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## Saving the FLYER

The giant observation wheel has made headlines for all the wrong reasons in recent years. Could it now become a money spinner for Straco Corp? Turn to our Cover Story on **Pages 22 and 23.**



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THE EDGE THE WEEK OF SEPTEMBER 29, 2014

# City & Country



## Unit at The Tate Residences sold for \$2,725 psf

Price returns to original purchase price in 2008, alarming some property agents marketing units in the condo

## Boston's tallest tower beckons

Following success of Millennium Tower San Francisco, US developer launches Millennium Tower Boston in Singapore

## Jewel of Rangoon Road

For more than a decade, entrepreneur Jason Lee has been known for his K Box karaoke centres, and investments in Japanese restaurant chains and forlorn cinemas. Some of his boldest bets have been in property, and his recent launch, Forte Suites, is the biggest and most upscale yet.



CITY & COUNTRY

# Boston's tallest residential tower tempts Asian buyers

BY CECILIA CHOW

American Richard Baumert, partner of Millennium Partners, gives a vivid account of what it was like as a developer during the global financial crisis in 2008/09. "It was a very, very challenging time," he says. "When Lehman Brothers collapsed on Sept 15, 2008, that was the last day we did a contract. After that, it dried up."

Five years ago, the developer of luxury mixed-use projects in the US was marketing its 419-unit Millennium Towers San Francisco, which was scheduled completion in April 2009. Most of the people who had signed the contracts to buy the units could not complete the sale, however, as they failed to secure a mortgage. The developer had to lease out a portion of the units when the building opened. "So, we found ourselves in quite a horrible situation," recalls Baumert.

While studying the profile of the buyers of the units, the developer found that it was people from Asian cities — Hong Kong, Shanghai, Singapore and Taipei — that figured prominently. More importantly, they had friends and family who were eager to buy into the project. "We hopped on an airplane, came over and began to build relationships," says Baumert. "Had it not been for coming over to this part of the world, I don't know what would have happened to this project."

Millennium Partners decided to set up offices in Hong Kong, Shanghai, Singapore and Taipei, and found local partners to work with. In Singapore, it has partnered niche property agency Premiere Realty in selling its projects. "We recognised that we needed to have a presence here," says Baumert. "We didn't want to be just the guy who shows up with a suitcase to sell something, and then after we close up the suitcase, you never see us again."

Earlier this month, the developer kicked off a series of promotional activities ahead of the official launch of Millennium Tower Boston in October. The US\$630 million (\$799 million) mixed-use scheme is located in Boston's Downtown Crossing, on the site of the former Filene's Department Store, and includes the restoration of the adjacent landmark Burnham Building. The 685ft, 60-storey tower will have 442 condominium units and 95,000 sq ft of retail space. The Burnham Building was built in 1912

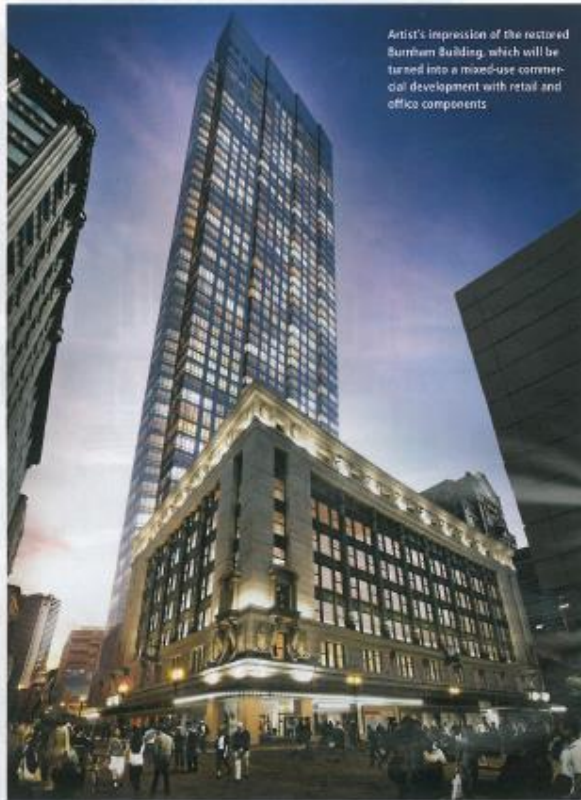


Baumert: We've attached a premium of between 20% and 30% to the best of Boston

and, when fully restored and renovated, will have about 135,000 retail on the ground floor and about 200,000 sq ft of office space on the upper floors. Roche Brothers, an established grocer in the state of Massachusetts, will open a 30,000 sq ft supermarket next year. Irish fashion retailer Primark will open its first US store on the former Filene site. The developer intends to create a shoppers' plaza at street level. "We want to turn the place into the shopping mecca it once was," Baumert says.

According to him, Boston is one of the hottest luxury real estate markets in the US. The developer's most recent residential project in the city, the 256-unit Millennium Place, sold out in 16 months, "making it the fastest-selling project in the history of Boston".

For Asian buyers, Boston's draw is the many prestigious universities located there, including Harvard University, Massachusetts Institute of Technology and Boston University. Baumert relates an anecdote of a mainland Chinese buyer looking at the very long term. He purchased an apartment in Millennium Tower San Francisco, and recently picked up a unit in Millennium Tower Boston. "He bought a unit in Bos-



Artist's impression of the restored Burnham Building, which will be turned into a mixed-use commercial development with retail and office components

ton because he wants to send his children to the universities in Boston. What's remarkable is that he doesn't have any kids. Even more amazing is that he doesn't have a wife, and he doesn't have a girlfriend."

In the city of Boston itself, 1,500 people have registered interest in buying units in Millennium Tower. Last year, downtown Boston reportedly saw a 20% increase in total home sales, with one-fifth of those deals done at prices above US\$1 million.

The 56th to 60th floors, which are the upper most levels of the tower, are the penthouse levels, where units will be sold as bare shells, with 3m ceiling and outdoor terraces. The penthouse on the topmost level measures almost 14,000 sq ft, has a wraparound balcony and is priced at US\$31 million. Units on the lower floors, which start from a one-bedroom apartment, are priced from US\$850,000. Average prices will range from US\$1,000 to US\$2,200 psf, but Baumert reckons the average for the building as a whole will be US\$1,300 to US\$1,400 psf.

"We've had a hard time pricing the top part of the building, as it's the tallest building in the city," says Baumert. "But we studied very closely the full-serviced buildings with unbold units and the buildings in the resale market trading in the area, and we attached a premium of between 20% and 30% to the best of Boston."

Millennium Partners was founded in 1991 and the first to develop hotel-branded residences, with the opening of the Ritz-Carlton Hotel & Residences in Washington, DC in 2000. "Of course, now you find it everywhere in the world," says Baumert. It also developed The Ritz-Carlton Hotel & Residences in New York, as well as the Four Seasons in San Francisco and Miami, and has retained ownership of the hotels in these properties.

"We learnt a lot about great service trades from The Ritz-Carlton and Four Seasons, and we decided in 2009 that we could do it on our own," says Baumert. That led to the development of Millennium Tower San Francisco, which has a 20,000 sq ft exclusive residents' lounge, a 5,500 sq ft fitness centre by Sports Club/LA, 24-hour concierge service, security and valet. There are also a private screening room, a library with a fireplace, spas and salons, as well as a restaurant directed by Michael Mina.

Millennium Tower Boston will have similar offerings such as the residents' lounge, fitness centre, spas and salons, but will be managed in-house by staff of Millennium Partners. Baumert expects the development to attract an international mix of buyers. He sees a significant number being those who had bought units from the developer in the past. As for the proportion of Asian buyers, he reckons it will remain at "the 20% to 25% level".



The developer intends to turn the area into the shopping mecca it once was