

# PROPERTY



**Road to savings**  
**Americans**  
**opt to retire**  
**closer to home**

> UNITED STATES P6

**Looking up**  
**Sales rebound**  
**as banks and**  
**developers act**

> MAINLAND P3

**Point of sale**  
**Price: HK\$4.2 million**  
**Size: 678 sq ft**  
**Where: Residence Oasis,**  
**Tseung Kwan O**

> FACTS & FIGURES P2

Secondary market  
**307**  
• Home sales in 50 estates, Mar 5-11

**Fresh future**  
**Architects inspired**  
**to rehouse the**  
**American Dream**

> ARCHITECTURE P2



**Dynasty Court**

**Dynasty Court 23 Old Peak Road**

- Located in the most prestigious area in Old Peak Road
- Palatial 28,000 s.f. clubhouse with indoor & outdoor swimming pools
- 3-3 bedrooms of 1,921 to 2,858 s.f. apartments/ penthouses are available

**The Royal Tower**

**The Royal Tower 18 Old Peak Road**

- Located in the most prestigious area in Old Peak Road
- Embrace view of bustling Victoria Harbour and calming green views of The Peak
- 2-3 bedrooms of 911 to 1,383 s.f. apartments are available

**The Royal Tower**

**Sun Hung Kai Properties**

**SignatureHomes®**

Forcing Enquiry (before the enquiry after hours):  
**Ms. Elee Lee / Mr. Kevin Ip**  
**2828 7728**  
[www.SignatureHomes.com.hk](http://www.SignatureHomes.com.hk)

## MACAU

# SALES AT HIGHEST LEVEL IN A YEAR

**New releases** and surging economy unleash pent-up demand, with sales of new and secondary homes expected to exceed 1,000 transactions this month

**Paggie Leung** in Macau  
[paggie.leung@scmp.com](mailto:paggie.leung@scmp.com)

New offerings are expected to release pent-up demand and help lift Macau home sales to their highest levels in nearly a year, estate agents say.

Jane Liu Zee-ka, managing director of Ricacorp (Macau) Properties, said total sales of new and secondary homes in Macau might exceed 1,000 transactions this month, which would be the highest since last April, when there were 3,500 transactions.

The estimate is significantly higher than about 400 residential property sales recorded by the agency in

February and some 100 in January. Property sales in Macau dropped sharply to just a few hundred per month after the government announced a special stamp duty and curbs on mortgage lending in April. The move was aimed at curbing speculation in the market.

"The local economy is growing and many locals are buying properties again to beat inflation or for rental income," Liu said. "Some new residential property projects launched this month have attracted a lot of pent-up buying power."

At Park Residence – the third phase of residential property project One Oasis, Cotai South – at least 250

flats have been sold since last week. The project is co-developed by five firms including Nan Fung, ITC Properties, Linkeast Investments, Arch Capital Management, and the Success Universe group.

The pre-sale units – ranging from studio flats to two-bedroom flats sized from 500 square feet to nearly 1,200 sq ft – were sold at between HK\$4,900 and HK\$5,900 per sq ft. This was higher than the prices of around HK\$4,000 per sq ft fetched by flats sold in the project a year ago.

"With Macau's economy growing at 20 to 30 per cent a year, I think it is reasonable for [luxury] flat prices to rise by 10 per cent ... or even 20 per



**Show flats at Park Residence, the third phase of One Oasis Cotai South**

cent this year," said Edwin Cheung Hon-kit, chairman of ITC Properties.

Demand was strong, he said, and at present only about 1,000 new flats are being released on the private market annually compared to about 3,000 marriages that take place each year in Macau.

"I think the property market will do better than last year because interest rates should remain low at least until 2014 ... and I don't think the global economy will turn too bad," said Cheung. Also, he added, the special stamp duty would not affect sales of its project because buyers were signing purchase agreements now but would take delivery before 2014.

Chinese Estates Group also launched its luxury residential project La Scala, which has sold at least five special units, including a 7,000 sq ft flat with a record-breaking price tag of HK\$83.8 million.

The five units totalled HK\$400 million, with an average selling price at HK\$12,000 per sq ft. It is planning to sell other regular units priced from HK\$7,000 per sq ft.

Macau resident Gordon Tin

Kwan-sin, who earns more than HK\$20,000 a month and lives with his family, bought an 800 sq ft flat on the secondary market for HK\$2.95 million in Taipa last month as a long-term investment.

Upbeat about Macau's rental market, Tin is going to lease his property at HK\$7,000 per month, representing a yield of about 3 per cent. He expects the flat's price may rise by 10 per cent this year, or 20 per cent in two to three years; and easier credit conditions had also encouraged him to make the investment.

"With the rapid development of the gaming industry, many people are moving to Macau and rents have risen by HK\$1,000 from last year. The supply of rental flats is limited and you don't need to worry about finding a tenant," said Tin.

## Hongkongers buy into Festival City development

More than 500 of the 1,536 flats in phase three of Festival City in Tai Wai have sold, generating more than HK\$4.5 billion in sales for developers Cheung Kong (Holdings) and MTR Corp. Cheung Kong Real Estate director William Kwok Tze-wai estimated that nearly 90 per cent of the buyers were local, while the rest came from the mainland and Taiwan. Yvonne Liu



## Return of record prices at top end

**Owners of flats at quality estates cash in on the recovery in market sentiment**

**Sandy Li**  
[sandy.li@scmp.com](mailto:sandy.li@scmp.com)

A growing number of deals in major housing estates are being done at record prices as owners seek to cash in on a recovery in market sentiment, property agents say.

Although the big-ticket deals are concentrated in the top end of the market – mainly for penthouses or special flats – the signal sent by the transactions would be positive for the overall housing market, they said.

"Owners are cashing in on the market rebound as they are getting offers they cannot resist," a director of Midland Real Estate, Sammy Po, said.



On Wednesday last week a 1,408 square foot penthouse with a 925 sq ft rooftop in Taikoo Shing sold for HK\$24.8 million, or HK\$17,614 per sq ft, setting a new record for lump sum and price per sq ft for the estate.

The price broke the previous record set in August last year when a 1,182 sq ft penthouse sold for HK\$17.15 million – HK\$14,509 a sq ft.

The record-breaking run continued over the weekend, with a 1,180 sq ft penthouse at Kingswood Villas in Tin Shui Wai selling on Saturday for HK\$5.88 million, or HK\$4,983 sq ft, a level not seen since the market's previous peak in 1997; and a 1,056 sq ft special flat with a 300 sq ft sky garden

> CONTINUED ON P2

8%

The percentage by which a Midland agent says asking prices for flats in quality estates with good views have risen in past two weeks

## MORTGAGES

# Shifting fortunes of Hibor and prime

**The changing interest rate environment means homebuyers are likely to switch their preference**

**Peggy Sito**  
[peggy.sito@scmp.com](mailto:peggy.sito@scmp.com)

After making the biggest investment decision of her life to buy a flat in Hong Kong, Palanka Luk is now wrestling with another challenge – what type of mortgage should she choose?

"A prime-linked rate, or a loan linked to the Hong Kong interbank offered rate (Hibor)?" mused the single office worker in her mid-30s.

Luk, who has just bought a 650 square foot flat in Island East for HK\$5.3 million, hopes to repay a 70 per cent loan over 30 years and is tempted by a Hibor-linked loan.

Analysts have estimated that Hong Kong mortgage rates are un-

likely to rise sharply this year, and Luk considers that interest rates will remain at a low level for some time, citing the fact the US Federal Reserve forecast the present regime of low rates would probably last until 2014.

Hong Kong pegs its currency to the US dollar, which means interest rates here must track US rates closely to maintain a stable exchange rate, although there may be small variations in the lending rates charged by the city's banks.

Since 2000, Hong Kong mortgage rates have held in a tight range about three percentage points above the so-called Fed funds target rate, which is the regulated interest rate on overnight loans between banks.

In Hong Kong, Hibor-linked loans

are offered at a small and floating premium to the local interbank rate. At present they offer a lower rate than prime-based loans, mReferral chief economist Sharmaine Lau said.

Borrowing costs of Hibor-based loans averaged just 0.9 per cent early last year, close to the lowest rates in 20 years, mReferral Mortgage Brokerage Services' data showed. That explained why more than 90 per cent of mReferral customers chose such loans early last year, Lau said. "But the trend has now turned. Last month, more than 90 per cent of our clients returned to the traditional prime-based mortgage plans."

The move was partly explained by the fact that rising Hibor rates had narrowed the gap between prime-based and Hibor-based loans, and also increased the risk of taking a floating-rate plan in an environment of rising rates.

Hong Kong banks, led by HSBC and BOC Hong Kong, have increased their Hibor-based mortgage rates at least six times since April as liquidity dried up.

Taking Luk's case as an example (see table), a loan of HK\$3.1 million repayable over 30 years, at the current prime lending rate less 3.1 per cent, will cost her HK\$13,992 a month. A Hibor-linked loan priced at Hibor plus 1.8 per cent will cost her HK\$13,936 a month, just HK\$56 a month less than a prime-based loan.

But Lau expects Hibor will rise this year – despite the assurances from the US Federal Reserve – because of the uncertain global economic environment. A Hibor-based loan would therefore steadily increase until it hits the rate at which it is capped by banks and the borrower is protected from any further rises. Currently that cap is prime minus 2.35 per cent, translat-

## Funding options

Price of flat <b>HK\$5.3 million</b>	Loan to value ratio <b>70%</b>	Loan <b>HK\$3.71 million</b>	Repayment period <b>30 years</b>
	<b>Prime</b>	<b>Hibor</b>	<b>Fixed</b>
Mortgage plan	P-3% (P=5.25)	H+1.8%, Cap rate P-2.35%	First 36 months 2.25%
Effective mortgage rate	2.25%	2.12%	2.25%
Monthly payment (HK\$)	14,181	13,936	14,181
Interest payment for the first three years (HK\$)	241,706	227,572	241,706
Cash rebate (HK\$)	37,100	37,100	0

ing into an effective rate of 2.88 per cent. Under this rate, Luk's monthly payments would increase to HK\$15,402.

Centalline Mortgage Broker managing director Ivy Wong Mei-fung said more clients were now turning to prime-based loans because repayments would be more stable.

Lau of mReferral said that in the long run, prime-based mortgages would offer a more predictable monthly repayment since Hibor rates were unlikely to remain at their present low levels.

"We could see Hibor rising to 3 per cent or more by the end of 2012," she said.



HOME

DESIGN

RAISING THE BARR FOR ASIAN HOSPITALITY

Hard work, and some remarkable luck, have paid off for a New York-born designer leaving his mark on hotels and casinos in his adopted home, Asia

Gillian Rhys  
property.post@scmp.com

Breaking into the gaming design world, like many things in Alan Barr's life, involved an element of luck. In 2007 Barr, at the time running his own design company in New York, received a phone call out of the blue asking him to travel to Las Vegas the next day for an undisclosed project. "I didn't even know what the project was but I believe in being in the right place at the right time – backed up by hard work," says Barr when I meet him during a brief visit to Hong Kong in between trips to Shanghai and Macau.

The Vegas project turned out to be the transformation of the 500-room Hard Rock hotel and casino complex into an 1,800-room behemoth complete with all the bars and party zones associated with the Hard Rock brand. "It was months of blood, sweat and tears," Barr recalls. "It was the best but also the most painful experience." He was hooked. "I cut my teeth on that project, it was like boot camp, but I fell in love with the gaming genre."

Fast-forward five years and Singapore is the new home of New York born-and-bred Barr. That move, too, was serendipitous. After 12 years, he had sold his share in his New York-based business, Zeffdesigns, to his

There can be a nod to China or Asia but in a way that pays respect to the culture rather than being a caricature of it

ALAN BARR

partner and was taking a year off to travel when a head-hunter asked him to meet Space Matrix, a design consultancy, in Singapore to discuss developing a hospitality design unit. "It happened to be going to Australia for a wedding so I decided to drop in on the way. I said yes after five minutes of meeting them. I just connected with them."

Two years later he's still there, concentrating on hospitality projects across Asia, including another top secret gaming venture in Macau. Barr will not name the client – one of the international gaming complexes – but says: "They are suites for high rollers and we're talking a US\$25 million budget for furnishings."

Big budgets go hand in hand with a gambling resort commission, but Barr says that far from having funds to throw around, the money is need-

ed to satisfy the microscopic level of detail the client expects. "People ask me: 'How can you spend all that money?' But you can, easily. These people have seen everything before. We have to find new products or twist them in a way that they have never seen before."

Everything will be tailor-made. "We don't buy anything in," he says. "We will draw a chair, design every last detail like the finish of the wood or piping and have it made. The same with door handles and light fixtures."

I ask whether he thinks the end consumers, the high rollers, are appreciative of his efforts, and whether they even notice the interiors. "Designers always think they're the only ones who appreciate design. But I think when someone walks into a room they do get the sense of quality. Macau in particular is about keeping up with the Joneses."

So what does he think they want to see?

"They still want everything to be very opulent and decadent; but the general trend, for all metropolitan areas of China, is a move away from obvious 'Chinese design'. So no large Ming vases or red and gold fabrics. They think it's patronising. There can be a nod to China or Asia but in a way that pays respect to the culture rather than being a caricature of it."

Macau is also learning that less is more, says Barr. "So instead of saying: 'Let's do several things that are 10 out of 10 on the impact scale,' they now do one that's 25 out of 10 and keep the rest subtle. That has more impact."

In October 2011 Space Matrix bought Blink Design. The two companies both had offices on the same floor of the same building in Bangkok, which led to a fortuitous match.

"You know how sometimes the moon and stars are in alignment? I kept bumping into Clint Nagata [Blink's founder and creative director] and we shared so many of the same ideas, he was like my brother. We talked about working on projects together and we ended up acquiring the company." All the hospitality projects are under the Blink banner.

"Clint and I are the two creative directors. We both trained as architects; he offers architecture, we both do interiors, and I handle the advisory and identity services."

Those latter two skills have become a key part of the business with Barr helping to figure out what they need from a project in the first place. And, at the other end of the spectrum, building their brand identity.

"I like to do a lot of things – I call it 'executive ADD' (attention deficit disorder)," he says, admitting that he can become bored easily – one reason he travels 20 days a month.

"I trained as an architect but I develop companies' brand names so that they become physical. We write



From top: Punjab Grill at the Marina Bay Sands in Singapore; Sanctuary 76 in Faridabad, India; and the Conrad Sanya in Hainan.





ANDAMAN  
AT QUAYSIDE

YOUR PRIVATE SEAT TO THE BEST VIEW IN PENANG, MALAYSIA.



Sited on the last plot within Quayside, the Andaman series already commands prime position within this extraordinary 21-acre waterfront resort. Then our architects made it even better. They designed the towers so that 75% of the units face across the sea, the marina at Straits Quay, the tree-lined waterpark, or coast towards the lights of Century Drive.

- Seri Tanjung Pinang is the largest world-class waterfront community in Penang, Malaysia
- 31 acres of waterfront land, 7 acres of gardens, 4.5-acre private waterpark, superb clubhouse
- The Andaman Series offer comprehensive fittings & 5-Star hotel standard fittings
- Minutes away from Straits Quay, Penang's first waterfront retail mall, international schools & hospitals
- Penang is one of Asia's Top 10 most livable cities and George Town has the honour of World Heritage Site status bestowed by Unesco

Up to 50% financing for HSBC Premier customers\*  
• Interest absorption scheme during construction  
(no further payment after 10% deposit till completion)\*

EXCLUSIVE SHOWCASE  
17 & 18 MARCH 2012 | SAT & SUN | 11 AM - 7 PM  
Mandarin Oriental Hong Kong, Charter Room (Level 2),  
5 Connaught Road, Central, Hong Kong

For limited time only. Terms & conditions apply.  
Free Legal fees on Sale & Purchase Agreement • Eligible for Malaysia My Second Home scheme • Travel reimbursement to visit site upon purchase  
• Free allocated carpark space

Financed • Selling price from RM1,079,000.00 onwards  
Completion by September 2015.

For enquiries:  
Richard Teoh (852) 9070 6900    TeohR@hamptons-int.com  
Gary Ching (852) 9770 0311    ChingG@hamptons-int.com  
Carrie Chow (852) 9070 6222    ChowC@hamptons-int.com  
Angus Kuo (852) 9867 8456    KuoA@hamptons-int.com  
Tim Hui (852) 9814 2318    HuiT@hamptons-int.com

Sole Marketing Agent:

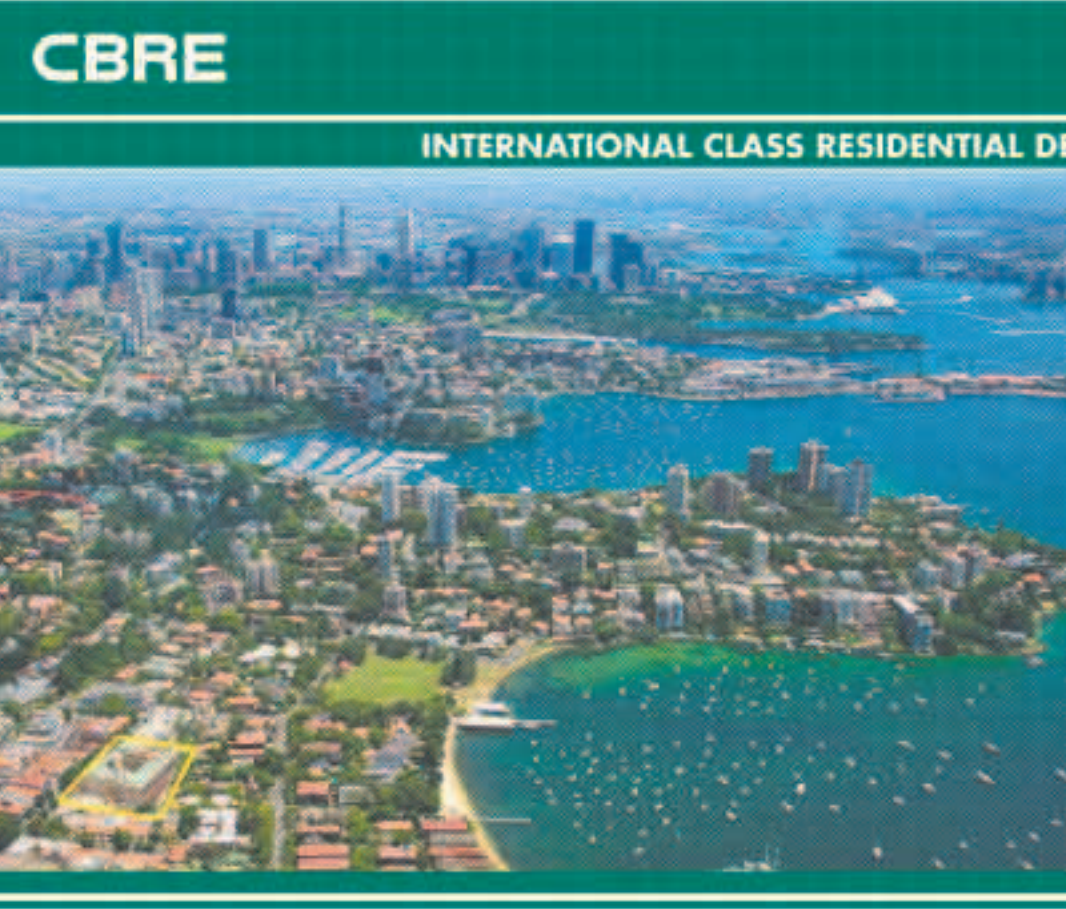
SERI TANJUNG PINANG

ECO

Hamptons International (HK) Limited  
Unit 3507, 33rd Floor, The Center, 98 Queen's Road Central, Central, Hong Kong  
T 1852 2376 6868    www.hamptons-asia.com

Hamptons

Find your representative



CBRE

INTERNATIONAL CLASS RESIDENTIAL DEVELOPMENT OPPORTUNITY

INTERNATIONAL EOI

Sydney, Double Bay: 33 Cross Street

- Arguably Australia's most exceptional residential development opportunity
- Approved for 1, 2 & 3 bedroom apartments and a retail & entertainment complex (16,700sqm GFA \*)
- Apartments on the upper floors will feature expansive harbour & district views
- Retain existing basement car park – 154 spaces\*
- Freehold Site
- Former 812 Carlton Hotel

EOI Closing Thursday 26th April 2012 at 5.00pm (AEST)

Alice Wong  
+852 9377 6663 / +61 2 9333 2976

Neil Brookes  
+61 406 074 375 / +61 2 9333 3322

Level 10, 363 George Street, Sydney  
cbre.com.au

STYLE  
DAVID RODEN



What: DVF Indian Temple dinner plate  
Why: From wrap dresses to plates, these are from Diane Von Furstenberg's Spring/Summer China collection  
How much: HK\$420  
Where: Lane Crawford Home Store, Pacific Place, Admiralty, tel: 218 3668



What: Ritual Cappuccino Dragon Cup set  
Why: This limited-edition design is a collaboration between Shanghai Tang and Nespresso  
How much: HK\$488 for a pair  
Where: Nespresso, 1/F, IFC Mall, Central, tel: 2295 3395



What: Mappy table  
Why: This map, designed by Jean Charles de Castelbajac, plays with light and transparency through the medium of acrylic  
How much: HK\$19,776  
Where: Kitchen + Interiors, 1/F, Rutonjee Centre, tel: 2810 0979



What: Ramses vase  
Why: Designed for Orrefors by Martti Rytönen, who says one face looks to the future, the other to the past  
How much: HK\$8,480  
Where: Exclusivites, 1/F, Rutonjee Centre, 11 Duddell Street, Central, tel: 2521 8626



What: Have Me: Metal Legs  
Why: Designed by Damien Langlois-Meurinne for SE London, this delicately engineered desk chair features slender steel legs and a solid beechwood seat  
How much: HK\$102,150  
Where: Design Link, 1/F, Rutonjee Centre, tel: 2868 0991