



'If you look at the high-speed train infrastructure it's going to be the most advanced. That is going to help my business like crazy.'

**Ted Fang (left),  
president,  
Days Inn China**

FILE PHOTO

## Hotel chain bullish about China property

Singapore-owned Days Inn targets 3,000 hotels in China in 25-30 years, from 100 at present

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DESPITE concerns of a property bubble brewing in China, Days Inn, one of the fastest-growing hotel chains, is bullish about its prospects and looking to hold assets there as it expands its network.

"Right now, the (Chinese) government is trying very hard to control the rise in property prices," said Days Inn China president Ted Fang.

"So I'd say that property prices may just stay at this level – what we call trade within the range – for a period of time. But over the long term, it's still very difficult (to hold prices down) because the Chinese, by nature are very confident of their future and they like real estate. So I think it's going to be really hard to press it (the property market) down. What the government can do is to try and maintain, as much as possible. But I'm personally still bullish."

Days Inn China already has a network of close to 100 hotels in mainland China, most of which operate under management contracts inked with the property owners. The rest are run by franchisees using the Days Inn system and brand.

But the zero-asset strategy could change as the Frontier Group, which owns the Days Inn brand in Greater China, is looking at buying its own properties to operate, or attempt a leasing model. Mr Fang said that leasing rates at the moment are very favourable to his company, as they are about 30-40 per cent lower than the highs of the 2007-2008 period.

Ownership and leasing will change the dynamics of its revenue phenomenally, which is expected to "grow more than 10 times in the next three to five years", said Mr Fang.

"When I lease the hotel, I take all the upside," added Mr Fang. "Whereas if I manage a hotel as-

set, while there is no risk on our part, the upside potential is not as great as if I leased the asset. But that's not the whole story. When I lease or own the hotel, I can do a lot more in terms of selection of the location, interior design and marketing, and enhance the performance of the property."

Revenue will also be boosted by an increase in the number of Days Inn hotels. Frontier Group is now on its way to signing on the 100th hotel and there will be more on the way, as Mr Fang told BT that he is targeting to have 3,000 Days Inn hotels in China in another 25-30 years.

"If you can have 1,700 Days Inn in the US, I think it's not crazy to think that we can have 2,000 to 3,000 Days Inn in China – after all the China market is at least three times larger," said Mr Fang. "In the US, they may have more hotels because there are motels and they are smaller, with about 100 rooms. Days Inn China, by my current count, is about 240 rooms per hotel."

He estimates that there could be 300-400 cities in China, each of which could easily accommodate at least one Days Inn hotel. In addition, the rapid urbanisation and Beijing's plans to build a massive national rail network would all work to the advantage of the hotel chain, which derives a major part of its revenue from domestic travellers.

"You see, a lot of Chinese like to travel overseas, but it's troublesome," said Mr Fang. "And it's a lot easier for them to travel within China. If you look at the high-speed train infrastructure, it's going to be the most advanced. That is going to help my business like crazy."

Mr Fang is also hopeful that recent government plans to boost domestic consumption and raise workers' incomes would drive demand for tourism within China.

Outside mainland China, Mr Fang is also on the lookout for suitable sites in Hong Kong, Taipei and Singapore.

"The problem with Singapore is land availability is so tight – it's difficult to find good sites at reasonable value. Whereas in China, it's so easy for us. So as you can see, I'm getting a lot more mileage in China than in other cities."

The Days Inn brand originated in the US and is owned by Cendant Corp's hotel and hospitality arm, Wyndham Worldwide. Mr Fang and two of his half brothers, David and Harry Tan, had obtained the franchise rights for Greater China in late 2003 through Frontier Group.

The three brothers have collectively amassed more than 40 years' experience in the development and management of hospitality, entertainment and leisure-related projects in China and Singapore.

Days Inn China is largely in the mid-market hotel space, with a presence in 59 cities and 34 provinces.

It is possibly the fastest-growing China-based hotel chain owned by Singaporeans.