Expats show concern over real estate

By Florian Gimbel in Hong Kong

Almost half of the expatriates based in Europe, Asia and the Middle East are planning to "review" their exposure to real estate investments amid growing concerns over sky-high valuations in international property markets, according to a new report to be published today.

The survey, based on a poll of 350 senior expatriate executives, provides a snapshot of the sentiment of investors with relatively diversified portfolios. Some 87 per cent of the respondents said they had outperformed or matched benchmarks in the past year, up from 81 per cent in May 2006.

Having benefited from the property bull market, investors are now considering taking profits, according to the report commissioned by Internaxx, a Luxembourg-based online broker targeting expatriates.

Robert Glaesener, Internaxx's general manager, said: "Five times more international investors think property is overvalued than say it is not overvalued. This contrasts sharply with views in 2005, when 92 per cent of respondents said they expected to retain or increase their exposure to property."

The findings of the report show that Asia has become the most popular investment market for the first time since the launch of the survey five years ago. Some 39 per cent of respondents said they had investments in Asia, up from 33 per cent in May 2006.

Respondents said they had become less concerned about "barriers to investment in Asia".

Continental Europe is the second most popular market, with 37 per cent of respondents claiming to have investments in this region. Some 26 per cent are exposed to the UK markets, while 29 per cent have investments in the US (down from 35 per cent in May 2006)

Almost half of the respondents take into account the environmental impact of a company in which they want to invest. Some 80 per cent of respondents based in Germany are concerned about environmental factors, compared with 57 per cent in China and 30 per cent in Dubai.