



HOSPITALITY CONSULTING

# Khao Lak & Phang Nga

## Hotel Market Update

June 2018

## What a difference an airport could make. Khao Lak gears up to take tourism to the next level

### Four infrastructure mega-projects drive provincial development plan

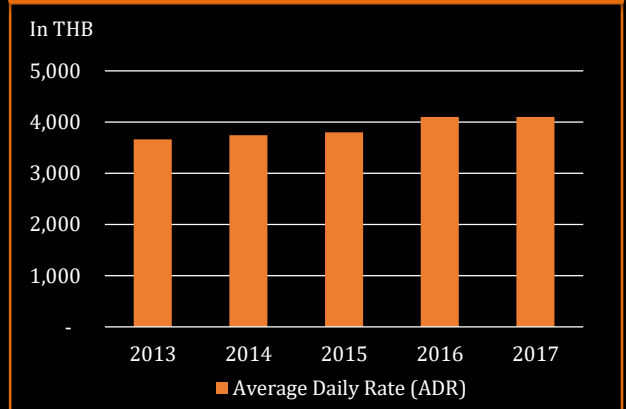
“Given the distance to Phuket Airport, wholesale travel agents have been powerful in driving demand to the Khao Lak tourism market. They have been able to market the destination by providing one-stop services for guests by arranging their accommodation, transportation, and activities under single packages.

Traditionally, wholesale travel agents especially those from the European and Australian markets are key providers. However, the number of free independent travelers (FITs) booking directly to hotels and online travel agents (OTAs) has significantly grown in the past few years. Therefore, this trend is becoming key to hotels seeing a slow migration from traditional wholesalers to OTA’s and in effect, this is impacting seasonal trends with higher occupancy in low months.

### Trends

- As of February 2018 market-wide occupancy registered 77% as average rates hit THB4,100. Khao Lak hotels tend to focus on occupancy to grow RevPAR versus rate yields.
- Western European visitors typically are the main market feeder for Khao Lak, accounting for 65% of total international guests.
- There is increasing demand in the MICE segment which comprises weddings from Europe, India, and Australia together with incentives from Singapore and Hong Kong.

### Historical Khao Lak Hotel Performance



Source: STR and C9 Hotelworks Market Research

Without a doubt the biggest game changer looking forward is the plan for a THB60 billion airport in Khok Kloi Phang Nga. If it materializes, the travel time to the Khao Lak tourism area will be reduced to approximately one hour and will in effect create a far broader mainstream tourism market.”

Bill Barnett, Managing Director, C9 Hotelworks

### Forward Outlook

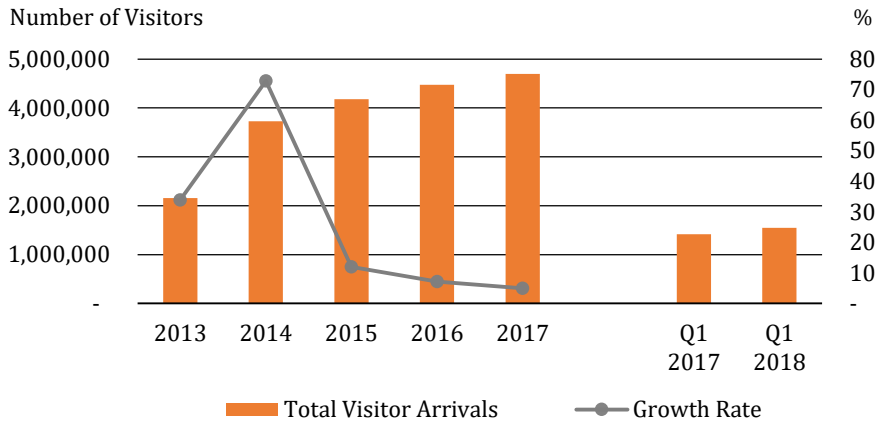
- Phang Nga’s development plans through 2021 include a four-lane motorway from Ranong, light rail from Thanoon to Phuket, and cruise ship port expansion at Thap Lamu.
- The approved investment budget for key provincial infrastructure projects is targeted at THB24 billion.
- There are six projects and one hotel extension in the pipeline, totaling 1,647 keys. International chain hotels are rising with four branded properties in the planning stage.

# TOURISM

## Demand Indicators

Due to increasing airlift at the gateway Phuket International Airport in both the short- and long-haul source markets, 2017 was a record-breaking year for total visitor arrivals at 4,699,018 with a 5-year CAGR surge of 24%.

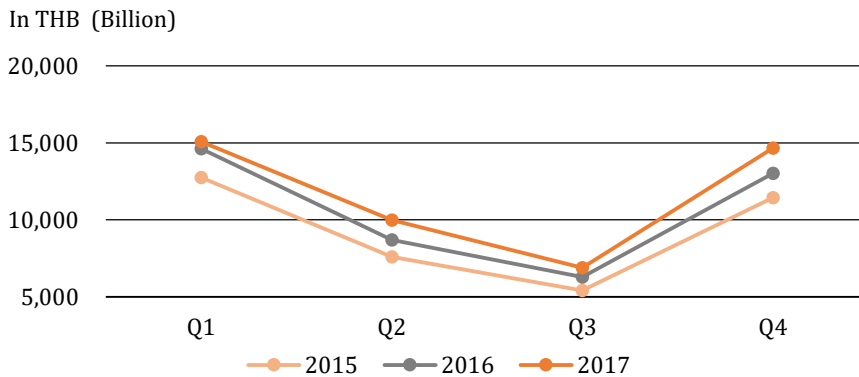
### Phang Nga Visitor Arrivals



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

*As of Q1 2018, Phang Nga had over 1.5 million visitors, representing an increase of 9% compared to the same period last year*

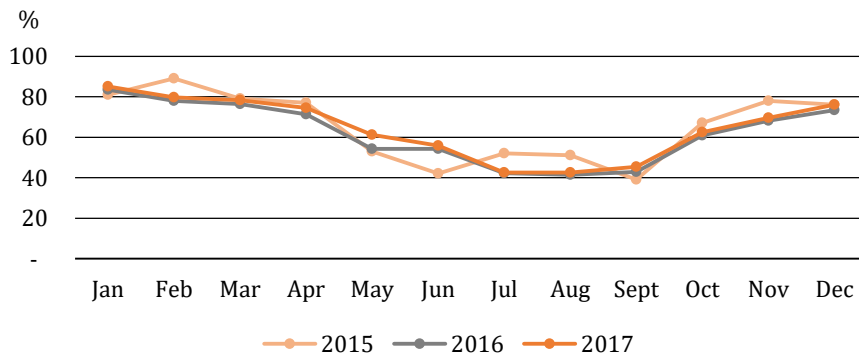
### Phang Nga Tourism Revenue



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

*The first quarter in each year generated the highest revenue, with tourism income surpassing THB17 billion as of Q1 2018*

### Phang Nga Hotel Demand



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

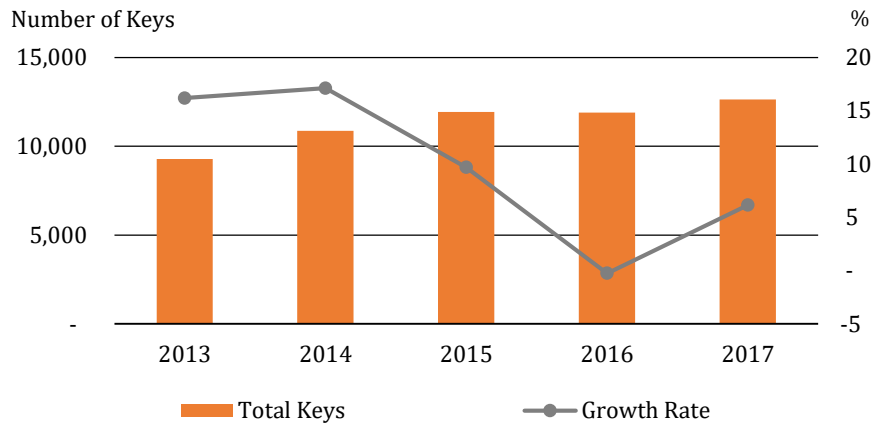
*Peak months are January and February with over 80% occupancy, which aligns with the trend for tourism revenue*

# HOTEL MARKET

## Hotel Supply

### Phang Nga Accommodation Establishments

*After a slight drop in 2016, hotel supply rebounded and grew by 6% to 12,623 keys last year*

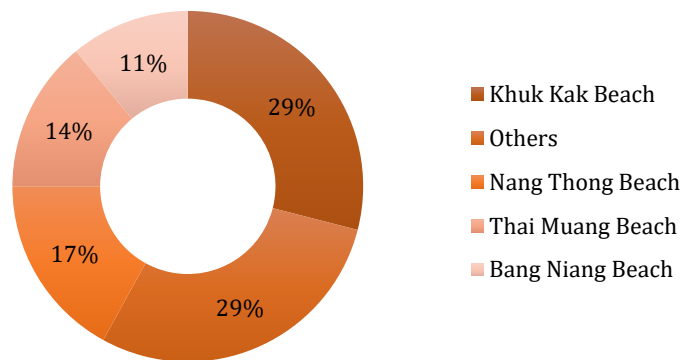


Source: Thailand Ministry of Tourism and Sports and C9 Hotelworks Market Research

### Khao Lak Hotel Supply

Majority of the existing hotels are concentrated in the Khao Lak center area which includes Khuk Kak Beach (29%), Nang Thong Beach (17%) and Bang Niang Beach (11%). However, locations have been expanded to other beaches such as Pak Weep Beach (10%). In addition, more developments have are being pushed to Bangsak and the pipeline footprint is continuing to grow northwards.

*Currently, a total of 44 properties are operating with 6,886 keys in inventory, of which 57% are focused in the central area*



Source: C9 Hotelworks Market Research

### Hotel Pipeline

Hotel Name	Location	Keys	Opening Year
Devasom Khao Lak Resort	Khuk Kak Beach	71	2018
Eden Beach Resort & Spa	Nang Thong Beach	208	2018
La Vela Khao Lak Phase II*	Bang Niang Beach	140	2019
Avani Khao Lak	Bangsak Beach	328	2020
Sheraton Khao Lak Resort	Nam Kem Beach	250	2020
Khao Lak Marriott Resort & Spa	Bang Muang	300	2021
Holiday Inn Resort Khao Lak Cape Pakarang	Bang Niang Beach	350	2023

\*Additional keys for 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 increasing demanding marketplace.



HOSPITALITY CONSULTING

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