

ASIAN HOTEL GROUPS HEADING TO THE WEST



The Carlyle Hotel, which overlooks Central Park in New York, exudes history, glamour, and, the most important part, enormous wealth. The Hong Kong family that owns one of the most popular chains of high-street jewelry has been running it for over two years.

The Cheng family made its fortune with a jewelry store chain called Chow Tai Fook, and it also runs the New World Group. An example of the power that the Asian money has in global hotel markets is the \$800 million deal that this family wants to do to take over the 18-property Rosewood luxury hotels group and buy five of its hotels.

There is a growing tourist class in China that the New World Group plans to serve and take advantage of, challenging at the same time such big companies as Marriott, Starwood, and InterContinental Hotels.

Sonia Cheng, a 31-year-old woman running the New World Hospitality said that the Cheng family wants to buy a luxury brand that could grow in both Europe and Asia. Cheng also said that Chinese tourists want something with credibility, history, and novelty all at the same time.

Chinese tourists have been spending lots of money at hotels and resorts all over the world. This past year, these tourists spent \$102 billion on holidays overseas. The Chinese tourists will spend around \$137 billion by 2015 according to COTRI (Outbound Tourism Research Institute of China).

COTRI expects that Chinese travelers will spend less time in Macau and Hong Kong by 2016 because they will go to the United States and Europe instead. In 2012, 64% of them went to Hong Kong and Macau. Powerful Asian hotel property owners are increasing their presence in this growing market. Companies such as Park Group and New World, along with the Peninsula Hotel Group, and Shangri-La Hotels are heading to the west.

A London-based property banker said that these Hong Kong families and groups are different from their Japanese counterparts in the 1980s in that they have traveled the world and are generating decent yields on each one of the property they purchase in big cities. New World plans to add 800 hotels to its roster by 2020 in big cities such as Rome, Milan, and Paris. They also will renovate the Chancery Court Hotel in London from top to bottom.

Hotel groups know that growth in certain parts of Asia is difficult, and they have become smarter in entering into western markets.

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