



Koh Pha-Ngan & Koh Tao

Hotel Market Update

HOSPITALITY CONSULTING

March 2019

Solid growth in visitor arrivals and tourism revenue, but seasonality remains key challenge

Europeans account for over 50% of total market

“Koh Pha-Ngan and Koh Tao are idyllic Southeast Asian island destinations. Koh Pha-Ngan is known for its iconic Full Moon Party while Koh Tao is a renowned diving destination. Both Koh Pha-Ngan and Koh Tao have experienced strong tourism growth since 2012. The two islands welcomed over 1.6 million visitors as of 2017 (latest data available), representing a double-digit five-year CAGR of 16% between 2013 through 2017.

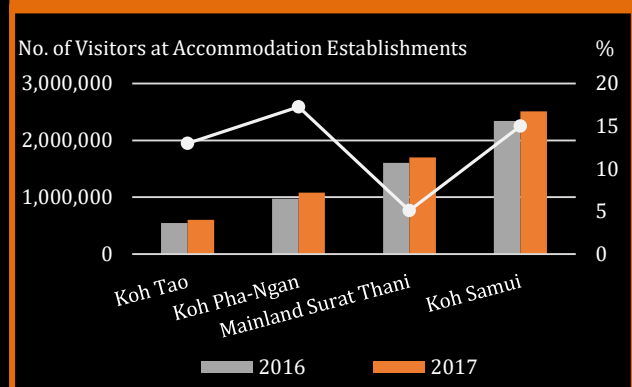
Koh Pha-Ngan surpassed over one million visitors in 2017 for the first time, with a 11% y-o-y growth rate. The tourism market on the island is highly seasonal. Market-wide hotel occupancy often reaches 80% during high season and Full Moon Party periods, but is volatile at other times.

Ferries are the primary mode of transportation to these two islands, with the majority of visitors traveling from Koh Samui. Some visitors opt for Surat Thani as a transit point on the mainland.

Trends

- Seasonality is the main disruptor of the islands' tourism with Koh Pha-Ngan's focus on the Full Moon period and Koh Tao's peak diving season from March to May.
- Key demand segmentation for both islands is composed of wholesale FITs (48%), OTAs (38%), direct bookings (12%), and wholesale groups (2%).
- The U.K., Germany and France are key international source markets for both Koh Pha-Ngan and Koh Tao, which account for more than 20% of total visitors.

Koh Samui vs. Koh Pha-Ngan and Koh Tao



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

Tourism demand for these two islands is mainly driven by long-haul markets such as Europe, Australia and the U.S.A. The main challenge for the two islands' tourism growth is dependence on the Koh Samui gateway airport along with high airfares which continue to subdue broader demand.”

Bill Barnett, Managing Director, C9 Hotelworks

Forward Outlook

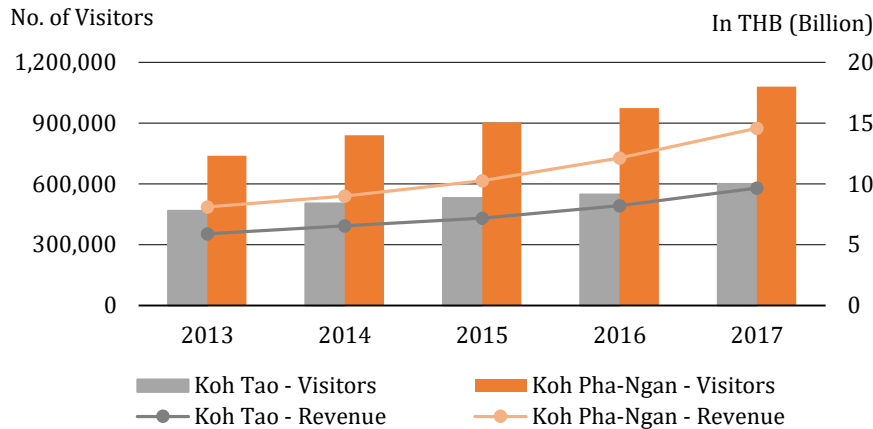
- Bangkok Airways remains the primary airline operator to Koh Samui since September 2018 after Thai Airways discontinued their twice-daily flights.
- Among key international source markets for Koh Pha-Ngan, long-haul travelers from the U.S.A and Australia dropped by 6%, with the high cost of transportation being a barrier to entry.
- Except for the domestic and traditional European markets, emerging countries such as Israel, Russia, and Mainland China are making headway in becoming key feeders of island visitors.

TOURISM

Demand Indicators

Tourism arrivals to Koh Pha-Ngan and Koh Tao have steadily risen with a five-year compound annual growth rates of 17% and 13%, respectively during the period of 2013 through 2017.

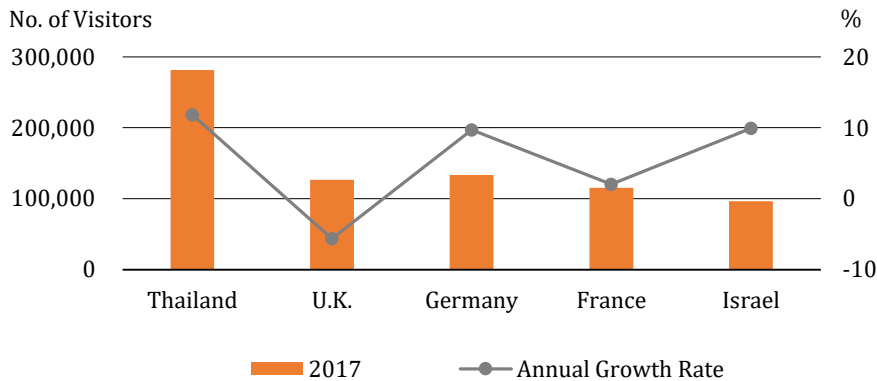
Visitor Arrivals and Tourism Revenue



Koh Pha-Ngan's tourism revenue increased substantially in 2017 with y-o-y growth of 20%, followed by Koh Tao's at 18%

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

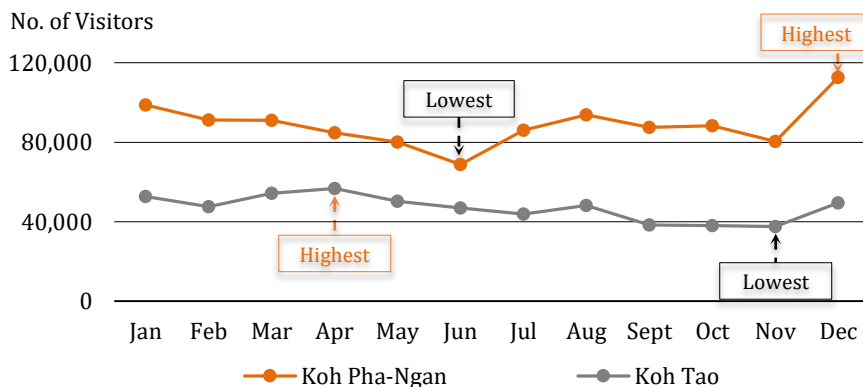
Top 5 Key Geographic Source Markets - Koh Pha-Ngan & Koh Tao



While most markets posted growth, visitors from the U.K. declined by 6% mainly due to less demand to Koh Tao

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

Seasonality



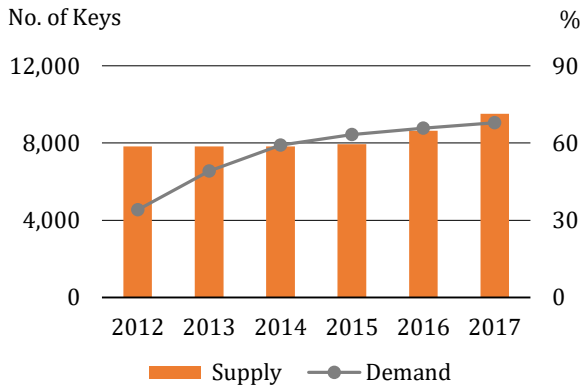
Highly seasonal trading is a boom bust cycle, which is a sign the development cycle remains in it's early stages

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

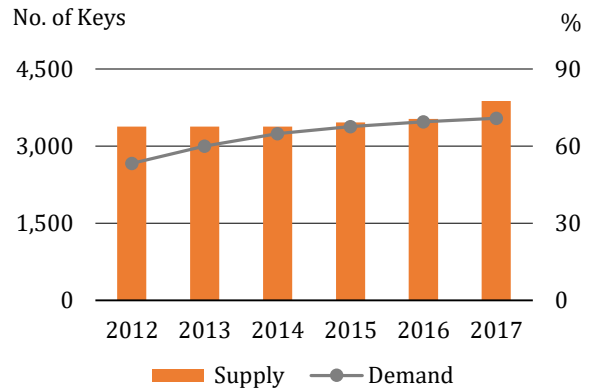
HOTEL MARKET

Demand and Supply Growth

Koh Pha-Ngan



Koh Tao



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

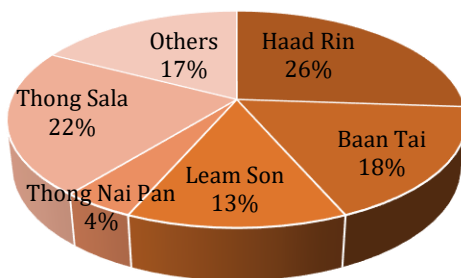
Koh Pha-Ngan's hotel supply surged to 9,509 keys in 2017, indicating 10% growth compared to the previous year. However, the hotel market is challenged during low season and non-Full Moon periods.

Accommodation establishments in Koh Tao totaled 3,880 keys as of 2017, representing 10% year-on-year growth which was driven by escalating demand.

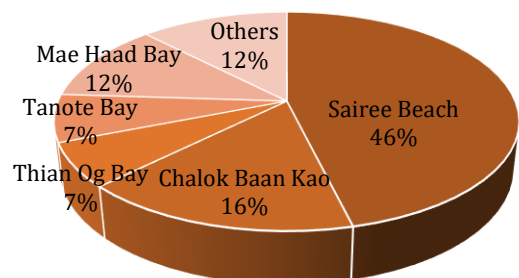
Accommodation Establishments

- Koh Pha-Ngan's hotel establishments are scattered in Haad Rin, a Full Moon Party area and Baan Tai, a Half-Moon Party destination.
- Koh Tao's hotel establishments are gathered in Sairee Beach, which is the longest beach closest to the main pier.

Koh Pha-Ngan



Koh Tao



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

Hotel Pipeline

Hotel Name	Location	Keys	Opening Year
The Cabin Beach Resort	Haad Rin	45	2019
Skymoon Resort Koh Pha Ngan	Haad Rin	33	2019

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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