Thailand Research

Hotel

1H 2026	An overview review of Hotel market in 1H 2026 by Knight Frank Thailand	knightfrank.co.th/research

- Thailand's tourism and hotel market in 1H 2026 was defined by divergence rather than broad-based growth. International arrivals declined by 4.9%, but Bangkok, the country's principal city hotel market, recorded modest growth in air passengers and occupancy, albeit with lower ADR. Phuket, Thailand's leading resort destination, received slightly fewer air passengers but preserved destination-wide ADR and RevPAR growth. The two markets illustrate distinct operating models: Bangkok's diversified demand supports occupancy and limits seasonality, while Phuket offers stronger rate potential but greater exposure to seasonality, airlift, and source-market concentration. In H2, performance will depend on demand mix, policy implementation, supply delivery, and cost discipline; over 2027-2028, the premium-heavy pipeline will sharpen the divide between differentiated and interchangeable hotels.

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Thailand Tourism Overview

Thailand welcomed 15.87 million international visitors in 1H 2026, down 4.9% YoY. The half-year was volatile rather than uniformly weak: arrivals declined by 12% in January and 7% in April, increased by 5% in February, 2% in March, and 4% in May, and then fell by 21% in June. The late-half deterioration means that the headline average should not be read as a stable trend and places greater weight on air capacity, traveller confidence, and individual source-market performance in H2.

At the regional level, Asia remained dominant, accounting for 66.4% of international arrivals, but declined by 6.0% YoY. Europe represented 26.8% and eased by only 1.1%, providing a comparatively stable long-haul base. The Middle East recorded the sharpest contraction, down 28.1% to a 1.3% share, as conflict-related airspace closures, seat constraints, and higher transport costs disrupted travel. Although small in volume, this decline has a disproportionate revenue impact because Middle Eastern visitors tend to spend more on luxury accommodation, family stays, medical services, and wellness.

Country-level performance explains the regional divergence. China regained first place with 2.60 million arrivals, up 14.8% and representing 16.4% of the total, while Malaysia declined by 10.7% to 2.05 million. India increased by 3.1% to 1.22 million, Russia remained an important long-stay market at 1.01 million despite a 2.2% decline, and South Korea fell by 24.0% to 0.59 million. Growth from China and India was therefore insufficient to offset weakness elsewhere, reinforcing the value of a diversified mix of regional and long-haul demand rather than reliance on a single volume market.

Entry administration continued to become more digital and security-led. The Thailand Digital Arrival Card, in use since May 2025, remained mandatory for foreign arrivals and strengthened pre-arrival data collection. After the reporting period, the Cabinet approved a revised visa framework that will replace the previous 60-day exemption with 30-day visa-free stays for 59 countries and territories, alongside narrower 15-day and Visa-on-Arrival categories. The measures take effect 15 days after publication in the Royal Gazette and are therefore treated as an H2 outlook factor rather than an H1 demand driver.

Economic conditions are relevant to the hotel market principally through domestic travel, corporate and MICE budgets, and operating costs. GDP grew by 2.8% YoY in Q1, but projected full-year growth of 1.5-2.5% suggests limited acceleration in domestic discretionary demand. At the same time, unemployment of 0.94%, projected salary growth of 5.2%, and the THB 400 minimum wage for qualifying hotels keep payroll pressure elevated. The THB 2.45 billion tourism package proposed in July, including a domestic hotel co-payment and discounts for 400,000 airline seats, could partly support off-peak demand if approved and implemented.

TAT formalised its value-over-volume strategy through the 2026 Amazing 5 Economy framework and the “Healing is the New Luxury” campaign, targeting up to THB 3.0 trillion in tourism revenue. Hotels are responding through higher-end accommodation, medical tie-ins, destination dining, events, retail, and branded residences, with the objective of increasing spend rather than relying solely on visitor numbers. The THB 300 air-arrival and THB 150 land/sea entry fee was not implemented in H1; as of July, collection arrangements remained unresolved. The policy direction favours operators able to translate positioning and experiences into profitable revenue while maintaining pricing and cost discipline.

Bangkok Hotel

Number of hotel rooms in 1H 2026	Net increase of hotel rooms in 1H 2026	Average daily rate (ADR) in 1H 2026	Hotel occupancy rate in 1H 2026
105,038	**1,211**	**THB 4,013** (-2.1% YoY)	**76.2%** (+1.1 p.p. YoY)

Visitor Arrivals

International air passenger arrivals through Suvarnabhumi and Don Mueang reached 15.77 million in 1H 2026, up 2.0% YoY from 15.47 million. Domestic air arrivals increased by 2.5% to 8.19 million, taking total arrivals to 23.97 million, up 2.1%. This modest advance contrasted with the national decline and confirmed Bangkok's role as Thailand's principal gateway, although ten-year CAGRs of 0.9% for international and 0.5% for total arrivals indicate a mature volume base.

Bangkok's broad and diversified demand base, spanning international and domestic leisure, corporate travel, MICE, medical tourism, shopping and major events, supported resilient air traffic and moderated seasonality in H1 2026. Total air arrivals increased even as foreign arrivals to Thailand declined, while January accounted for 19.9% of H1 arrivals and June for 13.0%, a considerably narrower spread than Phuket. This diversification reduces reliance on any single market and sustains demand during softer periods; however, Bangkok's extensive hotel stock, transparent online pricing and expanding branded supply continue to intensify competition, limiting operators' ability to convert stable occupancy into stronger room rates.

Fig. 1 : Bangkok's international visitor arrivals

Source : Knight Frank Thailand Research

Hotel Market Dynamics

Bangkok's hotel market recorded a modest improvement in occupancy during 1H 2026. Average occupancy reached 76.2%, up 1.1 percentage points from 75.1% in 1H 2025. The RevPAR seasonality index, where 100 represents the reference average month and values above or below 100 indicate stronger or weaker performance, ranged from 121 in February to 81 in June. This comparatively contained swing reflects the capital's diversified corporate, MICE, medical, domestic, and leisure demand.

The occupancy gain did not translate into stronger revenue performance, as hotels used rate flexibility to protect market share amid new openings and a more competitive booking environment.

Average Daily Rate (ADR) declined by 2.1% YoY to THB 4,013. With the improvement in occupancy insufficient to offset lower pricing, RevPAR eased by 0.6% to approximately THB 3,056. The result reflects limited broad-based pricing power: premium properties could defend rates through brand, location, and experience, while more interchangeable hotels faced discounting and higher customer-acquisition costs.

The market average concealed a clear segment split. Luxury ADR was broadly stable at THB 7,010, up 0.6%, and midscale edged up 0.4% to THB 2,151. Upscale ADR, however, declined 4.4% to THB 4,197. Rate pressure was therefore concentrated in the most directly comparable part of the market, where expanding branded choice and online transparency increased substitution.

Competitive pressure also broadened geographically. New and relaunched properties in Sathorn and Surawong added modern branded inventory outside the core Sukhumvit concentration, while the active Sukhumvit pipeline will increase choice further. Submarket performance is therefore becoming more closely linked to accessibility, local demand generators, and product differentiation.

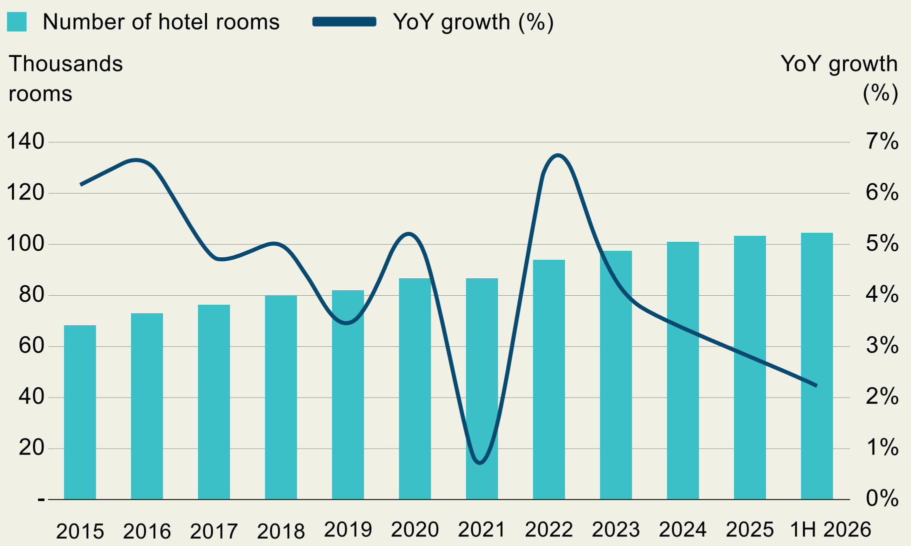
Headline occupancy alone remains an incomplete measure of hotel performance. Profitability is increasingly determined by achieved rate, distribution efficiency, payroll productivity, and the ability to generate profitable F&B, event, and other non-room revenue.

Hotel Stock

Bangkok's hotel inventory reached 105,038 rooms at the end of 1H 2026, a net increase of 1,211 rooms, or 1.2%, from year-end 2025. On a room basis, approximately 69% of supply was branded and 31% unbranded. International operators managed about 44% of rooms, while local or regional operators accounted for the remaining 56%; approximately 65% of inventory was in the luxury or upscale segments. H1 activity included both net-new supply and reopenings or rebrandings.

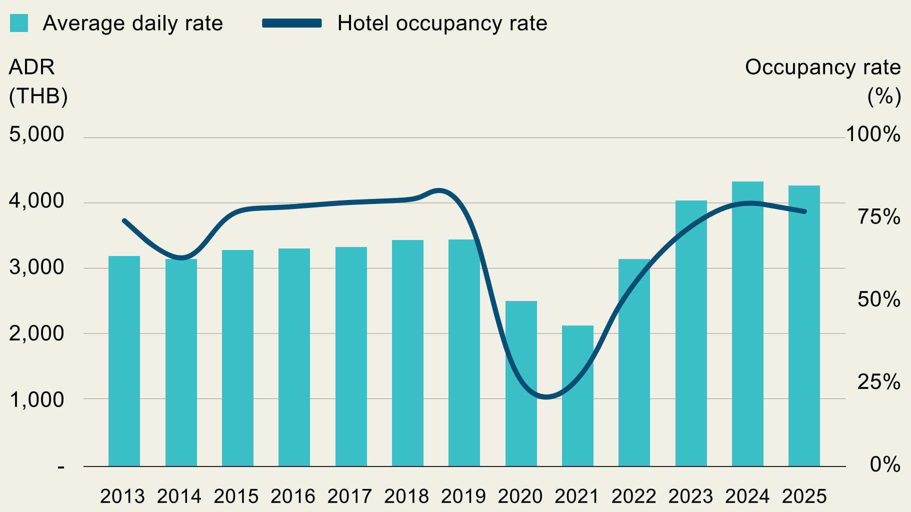
The most significant new opening was Grand Nikko Bangkok Sathorn, which commenced a phased opening in April with 405 units, including 36 extended-stay residences. Other net additions included the 100-room akyra Bangkok 11 and the 77-room Aiden Surawong Bangkok. In contrast, voco Bangkok Surawong (244 rooms)

Fig. 2 : Bangkok's hotel stock



Source : Knight Frank Thailand Research

Fig. 3 : Bangkok's hotel dynamics



Source : Knight Frank Thailand Research

reopened the former Tawana Hotel and Radisson Hotel Chateau de Bangkok (178 rooms) relaunched an existing property.

The immediate supply focus is the balance of 2026. Expected H2 openings include Canopy by Hilton Bangkok Sukhumvit, Hotel Indigo Bangkok Thonglor, The Quarter Ekkamai, YOTEL Bangkok Sukhumvit at Cloud 11, and the Fairmont Bangkok Sukhumvit rebrand, together with the Mercure and ibis hotels at Siam Ratchathewi. Most of this activity is concentrated along the Sukhumvit corridor, from central Sukhumvit through Thonglor, Ekkamai, and Phra Khanong, with a secondary cluster around Ratchathewi-Siam.

Beyond H2, the tracked pipeline remains substantial at approximately 17,590 keys, equivalent to 16.7% of operating supply. The 2027 schedule alone contains 7,635 keys, with further projects assigned to 2028; around 80% of the dated pipeline is luxury or upscale, and more than half of location-classified keys are in Sukhumvit and Lumpini-Siam.

The scheduled total should be treated as an indication of competitive direction rather than a firm delivery forecast, as slippage, rebranding, and phasing are likely.

The combination of a premium-heavy pipeline and geographic clustering will intensify comparison within the same demand corridors. Near-term openings are likely to place the greatest rate pressure on existing upscale hotels with similar products, while differentiated luxury and lifestyle properties should be better able to defend price. Separating net-new rooms from rebrands and delayed projects remains essential when assessing absorption.

Outlook

For H2 2026, Bangkok's demand outlook is stable but uneven. The city's relatively contained seasonality suggests softer trading through the Q3 shoulder period followed by improvement toward the year-end travel and events season. Based on H1 growth of 2.0% in international air passengers and 2.5% in domestic arrivals, occupancy is expected to remain broadly supported rather than accelerate sharply. Corporate travel, MICE, medical demand, shopping, concerts, and major events should continue to diversify the base.

Policy effects are likely to be incremental. The July visa revision should have limited influence on typical short city stays, although it may reduce flexibility for longer visa-exempt visits once implemented. The proposed domestic hotel co-payment and airfare discounts could support weekends and event periods, but they are unlikely to transform city-wide demand. The more important H2 variables will be airline capacity, event calendars, corporate budgets, and the pace at which announced hotels actually open.

The base case is therefore occupancy-supported but rate-constrained performance. H1 already demonstrated the pattern: occupancy increased by 1.1 percentage points, ADR fell by 2.1%, and RevPAR eased by 0.6%. New supply and online price comparison should keep broad-based rate growth difficult, particularly in the upscale segment. RevPAR is consequently expected to remain broadly stable or grow only modestly, with better performance from properties able to monetise location, brand, design, F&B, and events rather than compete mainly on room price. Over 2027-2028, the principal risk is the scale and concentration of premium supply. Knight Frank expects hotel construction costs to rise by approximately 3-5% in 2026, which may delay or phase some developments and increase the appeal of conversions and refurbishment. Slippage would soften the immediate absorption impact, but it would also raise project return thresholds. For operating hotels, moderate economic growth, the THB 400 wage floor, salary pressure, energy costs, and distribution expenses mean that stable occupancy will translate into profit only where workforce productivity and ancillary revenue are actively managed.

Phuket Hotel

Number of hotel rooms in 1H 2026

47,195

Net increase of hotel rooms in 1H 2026

639

Average daily rate (ADR) in 1H 2026

THB 7,117
(+5.3% YoY)

Hotel occupancy rate in 1H 2026

76.8%
(-3.2 p.p. YoY)

Visitor Arrivals

International air passenger arrivals at Phuket Airport reached 2.74 million in 1H 2026, down 0.9% YoY from 2.77 million, while domestic air arrivals declined by 2.3% to 1.65 million. Total airport arrivals therefore eased by 1.4% to 4.39 million. The modest reduction followed a strong 1H 2025 base and did not alter Phuket's position as Thailand's leading resort destination. According to the TAT Phuket Office, Russia remained the island's largest international source market with 574,315 visitors, followed by China with 314,130. The United Kingdom and Australia each contributed approximately 123,000 visitors, while Germany, France, Kazakhstan, Malaysia and South Korea were also important markets. This mix combines long-stay winter demand from Russia, Kazakhstan and Europe with regional demand from China, Malaysia and South Korea. The importance of long-haul markets supports longer stays and premium resort demand but also increases Phuket's exposure to air capacity, exchange-rate movements and geopolitical disruption.

Seasonality remained the defining feature of the resort market. January and February accounted for 43.4% of 1H air arrivals, while June represented only 10.8%. Using the same RevPAR seasonality index as Bangkok, where 100 represents the reference average, Phuket's index fell from 196 in January to 41 in June. January performance was therefore almost twice the reference average, while June was less than half. The substantially wider swing than Bangkok illustrates why annual or half-year averages can overstate the stability of resort cash flow and why source-market diversification and low-season demand generation remain critical.

Domestic travel remained an important low-season stabiliser, although high airfares and competition from alternative destinations constrained its scale. The accommodation and domestic-flight subsidies proposed in July could support demand later in the year if implemented, but domestic demand is unlikely to offset Phuket's dependence on international airlift.

Fig. 1 : Phuket 's international visitor arrivals

Source : Knight Frank Thailand Research

Hotel Market Dynamics

Phuket's hotel market retained strong headline performance in 1H 2026, although occupancy normalised from the previous year's elevated level. Average occupancy reached 76.8%, down 3.2 percentage points from 80.0% in 1H 2025. High-season demand remained robust, but the year-on-year decline indicates that incremental supply and a more price-sensitive demand mix reduced compression. The transition into the low season therefore placed greater emphasis on destination marketing and domestic demand.

Average Daily Rate (ADR) increased by 5.3% YoY to THB 7,117, demonstrating continued pricing power at the destination level. The rate gain more than offset softer occupancy, lifting RevPAR by 1.1% to approximately THB 5,465. Phuket consequently remained a rate-led market, although the modest RevPAR increase relative to ADR growth shows that occupancy elasticity is becoming a more important constraint.

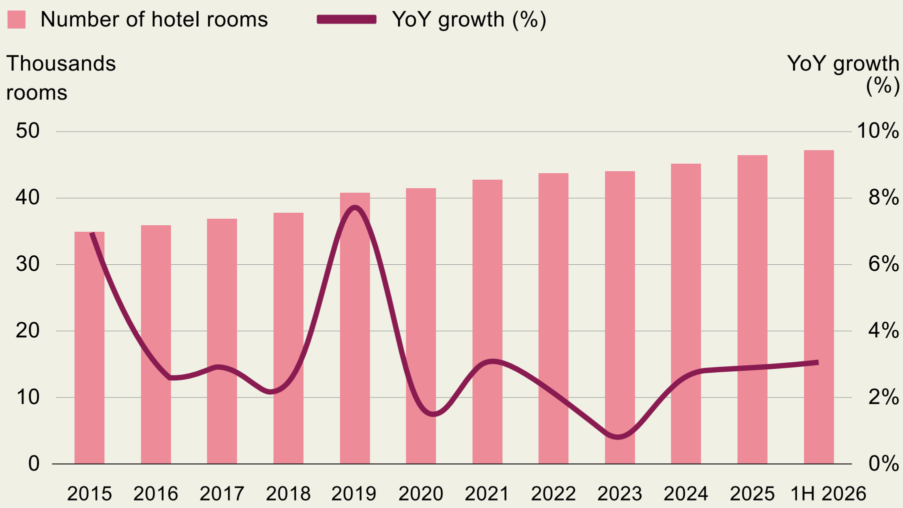
Upscale hotels were the best-performing segment for rate growth, followed by midscale, while luxury softened.

Hotel Stock

Phuket's hotel inventory reached 47,195 rooms at the end of 1H 2026, a net increase of 639 rooms from year-end 2025. On a room basis, approximately 53.4% of supply was branded and 46.6% unbranded. International operators managed about 37% of rooms, while local or regional operators accounted for the remaining 63%; approximately 58% of inventory was in the luxury or upscale segments. New H1 supply included both openings and conversions. Reported H1 additions included Courtyard by Marriott Phuket Chalong Bay Resort (280 rooms), ibis Styles Phuket Bangtao (138 rooms), and Myneris Hotel at Karon Beach (88 rooms). Kamaliss MontAzure Phuket - MGallery Collection soft-opened in Kamala with approximately 130 rooms. Together, these openings broadened supply across upscale, luxury, and selected midscale formats rather than concentrating solely in Patong.

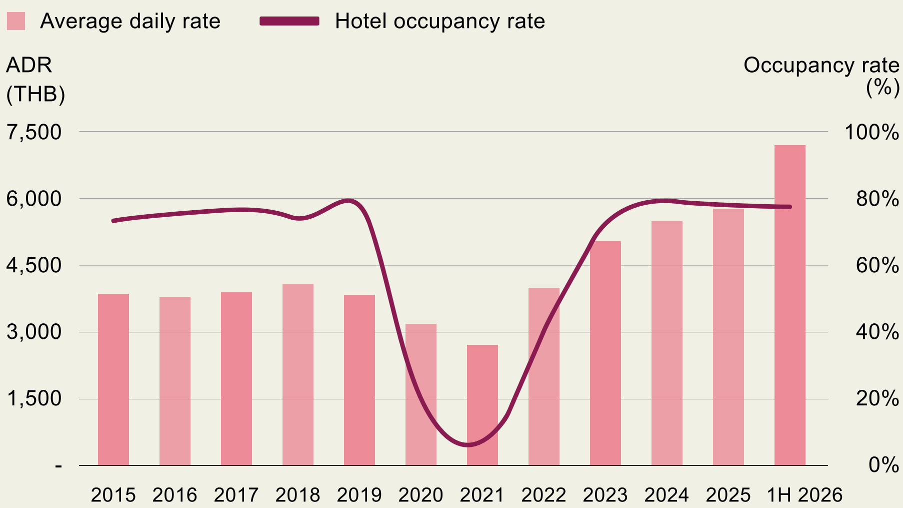
Not all H1 launch activity represented additional stock. Radisson Blu Resort Phuket Mai Khao Beach was a brand upgrade of an existing resort, while Club Wyndham Patong Hill Phuket relaunched the former Wyndham Sea Pearl Resort and is principally vacation-club inventory.
The near-term pipeline is focused on the balance of 2026. The current schedule still assigns approximately 2,498 keys to 2026, although the number delivered in H2 may be lower as projects move between years. Development is concentrated in Bang Tao, Kata, and the southern and southeastern resort areas, including Chalong, Rawai, and Nai Harn, with selected projects in northern beach locations. This broadens new supply beyond the historic Patong concentration and creates more direct competition within individual beach submarkets.
For 2027 and 2028, a further 1,460 a

Fig. 2 : Phuket's hotel stock



Source : Knight Frank Thailand Research

Fig. 3 : Phuket's hotel dynamics



Source : Knight Frank Thailand Research

nd 1,193 keys are currently scheduled, respectively. Across the 2026-2028 pipeline, approximately 89% of rooms are luxury or upscale, reinforcing the focus on branded resorts, residences, and high-end villas. Delivery dates remain fluid, and infrastructure, approvals, construction costs, and residential absorption may determine whether large projects open in one phase, are delayed, or are delivered more gradually.

Outlook

Phuket's H2 2026 outlook is positive for the destination but challenging for year-round hotel performance. The historical pattern and the H1 seasonality index point to weak Q3 trading before demand strengthens into the winter season in Q4. Russia, China, the United Kingdom, Australia and other European markets should continue to underpin demand, but airlift, exchange rates, regional beach competition, and geopolitical disruption will determine the strength of the year-end rebound. The national decline in high-spending Middle Eastern visitors is also more relevant to luxury resorts than its small volume share suggests. Policy support may reduce, rather than eliminate, the low-season gap. If implemented, the domestic hotel co-payment and airfare discounts should improve affordability for Thai travellers, but domestic demand remains a secondary stabiliser. The proposed reduction in visa-free stays from 60 to 30 days could be more relevant to Phuket than Bangkok because of longer resort stays, although most conventional holidays would remain within the new limit. Direct international capacity, destination marketing, and source-market diversification will have greater influence on island-wide occupancy.

Hotel performance is expected to remain rate-led. H1 ADR increased by 5.3%, but the 3.2-percentage-point fall in occupancy limited RevPAR growth to 1.1%; this suggests that rates are more defensible than room-night volume, but not without an occupancy trade-off. RevPAR is therefore likely to remain under pressure during the low season and improve toward Q4, with full-H2 growth dependent on the winter peak. Segment-level conclusions should remain directional: well-positioned upscale and midscale resorts showed the strongest rate momentum, while luxury performance will depend more on service, privacy, distribution, and access to the right source markets than on category alone.

The main medium-term risk is the premium-heavy 2027-2028 pipeline. Higher construction costs and infrastructure constraints may delay delivery, but owners should not rely on slippage: existing hotels need to use the lead time to refurbish, strengthen F&B, beach, family, and activity concepts, improve distribution, and raise productivity under the THB 400 wage floor. Branded residences may help support development economics, but they also increase the importance of phasing, brand standards, and long-term resort management.

Taken together, Bangkok and Phuket provide a useful reading of Thailand's city and resort hotel markets. Bangkok's diversified demand should continue to support comparatively stable occupancy, but supply growth will make rate gains difficult. Phuket retains stronger pricing potential, but its results will remain more volatile because of seasonality and dependence on airlift and a narrower set of source markets. In both destinations, H2 2026 performance is likely to be determined more by revenue quality and execution than by headline visitor growth, while the 2027-2028 pipeline raises the value of clear positioning, timely refurbishment, and disciplined cost management.

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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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