Strong low season and China growth push airport past a record high 8 million threshold

Mixed-use hotel and tourism attractions highlight market maturation

In 2017, Phuket posted 11.3% y-o-y growth in airport arrivals surpassing an estimated 8.4 million incoming passengers. This was mainly driven by a 20% surge in Mainland Chinese travelers to the island and a rising number of passenger arrivals during low season of 11.2% compared to the same period in 2016. Airlift was the key catalyst as market-wide hotel performance continued to see an uptick in occupancy at 77%.

With its successful water park in Hua Hin, Proud Real Estate plans to start the development of Vana Nava Phuket by Q4 2018. Coupled with a 255-room Holiday Inn, the project is valued at nearly THB3 billion. Kata Water Park is another notable tourism attraction that will begin construction in 2018. Developed by Kata Group on a 13-rai plot, replacing Kata Plaza, the plan includes a 300-room hotel and multiple dining outlets.

Apart from many undergoing projects by the Government to improve public infrastructure, the private sector has initially invested THB40 million to fund ‘Phuket Smart Bus’ project. Launching with 10 buses in 2018, they will carry passengers from the airport directly to Phuket town with estimated fares ranging between THB50-150. Upcoming routes are Cherngtalay, Kamala, Patong, Karon and Kata.”

Bill Barnett, Managing Director, C9 Hotelworks

In an effort to improve public transportation, 10 smart buses will operate in 2018 across the island circulating passengers from the airport directly to Phuket Town and to other popular locations.

Cables along Patong streets, totaling 19,500 meters, have been have been put underground, with another 20,000 meters to be done this year.

Ambitious plans to bridge Koh Maphrao or ‘Coconut Island’ to Phuket pending governor’s approval.
TOURISM

Airline Indicators

- Phuket International Airport hosted an estimated total of 8,409,390 inbound passengers in 2017, of which 46% were domestic arrivals and 54% were international.

Phuket Airport Passenger & Flight Arrivals

Number of Passengers

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<tr>
<th>Month</th>
<th>2016 International Arrivals</th>
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International passenger arrivals grew 12% y-o-y, compared to domestic with a 10% growth rate.

Top 5 Key International Geographic Source Markets

Number of Passengers

- Mainland China: 2016 - 1,500,000, 2017 - 2,000,000
- Russia: 2016 - 500,000, 2017 - 600,000
- Australia: 2016 - 250,000, 2017 - 300,000
- Korea: 2016 - 150,000, 2017 - 200,000
- United Kingdom: 2016 - 100,000, 2017 - 150,000

Mainland China rose 20% last year while other top source markets remained constant.

Key Geographic Source Market Share

Top 5 Source Markets

- Mainland China: 39%
- Australia: 12%
- United Kingdom: 6%
- Russia: 5%
- Others: 3%

Top 5 Asian Markets

- Mainland China: 66%
- Korea: 13%
- Singapore: 9%
- Malaysia: 5%
- Others: 4%

Top 5 European Markets

- Russia: 22%
- United Kingdom: 12%
- France: 8%
- Sweden: 11%
- Others: 6%

Source: Phuket International Airport and C9 Hotelworks Market Research
Hotel Supply

- There are 30 hotels or 6,125 keys in the island’s pipeline, which represents a 7.5% increase over existing supply.
About C9 Hotelworks

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.

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