



HOSPITALITY CONSULTING

Rayong

Hotel Market Update

April 2018

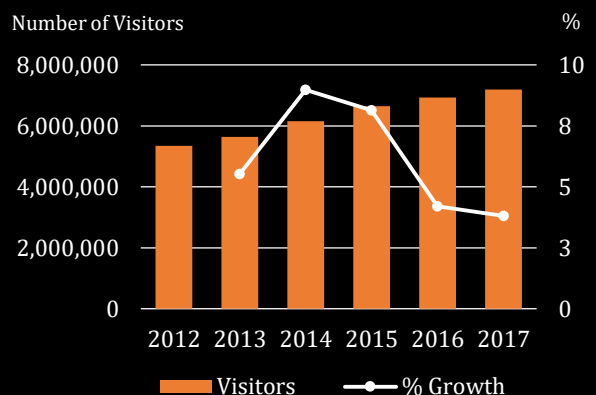
EEC-related development in Rayong set to supercharge hotel and tourism sectors

U-Tapao Airport airlift binges with 26 overseas destinations

“With the development of the Eastern Economic Corridor (EEC), Rayong is increasing its presence as a regional hub for transportation and logistics. New pipeline mega-project plans include the expansion of Map Ta Phut and Laem Chabang, high-speed trains, and growing U-Tapao International Airport. The EEC is expected to result in an economic leap forward for Rayong in the medium to long term.

The underlying principle behind the EEC development is that the industrial sector will drive the province’s economic structure. That said, the hospitality industry is drawing segmented demand from business visitors during the weekdays and leisure families and seminar groups during the weekends and holidays. Visitor numbers in 2017 hit 7 million with a year-on-year rise of 4%.

Total Visitors and Annual Growth



Source: Thailand Department of Tourism and C9 Hotelworks Market Research

Aligning with the industrial estate expansion, the hotel market is expected to tap into this economic prosperity. Much of the fuel in the growth is a spillover from China’s ‘Belt and Road’ initiative which is becoming a global phenomenon.”

Bill Barnett, Managing Director, C9 Hotelworks

Trends

- Hotel supply expanded with a 4% compound annual growth rate for 5 years, led by international hotel brands namely Holiday Inn and the upcoming Hyatt Regency.
- Number of expatriates working in Rayong substantially grew to 45,051 in December 2017, reflecting year-on-year growth of 45%.
- Korean and Japanese visitors have significantly risen with a 5-year CAGR of 8% and 7%, respectively, due to expansion of the industrial estates.

Forward Outlook

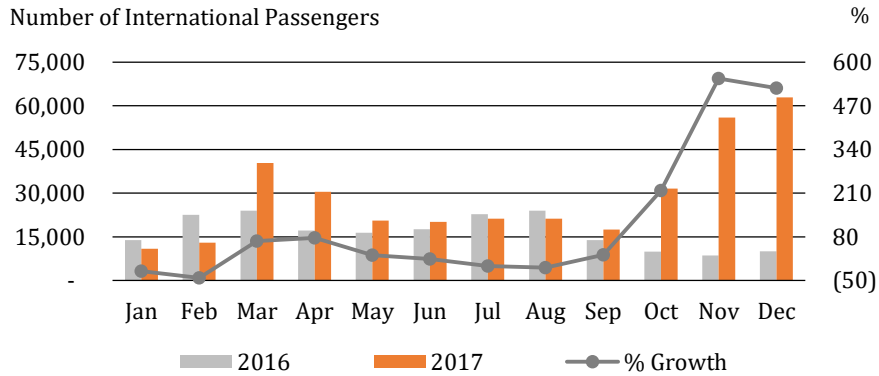
- Three phases of infrastructure development in the EEC will bring 169 projects through 2022 onwards with a combined investment value of THB988 billion.
- U-Tapao International Airport added airlift which saw passenger arrivals to surge to 692,096 in 2017, with year-on-year growth of 75%.
- Major investment by Chinese groups into industrial estates and logistic ports in Rayong will draw more Chinese expatriates and broaden market demographics.

TOURISM

Demand Indicators

International arrivals achieved a record high monthly figure of 62,881 passengers in December 2017. A key factor in airlift is growing international charter and scheduled direct flights from China and Russia, with AirAsia, Shenzhen Airlines, and Azur Air being leading carriers.

U-Tapao Rayong Pattaya International Airport Arrivals

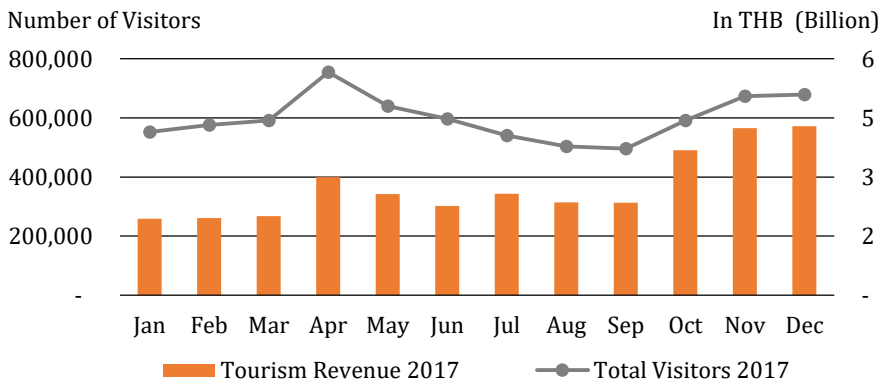


Source: U-Tapao Rayong Pattaya International Airport and C9 Hotelworks Market Research

Aircraft movements led by international flights significantly rose in year-on-year growth of 47% in 2017

Seasonality

April has demand spiked by the annual Songkran festival/Thai school holidays and peak month for the fruit season that attracts domestic and Chinese visitors. While November and December are high season for beach areas and coastal islands.



Source: Thailand Department of Tourism and C9 Hotelworks Market Research

Tourism revenue achieved a record THB33 billion last year and is forecasted to increase in 2018

Top 5 Key Geographic Source Market Performance

Thai visitors are the dominant geographic source market, accounting for 91% of total hotel guest arrivals in 2016. A gradual influx of European visitors from Pattaya, led by Germany, Russia, and France is a growing trend. The data below shows a comparison between 2016 vs. 2015:

Top 5 Source Markets		Top 5 European Markets		Top 5 Asian Markets	
1. Thai	6%	1. U.K.	4%	1. China	-4%
2. China	-4%	2. Russia	14%	2. Japan	3%
3. U.S.A.	-2%	3. Germany	19%	3. Korea	8%
4. Japan	3%	4. France	9%	4. Malaysia	-9%
5. Korea	8%	5. Netherlands	9%	5. Myanmar	-16%

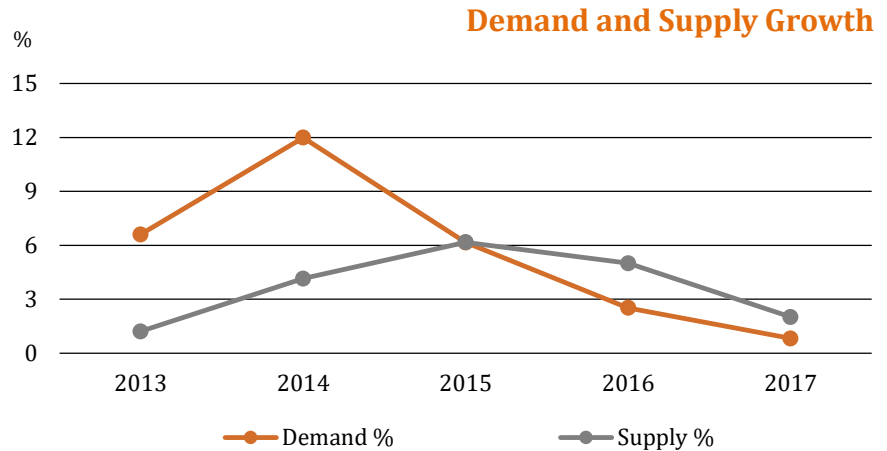
Source: Thailand Ministry of Tourism and Sports and C9 Hotelworks Market Research

HOTEL MARKET

Hotel Supply

Year-on-year market growth in hotel occupancy substantially increased 12% in 2014. However, after the government cracked down on zero-baht tours, annual demand declined to 3% in 2016 and 1% in 2017. It is expected to stabilize and return to positive growth this year.

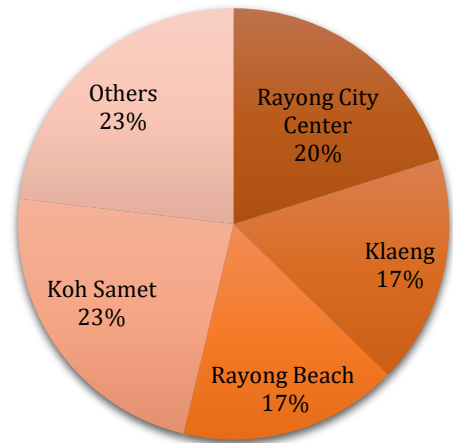
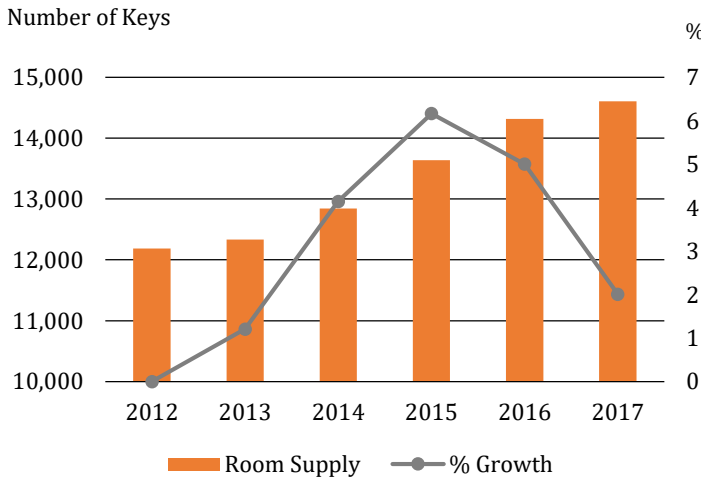
Rayong's market-wide occupancy averaged 68% in 2017. It is expected to grow given the EEC initiative



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

Accommodation Establishments

Hotel supply of registered accommodation establishments in Rayong province was 14,606 keys at the end of 2017. In the Rayong City Center it is primarily clustered along Sukhumvit Road, Beach Road, and Ratbumrung Road. More broadly, its key areas include Klaeng, Koh Samet, and Rayong beach areas namely Rim Pae, Laem Mae Phim and Mae Rumphueng.



Source: Thailand Department of Tourism and C9 Hotelworks Market Research

Hotel Pipeline

Hotel Name	Location	Keys	Opening Year
Aksorn Rayong Resort	Pae-Klaeng-Kram Road	123	2018
Hyatt Regency Rayong	Pae-Klaeng-Kram Road	201	2022

*Additional keys for existing hotel

Source: C9 Hotelworks Market Research

Scheduled/Non-Scheduled Int'l Flights U-Tapao International Airport

EASTERN EUROPE

Key Cities:

Khabarovsk Primorsky
Moscow Novosibirsk
Yekaterinburg Kemerovo
Krasnoyarsk Irkutsk

GREATER CHINA

Key Cities:

Nanchang Yichang Nanning
Linyi Hangzhou Yinchuan
Macao Haikou Sanya
Baotou Haikou Guangzhou
Changsha Pudong Shenzhen
Zhengzhou



MIDDLE EAST

Key City:

Doha

SOUTHEAST ASIA

Key City:

Kuala Lumpur

Source: U-Tapao Rayong Pattaya International Airport and C9 Hotelworks Market Research



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C9 Hotelworks Company Limited

9 Lagoon Road, Cherngtalay, Thalang, Phuket, 83110, Thailand

(Office located at the entrance of Laguna Phuket)

T: +66 (0)76 325 345

www.c9hotelworks.com

info@c9hotelworks.com