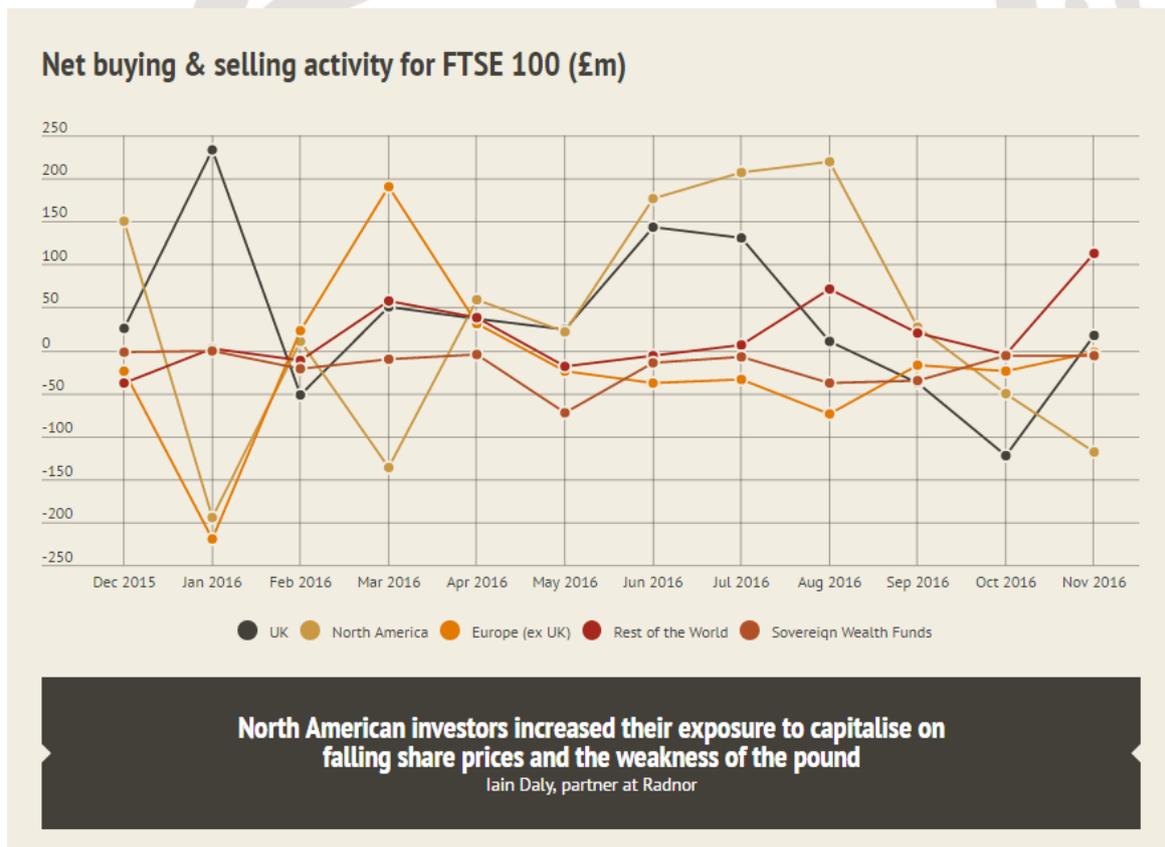


By GUY MONTAGUE-JONES

North Americans go bargain hunting in UK listed sector

The biggest North American investors in UK listed property companies significantly increased their holdings immediately following the EU referendum and have since switched from investing in the biggest REITs to smaller companies, data from Radnor Capital Partners has revealed.

Studying capital flows from investors in North America, the UK and continental Europe, the investor relations consultancy highlighted North Americans as the most consistent buyers of FTSE 100 and FTSE 250 propcos in 2016.

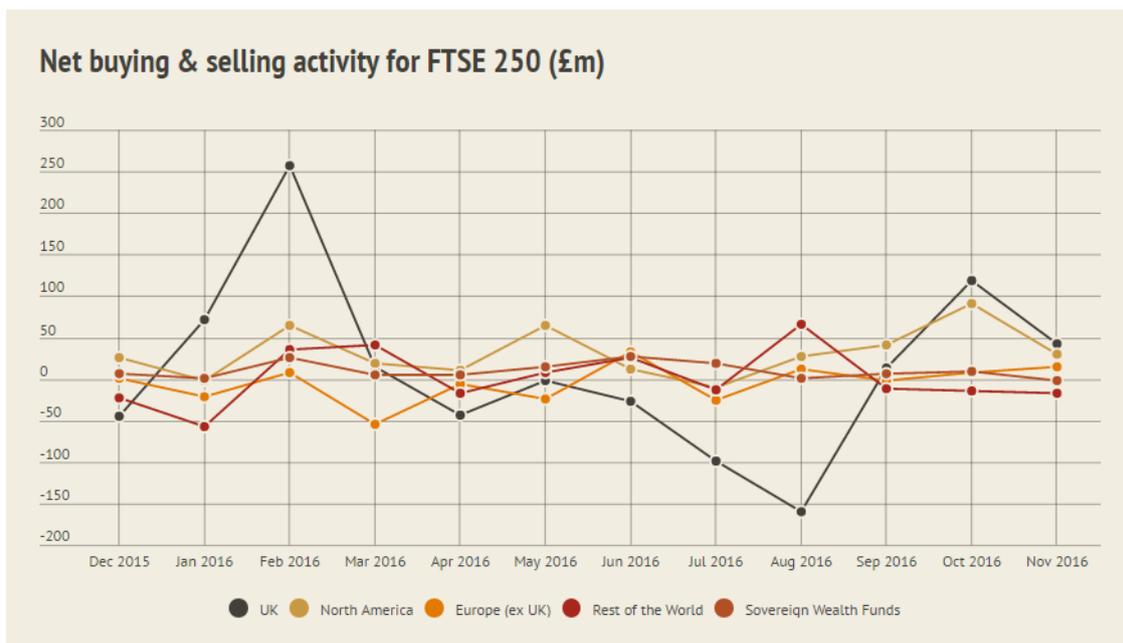


Radnor Capital FTSE data

They were particularly active buyers of the FTSE 100 companies – Land Securities, British Land, Hammerson and Intu – directly after the EU referendum. During June, July and August, the top 20 North American investors were net buyers to the tune of £603m.

“The data would suggest that North American investors increased their exposure to capitalise on falling share prices and the weakness of the pound,” said Iain Daly, a partner at Radnor.

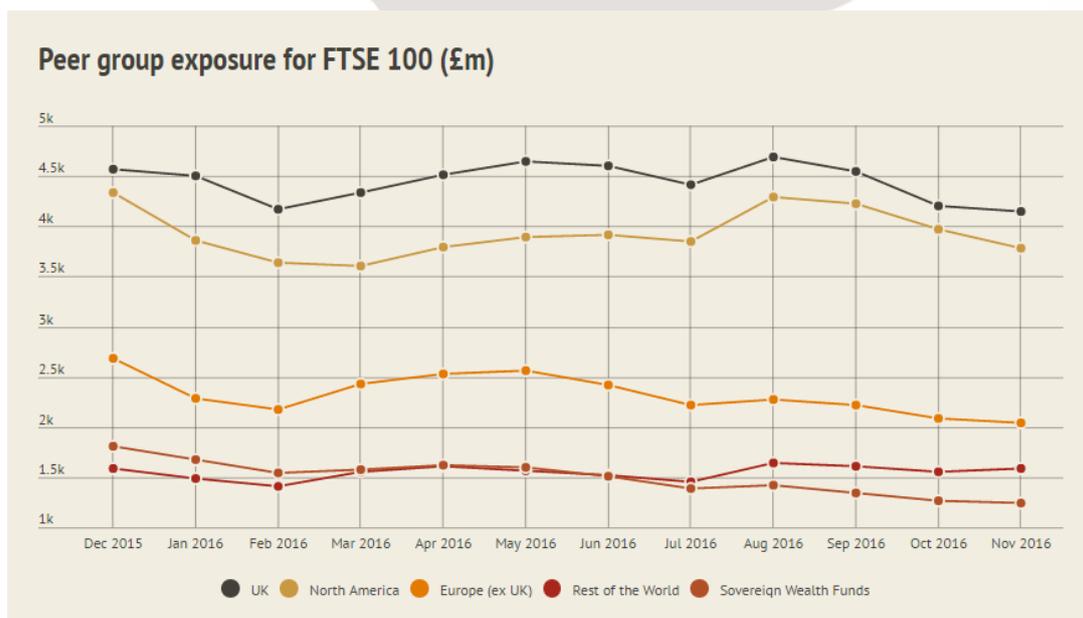
The UK Real Estate Index fell dramatically in the days after the Brexit vote, losing 22% of its value in just two days (Datastream). The value of the pound against the dollar also plummeted, making UK assets cheaper for dollar-denominated investors.



In the FTSE 250, which is more dominated by domestic investors, North Americans have also been buyers of property companies. In 2016, there were only two months when the top 20 North American investors were net sellers. Recently, in October and November, they have become particularly active investors in the FTSE 250 companies while trimming back their exposure to FTSE 100 players.

UK investor behaviour has followed a similar pattern. The top 20 UK investors increased their exposure to FTSE 100 propcos over the Brexit period, albeit not to the same extent as their North American counterparts. In June, July and August, the top 20 UK investors were net buyers of shares worth £285.8m.

Since then, they have also turned their attention to the FTSE 250, which they spurned in the immediate aftermath of the vote, and reduced their exposure to FTSE 100 companies.



Daly said that the figures suggested a “flight to size” on the part of UK investors straight after the EU referendum that was followed by a “flight to value” as the stock market stabilised. “In the FTSE 250 there

are more names that are narrower in their focus and as nervousness has eased, money appears to have become more focused on specific sectors,” he added.

Continental European investors were significant net sellers of FTSE 100 property companies in the months before and after the Brexit vote. However, the picture is far more varied in the FTSE 250 – the top 20 investors were net buyers and net sellers on different months during the year.

Daly said the figures showed European investors “were not saying no to the UK, but just the mainstream”.

