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FOREWORD

Adding value in a competitive global marketplace for prime property

Branded residences have been around for more than a century, but only in the last two decades has the sector really taken off. Rapid expansion has gone hand-in-hand with a growing, globally-mobile high-net-worth population that has risen fourfold in 20 years.

Cash-rich, time-poor, and brand-conscious individuals are attracted by quality design, security and the high levels of service branded residences offer. Hoteliers have actively diversified into residential as resorts and prime city centre buildings incorporate a wider mix of uses. Developers, meanwhile, have come to recognise the value-add of a brand in a competitive global marketplace.

To date, branded product has been focused in the US and Asia, and are located in resorts or major international gateway cities, but there remains significant untapped global potential. The recovery of Europe's leisure markets has made projects in the Mediterranean viable once again, and branded projects are first off the starting blocks. With many top tier world cities looking fully valued, the market is also turning to secondary urban centres for new opportunities and growth.

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40 major hotel operators are active in the sector, of which Marriott International is by far the largest with a 31% market share by number of schemes.

Non-hotel players are rising. YOO has overtaken hoteliers to become the single largest brand of any type by number of projects, with over 50 residential schemes completed and operating globally. Other non-hotel brands, including cars and fashion houses are growing in the sector but still remain small in comparison.

Our analysis shows an average premium for branded residences over non-branded product of 31%, but this varies significantly by location.

Lesser premiums are achieved in more mature luxury markets, where prime stock of all types are of very high quality, and location is a greater determinant of value. In New York, recent branded schemes trade at a discount to some exceptional non-branded projects.

HNWIs and emerging market wealth will continue to drive expansion of the sector. The Middle East and Eastern Europe (for domestic HNWI growth) and Australia (for inbound HNWI flows) are markets with relatively little supply but positive prospects.

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