



C9 HOTELWORKS

Niseko

Tourism and Property Market Review

October 2022

Land appreciation cooling despite surge in Hirafu and Hanazono areas

Dollar yen exchange rate may set stage for property market rebound

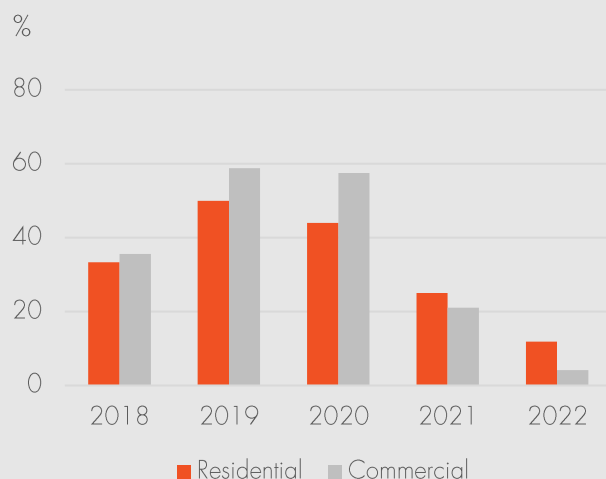
"Despite the government's closed border policies shutting down the overseas market for over two years, Niseko's domestic tourism has been resilient. In Q1 2022, total visitors to Niseko were 288,670, growing by 14% compared to the same period in 2021.

Niseko's winter tourism market and high-value foreign segment is connected to the real estate sector. As a result, commercial land prices in 2022 decelerated. This trend was also seen in residential land prices, where growth was 12% in 2022, down from 40% in 2020, and 25% for 2021. Comparing Niseko to other Japanese alpine resort areas, Furano was 18% and Hakuba 17%.

Hanazono, Hirafu, and Niseko Village/ Higashiyama remain the top three destinations in the project pipeline. There remains a strong push for luxury projects outside of the mainstream Hirafu area driven by the lack of prime land and rising prices.

Two factors that may hamper wider destination growth are aging ski facilities and potential changes to the area development and more restrictive zoning by the government.

Niseko Land Price Growth



Source: C9 Hotelworks Market Research and Ministry of Land, Infrastructure, Transport and Tourism; Survey areas cover Kutchan, Niseko Town, Hirafu

In C9 Hotelworks opinion, the restart of Japan's tourism sector and the favorable dollar yen exchange rate will revitalize the transaction market in short to medium term, as pentup demand will induce a market tailwind."

Bill Barnett, Managing Director, C9 Hotelworks

Tourism Trends

- More international airlines will resume flights by Q4 2022, namely Scoot from Singapore and Starlux Airlines, servicing Taipei.
- Because of its strong seasonality factor, the Niseko tourism market, which relies on foreign staff, is facing critical shortages this coming winter.
- The Sapporo extension of the Hokkaido Shinkansen is proceeding towards an opening by Q4 2030, with 54% of construction currently completed.

Property Trends

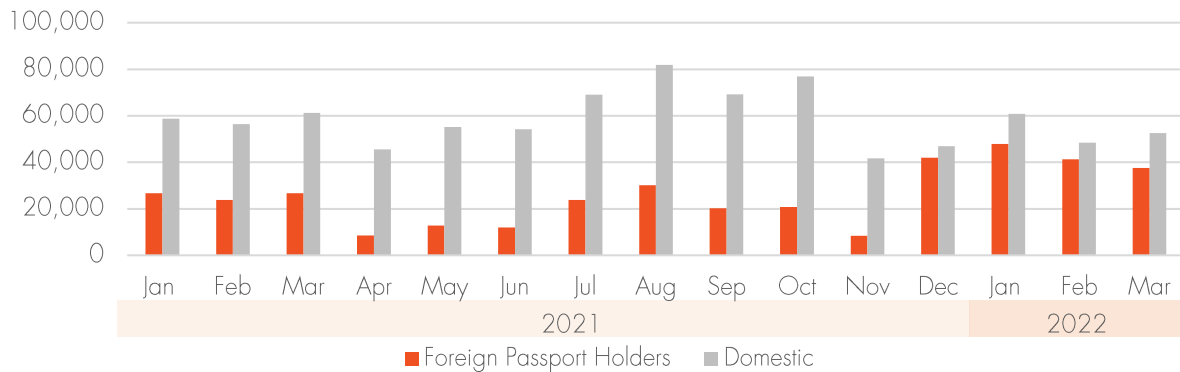
- Broad property market transactions have been muted, though sales of resort-grade condominiums and land plots have remained active.
- Only 21% of the total pipeline is on time. Many residential projects are facing delays or have been put on hold.
- Resort-grade branded residences are expected to grow, highlighted by notable new projects, Cassia Niseko Residences and Capella Niseko Residences.

TOURISM OVERVIEW

Tourism Indicators

Total Visitors to Niseko – 2021 through Mar 2022

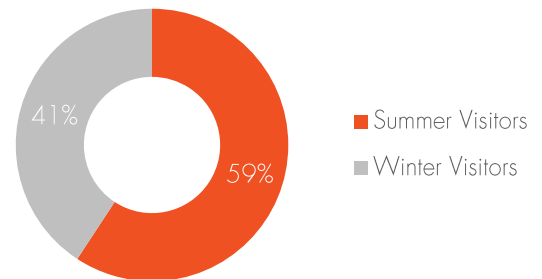
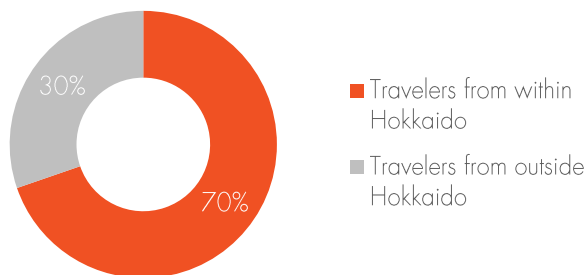
No. of Visitors



Source: C9 Hotelworks Market Research and Niseko Town Hall

Niseko Tourism Characteristics - 2021

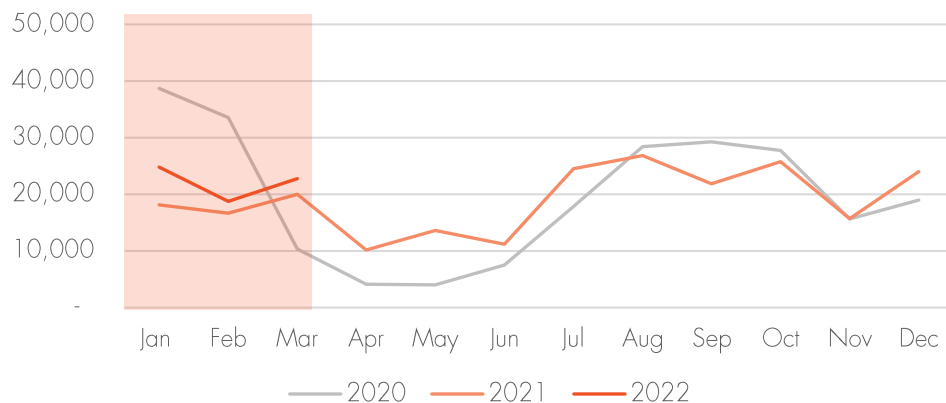
- Tourism market in summer is dominated by domestic leisure visitors. Key markets are school and tour groups, family FITs, and golfers.



Source: C9 Hotelworks Market Research and Niseko Town Hall

Room Night Demand – 2020 through Mar 2022

No. of Overnight-stay Visitors

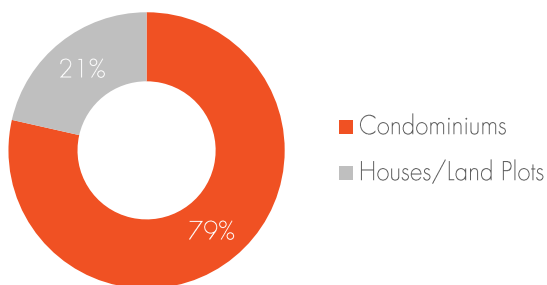


"Room night demand Q1 2022 surpassed same period in 2021 by 21%"

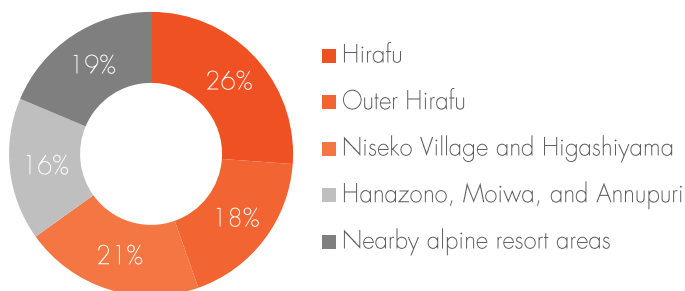
Source: C9 Hotelworks Market Research and Niseko Town Hall

PROPERTY MARKET REVIEW

Supply Inventory

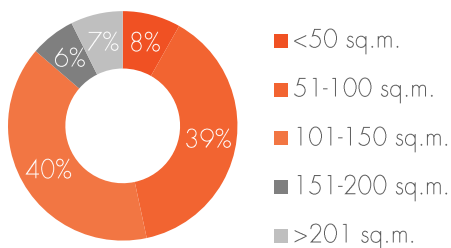


Supply by Area

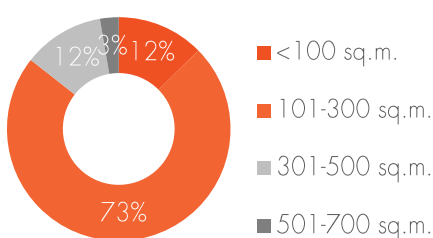


Source: C9 Hotelworks Market Research; *Data as of H1 2022

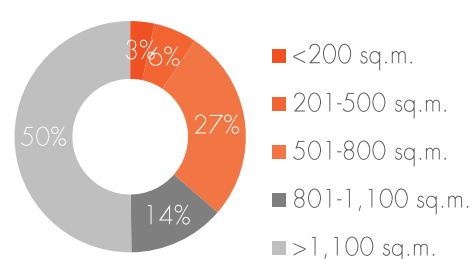
Condominiums Average Built-up Size



Houses Average Built-up Size



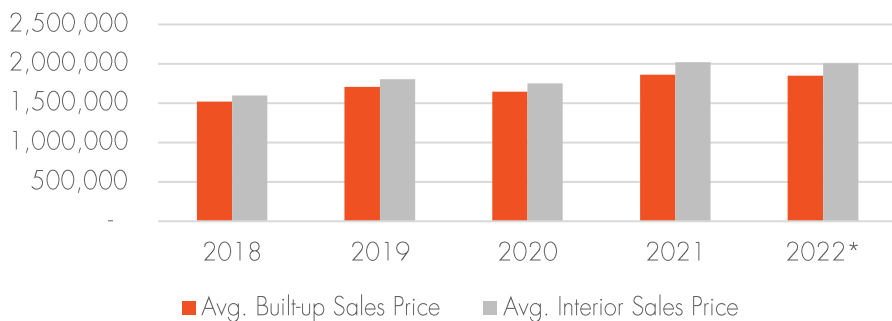
Land Plots Average Size



Source: C9 Hotelworks Market Research; *Data as of H1 2022

Condominium Sales Price Trend 2018 – 2022

JPY/Sq.m.



Average Sales Price 2022

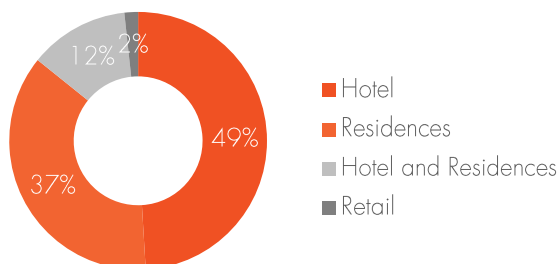
Built-up: JPY1,848,843/ sq.m.

Interior: JPY2,008,463/ sq.m.

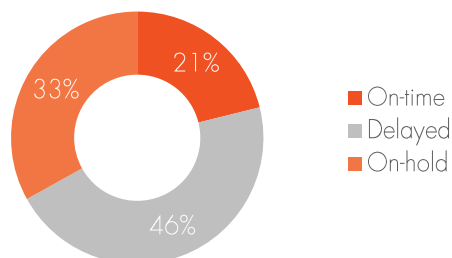
Source: C9 Hotelworks Market Research;
*Data as of H1 2022

PROPERTY INSIGHTS & PIPELINE

By Type



By Timeline



Source: C9 Hotelworks Market Research

- Niseko's hotel and property pipeline currently has 14 projects currently onhold.

| Name | Location | Units | Type | Opening |
|-------------------------------------|----------------|-------|----------------------|----------|
| Niseko Kabayama no Sato Rakusuisan | Outer Hirafu | 18 | Hotel | Oct 2022 |
| Sansui Niseko | Upper Hirafu | 55 | Hotel | Nov 2022 |
| Club Med Kiroro Peak | Kiroro | 200 | Hotel | Dec 2022 |
| Club Med Kiroro Grand | Kiroro | 200 | Hotel | 2023 |
| Matiè Niseko | Upper Hirafu | 114 | Residences | 2023 |
| Niseko Kyo | Upper Hirafu | 19 | Residences | 2023 |
| Super Okusan* | Hanazono | 64 | Hotel | 2024 |
| New World La Plume Niseko Resort | Higashiyama | 224 | Hotel and Residences | 2024 |
| Nikko Style Niseko Hanazono | Hanazono | 234 | Hotel | 2024 |
| The Pavilions Niseko Resort | Outer Hirafu | 43 | Hotel and Residences | 2024 |
| HKRJ Development* | Annupuri | 109 | Residences | 2024 |
| Marumi Villas* | Outer Hirafu | 24 | Residences | 2025 |
| Cassia Hirafu | Middle Hirafu | 50 | Hotel | 2025 |
| Cassia Residences Hirafu | Middle Hirafu | 113 | Residences | 2025 |
| PCPD Hanazono Villas* | Hanazono | 14 | Residences | 2025 |
| Nupuri Holdings Hotel* | Hanazono | 141 | Hotel and Residences | 2026 |
| Capella Hotel | Hanazono | 88 | Hotel | 2026 |
| Capella Residences Phase I | Hanazono | 240 | Residences | 2026 |
| Capella Residences Phase II and III | Hanazono | 132 | Residences | 2026 |
| Shinrin GK Villas* | Outer Hirafu | 26 | Residences | 2027 |
| Well Smart Group Villas* | Hanazono | 50 | Residences | 2028 |
| Well Smart Group Hotel* | Hanazono | N/A | Hotel | 2028 |
| Moxy Niseko Village | Niseko Village | 310 | Hotel | TBA |
| Six Senses Niseko | Outer Hirafu | 100 | Hotel | TBA |
| Aman Niseko | Moiwa | 31 | Hotel and Residences | TBA |
| Aruku-zaka | Middle Hirafu | 168 | Residences | TBA |
| Aruku-zaka - Amari Niseko | Middle Hirafu | 126 | Hotel | TBA |
| Aruku-zaka | Middle Hirafu | 60 | Retail | TBA |
| Snow Dog Chalets | Higashiyama | 12 | Residences | TBA |
| Raku Ichi Residences | Annupuri | 12 | Residences | TBA |
| Suncity Hotel Niseko | Outer Hirafu | 135 | Hotel | TBA |
| Aura Niseko | Higashiyama | 51 | Residences | TBA |
| Feather Resort Niseko | Higashiyama | 105 | Hotel | TBA |
| Zia Residences | Outer Hirafu | 14 | Residences | TBA |
| Zia Hotel | Outer Hirafu | 36 | Hotel | TBA |
| Tellus Hirafu | Outer Hirafu | N/A | Hotel and Residences | TBA |
| Total | | 3,318 | | |

Source: C9 Hotelworks Market Research

*Tentative Name

NISEKO TOURISM AND PROPERTY MARKET DASHBOARD

Tourism Market



Japan to allow entry for visa-free independent travelers and abolish daily arrival cap starting on 11 October 2022



973,212 total visitors to Niseko FY2021
288,670 total visitors to Niseko Q1 2022



Total Visitor Growth: -22% FY2021
Total Visitor Growth: +14% Q1 2022



Foreign passport holders were 44% of total visitors to Niseko in Q1 2022



Top 5 visitor nationalities in winter 2021
Japan, Australia, U.K., Taiwan, and U.S.



30% of total visitors traveling from outside Hokkaido FY2021, up by +24%



273 new hotel keys in pipeline to open by end of 2022

Property Market



Median new condominium unit price:
USD 1.5 million



Median new house price:
USD 3.3 million



Top 5 key locations: Hirafu, Outer Hirafu, Niseko Village/Higashiyama, Hanazono, and Annupuri



Branded residences account for 23% of total pipeline



87% of total inventory offer property and rental management services



Niseko land value appreciation averaged 12% in H1 2022



7% property prices increased in 2022
Most projects' construction completed but opening postponed

About C9 Hotelworks



BILL BARNETT

MANAGING DIRECTOR

C9 Hotelworks is an internationally recognized consulting firm with extensive experience in the Asia Pacific region. Its core business focus includes:

- Hotel and Resort Development
- Asset Management / Ownership Representation
- Project Feasibility and Analysis

Key competencies include international hotel operator search, selection and contract negotiation, mixed use hotel and residential planning and operation reviews.

A wide range of both institutional and private developers and a comprehensive portfolio of completed projects give C9 the skill set and background to focus on key issues, evaluate complex ones and assist clients in achieving solid results. Based in Phuket, Thailand and led by Managing Director Bill Barnett, who has 30 years of experience in Asia Pacific, the firm is well positioned to serve an increasing demanding marketplace.