

Ethnic Chinese superstitions impacting real estate prices in some Metro Vancouver neighbourhoods

BY SCOTT SIMPSON, VANCOUVER SUN NOVEMBER 27, 2010



Gigi Cohen and feng shui consultant Tracey MacKenzie take a hard look at art in Ms. Cohen's bedroom

Photograph by: John Kenny, Postmedia News

The address of your home can improve or depress the price you can sell it for in some Metro Vancouver neighborhoods, new research from University of British Columbia suggests.

In what's described as the "emerging field of research on the economics of number beliefs," Nicole Fortin of UBC's economics department and co-researchers are preparing to release a study showing that Chinese number preferences can push up or down the price of certain homes in neighborhoods that have an above average number of ethnic Chinese residents.

Fortin, honours economics student Jeff Huang and PhD candidate Andrew Hill looked at more than 115,000 residential real estate sales in the Greater Vancouver region over five years.

In neighbourhoods where the percentage of ethnic Chinese residents exceeds the regional average of 18 per cent, the study found that houses with addresses ending in the lucky number eight sold at a

2.5 per cent premium, while those ending in the unlucky number four sold at a discount of 2.2 per cent," UBC reported Friday in a news release. "This translates into a premium or discount of between \$10,000 and \$8,000, based on a \$400,000 average price of a single family house in Greater Vancouver during the 2000-2005 sample period."

. Huang, who immigrated to Canada from Taiwan in 2004, suggested the topic, looking to put Chinese number beliefs to a scientific test.

The numbers' positive and negative associations - which are rooted in feng shui, the ancient Chinese system of aesthetics - stem from how they are pronounced, Huang says in the release. "In many Chinese dialects, including Mandarin and Cantonese, four is a homonym for the word death and eight is phonetically similar to the word for prosperity or wealth.

"Our study shows that Chinese number preferences affect real estate prices in neighbourhoods where the census shows higher percentages of ethnic Chinese residents," Fortin, who will present the study at the Annual Meeting of the American Economic Association in Denver, Colorado, in January, said in the release.

The research team used data from the Canadian Census and the B.C. Assessment Authority, and Fortin reports finding the phenomenon present in 43 per cent of Metro Vancouver's 361 census districts, including many in Vancouver, Richmond, Burnaby and Coquitlam - neighbourhoods where people who self-identified as "ethnic Chinese" on the census exceeded 18 per cent of the population.

Huang says the study does not suggest everyone of Chinese heritage holds these preferences, or acts on them. "Obviously, there will be differences from person to person. For example, these beliefs may be stronger for recent immigrants than people whose families have lived in North American for generations."

Huang adds: "Our study suggests these numbers are significant to enough people in these areas that there is a corresponding impact on real estate prices."

The research team, believes the findings will apply to other North American regions with significant Chinese communities, including New York, Los Angeles, San Francisco, Honolulu, Seattle, New Jersey and Toronto.

Fortin suggests that real estate agents, buyers and sellers could be at a competitive disadvantage if they are unaware of the phenomenon.

"This shows that the address of your house can be more of a selling feature in some markets," she said. Fortin added that some real estate companies already market houses ending with the number eight or 88 - the "double joy" number - to prospective buyers from China.

Of the 115,000 Greater Vancouver house sales between 2000 and 2005, nearly 14,000 had addresses ending in eight and more than 7,260 had addresses ending in four.

The team also found evidence of houses with addresses ending in 13 being sold at similar discounts in other neighbourhoods, reflecting a broad and enduring multi-national superstition about that number.. Many Metro Vancouver apartment buildings do not list a 13th floor.

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