SANSIRI
News Clippings

Headline	Thai firms among Asian property investors eyeing expansion in UK
Media Title	The Nation
Date	26 August 2016

Thai firms among Asian property investors eyeing expansion in UK

SINGHA ESTATE, SANSIRI COULD CASH IN ON POUND'S WEAKNESS AFTER BREXIT VOTE; CHINESE INVESTORS ACTIVE

SOMLUCK SRIMALEE
THE NATION

Sansiri, which purchased and renovated 9 Elvaston Place – located in the upscale London district of Kensington – in 2010, has sold all units at the property worth a total of Bt600 million. The company might next expand investment in the UK in light of the current weakness of the pound.

ASIAN PROPERTY firms, including a number of Thai developers, are looking to expand their investment in the United Kingdom following the country's referendum vote in June to leave the European Union.

Singha Estate is said to be eyeing more hotel acquisitions in Europe, especially in properties in the UK worth up to Bt700 million combined during the remainder of this year.

A hotel-industry source, who did not want to be named, said Singha Estate might spend up to Bt700 million to acquire three hotels – two in England and one in Scotland – with 70 rooms at each property.

Singha Estate chief executive officer Naris Cheyklin said hotels in Britain right now could be acquired for as much as 10 per cent below the market rate because of the weakening of the pound after a majority of UK citizens voted to leave the EU.

Sterling has depreciated 14 per cent against the baht, from 53.65 per pound on January 4 to 45.96 on August 23.

Last year, S Hotels and Resorts (UK), a wholly owned subsidiary of Singha Estate and Fico Holding (UK) – a part of Fico Group – signed a 50:50 joint-venture agreement to form FSJV Co in the United Kingdom to acquire Jupiter Hotels for about £155 million (then Bt8.5 billion) from Patron Capital and its partner, the Royal Bank of Scotland.

Sansiri, a Thai residential developer that invested in London in 2010, is interested in expanding its investment in the UK following the recent depreciation of the pound, chief operating officer Wanchak Buranasiri said recently.

China, meanwhile, has also expanded its UK investment since the June vote to leave the EU.

According to a report in the *China Daily* newspaper last month, there had been eight major Chinese investments in the UK since the Brexit vote, worth £2.78 billion (Bt127 billion) combined in the hotel, cinema, game-developer and football-club sectors.

"We have seen an increase in inbound inquiries since the Brexit vote, especially from Asian high-net-worth individuals and family offices, who still see London as a safe destination for property investments," Henry Chin, head of research for real-estate broker CBRE Asia Pacific, said during an interview with Reuters recently.

Flush with cash and seeking to diversify investments, Asian players were among the biggest buyers of central London properties last year, accounting for 19 per cent of £20.5 billion-worth of deals, according to CBRE Research.

For the moment, some large Asian property investors say they remain committed to Britain.

"The leadership vacuum in British politics is not a matter of concern," said a source close to Chinese private conglomerate Fosun Group, which has an active pipeline of both commercial and residential property in London.

In a sign of tensions in the market, the source said Fosun had been approached by a number of British residents considering selling their London commercial properties since the Brexit vote.

Phanom Kanjanathiemthao, Knight Frank Thailand's managing director, said this was an opportunity for the new investor interested in London or elsewhere in the UK.

The buyer will benefit from the devaluation of sterling, which is 12 to 13 per cent lower now, and a possible price decrease or greater bargaining power for purchases, he said.

"Of course, today's price trend has not shown a great reduction in prices. Our advice is 'wait and see'. The short-term trend will be much clearer within the next three to six months," he added.

For the long-term trend, demand in the London residential market is still strong due to its undersupply situation, the MD said, adding that London still remained a prime centre for international education, a sought-after tourist destination, and a safe and vibrant city to live in.

Commercial property

Meanwhile, Phanom said, the commercial property market would be subject to UK business operations and the economy, and it seemed to have had a negative impact from the Brexit vote.

However, it is still early to say as it remains to be seen how the negotiations and agreement between the UK and the EU will be settled, which will not happen until next year, he explained.

That said, at this moment, the market has leaned towards a negative outlook for commercial property, and this is a good time and opportunity for the investor to start studying potential properties and the market, in order to shorten the time when deciding to move forward in the UK, he said.

Nicholas Holt, head of research at Knight Frank Asia Pacific, said the UK had long been a destination for Asian real-estate investors, with the attraction of strong liquidity, stable governance, transparency and clear title, meaning that investors from China, Hong Kong, Singapore, Malaysia and Thailand had all invested in bricks and mortar in the country.

"Chinese, Singaporean and Hong Kong investors especially, looking at both residential and commercial properties – most likely in London – will be monitoring the market carefully and looking for opportunities to potentially increase their exposure over the coming weeks and months," he added.