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The Suite Life

Incorporating the services and ambience of a luxury hotel, branded residential developments are drawing keen interest from digital nomads and property investors around the globe *By Sandhya Mahadevan*

This page: The reception area of the Aman Niseko resort in Hokkaido, Japan, which will feature 31 exclusive branded residences within a mountainous nature reserve

The concept of “home” has undoubtedly evolved during the Covid-19 pandemic, with the traditional lines demarcating our abodes, workplaces and holiday destinations blurring as the popularity of remote working looks set to stay. For digital nomads able to work from almost anywhere in the world, this has created a definite shift in where they choose to reside.

“Our hotels are seeing increased bookings for villas or residences, and for longer stays,” says Vanessa Grout, head of global residences and club at Aman Resorts. “As travel remains complex and safety continues to be front of mind for our guests, the ability to offer these more private options—including the Aman Private Jet—has been of interest to our guests.”

Enter branded residences, which fulfil all the new requirements that have popped up in buyers’ list of criteria for privacy, wellness and safety, while providing a space that their users can work comfortably in.

‘BRAND’ NEW HOME

Branded residences are not new. In fact, they have been around since 1927, when the 38-storey Sherry-Netherland apartment hotel opened in Manhattan, New York. However, the concept did not pick up until the 1980s—the latest report by global real estate agency Savills indicates that the market has seen the most growth in the past decade.

“The last 10 years have seen an increase of 170 per cent in the branded residences market and the addition of more than 52,000 units across 370 schemes. Despite the current global situation, 2020 saw more than 100 new schemes opening,” says Michael Roberts, director of hotels at Savills Asia Pacific.

MAIN PHOTO: AMAN NISEKO; THE IMAGES COURTESY OF RESPECTIVE FIRMS



“It is more than just an investment in terms of dollars; rather, it is a lifestyle investment for the owners”



“Hotel residences appeal to individuals who appreciate the value associated with a brand and the level of impeccable services it offers—especially when it comes to the significance of the relationship between indoors and outdoors, and the wellness focus,” says Deepu Mahboobani, vice-president of Wimberly Interiors. “Proximity to a hotel also caters to business, lifestyle and leisure needs, which makes hotel residential living attractive.”

In that respect, the pandemic has created a like-minded community of buyers, “similar in their interests and lifestyles rather than traditional demographics, such as age, nationality or occupation”, adds Grout. This prospective lifestyle also includes access to some of the legendary services and perks of individual hospitality brands—from luxurious spas to Michelin-starred dining and more.

Mahboobani foresees that “the 30 per cent premium attached to branded residences, as compared to private residences, may prove a disadvantage in a depressed economy”. However, the advantages far outweigh the price difference when compared to other luxury residential properties with similar criteria in the market.

“An address that comes with a prestigious name will always hold high value and serve as an excellent investment,” says Adelina Wong Ettelson, global head of residences marketing

for Mandarin Oriental Hotel Group. “Brand affiliation provides developers with market differentiation, and often value premiums as well as strong resale values.”

Lada Shelkovnikova, partner at the hotels and hospitality segment of international law firm Watson Farley & Williams agrees. “Investors are looking to acquire quality real estate with the prestige, amenity and services that a hotel brand and operator can deliver. The most respected brands also ensure continuing quality, both in hard and soft finishes, and service levels.”

SOUND INVESTMENT

Branded residences are now positioned as the investment property of choice within the upper-middle-class buyer segment, says Micah Tamthai, vice-president of real estate at hospitality company Minor International. “The full complement of hotel or resort amenities places investors in a better position to leverage land or capital appreciation in the future. We feel more developers will engage in developing branded residences in prime locations, both in the city and in resort destinations,” he says.

“The Covid-19 pandemic has altered the face of global property markets, but not all real estate sectors have felt its impact equally. Branded residences have proved more resilient than most,” agrees Richard Baumert, principal

This page: Wellness facilities, such as a gym surrounded by foliage, are among the qualities that draw buyers to properties such as The Residences at Mandarin Oriental in Tel Aviv, Israel

Opposite page, clockwise from top: Designed by WATG, the InterContinental Halong Bay Resort and Residences features luxury apartments and villas with waterfront views in Vietnam; a show apartment in The Residences at Mandarin Oriental, Moscow; the rooftop area of The Towers of the Waldorf Astoria, which feature 375 apartments and are part of the Waldorf Astoria New York, a historic hotel currently undergoing renovation works





Clockwise from above: A bathroom in a show apartment at the Residences at Aman New York, a hotel and branded residential development designed by Jean-Michel Gathy of Denniston; the spa and pool at Aman New York; the stylish open-plan kitchen and dining area in a show apartment at The OWO Residences by Raffles in London, marketed by Knight Frank

of 706 Mission Street Co, which is developing the Four Seasons Private Residences 706 Mission in San Francisco. “It is more than just an investment in terms of dollars; rather, it is a lifestyle investment for the owners.”

DESTINATION HOMES

With the reopening of markets such as London and New York, Covid-19’s impact on demand is now less of a concern, according to Liam Bailey, global head of research at real estate consultancy Knight Frank. “In fact, pent-up demand has built due to ongoing travel restrictions,” says Bailey. “We have already seen a sharp recovery in demand for city property in our global cities index, with average growth spiking from two per cent this time last year to eight per cent now.”

However, city and resort properties come with somewhat different demands, says Guy Cooke, director of strategy at architecture firm WATG. “Urban branded-residence projects tend to target primary ‘lifestyle’ buyers—globally this is 60 to 70 per cent—who look to use the units as either their primary or second homes; these prime projects are considered a ‘safe haven’ investment,” he says.

For resorts in Asia, the investment potential of branded residences comes packaged with the region’s “robust underlying tourism fundamentals”. “In this context, a clear



and transparent rental programme and scope for capital appreciation are what counts,” says Cooke. “Around 70 per cent of buyers put their property in the rental pool, which means owners can offset their maintenance costs. The rental programmes tend to be a bigger driver in resort locations as those buying in cities tend to use them more regularly,” adds Bailey.

Tamthai foresees branded residences growing in importance as drivers of tourism in emerging markets. “Adding a branded residential project to a destination helps strengthen its attractiveness as a travel and investment option, supporting the development of the destination from an economic perspective,” she says.

As tempting as the lure of the five-star lifestyle is, the branded-residences market will need to continue to evolve to keep up with demand, “especially with unbranded luxury developments having caught up in recent years with amenities, and some developments’ service charges rivaling those of branded residences”, says Wong Ettelson. According to Cooke, a dedicated focus on design, personalised services, and the creation of a true sense of community among residents is the way forward. “The brand name alone does not add value; the product itself must stand apart in terms of its design style, construction quality, and lifestyle attributes.”