



HOSPITALITY CONSULTING

Khao Lak

Hotel Market Update

May 2016

Post-tsunami decade sets mainstream stage for destination success story

Phang Nga's tourism market expects to surpass 1 million mark this year

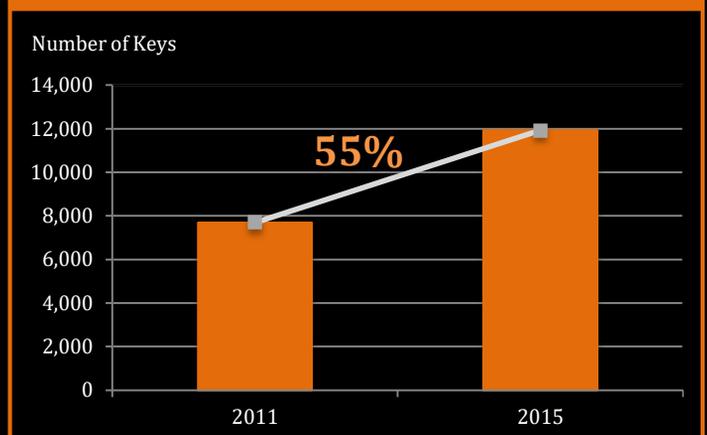
“What a difference a decade makes. The Thai resort market of Phang Nga is expected to achieve one million hotel guests in 2016. Roll back the clock to 2005 in the aftermath of the Asian Tsunami the year before, and less than 300,000 hotel guest arrivals materialized.

According to C9 Hotelworks' market research, the four-year growth period between 2010 and 2014 laid the foundations to break the cycle of the destination's notorious seasonality into one with year-round appeal. This is expected to become even more pronounced in the years to come as the rising Chinese, Australian and regional Asian source markets add to the traditional legacy winter snowbird arrivals and grow the destination.

Trends

- Market-wide hotel growth demand in Phang Nga Province over the past five years (2011-2015) ranked in with 16% CAGR.
- Khao Lak upscale-tier hotel performance registered slight y-o-y drops in ADR by 1%, and occupancy by 3% that drove down RevPAR 3%.
- German-speaking countries continue to be a highly-leveraged source of business, while Australia and China are key growth markets.

Phang Nga Hotel Inventory Growth



Source: C9 Hotelworks Market Research

Looking at the hotel pipeline, an increasing number of overseas investors and international brands are fueling the momentum of a defined move north of Khao Lak into Bangsak and beyond seeing a series of large upscale properties coming online.”

Bill Barnett, Managing Director, C9 Hotelworks

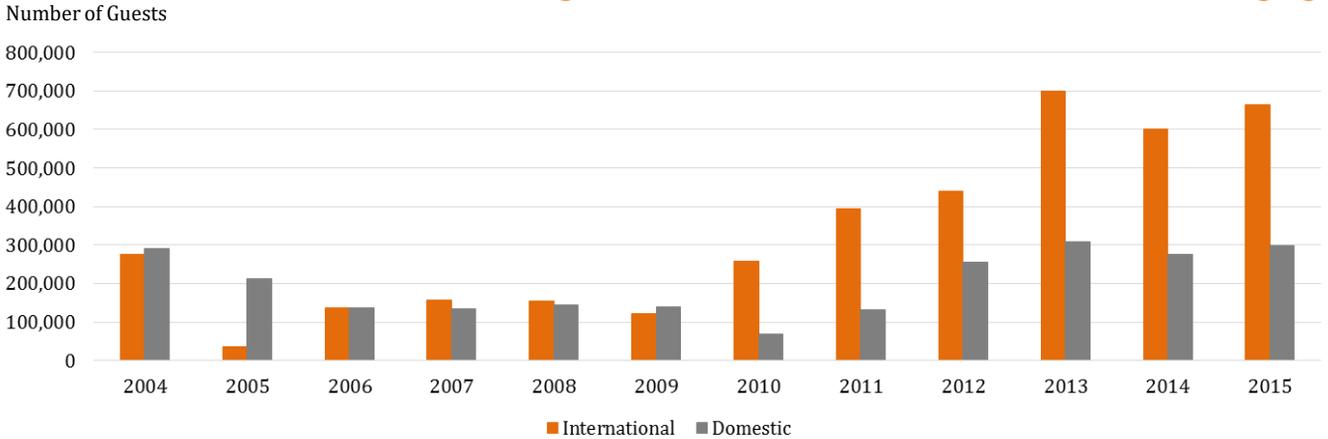
Forward Outlook

- Seasonal demand fluctuations are slowly but steadily diminishing as Asian market demand is entering the destination with rising numbers.
- Reliance on Phuket airlift is expected to remain intact during the medium-term, as the government evaluates airport facility options.
- Post-tsunami build restrictions for large-scale hotel and tourism projects in Phang Nga continue to pose serious development challenges.

TOURISM

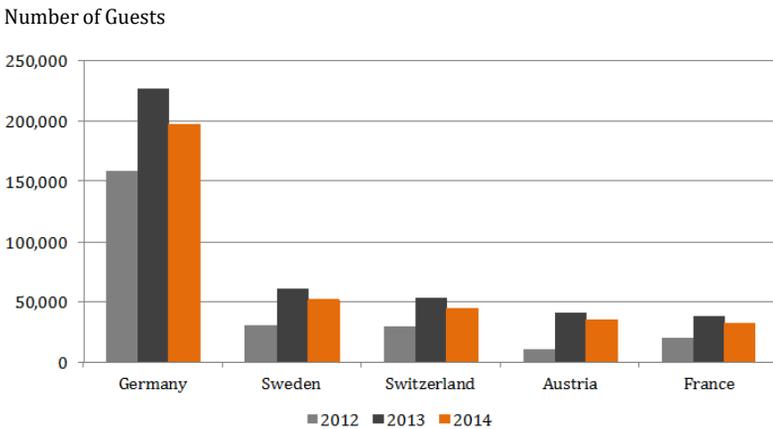
After the Asian Tsunami in December 2004, Thai domestic guests registered a significant decline until 2011, when the trend reversed. International tourists returned in 2006, with 2010 signaling the start of a strong upward growth cycle. Market momentum escalated for four consecutive years (2010-2013) before being hit by a 13% year-on-year drop in 2014 as a result of the Thai political crisis and Eurozone economic issues. In 2015, stabilized trading returned with a total number of arrivals recorded tallying 962,020, for a 10% year-on-year boost.

Guest Arrivals at Registered Accommodation Establishments – Phang Nga



Sources: Thailand Department of Tourism and C9 Hotelworks Market Research

Top 5 Key Geographic Source Market Trends – Phang Nga

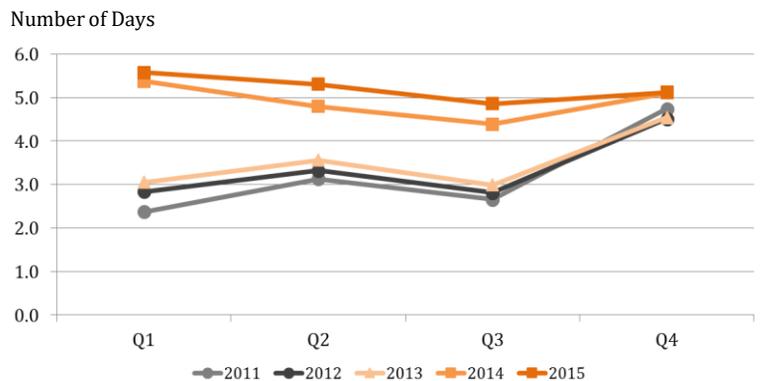


Sources: Thailand Department of Tourism and C9 Hotelworks Market Research

Europeans accounted for approximately 80% of hotel arrivals within the international segment, with fastest-growing markets being China, Japan, Korea, Australia, Malaysia and Singapore

European and Australian markets typically stay between 7 and 14 days, while Asian guests stay between 1 and 3 days

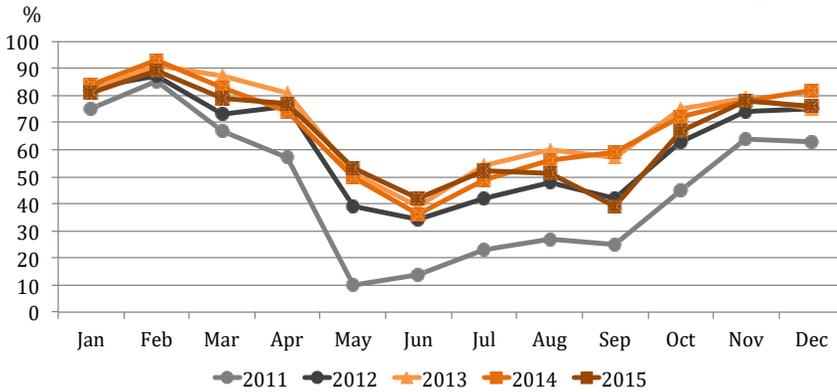
Average Length of Stay (ALOS) – Phang Nga



Source: Thailand Department of Tourism and C9 Hotelworks Market Research

HOTEL MARKET

Khao Lak Seasonality by Hotel Occupancy

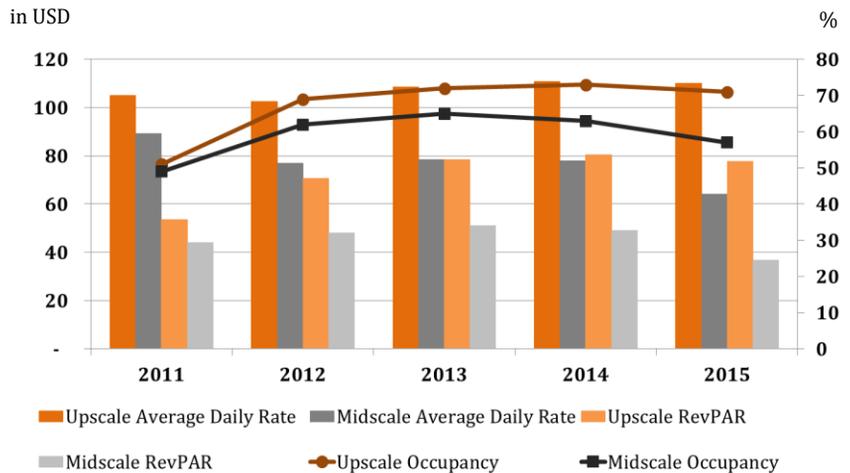


Source: C9 Hotelworks Market Research

Europe is the core feeder market in the high season (November - March), while shoulder and low season (April - October) is highly leveraged with Australians and Asians (China and regional)

Khao Lak experienced a y-o-y contraction in midscale performance with an ADR decline of 18%, occupancy drop of 6% and a 25% reduction in RevPAR due to new supply

Khao Lak Hotel Performance by Tier



Source: C9 Hotelworks Market Research

Hotel Supply

- Currently, there are 104 registered accommodation establishments with 7,822 keys in Khao Lak. Between now and 2018, there are four confirmed pipeline projects and one major extension identified with an additional 1,213 keys coming on stream. The northern corridor and Bangsak in particular is emerging as a major growth area for hotels.

Hotel Name	Location	Keys	Opening Date
Mai Holiday*	Bangsak	164	Aug-16
Bangsak Merlin Resort	Bangsak	275	Dec-16
Avani Khao Lak	Bangsak	328	Q4 2018
Holiday Inn Resort Khao Lak	Nang Thong	266	Oct-16
La Stella	Bang Niang	180	Aug-17

* Additional keys at extension of Mai Khao Lak Beach Resort & Spa

Source: C9 Hotelworks Market Research

About C9 Hotelworks



Bill Barnett
Managing Director

C9 Hotelworks is an internationally recognized consulting firm with extensive experience in the Asia Pacific region. Its core business focus includes:

- **Hotel and Resort Development**
- **Asset Management / Ownership Representation**
- **Project Feasibility and Analysis**

Key competencies include international hotel operator search, selection and contract negotiation, mixed use hotel and residential planning and operation reviews.

A wide range of both institutional and private developers and a comprehensive portfolio of completed projects give C9 the skill set and background to focus on key issues, evaluate complex ones and assist clients in achieving solid results. Based in Phuket, Thailand and led by Managing Director Bill Barnett, who has 30 years of experience in Asia Pacific, the firm is well positioned to serve an increasing demanding marketplace.



HOSPITALITY CONSULTING

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