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Savills Research | **Hanoi, Vietnam**

# Hotels

Q2/2011

## Supply

Total current stock is provided by 48 hotels supplying approximately 7,300 rooms, from eleven 5-star hotels, eleven 4-star and twenty-six 3-star hotels.

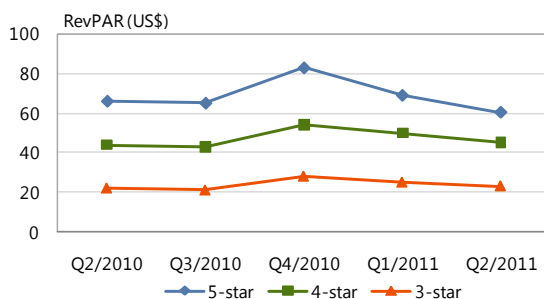
Muong Thanh Xa La was officially ranked as 4-star standard. Grand Plaza Hotel in Cau Giay district, which put an additional 100 hotel rooms into operation this quarter, increased its total rooms to 400.

Hotels De Opera and Bao Khanh in Hoan Kiem district and Marigold Hotel in Ba Dinh district are in the process of being ranked by Ha Noi Department of Culture, Sport and Tourism.

## Market Performance

The performance of the Ha Noi hotel market decreased quarter-on-quarter due to the low season. The overall RevPAR declined by -8% quarter-on-quarter. The RevPAR of 5-star hotels declined sharply by -13%, followed by 4-star at -10% and 3-star at -8%.

## Revenue per available room (RevPAR)



Source: Savills Research and Consultancy

(\*)The average room rate is the estimated average room rate exclusive of 5% service charge and 10% VAT.

Both average occupancy and room rate for the whole market moved down quarter-on-quarter. The overall occupancy was 55%, decreasing by -4 percentage points

against Q1/2011 and the average room rate dropped by -2% to US\$87/ room/ night.

## Demand

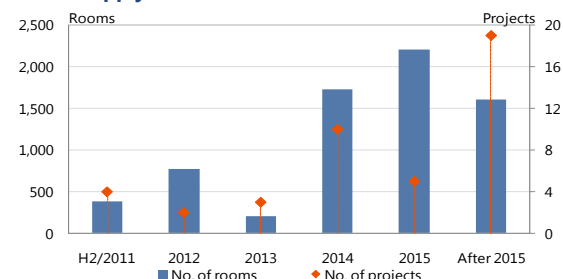
In the first half of 2011, the number of international visitors to Ha Noi was more than 552,000 arrivals, an increase of 20% against the same period last year, whereas international visitors to Viet Nam increased 18 percent. The total number of domestic visitors to Ha Noi in this period was 5,893,000 arrivals.

Ha Noi's hotel industry will still be in the low season in Q3/2011. The number of visitors to Ha Noi in the next quarter may increase due to the local government's many plans to boost tourism as well as summer promotions from tourism agencies.

## Outlook

In the next four years, over 6,900 hotel rooms from 28 of 43 projects are planned to enter the Ha Noi hotel market. Most of the known future supply comes from Tu Liem district, supplying 50% of the future hotel rooms. Ba Dinh ranks second with 14% market share followed by Dong Da and Ha Dong districts.

## Future supply



Source: Savills Research and Consultancy

Oriental Pearl and three other hotels on streets Nguyen Thuong Hien, Doi Can and Hang Chuoi are expected to come online at the end of 2011 providing approximately 400 rooms.

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Supply will increase faster than demand in the next five years. The future hotels will be developed in mixed-use projects such as Intercontinental Ha Noi Landmark, Marriot, the hotel at 58 Tay Ho Street, etc.

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