



1H 2011 HOTEL MARKET

Semi-annually

Knight Frank

HIGHLIGHTS

- By the situation of the Thailand's hotel industry, a number of international tourists in 1H 2011 seem increase after the solved political situation in the Bangkok that increased the confidential of tourists in terms of the security in Thailand.
- Demands in 5-star hotel and 4-star hotel were slightly recovery since 2H 2010 as the situation of the political has been solved.
- However, the ADR is still continuing dropped as the high competitions in the market and Baht currency appreciation in 1H 2011, some hotels have reduced the room rate to stimulate the occupancy rate in 2010 to keep their occupancy rate.
- As the political situation has been solved, the hotel industry has expected to recovery in terms of ADR and occupancy rate within few years. Furthermore, the new government must have the clear policy for the tourism and business industry to supporting the hotel industry in Bangkok.

HOTEL MARKET OVERVIEW

TAT HAS EXPECTED A NUMBER OF INTERNATIONAL ARRIVALS IN THAILAND AT 16 MILLION FOR WHOLE YEAR OF 2011.

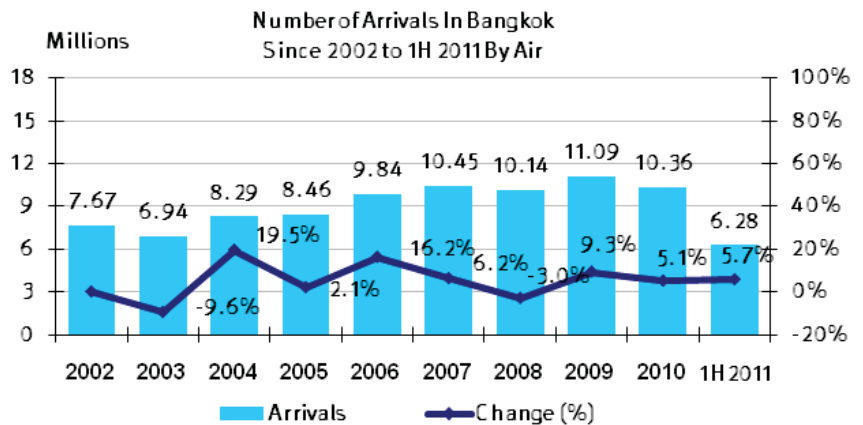
Figure 1
Tourist Situation in Bangkok in 2011F



Source: Knight Frank Thailand Research and TAT

- A number of International arrivals in Thailand in 1H 2011 have totalled 9.68 million compared to whole year of 2010 that recorded at 15.93 million. It seems the number of tourist arrival in Thailand has increased as the internal political has certainty,
- TAT has expected a number of international arrivals in Thailand at 16 million for whole year of 2011.

Figure 2
Number of Arrivals in Bangkok 1H 2011



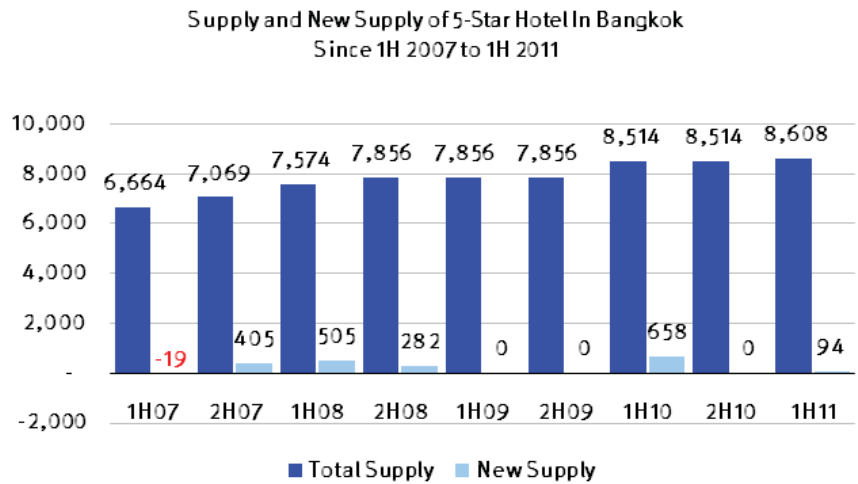
Source: Knight Frank Thailand Research and Immigration Bureau



A TOTAL SUPPLY OF 5-STAR HOTEL WAS FOUND AT 8,608 ROOMS IN 1H 2011

- A number of arrivals to Bangkok in 1H 2011 have recorded at 6.28 million that compared to the whole year of 2010 that recorded at 10.36 million.
- The certainty of political in Bangkok is the main key that was increased the number of tourists.

Figure 3
Hotel Market Analysis

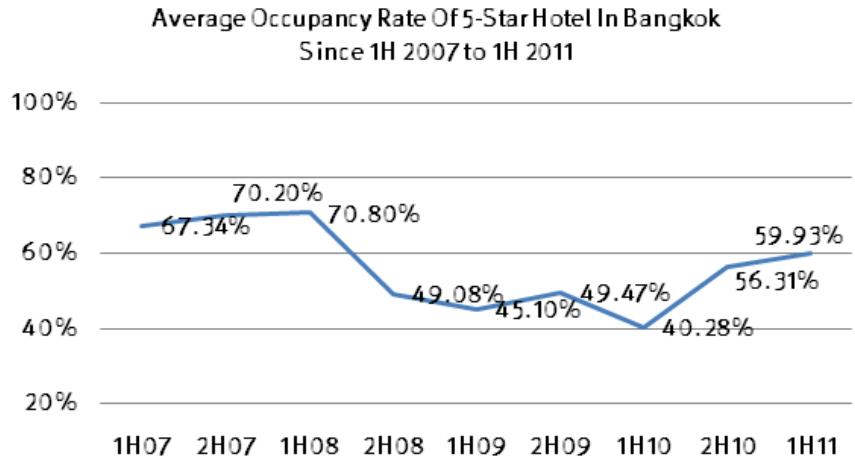


Source: Knight Frank Thailand Research

- A total supply of 5-star hotel was found at 8,608 rooms in 1H 2011 in the city area.
- The new launched 5-star hotel has found only 94 rooms that is only 1% of total supply in 1H 2011.
- The new supply for the 5-star hotel is slowdown as the new hotel developments are turn to be lower grade of hotel such as 3-star and 4-star hotels included the budget hotels.

AN AVERAGE OCCUPANCY RATE OF 5-STAR HOTEL IN IH 2011 WAS CONTINUING INCREASED

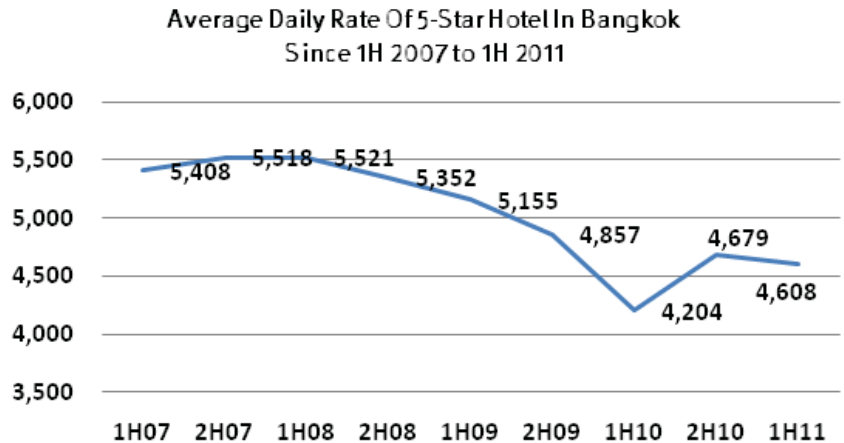
Figure 4
Demand of 5-Star Hotel In Bangkok



Source: Knight Frank Thailand Research

- By semi-annual basis, an average occupancy rate of 5-star hotel in 1H 2011 was continuing increased from 56.3% in 2H 2010 to 59.93% in 1H 2011 as the political crisis has been cleared in Bangkok since last year,
- For y-o-y basis, the occupancy rate of 5-star hotel has increased from 40.28% in 1H 2010 to 59.93% in 1H 2011.
- It seems the 5-star hotel industry has been recovery as the political situation has been cleared. Furthermore, the new launched supply of 5-star hotel has a few since 2H 2011.

Figure 5
Average Daily Rate of 5-Star Hotel in Bangkok



Source: Knight Frank Thailand Research



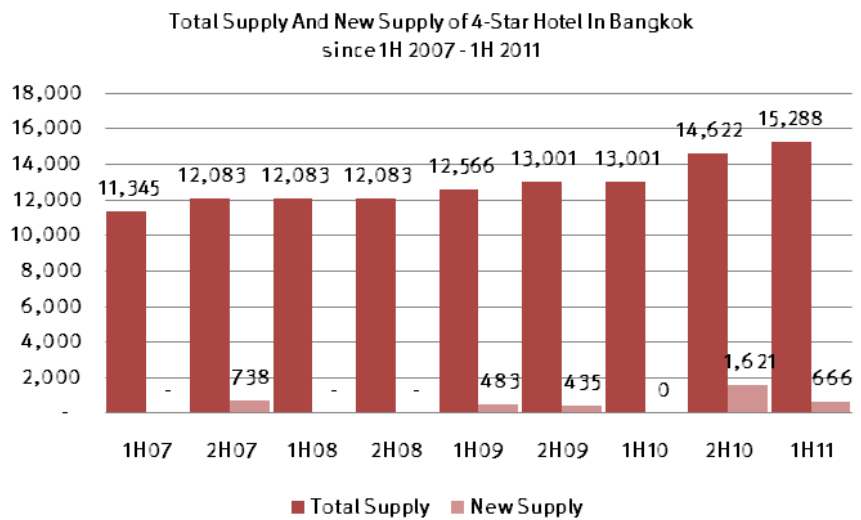
AN AVERAGE ROOM RATE OF 5-STAR HOTEL IN 1H 2011 WAS DROPPED

- By semi-annual basis, an average room rate of 5-Star hotel in 1H 2011 was dropped to Baht 4,608 per night from Baht 4,679 per night.
- There is due to Thai Baht currency appreciation and some 5-star hotels dropped their ADR to maintain the occupancy rate.

4-STAR HOTEL ANALYSIS

TOTAL 4-STAR HOTEL ROOM IN BANGKOK HAS RECORDED AT 15,288

Figure 6
Supply of 4-Star Hotel In Bangkok

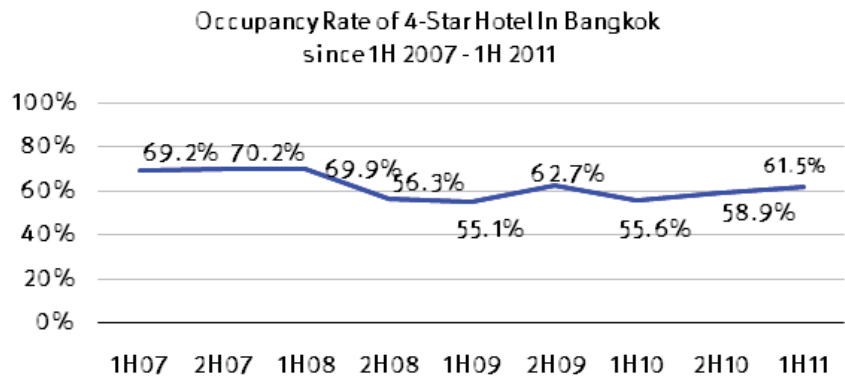


Source: Knight Frank Thailand Research

- Total 4-star hotel room in Bangkok has recorded at 15,288 rooms that increased for 666 rooms from 2H 2010.
- There is due to the hotel developers are mostly launched in 2H 2010 after the political situation has been softened.

AS THE POLITICAL HAS SOLVED AND THE WORLD ECONOMIC HAS PARTLY RECOVERY, THE OCCUPANCY RATE OF 4-STAR HOTEL IN IH 2011 HAS RECOVERY

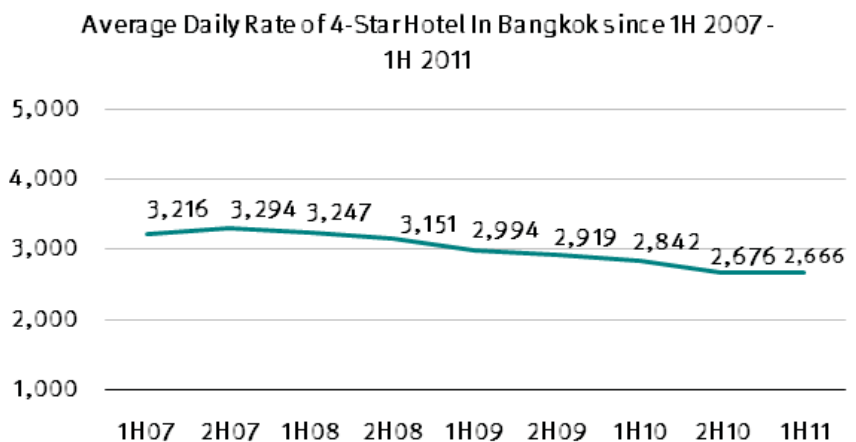
Figure 7
Demand of 4-Star Hotel in Bangkok



Source: Knight Frank Thailand Research

- As the political has solved and the world economic has partly recovery, the occupancy rate of 4-Star Hotel in 1H 2011 has recovery since 2H 2010 that the occupancy rate has increased from 58.9% to 61.5% which increased about 2.6% from the 2H 2010.
- To compare y-o-y basis, the occupancy rate of 4-star hotel has increased from 55.6% in 1H 2010 to 61.5% in 1H 2011.
- However, the occupancy rate is slowdown to growth due to the high competition in the 4-star hotel. Furthermore, some hotels are waiting for the new policies from the government to support the tourism of Thailand after the new government has been set.

Figure 8
Average Daily Rate



Source: Knight Frank Thailand Research

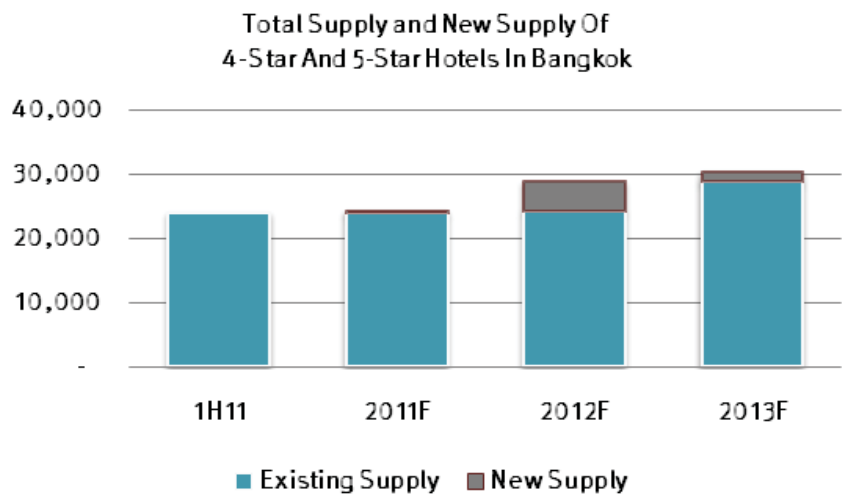


AN AVERAGE DAILY RATE WITHIN 1H 2011 WAS CONTINUING DECREASED SINCE 2008

- An average daily rate within 1H 2011 was continuing decreased since 2008 by the affective of the internal factors and external factors such as the financial crisis, Baht currency appreciate. An average room rate was dropped from Baht 2,676 per night to Baht 2,666 per night.
- Furthermore, some hotels have reduced their ADR to maintain the occupancy rate that caused of the dropped ADR of 4-star hotel in Bangkok.

NEW SUPPLY

Figure 9



MARKET OUTLOOK

- A number of international tourists were increased in 1H 2011 as the result of solved political situation in Thailand 1H 2011.
- A total supply of 5-star hotel within 1H2011 was showed at 8,608 rooms that increased of 94 rooms from 2H 2010 while 4-star hotel has totaled room supply at 15,288 rooms which was increased for 666 rooms. The new supply of 5-star hotel and 4-star hotel are still continuing increasing as the Bangkok is still being good for the shopping and business in South East Asia.
- According to the new supply of hotel development in Bangkok, a number of 6,400 rooms of 4-star hotel and 5-star hotel are expected to come into hotel market within 2013 or about 27% increasing of existing supply in 1H2011.
- Demand in the 5-star and 4-star hotel market was slightly increasing as the solved of the political situation that improved the confidential of tourists.
- Demand was increased from the previous period for 4-star and 5-star hotels for 3-4% of occupancy rate. There is due to the high market competition and Baht currency appreciation.
- An average room rate in the market in 1H 2011 has dropped for both 4-star hotel and 5-star hotel as some hotels need to maintain their occupancy rate.
- Knight Frank (Thailand) has the opinion that the Bangkok hotel market in 2011 will be slowly growth in terms of the occupancy rate and ADR as the high competitions in the hotel market with the large supply of the hotel industry in Bangkok.
- We also expected that the hotel industry will be slightly recovery within next few years as the Bangkok is still be the one of tourist/shopping destination in the South-East Asia that is fully with facilities and the main hub to other areas easily.



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