



C9 HOTELWORKS

# Niseko

## Tourism and Property Market Review

October 2022

## Land appreciation cooling despite surge in Hirafu and Hanazono areas

### Dollar yen exchange rate may set stage for property market rebound

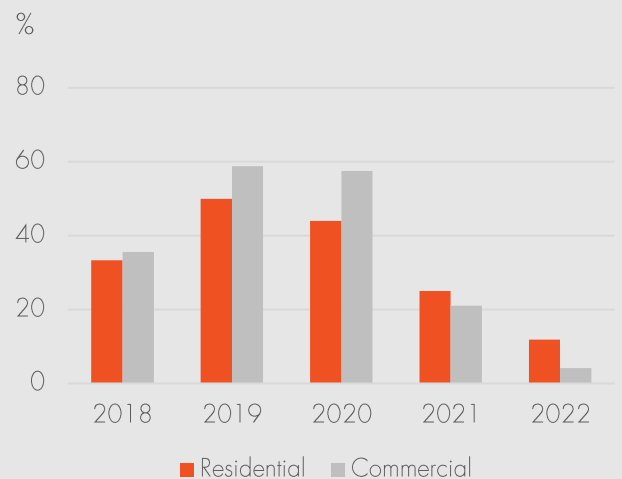
"Despite the government's closed border policies shutting down the overseas market for over two years, Niseko's domestic tourism has been resilient. In Q1 2022, total visitors to Niseko were 288,670, growing by 14% compared to the same period in 2021.

Niseko's winter tourism market and high-value foreign segment is connected to the real estate sector. As a result, commercial land prices in 2022 decelerated. This trend was also seen in residential land prices, where growth was 12% in 2022, down from 40% in 2020, and 25% for 2021. Comparing Niseko to other Japanese alpine resort areas, Furano was 18% and Hakuba 17%.

Hanazono, Hirafu, and Niseko Village/ Higashiyama remain the top three destinations in the project pipeline. There remains a strong push for luxury projects outside of the mainstream Hirafu area driven by the lack of prime land and rising prices.

Two factors that may hamper wider destination growth are aging ski facilities and potential changes to the area development and more restrictive zoning by the government.

### Niseko Land Price Growth



Source: C9 Hotelworks Market Research and Ministry of Land, Infrastructure, Transport and Tourism; Survey areas cover Kutchan, Niseko Town, Hirafu

In C9 Hotelworks opinion, the restart of Japan's tourism sector and the favorable dollar yen exchange rate will revitalize the transaction market in short to medium term, as pentup demand will induce a market tailwind."

Bill Barnett, Managing Director, C9 Hotelworks

### Tourism Trends

- More international airlines will resume flights by Q4 2022, namely Scoot from Singapore and Starlux Airlines, servicing Taipei.
- Because of its strong seasonality factor, the Niseko tourism market, which relies on foreign staff, is facing critical shortages this coming winter.
- The Sapporo extension of the Hokkaido Shinkansen is proceeding towards an opening by Q4 2030, with 54% of construction currently completed.

### Property Trends

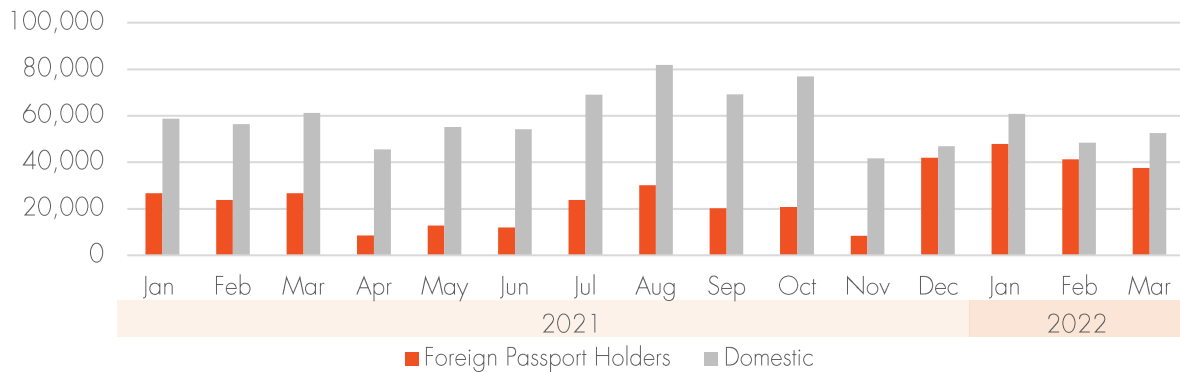
- Broad property market transactions have been muted, though sales of resort-grade condominiums and land plots have remained active.
- Only 21% of the total pipeline is on time. Many residential projects are facing delays or have been put on hold.
- Resort-grade branded residences are expected to grow, highlighted by notable new projects, Cassia Niseko Residences and Capella Niseko Residences.

# TOURISM OVERVIEW

## Tourism Indicators

### Total Visitors to Niseko – 2021 through Mar 2022

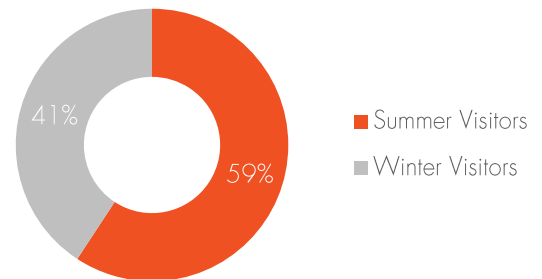
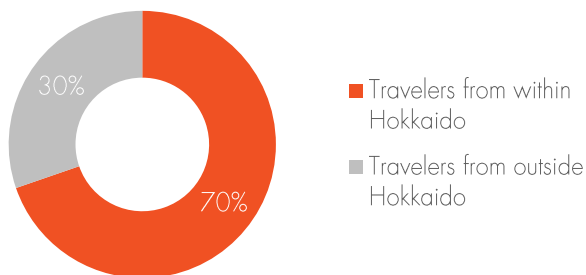
No. of Visitors



Source: C9 Hotelworks Market Research and Niseko Town Hall

### Niseko Tourism Characteristics - 2021

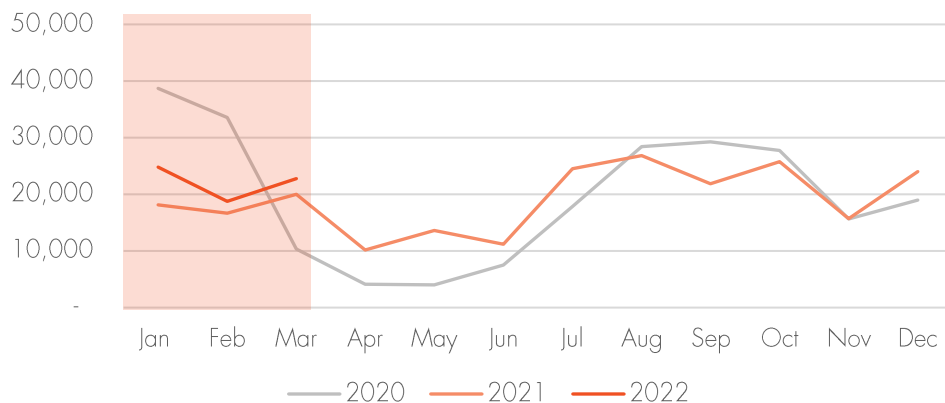
- Tourism market in summer is dominated by domestic leisure visitors. Key markets are school and tour groups, family FITs, and golfers.



Source: C9 Hotelworks Market Research and Niseko Town Hall

### Room Night Demand – 2020 through Mar 2022

No. of Overnight-stay Visitors

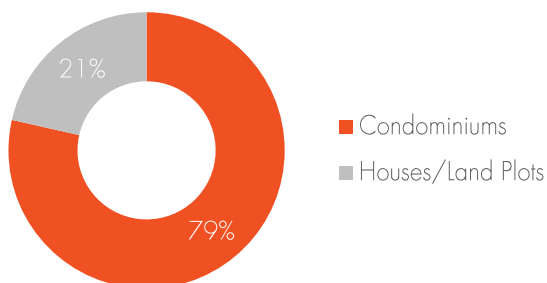


"Room night demand Q1 2022 surpassed same period in 2021 by 21%"

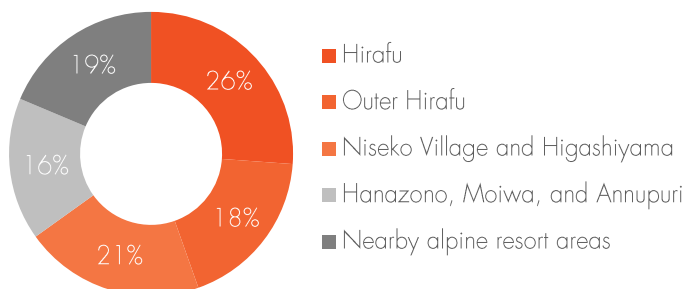
Source: C9 Hotelworks Market Research and Niseko Town Hall

# PROPERTY MARKET REVIEW

## Supply Inventory

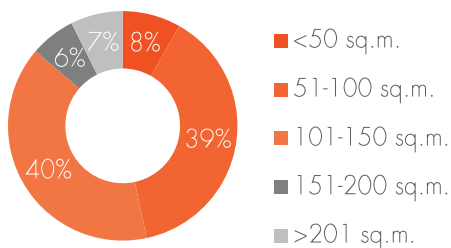


## Supply by Area

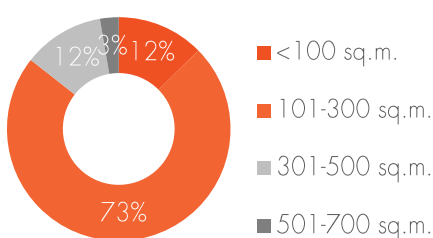


Source: C9 Hotelworks Market Research; \*Data as of H1 2022

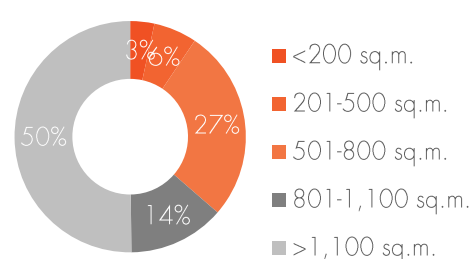
## Condominiums Average Built-up Size



## Houses Average Built-up Size



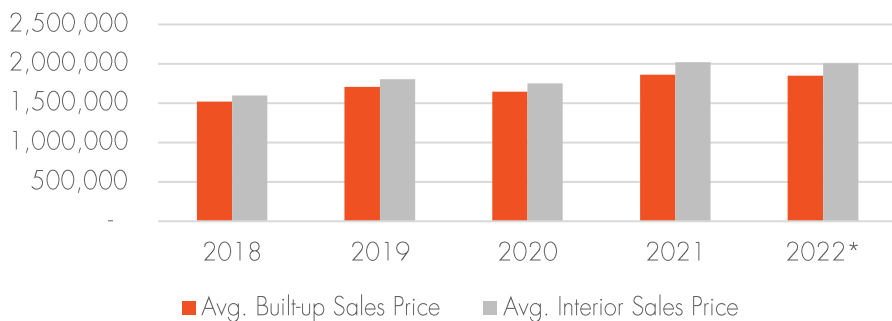
## Land Plots Average Size



Source: C9 Hotelworks Market Research; \*Data as of H1 2022

## Condominium Sales Price Trend 2018 – 2022

JPY/Sq.m.



### Average Sales Price 2022

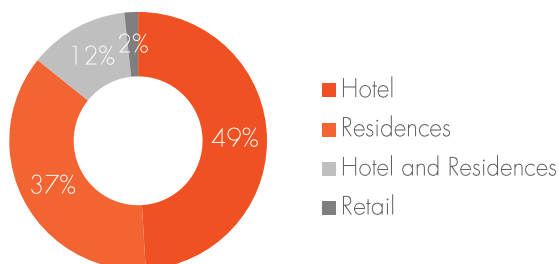
Built-up: JPY1,848,843/ sq.m.

Interior: JPY2,008,463/ sq.m.

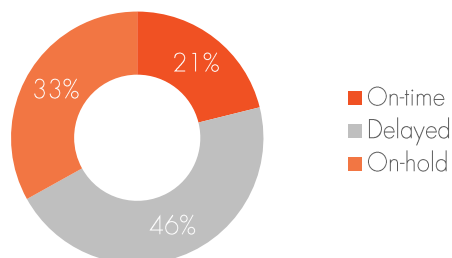
Source: C9 Hotelworks Market Research;  
\*Data as of H1 2022

# PROPERTY INSIGHTS & PIPELINE

By Type



By Timeline



Source: C9 Hotelworks Market Research

- Niseko's hotel and property pipeline currently has 14 projects currently onhold.

Name	Location	Units	Type	Opening
Niseko Kabayama no Sato Rakusuisan	Outer Hirafu	18	Hotel	Oct 2022
Sansui Niseko	Upper Hirafu	55	Hotel	Nov 2022
Club Med Kiroro Peak	Kiroro	200	Hotel	Dec 2022
Club Med Kiroro Grand	Kiroro	200	Hotel	2023
Matiè Niseko	Upper Hirafu	114	Residences	2023
Niseko Kyo	Upper Hirafu	19	Residences	2023
Super Okusan*	Hanazono	64	Hotel	2024
New World La Plume Niseko Resort	Higashiyama	224	Hotel and Residences	2024
Nikko Style Niseko Hanazono	Hanazono	234	Hotel	2024
The Pavilions Niseko Resort	Outer Hirafu	43	Hotel and Residences	2024
HKRJ Development*	Annupuri	109	Residences	2024
Marumi Villas*	Outer Hirafu	24	Residences	2025
Cassia Hirafu	Middle Hirafu	50	Hotel	2025
Cassia Residences Hirafu	Middle Hirafu	113	Residences	2025
PCPD Hanazono Villas*	Hanazono	14	Residences	2025
Nupuri Holdings Hotel*	Hanazono	141	Hotel and Residences	2026
Capella Hotel	Hanazono	88	Hotel	2026
Capella Residences Phase I	Hanazono	240	Residences	2026
Capella Residences Phase II and III	Hanazono	132	Residences	2026
Shinrin GK Villas*	Outer Hirafu	26	Residences	2027
Well Smart Group Villas*	Hanazono	50	Residences	2028
Well Smart Group Hotel*	Hanazono	N/A	Hotel	2028
Moxy Niseko Village	Niseko Village	310	Hotel	TBA
Six Senses Niseko	Outer Hirafu	100	Hotel	TBA
Aman Niseko	Moiwa	31	Hotel and Residences	TBA
Aruku-zaka	Middle Hirafu	168	Residences	TBA
Aruku-zaka - Amari Niseko	Middle Hirafu	126	Hotel	TBA
Aruku-zaka	Middle Hirafu	60	Retail	TBA
Snow Dog Chalets	Higashiyama	12	Residences	TBA
Raku Ichi Residences	Annupuri	12	Residences	TBA
Suncity Hotel Niseko	Outer Hirafu	135	Hotel	TBA
Aura Niseko	Higashiyama	51	Residences	TBA
Feather Resort Niseko	Higashiyama	105	Hotel	TBA
Zia Residences	Outer Hirafu	14	Residences	TBA
Zia Hotel	Outer Hirafu	36	Hotel	TBA
Tellus Hirafu	Outer Hirafu	N/A	Hotel and Residences	TBA
Total		3,318		

Source: C9 Hotelworks Market Research  
\*Tentative Name

# NISEKO TOURISM AND PROPERTY MARKET DASHBOARD

## Tourism Market



Japan to allow entry for visa-free independent travelers and abolish daily arrival cap starting on 11 October 2022



973,212 total visitors to Niseko FY2021  
288,670 total visitors to Niseko Q1 2022



Total Visitor Growth: -22% FY2021  
Total Visitor Growth: +14% Q1 2022



Foreign passport holders were 44% of total visitors to Niseko in Q1 2022



Top 5 visitor nationalities in winter 2021  
Japan, Australia, U.K., Taiwan, and U.S.



30% of total visitors traveling from outside Hokkaido FY2021, up by +24%



273 new hotel keys in pipeline to open by end of 2022

## Property Market



Median new condominium unit price:  
USD 1.5 million



Median new house price:  
USD 3.3 million



Top 5 key locations: Hirafu, Outer Hirafu, Niseko Village/Higashiyama, Hanazono, and Annupuri



Branded residences account for 23% of total pipeline



87% of total inventory offer property and rental management services

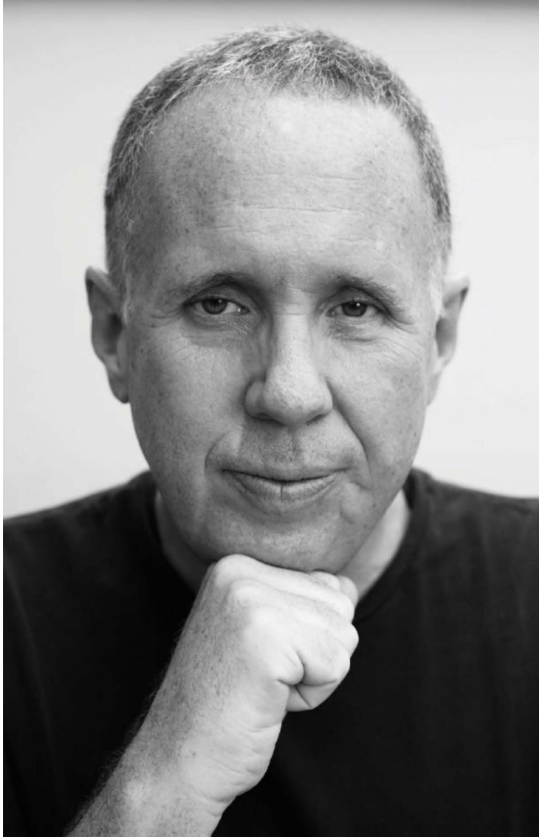


Niseko land value appreciation averaged 12% in H1 2022



7% property prices increased in 2022  
Most projects' construction completed but opening postponed

# About C9 Hotelworks



## BILL BARNETT

### MANAGING DIRECTOR

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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.