

Briefing Hotel sector

Q4 2014

Supply

In the late December of 2014, the Ha Noi market welcomed two new hotels ranked three-star and the number of three-five star hotels was 63 hotels. Thus, the stock was added 140 rooms to reach 8,640 rooms, up 2% quarter-on-quarter (QoQ) and 10% year-on-year (YoY).

Fifty percent of the stock came from the five-star segment and 58% of the market share from the secondary area.

Performance

Due to be ranked in late Q4/2014, the performance of two new hotels will be recorded from Q1/2015.

The market recorded a better performance due to the high tourism season.

The occupancy rate increased by 10 percentage points (ppts) QoQ and 3 ppts YoY. The average room rate (ARR) increased 4% QoQ but fell -2% YoY. The average RevPAR climbed 23% QoQ and 3% YoY.

The five-star occupancy increased 10 ppts while the ARR dropped -3% YoY. The four and three-star segment, occupancy and ARR experienced an increase QoQ and a fall YoY.

Demand

According to Hanoi Department of Culture, Sports and Tourism, the total visitors to Ha Noi in 2014 reached 18.4 million arrivals, up 11% YoY. There were 3 million international arrivals, up 16% YoY equivalent to 16.3% of total visitors. The number of Korean, English, American and French arrivals continues to increase, up by 50% YoY.

In Q4/2014, the occupied room rose significantly 18% QoQ and 14% YoY. Five-star hotels accounts to 56% of the market share whereas the four-star hotels contributed the least.

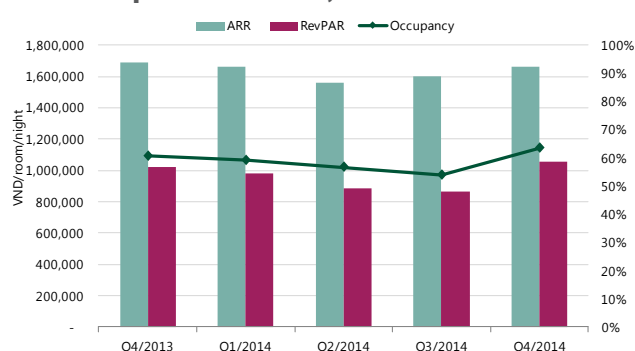
Outlook

From 2015 onward, 30 future hotels are confirmed supplying approximately 5,000 rooms. Approximately 72% of these are expected to be a five-star standard.

In 2015, 577 rooms will be supplied to the market into 3 projects; one project is completed and the others are currently being fitted out.

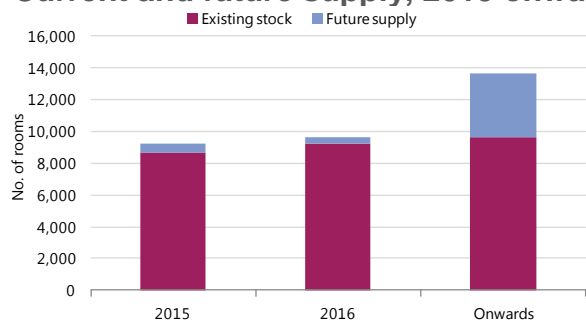
One project will come online in 2016 and the remaining future hotels have not confirmed their completion date.

FIGURE 1
Market performance, Q4/2014



Source: Savills Research & Consultancy

FIGURE 2
Current and future supply, 2015 onward



Source: Savills Research & Consultancy

Savills Research team

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