

## 8.4

## HOTELS &amp; RESTAURANTS

## OVERVIEW

Growth of the hotels and restaurants sector remained flat in fourth quarter. For the full year, the sector grew by 1.2 per cent, slower than the growth of 4.9 per cent in 2007. This reflected a decline in visitor arrivals and room lettings, as well as weaker restaurant sales in the second half of 2008. Both the hotels and restaurants segments registered smaller gains compared to 2007.

## HOTELS

The average room rate of gazetted hotels was \$232 in the fourth quarter, lower than \$256 in the preceding quarter ([Exhibit 8.12](#)). In terms of year-on-year growth, at 5.5 per cent, this was sharply lower than the double-digit growth rates posted in previous quarters. In tandem with the decline in visitor arrivals, room lettings in gazetted hotels fell by 12 per cent in the fourth quarter ([Exhibit 8.13](#)). The average occupancy rate of gazetted hotels hit 78.5 per cent, representing a decline of 8.1 percentage points over the same period in 2007. Consequently, total hotel room revenue fell by 7.1 per cent to an estimated \$465 million in the fourth quarter. In comparison, total hotel room revenue reached \$539 million in the third quarter of 2008 (due in part to the Formula One event in September).

For the whole of 2008, the average occupancy rate declined by 6.0 percentage points over the previous year to reach 81 per cent. The average room rate was \$246, a rise of 22 per cent from 2007 levels. As a result of higher average room rates, total hotel room revenue grew by 12 per cent to hit a record high of \$2.1 billion.

## CATERING TRADE

The catering trade segment rose by 0.4 per cent in the fourth quarter, marginally higher than the 0.1 per cent increase in the previous quarter ([Exhibit 8.13](#)). The restaurants and fast food outlets segments expanded faster in the fourth quarter with growth rates of 0.8 and 10 per cent respectively. On the other hand, food caterers and other eating places experienced declines of 3.6 per cent and 1.9 per cent respectively, worse than in the previous quarter.

Exhibit 8.12: Average Hotel Room Rate

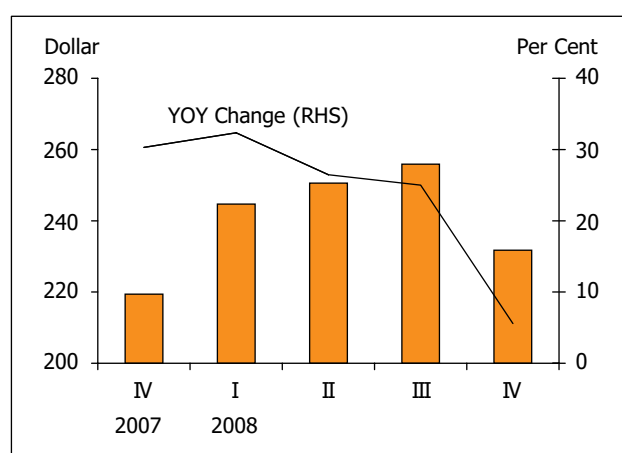
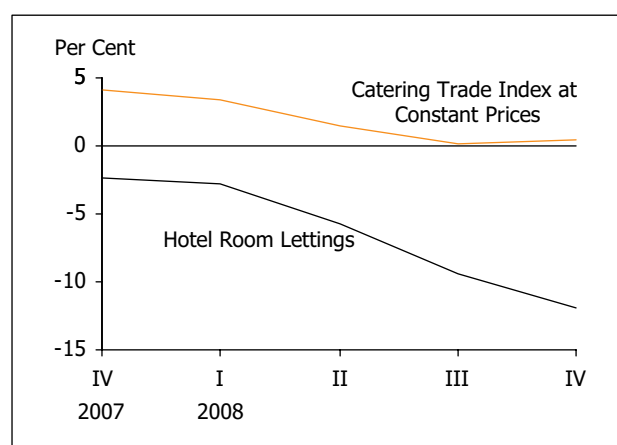


Exhibit 8.13: Changes in Catering Trade and Hotel Room Lettings



For 2008, growth of the catering trade index slowed to 1.3 per cent in 2008, compared to the 3.0 per cent growth in 2007. The fast food outlets segment grew the fastest at 5.6 per cent, followed by the restaurants segment at 1.1 per cent. However, food caterers and other eating places saw slower sales growth of 0.7 per cent and 0.1 per cent respectively, compared to 3.2 per cent and 6.7 per cent in 2007.

## VISITOR ARRIVALS

As the global economic slowdown continued to weigh on consumer sentiments and discretionary spending, Singapore received 2.5 million visitors in the fourth quarter, a decline of 7.8 per cent on a year-on-year basis ([Exhibit 8.14](#)).

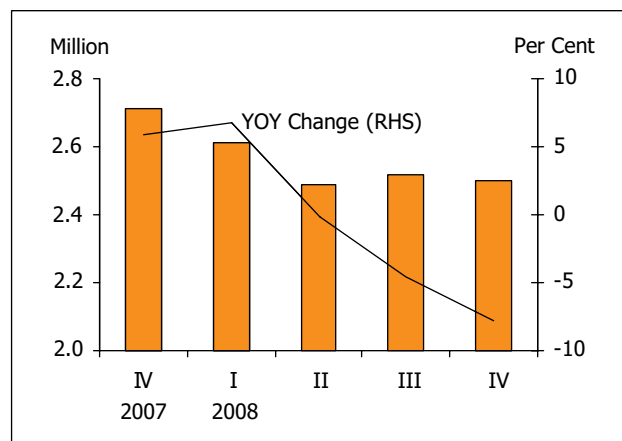
The top five markets were Indonesia (458,000), China (223,000), Australia (215,000), Malaysia (200,000) and India (187,000), accounting for 51 per cent of total visitor arrivals. Major markets posting the highest growth rates in the fourth quarter included Vietnam (21 per cent growth), Philippines (12 per cent), Malaysia (9.3 per cent) and Germany (7.9 per cent).

For the full year, Singapore achieved 10.1 million visitor arrivals, a decline of 1.6 per cent over 2007. Nevertheless, tourism receipts is estimated to hit a record high of \$14.8 billion in 2008, representing a 4.8 per cent increase over 2007.

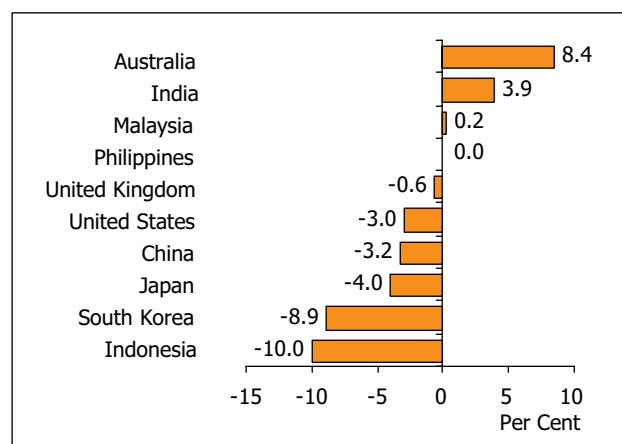
Asia continued to be an important tourist generating region for Singapore, contributing 72 per cent of total visitor arrivals. However, the number of visitors from Asia fell by 3.3 per cent to 7.2 million. This was due in part to declines in the key markets of Indonesia (-10 per cent), China (-3.2 per cent), Japan (-4.0 per cent), South Korea (-8.9 per cent), Thailand (-5.5 per cent), Hong Kong (-7.9 per cent) and Taiwan (-15 per cent) ([Exhibit 8.15](#)).

Singapore's top five visitor-generating markets in 2008 were Indonesia (1.8 million visitors), China (1.1 million visitors), Australia (833,000), India (778,000) and Malaysia (647,000). They accounted for 50 per cent of total visitor arrivals in 2008.

**Exhibit 8.14: Visitor Arrivals**



**Exhibit 8.15: Growth Rates of Top Ten Visitor Generating Markets in 2008**



The emerging markets of Vietnam (18 per cent growth), the Commonwealth of Independent States (which includes Russia) and Eastern Europe (17 per cent) and the United Arab Emirates (25 per cent) posted strong growth rates in 2008. Coupled with growth from Australia (8.4 per cent) and European markets such as Germany (6.3 per cent), this helped to cushion the decline in total visitor arrivals in 2008.