

Nervous Russian Buyers Power London Luxury Homes Market

By [The Moscow Times](#)

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Russian investors increased their share of luxury-home purchases in London's most expensive neighborhoods more than any other group in the fourth quarter, Hamptons International said, as Vladimir Putin bids to regain the presidency in March amid growing opposition.

Russians accounted for 16 percent of all transactions in the Chelsea, Kensington, Knightsbridge and Belgravia neighborhoods handled by the London-based broker, according to a report Monday. That was up from 5 percent in the previous three months and 1 point more than the combined total for European Union countries.

"It's a precaution against things going too far in the wrong direction," Adam Challis, head of residential research, said by phone. "The very well-connected folk realized that there was going to be some serious political uncertainty and that they're better off putting their money into London property."

Prime Minister Putin faces the biggest challenge to his rule since coming to power 12 years ago after allegations of fraud in the Dec. 4 legislative elections sparked mass protests.

Buyers from Britain accounted for 42 percent of all transactions included in the survey, 2 percentage points less than in the third quarter. The share of deals by Middle East investors climbed to 16 percent from 15 percent, while Chinese purchasers fell to 2 percent from 5 percent.

Russian investors accounted for about 38 percent of home sales of more than £10 million (\$15.76 million) last year, according to Knight Frank. They made up about 15 percent of purchases between £5 million and £10 million, the London-based broker said.

Luxury homes have performed better than other parts of the British real estate market, with values rising for 14 straight months, as overseas buyers sought safer investments and competed for a smaller number of properties for sale, Knight Frank said Jan 9.

The pound's weakness has also made the market more attractive to foreign investors. The British currency has lost about 22 percent of its value against a basket of currencies since the housing market peaked in the third quarter of 2007.

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