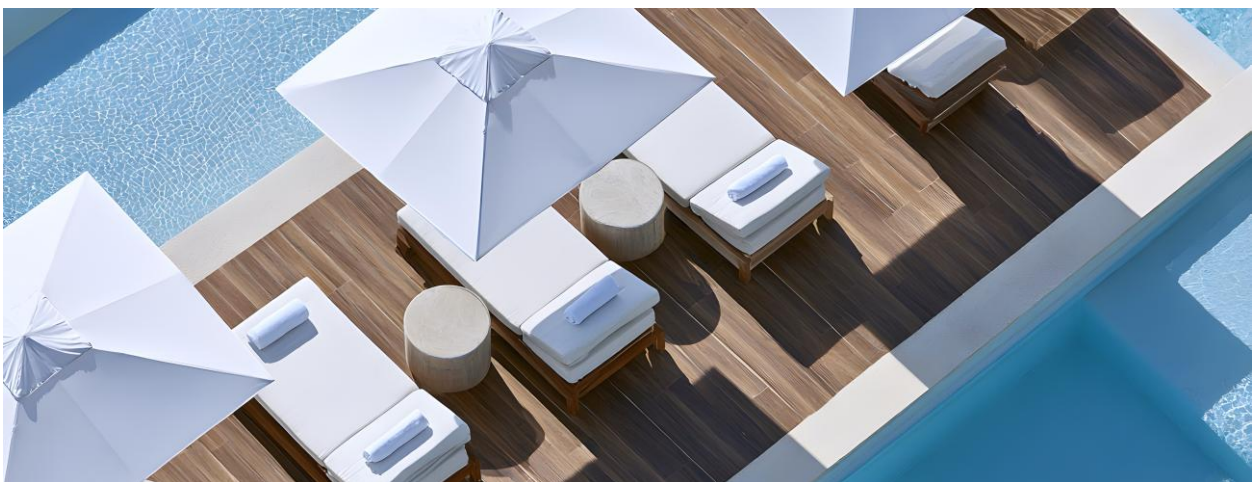


ASIA PACIFIC HOTEL TRENDS | Q3 2026

Investment activity surges amid strong hotel performance



Key Trends

- International and domestic visitor arrivals in **mainland China** both surpassed pre-pandemic levels in 2025 and set new record highs. This helped the hotel investment market turn more active in 2026, with transaction volume in the first nine months up more than 20% y-o-y. Overall RevPAR grew slightly y-o-y, driven by improved ADR, while occupancy was mostly flat.
- in **Korea**, H1 2026 visitor arrivals grew double digits y-o-y as the popularity of K-culture and medical beauty tourism continue to lure overseas tourists. Solid fundamentals underpin an active hotel investment market, with overseas institutional capital the most aggressive buyer group. RevPAR growth is mostly driven by ADR, with July y-t-d 2026 rates up more than 10% y-o-y.
- Weaker-than-expected H1 2026 visitor arrivals to **Thailand** have seen full-year forecasts cut to 33 million. While hotel investment activity has slowed slightly, foreign investment appetite is strong. Bangkok's diversified, high-volume demand base, including business, leisure, and transit segments, is demonstrating relatively stable performance.

“ Asia Pacific’s booming hospitality sector continues to turn heads, as upbeat hotel performance acts as a powerful magnet for global investment capital.

”

Steve Carroll

Head of Hotels & Hospitality
Asia Pacific
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Mainland China

Record-high visitor arrivals underpin solid hotel performance and strong investment market

TOURISM

- The expansion of visa-free access to 50 countries under unilateral rules and 57 under 240-hour transit is supporting the recovery of international tourist arrivals, with 2025 levels both surpassing the pre-pandemic period and reaching a new record high.
- The MICE and concert economy are fuelling domestic travel, with last year's numbers also setting a new benchmark. Momentum continued into 2026 as H1 2026 arrivals and tourism receipts both grew y-o-y.

TRANSACTION ACTIVITY

- Hotel investment activity picked up in 2026, with transaction volume in the first nine months up more than 20% y-o-y. Growth was largely concentrated in H1 2026, with momentum moderating in Q3. The evolving hotel REIT market may also be influencing owners' pricing expectations and transaction timing.
- The introduction and expansion of hotel assets into the C-REIT market is improving transparency and price discovery while providing investors with a clearer exit route.
- Office-to-hotel conversion is rising, especially in markets with high vacancy and assets suitable for conversion. Several Shanghai offices are now being leased for hotel use. Feasibility still depends on the individual asset, location and conversion economics.

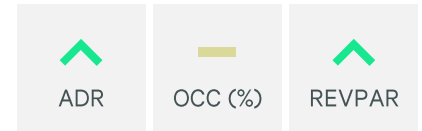
PERFORMANCE

- July 2026 y-t-d RevPAR was positive across most tier I cities except Beijing. The launch of independent customs operations in Hainan is lifting hotel performance in Sanya, with both ADR and occupancy leading other major cities.
- Hotel performance diverges elsewhere. Overall RevPAR grew slightly y-o-y, driven by improved ADR, while occupancy was mostly flat.

OUTLOOK

- Hotel operators will focus on driving ADRs. Occupancy growth is expected to continue albeit with slower momentum as the upturn in arrivals is balanced by upcoming supply.

SIX-MONTH OUTLOOK



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Korea

Robust hotel performance underpins active investment market

TOURISM

- H1 2026 visitor arrivals grew double digits y-o-y after a record 2025 as the popularity of K-culture and medical beauty tourism continue to lure large numbers of overseas tourists. Strong economic performance is boosting business travel, especially to Seoul.
- Additional tailwinds come from the expansion of visa-free access for mainland Chinese to all destinations. Korea also now has more repeat travellers as visitors extend their trips beyond Seoul.

TRANSACTION ACTIVITY

- Solid fundamentals underpin an active hotel investment market. Overseas institutional capital is the most aggressive buyer group, targeting value-add returns in unbranded hotels through rebranding, lease restructuring or asset improvement.
- The rise of the medical beauty industry is spurring the development of new concepts including clinic-hotels. The office portion in a mixed-use building was recently converted for this purpose.

PERFORMANCE

- While the post-pandemic recovery was initially driven by the luxury segment, performance is now evenly distributed across all grades due to the lack of supply. RevPAR growth is mostly driven by ADR, with July y-t-d 2026 rates up more than 10% y-o-y.

OUTLOOK

- With occupancy expected to stabilise, operators are focusing on driving up rates. ADR is expected to further increase in H2 2026 on the back of stronger demand.
- Despite some conversion projects, short-term supply will be limited due to high construction costs and long planning periods. New stock will rise in 2028 – 2030, the bulk of which will be in the luxury segment.
- Investors should assess opportunities across Korea on an asset-by-asset basis, paying particular attention to sustainable demand, achievable rate growth and scope for repositioning. While Seoul remains a key focus, select regional cities may offer prospects where fundamentals are supported by asset location and business plan.

SIX-MONTH OUTLOOK



ADR



OCC (%)



REVPAR

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Thailand

Investors turn more cautious amid slowdown in visitor arrivals and subdued hotel performance

TOURISM

- Weaker-than-expected H1 2026 visitor arrivals have prompted the Tourism Authority of Thailand (TAT) to revise down its full year arrivals forecast to 33 million. Authorities aim to secure higher spending tourists to sustain tourism revenue.
- Domestic MICE demand is filling part of the gap with associations hosting conferences and events. Leading MICE developers are planning to expand MICE facilities in the next three-to-five years.

TRANSACTION ACTIVITY

- Hotel investment activity has slowed slightly as buyers turn more cautious. Distressed stock remains limited, however, with asset pricing yet to adjust downward to meet buyers' elevated yield targets.
- With high prices and scarce land availability in Bangkok's CBD making greenfield development more difficult for investors to underwrite, interest is shifting towards brownfield and leasehold schemes.
- Foreign investment appetite is strong, with buyers pursuing joint ventures with local groups. Many groups have adjusted their approach and will consider longer holding periods to enter the market.

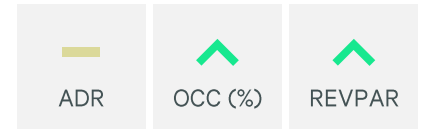
PERFORMANCE

- Bangkok's diversified, high-volume demand base, including business, leisure, and transit segments, is demonstrating relatively stable performance and less susceptibility to sharp fluctuations.
- Koh Samui is outperforming as limited air access skews arrivals toward higher spenders, pushing up ADR and occupancy y-o-y. While ADRs are largely stable, slow leisure performance is pulling down occupancy in Phuket and Pattaya.

OUTLOOK

- Investors are suggested to focus on mature markets such as Bangkok, Phuket and Koh Samui. Strategic partnerships with longer holding periods across multiple properties will be a easier route for investment.
- Mid-sized operators considering market entry are advised to adopt a flexible approach and consider partnering with local groups for greenfield and brownfield opportunities.

SIX-MONTH OUTLOOK



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