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Indians could rescue UK from home loan bubble

Britain's property agents are now targeting an estimated 1.25-lakh Indian dollar millionaires, who are expected to invest nearly \$30 billion (Rs. 1.2 lakh crore) over the next decade in London properties. Enquiries have come in for luxury homes worth more than 500,000 pounds in some cases -- that is more than Rs. 4 crore each.

Some agents like Berkley Homes are flying in senior executives to make direct contacts with would-be buyers in India to woo them to London, particularly to addresses like Knightsbridge and Kensington or places like Hampstead and St. John's Wood, which have an abundance of Indians.

Agent Knight Frank in Mayfair sold over a dozen properties in the past one year, showing the potential of the market.

Hit by the loan crisis in the US that also hit the UK, home prices have fallen with little sign of revival. Rich Indians could rescue or stabilise the market, and are pushed by other factors like relatives and the fact that many upper middle class Indian families send their children to the UK for studies, industry experts say.

"With relaxed rules in India and the burgeoning economy, middle class in India is now showing keen interest in buying properties here. Over 100 enquiries have come in, in the last few months. Many among them are serious buyers," Jaideep Singh, who heads the India desk at Knight Frank, told Hindustan Times.

India has the fastest-growing population of dollar millionaires in the world, and realty consulting firm Jones Lang LaSalle (JLL) reckons that by 2025 nearly 600 million Indians will have sufficient financial means to invest in 20,000 to 30,000 homes worth as much as \$15 billion.

" So far India has been relatively untapped (and) there are a lot of people in the industry looking over our shoulders to see how we do." Simon Halfhide, director of new homes at JLL.

Agents said frequent visitors from India facing the peak-season hotel rush find it more economical to buy a home than pay exorbitant rents. Typically, the demand is for three-bedroom apartments. " In the months they do not need the place, they let it out through agents and make enough to meet their expenses when they come to stay here," said one agent.

However, some prospective buyers are also playing a waiting game. Economists here say that properties could lose as much as a fifth of their value before the market begins to recover, as a



Reuters poll predicted.. This would cut the average house price to £160,000 — which would be around Rs 1.3 crore.

About 70,000 borrowers already owe more on their property than it is worth. Those who fall behind in mortgage payments would want to sell their homes at a loss. Buyers from India, China and Brazil are ideal buyers for these.

These are not the tycoon-type Mittals or Hindujas, and are more price conscious.

The managing director of Berkley Homes, Paul Vallone, this year flew to India with JLL executives to meet Indian middle class buyer and described the response as "very enthusiastic."

Agents say many are interested in making an initial down-payment for apartments with the idea of getting loans from British banks to pay off instalments.