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## PROPERTIES

### Bigger means better in new apartment projects

As the wealthy snap up properties in top cities, space is of the essence

BY LAURA LATHAM

Developers wanting to win the highest-net-worth buyers have learned that they must "supersize" their apartment properties.

Over the past two to three years a global demand for apartments of more than 6,000 square feet, or about 560 square meters, has emerged. This trend is changing the way property developers are designing their projects: just one property per floor or a single apartment on two or more floors.

The 12-story Opus residential tower in Hong Kong is an example, with each apartment covering an entire floor of 6,683 square feet. The building broke price records for the city within four months of its completion last year, with the unit that covers the ninth floor selling for 455 million Hong Kong dollars, or \$58.7 million.

In Taipei, the apartment that covers the 30th floor of the new Ellipse 360 development measures slightly more than 9,000 square feet. It has three bedrooms and glass walls offering 360-degree views, and is priced at 370 million Taiwanese dollars, or \$12.46 million, with Sotheby's International Realty.

"There is a notable shift in the luxury segment of the market from houses to equivalent-size apartments," said Martin Cubbon, chief executive of Swire Properties, the Hong Kong developer behind Opus. "This reflects a number of trends such as improved design, desire for better security, ease of maintenance and a need to be close to the heart of a city."

Demand is affecting development criteria in almost every major international city, though the market is being led by London and cities in North America, agents say. And properties larger than 10,000 square feet are selling fast, often at higher-than-expected prices.

In an early indication of the trend, the New York development One57 sold 50 percent of its residences within six months of its introduction in November 2011, with the most expensive apartments selling first, including the penthouse of almost 11,000 square feet for \$95 million. Buyers of apartments like that of One57 have been identified as international billionaires, and it seems every major developer is now trying to cash in



Portico, a development in Barbados, is selling a seafront apartment of 10,000 square feet for \$9 million. Agents say buyers increasingly prefer big apartments to huge houses.

on demand.

In London, the largest apartments at the recently renovated 3-10 Grosvenor Crescent are more than 11,000 square feet, while prime penthouses at the iconic Battersea Power Station renovation are expected to be 8,000 square feet. Several sold immediately when the project was introduced in January, for prices reported to be more than £6 million, or \$9 million, each.

"Unit sizes are increasing because the target market wants larger, one-of-a-kind residences in key locations," said Peter Vaughan, director with the British architects Broadway Malyan, which designed the Vauxhall Tower, a 50-story building still under construction in London. "It's not unusual for buyers to want the top three to five floors and homes in excess of 10,000 square feet."

A triplex penthouse measuring 18,000 square feet with a price tag of £50 million was reported in The Times of London to have sold to a businessman from Southeast Asia.

Even where floors at the Tower have been divided into separate two- or three-bedroom units, here too Mr. Vaughan said buyers had been requesting entire floors with more than 6,000 square feet of space. The firm is also consulting on res-

idential projects in the Philippines, Istanbul, Georgia and Iraq in which residences exceed 5,000 square feet.

"The investor demographic for large-scale penthouses includes Russians, Chinese and Middle Easterners. They often have large families, servants, or do a lot of entertaining," Mr. Vaughan said. "Whereas they might previously have bought country estates, they now want to be in city centers for access to business and urban lifestyle choices."

Robert Bailey, a London-based property agent who specializes in luxury units, echoed Mr. Vaughan's comments, noting that he has seen an increase in enquiries for apartments of more than 5,000 square feet by investors from China, Russia and the Pacific Rim. He recently brokered the sale of an apartment in central London for an Australian family specifically seeking a property of more than 10,000 square feet on one floor.

In the United States, apartments are getting larger as well as higher. The top units at 432 Park Avenue, set to be New York's tallest building when it is finished in 2015, are expected to have 8,255 square feet and sell for \$82.55 million.

The Mansions at Acqualina, in Miami, has a duplex penthouse of more than 15,000 square feet that it calls a "man-

sion in the sky" with 360-degree views. It went on sale in January at \$55 million; no purchase has been announced.

And in Toronto, the global real estate agent Christie's International Real Estate is listing a unit of 10,000 square feet, with an extra 5,000 square feet of terraces, for 28 million Canadian dollars, or \$27.23 million in the Cumberland, a restored 1960s building.

The trend for more space also is gaining ground in traditional second-home markets. In the Swiss ski resort of Andermatt, the Chedi Residences has a duplex with 620 square meters of living space. The property is the biggest penthouse for sale to foreigners in Switzerland that also is exempt from a law that restricts second homes owned by non-nationals to 200 square meters.

Christof Birkhofer, head of real estate at Andermatt Swiss Alps, which is marketing the project, said high-end buyers were looking for apartments with long-term investment potential, as well as space and hotel-style facilities. "Premium properties are stable in price even during hard times," he said.

Portico, a new project of luxury apartments in Barbados, has also been designed to appeal to the high-end second home market. A seafront "mega-apart-

ment" of 10,000 square feet is available, at \$9 million, through Sotheby's International.

Sixty percent of Portico is now sold and some buyers, which include Canadians, French and Italians, have already combined smaller units to create apartments in excess of 7,000 square feet.

But this sector may not be as buoyant as expected, according to Tancred Liddbury, sales director with Christie's International Real Estate.

"Buyers typically want large lateral or duplex apartments in blue-chip cities, such as Paris, London, Hong Kong and New York," he said. "Developers are trying to recreate the same market in traditional second-home destinations, such as the Caribbean, but there is less take-up for such large homes in those locations. Clients trying to sell supersize homes in these regions can find it tough."

And developers are continuing to build big. Sales in the Shard, a new tower in London, have not begun yet but it has been reported that there will be residential units of around 30,000 square feet. Equally newsworthy is Tour Odeon, in Monte Carlo. The tower, which is being built to 49 stories, is to have a world-beating penthouse of 3,300 square meters, or 35,500 square feet.