

Briefing Hotel sector

Q3 2014

→ Supply

In Q3/2014, the Ha Noi hotel market was unchanged in size quarter-on-quarter (QoQ) and rose 10% year-on-year (YoY).

One previously operating hotel contributed to the quarterly rise after receiving ranking whilst two hotels closed for renovation.

Lotte Hotel Hanoi entered the market in early September with nearly 320 rooms. It remains unranked, and will not be counted in Q3/2014.

Performance

Occupancy rate was remained YoY whilst the market ARR fell -4% YoY and the average RevPAR fell -3% YoY.

The five-star segment recorded the highest performance with occupancy and RevPAR increasing by 5 ppts and 6% YoY. In the four-star segment, occupancy was stable and RevPAR decreased -3% YoY. Three-star hotels showed the weakest performance with both occupancy and RevPAR down -6 ppts and -19.2% YoY.

Demand

According to the General Statistics Office of Ha Noi, the number of international visitors in the first nine months of 2014 increased by 17.1% YoY to reach 1.5 million whilst domestic arrivals fell -0.6% YoY. Korea had the highest growth rate at 48%, followed by England (+42%), France (+37%), America (+23%) and Thailand (+21%).

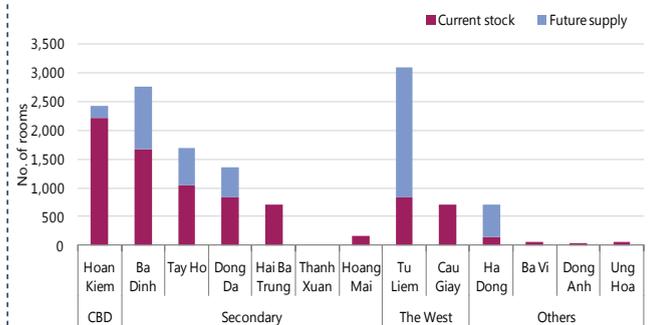
In Q3/2014, the occupied room rose 17% YoY. Five-star hotels accounted for 52% of these and four-star hotels contributed the least.

Outlook

Total future hotel supply is unclear since there has been no significant construction progress compared to previous quarters. Of 31 future hotels announced, about half have confirmed supplies of 5,000 rooms; meanwhile only five projects are fitted out or under construction, and the rest are pending or in the planning stage.

Despite uncertainties, two fitted out projects in Hoan Kiem district will come online in Q4/2014, providing approximately 220 rooms. ■

FIGURE 1
Current and future supply, Q3/2014



Source: Savills Research & Consultancy

FIGURE 2
Market performance, Q3/2014



Source: Savills Research & Consultancy

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