# Global Neighbours: Why GCC buyers are purchasing UK residential properties

# Foreword

There's a long history of Gulf residents purchasing residential properties in the UK, for holiday homes, buy-to-let investments, or for their children to live in while studying abroad. Our analysis suggests that the market for Gulf Corporation Council[1] residential property investment into the UK is worth close to £1 billion annually and, with favourable market conditions beginning to form the outlook is a positive one.[2]

With the Gulf Cooperation Council countries' financial wealth expected to grow by 4.7% annually, reaching $3.5 trillion by 2027, this trend shows no signs of slowing.[3] Coupled with the fact that these countries are benefitting from a combination of high oil prices, a strong US dollar and the fact that most markets in the region reacted positively to the recent news of Donald Trump's election victory,[4] Gulf nationals are enjoying something of a golden era of prosperity. With plenty of surplus capital in the region, many affluent Gulf residents are looking for ways to deploy their funds, grow their wealth, and safeguard their money in an asset class which has traditionally seen steady and stable growth.

These types of property purchases, though easily accessible for ultra-high and high net worth individuals, have typically been difficult for the affluent and mass affluent market to fulfil, particularly for buyers looking for Sharia'a-compliant finance.

To get an insight into current sentiment among GCC customers, we interviewed a number of the brokers and intermediaries in the UK and UAE for their view on GCC perceptions of the UK property finance market. Following these conversations, we have identified three key themes that define the market at present. Alongside this, we used Rightmove data to understand the state of GCC demand in the UK property market.[5]

**THREE KEY THEMES IDENTIFIED FROM OUR RESEARCH**

1. When affluent GCC customers are looking for investment opportunities, they often prefer to invest in the UK rather than the Middle East. This is due to currency stability and attractive property finance products that are not available elsewhere.
2. GCC customers are price-conscious above all, and feel that UK pricing of property and finance is fair.
3. Inexperienced GCC customers can be surprised at the extent of the legal process in the UK, as well as the time it takes for completions.

Buyers in the GCC are clearly keen to purchase in the UK. There needs to be clearer guidance for GCC residents who might be looking at UK property purchases for the first time, and who might not be accustomed to the meticulousness of the UK's legal processes or associated costs. Working in partnership, we can help ensure many more GCC residents are able to purchase residential properties in the UK. We can also ensure that budding buyers and investors are fully equipped and educated to access the UK market through knowledgeable local intermediaries and advisers.

**Layla Hamidian,**
**Head of Property Finance Sales and Servicing, Nomo**

# UK or Middle East – Where do GCC purchasers favour?

**For retail customers looking for an opportunity to invest, the UK is seen as secure option for their first foray into diversification. The UK has long been an attractive property market to GCC residents for a number of reasons. Long-held cultural and economic ties that many GCC nationals and residents have to the UK should not be underestimated, and this often forms the starting point behind decisions to purchase UK property.**

Sophia Kazmi, Director, Maidwell Group explained that:

> **"Many of our clients invest in the UK not only for capital growth but also for attractive rental yields, a sense of security, and often sentimental reasons. Ultimately, the UK is a preferred destination because it aligns with their aspirations and is where they envision building their future."**

Nomo is part of Bank of London and The Middle East, which noted in its 2023 report Strong Foundations that many high-net-worth investors choose where to invest based on an emotional affinity to Britain's cultural offering, from Premier League teams to Russell Group Universities which they may have attended or sent their children to.[6]

Unlike institutional investors, affluent GCC customers are predominately interested in buying properties for occupying purposes: to have as a residence for when they visit the UK during the summer, or as somewhere their children can use during their university studies. This varies depending on the specification of the property, with properties at lower price points bought as buy-to-lets at a higher frequency than properties at the upper end of the market.

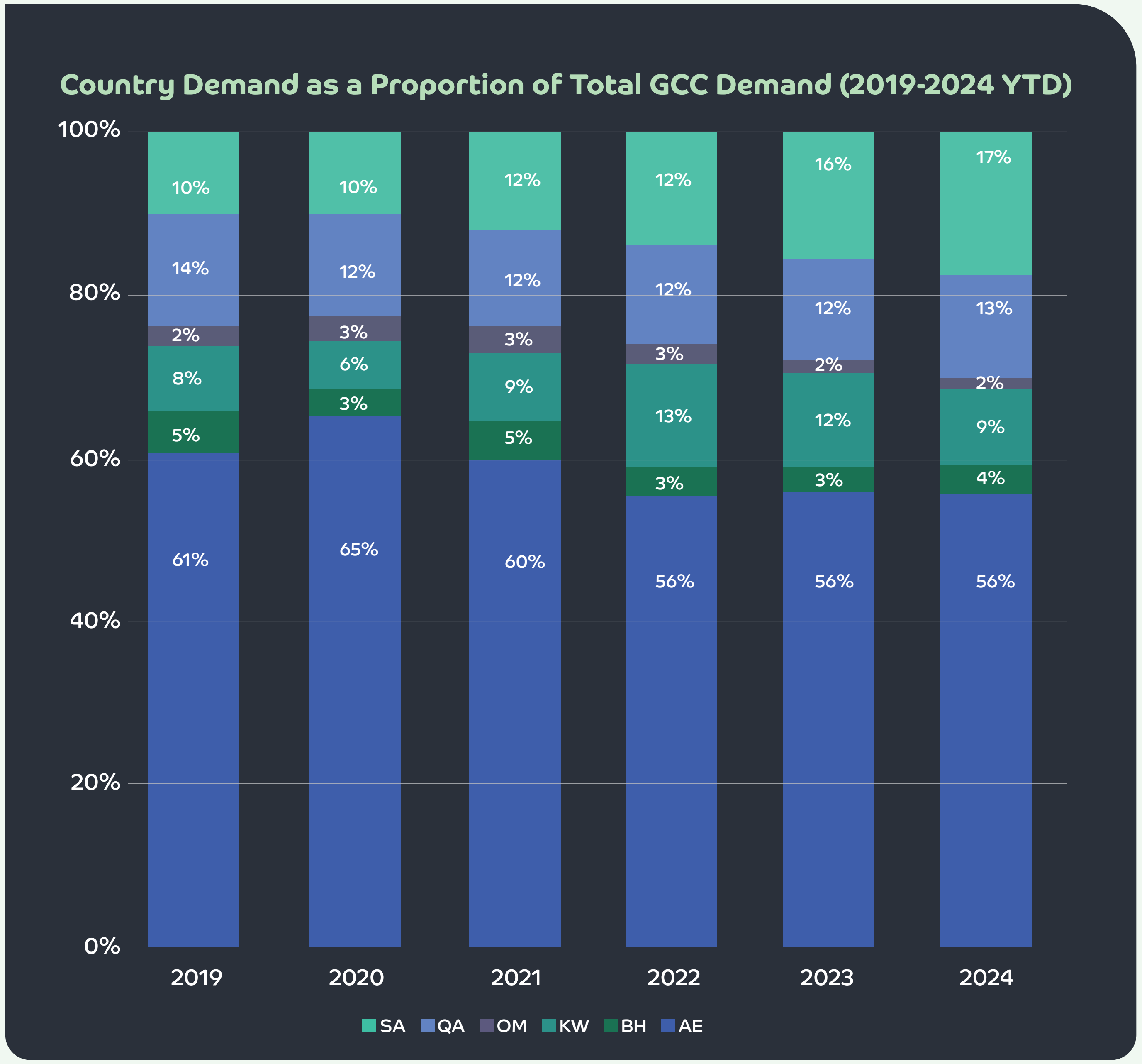
Nathan Bakhbakhi, Partner, Sales Manager at Knight Frank Finance, said:

> **"The split in GCC customers buying UK property is roughly 75% for the family to live in and 25% for investment purposes."**

This is particularly true of GCC investors who are not GCC-born and raised, but 'well-salaried expatriates' living in the GCC (especially the urban enclaves of the UAE), who want to invest their money back in UK property, because of its global reputation for economic and currency stability.

This is backed up by Rightmove's data; the UAE represents the largest proportion of potential buyers or tenants contacting agents from GCC countries, averaging over 59% of total enquiry demand since 2019. Demand from Saudi Arabia has increased the most during that period, from 10% of all enquiries from the GCC countries to 17%.

Enquiries from Qatar has consistently sat at around 12% of enquiries. Interestingly, the location of a GCC resident can have a significant impact on the destination they are interested in – potential buyers or tenants in the UAE, Oman and Qatar all focus enquiries most favourably on Glasgow properties. Saudi Arabia, Kuwait and Bahrain on the other hand all favour London homes.[7]




We expect the dominant levels of demand from the UAE to be driven, in part, by its large expat population. As Nathan Bakhbakhi noted, many British expats living in metropoles such as Dubai and its environs want to safeguard their finances back in British bricks and mortar.

When retail customers are looking to make a profit on their purchase, brokers feel that the UK is an attractive proposition for the majority of investors. The intermediaries we spoke to said that their clients, if they are to invest in a GCC country, overwhelmingly do so in Dubai.

Faye Adams, Senior Independent Mortgage Specialist at Peritus International, shared that **"Dubai is very popular. I've found a lot of clients are now capitalising on their investments in the UK to buy in Dubai, but not in any of the other GCC countries."**

Ultimately, GCC investors are rightly cautious and measured with their investments, and don't like to take unnecessary risks. The UK's strong appeal as a safe haven, is therefore a key driver of property purchases.

# Price-conscious, above all

**GCC customers are very price-conscious when it comes to property purchases, with this taking ultimate precedence over other factors including location and asset class.**

According to the brokers we spoke to, GCC clients feel that UK property is currently fairly priced, and there is very little negotiating down, unlike other nationalities which are often more eager to bargain.

There is a clear preference for city properties from the GCC countries, with 6 out of the top 20 local authorities for GCC residential property purchases located in London. Additionally, other key investment cities such as Glasgow, Liverpool, Manchester, and Salford attract attention perhaps due to their relatively lower entry prices and strong rental yields.[8]

It is well-known that properties in London – in particular those in the boroughs of Kensington and Chelsea and Westminster – command high prices, the highest in London and indeed, the country.[9] According to Rightmove the average price of a home in June 2024 was £1,676,283 and £1,552,571 respectively. The fact that, despite high prices, these two boroughs remain two of the top destinations for GCC enquiries we think points to the fact that GCC buyers see these two destinations in Prime Central London as being worth the price and listed at fair value.

Faye Adams told us that pricing is more important now than over the last 12 months:

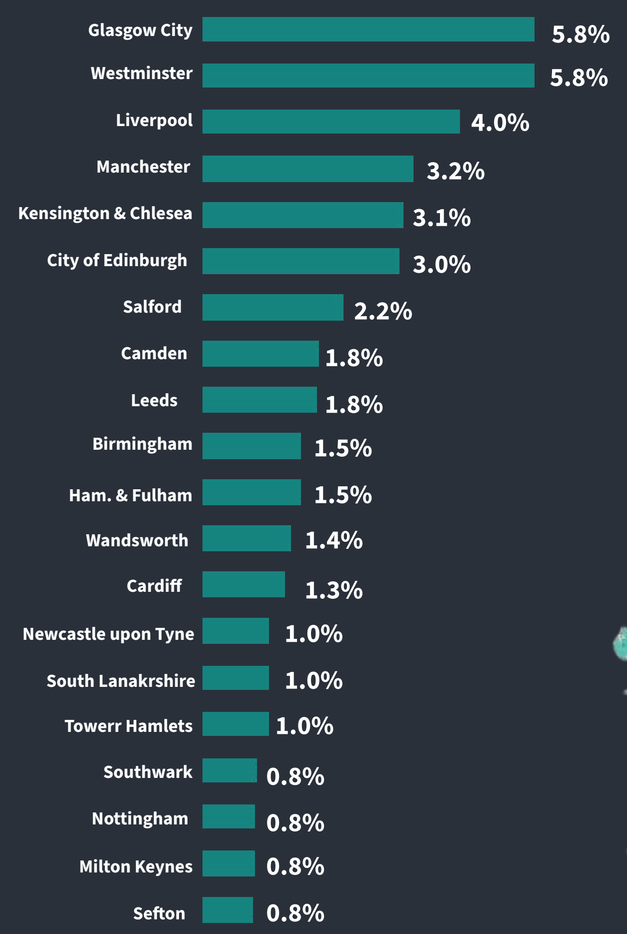
> **"Like commercial investors, retail consumers have also been holding back their capital to see if rates drop. Clients are waiting to see what happens with rates before locking in repayment rates; we expect that this deployment of capital will be imminent, following the Bank of England's interest rate cut of 25 bps in and a further cut in November. The cuts are also good news for clients looking to re-finance existing properties in the UK, and I expect we'll see more GCC clients looking to do so in the coming months."**

For many inexperienced GCC customers looking to purchase a UK property for the first time, there can be a few surprises when it comes to the overall cost. Stamp Duty is a significant one, as it does not exist in the majority of GCC countries (bar Oman and Bahrain).[10] However, the brokers we interviewed did not report any pushback from GCC investors on financing costs in the UK.

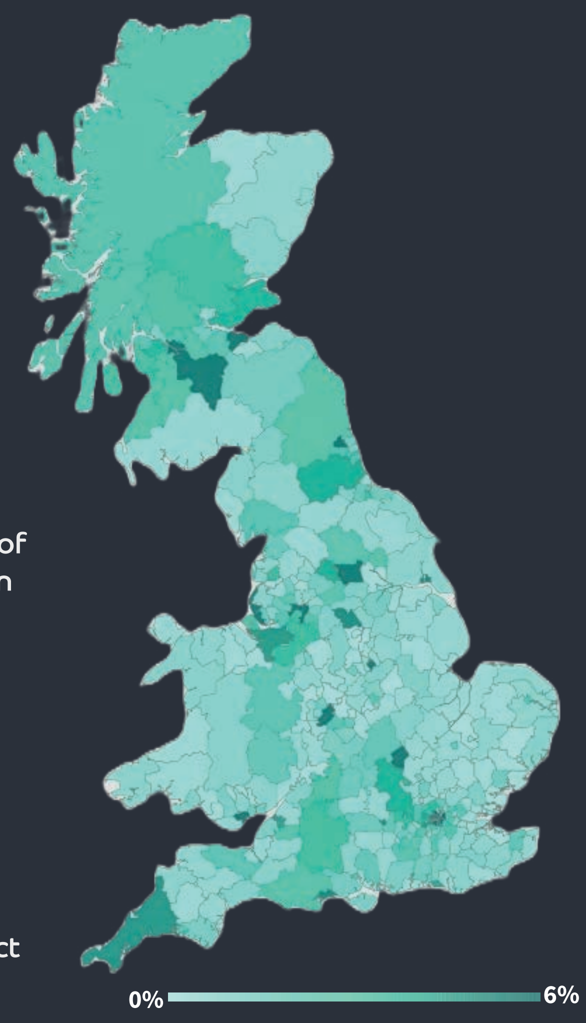
With central bank base rates in the GCC currently higher than in the UK (peaking in Bahrain at 6.25%),[11] investors recognise that their UK property purchase may, currently, deliver better returns than a similar investment in the GCC. Therefore, it's crucial to work with a broker with a deep understanding of the UK market who can make these additional charges clear at an early stage when purchasing.



## Top 20 Local Authorties by GCC Demand as Proportion of Total Enquiries (2019 - 2024 YTD)




## Heatmap of GCC Demand by UK Local Authority (2019-2024 YTD)




The top 20 local authorities receive 43% of all demand from GCC countries, as shown above illustrates that every UK local authority has experienced some level of GCC interest during the analysis period.

There is a clear preference for city properties from the GCC countries, with 6 out of the top 20 local authorities located in London. Additionally, other key investment cities such as Glasgow, Liverpool, Manchester, and Salford attract attention perhaps due to their relatively lower entry prices and strong rental yields. Whilst there is some movement with the order and proportion of each local authority, the wider trend remains fairly consistent over the analysis period.

# Legal processes – what's the difference in the UK?

**The UK's legal and regulatory systems are a major factor in attracting GCC customers. Buyers find comfort in the UK's strong rule of law, the fact that it is abided by, and the robust judiciary and penal code.**

As Nathan Bakhbakhi said:

> **"Customers like the fact that the UK has robust regulation in place and the rule of law is followed. Everything being governed properly is definitely a positive requirement."**

As Rightmove's data exemplifies, the 2022 Mini Budget crisis caused a significant drop in demand from GCC countries, which has not yet fully bounced back. Demand from the UAE is still down 12%, in comparison to 2019 levels, demand from Bahrain is down 40% and demand from Qatar is down 11%.

Positively, though, there's been an 88% increase in demand from Saudi Arabia and an 18% increase in demand from Kuwait.[12] Not only were the economics of purchasing a property in the UK damaged, but also the UK's reputation as a safe and stable economy, dissuading GCC buyers from enquiring about UK property purchases. These figures suggest we're still seeing the fallout from the policy decisions that were made.

Differences in the legal system can also throw up unexpected challenges for some GCC buyers. As Farrer & Co. has noted, GCC investors are often surprised by differences in property terms and ownership, such as the prevalence of owning a leasehold property in the UK.[13] Contrast this with the GCC, where leasehold is seen as a 'lesser' form of property ownership often only used by foreign nationals.

Additionally, although GCC investors do not typically raise the time it takes to complete property financing in the UK (roughly 12 weeks) as a major issue, brokers noted that for first time buyers and investors the length of the process can sometimes come as a shock, as in GCC countries the legal process is generally far timelier.

Sophia Kazmi said:

> **"The UAE mortgage process differs significantly from that of the UK, with one of the most noticeable differences being the speed of transactions. In the UAE, the process is typically much faster, which often surprises clients. In contrast, the UK process tends to be more thorough, with a longer timeline and additional documentation required. While this may feel slower in comparison, it reflects the UK's emphasis on due diligence and comprehensive safeguards.**
>
> **"This rigorous approach is precisely what makes the UK such an attractive and secure market for investors. The strength of its legal framework provides a solid foundation for property investments, while historic property value increases consistently demonstrate reliable long-term growth. The enhanced due diligence not only ensures a safe and transparent process but also reinforces the UK's reputation as one of the most secure and stable places to invest in property."**

Our interviewees also highlighted the numerous non-monetary benefits to owning UK property beyond just the legal and regulatory framework, including the education system, language, culture, summer weather, and as a travel hub to explore the rest of Europe.

Nathan Bakhbakhi said:

> **"For anyone buying a property here it's a massive thing. You see clients whose children will study here, not just for university but school as well. Often families will split, with one parent coming to the UK to live in the property and the other continuing to workback in their home country in the GCC and come back and forth to make sure the children get a good education."**

To help GCC buyers and investors capitalise on the UK market, there is a clear need for a market-wide effort to educate those who are not accustomed to the rules, regulations and costs associated with property investment, perhaps in the form of a 'one stop shop' website covering everything a beginner property purchaser would need to know.

# Conclusion

Our research has shown that GCC customers, whether they are purchasing a home to occupy or rent out, are continuing to flock to the UK, especially as the wider macroeconomic environment improves.

In order for property finance providers and intermediaries alike to capitalise on this growing market, there is a clear need to educate potential GCC customers about the UK property market, and explain why local advisers and intermediaries are so vital in helping to navigate GCC clients through the complexities of the UK system. As Rightmove data shows, GCC demand for UK property remains incredibly strong, with it making up 11% of enquiries, and showing little sign of abating.

The UK property market is primed for investment. With a new Government elected on a mandate to deliver 1.5 million extra homes, drawing investment into current housing stock will be necessary to deliver on this.

Now interest rates are falling, inflation has abated, and political stability has been restored, the UK is a top choice for GCC investors. To capitalise on this, we have three key recommendations:

1. GCC buyers should not underestimate the power of a local advisor in guiding them through the complex requirements and hurdles to buy a house.
2. The UK Government should carefully consider how it can work with GCC nations to stimulate UK property purchases from affluent and mass affluent customers in the GCC. In the debate on the UK's Budget in the House of Lords, Lord Sharkey made a plea that "Islamic finance must continue to be considered in the formation of policy...with the larger aim of increasing London's share of the Islamic finance market."[14]
3. Brokers, intermediaries and property finance providers should work together to educate GCC customers about the opportunities in UK property investment, and how to avoid potential pitfalls.



# Acknowledgements

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## Endnotes

1. Nomo Property Finance is currently available to customers who are residents in the following GCC countries: Bahrain, Kingdom of Saudi Arabia (KSA), Kuwait, Qatar and United Arab Emirates. Nomo only offers financing for properties in England and Wales
2. 2Europe data study of Land Registry – Prepared for Nomo, October 2024
3. GCC's Financial Wealth to Grow by 4.7% Annually, Reaching USD 3.5 Trillion by 2027
4. Most Gulf markets gain as investors weigh Trump impact | Reuters
5. Rightmove data – Prepared for Nomo, October 2024
6. Strong Foundations, BLME
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8. Rightmove data – Prepared for Nomo, October 2024
9. London House Prices, Evening Standard
10. Taxes in the GCC - Al Tamimi & Company
11. Bahrain Interest Rate
12. Rightmove data – Prepared for Nomo, October 2024
13. What GCC buyers need to know about buying a leasehold property in the UK
14. Lords Chamber - Hansard - UK Parliament

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