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LUXURY  
PROPERTY FORUM

## **11K CONSULTING AND THE LUXURY PROPERTY FORUM**

THOUGHT LEADERSHIP ARTICLE

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### **POST-BREXIT 2021 UK-CHINA PROPERTY INVESTMENT OUTLOOK:**

Where, what and why are Chinese high-net-worth-  
individuals and Investors buying and developing in the UK  
property market?

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## KEY FINDINGS:

- 1.** Despite Brexit, it is expected that the UK property market remains a hotspot for Chinese high-net-worth-individuals (HNWIs) and investors in the long term

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- 2.** The pandemic is a bigger concern for Chinese buyers than Brexit; Chinese buyers are cautious about the timing of their purchases

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- 3.** London's position as a global financial powerhouse, an international go-to for education and a safe haven for Chinese investors, remains strong and stable in the long term

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- 4.** London remains a gold standard of investment. Many still view a property in London as a trophy asset and a safe diversification away from their home country

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- 5.** Location, value creation and access to education are some of the major deciding factors that influence Chinese buyers' decisions when buying or developing properties for own use or investment in the UK

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- 6.** Within London, Covent Garden, Mayfair, Regents Park, Canary Wharf, Nine Elms, Lewisham, Deptford, Woolwich, White City and Ealing are some of the most popular areas in which Chinese HNWIs and investors are buying

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- 7.** Regional cities such as Cambridge, Liverpool, Manchester, Birmingham and Sheffield are increasingly popular among Chinese buyers because of potential higher yields and tech start-ups in these cities

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## March 2021 (London) – “No economy in the world is as open to Chinese investment as the UK,” British politician George Osborne said in 2015.

Since then, Chinese (including Hong Kong) investment into the UK property market has increased steadily every year. Recent figures show that, despite the global pandemic, Chinese investment in luxury prime central London residential property has soared, accounting for 15% of international buyer home sales above £1 million across prime central London and 20% of deals above £10 million.

In 2019, the Office for National Statistics data showed that Hong Kong and mainland Chinese buyers invested £7.69 billion in London property including over £750 million invested in residential property in the City of Westminster and the Royal Borough of Kensington and Chelsea.

According to the Hurun Chinese Luxury Consumer Survey 2020, Chinese high-net-worth individuals (HNWIs) are currently putting 12.5% of their wealth

High-profile interviewees include:

Changyi Liu, Senior Residential Account Manager,  
**Foxtons**

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Charlie Willis, Chief Executive Officer,  
**The London Broker**

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Dr. Ian Zhu, Head of China Outbound Investment,  
**Grant Thornton UK LLP**

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Jacob Sullivan, Sales & Marketing Director,  
**Regal London**

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Jo Eccles, Managing Director,  
**ECCORD London**

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Kees van der Sande, Director and Trustee,  
**Formation Architects**

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Kerri Sibson, Sales and Marketing Director,  
**Knight Dragon**

into overseas assets, with London ranked as the most popular investment destination.

**But, now that the UK has officially left the EU, will this trend change? Do the Chinese HNWIs and investors still regard the UK property market as a safe haven? What are the key factors that drive their purchasing decisions? Where are they interested in buying or developing in the next 12 months?**

For this 11K Consulting and The Luxury Property Forum’s Thought Leadership Article, 13 respected experts in Hong Kong, China and the UK, who are either property investors themselves or advise Chinese clients on their property investment strategies in the UK, were asked to offer their unique first-hand observations and insights into these topics.

Kingston Lai, Founder & CEO,  
**Asia Bankers Club**

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Nick Walton, Director,  
**Walton Wagner**

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Patrick Tsang, Chairman,  
**Tsangs Group**

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Phil Mason, International Sales Director,  
**Battersea Power Station**

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Rafael Steinmetz Leffa, Executive Director,  
**GWM London Limited**

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Steven Landes, Managing Director,  
**Hawksford**

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# QUESTION ONE

## For Chinese property buyers, what are the unique selling points and concerns of the UK property market after Brexit?

Image credit: ECCORD London

Despite Brexit, the UK property market is expected to remain to be a stable and safe market – a key driver for Chinese and global buyers. London’s position as a global financial powerhouse, an international go-to for education and a safe haven for Chinese investors, remains “as solid as ever”, said **Phil Mason, International Sales Director, Battersea Power Station**, the £9 billion project at the heart of one of central London’s largest new developments.

Mason said:

“There was a little hesitancy in the immediate aftermath of the UK’s exit from the EU, with Chinese buyers naturally following a ‘wait-and-see approach’ to see how the market would react. The concerns were quickly put to rest.”

He added that these features, together with the more general appeal of the UK as a cultural melting pot and of London as a great city in which to live, mean that international interest in property in London remains strong. He also pointed out that the weak pound also presents a timely opportunity for Chinese and other international buyers to purchase property in the UK right now.

**Kerri Sibson, Sales and Marketing Director, Knight Dragon**, which is investing £8.4 billion into Greenwich Peninsula, a blank canvas twice the size of Soho, commented that the UK has long been seen as a

stable and safe market – a key driver for global buyers – and this hasn’t changed.

Sibson said:

“Our education system is held in high regard around the world, and is a major deciding factor among Chinese buyers who have children studying in London or planning to do so. Many are looking to invest in a base whilst their children are studying, but one which will also be a smart long-term investment too.”

**Dr. Ian Zhu, Head of China Outbound Investment, Grant Thornton UK LLP**, one of the world’s largest professional services networks of independent accounting and consulting member firms, said that the UK remains a top hotspot for Chinese property buyers despite Brexit because of its “high rental yield compared with the large cities in China as well as relatively high liquidity due to the fact that London has been voted as the leading city in the world to enjoy lifestyle.”

Dr Zhu pointed out that in fact, “the pandemic is a bigger concern than Brexit, because there is lower demand of student accommodation since lots of students are doing online distance learning at home counties.”

**Jo Eccles, Managing Director, ECCORD London**, specialists in the acquisition and management of residential property in prime central London, agreed

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and said that there is a lot of noise about Brexit and COVID-19, and this is making Chinese buyers cautious about the timing of their purchase. “There is strong appetite; but some buyers are holding off for the time being while they observe the situation.”

However, Eccles pointed out that the UK remains very attractive to Chinese buyers in the long term as owning a prime London property is very appealing as it is a wealth status symbol.

“Over the years we have acquired some spectacular properties for Chinese clients who are very area conscious, eager to own properties in the most desirable addresses. They are most focused on the location and building. In many cases they don’t use the property. For example, we manage a large house in Regents Park for a China-based client who only viewed it once and has never visited the property since.”

**Rafael Steinmetz Leffa, Executive Director, GWM London Limited**, an asset manager authorised and regulated by the Financial Conduct Authority said his Chinese clients still see a UK property investment as diversification away from their home country.

Leffa said:

“Interestingly, London property still remains a gold standard of investment and many still view a property in London as a trophy asset. It remains as a legacy for future generations, especially when taking into account the safety of the investment from a ‘rule of law’ point of view.”

**Kingston Lai, Founder & CEO, Hong Kong-based Asia Bankers Club**, a premium investment club for banking and finance executives, business owners, and their private guests, said Chinese and Hong Kong investors care more about the future and success of the UK in the long term.

“In the short term, the UK is inevitably going to see a slowdown in the economy, with Brexit and especially with the COVID-19 pandemic. But in the medium term, I believe investors will become bullish again. Brexit is and can be a good thing. The UK will likely suffer in the short term, but after 3-5 years, it can be a good thing if the UK can restructure the country in a good way. Also, property is very unique. It is not very correlated to Brexit. The London real estate market is very mature, and the demand always stays.”

**Jacob Sullivan, Sales & Marketing Director, Regal London**, one of London’s leading residential-led mixed-used developers, added that “Particularly recently, the favourable exchange rate and firm direction of travel we have seen since the full withdrawal from the European Union has added further clarity to what is already a clear and transparent process.”

Nonetheless, there are some concerns posed by Brexit.

**Kees van der Sande, Director and Trustee, Formation Architects**, an award-winning architectural practice in London, noted that post-Brexit, there is now a much more level playing field for those wishing to come the UK from outside the EU.

Van der Sande said:

“In terms of London property there are a number of changes happening in the key boroughs of Westminster, Royal Borough of Kensington and Chelsea, and Camden which will limit supply of some prime residential property in the long term. As such, trophy freehold assets which can be purchased now will maintain their long-term value both as a rental or purchase investment.”

# QUESTION TWO

What are the top 3 factors that Chinese HNWIs value the most when buying or developing properties for their own use or investment in the UK?

Image credit: Formation Architects

Location, value creation and access to education are some of the main factors that Chinese and Hong Kong buyers value the most when buying or developing properties for their own use or investment in the UK.

**Changyi Liu, Senior Residential Account Manager, Foxtons**, a leading British estate agency company dealing with both lettings and sales, said location, size or layout of the apartment or building, and future appreciation are the top three factors.

“With HNWIs, firstly they will want to live in the area with the same standard and level of wealth, so location is the top factor. Secondly, they will want to buy the ideal property they have in mind, for example: high ceiling, big garden, six bedrooms, and beautiful staircase. Thirdly, they will want to see their property increase in value. This is no difference than normal investors, and we all want to see our properties are worth more money in the future.”

**Phil Mason, International Sales Director, Battersea Power Station**, said some of the top considerations for Chinese buyers looking for property in London include access to education, the opportunity to purchase a 'trophy' home and the combination of meeting both their lifestyle and financial needs.

Mason said:

“Britain is home to some of the world’s most prestigious schools and universities. The opportunity to offer their children a British education is one of the driving factors behind Chinese buyers’ decision to invest in the UK. A property’s proximity to these educational institutions is therefore enormously important, as well as close access to efficient and modern transport links, ensuring a safe and secure environment for their children.”

**Kees van der Sande, Director and Trustee, Formation Architects** said: “location is a cliché, but so important.”

Van der Sande said:

“Many of our Asian and Chinese clients use their large London houses as a global hub during the school terms (even when children are boarding) and then travel to other properties in Europe or Asia during the holidays. There are also new opportunities

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to be had with Chinese buyers buying older properties and refurbishing to create unique and bespoke dwellings. It's also more fun to create something for yourself with a team of trusted professionals than buying something off the shelf."

**Kerri Sibson, Sales and Marketing Director, Knight Dragon**, said buyers want locations that are easily accessible, with great links to the rest of the capital as well as for international travel.

Sibson said:

"Proximity to work, school or university is also an important factor, but increasingly, so is what's closer to home. Having a great lifestyle offering and strong community on the doorstep, including a wide range of amenities like local restaurants, cafés, and sports and leisure facilities, is more and more valuable to buyers."

**Steven Landes, Managing Director, Hawksford**, a leading international provider of corporate, private client and fund administration services, added that Chinese and Hong Kong buyers tend to be less interested in properties requiring development and refurbishment, and they prefer something new and ready-made. However, he said that while location is important for Chinese HNWI's, location is not as important for Chinese compared with English buyers.

Landes said:

"Both English and Chinese buyers are keen to be absolutely sure of their UK tax liabilities and reporting responsibilities arising from UK property ownership. Hawksford's London office are routinely asked to obtain the initial advice and carry out the subsequent reporting of any tax liabilities."

**Kingston Lai, Founder & CEO, Asia Bankers Club**, pointed out that Hong Kong and Chinese investors tend to prefer new builds, especially during the

pandemic when people cannot fly and it is hard for them to judge a second-hand property remotely without visiting themselves.

Lai said:

"Our clients always take long-term views. Their kids are still very small, but they do it as a 10-year strategy. They want to invest now and prepare for the future. They always want to get exposure to the UK market at an early stage."

**Jo Eccles, Managing Director, ECCORD London**, commented that established location and good potential capital appreciation is extremely important for their Chinese clients. Price and value are also a big driving factor.

"When advising our clients, we provide detailed price analysis, including a comparison matrix, so they can easily compare properties and see which present the best value and discount. It is quite common for our Chinese clients to be weighing up two or three properties and the final decision will be determined by which property presents the best value for money."

**Dr. Ian Zhu, Head of China Outbound Investment, Grant Thornton UK LLP**, said having stable rental income from the property purchases is key. This means the Chinese buyers like their purchased properties to be near good schools, especially within catchment of public primary schools or famous universities, close to public transportation, and to large corporates to attract professionals as tenants.

"Chinese buyers also care about sound living environment, meaning low criminal cases and low social housing. Value creation is also key; for example, the possibility of loft conversion for the old properties, and whether there will be new shopping malls or new tube stations built around the property in the future."

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Patrick Tsang, Chairman, Tsangs Group, a China-Focused Family Office investing globally in sector and location agnostic investments around the world, said this depends on individual financial goals and liquidity needs. Some investors prefer higher and stable rental income — mortgage and taxation implications on the particular family’s asset structure or portfolio to consider. The UK offers better value for money and low-interest rates. Additional factors important to foreign property buyers are healthcare, immigration and resident visa status, and how the country is reacting to the COVID-19 pandemic.

Rafael Steinmetz Leffa, Executive Director, GWM London Limited, added that most of these Chinese investors come from very big cities, and tend to understand the economics of housing in bigger cities better. Their requirements tend to include central and accessible locations.

“In my experience a close proximity to universities (or specifically university towns) tend to be preferred. Another very important factor is the security of the neighbourhood. Over the years and as the standards of safety in certain parts of China has become very high; this has become more of an important theme to investors, as they are prone to comparing the two jurisdictions.”


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Nick Walton, Director, Walton Wagner, which manages and delivers high-end residential design, refurbishment and development, noted that Chinese investors do not necessarily buy so that they can live in the property themselves but, rather for investment. Due to this there is a strong desire to buy new builds for investment.

Walton also raised the point that there is no real student market in the short term. Chinese and international students are thinking twice about studying in the UK next year. Now courses are all delivered online, it is not necessary to pay for student accommodation, which is expensive, and students may choose to stay at home instead.

Jacob Sullivan, Sales & Marketing Director, Regal London, added that security is key.

“Being away for long periods of time, buyers want to know that they are leaving their homes in safe hands, so having a concierge and 24-hour on-site security is a pre-requisite.”



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Jacob Sullivan, Sales & Marketing Director,  
Regal London




Image credit: Regal London



# QUESTION THREE

**In terms of specific locations and cities in the UK, where are Chinese buyers interested in buying or developing in the next 12 months?**

London is set to remain the number one destination of choice, largely due to its unrivalled position as the UK's economic, political and cultural centre; while regional cities such as Liverpool, Manchester, Birmingham and Sheffield are also getting more popular among Chinese buyers because of the potential higher yields in these cities.

**Phil Mason, International Sales Director, Battersea Power Station**, said some of the UK's regional cities are gaining traction with Chinese buyers, particularly buyers interested in bulk deals at a lower price point. For the HNWI buyer though, London is set to remain the number one destination of choice, largely due to London's unrivalled position as the UK's economic, political and cultural centre.

Mason said:

“In terms of locations within the city, Chinese buyers tend to favour large-scale developments that offer an all-in-one collection of vital needs. The ideal scenario, from our enquiries, is to be only walking distance to high-end retail outlets and the best restaurants, as this closely resembles the properties back home. As a result, state-of-the-art developments like Battersea Power Station - which offer this great mix - are highly in-demand.”

**Kees van der Sande, Director and Trustee, Formation Architects** said that Westminster, Kensington, Chelsea and Hampstead still offer the best property in terms of trophy assets.

Van der Sande said:

“Edinburgh and Bath are also seeing significant growth on the back of prime heritage locations (and TV tie ins) and limited supply for those seeking an out of London asset or University City. The country house market is also buoyant for those seeking more isolation or even converting property to rent out to others like a high value Air B&B.”

**Changyi Liu, Senior Residential Account Manager, Foxtons** said Chinese buyers are buying across entire London. Most popular areas right now are Central London, Canary Wharf, Nine Elms, Lewisham, Deptford, Woolwich.

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Liu said:

“The property price at these locations have been growing in the past a few years until lockdown started, in the next 12 months we will continue seeing growth rate slow down. Chinese buyers will then start looking for other locations that have potential growth, such as Corydon, West Ham, Hounslow.”

Patrick Tsang, Chairman, Tsangs Group said that Chinese HNWLs historically prefer to purchase near universities and are likely to be interested in new builds. London will always be attractive to foreign buyers.

Tsang said:


“Other major cities such as Manchester, Birmingham, and Liverpool are consistently growing by population. Liverpool is one of the highest-performing Buy-to-Let hotspots in the UK – the postcodes L7 and L1 are regularly achieving yields of 8.2% and 8%, with rises of 15% and 12% in the last five years.”

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Kerri Sibson, Sales and Marketing Director, Knight Dragon said that traditionally there were only handful of central London postcodes that HNWL Chinese buyers would consider.

“Now, more and more are expanding their search and drawn to the benefits of new and emerging locations, considering Zone 2 regeneration areas like Greenwich Peninsula, where there is potential for stronger yields. These kinds of well-connected neighbourhoods, which have a multitude of amenities on the doorstep, also deliver in that the buyer can happily live there, but also be reassured that should they ever wish to move, there will be high demand from rental tenants too.”

Jacob Sullivan, Sales & Marketing Director, Regal London, emphasised that connectivity is key for Chinese HNWLs. Sullivan said: “London is still at the forefront of many Chinese buyers’ minds. The key global city continues to attract international business such as Apple, Google and Facebook, and is investing millions in infrastructure in what is already an extremely well-connected city, with developments such as Crossrail, the largest construction project in Europe.”



**“Now, more and more are expanding their search and drawn to the benefits of new and emerging locations, considering Zone 2 regeneration areas like Greenwich Peninsula, where there is potential for stronger yields...”**

Kerri Sibson, Sales and Marketing Director  
Knight Dragon



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Charlie Willis, Chief Executive Officer, The London Broker, a collective of leading independent property brokers, said this depends on the size of the investors, in terms of financial flexibility.

Willis said:

“If you are a Chinese investor looking to develop, you need to be quite flexible where you look, as the market remains very competitive. You need to be well advised in what you are buying, you need to be quick. Any buyer at any level needs to be absolutely certain financially well represented, and legally, so they can proceed.”

“Besides London, Manchester as well as Glasgow and Edinburgh which are close to good univariates are getting hot among the Chinese buyers.”

Rafael Steinmetz Leffa, Executive Director, GWM London Limited agreed. Leffa said:

“I would say that Central London is still the first place that comes to mind, but I am increasingly hearing of investors looking at cities which they perceive as undervalued and expect to develop in due course. Leicester,

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Manchester, Birmingham and Sheffield are all cities with established and growing Chinese communities.”

Dr. Ian Zhu, Head of China Outbound Investment, Grant Thornton UK LLP, commented that London is always the safest place to invest because of the liquidity in property sales and rental market.

Dr Zhu said:

“Within London, I think White City and Ealing will have stronger potential because of the new Elizabeth line. There are increasing interest in Manchester, Liverpool and Glasgow where the rental yield is higher and there are famous universities to attract international students.

“Also in Cambridge where more Tech start-ups will be set up, which attract young professionals to relocate there, but pandemic is slowing everything down.”

Steven Landes, Managing Director, Hawksford, echoed. “Regional cities such as Liverpool, Manchester, Newcastle, and Sheffield are getting more popular among Chinese buyers because the yields are much higher compared to yields in London.”

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## CONCLUSION

Looking ahead, while Brexit and COVID-19 inevitably have some short-term disruptions on the UK's economy and property market, Chinese HNWIs and investors remain cautiously confident and optimistic about the safe and long-term investment opportunities in the UK and London property market.

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## NOTES TO THE EDITORS:

This Thought Leadership Article was conducted by 11K Consulting, a UK's leading Chinese luxury and property PR and communications agency; and The Luxury Property Forum, the official forum for the luxury property and construction industry.

This is part of 11K Consulting's China Insights Hub (<https://11kconsulting.com/hub/>) initiative to 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):

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Changyi Liu, Senior Residential Account Manager,  
**Foxtons**

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Kingston Lai, Founder & CEO,  
**Asia Bankers Club**

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Charlie Willis, Chief Executive Officer,  
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**Formation Architects**

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Steven Landes, Managing Director,  
**Hawksford**

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Kerri Sibson, Sales and Marketing Director,  
**Knight Dragon**

## **ABOUT 11K CONSULTING:**

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

**[www.11kconsulting.com](http://www.11kconsulting.com)**

## **ABOUT THE LUXURY PROPERTY FORUM:**

The Luxury Property Forum is the official forum for the luxury property industry, bringing together highly experienced and devoted members handpicked from every discipline. We facilitate the advancement and continuous growth of the luxury property industry, through developing strong business collaborations and cultivating growth opportunities as well as sharing knowledge, experience and contacts. We are more than just a network, but are a forum for the future.

**[www.theluxurypropertyforum.com](http://www.theluxurypropertyforum.com)**

## **CONTACT US:**

If you would like to speak to any of the interviewees above or to 11K about your Chinese PR and marketing strategy, please contact **Sally Maier-Yip, Founder & MD, 11K Consulting**, at **[sally@11kconsulting.com](mailto:sally@11kconsulting.com)** or **+44(0)7841377018**.

If you would like to speak to **The Luxury Property Forum**, please contact **Priya Rawal, Founder and CEO**, at **[priya@theluxurypropertyforum.com](mailto:priya@theluxurypropertyforum.com)** or **+44 (0)7719 970747**.