



HOSPITALITY CONSULTING

Niseko, Japan

Tourism and Property Market Review

July 2019

Large-scale developments elevating Niseko's tourism and property sectors into a new cycle

Niseko's real estate market continues upward momentum

"Niseko has continued to ignite the imagination of both overseas and a growing number of Japanese developers and investors, as property prices continue to soar. The tourism market experienced some volatility last year but this has countered by strong growth in airlift and a diversification of inbound markets.

With direct international flights from eight cities in Mainland China, the growing Chinese segment is highlighting the summer season and geographic source market shift. The rising number of Mainland Chinese pushed a 3-year CAGR of 13%.

In the property market, buyers from Hong Kong and Singapore have remained a core base of business. Asian-based buyers are rising with some developers tapping financial institutions to offer loans. Emerging regional buyers from Taiwan, Thailand, and Malaysia reflect the new Niseko reality.



Source: Niseko Town Office and C9 Hotelworks Market Research

Meanwhile, domestic buyers especially from outside Hokkaido are targeting investment in hotel branded projects and family-friendly properties. We are seeing Hirafu's spillover demand radiate to peripheral areas including Higashiyama, Annupuri, and Hanazono, while broader alpine real estate development is spreading to farther away areas such as Furano."

Bill Barnett, Managing Director, C9 Hotelworks

Trends

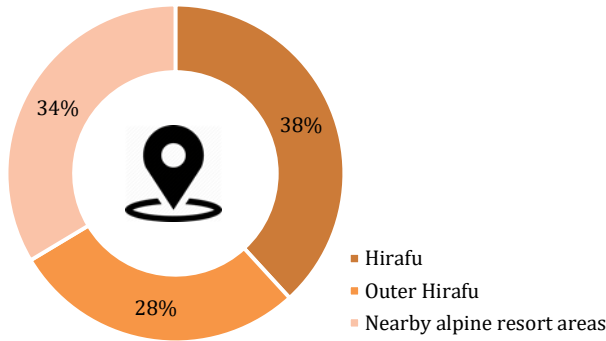
- Total annual transaction value in the condominium segment hit USD1.3 billion, rising by 44% y-o-y while house/land plot market accounted for USD273 million.
- Sales prices between USD1 to 1.5 million are the sweet spot in condominium and house/land plot segments.
- Direct international flights to Hokkaido increased to 22 cities with Manila - Philippines, Helsinki - Finland, Kaohsiung - Taiwan, Dailian - China and Vladivostok - Russia.

Forward Outlook

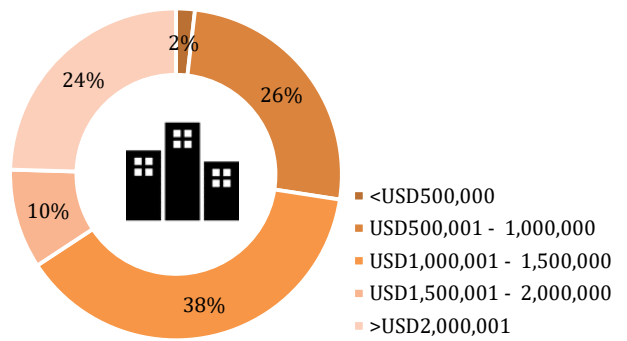
- An expanded road link between Otaru and Yoichi will be opened by Q4 2019. Afterward, the Hokkaido expressway will extend a 39-kilometer route from Yoichi to Kutchan.
- The Shinkansen train link between Hakodate and Sapporo via Kutchan Station is expected to be completed in 2030.
- Moiwa Ski Resort will include a adventure park, new lifts, and hotels. Hanazono is set to expand their alpine village development with additional hotels and residential properties.

CONDOMINIUM MARKET

Condominiums by Area

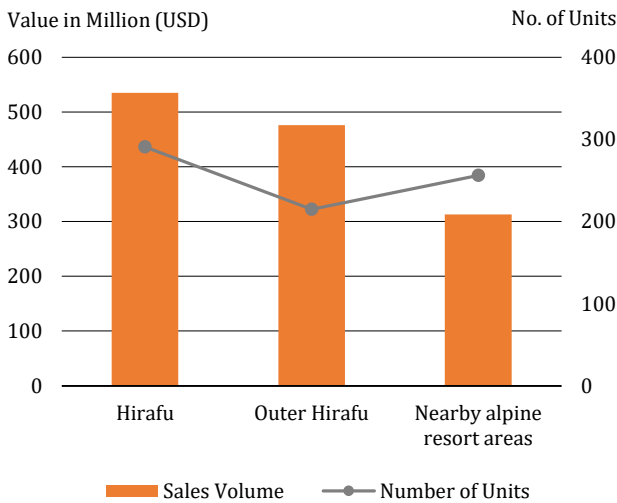


Condominiums Pricing Strata

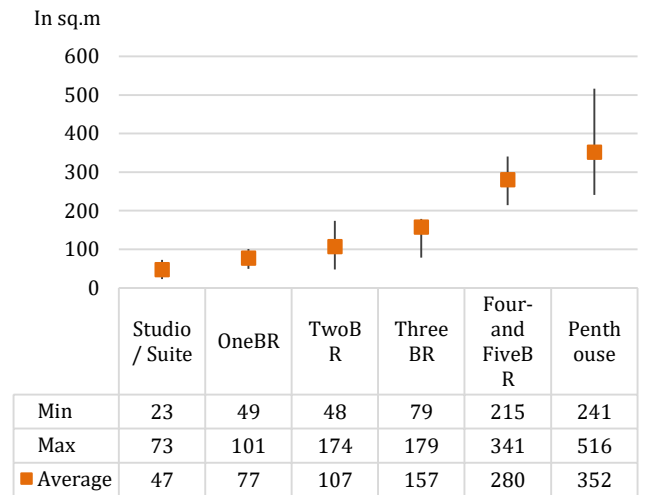


Source: C9 Hotelworks Market Research

Transaction Highlights

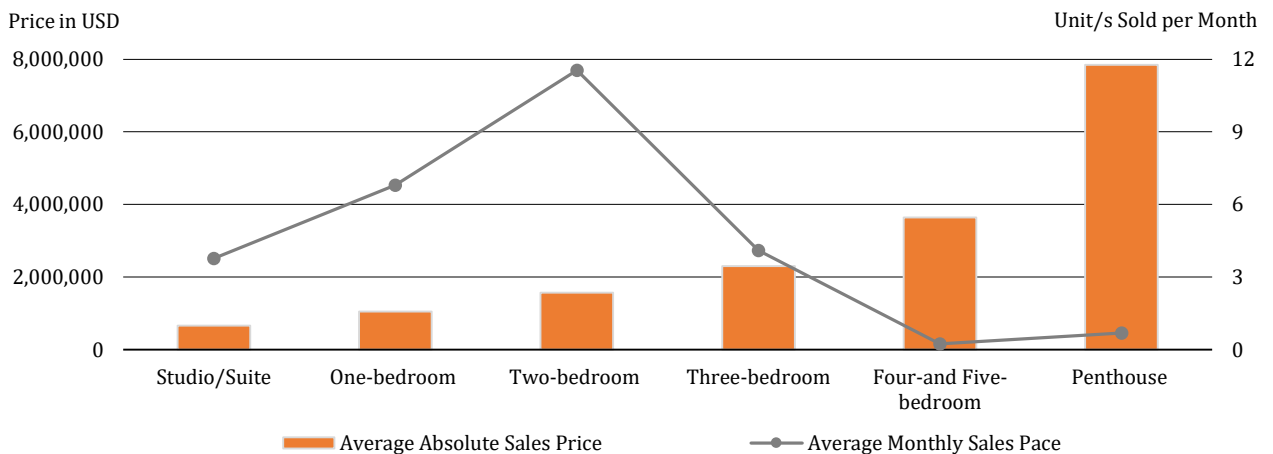


Condominium Unit Sizing



Source: C9 Hotelworks Market Research

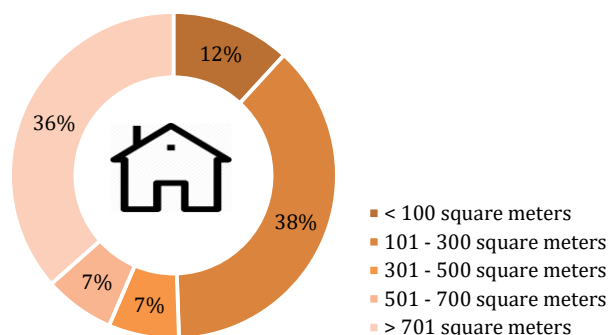
Sales Performance and Average Sales Price by Configuration



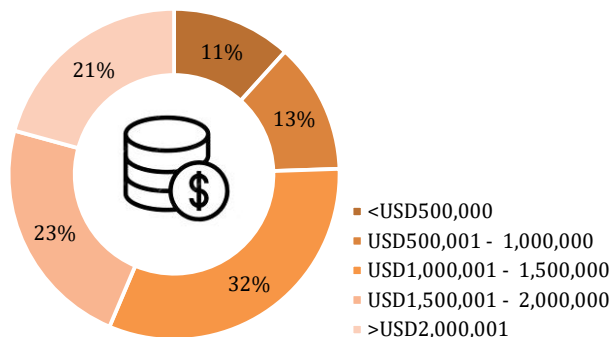
Source: C9 Hotelworks Market Research

HOUSE/LAND PLOT MARKET

House Built-up Area Mix

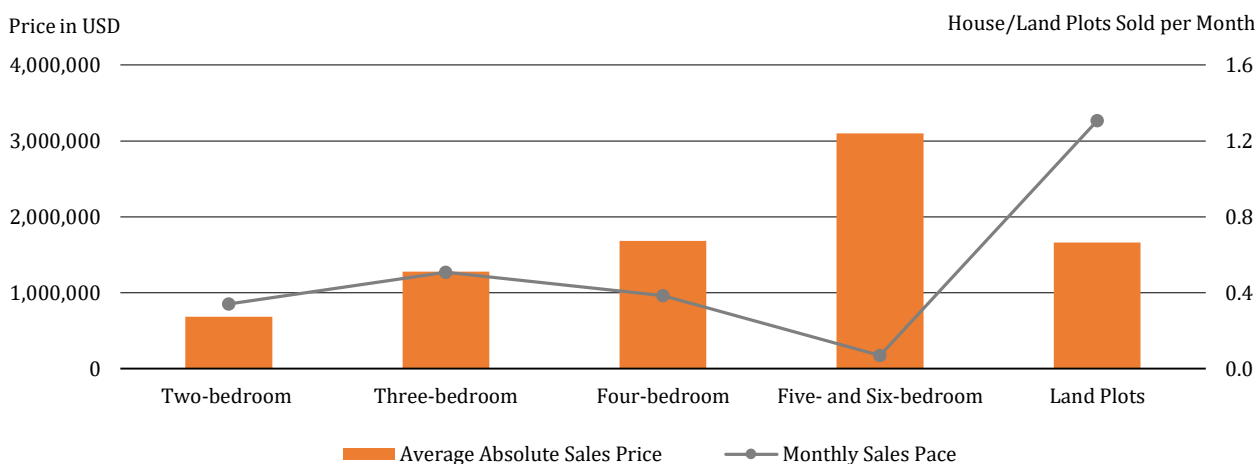


House/Land Plot Pricing Strata



Source: C9 Hotelworks Market Research

Sales Performance and Average Sales Price by Configuration



Source: C9 Hotelworks Market Research

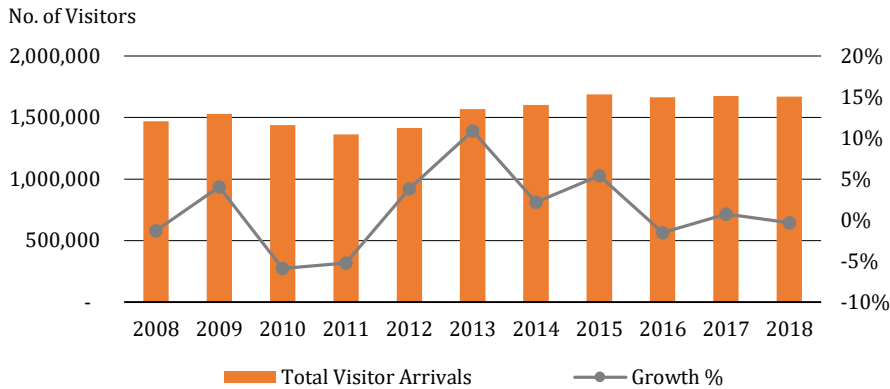
Hotel and Property Development Pipeline

Development Name	Location	Keys	Type	Opening Year
Andura Villas	Higashiyama	11	Hotel	Q3 2019
Ritz-Carlton Reserve	Niseko Village	50	Hotel and Residences	Sept 2020
DRIFT Niseko	Outer Hirafu	15	Houses/Land Plots	2020
Kabayama Niseko	Kabayama	4	Houses/Land Plots	2020
Sansui Niseko	Upper Hirafu	60	Hotel	2020
Aozara	Middle Hirafu	N/A	Hotel	2020
The Pavilions Niseko Resort	Outer Hirafu	42	Hotel and Residences	2020
Park Hyatt Hotel and Residences	Hanazono	214	Hotel and Residences	Jan 2020
Aruku-zaka	Middle Hirafu	168	Apartments	2024
Aruku-zaka	Middle Hirafu	126	Hotel Residences	2024
Aruku-zaka	Middle Hirafu	60	Retail	2024
Aura Niseko	Higashiyama	51	Apartments	TBA
Aman Niseko	Moiwa	31	Hotel and Residences	TBA
Tellus Hirafu	Outer Hirafu	N/A	Hotel and Residences	TBA
Kasara Phase II	Niseko Village	N/A	Residences	TBA

Source: C9 Hotelworks Market Research

TOURISM OVERVIEW

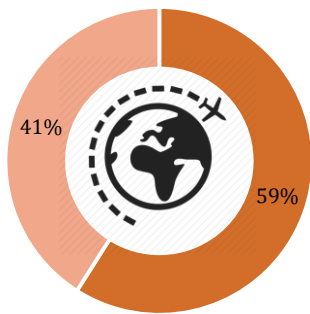
10-Year Total Visitor Arrivals to Niseko



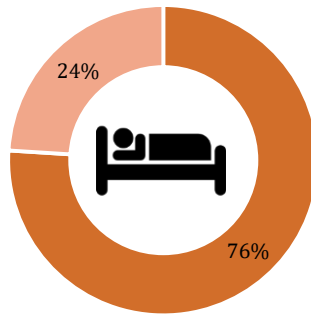
international arrivals grew by 4% for the full year 2018

Source: Bureau of Tourism, Hokkaido, Niseko Town Office, and C9 Hotelworks Market Research

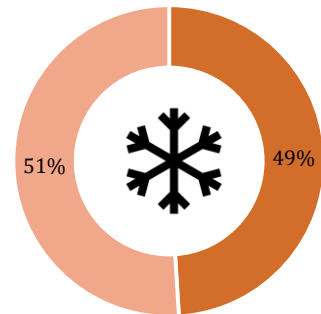
Niseko Tourism Characteristics



■ Travelers from within Hokkaido
■ Travelers from outside Hokkaido



■ Day Trips
■ Overnight Visitors



■ Summer Visitors
■ Winter Visitors

Source: Bureau of Tourism, Hokkaido, Niseko Town Office, and C9 Hotelworks Market Research

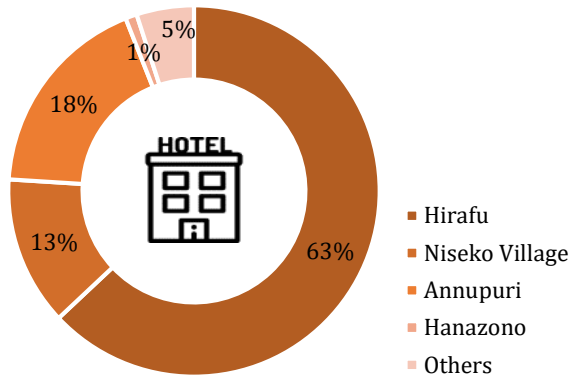
Top 5 International Geographic Source Markets

Winter Season Source Markets	Growth	Total	Winter Season Emerging Markets	Growth	Total
1. Australia	-8%	28%	1. Mainland China	22%	10%
2. Hong Kong	-15%	17%	2. U.S.A	28%	6%
3. Singapore	-4%	12%	3. Thailand	7%	5%
4. Mainland China	22%	10%	4. Malaysia	8%	4%
5. U.S.A.	28%	6%	5. Indonesia	3%	1%
Summer Season Source Markets	Growth	Total	Summer Season Emerging Markets	Growth	Total
1. Mainland China	40%	24%	1. Mainland China	40%	24%
2. Hong Kong	-6%	20%	2. Thailand	48%	4%
3. South Korea	4%	17%	3. Malaysia	24%	3%
4. Taiwan	-11%	11%	4. U.K.	119%	1%
5. Singapore	-8%	5%	5. Indonesia	72%	1%

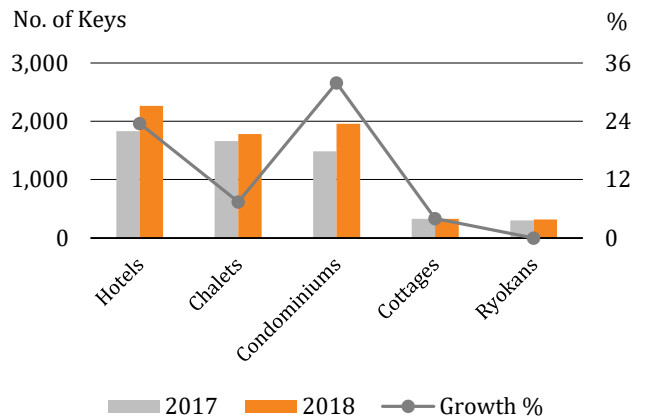
Source: Bureau of Tourism, Hokkaido, Niseko Town Office, and C9 Hotelworks Market Research

Niseko Tourism Overview

Accommodation Establishments by Area

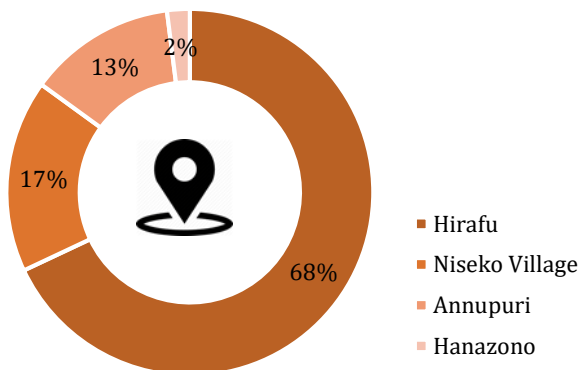


Accommodation Establishments by Type

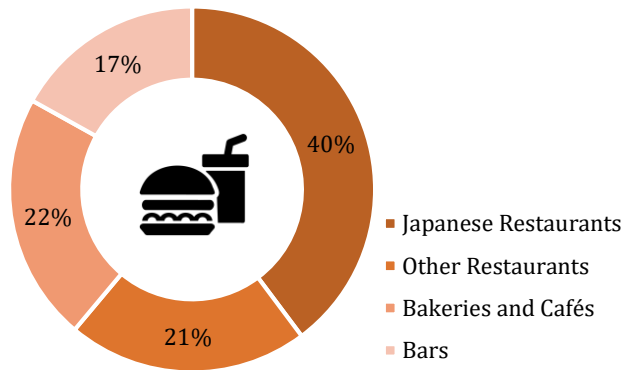


Source: Bureau of Tourism, Hokkaido, Niseko Town Office, and C9 Hotelworks Market Research

Restaurants and Bars by Area



Restaurants and Bars by Type



Source: Bureau of Tourism, Hokkaido, Niseko Town Office, and C9 Hotelworks Market Research



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