



asset management
& hospitality consulting

Samui

Hotel Market Update

Mid-Year Edition August 2014

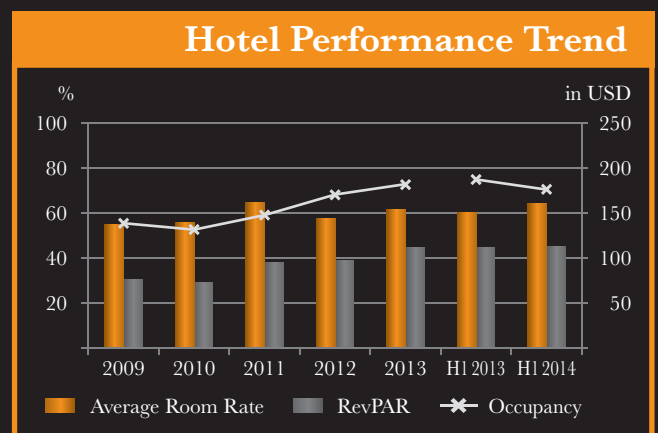
Overseas travel advisories mar island's forward momentum

Mid-year glitch expected to reverse in second half of year

“Hotels in Samui are reporting a strong direct impact on trading levels and forward bookings as a response to Thailand’s political events. Despite the recent calming efforts by the government, there remains the after-effect of a substantial number of foreign travel advisories which continue to mute demand.

Speaking to hoteliers the trend topped out in May, though is being forecasted to hit performance in the high-season month of August. While expectations for market-wide stability for the year focus on minimizing the interim glitch, there continues to be concern over lingering perceptions abroad in high yielding markets which produce premium guests for the island.

One decided change for Samui has been the growing influence of the Russian market which now tops the arrivals list with a 12.3% share for the first half of 2014.



Source: C9 Hotelworks Market Research

On the infrastructure front, after the opening of Centralfestival Samui retail complex, a new 4,000-square meter community mall developed by The Platinum Group named The Wharf Samui in Bophut is scheduled to open this December. Platinum is also entering the Samui hotel market with two properties now in the planning stage. Concurrently we are forecasting a rise in foreign direct investment into the island’s hospitality sector, most notably from Malaysia’s YTL Group.

Bill Barnett, Managing Director, C9 Hotelworks

2014 Mid Year

- Market-wide hotel performance for H1 2014 achieved average occupancy of 70%, average rate of US\$162 and RevPAR hitting US\$114.
- Guests at registered accommodation establishments increased 2% year-on-year while total passenger arrivals to the airport grew marginally.
- Topping the key geographic source markets is now Russia, with the former frontrunner being Germany in 2010 through 2012 and Thailand in 2013.

Forward Outlook

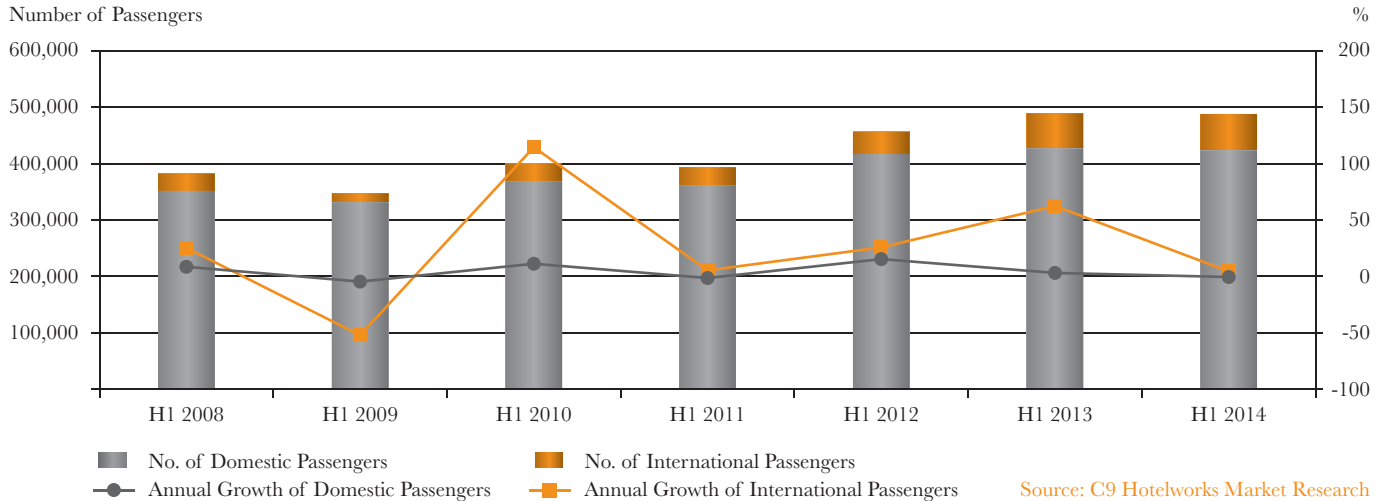
- New retail projects such as the already opened Centralfestival Samui and other malls under planning are set to create changes in island’s real estate landscape.
- Hotel supply has gradually increased, recording a CAGR growth of 3% since 2007 while the number of registered properties has risen by 2%.
- While supply and demand have been favorable over a sustained period of time, there are now a number of new projects in early stage development and planning.

TOURISM

Airline Indicators

- Total Samui airport arrivals in H1 2014 registered at 487,899, with a -1% year-on-year decrease in domestic passengers and 3% increase for international passengers.

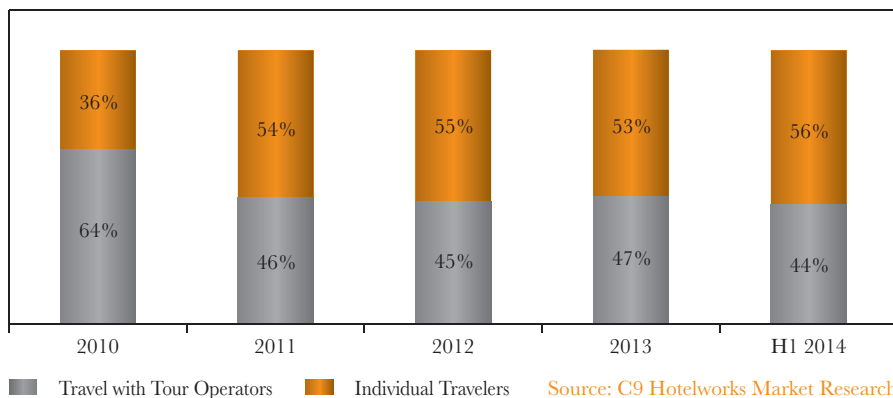
Samui Airport Visitor Arrivals - Half Year



Tourism Indicators

- Market-wide average length of stay (ALOS) flattened at 4.52 days in 2013 and H1 2014 after source markets dynamically shifted during the period from 2010 to 2012.
- Proportion of domestic and international visitors for first half of the year was 12% and 88% respectively.

Travel with Tour Operators vs. Individual Travelers



Individual travelers have surpassed those through tour operators since 2011

Key Geographic Source Market Share

Top 5 Source Markets

1. Russia	12%
2. Thailand	12%
3. Germany	11%
4. United Kingdom	11%
5. Australia	5%

Top 5 Asian Markets

1. China	22%
2. South Korea	3%
3. India	3%
4. Japan	1%
5. Malaysia	1%

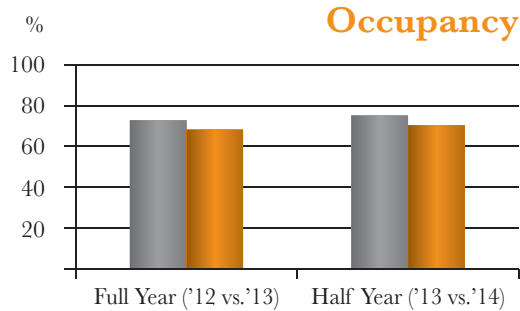
Top 5 European Markets

1. Russia	25%
2. Germany	24%
3. United Kingdom	23%
4. France	7%
5. Switzerland	5%

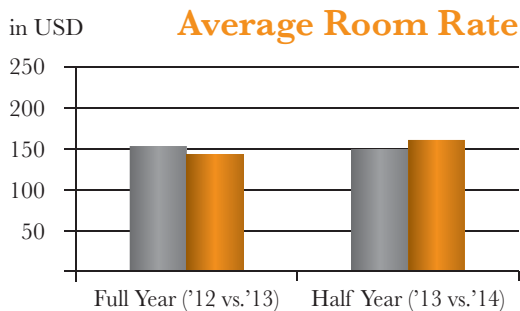
Source: Surat Thani Provincial Office of Tourism and Sports and C9 Hotelworks Market Research

Hotel Performance

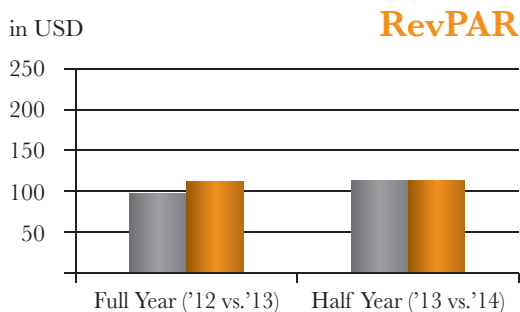
- Viewing hotel performance by area in H1 2014, Lamai and Maret achieved the highest occupancy of 74% and ADR of US\$198. In comparison, Bophut and Mae Nam are followed with an occupancy of 73% and an ADR of US\$171.



Source: C9 Hotelworks Market Research



Source: C9 Hotelworks Market Research



Source: C9 Hotelworks Market Research

By Tier

Change	
Luxury	▼ -1%
Upscale	▼ -9%
Midscale	▼ -3%
Budget & Economy	▼ -5%

Market-wide occupancy dropped to 70% on softer upscale tier demand

Change	
Luxury	▲ 10%
Upscale	▲ 3%
Midscale	▲ 5%
Budget & Economy	▲ 3%

Room rates across all tiers experienced growth, a market positive

Change	
Luxury	▲ 9%
Upscale	▼ -9%
Midscale	▲ 1%
Budget & Economy	▼ -5%

Luxury hotels able to move RevPAR higher due to rate driven strategy

Hotel Supply

- Hotel conversions remain a strong storyline with the 141-room Imperial Samui Beach Resort being rebranded under Starwood's Sheraton flag by year end.
- Non-traditional accommodation to hit mainstream hotel supply with The Beach Samui coming online and YTL's hospitality-led residential project Kasara Koh Samui in Choeng Mon under development.

Hotel Name	Location	Rooms	Opening Date
Prana Resort Nandana	Bophut	60	Dec 2014
Mövenpick Resort Laem Yai Beach (conversion and expansion of The Passage Samui Villas & Resort)	Kao Laem Yai	23**	Q1 2015
Sofitel So Samui	Choeng Mon	120	2016
Sala Chaweng (conversion and expansion of Muang Kulaypan Hotel)	Chaweng	60**	2017
Mövenpick Resort & Spa Mae Nam Beach Koh Samui	Mae Nam	80	TBA*

*To Be Announced, **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 29 years of experience in Asia Pacific, the firm is well positioned to serve an increasingly demanding marketplace.



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