

NEWS IN BRIEF

Overseas money to drive London developer projects



A BUILD up of overseas finance from funds and wealthy individuals has led one prime London developer to set up its own partnership company Northbeach is planning its first project under the Capital Partners model – a residential development in Knightsbridge – as a joint venture with a Middle Eastern family.

QROPS boom coming

THREE out of four international IFA advisers say they will write more expat pension business over the coming year. Most of the respondents to a survey by Skandia International noted that QROPS (Qualifying Registered Overseas Pension Scheme) schemes allow clients to avoid punitive UK tax payments on the income drawn.

UAE lending cut by 86%

PERSONAL lending by UAE banks fell 86% during the first three quarters of 2009, new research shows. Loans to individuals dropped from AED75.5 billion (\$20.5 billion) between January and September in 2008 to AED10.3 billion in the same time period one year later, said the report from consultancy Orion Analytics. Rising loan defaults and reduced liquidity in the market were blamed for the dramatic drop.

Mortgage software deal

OVERSEAS broker Viva Costa International has partnered with software provider Mortgage Brain to give users instant access to its products. Mortgage Brain's intermediaries can now search and review quotes from lenders in countries including France, Spain, Turkey and Portugal.

Will euro fears spark sales?

By STEPHEN HARRIS

FEARS over Europe's economy are set to make property cheaper for foreign buyers if the euro keeps sliding – and some are hoping for a surge in sales.

The €750 billion deal announced last month to halt the eurozone's debt crisis has been greeted with scepticism by currency traders and fund managers. And stockmarkets in Asia and Europe have fallen as initial enthusiasm for the bailout wears off.

The UK's slow progress in forming a government after its election last month also shook the pound – but brokers believe sterling is still likely to rise against the euro later this year.

"The euro is overvalued at current levels and we will tend to see it move back to its long-term average against the pound and the dollar," said Jeremy Cook, chief economist at World First.

"The Eurozone has a very inflexible system and another shock from



Europe's debt problems are helping the weak pound gain ground against the euro

somewhere like Spain or Greece is still a possibility. We could see the pound reaching €1.21 or €1.22 in the next three months."

Magic number

Agents and brokers have claimed many Brits are waiting for the pound to rise above €1.20 before they buy. "We've already seen interest in buying property

start to increase," said Cook. "They have the finance and are all ready to go but want to get the best rate they can.

But others are sceptical that a small change in currency will make a real difference. "There will always be those clients who will be holding off for a better rate but exchange rates are not driving buying decisions," said Mark Bodega of currency broker HiFX.

Resi sales ok under new pension

BRITISH expats can for the first time buy residential property through a pension scheme thanks to recent changes to the law.

People living outside the country for more than five years can now move their retirement funds into qualifying non-UK pension schemes (QNUPS) – which are free from HMRC rules on what assets they can invest in.

But while some IFAs have welcomed the model as a way for high net worth clients to avoid taxation, others are warning QNUPS could be a "disaster waiting to happen" if advisers try to use them as a loophole.



Will pensions move in after 5-year wait?

The use of personal pensions to buy commercial property – including foreign hotel rooms and resorts – has grown in recent years as people search for new retirement income. But investing in anything classed as residential is banned under HMRC regulations, which also

cover the existing expat pension model of qualifying recognised overseas pension scheme (QROPS).

The new legislation allows British expats to escape this rule by moving funds into a pension outside tax office jurisdiction, once the five-year waiting period is up.

Crack-down?

Some firms have begun to promote QNUPS investments for UK residents. But Gary Barlow, director of Gerrard Associates, warned that HMRC might crack down on such activity because it was not what the law was designed for.

US RATES SLIDE

US MORTGAGE rates dropped below 5% in May, the lowest level in five months, according to Freddie Mac. Interest rates on 30-year fixed-rate mortgages, the most widely used loan, reached an average of 4.93% for the week ending May 13 2010, down from the previous week's average of 5.00 percent.

EIRE'S PROPERTY GLOOM

THE REPUBLIC of Ireland is now estimated to have nearly 350,000 empty homes according to a recent government report. GDP crashed by 7.1% last year and the average house price is now down by a staggering 50% since 2007. The Government has set up a National Asset Management Agency designed to soak up developers' toxic debts.

RICS WANTS UK CHANGE

THE UK's Royal Institution of Chartered Surveyors has called on the new government to improve the home buying process by working closely with the industry and its professional bodies. "There is now the opportunity to start again with a clean slate and come up with innovative proposals to reform the system," says RICS.