



HOSPITALITY CONSULTING

Phuket

Hotel Market Update

May 2018

Airport arrivals beat expectations as soaring international visitors drive 19% y-o-y growth

Second airport in Greater Phuket to be developed by AoT

“Phuket International Airport hosted a total of 3.5 million passengers during the first four months of the year, representing nearly 19% growth compared to the same period in 2017. While the domestic volume edged up 8%, the significant increase was led by international arrivals which grew by 28% to 2.1 million, accounting for 59% of the overall passengers. The substantial uptick was mainly international flights, which represented a 27% year-on-year growth.

Two factors that attributed to the growing number of flights include the ongoing popularity of low-cost carriers and strong demand from Mainland China and Russia. Demonstrating this trend is that as of May 2018, there were approximately 23 new routes to Phuket, of which 19 routes were direct flights from Mainland China. Viewing the upgrading and expansion of Phuket International Airport, clearly the initiative has helped spur broad growth.



Source: Phuket International Airport and C9 Hotelworks Market Research

The announcement of a new, second Greater Phuket Airport just over the Sarasin Bridge in Khoh Kloi Phang Nga will add greater sustained airlift capacity. To be developed by AoT (Airports of Thailand), the THB60 billion project is expected to commence construction in 2019 and open by 2025.”

Bill Barnett, Managing Director, C9 Hotelworks

Trends

- Flights from Mainland China topped overseas passenger arrivals at Phuket International Airport with 40% market share as of Q1 2018, followed by Russia (18%) and Germany (3%).
- There are 33 cities in Mainland China with direct flights to Phuket, with more than 10 new routes commencing within Q1 2018.
- Expansion of Phuket International Airport is ongoing, with upgrades to the domestic departure areas expected to be completed by June 2018.

Forward Outlook

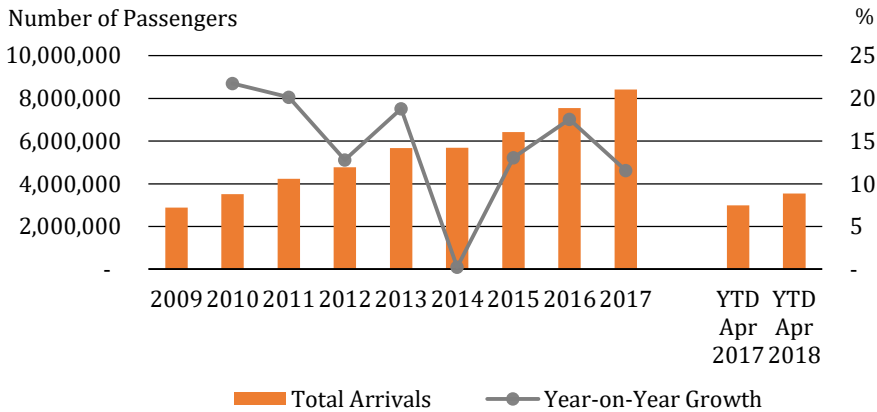
- Four notable retail complexes and three tourism attractions are under development on the island, with four expected to be completed by the end of this year.
- There are 36 hotels in the island’s pipeline with branded hotels continuing to dominate the market, representing 75% of the new supply.
- Luxury and upscale hotel developments in Phang Nga Bay are gathering momentum, spurred by strong operating performance of existing properties.

TOURISM & HOTEL

Demand Indicators

A total of 8.4 million passengers arrived at Phuket International Airport last year, which is a 12% increase compared to the previous year. For 2018, 9.7 million arrivals have been forecast.

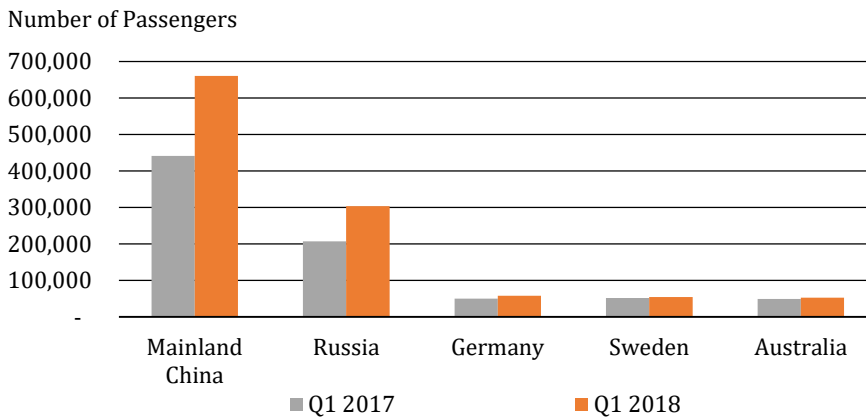
Phuket International Airport Arrivals



Source: Phuket International Airport and C9 Hotelworks Market Research

Total passenger arrivals increased with a CAGR of 12% over the past five years (2013 to 2017)

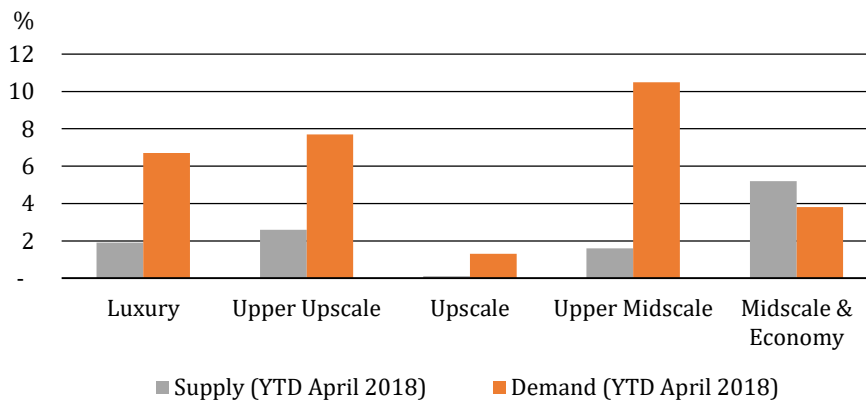
Top 5 Key Geographic Source Market Trend



Source: Phuket Airport Immigration and C9 Hotelworks Market Research

Both Mainland China and Russia demonstrated strong growth by 50% and 47%, respectively

Hotel Demand and Supply Growth - By Tier



Source: STR

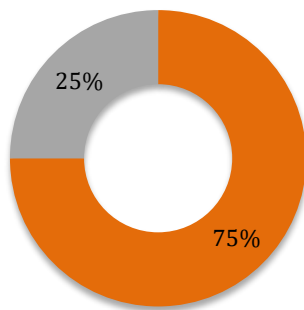
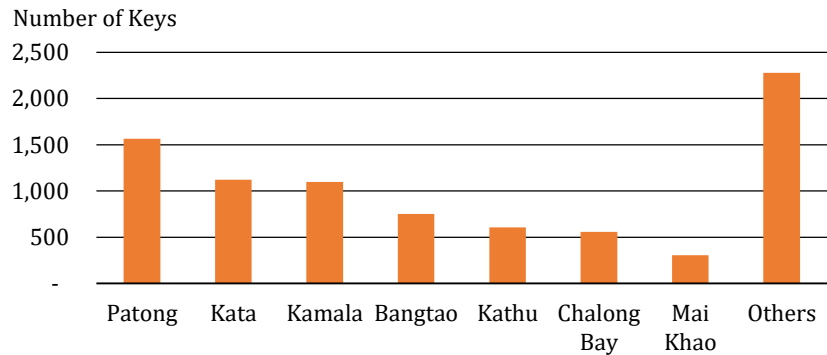
Upper midscale hotels had the highest demand growth by 10%, while midscale and economy tiers increased supply by 5.2%

PIPELINE OVERVIEW

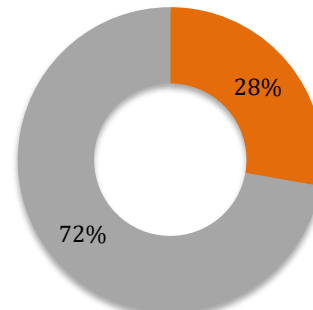
Hotel Pipeline

Presently, Phuket has a total of 1,744 tourist accommodation establishments with 84,427 keys as of Q1 2018, which includes both registered and unregistered properties. There are 1,369 keys expected to come on-stream by the end of 2018. A total of 8,281 keys are in hotel pipeline with 27 properties affiliated with international hotel brands. In addition, 10 upcoming properties will have a hotel residences component, which accounts for 28% of total incoming supply.

Beach locations continue to be main focus (86%), while 67% of the projects are located on the island's west coast



■ Branded ■ Non-branded



■ With hotel residences ■ Hotel only

Source: C9 Hotelworks Market Research

Demand Generators - Pipeline

A defined shift in geographic source markets over the past ten years has experienced rising demand for non-beach centric activities. With the strong purchasing power of tourists, especially Chinese, Russians and Australians, more retail and tourism attractions are developing on the island. Together with the undergoing establishment of public infrastructure, Phuket is gradually transforming to a more urbanized holiday destination rather than a pure beach getaway.

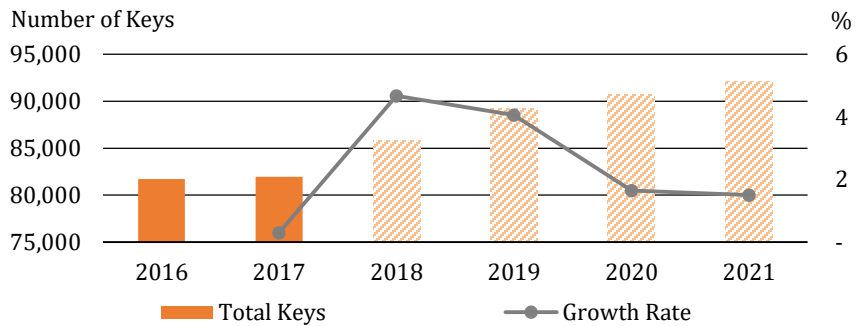
Retail Complexes	Location	Net Lettable Area (Sq.m.)	Opening Year
Boat Avenue (Extension)	Bangtao	900	Q3 2018
Central Festival Phuket (Extension)	Kathu	63,000	Q4 2018
Central Patong	Patong	9,900	Q4 2018
Blu Pearl Shopping Center	Kathu	120,000	TBA
Tourism Attractions	Location		Opening Year
Aquaria Phuket	Kathu		Q4 2018
Blue Tree Water and Entertainment Park	Cherngtalay		Q1 2019
Vana Nava Phuket	Kathu		Q2 2021

Source: C9 Hotelworks Market Research

HOTEL OVERVIEW

Hotel Supply Growth & Pipeline

Total hotel keys in pipeline represent 10% increase over current island inventory



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

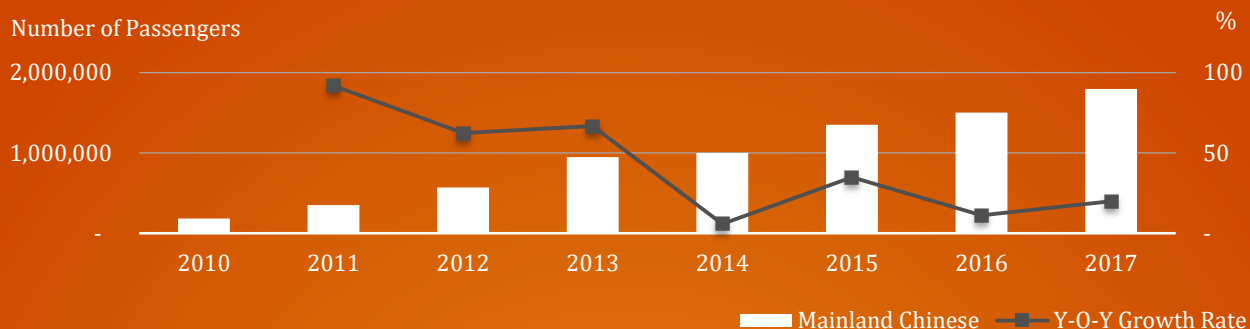
Hotel Name	Location	Keys	Opening Year
Cassia Phuket (Phase 2)*	Bangtao	105	Q2 2018
Best Western The Beachfront	Rawai	186	Q3 2018
The Empire Karon	Karon	164	Q3 2018
The Nature Kalim	Kalim	300	Q4 2018
Twinpalms Residences MontAzure	Kamala	75	Q4 2018
Absolute Twin Sands (Phase 3)*	Patong	89	2018
Hotel Indigo Phuket	Patong	180	Q4 2018
Ramada Plaza ChaoFa Phuket	Phuket City	270	Q4 2018
Oceanfront Kalim	Kalim	200	Q1 2019
Courtyard by Marriott Phuket	Chalong Bay	277	Q1 2019
JW Marriott Phuket Resort & Spa Chalong Bay	Chalong Bay	189	Q1 2019
Grand West Sands Resort and Villas Phuket*	Mai Khao	42	Q1 2019
MGallery by Sofitel Patong	Patong	231	Q1 2019
Zenseana Hotel Patong	Patong	166	Q2 2019
Anantara Vacation Club Mai Khao*	Mai Khao	98	Q2 2019
Burasari Island Resort Koh Mapraow	Koh Mapraow	220	Q2 2019
Noku Roxy Phuket	Chalong Bay	91	Q3 2019
OZO Kata Phuket	Kata	255	Q3 2019
Best Western Premier Himalai Resort	Kamala	427	Q4 2019
InterContinental Phuket Resort	Kamala	170	Q4 2019
Phuket Water World Resort (Phase 1)	Bangtao	469	Q4 2019
Four Points by Sheraton Patong Beach	Patong	600	Q4 2019
Anayara Luxx Panwa Resort	Cape Panwa	44	2019
Pamooko Pamooka	Kata	500	Q2 2020
Ramada Plaza Grand Himalai Resort	Kamala	426	Q4 2020
The 137 Pillars Estate Phuket	Kata	66	Q4 2020
Hilton Phuket Patong Resort	Patong	300	2020
Hilton Garden Inn Phuket Bang Tao	Bangtao	177	2020
Holiday Inn Vana Nava Phuket	Kathu	255	Q2 2021
Centra Central Phuket	Kathu	200	Q2 2021
COSI Central Phuket	Kathu	150	Q2 2021
Novotel Phuket Naiharn	Nai Harn	600	2021
Meliá Phuket Mai Khao	Mai Khao	164	2021
Holiday Inn Express Phuket Kata	Kata	300	2023
Park Hyatt Phuket	Koh Siray	85	TBA
Dusit D2 Phuket Aria	Surin	210	TBA

*Additional keys for existing hotel

Source: C9 Hotelworks Market Research

Key Trends for Mainland Chinese Tourists

Growth in Chinese Arrivals at Phuket International Airport



Source: Phuket Airport Immigration and C9 Hotelworks Market Research

Top 5 Individual (FITs) Preferences

Accommodation

Patong	56%
Kata	12%
Karon	10%
Phuket Airport	5%
Kamala	4%

Places

Phi Phi Island	1
Ko Racha Yai	2
Phang Nga Bay	3
Wat Chalong Temple	4
Promthep Cape	5

Top 10 Places Visited by Tour Groups

Phi Phi Island
 Wat Chalong Temple
 Promthep Cape
 Phang Nga Bay
 Ko Racha Yai
 Khai Nok Island

King Power
 Gems Gallery
 Modern Latex
 Snake Farm

Source: C9 Hotelworks Market Research



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