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11 new hotels by 2011

By RACHAEL KAM (The Star Online)

New rooms not expected to cause oversupply in the Klang Valley



Malathi Thevendran... 'New entries into the market should weigh the pros and cons first.'

PETALING JAYA: The Klang Valley will see 11 new hotels by 2011 although some newly planned projects will be delayed due to the uncertain economic climate, property consultants said.

These hotels are mostly three- to five-star rated, comprising a mix of foreign and local brands.

Based on recent research, the hotel sector would have an additional 4,000 rooms upon the completion of these hotels, they said, without giving a nestimated value of the projects involved.



Goh Tian Sui... 'The average hotel room rate in Malaysia is the cheapest in the region.'

CH Williams Talhar & Wong Sdn Bhd (WTW) managing director Goh Tian Sui said the new supply of hotel rooms in the next three to five years would not lead to an oversupply in the market as demand was still intact.

"More people will start travelling again when the global economy recovers. And later more foreign brand hotels will come into expand their operations here," he told *StarBiz* recently.

Goh said that coupled with more budget travel packages offered by airlines like AirAsia, more tourists would be visiting the country, thus boosting the domestic hotel business.

"Moreover, the average hotel room rate in Malaysia is the cheapest in the region," he noted.

Although the hotel industry is currently doing not so well due to the Influenza A (H1N1) outbreak and global financial crisis, Goh sees a positive outlook for the hospitality industry.

There are currently 103 hotels (both foreign and local brands) with three-to-five-star ratings in the Klang Valley, providing a total of 33,484 rooms.

According to WTW's latest research, there will be an additional 297 rooms by year-end, 1,845 rooms in 2010, 992 rooms in 2011 and 553 rooms in 2012.



Leo Kuscher... 'Hotel business is cyclical, so there will be demand.'

"Average occupancy rate in (upcoming) years will be around the current level of 60% to 70%, which is the historical average level," Goh said.

Average room rates at present for hotels in Malaysia range between RM250 and RM600, according to Goh.

Zerin Properties chief executive officer Previn Dran Singh said the company expected eight new 5-star hotels to be launched after 2011 in the Klang Valley, worth RM2 billion to RM2.2 billion.

Previn sees the Klang Valley needing more branded budget hotels in five years' time.

“Budget hotel is set to be the next growth market in Asia,” he said, adding that many investors were taking positions in the Malaysian hotel sector as they realised that the country’s tourism industry was underrated.

International real estate consultant Jones Lang Wootton executive director Malathi Thevendran said the Klang Valley, the main economic centre of Malaysia, had consistently recorded the highest number of hotel guests in the country, increasing to 20.5 million in 2008 from 16.7 million guests in 2004.

Projects under construction in Klang Valley				
Hotel	Star	Location	Total No. of room	Completion date
YY38 Hotel	2	Jln Tingkat Tung Shin, KL	117	Sept/Oct 09
The G K.Lumpur	5	Jln Tun Razak, KL	180	Q3 2009
Allson Hotel (Labur Bina Sdn Bhd)	5	Bandar Bukit Tinggi 1, Klang	250	2010
Rendezvous Hotel (Taragon Puteri)	5	Jln Pudu, KL	388	2010
Empire Subang	4	Subang Jaya	217	2010
Grand Hyatt Hotel	4	Jln Pinang, KL	450	2010
Doubletree by Hilton K.Lumpur (Previously as Crown Princess)	5	Off Jln Tun Razak, KL	540	2010
Pavillion Hotel	5	Jln Bkt Bintang, KL	180	2011
The Olives Hotel	4	Subang Jaya	305	2011
D'Tiara Amanah Raya Hotel Suites	4	Jln Tun Sambanthan	507	2011
Lot G, KL Sentral (Business Hotel)	3	Jln Stesen Sentral 5, KL	n.a	2012
Thistle Damansara city	5	Pusat Bdr Damansara, KL	252	2012
Royale Bintang Surian -Damansara	n.a	Mutiara Damansara	301	2012
The St. Regis KL	6	Lot C, KL Sentral	200	2014

Source: WTW Research

“Although the opening of more four- and five-star hotels may heighten competition in the local hotel scene, they (especially the new brands) will enhance the global awareness of Kuala Lumpur/Klang Valley in total as an international destination for leisure, culture and meeting,” she said.

But she noted that developers of four- and five-star hotels were cautiously monitoring the market to avoid any oversupply in the long term.

“Hence any new entries into the market should weigh the pros and cons prior to making inroads into the local market,” she added.

Malathi concurs with Previndran that budget accommodation is always good investment as budget-conscious business travellers downgrade to cheap accommodation during these challenging times.

“Overall, the mid-to long-term outlook of the Klang Valley hospitality industry remains positive as it has received strong government support to grow further,” she said.

New hotels coming on stream				
	End- 2009	End -2010	End- 2009	End -2011
● Klang Valley	811 (4)	1,933 (6)	451 (3)	5,233 (17)
● KL City				
Total	412 (3)	1,302 (3)	451 (3)	4,283 (14)
5-star	180 (1)	540 (1)	200 (1)	2,967 (9)
4-star	0	0	71 (1)	1,066 (4)
Budget	232 (2)	762 (2)	180 (1)	250 (1)
● Outside KL City				
Total	399 (1)	631 (3)	0	950 (3)
5-star	399 (1)	0	0	0
4-star	0	501 (2)	0	950 (3)
Budget	0	130 (1)	0	0

() - Denotes the number of projects

Source: JLV Research

The 5-star Royale Chulan Kuala Lumpur, soft-launched in April, expects to achieve 55% occupancy rate by year-end.

Its general manager Leo Kuschert told *StarBiz* that there appeared to be an oversupply of hotel rooms in the Klang Valley and the current market was very competitive, affecting hotel room yields.

“However, the hotel business is cyclical, so there will be demand,” he said.

Operated by Boustead Hotels & Resorts Sdn Bhd, The Royale hotel chain also has three 4-star hotels, namely The Royale Bintang Kuala Lumpur, The Royale Bintang Damansara and The Royale Bintang Resort & Spa Seremban.

The hotel operator plans to launch The Royale Bintang Penang and The Royale Bintang Suria-Damansara, with 300 rooms each, in the second quarter and end of 2010 respectively.

Meanwhile, TA Enterprise Bhd managing director and chief executive officer Datin Alicia Tiah said it was too soon to comment on its two hotel projects in Kuala Lumpur. TA said in an email reply that it had not started any hotel project in Malaysia.

“Construction of the new hotels will start next year and be ready only in four to five years,” the company told *StarBiz*.