Black Brick

Finding perfect properties

Market Update

January 2014

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Prime central London property prices end 2013 on a high: up 0.8% in December, 7.5% for year as a whole

New year; same story. Despite a strengthening pound, prime Central London property prices finished 2013 on a high. The Knight Frank Prime Central London Index posted a 0.8% gain in December, representing the third consecutive calendar year in which prices rose every month. Behind the annual gain of 7.5% though is clear evidence of the increasing search for value away from Mayfair, Knightsbridge and Chelsea, traditionally the capital's best performing enclaves. All three areas underperformed the wider prime Central London market in 2013 for the first time in over a decade. Secondary areas such as Islington, Marylebone and the City all enjoyed double digit gains for the year as a whole.

Meanwhile, the widely-watched measures of the health of the broader UK residential property market also ended the year on a positive note. The Nationwide House Price Index posted its biggest jump in four years in December, ending 2013 with a 1.4% monthly leap that brought the rise in value of the average UK home to 8.4% for the year as a whole. With data released during January also showing demand for mortgages rising at its fastest pace in six years in the final quarter of 2013, there has been widespread media comment about whether the government's Help to Buy scheme is stoking a house price bubble.

Recent news flow indicates continued strength of overseas demand for London property

2014 has started with a steady stream of news stories reinforcing our belief that international interest in prime Central London property remains deep and broad. In the last few days the state-owned Chinese property developer Greenland Group has confirmed its acquisition of the Ram Brewery site in Wandsworth for £600m, plus plans to spend a similar amount on a residential development site in Canary Wharf. The Ram Brewery site will be transformed into over 600 homes with an additional 9,500 square metres of commercial space for new shops, bars and restaurants.

Meanwhile, overseas institutions' faith in the London economy and business prospects are further reflected in the announcement that Japanese conglomerate Mitsubishi is to launch a London commercial property fund with up to £500m of assets.

London named as best city for foreign investment; Britain as most attractive jurisdiction for Ultra High Net Worth families

These developments come hot on the heels of London being named as the best city for foreign investment in a survey conducted by the Association of Foreign Investors in Real Estate, a body that represents large institutional investors in international property. In the survey London overtook New York, last year's poll-topper, thanks to ease of investment, a supportive tax regime and broad support from European, Middle East and Asian money.

Elsewhere, a survey of Ultra High Net Worth (UHNW) clients with a combined wealth of $100bn reveals the strength of conviction among the world's wealthiest investors in the long-term prospects for Central London property, particularly relative to other asset classes.

Only 2% of those surveyed by Fleming Family & Partners for 'The World in 2043: Wealth Strategies for Inter-generational Success', published in December, said they would include government bonds as one of their top three asset classes on a 30-year view. However, 91% of UHNWs described prime Central London property as a good investment over the same investment time horizon.

More than half of respondents also said London will prove to the most attractive jurisdiction over the next 30 years for UHNW families. One UHNW survey participant went as far as articulating his preference for the UK with the memorable line: "I would rather pay taxes in Britain than have to endure living in Monaco." Quite.

Black Brick's Vacant Care Service: how we saved a client from a large water damage bill

Since we last wrote to you the weather in the UK has been truly dreadful with high winds and record rainfall. Those who live full time in the UK are probably wondering why we are pointing out the obvious. But for those who retain properties in London as part of a broader international property portfolio such weather conditions can result in nasty surprises when they return home after a period of absence. During the Christmas holiday season our Vacant Care team has been incredibly busy checking all the properties for signs of damage and water ingress.

Only one property on our books had any damage but due to the frequency of our checks and the prompt actions of our team the damage was very limited. Without our Vacant Care Service, that particular owner would have returned to water damage running into tens of thousands of pounds. Our Vacant Care service is becoming ever more popular with clients, who recognise that many insurance companies won't pay out unless the property has been regularly inspected. For more information on the service, please call Sophie Amasha on +44 (0)20 3141 9863 or email Sophie.Amasha@black-brick.com

Property Acquisition of the Month

January's property acquisition of the month involves an increasingly common scenario – one that will be familiar to many of our readers. We were engaged by a British family in mid-November frustrated after spending a protracted period searching on their own for a smaller property within the Highgate N6 area in which they already lived. The family had been gazumped twice – and had also experienced leasehold issues with other properties they had identified.

Many outside the industry believe competition is only an issue in London's most prestigious central postcodes. But with excellent schools, good transport links to central London, large Victorian homes and with the open spaces of Highgate woods and Hampstead Heath close by, Highgate is, unsurprisingly, extremely popular with families. While not as expensive on a price per square foot basis as more central locations, competition for family homes is still fierce – as our new clients already knew to their cost. However, due to our contacts and close relationships with local agents we were the very first people in to view a property, pre-marketing (with hard hats!) being developed to a high standard by a local developer. We believed it was a perfect fit for our clients' requirements.

We subsequently arranged for our clients to view it, negotiated on their behalf, and had the deal agreed for them within 24 hours. We also negotiated for the property not to appear on the open market. Our clients exchanged in early January for £2m – just six weeks after engaging us. Through prompt action and negotiation we also managed to save them around £200,000 compared to what this beautifully refurbished home might have fetched had it ever fully reached the open market.

We're ready when you are.
We would be delighted to hear from you to discuss your own property requirements and how we may be able to assist you. Should you wish to arrange for a non obligatory consultation, please contact us:

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