

Restoring Confidence: A guide to successful renovations in a tough market

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Renovating prime property isn't what it used to be; developers sticking with the old model are destined to fail, says Elliott Dexter...



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Many developers have failed to notice that the Prime Central London market has changed, says Elliott Dexter. Tough conditions such as these require a return to the basics...



Renovating prime property isn't what it used to be. Prime developers have been known to cram excessive dark wood and gold in to Belgravia townhouses. They'd pray they could achieve record sales prices from Middle Eastern and Russian buyers, who wanted to hold money in London property. Often the properties were not occupied or used, encouraging developers to focus on attractive yet impractical features.

The reason this old model is failing is the Prime Central London property market has changed and many developers haven't noticed. While this change is specific to a small area, the lessons are applicable to anyone involved in residential property.

Prices in Kensington and Chelsea are down nearly 10%, and volumes are down 20% according to 2016 Land Registry figures. Despite this, the consensus view, including that of the Mayor of London's office, is that the underlying demand fundamentals across London residential property are

strong. With the existing and unchanging conservative approach to planning, supply will continue to fail to meet demand in the medium and long term, meaning investment is still attractive.

In this environment, I'm often asked by investors what they should invest in. My advice is to go back to basics. Elegant homes in the right position, on attractive streets, are sought after even in the softest markets. It's therefore important to buy in to the right projects. A compromised lower ground or dark corner plot won't sell if your buyer also has the choice of an equally well renovated first floor lateral apartment. Good agent relationships and exceptional local knowledge are key to ensuring you're buying in to the right project. While having your own local knowledge is advantageous, partnering with a true local expert is a clear advantage. By using an estate agent alone, while their intent may be good, they can only sell the stock they have. Work with a local professional renovator or developer. Pick someone you can trust and make sure your interests are aligned with a profit share or similar arrangement.

The external beauty of the building you choose to renovate is something your eventual buyer will focus on when they buy the property from you. There's often little you can do to change this, so look for outstanding curb appeal when you buy. Even better, look for a project where you can reveal former glory or a local feature. In Kensington, we recently renovated a beautiful red brick property with a garden square. The street has a prominent blue plaque to Agatha Christie and although this wasn't on the home offered for sale, it was a frequent talking point and positive appeal to potential purchasers.

The 10% price decrease and 20% drop in sales in our area (Kensington and Chelsea), has created buying opportunities but has also changed the market dynamic. It's very important to be in tune with these changes when they occur. The sales volume decrease is largely driven by less international Middle Eastern and Far-Eastern buyers. This means a far greater proportion of buyers are now owner occupiers largely from the UK and Europe. In other words, primary and secondary home owners who are

looking for beautiful but workable homes.

A light interior with careful attention to the flow of natural light and a generous, open configuration will appeal far more to a British or European purchaser, than dark interiors and tight spaces.

Maintaining period features is key, particularly if they are in keeping with the exterior of the building, allowing the design to flow and the property to feel consistent inside and out.

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There are no hard and fast rules when deciding whether something is a character feature that should be retained. The features themselves could take a variety of forms – everything from fireplaces and flooring to ceiling roses, architraves and even door furniture should be considered, but in reality it could be anything. There's also a variety of different perspectives you should consider when making these decisions. Whether the feature fits with the external architecture and the area the property is in is a key consideration. It is also key to understand the requirements and tastes of the owner/occupier. If you're renovating to sell and don't know the eventual occupier, this can be particularly difficult. In this scenario, it is useful to have a buyer profile in mind for the complete design and renovation as this will help guide decisions on which features to keep.

We recently sold a £2m top-floor apartment to a European family for their daughter to study in London. They loved the natural light that we brought in to the property through new roof lights. These gave the additional advantage of providing a new view of the building's Tudor style chimney pots that were based on the design for Hampton Court. Both father and daughter loved the feature as it brought old and new together. It also gave licence to interior glass banisters and panels which allowed light to flow

around what was once a dark property, transforming the space.

There has been a recent trend of spending heavily on lighting panels that are difficult to use. Excessive marble was also a previous developer habit. Neither of which are required in the current market place.

Noticing these changes and eliminating them from designs, helps to keep properties current and appealing to buyers, as well as reducing sales prices, both of which make your property more competitive than other renovators in the same area. We choose to invest instead in more practical features to provide benefit to the homeowner such kitchen appliances from reputable manufacturers that are easy to use and environmentally focussed.

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Having local expertise involved in your project is essential. In a tricky market, deep knowledge and experience is key. If you're lucky enough to have that experience, you're in an advantageous position. If what you bring to the table is capital or property, find the right partners to work with, who you can trust and align to your best interest.

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