

INSIDE LONDON'S PRICIEST APARTMENT BLOCK: HOW THE SUPERRICH ARE CHANGING WORLD CITIES

TIME visits One Hyde Park, a new apartment complex for London's superrich. Developments like this, some argue, are making it harder for those less wealthy to live in the world's most important cities

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Warrick Page / Getty Images

People walk past One Hyde Park in London, September 25, 2012.

We imagine we know how the unimaginably wealthy live—in a cocoon of bling and indulgence—but few of us get the chance to see for ourselves. The superrich hog a big chunk of the world's commodities, including privacy. To slip uninvited into One Hyde Park, a run of four interlinked pavilions in London's swanky Knightsbridge, you'd need to circumnavigate burly bowler-hatted doormen and a security system rumored to deploy iris-scanners among other high-tech bells and whistles. Curiosity about the place has soared along with its prices, with apartments selling at an average of \$9,840 per square foot, around \$1,150 above top dollar in New York, making this quite possibly the most expensive address on the planet.

What glitz must lie within its glass-and-steel exterior? Vanity Fair, refused access, quoted English style

commentator Peter York: "The vibe is junior Arab dictator."

A few weeks ago, I strolled through the front entrance to one of the elevators reserved for owners and guests (staff must use separate access routes). British real estate experts at Strutt & Parker had agreed to let me join a viewing for U.S. luxe realtors Brown Harris Stevens, their affiliates through Christie's International Real Estate. We all had a really good poke around a fourth-floor, three-bedroom, 3,178-square-foot apartment Strutt & Parker is marketing for \$37.83 million. Strutt & Parker's James Gilbert-Green later led us to the bowels of the building to inspect the garage, spa, virtual golf range, private cinema and banqueting areas. One Hyde Park has, and is, pretty much everything you'd expect—except bling.

I can report that the color of money is Pantone Mushroom. Planes of oak, granite, marble and glass, overstuffed sofas and a miasma of polish and air freshener make the building look, feel and smell pretty much indistinguishable from any top-of-the-range new-build hotel. The most remarkable thing about One Hyde Park is how unremarkable it is.

Globalization hasn't just homogenized main streets across the world; it has created an international aesthetic and standard for ultra-prime city-center developments. New York realtor Danielle Grossenbacher opened cupboards, felt the heft of the doors and remarked that the finishes in One Hyde Park are just what you'd find in premium properties in the U.S. and

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Asia. Here's something else these properties share: as globalizing forces widen the gulf between the rich and the rest, luxury developments, standing tall, become lightning conductors for public hostility, visible manifestations of that inequality and, according to widely held belief, drivers of it.

One Hyde Park, among the übermost of the überprime in a city that saw house prices jump last year by 10.6% compared to an average of 3.2% in the rest of the country, draws more heat and crackle than any of its peers because it is not only conspicuous but conspicuously empty.

All but two of the 83 apartments have sold. Yet at night the building looms darker than the unlit park on its north flank from which it takes its name. "Residents" are rarely resident—fewer than 10% live in their posh pads full time, according to Gilbert-Green. The surrounding streets and squares of Knightsbridge have long harbored pieds-à-terres, occasional residences for the very rich, but in the old days the owners were landed gentry, old money, English. One Hyde Park has attracted buyers from 22 countries, among them China, Malaysia, Qatar, Russia, Taiwan and Ukraine. There's been more than a whiff of xenophobia in reactions to the development. But there are valid concerns too.

For ordinary folk, drawn in ever greater numbers to cities and struggling to buy or rent the most modest of dwellings, empty apartments bought as investments or occasional bases for shopping trips seem to represent a particularly offensive—and damaging—form of extravagance.

The equation looks simple enough: the world's superrich buy up city centers, inflating prices and snapping up buildings that might otherwise house large numbers of people on lower incomes. Bill de Blasio crested to victory in November's New York mayoral elections bolstered by his promises to expand the city's stock of affordable housing and to increase taxes on the rich. Britain's coalition government launched a so-called Help to Buy scheme to assist cash-strapped would-be homeowners on to the property ladder and last month announced that from 2015 non-residents as well as U.K. residents will be subject to capital gains liability on property sales.

Proponents of the move call it an "oligarch tax;" they reason that if overseas investors are deterred, locals will benefit from a cooling market. Of course, that's not an outcome Britons who already own property will necessarily welcome. An Englishman's home is his castle and, amid deep mistrust for financial institutions, his pension.

Since the 1980s, when Margaret Thatcher transformed Britain into a nation of property owners by subsidizing mortgages and making social housing available to tenants to buy, voters have seen property ownership as a right. Yet many of the roots of the housing crisis lie in Thatcherism, and not just in the deregulation of the financial services industry that made Britain a magnet for wealthy overseas investors. The state sold off a chunk of housing and failed to construct replacements or make sure that supply kept up with swelling populations, relying on the private sector to step into the gap.

To a limited extent, it has. One Hyde Park, stark totem of inequality, has arguably helped to ease the shortage of affordable housing in London. The planning authorities routinely make a condition of acceptance of such schemes that the developers also provide cheaper housing units. The company behind One Hyde Park, Project Grande, fulfilled this demand by transforming Peel House, a former police training facility in the central London borough of Westminster, into 70 new homes available to rent or buy through shared ownership to people on low incomes. Every crane hovering above the foundations of a new luxury development signals a similar small increase in affordable housing.

But this is just tinkering around the edges of the problem. The world's top cities are bursting at the seams with people wanting to live and work in them. And so most of them keep growing, outwards and upwards, creating fresh problems of strained infrastructure and lengthening commutes. London has those problems too, but its room for expansion is sharply limited by the green belt, a ring of protected land established by statute in 1938 to stop urban sprawl. Its options for expanding upwards are also constrained by planning regulations. (The tallest of One Hyde Park's pavilions is 13 storeys, a low-rise stump by the standards of many cities.) This, more than any other factor, keeps prices soaring. "The [property] shortfall is massive," says David Battiscombe, a partner in London law firm Berwin Leighton Paisner, who specializes in real estate. "We need a shift in mindset."

Battiscombe sees some hope for an easing of these pressures in the growth of the branded private rental sector, a comparatively new phenomenon in the UK, in which developers build high quality, affordable rental properties in volume. Alternatives to the damp bedsits and overpriced shared shoeboxes many London renters experience may help to wean some Britons off their impulse to buy but doesn't solve the underlying question: where to build new properties of any kind. In answer, Michael Ball, professor of Urban and Property Economics, Henley Business School, University of Reading proposes an even bigger mindshift: London should allow building on the green belt.

"The forecasts for employment in London are for very high growth, particularly in high income jobs, median and upwards. Any rational forecast for house-building is not going to meet that increase in demand," he says. Without increasing the space available to developers "housing costs and living conditions will get worse and half of the potential jobs we should be able to expect in the future aren't going to happen."

In this doomsday scenario, One Hyde Park may still stand empty, an icon not of global wealth but of London's crisis.