

High-end Hong Kong

The super luxury Hong Kong real-estate market is alive and well, according to property expert Ruth Sullivan

While the mass residential market sectors are experiencing challenging times, the super-luxury residential market is more resilient, with deals being made for outstanding, high-quality homes on the densely populated island.

“Niche products in the super luxury market still attract interest,” said Cherrie Lai, head of Savills residential sales in Hong Kong.

“We saw excited buying after the border opened earlier in the year but the economy has not

moved at the same speed,” said Jack Tong, director of research at Savills Hong Kong.

In the second quarter this year 126 deals were made compared to 165 in the first three months, showing a 24% fall but volume was still 16% higher than a year ago, according to Savills data.

Buyers on the look-out for a super special property in prestigious areas such as the Peak, one of Hong Kong island’s most spacious, green neighbourhoods, are still active.

Despite the global economic uncertainties and high interest rates, cash-rich buyers are still interested in acquiring trophy assets, said Lucia Leung, director and consultancy of Greater China at Knight Frank. Some of the big transactions made in July included a 3,736 sq ft house in Severn 8 at the Peak, which sold for HK\$300 million, while another, a 7,083 sq-ft house in La Villa de La Salle in Kowloon Tong sold for HK\$254.8 million. Villa Ellenbud, a spacious historic building with sea views

and a garden on Sassoon Road, Pokfulam, an exclusive enclave of the wealthy and famous, recently sold for HK\$550 million. According to Land Registry, the 19,500 sq ft property was bought by Chris Gradel, co-founder of investment firm PAG. Fewer mainland Chinese are currently buying, instead taking a more cautious approach preferring to lease a home in their first few years in Hong Kong and settle into the environment before making acquisitions. ➤





However, there is still an active small pool of Chinese mainlanders, Hong Kong businessmen and wealthy families buying.

Some expat families who are trickling back to Hong Kong post-Covid are also renting homes and boosting the leasing market. Demand for high-quality homes in the Peak and Southern District saw an uptick in July with striking transactions such as a 3,527 sq ft house on Plantation Road at the Peak, which rented at HK\$340,000 per month.

In such an uncertain market, investors and savvy buyers will certainly be looking

closely at prices. So is this a time to cut good deals? “We saw a number of good deals being done with approximately 5-8% discount from current market price. However, we also see some unique and rare trophy homes still transacted without much discount,” said Franky Cho, chief operating officer, at List Sotheby’s International Realty, Hong Kong. Given the scarcity of high-quality homes some

Top: The luxury real estate market has recovered well
Below: Hong Kong’s CBD and Victoria Peak; one of the most desirable regions for luxury real estate

of the old Hong Kong families comfortably remain in a holding position on their properties. Traditionally wealthy families often tend to hold property for 30-40 years. In spite of the current situation Cho is upbeat and believes “a better market will happen soon, right after US interest rates stop rising.”

What is the outlook for investors during the rest of the year and next? Cho expects sales prices to stabilise with a further correction of around 5% as the demand for luxury rental has been slowly improving. Looking ahead to 2024 he predicts an increase in sales volumes when the economy begins to improve.

Savill’s Tong takes a different view, expecting to see “some distressed sales and eye-catching deals in the market.” He predicts “more distressed sales of about 20% discount in 2024”, and expects most buyers will be local, although some expats are slowly returning.

One area to watch for discounts is likely to be companies or executives who bought several properties a few years ago, need cash and decide to sell off one at a discount. “If you have a good appetite for super-luxury it’s a good time to start hunting for distressed opportunities,” Tong said. ■

