

## What does this mean for branded residences?

*"In any crisis, people always turn to brands they know and trust. Because it's a branded residence, they want that relationship."*

Dino Michael, SVP of Hilton's luxury brands

Most commentators agree that a 'flight to quality' during the pandemic has seen them continue to perform well. "Branded residences have been booming due to the private amenities, space and services that they provide," explains Savills Riyan Itani. Akash Puri at Sotheby's International Realty adds: "The pandemic has allowed many HNWIs to reflect on their life choices of 'where is home' as it's now the most important lifestyle choice, with working from home the new normal. We have especially noted increased demand for branded residences with superior amenities that include private recreational areas."

Arlette Hoff at HVS believes that branded residences are among the winners of the current pandemic: "People have realised how important their home is as they are spending so much more time in it, and hence are appreciating and valuing features such as technology, high quality fit-out and outdoor space." Sphere Estates' Rob Green agrees: "In the post-Covid world, many of the attributes offered by branded residences are now more important to buyers than ever, and we are seeing developers and brands evolve to provide safer and more secure homes for affluent buyers and their families."

The benefits aren't limited to purchasers. Branded residences tick many boxes for all parties (hence why I coined this as a 'win-win-win' scenario). "With a branded residence, there's a lot more confidence because you know the ownership of the hotel and the strength of the brand," comments Eric Johnson at Four Seasons Nevis. Edelman's recent "Brands Amidst Crisis" report even attributed buoyant sales at The St. Regis Residences Rye during the pandemic to the value a brand can add in a crisis. "Whilst Covid-19 may have affected vertical living, with buyer

priorities shifting to an ease of life with an increased focus on improved well-being, the idea of five-star hotel living is only increasing in appeal," points out Mandarin Oriental's Adelina Wong Ettelson. "In fact, we have increased interest as more buyers - and therefore developers - recognise the benefit of having a five-star hotel manage their home, ensuring and executing the highest level of safety protocols."

**'Pandemic highlights the growing importance and surge in popularity of branded residences.'**

Headline on Zaywa.com

"2020 was a year like no other in the international second home market but, despite the initial pandemic-related challenges, enquiries for branded residences rose around 160% over the previous year, with actual sales up by around two-thirds," reports Rob Green of Sphere Estates.

Alejandro Aljanati at Aston Martin Residences in Miami has also witnessed this: "The pandemic didn't really affect us. We sold more units this year than last year." Meanwhile in Europe, luxury branded schemes continue to sell well (e.g. in Marbella where five projects are launching, and W Residences Algarve is reportedly the continent's fastest selling scheme), while in Dubai the new Four Seasons residences sold out in just three months.

From a legal perspective, Richard Bursby at Taylor Wessing cautions, "Covid-19 has served to remind us that anything can happen, so all stakeholders - Developer, Branded Operator and Buyers - need to consider a range of scenarios in addition to the optimistic 'best case' outcome. It is important to ensure the interests of all parties are aligned when things may inevitably change after the contracts are signed."

\*It is worth noting that during the pandemic the major hospitality players focused on rental offerings, which present an added option for branded residences owners: Marriott launched its Homes & Villas platform, Accor launched Apartments & Villas (which includes One Fine Stay), and Mandarin Oriental invested in Stay One Degree.



The residences at Banyan Tree Varko Bay, Greece