

Bangkok Hotel Market



1H 2023

We provide comprehensive strategic advice and forecasting, including real-time updates on the prevailing circumstances, covering all aspects of Bangkok hotel markets, including supply, demand, occupancy, and ADR.

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Bangkok Hotel Market



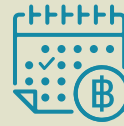
Number hotel rooms
by 1H 2023

80,300



New supply of
rooms in 1H 2023

1,310



Average daily rate (ADR)
in 1H 2023

THB 4,028
(+17% YoY)



Hotel occupancy
rate in 1H 2023

76%
(+41 p.p. YoY)

Overview

Bangkok's tourism sector has continued with a notable resurgence in international visitor arrivals during the first half of 2023, since the full reopening of the country. A total of 11.4 million foreign tourists were attracted to the city during this period, marking an impressive 432% year-on-year increase and reaching 66% of pre-Covid levels. This noteworthy recovery has showcased Bangkok's resilience and its enduring appeal as a prominent global travel destination.

Additionally, domestic visitors to Bangkok played a significant role in boosting the city's tourism numbers. Over 7.4 million domestic visitors flocked to Bangkok during the same period, achieving 81% of pre-pandemic

levels and reflecting a remarkable 37% YoY growth.

The Tourism Authority of Thailand (TAT) anticipates a continued surge in both international and domestic tourism, projecting the number of international tourists to reach a minimum of 25 million and might even hit 30 million by the end of the year, constituting 59% and 70% of pre-Covid levels, respectively. The influx of visitors, both international and domestic, is expected to contribute significantly to the country's economy, generating an estimated 2.38 trillion baht in tourism revenue.

In terms of market sources, Asia continues to be the dominant contributor, accounting for 68% of all

international visitors. Among Asian countries, Malaysia holds the largest share, representing 16% of the total foreign tourists, closely followed by China at 11%. However, it is anticipated that China will reclaim its position as the top market source with an expected influx of 5 million Chinese visitors in the second half of the year.

Europe was the second significant source market, contributing 25% of all visitors to Thailand. Leading the European market is Russia with 7% of the total foreign tourists, trailed by the UK (3%), Germany (3%), and France (2%).

Supply and Demand

Since fully reopening in late 2022, Bangkok's hotel occupancy levels have experienced a consistent increase, reaching an impressive average occupancy rate of 76% during the first half of 2023. This represents a significant growth of +41 percentage points when compared to the same period in the previous year. Throughout the first half of the year, Bangkok's occupancy rates have remained relatively stable, fluctuating between 74% and 80%. Even during the low season in the second quarter of 2023, the occupancy rates did not

witness a significant drop. This positive trend has instilled hoteliers with optimistic expectations for the ongoing recovery of the industry in Bangkok.

The increase in demand from international visitors has led to a considerable rise in the average daily rate (ADR), which reached 4,028 baht during this period. This marks a noteworthy +17% increase compared to the average ADR before the COVID-19 pandemic.

In the first half of 2023, five new hotels opened in Bangkok, adding a total of 1,310 rooms in the upscale and

midscale segments. These hotels are Dusit D2 Samyan (179 rooms), Easting Grand Hotel Phayathai (494 rooms), ASAI Bangkok Sathon (106 rooms), Staybridge Suites Bangkok Sukhumvit (411 rooms), and Best Western Ratchada (120 rooms). Looking ahead, seven more hotels are expected to open in the second half of 2023, contributing an additional 1,667 rooms to the hotel inventory in Bangkok.

Outlook

After enduring extended periods of lockdown and fueled by an intense desire to explore, global travel has witnessed an impressive resurgence. This revival has been primarily driven by the strong demand for leisure travel. However, the tourism industry has faced certain challenges, such as hotels grappling with a tight labor market, and a limited airlift capacity leading to higher flight costs which has somewhat slowed down the pace of recovery. According to the International Air Transport Association (IATA), global air travel is anticipated to return to pre-pandemic levels by 2024, with the exception of the Asia Pacific region, which may experience a delayed recovery until 2025.

Looking ahead, our projections indicate that travel recovery will

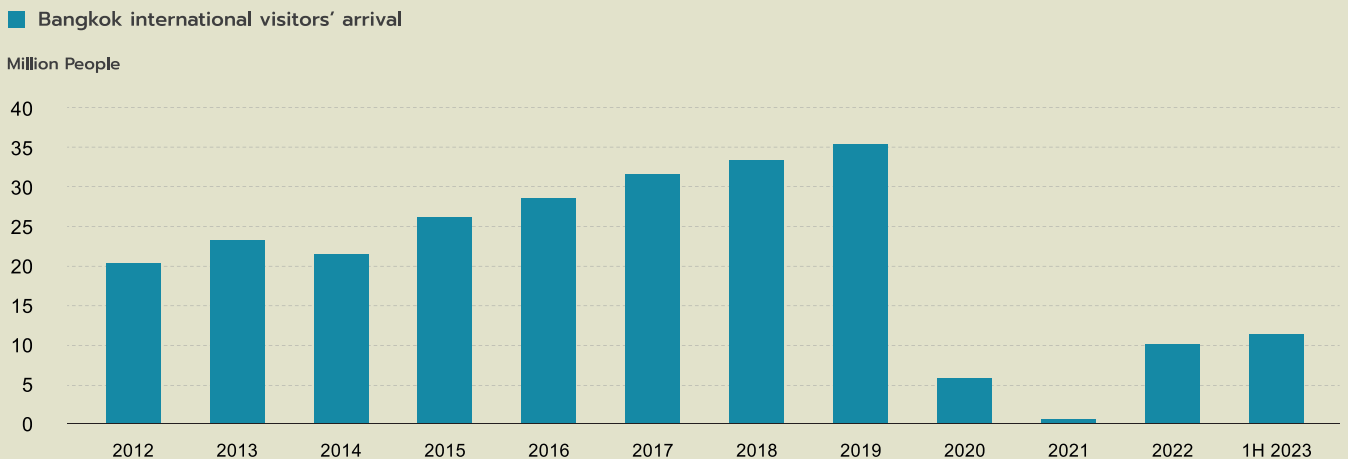
continue to gather momentum in the latter half of 2023, with Bangkok's hotel demand remaining robust. A significant contribution to the influx of foreign visitors is expected from Chinese travelers, supported by a gradual increase in flights from China, which are still 66% lower than the levels seen before the pandemic.

By the end of the year, we anticipate occupancy levels to approach pre-pandemic levels, particularly during the high season. Despite challenges such as high inflation, the industry displayed robust performance as the ADR outpaced inflationary increases in payroll, cost of sales, and utilities. The pandemic taught hoteliers valuable lessons, leading to improved operational efficiency and setting the stage for a promising recovery. In

the last ten years, the average annual growth of ADR has been relatively low, suggesting that the recent adjustment is long overdue. Additionally, with the persistently high-cost levels, we expect the ADR in the Bangkok hotel market to remain steady, ensuring continued profitability.

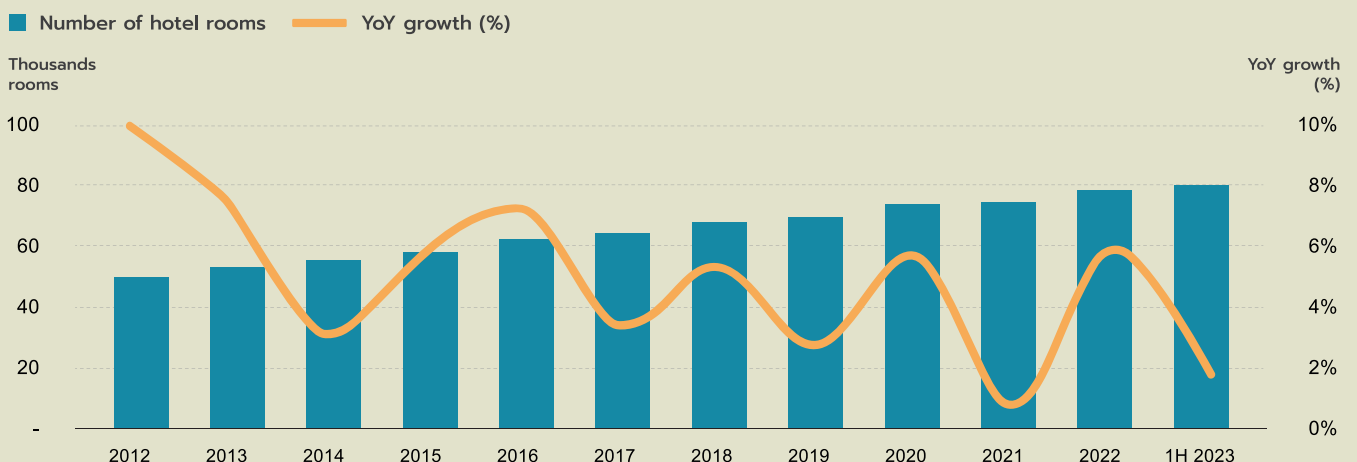
From late 2022 onward, there has been a strong resurgence in leisure travel, with luxury hotels being the primary beneficiaries. As we progress into the latter half of the year, we anticipate a considerable upswing in Meetings, Incentives, Conferences, and Exhibitions (MICE) and business travel too. Although the group tours segment is recovering at a slower pace, it is expected to have a positive impact on budget-friendly hotel categories.

BANGKOK'S INTERNATIONAL VISITORS ARRIVAL



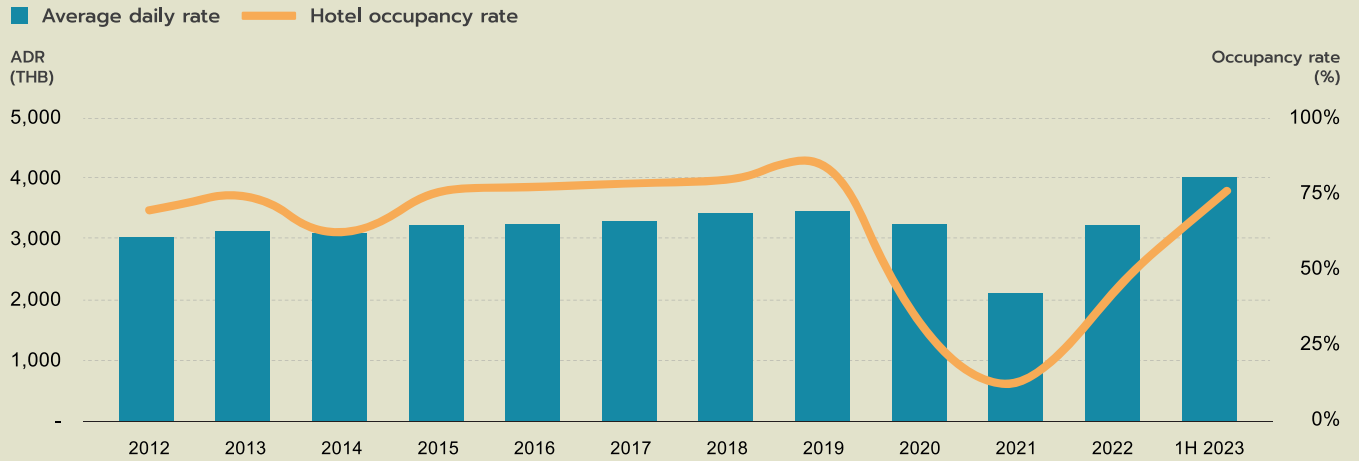
SOURCE : KNIGHT FRANK THAILAND RESEARCH

BANGKOK'S HOTEL STOCK



SOURCE : KNIGHT FRANK THAILAND RESEARCH

BANGKOK'S HOTEL PERFORMANCE



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We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



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