

www.wfw.com

2026

www.gbresi.com

INSIDE BRANDED RESIDENCES

EMEA & APAC



LANDSCAPE



PLAYBOOK



PERSPECTIVES



CONTENTS

- Introduction 2
- Contract Term 4
- Royalty / License Fee 6
- Commitment Fee 9
- TSA Fee 12
- Management Fee & Local Law Considerations 14
- Resale & Referral Fees 16
- Outlook: Trends in the Next Decade 18

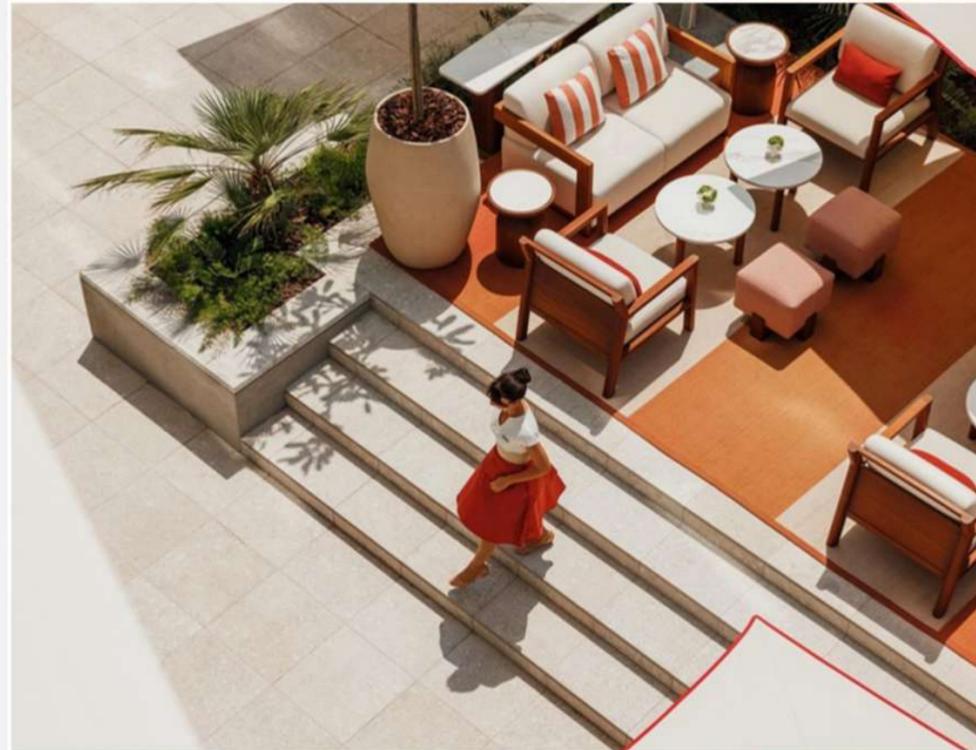


INTRODUCTION

Global Branded Residences and Watson Farley & Williams present an overview of key commercial considerations in negotiations of branded residences agreements between brand owners and developers. Drawing on more than 50 recent projects across Europe, the Middle East and the Asia Pacific, this piece offers a snapshot of how branded residential deals are being structured in today's rapidly evolving market and what trends are shaping up for the next decade.

Branded residences are no longer a niche product. Globally, the sector now comprises more than 1,800 schemes, split between just under 800 completed projects and over 1,000 developments currently in the pipeline. This strong forward pipeline highlights the long-term nature of branded residential development and the growing importance of getting commercial terms right from the outset. Growth is not evenly spread, however. A relatively small number of countries account for a large share of activity, led by the United States and the United Arab Emirates, followed by markets such as Mexico, Brazil, Vietnam, Thailand and Saudi Arabia – each reflecting different buyer profiles, development models and brand expectations.

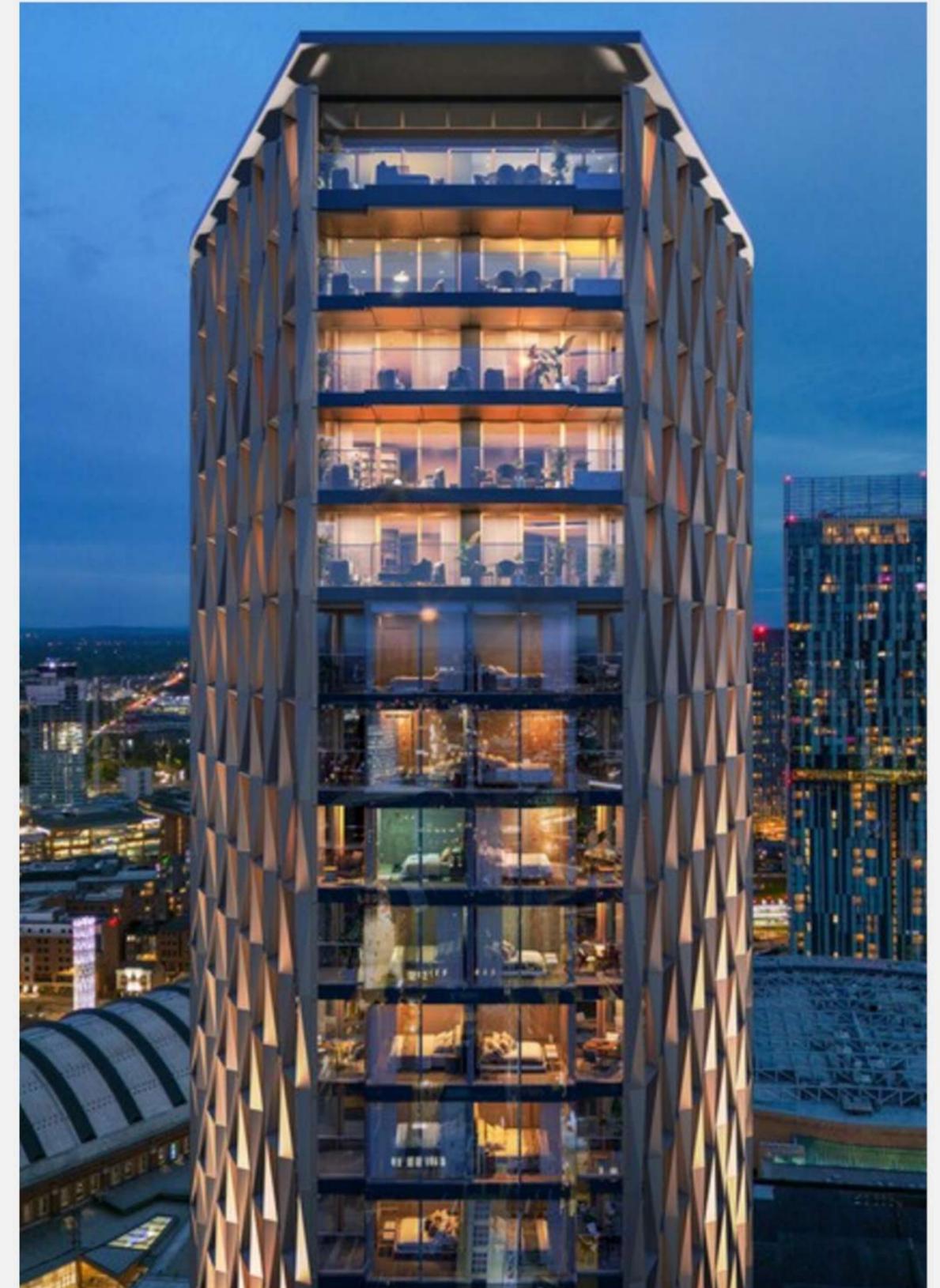
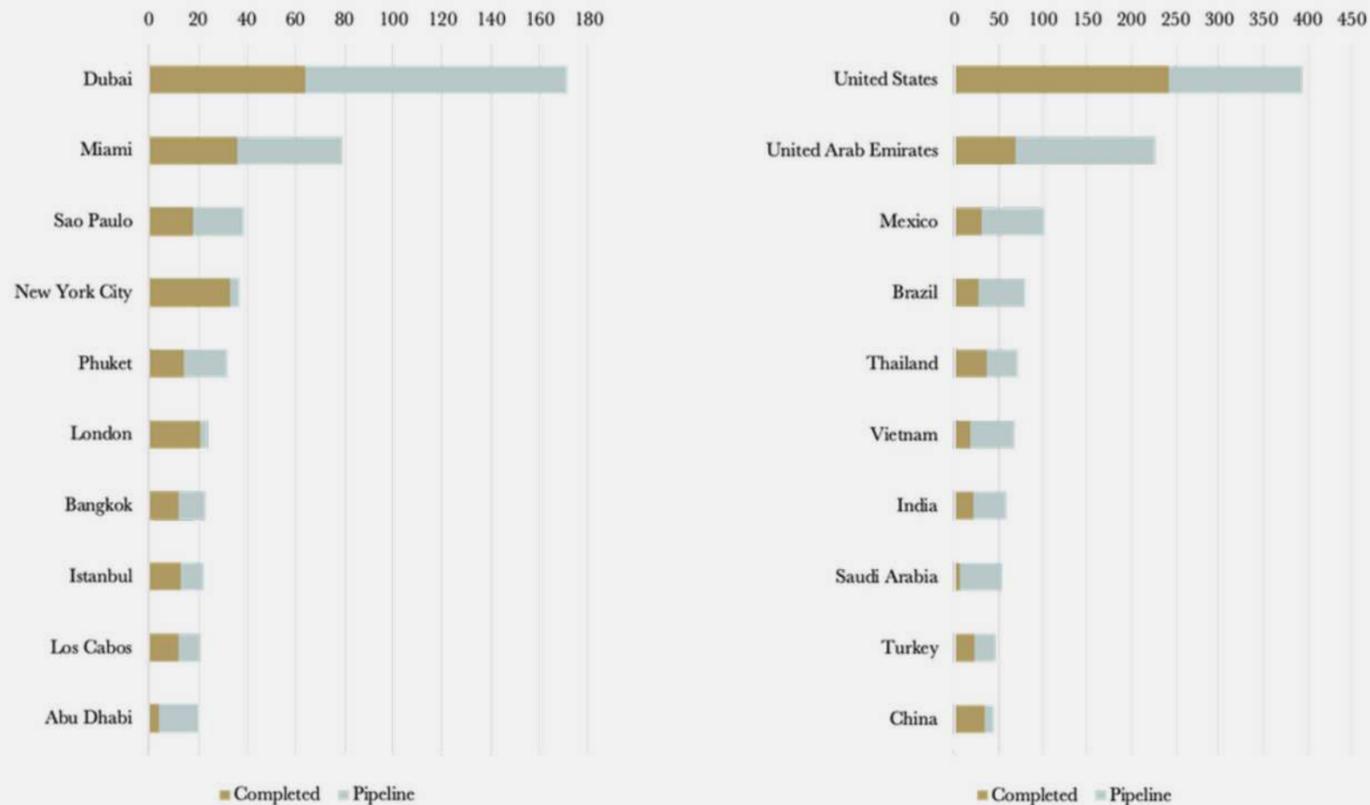
At a city level, the concentration is even more striking. Dubai has emerged as the clear global hub for branded residences, with more than 160 projects completed or underway – more than double any other city worldwide. It is followed by well-established global markets such as Miami, New York, São Paulo and London, where international demand and brand awareness continue to drive activity. Alongside these, resort and lifestyle destinations including Phuket, Los Cabos, Tulum and Bali highlight the growing appeal of branded living tied to leisure, hospitality and experience-led environments. In several Middle Eastern cities, including Abu Dhabi, Riyadh and Ras Al Khaimah, pipeline supply already exceeds completed stock, pointing to markets that are still in a rapid growth phase.

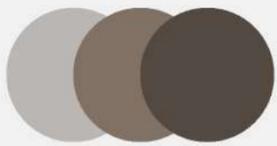


As the sector has expanded, the role of brands has evolved differently across regions. In Europe, activity is more diverse, with a mix of design-led brands and international hotel groups sharing the market, rather than any single dominant player. In MENA and APAC, branded residences are more closely associated with luxury hospitality platforms, where established hotel brands continue to play a central role. Africa remains smaller in scale and highly selective, typically focused on ultra-luxury resort destinations.

This varied global picture helps explain why commercial terms – and how they are structured – differ so widely from one project to another. While the sector continues to grow in scale and visibility, the commercial arrangements behind branded residential developments must respond to very different market conditions, growing competition, timelines and buyer expectations. Understanding how these commercial terms are evolving in practice is therefore a critical part of successfully navigating today’s branded residential landscape.

Global, top 10 countries and top 10 cities:





CONTRACT TERM _____

It is important to distinguish between:

- the licence term applicable to sales and marketing activities; and
- the term of the continued trademark licence following the branded residences opening date.

Historically, the license term for sales and marketing activities was typically 4-5 years following execution of the sales and marketing licence agreement. Increasingly, however, brand licensors have shown greater flexibility and are amenable to longer licence terms, allowing developers additional time buffer to complete the sell-down of inventory.

One key driver for branding the real estate is to accelerate the sell-down process as compared to unbranded residential projects of a similar positioning in the same or comparable locations.



Nevertheless, from a contractual perspective, developers typically require additional certainty even where well-established brands are involved. As a result, licence terms for sales and marketing activities are now frequently extended to 7-10 years, and in some cases are agreed without a fixed longstop date, instead remaining in place until the inventory is fully sold, whenever that may occur.

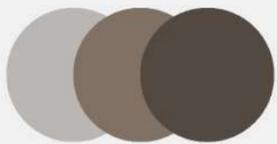
Since royalties are generally pegged to sales, time is of the essence and brand licensors are directly incentivised to encourage developers to expedite sales. Accordingly, brand licensors may impose limitations on the leasing (as opposed to sale) of inventory by the developer (for example, a maximum aggregate leasing period of 2 years, even where market conditions do not support the originally anticipated pricing).

Brand licensor may also require that royalty fees become due and payable on a specified longstop date irrespective of whether the inventory has been fully sold by that time.

The term of the continued trademark licence following the branded residences opening date is typically aligned with the term of the hotel management agreement for the adjacent hotel managed by the same operator—whether structured as a co-located project (with the hotel and residences situated within the same plot but in separate buildings) or an integrated project (with hotel and residences located within the same building). This term typically ranges between 15 and 30 years.

However, local strata laws may impose limitations on the tenure of a residences management agent (or its local law equivalent). Where this is the case, the continuation of branding will be conditional upon the unit owners voting to renew the tenure of the residences management agent (or its equivalent) in a timely manner. In such circumstances, all buyer-facing documents should include an acknowledgement from purchasers that, if the tenure of the residences management agent (or its equivalent) is not renewed—whether due to an inquorate meeting or a failure to obtain the requisite votes—the brand owner may de-brand the residential component.

In those circumstances, the association between the residential component and the brand will cease, and developers will want to avoid any blowback liability, as will the brand owners.



ROYALTY / LICENSE FEE _____



Our (GBR and WFW) constant exposure to multiple branded residences projects provides a clear view of how commercial terms are evolving in practice. Where royalty fees were once typically agreed as a fixed percentage or fixed amount, today they are far more flexible – and increasingly shaped around performance.

Developers are now more likely to favour incentive-based fee structures, where royalty payments rise or fall in line with sales performance. These stepped structures are designed to better align interests, giving developers greater comfort that brands are commercially invested in the success of the project, while still allowing brands to participate in the upside provided the brand's value delivers the required levels of monetization.



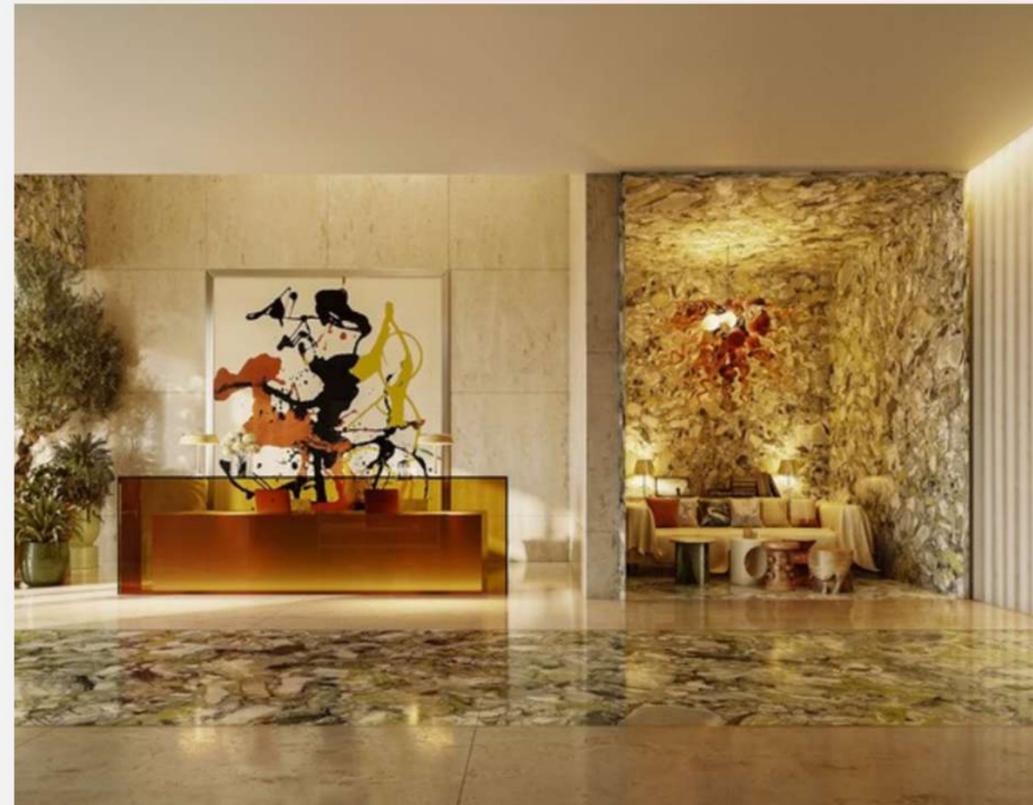
This shift is partly driven by the long timelines typical of branded residential developments. Deals are often agreed years before sales are realised, meaning that terms negotiated in one market environment can ultimately play out in a very different reality. Furthermore, pricing of the units/villas is always something of a calculated gamble, as it depends on what premium the target audience is prepared to pay for association with the brand.

As such, on numerous occasions, overshooting the price at the start of the sales process makes it quite challenging to adjust pricing later without causing brand damage – we have seen this in practice. To manage this uncertainty, both developers and brands are increasingly focused on limiting extremes – introducing caps, thresholds or mechanisms that protect against both unexpectedly low and unexpectedly high outcomes.



Across more than 50 projects, average royalty fees typically sit in the mid-3% to 4% range of residential sales revenue. Royalty levels can, however, flex depending on the overall deal size, with larger schemes often benefiting from more competitive commercial terms.

Brand type plays an important role in the royalty fee discussion. Hotel brands tend to command slightly higher and more standardised royalty fees, reflecting their established platforms, operational expertise and global recognition. Where a hotel component is included within a wider mixed-use scheme, fee structures may adjust to reflect the integrated operating model and broader revenue base. By contrast, non-hotel and lifestyle brands, such as those originating in fashion, automotive or lifestyle sectors, often balance lower royalties with certain upfront or embedded costs. While structured differently, the overall commercial exposure for developers can be comparable when viewed holistically.

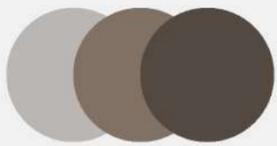


A similar pattern emerges when looking at brand positioning. Luxury brands continue to sit at the top of the fee spectrum, with a gradual step down as brands move toward upper-upscale or upscale positioning. Even as fee structures become more performance-driven, brand strength and global reputation translate into clear pricing power.

Over time, royalty levels have shown a notable degree of stability. While early branded residential transactions displayed wider variation, more recent deals suggest pricing has largely settled around the 4% mark, pointing to a maturing market where expectations are better aligned and benchmarking plays an increasingly important role.

As branded residential developments become longer-term (see section “Contract Term” above) and more complex, success increasingly depends on alignment, adaptability and risk management – rather than on marginal changes to headline royalty percentages.





COMMITMENT FEE _____

In the majority of deals, brand owners require the upfront payment of a “commitment fee”. While this fee may be described differently depending on the brand owner, its nature is essentially the same: it is a fixed, non-variable amount paid upfront by the developer to secure the brand for a specific project.

The commitment fee is generally non-refundable, with the brand owner retaining the fee if the project is cancelled for any reason. That said, most brand owners are amenable to offsetting future royalty fees against the commitment fee, in which case the commitment fee effectively functions as a credit that is applied against future residence sales until fully exhausted.

The commitment fee is typically payable shortly after the branded residences agreements are executed between the developer and the brand owner.

The amount of the commitment fee varies from deal to deal, and many developers look at this closely as they are focussed on their cash-flow position. From the brand owner’s perspective, the amount of the commitment fee is closely linked to the scope of the territorial restriction—in terms of geographic radius and duration. The broader the territory and the longer the restriction period, the higher the commitment fee.

Another element of “commitment”, albeit not labelled as such, is the reimbursement by the developer of the brand owner’s legal fees incurred in connection with project-specific legal advice. This typically includes advice on project structuring and adaptation of standard residential documentation to reflect the specifics of a particular project (for example, in light of project layout, shared hotel facilities, zoning considerations, and similar factors).

Whilst first-time branded residences developers may initially be surprised by the requirement to reimburse such legal fees, this often stems from an underestimation of the depth and complexity of the legal analysis required. Specialised legal advisors must undertake a highly granular project-specific review to structure the development in a manner that maximises protection for both the developer and the brand owner against foreseeable claims from unit purchasers and unit owners.



This essential exercise typically seeks to:

- maximise control over decision-making within the owners' association (or its local equivalent), or provide veto rights over decisions that could compromise compliance with brand standards;
- ensure the validity of the restrictions and limitations set out in buyer-facing documentation that are inherent in branded residential arrangements; and
- ensure enforceability of those restrictions and limitations through appropriate contractual mechanisms and statutory leverage where available.

These safeguards are necessary not only from the operator's perspective, to ensure compliance with brand standards and protect the brand's reputation, but, more importantly, from the unit buyer's perspective, as unit buyers seek to preserve not only the brand itself, but also the long-term value that brand represents and for which they are paying a premium. Such legal advice typically includes a holistic analysis of the following key areas:



- **Disclosure requirements**

In many jurisdictions, developers are subject to statutory disclosure obligations when offering proprietary interests in residential real estate. A branded residences structure generally introduces an additional layer of disclosure, requiring clear communication to purchasers on the nature and limitations of the branding (including scope of use and duration post-opening), as a distinguishing feature for which purchasers are paying a premium.

- **Off-plan sales**

Many jurisdictions impose specific legal regimes governing off-plan sales, and these requirements must be carefully factored into the transaction timeline.

- **Foreign ownership restrictions**

Where local law restricts foreign ownership of real property, developers may be required to structure the project using long-term lease arrangements. Such structures may adversely impact pricing and investor appetite.

- **Strata regulations**

Particular attention must be paid to strata laws (or their local equivalents) and the powers of the owners' association (or equivalent body), especially in relation to termination rights vis-à-vis the operator or veto powers over decisions required to maintain brand standards. Risk mitigation in this area requires careful project structuring, taking into account physical layout, allocation of shared facilities, and the developer's ongoing involvement.

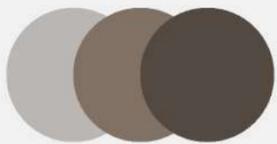
- **Collective investment scheme considerations**

In certain jurisdictions, rental pool arrangements may constitute a collective investment scheme, real estate syndication, or managed investment scheme (or equivalent local regime), triggering regulatory approvals and ongoing compliance obligations.

- **Licensing requirements**

The management of residential assets may be subject to specific licensing requirements. Where applicable, the project structure must ensure that the developer can obtain the necessary licences and either delegate management functions to the brand owner or engage the brand owner in a supervisory capacity to ensure ongoing compliance with brand standards post-opening.

As with the commitment fee, reimbursed legal fees are typically non-refundable. However, some brand owners are amenable to offsetting future royalty fees against these reimbursed legal fees, effectively converting them into a credit applied against future residence sales until fully utilised.



TSA FEE _____

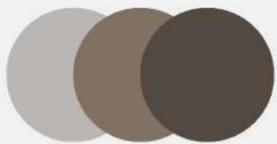
Technical Services Agreement fees reflect the brand's involvement during the design and development phase of a branded residential project. While they often sit quietly in the background, these fees play an important role in shaping how a scheme is delivered. In simple terms, they cover the time, expertise and technical input a brand provides to ensure the development meets its standards. For hotel brands in particular, this involvement goes well beyond aesthetics. It typically includes oversight of layouts, building systems and, critically, technology and fire life safety requirements – all essential to protecting residents, guests and the long-term integrity of the brand.

This level of technical oversight is less common among non-hotel brands, such as those originating in fashion, automotive or lifestyle sectors. In these cases, brand involvement is often channelled through interior design service agreements. While still influential, the focus tends to be on look, feel and brand expression. Non-hotel brands place greater emphasis on defining brand touchpoints and translating brand DNA into the residential experience.

Looking across recent transactions, technical services fees are applied selectively rather than as a standard requirement. Fees typically sat at between \$200,000 and \$350,000. More telling than the absolute cost, however, is what the fee represents: a deeper level of brand engagement during development. When aligned with a project's complexity and delivery strategy, this involvement can add real value. As branded residences continue to evolve, understanding when technical services genuinely enhance outcomes – and when they may overlap with other fee components – has become an increasingly important consideration for developers.

For non-hotel brands, this role is typically addressed through a different workstream, most commonly via an interior design fee. This fee covers a substantially different scope of work and is therefore materially higher. In hotel-branded projects, interior design is usually delivered by a third-party appointed by the developer (and approved by brand owner) and sits outside the agreement with the brand, although it remains a cost to the developer.





MANAGEMENT FEE & LOCAL
LAW CONSIDERATIONS

Approaches to post-opening branding and management fees vary among brand owners, with local law considerations playing a critical role in determining what structures are permissible and commercially viable. Broadly, three principal approaches are observed:

- a percentage of the annual budget of the owners' association (or its equivalent), typically ranging from 7% to 15%;
- a percentage of the annual budget or a fixed fee (subject to annual CPI adjustment), whichever is greater, ensuring a minimum level of compensation to cover management costs; or
- no ongoing post-opening fees, depending on the extent of the brand owner's involvement and the scope of services provided to the residential component.

Beyond pure commercial considerations and their impact on unit saleability, it is essential—particularly in strata-type regimes—to understand any statutory caps on management fees imposed by local law. Where such caps exist, and to the extent permitted by law, brand owners may consider restructuring their compensation by reallocating part of the management fee as an ongoing licence fee.

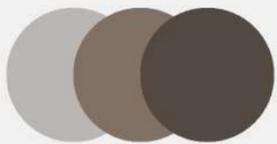
It is also critical to address, within buyer-facing documentation, the potential for budget approval deadlock—whether due to inquorate meetings or insufficient votes. To the extent permitted by law, deadlock resolution mechanisms should ensure that the residential component always has an approved operating budget and that the brand owner's management or licence fees remain included, notwithstanding individual owners' attempts to block approval.

Given the long-term nature of branded residences projects, brand owners should also anticipate legislative change. Buyer-facing documentation should preserve sufficient flexibility to allow future restructuring or recharacterisation of fees if changes in law restrict the payment of management fees.

In several jurisdictions, purchasers have challenged significant post-completion increases in management fees compared to those disclosed during sales and marketing. Transparency regarding fee structures and potential increases is essential.

Where permitted by local law, it may be advisable for ongoing management or licence fees payable to the brand owner to be included within statutory maintenance charges, as these may benefit from enforcement mechanisms such as statutory liens or charges over the unit in the event of prolonged non-payment. All such considerations should be carefully evaluated as part of the project structuring exercise prior to finalisation of buyer-facing documentation.





RESALE & REFERRAL FEES



Until relatively recently, resale fees formed part of many brand owners' standard branded residences templates. These fees were intended to secure repeat royalty payments upon each subsequent sale of a unit on the secondary market. Enforcement of such provisions typically rested with the developer, which often led to resistance—not only due to the adverse impact on saleability, but also because developers were reluctant to assume enforcement obligations long after project completion.

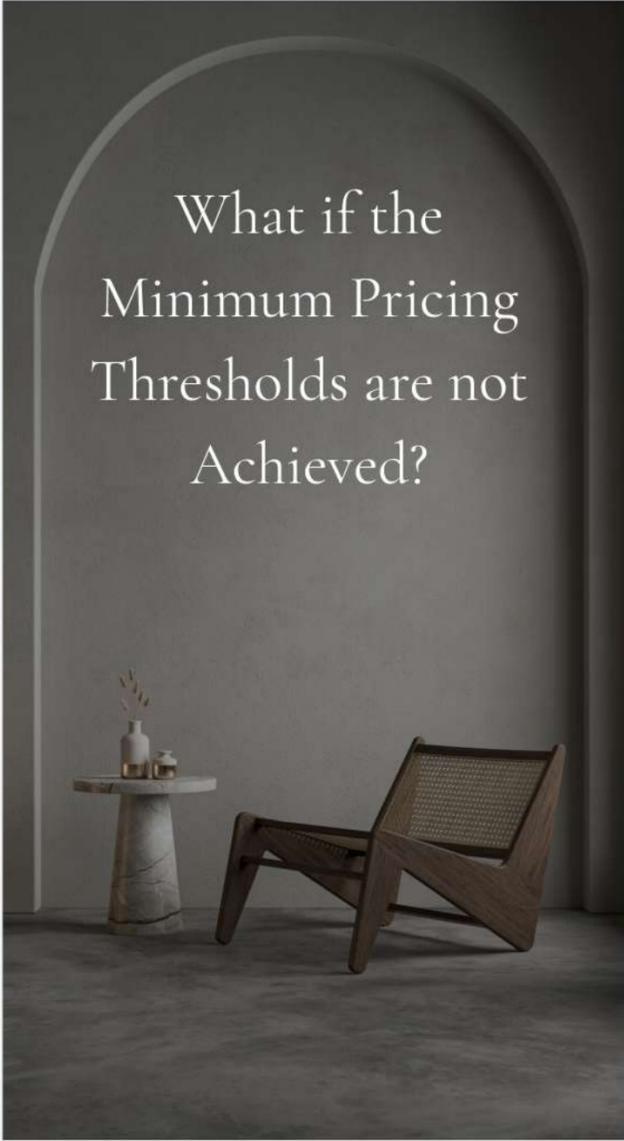
As a result, resale fees have gradually fallen out of favour and are now increasingly uncommon.

Referral fees, by contrast—payable where a brand owner introduces a purchaser to the developer resulting in a completed transaction—remain prevalent, albeit less so than in previous years. As with any referral arrangement, it is critical to clearly define what constitutes a “sale” triggering the fee. Residential agreements typically clarify that a “sale” includes not only a transfer of ownership title but also the grant of a long-term lease.



OUTLOOK: TRENDS IN THE NEXT DECADE

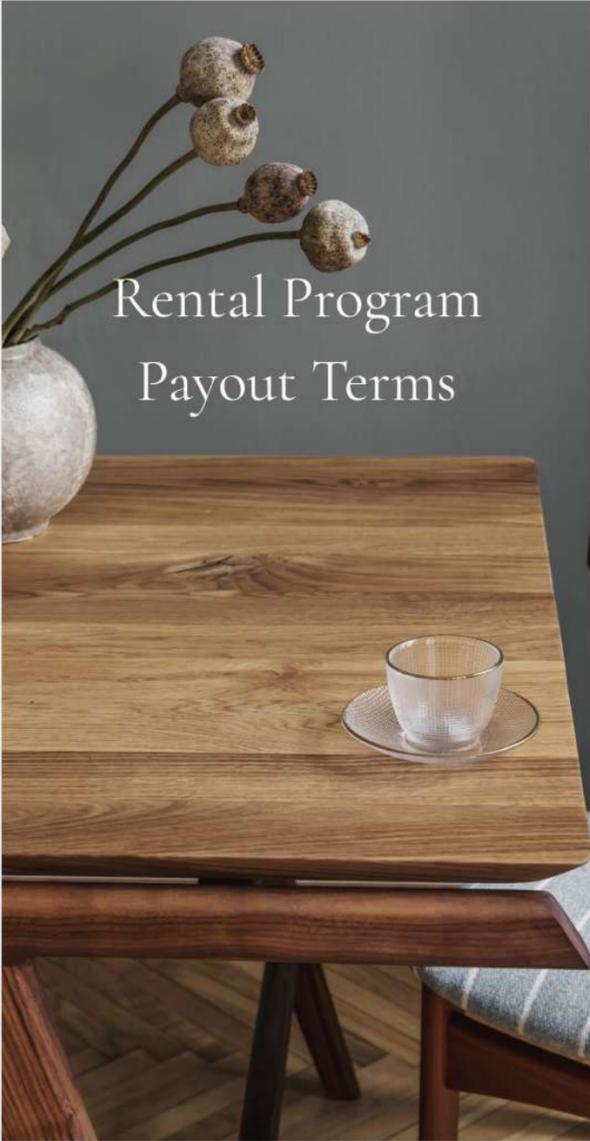
Contact us to discuss your project and get a full copy of this Guide



What if the
Minimum Pricing
Thresholds are not
Achieved?



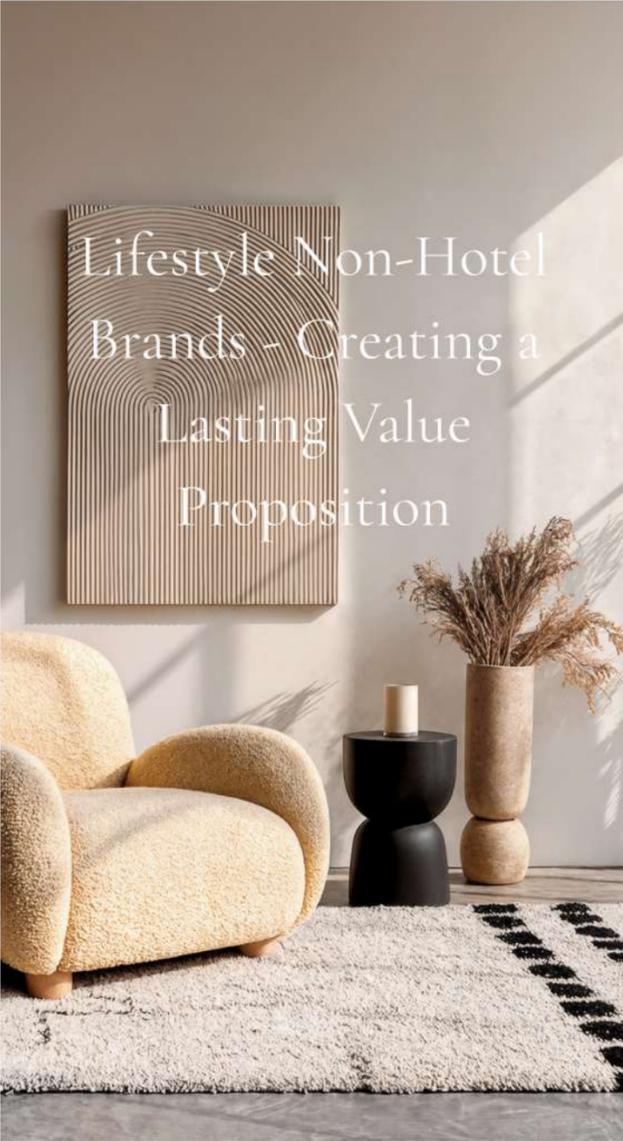
The Future of
Standalone BR



Rental Program
Payout Terms



Branding Term Post-
Opening:
what's new?



Lifestyle Non-Hotel
Brands - Creating a
Lasting Value
Proposition

Global Branded Residences

Riyan Itani, ISHC, Founder & Director
Peter Grmek, Head of Consultancy

About Global Branded Residences

GBR advises investors, developers, brands, and funds on branded residential strategy — from concept through to exit. We deliver data-driven guidance on brand selection, development mix, pricing, and positioning to ensure projects are commercially viable and aligned with market demand. Our approach carefully balances investment objectives with brand integrity and operator requirements.

Contact:
RItani@gbresi.com
PGrmek@gbresi.com



GLOBAL BRANDED
RESIDENCES

Watson Farley & Williams

Lada Shelkovich, ISHC, Partner, Hotels & Hospitality
Robert Williams, Partner, Head of Hotels & Hospitality APAC

About WFW Hotels & Hospitality

Watson Farley & Williams (WFW) Hospitality team delivers unparalleled commercial and strategic insight, has deep sector expertise and the necessary resources to help our clients buy or sell hotels, a hotel portfolio or a hotel operating platform. Our Hospitality experts are fully and exclusively dedicated to this asset class and industry. For the past 20 years we have developed long-standing working relationships with all major hospitality players, from global and regional private equity funds, REITs, corporates, owner-operators, to family offices and HNWIs. We champion our clients' interests, locally and globally, from offices across the Asia-Pacific region, the Middle East, Europe and US.

Contact:
LShelkovich@wfw.com
RobertWilliams@wfw.com

WATSON FARLEY
&
WILLIAMS

Featured projects

page 2 - Jumeirah Marsa Al Arab Residences

page 3 - W Manchester

page 4 - Mandarin Oriental Madrid

page 5 - Jumeirah Marsa Al Arab Residences

page 6 - L'Hymne Des Trembles, Tremblant, YOO Studio

page 8 - SLS Palm Jumeirah (left), Masa YOO Inspired by Starck, Ras Al Khaimah (center), Sapphire Colombo, YOO Inspired by Starck (right)

page 9 - 25h Heimat Residences Dubai

page 10 - O&O Aesthesis, Greece

page 11 - Khun, Bangkok, YOO Inspired by Starck (left), Jumeirah Marsa Al Arab Residences (center)

page 12 - Mandarin Oriental Madrid

page 14 - MASA, YOO Inspired by Starck, Ras Al Khaimah

page 16 - 25h Heimat Residences Dubai

page 22 - YOO Limassol, Cyprus, YOO Inspired by Starck (center)

