

BUSINESS

TOURISM

PHUKET HOTEL INDUSTRY EXPECTS GOOD YEAR OVERALL

Inadequate airport, ongoing euro crisis among downsides

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THE NATION

The hospitality industry in Phuket is upbeat about prospects for the remainder of the year, although the resort island continues to encounter barriers such as its airport's urgent need for an upgrade and the ongoing financial crisis in Europe, which will dent the number of international arrivals.

Bill Barnett, founder and managing director of C9 Hotelworks, a consulting firm specialising in hotel, tourism and property development in the Asia-Pacific region, told *The Nation* he was very confident about the robust trend for the hospitality sector in Phuket, which had posted substantial growth in the first half of the year.

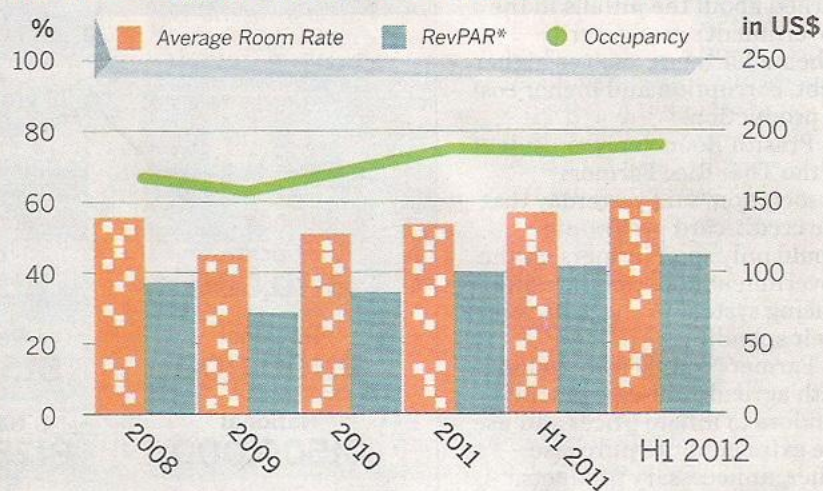
"From our talks with hotel owners and operators in Phuket, expectations are that 2012 will experience a strong close. An increasing supply line of new hotels in Patong, which has become a non-seasonal market, now seeing demand throughout the year, is expected to push the market-wise figure up," he said.

There are also signs that a growing number of Australian travellers will come to Phuket because of higher prices in the Indonesian resort island of Bali, with some tourists now seeking a more affordable option, he said.

As to the recent discotheque fire on Phuket, he said the tragedy was "an isolated incident and there are no reports of bookings being lost due to the unfortunate event".

In the first six months of the year,

HOTEL PERFORMANCE TREND IN PHUKET



Source: C9 Hotelworks Market Research

* Revenue Per Available Room

NATION GRAPHICS

Phuket's overall hotel occupancy rate was a healthy 75 per cent, a slight increase year on year, and revenue per available room increased by 8 per cent.

There was a rise of 11 per cent in airport arrivals to 2.32 million passengers during the period. The total passenger number for 2012 is expected to be 9.3 million, thanks to regional flights from low-cost carriers and international direct flights.

China, Eastern Europe and Malaysia were among the top markets in the first half, with growth of 66, 33 and 17 per cent respectively compared with the same period last year.

"Sustained direct access to the island is having a major impact on the hospitality sector, and is resulting in an increasingly self-sufficient position for 'Brand Phuket,'" Barnett said.

According to C9 Hotelworks' report, hotel transaction levels this year are expected to top US\$315 million (Bt9.9 billion).

Hotel groups likely to benefit the most from the boom include Lum Chang Development from Singapore,

Thailand's Minor Hotel Group, TA Global from Malaysia and Outrigger Hotels and Resorts from the United States, which acquired significant properties this year.

The hotel investment outlook on the island remains vibrant until 2015. During the period, 5,080 new rooms are under development, resulting in an eventual inventory boost of 11 per cent, the report said.

However, Barnett said the island still faced obstacles in its development, "especially a mounting infrastructure dilemma, and lacks a clear-cut long-term tourism plan".

"The current administration's shortfall on long-term tourism issues is widely documented. The failure to adequately plan and execute the upgrade at Phuket International Airport is simply a replay of the current Suvarnabhumi conundrum," he said.

"It's high time leadership took their heads out of electioneering mode and deal with what could be growing into a tourism crisis."