



HOSPITALITY CONSULTING

Phuket

Hotel Market Update

Mid-Year Edition July 2019

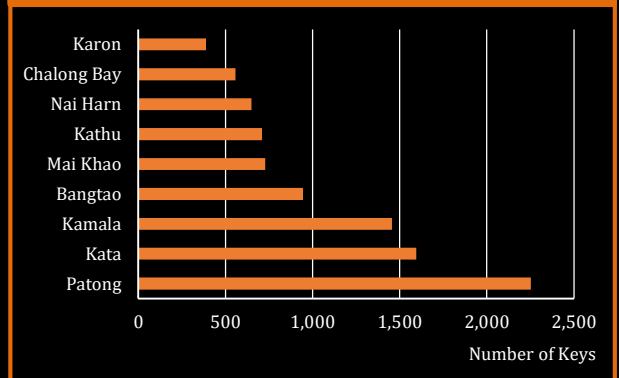
Phuket hotel sector set for perfect storm as supply and demand fundamentals become unbalanced

Over 8,337 hotel-managed residences in pipeline, as condominium real estate market taps investment driven buyers

“Our latest research has recorded a total of 55 properties or 15,348 keys in the pipeline, representing 18% growth in the next five years from the existing supply of 84,707 keys. These pipeline projects are categorized into three types: hotels, hotel residences with mandatory or optional rental management programs.

Of the total 55 pipeline properties, more than 45% are hotel residence developments with either mandatory or optional rental management programs. These hotel-managed properties either offer guaranteed returns or revenue share generated from the rental pool program. The most popular locations for hotel residences are Kamala and Patong, which have 2,169 and 1,353 units, respectively. Management and franchise offerings with international brands and operators is rising.

Hotel & Hotel Residences Pipeline by Location



Source: C9 Hotelworks Market Research

Note: The chart above excludes hotel residences with optional rental programs

Properties with an international brand affiliation totaled 7,537 keys, representing over 49% of the total pipeline. With the Phuket tourism market in a mature cycle, the massive hotel pipeline has raised oversupply concerns for both existing hotels and projects under development, with increasing stress on island infrastructure inevitable.”

Bill Barnett, Managing Director, C9 Hotelworks

Trends

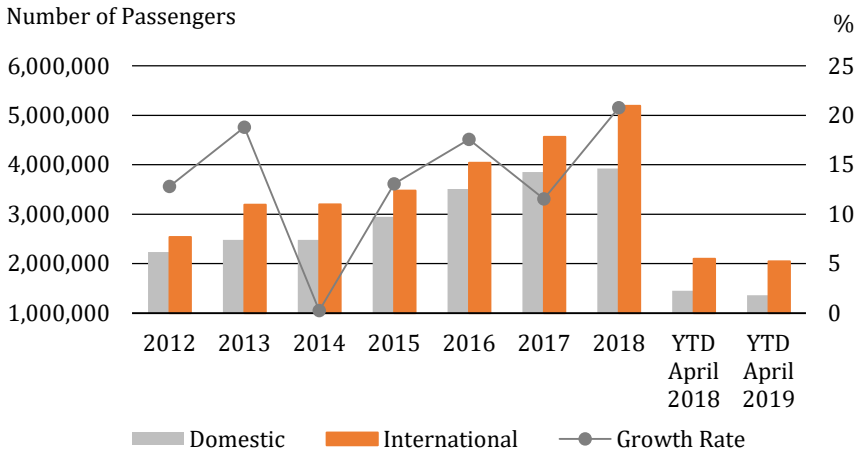
- After an exceptional H1 in 2018 and challenged second half of last year, the first five months of 2019 has not seen recovery of volume driven Mainland China and Russian markets.
- Regional Asian feeders are expanding, with Malaysia rising significantly by 42%. India tripled it's volume as of May 2019, compared to the same period last year.
- Declining tourism demand resulted in a market-wide occupancy drop by more than 6% percentage point for period January thru May.

Forward Outlook

- Phuket development zoning regulations are currently under review by the Ministry of the Interior, which revisions likely impacting the real estate and hospitality sectors on the island.
- The announcement a Hotel License Amnesty Program by the Thai government has put pressure on unregistered hotels to be documented legally.
- A second Greater Phuket airport located in southern Phang Nga is moving forward with a total investment budgeted at THB75 billion.

TOURISM

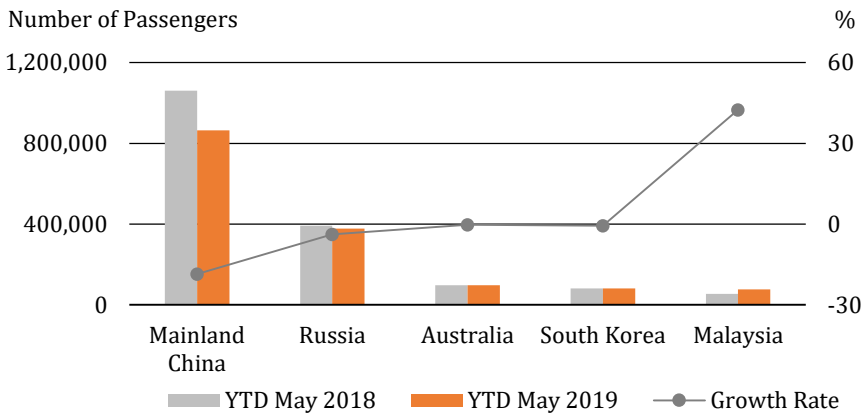
Phuket International Airport Arrivals



Source: Airports of Thailand and C9 Hotelworks Market Research

Domestic arrivals dropped by 6% year-to-date as of April 2019, while international sector fell by 3%

Top 5 Geographic Source Markets

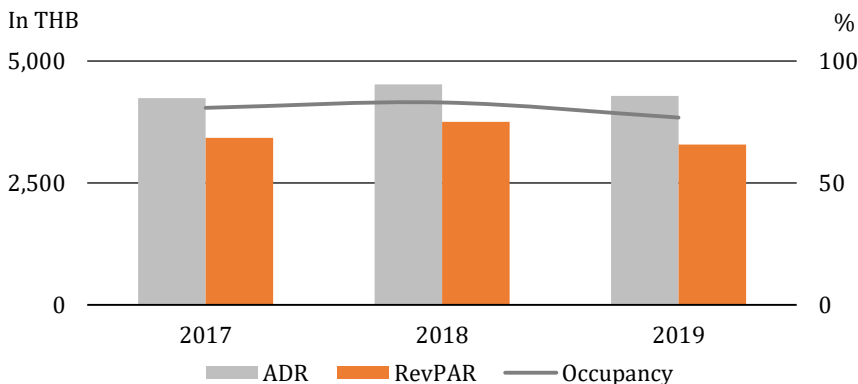


Source: Office of Commercial Affairs Phuket and C9 Hotelworks Market Research

Mainland China declined by 19% compared to 2018, Malaysia registered a sharp increase of 42%

MARKET OVERVIEW

Hotel Performance Comparison - YTD May 2019



Source: STR and C9 Hotelworks Market Research

As of end of May 2019, market-wide RevPAR decreased by 12% compared to the same period last year

Phuket Pipeline

Hotels	Location	Keys	Opening Date
Island Escape by Burasari (phase 1)	Koh Mapraow	15	Q3 2019
Oceanfront Kalim	Kalim	200	Q4 2019
InterContinental Phuket Resort	Kamala	170	Q4 2019
Island Escape by Burasari (phase 2)	Koh Mapraow	220	Q4 2019
STAY Wellbeing and Lifestyle Resort	Rawai	162	Q4 2019
Hilton Garden Inn Phuket Bang Tao	Bangtao	177	Q1 2020
Glow Karon Beach Phuket	Karon	164	Q1 2020
Bhamookah	Kata	500	Q1 2020
Anantara Vacation Club Mai Khao*	Mai Khao	106	Q1 2020
Splash Beach Resort Villas	Mai Khao	42	Q1 2020
Four Points by Sheraton Patong Beach	Patong	600	Q1 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
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
Thanyapura 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	2023
Holiday Inn Express Phuket Kata	Kata	300	2023
The 137 Pillars Estate Phuket	Kata	66	TBA
Space Hotel	Kathu	105	TBA

Total Hotel Keys **7,011**

Hotel Residences with Mandatory Rental Program	Location	Keys	Opening Date
Best Western Plus The Beachfront Rawai	Rawai	186	Q4 2019
Angsana Oceanview Residences	Bangtao	33	Q4 2020
Dhawa Phuket Residences	Bangtao	175	Q4 2020
Best Western Premier Himalai Resort	Kamala	427	Q4 2020
Patong Bay Cottages Phase 1	Patong	300	Q4 2020
Ramada Plaza Grand Himalai Resort	Kamala	426	Q1 2021
Platinum Bay Phuket	Kamala	432	Q2 2021
Patong Bay Hills 2	Patong	199	Q3 2021
Phuket Water World Resort - Hotel	Bangtao	300	Q1 2022
Oceana Surin - Hotel Zone	Surin	333	Q2 2022
Patong Bay Seaview Residence	Patong	454	Q4 2022
Dusit Laguna Resort Villas Phuket	Bangtao	10	TBA
Patong Bay Cottages Phase 2 & 3	Patong	400	TBA

Total Hotel Residences with Mandatory Rental Program **3,675**

Hotel Residences with Optional Rental Program	Location	Keys	Opening Date
Citygate Kamala	Kamala	388	Q4 2019
Utopia Loft Nai Harn	Nai Harn	238	Q4 2019
Utopia Mai Khao	Mai Khao	92	2020
The Marin Phuket	Kamala	260	Q1 2021
Utopia Central	Kathu	405	Q2 2021
Laya Condominium and Resort	Layan	926	Q3 2021
MontAzure Lakeside by MGallery	Kamala	236	Q4 2021
Utopia Karon	Karon	237	Q4 2021
Beachfront Bliss Naiyang	Nai Yang	96	Q4 2021
Phuket Water World Resort - Condo Park	Bangtao	605	Q1 2022
Oceana Surin - Residential Zone	Surin	555	Q2 2022
Angsana Beachfront Residences	Bangtao	54	TBA
Utopia Dream	Nai Harn	570	TBA

Total Hotel Residences with Optional Rental Program **4,662**

*Additional Keys for Existing Hotel

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:

- **Hotel and Resort Development**
- **Asset Management / Ownership Representation**
- **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 increasing demanding marketplace.



HOSPITALITY CONSULTING

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