



Wellness-Dedicated Branded Residences All Hype But No Volume

Only One-Fifth of Amenities Offered in New Branded Residences Are Wellness in Nature

By [Roger Allen](#)

HNN columnist

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Dedicated wellness-themed branded residences have seemed to be all the buzz recently, but the volume of such developments does not indicate that the hype actually translates into a real market trend.

The branded residences market continued to boom in the past two years.

Eighty-four new projects have opened, and 123 deals have been signed globally since early 2020, according to hospitality architecture and design firm WATG's new "2022 Branded Residence Atlas" published in late September.

Wellness has become somewhat of a catchword in the sector due to the COVID-19 pandemic, with industry experts and industry research citing significantly increased buyer demand for wellness amenities and services as an important trend shaping future developments.





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Expectations were pointing to the emergence of more wellness-themed branded properties with dedicated amenities and services, in a clear distinction from general branded residences with standard offerings, such as a pool or fitness center that are essential components of luxury hotel developments.

There is no doubt that the pandemic did prompt most people to reassess their priorities and needs when it came to health and wellbeing.

The basic prerequisites of wellbeing have widened for many to include more healthy diet options, better sleeping arrangements, more open spaces and access to natural settings.

“Health is the new wealth” grew into a post-COVID notion that more high-net-worth individuals are adopting wellness, not only in their general lifestyles but also when looking for a second home or an investment in a branded residential property.

Research by business advisory Savills from about a year ago showed that more than 80% of branded residence buyers considered spas, pools and wellness services essential or important amenities.

Yet, the current hype about dedicated wellness-themed branded residences, driven by market rhetoric, has not been reflected in the volume or scale of such developments. What we tend to see is the sector dominated by the recognized international hotel brands and designer brands incorporating wellness elements into their new branded residential projects.

Savills also found that only 21% of amenities offered in branded residence schemes can be classified as wellness amenities, with the most frequent offerings — available in more than 70% of the schemes studied — being fitness centers, outdoor pools, spas and treatment rooms. Many amenities on the list are not related to physical wellbeing activities or experiences.

Our experience shows that there are relatively few greenfield branded residence projects exclusively focusing on or dedicated to wellness and wellbeing.

This may change, but most of the new developments are converting or updating existing complexes or properties to accommodate new health trends and benefit from the increased appeal of wellness and wellbeing.

These updates may create more extensive or varied wellness offerings but are unlikely to have a truly dedicated holistic concept or approach to wellness and wellbeing.

Many branded residences continue to be developed adjacent to or as part of the same branded hotel and merely extend the hotel's already existing wellness services to the tenants of the newly added residential units.

Incorporating wellbeing into a branded residential development requires deep insightful guest profiling to ensure services and experiences are tailored to the occupants while being certain that the added value is justified and reflected in the internal rate of return.

Roger A. Allen is group CEO of business advisory RLA Global and a board director of the International Society of Hospitality Consultants.