



asset management
& hospitality consulting

Hua Hin

2014 Hotel Market Update

March 2015

Weekend peak period continues to define tourism footprint

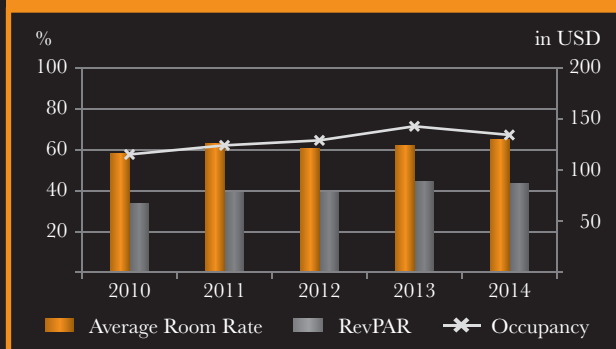
Destination continues to chase tail of sustainable growth

“The tourism profile of Hua Hin tracked other Thai stressed resort markets in 2014, with a year-on-year occupancy decline of just over -4%. That said, average room rates pushed upward but the demand variance negatively impacted RevPAR, resulting in a -1.4% drop compared to the previous year.

Taking a broader perspective for the period of 2010 to 2014, average room rates have risen from US\$116 to US\$130, with a 5-year CAGR of 3% while room night demand has strengthened from 57% to 68%. This has pushed up market-wide RevPAR which surged by 7%.

A resoundingly strong domestic segment is continuing to spur upward rate growth which is a trend most evident at upscale beachfront hotels. But the inability to fill empty rooms during the week poses questions over whether an anticipated

5-Year Hotel Performance Trend



Source: STR Global (Greater Hua Hin)

long-term shift in broader maturity is possible?

While widespread private sector investment is taking place in demand generators such as tourism attractions, upscale retail complexes and sporting facilities, the bottleneck in transportation infrastructure poses the most serious roadblock to elevating the destination alongside its domestic and regional competition.”

Bill Barnett, Managing Director, C9 Hotelworks

2014 Trends

- Hua Hin continued to rely on a highly-leveraged domestic segment which accounted for 72% of total visitors in 2014. This tracked a similar trend of 71% for 2013 and 72% in 2012.
- Market-wide hotel performance in 2014 reflected an average daily rate of US\$130 and occupancy of 68%. RevPAR tallied in at US\$88.
- Traditional trading has continued with December to April remaining as high season and the lowest demand in the months of June and September.

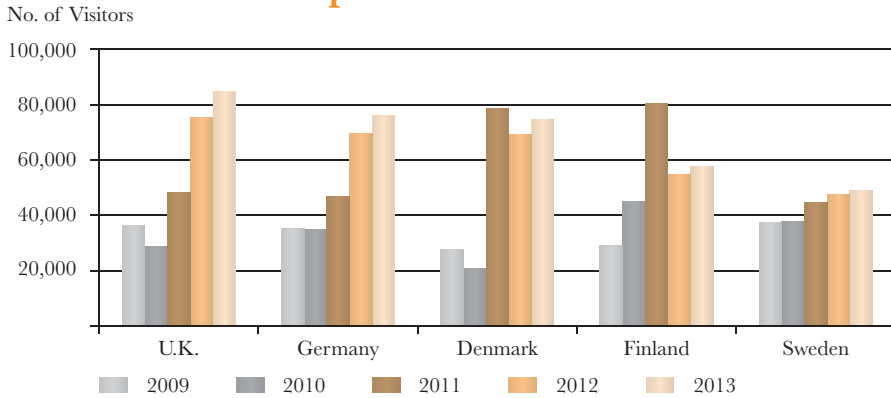
Forward Outlook

- There are currently 691 keys in the hotel development pipeline which will enter supply between 2015 and 2018. A sharp rise in condominium product is increasingly becoming predatory to the hotel sector.
- China and Hong Kong SAR are emerging as leading geographic sources markets with year-on-year growth of 16% and 15%.
- An urbanizing trend of the Hua Hin and Cha Am corridor is rapidly evolving, with vast land tracts in the latter being planned for mega projects.

Tourism Indicators

- Aside from a large-scale domestic visitor profile, Western Europe is the top international source of business. It accounted for 495,698 visitors in 2013, which equates to a 19% share of the destination's segmentation.

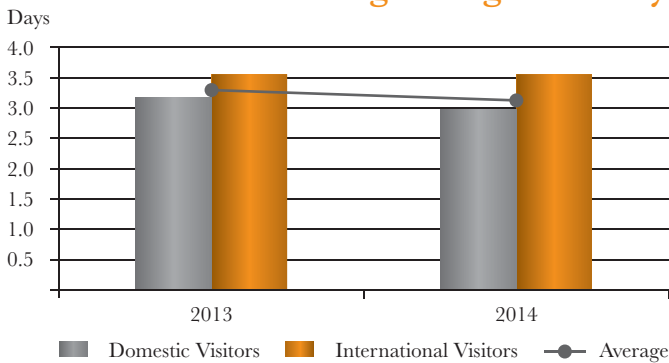
Top 5 International Source Markets



Source: Department of Tourism and C9 Hotelworks Market Research

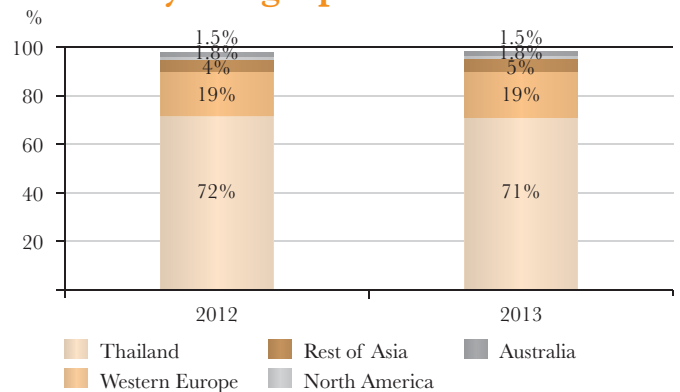
Denmark, U.K. and Germany achieved 5-year CAGR growth of 18%, 15% and 14% respectively

Average Length of Stay



Source: Department of Tourism and C9 Hotelworks Market Research

Key Geographic Source Markets



Source: Department of Tourism and C9 Hotelworks Market Research

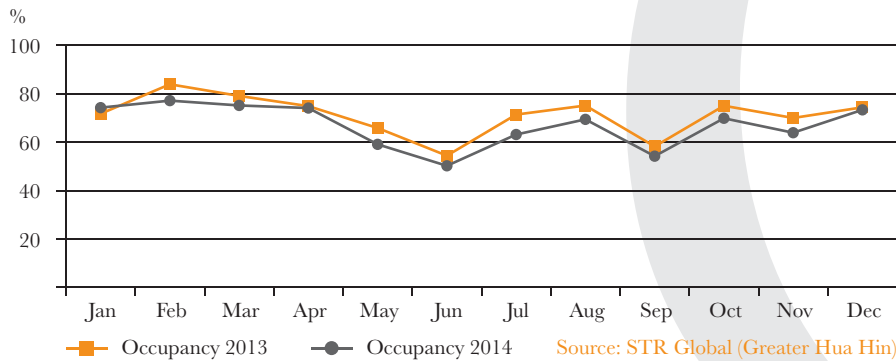
Key Infrastructure Highlights

Project	Key Project Description	Project Status
1. Vana Nava Water Park	<ul style="list-style-type: none"> International water park located on an area of 56,000 square meters. 	<ul style="list-style-type: none"> Opening took place in December 2014. Second phase will be a 300-key Holiday Inn branded hotel, and a 400-unit residential condominium in Phase III.
2. BluPort Resort Mall	<ul style="list-style-type: none"> Retail complex to be operated by Bangkok's The Mall Group. Total retail area of 140,000 square meters, and extension of InterContinental Hua Hin Resort. 	<ul style="list-style-type: none"> Construction commenced in May 2014 and work is currently ongoing. The project is scheduled to be completed in February 2016.

Source: C9 Hotelworks Market Research

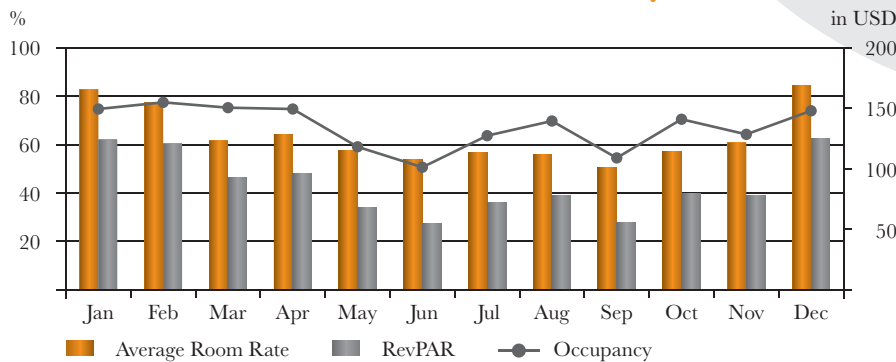
Hotel Performance

Monthly Hotel Occupancy 2013 vs. 2014



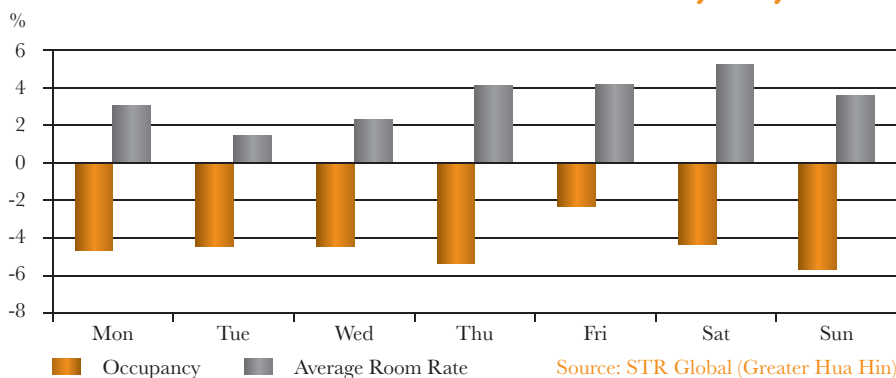
Year-on-year occupancy declined from May onwards as result of martial law declaration

Hotel Performance by Month - 2014



Rate growth unable to keep pace with occupancy decline which effectively muted RevPAR

Hotel Performance by Day - 2014



Strong domestic demand on Friday and Saturday period pushed up rate profile

Hotel Openings

- In 2014, there were 9,157 keys in registered accommodation establishments in Hua Hin. This compares to 46,803 for Phuket and 17,986 in Samui.

Hotel Name	Location	Keys	Opening Date
InterContinental Hua Hin Resort (extension)	33 Petchkasem Road	40*	Q4 2015
Hua Hin Marriott Resort & Spa	107/1 Petchkasem Road	328	Q1 2016
X2 Hua Hin Oasis	Hua Hin Soi 112	23	Sept 2016
Holiday Inn Hua Hin	129/99 Petchkasem Road	300	Q1 2018

*Additional keys for an existing hotel

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 increasingly demanding marketplace.



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