Property sector

Sales of £5mn-plus London homes hit record level

Wealthy investors seek sanctuary in bricks and mortar amid choppy markets

Half of all this year's sales were recorded in a handful of wealthy neighbourhoods: Chelsea, Belgravia, Kensington, St John's Wood, Mayfair and Knightsbridge. © Charlie Bibby/FT

George Hammond YESTERDAY

Sales of London's priciest homes hit their highest ever level in the first half of this year as wealthy buyers sought sanctuary from economic turmoil and choppy equity markets by investing in bricks and mortar.

寻求 动荡 断断续续 砂浆

There were 294 sales of homes worth £5mn or more in the six months to the end of June, representing a total spend of almost £3bn, according to estate agent Savills.

支出

The record outlay included 89 homes that sold for £10mn or more with the bulk of the investment coming from domestic buyers, it added.

Sales in the first half have almost matched the 308 £5mn-plus deals struck in the whole of 2019 — the last period to be unaffected by the pandemic, said Savills.

The rush to buy high-end homes contrasts with signs of a cool-down in the wider market, with a growing number of analysts predicting that house sales will slow as interest rates rise and the UK faces the prospect of a recession.

经济衰退的前景

People tend to believe the London property market isn't going to crash overnight; it's not crypto. And with inflationary pressures, having cash in the bank isn't sensible either.

Stuart Bailey, Knight Frank.

Buyers in the mass market are battling both higher mortgage costs and the squeeze on savings caused by inflation and the rising cost of living.

But people with £5mn to spend are likely to be less encumbered, according to Frances McDonald, a research analyst at Savills.

受阻

依赖

"This end of the market is less reliant on borrowing, reducing its exposure to further interest rate rises, and less likely to be impacted by the increased cost of living," she said.

一把

Half of all this year's sales were recorded in a handful of wealthy neighbourhoods: Chelsea, Belgravia, Kensington, St John's Wood, Mayfair and Knightsbridge.

一连串

The spate of activity at the top end of the market has partly been prompted by sellers' growing willingness to negotiate on price, driven by fear that a darkening economic outlook could trigger price falls later in the year, said Stuart Bailey, head of prime sales in London for estate agency Knight Frank.

Buyers, meanwhile, are turning to property in the hope it will prove a safer investment than equities or bonds, said Bailey.

“People tend to believe the London property market isn’t going to crash overnight; it’s not crypto. And with inflationary pressures, having cash in the bank isn’t sensible either,” he said.

But average prices at the top of the market are still some way below their peak. Having recovered quickly from a crash in 2008 — with investors from around the world parking cash in London property — prices of expensive homes in the capital have since fallen.

With the market hit by tax increases and political uncertainty over the past six years, buyers today are paying on average 14 per cent less than they were in 2016 for “prime” London homes, according to Knight Frank.

High demand might push prices up for high-quality properties, but there was little sign it was doing so yet and expectations have been tempered by the gloomy economic outlook, said Bailey.
回火

Overseas buyers, who might benefit from the weakness of the pound, are relatively thin on the ground. International arrival figures from Heathrow airport show that the number of overseas visitors to the UK remains more than 20 per cent below pre-pandemic levels.

The flow of arrivals from Asia — typically a highly active group at the top end of the London housing market — is down 60 per cent, according to Heathrow data.