

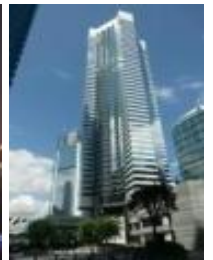


FEBRUARY 2012

RECORD-BREAKING PERFORMANCE BY SINGAPORE HOTELS IN 2012

Zhang Jiahao, ASSOCIATE
HVS Singapore

David Ling, CHAIRMAN
HVS China & Southeast Asia



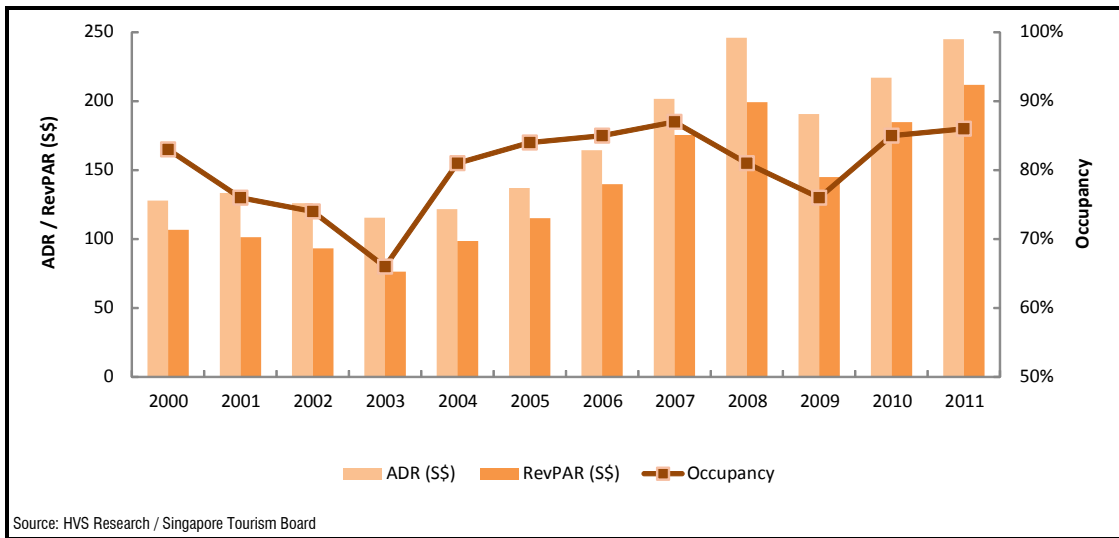
www.hvs.com

HVS Global Hospitality Services | 6 Temasek Boulevard, #23-01A Suntec
Tower Four, Singapore 038986

Record-Breaking Performance by Singapore Hotels

Revenue per Available Room (RevPAR) of hotels surged by 15% to S\$212 in 2011, from S\$185 in 2010. The stellar RevPAR is driven by a combination of higher average room rate (ARR) and occupancy rate achieved by hotels in Singapore. ARR of S\$245 for 2011 coincides with the previous peak recorded for 2008, and 13% above the S\$217 achieved in 2010. On the other hand, the 2011 occupancy rate at 86% broke the previous record of 85% in 2010.

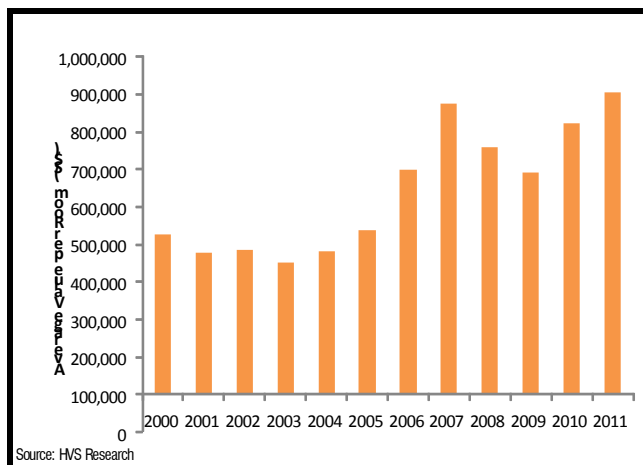
FIGURE 1: PERFORMANCE OF SINGAPORE HOTEL INDUSTRY, 2000 - 2011



Higher Capital Values for Hotels in 2011

The better market performance and investor sentiment in 2011 drove up the average hotel capital value for the Upscale/Luxury segment by 10% to S\$905,299 per room, from S\$822,313 per room in 2010, according to the latest Hotel Valuation Index produced by HVS Hospitality Services. This is 3.6% higher than the previous peak of S\$873,865 achieved in 2007.

FIGURE 2: HOTEL VALUATION INDEX FOR SINGAPORE, 2001 - 2011



Supply Pipeline will alleviate Room Shortage

There are approximate 42,600 gazetted hotel rooms in Singapore during 2011. An estimated 1,700 rooms will be added to the market in 2012, representing a 4% increase in supply. A further pipeline of about 4,000 new rooms is expected by 2013. Four sites slated for hotel development have been sold under the Government Land Sales programme (Alexandra Road, Tanjong Pagar, Robinson Road and Robertson Quay) with prices ranging from \$8,494 to \$11,543 per square metre of gross floor area. These projects will provide an additional 1,200 to 1,600 rooms. The supply pipeline will alleviate the shortage of rooms in the marketplace, as there were periods when travelers to Singapore could not find their accommodation of choice.

FIGURE 3: PROPOSED PROJECTS AND SITES SLATED FOR HOTEL DEVELOPMENT

Proposed Opening	Hotel	Location	No. of Rooms (Est.)
2012	W Hotel at Sentosa Cove	Sentosa	240
	Aqueen Hotel	Tyrwhitt Road	105
	Parkroyal on Pickering	Upper Pickering Street	363
	Modena Changi City (Serviced Apartments)	Changi City	313
	Park Avenue Changi (Serviced Apartments)	Changi Business Park	300
	Resorts World Sentosa (Equarius Hotel)	Sentosa	172
	Aqueen Hotel	Jalan Besar	86
	Aqueen Hotel	Paya Lebar	100
Movenpick Hotel Sentosa (Last Phase)	Sentosa	61	
2013	Holiday Inn Express	Orchard Road	220
	Holiday Inn Express	Clemenceau Avenue/Havelock Road	500
	Dorsett Hotel & Residences	Chinatown	285
	Resorts World Sentosa (Spa Villas)	Sentosa	30
	Sofitel So	Robinson Road/Boon Tat Street	200
	Westin Singapore, Asia Square Tower Two	Marina View	280
	Carlton Hotel	Tanjong Pagar Road/Gopeng Street	383
	Dorsett Regency Hotel	New Bridge Road	285
	One Farrer Hotel	Farrer Park Station Road	230
	Traders Hotel (former Phoenix Hotel)	Orchard Road	502
	Aqueen Hotel Geylang	Geylang Road	100
	Aqueen Hotel Tyrwhitt	Tyrwhitt Road	160
	Fairy Point Hill	Changi	188
	Ramada at Zhongshan Park	Balestier Road	391
	Days Inn at Zhongshan Park	Balestier Road	405
TBC	South Beach Development	Beach Road	560
	Hotel Site (Awarded June 2009)	Short Street	TBC
	Hotel Site (Awarded January 2011)	Gopeng Street/Peck Seah Street	TBC
	Hotel Site (Awarded March 2011)	Robertson Quay	TBC
	Hotel Site (Awarded December 2011)	Jalan Bukit Merah / Alexandra Road	TBC
	White Site with Hotel Component (Awarded November 2010)	Peck Seah Street/Choon Guan Street	TBC
White Site with Hotel Component (Awarded May 2011)	Boon Lay Way	TBC	

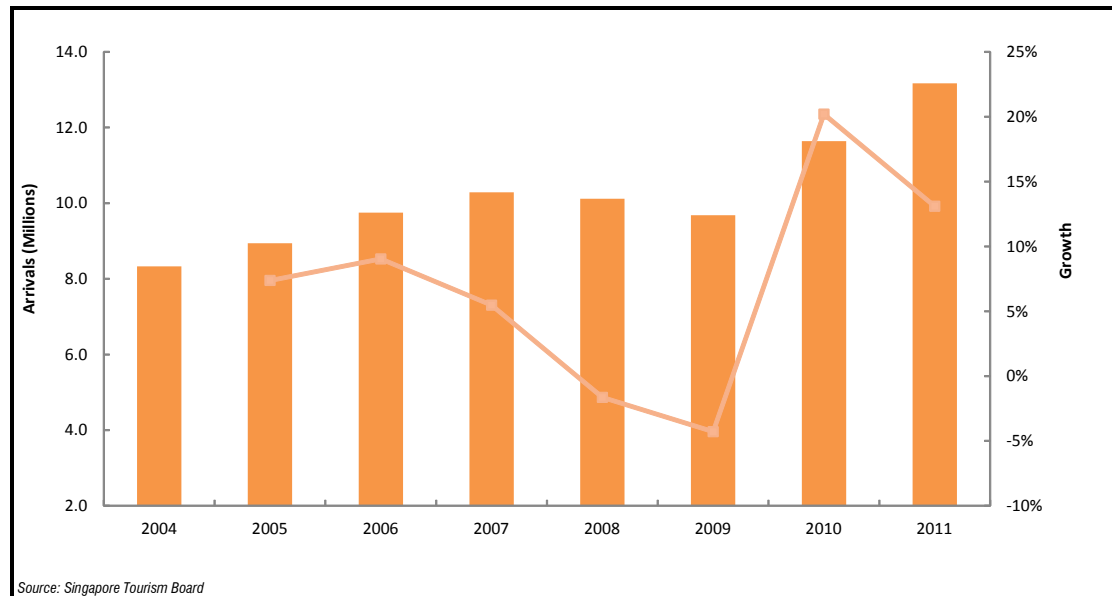
Source: HVS Research

Strong Visitor Arrivals

According to STB's latest report, visitor arrivals in Singapore registered a record 13.17 million. Major events in 2012 such as the Singapore Airshow, the Food & Hotel Asia, the Singapore International Water Week, the CleanEnviro Summit Singapore and the World Cities Summit will contribute to the arrival volume and MICE demand (meetings, incentives, conventions and exhibitions).

However, the effects of the financial crisis in Europe which moderated the global economic outlook and demand for exports from Asia will affect corporate spending on travel and discretionary spending on leisure activities.

FIGURE 4: VISITOR ARRIVALS TO SINGAPORE, 2001 - 2011



Healthy Outlook for 2012

The Singapore hotel market is likely to witness another year of healthy operating performance in 2012, barring further shocks to the regional and global economies. As a major centre of commerce and finance for Asia and its world-class travel and tourism infrastructures, Singapore will continue to enjoy its fair share of travellers for business, MICE and leisure activities.

Singapore's feeder markets are made up mostly of visitors from the regional countries where its economies are expected to continue to thrive, albeit at a more moderate pace.

The influx of budget airlines in Asia in recent years and their ambitious growth plans will enhance connectivity and affordability, resulting in more intra-regional travels. Singapore will continue to be a key beneficiary.

Despite concerns over the effects of the financial crisis in Europe, hotels are not expected to lower their room rates by a significant margin in 2012, as they did during the financial crisis in 2009. Market-wide occupancy rate is anticipated to be in the range of 78% to 83%.

The Singapore hotel market will likely witness another year of healthy operating performance in 2012, barring further shocks to the regional and global economies.



About HVS

HVS is the world's leading consulting and services organisation focused on the hotel, restaurant, shared ownership, gaming, and leisure industries. Established in 1980, the company performs more than 2,000 assignments per year for virtually every major industry participant. HVS principals are regarded as the leading professionals in their respective regions of the globe. Through a worldwide network of 30 offices staffed by 400 seasoned industry professionals, HVS provides an unparalleled range of complementary services for the hospitality industry. For further information regarding our expertise and specifics about our services, please visit www.hvs.com.

From its offices in Beijing, Hong Kong, Mumbai, New Delhi, Shanghai and Singapore, HVS has appraised or advised on existing hotels and resorts, as well as development projects located in 100 cities and resort markets across Asia Pacific. The team's extensive project experience encompasses property valuation, development feasibility studies, consulting and strategic advice, investment sales and acquisitions, hotel asset management and hotel management company search for a host of project types – hotels, resorts, serviced residences, golf courses, mixed-use complexes, residential, office and retail.

HVS is also the founder and co-host of the most influential hotel investment conference in China – the annual China Hotel Investment Conference (CHIC) – attended by senior executives from over 25 countries. For more information, please visit www.chinahotelconference.com.

About the Authors



Zhang Jiahao is an Associate with HVS Singapore, specialising in market intelligence, hotel valuation and consultancy. Jiahao provides research and analytical support for a wide range of feasibility reports, research projects, and other consultancy assignments in Singapore and Asia Pacific. Jiahao graduated with a Bachelor of Science (Honours) in Real Estate from National University of Singapore.



David Ling, MSc, MSISV, AAPI is Chairman of HVS China & Southeast Asia responsible for valuation, consulting and investment advisory services. David completed the Master of Science in Urban Land Appraisal from University of Reading, United Kingdom and Bachelor of Business (with Distinction) from Curtin University of Technology, Perth, Australia. David is a Member of the Australian Property Institute (AAPI) and the Singapore Institute of Surveyors and Valuers (MSISV). He is also a Licensed Appraiser registered with the Inland Revenue Authority of Singapore.

To contact the authors for this article: Zhang Jiahao at jhzhang@hvs.com; David Ling at dling@hvs.com

Disclaimer: Information provided has been gathered from various market sources. No representation or warranty is provided or implied by HVS on the information provided herein. Interested parties are advised to make their own independent checks to verify the information provided.