

MERCURY

HOMES EARCH

“I have come to the conclusion that politics are too serious a matter to be left to the politicians” **Charles De Gaulle (1890 - 1970)**

“Politics is supposed to be the second oldest profession. I have come to realize that it bears a very close resemblance to the first.” **Ronald Reagan (1911 - 2004)**

“In politics, absurdity is not a handicap.” **Napoleon Bonaparte (1769 - 1821)**

“Politics is perhaps the only profession for which no preparation is thought necessary.” **Robert Louis Stevenson (1850 - 1894)**

Some facts and figures on the market:

- AustralianSuper is making its first direct investment in the London property market, having agreed to buy a quarter of the 67-acre city-centre King’s Cross development The pension scheme will take a 25% stake in the King’s Cross Central Ltd Partnership ((IP Real Estate)
- Lloyds Bank commits to an increase in commercial real estate loans. 2014 showed an 8% increase on lending to 2013 (Property Week)
- London has the most super-rich residents (worth £20m+) in the world. 4,363 live in the UK capital. Next are Tokyo (3575 individuals), Singapore (3227) and New York (3008) (Knight Frank)

- Hotel Rooms cost more than London property: The average London Apartment costs £417,234. Meanwhile analysing £1.5bn of 2-5 star hotel deals carried out over the last 2 years, Colliers Int found 2500 rooms had traded at an average of £500k each. (Estates Gazette)
- Almost £3bn of global capital is chasing a 1500-home development at east India Dock. Around 30 investors from across the globe have inspected the site. (Estates Gazette)
- The top five cities by luxury house price growth in 2014 were New York, Aspen, Bali, Istanbul and Abu Dhabi. London was in joint 32nd place with Bangkok and Madrid (Knight Frank)
- Monaco retained the title of the world's most expensive city in which to buy luxury residential property for the eighth year running... Hong Kong was the second priciest, followed by London (Knight Frank)
- India has relaxed the exchange controls \$250k per person per annum – family of four can remit \$1m abroad. There could be a huge wave of money coming to the UK and BPS may well benefit.

Politics, Politics, Politics...

Ahh, glorious spring. The sun is shining, the days are getting longer and there is the unmistakable smell of farmers fertilising their fields. Hold on a minute, we're in London. That smell can't be from farms.

What am I thinking? It's the run up to the election. Of course, there's more manure flying around than one could ever find in the countryside:

Whether it be Tory or indeed Labour supporters planting stories about the SNP wanting to join the Tories in a coalition

Or Miliband gunning for the populist vote by claiming that he will guillotine non-doms, half-doms or anyone who dares to have the effrontery to work hard and make money.

Yes, you can expect an intolerable amount of drivel to be spouted over the next 30 days. And thanks to incredible advances in technology you can watch it 24 hours a day!

Miliband's latest wheeze about non-doms has already been discredited but in case you are sane and are ignoring most of the election flirting let me elucidate:

Ed wants to ban those unfair tax breaks that benefit non-doms. This is yet another well-thought through version of "let's bash the rich; they're lazy criminal masterminds who launder money and don't actually do any work". However, it was soon pointed out that Ed Balls had said the idea was unworkable in January and two Labour Chancellors, Brown and Darling, had come to the same conclusion when in power.

(As an aside, I find it extraordinary that anyone who actually works hard, keeps educating themselves and generates wealth is vilified while the winners of The National Lottery are portrayed in a favourable light. Actually I lie. I don't find it surprising because that is at the heart of populist politicking.)

I am picking on Miliband because I regard him as the more incompetent of the two main protagonists but, let's face it, the standard of politician in the UK is pretty dire. Although as many international readers have pointed out our politicians are better than most, so I shouldn't complain too much even if that thought does send a shiver down my spine.

But why bang on about this when you want to know about London property?

Well, the current uncertainty means that transaction levels have fallen as predicted. In some cases prices have fallen too, but talk of price falls across the board are misleading. As ever statistics are too broad a brush.

In recent weeks we have bought an off-market house for £9.5m which was a significant discount to what the seller was hoping to achieve. In another instance we acquired a buy-to-let property for a discount of 14% to other flats and this is in a building that is almost guaranteed to outperform the market over the next 5 years.

On the other hand I know of various bidding wars: An apartment in Knightsbridge which had been significantly reduced then sold for significantly over the asking price of £3.8m.

Then there was a house in Kensington where the asking price was £8.5m but after competitive bidding it has been agreed at c. £9m. In this last case, the buyers had originally agreed a price of £8.5m prior to the increase in SDLT but then pulled out in December due to the changes.

I could list numerous other examples, so although there are reports of the market being dead there is still activity and in certain cases some high prices are being achieved.

However, transaction levels are likely to fall even further over the coming month as the election looms large. According to Lonres, in London the overall year-on-year decline in February was 22%.

According to the estate agency W.A.Ellis:

“If one drills into the statistics further, the most dramatic reduction is the sale of houses within Belgravia, Chelsea, Knightsbridge and Kensington which have dropped by 50%, from 40 sales in 2014 to 19 in the same period this year.”

“An interesting trend that we have observed recently is the off-market sale... it is not surprising that vendors wish to keep their houses away from the internet, where its exposure and time on the market can so easily be measured.”

Which just goes to show that if you are relying on websites to find a property then you are missing out on a significant number of opportunities.

Yes, this is a blatant plug, but if you would like to discover how I help our clients acquire their ideal homes on the best terms possible, please call 0800 389 4280 (+44800 3894280 from outside the UK) or email my p.a. at veronika@mercuryhomesearch.com to arrange a consultation.

And finally some interesting figures from Savills which show the rise in property values in recent years:

FIGURE 1
The value of UK housing London and Private Rented Sector on the up



Source: Savills Research

Apparently this means that the UK housing market is worth 2.5 times the value of all the companies listed on the London Stock Exchange. I must confess that I have not verified this figure, but suffice to say we are talking reasonable money.

Which brings me back to politicians. They have realised that there is a certain degree of elasticity when it comes to increasing property taxes.

But as much as they bleat about perceived inequality, they really cannot afford to endanger the property market with draconian policies. Not only would it cause financial disaster for the banks and the economy, most importantly of all it would ruin their chances of getting re-elected.

Turkeys do not vote for Christmas, children do not voluntarily hand over sweets (not my horrid urchins anyway) and politicians, especially prime ministers and presidents, do not want to alienate voters and be one term wonders.

Of course, things are often out of the control of politicians. So the real question is: Is this rise in prices sustainable especially when first time buyers are being squeezed out of the market?

This is a subject I will discuss next time, but I can tell you now that the answer is politically incorrect.

In the meantime if you have specific questions about the London property market or would like to discover more about off-market properties, please call 0800 389 4280 (+44 800 389 4280 from outside the UK) or email my p.a. at veronika@mercuryhomesearch.com) to arrange a consultation.

Good luck with you search for a property in London.

Best regards,

Jeremy

p.s. If you would like to request a complimentary copy of my book, *The Prime London Property Puzzle*, you can do so by clicking <http://mercuryhomesearch.com/property-puzzle/>