

2023 South Korea Hotel Industry Survey of Operations

2022 Calendar Year



Table of Contents

Foreword by Horwath HTL Asia Pacific	3
Annual Study Honorary Advisory Board	4
Market and Survey Introduction.....	6
1. Summary of Results	11
Table 1.1. 2022 vs. 2021	11
Table 1.2. By Average Room Rate	12
Table 1.3. By Location	13
2. Departmental Revenues & Expenses	14
Table 2.1. 2022 vs. 2021	14
Table 2.2. By Average Room Rate	15
Table 2.3. By Location	16
3. Departmental Expenses	17
Table 3.1. By Average Room Rate	17
Table 3.2. By Location	18
4. Undistributed Expenses	19
Table 4.1. By Average Room Rates	19
Table 4.2. By Location	20
5. Rooms Statistics (Inventory)	21
Table 5.1. By Average Room Rate	21
Table 5.2. By Location	22
6. Rooms Statistics (Performance)	23
Table 6.1. By Average Room Rate	23
Table 6.2. By Location	24
7. Food & Beverage Statistics (PAR)	25
Table 7.1. Per Available Room by Average Room Rate	25
Table 7.2. Per Available Room by Location	26
8. Food & Beverage Statistics (POR)	27
Table 8.1. Per Occupied Room by Average Room Rate.....	27
Table 8.2. Per Occupied Room by Location.....	28
9. Food & Beverage Statistics (% Of Total Rev)	29
Table 9.1. Percentage of Revenue by Average Room Rate	29
Table 9.2. Percentage of Revenue by Location	30
10. Food & Beverage Statistics (By Outlet)	31
Table 10.1. By Average Room Rate	31
Table 10.2. By Location	32

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11. Spa Statistics	33
Table 11.1. By Average Room Rate	33
Table 11.2. By Location	34
12. Labour Statistics	35
Table 12.1. By Average Room Rate	35
Table 12.2. By Location	36
13. Productivity Analysis	37
Table 13.1. By Average Room Rate	37
Table 13.2. By Location	38
14. Business Mix Profile	39
Table 14.1. By Average Room Rate	39
Table 14.2. By Location	40
15. Reservation And Sales Statistics	41
Table 15.1. By Average Room Rate	41
Table 15.2. By Location	42
16. Nationality Profile	43
Table 16.1. By Average Room Rate	43
Table 16.2. By Location	44
17. Forecast	45
Table 17.1. By Average Room Rate	45
Table 17.2. By Location	46
Explanation of Terms & Bases Used	47
Participating Properties	49
About Horwath HTL Asia Pacific	50
Horwath HTL Asia Pacific	51

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Foreword by Horwath HTL Asia Pacific

Horwath HTL is pleased to present the 2023 (Calendar Year 2022) South Korea Hotel Industry Survey of Operations. This year's study attracted a total of 26 participating hotels, which accounted for 9,667 room keys. We are excited to continue growing the reach of the study.









South Korea welcomed approximately 3.2 million inbound visitors in 2022, exceeding the figure recorded in 2021 (967,003 arrivals); however, it was still at only 18 percent of the 2019 level. With the reopening of the borders, the hotel market occupancy recovered by 16 percentage points to 61 percent while the ADR improved by 30 percent YoY from KRW 191,137 to KRW 249,154. In result, RevPAR saw a 78 percent growth YoY from KRW 85,614 to KRW 152,301.

I would like to offer our heartfelt appreciation to all survey participants for your longstanding support of this publication. We are grateful for any feedback or comments you may have to offer that will assist us in continuing to improve the utility of this survey.

Robert Hecker
Managing Director
Horwath HTL Asia Pacific

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(in alphabetical order)

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Table 17.2. By Location

GENERAL FORECAST	All Hotels	By Location	
		Seoul	Others
OCCUPANCY			
FORECAST FOR 2023			
Increase (Percentage of Respondents)	88%	100%	63%
Average Percentage of Increase	13%	12%	16%
Decrease (Percentage of Respondents)	8%	N/A	25%
Average Percentage of Decrease	6%	N/A	6%
Stay the Same (Percentage of Respondents)	4%	N/A	13%
FORECAST FOR 2024			
Increase (Percentage of Respondents)	85%	78%	100%
Average Percentage of Increase	11%	11%	12%
Decrease (Percentage of Respondents)	12%	17%	N/A
Average Percentage of Decrease	2%	2%	N/A
Stay the Same (Percentage of Respondents)	4%	6%	N/A
AVERAGE ROOM RATE (KRW)			
FORECAST FOR 2023			
Increase (Percentage of Respondents)	88%	100%	63%
Average Percentage of Increase	10%	11%	8%
Decrease (Percentage of Respondents)	8%	N/A	25%
Average Percentage of Decrease	3%	N/A	3%
Stay the Same (Percentage of Respondents)	4%	N/A	13%
FORECAST FOR 2024			
Increase (Percentage of Respondents)	96%	100%	88%
Average Percentage of Increase	8%	9%	5%
Decrease (Percentage of Respondents)	4%	N/A	13%
Average Percentage of Decrease	1%	N/A	1%
Stay the Same (Percentage of Respondents)	N/A	N/A	N/A

Explanation of Terms & Bases Used

Item	Description
Rooms Revenue	Revenues obtained from guests' accommodation rented on a part-day, full-day or longer period basis. The figures include service charges that are retained as room revenue or used to offset expenses (namely payroll), excluding hotel accommodation tax and tips given to employees.
Food Revenue	Revenue derived from the sale of food and non-alcoholic beverages in restaurants, in-room dining, mini bar, banquets and/or catering. This includes service charges that are retained as revenue or used to offset expenses (namely payroll), but excludes tax and tips given to employees.
Beverage Revenue	Revenue derived from the sale of alcoholic beverages. This includes service charges that are retained as revenue or used to offset expenses (namely payroll), but excludes tax and tips given to employees.
Other Operated Departments Revenue	Revenues generated from laundry, health centre, swimming pool, valet and other operated department revenues not mentioned.
Miscellaneous Income	Revenues related to a third party or revenues that do not incur any direct operating expenses, including foreign currency transaction gains (losses), income from rental of stores and showcases, commissions, cancellation penalties, cash discounted earned, etc.
Cost of Food Sales	Includes cost of food and non-alcoholic beverages served to guests, together with transportation and delivery charges, at gross invoices price less trade discounts. The cost of employees' meals is charged to the appropriate department and does not constitute a part of the cost of food sold.
Cost of Beverage Sales	Represents the cost of alcoholic beverages served to guests or used in the preparation of mixed drinks, at gross invoice price less trade discounts, plus import duties, transportation and delivery charges. The cost of employees' beverages is charged to the appropriate department and does not constitute a part of the cost of food sold.
Cost of Other Operated Departments Sales	Represents the cost from laundry, health centre, swimming pool, valet and other operated department revenues not mentioned.
Payroll & Related Expenses	Comprises of expenses associated with salaries, wages and bonuses and payroll-related expenses for employees. Also included are the employee benefits such as social insurances, medical allowance, vacation and holiday pay, goods and services to employees free of charge or at markedly reduced price, employee' meals.
Rooms Other Expenses	Represents non-payroll expenses for the room department, including the expenses of cable/satellite, television, cleaning supplies, commissions, complementary services and gifts, guest supplies, linen, printing and stationery, royalty fees, equipment rentals, corporate office reimbursable, etc.
Food and Beverage Other Expenses	Represents non-payroll expenses for food and beverage department, including china and glassware, cleaning supplies, decorations, guest supplies, laundry, linen, music and entertainment, menus and beverage lists, silver and uniforms.

<p>Other Operated Departments Other Expenses</p>	<p>Represents non-payroll expenses for all other operated departments, including laundry supplies, health centre and swimming pool supplies, etc.</p>
<p>Undistributed Expenses</p>	<p>This classification is used for (1) administrative and general expenses, (2) sales and marketing expenses, (3) information and telecommunications systems expenses, (4) utilities costs, and (5) property operation and maintenance expenses. Each of these can be considered as an individual entity. The explanations of each category expense are as follows:</p> <ul style="list-style-type: none"> • Administrative and general expenses include cash overages or shortages, commissions on credit cards, collection charges, executive office expenses, general insurance, postal charges, legal expenses, trade association dues, travelling expenses, accounts and consultants' fees. • Sales and marketing expenses include advertising, sales, promotion, merchandising, public relations and research, plus applicable travel and entertainment expenses and supplies. • Information and telecommunications systems expenses include cost of phone calls, internet services, software licenses and maintenance, software as a service fee, hosting storage fees and technical support fees. • Utilities expenses which include the cost of electrical power, fuel, steam and water. • Property operation and maintenance expenses include the cost of repairing buildings, electrical and mechanical equipment and fixtures, floor coverings, furniture, grounds and landscaping plus the cost of electric bulbs, mechanical supplies and removal of waste matter.
<p>Three levels of profit in this study</p>	<ul style="list-style-type: none"> • First level is the Departmental Profit/Loss. • Second level is the Gross Operating Profit (sum of department profits less undistributed operating expenses). • Third level is the Earnings before Interest, Taxes, Depreciation and Amortization (Gross Operating Profit less management fees and non-operating income and expenses).

About Horwath HTL Asia Pacific

Horwath HTL Asia Pacific (HHTL) is the regional arm of Crowe Global's Hotel, Tourism and Leisure Consulting Group. Since its establishment in 1987, HHTL has been involved with thousands of projects throughout the region in all phases of the property lifecycle for clients ranging from individually held businesses to the world's most prominent hotel companies, developers, lenders, investors and industrial corporations. HHTL currently operates out of offices in Singapore, Hong Kong, Beijing, Shanghai, Jakarta, Kuala Lumpur, Sydney, Mumbai, Tokyo, Auckland and Bangkok.

By combining resources from our offices in key cities throughout the Asia Pacific region, we ensure that clients receive a multi-skilled international perspective for their projects and benefit from our wide-reaching industry contacts. We are also supported by the Horwath HTL database, the largest and most complete hotel and tourism related database in the world. HHTL offers a wide range of services at all stages of the property lifecycle. Grouped under three broad areas, our services include the following:

Planning & Development Services

- Strategic Planning
- Market Entry Strategy
- Market Research
- Macro Tourism Analysis
- Tourism, Project and Destination Master-planning
- Site Analysis
- Highest and Best Use
- Product Conceptualization
- Facilities Recommendation
- Market and Financial Feasibility
- Residual Land Valuation
- Hotel Management Company Selection
- Management Contract Negotiation

Asset Management Services

- Owner Representation
- Accountability Review
- Operational Review
- Benchmarking
- Best Practice Analysis
- Capital Expenditure Cost/Benefit Analysis
- Reposition Strategy and Analysis
- Property Tax Appeals
- Litigation Support

Transaction/Lender Services

- Investment/Divestment Strategy
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- Pre-lending Review
- Valuation/Appraisal
- Vendor Due Diligence;
- Insolvency/Receivership;
- Loan Work-out

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