

Media Release

H2/2022

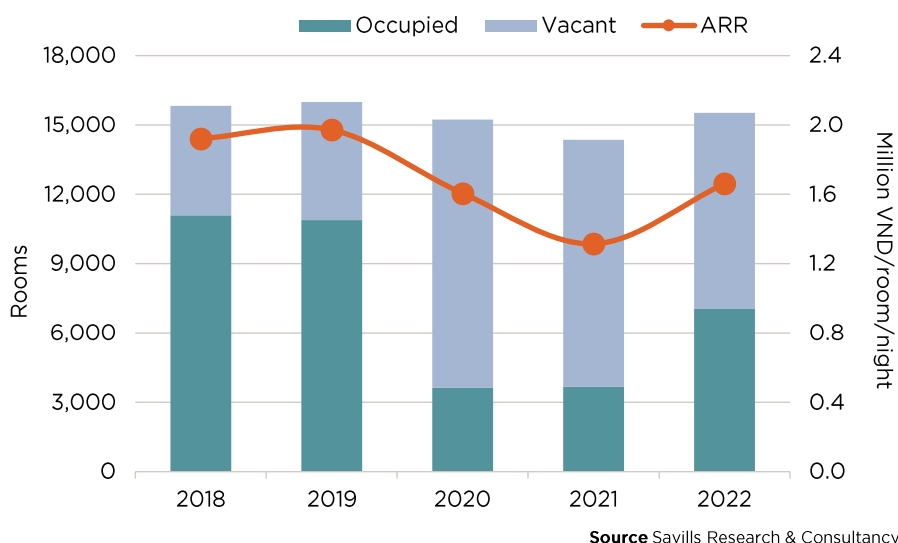


**The future,
are we there yet?**



HOTEL

Performance



Following strong domestic support, the hospitality sector is now returning to solid performance, enhanced by international and business travellers.

Cao Thi Thanh Huong
Research Manager, Savills HCMC



KEY FINDINGS

Increasing Supply

By the end of 2022, supply reached over 15,500 rooms from 111 projects, increasing 8% YoY, almost reaching the pre-pandemic level.

New supply of 271 rooms came from the five-star Fusion Originals and four-star Northern Charm in District 1.

Performance Improvements

While there were YoY improvements in 2022, occupancy and rates still trail pre-pandemic levels. Occupancy of 45% improved by 20 pts YoY but was still -23 pts less than in 2019.

The average room rate (ARR) reached VND 1.6 million/room/night, which increased by 21% YoY but was still -18% less than in 2019. Five-star had the most significant improvement, with occupancy increasing by 24 pts YoY; ARR increased by 44% YoY.

In Q4/2022, occupancy reached 62%, increasing 4 pts QoQ. ARR of VND 1.8 million/room/night improved by 9% QoQ.

HCMC Tourism: Approaching Pre-Covid Levels

According to HCMC's Department of Tourism, tourism revenue and visitors increased YoY. While HCMC had the highest visitor volume in Viet Nam, it did not reach 2019 levels. In 2022, HCMC welcomed approximately 3.5 million international tourists, while increasing YoY, it was still -59% less than in 2019. There were 25 million domestic tourists, increasing 167% YoY but still -5% less than in 2019. HCMC's tourism revenue of VND 120 trillion increased by 171% YoY but was -14% lower than in 2019. The city's recovery was slow because of its dependence on international tourists and restrictive visa policies.

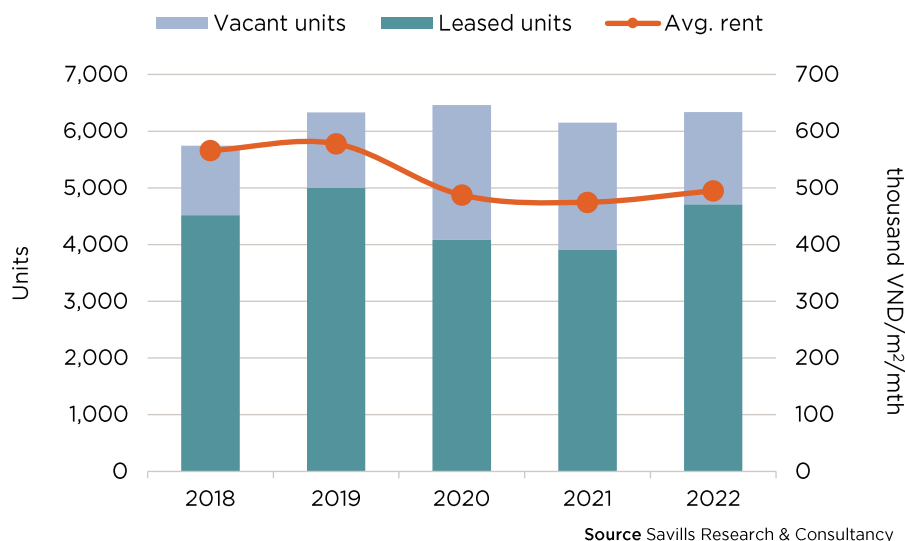
Hotel Property Outlook

According to Statista, hotel revenue across Southeast Asia is expected to recover completely in 2023 when Chinese tourists return. Between 2023 and 2027, Viet Nam expects tourist revenue growth of 7% per annum (pa) and the average revenue per guest should reach US\$158 by 2027, increasing 0.3% pa.

The pipeline is limited with only Sotetsu Hotel and Macxy Hotel launching by 2025. Other future projects have been postponed or do not have specific construction schedules.

SERVICED APARTMENT

Performance



The return of expatriates helped the serviced apartment market recover. As FDI inflows rise, so does the demand for serviced apartments that cater to expats and foreign business travelers.

Cao Thi Thanh Huong,
Research Manager, Savills HCMC



KEY FINDINGS

Slow Supply Growth

Stock increased 4% quarter-on-quarter (QoQ) and 3% year-on-year (YoY) to over 6,300 units from 111 projects. The QoQ increase was driven by the entry of Oakwood Hotel & Apartments Saigon in Binh Thanh and City House S Home Apartments in Phu Nhuan.

The future pipeline is limited; eight projects with approximately 550 units are expected by 2025.

Improved Performance

The economic rebound and reopened borders supported improved performance this year.

In 2022, occupancy rose by 12 ppts YoY to 76%, and rent climbed by 4% YoY to VND 516,000/m²/month. However, occupancy was -8 ppts lower than in 2019 and rent was -11% less.

In Q4/2022, rent increased by 1% QoQ and 8% YoY to VND 520,000/m²/month. Occupancy of 83% increased by 5 ppts QoQ and 19 ppts YoY. Healthy demand from foreign workers supported Grade A and B rent and occupancy increases.

Product Preference

With high demand for affordable accommodation, one and two-bedroom units were preferred. In Q4/2022, one-bedroom units of 45 m² to 60 m² NLA had 43% of the leased units and rent increased by up to 5% QoQ, and two-bedroom units of 80 m² to 100 m² had a 24% share and rent increased by up to 3% QoQ.

Positive Take-up

In 2022, take-up of 1,115 units was especially positive given the negative performance in 2020 and 2021. Q4/2022 take-up was 307 units; Grade B had a 77% share.

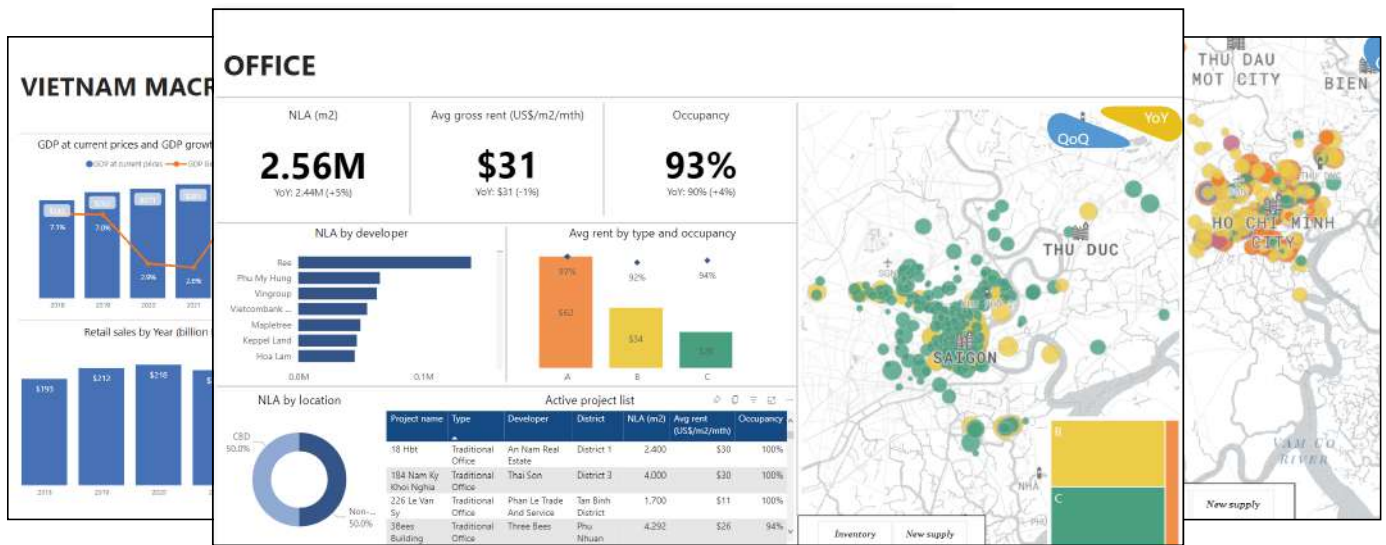
Positive take-up and rent increases correlated with FDI growth. According to the Provincial Statistics Office (PSO), in 2022, HCMC had total registered FDI of US\$3.9 billion, increasing by 5% YoY. Newly registered FDI reached US\$601 million from 893 new projects. New projects increased by 41% YoY.

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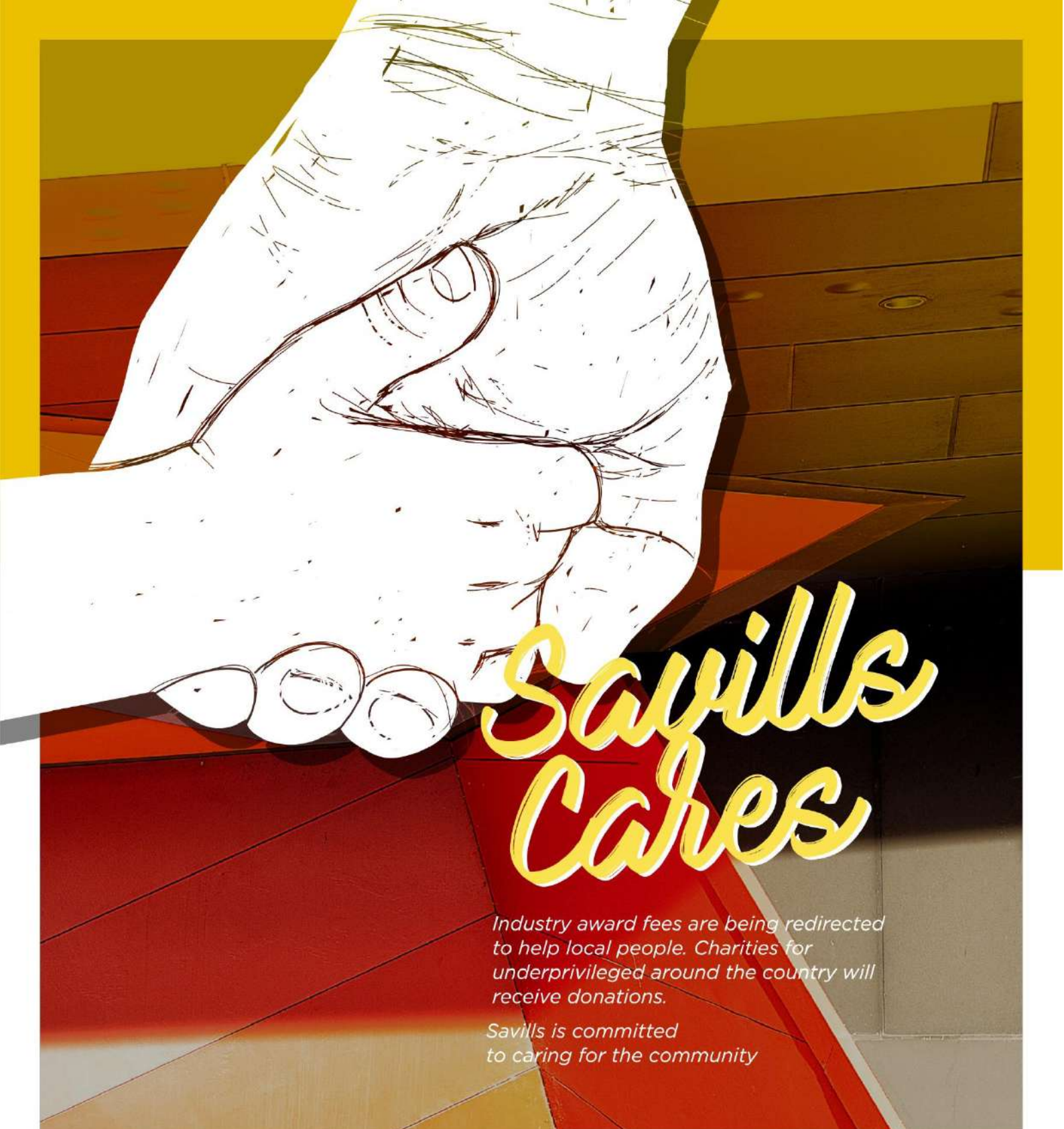
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Industry award fees are being redirected to help local people. Charities for underprivileged around the country will receive donations.

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