

6.4 Accommodation & Food Services

OVERVIEW

The accommodation & food services sector contracted by 0.2 per cent in the fourth quarter of 2016, reversing the 2.5 per cent growth recorded in the previous quarter.

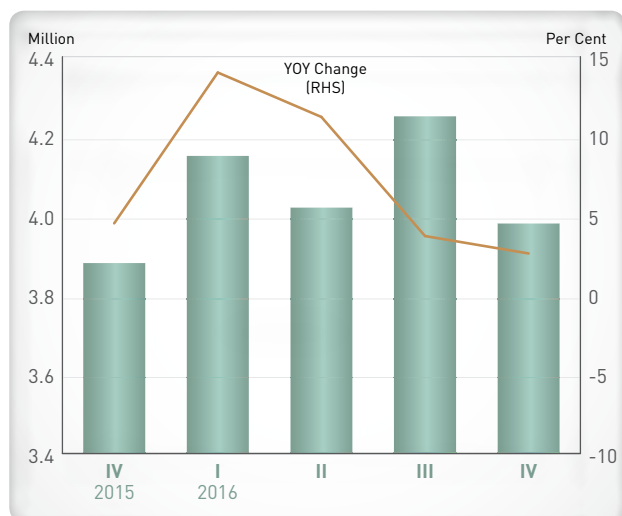
For the whole of 2016, the sector expanded by 1.7 per cent, accelerating from the 0.7 per cent growth in 2015.

VISITOR ARRIVALS

Led by a 20 per cent surge in Chinese visitor arrivals, Singapore received a total of 4.0 million visitors in the fourth quarter, 2.6 per cent higher compared to the same period a year ago (Exhibit 6.13).

For the full year, visitor arrivals increased by a robust 7.7 per cent, improving from the 0.9 per cent growth registered in 2015. In total, visitor arrivals reached 16.4 million in 2016.

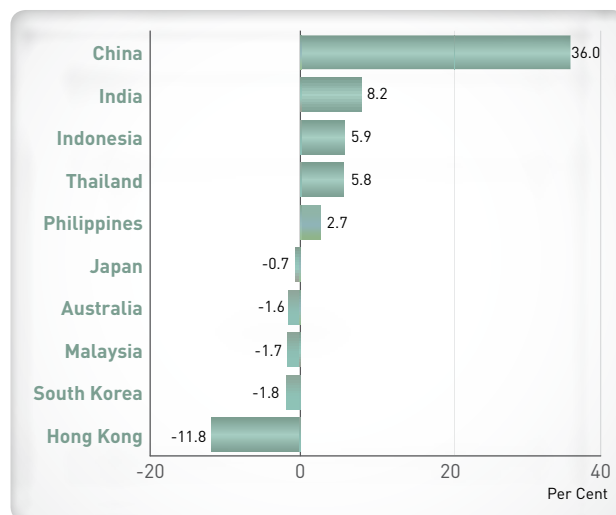
Exhibit 6.13: Visitor Arrivals



In terms of source markets, Singapore's top five visitor-generating markets in 2016 were Indonesia (2.9 million visitors), China (2.9 million), Malaysia (1.2 million), India (1.1 million) and Australia (1.0 million). Together, they accounted for 55 per cent of total visitor arrivals.

Among the key visitor markets, China (36 per cent), India (8.2 per cent) and Indonesia (5.9 per cent) posted the highest growth rates in visitor arrivals in 2016 (Exhibit 6.14).

Exhibit 6.14: Growth Rates of Top Ten Visitor Generating Markets in 2016

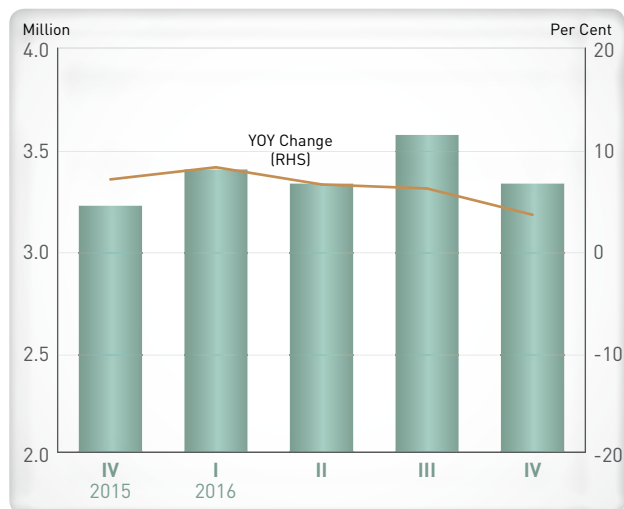


ACCOMMODATION

In tandem with the growth in visitor arrivals, the gross lettings of gazetted hotel rooms rose by 3.5 per cent in the fourth quarter, although this was a moderation from the 6.1 per cent increase in the previous quarter (Exhibit 6.15). Nevertheless, room revenue dipped marginally by 0.8 per cent, on the back of a decline in the average daily room rate of gazetted hotel rooms. Specifically, the average daily room rate fell by 4.3 per cent to reach \$235 in the fourth quarter on the back of a decline in average occupancy rate as the supply of hotel rooms rose.

For the full year, the performance of the accommodation segment was resilient. The overall room revenue of gazetted hotels rose by 2.3 per cent to reach \$3.2 billion, on the back a 6.0 per cent increase in gross lettings.

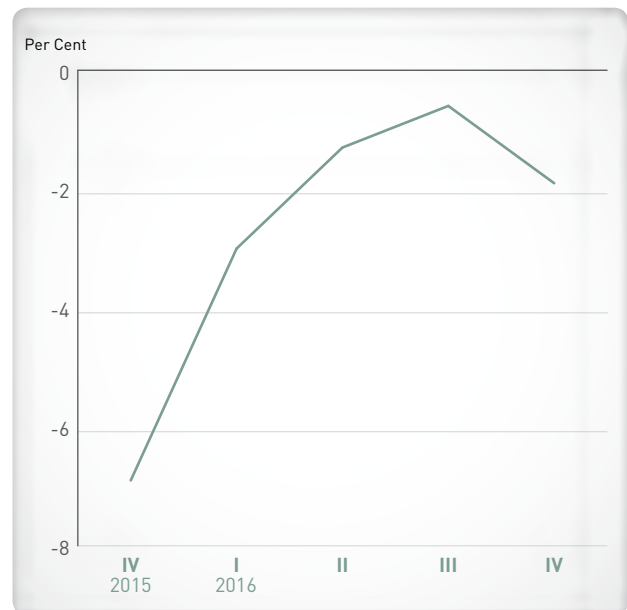
Exhibit 6.15: Gross Lettings



FOOD & BEVERAGE SERVICES

Overall food & beverage sales volume decreased by 1.9 per cent in the fourth quarter, extending the 0.6 per cent decline recorded in the preceding quarter (Exhibit 6.16). The weak fourth quarter performance was due to the poor showing of restaurants, which recorded a 9.7 per cent contraction in sales volume. By contrast, fast food outlets, food caterers and other eating places registered growth of 1.9 per cent, 4.6 per cent and 3.1 per cent respectively.

Exhibit 6.16: Changes in Food and Beverage Services Index at Constant Prices



For the full year, the food & beverage services index fell by 1.7 per cent, which was more modest than the 5.0 per cent decline in the previous year. The contraction was led by a 7.2 per cent decline in the sales of restaurants, an extension of the 7.8 per cent fall recorded in the previous year. On the other hand, the sales of fast food outlets and other eating places recorded improvements of 0.6 per cent and 3.0 per cent respectively in 2016.