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# Phuket Hotel

## Market Overview, 2022





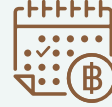
Number hotel rooms  
by 2022

**44,024**



New supply of  
rooms in 2022

**485**



Average daily rate (ADR)  
in 2022

**THB 3,974**  
(+48% YoY)



Hotel occupancy  
rate in 2022

**47%**  
(+39 p.p.)

## OVERVIEW

In 2022, Phuket welcomed 1.6 million foreign arrivals, a significant rebound from only 184 thousand arrivals in 2021. The 778% YoY growth in the number of foreign visitors is the result of, firstly, the bilateral travel agreements with certain market feeders such as India, Malaysia, and Vietnam during the first half of 2022, and, secondly and more importantly, the complete lift of pandemic-related travel restrictions in October 2022, that fueled the number of travelers to the island.

International visitation to Phuket was led by tourists from Malaysia, India, and Russia which have traditionally underpinned Phuket's tourist industry. However, arrivals from China, the most important source market, remained at their lowest to just a few thousand visitors as strict anti-pandemic measures inhibited outbound and inbound trips.

Despite a substantial increase, the number of foreign tourists to Phuket in 2022 still represented 30% of the pre-Covid level in 2019, yet is expected to continue to accelerate as China ended its zero-Covid policy in January 2023, and air connectivity with international markets improves in 2023.

## SUPPLY AND DEMAND

In 2022, the number of foreign visitors increased significantly, especially during the second half of the year on the back of the full reopening of Thai borders. Growth in foreign visitors pushed up hotel occupancy to 47% in 2022, increasing 39 percentage points YoY from 8% in 2021. The average Daily Rate (ADR) rose by 48% YoY from THB 2,686 in 2021 to THB 3,974 in 2022, resulting in a considerably improved RevPAR of THB 1,885 from its record low of THB 208 in 2021. The luxury and upscale hotel market performed a particularly strong recovery given their reliance on foreign guests.

Four hotels opened in Phuket, adding 485 rooms to Phuket's hotel market in 2022. New notable openings include Noku Phuket (91 keys), a villa hotel resort in the upper segment located on a hillside away from the beach, and three hotels in the midscale segment including Glow Mira Karon Beach (154 keys), Jonox Phuket Karon Hotel (121 keys), and Grace Patong Hotel (119 keys), all located on the southwest side of the island. At the end of 2022, the number of hotel rooms in Phuket totaled 44,024, up 1.1% YoY. Hotels under construction will add just over 2,000 new rooms to the market by 2025.

Accor is the largest hotel group in Phuket, operating 4,410 rooms across 22 properties, followed by Marriott with 2,977 rooms, and Wyndham with 1,808 rooms. In terms of areas, Patong beach remains the area with the largest supply of hotel keys (36%), followed by Karon (18%), Kata (12%), Nai Yang (8%), Bang Tao (8%), and Kamala (7%), all located on the west side of the island.

# OUTLOOK

Phuket's tourism industry underwent an unprecedented period of growth between 2009 to 2019, underpinned by a strong number of foreign inbound arrivals, which reached a record 5.3 million in 2019. This period of foreign tourism represented a compounded annual growth rate of 16.4%, but the global impact of the Covid-19 pandemic considerably dampened demand in 2020 and 2021.

Thailand completely lifted all travel restrictions in October 2022, allowing tourists to enter the country regardless of their vaccination status. The result was a boost in demand with the number of monthly visitors moving back towards pre-pandemic levels from 30% in January to 83% in December for domestic tourism and 15% to 59% for foreign visitors.

China, the largest outbound tourism market before the pandemic, exited its zero-Covid policy in January 2023, which is expected to support the demand for leisure travel.

We are optimistic about the continuation of a quick and robust bounce back from the pandemic in the number of visitors to the island, with foreign tourism playing a major role over 2023 on the back of the pent-up demand, and the returning of Chinese tourists to Phuket.

A number of factors may stand in the way of a full recovery in 2023, such as the speed of Chinese tourists returning, and the normalization of the cost of flight tickets. With all, in the most optimistic scenario, Phuket's tourism market will be near pre-pandemic levels by the end of 2023.

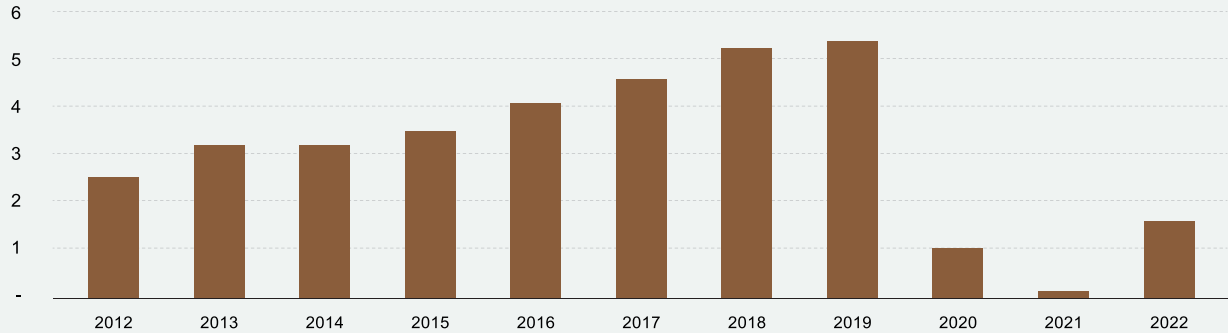
In 2023, the hotel performance will mostly be supported by foreign tourism, especially in the upper segments. The occupancy level of hotels is expected to exceed the previous year but remain below pre-Covid levels. Yet, the average daily rate (ADR) will continue to increase up to pre-Covid levels to regain momentum with the Chinese border reopening.

FIGURE 1

Phuket's international visitors arrival

Phuket's international visitors' arrival

Million People



Source : Knight Frank Thailand Research

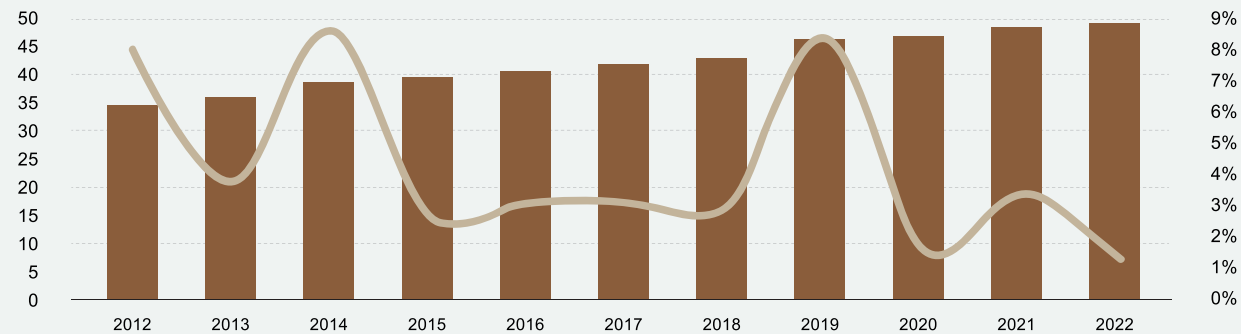
FIGURE 2

Phuket's hotel stock

Number of hotel rooms YoY Growth (%)

Thousands rooms

YoY growth (%)



Source : Knight Frank Thailand Research

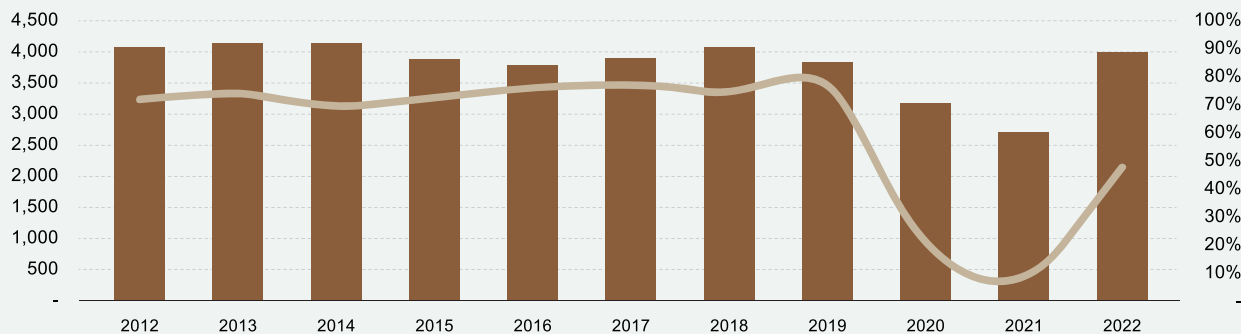
FIGURE 3

Phuket'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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