

# ASIA PACIFIC HOTELS MONITOR

NOVEMBER 2020

ISSUE 7





Whitebridge Hospitality is a specialist advisor to investors, developers and operators in the hospitality industry around the globe. We provide investment, operational and planning advice, and guidance in respect of the entire hospitality spectrum, including: hotels, mixed-use resorts, leisure facilities, casinos, visitor attractions and sporting venues. Our uniquely qualified team can provide services throughout an asset's life cycle.



Rider Levett Bucknall is an independent construction, property and management consultant, providing advice focused on the cost, quality and sustainability of the built environment. Worldwide the firm has over 3,600 staff operating from more than 120 offices. Its international reach ensures that it provides services in line with the latest innovations and examples of best practice, supporting expertise across all sectors of the built environment. Achievements are renowned: from the early days of pioneering quantity surveying, to landmark projects such as the Sydney Opera House, HSBC Headquarters Building in Hong Kong, the 2012 London Olympic Games and CityCenter in Las Vegas.



HotStats provides a unique monthly profit and loss data benchmarking service to hoteliers from across the globe that enables monthly comparison of hotels' performance against competitors. It is distinguished by the fact that it maintains in excess of 500 key performance metrics covering revenue, cost, profit and other statistics, providing far deeper insight into the hotel operation than any other tool. The HotStats database totals millions of hotel rooms worldwide.

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### Introduction

First and foremost, we are delighted to welcome aboard our new first mate in producing the Monitor series, HotStats — the global navigators of hotel performance data. In an operating environment marked by depressed revenue and expense structure fluidity, charting the top line just doesn't cut it. So, we will dive deeper into the P&L - much deeper - a hallmark of HotStats, which captures more than 500 KPIs of hotel data, delivering the complete revenue and cost picture.

According to latest estimates from OECD, all G20 countries, with the exception of China, will suffer recession in 2020 and together their collective economies will have shrunk by -4.1% (whilst China will grow by +1.8%). On a worldwide level, global GDP is expected to drop by -4.5% (compared to -7.9% in Euroland). Tough times indeed for all of us.

With such a tough backdrop, it is perhaps no surprise that all but three of the metrics listed by HotStats in this edition declined in the last 12-month period. The only growth in Local Currency were in ADR in Maldives (+10.1%), Phuket (+11.2%) and Tokyo (+2.5%).

Development costs are flat, with no noticeable movement in tender pricing.

**We are delighted to welcome aboard our new first mate in producing the Monitor series, HotStats.**

For their inaugural edition, HotStats have prepared an analysis showing how China is leading the way in recovering from Covid 19 for our final page feature. With a fair wind and more viable vaccines en route, with luck 2021 will show similar rebounding results around the world.

### Philip Camble

*Director, Whitebridge Hospitality  
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## Performance Trends

City	2020				2019				Growth			
	ADR	Occ	RevPAR	GOPPAR	ADR	Occ	RevPAR	GOPPAR	ADR	Occ	RevPAR	GOPPAR
	LC	%	LC	LC	LC	%	LC	LC	%	%	%	%
Bangkok	4,132	37.6	1,555	463	463	4,262	79.0	1,984	-3.1	-52.4	-53.8	-76.7
Beijing	871	42.8	372	120	120	956	78.8	441	-8.9	-45.7	-50.5	-72.8
Delhi - NCR	7,467	48.4	3,614	2,182	2,182	7,671	73.2	4,469	-2.7	-33.8	-35.6	-51.2
Hong Kong SAR	1,508	31.1	470	27	27	2,230	82.1	1,411	-32.4	-62.1	-74.3	-98.1
Incheon & Seoul	1,856	46.3	859	226	226	1,929	72.5	695	-3.8	-36.2	-38.6	-67.5
Jakarta	1,417	36.7	521	170	170	1,580	62.2	594	-10.3	-40.9	-47.0	-71.4
Kuala Lumpur	403	39.8	160	23	23	429	71.7	149	-6.1	-44.5	-47.9	-84.8
Maldives	828	32.3	268	119	119	752	66.1	317	10.1	-51.1	-46.1	-62.4
Mumbai	9,121	50.8	4,637	2,932	2,932	9,655	79.8	6,129	-5.5	-36.3	-39.8	-52.2
Phuket	4,746	35.8	1,697	508	508	4,267	77.7	1,802	11.2	-54.0	-48.8	-71.8
Shanghai	791	49.0	388	169	169	902	73.4	409	-12.3	-33.2	-41.4	-58.6
Singapore	214	68.1	146	79	79	310	86.0	164	-30.9	-20.8	-45.3	-51.6
Sydney	242	55.6	135	70	70	275	88.9	147	-11.9	-37.4	-44.9	-52.5
Taipei	6,453	37.8	2,440	1,232	1,232	7,232	68.9	3,286	-10.8	-45.1	-51.1	-62.5
Tokyo	43,730	43.4	18,998	8,191	8,191	42,674	87.2	27,158	2.5	-50.2	-49.0	-69.8
Ho Chi Minh & Hanoi	3,245	41.5	1,347	833	833	3,387	79.8	2,096	-4.2	-48.0	-50.2	-60.2

Source: HotStats

LC = Local Currency

- After turning negative in Mar 2020, APAC GOPPAR bounced back to positivity in Jun 2020, but is still down -8.5% YTD Sep 2020.
- YTD Sep 2020, Mumbai recorded one of the highest GOPPARs in APAC (equivalent to USD20.72), while Hong Kong recorded the lowest (-USD28.77). Meanwhile, Tokyo (USD229.46) had one of the highest RevPARs compared to the lowest in Kuala Lumpur (USD39.64).
- In China, the Hainan Province, which includes the resort destination of Sanya, had the highest GOPPAR of any province YTD Sep 2020 (USD23.20)
- Tianjn was one of the only cities in China to have recorded negative GOPPAR YTD Sep 2020 (-USD0.31). Unlike the rest of the world, APAC post-April 2020 has exhibited a marginal uptick in Corporate, Group and MICE demand.

## Hotel Construction Costs

Country	Currency	Budget hotels	Mid market – low	Mid market – high	Luxury
		LC per sqm	LC per sqm	LC per sqm	LC per sqm
Australia	AUD	2,700 - 3,600	2,800 - 4,100	3,300 - 4,800	3,700 - 6,600
China	CNY	9,800 - 12,700	11,000 - 14,100	13,200 - 17,000	14,600 - 19,200
Hong Kong	HKD	23,700 - 27,700	28,400 - 33,100	31,600 - 37,400	34,500 - 42,100
India	INR	55,000 - 70,000	63,000 - 74,000	77,000 - 93,000	86,000 - 115,000
Indonesia	IDR*	8,200 - 12,400	11,800 - 13,900	13,900 - 17,500	15,500 - 20,600
Japan	JPY	319,300 - 406,900	372,900 - 489,300	450,100 - 607,700	522,200 - 741,600
Macau	MOP	19,900 - 23,900	24,300 - 27,900	27,900 - 33,200	30,400 - 37,200
Malaysia	MYR	2,100 - 3,100	2,500 - 3,600	4,100 - 6,100	5,100 - 7,100
New Zealand	NZD	2,800 - 3,800	3,700 - 4,500	4,400 - 5,400	5,300 - 6,900
Philippines	PHP	40,700 - 44,700	43,900 - 49,600	48,400 - 55,700	58,900 - 66,000
Singapore	SGD	2,500 - 3,400	3,300 - 3,700	3,800 - 4,600	4,300 - 5,600
South Korea	KRW*	1,700 - 2,300	2,000 - 2,700	3,100 - 4,500	3,600 - 5,300
Thailand	THB	40,200 - 46,400	44,300 - 50,500	52,500 - 56,700	56,700 - 62,000
Vietnam	VND*	NA - NA	26,300 - 33,300	30,900 - 46,400	36,700 - 44,000

Source: Rider Levett Bucknall \* '000s LC = Local Currency

- Covid-related construction impacts have included decreased productivity due to social distancing.
- Typically, productivity falls are less than 20% compared to pre-Covid output.
- Across the region, Beijing and Wellington are the least affected cities, with Melbourne and Seoul amongst the most affected.
- Across the construction industry, the hotel sector has been most significantly impacted in terms of outlook.
- Within countries, regional differences can be significant.
- Hotel construction activity is most significantly down in Hong Kong, Jakarta, Singapore, Auckland, Christchurch, Gold Coast and Sydney.
- Tender price deflation is increasingly likely into 2021 in many regions, but again with variances within countries.
- Uncertainty in medium term forecasts is leading to short term volatility in tender prices.

These costs have been prepared from a survey of Rider Levett Bucknall worldwide offices. Costs are expressed in local currency per square metre of Gross Floor Area except:

- China, Macau and Hong Kong which are expressed per square metre of Construction Floor Area (measured to outside face of external walls); and
- Singapore, Vietnam, Indonesia and Malaysia which are expressed per square metre of Construction Floor Area (measured to outside of external walls and inclusive of covered basement and above ground parking areas).

The costs include FF&E (except New Zealand and Australia), but exclude operator's stock and equipment. Fees, land costs and local taxes (Sales Taxes or similar) are also excluded. Costs are generally based on constructing hotels to international design standards. Data is prepared to highlight key cost trends and differences between markets. Users should verify the suitability of general cost data to their specific circumstances. Exchange rates and inflation can distort generic data, for specific project guidance please contact Rider Levett Bucknall.

## Transaction Tracker

Region	Hotel	Location	No. of Keys	Total Price	Price per Key
Portfolio Transactions				USD	USD
	Acacia Ridge & Illinois Five Dock	Australia	62	9,600,000	155,000
Single Asset Transactions					
Australia	Hotel Cairns	Cairns	92	7,400,000	80,000
	Sebel Canberra Hotel	Canberra	144	48,000,000	333,000
	Novotel Clarke Quay	Clarke Quay	403	278,200,000	690,000
	Vibe Melbourne	Melbourne	206	77,000,000	374,000
	Airlie Beach Hotel	Queensland	80	15,700,000	196,000
	Paradise Resort Gold Coast	Surfers Paradise	360	43,400,000	121,000
	Vibe Darling Harbour	Sydney	145	70,300,000	485,000
	Pyrmont Hotel	Sydney	60	18,700,000	312,000
	Quest Macquarie Park	Sydney	111	29,900,000	269,000
	Silverwater Resort	Victoria	260	16,300,000	63,000
	Craig's Royal Hotel Ballarat	Victoria	37	7,800,000	210,000
China	Ascott Guangzhu	Guangzhu	207	110,000,000	531,000
	Travelodge Central Hollywood Road	Hong Kong	143	125,200,000	876,000
	Queen's Hotel	Hong Kong	100	39,400,000	394,000
	Le Petit Rosedale Hotel	Hong Kong	94	58,500,000	623,000
	Guoman Changfeng Park	Shanghai	442	212,700,000	481,000
India	Trident Hyderabad*	Hyderabad	323	81,600,000	253,000
	Novotel Pine Nagar Road	Pune	233	40,600,000	174,000
Japan	Four Seasons Kyoto	Kyoto	123	462,000,000	3,756,000
	Onyado Nono Kyoto	Kyoto	472	226,100,000	479,000
	Sotetsu Fresa Inn Shinbashi-Karasumoriguchi	Tokyo	220	75,800,000	344,000
	Westin Tokyo	Tokyo	438	917,600,000	2,095,000
Other	Wolo Hotel	Kuala Lumpur, Malaysia	133	27,800,000	209,000
	Andaz Singapore	Singapore	342	355,700,000	1,040,000
	Grand Hyatt Seoul	Seoul, South Korea	615	475,300,000	773,000
	Sunworld Dynasty Hotel	Taipei, Taiwan	730	907,000,000	1,242,000

Source: Whitebridge Hospitality

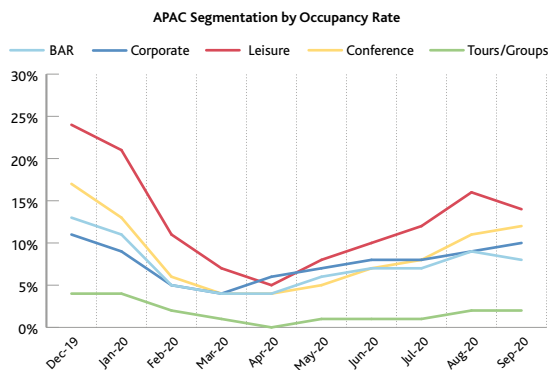
\* out of administration

- Chipper corporate China: Accor sold 5% stake in Huazhu Hotels Group (USD451m); CDL acquired 51% stake in Sincere Property (USD648m); China Jinmao acquired 33.2% stake in Jinmao Hotels.
- Other corporate deals: Blackstone acquired 9.99% stake in Crown Resorts (USD241m, Aus); Lone Star acquired stake in Unizo Holdings (USD2bn, Jap); KSL and GIC acquired stake in Soneva (Tha).
- A few individuals: Ghassan About acquired The Fantauzzo (Aus); Pelligra Group acquired Holiday Inn Melbourne Airport (Aus); Tony De Marco acquired Bellinzona Resort (Aus); Satyadeo Hospitality acquired Golden Tulip Bengahru (Ind).

Prices have been rounded where appropriate. We do not warrant the accuracy of this data which was obtained from publicly available sources and reported in industry journals. Conversions to euros were made according to the exchange rate at the time of the announcement.

## CHINA LEADS ASIA-PACIFIC'S POST-COVID REBOUND

The entire world has been impacted by COVID-19, but not all recoveries are the same. Even prior to the pandemic, parts of Asia-Pacific were teetering. Protests in **Hong Kong** over an extradition bill that began in March 2019 and mushroomed in June broadsided the region's hotel industry. The second half of 2019 saw gross operating profit per available room (GOPPAR) fall 52.8% over the same period a year prior.



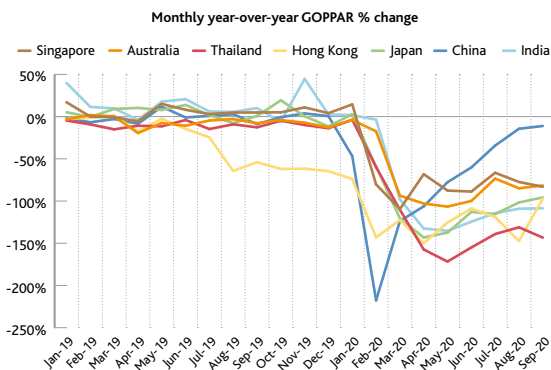
Source: HotStats

Enter 2020. Though travel stalled in the immediate aftermath of COVID-19's global ascendance, data from HotStats suggest that countries in Asia-Pacific are rebounding quickest. After sharp declines in Q1, the region began showing signs of life in April. As the segmentation chart above shows, leisure demand has led the comeback and though corporate, conference and group travel have, naturally, declined, in latter months, they, too, are slowly picking back up.

**China** may very well have been the origin of COVID-19, but the country has also done the best to contain it through strict lockdowns and other measures. The moves proved to be a boon for its hotel industry. Though China plumbed the depths of the pandemic worse than most, it has risen from its February nadir better than all, evidenced by its V-shaped recovery in GOPPAR, illustrated in the chart below that shows how China fared versus other regions in its profit rebound.

Though **Beijing's** YTD September 2020 GOPPAR was down 100% versus the same time a year ago, its \$34.60 GOPPAR

in September is a 186% increase since February and 43% off from September 2019. Total revenue (TRevPAR) hit triple digits (\$114.27) for the first time since January.



Source: HotStats

Though revenue remains muted, it's been cost containment that has cushioned China's comeback. At its lowest, payroll dropped to \$16.66 in March 2020 to where it is as of September, \$29.92, 17.3% lower than at the same time last year. It's too soon to say if the cost structure has changed for good, but other expenses, such as operating supplies, after shooting up in the wake of the pandemic have now crept back to pre-crisis levels, suggesting these increases are temporary.

In **Thailand**, which held its first election in March 2019 since the 2014 Thai coup d'état, is having a more difficult run of it, despite having only recorded 3,787 COVID-19 cases as of early November. **Bangkok** GOPPAR has not turned positive in the city since February, standing at \$-14.22 in September, which is 127% down from the same time a year ago.

Southeast Asia's borders have remained largely closed, having a huge impact on tourism. A pilot scheme in Thailand was initially set to grant special tourist visas for long-stay travellers but those plans were scuttled in the wake of new cases.

**Tokyo** missed out the first time around on the Summer Olympics, which were to take place July 24 to August 9, 2020 and have now been rescheduled for July 23 to August 8, 2021. That's still six months away. In the meantime, Tokyo numbers have continued to languish despite travel agreements with a handful of Asian countries. GOPPAR remains mired in negative territory at \$-26.20 as of September, down 112% YOY.



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