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Britain's most expensive address feels the pinch as house prices tumble

- Glut of homes for sale in Britain's priciest street
- Address among super-rich going for a mere £5m

Alex Hawkesguardian.co.uk, Friday 19 November 2010 19.13 GMT

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Chester Square, where 10 out of the 88 properties are for sale for £5m to £15m Photograph: Guy Somerset. / Alamy/Alamy

As the price of your house tumbles in the months to come, it might come as some comfort to know that the nation's millionaires are suffering too.

Chester Square, Britain's most expensive address, is witnessing what amounts in the rarefied realms of the super rich to a glut of properties for sale. Prices are being pushed downwards — albeit from a very great height — as the market finally retreats from its bonus-fuelled peak. Of the 88 properties on the street in Belgravia, central London, 10 are for sale, creating a buying opportunity — if you have £5m-£15m to spare.

For that you get to live in Georgian splendour between Sloane Square and Victoria and entertain the possibility of bumping into fellow residents such as Lady Thatcher, Lord and Lady Lloyd-Webber, and the former wife of Chelsea Football Club owner Roman Abramovich.

It boasts a proud history, and is not short of commemorative blue plaques. Frankenstein author Mary Shelley lived at number 24, while poet and critic Matthew Arnold lived at number 2. Queen Wilhelmina of the Netherlands based her secretariat at number 77 during her exile in the second world war.

While volumes of properties being bought and sold remain low in the housing market generally, this exclusive corner is witnessing a peak of activity. Where there were only six properties put on the market in 2008, and nine in 2009, there have been 14 so far this year.

Oliver Hooper, director of Huntly Hooper, a luxury property buying agency based in Belgravia, says it might mean prices being pushed down: "Prices have become more

realistic and more reflective of what else has sold. In 2008 and 2009 higher prices were achieved, but there was less supply." The properties vary from £4,950,000 to £14,750,000. Number 75, close to the Thatcher residence, boasts a library, a wine store and a "potential media room", along with a roof terrace and a double garage. Number 63 has a "large walk-in wine cellar". The most expensive, number 23, comes with a mews house on Eaton Mews South.

The street, developed by the Grosvenor family in the 1820s, has been named the UK's priciest for two years in a row, according to Mouseprice. The average home on the square is worth £6.6m, the property research firm said. That compares with an average house price across the UK of £229,379, according to Rightmove.

The sudden burst of sales may be nothing more than a fluke, but some suggest that those selling up could be wealthy owners with a foreign connection, who having been non-domiciled for tax reasons are now becoming non-resident following the government's crackdown. Non-residents are restricted on how long they can stay in the country, and a large London townhouse might thus seem an extravagance.

"Chester Square appeals mainly to foreign residents and therefore has quite a mix of transient residents," says Hooper. "A lot of these properties are purchased by extremely wealthy individuals who have homes all over the world, and end up realising that they don't use the property as much as they should and sell after a couple of years. That is not to say it is not a great address or they are not great properties, but they change hands probably more than most other addresses."

The market for properties for high-net-worth individuals has not exactly tracked the wider market, but like housing generally has seen the wind taken out of it a little.

"Whereas the market started falling in 2007 for most, at the upper end the growth didn't halt until the fall of Lehman Brothers," says James Hewlett, head of Savills' London residential office.

"Prices are 7% to 10% below their peak, and this year has not seen a huge recovery. Prices have been flat over the last few months," says Shaun Drummond of Harrods Estates. Prices generally have gone up by 1.3% in the last 12 months, according to Rightmove's House Price Index, but the direction in the last few months has been down. November saw falls of 3.2%.

Possible buyers shouldn't push their luck in trying to get a bargain in Chester Square, say estate agents. Despite the increase in the supply of Chester Square addresses, agents stress that given the finances of the owners, few will be forced to sell. At this end of the market, few people are in a chain. As one agent says: "Nobody here needs the money."

The Abramoviches

Roman Abramovich, below, the billionaire Chelsea FC owner, gave a house in the square to his ex-wife Irina when they divorced three years ago.

Margaret Thatcher

The former PM paid £700,000 for a five-storey home at the "more exclusive" end of the street 20 years ago.

Tony Curtis

The recently deceased Hollywood legend's house was adorned with his art work.

Mary Shelley

The Frankenstein creator lived out the later years of her life at number 24 from 1845.

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