hotelworks

HOSPITALITY CONSULTING

Asia

Hotel Branded Residences Update

March 2020

Thailand top market, followed by Vietnam and Philippines

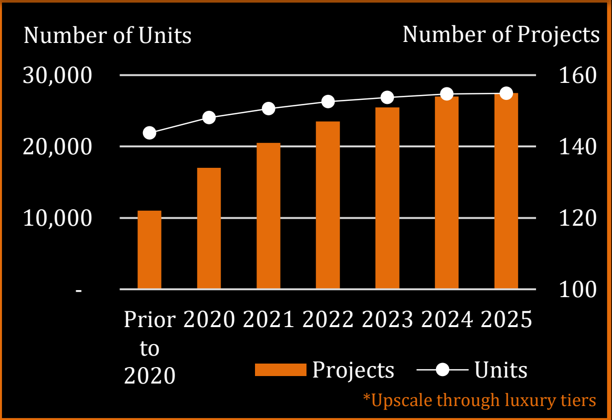
Asia's number of hotel branded residences projects accounts for over a third of global stock

"Hotel branded residences in Asia have seen a strong upward trajectory over the past two years. By 2025, there will be an addition to inventory of 79 new branded residences projects with more than 16,130 units in Asia in the upscale through luxury tiers.

Among all the countries in Asia, Thailand has the highest number of pipeline projects with a total of over 4,700 units, representing 29% of the total upcoming residential units. In contrast, China has a large number of existing luxury branded residences with over 57% of the projects located in the first-tier cities.

While over 51% of the completed properties are located in urban areas, pipeline projects are in favor of resort destinations which represent 58% of the total upcoming properties. Phuket and Bangkok continue to be an investment hub for hotel residences, which 13 and 8 upscale and luxury pipeline developments respectively.

Supply Growth* – Asia



Top Resort Destinations	Top Urban Destinations
1. Phuket	1. Bangkok
2. Bali	2. Kuala Lumpur
3. Phu Quoc	3. Manila
4. Pattaya	4. Jakarta

Source: C9 Hotelworks Market Research

Despite the current headwinds facing Asia's real estate markets from the COVID-19 crisis, we expect the region to lead the global property recovery cycle."

Bill Barnett, Managing Director, C9 Hotelworks

Trends

- More affordable offerings are entering the market to capture demonstrated demand. The entry of upscale and upper upscale hotel products is on the rise.
- The presence of luxury brands outside of hospitality who lend their names to residential projects is growing.
- Both urban and resort destinations have seen a rising number of sustainable eco-focused projects encompassing design and operations.

Forward Outlook

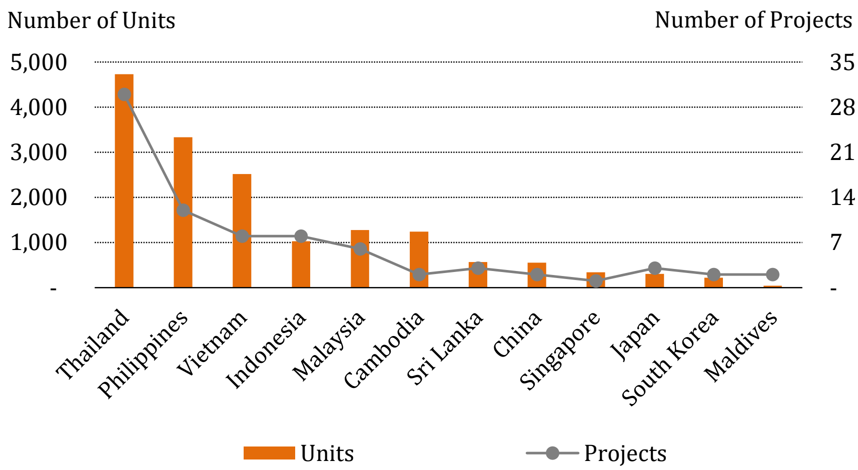
- In the past decade, the number of high-net-worth individuals doubled worldwide. The strong growth of this group resulted in demand for upscale and luxury hotel branded residences.
- Greater competition is pushing developers to differentiate their offerings through unique designs and add-ons.
- Price premium differentials between branded and independent luxury residences with top quality design, fitout and services is narrowing.

MARKET OVERVIEW

Pipeline

Within Asia, pipeline projects in upscale to luxury segments are highly concentrated in the Southeast Asia region, which accounts for more than 90% of total pipeline stock. Nearly 50% of the upcoming supply is affiliated with luxury hotel brands.

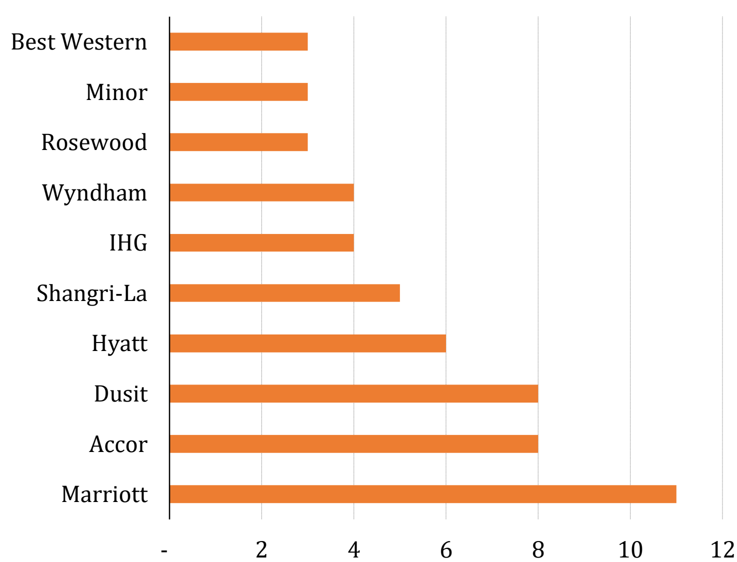
Hotel Branded Residences Pipeline by Country



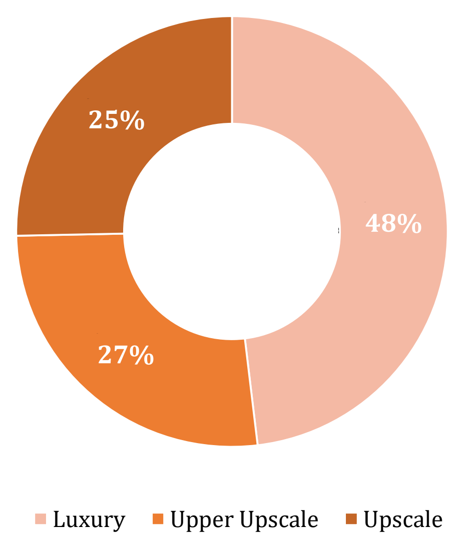
Source: C9 Hotelworks Market Research

Thailand ranks on the top with a total of 30 projects, followed by the Philippines and Vietnam with 12 and 8 projects, respectively

Pipeline Projects by Hotel Group



Pipeline Projects by Chain Scale

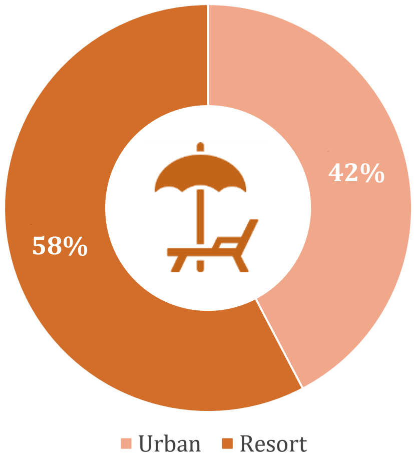


Source: C9 Hotelworks Market Research

The key affiliated hotel groups for branded residences are Marriott, Accor, Dusit, Hyatt, Shangri-La, IHG and Wyndham. These seven groups represent 58% of the total pipeline projects in the region. In terms of the brand chain scale, the luxury segment is the mainstream product while the remaining supply is evenly shared by upscale and upper upscale brands.

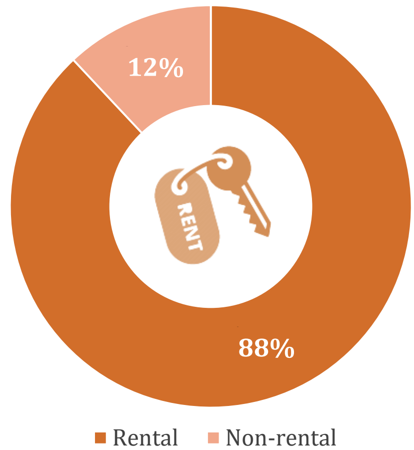
PRODUCT OVERVIEW

Urban vs Resort



Source: C9 Hotelworks Market Research

Rental vs Non-rental Management Programs



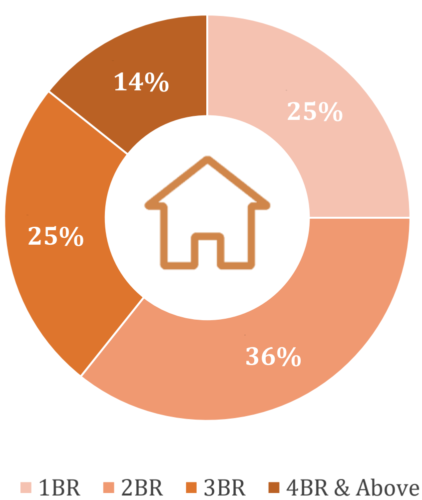
Source: C9 Hotelworks Market Research

Resort destinations attract more pipeline projects in Asia compared to urban locations. Alila, Anatara, Mövenpick and Dusit D2 are the most active brands in resort destinations while in urban destinations, brands are distributed more evenly.

Most of the pipeline projects provide rental programs, with many offering guaranteed returns of between 3%-5%. Historically, 60% to 80% of owners participate in rental programs when they are available.

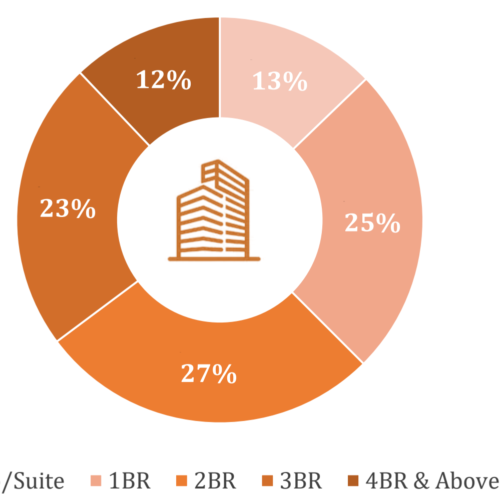
Distribution of Unit Types

Villas



Source: C9 Hotelworks Market Research

Condominiums



Source: C9 Hotelworks Market Research

Asia Hotel Branded Residences
Resort vs Urban Pipeline by Country

Source: C9 Hotelworks Market Research

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