

The Hongkong and Shanghai Hotels, Limited Occupancies Mixed in the First Quarter of 2008

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The Hongkong and Shanghai Hotels, Limited (HSH), which owns and operates The Peninsula Hotels as well as prestigious commercial and residential properties around the world, reported mixed occupancies for the first quarter of 2008, with its US hotels being affected by the economic slowdown but its Asian hotels and its non-hotel properties recording steady growth.

At the HSH Annual General Meeting held today, HSH's Chairman, The Hon. Sir Michael Kadoorie, said the Group continues its business growth and expansion into key destinations with the opening of The Peninsula Tokyo in September 2007 and the impending opening of The Peninsula Shanghai in late 2009. Sir Michael also emphasized the Group's plans to continue to enhance its existing assets, including renovation programmes for five Peninsula Hotels in Asia and the US, as well as The Repulse Bay Complex in Hong Kong.

Commenting on the Group's first quarter performance, HSH's Chief Executive Officer, Mr. Clement K.M. Kwok, said: "Although some segments of our businesses have been affected by the economic slowdown in the US, most notably our hotels in New York and Chicago, this is counter-balanced by continued strength in our Asian hotels and in our non-hotel properties."

Hotels

In Asia, The Peninsula Hong Kong, the Group's flagship property, set a new rate record for Hong Kong, with its ARR (average room rate) increasing by 14% to HK\$4,104. At The Peninsula Beijing, occupancy decreased slightly to 45% in the winter low season. Following the re-opening of its renovated guestrooms in the Makati Tower in December 2006, The Peninsula Manila's ARR has improved by 14% from last year to HK\$1,115. The Peninsula Bangkok had a higher occupancy of 80% and an ARR of HK\$1,975.

In the USA, occupancy in The Peninsula New York decreased to 55% partly due to its ongoing renovation, and the ARR increased to HK\$5,843, a rise of 10%. At The Peninsula Chicago, occupancy decreased to 56% while the ARR also posed a marginal increase to HK\$3,064 during the winter low season. In California, occupancy in The Peninsula Beverly Hills dropped to 81% while recording a healthy 7% growth in ARR to HK\$5,415. Quail Lodge Resort saw its occupancy decreasing from 61% to 59%.

Commercial, Residential & Office

The Group's holdings in the commercial, residential and office sectors all showed steady growth in the first quarter of 2008.

In the commercial sector, the performances of the shopping arcades at The Peninsula Hong Kong and The Peninsula Beijing reflect the healthy retail sector and demand for space from premium brands. Occupancy stands at 98% in Hong Kong with the average yield up 17% to HK\$342 per net available square foot. In Beijing, occupancy stands at 100% with an average yield of HK\$113 per net available square foot.

The Peak Tower remains fully let with an average yield of \$58. Peak Tram's patronage rose by 1% to 1.17 million passengers for the first quarter.

In the residential and office sector, most of the Group's holdings performed well. The serviced apartments at The Repulse Bay have improved occupancy to 78%, whilst the unfurnished apartments experienced a healthy growth in occupancy from 92% to 97%. Yields have also kept pace, increasing by 15% and 11% for the serviced and unfurnished apartments respectively. The commercial segment at The Repulse Bay is 94% tenanted while yield dropped by 6%.

Occupancy at St. John's Building is at 97%, down 2% compared to 2007, with average yield increasing by 36%. The office tower at The Peninsula Hong Kong is 94% tenanted with yield increasing by 35%. In Ho Chi Minh City, The Landmark office and residential complex is fully let with yield up 5% and 18% respectively.

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