

Briefing Hotel sector

Q1/2015

→ Supply

In Q1/2015, HCMC's hotel market welcomed a total of 200 new rooms. The rooms came from a new 5-star hotel, additional stock from an existing 4-star hotel and a reopened 3-star hotel. A 5-star and a 3-star hotel with approximately 310 rooms were temporarily closed for renovation.

As of Q1/2015, HCMC had 99 hotels supplying approximately 13,100 rooms, decreasing -1% quarter-on-quarter (QoQ) but increasing 4% year-on-year (YoY).

Performance

HCMC's 3- to 5-star hotels continued to have a soft performance YoY. The average occupancy was 70%, up 2 pts QoQ but down -4 pts YoY. All three grades incurred a YoY decrease in occupancy. The 4-star segment had the highest occupancy drop of -6 pts YoY. The 3-star and 5-star segment decreased by -4 pts YoY each.

The ARR was VND1.8 million/room/night (US\$82/room/night), down -5% QoQ and -7% YoY.

Demand

In the first two months of 2015 there were more than 836,300 international arrivals to HCMC, up 7.5% YoY. This growth rate was lower compared with 2014 at 11% and 2013 at 9 percent.

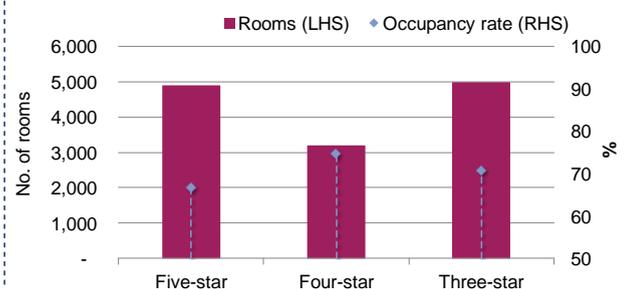
HCMC continues to face competition with other tourist locations with international airports such as Ha Noi, Da Nang, Nha Trang and Phu Quoc.

Outlook

As of Q1/2015, there were 22 three to 5-star hotels in the future list, supplying approximately 5,300 rooms to the market. Ten projects with more than 2,300 units are expected to come online in the next three years.

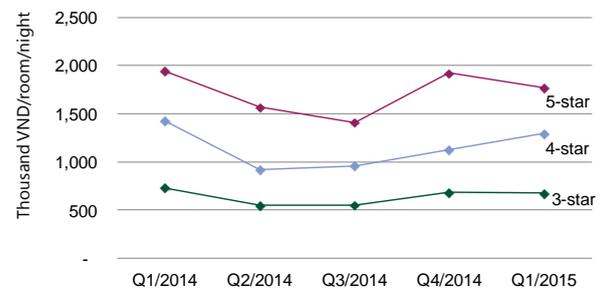
In 2015, the HCMC hotel market is expecting a large amount of new supply from four new 5-star projects, increasing total stock of this segment by 22% YoY. This will directly pressure performance of the five-star segment as well as partly affect the performance of the overall market in 2015. ■

FIGURE 1
Hotel performance, Q1/2015



Source: Savills Research & Consultancy

FIGURE 2
RevPAR, Q1/2014 – Q1/2015



Source: Savills Research & Consultancy

Savills Research team

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