

London is buoyant, Marbella hopeful and Moscow resurgent – but China and Hong Kong are vulnerable.

TEXT: RICHARD WARREN



ADRIATIC APPEAL

How long will it be before estate agents tell us the Adriatic is the new Mediterranean? They have already started eulogising about the Albanian Riviera, so it can't be long now. That said, the Adriatic has much to offer, including the UNESCO World Heritage city of Dubrovnik in Croatia, so holiday home-buyers have good reason to consider this part of the world. Conveniently, for those who like to buy holiday homes at resort communities, a widening choice of these types of property are becoming available. For example, at Dubrovnik Sun Gardens, a completed estate 11 kilometres away from Dubrovnik, 207 homes are on sale at prices starting from Dhs833,000 for a one-bedroom apartment. The resort has a Radisson Blu Hotel, spa and various other facilities including bars and restaurants. As for the Albanian Riviera, new resort schemes include Lalzit Bay Resort & Spa, where prices for apartments start at Dhs186,000.



FRAGILE CHINA

Chinese property prices will fall 30 per cent this year, Barclays Capital forecasts, partly because of government measures aimed at cooling the market. A fall of this scale would be greater than the 20 per cent slide in prices the bank believes Beijing would consider acceptable. A precursor to price falls is the slump in buying activity which has led to one-third of China's estate agency branches closing, with the biggest cuts made in Beijing and Shanghai, because of new property taxes, restrictions on the number of homes investors can buy and a lack of mortgage finance. The downturn is spreading to Hong Kong, where prices are forecast to fall 20 per cent this year. Despite the carnage, the government is vowing to maintain its hard line. Premier Wen Jiabao has announced "there is no possibility of loosening the real estate policies. Our target is to let the property price fall to a reasonable level."



EXPANDING WEALTH

Despite the affect of the mushrooming North Atlantic debt crisis on European and American housing markets, and the desire of Asian governments to dampen their own property booms, Knight Frank forecasts luxury property prices will rise in 44 per cent of the world's big cities this year – the same proportion that will have falls. Prices will stay flat in the remaining 12 per cent. A scarcity of luxury homes in cities like Paris and London will ensure prices keep rising in those locations and the agency is optimistic about the longer term. The greatest opportunity for the world's luxury housing markets is the scale of wealth creation forecast for the next decade, researcher Kate Everett-Allen says. Among the world's top 25 economies the number of millionaires will almost double from 38 million last year to 66 million by 2020. Many of them will spend their money on new homes and wealth creation will be greatest in emerging economies.



HOME GUARD

A scheme aimed at protecting buildings against squatting is providing temporary low-cost homes to young people across Europe. Property management companies hire individuals to live in empty premises as "property guardians", their presence providing protection against vandals, squatters, graffiti artists and other criminals. In return, guardians live there for free or a peppercorn rent. The scheme started in the Netherlands, where squatting was legal until last year, has spread to eastern Germany, where uses need to be found for one million empty properties, and is now establishing itself in Britain, Ireland and France, where buildings are becoming empty due to the economic crisis and young people are desperate for affordable homes. In large buildings, like offices, one or two-dozen property guardians may live together. Churches, nightclubs, hospitals, country houses and private members clubs are among the buildings they protect, usually while owners seek planning permission for redevelopment schemes.



ON THE UP

Luxury property prices may rise by 20 per cent in Moscow this year, making it the world's fastest growing residential market estate agency, Knight Frank forecasts. A limited supply of decent luxury homes will underpin this demand. Among new prime residential developments that are appearing in the city is Barkli Virgin House, a block of 21 apartments, which has had its lobby and other common areas interior designed by Kelly Hoppen for yoo, the property design company. The scheme is one-third sold, with prices starting at Dhs122,600 per square metre. The scheme is being constructed by the Russian developer Barkli Corporation in an area of central Moscow dubbed The Golden Mile which was once a favoured residential district of Tsarist-era aristocracy. One word of warning, Knight Frank believes this year's presidential election may have a destabilising affect politically which may impact on the luxury housing market if oligarchs decide to leave.



RATIONAL IDEA

British architect Robert Dalziel has designed the Rational House, a home with flexible interiors to suit the changing needs and numbers of family members living within them. The homes are easily changed because prefabricated interior walls are not load bearing and can be slotted in and out easily. In Fulham, west London, the first Rational House has been built – the four-storey home can be altered to become two maisonettes, a shop with a flat above or a house with a basement flat below. Alternatively, it can stay as a house, but with the number and sizes of bedrooms and reception rooms altered. Bathrooms and kitchens can be added or removed without new electrics or plumbing and the house is green because it is built with used aggregates that would otherwise have gone into landfill. The property is on sale for Dhs4.6 million through Jackson-Stop & Staff and more Rational Houses are scheduled to be built in London and in Shanghai.



SAFE AS HOUSES

It is a sign of the times that a country with zero growth and laden with debt is considered one of the world's great safe havens. London is heaving with Italians, Spaniards and Greeks looking to buy homes so they can have assets outside of the crisis-ridden euro zone. Arab investors have been coming over in growing numbers since early last year to escape the political turmoil in their own countries. More wealthy Russians are appearing at estate agents offices, concerned about what a Putin victory in this year's presidential election might mean for them. About 60 per cent of buyers come from overseas and London's appeal is less economic than political. As Penelope Court, partner at estate agency, Beauchamp Estates, puts it: "Purchasers have faith in our justice system in as much if you purchase a property here then you do actually own it." That's how much uncertainty there is in the world right now.



THE COSTA LIVING

The Russians are coming to Marbella, the jewel among pebbles of Spain's Costa del Sol resort towns. An executive for the Moscow-based oil giant Rosneft is one of a rising number of wealthy Russians looking round houses they might want as holiday homes. The housing market across the rest of the costas remains "dead", according to Barbara Wood, partner at buyers' agency The Property Finders, but buying activity in Marbella is picking up again – though it remains a long way off the boom times of the early Noughties. Swiss and Scandinavians looking to capitalise on the strength of their currencies relative to the euro have also been searching for homes, and they have plenty to choose from. Houses for sale include La Lorian, a Dhs245 million house which sales agent Fine & Country says is Spain's most expensive home. It overlooks Marbella beach and boasts 10 bedroom suites and two swimming pools.