

Intelligent Investment

# Maldives Hotel Market Outlook & Prospects 2022

REPORT

April 2022

CAPITAL MARKETS

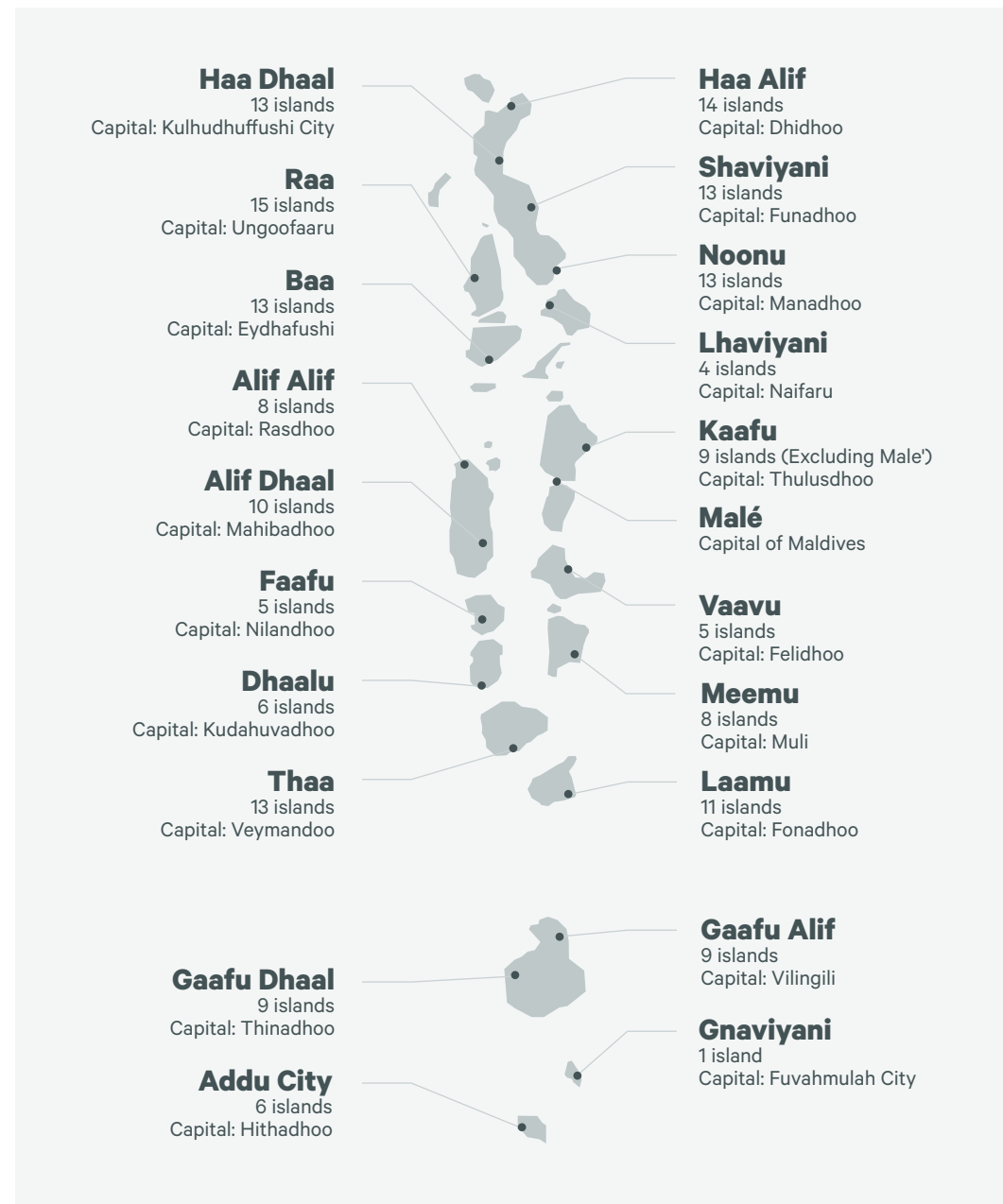


# Agenda

- 1 **Maldives Snapshot**
- 2 **Economic Overview**
- 3 **Key Investment Themes**
- 4 **Looking Ahead**



# 1. Maldives Snapshot



## Geography

- 21 Atolls
- 186 Inhabited Islands
- 846 Uninhabited Islands
- 171 Hotels & Resorts

## Population

557,500 people  
4.1% CAGR 2015 to end-2021

## GDP

Up 77% y-o-y (Sep-21)  
Tourism GDP up 960% y-o-y

## International Arrivals

1.3 million visitors in 2021  
Up 138% y-o-y

Source: Maldives Bureau of Statistics, Maldives Ministry of Tourism, CBRE Research, March 2022

## 2. Economic Overview

Given its reliance on international tourism, the Maldives was impacted more than most countries by the onset of the COVID-19 pandemic. The country's GDP contracted by more than 52% y-o-y in 2020 (Figure 1).

At the height of the COVID-19 induced shutdown in Q2 2020, tourism accounted for only 1.6% of the Maldives' economy, well below the average of 25.9% since records began in 2003 (Figure 2).

However, data indicates a marked turnaround in recent months, with GDP surging by 77% y-o-y in September 2021, and tourism once again accounting for 25.9% of the economy.

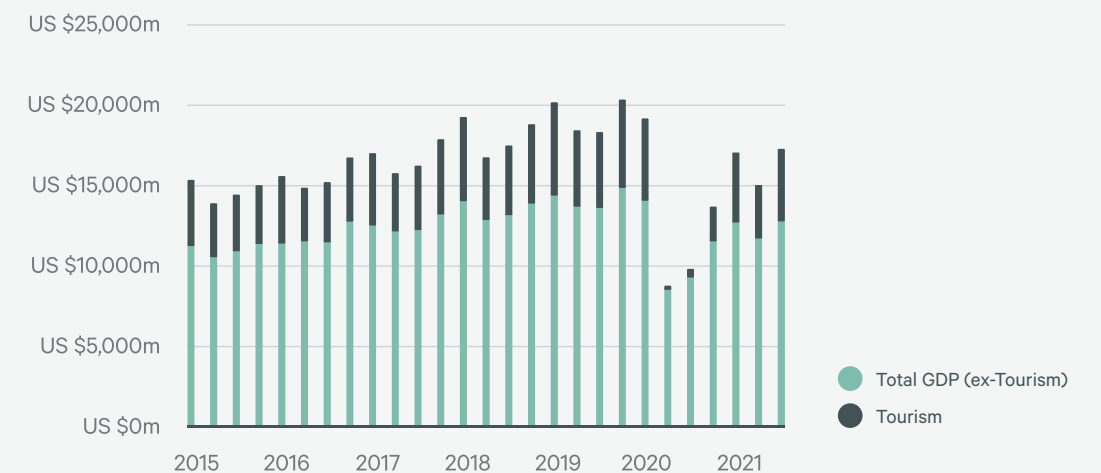


**Figure 1:** Gross Domestic Product, y-o-y Growth %



Source: Maldives Bureau of Statistics, CBRE Research, March 2022

**Figure 2:** Gross Domestic Product, Quarterly, Tourism Share



Source: Maldives Bureau of Statistics, CBRE Research, March 2022

# 3. Key Investment Themes



## Rebounding Visitation

International visitation rose **+138% y-o-y** in 2021 to **1.3 million**. **Q1 2022** saw around **394,000** arrivals.



## Improving Occupancy

Increased visitation has substantially lifted occupancy from 32% in 2020 to **57%** in **2021**.



## Strengthening Performance

Rising occupancy has pushed up **RevPAR** to **US\$375** in **2021** from US\$373 in 2019.



## Longer Stays

Average length of stay rose **c.40%** in 2020 and **2021** to **8.8 days**, up from 6.3 days in 2019, supported by a trend for travellers to take longer holidays abroad.



## Product Diversification

As a **broadening** of the target **traveller market** occurs, hotel products must adapt to accommodate more **families and group travellers**.



Source: Maldives Ministry of Tourism, STR, CBRE Research, March 2022

# A. International Visitation Rebounds Strongly

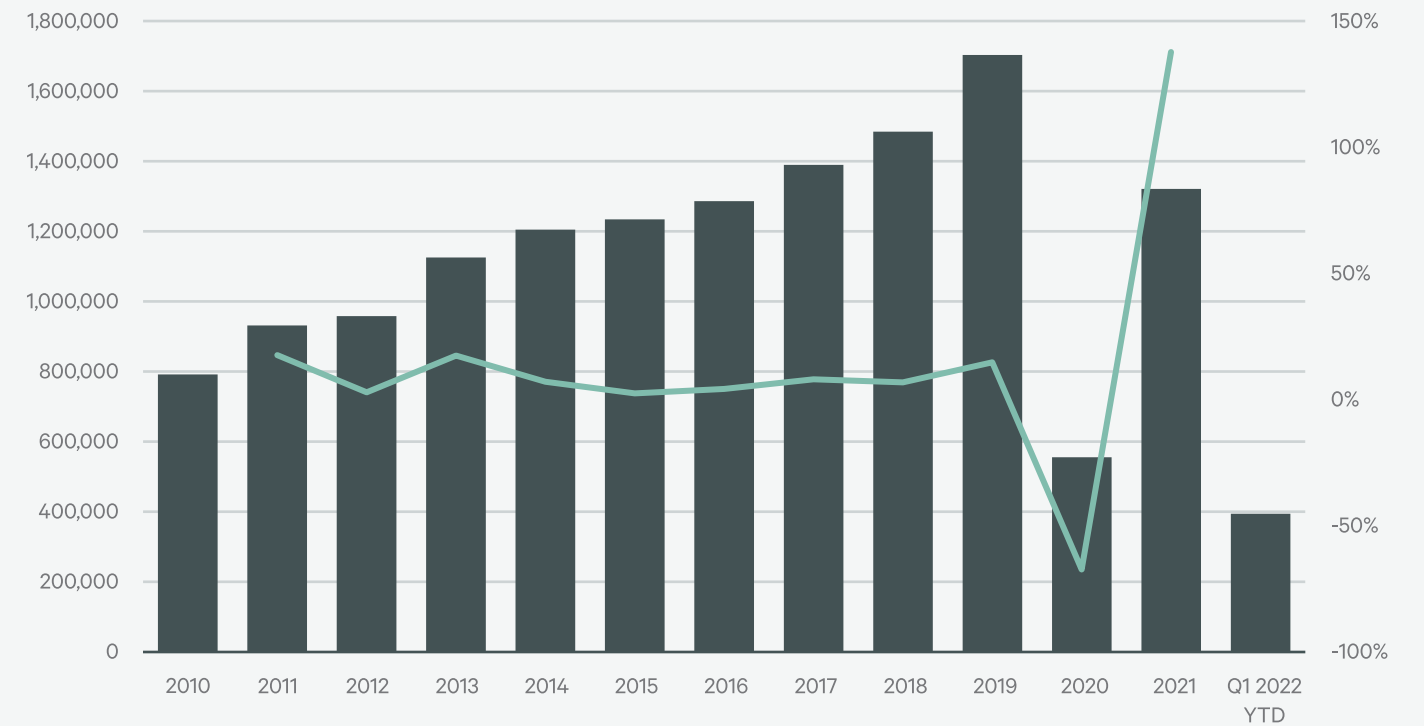
Following a pandemic-induced downturn in 2020, international visitation to the Maldives rebounded strongly in 2021, rising by 138% y-o-y.

The solid recovery has continued into the early months of this year, with more than 394,000 arrivals registered over the course of Q1 2022 (Figure 3).

Momentum is expected to continue to accelerate as connectivity with international markets improves.



Figure 3: International Visitor Arrivals, Maldives



Source: Maldives Bureau of Statistics, CBRE Research, March 2022

● Annual Change (RHS)  
 ● Tourism Arrivals

## B. Diverse Range of Source Markets

Visitor arrivals in 2021 were led by tourists from India, Russia, Germany and the U.K. markets which have traditionally underpinned the Maldives' tourist industry.

However, arrivals from China, one of the Maldives' most important source markets, fell sharply in 2021 to just a few thousand travellers as strict anti-pandemic measures inhibited outbound and inbound trips (Figure 4).



Figure 4: Top Source Markets, Maldives



Source: Maldives Ministry of Tourism, CBRE Research, March 2022

# C. Healthy Recovery in Hotel Performance

Growth in international visitor arrivals helped push up hotel occupancy to 52% in 2021 from 26% in 2020 (Figure 5).

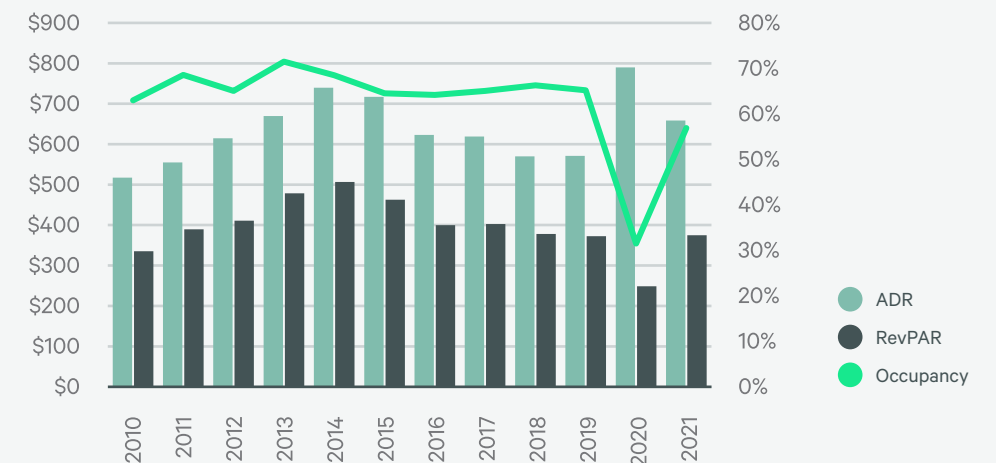
The luxury and upper upscale market has staged a particularly strong recovery, with occupancy rising to 58% in 2021 from 33% in 2020 (Figure 6).

This performance compares favourably with other similar tiered markets in Asia, with occupancy in this segment of the Maldives' market rebounding more quickly than elsewhere.

RevPAR increased to US\$375 in 2021, in line with 2018 and 2019 levels, while ADR rose to US\$658, above 2018 and 2019 benchmarks.

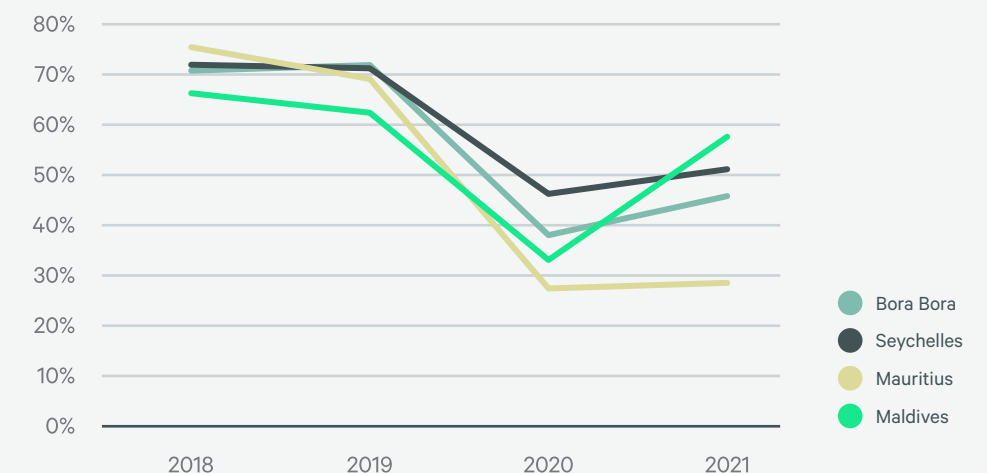


**Figure 5: Maldives Hotel Performance, 2010 to 2021**



Source: STR, CBRE Research, March 2022

**Figure 6: Occupancy by Market, Luxury & Upper Upscale**



Source: STR, CBRE Research, March 2022



# D. RevPAR Performance Eclipses Other Tier 1 Tourism Markets

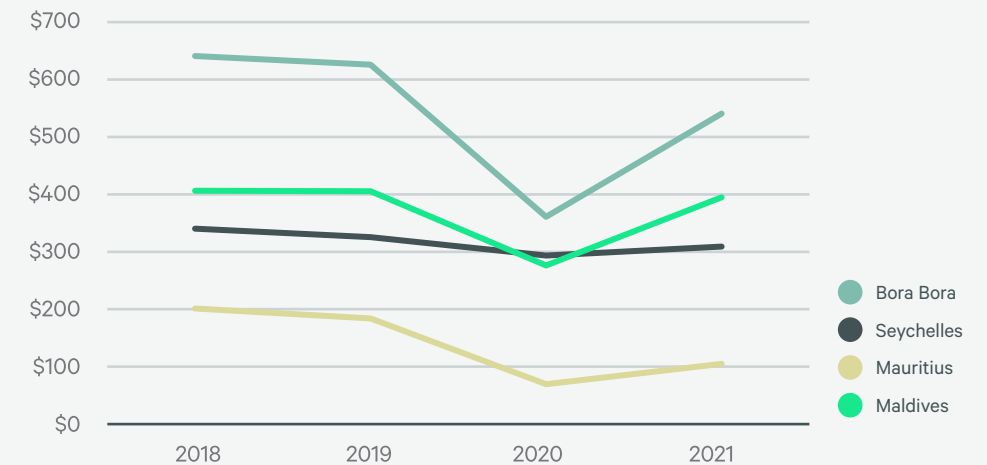
Unlike other comparable markets, Maldives has enjoyed a buoyant RevPAR recovery, particularly in the luxury and upper upscale segment.

After RevPAR in all Tier 1 markets fell sharply in 2020, the Maldives has already seen RevPAR rebound to levels in line with 2018 and 2019 (Figure 7).

In contrast, RevPAR in markets such as Bali and Phuket has continued to decline from 2020's lows. However, Q4 2021 and Q1 2022 have shown substantial optimism on the back of border reopening (Figure 8).

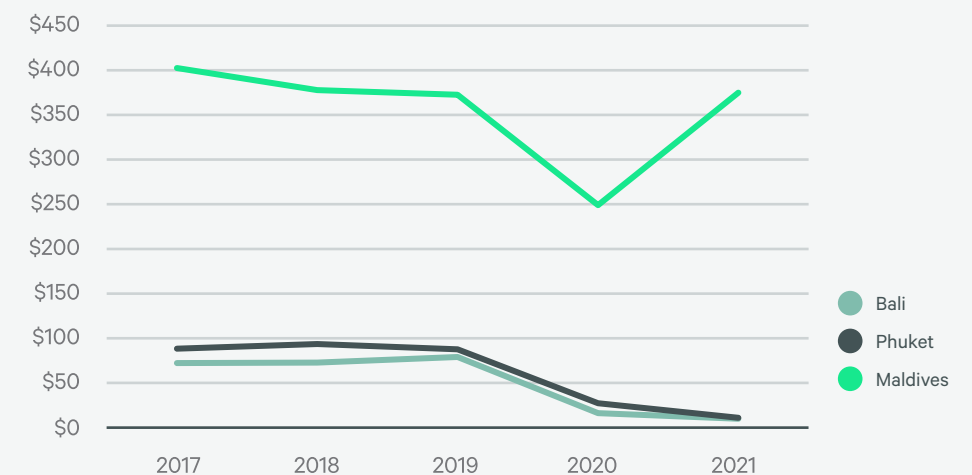


**Figure 7: RevPAR by Market, Luxury & Upper Upscale**



Source: STR, CBRE Research, March 2022

**Figure 8: RevPAR by Market, Market Wide**



Source: STR, CBRE Research, March 2022

# E. Operating Revenue Underpinned by Increasing Length of Stay

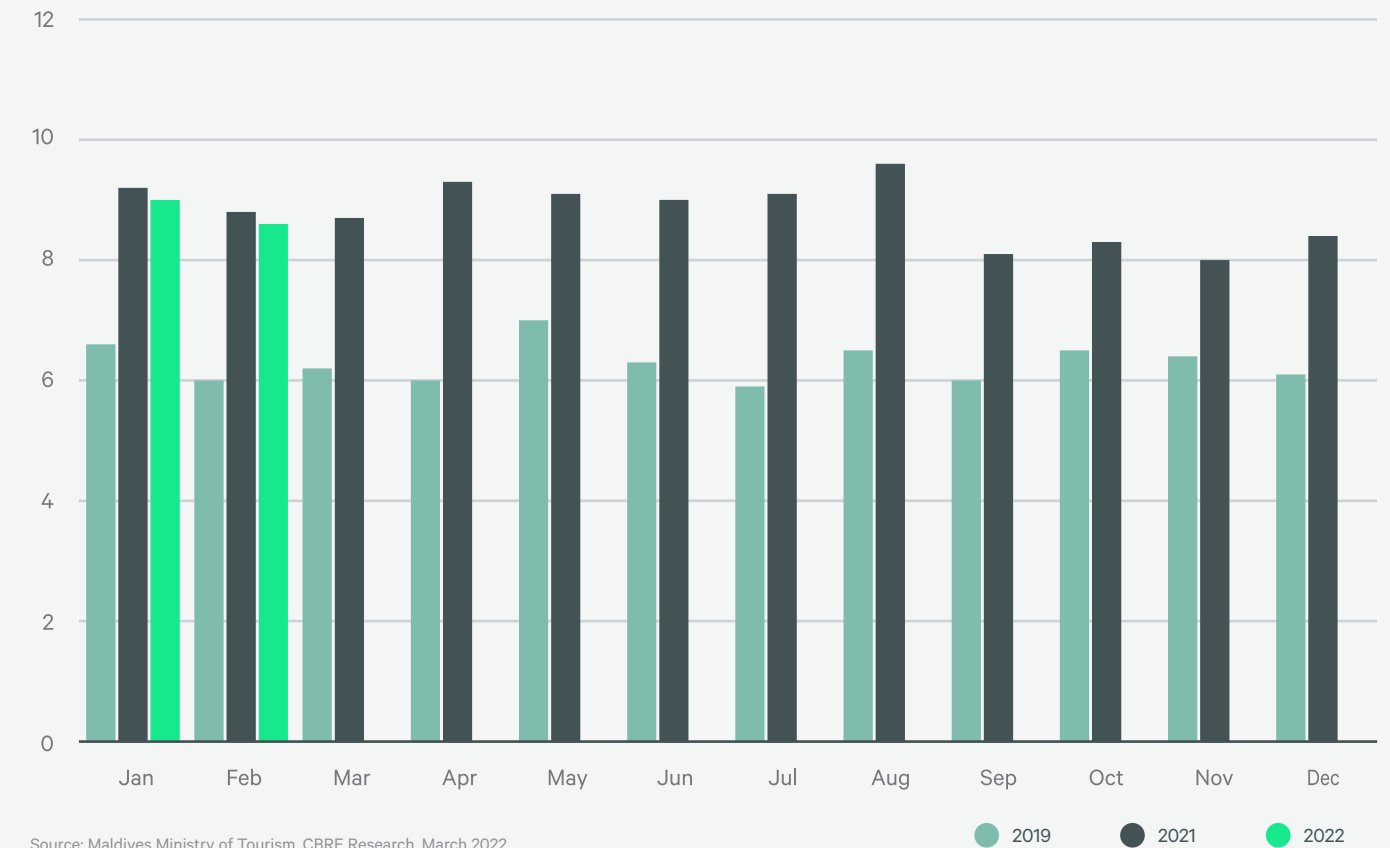
A key trend being witnessed across leisure markets globally is increasing length of stay.

This phenomenon is clearly evident in the Maldives hotel and resort market as travellers increasingly extend their holidays abroad.

Length of stay in the Maldives averaged 6.3 days in 2019. This figure increased by around 40% through 2020 and 2021 to 8.8 days, underpinning increased occupancy and operating revenues (Figure 9).



Figure 9: Average Length of Stay, Maldives, by Month



Source: Maldives Ministry of Tourism, CBRE Research, March 2022

● 2019 ● 2021 ● 2022

# F. Slight Increase in Branded Hotel Room Supply

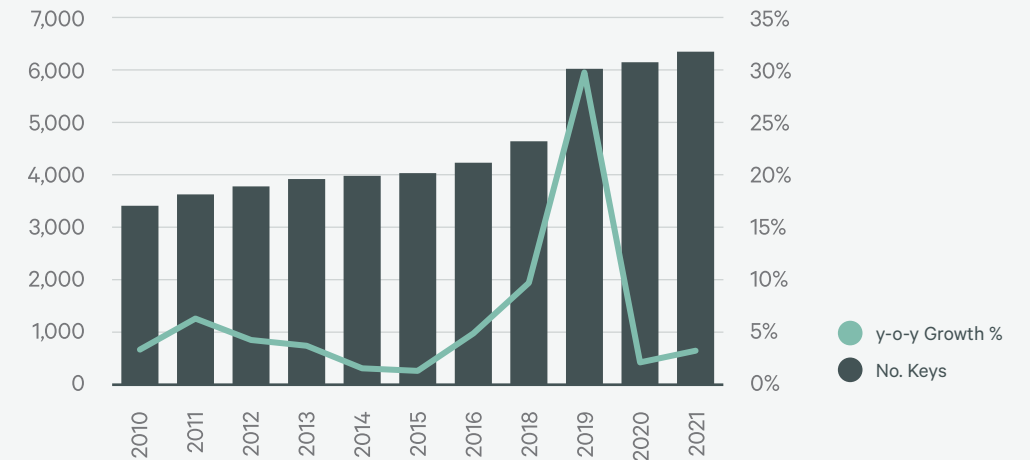
Branded hotel room supply in the Maldives grew steadily in the years from 2010 to 2018 before jumping sharply by 30% y-o-y in 2019 to 6,019 total branded rooms (Figure 10).

Growth slowed in 2020 and is expected to inch up only slightly between 2022 to 2024, with approximately 1,540 new rooms to be delivered to the market over this period (Figure 11).

With financing of new developments likely to remain somewhat constrained, CBRE believes existing properties are likely to outperform.

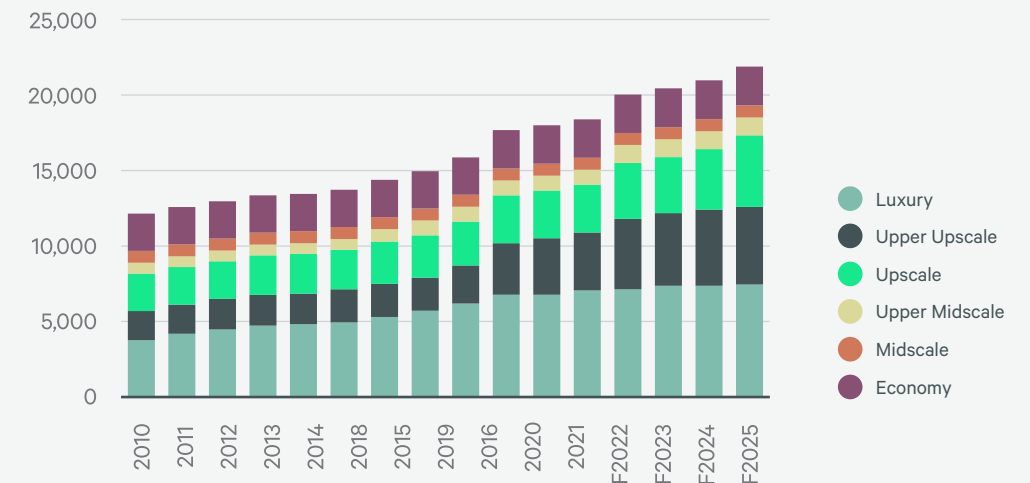


Figure 10: Growth in Branded Rooms, Maldives



Source: STR, CBRE Research, March 2022

Figure 11: Total Keys Maldives, Market Wide

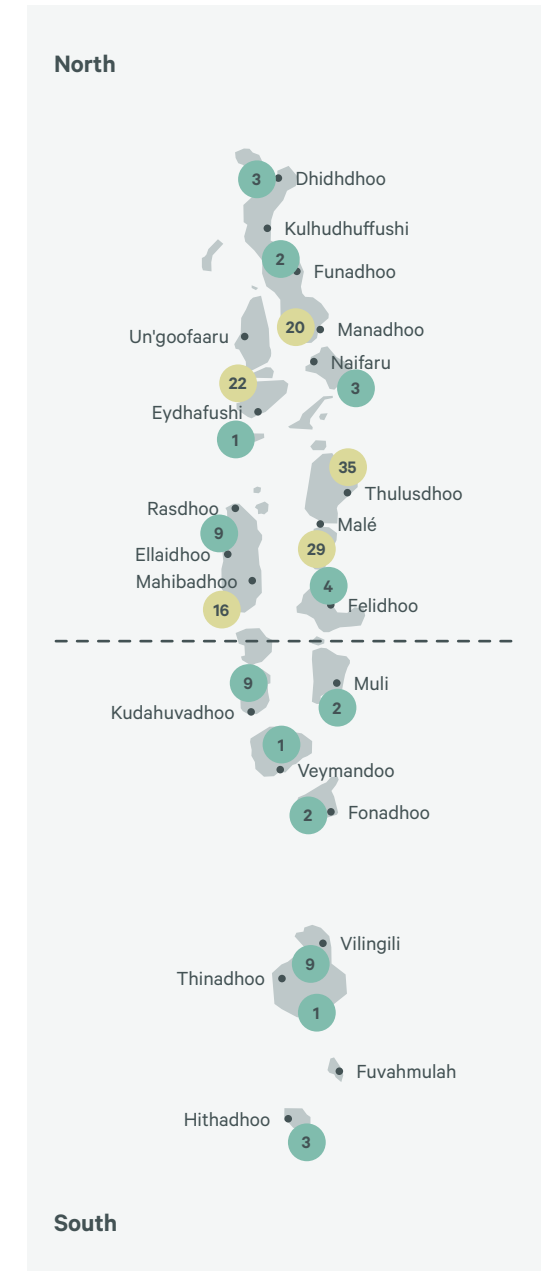
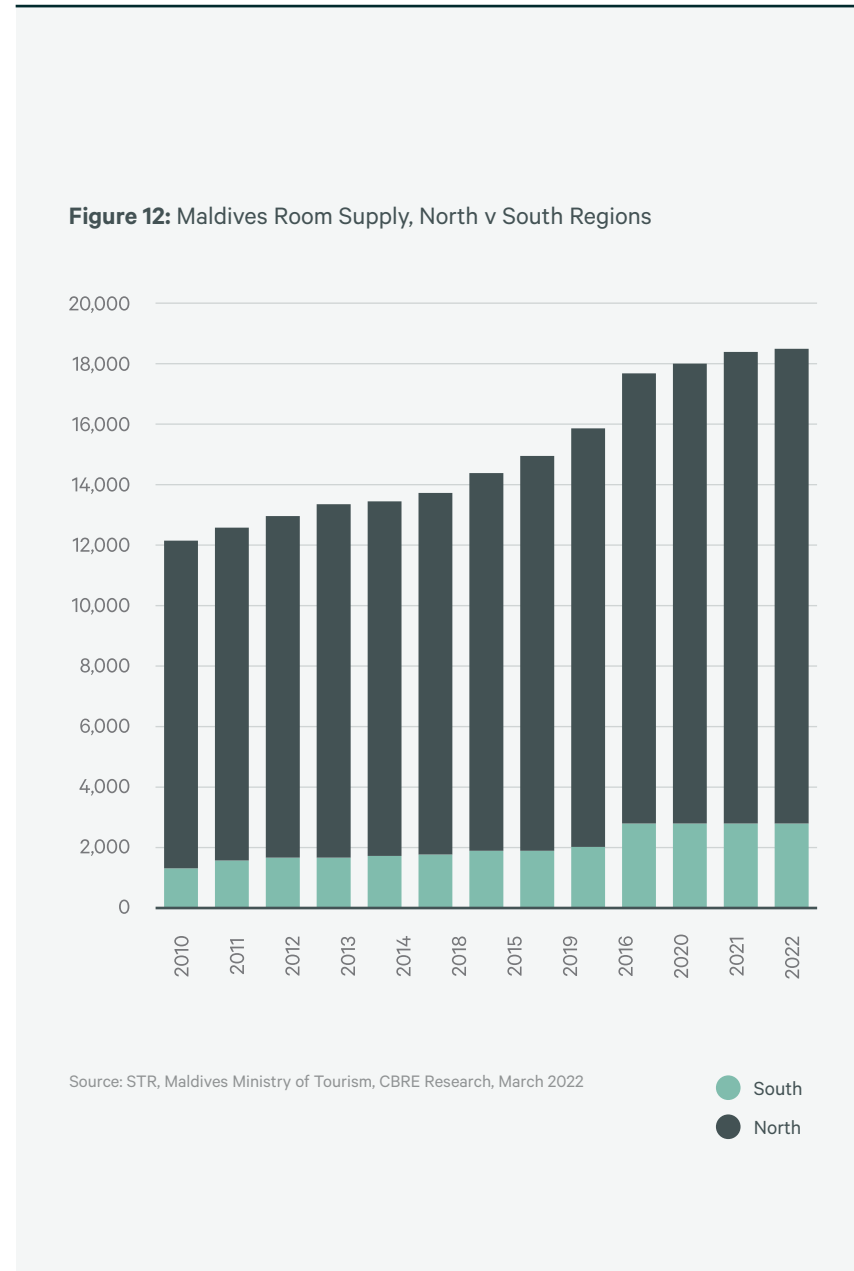


Source: STR, CBRE Research, March 2022

# G. New Supply Remains Concentrated in the North

As of 2022, approximately 85%, or 15,700 rooms, of hotel supply is located in the northern islands of the Maldives, with the remaining 2,800 situated in the south (Figure 12).

Despite absolute supply in the south rising at a Compound Annual Growth Rate (CAGR) of 6.0%, compared to 2.9% in the north, CBRE believes the Maldives' southern corridor remains undersupplied, which presents attractive opportunities for growth.



# H. Diversification of Product Offering

Traditionally a honeymoon destination, the Maldives has gradually diversified its offering in recent years to accommodate a more diverse range of travellers, particularly families and groups.

Should hotel products be positioned correctly, this broader target demographic will support higher occupancy and room rates in the coming years.



Figure 13: Maldives Supply Pipeline, by Hotel

Year	Property	Class	Room Count
2022	Alila Villas Maldives	Upper Upscale	80
	Amari Kudakurathu	Upper Midscale	200
	AVANI Fares Maldives Resort	Upscale	200
	Emerald Faarufushi Resort & Spa	Upper Upscale	80
	Gran Meliá Huravee Maldives	Luxury	100
	Hilton Maldives Amingiri	Luxury	109
	Maniya Faru Resort	Upscale	110
	Nova Maldives	Upper Upscale	76
	OBLU Select Lobigili	Upper Midscale	68
	OBLU XPERIENCE Maldives Ailafushi	Upper Midscale	268
	OZO Maldives	Upper Midscale	200
	Six Senses Kanufaru	Luxury	80
2023	Tolarno Maldives Kunaavashi Resort	Upper Upscale	72
	Zazz Island Resort	Upper Midscale	100
	Capella Maldives	Luxury	64
	Centara Lagoon Family Island Resort & Spa Maldives	Upscale	145
2024	Centara Lagoon Recreation Island Resort Maldives	Upscale	165
	SO/ Maldives	Luxury	80
	Madivaru Maldives Resort	Luxury	80
2024	Centara Grand Muthaafushi Resort & Spa	Upper Upscale	101
	Centara Kassanaufaru Resort & Spa Maldives	Upscale	130
	Singha Project Phase 2 - 6 islands	Not Known	775

Source: CBRE Research, March 2022

# I. Top Ten Maldives Hotel Operators

Marriott International remains the single largest hotel group in the Maldives, operating 659 rooms across seven properties.

Emerging players include Thai-owned Centara Hotels & Resorts, which operates just 252 rooms in two hotels at present but has another 1,117 rooms in eight properties in the pipeline, equivalent to just under a quarter of new hotels currently under development.

Once completed, the new additions would make Centara the largest hotel operator in the Maldives, both in terms of the number of rooms and the number of properties.

Figure 14: Top Ten Maldives Hotel Operators\*

	Existing		Pipeline		Total		% of Total Rooms		
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Current	Pipeline	Total
Marriott International	7	659	1	80	8	739	3.5%	1.7%	3.2%
Hilton Worldwide	3	468	2	204	5	672	2.5%	4.3%	2.9%
Accor Hotels	5	455	2	190	7	645	2.4%	4.1%	2.8%
John Keells Group	4	454	-	-	-	-	2.4%	-	-
Riu Hotels & Resorts	2	440	-	-	-	-	2.4%	-	-
IHG Hotels & Resorts	3	338	-	-	-	-	1.8%	-	-
Fosun International Ltd	2	324	-	-	-	-	1.7%	-	-
Minor International	4	277	1	200	5	477	1.5%	4.3%	2.0%
Tui Group	2	271	-	-	-	-	1.4%	-	-
Centara Hotels & Resorts	2	252	8	1,117	10	1,369	1.3%	23.8%	5.8%
Others	134	14,552	-	-	-	-	77.8%	-	-
<b>Total</b>	<b>171</b>	<b>18,713</b>	<b>32</b>	<b>4,690</b>	<b>203</b>	<b>23,403</b>			

Source: STR, CBRE Research, March 2022  
 \*This table refers to the internationally branded operators, according to STR:AMP's definition.



# J. Maldives Infrastructure Initiatives



## Hanimaadhoo International Airport Expansion

This project will upgrade the airport's terminals and extend its runway to 2,200 metres to accommodate larger aircraft such as the Airbus A320 and Boeing 737.

The expansion is one of the largest ever infrastructure and connectivity projects in the northern Maldives.



## Hulhumalé Reclaimed Island

This ongoing reclamation and urban development project is to the south of North Malé Atoll and aims to expand Malé City.



## Greater Malé Connectivity Project

This project will connect the Villingili (Malé), Gulhifahu, and Thilafushi islands via a bridge and causeway network, supporting economic activity and employment.



## Velana International Airport Expansion

This project involves the construction of a 78,000 square metre international passenger terminal.

Upon completion later this year, the airport will be able to accommodate 7.5 million passengers per year, well above the 4.8 million visitors it welcomed in 2019.

Also part of the plan is the development of a 3,400 metres runway to handle wide-body aircraft.



## Crossroads Maldives

The project is the Maldives' first multi-island and fully integrated leisure destination and is located within the Kaafu Atoll and Emboodhoo Lagoon.

Two resorts have already opened: The 198-key SAii Lagoon Maldives - Curio Collection by Hilton and the 178-key Hard Rock Hotel Maldives.

A network of footbridges will connect the different islands within the project.



## Gan International Airport Upgrade

The US\$22 million plan to upgrade Gan International Airport was unveiled in 2021 and involves the construction of a new air traffic control tower, extension of the terminal and surrounding infrastructure as well as improvements to cargo and warehouse facilities. The airport also developed the necessary sea plane terminal infrastructure to allow sea planes to operate, predominantly catering to the private jets market.

The objective is for the airport to increase the annual passenger capacity to 1.5 million and serve as a regional hub, enhancing the tourism market in the southern Maldives and attracting more visitors to the area.

# K. International Airline Operators

- Aeroflot
- Air Asia Thailand
- Air Astana
- Air France
- Air India
- Air Vistara
- Air Seychelles
- Air Ukraine
- Austrian Airlines
- Azur Air Russia
- British Airways
- Condor
- Enderweiss
- Emirates
- Etihad Airways
- Fly Dubai
- Goair
- Indigo
- Lot Polish Airlines
- Lufthansa
- Maldivian
- Mongolian Airlines
- Neos
- Nordwind
- Qatar Airways
- Saudi Arabian Airlines
- Singapore Airlines
- Srilankan Airlines
- Turkish Airlines
- US-Bangla Airlines
- Ukraine International
- Uzbekistan Airways





# L. Hotel Investment Rebounds Strongly

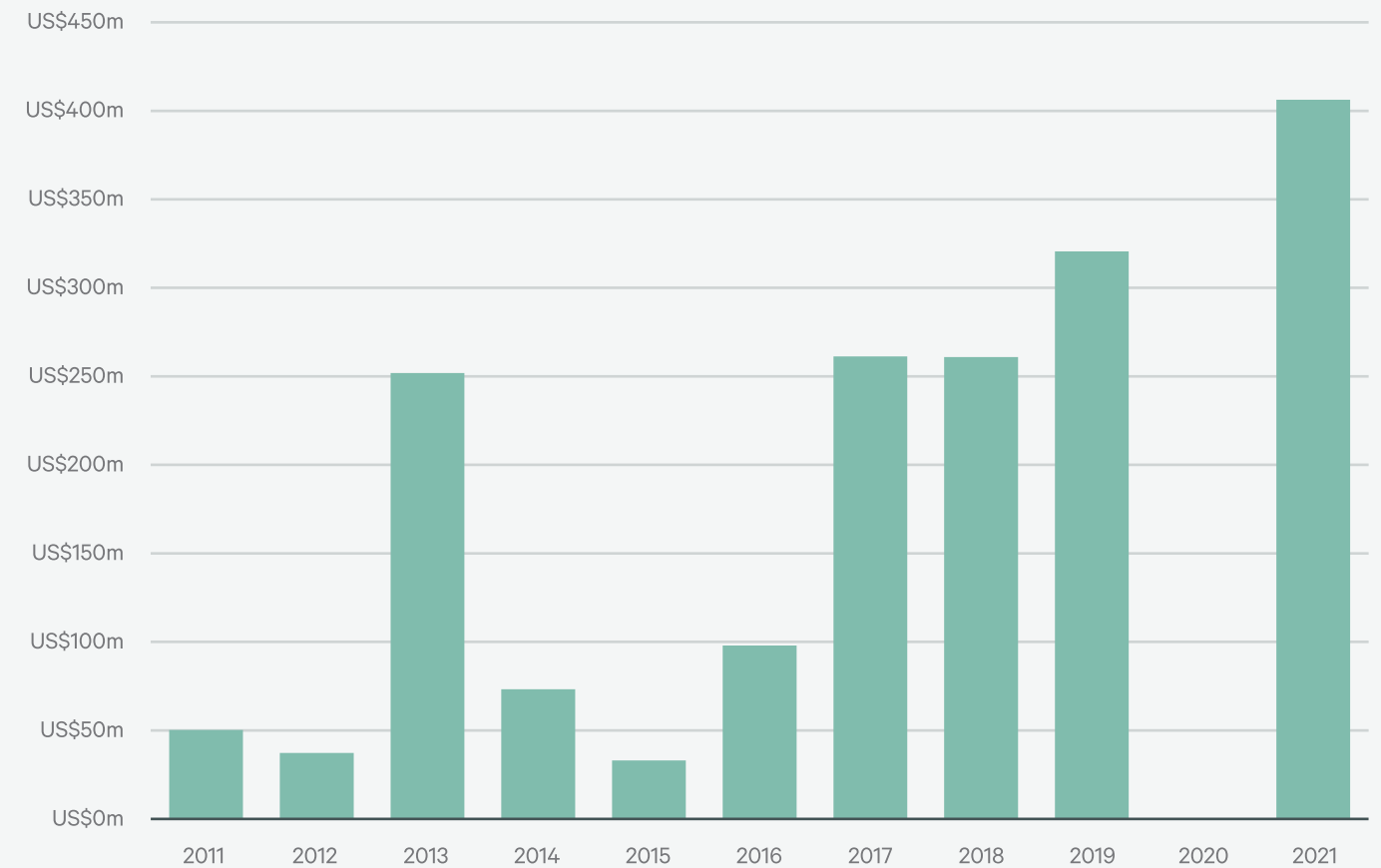
Approximately US\$406 million-worth of hotels and resorts were traded over the course of 2021 in the Maldives.

This marked the highest annual total ever recorded and was a substantial improvement on the nil transactions registered in 2020.

Buoyant transaction volumes across the country reflect upbeat investor sentiment and strong belief in the recovery of the Maldives' hotel market.



**Figure 15:** Hotel Investment Transaction Volume



Source: RCA, CBRE Research, March 2022

# M. Recent Hotel Transactions

Figure 16: Recent Hotel Transactions

Property	Locations	Date	Sale Price (\$USm)	Rooms	\$/key	Vendor	Purchaser
Cheval Blanc Randheli	Noonu Atoll, Maldives	2017	\$215.00	46	\$4,673,913	I&T Management	Murban
Loama Resort Maldives at Maamigili	Raa Atoll, Maldives	2017	\$46.23	105	\$440,273	Loama Hotels & Resorts Limited	Trinitas Japan Pte Ltd
Raveli Island Resort	South Ari Atoll, Maldives	2017	Confidential	100	Confidential	Confidential	Asia Prestige Management
Outrigger Konotta Maldives Resort	Gaafu Dhaalu Atoll, Maldives	2018	\$48.94	53	\$923,486	KSL Capital Partners	Singha Estate
Mirih Island Resort	South Ari Atoll, Maldives	2018	\$32.00	37	\$864,888	Crown & Champa Resorts	HNWI from Thailand
Conrad Island Rangali Maldives	South Ari Atoll, Maldives	2018	\$180.00	151	\$1,192,053	Crown Company Pvt Ltd	Blackstone
Dusit Thani Maldives Resort	Baa Atoll, Maldives	2019	\$63.00	94	\$670,213	Dusit Thani Plc.	Dusit Thani Freehold and Leasehold Real Estate Investment Trust
Finolhu Maldives	Baa Atoll, Maldives	2019	\$83.60	125	\$668,800	Coastline Group of Companies	Seaside Hotels & Resorts
Minor Hotels Maldives Hotels Portfolio 2019	South Male Atoll, Maldives	2019	\$174.00	197	\$883,248	Minor International	Blackstone
Kanuhura Maldives	Lhaviyani Atoll, Maldives	2021	\$41.5	80	\$518,750	Sun Resorts Limited	Hotel Properties Limited
LUX North Male Atoll Maldives	North Atoll, Maldives	2021	Confidential	67	Confidential	Trifidus Investment Private Limited	Dubai Holding (L.L.C.)
Cheval Blanc Randheli	Noonu Atoll, Maldives	2021	\$217.8	46	\$4,734,783	Murban	Alpha Dhabi Holding (Subsidiary of International Holding Company)
Faarufushi Maldives	Raa Atoll, Maldives	2021	Confidential	80	Confidential	Universal Enterprises Pvt Ltd	Emerald Collection
Maafushivaru Resort	South Ari Atoll, Maldives	2022	Confidential	81	Confidential	Confidential	Outrigger

Source: RCA, CBRE Research, March 2022



## 4. Looking Ahead



### **The Maldives to remain one of the highest rate-yielding markets in Asia Pacific**

In 2021, Maldives was the top performing hotel market across the region, with yearly RevPAR exceeding that of 2019. On the back of strong demand and an increasing length of stay, Maldives hotel trading performance is expected to further strengthen in 2022.

### **The government continues to support foreign investment through new policies**

Latest amendments to the Maldives Tourism Act set the foundation for the creation of new tourism models, increased travel demand, and reinforces the image of the Maldives as a top resort destination for travellers and investors. With positive changes to legislation for strata-titled developments, integrated tourism development ventures and location-based lease rents, the Maldives remains one of the most investment-friendly markets in the region.

### **Strong investor confidence and future outlook**

Continued interest in the Maldives Hotel Investments in 2022 derived mainly from Asian, Middle Eastern, and European Investors who are anticipating healthy demand for international leisure travel in the Maldives.

### **Pending influx of investment capital into the Maldives hotel market**

It is noted that there is an abundance of capital in the market at the moment. Investment demand will likely pick up along with occupier demand as the market recovers.

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