

Bowen Rd lot goes to SE Asia developer

\$61m boost to property market

By Chito Santiago

Hongkong's born again property market got another major boost yesterday with the sale of a Mid-Levels residential development property for \$61 million.

The 13,000 sq ft property, located at 12 Bowen Road, was sold by T. S. Cheng and Sons Co to an unidentified Southeast Asian developer.

Mr David Davies, managing director of First Pacific Davies Properties, which acted as the agent for T. S. Cheng, described the deal as a good acquisition in a rising property market.

He said good sites now come few and in far between into market amid an increasing demand for good quality residential property.

Mr James Wilburn, managing partner of J. Wilburn and Associates, said the price is very reasonable considering that Bowen Road is an ideal, top-class

residential area.

He added the amount must have taken into consideration the current upswing in the property market.

The new owners propose to build 56 flats of 1,780 sq ft each, with a squash court, a swimming pool, and a health club, all due for completion in two years' time.

Demand for luxury residential property had manifested a dramatic upturn over the past four months, with sale prices for flats rising by more than 30% and for land by 100%.

A report by the newly-formed Land and Building Advisory Committee said prices of \$15,000 per sq m have been attained in some luxury flat transactions.

It said the accommodation value has generally risen to an average of \$7,000 per sq m, with an expectation of more than \$8,000 per sq m towards the end of this year.

Another study undertaken by Midland Realty showed that the price of a luxury unit on Hongkong Island has increased by an average 5.65% a month since the start of 1985, while that in

Kowloon in the same category has gone up by an average 2.68%.

It said the luxury residential market started to pick up in the second half of last year as the uncertainties over the future of Hongkong receded into the background following the signing of the Sino-British agreement.

The Bowen Road acquisition also highlighted the growing participation of Southeast Asian interests in Hongkong's property market.

In a seminar last week organised by the Hongkong Management Association, Mr N. S. Tulloch, managing director of Wardley Investment Services, presented a paper which said Southeast Asian investors were estimated to have spent some \$342 million on acquiring existing construction sites and office premises in the year through March 1985.

According to another property expert, Mr Paul Varty, a partner in a chartered surveyors firm, Collier Petty, Singaporean and Malaysian concerns are increasingly looking towards Hongkong as a centre for investment opportunities in Southeast Asia.

He said there was a keen interest in the residential and commercial sectors, and he expects several deals to be completed in the next two months.

"Hongkong's relative stability compared with its neighbouring countries is one of the main reasons for the renewed interest in Hongkong as an investment centre," Mr Varty said. "In addition, there is still tremendous oversupply in Singapore and Kuala Lumpur, and investment opportunities there are dull," he added.

Mr Varty envisages that the property market will continue a reasonably controlled upward trend until about 1988, when a considerable supply of new space will be coming onto the market, and this will be a critical time for Hongkong's property market.