



HOSPITALITY CONSULTING

Thonglor, Bangkok

Serviced Apartment Market Review

July 2018

More branded serviced apartment operators to enter expat-oriented Thonglor market

Demand shifts to short-stay due to surging leisure market and lagging number of Japanese expatriates

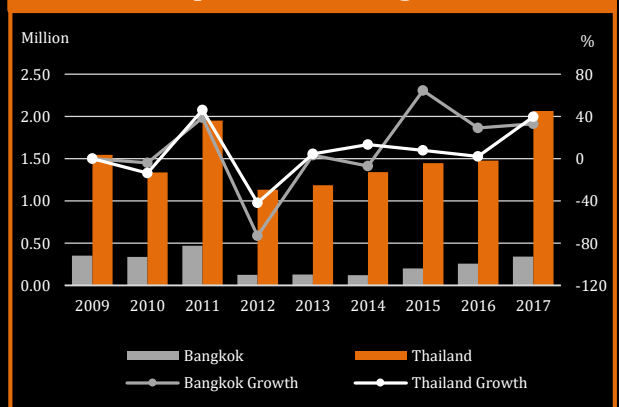
“For at least a decade, Thonglor has been known to be Bangkok’s trendiest neighborhood. However, what really makes the area unique is the perfect combination of urban peace and chic nightlife, which is not commonly found in Sathorn or Asoke.

Thonglor today though is an expat-oriented district in contrast with the past when it was Japanese-centric. Thus, the demand of serviced apartments has been driven by expatriates, the majority of which are Asian. Japanese residents once accounted for 90% of the market while their share today has reduced to 65% according to our market research. Many serviced apartments, therefore, have adjusted their business model and designs to short/leisure-stay transient focused guests versus the traditional Japanese long-stay business client.

Trends

- Besides Japanese, other key long-term sources are Europe and Singapore, while short-stay guests are from South Korea and China.
- Despite a 2.2% drop in occupancy, serviced apartment average rates bumped up 3.8% in 2017 and rose another 1.2% in Q1 2018.
- Thonglor remains a preferable location for expatriate families with children who seek quality of life, with many renowned international schools and hospitals in the area.

Expatriates in Bangkok



Source: Department of Employment and C9 Hotelworks Market Research

Two notable projects in the pipeline to keep an eye on are Ascott Thonglor and Staybridge Suites. With a total of 753 units entering the market, competition is ramping up. Moving forward, we expect a slower growth in supply of serviced apartments challenged by a scarcity of land and higher development costs.”

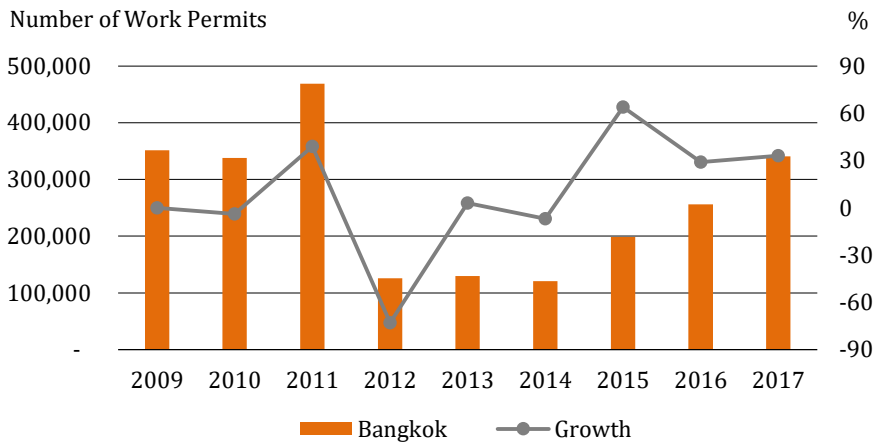
Bill Barnett, Managing Director, C9 Hotelworks

Forward Outlook

- Upscale condominium projects are becoming serviced apartments’ major competitors by offering lower rates in prime locations via Airbnb.
- More independent serviced apartments are expected to use affiliate with international operators as competition intensifies.
- With a significant number of large stand-alone houses and land belonging to high-net-worth individuals, rising acquisition costs and barriers to entry may push development to other areas.

DEMAND & SUPPLY

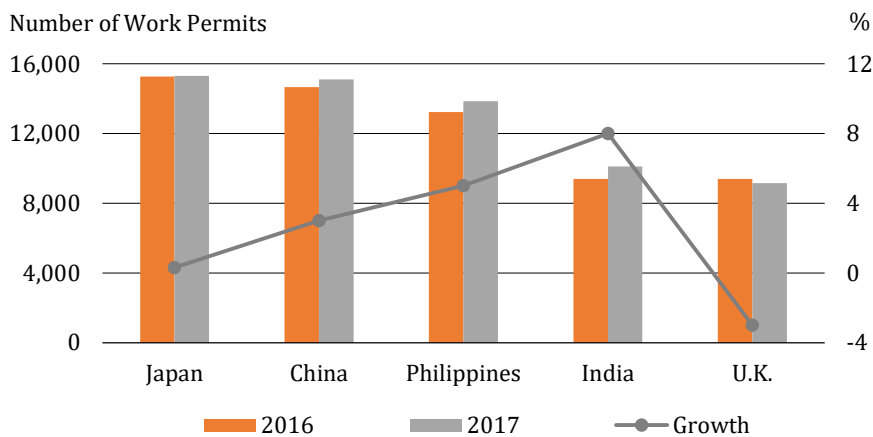
Bangkok Expatriates



Source: Department of Employment and C9 Hotelworks Market Research

Positive trend is seen in number of Bangkok expatriates since 2013, with five-year CAGR recorded at 22%

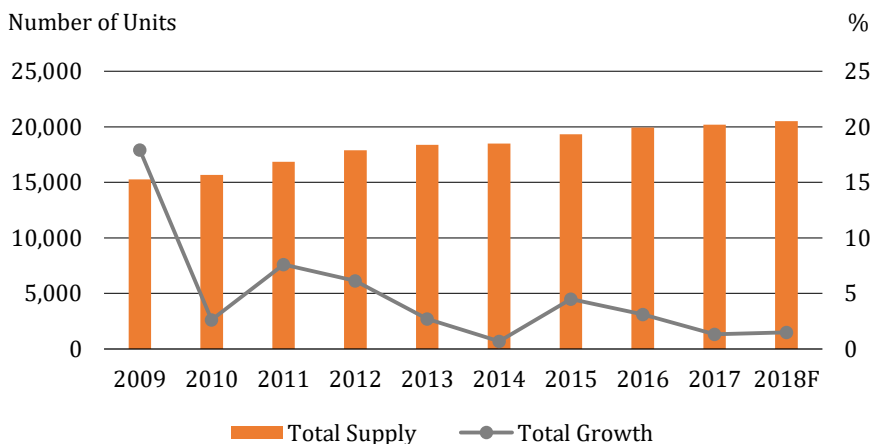
Key Geographic Source Markets



Source: Department of Employment and C9 Hotelworks Market Research

Number of Japanese expatriates slowly grew at 0.3% in 2017, while Indian expatriates surged by 8%

Bangkok Serviced Apartment Cumulative Supply

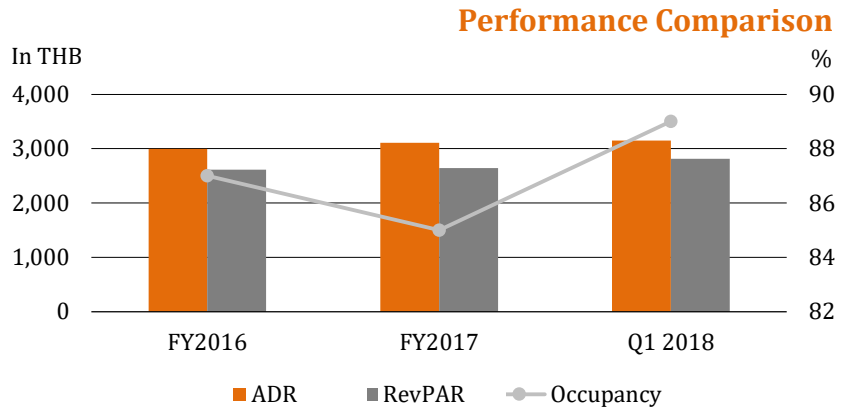


Source: C9 Hotelworks Market Research

Serviced apartment supply in Bangkok expected to grow gradually on rising leisure market

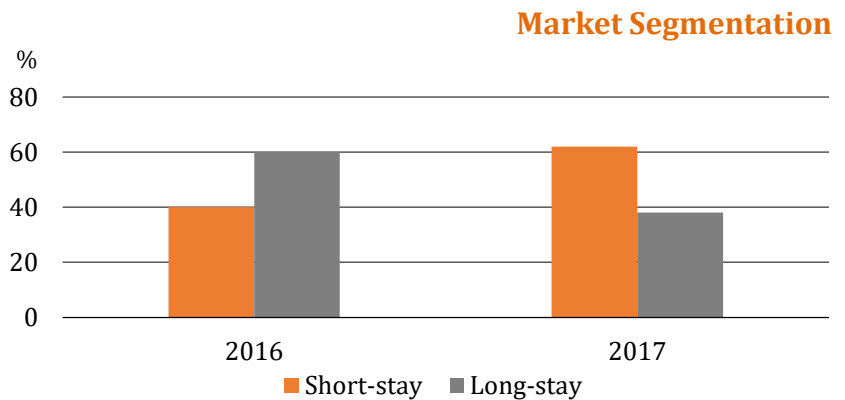
MARKET OVERVIEW

Thonglor's serviced apartment occupancy remains well over 80%



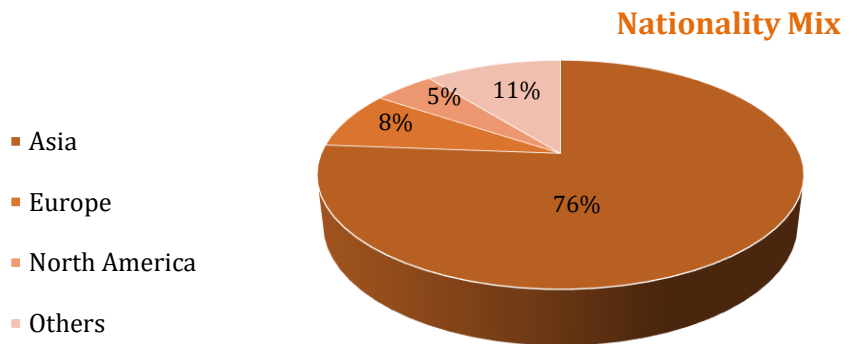
Source: C9 Hotelworks Market Research

Short-stay ratio increased to 62% while long-stays dropped dramatically to 38% in 2017



Source: C9 Hotelworks Market Research

Asian market is dominant with Japanese guests ranking first with 65% share



Source: C9 Hotelworks Market Research

Pipeline

There are three confirmed properties or 1,053 units in the area's pipeline, with all being branded.

Name	Location	Keys	Opening Date
Ascott Thonglor Bangkok	Sukhumvit 59	450	2021
Hotel Nikko Bangkok	Thonglor Soi 1	300	Q4 2018
StayBridge Suites Bangkok Thonglor	Thonglor Soi 5	303	Q4 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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