

# Shaping the New Face of Hospitality in Asia

AECOM Hospitality  
*Memorable Destinations - Integrated Place Making*



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## **A New Real Estate Development Reality**

### **The Economic Backdrop**

As we face recent downward corrections in property and equity valuations, it is self-evident that we are living through a significant re-balancing of the Asian Economy and thereby facing a new Real Estate Development Reality.

Over the last 5-10 years we witnessed a prolific expansion in hotel supply in China. The pace of openings of international and domestic hotels in certain locations and categories (especially luxury) outstripped demand. Today in contrast, the current hospitality development cycle exhibits a settling and maturing of property development. We see greater emphasis placed on studies of market demand, brand positioning, and careful analysis of financial returns as clear evidence that we have now entered a new phase of developer reality focused more on sustainable hospitality growth patterns in Asia.

### **Programmatic Weight Loss**

At the same time, these core economic realities, paired with recently enacted austerity and anti-corruption measures have influenced certain programmatic elements and the type of hotels in favor. Of necessity many hotel properties are being designed with less reliance on over scaled entertainment and banquet facilities. Leaner more compact and efficient planning is a clear trend across most hotel categories.

## Fresh Combinations

Food and Beverage (F&B), in the new wave of Hospitality projects, has established a new position. Refreshingly, many Hotel brands are fashioning their Lobbies or even entire operations around new types of F&B and energetic entertaining social spaces. This combination, of compact efficient planning and central F&B themed social lobbies, is evident for example in the new citizenM and Artyezan Habitat property currently under development in Shanghai at MixC, for which AECOM is providing Project and Construction Management services.



*CitizenM and Artyzen Habitat at Shanghai MixC*

Multi-use Destinations are emerging in new and interesting Hotel property development formats. The shift reflects a desire to create buildings and places that generate social neighborhoods and act as magnets for multi-revenue sources. Stand-alone hotels in isolation can be relatively static investment opportunities. But when combined for example with carefully designed dual-branded side by side Hotels and/or Branded Residences and Hotels with common social and entertainment spaces, these properties can come alive as investments.

We have seen this development innovation for example in “dual-branded” properties by Starwood, such as their W Hotel and Element brands sometimes developed in combination. Driven by the same principles, our team recently designed the Ritz Carlton and Renaissance Hotel in Haikou as an integrated pair, whose collective benefit is greater than the parts in isolation - by both generating a broadly appealing destination and in providing operational efficiencies.

## **Repositioning**

In the current hotel development environment, in order to achieve a faster speed to market at lower expense and at the same time to respond to the shifting demands of the new hospitality consumer, many Hotel developers favor repositioning their existing building stock or adaptively re-using other buildings. While this pattern of re-development has been commonplace in past business cycles in other developed economies, this pattern of hotel development is clearly increasing in Asia.

## **New Customer Focus – Guest expectations redefined**

### **The Face of Change**

In essence we are living through a transitional readjustment of a significant portion of new hotel stock currently under development in Asia. This has resulted in many new brand offerings and existing brands repositioning themselves to better align with evolved guest expectations.

The “New Hotel Consumer” in Asia increasingly seeks authentic experienced-based travel and alternative products with design flair often inspired by Art, Fashion, Music or Food. Local and contextual relevance is also increasingly important as hoteliers seek to differentiate themselves from mainstream brands to attract these new consumers in increasing numbers.

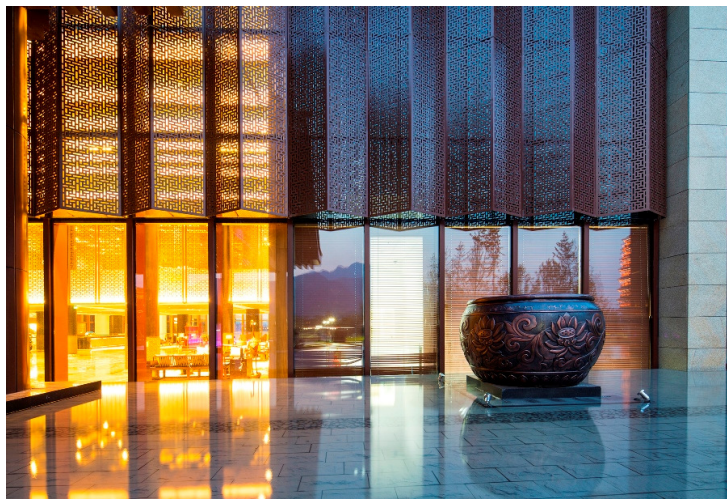
### **Cultural Relevance**

Pairing this with a renewed emphasis on cultural relevance and preservation of heritage has influenced the type and character of designs that are emerging. The Design of the Yanqi Lake Kempinski Hotel by AECOM is an example as is Banyan Tree's Yangzhou project (see images below). In both instances, yet in different ways, each design team developed a design vocabulary and a set of immersive integrated landscape experiences that reflect a deep appreciation of local cultural heritage, materiality and site context.



*Yanqi Lake Kempinski Hotel (Architecture, Landscape, SMEP by AECOM)*





*Yanqi Lake Kempinski Hotel (Architecture, Landscape, SMEP by AECOM, Interior Design by HBA)*



*Banyan Tree Yangzhou (Landscape by AECOM)*

### **Impact of Social Media on Marketing and Choice**

The other aspect of what we are living through is a sweeping transformation of our social fabric driven largely by shifting demographics and technology. This includes a surge in spending power by younger and domestic consumers in many Asian economies, along with the rise and proliferation of the use of social media and its constant stream of influential online content. Both have generated a dramatic make-over of consumer preference as well as the marketing and sharing of information about new properties.

### **Diversification in Action**

As a net result the Hospitality property landscape is meta-morphasizing. We are all increasingly aware of the proliferation of new hotel brand offerings, each seemingly catering to different preferences and to a broadening set of user expectations, some of which are described below.

#### **Personalization**

Seasoned frequent travelers seek ease, flexibility, personalization and convenience. Meaning they desire a personalized itinerary or set of experiences that suit them. Hassle free and in some ways customized to them. Operators such as Radisson Red, for example, are responding to this need through such clever ideas as personalized full wall projectors that allow guests to plug in and display photos or movies from their own hand held devices.

### Lifestyle

An increasing variety of design-oriented urban “Lifestyle” hospitality offerings are being generated to cater to various social “tribes.” The best examples of these help knit the city neighborhoods together by generating social hubs that attract and include the broader user groups, including local artists, business people, friends and families. Successful “Lifestyle” properties are generally compact, efficient, and social and thus drive non-room business with relatively reduced capital investment.

### Experience-based

Other travelers pursue exotic or unique destinations in which they can bask in an immersive local cultural environment like at the Bali Marriott Resort (image below) or a completely novel set of adventure/activity filled experiences as in Club Med’s offerings, whether it be sea-side (image below) or in a mountain setting.



*Bali Marriott Resort  
(Architecture and Landscape by AECOM)*



*Club Med Resort Sanya  
(Conceptual Master Plan by AECOM)*

### Wellness / Eco-Sustainability

Another fast growing segment of the hospitality world is the expanding Wellness based leisure travel business, which is currently a \$500 Billion USD business, up 13% YoY. Wellness properties are often associated with Eco-tourism or sustainability of the environment, in addition to nourishment of the mind and body. The Waldorf Astoria Baoting Eco Resort (see image) in the Qixianziyuan National Park on Hainan Island, is an embodiment of that kind of design sensibility. It was conceived using local materials and building techniques to nestle at tree top in an environmentally sensitive rain forest. It represents just one example of in an increasing number of Wellness and Sustainability oriented Hospitality projects around the world.





*Waldorf Astoria Baoting Eco-Resort (Architecture, Planning, Landscape, Environmental by AECOM)*

### **Hospitality Face of the Future**

The shake-up of the Asian Hospitality development market both within and outside China is a dynamic sector to watch as hoteliers and designers respond to the new economic realities and the demands of evolving guest expectations. The new development strategies portend a shift in the future of the Hotel industry, as these examples illustrate.

Hospitality development success in the region will require a development and design approach that is financially sound and in synch with market dynamics – and is adaptive, innovative and responsive to the clear new Hospitality criteria that are fast “Shaping the New Face of Hospitality in Asia.”

#### About the Author:

*As APAC Regional Director for AECOM Asia Ltd., Christian Low, AIA is the senior executive leader of the firm's Hospitality Market Sector. In this capacity he shapes the strategic vision for the multi-disciplinary Sector teams across Asia Pacific, provides executive leadership, design management, business development and oversight of the firm's major hospitality, residential and mixed use planning and design efforts, while serving key Clients.*

*A licensed Architect, he has nearly 30 years of in-depth experience leading design firms and directing international teams of design and engineering professionals engaged in projects world-wide. He is best known for his creative and strategic property development process and his deep commitment to achieving high quality design outcomes through a comprehensive multi-disciplinary approach - carefully integrating planning, architecture, interiors, lighting, landscape, engineering and related disciplines through all phases of planning, design and approval to successful fruition.*

*Mr. Low's projects have won numerous design accolades, achieved significant commercial success, and been published internationally. He has served on Architecture, Interior Design and Urban Planning awards juries and has lectured and written on the subject of emerging trends in Hospitality, mixed-use commercial real estate and sustainable tourism. He is an active member of the American Institute of Architects (AIA), the Urban Land Institute (ULI), CTBUH and the Asia Society.*