



Peak party

International property expert Ruth Sullivan fixes the spotlight on Hong Kong's luxury rental market

Hong Kong has a remarkable capacity to surprise, and the recent trend of rising home prices and record rents of some of the island's high-end properties is doing just that. Some super luxury leases have hit eye-watering levels in areas such as the heady heights of The Peak, the island's most prestigious address.

"At the top end, prices have surprised us given the turbulence, social unrest and Covid," said Simon Smith, regional head of research & consultancy for Asia Pacific at Savills (savills.com.hk).

The highest monthly residential rent record on The Peak was recently broken by an opulent house at 73 Mount Kellet Road, leasing at HK\$1.6 million a month, overtaking a HK\$1.35 million a month achieved at 11 Plantation

Road earlier in the year. "Houses on The Peak and luxurious homes in Repulse Bay and Deep Water Bay are the most expensive neighbourhoods in the world's most expensive city, synonymous with wealth, luxury and exclusivity since the colonial era," said Maggie Lee, head of residential agency, Knight Frank, Hong Kong (knightfrank.com.hk).



Super luxury homes are in demand given the tight availability of high-quality houses. Smith estimates there are only 2,600 houses on the densely built island, where most people live in flats. Terraced or detached houses command the highest rentals. The Mount Kellet house, which consists of 7,022 square feet, a 7,000 square foot garden, an internal lift, and panoramic views, makes it one of the highest square foot rental places in the world. On The Peak, year-on-year rentals rose 7.5 per cent to July, followed by 3.6 per cent in Happy Valley, with overall luxury rents showing a 3 per cent increase, according to Knight Frank.

The rising trend comes after a decline in the residential leasing market over the past two years, clouded by Covid-19, travel bans, political uncertainty and some British National Overseas passport holders leaving to live in the UK.

"Despite the pandemic, the high-end leasing market remained resilient," said Lee. She attributes the resilience to factors such as "the scarcity of home supply in Hong Kong, the low interest rate environment, and the strong

pent-up demand from local homebuyers", particularly in the prime segment.

Tenants at the high end are looking for "great views, privacy, top-notch management, clubhouse facilities including gym, pool and entertainment rooms with private kitchen," according to KS Koh, chief executive at Landscape Christie's International Real Estate, Hong Kong. (christiesrealestate.com/sales/hkg)

Prestigious international schools are another draw, such as Hong Kong's Harrow.

At Deep Water Bay Road, a 3,819 square foot house at number 70 was recently leased for HK \$440,000 per month, and a 5,804 square foot unit in The Lily at Repulse Bay, at HK\$360,000 monthly or HK\$62 per square feet.

Hong Kong still holds a lot of appeal. "It's a great place to live and has cosmopolitan liveability, terrific marinas, thriving private jet businesses and international golf courses," says Smith. ▶

Above: The famous tram to the top of 'The Peak' and some of the most desirable and expensive homes in Hong Kong



Above: The Hong Kong skyline from Victoria Peak Left: The prestigious Deep Water Bay Below A residential apartment flat on Victoria Peak with views of Hong Kong, the Kowloon skyline and Victoria Harbour

A super-luxury six-bed townhouse in an exclusive development at Circle Lodge, perched on a hill at Repulse Bay Road – with panoramic views over the bay and South China Sea, garden, roof terrace, swimming pool, car park, club facilities, and maid’s room – is on the rental market at HK\$650,000 monthly, with Savills.

For those with an eye on the cool, green Peak area, a spacious three-storey, unfurnished, five-bed townhouse, in a development of 11 homes at 74 Mount Kellet Road, with floor to ceiling windows, private garden, balcony, roof terrace, clubhouse facilities, including swimming pool and gym, clubhouse facilities and views over Southside, is available through Savills for HK\$250,000 a month.

Tenants at the top end, largely come from finance-related industries, many of which are benefitting from the flourishing IPO market. Franky Cho, Chief Operating Officer, List Sotheby’s International Realty Hong Kong, says most are on personal rentals but he is seeing a growth of

Chinese companies on corporate leases. “As the number of Covid cases remains at a very low level, we see signs of recovery in the economy with much more active business activities,” he said. ([sothebysrealty.com/eng/sales/hkg](https://www.sothebysrealty.com/eng/sales/hkg))

In the second quarter this year, all areas on Hong Kong Island rose, with expensive neighbourhoods such as Mid-Levels increasing by 0.7 per cent, followed by

0.5 per cent on The Peak and Pokfulam, according to Savills’ July residential leasing data. Townhouse rents saw an increase of 0.9%. But is the rising trend likely to continue? Cho believes it will. “A strong demand from locals already provides a support to the property market in general and we do expect the rising trend might continue in the super luxury rental property segment

once the border with mainland China reopens.”

Knight Frank’s Lee is also upbeat. “As Hong Kong financial regulators announced that senior executives in the financial industry who meet certain criteria can seek an exemption from compulsory quarantine when they return or travel to Hong Kong, near-term leasing demand from expatriates is expected to rise.” ■

