



2022 MARKET UPDATE

Where in areas surrounding London are
Mainland Chinese and HK investors and HNWI's buying, and why?



KEY FINDINGS:

1.

Since the beginning of the pandemic, locations around London such as Watford, Reading, Surrey, and Harrow have seen increased interest from buyers from Mainland China and Hong Kong; this demand is expected to remain steady for at least the next six months.

2.

Return on investments, connectivity, close proximity to top schools and universities, and safety are top considerations of Mainland Chinese and Hong Kong buyers when buying properties around London.

3.

Many Chinese students are expected to come to the UK in September and October, which will lead to greater demand for UK properties, including in areas around London.

4.

When marketing properties in areas around London to buyers from Mainland China and Hong Kong, information about rental yields, potential capital growth, tax considerations, and transport links need to be made clear, on top of pricing information, and quality imagery of the properties in question.

5.

While areas around London are popular, London residential properties are sought after as long-term, safe investments, as the capital city continues to benefit from top-class education, a diverse and liberal cultural scene, and an international business language.



July 2022 (London) – As the world starts to re-open, Mainland Chinese and Hong Kong investors are turning to areas surrounding London, especially Watford, in search of growth potential and better lifestyles.

According to the Statista Research Department, the prime property real estate market in outer London is marked by an overall increase during the four-year period between 2021 and 2025. During this period, sales on the prime regional real estate market are forecast to increase by 23 percent, with highest year-on-year increase expected in 2025 at five percent.

Notably, a recent report from Savills shows that Watford, which is currently undergoing a £1.5bn regeneration, has started to attract swathes of new buyers, including those from China and Asia. Offering significant value compared to elsewhere in the ever-popular Hertfordshire, homes in Watford have seen strong demand from those moving out of the capital, with 30% of people moving from London to the area over the last two years.

For this 11K Consulting Thought Leadership Article, 11 respected experts in Hong Kong, Mainland China and the UK, who advise high-net-worth clients from Mainland China and Hong Kong on their property investment strategies in the UK, were asked to offer their unique first-hand observations and insights into this trend. What is attracting Mainland Chinese and Hong Kong investors to areas around London? What are the predictions on this trend for the latter half of 2022?



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QUESTION ONE

Where are Mainland Chinese and Hong Kong buyers purchasing properties around London, e.g. Watford, and why? Do you expect this trend to continue into the latter half of 2022?

After the pandemic, locations around London such as Watford, Reading, Surrey, and Harrow have seen increased interest from buyers from Mainland China and Hong Kong, who would not have considered these areas a few years ago.

However, London residential property is still viewed long-term as a safe haven asset class, as the capital city continues to benefit from top-class education, a diverse and liberal cultural scene, and an international business language.

Jacob Sullivan, Sales & Marketing Director, Regal London, said that the pandemic has made people reconsider where they want to live – whether they want a quiet, slower life in the countryside, or the bustle and convenience of a city.

“Many are finding an ideal mix of both in locations around the commuter belt, which has seen demand increase significantly among overseas buyers. There is also good value for money in many of these hubs and opportunities for strong capital growth and rental yields, important factors in any investment decision. We’ve also seen Hong Kong and Mainland Chinese buyers actively seek out these areas around London, particularly those in the midst of regeneration,”

Sullivan said.

He added that Watford is drawing a lot of interest at the moment, with £1.5bn being pumped into the town's regeneration and BID (Business Improvement District) in place, which enables businesses to raise and distribute funds to improve the local area. "It is a thriving location, with very quick connections to central London, that is set to attract even more business, retail and leisure amenities and connectivity," Sullivan added.

Samuel Chan Sze Ming, Managing Director, Britannia StudyLink, shared similar views and said: "Buyers from Mainland China usually invest in city-centre locations, such as Shanghai, Beijing, or London. However, after the pandemic, we have seen increased interest in Watford, Reading, and Harrow. More people are looking to relocate overseas [rather than just invest] so buyers are prioritizing factors such as proximity to good schools, meaning a wider net cast for locations."

Scot Tsang, Head of Operations and In-House Legal, SDKA, added that Mainland Chinese and Hong Kong investors tend to favour new-build properties and there has been a lot of development in towns and cities outside of London.

Tsang said: "Many businesses now have a significant presence outside of London, including the BBC, which has moved around half of its operations to Media City in Manchester. Lower house prices outside of London means more opportunities to invest for more people, and not just HNWI or UHNWI. I would predict this trend to continue in the latter half of 2022."

Tsang further added that in areas just outside of London within an easy commute, such as Watford, good transport links and regeneration make those areas increasingly popular choices for savvy investors.

Robert Kerr, Director, ADAM Architecture, also said that, thanks to flexible working becoming increasingly standardised, "we are seeing increasing numbers of Chinese buyers looking at second-tier British cities that are now booming due to the ability to live further away from their work and travel less often."

Steven Landes, Director, Hawksford UK Services Limited, pointed out that London prices are still high and so buyers will often look at suburban towns with good travel connections around London as alternative locations.

Landes said: "For Mainland Chinese and Hong Kong buyers, areas around London are desirable also due to being in easy reach of the major airports that have direct flights to China and Hong Kong. Many of these towns have significant new residential developments in their centres. The towns that are favoured include Reading, which is at the end of the new Elizabeth line and close to Heathrow, and Slough, as well as Croydon which has good transport links and is close to Gatwick."

Andrew Weir, Chief Executive, London Central Portfolio Limited, explained why the city remains popular: "London residential property is still viewed long-term as a safe haven asset class. London continues to benefit from top-class education, a diverse and liberal cultural scene, and – when compared to other cities around the world – an international business language and the GMT time zone. This all makes London a convenient place from which to run a global business."

Alex Willcocks, Co-Founder & Managing Director, Burbeck Interiors, echoed Weir's comments.

"Having worked with a number of developers in the Nine Elms area in South London designing the interiors for their luxury apartments, we know that this area has been extremely popular with Chinese buyers," He said. "We have also seen a surge of interest in developments and properties in zones 3-6, where the potential growth in the property's value over the next 10 years offer greater return on investment."



QUESTION TWO

What are key considerations for Mainland Chinese and Hong Kong buyers when investing in properties around London?

Return on investments, connectivity, close proximity to top schools and universities, and safety are top considerations of Mainland Chinese and Hong Kong buyers when investing in properties around London.

Jacob Sullivan, Sales & Marketing Director, Regal London, said that return on investment is a top consideration, “in terms of money and the physical space you get for it, but also in terms of location.”

He then further explained that another consideration is connectivity, “which is especially important outside of London; what is located nearby, how easily can you get into the city and further afield?”

Scot Tsang, Head of Operations and In-House Legal, SDKA, stressed the importance of clear information on costs and fees (such as legal fees, property taxes, service charges, and management fees) when selling to Mainland Chinese and Hong Kong buyers.

Tsang explained:

“Buyers consider things like whether the area is well known and thought to be desirable by other investors, with a thriving student population and lots of employment opportunities. Another factor is whether the property is suitable for families, and the location has good local amenities such as reputable schools and universities, shopping centres with luxury brands, and convenient public transport.”

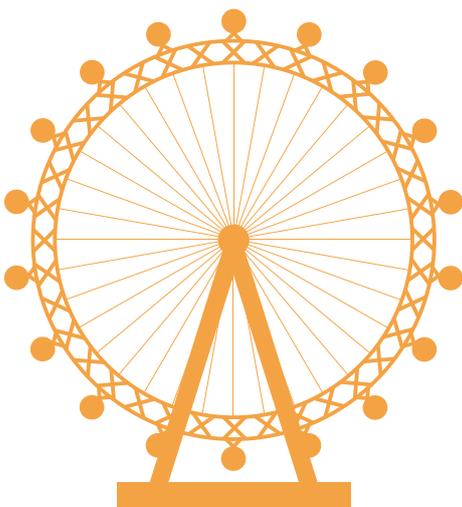
Samuel Chan Sze Ming, Managing Director, Britannia StudyLink, pointed out that it is common for buyers from Mainland China and Hong Kong to purchase two or three years in advance, before they move in.

Chan said: “With that in mind, return on investment is a key consideration – what rental yields will they get in the meantime? How much tax will they need to pay? Then, for when they move in, important factors include security, concierge services, quality facilities and good value service charges. Schools also play a huge part in this decision-making process.”

Vicky Tsan, Senior Associate Licensed Conveyancer, Axiom DWFM, echoed: “School catchment is one of the main factors that investors will consider. Even if these buyers are not living in the UK themselves, it is easier for them to rent out their properties to families if there are good schools nearby.”

Similarly, **Rafael Steinmetz Leffa, Executive Director, GWM London**, said that “Watford is relatively close to a lot of good schools, which are not too expensive. Mainland Chinese and Hong Kong investors also appreciate green space when moving abroad. Good transport links to London are also normally preferred.”

Robert Kerr, Director, ADAM Architecture, pointed out different considerations for residential and commercial properties. Kerr explained: “If a property is for a family, then a good amount of space, both inside the house, that can be tailored to their tastes and requirements, as well as outside is important. Locations with good access to schools and transport are popular too.”



“If a property is purchased for commercial use, we find that location matters, but in a different way. There is a fascinating and powerful separation between British assumptions of what a place is like, and the keen eye of Asian investors who spot the benefits of alternative areas, attracting a broad range of age cohorts to the market, and as a result greater security on the return on investment.”

However, **Andrew Weir, Chief Executive, London Central Portfolio Limited**, highlighted that the more sophisticated buyer, who is already familiar with London, tends to invest in PCL, where they are buying into the concept of investing in a constrained resource.

Weir said: “PCL is mostly heritage buildings, often benefitting from protected status. These investors want to be a part of that history and own something truly unique, irreplaceable and one of a kind. They are attracted by the unique characteristics and architecture of central London, distinct and individual amongst global cities.”

“Education is a key driver for London property investment. Close proximity to top schools and universities is a key factor influencing recent Hong Kong and Chinese property investment in the British capital – with PCL emerging as a favourite.”



QUESTION THREE

What are your top tips for attracting Mainland Chinese and Hong Kong buyers when marketing new developments, especially those around London?

When marketing properties in areas around London to buyers from Mainland China and Hong Kong, information about rental yields, potential capital growth, tax considerations, and transport links need to be made clear, on top of pricing information, and quality imagery of the properties in question.

Lynn Lin, Partner, Head of Asia, Gerald Edelman, said that when overseas investors, including those from Mainland China and Hong Kong, find a suitable investment property to acquire in London, the first key consideration is often how best the property should be purchased.

Lin explained: “With the changes to residential property taxation that have taken place over the last few years, in particular the restriction of mortgage interest, considering the optimal structure to acquire investment property is now more crucial than ever.

“Different structures will have different tax considerations and consequences, which need to be addressed early. Each individual’s situation is unique and therefore it is important to take professional advice when deciding how best to structure your property business.”

Jacob Sullivan, Sales & Marketing Director, Regal London, gave a property developer perspective:

“We carefully, and very deliberately, select well-established locations in and around the capital that are prime for investment growth, so we simply ensure those details and data are readily available. That’s what sets them, and us, apart.”

“Regal London is an established property development business in London with 25 years of successful history behind us. Our global sales business has an unrivalled track record and hence has built significant trust throughout our client base.”

“Our customers trust our decisions about location; we believe that each of our developments has a compelling story or reason for purchase behind it. In a crowded market, it’s important that each location has something special, whether it’s the connectivity, amenities or the niche location.”

Steven Landes, Director, Hawksford UK Services Limited, shared similar tips. “To attract Mainland Chinese and Hong Kong buyers, we would suggest that you highlight any good transport links that the new development has, especially with Heathrow and Gatwick, and the availability of good education, especially universities and other further education institutions.”

“In addition, a good property manager who can also organise renting out the property can also be seen as a plus. If the agent has Mandarin and Cantonese speaking staff that can also be helpful.”

Scot Tsang, Head of Operations and In-House Legal, SDKA Ltd, added that for properties around London, “it is important to highlight that commuting into central London is possible and to market these properties as a lifestyle choice that allows residents to live away from the city while still being close enough to enjoy it.”

Vicky Tsan, Senior Associate Licensed Conveyancer, Axiom DWFM, highlighted the importance of a direct marketing strategy, including face-to-face meetings with clients.

Tsan explained: “Investors used to fly over to the UK to see locations of new developments before proceeding with their purchase. However, it is difficult to do this nowadays due to Covid travel restrictions. Many estate agents will arrange video conferences with their potential clients to promote their new developments.”

Alex Willcocks, Co-Founder & Managing Director, Burbeck Interiors, highlighted the importance of having fantastic imagery to portray a lifestyle that would be attractive for Mainland Chinese and Hong Kong buyers.

Willcocks said: “The product has to visually resonate with the buyers. Fixtures and fittings have to be made to high specification and show home furniture needs to convey a central London – and therefore world-class – standard. Correct information and accurate pricing are essential.”

Finally, Robert Kerr, Director, ADAM Architecture, commented that developments should show “flexibility in use and international interior design,” and that “speed of construction” should also be highlighted when marketing to Mainland Chinese and Hong Kong buyers.





QUESTION FOUR

Hong Kong buyers currently have the biggest property footprint within the London market, according to a Benham and Reeves report. Do you expect to see even more demand Hong Kong, and also Mainland Chinese, buyers in areas around London in the next six months?

Demand from Mainland Chinese and Hong Kong buyers in areas around London is expected to remain steady in the next six months – as providing an asset for the next generation is key for these buyers, **Samuel Chan Sze Ming, Managing Director, Britannia StudyLink**, said.

Chan added: “In the UK, there are so many types of property and tenures, whereas in Hong Kong and Chinese cities it’s nearly always flats. The variety of property types and associated lifestyles are appealing to these buyers wanting a different way of life.”

Jacob Sullivan, Sales & Marketing Director, Regal London, said that, pending future Covid restrictions, Mainland Chinese and Hong Kong buyers are starting to see the light at the end of the tunnel, with increased international travel, and are consequently investing more in the UK.

Sullivan explained:

“Buyers in these regions have always had a great affinity for London’s world class education and opportunity for global trade, which will be high on the agenda for overseas purchasers. The appetite is there, and people are keen to be first out the gates, so I expect we will see investment continue into the foreseeable future.”

Qian (Taylor) Yu, Director, Wind Great UK, echoed this and said: “We have already seen a wave of buyers from Mainland China after the end of Shanghai lockdown in May and June. Also, there are many Chinese students coming to the UK in September and October, so we expect more demand on UK properties, including those around London, in the next six months.”

Likewise, **Vicky Tsan, Senior Associate Licensed Conveyancer, Axiom DWFM**, said the market is expected to remain “hot” in the coming six months.

Tsan said: “Changes to immigration rules and mortgage interest rates are currently impacting the property market. However, this is not going to affect investors buying new build as the completion dates are long.”

Rafael Steinmetz Leffa, Executive Director, GWM London, pointed out that many buyers from Mainland China and Hong Kong find the UK “very appealing”, as both a place to invest and live, due to the country’s relative success in returning to a post-COVID-19 environment.

Scot Tsang, Head of Operations and In-House Legal, SDKA, said he would predict demand in London to slow down in the short term, as more interesting opportunities to invest become available outside of London.



“London remains an attractive city to invest in or own property, especially with its rich history, cultural attractions, world-class universities and famous shopping districts. A property in London is seen as a status symbol and holds pride of place in any international property portfolio.”

NOTES TO THE EDITORS:

This Thought Leadership Article was jointly conducted by 11K Consulting, one of the UK's leading Chinese luxury and property PR and communications agencies; and Regal London, a privately held value added real estate company focusing on residential-led mixed used developments in the London market since 1998.

This is part of 11K's China Insights Hub (<https://11kconsulting.com/insights>) educate, inform and inspire our audiences on different topics about the evolving Chinese market.

Here is a full list of interviewees who were interviewed for this article (not in any order):

Jacob Sullivan, Sales & Marketing Director,
Regal London

Samuel Chan Sze Ming, Managing Director,
Britannia StudyLink

Scot Tsang, Head of Operations and In-House Legal,
SDKA

Vicky Tsan, Senior Associate Licensed Conveyancer,
Axiom DWFM

Rafael Steinmetz Leffa, Executive Director,
GWM London Limited

Qian (Taylor) Yu, Director,
Wind Great UK Limited

Andrew Weir, Chief Executive,
London Central Portfolio Limited

Steven Landes, Director,
Hawksford UK Services Limited

Alex Willcocks, Co-Founder & Managing Director,
Burbeck Interiors

Robert Kerr, Director,
ADAM Architecture

Lynn Lin, Partner, Head of Asia,
Gerald Edelman



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Rafael Steinmetz Leffa,
Executive Director,
GWM London

ABOUT 11K CONSULTING:

11K Consulting is one of the UK's leading Chinese luxury and property PR and communications agencies specialised in helping companies to target and influence Chinese and Asian investors, U/HNWIs and luxury consumers in China, Hong Kong and the UK. Our clients are a mix of high-end real estate development, interior design, architecture, and luxury lifestyle companies in the UK and Europe.

<http://11kconsulting.com>

ABOUT REGAL LONDON:

Regal London is one of the Capital's leading privately owned mixed-use developers with a focus on unlocking value from complex urban settings to transform London's landscape and deliver high-quality places for people to live, play, visit and work in. Headquartered in London, it also has offices in Hong Kong, Shanghai and Dubai.

Regal London has delivered successful projects across the Capital, from Brent to Tower Hamlets and from Barnet to Lambeth. Developments are characterised by bespoke design and exceptional quality and are built to unlock value, enhance the local environment, and respect local communities. The current portfolio includes One St. John's Wood, The Laundry London Fields, and The Haydon in Aldgate.

<https://www.regal-london.co.uk>

CONTACT US:

If you would like to speak to any of the interviewees above, please contact **Sally Maier-Yip, Founder & MD, 11K Consulting,** at sally@11kconsulting.com or **+44(0)7841 377018.**

For further information on **Regal London** and its development portfolio, please visit <https://www.regal-london.co.uk>, and for sales enquiries please email either sales.HK@regal-london.co.uk for Hong Kong, and sales.SH@regal-london.co.uk for Shanghai and mainland China.

