



## **Desperate UK developers offer 'red packet' promotions of zero stamp duty, discounts, and free furniture to entice Hongkongers looking to relocate**

UK property developers, desperate to bounce back from a dismal year of sales, have been offering a broad range of incentives to attract international buyers. Some took advantage of the Lunar New Year period to see if the [Chinese tradition of "lai see"](#) would bring them a much-needed change of fortune.

Barratt Developments, the UK's biggest home builder, was among those to offer what they billed as "red packet" or lai see incentives to try to entice buyers from mainland China and Hong Kong.

The financial sweeteners on offer included steep discounts for buyers of multiple units, full payment of stamp duty and free furniture, all linked for promotional purposes to the Chinese custom of handing out red packets at Lunar New Year containing "lucky" money.

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The campaigns are also timed to appeal to the many Hongkongers who are looking to move to the UK in light of London's offer of an [easier path to citizenship](#) for those that either hold or are eligible for a [British National \(Overseas\) passport](#). The move by the British government came in response to Beijing's imposition of a national security law last year that is perceived to have eroded Hong Kong's guaranteed freedoms.

Barratt London, part of Barratt Developments, recently launched its "red envelope stamp duty offer", where international purchasers will have their stamp duty paid in full when reserving a new home before February 28.

[Property prices](#) range from £288,000 (US\$401,000) to £982,000, with stamp duty savings of between 2 and 12 per cent of the purchase price, according to the company. Last month, the developer sold 38 units to mainland Chinese and Hong Kong buyers.

"Our red envelope offer will provide a fantastic opportunity for international Barratt London customers to make savings of up to £91,000," said Stuart Leslie, international

sales and marketing director. "Our properties are popular with those looking to relocate from the Far East to London, as well as investors looking to benefit from excellent yields and opportunities for capital gains."

Capital & Countries, another developer, is offering buyers in the Lillie Square development in Fulham, southwest London, contributions towards stamp duty and complimentary furniture packs. Some buyers even get a free consultation with an interior designer. Prices for a one-bedroom flat in the project start at £830,000.

Other offers include free legal fees and a guaranteed rental yield. For upscale developments, incentives include parking spaces, storage and designer furnishings.

"UK developers will be approaching 2021 with huge trepidation," said Roarie Scarisbrick, a partner at Property Vision, which advises private clients and family trusts looking to own or rent property in the UK.

"New-build sales were down 70 per cent last year in London and incentives are increasingly used by marketing departments who are looking to sell large numbers of new homes. The big developers will be pushing hard to get all their projects lined up and ready to market before travel restrictions are lifted.

"We expect a flurry of overseas interest from the Far East, with Hong Kong demand looking particularly strong."

Anecdotal evidence also suggests [many Hongkongers are packing their bags](#) and heading abroad.

Last week, a retiree who plans to move overseas sold his 583 square foot unit at Discovery Park in Tsuen Wan for HK\$8.48 million (US\$1.1 million), cutting HK\$620,000 from his asking price of HK\$9.1 million in July 2020.

In December another homeowner who plans to leave sold a 950 sq ft villa at Fairview Park in Yuen Long for HK\$12.75 million, down from an asking price of HK\$14 million.

Before a March 31 deadline, buyers of homes worth less than £500,000 in the UK are exempted from paying stamp duty, effectively removing the burden for nine out of 10 buyers based on 2019 transaction volumes, according to property consultancy Knight Frank.

Above that amount, stamp duty still applies but at a lower rate. All buyers of second homes are still subject to additional taxes of at least 3 per cent.

"We have certainly seen discounts for any buyers that are buying multiple units. In London, it very much depends, if it's in prime central London, there's not so much discounting going on," said David Forbes, chairman at Savills Private Office. "Once you get to what we call zone 2 or zone 3, relying more on overseas buyers, they're certainly including furnished packages and they will definitely discount if you're buying multiple units."

