



MARCH 2020

IN FOCUS: SINGAPORE

Revitalising and Repurposing Hotels

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A large indoor waterfall cascading into a pool, surrounded by lush greenery and a glass dome ceiling.

SINGAPORE



Source: Unsplash

Key Highlights in 2019



International Arrivals
+ 3.3%

The Republic of Singapore is a metropolitan city-state and island country in Southeast Asia with a total land area of an estimated 714.3 square kilometres. It is situated at the southern tip of the Malayan Peninsula, between Malaysia and Indonesia. With an economy supported by its growing population of approximately 5.8 million people, Singapore has witnessed remarkable record of sustained economic growth throughout the years and bolsters its role as a global commerce, finance and transportation hub.



Passenger Traffic
+ 3.8%

Overall economy in Singapore expanded by 0.9% in 2019, slower than the 3.1% growth in 2018. The manufacturing industry contracted sharply by 1.4% on the back of the ongoing trade war and global uncertainty. The service sector, on the other hand, grew by 1.1%, with the information and communication and the financial and insurance sectors registering the fastest pace of growth.



RevPAR
+ 2.4%

Tourism remains as an important pillar in driving economic growth in Singapore. According to the World Travel & Tourism Council (WTTC), the direct and total contribution of Travel & Tourism to Singapore's Gross Domestic Product (GDP) in 2019 was 4.0% and 10.0%, respectively.



Room Revenue
+ 5.5%

Tourism arrivals reached a new high of 19.1 million in 2019, supported strongly by international source markets. Activity in the hotel investment has also been robust in 2019, with hotel transaction volume having reached its peak over the past five years, standing at 2.57 billion.



Transaction Volume
**Increased threefold
to 2.57 Billion**



Economic Outlook

Global economic growth continued to decelerate into 2019 on the back of moderating activity and heightened risks. 2019 started with the US government shutdown, the ongoing uncertainty from the US-China trade tension and Brexit. In the second half of the year, the world witnessed the unfolding of the geopolitical turmoil between Hong Kong and China and the persisting protests in Hong Kong. With growing uncertainties in the geopolitical landscape and global market pressures, international trade and investment activities have softened and is expected to remain subdued. According to the World Bank, global economic growth is projected at 2.5% for 2020.

FIGURE 1: ECONOMIC OUTLOOK

	Actual					Forecast				
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Real GDP Growth (% change p.a.)	2.9	3.0	3.7	3.1	0.7	0.4	2.3	2.4	2.7	2.6
Consumer Price Inflation (av; % change p.a.)	-0.5	-0.5	0.6	0.4	0.6	1.0	1.2	1.3	1.5	1.4
Budget Balance (% of GDP)	0.6	-1.1	-0.3	0.4	-0.5	-1.0	-0.1	0.2	0.3	0.2
Current-account Balance (% of GDP)	17.2	17.5	16.4	17.9	17.4	16.7	16.5	16.6	16.8	17.2
Lending Interest Rate (%)	5.4	5.4	5.3	5.3	5.3	5.3	5.3	5.4	5.5	5.6
Exchange Rate (av; SGD:USD)	1.38	1.38	1.38	1.35	1.36	1.38	1.35	1.33	1.31	1.30

Source: EIU Country Report, March 2020

Economic Performance & Outlook

Given that Singapore's economy hinges on global economic outlook, the weakening of the global economy has clouded economic prospects in Singapore, recording a 0.7% real GDP growth in 2019. Growth is expected to improve gradually from 2021, supported by an uptick in manufacturing and increase spending on transportation in infrastructure.

Currency Exchange Outlook

With the dimming economic growth and contained inflationary pressure, the Monetary Authority of Singapore (MAS) has maintained the rate of appreciation of the nominal effective exchange rate (NEER) policy band in October 2019. Economist Intelligence Unit (EIU) expects the Singapore dollar to experience a marginal devaluation in 2020 as MAS loosens its policy stance. From 2021, the MAS will target a faster pace of NEER appreciation, with the Singapore dollar expecting to appreciate against the US dollar, reaching S\$1.35:US\$1 in 2021.

Inflation

Consumer price inflation increased marginally to 0.6% in 2019. Moving forward, EIU expects inflation rate to increase to 1.0% in 2020, owing to an increase in global food prices due to disruption in supply chains from the coronavirus pandemic. EIU forecast that inflation will rise by an annual average of 1.3% in the next four years.

Interest Rates

As at December 2019, the 3-month Singapore Interbank Offered Rate (SIBOR) recorded at 1.77%, a marginal decrease from the previous year which recorded at 1.89% as of December 2018. According to EIU, the lending interest rate observed a negligible increase, recording at 5.3%. Although the impact is minimal, the marginal growth in interest rate is attributable to the rate cuts by the US Federal Reserve (Fed). In 2019, the Fed lowered interest rates three times, reversing nearly all of 2018's rate increase in a bid to weather the slowing economy.

2019

- SGD1.7 billion mixed-use development Jewel Changi Airport

2020

- TEL Phase 1: 3 new stations in Woodlands - Woodlands North, Woodlands and Woodlands South
- TEL Phase 2: Addition of 6 new stations from Springleaf to Caldecott
- CRL Phase 1: 12 stations from Aviation Park to Bright Hill
- Mandai Eco-Tourism Hub Phase 1: Opening of the new Bird Park

2021

- TEL Phase 3: Addition of 13 stations to provide direct access to the CBD and Marina Bay, from Mount Pleasant to Gardens by the Bay
- Mandai Eco-Tourism Phase 1: Opening of the new Rainforest Park

2022

- Sentosa-Brani Master Plan Phase 1: Addition of Sentosa Sensory, a linkway connecting Resorts World Sentosa and the southern beaches

2023

- NEL: Addition of New Punggol Coast Station
- TEL Phase 4: Addition of 8 stations connecting Founders' Memorial to Bayshore
- Completion of 126 hectares Mandai Eco-Tourism Hub

2024

- TEL Phase 5: 2 new stations - Bedok South and Sungei Bedok
- Extension of Downtown Line with two stations – Xilin and Sungei Bedok. Enable direct connection to East-West Line and TEL

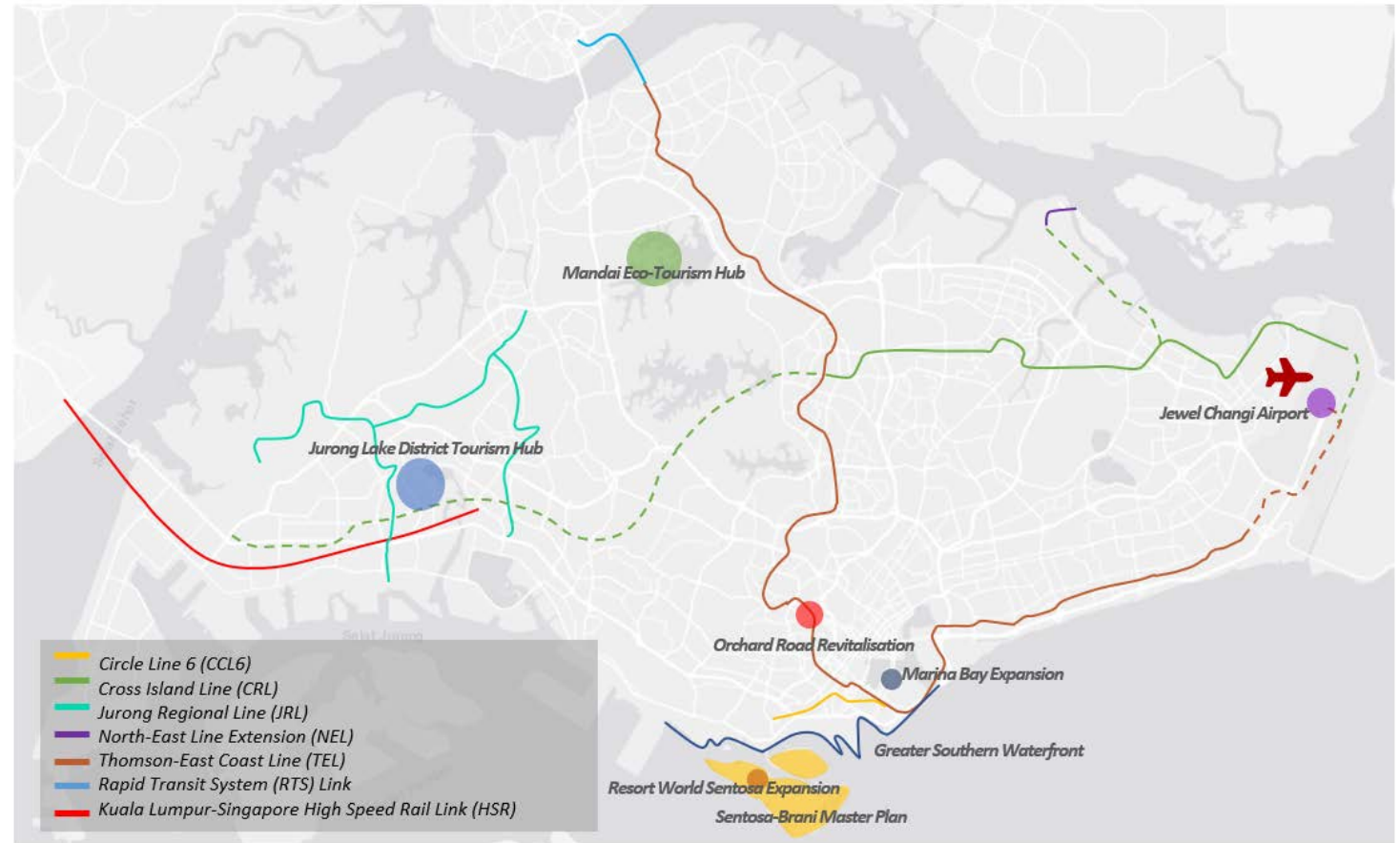
Beyond 2024

- Greater Southern Waterfront (Next 5-10 years)
- Ongoing revitalization of Orchard Road to enhance its attraction as a lifestyle destination
- 4-km RTS Link from Woodlands North to Johor Bahru, Malaysia (Suspended till Apr 2020)
- 350 km HSR, connecting Kuala Lumpur and Singapore (Jurong East), reducing commuting time to 90 minutes (Postponed till May 2020)
- 4-km CCL6 will close the loop with the addition of 3 stations, connecting Harbourfront to Marina Bay (2025)
- Jurong Lake District Tourism Hub (2026)
- 24-km JRL will commence Phase 1 in 2026 and add 24 new stations in 2028
- First phase of CRL with the addition of 12 stations from Bright Hill to Changi East Depot (2029)
- Changi Airport Terminal 5 with a handling capacity of 50 million per annum (2030, might be delayed due to COVID-19)
- Marina Bay Sands expansion to add 15,000-seat indoor entertainment arena and a fourth tower which will feature about 1,000 all-suite hotel rooms and other facilities.
- Resort World Sentosa to add Minion Park and Super Nintendo World to Universal Studio. It will also add a new waterfront lifestyle complex and two new destination hotels with up to 1,100 rooms.
- Sentosa-Brani Master Plan will roll out in phases over two to three years, featuring five distinct zones: Vibrant Cluster, Island Heart, Waterfront, Ridgeline and Beachfront



Infrastructure Developments

FIGURE 2: INFRASTRUCTURE DEVELOPMENTS



Source: HVS, Land Transport Authority

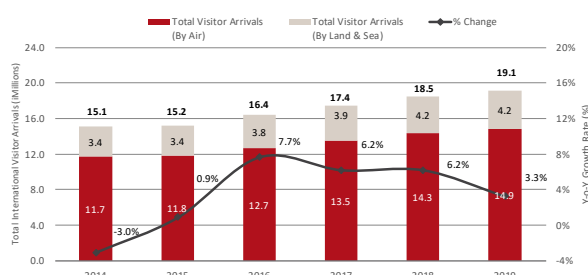


Singapore Tourism Landscape

Singapore ranks as the 5th top destination in Mastercard's Global Destination Cities Index 2019

International Visitor Arrivals

FIGURE 3: INTERNATIONAL VISITOR ARRIVALS (2014-2019)



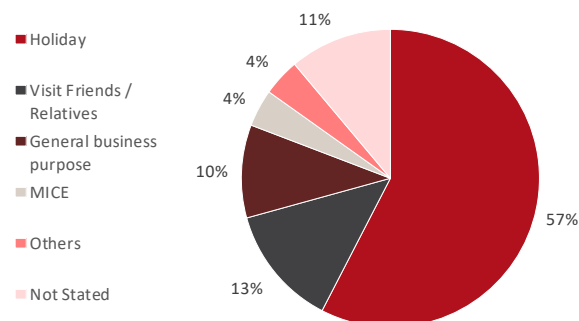
Source: STB

According to Singapore Tourism Board (STB) figures, international visitor arrivals has increased for five consecutive years to reach a record of 19.1 million in 2019, an increase of 3.3% compared to the previous year.

With its favourable weather all year round and range of tourism offerings, majority of the international travellers visit Singapore for holiday purposes. In 2018, 57% of the total travellers came for holiday purposes, this is followed by visiting friends and relatives (13%) and for general business purposes (10%). More than half (51%) of the total travellers are repeat guests to the island state.

Purpose of Visit

FIGURE 4: PURPOSE OF VISIT (2018)



Source: STB

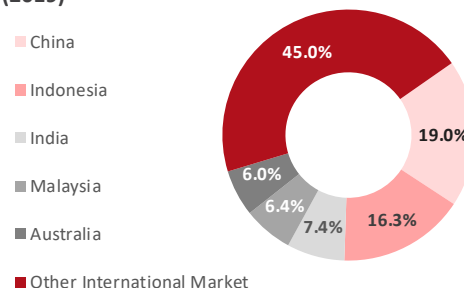
*2019 data is not available at the time of writing

International Source Market

In 2019, contribution from the top international source markets remained strong, with majority of the top ten source markets observing growth. China (19.0%) maintained as the largest in-bound market, followed by Indonesia (16.3%), India (7.4%), Malaysia (6.4%), and Australia (6.0%). Among the top ten source markets, USA recorded the highest visitation growth at 13.3%, followed by Japan and Philippines, both recording growth at 6.6%.

Singapore has maintained a strong base of international travellers, supported by a host of events such as the Singapore Biennale, Singapore Airshow and Singapore Grand Prix. Other notable events driving tourism in 2019 include the opening of Jewel Changi Airport, an entertainment complex featuring the world's tallest indoor waterfall and the reopening of the colonial-style Raffles Hotel. The anti-government protests in Hong Kong have also pushed some holidaymakers and corporates to Singapore as an alternative destination.

FIGURE 5: TOP FIVE INTERNATIONAL SOURCE MARKETS (2019)



Source: STB

Average Length of Stay (ALOS) increased marginally by 0.1 nights, reaching 3.4 nights in 2019 while tourism receipts increased y-o-y by 0.7%, achieving a total of 27.1 billion.

FIGURE 6: AVERAGE LENGTH OF STAY AND TOURISM RECEIPTS (2018-2019)

	Average Length of Stay	Tourism Receipts
2018	3.3 NIGHTS	SGD 26.9 BILLION
2019	3.4 NIGHTS	SGD 27.1 BILLION*

Source: STB

*Based on preliminary estimates as of 11 February 2020



Source: Jnaplash



Singapore Hotel and Branded Serviced Apartment Market

In 2019, Singapore's hotel supply growth remains healthy at approximately 3%. HVS noted the opening or relaunching of thirteen hotels and serviced apartment across all segments, which added 2,533 rooms to the market.

Moving forward, HVS tracks the opening of three branded hotels in 2020, which will inject 772 rooms into the market. Between 2021 and 2022, an additional 1,504 branded rooms are expected to be added to Singapore's accommodation supply. The hotels slated to open are mainly positioned in the upper upscale and upscale segments.

In a bid to provide ample opportunities for developers to initiate additional supply of hotel rooms, the government periodically updates the list of hotel sites available for sale under the Government Land Sales. Two sites at Marina View and River Valley Road have been carried over from the 2H2019 Reserve List into 1H2020. The 0.78ha Marina View Site could yield up to 540 rooms while the 1.07ha River Valley site could yield up to 560 rooms.

Hotel Openings

Hotels Opening in 2020:

- Dusit Thani Laguna Golf Resort, 208 keys
- lyf Farrer Park Singapore, 240 keys
- The Clan Singapore, 324 keys

Hotels Opening in 2021:

- Citadines Connect City Centre, 169 keys
- Citadines Connect Rochester Singapore, 135 keys
- Citadines Raffles Place Singapore, 299 keys
- lyf one north Singapore, 324 keys
- MGallery by Sofitel Bideford Hills Singapore, 166 keys

Hotels Opening in 2022:

- Pullman Singapore City Hall, 350 keys
- Raffles Sentosa Resort & Spa, 61 keys

Notable Changes in the Hotel Landscape

- Rebranding of 319-key Bay Hotel to Travelodge Harbourfront Singapore in 2019
- Rebranding of 575-key Marina Mandarin to PARKROYAL COLLECTION on Marina Bay in January 2020
- Redevelopment of Pan Pacific Orchard, offering 350 rooms upon completion in 2021
- Rebranding of 1,077-key Mandarin Orchard to Hilton Singapore Orchard by 2022
- Rebranding of 13 Fragrance hotels to new ibis budget hotel

FIGURE 7: SINGAPORE HOTEL ROOMS PIPELINE (2020 – 2024)

Hotel Rooms Pipeline	Total	2020	2021	2022	2023	>2024
Total	8,253	761	2,171	3,732	338	1,251
Under Construction	2,872	761	2,111	-	-	-
Planned [#]	5,381	-	60	3,732	338	1,251

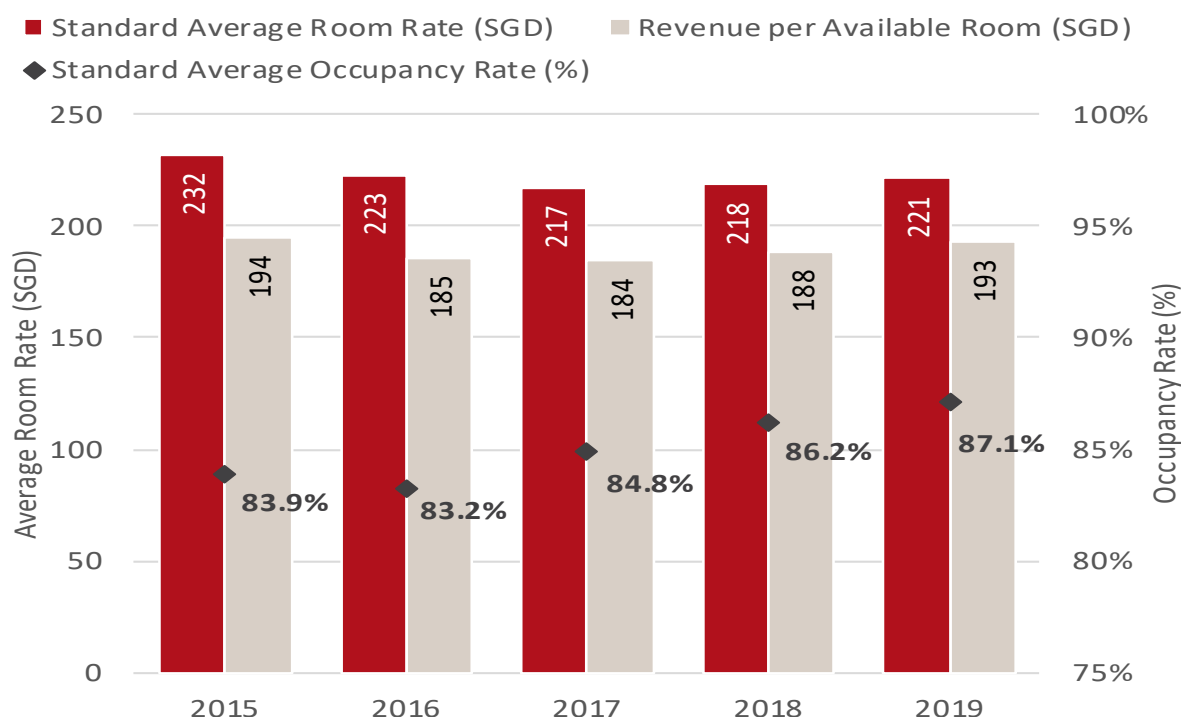
Source: URA

[#] Planned refers to projects that are not yet under construction but have planning approvals, written and provisional



Singapore Hotel and Branded Serviced Apartment Market

FIGURE 8: SINGAPORE OVERALL HOTEL PERFORMANCE (2015-2019)



Source: STB

Note:

- On 29 January 2018, STB's hotel performance statistics from 1 January 2007 onwards have been updated based on the revised methodology. Therefore, the above chart should not be compared with previously published data.

Singapore Hotel Market Performance

Singapore's hotel market observed a continued growth momentum in 2019. This is attributable to strong contribution from the main source markets as well as the slower growth in hotel supply entering the market. Hotel occupancy and average room rate (ARR) rose for all the hotel tiers in 2019, recording an increase in marketwide occupancy by 0.9 percentage points (p.p.) and increase in ARR by 1.3%. Overall, RevPAR accounted for a 2.4% growth, the highest over the past five years.

Moving forward, with the coronavirus outbreak (COVID-19), rescheduled travel plans, travel restrictions and flight cancellations are likely to have a significant impact on the hotel performance outlook in Singapore.

FIGURE 9: SINGAPORE HOTEL SEGMENT PERFORMANCE (2019)

Y-O-Y Growth	Occupancy (p.p.)	ARR (%)	RevPAR (%)
Luxury	1.0	1.8	3.0
Upscale	0.3	0.5	1.0
Mid-Tier	1.9	1.5	3.7
Economy	0.1	3.5	3.3

Source: STB

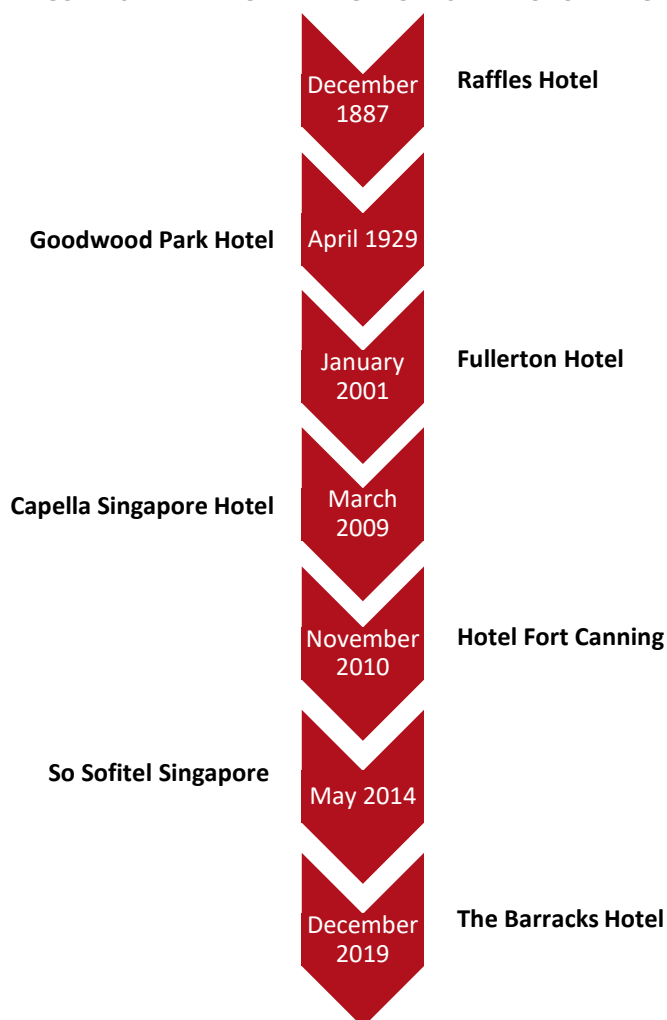


Revitalising and Repurposing Hotels

As the world evolves, environment changes, people change, and buildings change to suit present-day needs and aspirations. Other factors of revitalizing and repurposing buildings are motivation to drive higher value, compete with intense competition and new building requirements.

Revitalising often requires upgrade and improvement works to the interior design, furniture and façade. **Repurposing** involves the conversion and complete change of use. Repurposing properties extend the life cycle of a building which has gradually become obsolescent and redundant. This is especially so for heritage buildings which represents architectural merit, a sense of cultural identity, history value, and nation-building. However, adapting the building to suit a completely new use may encounter several challenges such as regulatory approvals, and building and site constraints. Hence, it is often encouraged to adopt detailed feasibility studies to examine the value creation and property performance from repurposing. Reimagining incorporates innovative designs and digital technology in the common areas and guest rooms. Another important factor in hotel design is efficiency and sustainability in its operations such as reducing on-going energy and water costs. We have identified several examples of heritage buildings in Singapore which have been conserved and converted into hotels:

FIGURE 10: TIMELINE OF HERITAGE HOTELS' DATE OF OPENING



Source: HVS Research

Conservation of Heritage Buildings

Raffles Hotel Singapore

- **1870:** Syed Ahmed Alsagoff acquired the Beach House at No. 1 Beach Road
- **1878:** The Beach House was converted to Emmerson Hotel but closed in 1883
- **1884:** The hotel reopened as Hotel Des Indes by W.F. Van Erp before taken over by Raffles Institution to establish Raffles Boarding School
- **1887:** With the help of the four Armenian Sarkies brothers, Syed Ahmed Alsagoff's son converts the property into a hotel
- **1 December 1887:** The Raffles Hotel opened with 10 rooms in a bungalow-style building
- **1890:** Three buildings were added to the original Beach House, including a pair of two-storey wings comprising 22 suites and a Billiard Room
- **1892:** The brothers leased the site at No. 3 Beach Road and built the Palm Court Wing, which was completed in 1894
- **18 November 1899:** Three-storey main building of the hotel was built and completed on the site of the original Beach House
- **1904:** Bras Basah Wing opened
- **1920:** The ballroom was added
- **1987:** Gazetted as a National Monument
- **1989:** Closed for two years for restoration at cost of SGD160 million
- **16 September 1991:** Reopened with an in-house museum, a shopping arcade with 65 shops, additional dining outlets, Jubilee Hall theatre playhouse and five function areas
- **February 2017:** Underwent a two-year revamp through an extensive three phased of restoration works at an estimated cost of more than USD280 million
- **1 August 2019:** Reopened with 115 suites, up from 103. New restaurant concepts, retail offerings at the shopping arcade and a history gallery. Jubilee Hall Theatre has also been transformed into a ballroom



Raffles Hotel Singapore, Source: HVS

Goodwood Park Hotel

- **1900:** Originally the Teutonia Club for the expatriate German community in Singapore
- **21 September 1900:** Officially opened with a grand ballroom
- **1915:** With the onset of World War I, the building was confiscated and liquidated
- **1918:** Sold at public auction to the Manasseh brothers
- **1919:** Converted into a reception hall known as Goodwood Hall
- **1922:** Registered as a restaurant-café-entertainment establishment. A restaurant and cafe were added
- **April 1929:** Converted into a full-fledged hotel and renamed as Goodwood Park Hotel
- **1942:** Converted into a residence for senior Japanese officers during the Japanese Occupation
- **18 November 1947:** The hotel was reopened
- **1959:** Underwent renovation which saw an expansion of room inventory and the installation of the first hotel swimming pool in Singapore
- **1963:** Malayan Dollars 2.5 million extension was completed with a three-storey building featuring 94 rooms, a second swimming pool, a new entrance as well as bar and grill rooms
- **1983-1985:** Underwent SGD13 million to upgrade the hotel rooms, open a new restaurant and introduced a new guestroom key system
- **1989:** Gazetted as a National Monument
- **2013:** 77 rooms and suites in the Mayfair Wing have been transformed
- **2018:** Refurbished 15 Heritage Rooms



Goodwood Park Hotel, Source: HVS



Fullerton Hotel Singapore, Source: HVS

Capella Hotel Singapore

- **1880s:** Four classic colonial military buildings (Block 48-51) used to house officers of the British Royal Artillery based on Sentosa Island
- **1948:** After World War II, the 1st Singapore Royal Regiment Artillery (SRRA) was set up and the British command continued to use these blocks
- **1 November 1958:** The 1st SRRA was disbanded
- **Aug 2000:** Given conservation status under the Conservation of Built Heritage
- Briefly abandoned
- **31 March 2009:** Officially opened as the 112-key Capella Hotel Singapore
- **October 2017:** Singapore-based Pontiac Group acquire Capella Hotel Group from the founder, Horst Schulze
- **2020:** In the midst of renovating guestrooms and hotel facilities

Fullerton Hotel Singapore

- **1865:** Fort Fullerton, which was built to guard the mouth of the Singapore River, had been demolished
- **1879-1922:** The site was occupied by the Post Office and the Exchange Building. Both buildings were demolished for the construction of Fullerton Building.
- **June 1928:** Fullerton building was completed. The General Post Office, an anchor tenant, moved in a few weeks later. It also housed the Chamber of Commerce and Exchange, and Singapore Club.
- **1942:** Became the headquarters of the Japanese Military Administration Department during Japanese Occupation
- **1950s:** Government bodies, such as the Marine Department, Imports and Exports Department, Inland Revenue Department and departments under the Ministry of Finance, were based in the Fullerton Building
- **1982-1985:** Underwent its first major renovation
- **1996:** All tenants vacated the building
- **1997-2000:** It was put up for tender with two surrounding land parcels. The site was acquired by Sino Land Company Limited and its affiliate, Far East Organisation. The company invested approximately SGD400 million, including the cost of the site, to restore and convert the building into a hotel
- **14 December 2000:** Commenced operations
- **1 January 2001:** Officially opened as the 400-key Fullerton Hotel Singapore
- **December 2015:** Gazetted as a National Monument
- **2017 and Beyond:** Chinese restaurant, Jade, was refurbished. Renovation works of selected rooms and spaces are in the pipeline



Capella Hotel Singapore, Source: HVS

Hotel Fort Canning Singapore

- **1926:** The military building was built as the Administration Building of the British Far East Command HQ
- **1942-1945:** Occupied by the Japanese Military during the Japanese Occupation. British Military took back after the war and used it as part of the British Military Administration
- **1965:** Taken over by the Singapore Armed Forces when Singapore became independent
- **1970:** Occupied by the Singapore Command & Staff College
- **1976-1995:** Remained unoccupied until it housed the Fort Canning Country Club
- **November 2002:** The Legends Fort Canning Park took over the premises
- **November 2010:** After two and a half years of restoration at a cost of approximately SGD70 million, it reopened as the 86-key Hotel Fort Canning Singapore



Hotel Fort Canning Singapore, Source: HVS

So Sofitel Singapore

- **1927:** Constructed as the former Eastern Extension Telegraph Company Building
- **1995:** Became the Telecommunications Authority of Singapore building
- **2000:** Given conservation status
- **2001:** Became Ogilvy Centre, a four-storey commercial property
- **January 2011:** Singapore-based Royal Group Holdings acquired the Ogilvy Centre and spent approximately SGD130 million to restore and refurbish the building to a hotel
- **May 2014:** Officially opened as the 134-key So Sofitel Singapore



So Sofitel Singapore, Source: HVS

The Barracks Hotel

- **1904:** The colonial building originally served as a British military outpost, a coastal defence artillery base known as Blakang Mati Artillery Barracks
- **1907:** The Royal Artillery headquarter was relocated from Fort Canning to Sentosa
- **1947:** The First Singapore Regiment Royal Artillery was established and assembled in the area
- **1967:** Handover of Pulau Blakang Mati to Singapore by British Military
- **1970:** Briefly abandoned during the formation of Sentosa Development Corporation
- **2005-2011:** Housed the Sentosa Tourism Academy by Temasek Polytechnic
- **2012:** Singapore-based Far East Organisation made a bid for the site to develop into a hotel
- **March 2014:** Singapore-based Sentosa Development Corporation awarded the tender for the hotel site
- **2 December 2019:** Officially opened as the 40-key The Barracks Hotel Singapore



The Barracks Hotel, Source: HVS

Conversion of Commercial and Residential Buildings

On 7 July 2014, URA had implemented measures to curb rising interest for new hotels and change of use on sites that are not zoned or permitted for hotel use. Effective from 13 August 2018, URA has reviewed and revised the guidelines in order to cater to future tourism demand. As revealed by the URA Master Plan 2019 on 27 March, URA has initiated an increase in gross plot ratio for areas within the central business district (CBD) to encourage the conversion of existing, older, office developments to hotel use or mixed-use developments which will help to revitalise the CBD area. Coupled with the rise in land values and limited hotel supply, developers jumped on hotel-conversion opportunities.

Opened in June 2013, the 308-key Hotel G Singapore, previously known as BIG Hotel, was originally an office building. The 395-key Mercure Singapore Bugis which opened in June 2016, was also converted from an office building.

Meanwhile, subject to obtaining the necessary approvals, Fragrance Group plans to amalgamate two residential buildings on 62 and 64 Waterloo Street to develop a 500-key hotel with a total GFA of 11,315 m².



Source: HVS

While this trend may likely continue as Singapore continues to evolve and rejuvenate the city, there have also been concerns about the current high development charge (DC) rates for hotel use as compared to commercial use. On March 2019, rise in en bloc sales of residential and commercial sites for conversion to hotel use led to a hike in DC rates, recording a 45.6% increase on average from the last revision. The subsequent revision of DC rates on September 2019 and March 2020 unveiled no change for hotel use.



Source: HVS

November 2018: Singapore-based Worldwide Hotels' application for hotel use at the existing GFA of 11,008m² for the Golden Wall Centre, a commercial development in Short Street, has been approved.

July 2019: Singapore-based Lian Beng Group Limited and Apricot Capital Private Limited have received provisional permission for additions and alterations on twelve-storey Wilkie Edge, a mixed-use development in Wilkie Road, to create a 540-key hotel with 2,620 m² of retail space.

August 2019: Singapore-based Fragrance Group has obtained provisional permission to redevelop the 26-storey Fragrance Empire Building, a commercial development with shops and restaurants at the first storey in Alexandra Road, into a 1,000-key hotel with Gross Floor Area (GFA) of 26,890m² and 1,220m² of retail space.

September 2019: Singapore-based Royal Golden Eagle Private Limited received provisional permission to redevelop the Chinatown Plaza, a commercial and residential development in Craig Road, into a 306-key hotel with GFA of 12,611m².

November 2019: This is followed by a written permission to redevelop the 29-storey Tower 15, a commercial building with a three-storey hotel in Hoe Chiang Road, into an 807-key hotel with GFA of 23,085m².



Hotel Transactions & Investment

Hotel Investment Market Peaked in 2019

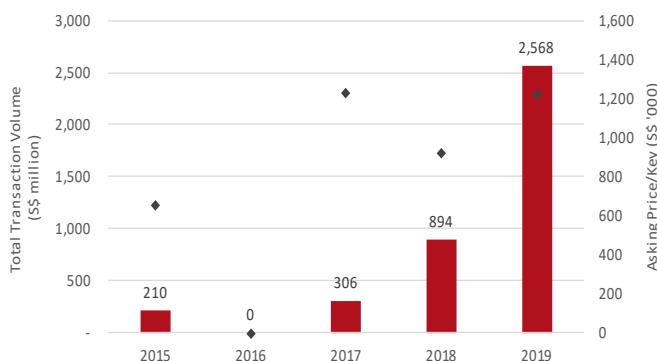
The Singapore's hotel investment market has been dominated by local investors. While no transactions were recorded in 2016, transaction volume has picked up in 2017 and 2018. In 2018, there has been a pique in interest in Singapore's hotel investment market with ten hotels transacted.

In 2019, the number of hotels transacted increased to twelve, with transaction volume spiking up to SGD2,57 billion, the highest over the past 5 years.

Notable transactions in 2019:

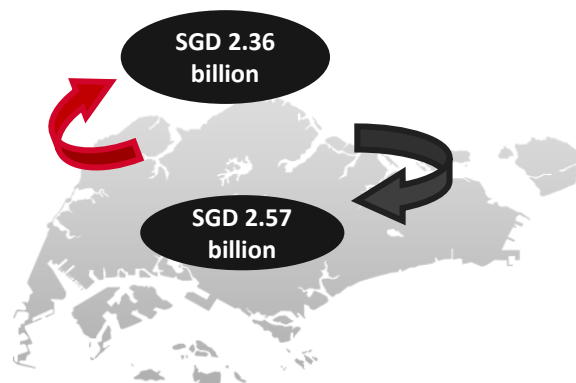
- 342-key Andaz Singapore at SGD475 million (SGD1.4m/key)
- 146-key Ascott Raffles Place Singapore at SGD353 million (SGD2.4m/key)
- 55-key Darby Park at SGD160 million (SGD2.9m/key)
- 268-key Oakwood Premier OUE Singapore at SGD289 million (SGD1.1m/key)

FIGURE 11: SINGAPORE HOTEL TRANSACTIONS (2014-2019)



Sources: Sources: HVS Research & Real Capital Analytics (RCA)

FIGURE 12: SINGAPORE INBOUND & OUTBOUND HOTEL TRANSACTIONS (2019)



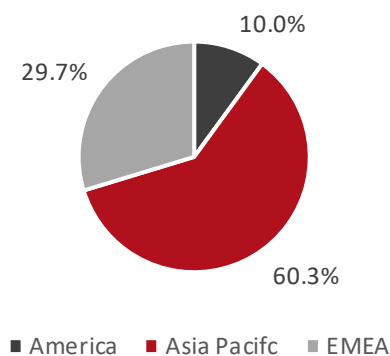
Sources: HVS Research & RCA

Growth in Outbound Hotel Investments

In 2019, outbound investment by Singapore investors remained high at SGD2.36 billion, representing a 7.3% growth from the previous year.

Approximately 60.3% of the total outbound hotel investments were made in Asia Pacific, while 29.7% of investments were made in the Americas. The remaining 10.0% were made in the Europe, Middle East and Africa (EMEA).

FIGURE 13: OUTBOUND HOTEL TRANSACTION MARKETS (2019)



Source: RCA



Source: Unsplash



Outlook

2019 ended with Singapore achieving a new high in international arrivals and maintaining its status as a resilient tourism market. Singapore has shown improvement in occupancy rate (+0.9%) and ARR (1.3%), contributing to an overall growth in RevPAR (+2.4%). However, in consideration of the COVID-19, international visitations and hotel performance is expected to be adversely affected in 2020.

As a prominent business events destination in Asia Pacific, Singapore has maintained a robust pipeline of events from world congresses to regional conferences. Singapore continues to gain recognition and popularity by travel awards and accolades which includes:

- World's Best Airport, 2019 (1st) (7th consecutive year)
- Best Airport Leisure Amenities (1st), 2019
- Top Meeting Destinations in Asia Pacific (1st), 2019
- Top International Meeting Cities (1st), 2019 (American Express Global Business Travel)
- Top International Overnight Visitors in Asia Pacific (5th), Top in International Overnight Visitors Spend in Asia Pacific (4th), 2019 (Mastercard's Global Destination Cities Index)

In terms of supply pipeline, HVS notes that there will be ten branded hotels and serviced apartments in the pipeline by 2022, which will add 2,276 rooms into the market. Hotel market in Singapore is expected to benefit from the robust supply and demand fundamentals with the limited injection of supply into the market over the next few years.

In 2019, transaction volume in Singapore tripled to SGD2,568 million, the highest over the past 5 years. This reflects investors' confidence in Singapore as a haven for investment despite the ongoing uncertainty in the global market.

In a bid to enhance Singapore's attractiveness as a tourism destination, STB continues to embark on various collaborations and organize internationally-recognised events such as Singapore Airshow and Singapore Grand Prix. Singapore will also see the development of new destinations such as the Greater Southern Waterfront and Jurong Lake District, and the rejuvenation of existing destinations locales such as Orchard Road and Mandai precinct.

Moving forward, Singapore's hotel market outlook is expected to face turbulence on the back of the rocky global environment and the COVID-19 pandemic. During the SARS period in 2003, Singapore suffered a 19% y-o-y decline in international visitations, and the recovery in the tourism sector took approximately seven to eight months. STB expects the COVID-19 to have a much more significant impact on tourism in Singapore, given the alarming spread of virus globally, affecting 202 countries and territories as of 31 March 2020. Apart from measures to alleviate the immediate impacts of the virus outbreak which include property tax waiver, license fee waiver and coverage in cleaning costs, STB will also continue to identify targeted ways to tide through the impacted periods. STB and relevant government agencies are also committed to fulfilling mid- to long-term tourism and national development plans to ensure that Singapore is set on the road of strong recovery when the situation improves.



Hospitality Leaders – Let's Get Back to the Basics!

Many people believe that the true leadership capacity of a person is tested during times of crisis. What stands out: The role of the senior hospitality executive has become much more complex to the point of where they must now confront a very sudden and sharp downturn amidst a global pandemic.

The hospitality and travel industry has seen unprecedented growth over the past decade, creating new capacities and adding more attractions, accommodations and venues globally.

As the entire world braces for impact from the most severe health crisis in modern times, leaders in the industry are required to prepare for the worst. Like Franklin D. Roosevelt said, "The only thing to fear, is fear itself."

A periodic reminder of the big picture to yourself and your team helps to promote better judgement. Some of the key actions to cushion the impact are by demonstrating control, adapting rapidly to change and providing perspective to the teams. When nothing else seems to work, try getting a good night's sleep and starting fresh the next day. Allowing emotions to get the better of you can cause your team to lose faith in your abilities.

Making informed leadership decisions when the stakes are highest is easier said than done. Some of the specific action points to consider at present should include:

Have we really thought about our customers? For larger organizations, there is that obligatory email from the CEO to reassure clients and guests and inform of the latest updates on reservation changes and cancellation policies. Fair enough. However, have we really thought about our own people and our guests? Who are our TOP100 internally and externally and have we called them up to check on them or otherwise engaged with them? Showing empathy and care with a personalized touch will go a very long way and build the potential life-time value of an individual to an organization. People will always remember how you made them feel and more so in such an environment. Ask yourself, what efforts have you as a leader personally made to contribute? How have we differentiated ourselves from our competitors?

Building and retaining our key talents and taking away their fear of being made redundant. How can the company best look after the high-performing employees during this time? If there are no new talents coming onboard because of a recruitment stop, how can the in-house HR and Talent Acquisition team best look after the existing workforce? Have the workforce plans been reviewed and updated? What is the mood amongst the team, have we obtained feedback of how our associates actually feel? Investing and further developing current employees, building a talent pipeline and knowing who are the next in line for a promotion when the opportunity arises.

The focus on revenue generation: During downturns, corporate and executive focus shifts towards cost containment and revenue generation. The area where senior leaders usually have the largest impact is by driving top line and maintaining revenues to preserve cash flow. What new ideas can be brought to the table, what areas have we not yet thought of? Some out of the box thinking will assist in driving action plans where every dollar counts. COVID-19 has seen some unexpected results with largely domestic audiences, e.g. the hotels pastry shop cakes flying off the shelves and outside catering services provided in guests homes. Questions to ask should include: Are there new clients and partners available because competitors are going out of business? Are previous competitors now looking to outsource non-core functions of their business?



Hospitality Leaders – Let's Get Back to the Basics!

Exploring synergies and operational efficiencies: Departments with a similar job role and focus may be able to be combined, even across different brands and locations. How can cost efficiencies drive value for the organization in the long-term yet contribute to an immediate relief on the P&L to safeguard valuable cash-flow?

Evaluating the candidates offer and onboarding process: A shaky economy will cause potential new hires to think twice about switching roles in such critical times. Therefore, additional due diligence is required for the company's current onboarding process, to evaluate and examine the time from interview to contract signature to the actual onboarding date and the initial six months. Examine every step of the way given the current situation – does this still work best? Put yourself in the shoes of the candidate and show empathy and care so the person and their immediate family feel secure in such uncertain times

Consider recruiting high-impact individuals by looking for game changers, innovators and star performers to lead business units which directly produce revenue and have a stellar track record. Typically, such a sudden change will lead to a much wider talent pool in the market and candidates having more flexibility across the board. This may be the best time to entice high performing talents who have been looking for a change. A great hire in a senior leadership capacity will be able to help to uplift an organization and introduce new dynamics, in what historians will see as one with the greatest change across organizations seen in decades.

Consider engaging experienced leaders as external consultants: So long as a business can operate with little margins or at cost neutral, amongst the backdrop of a very disruptive environment, it will be the best solution amongst a range of otherwise bad options. Radical change may be necessary with different viewpoints considered as “the new normal”. If change can be driven to adapt the business whilst still in full control, that will be more desirable vs the business becoming a takeover candidate or having to shut down for good.

Managing the volume of applicants: As unemployment rises with small-and medium businesses affected first, larger and more well-known players will find themselves with a sudden increase in applications. HR and Talent acquisition teams should be well prepared to deal with a significant increase in volume and to maintain the company's recruitment standards and interview processes. A negative first impression with the point of contact may close the door in the long-term.

Preparing for the what-if scenario and when very difficult decisions will have to be made. This will help to prepare Executive and HR leaders to deal with critical human resource tasks when they arise, such as having to conduct layoffs, should this be necessary. Using an organization chart and starting to look at who are the departments affected, which employees are first to be told. Preparing for such an instance doesn't mean it will happen but will probably involve some of the most difficult decisions any leader would ever be confronted with during their career

Are we ready when things pick up again? Following a very intense but often fairly short downturn, is there a recruitment plan in place that enables the company to action the moment when things get back on track. It may be worth considering having a pipeline of candidates ready so when the go-signal is given, these individuals can start as soon as possible. Often at times, Senior Executives notice period is anywhere from 2 weeks up to 3 months, sometimes longer. A new hire who has signed their contract in April may only be able to start with the company in July.



About HVS Executive Search

As a division of HVS, the global authority on hospitality, HVS Executive Search can leverage unrivaled relationships, access unique intelligence and provide a truly global reach within the hotel, restaurant, travel and leisure sectors. Working in partnership with our clients, we assess and advise on executive talent requirements and how these can impact your business' overall strategic aims. Our in-house research capability helps us maintain real-time knowledge of events, trends and key individuals within our chosen marketplace.

- We are the only hospitality executive search firm that is part of a wider, industry-specific consultancy
- Our global presence and reputation enable us to access and engage hard-to-reach talent
- You can tap the collective knowledge of our global Managing Director network through one point of contact
- We have access to the unparalleled HVS database of assets, business intelligence and industry talent
- We use our proprietary HVS Assessment for behavioral interviewing to ensure cultural fit

How We Help Our Clients

- Executive Search: C-suite, VP and Director-level roles across all functional disciplines
- Mid-Management Recruitment: Regional, Area and Property-level operations and functional specialists
- Organizational Development: Retention Strategy, Succession Planning and Executive Coaching
- HVS Assessment: Designed to provide deeper insight into executive's management style. HVS assessment allows managers to throw light on their blind spots as well as identify potential areas for growth and development.
- Executive On-Boarding: Designed to ensure your executives effectively assimilate to the professional, social and cultural challenges of a new role and organization.



About HVS

HVS, the world's leading consulting and services organization focused on the hotel, mixed-use, shared ownership, gaming, and leisure industries, celebrated its 40th anniversary this year. Established in 1980, the company have performed more than 60,000 assignments 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 50 offices and more than 300 professionals, HVS provides an unparalleled range of complementary services for the hospitality industry.

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HVS SINGAPORE has worked on a broad array of projects that include research studies, valuations, feasibility studies, operator search and management contract negotiation, testimony and litigation support services, asset management, and investment advisory for hotels, resorts, serviced residences, branded residences, golf courses, country clubs, marinas and cruise terminals.

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