

[UPDATED] Hotels survive on corporate bookings and government support as staycation plans go awry

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By Valerie Kor / EdgeProp Singapore | April 9, 2020 6:00 AM SGT

SINGAPORE (EDGEPROP) - Until recently, staycation deals were one way for Singapore's hotels to capture local demand, even as tourist arrivals declined to zero due to a ban on short-term visitors from March 23. However, this stream of revenue has now dried up given hotels will not be able to take in new guests from April 7 to May 4 as part of the "circuit breaker" measures rolled out by the government.

The "circuit breaker" measures were implemented from Tuesday in a bid to slow further community spread of Covid-19. Schools, preschools, non-essential businesses and shopping centres have closed, and residents are encouraged to leave their homes only for groceries and food. All dining establishments — including those in hotels — can continue to operate but only for takeaways. Other recreational facilities in hotels must also suspend services.

Prior to the latest measures, various hotels had pushed out attractive staycation promotions that were well-received by locals, such complimentary upgrades, high tea, daily buffet breakfast, massages and free parking. They now must cancel or postpone all bookings until after May 4.



Sofitel Singapore Sentosa Resort was almost full over the last weekend of March for staycations prior to the newly-announced circuit breaker measures (Credit: Accor Asia Pacific)

Michael Issenberg, chairman and CEO of Accor Asia Pacific, said that Sofitel Singapore Sentosa Resort was almost full over the March 28 to 29 weekend for staycations. Kieran Twomey, COO of Millennium Hotels and Resorts, also shared that the group offered perks such as complimentary upgrades, alfresco dining promotions and complimentary parking. However, in response to “circuit breaker” regulations, the hotel group, like most of the other industry players, will be cancelling and refunding all bookings to comply with “circuit breaker” measures.

Within this month, wedding celebrations must also be put on hold. This means another important source of revenue for hotels — wedding bookings — will be impacted. It goes without saying that all other meetings and functions have been suspended too.

Bulk hotel reservations for returning travellers

Even though occupancy rates at hotels in Singapore have dropped to as low as 10–20% prior to “circuit breaker” measures and will fall further, not all operators are sitting idly by.

For one, whole blocks of hotels have been booked by the government to house returning travellers from the US and the UK since March 24 to serve out their mandatory stay-home notice (SHN). This is because a large proportion of our imported cases in the past

three weeks had originated from those countries.

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All other travellers will serve a mandatory 14-day SHN as announced on March 20 on their own accord, either at a residence or hotel.

[UPDATE: From April 9 (Thursday), all travellers returning to Singapore from overseas, not just those coming home from UK and US, will have to serve their 14-day SHN at designated hotels instead of their own homes.]

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Whole blocks of hotels, such as Pan Pacific, have been booked by government agencies to house returning travellers from the US and the UK since March 24 to serve out their mandatory stay-home notice (Credit: Samuel Isaac Chua/The Edge Singapore)

Hotels involved will not discuss details of the commercial arrangements but can only point to the fact that their large scale of operations make it more effective for returning Singaporeans to serve their SHNs in the hotels.

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Issenberg of Accor Asia Pacific says, “Because we are the largest operator of hotels in Singapore, we are able to provide whole-hotel blocks for SHN guests and move our normal guests to other hotels within the network that are not being used for isolation.”

Other hotels involved include Shangri-la Rasa Sentosa Resort and Spa, selected Holiday Inn Express hotels and Pan Pacific Singapore.

These hotels are located relatively further away from the heartlands, which reduces the risk SHN guests of spreading to the community, should there be a confirmed case. On top of that, the hotels have more resources to disinfect the premises frequently.

A source, who is currently serving his SHN at a Holiday Inn Express Hotel and does not want to be named, reveals that the government-arranged stay and the meals are free. Before the arrangement was announced, he had already booked a stay at Furama Hotel to serve out his SHN as he lives with elderly with several health conditions. He later cancelled the booking upon receiving government-arranged accommodation.

Corporate discounts for stranded workers

Meanwhile, a number of hotels have also been engaged to house Malaysian workers who are affected by the nationwide lockdown in Malaysia announced by Prime Minister Muhyiddin Yassin on March 16.

Initially, the lockdown was supposed to last approximately two weeks from March 18 to March 31, but this has since been extended to April 14. The lockdown affects some 150,000 workers and children who live in Johor Bahru, Malaysia, and requires them to find lodging in Singapore in order to carry on working or studying here.



Hotel 81 is offering 50% discounts for stays of more than 40 nights, aimed at stranded Malaysian workers who cannot return home due to the lockdown (Credit: Samuel Isaac

Chua/The Edge Singapore)

While employers scramble to find temporary lodgings for their staff, the Singapore government has stepped in to help to defray the accommodation costs for around 2,000 firms and 10,000 workers. However, beyond March 31, the government will put the responsibility back in the hands of employers.

Many of the Malaysian workers affected provide essential services such as public transport, postal services and supermarket operations. Social media posts from employees who have received arranged accommodation reveal that SBS Transit and SMRT have put these workers up at Village Hotel and Oasia Hotel Novena. Singpost also arranged for over 400 affected workers to be housed temporarily in three different hotels.

In response, hotel operators have quickly pivoted their businesses to market to employers needing accommodation for their stranded Malaysian workers. For instance, at Hotel 81, bookings with a minimum stay of 40 nights are charged at between \$50 to \$60 a night, which is more than 50% discount from the usual room rates. Aqueen at Jalan Besar has also shared that they are offering corporate discounts between 50% and 70%.

While demand for temporary short-term accommodation does not replace revenue from tourist bookings, every little bit helps. Arthur Kiong, CEO of Far East Hospitality, which operates Village Hotel chain and Oasia Hotel Novena, says, “Bookings from companies that need to house their stranded Malaysian staff have helped to reduce the loss from the decline in bookings from international travellers.”



Following the lockdown in Malaysia, employers have put their stranded Malaysian workers up at hotels, one of them being Oasia Hotel (Credit: Far East Hospitality)

Large hotel chains such as Accor Asia Pacific group are also providing corporate discounts.

Issenberg says, “Several Accor hotels are providing housing at reduced rates for Malaysians who work in Singapore and cannot return home due to the lockdown. We are offering preferential rates for these bookings to help those in need and we are open to working with companies who may need to house their workers beyond March 31.”

Likewise, Twomey of Millennium Hotels and Resorts says that the hotel will work closely with local businesses to “support their business continuity needs”. Kiong adds Far East Hospitality will “work with [corporate companies] to mitigate the additional cost that they have to bear”.

Government help keeps hotels afloat

So far, the Singapore government has announced three stimulus packages totalling some \$60 billion to mitigate the impact of the Covid-19 outbreak on jobs, companies and the economy. In the \$48.4 billion Resilience Budget announced on March 26, the government announced an exemption for property tax for hotels. Also, together with travel agencies, tourist attractions, cruise terminals and operators, hotels will also get a wage offset of 75% for the first \$4,600 of each employee’s salary. This will help them keep their staff, rather than retrenching them.

To help hotels manage excess manpower, the Ministry of Manpower has taken the lead to hire 200 temporary staff from hotels and other sectors hit by Covid-19. They will fill roles such as survey interviewers, customer service assistants, social service officers, relief teachers and ambulance drivers, which are high in demand during this period.

Far East Hospitality's Kiong says the measures are "welcome news for property owners, and it will go in partnership with the job support measures that were announced as well".

It is not only hotels in Singapore that are suffering. The global hotel industry has already been severely hammered by the outbreak. Tourist hotspots such as Thailand, Las Vegas in the US, and Spain have shut down all hotel operations. In Sweden, where the government has taken a flexible strategy to ask citizens to stay home rather than enforce a full lockdown, the hotel sector is still not spared. In March, bankruptcies in Sweden's hotel sector reportedly more than doubled from the same period last year.



All recreation facilities in hotels have to shut down during the circuit breaker period. Only restaurants can remain open and offer takeaways (Photo: Grand Copthorne Waterfront)

It is still too early to see if Singapore's circuit-breaker measures can slow or stop the spread of the outbreak. At time of writing, imported cases have fallen to single-digit numbers and the ban on short-term visitors continues. This means the government may stop reserving hotel rooms for returning travellers beyond the next few months.

And if Malaysia opens its borders and the Causeway as planned on April 14, the demand for short-term accommodation may fall as well. When that happens, group bookings for many smaller hotel operators who are not involved in housing SHN guests may cease as Malaysian workers revert to commuting back home via the causeway.

If this happens, the only revenue stream left for hotels during the “circuit breaker” period will be from restaurant takeaways, but that will only apply for those that operate F&B services.