

OPINION

Is it still from Russia with love?

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You may have noticed that Russia has been in the news of late. As Anglo-Russian diplomatic relations continue to splinter, Russians in the capital, and those with a particular interest in property, will be closely monitoring how it unfolds, as rumours around the future of Russian assets continue to circulate.

As for the London property market? The impact of worsening relations may well be felt, but it is not likely to be the seismic halt that the tabloids are predicting. After all, we were already seeing a slow down for all high end buyers with obstacles like stamp duty changes and Brexit.

Some of the east's wealthiest individuals have always sought out London's most desirable postcodes and there is little doubt that this increased climate of scrutiny may, one can logically presume, alter the priorities of certain oligarchs and Ultra High Net Worth Individuals when it comes to scoping out their

next asset. This minority of unscrupulous Russians is – rightly so – beginning to experience an added scrutiny that has intensified since the Skripal affair, with the Magnitsky amendments comfortably passing through the commons in March, and the use of Unexplained Wealth Orders on the rise. Both of these are rightly clamping down on those involved in economic corruption, which historically has – at least partially – been parked in prime central London's properties.

However, it is important that the government and indeed the public recognises the distinction that exists amongst London's current or inbound Russian population; those that do things the right way and those that don't.

The vast majority are hard-working, honest people and their public image is often hijacked by the small few. The government runs the risk of a self-inflicted bloody nose if the entire Russian

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demographic begins to feel unwelcome. This will not only affect demand for property, but the rest of the investment that they bring into the economy, too.

Politics aside, we are already seeing a slight shift in buying habits. We've seen a marked increase in the number of Russians capitalising on the current friendly lending climate by searching for property in other UK cities. Prospective 7 to 8 per cent rental yields can be had by looking beyond the capital, to the emerging regions and knowledge economies such as Cambridge and Birmingham. A client of mine completed an £11m deal on a student housing block with steady cash returns in March. This is evidence of a growing trend whereby Russians are considering their options away from the traditional trophy mansions of years gone by.

The capital isn't an economic hiding place for the majority of Russians. Many of them simply view it as the de-facto capital of the globe in which they can find a home or invest with confidence in a diverse, exciting and culturally enriched city. The Hampsteads, Kensingtons and Highgates will always be popular among wealthy Russians – but don't be surprised when they start casting their net wider in the future.

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