

**SO, IS IT A GOOD IDEA TO BUY
A FLAT IN LONDON AT THIS JUNCTURE ?**

Of late, **TARGET** () has noted that one property developer after another, all operating in the past, almost exclusively, in the United Kingdom (UK), have come to town in order to try to sell their wares to prospective Chinese investors.

The UK property developers commonly appoint what appears, on the surface, to be Hongkong consultancy companies whose job it is to oversee the Hongkong sales operations with regard to the drafting and executing of certain documents for future deliveries of completed properties, some of which the developer has yet to shovel the first spadeful of dirt.

On reading the advertisements for the various UK properties, one is taken down an imaginary path which, by innuendo, leads to large profits at the end of the lane.

Recently, it was the turn of a company, registered in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), which advertised that it had rented rooms in a luxury 5-star hotel in the territory where one could come to view the bumf of what is claimed to be prime, London property that is on sale, exclusively, by this HKSAR company on behalf of the UK developer.

In a telephone call with a lady in this HKSAR company, which has an Issued and Fully Paid-Up Share Capital of \$HK1 and appears to be controlled by 2, UK gentlemen, **TARGET** was told that a prospective purchaser needs to put down a deposit of £1,000 (about \$HK16,000), which will be used as a 'reserve' on a residential unit in the project, which is scheduled for completion in the second quarter of 2009, and, then, a formal contract will be required to be signed by the prospective Hongkong investor and the UK developer, presumably, in London, England.

TARGET was, also, told that a prospective purchaser of a unit(s) in the residential development would require the services of a UK solicitor.

When **TARGET** asked to whom the £1,000 'reserve' should be given, the lady said to the Hongkong consultancy company.

This medium, also, confirmed that the 'reserve' is non-refundable, come what may.

This is not the first time that UK property companies have come to town in order to offload property to prospective Chinese investors and it, certainly, will not be the last time.

It is interesting, however, that the HKSAR property consultancy company of the latest UK offering, appears not bound by any code of conduct as are HKSAR, real-estate, sales agents who are required to be licensed at law.

This medium, in order to try to ascertain what is the true situation in the UK in respect of the property market, did a little research.

This, in a nutshell, is that which this medium discovered:

- There was continued weakness in the UK housing market in the month of January, following a decided fall-off in prices in the second half of 2007;
- Much tighter credit conditions are dogging the UK housing markets;
- Consumer sentiment is on the wane;
- Real-estate agents, throughout the UK, are reporting considerably fewer enquiries and

- very few definitive instructions;
- The periods of completion of sales and purchases of properties in the UK have lengthened, considerably;
- There has been a sharp rise in incidents of cancellations of sales of properties, throughout the UK;
- Discounts on the asking prices of UK properties are more commonplace than in the past, the discounts, starting from a minimum of 10 percent; and,
- Price inflation for established homes continues to slow.

Investor intentions have been dampened, it seems, due to, inter alia, the turmoil in the financial markets of late, coupled with higher interest rates.

This situation continues.

In the month of January, across the board in the UK, industry, in general, was suffering from a decided downturn.

This was especially evident in the service sector of the economy.

Domestically orientated manufacturers were known to have been deferring investment decisions due to an anticipated slowdown in the economy of the country.

As the world's economic growth continues to slow, investment decisions in the UK have been dealt one blow after another.

The effects of tighter credit conditions, throughout the UK, have impacted, directly, on sales of commercial properties and throughout the financial sectors of the economy.

Companies, known to be highly geared, are seeking to refinance debt by various means.

Some of these companies have been unsuccessful and are facing the knacker's yard.

Concern that the worst is yet to come in the country has resulted in more companies, reviewing their former investment plans.

So, in summary, is it, really, a good idea to buy that flat in London, one that may be delivered in the year 2009, provided that the developer is able to fund the project?

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