

RUBIX NAVIGATION

Southeast Asia | Real Estate | Hospitality | 2nd Quarter 2022

RUBIX INSIGHTS

Real Estate

Home prices around the globe are decreasing as central banks increase interest rates to reduce inflation. In Asia - Pacific, private home prices have begun falling in Sydney and Hong Kong while values in Singapore have barely risen as buyers are wary of rising mortgage rates and economic headwinds. In addition, taming frothy home prices is a key part of many policymakers' goals as they seek to quell the fastest inflation in decades. However, as markets shudder from prospects of a global recession, a slowdown in housing may erode household wealth, dent consumer confidence, and deepen an economic slump. In this context, skyrocketing construction costs are threatening the market recovery, which may drive up home prices and hinder the supply in the future.

Hospitality

International hotel chains are accelerating expansion plans across Asia - Pacific, betting on a post-pandemic recovery as regional countries gradually reopen to international visitors. Therein, Accor plans to open over 170 new hotels with more than 41,000 rooms across Southeast Asia, South Korea, Japan and Maldives by 2026, while Hilton expects to more than double its footprint in Asia in the next few years. Meanwhile, Radisson is scheduled to add 1,700 hotels and resorts by 2025 to its current portfolio of over 400 properties in Asia - Pacific. In this context, Pan Pacific, Shangri-La and Dusit Thani have announced a substantial pipeline of upcoming hotel projects across Asia -Pacific, reflecting their confidence in the recovery of the regional market.

Index

GDP growth forecasts for some Southeast Asian countries

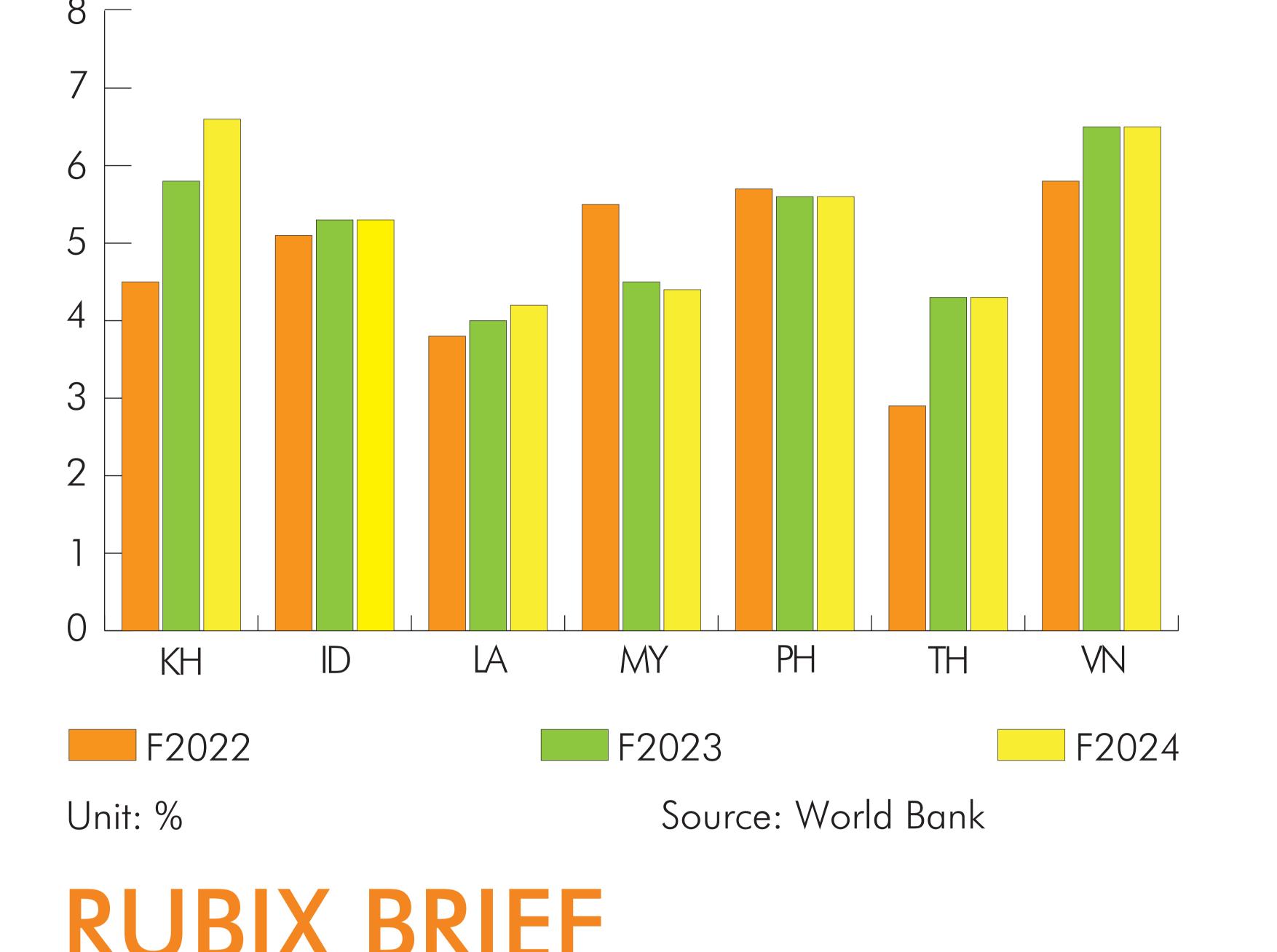
Economy

Informed by World Bank, growth in the East Asia and Pacific

Policy

Vietnam has continued to focus its efforts on building a sustainable real estate market. Therein, the Ministry of Finance proposed to process all payments of real estate transactions via bank transfers to improve tax compliance as home owners tend to declare lower selling prices than the actual ones, fight against money laundering, and increase market transparency. Additionally, the Ministry of Construction submitted the draft of the amended Housing Law, recommending a leasehold tenure of 50-70 years for apartments instead of applying the current freehold basis. However, this proposal is met with mixed feelings because an apartment is many Vietnamese families' most valuable asset that is used as their primary residence and passed down from generation to generation.





region may decelerate to 4.4% in 2022 before increasing to 5.2% in 2023, reflecting China's marked deceleration. The region is being affected indirectly by the Russia - Ukraine war, including higher global commodity prices which are contributing to inflation and widening current account deficits in countries with high dependence on food and fuel imports. Meanwhile, growth in Southeast Asia has generally firmed this year, supported by higher commodity export prices in Indonesia and Malaysia, a rebound of private consumption and investment in the Philippines, and a nascent recovery of tourism in Thailand. In this context, Vietnam has reported a growth rate of 7.72% in Q2 2022, the highest pace ever in the second quarters during 2011 - 2021.

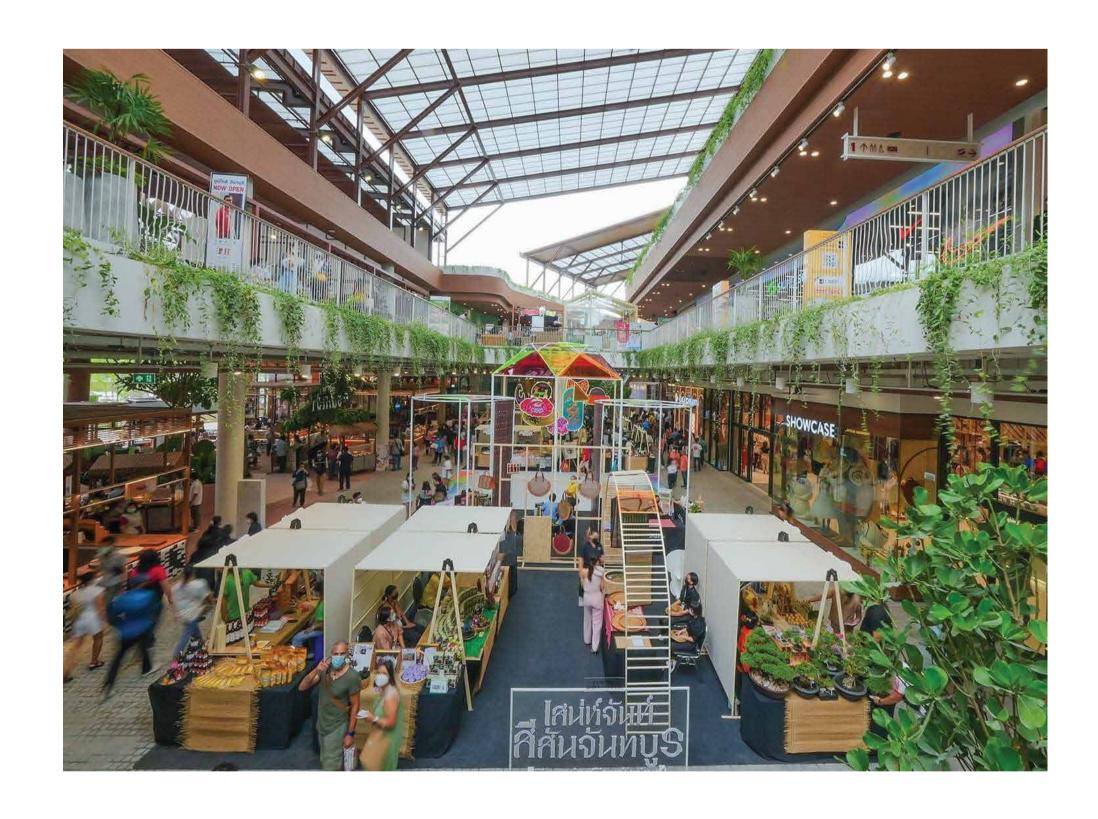
Vietnamese developers and international hotel operators taking relationships to new heights

After the landmark agreement with Meliá, Vinpearl established a strategic partnership with Marriott to convert and develop 2,200 keys across its eight properties under Autograph Collection, Marriott, Sheraton, and Four Points by Sheraton brands. In this context, Sun Hospitality Group entered a strategic agreement with IHG to develop four properties with 2,709 keys in Ba Na Hills and Yoko Onsen Quang Hanh under Crowne Plaza, Holiday Inn Resort and voco brands. The two parties also signed an MOU to debut Vignette Collection brand in Vietnam, starting with two properties in Yoko Onsen Quang Hanh. Previously, IHG had inked a contract to manage three properties branded with Hotel Indigo, Crowne Plaza, and Holiday Inn Express, providing 668 keys as part of the mixed-use Hoian d'Or.



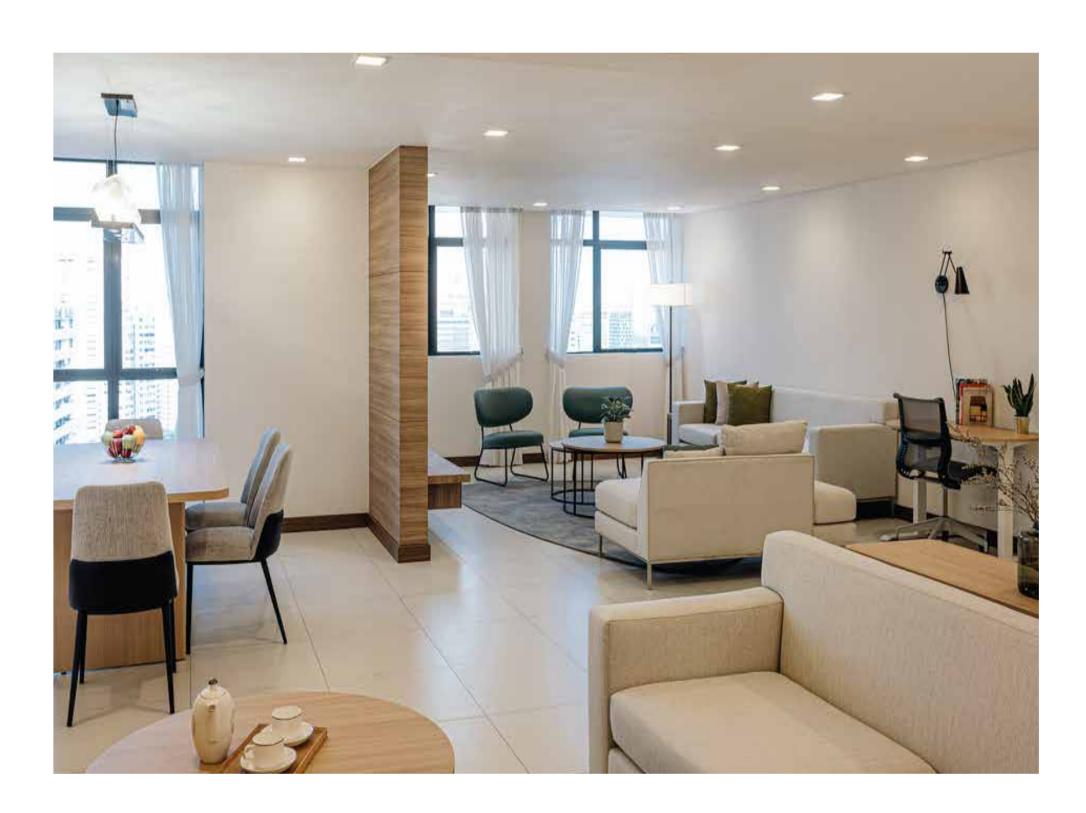
Kuala Lumpur on the radar of international hotel operators

Pan Pacific opened the 527-key ParkRoyal Collection Kuala Lumpur as part of a mixed-use project that also houses the 210-suite Pan Pacific Serviced Suites Kuala Lumpur. Meanwhile, Accor inaugurated the 229-key Mercure Kuala Lumpur Glenmarie, only minutes away by car to Sunway City Kuala Lumpur which is Asia's leading fully-integrated premier hospitality and entertainment destination. This 324-hectare development encompasses the 477-key Sunway Resort that has reopened after a US\$ 60 million transformation since 2020. Kuala Lumpur is also expected to greet the 279-suite Waldorf Astoria Kuala Lumpur and the 352-key Marriott Executive Apartments in 2024. In other destinations, Accor opened the 164-key Mercure Langkawi Pantai Cenang and IHG announced to welcome guests at the 355-key InterContinental Penang Resort in 2025.



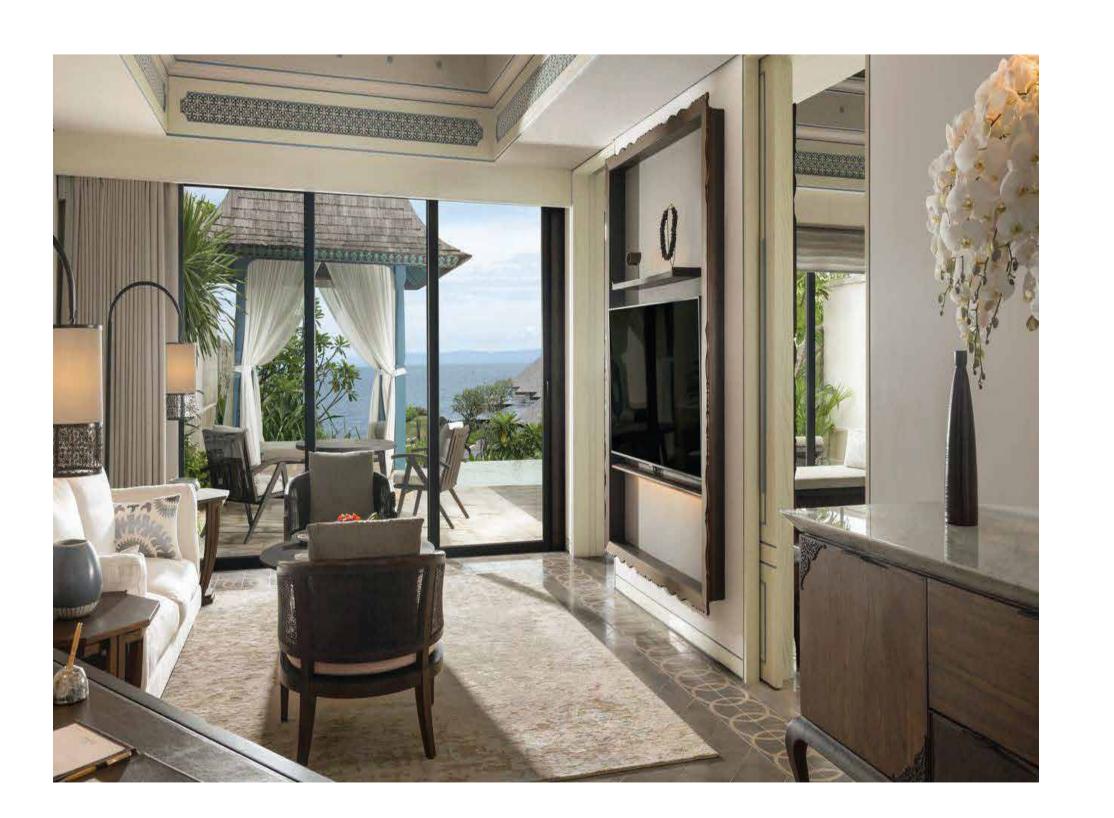
Covid-19 pandemic hard hits Phuket's hotel pipeline

Over 73% of new hotels in Phuket were reported to be dormant or put on hold as their owners are afraid of a volatile marketplace and an unclear future outlook. Negative sentiment and stressed liquidity affected development with an incoming supply of 33 hotels with 8,616 rooms facing an unknown future. 55% of the projects were mixed-use properties or hotel residences with rental-based investment schemes that target individual investment buyers, some of which are unlikely to return to the pipeline. In another context, Central Group opened Central Chanthaburi, the largest mixed-use project in the Eastern region of Thailand, featuring a shopping center, a convention hall, residential units, and a hotel. Meanwhile, IHG announced the signing of Kimpton Hua Hin Resort which would provide 124 keys as completed in 2024.



Singapore's office and industrial property markets showing an upward trend

Grade A office rents in Singapore's CBD continued their steady upward momentum for the fifth straight quarter in Q2 2022 and would cross the pre-pandemic peak of US\$ 83/sqm/month by Q3 2022. The growth was driven by an increase in business confidence amid the





Indonesia and Cambodia's markets recovering

Indonesia is witnessing high hopes for the hotel recovery with an estimated FDI of US\$ 300 million to flow into the hospitality market in 2022. In this context, luxury hotels in Jakarta and Bali are gradually coming back and entering a cycle of rising RevPAR amid relaxed Covid-19 restrictions. Meanwhile, Jumeirah has debuted its first resort in Indonesia, the 123-villa Jumeirah Bali on the beach area of Uluwatu, one of the most coveted locations on Bali island. In Cambodia, the real estate market is forecasted to grow by 4.8% in 2022, driven by a strong domestic investment and demand in addition to a gradual increase in foreign capital flows. Regarding the hospitality market, Raffles Grand Hotel d'Angkor, one of the most iconic heritage properties in Southeast Asia, has reopened its doors to guests in June 2022 after a transformation since 2019.



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