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Top News

Preferred focuses on residences as mixed-use developments become popular

By Raini Hamdi / Posted on 16 July, 2018 10:17

Preferred Hotels & Resorts is putting priority on growing its residences collection and sees a huge opportunity in Asia where hotels with a residential component are becoming popular with developers.

Preferred Residences is not a home-sharing business, the bandwagon that several global hotel chains have jumped on of late, although its intent is the same, i.e. to cater to new travellers' desire of staying in a home, or a home-like environment, and living like a local. Since its launch three years ago, the portfolio has grown to over 80 members and Preferred expects to have more than 100 members by year-end.

The collection comprises largely high-end residential units in hotel or resort developments, serviced apartment units, and villas and suites in resorts, not individual homes. In Asia-Pacific, examples are the five residential units in The Middle House, a five-star boutique hotel in Shanghai which is part of Swire Hotels; 8 on Claymore Serviced Residences in Singapore which offers 85 apartment units; and Andara Resort & Villas, Phuket, which has 26 villas and 37 suites.



The Middle House in Shanghai recently opened featuring five serviced residence units in addition to suites

Preferred's president Michelle Woodley, interviewed during the recent ILTM Asia Pacific in Singapore, said Preferred Residences differs from home-sharing in that "it is about providing a luxury residential experience with the amenities, safety and services of a hotel". The company may extend to home-sharing in the future as "there is a certain segment that is interested in home-sharing with some branding – however, nothing eminent right now", she said.

As it is, there is enough ground for Preferred to build up the collection as hotel developers are increasingly including residential units in their projects. Often, this supports the financials and infrastructure for the hotel development and vice versa.

In Asia, the 'branded residence' concept has taken off since Adrian Zecha launched the first Aman, Amanpuri in Phuket, in 1988. According to C9 Hotelworks' [research](#), Thailand now accounts for 41 per cent of South-east Asia's supply, with over 21,000 hotel residence units, followed by Indonesia, while Vietnam, in particular Danang, is a rising star.

C9 Hotelworks counts at least 29 new hotel residence projects in Thailand alone as of October 2017. In addition, it expects developers to continue to seek brand affiliation for the projects as this fetches a price premium and greater buyer demand.

This augurs well for Preferred, which sees opportunity in Asia. "We see growth and opportunity for these types of developments and the support of the Preferred Residences branding provides value to the owner and choice for the consumer," said Woodley.

Preferred's customers expect access to a range of offerings depending on the 'when, where and why' of their travel, said Preferred's CEO Lindsey Ueberroth in an [earlier](#) interview with *TTG Asia*. "The member who stays at a luxury hotel on one trip may stay at a moderate shared apartment on the next trip," she said.

The rise of multi-generational stays in the Asian travel market, or of groups of friends or groups with similar interests travelling together, or of weddings and other celebrations being held overseas, also fuels demand for residences, which often have multiple rooms. To engage families, corporates and leisure travellers, Preferred is working on a dedicated section and new features for the residences collection on its website, which will be relaunched in the third quarter.

The fee for joining Preferred Residences is similar in nature to joining the other four collections of Preferred, namely Legend, LVX, Lifestyle and Connect. In fact some members that are already in one of the four collections have also joined Residences as an “add-on”. Examples include Montage Los Cabos, Mexico, which has 122 rooms and 52 residence units. It is in both Legend and Residences. Or, Primus Hotel Shanghai Hongqiao, which is in both LVS and Residences. The newly-opened hotel has 393 rooms and 158 residences.

Celebrating its 50th anniversary, Preferred has over 650 member hotels in the five collections, and the focus to grow residences is a way to expand further and create a new revenue stream. Woodley said it is eyeing a footprint of 250 to 300 members in the residences collection eventually.

Preferred appears to be the first and only one among independent hotel chains to have a strategic focus on residences. When approached by TTG Asia, WorldHotels’ CEO Geoff Andrew said the company has no plans to tap residences potential, but the main reason is priorities.

“We have just launched our new hotel collections and have a number of other major projects on our plate, including a **new** loyalty programme and CRM. For now, we want to focus on **growing** the hotel portfolio and driving additional revenue per hotel,” said Andrew.

Meanwhile, Preferred is also branching out to offer consulting solutions to hotels, including PR and representation, with Asia-Pacific as a key area of growth.

Earlier this year, it set up Preferred Hospitality Solutions to offer these services. This sits under Preferred Hospitality Group, a consulting arm which was set up in 2012 and has since represented several provinces in China including Suzhou and Nanjing in PR, social media and sales to the US market. In May, Preferred appointed Susan Devine as executive vice president to oversee Preferred Hospitality Group and its expansion in hospitality solutions. Devine has been with Preferred since 2006 and was senior vice president strategic development before the new role.

Said Woodley of the services offered: “A new hotel opening in Singapore may want to do a media event in London. For them to go find an agency who does not know them, and figure out a way to do a launch event in London, is difficult. But Caroline (Michaud, Preferred’s executive vice president corporate communications and PR) and her team can put together a programme for three to six months.

“Also branding. Often times hotels go through a renovation and they need help in positioning themselves in the marketplace because they’ve just invested all this money, and that might include more than just branding, into communications strategy, revenue management strategy – we’re able to bring the resources together and work with them on that.

“Pre-opening is another area. We’ve got owners and developers who are opening independent hotels for the first time; they need the expertise – how do I hire a GM or director of sales, what should my pre-opening plan look like? We have a lot of know-how and resources in our organisation to help them do that. That applies globally but we see a big opportunity here in Asia for that piece of business.”

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