

Business

## Hongkongers relish picking up overseas properties on the cheap as currencies slump amid market stampede

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*There has been a flurry of interest in cities like the Portuguese capital, Lisbon, since the coronavirus outbreak, according to property agents. Photo: SCMP Handout*

Hongkongers are relishing the prospect of picking up global properties on the cheap, as a global market stampede crushed major currencies and emergency rate cuts flattened borrowing costs.

The Hong Kong currency is trading at the stronger end of its band through the market carnage, courtesy of its decades-old peg to the US dollar. It has appreciated by between 4.7 per cent and

15.5 per cent so far this year against top major and regional currencies, including the British pound, Canadian dollar, Australian dollar, Euro and Singapore dollar, according to Bloomberg Market data.

The situation is putting deep-pocketed investors on alert, just as many are looking to emigrate from the city after experiencing months of social unrest in 2019. Funding costs have declined as the US Federal Reserve led global emergency rate cuts to counter the economic impact of the coronavirus outbreak.

“In almost every market where Hong Kong buyers are significantly active, they can buy property for much cheaper now than just a couple of weeks ago,” said Georg Chmiel, executive chairman of Juwai IQI, an international property portal. “The economic fallout is pushing other currencies down as investors fled to the safety of the US dollar.”

Amid the market turmoil, the British pound plunged to a 35-year low of HK\$8.91, while the Australian dollar tumbled to HK\$4.3, the weakest since 2002, making homes ever more affordable.

Since the Fed made its first surprise cut on March 3, countries including South Korea, the UK and Australia have also lowered their benchmark rates to support their economies.

A 600-sq ft, two-bedroom flat can be bought for HK\$1.8 million in downtown Brisbane, Australia, and leased out within three months, given low vacancy rates and strong demand from expatriates, according to Midland Realty.

In contrast, a 604-sq ft flat at the 25 year-old Kornhill development in eastern Hong Kong changed hands last week for HK\$10.3 million, according to Midland Realty.

“We have seen an over 300 per cent increase in client requests for buy-side support since the coronavirus outbreak,” said Jonathan Benarr, director of APAC at Quintessentially Estates, a global property portal. “The main cities of interest are Sydney, London and Lisbon.”

The full impact of the Covid-19 pandemic is still being played out amid lockdowns and factory closures. Some property consultants caution against rushing into the market for now, given the uncertainty on many fronts.

“It is better to wait for several weeks as most business activities have been disrupted by the outbreak of coronavirus in the US and Europe,” said Koh Keng Shing, chief executive and founder of Landscape Christie’s International Real Estate. Developers could still offer bigger discounts to boost their cash flows, he added.

His firm has had to postpone a UK property exhibition next week as the UK developer opted to wait for the Easter holiday. The British government has since announced a three-week lockdown nationwide to contain the virus.

Thomas Lam, executive director at Knight Frank, said buyers of overseas properties have to take a medium-term view of three to five years, instead of short-term gains, considering the current uncertainties.

Enquiries about overseas home purchases and immigration have increased by one third to 650 cases in the first two and a half months, compared with a year earlier, according to Midland Immigration Consultancy.

The most popular request is for relocation to Australia, it said. Midland expects the cases to reach a record 1,500 this year, surpassing just over 1,000 last year, it said.

The weaker Australian and UK currencies “offer a golden chance for those who want to leave to buy a home or make investment there,” said Tina Cheng, director of strategy at Midland Consultancy.