



HOSPITALITY CONSULTING

Chiang Mai

Hotel Market Update

June 2019

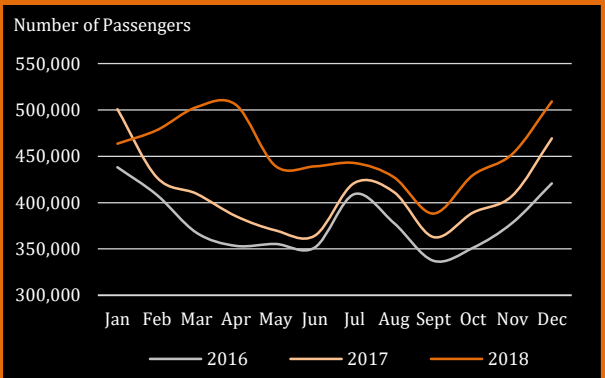
Haze challenges Chiang Mai's tourism industry. A falling tide after a boom year

Hotel performance sees lower occupancy amidst concerns over China slowdown

"Last year, Chiang Mai airport's passenger arrivals surpassed 5 million for the first time with a boost during low season from the end of February to June. March and April jumped from a low period in 2017 to high months in 2018. Overall the first half of 2018 grew by 15% compared to the same period in 2017. However, this year the situation changed with a heavy haze covering the northern part of Thailand, leaving challenges for hotels with booking cancellations and declining demand. This is reflected in data from STR that shows for the period of January through June 2019 market-wide hotel occupancy dropped by 5.1% vs. same period in 2018.

Nevertheless, international arrivals increased by more than 17% in 2018 due to increasing flight connections. One market to eye is Taiwan as AirAsia and Eva Air launched direct daily flights. The number of Taiwanese passengers rose from 2,773 passengers in H1 2018 to 30,669 passengers in H2 2018.

Chiang Mai Airport Passenger Arrivals



Source: Airports of Thailand and C9 Hotelworks Market Research

Even though hotel supply increased by 33% in 2018, both occupancy and ADR were fairly stable with RevPAR standing at THB2,417. There are 5 hotels in the pipeline with the majority in the upscale tier and most with brand affiliations. Looking forward, 2019 looks to have challenging trading conditions for hotels and tourism across the board. "

Bill Barnett, Managing Director, C9 Hotelworks

Trends

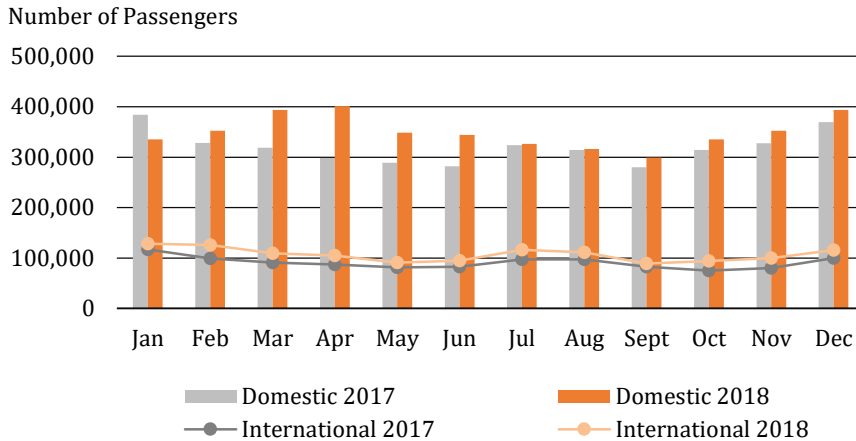
- Chiang Mai hotels have hosted more than 5 million visitors as of H1 2018 (latest data available), which generated over THB52 billion tourism revenue for the destination.
- The domestic market is the main feeder for hotels which target the MICE sector. Marketing, team building and religious tourism are major segments.
- Competitive hotel rates remains a key challenge for large-scale hotels in Chiang Mai, with many dropping rates by 50% during low season.

Forward Outlook

- Major infrastructure spending by the government has a THB78 billion budget, which includes the development of a THB50 billion second airport for Chiang Mai.
- The second Greater Chiang Mai airport is located at the edge of Lamphun province, which is planned to be completed by 2025 and expected to serve up to 10 million passengers annually.
- World's renowned restaurant rating icon Michelin Guide is planning a debut in Chiang Mai by the end of this year.

TOURISM

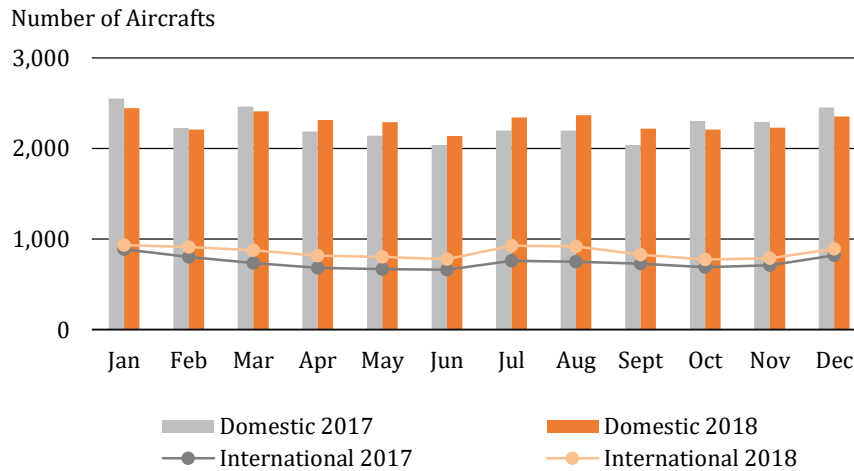
Chiang Mai International Airport Arrivals



Source: Airports of Thailand and C9 Hotelworks Market Research

Total passenger arrivals grew by 11% y-o-y in 2018

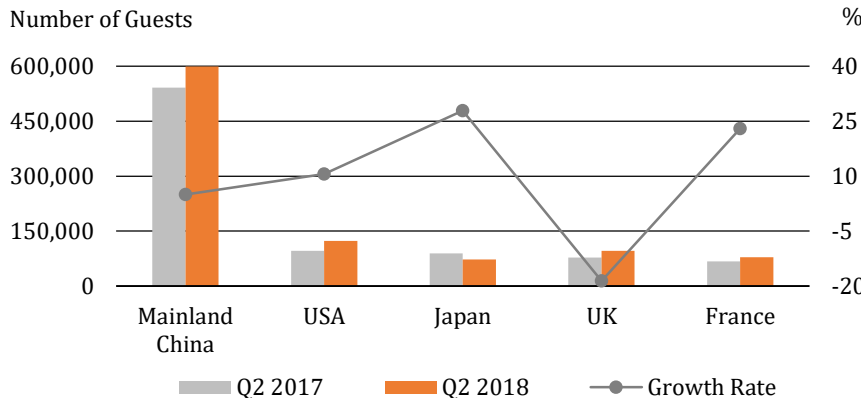
Chiang Mai International Airport Aircraft Movements



Source: Airports of Thailand and C9 Hotelworks Market Research

International flight movements increased by 15% in 2018 compared to the previous year

Key International Geographic Source Markets

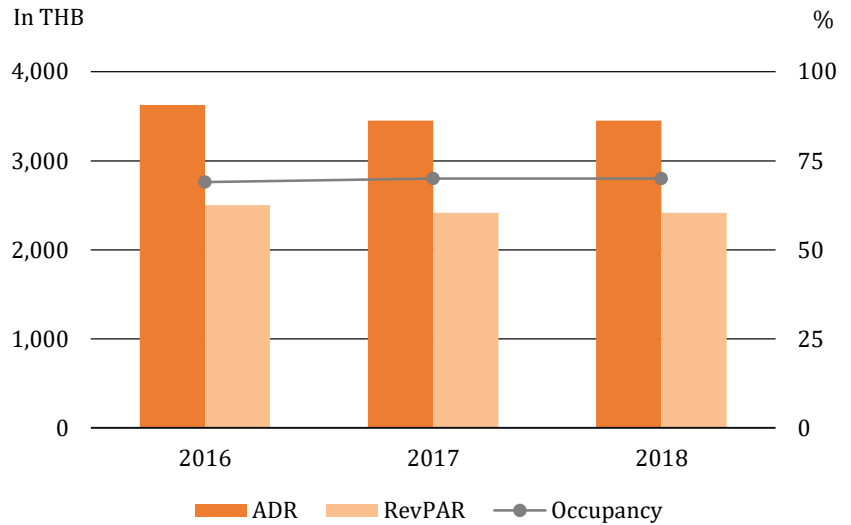


Source: Ministry of Tourism and Sports and C9 Hotelworks Market Research

Mainland China is largest geographic source market, representing 14% of total hotel guests as of Q2 2018

MARKET OVERVIEW

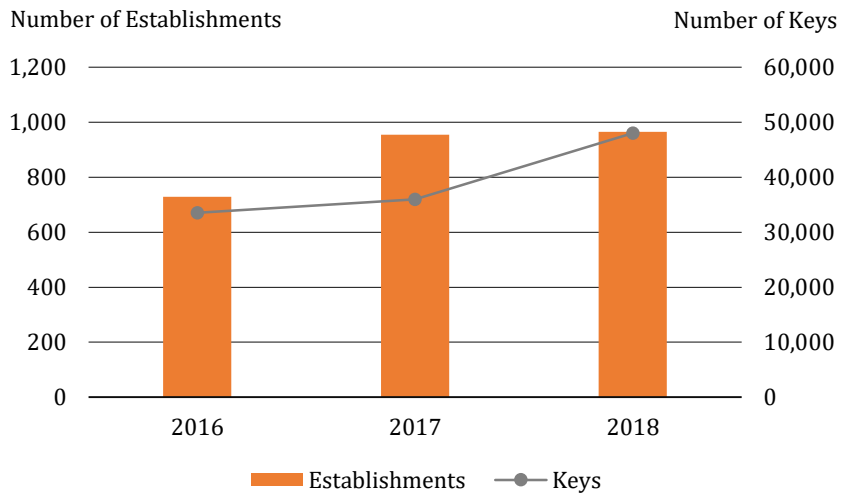
Hotel Performance Comparison



Source: STR and C9 Hotelworks Market Research

Despite significant supply growth, hotel performance remained at the same level in 2018, as the previous year

Accommodation Establishments



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

Hotel supply increased by 33% last year to 48,000 keys, with many being small boutique properties

Pipeline

There are five properties or 720 keys in the hotel pipeline, with three being affiliated with international brands.

Name	Location	Keys	Opening Date
Novotel Nimman Journeyhub	Huay Kaew Rd.	202	June 2019
The Empress Premier*	Chang Klan Rd.	138	Q2 2019
Melia Hotel Chiang Mai	Chang Klan Rd.	261	Q4 2020
Ramada by Wyndham Suthewalai	Chiang Thong Rd.	79	Q4 2021
Rati Lanna*	Chang Klan Rd.	40	2021

*Additional keys for existing hotels

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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