

Price Determinants of Condominium Hotels on Jeju Island, Korea

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Abstract Background/Objectives: The purpose of this study is to introduce the concept of Korean condominium hotels, which are widely sold in the Republic of Korea, and to examine factors affecting the sales prices of condominium hotels on Jeju Island.

Methods/Statistical analysis: We analyzed 188 transactions from an online sales price registration system operated by the Korean government. A hedonic price analysis is implemented to investigate the effect of independent variables on the sales price of condominium hotel rooms.

Findings: The empirical result shows that location traits (the number of hotels within a 500m radius, distance to tourist destinations), property traits (land slope, land shape, total building area, total number of floors, number of parking spaces per room), service traits (affiliation with a global chain, swimming pool, concierge service), and room traits (room size, floor level), have a significant influence on sales price. This study shows that each trait has its own influence on sales price and provides meaningful implications for market participants. Understanding the influence of each trait affecting sales price will not only enable researchers and developers to comprehend the condominium market and business but also help investors to make reasonable decisions.

Improvements/Applications: Due to the absence of related academic literature and empirical findings in Korea, this paper has its own contribution in that the sales prices of condominium hotel rooms are analyzed based on location, property, service, and room traits.

Keywords: Condominium hotel, Sales price, Location traits, Property traits, Service traits, Room traits, Jeju Island

I. INTRODUCTION

Jeju Island is a special Self-Governing Province in Korea. Jeju Island is a premier tourist destination for domestic and international tourists. It is famous for mild weather, volcanic rock formations, the scenic beauty of its beaches, photogenic coastlines, waterfalls, cliffs, caves, and a modern museum. It is the home of Hanlasan National Park, which has diverse flora and fauna, breathtaking views, and the world's longest lava tube.

In Korea, the number of foreign tourists has increased on average by 10% annually over the past few years, except for specific years in which there were major incidents like MERS (Middle East Respiratory Syndrome) in 2015 and geopolitical issues in 2017. Jeju island has turned into Korea's tourism hub due to an increasing number of domestic and foreign visitors.

Foreign visitor arrivals have shown annual double-digit growth since 2008, driven mainly by the increase in Mainland Chinese visitors [Figure 1]. Jeju Island is a popular tourist destination for the Mainland Chinese due to its geographical proximity, the 30-day visa free policy, and the proliferation of budget carriers offering direct flights between Jeju and numerous cities in Mainland China [1, 2].

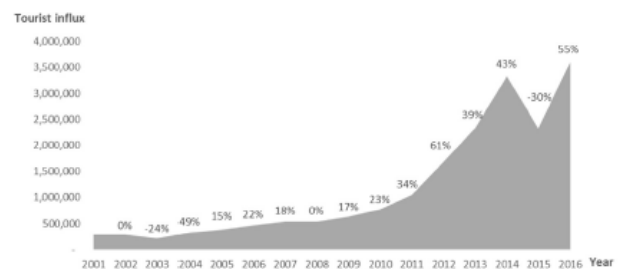


Figure 1. International tourist trends to Jeju Island, Korea

The number of foreign visitors is a major indicator for estimating hotel demand [3]. The hotel market in Korea has experienced rapid growth since the number of the foreign visitors exceeded 10 million in 2012 and 14 million in 2014. A hotel construction boom began in 2012 on the grounds were not a sufficient number of lodging venues to meet the growing influx of foreign tourists, particularly Chinese tourists. The government revised the Tourism Promotion Act to allow hotels to be constructed 75 meters away from schools, a dramatic change from an earlier 200-meter limit. The government permitted real estate developers to sell rooms in condominium hotels to individual investors in an effort to increase the hotel supply for foreign tourists. Due to these policies, condominium hotel development experienced a boom and investment in condominium hotels became a popular investment alternative in Korean.

During this period, Jeju Island also experienced a condominium hotel project boom. A condominium hotel is a building, which is legally a condominium, but which is operated as a hotel, offering short term rentals and maintaining a front desk [4]. The demand for condominium hotels is especially high on Jeju Island, which is a well-known tourist destination for foreign tourists. Among Mainland Chinese tourists, Jeju Island is a popular must-visit place. Many developers have launched condominium hotel development projects to target independent, foreign tourists from Mainland China, Japan, and so on. Currently, in 2018, there are about 30 condominium hotels with over 8,000 rooms on the island, since the Island Marina Resort with 215 rooms was sold in 2013. As a result, condominium hotel rooms account for almost 30% of the total hotel rooms on Jeju Island.

This study focuses on Jeju

Island because most of Korea’s condominium hotel supply is concentrated on Jeju Island and active investment in condominium hotel rooms is taking place there. This study aims to introduce the Korean condominium hotel market and examine the factors influencing the sales prices of condominium hotel rooms.

II. THEORETICAL BACKGROUND

2.1. Condominium Hotel

The root of the word, hotel, comes from Latin adjective hospitalis, which means hospitality, and also from “hospital,” a neutral noun that means lodgings for pilgrims, worshippers, and travelers. The dictionary definition of “hotel” is a company that provides rooms, facilities, and meals to people for pay, and it also has well-trained workers with proper manners who perform tasks systemically.

Generally, a hotel’s class is a way of describing the property’s quality and level of service. Luxury hotels offer luxury amenities, full service accommodations, an on-site restaurant, and the highest level of personalized service, such as a concierge, room service, and so on. Full service hotels

often provide a wide array of guest services and on-site facilities, like on-site food and beverages, meeting and conference services and facilities, a fitness center, and a business center. Full-service hotels range in quality from mid-scale to luxury. Economy hotels are small to medium-sized hotel establishments that offer basic accommodations with little to no services [4].

A condominium hotel is a hotel comprised of individual condominium units (rooms) that are sold to individuals and investors, while the rest of the building is owned by unit owners in proportion to the percentage of their interests. Condominium hotel development projects have various merits including (a) condominium pre-sales can reduce the risk faced by hotel developers and construction lenders; (b) the addition of the hotel’s amenities and a rental program provides the developer with a premium over the sales price for condominium units; (c) condominium hotels enable investors to own a hotel room for investment use, while potential rental income helps defray the cost of ownership; and (d) hotel operators obtain a new supply of hotels, without being required to invest capital in the property [Figure 2] [5].

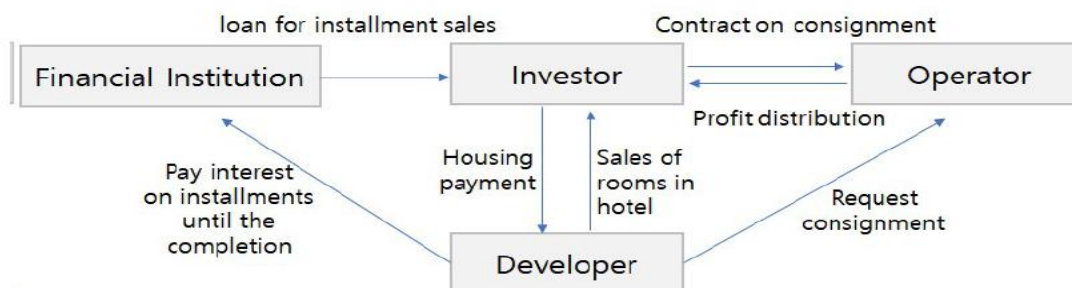


Figure 2. Business structure of Condominium Hotel in Korea

2.2. Condominium Hotels in Korea

Due to the explosive influx of foreign tourists and the Bank of Korea’s low interest policy, many investors have decided that condominium hotels could be a promising investment alternative that could provide a high return. One of the greatest attractions is that, while an individual investor can own a room in a condominium hotel, responsibilities involving management, operation and rental of the room fall on companies that specialize in hospitality services. Returns are based on each room’s utilization rate. The return would be considerable because foreign tourists are continuously increasing.

In Korea, the supply of condominium hotels has increased rapidly from 2010 since “Sir Prize Premier” with the 150 rooms was developed in Dongtan in 2007. The number of condominium hotel rooms that are operating or under construction has increased to about 23,400 rooms in 2018. [Table 1] shows the number of condominium hotel rooms by region.

Table 1. Status of Condominium Hotels in Korea

Region	Room	Region	Room
Seoul	2,959	Gyeongsangnam-do	604
GyeongGi-do	1,201	Gangwon-do	1,862
Chungcheongbuk-do	1,436	Incheon	2,906
Chungcheongnam-do	579	Daejeon	468
Jeollanam-do	855	Busan	1,739
Gyeongsangbuk-do	164	Jeju Island	8,615

The majority of the condominium hotel supply is concentrated on Jeju Island because the island is a tourism hub and the number of domestic and foreign visitors has increased explosively. Many real estate firms are developing condominium hotels targeting Mainland Chinese visitors because Jeju Island is especially popular for Chinese visitors. Luxury hotels need prestigious brand names and specialized operational abilities. The amount of investment needed for luxury condominium hotels may be too high to find potential investors. In addition, the occupancy rate is much higher for economy hotels (business hotels in Korea). For these reasons, most condominium hotels have been developed as economy hotels with basic accommodations and limited facilities and services. However, recently, some developers are trying to differentiate their hotels by adding additional facilities, affiliations with global brand chains, and amenities and services. Though there are some difference, most condominium hotels on Jeju Island are economy hotels.

2.3. Literature Review

There has been little prior research on the sales price of hotels. This study reviews prior studies on the determinants of room rates to find influencing factors on the sales prices of condominium hotel rooms. The prior research has demonstrated that room rate depends on the various attributes embedded in the location, hotel, service, and



regional factors.

Bull (1994) scrutinized how locational and motel-specific attributes affected motel room prices in Ballina, Australia [6]. He found the locational and motel-specific attributes affected motel room prices. Israeli (2002) investigated whether and how star ratings and corporate affiliations, as signals of quality, influence the pricing decisions of hotels in Israel in various geographical locations [7]. This study showed the star-rating system was a stable and consistent predictor of room prices.

Thrane (2007) examined the influence of location, hotel, and service factors on room rates in capital cities [8]. This study used distance to downtown, number of beds in the hotel, hotel chain, the presence of various amenities such as swimming pool, restaurant, free parking, mini-bars, and hairdryers, room service, and so on. This study found hotel chain, distance to Oslo Central Station (i.e., downtown Oslo), presence of mini-bars, free parking, and a hairdryer had a significant effect on room rate. This study showed the location, hotel, amenities, and service factors influenced the room rate.

Hung et al. (2010) also examined the influence of location, hotel, and service factors on room rate [9]. They used distance to city center, hotel type, hotel size, age, chain affiliation, and the number of housekeeping staff per room. Zhang et al. (2011a) examined how hotel and location factors influenced room price [10]. The hotel factor included number of rooms, star rating, and age of hotel. The location factor included the distance to the nearest transport hub and scenic spot. They found star rating, size of hotel, age of hotel, and location significantly influenced hotel room price in Beijing. The star rating and age of hotel had significant positive effects on hotel room prices, while the number of rooms and the distance to the nearest transport hub, had significant negative impact on room prices in Beijing. They found hotel and location factors influenced room rates.

Portolan (2013) investigated room rates for private tourist accommodations in a leading Croatian tourist destination, Dubrovnik. Location factors included distance to Old Town and the beach [11]. Amenity factors included free parking, swimming pool, air conditioning, internet, dish washer, washing machine, etc. This study found that location factors had an influence on room rates.

Pawlicz and Napierala (2017) estimated hotel room prices in Warsaw by using a hedonic price model [12]. They classified influencing factors into locational, hotel-specific, and regional attributes. Hotel factors included number of rooms and association with a chain. Location factors included distance from the hotel to the city center and the nearest transportation hub, region, and so on. They found that the star rating was the most essential determinant of hotel room rates.

Kim et al. (2018) analyzed the room prices of 387 hotels in the Chicago area by using a spatial HPM (s-HPM) analysis [13]. This research found s-HPM successfully identified spatially varying relationships between room price and influencing factors, such as hotel-specific attributes-size, age, class, and service quality-and locational attributes-distances to airports, highways, and tourist attractions-across the study area.

Several studies have tried to extend the influencing factors by including internet reviews and feedback on hotels.

Andersson (2010) used objective attributes and consumer feedback in the estimation of a hedonic price function for hotel room rates in Singapore; consumer feedback was acquired from <http://www.hoteltravel.com> [14]. In the official attributes model, hotel rating, premium rooms, a swimming pool, and a fitness center were the significant factors for room rates. In the consumer feedback attributes model, consumer feedback on rooms, hotel facilities, food and beverages, and value for money had significant influence on room rates.

Zhang et al. (2011b) examined whether and how traveler evaluations influenced room rates [15]. They used the average of travelers' five-point ratings for room quality, location, cleanliness, and service from <http://www.Tripadvisor.com>'s database. They found that a traveler's evaluation of room quality and location had significant effects on room rates for hotels in New York.

Soler et al. (2019) analyzed 9,992 room prices from TripAdvisor for hotels in Portugal's Algarve region by using a hedonic pricing model [16]. They divided influencing factors into hotel (star rating, hotel size, etc.), location (distance to city center), amenity (air conditioning, bar/lounge, swimming pool, room service, concierge, etc.), style (luxury, mid-range, boutique, budget, etc.) region, reputation (number of reviews, ranking, etc.), and contextual (weekend, etc.) factors. They found hotel and location factors significantly influenced room rates. Some amenity and style factors had a significant effect on room rates. They also discovered the reputation factor significantly affected room rates.

III. EMPIRICAL STUDY

3.1. Data and Method

Data

This study analyzes the hotel room sales prices of condominium hotels on Jeju Island to find sales price determinants for these hotels. Because Jeju Island is a famous tourist destination in Korea, it has experienced a condominium hotel development boom. A major portion of condominium hotel developments in Korea have been concentrated on Jeju Island. According to 2018 hotel industry data, 36.8% of the 24,000 condominium hotel rooms developed in Korea were on Jeju Island. For this reason, this study chooses Jeju Island as a research area.

This study does not use the initial sales price between developers and individual investors when the condominium hotels were sold. Because initial sales price is a kind of asking price from a developer, it does not show the true value. To find a sales price that reflects true value, this study attempts to collect sales prices between individual investors after initial sales. For an empirical analysis, this study uses 188 sales prices for condominium hotel rooms on Jeju Island, transacted between individual investors from 2015 to 2018. The transaction price was collected from an online sales price registration system, which is operated by the Korean government.

Method

This study assumes that sales price is a linear function of

variables denoting various attributes based on previous studies on determinants of room rates. Price hedonic theory assumes that the price of a product can be regarded as a function of attributes or characteristics [17]. The hedonic pricing model is based on the idea that a differentiated product can be viewed as a bundle of attributes or characteristics. This study analyzes the sales prices of condominium hotel rooms using a hedonic price model.

Variables

This study categorizes influencing factors into location, property, service, room, region, and time traits.

$$\text{Sales price} = f(L, P, S, U, R, T)$$

- L: represented location traits
- P: represented property traits
- S: represented service traits
- U: represented room traits
- R: represented region traits
- T: represented time traits

The sales price per area (KRW/m²) of condominium hotel rooms on Jeju Island is set as a dependent variable based on the precedent studies. This study uses sales price per square meter as a dependent variable because the sizes of each condominium hotel room is different. This study categorizes the explanatory variables into location, property, service, room, region, and time traits based on prior research. This study breaks down hotel factors into property, service, and room traits.

Location traits are the most basic influencing factors on market price for all types of real estate. Bull (1994) found location affected motel room prices [5]. Thrane (2007) found the distance to a main destination is closely related to room rates [8]. Zhang et al. (2011b) found traveler’s evaluation of location influences room rates for the hotels in New York [15]. Zhang et al. (2011a) found the distance to the nearest transport hub has a significant, negative impact on room prices in Beijing [10]. The distance from hotel to popular tourist attractions could be most important because the main use of condominium hotels is tourism.

Additionally, hotels may be purposely located together because of agglomeration benefits. Chung and Kalnins (2001) found that lodging firms contribute “positive externalities” from their presence in competitive clusters [18]. Because agglomeration benefits work in the lodging or hotel industry, the number of hotels within a 500m radius could influence the sales price of condominium hotel rooms. For these reasons, we adopt the distance to a popular tourist attraction and the number of hotels within a 500m radius as location traits.

Property traits may influence the sales prices of condominium hotel rooms because the land and building characteristics compose the physical environment of a hotel. Because a hotel consists of land and a building, this study divided property traits into land attributes and building

attributes. Basically, land attributes, such as the shape and slope, could affect the sales prices of condominium hotel rooms. In addition, building attributes, such as the total building area, total number of floors, and the number of parking spaces, could also have their own effects on the sales prices of condominium hotel rooms. Hotel size could be divided into total building area and total number of floors. Zhang et al. (2011a) found that hotel size influences room prices in Beijing [10]. For these reasons, we adopt the land shape, land slope, total building area, the total number of floors, and the number of parking spaces per room as property traits.

Regarding service traits, we adopt variables such as whether the hotel is affiliated with a global hotel chain, whether it has swimming pool, or whether it provides concierge services. Each hotel offers a different type of hotel brand, facilities, and services. These hotel brands, facilities, and services could influence the sales prices of condominium hotel rooms. Because most Jeju Island condominium hotels are economy hotels, we could not use star rating as an explanatory variable. On the other hand, there is a possibility that differentiated service traits could influence sales prices.

Because brand power is important in the hotel market, whether the hotel is affiliated with global chain brand could have an impact on the sales price of condominium hotel rooms. Thrane (2007) found an association with a hotel chain could be helpful for charging higher room rates [8]. Facilities like swimming pools could also be an important consideration in choosing a hotel. Concierge service, often offered in luxury hotels, could add value to condominium hotel rooms. Thrane (2007) found the presence of mini-bars, free parking, and hairdryers had a significant effect on room rate [8]. Andersson (2010) found the presence of a swimming pool and fitness center had a significant effect on room rates [14].

This study adopts the size of a room and the floor level of a room as room traits. The size of condominium hotel rooms has an effect on sales price because the size of each hotel room is slightly different for each condominium hotel. The sales prices could differ depending on room sizes. Andersson (2010) showed the rate for premium rooms was significantly higher [14]. In addition, the floor level of condominium hotel rooms also influences the sales price because floor level is related to the view and scenery of each room.

Condominium hotels in our data set is are located in several regions of Jeju Island. The sales price may differ depending on the region. To control for regional effect on sales price, we set dummy variables for regions like Geonip-dong, Goseong-ri, Gangjeong-dong, and Beophwan-dong. The sales prices of condominium hotel rooms could be different according to the time transactions took place. To control time difference, this study sets dummy variables for times like 2016, 2017, and 2018.

Table 2. Definition of Variables

Variable		Definition	Unit
LN[Sales price per square meter]		Log of sale price per square meter	-
Location Traits	Distance to tourist destination	Distance from a hotel to the nearest tourist attraction	m
	No. of hotels within a 500m radius	The number of the hotels located within a 500m radius	N.
Property Traits	Land slope (flat land)	If a hotel is on flat land =1, all others =0	Dummy
	Land shape (rectangular or square)	If the shape of land is rectangular or square =1, all others =0	Dummy
	Total building area	The size of the hotel building area	m ²
	Total No. of floors	Total number of floors in hotel	N.
	No. of parking spaces per room	Number of parking spaces per room	N.
Service Traits	Global chain hotel	If the hotel is affiliated with a global hotel chain=1, if not=0	Dummy
	Swimming pool	If the hotel has a swimming pool=1, if not=0	Dummy
	Concierge service	If concierge service is provided =1, if not = 0	Dummy
Room Traits	Room Size	The size of the room	m ²
	Floor level	The floor level of the room	N.
Region Traits		If region is Geonip-dong = 1, if not = 0 If region is Goseong-ri = 1, if not = 0 If region is Gangjeong-dong = 1, if not = 0 If region is Beophwan-dong = 1, if not = 0	Dummy
Time Traits		If transaction took place in 2016 =1, if not=0 If transaction took place in 2017 =1, if not = 0 If transaction took place in 2018 =1, if not = 0	Dummy

3.2. Descriptive Statistics

[Table 3] presents descriptive statistics for the major variables in our study. The average sales price per square meter for hotel rooms on Jeju Island is 6,401,897 KRW. The average size of hotel rooms is 27.28761 m². Based on this, the average transaction price of a hotel room is about 174,000,000 KRW.

With regard to location traits, 9.4 hotels are located within a 500 m radius of each other. This result shows that hotels on Jeju Island are gathered around an area and form a cluster of hotels. The minimum distance from a hotel to tourist destinations is 2km, and the maximum distance from a hotel

to tourist destinations is 19 km.

The average building area of condominium hotels in our data is 1,330m², and the average total number of floors is 13. 94.68% of condominium hotels are located on flat land. 60.64% of condominium hotels lie on rectangular or a square-shaped lots. 27.66% of condominium hotels are affiliated with global chain brands. This result shows that most condominium hotels on Jeju Island operate using local brands. 30.85% of condominium hotels have swimming pools. 29.25% of condominium hotels offer concierge service to their guests. This result shows condominium hotels in our data set are not luxury-style hotels.

Table 3. Descriptive Statistics

		Unit	observation (frequency)	Mean	Std. Dev.	Min	Max
Sales price per square meter		₩(KRW)	188	640.89	1271.07	2109.79	8760.00
LN (Sales price per square meter)		-	188	8.7405	0.2312	7.6543	9.0779
Location Traits	Distance to tourist destination	km	188	11.979	4.6386	4.8	20.4
	No. of hotels within a 500m radius	n	188	9.4043	4.9926	2	19
Property Traits	Land slope (flat land)	dummy	(10)	0.9468	0.2251	0	1
	Land shape (rectangular or square)	dummy	(114)	0.6064	0.4898	0	1
	Total building area	m ²	188	1330.5	547.31	309.38	2319.4
	Total No. of floors	n	188	13.271	4.585	6	22



	No. of parking spaces per room	n	188	0.2963	0.1685	0.1	1.1
Service Traits	Global chain hotel	dummy	(52)	0.2766	0.4485	0	1
	Swimming pool	dummy	(58)	0.3085	0.4631	0	1
	Concierge service	dummy	(55)	0.2925	0.45615	0	1
Room Traits	Room Size	m ²	188	27.287	10.922	13.01	124.6
	Floor level	n	188	5.8829	3.7768	1	19
Region Traits	Geonip-dong	dummy	(10)	0.0532	0.2251	0	1
	Goseong-ri	dummy	(20)	0.1063	0.3091	0	1
	Gangjeong-dong	dummy	(10)	0.0532	0.2251	0	1
	Beophwan-dong	dummy	(18)	0.0957	0.2950	0	1
Time Traits	year 2016	dummy	(53)	0.2819	0.4511	0	1
	year 2017	dummy	(106)	0.5638	0.4972	0	1
	year 2018	dummy	(10)	0.0532	0.2251	0	1

3.3. Empirical Results and Discussion

This study analyzes room sales prices for condominium hotels by using multiple regression analysis. The results are shown in Table 4. The F-value of our model is 17.96, which is significant at the 0.01 level. The adj. R² shows our model explains 63.3% of the variance in the dependent variable. A collinearity analysis was performed via the examination of the variance inflation factors (VIFs). For our data, all VIFs are below the cut-off point of ten. The empirical result of each trait is as follows.

First, location traits have significant effects on the sales prices of condominium hotel rooms. The sales prices of condominium hotel rooms are significantly higher if the hotel is located a shorter distance from major tourist attractions. This shows the distance from a hotel to popular tourist attractions is an important factor in sales price.

In addition, the number of hotels within a 500m radius has a significantly positive effect on the sales prices of condominium hotel rooms. This result shows that agglomeration benefits exist for condominium hotels on Jeju Island. This result confirms Chung and Kalnins (2001) findings that hotels may be purposely located together because of agglomeration benefits [18]. Yoo (2016) showed that the number of the rival hotel rooms affect sales price of hotels positively (+) [19].

Second, property traits have significant impacts on the sales prices of condominium hotel rooms. Regarding land, condominium hotels located on flat, rectangular-shaped land have significantly higher sales price. In relation to building, total building area and total number of floors positively influence the sales prices of condominium hotel rooms. Total building area and total number of floors could be closely related to the scale of the hotel. Chung (2013) shows that the land size of a hotel has a positive effect on the total sales of hotels in Seoul [20]. These results show the sales price of condominium hotel rooms is higher when the scale of the hotel is larger. Contrary expectations, the number of parking spaces per room does not influence the sales price of condominium hotel rooms.

Third, service traits influence the sales prices of condominium hotel rooms. When a hotel has a swimming pool, the sales price of a room is higher. Concierge service also has a positive effect on the sales prices of condominium

hotel rooms. Because most condominium hotels on Jeju Island are not luxury-style hotels, swimming pools and concierge service could be perceived as differentiated facilities and services. When a hotel has a swimming pool and offers concierge service to its guests, investors think it could have a competitive advantage over other condominium hotels. For this reason, investors are willing to pay more money.

When a condominium hotel is affiliated with a global chain, it has a positive effect on the sales prices of rooms. In the hotel industry, hotel brand is a key success factor. On Jeju Island, some condominium hotels try to enhance customer awareness and attract more customers by using an affiliation with a global hotel chain. Because most condominium hotels are not luxury-style hotels, brand power could be relatively weak. However, it might help to compete with local hotel brands. For this reason, an affiliation with a global hotel chain can be useful for increasing the sales price of rooms.

Fourth, room traits have significant effects on the sales prices of condominium hotel rooms. When the room is located on a higher floor, the sales price is also higher. If a room is located on a higher level of the hotel, it could provide guests with several merits such as a fine view and sense of openness, comfort, and privacy. Owing to these merits, customers may prefer rooms on a higher level. This study shows there is a difference in sales price according to the floor level on which a room is located.

The size of a room has negative effect on the sale price per square meter. This result shows there is price discount when the room size increases for the condominium hotels on Jeju Island. As the room size increases, the total amount of money invested in condominium hotel rooms increases dramatically. If the total amount of investment increases, investors in condominium hotel rooms decrease quickly. There may be another possibility. Though the room size grows larger, there is a limit to the rise in room rates for condominium hotels. For these reasons, the sales price per square meter could decrease when the room size increases.

Fifth, region traits influence the sales prices of condominium hotel rooms. Geonip-dong and Goseong-ri have significant effects because Geonip-dong is the transportation hub where the Jeju international passenger terminal and Jeju passenger terminal are located and

Goseong-ri is close to the city center and has an excellent accessibility to sightseeing spots. For time traits, the sales prices of condominium hotel rooms are not significantly different according to the year the transaction took place.

Table 4: Empirical Results

Variable		Non-Standardized		Standardized	t	p	VIF
		B	S.E.	beta			
Location Traits	No. of hotels within a 500m radius	0.02912 ***	0.00615	0.58419	4.738	0.0000	7.741
	Distance to tourist destination	-0.00685 **	0.00285	-0.14787	-2.405	0.0172	1.925
Property Traits	Land slope (flat land)	0.49821 ***	0.08386	0.48487	5.941	0.0000	3.391
	Land shape (rectangular or square)	0.17201 ***	0.03641	-0.36443	4.724	0.0000	3.031
	Total building area	0.00017 ***	0.00004	0.29895	3.499	0.0006	3.718
	Total No. of floors	0.00359 *	0.00655	0.07115	1.948	0.0584	8.581
	No. of parking spaces per room	0.20062	0.12208	0.14619	1.643	0.1022	4.029
Service Traits	Global chain hotel	0.09512 *	0.05624	0.18452	1.691	0.0926	6.061
	Swimming pool	0.17727 ***	0.04157	0.35509	4.264	0.0000	3.530
	Concierge service	0.09152 *	0.05129	0.18057	1.784	0.0761	5.214
Room Traits	Room Size	-0.00368 ***	0.00108	-0.17386	-3.401	0.0008	1.330
	Floor level	0.01177 ***	0.00382	0.19228	3.081	0.0024	1.983
Region Traits	Geonip-dong	-0.41559 ***	0.11028	-0.40447	-3.768	0.0000	5.865
	Goseong-ri	0.25505 ***	0.05506	0.34104	4.633	0.0000	2.759
	Gangjeong-dong	0.11867	0.08542	0.11549	1.389	0.1665	3.518
	Beophwan-dong	0.09490	0.06334	-0.12110	1.498	0.1359	3.326
Time Traits	Year 2016	-0.03401	0.05055	-0.06636	-0.673	0.5021	4.953
	Year 2017	0.06075	0.05077	0.13066	1.197	0.2331	6.071
	Year 2018	0.06017	0.06887	0.05858	0.874	0.3835	2.289
Constant		7.59766 ***	0.18014		42.17	0.0000	
Model Summary		N=188, F-Value=17.96, p=0.000, R ² =0.670, adj R ² =0.633					

*: p < 0.1, **: p < 0.05, ***: p < 0.01

IV. CONCLUSION

In this study, we introduce the Korean condominium hotel market and explain its characteristics. We also examine the factors influencing sales prices of condominium hotel rooms. This study analyzes 188 sales prices for condominium hotel rooms on Jeju Island, transacted between individual investors from 2015 to 2018 by using a hedonic price model. The results of the empirical study are as follows.

First, this study confirms that location traits are also a fundamental influencing factor in sales prices of condominium hotel rooms on Jeju Island. The distance from a condominium hotel to major tourist attractions is a significant factor in determining sales price. Sales price is also influenced by the number of hotels within a 500m radius. This study shows that agglomeration benefits exist for condominium hotels on Jeju Island.

Second, this study finds property traits are an important influencing factor on sales prices of condominium hotel rooms on Jeju Island. Land and building attributes have a significant effect on sales price. This study shows that investors not only consider building attributes but also the

site and land conditions of hotels when deciding their transaction prices. Though prior hotel research usually focuses on building attributes, this study shows that land and site attributes of hotels also have an impact on sales price. In this study, we divided hotel size into total building area and the number of total floors. This study discovers the total building area and the total number of floors have a positive effect on the sales prices of condominium hotel rooms. This shows investors prefer large-sized condominium hotels.

Third, this study discovers that service traits can be used in enhancing the value of condominium hotels on Jeju Island. an affiliation with a global chain, a swimming pool, and concierge service positively influence sales prices. This result shows that developers can utilize service traits to add value to their condominium hotels and to improve value perception for investors.

Fourth, this study demonstrates that room traits affect the sales prices of condominium hotel rooms on Jeju Island. This study shows there could be a discount effect in the condominium hotel market by showing that room size negatively influences sales



price per square meter. This study shows that sales price differences exist according to the floor on which a room is located. This result shows that investors should consider floor level in determining transaction prices and developers can charge different initial sales prices for each floor level.

In conclusion, this study demonstrates that each trait has its own influence on sales price and has meaningful implications for market participants. Understanding the influence of each trait affecting sales price will not only enable researchers and developers to comprehend the condominium market and business but also help investors to make reasonable decisions.

Despite meaningful findings and implications, this study has several limits. First, this study confines its research area to Jeju Island to guarantee sample homogeneity and enhance the comparability of location attributes. Because condominium hotels have been developed all over the nation, we think research on condominium hotels in other regions should be performed. Secondly, this study uses transaction price data between investors to analyze true value in the condominium hotel market. We think research on the initial sales prices set by developers can give meaningful implications.

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