

**Hidden behind
here is a house
that sold for
£42m (garden
not included)**



Paul Vicente

Prime London prices keep rising — this property has almost quadrupled in value in two years. By **Anna Mikhailova**

There is little to distinguish the terraced house on a car-lined street near Belgrave Square, in central London, from its neighbours. Concealed behind scaffolding, the 10,500 sq ft property has seven bedrooms, seven bathrooms, four receptions, a gym and a double garage in the mews, but it is still a building site — no underground swimming pool, no high-tech toys and no bulletproof defences. There isn't even a hedge to separate it from the road, let alone a garden.

Yet the house was bought at the end of August by a foreign businessman for £42m — almost four times the sum it changed hands for two years ago, and a figure that dwarfs the £1m it fetched when it sold in the 1980s.

It wasn't even advertised for sale. The owner, a Belgravia-based developer, was planning to put it on the market next year. The buyer heard about the house and, unwilling to wait for its renovation to be completed, made an offer while it was still a shell. "We kept trying to put him off, thinking that seeing it as a building site wouldn't help," says one of the agents involved in the sale.

The £4,000 a sq ft paid is believed to be a record for a house in central London (although flats have sold for more, as have, most likely, some trophy houses that have changed hands "off market").

As much as half of the fourfold rise is attributable to the fact that the developer, who bought the property for £12m — a mere £1,140 a sq ft — on a 27-year lease in 2009, has since bought the

freehold from the Grosvenor estate for an undisclosed amount. Nonetheless, it is further proof of the extent to which prices for the most expensive homes in the capital continue to surge ahead, while those in much of the rest of the country flounder (see page 12).

Last month, a mansion in Holland Park, west London, sold for £35m, while a house on Chester Square, in Belgravia, was recently bought for close to £15m by someone who did not even bother to view it — he was looking for a family home and had lost out to other buyers on several properties, so put in an offer as soon as it was available.

Earlier this year, Roman Abramovich, the owner of Chelsea FC, paid £90m for a property on Kensington Palace Gardens, a few doors down from the

steel magnate Lakshmi Mittal and the self-made billionaire Leonard Blavatnik.

"There is an extraordinary divergence between trophy homes in London and the rest," says Peter Mackie, managing director of Property Vision, an upmarket buying agency. He expects this gift to get wider as competition between buyers is stoked by a severe shortage of stock. One of his clients has been outbid on five occasions after making offers on flats in Marylebone in the past few months. To meet demand, buying agents have been contacting owners, urging them to sell.

According to Mackie, about 80% of buyers in the £10m-plus market are from overseas — "almost entirely Middle Eastern or eastern European". In search of a "stable asset in a stable democracy",

they are ready to pay extraordinary amounts when a property they like becomes available.

Estate agents say prices at the top end are also being inflated by the Candy brothers' One Hyde Park development, where flats are said to have changed hands for £6,000 a sq ft. "If One Hyde Park can get those prices, then people in more established addresses want as much or more," says James Bailey, a buying agent.

Robert Bailey (no relation), who runs his own property acquisition firm and has been handling top-end London sales for nearly 30 years, also sees the upward trend continuing. "Previously, we said we couldn't get £1,000 a sq ft," he says. "But there's always a new record to be broken — now it's £7,000 a sq ft."

BEAUTIFUL FURNITURE DIRECT FROM THE MAKERS

SAVE UP TO
70%



£499

High street price £1,499

High street price £699



£379



£169

High street price £799

NOW GET £15 OFF ANY ITEM, SIMPLY ENTER CODE AT CHECK OUT **MADETIMES16**

MADE.COM

OFFER CANNOT BE USED IN CONJUNCTION WITH ANY OTHER OFFER. THE DISCOUNT IS ONLY VALID WITH THE MINIMUM OF £100 SPEND, DOES NOT INCLUDE DELIVERY. OFFER ENDS 16 OCTOBER 2011