Southeast Asia | Real Estate | Hospitality | 1st Quarter 2022

RUBIX INSIGHTS

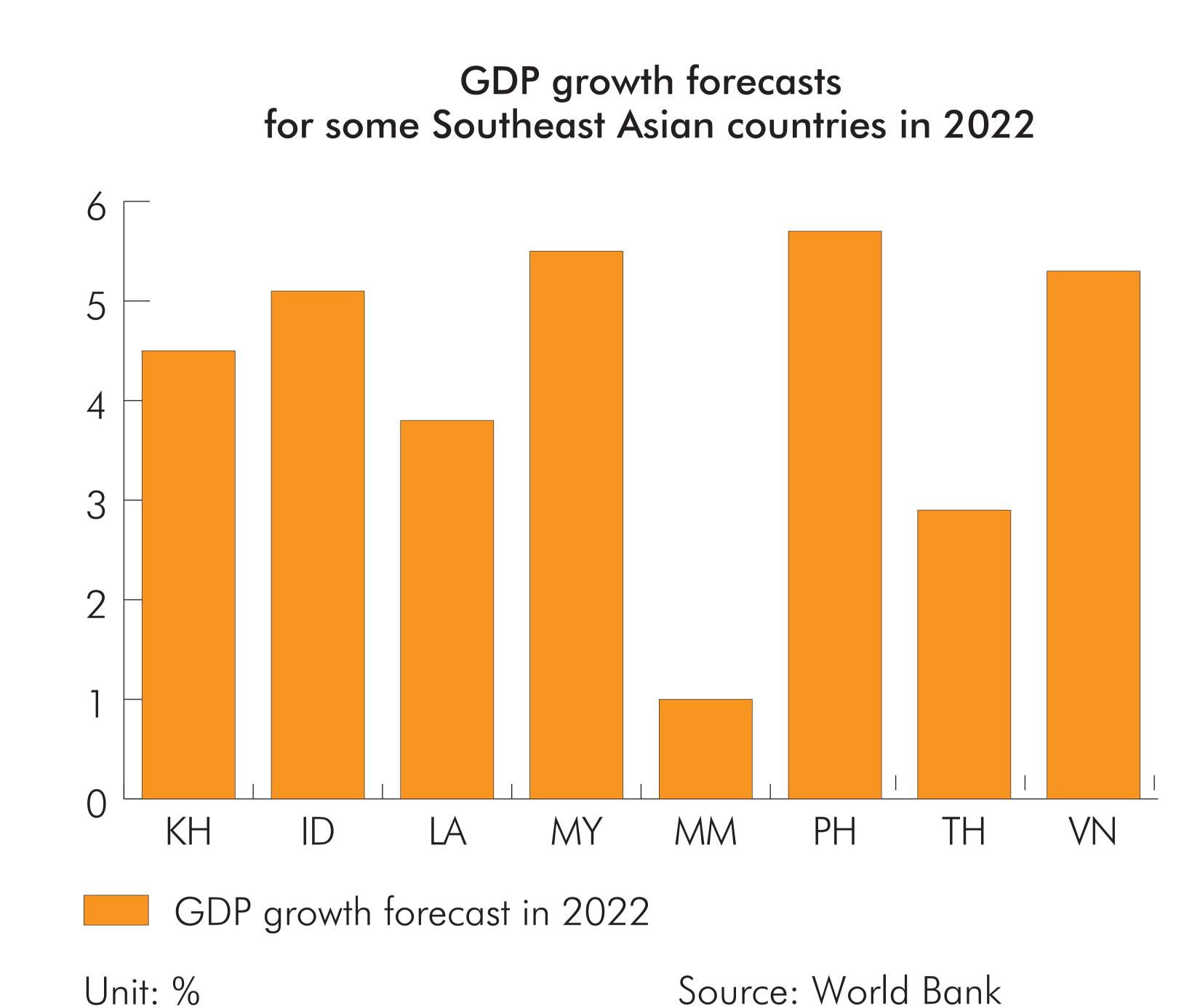
Real Estate

Long seen as a safe haven, Singapore's real estate market continues outperforming its peers in Southeast Asia. Meanwhile, Vietnam's market is expected to recover better than other major economies in the region, in which its residential sector is gaining ground with foreign investors while its industrial properties may remain as the most sought-after ones in Southeast Asia for the next 10 years. The rest markets in the region are still in the late stages of a downcycle and may see positive changes in 2H2O22 driven by an economic recovery. In details, margins of property developers in the Philippines are shrinking at around 15% due to rising costs, especially compliance costs paid to the authorities.

Hospitality

The hospitality market in Southeast Asia is witnessing a gradual recovery as the countries are barreling ahead with plans to reopen their borders to international travel. However, some experts warn that Thailand may lose out in this race if the tourism-reliant economy remains conservative travel policies, especially when its two major source markets including China and Russia are unlikely to return soon. In this context, Marriott has been planning to further expand its portfolio across Asia Pacific, opening nearly 100 properties in 2022. Meanwhile, Hilton aims at welcoming two hotels a week in this region which accounts for around 10% of its current global portfolio.

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Economy

Informed by World Bank, the war in Ukraine is threatening the uneven recovery of developing East Asia and Pacific countries from the Covid-19 shock. The war comes on top of the Covid-induced economic distress, the U.S financial tightening, and China's zero-Covid policies. The countries that are large importers of fuel - like Thailand, or have large debt - like Laos, or are high dependent on exports - like Malaysia and Vietnam, are susceptible to global financial and growth shocks. Whereas, Goldman Sachs and JPMorgan said that the region may offer relative safety to investors, with three top picks being Indonesia, Vietnam, and Singapore. The reasons are that Russia and Ukraine account for less than 1% of its exports, and rising commodity prices will underpin the strength of its commodity-exporter markets.

Policy

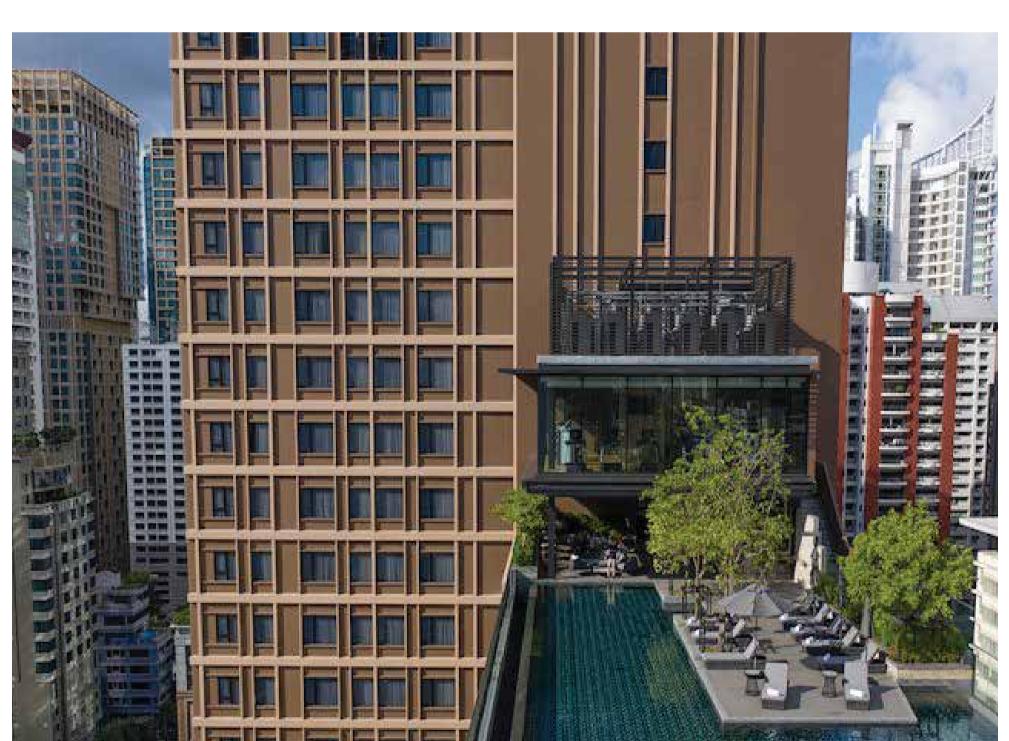
Vietnam has implemented measures to tighten management and develop a transparent and healthy real estate market. Therein, the State Bank urged local banks to curb loans to risky industries like real estate. Concurrently, the Ministry of Finance requested stakeholders to strictly control income tax revenue in real estate transactions which accounts for 10% of Vietnam's total tax revenue per year, equivalent to US \$440 million. This ministry also pledged to strictly punish violations related to stock and corporate bond market, which is a new channel to mobilize capital for real estate companies. In addition, the ministry is amending and supplementing the regulation on offering and trading corporate bonds, which proposes stricter conditions for bond issuers, especially in private placement.

RUBIX BRIEF



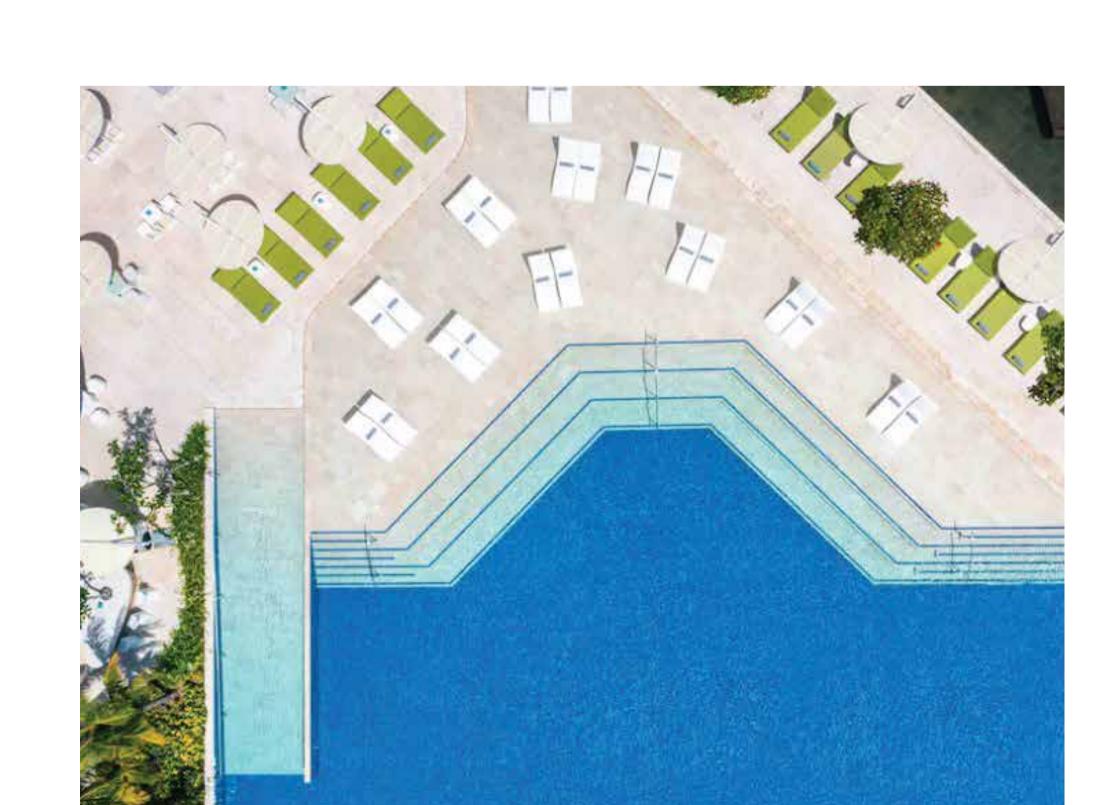
Vietnam's market to see a brighter outlook

Vietnam's real estate market may thrive in 2022 mainly thanks to companies' restructuring of operations and recovery from Covid-19's negative impacts, stimulus packages, the rapid urbanization, and the rise of the middle class. In this context, CapitaLand signed a MOU to develop its first industrial, logistics and township project in Vietnam with a total projected capital of US \$1 billion in Bac Giang Province. In the hospitality market, Meliá signed an agreement with Vinpearl to take over the management of 21 properties under the brand of Meliá Vinpearl. Meanwhile, IHG, Accor and Marriott are scheduled to respectively open the 302-key Regent Phu Quoc in 2022, the 241-key Fairmont Hanoi in 2024 as part of a mixed-use project near Hanoi's old quarters, and the 250-key Marriott Quy Nhon Resort & Spa located in the integrated Hai Giang Merry Land.



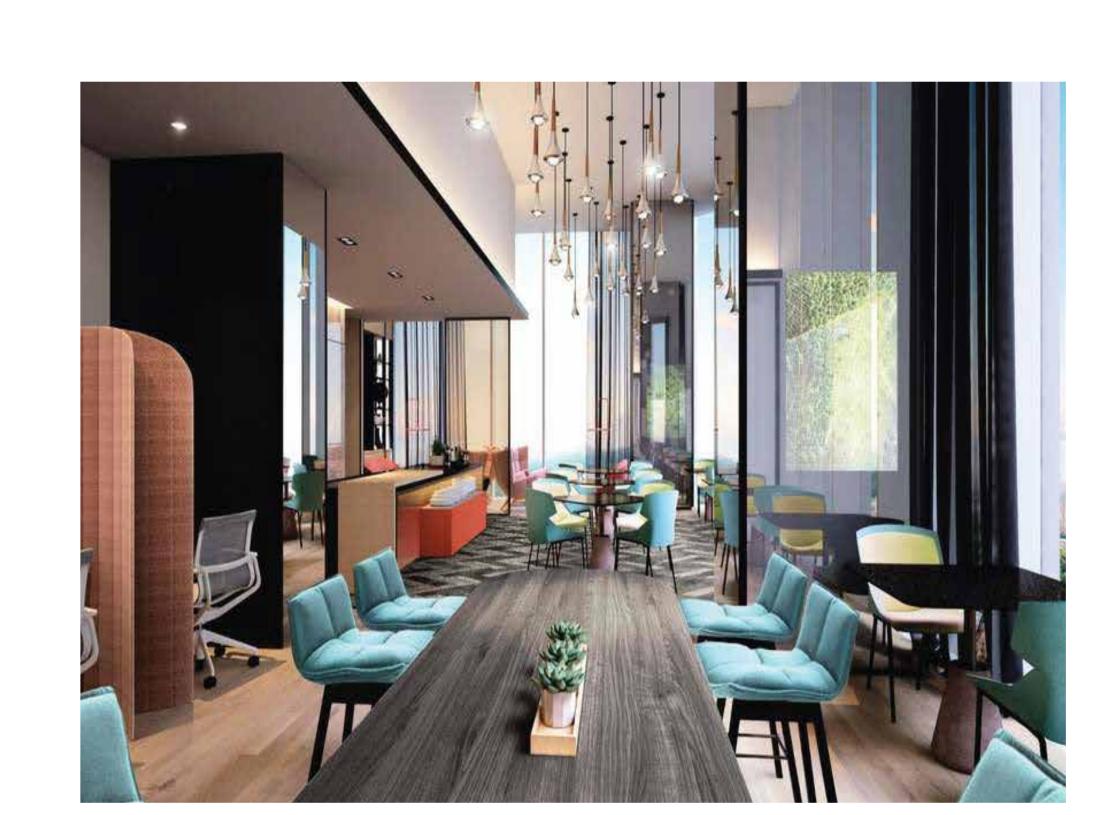
Thailand continues to be a preferred destination for international hotel operators

IHG opened the first Vignette Collection hotel in Asia being the 393-key Sindhom Midtown, besides the 138-key Kimpton Kitalay Samui and the 120-key InterContinental Bali Sanur Resort. Meanwhile, the 260-key Meliá Chiang Mai welcomed guests, followed by the openings of INNSiDE Bangkok Sukhumvit and Meliá Phuket Kharon in 2023. After launching the 226-key Novotel Bangkok Future Park Rangsit, Accor signed agreements to manage the 666-key Ibis Styles Bangkok Twin Towers as the largest Ibis Styles property in the world and the 143-key Ibis Chiangmai Nimman Journeyhub. Besides, Hyatt will inaugurate the 244-key Andaz Bangkok in 2023 as part of the mixed-use One Bangkok, Okura Nikko will launch the 405-key Grand Nikko Bangkok Sathom in 2025, and Marriott aims at opening 7-8 new properties in Thailand in 2022.



Indonesia greets new hotel room supply

In Bali, Marriott inaugurated the 310-key Renaissance Bali Nusa Dua Resort while Hilton announced the first LXR property's opening in Southeast Asia including 72 villas in late 2022. Concurrently, Best Western welcomed guests at the 133-key Best Western Batang Garing in Central Kalimantan Province, and Ascott opened The Botanica Sanctuary featuring 166 serviced apartments in Bogor City. Meanwhile, Swiss-Belhotel is about to inaugurate the 167-key Swiss-Belhotel Airport Yogyakarta and the 27-villa Maua Nusa Penida in 2022. In Lombok, the 110-key Gran Meliá Lombok Resort & Spa and the 200-key Apurva Kempinski Lombok will be completed in 2024 and 2027. Therein, the Kempinski property is part of a 157-hectare development including up to 10 hotels and resorts that will become an integrated luxury destination similar to Nusa Dua in Bali.



Malaysia's markets gradually rebounding

Malaysia's residential market is expected to see a slow recovery due to new challenges in terms of consumer confidence. This is because there are little direct incentives after the expiration of Home Ownership Campaign that aimed to encourage first-time homebuyers and attract investors to avoid residential oversupply. In the hospitality market, Frasers expanded its footprint in Asia Pacific with the launch of the 319-key Capri by Fraser, Bukit Bintang in Kuala Lumpur's most dynamic downtown district. Meanwhile, Accor opened the 152-key Ibis Styles Johor Iskandar Puteri, just a 10-minute drive from Legoland Malaysia Resort which is the first Legoland theme park in Asia. In addition, Marriott signed an agreement to manage the 200-key Le Méridien Penang Airport that is expected to complete construction by 2026.



Singapore, the Philippines and Cambodia welcome new hotels

In Singapore, Ascott launched the 324-unit lyf one-north Singapore in one-north that is Singapore's research and innovation hub. Meanwhile, Hilton debuted its largest hotel in Asia Pacific being the 1,008-key Hilton Singapore Orchard. In the Philippines, the 372-key Swissôtel Clark welcomed guests in the soft opening period. The first Swissôtel hotel in the Philippines is also the tallest hotel in the Northern Metro Manila region. In Cambodia, Accor is preparing to inaugurate the 322-key Ibis budget Phnom Penh Riverside in Q3 2022 as the first Ibis budget property in this Kingdom. Meanwhile, Frasers has been entering Cambodia with three upcoming properties, including the 88-key Capri by Fraser Phnom Penh in 2022, the 78-key Capri by Fraser City Centre Phnom Penh in 2024, and the 200-key Fraser Residence Sen Sok Phnom Penh in 2026.



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