

Towering above

Despite a cooling economy, Hong Kong retains its status as home to the most expensive realty per square foot in the world. *Upward Curve* looks for current trends and developments

The beginning of 2019 harboured a slight sense of unease and a waning confidence in Hong Kong's property market. After a 28-month period of steep price increases, its position as the city with the world's most unaffordable property was under threat.

Contributing were growing trade tensions between China and the US, the US interest rate increase, a cooling Chinese economy and the volatility of the Hang Seng index.

Nicole Wong, the regional head of property research at CLSA, an investment and brokerage group, remained bullish about the market. Wong told *The New York Times* that she expected realty prices to start rising again after the January Federal Reserve announcement

Below: The view of Hong Kong from the affluent Victoria Peak where real estate goes for more than US\$100m, looking over Victoria Harbour

on interest-rate increases, China's central bank had taken action to stabilise the Renminbi and Hong Kong's stocks were recovering. Wong also noted that the number of property viewings at the start of the year rose, during what is typically a quiet period before the Chinese New Year holiday.

With views over Victoria Harbour, The Peak remains one of the most desirable parts of Hong Kong in which to live, with two houses selling there for \$114.9m

(\$20,400 per sq. ft) and \$178.5m (\$19,400 per sq. ft) in 2018.

Colonial laws made sure only Europeans could own property on The Peak, but those laws are long gone and there is soon to be a substantial uptick in demand from a large pool of Chinese mainlanders who can apply for permanent residency. In order to qualify for residency – and exemption from extra taxes levied on non-resident property buyers – one has to have lived in Hong Kong for seven years.

"It's the Hamptons of Hong Kong," said Beverly Sunn, the founder and president of Asia Pacific Properties, a Hong Kong real-estate company.

"You've seen just a tremendous amount of Chinese companies, and individuals, and heads of these companies, purchasing into this premier real estate area."



Left: Nineteenth-century buildings have been converted into apartments on Victoria Peak
Below: The bustling Hong Kong CBD; the 'Hub of the Orient'

Homeowners across the island have resorted to redeveloping land parcels into complexes – mostly low-rise apartment buildings that date to the 19th century, but also smaller townhouses – in order to generate huge profits.

One \$92m property is part of a new, super-luxurious development named Mount Nicholson, built on a plot of land that the government sold to a property developer in 2010 for \$1.3bn. The development, tucked away at the top of a quiet road, features 19 detached houses and 48 apartments.

mountnicholson.com.hk

National Properties, the renowned residential, commercial and hospitality developer and management company in Hong Kong, has launched its newest luxury residential development at 45 Tai Tam Road. The site has a private 200m-long access road surrounded by a green belt with large glass windows to enhance water views. There are no adjoining buildings, so views from the seven detached, three-story houses are all protected. "We have also allowed interior designers to customise the space, with no expenses spared or detail overlooked," said Loewe Lee, managing director of National Properties.

Two of the seven houses in the development are fully furnished

and open for private viewing, with each expected to sell for more than HK\$600m (US\$77m). One is designed by New York Baccarat Hotel designer Gilles & Boissier and the other by Joseph Fung of Hong Kong design firm Studio Pantheon II.

National Properties, a subsidiary of family business conglomerate National Electronics Holdings, was a pioneer in luxury real estate in Hong Kong and has set several price records throughout its 25-year history.

Among them is 37 Deep Water Bay Road, a single-family house touted as Hong Kong's "Chateau de Versailles", which sold for HK\$220m in 1998, becoming the most expensive residence in Hong Kong. nationalhotels.com.hk

Sun Hung Kai Properties won a residential parcel in the Tai Po (New Territories) for a higher-than-expected HK\$6.31bn (US\$804m) in June, its second successful government land tender in a month.

The price translates to HK\$6,646 (US\$849) per sq. ft, 69% higher than the previous site in the area which sold for HK\$3,932 (US\$502 today) per sq. ft in 2016 to Sino Land but still 8.8% lower than the peak of HK\$7,284 (US\$930 today) per sq. ft paid by Sino Land in 2009 for the site now home to Mayfair by The Sea II.

"We are pleased to win the parcel," said Victor Lui, deputy managing director at Sun Hung Kai Properties, who estimated the total investment to be about HK\$12b (US\$1.53b).

"The scale of development is large, so we could build flats of different sizes there,"

The plot is valued between HK\$5.2 b (US\$660m) and HK\$6.2b (US\$790m), or HK\$5,500 (US\$702) to HK\$6,500 (US\$830) per sq, according to Knight Frank.

"The price was slightly above expectation," said Alvin Lam, director of Midland Surveyors, explaining that commercial projects were more volatile as they were driven less by end user demand and "usually for investment use only".

"The demand of housing is more stable because there are end users and investor demand for housing."

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