

Key Takeaways: SEAHIS 2017

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Key takeaways from the South East Asia Hotel Investors' Summit include recurring themes throughout the region such as the rise of the millennial generation, the experience economy and the effects of political instability on regional outlook.

The inaugural 2017 South East Asia Hotel Investors' Summit, held June 13-14 in Bangkok, brought together a strong showing of hotel owners, investors, developers and consultants from throughout the region under one roof. Key industry executives served on lively panel discussions addressing a variety of trending topics such as the Millennial generation, non-traditional hotel types and the impact of technology on the industry to name just a few.

Below are some key takeaways from the 2017 SEAHIS conference:

Rise of the Millennials and the Experience Economy

Hoteliers have been aware of the rise of the Millennials for a while now, and the shifts in consumer behaviour brought about by this generation. This particular topic was a recurrent theme throughout the summit as developers and owners have started thinking out of the box on how to provide a stronger sense of community within their premises, as well as integrating collaborative spaces in the design. Taking advantage of the Millennial trend, many companies are creating products focussed on "experiences", for instance, Rowsley Ltd. with the Hotel Football brand, centred strongly around football, with themed F&B outlets, conferences and locations near renowned stadiums such as Old Trafford Stadium, Manchester, England.

Hostels strive to capture their share of the pie as well, with Montara Group expanding into the "poshtel" market through affordable accommodation in heritage buildings. The new generation of boutique hostels and "poshtels" also acknowledge the importance of community co-working and co-living spaces as well as including local experiences such as Muay Thai and Thai cooking classes. They share their common goal of educating the market on the new era of hostels, focussing on cleanliness and safety as well as recreating the guest experiences. Not wanting to be left behind, serviced apartment developers are also tapping into the trend by encouraging more of a "community feel" through regular functions and events to introduce new residences.

Political Uncertainty

While volatility due to terrorism and political instability has been an issue throughout the world, investors find that the Asian market has been able to bounce back strongly and the outlook remains positive. A panel dedicated to the turbulence in Thailand shed light on its effects on arrival figures and tourist confidence in the country as well as the consequences of the delayed political elections. With 11 crises from 2001 to 2015, Thailand has witnessed an average of one event every 16 months (although only 5 out of these 11 crises had a Thai origin). As a result of this political instability, Thailand has been missing out on the MICE market with event organizers preferring to set up in more secure locations in the region. Local resort destinations such as Phuket have proven to be more tolerant; the island is in fact becoming the focus point of new MICE facility development in the country. Despite these disturbances, overall hotel demand in Thailand has continued to grow, especially in the Midscale and Economy tiers as a higher “terrorism tolerance” can be seen both from within Thailand and on a global scale.

Khin Sanda Win, founder of Sanda Hotel & Services from Myanmar shared her experiences on how the volatility resulting from the Junta closing the country and the sanctions from the United States led to her choices and where she is today. Local executives who chose to invest outside the region also explained their motivations for doing so and the opportunities seen to expand their brands internationally, while also exploring the difficulties and rationale for location. Some see this political uncertainty – particularly in the UK – as an opportunity to take advantage of the influx of tourists due to the weaker pound.

Outlook

As local investors in South East Asia presented their plans for the future, we see a bright young generation of hoteliers looking further to develop their portfolios by diversifying into other hospitality-related programs such as co working spaces and the experience economy. Despite unsettling political events, the outlook remains optimistic, with many owners and investors finding innovative ways to stay ahead of trends and developing new revenue generating opportunities.