Branded Residences

Will The Demand Last

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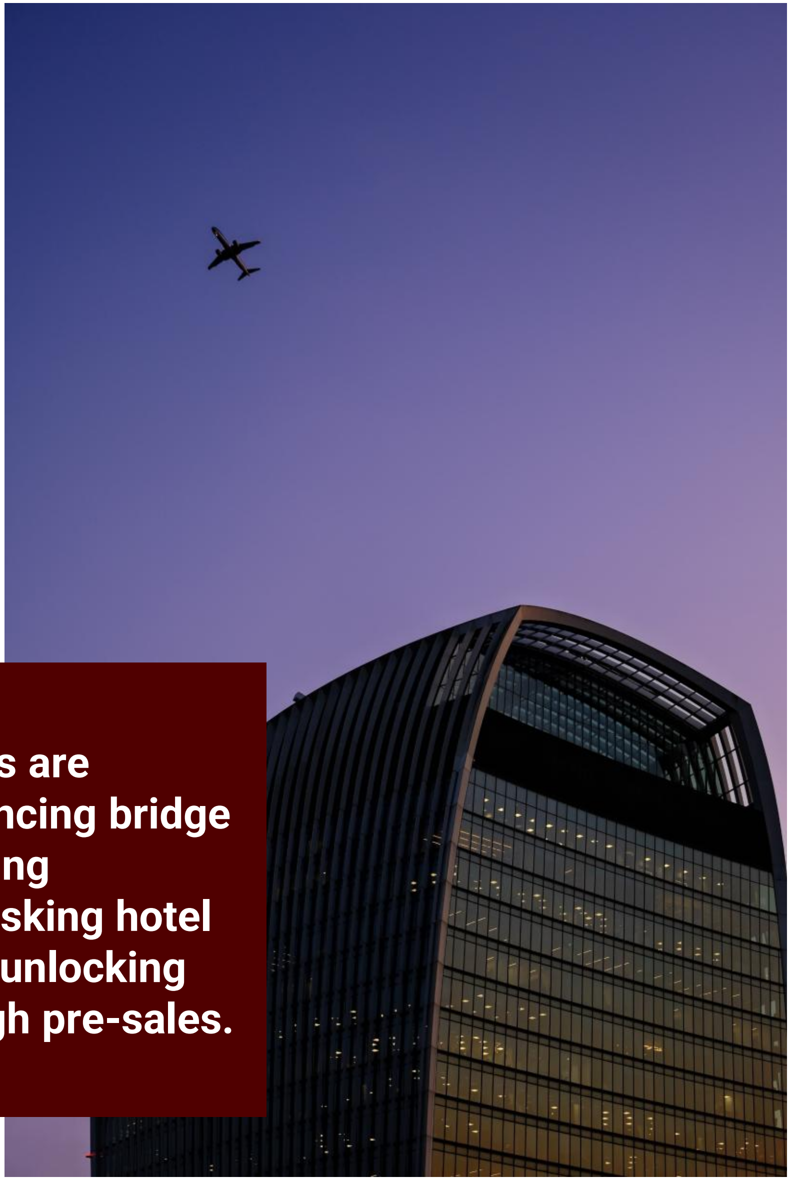
- Branded Residence Models
- Stakeholder Views
- Parent Company Pipeline
- Global Growth Projections
- Shift in Global Core Area
- Demand Projections per Country
- UNHWI Growth Outlook
- Family Office's Investment Preferences
- Branded Residence Hotspots
- Average Ticket Size Across the World
- Premiums
- Dubai's Branded Residence Market

Content



Branded residences are emerging as a financing bridge in a tightened lending environment, de-risking hotel developments and unlocking early capital through pre-sales.

Branded Residence Models

Successful branded residence projects depend on early strategic alignment between the developer, the chosen brand, and the needs of the target market. Pre-design considerations are critical, especially in defining the project's positioning, whether lifestyle-oriented or ultra-luxury. Developers should identify the target market early and engage the brand at the outset to ensure that the product mix, layouts, and amenities align with brand expectations.

In parallel, a detailed market study is often required to benchmark pricing, unit typologies, and competing developments, particularly in emerging markets where the brand's due diligence threshold is higher. Input from residential sales agents is equally vital in this phase to assess sales velocity and price premiums, especially given the likely uplift in HOA fees tied to branded services and facilities.

Design development must also accommodate brand-specific operational and amenity requirements, which differ from standard residential or even luxury condo projects. Brands often require enhanced back-of-house areas, staff and service corridors, upgraded security protocols, and specific layouts to support their service delivery standards. These elements can impact both costs and net saleable area, so they must be accounted for early. Legal and contractual considerations also play a key role. Brands typically demand protections such as defect liability reserves and restrictions on short-term letting platforms to preserve brand integrity. Furthermore, all sales and marketing materials must receive brand approval to safeguard the brand's equity. For developers and investors, navigating these complexities early and proactively is essential to maintaining programme efficiency, protecting margins, and achieving long-term asset value.

Since branded residences rely heavily on the brand's reputation, investors and developers should consider including contract clauses that protect the property's value if the brand's image is damaged. Similar clauses are sometimes used in hotel management agreements.

	STAND-ALONE RESIDENCES	PRIVATE RESIDENCES & HOTEL	HOTEL RESIDENCES & HOTEL (FULLY INTERGRATED)
Definition	Branded homes without an on-site hotel	Branded residences adjacent to or within a hotel, with shared services	Residences fully integrated into hotel operations, often rented as part of hotel inventory
Service Level	Limited or curated residential services only	Access to hotel services (concierge, F&B, spa, housekeeping)	Full hotel service and management; daily or long-stay rental programs
Target Buyers	HNWIs, live-in residents, lifestyle seekers	UHNWI, part-time users, lifestyle-focused investors	Yield-driven investors, global nomads, hospitality-oriented users
Developer Strategy	Luxury positioning with low operational complexity. Lower capex and complexity in stand-alone models can yield quicker returns.	Maximize service premium and cross-utilize hotel infrastructure	Operate dual-use assets with stronger recurring income. Hotel-residence hybrids require operator alignment and longer ROI horizons.
Brand Value	Boosts design and marketing appeal	Enhances lifestyle perception and buyer trust	Deep brand immersion and hospitality consistency
Revenue Model	Sales-driven, with resale premium	Sales + optional rental pool or service fee	Sales + recurring income via hotel-led rentals
Typical Formats	Condominiums, Villas, Semi-Detached Homes, Private Estates	Condominiums, Villas, Semi-Detached Homes	Condominiums, Serviced Apartments, Branded Suites
Key Benefits	Simple, prestigious, and lower-risk	Combines real estate returns, recognition across all brand properties and higher service	Flexible use, recurring yield, hotel-grade experience
Consideration	Requires either a prime location or a compelling brand identity (hospitality or lifestyle) to justify premium pricing without hotel affiliation	Strong alignment between brand, hotel, and residential concept required	Operationally complex, requires experienced operator and robust rental structure

Stakeholders

Developer

Branded residences are becoming a popular part of real estate development, bringing clear benefits for both developers and investors. By using the name and reputation of a well-known brand, these projects often sell faster, can be priced up to 30 percent higher than similar non-branded units, and offer extra ways to earn revenue. These advantages help increase the total value of the project.

At the heart of this appeal lies the brand itself. The choice of brand not only defines the market positioning and public image of the development but also influences key aspects such as architecture, interior design, unit mix, and pricing. A strong brand attracts loyal customers who are willing to pay a premium for the assurance of quality and service standards. However, working with a global brand also introduces constraints. Developers must typically adhere to strict design standards, engage with the brand's technical services team, and accept limited flexibility, particularly when residences are tied to a rental or hospitality program

From a financial standpoint, branded residences offer several advantages. Units are often sold off-plan with structured payment schedules, typically beginning with a 5–10% deposit followed by milestone-based payments totalling up to 70% before handover. This improves cash flow and reduces the developer's reliance on debt. In many markets, regulations also allow developers to use buyer deposits to fund construction, further enhancing liquidity, an especially valuable tool in high-interest or low-leverage environments. Branded residences also serve as a strategic solution to the growing challenges in hotel financing. With traditional lenders tightening their terms (Basel III/IV) and amid global economic uncertainty, it has become increasingly difficult to secure financing for pure hotel developments. The inclusion of branded residential components can help developers secure funding, reduce financial exposure, and bring capital back earlier through residence sales. In many cases, successful pre-sales can even improve the financing terms of the hotel component itself by boosting lender confidence.

For developers, this structure helps accelerate the repayment of construction loans and enhances overall project returns. Residential components typically deliver higher margins than hotels alone, making them an effective tool for improving the financial feasibility of five-star hospitality developments that might otherwise be cost-prohibitive. In this way, branded residences create premium returns for the entire project.

However, combining residential and hotel uses adds complexity. In resort destinations, zoning laws may require short-term rental programs, while in urban markets, buyers may prefer privacy and exclusivity over rental income potential. These dynamics require careful planning and transparent communication with prospective buyers to align expectation.

Despite these challenges, the branded residence model continues to grow globally, supported by rising demand for high-quality, lifestyle-driven real estate and a desire for services traditionally associated with luxury hotels. When executed effectively, these projects allow developers to de-risk construction, enhance returns, and create iconic developments that resonate with a global audience.

Operator

For hotel operators, branded residences are both a growth strategy and a revenue generator. They provide high-margin income through branding and licensing fees, as well as recurring revenue from homeowner associations and rental program management. These projects also deepen customer engagement by extending the brand relationship beyond the hotel stay and enhancing revenue streams from F&B, spa, and retail outlets, particularly in resort locations where residences may contribute to the hotel's inventory.

Maintaining brand consistency across all aspects: design, service, and operations is critical. Projects may be integrated with hotels or developed as standalone residential offerings, each requiring tailored legal agreements such as the Hotel Management Agreement (HMA), Technical Services Agreement (TSA), and Residential Marketing License. Operators are increasingly involved in the planning stages to ensure that infrastructure, layouts, and back-of-house provisions are designed to support long-term operational efficiency.

In resort markets, operators also play a key role in shaping the rental program strategy, as transient use is often an essential component of the project's financial viability.

Successful pre-sales can even improve the financing terms of the hotel component itself by boosting lender confidence

Stakeholders

Investor / Owner

Branded residences appeal to both lifestyle buyers and investors by combining luxury living with strong return potential. For end-users, these properties offer prestige, quality design, hotel-style services, and the reassurance of a professionally managed environment. For investors, they present opportunities for capital appreciation and steady rental income, particularly in resort destinations where rental programs are often integrated.

A key attraction is the turnkey nature of these homes: they are typically delivered fully furnished and styled according to brand specifications, catering to high-net-worth individuals seeking convenience. However, this also means accepting limitations, such as restricted customization and compliance with homeowners' association (HOA) rules that protect brand integrity.

Despite their appeal, branded residences come with challenges. Management fees typically range from 2% to 3% of the property's value. Strict brand governance can be frustrating for both owners and developers.

Despite inherent risks, branded residences often deliver attractive returns. In key global markets such as Miami and Dubai, these properties consistently outperform their non-branded counterparts. Yields typically range from 6–8%, compared to 4–5% for standard luxury residences.

For instance, in 2024, the St. Regis in Miami reported a yield of 7.2%, according to Omnia Capital Group, driven in part by the rental income generated during owner absences.

Branded residences also demonstrate stronger value retention. During the 2020 downturn, branded homes in London's Mayfair declined by only 5%, roughly half the loss experienced by non-branded equivalents. In Dubai, Four Seasons-branded units appreciated by 20–25% upon resale.

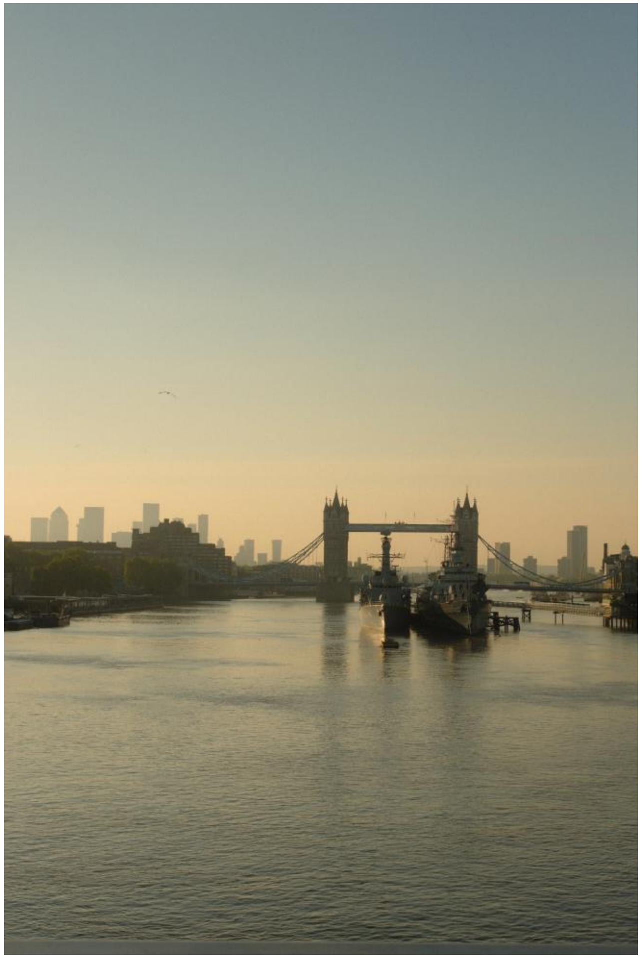
In 2024, Dubai's branded residences market experienced significant growth, with total sales reaching approximately AED 60.1 billion (around USD 16.35 billion). This represents a 43% increase compared to 2023 in number of units.

That said, the segment is not without its vulnerabilities. Poor service standards or weak brand execution can negatively impact resale values. Moreover, branded residences are not immune to broader market shocks. During the 2008 financial crisis, branded units in Miami fell by 20%, slightly more than the 15% decline in non-branded homes.

In addition to brand association, ESG considerations are increasingly central to branded residences, reflecting growing investor and buyer expectations. Luxury developments often integrate sustainability features, such as energy-efficient designs, renewable energy sources, green certifications, and wellness-oriented amenities. These not only enhance a project's market appeal but can also positively impact long-term property values and operational efficiency, attracting environmentally and socially conscious buyers willing to pay a premium for sustainability and wellness.

Sources: Graham Associates, Omnia Capital Group, Forbes, Savills, Knight Frank, Dubai Property Data, WATG Advisory, Morgan's International Realty, Global Branded Residences

Well designed residences can combine strong yields with luxury lifestyle under one roof



Pipeline & Growth Projection

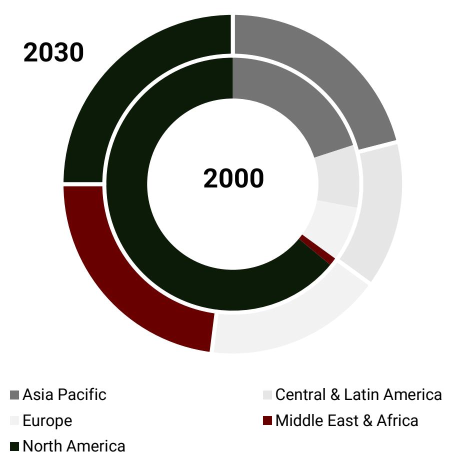
The branded residence sector continues its impressive expansion, with a robust pipeline dominated by major global hospitality brands. Marriott leads the field by a considerable margin, with nearly 300 branded residential projects either completed or in development. Accor also maintains a strong presence, followed by Four Seasons, Hilton, and Hyatt. Notably, non-traditional entrants such as Elie Saab, Greg Norman and automotive and fashion brands like Tonino Lamborghini and Giorgio Armani are making significant growth, reflecting the sector's diversification and increasing appeal beyond pure hospitality operators. This trend not only broadens consumer appeal but also allows developers to differentiate their offerings in saturated markets: a great example of this, is Chelsea FC Branded Residences with over 1,400 apartments developed by Damac that was sold out in 1,5 hours

On a global scale, the sector has experienced an extraordinary trajectory, with the number of branded residence projects expected to rise sharply through the early 2030s, peaking at over 3,750 projects by 2036. While the year-on-year growth rate is projected to gradually taper off from its mid-2010s peak of around 17%, the sustained expansion in absolute terms emphasises a structural evolution in residential real estate. This long-term growth is driven by rising global wealth, consumer demand for branded lifestyles, and the increasing alignment between real estate and brand equity. For investors, developers, and brands alike, the sector offers a compelling intersection of luxury, resilience, and global scalability.

80% of the global branded residences are managed by hotels

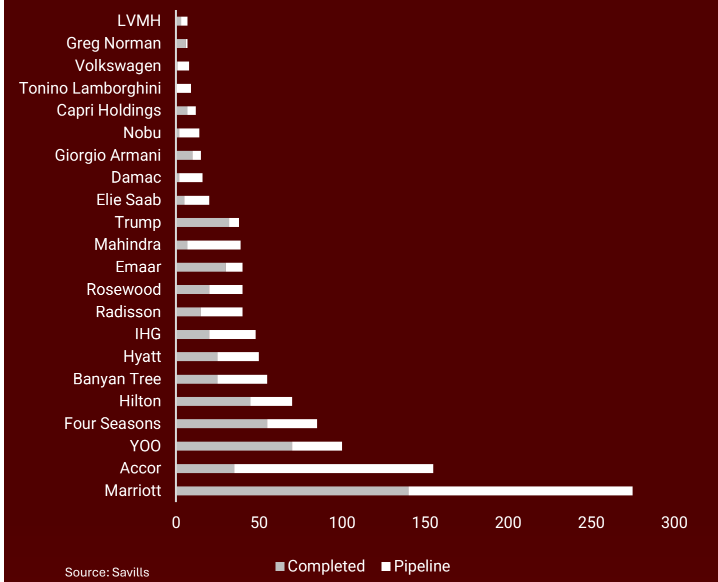
- Graham Associates

New Supply Expected to Shift Focus Beyond North America Toward a more Balanced Global Distribution



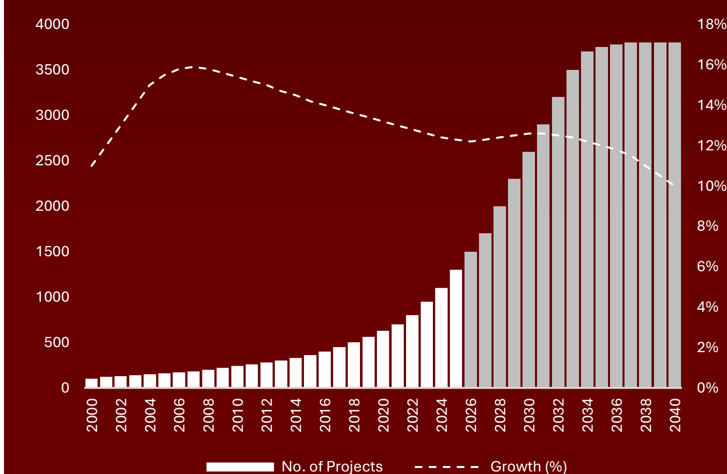
Source: Savills

Parent Company Pipeline



Source: Savills

Global Growth Projection



Source: Savills

Demand

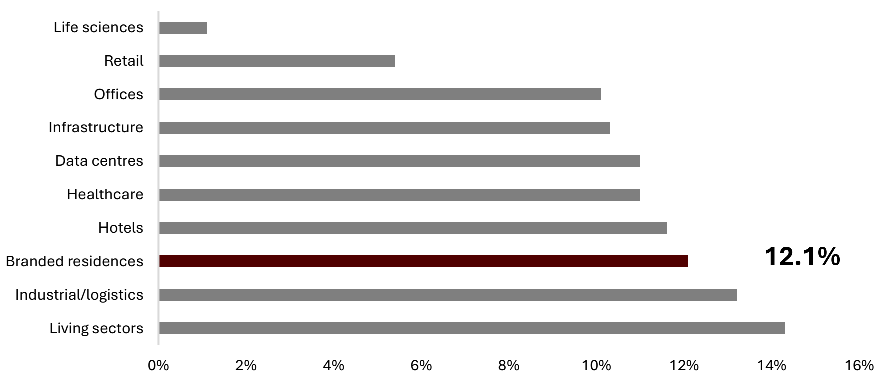
The ultra-high-net-worth individual (UHNWI) population is expected to grow by over 28% between 2023 and 2028, led by North America and fast-expanding regions like Asia. This surge in global wealth is fuelling demand for luxury hospitality and branded real estate, as UHNWIs increasingly seek not just unique experiences but also lifestyle-aligned investments.

While the Middle East continues to thrive as a hub for luxury hotels and branded residences, investors should not overlook emerging opportunities in other regions such as Asia-Pacific.

Luxury leisure hospitality is forecast to grow at a 10% CAGR during this period, with spending rising across all wealth tiers; from very high-net-worth individuals to aspiring luxury segments. In particular, branded residences are gaining traction as they offer UHNWIs the dual benefits of luxury living and strong brand affiliation. More than 12% of global family offices are now looking to invest in branded residences, highlighting the segment's growing appeal among the world's wealthiest individuals.

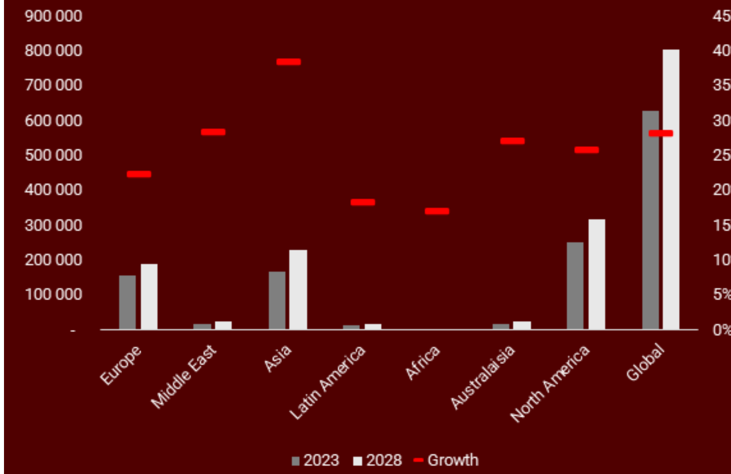
Globally, the number of millionaires is set to rise significantly. The U.S. will grow from 21.9M to 25.4M, with strong gains in Mexico (24%), Canada (21%), Sweden (22%), Norway (27%), and Switzerland (16%). Asia stands out, with Taiwan, Turkey, and Kazakhstan all projected to grow above 40%, while China adds 500,000 millionaires. Australia will see a 21% rise, and emerging regions like Africa and South America show promising trends, underscoring global momentum in wealth accumulation.

12.1% of Family Offices Looking to Invest in Branded Residences



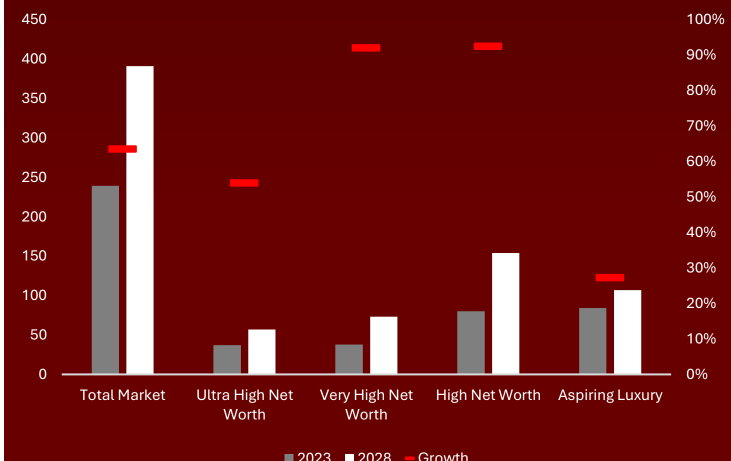
Source: Knight Frank Wealth Report

Number of UNHWI is Expected to Grow by Over 28% Between 2023 -2028



Source: Knight Frank Wealth Report

Projected 10% CAGR in Luxury Leisure Hospitality Spending by Wealth Segment (2023–2028)



Source: McKinsey: The state of tourism and hospitality 2024

Number of USD Millionaires and Branded Residence Hotspots

	2023	2028	
Sweden	575 426	703 216	22 %
Norway	253 085	308 247	22 %
Russia	381 726	461 487	21 %
Switzerland	1 054 293	1 253 334	19 %
France	2 868 031	3 322 460	16 %
Belgium	564 666	653 881	16 %
Germany	2 820 819	3 229 283	14 %
Hungary	24 692	28 260	14 %
Spain	1 180 073	1 327 797	13 %
Portugal	171 797	189 235	10 %
Italy	1 338 142	1 461 731	9 %
Greece	80 655	80 295	0 %
Netherlands	1 231 625	1 179 328	-4 %
United Kingdom	3 061 553	2 542 464	-17 %

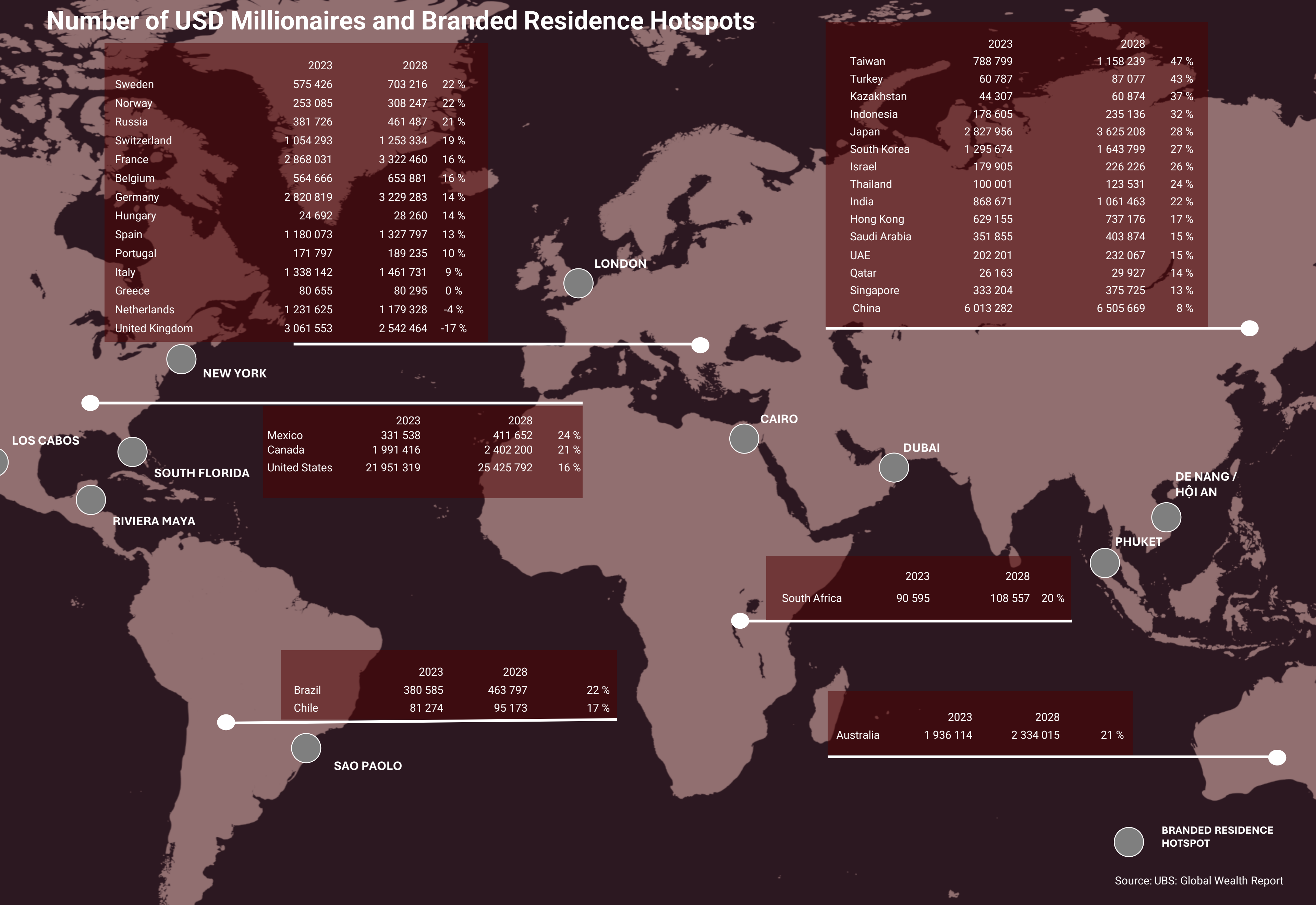
	2023	2028	
Taiwan	788 799	1 158 239	47 %
Turkey	60 787	87 077	43 %
Kazakhstan	44 307	60 874	37 %
Indonesia	178 605	235 136	32 %
Japan	2 827 956	3 625 208	28 %
South Korea	1 295 674	1 643 799	27 %
Israel	179 905	226 226	26 %
Thailand	100 001	123 531	24 %
India	868 671	1 061 463	22 %
Hong Kong	629 155	737 176	17 %
Saudi Arabia	351 855	403 874	15 %
UAE	202 201	232 067	15 %
Qatar	26 163	29 927	14 %
Singapore	333 204	375 725	13 %
China	6 013 282	6 505 669	8 %

	2023	2028	
Mexico	331 538	411 652	24 %
Canada	1 991 416	2 402 200	21 %
United States	21 951 319	25 425 792	16 %

	2023	2028	
South Africa	90 595	108 557	20 %

	2023	2028	
Brazil	380 585	463 797	22 %
Chile	81 274	95 173	17 %

	2023	2028	
Australia	1 936 114	2 334 015	21 %



Source: UBS: Global Wealth Report

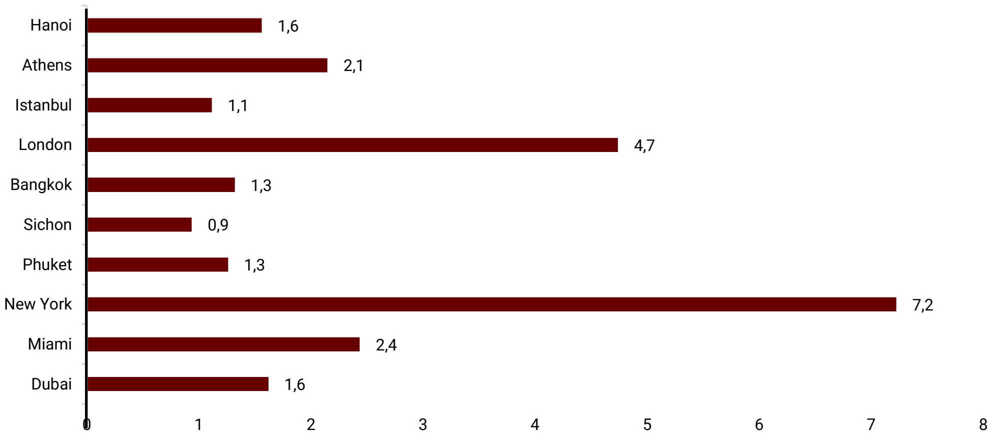
Premium

Across the world, branded residences consistently command a notable premium over non-branded luxury properties, driven by a combination of global brand equity, curated services, and strong buyer perception of long-term value. The premiums typically range from 20% to 35% and can reach as high as 45% in high-demand or limited-supply locations. For instance, Hilton-branded residences average a 24% price uplift compared to similar non-branded units, while resort-based branded products have seen premiums of up to 34%. These figures highlight the market's willingness to pay for the assurance, lifestyle, and status that comes with a branded offering, particularly in competitive or international gateway cities.

Average ticket sizes further illustrate this pricing power, with branded residences in New York commanding the highest price among surveyed markets at over USD 7.2 million for a two-bedroom unit. London follows at USD 4.74 million, with premium pricing also evident in markets such as Miami (USD 2.4 million), Athens, and Dubai. At the other end of the spectrum, emerging destinations like Sichon and Phuket still achieve healthy ticket sizes: USD 936k and USD 1.26 million respectively; indicating that even in non-traditional luxury hubs, brand association adds measurable value. While higher HOA fees and operational costs must be considered, the premium pricing, coupled with strong resale potential and alignment with affluent buyer demand, positions branded residences as a compelling long-term investment strategy.

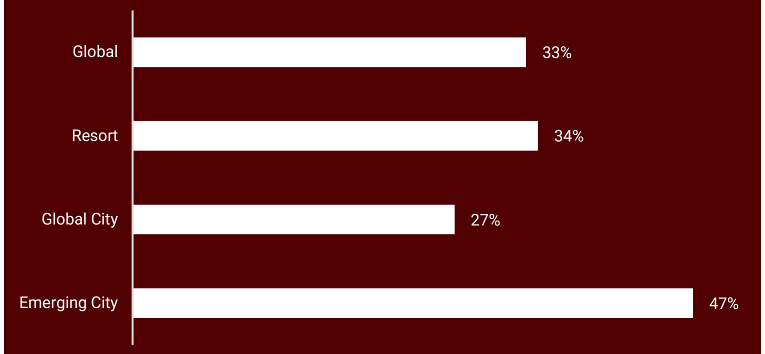
Average Ticket Size for Branded Residence in million USD

Two bedrooms, living room and a kitchen



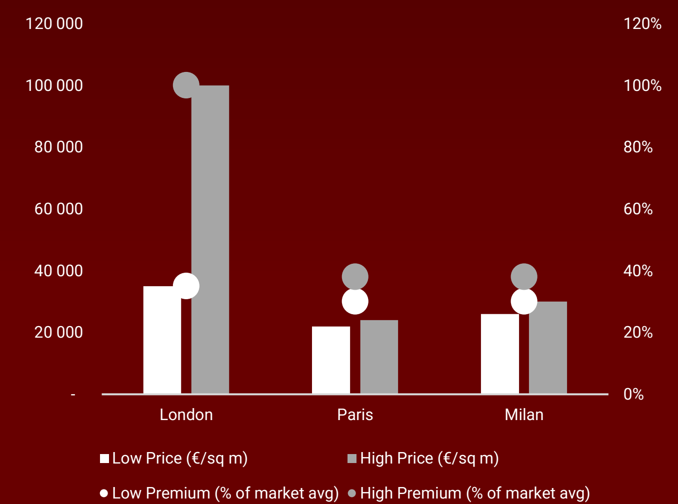
Exchanged to USD from INR
Source: Axon Developers, Skye Hospitality

Branded Premium in Different Locations



Source: Savills

Branded Residence Premium in European Capitals



Source: CBRE

Dubai – Unrivalled Branded Residence Hotspot

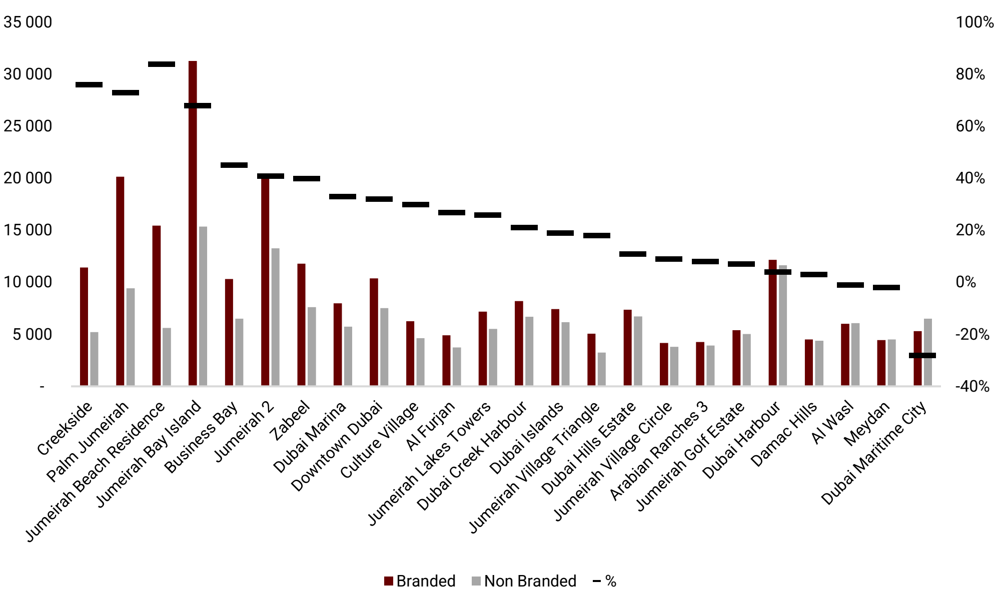
Dubai has become a leading global hub for branded residences, thanks to strong investor interest and available capital. The large number of ongoing projects, and high price premiums over non-branded homes are appealing for developers, brands and investors. The city currently has 26,000 branded units under construction and 17,080 already completed, with 83 projects in the pipeline and 49 delivered.

In some areas like Jumeirah Beach Residence and Palm Jumeirah, selected branded residences are priced more than 90% higher than unbranded ones. Major global brands such as Address, Dorchester Collection, and Ritz-Carlton are active in the market, with Address Hotels & Resorts having the most developments.

The UAE is also the regional leader in branded residence growth, well ahead of Saudi Arabia and Qatar. This shows Dubai's strong position as a top choice for wealthy buyers looking for luxury homes that offer both lifestyle benefits and investment value. Unlike many other major markets where nearly half of branded home sales go to international buyers, Dubai's market is mostly driven by local buyers, setting it apart from other global cities.

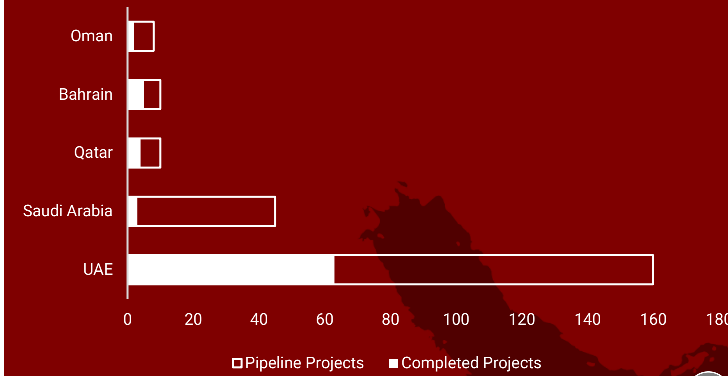
Dubai: Area Premium Between Branded and Unbranded

Values are in USD and SQM



Source: Morgan's International Realty

Brand Pipeline in the Middle East



Source: Savills

DUBAI

Dubai in Numbers

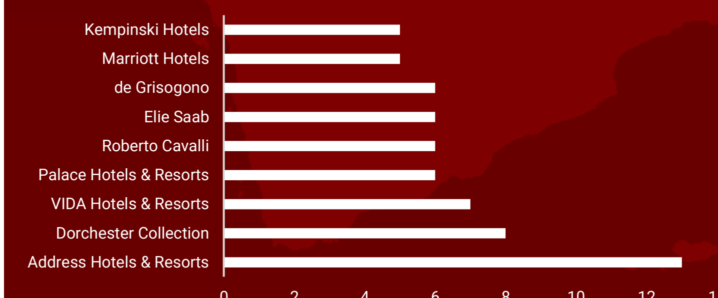
26,002
Number of Under Construction Units

83
Projects in Pipeline

17,083
Ready Units

49
Ready Projects

Number of Developments by Brand



Source: Morgan's International Realty

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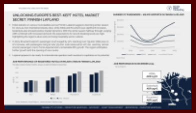

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