



FOCUS ON PRIVATE ACQUISITIONS
Jonathan Hopper



Prime Central London – A Global Address

Though international investors are not new to a credit crunch ravaged UK property market, in recent months, we've seen increasing numbers securing central London properties. In the last 12 months, recent published data confirms that about half of sales in London valued at £2million and above and two thirds of properties valued at £5million and above were sold to non-UK buyers. At Garrington, we have seen that almost 40% of enquires to our London office since the New Year have been from non-UK buyers, with keen interest from Australian buyers, eager to invest overseas due to their tax laws and the strength of the dollar.

With slightly renewed confidence in our economy, historically lower house prices and interest rates, as well as a comparatively weak currency, international buyers are viewing London property as an intelligent investment now more than ever. However, they are not only looking for investment potential. We have seen a large proportion of enquiries from buyers looking for a London base or second home, as well as primary family homes in some cases where they are relocating to the UK. The government's decision to relax economic citizenship immigration laws for wealthy residents means that those investing £10 million and above will have the right to remain in the UK indefinitely after just 2 years, making the UK even more desirable as a relocation option.

In addition to these 'pull' factors, political unrest in the Middle East and North Africa is pushing buyers from these regions to purchase more urgently, protecting their assets, as well as securing a safe haven. We expect that, in these uncertain times, interest from these regions will continue to be heavily present in the London prime market.

The largest proportion of non-UK buyers belongs to Russia, followed by the UAE and the US. Although the Russians are the most numerous procurers, the Chinese are the top spenders with an average of £6,477,000 per transaction, leaving Russia in 4th place and UK buyers in 9th place with an average of £3,156,000 per transaction. China, amongst other Asian nationalities, is expected to generate increased movement in the near future, with the Asian financial economy going from strength to strength. With growing interest, a greater number of nationalities are now active in the market, with 61 different nationalities represented as purchasers in London in the past 12 months.

With international buyers at all value levels jumping on London's current investment potential, as well as a migration of overseas homebuyers, their interest is adding to already high demand for homes and investment properties from UK buyers. With little stock and few new-builds, we expect that prime property values in London will rise further in 2011.

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**Sale Values Statistics Source: Knight Frank*