



East is the new West

Far Eastern property investors are coming in greater numbers to the East, sometimes buying in E1 for their student children, who, it seems, can study that much harder if there is a 24-hour concierge on site. New luxe homes such as the Heron and 10 Trinity Square, a development of 37 apartments in the former Port of London Authority building, should bestow a more upscale image, bringing still more overseas wealth to the Square Mile and its outlying districts. Anne Currell, of Currell Residential, the estate agents, reports that a client recently asked to move to Hackney, London E8, because "Chelsea is boring".

For the moment, despite the "East is the new West" movement, British and overseas loot still continues to flow into the centre of London, to the more reassuringly familiar postcodes of W1, W8, W11 and SW1. As Francis Long, of Hanslips, a firm that locates homes for the better off, remarks, for these househunters "property anywhere beyond Drayton Gardens in Kensington SW10 is geographically no man's land".

About £6 billion of international money has been sunk into London over the past 18 months, according to an estimate by Savills, the estate agency. Lucian Cook, Savills residential research director, notes that these purchasers are "adopting a holding pattern", unwilling to sell, whatever calamities may overtake the UK economy, as this would oblige them to find another safe haven for their cash. Mr Cook argues that this should "shield the best properties and locations from the worst of falls".

Mayfair, London W1, not really a contender back in 2005, emerges as the strongest-performing district, with prices up 117 per cent since that year, thanks to a process of regeneration in which commercial buildings have been converted back into the grand homes that they were until the late 1940s. The average price growth for all prime central districts, as measured by Savills' index, is 87 per cent. The average rise for London over the six-year period is 25 per cent.

Knightsbridge leads the field on price per sq ft for a resale property: £2,007, against £1,960 in Mayfair. A billionaire seeking a large house in Mayfair can expect to pay from £2,500 to £3,500 per sq ft. This is 150 per cent higher than six years ago, reflecting the greater value being placed on scale.

The scale of the prime City of London market (tiny compared with the central neighbourhoods) means that it has not yet won entry into the elite league. The availability of more properties could start to change that.

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