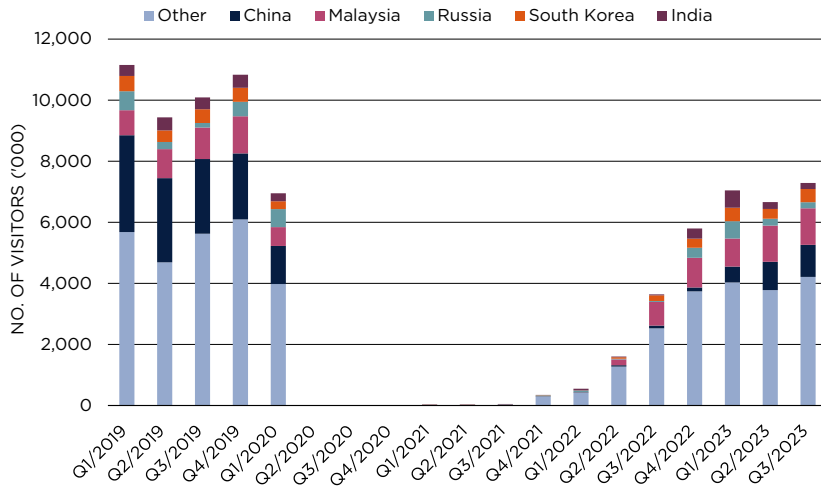


Bangkok Hospitality



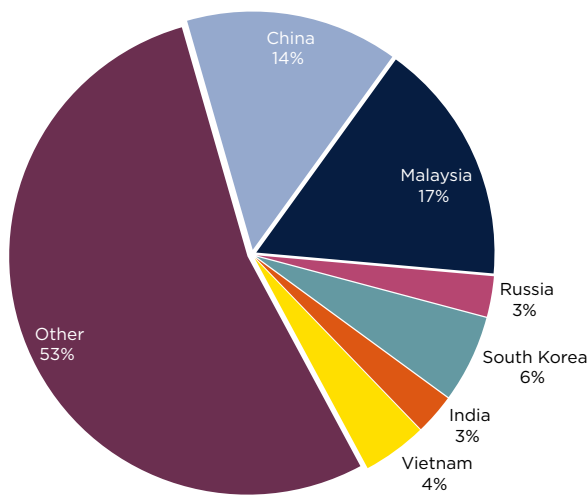
Successful tourism stimulus programs have enabled a resurgence in the hospitality sector

GRAPH 1: Number of International Tourists Entering Thailand, Q1/2019 to Q3/2023



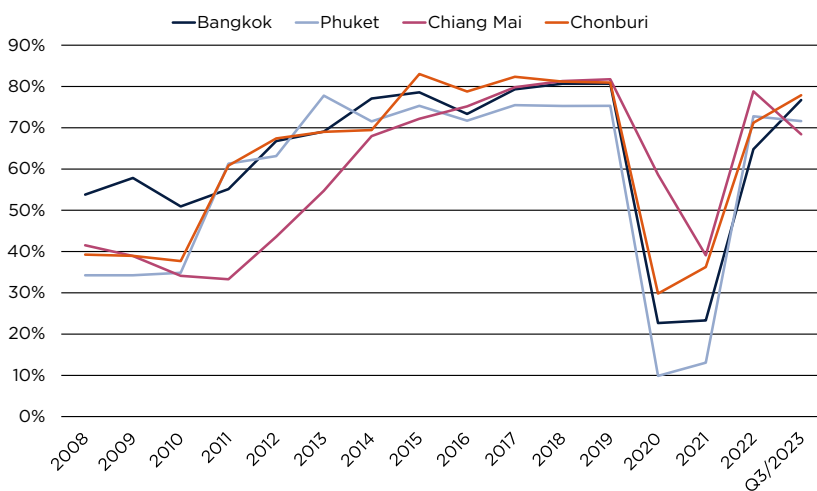
Source Ministry of Tourism and Sports

GRAPH 2: International Tourists Entering Thailand, Q3/2023



Source Ministry of Tourism & Sports, REIC

GRAPH 3: Hotel Occupancy Rate, 2008 to Q3/2023



Source Ministry of Tourism and Sports

ECONOMIC OVERVIEW

In Q2/2023, Thailand's annual GDP growth slowed but picked up momentum in the third quarter. During this period, the Purchasing Managers' Index (PMI) rose, despite a concurrent decline in interest rates. To bolster the tourism sector, the government announced an expansion of its visa exemption policy in late October, encompassing arrivals from India and Taiwan. Additionally, a plan was approved to reduce the prices of gasohol for three months, aimed at alleviating living expenses. The baht stood at THB35.89 per US Dollar on November 10th, marking a 2.4% monthly appreciation. Anticipating increased tourist arrivals, the baht's value is expected to rise. Plans for a "Green Economy Fund" to be launched in February 2024 aim to support Thai businesses venturing into sustainable sectors. The government is targeting new markets like Saudi Arabia, South Africa, and India. Additionally, the Prime Minister suggested streamlining Value Added Tax Refunds (VAT Refunds) for departing tourists from Thailand, seeking enhanced convenience and faster processing.

INTERNATIONAL TOURISTS

According to the Ministry of Tourism and Sports, the number of international tourists entering Thailand is rising, hitting a total of over 7.2 million in Q3/2023, up by 10.1% QoQ and by 96.5% YoY which is highly positive for the next quarter. However, a full recovery remains elusive as pre-pandemic, the number of international tourists stood at over 10 million in Q4/2019. Malaysia has remained the largest group of incoming international tourists for five consecutive quarters with over 1.1 million visitors in Q3/2023, an increase of 54.7% YoY. To maintain a balance between the number of visitors from both nations, Malaysia and Thailand have encouraged a two-way tourist exchange. Tourists from China, meanwhile, which used to be the top country for tourists visiting Thailand in the pre-pandemic era, have not yet returned to their full capacity as their country's economy is projected to expand at its slowest rate in decades. Additional technological limitations and a weaker-than-expected real estate market are China's downside threats. Closely behind are South Korea, India, and Vietnam. While the number of Russian tourists fell by 11% QoQ.

The Tourism Authority of Thailand has partnered with organizations which have a significant member or customer base for the upcoming year. There has also been engagement in campaign organization, public relations, and tourism-related activities in secondary cities including partnering with Big C to let travelers utilize their points in

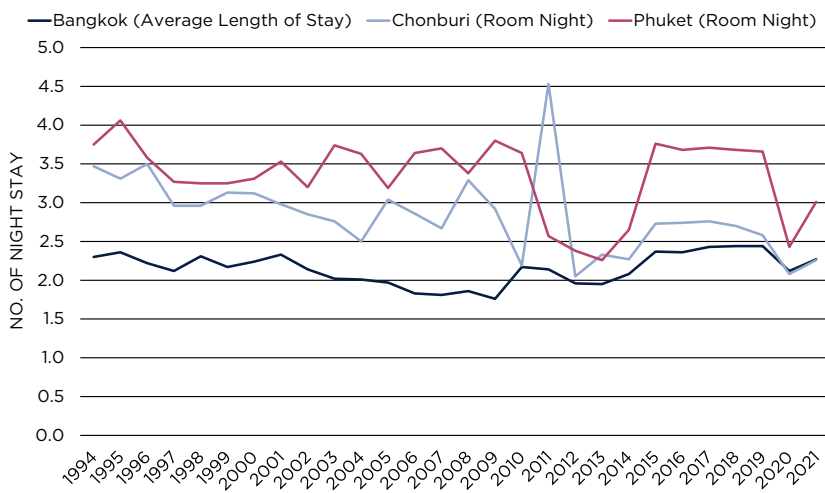
the Big C Plus Application to get discounts on local meals and accommodation reservations. The Authority also partners with Krungsri Auto, Thailand Post, Lazada, and Air Asia to promote secondary cities.

AVERAGE LENGTH OF STAY

According to the Ministry of Tourism and Sports, popular destinations for international tourists are Bangkok, Phuket, Chiang Mai, Chon Buri, and other provinces in the Southern part of Thailand including Surat Thani, Krabi, and Phan Nga. Regarding the hospitality sector, the outlook for the

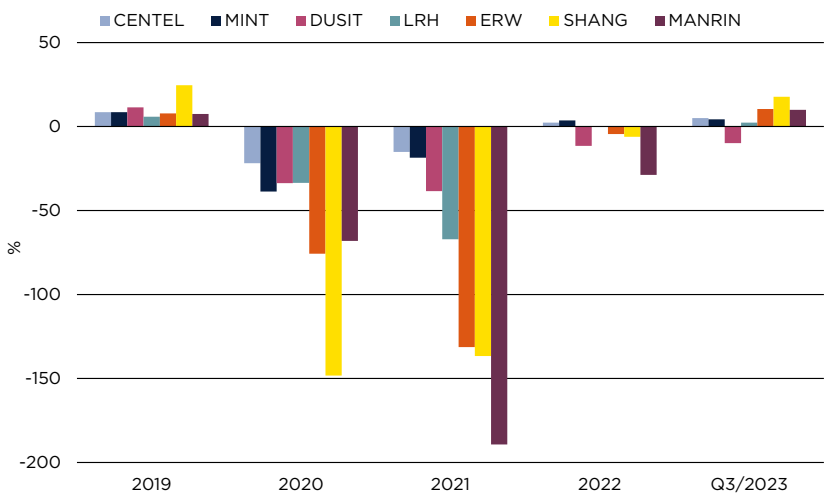
Thailand welcomed 7.2 million visitors in Q3, and this was reflected in the performance of Thai hotel operators and the broader economy.

GRAPH 4: Tourists' Average Length of Stay, 1994 to 2021



Source Ministry of Tourism and Sports

GRAPH 5: Net Profit Margin for Selected Hotel Operators Listed on SET, 2019 to Q3/2023



Source SET, Savills Research & Consultancy

occupancy rate for hotels in Thailand which was so optimistic in the final quarter of 2022 appears to be weaker than expected in the third quarter of 2023, as the average rate in Phuket and Chiang Mai fell marginally while remaining relatively stable in Bangkok and Chonburi. According to some intriguing data from the Ministry of Tourism and Sports, Phuket was the province with the longest length of stay from 1994 to 2021, with an average stay of 3.01 nights. Bangkok and Chon Buri came in second and third, with average stays of 2.27 and 2.26 nights, respectively. Apart from direct flights from Bangkok (BKK) and Don Muang (DMK), Singapore, Kuala Lumpur, and Hong Kong followed as top flyers to Phuket International Airport. Many world-class hotel operators are in the pipeline including The Ritz Carlton Phuket, under an agreement between AWC and Marriott International, scheduled to open in 2025 aiming to target FIT (Free Independent Travelers). Company Limited (LRH) and Dusit Thani PCL (Dusit) are still on their way to recovery.

HOTEL PERFORMANCE

Since 2022, various Thai hotel operators listed on SET have steadily recovered from the downturn which occurred from 2020 to 2021, led by Shangri-La Hotel PCL (SHANG) with a 17.7% net profit margin, which includes Shangri-La Bangkok and Chiang Mai, followed by Erawan (ERW) at 10.4% with over 8,700 keys in Thailand and 1,471 keys in The Philippines. While Mandarin Hotel Public Company Limited (MANRIN) has a net profit margin of 9.9%, the hotel includes two branches in Bangkok and Khao Yai. Central Plaza Hotel (CENTEL), owner of 17 hotels in Thailand and two hotels in the Maldives, has a net profit margin of 5.1%, making a 121% growth from the last quarter of 2022. Minor International (MINT), a hospitality company with the biggest market share among its peers at THB370,070 million, has reported a net profit margin of 4.3%. The company's portfolio comprises 76,996 keys globally with only 9% revenue from domestic hotels and

72% revenue from their properties in Europe. Apart from the above-mentioned operators, Laguna Resorts & Hotels Public Company Limited (LRH) and Dusit Thani PCL (Dusit) are on their way to recovery.

SUPPLY PIPELINE

One of the notable mixed-use projects with a hotel as an integral part of the scheme is “One Bangkok”, a mega real estate project in the heart of Bangkok, where the developer has announced the signing of a management contract for Fraser Suites Bangkok with Frasers Hospitality scheduled to open at the end of 2026. The new Residence Suites is one of the company’s key milestones in expanding Frasers Hospitality’s portfolio of hotels in Thailand to five properties. Fraser Suites Bangkok occupies the top 10 floors of a 45-story building, which also includes

office buildings and a shopping center. Dusit International, one of Thailand’s leading hotel and property development companies, has announced the expansion of its esteemed hotel brand lineup with the launch of two new brands: Dusit Collection and Devarana - Dusit Retreats. One Origin has meanwhile invested THB791 million to purchase two hotels in Phuket and Chiang Mai.

OVERALL TOURISM OUTLOOK

Thailand’s economy witnessed a resurgence following a temporary slowdown in GDP growth in Q2. To stimulate tourism, the government extended its visa exemption program while implementing a reduction in gas-hol prices to ease living costs. The influx of over 7.2 million international tourists in Q3 marked a promising rise, however, full pre-pandemic recovery remains

elusive. Malaysia retained its lead in tourist arrivals, fostering a two-way exchange between nations. Thai hotel operators like Shangri-La Hotel PCL rebounded, indicating a steady recovery from 2022. Several upcoming hotel projects signal continued growth, with Bangkok, Chiang Mai, and the Southern Provinces remaining key tourist hotspots in Thailand’s hospitality sector.



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