

How will Covid-19 impact UK house prices



The government has issued strong guidance advising buyers and sellers to delay their purchases unless the property is vacant or they are contractually bound to continue a sale and both parties can't reach an agreement to postpone. In effect, the housing market is now frozen.

Rightmove halts house price report for the first time ever

UK's most used online marketing platform reported that they have to halt their monthly report. Rightmove director and housing market analyst, Miles Shippside said "Given the lockdown and pausing of key activities in the housing market, statistics on the number of properties coming to market, new seller asking prices, and new sales agreed are not meaningful," "You do not have a functioning market when buyers can't buy and sellers can't sell."

Zoopla forecasts transactions to drop by 80 per cent

Zoopla another popular online platform, said sales volumes are due to plummet. They forecast a drop in transactions of as much as 80 per cent year-on-year in the individual spring months, and an average fall of 60 per cent across the quarter.

Homebuyers will be concerned by parallels between the current situation and the housing market crash that followed the financial crisis.

The pandemic has hit the property sector hard. In the seven days to 22nd March, buyer demand dropped by 40 per cent compared to the previous week, according to Zoopla. However, sales were still agreed, although this was down 15 per cent on last week, and it was 4 per cent lower than the same week last year.

Any signs of the "Boris Bounce" that injected momentum into the housing market earlier in the year have since decipated as a result of Covid 19.

Market predictions – London House prices forecast to drop over 11% this year as property sales dive and incomes are hit by the coronavirus lockdown

The housing market is expected to fall by up to a sixth as thousands of Britons lose their jobs.

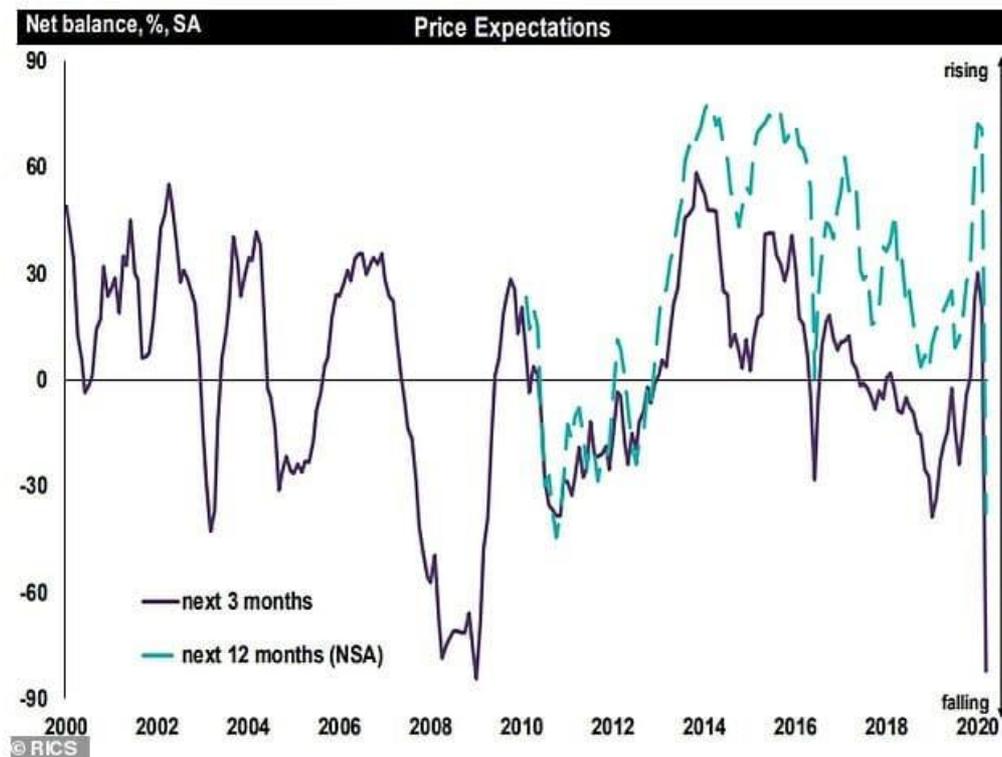
The crash will be driven by the rental sector as the amount tenants can afford to pay plummets due to wage cuts and unemployment.

Yorkshire and East Anglia are expected to be the hardest hit with house prices dropping 16.5 per cent this year.

Next come the North-West and West Midlands with 16 per cent falls. The collapse in prices would take up to £38,000 off the price of an average UK home.

London and Outer Metropolitan are expected to drop by 11.25%.

National Price Expectations - Three and twelve month expectations



Experts at RICS: Quarterly property price expectations are poor.

This creates a huge opportunity for overseas investors to put their investment plans forward and act once the property market activities returns.

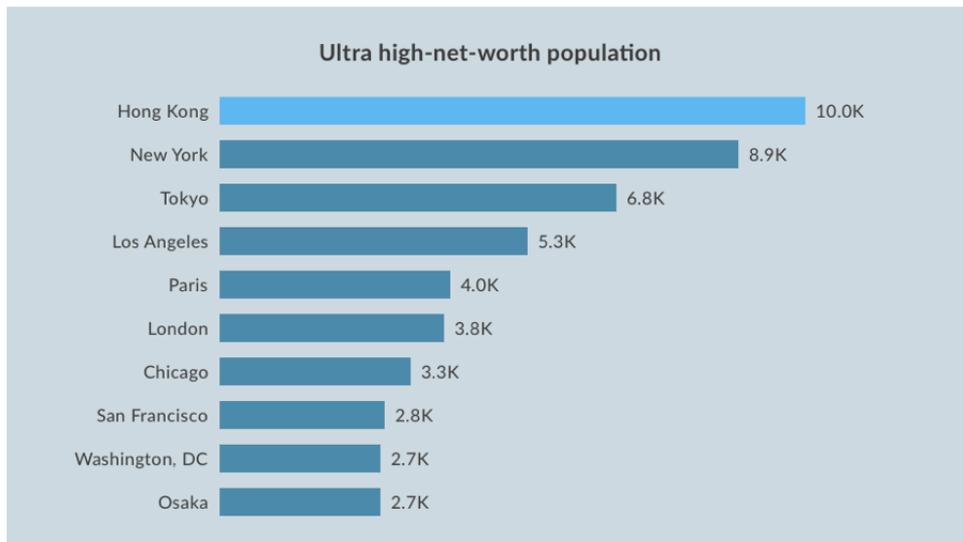
Data supplied by RICS

Reasons why Overseas Property Demand Is Up from Hong Kong

Hong Kong middle class buyers find it less affordable to buy property in the city but have high disposable incomes and see property as a safe haven asset class.

Property seen as an inflation hedge resulting in high demand	Very little developable land results in limited supply
High Prices - Average House Price US\$1.8m	
Median house price to income ratio 18:1	
Unaffordable For Local Middle Class Investors	
1:15 Hong Kongers is a US\$ millionaire and property seen as an inflation hedge	
But A Wealthy Population Who Love To Buy Property	
Anything under US\$1M is considered affordable for middle class investors	
Many Choose To Invest Overseas Instead	

Hong Kong With The Most Ultra Rich People



Source: Bloomberg News 2018-09-06

High Ratio of High Net Worth Investor Base

Compared to London & New York, Hong Kong has the highest concentration of Ultra High Net Worth Individuals (UHNWI - US\$30m+) and High Net Worth Individuals (HNWI - US\$1m+)

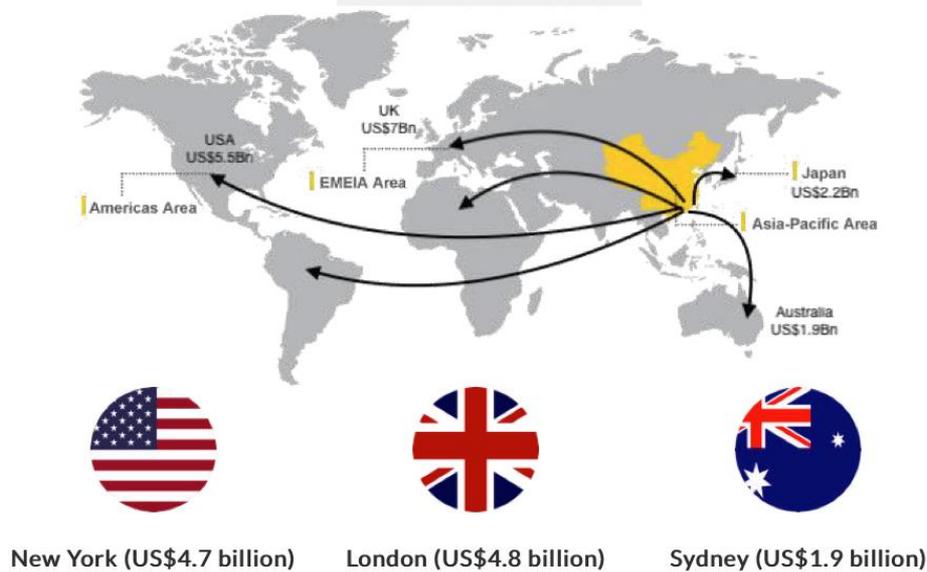
HONG KONG	LONDON	NEW YORK
Population = 7.3m	Population = 8.8m	Population = 8.53m
HNWI = 486,500	HNWI = 253,600	HNWI = 293,500
UHNWI = 7,650	UHNWI = 3,650	UHNWI = 5,530
Tax = 15%	Tax = 44.5%	Tax = 37.5%

Low tax rates in the city, 15% at the highest rate, means Hong Kong is a regional hub for wealth preservation.

Track Record of Investing Overseas

In 2017 investors from Hong Kong made up the largest overseas investor group for overseas property purchase.

2017 Outbound Investment



Source: Spacious Hong Hong

Assents Property London Acquisition Services



Specialist residential property solutions in and around London
with a focus on overseas clients

We aren't estate agents. We are an unusual property agency and very proud of the quality we provide our clients. It is our goal to dispel the idea that 'all estate or property agents are the same'.

We are specialists in the new built and pre-owned properties. Our operational ethos is focused on a solid reputation with honesty being paramount.

With over 20 years in the residential industry, our skill is to be able to empathise with you and interpret your individual needs. We ask more questions than anyone else; if it exists, we will not only find the property that hits the mark but also help you secure it.

We provide impartial advice and support into every aspect of purchase through our acquisition service, covering all locations in and around London.

Contact us on: info@assents.co.uk | WhatsApp: +44 7954324477

Sales | Lettings & Management | Acquisition | Marketing