



**2019 Maldives
Hotel Industry
Survey of Operations**

2018 Calendar Year

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FOREWORD BY HORWATH HTL – ASIA PACIFIC



Dear Industry Partners,

Horwath HTL is pleased to present the 2019 Maldives Hotel Industry Survey, which represents results of Calendar Year 2018 gathered from surveys received from notable properties. This year's study attracted a total of 17 participating resorts, which accounted for 1,888 rooms.

In 2018, from the participants in this survey, the occupancy level decreased from 69 percent to 68 percent. Average daily room rate (ADR) recorded a decrease from USD 548 to USD 534, with 9 out of 13 resorts (3 other properties were new survey respondents while 1 other was a new market entrant) experiencing declines in ADR YoY. The performance decline could be attributed to toughened competition in the overall market, with total registered beds in the Maldives increasing by 9 percent to reach 44,924 in 2018. Additionally, political instability in the first quarter and increasing regional destination competitiveness has put pressure on rate growth.

However, tourism arrival growth remained strong, increasing by about 7 percent YoY to reach 1.48 million. With worldwide recognition as a renowned holiday destination and continuous development for supporting infrastructure and connectivity, tourist arrival growth and investor confidence remains strong.

We would like to extend our deepest appreciation to all participants in this survey, without which this survey would not have been possible. We are grateful for any feedback or comments you may have to offer that will assist us in continuing to improve the utility of this survey. You are more than welcome to visit our website at www.horwathhtl.asia for more information about us and other publications we release throughout the region.

A handwritten signature in black ink that reads "Robert Hecker". The signature is fluid and cursive, written in a professional style.

Robert Hecker
Managing Director
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MARKET AND SURVEY INTRODUCTION

TOURISM MARKET

As one of the most tourist-friendly locations in Asia with a unique “one island, one resort” concept, the Maldives has established itself as a top bucket list destination for beach holiday makers. With strong support from the government to develop tourism, the industry has become one of the Maldives’ key economic pillars. Tourism, the largest contributing sector, accounted for 25 percent share of total GDP in 2018. Meanwhile, the country’s real GDP grew by 6.1 percent in 2018.

The Maldives has also experienced robust growth in international arrivals over the past ten years. Between 2008 and 2018, international arrivals grew at a CAAG rate of 8.1 percent. In 2018, the country received over 1.4 million international arrivals, registering a YoY growth rate of 6.8 percent. Based on 2018 statistics released by the Ministry of Tourism, despite a 7.6 percent decline in arrivals, China remained the top single source contributing market, accounting for 19.1 percent of total foreign arrivals. Germany came in second at 7.9 percent share (+4.8 percent YoY), followed by the UK at 7.7 percent (+10.2 percent YoY), Italy at 7.1 percent (+18.5 percent YoY), and India at 6.1 percent (+9 percent YoY). Since 2016, Europe overtook Asia (Asia placed first from 2014 to 2015) as the largest contributing region of foreign arrivals. In 2018, Europe accounted for 48.9 percent of total international arrivals, and Asia 39.2 percent. Strong growth in Italian, Russian and French arrivals, together with a decline in Mainland Chinese arrivals, contributed to the widened gap between European and Asian share of arrivals in 2018.

HOTEL MARKET

As of June 2019, the Maldives registered a total of 860 accommodation establishments, which include 152 resorts/marinas, 12 hotels, 543 guest houses, and 152 safari vessels. Compared to June 2018, the number of resorts/marinas grew by 11 percent while the number of guest houses grew by 14 percent. In recent years, the fast-growing guesthouse sector has been boosting the growth and development of mid-market tourism. The Maldives has now become more “affordable”, not only catering to the high-end luxury market but also carving out a niche for the more budget conscious tourist. This trend is expected to continue as the government seeks to diversify its tourism product and appeal to a wider group of guests. However, the establishment of more affordable and community-based accommodation is expected to put pressure on the resort sector. Comparing 2018 and 2017, the share of guest houses increased from 8.7 percent to 10 percent. Meanwhile, the share of resorts/marinas decreased from 85.5 percent to 84.4 percent.

Based on the annual survey participation, ADR dipped by 3 percent YoY in 2018. This was mostly on the back of 9 resorts dropping their rates due to increasing supply and stiff competition. Occupancy dipped by 2.3 percentage points to reach 67.8 percent.

Based on statistics released by the Ministry of Tourism, the overall Maldives accommodation market’s occupancy increased by 1 percentage point to reach 62.1 percent in 2018. ALOS was also up from 6.2 in 2017 to 6.4 in 2018.

SURVEY ACCURACY NOTES

The benchmark data presented in this survey of operations for the hotel industry offers users a baseline reference on the operational performance of hotels in each category by and large. With great emphasis on presenting accurate benchmarks, the following fundamentals on the results presented should be noted.

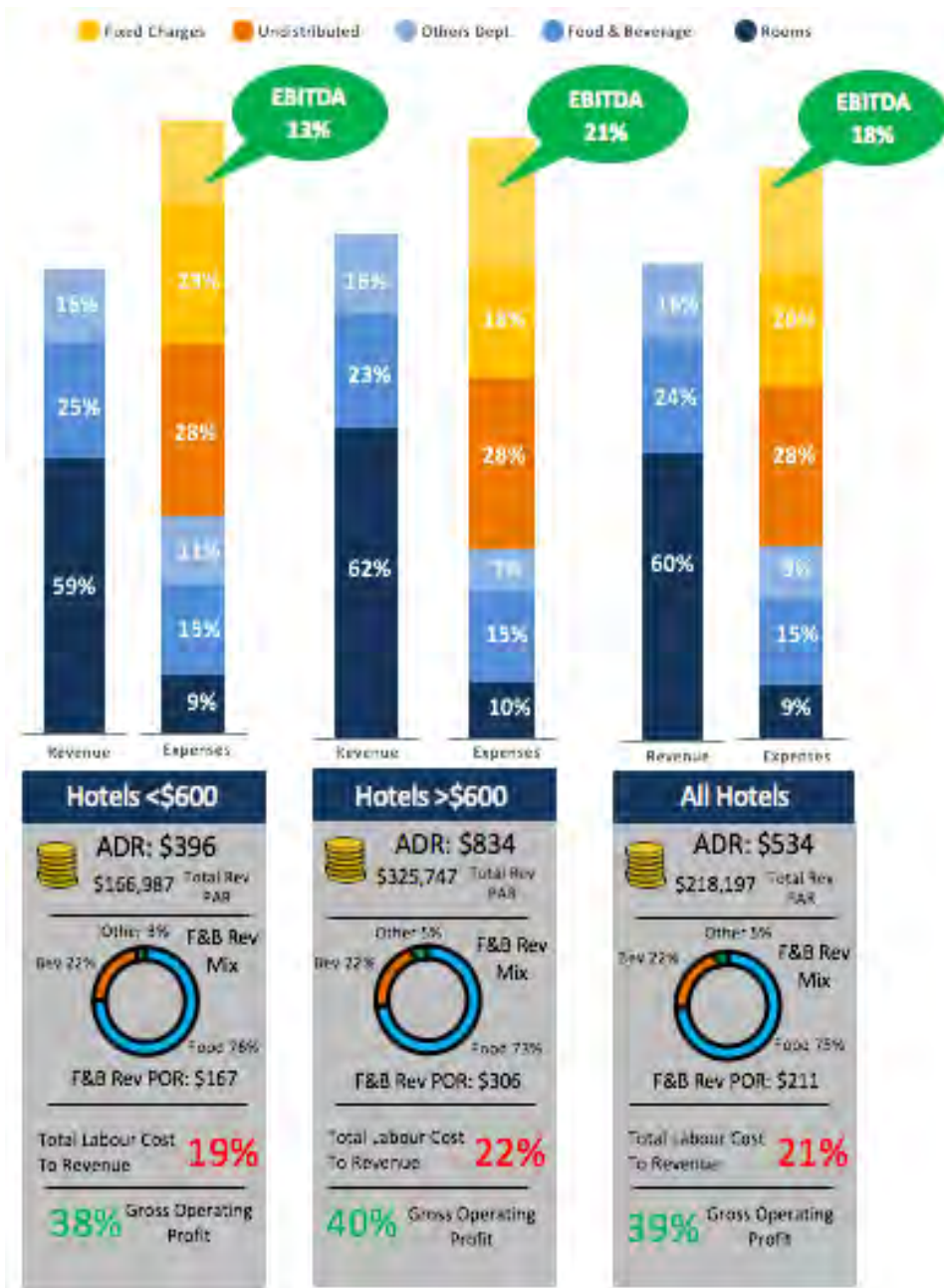
Service Charges: In accordance to local industry practice, all respective departmental revenues, Average Daily Rate (ADR) and Revenue Per Available Room (RevPAR) are exclusive of Service Charges.

Previous Year Comparisons: The derivation methods of the previous year data (presented in the Summary of Results), has been retroactively adjusted to be consistent with the current year practice. On this note, the 2017 performance figures shown in this current 2019 study (calendar year 2018) might not be identical to the previous year's study.

Line Items: Vertical totals and averages may not add up as each average indicator is based on the hotels that contribute data for each specific line item.

Requisite Sample Size: Each average benchmark figure will only be presented if the number of respondents is more than 10 percent of the total respondents in the respective column group. Anything less than 10 percent will be show as Not Available (N/A).

Categories by Number of Rooms: In previous years, we have used number of rooms as a category along with average daily rates and locations. However, as of 2014, we have chosen not to segment hotels by size to avoid misleading data. If we rely solely on number of room size, data from hotels in different segments, such as budget and luxury, could be combined and create false averages. We feel that analysing hotels based on rate category and location provides stronger and more accurate data.



KEY FINDINGS

The 2019 survey had 17 participating resorts, resulting in a total of 1,888 available rooms per day.

- Occupancy declined by 2.3 percentage points YoY despite an increase in total number of occupied rooms by 24 percent over the same period. Comparing the same participants last year, total RND decreased by -2.5 percent YoY.
- ADR decreased by 3 percent from 2017 to 2018 largely because 9 participating resorts dropped their rates in 2018. Amid increasing competition and affordability with the growth of midscale guesthouses and branded resorts, it is more challenging to raise rates.
- As a result, RevPAR grew negatively at -5 percent YoY.

TABLE I.1 2018 vs. 2017

SUMMARY OF RESULTS	2018	2017	% Change
Total Number of Hotels	17	14	21%
Total Number of Available Rooms per Day	1,888	1,488	27%
Total Number of Occupied Rooms per Day	1,280	1,033	24%
Occupancy	68%	69%	-2%
Average Number of Guests per Occupied Room	3	2	19%
Average Daily Room Rate (USD)	534	548	-3%
RevPAR (USD)	362	380	-5%
Average Rate per Guest Night (USD)	182	247	-26%
Total Revenue per Guest Night (USD)	300	397	-24%
Total Revenue per Available Room (USD)	218,197	223,015	-2%
Total Expenses per Available Room (USD)	133,751	131,120	2%
GOP per Available Room (USD)	84,446	91,895	-8%
GOP as a Percentage of Revenues	39%	41%	-6%
Fixed Charges per Available Room (USD)	44,708	31,146	44%
EBITDA per Available Room (USD)	39,738	60,749	-35%

Note:

Vertical totals may not add up as averages are based on respondents that contribute for each specific line item.

GOP: Gross Operating Profit

EBITDA: Earnings Before Interests, Taxes, Depreciation and Amortization