



HOSPITALITY CONSULTING

Phang Nga & Khao Lak

Hotel Market Update

January 2020

Increasing hotel supply with stable tourism growth reflects a destination market entering a new cycle

Upcoming airport expected to push destination to diversify offerings

“Khao Lak, located in Thailand’s Phang Nga province, differentiates itself from Phuket’s mass tourism as it is dominated by Western travelers. As of year-to-date November 2019, the province recorded a total of 970,692 guest arrivals at accommodation establishments with most of the hotels concentrated in Khao Lak. Tourism demand remained stable last year with a slight 0.7% growth y-o-y as of YTD Nov 2019.

The existing hotel supply in Khao Lak has 154 properties, representing 10,606 keys. Half of the developments are focused on the beach areas located at the center of Khao Lak, namely Bang Niang (20%), Nang Thong (23%) and Khuk Kak (7%). The hotel market continues to be dominated by the wholesale segment with long-haul travelers. Thomas Cook was traditionally one of the largest wholesalers in the market before the company ceased trading in Q3 last year. The impact is expected to be short-term with new bookings redirected through other wholesalers or distribution channels.



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

Aside from stronger destination awareness contributed by existing and upcoming international branded hotels, the Andaman International Airport which is under development north of Phuket is expected to drive a new market cycle for Khao Lak.”

Bill Barnett, Managing Director, C9 Hotelworks

Trends

- The total number of visitor arrivals to Phang Nga is estimated to surpass 4.88 million last year, indicating a compound annual growth rate of 6% between 2014 and 2019.
- Phang Nga continues to experience an increase in demand during low season, especially in Q2 2019 with visitor arrivals uplifted by 2.5% y-o-y.
- Mainland China has the highest growth among all top five source markets with a 13% increase as of 2018 (latest available data) compared to the previous year.

Forward Outlook

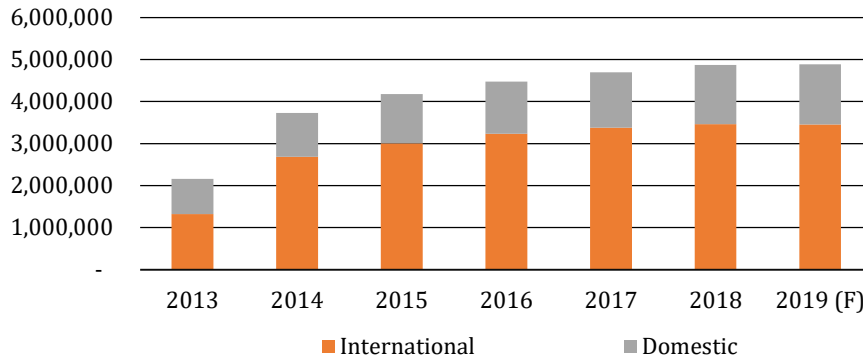
- The upcoming airport located in Ko Kloy, Phang Nga will shorten the travel time to Khao Lak by one hour, which will enable the destination to attract broader visitor demographics.
- The widening of the current road connecting Ranong with Phuket is contributing to benefit the tourism sector with shorter travel time.
- While 74% of the hotel pipeline in Khao Lak is brand affiliated, independent projects developers have a legacy of success in well-performing independent properties.

TOURISM

Demand Indicators

Phang Nga Visitor Arrivals

Number of Visitor Arrivals

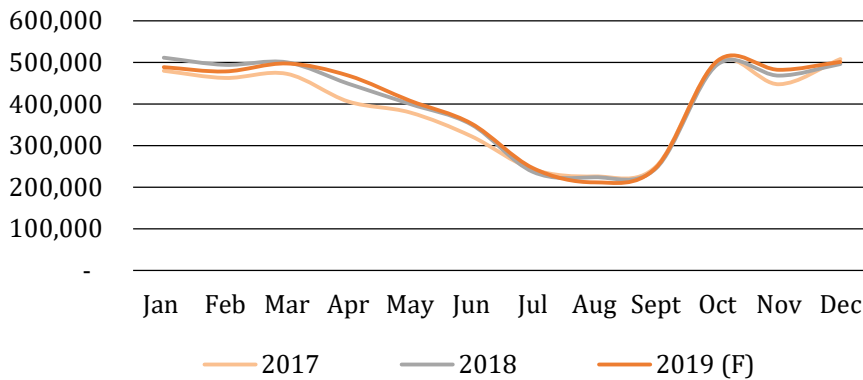


Source: Thailand Ministry of Tourism and Sports and C9 Hotelworks Market Research

Market share ratio between international and domestic segments stable over past three years, averaging 71% and 29%, respectively

Phang Nga Seasonality

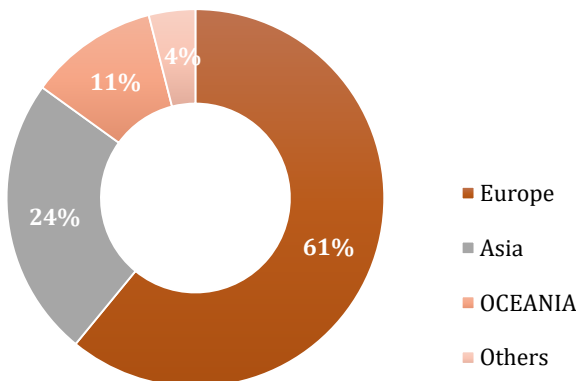
Number of Visitor Arrivals



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

Seasonal trading indicates same pattern with stronger growth in Q4 2019 compared to the same period of previous year

Phang Nga Geographic Source of Business - 2018



Top 5 International Source Markets

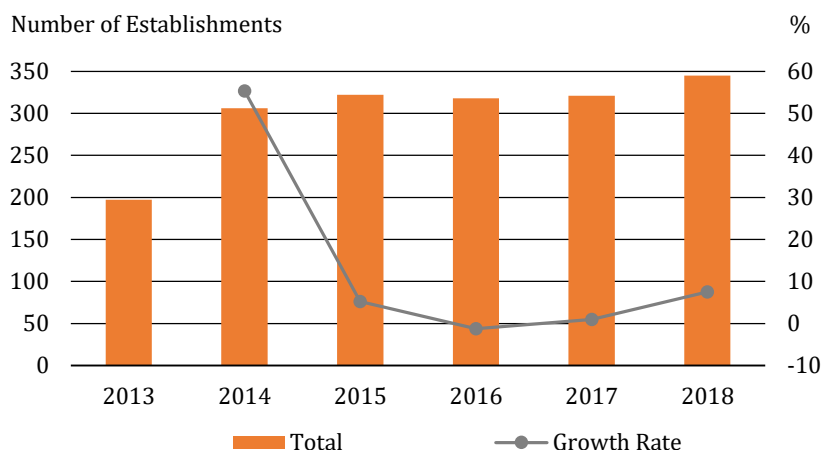
1. Germany	3.8%	↑
2. Mainland China	13%	↑
3. Australia	4.4%	↑
4. Russia	17.4%	↑
5. France	1.1%	↑

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

HOTEL MARKET

Phang Nga Accommodation Establishments

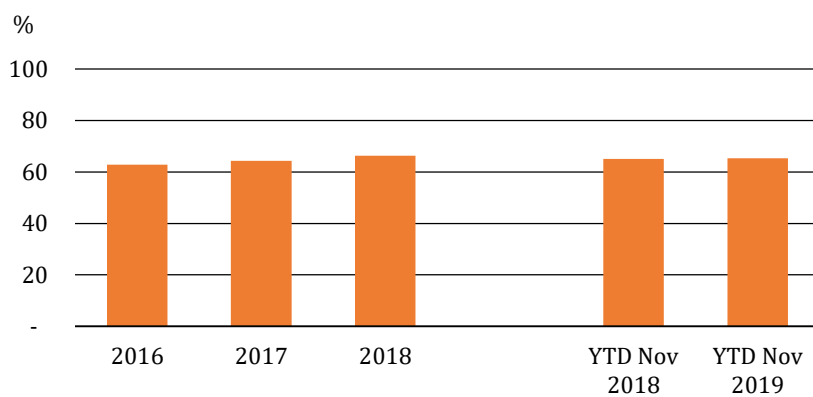
As of 2018, there are 345 accommodation establishments in Phang Nga, totaling 13,356 keys



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

Market-wide occupancy remained at 65% as of YTD November 2019 (latest data)

Phang Nga Hotel Occupancy



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

Khao Lak Hotel Pipeline

Currently, there are seven pipeline projects in Khao Lak and two existing properties adding additional hotel rooms, totaling 2,239 keys. The hotel pipeline has a strong trend towards branded properties with five out of seven developments having an international brand affiliation.

Hotel Name	Location	Keys	Opening Date
JW Marriott Khao Lak Resort & Spa*	Khuk Kak	180	Q4 2020
Avani Khao Lak	Bang Sak	328	2020
Pullman Khao Lak	Nam Kaem	252	2023
Sheraton Khao Lak	Nam Kaem	252	2023
Khao Lak Marriott Resort & Spa	Bang Muang	300	2023
Holiday Inn Resort Khao Lak	Pakarang Cape	350	2023
Katathani Group (Unnamed)	Nang Thong	119	N/A
La Flora Khao Lak*	Bang Niang	152	N/A
S Khao Lak	Nam Kaem	306	N/A

*Additional keys for existing hotels

Source: C9 Hotelworks Market Research

Khao Lak Hotel Supply By Location



Source: C9 Hotelworks Market Research.



HOSPITALITY CONSULTING

C9 Hotelworks Company Limited

9 Lagoon Road, Chernohtalay, Thalang, Phuket, 83110, Thailand

(Office located at the entrance of Laguna Phuket)

T: +66 (0)76 325 345

www.c9hotelworks.com

info@c9hotelworks.com