



Tulip Press Release

Monday, 18th September 2006

New report from *Tulip Financial Research* describes the property investments of the UK's wealthiest investors and highlights a lack of property investment expertise amongst professional wealth management advisers.

Tulip Financial Research Ltd today released a new report on the property investments of the UK's richest private investors. These 135,000 wealthy individuals - less than one in every 350 adults in the UK - together own half of all the UK's privately held investments. That's £780 billion worth out of the UK's total of £1.6 trillion of liquid investible assets¹, an average of £6 million each in liquid assets

How Many Invest in Property and How Much

Over 40%, or 54,000, of these rich investors now hold residential or commercial investment property as part of their portfolios, property worth an estimated £65 billion, or £1.2 million per investor. And this is physical residential and commercial property: not property funds or property shares, but actual houses, offices and flats, excluding investors' homes or second homes.

30,000 of these investment property millionaires invest only in residential properties, 9,000 only in commercial properties, whilst the remaining 15,000 own both residential and commercial. Physical property now accounts for more than 30% of their total portfolio assets, a level well ahead of the value of their equity investments. Physical property is the single biggest investment category. for these super wealthy investors.

What Kind of Property? And Why?

These are not investors in small one or two bedroom flats or houses, the typical buy-to-lets. These are seriously rich investors buying two or three good-sized houses and/or one or two retail or office properties as investments. Most are bought outright for cash, though a minority use mortgage finance to leverage their property investment. And the single most important investment driver is the perceived opportunity to get both significant rental income and capital growth.

The Adviser Opportunity

Although most of these rich investors take professional investment advice from time to time, some from private banks, others from private asset managers or IFAs, almost all (89%) say that none of their advisers have any expertise in property investment – as demonstrated in Table 1 overleaf.

¹ *The Role of Property in HNW & Ultra HNW Portfolios. Table 2, included at the end of this release, shows how personal investment wealth is concentrated within the richest 1% of the UK population.*



Of the 45,000 who use advisers, 40,000 – or 90% - say that none of their professional investment advisers have property investment expertise.

Table 1: The Property Investment Expertise of Wealth Investment Advisers

Number of Property Investment Millionaire Households	54,000	
Number Using an Investment Adviser	45,000	100%
Number saying none of their investment advisers have property investment expertise	40,000	89%

John Clemens, Managing Partner of Tulip Financial Research Ltd, commenting on the new report findings said:

“Close to half of all the UK’s wealthiest private investors now allocate a major part of their investment portfolios to physical property alongside shares, bonds, investment trusts, structured products and so on. Most investment advisers to the wealthy have been slow to take this on board, and to understand that cash and other liquid assets, previously allocated to paper investments, now fund these property investments. Professional advisers need to build up expertise in this field – over and above expertise in property funds, Reits and so on. Their clients need such expertise and those advisers offering it will both attract new wealthy clients and better satisfy their existing clients”.

For more information about this new report John Clemens, Managing Partner, Tulip Financial Research Limited on 020 7582 6870 or email info@tulipresearch.com . The report is also available from Mintel International: call Jim Darling on 020 7778 7151 or email jdarding@mintel.com.

TABLE 2: LIQUID ASSET OWNERSHIP WITHIN THE WEALTHIEST 5% OF UK ADULTS

Base: The UK’s wealthiest 5%	Average Liquid Assets: £s	% of UK Liquid Assets Owned	No. of individuals 000s
The Mass Affluent (4%)	£144,000	15.5	1,880
HNWs (0.7%)	£665,000	12.8	335
Ultra HNWs (0.3%)	6,442,000	48.8	135
The UK Super-Rich	£70,000,000	4.0	One

Source: Tulip Wealth Model 2005