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EXCERPT

THE ANNUAL HVS ASIA-PACIFIC HOTEL OPERATOR GUIDE (AS OF 31 DECEMBER 2017)

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The HVS Asia-Pacific Hotel Operator Guide 2018

Foreword



We proudly present to you the Fifth Edition of the annual Asia-Pacific Hotel Operator Guide. Talking to stakeholders in the industry, this publication has become increasingly sought after by the market to evaluate potential candidates to operate a hotel property anywhere in Asia-Pacific. Distribution power, market experience, brand portfolio and geographic presence are all relevant factors in narrowing down the best match. 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. Size doesn't always matter, yet it often helps. Ultimately, it is the confidence an owner can take in the operator to provide a better return to the bottom line that closes the deal. Many small steps need to be taken along the way and the journey can be anywhere from exhausting to exciting.

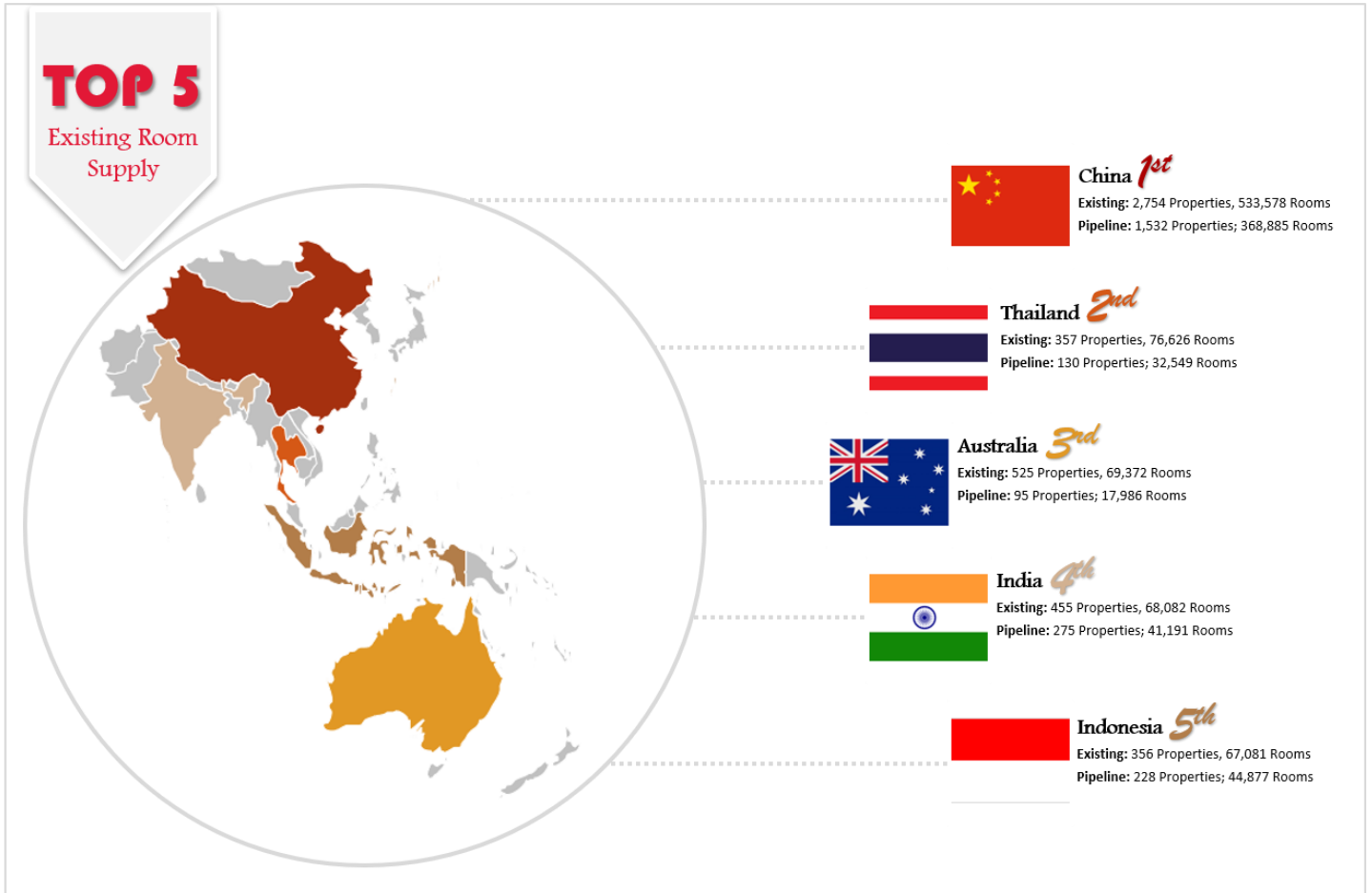
In this fifth edition, we have captured over one million existing and more than half a million pipeline rooms spread over 8,395 properties. This publication features major operators and we look forward to have more brands included in forthcoming editions. Our analysis covers 31 countries and territories in Asia-Pacific and 1,038 markets with existing hotels as well as 718 markets with proposed hotels. Special thanks also go to my co-author Pawinee Chaisiroj, 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', written in a cursive style.

Daniel J. Voellm, MRICS
Managing Partner, Asia Pacific

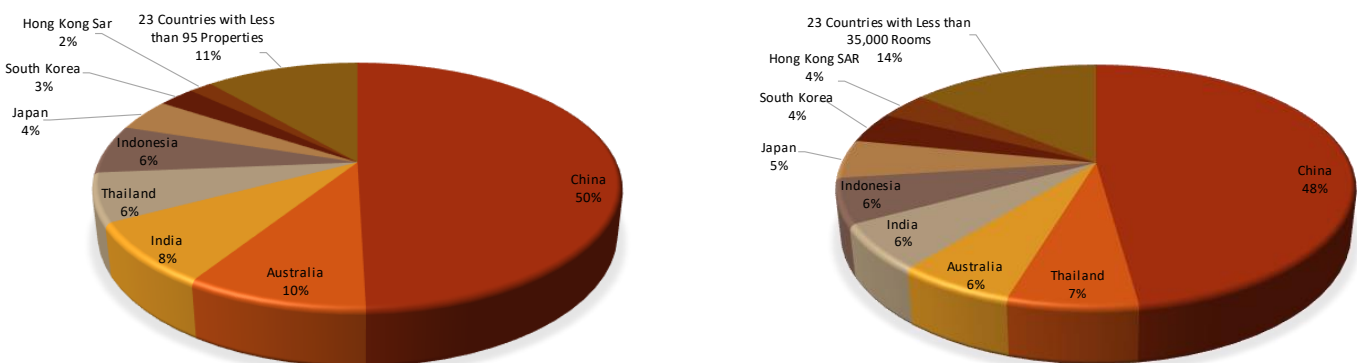
Overview

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



Countries

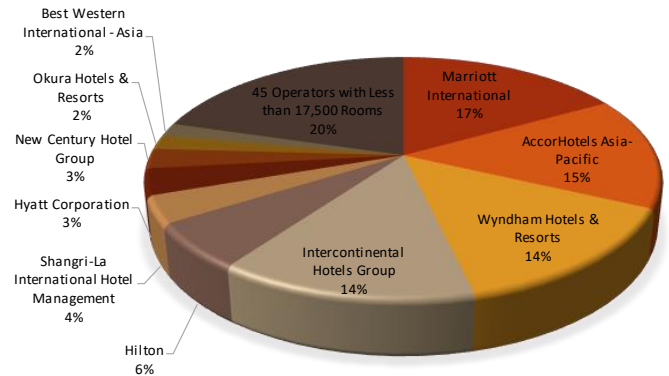
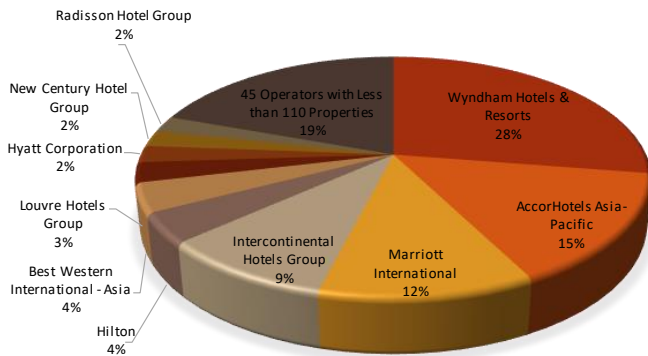
Geographic Distribution by Number of Properties and Number of Rooms



Given its sheer size, China dominates in terms of geographic market share at 50% and 48% of all branded properties and room inventory, respectively. Other significant markets include Thailand, Australia, India, Indonesia, Japan and South Korea. Despite being a relatively small territory, Hong Kong SAR has the eighth largest share of branded room supply in Asia-Pacific.

Operators

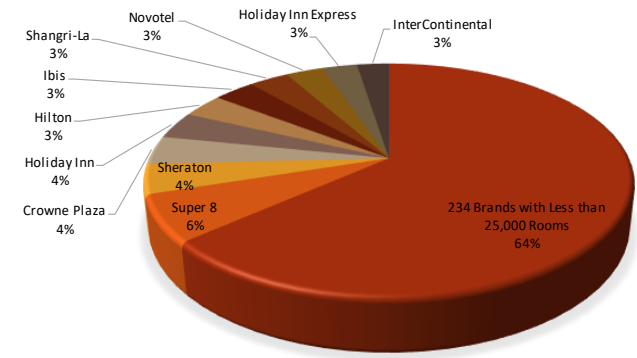
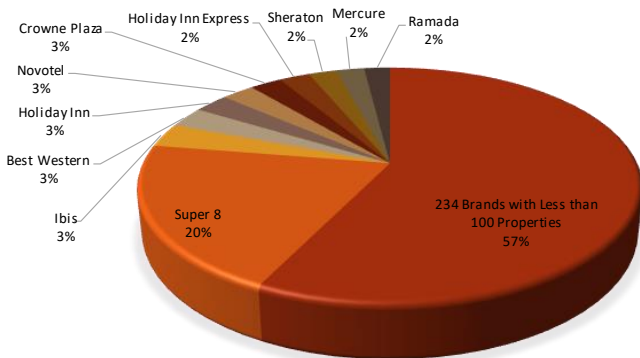
Operator Market Share by Number of Properties and Number of Rooms



Among the 55 operators reviewed, the top ten have a market share of 81% by number of properties and 80% by room inventory. The top three players are Marriott International, AccorHotels Asia-Pacific, and Wyndham Hotels & Resorts, followed by InterContinental Hotels Group, Hilton, and Shangri-La International Hotel Management.

Brands

Brand Market Share by Number of Properties and Number of Rooms



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 Ibis, Best Western, Holiday Inn, Novotel, Crowne Plaza, and Holiday Inn Express, come next. In terms of number of rooms, full-service brands dominate, with Sheraton enjoying the second-largest market share at 4% after Super 8.

Markets

Top 15 Markets by Number of Properties and Pipeline

Rank	Market	Number of Existing Properties	Rank	Market	Property Pipeline
1	Beijing	307	1	Mandalay	600%
2	Shanghai	212	2	Taichung	600%
3	Bangkok	129	3	Belitung	500%
4	Chengdu	103	4	Daegu	500%
5	Hong Kong	96	5	Guangdong	500%
6	Bali	96	6	Hengyang	500%
7	Singapore	91	7	Jiangmen	500%
8	Hangzhou	86	8	Jiangsu	500%
9	Jakarta	80	9	Qingyang	500%
10	Seoul	71	10	Si Racha	500%
11	Guangzhou	68	11	Vung Tau	500%
12	Sydney	66	12	Noida	450%
13	Suzhou	66	13	Anshan	400%
14	Fuzhou	66	14	Hsinchu	400%
15	Phuket	65	15	Shangrao	400%

Beijing has the largest number of branded properties at 307. The 15 leading markets feature 1,602 branded properties or 29% of the total sample.

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

The strongest growth is expected in Mandalay, where six new hotels are in the pipeline. By number of properties, Shanghai is set to see the largest growth by properties in absolute terms at 85 properties, followed by Chengdu at 63.

Shanghai features the largest number of branded rooms of approximately 60,000 rooms, followed by Beijing and Hong Kong SAR. Bangkok is the fourth-largest hotel market in the region. Singapore leads a group of mid-sized markets with more than 30,000 rooms.

Top 15 Markets by Number of Rooms

Rank	Market	Number of Rooms
1	Shanghai	59,939
2	Beijing	48,040
3	Hong Kong	40,648
4	Bangkok	38,037
5	Singapore	30,692
6	Seoul	23,034
7	Chengdu	22,315
8	Jakarta	17,575
9	Bali	17,257
10	Hangzhou	17,084
11	Guangzhou	16,518
12	Macau	15,519
13	Kuala Lumpur	15,394
14	Sydney	15,044
15	Sanya	14,213

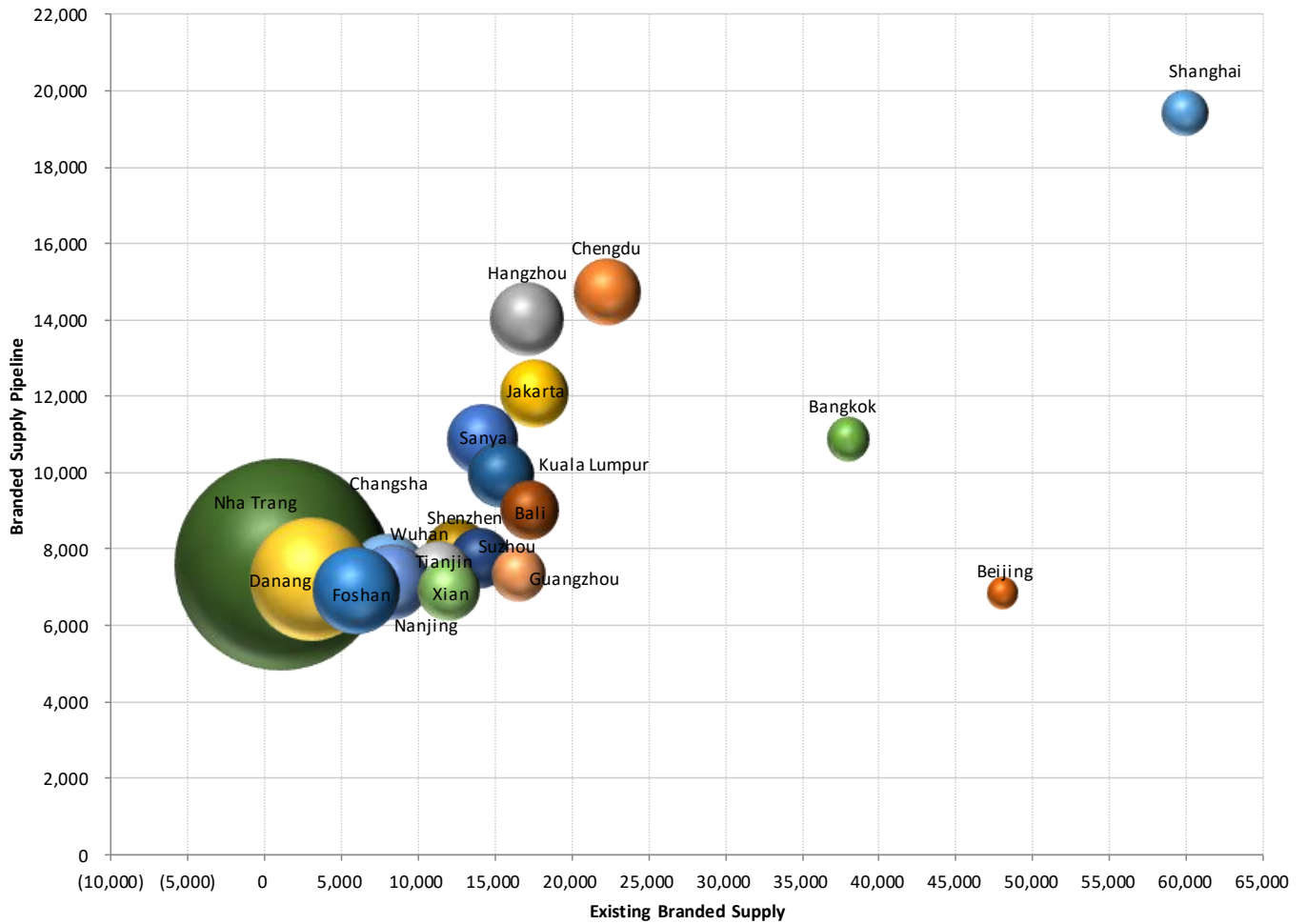
All Markets with the largest room supply growth are coming off a relatively low base.

In a shift from 2016, six of the top ten markets with the strongest pipeline by number of rooms are located in China. In absolute terms, Shanghai claims the top spot for the largest supply pipeline with almost 20,000 branded rooms. Chengdu is the market with the second largest pipeline at approximately 15,000 branded rooms. Other markets with a pipeline of more than 10,000 rooms include Hangzhou, Jakarta, Sanya, and Bangkok.

Top Market Room Supply Growth

Rank	Market	Rooms Pipeline
1	Tengchong	1811%
2	Yueyang	1451%
3	Qingyang	1231%
4	Hengyang	1108%
5	Jiangmen	1070%
6	Zigong	1043%
7	Noida	941%
8	Baishan	889%
9	Enshi	861%
10	Xichang	852%
11	Belitung	824%
12	Manali	777%
13	Liuan	769%
14	Vung Tau	754%
15	Mandalay	720%
16	Jiangsu	719%
17	Jinzhong	707%
18	Nha Trang	694%
19	Dehradun	689%
20	Guangdong	676%

Top Markets: Existing and New Supply – Supply Growth



Nha Trang and Da Nang record the largest growth in supply, which have a pipeline of 694% and 232% 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 14% and 175% 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.

Operator Pipeline

Top 10 Operators: Growth

Rank	Operator	Pipeline/ Existing Rooms
1	General Hotel Management	2760%
2	Urban Resort Concepts	417%
3	Absolute Hotel Services	365%
4	Two Roads Hospitality	360%
5	Jumeirah Group	353%
6	Cachet Hospitality Group	283%
7	StayWell Hospitality	260%
8	Artyzen Hospitality Group	245%
9	Dusit International	199%
10	Mövenpick Hotels & Resorts	163%

In terms of growth (pipeline vs. existing room inventory), General Hotel Management is expected to post the strongest performance in size. However, it should be noted that this growth is coming off of a small base. Notably, the top five operators will more than triple their current size with their current pipeline. Smaller and regional players dominate the Top 10 list. 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, and moving towards offering a value experience.

In terms of absolute growth by number of rooms, Marriott International has the strongest pipeline in Asia-Pacific at more than 120,000 rooms, followed by InterContinental Hotels Group, Hilton and AccorHotels Asia-Pacific. Hyatt Corporation and Wyndham Hotels & Resorts have also forced their way into the top ten, where New Century Hotel Group and Dusit International represent regional players.

The top 10 operators account for more than 83% of the rooms pipeline of the 49 operators that reported pipeline data.

Top 10 Operators: Pipeline by Number of Rooms

Rank	Operator	Number of Rooms
1	Marriott International	129,999
2	Intercontinental Hotels Group	100,840
3	Hilton	97,369
4	AccorHotels Asia-Pacific	66,656
5	Hyatt Corporation	42,838
6	Wyndham Hotels & Resorts	38,020
7	New Century Hotel Group	32,587
8	Radisson Hotel Group	11,669
9	Dusit International	10,796
10	Absolute Hotel Services	10,608

Top 10 Operators: Pipeline by Number of Rooms

	Rooms Added	Net Room Growth
Absolute Hotel Services	852	45%
Bespoke Hospitality Management Asia	237	39%
Lotte Hotel	2,201	33%
Mövenpick Hotels & Resorts	595	26%
Hotel Shilla	1,011	26%
Centara Hotels & Resorts	1,580	21%
Swire Hotels	213	20%
Rosewood Hotel Group	1,112	19%
Red Planet Hotels	696	18%
New Century Hotel Group	4,341	17%
Hilton	8,065	14%
Melia Hotels International	522	14%
Wharf Hotels	608	12%
Hyatt Corporation	3,362	11%
Swiss-Belhotel International	1,099	11%
Intercontinental Hotels Group	13,832	10%
Two Roads Hospitality	101	10%
AccorHotels Asia-Pacific	13,479	9%
Dorsett Hospitality International	565	8%
Wyndham Hotels & Resorts	10,432	7%
Marriott International	10,451	7%
Shangri-La International Hotel Management	2,476	7%
Oakwood Worldwide	270	6%
Four Seasons Hotels & Resorts	259	5%
Regal Hotels International	340	5%

**Analysis excludes properties in India*

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. Absolute Hotel Services posted the highest new room growth of 45% whereas in absolute terms it ranked 20th with 852 rooms added.

Other operators that made their marks in 2017 include Bespoke Hospitality Management Asia, Lotte Hotel, Mövenpick Hotels & Resorts and Hotel Shilla.

In absolute terms, InterContinental Hotels Group claims the top spot for the largest supply added in YE2017 at approximately 13,832 rooms.

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Sample Hotel

Sample Hotel Logo

	Existing	Pipeline
Properties	20	5
Rooms	4,000	2,000
Rooms YoY	5%	2%
Countries	5	5
Cities	15	5



Year Established
2017



Regional Headquarters
Hong Kong

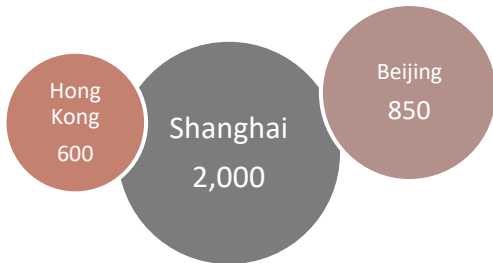


Total # of Brands
3



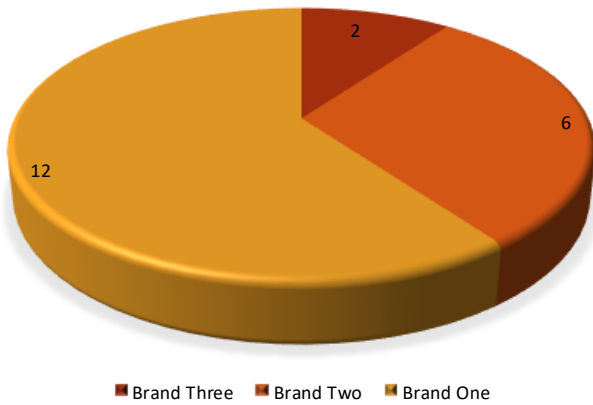
Total # of Employees
1,000

Top Locations by Hotel Rooms (YE 2017)

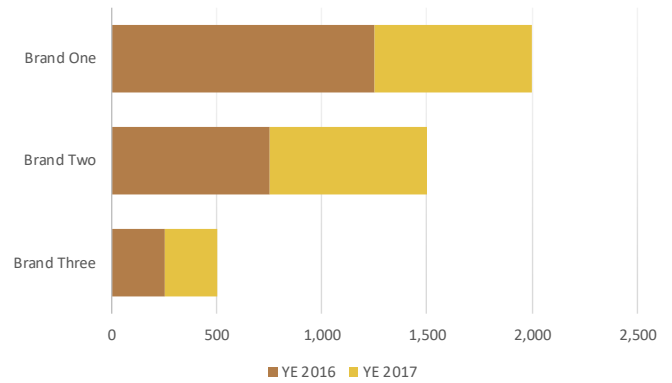


This page illustrates a sample data presentation of each hotel operator.

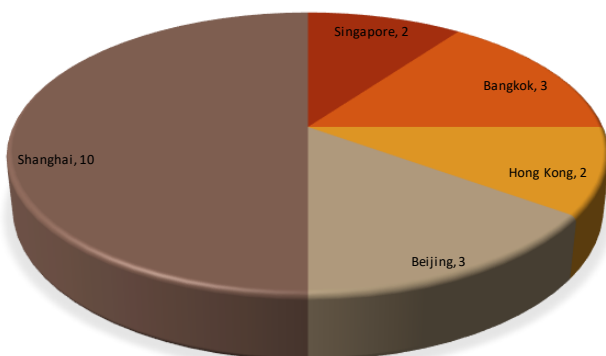
Number of Existing Properties by Brand



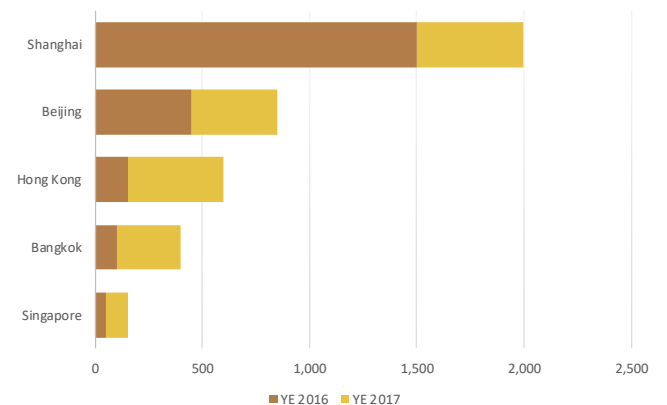
Number of Existing Rooms by Brand



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 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



Pawinee Chaisiroj is a 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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