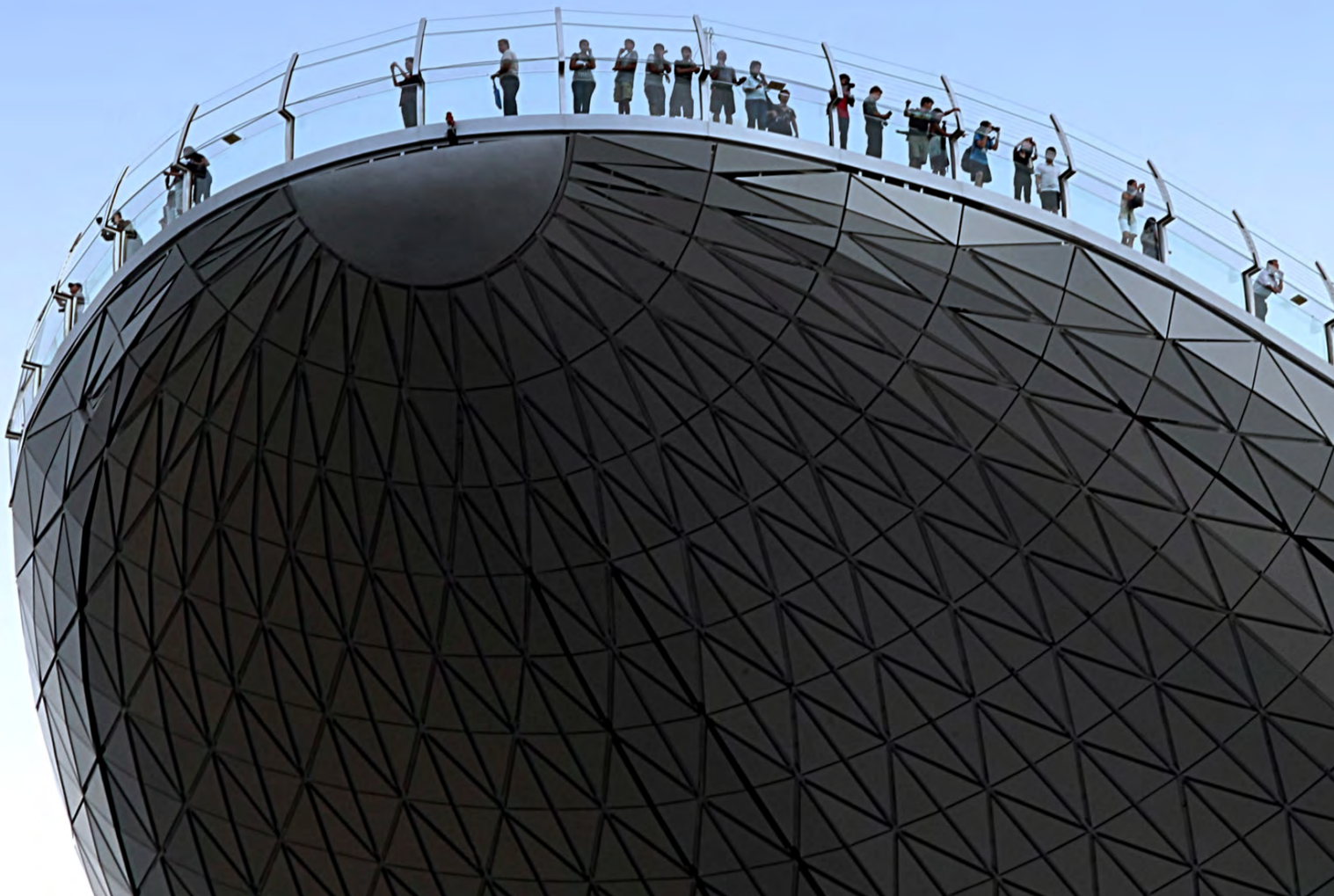


Singapore

Hotel Market Update 2019

Singapore's readiness for future tourism growth in 2030



Tourism Market Overview

Major source markets continue to show growth, as partnership efforts of STB pay dividends

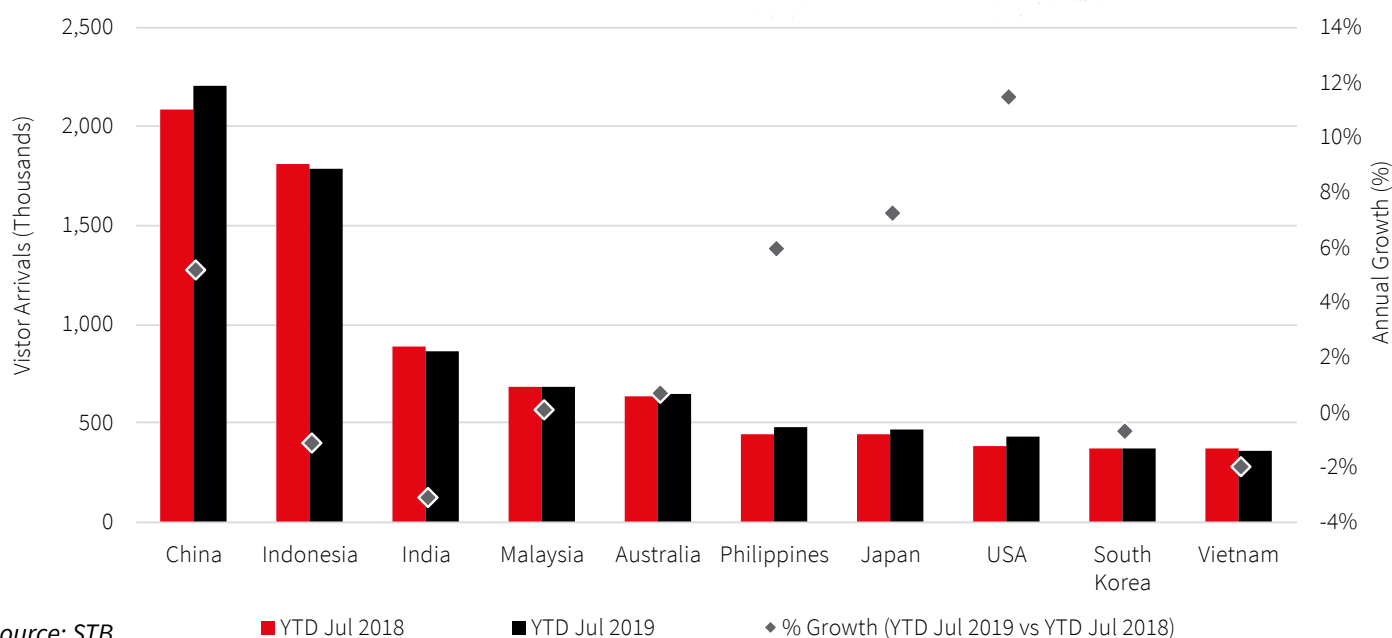
In the first seven months of 2019, visitor arrivals to Singapore grew steadily to 11.1 million, largely driven by growth in the country's top 10 visitor source markets, with six of the top ten showing y-o-y growth. Notably, visitors from China grew by 5.2% year-on-year ("y-o-y") to 2.2 million as at year-to-date ("YTD" July 2019, and accounted for around 20% of Singapore's total visitor arrivals.

Chinese arrivals increased by 7.8% y-o-y in July 2019, representing the fifth consecutive month of y-o-y increase. Continued growth is expected to be supported by the Singapore Tourism Board's ("STB") recently signed partnership in April 2019 with Alibaba Group to drive visits and spending amongst the Chinese. This will be done through joint marketing campaigns and understanding consumer behaviour patterns through travel analytics.

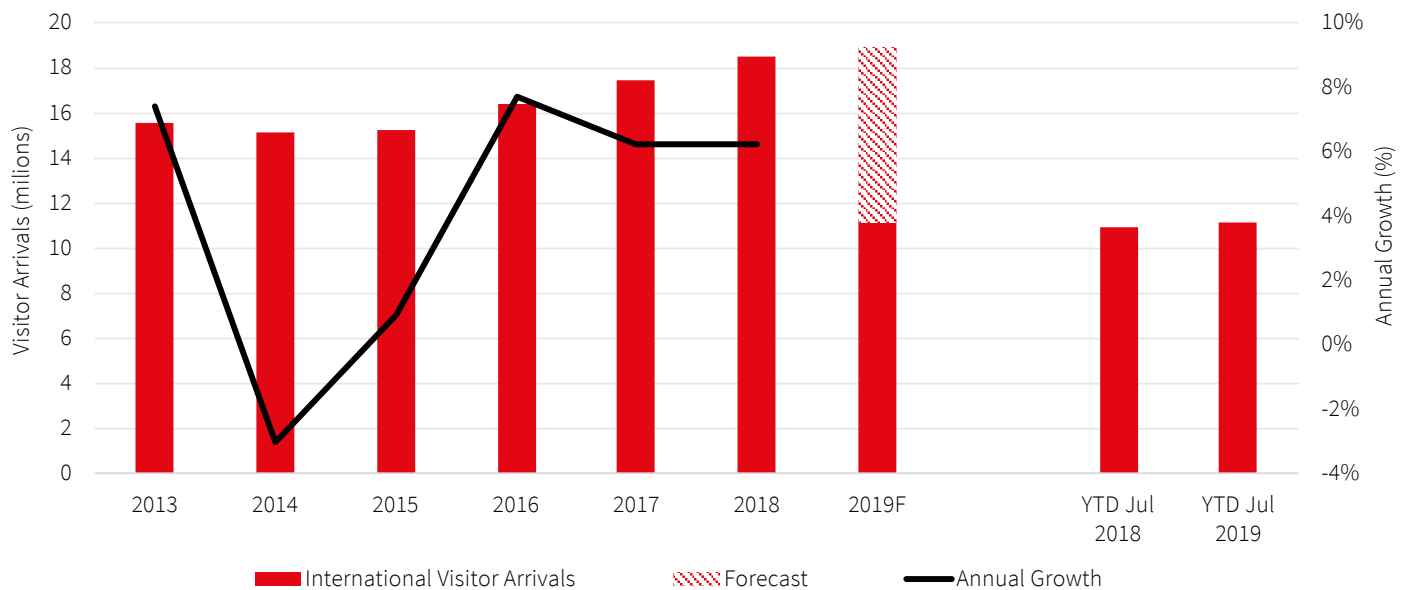
In addition, new carriers at Changi Airport such as Guangxi Beibu Gulf Airlines, Shandong Airlines and Urumqi Air as well as new flight routes are expected to further fuel visitor growth from China. This includes Chongqing Airlines' launch of daily flights between Singapore and Chongqing in June; Urumqi Air's thrice weekly flights to Urumqi via Wuhan in May and; Jetstar's thrice-weekly charter service to Xuzhou in January, Singapore's first flight connection to the Chinese city.

Further, STB also signed a partnership with Traveloka in April 2019. As a leading online travel platform in the region, the partnership is aimed at promoting Singapore as the preferred destination in key markets such as Indonesia, Malaysia, the Philippines, Thailand and Vietnam.

Top Source Markets as at YTD Jul 2019



Singapore International Visitor Arrivals



Source: STB

Infrastructure Developments

Singapore is amongst the most future-ready cities for tourism growth in the next decade

The tourism sector is set for a boost in the medium- to longer-term, with a slew of new tourism initiatives announced in 2019. These include the expansion of the two existing integrated resorts (“IRs”) in Singapore, namely Marina Bay Sands and Resorts World Sentosa that will feature new attractions and MICE facilities. In addition to the expansion of the IRs, Singapore is seeking to diversify its tourism offering, with a new eco-tourism hub in Mandai scheduled to complete by 2023 and a new integrated tourism development at Jurong Lake District by 2026. Lastly, the development of the Greater Southern Waterfront (“GSW”) announced in August 2019 will include new private and public accommodations, offices, entertainment attractions and a new resort. Comprising 30 kilometers of the southern coastline of Singapore, land for the GSW will be freed up when the existing Port of Singapore Authority city terminals at Tanjong Pagar, Keppel and Brani move out of the area by 2027.

Apart from leisure demand, business and corporate demand is expected to remain firm. 2019 saw Singapore named as the world’s most competitive economy amongst the 63 economies assessed by the IMD World

Competitiveness Centre. This puts Singapore ahead of the US, which slipped to third place, after Hong Kong. The competitiveness of the Singapore economy has since attracted several global companies to choose Singapore as its new regional headquarters. New arrivals include Cisco, which opened its first South East Asia innovation centre; British technology firm, Dyson, moving its corporate head office to Singapore from the UK and; newly-formed global technology services provider, NTT, which is making Singapore its Asia Pacific head office.

According to the “Destinations 2030: Global Cities’ Readiness for Tourism Growth” report by JLL, it ranked Singapore as a city with one of the most balanced dynamics in terms of readiness for future tourism growth. This includes established infrastructure, and potential for travel and tourism growth, which is evident with the string of new tourism initiatives recently laid out by the government. In anticipation of the future tourism growth, the expansion of Changi Airport will see the construction of the new Terminal 5, which will significantly increase the airport’s current capacity from 82 million to 135 million when completed in the 2030s.

Hotel Market Overview

Limited future hotel supply expected to drive trading performance

There are more than 68,000 hotel rooms in Singapore and by end-2019, total existing hotel supply is forecast to increase by 2.0% y-o-y, or approximately 1,400 rooms. The re-opening of the Raffles Hotel Singapore in August 2019 following a two-year renovation is a welcomed addition to the Singapore hotel landscape, again raising the profile of the Singapore market. As a national monument, this iconic hotel will likely set a new benchmark for hotel average daily rates across the island.

Property developer OUE Limited has inked agreements to sell Oakwood Premier OUE Singapore, its luxury serviced residences and hotel business along Shenton Way, for SGD 289 million. The buyer is a joint venture formed by Hong Kong financial services firm AMTD Group and Dorsett Hospitality International, a subsidiary of Hong Kong-listed property giant, Far East Consortium International.

Other notable new openings include the 130-room YOTELAIR Changi Airport which opened in conjunction with Jewel Changi Airport, as well as three hotels in Sentosa; the 606-room Village Hotel Sentosa; 193-room Outpost Hotel Sentosa; and the 40-room The Barrack Hotel, slated to open in the fourth quarter.

Hotel supply in the next three years is expected to remain relatively limited, growing at a compound annual growth rate ("CAGR") of 0.7% from end-2019 to end-2022.

By comparison, the future supply growth is anticipated to be slower than the 4.2% CAGR registered during the three-year period from end-2015 to end-2018, emphasising the potential for further upward trading performance.

Hotel Trading Performance

Upscale and Midscale & Economy hotels leading the growth in trading performance

Overall, the hotel sector remains resilient with market-wide RevPAR remaining relatively unchanged y-o-y at SGD 186 as at YTD July 2019, according to the STB. Notably, occupancy reached at 93.8% in July, the highest ever recorded in a month since STB began tracking market-wide trading performance in 2005.

Based on the basket of hotel properties tracked by JLL, the upscale and midscale & economy hotels each recorded

y-o-y RevPAR growth of 1.2% respectively as at YTD July 2019, driven by stronger occupancy. The luxury hotels, however, registered a 1.5% y-o-y decline in RevPAR during the same period, largely due to the absence of several one-off and biennial events such as the North Korea-US Summit in June 2018 and the Singapore Airshow in February 2018. Nevertheless, with the limited new supply and growing tourism demand, the overall outlook on trading remains positive for the remainder of the year.

Hotel Investment Highlights

Singapore a notable beneficiary of the flight to safety

Despite the ongoing trade tension between the US and China, there remains a strong weight of global capital seeking opportunities in safe-haven destinations. As a key global gateway city, Singapore remains high on investors' radar, underpinned by its transparent banking and legal system. Recent events in Hong Kong have also induced demand into other gateway markets, with Singapore being seen as one of the key beneficiaries.

The Singapore hotel market has traditionally remained tightly held, however, there has been an uptick in transaction volume as at YTD September 2019 totalling

approximately SGD 1.7 billion, which includes the sale of existing assets and hotel land site sales. With further transactions likely to close before the year end, 2019 is set to be one of the best ever for hotel transactions.

Overall, the outlook for Singapore remains strong and the market is expected to benefit from the robust supply and demand fundamentals in the short- to medium-term. In the longer-term, the government's strategies and infrastructure investments will continue to support Singapore as an attractive destination for tourism, as well as investors seeking stable secure capital appreciation.

Notable Hotel Land Sale Sites



*Min Yuan
Apartments*



*Club Street
Site*



*Waterloo
Apartments*



*Golden Wall
Centre*

Date of Sale	September 2019	January 2019	December 2018	November 2018
Price (SGD)	141 million	562 million	131 million	276 million
Price PSF PPR (SGD)	2,613	2,149	2,558	2,721

Note: Price PSF PPR factors in an additional estimated development charge (as at March 2019), payable as follows: Golden Wall Centre (SGD 46.2 million); Waterloo Apartments (SGD 23.3 million) and Min Yuan Apartments (SGD 19.6 million).

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