

The High End Market

words by
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Nicholas Trimmatis is one of London's most exciting luxury property developers. His company Concept Business Group have a global portfolio worth around \$1billion and he is involved in several major property developments in London, including a brand new development in Beaufort Gardens in Knightsbridge which he hopes to turn into the most exclusive square in London.

Despite recent concerns over the state of the housing market, the one area that remains a hot spot is the high end sector. There has been a huge surge in demand for properties worth over £10million over the last decade and the super rich are said to be arriving in London in droves.

Here, Nicholas Trimmatis gives an insider's view on the prospects of the high end market and explains why London is seen as THE place to be by some of the world's richest individuals.

What is the state of the high end property market?

The high end property market in the UK is extremely strong. The main reason for this is that demand is extremely strong and there are actually not enough properties available to meet this need. Consequently prices have been driven in an upwards direction for some time and, in fact, over the last 10 years the value of the market has tripled.

London is now the most expensive city in the world when it comes to prime real estate. The most expensive houses can fetch as much as £6,000 a square foot. That compares with about £2,075 a square foot in New York.

There is a lot of money around at the moment and the number of billionaires is changing every day. According to *The Sunday Times* 'Rich List', Britain is home to about 68 billionaires – there are many, many millionaires living in London. Much wealth has been created by forces in India and China and huge capital has been generated in Russia, Middle East and Europe over recent years. However, it is worth remembering it is not just foreign investors who buy high end property. It is said that Britons are now buying between 40 and 50 per cent of all London homes priced at more than £10million. This is up from 30 per cent a year ago.

Has the high end market been affected by the general economic situation?

When I'm asked this question I sometimes compare the high end property market to flying in the Gulf Stream at 45,000 foot compared to flying

in a Boeing 737 at 30,000 feet. In other words the high end market is above the weather conditions.

The sorts of people who invest in high end property are not affected by issues such as the Credit Crunch. They don't need to borrow money to make purchases, so they're not dependent on lenders that have made it more difficult and costly to obtain mortgages.

There are all sorts of depressing headlines in the press at the moment about the housing market. However, the high end market is currently not showing signs of difficulty. The huge demand for high end property means this is the one sector which is booming during this gloomy time against the run of play.

What is it about London that attracts millionaires?

London certainly benefits from being an international city, which means there are

always millionaires somewhere in the world looking to invest. One of the major reasons people look to London is financial safety – the high end market hasn't shown any signs of instability and continues to grow at a steady rate. However, this isn't the only reason. I know many families who live here simply because London is considered as 'the' place to be.

It's not just that the city has some of the best schools, stores, theatres and restaurants in the world – London also has a social calendar and offers the sort of glamorous lifestyle that strongly appeals to millionaires. Of course every major international city has a glamorous side. What makes London different is that there are so many opportunities to mingle with the most powerful people in business or the biggest celebrities. In other cities such as Geneva or Paris, which I love, it's not quite the same. The only place from personal experience that I think is comparable is Monaco.

What do you see happening to the market over the next 10 years?

I don't see the market changing. There was some concern a few months ago that the UK may impose an annual tax of £30,000 on foreign wealthy individuals who live in the UK. However, it seems that the Government has identified how important many of these millionaires are to the UK economy and these plans seem to have been dropped.

There is no question that the super rich are currently invading the capital and there are huge opportunities for the developers in the market. Forbes recently called the city the 'billionaire's playground', which is certainly reflected by what I have seen. The high end property is in high demand and remains the only 'hot' area where prices continue to rise.



Developer Nicholas Trimmatis

CUT TAXES TO PREVENT EXODUS OF SMALL FIRMS, SAYS FORUM OF PRIVATE BUSINESS

Mounting taxes are leaving many of the UK's smallest firms with an uphill struggle to survive, leading some to consider relocating outside the UK, the Forum of Private Business (FPB) is warning. The FPB is cautiously welcoming a commitment made by David Cameron, the leader of the Conservative Party, to cut taxes in order to prevent this exodus.

Speaking at a CBI conference on 15 July 2008, Mr Cameron, who has been criticised for refusing to rule out some tax rises, warned that companies were 'fleeing [our] shores looking for a better place to do business.'

'To give them reason to stay – to show Britain is serious about enterprise – we will cut the Corporation Tax rate to 25p and will reverse the increase in small business taxes', said Mr Cameron, who spoke at the FPB's inaugural Small Firms' Summit. He revealed that he plans to pay for the cuts by 'reducing complex reliefs and allowances.'

The Government is already slashing the higher rate of Corporation Tax, which is paid by big businesses, from 30 per cent to 28 per cent. The FPB is calling on Mr Cameron to see through his commitment to do more by pledging similar cuts to the lower rate Corporation

Tax paid by small businesses. Currently, this is increasing from 19 per cent to 22 per cent by April 2009.

In addition, the FPB believes that lowering taxes should not coincide with the removal of established tax incentives, such as capital allowances for plant and machinery. The Government plans to clamp down on 'income shifting', whereby many small – particularly family-run – firms ease their tax burden by distributing income to employees as dividends.

'While Mr Cameron's proposals on business taxation are welcome news, it is important that he makes good on his statements and addresses the disproportionate tax burden, as failure to do so will drive even more small firms away from the UK', said Phil Orford, the FPB's chief executive. 'FPB research shows just how exasperated small businesses are with the current Government's tax system.'

Research carried out for Referendum, the FPB's quarterly survey of members, in 2007 showed a huge 97 per cent of respondents saying that the UK has become a worse place in which to do business as a result of the Government's tax system. In his speech, Mr Cameron said that the UK, which had the fourth lowest rate of Corporation

Tax in the EU, now has the 19th lowest. He also said that the total cost of regulation for businesses has risen to £65billion.

In a separate survey of the FPB's members ahead of the 2007 Comprehensive Spending Review, 67 per cent of respondents said that reversing the decision to increase small firms' Corporation Tax would encourage them to reinvest in their businesses. Further, 49 per cent indicated they would have extra funds to invest in skills and training, and 47 per cent said they would be more likely to seek to grow their businesses.

The Conservative Party has also moved to underline its small business creden-

tials by announcing a plan to simplify the tax system – including giving advance warning and increasing scrutiny of any proposed legal changes. In addition, Mr Cameron has unveiled measures to reform insolvency procedures to protect companies which face going into administration.

The Forum of Private Business (FPB) was formed in 1977 and fights on behalf of private businesses. The FPB represents approximately 25,000 UK-based businesses, which in turn employ in excess of 600,000 people.

The FPB also provides a range of business services aimed at increasing member efficiency and profitability.

Connells move into rental EPCs

Connells Survey & Valuation (S&V) is moving further into the Energy Performance Certificates (EPCs) market by expanding into the provision of rental and commercial EPCs.

Services are also being extended to support the new EPC requirements of the Single Survey being introduced in Scotland in December. The launch of these additional services is in response to new regulations encompassing these markets and demand from clients.

Connells S&V already delivers EPC services across the

residential property market, including servicing Connells Group's Home Information Pack proposition.

Connells S&V managing director, Ross Bowen, said: 'The rental, commercial and Single Survey EPC services form part of Connells S&V's growth strategy into new markets. Our existing relationships with lenders, HIP providers and agents underline the strength of our business in residential markets, so it will be great to extend this further and work alongside professionals in these new sectors.'

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