

# Operating performance remains solid; investors target repurposing and refurbishment opportunities



## Key Trends

- Tourism demand in **Singapore** remains robust, with arrivals up by 2.3% y-t-d as of May 2025. Operating performance is strong, despite some softness in Q1 2025 due to recent new supply and fewer special events compared to last year. Investors are advised to target assets that can be value-added through repositioning, particularly smaller heritage properties that can be clustered.
- International arrivals to **Indonesia** increased 2.9% y-o-y as of May 2025 y-t-d, with domestic tourism up by 16.1% y-o-y. Hotel performance has seen modest growth, driven by strong ADR. Investment opportunities in Bali lie in acquiring and repositioning independent high-quality hotel stock under strong brands.
- In **Vietnam**, international arrivals have increased significantly in 2025. Demand growth in room nights across all markets has been strong, showing double-digit increases in 2025. Vietnam is now seeing an emergence of more luxury and branded luxury hotels, attracting a higher-spending customer base.

Investors continued to display a robust appetite for hotel acquisitions in Q2 2025, backed by steady growth in visitor arrivals and solid operating performance. Despite tight availability in some markets, CBRE expects strong investment momentum to continue into H2 2025

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## Singapore

Investment remains buoyant despite operating performance normalising along with new supply

### TOURISM

- Tourism demand in Singapore remains robust, with arrivals up by 2.3% y-t-d as of May 2025. While the return of mainland Chinese tourists has brought the geographical visitor mix back to 2019 levels, there is still room for growth in air travel capacity.
- The MICE segment remains subdued, with forward conference bookings not yet recovering to pre-pandemic levels. The Singapore Tourism Board (STB) has strategically shifted its focus from chasing volume to emphasising average spend per visitor and length of stay.

### TRANSACTION ACTIVITY

- Investment sentiment remained positive in Q2 2025, driven by the market's transparency and inherent scarcity of assets. The cost of financing has fallen 100bps since the start of the year, with all-in financing now standing at circa 3.1%, fixed for three years.
- Transactions so far in 2025 have been dominated by sub SGD 100 million deals involving private capital. With more attractive debt conditions, larger transactions of SGD 250 million and up are expected to attract institutional investors. Offshore and regional funds are seeking value add opportunities where there is the capacity to renovate, reposition and potentially rebrand assets.

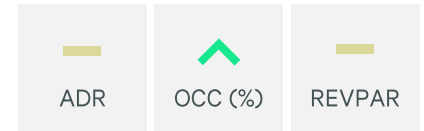
### PERFORMANCE

- Operating performance remains strong despite some softness in Q1 2025 due to recent new supply and a drop in special events compared to last year. Singapore's hotel supply growth is low, at approximately 1.5% CAGR. The STB does not anticipate occupancy recovering to 2019 peaks, instead prioritising visitor spend.

### OUTLOOK

- Hoteliers are advised to form closer partnerships with F&B operators to overcome current operational challenges. New concepts such as Mama Shelter and Moxie, which feature a smaller footprint and minimal public/F&B space, are set to perform exceptionally well due to their high-volume strategy.
- There are opportunities to reposition and refurbish older big-box hotels to make them more competitive. Investors should focus on acquiring assets that can be value-added through repositioning, particularly smaller heritage properties that can be clustered.

### SIX-MONTH OUTLOOK



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# Indonesia

## Hotel performance mixed as investment liquidity remains a challenge

### TOURISM

- International arrivals had increased by 2.9% as of May 2025 y-t-d. Domestic travel was up significantly during the same period, rising by 16.1% y-o-y. Growth in local tourism is underscoring the strong recovery of the domestic market and Indonesians’ increasing preference for exploring local destinations.

### TRANSACTION ACTIVITY

- A key challenge in Bali remains the significant bid-ask spread, with owners often testing the market with higher pricing in areas such as Seminyak and Uluwatu. Liquidity for offshore institutional buyers is an ongoing risk given land tenure and debt restrictions.
- Jakarta remains home to a larger pool of domestic buyers and international investors, especially Japanese and Koreans, with interest from abroad often tied to parent companies’ manufacturing activities.

### PERFORMANCE

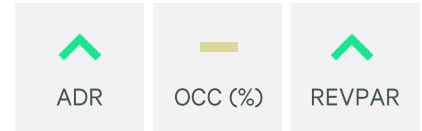
- Bali’s submarkets (Ubud, Sanur, West Coast) have shown uniform performance, with branded hotels generally outperforming independent ones. Uncertainty around the North Bali airport development has caused investors and landlords to delay decisions regarding site selection for future projects.
- While a good performer, Jakarta has historically seen low RevPAR spikes due to supply growth impacting rates once occupancy reaches certain levels. The city remains one of the lowest-rated markets in the region in terms of ADR. The five-year supply outlook for Jakarta remains soft, which is a positive for existing assets.

### OUTLOOK

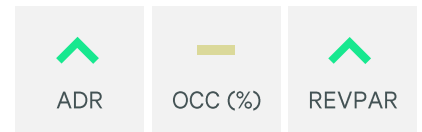
- Opportunities in Bali lie in acquiring and repositioning independent, high-quality hotel stock under strong brands, leveraging the relatively better performance of branded properties. In Jakarta, opportunities are more geared towards new development.
- The planned move of Jakarta’s capital city to Nusantara is a long-term (20-year) process and is not expected to significantly impact the hotel business in the short to medium term. Serviced residences remain a strong segment in Jakarta due to corporate demand.

### SIX-MONTH OUTLOOK

#### JAKARTA



#### BALI



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# Vietnam

## Strong tourism growth boosts hotel performance and lures new investors

### TOURISM

- Vietnam's tourism market remains driven by domestic demand, supported by a strong economy and increasing wealth, leading to higher travel volumes. International arrivals have increased significantly in 2025, rising ~20% for the year to June 2025, ranking among the strongest growth in Asia Pacific.

### TRANSACTION ACTIVITY

- The country has seen renewed interest from both domestic and offshore capital as investors seek emerging markets beyond mainland China and India. Whilst business hotels in Hanoi and Ho Chi Minh City remain tightly held, resort markets such as Da Nang and Phu Quoc are gaining attention from investors as a potential future leisure destination akin to Bali.
- Branded residences are crucial for resort developments, especially in the luxury segment, as their economics often depend on a residential component. Nearly all residential stock is purchased by domestic buyers.

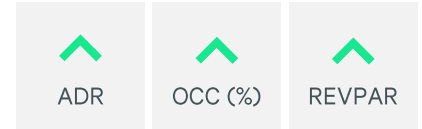
### PERFORMANCE

- Occupancy in Ho Chi Minh City stands in the 70%+ range, indicating the absorption of significant supply that came on stream between 2020 to 2024, allowing owners to drive up rates. Da Nang, Hanoi and Phu Quoc have also reported strong y-o-y occupancy growth.
- Overall demand growth in room nights across all markets has been strong, recording double-digit increases in 2025. Historically dominated by 3- and 4-star hotels, Vietnam is now seeing the emergence of more luxury and branded luxury hotels, attracting a higher-spending customer base.

### OUTLOOK

- Ho Chi Minh City is the top market for investment and brand penetration, with the opening of the new international airport next year expected to be transformative for capacity.
- Phu Quoc will remain a hotspot in the lead up to the 2028 APEC summit, with significant government investment in infrastructure. Resorts, particularly along the Da Nang coast, will outperform in 2025, driven by increased air capacity and leisure travel, leading to rising rates as more brands enter the market.

### SIX-MONTH OUTLOOK



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