

AND STILL THEY COME

Continued innovation in how Singapore markets itself, improved service levels, filling accommodation gaps and renewed attractions will be key in driving visitor arrivals **BY GOVINDA SINGH**



THE tourism sector in Asia has more room for growth this year, after posting a strong performance in 2017. An improving regional economic outlook and an upturn in global business and consumer confidence were among the key growth drivers that spurred regional tourism during the past year.

The Asia-Pacific is a powerhouse for tourism growth, with the region poised to attract some 321 million foreign arrivals in 2017, an increase of 5.6 per cent on the previous year. This is according to the World Travel and Tourism Council (WTCC), which projected an annual growth of 4.4 per cent in foreign arrivals to the region over the next 10 years.

The growth will mostly be underpinned by South Asia, and in particular India, which, at 6.7 per cent per annum, is expected to be one of the fastest-growing regions for tourism over the next decade.

Accounting for around 10 per cent of gross domestic product (GDP) and one in 10 jobs, tourism is the only sector that has shown consistent growth over the last six years despite pandemics and natural disasters. This is clearly a sector that is not only sustainable but forms a vital part of many countries' economies within the region.

KEY TOURISM THEMES IN 2018

• **Rising confidence and optimism:** Across Asia, in 2018, we expect visitor arrivals to be underpinned by increasing business and consumer confidence. This, in turn, will drive many tourism

segments including meetings, incentives, conference and events (MICE) as well as business travel combined with leisure.

Visitor arrivals to well-established destinations such as Bangkok, Singapore, Hong Kong, Tokyo and Kuala Lumpur will continue to be healthy. Meanwhile, emerging destinations such as Bagan, Osaka, Chengdu and Colombo are expected to continue to witness double-digit increase in visitor numbers.

• **Upturn in cruise industry:** The anticipated upturn in the cruise market will contribute to regional tourism growth in 2018. The cruise business is becoming increasingly desirable, especially those with home ports in Singapore, Hong Kong, Japan, China and Thailand.

According to the *Asia Cruise Trends 2017 Report*, cruising in Asia is set to reach 3.7 million passengers by the end of 2017, a startling compound annual growth rate of almost 40 per cent since 2012. This increase was primarily driven by a growing Chinese and Indian market. Most Asians prefer to cruise within the region, and the sector is set to continue to expand with double-digit growth in the coming years with several large operators such as Genting (with its new Genting Dream flagship), Royal Caribbean, Carnival and Cunard all expanding capacity.

• **Strong demand for health and wellness:** With an ageing and increasingly wealthy population, the market for health and wellness in the region is seeing significant growth. Already, we are witnessing higher demand for vegetarian and organic food, with yoga and health

and fitness becoming more established in day-to-day routines.

Corporate wellness, already well-established in Japan, is quickly catching on in China, and is expected to see the highest level of growth in the region. Within Asia, Japan, South Korea, Thailand and Indonesia remain the top wellness destinations, with China, India, Japan, South Korea, Vietnam, Indonesia, Thailand and Malaysia the largest domestic and international source markets.

According to the Global Wellness Institute, wellness tourism in the Asia-Pacific is worth around US\$111.2 billion as at 2015, dominated by beauty and anti-ageing, nutrition, fitness and personalised medicine. Wellness tourism is projected to grow by 7.5 per cent per annum over the next five years.

INDIA CATCHES UP

China and Japan dominated both international and domestic travel in 2017, although India with its sizeable population and increasing wealth is snapping at their heels.

We expect this trend to continue in the short to medium term, with Chinese travellers becoming more sophisticated in their choice of experience, and more Indians travelling abroad. Increase in cross-border investments, further proliferation of low-cost carriers, improved accessibility and further easing

of visa restrictions will underpin future growth both internationally and domestically.

On the downside, the introduction of tourist taxes, increased visa fees and geo-political concerns, not to mention currency movements, will be key influencers going forward, with some countries emerging as winners and others, losers.

SINGAPORE TO GROW AT SLOWER PACE

Within the region, Singapore – with its well-developed and improving infrastructure, and sleek marketing campaigns – is expected to continue to witness growth in tourist arrivals. Second only to Bangkok for overnight visitors, the city state attracted 16.4 million visitors in 2016, an increase of 8 per cent on the previous year, and is on-course for a further 5 per cent growth in 2017.

The strong showing is underpinned by a leap in visitation from China, India and Australia, despite the slight decrease in average length of stay. We expect the up trend to continue, albeit at a slower pace of around 4 per cent in 2018, supported by the opening of Terminal 4 and an uptick in the region's economic performance, especially China's.

Continued innovation in how the country markets itself, improved service levels, filling accommodation gaps and renewed attractions will be key in driving visitor arrivals in the short term. We expect the top five source markets to remain Indonesia, China, Malaysia, India and Australia,



with a good mix of business, including MICE, and leisure visitation.

Singapore is also well placed to benefit from the growing demand for health and wellness. The increasing number of staycations suggests a need for retreats in the market, and would provide unique opportunities, perhaps on Sentosa. Health and wellness in Singapore is forecast to stay stable at around 2 per cent growth per annum, backed by the government's renewed push on tackling diseases such as diabetes, an ageing but stagnant population, and its reputation for high quality medical tourism. ■

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