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LUXURY

Not all schemes are created equal

There are bargains in the prime market, but choose carefully for a sound investment

Carol Lewis

November 9 2018, 12:01am, The Times

Real Estate

London



Regent's Crescent in Regent's Park, northwest London, by CIT is due to complete in 2020

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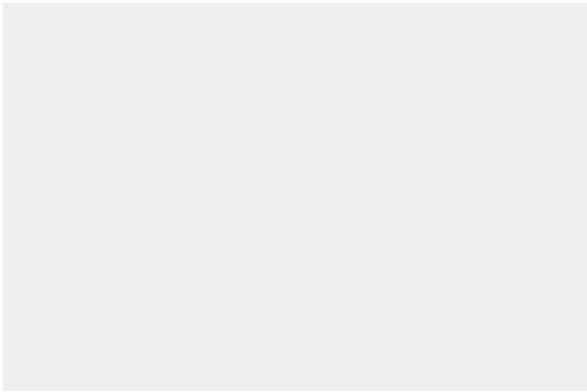
Buyer beware: there is a glut of luxury flats coming on to the market, so you will need to

be discerning.

Jonathan Mount, a director of Sterling Private Office, a property advisory company, says: “With construction of prime new-builds outstripping demand by two to one, concerns of oversupply in London’s prime market are justified. However, while we advise our clients to tread carefully, there are savvy investment opportunities in this market if investors exercise good judgment. The key is to find something unique, that won’t become part of a homogenous mass.”

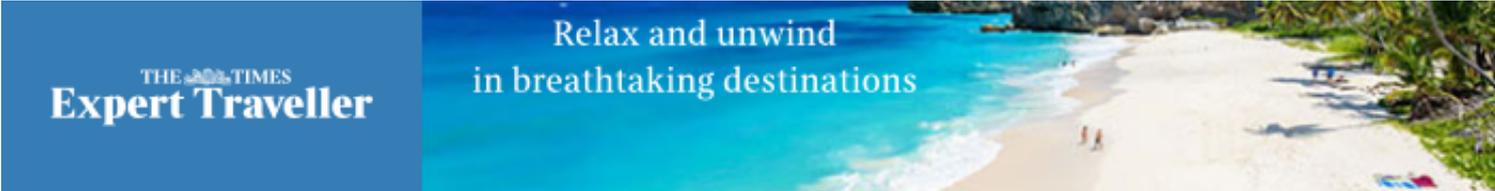
The luxury new-build market is floundering amid Brexit uncertainty and developers are feeling the pinch. Capital & Counties (Capco) wants to sell its site in Earls Court, west London, while Barrett London says it isn’t going to build anything in the transport zones 1-3 for the next two years. Almacantar, the developer that owns Centre Point in central London, has said it will stop selling rather than cut prices.

“There’s no point buying a property simply because it’s cheap if it’s still going to be cheap in five or ten years,” says Caspar Harvard-Walls, a partner at Black Brick, a property buying agency. “The challenge is finding properties that are competitively priced and really good quality.”



Flats in Lodha's
Lincoln Square
scheme in
central London
cost from
£1.29 million

Harvard-Walls says that repossessions are starting to come on to the market in locations such as Nine Elms, south London. “We are seeing more repossessions across the board, but particularly at the higher end. People who bought off-plan in 2014-15 in a project, with a three-year build time, and put down a 20 per cent deposit on a £1 million property, are finding that the bank is revaluing the finished property at £850,000. With banks lending less, the buyer has to stump up the difference.



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“You shouldn’t be tempted by the cheaper price. If they were originally being sold at an over-inflated price, it doesn’t make them good value now. Buyers need to think about whether the property will still be of interest to buyers in the long term.”

Charlie Ellingworth, a director at Property

Vision, a buying agency, says: “There is a load of stuff being thrown up and buyers need to tease out the decent places, look for quality and place-making. Find a good development where the pricing is right. If flats in the mansion block next door are selling for £900 a square foot, then £1,300 a square foot for the shiny new tower block isn’t great value.”

Rachel Thompson of Sterling Private Office recommends looking for something that will hold its value, either because it is within a special building, such as the 253 apartments in the grade II turbine hall at Battersea Power Station, or the apartments in the renovated grade I listed Regent’s Crescent, or the location is special, such as Lodha’s Lincoln Square development near the London School of Economics in central London, or Chiltern Place, one of the few high-rise blocks in Marylebone in London’s West End.

What to look for

- **Walk the area** Lots of places are marketed as “just two to three miles from Harrods”, or in “central London”. Make sure you really know where you are buying.
- **Research future plans** Find out what is proposed for the area. You don’t want your view obscured by a tower block in a year’s

time.

- **Look into the developer** Buy from a reputable company. Go and see what else it has built. Be wary of those offering incentives, such as free cars or luxury gifts; there's probably a reason.

- **Check the scheme details** Buy from schemes where the contract to buy can't be reassigned several times before completion. If contracts can be reassigned, it leads to oversupply and threatens the value of your property.

- **Insist on quality** Look for classic contemporary finishes that won't date. Inspect the building materials used. A nice worktop is no substitute for poor-quality units.

- **Negotiate** It is possible to save as much as 30 per cent on the price in some schemes.

Source: Sterling Private Office

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