



HOSPITALITY CONSULTING

Phuket

2015 Hotel Market Update

February 2016

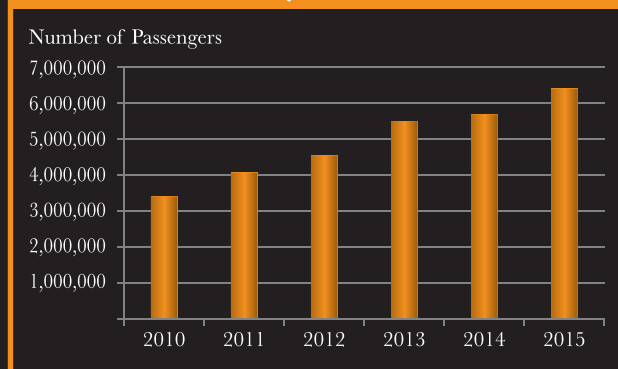
Arrivals soar in 2015 to 6.4 million as 5-year airlift trajectory nearly doubles

Luxury tier strongest performer with 24% y-o-y rise in RevPAR

“The Phuket tourism market hit favorable tail winds in 2015 with a record number of passenger arrivals being registered. Despite both domestic and international volatility over the past five years the key storyline of rising airlift has defined one of Asia’s premier resort destinations.

Despite posting strong arrival numbers, broad hotel ADR’s inched up by only 1%, which is causing operators and owners concern. Our market research indicates that not only a shift in geographic source markets behind the trend but many properties are failing to understand how to manage shorter booking periods and panic selling which has a sustained negative impact on rates.

5-year Arrival Trend



Sources: Phuket International Airport and C9 Hotelworks Market Research

Last year ushered in the ‘new normal’ for the island with a muted number of Eastern European travelers visiting and a growing China syndrome. Looking forward, Phuket has demonstrated resilience in attracting volume business but the missing link remains rate management.”

Bill Barnett, Managing Director, C9 Hotelworks

2015 Trends

- Phuket Airport experienced positive growth for the year with international arrivals up by 9% and domestic inbound registering a 19% increase. In 2015, quarterly arrivals grew over the past three years.
- Mainland China rose by 35% over 2014, while the second key international market feeder Russia decreased significantly by 34%.
- Luxury-tier hotels outperformed all other segments with an average daily rate (ADR), occupancy and revenue per available room (RevPAR) rising by 17%, 3% and 24%, respectively.

Forward Outlook

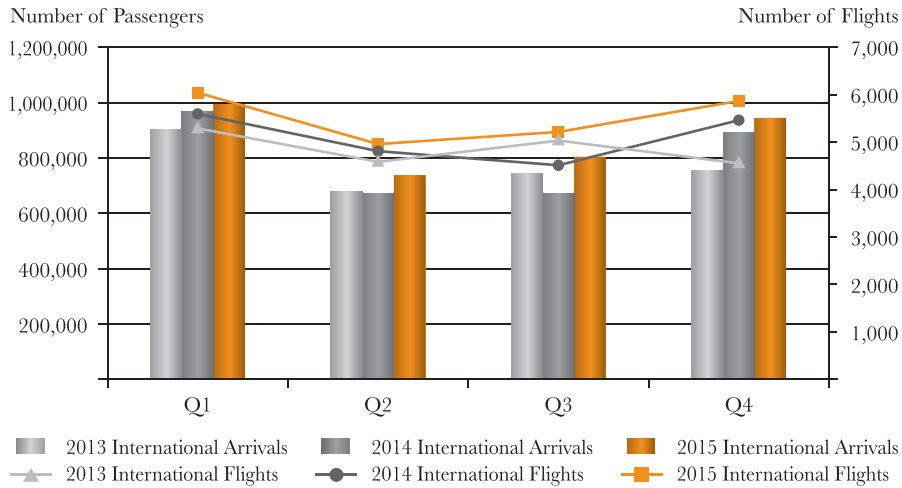
- Expansion of the Phuket International Airport is slated to fully operate on the 1st of June 2016, while the current facilities that are now in service will be closed for renovation.
- In 2016, there will be 12 new hotels with a total of 1,567 keys added to the market. The most significant area of new supply with 710 keys is Patong.
- Unlicensed hotel accommodation is facing scrutiny by the national and provincial government. A fast rising tide of condominium and villa properties offering daily accommodation is widely cited as a threat to hotels.

TOURISM

Airline Indicators

- In 2015, Phuket International Airport hosted a total of 6,421,579 passenger arrivals on scheduled and non-scheduled flights with 3,476,147 international and 2,945,432 domestic passenger arrivals.

Phuket Airport International Arrivals

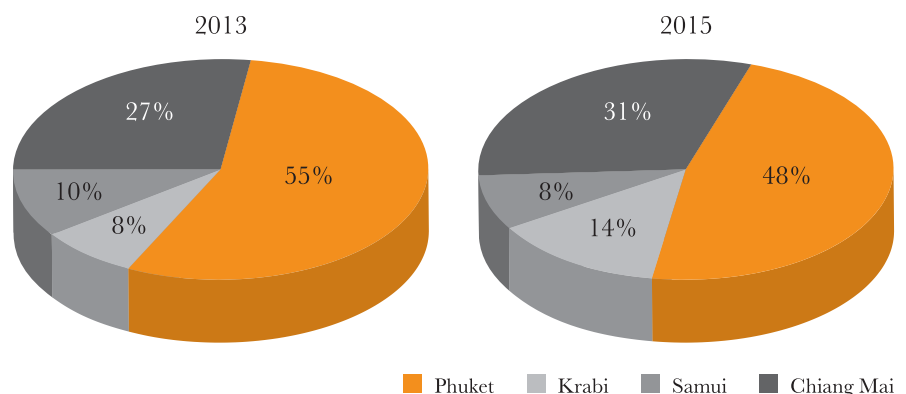


Sources: Phuket International Airport and C9 Hotelworks Market Research

Over the past three years, Phuket International Airport achieved its highest international arrivals in 2015 with passengers and flights increasing by 9% and 8%, respectively, versus 2014

Phuket is the most popular airport amid second-tier Thai destinations but has lost market share to Krabi and Chiang Mai over the past 3 years

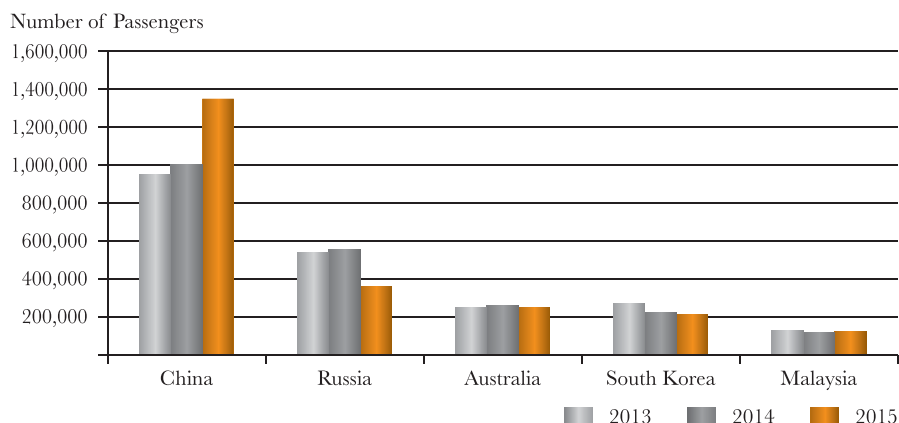
Second-tier Airport Comparison 3-year Change



Sources: Airports of Thailand, Department of Civil Aviation and C9 Hotelworks Market Research

Tourism Indicators

Top 5 Key Geographic Source Market Trend



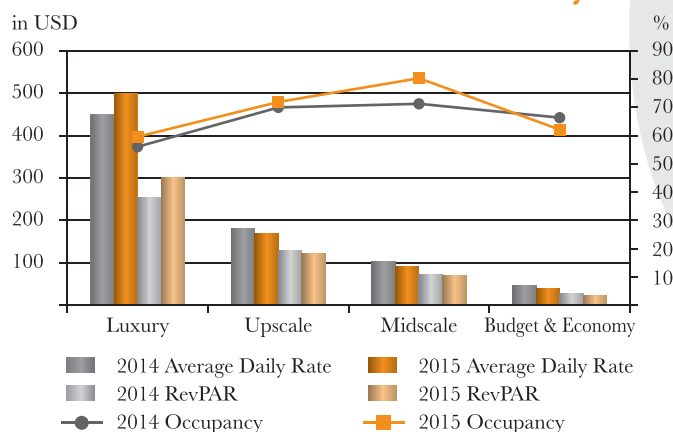
Sources: Phuket Airport Immigration and C9 Hotelworks Market Research

Market continues to be leveraged by Mainland China growth as Russia shrank by 34% vs. 2014, though other key source markets remain static

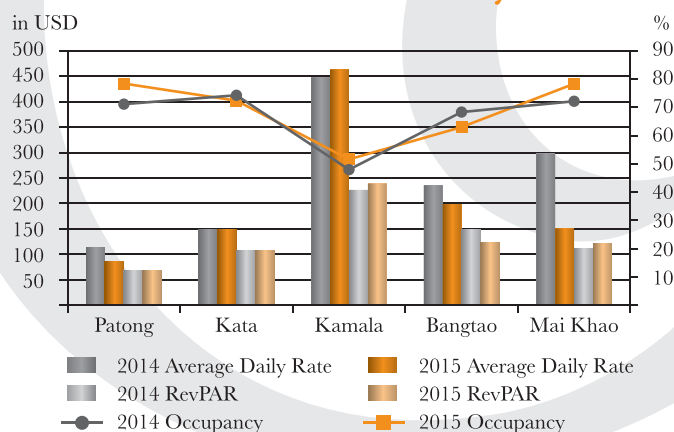
HOTEL MARKET

- Online travel agents (OTA's) and wholesalers are continuing to strongly influence hotel rates, a fact that is clearly reflected in the hotel-wide market performance. China-centric rate volatility, shorter average length's of stay and decreasing booking lead times are putting hotels on their back feet in terms of business strategy.

Performance by Tier



Performance by Location



Hotel Supply

- Currently, Phuket has a total of 766 licensed lodging establishments with 49,645 total keys. Between 2016 to 2019, there will be 30 new projects with a total of 5,216 keys coming on stream. The majority of projects are located in Patong followed by Chalong Bay, Phuket City, Kamala and Bangtao.

Hotel Name	Location	Keys	Opening Date
Phuket Marriott Resort & Spa Nai Yang Beach	Nai Yang	197	Q3 2016
The Pavilions Phuket	Layan	44*	Mar 2016
Cassia Phuket (Phase 2)	Bangtao	105*	2017
Centra Bangtao Resort Phuket	Bangtao	170	2017
X2 Vibe Phuket Bangtao	Bangtao	85	2017
X2 Kamala Residences	Kamala	9	2016
Twinpalms Residences Mont Azure	Kamala	75	Q1 2018
Best Western Premier Himalai Resort	Kamala	402	2019
Sheraton Phuket Kalim Beach Resort	Kalim	230	Jan 2018
Andakira Crest Tri Trang Resort & Spa Pool Villas	Tri Trang	144	Feb 2016
Rosewood Phuket	Tri Trang	71	Q4 2016
The Hermitage Resort	Kata	79	Q2 2016
X2 Vibe Phuket Karon	Karon	110	2017
Foto Moken Hotel	Koh Kaew	70	2017
ibis Styles Phuket Phookethra	Phuket City	133	Q2 2016
Novotel Phuket Phookethra	Phuket City	180	Q2 2016
Ramada ChaoFa Phuket	Phuket City	270	Q4 2018
Park Hyatt Phuket	Koh Siray	85	2018
Kempinski Hotel Phuket	Koh Siray	85	2018
Courtyard by Marriott Phuket at Chalong Bay	Chalong Bay	277	Q2 2017
JW Marriott Phuket Resort & Spa Chalong Bay	Chalong Bay	189	Q2 2017
Best Western The Beachfront	Chalong Bay	216	TBA**
Hyatt Place Phuket	Patong	161	Q1 2016
Days Inn Patong Beach Phuket	Patong	121	Jan 2016
The Lunar Patong	Patong	125	Q1 2016
Lub d Patong	Patong	187	Jul-16
X2 Vibe Phuket Patong	Patong	116	2016
Boutique Corporation Hotel	Patong	200	Q1 2017
Premier Inn Phuket Nanai	Patong	350	Q4 2018
Hotel Indigo Phuket Patong	Patong	180	2018
Centara Grand Moringa Resort & Spa Phuket	Patong	350	TBA**
Sheraton Phuket Grand Bay Resort	Ao Por	200	Q1 2019

*Additional Keys for Existing Hotels; **To Be Announced

Source: C9 Hotelworks Market Research

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:

- ⑨ **Hotel and Resort Development**
- ⑨ **Asset Management / Ownership Representation**
- ⑨ **Project Feasibility and Analysis**

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 C9 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 30 years of experience in Asia Pacific, the firm is well positioned to serve an increasingly demanding marketplace.



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