

# How the *Middle East* is boosting London property investment amid Brexit uncertainty

Buying agency boss *Caroline Takla* examines the role the Middle East plays in the London property market, and what Saudi Prince Mohammed bin Salman's recent state visit could mean for a post-Brexit Britain...



Written by

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**S**audi Arabia and the UK have enjoyed a close relationship for over 100 years, but last week's state visit by the new Saudi Crown Prince Mohammed bin Salman provides the chance for the two nations to forge a watertight relationship amidst a series of transformative reforms on both sides.

*"Recent events in the Ritz-Carlton have spooked many high profile Saudis who are now looking at London as a safe haven once again despite Brexit"*

Saudis have had a love affair with London in particular since the 1970s. The liberal culture that permits them to walk, shop and dress casually – simple pleasures that are not always possible for prominent Saudis back home coupled with the ease of conversation in English and geographic proximity has made London a true second home for many of them. Even our temperate climate is a big pull in the summer months compared to the scathing heat of the desert. But recently prominent

Saudi's have had another reason to divest out of Saudi and into London, recent events in the Ritz-Carlton have spooked many high profile Saudis who are now looking at London as a safe haven once again despite Brexit.

London of course remains a pre-eminent destination for global capital, with Middle Eastern investors not just from Saudi continuing to plough more money into London's commercial property, spending a whopping \$1.68bn between 2016 and 2017; over \$800m more than New York and miles ahead of any other global city. Milestone deals included Blackstone's £285m sale of the Lacon House building in August last year and the £150m purchase of Ofcom headquarters Riverside House by the Qatari royal family's private property company, Alduwaliya. Tensions with Saudi will, no doubt, continue to fuel buying sprees from Qatar too.

In terms of the residential property market, there is clearly a trend forming amongst the next generation of Middle Eastern buyers looking to invest here. The parents or grandparents may have bought in the 70s but the children and grandchildren have now grown up and looking to create their own portfolios; with interest across all price points, particularly at higher ticket sizes where a substantial saving can be made by buying the corporate structures that hold these properties.



*Saudi Prince Mohammed bin Salman's state visit to the UK took place last week*



Middle Eastern buyers remain a key proportion of our business and many view Brexit as an opportunity rather than an issue; there are better deals to be made and currency fluctuations mean there is more property to be found for their budget. The economic benefits of their continued investment in London is unparalleled: the total stamp duty paid by our Middle Eastern clients alone in the last year have provided a significant contribution to the UK Treasury.

*“In the past year alone, we have seen a 23% increase in enquiries for residences in this triangle”*

The number of Middle Eastern buyers in London is at a five-year high, with enquiries within the “golden triangle” of Knightsbridge, Mayfair and Belgravia continuing to dominate the majority of interest. In the past year alone, we have seen a 23% increase in enquiries for residences in this triangle, with immaculate turnkey

properties in particular remaining incredibly popular. The level of investment from buyers is varied; ranging from vast government-sponsored purchases of trophy assets which can run into hundreds of millions, homes bought through sovereign wealth funds, to lesser royals and wealthy businesspeople, who typically spend between £10m-£40m.

With the UK approaching departure from the EU and Saudi amidst a series of significant changes to bring the country into a new post-oil era, the opportunities for both nations to cement substantial long-term deals are more prominent than ever. Both Kingdoms will be eager to conclude free trade agreements with major economic blocs and Saudi as the head of the GCC will be a significant win for the UK.