

No: 08pr146

Date: 26 February 2008

## **Increasing Global Wealth Boosts UK's Property Investment Prospects**

### **Key Highlights:**

- **At the end of 2007 the combined wealth of global High Net Worth Individuals (HNWIs) totalled \$37.2 trillion**
- **HNWI investment in global property portfolios grew from 16% in 2004 to 24% in 2007**
- **There are a growing number of countries easing their regulations on cross-border investment**
- **HNWIs are increasingly taking a more international outlook when seeking an exposure to investment property**

### **Liam Bailey, Knight Frank Head of Residential Research comments:**

"In recent years the rise in global wealth has been mirrored by a growth in the desire of HNWIs to acquire property as a means of expanding their investment portfolios. The UK has a long established position for attracting investment of this type with HNWIs drawn to its robust, free market economy, stable political environment and, crucially, advantageous tax regime.

"Latest estimates suggest that UK investment in foreign property rose by 229% in the ten years to 2004 and it is fair to say that a reciprocal pattern of growth will have been expressed by overseas investors.

"Our experience shows this is especially true in London and the South East. Of all the properties acquired in the £1 million - £2 million price range in 2007, 37% were bought by overseas investors. The majority of these came from Europe (11%) followed by Russia (5%) and the Middle East (4%).

"We have also seen that the price band for investments made by foreign purchasers has widened to encompass properties between £175,000 and £5 million, with investors from the emerging economies of Russia, Kazakhstan, India and South Korea operating across the board.

"The most active investors in UK property include HNWIs from Russia who, for tax purposes last year bought property either via a corporate entity, or in a child's name from an offshore account. We expect this level of

interest to continue through 2008 in light of the rapid growth in individual wealth in Russia and the country's open policy on monetary exchange.

"Elsewhere property investment from HNWIs in Asia and Australasia has been gradually increasing as countries across the region lift restrictions on the movement of capital. This is especially true of wealthy Singaporeans for whom the UK remains a top five location for property purchase. South Korea, too has considerably relaxed its rules on cross border investment and its nationals took advantage of this in 2007 with purchases of London properties ranging between £250,000 and £1.5million.

"In a year when China will host the Olympics it is interesting to note Beijing's relaxation of rules that will give its citizens the ability to purchase shares in London. This may well pave the way for the introduction of more Chinese capital into the UK market through 2008 and 2009.

"Overall there is a realistic prospect that the emerging and commodity rich economies in Asia, Latin America and the Middle East will continue to expand with a concomitant increase in their populations of HNWIs. In order to benefit from this global wealth creation, effective marketing and communication of the security of their investment product will be an important part of the process of attracting new foreign purchasers into the UK."

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**Notes to Editors**

**The International Demand for UK Residential Property 2008** report is available on request from **Tania McNally**. Please email: [tania.mcnally@knightfrank.com](mailto:tania.mcnally@knightfrank.com)

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