

A London home? Yes, please- although I don't really need it



London living at its best: An apartment at One Hyde Park

Estate agent to the super-rich, Trevor Abrahmsohn on why overseas investors can't get enough of the capital

Foreign buyers go to Italy to buy leather goods, to France to buy designer clothes and to London to buy a property. This is according to veteran estate agent Trevor Abrahmsohn, the founder and managing director of Glentree Estates in north London.

Renowned as the billionaires' agent, the South African is famous for selling expensive, or "trophy" homes, to overseas investors. Around 40 per cent of his clients are from abroad.

Undeterred by the financial crisis, wealthy overseas buyers have been returning to London over the past couple of years as the market for trophy homes bucks the wider property slump.

Reports indicate that the number of foreign investors buying homes in London rose from 53 per cent to 68 per cent between June 2009 and 2010 - even higher at the top end of the market.

Seven out of 10 London homes costing more than £5m were sold to foreign investors. And the increase in activity is pushing up prices across London.

Mr Abrahmsohn, 56, says: "The overseas market increases as the prices go up and we are seeing a lot of foreign investors. At the £5m homes, around 20 per cent of our buyers are foreign but when it comes to the £10m-plus houses, it's about 50 per cent.

"There was a slow-down in prices over the summer and now we are seeing a steady rise."

He says: "Normally people buy properties in capital

cities because they need it. In London, they buy one whether they need it or not."

In the first six months of the year, his company sold more trophy properties that it did during the past two years. He has sold £150m worth of homes this year.

While this may be good news for London - and Mr Abrahmsohn, who takes between 2.5 and three per cent commission on each one he sells -- the continuing presence of international investors is likely to increase the gap between prime London properties and the rest of the UK.

According to Savills, high quality residential property in prime locations will significantly outperform the mainstream UK housing market over the next five years. Prices in central London are expected to rise by 33 per cent compared to a 12 per cent national average.

Mr Abrahmsohn says: "It is a pity for the rest of the country that London is a unique place in the world. Even during the good times it is out of sync with the rest of the country.

"The reason why this gap will be all the more pronounced is because of the government's public sector cuts, as a majority of people who work in this sector live in the Midlands or the North. Redundancies among public sector workers will affect their ability to buy and sell in those regions. This must have an affect on the overall economy."

There is also bad news for sellers as asking prices have recorded their biggest monthly drop in nearly three years.

According to the Rightmove House Price Index, new sellers cut their asking prices by 3.2 per cent in November - the largest decline seen since December 2007. Prices have fallen in four of the past five months and Rightmove forecasts "zero" growth for the market this year.

But Mr Abrahmsohn is more upbeat.

"Most estate agents have been having a field day since June, and I think we will end the year five to seven per cent up on start of the year. I think there will be modest growth next year. "Property is still a very valuable asset class.

"I am not being foolishly optimistic. I am seeing it on the ground. People are still spending - you go to restaurants in the West End and they are jam-packed. We are in better shape that one would have predicted in the summer and there is still confidence among international buyers."



What slump? One Hyde Park was sold for a record-breaking £140m

In August, One Hyde Park, a residential development in Knightsbridge, sold for a reported record-breaking £140m, making it the most expensive property in Britain. Due for completion this month, over half of the 86 apartments have been sold with pre-sales totaling over £870m.

Mr Abrahmsohn has been working in the industry for more than 30 years and it seems that when it comes to selling London homes to the super-rich, he has monopolised the market.

In 2008, he sold a £35m home to Israeli billionaire Lev Leviev - the same year he sold the £50m Toprak Mansion to Kazakhstani Horelma Peramam. Last year, he sold Highgate mansion Witanhurst to a Russian family for £50m.

He has also sold homes to Joan Collins, ex-Arsenal footballers Thierry Henry and Patrick Vieira, and Lulu.

Today, buyers are coming from Nigeria, India and the Middle East. There has also been the emergence a new type of buyer - the super-rich from China. "A London home is a must-have - a status symbol for people show off to their international bankers and work colleagues.

"And for many oligarchs, presidents, prime ministers, dignitaries and potentates, London is where they have their second home - partly for security should anything go wrong in their country, partly because it's a good investment and partly because their wife likes to shop there."

Another pull-factor has been the weak pound.

But a worry for Mr Abrahmsohn is the state of the development market.

"Lenders are still very suspicious about this market and it is an area that has been hit the most. There is very little funding for residential developments and so any new developments are prized assets.

"Expensive properties are not being built. The ones that were in the pipeline are being finished off and sold with no new ones starting up."

Mr Abrahmsohn studied dentistry before setting up Glentree in 1976 from a make-shift office in the upstairs bedroom of the Central Hotel, Golders Green - a far cry from the firm's current £500,000 state-of-the-art premises.



Trevor Abrahmsohn