



BUILDING

A

REPUTATION



Hutchison Whampoa Property Group has helped shape the Hong Kong skyline. Now it's applying its hard-won expertise further afield.

By Tim Metcalfe



It's not only about location, location, location. The property market, as history keeps reminding us, can be a fickle game. Fluctuating economies, land prices and interest rates mean the financial landscape is perpetually changing as the laws of supply and demand adjust. Yes, location helps. But in such a complex, unpredictable game, timing is just as critical.

Take Le Parc, in the Southern Chinese city of Shenzhen, for example. When the first phase of this 26-tower residential development came to market in mid-2000, prospective buyers queued outside the sales office for an entire week—day and night—hoping to secure a unit. By the time the sales office opened on July 1, the queue had swelled to over 1,000, and the 800 units on offer were snapped up almost immediately. Yet not everyone had foreseen how successful the project would be. In fact, when Hutchison Whampoa Property (HWP) bought the 1.68 million-sq.-ft. site from the local authorities in the wake of the 1997 economic crisis, rival developers, uncertain of the economic future, had all dropped out.

Westgate Mall, a commercial development in Shanghai that has proved to be a hit with both tenants and the public.

“But we realised the location, next to the government offices and cultural centre, was one of the best in Shenzhen,” says HWP Managing Director Raymond Chow. “We could see it was going to be at the heart of the new city centre.”

Market demand is also critical. “There was not much of an expatriate market,” recalls, HWP Deputy Managing Director Tony Tsui, “but we sensed affluence was growing in Shenzhen. So, for the first time, we targeted the local Chinese market. We adapted what we had learned in Hong Kong”.

With around 3,200 flats, duplexes and “skyhouses” as well as schools, a clubhouse and shopping facilities, enhanced by a unique European-themed landscape design, Le Parc is the largest-ever luxury property development in Shenzhen.



Demand for apartments at Le Parc in Shenzhen (above), has outstripped supply.

SMART-LIVING PLUS

FOR EXPATRIATE BUSINESSMEN ON SHORT- AND long-term contracts to Hong Kong, the biggest challenge of all can be settling into temporary accommodation. Besides the relatively high rents, an obligatory two-month deposit must usually be paid to the landlord, not to mention the cost of signing up for electricity, water and furniture. Factor in cleaning and laundry, and the bills mount higher.

An Internet service (preferably broadband) is also crucial. Plus a TV and music. Then there's the fee for joining a fitness club. And will there be a place for our hard-working businessman (or woman) to relax beside a swimming pool on sweltering days off? The entire process can amount to a logistical and financial headache.

This is where Harbour Plaza Hotel's innovative accommodation concept comes in.

Smart-Living Plus has become an extraordinary success story. Prices start at just HK\$6,000 per month (about US\$769), rising to HK\$20,000 all-in for stylishly furnished serviced suites in a modern development, complete with sitting and sleeping areas, bathroom, pantry with refrigerator and microwave, and with easy access to superb recreational facilities plus convenient commuting links.

But that's only the start of the value-added package. This arm of Hutchison Whampoa Property is literally “re-defining” the way Hong Kong lives, not only by including everyday necessities and facilities in the fixed price, but even defying



Left to right: The sleeping area of a typical suite; reception lobby; and rooftop pool at Harbour Plaza Resort City.

MARK CALDWELL (3)



local convention by scrapping deposits. Guests sign up for as long as they like on a flexible contract, pay a month's rent, and move in. Just like that.

Traditional Hong Kong landlords might shudder at the thought. After all, the deposit system is designed for security—in case a tenant skips town owing rent. More cynically, the down payment is also a lucrative, interest-free nest egg.

But the Smart-Living Plus concept is anything but traditional. “We’re treating people how we would want to be treated—with an element of trust,” says Stephen Chu, Deputy General Manager for Leasing.

The entire concept of Smart-Living Plus is simple, straightforward and painless, even the licence agreement. “We’ve shredded the paperwork right down to just one sheet.”

Harbour Plaza Resort City, set beside a giant park in the modern “garden city” of Tin Shui Wai, is the flagship for Smart-Living Plus.

The two towers housing 1,102 suites overlook the Mainland China border but modern freeways place it just 35 minutes to Central, and 45 minutes to the airport at Chek Lap Kok. A bus terminal adjacent the complex serves the Mainland border (convenient for guests working in China) as well as the rest of Hong Kong, and there is also a Light Rail Transport terminal.

The commercial concept is simple: to offer an affordable product tailored to the requirements of a specific market sector.

“Traditionally, Hong Kong people regarded a hotel stay as a luxury rather than an affordable long-term option,” Chu explains, “so we set about changing these perceptions.”

At Harbour Plaza Resort City, for example, the Company earmarked Cathay Pacific and Dragonair cockpit and cabin crew as potential guests, consulting with them even before the development was completed.

Not only was a regular shuttle-bus service to the airport important, it emerged, but a connection to every conceivable

CX or Dragonair flight in and out of Hong Kong. The shuttle times were therefore co-ordinated.

Flight attendants, in particular, also expressed concern over security; so a professional Gurkha guard-force was installed. Aircrew even have their own dedicated computer in the lobby to check flight-times and company e-mails.

As a result, aircrew now represent a sizeable proportion of the guests at Resort City.

Finally, the consultations showed potential guests were looking for shopping, although that required no special effort: Resort City is in the middle of Tin Shui Wai’s modern shopping centre with 200 outlets, including one of the biggest PARKNSHOP supermarkets in Hong Kong, and eight cinemas.

While the product was originally targeted at busy, Hong Kong salarymen, the concept has also become a big hit with expatriates. Resort City is the first choice for a sizeable contingent of Japanese businessmen, some accompanied by their families, as well as British and Australian construction specialists contracted on various infrastructure projects.

“It sounds like a cliché, but Smart-Living Plus really is value-for-money,” says Chu. “The concept has become so competitive that many local Hong Kong families have moved in, too.” Local mothers and children, in particular, are regulars at the tai-chi, aerobics and dancing classes organised daily at The Club Fitness & Spa, where everything except massage and beauty treatment is free to guests.

“We have the most high-tech facilities in the New Territories,” notes Spa manager Venus Vargas.

Smart-Living Plus has proved to be a smart strategy. “Hong Kong’s accommodation market is a completely different animal from five years ago when everyone was forced to pay through the nose,” says Chu. Competition is tougher and we have become more guest-oriented. We listen very carefully to our guests’ needs. That’s how we came up with Smart-Living Plus in the first place.”



From outset to completion, HWP pays careful attention to every detail.

Clockwise from right: spacious office facilities; Chongqing Metro Plaza reception area; Beijing Oriental Plaza; security operations; The Whampoa in Hong Kong; Chongqing Metro Plaza exterior.



A REAL ESTATE E-REVOLUTION

WHILE OBSERVERS MAY WONDER WHETHER dotcoms are overly bold ventures during a downturn in the sector that has witnessed bubbles bursting all around, Hutchison Whampoa Properties (HWP) is keeping an “e-step” ahead of real estate competitors by harnessing the Internet with two new portals.

Hutchison Premium Services websites (www.hps.com.hk and www.hps.com.cn) aim to create “the first truly intelligent” homes and offices for the Group’s property developments on both sides of the border, and Pacific Property Net (www.pacificproperty.net) is positioned to become China’s first online real estate agency.

These two portals are nothing like the infamous get-rich-quick dotcoms that have made headlines around the world, says Raymond Tam, Finance Director at Hutchison Whampoa Properties. Instead, they are aligned principally to support the Group’s property interests—embracing Internet technology to provide value-added services to tenants with Hutchison Premium Services (HPS) while creating a real estate revolution in China with Pacific Property Net (PPN).

“The failure of most dotcoms has been down to people thinking of an idea for a business they are not in, and know nothing about,” Tam explains, “this is what we call the horizontal approach. But our approach to e-business is vertical. The two portals both compliment existing businesses and have a specific value-added purpose. It’s another medium through which to communicate with our customers and improve our service to them.”

HPS, he says, is primarily a tool to improve the Group’s real estate management services and customer relations. Residents of HWP developments will benefit from online concierge and hospitality services, ranging from e-shopping and payment of utilities bills to booking sports facilities at estate clubhouses or keeping track of neighbourhood social events through noticeboards and chatrooms.

Commercial tenants will be “clicking” for such services as laundry, florists and booking of function rooms.

The first “pilot” site has recently been launched at HWP’s prestigious new development, Shenzhen Le Parc. In stages it will extend through the Group’s estates, apartments and offices in both the Mainland and Hong Kong.

PPN, on the other hand, is supporting a conventional “offline” property consultancy recently launched by HWP in Beijing, Shanghai, Shenzhen and Dongguan. Although

it highlights Group developments and serves as a purchasing and leasing platform for them, its scope is extending to landlords, tenants, owners and developers across China.

Property can not only be bought, sold or leased on the website, but an extensive database of customers, transactions, details of developments, latest listings and property market news and analysis provides a complete, interactive, high-tech gateway to the Mainland’s real estate industry.

“Essentially, it integrates the supply and demand chains online,” says Tam. “Pacific Property Net is leading a revolution in the China’s real estate industry.”



Hutchison Premium Services 好辦事



Pacific Property Net



By the mid-1990s, the business of altering Hong Kong's skyline and accommodating a fast-growing population accounted



that create employment—and complete the self-contained picture. The challenge throughout has not only been about identifying new markets but also understanding the market's aspirations and providing customers with what they want.

BRANCHING OUT

With the benchmark set, HWP has now extended far beyond its traditional “territory”. Having fine-tuned its craft in Hong Kong, the Group is now applying its expertise across the globe, with interests in the UK (*see story, p.20*), Singapore, Japan and even the Bahamas. But by far the biggest market of all is in the Mainland.

“We’ve been watching China for a long time,” says Chow. “Since the late 1970s, we’ve seen market conditions improving there on a daily basis. Initially, what attracted us was the tremendous increase in the number of expatriates.

“There was obviously going to be a demand for quality housing with the kind of facilities that expatriates expect, including landscaped areas and international schools.”

The southern city of Guangzhou was chosen as the site of HWP’s first foray across the border because multinationals like Procter & Gamble, Nike and IBM had all established major manufacturing facilities in the region.

With that niche market in mind, The Greenery, a low-density, self-contained residential estate of 208 duplex and apartment units surrounding a landscaped garden, was developed in Guangzhou’s new commercial centre of Tianhe. Facilities included a clubhouse with squash and tennis courts, a gym, children’s play area, swimming pool, snooker room, international school, clinic and plenty of car parking, plus a shuttle bus service to the city.

It was just what the market was missing and canny investors, many from Hong Kong, snapped up the properties, reaping a 25% investment yield. Similar excitement is expected over Guangzhou Huangsha, a “City Oasis” above the Huangsha underground railway station with 2,000 deluxe residential units, clubhouse and a shopping mall.

DOING THE HOMEWORK

Before a brick is laid, Chow explains, HWP abides by a tried and tested strategy. “We have an entire Development & Marketing Department, now numbering 204 staff, mostly in China, who identify sites and ascertain economic trends and demand. Their information helps us to formulate strategy.” “It’s also a case of taking new ideas to the market,” adds Tsui. “There are a lot of developers in China and the market is highly competitive. We strengthen our competitiveness and reinforce our edge over our rivals by developing quality products that are unique to the market.”

That strategy is being applied throughout China, with HWP’s interests extending from Beijing, Shanghai, Qingdao and Chongqing to Guangzhou, Shenzhen, Dongguan and Zhuhai.

In Shanghai, for example, Chow points to the success of Westgate Mall, a 1.05 million-sq.-ft commercial development at Nanjing Road West. The location may have seemed in direct competition to the neighbouring CITIC Square and Hang Lung’s Plaza 66, but for one crucial difference.

HWP judged that the neighbours were pitching “too upmarket”. So Westgate Mall secured anchor tenants “a level down” and combined them with more prestigious outlets



Stamp of quality. Clockwise from above: A comfortable sitting area at Horizon Cove, Zhuhai, China; the distinctive outer façade of The Belgravia, London; an interior at Laguna Verona — Phase II The Lakeside in Dongguan, where houses adjoin the Harbour Plaza Golf Club; Horizon Cove villas, Zhuhai; HWP also pays close attention to the environment; The Monteverto in London seen from outdoors and from within; leisure facilities.



including Burberrys, Ermenegildo Zegna and Versace. The office tower, meanwhile, has attracted many well-known multinationals.

“We had a specific target and got results. Our business is much better than the competition’s now,” Chow says. “Everyone in Shanghai knows Westgate Mall. It always goes back to one thing: positioning the product right.”

“Even before construction starts,” adds Tsui, “it’s important to know your customers and what they really want.”

On those principles, offices, flats and shops at Phase 1 of Walton Plaza in Shanghai were pre-sold before they even opened, and HWP is currently extending it with prime offices and luxury apartments scheduled for completion in 2004.

Meanwhile, over in Shanghai’s Pudong Huamu district the Seasons Villas development, comprising houses and apartments for over 500 mainly expatriate families, is nearing completion and plans are already underway to build an adjacent complex.

The deluxe Shanghai Gubei Project targets affluent local buyers as well as overseas Chinese, including people from Hong Kong and Taiwan.

“Building for your customers,” repeats Raymond Chow, “is akin to an HWP mantra.”

One customer, Tsingtao Beer, liked The Qingdao Pacific Plaza so much that it purchased the entire 19-storey office building for use as its headquarters. The complex also comprises four high-rise apartment blocks, garden duplexes a clubhouse and a shopping centre.

TOP FLOOR

Prestige can count a lot in certain circumstances, says Chow, which is why HWP employs world-class architects like Norman Foster and Richard Rogers (*see story, p.20*).

And you don’t get much more prestigious than Beijing Oriental Plaza, the biggest integrated commercial development in the capital. Located on a 1 million-sq.-ft. site in the centre of Beijing, abutting both the prestigious Changan Avenue and the famous Wangfujing Street, it incorporates a grand shopping mall, eight Grade-A office towers, deluxe apartments and a five-star hotel. The US\$2 billion project nearing completion is set to consolidate HWP’s position as a premier developer in the Mainland.

Closer to Hong Kong, Zhuhai is buzzing with excitement over its largest-ever development at HWP’s Mediterranean-style Horizon Cove, while in Shenzhen, the next phase of Le Parc goes on sale soon.

With 21 projects so far in China, Chow says HWP’s future over the border appears limitless. He anticipates selling 4,000 units a year in the Mainland for the next decade—or four times the number being sold today.

But he is also cautious about expanding too fast. “We could go to any city and I’m sure we would make money,” he says. “But it would become harder to monitor our developments with too many offices expanding too fast. We’re focusing on keeping everything under control to ensure we develop the best quality products.

“Although we’re newcomers to the Mainland market, we’ve established a reputation as a quality, reputable developer, not only of prestigious residences but also of large-scale shopping malls, intelligent office towers, world-class hotels and even golf courses. And we intend to keep that reputation. We’re moving steadily on the right track.”



DRAWING ON EXPERIENCE

By Simon Jeffery

THE 181,000-SQ.-FT. SITE—ADJACENT TO THE RIVER Thames between the historic Battersea and Albert bridges and overlooking the best of the city's skyline—was one of the most promising in London.

It is rare for such a large space to become available but this one did, thanks to a warehouse and a neighbouring bus depot being sold off at the same time. The plan was to build something special.

Hutchison Whampoa Property had been interested in the area—Battersea—for some time, having already successfully developed the Montevetro tower with joint venture partner Taylor Woodrow Capital Development a short distance downstream. In times past, there was something of a stigma attached to the area, but the development of attractions such as the Tate Modern art gallery has changed perceptions considerably.

The Richard Rogers-designed Montevetro project proved that people *would* buy luxury apartments on the once-unfashionable South Bank. HWP wanted to make the most of the view, and in turn to create something distinctive and eye-catching when viewed from the North Bank, so internationally renowned architects Foster and Partners were called in to design a landmark building, their first residential development on this scale.

In October 1997, Professor Bill Hillier of the University of London's Space and Syntax Laboratory assessed the site. He plotted the best lines down to the river and came up with a "spiral geometry". Plans for a 21-storey glass-and-aluminium building were drawn up, incorporating a staggered curve based on the lines of a seashell to give the north facing units the maximum possible river view.

But there were problems. The site, opposite the historic Cheyne Walk in Chelsea, was sensitive to development and the first objection came from English Heritage, the Government-

sponsored buildings watchdog, over the proposed height.

So, taking these concerns into account, the architects went back to the drawing board on a 16-storey design.

Revised plans were submitted in mid-1998, only for the Secretary of State for the Environment to call it in due to concerns over the bulk, height and lack of affordable housing.

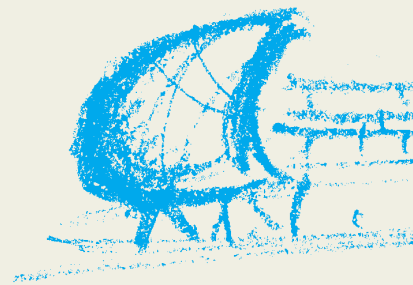
"We were back to square one," recalls Edmond Ho, Executive Director & General Manager of HWP (Europe). HWP then decided to go for something more modest, and submitted plans in August 1999 for an 11-storey 197-unit building. It finally got the full go-ahead in March 2001.

It was then that construction-management company Exterior was brought in to turn the plans into reality. To begin, the entire site was excavated almost down to water level, to be transformed into an underground parking lot. "The site became a gigantic hole," Ho recalls.

By October 2001 the hole was covered and the foundations laid. Albion Riverside was off the ground at last.

Marketing began in mid-October, targeting prominent journalists and bolstered by advertising in the *Financial Times*, *London Property News* and *Country Life*, and spearheaded by an on-site marketing suite.

The marketing suite, says Ho, has proven to be "the major marketing tool", showing off to prospective buyers the quality of the interior finish, including specially designed kitchens, bathrooms and Lord Foster's own choice of furniture and fittings.



A photo-enhanced impression (*below*) of how the Albion Riverside development will look when viewed from the North Bank of the Thames.



Lord Foster's involvement, and that of his business partner Ken Shuttleworth, is an obvious attraction, and not without reason. Everything was designed by their practice, including the landscaping, street furniture and lighting, right down to ergonomic door handles in each apartment.

"For what is essentially a residential project, there is a lot that excites us," says Andy Bow, a director at Foster and Partners. The building's curves, for example, are the product of new computer-assisted design technologies.

Foster and Partners are internationally known for innovative architecture that creates calm, light and airy interiors. The glass façades at Albion Riverside will cause its appearance to deflect according to prevailing light and changing viewpoints. Apartments will open out to views of the river beneath, where some moorings are available.

The residential entrance, with a private drop-off point, will lead via a grand staircase to the glazed "cloister" on the first floor, which will run virtually the entire length of the building, providing uninterrupted views over the landscaped garden and the river beyond. Direct access will also be available by lift from the underground car park.

Not only does it look good, but Foster's vision also provides functionality and flexibility to suit the practical details of modern-day living. Apartment front doors, for instance, will be wider than average for the delivery of furniture, while many of the flats will have sliding partitions to allow spaces to be opened up or divided for different uses.

Buyers are also amazed at just how "intelligent" their new homes will be.

Besides fast ISDN telephone and Internet connections, the flats are pre-wired for smart technology, enabling main services to be controlled remotely via the Internet or by mobile phone.

"Residents will be able to call home to run their bath, close the curtains and turn on the oven, or have their doorbell linked to their mobile so they can speak to visitors even when they are not at home," Ho muses.

Although winter 2003 (the completion date) is some distance off, by January 2002 more than 110 units had already been reserved, with buyers putting down a non-refundable £2,500 on units under £1m and £5,000 for those over this figure. Due to the strong demand, including from "a few sports and music celebrities," Albion Riverside is not officially being marketed elsewhere.

"Some customers have reserved more than one apartment with the intention of combining the space," Ho reveals.

There is no doubt that the lucky few who secure units will enjoy lavish comfort combined with outstanding views in what is rapidly becoming a much-sought-after area of the city.

But that does not mean HWP's work is all done. Albion Riverside is a mixed-use development, and tenants for 100,000-sq.-ft. of commercial space beneath the main residential block have yet to be selected. "Destinations" such as a high-class restaurant, cafés, shops, a leisure centre and office space are favoured. These will all add to the vibrancy of the open-to-all public space by the river. This space, according to Bow, "will be one of the few places in London where you can sit and watch the sunset over the Thames away from the traffic."

And finally, after all the hurdles, the local authority planners are also happy. "They want us to do more," says Ho, "and if another piece of land becomes available here, perhaps we can."

