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LONDON'S
PRIME AND
SUPER-PRIME
PROPERTY
MARKET

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EVERY HEADLINE TELLS A DIFFERENT TALE OF LONDON'S PROPERTY MARKET

According to the experts, it's either dropping at the fastest rate since 2009 or growing at a slower pace than the rest of the UK. But after a tumultuous few years that have seen a series of steep declines, activity in London's prime and super-prime residential markets appears to be stabilising.

The latest analysis by Knight Frank showed that in the past year to February, average prices in prime central London fell by 1%, while average property values in the city's top-end enclaves including Knightsbridge and Mayfair are predicted to record no growth over the next two years.

Sales of super prime London homes, valued at £10 million plus, however, have been underpinned in many cases by a release of pent-up demand, and figures show that the number of new prospective buyers registering in the first three months of 2018 was 7% higher than last year.

And while the number of transactions in the year to March was 9% lower than over the previous 12 months, this is an improvement compared to annual falls of more than 20% registered throughout 2016 and the first half of 2017.

Across the boroughs, Kensington & Chelsea and Westminster saw 118 and 111 sales of prime property worth more than £5 million respectively, with 62% of all sales above £5 million in the capital located in these two boroughs alone. Pricing in Notting Hill has rebounded after some double-digit price falls early in 2017 and has been underpinned by a relative lack of stock over £5 million.

"Though London has had a tough time recently, it's seeing renewed vigour. The effective discount provided by a weaker pound has certainly helped some buyers seeking value. There is a continued focus on safe haven investments for the long term with increasing focus on income generation and longer-term returns.

Although political risk remains with us, economic fundamentals underpinning the market remain strong, with interest rates at an all-time low and global economic growth improving."

Paddy Dring, Head of Global Prime Sales at Knight Frank

7%
INCREASE

in prospective buyers'
registration for super prime
London homes

62%
**OF ALL LONDON SALES
ARE ABOVE £5 MILLION**

across the boroughs
Kensington & Chelsea and
Westminster

TRENDING AREAS AND PROPERTY TYPES

With the ever-changing market in mind, which areas and property types look promising for developers and investors in the capital?

Well, a three-tier market seems to have emerged, consisting of second-hand property, new and newly refurbished homes and luxury residences, each with a distinct profile and price performance.

“Period properties offer a uniqueness and charm that new builds cannot,” says Brian Woulfe, founder of renowned studio Designed by Woulfe and one of this year’s Decorex entrance designers. “The high net-worth individuals we work with enjoy the period features and ceiling heights offered by older properties, and aren’t phased by the work that needs to be done to a property to create their dream home.”

“Most enjoy the creative process and the blend of old and new,” he adds.



WWW.DESIGNEDBYWOULFE.COM

“While we have seen an explosion of new luxury properties on the market in London in areas like Nine Elms and Southwark, the attractiveness of neighbourhoods like Mayfair, Knightsbridge, St John’s Wood, Notting Hill and Chelsea still make them more popular with the clients we work with.”

Brian Woulfe, Founder of Designed by Woulfe





Age is also a defining factor in the periods of prime and super-prime property being purchased.

Young professionals and millennial clients are showing more interest in new builds and luxury developments, in Woulfe’s experience. Older generations that are looking for a pied-à-terre, meanwhile, often consider new builds because they require less maintenance and upkeep, especially if they don’t come with gardens.

For Jo leGleud, Creative Director of Maddux Creative and another of the Decorex entrance designers, period properties and new-builds alike have their own roster of unique charms:

“Both can be luxurious, they simply provide differing opportunities in terms of design,” she says. “The perception of ‘luxurious’ has arguably changed a great deal over the last decade; the profile of high net-worth individuals is far more varied for a start.”

“The tech industry, for example, has created many new high net-worth individuals who are younger and approach their interiors differently. This has allowed us huge new opportunities to deploy our flair and love of bold colour in different spaces and varied ways.”

And while Maddux Creative thrives on the diversity of its projects, the majority of its London work has tended to be renovations of older properties. The spaces in such buildings offer idiosyncrasies, scale, proportions and a grandeur which is always stimulating and a joy to enhance, according to leGleud.

“Several of our projects in Notting Hill and Holland Park fall into this category,” she explains. “A newly constructed building, however, holds the thrill of a blank canvas, which is always eminently exciting.”



NOTTING HILL HOUSE, MADDUX CREATIVE,
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“Currently we’re mid-way through extensive renovations of a very large Victorian Gothic Revival property in Highgate. The project is made all the more compelling because the building has a very specific aesthetic, and one that the client is keen to exploit.

The client resides in LA and this building holds a great deal of charm and appeal for them. It is, I’d say, quite Jeeves and Wooster and is centrally located for museums, with the old charm of Marylebone High Street and Regent’s Park not too far away. I would consider that quite a luxury.”

Jo leGleud, Creative Director of Maddux Creative

THE RISE OF MARYLEBONE

LeGleud touts Marylebone as an exciting place to be for those investing in prime and super-prime property, explaining:

“Interestingly we’re just completing a project in the area, an apartment in a Grade 2 listed building constructed in 1928 with great period features – mouldings and fireplaces and a beautiful wooden floor.”

Marylebone, in fact, is experiencing a relative renaissance, with prices burgeoning by 3.5% due to a wave of new developments and overspill from Mayfair, among other factors. With 202 acres of land and 22,000 households to its name, the area was originally developed between 1715-1820 and 1890-1910, with second-hand property consisting of both Georgian and Victorian terraces and Edwardian mansion blocks.

SALE PRICE FOR SECOND-HAND AND NEWLY REFURBISHED HOMES:



Source: Beauchamp Estates



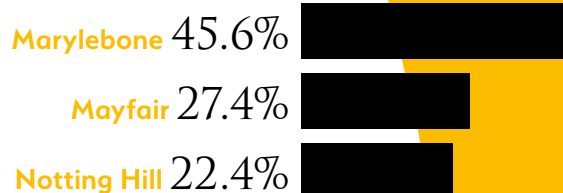
THE CHILTERNS, WWW.THECHILTERNSW1.COM

From The Chilterns by Frogmore/Galliard and Chiltern Place by Ronson Capital to The Park Crescent by Amazon Property, myriad new luxury residential projects are already – or are set to be – popping up there. Since 2011, 459 new homes have been built or are under construction, with another 768 in the planning pipeline.

Jo Hamilton, Creative Director of Jo Hamilton Interiors and speaker in this year’s Decorex Seminar Programme affirms the area’s increasingly high-end reputation: “Marylebone is firmly on the map when it comes to the luxury market. It’s been steadily gaining traction for years now and with so many elegant fine dining restaurants having opened recently and particularly Chiltern Firehouse, it’s very much a place to be. Marylebone straddles so many worlds. Selfridges is just around the corner, the open-air theatre in Regent’s Park is moments away, there’s great food and boutique shopping and most central locations are easily walkable.”

Developments in the area have led to it outperforming other prime location urban villages. Over the past five years the average prices per square foot have rebounded from their position at 8.3% lower than the average across prime central London, to their current 7.1% higher.

INCREASE OF SALE PRICE PER FT² (2013-2018)



Source: Beauchamp Estates

INTERIOR DESIGN IN THE HIGH-END PROPERTY MARKET

Naturally, with each distinctive style and period of property comes an array of considerations when conceptualising and creating the interiors – something Jo Hamilton, one of the UK's leading interior designers, has both an eye for and vast knowledge of: "Many of our clients look for property in well known, classically elegant areas where they have a wealth of beautiful period properties to choose from," she explains. "Places like Kensington, Mayfair, Knightsbridge and Belgravia are often top of the hit list in the search for property. I love working in those kinds of classically beautiful areas and also in cool, relaxed places like Notting Hill, Primrose Hill and Belgravia, not just for the stunning architecture, but also for their history."

Hamilton's portfolio spans high-end developments in Britain and overseas, including New York, Miami, Geneva and Dubai, and she's worked on everything from stylish country retreats and exclusive city apartments to bars, clubs, hotels and homes. So is there a rulebook when it comes to creating delectable interiors across traditional, contemporary and renovation projects? "The question of what defines luxury property is very personal," she explains. "We will all have our own views of what is important to us and which features we value the most."

"I don't like interior design to be too formulaic. For me, design should tell a story of the area, the history of the building itself and the owners and their journey through life. That element really excites me and the fusion of these often makes for a very individual and interesting mix to work with."

A recent renovation project in Observatory Gardens, Kensington saw Hamilton complement the property's distinctive architectural features by maximising light, layering textures and honing in on clean, cool and simple design in a kitchen space with limited natural light.

"The huge windows allow the natural light to pour in which means you're already working to an advantage. The architectural features, such as the high ceiling, made the room an absolute pleasure to work on and it was important to let those features stand out and to not overtake them."

Jo Hamilton, Creative Director of Jo Hamilton Interiors



OBSERVATORY GARDENS, KENSINGTON, JO HAMILTON

UK-WIDE

Outside of London, according to Strutt & Parker, the country house market has kicked off to a positive start and the number of private deals transacting in 2017 was up 20% from the previous year.

And as political and economic confidence continues to fluctuate, many country house sellers are feeling more at ease with a private sale rather than a public one. It's therefore more important than ever for buyers to register with agents and remain on their radar for top drawer stock, rather than solely relying on online searches.

"After taking on some big Georgian manors, a busy January and February was indicative of the changing seasonal market," says James Mackenzie, Head of Strutt & Parker's National Country House Department. "Historically, spring and summer have always been our busiest months, but this time it was the very start and very end of the year that proved most active."

Standout sales for the estate agent include Youngsbury in Hertfordshire, which sold privately on the second viewing in just three weeks, as well as The Old Rectory, Duntisbourne, which sold for £2.51 million.

"Both houses were competitively priced, a message we're taking through to 2018 for our prime country sellers: sensibly priced houses will find buyers," says Mackenzie. "In spite of continued Brexit speculation, the UK is still viewed as a safe haven, with stable land prices and capital growth, home to some of the most architecturally rich properties in the world."

"South Buckinghamshire and villages around Gerrards Cross are areas to watch for house price growth next year now that HS2 has been established and Crossrail nears completion."

Elsewhere across the UK, there were only 369 houses sold for more than £5 million last year, down 15% on 433 sold in 2016 according to research by Lendy, one of Europe's largest peer-to-peer secured lending platforms.

The property platform explains that key drivers of the fall in super-prime home sales are likely to include a slowdown in purchases by overseas high net worth individuals since the Brexit vote, and banks becoming more cautious in lending, even to the wealthiest individuals.

Since the Brexit vote, non-UK high net worths have become increasingly cautious of super-prime residential property. Some are

"Our London buyers significantly dropped during the year. Once a 50/50 split between city and country, it's now dropped to 40/60 in favour of those already in the area. Replacing these buyers have been expats taking advantage of the weak pound by paying in dollars."

James Mackenzie, head of Strutt & Parker's National Country House Department

choosing to put investment plans on hold until the Brexit process is complete, or instead purchase larger portfolios of lower-value property.

The North is becoming a hotspot for those priced out of the Cotswolds, with Yorkshire predicted by Strutt & Parker to hold its values more than other counties.

"Here are more transactions of country homes in Yorkshire than in any other northern county," affirms Luke Morgan, from Strutt & Parker's National Country Department. "Georgian houses are the most desired – people love their symmetry and proportions. This year I have had more buyers ask me for houses with long tree lined driveways and privacy – the idea of a grand entrance and private land either side to ensure their piece of England is protected. A great example of this Otterington Hall."

From the contemporary and avant-garde to the classically opulent, Decorex 2018 is set to present a blank canvas onto which exquisite interior design from across the globe can flourish.

Hear Jo Hamilton speak in this year's seminar programme, and see Maddux Creative and Designed by Woulfe showcase their stories in the Decorex entranceway, from 16-19 September at Syon Park, London.

PURCHASE YOUR PASS

to discover an extraordinary breadth of interior design and cultural experience at Decorex 2018.



SOURCES

KNIGHT FRANK: [Prime Central London Sales Index Report](#)

SAVILLS: [Market in Minutes: Prime London residential markets](#)

PWC: [Emerging Trends in Real Estate](#)

STRUTT & PARKER: [The Residential property market](#)

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