

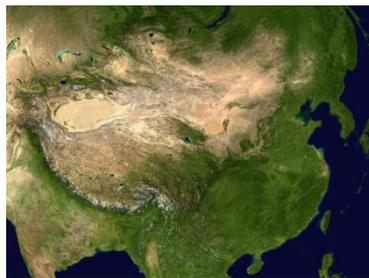


2015 EDITION | Price US\$1,000
SUMMARY

THE ANNUAL HVS **HOTEL OPERATOR GUIDE** **ASIA**

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The HVS Asia Hotel Operator Guide 2015

Foreword



It is with great pleasure that I share with you our second annual Asia-Pacific Operator Guide. The data presented herein is based on year-end 2014. This second edition will continue to serve owners as a reference for which operator has a strong presence in their home market and in potential future markets further ashore as well as key feeder markets across the region. With China rapidly becoming a strong outbound market, brands and operators that are well positioned there are better positioned to welcome Chinese travelers overseas.

Branding, anchored by the management expertise and distribution power that operators bring to a hotel property, is becoming more and more critical. In the face of increasing competition, non-branded properties often perform at a discount to their branded peers due to lack of awareness and quality assurance. Running a hotel is no easy task and owners have a tendency to view operators' fees as unjustified for the value they deliver. It is essential that owner and operator align their interest from very early in the process and work towards a common goal, rather than start their long-term relationship from conflicting standpoints.

In this second edition, we have captured close to 800,000 existing and half a million pipeline rooms spread over 5,453 properties. We have only included properties from operators and brands that were willing to contribute to our research. As a result, this publication features major operators and we look forward to have more brands included in forthcoming editions. Our analysis covers 30 countries and territories in Asia-Pacific (excluding India) and 791 markets with existing hotels as well as 463 markets with proposed hotels.

A handwritten signature in black ink, appearing to read 'Daniel J. Voellm', with a long horizontal flourish extending to the right.

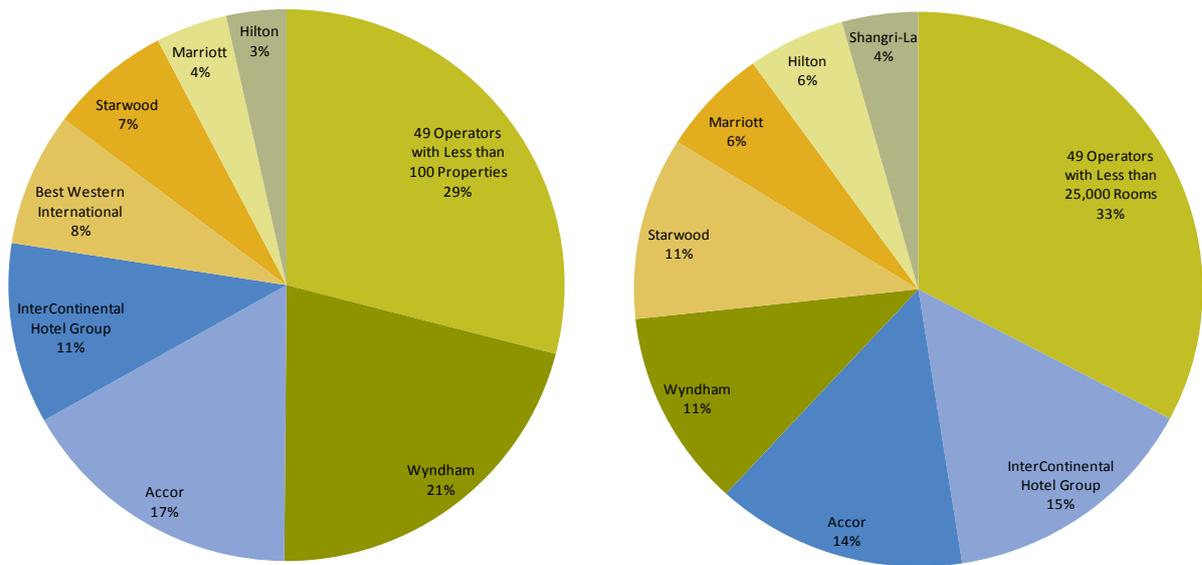
Daniel J. Voellm
Managing Partner, Asia Pacific

Overview

We have prepared our analysis by number of properties and number of rooms for operators, brands, countries and cities. The following discussion highlights the largest players in each category as of year-end 2014.

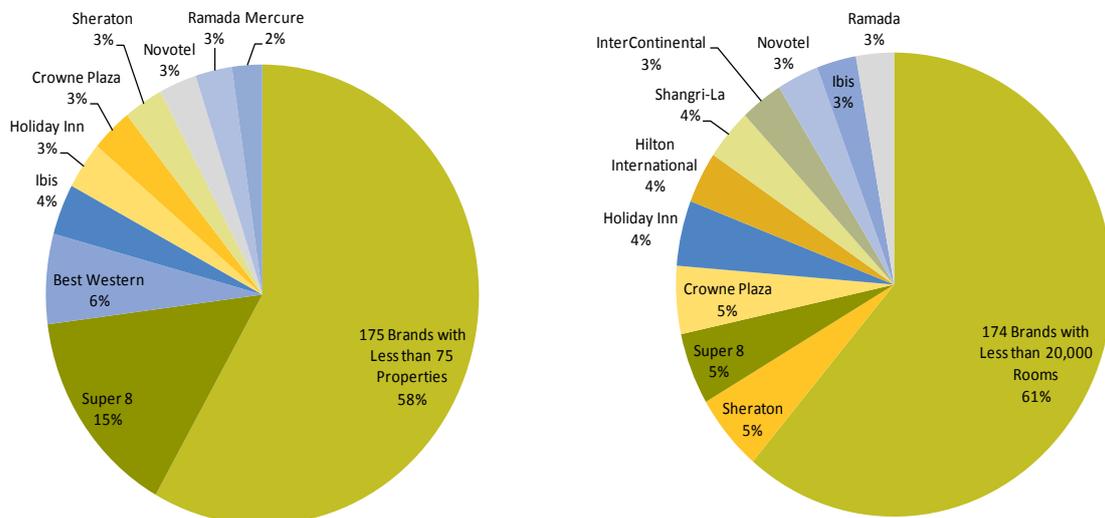
Operators

OPERATOR MARKET SHARE BY NUMBER OF PROPERTIES AND NUMBER OF ROOMS



Among the 53 operators reviewed, the top seven have a market share of 71% by number of properties and 67% by room inventory. The top three players are InterContinental Hotels Group (IHG), Accor and Wyndham, followed by Starwood, Marriott and Hilton.

BRAND MARKET SHARE BY NUMBER OF PROPERTIES AND NUMBER OF ROOMS

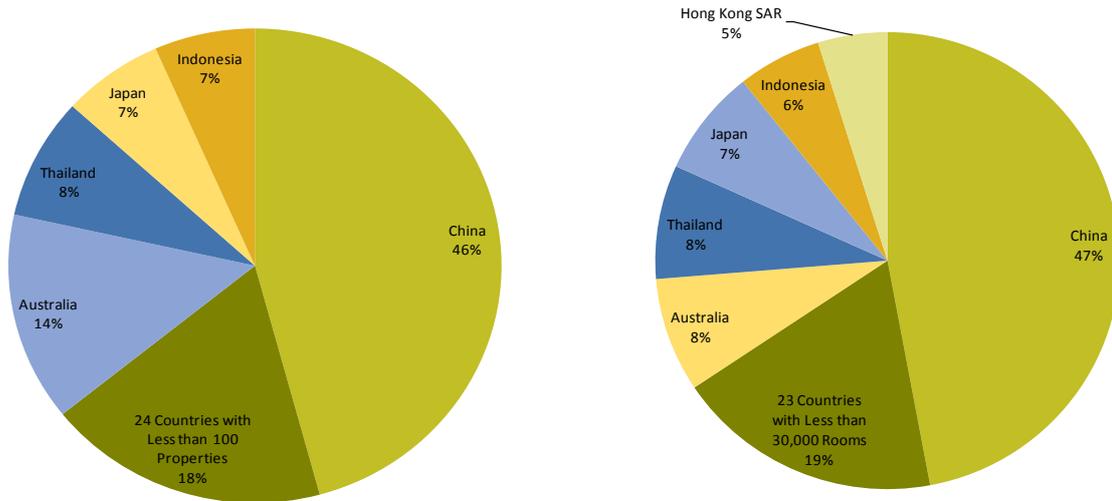


Brands

Given the prevalence of multi-brand operators, the brand landscape is subject to an even higher degree of fragmentation. By number of properties, the budget chains – particularly Super 8 with its presence in China – have the largest market share. Iconic full-service brands, including Holiday Inn, Crowne Plaza, Sheraton, Novotel and Ramada, come next. In terms of number of rooms, full-service brands have the upper hand, with Sheraton enjoying the largest market share at 5%.

Countries

GEOGRAPHIC DISTRIBUTION BY NUMBER OF PROPERTIES AND NUMBER OF ROOMS



Given its sheer size, China dominates in terms of geographic market share at 48% and 47% of all branded properties and room inventory, respectively. Other significant markets include Thailand, Australia, Japan and Indonesia. Despite being a relatively small territory, Hong Kong SAR has the sixth largest share of branded supply in Asia-Pacific.

Markets

TOP 10 MARKETS BY NUMBER OF PROPERTIES AND PIPELINE

Rank	Market	Number of Properties	Rank	Market	Property Pipeline
1	Beijing	198	1	Bogor	700%
2	Shanghai	163	2	Jiaxing	500%
3	Bangkok	110	3	Nanchang	500%
4	Hong Kong	86	4	Petaling Jaya	500%
5	Bali	68	5	Sichuan	500%
6	Sydney	67	6	Zhangzhou	500%
7	Jakarta	60	7	Hsinchu	400%
8	Hangzhou	59	8	Jilin	400%
9	Singapore	57	9	Wanning	400%
10	Phuket	56	10	Melaka	350%

Beijing has the largest number of branded properties at nearly 200. The ten leading markets feature 924 branded properties or 26% of the total sample. Among the top ten markets with the strongest property pipelines, there is a clear shift towards Indonesia, which has seen very active development. The strongest growth is expected in Nanchang, where ten new hotels are in the pipeline. By number of properties, Jakarta is set for the largest growth by properties in absolute terms, at 79 properties, followed by Bali at 62.

TOP 10 MARKETS BY NUMBER OF ROOMS

Rank	City	Number of Rooms
1	Shanghai	51,761
2	Beijing	44,605
3	Hong Kong	37,848
4	Bangkok	30,132
5	Singapore	21,122
6	Seoul	17,408
7	Sydney	15,062
8	Jakarta	14,127
9	Tokyo	13,683
10	Kuala Lumpur	13,145

Shanghai features the largest number of branded rooms at more than 50,000, followed by Beijing and Hong Kong. Bangkok is the fourth large hotel market in the region. Singapore leads a group of mid-sized markets with just above 21,000 rooms.

Provincial markets in China are looking at the largest growth pipelines, which top

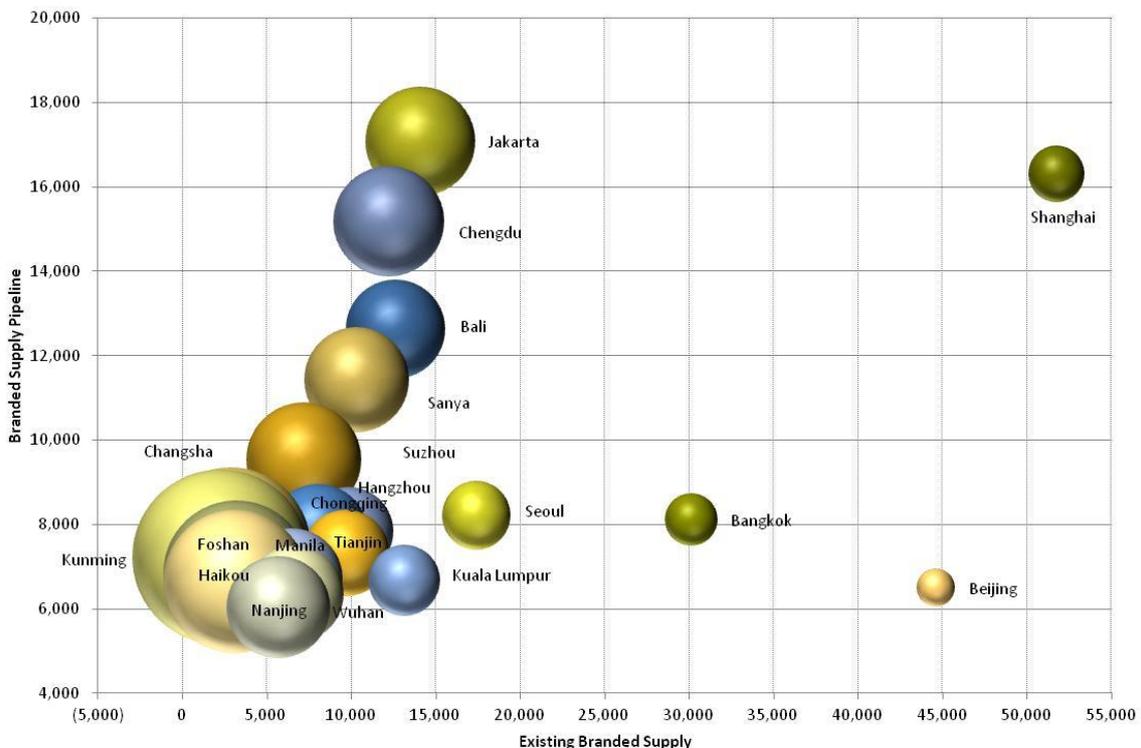
1,000% while generally coming off of a relatively low base.

In a shift from 2014, only six of the top ten markets with the strongest pipeline by number of rooms are located in China. However, Indonesia has seen increased development activity with Jakarta claiming the top spot with a pipeline of 17,075 rooms. Bali is the market with the fourth largest pipeline at 12,622 branded rooms. Among the other markets with a pipeline of more than 6,000 rooms, Kunming, Changsha, Foshan and Haikou look at the largest growth, at 314%, 257%, 214% and 210%, respectively.

TOP MARKETS ROOM SUPPLY GROWTH

Rank	Market	Rooms Pipeline
1	Jilin	1477%
2	Phu Quoc	1191%
3	Hengyang	1007%
4	Bogor	844%
5	Wanning	823%
6	Zigong	800%
7	Yunnan	703%
8	Baoding	700%
9	Puerto Princesa	680%
10	Shangri-La	679%
11	Baoji	629%
12	Wujiang	600%
13	Quanzhou	575%
14	Zhangjiakou	572%
15	Nanchang	570%
16	Jiaxing	562%
17	Fuqing	536%
18	Qidong	536%

TOP MARKETS: EXISTING AND NEW SUPPLY - SUPPLY GROWTH



In terms of markets with the largest growth in supply, Changsha, Zhengzhou and Haikou have pipeline inventories in excess of 200% of new supply. Chengdu, Sanya, Xi'an, Nanjing, Chongqing and Tianjin have more than 100% new supply. All these markets are likely to experience moderating performance levels in the medium term until the new supply is absorbed.

Operator Pipeline

TOP 10 OPERATORS: GROWTH

Rank	Operator	Pipeline/ Existing Rooms
1	Alila	461%
2	Jumeirah	386%
3	Staywell	342%
4	Movenpick	270%
5	General Hotels	235%
6	Swiss-Belhotel	165%
7	Dusit Thani	146%
8	Hilton	141%
9	Carlson Rezidor	138%
10	Hotel Shilla	135%

In terms of absolute growth by number of rooms, InterContinental Hotel Group has the strongest pipeline in Asia-Pacific at more than 70,000 rooms, followed by Accor, Hilton, Marriott and Starwood. Wyndham and Hyatt also forced their way into the top ten, where HNA and Swiss-Belhotel represent regional players. The top 10 operators account for more than 77% of the rooms pipeline of the 48 operators that reported pipeline data.

In terms of growth (pipeline vs existing room inventory), Alila Hotels & Resorts is expected to post the strongest performance by almost quintupling in size. Notably, the top five operators will more than double their current size with their current pipeline. Smaller and regional players dominate the Top 10 list while Hilton Worldwide and Carlson Rezidor are the only global operators. Operators of four-Star and mid-market brands have been aggressive and successful at building their pipeline, reflecting a gradual shift away from the top tier product offering towards a value experience.

TOP 10 OPERATORS: PIPELINE BY NUMBER OF ROOMS

Rank	Operator	Number of Rooms
1	InterContinental Hotel Group	70,159
2	Accor	62,734
3	Hilton	61,272
4	Marriott	55,320
5	Starwood	46,199
6	Wyndham	32,175
7	Hyatt	25,484
8	HNA	11,789
9	Swiss-Belhotel	11,417
10	Best Western International	10,795

TOP OPERATORS: NET ROOM GROWTH

Operator	Rooms Added	Net Room Growth
Hotel Shilla	888	65%
Rosewood	1,404	32%
Melia	586	31%
Best Western International	4,765	27%
Hilton	7,675	22%
Hotel Lotte	815	17%
Marriott	6,775	16%
Regal Hotel	872	16%
Oakwood	414	14%
Starwood	9,000	12%
Banyan Tree	414	12%
Club Med	260	11%
InterContinental Hotel Group	11,801	11%
Fraser Hospitality	636	9%
Kempinski	767	9%
Swiss-Belhotel	521	8%
Wyndham	6,684	8%
Accor	7,684	7%
Hyatt	1,650	7%
Dorsett	379	7%
Shangri-La	2,062	6%

Net Room Growth

Lastly, ranked by the very important KPI in the industry - net room growth - there is a mix of small and large operators at the top. Korea-based Hotel Shilla posted the highest net room growth of 65% whereas in absolute terms it ranked 11th with 888 rooms added. Other operators that made their mark in 2014 include Rosewood, Best Western International, Hilton, Marriott, Starwood and InterContinental Hotel Group.



About HVS

HVS, the world's leading consulting and services organization focused on the hotel, mixed-use, shared ownership, gaming, and leisure industries, celebrates its 35th anniversary this year. Established in 1980, the company performs 4,500+ assignments each year for hotel and real estate owners, operators, and developers worldwide. HVS principals are regarded as the leading experts in their respective regions of the globe. Through a network of more than 35 offices and more than 500 professionals, HVS provides an unparalleled range of complementary services for the hospitality industry.

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HVS ASIA PACIFIC is represented by EIGHT offices in Hong Kong, Bangkok, Beijing, Jakarta, Shanghai, New Delhi, Shenzhen and Singapore. HVS hosts three of the main annual industry events in the region, namely the China Hotel Investment Conference (CHIC) in Shanghai, Hotel Investment Conference South Asia (HICSA) in New Delhi and Tourism, Hotel Investment & Networking Conference (THINC) Indonesia in Bali. Additionally, HVS publishes a wide range of leading research reports, articles and surveys, which can be downloaded from our online library.

The Hong Kong team has worked on a broad array of projects that include economic studies, hotel valuations, operator search and management contract negotiation, development strategies for new brands, asset management, research reports and investment advisory for hotels, resorts, serviced residences and branded residential development projects. HVS Hong Kong's clients include New World Development, The Wharf, Sun Hung Kai, Samsung, SK, Lotte, Taj Hotels and Resorts, Agile Property Holdings, Citibank and LaSalle Investment Management, amongst others.

About the Authors



Setthawat Hetrakul is a senior analyst at HVS Bangkok, working primarily on hotel consulting assignments, including market studies and feasibility studies in the Mekong region. Graduating

with an Honours Bachelor of Science Degree in International Hospitality Management from Ecole Hôtelière de Lausanne in Switzerland and with previous work experience in hotel development, Setthawat contributes extensive knowledge of the hospitality industry to HVS.



Daniel J Voellm, Managing Partner HVS Asia-Pacific is based in Hong Kong and has provided advice in all major markets across 18 countries in the region. Daniel Voellm started his career at HVS in the New York office; as Vice

President at the global headquarters he conducted a wide range of appraisals and market studies as well as underwriting due diligence services in 22 US states and in Canada. Daniel brings a strong understanding of the hospitality industry to HVS. His experience in hotel and food and beverage operations in Germany, Switzerland, England and the US is complemented by an Honours Bachelor of Science degree from Ecole Hôtelière de Lausanne in Switzerland. Daniel works closely with key institutional and private owners of hotel properties, financiers, developers and investors, and has gained a strong understanding of their investment requirements and approaches to assessing the market value of investment properties. Daniel further advises on property and concept development and strategy.

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