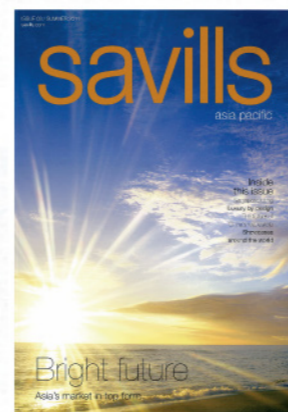


Feature story

Top of the world

Life at the top in a luxury penthouse is always a rarefied experience. In Hong Kong, surrounded by unobstructed expansive views and with very few or no neighbours, the penthouse is the pinnacle of sky-high living.



Hong Kong is a city that dazzles the eyes and astounds the mind. With such a high density of occupants, the vertical development of the city has been nothing short of astonishing. You only have to look at its exuberant harbour front to see skyscrapers jostling for space, creating a stunning, cosmopolitan skyline which rivals that of New York.

For those with refined taste, a penthouse is the perfect solution for luxurious city living. From the panoramic view to the private access, exclusivity is virtually guaranteed at these lofty addresses, making luxury penthouses highly sought after. Standout penthouse features normally include an internal staircase, flat roof space, a barbecue area and garden terraces while some super luxury units come with their own private pool and jacuzzi.

The choice of movers and shakers
Peter Yuen, deputy managing director and head of investment and sales in Hong Kong and Macau at Savills, explains that with the exclusivity of such luxurious accommodation, local affluent buyers and senior executives of listed or multinational companies are an obvious target market for penthouses. Buyers may prefer penthouses because of



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Peter Yuen, deputy managing director and head of investment and sales at Savills, Hong Kong and Macau

possible security concerns and the less lofty views of living in a luxury house, Yuen says. Among the Savills portfolio of penthouses are Hongkong Land's twin-tower Serenade on Tai Hang Road and Residence Bel-Air. Serenade has two penthouses, each occupying the entire floor or a gross area of 3,919 sq.ft.. Each penthouse is luxuriously fitted out and comes with a roof terrace, a barbecue area, fireplace and pool.

“More recently, cash-rich mainland buyers have also entered the frame but they are more keen on popular developments in Kowloon station and Residence Bel-Air,” Yuen says.

Feature story



"These are unique products appealing to a niche target market which is highly affluent."

Peter Yuen, deputy managing director and head of investment and sales at Savills, Hong Kong and Macau

> **A unique unit unlike others**

By definition, the penthouse is the top-floor unit of an apartment block, usually with a unique layout, such as a joint unit, duplex or triplex, different from those of the standard lower-floor units. But in some newer developments with multiple top-floor units, Yuen says this definition of penthouse can become somewhat diluted. In the West Kowloon development, The Arch, there are two penthouses, Sky House A and B, in its Star Tower. Adjacent to The Arch is The Harbourside, which has six duplexes on the top two floors of each of its three blocks.

"Although there are no official statistics, penthouse living was very rare in the past as only luxury developments would

provide penthouse units. By definition, each apartment block can only have one penthouse. Newer developments may have different layouts and can accommodate more than one penthouse in a single apartment block," Yuen says.

Penthouse living was not always so in-demand in Hong Kong. Some 20 years ago, penthouses were often sold at a discount of about 5% to the lower-floor units because potential buyers found it inconvenient to use the common staircase to access the roof and feared flooding during downpours, Yuen says. Today, penthouses are priced at a significant premium to their lower-floor counterparts and have seen similar price trends as those of luxury apartments. In the two years since the first quarter of 2009, prices have jumped 80% for luxury apartments in Hong Kong and 93% for those in Kowloon.

Investment potential

To date, the highest price paid for a penthouse is HKD282 million, which was for the 7,088 sq.ft. unit in Branksome Crest on Tregunter Path in the Mid-Levels in November 2007. But the penthouse that commanded the highest price paid per square foot was the 5,497 sq.ft. Sky House in Moon Tower of The Arch in June 2008. At HKD226,066 million, the price is equivalent to about HKD41,125 per sq.ft., more than Branksome Crest's HKD39,785 per sq.ft. price tag. What is interesting is that none of these penthouses is the most expensive apartment ever sold in Hong Kong. That

distinction belongs to Unit 61B of 39 Conduit Road in the Mid-Levels. Although not a penthouse, the 5,636-square foot duplex unit was snapped up in September 2010 for HKD338.16 million or a headline-grabbing HKD60,000 per sq.ft..

Yuen says, depending on the sales and marketing strategy of the property developer, selling the most prestigious penthouse of a new development first can help generate hype about the project to boost sales of the other units. When The Arch was launched in April 2005, the developer, Sun Hung Kai Properties, sold a penthouse, Sky House A in Star Tower, for HKD168 million. The sale successfully made the headlines and got the attention of the market and other units were snapped up relatively quickly. However, at The Harbourside, the first penthouse duplex was sold in August 2009 for HKD70 million, more than five years after the project was launched in February 2004.

"As these are unique products appealing to a niche target market which is highly affluent, the demand for penthouses should not be hammered by the recent sluggish investment sentiment and any further tightening of policies. We expect whenever there are good penthouses with the right features and facilities in the market there should be plenty of suitors for them," Yuen says. ■



Living the high life



- By definition, a penthouse is the top floor unit of an apartment block, usually with a unique layout
- Look for special amenities like duplex floorplans, garden terraces and internal staircases
- Penthouses' target customers are local affluent buyers or senior executives of listed and multinational companies
- Mainland buyers have also entered the frame and are keen on newer developments above Kowloon Station