

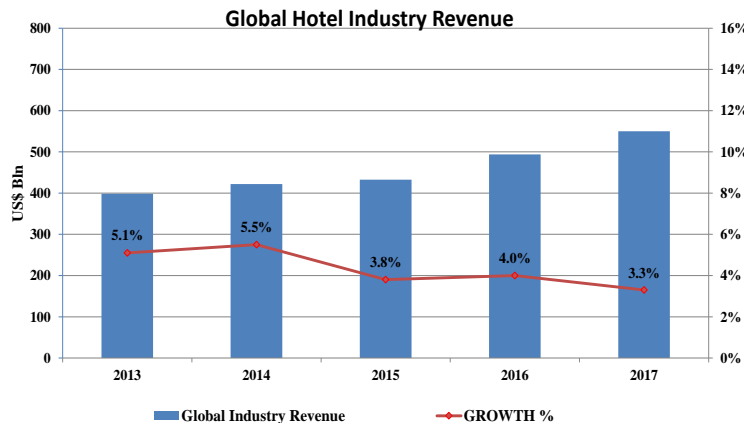
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Hotels & Retail Industry

An Overview

May 2018

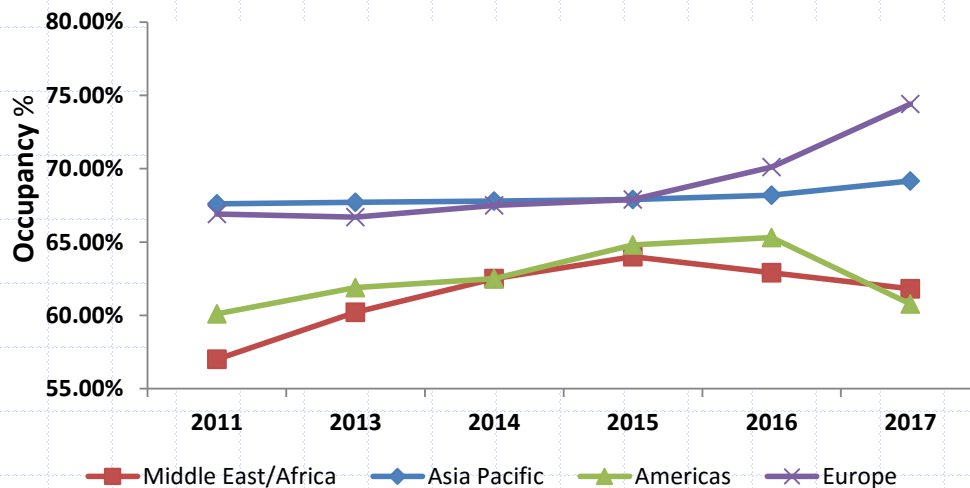
Global Hotel & Retail Industry | Growth Trends



- The Global hotel industry witnessed decent rate of revenue growth mainly emanating from Europe & Asia-Pacific

- CAGR from 2011 to 2017
Revenue : 4.4%

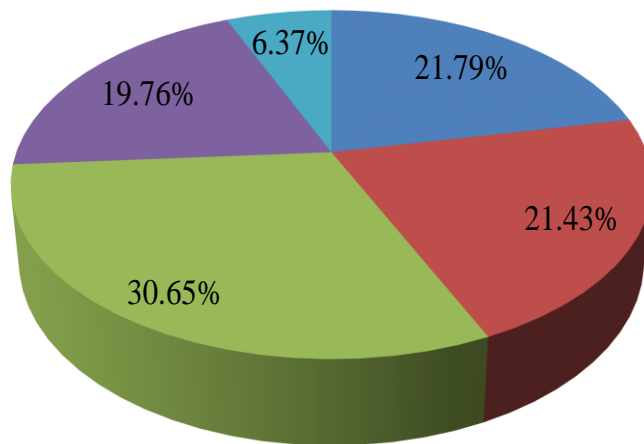
Occupancy Rates | Regional Trend



- Dip in occupancy rate experienced in Middle East on the back of subdued tourist activities & expensive average room rate. Europe showed a surge in occupancy trend

Global Hotel Industry | Regional Trends & Competition

Geographical Revenue Concentration | 2017



■ Asia Pacific ■ Americas ■ Europe ■ Middle East/ Africa ■ Rest of the World

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

America the largest market has witnessed strong growth

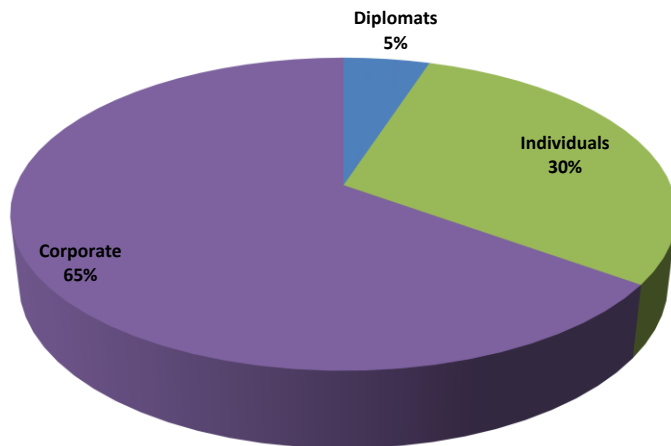
Asia Pacific also witnessed double digit growth with major contribution from China.

Retail Industry: Globally, the surge in Retail Sales emanated due to rising consumer spending, and fresh influx in E-commerce business. China, US & Europe contributed 8%, 3%, 2% respectively

Domestic Hotel Industry | Snapshot

Hotel	No of Rooms	Operational Cities
Pearl Continental	1526	6
Avari	508	2
Serena	828	8
Hotel The One	632	16
Marriott	505	2
Movenpick	407	1
Nishat Hotels	261	2

Domestic Hotel Industry | Revenue Mix



- The domestic hotel industry is concentrated with few large players
- The occupancy rates have improved during CY17 mainly due to improved law and order situation and boost in economic activity under CPEC
- 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
- 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

- Pakistan's size of the retail market is estimated around \$42 billion. Out of this, e-commerce contributes just under a billion-dollar mark.
- 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 & Anarkali* the traditionally hub of Lahore retail industry has been substituted by *Gulberg*.
- *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.
- To cater needs of mega malls recently, Emporium mall opened in the city. Another big mall; Packages mall will be opening next month.
- Increased footfalls in these new malls are depicting the fact that the trend overtime changed from *traditional bazar* to *mall*.

Lahore Retail Industry

Nishat Emporium

Nishat Emporium is the largest mall in Pakistan, inaugurated in June'16, has the Gross Leasable Area (GLA) of 2 mln sq.ft. The Mall is wholly owned by Nishat Group currently manages more than 200 brands, has dedicated cinemas & food court under one roof. Such business model provides access to shopping along with entertainment generating influx of footfall for the mall. The mall is situated in Johar Town near Expo Centre, Lahore. The project also contains hotel and banquet halls were also inaugurated by 2017.

Packages Mall

Packages Mall, by the Packages Group with the name of packages Mall. The mall with a total covered area of 1.3mln sq ft and a Gross Leasable Area (GLA) of 620,000 sq.ft was inaugurated in 2017. The mall is situated near Walton Road, DHA, Lahore. The mall includes hypermarket, cinema, food court and over 150 international and local brands.

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 is dependent upon many factors including location and new entrants.

Outlook

- ◆ Pakistan's Retail industry is set to grow further as growth in economy is expected to increase the purchasing power of the masses.

Analysts

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