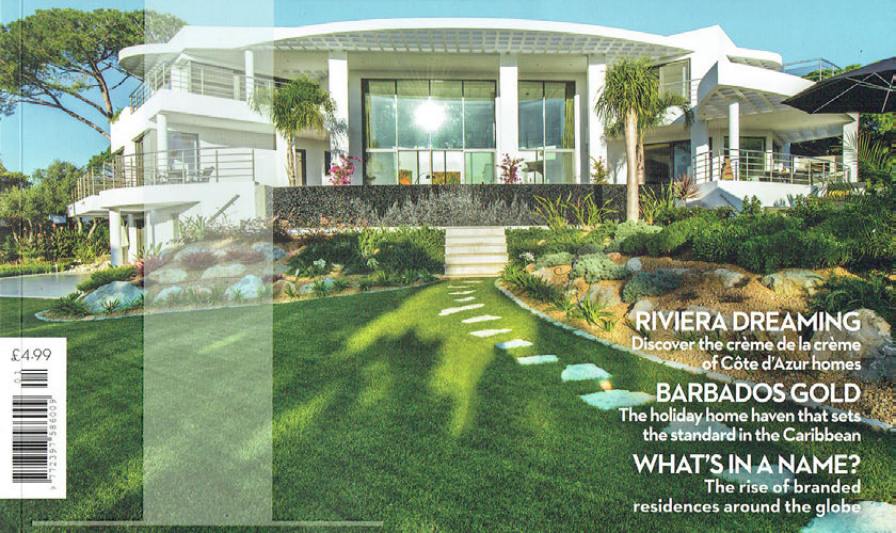


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WHAT'S IN A NAME?

The rise of branded
residences around the globe

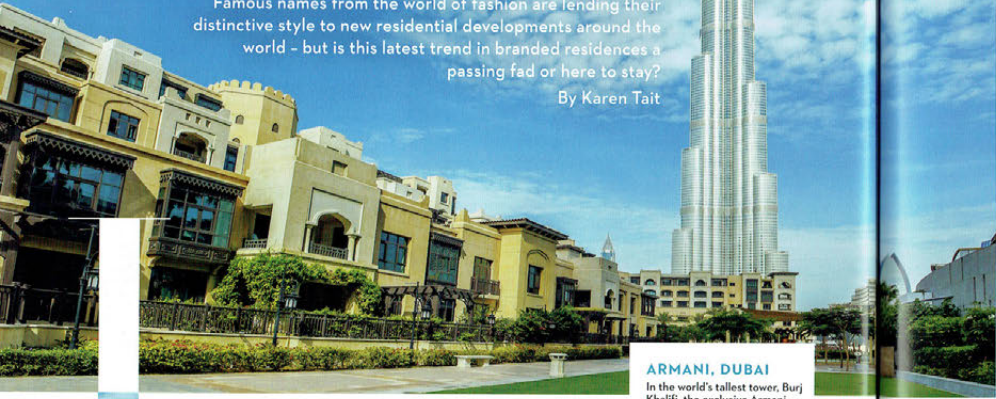
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STAMP OF APPROVAL

Famous names from the world of fashion are lending their distinctive style to new residential developments around the world – but is this latest trend in branded residences a passing fad or here to stay?

By Karen Tait



ARMANI, DUBAI
 In the world's tallest tower, Burj Khalifa, the exclusive Armani Residences offer 5* hotel-style services and understated, luxurious style
 sothebysrealty.com
AED15m

In a world where designer labels have more followers than politicians and kings, it was only a matter of time before they were applied to property too – and a home lasts a lot longer than a fashion accessory. Names such as Versace, Armani, Moschino, Bulgari and Missoni are now helping to give property developments an edge.

The implication for designer fashion labels is clear – only the best can afford them. By wearing their creations, you gain an air of sophistication, status and wealth. But property is not something bought on a whim, so inevitably there is a lot more to branded residences than just a pretty façade.

In the fashion world, it is often the label itself that attracts the buyer, not necessarily the design, but does the same follow when it comes to property? In many cases, yes; in emerging markets such as the UAE, former Soviet Republics and China have embraced the concept, not only aspiring to own a 'trophy home' but also having more confidence in purchases backed by a well-known global brand. Generally a famous logo above the door is welcomed by buyers operating in unfamiliar markets, away from their home countries. Likewise, developers in less well-known parts of the world can create a buzz and add an 'established' element by allying themselves to a famous name.

'Fashion companies such as Bulgari, Armani and Versace can extend their brand with minimum risk and get handsomely paid for it,' says property expert Chris Graham, whose recent report on branded residences highlights the rapid growth of the sector.



TEN TRINITY SQUARE
 Grade II-listed and situated next to the Tower of London World Heritage Site, Ten Trinity Square is Four Seasons' first project in London. Its legendary hotel services will be available to the buyers of the 41 apartments, including concierge and luxury spa, while the member's club has a bar, cigar lounge, business centre and Château Latour wine room
 tentrinitysquare.com
From £5m

HOTEL HOME

Fashion branding is just the latest in the story. Traditionally, the association has been between developers and hotel operators. It's an obvious fit – developers can tap into proven 5* hotel-style amenities and services, while the revenue from property sales can offset the challenging economics of building luxury hotels.

The key to the success of hotel-branded residences is that they work for all parties. As Muriel Muirien, managing director of strategy at international architectural firm WATG says: 'It's a win-win situation. It offers developers attractive price premiums and accelerated sales velocity, while the hotel operator is rewarded for the marketing muscle their brand brings to the development.'

The first branded residence is generally agreed to have been the Sherry-Netherland Hotel on New York's Fifth Avenue, which operated in the 1920s alongside its own serviced apartments. Today the main players are Four Seasons and Ritz-Carlton, with over 50 worldwide locations between them, while other leading operators include Starwood and Fairmont, Kempinski, Aman, St-Regis, Hyatt Regency, Six Senses, Soneva, Banyan Tree, W Hotels, Shangri-La, Taj, Viceroy and Mandarin Oriental, each bringing their own individual flavour to the mix.

Although the branded residences market remains dominant in North America, the Middle and Far East are gaining ground, and the European market, while relatively small, is growing.

Globally, the number of hotels offering branded residences increased tenfold during the decade to 2012. Research by C9 Hotelworks revealed that the hotel-branded property market in Southeast Asia has topped US\$16bn and is still growing. Thailand leads the way with branded residences accounting for a staggering 37% of total projects.

Exotic locations like the Maldives, Seychelles or Caribbean have proved natural settings for ultra-luxury branded resorts, but growth is now being seen in urban locations, with the majority of branded residences being in major cities – for example, some 60% of properties of the Four Seasons portfolio is urban versus 40% in resort locations.

'Prime urban branded developments have greater appeal because they are perceived as less risky,' observes Robert Green, managing director of Sphero Estates, adding that 'brands like Four Seasons are turning their attention to European destinations. We expect both urban and resort branded residences to grow over the next five years in Europe but also in parts of Africa and South America where there are currently very few available.'

WHAT'S IN A NAME?

Both prestigious and convenient, branded residences offer the ultimate property investment, providing the reassurance of an established name whose standards remain the same wherever they are in the world.

Branding also brings differentiation, key in mature markets as well as emerging ones, where buyers are seeking something unique. Investors are always after the latest new thing, and a top-mark signature provides instant kudos. Buyers have different reasons for where they buy, but ultimately they want something unique that is likely to appreciate in value,' says Robert Green.

With experiential luxury now becoming more important than mere clothes and baubles, new experiences are among the latest bragging rights, and a branded residence is the ultimate purchase. As in the fashion world, different brands appeal to different buyers. For example, W Residences promote their brand as 'vibrant, inspiring, iconic, innovative and influential', citing its 'passion for fashion, music and design', while Mandarin Oriental promotes 'the comforts of a private home combined with the unsurpassed amenities and legendary service of Mandarin Oriental'.

'Clearly it is important for a developer to partner with a brand that will resonate with the desired target audiences and align with their lifestyle aspirations,' says Chris Graham.

Interior designers are a natural fit with property too, a fact recognised by developer Yoo, having collaborated with Anouska Hempel, Philippe Starck, Jade Jagger, Marcel Wanders and Kelly Hoppen, as well as supermodel Kate Moss. CEO John Hitchcox observes: 'Consumers are more home and design-conscious than ever before. They want to work in creative spaces and to holiday in beautiful homes, and they want that design aesthetic to continue through their personal lives into their homes.'

The advantages to branded residences are clear: they are often set in prime locations; offer cutting-edge interior design, technology and architecture; come with professional management providing hassle-free ownership; and offer a secure environment and access to a luxury lifestyle. Increasingly with international resort and hotel groups, owners



can also exchange use of their residences with similar properties elsewhere in the group's network.

Chris Graham believes all these benefits can be distilled down to two things: confidence and convenience. 'For many buyers, the most important factor is the trust associated with buying into a reputable brand, since this offers reassurance in the delivery and quality of the development, as well as its ongoing management and potential resale value,' he says.

'Wealthy individuals are typically cash rich and time poor, often with homes in several locations around the world,' he adds. 'They certainly don't want to worry about maintenance and security – and when they are in residence, a 24/7 concierge service allows them to enjoy a hotel lifestyle in their own homes.'

Ultimately, it is the whole package offered by branded residences that drives the market, says

AYKON LONDON ONE

The first London development to feature exclusive Versace interiors, Aykon at Nine Elms will be a 50-storey tower comprising 360 apartments, communal gardens, state of the art gym, expansive swimming pool and jacuzzi, and optional hospitality services

aykonlondonone.com

From £690,000



Robert Green: 'The concept has evolved from simply providing 5* services and facilities for wealthy, time-poor individuals to a greater focus on architecture, interior design and lifestyle.'

The branded residence segment is expanding into other sectors too, such as the Porsche Design Tower with its luxury residences in Miami and Mercedes-Benz's 'Living @ Fraser' partnership offering branded serviced apartments in London and Singapore. Meanwhile, Lillie Square in London has joined forces with Aston Martin to introduce a unique car club service dedicated solely to the residents. Luxury hotel residences are also offering cuisine by celebrity chefs.

'Starcheefs' are also being brought in to elevate property offerings, with notable examples including Norman Foster and Frank Gehry at Battersea Power Station, the Chedi Hotel and Residences in Andermatt by Jean-Michel Gathy of Denniston International, Daniel Libeskind's Zlota 44 in Warsaw and WATG's St Regis Hotel and Residences in Singapore.

The developers themselves can even become a brand – witness the celebrity status of the Candy brothers, who established an extremely lucrative niche when they launched One Hyde Park in London, while Trump Towers can now be found in destinations around the world.

■ FASHIONABLY LATE

While the concept of branded residences is established in many parts of the world, London arrived somewhat late to the party. Until recently the UK capital was home to only a handful of properties, including One Hyde Park, serviced by the Mandarin Hotel, the Bulgari Residences in Knightsbridge and the penthouse at The Connaught in Mayfair.

In Mayfair estate agency Wetherell's report Spear-

ing in London, chief executive Peter Wetherell calls branded apartments a real 'game-changer' for London, adding 'this market is massively undersupplied in the capital at present with less than a dozen branded residences across inner London'.

Chris Graham observes that this is partly because the price of residential property in the capital is already very high while demand has for some time exceeded supply. 'As such there has been no need to bring a brand on board, especially with the additional price premium that comes with it. However, with the prime central London market cooling, he believes new branded residences may help to differentiate developments. 'Associations with

THE BRYANT

Sir David Chipperfield's first residential property in New York City features luxury touches like Italian marble and herringbone floors. Starting on the 16th floor, the 57 residences rise to 34 storeys, crowned with two triplex penthouses.

thebryantnyc.com

From \$2m

below

CHEDI ANDERMATT

Designed by architects Denniston International and modelled on traditional Alpine chalet architecture, the Chedi Andermatt in Switzerland features luxury apartments with access to the hotel facilities

spherestates.com

CHF4.1m



FOUR SEASONS SEYCHELLES

The Four Seasons Private Residences are situated on two spectacular headlands overlooking the Petite Anse Bay on the southwest coast of Mahé. Of the 27 residences, nine remain for sale

spherestates.com

From \$7.25m



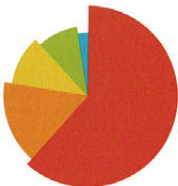


SONEVA FUSHI MALDIVES

Villa Sunrise is a three-bedroom beachfront villa located on a private point of the island with sweeping views of the Indian Ocean. Made with sustainably sourced wood under a traditional thatched roof, it has spacious indoor living areas leading onto terraces and balconies

\$8.5m

LOCATION OF URBAN HOTEL-BRANDED RESIDENCES



- US & CANADA: 62%
- ASIA, INDIAN OCEAN & SOUTH PACIFIC: 15%
- MIDDLE EAST & AFRICA: 11%
- EUROPE: 9%
- LATIN AMERICA & CARIBBEAN: 3%

Source: Savills

famous names are now being used to bolster projects in less prime areas such as Nine Elms and Battersea, where Wanda, Versace, Norman Foster and Frank Gehry are all prominently featured,' he explains. Similarly, on Greenwich Peninsula designer Tom Dixon has lent his distinctive British style to apartments in the Upper Riverside development.

Key brands are also dipping their feet in the London market for the first time – Four Seasons has linked with Reignwood to launch Ten Trinity Square in the City, while Versace is creating the opulent interiors and spa at Aykon Nine Elms.

Will Versace's rivals now want to outdo Aykon? While domestic and international buyers are always attracted to London, investors seeking something unique will gravitate towards developments offering the extra kudos of a big name. It's not all about the name though; these developments typically offer the latest in technology and interiors, with the best facilities and concierge services on hand.

'The interest in Ten Trinity Square is reflective of the growing desire for a number of things to be offered alongside a home,' says Kalina Boyadjiev, vice president of sales and marketing at Reignwood Investments UK. 'Primarily, uncompromising privacy and generous spaces are top of the list. But there is also a want for a home not to simply consist of four walls, but for it to provide a full lifestyle service; one that ensures the utmost convenience and luxury at the very same time. Having all these provisions under one roof very much represents the everyday desires of discerning residential buyers at the high-end of the market now.'

Lulu Egerton of London estate agency Strutt & Parker believes branded residences speak to aspirational buyers' of quality, luxury and a certain

level of service – it's about an exclusivity that only money can buy. As the world becomes more and more like a global village, international clientele are willing to pay a premium for a brand name attached to their home which is renowned and admired the world over'.

Synonymous with luxury, the Harrods name is also being used to entice buyers, with Harrods concierge services available at 375 Kensington High Street, Connaught Place and The Tower at St George Wharf. 'For the wealthy purchaser, owning a property in a branded development is about the prestige, quality and luxurious finish,' comments Shaun Drummond, director at Harrods Estates, adding that 'high specification interiors, security and concierge make them very popular with our wealthy international client base'.

To download a free copy of the 28-page report 'Branded Residences: An Overview', please visit gagms.com/branded-residences

PROPERTY PRICE PREMIUM

THE cost of luxury branded residences can put them beyond the reach of all but the wealthiest buyers, who aren't put off by sky-high service charges either. Experts generally agree that such properties around the world command an average uplift of around 20-30% compared with non-branded schemes.

Hugely successful projects include apartments at Dubai's Palazzo Versace (branded) which achieved an uplift of over 100% against comparable D1 (unbranded) apartments next door, while in Puerto Rico branded residences at The Ritz Carlton Dorado Beach reportedly sold at up to 250% above the average price/m² of non-branded units in the same development.

Furthermore, branded residences maintain resale values and deliver higher rental returns. 'Even HNWIs are attracted by rental pools as a means of covering running costs while getting, in effect, 'free' stays,' says Robert Green. 'Increasingly, buyers want some level of rental return, especially in resort locations where they tend to visit their homes less frequently.'