

RUBIX NAVIGATION

Southeast Asia | Real Estate | Hospitality | 2nd Quarter 2024

RUBIX INSIGHTS

Real Estate

As more multinationals diversify their operations in Asia beyond China, commercial landlords in nearby countries including India, Vietnam and South Korea have an increasingly strong hand. Therein, Vietnam is positioning itself as a formidable force in the Asia Pacific real estate landscape with a bulk of money going into manufacturing, driven by robust economic growth, stable politics, favorable demographics, and strong rental growth. Apple, Intel and Samsung have production facilities in Vietnam, while Meta Platforms is weighing an expanded investment here. Besides, Vietnam's cities including HCMC, together with Jakarta, Bangkok and Manila, are among Asia's best performing markets from the perspective of residential rental.

Hospitality

In addition to the mainstream management agreements, hotel franchising is rapidly emerging as a viable business model in Southeast Asia despite being hampered by the region's fragmented hotel market which is made up of numerous small local owners, a lack of options for third-party operators, as well as regulatory and legal barriers. This model is attracting hotel owners seeking to tap into the reputation and expertise of renowned operators to drive distribution through their network and loyalty programs. It is also offering owners an avenue for growth and resilience in the wake of the pandemic. Across Southeast Asia, the number of hotels operating under franchise agreements has doubled over the past decade, rising from 3% of the market to 6% in 2024.

Index

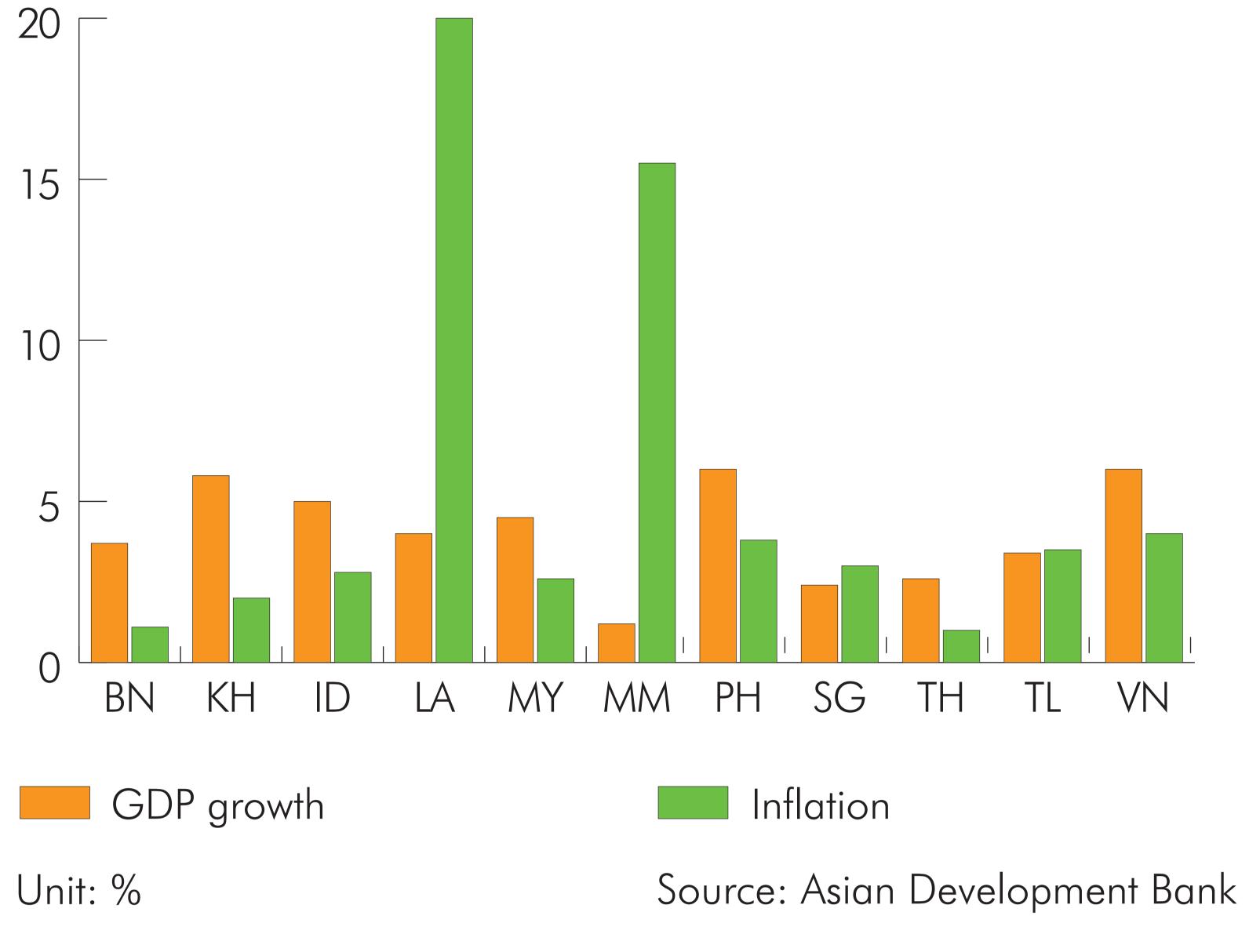
GDP growth and inflation forecasts for Southeast Asian countries in 2024

Economy

Informed by ADB in April 2024, growth in Southeast Asia

Policy

Thailand will cut the ownership transfer fee and mortgage registration fee to 0.01%, from 2% and 1% at present, for houses and condominiums priced up to US\$190,000. In addition, the government will offer home loans worth US\$ 814.5 million from state banks and tax breaks for some property developers. This country is also considering to let foreigners own up to 75% of condominium units in a building, up from 49% now, and to extend the land lease period for foreigners up to 99 years, from 30 years currently. The new measures are expected to lead to about US\$ 21.7 billion in property transactions, more than US\$ 10.9 billion in investment, and US\$ 3.3 billion in consumption, while contributing to lift Thailand's GDP growth to more than 4% this year.



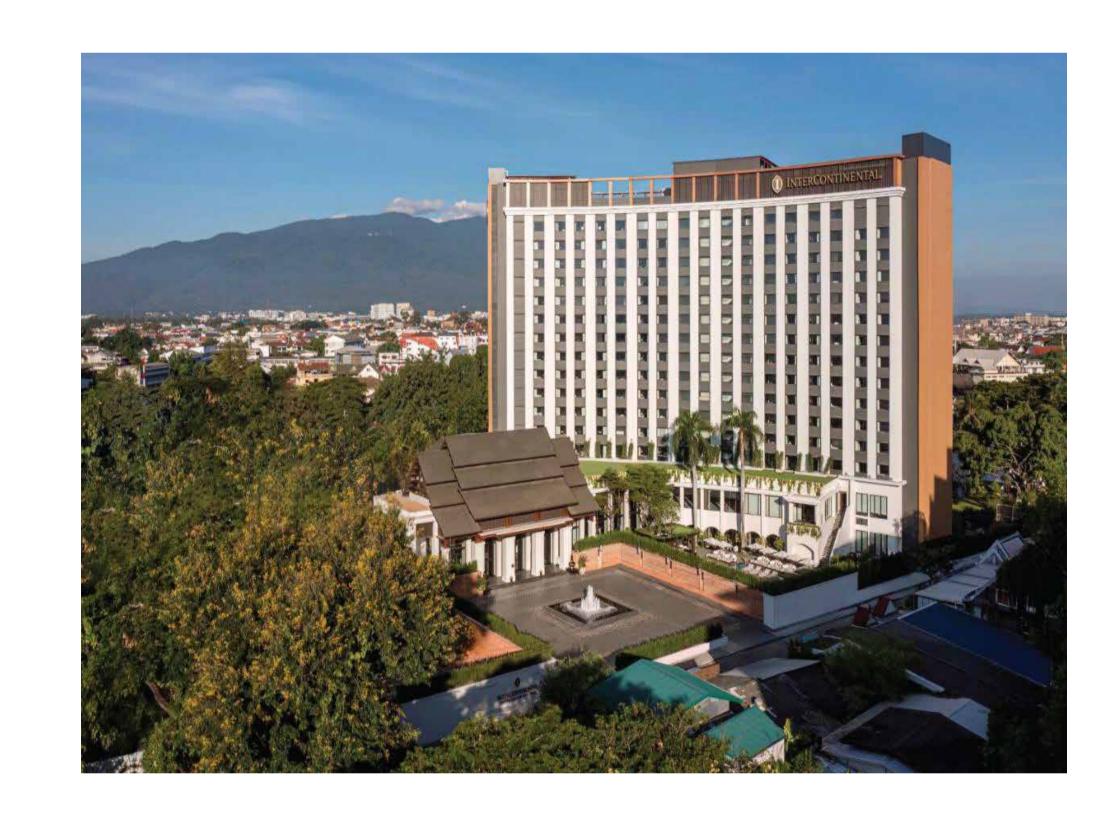
RUBIX BRIEF

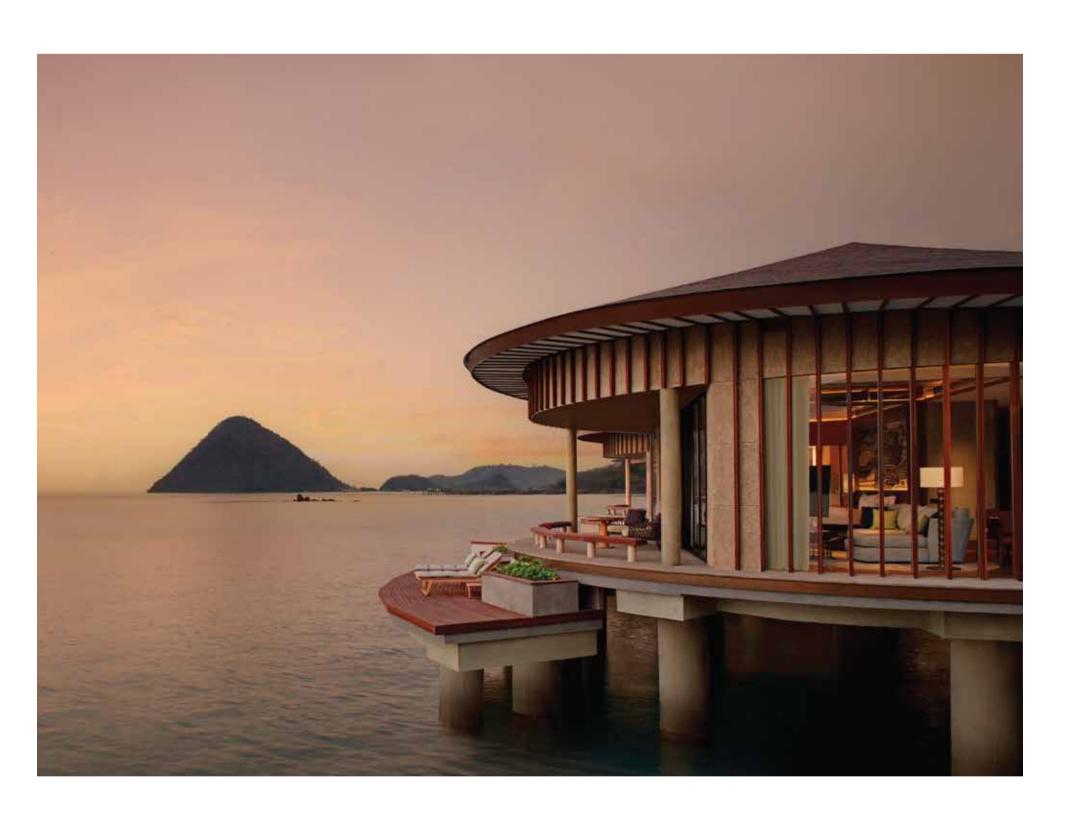


should rise, driven by robust domestic demand and a continued recovery in tourism. The sub-region is forecast to grow by 4.6% in 2024 and 4.7% in 2025, up from 4.1% in 2023. Indonesia is poised to maintain 5% growth in the next 2 years, supported by robust private consumption, public infrastructure spending, and gradually improving investment during the forecast horizon. On top of strong domestic demand, a tumaround in merchandise exports starting in mid-2024 will drive growth this year in Thailand (2.6%), Viet Nam (6%), the Philippines (6%), and Malaysia (4.5%). Regional tourism will support services growth, while industrial output will move in line with a recovery in exports and easing monetary policy.

Big hotel operators grow portfolios across destinations in Vietnam

Marriott opened the inaugural Westin branded-resort in Vietnam, the 207-key Westin Resort & Spa Cam Ranh. Meanwhile, IHG debuted two brands in this country by the signings of the 128-key Moire Hoi An, Vignette Collection and the 150-key Hotel Indigo Saigon The City. In this context, Hilton signed three management agreements for the 174-key Tapestry Collection by Hilton Hoi An, the 253-key Hilton Hanoi West, and the 214-key Hilton Garden Inn Mui Ne Beach, all of which would welcome guests during 2026 - 2028. Another operator, Nobu announced to put the 135-key Nobu Ho Chi Minh Hotel and Restaurant into operation in 2026 as part of the 40-storey Viet Capital Center in HCMC's CBD, which would also feature the premium Vertex Private Residences and Grade-A office spaces.





Thailand's mixed-use developments on the radar of hotel operators

Okura has signed a framework agreement with Asset World Corporation to manage more than 500 new hotel rooms by 2030, including the first Okura-branded property in Chiang Mai. The hotel is located at the Lannatique Destination Project which also features the operating InterContinental Chiang Mai The Mae Ping, Chiang Mai Marriott Hotel, Meliá Chiang Mai, and dusitD2 Chiang Mai. Meanwhile, IHG will open the 274-key Hotel Indigo The Forestias Bangkok in 2026 as part of the 64-hectare The Forestias which comprises Six Senses The Forestias, residences, office and retail spaces. In this context, Dusit will launch the 398-key Dusit Collection - Layan Verde hotel and 388 branded residences in 2027 at the Layan Verde Project in Phuket, which also encompasses a mall and an ocean club.

Indonesia welcomes new hotel supply

Minor announced the opening of TAAKTANA, a Luxury Collection Resort & Spa, Labuan Bajo, a 16-hectare overwater property providing 25 villas and 45 suites at the gateway to UNESCO World Heritage-listed Komodo National Park. This operator also signed an agreement to operate the 216-key Anantara Dragon Seseh Bali Resort, a new-build resort and branded residences on Bali island to be launched in 2027. At the same time, Accor inaugurated the 165-key ibis Styles Serpong BSD City in Tangerang city, while IHG prepared to open Hotel Indigo Bintan Lagoi Beach in Fall 2024. To compete, Hilton inked three management agreements for the 280-key Conrad Jakarta, the 200-key Hilton Bandung Padalarang, as well as a dual-branded project including the 250-room Hilton Garden Inn Manado and 150-room Hilton Manado.



Singapore welcomes the largest Mercure property worldwide, Malaysia opens the highest hotel

In Singapore, Accor inaugurated the 989-key Mercure ICON Singapore City Centre - the largest Mercure hotel in the world, while Ascott signed an agreement to operate the 90-unit lyf Chinatown Singapore. The island state will also welcome the first co-living train hotel in September 2024. In Malaysia, Wyndham launched the 850-key Wyndham Ion Majestic, the highest altitude hotel in this country. In response, Accor opened the 228-key Mercure Kuala Lumpur Trion at Trion @ Kuala Lumpur complex which also includes serviced apartments and retail shops. Meanwhile, Marriott inaugurated the 217-key Perhentian Marriott Resort & Spa, signed a deal for the 217-key Westin Hotel, Penang, and rebranded Fairfield by Marriott Jalan Pahang as the 186-key Fairfield by Marriott Chow Kit Kuala Lumpur.



The Philippines and Laos gaining traction

Accor debuted ibis Styles in the Philippines by launching the 286-key ibis Styles Manila Araneta City. Meanwhile, Radisson signed an agreement to manage the 717-key Radisson Blu Hotel & Residences, Cagayan de Oro, the first internationally-branded mixed-use development in the Northern Mindanao region. In terms of real estate, the Philippines is receiving growing attention on account of its booming luxury residential market, thriving bricks-and-mortar retail, and especially office market driven by business process outsourcing. In Laos, the 145-key Radisson RED Vientiane is anticipated to open in Q4 2024. The 'Land of a Million Elephants' will also welcome the first Meliá hotel here, Grand Luang Prabang Affiliated by Meliá, in 2025. This hotel is rebranded from a 75-key property spreading out over 8 buildings, comprising a 1920-built palace.



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