Central London estate agents see strong international demand by John M. Alcorn

Article published on February 18th 2012 | Real Estate

Despite a general slowdown in the UK property market, central London estate agents are still witnessing a high level of demand for properties in London, particularly in Prime Central London where there is a high level of activity among international homebuyers, pushing property prices higher in the process.

The latest figures supplied by Knight Frank show that the average price of Prime Central London residential property rose by 0.9% in January on the back of greater inquiries for property for sale in London. This latest increase pushed the three-month rate of growth to 2.7%, the highest rate since July 2011.

Annual growth now stands at 11.9%, with prices rising 42% since their post-Lehman low in March 2009.

Capital appreciation has also been driven in part by a hike in activity among property investors looking to take advantage of higher rental returns on the back of greater demand for property to rent in London.

Data supplied by estate agents Cluttons reveals that average rents increased by almost 9% between Q4 2010 to Q4 2011, reaching a level 10.3% above the market peak in Q1 2008.

'Foreign buyers, institutional investors, commercial property companies, developers and private buyers are all seeking to cash in on the high level of demand in the market. London has a stable and liquid housing market, making it especially attractive to foreign buyers who are caught up in sovereign debt issues and concerned with wealth preservation,' the Cluttons report said.

According to the report, rents in London regularly exceed Â£1,000 plus per week in central prime areas of London and since 2000 property values in London, in particular in the prime sector, have consistently outperformed the FTSE 100 over the long term.

Liam Bailey, Knight Frank's head of residential research, comments: "The strength of London's luxury sector, against a backdrop of economic difficulties both domestically and globally, has surprised many over the past year.

"Ironically economic and even political turmoil have provided the impetus for growth - with a sharp growth in investors looking for a safe-haven location for at least part of their wealth portfolio."

The research shows that the sector leading price growth at the current time is the Â£1 million to Â£2.5 million segment. Prices in this price range have risen 14.4% over the past 12 months.

Andrew Ellinas, director, Sandfords, said: "Here in central London, property prices remain stable and vendors who seriously want to sell are doing so very quickly if the price is realistic, but few property owners want to sell because central London property is one of those rare classes of wealth that is retaining its value in a world where inflation is creeping up and stock market yields are volatile."

Aside from viewing the London property market as a relatively safe haven from wider economic problems domestically and internationally, Naomi Heaton, chief executive of London Central Portfolio says many overseas nationals are also buying properties in London in order make it easier

to send their children to British schools and universities.

"People feel very comfortable here [in London], it is a cosmopolitan society, it is one of the most visited destinations in the world, it is the centre [of the UK] geographically, financially and culturally", said Ms Heaton.

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John M. Alcorn - About Author:
John Alcorn gathers comments from various a Central London estate agents and finds that there is a high level of demand for property for sale in London as well as a property to rent in London.

Article Keywords:
Central London estate agents, property for sale in London, property to rent in London

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