



Hotel brands on the rise as Niseko's land prices continue upward

Resort residential land plots sought by investment buyers

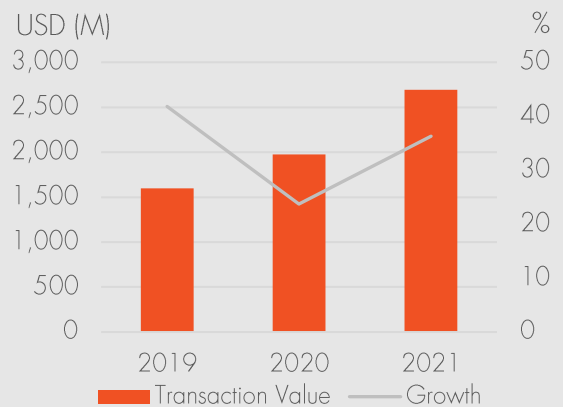
"In a broader sense, the highly tourist-reliant alpine resort area of Niseko has remained attractive to real estate developers and international hotel operators during the pandemic. Overseas investment sentiment has been positive, highlighted by projects such as Six Senses/Wealth Management Group (100 keys), Moxy/YTL Corporation Berhad (310 keys), and Capella/Shenning Investments (219 keys).

Also, new developments, namely New World La Plume Niseko Resort and Matie Niseko recently launched in the 2021 summer season. Hence, the 2021 Niseko property market has hit a high in new project/off plan transactions of USD2.69 billion.

Although the current worldwide economic remains uncertain, domestic and foreign developers in Niseko are receiving strong demand for land acquisitions of residential plots.

A number of projects are reporting inspection cancellations from offshore buyers, however, there are luxury real estate sales that are completing. Another segment seeing demand from bargain hunters is luxury penthouses or multi-million-dollar holiday homes.

Primary Real Estate Market



Source: C9 Hotelworks Market Research

Commercial and retail rental rates have retreated due to a lower number of tourists. However, based on the Ministry of Land, Infrastructure, Transport, and Tourism in 2021, the average land appraisal in Kutchan has continued to rise by 25% y-o-y, making it the highest growth rate in Japan."

Bill Barnett, Managing Director, C9 Hotelworks

Trends

- Growth rate in condominium market prices has risen by 11% compared to 2020. Average unit sales median price is USD17,056 per square meter.
- A number of completed projects are offering sales promotion discounts from 5% - 10% to shift inventory.
- New accommodation tax rate at 2% of nightly room rate has been implemented versus old system of per person charge on a flat rate basis.

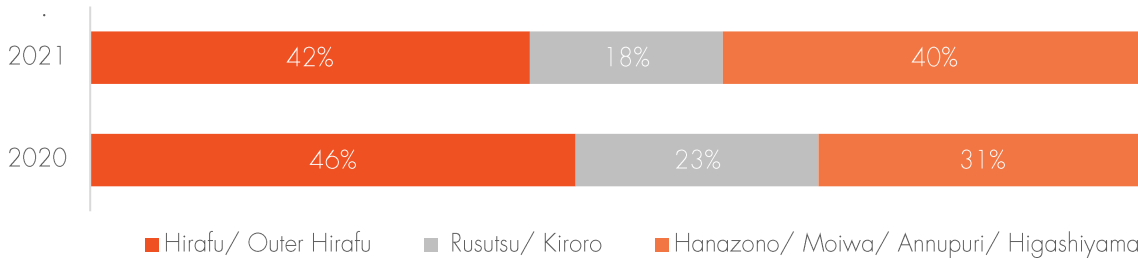
Forward Outlook

- COVID-19 pandemic has delayed New Chitose Airport's privatization process, which began in August 2019. Currently project is on hold.
- Hospitality sector set for influx of international hotel brands such as Six Senses, Capella, New World, and Moxy (Marriott).
- Sapporo City is a possible candidate for the Olympic Winter Games 2030 and is eyeing Niseko Village as a venue for alpine events.

Supply Overview

Real Estate Development by Area – 2020 vs. 2021

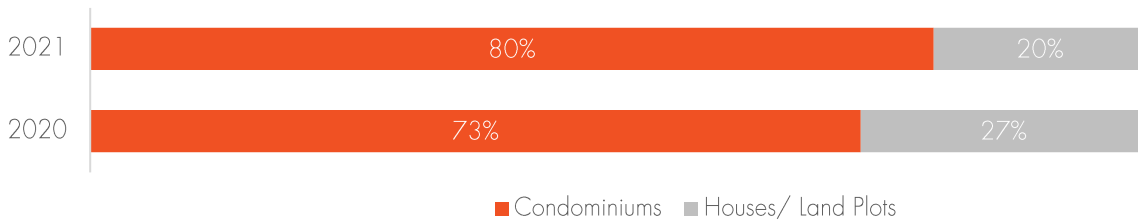
Hirafu remains a key centerpiece, but neighboring areas led by Hanazono, Higashiyama, and Annupuri are continuing to expand.



Source: C9 Hotelworks Market Research

Real Estate Development by Type – 2020 vs. 2021

Niseko's condominium inventory made up 80% of the market in 2021.



Source: C9 Hotelworks Market Research

Real Estate Insight – Demonstrated Demand Trends



Condominiums

Unit configurations: 41% Two bedrooms
 Builtup size range: 50 - 100 square meters



Houses

Home configurations: 61% Three bedrooms
 Builtup size range: 100 - 300 square meters



Land Plots - Residential

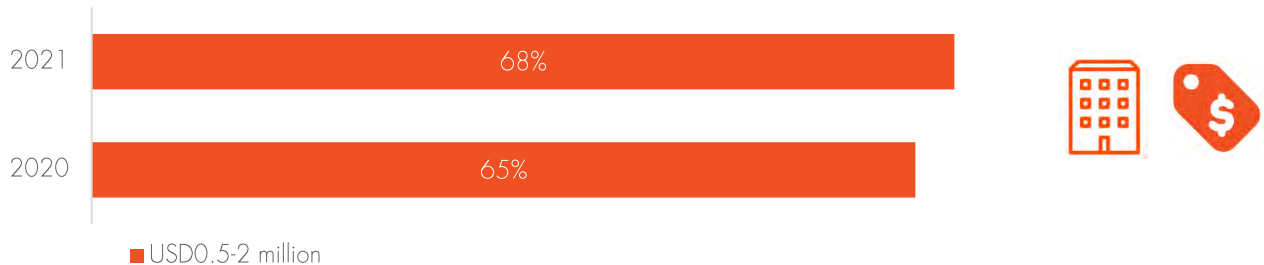
Median size: 843 square meters
 Plot size: 500 - 1,100 square meters

Source: C9 Hotelworks Market Research

Demand Overview

Condominiums Price Strata – 2020 vs. 2021

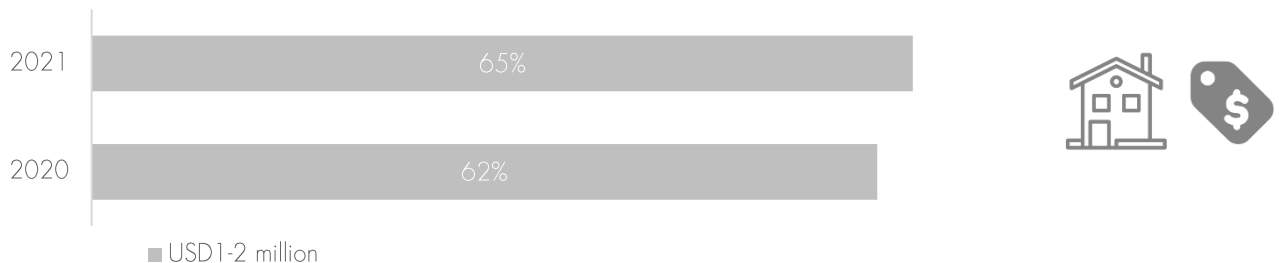
A total of 68% of the marketwide condominium inventory is priced between USD0.5 – 2 million, with an average of USD1.68 million per unit.



Source: C9 Hotelworks Market Research

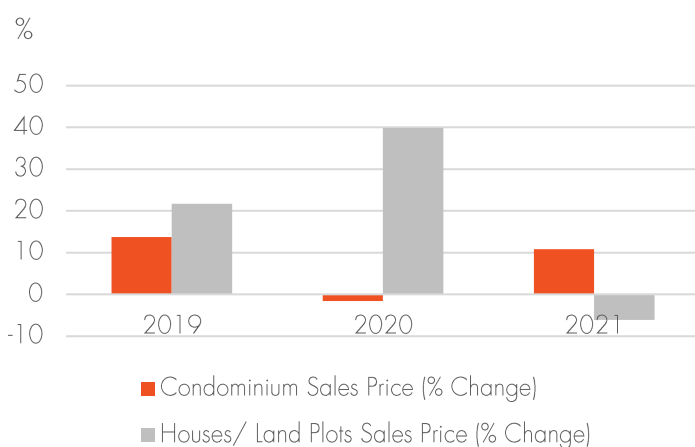
Houses/Land Plots Price Strata – 2020 vs. 2021

Due to rising building costs, the average price of homes was up y-o-y by 5%, moving towards USD1 – 2 million absolute price range per house.

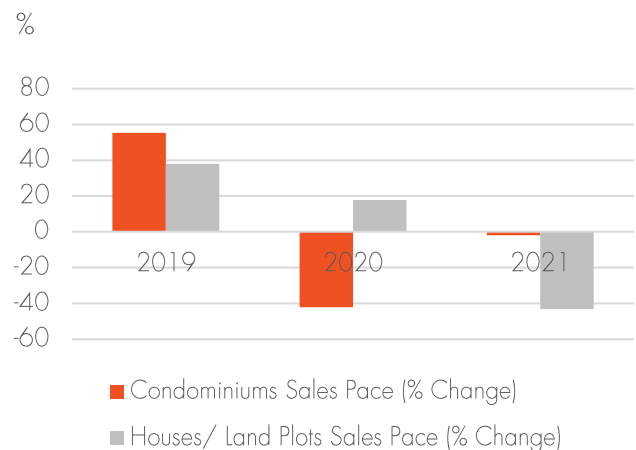


Source: C9 Hotelworks Market Research

Sales Price Market Trend



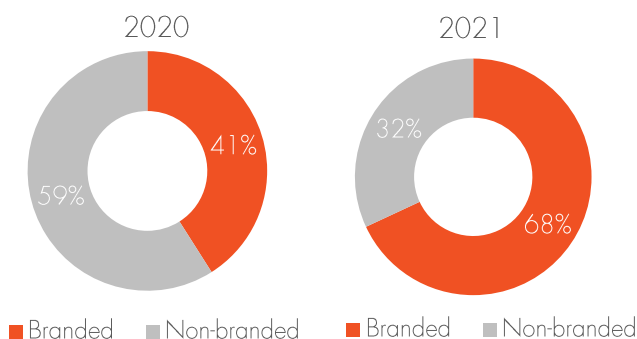
Sales Pace Market Trend



Source: C9 Hotelworks Market Research

Hotel and Property Pipeline Insights

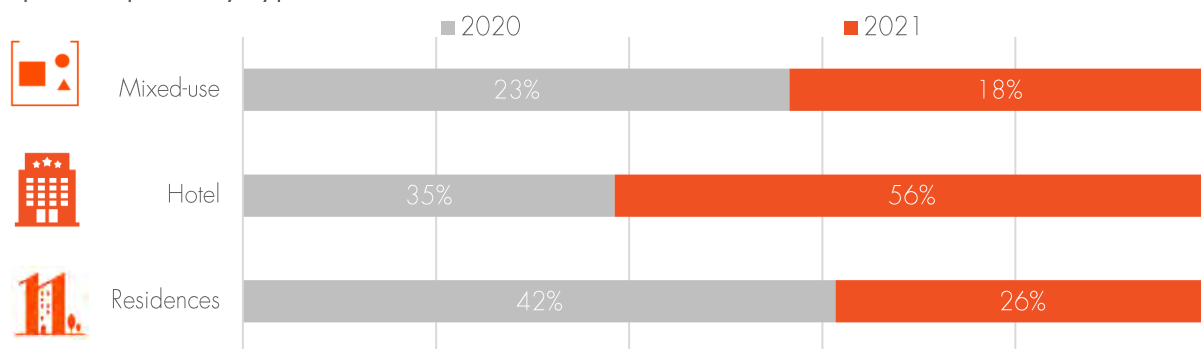
Branded vs. Non-branded – 2020 vs. 2021



Branded Properties
 2021: 68%
 2020: 41%

Source: C9 Hotelworks Market Research

Development Pipeline by Type – 2020 vs. 2021



Source: C9 Hotelworks Market Research

Property and Hotel Development Pipeline

Name	Location	Units	Type	Opening Year
Sansui Niseko	Upper Hirafu	60	Hotel	Q4 2021
Feather Resort Niseko	Higashiyama	105	Hotel	2023
New World La Plume Niseko Resort	Higashiyama	224	Hotel and Residences	2024
Aruku-zaka	Middle Hirafu	168	Residences	2024
Aruku-zaka - Amari Niseko	Middle Hirafu	126	Hotel	2024
Aruku-zaka	Middle Hirafu	60	Retail	2024
The Pavilion Niseko Resort	Outer Hirafu	42	Hotel and Residences	2024
Daiwa House	Outer Hirafu	34	Residences	2024
Moxy Hotel	Niseko Village	310	Hotel	2024
Suncity Hotel Niseko	Outer Hirafu	135	Hotel	2025
Six Senses Niseko	Outer Hirafu	100	Hotel	2025
Aman Niseko	Moiwa	31	Hotel and Residences	2025
Capella Hotel	Hanazono	70	Hotel	2025
Capella Residences	Hanazono	149	Residences	2025
Snow Dog Chalets	Higashiyama	12	Residences	TBA
Aura Niseko	Higashiyama	51	Residences	TBA
Raku Ichi Residences	Annupuri	12	Residences	TBA
Corniche Hirafu	Middle Hirafu	5	Residences	TBA
Zia Residences	Outer Hirafu	14	Residences	TBA
Zia Hotel	Outer Hirafu	36	Hotel	TBA

Source: C9 Hotelworks Market Research

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.

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