Thailand Research

Hotel

1H 2025	An overview review of Hotel market in 1H 2025 by Knight Frank Thailand	knightfrank.co.th/research

- In 1H 2025, Thailand's international tourists declined -4.7% YTD, driven by steep drops from Northeast Asia (China -34.1%, Korea -17.4%), partly offset by growth from Europe (+16.6%) and South Asia (+13.7%). Bangkok received 15.5M arrivals (+0.6% YTD), with occupancy easing to 75.1% despite a 3.3% ADR increase to THB 4,260. Phuket performed stronger, recording 4.46M arrivals (+3.9%), occupancy at 79.5%, and ADR up 7.8% to THB 5,652. Both markets face record supply growth in 2025, over 5,100 new keys in Bangkok and 2,134 in Phuket, heightening competition. With 16.7M visitors YTD (~48% of TAT's 35M target), policy measures such as domestic subsidies and free domestic flights for international travellers highlight efforts to stimulate demand. The sharp fall in Chinese arrivals reflects safety perceptions and competitiveness challenges, as Chinese outbound travel to Vietnam, Japan, and Malaysia continues to grow. In 2H 2025, occupancy should remain resilient during peak season, but ADR growth is likely to plateau, underscoring the need for sharper segmentation, stronger brand positioning, and rate discipline.

Mr. Carlos Martinez
Director, Research and Consultancy
Knight Frank Thailand

Bangkok Hotel

BANGKOK HOTEL MARKET

Number of hotel rooms by the end of 1H 2025	New supply of rooms in 1H 2025	Average daily rate (ADR) in 1H 2025	Hotel occupancy rate in 1H 2025
85,780	**1,906**	**THB 4,260** (+3.3% YoY)	**75.1%** (-3.7 p.p. YoY)

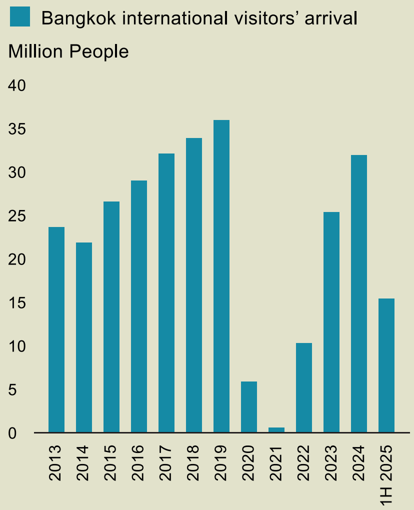
MARKET OVERVIEW

In the first half of 2025, Bangkok's tourism sector maintained a steady recovery, welcoming approximately 15.5 million international visitors, a modest year-to-date increase of 0.6%. However, volumes remain 11.3% below the 2019 peak, reflecting the ongoing impact of shifting travel patterns. Domestic tourism performed more strongly, reaching 8.0 million trips, up 7.3% YTD, though still 13% lower than pre-pandemic levels. Despite stable visitor numbers, hotel performance softened: average occupancy fell 3.7 percentage points to 75%, influenced by expanding hotel supply, shorter average stays, and a growing share of regional travelers with lower per-trip spending.

Key source markets saw notable shifts. China remained the largest inbound market with 2.69 million arrivals, but volumes dropped nearly 35% compared to the same period last year, suggesting a normalization after the post-reopening surge. Malaysia followed closely with 2.66 million visitors, down 7.2%. In contrast, India and Russia posted strong gains of 14.6% and 11.1%, respectively. South Korea recorded a 17.4% decline, its second consecutive half-year contraction. Overall, Asia remained the dominant source region, though volatility in short-haul markets has begun to affect yield and booking patterns.

The government continues to leverage visa liberalization to stimulate arrivals, building on the July 2024 expansion of visa-free entry to 93 nationalities. In early 2025, the maximum stay under visa exemption was extended from 60 to 90 days for selected countries, alongside simplified re-entry procedures. Meanwhile, airlines have been restoring capacity, although airfare volatility and limited long-haul connectivity continue to constrain full recovery from Western markets. These dynamics signal a maturing recovery phase, with volume growth slowing and the focus shifting toward attracting higher-spending segments and increasing average length of stay.

BANGKOK'S INTERNATIONAL VISITOR ARRIVALS



SOURCE : KNIGHT FRANK THAILAND RESEARCH

SUPPLY AND DEMAND

Bangkok's hotel market experienced a shift in momentum in the first half of 2025. Average occupancy fell to 75.1%, down 3.7 percentage points from the same period last year. January and February performed relatively well, each exceeding 81%, but occupancy steadily declined in subsequent months, reaching 69.8% in June, the weakest monthly performance in over a year. This softening trend reflects the combined effects of rising room supply, shorter average lengths of stay, and a heavier concentration of short-haul regional demand with lower yield potential.

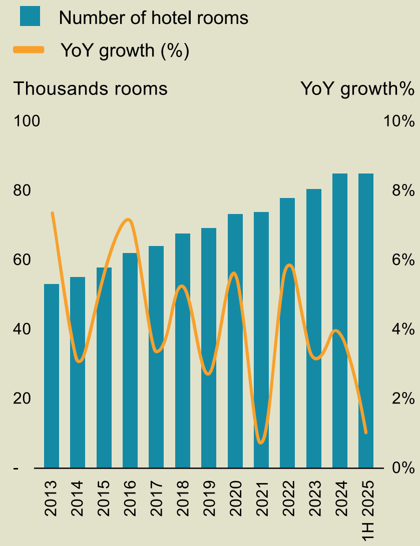
The Average Daily Rate (ADR) rose 3.3% YTD to THB 4,260 in 1H 2025, up from THB 4,121 in 1H 2024. The highest ADRs were recorded in January, while the lowest were seen in May and June. Several mid-year months posted stagnant or negative year-on-year comparisons. The modest rate growth, combined with reduced occupancy, put downward pressure on RevPAR, particularly in Q2.

On the supply side, seven new hotels opened in 1H 2025, adding 1,906 keys. Notable entries included the Grande Centre Point Lumpini (512 keys) and Four Points by Sheraton (333 keys). Openings spanned all segments, from luxury properties such as Aman Nai Lert and Grande Centre Point, to midscale and upper-midscale brands like Queensland Hotel and The Quarter. An additional 12 properties totaling 3,283 keys are scheduled to open in 2H 2025, indicating continued pipeline growth and intensifying competitive pressure.

Several of the newly opened hotels are located in emerging or revitalized urban districts, contributing to the decentralization of Bangkok's hotel footprint. Domestic brands such as The Quarter and Queensland continue to expand aggressively in the upper-midscale segment, while international chains including Radisson and Four Points are deepening their presence, signaling sustained confidence from global players.

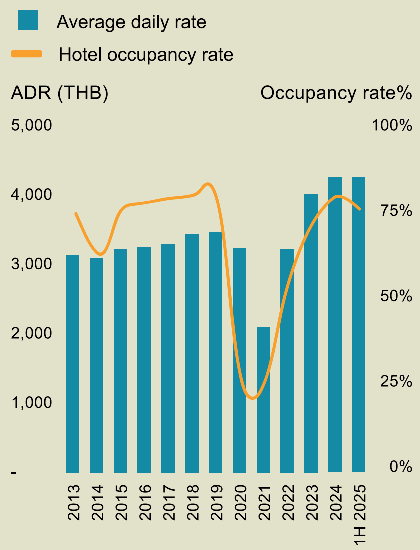
The combination of moderating ADR growth and an expanding supply pipeline suggests Bangkok's hotel market is entering a post-pandemic normalization phase, marked less by sharp recovery spikes and more by intensified competition, increased price sensitivity, and the need for strong product differentiation. With more keys coming online and demand growth leaning toward volume rather than yield, operators will need to refine segmentation strategies, enhance digital distribution, and strengthen loyalty programs to protect profitability in the quarters ahead.

BANGKOK'S HOTEL STOCK



SOURCE : KNIGHT FRANK THAILAND RESEARCH

BANGKOK'S HOTEL PERFORMANCE



SOURCE : KNIGHT FRANK THAILAND RESEARCH

OUTLOOK

Bangkok enters the second half of 2025 amid mixed signals in its tourism and hospitality market. Following a subdued first half—marked by a 3.7 percentage point drop in hotel occupancy to 75.1% and only modest ADR growth to THB 4,260—attention is shifting to how the market will absorb the 3,283 new hotel keys expected to launch before year-end. This will bring total new supply for 2025 to over 5,100 keys, representing the fastest annual growth since the pandemic.

A significant drag on performance has been the sharp decline in Chinese tourist arrivals, down nearly 35% year-on-year in 1H 2025. While China remains Thailand's top source market by volume, this slowdown has disproportionately impacted Bangkok's midscale and group-tour-focused hotels. Notably, Chinese outbound travel remains strong globally: Vietnam welcomed 2.7 million Chinese visitors and Japan 3.13 million in just the first few months of the year. This points not to a lack of outbound demand, but to a relative loss in Thailand's competitiveness, driven by safety perceptions, negative media narratives, and shifting traveler preferences.

While visa exemption policies and improved regional flight connectivity continue to support tourism, the government has begun introducing domestic stimulus measures, such as the Co-Pay Thai Travel subsidies, the "Half-Price Thailand Travel" campaign, and new tax incentives, to bolster domestic travel, especially during low-season periods. The second half of the year will depend more on market-driven recovery and incremental airline capacity increases. Growth from India (+14.6%) and Russia (+11.1%) remains a bright spot, alongside moderate momentum from ASEAN markets, but these gains are not yet sufficient to offset the steep declines from China and South Korea.

Against this backdrop, RevPAR growth in 2H 2025 is expected to be volume-driven, relying on strong occupancy during peak months such as November and December, buoyed by year-end holidays and MICE demand. However, ADR pressure is likely to persist, particularly in the mid-tier segment, where intensified competition from new entrants will challenge pricing power. Rate performance will hinge increasingly on brand equity, effective distribution strategies, and prime locations.

The luxury segment should remain comparatively stable, supported by resilient demand from long-haul travelers and high-income regional visitors. That said, rate growth is expected to be modest, with greater competition among top-tier properties. Bangkok's price advantage relative to regional hubs such as Singapore, Hong Kong, and Tokyo could help sustain interest from experience-driven travelers seeking high value at competitive rates.

Phuket Hotel

PHUKET HOTEL MARKET

Number of hotel rooms by the end of 1H 2025

45,047

New supply of rooms in 1H 2025

376

Average daily rate (ADR) in 1H 2025

THB 5,652
(+7.8% YoY)

Hotel occupancy rate in 1H 2025

79.5%
(+0.4 p.p. YoY)

MARKET OVERVIEW

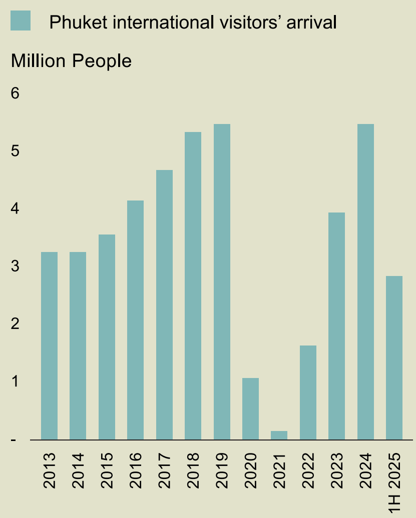
Phuket's tourism sector continued progressing toward stabilization in the first half of 2025, with international airport arrivals rising 5.6% year-to-date (YTD) to 2.77 million and domestic arrivals up 1.4% to 1.69 million, according to official airport data. The combined total of 4.46 million air arrivals underscores sustained demand for the island's resort offerings, though growth has moderated from the sharp rebound seen in 2024.

Ussia, China, and India remained the top international source markets, followed by the UK and Germany. While China continued to contribute significantly to Phuket's inbound numbers, overall Chinese arrivals to Thailand remain well below pre-pandemic levels. This contrasts with regional trends: Vietnam welcomed over 2.7 million Chinese visitors in 1H 2025, and Japan received around 4.7 million, both recording strong YTD growth. These patterns indicate that Chinese outbound demand has not weakened, but has shifted toward destinations perceived to offer stronger value, safety, and fresh experiences.

Competition from regional beach destinations such as Danang and Phu Quoc in Vietnam is intensifying, particularly as travel behavior evolves. Large Chinese group tours have yet to return in full, with more travelers opting for independent or small-group formats, impacting demand for traditional midscale hotels and group-tour operators.

Domestic travel to Phuket posted only modest growth in 1H 2025, limited by high travel costs and competition from other Thai destinations. Nevertheless, the domestic segment remains important in supporting occupancy during off-peak periods.

PHUKET'S INTERNATIONAL VISITOR ARRIVALS



SOURCE : KNIGHT FRANK THAILAND RESEARCH

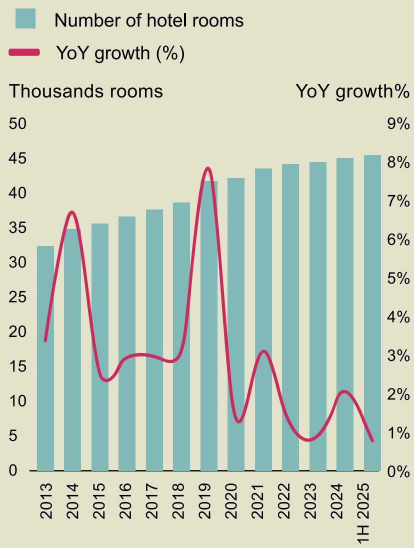
SUPPLY AND DEMAND

Phuket's hotel market delivered solid results in the first half of 2025, with average occupancy edging up to 79.5%, from 79.1% in the same period last year. The high season months of January to April were particularly strong, peaking in January at 91.8%, with all four months sustaining occupancy above 81%. As expected, performance softened during the mid-year low season, with June recording the lowest rate at 66.9%, in line with historical trends.

The market's Average Daily Rate (ADR) rose 7.8% YTD to THB 5,652, supported by sustained strength in the luxury and upper-upscale segments, particularly among well-located beachfront and branded resorts. However, following the sharp gains of the past two years, rate growth now appears to be stabilizing, signaling a more balanced pricing environment across most hotel classes.

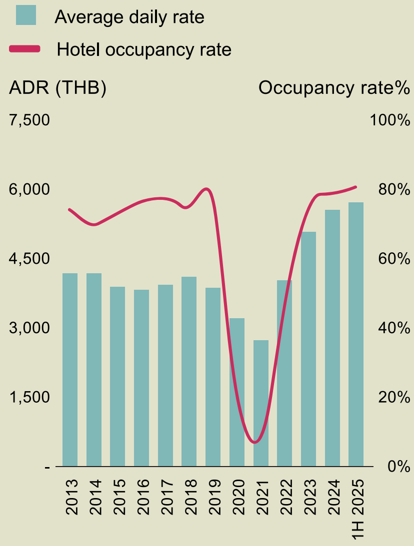
Hotel supply expanded moderately in 1H 2025, with the addition of two new properties totaling 376 keys: the Veranda Resort Phuket (Autograph Collection) and the Radisson Phuket Mai Khao, both in the upscale to upper-upscale category. Looking ahead, a further nine hotels with 1,758 keys are slated to open in the second half of the year, bringing total 2025 new supply to 2,134 keys, a sharp increase from the 884 keys added in 2024.

PHUKET'S HOTEL STOCK



SOURCE : KNIGHT FRANK THAILAND RESEARCH

PHUKET'S HOTEL PERFORMANCE



SOURCE : KNIGHT FRANK THAILAND RESEARCH

OUTLOOK

Phuket enters the second half of 2025 with steady momentum, underpinned by sustained international demand and resilient hotel performance in 1H 2025. Visa-free entry for key markets such as Russia, India, and China remains in place, complemented by improved regional air connectivity. However, the island has seen a reduction in long-haul low-cost carrier (LCC) services, notably with the discontinuation of Thai AirAsia X flights. This has limited direct budget-friendly access from certain long-haul markets, although domestic and short-haul LCC connections, such as those operated by Thai VietJet Air and Thai Summer Airways, remain active, supporting regional and domestic travel flows.

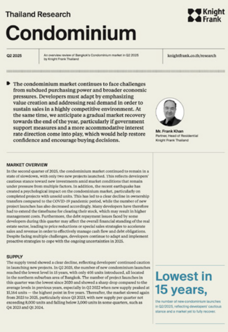
Chinese arrivals continue to trail pre-pandemic levels, with growing competition from destinations like Vietnam capturing a larger share of outbound Chinese travel. This underscores the need for Phuket to reinforce its competitiveness through targeted marketing, enhanced visitor experiences, and strategic airlift development.

Strong arrivals from Russia, India, and Europe are expected to support high-season performance. With 1H occupancy averaging 79.5%, full-year levels are projected to stabilize between 78% and 80%, with Q4 likely to exceed 85% during peak months. Average Daily Rates are anticipated to remain broadly flat year-on-year. After two years of strong ADR increases, RevPAR growth is now expected to be driven mainly by efforts to lift occupancy relative to last year, particularly in the low season when demand typically softens.

The second half of 2025 will see nine hotel openings totaling 1,758 keys, representing a notable acceleration in new supply compared with recent years. Most new entries fall within the upscale, upper-midscale, and lifestyle categories, driven by global brands such as Marriott, Wyndham, Radisson, and Accor, alongside active participation from regional and local operators. This diversification highlights Phuket’s evolving positioning, transitioning from a predominantly luxury-led resort market toward a more dynamic, lifestyle- and experience-driven destination.

While the incoming supply signals long-term confidence, it will also heighten short-term competitive pressure. Operators will need to maintain rate discipline, optimize distribution channels, and broaden their source market mix to protect profitability in an increasingly segmented and competitive environment.

Recent Research


Thailand Research

Condominium

Q2 2025 | An overview review of Bangkok's Condominium market in Q2 2025 by Knight Frank Thailand | knightfrank.co.th/research

The condominium market continues to face challenges from subdued purchasing power and broader economic pressures. Developers must adapt by emphasizing value creation and addressing real demand in order to sustain sales in a highly competitive environment. At the same time, we anticipate a gradual market recovery towards the end of the year, particularly if government support measures and a more accommodative interest rate direction come into play, which would help restore confidence and encourage buying decisions.

Mr. Frank Khan
Partner, Head of Residential
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MARKET OVERVIEW

In the second quarter of 2025, the condominium market continued to remain in a state of slowdown, with only two new projects launched. This reflects developers' cautious stance toward new investments amid market conditions that remain under pressure from multiple factors. In addition, the recent earthquake has created a psychological impact on the condominium market, particularly on completed projects with unsold units. This has led to a clear decline in ownership transfers compared to the COVID-19 pandemic period, while the number of new project launches has also decreased accordingly. Many developers have therefore had to extend the timeframe for clearing their stock, which may result in higher management costs. Furthermore, the debt repayment issues faced by some developers during this quarter may affect the overall financial standing of the real estate sector, leading to price reductions or special sales strategies to accelerate sales and revenue in order to effectively manage cash flow and debt obligations. Despite facing multiple challenges, developers continue to adapt and implement proactive strategies to cope with the ongoing uncertainties in 2025.

SUPPLY

The supply trend showed a clear decline, reflecting developers' continued caution in launching new projects. In Q2 2025, the number of new condominium launches reached the lowest level in 15 years, with only 405 units introduced, all located in the northern suburban area of Bangkok. The number of project launches in this quarter was the lowest since 2020 and showed a sharp drop compared to the average levels in previous years, especially in Q2 2022 when new supply peaked at 15,164 units — the highest point in five years. Thereafter, the market slowed again from 2023 to 2025, particularly since Q3 2023, with new supply per quarter not exceeding 8,000 units and falling below 3,000 units in some quarters, such as Q4 2023 and Q1 2024.

Lowest in 15 years,
the number of new condominium launches in Q2/2025, reflecting developers' cautious stance and a market yet to fully recover.

Bangkok Condominium Market Q2 2025

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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