

RUBIX INSIGHTS

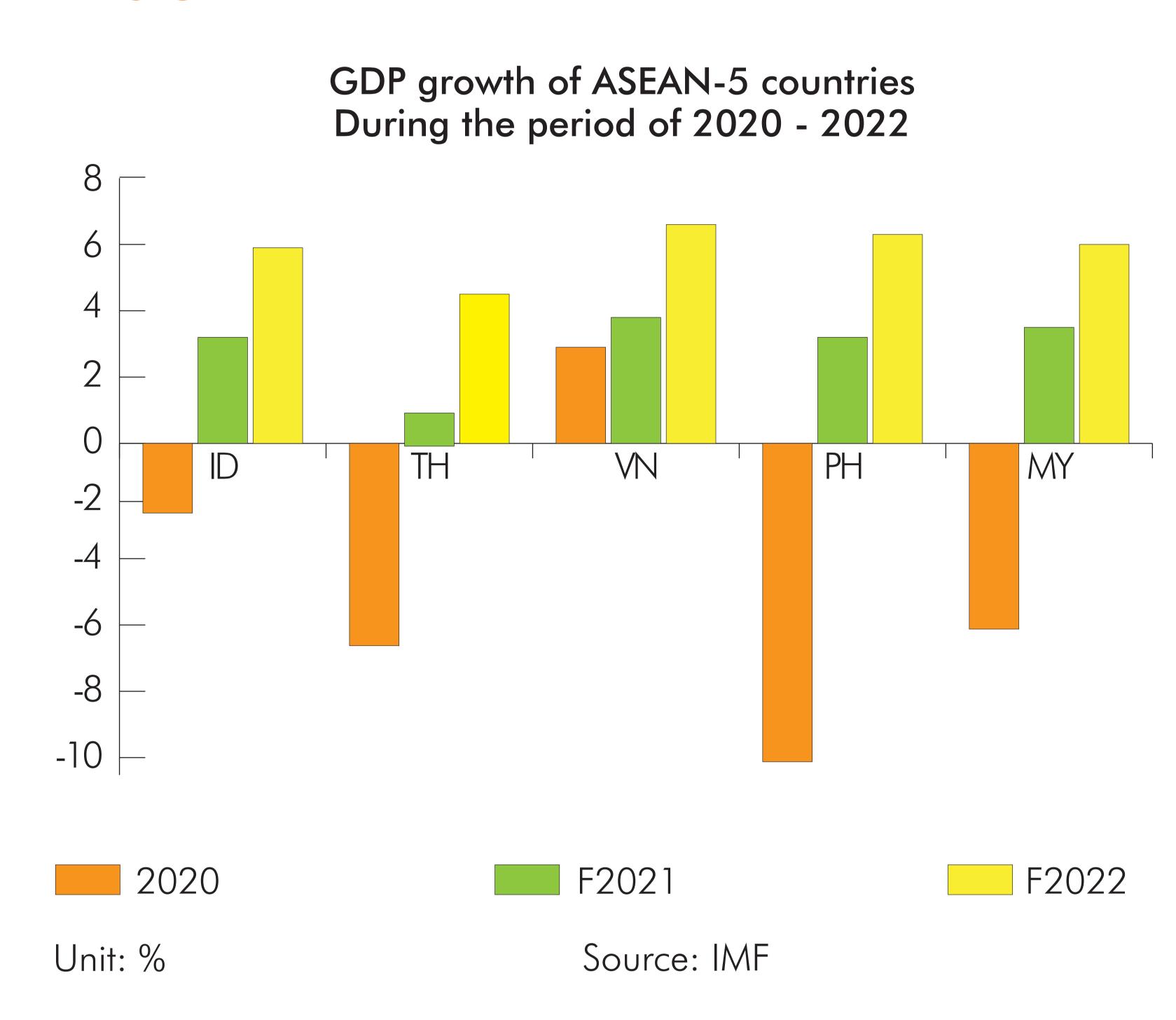
Real Estate

Housing prices have shot up across cities in Asia Pacific this year, fueled by record low interest rates. Optimism has also gained steam as vaccination rates increased and some countries moved toward a post-Covid recovery. Meanwhile, as companies shift to a hybrid work model, a mix of working from home and in the office, demand for larger homes has picked up. The overheating in property markets across some Asian cities has increased expectations that governments may intervene through housing curbs or other measures like fiscal or monetary policy. In this context, a liquidity crisis with US \$300 billion in liabilities at Evergrande, the second largest developer of China, has shaken stock markets worldwide and caused ripple effects on the global economy.

Hospitality

Bill Gates' Cascade Investment LLC took control of Four Seasons Hotels and Resorts by buying Kingdom Holding Company's stake for US \$2.21 billion, raising its ownership at the US \$10 billion hotel chain to 71.25%. Meanwhile, Hyatt entered a definitive agreement to acquire Apple Leisure Group, a luxury resort-management services, travel and hospitality group, for US \$2.7 billion in cash. The transaction is anticipated to close in Q4 2021, expanding Hyatt's presence in luxury leisure travel. In another context, hotel groups and developers are avoiding overusing aggregators such as Expedia and Booking.com for much of their online sales and driving more consumers to book directly to lower costs.

Index



Economy

IMF predicted the global economy may grow 5.9% in 2021 and 4.9% in 2022, 0.1 percentage point lower for 2021 than in the July forecast. Therein, the ASEAN-5 countries including Indonesia, Malaysia, Philippines, Thailand, and Vietnam can see a growth rate of 2.9% and 5.8% respectively in 2021 and in 2022. The downward revision for 2021 reflected a downgrade for advanced economies in part due to supply disruptions, and for low-income developing countries - largely due to worsening pandemic dynamics. IMF also warned increasing threats to growth, pointing to the Delta variant, strained supply chains, accelerating inflation and rising costs for food and fuel. Some countries saw large downgrades, especially low-income nations where access to vaccines remains limited.

Policy

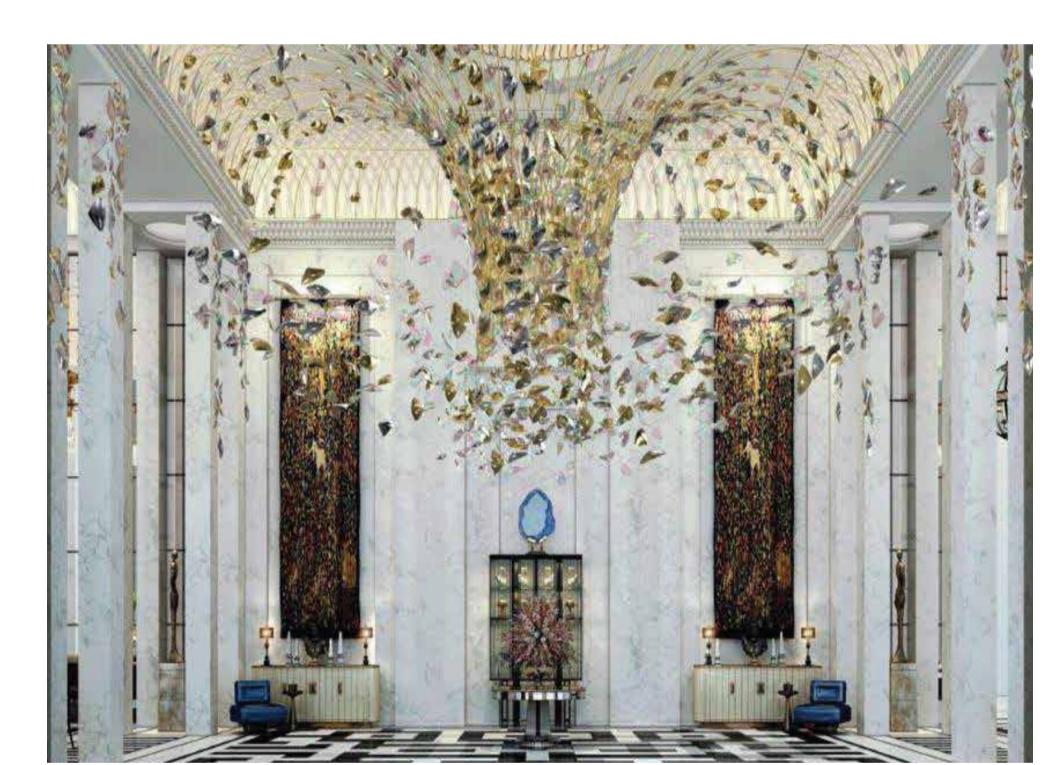
Singapore is set to launch more travel lanes for vaccinated travelers from South Korea, Canada, Denmark, France, Italy, Netherlands, Spain, the UK, and the USA. That will be additions to similar arrangements with Germany and Brunei starting in September 2021. The initiative allows quarantine-free travel for those who are vaccinated, but travelers will have to take Covid-19 tests to ensure they are not infected with the virus before entering the island state. Singapore will look into similar travel arrangements with Australia, New Zealand, Japan and other countries in the region. The launching of the vaccinated travel lanes is part of efforts to re-establish the city state as an international aviation hub.

RUBIX BRIEF



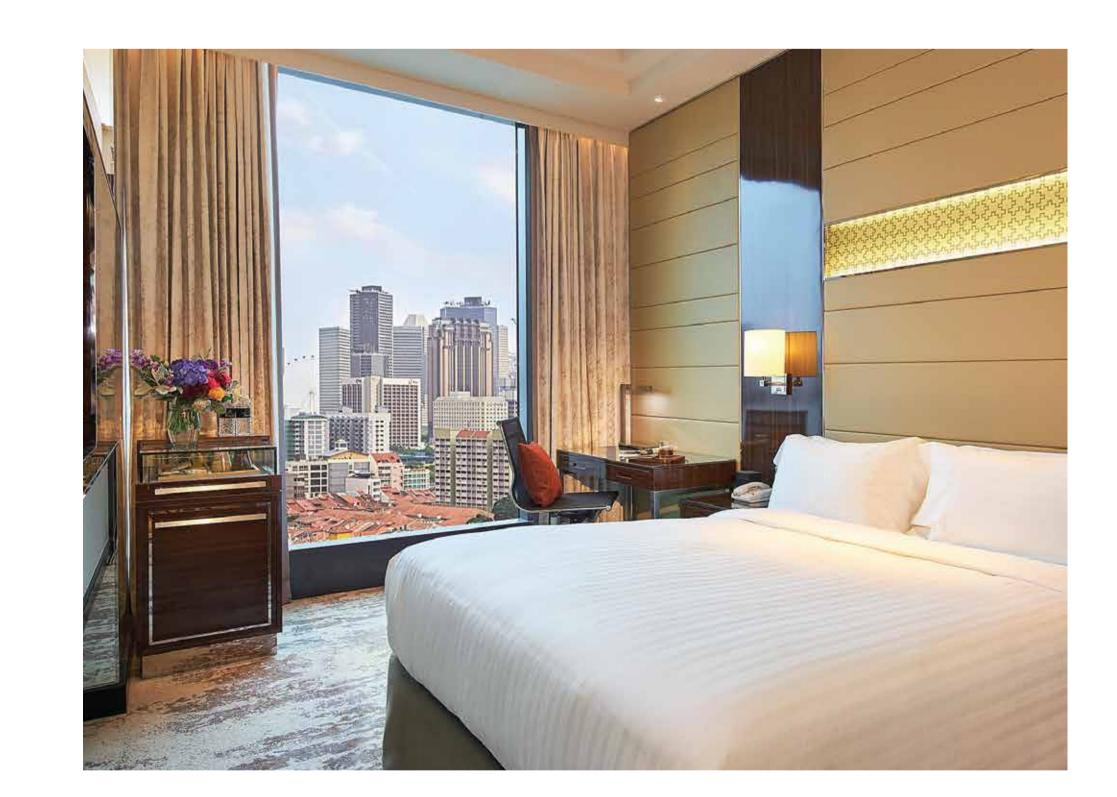
Vietnam's markets hit hard by the fourth wave of Covid-19

The latest wave of Covid-19 in Vietnam weighed on the outlook of its hospitality and real estate markets. Struggling hotel owners have been forced to put their properties up for sale for cheap to stave off bankruptcy. In the meantime, the industrial property sector that was once viewed as a bright star saw delayed investments, particularly in the Southern region. However, Vietnam witnessed several positive signals in Q3 2021 with openings of the 1,008-key Best Western Premier Sapphire Ha Long, the 181-key Fairfield by Marriott South Binh Duong, and the 984-key Centara Mirage - an integrated leisure resort. During 2022 - 2023, this country is expected to greet the 126-unit ParkRoyal Serviced Suites Hanoi, the 208-key Holiday Inn Resort Halong Bay, and the 197-key La Festa Phu Quoc, Curio Collection by Hilton.



Indonesia's home prices to see strong growth in 2022 and 2023

The country's home price index is forecasted to grow 5% in 2022 and 6% in 2023 following a long period of muted growth exacerbated by the Covid-19 pandemic. The expected rise will be supported by pent-up demand and favorable real estate investment policies, including low interest rates, tax incentives, and relaxed restrictions on foreign ownerships. In the hospitality market, the 223-key Langham Jakarta opened its doors in September 2021 as the new leading ultra-luxury hotel and lifestyle destination in Indonesia's capital. In the next three years, Indonesia is anticipated to welcome the 100-key Anantara Ubud Bali Resort, the 275-key Hotel Indigo Bandung Dago Pakar, and a cluster of properties in Jakarta managed by Pan Pacific Hotels Group that will include ParkRoyal Jakarta, ParkRoyal Serviced Suites Jakarta, and Pan Pacific Jakarta.



Singapore's markets continuing upward trend

Singapore's office market is expected to strongly improve because this country has a positive economic outlook and remains as an attractive business destination for financial services and tech firms, Chinese companies, family offices as well as healthcare and life sciences enterprises. Meanwhile, private home prices in Singapore climbed for the sixth straight quarter in Q3 2021 at a moderate pace, largely driven by the gains in landed properties. In this context, the 300-key Holiday Inn Singapore Little India rebranded from Park Hotel Farrer Park and the 191-key Oasia Resort Sentosa opened their doors. In 2022, Singapore is poised to welcome the 1,080-key Hilton Singapore Orchard as Hilton's largest hotel in Asia Pacific, the 308-key Pullman Singapore Orchard reflagged from Grand Park Orchard, and the 350-key Pan Pacific Orchard.



Thailand's markets remaining paralyzed due to Covid-19

Bangkok's residential market is predicted to bounce back in 2022 as supply and demand become more balanced. This will be partly driven by a recovery of the local demand and relocation of foreign buyers, particularly Chinese investors, gig workers and digital nomads in the growing trend of remote working. Meanwhile, lockdowns due to Covid-19 led to hotel closures nationwide, forcing some hoteliers to transform their hotels into hospitals to survive amid the massive slowdown in tourism. In another context, Outrigger Hospitality Group completed its acquisition of Manathai Koh Samui, Manathai Khao Lak and Manathai Surin Phuket featuring 372 keys in total. Besides, some outstanding hotels were put into operation, including the 152-key dusitD2 Hua Hin, the 184-key Centara Reserve Samui, and the 195-key Grand Mercure Khaolak.



The Philippines, Malaysia and Cambodia facing challenges

The Philippines welcomed the 150-key Park Inn by Radisson Bacolod, while Malaysia greeted the 290-key DoubleTree by Hilton Putrajaya Lakeside and the 284-key Sunway Hotel Big Box. Regarding the office market, the capital region of the Philippines may see the vacancy rate of Grade A properties to increase nearly 20% next year, causing a 15 - 20% downward pressure on rental rates. Meanwhile, Malaysia's office demand is forecasted to reduce in the short term but rebound in the long term thanks to an emergence of premium and larger spaces. In Cambodia, the serviced apartment market in Phnom Penh which has recorded steadily declining rents due to Covid-19 pandemic may face a greater pressure in 2022 when more condominium projects come into operation.



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