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# Hotels in M'sia among most **affordable** globally

➤ Pandemic caused room rates to fall by 45%, and dropped further due to weak value of ringgit

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**PETALING JAYA:** Hotels in Malaysia offer the most affordable rates compared with most countries globally, despite facing challenges after the Covid-19 pandemic, said Malaysian Association of Hotel Owners executive director Shaharuddin Saaid.

"A 5-star hotel room in Singapore costs around RM1,049 a night, while a similar one in Malaysia is just RM300," he said, adding that this is due to *ringgit* being lower compared with Singapore and US dollars.

"The Covid-19 crisis caused room rates in Malaysia to fall by 30% to 45%. But now, with the weak foreign exchange, it has further decreased against other currencies." He said the industry, which has just begun to recover from the pandemic, is facing financial constraints.

"The number of foreign tourists

who contribute a higher yield versus domestic ones, is still low compared with the pre-pandemic period."

Shaharuddin said the industry is implementing cost-saving measures while actively seeking ways to boost business.

"The cost of doing business has been increasing in the past two years, with the minimum wage rising from RM1,200 to RM1,500 and the implementation of the Imbalance Cost Pass-Through by TNB, made hotel electricity cost rise by 35% to 50%."

He said some hotels are even contemplating charging foreign tourists RM1,400 (US\$300) for a standard room instead of the average RM300.

"Generally, occupancy rates hover between 45% and 60%. Room rates have been low despite a slight increase periodically, but against the US dollar, our rates have gone down by 20% to 25%."

Shaharuddin called on the government to consider maintaining the 6% Sales and Service Tax (SST) for hotels instead of the current 8%, especially when the industry is actively promoting tourism in light of Visit Malaysia Year 2026.

"We should not ignore the domestic market, which helped the tourism and hotel industry during the pandemic. The SST increase would discourage domestic tourism."

Mercure Hotel Shaw Parade general manager Cindy L.K. Yeoh said the increase of SST to 8% is fair when compared with other Asean countries that are active in tourism.

"Malaysia's SST rate is considered moderate among Asean countries when compared with the Philippines, which has the highest at 12% and Thailand, which is the lowest at 7%." She said since SST is not an added cost to hotels but is charged to guests and paid to the government, the 2% increase will cause patrons to have the impression that accommodation in Malaysia is getting more expensive.

"This is especially so when compared with restaurants or event halls in proximity to hotels or connected to the same building, such as shopping complexes or malls, in which the SST remains at 6%," she said, adding that the pricing for a standard room is most affordable due to competition. We compete against one another, and with new hotels coming up, it is a race to be the best service provider."

Yeoh also said hotels are working closely with the Tourism, Arts and Culture Ministry to boost occupancy rates and services.

"With reports indicating that 24 million tourists would visit the country in 2024, the hotel industry is optimistic that business would improve."