Market watch

The sky's the limit for your pied à terre

***Christopher Middleton** looks at the foreign market for homes in London's highest places*

You can't really miss the Shard, given that it's the tallest building in Europe (1,016ft). Nor can you miss the fact that it's pretty much unoccupied at present.

Nothing strange about that, insists Shard spokesman Baron Phillips, responding to newspaper observations that the only people using the building are visitors to the 32nd-floor restaurant, and day-trippers who pay £24.95 to visit the 72nd-floor viewing gallery. On a clear day you can see the Essex coast.

Office space is still available, he says, but negotiations are going on all the time. As for the 10 apartments on floors 53-65 (prices at £30 million to £50 million), they haven't even been launched yet.

"That will not happen until after the hotel has opened, on the floors below [34-50]," says Phillips. "Which will happen sometime this autumn."

And what form will the apartment launch take?

"Oh, I should think about 20 phone calls should do it, don't you?" comes the reply.

Perhaps, for the highly desirable Shard. On the whole, however, marketing super-prime London properties to super-rich clients takes more than five minutes on the telephone.

Take the St George's Wharf Tower, at Vauxhall. Some 95 per cent of the apartments have now been sold at this 50-storey glass cylinder (London's tallest residential-only building). But in order to do it, the firm's managing director, Mark Griffiths, took a sales roadshow to south-east Asia, a host of former Soviet bloc nations, plus the vast territory now known as MENA (Middle East and North Africa).

On top of this he had to employ sales staff in London who were fluent in the languages spoken by potential buyers, which was everything from Arabic to Russian to Mandarin Chinese.

That's just the tip of the iceberg. In order to get overseas buyers to consider the possibility of a purchase, estate agents often have to go through a number of preliminary hoops.

As Alex Michelin, co-founder of the upmarket developers Finchatton (The Lansbury, 20 Grosvenor Square), puts it: "Engaging with this audience takes a different approach, governed by discretion, privacy and strength of direct relationship."

The first rule of super-prime marketing, then, is to try to sell

> *'The apartment launch? Oh, I think about 20 phone calls should do it'*

the property even before it's gone on the market. Not by placing an advertisement in a paper, or mailing out a brochure to prospective purchasers, or ringing them up direct. But by organising a discreet, private event, playing into a particular interest of theirs. Recently, for example, Knight Frank got together with the auctioneering wing of its fellow agents Christie's to host a dinner for wealthy art buyers. Discreet mention was made of two mansions that were about to come on to the market at £29 million and £39 million.

Get an investor even slightly interested, and the next step is to invite them to send a professional viewing agent, or "runner" round to the property, in the hope that he or

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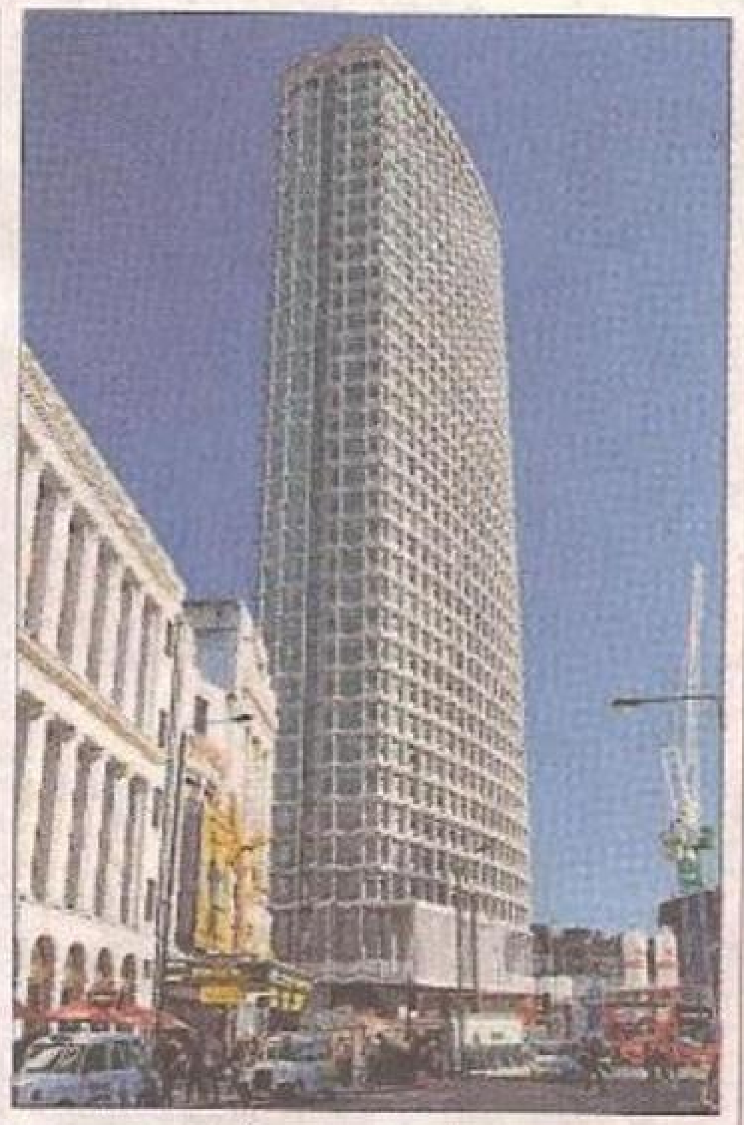

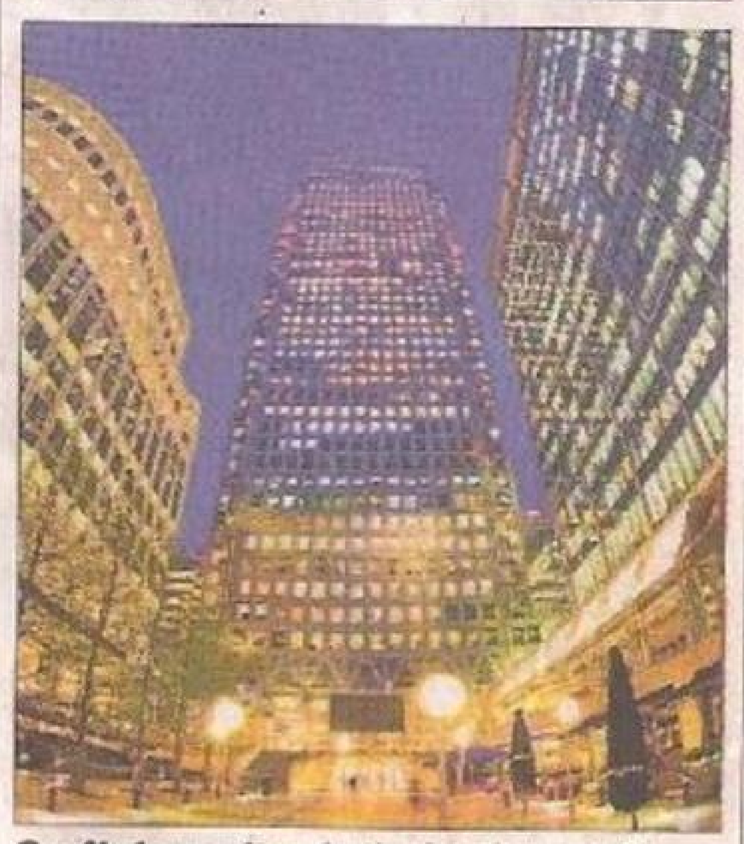

Capital assets: clockwise from left, the Shard, Centre Point and Canary Wharf all took a while to fill up

she will report back favourably to the "principal", or potential buyer. Jump that hurdle, and the next step is to approach the people who have influence with the principal, usually their lawyer, accountant or, in some cases, their "wealth adviser".

As for getting the actual purchasers to come and view the property, that is usually fitted in not when they can get away early from the office, but when they next happen to pass through London.

Yes, it's home buying, but not in the suburban sense that we know it. Latest sales figures show that foreign buyers now outnumber Britons, when it comes to London properties in the £2 million-plus range. Which means these high-price places are, by definition, not so much permanent residences, as occasional pieds à terre. No surprise, then, that for much of the year, they aren't lived in.

It's not a new phenomenon. There are plenty of precedents for high-rise properties remaining unoccupied for a number of years, stretching right back to the Sixties.

Even today, no one knows whether it was Centre Point, in Tottenham Court Road, or One Canada Square, at Canary Wharf, that was emptier for longer, but rough estimates have them tying at around 10 years each.

The fact is that being unoccupied doesn't necessarily reduce a property's value. Despite initial reports regarding lack of uptake at One Hyde Park in 2011 (86 apartments, top price £136 million), a recent independent review concluded that, by 2016, their value will have risen by 40 per cent.

Leading to the phrase so elegantly coined by the National Trust chairman Sir Simon Jenkins, when he dubbed these high-priced properties as "bank accounts in the sky".

It's a particularly appropriate phrase, given that one of the most attractive things about London is the relative security it gives an investor, compared to that offered in other, more turbulent parts of the world.

"Most of these places are investments rather than homes," observes the professional property-finder Robert Bailey. "They are tangible assets that won't disappear, unlike money put into a hedge fund."

No secret where the buyers are coming from, either, says Alex Carr, of Knight Frank's Primus section. "Like a lot of companies, we're going to where the new money is: Russia, Azerbaijan, even Turkey," explains Carr, speaking from Kazakhstan.

"This is where there's a growing interest in London super-prime property. It's actually a bit of a misconception that people who buy super-prime London properties don't live in them. Many of our Russian clients stay and work in London during the term time, when their children are at school there, and then go off to Cannes, or Monaco or New York once the term is over.

"And trust me, the super-prime market is going to grow. The number of people worth $30 million [£19.7 million] increased by five per cent in 2012, and we predict it will increase by 50 per cent over the next decade. If anything, there is a lack of new-build, super-prime property on the market in London."

Which means we may well start to see even more buildings in London where the lights aren't switched on. Only it won't mean that no one lives there, just that they're on holiday.

For more information on London's luxury apartments, visit the-shard.com, thetower-onestgeorgewharf.co.uk, finchatton.co.uk, onehydepark.com and knightfrank.co.uk