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## A big investment for a tiny London apartment

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LONDON – Location, location, location. Almost anywhere else, the tiny dilapidated studio wouldn't attract much more than mice. But this is London and the 77-square-foot former storage room – slightly bigger than a prison cell and without electricity – is going for \$335,000.

The closet-sized space in the exclusive Knightsbridge neighborhood may be only “about the size of a ship's galley, said real estate agent Andrew Scott, who's handling the sale. “But it's permanently anchored to one of the wealthiest neighborhoods in the world.”

At more than \$4,340 a square foot, the mortgage buys a spot within walking distance of tony stores like Harrods and London's iconic Hyde Park. Originally conceived as a maid's room, the apartment at 18 Cadogan Place hasn't been used for years and is littered with trash bags and crumbling paint.

A coffin-sized shower is en suite, and storage is provided by a shallow closet and 10-inch-deep shelves cut into the wall. Two hot plates and a small sink make up the kitchen. Two dirty windows allow light to filter into the basement room, and the fire escape could conceivably double as a shared patio.

With no electricity or heating, Scott said it would cost an additional \$59,000 to make the room habitable.

“It is an investment,” he said, as he stretched his arms the width of the room, laying his palms flat on opposite sides of the wall.

The sale of this dark, mildewy room illustrates the astronomical rise in property values across London, which in the past year has seen average residential property prices increase 22.4 percent, to about \$703,000, according to figures released yesterday by Rightmove, which tracks the British property market.

Prices in London's most desirable neighborhoods have grown even faster, with average house prices in the borough of Kensington and Chelsea – where Cadogan Place is located – rising 61.8 percent over the past year to a jaw-dropping \$2.2 million.

Ultra-high-end property prices in London are the most expensive in the world, with some recent sales hitting \$6,000 per square foot – making the Cadogan Place studio a bargain by comparison, according to research published last year by CB Richard Ellis Group Inc.

Similar properties in New York can go for about \$5,000 per square foot, while those in Hong Kong sell at around \$4,000 per square foot.

Scott said he already had three offers on the property, which might go to auction. Size, he added, is in the “eye of the beholder.”

“If you thought of this as the cabin on a boat, you'd say, 'It's pretty spacious,’” Scott said.

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