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# CHASING THE SUN

FLORIDA'S YELLOW SAND BEACHES AND RELIABLY BLUE SKIES HAVE LONG BEEN A MAGNET FOR THOSE SEEKING EXCELLENT QUALITY OF LIFE

A traditional favourite with senior US buyers, Florida is famous for its friendly climate and even friendlier taxes. But it's now shaking off its blue-rinse image to appeal to a diverse range of investors seeking out the good life

BY GEMMA PRICE

Home to golden beaches, plentiful oranges and balmy sunshine, Florida has long been a desirable destination for empty nesters and retirees from all over the US who either sell up to relocate there full-time or buy vacation homes.

The fact that Sunshine State residents only pay federal taxes, compared to the triple hit of federal, state and city taxes levied by authorities in other locations, represents an important saving for people seeking to relocate. A condo in Miami will typically cost around one-third of the price of a comparable property in New York and its year-round warm weather means that lifestyle options – namely water sports, boating, tennis and golf – abound.

The innate appeal of Florida, and especially Miami, its most celebrated city, coupled with an influx in newcomers have signalled a shift in many of the state's key hubs, with sectors such as dining and entertainment in particular getting a shot in the arm. These enhancements, in turn, are helping to attract investment from all over the world.

"Miami is the most diverse city in the US," says Fernando de Nunez y Lugones, executive VP of Development at ONE Sotheby's International Realty and a specialist in Southeast Florida's Miami-Dade and Broward counties. "For all of Latin America, [Miami is the point of] easiest integration; most people speak Spanish and it's a good place to start something from scratch."



**MIAMI BEACH CONTINUES TO BE A DRAW FOR INVESTORS DUE TO A PROFUSION OF LUXURY LIVING OPTIONS AND HIGH-END AMENITIES**



While many buyers are lured solely by Miami's economic opportunities, de Nunez y Lugones says others are also seeking to escape political, economical or social problems in their home countries. In recent years there's been an influx of buyers from Mexico, Venezuela and Brazil, while more European, Middle Eastern and Asian citizens are making a beeline for the state.

It's likely that direct flights will soon connect Miami with Asia. In September 2015 Miami-Dade aviation director Emilio González told Miami Today News that he was talking with EVA air and China Eastern about a route. The MIA Task Force is also reportedly targeting Japan Airlines, China Airlines, Asiana Airlines, ANA, Cathay Pacific, Air China, Korean Air, and Hainan Airlines.

These links are expected to attract an influx of Asian entrepreneurs seeking to establish a more permanent base in Florida, rather than traditional hotspot California, under the EB-5 Immigrant Investor Program. The scheme makes investors eligible to apply for a Green Card if they make the requisite investment in commercial enterprise with jobs for 10 or more US employees.

Florida's strategic position as a gateway to Latin America and its markets is attracting mainland Chinese and Hong Kong investors to buy real estate in the state. In 2013, Chinese investment in Miami

accounted for 3.7 per cent of the city's property sales, according to Charlie Rosier, a director of Blackfish, a consultancy that helps Asian clients invest in US property.

After peaking in December 2006 and plummeting during the economic downturn of 2008, Florida real estate prices are bouncing back with the state now firmly on a growth trajectory. According to realtors sales are trending up, listing inventories are falling, the supply of lender-related properties has stabilised and multiple offers on homes are being witnessed.

Experts credit the resurgence to a recovering economy benefiting from growth in the tourism and healthcare sectors in particular.

The luxury market – categorised as properties priced from USD1 to USD5 million – has also witnessed an uptick over the last few years. According to figures released by ONE Sotheby's, the number of single-family homes selling for more than USD1 million increased 83 percent to 975 from 2011 to 2015.

Even the state's most expensive homes in the sought-after Miami Beach area delivered impressive returns on investment. With its beachfront mansions boasting private berths, oversized infinity pools and celebrity residents, N Bay Road is one of Miami's, if not the US's, most exclusive addresses. Last year, properties on the

strip sold for an average of USD25.8 million – a 53 percent increase in the same period.

Set back from N Bay Road's line up of quixotic homes, the construction of high-rise condominium towers continues unabated. But rather than trying to compete on price, developers are instead focusing on concept and quality – better kitchens, appliances, landscaping and even art components in public areas.

This trend is being witnessed all over the state and sales figures demonstrate lucrative dividends. A good example is Privé, which is anchored in the waters of the Aventura Intracoastal on the last buildable eight-acre private island in all of South Florida. It incorporates two 16-storey towers with eight units per residential floor and a private beach club, a pier, two expansive lap pools and a private marina with 24 slips holding up to 150-foot boats.

"More than 63 percent of the condos are under contract and in May alone we sold five units when the average is three a month," says developer Gary Cohen, whose family has been in the local real estate business for over 50 years, particularly within the city of Aventura.

Strong sales are in fact being reported across the board, and – despite media reports to the contrary – realtors, including de Nunez y Lugones, say there's no bubble forming.

There has however been a nationwide dip in demand, partly fuelled by the appreciation of the dollar and uptick in oil prices, which has impacted the affordability of properties in the US for buyers.

"Since demand has slowed, some properties were shelved, others were postponed and construction, in some cases, has taken longer than expected," explains de Nunez y Lugones. "But this is good news because it will give us more time to absorb the units being delivered into the market."

Still, the outlook for the Florida market remains bright.

Although some uncertainty is expected as the US presidential election enters the home stretch, the omission of Bernie Sanders and Ted Cruz, who wanted to drastically raise and lower taxes, respectively, has gone some way towards calming the market.

Moreover, with the completion of the Panama Canal expansion, which is expected before the end of the year, Miami will become one of the busiest ports in the US. And, as links between the US and Cuba strengthen, the Caribbean nation will become another potential market.

The allure of a long-awaited policy amendment legalising gambling throughout Florida is also expected to have a considerable affect on the development and construction sectors.

Malaysia-based Genting Group is just one developer that has already bet big on a policy change. The multinational purchased the 14-acre former Miami Herald newspaper site on Biscayne Bay for USD236 million back in 2012 with plans to build a grandiose gambling resort.

"Every hotel built in the last 15 years in Miami has an area ready for when gambling becomes legal," says Cohen. "When it comes, we'll instantaneously see direct flights from China within the day."

For the time being, however, buyer decisions on where and what to buy should primarily be motivated by their intention for the property, he adds.

Miami, Tampa, Fort Lauderdale and Orlando are home to the highest number of luxury homes and remain the most desirable hubs for investors seeking a long-term residence, although the types of properties – and the lifestyle – differ significantly.

Fort Lauderdale has grown from a sleepy backwater that once only attracted visitors during spring break to one of the largest boating communities in the world with more than 3,000 miles of canals and waterways accessible from the airport in 15 minutes.



**FOLLOWING THE MONEY**

Miami is the largest financial centre on the east coast, second only to Manhattan in terms of the number of banks operating. Where the US economy was left hurting by the recent crash in oil prices, the expansion of TAMU sector (technology, advertising, media and information) has assisted recovery in Florida specifically. Orlando has emerged as a hub for digital media, ironworks and navigation, and Miami is more linked to foreign trade and technology start-ups, many from Latin America.

An abundance of well-paid jobs and a continued influx of moneyed homeowners have translated into around USD30 billion in investment into Miami's entertainment, dining and arts and culture for its increasingly discerning residents. The 2013 opening of contemporary art museum PAMM in Museum Park and Midtown's Boating Design District, coupled with Art Basel Miami every December, has been central to Miami's chic, cultural story, in turn attracting "starchitects" such as the late Zaha Hadid and Piero Lissoni to lead the design of residential buildings.

In Orlando, the attractions are well documented: theme parks, golf and shopping. While the west coast of Florida is a little more laid back, and the age bracket tends to be higher.

Static wages and increasing property prices could make 2016 an unpredictable year for would-be first-time homeowners, but the same conditions bode well for buyers looking to rent, or rent and sell within a short time frame. Forbes' 20 Best Buy Cities 2016 – which looks at return on residential property investment – included seven cities in the state with Orlando at number two.

Indeed, for the next five to 10 years, industry experts are envisaging nothing but growth.

"I can't predict how investments will perform, but there are key drivers: 20 million people live in Florida or have a residence there, and the growth rate is 1,000 people a day and we'll continue to see growth of people and population," says Clark Toole, president of Coldwell Banker Real Estate Florida & commercial NRT.

Waterfront properties are the watchword, adds ONE Sotheby's de Nunez y Lugones.

"I have no doubts in my mind that South Florida will be trading higher and will start narrowing gaps with other cities in the world, especially because the potential sites available – mostly waterfront – are becoming very scarce." ■

## STABILITY, STRENGTH AND HEALTH

During past market peaks, developers only asked for 20 percent deposit and buyers were taking advantage of cheap loans to pyramid capital and purchase more properties, leading to a 15 to 20 percent jump in the market. ONE Sotheby's Fernando de Nunez y Lugones says most properties in development now have a 50 percent deposit structure, which means the financial strength and stability of the market is much improved. Generally, 8 to 10 percent growth per year is considered healthy, with buyers only paying over the odds for properties with a "wow" factor and water access.



ALIVE WITH LATINO SPIRIT, MIAMI IS KNOWN FOR BEING ONE OF THE EASIEST POINTS OF INTEGRATION FOR THOSE ARRIVING TO THE US FROM CENTRAL AND SOUTH AMERICA

# MIAMI

## MID-RANGE ELYSEE MIAMI

**Developer:** Two Roads Development  
**Number of units:** 100  
**Size (avg):** 257sqm-371sqm  
**Location:** Biscayne Bay, East Edgewater, Miami  
**Price range:** Residence start at USD1.68m for a three-bedroom option.  
**Completion Date:** 2018  
**X-Factor:** This low-density development (no more than two units per floor) is intimate and has the distinction of being directly on the waterfront, meaning unobstructed views for residents.



### PROS:

CULTURE RICH AND EXTREMELY DIVERSE; DEVELOPERS UPPING THEIR GAME WITH BETTER DESIGN AND FITTINGS; ENVIABLE BLEND OF BEACH AND CITY



## HIGH-END PRIVE AT ISLAND ESTATES

**Developer:** Gary Cohen and BH3's Greg Freedman, Daniel Lebensohn and Charles Phelan  
**Number of units:** 180 units  
**Location:** Aventura, Miami Florida  
**Price range:** Residences start at USD2.5m  
**Completion date:** Summer 2017  
**X-factor:** Anchored in the waters of the Aventura Intracoastal on the last buildable eight-acre island in all of South Florida, units at Privé Island have 360 degree views of the Bay and outstanding amenities.

### CONS:

BEACHFRONT MARKET SATURATED; CRIME RATE REMAINS HIGH; CITY'S SUCCESS HAS DRIVEN PRICES SKY-HIGH

## LUXURY OCEANA BAL HARBOUR

**Developer:** Consultatio Real Estate  
**Number of units:** 260  
**Size (avg):** 139sqm-845sqm  
**Location:** Bal Harbour  
**Price Range:** Residences start at USD2.8m  
**Completion date:** Winter 2017  
**X-Factor:** Formerly the Bal Harbour beach club, this exclusive development is set to become one of Miami's most sought-after addresses. Floodlit tennis courts, easy beach access and a restaurant and spa are just some of the highlights.

# FORT LAUDERDALE AND ORLANDO

### PROS:

SAFE AND FAMILY FRIENDLY; LIVELY YACHTING SCENE; OTHER LEISURE OPTIONS INCLUDE THEME PARKS, GOLF AND SHOPPING



## MID RANGE THE OCEAN RESORT RESIDENCES CONRAD FORT LAUDERDALE BEACH RESORT

**Developer:** Andreas Ioannou and Jose Luis Zapata, Orchestra Hotels + Resorts  
**Number of units:** 109 units  
**Location:** North Fort Lauderdale Beach  
**Price range:** Residences start USD400,000  
**Completion date:** completed, Opening Fall 2016  
**X-factor:** The first Conrad resort property in the USA is envisioned as an ocean cruise liner that invites owners and guests to imagine themselves on the bow of a luxury vessel



## HIGH END L'HERMITAGE II CONDOMINIUMS

**Size (avg):** 151sqm-665sqm  
**Number of units:** 444 units.  
**Location:** Fort Lauderdale, Florida  
**Price range:** Residences start at USD1.4m  
**Completion date:** 1998  
**X-factor:** The property is oceanfront with wrap-around views of the Southeast coastline. Marble, onyx and quartz finishes top off the property with a luxury feel.

### CONS:

ON THE QUIET SIDE FOR YOUNGER INVESTORS; GEARED TOWARDS TOURISTS; TRAFFIC ISSUES IN DOWNTOWN ORLANDO

## LUXURY 10169 TAVISTOCK RD, ORLANDO

**Size:** 891sqm  
**Number of units:** Stand-alone  
**Number of bedrooms:** 5  
**Location:** Orlando  
**Price:** Listed at USD3.65m  
**Completion date:** 2006  
**X-Factor:** This grand, five bedroom, five bathroom estate rests on 1.5 acres of Buck Lake, one of only seven lakefront homes on Buck Lake. The master suite offers a private lanai with fireplace, a morning bar, master bath, three-story closet and dressing area with a balcony and adjacent panelled library.

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