



HOSPITALITY CONSULTING

Pattaya

Hotel Market Update

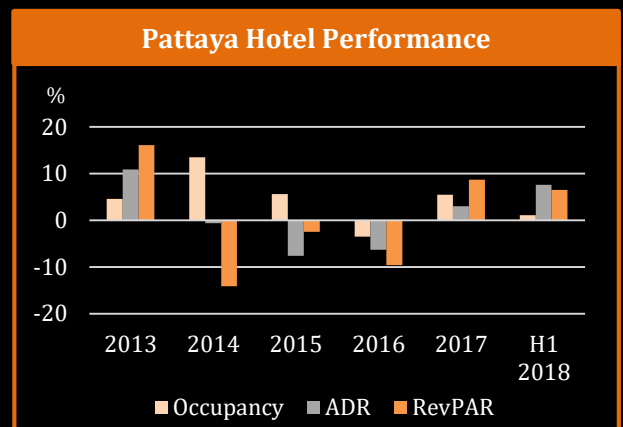
September 2018

Uptick in hotel performance shows impact of EEC in Pattaya's sustainable tourism profile

Domestic segment pushes upward with increasing market share over Mainland China, Russia and India

"Pattaya's hotel market which has been volatile since 2014, is showing signs of increased stability and growth among key operating metrics. In 2017, market-wide RevPAR rose impressively by 8.7% due to strong domestic upward demand. As of June 2017 (latest available data), Thais account for 38% of total hotel guests.

Looking inside the numbers, three-star branded hotels are facing intense competition from local developers as they compete over Mainland Chinese group business that represents 40% of the broad market. Independent hotels are reacting to the pressure by dropping rates under THB1,000 during low season to retain cashflow as branded players are increasingly targeting South Korean and Taiwanese groups. India has remained a constant market feeder across all hotel tiers.



Source: STR

Looking at new hotels coming in the pipeline, 69% are branded midscale properties, while the remaining are in budget and economy tiers. In the long run, we expect infrastructure investment including U-Tapao International Airport and the high-speed rail system to help attract new waves of tourism and MICE to the Eastern Economic Corridor area."

Bill Barnett, Managing Director, C9 Hotelworks

Trends

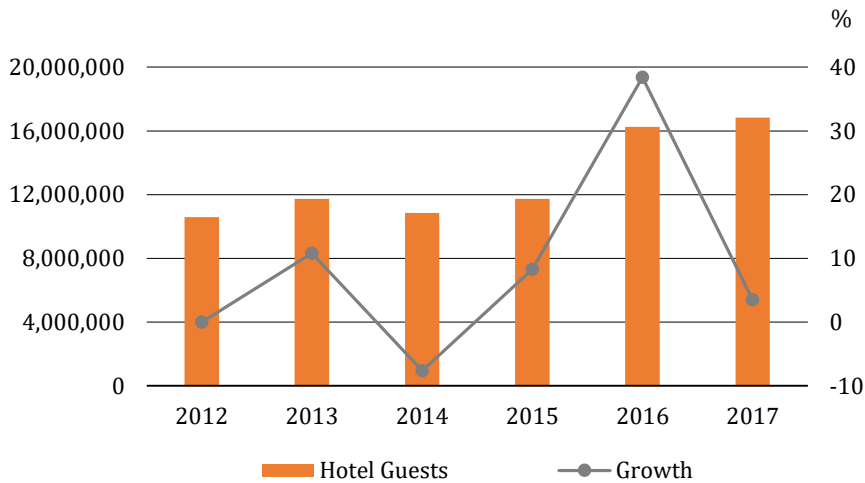
- Development of economy and select service properties such as Holiday Inn Express, COSI and OZO targeting Chinese and Indian segments.
- Number of passenger arrivals at U-Tapao Rayong-Pattaya International Airport rose sharply with a three-year CAGR of 79%.
- As of June 2017, Mainland China dominated the international source markets, which accounted for 15% of total hotel guests, followed by Russia and South Korea at 6% and 4%, respectively.

Forward Outlook

- Tourists and business travelers are expected to increase substantially upon the expansion of U-Tapao Airport's runway and passenger terminal.
- According to TAT, the upscale hotel sector is expected to improve as the government looks to attract cruise ships with high-spending tourists.
- Review of a new EEC regulation allowing 100% foreign property ownership is underway, although it is unclear if it will be applied to all EEC areas or specific zones.

TOURISM

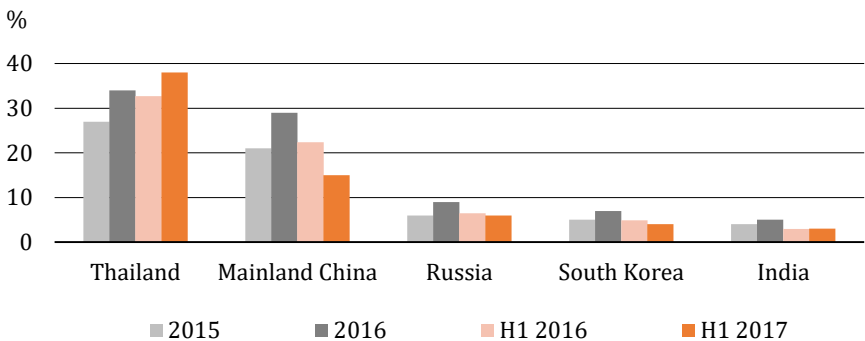
Guests at Chonburi Hotel Establishments



Source: Ministry of Tourism and Sports

Visitors in Chonburi hotels grew at a five-year CAGR of 7%

Chonburi Top Five Geographic Source Markets

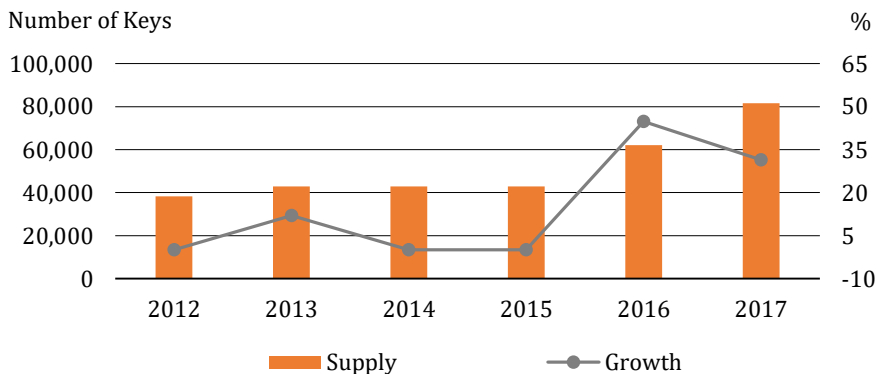


Source: Ministry of Tourism and Sports

Mainland Chinese market dropped by 7% in H1 2017 compared to the same period last year

SUPPLY

Chonburi Accommodation Establishment Supply

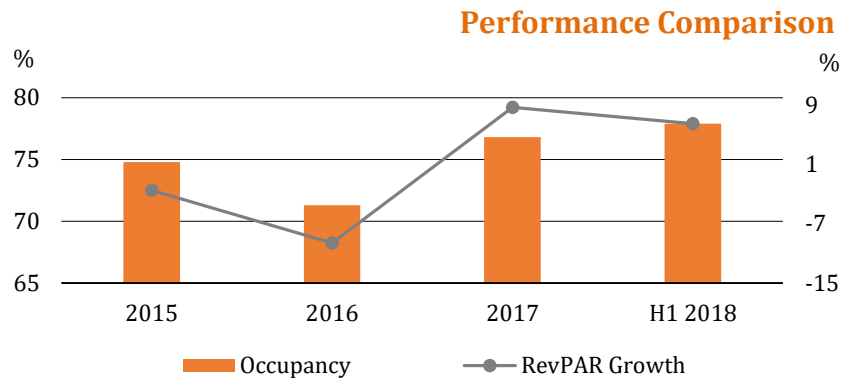


Source: Tourism Authority of Thailand and C9 Hotelworks Market Research

Sharp increase of 31% in 2017 due to non-registered properties now monitored by government

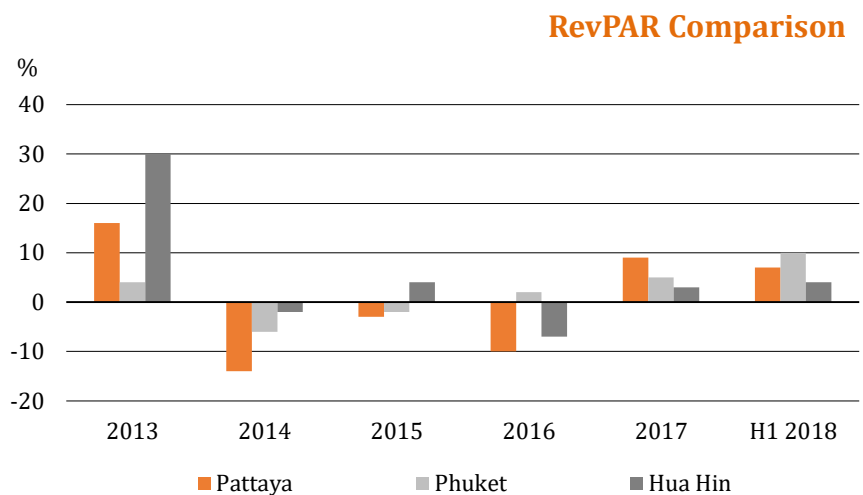
MARKET OVERVIEW

As of June 2018, market-wide occupancy grew to 77.9%



Source: STR

Pattaya's hotel market outperformed Phuket and Hua Hin with 9% RevPAR growth in 2017



Source: STR

Pipeline

Chonburi has a total of 1,046 accommodation establishments with 81,607 keys, which includes both registered and unregistered properties. There are 11 properties or 2,645 keys expected to enter the Greater Pattaya market through 2024.

Hotel Name	Location	Keys	Opening Date
Citadines Jomtien Beach Pattaya	Jomtien	95	Q4 2018
Amari Pattaya Ocean Suites	North Pattaya	49	Q4 2018
Grand Centre Point Pattaya	North Pattaya	396	Q4 2018
Four Points by Sheraton Pattaya	Jomtien	307	Q1 2019
Citadines North Pattaya	North Pattaya	300	Q4 2019
OZO Pattaya	North Pattaya	406	Q4 2019
Holiday Inn Express Pattaya Central	Soi Buakhao	240	Q1 2020
U Hotel Pattaya	North Pattaya	270	2020
COSI Hotel by Centara Naklua Beach	North Pattaya	282	Q1 2021
Citadines Central Pattaya	Soi Buakhao	150	2024
Somerset Wong Amat Beach Pattaya	Wong Amat	150	2024

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.



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