



HOSPITALITY CONSULTING

# Southeast Asia

## Hotel Residences Market Trends

October 2017

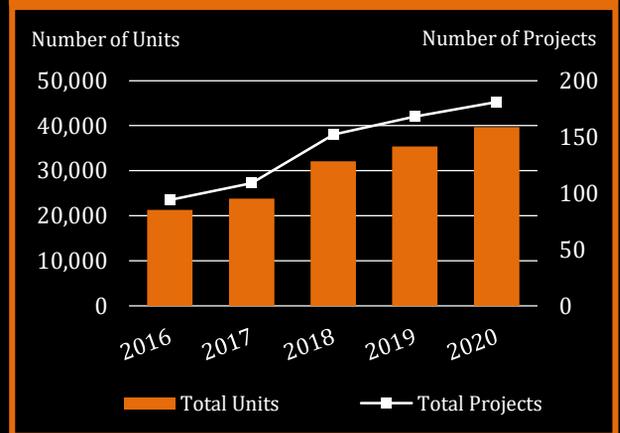
### Vietnam at the leading edge of regional boom in hotel branded properties

#### Investment oriented foreign buyers push up sales prices as unit sizes decrease

“Currently across Southeast Asia, there is an estimated 94 mainstream hotel residence projects with more than 21,000 units on line. This year fifteen hotel branded projects will be completed, and 2,496 units will enter supply. The region is expecting a sharp rise in supply in 2018 with 43 projects currently under development. Viewing the future pipeline, 78 properties are expected to complete between 2018 and 2020 representing an 83% increase over current inventory.

Thailand is entrenched as a market leader in the hotel residence sector, with 30% of the total regional forecasted supply within the country. Indonesia follows with 25 projects underway. Meanwhile, Vietnam recorded the highest number of new projects with nearly 5,000 units added to the pipeline, which is 23% of new supply.

#### Supply Growth - Southeast Asia



Source: C9 Hotelworks Market Research

We have seen surging demand from overseas investors for both investment and lifestyle purposes. Widening reforms for foreign property ownership are expected to further push transaction volume given the region's favorable price competitiveness, when compared to other major global markets.”

Bill Barnett, Managing Director, C9 Hotelworks

### Trends

- Resort locations are attracting developers' investment. The top locations are Phuket, Bali, and Danang, which account for 78% of new project supply.
- Branded Hotel chains continue to dominate the Southeast Asia market, with 148 projects representing 79% of existing and new supply.
- Market-wide average sales price per square meter for hotel residences in region(excluding Singapore) is US\$5,713 in urban areas and US\$3,207 for resort destinations.

### Forward Outlook

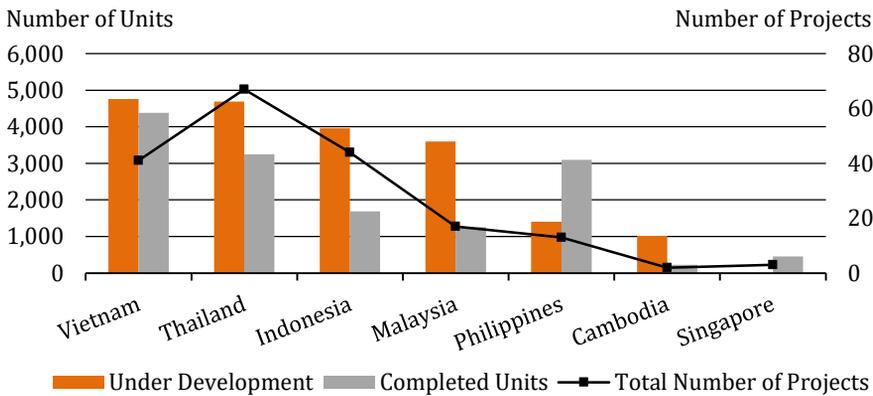
- With an onslaught of supply entering the market, developers are looking to increase sales by offering guaranteed yields, especially in emerging markets like Vietnam, Indonesia, and Cambodia.
- Hotel residences affiliated with international brands have demonstrated pronounced premiums in selling prices by 25%-35%.
- As domestic demand flattens and overseas buyers increase, a number of Southeast Asian countries have adopted more liberal policies for foreign property ownership.

# MARKET OVERVIEW

## Supply

- Projects are largely established in resort areas, accounting for 75% of the current overall supply. For those under development, over 78% of the properties are located in resort destinations, with 95% of properties set in Indonesia, Vietnam and Thailand.

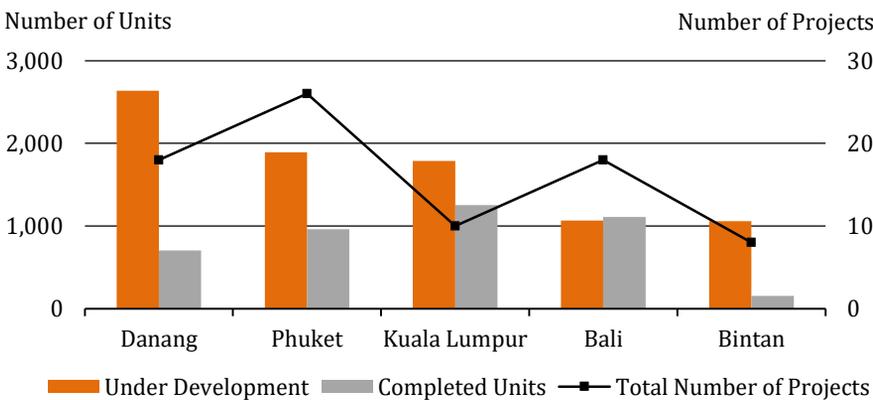
### Hotel Residences Supply by Country



Source: C9 Hotelworks Market Research

*Thailand ranks at the top in number of new projects, while Vietnam has the highest number of units in pipeline*

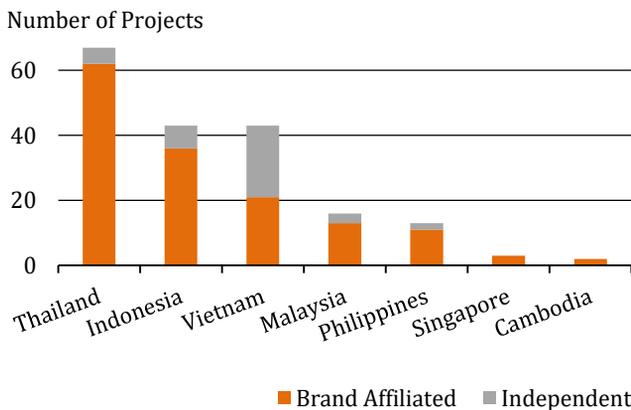
### Top 5 Pipeline Locations



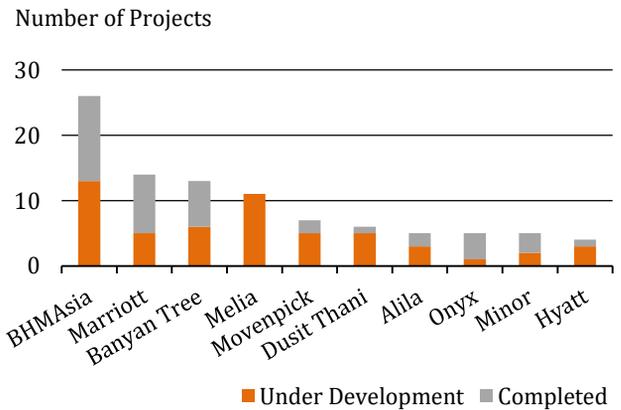
Source: C9 Hotelworks Market Research

*Promoted guaranteed yields in Danang average 10.5%, spurring demand and accelerating development*

### Brand Affiliated vs. Independent



### International Hotel Group Affiliation



Source: C9 Hotelworks Market Research

# RESIDENTIAL OVERVIEW

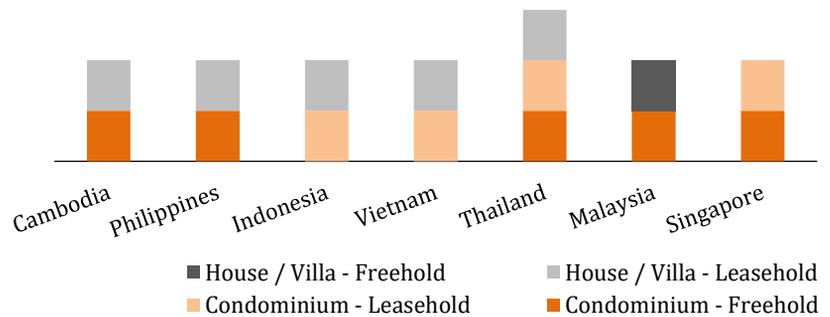
## Foreign Ownership Regulation

- Many countries in Southeast Asia have established a legal framework to attract foreign investors. Both Malaysia and Indonesia have set a minimum property value required to purchase real estate properties in their country. Indonesia, Vietnam and Malaysia have other requirements for overseas purchasers.

*Freehold ownership for houses / villas is only permitted in Malaysia for foreigners, while condominium titles are available in a number of countries*

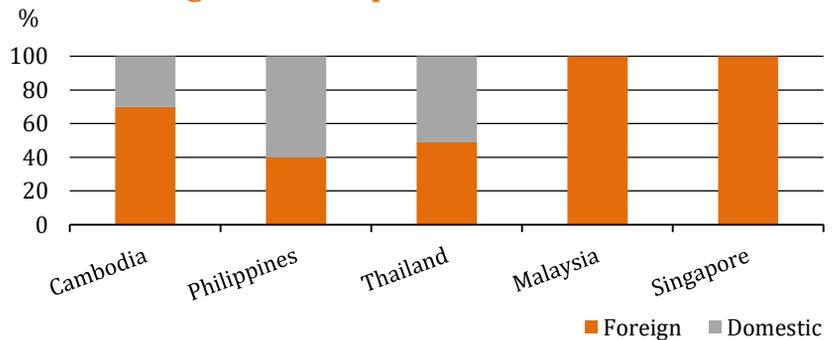
*Non-resident foreigners are entitled to own condominiums up to a certain percentage except those in Indonesia and Vietnam*

### Condominium & House Ownership by Country



Source: C9 Hotelworks Market Research

### Foreign Ownership Threshold for Condominiums



Source: C9 Hotelworks Market Research

### Special Requirements for Foreign Buyers

- Foreigners must meet specific requirements in order to own certain types of properties in Indonesia, Vietnam and Malaysia.

Country	Requirements
Indonesia	<ul style="list-style-type: none"> <li>Only resident foreigners are allowed to own a house or an apartment</li> <li>Minimum prices for houses and apartments are required                             <ul style="list-style-type: none"> <li>Houses: from IDR 1 billion to IDR 3 billion</li> <li>Apartments: from IDR 750 million to IDR 3 billion</li> </ul> </li> </ul>
Vietnam	<ul style="list-style-type: none"> <li>Foreign individuals who are permitted to enter the country with entry visas are eligible to own a house or condominium                             <ul style="list-style-type: none"> <li>Individuals must not be in the category of preferential treatment or diplomatic immunity</li> </ul> </li> </ul>
Malaysia	<ul style="list-style-type: none"> <li>No limitation on ownership of houses and condominiums for overseas buyers as long as the property value reaches a minimum                             <ul style="list-style-type: none"> <li>Minimum value varies for different states from RM 1 million to RM 2 million</li> </ul> </li> </ul>

# About C9 Hotelworks



**Bill Barnett**  
Managing Director

**C9 Hotelworks is an internationally recognized consulting firm with extensive experience in the Asia Pacific region. Its core business focus includes:**

- **Hotel and Resort Development**
- **Asset Management / Ownership Representation**
- **Project Feasibility and Analysis**

Key competencies include international hotel operator search, selection and contract negotiation, mixed use hotel and residential planning and operation reviews.

A wide range of both institutional and private developers and a comprehensive portfolio of completed projects give C9 the skill set and background to focus on key issues, evaluate complex ones and assist clients in achieving solid results. Based in Phuket, Thailand and led by Managing Director Bill Barnett, who has 30 years of experience in Asia Pacific, the firm is well positioned to serve an increasing demanding marketplace.



HOSPITALITY CONSULTING

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