

Chester Row sale gives hope for high-end resi in London

■ All six flats in developer's latest Kensington scheme sold to overseas buyer for £30m

BY DOUG MORRISON

AN OVERSEAS BUYER HAS PAID

Chester Row £30m for all six flats in its latest Kensington development, encouraging the specialist residential developer to raise equity finance to secure further central London development sites.

In a confidence-boosting deal for London's prime residential market, the buyer has acquired the 17,600 sq ft refurbishment of the grade II-listed buildings at 5-6 Queen's Gate Place through a company incorporated in the British Virgin Islands.

Chester Row bought the two buildings, which have six four-bedroom flats ranging from 2,745 sq ft to 3,348 sq ft, in May 2007. Refurbishment is due for completion this spring.

The buildings had previously been split into 11 units and were used by oil group Shell as corporate flats.

Chester Row director Nick Herrtage

said the sale, which equates to £1,700/sq ft, was 'breaking newish ground for that area'.

Queen's Gate Place is considered an off-pitch location compared with Candy & Candy's 1 Hyde Park development, where asking prices for flats are still as much as £4,000/sq ft.

Herrtage added: 'Some individual units might have achieved more. Nevertheless, it's an area that's almost been forgotten because it lies between the main part of Kensington and Knightsbridge.'

Following the success at Queen's Gate Place, Chester Row, which Herrtage formed with co-director Jolyon Prowse in 2002, has unveiled plans to launch a £30m fund aimed at private investors.

Prowse said the decision was partly influenced by the banks 'running scared' on property.

'No one's lending at all,' he said. 'The senior debt on any deal right now is almost impossible to get.'

'We've never had private investors



High price Kensington: sale boosts London market

but we've often been approached by them. We just think now is an opportunity to get those people involved in a fund where you're only going to gear it very lowly - 40% to 50% maximum. That's probably about as much as you'd get.

'We feel we've got a track record and we're well positioned to go to private investors.'

The Queen's Gate Place sale comes as Savills reports that overseas investors are taking advantage of the weakness of sterling and are showing renewed interest in central London property, following a 15% fall in house prices there in the past 18 months.

Savills said last week's base rate cut to a historic low of 1.5% generated an immediate surge in international enquiries.

The company said buyers using euros have benefited from an effective price fall of 35% and that those using US, Singaporean and Taiwanese dollars have even greater buying power.