

W Samui Residences.



Hell and Brandation

Coming from the arcane science of market feasibility and analysis is one of those buzz-saw metrics we love to throw in reports is 'induced demand'. Essentially this is an answer to every question that puzzles man and womankind.

Talk to any upscale retailer and they will often pose the following question: "If I put a branded retail outlet on the ground floor of a glitzy new shopping edifice, will it induce demand?" Of course! Who on earth doesn't love high brand products? How about a little Devil Wears Prada or Coco Chanel to boost a property's perceived worth? It's a bit like those blonde bombshells that dot television's E channel (yes one of my guilty pleasures) – they travel in packs. Much less the Kardashian's, with that many kids in the pipeline they have the future secured.

Hotel chains learned about a decade or so ago how to arch into the branding game and expand their management services. Of course, it took the business wisdom of astute property developers and wily real estate folks to refine hospitality led residential markets, but tracking Asia's resort markets over the last five years in key destinations such as Bali and Phuket, hotel brands which have lent their intellectual property to developers have continued to see their offerings flourish.

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One of the key drivers of this is premium pricing. Based on our market research, between 30-60 per cent uplift in pricing accompanies this type of branded offering. Red Bull has nothing over branded real estate, as both tend to pump up the volume and quicken the heart rate. Of course, then there is sales pace (another metric we love) or simply put: "Do brands increase the market average transaction pace?". In most cases this has been proven to be a trend in recent market trading conditions.

The next step is a bit more "touchy feely" and takes us into the world of

destination brands. Incredible India, Amazing Thailand or Terrific Tonga... never mind the last one but I can't get those tag-lines out of my mind. Of course it all sounds great, take India as an example. Vivid imagery, exotic locations and more "wow's" than a night at a W hotel. But did the promotion make me want to go out and start looking for a condo in Calcutta? Not really.

Of course, we have the Eat Pray Love phenomenon for Bali, the flip-flop of the mega-pic Australia and then there was Borat. But none became synonymous with big moves in the property market. But what about how the hospitality brands have created or injected, propelled or any other way aided and abetted real estate transactions? You don't have far to look in places like Phuket. Amanpuri and Banyan Tree today remain prime examples as early adopters of the luxury pool villa craze. Ultimately they sold all their own units, and also inspired similar concepts which also sold, then came the coffee table books and the concept then became one of the key demand generators for investment and island lifestyle marketing.

Lately, spending time in Koh Samui I have a feeling things are on the upswing there with a vast stable of admired brands now present and driving demand: Four Seasons, Orient-Express, Banyan Tree and now Conrad, with the Inter-Continental coming. Will the big brand theory inspire and renew the property trade? My feeling is yes. The boutique collection of high street quality products and inspired properties look to take on a Moses-like aspiration and lead island realtors out of the desert and into the land of milk and honey.

Perhaps for a moment lets drop the face of brand-speak and view our own wardrobe, those electronic gadgets (yes I do have an iPad 2). Do we need them? no. But do we want them? Yes. So for those who can afford secondary resort homes, island getaways, or even perhaps a permanent vacation, brands are inevitably the foot soldiers of fortune. Induced demand...sounds interesting.



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