

HK buyers join bargain hunters in London

Richard Warren in London
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London home sellers are accepting offers of up to 30 per cent below their asking prices, and Hong Kong buyers are among those taking advantage of the deep discounts and the added attraction of a collapse in the value of the British pound.

Camilla Dell, the managing director of property search company Black Brick, said bargain hunters were demanding big discounts whether homes appeared fairly valued or not. Caught in a credit squeeze and by tumbling resale values, many vendors were accepting these low offers. "You can now get 20 to 30 per cent less for homes still advertised for sale at 2008 prices," said Ms Dell.

"The penny has dropped, and sellers have realised that they will not get the prices now that they might have got in 2008."

However, vendors who had already cut their asking prices to reflect the weakened state of the market were now turning down even lower offers and in some cases were taking their properties off the market because they were fed up with the bargain hunters, she added.

Meanwhile, genuine investors were snapping up bargain properties quickly, so potential buyers needed to act fast, Ms Dell said. "The window of opportunity in London won't last as long as people think.

"From this week we 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."

But other commentators believed there was still room for further price falls.

Russell Hunt, managing director of property finders Property Hunt, said big price cuts were possible in the middle and lower end of the market.

The type of property and its location were less important than the vendor's circumstances, he said. 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. In other cases it really does depend on the vendor's situation and how keen they are to sell."

Mr Hunt said there had been an upsurge in the number of Hong Kong buyers arriving in London since the start of the year.

Developers Weston Homes and Berkeley Homes are negotiating deals with Hong Kong buyers at London developments like Bridges Wharf (SEHK: 0004) in Battersea and Chelsea Bridge Wharf.

Robert Hadfield, managing director of investment property management company Pineflat, said yields would need to rise before residential property became an attractive investment, which meant prices needed to fall further.

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

According to estate agency Knight Frank's *Winter 2009 London Residential Review*, London prices have dropped 20 per cent from their 2007 peak. It expects

prices to fall at least another 10 per cent before recovering, with bigger drops likely for newly built properties in secondary locations.