

THE PEAK PROPERTY

HONG KONG

thepeakmagazine.com

NOVEMBER 2017

**URBAN RENEWAL
IN LONDON**

**THE BUSINESS OF
SERVICED APARTMENTS**

**HONG KONG'S LUXURY
PROPERTY OFFERINGS
AT A GLANCE**

SOLD IN CONJUNCTION WITH THE NOVEMBER 2017 ISSUE OF THE PEAK HONG KONG

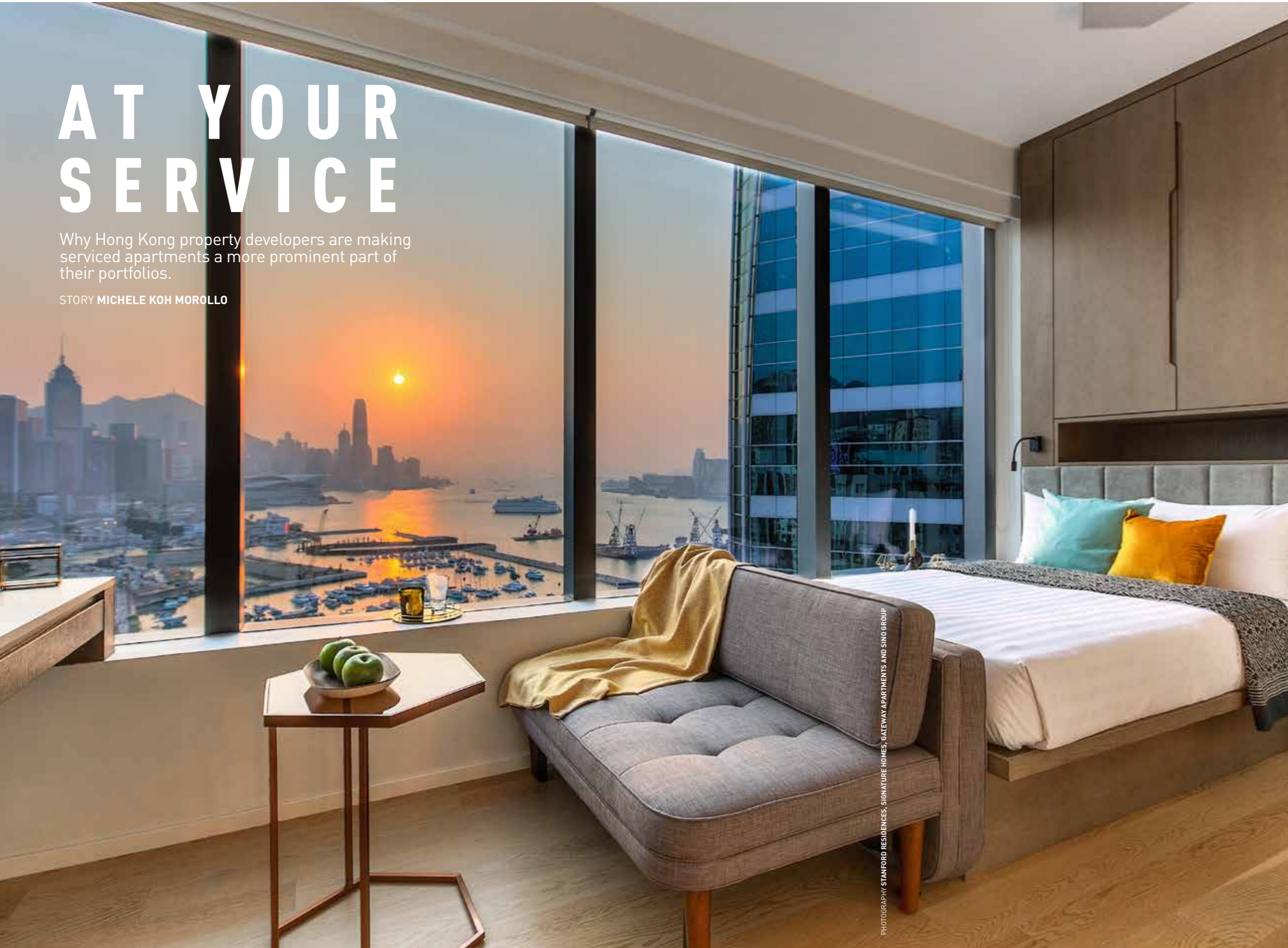
KADOORIA

URBAN LUXURY LIVING REIMAGINED
AT KADOORIE HILL BY CITIC PACIFIC

AT YOUR SERVICE

Why Hong Kong property developers are making serviced apartments a more prominent part of their portfolios.

STORY MICHELE KOH MOROLLO



PHOTOGRAPHY STANFORD RESIDENCES, SIGNATURE HOMES, GATEWAY APARTMENTS AND SINO GROUP

In fast paced cities like Hong Kong, living with the convenience of hotel-style service and amenities in one's own home is becoming increasingly attractive.

After years of rapid growth, the serviced apartment industry in Asia-Pacific shows no signs of slowing. A 2016/17 Global Serviced Apartments Industry Report shows that the market grew by 10.5 per cent last year, with the global supply of serviced apartments fast approaching a landmark 1 million units.

“More international firms are sending staff on short-term assignments, where employees are only looking for leases of between six months to one year,” said Edina Wong, head of residential service, Savills Hong Kong. “Because of their flexible and inclusive lease terms, serviced apartments are more attractive than hotels. They are especially appealing to young expat executives or couples as an interim residence, as they can transition seamlessly into a new home in a new city without having to shop for white goods, or set up phone or internet lines.”

Other reasons for the rise in serviced apartment rentals include a growing entrepreneurial culture, where young local professionals who work out of shared co-working spaces prefer to live more centrally.

“More than a third of occupants in our serviced apartments are local Hong Kong Chinese,” said Sunny Yeung, executive director at Sino Group. “More people are postponing marriage, so a single person with a good income may choose to stay close to Wan Chai or Central. With serviced apartments, these young professionals can enjoy carefree living away from their families, focus on their careers, while still having their needs and comforts taken care of.”

“MORE INTERNATIONAL FIRMS ARE SENDING STAFF ON SHORT-TERM ASSIGNMENTS, WHERE EMPLOYEES ARE ONLY LOOKING FOR LEASES OF BETWEEN SIX MONTH TO ONE YEAR”

– Edina Wong, head of residential service, Savills Hong Kong

As more service apartment providers enter the market, competition has been heating up, which means branding has become an important aspect of building, operating and selling service apartments.

In June Stanford Residences Victoria Harbour debuted in Hong Kong, reflecting the first apartment development in the city by Stanford Hotels International, a subsidiary of the K. Wah Group.

More than half of the units, which include custom-made furniture, Foster kitchen appliances, Liebherr refrigerators, Whirlpool washing machine and Hansgrohe bathroom fixtures, are already occupied.

Eugene Tang, general manager, project and business development of Stanford Hotels International oversees the product design, development and marketing of the group's four serviced apartments properties. These include Stanford Residences Victoria Harbour in Hong Kong, and Stanford Residences in Jing An, Xu Hui and most recently Jin Qiao in Shanghai – which all feature wooden floors and clean-lined, contemporary decor.

Before tackling a new development, Tang

distributes project manuals to both his construction and sales teams. If the construction team makes alterations, then the sales team needs to ensure that these changes are reflected in their specs. The same rules apply in reverse.

“If changes are made in one department, staff in that department have to consult staff in the other, this way we don't send out any false expectations,” Tang said. “Branding is not just about marketing, it's a part of our entire operation, from how we build, to how we style our units, to how we serve our customers.”

He said that branding included elements such as the colour scheme and layout of the units, the quality and functionality of the furniture, guest services, and maintenance and attention to detail.

“The standard of living is very mature in China and Hong Kong now, so renters are looking for service apartments that offer a premium lifestyle. A good location is a priority for new arrivals, because this helps them to transition smoothly into a new city. For those looking to find a longer-term rental eventually, a good location helps them to orient,” says Tang.



TOP
Eugene Tang,
general
manager,
project and
business
development of
Stanford Hotels
International



BELOW
Four Seasons
Place

OPPOSITE PAGE
Vega Suites;





ABOVE
The Camphore

OPPOSITE FROM TOP
Gateway Apartments;
The Staunton Suites

Notable luxury serviced residences in Hong Kong include Four Seasons Place, The HarbourView Place and Vega Suites by Signature Homes; Gateway Apartments by Wheelock and Co., and The Humphrey's, Staunton Suites, The Camphora, The Johnston Suites and The Ventriss, owned and operated by Sino Group.

"Many people choose to live in serviced suites because of the flexible contract terms, the comfortable living space and in-room facilities on offer," said Belinda Kuan, general manager of Signature Homes. "Some of our suites are decorated by acclaimed international designers, such as Yabu Pushelberg and Bilkey Llinas Design. We provide multilingual concierges and teams of guest relations executives who are on hand to help newcomers settle in."

The rising popularity of serviced apartments begs the question, do developers get better returns from their service apartment leasing businesses compared

to standard residential leasing?

"For small properties of between say 80 to 100 units in centralised locations, it makes sense to keep that property and operate it as a serviced apartment. In Hong Kong, property values are almost always rising, so this is a good way for developers to enjoy recurrent income while still benefiting from appreciation," said Yeung.

"Decisions will hinge on what the developer's financial planning will allow. But if the developer has a plot or property in the New Territories or a remote area, then it's better to build and sell. If it's a 500 unit development, it would also be unwise to lease out serviced units, because then you are open to cannibalism, as investment owners might undercut your rates," he said.

Staunton Suites, Sino Group's newest service apartment property, had its soft launch in mid-June and is already 85 per cent occupied.



According to Yeung, branding should be a way to collectively strengthen the quality of the products and services across Sino Group's five serviced properties. To provide value for money, Yeung and his team focus on improving "software" by cultivating positive attitudes and responsive service from staff. "We continually work on making our service smooth as silk, so our customers feel well looked after and enjoy homelike security and comfort," he said.

Sino Group has also been striving to set up concessions for residents such as discounts at food and beverage outlets among its hotels, or shopping discounts at its malls.

"Branding isn't just about marketing. It is a summation of what we do, it's about being well-regarded for our values and the quality of living that our serviced apartments offer," said Yeung.

He expects healthy growth for the market for at least the next two to three years. ㊦