



C9 HOTELWORKS

Niseko

Tourism and Property Market Review

November 2023

Visitor arrivals rebound to 2.6 million, reflecting 64% year-on-year growth

Branded properties make up 74% of projects in the pipeline

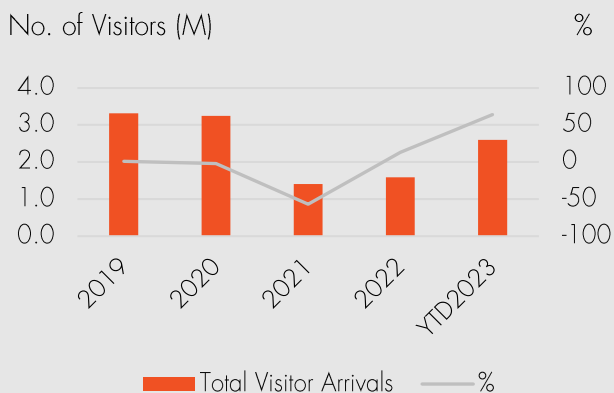
"In the wake of Niseko's official border reopening in October 2022, the area has witnessed a substantial influx of visitors, reaching 2.6 million in YTD2023. This represents an impressive year-on-year growth rate of 64%, highlighting a sustained tourism demand for the Niseko area.

Among the total number of overnight visitors, international arrivals surged to 59% in YTD2023, compared to just 34% in 2019. This upward trajectory is expected to continue with the revival of more direct international flights. The analysis by C9 Hotelworks indicates that the tourism market is on track to return to pre-COVID levels by 2024.

Shifting our focus to the real estate sector, Niseko's land prices in 2023 exhibited an uptick, according to The Ministry of Land, Infrastructure, Transport, and Tourism. Residential land prices saw a modest 1% increase this year. Meanwhile, commercial and retail land prices have accelerated by 8%.

Across the market, the average sales price per square meter for condominiums in Hirafu stood at USD14,644. These projects have experienced a slowdown in absorption rates due to a surge in available units. Nevertheless, the absorption rates for houses and land plots remain notably high, particularly those in the Hanazono area.

Total Visitor Arrivals



Source: C9 Hotelworks Market Research and Niseko Town Hall

Turning to property, the majority of upcoming projects are concentrated in Hirafu and Outer Hirafu, constituting 48% of the total, followed by Hanazono at 34%, and Higashiyama & Niseko Village with 8%. Notable projects in the pipeline include New World La Plume Niseko Resort (2024), Cassia Hotel and Residences Hirafu (2026), and Six Senses Niseko (2026)."

Bill Barnett, Managing Director, C9 Hotelworks

Tourism Trends

- The return of direct international flights to New Chitose Airport has positively impacted Niseko tourism. The airport serves 11 destinations in 7 countries.
- In 2022, the leading international visitor source markets were Australia (18%), Hong Kong (14%), Singapore (11%), USA (8%), and Taiwan (4%).
- By Q4 2023, additional carriers, spearheaded by AirAsia X, are scheduled to resume operations to New Chitose International Airport.

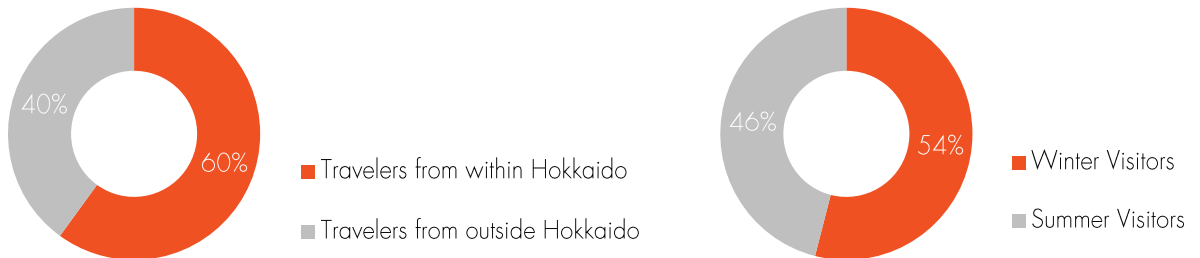
Property Trends

- Market has witnessed a significant increase in mixed-use developments. These projects represent 30% of the pipeline, reflecting double-digit growth over last year.
- Average construction cost has increased by 35%. This rise is attributed to a significant shortage of construction workers and ongoing material supply issues.
- Depreciation of the Japanese Yen against major currencies has increased the likelihood of attracting real estate buyers.

TOURISM OVERVIEW

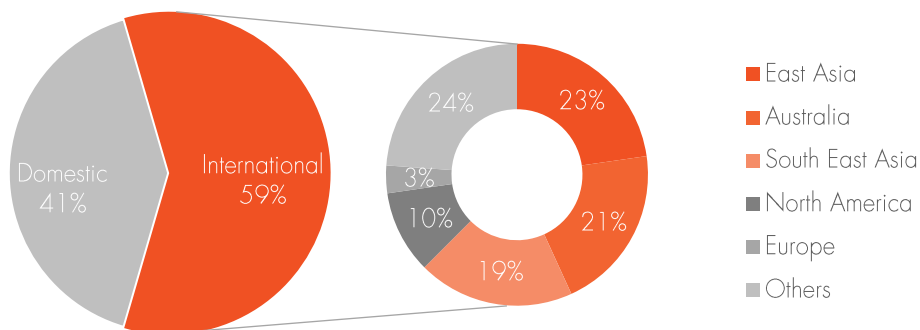
Niseko Tourism Characteristics

Niseko tourism saw a substantial increase of inbound visitors during the past winter season, rising from 41% in 2021 to **54%** in 2023, after Japan's borders were reopened.



Source: C9 Hotelworks Market Research and Niseko Town Hall

Geographic Source Markets



Source: C9 Hotelworks Market Research and Niseko Town Hall

Key Source Markets

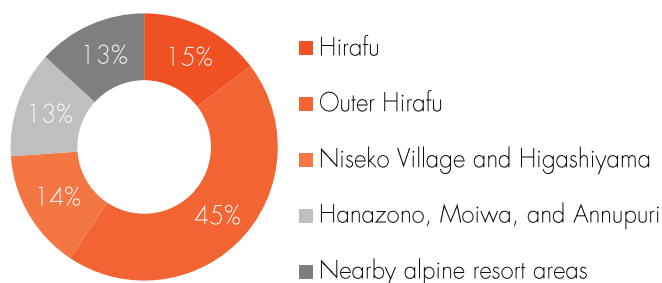


Source: C9 Hotelworks Market Research and Niseko Town Hall
Note: All data as of YTD Oct 2023

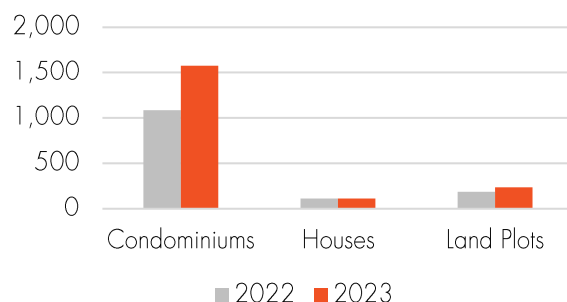
PROPERTY MARKET REVIEW

Property Supply

Supply by Area



No. of Units



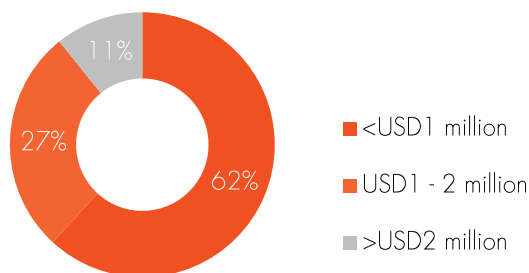
Source: C9 Hotelworks Market Research

Hirafu continues to be a key focal point for real estate growth, comprising **60%** of the overall supply including Outer Hirafu

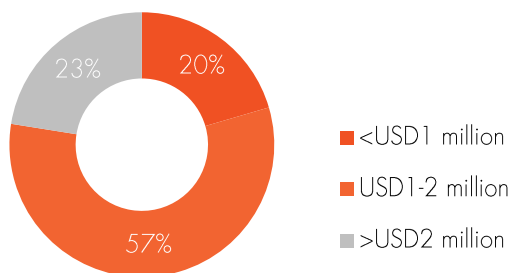
Residential developments mirror the increasing interest in Niseko's marketplace, reflecting a **39%** year-on-year rise in supply.

Pricing Strata

Condominiums



Houses/Land Plots



Source: C9 Hotelworks Market Research
Note: All data as of YTD Oct 2023

Affordable layouts, such as studio and one-bedroom units priced at less than USD 1 million, account for a significant **62%** share of the market.

Land plots with bundled house packages, make up **23%** of the overall inventory, with higher prices typically surpassing USD 2 million and above.

PROPERTY INSIGHTS & PIPELINE

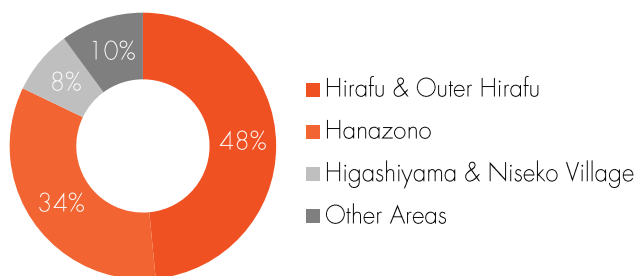
Presently, Niseko has a total of **2,877** units/keys across 24 projects in its hotel and real estate pipeline. Over 10 projects have been postponed until 2026 due to the impact of the COVID-19 pandemic.

| Name | Location | Units | Type | Opening |
|---|---------------|-------|----------------------|----------|
| Club Med Kiroro Grand (Rebranded) | Kiroro | 281 | Hotel | Dec 2023 |
| Matiè Niseko/Muwa Niseko | Upper Hirafu | 113 | Residences | Dec 2023 |
| Niseko Kyo | Upper Hirafu | 22 | Residences | Dec 2023 |
| New World La Plume Niseko Resort | Higashiyama | 224 | Hotel and Residences | 2024 |
| Nikko Style Niseko Hanazono | Hanazono | 234 | Hotel | 2024 |
| Niseko Mirai | Outer Hirafu | 240 | Residences | 2024 |
| Grand Tsuru Villas by Niseko Woodlands* | Annupuri | 9 | Residences | 2025 |
| Marumi Villas* | Outer Hirafu | 39 | Residences | 2025 |
| Chalet Ivy Weiss (Renovation) | Hanazono | 88 | Hotel | 2025 |
| Hanamason Hotel and Residences | Hanazono | 105 | Hotel and Residences | 2026 |
| Six Senses Niseko | Outer Hirafu | 100 | Hotel | 2026 |
| Hotel Niseko Alpen (Renovation) | Upper Hirafu | 125 | Hotel | 2026 |
| Cassia Hirafu | Middle Hirafu | 50 | Hotel | 2026 |
| Cassia Residences Hirafu | Middle Hirafu | 113 | Residences | 2026 |
| Hanazono Ski and Golf Residences | Hanazono | 30 | Residences | 2026 |
| Hoshinoya Hütte Niseko | Upper Hirafu | 62 | Hotel and Residences | 2026 |
| Hotel 101 Niseko | Outer Hirafu | 482 | Hotel and Residences | 2027 |
| Zia Residences | Outer Hirafu | 14 | Residences | 2027 |
| Zia Hotel | Outer Hirafu | 36 | Hotel | 2027 |
| Well Smart Group Villas* | Hanazono | 50 | Residences | 2028 |
| Well Smart Group Hotel* | Hanazono | N/A | Hotel | 2028 |
| Capella Hotel | Hanazono | 88 | Hotel | 2028 |
| Capella Residences Phase I | Hanazono | 240 | Residences | 2028 |
| Capella Residences Phase II and III | Hanazono | 132 | Residences | 2028 |

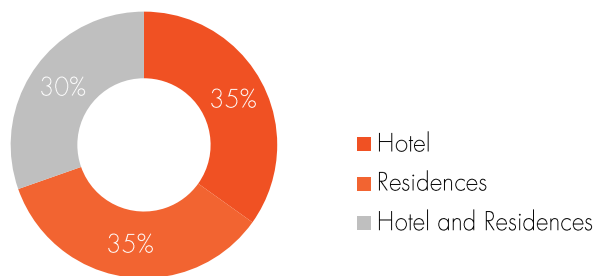
Note: *Tentative Name
Source: C9 Hotelworks Market Research

Pipeline Summary

By Location

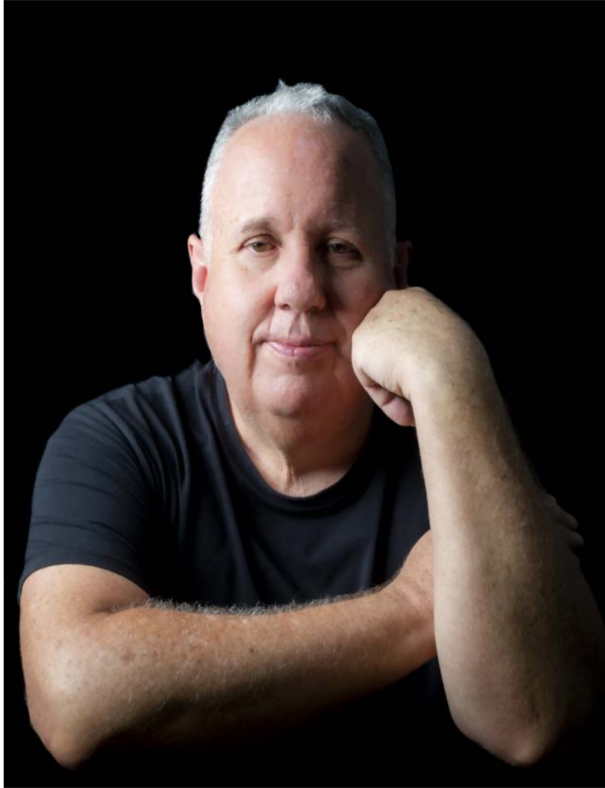


By Type



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
- Mixed-Use Branded Residences Advisory
- Project Feasibility and Analysis
- Hotel Operator Search

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 C9Hotelworks 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 over 37 years of experience in Asia Pacific, the firm is well positioned to serve an increasing demanding marketplace.

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