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P R E S S R E L E A S E

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SINGAPORE HOTEL OUTLOOK 2011 -**ROOM RATES TO STAY HEALTHY EVEN AS MORE HOTEL ROOMS COMPLETE THIS YEAR**

Singapore's hospitality sector is set to grow at a robust rate this year. CBRE Hotels expects STB's target of 12.0 million to 12.5 million visitors in 2011 to be comfortably met. CBRE Hotels also expects average room rates to increase between 10.0 and 15.0 per cent from 2010 levels. Average room rates islandwide increased 11.3 per cent y-o-y in 2010. According to data from STB, average room rates for mid-tier hotels made the greatest improvement with a 22.4 per cent increase in rates from \$137 in 2009 to \$168.50.

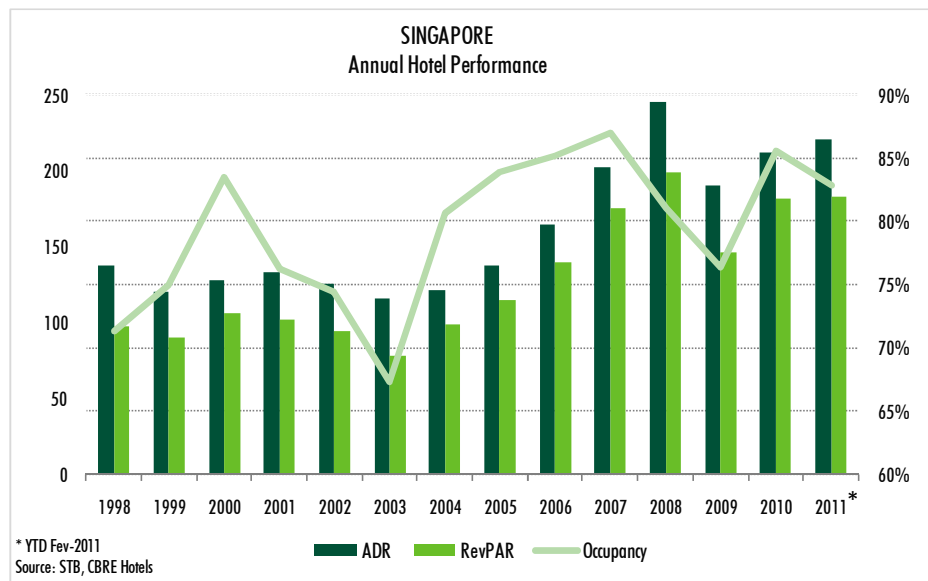
On the back of a healthy economy and a projected increase in visitor arrivals, CBRE Hotels anticipates islandwide occupancy levels to achieve between 83.0 and 86.0 per cent. This is a slight dip from the 85.6 per cent recorded last year, but up from the 81.8 per cent and 83.0 per cent occupancy levels in the first two months of this year. The projected range average occupancy rate for 2011 is still indicative of a very busy year for the hospitality market.

Robert McIntosh, Executive Director, CBRE Hotels Asia Pacific said "All indicators point to the sector having made a very strong recovery post financial crisis. The prospects for growth in the sector are very positive. We are confident that the 1,499 rooms that are expected in the pipeline this year will be matched by a good level of increased demand".

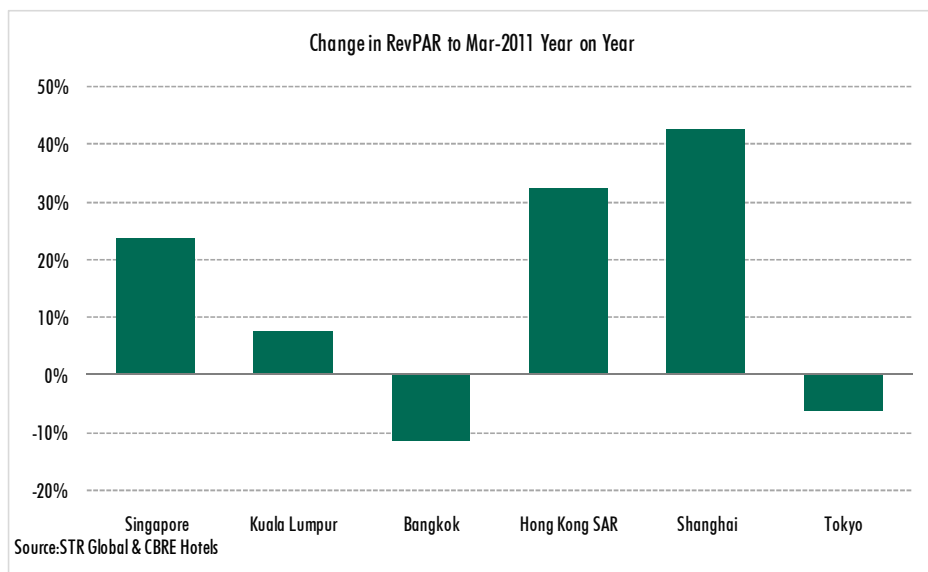
Islandwide revenue per available room (RevPar) grew 24.7 per cent last year to \$181.64 and is expected to increase between 7.5 and 10.0 per cent this year. Upscale hotels, under which boutique hotels are categorised, increased 28.34 per cent to \$205.90 from \$155.70 a year ago. RevPar increased the most for economy hotels, rising by 41.75% y-o-y to \$86.10 in 2010.

3 May 2011

Boutique hotels are likely to continue growing in the near future. Hotel investors have shown keen interest in sites with conservation buildings with intentions to transform the conservation buildings into boutique hotels. The site at Robinson Road/Boon Tat Street and Stamford Road/North Bridge Road comes immediately to mind. When the sites were put up for tender by URA in 2010, the site at Robinson Road/Boon Tat Street attracted eight bids with Royal Group Holdings Pte Ltd placing the winning bid of \$86.00 million (\$1,072 psf/plot ratio). The site at Stamford Road/North Bridge Road attracted 14 bids and a consortium bought the site for \$250.00 million (\$461 psf/plot ratio).

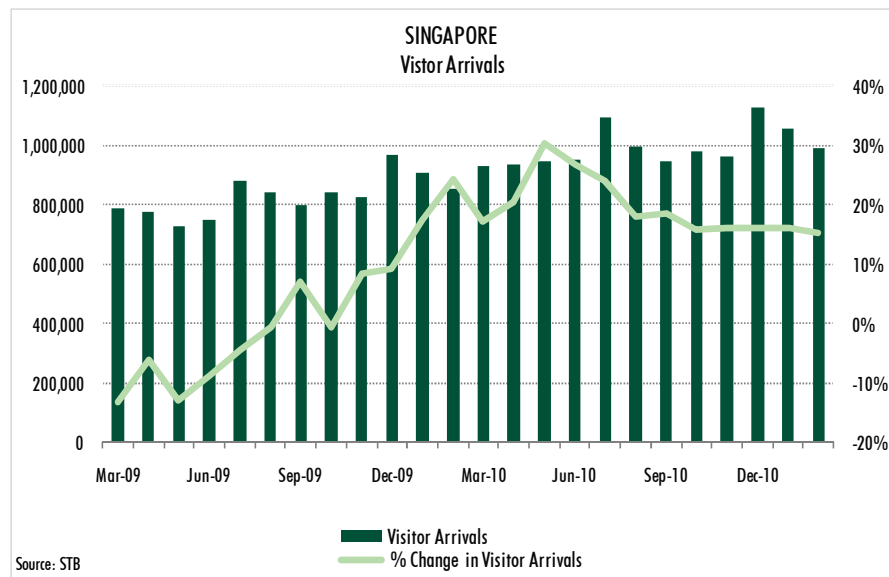


Singapore is not the only country to have witnessed strong rise in RevPAR as a result of after GFC. Most major cities across the region have witnessed at least a 20 percent rise in RevPAR, with Bangkok experiencing a decline of over 10 percent as a result of the political disruption.



3 May 2011

2010 was a record breaking year for the tourism and hospitality sector. 11.6 million visitors arrived in Singapore; the highest number of tourists received by the city-state in a year according to statistics from the Singapore Tourism Board (STB). This amounted to a 20.2% year-on-year increase and one of the highest quarterly figures ever recorded.



Whether this can be maintained for the full year is yet to be seen but there are a number of factors supporting a strong increase. These include:

- The two new Integrated Resorts with casinos, hotels, entertainment, retail and restaurants, only opened part of the way through 2010
- Orchard Rd retail improvements in 2010
- International Cruise terminal (to be ready by late-2011)
- The excellent infrastructure and facilities in Singapore

In addition there is the influence of the global financial recovery and other short term occurrences such as the political disruption in Thailand and Tohoku-Kanto earthquake shaking northern Japan on March 11 which is, at present, tending to encourage visitors to go to alternative destinations.

McIntosh added “The opening of the IRs and subsequent increase in visitor arrivals and tourism demand helped to provide support and boost ailing tourism demand. Many existing hotels have successfully attracted new business and reinforced client relationships. Coupled with the massive investment that Singapore has undertaken in tourism infrastructure, we are confident that the hospitality sector will build on the momentum in the past year and stay healthy for the next few years”

3 May 2011

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