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Wealthy foreigners look further afield in London



Standing tall: Nine Elms

Urban elites

Deluxe, £10m-plus residences are now to be found south of the river, too, says Sarah Townsend

News in July that a Mayfair penthouse was sold for £26m, setting a new record for residential property in central London, confirmed that the city remains a valuable market for the elite investor.

The property on South Audley Street sold for £7,000 per-square foot and is one of seven apartments in a scheme called 77 Mayfair. All have been sold in recent months in off-plan deals, for a total of £100m.

Mayfair has long been seen as a "golden postcode" for the wealthiest London property buyers. The Qatari royal family has snapped up so much prime real estate that the area has been dubbed "Little Doha". Its portfolio is worth billions of pounds and includes properties such as the Connaught Hotel, residences on Mount Street and a £200m mansion on Park Lane.

Rohit Chadha, managing director of developer Luxlo which is building 77 Mayfair, says: "Mayfair has always been an important part of the 'Monopoly board' of London. It's the heart of the city, where people go for restaurants

and art, and all the embassies are there, increasing its appeal for foreign buyers.

Several schemes are aimed squarely at wealthy investors, including Lodha Group's conversion of the former Canadian High Commission building on Grosvenor Square into luxury flats, and British Land's redevelopment of the Carges Estate.

Foreign buyers have historically been attracted to other prestigious postcodes as well, such as Chelsea, Belgravia and Knightsbridge. However, Mr Chadha says they are meeting new competition in the form of wealthy Londoners who have lived in affluent suburbs such as Dulwich, but decide to move to the city centre once their children leave home.

Meanwhile, luxury neighbourhoods are being developed in new parts of London that offer easy access to the central

The Qataris have bought up so much of Mayfair that it is known as 'Little Doha'

business district and are prompting elite buyers to look beyond the traditional Mayfair heartland.

Emerging hotspots include the South Bank, Marylebone and even Canary Wharf, from where the new Crossrail link will cut travel times to central London from 2018.

Knight Frank's Super-Prime London report, published in August, highlights

this emerging trend. "Buyers have become less focused on the pricey locations of the golden postcodes and started to look further afield for value in super-prime," says Victoria Garrett, head of the consultancy's London New Homes Middle East division.

The trend is compounded by the different tastes of a new generation of foreign buyers, says Mark Collins, UK chairman of CBRE Residential.

He says: "There are growing numbers of young investors from wealthy families who have studied or worked in London and want a good lifestyle with easy access to the central business district. They are looking more broadly across the city," he says.

His comments are underlined by Knight Frank's report, which found that 18 per cent of super-prime buyers in the year to 30 June were aged under 40, compared to 10.7 per cent in the preceding 12-month period. It also found that the number of super-prime buyers in their 30s had more than doubled, from 7.1 per cent to 14.8 per cent.

Ms Garrett says: "The map of the £10m-plus sales in London is wider and now encompasses areas such as the South Bank."

Luxury schemes under way here include CIT Group's South Bank Tower and Canary Wharf Group's Shell Centre. West is the huge Nine Elms regeneration scheme, which includes the redevelopment of Battersea Power Station.

According to a CBRE report published this year on the London market, house

prices soared by 21 per cent last year in Southwark, where the Shell Centre is located, and by 20 per cent in Lambeth, where part of the Nine Elms redevelopment lies. House prices in both boroughs are forecast to rise at an average of 5 per cent a year over the next five years says CBRE – the same as in Westminster and Kensington & Chelsea.

One developer seeking to tap into the area south of the river is UAE-based Damac Properties, which is developing the 50-storey Aykon tower at Nine Elms.

Senior vice-president Niall McLoughlin says: "London is one of the most sustainable real estate markets in the world, with reports pointing to solid year-on-year price growth of around 6 per cent and inflation in the borough of 5-7 per cent in the coming years."

Wherever the location, super-prime properties must have several key features, experts agree: high-tech security, 24-hour concierge and boutique hotel-style decor, without which, says CBRE, "most extremely wealthy buyers would not even consider making a purchase".

Super-prime sales rose by a quarter in the year to 30 June, according to Knight Frank, and London looks set to continue being an elite buyer's property dream.