



INSIGHT
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SMALL IN SIZE BUT BIG IN PERSONALITY:

A look into boutique hotels in Singapore

Introduction

Origin of boutique hotels in Singapore

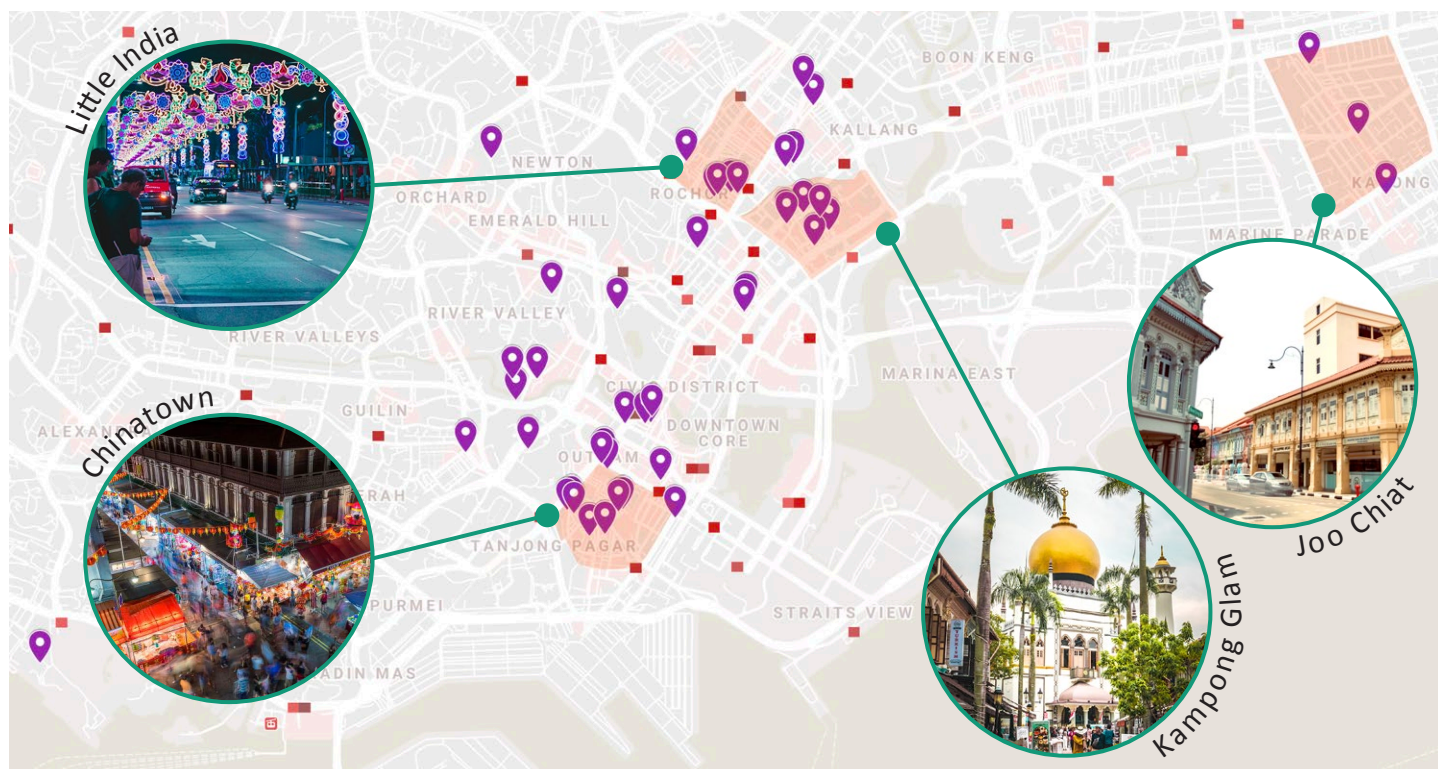
The trend of boutique hotels started in Singapore around 10 years ago when heritage properties became more popular with homeowners, operators and guests in South East Asia. It was also during this period where adaptive reuse of historic buildings gained prominence that smaller hotels of individual characters began to flourish – now known as boutique hotels¹. Boutique hotels have been sprouting up in recent years to fill a growing market niche where there is a trend among discerning travellers to experience something more local, authentic and experiential in a country.

Footprint of boutique hotels

The earlier boutique hotels were mostly located in the historic district of Chinatown and the adjacent streets. However, in recent years, the locations of such boutique hotels have expanded into the Central District of Singapore (Figure 1), largely still situated in Chinatown.

According to the Singapore Tourism Board (STB), out of 63,316 rooms from 264 gazetted hotels in Singapore (as at 2019), **178 gazetted hotels** were of “small” and “medium” sizes² with a total of 19,347 rooms. Among these, **boutique hotels** were estimated to constitute **less than 15 per cent of this total stock** and **less than 5 per cent of the islandwide gazetted hotel stock**. According to the Urban Redevelopment Authority (URA), there are no new boutique hotels in the pipeline supply of hotels for the next three years.

Figure 1: Locations of boutique hotels in Singapore (pinned)



Source: Google Maps, EDMUND TIE Research

¹ Henderson, J. C. 2011. Hip heritage: The boutique hotel business in Singapore. Singapore.

Retrieved from: <https://journals.sagepub.com/doi/abs/10.1177/1467358411418569?journalCode=thrb>

² According to STB, “small” hotels have 100 rooms and less while “medium” hotels have 101 – 299 rooms.

Attributes of boutique hotels

Most boutique hotels exhibit a distinctive style, warmth and intimacy to attract a niche of customers (usually aged from their early 20s to mid-50s with mid to upper-income) looking for a differentiated property to meet their individual needs (Anhar, 2011). Such hotels usually also do not exceed 150 rooms³.

In the case of Singapore, **we define boutique hotels as hotels with less than 150 rooms**, in line with the STB's Singapore Hotel Guide in 2018. A large proportion of these boutique hotels are "rich" in culture with a strong sense of place and stay true to the heritage, being adapted from conserved buildings (mostly shophouses) or located in cultural enclaves which are also convenient to and from the city centre. The individuality of these hotels, unique in their own

personalities (either from architecture, interior design or customised services), are hence able to break away from conventional hotels, attracting various groups of guests who favour such uniqueness ranging from millennials to baby boomers. Additionally, while these hotels are usually small in size (less than 150 rooms), the room sizes are still relatively acceptable with a wide range of room sizes as small as below 100 sq ft to as large as close to 1,000 sq ft, catering to the different needs of guests. Nevertheless, the lead-in room size of boutique hotels remains small, generally at around 100 sq ft to 300 sq ft, while that of conventional hotels are larger in size at 250 sq ft and above.

In recent years, it was observed that many large hotel chains have incorporated other small boutique hotels in their portfolio to cater to other market segments. In the USA, Intercontinental Hotels Group was one of the first to jump on the trend, buying the boutique hotel company Kimpton in 2015. In Singapore, property owners are increasingly engaging international hotel operators to manage their boutique hotels (Table 1).

Table 1: Examples of hotel chain operators into boutique hotel segment in Singapore

Hotel chain operators	Boutique hotels	No. of rooms	Location	Year of opening
InterContinental Hotels Group (IHG)	<ul style="list-style-type: none"> • Six Senses Duxton • Six Senses Maxwell • Hotel Indigo Singapore Katong 	<ul style="list-style-type: none"> • 49 • 138 • 131 	<ul style="list-style-type: none"> • Chinatown • Chinatown • Joo Chiat 	<ul style="list-style-type: none"> • 2018 • 2018 • 2016
Marriott Hotels & Resorts	<ul style="list-style-type: none"> • The Warehouse Hotel • The Vagabond Club 	<ul style="list-style-type: none"> • 37 • 41 	<ul style="list-style-type: none"> • Singapore River • Little India 	<ul style="list-style-type: none"> • 2017 • 2015
Far East Hospitality	<ul style="list-style-type: none"> • AMOY • Quincy Hotel 	<ul style="list-style-type: none"> • 37 • 108 	<ul style="list-style-type: none"> • Chinatown • Orchard Road 	<ul style="list-style-type: none"> • 2013 • 2009
Accor	<ul style="list-style-type: none"> • SO Sofitel Singapore 	<ul style="list-style-type: none"> • 134 	<ul style="list-style-type: none"> • Central Business District 	<ul style="list-style-type: none"> • 2014





Source: IHG, Marriott, Far East Hospitality, Accor, EDMUND TIE Research

³ Anhar L. 13 December 2011. The Definition of Boutique Hotels. Retrieved from: <https://www.hospitalitynet.org/news/4010409.html>

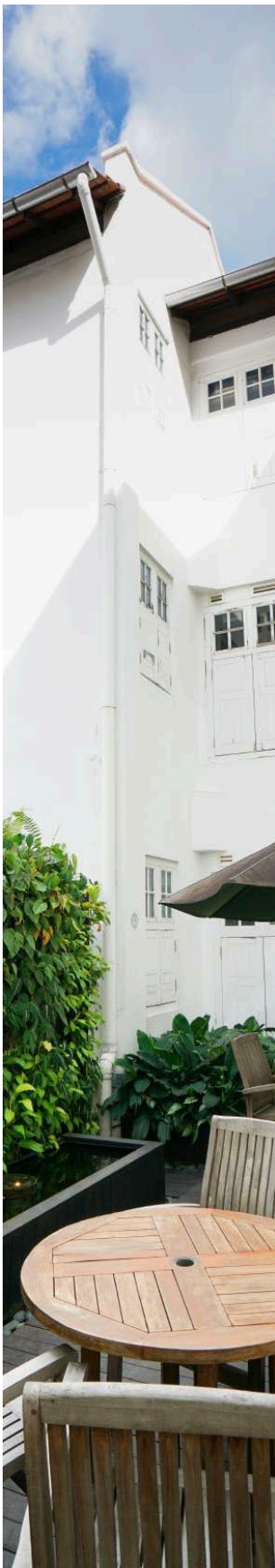
Conventional hotels and boutique hotels



Differences between boutique hotels and conventional hotels

	Boutique hotels	Conventional hotels
 Location	Mostly in the city area or local cultural enclaves	Islandwide
 No. of rooms/ lead-in room size	≤ 150 rooms 100 to 300 sq ft	Usually more than 200 rooms ≥ 250 sq ft
 Overall feel	Themed and unique to individual hotel and/or location, often includes aspects of heritage preservation	Often having a similar theme with variance on interior design across different hotels, especially across similar brands
 Target Audience	Millennials, lifestyle travellers	Families, business travellers, tourists

Source: EDMUND TIE Research
Image: Freepik.com



Boutique Hotels gaining pace in the US

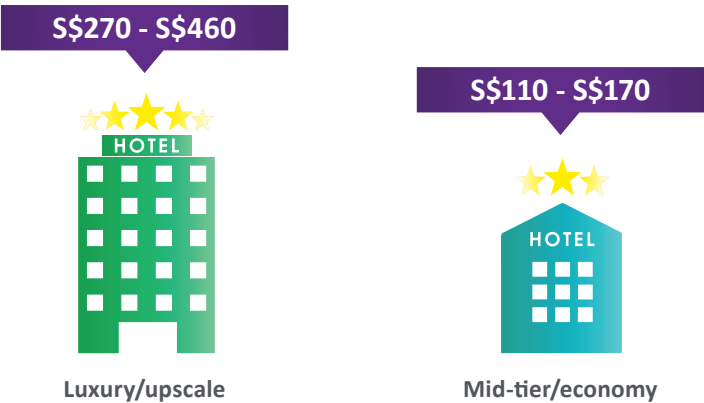
In The Boutique Hotel Report conducted by STR Global and The Highland Group in the US⁴, boutique hotels (defined as independent, lifestyle and soft-brand collections) are achieving greater increases in supply than upscale class hotels. The supply of boutique hotel segment increased by 7 per cent in 2017, compared to a 1.8 per cent increase in supply for all US hotels. At a 7 per cent growth in 2017, the demand for boutique hotels outpaced upscale class hotels and the overall hotel industry in the US as well.

Such a trend in the US also illustrates a possible similar trend happening here in Singapore, where boutique hotels are growing in prominence to meet the needs of the increasingly discerning lifestyle travellers who seek a refreshing and unique stay-in experience compared to that of conventional hotels.

Classification of boutique hotels

Similar to the classification of hotels in general, we have largely segregated boutique hotels in Singapore into two tiers, based on the asking daily room rates of the boutique hotels⁵, and peg to luxury/upscale and mid-tier/economy tiers, according to the Average Room Rate (ARR) of hotel tiers released by STB in 2019.

Average Room Rate



Source: STB, EDMUND TIE Research

⁴ The Highland Group. 2017. The Boutique Hotel Report 2017. USA. Retrieved from: <https://highland-group.net/reports/the-boutique-hotel-report-2017/>

⁵ Asking daily room rates are based on average daily room rates for three nights viewed on hotels' booking websites on 13 March 2020.



Luxury/upscale boutique hotels

For luxury/upscale boutique hotels, thematic sense is much stronger (extending to the rooms) under luxurious settings, giving distinct personalities to these hotels. These hotels seek to blend in together with the surroundings, which is usually within the conservation areas, with some having garnered awards at the international level. Additionally, unique experiences are also provided for guests. For instance, at **Six Senses Duxton**, each of the 49 rooms have individual themes while all the rooms and suites at **Six Senses Maxwell** were fitted with décor that is authentic to the building's history. Wellness of guests are also taken care of, providing traditional Chinese medicine rituals (at a cost), complimentary yoga sessions and tea demonstrations. Both of these hotels are situated in conservation buildings and were awarded the URA Architectural Heritage Award.



Six Senses Maxwell

Source: Six Senses Singapore



Six Senses Duxton

Source: Six Senses Singapore



Debuted in 2004, **The Scarlet Singapore**, deemed to be Singapore's first luxury boutique hotel and one of the oldest conservation buildings in Singapore, provides a stylish, luxurious and theatrical vibe through its décor in the hotel and the 75 rooms and five suites themselves, while focusing on its heritage. As such, this luxury boutique hotel has attained "Leading Boutique Hotel" by World Travel Awards for many years.



The Scarlet Singapore

Mid-tier/economy hotels

For mid-tier/economy boutique hotels, apart from being located in conserved buildings (e.g. Shophouses) in the heritage districts/city centre, certain themes are also evident at some of these hotels. However, the attractions of these hotels tend to be providing no-frills services/stays and accessible to tourist destinations while keeping their room rates affordable, hence drawing travellers to stay. For example, **Hotel Mono**, located within six shophouses, is set in a black-and-white theme from the hotel exterior to its lobby. All 46 rooms provide a minimalist and sleek touch to the hotel. With a large range of room types from single to family and loft rooms, daily room rates are kept generally below S\$200 and is well-situated in the heritage district of Chinatown.



Hotel Mono



Bugis, located in Bras Basah. Bugis precinct in Singapore, with various arts and cultural offerings.

Away from the usual heritage districts of the likes of Chinatown, Kampong Glam and Little India, **Hotel Kai** is centrally located in the Civic District at a restored conservation shophouse along Purvis Street, which was previously used to house Hainanese immigrants and travellers. Apart from the usual room types, there are also suites at this boutique hotel that provides high double-volume ceiling with timber slated windows, open sky terraces and even kitchenettes. While limited unique services are provided by the hotel, the ideal location of the hotel is the selling point, being well-situated at Bugis and near many tourist attractions and the city centre.

Nevertheless, there are new boutique hotels that have entered the Singapore market recently and these hotels have incorporated fresher concepts and services in keeping up with the current trends and meeting the needs of millennials. For instance, **Hotel Soloha**, newly opened in 2H 2019, has a “urban chic jungle” concept, providing an exciting experience for guests, with them greeted by an Instagram-worthy wall at the entrance. Similar to co-living spaces, social spaces are also incorporated at the bar-reception (an usual reception that extends to a bar at the other end), allowing guests to interact, sharing their experiences and engaging in discussions.



Marina Bay Sands

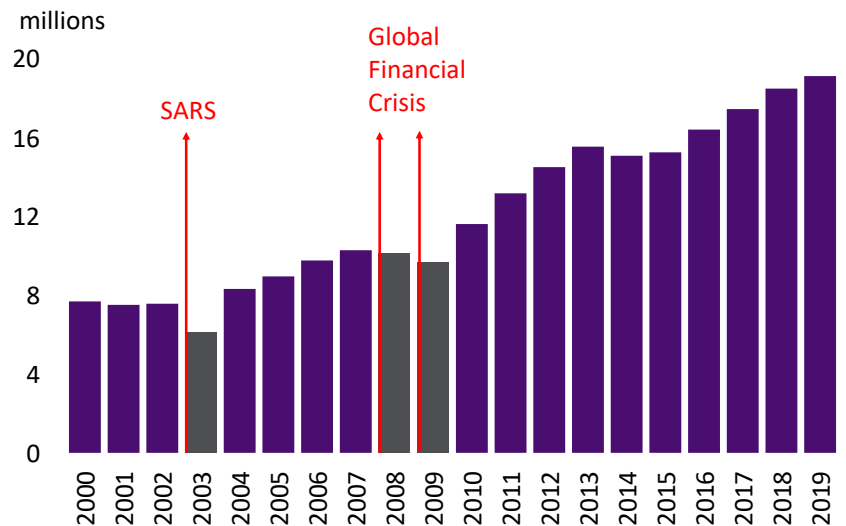


Orchard Road

Investment sales of boutique hotels

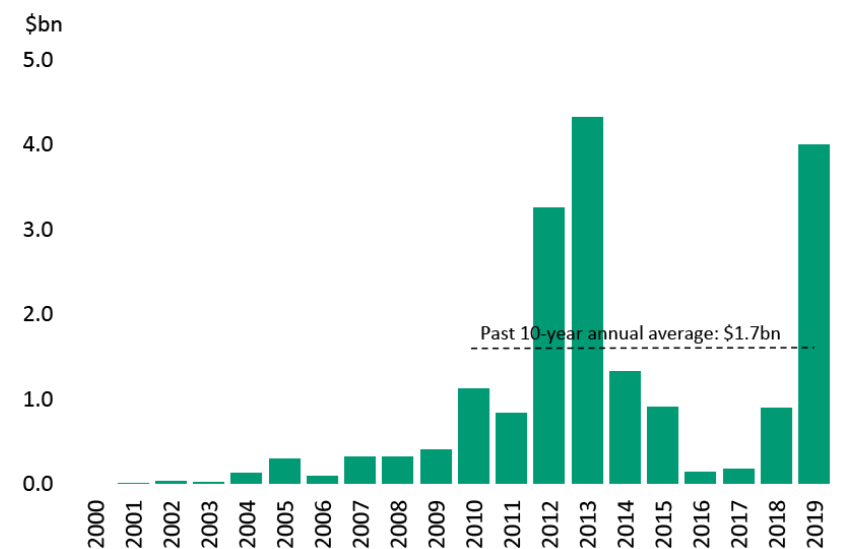
In recent years, the tourism sector in Singapore picked up, with visitor arrivals increasing consecutively from 2015 to 2019 (Figure 2). The STB has been proactive to roll out various marketing initiatives such as the Passion Made Possible campaign (reaching out to numerous overseas markets), collaborations with partners within and outside the travel industry as well as and tourism offerings such as Design Orchard and Digital Light Canvas at Marina Bay Sands to draw visitors to Singapore, supporting the hospitality industry. The hotel sector also performed well in both 2018 and 2019, with growth in average occupancy rate (AOR) and ARR. The confidence in the tourism and hotel sector gave rise to a fourfold surge in private hotel investment sales to reach \$4.0bn in 2019 (Figure 3), far exceeding the 10-year annual average investment sales. Such hotel properties are purchased by mainly private investors and property firms for capital preservation or appreciation.

Figure 2: Visitor arrivals to Singapore from 2000 to 2019, millions



Source: STB, EDMUND TIE Research

Figure 3: Private hotel investment sales in Singapore from 2000 to 2019



Source: EDMUND TIE Research

Table 3: Boutique hotel transactions for the past five years (2016 to March 2020)

Year of acquisition	Development name	Location	No. of rooms	Purchase price	Purchase
2017	Naumi Liora (redeveloped into KeSa House)	Keong Saik Road	79	S\$75m (S\$0.9m per key)	8M Real Estate
2017	Chinatown Hotel (redeveloped into Hotel Soloha)	Teck Lim Road	42	S\$31m (S\$0.7m per key)	Hilltop Capital
2018	Porcelain Hotel	Mosque Street	84	S\$64.8m (S\$0.8m per key)	JL Asia Resources
2018	Wanderlust	Dickson Road	29	S\$37m (S\$1.3m per key)	8M Real Estate
2018	Wangz Hotel	Outram Road	41	S\$46m (S\$1.1m per key)	TCRE Partners
2019	Wangz Hotel	Outram Road	41	S\$60m (S\$1.5m per key)	Cheong Sim Lam

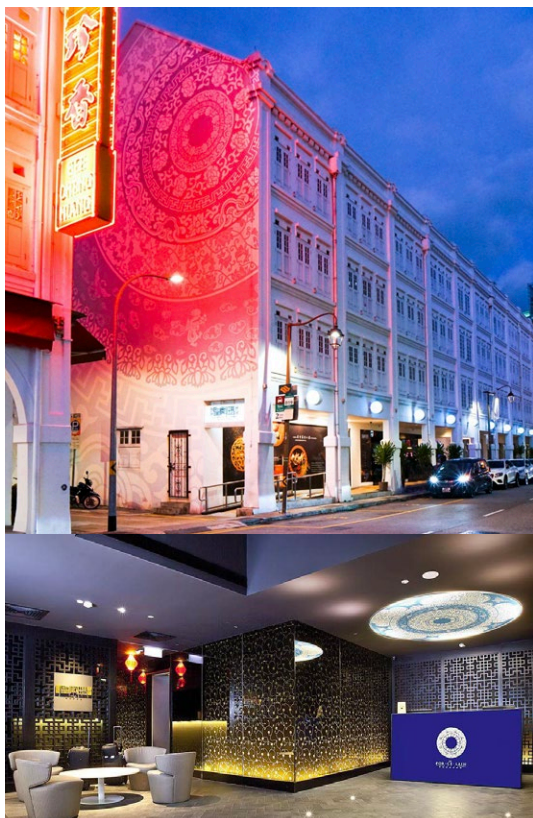
Source: EDMUND TIE Research

Out of the investment sales in the hospitality sector, boutique hotels only constituted a relatively small portion, which can also be attributed to the scarcity of such hotels or even hotels in general that are available for sale. For the 41-room Wangz Hotel, after being sold to TCRE Partners for \$46m in August 2018, the property had changed hands again shortly after in 2019, with an acquisition price of \$60m, or gross capital gain of around 30 per cent (Table 3).

The quest for conservation shophouse and boutique hotel ownership also gave rise to a new independent hospitality operator – 8M Collective, the hospitality management and operations arm of 8M Real Estate, a property investment firm which mainly re-adapts and repositions shophouses. Presently, there are four hospitality properties under its portfolio which provides boutique living concepts and a diverse range of restaurants and bars all under one roof. Apart from the abovementioned **KeSa House** and **Wanderlust**, **Ann Siang House** is also another boutique hotel operated by 8M Collective. Additionally, KeSa House provides guests with the option of long-term stays as well.



Ann Siang House



Porcelain Hotel

Opportunity to create a boutique hotel concept in the heart of the city

With the proactive preservation of rich heritage and culture in Singapore, many unique and lifestyle boutique hotels have undergone adaptive reuse from restored and conserved buildings. In particular, shophouses, mainly in the Chinatown area, are ideal opportunities for adaptive reuse into boutique hotels, coupled with its location appeal among tourists and locals who desire a vibrant staycation experience. Such boutique hotels would offer a nostalgic lifestyle and heritage experience for guests to explore, allowing visitors to see Singapore's rich heritage.



Chinatown



Chinatown, largest historic district in Singapore located in proximity to the Central Business District.

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