



Wishing you a very
MERRY CHRISTMAS
and Happy New Year

From all of us at

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HOTEL MARKET OUTLOOK

Hotel Market Performance

Malaysia's Hotel Market activity remain stable average occupancy rate of 60% since 2016. Generally, supply of hotels nationwide was in an upward trend. Existing hotels by number of rooms recorded an additional 10,118 rooms in 2018 as compared to 246,564 rooms in 2018. W.P. Kuala Lumpur leads the trend by registering 40,676 rooms followed by Johor (29,492 rooms) and Pahang (24,457 rooms).

First half of the year saw the tourism sector moving towards a positive growth contributed by higher counts on foreign tourist arrivals to the country. International tourists' arrival recorded an increase of 3.7% (20,109,203 tourists) throughout the period between January to September 2019 as compared to 19,386,115 tourists during the same period last year.

Hospitality Market: Challenges Faced

"Hospitality is simply an opportunity to show love and care"

– Julia Sugarbaker

With technology advancement, planning a vacation is easier and sometimes cheaper too. However, such advancement have reflected on opposite effect from the perspective of local hotel performance. Average hotel occupancy rate portrays a slight decrease (-1.0%) in hotel occupancy within the 1st quarter of 2019 as compared to same period in 2018. The downtrend believed due to visitors being presented with various lodging options besides hotels.

Oversupply of hotels is further worsened by the change in foreign travelers that opt for home-based or short term rental units also widely known as Airbnb. Due to such trends, hotel operators and owners are facing tough times increasing guests' traffic to their hotel lobbies. By 2018, new supply of hotels in Malaysia recorded a total of 3,330 new



Source: NAPIC (JPPH Malaysia)

rooms is coming into the market forcing operators to slash overnight rate to remain competitive.

Earlier this year, Grand Seasons Hotel in Kuala Lumpur reported that they shall cease all operations due to prolonged financial hurdles and wear & tear of the aging building. Once was the tallest hotel in the capital, Grand Seasons offers 800-room hotel with adjoining 308,000 square feet of retail and office space.

Future Market Trend

Despite the dark and gloomy weather over the hospitality market, hotels in popular tourists' hotspots like Langkawi and Penang Island manage to remain brisk operation, whilst hotels in Johor, Selangor and Kota Kinabalu recorded a decline.

Malaysia has missed its arrival targets since 2013, but the hotel market continues to grow with new supply reported coming into the market. Moving forwards, market catalyst is highly required at this stage to boost the growth of tourist arrivals. Business tourism, meetings, incentives, conferences and exhibitions (MICE) and medical tourism could play a major role in ensuring increase in such numbers.

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