



HOSPITALITY CONSULTING

Bagan Myanmar

Tourism Market Review

June 2017

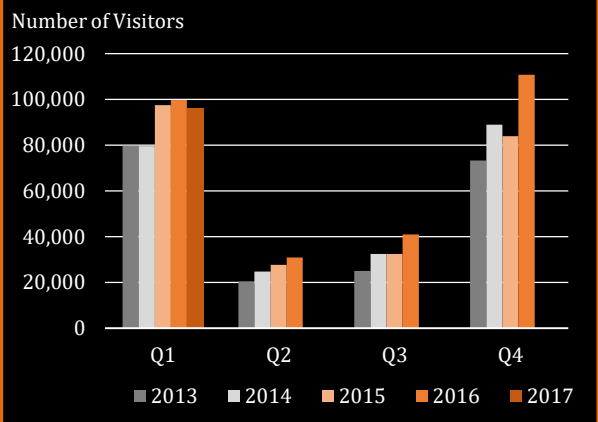
Domino effect for Bagan as improved Mandalay access spurs visitor arrivals by 17% year-on-year

Top 5 overseas source markets lead demand growth in Q1 2017

“As one of the main tourist destinations in Myanmar, the ancient city of Bagan had 282,387 international visitors in 2016, with a 5-year CAGR averaging 12%. Currently, Nyaung U Airport is the main gateway, which accounts for 44% of total foreign visitors. However, a strong shift towards tourists arriving by land is apparent as the segment’s market share grew from 24% in 2013 to 38% last year. This is because Bagan is now easily accessible from Mandalay, which is the second largest city of Myanmar and has its own international airport.

In addition to the overseas market, hotels are also experiencing stronger visitation from the domestic market. Local destinations have become popular vacation spots on national holidays such as the Water Festival. This trend is anticipated to increase tourism demand during the low season, which falls in the second and third quarters of each year.

International Visitor Arrivals by Quarter



Source: Myanmar Ministry of Hotels & Tourism and C9 Hotelworks Market Research

With demand having a solid outlook, rising supply in Bagan is also set to stabilize in the mid-term, especially in the outer area of Nyaung U and New Bagan due to the prohibition of new developments within the city’s Archeological Zone.

Bill Barnett, Managing Director, C9 Hotelworks

Trends

- FIT bookings currently account for 38% of hotel stays, with the remaining coming from agents. Couples are the main market segment in FIT demand, followed by families and friends.
- Market-wide ADR for international standard hotels was USD99 in 2016, while occupancy averaged 52%.
- Average length of stay for tourists is 2.5 nights, with foreign guests making up approximately 78% of total bookings in four and five-star hotels.

Forward Outlook

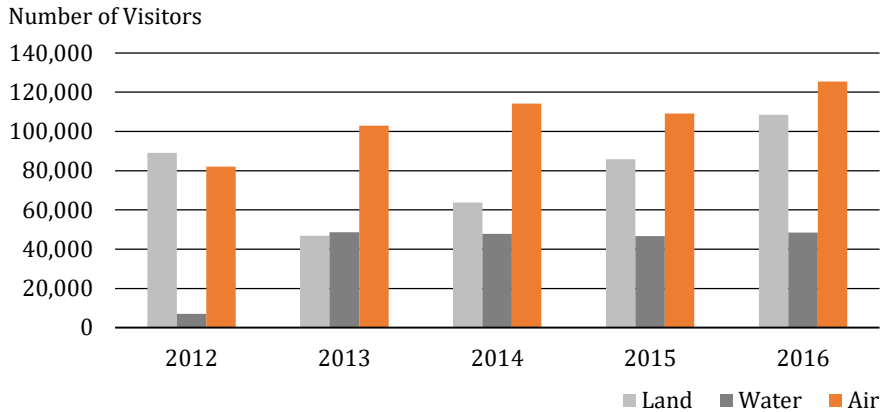
- Currently, new hotel developments are only permitted in Hotel Zone 3 and 4, with Zone 3 being more popular due to its closer proximity to Nyaung U Village, the airport, and bus station.
- There are 804 additional keys expected to come on-stream within the next two years, with a trend towards smaller scale development.
- Bagan is now on the tentative list for becoming a UNESCO World Heritage Site. New regulations are pushing hotels to move to the outer area of the Archeological Zone.

TOURISM OVERVIEW

Demand Indicators

- International demand for Bagan totaled 96,276 visitors for Q1 2017. Looking at the past five years' seasonal trading pattern, the low period is becoming less pronounced with the July through October period arrivals increasing from 20% to 38% last year.

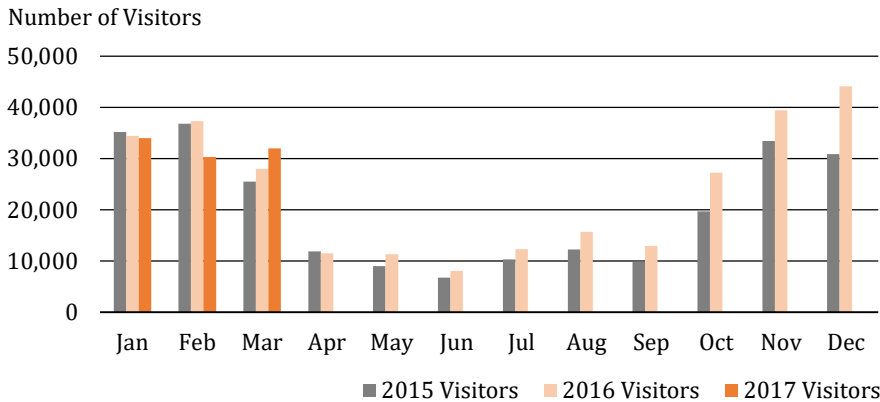
International Visitors by Mode of Transportations



Source: Myanmar Ministry of Hotels and Tourism and C9 Hotelworks Market Research

International visitors in 2016 grew 17% y-o-y, with the highest increase coming from land transportation

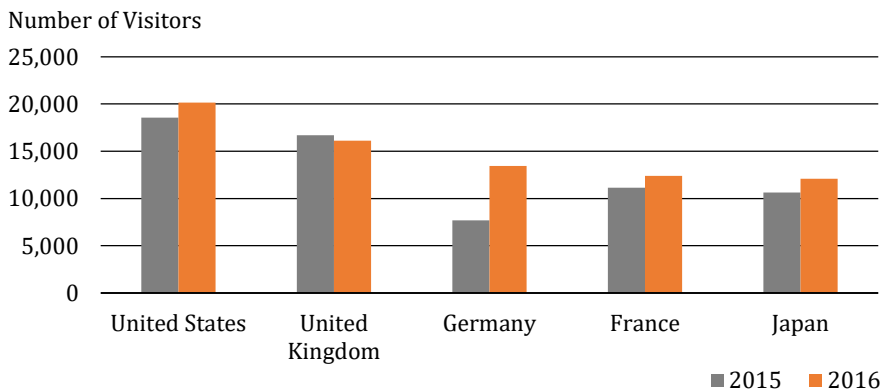
Seasonality of International Visitors



Source: Myanmar Ministry of Hotels & Tourism and C9 Hotelworks Market Research

High season for overseas market runs from October to March. Local demand peaks in April

Top 5 Key International Geographic Source Markets

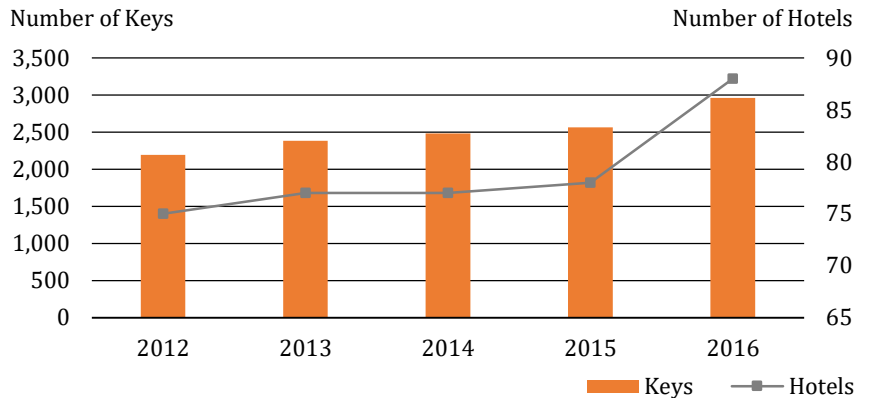


Source: Bagan Immigration Bureau and C9 Hotelworks Market Research

Europe and US represent approximately 24% of total international source markets, followed by Asia at 14%

Supply Indicators

Annual growth of hotel supply jumped from 3% in 2015 to 15% last year due to heightened activity of local investors



Source: Myanmar Ministry of Hotels & Tourism and C9 Hotelworks Market Research

Hotel Supply

- In 2016, Bagan had 88 international standard tourist accommodation establishments, totaling 2,960 keys. Currently, 59% of total keys are located in New Bagan, followed by Nyaung U (19%), Old Bagan (18%), and Popa (4%).

Hotel Name	Location	Keys	Opening Date
Amata Hotel	New Bagan	168	Q4 2017
Bagan House	New Bagan	43	Q4 2017
Bagan Impress	New Bagan	20	Q4 2017
Bagan Nova	New Bagan	12	Q4 2017
Golden Crown	New Bagan	28	Q4 2017
Northern Breeze	New Bagan	20	Q4 2017
Shwe Boe Gain (Phase 1)	New Bagan	60	Oct-17
Shwe Boe Gain (Phase 2)	New Bagan	40	Q4 2018
Shwe Mya Sein	New Bagan	20	Q4 2017
Aung Su Pyi	Nyaung U	24	Q4 2017
Bagan May	Nyaung U	30	Q4 2017
Bagan Star	Nyaung U	80	Oct-17
Inn Wa Guesthouse	Nyaung U	12*	Oct-17
Khin Khin Moe	Nyaung U	20	Q4 2017
Motel Zein	Nyaung U	24	Q4 2017
Royal Diamond	Nyaung U	24	Q4 2017
Royal Palace	Nyaung U	24	Q4 2017
Shwe Yon Min	Nyaung U	40	Q4 2017
Sky View Hotel	Nyaung U	57	Q4 2017
Tembula Hotel	Nyaung U	28	Q4 2017
Wat Mon Thiet	Nyaung U	20	Q4 2017
Zaw Nyein San	Nyaung U	10	Q4 2017

*Additional keys for existing hotel

Source: Bagan Township Diplomat Office and 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.



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