

RUBIX NAVIGATION

Southeast Asia | Real Estate | Hospitality | 3rd Quarter 2019

RUBIX INSIGHTS

Real Estate

Despite its economic slowdown and downside risks ahead, private home prices in Singapore rose for the second consecutive quarter on account of its population growth, rising household income, and positive employment numbers. Meanwhile, land prices in Bangkok are expected to stay flat or drop this year for the first time in over a decade, mainly due to the economic downtum and the Land and Buildings Tax that is set to take effect in early 2020. In this context, co-working spaces in Singapore and Bangkok are forecasted to rise regardless of widening concerns over the office-sharing business model and WeWork's doomed IPO, driven by demand from multinational corporations on top of new start-ups and overseas firms to relocate amid the U.S. - China trade war.

Hospitality

IHG has announced an exclusive loyalty partnership with Mr & Mrs Smith in which IHG Rewards Club members will have opportunities to earn and redeem points during qualified stays at over 500 luxury and boutique Mr & Mrs Smith properties from early 2020. This move is anticipated to help this hospitality giant to better compete against Marriott, Hilton, and Hyatt for high-end customers. Meanwhile, as part of a new agreement signed in April 2019, Expedia Group has become the exclusive global optimized distributor of Marriott's wholesale rates, availability, and content to a network of global travel providers. In another context, Thomas Cook, the 178-year-old travel firm which runs hotels, resorts and airlines for 19 million people a year, has filed for bankruptcy and liquidation.

Index

GDP growth forecasts in Southeast Asia

Economy

Informed by ADB, economic growth in developing Asia remains robust but prospects in 2019 have further dimmed due in part to the U.S. - China war and slowing growth in the large economies, including China, India, South Korea, and Thailand. This region is forecasted to grow by 5.4% in 2019 and nudge up to 5.5% in 2020, in which Southeast Asia is seen expanding 4.5% and 4.7%. ADB also notes that the trade war may reshape regional supply chains, with trade and investment redirecting from China towards other countries such as Viet Nam and Bangladesh. On the other hand, public and private debts have risen since the 2008 - 2009 global financial crisis with debt-to-GDP expanding around two-thirds over the last two decades, which can be a danger to the regional financial stability.

Policy

 According to Thailand's Treasury Department, the new average appraised price for land in this Kingdom, which will take effect for four years starting from 1 January 2020, may be risen by 8% nationwide from the current value. Therein, the appraised prices of about 70% of total land would remain unchanged from the previous assessment round, while 29% to increase and the rest to decrease. The State Bank of Viet Nam required local commercial banks to better control risks in corporate bond investment which accounted for a large proportion of the banks' total assets in 1H2019, especially bonds of real estate firms. The request was released in the context that Vietnam's real estate market has not recovered firmly yet and faced many risks and difficulties.





RUBIX BRIEF

Thailand maintaining its leading position in Southeast Asia's hospitality market

After the opening of the 382-key Avani Sukhumvit Bangkok, Thailand's capital is expected to welcome the 232-unit Oakwood Suites Bangkok and a part of the 293-key Mövenpick BDMS Wellness Resort Bangkok by late 2019; the 224-key Asai Bangkok Chinatown in 2020; Aman Nai Lert Bangkok in 2022; and the 181-key dusitD2 Samyan Bangkok in 2023. Similarly, Pattaya has greeted the 241-key Holiday Inn Express Pattaya Central while looking forward to the inauguration of the 192-key Wyndham Atlas Wongamat Pattaya next year. In the meantime, Phuket has welcomed the 290-key Double-Tree by Hilton Phuket Banthai Resort, and expects to add the 353-key Wyndham Nai Ham Resort Phuket by year-end, the 150-villa Wyndham Chalong Phuket in 2020, the 222-key Radisson Phuket Mai Khao Beach in 2023, and the 280-key Centra by Centara Mai Khao Resort Phuket in 2024.



Vietnam's hotel market witnessing a strong growth

INNSIDE by Meliá and Holiday Inn have debuted in Vietnam with the openings of the 69-key INNSiDE by Meliá Saigon Central and the 350-key Holiday Inn & Suites Saigon Airport. In the central region, the first phase of Hoiana Integrated Resort is scheduled to be completed by year-end, providing over 1,000 keys under the brands of Rosewood, KHOS, and New World. Additionally, the 734-key Radisson Blu Hoi An is projected to welcome guests by 2021 as the largest property in the Radisson Hotel Group's Asia Pacific portfolio. Meanwhile, the 441-key Dolce by Wyndham Hanoi Golden Lake and the 150-key Yello Phu Nhuan Ho Chi Minh City are expected to open in 2019 and 2022. In this context, Swiss-Belhotel sets to expand its portfolio in Vietnam to at least 10 hotels and resorts by 2021, while Centara targets to open at least 20 new hotels across Vietnam by 2024.



More supply in Singapore's serviced apartment market

In the serviced apartment market, Frasers Hospitality celebrated the grand opening of the luxury 115-unit Fraser Residence Orchard, Singapore. Meanwhile, Ascott put the 279-unit lyf Funan Singapore into operation as part of the Funan integrated retail and commercial development. Ascott also targets to inaugurate the 166-unit Citadines Balestier Singapore, the 320-unit Citadines Rochor Singapore, and the 81-key Ji Hotel Orchard Singapore by year-end. In the hospitality market, the iconic Raffles Singapore announced its reopening after the three-phased restoration beginning in 2017. The Asia's grandest of grand dames now encompasses 115 suites combined with vibrant lifestyle experience and exclusive dining concepts. In this context, Travelodge Hotels Asia will debut in Singapore in Q4 2019 with the inauguration of the 319-key Travelodge Harbourfront Singapore.



Cambodia, the Philippines, and Myanmar attracting both international and regional hotel operators

Siem Reap welcomed the 80-key FCC Angkor managed by Avani after its US \$7 million renovation from the historic FCC Mansion that was once home to the elegant mansion of the French colonial governor and the Foreign Correspondent's Club. Meanwhile, Phnom Penh announced to greet both of the 280-key Hilton Phnom Penh and the 130-key Khom Hotel that is the first Marriott's Autograph Collection property in Cambodia by 2022. In another context, Park Inn by Radisson has celebrated the opening of the 238-key Park Inn by Radisson North EDSA which is a short stroll from SM City North EDSA, one of the world's largest shopping malls featuring over 800 stores and dining outlets. In Myanmar, the 95-key Centara KMA Resort Inle Lake would come into operation in Q4 2019 as the first of the six properties managed by Centara under an MOU with the Myanmar-based KMA Group.





Marriott, Minor, and Swiss-Belhotel expanding in Indonesia and Malaysia

In Indonesia, Marriott opened Natra Bintan, a Tribute Portfolio resort featuring 100 tents within Chill Cove at Treasure Bay. Located on Bintan Island, Chill Cove at Treasure Bay is a 338-hectare resort destination which also integrates Southeast Asia's first man-made seawater lagoon, other resorts namely the operating 100-key Anmon Resort Bintan and the 104-key Chiva-Som Bintan Resort under development, 4 golf courses, and recreational facilities. Meanwhile, Swiss-Belhotel continues to expand in Indonesia with the openings of the 227-key Swiss-Belhotel Darmo Surabaya by year-end and the 252-key Swiss-Belhotel Solo in 2020. In Malaysia, The Prestige Hotel has provided 162 keys to the market in George Town, a UNESCO World Heritage Site. Furthermore, Minor plans to inaugurate the 123-key Anantara Desaru Coast Resort & Villas in the resort destination of Desaru Coast by late 2019.

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