



asset management
& hospitality consulting

Southeast Asia

Hotel Residences Market Trends

October 2015

SEA hotel residences property market surges with value of US\$16 billion

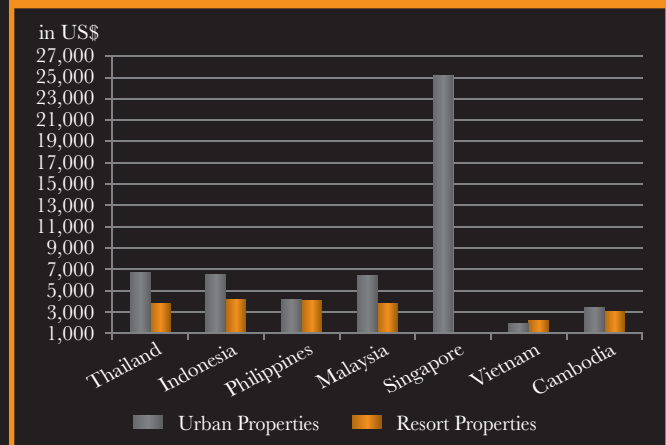
Over 28,000 hotel branded units on the back of nearly 120 projects currently for sale across the region

“Southeast Asia’s property escalation has created a foothold in both traditional resort locations and a growing number of cities alike for hotel affiliated real estate.

While Asia domesticated its real estate sector after the global financial crisis, the latest progression has attracted an increasingly high volume of top tier developers putting up large scale projects.

Thailand, Indonesia, and Vietnam are sitting atop of the numbers game, followed by Malaysia and Philippines, with the latter taking a decidedly urban approach to properties. One key factor pushing city projects is land prices.

Average Sales Price per SQM by Country



Source: C9 Hotelworks Market Research

Our forecast calls for an increasing number of developers seeking international hotel group affiliations given the demonstrated brand premium in selling prices between 20-30% and the connection with associated hospitality assets.”

Bill Barnett, Managing Director, C9 Hotelworks

Market Trend

- Market-wide average sales price per square meter for hotel residences in Southeast Asia (excluding Singapore) is US\$4,870 in urban areas and US\$2,981 in resort destinations.
- Southeast Asia residential-led properties are largely established as stand-alone developments or those connected to a hotel with offered rental programs, most notably in Thailand and Indonesia.
- Most prevalent unit configurations are one-, two- and three-bedroom units for properties situated in urban areas while resort locations are dominated by villa-type hotel residences.

Buyer Segments

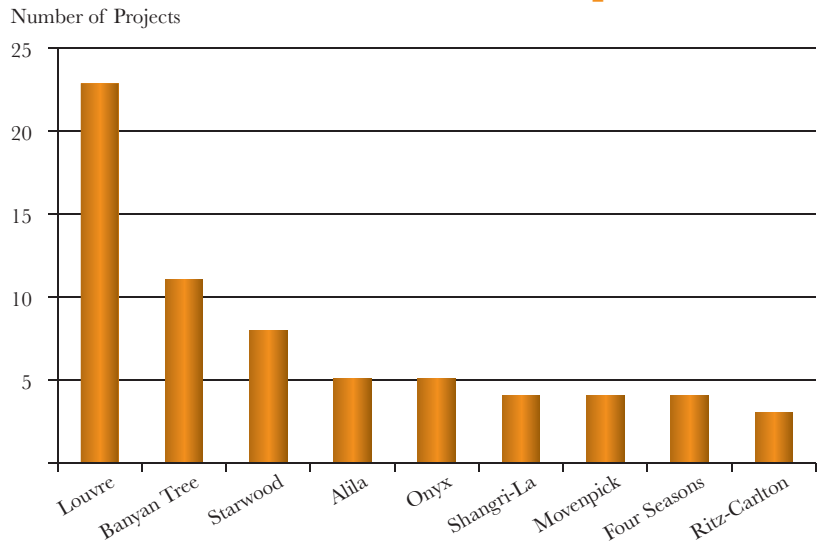
- Brand prestige, institutional management and benefits associated are the keys in attracting prospective buyers. Projects that are straight residential without additional benefits tend to register lower sales traction.
- Urban projects with proximity to CBD areas or locational demand generators and properties in resort areas offering guaranteed yields are two stimulating factors to sales success.
- Small to medium sized units with the inclusion of furniture packages and enhanced services are more desirable to an increasing number of purchasers looking for investment opportunities.

MARKET OVERVIEW

Highlights of Top Hotel Groups

- Based on the pipeline, Louvre Hotels Group is the market leader with a total of 23 projects in Thailand and Indonesia. Banyan Tree has a broad geographic spread covering Thailand, Malaysia, Indonesia, and Vietnam. On a single country basis Indonesia's Archipelago International is the largest group in the sector, followed by Tauzia and Swiss-Belhotel.
- Among the top international hotel groups, Starwood, Shangri-La, and Ritz-Carlton projects are mainly in urban areas. In contrast, others are concentrated in resort locations. Other notable chains represented in the offerings are IHG, Accor, Hyatt, Fairmont Raffles, Minor and Rosewood.

International Hotel Group Affiliations



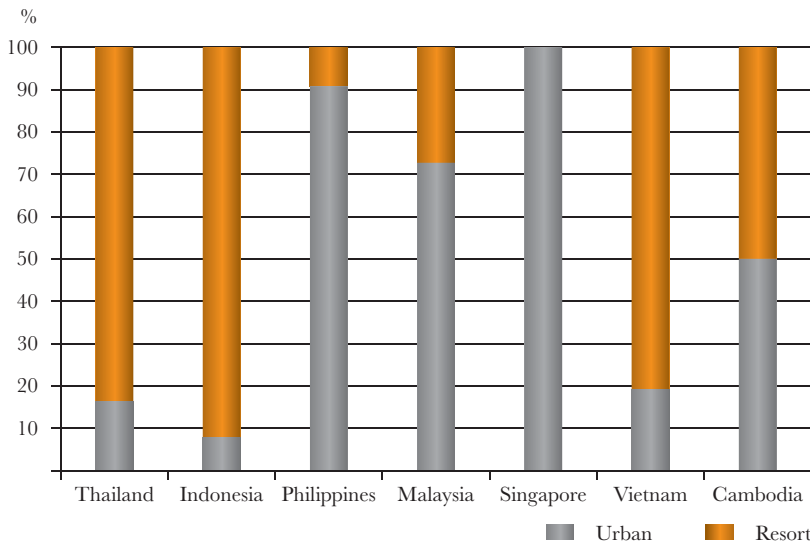
Source: C9 Hotelworks Market Research

Banyan Tree has diversified its real estate components with Angsana and Cassia along with their core brand

City and Leisure Market Comparison

- Thailand is the leading market in hotel residences, accounting for 37% of total projects, followed by Indonesia with 22%, Vietnam at 18%, Malaysia and Philippines both with 9%, 3% for Singapore and Cambodia rounding out the list with 2%.

Urban vs. Resort Projects by Country



Thailand, Indonesia, and Vietnam reflect resort focus, while other markets see stronger urban demand

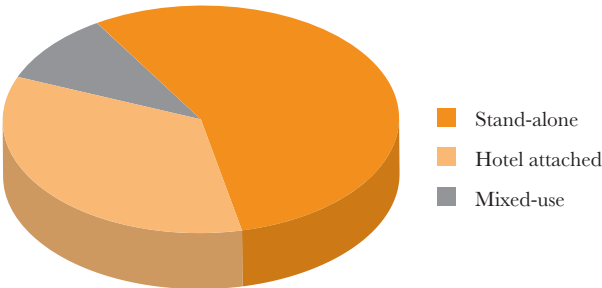
Source: C9 Hotelworks Market Research

PROPERTY MARKET

Project Characteristics

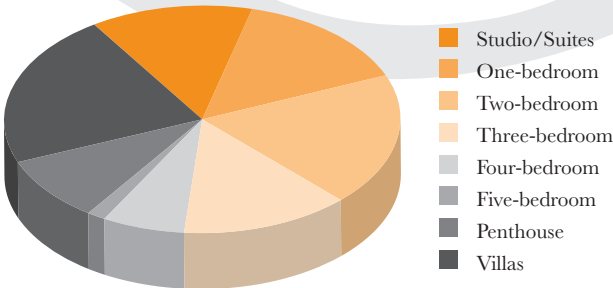
- The majority of the current set for hotel residences in Southeast Asia is in the form of stand-alone leisure projects, which mainly target investors and lifestyle buyers. This trend is a cyclical real estate phenomenon that was seen in the mid 1990's and again in the mid 2000's at the peak of Asia's property cycles.
- Following this is combined hotel and residential projects which are seeing a shift from resort to urban locations. One key highlight of this sector is that developers are affiliating with international hotel chains to brand the residence component, but the offerings are focused on end-users, and not relying on hospitality generated rentals.
- Conversely Vietnam tallies in with 31% of total hotel residential projects as part of mixed-use developments, marking the largest number among Southeast Asia. These properties include retail, commercial, sporting and international school components.

Development Types



Source: C9 Hotelworks Market Research

Market-wide Unit Configuration Mix

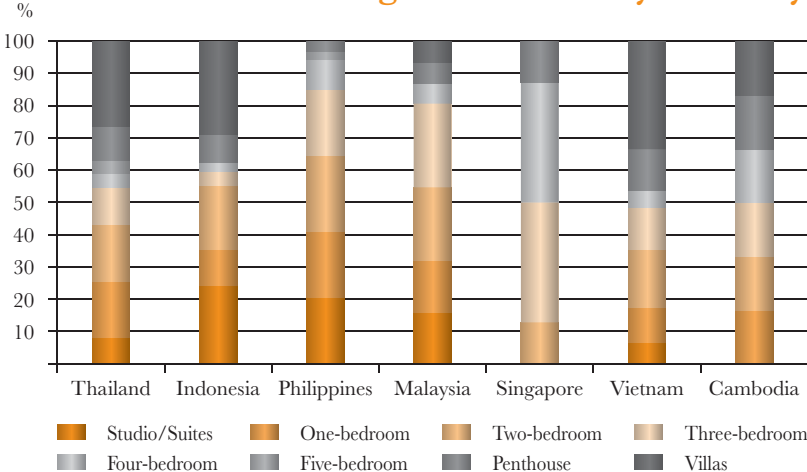


Source: C9 Hotelworks Market Research

Stand-alone projects are mostly located in resort areas, while mixed-use urban models are the rising model driven by high land cost

Marked shift towards smaller units is reflected in demonstrated higher sales absorption rates in projects offering entry level products

Unit Configuration Mix by Country



Source: C9 Hotelworks Market Research

With limited land resources and highly urbanized national development, Singapore is the only country with no one-bedroom and villa offered

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 increasingly demanding marketplace.



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