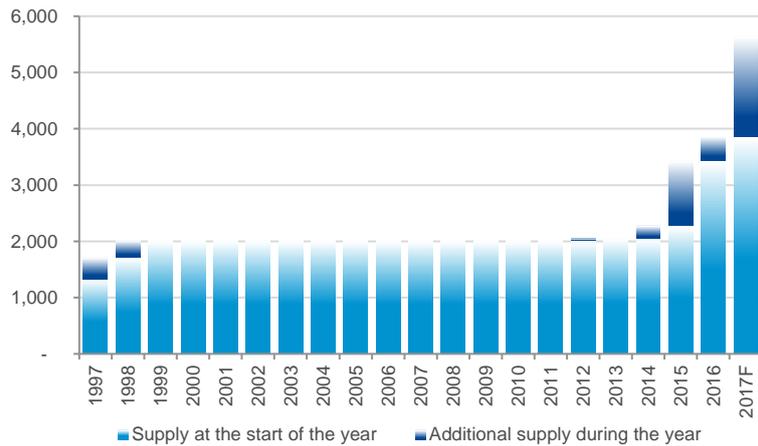




## Upper-scale Hotel Supply (rooms)



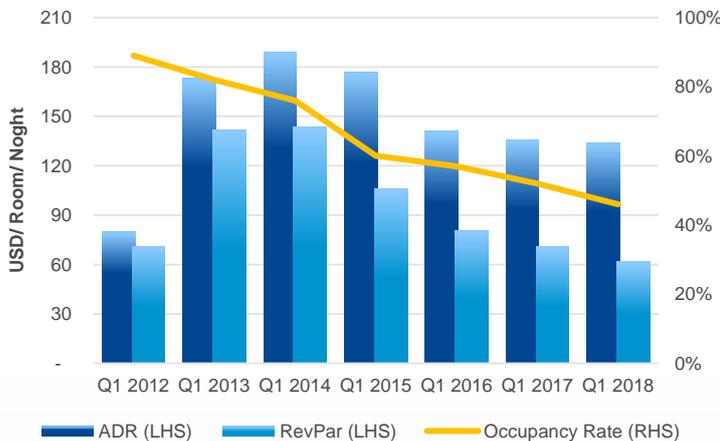
## Supply

- As of the first quarter of the year, the total upper-scale hotel stock in Yangon remained at around 3,800 rooms. The growth of supply in the upper-scale hotel market appears to have temporarily slowed down with no new hotel developments being completed during Q1 2017. This comes after only a single upper-scale hotel, Melia Hotel, was completed during the whole of 2016.
- Despite the recent slow progression of hotel supply, a significant growth in total stock is expected in subsequent quarters as more international branded hotels are due to be completed. Hotels that are scheduled to complete within the year include Pan Pacific Hotel in Junction City, Lotte Hotel Yangon, Pullman Yangon, and Sheraton Hotel which collectively translates to more than 1,300 rooms. The number is expected to be the highest increase in stock on an annual basis. Some developers are still likely to intentionally delay their projects or put on hold in order to revisit their strategies to cope with the new influx of supply.

## Demand

- The average upper-scale hotel occupancy ended at 52% in Q1 2017, down by 5% from the same quarter in the previous year. The significant drop during the peak season hints at the possibility of the occupancy rate hitting below the 40% mark in the succeeding quarters as competition heightens. Given the significant build up in upper-scale hotel supply, developers should try to rethink their plans by starting to introduce international mid-tier brands that mainly target business travellers as well as tour groups and individual travellers.

## Upper-scale Hotel Average Daily Rate & Occupancy Rate



## Average Daily Rate

- The average daily rate for upper-scale hotels has continued to decline for the third consecutive year to end at USD136 in Q1 2017, down by -3.5% YoY. Worsening market conditions have led upper-scale hotels to continue bringing down their rates in an attempt to buoy the demand. Colliers sees a continued decline in the future, albeit in a slower rate as, the market grows more competitive.

### For more information:

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