

Sotheby's International Realty

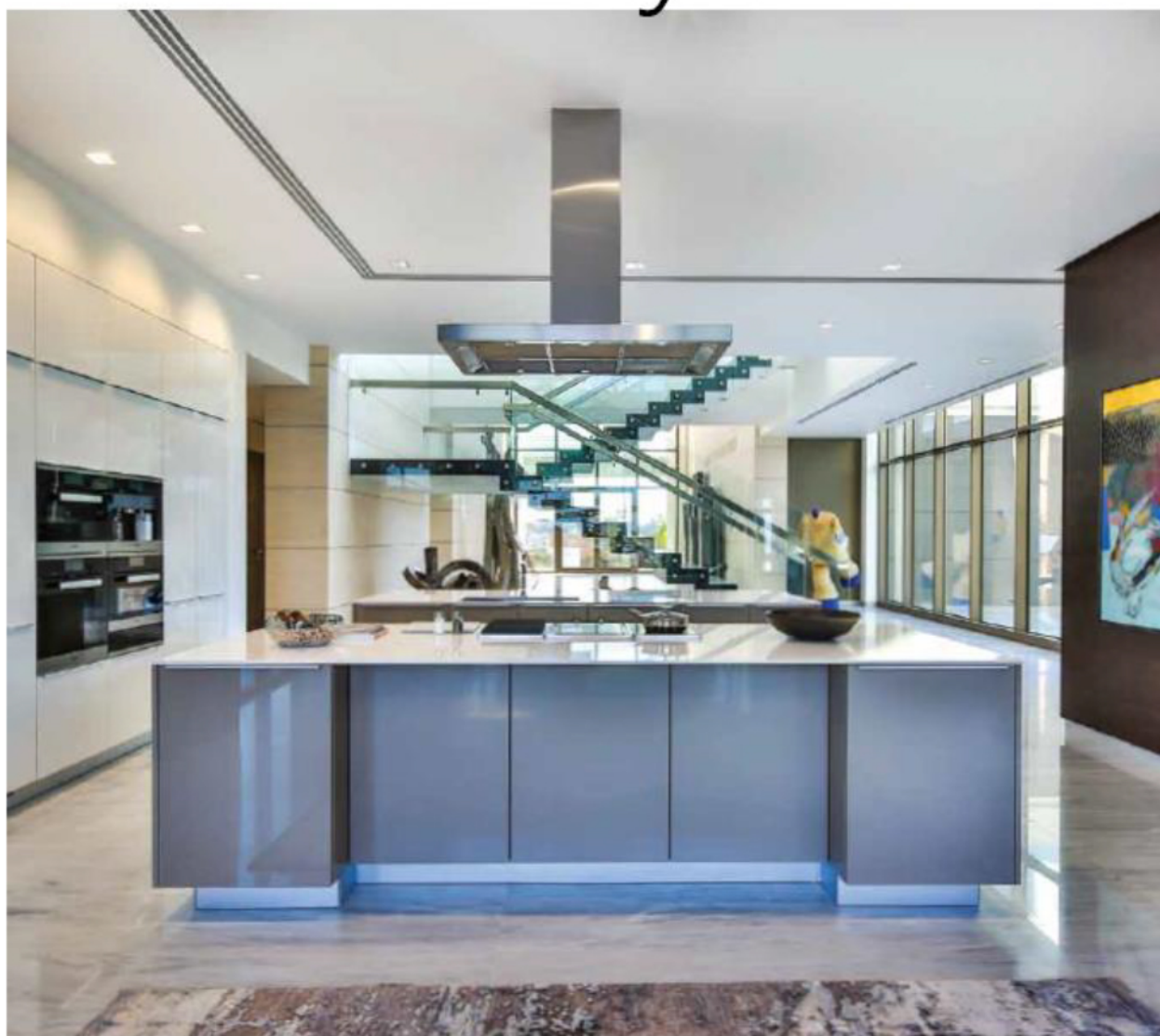
Identity Magazine

February 2017

The Middle East's architecture, design, interiors + property magazine

identity®

ISSUE 168
YEAR FOURTEEN
NOVEMBER 2016
A MOTIVATE PUBLICATION



Magna cum laude: 2016's winning entries
Hoods, hobs and more: tasty cooking spaces
Open house: London's ultimate design squat
Wandering Marcel: Alessi's new ringmaster

DH\$ 30.00 RCI 2.00 RCI 2.00
QHT 20.00 SA 30.00 RCI 1.50



Seeking sanctuary

Middle Eastern HNWIs are scouring the world for safe property investments.

TEXT: RICHARD WARREN

In an uncertain world, the most sought-after commodity is certainty. The ongoing oil price slump, conflict in much of the Middle East, the election of a new president of the United States and Britain's decision to leave the European Union are some of the winds of change blowing in late 2016 that are unsettling investors and causing them to think hard about where will they place their money in 2017.

Traditionally, locations favoured by Middle Eastern investors have shared the following common characteristics: peace, prosperity and familiarity – and it seems these factors will continue to be most important in 2017. However, world events are changing so fast that some locations that met these criteria in early 2016 no longer do so as 2017 approaches. Meanwhile, others seem more attractive. The result is that Middle Eastern investors are now paradoxically looking both closer to home and further afield, as the choice of where to buy a property in the world, with one or two exceptions, becomes more nebulous.

Dubai topped the list of favourite home-buying destinations among wealthy Middle Eastern investors in January 2016, because they saw it as a haven from troubles elsewhere in the world, research from property consultancy Cluttons shows. London, a location with which Middle Eastern investors have been familiar since the 1950s, was the most popular outside of the Gulf Cooperation Council (GCC) states, the consultancy's researchers found.

New York and Singapore came second and third in the list of preferred non-GCC destinations earlier in 2016, the Middle East Private Capital Survey 2016 report from Cluttons reveals. According to this survey of investment attitudes among Middle Eastern high net-worth individuals (HNWIs), New York's relatively low property prices and low taxes were attractive to investors, while Singapore's growing importance as an offshore financial centre, good quality of life and political stability drew Middle Eastern funds.

Trophy properties were in demand in New York. Properties on the market of the type wanted by Middle Eastern investors included penthouses, such as a duplex, four-bedroom home at 400 East 59th Street in Manhattan's burgeoning billionaire's quarter. On sale for Dhs54 million through Sotheby's International Realty, the penthouse boasts a solarium and wrap-around terrace.

Indian locations like Mumbai, New Delhi and Kerala







Les Palais Bulles, Cote d'Azur. Ten-bedroom home. Nicknamed 'The Bubble House', because of its curvaceous design. Designed by Hungarian architect, Antti Lovag



were popular with investors from the Middle East's large non-resident Indian community, who have been encouraged to invest in their homeland by the Indian government.

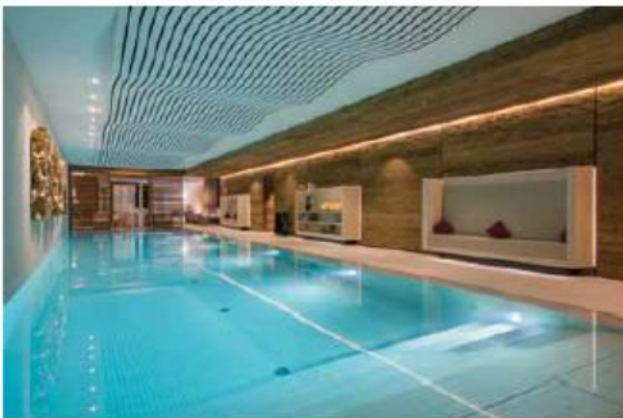
Two locations are likely to remain popular with Middle Eastern investors in 2017. First, Dubai remains their number one target anywhere in the world thanks to confidence in its housing market spurred by construction of large-scale infrastructure projects, such as expansion of the Al Maktoum International Airport. Also, growth in the emirate's tourism industry is generating profits and creating jobs, which is partly compensating for falling oil revenues and underpinning its property market, reports property consultancy Knight Frank. And, of course, the whole of the UAE remains an island of calm in a sea of Middle Eastern troubles. Dubai properties for sale include a penthouse at Burj Khalifa which Knight Frank is marketing for Dhs70 million. Located on a mid-level floor, the 743-square metre home has four bedrooms, three receptions and a swimming pool.

London is also likely to remain the second most popular spot in 2017, albeit with one important caveat: Brexit. Although Britain continues to be seen as a haven, June's referendum result in favour of it leaving the European Union has led some Middle Eastern investors to sell their London properties, because of the uncertainty about what this means for the future of the country's

economy, says David Goddax, CEO of Core Savills. However, the 13 per cent depreciation in the value of Sterling compared to the dirham and other international currencies has encouraged other Middle Eastern buyers to make a purchase in the city since the summer, because it has made property so much more affordable to buy, and this situation is likely to continue into 2017 while exchange rates remain favourable.

In addition to its reputation for stability, London's status as having some of the world's best architect-designed homes also remains strong. Among properties on the market are a five-bedroom house on Cannon Lane in the leafy north London district of Hampstead. Designed by minimalist architect Claudio Silvestrin, the detached house – which has been designed for peaceful contemplation – has an indoor swimming pool, spa and home cinema. It is on sale through Savills for Dhs106 million.

The uncertain welcome some wealthy GCC individuals experience on entering the United States these days may undermine its popularity with investors in 2017. However, Canada is likely to become more popular next year as the country's Liberal government continues to welcome overseas investors and immigrants. Indeed, Toronto will be the third most important overseas destination for Middle Eastern property investors in 2017, because the city's high quality of life is becoming increasingly apparent to them, according to



Residence Alax, Le Verbier, Switzerland. Development's 13 apartments will be completed before the end of 2016. Has communal indoor pool

Trophy properties were in demand in New York. Properties on the market of the type wanted by Middle Eastern investors included penthouses, such as a duplex, four-bedroom home at 400 East 59th Street in Manhattan's burgeoning billionaire's quarter. On sale for Dhs54 million through Sotheby's International Realty, the penthouse boasts a solarium and wrap-around terrace.



400 East 59th Street, Manhattan, New York. Four-bedroom duplex penthouse. Has solarium, roof terrace and wrap-around terrace