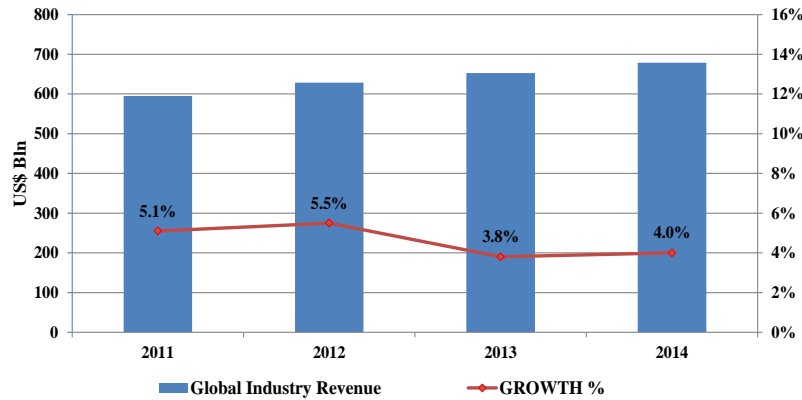


Hotels & Retail Industry

An Overview

March 2016

Global Hotel Industry | Growth Trends

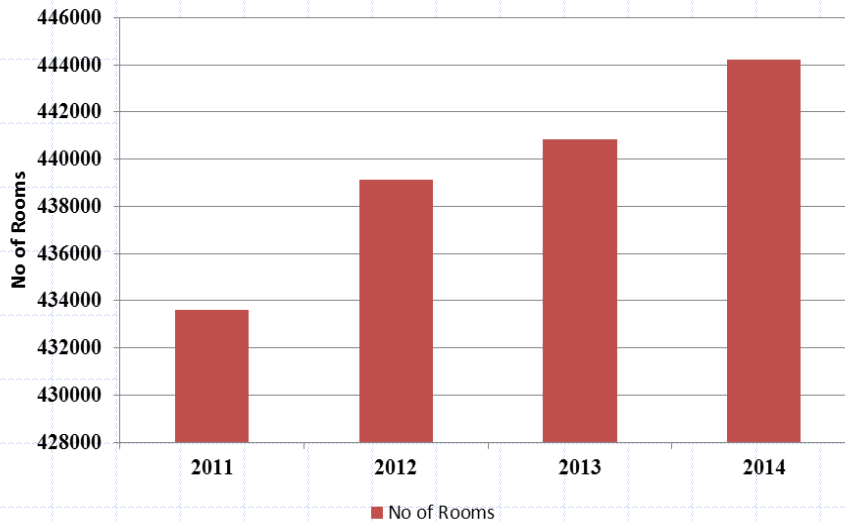


- The Global hotel industry witnessed strong value growth alongwith a marginal rate of volume growth

- CAGR from 2010 to 2014

Revenue : 4.6%

Volume : 0.5%



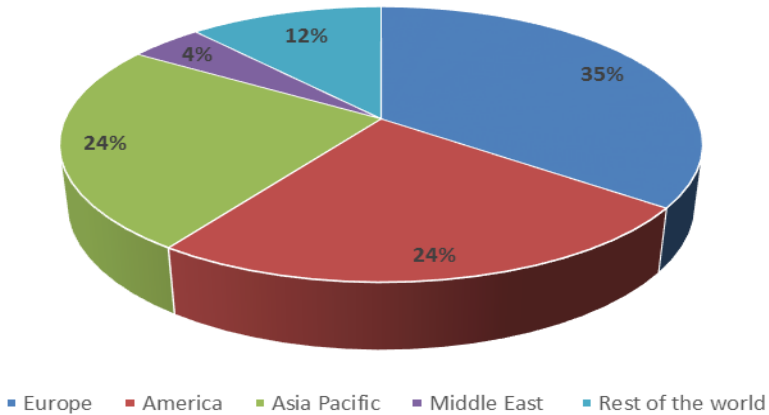
- Leisure segment dominates the overall revenue base in comparison to business segment

Leisure : 75%

Business : 25%

Global Hotel Industry | Regional Trends & Competition

Geographical Revenue Concentration | 2014

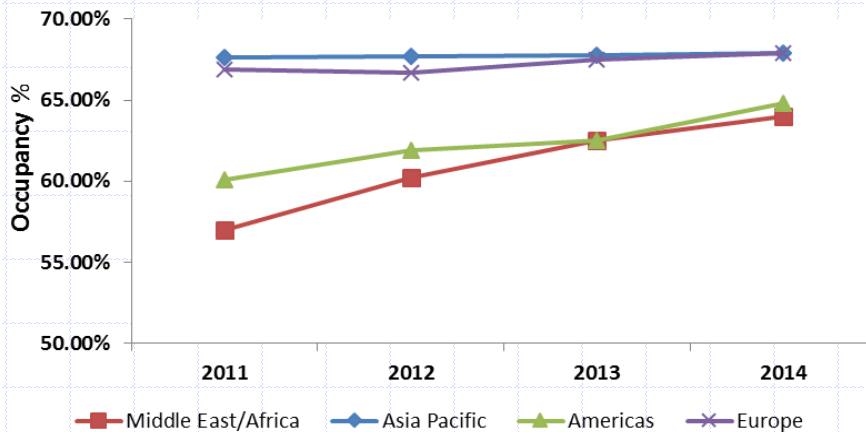


Europe, the largest contributor towards revenue is observing declining trend due to subdue economic activity

America the largest market has witnessed strong growth

Asia Pacific also witnessed double digit growth with major contribution from China.

Occupancy Rates | Regional Trend



Competition: A recent substitute to the global hotel industry that is becoming increasingly threatening is the ability to stay with local people in their own homes and apartments either by renting a room or apartment. The following online services in this area are the key players:

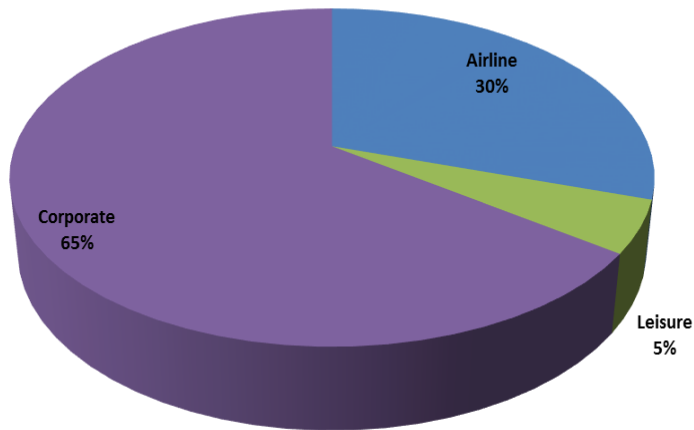
- Airbnb
- FlipKey
- Couchsurfing

Domestic Hotel Industry | Snapshot

	No of Rooms	Operational Cities
Pearl Continental*	1284	23
Avari	817	5
Serena	676	8
Sheraton	407	2
Marriott	369	2

*Pearl Continental data includes Hotel One

Domestic Hotel Industry | Revenue Mix



- The domestic hotel industry is concentrated with few large players
- The occupancy rates are on an adequate level mainly due to the law and order situation
- The number of small motels and guest houses is increasing due to their affordable rates
- Some of the large chains are also targeting towards the small size hotels with increased geographical presence
- The revenue base is concentrated towards the corporate segment in contrast with the international trend
- Punjab GDP growth rate is higher resulting in new offerings in the regions capital city of Lahore: *Hayat Regency, Sareena & Nishat Emporium*

Domestic Retail Industry | Snapshot

- The services sector contributes ~53% to the overall economy
- The share of wholesale and retail in the services sector is 33%
- Retail is the third largest sector after agriculture and manufacturing
- The continuous growth in the Pakistan services sector signifies overall economic growth and an increasing consumer base with expanding incomes
- Retail formats in Pakistan are transforming rapidly – conversion from a market dominated by large number of small sized retailers (*bazar*) towards giant shopping *malls* and wholesalers

Lahore Retail Industry

- *Mall road* the traditionally hub of Lahore retail industry has been substituted by *Gulberg*.
- The trend overtime changed from *bazar* (*Anarkali, Liberty, etc*) to *mall*.
- *PACE* was the pioneer in this trend of malls launched in last decade and stayed there for a long period. During the last five years, large retail formats with the likes of hypermarkets and supermarkets got popular. Key players were *Metro & Hyperstar*. Lately the more sophisticated malls like *Fortress Square* and *Mall of Lahore* have attracted the audience.
- The reason malls are successful is because they provide convenience to the shoppers in a controlled environment.
- Currently the retail market in Lahore comprises large number of average size malls creating room for mega malls.
- Capturing this opportunity two new mega projects are under construction:
 - Nishat Emporium
 - Packages Mall

Challenges

- ◆ Mega malls can generate a sizeable footfall in the initial periods but the volume generation would remain a challenge
- ◆ Increasing awareness for the e-commerce industry could be a challenge
- ◆ Malls need to invest in the infrastructure on a consistent basis. The attractiveness of a mall reduces once a new mall enters the market.
- ◆ Average life of the mall ranges from five to ten years.

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