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 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 over?’ 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.”

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.

“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.”

Knowledge base
Overseas students joining UK public schools

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

Source: Knight Frank Research

**% change estimated as 2005 data not available

Source: Knight Frank 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.

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 oversubscribed 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

*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

*Average prime prices reflect the upper decile of each market

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

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

**EDUCATION REPORT 2017**

residential research
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.

**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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**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
Frank figures show a year-on-year pick-up. The signs are that this growth has the – especially where properties are – been relatively resilient to recent political and economic headwinds, with price increase of buyers moving from London.

ELMBRIDGE

Elmbridge Market

Important Notice

EDUCATION REPORT 2017     RESIDENTIAL RESEARCH

London Super Prime

Website Report 2017

Prime Country House Index

Home Counties Super Prime Lettings

Embridge Market Insight

Cobham Market Insight

Wealth Report 2017

Global Lifestyle Report

Switzerland Inside View 2017

Germany Inside View 2017

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