

FRANCE

CHINESE LOOK TO BUY 'A SLICE OF HEAVEN'

French vineyards and chateaux are drawing a lot of interest from well-heeled buyers in China, but they shouldn't try to drive too hard a bargain

Giovanna Dunmall

Buyers from around the world are bidding to become owners of French vineyards – but the most significant new market for the sales of French chateaux in the future will be China, according to vineyard experts Maxwell-Storrie-Baynes.

"The nationalities that we sell to are not in the same proportion as the nationalities that we are seeing the greatest interest from," said Michael Baynes, who sells country houses, estates and vineyards in the southwest of France for Maxwell-Storrie-Baynes.

"The number one buyers at the moment are Americans, second are South Africans and then Chinese, followed by Europeans including the United Kingdom. The number one potential buyer, however, is China – by a long margin."

The French agricultural land regulatory body said that of the 35 chateaux vineyard properties sold in the

texture, generous moats, 14th century medieval towers and large walled kitchen garden, it isn't hard to see why they and daughter Lucy all refer to the house as "their little slice of heaven".

The Hawkes have restored the property steadily over the years, adding a bathroom or two and replacing 350 original 18th century window panes after a terrible hailstorm one July. They filled the home with antiques and old paintings, but have not revamped it beyond recognition, or been tempted to install carpets and central heating.

In fact the couple, who set up their own real estate agency in the mid-1980s, recommends living in a country home for a year before doing any work. "If something in the property is broken, don't replace it, fix it," adds Patricia. "Keep the charm of the house." Another tip is to ensure you have "someone good to look after it" as the cost of maintenance is high.

Over the years the Hawkes have sold hundreds of chateaux and visited thousands more. In a good year they have sold 30 country homes; in the worst year "two or three". The cheapest chateau they sold cost €400,000 (HK\$3.8 million); the most expensive was the Chateau de Be-houst, which they sold for 23 million to one of the leading French banks in 2005.

So is buying a home in the French countryside a good investment? Philip's response is measured. "It's a safe home for your money provided it is in good repair; it's a safe home in an unsettled world."

And he has a point. With the global recession, and the increasingly complicated bureaucratic requirements and rules in France, sales are not as ebullient as they once were.

"And we are dealing with a very emotional subject," said Patricia, "especially for some of the vendors who might have had the property in their family for many centuries."

Buyers can take a long time to take the plunge. "Four to 10 years often," said Philip. "In essence you're selling something people don't need to buy, from people who don't need to sell."

Maxwell-Storrie-Baynes have sold to many Chinese buyers, including most recently the Chateau du Grand Moueys, southeast of Bordeaux. The buyer was entrepreneur Zhang Jinshan, founding president of the Ningxia Hong Group, the world's largest producer of alcohol made from goji berries.

Zhang plans to turn the 170-hect-

are chateau (with 59 hectares of vines) into a restaurant and hotel with tennis courts and a nine-hole golf course. From next year, he hopes to welcome 10,000 Chinese visitors a year to the castle.

Karin Maxwell of Maxwell-Storrie-Baynes recommends that potential buyers choose Chinese advisers who are familiar with European culture and practice; and qualified professional brokers who have experience with Chinese buyers.

"In China, it is cultural practice to be perceived as having achieved the best deal possible," she said. She recommends not negotiating too hard, as it can isolate the Chinese buyer from the French community who they will rely on after the purchase.

"The approach to negotiations is different here; normally the final price is within 10 per cent of the asking price."

The Hawkes have several chateaux for sale, some they can talk about, some they cannot, for confidentiality reasons. One of the most interesting is the magnificent 17th century Chateau du Fey, the former home of the prestigious La Varenne cookery school, and set in 40.5 hectares of land overlooking the Yonne River valley and four counties.

Another property is the 19th century Chateau de L'Oizerolle, a restored neo-Gothic country home set in 26 hectares, and replete with a lake, grotto, guest cottage, listed medieval barn and many other buildings.

"Perfect for a recording studio, offices or gites," said owners Martin and Joy Cummings, who have a way with old properties. They converted the 14th century abbey next door, and 12th century Amberley Castle in Sussex, into award-winning luxury hotels. L'Oizerolle is on the market for €3 million, Du Fey for €2.2 million.

A small price to pay for owning something completely different. "It's really a lifestyle," Patricia said.



The Chateau du Grand Moueys was bought this year by businessman Zhang Jinshan. Photo: SCMP Pictures



You're selling something people don't need to buy, from people who don't need to sell

PHILIP HAWKES, CHATEAU EXPERT AND AGENT

Bordeaux region last year, more than 20 were sold to Chinese buyers (in 2010 only three chateaux were sold to Chinese).

Typical of the foreign buyers now beating a path to country France, are chateaux aficionados Patricia and Philip Hawkes, who bought the listed 18th century Chateau de Missery some 64 kilometres west of Dijon in Burgundy in August 1979.

Philip had first spotted it as a young man during his frequent travels around France. "He was mad about country houses," said his wife, Patricia. "And the chateaux in France are the very nicest country houses in the world," adds Philip.

As the great-great-granddaughter of British premier William Gladstone, Patricia had some experience living in a rambling and listed Georgian country home as a girl, and running a big house like Missery has come naturally to her. With its Louis XV archi-



The most significant new market for French chateaux in the future will be China, say vineyard experts Maxwell-Storrie-Baynes. Photo: Julian Elliott

HONG KONG

Rate cuts see secondary sales rebound strongly

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Sales of homes in the secondary market rebounded strongly last week, buoyed by an improvement in buyer sentiment after interest rate cuts on the mainland and in Europe.

A total of 187 sales were recorded for the week ended July 8 in the largest 50 private housing estates tracked by Ricacorp Properties, a 43 per cent rise from 131 deals the previous week.

"As the European and mainland central banks adopted measures to increase liquidity in the market, both secondary and new residential projects reported good sales," Ricacorp director David Chan said. "Market sentiment has been lifted and hence we have seen a release in pent-up demand."

Despite the strong recovery, after sales had declined for two consecutive weeks, sales remained below the normal level of about 250 transactions a week, Chan said.

The biggest rebound was in the New Territories, where sales in the 21 estates monitored by Ricacorp were up 47 per cent from the previous week's 70 deals, to 103 transactions.

At Park Island, Ma Wan, there were eight sales, compared to none in the previous week, and at Bellagio, Sham Tseng, there were five sales, versus one the previous week. In Kowloon, secondary flat sales rose 45 per cent to 61, of which 13 were at Metro City, Tseung Kwan O. There were 23 sales on Hong Kong Island, up from 19.

Chan believed the secondary market would continue to improve. "With the European and mainland central banks cutting rates, we expect an increase in liquidity flows to the Hong Kong market. Also, as there will be fewer new flats to go on sale this week, the secondary market should gain more support from buyers and we estimate that sales can exceed 200 or reach as many as 230 this week."

Cheung Kong and Chiaphua sold another 150 flats in their joint development in Tseung Kwan O, The Beaumont, over the weekend, according to Nomura Equity Research. New World Development sold six at The Riverpark, Sha Tin. A Sino Land-led consortium sold four flats at Providence Peak, while Sino itself also sold three special flats at Lake Silver in Ma On Shan. Four flats in Kerry Properties' 171-flat Lions Rise in Wong Tai Sin also sold.

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