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“LONDON’S OVERSEAS BUYERS”

By SAVILLS

In a city where 37 per cent of residents were born overseas, most so-called international buyers live and work in the city, while those buying an investment property from overseas only account for an estimated 7 per cent of all greater London residential transactions, international real estate adviser, Savills has said in a new report published today.

Reported high rates of overseas buying are due to high investor activity in the prominent new build sector (which accounts for less than 10 per cent of all London transactions) and London’s cosmopolitan nature, which results in a high proportion of foreign residents and a large number of foreign buyers in the city’s housing markets. In *World in London*, Savills says that the most-reported, prime, second-hand markets, international buyers account for 32% of all sales, but just like domestic buyers, 88% are buying a home in which to live.

International ownership/cross border investment by asset class

The appeal of London’s residential property to international buyers, whether investors or end-users, is a reflection of their widespread interest in other types of investment too, as illustrated by this table of cross-border investment in various sectors:

Asset class	Domestic market share	Cross-border market share
All London Mainstream residential	93%	7%
London Offices	43%	57%
London Retail property	57%	43%
London Hotels	46%	54%
UK quoted shares	47%	53%
UK infrastructure & utilities	62%	38%

Source: Savills World Research, RCA, ONS, OFT

Over the past four decades, London has been promoted from national capital to premier league global city, becoming one of the world’s most successful cities on a range of economic, cultural and social measures and a destination of choice for residential investment, according to international real adviser, Savills.

Inward migration and natural population growth boosted London’s population from 7.3 million to 8.2 million between 2001 and the 2011 census, with expectations that it will rise by a further million by 2021, the fastest rate of growth ever. In *World in London* Savills says that rising house prices are an inevitable consequence of rising levels of affluence and high levels of competition for a limited supply of homes.

Savills Vietnam

Savills Vietnam is the largest and most experienced real estate practice with offices in Hanoi and Ho Chi Minh City. The company provides comprehensive property services such as: Residential Sales, Commercial Leasing, Residential Leasing, Research & Consultancy, Valuation & Feasibility Study, Banking & Corporate Services, Investment Brokerage & Advisory, Retail Consultancy & Leasing, Property & Asset Management, Tenant Advisory & Representation, Industrial Consultancy & Leasing, Marketing & Creative services. Savills Vietnam has won the Asia Pacific Property Awards 2014 for “**Best Real Estate Agency in Vietnam**”, “**Best Lettings Agency in Vietnam**” and “**Best Property Consultancy in Vietnam**”. Moreover, in International Property Awards scope, Savills has been awarded “**Best Lettings Agency in Asia Pacific**” and “**Best Real Estate Agency in Asia Pacific**”. The company consists of over 940 experienced and professional staff nationwide.

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Press Release

The shortage of homes, rising house prices and consequent exclusion from the market of many aspiring home owners are all highly contentious issues, but it is wrong to hold an influx of buyers from overseas responsible say Savills. Non-resident international buyers accounted for an estimated 7 per cent of the greater London residential market in 2013/14, and the vast majority of these were buying properties to rent out for occupation by Londoners.

Prime London market focus – how does the top 8% of the London market split?

International buyers account for a larger share of the central London, prime and new build markets. Figures from these specialised markets have often been erroneously applied to the whole market, Savills says. The firm’s analysis suggests that international buyers have accounted for around a third (32%) of the ‘All prime London market’ over the past 18 months.

“Even in these prime markets, domestic buyers outnumber international buyers by over a wide margin,” says Yolande Barnes, Savills world research director. “Our analysis demonstrates quite clearly that these are not ‘buy to leave’ owners as popular myth suggests and the majority are resident buyers – especially in the second-hand market.

Analysis by Savills suggests that, across the prime market, including new build, most international buyers are buying a main residence. The remainder are almost evenly split between those buying second homes for themselves or their family to use, for example when on business or studying in London, and those who are investing for rental income.

Prime* London buyer split 2013/14

UK buyers	68%
International – main residence	20%
International – second home	6%
International – investment	5%
International – other	1%

Source: Savills research (* ‘prime’ equates to just 8% of total London residential market)

It is only in the central prime London market (Knightsbridge, Belgravia and Mayfair) that the market is evenly split between international and domestic buyers. Here, non resident international buyers account for around a third of buyers, the majority using their properties as second homes, for use when in London for business or pleasure.

Prime London house prices have grown by an average of 4.9 per cent a year since 1979 compared to the UK average of just 2.9 per cent. In line with the firm’s forecasts, prime London residential

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values now appear to have reached a high plateau, having risen by 4.9 per cent this year to date and 11.8 per cent in 2013.

“Global economic forces are shaping real estate markets across the world and few major cities go untouched,” says Yolande Barnes, Savills world research director. “The global inflation of asset prices generally, and residential properties in key cities in particular, has played out in many locations – among which London has been a key participant. International participation and demand for real estate is a clear reflection of the city’s role as a world player.”

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