PROPERTY & ARCHITECTURE

Where to buy in 2016

Mayfair looks set to be the prime focus in London, meanwhile Spain, Barbados, Mauritius and Sydney are destined to be strong performers in 2016, says Zoe Dare Hall

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Luxury London

Two words are destined to sum up the prime London market in 2016: stamp duty. Faced with paying 12 per cent stamp duty to upgrade, owners of £1.5m+ properties are voting to stay put and improve.

Sophie Rogerson, co-founder of the private property office RFR – recently described by *Tatler* as "London's hottest property consultants" – puts it in terms that will hit home to the super-rich. She calculates that the £213,750 you'd spend on buying a £6m home (that's the cost of, say, a new three-bed flat at Chelsea Creek or a five-bed townhouse in Connaught Square) is the equivalent of 15 years of family holidays or the price of educating a child privately and through university.

Chelsea Waterfront

David Adams, managing director of John Taylor estate agency, is seeing wealthy Londoners buy up French pads rather than upgrade in the capital. "The taxes here now make France look competitive. The threat of mansion tax killed interest among French buyers in London, but the tap has been turned on again for British buyers on the Cote d'Azur and ski resorts such as Megève and Courchevel," he comments. For London's prime market next year, he thinks: "The very top end will hold, but I expect a price correction of 15 per cent for the £3m-£20m market and the £2m-£3m will stagnate."

That's not all on the stamp duty front. In April, the three per cent stamp duty hike on buy-to-let properties and second homes comes into play. Until then, we could see a surge in investment. After that, well, "without appearing overly gloomy, it could be another nail in the coffin," comments Andrew Langton, chairman at Aylesford International. "The residential market has taken too much of a bruising during this Tory government with SDLT, ATED tax [on company-owned UK property] and the latest penalties on buy-to-let tax relief. We're also being warned of a possible rise in interest rates in 2016 that could trigger massive price reductions."

Chelsea Waterfront Living Room

New developments with prized, one-off, often waterfront location – such as One Tower Bridge in 2015 – won't struggle to sell. Chelsea Waterfront, where two-bed flats start at £1.55m through Savills and Knight Frank, is selling fast without offering any discounts or incentives. Other developments to look out in 2016, thinks Camilla Dell of Black Brick buying agency, are Chelsea Barracks, 20 Grosvenor Square and, outside of traditional prime central London, the huge Television Centre development in White City.

"We may also see some 'fire' sales at developments such as Battersea Power Station," says Dell. "Much of Battersea was sold off-plan in Asia to buyers who have been hit hard by weakness in their local currencies, making London unaffordable."

Meanwhile, Mayfair – thinks Simon Barnes of H Barnes & Co – will be the focus of all attention in prime central London in the coming year. "With Brockton Capitals' plans for the extensive redevelopment of Curzon Street, Finchatton's plans for Grosvenor Square and British Land's newly launched Clarges development – which is already achieving premium prices - this postcode will be the magnet for super prime property," he comments. "Planning has also just been granted for John Caudwell's scheme in Audley Square, which looks set to become a landmark address in London."

And with London's top tier new developments already offering every concierge service and five-star hotel-style facility on tap, where will developers go next in trying to lure wealthy buyers? "Tech spec" are the buzzwords according to Andrew

The Atlas Building

Hawkins, director at Rocket Investments, which is building Shoreditch's 40-storey Atlas Building. "High-speed broadband is a must in new luxury developments and more online concierge systems will be introduced to complement the personal services," he thinks.

John Morley, founder of Johns&Co, which specialises in marketing new London developments, predicts our attention will be focused on making our wheels feel more at home. "Developments where you can drive your car into an elevator and park next to your apartment is definitely a trend to watch out for among luxury buyers," he says.

Luxury overseas

High-end Spain – Mallorca, Ibiza, Barcelona and Marbella – will be prominent in 2016. They are still buyers' markets, but genuine luxury new developments in prime locations are scarce and buyers are ready and waiting. "I think 2016 is going to be Barcelona's year. For the first time since the city became a 'must go' destination, there is going to be a wide range of good quality residential new development coming on the market," comments Alexander Vaughan, founder of Lucas Fox estate agency.

The PGA Catalunya Resort, north of Barcelona, also reports rising interest among British investors who would otherwise have bought a London buy to let property but have been deterred by the rise in stamp duty rates. Athena Advisors predict a similar trend among British investors in Paris, Madrid and Lisbon, where prime property is a third of the price of its London or Paris equivalents and where luxury brands are moving in.

PGA Catalunya

Further afield it's all about safety. Barbados scores highly on that count, says Jeannie Mahon from Knight Frank Barbados, and the island is seeing growing demand in the $10m market (Mahon has just sold the waterfront Four Winds villa for $35m) and also for $1.5m+ lock up and leave properties on resorts such as Royal Westmoreland.

Mauritius also gets the safety vote. "It's widely seen as the safest African nation and it's fast becoming a financial hub that's a popular destination to invest in for holidays, lifestyle or retirement, with attractive yields and tax benefits," comments Robert Green, managing director of Sphere Estates, which is marketing plantation-style villas at Villas Valriche from $659,000.

For 2016's investment hotspots that combine lifestyle appeal, Knight Frank's Edward de Mallet Morgan suggest St Barts and Ibiza. Sydney is also likely to be a "strong performer", says Knight Frank's Kate Everett-Allen, and Paris is a "good hedge" and possibly "the alternative investment destination of choice," comments Alasdair Pritchard, also from Knight Frank.

So, if you're among London's prime buyers and considering your options in 2016, where will your spare cash go? On buying taxes, a basement extension or a bolthole overseas? Check in same time, same place next year to see which way the pendulum swung.