



HOSPITALITY CONSULTING

Phuket

Hotel Market Update

Mid-Year Edition July 2016

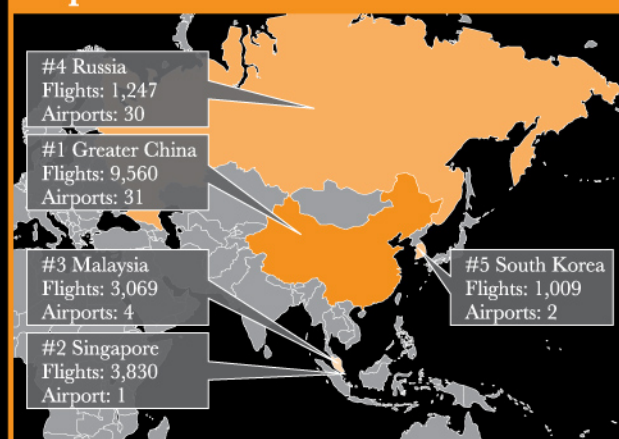
Greater China propelling tourism growth with inbound flights from 31 airports

High occupancy acting as key catalyst to unlock RevPAR growth

“With 1,452,207 passenger arrivals in 2015 from 31 cities in Greater China, the ever growing ‘Chinacation’ continues to dominate the market in both air transport and geographic source market trending. The rising number of Mainland Chinese has continued this year with a y-o-y growth for the period January through May topping 20%.

Viewing this past high season, there is a marked uptick in Russian tourists. Despite a y-o-y drop of 43% in the first half of 2015, arrivals rebounded by 40% for the same period in 2016. Nevertheless, STR Global data on hotel performance suggests that their higher rate profile compared to the Chinese was not enough to offset the overall market ADR drop.

Top 5 Connected Countries to Phuket



Source: Airports of Thailand, Department of Civil Aviation and C9 Hotelworks Market Research. Flight arrivals FY 2015

January to May data reflects a 9% increase in occupancy over the previous year. Thus, the big picture for Phuket undoubtedly relies on volume business, which is in-part due to the market share distribution among all nationalities.”

Bill Barnett, Managing Director, C9 Hotelworks

Trends

- As of May 2016, Chinese market share remained static at 36% of total international arrivals, whereas Russia increased from 11% in 2015 to 13% this year.
- Increasing demand on short-haul routes as low-cost carriers (LCC) experienced a 26% y-o-y growth of passengers on flights bound for Phuket during Jan-May period.
- The total airport arrivals for the first five months of 2016 has continued to accelerate with a year-on-year increase of 19%.

Forward Outlook

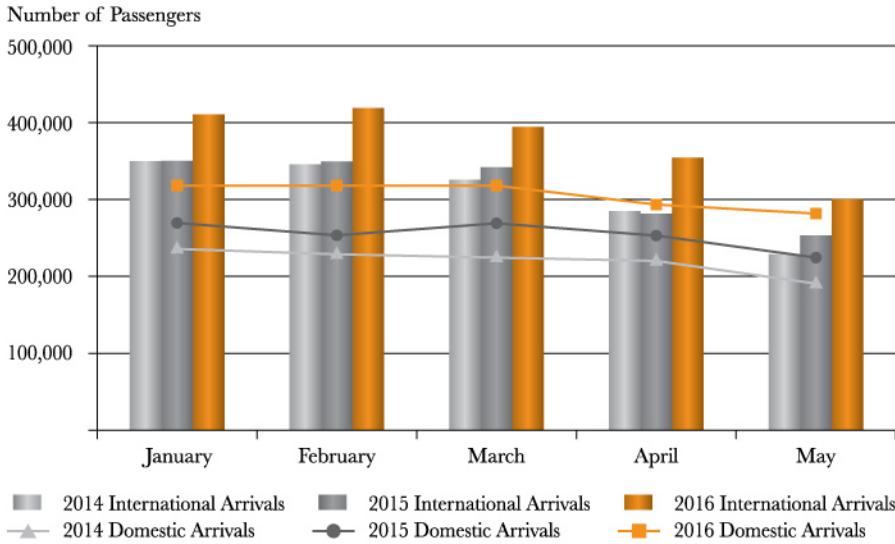
- Opening of Phuket International Airport’s new terminal has been slightly delayed and is now scheduled to open within the year, with the expanded facilities expected to ease congestion.
- Recent action by the government has seen 234 registered condominiums told to cease holiday rentals of less than 30 days, as the island has experienced a surge in illegal accommodation.
- There are 32 hotel projects in the pipeline that are planned to open between 2016 and 2019, with 28 properties brand affiliated.

TOURISM

Airline Indicators

- Phuket International Airport hosted 1,876,569 international passenger arrivals and 1,527,693 domestic passenger arrivals from scheduled and non-scheduled flights in the first five months of 2016.

Phuket Airport International & Domestic Arrivals



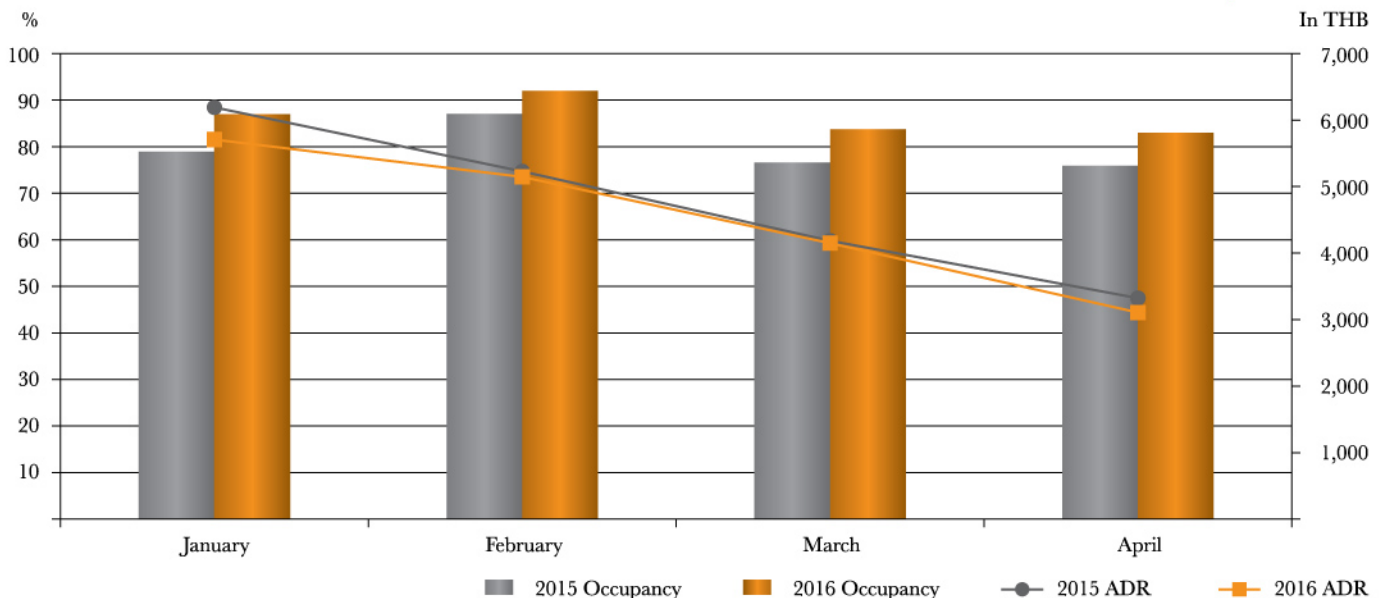
Source: Phuket Airport Immigration and C9 Hotelworks Market Research

Phuket International Airport traffic accounted for 13% of total international arrivals to Thailand from Jan-May 2016

HOTEL MARKET

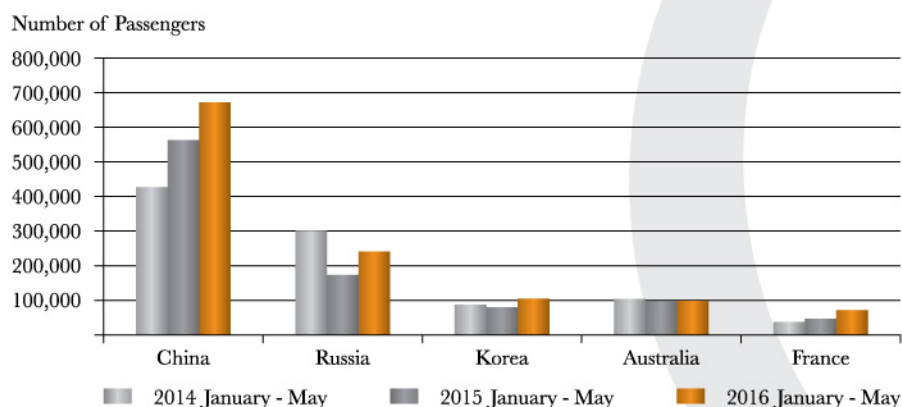
- According to data by STR Global, a 5% market-wide increase in RevPAR was recorded for the period of January to April 2016. Despite a year-on-year ADR decline of 4%, RevPAR was offset by a healthy 9% boost in occupancy during the same period.

Performance by Month



Source: STR Global

Top 5 Key Geographic Source Market Trend



Source: Phuket Airport Immigration and C9 Hotelworks Market Research

Chinese and Russian markets make up 48% of overseas passenger arrivals to the island

Hotel Supply

- A total of 5,533 new keys are forecasted to come on stream from August 2016 to the end of 2019, which will equate to an increase in total hotel supply by 10% from 56,057 keys as of February 2016. The most concentrated area for developments is Patong, followed by Kamala, Chalong Bay, Bangtao and Phuket City.

Hotel Name	Location	Keys	Opening Date
Sheraton Phuket Grand Bay Resort and Residences	Ao Por	303	Jun-19
Cassia Phuket (Phase 2)	Bangtao	105	2017
X2 Vibe Phuket Bangtao	Bangtao	85	2017
Centra Bangtao Resort Phuket	Bangtao	170	TBA
Yoskarn Kalliste Phuket Wellness Resort & Spa	Cape Panwa	40	Oct-16
Courtyard by Marriott Phuket	Chalong Bay	277	Q2 2017
JW Marriott Phuket Resort & Spa	Chalong Bay	189	Q2 2017
Noku Roxy Phuket	Chalong Bay	95	2018
Sheraton Phuket Kalim Beach Resort	Kalim	230	2019
Hilton Phuket Patong Resort	Kalim	300	Q3 2019
X2 Phuket Kamala Residence	Kamala	9	2017
Twinpalms Residences Mont Azure	Kamala	75	Q4 2018
Best Western Premier Himalai Resort	Kamala	402	2019
Intercontinental Phuket Resort	Kamala	260	2019
X2 Vibe Phuket Karon	Karon	110	2018
The Hermitage Resort	Kata	78	Nov-16
The 137 Pillars Resort Phuket	Kata	67	2019
Kempinski Hotel Phuket	Koh Siray	85	2018
Park Hyatt Phuket	Koh Siray	85	TBA
Mai Khao Palm Beach Resort	Mai Khao	225	Q4 2016
Lub d Patong	Patong	187	Q3 2016
X2 Vibe Phuket Patong Hotel	Patong	116	2017
Boutique Sai 3 Patong Hotel	Patong	200	May-17
7 Days Premium Patong Beach	Patong	110	Jun-17
Hotel Indigo Phuket	Patong	180	2018
Premier Inn Phuket Nanai	Patong	350	Q4 2018
Centara Grand Moringa Resort & Spa Phuket	Patong	350	TBA
Novotel Phuket Phokeethra	Phuket City	180	Aug-16
Ibis Styles Phuket Phokeethra	Phuket City	137	2017
Ramada ChaoFa Phuket	Phuket City	270	Q2 2018
Best Western The Beachfront	Rawai	216	Q1 2017
Rosewood Phuket	Tri Trang	47	Jan-17

Source: C9 Hotelworks Market Research

Phuket 2015 International Airlift By Region

WESTERN EUROPE

556 Flights

Key Feeders:

Scandinavia: 457 flights (11 airports)
Germany: 74 flights (3 airports)
U.K.: 25 flights (1 airport)

EASTERN EUROPE

1,247 Flights

Key Feeder:

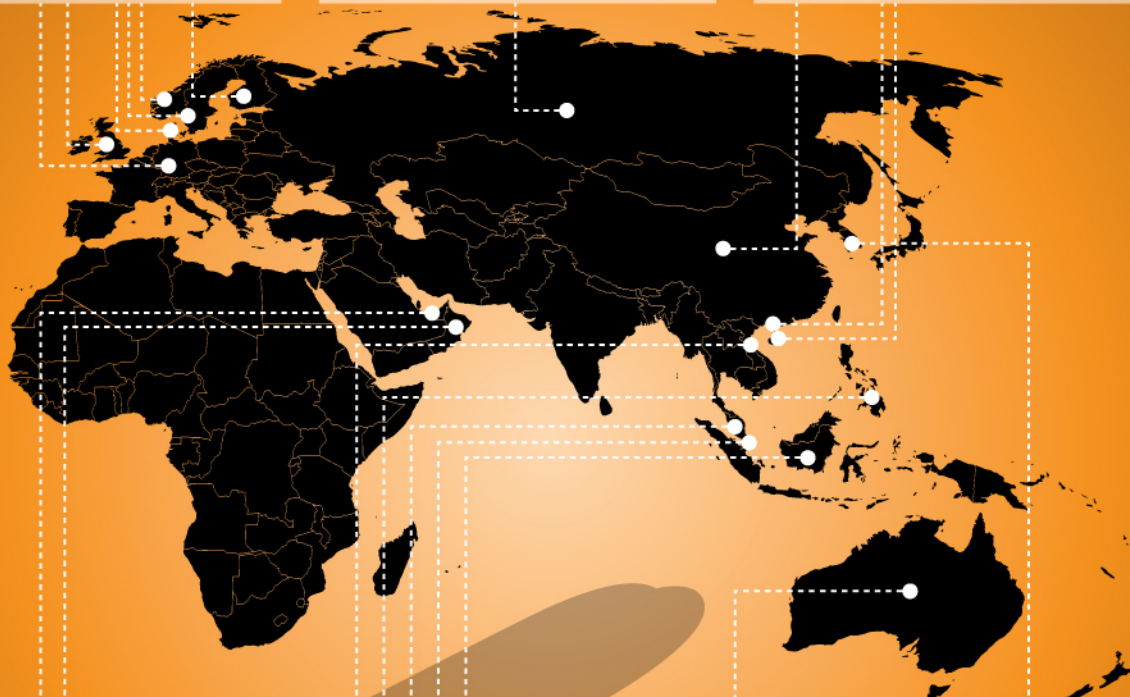
Russia: 1,247 flights
(30 airports)

GREATER CHINA

9,560 Flights

Key Feeders:

China: 7,341 flights (29 airports)
Hong Kong & Macau: 2,219 flights
(2 airports)



MIDDLE EAST

1,175 Flights

Key Feeders:

UAE: 775 flights (6 airports)
Qatar: 400 flights (1 airport)

SOUTHEAST ASIA

7,161 Flights

Key Feeders:

Singapore: 3,830 flights (1 airport)
Malaysia: 3,069 flights (4 airports)
Indonesia: 108 flights (7 airports)
Philippines: 106 flights (1 airport)
Vietnam: 48 flights (4 airports)

NORTH ASIA

1,009 Flights

Key Feeder:

Korea: 1,009 flights (2 airports)

AUSTRALIA

560 Flights

Key Feeder:

Australia: 560 flights (7 airports)

Source: Airports of Thailand, Department of Civil Aviation and C9 Hotelworks Market Research Flight Arrivals FY 2015



HOSPITALITY CONSULTING

C9 Hotelworks Company Limited

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

(Office located at the entrance of Laguna Phuket)

T: +66 (0)76 271 535

F: +66 (0)76 271 536

www.c9hotelworks.com

info@c9hotelworks.com