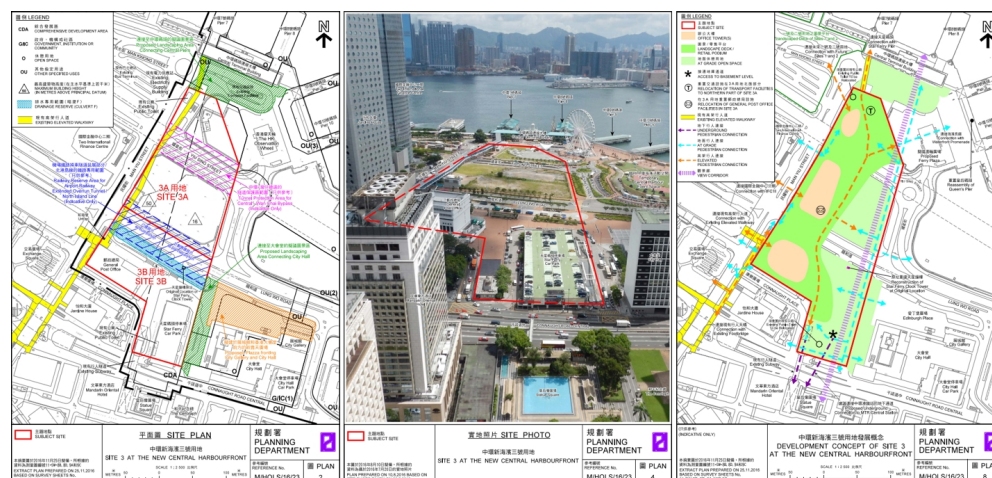


Hong Kong Site 3 – A Hotel Perspective

August 20, 2020 / By Daniel J Voellm

As shown in the Planning Department's site plan, Site 3 will enjoy expansive harbour views from its northern section. The Hong Kong Observation Wheel located at piers 9 and 10 is a temporary structure and will not impede the site. One major drawback from a developer's point of view is the building height restriction of 50 meters. Somewhat unusual for Hong Kong, the tender process is conducted in a two-envelope scheme with equal weighting between design proposals and price. A comprehensive list, by Hong Kong standards, of requirements is stipulated in the 33-page planning brief.



Source: Hong Kong SAR Planning Department

Located at the heart of the government's 'New Central Harbourfront' there is a strong focus on providing public open spaces and interconnectivity via bridges to the Star Ferry, future Sites 1 and 2, IFC and the central elevated walkway system. In addition, providing transitions to the at-grade pedestrian connections on the eastern section of the site is welcomed. The site can yield up to 1.6 million square feet of gross floor area for commercial use. While there is no requirement for a hotel component, the site sure has hotel brands salivating about the prospects of planting their flag here. That being said, without a luxury positioning, a hotel would not make a lot of sense here unless a developer would look to add a microtel in an 'infill' section to maximize returns. Here is a closer look at what an ultra-luxury scenario could look like.



Source: www.pxabay.com

Summary

In the coming months, a true gem of a site in the heart of Hong Kong will be sold. Located in front of its iconic skyline, Site 3 measures 4.76 hectares between Jardine House (the one with the round windows) and the Star Ferry pier. We take a look at what could be accomplished here.

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What can we expect?

Ultimately, we will see how fond the developer/consortia is of hotels and equally keen on making a true statement with the government embracing the greater vision of the design concept and price. An exemplary case study in value-add, it is an exciting process to watch and see what design ideas will make it to the finish line.

- From a hotel point of view, there are a few guiding principles that could help to maximize value as listed below.**Scale:** as a luxury or ultra-luxury hotel, the scale of the hotel doesn't have to be overly large. A room count significantly below 100 rooms maybe be difficult to execute. One could draw comparisons to the leading luxury resorts in the world featuring around 50 lavish villas and eye-water rates, yet a city hotel would not be able to yield as effectively, costs aside. The successes of The Landmark Mandarin Oriental and Upper House show that hotels can perform quite well with around 100 rooms. Notably Aman Tokyo houses 84 units. At the upper end of the range it would likely be difficult to provide world-class service above 200 rooms. We would thus see a reasonable room count between 80 to 130 keys.
- **Room size:** countering scale, a smaller hotel may be more generous and provide larger rooms. The Four Seasons' standard of 45 square meters has stood the test of time. At the same time the Upper House has exceeded the expectations of many since opening in 2009, partially attributable to its 68 square meter entry room size. To make it work, a suite-only product larger than 70 square meters would be compelling. Depending on the layout, the addition of terraces and outdoor areas, non-existent in the local luxury market, could create another strong selling point. Private pools anyone?
- **Views:** in this prime location unobstructed harbour views are a must. At a limited height, the architect's ingenuity will determine if the property can attain the ultimate potential of an all-harbour view room inventory. If the layout does not permit to create all-harbour view units, a wider rethink will be required. The trade-off will be between sunset views and views of Tsim Sha Tsui.



Source: Author

- **Facilities:** traditionally, luxury hotels have come with comprehensive facilities, including food & beverage, meeting space and wellness amenities.
 - **Restaurants:** as showcased in many ultra-luxury hotels, less is more. A space for breakfast is important. A second restaurant could be considered, but possibly outsourced to or run by a celebrity chef. The Upper House has done exceptionally well with Café Gray Deluxe as their only dining outlet. No doubt there will be plenty of restaurants in the retail component and many other restaurants are a short walk away, including those at Mandarin Oriental and Four Seasons plus a variety of standalone venues at Alexandra House, Landmark, Prince's Building and IFC.
 - **Bars:** Hong Kong has experienced a cocktail craze over the past five years. Artisanal, bespoke, infusion, molecular and smoking are the lingo of high-spending patrons at cocktail bars across Central. Live music at Captain's Bar, Darkside and Blue Bar remains popular. What Hong Kong does not offer is a proper outdoor space in a hotel bar (or restaurant). Requiring a breezy location, the likes of Lobster Bar, Darkside, Fish Bar rarely succeed in going far beyond smoking patrons. The success of rooftop venues like Seva show what can be done, when done right. A pool bar like at the Four Seasons Pool Terrace could be a compromise, though one would have to navigate between the wellness concept at

Asaya or the livelier venues mentioned above.

- **Wellness:** The success of The Oriental Spa at Landmark Mandarin Oriental shows what being at the right place at the right time can look like. For the time being Asaya at Rosewood has yet to prove itself in the market. The Hong Kong market has tremendous potential for a strong wellness concept introducing medical and holistic therapies. In a prime location like Site 3 this may not be needed and could be better allocated to other uses.
- **Amenities:** a proper-sized gym is a must. Similarly, an outdoor infinity pool with space in surrounding areas for cabanas would be a very strong selling point. Serene vs activated again is a choice here.
- **Branding:** looking at ultra-luxury brands the list is rather short with a mere three legitimate contenders. There are further luxury brands that could be considered but are unlikely to attain the same level of performance.
- **Performance:** getting the above formula right, this could be the time for Hong Kong to punch through the rate ceiling the Ritz-Carlton, Four Seasons and Upper House had to contend with over the years. Done properly and in a market that by then will have found its feet underneath it again, one would have to think that an average rate above HK\$10,000 shouldn't be out of range for a Site 3 hotel firing on all cylinders. The ultimate verdict will come in by how far above they can reach.

Time to wait and see then which developer will get the nod and will have the vision, guts and understanding to create a truly remarkable hotel experience and reap the rewards!