



**THE ANNUAL HVS ASIA-PACIFIC
HOTEL OPERATOR GUIDE**
(AS OF 31 DECEMBER 2019)

2020 EDITION | EXCERPT
(FULL VERSION IS AVAILABLE FOR PURCHASE AT US\$800)

Apichaya Wongsuwan
Analyst

Pawinee Chaisiroj
Senior Manager

Daniel J Voellm
Managing Partner



A handwritten signature in black ink, appearing to read 'Dan Voellm', with a stylized flourish at the end.

Daniel J. Voellm, *MRICS*
Managing Partner, Asia Pacific

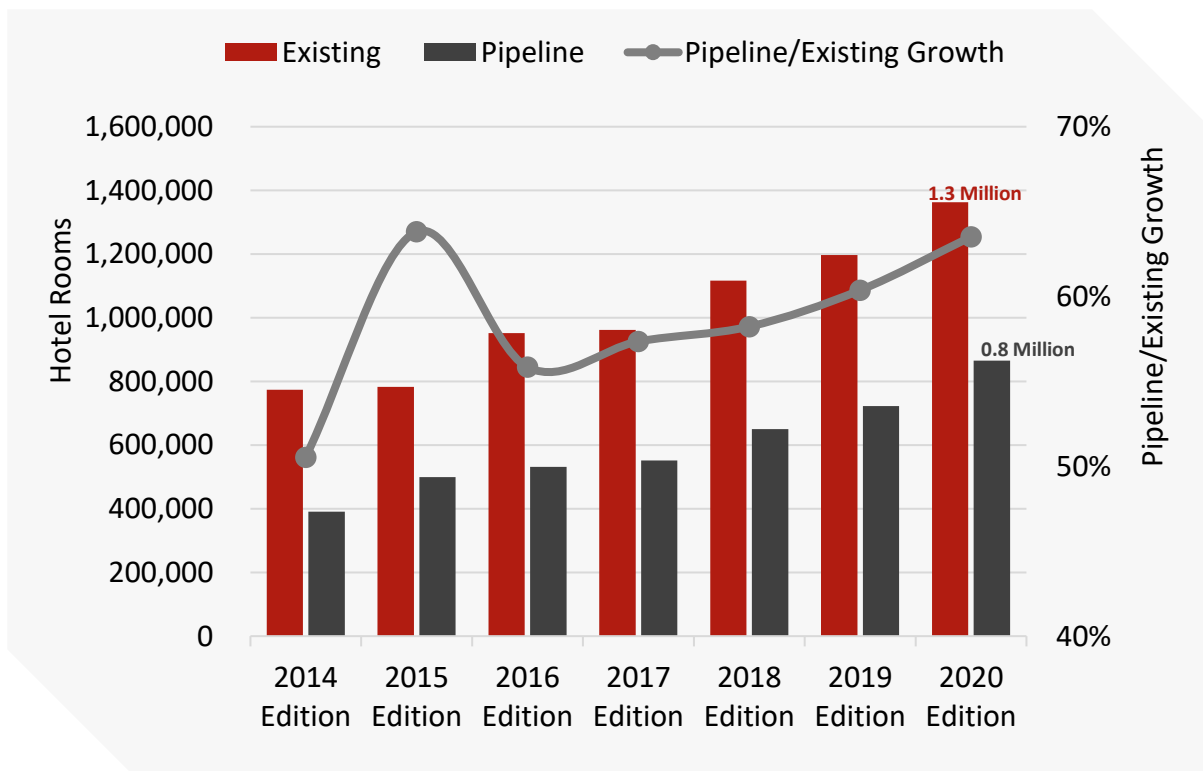
A refreshed design for the Hotel Operator Guide brings us into a new decade which from the get-go is beset with new challenges. While the industry struggles during the COVID-19 pandemic on an unprecedented scale, many development projects continue to move forward. Owners, now more than ever, need foresight in selecting the right partner to run their hotel property. This publication is the most established tool in the industry in Asia Pacific to guide owners in understanding the scale, presence and capabilities of operators in the region. HVS has advised numerous owners in the decision-making process to select the right structure and operator for their projects and assist in negotiating favorable terms. Great importance is ascribed to 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 and thinking outside the box.

We greatly appreciate the support from all participants of this guide to provide a more comprehensive profile of our industry in the region. Should you want to participate in the next edition of the guide, please do reach out to us.

In this Seventh Edition, we have captured over one million existing and more than half a million pipeline rooms spread over 7,148 properties. This publication features 55 operators and we look forward to have more brands included in forthcoming editions. Our analysis covers 33 countries and territories in Asia-Pacific and 1,133 markets with existing hotels as well as 832 markets with proposed hotels. Special thanks also go to my co-authors Pawinee Chaisiroj and Apichaya Wongsuwan from our Bangkok office who liaised with the operators and compiled that data, presenting you with an important resource in our HVS library. Happy reading and stay safe!

Overview

The graph below presents the data collection of The Annual HVS Asia-Pacific Hotel Operator Guide over the past seven editions. Between the 2014 Edition and the 2020 Edition, the existing room supply, and the pipeline room supply registered growth rates of 9.9% and 14.2% per annum, respectively. The annual growth between pipeline room supply and existing room supply hovered between 50% to 60% mark in the past, with the exception of the 2015 Edition and 2020 Edition, where the growth was observed at 64% and 63%, respectively.



Existing Supply Growth

CAGR YE2014 – YE2019



Properties +13.8%

Rooms +9.9%

Pipeline Supply Growth

CAGR YE2014 – YE2019



Properties +19.4%

Rooms +14.2%

Between YE2018 and YE2019 data, the existing properties and the existing room supply registered growth rates of 20.1% and 13.9%, respectively. Similarly, the pipeline supply posted healthy double-digit growth of 31.3% in properties and 14.2% in room supply.

Geographic Distribution: Existing Supply

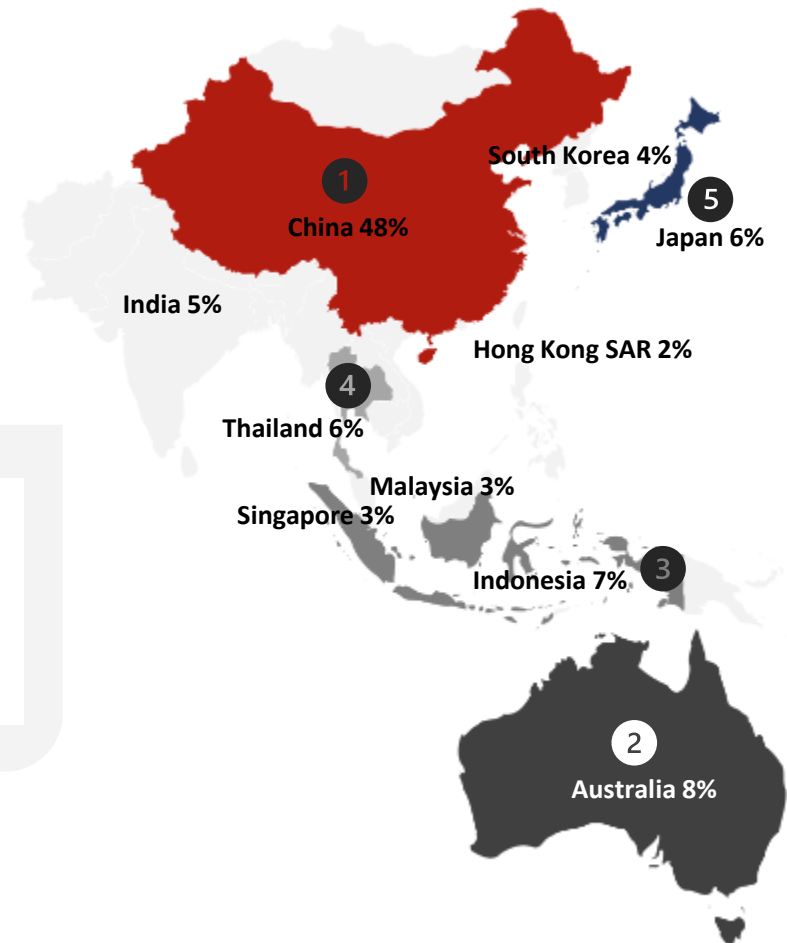
TOP 5 EXISTING ROOMS SUPPLY

1	China	649,043 Rooms
2	Australia	106,460 Rooms
3	Indonesia	101,840 Rooms
4	Thailand	82,662 Rooms
5	Japan	78,633 Rooms



Given its sheer size, China dominates the market in terms of geographic distribution for existing inventory at 48%. The top five countries have over one million rooms in inventory combined.

Other significant markets in terms of existing hotel rooms include India, South Korea, Malaysia, Singapore, and Hong Kong SAR.



Geographic Distribution: Pipeline Supply

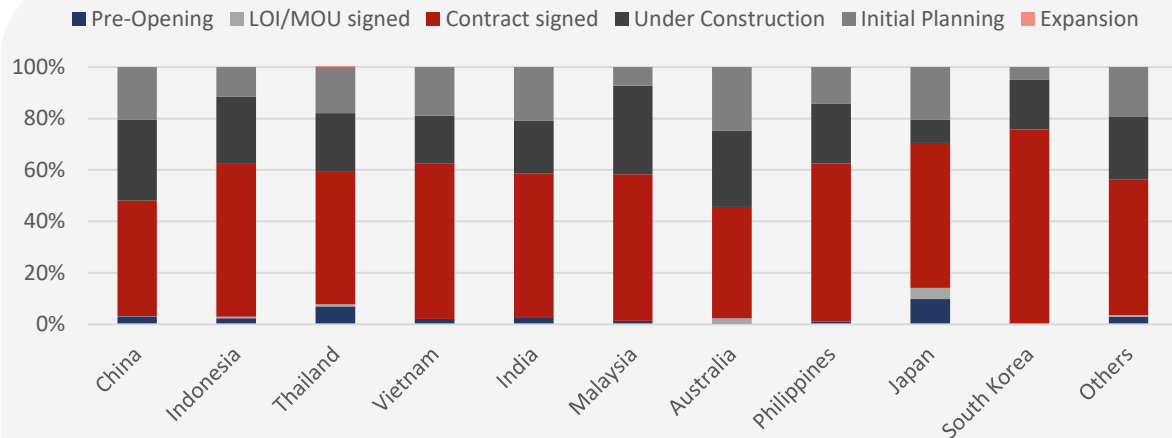
TOP 5 PIPELINE ROOMS SUPPLY

1	China	504,245 Rooms
2	Indonesia	56,378 Rooms
3	Thailand	49,198 Rooms
4	Vietnam	46,595 Rooms
5	India	41,052 Rooms

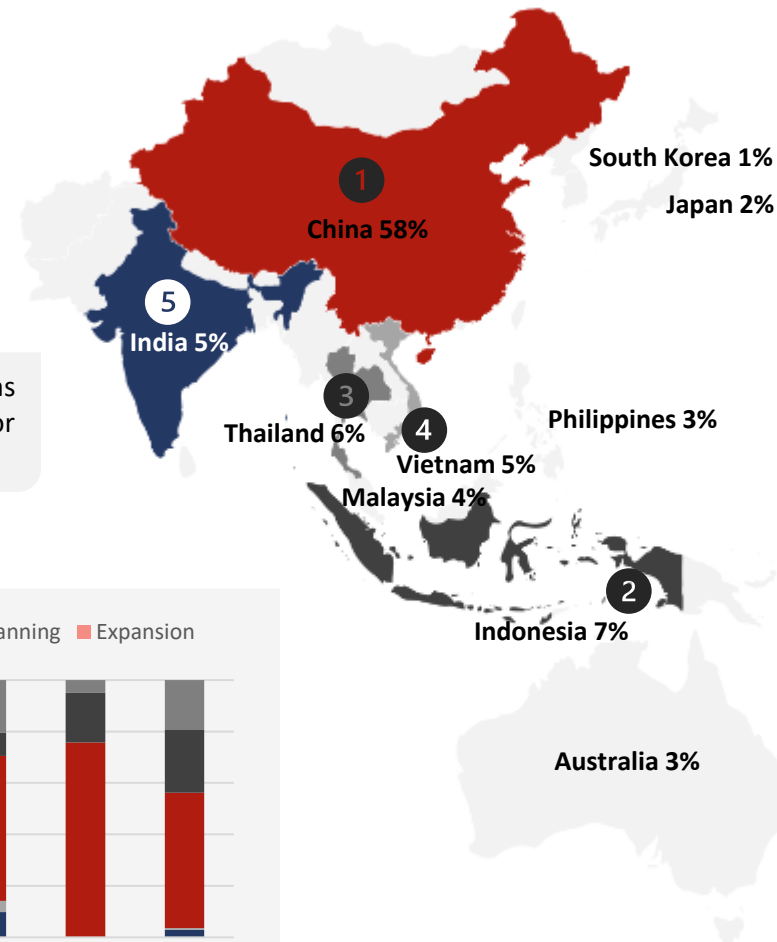
Approximately 40% of the new supply is under construction, while 45% has signed either a Letter of Intent/Memorandum of Understanding or management agreement.



TOP 10 PIPELINE SUPPLY BY DEVELOPMENT STATUS

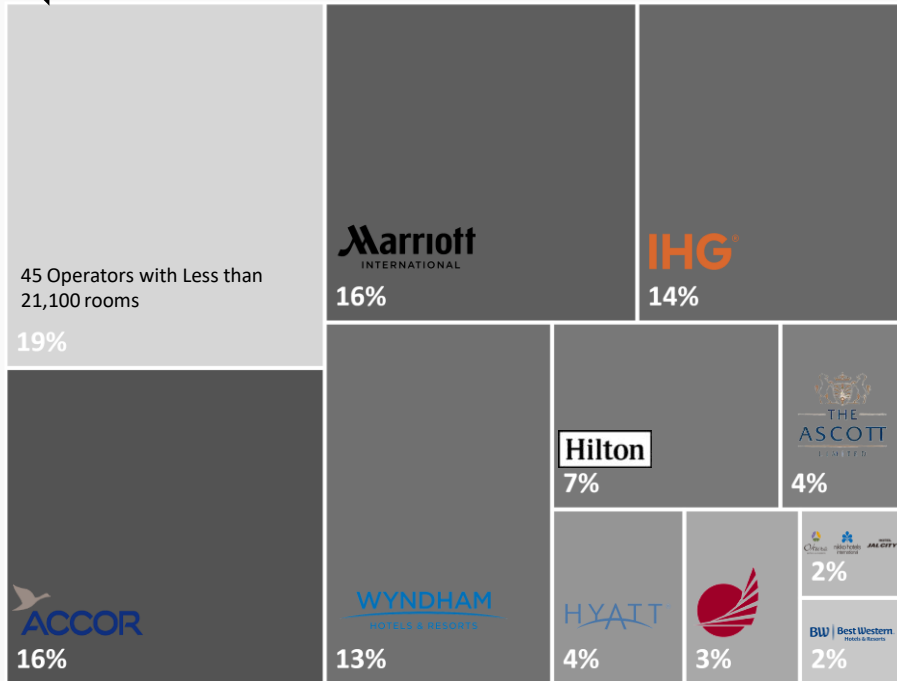


Excludes properties with development status not identified



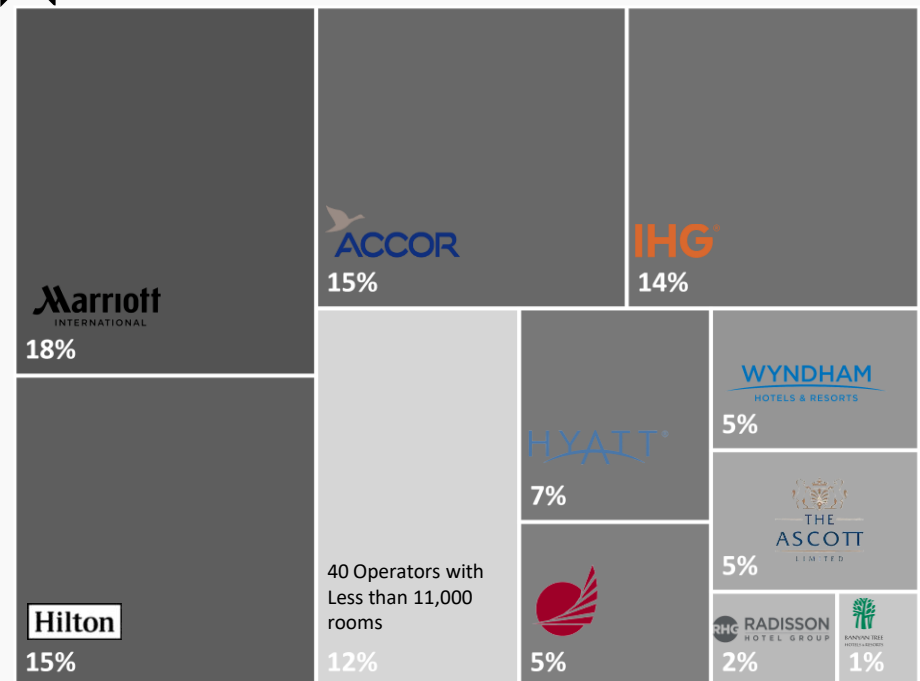
Existing Supply and Pipeline Supply by Operators

Existing Rooms Supply



The top five recorded a market share of 67% by existing room inventory. While Accor Asia Pacific trailed behind Marriott International by just 1,437 rooms in YE2018, Accor Asia Pacific reported 2,674 rooms higher than Marriott International in YE2019. Okura Nikko Hotels made it to the top ten list with approximately 21,500 rooms.

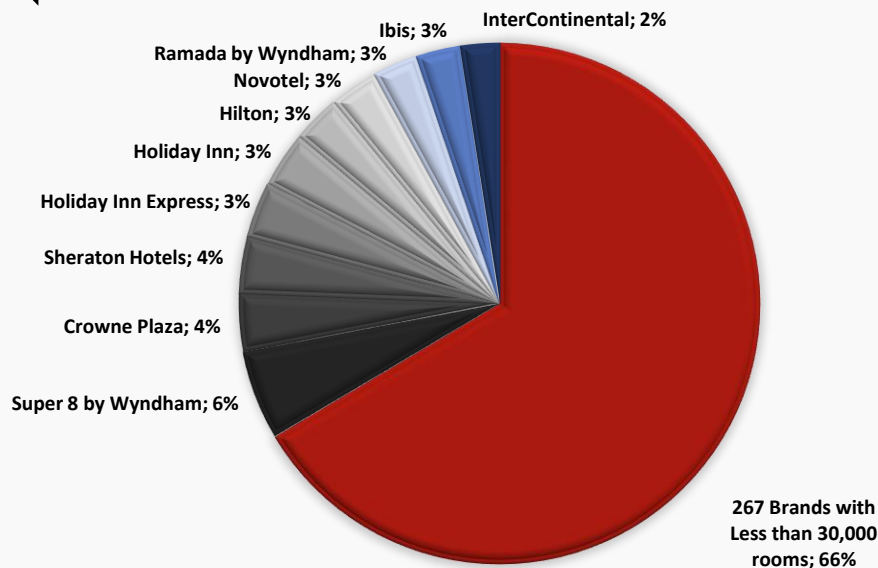
Pipeline Rooms Supply



The top four operators posted the largest market share of 63% by the number of pipeline properties. Each of the top four operators recorded over 100,000 rooms in the pipeline supply. Hilton ranked second, trailing behind Marriott International by approximately 24,000 rooms.

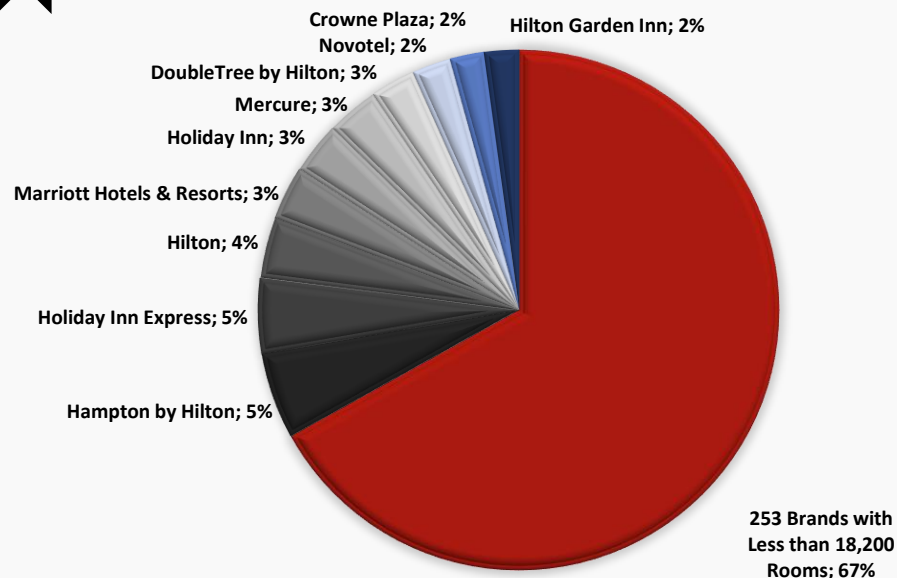
Existing Supply and Pipeline Supply by Brands

Existing Rooms Supply



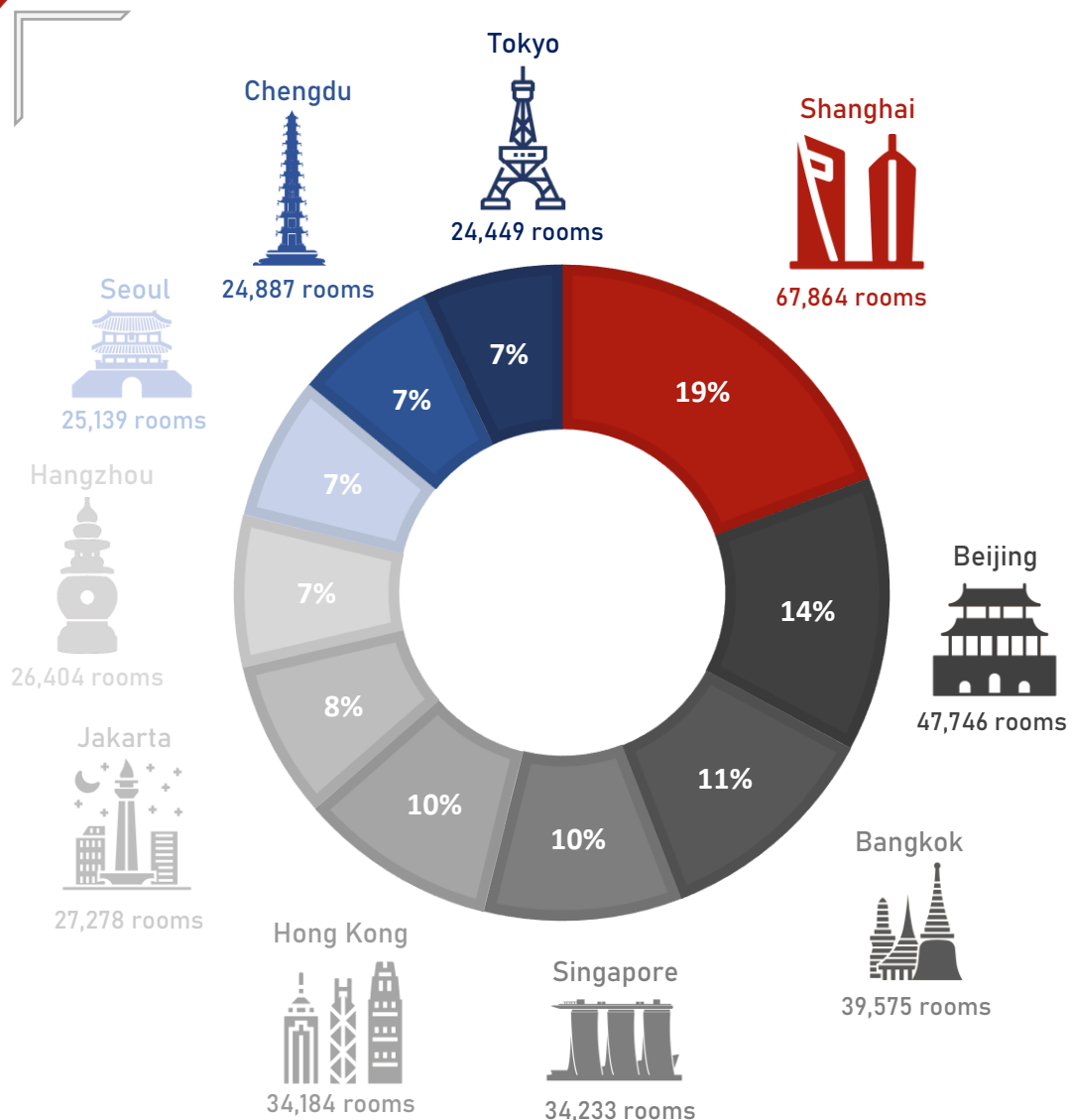
Given the prevalence of multi-brand operators, the brand landscape is subject to a higher degree of fragmentation. With its notable presence in China, the economy scale chain Super 8 has the largest market share of 6%, followed by full-service brands such as Crown Plaza and Sheraton Hotels, accounting for 4% each, respectively.

Pipeline Rooms Supply



The brands in the pipeline are leaning toward a mix of limited and full service. Hampton by Hilton and Holiday Inn Express each has 5% of the market share. Full-service brands including Hilton, Marriott Hotels & Resorts, Holiday Inn, Mercure, DoubleTree by Hilton, Novotel, and Crowne Plaza have 21% of the market shared combined.

Top 10 Existing Room Supply by Markets

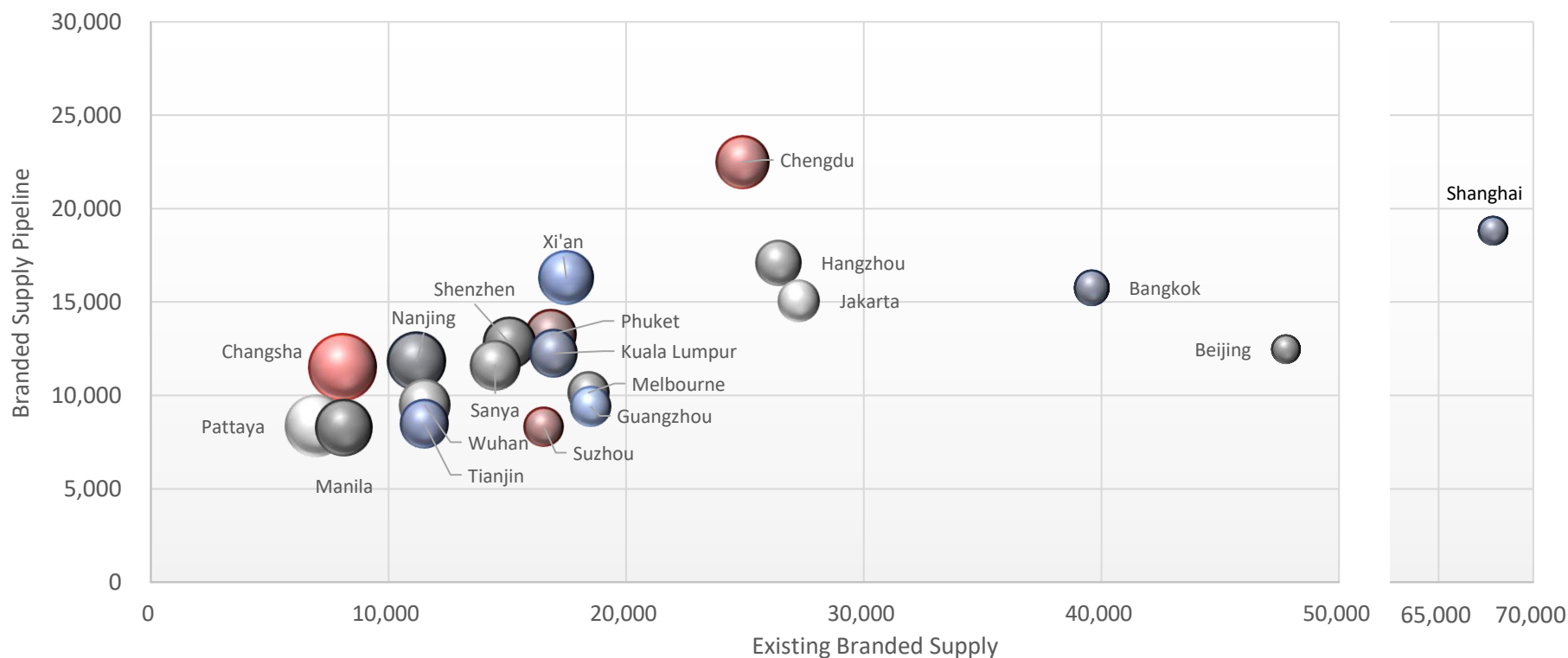


The ten leading markets feature approximately 350,000 branded hotel rooms or 26% of the total sample.

Shanghai has the largest number of branded rooms supply of 67,844 rooms, which is equivalent to 5% of the total sample. Three out of the top ten markets are urban cities in China. Tokyo recorded just under 25,000 hotel rooms as of year-end 2019 and made it to the top ten list.

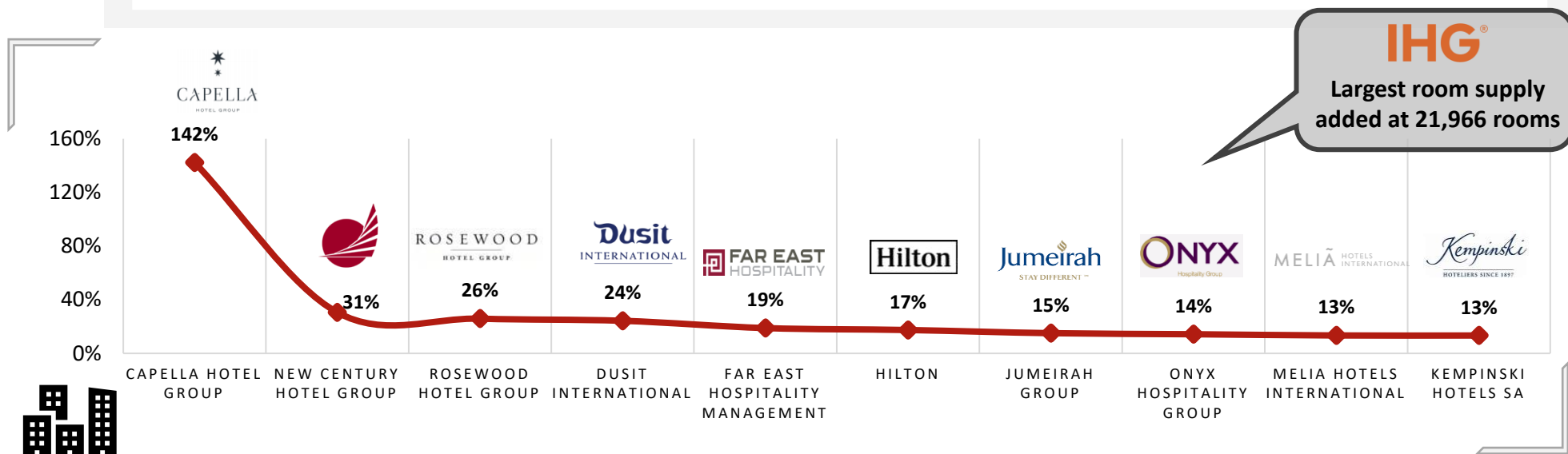
Existing & New Supply Growth

The size of the bubble in the chart represents the growth rate between existing and pipeline branded supply. Changsha and Pattaya recorded the largest growth in supply, with a pipeline of 143% and 121% of their existing room supply, respectively. Aside from the top two markets mentioned, most markets in the graph have a pipeline that is between 26% and 106% 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

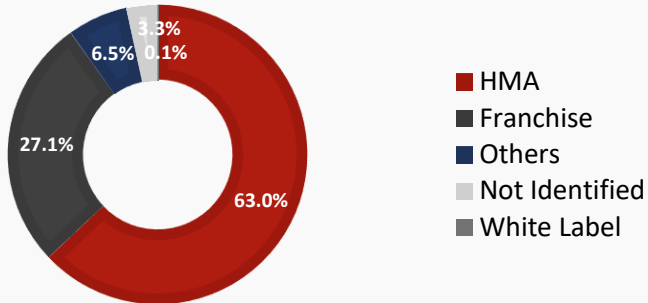
Ranked by a very important KPI in the industry – net room growth – there is a mix of small and large operators at the top. Capella Hotel Group posted the highest net room growth of 142% whereas in absolute terms it ranked 29th with 541 rooms added. In absolute terms, InterContinental Hotels Group claims the top spot for the largest supply added in YE2019 at 21,966 rooms.



	Rooms Added	Net Room Growth		Rooms Added	Net Room Growth
1 Capella Hotel Group	541	142%	11 InterContinental Hotels Group	21,966	13%
2 New Century Hotel Group	10,499	31%	12 Hotel Shilla	621	13%
3 Rosewood Hotel Group	1,863	26%	13 Hyatt Hotels Corporation	4,875	11%
4 Dusit International	1,355	24%	14 Cross Hotels & Resorts	126	10%
5 Far East Hospitality Management	835	19%	15 Banyan Tree Holdings Limited	474	9%
6 Hilton	13,986	17%	16 Oakwood Worldwide	578	9%
7 Jumeirah Group	138	15%	17 Swiss-Belhotel International	1,069	9%
8 Onyx Hospitality Group	1,098	14%	18 Accor Asia Pacific	18,472	9%
9 Melia Hotels International	625	13%	19 Pan Pacific Hotels Group	739	8%
10 Kempinski Hotels SA	1,179	13%	20 Okura Nikko Hotels	1,623	8%

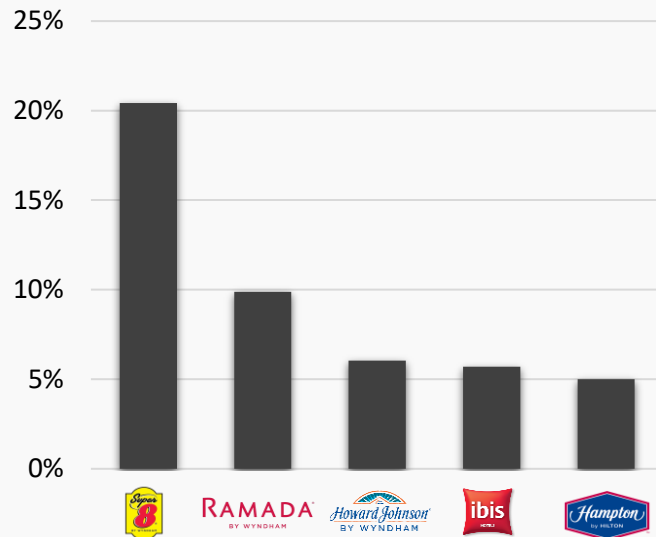
Management Structure – Existing Supply

Management Structure for Existing Hotels

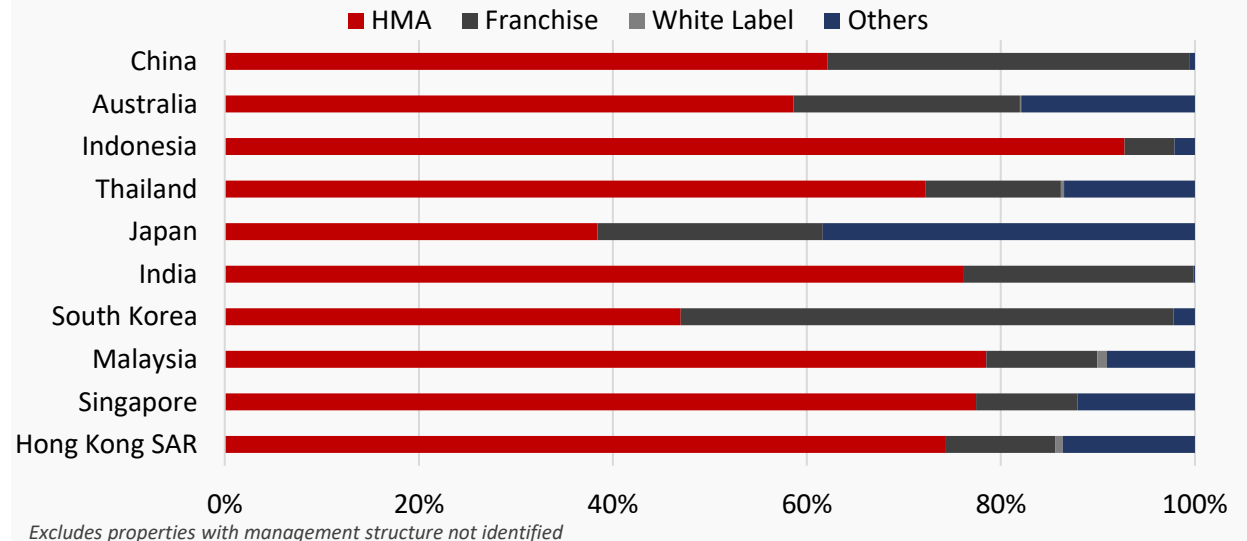


Most properties are being operated via a Hotel Management Agreement (HMA), followed by Franchise. Others management structure may include owned-operated or leased. White Label is relatively new and witnesses a smaller portion compared to other type of management structure. Taking a closer look at franchising, most franchise agreements are established in South Korea, China, India, Japan, and Australia. The brands strongest in franchising are typically in the budget and midscale positioning.

Top 10 Franchise Brands by Number of Rooms

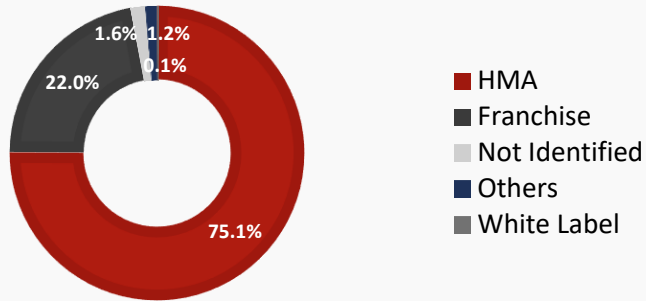


Management Structure by Top 10 Geographic Distributions



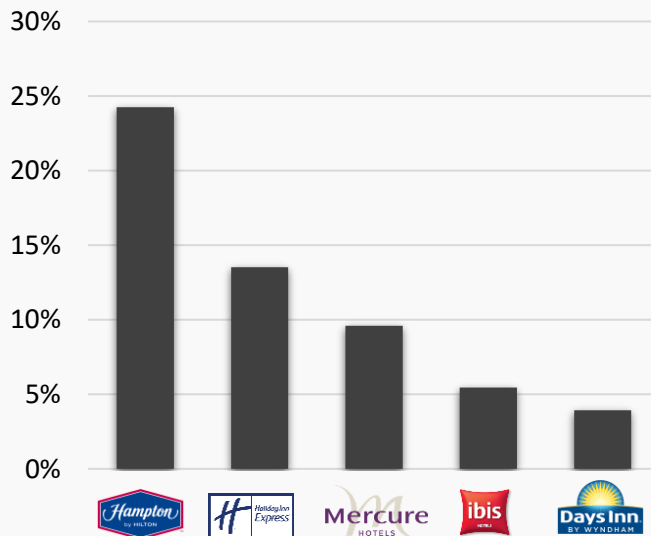
Management Structure – Pipeline Supply

Management Structure for Existing Hotels



In the pipeline, almost 650,000 rooms or 75.1% will be operated under a Hotel Management Agreement (HMA) structure, followed by 22.0% for a franchise agreement. Pipeline supply witnesses a smaller portion of Others management structure (owned-operated model) compared to the existing properties as several operators are moving toward asset light strategy. Additionally, more countries in the region are expected to increasingly see franchise agreements structure moving forward. In terms of the brands, ibis and Hampton by Hilton continue to rank in the top five franchise brands in both existing and pipeline supply.

Top 10 Franchise Brands by Number of Rooms



Management Structure by Top 10 Geographic Distributions

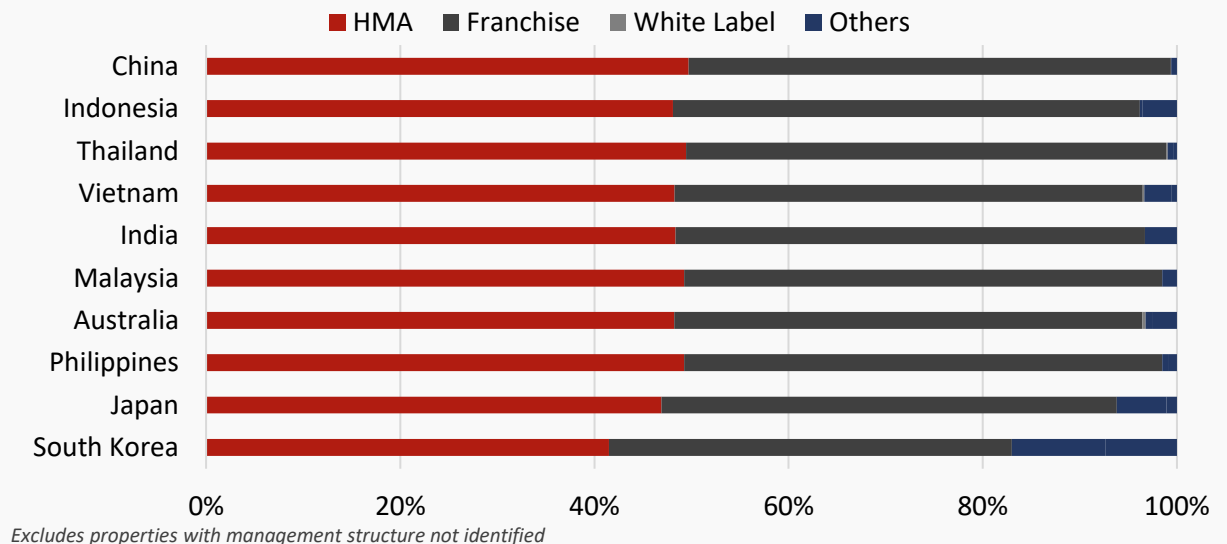






Table of Content

Operator		Operator	
Accor Asia Pacific	1	Marriott International	29
Akaryn Hotel Group	2	Melia Hotels International	30
Archipelago International	3	Minor International Public Company Limited	31
Banyan Tree Holdings Limited	4	New Century Hotel Group	32
Belmond	5	Oakwood Worldwide	33
Best Western International	6	Okura Nikko Hotels	34
Capella Hotel Group	7	Onyx Hospitality Group	35
Centara Hotels & Resorts	8	Outpost	36
Club Med	9	Outrigger Hospitality Group	37
Cross Hotels & Resorts	10	Ovolo Group	38
Dorsett Hospitality International	11	Pan Pacific Hotels Group	39
Dusit International	12	Park Hotel Group	40
Event Hospitality & Entertainment	13	Pragma Hospitality Company Limited	41
Far East Hospitality Management	14	Prince Hotels and StayWell Holdings	42
Four Seasons Hotels and Resorts	15	Radisson Hotel Group	43
Galaxy Entertainment Group	16	Red Planet Hotels Incorporated	44
Hilton	17	Regal Hotels International	45
Hotel Shilla Company Limited	18	Rosewood Hotel Group	46
Hyatt Hotels Corporation	19	Soneva	47
InterContinental Hotels Group	20	Standard International	48
Jinmao (China) Hotel Investments and Management Limited	21	Swire Hotels	49
Jumeirah Group	22	Swiss-Belhotel International	50
Kempinski Hotels SA	23	The Ascott Limited	51
Langham Hotels and Resorts	24	Urban Resort Concepts	52
Lanson Place Hospitality Management Limited	25	Wharf Hotels Management Limited	53
Lotte Hotel	26	Wyndham Hotels & Resorts	54
Lub d	27	Yotel Limited	55
Mandarin Oriental Hotel Group	28		

Sample Hotel

 Year Established: 2010
 Total # of Brands: 2

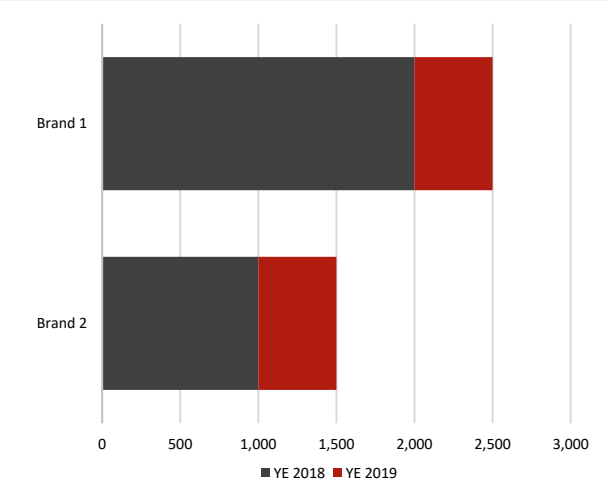
 Regional Headquarters: Bangkok
 Total # of Employees: 1,000



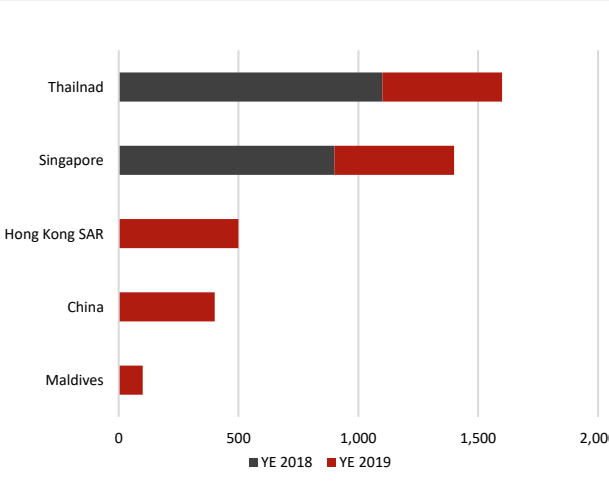
This page illustrates a sample data presentation of each hotel operator.



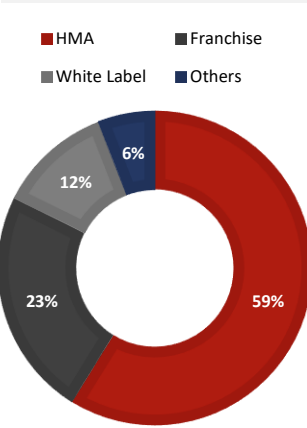
Number of Existing Rooms by Brand



Number of Existing Rooms by Country/Region



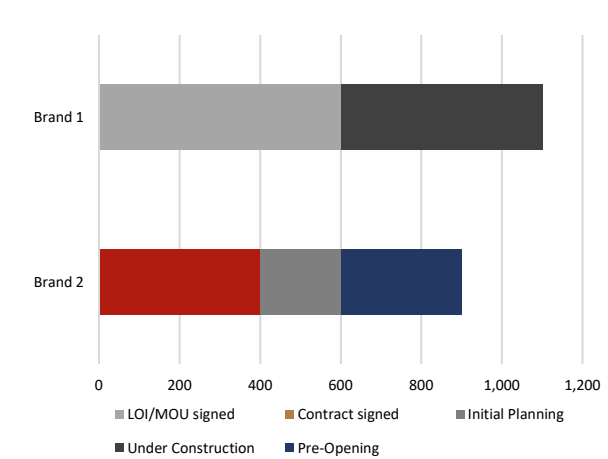
Management Structure For Existing Property



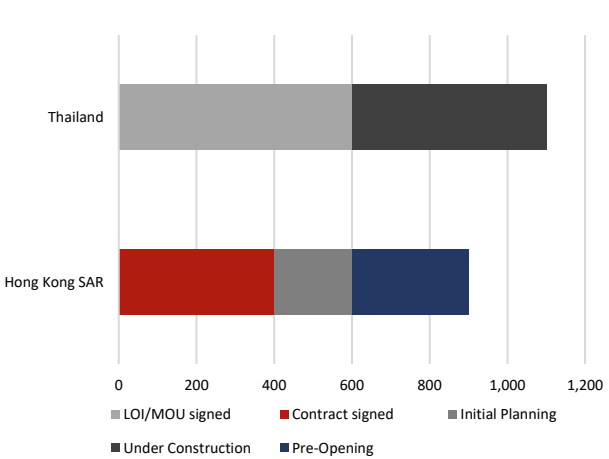
	Existing	Pipeline
Properties	20	5
Rooms	4,000	2,000
Rooms YoY	5%	2%
Countries	5	2
Cities	6	2

Top Location by Hotel Rooms	
Singapore	1,400
Bangkok	1,000
Phuket	600
Hong Kong	500
Shanghai	400

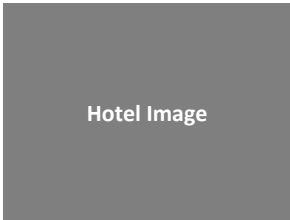
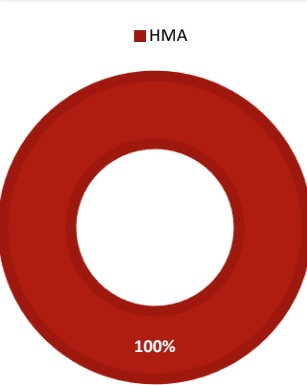
Number of Pipeline Rooms by Brand



Number of Pipeline Rooms by Country/Region



Management Structure For Pipeline Property



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

Superior Results through Unrivalled Hospitality Intelligence. 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 14th 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



Apichaya Wongsuwan is an Analyst at HVS Bangkok. She holds a Master in Global Hospitality Business from Ecole hôtelière de Lausanne in Switzerland in partnerships with Hong Kong Polytechnic University and University of Houston – Conrad N. Hilton College. Prior to joining HVS, she launched a hostel in Thailand with her Bachelor of Science from the University of Delaware.

✉ awongsuwan@hvs.com ☎ +66 80 961 0200



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.

✉ pchaisiriroj@hvs.com ☎ +66 91 107 0270



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.

✉ dvoellm@hvs.com ☎ +852 3628 3871