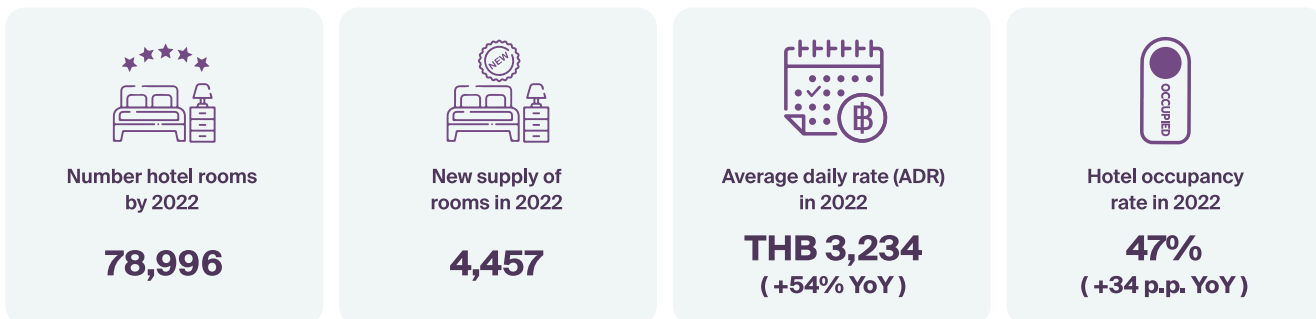


Bangkok Hotel

Market Overview, 2022





OVERVIEW

The Bangkok hotel industry had the worst year in 2021 with only 578,618 foreign visitors compared to 5.9 million in 2020, and its peak of over 35 million in 2019, according to the Airport of Thailand (AOT). In 2022, foreign arrivals picked up totaling 10.2 million foreign visitors, just over the initial target estimated by the Tourist Authority of Thailand (TAT), and is expected to reach over 20 million visitors in 2023, 57% of pre-Covid level.

Thailand removed the requirement of the Thailand Pass and health insurance in July 2022. Three months later, in October 2022, it ended the remaining Covid border requirements, i.e., proof of vaccination or a recent negative Covid test. The lifting of restrictions boosted the number of foreign arrivals to 8 million in the second half of the year, almost 80% of the year total.

Prior to the pandemic, Thailand's top source market of foreign visitors was East Asia (69%), led by visitors from China (28%) and Malaysia (11%). Visitors from Europe represented 16%, mainly from Russia, UK, Germany, and France. Indian visitors represented 5%. In 2022, the top source markets were East Asia (53%), led by visitors from Malaysia (17%), Europe (23%), and India (9%), visibly shifted and impacted by some countries' pandemic policies, e.g., China, HK.

SUPPLY AND DEMAND

The hotel occupancy levels in Bangkok built significantly from July 2022 onwards at a level above the average in the first half of the year as Thailand's tourism industry benefitted from the lift of Covid-19 travel restrictions. The opening has allowed for the flow of pent-up leisure demand and especially boosted the hotel's performance during the high season at the end of 2022.

Bangkok's occupancy levels increased gradually from the lowest of 26% in January to its peak of 70% in

December 2022. The second half of the year hit an average occupancy of 59% which was a significant improvement over the same period last year (+43 percentage points), and the average of 35% in the first half of 2022.

As hotels struggle with inflation and staff shortage amid a rebound in tourism and business events, the average daily rate (ADR) increased significantly by +54% YoY to 3,234 baht in 2022.

Over 20 hotels opened in Bangkok in 2022, adding 4,457 rooms to the market. By the end of 2022, there were a total of 78,996 hotel rooms in Bangkok, an increase of 6% YoY. A number of hotel openings in 2022 took place after being delayed by the pandemic signaling the market's strong conviction in the recovery of the sector. New openings will add circa 5,000 new hotel rooms in Bangkok in 2023.

OUTLOOK

Bangkok is a top global destination with a mature hotel market. Regardless of the challenging situation and ongoing headwinds derived from the pandemic, the city is well-positioned in its recovery.

Bangkok welcomed 10.2 million foreign visitors in 2022, and the Tourism Council of Thailand (TCT) forecasts more than 20 million in Thailand in 2023.

International arrivals into Bangkok increased at an annual rate of 9.4% over the decade leading up to the pandemic, reaching a peak of 35.4 million in 2019. Over the same period, domestic arrivals increased at an annual rate of 10.8%, with 17.8 million in 2019.

For two years, traveler movements came to a halt, severely affecting the hotel market in Bangkok, as Thailand implemented strict border controls in response to the Covid-19 pandemic.

In October 2022, Thailand completed the last phase of the gradual re-opening of its international borders, allowing tourists to enter the country without restrictions regardless of their vaccination status.

During 2022, Bangkok has seen increasing levels of domestic demand with the monthly domestic visitors moving back towards pre-pandemic levels, from 59% to 79% over the first half and second half of the year, respectively.

Similarly, the number of foreign tourists showed a positive rebound as well during the first and second half of the year, from 12% to 45% respectively of pre-pandemic levels.

The ongoing recovery will be further driven by the number of airlines increasing flight routes and the return of corporate and MICE segments to support the performance of the city's hotel market in 2023.

China, which had been the largest outbound tourism market before the pandemic, reopened its border in January 2023, after three years of being closed to the world under its zero-Covid policy. This condition is anticipated to support the rebounding demand for both leisure and business travel.

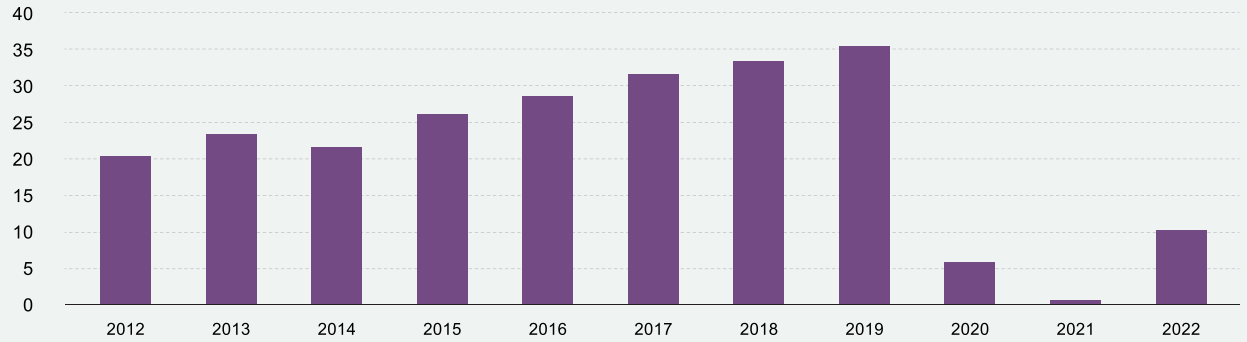
In 2023, even with ongoing obstacles such as travel prices, and the limited number of flights, we anticipate the continuation of the strong recovery of domestic and, especially international visitation given the pent-up demand and China's borders re-opening. This will positively impact the occupancy towards pre-Covid levels, however, the global economic outlook is unlikely to allow hotels to achieve significantly higher rates than in 2022.

FIGURE 1

Bangkok's international visitors arrival

■ Bangkok international visitors' arrival

Million People



Source : Knight Frank Thailand Research

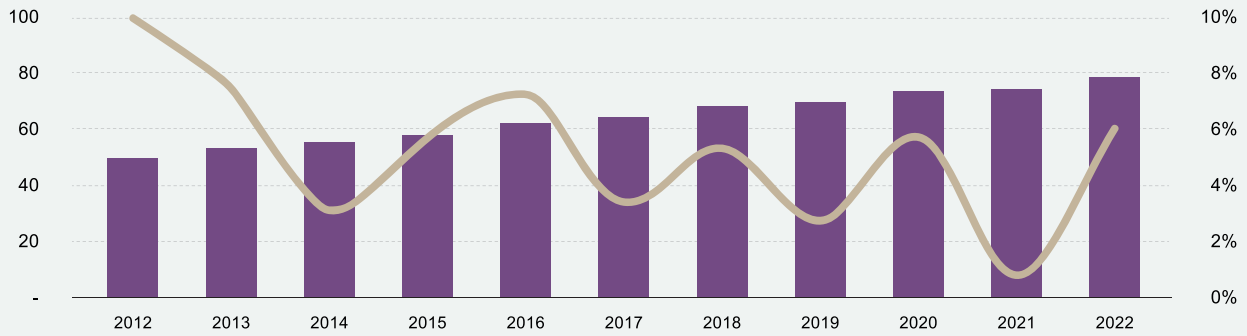
FIGURE 2

Bangkok's hotel stock

■ Number of hotel rooms

Thousands rooms

YoY growth (%)



Source : Knight Frank Thailand Research

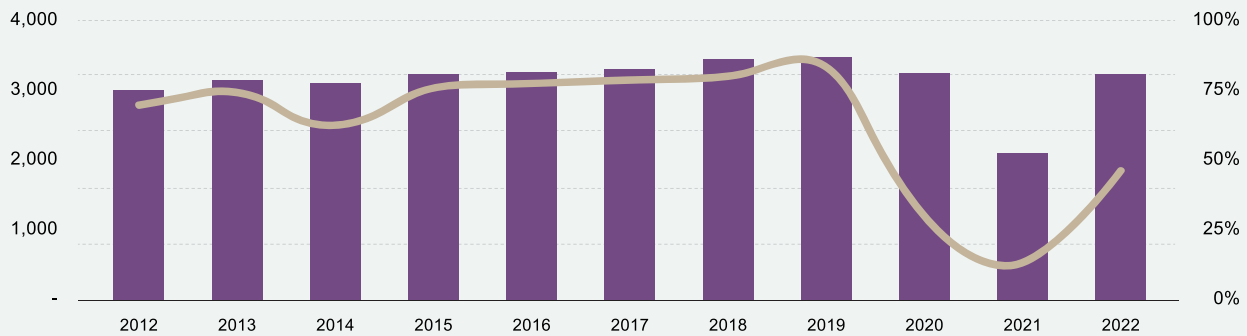
FIGURE 3

Bangkok's hotel performance

■ Average daily rate — Hotel occupancy rate

ADR (THB)

Occupancy rate (%)



Source : Knight Frank Thailand Research

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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