



HOSPITALITY CONSULTING

# Khao Lak

## Hotel Market Update

July 2017

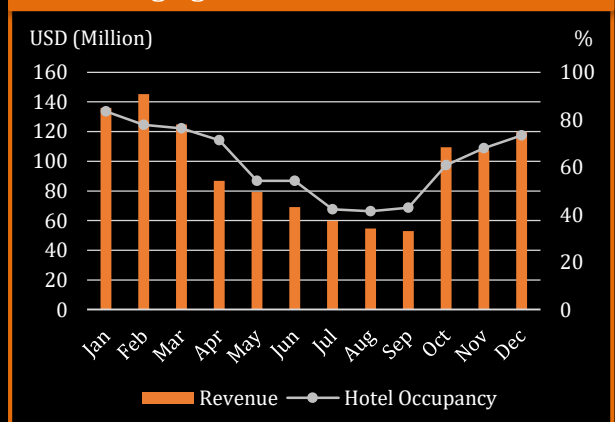
### Hotels battle high and low season volatility, as unlocking year-round business challenges market

#### Tourism industry closely eyeing proposed Phang Nga airport

“Poised as a natural holiday destination, the Phang Nga-Khao Lak tourism market is characterized by strong seasonality trading. Last year, the Province achieved 65% of its tourism receipts during the high season, which runs from October to March. This is mainly due to the pronounced fluctuation of visitor arrivals throughout the year. Cumulatively, revenue totaled USD1.14 billion in 2016, with a peak in February due to Chinese New Year.

Despite strong growth from Chinese visitors led by lower margin wholesale business, average daily rates still rose 8% y-o-y. This is attributed to the increasing mix of overseas source markets, while Western European travelers remain the key feeder of room nights.

Phang Nga Tourism Revenue -2016



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

As Phuket tracks a mass tourism agenda that has stretched airport capacity, Phang Nga desperately needs a gateway airport in order to become a sustainable year-round leisure destination.”

Bill Barnett, Managing Director, C9 Hotelworks

### Trends

- Average length of stay is 5.3 days. International visitors had a longer ALOS of 6.7 days while domestic visitors averaged 2.4 days.
- Top y-o-y growth markets for international visitors in 2016 were Korea (62%), Hong Kong (57%), Russia (40%), Mainland China (37%) and Australia (27%).
- Traditional wholesalers still account for majority of hotel bookings, though OTA’s are significantly growing. Low-season business from Australian online deal sites on the rise.

### Forward Outlook

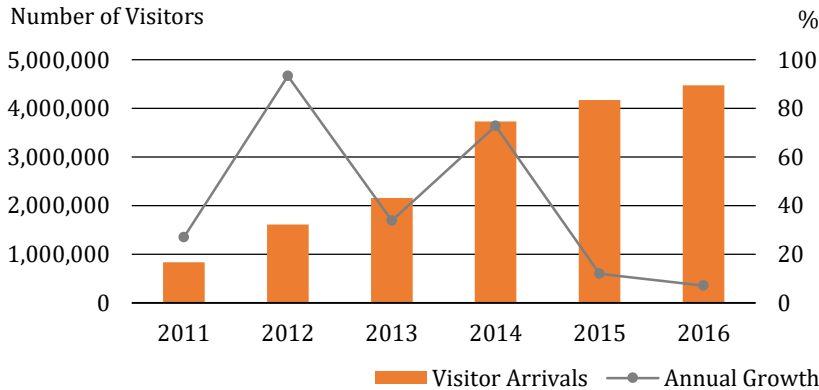
- Ongoing expansion of Highway No.4 as part of the 5-year Upgrade Andaman Project will support multi-destination tourism including Khao Lak.
- Registered accommodation establishments in Khao Lak are expected to total 8,816 keys by the end of 2017, representing 68% of total hotel inventory in Phang Nga.
- Development of Phang Nga Airport at Thai Mueang District is now pending EIA review. The materialization of the project would provide the first commercial aviation gateway to the Province.

# TOURISM

## Visitors Indicators – Phang Nga

- Phang Nga presently relies on Phuket International Airport as the primary gateway for tourist arrivals. The Province achieved a record high 4,475,223 visitors in 2016. This includes day trippers to popular attractions such as the Similan Islands and Phang Nga Bay.

### Historical Visitor Arrivals to Phang Nga



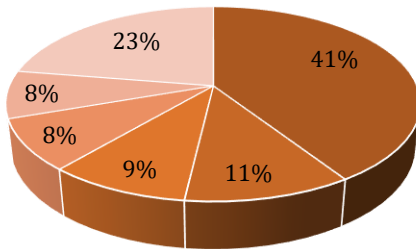
Source: Thailand Ministry of Tourism and Sports and C9 Hotelworks Market Research

*Total visitor arrivals to the Province shows a 5-year CAGR of 29%, with strong uplift from the overseas market*

### Top 5 International Hotel Guests Source Markets – Phang Nga

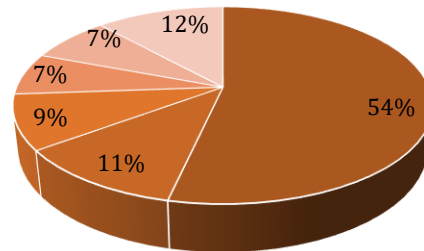
- While the Thai domestic segment has the largest market share of hotel room night demand at 31% of total hotel guests, key contributors from the international sector are composed of Western Europe (65%), Asia (20%), Eastern Europe (6%) and Australia (5%).

#### Top 5 Western European Markets



- Germany
- Austria
- Sweden
- United Kingdom
- France
- Others

#### Top 5 Asian Markets



- Mainland China
- Japan
- Malaysia
- Hong Kong
- South Korea
- Others

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

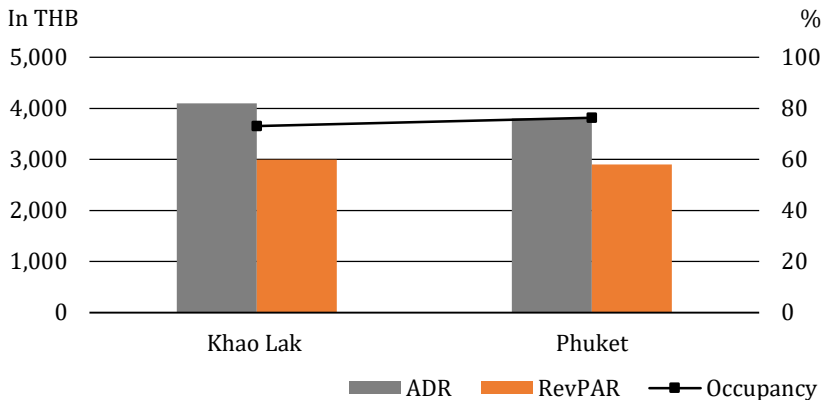
### Growth Rates by Region

Top 5 Source Markets			Top 5 European Markets			Top 5 Asian Markets		
1. Germany	-7%		1. Germany	-7%		1. Mainland China	37%	
2. Mainland China	37%		2. Austria	20%		2. Japan	24%	
3. Austria	20%		3. Sweden	-13%		3. Malaysia	-7%	
4. Sweden	-13%		4. United Kingdom	8%		4. Hong Kong	57%	
5. United Kingdom	8%		5. France	11%		5. South Korea	62%	

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

- Hotel occupancy rates typically achieve a spike up during peak and high seasons, whereas in low season (April to September) they substantially fall. The fluctuation in room night demand has forced operators to rely on high rates to sustain year-round RevPAR, or take on low yielding business in the off periods.

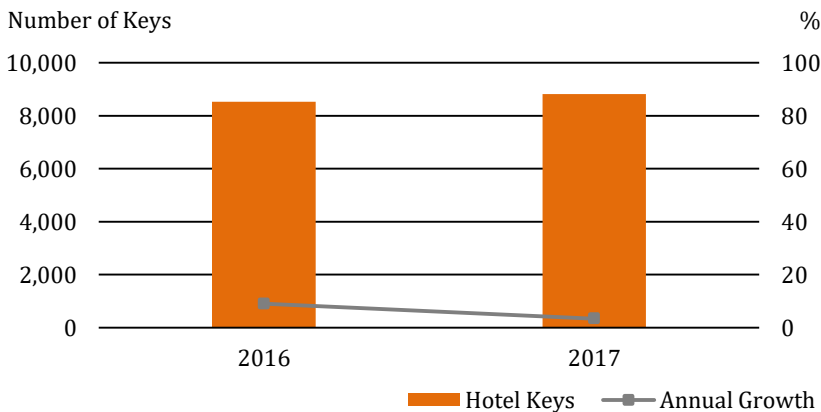
## Hotel Performance Trend Khao Lak vs. Phuket



Source: STR and C9 Hotelworks Market Research

*Peak and high season rates in Khao Lak are key to RevPAR, whereas broader demand in Phuket triggers yields*

## Hotel Supply



Source: C9 Hotelworks Market Research

*289 new keys are expected to come on stream this year, representing 3% y-o-y growth*

## Hotel Pipeline

- In addition to the pipeline projects listed below, a notable recent entry is La Vela Khao Lak located in Bang Niang Beach, which opened 181 keys to the market in April of this year.

Hotel Name	Location	Keys	Opening Date
Le Menara	Bang Lut Beach	108	Sep-17
Avani Khao Lak	Bangsak Beach	328	Q2 2020
Katathani Group (Unnamed)	Nang Thong Beach	100	TBA
Sheraton Khao Lak Resort & Spa	Nam Kem Beach	250	2020
Robinson Club Khao Lak (conversion of Katiliya Khao Lak Resort and Pool Villas)	Pak Weep Beach	320	Nov-17 (Reopening)

Source: C9 Hotelworks Market Research

# Phang Nga

## Key Hotel Source Markets

### WESTERN EUROPE

449,034 Visitors

**Key Feeders:**

Germany: 183,378

Sweden: 41,934

### EASTERN EUROPE

40,469 Visitors

**Key Feeder:**

Russia: 30,377

### GREATER CHINA

82,184 Visitors

**Key Feeders:**

Mainland China: 72,808

Hong Kong: 9,376



### SOUTHEAST ASIA

25,270 Visitors

**Key Feeders:**

Malaysia: 12,228

Singapore: 8,424

### AUSTRALIA

27,069 Visitors

### THAILAND

311,389 Visitors

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

Data refers to guest arrivals at tourist accommodation establishments for FY 2016.



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