

PERSONALISED LEGAL ASSISTANCE

Professional legal and property consulting

SONNENBERG & ASSOCIATES PROPERTY AND LEGAL ADVICE NEWSLETTER #69

1. Legal Quotes

"When there is a rift in the lute, the business of the lawyer is to widen the rift and gather the loot." [Arthur G Hayes]

"Some men are heterosexual and some men are bisexual and some men don't think about sex at all ... you know, they become lawyers." [Woody Allen]

"I used to be a lawyer, but now I am a reformed character. " [Woodrow Wilson, 28th President of the United States from 1913 -1921]

2. Legal short

My parents sent my brother through law school. He graduated and is suing them for wasting seven years of his life.

3. Inspiring quotes

"The world is changed by your example, not by your opinion." [Paulo Coelho]

"Don't fear failure... in great attempts it is glorious even to fail." [Bruce Lee]

"I began to realise how important it was to be an enthusiast in life. If you are interested in something, no matter what it is, go at it full speed. Embrace it with both arms, hug it, love it and above all, become passionate about it. Lukewarm is no good." [Roald Dahl]

4. SA's most expensive home is cheap at the price

A five bedroom house recently sold in Clifton for an amount of R111 million. This is almost 100 times more than the average South African house price during 2014 of around R1.3 million (according to ABSA). Perhaps even more incredible is that the owner of two vacant plots in the same area recently turned down an offer of R70 million for each plot.

While most South Africans would find it astounding to pay that kind of money for a property, **for the ultra high net worth individuals who would be in the market for it, it's actually a bit of a steal.** *Relatively speaking, the money paid for this level of luxury is at the value end of the spectrum.*

At **current exchange rates, R111 million is around £5.4 million, or \$8.4 million.** That is a lot of money in whichever currency you would like to use, but if you are one of the ultra wealthy looking to build an international property portfolio, you probably aren't too bothered about that kind of pricing.

In **London**, for instance, **a four bedroom penthouse apartment** in Victoria Road, a few blocks from Buckingham Palace, is currently on the market for **£11 million (R225 million)** – double the price paid in Clifton - and **a three bedroom apartment in St James's Park is on the market for £18.95 million (R388 million).**

Moving to **America**, you could get a **three bedroom penthouse in Georgetown, Washington DC for \$9 million (R119 million).** It might not come furnished, but at least you get views over the Potomac River. In New York, you can buy a **five bedroom apartment overlooking Central Park in Manhattan, New York, for \$38 million (R500 million).**

It is not just in the world's most developed economies that property demands such extreme prices either. Increasingly property is becoming very dear in **Indian cities like Mumbai.** **A three bedroom flat in a high security zone in Malabar Hill, Mumbai, is on the market for 30,00,00,000₹ (R60 million).** The upper end of the Indian market puts South African pricing in the shade (**an historical six bedroom villa with sea views in the south of Mumbai is on the market for £20 million (R410 million).**).

Mumbai's luxury property market has perhaps surpassed those of other emerging companies, but it's not alone in having properties that have listed at well above South African record. A mansion in **Sao Paulo, Brazil** has an asking price of just **over \$20 million (R265 million):**

This shows quite conclusively that while the high end international property market might have taken a bit of a hit after the global financial crisis, it is far from unhealthy. There are still serious prices being commanded from those who are after trophy homes.

Far from charging exorbitant prices in this bracket, South African luxury property on the Atlantic Seaboard is actually behind the curve. So while one may well ask if a property can

really be worth that much, the simple answer, as always, is that anything is worth what someone is willing to pay for it.

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