

# THE RISE OF SNOW SPORTS DESTINATIONS IN ASIA PACIFIC

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In Asia Pacific, a new wave of experience seekers are entering the mountain resort scene. They come with a fresh set of expectations, far removed from those seen in more established markets of North America and Europe. As we create the next generation of mountain destinations, the built environment and experiences offered must respond to these demands, creating attractive alpine playgrounds to meet the evolving needs of the growing Asia Pacific experience economy.

As the world looks to Beijing for the 2022 Winter Olympics, WATG Strategy's Guy Cooke highlights some of the key trends impacting alpine tourism destinations in Asia Pacific right now.

THERE'S SNOW PLACE LIKE HOME: THE RISE OF  
SNOW SPORT DESTINATIONS IN ASIA PACIFIC



# BEYOND SKI, MOUNTAIN RESORTS FOR ALL INTERESTS

In Asia Pacific, curiosity has been the driving force behind a strong uptake in skiing. But while the number of participants is on the rise, for most - over 80%\* - it's a one-off adventure. Furthermore, many remain at beginner level, never dedicating more than an hour or two per trip to skiing, preferring instead to enjoy a broader range of experiences on the mountain.

Developers in Asia Pacific must therefore focus on the needs and expectations of these beginners, part-time and non-skiers when designing the next generation of mountain resorts.

Piste layout is vital in this regard, however, even more so is a beautifully designed alpine environment that plays host to a wide range of contextual activities. These should appeal to different age groups and appetites for adventure. An action-packed day of skating, ice climbing and dog sledding or a soak in a beautifully curated open air onsen complex for example. Despite less focus on ski, a vibrant apres-ski scene remains a major draw and therefore curating appealing RDE zones within attractive mountain villages is a vital ingredient for destination creation and placemaking.

*\* National Ski Areas Association National Demographic Study*

*Sopka Hot Springs Resort, Kamchatka, Russia*



In the Japanese town of Niseko, real estate has experienced a substantial inflow of international investment. As such, land price appreciation in the area has exceeded any other destination in Japan for the last six years.

As of January 2020, a total of 4,406 properties and land parcels in Hokkaido were owned by foreign funds and corporations – a 12 percent increase from 2019 – with upwards of 50 percent\* of these properties located in the Niseko Ski Resort District.

Despite the travel restrictions in place on and off over the past two years, continued strategic acquisitions by foreign investors, such as Fosun Group's recent purchase of Kiroro Ski Resort, demonstrate high levels of confidence in the post-Covid market.

The experience of Niseko highlights the opportunity for development and appetite from international capital for strategically positioned mountain resorts, and their real estate components, in the burgeoning Asia Pacific market.

With the success of Niseko as a template, we expect more opportunities for the development of dynamic mountain destinations both in Japan and across the wider region.

WHERE DRY POWDER FALLS THICK



The growth in the experience economy has added further fuel to the demand for snow sports amongst Asian consumers. This is a trend that is expected to go into overdrive on the back of the 2022 Winter Olympics.

However, with much of Asia's population located far from snow-capped mountains, developers are looking for innovative ways to bring the mountains to the people.

In major urban areas, particularly in China, a new generation of ambitious indoor snowsports complexes are being introduced as destination attractions, anchoring mixed-use schemes. The result - 2.7m visits to indoor ski centres across China in 2020. This represents 15% year-on-year growth and accounts for over 20% of the total ski market!

Requiring significant investment, these indoor snow centres are an example of the growing use of 'retail-tainment' concepts to draw shoppers to physical retail environments in the age of e-commerce. As per the experience on the mountain, the offering within these destinations is increasingly diverse. Wintastar Shanghai, for example, due to open in 2022, is a 227,000 sqm mixed-use development anchored by a 90,000 sqm 'indoor ski resort'. The complex includes four themed hotels and over 25 snow-based activities, including Olympic Grade ski-slopes.

Even in Asia's tropical mountain locations, we are also finding resort developers considering ski concepts. The enhancement of non-snow ski technologies is supporting the creation of skiable slopes within the tropical climates of South East Asia. Escape, a Malaysian theme park brand, has plans to develop a ski resort in the popular tourism destination of Cameron Highlands. In addition to the 1.2km ski slope, there are plans for the resort to include a number of themed villages and an array of adventure activities.

SNOWSPORTS WITHOUT THE SNOW



*"An array of lifestyle amenities, like fine dining and retail opportunities generate a more complex and comprehensive luxury living experience."*

- Chiara Calufetti-Lim, AIA, LEED AP BD+C | Vice President

The pandemic has undoubtedly caused many to rethink their living options, with clean air, active lifestyles and opportunities to reconnect with the natural environment increasingly prioritised.

Developers have been quick to respond, we are seeing longer stay residential concepts increasingly being layered into our resort developments, including those in Alpine environments. From well-established destinations such as Niseko, to truly remote, off grid destinations such as Kamchatka, in Eastern Russia, luxury second home development in Asia's alpine resort settings is becoming increasingly inventive and nuanced. Indeed, to capture the imagination of Asia's sophisticated lifestyle buyers, developers are looking to compete through the provision of exclusive experiences, innovative, and often wellness driven, amenity, ski in/ski out accessibility and, of course, signature design.

With over 80% of units sold within the first year, the WATG designed Yu Kiroro, is a stylish example of highly amenitised, luxury ski in/ski out alpine living with a contemporary design that remains sensitive to the local context.

Branded residential continues to bring price premiums in this space through the prestige, service provision, and potential for rental pool management that they bring. Exciting new additions include the Park Hyatt Hanazono Residences and the upcoming Aman residences in Niseko.

## DESIGN-LED LUXURY ALPINE LIVING

*Yu Kiroro Resort, Hokkaido, Japan*



While WATG is world-renowned for our design services, we are also committed to being a full-service hospitality real estate advisor to our clients. We recognize that a project's success is measured not only by how it looks, but by how it performs. The WATG Strategy team have researched and assessed resort and branded residence concepts globally. We understand the dynamics that drive these real estate models across different geographies. WATG will actively participate and facilitate the strategic planning and visioning of the development, including:

- benchmarking the project with competitive and comparable developments
- market trend analysis through primary research
- programming, including amenities, massing and layout of the mixed-use development in collaboration with the design team that is based on the supply and demand characteristics of the competitive market
- identify potential hotel companies that may be appropriate for the development, based on the geography, market demand and brand recognition
- assessment of market demand to identify source markets, consumer preferences and to position the project relative to local, regional, statewide and international trends
- develop a financial model that would yield a proforma and a return on investment analysis
- identify, recommend and facilitate introductions to prospective development partners, operating companies, financial consultants, consumer research firms, public relations firms, project managers and / or legal counsel at the appropriate time and integrate them into the process

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