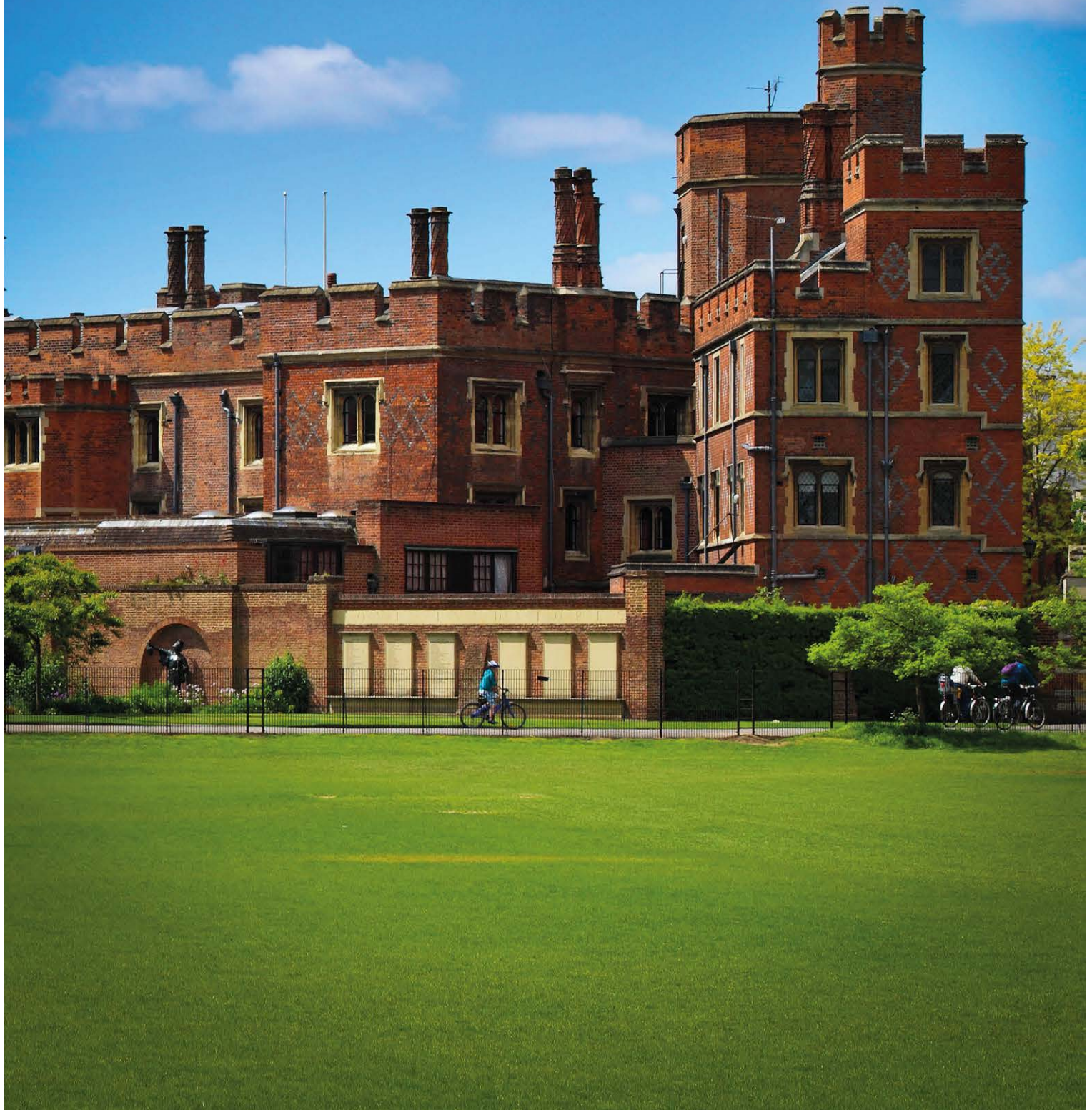


RESIDENTIAL RESEARCH



EDUCATION REPORT

2017



Education is an increasingly critical driver of demand in prime residential markets

Good schools are a key driver of the housing market and their presence often helps to drive local property prices. With wealthy parents from a growing number of countries choosing to educate their children overseas, understanding local property market dynamics is becoming ever more important.

The Wealth Report* this year revealed that more than half of ultra-high net worth individuals in Africa were becoming more likely to look abroad for a good school. For Latin America, the figure was 45%, the Middle East 40% and Asia 38%.

As we note in this report, while the US, Switzerland, Australia and a number of other countries all attract pupils from overseas, the UK's private boarding schools are still seen as the gold standard by many. Overleaf we examine the local housing market around key schools in the UK.

Data published by the UK's Independent Schools Council, which accounts for around 80% of the total number of pupils in independent schools, shows global demand rising strongly over the past 10 years, in particular from China but also from Africa and Russia. Currency, quality of life and access to the best universities are the key trends boosting demand for a British education Ed Richardson, Director of Education at Keystone Tutors told Knight Frank in this year's Wealth Report, "Ambitious families in Singapore have traditionally sent their children to schools in the US, not necessarily because they think they are better, but because of the cost. Now, they are telling me that the fall in the value of the pound is making the UK look much better value. That sentiment will be echoed in many other places."

Although a number of franchised versions of well-known UK schools have opened in Asia and the

Middle East, the genuine article is still the preferred choice for those who can afford it, according to Mr Richardson. "It's not just about the teaching, it's about quality of life and the extent of extra-curricular activities available.

"Certainly in China there is a feeling that if you're going to spend money on Western luxuries it is better to buy them in the West."

Middle Eastern families also value the fact that British schools provide access to the best universities in both the UK and the US, he adds. "There is a feeling that schools in the US are really only focused on getting people into US universities."

William Petty, of advisor Bonas MacFarlane, commented in this year's Wealth Report that he has observed a number of other regional trends in the UK market. "While growth in the Russian market has slowed right down over the past few years, I am seeing a sharp rise in the urgency of enquiries from Turkish families," he says. "In September last year people were expressing interest, but by December it was: 'Can we come right now?' Some people are looking for boarding schools, but others are looking at London day schools with the whole family coming over."

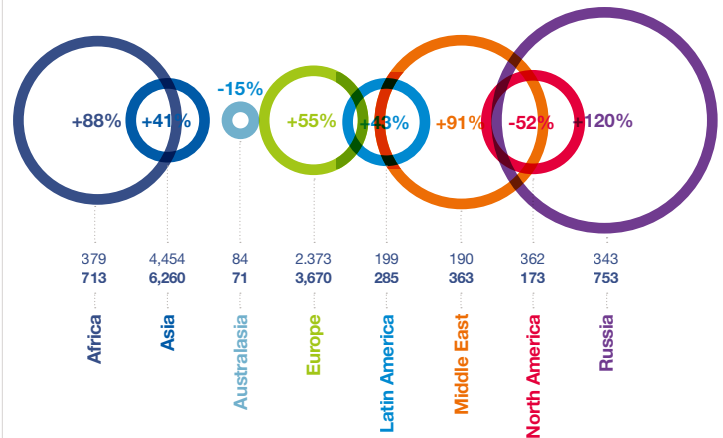
Although the number of students from the Indian sub-continent is lower than other parts of Asia, Mr Petty expects a rise in demand from India and Pakistan over the coming years.

Parents are keen to ensure a diverse mix, as Mr Petty noted, "In a world where business is becoming increasingly global, having your children make friends with people from lots of different nationalities is considered very attractive."

Knowledge base

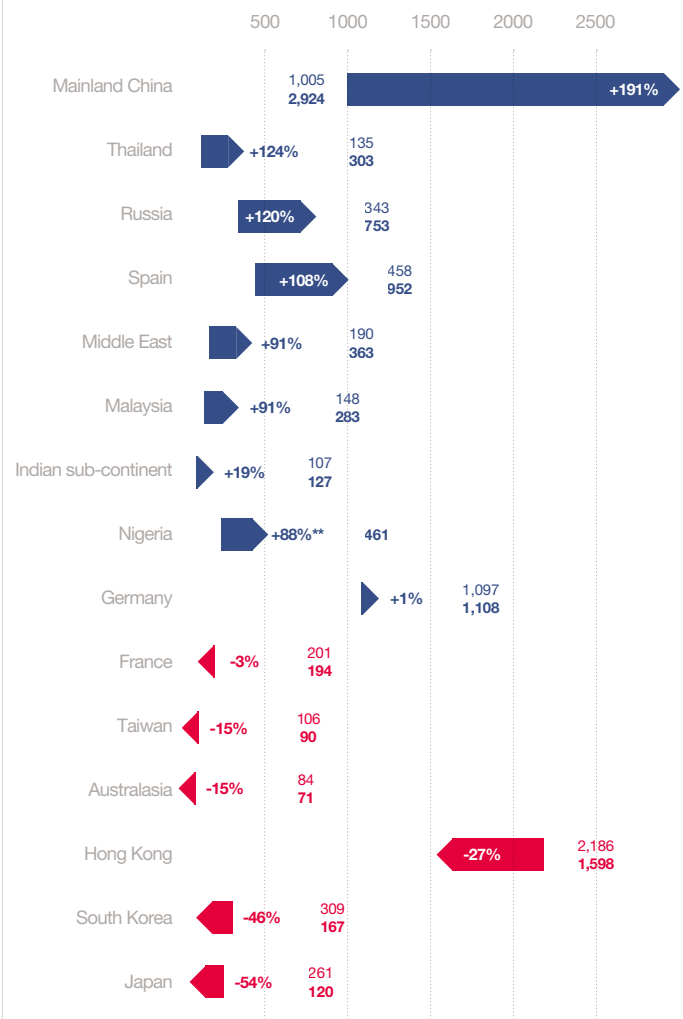
Overseas students joining UK public schools

Pupils starting 2005/2006 school year and 2015/2016 school year by region



Source: Knight Frank Research

Pupils starting 2005/2006 school year and 2015/2016 school year by country



**% change estimated as 2005 data not available

Source: Knight Frank Research

*The Wealth Report 2017 was published in March this year and can be accessed at www.knightfrank.com/research

AGENT PERSPECTIVE

Against the background of a changing political and regulatory climate, world-class schools ensure that buyers will continue to look in the UK and Switzerland, as **Katya Zenkovich** and **Alex Koch de Gooreynd** explain.



**Katya Zenkovich, Knight Frank
Head of Russia Desk**

How many of your property searches are related to buyers' education needs?

I would say that 80% of the buyers I deal with come to the UK to educate their children.

Was that always the case?

No. Buyers typically wanted to balance tax planning requirements and their children's educational needs but that is changing and education is now often the primary driver.

What happens after they get in touch?

Families are often familiar with certain areas but the risk is that they look for a property without thinking about the geographical implications of schooling. Also, if they focus too hard on a particular school this can trip them up.

The golden rule is that if you are planning to start school in September you need to start looking for a property in May.

What I do is much more than estate agency! I help buyers set up a life in their new country, assisting with a wide range of requests from property finance to staff and interior decorators. As a mum of a child in private education, I am very well-versed on the subject and able to put clients in touch with a range of educational consultants.

How open are buyers to looking outside central London?

Buyers like the beautiful landscapes and the value-for-money outside central London. Schools are also less over-subscribed than central London.

Many Russians also like St John's Wood and Hampstead and increasingly areas like Richmond and Wimbledon are now on their radar due to the high-quality schools in south-west London.

What effect has Brexit had?

It is sometimes a negotiation hurdle when buyers want a bigger discount than vendors are prepared to give. Fundamentally, the quality of the UK's schools remains a huge draw. When it comes to educating your children, it makes Brexit irrelevant.



Alex Koch de Gooreynd, Knight Frank, International Residential

What happens when someone gets in touch with you about buying in Switzerland?

Buyers know that Switzerland has a favourable tax system but the first thing most people say is that education is a key driver. The other key issue is personal safety. Parents love the idea that their teenage son or daughter can travel safely by themselves on the bus to school.

What happens next?

Although Zurich hosts the best truly International Schools, many tend to write off the entire German-speaking cantons because the Zurich area is less favourable from a tax perspective. The TASIS American school within the Italian-speaking area is excellent but very over-subscribed so the chances of getting more than one child in is limited. For these reasons, as well

as the location of the UN, UNICEF and the sheer number of globally recognised schools, the French-speaking area is often the most popular.

I help people find the location that best suits their needs. What I do is much more than just finding a house! If I can't help with a particular question, I will know someone who can.

What make Swiss schools so attractive?

One of the key attractions of Swiss schools is the international mix of the students. Some schools have a nationality limit because they want that truly international feel and parents appreciate that.

And what about the great skiing?

Absolutely. For many of these top ski resorts it is actually vital to have a world-class school because they can guarantee people live there all year round. That's why they are constantly expanding and improving current schools in some of the ski resorts.

What effect have changes to banking laws had on demand?

There are more financial regulations around as well as the strong Swiss franc, but Switzerland will remain so attractive to families despite all of that because of its schools.

“ I help buyers set up a life in their new country, assisting with a wide range of requests from property finance to staff and interior decorators.”

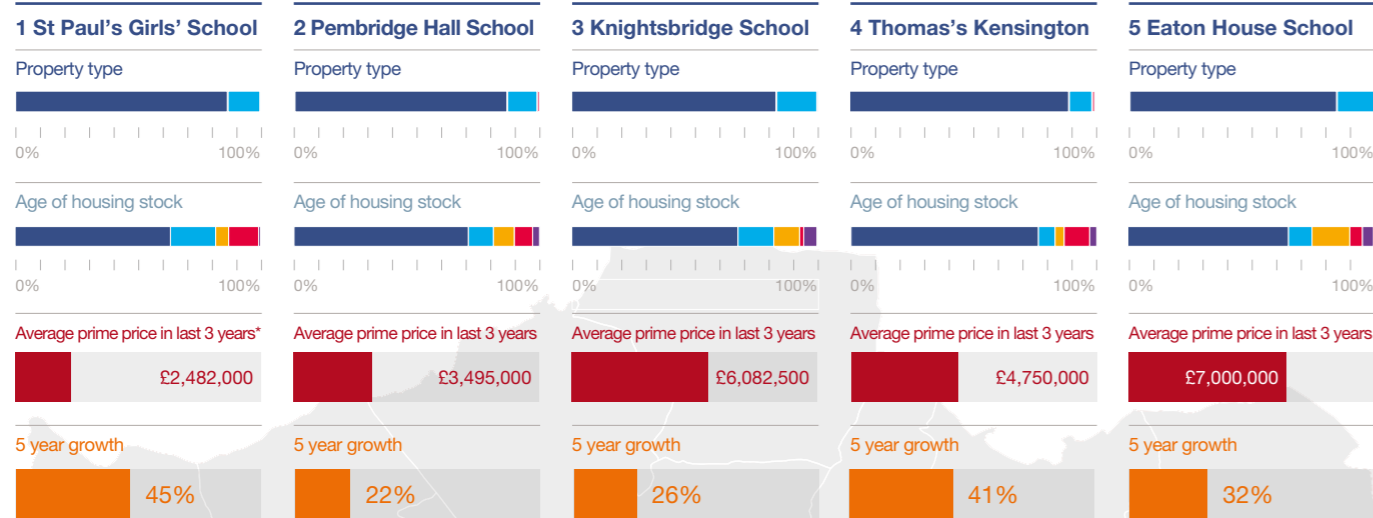
“ Parents love the idea that their teenage son or daughter can travel safely by themselves on the bus to school.”

DATA

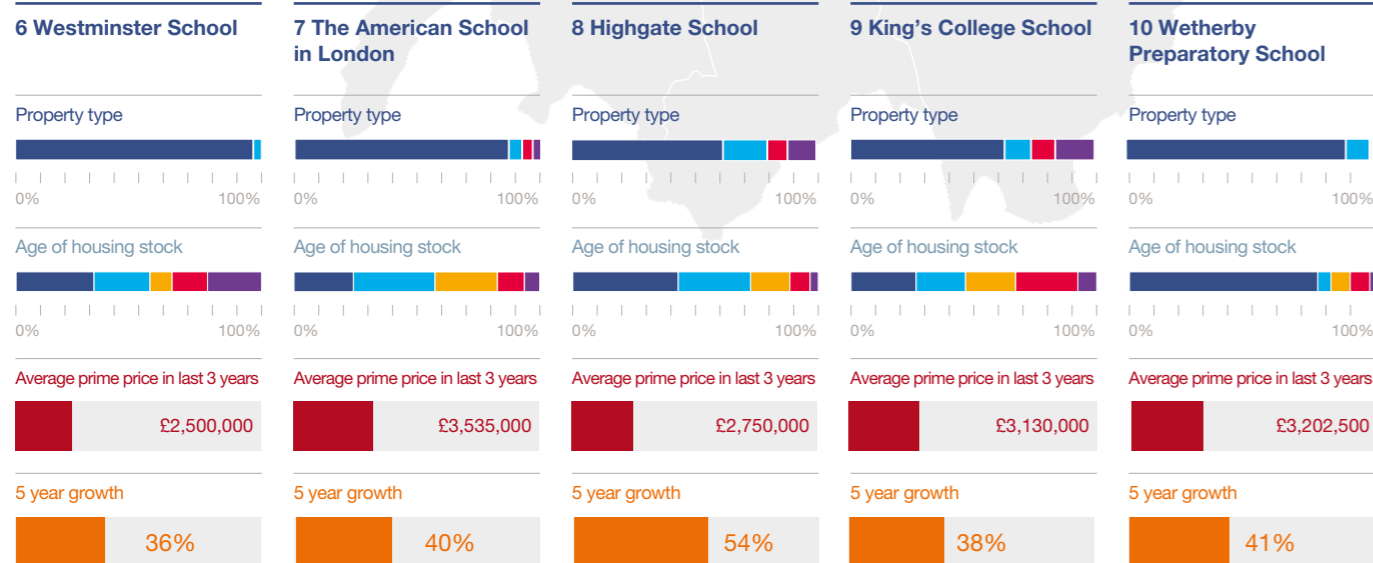
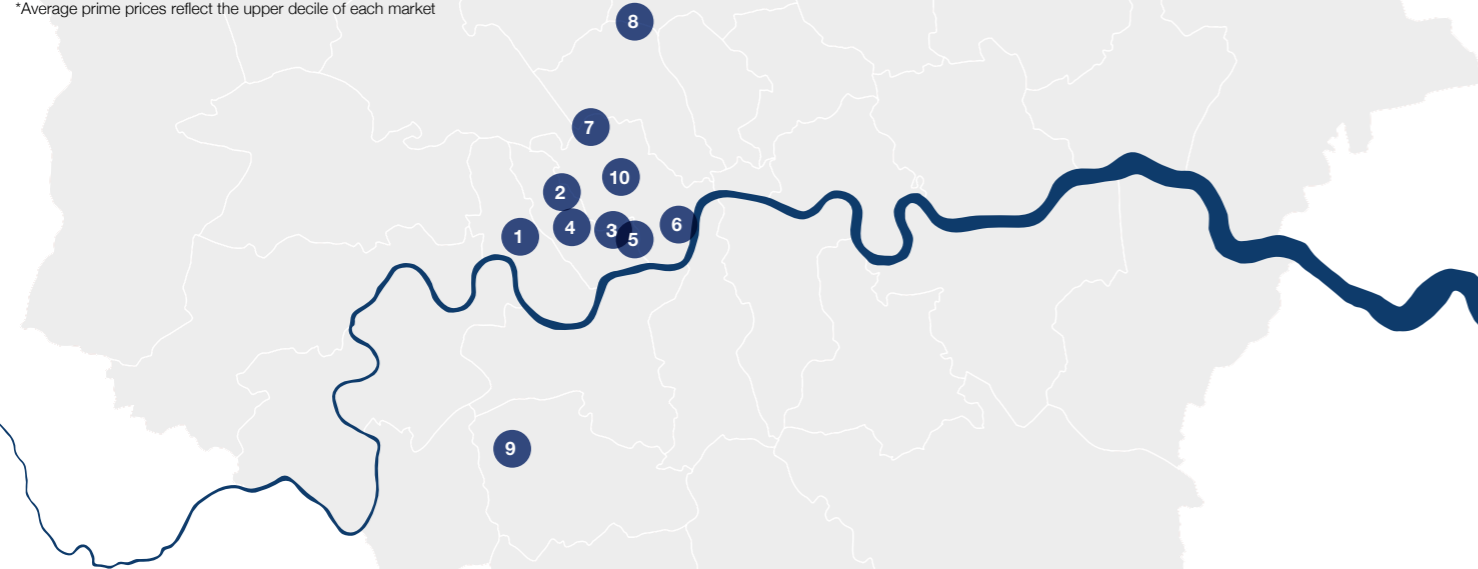
LONDON

Sales by property type ■ Flat ■ Terrace ■ Semi-detached ■ Detached
 Age of housing stock ■ Pre-1900 ■ 1900 to 1939 ■ 1945 to 1972 ■ 1973 to 1999 ■ 2000 to date

Source: Source: Land Registry Data is based on sales within a 500 metre radius



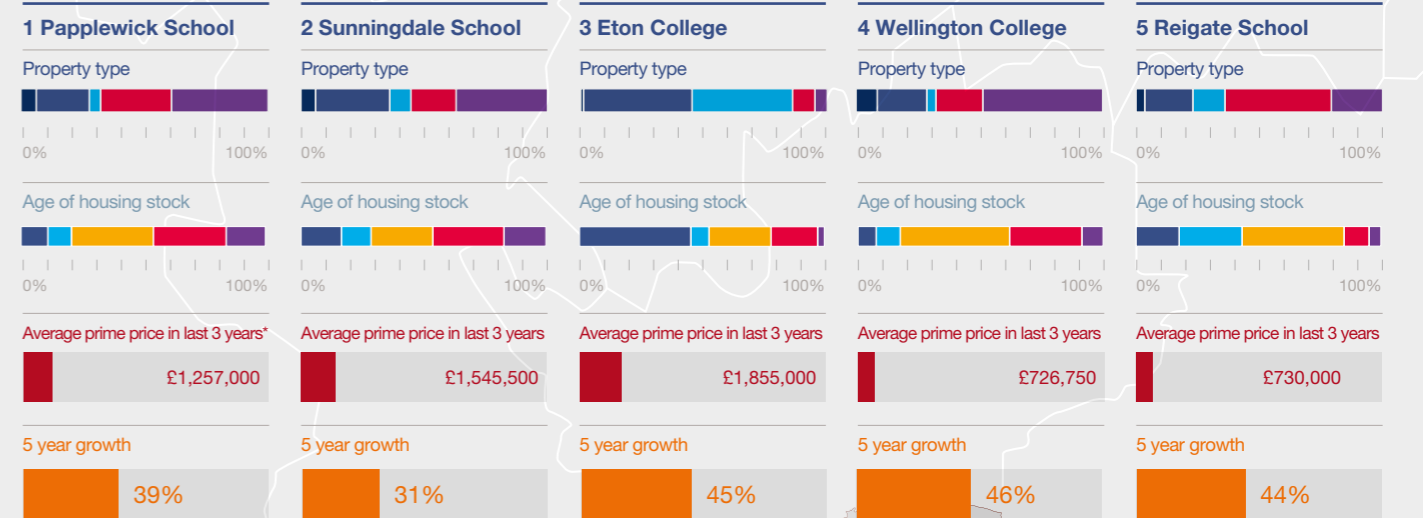
*Average prime prices reflect the upper decile of each market



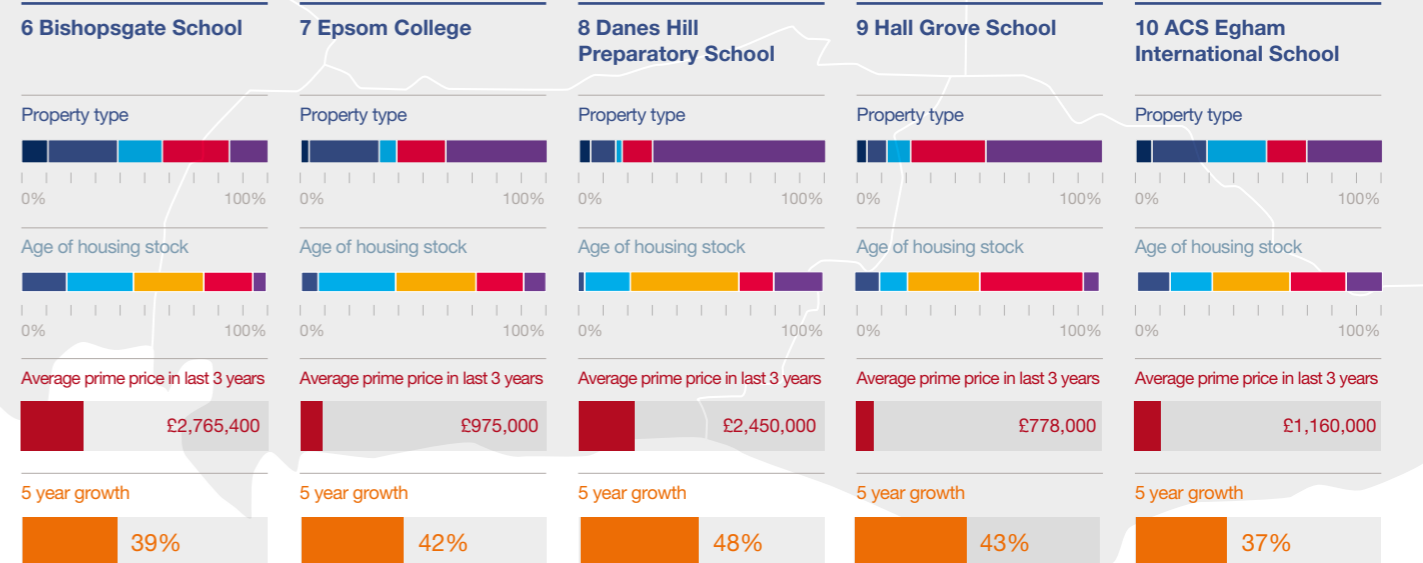
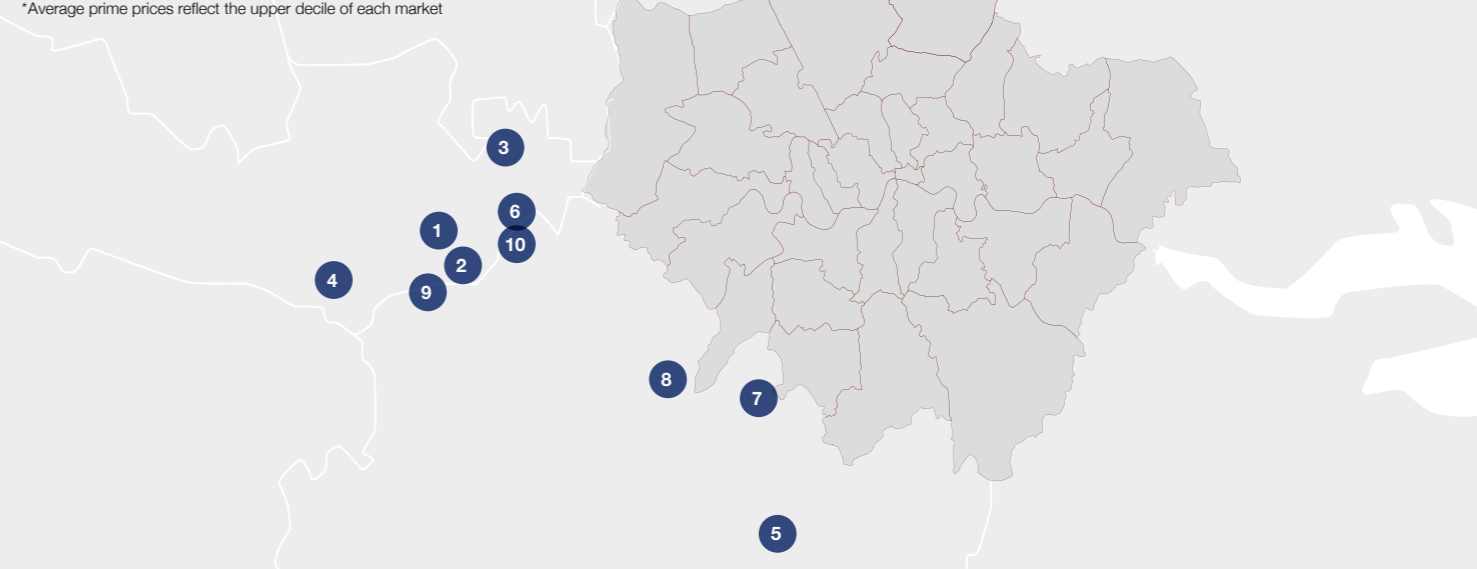
HOME COUNTIES

Sales by property type ■ Bungalow ■ Flat ■ Terrace ■ Semi-detached ■ Detached
 Age of housing stock ■ Pre-1900 ■ 1900 to 1939 ■ 1945 to 1972 ■ 1973 to 1999 ■ 2000 to date

Source: Source: Land Registry Data is based on sales within a 1km radius



*Average prime prices reflect the upper decile of each market



DATA

INTERNATIONAL

The world's wealthy want their children to be global citizens with school careers often spread across multiple locations whilst they gain insight into different cultures and languages.

Using the findings from the latest edition of our Global Lifestyle Review, we have created the following graphic which highlights prime property values and key quality of life indicators for those cities that are high on the wish lists of our family buyers.

Vancouver

- Quality of Life: 5
- Forecast spending on education: 21.8%
- Typical prime property price band: US\$10,600-US\$12,900 per sq m

London

- Quality of Life: 40
- Forecast spending on education: -4.0%
- Typical prime property price band: US\$31,300-US\$38,300 per sq m

Berlin

- Quality of Life: 13
- Forecast spending on education: 21.6%
- Typical prime property price band: US\$11,000-US\$13,400 per sq m

Geneva

- Quality of Life: 8
- Forecast spending on education: 32.5%
- Typical prime property price band: US\$23,000-US\$28,100 per sq m

Vienna

- Quality of Life: 1
- Forecast spending on education: 9.1%
- Typical prime property price band: US\$18,200-US\$22,300 per sq m

Miami

- Quality of Life: 66
- Forecast spending on education: -12.4%
- Typical prime property price band: US\$11,500-US\$14,000 per sq m

Dublin

- Quality of Life: 34
- Forecast spending on education: 56.2%
- Typical prime property price band: US\$8,000-US\$9,700 per sq m

Dubai

- Quality of Life: 74
- Forecast spending on education: 56.2%
- Typical prime property price band: US\$6,500-US\$8,000 per sq m

Hong Kong

- Quality of Life: 71
- Forecast spending on education: 17.2%
- Typical prime property price band: US\$46,500-US\$56,800 per sq m

Singapore

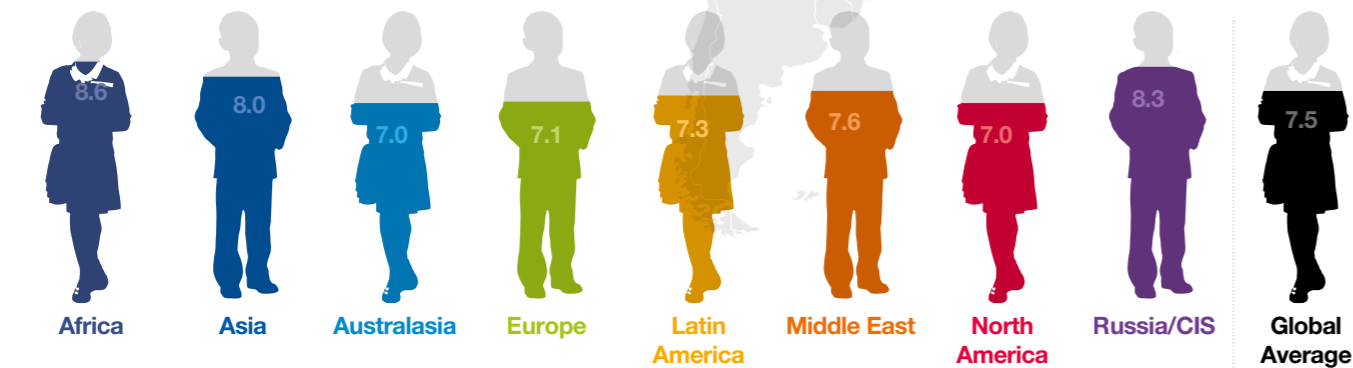
- Quality of Life: 25
- Forecast spending on education: 55.2%
- Typical prime property price band: US\$21,500-US\$26,300 per sq m

Melbourne

- Quality of Life: 16
- Forecast spending on education: 38.9%
- Typical prime property price band: US\$9,200-US\$11,200 per sq m

How important is education as a factor when choosing where to buy

Average score by respondents (10 = very important, 1 = not important)



Source: The Knight Frank Attitudes Survey 2017

Key

- Number of International Schools*
- Quality of Life ranking (1 = good, 100 = poor)
- Forecast spending on education at city level (% change 2006-2026)
- Typical prime property price band, as at Q2 2017

Source: Knight Frank Research, OECD, Oxford Economics, Mercer, Council of International Schools
* Schools accredited by the Council of International Schools (CIS) only

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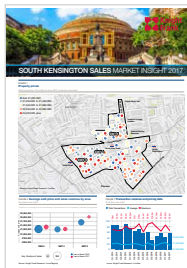
REPORTS



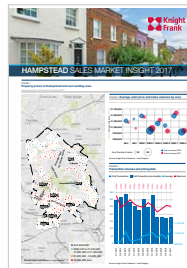
London Review
Spring 2017



London Super Prime
Lettings



South Kensington
Market Insight



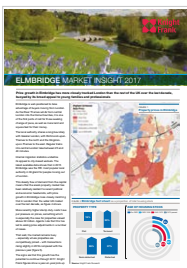
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Insight



Prime Country House
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Home Counties
Super Prime Lettings



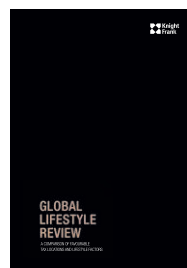
Elmbridge Market
Insight



Cobham Market Insight



Wealth Report 2017



Global Lifestyle Report



Switzerland Inside View
2017



Germany Inside View
2017



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