A home at Stadia Three development in the Wimbledon neighborhood of London GALLIARD HOMES (RENDERING)

HOMES

A New Wave of London Homebuyers is Purchasing Property From Afar

Buyers from Asia have long embraced the practice of shopping for London homes without physically seeing them, but remote sales to U.K. natives are becoming more common amid the coronavirus pandemic

By Ruth Bloomfield

May 14, 2020 8:35 am ET

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While the pandemic was starting to work its way across the world, London buying agent Thea Carroll was helping a Middle Eastern family who wanted an apartment in the British capital.

BUYING IN THE U.S.

In the U.S., the growing trend of using Facetime and Zoom to make home-buying decisions may continue after the pandemic.

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Their requirements were very specific and it wasn't until the start of March that Ms. Carroll, founder of Thea Carroll Property Consultancy, found a perfect property in a postwar building in the Knightsbridge neighborhood.

By this time the family was savvy enough about the London market to know that the right investment wouldn't come up every day; in particular they wanted a building with two separate elevators for security reasons.

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And they were not about to allow an international health crisis stop them.

On March 23, Britain went into lockdown, but Ms. Carroll's clients are still forging ahead with the $7.4 million purchase of the three-bedroom, 2,200-square-foot apartment.

"Based on a few videos they are going for it," Ms. Carroll said. "They know their options are really limited, and they are market-educated enough to know the location is right and the price is good."

In the future—the British government announced this week that socially-distant house tours can resume—Ms. Carroll believes that the remote-sales market will continue to grow. "People are now happy to rent an Airbnb for a few nights without seeing it, and increasingly to do a short [rental] without a viewing," she said. "This is just a scaling-up of that, assisted by incredibly realistic video technology. I really think the paradigm is shifting."

Scott Lee agrees. Last year, to the astonishment of many of his friends, he agreed to pay $494,500 for a newly built apartment he had never seen.

Scott Lee bought an apartment similar to this one in Stadia Three without ever having seen the property.

PHOTO: GALLIARD HOMES (RENDERING)

Instead Mr. Lee, 50, relied on buying agent Laura Johnstone, of London Homes Search, to be his eyes and ears while he remained in Prague, capital of the Czech Republic, where he has lived for the past five years.

Mr. Lee could have flown to London, where he was born and raised, to view the site. But he says his job as a music therapist leaves him very busy and he decided not to. “It seemed like a no-brainer,” he said. “I am so involved in my life in Prague that I kind of liked the whole aspect of not getting involved.”

Stadia Three

PHOTO: GALLIARD HOMES (RENDERING)

He and Ms. Johnstone communicated via WhatsApp allowing him to “view” the property as she videoed it. “It was so straightforward,” said Mr. Lee, who reserved the apartment, in the Stadia Three development in the Wimbledon neighborhood, with a 10% deposit last September.

“I did four or five ‘walk throughs’ with the agent, so I was able to see what the development looked like and I know it sounds funny but it just seemed normal to me,” said Mr. Lee. He will take ownership of the two-bedroom apartment next year and plans to rent it out for a few years before returning to live in the U.K.

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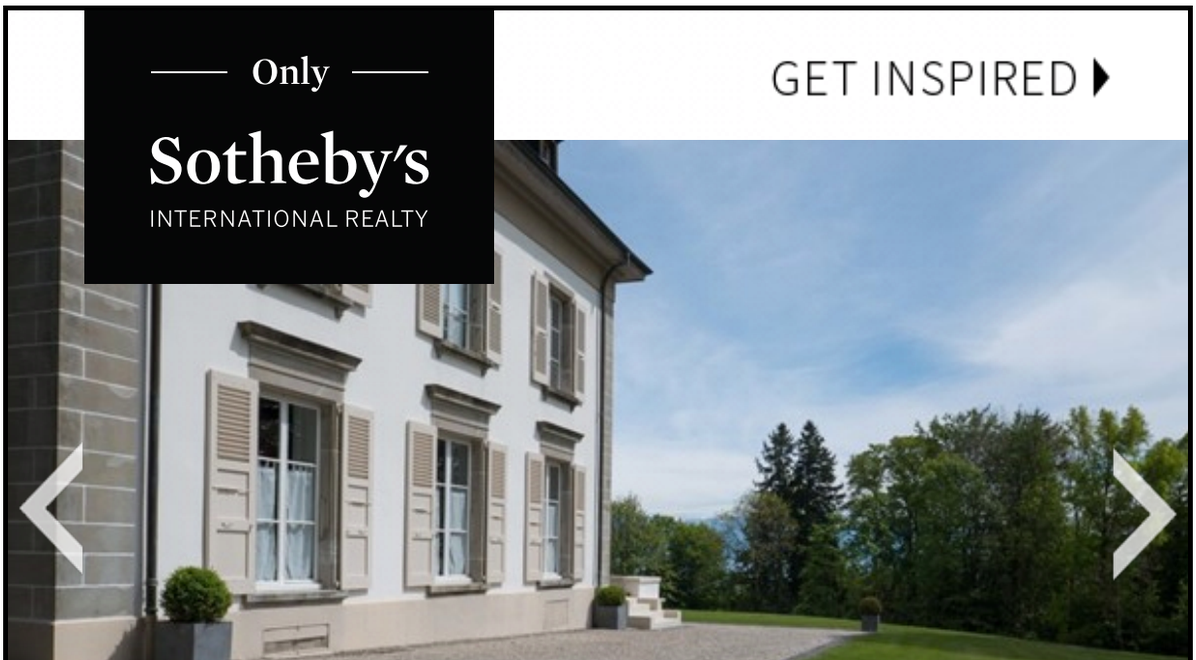

Vaud, Switzerland

A remote deal also seemed normal to a family of British expatriates, based in Argentina, who have been searching for a home for their return to the U.K. They fell in love with a historic rectory in the Cotswolds, an area of countryside 83 miles northwest of central London.

“It was in a lovely, unspoiled location which they were able to view using Google Earth,” said their buying agent Jonathan Bramwell, head of The Buying Solution. “Being able to video the property meant they were also able to ‘walk’ from room to room. This was a savvy client, and although they couldn’t get back to view it, basically they did not want to miss out.”

A sample of a 3-D tour of Hamilton Terrace, a five-bed, five-bath semi-detached home in North London listed for £8.25 million

The family agreed to pay $2.163 million for the house in early March, a couple of weeks before Britain entered official lockdown on March 23.

Remote buying might feel risky to European and North American buyers. But Nick Vaughan, head of greater London residential developments at Savills, points out that buyers from Asia, China, and Hong Kong have been attending sales exhibitions—where a team of agents sets up a pop-up marketing suite in a hotel for three or four days to sell off-plan apartments—for years.

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"We have been doing overseas sales exhibitions since I started in property 20 years ago," he said. "Buyers are very, very used to going to exhibitions and seeing a model of the building and buying on that basis, and the U.K. is seen as a very safe haven."

So effective are these exhibitions for overseas buyers that, ever since Prime Central London's market bounced back from the recession in 2011, there has been a growing domestic backlash against them.

I really think the paradigm is shifting.

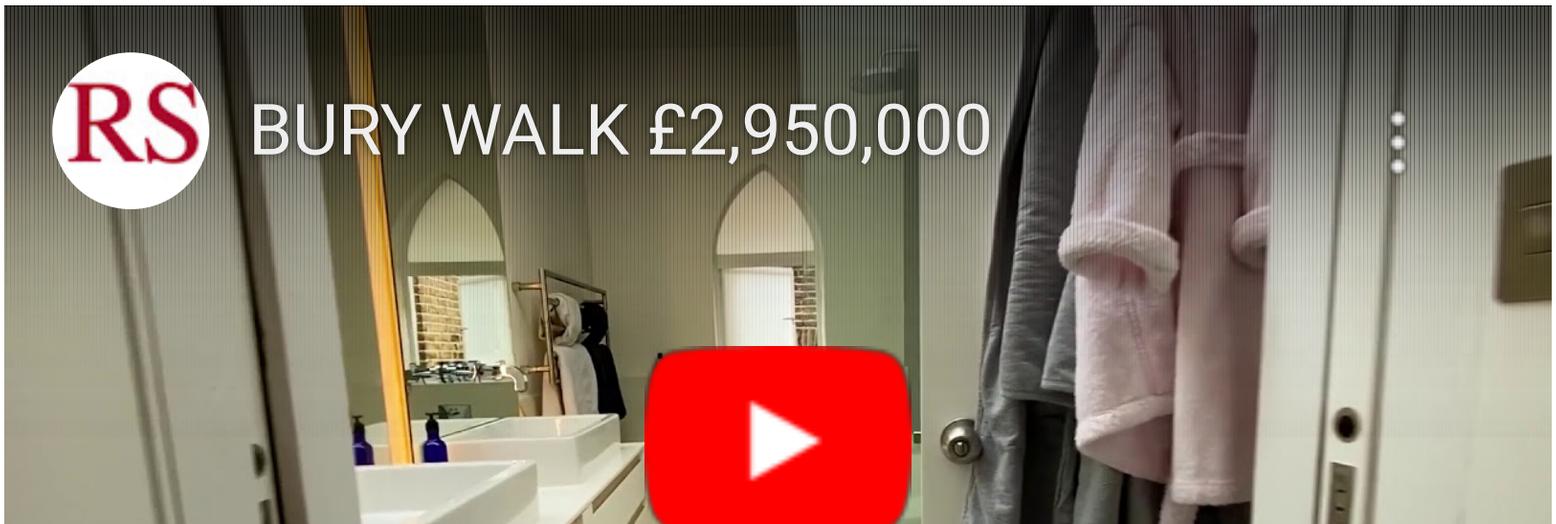
— Thea Carroll, Thea Carroll Property Consultancy

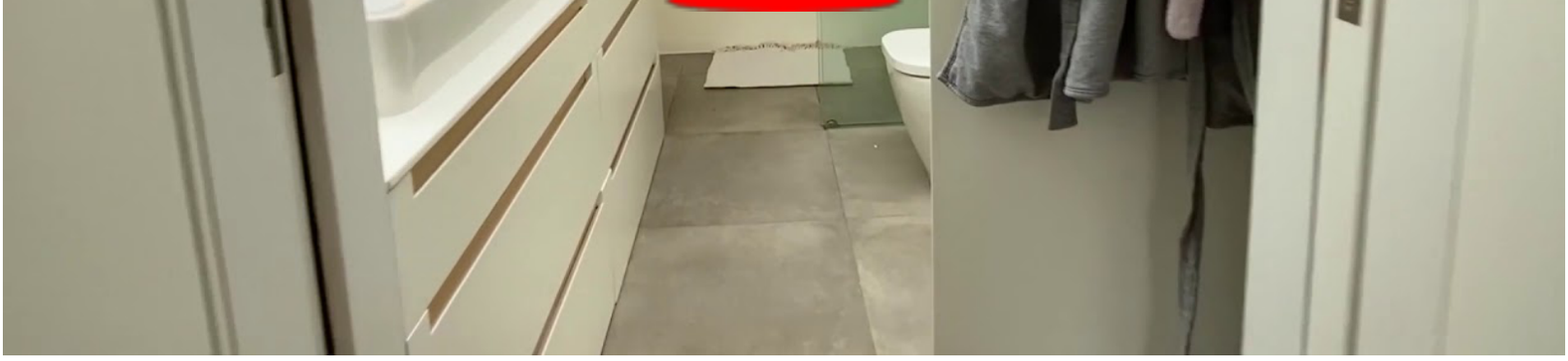
Research for the London mayor, Sadiq Khan, found that 3,600 of the 28,000 new homes built in London between 2014 and 2016 were sold to overseas buyers. Advocacy groups like the HomeOwners Alliance have called for a ban on marketing homes overseas before they are offered in the U.K., although a reduction in overseas buyers post-2016 has largely rendered this point moot.

Homes tend to sell well to remote buyers, said Mr. Vaughan, if they are promoted by a well-respected developer. Firms like the Berkeley Group and

Ballymore both enjoy a good reputation with overseas buyers. Many major overseas firms have invested in London with a view to selling these apartments to buyers in Asia as well as in Britain. They include the Chinese developer Greenland, currently planning Europe's tallest residential tower, Spire London, in the Canary Wharf financial district, and Knight Dragon, the Hong Kong-incorporated firm engaged in a $10.385 billion regeneration of the Greenwich neighborhood.

When it comes to residences, Mr. Vaughan said remote buyers look for international brands like Four Seasons, Mandarin Oriental, and Bulgari Residences which are seen as reassuring marks of quality.





A video walk-through of Bury Walk, a three-bed, two-bath cottage in Chelsea, London, listed at £2.95 million

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However, Guy Meacock, director of buying agency Prime Purchase, feels buying sight unseen should be treated with caution—particularly when selecting a family home.

“In the usual scheme of things, we would never recommend anyone buy a property without physically seeing it first,” he said. “There should be an emotional attachment. It’s hard to fall in love with something over a floor plan.”

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Mr. Meacock had one client who flew from Singapore to view a house in Highgate, north of London, then turned around and went right back. “He was quite right to go to those lengths as he was spending [$3.7 million] and the cost of a return flight and a bit of jet lag was worth it."

Mr. Bramwell, of The Buying Solution, agrees. "Virtual viewing will, perhaps, become more mainstream as technology evolves, but nothing compares to the face-to-face feeling that a house and setting gives you."

HOW DO THESE TECH TOOLS COMPARE TO BEING THERE?

VIDEO TOURS: Produced and shot by listing agents.

Pros: Usually high quality, like an HGTV reality show.

Cons: Like all reality shows, you'll see a highly edited version of reality.

Verdict Don't believe everything you see on TV.

LIVE VIDEO CHAT: These newly ubiquitous tools let agents walk you through a property and answer questions in real time.

Pros: You'll feel like part of the process.

Cons: Jagged audio, poor resolution and wonky screen

colors.

Verdict: What? Are… can you hear… you're frozen…

3-D VIDEO: An interactive, on-demand, three-dimensional video house tour.

Pros: Offers a level of detail and quality that is almost like being there. Also, highly addictive.

Cons: You'll see only what you're supposed to see. Also, beware the daylong rabbit hole of 3-D-touring homes you could never see in person.

Verdict: There is a reason there's no 3-D video of the utility room.

VIRTUAL REALITY GOGGLES: An immersive experience that costs listing agents big money—$150 and up for a VR headset, plus the cost to produce a VR video.

Pros: Literally the only thing better is being there.

Cons: Until smell-o-vision is a thing, you'll get no clue the home was owned by smokers, bulldog owners, or curry aficionados.

Verdict: May cause vertigo, especially if you buy the

house based solely on the VR tour.

—Kris Frieswick

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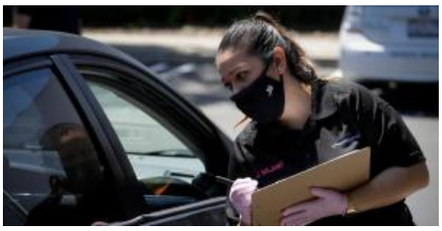

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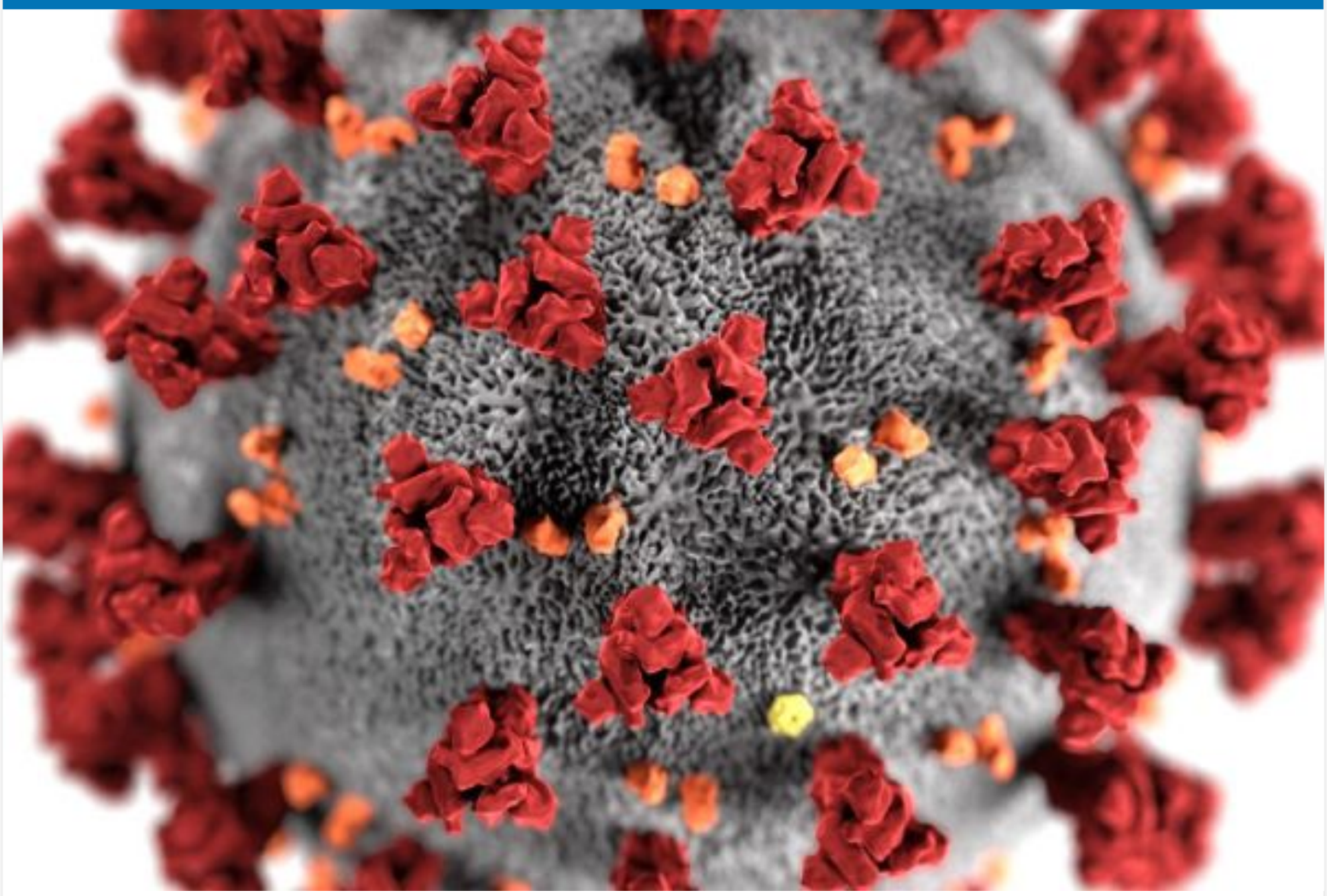

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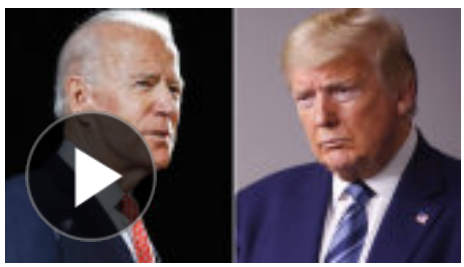

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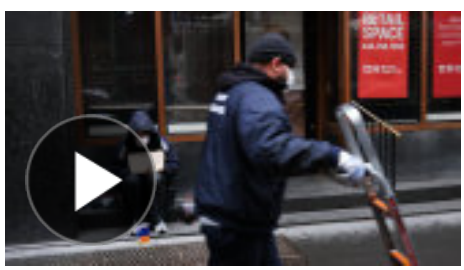

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