

PROPERTY

Why wealthy Turks are buying up elite postcodes in London

Financial instability in their homeland is driving many towards the capital's prime property market



A cobbled mews in South Kensington, southwest London — a popular area for Turkish buyers

ALAMY

Melissa York | Tuesday May 30 2023, 5.00pm, The Times

The wisteria-covered portico pillars of Belgravia are in full bloom, and the world's wealthiest are on the hunt for a safe haven for their families — and their cash.

“We typically see Middle Eastern, Asian and US investors in London, however, this year one nationality is standing out as unusually active,” says Becky Fatemi, chief executive at the property buying agency Rokstone, “and that is buyers from Turkey.”

There have been thriving communities of Turks, Kurds and Cypriots in London for decades, congregating mainly around north and southeast London. However, in the past two to three years they have been joined by a growing number of Istanbul's monied elite looking for a stable place in which to invest their wealth.

This week Recep Tayyip Erdogan, who has dominated Turkish politics for 20 years, narrowly beat Kemal Kilicdaroglu to be re-elected president, with 52.16 per cent of the vote. The country has been in economic turmoil since 2018, and this is believed to have led to Erdogan's party, the AKP, losing Turkey's biggest cities, including Istanbul and Ankara, in the 2019 local elections. There was a modest economic recovery during the pandemic, but the Turkish lira lost 44 per cent of its value against the dollar in 2021 after the Central Bank of Turkey cut interest rates from 19 per cent to 14 per cent.

Investing in London

Nationalities investing in London property in 2022

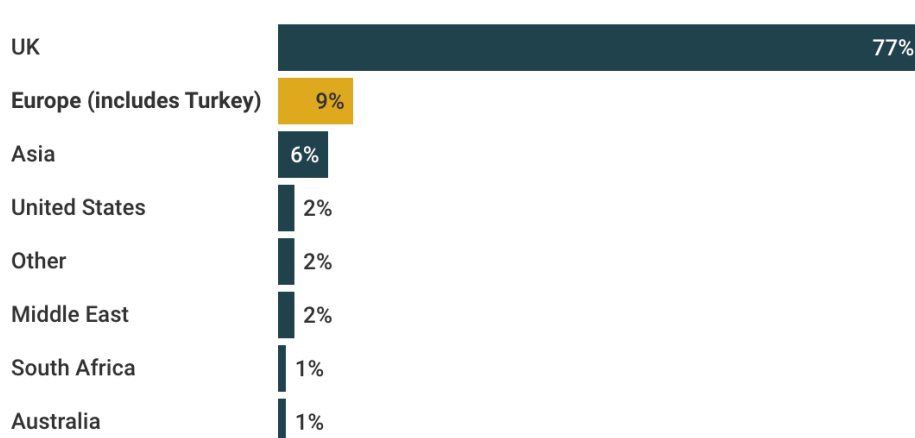


Chart: The Times and The Sunday Times • Source: Hamptons

Camilla Dell, founder of the buying agency Black Brick, says the currency crash means some Turks can only afford to rent in London at the moment, but the wealthier ones are keen to get their money out of the country. “Many Turks fear the longer Erdogan remains in power, the worse the country's economy will become. They have lost all hope that he can turn it around. His handling of the earthquake disaster [in February] has only cemented this thought in the mind of many Turks, both locally and Turkish expats,” she says.

Turkey's high-net-worth population is set to grow by 156.5 per cent by 2027, according to Knight Frank's Wealth Report — faster than any other country's elite.

Wealthy Turks like to rub shoulders in the prestigious neighbourhoods long favoured by buyers from the United Arab Emirates, southeast Asia and, until recently, Russia. Turkish entrepreneurs were behind some of the biggest property deals in Knightsbridge, Mayfair, South Kensington and Belgravia last year.

Hanzade Dogan Boyner, one of Turkey's most high-profile tech bosses, who founded Hepsiburada, an online shopping platform dubbed “the Amazon of the East”, bought a six-bedroom Victorian mansion in Belgravia for £27 million last summer. In the winter there was a significant sale in Cadogan Square, Knightsbridge, to a Turkish buyer, who paid £27 million for a property that was originally listed for £35 million.



Turkish tech boss Hanzade Dogan Boyner bought a mansion in Belgravia for £27 million last year

ELIF OZTURK/ANADOLU AGENCY/GETTY IMAGES

Rokstone has completed on several properties on behalf of Turkish buyers this year, including a £31 million house in Mayfair, a £7.5 million flat in Knightsbridge and a £4.5 million flat in Paddington. In the past few weeks Fatemi has found two properties for Turkey, one in Knightsbridge and the other near Hyde Park. “Both wanted a property with a porter, good ceiling heights and good views,” she says. “The political uncertainty in Turkey seems to be the driving factor behind this heightened interest in London.”

Turkish buyers looking for a speedy purchase will pay cash for new-build flats by the River Thames, reports Lindsay Cuthill, founder of the prime property agency Blue Book. He says: “Buying momentum from Turkey, particularly in London's prime postcodes, hits new heights when they have an election. Instability often encourages quick financial thinking.”

Institutional Turkish investors too are looking to the UK for solid returns. Will Watson at the Buying Solution, Knight Frank's in-house buying agency, confirms that he has started working with a Turkish fund to find high-end family homes with potential for long-term capital growth.

At the end of September 2021 Eren Paper bought Shotton Paper Mill in Flintshire for £600 million — one of the largest investments made by a Turkish conglomerate in the UK. It plans to employ 660 people to make containerboard, a common packaging material.

Turkish buyers aren't just looking to make a quick buck, however. Owning a holiday home in London is seen as evidence that one has “made it” in Turkey, according to Dell.

Education is a key driver for upwardly mobile Turkish families, according to Sophie Rogerson, managing director at the buying agency RFR, who says that she has a £15 million budget from one Turkish client to find a house near Francis Holland, a private girls' school in Sloane Square, Chelsea, that charges fees of £7,750 a term.

Now that Erdogan has won another term, secondary residency is a “hot topic” among Rogerson's client's friends: one is considering moving her two children to the capital for the start of the school year, and a lawyer friend is looking for an investment property in central London.

“London is not the only option, of course. Greece, Portugal and Italy are also discussed at length,” Rogerson says. “However, with English so commonly spoken among Turks, the transition to life in London is felt to be more smooth. There is also a view that, with its vibrant cultural scene, ownership of a London property provides a certain social cachet that other destinations cannot compete with.”