

Price tags of £100 million trip off the tongue at London's One Hyde Park, the Knightsbridge development created by thirty-something property duo Christian and Nicholas Candy. Due for completion in 2010, no expense has been spared on the luxury trimmings, from bullet-proof windows and air purifier systems to indoor waterfalls.

Sales to date total more than £500 million with the average unit price listed at £20 million, according Knight Frank, one of the lead agents promoting the project. 'Off the scale' the project may be, but for the movers and shakers in the super-prime league, it's simply the tip of the iceberg.

While the bursting of the housing market bubble continues to cause concern for a widening spectrum of the population, for the very wealthy, the best locations appear to have decoupled from the gloom and doom being felt elsewhere. The super-rich with the wherewithal to earn money out with the financial markets are consolidating their property portfolios with a growing clutch of architect-designed homes around the globe.

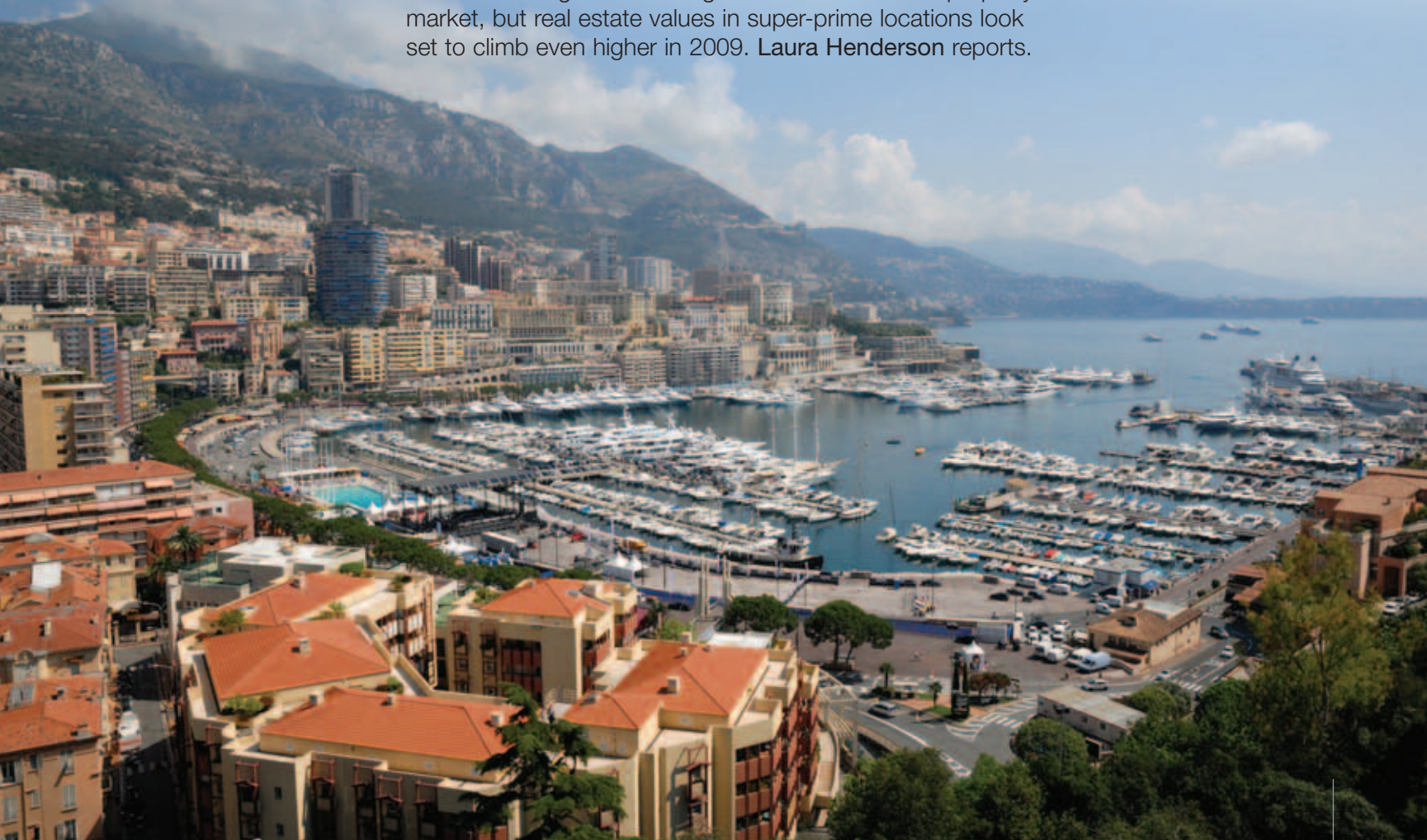
'Commodity price rises have created a new wealth class, particularly from countries that benefit from a high level of natural resources including



Christian and Nicholas Candy's One Hyde Park.

PRIME IS MONEY

Momentum might be draining from the mainstream property market, but real estate values in super-prime locations look set to climb even higher in 2009. Laura Henderson reports.



Russia and the Middle East,' explains Liam Bailey, head of residential research at Knight Frank. 'These HWNIs (high-net worth individuals) are untouched by slowing financial markets and the collapse in mortgage offers. For them, the desire to secure prime second homes or city investments is the driving factor, with sunbelt, city and Alpine resorts the most sought after locations, as well as those offering 'tax exemption' status.'

So what can you pick up for £10 million these days? The answer depends on where you look. Many high net-worth buyers are homing in on the rarefied postcodes of London where the rise of extravagant redevelopments is sustaining demand for prime residences in short supply. A case in point is the Grade-II listed, six-storey mansion that is 63 Eaton Square, currently undergoing a top-to-toe makeover with the market potential to achieve a target sale-price of £30 million on completion.

'Lifestyle purchases have seeped into people's consciousness,' explains Alex Michelin, MD of prestige London developers Finchatton. 'If a property is in the right location and appeals to buyers in terms of meeting their requirements, they will often decide to secure that home, even in these difficult economic times. Investors in this situation will ultimately be looking at a 20-year view'

City living

The sustained buoyancy of cities such as Paris, Monaco and Gstaad, meanwhile, has everything to do with old-school grandeur and dependability. Values of deluxe homes in the most expensive streets in Paris have enjoyed a steady upward trajectory, with typical rise of between 60 and 70% in the past five years, according to figures from the Notaires de Paris. But even the most expensive markets aren't entirely immune.

'Price adjustments do happen, albeit at the margins,' says William Bone, senior head of marketing for St Regis Residences project on New York's Fifth Avenue. 'It's to be expected after a windfall bull market that's lasted a decade. That said, while investors may be dragging their feet a little, they'll continue to respond to the long-term value in coveted neighbourhoods because all the essential ingredients are there.'

A case in point is Monaco. 'Monaco has always attracted the rich,' adds Claire Healy of agents Attika Prestige, 'and will continue to do so because of the residency status that comes with a property purchase. Property is expensive but it's a drop in the ocean compared to the amount investors can hang on to by living here. The cream, as they say, always rises to the top.' ■

TOP TEN SUPER-PRIME CITIES

MONACO

Price: £44,500 per 1m²

Home to 33,000 residents, more than 70% of whom are foreigners, it's not just the fabled casino and the royalty-driven Ferraris sustaining Monaco's glitzy reputation. The principality now also boasts the world's most expensive street, the palm-lined Princess Grace Avenue, where a 200m² apartment can set you back £30 million. Its trump card has to be its tax haven status, with no direct, withholding or capital gains taxes for foreign nationals.

ST JEAN CAP FERRAT

Price: £33,650 per 1m²

A blue sky, pristine sand-favourite with the European aristocracy, film stars and media moguls. Real estate at the top end of this Belle Epoque haven continues to flourish, fuelled by an influx of Canadian, Russian and Middle Eastern buyers, who account for more than 30% of sales over €10 million – helping prices of the more expensive properties triple in the past decade. The most sought-after villas along the water's edge can easily command £45 million upwards.

COURCHEVEL

Price: £27,850 per 1m²

Property prices rise with altitude in this well-heeled resort in the heart of the French Alps. Favoured by the Russian elite and famous for its off-piste skiing, designer shops and Michelin star dining, bespoke-build ski-in ski-out chalets are strictly for the fur-lined wallet brigade.

LONDON

Price: £27,800 per 1m²

While annualised growth for prime real estate has slowed this year, super-prime remains strong, up by 15-20% in the first quarter, helped critically by a lack of properties at the top end. Top of the bill is tree-lined Kensington Palace Gardens. Those rich enough to own a pad there get a private road with 24-hour security and billionaire steel magnate Lakshmi Mittal as a neighbour.

NEW YORK

Price: £23,000 per 1m²

Manhattan super-prime continues to boom: one-upmanship co-ops and condos on the upper east side of Fifth Avenue remain well out of reach of shaky credit buyers with the likes of £15 million. Trump Place and Plaza Apartments residences bring an even more luxurious edge to the property scene.

HONG KONG

Price: £18,600 per 1m²

Hong Kong's economy is riding on the coattails of the economic boom in mainland China, with a decade of steady property growth. Merrill Lynch predicts a 50% rally in property prices in the next two years, prompting executives to head out on a property spending-spree. Earlier this year an Indonesian fund paid £15 million for a house on Hong Kong's iconic mountain neighbourhood The Peak, an Asian record on a square foot basis.

PARIS

Price: £16,350 per 1m²

Synonymous with affairs of the heart, it's easy to forget that Paris also has a crème-de-la-crème real estate legacy. Resolutely upmarket, the 8th and largest of the single figure arrondissements radiates chic. Avenue Montaigne is the capital's most expensive address.

MOSCOW

Price: £16,150 per m²

Moscow's oil-driven real estate growth has led to a doubling of property prices. £18,000 per m² is the going rate for a luxury pad in Ostozhenka. Frozen in time by Soviet decree until the 1990s, the district has now evolved, its spiralling lanes home to gilt-edged penthouses and Maseratis.

TOKYO

Price: £13,100 per m²

Since suffering from condo overload, developers now limit supplies in the hope of generating price increases across the board, while a relaxation of foreign ownership restrictions has helped fuel foreign interest. Top districts include Minato-ku.

SYDNEY

Price: £8,300 per m²

Property has benefited from a strong Australian dollar in recent months. Wolseley Road in Point Piper has long enjoyed a reputation as the country's ultimate address. Properties have perfect views of the Sydney Harbour Bridge.