

INSIGHT

Business as usual

Hugh Dixon says tech giants and Asian investors remain confident about London's future, post Brexit

The possible financial and business exodus in London following the Brexit vote last summer has yet to materialise. In fact, the opposite is happening. Key corporations, tech companies, and some banks have all been increasing their presence in the UK capital. Relocating key staff members and acquiring new commercial premises to expand existing business seems to be the focus since the Brexit vote.

One of the biggest votes of confidence has been Google's decision to stick to its plans to build a new headquarters in London and increase its workforce by 3,000, attracting new talent from around the world.

Google's choice of London for growth places the city in pole position to be the global leader in digital technology.

However, this tech giant isn't the only one expanding its footprint, with Amazon following suit by taking 600,000 sq ft of new office space to house a research and development centre. Additionally, Facebook is on the way to expanding its workforce by 50 per cent and Apple is reportedly taking 500,000 sq ft of office space in the newly developed Battersea Power Station.

The Brexit vote hit London's

start-ups and new technology companies hard. In the months afterwards, fundraising dramatically fell due to economic instability and lack of confidence.

In fact, it was reported that the three months following the vote were the worst ever recorded for fundraising. Nevertheless, if you fast forward 10 to 12 months, there has been a shift in direction and a clear recovery. These start-ups have looked to Asia for investment, allowing the angels to take advantage of the weak British currency.

Hong Kong and Singapore stepped up and have played a vital role in the survival and expansion of UK tech companies. Undoubtedly, there is a cloud over the UK start-up scene, as access to EU talent may become difficult in the future.

Nevertheless, the strong UK education system and government support of start-ups should be able to fill the gap, should this benefit disappear.

Hong Kong investors have also been leading the way when it comes to London commercial real estate, being the most active in the first half of this year.

Despite the vote to leave the EU, investor demand has remained strong. This has mainly been

propped up by the flow of investment from mainland China and Hong Kong.

The sale of the "Walkie Talkie" building in the City of London to Hong Kong food company Lee Kum Kee broke records for the acquisition of a single UK building.

Excluding this transaction, Hong Kong investors have accounted for almost £2.2 billion (HK\$22.5 billion) worth of commercial transactions to date in 2017, a significant increase from this time last year.

Although Hong Kong is the most prevalent investor, London is also seeing strong interest from Germany, Thailand and Singapore. Qatar's sovereign wealth fund has also announced its next investment cycle will focus on UK infrastructure and will amount to £5 billion.

The London residential property market is still seeing strong interest from expatriate investors, especially from Hong Kong. These individuals may be planning to move back in a few years' time for either their children's education or retirement, yet are purchasing two to three years beforehand.

Again, the strength of foreign currency against the pound has made it an attractive time, leading to an earlier start on their move back

to the UK. The UK buy-to-let market has had some significant tax changes recently, which has caused a stagnation and cooling of the market in the sector. However, more confident expats are undeterred by these changes and are taking a long-

Hong Kong investors have also been leading the way [on] commercial real estate

term view on the market. Tech companies and overseas investors may have dominated the post-Brexit expansion headlines, but banks have also been setting firm foundations.

In London's financial district, Wells Fargo has acquired new European headquarters to the tune of £300 million. This will bring all its staff under one roof, and will focus on US corporate clients with business in the UK and Europe. It is

worth noting that this is not an expansion by the bank, but a reaffirmation of its commitment to London.

After the Brexit vote, Deutsche Bank had said it would look to Frankfurt for its European centre, yet it has recently signed a 25-year office lease to house their 5,000 employees in London. Deutsche taking this 469,000 sq ft space is yet another vote of confidence.

Without a doubt, there is uncertainty in the London market as the Brexit consequences have yet to play out. Although there has been an array of positive moves from financial institutions, a large number are still wary about potentially having to move employees and offices to provide their services across the EU.

However, London has always been attractive to investors – due in part to its access to European markets, but also because of its education system and transport links. Thus, the city will remain a strong financial and real estate hub.

No doubt these drivers will come under threat when the final Brexit deal is reached but, for now, London is seeing strong investment and remains the focus for major companies.

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Visa delays just latest episode of UK failing city

Mike Rowse says the chaotic handling of student visas shows Hong Kong is still getting the short end of the stick, after changes to the British nationality laws sent UK tuition fees soaring

Several adjectives could be applied to the British government's performance in handling visa applications from Hong Kong students this summer. My personal favourite is shambolic, but chaotic and shameful would also be strong contenders.

More than 1,000 students and their families were seriously inconvenienced and obliged to incur collectively hundreds of thousands of dollars in unnecessary expenditure. Some students were even in danger of losing their places in British educational institutions. Others will arrive late and miss part of their courses. One student was even told she would have to defer her postgraduate course by a year.

The time taken to process student visas suddenly rocketed from around two to three weeks to six weeks or more. Those who paid extra for a priority process, with a promised one-week turnaround, were only getting their visas after three weeks or longer. Air tickets, hotels and land transport bookings had to be cancelled, or rebooked with losses or extra fees. Those who delayed buying an air ticket until the situation was clarified were pushed into a more expensive booking period.

The situation placed an extra psychological burden on everyone involved, at what is already an extremely stressful time. I know this from personal experience: my own daughter flies later this month to take up a place at an American university. Both parents will be escorting her in this major step in her young life, and the entire extended family plus a small army of childhood friends will be at the airport to see her off. Others are planning to meet us in Los Angeles. Imagine the logistics involved in this exercise concerning just one child. Now multiply it by more than a thousand.

Explanations offered for the chaos were many and varied. Some blamed the reported move of the processing office from Manila to Sheffield. Others claimed greater use of electronic submissions instead of hard copies had resulted in photocopying problems. Whatever the reason, the result was a fiasco.

It would have been [easier] to deal with the visa situation had these issues still been dealt with here

The response of the local government here was commendable. A hotline was opened, largely – one suspects – to facilitate the venting of displeasure, as the process is entirely a British one. The post office did its best to help speed things up by opening special counters for collection of passports once the visas had been issued and returned. And the unfortunate British consul, Andrew Heyn, was called in for a ritual – though no doubt very civilised – roasting.

We should try to find room in our prayers for poor Heyn, being obliged to apologise for the incompetence of others. He made the best of the situation by offering to write personal letters of support in cases where students risked losing their place.

This recent imbroglio is just the latest in a long line of episodes with Hong Kong people getting the short end of the stick from the UK, in education and other areas. Old hands will remember the changes to the British nationality laws, which stripped Hong Kong British citizens of their right of abode in the UK.

When tuition fees for home and overseas students were differentiated, Hong Kong students found themselves in the latter category and forced to pay substantially more. This contrasted with Macau, where the Portuguese government offered everyone full EU passports on demand, which led to the odd position that a Macanese student could study in the UK and pay "home" student prices, whereas one from what was still technically a British colony was classified as "overseas" and had to pay around three times as much.

Hong Kong is home to what is probably the largest British consulate in the world, because it was sized to deal with the issuing and renewal of the British National (Overseas) passports to potentially 4 million or so BNO citizens here.

The building was rendered about three quarters empty after this responsibility was returned to the UK. How much easier it would have been to deal with the visa situation had these issues still been dealt with here.

All this and the vote for Brexit too. No wonder those of us long-term residents here who still retain affection for the old country feel aggrieved that some seem determined to turn Great Britain into Little England.

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Students wait at the UK Visa Application Centre in Causeway Bay on September 4. Photo: Nora Tam

Lam must convince Beijing not to overreact to independence posters

Alice Wu says Hong Kong's chief executive must succeed where her predecessor failed. She must try to assuage the central government's fear of Hong Kong independence and youth radicalism

By now, we should be very used to our inability to focus on the issues of the day. The pro-independence banners that have appeared on several Hong Kong university campuses are a case in point. Suddenly, the pressing issues confronting society are all but forgotten as those agitators hijack our attention.

Of course, Hong Kong is not alone in giving in to the politics of distraction; societies elsewhere have the same challenge. We seem to be suffering from attention deficit disorder almost everywhere.

Whoever put up the banners has (or have) finely tuned political instincts. The effort of writing a few characters and hanging it up is nothing compared to, say, Chief Executive Carrie Lam Cheng Yuet-ngor putting together her 30-member task force on land supply. But in terms of political efficiency, a few strokes of a brush and tying a few knots managed to not only get ink on broadsheets, airtime on television and radio, but also to get a whole lot of people worked up; it wins, hands down.

The issue has even been catapulted to the lofty realm of "academic freedom", and is being used by a student union to threaten "escalating action" if its demands

are not met. Blown out of all proportion, the banner row has derailed actual work attempting to tackle real problems.

I get it. It is far easier to be outraged by a banner or the removal of a banner than to be outraged by, say, children living in appalling conditions. Besides, a false sense of accomplishment can be momentarily rewarding, and sanctimonious politics is cheap.

For the government, it is this sort of political distraction, which seem unending, that will prove to be the most challenging to fight.

These distractions demand an immediate response and rob the administration of the focus it needs to keep things on track. If the Occupy movement teaches any lesson, it is that with the "right" distraction, things can get real bad, real fast, when it comes to Beijing. In the run-up to Occupy, the previous administration in Hong Kong was so preoccupied with fighting fires that it completely failed to allay Beijing's concerns. Since then, the Beijing-taunting politics of distraction has only become more frequent.

It may be a thankless job but it has to be done. Some in political circles suspect that our last chief executive stoked Beijing's anger

and pro-independence fears for his own benefit. Lam must use every channel available to her to assure Beijing that there is no need to overreact to an eyesore. She must convince those in charge of Hong Kong affairs that reacting to it would be counterproductive, and empowering to the few who are getting cheap thrills out of getting under Beijing's skin.

Lam must also start resolving some of the politically sensitive problems she inherited. The reopening of Civic Square may take time, but she must press on with it. And the government should lose no time to arrange by-elections for the Legislative Council seats left empty after six lawmakers were ousted over their oath-taking. Dragging this out any longer would make life more difficult for the Lam administration, with more distractions certain to be on the way. And, by extension, the longer discussions for electoral reform are put on hold, the greater people's sense of fatalism.

Lastly, it needs to be said that "congratulating" a mother hours after she had lost her son to depression and suicide falls nowhere near the vicinity of free speech. It is despicable and a blatant abuse of the freedom of expression. Placed on the "wall of democracy", those vicious words are really an insult to decency, and have no place in civil society.

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A smart path for Hong Kong

Winnie Tang says Carrie Lam should emphasise technology in her upcoming policy address to improve services and help unite the community

Chief Executive Carrie Lam Cheng Yuet-ngor, in her upcoming policy address, should seek to unite the community and capture development opportunities. Her address should focus on four aspects of information technology, an increasingly important area for economic development.

First, training for innovation and technology. Lam fulfilled her election campaign promise to allocate HK\$5 billion more for education expenditure. Therefore, we hope to see improvements in science, technology, engineering and mathematics education, as well as the introduction of coding in primary and secondary schools' curriculums as soon as possible.

Also, former University of Hong Kong president Lap-Chee Tsui recently pointed out that the university's "3322" entry requirement of core subjects sets back students' interest in basic science and advanced maths courses, hindering training of local talent in technology. Therefore, the government should review the university admission criteria.

Second, the government should quickly implement smart services. It has commissioned a consultant to compile a report with a number of recommendations, including on smart parking, smart traffic lights, a smart grid and gerontechnology. Their benefits have been proven in other cities. Let's hope adequate resources are allocated.

Third, the government should

open up data and engage the public. Lam could follow the example of Los Angeles, and its common spatial data infrastructure. The city's chief data officer lobbied departments to share data, to enable public organisations and the community to develop mobile apps, while establishing a long-term communication channel to stimulate innovation and creativity. I hope Lam establishes Hong Kong's spatial data infrastructure as a platform for government, business and the public to improve policies.

Fourth, research and development should be encouraged to promote innovation and technology. R&D investment in Hong Kong has lagged behind that of its neighbours recently, leading to slow development and a brain drain. During the election campaign, Lam mentioned tax cuts for private enterprises, to encourage R&D. The policy address should also look at public sector R&D investment, encouraging healthy development of the entire ecosystem.

Opening different channels to collect public opinions and allowing diversified economic development would provide more opportunities, especially for young people. This certainly would inject positive energy into the city.

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