

Intelligent Investment

Gen Z Checks In: The Rise of the Lifestyle Hotel

REPORT

CBRE RESEARCH
ASIA PACIFIC

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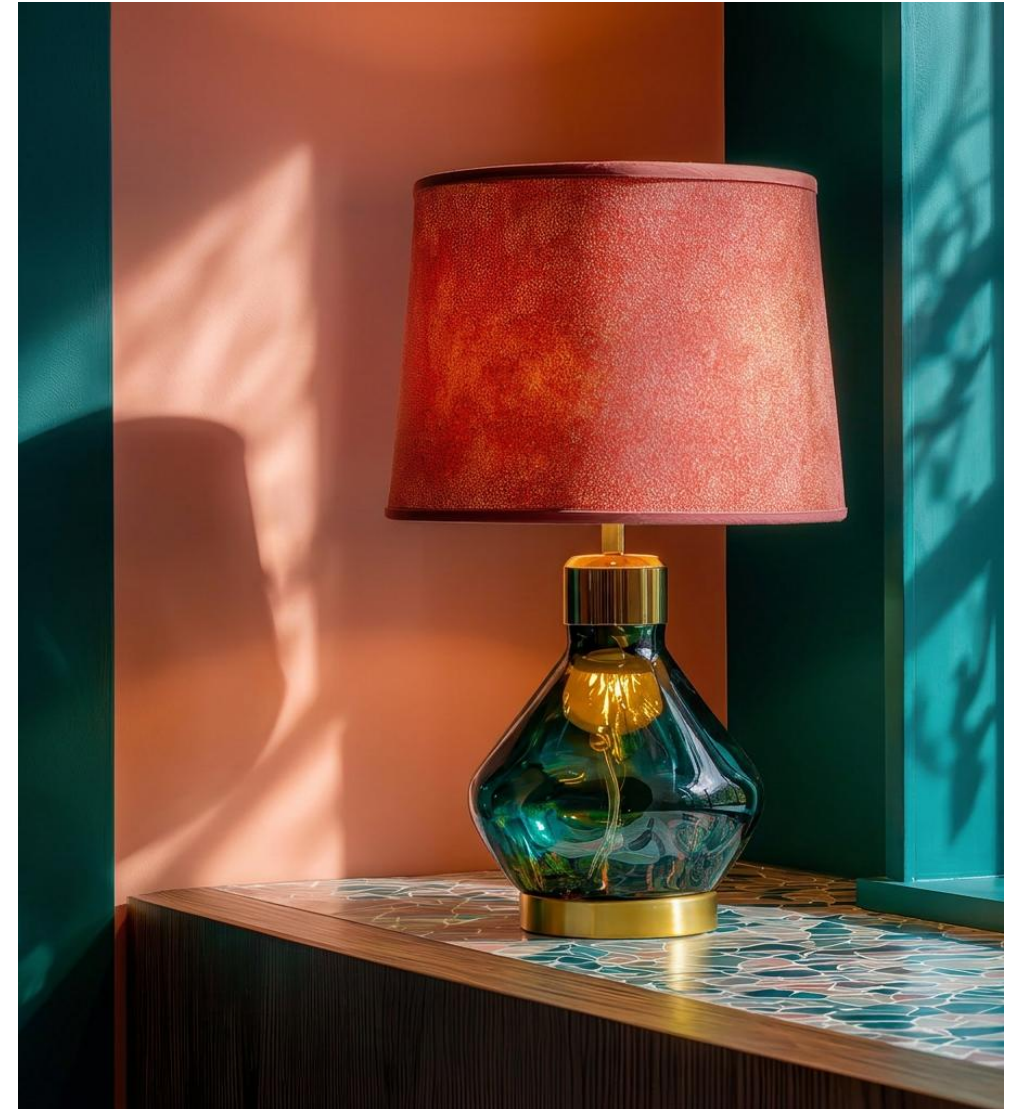
Executive Summary



- Lifestyle hotels are currently the fastest-growing sector in the global hospitality industry, blending boutique intimacy with the operational scale of major brands. Demand is being driven by post-pandemic consumer preference for experiential travel featuring authentic cultural immersion, unique and striking designs, and community-focused spaces.
- In Asia Pacific, lifestyle brands are still under penetrated despite recent rapid growth. However, this is set to change as upcoming supply in the segment continues to outpace the market average and the category increasingly enters lower-tier chain scales.
- Gen Z are increasingly opting for lifestyle hotels as the category appeals to their taste for experiential travel, authentic local culture, and seamless technology over standardised midscale offerings or formal luxury. Already the region's largest demographic cohort, Gen Z is set to exert an increasing influence over the regional hotel market as its spending power increases; a trend that will drive further growth in the lifestyle segment.
- While rising construction costs continue to pose a barrier to new hotel development, including in the lifestyle segment, CBRE believes conversions offer a viable and capital-efficient alternative for potential investors, either through soft brands or physical conversions through core lifestyle brands.
- CBRE believes smaller independent assets can provide attractive value add and opportunistic plays for conversion to lifestyle brands. With more hotel groups expanding their lifestyle brands to lower chain scales, conversions can be performed with more flexibility and according to how much CapEx investors want to allocate.

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Why lifestyle hotels win with Gen Z

Three lenses: What defines them, why Gen Z choose them, and what this means for investors

KEY ATTRIBUTES

WHY THEY ATTRACT GEN Z

IMPLICATIONS FOR INVESTORS

Look & Feel



Design-centric property with a strong visual identity



Appear more attractive on social media; offer more opportunities to share and be seen



Higher spend on design and FF&E, but offset by improved space efficiency and yield

Service & Operations



Strong focus on personalised and experiential service



Unique, one-off experiences that feel authentic and exude a strong sense of place and community



Drive higher ADR by offering experience and not just rooms. Simpler operations, lower labour costs and higher margins.

Space Usage & Efficiency



Efficient use of space; public areas designed to facilitate social interaction; and unique F&B



Preference to divert spending towards experiences they can share with others, in person or virtually



Total GFA per key lower than conventional brands at a similar price point, significantly higher revenue and gross operating profit per floor area

01

Introducing Lifestyle Hotels

What is a lifestyle hotel?

Hotels in the lifestyle category typically possess three key attributes:

1. A design-centric property with a strong visual identity, often informed by and paying tribute to the local culture of the city or area it is located in
2. A focus on highly personalised and experiential service, featuring unique elements while eschewing homogeneity and prescriptive brand standards
3. A range of lively, energetic, and flexible public spaces optimised for social interaction along with a unique F&B offering, serving as a magnet for the local community

Lifestyle hotels first emerged toward the end of the 20th century when small, independent, and stylish boutique hotels were introduced in Europe and the U.S.. Large hotel groups quickly took note of this new concept's popularity and incorporated it into their offering. The launch of W Hotels in 1998 was a major inflection point and led to more groups embracing the lifestyle hotel concept. Activity spiked in the 2010s as large chains noticed materially higher growth in the category, resulting in both the creation of new lifestyle brands and acquisition of existing lifestyle groups.

Early M&A activity involving lifestyle brands included IHG's acquisition of Kimpton in 2014; Marriott's purchase of Starwood (including lifestyle brands such as W Hotels and Aloft) in 2015; and Accor's joint venture with Ennismore in 2021 to create the world's largest lifestyle hospitality company. More recent examples include the acquisition of CitizenM by Marriott in 2025 and Yotel's exclusive partnership with Hilton announced in 2026.



Lifestyle brands expand to lower chain scales but remain top heavy

Table 1: List of Lifestyle Brands by Hotel Group

	ACCOR	HILTON	HYATT	IHG	MARRIOTT	OUTSIDE BIG-5
Luxury	Gallery Hotel Collection, SLS, Delano, 21c, SO/, Mondrian	LXR Hotels & Resorts, NoMad	Andaz, The Unbound Collection	Vignette Collection	The Luxury Collection, Bvlgari Hotels & Resorts, Edition, W	1 Hotels, Equinox Hotel, Firmdale Hotels, Hoshinoya, Niccolo, Proper, Soho House, Upper House, Virgin Hotels
Upper Upscale	25hours Hotels, The Hoxton	Canopy by Hilton, Curio Collection, Tapestry Collection	JdV by Hyatt, The Standard, Dream Hotels, Hyatt Centric	Kimpton Hotels & Restaurants, Hotel Indigo	Autograph Collection Hotels, Tribute Portfolio	Ace Hotel, Arlo, The Lively
Upscale		Tempo by Hilton, Motto by Hilton	Caption by Hyatt	Voco, Ruby	Aloft, AC Hotels, Citizen M	Kai, Lyf, Yotel
Upper Midscale	Mama Shelter, Handwritten Collection				Moxy Hotels	The Pod Hotels
Midscale & Economy	Joe & Joe, Tribe					Freehand, Generator, LyLo, OMO by Hoshino Resorts

Note: Chain scale of the brand categorised by Costar.

Lifestyle brands still under penetrated in Asia Pacific despite rapid growth

Lifestyle hotel brand penetration remains low globally due to the category's relatively nascent development. Penetration rates in the U.S and Europe are higher as lifestyle brands were originally conceived and launched in these markets and only introduced to Asia Pacific much later.

Singapore and Hong Kong SAR have the highest lifestyle hotel penetration rates in Asia Pacific as hotel owners in these markets are generally more willing to take on new brands. This is partly due to intense competition which makes introducing new brands a common strategy to drive bookings. Hotel groups are also tracking the performance of new lifestyle brands before they expand into other parts of the region.

Penetration rates in mainland China, India, and Japan are low as these markets are dominated by local hotel groups and have a limited presence of global brands. Growth in international lifestyle brands in these markets remains slow.

The development pipeline indicates a strong tilt towards lifestyle brands globally. Amidst an environment where land and development costs continue to rise and owners are coming under increasing pressure to maximise efficiency, the economics of lifestyle brands are extremely compelling.

Figure 1: Global Inventory of Branded Lifestyle Hotels and Penetration Rate

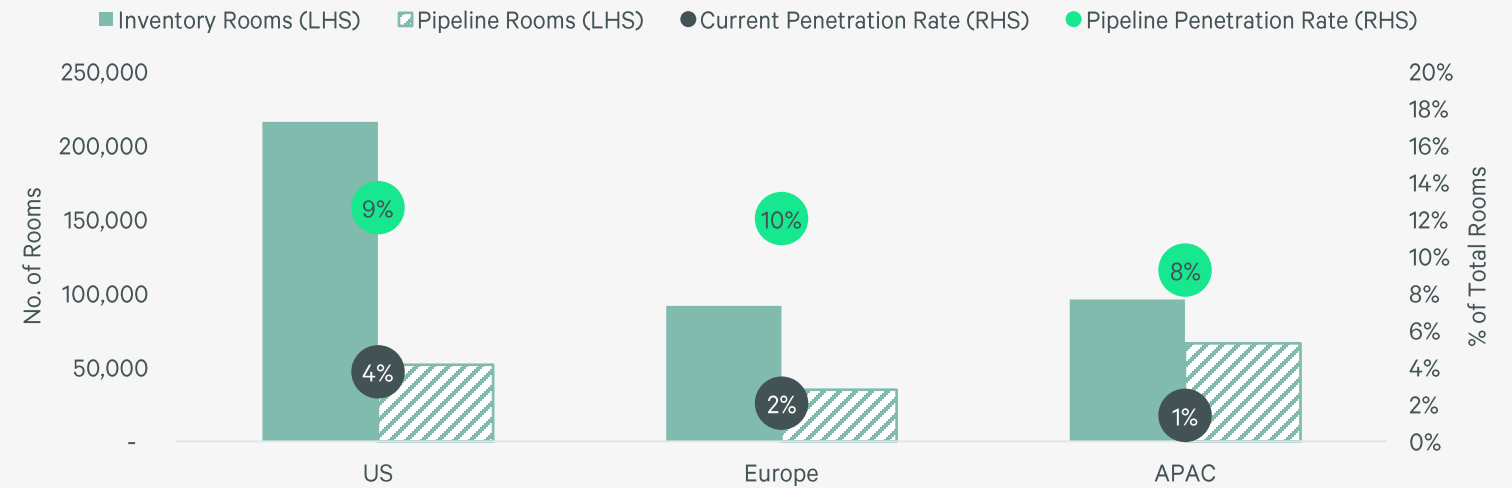
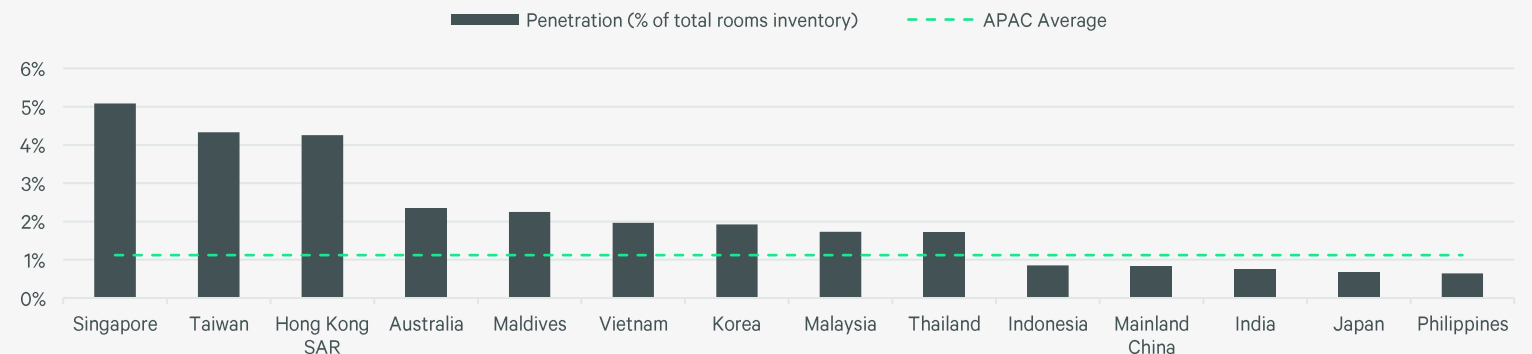


Figure 2: Distribution of Asia Pacific Branded Lifestyle Hotels and Penetration Rate by Market



Note: Global analysis on lifestyle hotel penetration includes 3,000+ hotels from 60+ brands illustrated in table 1 as shown on page 8. Pipeline includes all under construction, final planning, and proposed projects up till 2030. Penetration rate calculated as number of lifestyle hotel rooms divided by total number of hotel rooms in US and major markets in Europe and Asia Pacific. Source: Costar, CBRE Research, May 2026.

Lifestyle hotel expansion in Asia Pacific gains momentum

Lifestyle hotel brands have expanded rapidly across the region over the past decade. Asia Pacific total hotel supply has a 10-year CAGR (2015 - 2025) of around 5%, with that for lifestyle hotels almost 4x greater at 19%.

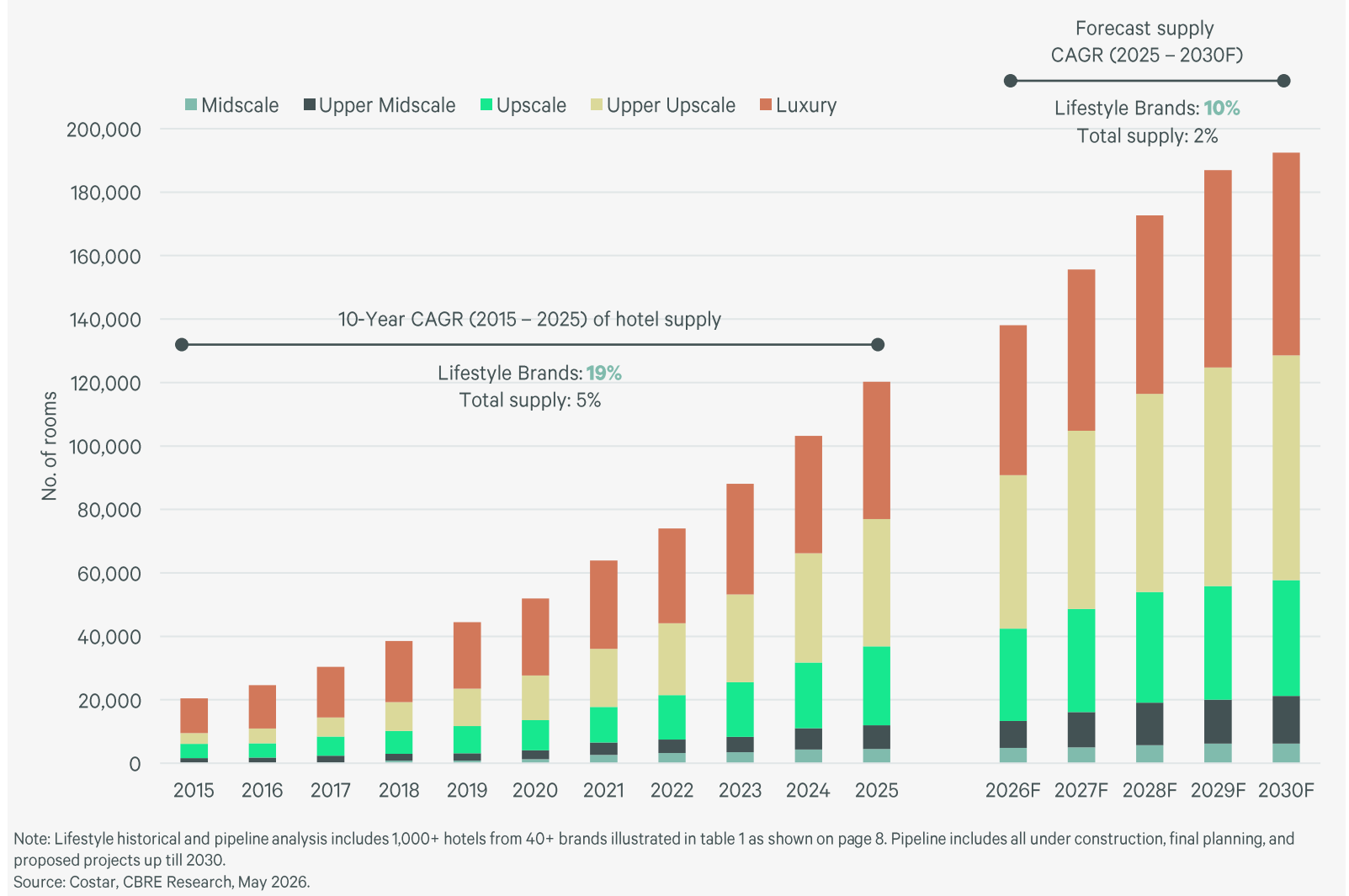
Lifestyle brands have primarily targeted the Luxury and Upper Upscale segments, with around 75% of lifestyle rooms classified in these two categories as of 2020.

Recent years have seen the lifestyle concept expand into lower-tier chain scales as operators look to capture demand from guests with varied budgets. This led the proportion of higher tier rooms to fall to 70% by 2025.

Upcoming supply of lifestyle hotels in Asia Pacific continues to outpace the market average. The composition of projects scheduled to come on stream within the next two years follows the same 70/30 ratio, led by upper upscale+ hotels.

Should more groups decide to expand their lifestyle footprint to the upper mid and midscale categories, lower tier hotels will account for a larger share.

Figure 3: Asia Pacific Lifestyle Hotel Brands Pipeline Growth (2015 - 2030F)



02

Why Gen Z choose lifestyle hotels

Growth in spending on experiences outpaces purchases of physical goods

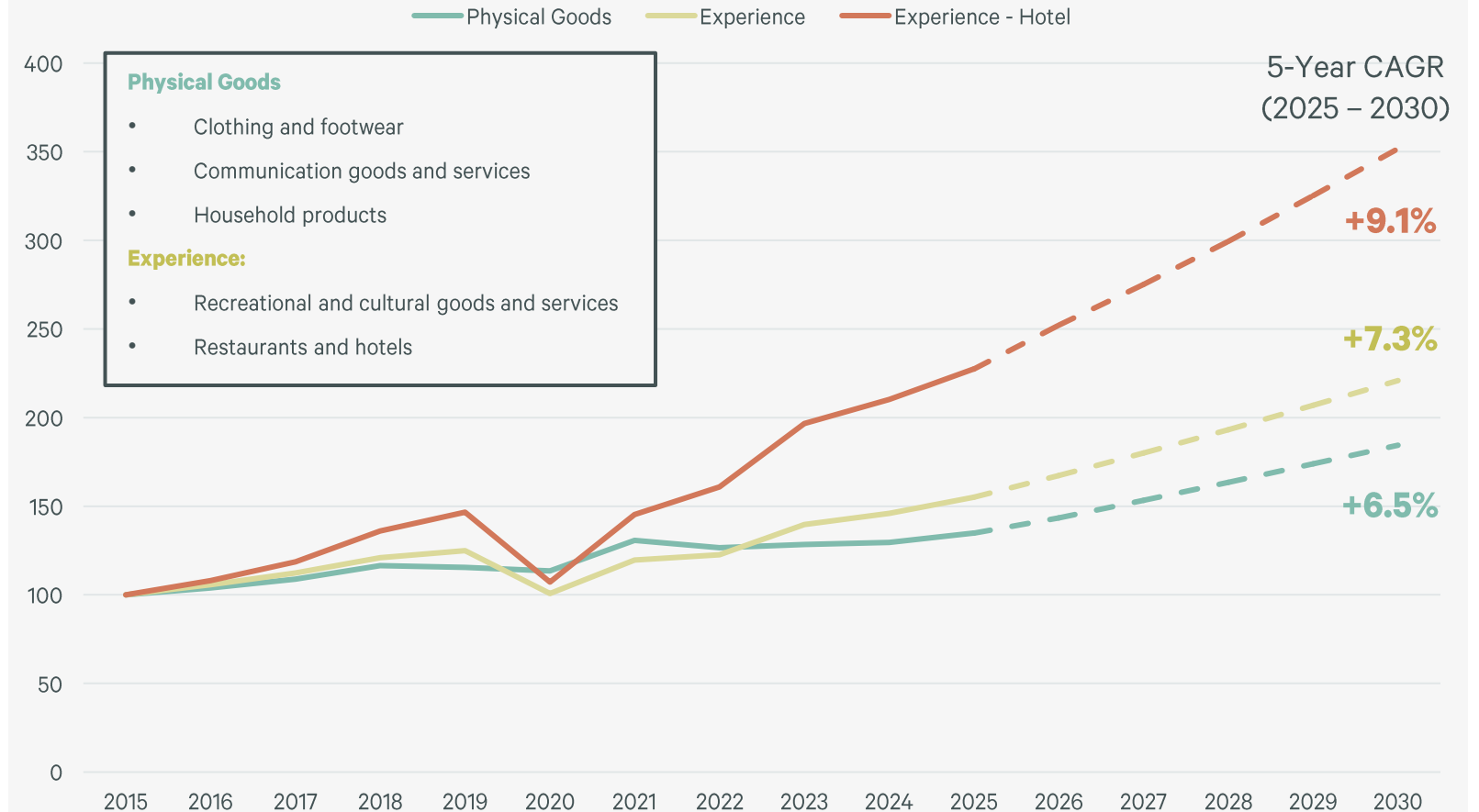
The COVID-19 pandemic brought about a fundamental change in spending patterns across the region. Pent-up demand and a desire to make up for lost time ensured growth in spending on experiences (including recreational and cultural goods and restaurants and hotels) in Asia Pacific has outpaced that for physical goods since the region exited the pandemic in 2022.

This trend is here to stay, with Asia Pacific spending on experience (+7.3% CAGR) projected to be faster than that for physical goods (+6.5% CAGR) over the next five years.

Travel is an important part of experiential spending and hotels are a crucial part of travel. Growth in spending on hotels (+9.1% CAGR) is eclipsing overall experiential spending, showing that consumers in Asia Pacific are allocating more of their discretionary spending to hotels.



Figure 4: Asia Pacific Household Discretionary Spending Index (2015 = 100)



Source: Oxford Economics, CBRE Research, April 2026.

How do different generations spend on travel and hotels?

Baby Boomers	Gen X	Millennials	Gen Z	Gen Alpha
Born				
1946-1964	1965-1980	1981-1996	1997-2010	2011-2025
Age				
60+	45-59	30-44	15-29	14 or below
Born With				
TV Relative prosperity	Mass Media	Mobile Phones	Smart Phones Social Media	A.I.
Travel Pattern				
Security Prefer comfort and familiar places. Stick to specific brands in loyalty programmes and revisit hotels where they have previously had good experiences.	Status Travel for family bonding and relaxation. Value status from loyalty programmes. Seek hotels with amenities to support their stay.	Personal expression Travel for business and leisure. Seek benefits from loyalty programmes. Familiar with brand themes and characteristics and pick according to personal preferences.	The best for me Travel for experience, inspired by social media and their “tribe”. Discovering options and booking through digital channels exclusively is their norm. No strong attachment to any brand, constantly seeking new and unique experiences.	Dependent Depending on their parents to make travel decisions for now.

Why do Gen Z choose to stay in lifestyle hotels?

Distinctive, striking design

- Gen Z are highly influenced by visual appeal and social media trends. Unique features and elements attract their attention.
- Unlike standard business hotels, lifestyle hotels incorporate distinctive design elements, allowing for diverse brand expression even within the same portfolio.
- Despite having a slightly smaller room footprint compared to other hotels in the same grade, lifestyle hotels focus on conspicuous design touches that foster a memorable and shareable guest experience.

Availability of activities and experiences

- Post-pandemic consumer spending has shifted from material goods towards experiential value, aligning with lifestyle hotels' focus on experience-making.
- Lifestyle hotels enable guests to participate in activities such as wine tastings and live music events, fostering a sense of community and belonging.
- Other new features include pet-friendly properties, with Aloft operating its ARF (Animals Are Fun) programme which encourages guests to bring their pets to stay in the hotel.

Opportunities for connection and immersion

- Gen Z guests show a strong preference for authentic local experiences and community exploration.
- Public spaces within lifestyle hotels are designed to encourage social integration and connection among guests and with the local community.
- Diverse lifestyle brands offer distinct ambiances and narratives, allowing guests to choose hotels that resonate with their personal identity and connect them to the broader community.

Emphasis on wellness and technology

- Gen Z is a digitally native and health-conscious demographic, prioritising both advanced technology and wellness offerings in their lodging choices.
- Brands such as EVEN Hotels offer healthy F&B and wellness amenities, incorporating gym facilities in room design and providing fitness classes and healthy dining options.
- Tech-savvy brands including CitizenM and Yotel are catering to digitally advanced travelers by offering self-check-in and smart room functions into their properties.

Gen Z now the largest demographic with strongest growth in spending

Although Gen Z is the largest demographic cohort in Asia Pacific, its current spending lags that of older generations as they are either still studying or only just beginning their careers.

Despite older generations having stronger spending power, Gen Z is making its presence felt in the hotel industry due to differences in spending patterns. While older generations prefer traditional hotels, Gen Z are opting for lifestyle hotels.

Global spending from Gen Z is forecasted to grow at the strongest rate of any generation as more of this population cohort become financially independent. As its spending power increases, Gen Z's tastes and requirements will exert a stronger influence on the hotel sector.

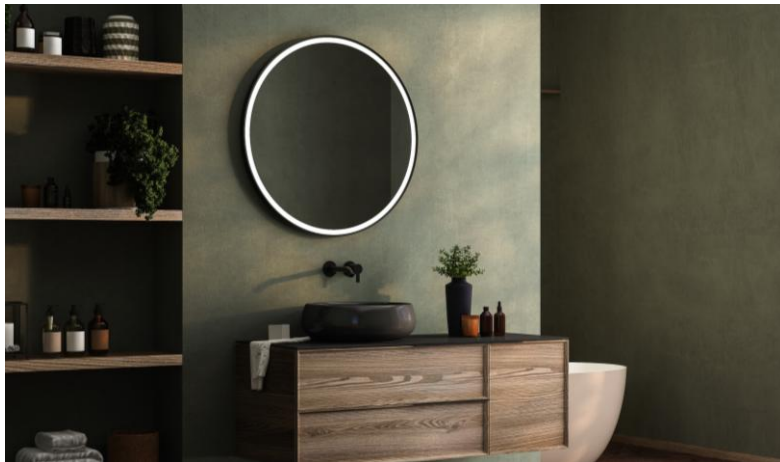
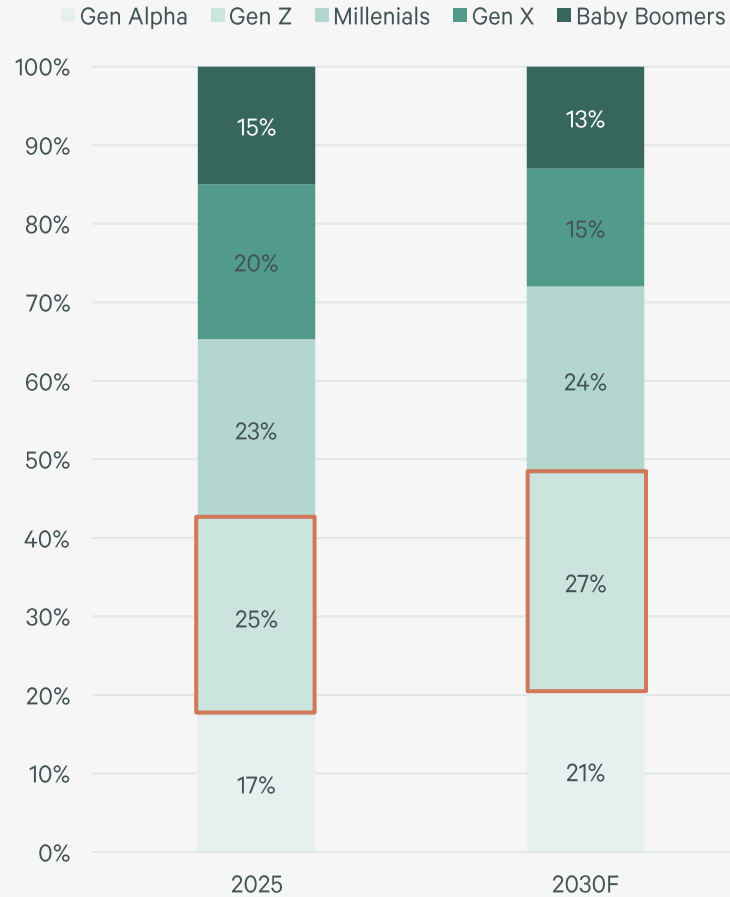
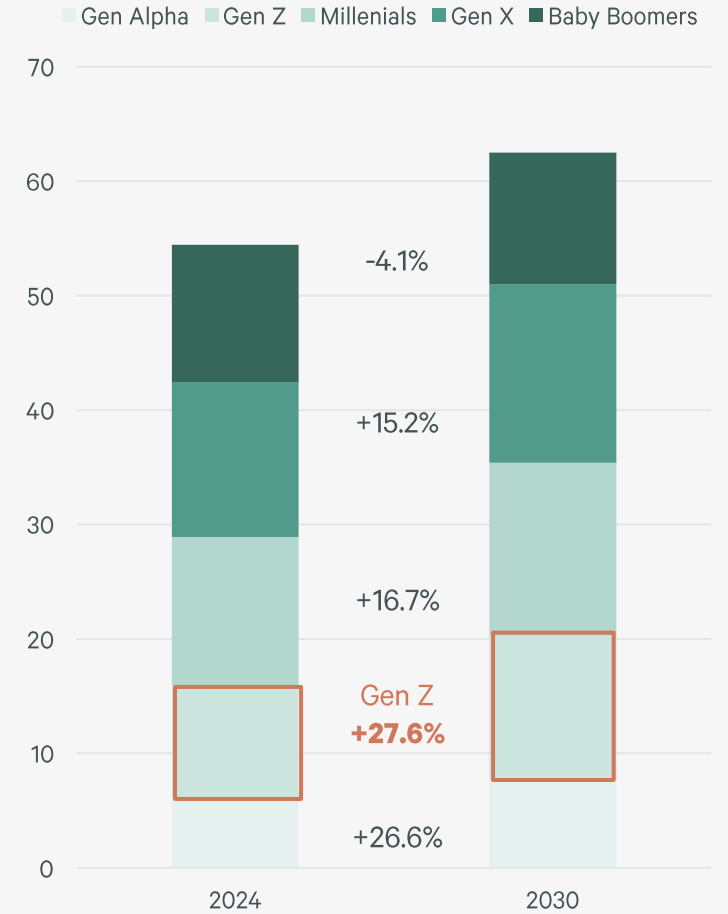


Figure 5: Asia Pacific Population Breakdown by Generation (% of Total Population)



Source: Oxford Economics, CBRE Research, April 2026.

Figure 6: Global Spending and Consumption by Generation (Trillion USD)



Lifestyle hotel RevPAR premium on non-luxury products is higher

One major challenge in the lifestyle hotel segment is the preponderance of high-end brands. This makes Gen Z less able to afford luxury lifestyle hotels; a trend reflected in RevPAR performance.

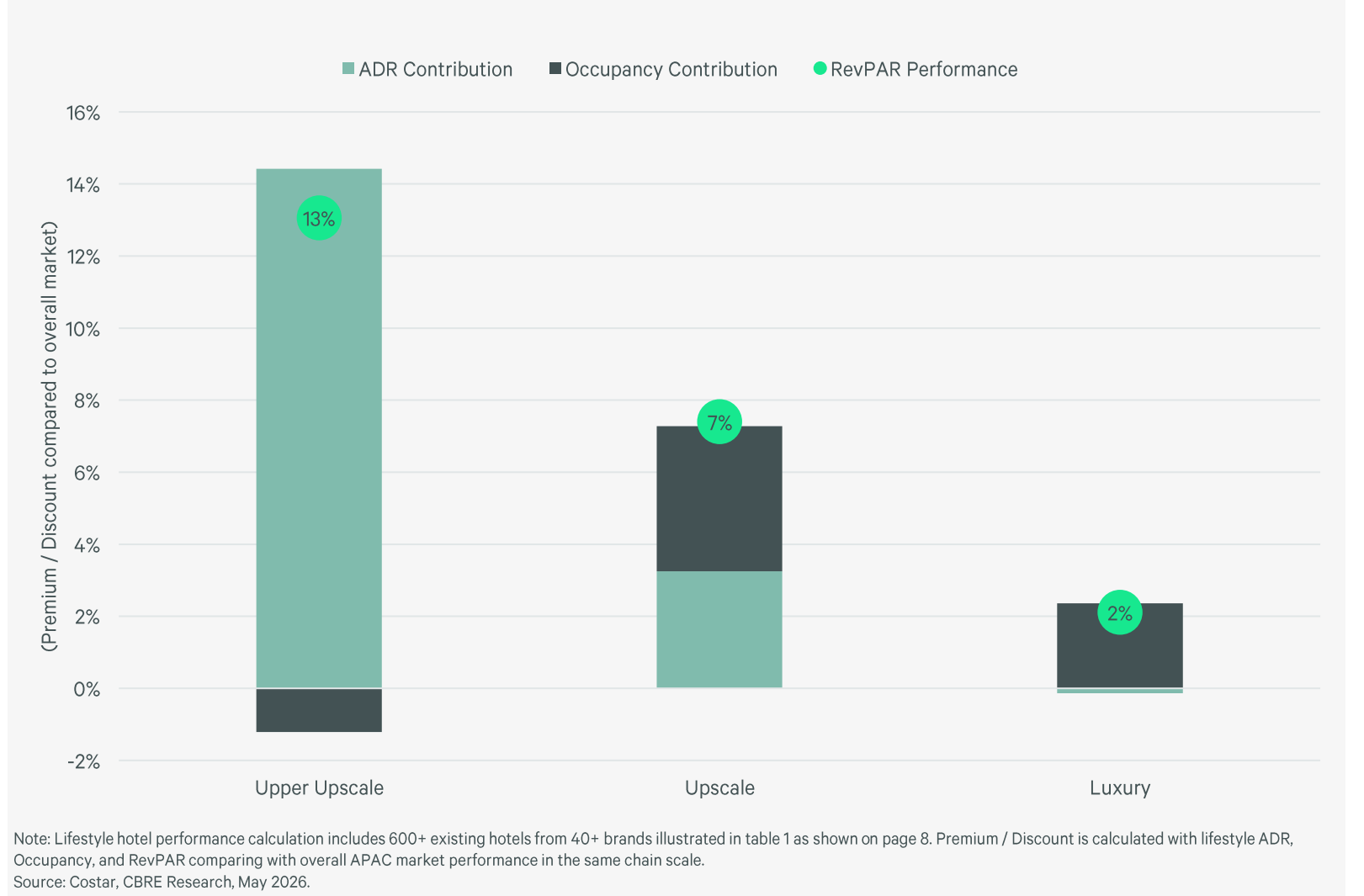
RevPAR for lifestyle hotels outperforms the overall market across the chain scale. While the premium for luxury grade is only 2%, the upscale (7%) and upper upscale (13%) lifestyle segments are showing stronger performance.

Lifestyle upper upscale brands are displaying the strongest price premium for ADR. Traditional upper upscale hotels are mostly full-service business hotels, while many lifestyle soft brands are also in the same scale. Gen Z is willing to pay a price premium for the uniqueness these hotels can offer.

While upscale lifestyle brands generally have smaller rooms, they compensate for this though better space efficiency and operations. The importance Gen Z places on these characteristics is reflected by this segment's higher ADR and occupancy.

With fewer lifestyle brands present in the Upper Midscale and below categories, this presents an opportunity for brands to expand. Hotels in these chain scales are also more attractive for Gen Z due to their lower price point. Gen Z's comfort with tech-enabled services and smaller room formats creates additional levers for operators to improve efficiency and profitability.

Figure 7: Asia Pacific Branded Lifestyle Hotel RevPAR Performance Breakdown Compared to Overall Market (2025 Full Year)



03

Investing in Lifestyle Hotels

More hotels being converted to branded lifestyle hotels

Rising construction costs are hindering new development plans in Asia Pacific, making conversions a popular and capital-efficient alternative.

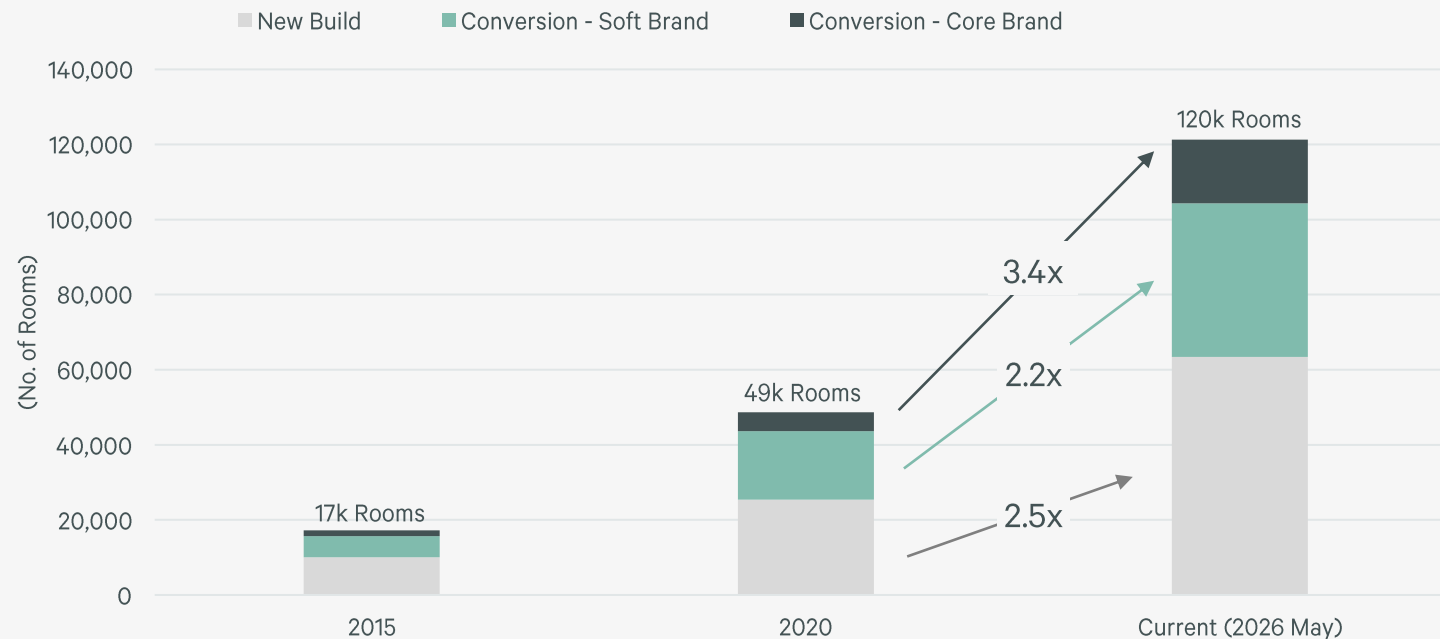
While new builds are still preferred for creating unique and contemporary lifestyle designs, excessive costs are directing investors' focus to conversions.

Conversions typically involve two main approaches. The first of these is joining through soft brands, which are a collection of independent hotels under a larger hotel group.

This concept provides existing independent hotels the access to global distribution channels and loyalty programmes without changing their design. Such an approach is ideal for boutique hotels with distinctive designs and lower capital expenditure.

The second approach is physical conversions through core lifestyle brands. Contrary to soft brands, core brands usually come with a brand design theme. This involves more design requirements, which need more CapEx than soft brands. However, working with core brands create a stronger bond and allow the hotel to leverage established brand loyalty.

Figure 8: Asia Pacific Number of Branded Lifestyle Hotel Rooms by Method of Development



	No. of Hotels		
Conversion – Core	8	22	77
Conversion – Soft	32	92	205
New Built	48	132	330
Total	88	246	612

Note: Lifestyle development analysis includes 600+ existing hotels from 40+ brands illustrated in table 1 as shown on page 8. Soft brand conversion recorded when the hotel joined the soft brand. Core brand conversion recorded when the hotel opened as a lifestyle brand. New build recorded when the hotel is constructed.
Source: Costar, CBRE Research, May 2026.

Rising number of small transactions creates conversion opportunities

Hotel investment volume in Asia Pacific exceeded pre-pandemic levels in 2024 and continued to increase in 2025. Most transactions during this period involved smaller deal sizes.

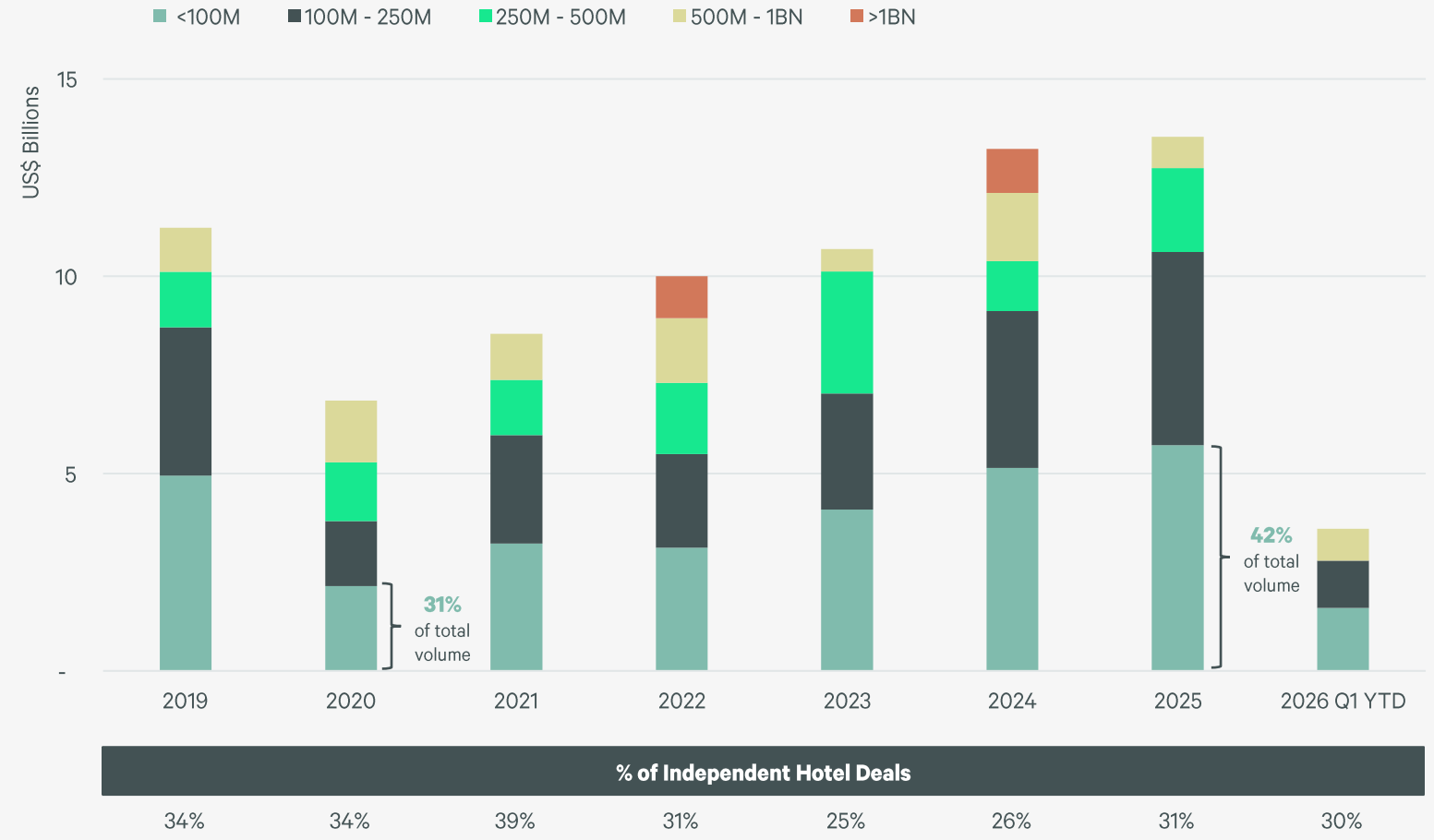
In 2020, only 31% of total hotel investment volume was under US\$100 million. This ratio grew to 39% in 2024 and further increased to 42% in 2025.

Around 30% of assets traded during this period were independent hotels. Provided they are given proper redesign and renovation, CBRE believes these smaller independent assets can provide attractive value add and opportunistic plays for conversion to lifestyle brands.

With more hotel groups expanding their lifestyle brands to lower chain scales, conversions can be performed with more flexibility and according to how much CapEx investors want to allocate.



Figure 9: Asia Pacific Hotel Transaction Volume Breakdown by Deal Size (2019 – 2026 Q1 YTD)



Note: Includes closed deals only. Independent hotels are identified as per RCA hotel franchise definition. Source: MSCI Real Capital Analytics, CBRE Research, April 2026.

04

Conclusion & Recommendations

Strategies for investors

Identify Brand Fit and Market Gaps

- Look for market “white space” by identifying underserved segments and performance gaps.
- With a wide range of lifestyle brand options, including both core and soft brands, evaluate what the best fit for the hotel is and how this can serve the market gap.
- Leverage experienced advisors to refine brand selection and secure optimal deal terms.

Embrace Design Flexibility

- Balance brand-driven design with long-term asset value considerations.
- Avoid overly bespoke specifications that may limit future adaptability or rebranding.
- Prioritise flexible, future-proofed design and follow market trends to plan the hotel for medium-to-long term value growth.

Think Beyond the Hotel

- Align the asset with community needs to drive social interaction.
- Discuss with brands to find optimal F&B and public space solutions that match asset positioning.
- Focus on overlap between brand strengths, transient travellers and local demand.

Shop Around and Don't Forget Third-Party Operators

- Acknowledge that there is a plethora of lifestyle brand options to choose from, including soft and collection brands that maximise flexibility.
- Recognise that in an increasingly competitive landscape, brands need you more than you need them.
- Consider third-party operators (TPOs), which while nascent in Asia Pacific (especially in Southeast Asia), can often provide a more bespoke and highly competitive offering compared to brand-managed options. Brands are also more open than ever to owners working with TPOs.



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