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Funds tap into property gains

Investors can profit from price rises, writes **Anna Mikhailova**

HOUSE prices are set for steady growth in the coming years — particularly in southeast England — and investors across the country can profit without having to involve estate agents or removal firms.

London Central Portfolio (LCP) will tomorrow launch its London Central Apartments II fund, which will allow investors to own a share of a portfolio of £1m-plus homes.

The fund is targeting an annual 10% return, which investors will get at the end of five years. It will be restricted to £20m and investors will be accepted on a first come, first served basis. The minimum direct investment will be £5,000.

London Central Apartments II will acquire one- and two-bedroom properties for renovation and letting in prime postcodes around Hyde Park, where prices have soared since 2008.

However, research by Savills, the estate agent, suggests that prime central London property prices may have stabilised, while other areas are rebounding.

Savills found that prices in

Belgravia, Mayfair, Knightsbridge, Kensington, Notting Hill, Marylebone and Chelsea rose by a modest 1.9% in the three months to September, which took annual price growth up to 5.6%. By contrast, prices in

Wimbledon, southwest London, have increased 11.8% in the past year.

Lucian Cook, director of residential research at Savills, said: "Previously the strong price growth in London was driven by the influx of overseas money. Now it is being driven by equity-rich buyers who are full-time London residents."

Other funds also offer exposure to residential property. TM **Hearthstone** UK Residential Property aims to beat the growth in average house prices.

Patrick Connolly of Chase de Vere, the adviser, said: "The key to reducing risk is to have a diverse range of assets. However, most homeowners already have a significant exposure to the British housing market."

The construction of new homes is rising, so investing in house builders could be another way to profit from the sector. Barratt, Persimmon and Taylor Wimpey have risen between 42.8% and 56.9% since the start of the year, according to Hargreaves Lansdown, the adviser. The FTSE All-Share index has returned 16.2% over the same period.

Danny Cox of Hargreaves Lansdown said: "House builder stock performance has been strong. However, the investment is heavily geared to demand in residential property and shares can be volatile." For a fund, he tips

Old Mutual UK Mid Cap, up 35% over 12 months.

Last week Killik & Co, the stockbroker, tipped home improvements-related companies, such as Topps Tiles and Aga Rangemaster.



Fund target: Mayfair