



## Developers Shift to Luxury Land Plots and Custom Homes as Development Costs Rise

Resort-grade developments' market value reached USD2.3 billion in 2024, up 6% after a seven percent rise in 2023

“Development projects across Sapporo, particularly in Niseko, face challenges from rising construction costs and ongoing infrastructure improvements. Many developers are shifting their business models to serviced land parcels and custom-designed homes. In broad terms the trends have helped Niseko avoid overtourism and sheer cost have maintained the destinations luxury positioning.

A surge in construction costs has further slowed project timelines. Raw material prices, including cement, concrete, and lumber, have increased by 25%-38%, compounded by a skilled labor shortage within the tourism sector. These factors have pushed the anticipated completion of some hotel developments beyond 2029. Several projects in Niseko's pipeline have paused as investors wait for cost pressures to ease.

In the residential market, land values in Niseko have risen steeply, with Hanazono experiencing a 19.5% price increase, as reported by the Ministry of Land, Infrastructure, Transport, and Tourism.

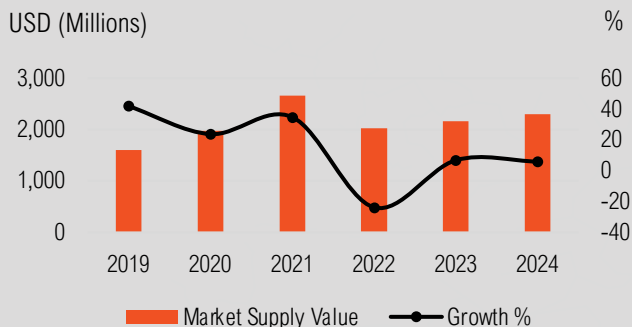
This appreciation, along with yen depreciation, has attracted both individual investors and regional developers to land acquisitions in Hirafu, Outer Hirafu and Hanazono. In response to high construction costs, developers focus on subdivided land plots and off-plan housing projects to meet changing demand dynamics.

Niseko's tourism market anticipates additional demand from Southeast Asia. Japan Airlines and All Nippon Airways are expanding codeshare flights to high-demand markets in Indonesia, Philippines, and Vietnam in 2025. Furthermore, this winter's seasonal flight schedule at New Chitose International Airport introduces new routes by Singapore Airlines, Thai VietJet Air, and Aero K, strengthening connectivity.

Overall, inbound tourism growth through expanded scheduled and seasonal flights drives demand. Developers are closely monitoring cost trends and infrastructure progress, aiming to bring projects back on track as conditions improve.”

by Bill Barnett, Managing Director, C9 Hotelworks

### Market Supply Value



Source: C9 Hotelworks Market Research

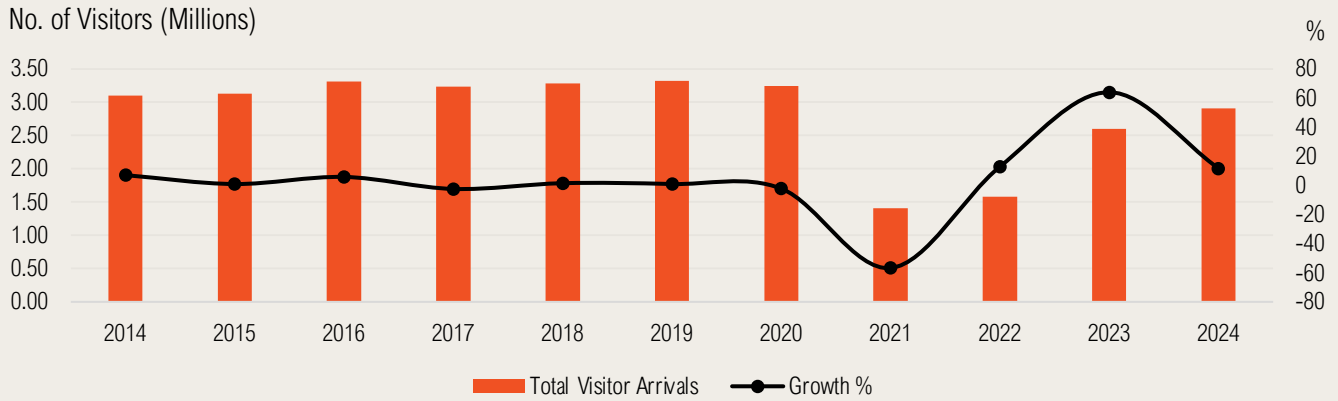
### Market Trends

- Resort-grade residences are predominantly clustered in the Hirafu and Outer Hirafu areas, which collectively represent 51% of the total supply. This concentration underscores the demand and strategic importance of these locations within the resort market.
- Currently, 817 branded residence units spanning luxury, upper-upscale, and midscale tiers are available in the primary market, including developments such as Park Hyatt Hanazono, New World La Plume Niseko Resort, and Hotel 101 Niseko. An additional 31 ultra-luxury villas are in the pipeline from Aman Niseko Residences in Moiwa.

# Tourism Overview

## Tourism Indicators

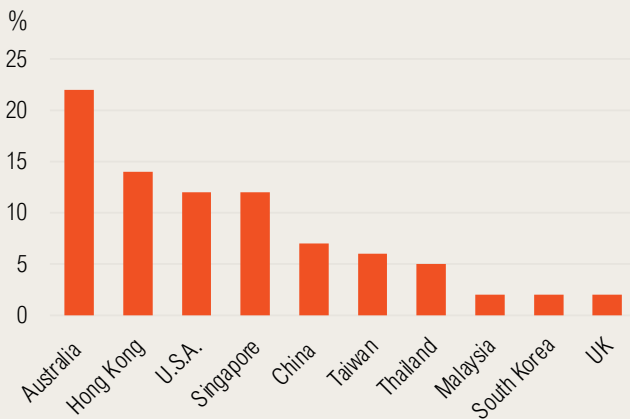
### Total Visitor Arrivals



Source: C9 Hotelworks Market Research and Niseko Promotion Board

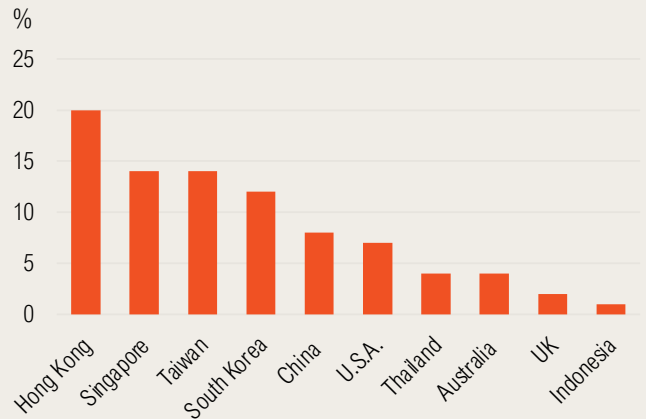
- Niseko reached a peak in visitor numbers at 3.3 million in FY2019, with 2.6 million recorded in FY2023. In 2024, visitor numbers bounced back to 2.9 million, marking a 12% year-on-year increase and signaling a strong recovery that highlights Niseko's ongoing appeal.
- New Chitose International Airport now offers routes to 15 destinations across six Asian countries, served by 31 airlines. Although direct flights from Russia, the USA, and Finland have not resumed post-pandemic, expanded codeshare flights to Southeast Asia are set to increase both tourism and property investment interest.

### Top 10 Source Markets in Winter



Source: C9 Hotelworks Market Research and Niseko Promotion Board

### Top 10 Source Markets in Summer



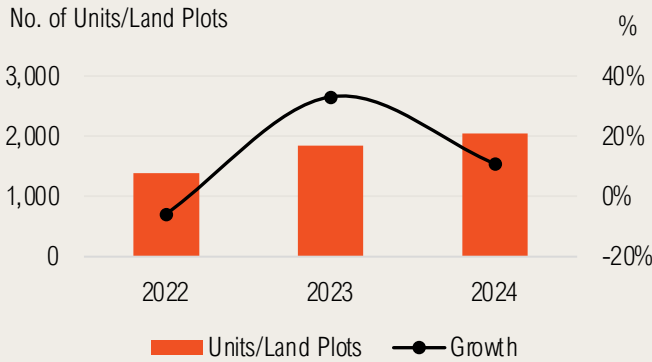
Source: C9 Hotelworks Market Research and Niseko Promotion Board

- Renowned as a ski resort destination, winter visitors make up 57% of Niseko's total arrivals. Australian travelers dominate this group, with 22% arriving in winter specifically for skiing, dropping to 4% in summer.
- With diverse recreational activities and Niseko Town's efforts to promote year-round tourism, the summer season saw a strong turnout, growing 7% year-on-year to 1.16 million visitors in summer 2024. The top three international source markets were led by Asian travelers from Hong Kong, Singapore, and Taiwan.

# Property Market Review

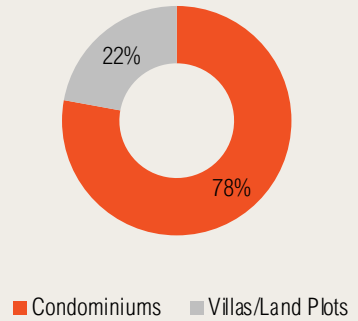
## Supply

Supply by Year



Source: C9 Hotelworks Market Research

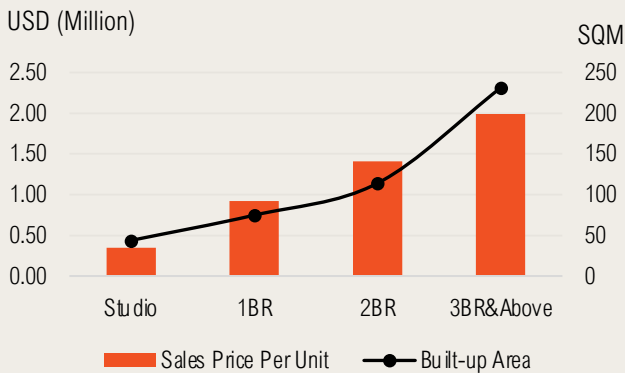
Supply by Type



Source: C9 Hotelworks Market Research

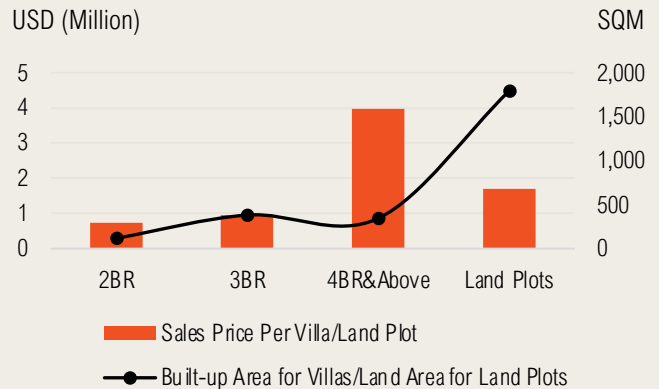
- Niseko's real estate market has traditionally been tied to its ski industry, initially centered on vacation home developments. Today, it offers diverse property types, including hotel-style condominiums, resort-grade villas, and gated-estate land plots. Total market value has reached USD2.3 billion, representing more than 2,000 units and villas/plots.
- Condominiums represent the majority of the property market, accounting for 78% of the total inventory. This segment includes 1,590 units across 13 established projects, indicating a strong preference for condominium-style properties among buyers and investors.

Median Sales Price & Size - Condominiums



Source: C9 Hotelworks Market Research

Median Sales Price & Size - Villas



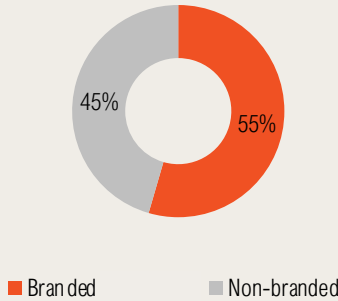
Source: C9 Hotelworks Market Research

- In the condominium segment, studio and one-bedroom units make up 60% of the total inventory, serving as entry-level properties. Studios start at an average price of USD0.3 million with an average size of 44 square meters, while one-bedroom units average USD0.5 million with a size of 75 square meters. These units attract investment buyers due to their pricing points and strong rental potential.
- In the villa segment, three- and four-bedroom layouts dominate, making up 74% of the total inventory. Premium villas command premium prices, averaging USD3.9 million each, with an average size of 363 square meters. This higher price reflects the value of additional space, appealing to families or groups. Demand is particularly strong among upper-class Asian buyers who favor luxury accommodations for multi-generational vacations, especially during peak seasons.

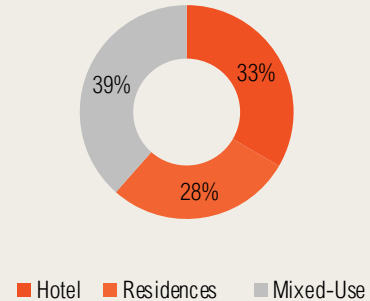
# Property Market Review

## Insights

Branded vs. Non-branded (Residences)



Pipeline by Type



Source: C9 Hotelworks Market Research

Note: The data above is based on the total number of residential units in Niseko.

Source: C9 Hotelworks Market Research

- Niseko's development pipeline is concentrated in Hirafu and Outer Hirafu, which together account for 49% of projects, followed by Hanazono at 33%.
- Branded Residences represent 55% of the total 1,521 residential units, with 15% positioned in the luxury tier.

## Property Pipeline

Niseko's project pipeline remains robust, with 2,284 keys/units across 22 projects. Major upcoming developments include Nikko Style Niseko Hanazono, offering 234 keys by December 2024; Moxy Niseko Village with 310 keys scheduled for 2026; and Hotel 101 Niseko, which will add 482 units in 2026.

Name	Location	Units	Type	Opening Year
Nikko Style Niseko Hanazono	Hanazono	234	Hotel	Dec 2024
The 1898 Hotel	Outer Hirafu	6	Hotel	Dec 2024
Chalet Ivy Weiss (Renovation)	Hanazono	88	Hotel	2025
Moxy Niseko Village	Niseko Village	310	Hotel	2026
Hotel Niseko Alpen (Renovation)	Upper Hirafu	125	Hotel	2027
Hotel 101 Niseko	Outer Hirafu	482	Mixed-Use	2026
Hoshinoya Hütte Niseko	Upper Hirafu	62	Mixed-Use	2029
Aman Niseko Resort and Residences	Moiwa	61	Mixed-Use	2029
New World La Plume Niseko Resort	Higashiyama	224	Mixed-Use	TBA
Zia Hotel and Residences	Outer Hirafu	50	Mixed-Use	TBA
Koa Niseko Super Villas	Higashiyama	5	Residences	2025
Niseko Mirai	Outer Hirafu	240	Residences	2025
Odin Hills	Hanazono	88	Residences	2025
V Residence	Middle Hirafu	1	Residences	2025
Grand Tsuru Niseko	Annupuri	3	Residences	2025
Aki Niseko Villas and Condominiums	Upper Hirafu	71	Residences	2026
Hanacreek	Hanazono	82	Residences	2027
Powder Loft Niseko	Upper Hirafu	12	Residences	2027
Hanazono Ski and Golf Residences	Hanazono	30	Residences	2027
Niseko Cliffside	Lower Hirafu	39	Residences	2028
List Development Villas*	Outer Hirafu	20	Residences	2028
Aura Niseko	Higashiyama	51	Residences	TBA
<b>Total</b>		<b>2,284</b>		

Source: C9 Hotelworks Market Research  
\*Tentative Name

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C9 HOTELWORKS

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