

Fall 2015

PALACE

ASIA'S ELITE PROPERTY SHOWCASE

118

LUXURY
PROPERTIES
FOR SALE

14



NEW YORK CITY
PROPERTIES
FOR SALE Pg 86

THE ALL-AMERICAN ISSUE

12 UPSCALE DESTINATIONS IN THE USA

Property Features in Penang, Seoul & Toronto
MELBOURNE Capitol Grand | KUALA LUMPUR Star
Residences Two | PHUKET Point Yamu by COMO
Plus: Market Reports on Saigon, Melbourne, Oman & Spain



AMERICAN ALLURE

Seven years after the recession, the housing market has rebounded across much of the US. Many middle-class and high-income communities are now seeing home values that are close to those before the crash. In cities like New York and San Francisco, property prices are reaching record highs, bolstered by low inventory, low interest rates and robust local economies.

Foreign buyers are also a stabilizing force in the housing market. Property sales to international buyers now amount to more than six percent of total US home sales in value. Canadian 'snowbirds' traditionally topped the list, buyers from Canada who purchase homes in Arizona, Florida or Hawaii for seasonal use, but Chinese buyers now rank as the biggest foreign purchasers of US homes and account for more than a quarter of total international spending.

According to the National Association of Realtors, in the 12 months leading to March 2015 China spent US\$28.6 billion on US homes and made up 16 percent of the total transaction by foreigners. The survey groups buyers from Hong Kong and Taiwan with those from Mainland China. Canadians ranked second in the study at 14 percent share of sales, followed by Indian buyers and Mexican buyers. The report also indicates that Chinese investors are buying more expensive properties, US\$831,800 on average compared with US\$499,600 for all international buyers.

The United States remains a top destination for many overseas buyers due to its institutional stability, high living standards and educational opportunities. Cities such as Seattle, where reasonably priced single-family homes are available in top-ranking public school districts, or Boston, which is home to prestigious universities like Harvard and MIT, are seeing tremendous demand from overseas buyers, particularly from China.

Buyers from China also purchase property with the hopes immigrating. In some markets, particularly New York and Seattle, a large portion of real estate investment is coming through the EB-5 investment program (see side-box). The number of visas issued to wealthy Chinese seeking an investment-based track to a green card has more than tripled since 2008.

Over the past year a strengthening dollar has put the haven of US homeownership out of reach for some foreign investors. A resident of the Eurozone buying in New York City in February 2015, for example, would have faced a 24 percent price increase from the year earlier. This could reshape housing markets where foreign buyers have been active. At the same time, the stronger dollar may indicate that the US is a safe country for investors, particularly for those concerned with a slowing economy at home.

Moving forward analysts predict that rising interest rates will moderate the market. And, with home prices in many cities at or above pre-bubble levels, it is clear that the 'rebound effect' will no longer power home values ever higher. Likely fundamentals like job and population growth along with the tastes of a new generation of domestic and international homebuyers will dictate the trajectory of home prices in the US.

In this special report we travel to a range of American cities and bring you the latest market trends, new launches and insight from the experts. From cultural capitals like San Francisco and New York, to lifestyle havens like Aspen and the Hamptons, to laidback coastal cities like Seattle and Honolulu, America offers a wide variety of options for living well.

EB-5 Investment Visa

The US Congress created the EB-5 Program in 1990 to stimulate the US economy through job creation and capital investment by foreign investors. The visa allows foreign investors to pay US\$1 million into the US economy, or US\$500,000 in an economically depressed part of the US, in exchange for conditional permanent residency for the applicant and immediate family members. In 2014, nearly 10,700 EB-5 visas were issued, with 85 percent of them going to wealthy Chinese investors.



MIAMI



While sandy beaches, balmy year-round temperatures and a vibrant mix of cultures have long made Miami a favoured second-home destination for Americans. The city is also evolving into a financial centre and a hub of art and design—Art Basel, the Design District and a host of new luxury buildings by “architects” such as Zaha Hadid and Norman Foster have put Miami on the radar for global investors. While cash buyers from Latin America and Europe largely fuelled Miami’s recent condo boom, a strong US dollar and currency devaluations in South America are holding overseas investors back and the pace of the market is easing.

At the end of 2013, home prices had grown 13 percent year-on-year in the Miami area, but that growth slowed to 11 percent in the first quarter of this year, and slowing price growth has some analysts concerned about a possible price correction. Miami’s last building boom was followed by a steep crash, but others say market conditions differ from the mid-2000s housing bubble, which was largely stoked by banks approving mortgages that could not reasonably be repaid. According to Jay Parker, CEO of Florida Douglas Elliman, the current slowdown is simply a sign of a maturing, stabilising market.

“Market conditions are shifting from a previously unsustainable pace to one with a better long term outlook,” he says.

Designed by Renzo Piano, Eighty South Park will be located on one of the last oceanfront lots in Miami Beach.



Market Trends

- In the second quarter of 2013, luxury condo median sales price on Miami’s coast increased 37 percent to US\$2.2 million. Luxury single-family price indicators were mixed with median sales price slipping 3.6 percent to US\$3,020,000.
- In Miami Beach, the average square footage of a luxury sale fell 9.9 percent for condos sales to 2,606 and 6.4 percent for single-family sales to 4,684. As a result, luxury median sales price for condos slipped 6.4 percent and luxury single-family sales declined 12.7 percent.

A large part of the recent condo boom has taken place in Downtown Miami, which, despite rising prices, remains more affordable than other leading US markets, and this makes it an attractive option for international investors, says Laura Vella, vice president at Urban Resource Real Estate and Property Management in Miami. “Median home pricing in Manhattan and Los Angeles’ neighbourhoods like Santa Monica and Venice range between US\$1,281,000 and US\$1,379,000, while Miami’s Brickell and Downtown neighbourhoods are US\$440,000 and US\$389,000,” she says. “We are still a very young city with a diverse population establishing their roots here.”

Miami’s downtown also offers an increasingly attractive lifestyle, with projects such as Jade Residences at Brickell Bay and Four Seasons integrating a host of services and amenities in a central downtown location. Brickell City Centre, an ambitious new project from Swiss Properties will soon join the mix. Designed by Miami firm Arquitectonica, the project will span four city blocks of office, residential, retail and hotel components including 19,200 residential units, 13.5 million sq ft of office space, 3,000 luxury hotel rooms and a range of retail and entertainment outlets. Bernardo Fort-Brescia, founding principal at Arquitectonica, says the project embodies the coming of age of Brickell Avenue. “It is the type of project that was missing from the downtown

Miami at a Glance



MIAMI BEACH IS A MAIN MADE ISLAND THAT WAS ONCE A COCONUT GROVE PLANTATION



IN 2008, MIAMI WAS RANKED #1 CLEANEST CITY IN AMERICA BY FORBES MAGAZINE



MIAMI BEACH CONTAINS MORE THAN 800 ART GALLERIES, THE LARGEST COLLECTION IN THE WORLD

Eighty South Park



Brickell District,” he says. Central to the design concept is the notion of connectivity. The architects placed the parking below grade so that the shopping centre flows freely on grade from street to street with no barriers. “This is a fully integrated project,” Fort-Brescia says. “It integrates the city into itself and vice versa.” The two towers have already topped off and 780 condos will be finished by the end of this year.

White downtown Miami has entered a new phase of development. Miami Beach remains the prime neighbourhood for luxury living. Here, resort-style towers with high-end finishes and premier amenities overlook the white sandy beach and an endless blue-green sea. Prices have been rising steadily, but 2013 sales have fallen short of previous year levels, likely the result of fewer international buyers—cash buyers previously accounted for about 75 percent of all purchases but fell to 68.9 percent in the second quarter of 2013. “The overseas market is tricky for us right now,” says Eloy Carmante, a broker with Douglas Elliman who specialises in sales of top-end luxury properties in Miami Beach. “The Russian market has been hit hard and it’s affecting their ability to move money overseas. The Brazilian currency has devaluated.”

Carmante is currently working on the launch of 87 Park, a highly anticipated development located at 8701 Collins Avenue on one of the last oceanfront lots in Miami Beach. Designed by Pritzker-Pizer winning architect Renzo Piano, the project will offer 70 units in a 20-storey tower. So far, interest in the project has been strong. “We are not even open to the market yet and we’ve sold 10 units,” Carmante says.



Brickell City Centre in a mixed-use project in downtown Miami developed by Swiss Properties Inc.

With limited oceanfront lots available, development of luxury buildings is also continuing north of Miami Beach in Bal Harbour and Sunny Isles. Bal Harbour is perhaps best known for its high-end shopping mall. Further down on Collins Avenue, Argentinean developer Consultatio, is building Oceana Bal Harbour, an oceanfront tower with 240 apartments priced from US\$3 to 30 million. Each unit has wide ocean views and large balconies accessed via floor-to-ceiling sliding glass doors. Interiors are designed by Piero Lissoni and include Dada Kitchens with Gaggenau appliances and expansive spaces for living and entertaining.

Development has also been booming in Sunny Isles, formerly home to small motels and now the site of large-scale development including luxury residential projects like the Porsche Tower, Regatta and the Chateau Beach Residences. “Sunny Isles has had the biggest transformation of all of Miami,” says Eduardo DeFortuna, CEO of Fortune International Group which is developing the Ritz Carlton Residences Sunny Isles Beach. “It’s difficult to find oceanfront sites in Miami Beach. Here, developers can do large volume and expressive architecture.”

This project is located on the first site coming from Bal Harbour and, when complete in 2018, the 52-storey tower will comprise 212 residences ranging from two-bedroom units of 1,605sq ft to four-bedroom penthouses of 3,640sq ft. Select residences feature oversized terraces with private pools while all owners enjoy five-star services and amenities including an oceanfront wellness centre, a private club level and 24-hour concierge. Sales launched in February 2015 with prices



Units at Oceana Bal Harbour feature private balconies and wide ocean views.



Owners at the Ritz Carlton Residences Sunny Isles enjoy private services and an oceanfront wellness centre, a private club level and 24-hour concierge.



Ritz Carlton Residences Sunny Isles Beach



On the Market

Brickell City Centre
This downtown project will include five towers with 500,000sq ft of open air shopping and dining, a luxury hotel and condominiums. One- to three-bedroom apartments and penthouses available. Units feature high ceilings and city views. Amenity deck includes gardens, barbecue area, outdoor fitness and children’s play area.
Price: from \$500,000
ritzcitycenter.com

Oceana Bal Harbour
Oceanfront project includes one-, two-, three- and four-bedroom residences with interiors by Piero Lissoni. Features from Dada, Gaggenau appliances and floor-to-ceiling glass doors that lead to large balconies. Amenities include underground parking, lap and leisure pools, gym, spa, 24-hour concierge, tennis courts, art program and wine cellar.
Price: US\$3 to 30 million
oceanaproperty.com

Ritz Carlton Residences Sunny Isles Beach
Beachfront condominiums with Ritz Carlton services and amenities. Features two-, three- and four-bedroom residences ranging from 1,605sq ft to 3,640sq ft and five penthouses of up to 5,640sq ft. Select balconies include private pools, include private club level and resort-style living with an outdoor massage area, lap pool and two hot tubs.
Price: US\$3 to 30 million
www.ritzcarltonresidences.com

ranging from US\$1.3 to 9.8 million for the residences and US\$20 million for the penthouses. To date, the project is approximately 50 percent sold.

At US\$1,300 to 1,500 psf, prices in Sunny Isles are significantly lower than the southern neighbourhoods. In South Beach, prime condominiums are priced around US\$3,000 psf. In Bal Harbour, they range from US\$2,000 to 2,500 psf. “People recognise that if they drive five more minutes, they save US\$1,000 psf,” says DeFortuna. “That’s significant value. The area is not as recognised as Miami Beach, but eventually it will catch up.”

Up till now, he has not noted a significant slow down in overseas investment with buyers of over 18 different nationalities. “A lot are second and third home buyers from the northeast, but many are international from Mexico, Argentina, Brazil and Europe. Some of our buyers are upgrading from projects they already own in Sunny Isles and taking it to the next level.” **W** by Sophie Kalkreuth