

ASIA PACIFIC HOTELS MONITOR

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Whitebridge Hospitality is a specialist advisor to investors, developers and operators in the hospitality industry around the globe. We provide investment, operational and planning advice, and guidance in respect of the entire hospitality spectrum, including: hotels, mixed-use resorts, leisure facilities, casinos, visitor attractions and sporting venues. Our uniquely qualified team can provide services throughout an asset's life cycle.



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Introduction

Talk about global headwinds. Economies are stalling around the world, inflation and interest rates remain stubbornly high, and as if that were not enough, we now have another major conflict to think about. Within APAC, the key influencer is China. As the BBC recently put it: 'When the US sneezes, the rest of the world catches a cold. But what happens when China is unwell?' The world will feel the effects of the latter, but APAC perhaps more so in the coming months. And yet, despite all these headwinds, tourism has performed strongly across the region in the last 12 months.

There were many strong performers in APAC in the last 12 months, with six markets achieving ADR growth in excess of +40%, seven markets recording occupancy growth in excess of +50% and three markets with GOPPAR growth in excess of +300%. Star performer was Tokyo (GOPPAR, +1,420%) and the weakest destination was Maldives (GOPPAR -11.8%).

The development cost picture is a patchwork with mixed trends in each sub-region and across different nations, but the overall image is one of continued pipeline growth in APAC.

China may not have caught a full-blown cold but its sniffles were certainly reflected in the very low number of deals tracked in the country. Across the East China Sea though, Japan was jumping with lots of transactions.

Despite all these headwinds, tourism has performed strongly across the region in the last 12 months.

The final page feature is an extract from a recent consumer survey undertaken by our friends at Gensler and should prove useful for designers, operators and investors in our wonderful hotel sector.

Philip Camble

Director, Whitebridge Hospitality
Editor, Asia Pacific Hotels Monitor

Performance Trends

City	Oct 2022 - Sep 2023				2023				2022				Growth			
	ADR	Occ	RevPAR	GOPPAR	ADR	Occ	RevPAR	GOPPAR	ADR	Occ	RevPAR	GOPPAR	ADR	Occ	RevPAR	GOPPAR
	LC	%	LC	LC	LC	%	LC	LC	%	%	%	%	%	%	%	%
Bangkok	5,223	69.7	3,642	2,058	3,615	42.8	1,548	507	44.5	62.8	135.3	305.8				
Beijing	1,004	58.8	590	284	907	41.8	379	86	10.6	40.7	55.7	231.2				
Delhi - NCR	8,690	74.7	6,488	5,294	5,983	67.0	4,008	2,973	45.2	11.5	61.9	78.1				
Ho Chi Minh & Hanoi	2,702,751	65.0	1,756,965	1,306,100	2,147,853	38.4	825,054	514,848	25.8	69.2	113.0	153.7				
Hong Kong SAR	1,964	63.1	1,239	607	1,408	47.8	673	162	39.5	32.1	84.2	275.0				
Incheon & Seoul	247,187	70.6	174,451	98,562	207,852	55.2	114,681	47,972	18.9	27.9	52.1	105.5				
Jakarta	1,289,564	64.4	830,682	545,107	1,060,641	59.2	628,289	352,879	21.6	8.7	32.2	54.5				
Kuala Lumpur	425	71.1	302	148	365	44.0	161	49	16.4	61.7	88.1	198.3				
Maldives	940	57.1	537	288	940	56.9	535	327	0.0	0.4	0.4	-11.8				
Mumbai	11,448	76.4	8,746	7,462	7,933	75.0	5,953	4,790	44.3	1.8	46.9	55.8				
Phuket	5,446	74.0	4,031	2,347	3,652	45.8	1,674	560	49.1	61.6	140.9	318.9				
Shanghai	934	64.1	599	306	797	45.9	366	101	17.2	39.8	63.8	203.9				
Singapore	366	77.4	283	181	227	69.8	159	89	61.2	10.8	78.5	104.5				
Sydney	269	75.9	204	108	237	47.4	112	54	13.5	60.3	81.8	98.7				
Taipei	6,497	64.7	4,205	2,831	4,669	41.8	1,953	847	39.2	54.7	115.3	234.2				
Tokyo	57,823	73.9	42,757	26,886	34,280	42.8	14,674	1,769	68.7	72.7	191.4	1,419.9				

Source: HotStats

LC = Local Currency

- The global picture of profitability since Jan 2020 to Sep 2023 has swayed wildly. Starting with a spread of just 10 pts across ME, APAC and USA, and ending now with ME running +120% ahead of 3 years ago, EU +23% ahead, APAC at +15% and USA up just +9%.
- Singapore is the clear and consistent GOP leader for the last 12 months running (averaging at just under USD130 PAR), followed by Vietnam (USD80 PAR), then China, Thailand, Japan and Malaysia hovering between USD30 and USD45 net GOPPAR.
- Maldives is the king of peaks but at the same time the biggest off-season loser. Peaking at well over USD300 GOPPAR, almost tripling the achievement of Singapore, but actually losing money in Sep 2022 and Jun 2023 due to its high operating costs.
- Overall, APAC has managed costs exceptionally well across Rooms Expenses, F&B Cost of Sales, A&G, S&M, POMECS, as well as Utilities POR, with only one area growing, which is the Booking costs POR. This rose from USD8.6 to USD11 for the Luxury segment.
- YTD9.23, Total Revenue POR is a mixed bag outside Rooms. Spa & Leisure is down -13.7%. C&B is up +1.1%, F&B is down 3.6%, while golf revenues are up +55.3%, smashing everything else by miles.

Hotel Construction Costs

Country	Currency	Budget hotels	Mid market – low	Mid market – high	Luxury
		LC per sqm	LC per sqm	LC per sqm	LC per sqm
Australia	AUD	3,500 - 4,600	3,750 - 5,700	3,800 - 6,800	4,500 - 7,800
China	CNY	9,580 - 12,030	9,580 - 14,470	11,380 - 17,860	12,670 - 20,160
Hong Kong	HKD	31,130 - 33,620	31,130 - 36,120	35,290 - 41,640	37,480 - 46,120
Indonesia	IDR*	15,800 - 17,400	15,800 - 17,400	23,200 - 24,500	24,800 - 26,400
Macau	MOP	24,560 - 26,490	24,560 - 28,430	27,610 - 33,320	30,770 - 37,600
Malaysia	MYR	2,700 - 3,250	2,700 - 3,900	4,000 - 5,400	5,500 - 9,500
New Zealand	NZD	5,500 - 6,500	6,000 - 7,000	6,500 - 7,500	7,000 - 8,000
Philippines	PHP	62,000 - 70,100	62,000 - 70,100	73,100 - 89,500	97,400 - 128,000
Singapore	SGD	4,150 - 4,800	4,250 - 5,150	5,050 - 6,300	6,050 - 7,450
South Korea	KRW*	2,210 - 2,600	2,540 - 3,080	3,000 - 4,590	4,180 - 5,310
Vietnam	VND*	28,950 - 33,190	28,950 - 37,430	37,090 - 43,960	41,220 - 49,450

Source: Rider Levett Bucknall

* '000s

LC = Local Currency

- Despite easing in material pricing across the region, volatility in pricing persists.
- Particularly in Australia and New Zealand, uncertain pipelines and increased supply chain insolvency, volatility is driven by risk and contractor's need to replenish order books.
- Hong Kong and Macau recovery is slowing but with tender prices still reasonably buoyant.
- Singapore and Indonesia Construction prices are still on an upward trajectory.
- Hotel construction activity has been on an upward trajectory in approximately 70% of the cities across the region.

These costs have been prepared from a survey of Rider Levett Bucknall worldwide offices. Costs are expressed in local currency per square metre of Gross Floor Area except:

- China, Macau and Hong Kong which are expressed per square metre of Construction Floor Area (measured to outside face of external walls); and
- Singapore, Vietnam, Indonesia and Malaysia which are expressed per square metre of Construction Floor Area (measured to outside of external walls and inclusive of covered basement and above ground parking areas).

The costs include FF&E (except New Zealand and Australia), but exclude operator's stock and equipment. Fees, land costs and local taxes (Sales Taxes or similar) are also excluded. Costs are generally based on constructing hotels to international design standards. Data is prepared to highlight key cost trends and differences between markets. Users should verify the suitability of general cost data to their specific circumstances. Exchange rates and inflation can distort generic data, for specific project guidance please contact Rider Levett Bucknall.

Transaction Tracker

Region	Hotel	Location	No. of Keys	Total Price	Price per Key
Portfolio Transactions				USD	USD
	Novotel + Ibis	Melbourne, Australia	472	111,200,000	236,000
	South Hedland + Lodge motels	South Hedland, Australia	242	19,700,000	81,000
	3x EBC hotels	Tasmania, Australia	132	21,400,000	162,000
	3x Smile Hotels	Japan	331	21,500,000	65,000
	3x Ibis hotels ¹	Thailand	664	4,200,000	6,000
Single Asset Transactions					
Australia	Sofitel Adelaide	Adelaide	251	100,400,000	400,000
	Links House Hotel	Bowral	17	4,300,000	256,000
	Quest Woollongabba	Brisbane	98	30,000,000	306,000
	Sofitel Brisbane Central ²	Brisbane	416	121,500,000	292,000
	Hunts Hotel Liverpool	Casula	140	31,300,000	224,000
	Quest Fremantle	Fremantle	122	25,500,000	209,000
	Sheraton Grand Mirage Resort	Gold Coast	295	127,100,000	431,000
	Mercure Pakenham	Melbourne	64	11,400,000	178,000
	Lyllal Hotel & Spa	South Yarra	48	21,900,000	457,000
	Harbour Rocks MGallery	Sydney	59	28,500,000	484,000
	Space Q Capsule Hotel	Sydney	60	9,400,000	157,000
Japan	UAN Kanazawa	Kanazawa City	47	16,300,000	3,400,000
	ANA Crowne Plaza Kyoto	Kyoto	291	56,100,000	193,000
	Hotel Osaka Shinsaibashi	Osaka	256	57,900,000	226,000
	Comfort Takamatsu	Takamatsu	163	15,600,000	95,000
	Mimaru Akasaka	Tokyo	36	23,500,000	653,000
South Korea	Saipan World Resort	Saipan Int'l Airport	259	71,000,000	274,000
	Nine Tree Premier Myeongdong II	Seoul	408	105,500,000	258,000
	Staz MyeongDong 2	Seoul	174	24,400,000	140,000
Thailand	Grand Mercure Windsor	Bangkok	456	99,500,000	218,000
	Oakwood Studios Sukhumvit	Bangkok	177	16,500,000	93,000
Other	Pentahotel Kowloon	Hong Kong, China	695	27,800,000	40,000
	Hotel Stripes	Kuala Lumpur, Malaysia	184	29,700,000	161,000
	Amari Havodda	Gaafu Dhaalu Atoll, Maldives	120	60,000,000	500,000
	Sedona Hotel Yangon	Inya Lake, Myanmar	749	57,400,000	77,000
	Stamford Plaza	Auckland, New Zealand	286	107,500,000	376,000
	Parkroyal Kitchener Road	Little India, Singapore	542	382,700,000	706,000

Source: Whitebridge Hospitality

¹ for a 49% stake

² for a 87.9% stake

- Corporate compacts: Salter Brothers acquired Spicers Retreats (Aus); Goldman Sachs acquired FTC Hotels (Chi); Artotel Group acquired Milestone Pacific Hotel Group (Indo); Godo Kaisha Ebriu Resorts acquired Daiwa Resorts Co (Jap).
- Jumping Japan: Loadstar Capital acquired Hotel Rex (Akasaka); Fortress acquired Hotel New Akao (Atami); Belluna acquired Lake Suite Ko No Sumika and Toya Sun Palace Resort (Hokkaido); Travelodge (Asia) acquired 2ND by hotel androoms (Nishiki); Invincible Investment

Corp acquired 6x Fortress hotels (USD394m); KKR acquired Hyatt Regency (Tokyo); Mitsui & Co acquired Royal Park Hotel (Tokyo).

- Others of interest: international investor acquired luxury hotel Chateau Marlborough (NZ); 3x hotels acquired together (2x in Vietnam and 1x in Indonesia, USD106m).

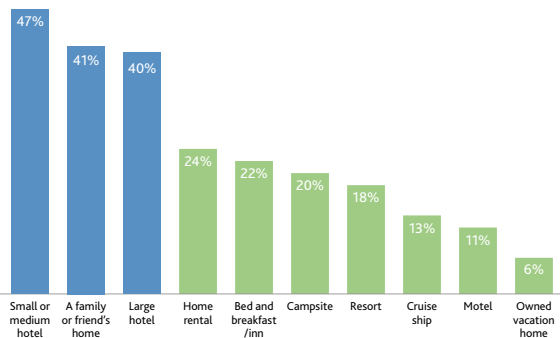
Prices have been rounded where appropriate. We do not warrant the accuracy of this data which was obtained from publicly available sources and reported in industry journals. Conversions to euros were made according to the exchange rate at the time of the announcement.

HOSPITALITY EXPERIENCE SURVEY 2023 (BY GENSLER)

In early 2023, Gensler conducted an extensive survey of North American travellers and the data threw up some interesting results that we would like to share with you because of their potential bearing on hotel design, service standards and site selection. Hopefully the results can help guide more optimal concepts for investors and operators.

- Hotels are the most popular accommodation type: graph below shows that Small or Medium and Large Hotels are the top paid-for preferred types of accommodation, with the smaller hotels being most popular. Home Rentals only appealed to 24% of respondents.

[WH: sorry, Airbnb]



- Rather than shorten the duration of a trip, travellers will cut expenditure, with the largest proportion saying they would select a Cheaper Accommodation instead of a curtailed experience (53%).

[WH: go, budget sector]

- The guestroom was identified as the most important consideration when deciding to book a hotel. Within the room the most valued features were Kitchenette (55%), Private Outdoor Space (52%) and Bathroom with Separate Tub & Shower (47%).

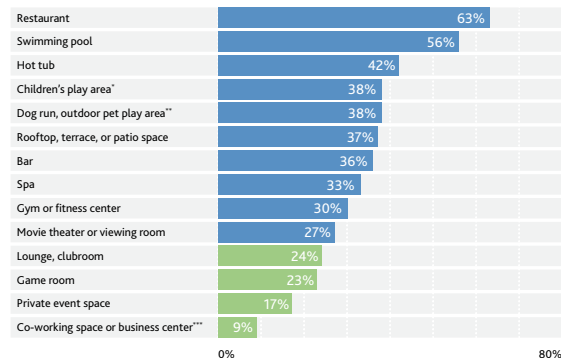
[WH: sounds expensive]

- Of possible hotel services, guests want to know what is included in the room rate, with Free Wi-Fi and Free Breakfast being most strongly desired (74%), well ahead of Free Parking (61%).

[WH: which is good news as parking requires more land-take]

- Preferred amenities: despite hotel F&B's somewhat tarnished reputation within our sector, for the consumer it is still the most popular amenity (see graph below). Guests also like to relax with both Swimming Pool and Hot Tub scoring highly. Co-working or Business Centre was least favoured (9%).

[WH: is the office making a comeback?]



* Among respondents who most often travel with children under 18.

** Among respondents who are likely to or already bring their pets on their trips.

*** Among respondents who are currently employed.

Our research finds that priorities around amenity spaces are heavily influenced by a guest's life stage and lifestyle preferences.

- The most popular in-room offerings were: Streaming Services on TV (59%), Charging Stations/USB Ports (56%) and Keyless Guestroom Entry (39%). Some 49% also said that Mobile Check-in was desired (good for reducing payroll, but not necessarily good for overall guest experience).

[WH: recent analysis of customer feedback questionnaires by the major brands indicate that people still like the human touch]

- The key location consideration when selecting a hotel was Safety of the neighbourhood (54%), followed by local Restaurant Offerings (53%) and Convenience (40%). 'Location, location, location' is still very relevant, even today.

[WH: nicely put, Mr. Hilton]

With many thanks to our friends at Gensler. [More details and the full report are available at their website.](#)



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