

Branded Residences



- Global distribution
- Chain scales
- Brand premiums
- Developer roundtable

What are branded residences?

Whilst there is no single industry definition, a branded residence is a residential property available for purchase on the open market that is affiliated, usually by design and servicing, to a recognised and reputable brand. Brand affiliation offers several benefits to the owners, notably the assurance of high levels of service and design. For the purposes of our analysis, we only include freehold and long leasehold properties unless otherwise specified.

For more detail on branded residence structures and benefits, please read our 2021 report.





One&Only Mandarin, Mexico

Foreword

The incredibly resilient sector continues to add new players and increase its buyer base among the increasing numbers of HNWIs globally

Branded residences, as a property sector, has proved to be incredibly resilient in the face of global uncertainty and change. The sector has not only survived the disturbance but continues to thrive. Over the past 10 years, the sector has grown by over 150%, and the pipeline of future branded residences remains strong, with future projects set to double current supply offerings by the end of the forecast period.

The global distribution for branded residences is also continuing to expand, with brands looking for new locations to grow their portfolios. Emerging markets are set to benefit with brands looking to expand their respective global footprint to new markets seeing high levels of economic growth and wealth generation. Key locations for brands can be found in emerging cities and resort locations, particularly in Asia, South America, and the Middle East, where new high-net-worth buyers are looking for primary residences and second homes within branded schemes. New players are entering the market, particularly from non-hotel brands. Though the space is dominated by luxury hotel brands, other chain segments continue to grow and the sector continues to diversify to cater to different buyer needs in vastly different geographies. Younger buyers are becoming a growing customer base for brands, driving change in amenity and service offerings provision globally.

There has been increased interest and emphasis on office space, focus on wellness, accessible locations, and larger spaces for buyers who are spending longer periods in their residences post-pandemic.

Developers and brands are working hand-in-hand to deliver branded residence schemes across all geographies, from global cities to emerging markets to resort locations. Built to high specification and promoting brand-specific lifestyles, these developments are the product of intense collaborations over significant periods of time. Sustainability is becoming a key element for buyers, and as a result, developers and brands are implementing measures to mitigate their environmental impact and increase health and wellness across their schemes.

As a growing and global sector, competition for developments and buyers is fierce. An understanding of disparate local markets, buyer preferences, and a unity of brand and place will continue to propel schemes, developers, and brands forward.

In previous years, our analysis has been solely focused on the brands that are active in the sector. This year, the focus has expanded to include not only the brands, but also the developers who are instrumental to bringing branded residential product to market. Their expertise and insight provides an invaluable resource both to the brands themselves and to the wider understanding of the sector.



Riyan Itani
Head of Savills Global Residential Development Consultancy

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640

Number of branded residences schemes operating worldwide

Geographic distribution

Brands are increasing their presence across different regions and locations

Though branded residences originated in North America, brands are increasing their global presence across all geographies.

Today, there are 640 schemes, accounting for nearly 100,000 units, operating across every continent, save Antarctica. The growth of the sector is set to continue apace, with supply levels forecast to exceed 1,100 schemes by 2027, nearly doubling current supply levels.

In the Middle East and Asia Pacific, growth hotspots, both in terms of pure economic

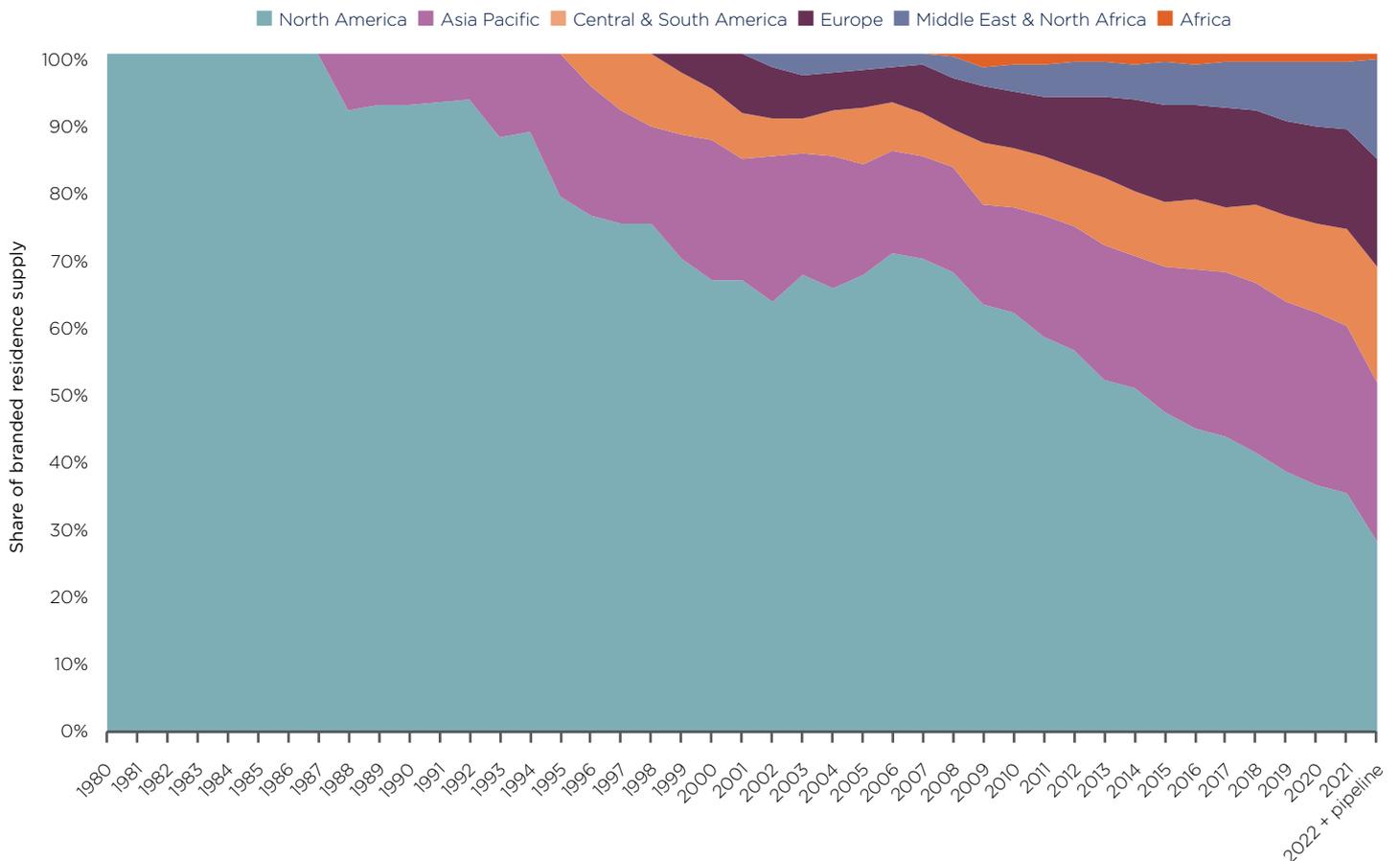
growth and wealth creation, are attracting more interest and development from global brands. The regions have seen 400% and 216% increases, respectively, in their levels of supply of schemes over the last decade. Emerging markets in Central and South America have had significant growth as well, with the number of schemes operating in the region increasing by 288% since 2012.

The global growth of the branded residences sector is set to continue, with the

Middle East leading the charge by pipeline growth. Across the region, current supply is projected to increase 86% by the end of the forecast period. Central and South America (71%) is a close second in terms of supply growth and Europe (55%) completes the top three fastest growing locations.

Growth in the Asia Pacific, North American, and African regions is projected to be robust, albeit lower than the other locations.

Branded residence schemes: Geographic evolution by global region



Source Savills Research and Savills Global Residential Development



Six Senses Residences London at The Whiteley

By volume of pipeline, the United States, United Arab Emirates, Vietnam, and Mexico are forecast to add the largest number of schemes – more than 30 schemes in each country over the forecast period, with the US projected to add over 70 schemes in its already large and established market. By scale of increase from current supply, Egypt, Saudi Arabia, Cyprus, Qatar, and Costa Rica lead the table, each with growth of more than 300%, further illustrating the trend of increased brand investment in the Middle East and Central and South America.

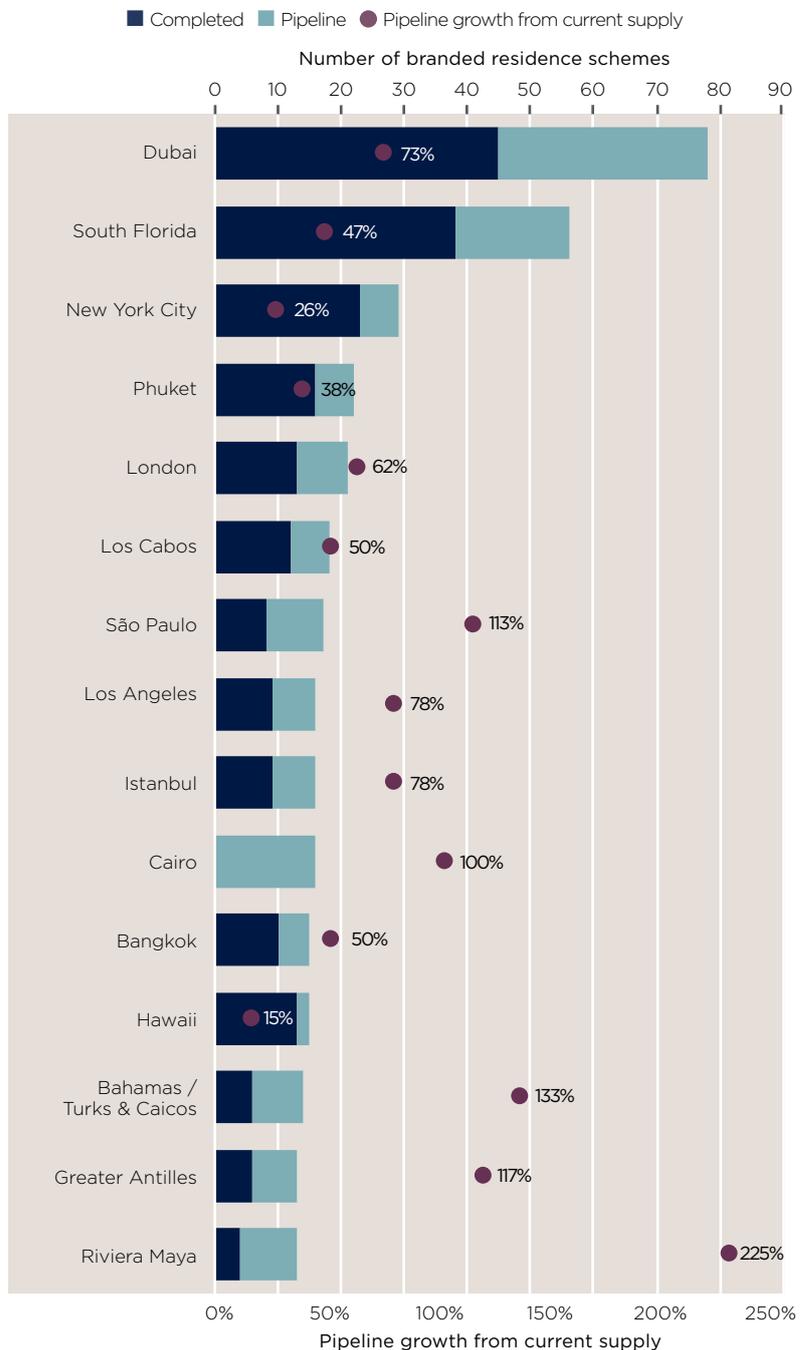
The top markets for branded residences

Dubai, South Florida, and New York are the top three locations for branded residences globally, based on their supply of completed and pipeline schemes. These markets have well-established luxury property markets and attract a range of domestic and international buyers to the vibrant locations both for business and cultural activity. However, growth in these markets is slowing – although still high – as many brands look to growth and expansion opportunities in emerging cities and resort locations.

Of the top 15 locations, 10 of them are either resort or emerging locations, demonstrating how diversified the branded residence sector has become. Cities and resorts in emerging markets such as Phuket, the Caribbean, and Mexico are climbing the league table as buyers look for additional residences in holiday and seasonal areas. These locations are led by developments from both luxury and non-luxury brands.

Top hotspots for branded residence schemes

Completed and pipeline



Source Savills Research and Savills Global Residential Development

Key players

The sector is evolving to include increasing numbers of hotel and non-hotel brands

Top parent companies

The diversification of the branded residence space isn't limited to geographic diversification. The sector has evolved from a market dominated entirely by hotel brands to a diverse combination of hotel and non-hotel brands in the sector.

Parent companies and parent groups, with large numbers of brands under their umbrellas, continue to compete for market share and brand recognition. Marriott International remains comfortably atop the rankings for hotel parent companies, where the company has been since 2002. However, in recent years, there have been rising stars and new entrants into the market both in terms of type and location of the parent brand.

Accor, for example, ranks third by number of completed properties in 2022, rising from fifth place in 2021. The company has expanded its presence in the sector significantly over recent years and has a considerable pipeline through the forecast period. This growth is expected to push it into second place, behind Marriott International, when factoring in pipeline supply at the end of the forecast period.

Non-US brands such as Emaar and Banyan Tree have risen to become global contenders. As more residents of regions outside North America and Europe move up the wealth ladder, there will be increasing demand for branded product which can cater to their needs.

For non-hotel brands, there is more activity and jostling for position compared to the hotel parent brands. YOO remains top of the table now and through the pipeline forecast period.

Several other brands such as Mahindra (Pininfarina), LightArt, and DAMAC (Roberto Cavalli) will ascend through the rankings during the forecast period.

Each of these parent companies have brands that are more focussed on a specific subsector, be it fashion, automotive, or design, etc. These specialisms allow the parent companies to further differentiate themselves from the more traditional hotel brands.

Top 10 parent brands

Hotel Parent Brands		Non-hotel Parent Brands	
2022 rank	Future ranking	2022 rank	Future ranking
1 Marriott	1 Marriott	1 YOO	1 YOO
2 Four Seasons	2 Accor	2 Trump	2 Trump
3 Accor	3 Four Seasons	3 Greg Norman	3 Mahindra (Pininfarina)
4 Hilton	4 Hilton	4 Giorgio Armani (Armani/Casa)	4 Giorgio Armani (Armani/Casa)
5 Banyan Tree Group	5 Banyan Tree Group	5 Capri Holdings (Versace)	5 Capri Holdings (Versace)
6 Emaar	6 Hyatt	6 Bulgari	6 LightArt
7 IHG	7 Rosewood	7 Mahindra (Pininfarina)	7 Greg Norman
8 Rosewood	8 IHG	8 LVMH (Fendi)	8 Bulgari
9 Hyatt	9 Emaar	9 Bell Media (Fashion TV)	9 DAMAC (Roberto Cavalli)
10 Aman	10 Mandarin Oriental	10 DAMAC (Roberto Cavalli)	10 SIM Licensing (Elie Saab)

Source Savills Research and Savills Global Residential Development

Top brands

Top individual brands

Just as the parent companies must differentiate themselves while maintaining growth in an increasingly crowded landscape, so too must the individual brands in order to attract buyers. For hotel brands, the top three spots are occupied by Four Seasons, The Ritz-Carlton, and St. Regis. Four Seasons and The Ritz-Carlton have been competing for first place in the rankings for years, and 2022 marks the first year that Four Seasons has clinched the top spot for hotel brands.

Of the top three hotel brands, St. Regis has the largest pipeline with the brand projected to increase its supply by 138% by the end of the forecast period. St. Regis is

not alone in its significant expansion plans; of the top 10 hotel brands, five have pipeline growth figures of over 100% and a further two have pipeline growth of 90% by the end of the period.

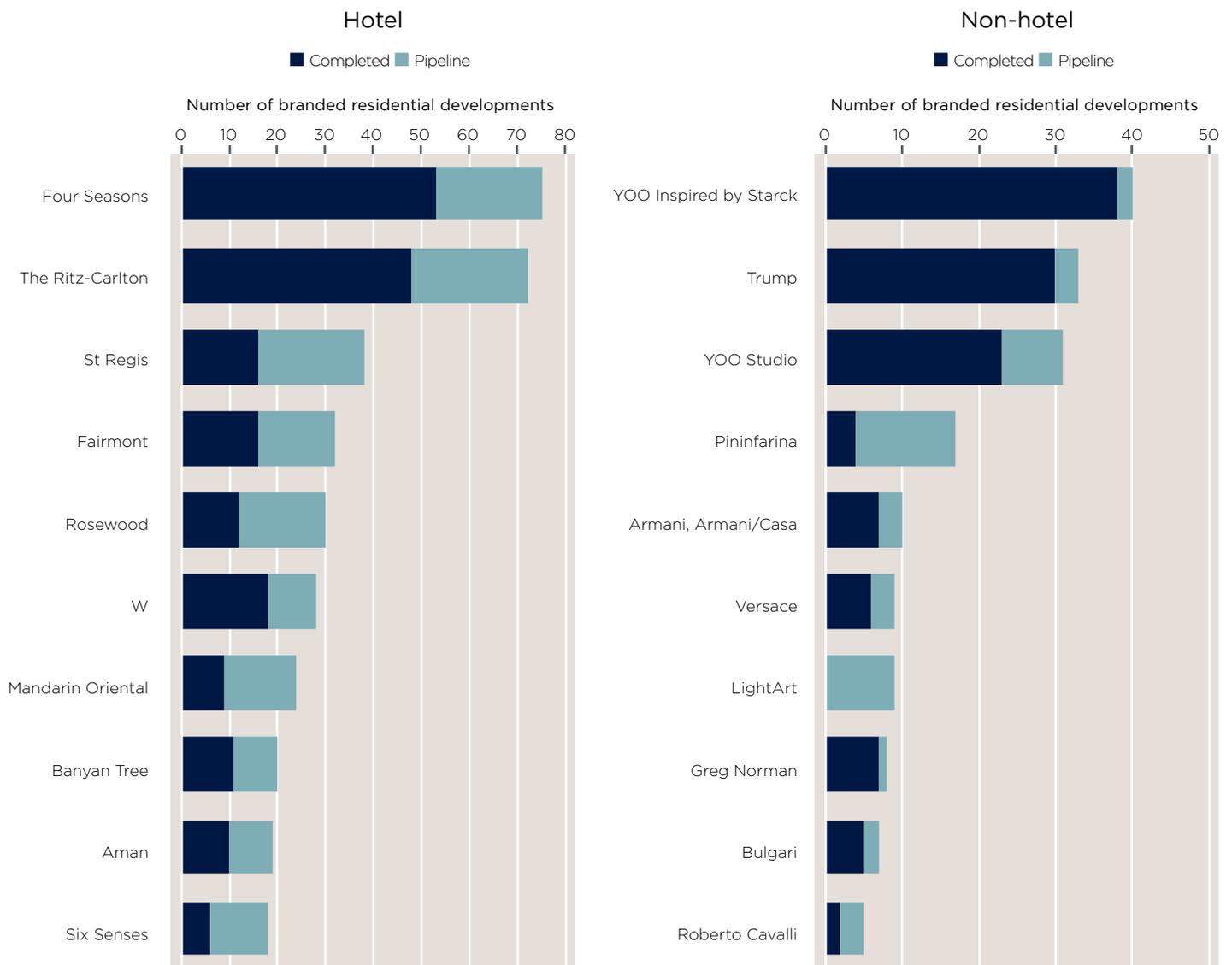
Further down the table, many other hotel brands such as One&Only, Swissôtel, Grand Hyatt, and JW Marriott, among others, have pipeline growth over 150% for the forecast period.

By contrast to the hotel brands, most non-hotel brands have fewer than 10 schemes in operation. YOO and Trump, the latter considered as non-hotel brand for the purpose of this report, are the exceptions to this trend, however, as they have been active in the branded residences sector for

significantly longer than other non-hotel brands. Non-hotel brands tend to emphasise their differences from the hotels and focus much more on integrating elements of their specific brand via design, lifestyle, or amenities.

Projected pipeline growth for most non-hotel brands is strong, though most are growing from a low base. These non-hotel brands often do not have the same depth of development infrastructure, from staffing to development support, compared to traditional hotel brands and cannot gain from the benefits of co-locating themselves with an affiliated hotel where complementary amenities, facilities and services can be shared across users.

Top 10 individual brands



Note: To fully and accurately reflect top 10 individual parent brands, we also included fractional ownership units

Source Savills Research and Savills Global Residential Development

Branded residences by chain scales

Historically dominated by luxury hotel chains, other chains are taking increasing market share as the branded residences sector expands

Different locations necessitate different development solutions which, in turn, must take into account the evolution of buyer preferences. The sector for branded residences has historically been led by luxury hotel brands, and remains as such, though other chains are taking increasing market share as the supply of branded residences expands.

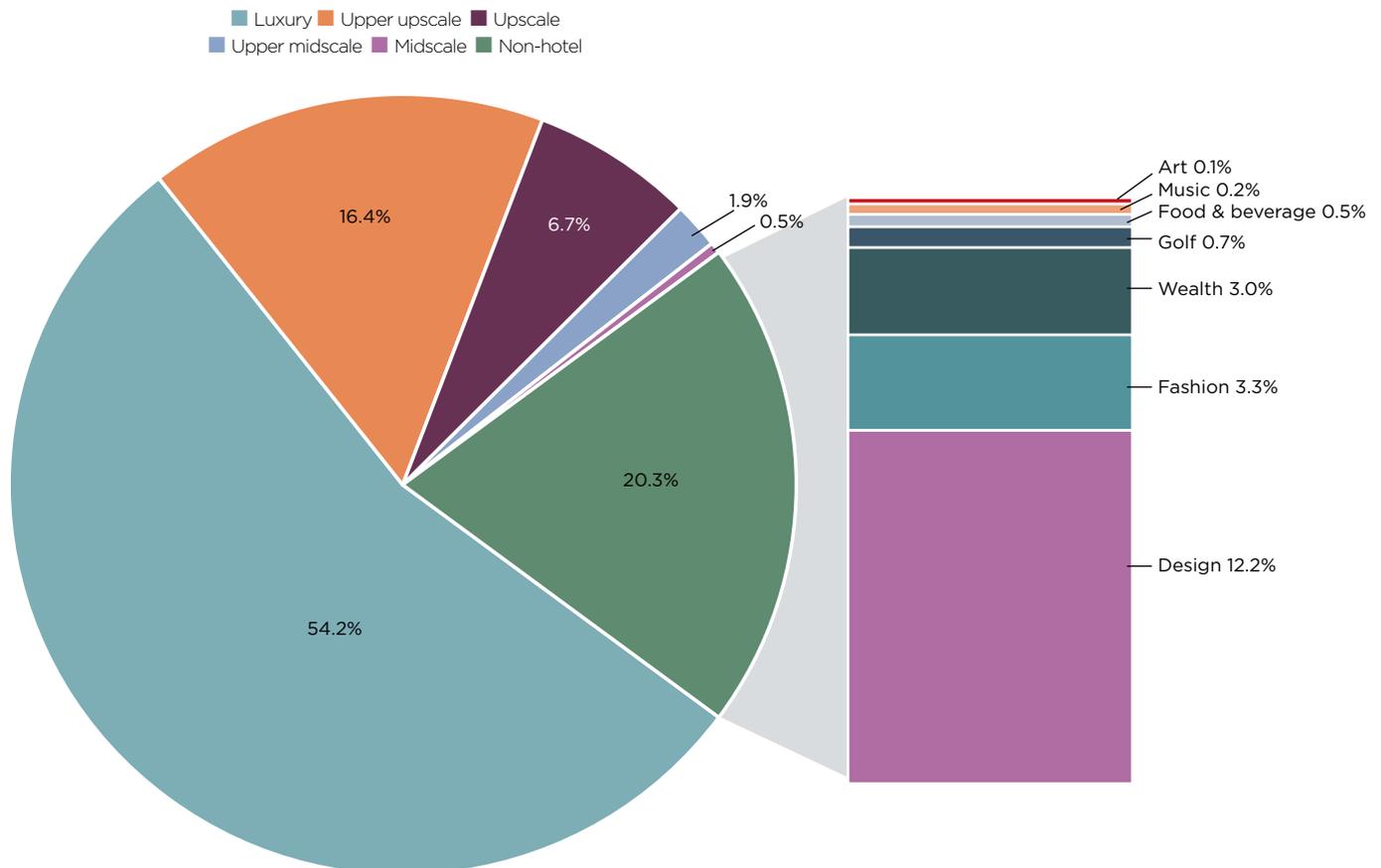
These chain scales, as classified by Smith Travel Research (STR), allow

brands to differentiate themselves and be competitive in securing management contracts in varying market contexts.

By the end of the pipeline period, luxury hotel brands will account for 54% of total supply – down from 55% today. The growth of the upper-upscale and upscale brands, each increasing their share of total supply by 1.5% over the forecast period, will continue to allow the sector to appeal to a wider buyer base in more varied markets.

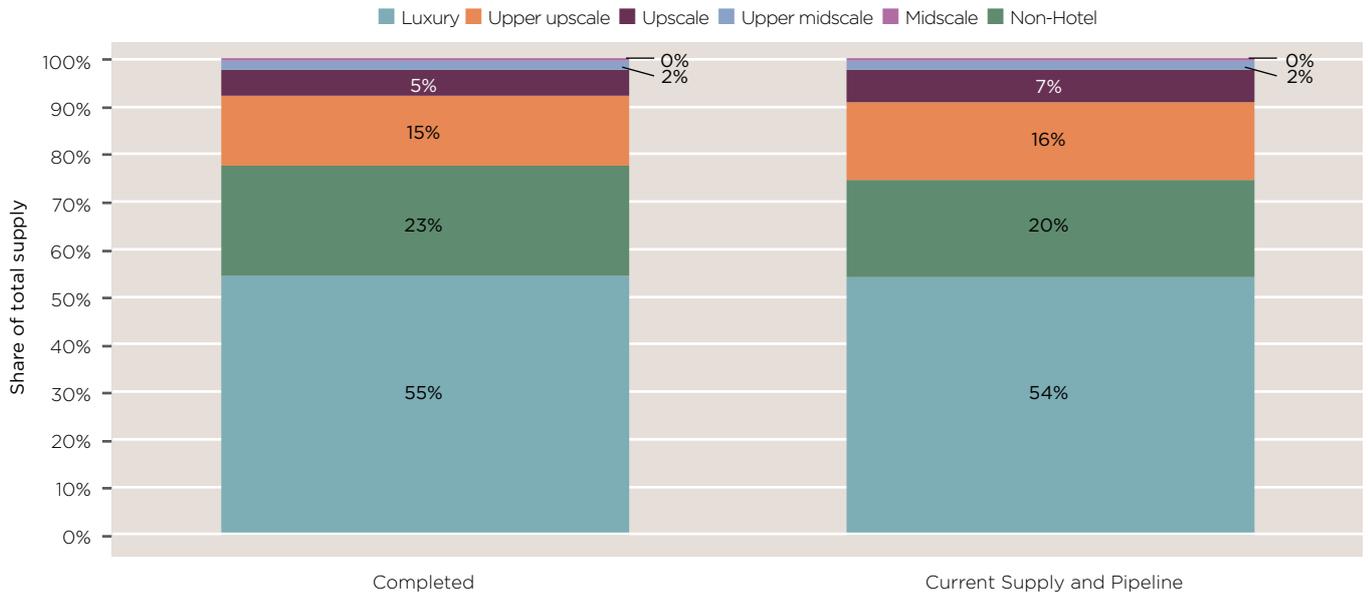
As emerging markets and resort locations are driving larger amounts of pipeline growth and investment in the sector, branded residences in these locations are built to high specification to meet the rising demand from growing populations of HNWI and second home buyers who may be looking to spend longer periods in secondary residences due to the ability to work remotely, allowing these residences to be true second homes.

Branded residences by chain scales: Hotel and Non-hotel brands



Source Savills Research and Savills Global Residential Development

Branded residences by chain scales: Completed and pipeline growth



Source Savills Research and Savills Global Residential Development

There is an increasing variety of brands in the non-hotel segment, even if the growth of the segment is slower than other chain scales as the total supply increases over the pipeline period. From the established players in design, fashion, golf, and wealth brands to newcomers from automotive, music, and art brands, such

as the recent announcement of Louvre Residences in Abu Dhabi, the growth of non-hotel brands demonstrates that buyers do not appear to be limiting themselves to classic hotel offerings.

Fast-growing economies such as Brazil, United Arab Emirates, and India are leading the table for non-hotel pipeline, with each

country forecast to see non-hotel brand scheme growth of more than 70% from current supply levels. The lifestyles offered by these non-hotel brands, and the fact that there are fewer residences in existence, provide the perfect combination for trophy assets for the growing number of wealthy individuals globally.



Developer roundtable

Developers see strength, resilience, and future growth in the branded residences sector worldwide

To understand the changing nature and ever-increasing importance of branded residences as a residential property product, Savills World Research spoke to six branded residence developers active in different global regions to get their views and opinions on the strength of the branded residence space and the markets within which they are active.

They all agreed that the strength of the brand creates both consumer and developer confidence and it is one of the main reasons that the product has shown resilience in adverse market conditions. High-quality service and amenities and the ongoing asset management by the operator offer security to the owners, who use the properties mostly as second homes or part-time residences. They believe that the sector will continue to grow, driven by brand loyalty and lifestyle aspirations.

Q What benefits have you experienced from developing branded residences over non-branded residences?

Jonathan Goldstein: It's exciting developing properties at this level as we have the opportunity to cater to evolving needs, which allows us to focus on a wider variety of life-enriching facilities. Choosing the right operator is extremely important in ensuring a benefit to both ourselves as the developer and the end-user. Working with Six Senses has been amazing in that we can offer our buyers an authentic, conscious experience rooted in the strongest values that are becoming the forefront of all developments nowadays in terms of personal health, wellbeing and sustaining the natural environment.

Jason Turnbull: We are proud to be the pioneer in city branded residences in Vietnam, and we're one of the few pioneers in the entire region. We see multiple benefits of establishing this sector in

Vietnam, from leveraging prime locations at major cities to catering to demand for international standard of luxury living. The HNWI population in Vietnam has expanded by 86% in the last five years. Branded residences create a new benchmark for luxury living with lifestyle endorsed by world-renowned brands, which attracts and creates a community of global elites.

These days are challenging times for some major economies around the world, so people will be looking at resilient assets with enduring value, one of the advantages of branded residences.

Kappner Clark: There has been an amazing amount of confidence from clients in branded residences. People appreciate how turn-key and easy it is for them and some have not considered these properties before. This also gives confidence to the developer and especially to a public listed company.

Q How (if at all) are branded residences more resilient vs non-branded residences in adverse market conditions?

Jonathan Goldstein: Having a well-known brand above the door immediately creates trust and confidence in the eyes of buyers, who can take comfort in knowing that an exceptional level of service, interior fit-out, amenities and a strong investment are guaranteed. The very fact that there is so much trust in the brand meant that our buyers were still willing to make significant investments because they knew the product would meet their expectations without having to physically see it.

Kappner Clark: We believe that it is a more resilient product. Even during the pandemic, it gave confidence to owners that the property is being looked after 24/7. Being active in the luxury and ultra-luxury segment also ensured a higher level of

Developer roundtable contributors:

Kappner Clark

Marketing Director

Company: RLH Properties

Region of focus: Mexico and Europe

Key brand partners: One&Only, Rosewood, Fairmont

Josep-Maria Farre Viader

Chairman/Co-Founder

Company: KKH Property Investors

Region of focus: Spain

Key brand partner: Mandarin Oriental

Jonathan Genton

Managing Partner

Company: Genton Cockrum Partners

Region of focus: Southwestern United States

Key brand partner: Four Seasons

Jonathan Goldstein

CEO

Company: Cain International

Region of focus: Global

Key brand partner: Six Senses

Jason Turnbull

Deputy Managing Director

Company: Masterise Homes

Region of focus: Vietnam

Key brand partners: Marriott, JW Marriott International

Charlie Walsh

Head of Residential Sales

Company: Westminster Development Services Ltd

Region of focus: United Kingdom

Key brand partner: Raffles



resilience because it bounced back faster post-pandemic compared to lower chain scale product.

Jonathan Genton: There is a sort of glow of branded residences. Then there is also the emotional piece and durability of the product. For most buyers they buy a premium product at a premium price. Despite the ups and downs of the market the product fluctuates but is always at the top. There is a trend of resilient buyers and branded residences offer a durable product in an undersupplied market.

What is your typical buyer profile of a branded residence?

Jonathan Genton: In my experience, generally buyers buy for lifestyle. There are zero buyers for primary homes in my schemes currently. Especially in LA it is a lifestyle choice and normally a secondary residence for users that, for various reasons, want to be in the city. This includes international buyers from Europe and HK, and then US domestic buyers. We see that they all tend to be highly entrepreneurial, innovative, lifestyle-driven buyers. There are also local buyers from a 30-40 mile radius that buy for second homes seeking security, services, etc.

Charlie Walsh: Our client profile is very mixed: buyers from late 20s to early 30s from the world of tech through to buyers thinking about early retirement who want to be close to the cultural attractions of London. The key source markets are firstly buyers from the UK, followed by Americans, who appreciate the heritage of the Old War Office building. They are familiar with the Raffles brand and that it is part of Accor's illustrious collection of high-end brands. We are attracting a younger audience, and this young generation is experiential-led, so London and the site will offer that.

Josep-Maria Farre Viader: Clients can tell quality when they see it. Again, this is quality in the real estate project, things such as location, design, execution, plus the future operation of the property and its services. In our case in Barcelona, most units are acquired by owners who plan to use the apartment themselves, albeit as a second or third or fourth residence in our city.

What is this buyer profile expecting in terms of product (e.g. apartment, villa, plot) and configuration, size?

Charlie Walsh: We have various degrees of typologies. Interesting historic features exist in each of the residences. They are very diverse, distinctive and unique, much like a collection of masterpieces.

Buyers are looking for larger spaces. Despite some buyers downsizing, they are looking to travel, but still look for spacious apartments and for unique spaces, whether that is historical features or any sort of characteristic which differentiates their space from other properties on the

market. Most buyers have multiple homes. This is their primary home for many of them, while travelling. Buyers are becoming security-conscious, and when previously owning houses they realise the hassle of maintaining a home and move to branded.

Jonathan Goldstein: Three-bedroom apartments have been our 'sweet spot'. In a destination such as Courchevel, our apartment complex style has been very popular. In comparison to a private chalet, they are easier for a buyer to maintain, with a 'lock up and go' status and within a building that is fully operated and managed all season round. The servicing team is also much larger, with resident access to communal areas and a large spa as well.

Jason Turnbull: Projects in a key city, such as Ho Chi Minh and Hanoi, are in demand, particularly if they are in the CBD. Another set of our buyers are interested in landed properties such as villas. The third type of buyer is looking for a holiday-home in locations such as Nha Trang. There's a lot of demand for three-bedroom or four bedrooms to have space for family, but having said that, there's also demand for two-bedroom apartments as well. These two bedrooms are more for smaller families and the younger generations.

What amenities are your buyers expecting? Have certain amenities become less desired?

Jonathan Genton: Buyers are looking for security, service, support – intangible amenities more than tangible, physical amenities. They're also looking for authenticity and craftsmanship of the experience – sometimes this ethos becomes disruptive to brands, which are traditionally hospitality-led. Innovation is required and it's about the culture and the service model of the brand and where they place their emphasis which really attracts buyers.

Kappner Clark: Buyers are looking for unique experiences that they cannot find elsewhere. We find that the benefit of branded residences is that the hotel brand provides special amenities and high-level service; the buyers receive five-star service that accompanies their home. Privacy is a major priority, as well as access to nature and the beach. That access to nature became more important during the pandemic. Clients are also looking for a product which is easily accessible but far enough away from others for privacy.

Jonathan Goldstein: We never let ourselves get too comfortable and are always working to change and adapt the amenities on offer. We work hard to balance the space we have available between rental guests and owners, and another example of this is our recent removal of the owner's Club Lounge, as we found it wasn't in demand. Instead, we transformed it into a contemporary sushi restaurant and engaged a world-famous brand to run it, bringing in new footfall to the development.

Q Do buyers have expectations regarding the environmental performance of the product?

Kappner Clark: It is rare if buyers do not ask about the environmental credentials of the product. Most are savvy, discerning buyers who have the buying power to acquire anywhere. So, we need to offer top quality, environmentally sensitive product.

Johnathan Genton: You need to be regenerative, not just sustainable. There is a place for clean air, clean water, clean food, clean thoughts in the schemes. We need to have regenerative ideas, people and places, all wrapped in a brand.

Buyers are interested in what they breathe, what they eat, and that they live in buildings that don't make you sick. Some buyers are more aware and demanding than others. Many are looking for access to high-quality water and food and meaningful exercise; so it's not only aspirational but meaningful as well.

Josep-Maria Farre Viader: This is now definitely a 'must'. Clients expect excellence in your project, and your project cannot cut corners in terms of ESG and environmental is part of this: your project must be exemplary if you claim to differentiate by quality.

Q How do you expect branded residences as a sector to evolve over the next five years?

Jason Turnbull: We are expecting further strong growth in Asia and Vietnam, especially in the urban and resort areas. The high-net-worth population in Vietnam is growing at an impressive rate, and we also anticipate more international buyers in Vietnam as branded residences prove to be a safe and resilient asset.

Charlie Walsh: There's an amazing level of brand loyalty between younger generations. It's likely that there will continue to be the creation of cool brands based on a strong element that The OWO and Raffles brand is a market leader

of. Sustainability, service quality, etc. will all continue to dominate and drive the space forward.

Kappner Clark: We expect a lot more inventory in line with the increase of demand. Brands have strong pipelines. We also expect continued rising demand from American buyers for Mexico, Europe, and other regions, especially due to the strength of the dollar.

Josep-Maria Farre Viader: I expect this sector will expand overall. A real estate project can be branded by its developer, if it is well known in its market, or by a hotel group. Other brands are less obvious, like interior design or furniture brands, or even car brands. These are all wonderful brands, but I find most interesting the 'hotel-branded residences'. However, I think there is a risk many brands will fail to deliver or even be hurt in excessive 'brand extensions.'

Jonathan Goldstein: We predict that we'll see lots more non-hotel brands entering the sector – there are many already – meaning all brands will have to elevate their offering to compete, and hotel brands will dominate less and less. In terms of geography, branded residences are reaching more parts of the world and increasing in supply in already established regions.

We predict that this will continue, especially with economically growing regions such as the Middle East. In terms of lifestyle, we're expecting the rise in community living to strengthen, with wellness and walkable amenities becoming increasingly important. Resultingly, we expect secondary homes with access to these preferences to be used more frequently as a result of the new hybrid working model.

Jonathan Genton: It's likely that we will start to see more horizontal community rather than a project separate and apart from the surrounding area. There will also be different varieties of housing and lifestyle, for example, single family homes and a tower of apartments.

Personally, I want to see a brand which is forward-thinking on wellness. Some players in the sector may need to exit because they expanded too fast. The sector as a whole should continue to grow. Brands should not over-exploit themselves.



Big on brands

According to the brands themselves...

In the wake of the pandemic, people's needs for their homes have shifted dramatically compared to 2019. People continue to spend a larger share of their time at home, especially as hybrid work continues to be a driving trend for the workforce. Branded residences are quickly adapting to these new needs. "This means more personalised, spacious, and private accommodations, with both indoor and outdoor areas, in which they can dedicate different spaces to working, relaxing, visiting, etc.," says Brad Berry, Vice President, Global Residential Development for Rosewood.

He continues, "Buyers want the convenience and access that modern amenities and services afford but are at the same time cognisant of, and invested in, the impact that their lifestyle has on the surrounding environment. They are looking for a home that elevates their everyday in a way that is socially and environmentally responsible. I believe that the need for product that strikes this balance will only continue to grow."

No discussion of the pandemic would be complete without alluding to the ever-increasing importance of health and wellness post-Covid. With the stresses and pressures of everyday life, Jonathan Tomlinson, Senior Vice President, Private Homes, Kerzner International, has found that travellers are increasingly wanting to "spend their time away recalibrating, focusing on their wellness, and finding balance. The brand offers both bespoke programmes such as tailored nutritional menus, fitness schedules, targeted spa treatments, stress-relieving activities along with a performance-focused brand, SIRO, which puts fitness and wellbeing at the core of the residential experience."

James Price, Vice President, Residential, EMEA, Four Seasons Hotels and Resorts, adds, "To harness the power of sustainability and innovation, the experience begins at the design phase and goes far beyond the obvious health and wellbeing inclusions such as fitness centres and pools. Also, through strong partnership with our development partners, architects, sustainability

consultants, and interior designers, we can ensure that design standards are met across new projects while also reducing the impact on the planet, optimising space planning and offering amenities and home features intended to encourage healthy lifestyles, relaxation, and connection." The integration of wellness across all elements of the design and operation of a scheme can provide residents with the assurances that their health and wellbeing is integral to their experience and lifestyle within their branded residence and the community.

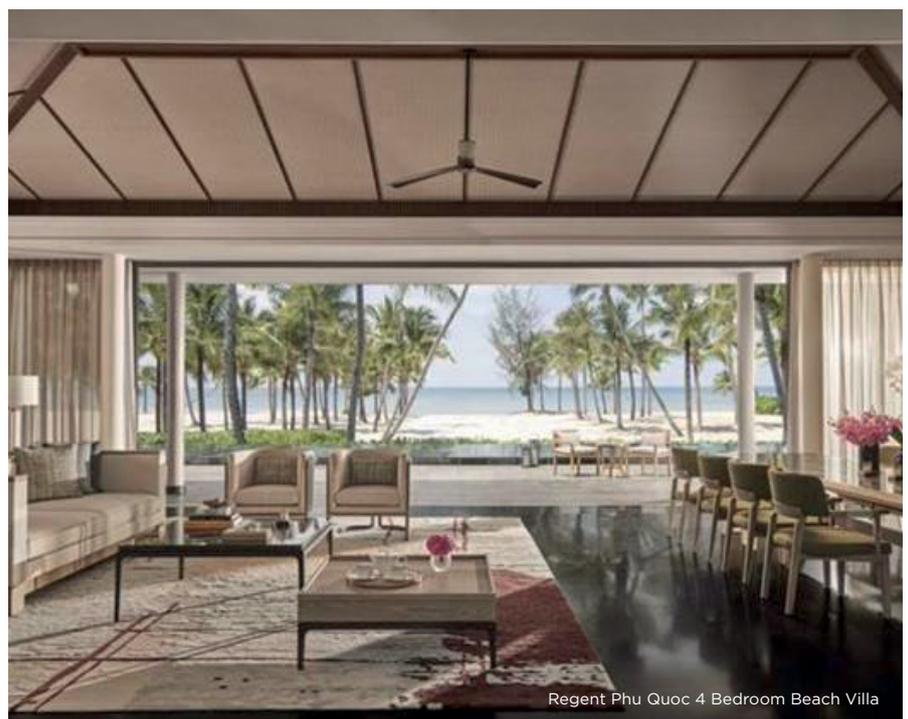
As the importance of the home continues to grow, so too does the allure of entering and expanding within the branded residence space. Though non-hotel brands, from fashion to automotive industries, are growing within the supply of schemes, luxury hotel brands continue to dominate the sector. As competition increases, so too will brand efforts to differentiate themselves in an increasingly crowded space.

Penny Trinh, Senior Director, Residential Development, Asia Pacific for Marriott International says, "Today's branded residence consumers have the ability

to purchase anything in life; Marriott's hospitality roots and 20 years' experience in operating branded residences puts us in a unique position to really understand the lifestyle our homebuyers want and what inspires them. As a result, we can provide genuine care and deeply personable service which enables us to tailor richer and more memorable experiences for our residents.

"All residential touchpoints are thoughtfully considered to deliver and support the brand positioning whilst capturing the essence of its locale. The brands are brought to life through exceptional levels of designs and personalised attention, refined food and beverage offerings, and innovative programming." It is these details which differentiate brands from each other and allow residents to feel that they are being provided with the full branded experience.

While the sector is diversifying across brands, it is also diversifying around the world. With wealth generation in different regions and an increasingly internationally mobile customer base, brands are taking notice. Alexandra Yao, Vice President Global



Regent Phu Quoc 4 Bedroom Beach Villa



Four Seasons Private Residences Los Cabos at Costa Palmas

Branded Residences, Luxury & Lifestyle at IHG says, “We’re seeing an equal demand in the branded residential space globally with many of our residents having multiple international home bases. IHG is noticing a strong demand for branded residences across our luxury and lifestyle portfolio which is driven by the desire to live a hotel lifestyle 24/7, especially with the work from home shift as a result of the pandemic.” As these trends continue, the branded residences sector will only continue to attract new and returning buyers.

Jeff Tisdall, Senior Vice President Development, Residential & Extended Stay at Accor adds, “We expect the category to continue to evolve rapidly. Technology will be a big driver of this change as the urgent need and demand for environmentally responsible housing accelerates. Service technology will also be a big part of the story and we are working hard to expand and fully integrate our residential platforms with our loyalty, recognition and reservations systems, enabling Accor and Ennismore to recognise the VIP status of our residence owners wherever their travels take them.

The operating model will also mature over the next five years. Developers and residence buyers alike are increasingly seeking turnkey solutions, and we see this benefitting Accor given our commitment to every phase in the life cycle of branded residential projects.”

Brands and developers recognise that buyers are looking for product where they can spend several weeks each year and can not worry that the property will be well looked-after in their absence and will be ready for them – kitted out to their specifications – upon their return.

As for where the sector is headed over the near term, brands are unified in their positive outlook and perspective for the future. Adelina Wong Ettelson, Global Head of Residences Marketing from Mandarin Oriental states, “The branded residences sector will remain in demand and see growth due to the continued need of adaptability, flexibility, privacy, etc. Buyers who seek the hassle-free living will pursue options such as fully managed branded residences, especially in global hotspots in the major cities.”

There are also key destinations to watch: “While it may be difficult to picture what urban life will look like in a post-pandemic world, we have no doubt that urban city centres like London, Hong Kong and New York will bounce back, as they always do, with a unique opportunity to transform and come back stronger. Innovation, change, and growth are often born from challenging times,” says Wong Ettelson.

Jonathan Wingo, Global Head of Real Estate & Residential Programs, Hilton, agrees, “Both near- and mid-term, South East Asia and North America are on my radar. In South East Asia, it is due to the rapid adoption of models such as rental program products as second homes and investments. Similarly, the resurgence in North America is driven by an opportunity created by the housing shortage coupled with the unprecedented movements of populations (and wealth) to new areas beyond the established gateway cities.” Going forward, there will continue to be growth in the key global cities as well as brands forging new paths in emerging locations.

Branded residence price premiums

Compared to non-branded stock, branded residences can command a significant price premium, though it varies by location

The affiliation of a luxury brand to residential product, through the associated quality, design, and service that differentiate those brands, often provides the incentive for buyers to pay a premium for these qualities. Existing brand awareness can increase the profile of a branded residence scheme and can attract larger amounts of interest, and thus buyers, to a project.

Savills analysis shows that the average global premium for branded residences, over a comparable non-branded product, stands at 30% on an unweighted basis. It should be noted that these premiums do vary significantly by location, brand, and type of scheme.

The highest brand premiums can be found in emerging markets, where luxury brands appeal to growing numbers of

high net worth individuals. Schemes in these locations can command an average premium of 54% compared to non-branded stock. In markets where few to no branded schemes exist, a branded project can achieve pricing double to that of comparable non-branded stock.

In these emerging markets, it is likely that a buyer will be looking for a primary residence compared to buyers in resort markets or global cities as branded residences offer security, high quality product, and higher implied status compared to non-branded products in emerging markets.

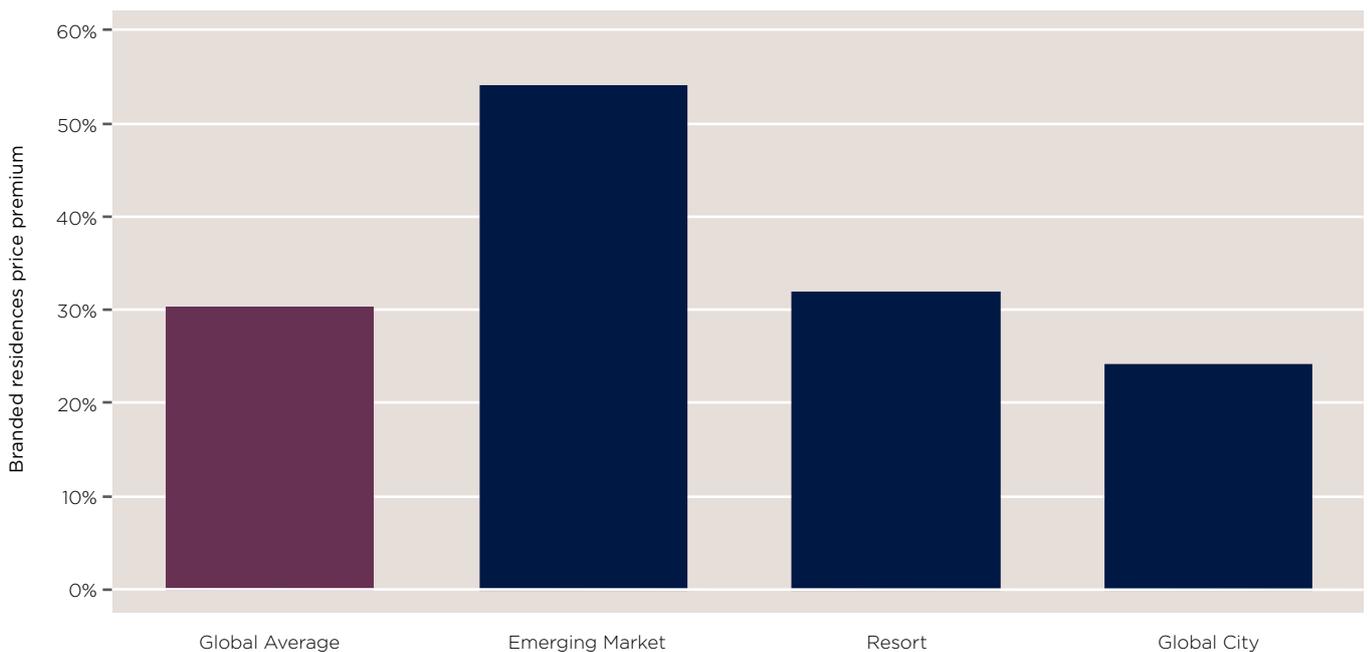
Resort locations tend to have more varied price premiums which are highly dependent on local market composition, dynamics and buyer source markets. Across the resort markets studied, premiums stand

at 32%, when compared to equivalent non-branded properties. These markets, as the classification suggests, are popular with second home buyers looking to escape the frenetic pace of life in their home cities.

Global cities, with tighter competition at the top-end of the market from other luxury, non-branded product, have the lowest premium for the location classifications at 24%.

Location is also a greater determinant of price in these cities as buyers are more willing to pay premium pricing to be in ultra-prime locations. These global cities, with their truly international buyer bases, must provide an even higher level of specification, service, and amenities to differentiate from other non-branded stock and attract their discerning buyers.

Branded residence price premiums



Note: To calculate the premium, branded project sales prices were compared to similar non-branded stock over a three-year period, from one year before to one year after completion for both branded and non-branded schemes.

Source Savills Research and Savills Global Residential Development

St Regis Residences,
Downtown Dubai



Outlook

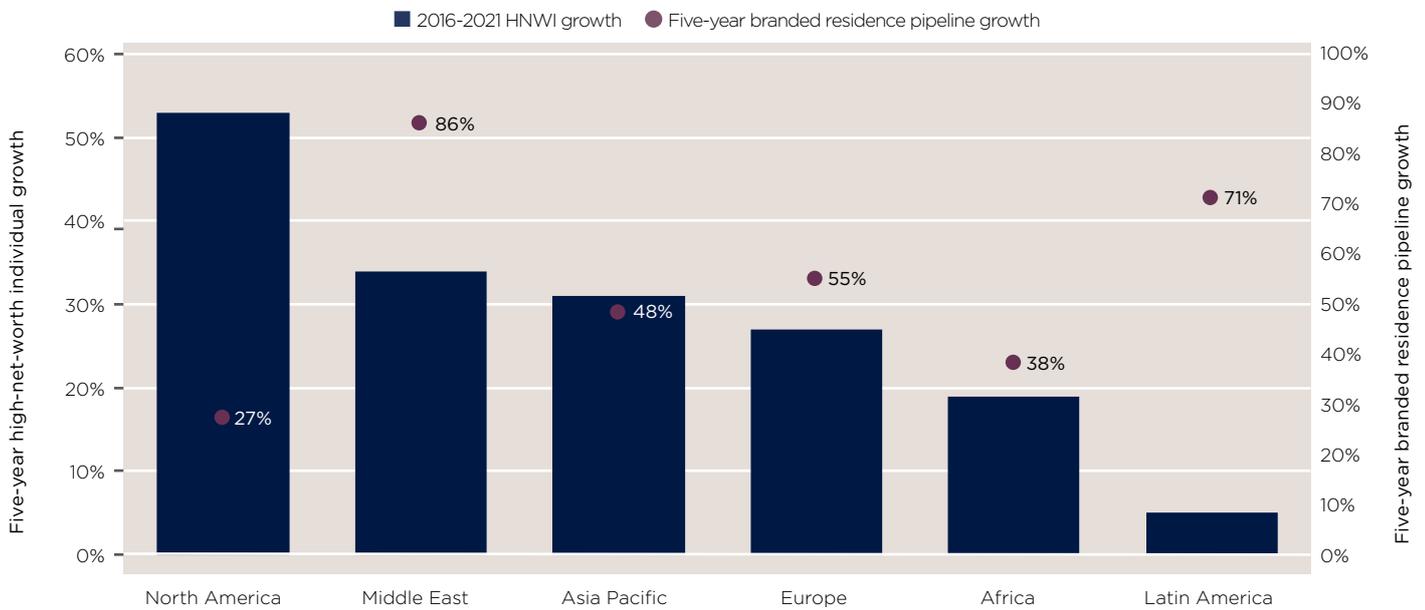
The growth of global wealth has the potential to increase demand for branded residences worldwide

The global market for branded residences is continuing to expand, with brands looking for new locations to grow their portfolios. Affluent, globally-mobile individuals will continue to drive demand for branded residences. Developers and brands are

identifying the hotspots of HNWI growth to enhance their offer. Over the past five years, the highest growth rates in terms of number of HNWI were noted in North America (53%), followed by the Middle East (34%) and Asia Pacific (31%). This is in line with our

observations with regards to the strongest increase of branded residence stock over the same period (27% in North America, 86% in the Middle East and 48% in Asia Pacific), with the highest rates noted in the regions where growth starts from a lower base.

Historic growth of HNWIs and pipeline branded residences supply growth by region



Source Savills Research using Capgemini; RBC Wealth Management via Statista



Conrad Residences, Austin

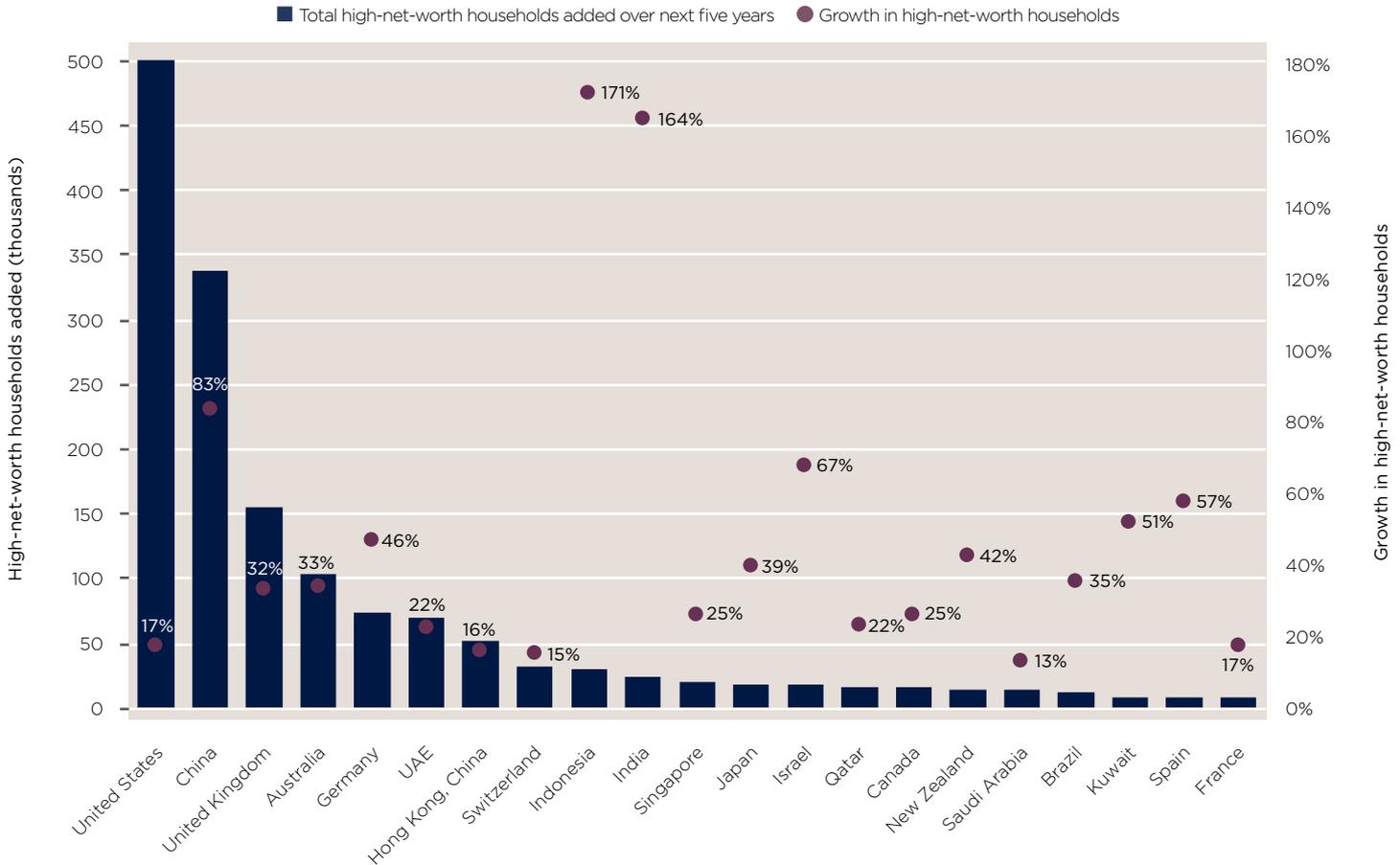
According to Oxford Economics forecasts, the highest growth in terms of number of high-income households over the next five years is projected in the Americas, Asia Pacific, the Middle East and European

regions. In these locations, we expect some of the new high-net-worth buyers to be looking for primary residences and second homes in branded schemes.

We expect the future hotspots to

include some of the cities that are going to see a strong rise in wealth, such as Jakarta, Ho Chi Minh City, Beijing, and Shanghai.

Locations adding the most wealthy households over the next five years



Source Savills Research using Oxford Economics

We expect demand for the branded residence product to remain strong in key world cities (London, New York, Los Angeles), which are business and education hubs and offer great lifestyle, cultural attractions and unique experiences for prospective buyers and their families, as well as opportunity for investment. This demand may be partly domestic, as mobile customers value a seamless, reliable management of their properties, but we believe that it will be mainly underpinned by the growing HNWI community globally and their aspiration to spend time in multiple destinations.

Domestic demand for luxury branded residences is likely to grow faster in emerging markets (where the base point is low), such

as Ho Chi Minh City, Cairo, São Paulo, Istanbul, where the quality of the existing stock is unlikely to meet the requirements for high-quality fit-out and services by new HNWI. In these markets there will be opportunities for urban upscale product as well as luxury product for brand-loyal, well-travelled customers.

Demand from international buyers is also likely to grow in accessible resort destinations to support demand from major cities with high concentration of wealth. As highlighted in our latest *Global Destinations For Second Homes* report, we believe that demand for second homes in accessible destinations around global gateway cities is expected to be driven by flexible working and

wellness. This could also fuel upscale urban product (apartments) in destinations such as Verbier, Sanya, Palm Springs, and the Algarve, as well as luxury product in more remote, unique destinations such as the Seychelles, Cap Ferret, Bali, and Phuket.

After a number of years of evolution, the branded residences sector has proven resilient and adaptable to adverse market conditions, offering security and reliable quality to buyers and attractive returns to developers and brands. With a robust and geographically diverse pipeline, as well as the continued commitment to the sector from developers and brands, the sector is set to continue to expand in the near term.



Savills World Research

We're a dedicated team with an unrivalled reputation for producing well-informed and accurate analysis, research and commentary across all sectors of global property.

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Savills Global Residential Development Consultancy

Savills Global Residential Development Consultancy (formerly known as International Development Consultancy) provides market data driven consultancy to developers, investors and brands in luxury residential and resort markets across the world. Services include pre-acquisition development consultancy, project feasibility studies, brand premium analysis and a range of branded residential consultancy services. Since 2007, Savills Global Residential Development Consultancy has provided consultancy services for over 250 prestigious branded and mixed-use projects throughout the world.

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