

SWEDISH COUPLE CRANES READY-MADE APARTMENTS TO THE TOP OF LONDON BUILDINGS

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You could call it the Ikea of penthouses: The company First Penthouse, founded by a pair of Swedish engineers, makes prefab living quarters that can be hoisted by crane to the tops of existing buildings.

Several of these penthouses, shipped complete with kitchen appliances, working bathrooms and interior decor, are now being installed on an historic London apartment building in South Kensington near Albert Hall.

Sotheby's International Realty is marketing the units, which go for between £2 million (€3.4 million) and £3.5 million. Though "prefab" sounds like a hard sell to the penthouse set, the privately held First Penthouse hopes to establish itself in London and eventually take the concept to New York and Paris.

Annika and Hakan Olsson, the husband-and-wife engineers who started the small company in 1992, count on sleek Scandinavian designs and one-day installation to overcome doubts wealthy customers might have about prefabrication. Here's how it works:

First Penthouse negotiates a deal with a building owner for roof space. Then it designs the units, often to buyers' preferences (a recent floorplan follows layout principles of Asian Feng Shui). The penthouses are produced in prefabricated chunks at a Swedish factory that also makes outlets for McDonald's. They are shipped to London and lifted by crane to a prepared landing spot on the roof. "By the time they crane it up, you could have the beer in the fridge," Mr. Olsson says.

The penthouse exteriors are finished to match the building - for instance, lifting old roof tiles to use on the new penthouses but the interiors usually feature modern white walls and wood floors. The Olssons began with the style they knew from Sweden, and found it went over well with international buyers put off by overstuffed English interiors. The updated plumbing in the penthouse units is also a selling point in a city plagued by antiquated pipes.

It's a good time for penthouses in London. Soaring property values and space shortage are spurring building owners to add stories to existing buildings. "We have an awful lot of applications for roof extensions," says Godfrey Woods, a planning officer for London's Westminster City Council. Though spacious historic penthouses are in a class of their own, modern buildings are also popular, says Miles Kevin, associate partner at U.K.-based brokerage Knight Frank: "There are always people looking for penthouses because of their view, and they sell for a premium."

Typical penthouse buyers range from young professionals working in the City, to older couples trading a big house for the greater security of a penthouse, to well-paid international businesspeople seeking a base in London.

A big problem with building new stories onto buildings is the construction disturbance in cramped urban neighborhoods. That's where the Olssons, who moved to London from Stockholm in the late 1980s, saw a niche.

They had experienced first-hand the dust and disruption of traditional construction adding an extra story to their Stockholm loft. Looking to start their own business, an idea clicked. The prefab indoor building methods developed in Sweden to cope with bad weather could alleviate the hassle of installing London penthouses.

So far the Olsson's company, with its staff of 16, seems to be alone with the penthouse specialty, although a German maker of prefab houses Huf Haus, has been making in-roads in U.K. suburbs.

The Olsson's venture hasn't been easy. After forming the privately held First Penthouse in 1992, it took

them a year to arrange the lease and financing for the first three-penthouse project in the London neighborhood of St. John's Wood (later expanded to seven). And they can attest that the prefab isn't as simple as it sounds when it comes to designing penthouses, especially for historically protected buildings. The unit is built indoors and ahead of installation, but with many custom design details.

"It will never be Ikea flat-pack," says Mrs. Olsson, who handles First Penthouse's design. The projects are labour-intensive, from finding a building in the right high-rent neighborhood to getting approval from strict city planning boards. The penthouse design - which must be completely thought out before sending plans to the factory - includes custom details like working around chimneys and mansard roofs and lining up the water pipes.

Though getting the unit set up on the roof only takes a day, finishing work on the units has sometimes stretched to several weeks. They are getting faster: The latest was ready four weeks after plopping onto the roof.

Putting penthouses on the prestigious Albert Court apartments, whose tenants include European royalty, corporate chiefs and a Premier League football player, is the company's second major venture. Two of the planned five penthouses, which range from 2,884 square feet (259.5 square meters) to 3,500 square feet, have been sold at about £850 a square foot, says Sotheby's property agent Charlie Smith.

Viewings are highly unusual: Mr. Smith takes potential buyers up to the rooftop to look at the open space where their penthouse would land. In an example of the negative preconceptions prefab faces, a recent viewer initially assumed temporary plywood construction huts on the roof were the penthouses themselves.

Arranging the Albert Court project included a drawn-out application process with local city planners and a struggle with long-time tenants who feared the new penthouses would increase building service charges, cut down on their light, and squeeze their parking space. The city approved a revamped design smaller than the original version. Tenants were appeased with plans to upgrade the building's lobby and elevator. The Olssons even invited a city building inspector to visit the Swedish factory Modulent where the penthouse units are made.

Mr. Woods, whose city planning area includes Albert Court, says a long permit process is typical, especially when it comes to adding penthouses on historic buildings in neighbourhoods with height restrictions. Indeed, he sees advantages in the Olssons prefab methods, particularly in cutting down construction disturbance to the neighborhood. "It isn't a traditional approach in this country, but it might catch on," Mr. Woods says.

Mr. Olsson, who runs the business side of First Penthouse, says the company aims three years from now to be producing 30 penthouses per year - a big jump from the four-to-five planned this year. But Mr. Olsson, who compares the penthouses to custom-built cars, doesn't foresee mass production. Although he is interested to expanding beyond London and is investigating possibilities in New York. "We never want to do more than 30 units a year, and will stick with the best areas in each city," he says.

On the other hand, Mr. Olsson says he is not too worried about any looming direct competition in the prefabricated penthouse niche. "I used to say that sooner or later we would have competition, but now I think it is so technically complicated that they would have to be other people who are as crazy as we are."

Annika Olsson says the original cost of about £50,000 was higher after the furniture and fittings were added. "It is up to the owner to decide how -they can cut costs. They can do some of the fitting out themselves if they wish to save money. If that is not a concern, we will ship all the components they have chosen out to Sweden and assemble them there."

It takes about five months for a project to go from drawing stage to completion. Although the roof must be prepared, scaffolding and workmen are only in evidence for a short time. There can be no last-minute requests from the clients, not least because the men installing the structures are Swedish. They follow their handiwork out from the factory and finish it to their standards.

"We have been asked to do all sorts of extensions, at ground level and on the top of garages. But we are specialists in developing roof spaces and, for now anyway, we will stay with that," says Jimmy Pettersson.

"There are many perfect roofs in New York and Paris as well."