Hotel and Resort Room Properties as Emerging Investment Vehicles: An Integrative Review of Performance Drivers

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ABSTRACT

Hotel and Resort Room Properties (HRRP) have emerged as a novel investment instrument within Malaysia's expanding tourism sector. Despite their growing presence, the return on investment (ROI) for HRRP remains ambiguous due to the limited number of empirical studies assessing their performance. This paper presents a comprehensive literature to identify key factors influencing investment outcomes and to outline potential directions for future research. The review synthesizes findings from peer-reviewed studies across multiple international contexts, using a structured literature review approach to classify both tangible and intangible determinants of hotel performance including occupancy rate, location, architectural appeal, and customer satisfaction. Additionally, the paper explores critical variables affecting ROI with the objective of enhancing capital appreciation and rental yields for investors. The findings reveal that factors such as location, seasonality, building characteristics, and operational management play a pivotal role in shaping the investment performance of HRRP. This review contributes to the academic discourse by bridging tourism, real estate, and investment literature, and offers a conceptual foundation for future empirical validation in the Malaysian context.

Keywords: Hotel and Resort Room Properties, Return on Investment, Investment Performance, Capital Appreciation, Rental Yield

INTRODUCTION

Tourism is a significant global industry that contributes substantially to economic development. The World Travel and Tourism Council (WTTC, 2024) reported that the sector contributed US$ 11.1 trillion to the world's Gross Domestic Product (GDP) in 2024, despite prevailing economic challenges. In Malaysia, tourism plays a vital role in national development. The Department of Statistics Malaysia reported 20.14 million international tourist arrivals in 2023, which rose to 25.02 million in 2024, representing a 24.2% increase (Tourism Malaysia, 2025). At the same time, foreign visitor arrivals, including day-trip excursionists, reached 37.96 million in 2024, up 31.1% from 2023 (Tourism Malaysia, 2025). On the domestic front, visitors numbered 213.7 million in 2023, a 24.6% growth over the previous year (DOSM, 2024).

The expansion of tourism stimulates the growth of related sectors, particularly hospitality. However, the construction of new hotels requires substantial capital investment, and financing from traditional institutions remains limited. To overcome these constraints, developers have introduced a hybrid investment structure known as Hotel and Resort Room Properties (HRRP). HRRP is a directly held investment instrument whereby developers sell accommodation units to investors, providing developers with upfront capital while investors receive income through leasing arrangements. These units are leased back to the developer or operator, with restrictions on personal use for residential purposes (Property Frontier, 2018).

While HRRP offers opportunities for both parties, it is considered a high-risk investment as operational and market risks are transferred from the developer to individual owners. Returns are typically distributed through guaranteed rental yields or profit-sharing arrangements. Evaluating the performance of such investments requires a multidimensional approach. As Santoro (2014) notes, hotel performance should be assessed not only on financial outcomes but also on factors such as service quality, human resource capability, brand image, and other non-tangible attributes.

Previous research has long recognised multiple factors that shape property and land values. Location and accessibility remain central, with proximity to transport infrastructure (Dziauddin et al., 2013) and the quality of surrounding neighbourhoods (Emoh et al., 2013; Oduwole & Eze, 2013; Oloke et al., 2013) emerging as consistent predictors. Broader economic conditions (Liew & Haron, 2013) and infrastructure-related aspects such as utilities, public services, and local amenities also play a significant role (Famuyiwa & Babawale, 2014). More recently, attention has turned to sustainable design features and the integration of smart infrastructure, which have been shown to command value premiums in urban tourism markets (Lim & Law, 2022; Wong et al., 2023).

Within the hospitality sector, both tangible and operational factors have been extensively examined. Tangible drivers include property attributes, market location, and the character of the surrounding environment, while operational performance is often gauged through measures such as occupancy rate, revenue per available room (RevPAR), and gross profit per available room. In Malaysia, for example, RevPAR for city hotels in Kuala Lumpur rose by 17.8% year-on-year as of August 2024, reflecting not only post-pandemic recovery but also renewed investor confidence (HVS, 2024). Yet, as Gordana et al. (2010) and Vrontis et al. (2009) argue, financial indicators alone cannot capture the full picture. Recent studies by Hasyyati and Kurniawan (2022) and Xiang et al. (2023) support this view, emphasizing the inclusion of non-financial measures such as service quality, brand image, human resource capability, and guest satisfaction in evaluating long-term performance.

Despite the steady expansion of Hotel and Resort Room Properties (HRRP) as an alternative hospitality investment vehicle, there remains a limited body of empirical research examining both tangible and intangible determinants of performance within this segment. This study aims to address this gap by investigating their influence on two key investment outcomes: rental return and capital appreciation. Accordingly, the study proposes a conceptual framework integrating tangible and intangible determinants that influence HRRP investment performance. By integrating perspectives from hospitality, tourism, and real estate literature, the study contributes to a more comprehensive understanding of performance drivers in hybrid hospitality property models while offering practical insights for developers, investors, and policymakers.

Factors Affecting the Investment Performance

Numerous studies have examined the determinants influencing hospitality investment performance. Existing literature consistently demonstrates that both tangible and intangible attributes play significant roles in shaping hotel operational outcomes and investment returns. Past research has considered a wide range of determinants, yet peer-to-peer hospitality investments remain underexplored. This conceptual paper therefore focuses on identifying and discussing the key factors that can enhance investment performance in this emerging segment.

Location

The strategic importance of hotel location has received considerable attention from both academics and industry practitioners (Carneiro & Costa, 2000; Lockyer, 2005; Ren, Qiu, Wang, & Lin, 2016). Empirical evidence consistently highlights location as one of the most critical determinants of hotel investment performance. Newell and Seabrook (2006), using the Analytic Hierarchy Process (AHP), identified location as a primary factor influencing hotel investment decision-making, encompassing supply-demand conditions, site characteristics, and visitor volume. In particular, accessibility to transportation infrastructure such as airports, railways, highways, and public transit networks significantly enhances hotel attractiveness and operational competitiveness.

The literature further demonstrates that strategically located hotels benefit from higher market share, stronger accommodation demand, improved revenue per available room (RevPAR), and faster capital recovery periods (Lockyer, 2005; Sainaghi, 2011; Gabrijela et al., 2019). Location advantages also contribute to customer satisfaction and destination competitiveness by improving accessibility to tourism attractions, commercial centres, and urban amenities (Adam, 2013; Sim et al., 2006). Consequently, the selection of an appropriate hotel location not only influences short-term operational performance but also affects long-term investment sustainability and asset appreciation (Canina, Enz, & Harrison, 2005; Yang & Lee, 1997; Huang, Luo & Duo, 2014).

Gémar et al. (2016), through survival analysis of 1,033 hotels, found that properties located farther from key tourist entry points experienced lower levels of tourist demand and reduced business sustainability during economic downturns. Similar findings by Lee and Jang (2011) and Li et al. (2015) indicate that tourists generally prefer accommodations with convenient transportation access and proximity to major attractions, enabling greater mobility and travel efficiency. Hotels situated near tourism destinations, entertainment facilities, and commercial areas therefore possess stronger competitive advantages compared to less accessible properties (Chaves, Gomes, & Pedron, 2012; Gabrijela et al., 2019).

Beyond accessibility and tourism proximity, agglomeration effects also contribute positively to hotel performance. Agglomeration refers to the clustering of hotels within strategic tourism zones, enabling access to specialized services, supporting infrastructure, supplier networks, and complementary tourism activities (Canina et al., 2005). Such clustering enhances destination attractiveness and operational efficiency, thereby improving hotel competitiveness. Barros (2005) similarly emphasized that hotels positioned close to their target markets tend to demonstrate stronger operational performance relative to isolated competitors. Within the HRRP context, strategic location is therefore expected to strengthen occupancy performance, enhance rental returns, and contribute positively to long-term capital appreciation.

Accordingly, this study extends the existing literature by operationalising location through both Accessibility Index and Tourism Index variables, enabling a broader evaluation of how spatial characteristics influence HRRP capital appreciation and building yield across the pre-, during-, and post-COVID-19 periods.

Operation Management

Brand management and customer satisfaction are critical drivers of hotel business success, influencing both consumer behavior and overall financial performance. In the competitive hospitality market, hotel managers face the persistent challenge of differentiating their properties to effectively target and retain customers. Consequently, brands have emerged as strategic assets that exert a significant impact on financial outcomes. For instance, Powanga and Powanga (2008) documented a remarkable 26% increase in Marriott International operating profits during the 2001–2002 recession, underscoring the resilience afforded by strong brand equity. Similarly, Fetscherin and Usunier (2012) and O'Neill and Carlbäck (2011) demonstrated a positive association between corporate brand strength and firm-level metrics such as return on assets, market share, market value, and overall corporate performance. However, the existing literature often assumes that stronger branding automatically translates into superior financial performance, without sufficiently considering the substantial costs associated with maintaining brand standards, franchise agreements, and marketing expenditures. In practice, the financial benefits of branding may vary depending on market conditions, operational efficiency, and customer segmentation. Thus, brand strength alone may not necessarily guarantee sustained investment returns, particularly during periods of economic uncertainty or demand volatility.

Extensive research has explored the nexus between branding and hotel performance, particularly given the intangible nature of hospitality services. Since customers cannot directly assess service quality prior to consumption, brand image serves as a proxy for expected service standards. Bailey and Ball (2006) emphasize that consumer confidence, reputation, perceived quality, and trust inherent in a brand confer competitive advantages to branded hotels. Nevertheless, the reliance on brand image as a quality signal may create vulnerabilities within the hospitality sector. Negative customer experiences, inconsistent service delivery, or reputational crises can rapidly erode brand credibility due to the highly experience-based nature of hotel services. This suggests that branding effectiveness is highly dependent on the consistency between customer expectations and actual service performance.

Brand awareness, defined as consumers' recognition and preference for a brand within a product category (Pappu et al., 2005; Yoo and Donthu, 2001), is a pivotal factor influencing purchase behavior and customer loyalty. Empirical studies consistently reveal that heightened brand awareness correlates with improved firm profitability, sales volume, and perceived customer value. Baldauf et al. (2003), Kim and Kum (2010), and Kim and Kim (2013) corroborate this relationship, while Srinivasan et al. (2008) quantify brand awareness's contribution to approximately a 3% uplift in sales performance. However, prior studies largely concentrate on traditional hotel operational performance, with comparatively limited discussion on how brand awareness influences investment-oriented hospitality products such as HRRPs. Unlike conventional hotel guests, HRRP investors evaluate branding not only from a consumption perspective but also as an indicator of income stability, occupancy resilience, and future asset appreciation. Therefore, the role of branding within HRRP investment performance may extend beyond customer attraction to encompass investor confidence and perceived investment security.

Customer satisfaction plays an equally indispensable role in enhancing hotel performance and brand equity. Tajeddini (2010) highlights that in service-centric industries, customer satisfaction assumes greater importance due to the heterogeneity and experiential nature of services. Empirical investigations reinforce this assertion, linking customer-oriented strategies to superior firm outcomes (Orfila-Sintes & Mattsson, 2009; Ottenbacher & Gnoth, 2005). For example, Tajeddini's (2010) survey of 156 Swiss hotel managers identified positive relationships between customer orientation, entrepreneurship, innovativeness, and business performance indicators such as profit, sales, and return on investment (ROI). Complementary studies by Anderson et al. (2004) and Fornell et al. (2006) further establish customer satisfaction as a driver of shareholder value, economic returns, and brand reputation.

The nexus between service quality and revenue generation is well-documented. Quality service provision by hotel employees enhances brand reputation, facilitates market penetration, accelerates cash flows, and ultimately increases shareholder value (Anderson et al., 1994; Reichheld & Sasser, 1990; Anderson et al., 2004). Barsky and Labagh (1992) demonstrate that customer satisfaction fosters loyalty, which in turn enhances brand reputation and sales performance. Loyal customers reduce acquisition costs and contribute to sustained revenue streams, producing both direct and indirect positive effects on hotel performance (O'Neill & Mattila, 2004). Buso et al. (2017) quantify this effect, revealing that satisfied guests are willing to pay up to 14% more for rooms.

Despite robust evidence linking customer satisfaction to enhanced financial outcomes, some scholars caution that the relationship is complex. Banker et al. (2005) observe that while satisfaction positively impacts revenue, it may simultaneously increase operational costs. This perspective is supported by Bernhardt et al. (2000), Schneider (1991), and Tornow and Wiley (1991), who argue that investments in facility upgrades and employee training required to boost satisfaction can elevate costs, potentially limiting short-term profitability (Chi & Gursoy, 2009). Therefore, while branding and customer satisfaction are widely acknowledged as important determinants of hotel success, their financial effectiveness ultimately depends on the ability of hotel operators to balance service quality enhancement with operational efficiency and cost management.

Hotel Characteristics and Attractiveness

Hotel building design, structure, and attractiveness are key factors influencing product demand. Jensen et al. (2017) assert that the physical appeal of a hotel's premises significantly affects visitor satisfaction. Although many hotels offer comparable attributes and amenities, unique thematic concepts particularly those evoking a "not at home" experience serve as powerful motivators for tourists seeking destination experiences. Vuuren and Slabbert (2011) similarly note that tourists tend to prefer distinctive accommodations over conventional hotels or resorts. Supporting this, the China Tourism Academy (2014) reported that hotels featuring cultural or natural themes achieved an average 50% increase in annual rates. This trend has driven the proliferation of themed hotels, catering to tourists' desires for immersive cultural environments and scenic natural landscapes (Huang, 2006; Liu and Li, 2014). Common thematic categories include historical and cultural themes, folk culture, natural aesthetic culture, heritage, and agriculturally themed hotels (Chen, 2007), which effectively address diverse market segment demands (Prabakaran and Panchanatham, 2013).

However, much of the existing literature tends to portray thematic hotel concepts as universally beneficial without sufficiently considering the operational and financial challenges associated with maintaining distinctive themes. Themed hotels often require substantial capital expenditure, continuous refurbishment, and specialized maintenance to preserve experiential authenticity and customer appeal. Consequently, the long-term financial viability of highly themed properties may vary depending on market demand, location suitability, and changing consumer preferences. In some cases, overly niche concepts may also limit market flexibility by targeting only specific tourist segments, thereby increasing business vulnerability during demand fluctuations.

Madhu Rajesh (2020), Director of the Sustainable Hospitality Alliance, highlights that sustainable hotels yield benefits encompassing financial performance, reputation enhancement, and regulatory compliance by integrating stakeholder interests in their design. Sustainable hotels employ environmentally responsible practices, such as utilizing renewable energy and implementing resource reduction and recycling measures in both operations and construction (Priem & Butler, 2001; Berezan et al., 2013). Empirical evidence indicates that sustainability positively correlates with hotel performance (e.g., Ghaderi et al., 2019; Garay and Font, 2013; Theodoulidis et al., 2017). Sustainable practices contribute to superior service quality and guest experiences, bolster brand reputation, and increase tourist confidence. In a survey of 329 tourists in Mexico, Berezan et al. (2013) found that 27.6% expressed satisfaction with hotel services, and 23.6% indicated a willingness to re-stay due to the hotel's green initiatives.

Nevertheless, the relationship between sustainability initiatives and hotel performance remains complex. While sustainable practices may enhance reputation and customer perceptions, the implementation of green technologies and environmentally responsible operations frequently involves high initial investment and ongoing compliance costs. Smaller hotels or independent operators may therefore face financial constraints in adopting sustainability measures at the scale required to generate meaningful competitive advantages. Furthermore, some studies suggest that tourists may express positive attitudes toward sustainable hotels without necessarily demonstrating corresponding willingness to pay premium prices, creating a potential gap between environmental branding and actual revenue performance.

In addition, prior studies predominantly assess hotel design and sustainability from an operational or marketing perspective, emphasizing customer satisfaction, occupancy, and service quality. Comparatively limited attention has been given to how architectural uniqueness, thematic identity, and sustainable features influence long-term hospitality asset value and investment performance. The attractiveness of hotel design may enhance short-term demand and branding effectiveness, yet its contribution to long-term financial sustainability and capital appreciation remains insufficiently explored within the hospitality property literature.

Unique hotel themes and sustainable practices may boost guest satisfaction and loyalty, leading to higher occupancy and room rates. However, their effectiveness ultimately depends on the ability of hotel operators to balance experiential differentiation, sustainability investments, operational efficiency, and evolving market preferences. Therefore, while hotel design attractiveness and sustainability are widely acknowledged as competitive advantages, their long-term financial contribution requires more critical evaluation beyond immediate marketing and customer satisfaction outcomes.

Hotel Seasonality

A substantial body of research has examined the influence of seasonality on hotel performance, with particular attention to peak seasons and their effects on occupancy rates, room pricing, and overall revenue. Natural phenomena, such as heavy rainfall that restricts outdoor activities like beach visits, have been shown to adversely impact revenue in the hospitality sector (Commons and Page, 2001). Seasonal demand is also significantly affected by various types of holidays, including educational breaks, religious celebrations, and national events, which influence hotel occupancy and revenue patterns (Vrkljan et al., 2019). For example, DeMicco et al. (2006) investigated the effects of vacations on hotel income, revealing that each holiday exerts a distinct impact on hotel sales, with some effects manifesting before the holiday period and others occurring afterward. Furthermore, hotel revenue fluctuates depending on whether the day is a weekday or weekend, reflecting differences in consumer behavior and demand (Commons and Page, 2001).

However, while the literature consistently confirms the presence of seasonal demand fluctuations, it often treats seasonality as a largely external and uniform driver of performance without sufficiently unpacking how hotels strategically respond to these variations. In practice, the magnitude of seasonal effects is not fixed; it is mediated by factors such as market positioning, pricing strategy, brand strength, and location accessibility. This implies that seasonality does not operate in isolation but interacts with internal hotel capabilities, which are less frequently incorporated into empirical models.

In summary, understanding the effects of seasonality and holiday patterns is essential for optimizing hotel revenue management strategies. These temporal variations directly impact key performance metrics such as HRRP and return revenue, making it critical for hotels to adapt pricing and marketing approaches to maximize revenue across fluctuating demand periods. Nevertheless, the effectiveness of such strategies depends not only on recognizing demand cycles but also on how well hotels integrate dynamic pricing, segmentation, and operational flexibility into their revenue management systems.

Table 1: An overview of recent empirical studies

Authors	**Area**	**Sample**	**General Attributes**	**Specific Attributes**
Lee *et al.* (2010)	South Korea	Hotel guest (450)	Location	Attraction, Convenience, Safety, Surrounding Environment, Traffic, and Accessibility.
Chaves, Gomes, & Pedron (2012)	Portugal	50 hotels	Location, Operation Management	Near the city centre, public transport, proximity to the beach, safety and quiet neighbourhood, surrounding environment.
Li, *et, al.* (2015)	Hongkong	All hotel in Hongkong	Location	Land-use types, tourism attractions, transportation, facilities, and the economic
Gémar et al., (2016)	Spain	1033 hotels	Location, Financial, Economic	Tourism location, distance to airport, region, community, operating revenue, number of employees, staff cost, equity, financial ratio, current ratio.
Lee & Jang, (2011)	United States	62 cities	Location	Distance to airport, distance to the central business district
Tsai *et al*. (2010)	China, Hong Kong or Taiwan	Hotel guest (204)	Operation Management	Brand Awareness, Perceived Quality, Brand Image, Brand Loyalty
Yang *et al.* (2012)	Beijing	315 hotels	Location Characteristics	Subway accessibility, accessibility to tourism sites area, agglomeration effects, agglomerations zoning, public goods and services, urban development, scale, star rating, ownership, services, diversification.

Authors	Area	Sample	General Attributes	Specific Attributes
Adam & Amuquandoh, (2014)	Ghana	153 hotel	Economic factors, Neighborhood features, Transportation access, Laws and regulations	Proximity to the city centre or CBD, The low cost of land, Availability of other hotels, Availability of related business, Availability of ancillary services
Authors	**Area**	**Sample**	**General Attributes**	**Specific Attributes**
Foroudi (2019)	UK	Hotel guest 520 questionnaires	Branding	Brand signature, brand logo, brand name, design, colour, brand attitude, brand belief, brand awareness, brand familiarity, brand recognisability, brand reputation, brand benevolence, brand performance, brand loyalty, brand re-purchase, and brand recommendation,
Dariusz *et al.* (2019)	Poland	700 hotels	Operation Management	customer orientation, competitor marketing programs, novelty and meaningfulness
Plank, Alexandra (2013)	Austria, Germany,	203 hotel managers,	Operation Management	Behaviour of hotels. Innovativeness, staff behaviour, customer retention,
Radojevic, Stanisic & Stanic (2015)	Global hotel Industry	13,410 hotels	Operation Management	Cleanliness Rooms, Service Sleep, Quality Value
Wanfei Wang *et al.* (2020),	China	659 online/ 12 hotels	Operation Management, Characteristics	services quality, foreign style offerings, uniqueness, spiritual well-being, traditional architecture, family togetherness, and luxury amenities, entertainment
Sharareh Khosravi (2014)	Malaysia	133	Operation Management, Characteristics	Convenient, Room features, Special services (individual services and personalized services, friendly staff, homely environment, and service quality), Design element (Aesthetic, unique architecture, unique interior
Soler, *et al.* (2019)	Portugal	9992 rooms.	Seasonality, And Location	Size, distance to city center, online ranking and rating, amenities, advance booking, day of the week.
Schamel (2012)	Italy	911 rooms	Seasonality	Distance from city centre, Star rating, online rating, advance booking duration, room amenities, business centre.
Monty and Skidmore (2003)	USA	36 rooms	Seasonality	Distance to city centre, traffic density, time of the year, day of the week, room size, amenities, and numbers of room.

METHODOLOGY

The study employed a desktop research methodology based on secondary data sources, eliminating the need for primary fieldwork. Desktop research involves the systematic identification, collection, and synthesis of existing knowledge from published academic literature, industry reports, and official statistical datasets. This approach is particularly suitable for exploratory and conceptual studies where the objective is to integrate and critically evaluate existing evidence rather than generate primary empirical observations. Compared to field-based research, desktop research offers greater efficiency in terms of time and cost, while enabling broader coverage of multi-contextual evidence.

To ensure methodological rigor and transparency, a structured literature search strategy was adopted. Relevant studies were identified through major academic databases, including Google Scholar, Emerald Insight, and Scopus, selected due to their extensive coverage of peer-reviewed hospitality, tourism, and real estate literature. The search was guided by predefined keywords such as "hotel performance," "hotel investment," "location," "brand equity," "customer satisfaction," "hotel design," "sustainability," and "seasonality," using Boolean combinations to refine relevance.

A systematic screening process was applied to ensure quality and relevance. The initial search yielded approximately 250 records. These studies were subsequently screened through title and abstract review, followed by full-text assessment against predefined inclusion and exclusion criteria. After removing duplicates and excluding studies with limited relevance or insufficient methodological rigor, 177 studies were retained for final analysis. Inclusion criteria comprised peer-reviewed journal articles, conference proceedings, and reputable industry reports written in English, focusing on hotel performance and related determinants.

All selected studies were organised using Mendeley for citation management and thematic classification. The final dataset was analysed using thematic synthesis, allowing the studies to be grouped into key determinants of hotel performance, including location, branding, customer satisfaction, hotel design, sustainability, and seasonality. This approach enabled systematic comparison across studies and facilitated the identification of consistent patterns, contradictions, and research gaps.

CONCEPTUAL FRAMEWORK

The conceptual framework developed in this study is based on a systematic synthesis of prior hotel performance literature. It proposes that HRRP investment performance is shaped by the interaction between external environmental conditions, physical property attributes, operational management practices, and temporal market dynamics. Rather than viewing hotel performance as the result of isolated variables, the framework positions it as a multidimensional outcome influenced by interconnected determinants.

The framework is structured around four main dimensions: location, hotel building characteristics, operational management, and seasonality. Together, these dimensions influence HRRP investment performance, which is measured through two key outcomes: capital appreciation and building yield. In essence, the framework suggests that these determinants jointly affect both the long-term value growth of the asset and its ability to generate consistent rental income.

The location dimension reflects the spatial advantages of a hotel property. Factors such as proximity to tourism attractions, transport accessibility, road connectivity, hotel clustering, and surrounding environmental quality all play a role in shaping demand and market attractiveness. Generally, hotels in well-connected and tourism-rich areas tend to achieve stronger demand, better pricing power, and higher long-term value. However, these advantages may vary depending on market competition and saturation levels.

Hotel building characteristics refer to the physical and experiential aspects of the property, including room size, capacity, design concepts, themed features, amenities, safety systems, and sustainability practices. These elements influence guest experience, perceived value, and market differentiation. While distinctive design and facilities can enhance attractiveness and pricing potential, they may also introduce higher operational and maintenance costs, suggesting that the relationship is not always linear.

Operational management focuses on the intangible and managerial aspects of hotel performance, particularly branding, customer satisfaction, and service quality. Strong branding and positive customer experience contribute to higher loyalty, stronger market positioning, and improved pricing competitiveness. At the same time, these factors are perception-driven and may influence investor confidence differently across market segments.

Seasonality represents an external temporal factor that affects fluctuations in hotel demand. Public holidays, school holidays, and peak or off-peak travel periods influence occupancy levels and revenue stability. Although seasonality is largely outside the control of hotel operators, its impact can be managed to some extent through pricing strategies and operational adjustments.

Overall, the framework suggests that HRRP investment performance is not driven by any single factor, but by the combined and interacting effects of location, property characteristics, operational capability, and seasonal demand patterns. By integrating both tangible and intangible determinants, the framework provides a more comprehensive understanding of HRRP investment performance in terms of both capital appreciation and rental yield.

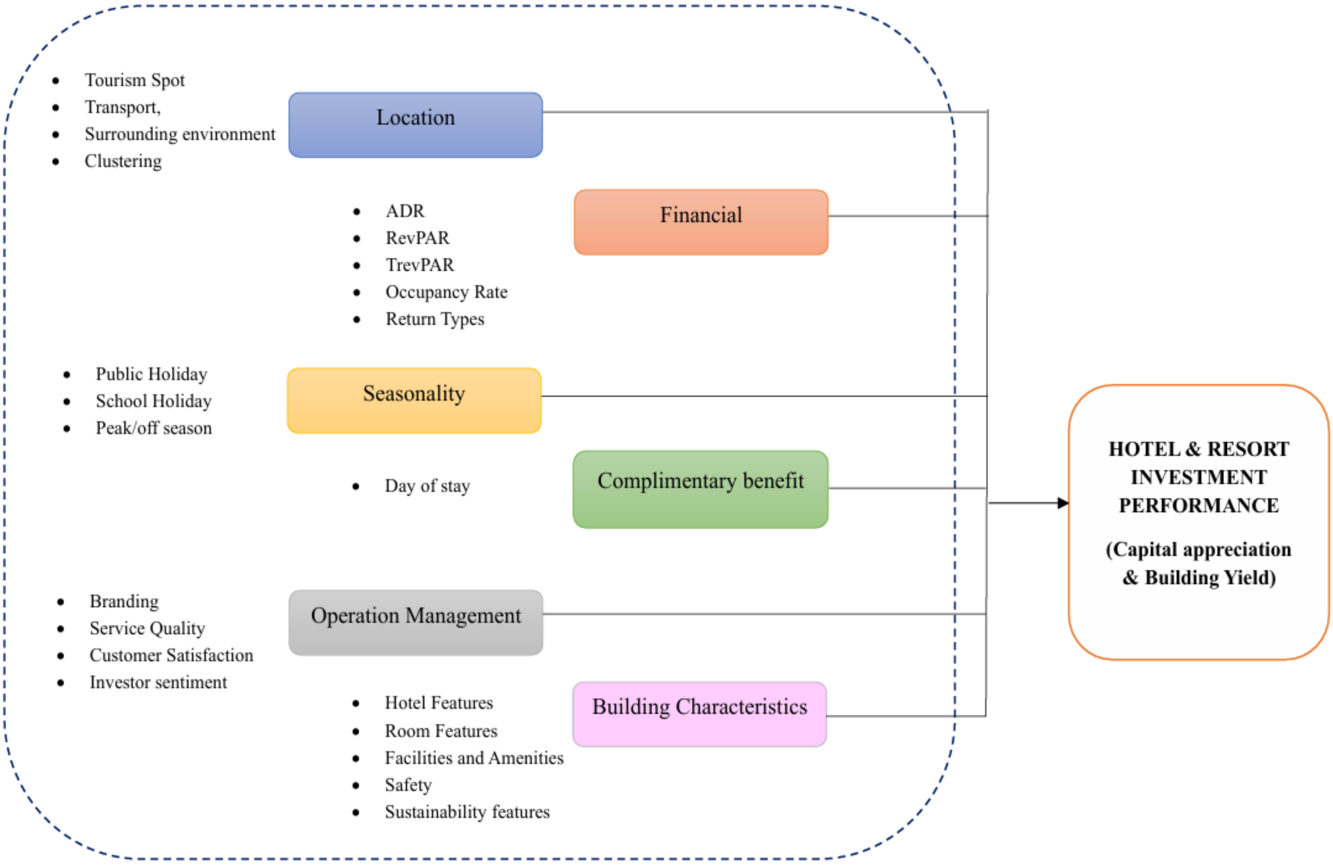

Figure 2: Conceptual Framework of HRRP Investment Performance
Source: Authors

FINDINGS

The systematic review consolidates hotel performance determinants into five interrelated dimensions: location, financial structure, seasonality, hotel building characteristics, and operational management (refer to table 3). Overall, the literature consistently supports the view that hotel performance is multi-causal, emerging from the interaction between external demand conditions and internal property-specific attributes rather than any single dominant factor. However, most studies still analyse these determinants in isolation, which limits a more integrated understanding of hotel performance dynamics.

Location is the most consistently supported determinant across the literature, particularly in terms of accessibility, tourism density, and spatial connectivity. Variables such as proximity to tourism attractions, transport infrastructure (airports, railways, and road networks), city centres, and hotel clustering are repeatedly associated with stronger demand and pricing power. Nevertheless, the evidence also suggests that the benefits of location are not uniform. In highly competitive or saturated tourism areas, locational advantages may be offset by market congestion and intensified competition, indicating that the effect of location is context-dependent rather than absolute.

Financial performance indicators, including occupancy rate, ADR, RevPAR, and TRevPAR, are widely used as standard measures of hotel success. However, a key limitation in the literature is that these variables are predominantly treated as dependent outcome metrics rather than explanatory constructs. As a result, there is limited understanding of how financial performance is structurally shaped by operational, locational, and design-related factors. In addition, hybrid return models such as guaranteed returns and profit-sharing schemes introduce further complexity, as they may not always reflect actual market performance.

Seasonality is consistently identified as a structural constraint on hotel demand, with public holidays, school holidays, and peak/off-peak cycles significantly influencing occupancy and pricing behaviour. Despite this consistency, seasonality is largely conceptualised as an exogenous factor, with limited attention given to how hotels strategically adapt to or mitigate seasonal volatility. This reflects a broader gap in the literature, where demand fluctuations are acknowledged but not sufficiently integrated into performance modelling frameworks.

Hotel building characteristics represent a more heterogeneous set of determinants, encompassing both functional and experiential dimensions. Physical attributes such as room size, capacity, and configuration are commonly linked to operational efficiency, while design features, thematic concepts, and private amenities (e.g., balconies, pools, gardens, and water-based concepts) are associated with perceived value and willingness to pay. However, the literature also implies a trade-off: while distinctive design enhances market appeal, it may also increase construction and maintenance costs, raising questions about long-term investment efficiency. Increasing attention is also given to sustainability and safety features, although their direct financial impact remains less clearly established.

Table 3: Summary of hotel performance factors
Source: Authors

Category	**Subcategory**	**Variables**
Location	Tourism spot	Numbers of tourism spot
	Transport hub	Distance from the airport Availability of railways Good road network Nearness to a major road
	Surrounding environment	Good neighbourhood (low rate of crime) Proximity to the city centre or CBD Hotel Clustering
Financial	Financial Return	Occupancy Rate Return Type (Guarantee Return/ Profit Sharing) Average Daily Rate Average Daily Rate (ADR) Total Revenue Per Available Room (Trevpar) Revenue Per Available Room (Revpar)
Seasonality	Day type	Public Holiday School Holiday Peak Season/ off season
Complimentary	Timesharing benefit	Complimentary Days
Category	**Subcategory**	**Variables**

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Hotel building characterises	Basic Interior Features	Total floor area Number of bed rooms Numbers of bathroom Dining Room Kitchenette
	Special Room Features	Hotel theme Private Balcony, Private sauna etc
Hotel building characterises	Special Room Features	Private sauna Vicinity view
	Facilities & Amenities	Laundry services Discount ticket on tourist attraction places Swimming pool Water Theme park Spa treatment centres Fitness centres Karaoke Golf Sauna Airport transfers Hotel Age Hotel rating Tour Package
	Safety	First aid kit Fire extinguisher CCTV
Hotel building characterises	Sustainability-oriented feature	Energy conversation Water conversation Automate conservation Recycling and Waste Reduction Green energy
Operation management	Branding	Brand Reputation Brand Awareness (Marketing)
	Customer-oriented	Customer Satisfaction Services Quality Investor intangible feeling

Operational management factors, particularly branding, customer satisfaction, and service quality, are widely recognised as intangible drivers of performance. These factors influence perceived value, customer loyalty, and market positioning. However, a recurring limitation in the literature is the reliance on perception-based or survey-driven measures, which may not fully capture investor behaviour or long-term financial outcomes. Investor perception, in particular, remains underexplored despite its relevance in hospitality investment models.

CONCLUSION

After a comprehensive review of the existing literature, this study identifies multiple factors that influence hotel investment performance, particularly within the HRRP context. The paper contributes to the literature by developing an integrated understanding of performance determinants through the synthesis of both tangible and intangible attributes, thereby extending existing hotel performance research. Overall, the findings highlight that HRRP investment performance is shaped by a combination of interrelated factors, including location, financial structure, seasonality, physical hotel characteristics, and operational management. This confirms that hotel investment outcomes are multidimensional rather than driven by isolated variables.

The study provides practical insights for investors, developers, financial institutions, property valuers, and relevant regulatory bodies by identifying key considerations that may support more informed evaluation of HRRP investments. In addition, it offers a foundation for future empirical research to test and quantify the strength of relationships between these determinants and hotel investment performance, particularly in relation to rental yield and capital appreciation. In conclusion, a more integrated approach is essential to fully understand HRRP investment performance, as outcomes are shaped by the interaction between market conditions, property attributes, and operational strategies.

Limitations of this study should be acknowledged. First, this research is based on a desktop review approach relying solely on secondary data from existing literature and industry reports, which may limit the ability to capture real-time market dynamics. Second, although the study synthesises findings from multiple international contexts, the limited availability of empirical studies on Hotel and Resort Room Properties (HRRP) in Malaysia may affect contextual specificity. Third, the proposed conceptual framework has not yet been empirically tested, and therefore the relationships between variables remain theoretical. Finally, variations in the measurement of hotel performance across studies (e.g,rental yield, and capital appreciation) may introduce inconsistency in comparative interpretation. Future research is encouraged to empirically validate the proposed framework using primary data such as surveys, interviews, or panel data analysis.

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