



THE RITZ-CARLTON RESIDENCES IN BANGKOK ENJOYS SPECTACULAR VIEWS OF THE THAI CAPITAL.

Successful business is all about good brands, and it is no exception in the property sector. As the building and design of homes – and all their lavish extensions – reach new levels of luxury, branded properties have become a trend in recent years.

These properties can command a premium of 30 per cent or more, as buyers are willing to pay for the quality and services they expect from a luxury name. However, as developers rush to

meet rising demand in mature and emerging markets, experts warn that they need to deliver and not just bank on a marketing story.

Knight Frank notes in a report that “the prime global residential market has seen a strong return to growth over the past few years, and branded residences have been at the forefront of this process”.

James Price, partner, international residential development at Knight Frank

in London, explains: “In certain markets – those that are still emerging – buyers place greater value on the presence of associated brands and operators, and clearly a leading global operator can help drive interest.”

He sees that trend continuing. “The evidence from speaking to HNWIs [high-net-worth individuals] and UNWIs [ultrahigh-net-worth individuals] in formulating our 2014 Wealth Report is that [the rich] are ever more focused on

What's in a name?

Acclaimed hotels have built 'branded properties' with luxury amenities as an everyday lifestyle, writes **Peta Tomlinson**



AQUA BORACAY BY YOO

property. They tend to mix their portfolios between established prime markets, and perhaps some other locations driven more by their own personal use."

When status matters, there's no doubt a premium brand oozes prestige. Four Seasons Place in Shanghai's Pudong district, for example, sits atop the city's newest architectural landmark, 21st Century Tower. Residents arrive by private high-speed lifts to highly designed and fully automated homes fitted with tailor-made furniture. The Ritz-Carlton Residences, Bangkok, due for completion this year, overlooks the Thai capital from the city's tallest building and offers supreme luxury in highly customised single-level and duplex homes of up to 8,500 sq ft.

It's not just about image, says Rebecca Shum, executive director of international investment properties at CBRE in Hong Kong. A reputable brand brings with it the expectation of consistency over time. From such names, customers expect to receive the same quality of products and services – from architecture and interior design, security and maintenance upkeep, to fine dining and other luxury experiences – wherever they travel across different regions. "Brand owners follow this rule," Shum says.

The main draw, though – and what makes hotel branded residences stand apart from regular resort properties – is the privileged service. The target buyers of hotel branded residences are mostly business travellers – and for them, time is money, according to Shum. "Hotel management companies offer quick access and instant services to the owners and residents whenever they want. Such buyers are very willing to pay a premium to get the best and most efficient services any time of the day."

Asian high-flyers are particularly keen on the convenience aspect of

branded properties, Shum says. They're less likely than their European counterparts to book ahead for hair appointments or spa treatments, so the idea of priority service appeals.

All this effort pays off for developers, who can sell branded properties for an average of one-third more than equivalent non-branded schemes, and in some places much more. In Kuala Lumpur, Knight Frank's report found that branded properties commanded a 35.7 per cent premium over the period analysed; in Shanghai it was 33.5 per cent; Beijing 26.7 per cent; and Bangkok 21.4 per cent. Dubai and Berlin were the stand-outs of the markets covered, with a coveted name bringing premiums of 58.5 per cent and 57.1 per cent, respectively.

The residential and hotel design company yoo is launching six projects in the region, with many more on the way. "In the past 10 years we have seen a huge increase in branded, or design-led residences, which can really be attributed to the growth of the design-savvy purchaser in the market," says co-founder John Hitchcox. "Asian buyers seek incredibly sophisticated designs, and the 'work hard, play hard' mentality means that buyers demand homes that

truly reflect their lifestyles and passions." With developers keen to harness the value of branded residences, Hitchcox believes there is much more potential to be tapped in the region. "The reason branded residences and hotels are so popular is because they help create identity, trust and loyalty within what is an extremely competitive marketplace. This is a market which has already developed in the Philippines, and we are sure that Indonesia and the rest of Southeast Asia will see a surge in popularity in this area shortly."

Andrew Pang, managing director for yoo Asia-Pacific, points to yoo Residence in Causeway Bay – its first residential project in Hong Kong that launched in May last year – as evidence of the value of a brand. Even in a difficult market, "especially in the high-end sector", 80 per cent of the property was sold in the first few months, achieving a record HK\$43,000 per square foot for a one-bedroom unit, he says.

But how do such properties stack up as an investment? Nick Candy, CEO of Candy & Candy, a London-based real estate designer, sees their merit. "The right product in the right location will hold its value, and research has shown

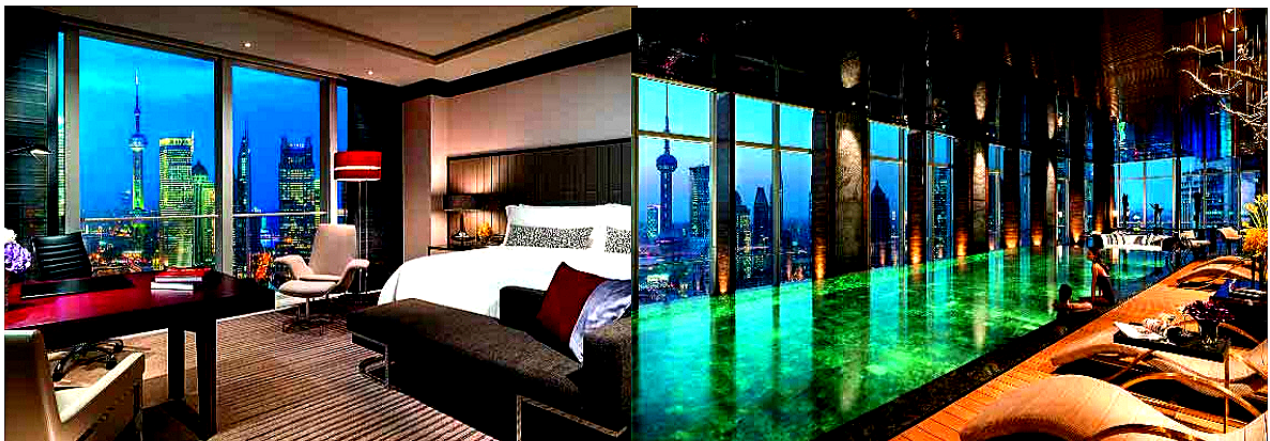
that branded developments outperform non-branded developments, achieving and maintaining a premium price."

Candy worked with Mandarin Oriental on One Hyde Park, a branded property in London's Knightsbridge district. It achieved record prices after launching in 2007, with the highest being £136 million (HK\$1.77 billion) for a triplex penthouse.

Although branded residences can be resold just like any other strata-titled property, this rarely happens, Candy says. "Most owners today are not looking to sell and would rather hold bricks and mortar in their asset portfolio."

Of course, the continuing charges are higher – up to 30 per cent more on average for maintenance fees. But owners feel it's worth it, Candy says. "Branded properties will typically have a higher design specification and a higher standard of services and amenities than other luxury non-branded properties."

Shum says hotel branded residences can be in the form of city condominiums or resort properties, offering different concepts to target buyers. But they do have one thing in common: "They are luxury products that bring premier services, satisfaction and benefits to those who can afford them."



FOUR SEASONS PLACE ATOP THE 21ST CENTURY TOWER IN SHANGHAI'S PUDONG DISTRICT



ONE HYDE PARK IN LONDON

James Price of Knight Frank in London notes that brands need to deliver.

"The key [to a branded property's success] is tangible service delivery, rather than the badge, per se," he says. "As long as brands continue to deliver on quality of service and design, they will be in demand."

But not all brands are created equal, he adds. "One would argue that an operator like Four Seasons brings very real benefits and drives value; others are perhaps more about creating a marketing story."

The idea of linking hotels with residential space is not a new one: New York's Sherry Netherland Hotel offered private residences when it opened in 1927. As the market matured, developers gradually upped the ante and, today, apart from the usual raft of five-star hotel services, it's not unusual for branded property operators to offer the likes of private dining rooms, in-house cinemas, chauffeured limousines and climate-controlled wine cellars.

While this level of luxury is now the norm in the realm of the ultrarich, sometimes they still need to work. The market demands that prime branded residential properties should also be fully networked, and preferably have facilities for business meetings, conferences and video conferencing.

Branded properties around the globe

Aqua Boracay by yoo

Situated on Boracay Island in the Philippines, the seafront resort property has direct access to Bulabog Beach. It is within walking distance of the cafes and upscale restaurants of White Beach, and D'Mall, the island's central shopping and commercial district. Resort facilities include swimming and therapy pools, a day spa, health club, yoga studio and function rooms.

Price: From US\$199,999

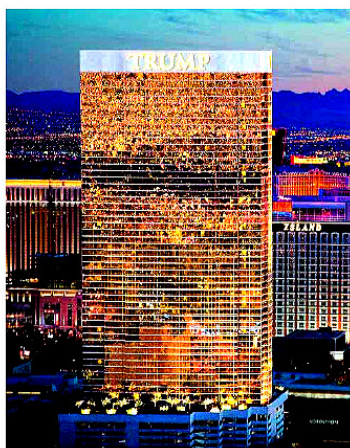
Completion: December 2014 (phase 1)

Four Seasons Place, Pudong, Shanghai

The 73 ultraluxury one-, two- and three-bedroom residences designed by Yabu Pushelberg occupy the top 12 floors of 21st Century Tower along Century Boulevard in Pudong's Little Lujiazui financial district. Residential facilities include an indoor infinity swimming pool, fitness centre, spa salon and business centre. Bespoke services include 24-hour full concierge and security, butler service, valet parking and room service.

Price: From US\$3.5 million

Completion: First quarter 2013



THE RESIDENCES AT TRUMP INTERNATIONAL HOTEL LAS VEGAS

The Ritz-Carlton Residences, Bangkok

In one of Bangkok's most luxurious and prestigious developments, the David Collins Studio-designed single-storey and duplex homes have stunning city views and range in size from 1,200 sq ft to 8,500 sq ft. The building is directly linked to Chong Nonsi BTS station and within close reach of the Chao Phraya River and Lumpini Park.

Price: From US\$1.4 million

Completion: Fourth quarter 2015

One Hyde Park: The Residences at Mandarin Oriental, London

Occupying a prime Knightsbridge location overlooking Hyde Park, Sloane Street and Harrods, 86 luxury homes designed by Lord Richard Rogers are Mandarin Oriental Hotel Group's first branded residences in Europe. Over £2 billion (HK\$26 billion) in sales have been completed to date, with only two homes remaining.

Price: £6.6 million for a one-bedroom apartment; around £20 million for a three-bedroom

Completion: January 2011

The Residences at Trump International Hotel Las Vegas

A tower encased in 24ct gold with a dedicated attaché, a pool deck with private cabanas, and a location on Fashion Show Drive in the heart of the iconic Las Vegas Strip – who else but Donald Trump would put their name to such a place?

Price: From US\$250,000

Completion: 2008