



HOSPITALITY CONSULTING

# Chiang Mai

## Hotel Market Update

March 2017

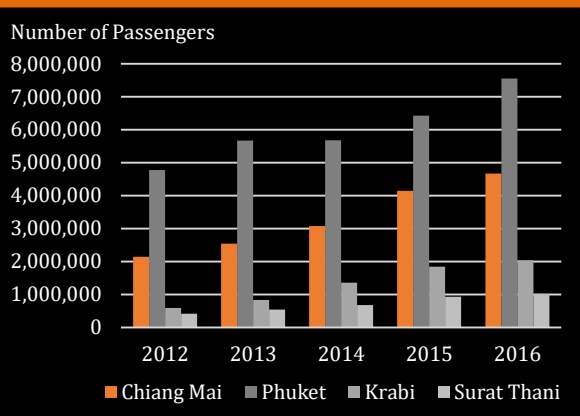
### Low-cost carriers push total airport arrivals to Chiang Mai past 4.5 million threshold

#### Thai travelers made up 71% of hotel demand last year

“Chiang Mai trails only Phuket in airport traffic compared to other Thai destinations outside of Bangkok. In 2016, it hosted a total of 4,664,938 inbound passengers which highlighted year-on-year growth of 13%. The uptrend in airlift has been stimulated by international demand, which showed a compound annual growth rate of 44% for the past five years. This segment began to surge in 2011, with traction coming from Greater China. A strong shift in overseas source markets was due to media exposures in 2012, which popularized the destination amongst Chinese visitors due to the success of the *Lost in Thailand* film.

Although domestic arrivals expanded at a more moderate pace with CAGR averaging 18% from 2012 to 2016, the sector featured 439,561 incremental travelers last year. This is largely attributed to the increase of low-cost carriers, which added a total of 903 flights during the year.

Thai Provincial Airport Passenger Arrivals



Source: Chiang Mai Provincial Office and C9 Hotelworks Market Research

We foresee solid demand from the broader market, with LCCs expected to add new routes to the destination. As we move through early 2017, the impact of Thailand’s crackdown on zero-baht Chinese tours is expected to ease and foreign arrivals normalize.

Bill Barnett, Managing Director, C9 Hotelworks

### Trends

- Thailand’s Ministry of Tourism and Sports estimated total tourist arrivals grew 3.65% last year, with strong domestic uplift offset by a slight contraction in foreign travelers.
- In 2016, Hong Kong, Shanghai, Chongqing and Chengdu were amongst the top feeder cities from Greater China, with 5,346 direct flights routed between the region and Chiang Mai.
- Hotel average daily rate market-wide increased to THB3,385 according to STR, as occupancy was slightly down due zero-baht tourism crackdown.

### Forward Outlook

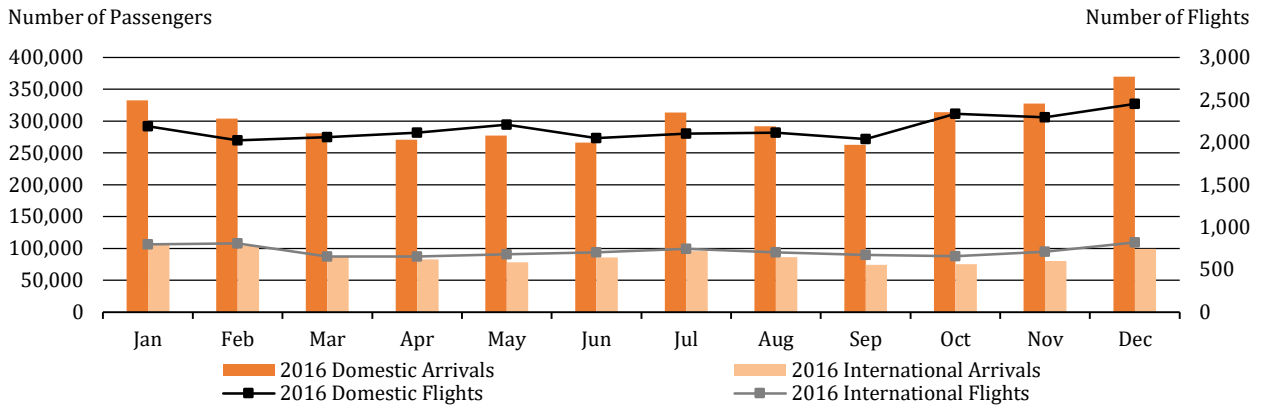
- Plans for the upgrading of Chiang Mai International Airport includes runway expansion and terminal extension, which will increase total capacity to 20 million passengers by 2030.
- An intercity motorway project connecting Chiang Mai to Chiang Rai is currently under review by the Highway Department, with a potential commencement by 2020.
- Increasing flights from domestic airports and new international routes will enhance Chiang Mai as a leading gateway for the Mekong region.

# TOURISM

## Airline Indicators

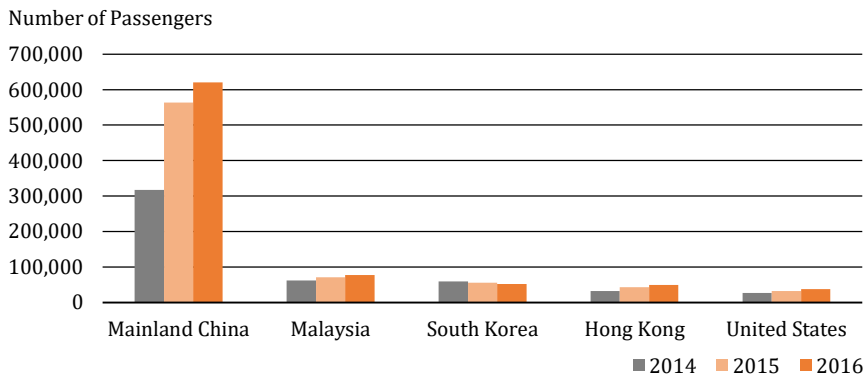
- In 2016, a total of 4,664,938 passengers arrived at Chiang Mai International Airport, 77% of which were from domestic routes and 23% from international flights.

### Chiang Mai Airport Domestic & International Arrivals



Source: Airports of Thailand and C9 Hotelworks Market Research

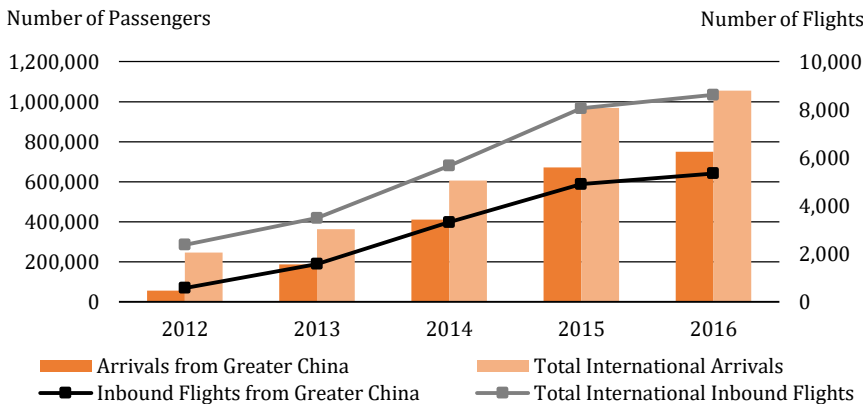
### Top 5 Key Geographic Source Market Trend



Source: Chiang Mai Airport Immigration and C9 Hotelworks Market Research

*Top 5 overseas source markets accounted for 78% of total arrivals last year*

### Airport Arrivals and Inbound Flights from Greater China



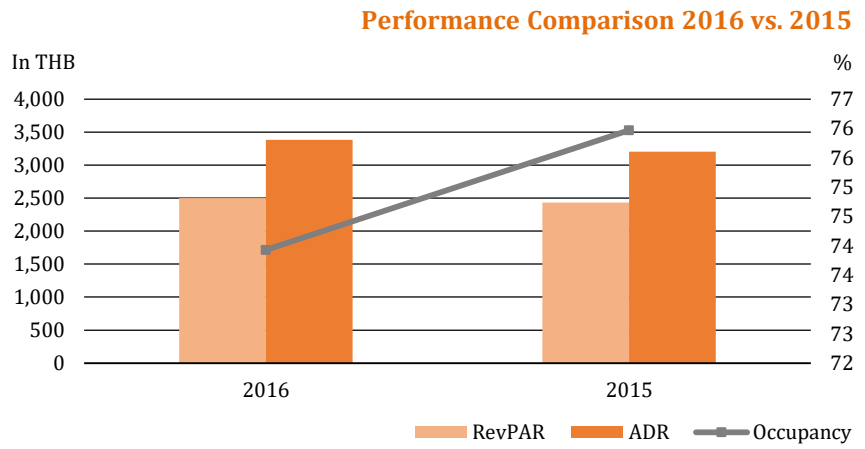
Source: Airports of Thailand and C9 Hotelworks Market Research

*Arrivals from Greater China saw the highest growth in 2013 by 235% due to impact of Chinese film Lost in Thailand*

# HOTEL OVERVIEW

## Hotel Performance

*RevPAR increased to THB2,502 despite lower occupancy due to a 6% uplift in ADR*

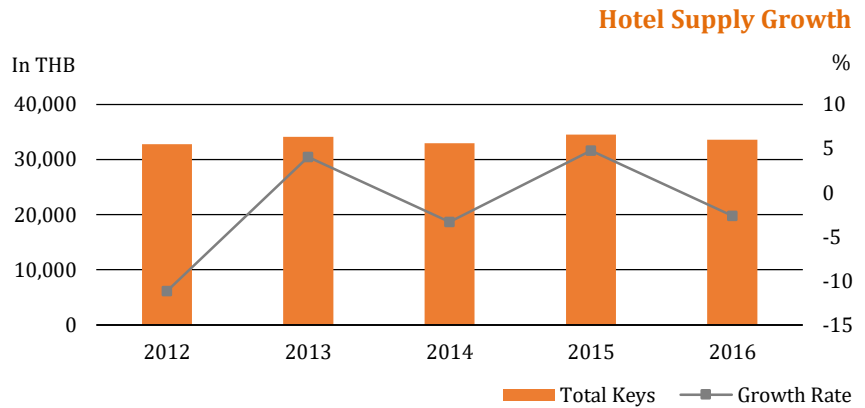


Source: STR

## Hotel Supply

- Currently, Chiang Mai has a total of 33,593 keys in 831 registered and unregistered tourist accommodation establishments. An additional 524 keys are expected to come on stream by 2019, with the majority of pipeline properties concentrated in the Old City catchment area.

*Room inventory per hotel is scaling down with trend towards boutique hotels and hostels*



Source: Thailand Ministry of Tourism and Sports

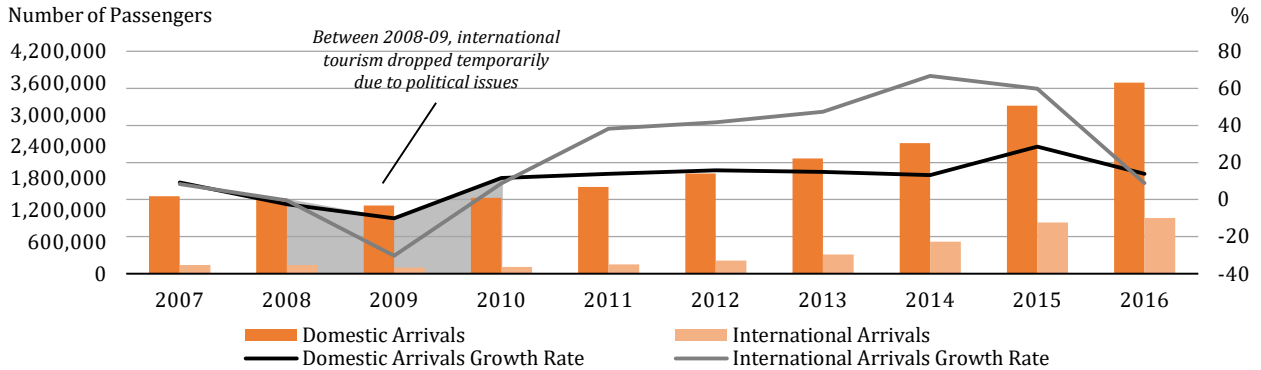
Hotel Name	Location	Keys	Opening Date
Suriwongse Hotel Chiang Mai	Changkran Road	36*	2018
X2 Chiang Mai Riverside	Charoen Rat Road	33	Nov-17
Shama Chiang Mai	Huaykaew Road	45	Apr-17
Icon Park Hotel	Manee Nopparat Road	60	Nov-17
U Nimman Chiang Mai	Nimmanhaemin Road	150	Mar-17
Dusit Princess / Dusit Residence	Nimmanhaemin Road	200	2019

\*Additional keys for existing hotel

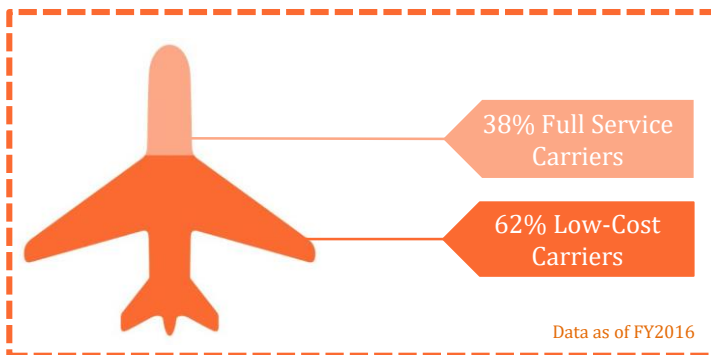
Source: C9 Hotelworks Market Research

# Chiang Mai's Tourism: A 10 Year Perspective (2007-2016)

## 10 Year Growth in Domestic and International Passenger Arrivals



## Passenger Arrivals on Full Service Carriers vs. LCCs



Over the past 10 years, total passenger arrivals to Chiang Mai have increased by nearly **3X**

*CAGR from 2007 to 2016 for hotel room supply averaged 5% while airport arrivals grew by 12% per year*

## Top 5 Markets at Tourist Accommodation Establishments

2015		2007	
1.	Thailand	1.	Thailand
2.	Mainland China	2.	Malaysia
3.	Japan	3.	France
4.	United States	4.	Germany
5.	France	5.	United States

Source: Thailand Ministry of Tourism and Sports, Airports of Thailand and C9 Hotelworks Market Research



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