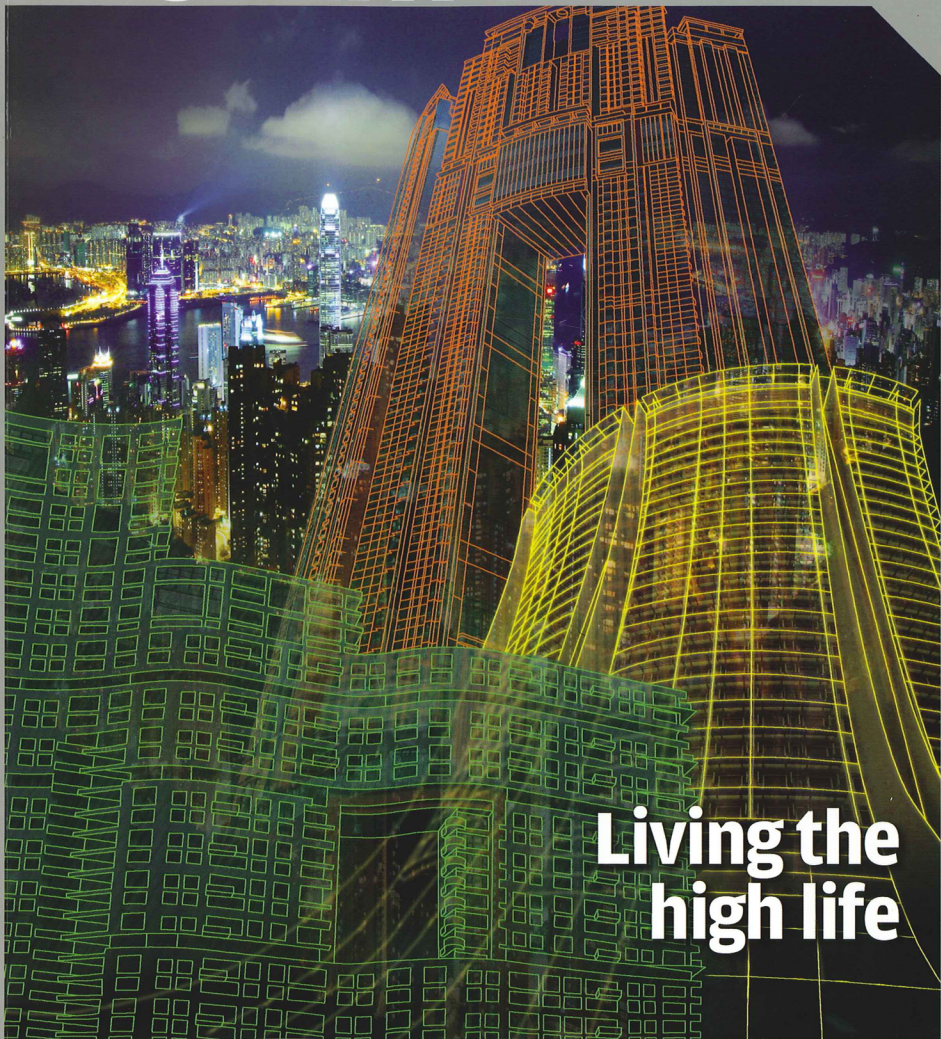


PREMIER PROPERTY

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Living the
high life

RENOVATION:
KENNEDY TOWN
ALEX FREW MCMILLAN

After six years of planning and an avalanche of paperwork, Victoria Allan's transformation of a tenement building has begun

Ambitious overhaul

There's scaffolding and green gauze covering the outside of Victoria Allan's development on the New Praya in Kennedy Town. Workers have gutted the interior and are busy reworking and reinforcing the interior of the eight-floor structure.

It's taken six years and a blizzard of paperwork filed with various government departments, but an ambitious renovation of the entire building is finally ready to proceed. By the end of the year, Allan says her pet project should come to fruition, turning a *tong lau* tenement building into luxury, loft-style apartments.

The project will add an elevator to what was a walk-up, and each floor will have an expansive one-bedroom apartment. The 1,350 sq ft flats will be open-plan and have full sea views.

Allan, 40, a property agent who is originally from Perth, Australia, started the project because she felt there was a lack of quirky or interesting upscale apartments in the city. "The

whole idea behind it is to find space that I liked," Allan says. "To have something cool and a more unusual layout for Hong Kong, and a quirky location."

Allan, who runs the Mid-Levels property brokerage Habitat Property, is one of a handful of Hongkongers who have bought old walk-up residential buildings and taken on the task of renovating them into high-end apartments.

The process is popular in Mid-Levels neighbourhoods such as SoHo, where people such as Sean Clifford and Dare Koslow have bought up portfolios of apartments, stripped them and created upscale rental pads designed for young executives (see story on page 25).

In Kennedy Town, Allan felt there weren't enough one-bedroom large apartments for high-earning residents who have had a taste of life overseas.

"The idea is to have a usable apartment and to restore an old building, and be able to say there's nothing wrong with these buildings."

She admits she was lucky to begin buying up the building in the aftermath of the property crash brought on by the severe acute respiratory syndrome epidemic in 2003. It cost HK\$8 million in 2004 to acquire the top seven floors of the building, which were available in one chunk.

Though the building was run-down, it had an attractive 1,200 sq ft floor plate, with the addition of an overhang on the residential units above the ground floor.

But the deal almost didn't happen. Allan signed on the upper floors and then found she was unable to get any financing on the project. She had been hoping to get backing from banks, as she had received without trouble with one or two small-scale developments in Australia. However, Hong Kong lenders balked at the concept of structural renovations and the difficulty of moving out



Victoria Allan outside her eight-storey renovation project in Kennedy Town.
Photo: Mark Cumming

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VICTORIA ALLAN
PROPERTY DEVELOPER

**RENOVATION:
KENNEDY TOWN
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the existing tenants, and turned her down. "I must have spoken to 20 banks," Allan recalls. "When I suddenly couldn't close on it, I thought, 'Oh my God!'"

She was forced to turn to friends and clients to find a silent partner to help her finance the sale. Now, Allan and her partner, who she declines to identify, have bought the entire building. They're often approached by investors looking to buy them out, but they're not interested. They expect to rent the units and generate rents of at least HK\$45,000 per month. The building and site have appreciated significantly in value, and the partners have been able to get a mortgage to cover the renovation costs, expected to be about HK\$25 million.

Although they could have torn down the building and built a 20-floor tower, they would have been restricted under new zoning to only 60 per cent of the site footprint. They would also have lost overhanging balconies that stretch four feet over the pavement, a feature typical of most *tong lau*. And they would have lost the charm of the original building.

Financing was only the first step in a marathon process. The top floors all had tenants, and it took five years to move them out and to buy up the rest of the building. The partners paid about HK\$60,000 to each tenant to move out. One of the families was so happy to leave their cramped apartment that they took what they said was their first vacation, on the mainland.

The former garage on the ground floor will turn into a cafe and delicatessen, one of a handful of quirky and increasingly trendy shops that have opened in Kennedy Town. Allan hopes such street-level shops will help maintain the community feel in Kennedy Town. She suggests incentives to encourage such redevelopments and, that for older buildings, a compromise on certain building codes could be met if the developer also improves safety specifications.

It is also difficult in Hong Kong to find appropriate *tong lau*, or other rundown sites that have the same redevelopment potential. But Allan welcomes competition. "It's hard to get a building that is small enough and manageable enough for one or two people to do," she says. "The more people who do it, the better."



A computer-generated impression of the finished building.