Filipino tycoon plans to open hotels in Spain, US

EDGAR "INJAP" SIA, who turned a chicken BBQ startup into one of the biggest Philippine restaurant chains, said his hotel venture is seeking to raise as much as $125 million this year to ramp up overseas expansion.

Hotel 101 Global Pte. Ltd. runs a hotel in Manila and has 10 others in various stages of development in the Philippines. Its first foreign project in Niseko, Japan opens in 2025, and the next targets are Madrid and the US, where sites have been identified, Mr. Sia said in an interview.

The funds raised this year will be via private placement, he said. The entrepreneur aims to have Hotel 101 properties in 25 countries by 2026, mainly in the Asia Pacific and Europe. It plans to sell shares via a Nasdaq listing the same year, seeking a minimum valuation of $11 billion, Mr. Sia said.

Hotel 101's selling point is to travelers who want predictability, he said. All rooms in the chain are 21 square meters with a double bed, a single bed, a stove, kitchen and refrigerator. Room rates are typically 25% lower than direct competitors, he said.

"With only one kind of room, Hotel 101 will be like Big Mac for hamburgers, iPhone for smartphones and Coca Cola for soft drinks — consumers know what to expect," Mr. Sia, 46, said. "We have seen standardization work. In some ways, boring is good."

Mr. Sia first shot to fame in 2010 when restaurant giant Jollibee Foods Corp. bought a barbecue chicken chain he started in 2003. He then partnered Jollibee Chairman Tony Tan Caktiong to form DoubleDragon Corp., which has developed shopping malls, warehouses and hotels.

Hotel 101 wants to be among the world's five biggest hotel operators by 2040 with 500,000 rooms in 101 countries. Based on existing projects, it will have 7,331 rooms by 2025, making it the biggest Philippine hotel operator, Mr. Sia said.

"It's a cutthroat industry," said Jonathan Ravelas, managing director at Manila-based consultancy firm eMBM. "Mr. Sia's success hinges on providing what money-conscious tourists want: safe, clean and comfortable rooms that fit the budget."

Hotel 101's expansion will be funded primarily through the sale of rooms to investors, who will get 30% of the hotel's gross revenue in returns. Rooms will be priced at $100,000 to $250,000 a unit depending on the country.

Construction for Hotel 101 Madrid will start in the fourth quarter and the 800-room development is expected to open in the first quarter of 2026, Mr. Sia said. With rooms priced at $168,000 each, he predicts the project will be sold out within 12 months of its launch.

Sales will leverage on Spain's Golden Visa program, where one of the ways for non-European Union citizens to get residency and visa-free rights is to invest 500,000 euros ($545,250) in property.

There's "high demand for Spain's Golden Visa from Asians and Latin Americans," Mr. Sia said. Hotel 101 is "the perfect vehicle for Golden Visa applicants. It's a passive investment instead of buying an apartment or a house that they have to worry over maintenance." — ***Bloomberg***

PHILIPPINE STAR/MIGUEL DE GUZMAN

TOURISTS pose for photos at the port in Boracay, Aklan Province, April 3. Thousands of tourists flocked to the beach island for the Holy Week break.

Hotels, resorts bounce back as tourists flock to key destinations

By Revin Mikhael D. Ochave
Reporter

TOURISM STAKEHOLDERS are increasingly optimistic of recovery this year, as many hotels and resorts reported high occupancy during the Holy Week break.

Roberto Z. Zozobrado, Tourism Congress of the Philippines (TCP) president, said an increase in tourist volume was observed in top destinations such as Boracay, Mactan in Cebu, Siargao, Bohol and Palawan.

"All the hotels are full, especially the hotels in the popular destinations. They're full and they're charging high because they know it is peak (season) and that's the only time they can recover. We're very happy with what's happening," he told *BusinessWorld* in a mobile phone interview.

Benito C. Bengzon, Jr., Philippine Hotel Owners Association, Inc. (PHOA) executive director, expressed optimism that domestic tourism will bounce back during the summer months.

He told *BusinessWorld* via Viber message that some of its member hotels in Metro Manila have already returned to pre-pandemic levels in terms of occupancy and average daily revenue.

"We at the PHOA, are optimistic that domestic tourists will travel in much larger numbers this summer season. Many city hotels have reported that revenue and occupancy in the last few months have returned to pre-pandemic levels. Meanwhile, resorts are likewise enjoying high occupancy especially with the long weekend," Mr. Bengzon said.

For TCP, Mr. Zozobrado said they expect full recovery of domestic tourism later this year or by early next year. This is similar to the projection made by the Department of Tourism (DoT).

"We are very optimistic and very happy that tourism has rebounded so fast... The United Nations World Tourism Organization forecasts that recovery will be in 2025 but we don't think so. We think it's going to be earlier, especially here in the Philippines," he said.

Mr. Zozobrado said international tourism is likely to return to pre-pandemic levels by this year or early next year.

John Paolo R. Rivera, Asian Institute of Management - Dr. Andrew L. Tan Center for Tourism associate director, said in a Viber message the tourism sector is expected to have a "strong recovery" this year.

"I think people are not afraid of coronavirus disease 2019 (COVID-19) anymore as it has been managed already and herd immunity has set in. There will be a strong recovery of the tourism and hospitality sector this year, especially this summer, as things have started to normalize and the economy opens much further," he said.

Mr. Rivera said domestic tourism has always been a key driver of growth.

He noted the dry season is a good time for local tourism businesses to generate more income.

"It is the time where our sun-sand-sea destinations are in demand, generating revenue opportunities for many tourism enterprises. It is an opportune time for everyone to maximize the benefits from Philippine tourism. It is also a good reminder that we need to make it sustainable through responsible tourism activities," Mr. Rivera said.

PHOA's Mr. Bengzon also urged tourism stakeholders to continue observing minimum public health standards amid the surge in tourist volume.

DoT figures showed that the Philippines had 2.65 million international visitor arrivals in 2022.

For this year, the DoT is targeting 4.8 million international visitors, still far from the 8.26 million international arrivals logged in 2019.

The Philippine tourism sector accounted for over 5% of the country's gross domestic product in 2021, according to the Philippine Statistics Authority.

Economy,
from S1/1

Inflation slowed to 7.6% in March from 8.6% in February, which the BSP has said is consistent with its assessment that inflation would remain elevated in the near term but gradually return to the 2-4% target by the fourth quarter.

"We certainly are starting to see signs of a peak in the surge in household borrowing that helped to power private consumption last year," Pantheon Chief Emerging Asia Economist Miguel Chanco said in an e-mail.

Weaker exports had also likely weighed on first-quarter GDP expansion.

"We expect goods exports to be a big drag on headline growth. As monthly trade data show, sequential momentum for goods exports has been falling rapidly since late last year into this year on the back of weaker electronics as well as a general slowdown in external demand. We think the latter factor particularly will weigh on Philippine exports throughout the year," Mr. Tsuchiya said.

The country's trade deficit widened to a five-month high of $5.74 billion in January as exports sharply declined. During the month, exports saw their steepest drop since the 26.7% decline in May 2020. In terms of value, it was also the lowest since the $4.54 billion in May 2020.

"The two-digit decline in exports in January implies a deteriorating external environment despite China's reopening," Ruben Carlo O. Asuncion, chief economist at Union Bank of the Philippines, Inc., said in an e-mail.

The slower pace of remittances also likely dampened GDP growth in January to March.

"Moreover, we're now starting to see remittance growth — in peso terms, which matters more for actual spending — start to moderate, as the effects of last year's currency collapse start to fade from year-on-year growth," Mr. Chanco said.

Mr. Asuncion said lower cash remittances from overseas Filipino workers (OFW) would affect the buying capacity of their families and dependents in the Philippines.

In January, cash remittances coursed through banks rose by 3.5% year on year to $2.76 billion, the lowest in two months. The growth was also slower than 5.8% in the previous month.

Mr. Asuncion cited other indicators that point to slower first-quarter growth such as the high unemployment rate and a decline in bank lending.

"Moreover, bank loans sharply decelerated in January with the drag from real estate sector loans in a high interest rate setting, which does not bode well for broad spending on consumption and investments," he added.

Mr. Asuncion said first-quarter GDP growth could be 5.8%-7.4%.

"GDP growth is gliding lower but still expected to surpass 6%, and curbs inflation's further upside unlike in previous quarters when GDP overshot its potential by a mile," he added.

The Philippine Statistics Authority is scheduled to release first-quarter GDP data on May 11.

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To tame inflation, the Philippine central bank has raised borrowing costs by 425 basis points since May last year. This brought the benchmark policy rate to a near 16-year high of 6.25%.

Ms. Georgieva said central banks should address risks to financial stability whenever they emerge by carefully monitoring risks in banks and nonbank financial institutions, as well as weaknesses in sectors such as commercial real estate.

"In other words, central banks should continue to use interest rates to fight inflation while using financial policies to ensure financial stability. This is the right course of action, so long as financial pressures remain limited," she said.

"If that were to change, policy makers would face an even more complicated task, with difficult trade-offs between their inflation and financial stability objectives, and the use of their respective tools. That's why they need to be more vigilant and more agile than ever."

The IMF is scheduled to release the latest World Economic Outlook this week.

In its World Economic Outlook update in January, the IMF said the world economy would likely expand by 2.9% this year, slower than 3.4% in 2022.

The IMF sees Philippine economic growth slowing to 5% this year from last year's 7.6% amid a tighter policy stance and elevated inflation. For 2024, the IMF expects the Philippines to grow by 6%.