

Drawing room of 31 Eccleston Street, Belgravia, London.



London calling

Overseas property buyers have rarely had it so good in Britain. Many are trawling London for bargains where developers have brought some very special homes on to the market.

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Clockwise from top left: dining room at 31 Eccleston Street, Belgravia; master bathroom from 31 Eccleston Street; view of Tate Modern art gallery from inside Riverside apartment at Sir John Lyon House; library at 52 Bedford Square, Bloomsbury.

It is rather like the high street sales when big red posters go up in windows emblazoned with those special words shopaholics yearn to read – ‘50% OFF’. So it goes in central London’s property market – since the start of this year the British capital’s estate agents have circumnavigated the globe to tell everyone who earns their money in euros, dollars and dirhams that the twin collapse in the value of Sterling and British property means the city’s flats and houses can be snapped up for 50 per cent less than at the peak of the property boom in the summer of 2007.

Like the queues of shoppers who camp outside Harrods overnight in freezing temperatures to be first through its doors when the winter sale begins, many overseas property buyers are eager to grab a bargain. Indeed, Harrods Estates, the estate agency arm of the London department store, says it has been inundated with Qatari buyers looking for homes around Knightsbridge since late last year. Other Middle Eastern buyers, Europeans, East Asians and British expatriates working in these places are in the market as well.

Estate agents say the biggest savings are to be found in the market for brand new homes. Developers are agreeing to big discounts, because the banks have put huge pressure on them to shift stock to improve cash flow. They are quietly accepting offers up to 30 per cent below the asking price, although they don’t like to admit it.

“With the pound languishing at record lows, the savings are significant. This is particularly true for investors looking to buy high specification new development properties in a market where the new build price premium has all but disappeared,” says Ed Lewis, head of new development sales for Savills.

“In past cycles, international investors who bought at or near the bottom of the London market have done extremely well from their investments, benefiting both from the strong price growth in a market that traditionally leads the

recovery and the strengthening of sterling from its very low base.”

But it’s not just in the new homes sector where the bargains are to be found – in the market for second-hand properties vendors are more obliging than last year with many accepting offers of up to 30 per cent below the asking price.

Camilla Dell, managing director of property search company Black Brick, says bargain hunters demand big discounts whether homes are fairly valued or not. Many vendors of homes valued last year accept these low offers.

“You can get 20-30 per cent less for homes on sale at 2008 prices,” she says. “The penny has dropped. Sellers have realised that they will not get the prices they would have got in 2008 now.”

However, Dell says that some vendors who have cut the asking price to reflect the weakened state of the market are still turning down low offers and, in some cases, taking property off the market because they are fed up with the sub-standard offers they have received. Even so, investors have snapped up bargain properties quickly, so potential buyers need to act fast.

“The window of opportunity in London won’t be as long as people think,” she says. “We have started to find we are competing against other buyers, many of them international, for the same property. People sitting on the sidelines thinking they will come in later in the year may miss out.”

Russell Hunt, managing director of property finders Property Hunt, says big price cuts are possible in the middle and lower end of the market where the type of property and its location are less important than the vendor’s circumstances. Unemployment is rising across London and many people are struggling with debt.

“At the upper end of the market, some of the larger houses are achieving close to asking prices as some confidence has come back to the market,” he says. “Otherwise



Marble, glass and steel staircase of Belgrave Place duplex.



Clockwise from above: study of Belgrave Place duplex; powder room of duplex; roof terrace.

it really does depend on the vendor's situation and how keen they are to sell." But some investment specialists advise caution. Robert Hadfield, managing director of investment property management company Pineflat, says yields must rise before residential property becomes an attractive investment, so prices need to fall further. Gross yields currently stand at around four per cent.

"My instinct is that we need to get back to 2002 [price] levels before the market will be in some sort of balance," he says.

Analysts agree London property prices will continue to fall during the remainder of 2009 and may decline further in 2010. Researchers at estate agency Knight Frank say prime central London prices have fallen 20 per cent so far and will drop at least another 10 per cent before recovering.

Among the London properties purchased by overseas buyers this year are two newly-built Kensington townhouses offered for sale by their developer, Morpheus, at Dhs28 million and sold for "around" Dhs26 million. Unusual for London homes they have geothermal heating and cooling. Other eco features include sheep wool insulation, low energy lighting and double-glazing.

Over in Belgravia, developer Finchatton is marketing a six-storey house it has recently renovated. Number 63 Eaton Square is a 743-square-metre Grade II listed home with five bedrooms, a cinema room, gym, wine cellar, drawing room, dining room, library and staff quarters. There is also an informal living area on the ground floor and a double garage. In keeping with its traditional white stucco façade, much of the original carving inside has been preserved, including cornicing and chimneys. And it's all yours for Dhs131million.

Meanwhile, a couple of minutes walk from Eaton Square in the direction of Victoria station, developer Rigby & Rigby has recently completed 31 Eccleston Street, a five-bedroom home on the market at Dhs32 million. This six-storey,

white stucco townhouse features a bespoke, ergonomic kitchen designed by Johnny Grey and a lower ground floor games room complete with a 50-inch wall-mounted TV, pool table and bar. As with other homes built by this developer, the property is filled with bespoke cabinetry designed by one of the partners, Steve Rigby, including doors, tables, beds, wardrobes and ottomans.

Back up the road on the other side of Eaton Square, at Belgrave Place, developer London Projects is marketing a three-bedroom duplex filled with all manner of luxurious furnishings, including Louis XV gilt chairs, a Baccarat Mille Nuit chandelier in the entrance hall, floor-length silk curtains in the bedrooms, ebony cabinetry and tonnes of marble everywhere. How much does it cost? Dhs46.5 million.

In the heart of Bloomsbury, just around the corner from the British Museum, a Grade I listed five-storey Georgian townhouse has been converted back to residential use by its owner after being used as offices for a number of years. The Dhs79 million property on Bedford Square overlooks communal gardens owned by the square's residents. Bloomsbury is close to Kings Cross St Pancras station, which has trains running to northern Britain and continental Europe, and the planned Crossrail route, which will connect Canary Wharf with Heathrow Airport. Therefore, property finders believe the area's long-term prospects are promising.

If those properties sound a bit pricey, then a one-bedroom riverside flat opposite the Tate Modern art gallery and the Globe Theatre can be bought for Dhs1.8 million at Sir John Lyon House. Built on the site of the former Lyons Tea warehouse, the Thames-fronting development of 67 apartments in the City of London is just a few minutes walk from St Paul's Cathedral. Unusual for Britain, these one, two and three-bedroom homes have air conditioning in addition to central heating. Riverside Holdings is offering the flats for sale or rent. **ID**