



HOSPITALITY CONSULTING

Phuket

Economic Overview

May 2020

Phuket's economy rewinds as market set to go back to the basics

Tourism master plan a critical step to island moving forward

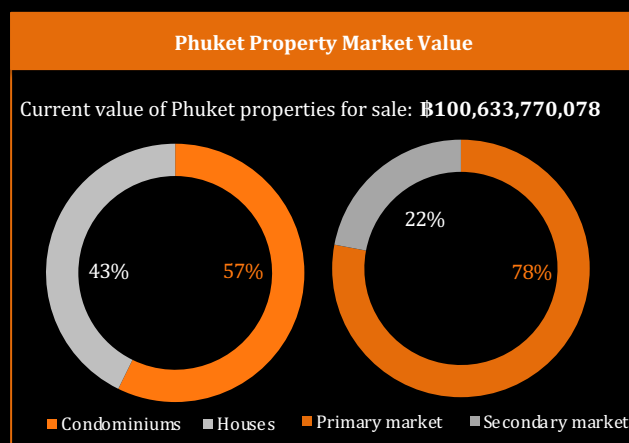
"Phuket's economy heavily relies on tourism. In 2019, the accommodation and food services sectors made up nearly 50% to its total GPP. Due to the negative impact of the COVID-19 outbreak on tourism, the critical economic questions facing the island remain is it too big to fail, and is it time to diversify industries?"

With over 80,000 registered accommodation keys in Phuket, restoring overseas travel is a lever towards injecting cash flow into the tourism sector and stabilizing businesses.

Looking beyond tourism, other key demand generators such as international schools and hospitals, real estate and the marine industry are key contributors to the island's economic profile and have the opportunity to tap broader demand.

2019 Highlights

- Tourism growth for the island reflected a 4% y-o-y growth in total passenger arrivals at Phuket International Airport.
- Thai baht appreciation against key global currencies and the China economic slowdown along with the US trade war issue muted macro economic prospects.
- Branded residences became a majority segment in Phuket's hotel pipeline reflecting a surge in investment-oriented property buyers.



Source: FazWaz

Phuket's economy for the remainder of year will rely primarily on the resilience of its tourism industry. In the longer term, the island's immediate need of a comprehensive tourism master plan is a recurring challenge that must be addressed. A rise in public private partnerships over the next two to three years is expected, which possibly could be tapped to fund infrastructure development."

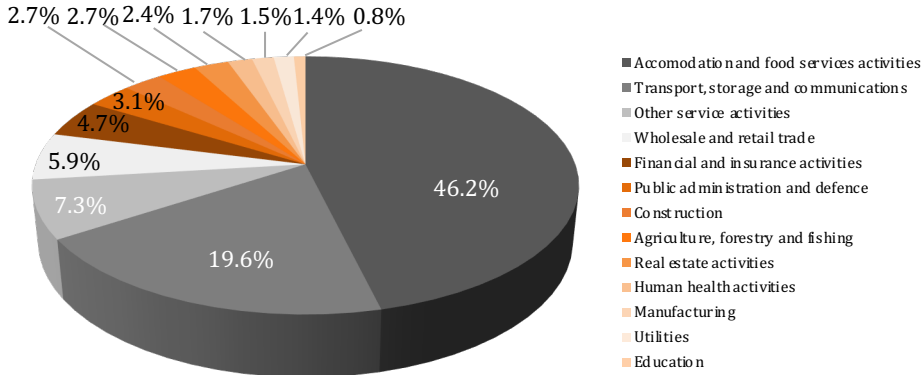
Bill Barnett, Managing Director, C9 Hotelworks

Forward Outlook

- Long-haul tourism markets are not expected to return until next year. Tourism recovery will rely heavily on intra-Asia point to point travel.
- All eyes on Thailand's central governments post-crisis economic plan and agenda on funding of Phuket's significant planned transportation and infrastructure projects.
- Private sector is expected to lead island development and heavy influence of Bangkok groups redirecting investment to provinces.

PHUKET ECONOMIC INDICATORS

Gross Provincial Product (GPP) by Sector

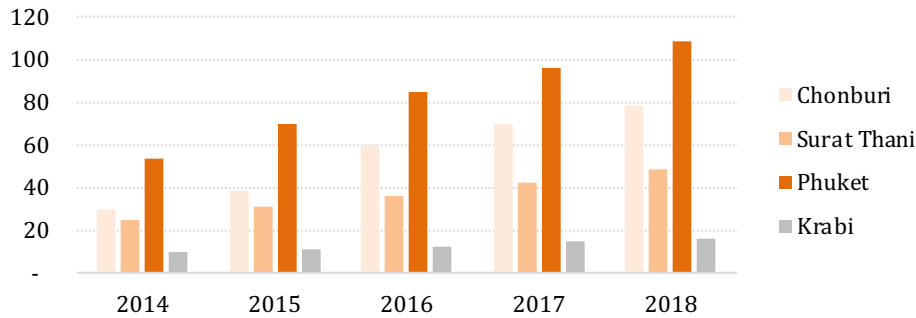


Source: Office of the National Economic and Social Development Board Data FY2018 and C9 Hotelworks Market Research

Tourism is key driver of Phuket's economy. Its contribution to total GPP represents nearly 50%, and share of the expanded economy is even higher

Accommodation and Food Services GPP Comparison

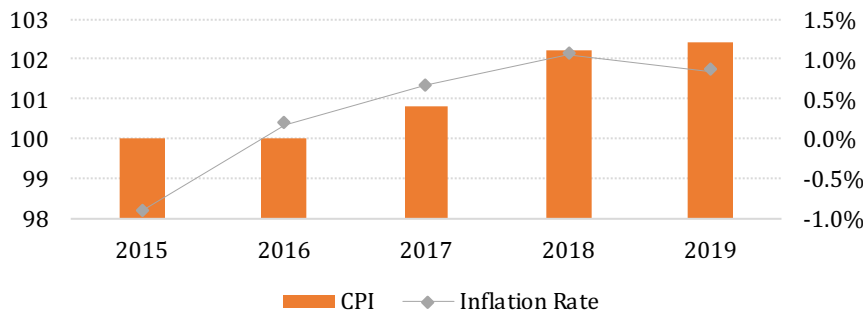
Baht (in billion)



Source: Office of the National Economic and Social Development Board and C9 Hotelworks Market Research

Phuket's GPP in the tourism sector remains highest among the provinces where the most popular beach destinations are located

Consumer Price Index (CPI)

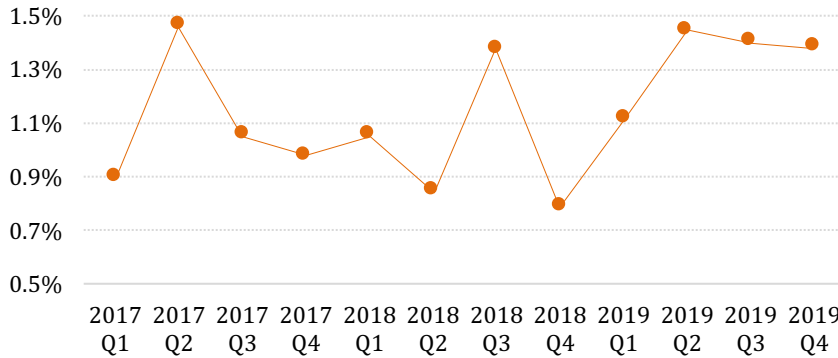


Source: Bureau and Economic Indices, Ministry of Commerce and C9 Hotelworks Market Research

High utility costs and transportation expenditure have continued to elevate CPI

PHUKET ECONOMIC INDICATORS

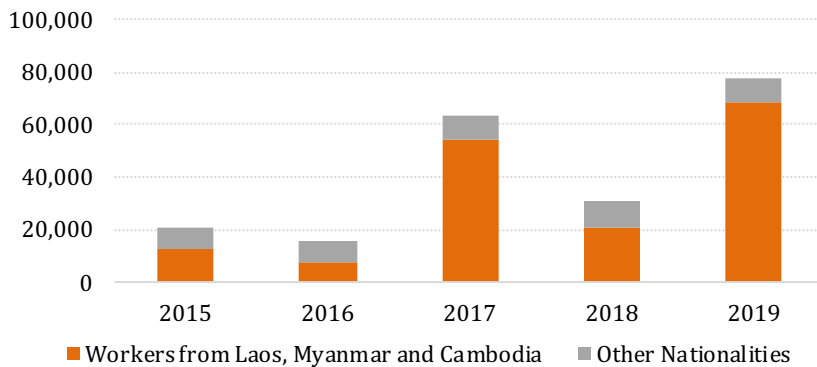
Unemployment Rate



Source: Ministry of Labour and C9 Hotelworks Market Research

Decline in Phuket's tourism demand in second half of 2018 contributed to drop in employment

Foreign Work Permits



Source: Foreign Workers Administration Office, Department of Employment and C9 Hotelworks Market Research

Proportion of foreign workers from Laos, Myanmar and Cambodia in 2019 accounted for 87% of island work permits, with other nationalities totaling nearly 10,000

DEMAND GENERATORS

International Schools

The island over the past two decades has evolved into a regional destination for international standard primary and secondary international-level education. This sector services local Thai's and those from Bangkok and other locations in Thailand along with a diverse multicultural base of international students.

Name	Established	Number of Students	Curriculum
British International School, Phuket (BISP)	1996	850	British, IB Diploma
Headstart International School, Phuket	2005	800	British
International School of Phuket (ISP)	2008	650	British
Kajonkiet International School (KIS)	2011	600	British
United World College Thailand (UWCT)	2009	490	Full IB program
Berda Claude International School (BCIS)	2017	400	British/French
QSI International School of Phuket	2000	110	American
Oak Meadow International School	2007	100	International
Buds International School	1990	60	American

Source: C9 Hotelworks Market Research

Marinas

With four significant marinas all located on Phuket's East Coast, the marine and yachting industry is one of the leaders in Southeast Asia.

Name	Established	Number of Berths	Number of Hardstands	Number of Dry Stacking Bays
Phuket Yacht Haven	1997	320	30	88
Ao Po Grand Marina	2006	300	80	
Phuket Boat Lagoon	1994	180	144	30
Royal Phuket Marina (RPM)	2005	100	26	60

Source: C9 Hotelworks Market Research

DEMAND GENERATORS

Retail

Major shopping malls in Phuket are clustered mainly in Kathu (peripheral of Phuket City) and Patong. They cater to local residents as well as being key demand generators for tourists. The market development cycle is now seeing a trend towards community malls and mini urban catchment areas.

Name	Established	Leasable Space (m ²)
Central Floresta	2018	300,000
Central Festival	2004	120,000
Junceylon	2006	75,000
Central Patong	2019	12,000
Porto de Phuket	2019	12,000
Blue Tree Phuket	2019	11,210
Robinson	1995	510

Source: C9 Hotelworks Market Research

Robinson Lifestyle Thalang mall with a leasable space of 20,000m² is currently under construction

Hospitals

Phuket's sustained growth in international standard medical facilities has been a key advantage in attracting foreign property buyers, retirees and supporting the tourism industry.

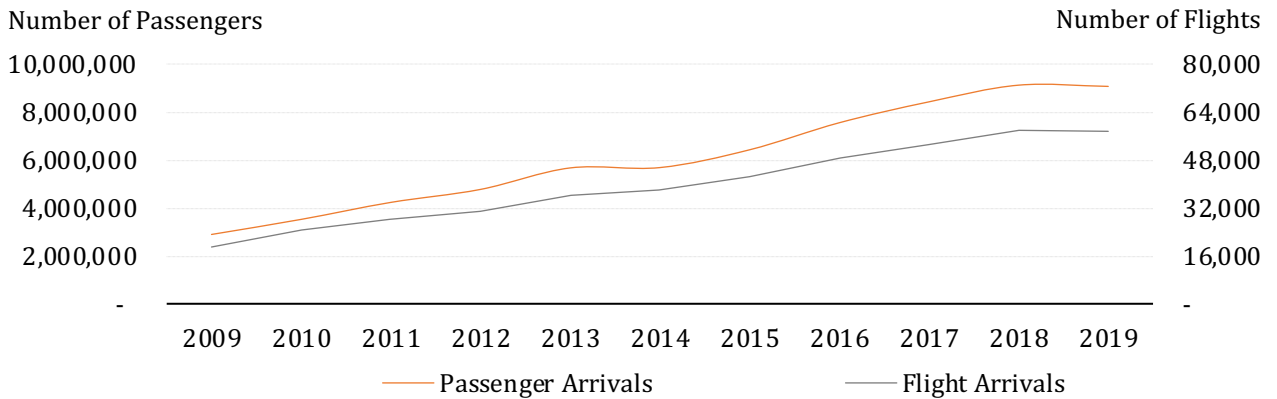
Name	Established	Number of Beds
Vachira Phuket Hospital	1906	600
Bangkok Phuket Hospital	1993	266
Dibuk Hospital	2015	224
Bangkok Siriroj Hospital	1940	196
Patong Hospital	1986	120
Mission Hospital Phuket	1937	110
Phuket International Hospital	1982	105
Thalang Hospital	1982	60

Source: C9 Hotelworks Market Research

Phuket is the second most popular medical tourism destination within the country. There is strong associated growth in wellness and health facilities

TOURISM

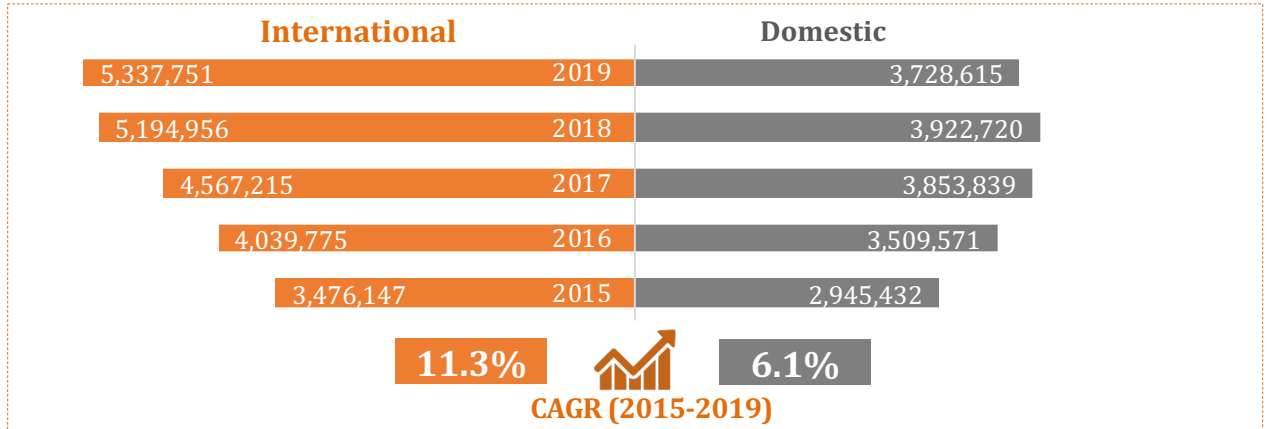
Phuket International Airport Passenger & Flight Arrivals



Source: Airports of Thailand and C9 Hotelworks Market Research

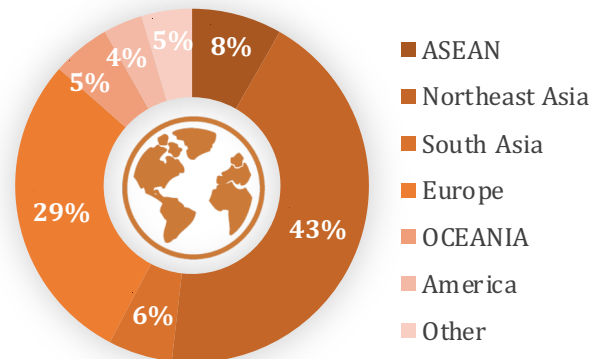
- Passenger arrivals at Phuket International Airport marked a sustained upward growth trajectory over the past 10 years from 2.8 million in 2009 to over 9 million in 2019. Direct flights are the main driver with a compound annual growth rate (CAGR) of 11.8% with international flight arrivals soaring by almost four fold during the same period.
- Since 2011, Mainland China surpassed Australia and maintained to be the dominant source market. India is the fastest-growing market, which surged by 239% last year and became the third-largest international source market.

International vs Domestic Airport Passenger Arrivals



Source: Airports of Thailand and C9 Hotelworks Market Research

Top 5 Key Geographic Source Markets

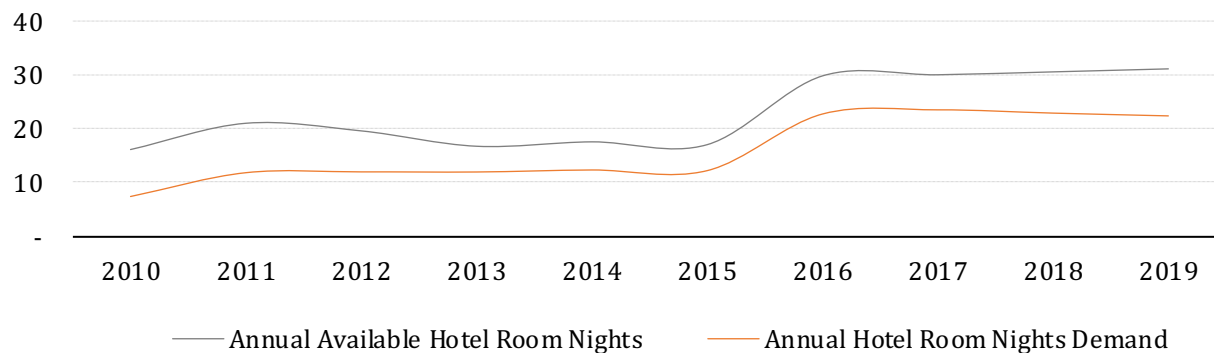


Source: Office of Commercial Affairs Phuket Data as of FY2019 and C9 Hotelworks Market Research

TOURISM

Hotel Supply vs Room Nights Demand

Number of Room Nights (in million)



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

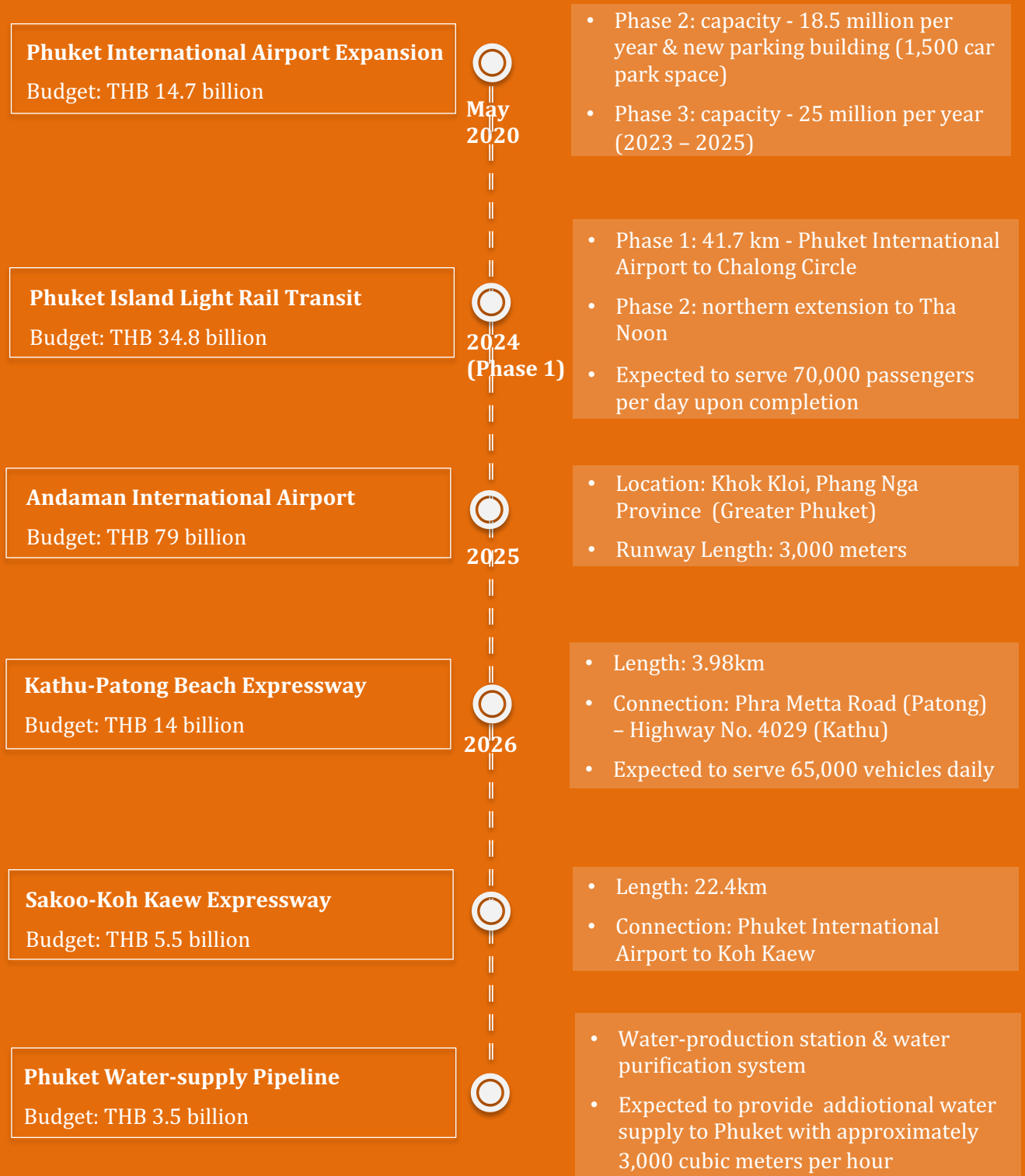
- Hotel supply generated a CAGR of 11% between 2013 and 2019. During the same period, the market-wide hotel occupancy rates of more than 70% have been maintained since 2013, indicating growing room night demand.
- Looking forward, with the further completion of planned infrastructure, hospitality developments, and tourism attractions, Phuket will be transformed and continue to magnify its destination awareness and attractiveness. Though with an escalating hotel supply, hotel rates will be challenged and diverse market segments and products are needed.

Hotel Pipeline

Hotels	Location	Keys	Opening Date
Four Points by Sheraton Patong Beach	Patong	600	Q2 2020
JW Marriott Phuket Resort & Spa Chalong Bay	Chalong Bay	189	Q4 2020
The Beach Plaza Phase 1	Kata	730	Q4 2020
Angsana Oceanview	Bangtao	116	Q4 2020
Oceanfront Kalim	Kalim	200	2020
Anayara Luxx Panwa Resort	Cape Panwa	44	2020
Noku Roxy Phuket	Chalong Bay	91	2020
Hilton Phuket Patong Resort	Patong	300	2020
Courtyard by Marriott Phuket	Chalong Bay	277	Q1 2021
Holiday Inn Vana Nava Phuket	Kathu	255	Q1 2021
Hilton Phuket Maikhao Resort and Spa	Mai Khao	257	Q3 2021
Meliá Phuket Mai Khao	Mai Khao	101	Q3 2021
Meliá Phuket Karon	Karon	224	Q4 2021
Thayapura Hotel Phase 2	Thalang	138	Q4 2021
Centra Central Phuket	Kathu	170	Q2 2022
COSI Central Phuket	Kathu	180	Q2 2022
Novotel Phuket Naiharn	Nai Harn	650	Q2 2022
Porto De Phuket Hotel by Centara	Bangtao	135	Q4 2022
Mandarin Oriental, Phuket	Laem Singh Bay	105	2022
Radisson Hotel Mai Khao	Mai Khao	222	Q1 2023
Holiday Inn Express Phuket Kata	Kata	300	2023
Centra by Centara Maikhao Resort Phuket	Mai Khao	280	2024
The 137 Pillars Estate Phuket	Kata	66	TBA
Space Hotel	Kathu	105	TBA
Total Hotel Keys		5,735	

Source: C9 Hotelworks Market Research

KEY PUBLIC INFRASTRUCTURE HIGHLIGHTS



Source: C9 Hotelworks Market Research



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