

Bangkok Luxury Hotel

Market Overview, 1H 2022





Number of luxury
hotel rooms by 1H 2022

20,709



New supply of luxury
rooms in 1H 2022

154



Average daily rate (ADR)
in 1H 2022

THB 3,410
(+11% YoY)



Hotel occupancy
rate in 1H 2022

33%
(+13 p.p. YoY)

OVERVIEW

As a result of the continued easing of travel restrictions globally, the number of inbound foreign arrivals to Bangkok increased from just over 160,000 to circa 2.2 million YoY, and consequently an upsurge in demand for hotel accommodation during the first half of 2022. This is a considerable improvement and could represent the beginning of a much-needed rebound in the number of foreign visitors towards pre-pandemic levels. However, the number of international arrivals is still only 12% of that in the pre-Covid. For most of 2020 and 2021, international arrivals into Thailand were largely non-existent other than for returning residents, and essential travelers.

In March 2022, the Thai government announced a four-phase plan to fully reopen its borders in July with entertainment venues and tourist attractions allowed to eliminate pandemic-related restrictions. As a next step, it is expected that the Thai government will declare Covid-19 an endemic disease soon as the number of daily infections is stabilized, the vaccination coverage is high, and the disease symptoms are not severe.

Chinese tourists represented circa one of every three foreign tourists in the pre-pandemic period. As such, hoteliers are concerned over the absence of tourists from China due to mobility restrictions imposed

by the Chinese government as many regions in the country battle outbreaks of the Omicron variant.

In 1H 2022, 39% of the total number of international visitors were from East Asia, led by visitors from Malaysia, and Singapore. Visitors from Europe represented 30%, mainly from the UK, Germany, France, and Russia. Indian visitors represented 11%.

SUPPLY AND DEMAND

Bangkok's luxury hotel performance had a significant improvement in the first half of 2022 with an average occupancy rate of 33%, +13 p.p. YoY, likely on the back of partly relaxed international travel restrictions. The occupancy rate has gradually increased from the lowest at 26% in January 2022 to just over 40% in May and June 2022. The effect of the low season in the latter months of the first half of the year was offset by the relaxed travel restrictions from May 2022 with the elimination of mandatory PCR tests, quarantine-free

travel as well as the reduction of health insurance coverage for vaccinated travelers, resulting in a steady growth in hotel occupancy rates.

The Average Daily Rate (ADR) also increased by +11% YoY to 3,410 baht, due to an improved number of foreign arrivals, indicating a turning point in the market.

The total number of luxury hotel rooms slightly increased to 20,709 with the addition of 154 keys in 2022.

New hotel openings were the Standard hotel by Sansiri in Mahanakhon building (154 rooms) in the luxury segment, and Eastin Grand hotel Phayathai (394 rooms), The Quart Ruamrudee (150 rooms), and X2 Vibe Bangkok Udomsuk (150 rooms) in the upscale segment.

The major concentration of rooms is located in the Early Sukhumvit area with 34%, followed by the Lumpini area (24%), the Riverside area (17%), and Silom/Sathorn area (15%).

OUTLOOK

Thailand has slowly reopened to international visitors since November 2021, after circa two years. Yet, the number of foreign arrivals has not increased rapidly because of complex and costly travel requirements such as mandatory quarantine, insurance, and PCR test.

In 1H 2022, despite the increase in the number of foreign visitors year on year, it only represented 12% of pre-pandemic levels, nevertheless is expected to accelerate during the second half of the year with the beginning of the fourth and last phase of the country's reopening called 'post-pandemic', allowing tourists to enter Thailand without restrictions regardless of their vaccination status putting an end to the two years stringent border controls introduced to contain the pandemic.

Consequently, we expect a sustained increase in international arrivals supported by the government's commitment to accelerate tourism and the hotel industry's recovery with an expansion in travel with more flights. The gradual recovery of the hotel's revenue per available room (RevPar) will likely be led by ADR, with higher but still weak occupancy levels.

The lack of Chinese outbound travelers, the main market feeder before the pandemic, due to China's travel restrictions will likely continue to cause disruptions to the tourism industry in Bangkok and other destinations in Thailand this year. Thus, domestic tourism will continue to play an important role as it did during the pandemic.

The increasing number of foreign arrivals during the first half of the year and the fully reopening for foreign travelers in July 2022 suggest the start of the tourist market recovery, however, the road to the recovery of the tourism industry can face more obstacles such as new variants or outbreaks, or the Russia-Ukraine war effects on oil prices that could feed through into ticket prices, depressing the recovery of international travel.

The recovery in the short term will likely be led by leisure tourists, followed by business and MICE groups, benefitting resorts with a growing number of guests over business hotels.

FIGURE 1

Bangkok's international visitors arrival



FIGURE 2

Bangkok's luxury hotel stock

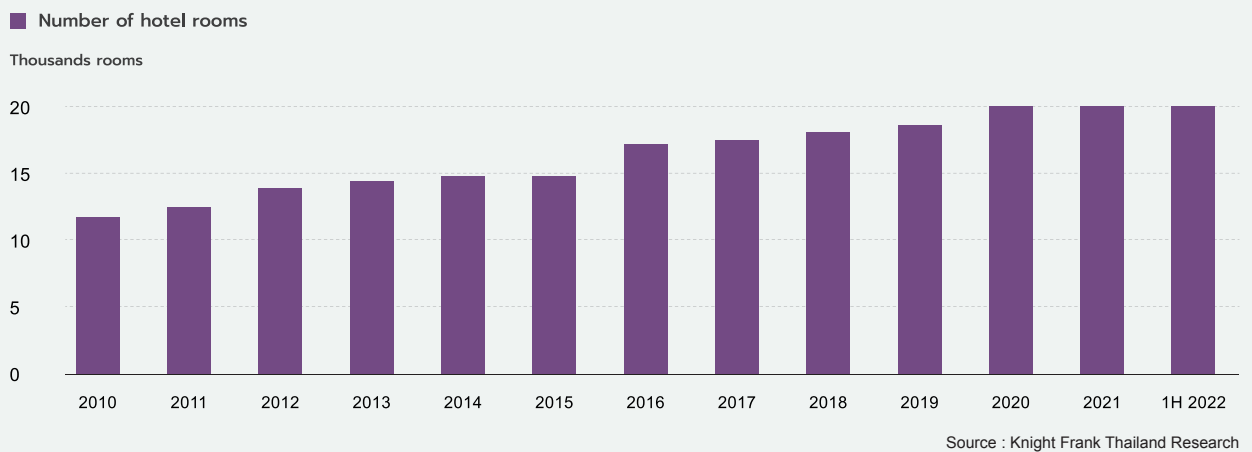
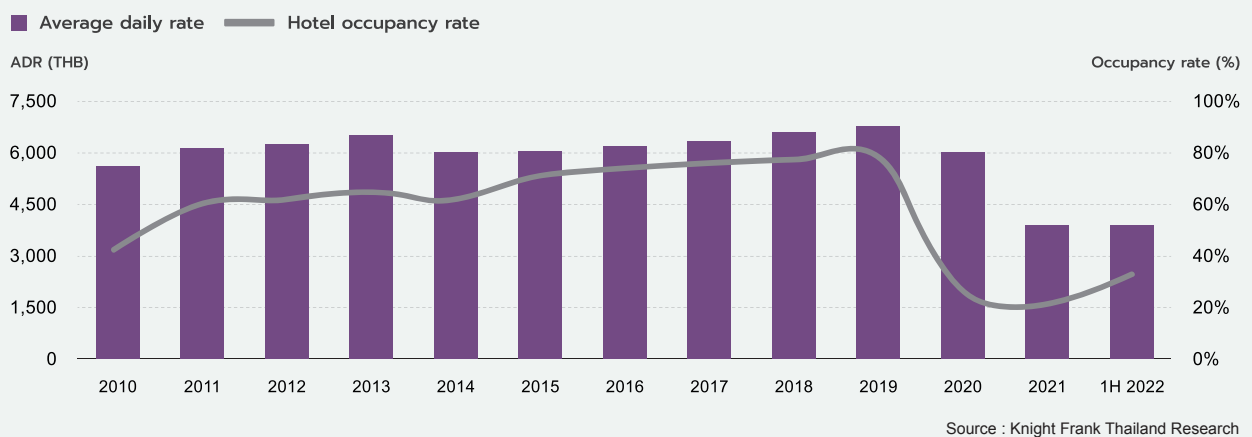


FIGURE 3

Bangkok's luxury hotel performan



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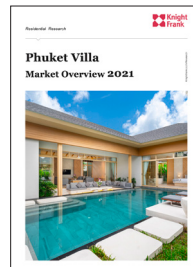
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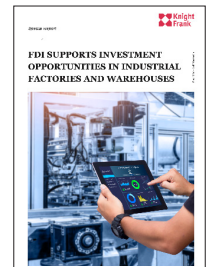
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