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# Bankers' bequest

Canary Wharf felt the pain as the money makers lost their jobs, then their homes. Now those properties are selling for 40 per cent less. Buy now, says **David Spittles**

**N**O OTHER area of London — Britain, even — has the health of its housing market so closely tied to the fortunes of the banking sector as the 97 acres that make up the Canary Wharf estate.

Property prices race ahead when the economy is firing on all cylinders but fall back sharply during a slump. So where does Docklands stand now?

In general, prices are a stunning 40 per cent below their peak in spring 2007, even at glamorous skyscraper developments. A two-bedroom apartment at Canary Riverside is selling for £680,000 when two

years ago it was worth close to £1 million. At SeaCon Tower, a two-bedroom apartment is on the market for £365,000, £15,000 less than as a new build in 2004.

But agents are hopeful. "People are getting excited about property again because prices look reasonable for prime waterfront flats," says Sarah Heard, manager of Savills' Canary Wharf branch. "Cash buyers are trying to do deals and business has definitely picked up. The market was moribund and in the last month we have done 10 sales. Asking prices are still higher than the actual figure agreed but things are going through."

New buyers are moving in as bankers reluctantly off-load their "investments". These once highly-

paid hot-shots helped fuel the Canary Wharf property boom by buying expensive crashpads on the doorstep of the dealing rooms. Some built up buy-to-let portfolios, expecting to cash in on projected employment growth and the 2012 Olympics boost.

An internal market kept prices fizzing. Investors bought from investors. Contracts on flats yet to be built were traded several times. Prices leapt in 2006, mainly due to the marketing bravura of developer Ballymore whose Pan Peninsula scheme of 762 luxury apartments set a new benchmark of £1,000 a sq ft — some one-bedroom flats topped £500,000 — automatically pushing up the value of poorer quality developments nearby.

All flats at Pan Peninsula were bought "off-plan". It has yet to be seen what will happen to these highly geared houses when the date for completion comes up this summer. Now values have slumped, and mortgages are scarce, buyers will have to stump up more of their own money to complete the purchase.

Buyers may walk away sacrificing their deposits. If so, Ballymore will face the problem of selling the flats a second time, flooding the market and depressing values further, a grim prospect for a company with other sites in Docklands.

Faisal Mir, 32, queued to buy at a "pre-launch" event for investors in 2005, paying £248,000 for a studio apartment, one of the few flats below the stamp duty threshold. He put down a 10 per cent deposit and planned to raise a mortgage for 85 per cent of the price and pay five per cent in cash on completion.

Finding a willing lender was a prob-

lem but last month Mr Mir finally obtained a mortgage offer for 65 per cent of the asking price.

"There's a big shortfall, which I wasn't expecting, but I am not selling low. Fortunately, I've got savings that I can use," said Mr Mir, who lives in Chelsea and

owns four other properties in Docklands. One of his tenants has agreed to move into the Pan Peninsula flat for a weekly rent of £310.

Flats in the Canary Wharf "halo" — within a 10-minute walk of the towers — still command a premium. Prices are now about £500-£600 a sq ft, while elsewhere on the Isle of Dogs they have dropped below £400 per sq ft. Canary Wharf is a market unto itself. The estate has its own "ring of steel" (private security cordon), 14 million sq ft of office and retail space, including four shopping malls and restaurants and leisure facilities.

On paper at least, Ballymore is the biggest developer in the area, with plans for more than 5,000 homes. Sites include Wood Wharf, a joint venture with British Waterways, which is set to become a mini business district; Arrowhead Quay, a two-acre waterside plot, and Crossharbour, formerly the London Arena.

Several schemes are selling in the 50-acre Millennium Quarter around South Quay, on the edge of the Canary Wharf estate. This includes The Landmark, 276 apartments on Marsh Mall (prices from £389,000. Call Young Group on 0845 356 1000).

At The Icon, Millharbour, apartments by Imagine Homes, formerly headed by celebrity entrepreneur Grant Bovey, are being sold off. Flats prices are negotiable. The asking price is £310,000 for a one-bedroom, 576sq ft flat on the 12th floor. Call 020 7531 2500.

Here, too, a low-rise business estate is making way for an apartment complex called Canary Quarter. Prices for roughly the same sizes are from £310,000. Completion is due in 2011. Galliard Homes is offering investors a four-year, six per cent rental guarantee. Call 020 7515 7773.

Prices at The Forge on Westferry Road reflect the slightly "out of halo" location. One-bedroom flats cost from £270,000. Call 020 7531 2510.

**'People are getting excited about property again because prices look so reasonable. It has definitely picked up'**

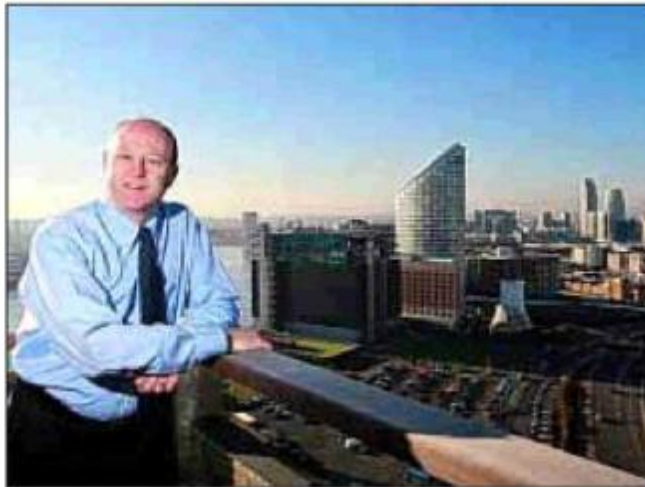
### 'I picked the right time'

RAY Jones, who works in tourism for the Visit London agency but lives in Cambridge, had been waiting for prices to drop in Docklands. Last autumn, at the height of the banking crisis, he snapped up a two-bedroom flat at Elektron, a Barratt scheme close to Canary Wharf for far less than the £350,000 asking price.

"The time was right. I was able to do a good deal with the developer. Canary Wharf may be in the doldrums but it will come back," he said.

"I'm involved in the West End theatre scene and do a lot of entertaining at the O2 arena, while my office is at London Bridge. I can get to all of these places quickly on the Jubilee line. I also use City Airport."

**Ray Jones bought a two-bedroom flat at Elektron, close to Canary Wharf**







**Sarah Heard, manager of Savills' Canary Wharf, says business has picked up with buyers looking for prime waterfront addresses**

## Enjoy the high life in Docklands



**£310,000: buys a one-bedroom apartment in the stylish waterside Icon building (left) by Imagine Homes. Call 020 7531 2500**



**£360,000: a two-bedroom flat at 4 Naxos Building, Millharbour, through Savills (020 7531 2500)**



**£2.75 million: for a three-bedroom, three-bathroom 31st-floor penthouse by St Katherine Docks Yacht Haven. Call Savills (as before)**