

Hotel

2H 2025

An overview review of Hotel market in 2H 2025 by Knight Frank Thailand

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► Thailand's tourism and hotel markets entered a phase of normalisation in 2025, with demand stabilising below prior peak levels amid continued supply growth and shifting traveller behaviour. While domestic travel provided an important demand buffer, softer international arrivals and limited pricing power placed pressure on hotel performance, particularly outside peak periods. Looking ahead, 2026 is expected to be characterised by disciplined growth, increased competition, and greater emphasis on revenue quality and operational efficiency.



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Thailand Tourism Overview



In 2025, Thailand's tourism sector underperformed initial expectations, welcoming 32.97 million international visitors, representing a 7.2% year-on-year decline and approximately 83% of prior peak levels. The year was characterised by a continued rebalancing of source markets. Malaysia emerged as the largest inbound market with 4.52 million arrivals, despite a 9% YoY decline, while China, previously a key driver of recovery, recorded a sharp 34% contraction to 4.47 million arrivals, indicating a correction following the initial post-reopening surge.

In contrast, India and Russia remained key growth markets, recording increases of 17% and 9% YoY, contributing 2.49 million and 1.90 million visitors, respectively. South Korea, with 1.56 million arrivals, continued its downward trajectory, declining 17% YoY, highlighting persistent weakness in that market. While several short-haul Asian markets experienced volatility, long-haul demand provided partial support, with arrivals from

Europe and the Americas increasing and helping to partially offset a 14% contraction across the broader Asia-Pacific region.

The softer performance in 2025 reflected a convergence of economic, environmental, and confidence-related factors. A key constraint was the strength of the Thai baht, which appreciated by approximately 8-17% against major currencies, eroding Thailand's price competitiveness relative to regional alternatives such as Indonesia, Vietnam, and Japan, where weaker currencies attracted more value-conscious travellers. Safety perceptions were also affected by several high-profile events, including the widely reported abduction of a Chinese actor in Bangkok and a 7.7-magnitude earthquake in Myanmar, which was felt across parts of Thailand. In addition, severe flooding in southern provinces disrupted peak-season travel, while a border dispute with Cambodia contributed to broader regional uncertainty.

In response, the Thai government reinforced and extended existing policy-led measures aimed at restoring traveller confidence and supporting demand. Central to these efforts was the continued rollout and refinement of a digital entry framework, including the Electronic Travel Authorization (ETA) applicable to nationals of 93 visa-exempt countries. Rather than representing a new restriction, the ETA forms part of an ongoing transition toward a more streamlined and security-led arrival process, enabling visitor pre-screening and faster processing through automated immigration gates.

These measures were complemented by the extension of broader visa liberalisation policies, including longer permitted stays of up to 60 days for eligible nationalities and the continued availability of the Destination Thailand Visa, targeting long-stay visitors and remote workers.

Air connectivity continued to recover gradually, with flight volumes at Bangkok and Phuket airports increasing by approximately 2.8-3.8% YoY, although capacity remained 2-8 percentage points below prior peak levels. Against this backdrop, policy focus has increasingly shifted toward higher-spending long-haul travellers, supported by a growing emphasis on wellness and medical tourism as a means of maximising economic yield per visitor. Despite the challenges encountered in 2025, the Tourism Authority of Thailand has set a target of 36.7 million international arrivals in 2026, signalling a pivot toward value-led growth, improved security perception, and experience-driven demand.

Bangkok Hotel



Number of hotel rooms
by the end of 2025

88,911



New supply of
rooms in 2025

3,272



Average daily rate (ADR)
in 2025

THB 4,182
(-1.4% YoY)



Hotel occupancy
rate in 2025

75.7%
(-3.1 p.p. YoY)

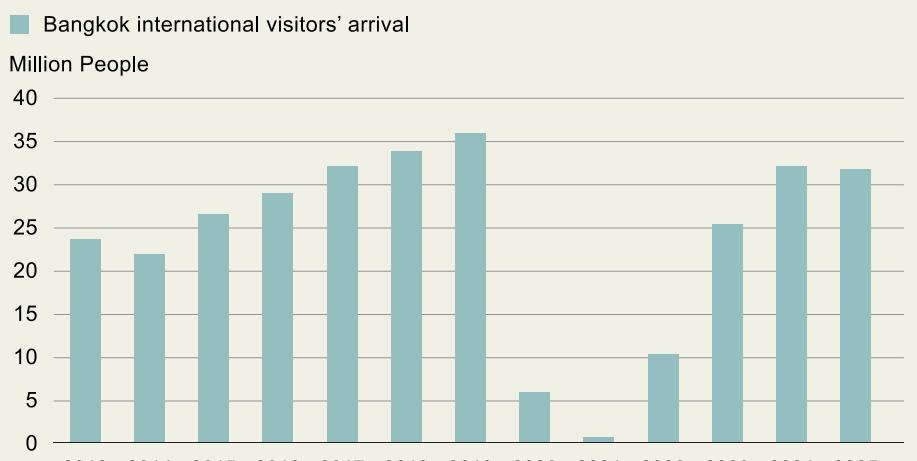
Visitor Arrivals

International arrivals to Bangkok reached 31.33 million in 2025, representing a marginal year-on-year decline of 1.0%. Despite this moderation, inbound volumes remained approximately 11% below prior peak levels, indicating that international demand has yet to fully normalise.

Domestic tourism recorded stronger year-on-year growth, with the number of trips increasing by 7.2% YoY to 15.89 million. While domestic demand accelerated later than the international recovery phase, growth in 2025 was more pronounced, allowing domestic volumes to catch up to approximately 89% of historical peak levels, broadly in line with international recovery ratios.

As a result, total arrivals to Bangkok in 2025 stood at approximately 89% of historical peak volumes, with domestic and international segments converging at similar levels of recovery. Domestic travel continued to play an important role in supporting demand, particularly during off-peak periods, while the shortfall in international arrivals continued to constrain performance for hotels with a stronger reliance on inbound markets.

Fig. 1 : Bangkok's international visitor arrivals



Source : Knight Frank Thailand Research

Hotel Market Dynamics

Bangkok's hotel market experienced a moderation in performance momentum in 2025. Average occupancy declined to 75.7%, down 3.1 percentage points year-on-year. Performance remained relatively resilient during peak periods, with January, February, and December each recording occupancy levels above 80%. However, performance weakened during the shoulder months, with May and June registering the lowest occupancy at approximately 70%.

This softening reflected the combined impact of new room supply, shorter average lengths of stay, and weaker

international demand, particularly outside peak travel periods. Average Daily Rate (ADR) declined by 1.4% YoY to approximately THB 4,182, indicating limited pricing power in a more competitive environment. Rates remained strongest during peak months, but mid-year performance softened, with several months recording flat or negative year-on-year comparisons. The combination of lower occupancy and softer ADR resulted in downward pressure on RevPAR, reinforcing a more defensive operating environment.

At the segment level, upper-luxury hotels experienced a sharper rate correction, reflecting

greater exposure to rate-sensitive international demand. Upscale hotels demonstrated relatively greater stability, supported by more diversified demand sources, while the midscale segment outperformed on a relative basis, benefitting from stronger domestic demand and greater pricing flexibility.

Performance also varied significantly by submarket, with riverfront and upper-upscale locations demonstrating comparatively stronger pricing resilience. In contrast, CBD-focused hotels, particularly within the midscale segment, faced heightened competitive pressure, reflecting supply concentration and increased price sensitivity in these locations.

Industry data increasingly indicates that headline occupancy alone is an insufficient measure of performance, as profitability is increasingly driven by demand mix, distribution costs, and rate sustainability, rather than volume growth.

Hotel Stock

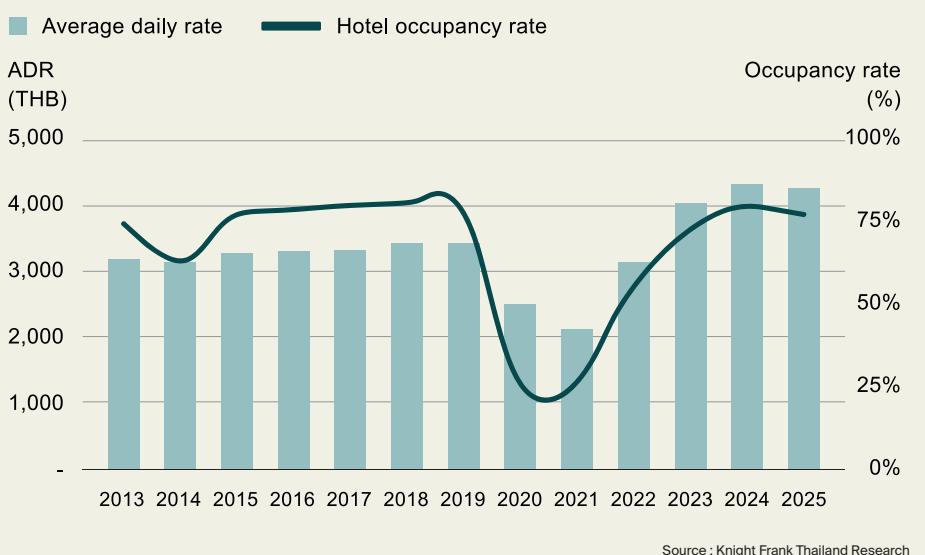
On the supply side, 14 new hotels opened in 2025, adding a total of 3,272 keys to the Bangkok market. New openings were distributed across multiple segments, reflecting continued developer and operator confidence despite moderating demand conditions.

New supply in 2025 was led by the luxury and upper-upscale segments, anchored by prominent openings such as Grande Centre Point Lumpini (512 keys) and Andaz One Bangkok (244 keys), alongside boutique luxury additions including Aman Nai Lert Bangkok (52 keys). The upscale and midscale segments also recorded meaningful additions, driven by international brands such as Four Points by Sheraton Bangkok Sukhumvit 22 (333 keys), Kromo Bangkok, Curio Collection (306 keys), and Voco Bangkok Surawong (242 keys), as well as continued expansion by domestic operators including The Quarter and Queensland.

Fig. 2 : Bangkok's hotel stock



Fig. 3 : Bangkok's hotel dynamics



Several newly opened hotels were located in emerging or revitalised urban districts, contributing to a gradual decentralisation of Bangkok's hotel supply beyond the traditional CBD and prime Sukhumvit corridors. This pattern highlights a growing focus on secondary submarkets where land availability and development economics remain more favourable.

Looking ahead, the development pipeline remains active, with a further 16 properties totalling approximately 3,738 keys scheduled to open in 2026. Upcoming supply is again concentrated in the luxury,

upper-upscale, and upscale segments, led by high-profile projects such as Fairmont Bangkok Sukhumvit (419 keys, rebrand), Conrad Bangkok Sukhumvit Queens Park (300 keys), Crowne Plaza Grand Sukhumvit (386 keys), and Grand Nikko Bangkok Sathorn (405 keys). Additional international brand entries, including Canopy by Hilton, Hotel Indigo, Langham Custom House, and YOTEL, are expected to further intensify competition.

While the pace of new supply in 2026 will exceed that of 2025, the pipeline is expected to heighten competitive

pressure, particularly in non-core locations and outside peak demand periods, reinforcing the importance of clear positioning, operational efficiency, and disciplined revenue management.

Outlook

Looking ahead to 2026, Bangkok's tourism and hotel market is expected to progress further into a normalisation phase, characterised by stabilising demand rather than renewed growth. International arrivals are anticipated to improve gradually; however, volumes are likely to remain below prior peak levels, with shorter stays and increased price sensitivity continuing to limit upside potential. Domestic tourism is expected to remain a key demand stabiliser, supporting occupancy more than rate growth.

Hotel performance in 2026 is expected to remain under pressure, as incremental demand is absorbed by an expanding supply base. Occupancy is likely to remain broadly flat or soften marginally outside peak periods, while ADR growth is expected to remain constrained, with pricing power concentrated during high season only. As a result, RevPAR growth is expected to remain limited.

With restricted near-term revenue upside, performance in 2026 is expected to be increasingly influenced by cost discipline, particularly in payroll and energy management, alongside clear positioning and active revenue management.

Phuket Hotel



Number of hotel rooms
by the end of 2025

46,523



New supply of
rooms in 2025

1,366



Average daily rate (ADR)
in 2025

THB 5,788
(+5.6% YoY)



Hotel occupancy
rate in 2025

76.2%
(-2.9 p.p. YoY)

Visitor Arrivals

Throughout 2025, Phuket's tourism sector continued its progression toward stabilisation, with international airport arrivals increasing by 2.2% YoY to 5.43 million, while domestic arrivals declined marginally by 0.3% YoY to 3.33 million. Combined air arrivals reached 8.76 million, underscoring sustained demand for the island's resort-oriented offerings.

Russia emerged as the largest international source market with 1.12 million visitors, followed by India (0.62 million), China (0.55 million), the UK (0.26 million), and Australia (0.24 million). While China continued to contribute meaningfully to Phuket's inbound volumes, Chinese arrivals to Thailand remained below prior peak levels, particularly when compared with competing destinations such as Vietnam and Japan, which recorded stronger Chinese inbound recovery during the year. This divergence suggests a shift in Chinese outbound demand toward destinations perceived to offer stronger value and safety.

At the same time, competition from regional beach destinations such as Da Nang and Phu Quoc has intensified. Large-scale Chinese group tours have yet to return in full, with a greater proportion of travellers favouring independent or small-group formats. This shift has had a direct

Fig. 1: Phuket's international visitor arrivals

■ Phuket international visitors' arrival

Million People



Source : Knight Frank Thailand Research

impact on demand for traditional midscale hotels and group-tour-dependent operators.

Domestic travel to Phuket recorded only modest growth during the first half of 2025, constrained by high travel costs and competition from alternative domestic destinations. Nevertheless, the domestic segment continued to play an important role in supporting occupancy during off-peak periods.

Hotel Market Dynamics

Phuket's hotel market delivered resilient performance in 2025, despite a moderation in occupancy. Average occupancy declined to 76.2%, down 2.9 percentage points year-on-year from 79.1% in 2024. High-season performance remained strong, with January and February recording elevated occupancy levels, peaking at 92% in January. In contrast, the low season (June to September) underperformed relative to the previous year, with occupancy levels 5-9 percentage points lower than in 2024, reflecting weaker shoulder-period demand and a normalisation from post-pandemic highs.

Average Daily Rate (ADR) increased by 5.6% YoY to approximately THB 5,788, supported by pricing discipline across most segments. Rate growth remained positive but more moderate than in prior years, suggesting the emergence of a rate ceiling as demand became more price-sensitive.

The midscale segment outperformed, recording stronger ADR growth than higher-end segments, supported by sustained domestic and regional demand.

Despite softer occupancy, ADR growth helped partially offset pressure on RevPAR, reinforcing Phuket's positioning as a rate-led destination, albeit with increasing sensitivity to demand elasticity and competitive pricing.

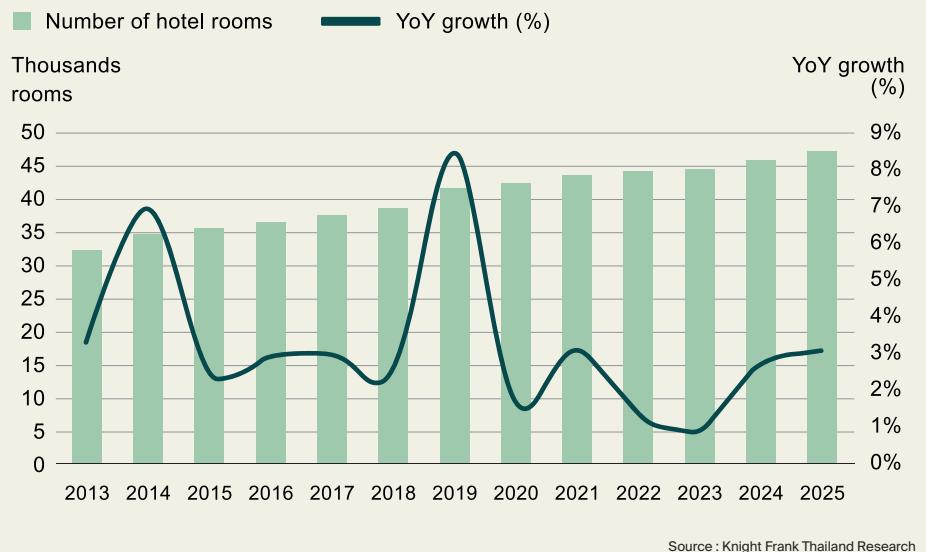


Hotel Stock

Hotel supply in Phuket expanded moderately in 2025, with the opening of eight new properties adding a total of 1,366 keys. New supply was concentrated primarily in the midscale, upscale, and upper-midscale segments, reflecting continued operator focus on branded, leisure-oriented resort formats rather than large-scale mass-market developments.

Midscale and upscale hotels accounted for a significant share of new keys, led by openings such as Wyndham Garden Phuket Kamala

Fig. 2 : Phuket's hotel stock



Source : Knight Frank Thailand Research

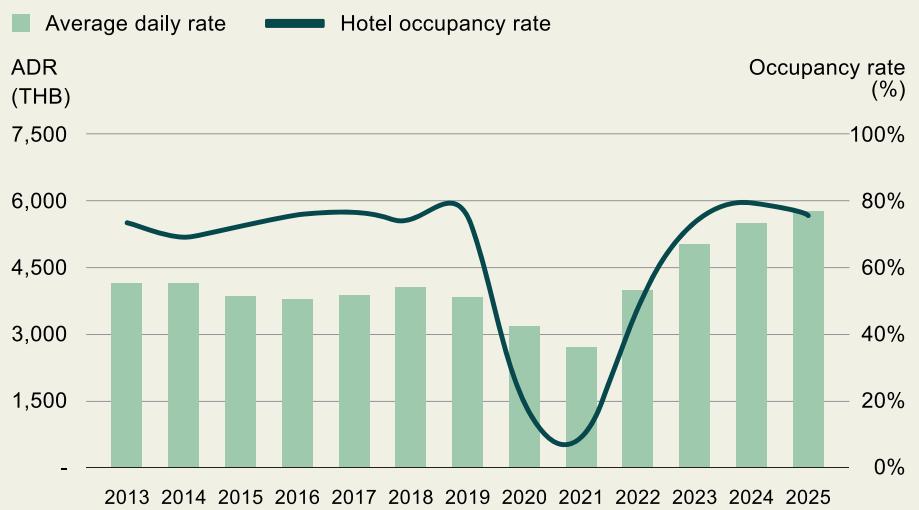
(300 keys), Mercure Phuket Patong Journeyhub (196 keys), and Kora Beach Resort Phuket (169 keys). Selective additions were also recorded in the upper-upscale and luxury segments, including Veranda Resort Phuket, Autograph Collection (159 keys) and Makham Bay Marina Hotel (70 keys), indicating a measured approach to high-end resort development amid rising construction and operating costs.

Several openings involved brand conversions or repositioning, most notably Tribe Phuket Patong (230 keys, rebranded from Avista),

highlighting a growing emphasis on brand-led value enhancement rather than pure greenfield development. Additional midscale supply, including Aspira Central Patong (42 keys) and Chateau Du Village (200 keys), further reinforced competition in price-sensitive segments, particularly in established resort locations.

Looking ahead, the supply pipeline remains active, with a further 11 hotels totalling approximately 2,912 keys scheduled for completion in 2026. Upcoming supply is skewed toward the upper-upscale and luxury segments, anchored by large-scale

Fig. 3 : Phuket's hotel dynamics



Source : Knight Frank Thailand Research

resort developments such as Riu Palace Phuket (500 keys), The Forest by YOO Hotel (432 keys), Wyndham Grand Phuket Surin Beach (425 keys), and Chatrium Resort Rawai Phuket (303 keys). Additional luxury and upscale entries, including JW Marriott Phuket Resort & Spa Chalong Bay, The Ritz-Carlton Phuket, W Phuket Nai Harn Beach, and Radisson Blu Resort Mai Khao, are expected to further intensify competition.

While the pace of new supply in 2026 will accelerate relative to 2025, the pipeline is expected to place increasing pressure on occupancy and rate performance, particularly during the low season and within the upscale and upper-midscale segments, reinforcing the importance of clear market positioning, brand strength, and operational execution.

Outlook

Looking ahead to 2026, Phuket's tourism and hotel market is expected to remain structurally resilient, supported by its strong leisure positioning, although growth is expected to moderate into a more competitive and rate-sensitive environment. International arrivals are likely to increase modestly, driven by established long-haul and regional markets, while Chinese outbound recovery is expected to remain gradual, with continued preference for independent and small-group travel.

Domestic demand is expected to remain an important secondary stabiliser, particularly during the low season, though its contribution is likely to be constrained by high travel costs and competition from alternative destinations. Demand growth is therefore expected to remain incremental, with seasonality continuing to shape performance patterns.

Hotel performance in 2026 is expected to remain rate-led, with ADR more defensible than occupancy. However, with significant new supply entering the market, pricing discipline, cost control, and brand differentiation will become increasingly important in sustaining margins. RevPAR growth is expected to remain modest, with performance increasingly differentiated by location, branding, and target demand segments.

Recent Research

Thailand Research Office

Q3 2025 An overview of Thailand's Office market in Q3 2025 Knight Frank Research

Bangkok Office Market Q3 2025

Bangkok's office supply reached 4.9 million sq m in Q3 2025, following the completion of Central Park and the opening of the new office tower. The market has demonstrated its resilience, with net absorption of 1.2 million sq m in Q3 2025, despite occupancy falling slightly by 0.2% p.a. to 76.6% as supply increased by 1.1 million sq m. The average asking rent fell by 6% to THB 850 per sq m per month.



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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