

HANOI - Q1/2020

Media Release — Hotel —

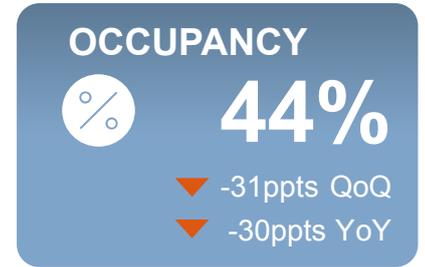


REPORT

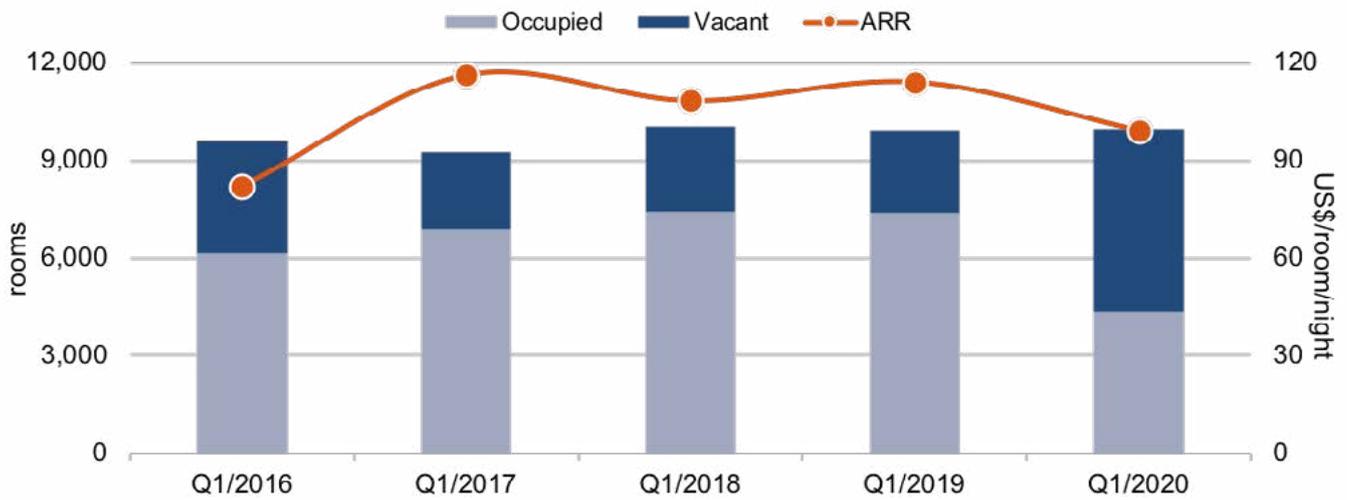
Savills Research



HOTEL

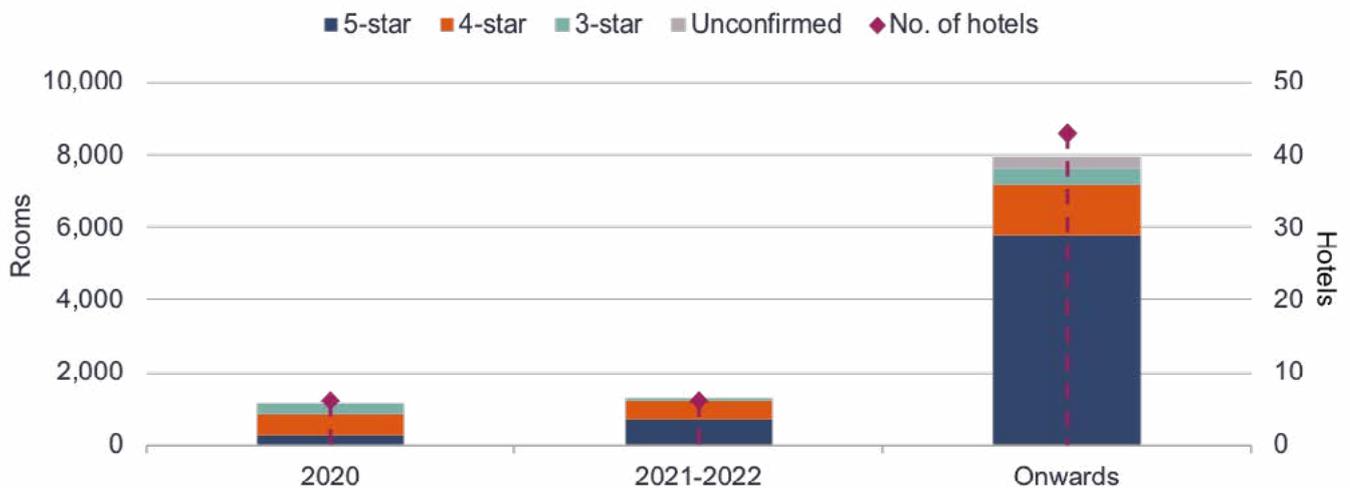


Performance



Source Savills Research and Consultancy

Future supply



Source Savills Research and Consultancy

(1) Data collection as of Q1/2020
 (2) Occupancy calculated by occupied units divided by total available units.
 (3) Avg. Room Rate: including service charge, excluding VAT

QoQ: Quarter on Quarter comparison
 YoY: Year on Year comparison

“ *Hospitality was the first to suffer, however it is likely to be quickest out of the slump. In the midterm domestic travelers will drive occupancy. Vietnam is fortunate in being able to reactivate quickly.* ”

*Troy Griffiths, Deputy Managing Director
Savills Vietnam*



KEY FINDINGS

Performance jitters

Total stock was approximately 9,950 rooms, stable QoQ and YoY from 66 hotels, comprising 16 five-star, 19 four-star and 31 three-star projects. The sudden drop in visitors had 3- to 5- star average occupancy fall -30 ppts YoY, average room rates (ARR) down -13% YoY and revenue per available room falling -49% YoY.

In early Q1 decreasing Chinese and Korean inbounds saw 3- to 5-star occupancy ease to 55%. In March the increased effect of containment measures had 3-5-star occupancy at under 30 percent. Occupancy is expected to be further affected following the April 1st lockdown and with work and holiday visas temporarily on hold.

Five-star unbowed

In Q1/2020, five-star average occupancy decreased -32 ppts YoY. ARR was US\$127/room/night, down -13% YoY leading to RevPAR down -46% YoY. Business travelers to 5-star hotels decreased, but remained the main guest source to maintain 5-star's lead in the segment.

Three- and 4-star hotels had the worst performance as RevPAR fell -60%, mostly from a drop in leisure trips to Ha Noi. In March some mostly lower grade projects, temporarily closed and furloughed employees.

Three hotels have been established as quarantine zones: Thang Long Espana Hotel, the 3-star Hoa Binh Hotel and 4-star Muong Thanh Xa La Hotel.

CBD, Secondary suffers

The absence of leisure travelers and closure of city attractions reflected poor segment performance. Secondary area RevPAR was down -51% YoY; and in the CBD, down -49% YoY. The Ha Noi Department of Tourism reports, from February to 19th March, 151 hotels were closed in districts Hoan Kiem (78) & Dong Da (73).

The West RevPAR decreased -43% YoY, hit by a late March performance drop after postponement of the F1 Grand Prix resulted in cancelled bookings.



KEY FINDINGS

New Inbound Lows

The approximately 3.85 million Q1 visitors were down -47.2% YoY to the lowest in 5 years. International visitors down -43.9% YoY to 956,000; and domestic travelers were down -48.2% YoY to 2.89 million. International staying visitors fell -36.9% YoY to 756,000. Those from China slumped -78.1% YoY; South Korea by -52.1%; and Japan by -33.3 percent. In March, total visitors to Ha Noi were down -76% MoM and -87.4% YoY to 321,390. Total first quarter tourism revenue in Hanoi was VND15,687 billion, down -38.8% YoY.

Aviation Crashes

March data from the Vietnam National Administration of Tourism reported 375,137 international arrivals by air to Viet Nam, down -62.3% MoM and -65.7% YoY. Q1 total international visitors by air of almost 3 million fell -21.9% YoY. Civil Aviation Authority data from February 19th to March 18th, reported over 21,000 completed Vietnamese carrier flights were down -37.9% MoM and -25.6% YoY. In Q1/2020, down -4.5% YoY, local carriers completed 77,530 flights.

Secondary supply significant

From 2020 on, over 10,000 rooms will enter, with almost 59% in the Secondary area. Five-star will dominate future supply at 65% and 64% will be in the Secondary area. Six projects with over 1,100 rooms are expected to enter in 2020, of which 75% will be under international management from Accor, Capella and Marriott. However, the impact of coronavirus may see completion delays.

Viet Nam Tourism Outlook

World Tourism Organization (UNWTO) estimated that global international tourist arrivals in 2020 could decline between 20-30%, which could translate into a loss of US\$ 30-50 billion in international visitors spending. According to Vietnam National Administration of Tourism, the best scenario for Vietnam tourism in 2020 is that international visitors will decrease -70% YoY, with 5.5 million. Viet Nam high reliance on domestic travelers (82.5% of arrivals in 2019) and key market such as China and Korean might be a big advantage as these markets are expected to be able to travel again first.



Savills Cares

Industry award fees are being redirected to help local people. Charities for underprivileged around the country will receive increased donations.

Savills is committed to caring for the community



Savills Research

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Research



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