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SIC sees revenue from F1 Grand Prix surpassing RM1b

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THE fourth Petronas Malaysian Formula One (F1) Grand Prix is expected to inject a higher volume of direct expenditure into the country's economy compared with the previous ones based on the anticipation of a larger crowd attending the event that will start tomorrow.

Last year, the event saw 75,000 spectators packing the F1 circuit track in Sepang, Selangor. The numbers were lower than the second Petronas Malaysian F1 Grand Prix in 2000, where 88,000 fans came to the circuit to support their teams.

For this year, organiser Sepang International Circuit Sdn Bhd (SIC) expects attendance to hit the 100,000 mark.

"We hope revenue generated from the event will surpass what was achieved when we hosted the event for the second time in 2000. We are hopeful it will be more than RM1 billion," a SIC official told Business Times.

Findings of a study conducted by Universiti Malaya had revealed that the first Petronas Malaysian F1 Grand Prix in 1999 saw RM545.3 million being injected into the economy.

Prime Minister Datuk Seri Dr Mahathir Mohamad had estimated that the revenue from hosting the second event came to RM1 billion.

Vice-president of the Malaysian Association of Hotels Ivo R Nekvapil said the F1 is the single most influential event this month in the country to the extent that March is thus far the best month in 2002 in terms of hotel occupancy.

Up until Tuesday, most hotels in the Klang Valley were enjoying close to 80 per cent occupancy.

"From tomorrow (Thursday) until next Monday, the occupancy is expected to be around 95 per cent. This included hotels in the three, four and five-star categories," he added.

Nekvapil said the F1 teams arrived immediately after the Melbourne race two weeks ago and have occupied the hotels in Putrajaya and Cyberjaya.

During the first Petronas Malaysian F1 Grand Prix in 1999, 26 hotels had 100 per cent occupancy for the three-day event. In 2000, 10 hotels had a 100 per cent occupancy while other hotels had enjoyed a 85 per cent to 90 per cent take up rate.

Last year, however, only some six hotels were fully occupied and the rest were 75 per cent to 85 per cent full.

Meanwhile, the president of the Malaysian Association of Shopping and Highrise Complex Management Richard Chan Chee Keong said that with the tapering down of domestic spending this month following the recent festive season, foreign tourist spending will provide a much-needed boost to sales this month.

Event such as the F1 while providing a push to retail sales, is, however, confined to city centres.

"Shopping centres in and around Kuala Lumpur do well...in the suburban areas there is not much patronage.

"They (foreigners) have the spending power...hopefully they will extend their stay here and do some shopping ...we are one of the cheapest shopping destinations in the region," Chan said.

Other beneficiaries of the F1 event are the restaurants and transport providers.

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