

In the wake of Brexit, what is the outlook for residential property in the UK?

Opportunities in the London Market

A new page has turned for Britain following the June 23 vote in favor of Brexit. However, the immediate reactions that have been expressed should not cause us to forget a few longstanding facts. First of all, "in analyzing the situation, it is important to separate London from the rest of the UK," emphasizes Thibault de Saint Vincent, President of BARNES and expert in international luxury real estate.

Winners and losers

UK-based expats will likely be negatively affected by the situation if, in the coming weeks, they need to quickly sell the property they bought during a period of rising prices. However, this is relative to the starting point. Prices had reached very high levels. Up until the day before the referendum, London was 2.7 times more expensive than Paris.

An adjustment had already been observed over the past three months and had not escaped the notice of many international investors. The windfall from the increased purchasing power of all other currencies against the pound has strengthened their interest. "BARNES London has received many calls," confirms Thibault de Saint Vincent. "These individuals are looking to take advantage of the drop in both prices on the market and the currency to invest in London. The market is very active because people are looking to take advantage now."

Indian and Chinese buyers

Real estate professionals expect the emergence of a new population of international investors, made up, according to opinions, of Americans, Chinese and individuals from Hong Kong or Singapore. Others predict clients from the Middle East who, regardless of the situation, seek protection and freedom. There is also talk of Indian buyers, keeping in mind that many wealthy individuals from the ex-colony are already present in England.

Paradoxically, many Britons voted for Brexit to protect themselves from non-British investors. However, such investors will be driving the London residential property market throughout the coming months.

A global banking capital cannot disappear overnight

Beyond the drop in the pound, concerns over employment in the financial industry and political uncertainty, London will continue to rely on its specific strengths. It should be kept in mind that 20% of all global banking activity takes place in London.¹ Thanks to this driver, which provides 1.25 million direct jobs, London's GDP equaled that of Norway last year. It even grew by 3.3% compared to 2.3% for the country overall.

¹ according to Standard & Poor's

An ecosystem of this kind cannot die. It is true that HSBC has indicated it would send 1,000 jobs back to France. JP Morgan has also stated that it could move certain jobs out of the country.

The continued benefits of the 2012 Olympics

Companies are more likely to be reorganized than to completely leave. They know that London's population is pro-Europe: 60% of Londoners voted to remain. In addition, employers can count on highly trained human resources in complex areas of finance. The investments made during the 2012 Olympics helped modernize the city and strengthen its dynamism and accessibility.

BARNES, in brief

Today BARNES is the leading international luxury residential realty company with a number of fully integrated business units: apartments, houses and mansions, buildings, manors and castles and exclusive homes for sale, as well as high-quality and exclusive properties for rent, property management and a full range of complementary services. Founded by Heidi Barnes and managed by Thibault de Saint Vincent, BARNES is established in eight key international cities – Paris, Brussels, Geneva, London, New York, Madrid, Barcelona and Miami – and major international resort destinations (Deauville, Biarritz, Cannes, Aix-en-Provence, Bordeaux, Ile de Ré, Arcachon Bay, Périgord, Lyon, Corsica, Courchevel, Megève, Monaco, Brussels, Lisbon, Mauritius, St. Barth, Los Angeles, Marrakech, and more). In 2015, as the Franco-Swiss leader in international luxury real estate, BARNES achieved nearly 2.2 billion euros in sales volume. Continuing its national and international development strategy, BARNES is opening offices in Istanbul, Sardinia, Germany, Asia, the Middle East, and more...

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