

YANGON SERVICED APARTMENT

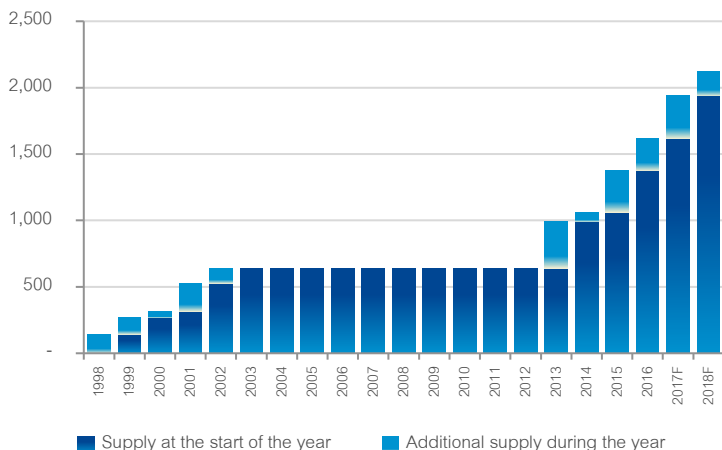
1st Quarter 2017



Accelerating success.



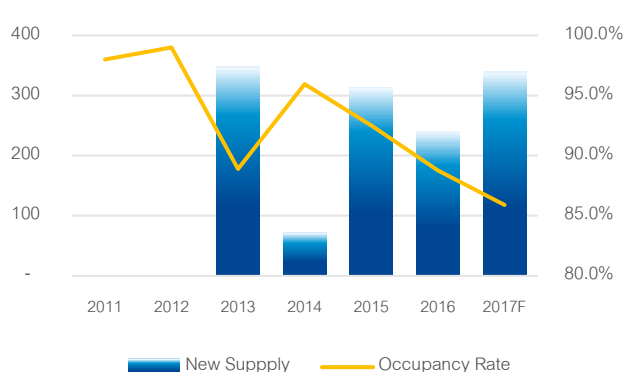
Supply Stock (Rooms)



Supply

- Yangon's total serviced apartment supply stock stood at more than 1,600 units as at the end of Q1 2017. The number is up by 19% compared to the same period in 2016. The overall stock is expected to remain unchanged in the succeeding quarter up until the completion of Lotte Serviced Apartments Yangon in Q3 2017, slated to be the only new supply for the year. With an additional 340 units, the total stock is predicted to rise by 21% YoY.
- While the past two years have seen the emergence of mid-tier and limited serviced apartments, the future inventory appears meager, representing only 15% of the total in the next three years. These apartments are typically smaller in scale, built by seasoned foreign and local developers. Still, the majority of the future projects are geared towards the upper-scale segment, consisting mainly of foreign-invested developments such as Summit Park View Serviced Apartments, Golden City Serviced Apartments, Kantharyar Serviced Residences (Wyndham), Inno City Serviced Apartments, and Sedona Suites to name a few.

New Supply (Rooms) and Average Occupancy Rate



Demand

- Despite the additional stock delivered in the past three quarters, demand remained resilient as occupancy levels hovered between 85 and 90%. In fact, as at the end of Q1 2017, the lower-tier but better quality serviced apartments performed exceptionally well, reaching a new record high of 91%.
- The anticipated improvements in economic conditions followed by the anticipated further liberalisation of Myanmar's various investment sectors will continually bode well for the sector's long-term growth. Demand for serviced apartments should further strengthen along with the rise in the number of foreign companies setting up in Yangon. The latest data from the Directorate of Investment and Company Administration (DICA) reveals that the number of registered companies rose to more than 7,100 – the majority being foreign based, employing sizeable number of expatriates.

Average Rental Rate (USD / room / month)

City-wide	Studio	1BR	2BR	3BR	4BR
Upper-scale	3,800	3,950	5,760	5,960	9,420
Mid-tier / Limited	2,240	3,015	3,420	3,490	3,980

Rent

- The rental rates for both upper-scale and lower-tier serviced apartments were unchanged quarter-on-quarter with exception of the three and four bedroom categories which witnessed downward adjustment. Colliers predicts the rates to remain generally stable in the succeeding quarters but a slight uptick is likely to occur on the upper-scale category with the opening of Lotte Serviced Apartments Yangon.

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