

POST-LUXURY

Branded residences and Covid-19: Resilient real estate with more than a designer logo

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Brand *Four Seasons, Mandarin Oriental, Waldorf Astoria, Ultima Collection, Dorchester Collection*

PRCO Director *Sophie Toh* looks at the history of branded residences and assesses what effects the pandemic could have on their development.

Covid-19 has halted, disrupted and distorted many givens in 2020, forcing us into a brave new world whilst simultaneously requiring us to shelter in place. And so, it's only natural that the quality of our homes and our attitudes towards where we live have been thrown into sharp relief, affecting the global residential market in a profound way.

Easy to dismiss as a flashy sales tactic peddling a designer lifestyle dream, branded residences have emerged as a durable element of the luxury real estate market in 2020, proving more resilient than might have been expected. According to the latest Savills research, the past 12 months have seen the launch of 100 new Branded Residences projects, capping out a tremendous decade of overall growth at 170 per cent, with 370 schemes and 52,000 units. As we end 2020, we look towards the future trends in this valuable residential sector.

Traditionally, branded residences were seen predominantly in North America, with **Four Seasons** opening the first modern-day iteration of the branded residence in Boston in 1985. The sector remains dominated by hotel brands such as Marriott, Ritz Carlton, Four Seasons, One&Only and Mandarin Oriental, who, as the wider hospitality market struggles with Covid, still account for 84 per cent of the completed market and 88 per cent of the pipeline, as investors double-down on branded residences as a safe, diversified bet.

Notable launches in 2020 include the iconic **The Towers of the Waldorf Astoria**, which will offer 375 residences in New York's 'unofficial palace'. Buyers snapped up many on a sight-unseen basis. Europe welcomed the launch of **The Residences at Mandarin Oriental Barcelona** and in Dubai, **Dorchester** presented **One Palm at Palm Jumeirah**, which recently sold the most expensive penthouse in the Emirate, priced at AED73 million (just under £14,900,000).

As the way we use our homes changes, developers are re-examining the product definition of branded residences in order to accommodate flexibility in private space. Hoteliers such as **Four Seasons** have been pushing a hybrid model of the private residence as a response to lockdown restrictions, offering the best of privacy, but matched with the legendary brand services and amenities. Some companies are solely focused on this space, including **Ultima Collection**, whose ethos is to disrupt the traditional hotel model by offering almost entirely residential-style properties, providing a highly personalised home-away-from-home feel for the elite.

The location of branded residences is also widening. Having achieved success in more mature, established markets such as Miami, Dubai and New York, branded residences are now set to move into 12 more countries in the next four years, with plans afoot in Australia, Egypt, Iceland, Vietnam, Morocco, Malaysia, Nigeria and Saudi Arabia, which allows scope for innovative and less urban-based schemes.

Equally, the nature of brands in the market is evolving. Hoteliers are debuting more brands in their portfolio, but the sector is also welcoming schemes from design, automotive and fashion such as Aston Martin, Armani, Baccarat, Elie Saab, Fendi and Porsche. The approach of a luxury brand is to convey a sense of lifestyle rich in aspiration and experience, to add an exciting new layer to the idea of prestige living. Having the right architecture, location, interior design and lifestyle extras marry together to become true value-drivers that are uniquely appealing to the high- and ultra-high-net-worth community.

As the market shifts towards experiences, wellness becomes an interesting new area to watch, as health remains in the spotlight. An early pioneer in the space, **SHA Wellness' Residences** launched in Alicante, Spain; a small number of private units enjoying onsite access to the award-winning SHA clinic, with a suite of doctors, therapists and wellness experts on hand. Wellness is also entering the mainstream. In 2021, Clivedale London will launch **Mayfair Park Residences**, a super luxury collection of 22 private homes in the heart of Mayfair, complete with a 10,000-square-foot health club. Other trends, such as catering to the needs of families and eco-friendly touches are areas the experts are monitoring closely.

As the branded residences sector starts to touch almost every corner of the globe, and brands bid to outdo each other, experts are optimistic about the future, as long as the calibre of schemes stays true to luxury values and diversification doesn't dilute quality. And, as with all real estate investments, an understanding of local markets, careful buyer targeting, and brand alignment are essential. Huge potential remains, but expert planning and advice is key to individual success.

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Opening image credit: the newly opened Four Seasons Bangkok at Chao Phraya River in Thailand