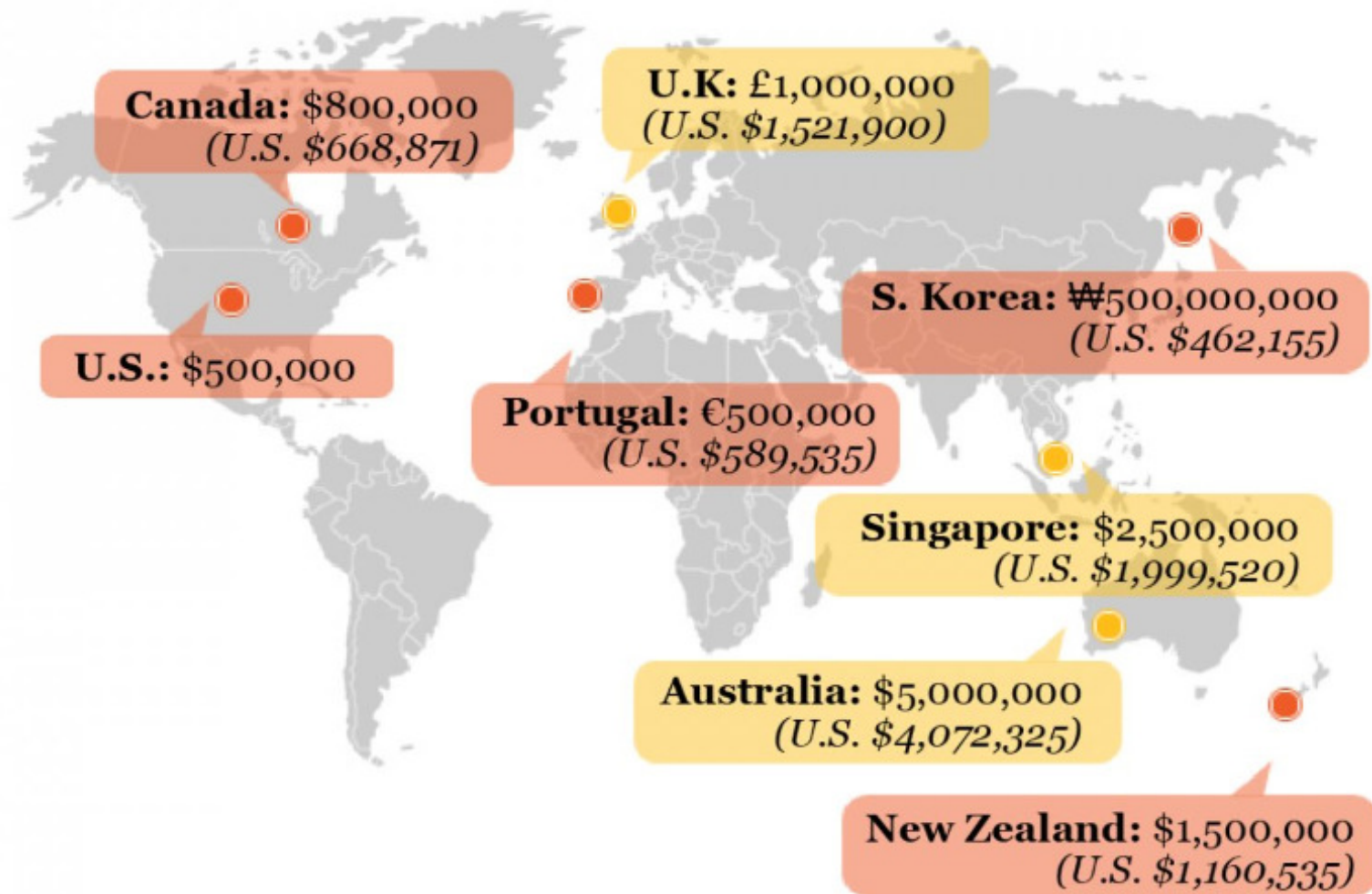


Top Destinations for Wealthy Chinese Emigrants



<div></div>	U.S.	52%
<div></div>	Canada	21%
<div></div>	Australia	9%
<div></div>	Europe	7%
<div></div>	New Zealand	4%
<div></div>	Singapore	3%
<div></div>	Japan	1%
<div></div>	Other	1%

Minimum Investment Required to Immigrate by Country



U.S. EB-5 Immigrant Investor visa



- \$500,000 investment in American enterprises
- Directly or indirectly employed 10 workers
- Five year investment horizon
- Must reside continuously in the U.S. for five years.

Canada

Immigrant Investor Plan (IIP)



- Must own C\$1.6M in personal assets
- Must be top manager or business owner during 2 of last 5 years, <or>
- Must invest C\$800,000 in a bank designated by the government, to be returned in full after five years

Australia

Tier 1 (Investor) visa



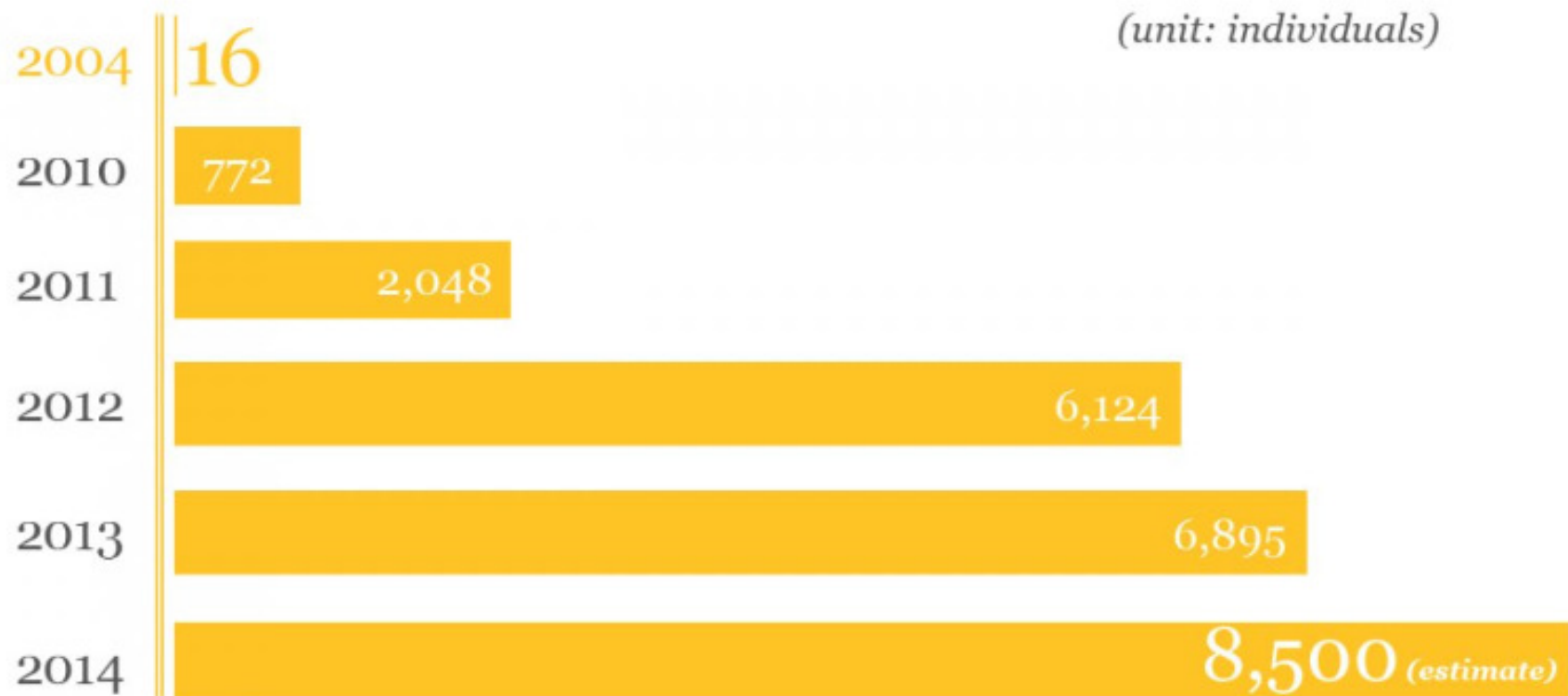
- Must invest 2M pounds in designated Treasury bonds, which will return 100 pounds plus interest after 5 years.
- May become permanent resident after 5 years, and may apply for citizenship after 6.

New Zealand Entrepreneur Work visa

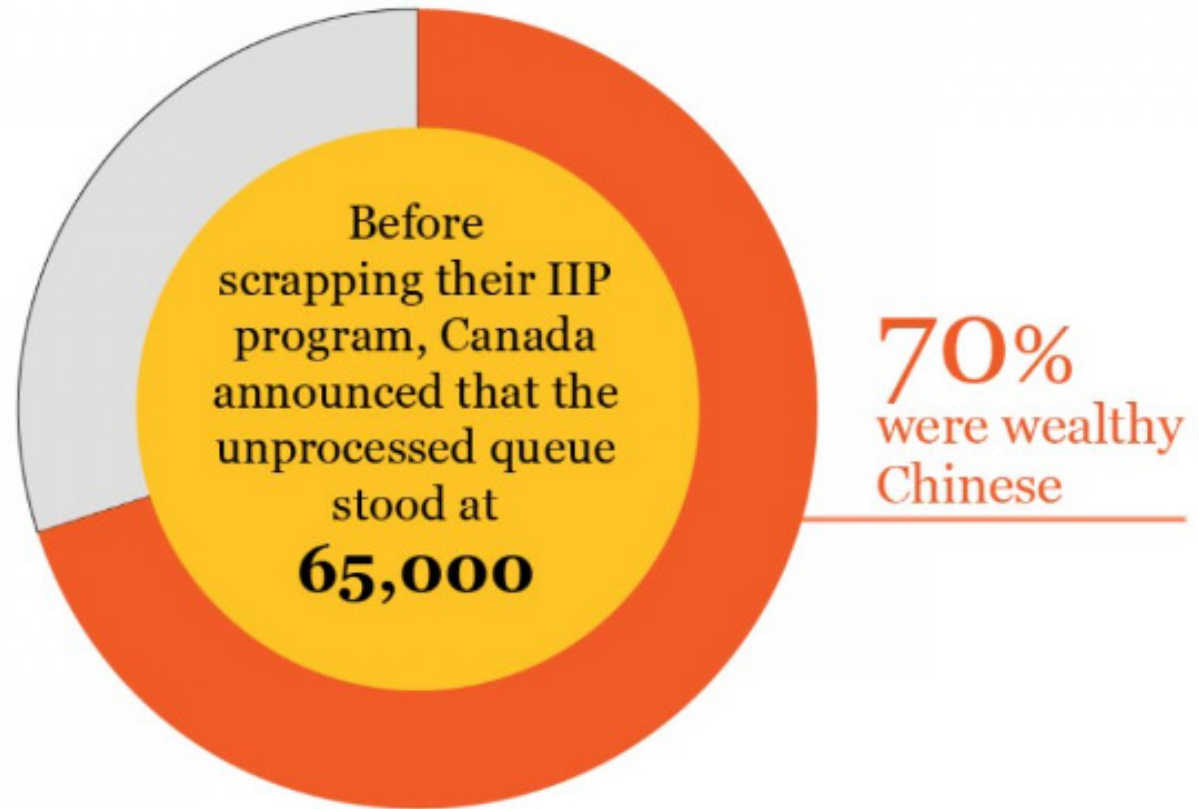


- Must invest \$1.5 billion NZ in designated funds over the course of 4 years.
- Must reside in New Zealand for 4 years out of 5 and pass citizenship test.

Total Number of Chinese to Receive Immigrant Investor Visas for the U.S.



Canada Scrapped IIP in 2014



China's Wealth Depletion



Inflow:

In 2012, Chinese emigrants sent U.S. \$66 billion in remittances back to China, or almost **.4 trillion RMB**.



Outflow:

In 2011, the combined wealth of Chinese who individually own more than 6 million RMB in investable assets came to 33 trillion RMB, of which **2.8 trillion** was transferred overseas.



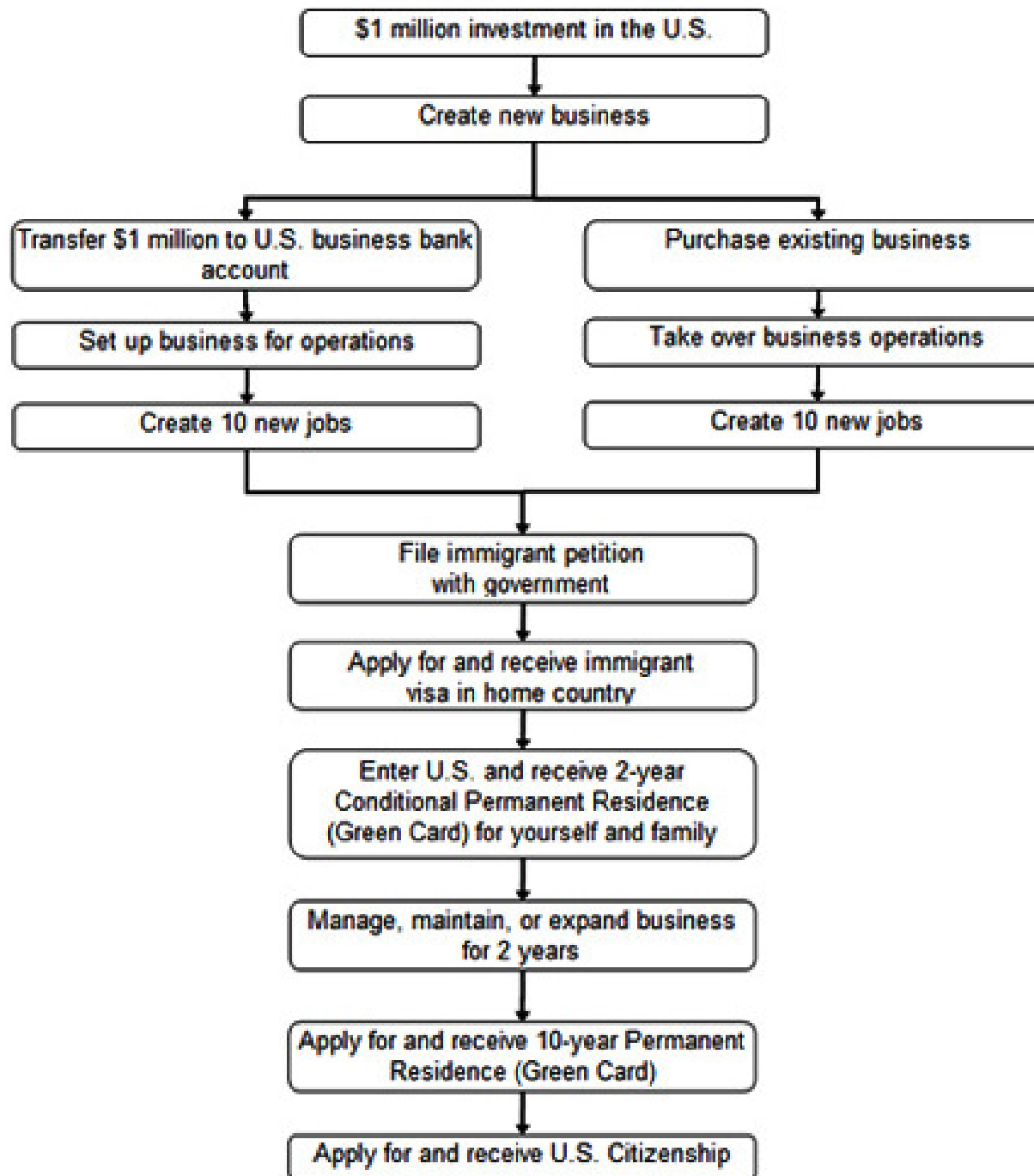
Chinese Investors Flock to Real Estate

Between April 2013 and March 2014, Chinese nationals purchased more than **U.S. \$221 billion** worth of real estate in the U.S.



According to the “2014 Annual Report on Chinese International Migration,” Chinese nationals are the **largest foreign investors** in real estate in the cities of Vancouver, Brisbane, and London.





What's Driving Chinese Emigration?

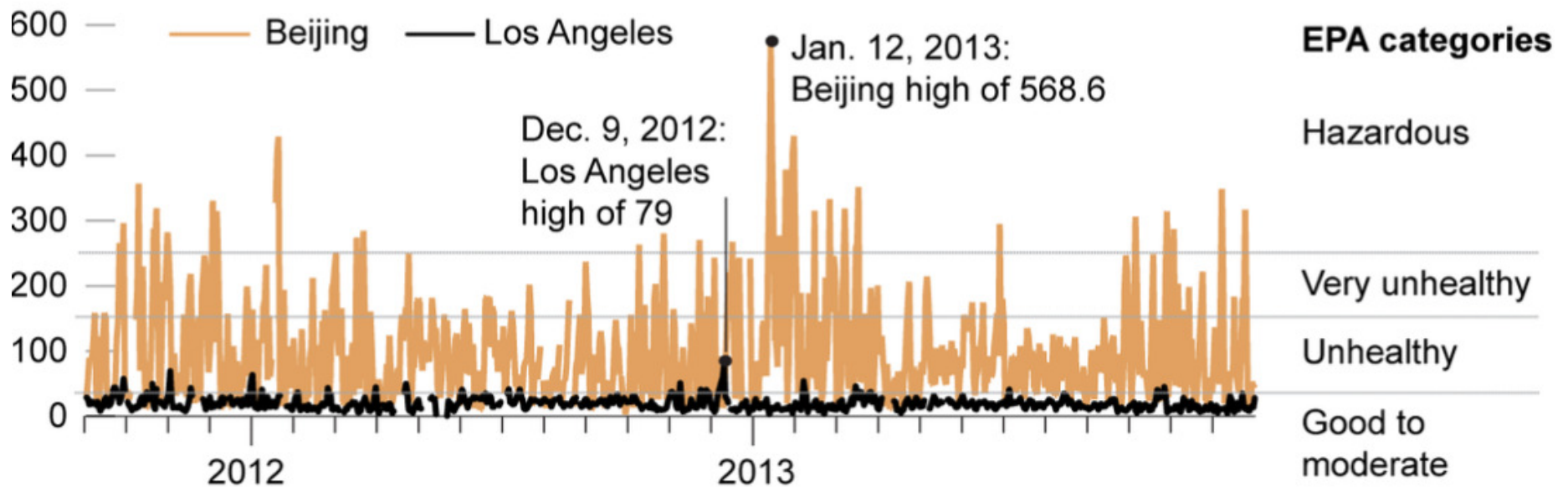


- Main three factors driving emigration:
 1. Education
 2. Pollution
 3. Food safety

Beijing regularly tops L.A.'s worst smog day



Daily average, particulate matter (PM2.5) (In micrograms per cubic meter)



Sources: South Coast Air Quality Management District, State Department.
Data analysis by Sandra Poindexter

@latimesgraphics

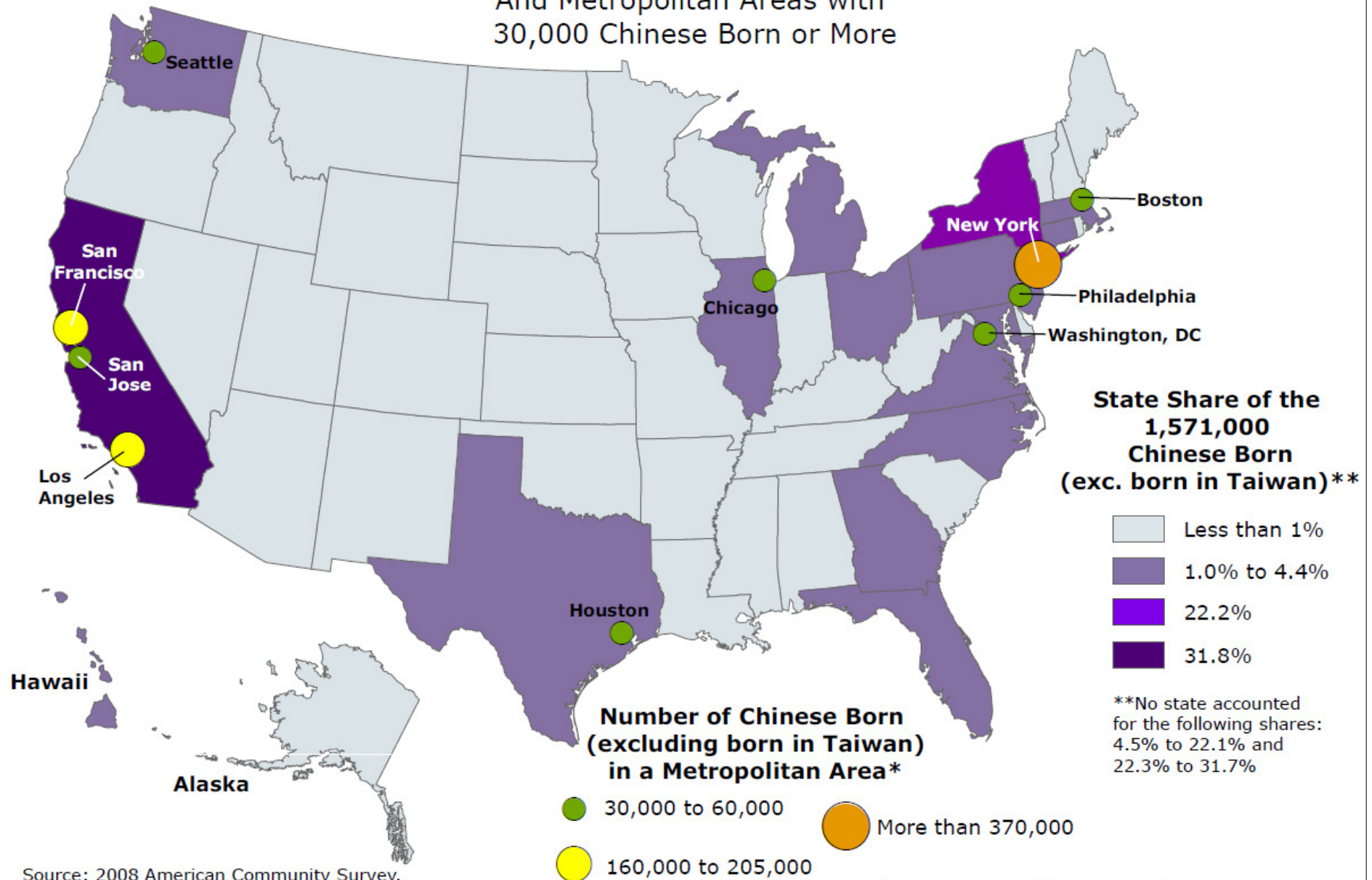
Most Popular Destinations



1. Los Angeles
2. San Francisco
3. New York
4. Vancouver

State Proportion of the Chinese-Born Population in the United States

And Metropolitan Areas with 30,000 Chinese Born or More



Percentage of Asian Immigrants in select San Gabriel Valley Communities

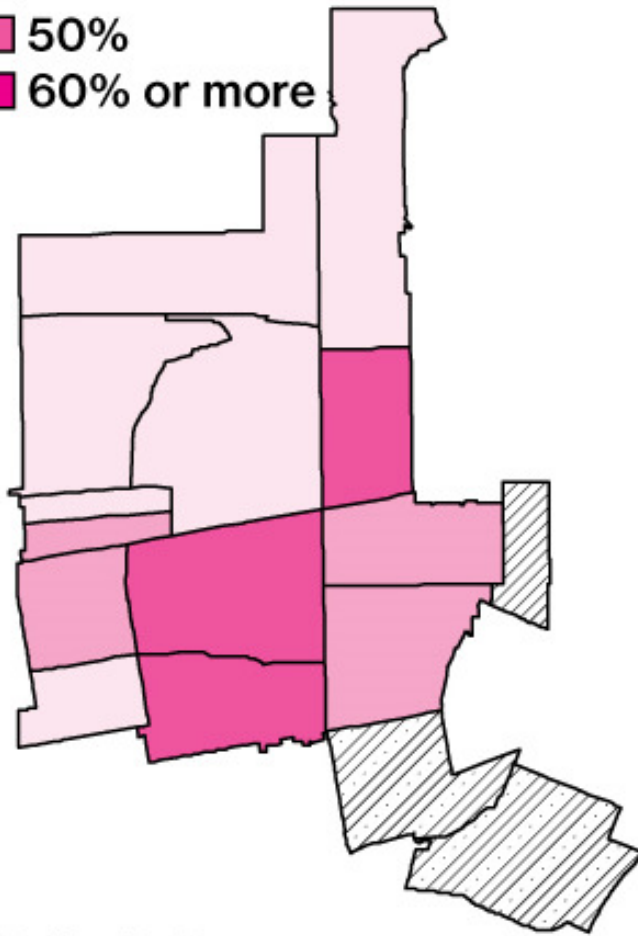
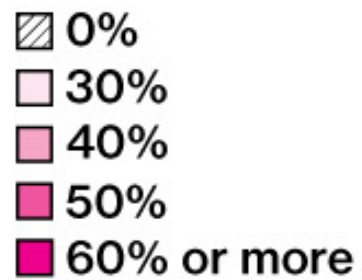
- Monterey Park 61%
- San Gabriel 49%
- Alhambra 47%
- Arcadia 45%
- Rosemead 48%
- San Marino 47%
- Diamond Bar 42%
- Pasadena 10%
- Monrovia 6.8%

Focus: Arcadia

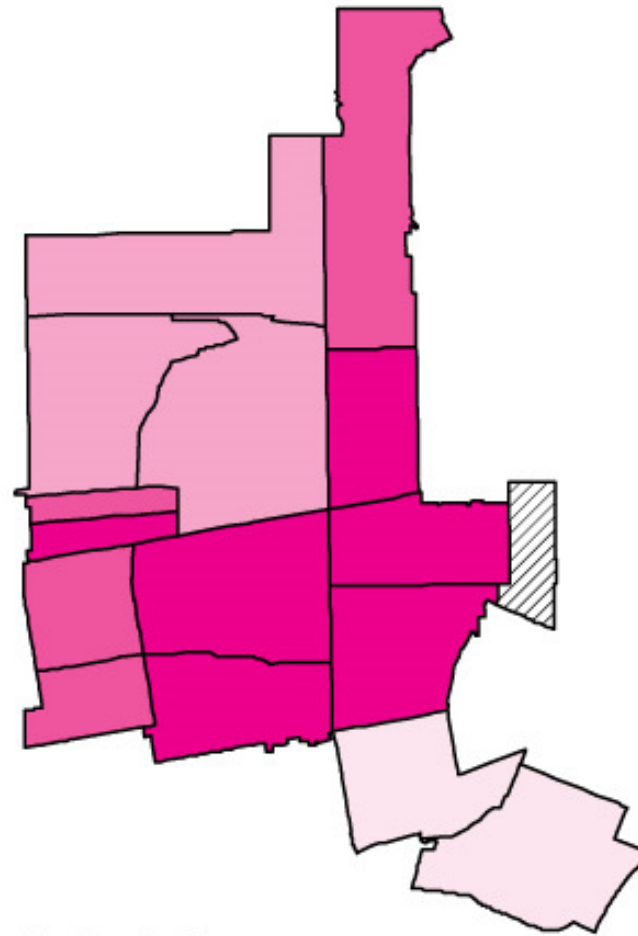


- Excellent schools
- Large lots with lenient building codes
- Good air quality
- Picturesque mountain backdrop
- Building permit income to city (2014) = \$7.9million
a 72% increase from the previous year
- Recent city changes limits the power of local HOA's
to restrict the size of houses.

Arcadia's Asian population



2000



2010

DATA: U.S. CENSUS BUREAU, LOCAL LABS

Intangible value characteristics



- The number “88” symbolizes fortune and good luck in Chinese culture.
- The number “4” is unlucky, homophonus to the word “death”.
- Feng Shui house orientation – south preferred.
- Some property listings cite year built using Chinese lunar calendar.

\$1,688,880↑	5/4,0,0,0	1996/ASR		
\$1,168,800↓	3/2,0,0,0		\$2,350,000	2/2,0,0,0 1940/ASR
\$1,188,000	2/2,0,0,0		\$4,788,000	5/6,0,1,0 2015/SLR
\$2,480,000↓	4/4,0,1,0		\$8,288,000	6/6,1,1,0 2015/BLD
\$1,758,000↓	5/3,0,1,0		\$5,388,000	7/8,0,1,0 1996/ASR
\$2,988,800↓	4/3,1,1,0		\$5,688,000↓	7/7,0,0,0 2006/ASR
\$1,252,888↑	2/1,1,0,0		\$6,980,000	7/8,0,0,0 2011/BLD
\$1,328,888↑	2/2,0,0,0		\$2,888,888↓	3/3,0,0,0 1942/ASR
			\$2,500,000	5/3,1,1,0 1958/ASR
			\$2,880,000	6/3,0,0,0 1928/ASR
			\$2,380,000	4/0,3,1,0 1941/ASR
			\$9,990,000↓	7/9,0,1,0 2014/BLD
			\$988,000	3/3,0,0,0 2000/ASR
			\$6,588,888↓	7/7,0,0,0 1951



The number 4



- Josh Grohs with Mur-Sol Construction recently stated a house with “44” in the address would be worth \$300,000 \$400,000 less.
- Listing at 444 Oxford Dr was changed to “448” before selling.
- Listing at 444 W Huntington Dr – buyers were not interested.

The number “4” vs “8”



- 390 sales surveyed in Arcadia.
- Mean \$/SF for houses with the number “4” = \$133
- Mean \$/SF for houses with the number “8” = \$144
- Difference due to numbering = \$11/SF.

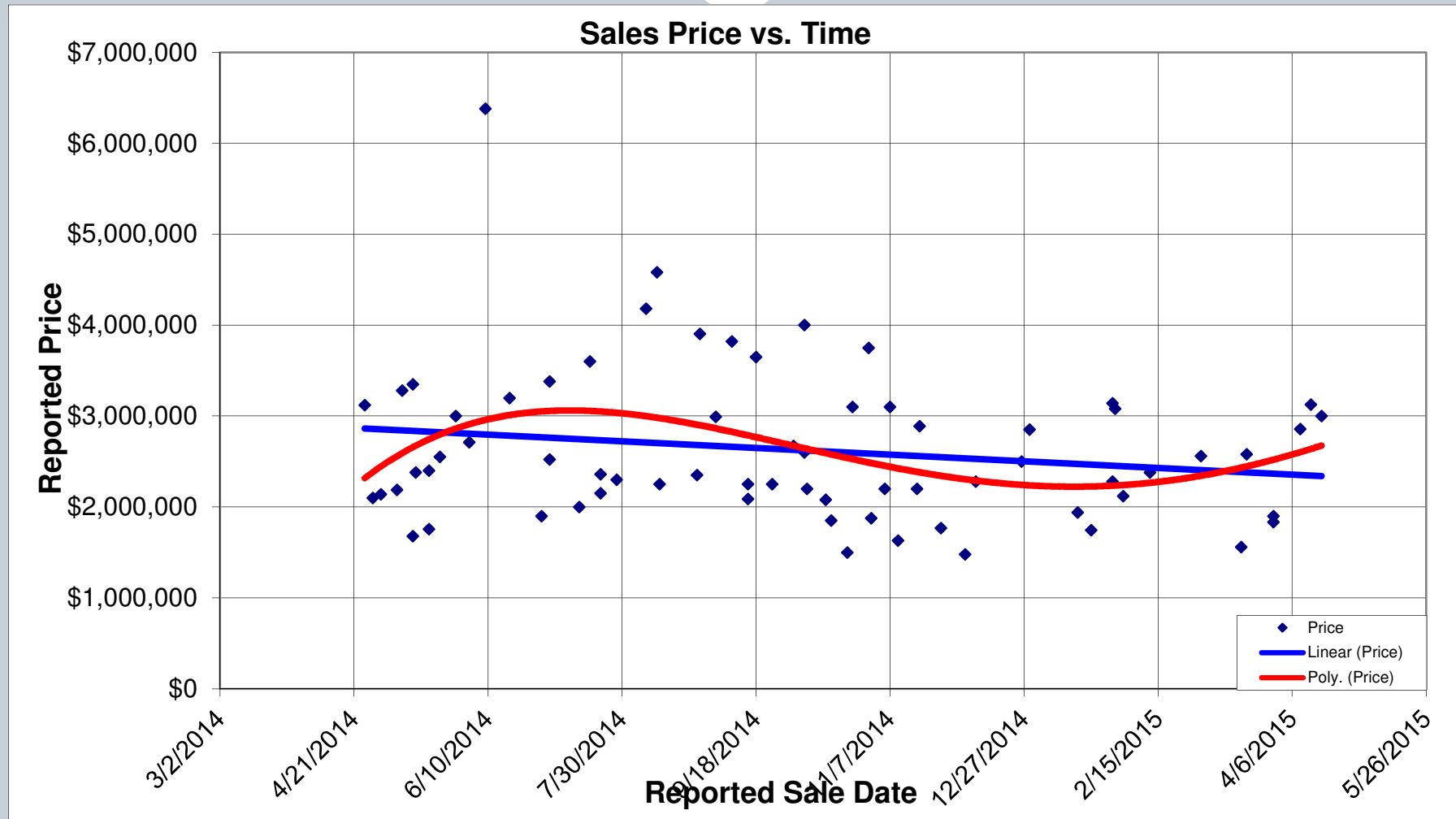
L/S Price	Br/Ba	YrBuilt	Sqft
\$1,570,000	4/2,0,0,0	4714/ASR	2074/A
\$1,800,000↓	4/3,0,0,0	4796/BLD	2852/T
\$1,810,000↓	4/3,0,1,0	5614/ASR	3014/A
\$3,500,000↓	9/7,0,1,0	5991/ASR	6103/A
\$779,000↓	3/2,0,0,0	5110/SLR	1740/A
\$789,000↓	3/2,0,0,0	5110/SLR	1740/A
\$1,350,000↓	4/3,0,0,0	3987/SLR	2898/A
\$5,680,000	7/3,3,2,0	6011/SEE	7308/B

Recent news



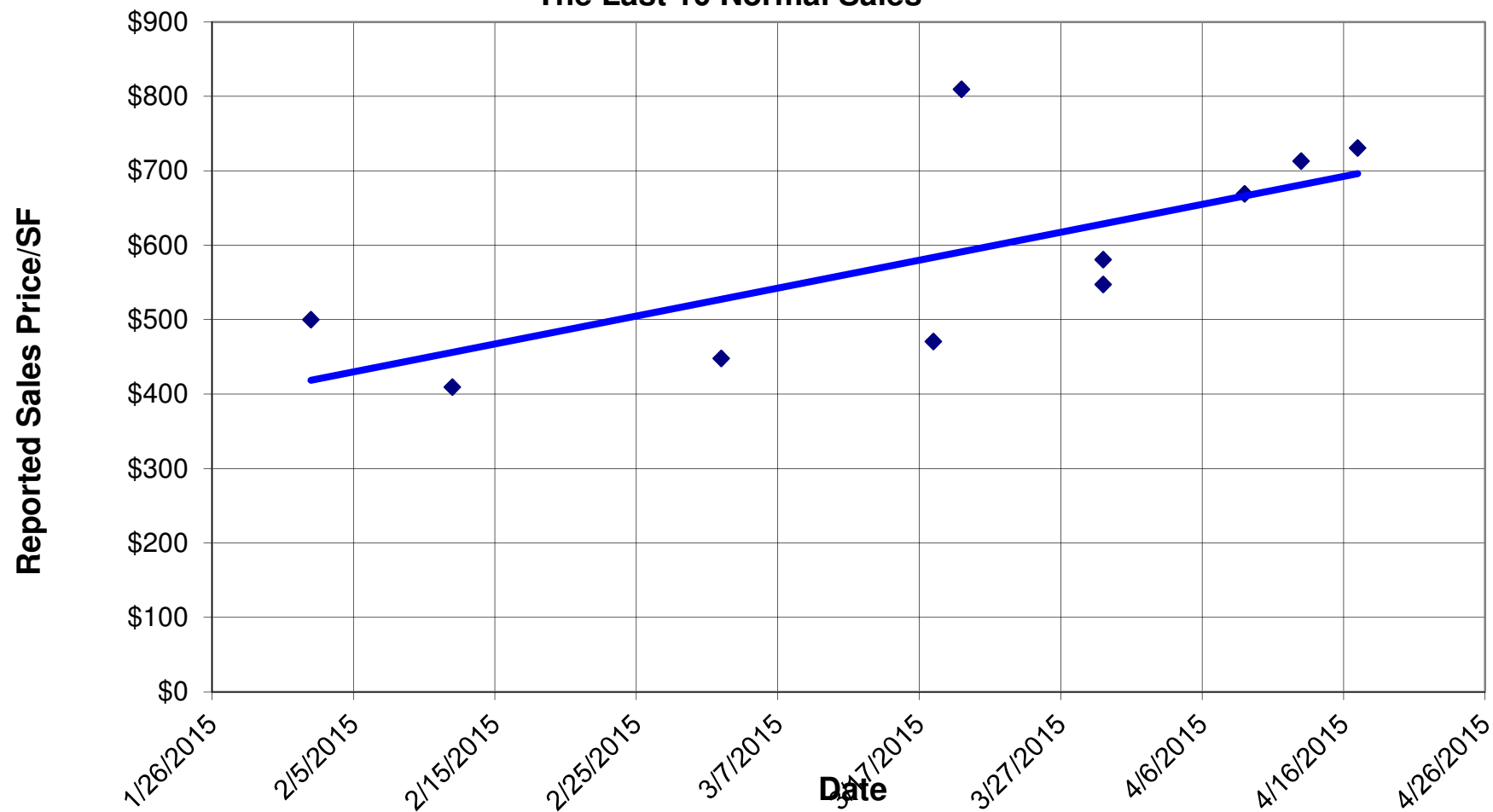
- Sierra Madre extends demolition moratorium for historic preservation
- Sierra Madre extends construction moratorium until 2016 – water conservation
- San Marino revises building codes to allow basements
- Activists sue Arcadia over 2 residential development projects

Arcadia trends (3,000-6,000 SF / 10k lot+)

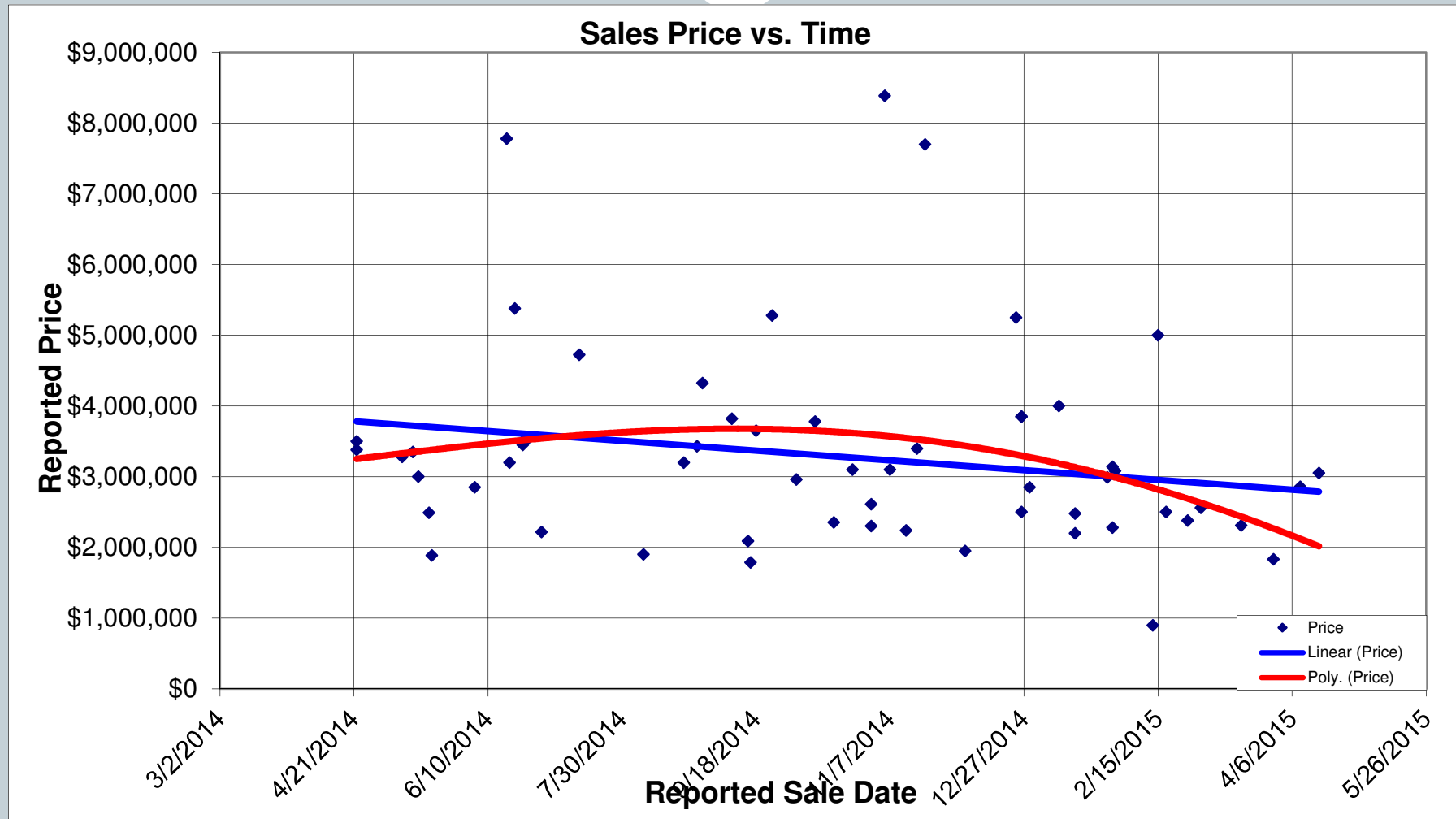


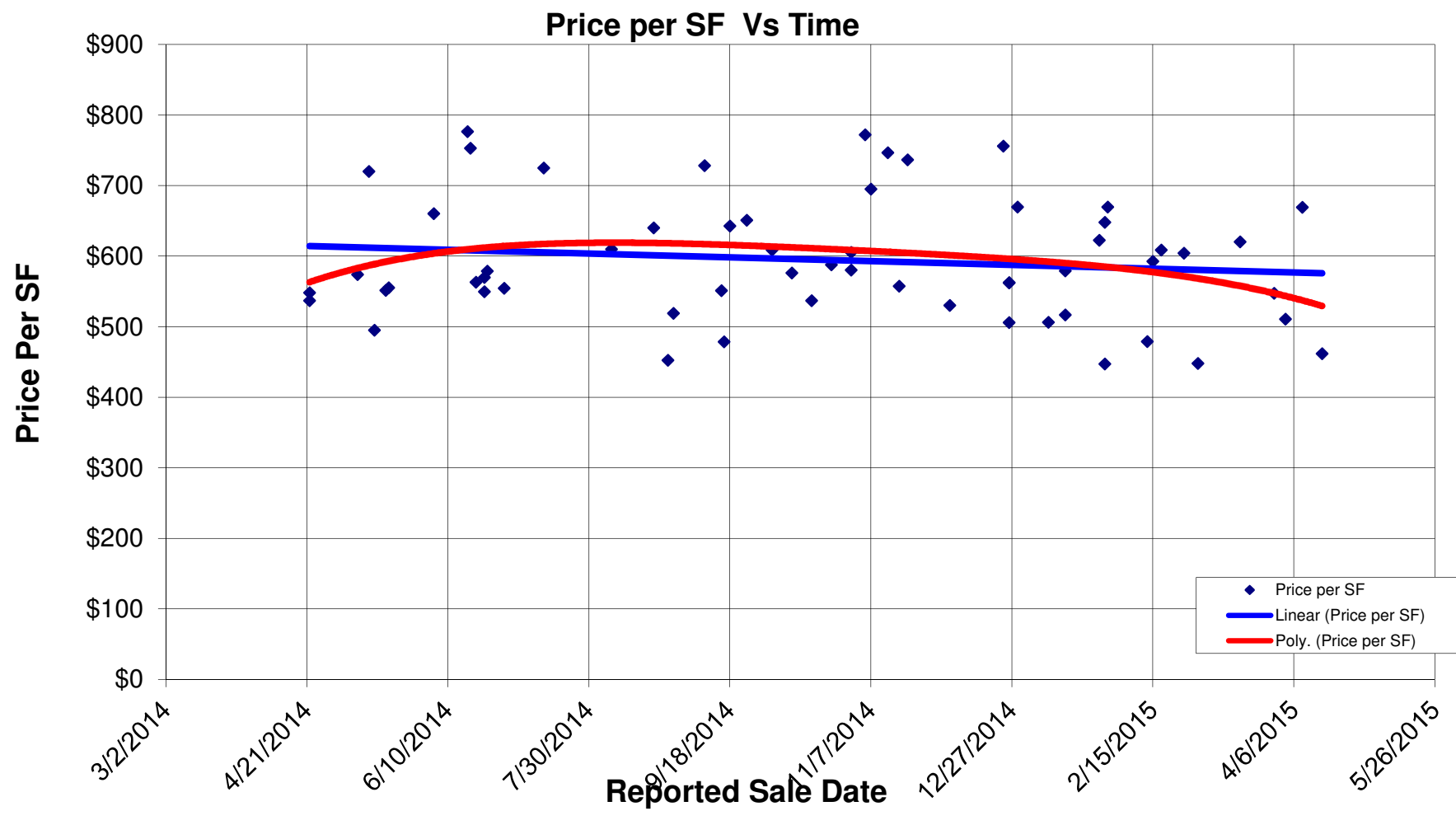


The Last 10 Normal Sales



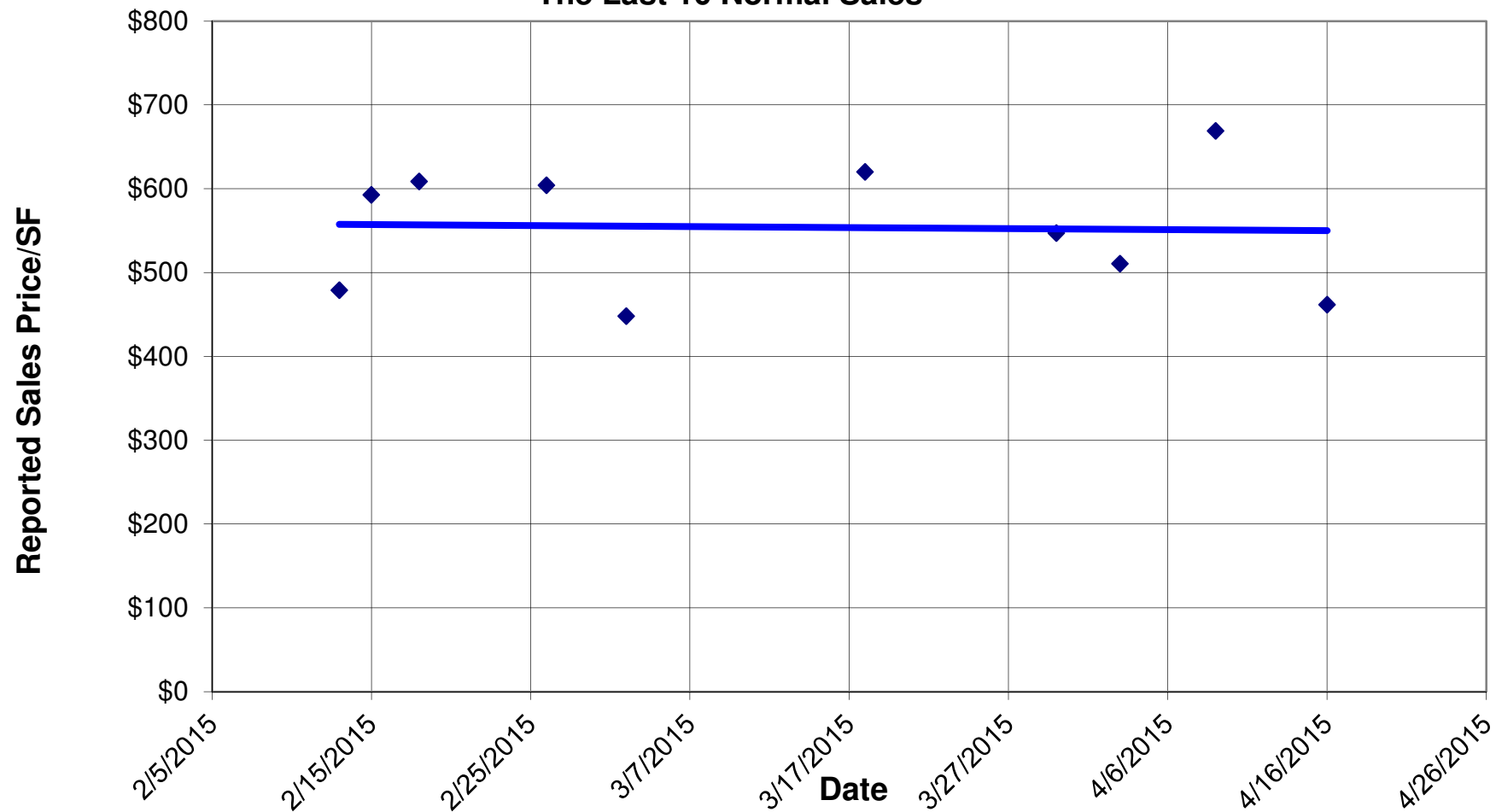
Arcadia trends (homes up to 5 years old)



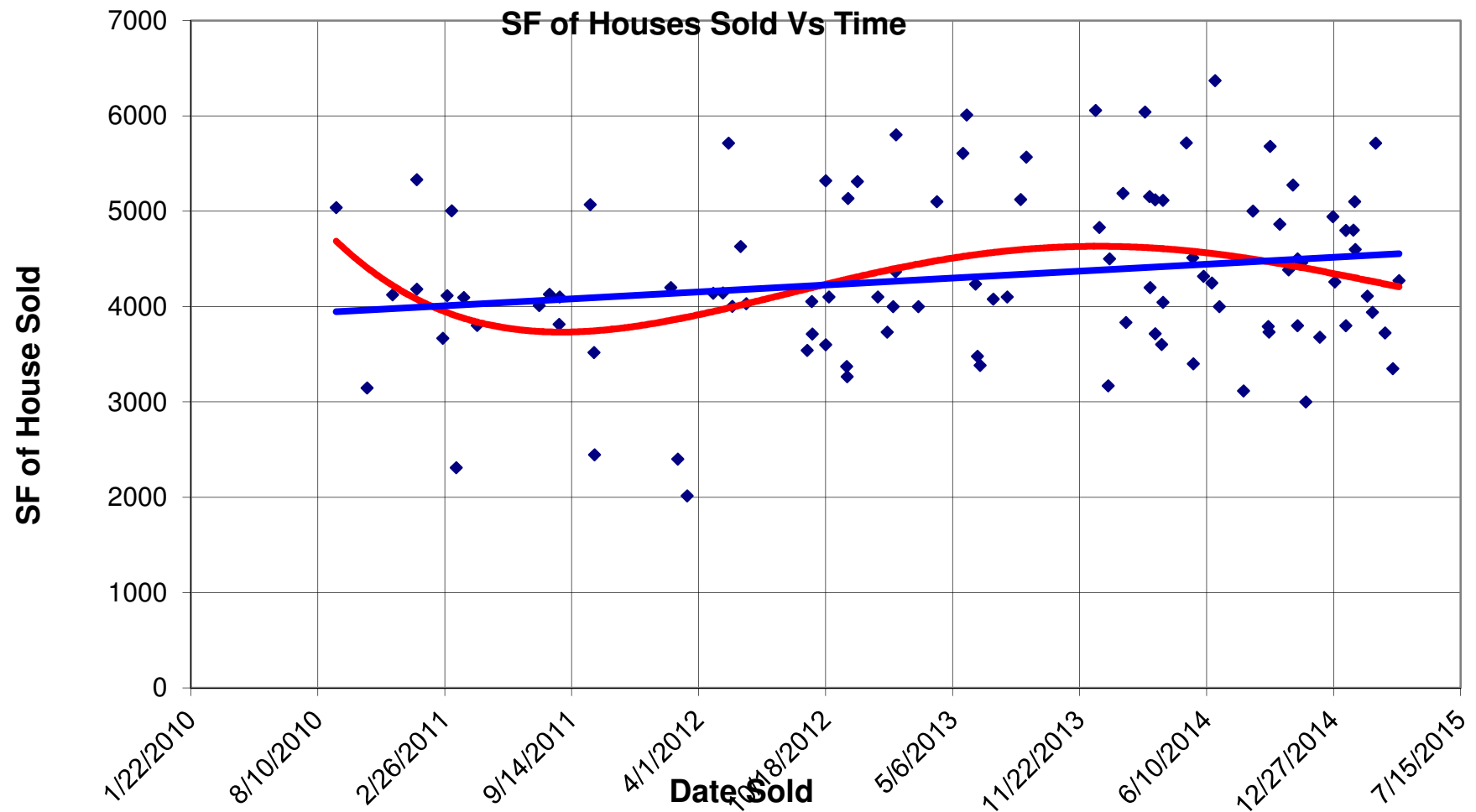




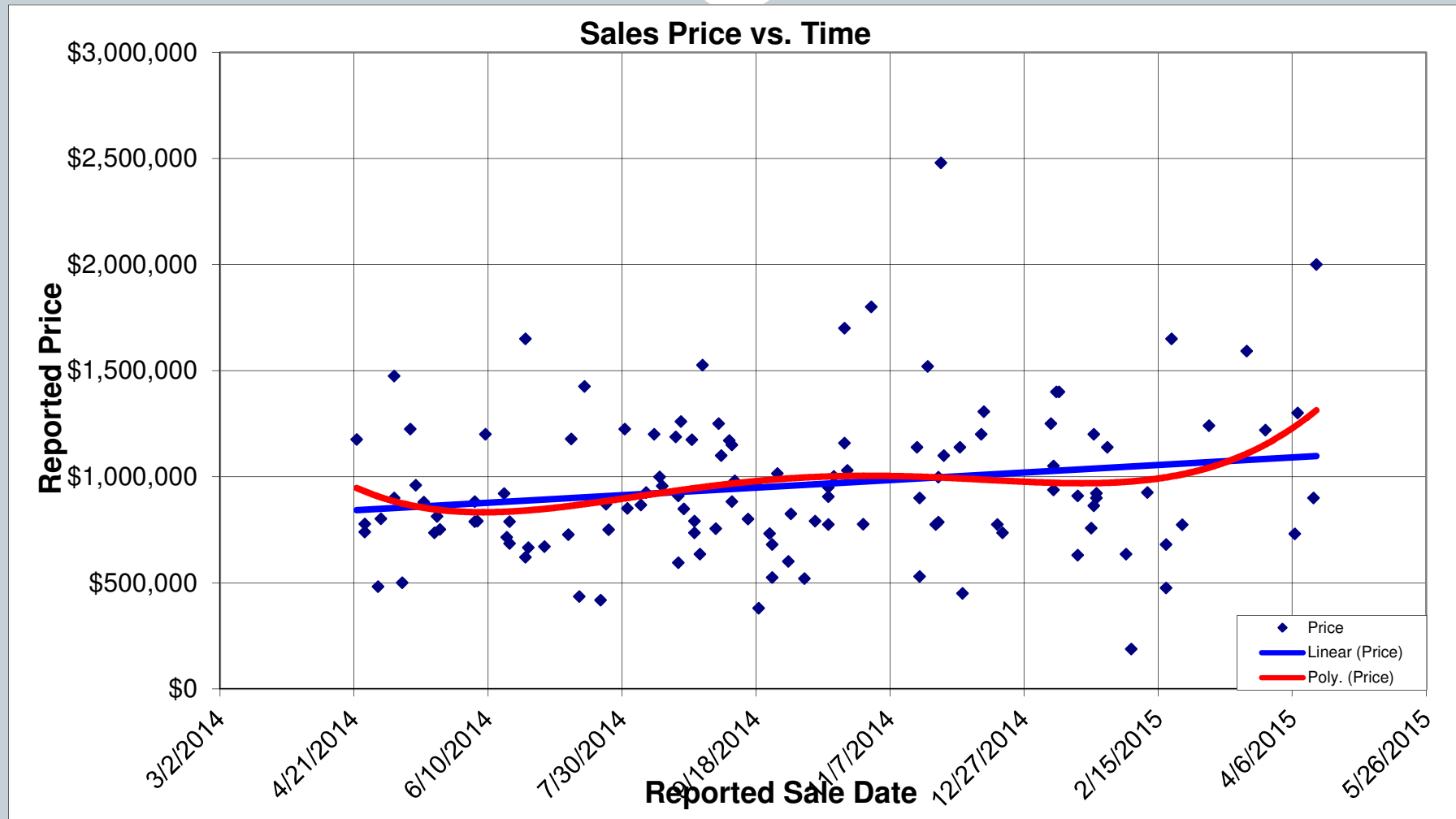
The Last 10 Normal Sales

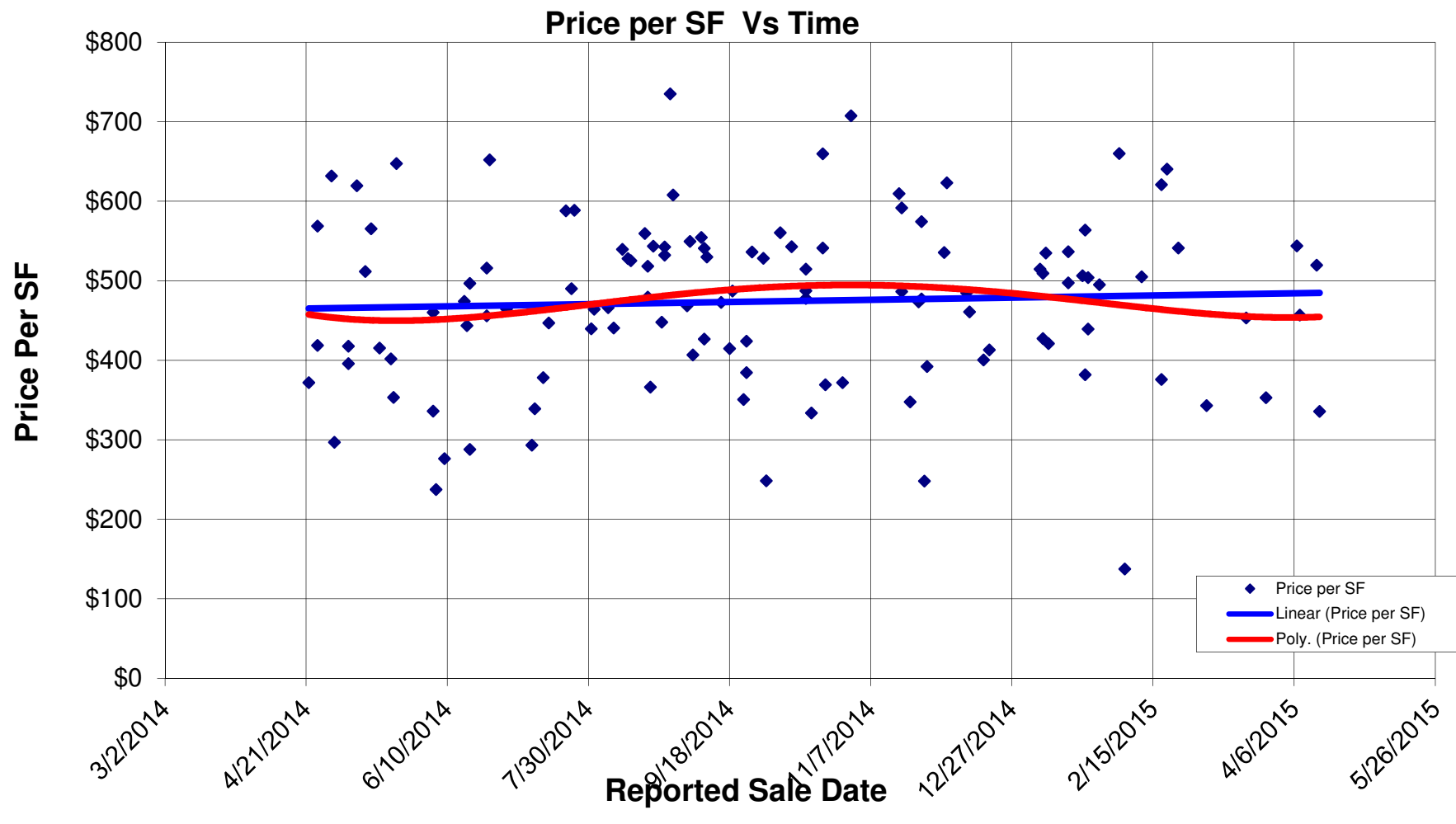


Arcadia building size trend (last 5 years, year built 2010+)



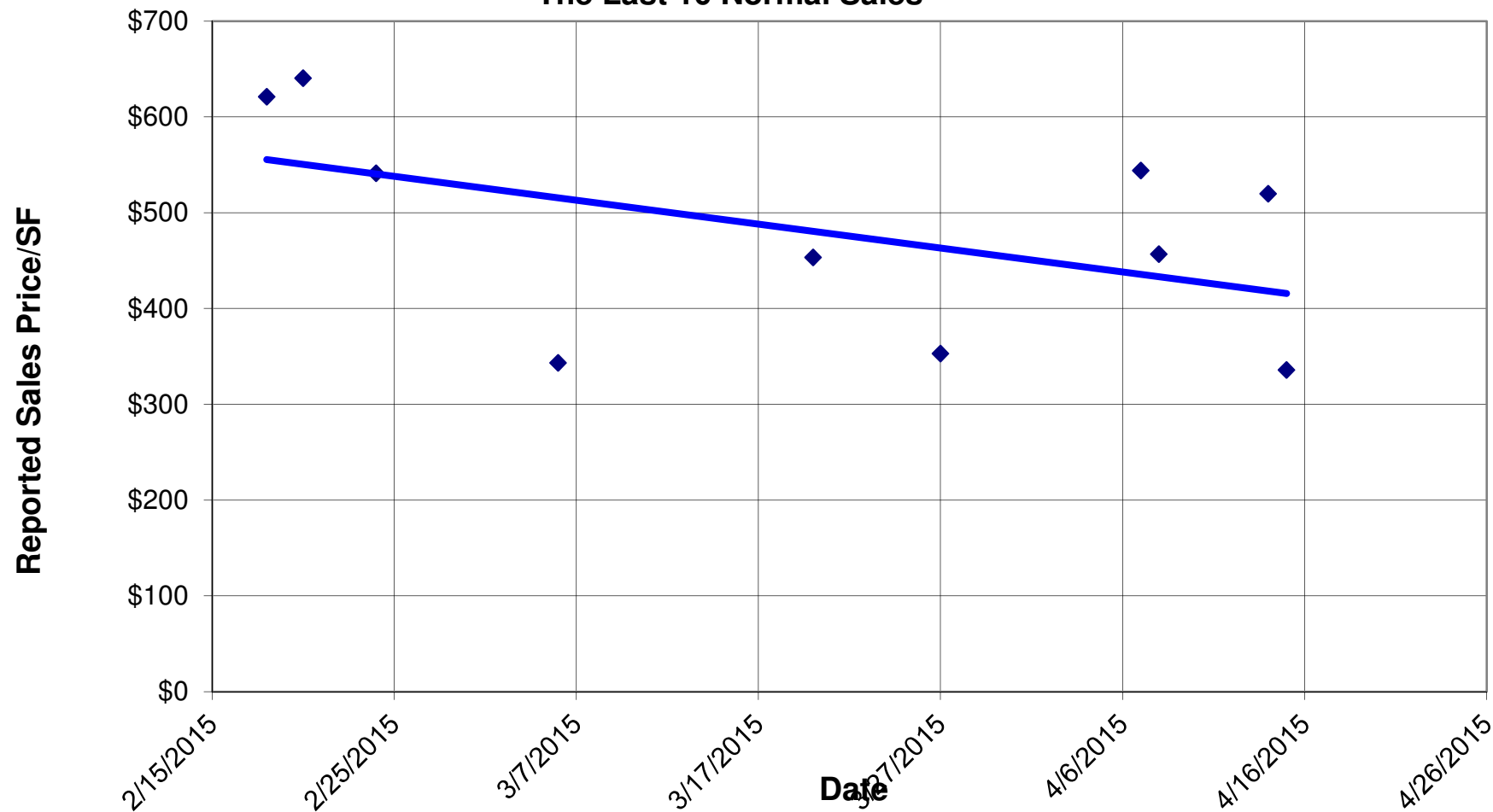
Sierra Madre trends (all SFR)



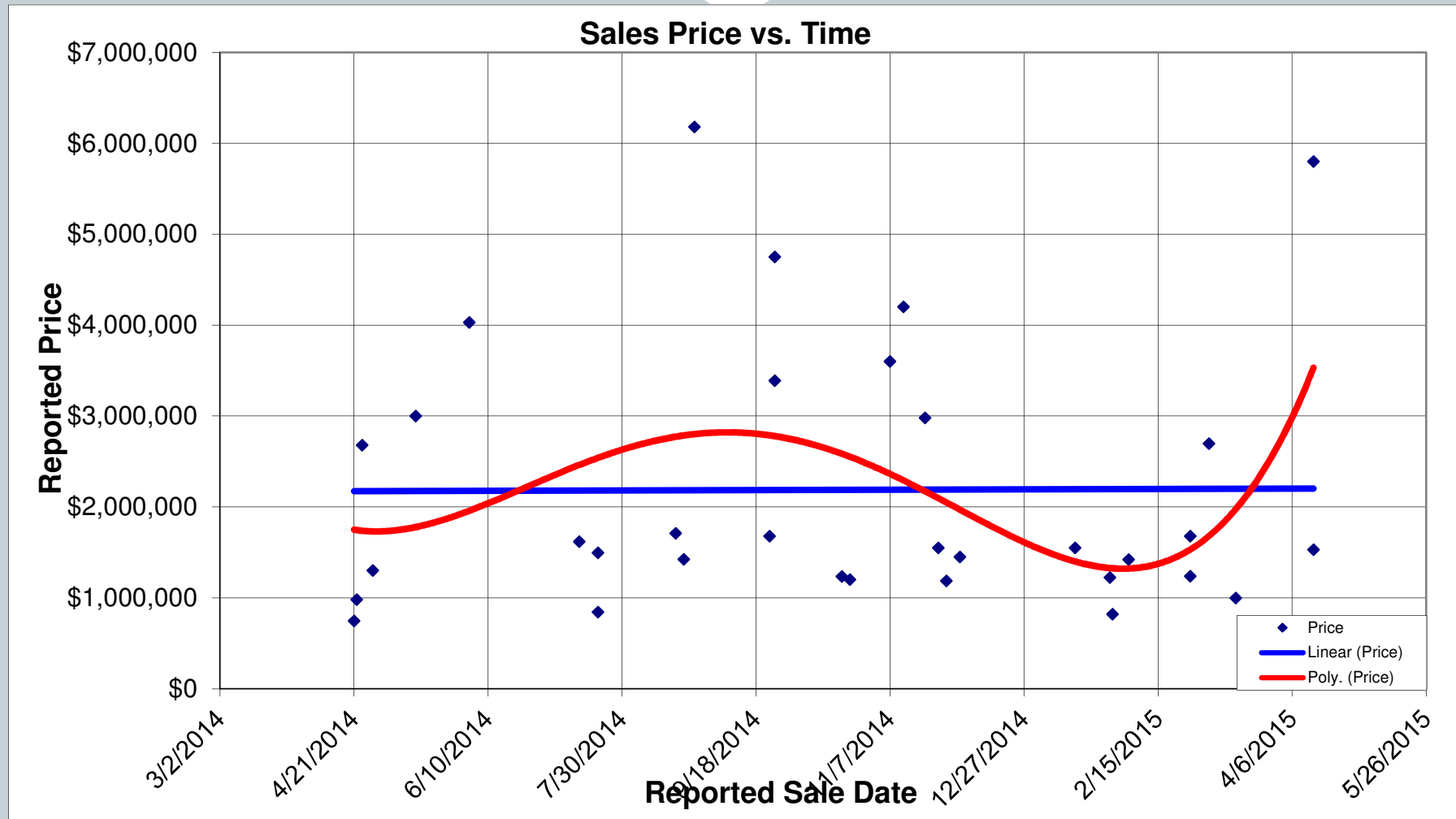


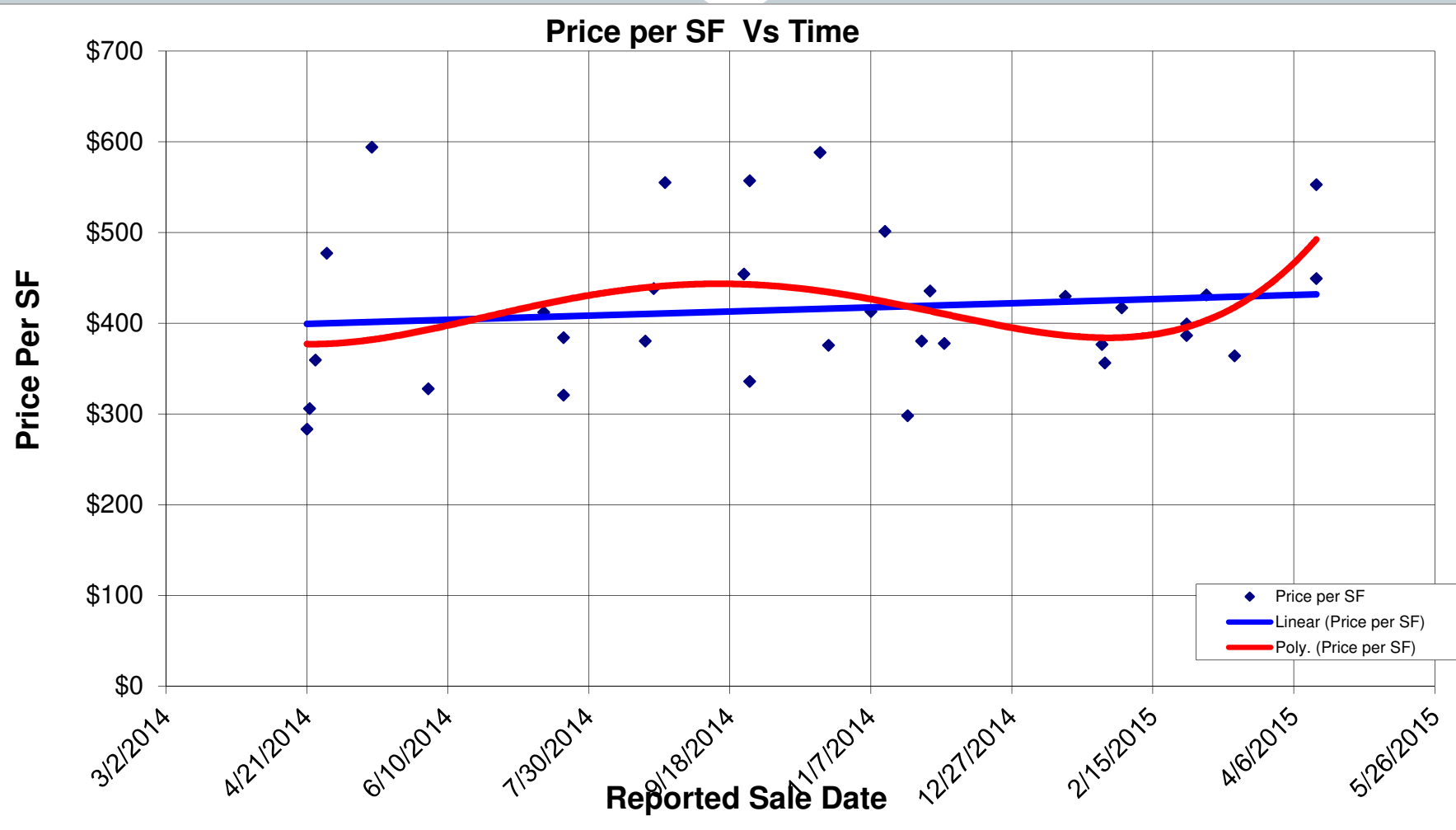


The Last 10 Normal Sales



Diamond Bar trends (The Country)







The Last 10 Normal Sales

