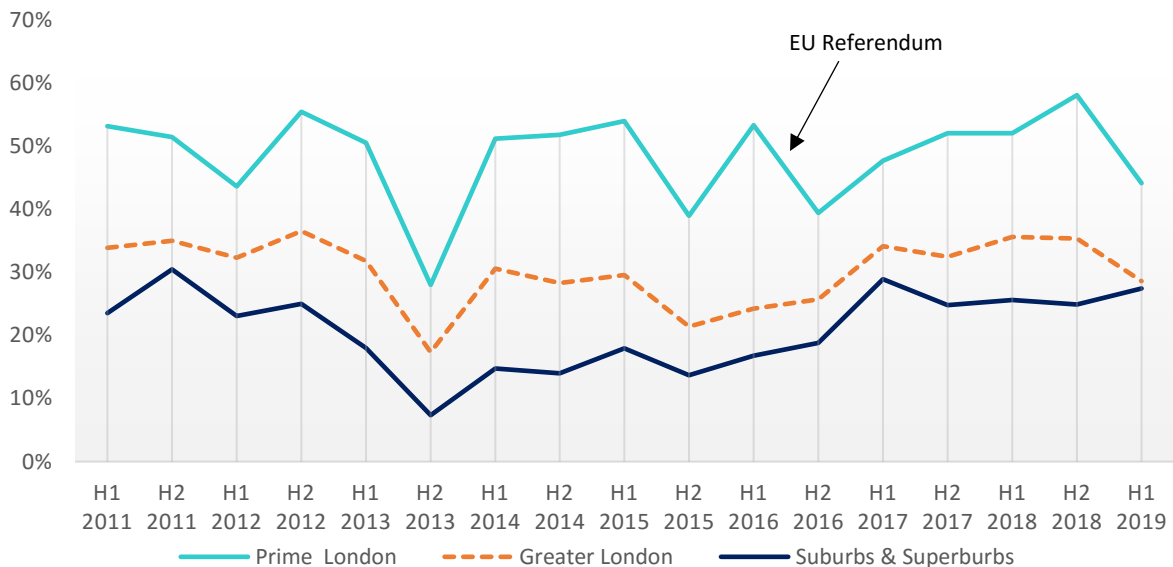


Date Issued: August 2019

## Proportion of homes bought by international buyers in Prime Central London falls for the first time since H2 2016

- International buyers bought 29% of homes in Greater London in H1 2019, down from 36% in H1 2018 and back to pre-referendum levels.
- The proportion of homes bought by foreign buyers in Prime Central London (PCL) fell for the first time since the EU referendum. Foreign buyers purchased 44% of PCL homes in H1 2019 down from the record high of 58% in H2 2018.
- Meanwhile the proportion of homes bought by foreign buyers in London’s suburbs continued to tick up.
- Despite an overall fall in the number of sales, the drop-off in the proportion of homes bought by international buyers in London was mainly caused by fewer Asian buyers.
- Meanwhile the proportion of homes bought by EU, Middle Eastern and American buyers rose.

Chart 1 - % of homes bought by International Buyers



Source: Hamptons International

## Greater London

The latest results from Hamptons International's International Buyer and Seller Survey\* show that the proportion of homes bought by international buyers in Greater London fell from 36% in H1 2018 to 29% in H1 2019, back to pre-referendum levels. However, this was on the back of fewer sales overall. The drop-off was mainly driven by a decrease in international buyers in Prime Central London\*\*, whereas the proportion of homes purchased by foreign buyers in the suburbs and super-burbs continued to tick upwards.

The proportion of homes bought by Asian buyers fell to 7% of homes in Greater London in H1 2019, down from 10% in H1 2018. The only buyer groups not to record a fall in Greater London were those from the EU and United States. Buyers from the EU purchased 15% of homes in Greater London in H1 2019 to remain the biggest group of international buyers in London, the same level as H1 2018.

## Prime Central London (PCL)

Immediately after the UK voted to leave the EU in H1 2016 the proportion of homes bought by international buyers fell. However, sterling's depreciation and falling house prices meant that PCL started to look like quite good value, so the proportion of homes bought by international buyers started to rise again.

But given the more recent global economic slowdown combined with heightened political uncertainty in the UK this year, the proportion of homes bought by international buyers fell for the first time since the UK voted to leave the EU. International buyers purchased 44% of homes in Prime Central London in H1 2019, down from the record high of 58% in H2 2018.

The drop-off was mainly caused by a fall in Asian buyers, particularly those from China and Hong Kong who have been impacted by capital restrictions on moving money out of China. The proportion of homes bought by Asian buyers in PCL fell from 16% in H1 2018 to 6% in H1 2019.

Meanwhile the proportion of homes bought by EU (+5%), Middle Eastern (+1%) and American (+3%) buyers in PCL increased over the last year. One in five (20%) homes sold in Prime Central London in H1 2019 were purchased by a buyer from the EU, reaching the highest level since before the referendum (H1 2016=23%).

## Suburbs and Super-burbs

The proportion of homes bought by international buyers in the suburbs and super-burbs\*\*\* rose to 27% in H1 2019. This is up from 26% in H1 2018 and reached the highest level since H1 2017 (29%).

EU buyers bought 14% of homes in the suburbs, 2% more than in H1 2018 and 7% more than in H1 2016. Meanwhile Asian buyers purchased 9% of homes, the same level as H1 2018.

### Currency changes

Despite the pound weakening following the vote to leave the EU, making it cheaper for international buyers to purchase homes in the UK, there were fewer homes bought by foreign buyers in H1 2019. Since H1 2016 (pre-referendum), sterling has depreciated 11% against the euro, 10% against the dollar and 6% against the Yuan.

This means that a home that would have cost an EU buyer £1million in January 2016, now effectively costs £840,366, a £160,000 discount, purely due to currency changes and disregarding house price falls in the capital over the period too.

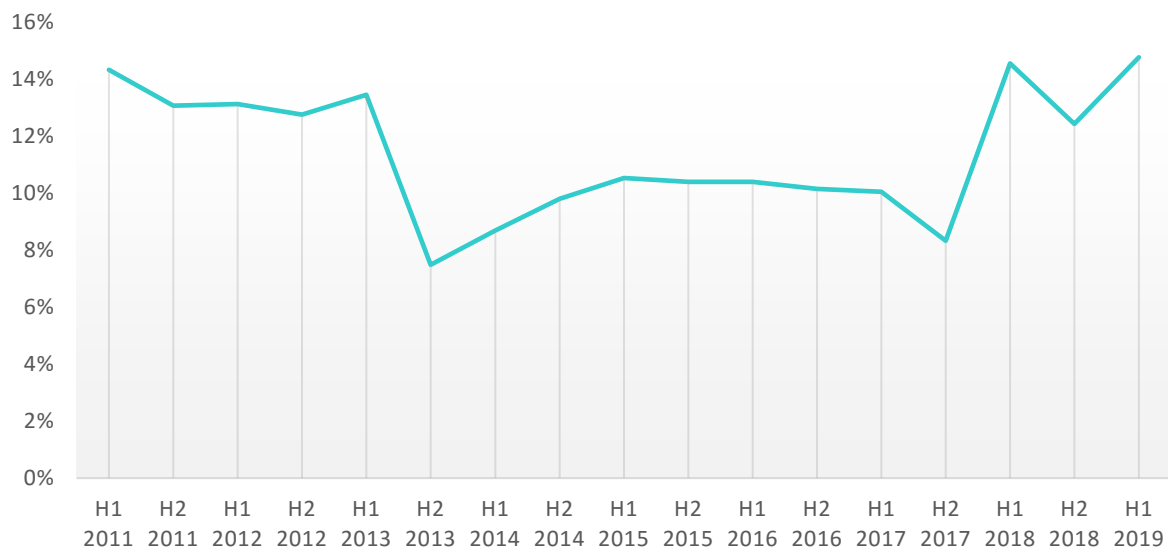
Slowing global economic growth, heightened political uncertainty in the UK and further capital controls on Chinese buyers taking money out of China have all added to the fall in international buyers.

Table 1 - % of homes purchased by international buyers

	Prime Central London	Suburbs & super-burbs	Greater London
<b>H1 2011</b>	53%	23%	34%
<b>H2 2011</b>	51%	30%	35%
<b>H1 2012</b>	44%	23%	32%
<b>H2 2012</b>	55%	25%	37%
<b>H1 2013</b>	51%	18%	32%
<b>H2 2013</b>	28%	7%	17%
<b>H1 2014</b>	51%	15%	31%
<b>H2 2014</b>	52%	14%	28%
<b>H1 2015</b>	54%	18%	30%
<b>H2 2015</b>	39%	14%	21%
<b>H1 2016</b>	53%	17%	24%
<b>H2 2016</b>	39%	19%	26%
<b>H1 2017</b>	48%	29%	34%
<b>H2 2017</b>	52%	25%	32%
<b>H1 2018</b>	52%	26%	36%
<b>H2 2018</b>	58%	25%	35%
<b>H1 2019</b>	44%	27%	29%
<b>YoY change</b>	-8%	2%	-7%
<b>Since H1 2016</b>	-9%	11%	4%

Source: Hamptons International

Chart 2 - Proportion of homes bought by EU buyers in Greater London



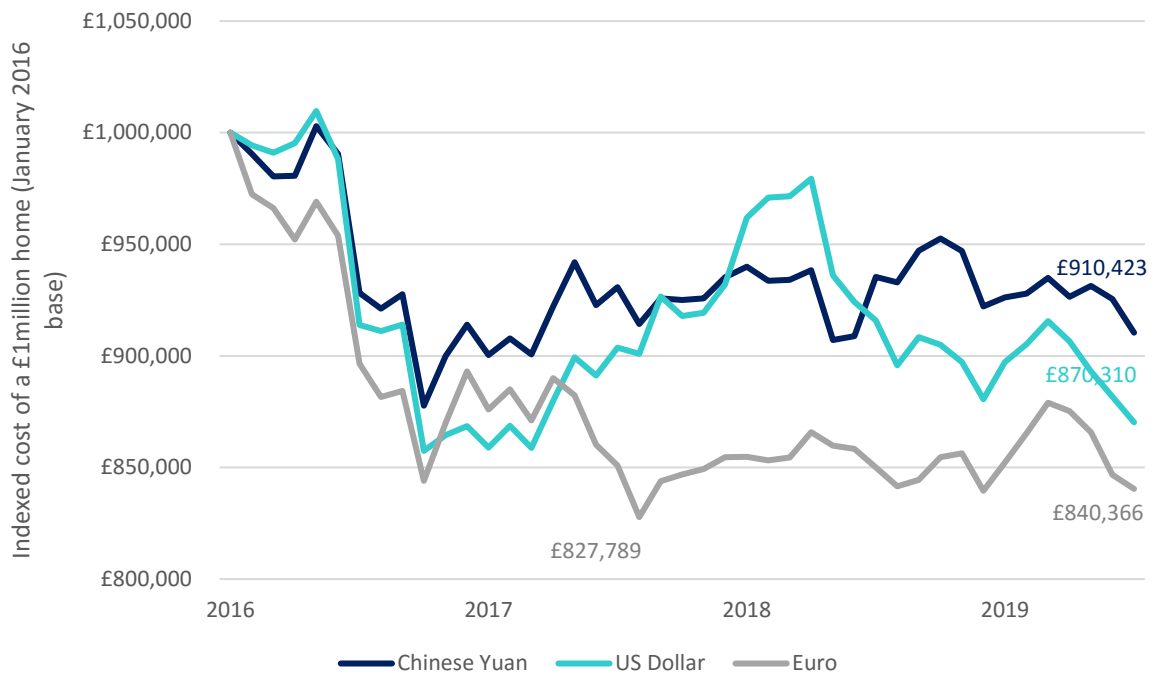
Source: Hamptons International

Table 2 - Where do international buyers in Greater London come from?

	% of homes bought by nationality H1 2019	YoY change	Change since H1 2016
<b>EU</b>	15%	0%	4%
<b>Asia</b>	7%	-3%	1%
<b>Middle East</b>	3%	-1%	-1%
<b>United States</b>	1%	0%	0%
<b>South Africa</b>	<1%	-1%	-1%
<b>Australia</b>	1%	-1%	0%
<b>Russia</b>	1%	-1%	0%
<b>Other</b>	2%	0%	0%
<b>UK</b>	71%	7%	-4%

Source: Hamptons International

Chart 3 – Changing cost of a £1million home due to currency changes (£1million = January 2016)



Source: Bank of England & Hamptons International

(i.e. a home that would have cost a Chinese buyer £1,000,000 in January 2016, currently costs £840,366)

Ends

\*About the Hamptons International Buyers & Sellers Survey

The Hamptons International Buyers & Sellers survey began in 2011. The data is collected from a survey of prime Countrywide branches in London and surrounding areas. The survey is compiled quarterly, but the numbers are aggregated and released bi-annually.

Definitions based on branch locations

\*\*Prime Central London = includes areas such as Knightsbridge, Mayfair, St Johns Wood and Chelsea.

\*\*\*Suburbs & super-burbs = includes areas such as Wandsworth, Richmond, Esher, Rickmansworth, Bromley and Loughton.