

HK key link for overseas developers to mainland buyers

Peggy Sito
Jun 02, 2010 SOUTH CHINA MORNING POST

Hong Kong remains in demand as a platform for overseas developers to market their projects to cash-rich Hong Kong and mainland buyers, property consultants say.

While financing becomes a major problem in domestic markets after the global financial crisis, developers have shifted to external demand in other countries.

"A story behind the trend is that they hope to attract capital from affluent mainland Chinese," said Simon Lo, a director of research and advisory at property consultancy Colliers International Hong Kong.

Mainland buyers had once boosted prices of Hong Kong luxury homes to new highs, Lo said, but since the government here and on the mainland had introduced policies to regulate rocketing home prices, a mood of uncertainty had emerged.

Developers of overseas properties hoped to use this as an opportunity to market their projects to attract mainland funds, he said.

Hong Kong buyers and expatriates remained as their major demand, said Patrick O'Neill, whose company is marketing a condominium project in Los Angeles.

O'Neill said financing was a major problem in markets such as the United States where buyers found it difficult to arrange financing while banks tightened credit.

The 224 units being marketed by O'Neill are located on floors 27 to 52 atop the newly opened Ritz-Carlton Hotel Los Angeles.

The building is part of the LA Live entertainment complex which includes the Staples Centre, Nokia Theatre, Grammy Museum, cinemas, restaurants and other shops and entertainment venues.

The one, two and three-bedroom residences range in size from 980 to 4,230 sq ft, with prices starting at HK\$6.63 million. The penthouse units located on floors 50 and 52 are more than 5,000 sq ft and one penthouse of 5,426 sq ft is available at HK\$76.16 million.

First occupancies are projected for November.

Experienced investor Darryl Dong, who just bought a condominium unit in Sutton Place, New York, at a price one third of its peak level, said it was an ideal time to buy New York properties or properties in the US.

National home prices in the US peaked in 2006 and dropped about 30 per cent to a trough reached in the middle of last year, according to the Standard & Poor's Case Shiller Home Price Index.

Buyers interested in offshore properties will have a large choice on offer at a property show to be held in Hong Kong this weekend. On show will be investment properties from Malaysia, Thailand, Australia, Spain, Canada, the US, Bali and many other destinations. To attract buyers, the organiser of the Smart Investment & International Property Expo said it was selling the concept of buying overseas properties at just 10 per cent of Hong Kong prices.

Another exhibition will promote homes on the east coast of Australia from Sydney to Port Douglas, including the Byron Bay home of famous Australian actor Paul Hogan (Crocodile Dundee) called Cedar Springs.