

The London Magazine

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Luxury TRENDS 2023

ANNE ASHWORTH EYES UP FORECASTS
IN PROPERTY, INTERIORS AND
ALTERNATIVE INVESTMENTS
FOR THE COMING YEAR



ould central London neighbourhoods be less susceptible than other locations to economic chills? Will the shades and shapes of nature triumph as sustainability influences thinking in every sphere? Will gold again be a store of value? Are watches set to retain their status as both a smart accessory and investment? Find out what the top forecasters think lies ahead this year for London real estate, retail and the rest:

PROPERTY

There's a consensus that house prices will slide as the recession bites. But although this outlook may be dispiriting, some will sense opportunity. A tough market can be the moment to trade up to a larger London house, as sellers may become more amenable to offers.

Meanwhile even if economic and geopolitical challenges slow the pace of transactions, London's attraction as a place to live is unlikely to diminish, with most commentators reckoning that recovery could arrive next year. Aneisha Beveridge, Hamptons residential research director, forecasts that 2024 will be the start of a new housing cycle, with London leading other regions out of the doldrums.

The expectation is that the bank base rate will rise to 4.5 per cent as the Bank of England acts to counter surging inflation.

Many homeowners face sharply higher mortgage repayments. As a result, Knight Frank predicts that the average London house price could drop by six per cent by Christmas 2023, with more modest falls of three per cent and four per cent respectively in prime central London (PCL) and the prime suburbs. It predicts that PCL real estate could start to be perceived as good value, given that it will be well below its level at the peak of the market in 2014. Savills forecasts a sharper decline of 12.5 per cent for mainstream London. But PCL may slip by just two per cent, while the prime suburbs suffer a seven per cent reverse.

INVESTMENTS

Expect to start hearing the phrase "the way to make money in property – or the other markets

– is to buy before you see the light at the end of the tunnel". This suggests that investors may start to snap up investment trusts whose share prices are at a discount, that is below the net value of their assets. An investment trust, for the uninitiated, is a fund that holds the shares in other companies, property or infrastructure projects.

The scandal surrounding the collapse of FTX, the American cryptocurrency platform, seems to have, for the time being, dispelled the notion that bitcoin and other cryptos are a long-term store of value. The dollar seems likely to remain the safe-haven currency, but there could be a reassessment of gold as an inflation hedge, with some international central banks building up their reserves. Sharps Pixley has been dealing in bullion in London since 1778 ([sharpspixley.com](https://www.sharpspixley.com)).



RARE WHISKY

Nick Greene, managing partner, Elite Wine & Whisky, [elitewineandwhisky.com](https://www.elitewineandwhisky.com):

"This year [2022] has been a bumper one for Elite Wine & Whisky. We've seen a 70 per cent increase in turnover compared to 2021, and a 150 per cent increase in the volume of new clients. We're noticing a new tribe of whisky cask collectors emerging, with more millennials and a 25 per cent increase in women investing with us. There's also unprecedented demand for Scotch whisky internationally, particularly India, China and SE Asia. Amidst global market uncertainty, we're pleased to see this new cohort of clients willing to explore alternative investments in whisky to diversify their portfolios. Distilleries to look out for in 2023 are Ledaig, Tullibardine and Bunnahabhain."

ALTERNATIVE INVESTMENTS

The allure of the upscale timepiece seems set to persist, although the pace of increase may slacken a little, following growth of 16 per cent in 2022, as measured by the Knight Frank Luxury Index.

People are collecting watches for their elegance and craftsmanship, but around a quarter of purchases are for investment or resale. Deloitte forecasts that the global market in pre-owned Swiss watches will be worth about £22bn by 2030 such is the clamour for discontinued models.

The quest for returns from other alternative investments also appears likely to persist, albeit at a less frantic rate. The strong performers in the Knight Frank index were rare whisky, driven by the demand for 'peated' (smoky) brands, and art, the ultimate alternative and passion investment. Some glorious exhibitions in London's galleries this year will provide inspiration for those contemplating the acquisition of paintings of any era, including Marina Abramović, Goya and Dante Gabriel Rossetti. >>

EW&W

ELITE WHISKY & WINE

In 2020 the average annual capital growth rate for whisky was 13.09%

Get in touch today to learn more:

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