

# Briefing Hotel sector

Q2 2014

## Supply

Ha Noi's hotel market had 61, three to 5-star hotels with 8,490 rooms, up 4% quarter-on-quarter (QoQ) and 10% year-on-year (YoY).

The additional supply came from the official ranking of five hotels, including one 4-star hotel with 86 rooms, four 3-star hotels with 207 rooms and 100 rooms in a partially opened 5-star hotel in the west. There was one 3-star hotel temporarily closed this quarter for renovations.

Five-star hotels continue to account for the largest market share at 50%, followed by 4-star hotels at 27% and 3-star hotels at 23 percent.

## Performance

Though the overall occupancy increased 3 pts YoY to 57%, market performance decreased this quarter. The average RevPAR was VND884,000/room/night, -4% lower YoY. The market ADR was VND1.6 million/room/night, down -8% YoY.

By grade, Savills saw a slight improvement in the RevPAR of the five and 4-star segments of up to 2% YoY. The 3-star segment's RevPAR fell significantly -16% YoY with both occupancy and ARR down -5 pts and -8% YoY, respectively.

## Demand

According to the General Statistics Office of Ha Noi, international arrivals to the city during the first half of 2014 were 1.1 million, up 28% YoY. Due to the number of Chinese tourists dropping recently, hotels had to target other markets such as Korea and Europe. There was YoY increase in visitors from the United Kingdom (60%), Korea (54%), France (38%) and Australia (25%).

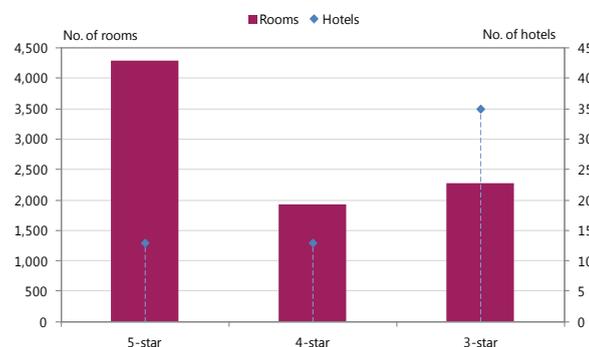
The average occupied room in Q2/2014 was 4,800, up 15% YoY. Due to the large supply, the 5-star segment continued to lead with over 2,500, accounting for 53% occupancy.

## Outlook

In the second half of 2014, Lotte Hotel Ha Noi with 318, 5-star rooms will come online; Keangnam Hanoi Landmark Tower may open in 2015.

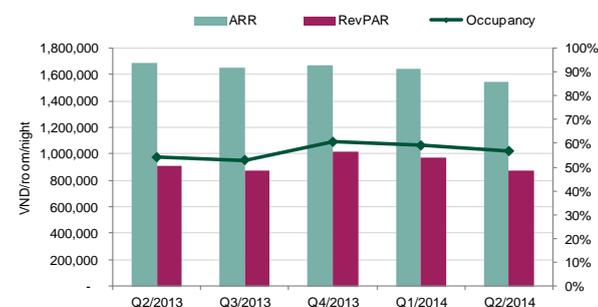
In the future, 32 new projects with more than 5,000 rooms are expected to enter the market; however, approximately 80% of the projects are in planning or are pending. ■

FIGURE 1  
Current stock



Source: Savills Research & Consultancy

FIGURE 2  
Market performance, Q2/2014



Source: Savills Research & Consultancy

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