Southeast Asia | Real Estate | Hospitality | 4th Quarter 2020

RUBIX INSIGHTS

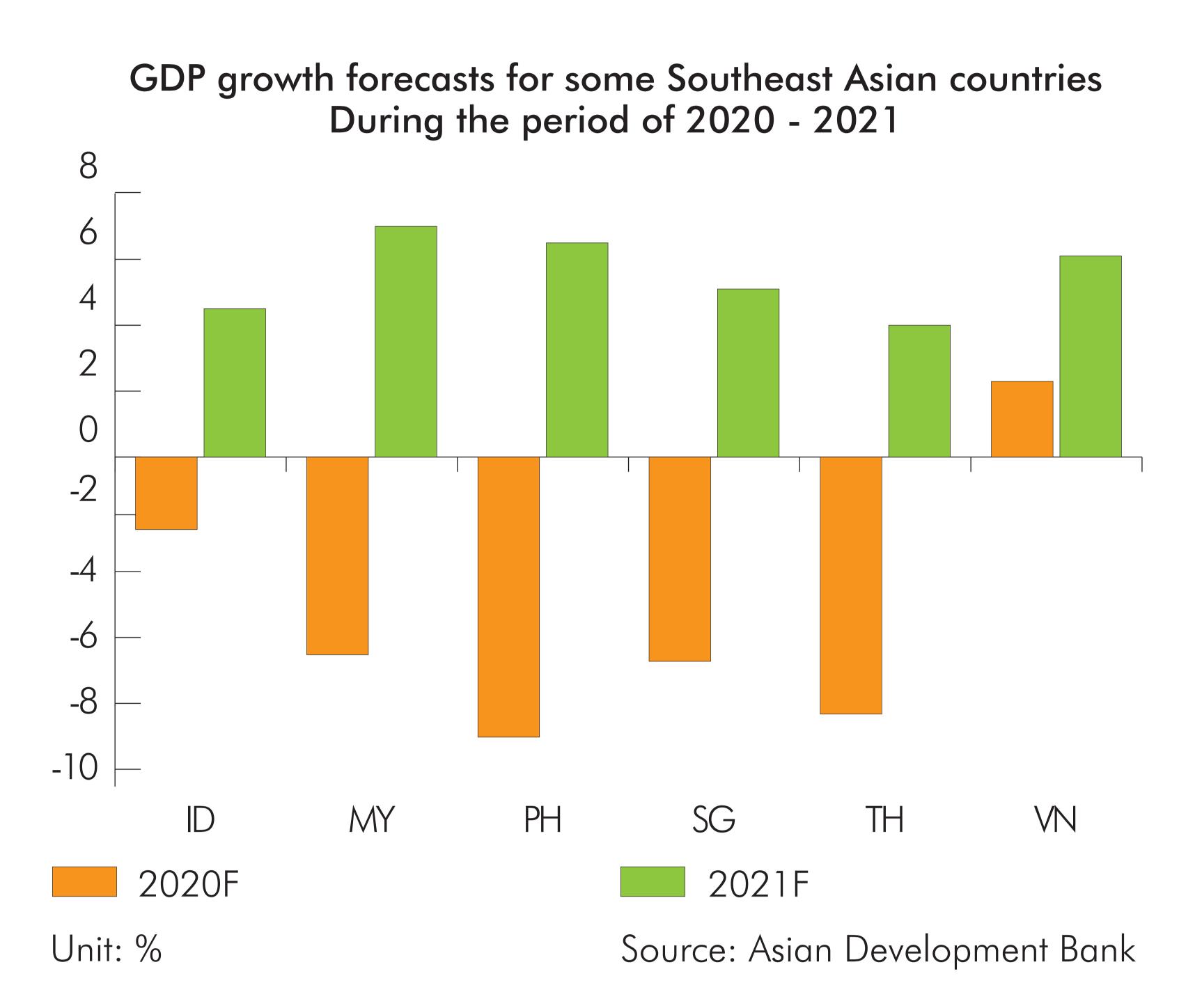
Real Estate

Despite the pandemic-induced economic downtum in 2020, home prices in Vietnam's large cities were still driven by strong demand; while Singapore's market remained resilient thanks to its government's cooling measures. In this context, regional residential developers and buyers, especially in Vietnam and Malaysia, have shifted their focus from city centers to suburbs for bigger but cheaper properties. In the industrial and logistics sectors, Vietnam is considered as a leading destination for manufacturers attempting to diversify away from China. Meanwhile, Singapore seeks to become the coronavirus vaccine distribution hub for Southeast Asia, boosting the capacity of its cold storage warehouses and refrigerated distribution centers.

Hospitality

UNWTO predicted that international tourist numbers could plunge up to 80% in 2020 due to the Covid-19 pandemic, back to levels of 30 years ago. In Southeast Asia, new coronavirus strains may force authorities to not open their borders quickly, continuing to impact the regional hospitality market. In this context, Southeast Asia is forecasted to witness major changes of new hotel development projects because global and regional chains are shifting their attention to conversion opportunities and a management-light approach via soft brands, franchising, and third-party operators. Besides, an M&A wave may hit the market soon, especially affecting non-core owners and family businesses in resort destinations in Thailand, Indonesia, and Malaysia.

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Economy

Informed by ADB, Southeast Asia's outlook has deteriorated further as major economies like Indonesia and the Philippines continue to grapple with rising coronavirus infections and partial lockdowns. The subregion is expected to contract 4.4% in 2020 and expand 5.2% in 2021. Notably, Brunei, Thailand, and Vietnam have had better growth prospects thanks to their success in reopening economies. Therein, Vietnam's GDP could increase by 2.3% in 2020 and 6.1% in 2021 due to accelerated public investment, revived domestic consumption, trade expansion, and China's rapid recovery. Meanwhile, Thailand's GDP could contract by 7.8% in 2020, but grow by 4% in 2021 as merchandise trade, private investment, and private consumption gradually recovered after easing containment measures.

Policy

Thailand is reported to offer the Elite Flexible One visa starting in Q1 2021 through property purchases in a bid to lure foreign buyers to its slumping real estate market that has been saddled by Covid-19. Accordingly, buyers who purchase one or several apartments valued at US \$331,000 will receive a five-year residency visa worth US \$16,550 at no charge or at a discounted rate. The visa is expected to entitle members to perks, including a VIP guide at the airport, expedited immigration and passport control, free limousine transport from the airport to a hotel or residence 24 times a year. The visa program will run for 24 months and purchased property must be move-in ready.

RUBIX BRIEF



Branded residences market in Vietnam showing an upward trend

Vietnam has become a more attractive destination for international operators showing interests in mixed-use projects that feature hotels and branded residences. Therein, Wyndham opened the 179-key Wyndham Grand Flamingo Dai Lai Resort as part of the integrated Flamingo Dai Lai Resort; and announced to inaugurate the 2,912-key Apec Mandala Wyndham Mui Ne in 2022. Meanwhile, New World stated to launch the 375-villa New World Phu Quoc Resort in 2021; and the 306-key New World Nha Trang Hotel in 2023 as part of Vega City Nha Trang. Spanning over 44 hectares, the integrated Vega City Nha Trang also consists of the 96-villa Gran Meliá Nha Trang and the 370-key Meliá Nha Trang. In this context, Hyatt signed a management contract for Hyatt Regency Ho Tram Resort & Spa that includes a hotel and 63 branded villas.



Bangkok and Phuket welcome new internationally-branded hotels

In Bangkok, the 299-key Four Seasons Hotel Bangkok at Chao Phraya River and the 101-key Capella Bangkok opened as part of the mixed-use Chao Phraya Estate. Moreover, the 224-key Asai Bangkok Chinatown and the Kimpton Maa-Lai Bangkok that includes 362 hotel keys and 131 serviced residences came into operation. The capital of Thailand is also expected to greet Crowne Plaza Bangkok Rama 9 in 2025 within the mixed-use Siamese Rama 9 that also features high-end apartments, office space, and a mall. In Phuket, after the opening of the 600-key Four Points by Sheraton Phuket Patong Beach Resort in 2020, this island is scheduled to welcome the 134-key Holiday Inn Phuket Kata Beach and the 135-key Holiday Inn Express & Suites Phuket Kata Beach in 2022 as part of the mixed-use The Beach Plaza Phuket.



IHG increasing its market share in Malaysia

InterContinental Hotels Group (IHG) launched the 250-key Holiday Inn Express Kota Kinabalu City Centre as its first hotel in East Malaysia. This operator is also scheduled to open the 203-key Holiday Inn Express & Suites Johor Bahru in 2021 after rebranded from Swiss Inn Johor Bahru, and the 180-key Hotel Indigo Kuala Lumpur on the Park in 2023. IHG currently has more than 10 properties in the development pipeline in Malaysia, which are due to open within the next three to five years, including launches of Regent and Kimpton brands. In this context, Radisson Hotel Group and Marriott International introduced Park Inn by Radisson and Courtyard brands in Malaysia with the openings of the 220-key Park Inn by Radisson Putrajaya and the 199-key Courtyard by Marriott Penang.



Marriott, Swiss-belhotel, and Banyan Tree expanding their footprints in Indonesia

Marriott announced the openings of the 204-key The Westin Surabaya and the 216-key Batam Marriott Hotel Harbour Bay in Indonesia. Meanwhile, Swiss-Belhotel welcomed guests at the 132-key West Java Swiss-Belinn Bogor in West Java and the 252-key Swiss-Belhotel Solo in Central Java. As part of its expansion plan, Banyan Tree currently has five properties in the development pipeline in Indonesia, including the 82-key Angsana Saranam, Bali opened in 2021; the 72-key Banyan Tree Nipah, Lombok opened in 2022; and three hideaway resorts under the brand of Banyan Tree Escape in the provinces of Bali, West Nusa Tenggara, and North Sumatra. Additionally, Banyan Tree is in active discussions to bring more Cassia and Dhawa properties to Indonesia, focusing on super-priority destinations identified by the government.



More hotel deals signed in the Philippines, Singapore, and Cambodia

Dusit International opened the 198-key Dusit Thani Laguna Singapore in the heart of the renowned Laguna National Golf & Country Club, one of the island nation's premier golf and country clubs. Meanwhile, Far East Hospitality planned to develop the fourth property on Sentosa Island with the inauguration of the 191-key Oasia Resort Sentosa in 2021. Besides the operating Park Hyatt Siem Reap, Hyatt signed a contract to manage its second property in Cambodia, the 247-key Hyatt Regency Phnom Penh that is scheduled to welcome guests in 2021. In the Philippines, AccorHotels announced the signing of Pullman Manila at Primex Tower that is slated for completion in 2023. This 200-key hotel will be housed within Primex Tower that will also incorporate retail and office spaces.



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