



كانو العالمية للوساطة العقارية (ش.ذ.م.م.) Kanoo International Property Broker L.L.C

NEWSLETTER – AUTUMN 2007 – LONDON PROPERTY

Welcome to the first Kanoo International Property Newsletter. We hope you find the information interesting and helpful. Our strategy will be to publish newsletters regularly when there are interesting developments in the international property market, with a particular emphasis on London and the UK generally. We would like to encourage comments from our readers on the content and would also welcome confidential enquiries where you may require some specific advice concerning an existing property portfolio or an anticipated acquisition.

In this first edition we examine current conditions in the London Market in the context of the global credit squeeze and successive interest rate rises in the UK. We also give you the background to the formation of the company and what we believe makes our highly bespoke service unique in the region. Mike Topham – General Manager – Kanoo International Property Broker LLC



London

London is the capital city of England and the United Kingdom. It's been an important settlement for around two thousand years and today it's one of the world's leading business, financial and cultural centres. Its influence in politics, education, entertainment, media, fashion and the arts all contribute to its status as one of the four major global cities.

The City is an international transport hub with five international airports and a large port. It serves as the largest aviation hub in the world and its main airport, the multi terminal Heathrow carries more international passengers than any other airport in the world.



Michael J. Topham – General Manager – Kanoo International Property Broker LLC

Two thirds of property sales in London this year over £5M (Dhs. 37M) have been completed by international buyers



Why Kanoo International Property?

I met Mishal Kanoo, our Chairman and Deputy Chairman of the Kanoo Group, early on in my move to Dubai. I had been impressed by an article he'd written about local property that appeared in one of the business publications in the Emirate. We talked in detail about the provision of local advisory services and the proliferation of real estate agency. We agreed that there's a lack of local high quality, bespoke advice and services available to residents and non-residents who own or want to own property in jurisdictions around the world and that there is a significant historic interest in property ownership in the UK, specifically in London.

We thought very carefully about the options people have here when they decide to buy property in the UK or elsewhere in the world, or at least where they might go to seek advice as to what, where and how. Whilst they might approach the international branches of real estate agents or their main offices in London those organisations represent the seller and they are bound to sell the property for the maximum price on behalf of their Client.

Notwithstanding whether or not the price is appropriate, is it the best example of a property in the area, are there better properties available for sale, or should other areas be considered. What other adjacent properties have recently been sold and how does the price compare?

In many cases it may not be possible for the Client to view the property immediately and if they're relying on the selling agent's particulars then they cannot expect the agent to highlight the negative features likely to detract from a successful sale.

Mishal and I also considered all the other aspects and advice that an individual needs to consider and the number of different people and organisations they might have to consult. In this context we thought about Real Estate Agents, Banks, Lawyers, Accountants, Mortgage Providers, Life Insurers, Letting Agents, Valuers, Structural Surveyors, Builders, Decorators, Offshore Ownership Structures..... the list is exhaustive and the work and time required equally so.

To us therefore it was self-evident that a business that addresses all of the aforementioned considerations, combining and coordinating all the areas of advice and expertise required in a bespoke package, offers substantial added value. With these objectives fulfilled we finally launched Kanoo International Property in September.

The Prime Housing Market in the UK

The strength in the prime housing market in the UK and particularly in London has been a result of the strength of both global and UK economies, as well as the key role London plays as a financial centre.

The numbers provide perspective as to how the top end has been invigorating the housing market. The five major UK house price indices show an average 10.1% annualised growth rate for the market as a whole; whereas the market for £5M+ shows a staggering 48% growth.

This equity (cash) fuelled price inflation at the top results in demand spilling out and down through lower priced markets in other areas. There is a time lag involved but we are seeing a cascade effect as central or prime property sellers spread their profits and less affluent householders search for better affordability in less well established areas.

Although the supply and demand imbalance is still driving the market forward, there have been five interest rate rises in the last twelve months in the UK and this will have an effect on the mortgage led sectors of the housing market but the most valuable properties will remain insulated. The problem will become more focused over the next year; some 2 million homeowners who took out two year fixed mortgages will have to take out new mortgages at higher interest rates.

Obviously there are some concerns, although these are short term, in relation to the global credit crunch. For us it will mean having fewer properties to choose from over the coming months but there will also be less competition from other would be purchasers, which will allow us to adopt a more aggressive stance when negotiating the price!



It's a fact central London property prices are 30% higher than a year ago



The market for UK prime country property has hit new heights with average prices up 9.7% annually



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Mishal Kanoo – Chairman, Kanoo International Property and Deputy Chairman of the Kanoo Group

“We are not selling property here; we are selling advice to Clients who want to buy property assets in international jurisdictions and want to know they are buying the best available at the most economic price and who want a single point of contact to manage the purchase and associated processes. Customer service through personal contact and cultural awareness is the key to this business.”

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