

LONDON PRIME RESIDENTIAL:

Translate design into value

**EC HARRIS
BUILT ASSET
CONSULTANCY**

An ARCADIS company



Introduction

The high end residential market in London continues to buck economic trends. The design of such schemes, specifically at the early stages of development, has a direct impact on sales value. Specific design areas can tangibly increase sales values as well as improve saleability and differentiate from the competition.

A robust residential design and delivery plan and a clear understanding of the product fundamentals is vital to success. We have identified five key areas that developers should consider and prioritise in order to create market advantage and impact sales value through the design of high end developments.

The finish

Quality does not need to be expensive. It is important not to equate quality finishes with the most expensive, especially in relation to a speculative development as individual purchasers have very different requirements. Sales value can be increased through the quality of the finish if the materials that are used are within the purchaser's frame of reference for luxury development.

Perfection is vital

It is of crucial importance that the final installation is flawless. Poor quality installation will reduce sales values and can result in purchasers requesting a reduction in the price. This presents the Developer with important challenges in terms of the selection of a design team, main contractor and sub-contractors. An objective, stringent and viable plan needs to be implemented and applied to ensure the design finish is of an impeccable standard.

A luxury palette

The super prime market is diverse and largely international, therefore it is virtually impossible to determine an aesthetic that will appeal to all purchasers. It is vital to avoid interior design fashions which may have a limited market appeal and shelf life. However it is important to note that the luxury residential, retail and hospitality industries from where purchasers will establish a significant proportion of their understanding of luxury, do use a traditional palette of finishes (neutral colours; blacks, whites and off whites, greys, browns) and detailing which purchasers will expect to see in any prime property.

These include (but are not limited to);

1. Marble floor and wall finishes to all bathrooms (large format tiles)
2. Wide width timber panelling in main living areas
3. Luxury carpets (e.g. silk or wool/silk mix)
4. Built in joinery, wardrobes in high quality veneers or lacquers
5. Thick doors (54mm to 64mm) again in veneers or lacquers with bespoke ironmongery (sanitary ware needn't be bespoke, but unbranded is often preferred)
6. Concealed services, branded kitchens and appliances
7. Paint finishes to walls and ceilings; developers should only invest in specialist wall finishes (e.g. polished plaster, silk wall papers) if a space particularly requires enhancement to draw attention away from other failings.

Brand expectation

The power of the brand is particularly important in kitchen product specification. High end purchasers recognise a limited selection of high quality branded kitchens and expect to see these on the marketing particulars. The Developer must keep up with an ever evolving market to ensure that the kitchens installed are up to date in terms of technology and appliances, and are therefore differentiated from the competition. Installing a bespoke kitchen as an alternative to this challenge is expensive, more risky in terms of quality of installation and often not in line with purchaser expectations. Built in wardrobes are also often a branded item, although not so much of a necessity in the same way as the kitchen. Bespoke joinery wardrobes, as long as they are of appropriate quality, will suffice.



Generosity of space



Volume

Generosity of space is increasingly important to purchasers and can be defined as 'volume' in terms of floor to ceiling heights, size of rooms and the impression of space. We have found that in high end developments floor to ceiling heights in main living areas (reception, dining, kitchen) and if possible main sleeping areas (master and second bedroom) should be in excess of 2.8m and the provision of double height space or space with floor to ceiling heights of 3.0m immediately adds value to the property. Other layouts which are increasingly targeted for generosity of space include entrance vestibules (to give a sense of arrival) and dressing areas (walk in wardrobes are often the first thing to be extended by any purchaser). If generous ceiling heights cannot be delivered (which is especially difficult in refurbishments), then the property will need to compensate in other ways including size of the rooms, quality of finishes and quantum of natural light.

Natural light

Natural light gives the impression of space. The architect plays an important role in maximising sunlight for the development (dual aspect is still considered to be very important by purchasers) and there is a need to prioritise the best views to the main living spaces. Within one development sales values can vary dramatically as a result of the view, aspect and privacy optimisation.

Impression of light and space

The impression of space can be generated by intelligent space planning and the use of finishes, such as light and reflective finishes. The location of partitions and built in joinery should be carefully planned to open out 'vistas' within the property. However, this should not be taken to the extreme, as for larger properties the balance between open space planning and 'public' and 'private' room functionality is very important. Although this distinction is often perceived as living (public) versus sleeping (private), it is not as clear cut as this, as is manifested in the debate that continues to rage with the architectural and interior design community between open plan kitchen/reception/dining and closed off kitchen, reception and dining.

Less bedrooms, more space

At this end of the market the size of rooms has become increasingly important. We are witnessing a trend towards the size of rooms taking over from the old perception that the number of bedrooms sells properties. Typically, purchasers would increasingly rather have larger living spaces, master suites (with potential for 'his and hers' bathrooms) and second bedrooms (all bedrooms ensuite) than more bedrooms, resulting in what is quite often a compromised third/fourth bedroom. There is an increasing importance on the second bedroom, to the extent that purchasers often prefer a second bedroom of commensurate quality and size to the master suite. The smallest bedroom should also be sufficiently flexible to allow for alternative uses, such as gyms, media rooms, studys or additional dressing. The ability to demonstrate differing uses for rooms positively influences sales values.

Home automation

Allow for flexibility

Home automation includes audio visual systems and lighting, temperature, blind control as well as video entry systems. The old perception that these systems must be fully integrated and sophisticated from day one is no longer valid, as the technology marketplace is ever growing and increasingly personal. "Technology savvy" purchasers have specific controls integration requirements (Apple vs. Android for example) and any attempt by the Developer to install a generic system is likely to be replaced.

Purchasers expect a system that is fully flexible in terms of infrastructure and will allow installation of an integrated home automation system of their choice (likely to be a wireless system added onto the hardwired system) at a future point. However, from day one purchasers will still expect a simple system of lighting, temperature and blind controls (as well as a video intercom) via wall mounted switching.

The challenge is to keep up to date with technology developments, select aesthetically pleasing controls and avoid 'wall acne' by clever placement or limited integration. This solution will reduce capital expenditure for the Developer and meet the expectation of purchasers, for whom technology has become over complicated.



Wellness facilities and new amenities

Wellness facilities are difficult to quantify

Currently, most super prime properties are expected to have Spa facilities, including gyms and swimming pools available within the development. In areas where the local amenities are limited this is sensible option, nonetheless, the exact correlation of wellness facilities and value is often difficult to quantify. Therefore, appropriate business planning should take place before any such facilities are included. One approach to address this issue is to make the wellness facilities available to the local community, and thus make it an income generating proposition.

However a public facility loses a lot of the exclusivity of a private facility, especially in the super prime market, and the value of the amenity to the purchaser declines. Therefore, each case must be thoroughly reviewed and looked at on an individual basis.

It should also be noted that prime and super prime developments are often infrequently occupied, as they are often second, third and fourth homes, therefore the usage of these wellness facilities is often infrequent. We are also finding that if luxury facilities are available locally the value of such amenities is limited as it takes up space which could be used for other income generation (e.g. additional residential or car parking).

Tap into new amenities

Currently there are a limited range of other amenities or facilities provided within such developments across London, beyond wellness facilities. Therefore, there is an unanswered question here about whether there is an untapped range of amenities that could provide further value to developments.

A concierge service, whereby the purchasers receive the same level of service as those in a hotel is a new kind of amenity that for example One Hyde Park and the Mandarin Oriental hotel in London have incorporated. This new model of serviced residences is becoming increasingly common globally however in London, although the phrase 'hotel standard concierge service' is included in the market collateral, for a lot of super prime developments the level of service is actually limited. This is because the ability to deliver true hotel standard service relies on local access to a full support network and this is usually provided by a hotel. To build this hotel infrastructure into a development which has sufficient service standards and branding is often prohibitive in terms of cost and space.

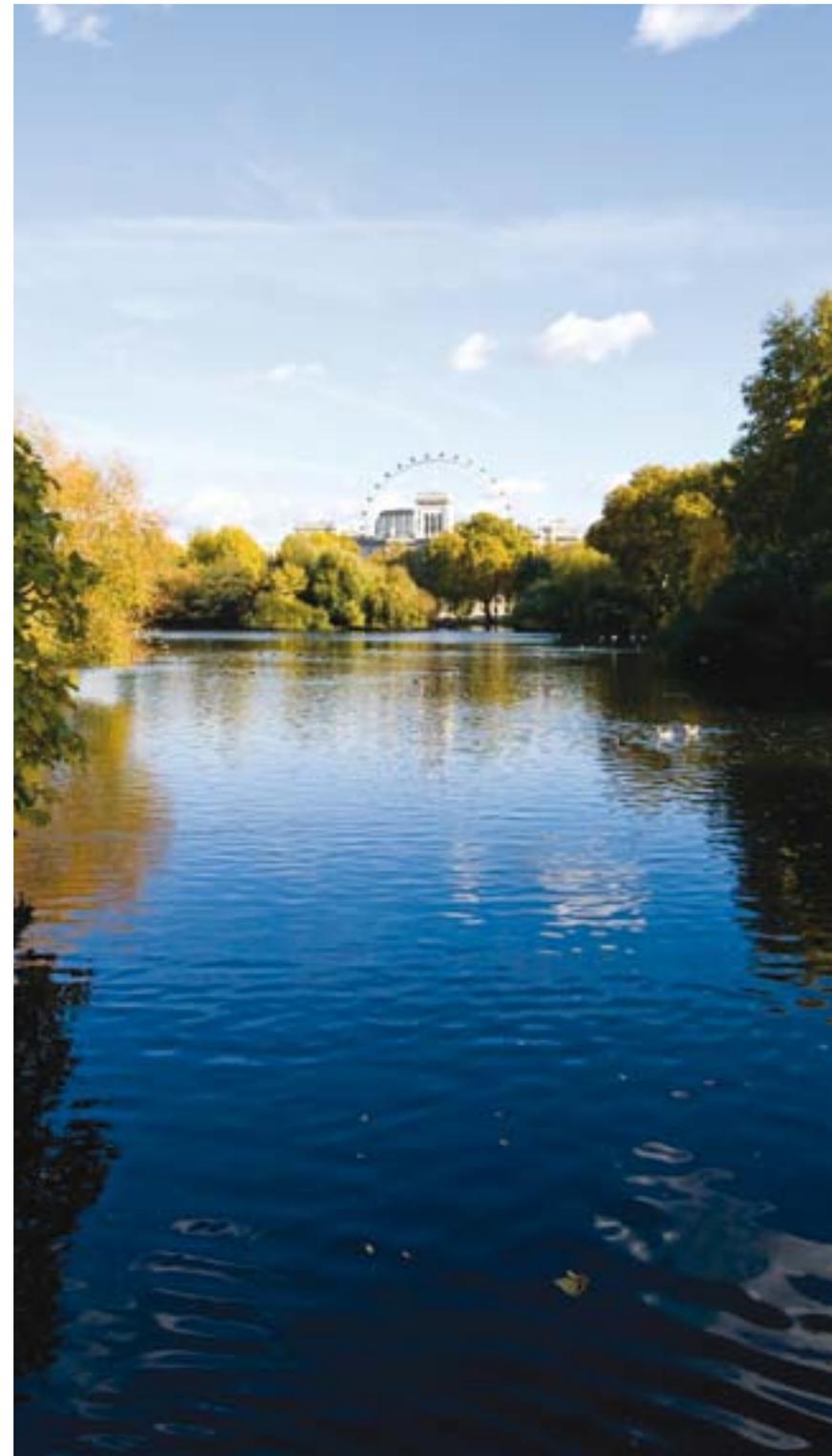
A sophisticated concierge service also requires integration of hard and software into the home automation system from day one and this contradicts the current trend to install simple systems with the facility to expand from day one. Currently, the take up of such concierge services at One Hyde Park is unknown and the additional costs to the Developer is unclear, which suggests that the traditional estate management model will continue to thrive for the time being.

Outdoor space

Compromised space is unlikely to drive value

Outdoor space is another area where the correlation between quality and quantity of space provided and increased sales value is not definitive. Green space is considered to be an inherent part of London culture by a large number of purchasers, and has a direct impact on the sales value. However, the opportunity to provide exclusive green space, particularly in multi unit developments is very limited.

Therefore the quality of outdoor space provided is often compromised (i.e. too small, too shaded etc.) and is unlikely to drive value. The space that will noticeably affect value is likely to be sufficiently large to be able to be used for entertaining and be able to incorporate planting and greenery. If the development is already located near a park or square garden the value of added compromised outdoor space is limited.



Contact us for more information



Mark Farmer

Partner, Head of Residential

t +44 (0)20 7812 2910

e mark.farmer@echarris.com



Lillian Gallafent

Associate

t +44 (0)20 7833 6634

e lillian.gallafent@echarris.com





ECHARRIS.COM/RESIDENTIAL