

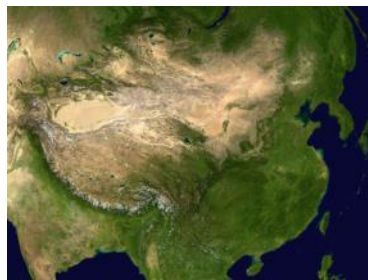


2017 EDITION | Price US\$800
EXCERPT

THE ANNUAL HVS ASIA-PACIFIC HOTEL OPERATOR GUIDE (AS OF 31 DECEMBER 2016)

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The HVS Asia-Pacific Hotel Operator Guide 2017

Foreword



It is with great pleasure that I share with you our fourth annual Asia-Pacific Operator Guide, data as of 31 December 2016. This fourth edition will continue to serve owners as a reference for which operator has a strong presence in their home market and in potential future markets further ashore as well as key feeder markets across the region. As more brands are created and/or introduced to the region, owners need to navigate a more complex environment. At the same time, M&A activities have created larger companies with a very large portfolio of brands. At the same time, we see operators building pipelines with limited-service brands that are easier to scale. Which operator to choose?

Branding, anchored by the management expertise and distribution power that operators bring to a hotel property, is becoming more and more critical. In the face of increasing competition, non-branded properties often perform at a discount to their branded peers due to lack of awareness and quality assurance. Running a hotel is no easy task and owners have a tendency to view operators' fees as unjustified for the value they deliver. It is essential that owner and operator align their interest from very early in the process and work towards a common goal, rather than start their long-term relationship from conflicting standpoints.

In this fourth edition, we have captured close to one million existing and more than half a million pipeline rooms spread over 6,930 properties. This publication features major operators and we look forward to have more brands included in forthcoming editions. Our analysis covers 30 countries and territories in Asia-Pacific (excluding India) and 901 markets with existing hotels as well as 574 markets with proposed hotels.

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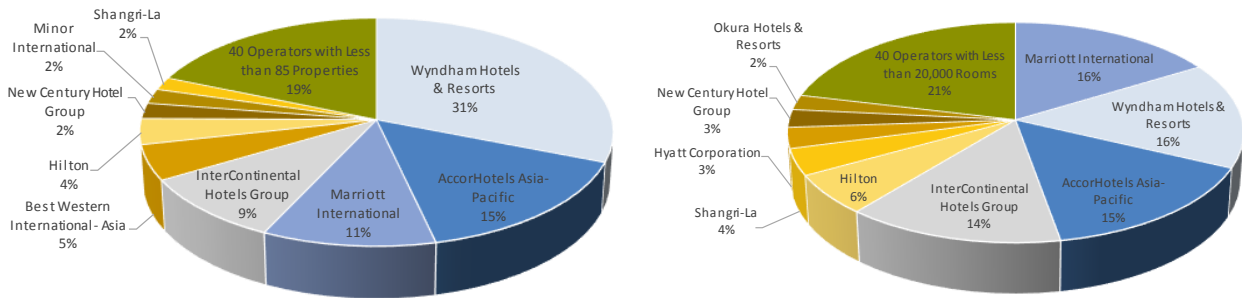
Daniel J. Voellm, MRICS
Managing Partner, Asia Pacific

Overview

We have prepared our analysis by number of properties and number of rooms for operators, brands, countries and cities. The following discussion highlights the largest players in each category.

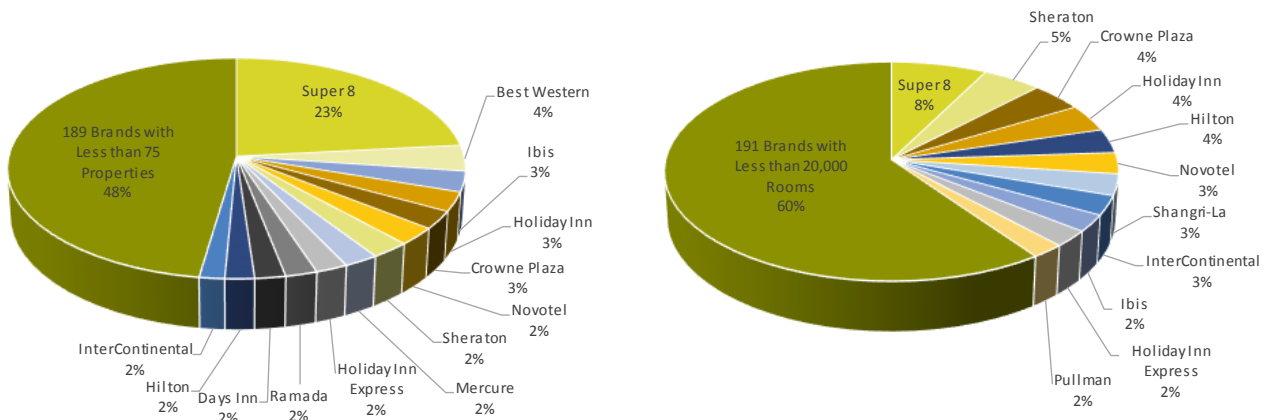
Operators

OPERATOR MARKET SHARE BY NUMBER OF PROPERTIES AND NUMBER OF ROOMS



Among the 49 operators reviewed, the top nine have a market share of 81% by number of properties and 79% by room inventory. The top three players are Marriott, Wyndham and Accor, followed by InterContinental Hotels Group, Hilton, and Shangri-La. The takeover of Starwood has significantly enhanced Marriott's standing in the region.

BRAND MARKET SHARE BY NUMBER OF PROPERTIES AND NUMBER OF ROOMS

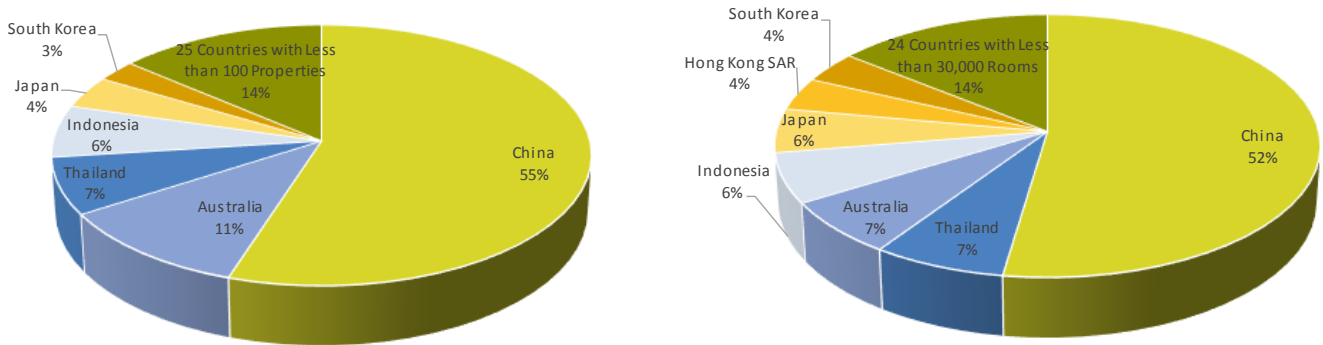


Brands

Given the prevalence of multi-brand operators, the brand landscape is subject to an even higher degree of fragmentation. By number of properties, the budget chains – particularly Super 8 with its presence in China – have the largest market share. Iconic full-service brands, including Best Western, Ibis, Holiday Inn, Crowne Plaza, Novotel and Sheraton, come next. In terms of number of rooms, full-service brands dominate, with Sheraton enjoying the second-largest market share at 5% after Super 8.

Countries

GEOGRAPHIC DISTRIBUTION BY NUMBER OF PROPERTIES AND NUMBER OF ROOMS



Given its sheer size, China dominates in terms of geographic market share at 55% and 52% of all branded properties and room inventory, respectively. Other significant markets include Australia, Thailand, Indonesia, Japan and South Korea. Despite being a relatively small territory, Hong Kong SAR has the sixth largest share of branded room supply in Asia-Pacific.

Markets

TOP 10 MARKETS BY NUMBER OF PROPERTIES AND PIPELINE

Rank	Market	Number of Existing Properties	Rank	Market	Property Pipeline
1	Beijing	303	1	Petaling Jaya	500%
2	Shanghai	202	2	Daegu	400%
3	Bangkok	114	3	Dali	400%
4	Chengdu	91	4	Johor	400%
5	Hong Kong SAR	90	5	Taichung	400%
6	Bali	85	6	Bintan	367%
7	Jakarta	77	7	Jiaxing	367%
8	Hangzhou	75	8	Lombok	367%
9	Guangzhou	69	9	Genting	300%
10	Singapore	65	10	Hai Phong	300%

Beijing has the largest number of branded properties at 303. The ten leading markets feature 1,171 branded properties or 25% of the total sample.

Among the top ten markets with the strongest property pipelines, there is a clear shift towards Malaysia, China and Indonesia, which have seen very active development.

The strongest growth is expected in Petaling Jaya, where five new hotels are in the pipeline. By number of properties, Shanghai is set to see the largest growth by properties in absolute terms at 68 properties, followed by Chengdu at 56.

TOP 10 MARKETS BY NUMBER OF ROOMS

Rank	Market	Number of Rooms
1	Shanghai	56,321
2	Beijing	53,483
3	Hong Kong SAR	38,791
4	Bangkok	32,954
5	Singapore	23,888
6	Chengdu	19,708
7	Seoul	19,455
8	Jakarta	17,602
9	Guangzhou	16,358
10	Bali	16,254

Shanghai features the largest number of branded rooms at more than 50,000, followed by Beijing and Hong Kong SAR. Bangkok is the fourth-largest hotel market in the region. Singapore leads a group of mid-sized markets with more than 23,000 rooms.

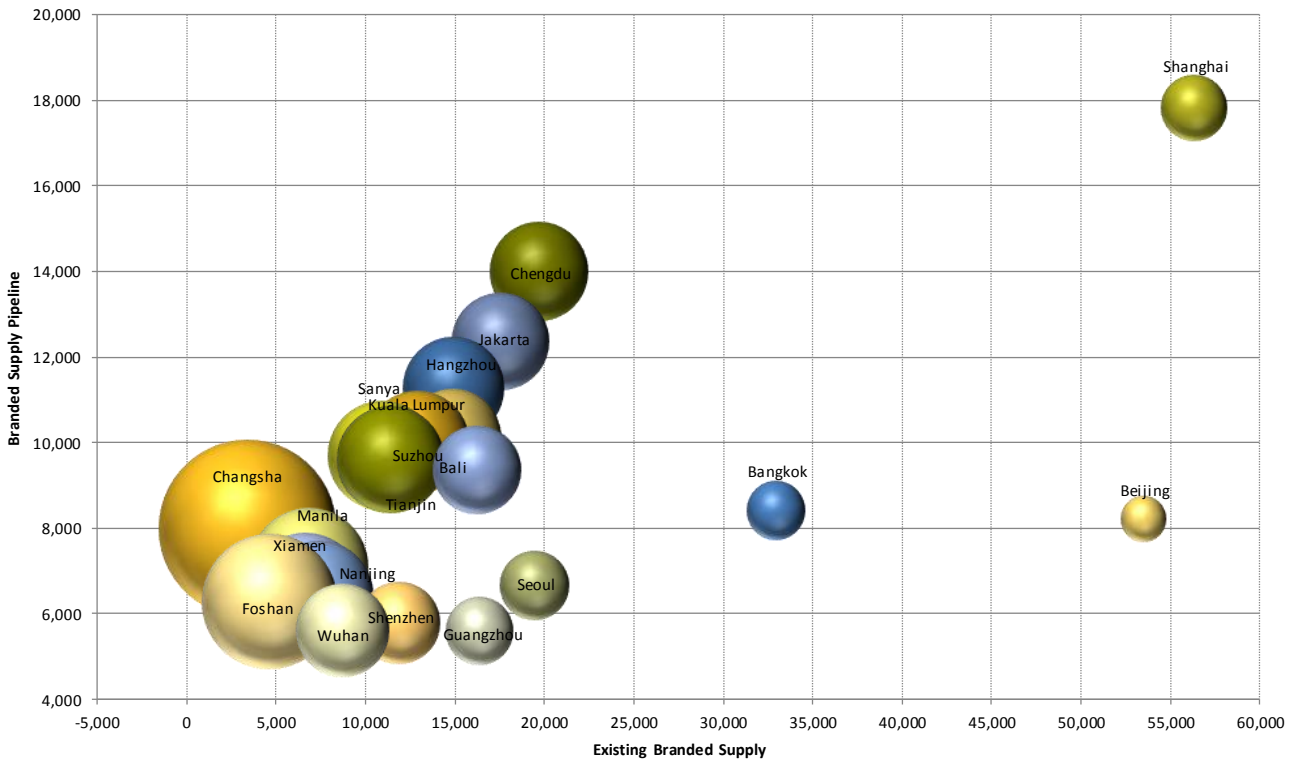
All Markets with the largest room supply growth are coming off a relatively low base.

In a shift from 2016, six of the top ten markets with the strongest pipeline by number of rooms are located in China. In absolute terms, Shanghai claims the top spot for the largest supply pipeline with almost 18,000 branded rooms. Chengdu is the market with the second largest pipeline at approximately 14,000 branded rooms. Among the other markets with a pipeline of more than 6,000 rooms, Changsha, Foshan, Manila and Xiamen look at the largest growth at 235%, 136%, 103%, and 98%, respectively.

TOP MARKETS ROOM SUPPLY GROWTH

Rank	Market	Rooms Pipeline
1	Rizhao	1680%
2	Dujiangyan	1288%
3	Baishan	1028%
4	Suining	1017%
5	Guian	929%
6	Chaozhou	853%
7	Xingyi	849%
8	Huainan	833%
9	Bintan	823%
10	Sanming	808%
11	Jinzhong	736%
12	Weinan	729%
13	Daocheng	680%
14	Hai Phong	606%
15	Hualien	596%
16	Anqing	584%
17	Lombok	521%
18	Yongkang	501%
19	Hengyang	486%
20	Suqian	467%

TOP MARKETS: EXISTING AND NEW SUPPLY - SUPPLY GROWTH



In terms of markets with the largest growth in supply, aside from the top four markets mentioned in the previous paragraph, most markets in the graph above have a pipeline that is between 15% and 90% of their existing room supply. All these markets are likely to experience some level of moderating performance in the medium term until the new supply is absorbed.

Operator Pipeline

TOP 10 OPERATORS: GROWTH

Rank	Operator	Pipeline/ Existing Rooms
1	General Hotel Management	2220%
2	Urban Resort Concepts	407%
3	StayWell Hospitality Group	309%
4	Bespoke Hospitality Management Asia	308%
5	Two Roads Hospitality	293%
6	Mövenpick Hotels & Resorts	248%
7	Absolute Hotel Services	240%
8	Regent Hotels & Resorts	191%
9	Dusit International	159%
10	New Century Hotel Group	138%

In terms of absolute growth by number of rooms, Marriott has the strongest pipeline in Asia-Pacific at more than 120,000 rooms, followed by InterContinental, Hilton and Accor. New Century and Hyatt have also forced their way into the top ten, where BTG-Jianguo and Swiss-Belhotel represent regional players. The acquisition of Starwood Hotels & Resorts has given Marriott International a significant boost in the region. The top 10 operators account for more than 83% of the rooms pipeline of the 43 operators that reported pipeline data.

In terms of growth (pipeline vs. existing room inventory), General Hotel Management is expected to post the strongest performance in size. However, it should be noted that this growth is coming off of a small base. Notably, the top six operators will more than triple their current size with their current pipeline. Smaller and regional players dominate the Top 10 list. Operators of four-Star and mid-market brands have been aggressive and successful at building their pipeline, reflecting a gradual shift away from the top tier product, and moving towards offering a value experience.

TOP 10 OPERATORS: PIPELINE BY NUMBER OF ROOMS

Rank	Operator	Number of Rooms
1	Marriott International	122,159
2	InterContinental Hotels Group	83,383
3	Hilton	78,593
4	AccorHotels Asia-Pacific	62,453
5	New Century Hotel Group	34,929
6	Hyatt Corporation	29,748
7	Best Western International - Asia	16,614
8	BTG-Jianguo	10,909
9	Swiss-Belhotel International	9,864
10	Dusit International	8,603

TOP OPERATORS: NET ROOM GROWTH

	Rooms Added	Net Room Growth
Regent Hotels & Resorts	1,922	130%
Lanson Place Hospitality Management Limited	745	81%
Melia Hotels International	1,186	45%
StayWell Hospitality Group	452	41%
Oakwood Worldwide	1,102	30%
Mövenpick Hotels & Resorts	470	25%
Park Hotel Group	759	24%
Hilton	9,507	20%
New Century Hotel Group	4,112	19%
Wyndham Hotels & Resorts	22,077	17%
Langham Hospitality Group	693	14%
Swiss-Belhotel International	1,191	13%
Marriott International	16,276	12%
AccorHotels Asia-Pacific	13,108	10%
Hotel Shilla	325	9%
InterContinental Hotels Group	10,411	8%
Dusit International	405	8%
Hyatt Corporation	1,933	7%
Four Seasons Hotels & Resorts	316	7%
Onyx Hospitality Group	377	6%
Dorsett Hospitality International	400	6%
Banyan Tree	243	6%
Minor International	572	5%
Pan Pacific Hotel Group	271	3%
Kempinski SA	176	2%

Net Room Growth

Lastly, ranked by the very important KPI in the industry - net room growth - there is a mix of small and large operators at the top. Regent Hotels & Resorts posted the highest new room growth of 130% whereas in absolute terms it ranked 8th with 1,922 rooms added, mainly in the limited service segment. Other operators that made their marks in 2016 include Lanson Place, Melia, StayWell, Oakwood and Mövenpick. In absolute terms, Wyndham claims the top spot for the largest supply added in 2016 at approximately 22,000 rooms.

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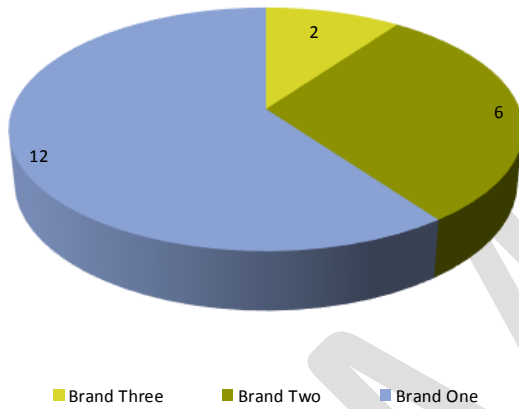
Sample Hotel

Sample Hotel Logo

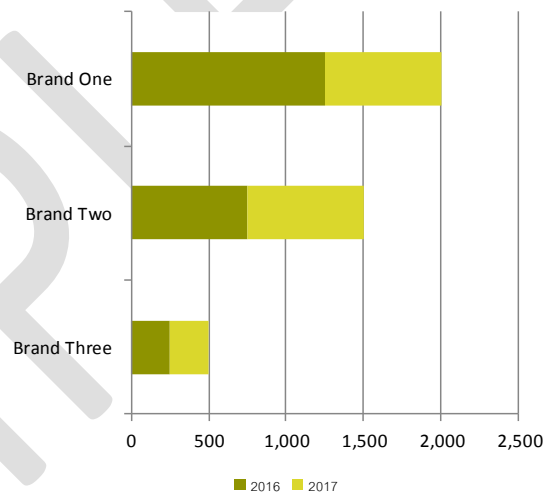
Overview: This page illustrates a sample data presentation of each operator.

Year Established	2016	Headquarters	Hong Kong		# of Corporate & Hotel Operations Employees	1,000		
Top Cities (# of Existing Rooms)	Shanghai	2,000	Beijing	850	Hong Kong	600	Total # of Brands	3
# of Countries/Regions present in	5	# of Cities present in	15		# of Existing Properties	20	# of Existing Rooms	4,000
# of Pipeline Countries/Regions	5	# of Pipeline Cities	5		# of Pipeline Properties	5	# of Pipeline Rooms	2,000

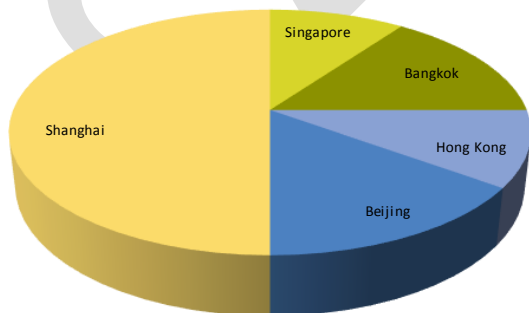
Number of Existing Properties by Brand



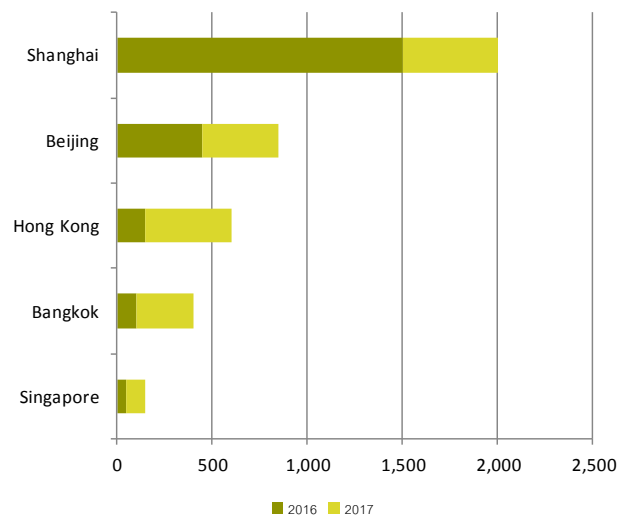
Number of Existing Rooms by Brand



Number of Existing Properties by Country/Region



Number of Existing Rooms by Country/Region





About HVS

HVS, the world's leading consulting and services organization focused on the hotel, mixed-use, shared ownership, gaming, and leisure industries, celebrates its 35th anniversary in 2015. Established in 1980, the company performs 4,500+ assignments each year for hotel and real estate owners, operators, and developers worldwide. HVS principals are regarded as the leading experts in their respective regions of the globe. Through a network of more than 35 offices and more than 500 professionals, HVS provides an unparalleled range of complementary services for the hospitality industry. HVS.com

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Everywhere.**

HVS ASIA PACIFIC is represented by EIGHT offices in Hong Kong, Bangkok, Beijing, Jakarta, Shanghai, New Delhi, Shenzhen and Singapore. HVS hosts three of the main annual industry events in the region, namely the China Hotel Investment Conference (CHIC) in Shanghai; Hotel Investment Conference South Asia (HICSA) in New Delhi; and Tourism, Hotel Investment & Networking Conference (THINC) Indonesia in Bali. Additionally, HVS publishes a wide range of leading research reports, articles and surveys, which can be downloaded from our online library.

The Hong Kong team has worked on a broad array of projects that include economic studies, hotel valuations, operator search and management contract negotiation, development strategies for new brands, asset management, research reports and investment advisory for hotels, resorts, serviced residences and branded residential development projects. HVS Hong Kong's clients include New World Development, The Wharf, Sun Hung Kai, Samsung, SK, Lotte, Taj Hotels and Resorts, Agile Property Holdings, Citibank and LaSalle Investment Management, amongst others.

About the Authors



Pawinee Chaisiriroj is a senior analyst at HVS Bangkok, providing a range of consulting and advisory services for the hospitality industry in the Asia Pacific region. Prior to joining HVS, Pawinee gained experiences in hotel operations with the Ritz-Carlton, Mandarin Oriental and Four Seasons. Pawinee holds an Honours Bachelor of Arts Degree in Hospitality Management with Real Estate Finance and Revenue Management from Glion Institute of Higher Education in Switzerland.



Daniel J Voellm, Managing Partner HVS Asia-Pacific is based in Hong Kong and has provided advice in all major markets across 18 countries in the region. Daniel Voellm started his career at HVS in the New York office; as Vice President at the global headquarters he conducted a wide range of appraisals and market studies as well as underwriting due diligence services in 22 US states and in Canada. Daniel brings a strong understanding of the hospitality industry to HVS. His experience in hotel and food and beverage operations in Germany, Switzerland, England and the US is complemented by an Honours Bachelor of Science degree from Ecole Hôtelière de Lausanne in Switzerland. Daniel works closely with key institutional and private owners of hotel properties, financiers, developers and investors, and has gained a strong understanding of their investment requirements and approaches to assessing the market value of investment properties. Daniel further advises on property and concept development and strategy.

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