



# Hotel development 'fear factor' impacts pipeline as 73% of new projects on hold

## Protracted pandemic impact stresses island economy

"The Phuket recovery, underpinned by vaccine rollouts and the government's less restrictive travel policies, began in earnest in Q3 2021. The widespread vaccine distribution supported many hotels reopening with domestic travel, and resulted in an initial, restrained return to travel.

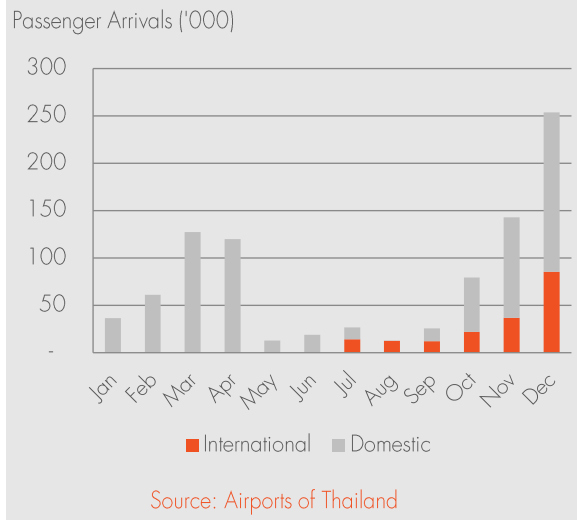
After launching the Phuket Sandbox on the 1<sup>st</sup> of July 2021, there was a methodical rise in the number of passenger arrivals in the second half of the year, with the average growth rate reaching 47% in December 2021 versus the same month in 2020.

Market volatility during the year was heavily impacted by pandemic variants and the slow rollouts of what was to become the Test & Go travel re-entry program throughout Thailand.

Moving into the final quarter of the year, there was a seasonal spike in demand from Europe and Russian winter 'snowbirds', though these numbers have dissipated by the end of Q1 2022.

The number of passenger arrivals at Phuket International Airport totaled 918,759 in FY2021. It represents a 64% y-o-y decline from 2020, and it is a mere 10% of the total figure in 2019 when 9.06 million passenger arrivals were recorded.

## Phuket Airport Arrivals - 2021



In 2022, we expect continued volatile trading for hotels highlighted by Thailand's protracted removal of quarantine restrictions and impact of the Ukraine Russia crisis. In addition, there continues to be a mounting liquidity and lending problem for existing and pipeline hotels which is expected to continue in the second half of the year."

Bill Barnett, Managing Director, C9 Hotelworks

### Trends

- As hotels face low season challenges, India, Australia, and Middle East are expected to be key growth targets.
- Staffing issues remain a growing issue for the hotel and the service sector given reluctance of a considerable labor force displaced by the pandemic to return to the industry.
- A number of chain managed properties are being converted to franchises and conversions to brands of independent properties.

### Forward Outlook

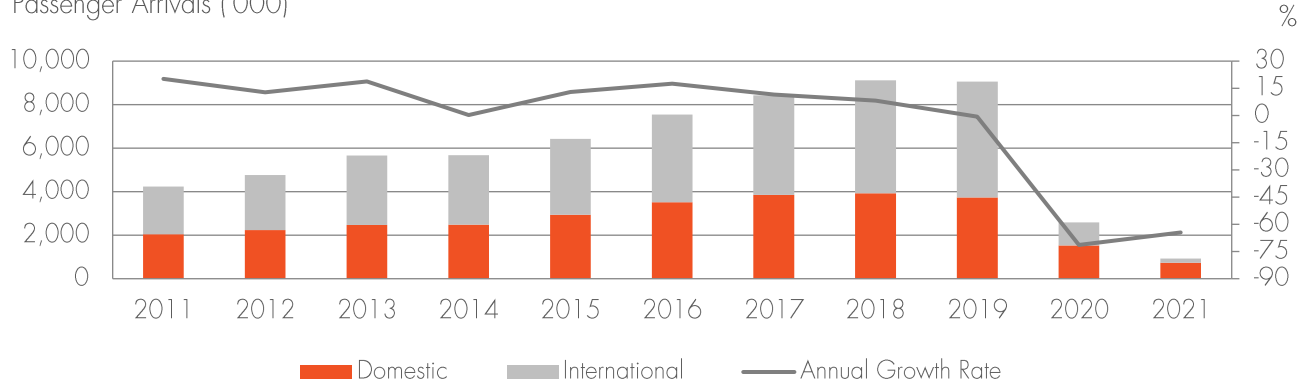
- Given Phuket's international tourism market in 2019 was highly leveraged on Chinese and Russian travelers, a return to stabilized trading is highly dependent on the return of volume source markets.
- Recovery forecasts for tourism are now being adjusted to 2019 stabilized levels by 2025.
- Thai government faces mounting pressure to shift Phuket into a special administration area similar to Bangkok and Pattaya.

# TOURISM MARKET REVIEW

## Tourism Indicators

### 10-year Passenger Arrival Trend - Phuket International Airport

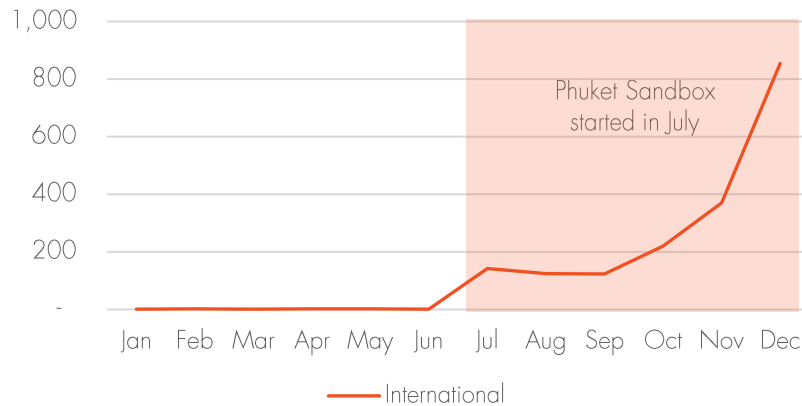
Passenger Arrivals ('000)



Source: Airports of Thailand \*Data as of FY2021

### International Airport Passenger Arrivals by Month - 2021

No. of Passengers ('000)



#### International Passengers for Phuket Sandbox

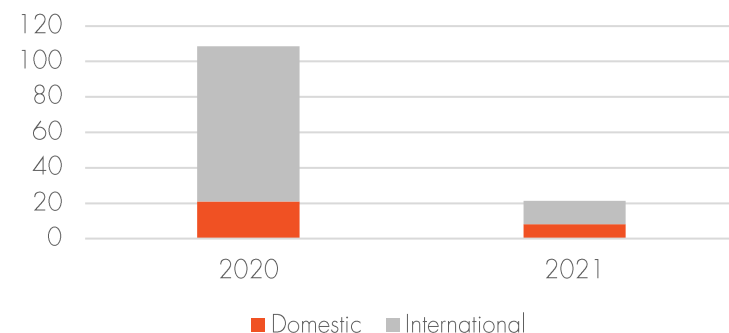
Jan - Jun: 763

July - Dec: 183,228

Source: Airports of Thailand \*Data as of FY2021

### Tourism Revenue

THB in Billion



#### Tourism Revenue

2021: THB21 billion

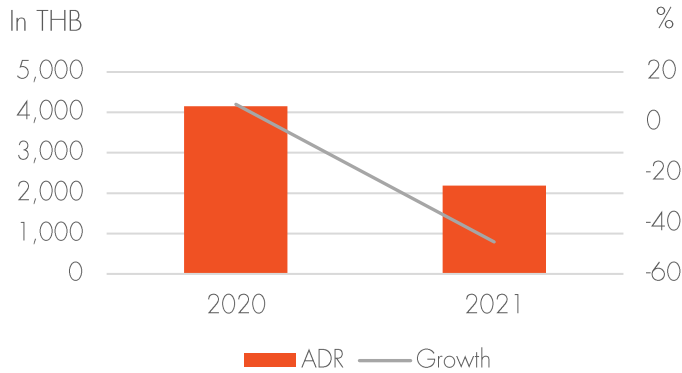
2020: THB108 billion

Source: Thailand Ministry of Tourism and Sports \*Data as of FY2021

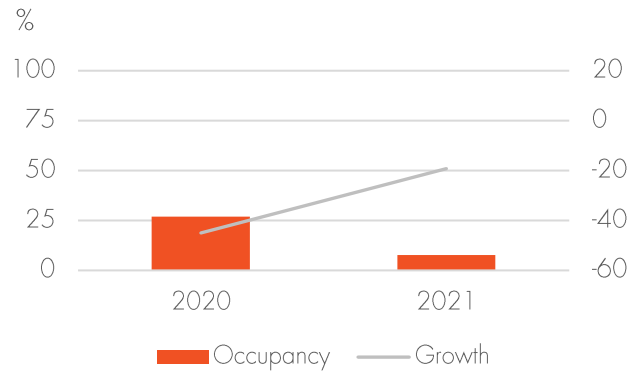
# HOTEL MARKET REVIEW

## Hotel Performance – 2020 vs. 2021

Average Daily Rate

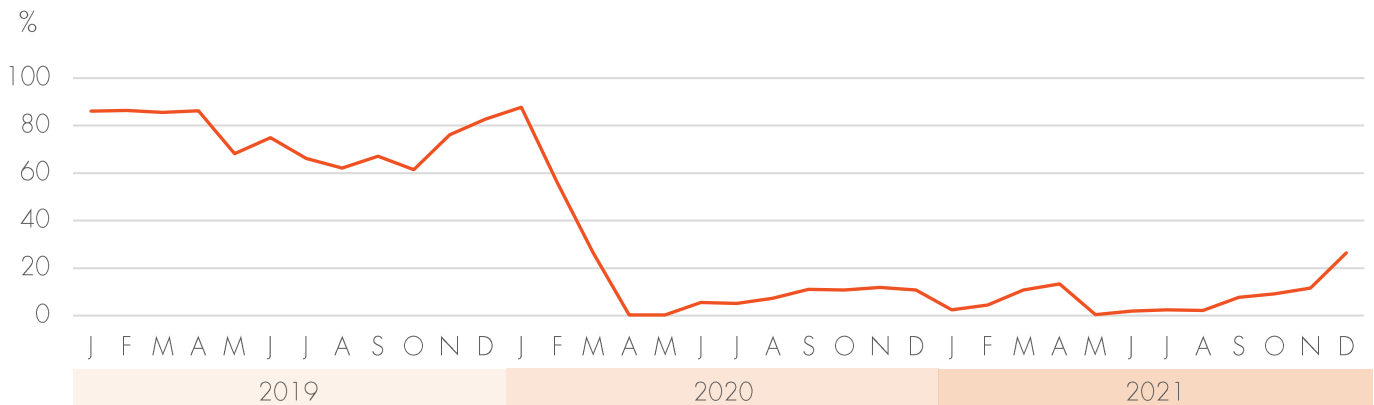


Occupancy



Source: STR and C9 Hotelworks Market Research \*Data as of FY2021

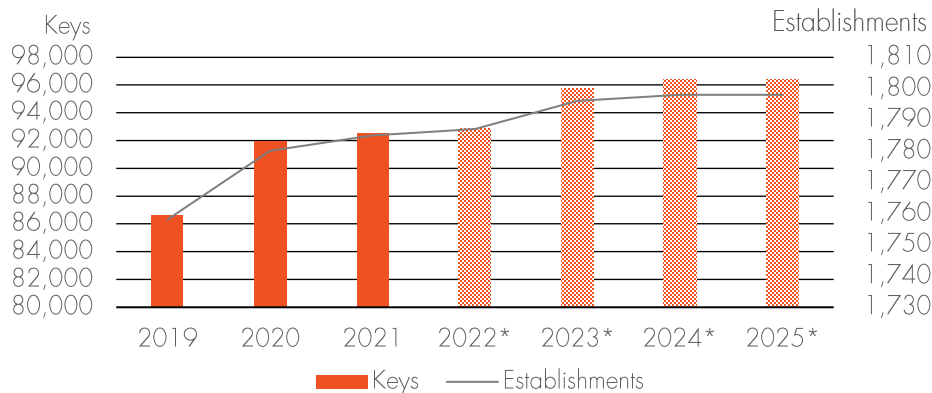
## Room Night Demand by Month - Jan 2019 through Dec 2021



Source: Thailand Ministry of Tourism and Sports \*Phuket Airport closed 10 April through 12 June 2020

## Phuket Historical & Forecasted Hotel Supply

- By the end of 2022, Phuket will have 92,864 registered keys in 1,787 establishments.



**Hotel Supply in 2022\***

Total Keys: **92,864**

Total Establishments: **1,787**

Source: C9 Hotelworks Market Research  
\*Projected Data 2022 - 2025

# Hotel Pipeline

Hotels	Location	Keys	Opening Year
Noku Phuket	Chalong Bay	91	Jun 2022
Angsana Oceanview**	Bangtao	116	2023
Radisson Hotel Mai Khao	Mai Khao	222	2023
Holiday Inn Phuket Kata Beach	Kata	140	TBA
Holiday Inn Express and Suites Kata Beach	Kata	135	TBA
MGallery Hotel MontAzure Lakeside Phuket	Kamala	236	TBA
Movenpick Phuket Kamala Beach	Kamala	230	TBA
Ibis Styles Phuket Kamala Zenkiri	Kamala	300	TBA
Holiday Inn Vana Nava Phuket	Kathu	255	TBA
Tribe Phuket Patong Avista	Patong	230	TBA
Novotel Phuket Naiharn	Nai Harn	650	TBA
Meliá Phuket Karon	Karon	214	TBA
The Beach Plaza Phase 1	Kata	730	TBA
JW Marriott Phuket Resort & Spa Chalong Bay	Chalong Bay	189	TBA
Courtyard by Marriott at Chalong Bay	Chalong Bay	277	TBA
Centra Central Phuket	Kathu	170	TBA
COSI Central Phuket	Kathu	180	TBA
Centra by Centara Maikhao Resort Phuket	Mai Khao	280	TBA
Holiday Inn Express Phuket Kata	Kata	300	TBA
W Phuket Nai Harn Beach	Nai Harn	60	TBA
Tonino Lamborghini Boutique Hotel Phuket	Ao Por	51	TBA
Sheraton Phuket Grand Bay Resort	Ao Por	270	TBA
<b>Total</b>		<b>5,326</b>	
Hotel Residences with Mandatory Rental Program	Location	Keys	Opening Year
Platinum Bay Phuket	Kamala	432	2023
Oceana Surin - Hotel Zone	Surin	333	2023
Angsana Oceanview Residences**	Bangtao	33	2023
Dhawa Phuket Residences	Bangtao	175	2023
Patong Bay Hill 2	Patong	199	2024
Patong Bay Seaview Residence	Patong	454	2024
Best Western Premier Himalai Resort	Kamala	427	TBA
Ramada Plaza Grand Himalai Resort	Kamala	426	TBA
Patong Bay Oceanview Cottages	Patong	300	TBA
Patong Bay Residence Phase 3	Patong	114	TBA
<b>Total</b>		<b>2,893</b>	
Hotel Residences with Optional Rental Program	Location	Keys	Opening Year
The Marin Phuket	Kamala	260	Dec 2022
Laya Condominium and Resort	Layan	926	2023
Oceana Surin - Residential Zone	Surin	555	2023
Beachfront Bliss Naiyang	Nai Yang	96	2023
Utopia Mai Khao	Mai Khao	92	TBA
Utopia Central	Kathu	405	TBA
Utopia Karon	Karon	238	TBA
Utopia Yamu	Yamu	81	TBA
Utopia Thalang	Thalang	129	TBA
Utopia Dream	Nai Harn	633	TBA
VIP Galaxy Villas Rawai	Rawai	114	TBA
The Residences at Sheraton Phuket Grand Bay	Ao Por	107	TBA
<b>Total</b>		<b>3,636</b>	
<b>Grand Total</b>		<b>11,855</b>	

\*\*Additional Keys for Existing Hotel with Residences; Source: C9 Hotelworks Market Research

# PHUKET HOTEL AND TOURISM DASHBOARD

## Tourism Market Summary



**Phuket Sandbox** is the pilot campaign in Thailand to welcome back international visitors without quarantine requirements



The number of daily flights in H22021 increased by **49%** growth rate compared to H1 2021



Top **5** geographical sources are all from Europe: Germany, U.K., Russia, France, and Sweden



**918,759** passenger arrivals in FY2021



Tourism receipts totaled **THB21** billion in FY2021, with **61%** from international visitors



Passenger arrivals in FY2021 was a mere **10%** of the 2019 level

## Hotel Market Summary



Occupancy: **24.5%** in Feb 2022 vs. **4.5%** in Feb 2021



More hotels accept **crypto** currency as form of payment



Average room rate: **THB2,188** in FY2021, down **47%** below the FY2020 level



Market-wide RevPAR in FY2021 fell by **85%**



Brand affiliations up **59%** of total hotel pipeline



**55%** of total keys in pipeline are hotel residences with rental management

## Hotel Pipeline Summary



**351** keys in pipeline to open by end of 2022



**2** properties in pipeline opening in 2022



**11,855** incoming keys in the pipeline



Top **5** pipeline locations: Kamala, Nai Harn, Kata, Patong, and Kathu



**0.4%** hotel supply increase in 2022  
Project completions low amid ongoing delays



Almost **40%** of the hotel pipeline are in upper midscale tier

# 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
- Mixed-Use Branded Residences Advisory
- Project Feasibility and Analysis
- Hotel Operator Search

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 C9Hotelworks 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 over 35 years of experience in Asia Pacific, the firm is well positioned to serve an increasing demanding marketplace.

---

C9 Hotelworks Company Limited

9 Lagoon Road, Tambon Chergtalay, Thalang Phuket 83110 Thailand

T +66 (0)76 325 345/6 E [info@c9hotelworks.com](mailto:info@c9hotelworks.com)

[www.C9hotelworks.com](http://www.C9hotelworks.com)