

RUBIX NAVIGATION

Southeast Asia | Real Estate | Hospitality | 1st Quarter 2021

RUBIX INSIGHTS

Real Estate

Covid-19 related stimulus, ultralow rates and changes in buyer behavior are turbocharging housing markets from Europe to Asia, raising fears of possible bubbles and prompting some governments to intervene to prevent their markets from overheating. However, a replay of the global housing crash like in 2008 is forecasted not to happen, because hot markets could cool naturally without wider damage as interest rates rise and real demand is met. In this context, total real estate investment volumes (excluding development sites) in Asia Pacific are expected to bounce back in 2021 to approximately US \$165 billion, driven by greater investor confidence in this region's economic recovery.

Hospitality

The hotel industry may benefit from the future of decentralized workplaces, hosting people that don't work at main offices but still need regular meetings. In response, Marriott, Hilton, and Accor have rolled out various hybrid meeting offerings for a mix of online and on-ground attendance. Marriott also launched work-from-hotel concepts, satisfying companies that look for short-term workspace unlike traditional offices. Besides, hospitality companies are pushing into the rental housing sector including private houses and villas amid the growing demand of private vacations. Therein, Homes & Villas by Marriott International now has more than 25,000 listings, while Accor and Four Seasons have expanded their footprints in this market to varying degrees.

Index

GDP growth of some Southeast Asian countries

Economy

According to World Bank, the developing economies of East Asia and the Pacific could face an uneven three-speed recovery in 2021. Therein, only China and Vietnam may beat their pre-pandemic levels of growth, increasing by 8.1% and 6.6% in 2021, respectively. Other large economies, more scarred by the crisis, will grow about 4.6% on average, slightly slower than the pre-crisis pace. Recovery is expected to be particularly protracted in tourism-dependent island economies. Echoing other forecasts around the U.S. lift to global growth, World Bank said the stimulus could add one percentage point on average to the growth of the region, mainly through trade and investment. Therein, export-oriented economies in Asia, particularly Cambodia, Malaysia, Thailand, and Vietnam, are set to benefit most.

Policy

Indonesia will cut the value-added tax worth US \$349 million on new homes transacted between March and August 2021. Accordingly, houses priced below 2 billion Rupiah will be fully waived, while others priced from 2 to 5 billion Rupiah will be levied by 50% tax. This incentive is only applied to Indonesians owning one house which will not be resold within a year of purchase.



Vietnam's provinces and cities have been requested to review their land management as some localities are witnessing rocketing land prices driven by speculation. According to Vietnam's State Bank, real estate loans of the banking sector increased by 2.13% as of 15 March 2021, higher than credit growth of 2.04% for the whole economy.



Luxury and upscale brands expanding in Vietnam's South and Central regions

HCMC will welcome the 236-key Hilton Saigon in 2021, and the largest hotel-branded residential project worldwide that features 4,200 residential and officetel units in the integrated Grand Marina Saigon under the brands of JW Marriott and Marriott Hotels in 2024. Meanwhile, Binh Thuan and Ba Ria - Vung Tau Provinces will greet the 984-key Centara Mirage Resort Mui Ne in 2021 and the 343-key Hyatt Regency Ho Tram Resort and Spa and Residences in 2024. In Danang, the 300-key Crowne Plaza Danang Waterfront will welcome guests in 2023 and Mandarin Oriental Da Nang will provide 87 branded apartments in 2024. In Nha Trang, the integrated Vega City Nha Trang is scheduled to complete the first phase in 2023, comprising the 96-villa Gran Meliá Nha Trang, the 370-key Meliá Nha Trang, and the 306-key New World Nha Trang.

Leading international operators set sights on growth in Thailand

Hyatt signed a framework agreement for the development and management of new hotels in Thailand, providing more than 1,000 new keys under various Hyatt brands. In response, Hilton committed to convert up to 2,000 keys in 24 months in Thailand, focusing on the brands of Hilton, DoubleTree by Hilton, and Hilton Garden Inn. In this context, Centara announced the opening of the 12-villa Roukh Kiri Khao Yai Hotel and the signing of the 184-key Centara Reserve Samui. Meanwhile, S Hotels and Resorts opened SAii Laguna Phuket as an integral part of Laguna Phuket and SAii Phi Phi Island Village. In the real estate industry, the industrial property market is forecasted to grow thanks to the government's stimulus and infrastructure investments. Meanwhile, the housing market is set to attract Chinese buyers, driven by vaccinations and the reopening of inbound tourism.



Asia's ultra-rich rank Singapore as the region's top choice for luxury homes

Foreigners snapping up private apartments in Singapore declined to a 17-year low in 2020 due to travel restrictions and lockdowns. However, the city state is still forecasted to be one of the world's most sought-after locations for buying investment homes as its safe-haven reputation has been further strengthened by successfully managing the Covid-19 pandemic and supporting businesses. Especially, Singapore's luxury residential market is the top territory of choice for the ultra-wealthy, after Britain, the United States, and Australia. In the hospitality market, Marriott added the 49-key Duxton Reserve Singapore into its Autograph Collection, rebranded from Six Senses Duxton. Meanwhile, Accor announced to open Orchard Hills Residences Singapore - MGallery featuring 168 serviced apartments in 2021, and the 300-key Mondrian Singapore in 2023.



Ascott, Hilton, and Banyan Tree announce new openings in Indonesia

Ascott opened Citadines Berawa Beach Bali, adding 224 serviced apartments into its existing portfolio of more than 23,000 units in over 150 properties across over 40 cities in Indonesia. In this context, Hilton inaugurated the 310-key DoubleTree by Hilton Surabaya in Surabaya, the second largest city in Indonesia. This operator also announced to welcome guests at the 168-key Hilton Garden Inn Jakarta Taman Palem in Q3 2021. Meanwhile, Banyan Tree is scheduled to open two wellness resorts in Bali, including the 82-key Angsana Saranam Bali and the 16-key Buahan, a Banyan Tree Escape, respectively in May and July 2021. In the Greater Jakarta, the housing market has remained strong on account of Indonesia's socioeconomical potentials, while the retail property market took a hard hit from repeated extensions of the government's travel restrictions.



The Philippines, Cambodia, and Malaysia welcome new hotels

Hilton announced the opening of the 308-key Hilton Clark Sun Valley Resort as its third property in the Philippines, following the launches of Conrad Manila in 2016 and Hilton Manila in 2018. In Cambodia, Wyndham opened the 522-key Howard Johnson Plaza by Wyndham Blue Bay Sihanoukville as the latest addition to its existing portfolio of over 1,500 hotels across the Asia Pacific region. Meanwhile, Banyan Tree stated to put the 158-key Angsana Siem Reap into operation in October 2021. In Malaysia, the 477-key Sunway Resort is projected to welcome guests in late 2021 after completing the renovation worth US \$60 million. In the real estate industry, Cambodia's housing market is expected to achieve a modest boost in 2021, while the number of completed-but-unsold houses in Malaysia may remain high this year due to increasing price-to-income ratio.



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