



HOSPITALITY CONSULTING

Phuket

Hotel Market Update

January 2018

Strong low season and China growth push airport past a record high 8 million threshold

Mixed-use hotel and tourism attractions highlight market maturation

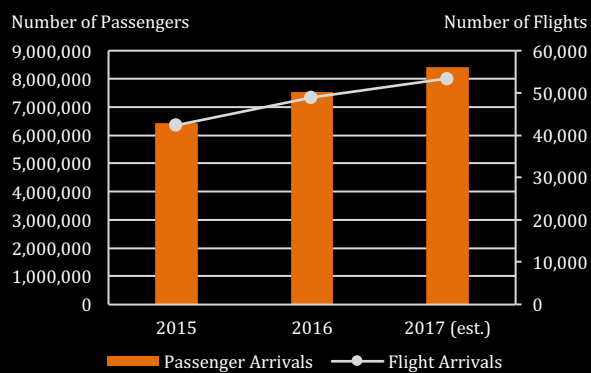
In 2017, Phuket posted 11.3% y-o-y growth in airport arrivals surpassing an estimated 8.4 million incoming passengers. This was mainly driven by a 20% surge in Mainland Chinese travelers to the island and a rising number of passenger arrivals during low season of 11.2% compared to the same period in 2016. Airlift was the key catalyst as market-wide hotel performance continued to see an uptick in occupancy at 77%.

With its successful water park in Hua Hin, Proud Real Estate plans to start the development of Vana Nava Phuket by Q4 2018. Coupled with a 255-room Holiday Inn, the project is valued at nearly THB3 billion. Kata Water Park is another notable tourism attraction that will begin construction in 2018. Developed by Kata Group on a 13-rai plot, replacing Kata Plaza, the plan includes a 300-room hotel and multiple dining outlets.

Trends

- With an average of 641,863 passenger arrivals per month in 2017 during low season compared to 759,703 in the high season, the island is evolving into a year-round destination.
- Market-wide annual occupancy rose as 54% of Chinese and 55% of Australians chose to visit Phuket during the May – October low season.
- Branded hotels sustain momentum as brand-affiliated properties accelerated to 85% of total pipeline keys with 30% having hotel residences.

Airport Passenger and Flight Arrivals



Source: Phuket International Airport and C9 Hotelworks Market Research

Apart from many undergoing projects by the Government to improve public infrastructure, the private sector has initially invested THB40 million to fund 'Phuket Smart Bus' project. Launching with 10 buses in 2018, they will carry passengers from the airport directly to Phuket town with estimated fares ranging between THB50-150. Upcoming routes are Chergntalay, Kamala, Patong, Karon and Kata."

Bill Barnett, Managing Director, C9 Hotelworks

Forward Outlook

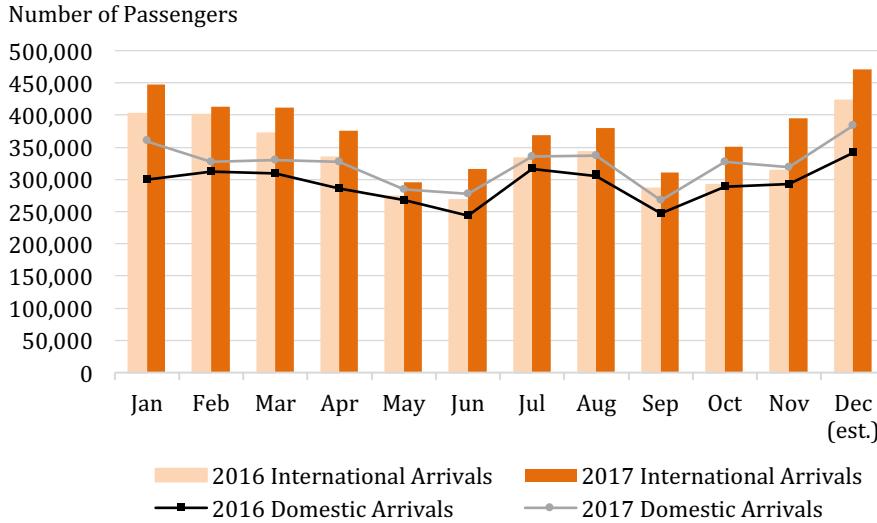
- In an effort to improve public transportation, 10 smart buses will operate in 2018 across the island circulating passengers from the airport directly to Phuket Town and to other popular locations.
- Cables along Patong streets, totaling 19,500 meters, have been put underground, with another 20,000 meters to be done this year.
- Ambitious plans to bridge Koh Maphrao or 'Coconut Island' to Phuket pending governor's approval.

TOURISM

Airline Indicators

- Phuket International Airport hosted an estimated total of 8,409,390 inbound passengers in 2017, of which 46% were domestic arrivals and 54% were international.

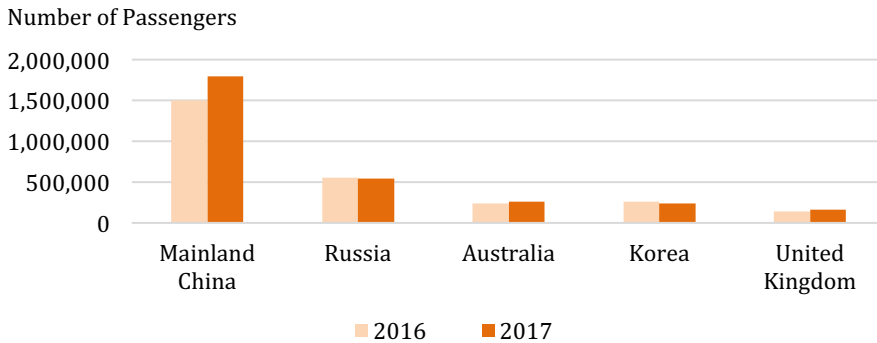
Phuket Airport Passenger & Flight Arrivals



Source: Phuket International Airport and C9 Hotelworks Market Research

International passenger arrivals grew 12% y-o-y, compared to domestic with a 10% growth rate

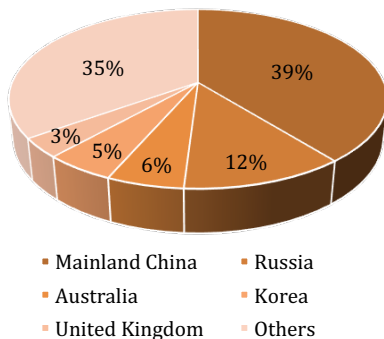
Top 5 Key International Geographic Source Markets



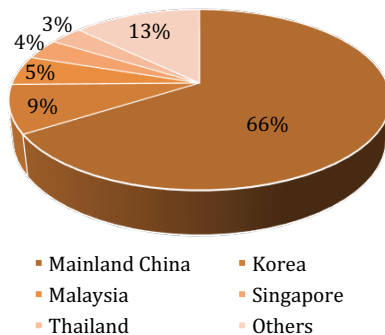
Mainland China rose 20% last year while other top source markets remained constant

Key Geographic Source Market Share

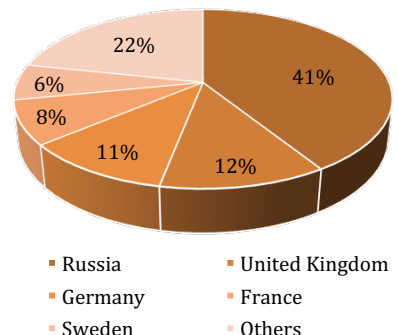
Top 5 Source Markets



Top 5 Asian Markets



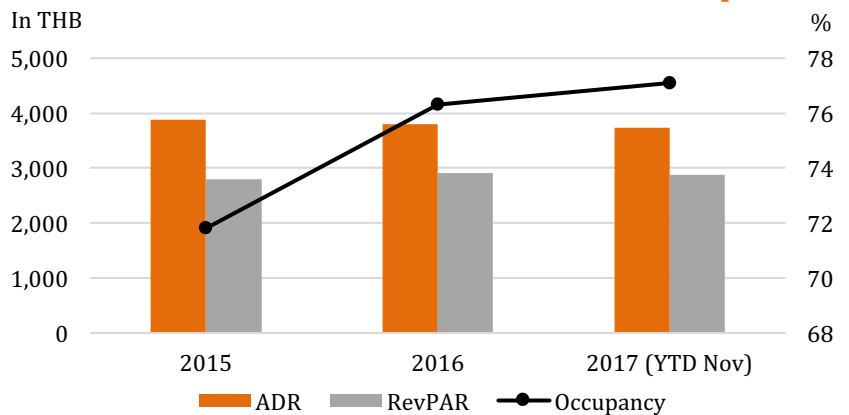
Top 5 European Markets



Source: Phuket Airport Immigration and C9 Hotelworks Market Research

HOTEL OVERVIEW

*Market-wide
y-o-y occupancy
rose to 77%
with a slightly
lower ADR of
THB 3,740*



Source: STR

Hotel Supply

- There are 30 hotels or 6,125 keys in the island's pipeline, which represents a 7.5% increase over existing supply.

Hotel Name	Location	Keys	Opening Date
Sheraton Phuket Grand Bay Resort & Residences	Ao Por	269	Q4 2019
Cassia Phuket (Phase 2)	Bangtao	105*	Jun 2018
Anayara Retreat Panwa	Cape Panwa	6	TBA
Anayara Luxx Panwa	Cape Panwa	38	Q1 2019
Courtyard by Marriott Phuket	Chalong Bay	277	Q4 2019
JW Marriott Phuket Resort & Spa	Chalong Bay	189	Q4 2019
Noku Roxy Phuket	Chalong Bay	91	Q3 2019
Sheraton Phuket Kalim Beach Resort	Kalim	240	Q1 2020
Best Western Premier Himalai Resort	Kamala	402	Q4 2019
InterContinental Phuket Resort	Kamala	223	Q4 2019
Twinpalms Residences MontAzure	Kamala	75	Q4 2018
The 137 Pillars Estate Phuket	Kata	66	Q4 2019
The Hermitage Resort	Kata	78	TBA
Ozo Kata Phuket	Kata	255	Q3 2019
Holiday Inn Vana Nava Phuket	Kathu	255	Q3 2020
Burasari Island Resort Koh Mapraow	Koh Mapraow	220	TBA
Kempinski Hotel Phuket	Koh Siray	85	Q2 2018
Park Hyatt Phuket	Koh Siray	85	TBA
Movenpick Resort Mai Khao Phuket	Mai Khao	136*	Q2 2018
Anantara Vacation Club Mai Khao	Mai Khao	98*	Dec 2018
Novotel Phuket Naiharn	Nai Harn	600	TBA
Royal Lee The Terminal	Nai Yang	320	TBA
Hilton Phuket Patong Resort	Patong	300	Oct 2020
Hotel Indigo Phuket	Patong	180	Q4 2018
Absolute Twin Sands (Phase 3)	Patong	86*	Mar 2018
Four Points by Sheraton Patong Beach	Patong	600	Q1 2020
Zenseana Hotel Patong	Patong	166	TBA
Ramada Plaza ChaoFa Phuket	Phuket City	270	Q4 2018
Best Western The Beachfront	Rawai	200	Nov 2018
Dusit D2 Phuket Aria	Surin	210	Q2 2020

*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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