Full steam ahead for Thailand?
Navigating uncertainty with a powerful engine

Thailand Tourism Forum 2019

Jesper Palmqvist

jpalmqvist@str.com
Winds of change – Movements from peak

Hong Kong: 12%
Sri Lanka: 10%
Indonesia: 8%
Singapore: 6%
New Zealand: 4%
Thailand: 2%
Japan: 0%
India: 2%
Mainland China: 4%
Australia: 6%
Philippines: 8%
Vietnam: 10%
Maldives: 12%
South Korea: -2%
Malaysia: -4%

Occupancy, ADR, RevPAR Growth – FY 2018, Local Currency
Demand growth > Supply growth

Amount of guests is growing faster than amount of new hotels opening.
The Lowest Supply Growth Level in last 5 years

Total APAC & SEA, Supply & Demand Growth, FY 2017 vs FY 2018

Asia Pacific

- Supply: 3.8% (2017), 3.7% (2018)
- Demand: 5.9% (2017), 5.8% (2018)

Southeastern Asia

- Supply: 3.7% (2017), 3.7% (2018)
- Demand: 3.2% (2017), 3.7% (2018)

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Trajectories now differ again

Softening in Indochina compared to comeback further south in ASEAN

**Key ASEAN markets, Demand & Supply growth 2018 vs 2017**

<table>
<thead>
<tr>
<th>Country</th>
<th>Supply Growth</th>
<th>Demand Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>3%</td>
<td>7%</td>
</tr>
<tr>
<td>Singapore</td>
<td>4%</td>
<td>7%</td>
</tr>
<tr>
<td>Thailand</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>3%</td>
<td>0%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>5%</td>
<td>-1%</td>
</tr>
</tbody>
</table>

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Yes, Thai uncertainty may play into other hands
Selected SEA Countries, Total International Visitors, YTD September 2018

Source: PATA, Tourism Authorities of each country
Mostly about rate growth – apart from Vietnam

ASEAN 6 markets Occupancy and ADR growth (%) in local currency over 2017
Thailand Hotel Performance

2018 saw higher performance overall – but we’re now at an interesting point
Occupancy and Demand wasn’t entirely normal
Grew well at the start but fell towards the end of the year
Historically we have seen growth in low season help any challenge during peak

Total Thailand, Occupancy by month (%), 2017-2018
But rates managed to increase all throughout the year. Historically we have seen growth in low season help any challenge during peak season.

Total Thailand, ADR (THB), 2017 vs 2018 by month.
Around the country – Increased variation

- **Recovery**
  - Chiang Mai: flat
  - Krabi: -1.0%

- **Slower, but growth**
  - Hua Hin | Cha Am: +2.9%
  - Pattaya: +2.1%

- **Continued growth**
  - Bangkok: +4.9%

- **Two-Face**
  - Phuket: +0.4%

- **Decline**
  - Samui | Phangan: -6.8%

*Yearly RevPAR Growth in Thailand Key Markets, FY 2018, THB*
The two-faced year of Phuket - rise and fall

Boat incident clearly not helping – but softer fall Nov-Dec. Rates helped, less Occ

Total Phuket, RevPAR (THB), Monthly 2017 vs 2018
Aug-Oct reversed all gains

Q4: -9.6%
Q3: -10.2%
Q2: +1.6%
Q1: +12.8%

Total Phuket, RevPAR (THB), Quarterly 2017 vs 2018
Bangkok: Supply growth was manageable in 2018

As Bangkok Demand dropped from previous years, so did Supply

Supply growth: +2.0%
Demand growth: +2.9%

Total Bangkok, Supply & Demand Growth (%), 2018 vs 2017
Strong reaction to new supply in central Bangkok

- Sukhumvit & Centre Area: 8.0%
- Pathum Wan & Vibhavadi: 6.8%
- River & Silom Area: 3.0%
- Surrounding Bangkok: 0.0%

Bangkok by Submarkets, RevPAR Growth (% THB), 2017 vs 2018
Bangkok has moved into the top 10
With almost 12,000 rooms in under contract pipeline

Top 10 APAC Cities, Under Contract Pipeline, by Total Number of Rooms, as of November 2018
What supply can we expect in Bangkok?

| 12,000 | Rooms coming to Bangkok in the next few years |
| 13%    | Increase over existing room stock            |
| 20%    | Planned to open in the next 6 months         |
| 60%    | In construction – past the planning stages  |
| 37%    | In Luxury + Upper Upscale. Upscale still biggest. |
Where is the new supply coming?

New hotel projects in Bangkok as per Jan 2019 in AM:PM, the STR tool for Census & Pipeline
Performance looks pretty good when omitting new hotels

‘Same store’ shows very strong growth – confirms the ramp-up challenge

ADR Index (Indexed to Jan 2014), R12 Jan 2014 – Dec 2018

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Summary

Lower Growth ahead
Increased Diversity
Phuket not down and out yet
Bangkok supply resilience - one more test
Thank you

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Jesper Palmqvist

jpalmqvist@str.com
+65 6800 7850