



Image Source: Gordon Williams (Unplash)

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According to the 2018 financial report released by Sir Ka-shing Li's CK Hutchison Holdings Limited, as of the end of 2018, the group's total assets in China and Hong Kong accounted for only 10%, while assets in Europe accounted for more than 50%. Recently, CK Hutchison Holdings Limited purchased 5Broadgate in London, UK for £1 billion (about 40 billion Taiwan dollars). The building is UBS's London headquarters, and the annual rental return rate of the building is about 4% at the sale price. The ARA Asset Management Limited founded by Sir Ka-shing Li also announced the official entry into Europe and established its headquarters in London, England.

In the above-mentioned incidents, there are several major reasons for the investment. First, compared with "The Center" in Hong Kong sold by CK Hutchison Holdings Limited, the price of the London UBS Building is only one-third of "The Center". CK Hutchison Holdings Limited bought the commercial building with only a quarter of the proceeds from the sale of "The Center" and the building's annual rental income is close to half of "The Center". Therefore, at the transaction price, the London UBS building's rental return rate is nearly double that of "The Center" in Hong Kong. Second, the impact of the Brexit incident in the UK has affected the pound exchange rate to fell, but also provided investors with a cut-in opportunity for British real estate. Thirdly, the protection of private property in the UK has always been fairly clear and stable. Most properties in the UK have long-term property rights, or property rights ranging from 125 years to 250 years to 999 year, and with an express statutory provision, upon the use expiration, you have the right to renew your contract. Lastly, London is the political, economic, and cultural center of the United Kingdom. Its industrial structure is healthy and its foundation is solid. The soundness and perfection of the economic system form a protective network for London to resist various politics and uncertainties. In addition, according to a survey by the financing database PitchBook, London is still the preferred destination for technology investment in 2018, with an investment of £1.8 billion for London-based technology companies, which is twice the £900 million in Berlin. In 2018, the UK's GDP per capita was USD\$44,177, which is the first half of the GDP per capita ranking. All kinds of reasons will also stabilize the development of London's real estate.

London has considerable advantages over other countries in terms of overall financial status, education and culture, media, and sports. The high income level of the city also makes the rigid demand of the property more obvious. According to UK's official data, the population of London will reach 9.4 million in 2020 and will break 10 million by 2029. In addition, it is expected that within the next 20 years, the number of housing supply shortages in London will reach 360,000 sets, and the trend of housing prices in London is still remain to be seen.