



HOSPITALITY CONSULTING

Phuket

Hotel Market Update

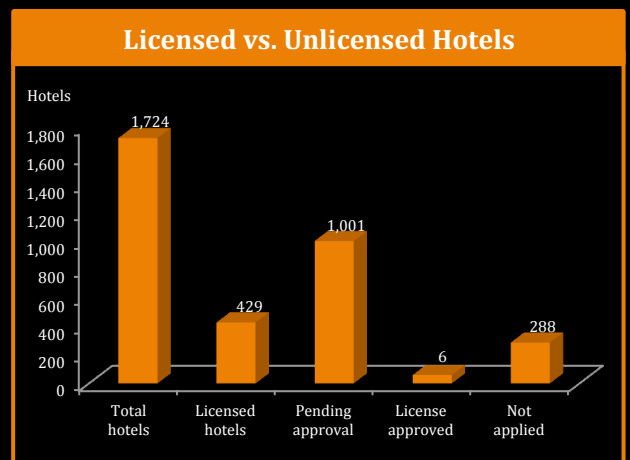
Mid-Year Edition July 2017

Phuket unlicensed accommodation crackdown results in 1,007 hotels applying for license

Government focus on the destination includes investment in 12 lane cross island expressway and light rail project

“Phuket’s Provincial government has undertaken a large-scale initiative to tackle the proliferation of unlicensed hotels. Since the campaign started, a total of 1,007 hotels have applied for official operating licenses with just six approved to date. The main challenges for the process are the strict regulations associated with the Building Control and Hotel Acts. As a result of these mandates the province is considering reviewing the requirements to support the conversion process.

The government is addressing traffic management issues by initiating the development of a 12-lane Sakoo-Koh Kaew expressway project which will accommodate a light rail component. This process is dependent on an environmental study and public opinion as it will require a significant acquisition of private land. Construction is expected to take five years, should EIA approval be obtained in 2018.



Source: Phuket’s Provincial Administration Office

Phuket’s gateway international airport is continuing to see rising traffic demand with total passenger arrivals experiencing y-o-y growth of 10% in the first five months of the year. The addition of a light rail network with airport access will improve overall public transport and slow the pace of congestion. Overtime, the limitation of a single airport runway looms.”

Bill Barnett, Managing Director, C9 Hotelworks

Trends

- Future Government funding for infrastructure investment for Phuket Province now totals USD2 billion.
- Overseas passenger arrivals increased by 9% y-o-y, with additional 143 scheduled flights added between March – October 2017.
- Influx of branded and brand-affiliated properties stands at 77% of total pipeline keys with 36% having branded hotel residences.

Forward Outlook

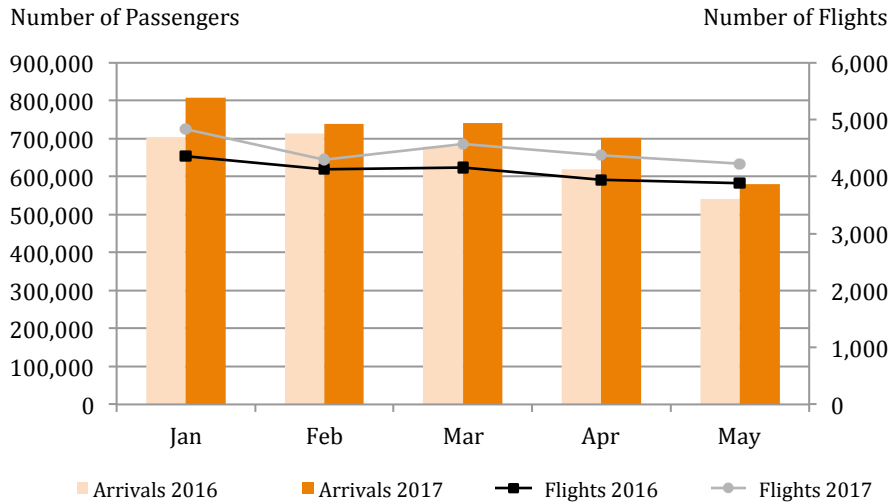
- Completion of upgrade of Phuket Airport domestic terminal is scheduled for December 2017 just in time for peak tourist season.
- Design of 22.4-kilometer Sakoo-Koh Keaw expressway is expected to be finalized by August with an EIA submission in 2018.
- Ministry of Natural Resources and Environment is planning to simplify the process of EIA/IEE approval for hotel licensing applications.

TOURISM

Airline Indicators

- Phuket International Airport hosted a total of 3,568,811 inbound passengers between January to May 2017 of which 46% were domestic arrivals and 54% were international arrivals.

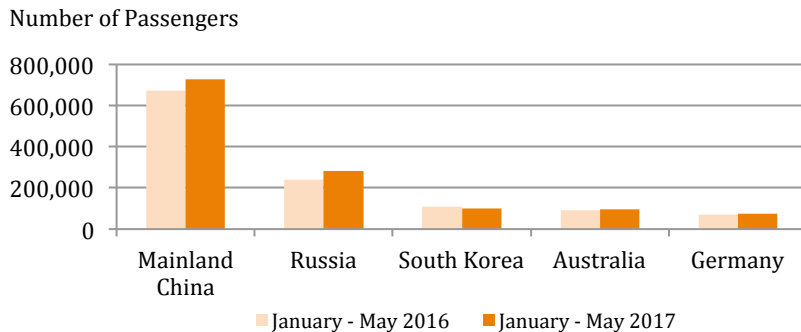
Phuket Airport Passenger & Flight Arrivals



Passenger and flight arrivals showed similar growth of 10% and 9%, respectively, during first 5 months of 2017

Source: Phuket International Airport and C9 Hotelworks Market Research

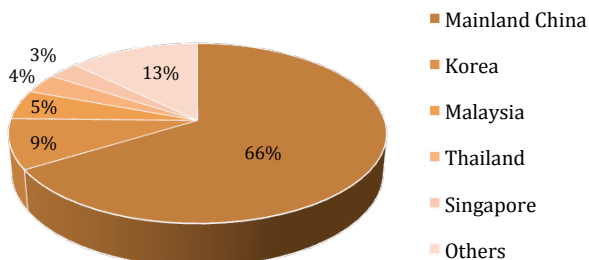
Top 5 Key International Geographic Source Markets



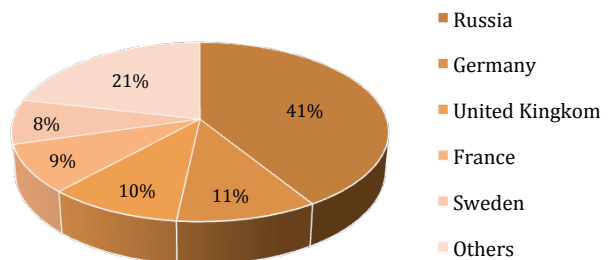
China showed y-o-y growth of 8% while Russia sharply rose by 17%

Key Geographic Source Market Share

Top 5 Asian Markets



Top 5 European Markets

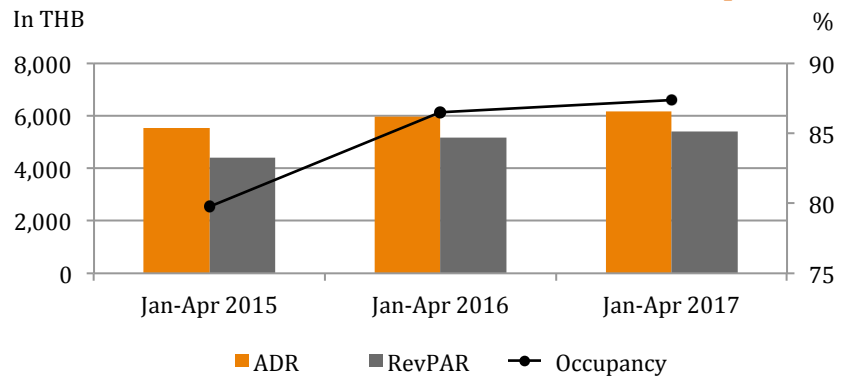


Source: Phuket Airport Immigration and C9 Hotelworks Market Research

HOTEL OVERVIEW

Year-on-year market-wide ADR's grew 3.6% during the first four months of 2017

Hotel Performance Comparison



Source: STR

Hotel Supply

- There are 33 hotels or 5,738 keys in the island's pipeline.

Hotel Name	Location	Keys	Opening Date
Sheraton Phuket Grand Bay Resort & Residences	Ao Por	269	Q4 2019
Cassia Phuket (Phase 2)	Bangtao	*105	Q2 2018
X2 Vibe Phuket Bangtao Residence	Bangtao	85	Q1 2018
Yoskarn Kalliste Phuket Wellness Resort & Spa	Cape Panwa	40	TBA
Anayara Retreat Panwa	Cape Panwa	6	Dec 2017
Anayara Luxx Panwa	Cape Panwa	38	Q1 2019
Courtyard by Marriott Phuket	Chalong Bay	277	Q4 2019
JW Marriott Phuket Resort & Spa	Chalong Bay	189	Q4 2019
Noku Roxy Phuket	Chalong Bay	91	Q3 2019
Sheraton Phuket Kalim Beach Resort	Kalim	230	TBA
Best Western Premier Himalai Resort	Kamala	402	Q3 2019
InterContinental Phuket Resort	Kamala	200	Q4 2019
Twinpalms Residences MontAzure	Kamala	75	Q4 2018
The 137 Pillars Estate Phuket	Kata	66	Q4 2019
The Hermitage Resort	Kata	78	Dec 2017
Ozo Kata Phuket	Kata	255	Q4 2018
Kempinski Hotel Phuket	Koh Siray	85	TBA
Park Hyatt Phuket	Koh Siray	85	TBA
Mai Khao Palm Beach Resort	Mai Khao	225	Nov 2017
Movenpick Resort Mai Khao Phuket	Mai Khao	*136	Q2 2018
Anantara Vacation Club Mai Khao	Mai Khao	*98	Dec 2018
Royal Lee The Terminal	Nai Yang	320	TBA
Hilton Phuket Patong Resort	Patong	300	Q1 2020
Boutique Sai 3 Patong Hotel	Patong	198	Aug 2017
Hotel Indigo Phuket	Patong	180	Q2 2018
Absolute Twin Sands (Phase 3)	Patong	*89	Mar 2018
Four Points by Sheraton Patong Beach	Patong	560	Jan 2020
Beyond Hotel at Patong	Patong	160	Aug 2017
Zenseana Hotel Patong	Patong	166	TBA
Ramada Plaza ChaoFa Phuket	Phuket City	257	Q4 2018
Best Western The Beachfront	Rawai	192	Mar 2018
Dusit D2 Phuket Aria	Surin	210	Q2 2020
Rosewood Phuket	Tri Trang	71	Q4 2017

*Additional keys for existing hotels

Source: C9 Hotelworks Market Research

Hotel License Application Process

New Hotels vs. Unlicensed Hotels

