



## News Release

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### **Mixed fortunes for hoteliers across Asia Pacific**

A report launched today by Deloitte, the business advisory firm, has found that revenue per available room (revPAR) in Asia Pacific dropped 28.4% to US\$68 year-to-August 2009. Average room rates fell US\$27, while occupancy dropped 12.0% over the same period last year. Despite rivalling Europe for the steepest decline in hotel performance globally, reductions in revPAR have eased in Asia Pacific since May 2009 with monthly drops less severe than the year-to-date decline.

Commenting, Alex Kyriakidis, Global Managing Partner of Tourism, Hospitality & Leisure at Deloitte, said: "Despite the good news about some major world economies lifting out of recession, it's too early to rule out another dip in hotel performance. Regardless of whether the bottom has been hit or not, Asia Pacific's tourism industry is well placed as we enter economic recovery. Some of the world's fastest growing economies are in Asia Pacific and with a strong correlation between hotel and economic performance, the hotel industry is bound to benefit. In addition, intra-regional tourism should rebound faster than international demand and, with over half of the world's population living in Asia Pacific, travel demand should return quicker here than in regions that rely more on international tourism."

#### **Seoul**

Despite falling revPAR across the region there are still some notable success stories. Seoul was the only city in Asia Pacific to experience an increase in both occupancy and average room rates, and achieved the highest occupancy of 78.6%.

The weakness of the Korean Won against source market currencies helped attract 21.9% more visitors from East Asia and the Pacific, which accounts for over three quarter of Korea's international tourists.

#### **Bali**

Bali achieved the strongest average room rate and revPAR growth in the region, up 23.5% and 11.4% respectively, as the destination continues to recover from the 2005 bombs combined with strong demand from Australia. Low cost airline expansion between the two should further boost the resort.

## Beijing

In China, Beijing is suffering from a post-Olympic slump and has witnessed 12 consecutive months of double-digit revPAR decline, leading to the worst drop across Asia Pacific, down 56.2% year-to-August 2009.

## New Delhi and Mumbai

Meanwhile, hotels in India suffered from some of the largest drops in revPAR, down 39.6% in New Delhi and 36.9% in Mumbai as thousands of new rooms open across the country. In addition, suppressed demand and escalated security concerns in the wake of the Mumbai terrorist attacks in November 2008 have also had an effect on performance.

Marvin Rust, Global Managing Partner for Hospitality at Deloitte, added: "Spiralling unemployment, reduced consumer confidence and dampened travel demand were some of the most immediate side effects of the economic downturn. Now that the worst recession since the great Depression appears to be coming to an end in a number of countries, the aftermath and side effects will become evident, continuing to challenge us in all aspects of business.

"Looking forward, this is the perfect opportunity for hoteliers to evaluate what has happened and make important strategic decisions to navigate out of the economic turmoil, and leverage their businesses into more fruitful times."

## Top five and bottom five markets in Asia Pacific by revPAR percentage change in local currency for year-to-August 2009 v year-to-August 2008

	Local currency				US\$	
	Occupancy (%)	Average room rates	RevPAR	Change (%)	Average room rates	RevPAR 2009
Bali	70.4	1,266,294	891,627	11.4	119	84
Seoul	78.6	172,148	135,234	6.5	129	101
Jakarta	62.1	744,433	462,009	-1.4	69	43
Melbourne	74.1	177	131	-7.9	131	97
Tokyo	68.2	20,869	14,223	-8.9	219	150

Beijing	48.2	630	303	-56.2	92	44
New Delhi	60.0	8,671	5,205	-39.6	174	104
Mumbai	57.2	9,043	5,173	-36.9	182	104
Bangkok	50.8	3,229	1,642	-35.7	92	47
Shanghai	47.1	725	341	-34.8	106	50

Source: STR Global

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## Notes to editor:

Analysis mostly in local currency apart from Asia Pacific-wide figures in first paragraph

**Deloitte**

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