



HOSPITALITY CONSULTING

# Samui

## Hotel Market Update

November 2019

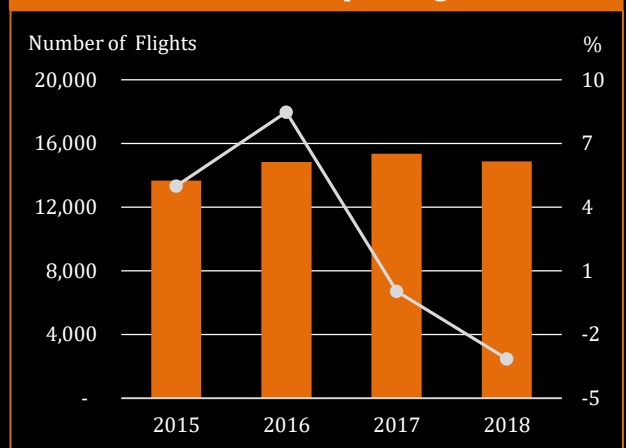
### Mono airlift and accessibility remain key barrier to island's broader tourism success

#### Supply growth to challenge market's premium hotel rates

"This year, the hotel market in Samui has been shaken by declining demand and reduced airlift to the island. The China slowdown is widely cited as a key factor, together with high airfares. According to Bangkok Airways, half of the company revenue is generated by flight routes connecting with Samui.

The carrier reported a loss in the first half of 2019 followed by a strategy to cut costs with reduced frequencies for domestic flights. In addition, it has suspended direct flights from Guangzhou and decreased frequencies for flights from Chongqing and Chengdu by 50%. According to the latest available statistics, airport passenger arrivals to Samui had a marginal growth last year as flight arrivals declined by 3% y-o-y during the same period. We anticipate the downward trend will continue in 2019 as a result of reduced flight connections. Much of the island's tourism future is linked directly to how Bangkok Airways will address shifting market profiles.

Samui International Airport Flight Arrivals



Source: The Civil Aviation Authority of Thailand (CAAT) and C9 Hotelworks Market Research

Currently, there are 6 hotels representing 913 keys expected to come on stream by 2021. Over 46% of the pipeline are in upscale and luxury tiers. With the current limitation to the island's accessibility, the stronger competition will put pressure on hotel rates in the mid to long term."

Bill Barnett, Managing Director, C9 Hotelworks

## Trends

- Market-wide RevPAR decreased by 19% as of YTD July 2019 compared to the same period in 2018 as a result of a drop in both ADR and occupancy.
- Europe continues to be the dominant core source market, representing 46% of the total guest arrivals at accommodation establishments for all of last year.
- Total tourism revenue hit THB 64 billion in 2018, representing a 12% increase compared to the previous year.

## Forward Outlook

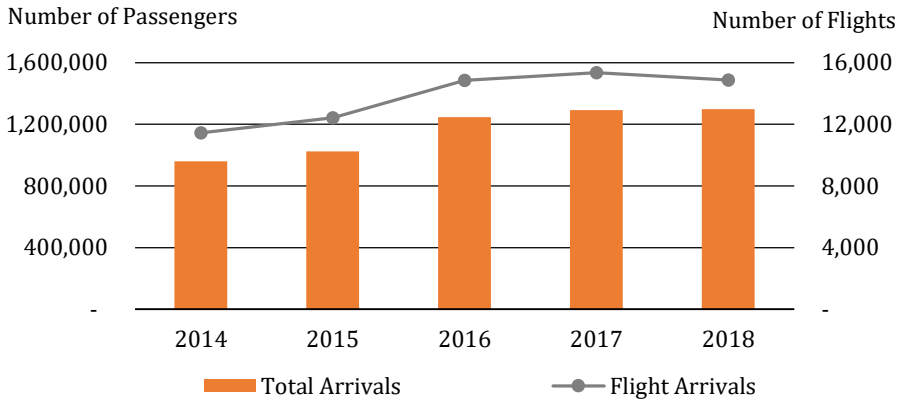
- Upcoming hotel pipeline is mainly in upper-midscale to upper-upscale tiers, accounting for 80% of the future pipeline with all properties having an international brand affiliation.
- Bangkok Airways has budgeted THB692 million for the renovation and upgrading of Samui International Airport, with the plan now undergoing an environmental approval process.
- Aside from traditional hotels, alternative accommodation choices of private villa rentals has intensified accommodation competition.

# TOURISM MARKET

## Demand Indicators

Samui International Airport drew 14,872 flight arrivals and 1,299,244 passenger arrivals last year (latest available data).

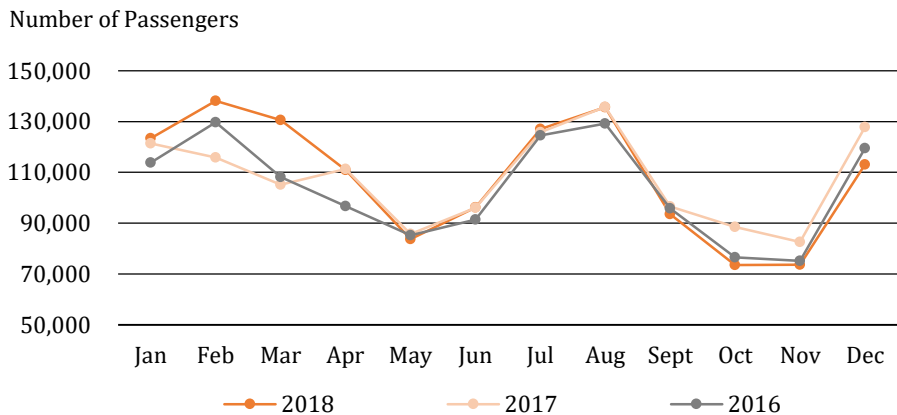
### Samui International Airport Arrivals & Flight Arrivals



*Demand growth fell by 0.5% last year compared to an increase of 4% in 2017 and 22% in 2016*

Source: CAAT and C9 Hotelworks Market Research

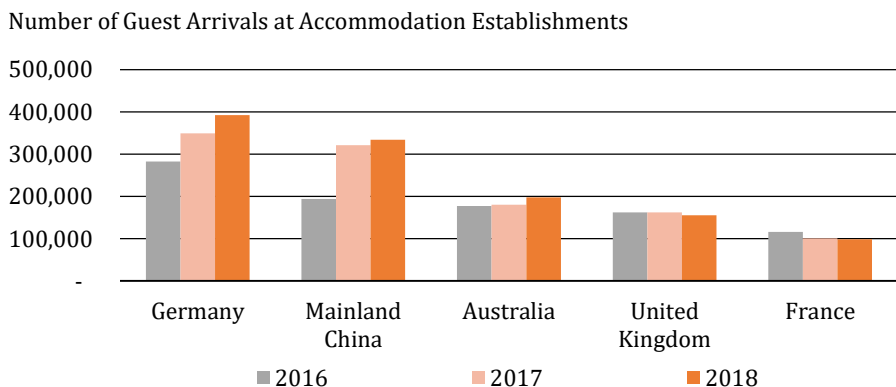
### Seasonality



*Seasonal trading has returned with increased demand during high season*

Source: CAAT and C9 Hotelworks Market Research

### Top 5 Key International Geographic Source Markets



*Top three source markets experienced a significant drop in growth rates from 30% in 2017 to 6% in 2018*

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

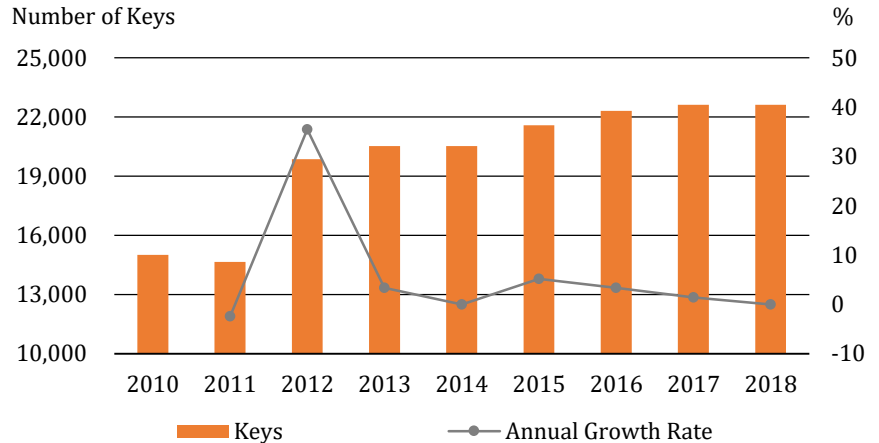
# HOTEL MARKET

## Hotel Supply

As of 2018, total licensed accommodation in Samui was 622 establishments with 22,617 keys. By the end of next year, there are 480 keys expected to enter the market which are focused on upscale and upper-upscale tiers.

*Hotel supply recorded a compound annual growth rate of 2% from 2013 to 2018*

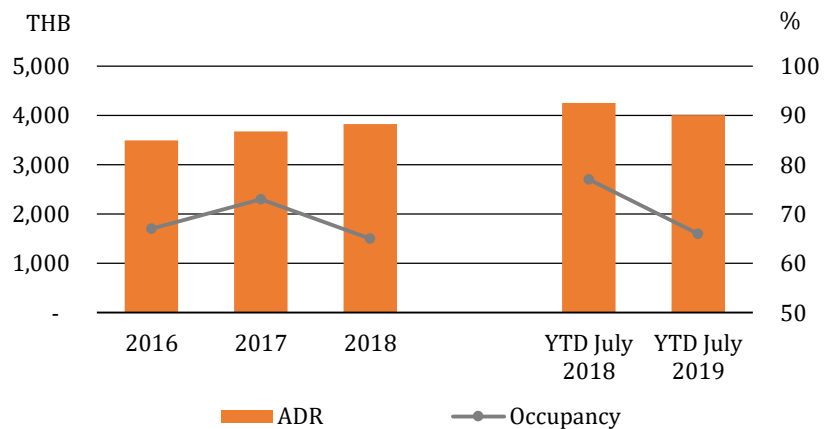
### Accommodation Establishments



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

*Market-wide occupancy dropped by 14% y-o-y as of July YTD 2019, and ADR fell by 6% during the same period*

### Hotel Performance



Source: Thai Hotels Association and C9 Hotelworks Market Research

### Hotel Pipeline

Hotel Name	Location	Keys	Opening Date
Sol Beach House Koh Samui*	Choeng Mon	203	Q1 2020
Unnamed	Choeng Mon	138	Q1 2020
Hyatt Regency Koh Samui	Bophut	139	2020
Sofitel So Samui	Choeng Mon	83	2021
Holiday Inn Express Bophut	Bophut	200	2021
Holiday Inn Resort Bophut	Bophut	150	2021
Holiday Inn Express Samui Chaweng	Chaweng	300	2027
Centara Grand Beach Resort*	Chaweng	N/A	N/A

\*Rebranding or upgrading of existing hotel

Source: C9 Hotelworks Market Research

# Samui 2019 Key Domestic & International Scheduled Flights By Region (Monthly)

## THAILAND

728 Flights

Bangkok	560
Phuket	84
Pattaya	28
Chiangmai	28
Krabi	28

## MAINLAND CHINA

48 Flights

Chongqing	4
Chengdu	16
Xian	28



## MALAYSIA

Kuala Lumpur: 28

## HONG KONG (SAR)

56

## SINGAPORE

104

Source: C9 Hotelworks Market Research.



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