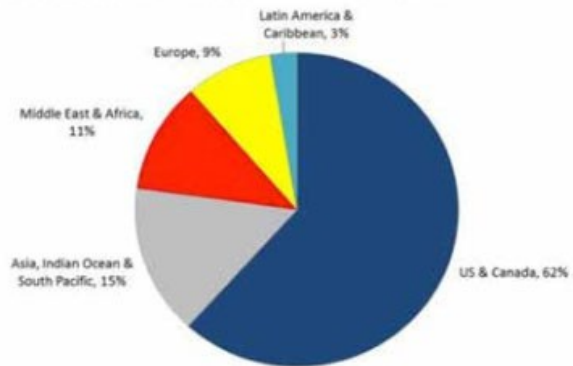




Hotel Branded Residences: Market Participants			
1	Edition	Mandarin Oriental	Shangri-La
Address	Fairmont	Mondrian	Sheraton
Aloft	Four Seasons	Montage	Six Senses
Aman	Gansevoort	Paramount	SLS
Amari	Golden Tulip	Park Hyatt	St. Regis
Anantara	Grand Hyatt	Fliza	Sukhothai
Andaz	Hyatt	Radisson Blu	Taj
Armani	Hyatt Place	Raffles	Thompson
Baccarat	Hyatt Regency	Regent	Trump
Baglioni	Intercontinental	Renaissance	Versace
Bulgari	JW Marriott	Ritz Carlton	Viceroy
Canyon Ranch Living	Kempinski	Rock Resorts	W
Chedi (GHM)	Kimpton	Rosewood	Waldorf-Astoria
Conrad	Le Meridien	Setai	Westin

Source: DataInfo/Saveila 2015

Location of urban hotel-branded or managed residences globally



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Why branded properties are prime profit vehicles

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Branded residences are set to fetch premium prices with demand set to be strong for at least a couple of decades.

That’s the view of sales and strategic marketing expert, Chris Graham, who has authored a newly-published report, *Branded Residences: An Overview*.

The detailed 28-page report outlines how the sector came about, the leading players and destinations, benefits, buyer motivations and more.

Demand is strong in the Far East and is growing in Europe, Chris Graham, Managing Director of global marketing consultants, Graham Associates (<http://www.gagms.com/>), tells OPP.Today, “There is little doubt that the concept of branded residences is now a mainstream part of the real estate sector. Furthermore, it is predicted to continue to grow in terms of the number of market participants (from operators to designers to financiers), the range and quality (i.e. star rating) of branded units offered for sale, and exciting new destinations across the globe.”

Daniel von Barloewen at Savills says, "Overall, we believe there is strong potential for the right brands to perform well and to continue to command significant residential price premiums, although in our opinion there is a risk of this window of opportunity lasting only a couple of decades.

"Notwithstanding this, the potential returns and improved rate of sales for developers and improved non-hotel room revenue can be high and therefore eminently worthwhile, particularly in high quality resort locations and emerging markets."

Arlott Hoff, from hotel valuation and management consultancy, HVS, adds, "Whereas the concept of branded residences is growing from a significantly lower level in Europe, it is undoubtedly gaining traction, particularly considering the upturn in the cycle.

"Additionally, we are seeing unprecedented levels of branded residences (currently around 120 active projects) across Far Eastern markets, and the evidence is that the formula is expanding rapidly in other emerging markets.

Muriel Muirden, Executive Vice President and Managing Director, Strategy at design consultancy, WATG, says the sector offers a win-win scenario, particularly in the urban sector.

"Arguably around for almost a century, the branded residence sector continues to intrigue developers, investors and real estate advisors. Dynamic and still evolving, the sector offers buyers some degree of security, an element of prestige and a hassle-free holiday home. If executed correctly it offers developers attractive price premiums and accelerated sales velocity, whilst the hotel operator gets rewarded for the marketing muscle their brand brings to the development. Truly a win-win-win scenario."

"It is therefore small wonder that, as the dust sheets are being pulled off long dormant resort projects around the world, it is the branded hotel/ residence package that is often the phase one development, reigniting confidence and awareness.

"The real growth potential, however, lies in the urban sector as mixed use developments and regeneration schemes look to capture the imagination and attention of über high-end buyers in often congested luxury real estate markets.

The branded residences concept is believed to have started in the 1920s at Sherry-Netherland Hotel on New York's Fifth Avenue, which operated successfully alongside its own cooperative serviced apartments. However, the branded residence market did not catch on as an established product within the hotel and resort market until the mid-1980's when Four Seasons successfully sold out its Boston hotel condominiums.

Seeing the potential, Four Seasons seized the opportunity and soon established a global presence, largely due to its purchase of the Asiabased Regent Hotels portfolio

In 1992. Ritz-Carlton followed, choosing instead to focus initially on North America. Today, with over 50 locations between them, these two brands dominate the global branded residences market (although other major operators such as FRHI Hotels & Resorts are catching up).

Around the turn of the millennium, the success of this formula and its marked growth in popularity among wealthy buyers saw an increasing number of market entrants led by Starwood and Fairmont and soon followed by other leading hotel operators including Kempinski, Aman, St. Regis, Hyatt Regency, Six Senses, Banyan Tree,

W Hotels, Shangri-La, Taj, Viceroy and Mandarin Oriental.

“Branded residence developers and their designers continually aspire to raise the bar over their competition by delivering cutting-edge design and innovation blended with 5-star hotel and concierge services, in the knowledge that this appeals strongly to High Net Worth Individual (HNWI) buyers – who, in turn, know that they can expect more for their investment with each passing year.

“HNWIs have high expectations – and these are rising all the time. Indeed they are spending more time researching products and services than ever before – and this is in a time where the ability to research, question and compare has become easier than ever.

John Hitchcox, the founder of hotel and resort specialist, Yoo, spotted a gap in the market for design-led interiors around 15 years ago, when he launched into this sector. Yoo targets developers as its principal market, citing its ability to “add value, visibility and velocity to any development.”

Regarding the evolving attitudes of developers towards design, Richard Candey, at real estate company Cushman & Wakefield, observes that they have generally become more flexible in terms of their design and accommodation layout requirements for branded residences and serviced apartments, which he believes can often result in a better, more efficient use of an existing building floorplan.

“This can give them a distinct advantage in competing for period buildings against conventional hotels or indeed other uses.”

Mr Graham concludes, “As with any sector, a successful real estate development must be driven by satisfying (even exceeding) customers’ evolving requirements and desires. Increasingly, these have been shifting with growing impetus towards the convenience, security and confidence offered by branded residences – and, from the evidence presented in this report, this trend looks set to continue.”

To download a copy of the report, go to: www.gagms.com (www.gagms.com).