



HOSPITALITY CONSULTING

Krabi

Hotel Market Update

September 2016

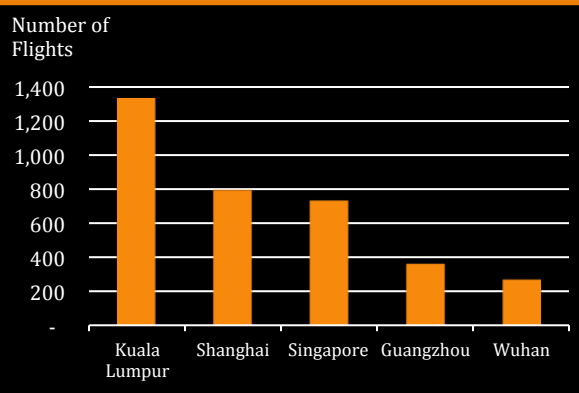
Sharp increases in airlift fueling occupancy as room rates hit by a rise in Asian travelers

Surging new supply in Ao Nang worrying hotel operators

“Historically, Krabi’s tourism industry has been characterized by a pronounced trend of seasonality, with tourists from Scandinavia and Russia visiting in November through March via chartered flights. However, the composition of geographic source markets in the past three years has been outweighed by Asian visitors due to Europe’s economic downturn and increased scheduled flights from within Thailand, Malaysia, China and Singapore.

Krabi has expanded its popularity within Asia due to the Phuket International Airport expansion, which created a vacuum of opportunity. The diversification of market sources has triggered new product offerings which are now longer beach centric.

Top 5 International Connections to Krabi



Source: Department of Civil Aviation and C9 Hotelworks Market Research. Flight Arrivals FY 2015

Although the new travelers have lowered the overall average daily rate and average length of stay last year, the changes are pushing forward and making Krabi a year-round destination with higher annualized occupancy.”

Bill Barnett, Managing Director, C9 Hotelworks

Trends

- Average length of stay for 2015 reduced from 4.70 days to 4.46 days, with shorter period for domestic tourists of 4.25 days compared to foreign tourists of 4.65 days.
- Ao Nang is experiencing the largest influx of new hotel rooms with 1,036 new keys coming online by January 2017.
- The Upgrade Andaman project, which connects Phuket, Phang Nga, Krabi, Trang, and Satun via a four lane highway, is due to complete in 2020. It is expected to raise tourism revenue by 20%.

Forward Outlook

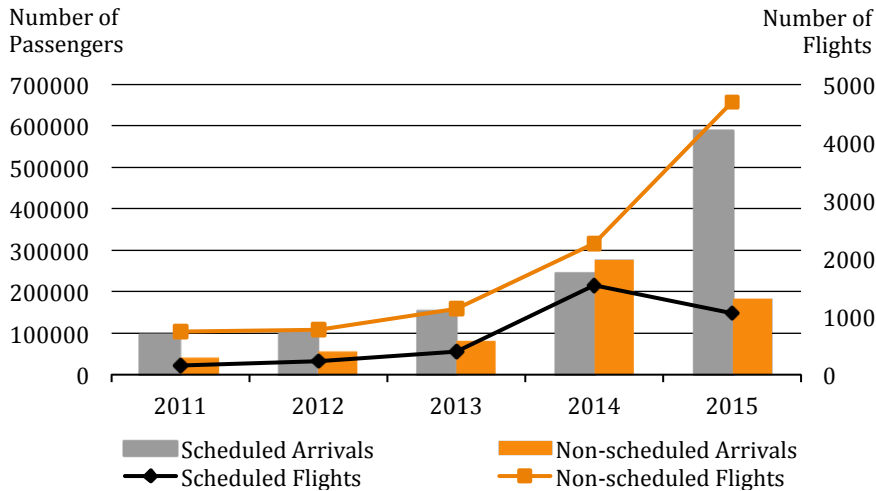
- Krabi International Airport’s planned expansion will increase passenger capacity to 5 million by 2022, with a budget set at THB4.8 billion. AoT is looking to fund via private investment.
- New direct flights from Doha in the Middle East to Krabi on Qatar Airways will commence as of December this year.
- Port Takola has delayed its soft opening of phase one to December, when operational the marina is expected to create broader access to the Phang Nga marine tourism and yachting sectors.

TOURISM

Airline Indicators

- In 2015 Krabi International Airport hosted 1,844,129 inbound passengers from scheduled and non-scheduled flights, with 768,032 international arrivals and 1,076,097 domestic arrivals. Although there was a 34% drop in passengers coming from non-scheduled flights in 2015 compared to 2014, this was offset by a dramatic 54% upswing in arrivals on scheduled flights.

Krabi Airport International Arrivals



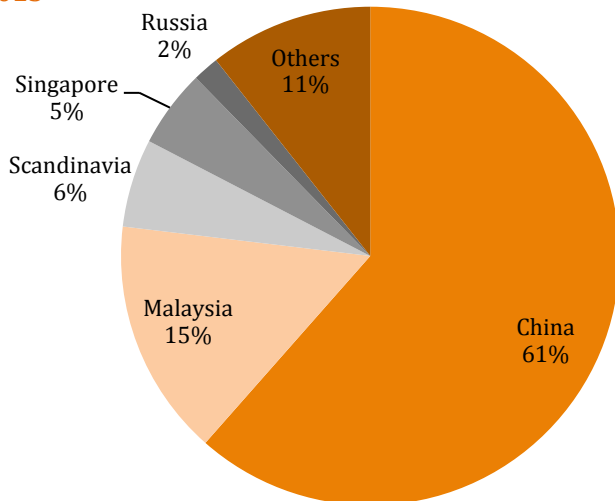
Looking at the 2016 trend in January through July, inbound passengers have grown 13% year-on-year

Source: Thailand Department of Civil Aviation and C9 Hotelworks Market Research

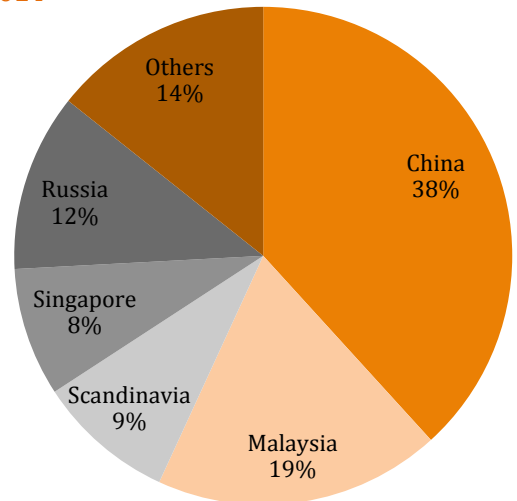
- Year-on-year overseas visitors from both international and domestic flights increased to 761,045 in 2015 vs. 523,140 in 2014, a rise of 45%. This growth was fueled by an uplift of arrivals from Mainland China and Malaysia which rose by 134% and 20% respectively, while Scandinavia, Singapore and Russia contracted by 7%, 12% and 78%, respectively.

Distribution of Key International Source Markets -2015 vs. 2014

2015



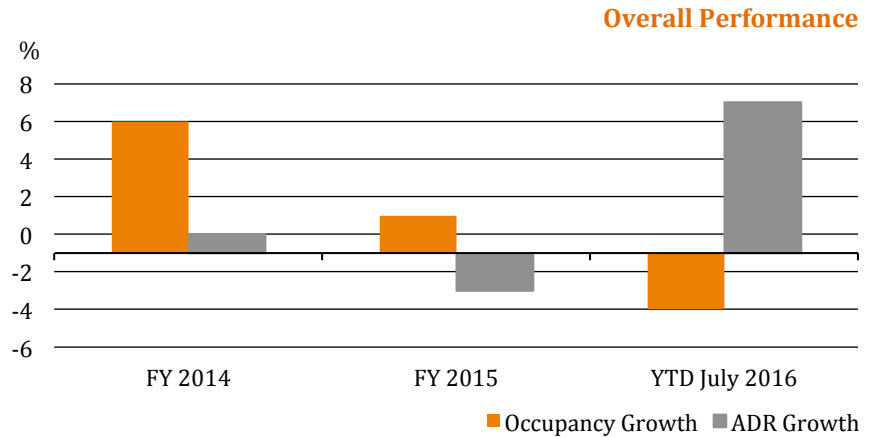
2014



Source: Thailand Department of Tourism and C9 Hotelworks Market Research

Hotel Performance

A shift in international geographic source markets from 2014 to 2015 pushed up occupancy but hit room rate growth



Source: STR

Hotel Supply

- There are 499 licensed accommodation establishments in Krabi Province totaling 19,467 keys, with most pipeline projects focusing on the midscale segment.

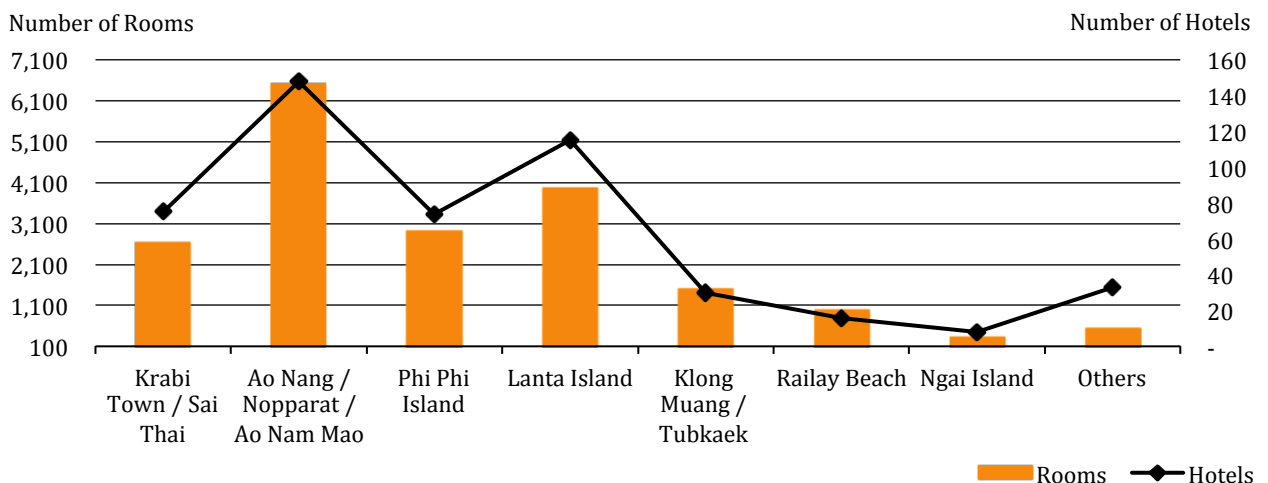
YTD supply has increased by 5%, led by 70% of new properties clustered in Ao Nang, and 27% in Krabi Town

Hotel Name	Location	Keys	Opening Date
The Shell Sea	Ao Nam Mao	85	Dec-16
Andakiri Pool Villas	Ao Nang	31	Apr-17
Ao Nang Cliff Pool Villas*	Ao Nang	6	TBA
Ava Sea Resort	Ao Nang	178	Jan-17
Centra Phu Pano	Ao Nang	160	Oct-16
Holiday Inn Express	Ao Nang	218	Nov-16
Phu Dahla Residences	Ao Nang	148	Jan-17
Phu Pi Maan*	Ao Nang	60	Nov-16
Sugar Marina Cliff Hanger	Ao Nang	150	Dec-16
Capitainerie	Baan Laem Pho	TBA	TBA

*Additional keys for existing hotel

Source: C9 Hotelworks Market Research

Krabi Hotel Supply by District



Source: Tourism Authority of Thailand and C9 Hotelworks Market Research

Krabi 2015 Domestic & International Airlift By Region

WESTERN EUROPE

153 Flights

Key Feeders:

Finland: 61 flights (1 airport)
Sweden: 57 flights (2 airports)
Denmark: 35 flights (1 airport)

EASTERN EUROPE

65 Flights

Key Feeder:

Russia: 52 flights (13 airports)
Poland: 13 flights (1 airport)

GREATER CHINA

3,195 Flights

Key Feeders:

China: 3,150 flights (25 airports)
Hong Kong: 45 flights (1 airport)



NORTH ASIA

24 Flights

Key Feeders:

Taiwan: 17 flights (1 airport)
Korea: 7 flights (1 airport)

SOUTHEAST ASIA

2,313 Flights

Key Feeders:

Malaysia: 1,581 flights (3 airports)
Singapore: 732 flights (1 airport)

THAILAND

8,574 Flights

Key Feeders:

Bangkok: 7,133 flights (2 airports)
Chiangmai: 1,080 flights (1 airport)
Samui: 361 flights (1 airport)

Source: Department of Civil Aviation and C9 Hotelworks Market Research. Flight Arrivals FY 2015.



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