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WHAT ARE THE KEY DRIVERS FOR CHINESE BUYERS
TO INVEST IN LUXURY RESIDENTIAL PROPERTIES IN
THE UK AND EUROPE IN 2024?



KEY FINDINGS:

- 1.** The maturity of the European and UK luxury property markets is a key draw for Chinese investors, who are looking for properties both as long-term investments and as personal residences.

- 2.** The UK and Europe represent a stable environment within which Chinese HNWIs can diversify and grow their investment portfolios, with the opportunity to be a part of something that reflects their status and success.

- 3.** Luxury property developments are reaching ever-higher standards, built by world-class architects, interior designers and craftspeople, and offered with unparalleled services and amenities. These are essentials for status-conscious HNW Chinese buyers.

- 4.** Chinese investors are drawn to the rich heritage of Europe and the UK, as well as its diverse cultures and cuisines. There is also a lifestyle attraction of property management in countries with a time difference of only eight hours.

- 5.** Education is a key motivator when it comes to Chinese investors looking to the UK and Europe. They want their children to have the opportunity to attend prestigious and long-established universities and schools.

February 2024 (London) – Just a brief glance at the statistics shows that increasing numbers of Chinese HNWIs (high-net-worth individuals) are looking west for their next property investment. Is this purely a financial decision or are there other factors at work? Dig a little deeper and there are a number of reasons why Europe and the UK are increasing attractive for Chinese investors, as we discover here.

Going back to those figures for a moment, research from international real estate technology group Juwai.com revealed high proportions of affluent Chinese investors are thinking globally. For example, 61% buy international real estate to diversify their investments, while the same percentage of rich Chinese people buy property abroad to live in and 37% of those intend to make it their primary residence.

But why is this? The figures also show that a significant 83% of Mainland Chinese intend to educate their children overseas, so clearly the standards of educational establishments in the UK and Europe are

a draw. Long-established UK estate agent Winkworth points out that close proximity to top schools and universities is a major consideration for Mainland Chinese and Hong Kong buyers when purchasing homes, particularly in and around London.

What other drivers exist in this flourishing property investment story, though? To find out, 11K Consulting and The Luxury Property Forum invited 10 respected experts across luxury property, real estate, interior design, architecture, brand marketing and legal and financial services in Singapore and the UK to offer their unique industry perspectives on this key question.

High-profile interviewees include:

Richard Angel, Co-Founder & CEO,
Angel O'Donnell
(interior design)

Catharine Che, Senior Director & Head of Asia Region,
Sotheby's International Realty UK
(real estate agency)

Katie Earl, Creative Director,
HBA Residential
(interior design)

Robbie Kerr, Director,
ADAM Architecture
(architecture)

Kenneth Goh, Senior Client Advisor – Private Wealth
(North Asia),
UOB Singapore
(private banking)

Jenny Naylor, Director,
Graf London
(marketing consultancy)

Winnie Seow Mei, Asia Market Lead,
Hawksford
(provider of corporate, private client and fund services)

Charlie Walsh, Head of Residential Sales,
The OWO Residences by Raffles
(super-prime branded residences)

Sarah Wei Lau, Head of China Desk,
Irwin Mitchell
(legal services)

Alex Willcocks, Co-Founder & Managing Director,
Burbeck Interiors
(interior design and furniture)



ECONOMIC FACTORS

The stability and maturity of the markets in the UK and Europe are a powerful draw for Chinese investors because of the promise of long-term appreciation, as our experts point out here.

Charlie Walsh, Head of Residential Sales, The OWO Residences by Raffles, comments,

“Chinese and Hong Kong investors have always been attracted to the stable economies of the UK and key European capitals. They are seen as offering safe investments for international buyers. In some regions, there’s also the potential for residency or citizenship through investment.”

Further to the property investment, many are also drawn to the advantages of growing their businesses here too. “The attraction of a stable environment to do business provides a comfort to investors looking to diversify their portfolio in the UK and Europe,” adds **Robbie Kerr, Director, ADAM Architecture**. “Many will already have significant portfolios in China, but within the European setting, there are options for something special, unique and laden with history that can become an asset that is set apart.”

Catharine Che, Senior Director & Head of Asia Region, Sotheby’s International Realty UK points to the stability of the property market in prime locations. “There has been a 1% decline in prime London property prices compared to a 4.7% decrease across the UK, which may signal a potential

market bottom since 2012. The well-controlled economic market, marked by a dramatic decrease in inflation and the anticipation of interest rates declining in the coming years, hints at the possibility of another boom similar to that experienced in 2012 following the aftermath of the 2008 financial crisis. Furthermore, currency appreciation adds another layer to the appeal for Chinese investors.”

Asset diversification has also become increasingly important from a wealth management perspective for Chinese buyers, as **Sarah Wei Lau, Head of China Desk, Irwin Mitchell**, comments. “Previously, luxury property purchases were viewed chiefly as an appreciating asset class, especially in global cities, and a hands-off investment. Now, they are increasingly seen as a means for wealth diversification and even a plausible residence for oneself or one’s children.”

Winnie Seow Mei, Asia Market Lead, Hawksford agrees.

“Building international property portfolios, often spanning the UK and Europe, has formed a core part of the investment strategies of Chinese buyers.”

It is certainly an argument that Chinese HNWLs played a significant role in driving the growth of London’s ultra-prime residential market during 2023, says Winnie. “London continues to ‘hold its crown’ on the world property stage and will continue to be seen as a safe haven. Many of these buyers are Chinese high-net-worth individuals who have either migrated or intend to migrate and purchase the property for personal use.”

HBA Residential





PROPERTY APPEAL

There is great appeal in the properties of the UK and Europe for Chinese buyers. This comes down not only to the fact that they make a good investment because of their perceived value, but also to the high standard and style of the current raft of luxury property developments.

“There’s certainly a kudos to owning a property in Europe, on balance it’s a safe bet. This is especially true of the luxury sector, which remains largely impervious to volatile market forces,”

says Richard Angel, Co-Founder & CEO, Angel O’Donnell.

“In terms of property type, modern, low-maintenance developments brimming with five-star amenities are top of the list. Our clients are also unapologetically status conscious. They like known brands such as B&B Italia, Roche Bobois and Minotti, which carry weight and, with that, reassurance. We’ve always been mindful of this when interior designing their homes. Effectively, when we’re done, all our clients need bring is their toothbrush.”

Jenny Naylor, Director, Graf London, agrees with Richard. “For the affluent Chinese HNWI, branded residences provide a trophy asset investment with the appeal lying in the combination of emblematic luxury and the exclusive lifestyle which these schemes

offer. These properties come with the promise of unparalleled services and amenities, including dedicated concierge services and high-end interior design. In addition, they boast access to exclusive events and communities which resonate with those buyers seeking not just comfort but a lifestyle that reflects their success. The status these branded properties confer make them highly attractive to this market.”

In addition, says Katie Earl, Creative Director, HBA Residential,

“Chinese buyers are attracted by the sense of trust and security that goes hand-in-hand with buying from established developers with impeccable track records.”

There is an argument not only that Chinese investors are drawn to these high-status developments but also that the luxury developers are upping their game in response to Chinese interest. “The standard of properties being brought to market is continuing to set new benchmarks in design and serviced facilities, as evidenced by developments such as The OWO, The Bryanston and The Whiteley,” comments **Alex Willcocks, Co-Founder & Managing Director, Burbeck Interiors**. “Best in class has become an overused term in describing new launches, however it is now more applicable than ever.”

“There is also a skill set in the UK and Europe to deliver luxury assets that exemplify the highest standards, with the best designs and the most crafted finishes,” adds **Robbie Kerr, Director, ADAM Architecture**. “It is a heady mix of rich variety in locations and assets, with the talent available to deliver the dreams of those investing.”

HBA Residential





CULTURE AND LIFESTYLE

“China has a history and civilisation that goes back millennia, but there is a great deal about the heritage of Europe that appeals to the Chinese investor of today.” Katie Earl, Creative Director, HBA Residential points out.

“The allure extends beyond mere property investment; it encapsulates the excitement of participating in the rich history of the UK and Europe. Whether through the meticulous restoration of storied buildings or the acquisition of ground-breaking landmarks, buyers are drawn to properties of monumental heritage. Integral to this allure is the emphasis on luxury materiality, underscoring the property’s exceptional calibre. Discerning clientele are captivated by the exquisite and refined design style of these luxury residences, serving as the crowning touch to these distinguished abodes.”

Kenneth Goh, Senior Client Advisor – Private Wealth (North Asia), UOB Singapore, cites a number of reasons why Chinese buyers are attracted to luxury residential properties in the UK and Europe. For example, he agrees with the panel that they’re a tangible and stable asset class, which both hold and appreciate value.

“Lifestyle considerations are also pivotal, though,” Kenneth says. “With Europe and the UK being perceived as safe, developed countries boasting appealing features such as diverse cuisines, rich cultures and fascinating histories. In addition, the approximately eight-hour time difference between Beijing and London makes property management relatively straight forward if buyers choose to lease out their investment.”



THE IMPORTANCE OF EDUCATION

Finally, as mentioned in the introduction to this thought leadership piece, education is an undoubted draw for Chinese HNWIs.

“At this time of geopolitical and global economic uncertainty, investment is driven less so by capital appreciation than softer factors such as routes to residency opportunities, presence of existing community in a target location so as to facilitate knowledge-sharing and business ties in a new world, generational planning and quality of education,”

comments Sarah Wei Lau, Head of China Desk, Irwin Mitchell.

“The UK and Europe are rich in prestigious educational institutions and this is undoubtedly one of the major exports, for the UK in particular, and a key motivation for many Asian families,” says **Charlie Walsh, Head of Residential Sales, The OWO Residences by Raffles**. And **Catharine Che, Senior Director & Head of Asia Region, Sotheby’s International Realty UK**, agrees, “European countries have a mature and well-known education system, marking it out as a prominent attraction.”

UK universities are also particularly keen to attract international students, as it is an important source of revenue. Therefore property in centres of learning such as Manchester and Liverpool are now also seen as good long-term investments, alongside the well-established markets of the capital. “London remains a strong choice because it is arguably the world’s most connected city – one with a rich history, vibrant culture, and world-class schools and universities,” adds **Richard Angel, Co-Founder & CEO, Angel O’Donnell.**

“It is certainly the case that for many affluent Chinese investors, the aim of having their children educated abroad has often been a major reason for purchasing residential property in the UK and Europe, especially those in close proximity to reputable schools and universities. We expect this will continue to be a key driving factor for Chinese investment into the property sector in 2024,” concludes **Winnie Seow Mei, Asia Market Lead, Hawksford.**

NOTES TO THE EDITOR:

This Thought Leadership Article was conducted by 11K Consulting, the UK’s leading China-focused specialist consultancy, and The Luxury Property Forum, the official forum for the luxury property sector.

This is part of 11K’s China Insights initiative (<https://11kconsulting.com/insights>) to educate, inform and inspire our audiences on different topics around the evolving Chinese market.



ABOUT 11K CONSULTING:

11K Consulting is a UK's leading China-focused specialist consultancy that allows you to unlock the market potential of Chinese high-net-worth individuals and investors. Our vision is to transform the 11,000 km distance between UK and China/Asia into bridges, through delivering strategies and delivering expert communications. Our current clients are a mix of luxury property developer, interior design, architecture, hospitality and luxury lifestyle companies.

<http://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.

<https://www.theluxurypropertyforum.com>

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