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# LOFT

1ST ANNIVERSARY ISSUE

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WHY THE SMART MONEY IS INVESTING IN NISEKO



# EXPERT NISEKO

Why the Japanese resort is attracting investors — and how much you should be paying

**N**iseko is an all-seasons resort playground on the western edge of Hokkaido, the northernmost of the Japanese islands. Composed of 4 connected ski areas; Hanazono, Hirafu, Higashiyama and Annupuri, it is a 2 hour drive from Sapporo's international airport, allowing easy access from all over Asia. Famous initially for its phenomenal powder snow and more recently, for its pleasant climate, natural hot springs, fresh produce and seafood, along with excellent golf, cycling and other summer activities.

LOFT spoke to Niseko experts John Barton of MSM Realty and Brian Lysne from Niseko Real Estate about the up-and-coming Japanese ski resort

— and why it presents an interesting opportunity for property investors.

**SO PEOPLE VISIT NISEKO LARGELY FOR SKIING? DOES THIS MEAN THERE ARE 'LOW SEASONS' WHEN THERE IS NOT MUCH SNOW?**

**JB:** The winter season is actually very long here and has consistent snowfall every year with the season starting in November and going through to as late as May. The peak periods for skiing run from mid December to the end of March which is still long by most standards. In the last couple of years the green season running from May through to the end of October has really been making huge strides. Within a few more years it is predicted to account for a significant

proportion of revenue into the area. The burgeoning green season market means that in time the rental market will stabilise and offer steady returns all year round.

**HOW HAS NISEKO EVOLVED RESORT-WISE?**

**BL:** It has evolved beyond all recognition in the last 10 years. Prior to its discovery by some Australian entrepreneurs it was a traditional Japanese resort with little high-end accommodation or après-ski amenities. The last few years have seen the arrival of high-class western style accommodation offering guests a much better stay experience. This trend has been accompanied by an explosion of restaurants, cafes and



bars arriving in the area which offers a diverse and unique nightlife. A big step forward is the significant financial backing of the Hokkaido Government for the master plan reconstruction of Hirafu main street which will put it in the same bracket as other high end ski resorts around the world. Another big step forward will be the introduction of Niseko's first International School due to open in August of 2011.

#### HOW MUCH DID THE GLOBAL FINANCIAL CRISIS AFFECT DEVELOPMENT IN NISEKO?

**JB:** Actually, not as much as many thought. On the buyer side, we did see much less activity from the end of 2008 through to 2009 although there

were bright spots. Properties that have fundamentally attractive appeal such as location will always sell in any economic climate. The majority of property here has been bought in cash and this remains the case. Due to this sellers were generally not highly leveraged and were in a position to hold their properties and ride out the recession. Some developments were put on hold but most of these have been resumed in 2010 as favourable conditions have returned.

#### ARE THERE ANY BIG NAME HOTELS COMING TO THE AREA TO SET UP SHOP?

**BL:** Yes. The Capella group has a huge project in Annupuri starting construction in the spring. In

## BY LOCATION

**HIRAFU** This is the most developed of all the areas, and is considered to be the centre of Niseko. Hirafu currently offers the best and widest selection of accommodation, restaurants and nightlife. Due to its high demand, land prices are above that of other areas. Hirafu is divided into three areas: Upper, Middle, and Lower. Upper Hirafu holds the ski-in/ski-out land, but each area offers its own unique atmosphere and attractions. There is a wide variety of property options in this area to satisfy every kind of buyer.

**HIGASHIYAMA** A smaller village comprised of mainly Japanese B&Bs, dominated by the Hilton and Green Leaf Hotels. This area has not yet seen significant development, however, this may change as YTL moves forward.

**HANAZONO** This is an area in its early stages. There is currently a low level of amenities, however, the area holds strong development potential. The Pacific Century Premium Developments Group seem set to start serious development as early as 2011.

**ANNUPURI** Popular with Japanese visitors, this village is second in size only to that of Hirafu. This area is home to the new Capella development, and offers generally large spacious land plots which makes it attractive to some looking to build their own homes.

**MOIWA** Although not formally connected to the rest of the resort, this area will undoubtedly start to grow as the resort develops further. The resort has been rebranded and is a sensible choice for land banking.

addition to that, YTL Corporation, out of Malaysia, has purchased the Higashiyama ski area including 2 hotels.

#### WHY ARE PEOPLE BUYING UP PROPERTY IN NISEKO?

**JB:** Buyers want a property here because they love the area. We see buyers now buying for their personal usage but also for the next generation.



Most buyers would naturally like the property to at least pay for itself and ideally make a reasonable return, but we are finding that most relish the improvement in their lifestyles that this kind of investment brings.

**WHO ARE THE PEOPLE COMING TO NISEKO? HAVE CHINESE MAINLANDERS STARTED VISITING YET?**

**BL:** According to the Niseko Promotion Board, figures show that international visitors accounted for over 40% (around 126,000) of all winter visitors in the 2009/10 season which is a very large proportion for a Japanese ski resort. The biggest three visitor groups are from Australia, Hong Kong and Singapore. Mainland Chinese visitors

are in fourth place with just under 5,000 visitors in the 2009/10 season. This will certainly increase this winter and well into the next green season.

**ARE PROPERTY PRICES RISING IN NISEKO OR COOLING OFF?**

**JB:** We have seen some cooling off over the last year. This has partly been due to the strength of the Yen as sellers reduce their prices to ensure their properties remain attractive. This is also due to an ongoing adjustment in the wake of the financial crisis two years ago.

**IS THE PROCESS OF BUYING DIFFICULT IN JAPAN?**

**BL:** Despite what is often assumed, and unlike some other Asian countries,

buying property in Japan is relatively simple, transparent and painless. It is governed by Japanese law, there are no restrictions on foreign ownership of real estate, and in addition the majority of property is freehold title. Buyers can purchase in private, or through a company structure, including BVIs.

**WE UNDERSTAND YOU ARE WORKING ON A PROJECT THIS COMING WINTER. CAN YOU TELL US ANY MORE ABOUT IT?**

**JB:** We feel this will be a definitive development for Niseko and the most exciting project the area has ever seen. The Rocks will be an all-year-round luxurious apartment/hotel complex located at the top of the village with full ski in/ski out access, hot springs, restaurants, ski concierge, gym and crèche. It will also encompass a satellite boutique development on one of the prime sites on the Middle Hirafu bluff. Both MSM Realty and Niseko Real Estate are working together as the appointed agents for this project and are deeply excited about bringing it to market this winter. We would urge anyone thinking about a purchase to look seriously at this opportunity. [L]

**WHAT YOU SHOULD BE PAYING: A ROUGH GUIDE**

Location	Type	Guide Price
Upper Hirafu	3 bedroom apt (120 sq m)	from JPY65 million
Upper Hirafu (ski in /out)	3 bedroom apt (120 sq m)	from JPY110 million
Middle Hirafu	2 bedroom apt (75 sq m)	from JPY40 million
Lower Hirafu	3 bedroom house	from JPY75 million
Upper Hirafu	Land	from 450,000/tsubo
Middle Hirafu	Land	from 300,000/tsubo
Lower Hirafu	Land	from 200,000/tsubo

\*1 tsubo = 3.3 sq m

Ski-in ski-out apartments in Niseko, Asia's powder snow capital, launching this winter...

# THE ROCKS

niseko resort  
WWW.THEROCKSNISEKO.COM

- Premier luxury apartments
- The best powder in the world
- Unique, unparalleled central location at the top of the main Hirafu village
- Truly Ski-in / Ski-out
- Superb design with unsurpassed level of luxury fit-out, finish and facilities
- Highest elevation ever for a Niseko condominium development with fully protected views
- A place for you and your family to live an unmatched, quality lifestyle



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