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**EXCERPT**

# THE ANNUAL HVS ASIA-PACIFIC **HOTEL OPERATOR GUIDE** (AS OF 31 DECEMBER 2018)

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# The HVS Asia-Pacific Hotel Operator Guide 2019

## Foreword



**Another** year has passed and we take stock of the hotel industry landscape in the Sixth Edition of the Asia-Pacific Hotel Operator Guide. Notwithstanding the trend of consolidation, this publication sees new market participants extend their reach across markets outside their respective home base. Developing the expertise to operate hotels in markets is a key decision factor for owners when exploring suitable candidates. Brand presence in the region is another important selection criteria, particularly for those recently launched. We greatly appreciate the support from all participants of this guide to provide a more comprehensive profile of our industry in the region.

**Owners**, many of which are our clients, increasingly look for brands to help maximize the performance of their properties. This task needs to be approached carefully, understanding motivations and objectives on both sides of the table and ideally supported by an asset manager. In the wake of many mergers, owners start asking for the cost-benefit in dealing with operators as many fees remain opaque. Ultimately, it is the confidence an owner can take in the operator being familiar with the intricacies of doing business in the locale and the brand delivering the topline performance according to its positioning. That being said, motivations among owners in selecting an operator vary, and criteria and objectives can call for a more creative approach.

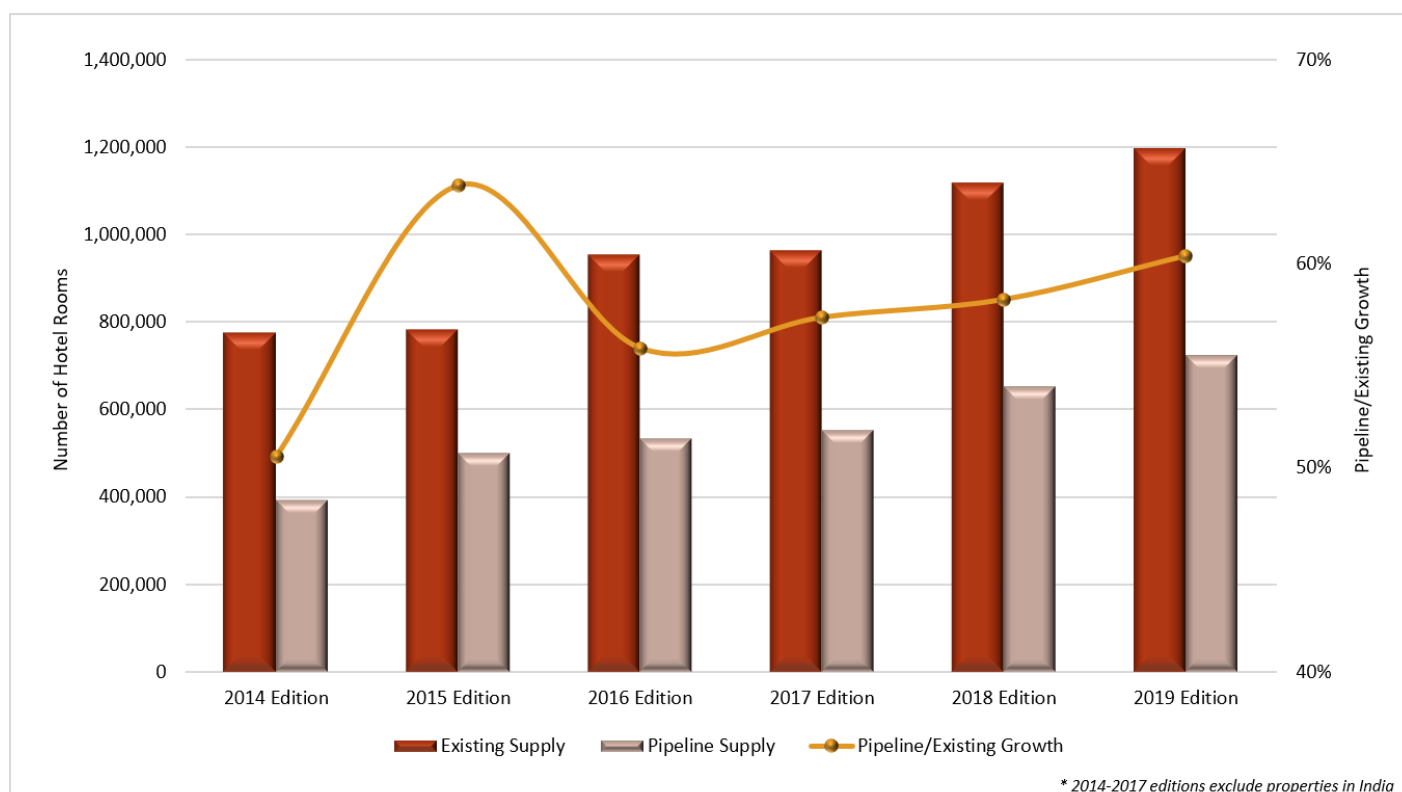
**In** this Sixth Edition, we have captured over one million existing and more than half a million pipeline rooms spread over 9,135 properties. This publication features major operators and we look forward to have more brands included in forthcoming editions. Our analysis covers 32 countries and territories in Asia-Pacific and 1,008 markets with existing hotels as well as 711 markets with proposed hotels. Special thanks also go to my co-author Pawinee Chaisiriroj, who liaised with the operators and compiled that data, presenting you with an important resource in our HVS library. Happy reading!

A handwritten signature in black ink, appearing to read 'Daniel J. Voellm'.

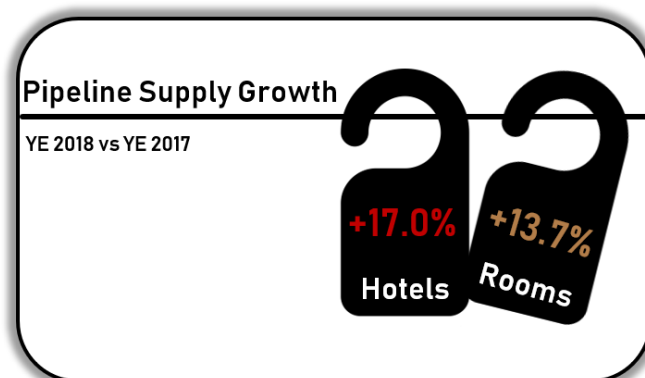
Daniel J. Voellm, MRICS  
Managing Partner, Asia Pacific

## Overview

**The** graph below presents the data collection of *The Annual HVS Asia-Pacific Hotel Operator Guide* over the past six editions. Between the 2014 Edition and the 2019 Edition, the existing room supply and the pipeline room supply registered growth rates of 9.1% and 13.1% per annum, respectively. In the 2018 Edition, the number of existing room supply surpassed one million marks for the first time. The annual growth between the pipeline room supply and the existing room supply hovered in the high 50% mark, with an exception in of the 2015 Edition, where the growth was observed at 64%.

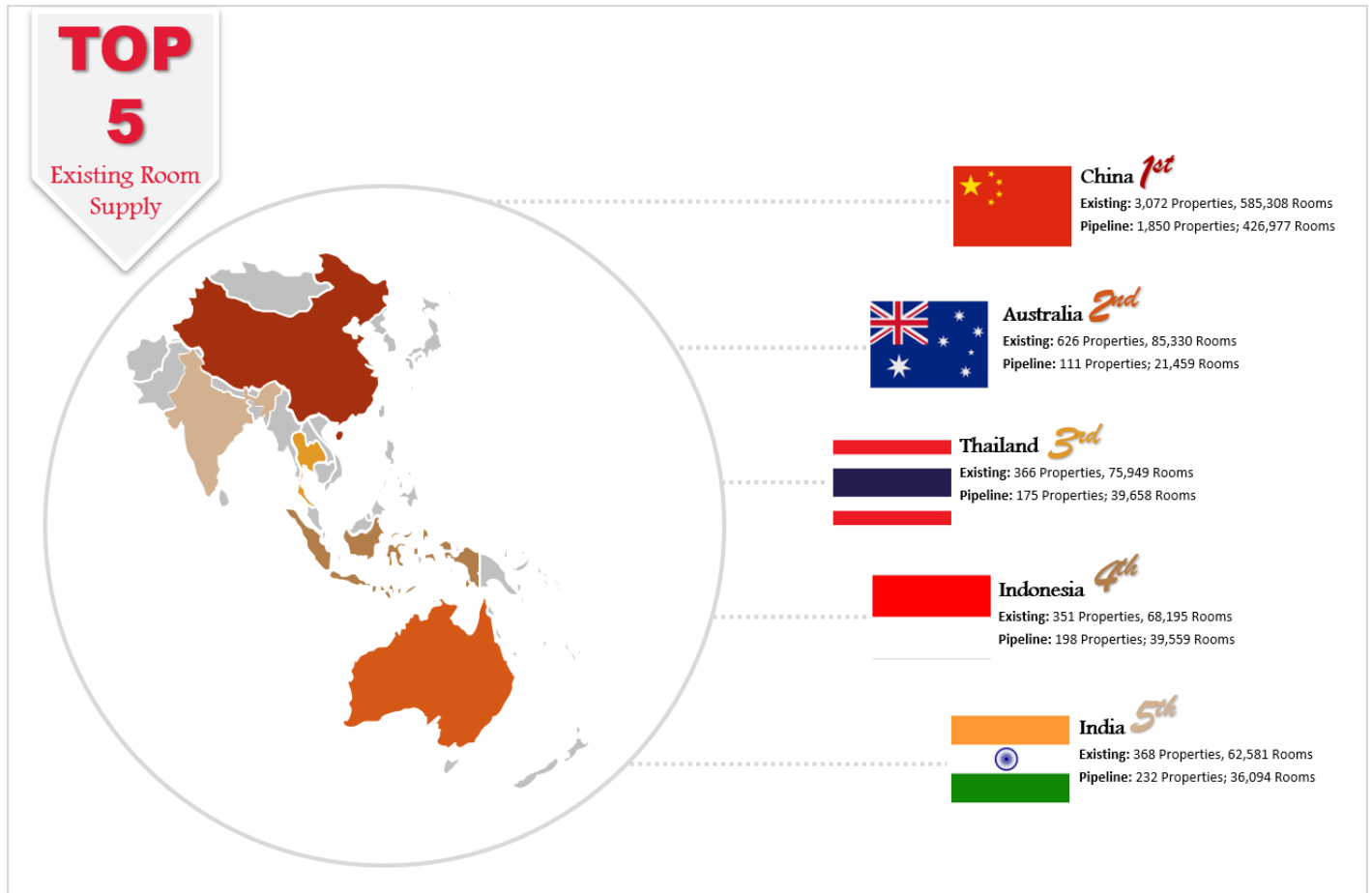


**Between** YE2017 and YE2018 data, the existing hotel supply and the existing room supply registered growth rates of 12.8% and 10.1%, respectively. Similarly, the pipeline supply posted healthy double-digit growth.

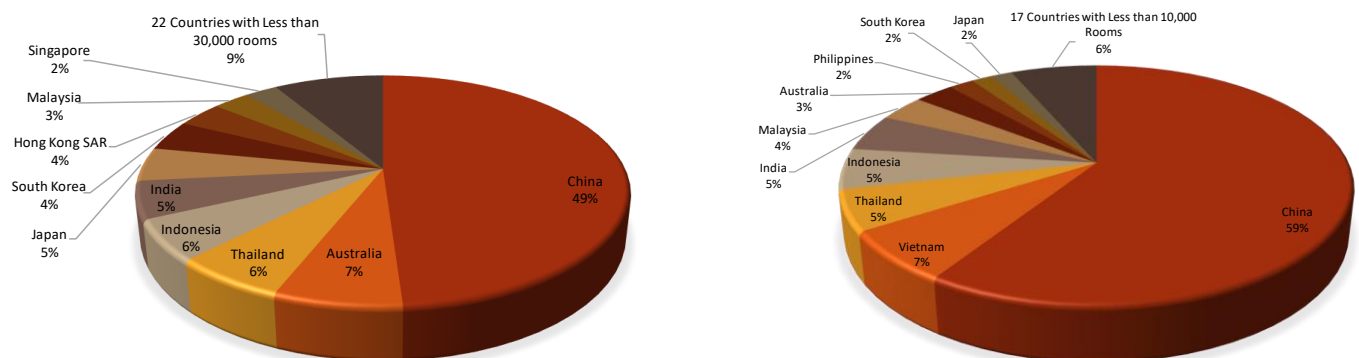


We have analyzed the data by the number of existing room supply and the number of pipeline room supply for countries, operators, brands, and cities. The following discussion highlights the largest players in each category.

## Countries



## Geographic Distribution by Existing and Pipeline Hotel Rooms



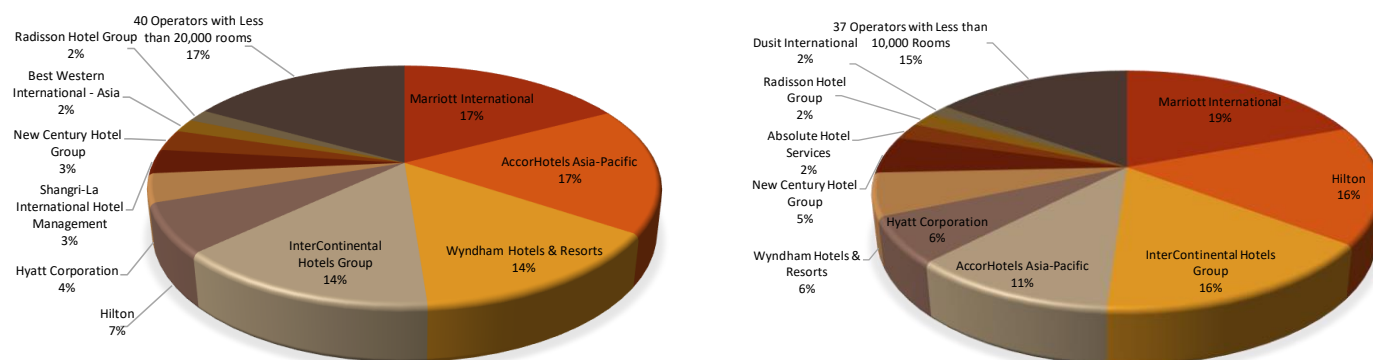
**Given** its sheer size, China dominates the market in terms of geographic distribution for existing and pipeline room inventories at 49% and 59%, respectively. The top five countries have more than 60,000 existing hotel rooms. Other significant markets in terms of existing hotel rooms include Japan, South Korea, Malaysia, and Singapore. Despite being a relatively small territory, Hong Kong SAR has the eighth largest share of branded existing room supply in the Asia-Pacific region. In term of pipeline hotel rooms, Vietnam beats Thailand by approximately 10,000 rooms, representing the second largest share after China.

## Operators



**Among** the 50 operators reviewed, the top six have a market share of 74% by existing room inventory. Three out of the top six players, AccorHotels Asia-Pacific, InterContinental Hotels Group, and Hyatt Corporation, acquired smaller brand portfolios in 2018. AccorHotels Asia-Pacific trails behind Marriott International by just 1,437 rooms after the completion of its acquisitions with Mövenpick Hotels & Resorts and Mantra Group.

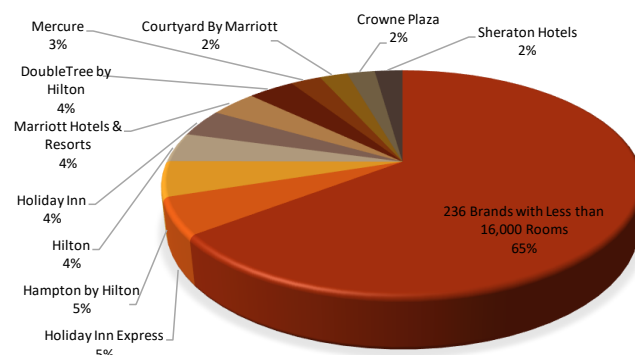
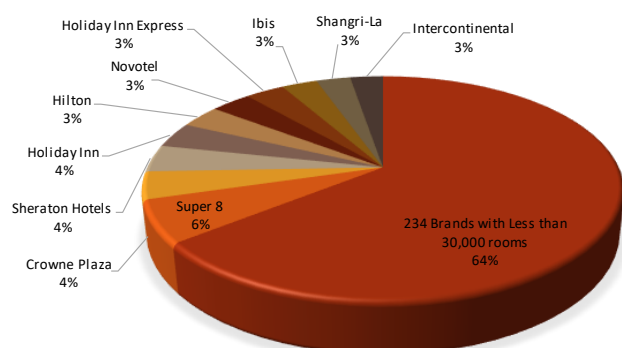
### Operator Market Share by Existing and Pipeline Hotel Rooms



**The** top six operators mentioned also post the largest market share of 74% by the number of pipeline properties. Absolute Hotel Services makes the top ten operators by pipeline hotel rooms with a strong focus in Thailand and Vietnam, while Dusit International, ranked 10<sup>th</sup>, is expanding its portfolio mainly into China and the Philippines, with over 5,500 hotel rooms and approximately 2,200 rooms planned, respectively.

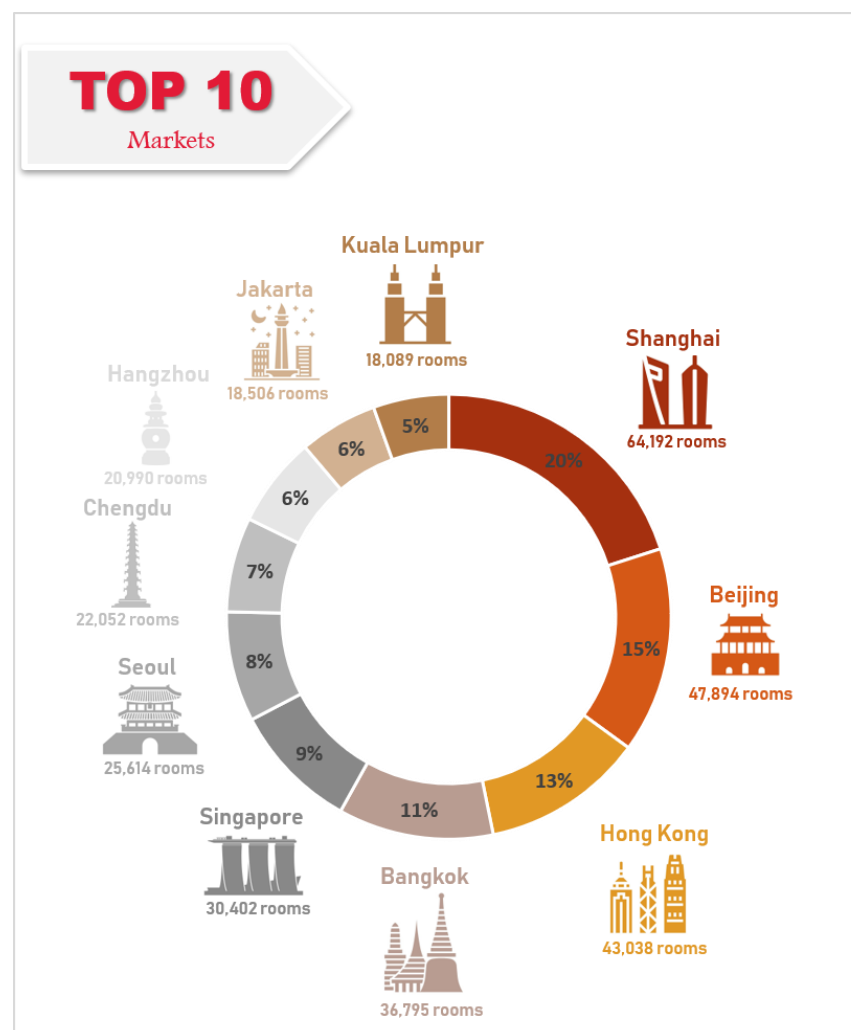
## Brands

### Brand Market Share by Existing and Pipeline Hotel Rooms



**Given** the prevalence of multi-brand operators, the brand landscape is subject to a higher degree of fragmentation. By the number of properties, the budget chains – particularly Super 8 with its presence in China – have the largest market share. Full-service brands, including Sheraton, Hilton, and Novotel, come next. Crowne Plaza enjoys the second-largest market share at 4% after Super 8 with over 47,000 rooms.

**The** top three brands for pipeline hotels are Holiday Inn Express, Hampton by Hilton, and Hilton, followed by Holiday Inn, Marriott Hotels & Resorts, DoubleTree by Hilton, and Mercure.



## Markets

**The** ten leading markets feature 327,572 branded hotel rooms or 27% of the total sample.

**Shanghai** has the largest number of branded rooms supply of 64,192 rooms, which is equivalent to 5% of the total sample. Four out of the top ten markets are urban cities in China. Ranked 10<sup>th</sup>, Kuala Lumpur records just under 20,000 hotel rooms as of year-end 2018.

Top 15 Markets by Number of Properties and Pipeline

Rank	Market	Number of Existing Properties	Rank	Market	Property Pipeline
1	Beijing	330	1	Dehradun	700%
2	Shanghai	239	2	Mactan	600%
3	Bangkok	131	3	Quzhou	600%
4	Chengdu	108	4	Sri Racha	600%
5	Hong Kong	107	5	Tengchong	600%
6	Hangzhou	104	6	Vung Tau	600%
7	Bali	97	7	Halong	550%
8	Singapore	93	8	Yueyang	500%
9	Jakarta	80	9	Belitung	400%
10	Seoul	79	10	Enshi	400%
11	Fuzhou	75	11	Noida	400%
12	Xian	74	12	Phnom Penh	400%
13	Phuket	74	13	Shangrao	400%
14	Suzhou	72	14	Zunyi	333%
15	Guangzhou	67	15	Chittagong	300%

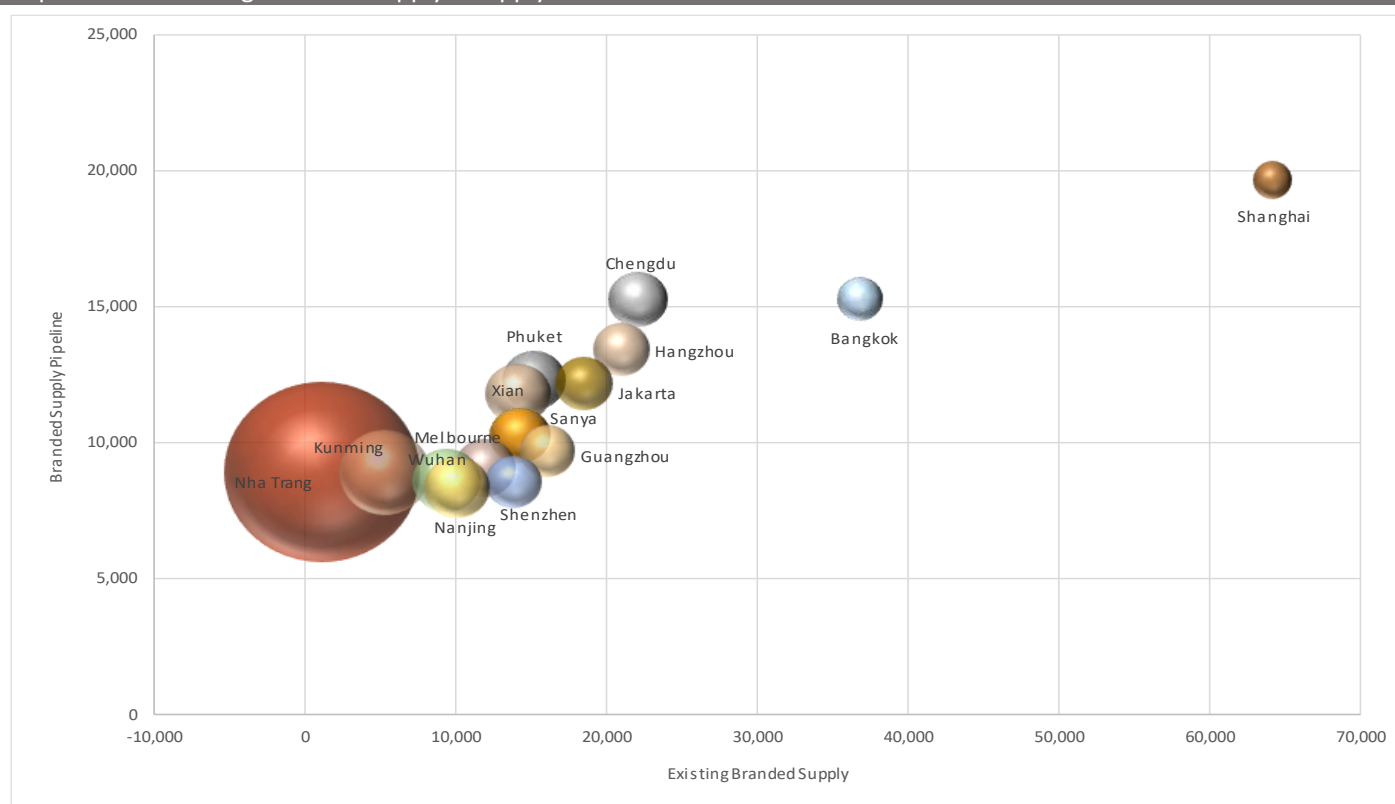
As was the case in 2017, eight of the top 15 markets with the largest stock are located in China. The 15 leading markets feature 1,730 branded properties or 29% of the total sample.

Among the top 15 markets with the strongest property pipelines, there is a shift towards China, Vietnam, and India, which have seen very active development.

The strongest growth is expected in Dehradun, where seven new hotels are in the pipeline. By the number of properties, Shanghai is set to see the largest growth by properties in absolute terms at 87 properties, followed by Chengdu at 65.

All markets with the largest supply growth are coming off a relatively low base.

Top Markets: Existing and New Supply – Supply Growth

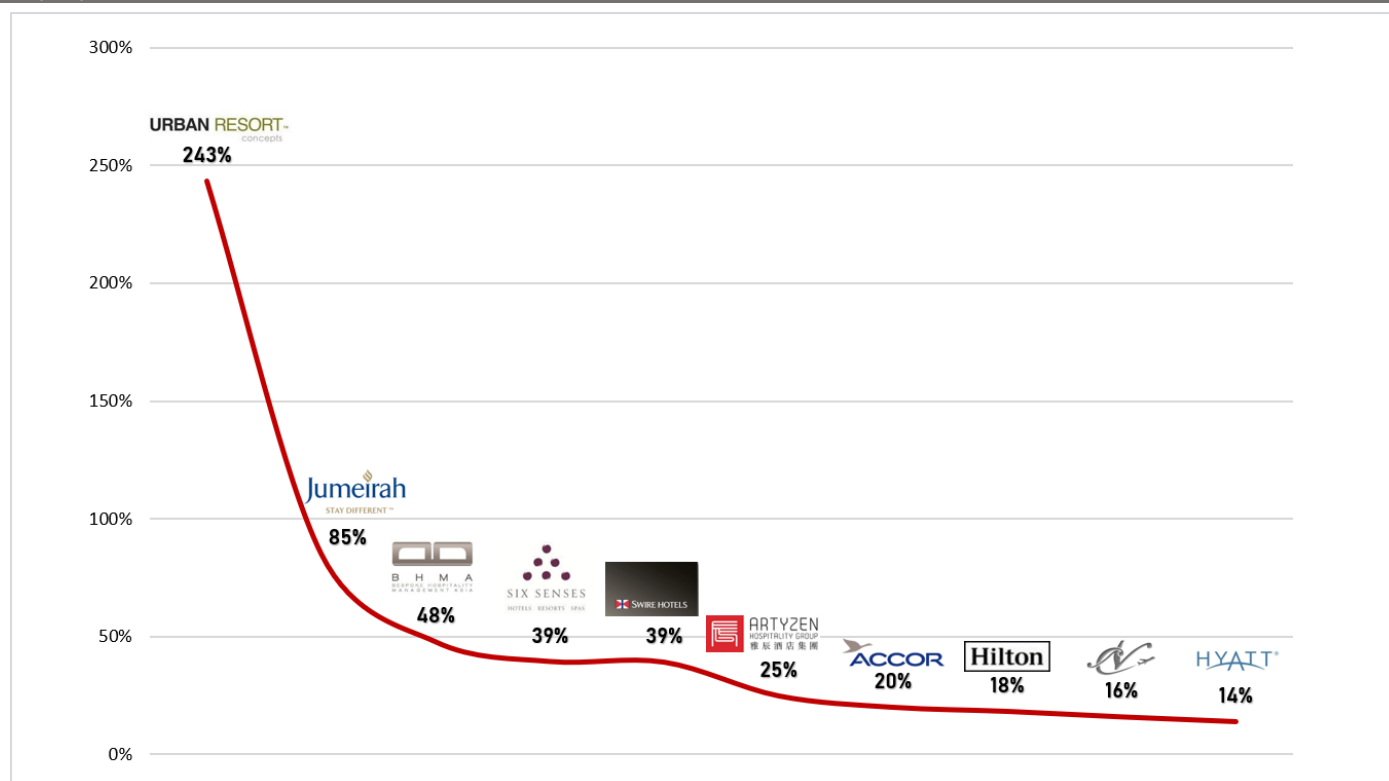


The size of the bubble in the chart above represents the growth rate between existing and pipeline branded supply. Nha Trang and Kunming record the largest growth in supply, with a pipeline of 771% and 169% of their existing room supply, respectively. Aside from the top two markets mentioned, most markets in the graph above have a pipeline that is between 31% and 92% of their existing room supply. All these markets are likely to experience some level of moderating performance in the medium term until the new supply is absorbed.



## Net Room Growth

### Top Operators: Net Room Growth



### Top Operators: Rooms Added and Net Room Growth

	Rooms Added	Net Room Growth
Urban Resort Concepts	557	243%
Jumeirah	419	85%
Bespoke Hospitality Management Asia	402	48%
Six Senses Hotels Resorts Spas	284	39%
Swire Hotels	501	39%
Artyzen Hospitality Group	188	25%
AccorHotels Asia-Pacific	33,927	20%
Hilton	12,269	18%
New Century Hotel Group	4,668	16%
Hyatt Corporation	5,606	14%
Langham Hospitality Group	682	12%
Banyan Tree	554	12%
Rosewood Hotel Group	779	12%
Radisson Hotel Group	2,121	12%
Oakwood Worldwide	606	11%
InterContinental Hotels Group	15,259	10%
ONYX Hospitality Group	666	10%
Marriott International	17,795	9%
Best Western International - Asia	1,549	8%
Wyndham Hotels & Resorts	12,295	8%

**Lastly**, ranked by a very important KPI in the industry - net room growth - there is a mix of small and large operators at the top. Urban Resort Concepts posted the highest net room growth of 243% whereas in absolute terms it ranked 16<sup>th</sup> with 557 rooms added. Other operators that made their marks in 2018 include Jumeirah, Bespoke Hospitality Management Asia, Six Senses Hotels Resorts Spas, and Swire Hotels. In absolute terms, AccorHotels Asia-Pacific claims the top spot for the largest supply added in YE2018 at 33,927 rooms.







# 2019 Hotel Operator Guide

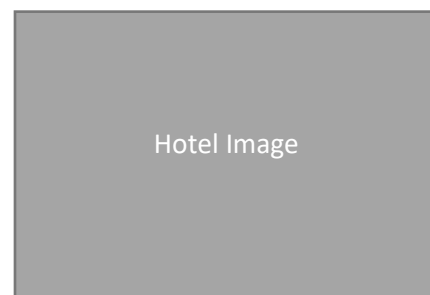
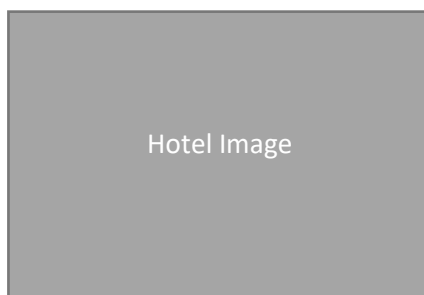
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# Sample Hotel

Sample Hotel Logo

	Existing	Pipeline
 <b>Properties</b>	20	5
 <b>Rooms</b>	4,000	2,000
 <b>Rooms YoY</b>	5%	2%
 <b>Countries</b>	5	5
<b>Cities</b>	15	5



**Year Established**  
2017



**Regional Headquarters**  
Hong Kong

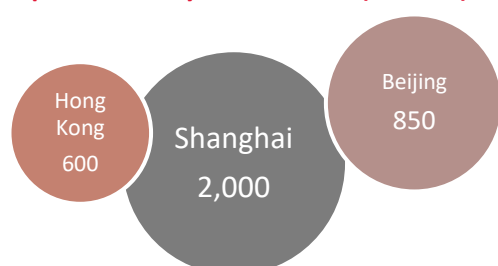


**Total # of Brands**  
3



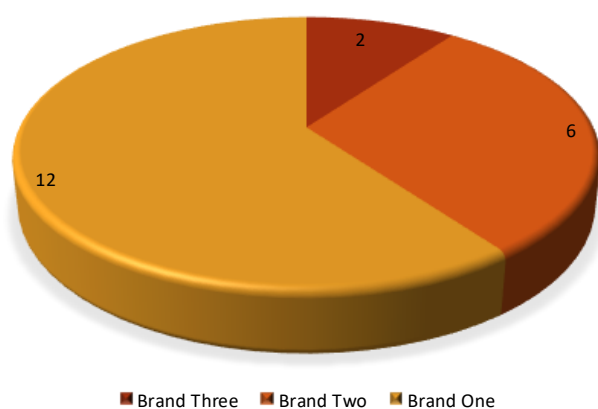
**Total # of Employees**  
1,000

## Top Locations by Hotel Rooms (YE 2017)

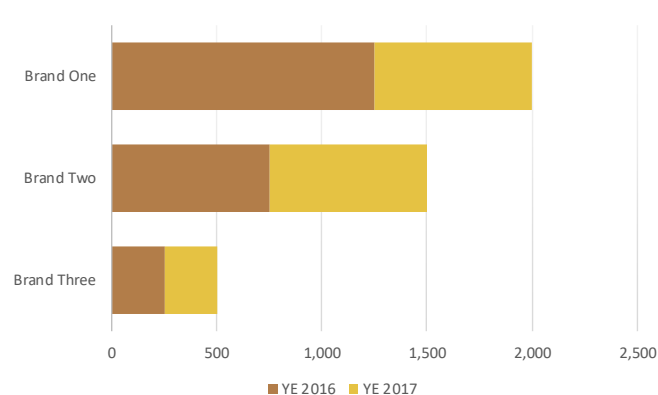


This page illustrates a sample data presentation of each hotel operator.

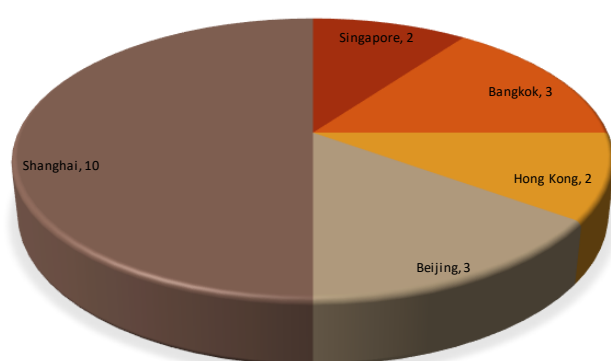
## Number of Existing Properties by Brand



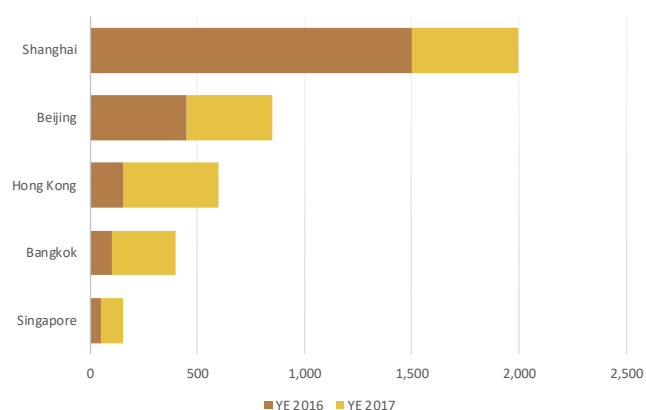
## Number of Existing Rooms by Brand



## Number of Existing Properties by Country/Region



## Number of Existing Rooms by Country/Region





## 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 in 2015. 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. **HVS.com**

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Everywhere.**

**HVS ASIA PACIFIC** is represented by seven offices in Hong Kong, Bangkok, Beijing, Mumbai, Shanghai, Shenzhen and Singapore. HVS hosts important industry events in the region, including the China Hotel Investment Conference (CHIC) in Shanghai, now in its 14<sup>th</sup> year and various HVS Hotel Market Connections events and Learning Seminars. Additionally, HVS publishes a wide range of leading research reports, articles and surveys, which can be downloaded from our online library.

The team has worked on a broad array of projects throughout the asset life-cycle that include economic studies, hotel valuations, operator search and management contract negotiation, development strategies for new brands, hotel asset management, research reports and investment advisory for hotels, resorts, serviced residences and branded residential development projects. HVS Hong Kong's clients include key investors, developers, hotel operators and lenders.

## About the Authors



**Pawinee Chaisiriroj** is a senior manager at HVS Bangkok, providing a range of consulting and advisory services for the hospitality industry in the Asia Pacific region. Prior to joining HVS, Pawinee gained experiences in hotel operations with the Ritz-Carlton, Mandarin Oriental and Four Seasons. Pawinee holds an Honours Bachelor of Arts Degree in Hospitality Management with Real Estate Finance and Revenue Management from Glion Institute of Higher Education in Switzerland.



**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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