



2019 EB-5 Immigrant Investor Trends in Hong Kong

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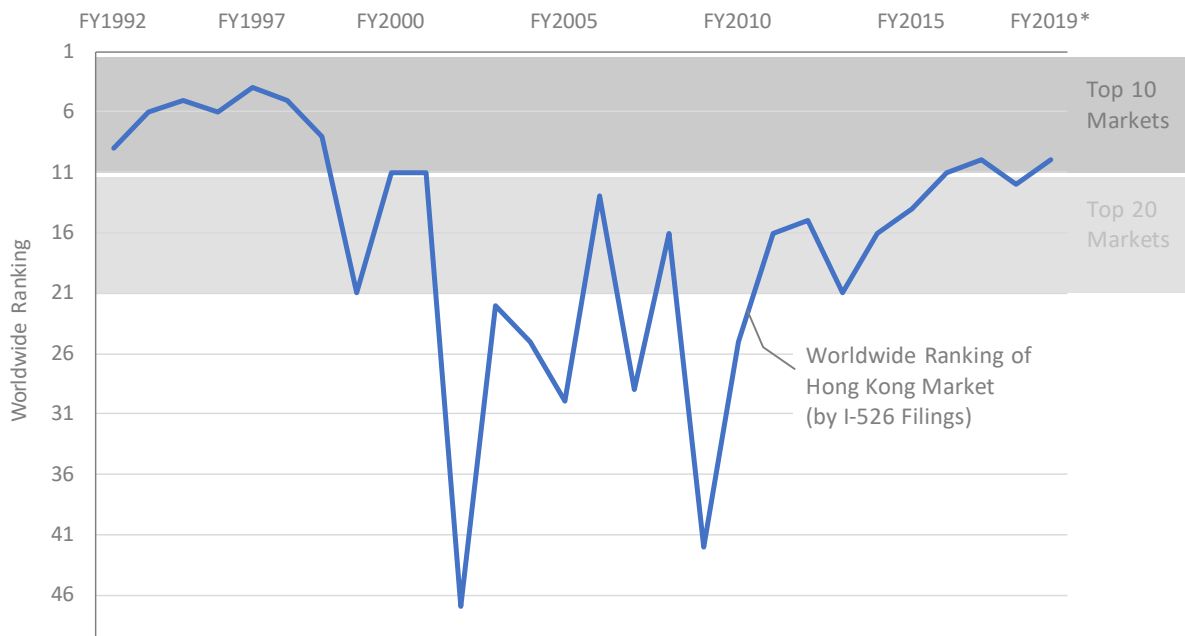
Hong Kong is one of the earliest EB-5 investor markets since the inception of the EB-5 Regional Center Program. In fact, between U.S. federal fiscal year (FY) 1992 and FY1999, Hong Kong was one of the top 10 largest EB-5 markets in the world with the highest demands for EB-5 visas (see Chart 1).

After experiencing some ups and downs in early 2000s, the EB-5 market in Hong Kong started to regain momentums in FY2010, reclaiming its seat as one of the top 20 EB-5 investor markets in the world. Furthermore, as Chart 1 illustrates, demands for EB-5 visas in Hong Kong started to grow consistently since FY2013. In FY2017 and FY2019 (Q1 and Q3), Hong Kong became one of the top 10 largest EB-5 markets in terms of the number of filings of new EB-5 applications (Form I-526 filings).

Using data from the U.S. Citizenship and Immigration Services (USCIS) and U.S. Department of State (DOS), this analysis provides a quantitative review on the latest trends of the EB-5 investor market in Hong Kong, including quarterly I-526 filings, EB-5 capital outflows, investment preference, average approval rate and processing time. In addition, we also discussed the recent surge of the net outflows of Hong Kong residents in 2019 largely due to the political and socio economic issues.

Chart 1: Hong Kong is one of the top 10 EB-5 markets in FY2017 & FY2019

Worldwide ranking of the EB-5 market in Hong Kong measured by I-526 filings:



* FY2019 only include the I-526 filing data in Q1 and Q3.

Source: U.S. Citizenship and Immigration Services

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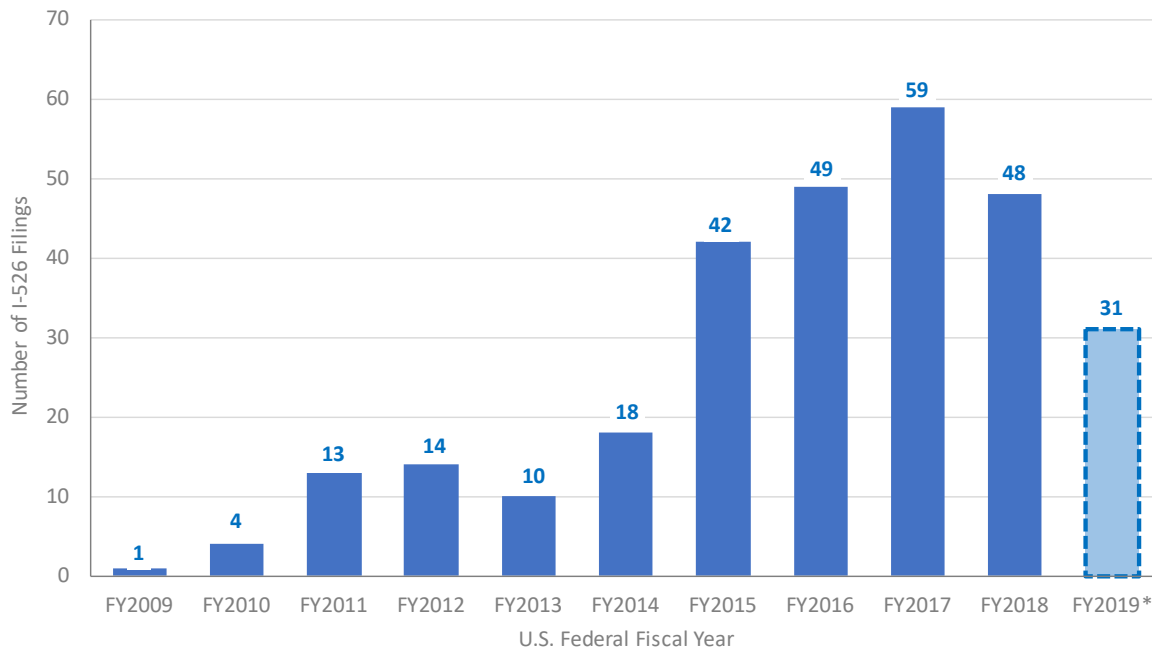


New EB-5 Investor Applications from Hong Kong

Based on the latest data available from USCIS, 31 EB-5 investors from Hong Kong filed their I-526 petition in Q1 and Q3, FY2019, representing a year-over-year growth of 41% from the same time period in FY2018. In addition, the demands for EB-5 visas in Hong Kong demonstrated a significant growth since FY2015. That is, on average, the number of new EB-5 investors from Hong Kong was 50 every year between FY2015 and FY2018; while this number was only 12 between FY2010 and FY2014.

Chart 2: EB-5 market in Hong Kong grew 41% year-over-year in FY2019*

I-526 filings of EB-5 investors from Hong Kong by fiscal year (FY2009 - FY2019, Q1&Q3):



* FY2019 only include the I-526 filing data in Q1 and Q3.

Source: U.S. Citizenship and Immigration Services

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EB-5 Capital Investment Raised from the Hong Kong Market

Since the inception of the EB-5 Regional Center Program, we estimated that investors from Hong Kong have contributed more than \$160 million in EB-5 capital to support economic development and job creations in the U.S. As visualized on Chart 3, the amount of accumulative EB-5 investment from Hong Kongese investors demonstrated a rapid growth since FY2015. In fact, based on the number of I-526 filings by Hong Kongese petitioners, we estimated that the EB-5 market in Hong Kong generated at least \$21 million capital investment annually between FY2015 and FY2019.

Chart 3: Investors from Hong Kong contributed a total of \$160M in EB-5 capital

Estimated EB-5 capital invested by Hong Kongese investors (accumulative, since FY1992):



* FY2019 only include the I-526 filing data in Q1 and Q3.

Source: U.S. Citizenship and Immigration Services

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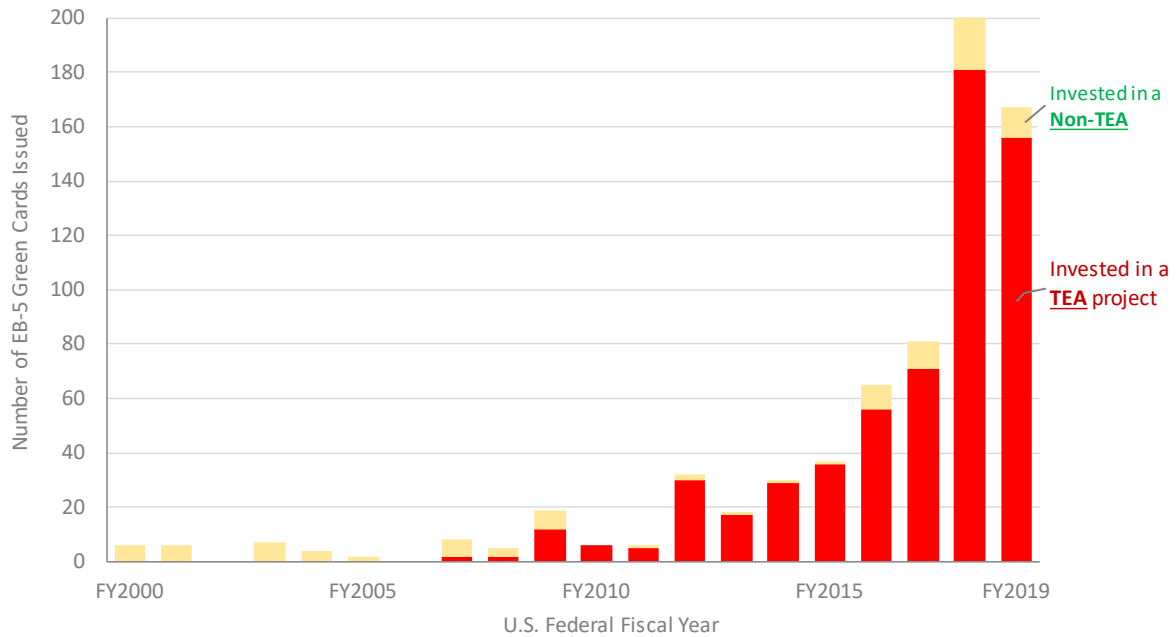
EB-5 Green Card Issuance & Investment Preference of Hong Kongese Investors

Between FY2000 and FY2019, nearly 700 qualified EB-5 investors from Hong Kong and their family members have received a legal permanent residency in the U.S. (a green card) by investing through the EB-5 Program. A total of 367 Hong Kongese EB-5 investors and their family received their EB-5 green card in FY2018 and FY2019.

Additionally, data from DOS also revealed important trends of the types of EB-5 projects in which majority of the EB-5 investors from Hong Kong invested. As presented on Chart 4, EB-5 projects in a non-TEA (targeted employment area) accounted for the vast majority of EB-5 green cards that were issued to applicants from Hong Kong between FY2000 and FY2008. However, the investment preference has shifted significantly since FY2010 when EB-5 projects in a TEA became the choice of the vast majority of Hong Kongese EB-5 investors. In particular, 93% of all EB-5 green card holders who received their legal permanent residency in FY2019 invested in an EB-5 project within a TEA through an EB-5 Regional Center.

Chart 4: 93% of EB-5 green card holders from HK invested in a TEA project*

Number of EB-5 visas issued to Hong Kongese applicants by investment type: TEA vs Non-TEA



* According to the EB-5 visa issuance statistics for FY2019.

Source: U.S. Department of State

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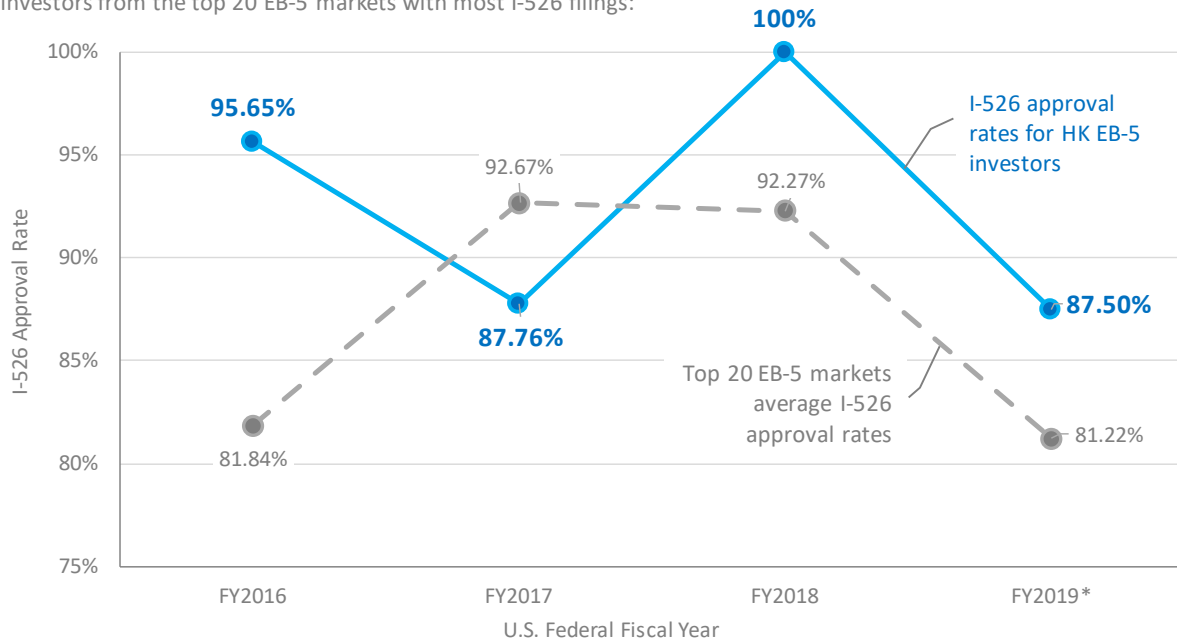
Average I-526 Approval Rate for Investors from Hong Kong

From FY2016 to FY2019 (Q1&Q3 only), the average I-526 approval rate of Hong Kongese petitioners fluctuated between 87.5% and 100%. However, qualified EB-5 investors from Hong Kong usually had a higher-than-average approval rate of their I-526 petition in comparison to the overall average I-526 approval rate of investors from other top 20 largest EB-5 investor markets (see Chart 4).

For example, the average approval rate for a Hong Kongese I-526 petitioner in FY2019 (Q1&Q3 only) was 87.5%, higher than the overall average I-526 approval rate (81.22%) in the top 20 largest EB-5 markets with most I-526 filings during the same period.

Chart 4: HK EB-5 investors' approval rate was higher than average in top markets

Average approval rate of I-526 petitioners from Hong Kong vs the overall approval rate of EB-5 investors from the top 20 EB-5 markets with most I-526 filings:



* FY2019 only include the I-526 filing data in Q1 and Q3.

Source: U.S. Citizenship and Immigration Services

Prepared by: IIUSA



I-526 Processing Times for Investors from Hong Kong

We analyzed all of the I-526 approvals data for FY2017 (Q2), FY2018 (Q3), and FY2019 (Q1) to investigate the I-526 processing times for EB-5 investors from Hong Kong.¹ In our data sample, we found that majority of Hong Kongese I-526 petitioners received their I-526 approval from USCIS in approximately 20 months, much lower than the recent average I-526 processing time indicated on USCIS website.²

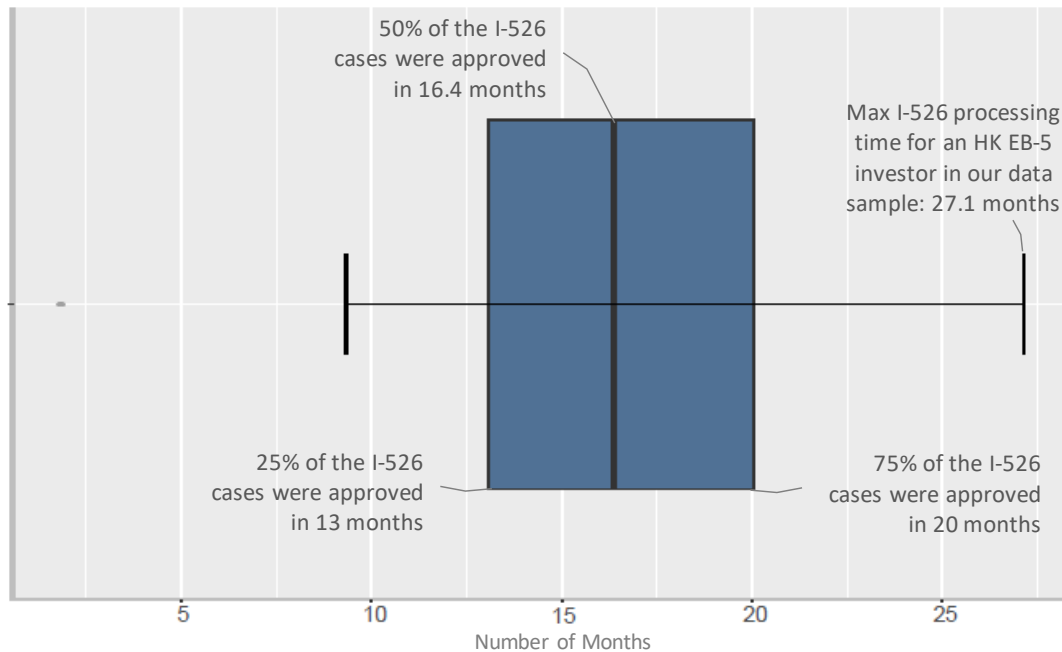
Specifically, 25% of the I-526 petitions that filed by Hong Kongese EB-5 investors were approved within 13 months, while 50% of the I-526 petitioners from Hong Kong received their I-526 approvals in 16.4 months. Overall, our data indicated that the processing time for an I-526 case falls into a relatively wide range: it only took 1.8 months for some EB-5 investors from Hong Kong to receive an approval of their I-526 petition, but some Hong Kongese petitioners had to wait 27.1 months for USCIS to adjudicate their I-526 case.

¹ The reason why we selected I-526 approvals in these time periods was due to data availability.

² The average I-526 processing times on USCIS website (<https://egov.uscis.gov/processing-times/>) for FY2019 (Q1) was approximately 26.3 months, for FY2018 (Q3) was approximately 27.8 months, for FY2017 (Q2) was approximately 17.6 months.

Chart 5: Majority of HK EB-5 investors received their I-526 approvals in 20 months

Processing time distribution of I-526 approvals issued to EB-5 investors from HK*:



* Based on an analysis of all I-526 approvals issued to HK petitioners in FY2017 Q2, FY2018 Q3, and FY2019 Q1. Sample Selection was based on data availability. Statistics summarized on the chart apply to data sample only.

Source: U.S. Citizenship and Immigration Services

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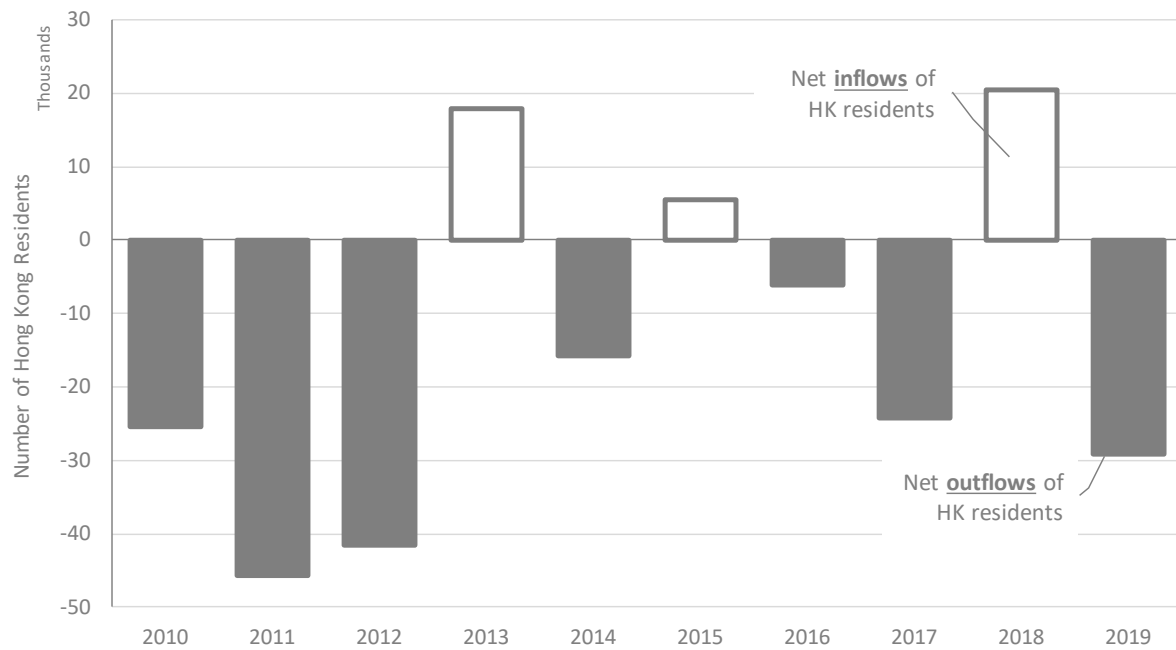
A Spike in Emigration from Hong Kong in 2019

Based on the [latest statistics](#) released by Hong Kong Census and Statistics Department on February 2020, the net outflow of Hong Kong residents was 29,200 in 2019, the highest level since 2012 (see Chart 6). While the tension between Hong Kong and mainland China becomes increasingly intense in recent years, a growing number of local residents in Hong Kong are actively considering emigration. According to [a survey](#) by the Hong Kong Institute of Asia-Pacific Studies and the Chinese University of Hong Kong in December 2018, 34% of the respondents would like to emigrate if possible while 16.2% of the potential emigrants “have already acted to prepare for the move.”

In addition, political unrest is not the only factor that fueled a spike in emigration from Hong Kong. The results of the survey also indicated that the high house prices in Hong Kong and the “overcrowded living conditions” are also major contributors to an uptick in emigration in recent years.

Chart 6: Net outflows of Hong Kong residents hits record-high since 2013

Year-over-year net movement of Hong Kong residents by year-end*:



* Excluding inflow of one-way permit holders from mainland China

Source: Hong Kong Census and Statistics Department

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In addition to providing quantitative analysis of the EB-5 investor market trends in Hong Kong, IIUSA is hosting an Investor Market Webinar on August 12, 2020, focusing on the recent dynamics in the Hong Kong market.

In collaboration with Investment Migration Insider (IMI), this webinar will provide listeners with critical updates on the U.S. investment immigration options, first-hand updates on the key change of the EB-5 Program under the new regulations, and opportunity to directly ask questions to EB-5 industry experts. IIUSA members and international attendees can participate free of charge. Click [here](#) to learn more about the webinar and register today.