

Bangkok Hotel

2024

An overview review of Bangkok's Hotel market in 1H 2024
by Knight Frank Thailandknightfrank.co.th/research

- Bangkok's tourism continued to recover in early 2024, with 15.4 million international arrivals and hotel occupancy rising to 74%. Average room rates reached record highs, 22% above pre-pandemic levels. The second half of the year is expected to see further growth in foreign arrivals, though rising costs and new hotel competition remain challenges.

OVERVIEW

In the first half of 2024, Bangkok's tourism industry continued its rapid recovery, a trend that began in the second half of 2022. The number of international arrivals in Bangkok increased by 34% year-on-year (YoY) to 15.4 million, though it remained 12% below pre-pandemic levels. Domestic arrivals showed flat growth and were still 19% below pre-pandemic levels at 7.5 million. The rise in international visitors led to a 4.8 percentage point (p.p.) improvement in hotel occupancy rates, although occupancy remains 4.3 p.p. below pre-pandemic levels. Despite this, average room rates (ARR) saw a significant 6.3% YoY increase, reaching record highs, 22% above pre-pandemic levels.

An analysis of market sources reveals that Asia remains the dominant contributor, accounting for 73% of all international visitors. China reclaimed the largest share within Asia, contributing 20% with 3.44 million Chinese visitors, followed by Malaysia at 14%. Europe is the second-largest source market, representing 21% of all foreign visitors. Within Europe, Russia led with 5.3%, followed by the UK (2.8%), Germany (2.6%), and France (2.2%).

83,194

Number of hotel rooms in 1H 2024

1,631

New supply of rooms in 1H 2024

THB 4,154Average daily rate (ADR) in 1H 2024
(+6.3% YoY)**74%**Hotel occupancy rate in 1H 2024
(+4.8 p.p. YoY)

SUPPLY AND DEMAND

In the first half of 2024, Bangkok's hotel industry continued its strong recovery, showcasing impressive performance metrics. Occupancy levels reached 74%, reflecting a 4.8 percentage point increase compared to the same period in the previous year, although they remained 4.3 p.p. below pre-pandemic levels seen in 2019. The recovery in occupancy has been gradual following the sharp rebound in 2023, with expectations of reaching pre-pandemic levels as international arrivals fully recover. Monthly occupancy rates varied between 71% and 81%, with the highest levels recorded in February and a dip in the second quarter of the year.

Notably, the Average Room Rate (ARR), which had already peaked in 2023, continued its upward trajectory, reaching 4,154 baht in the first half of 2024, a 6.3% year-on-year increase and a remarkable 22.7% higher than

pre-pandemic levels. This rise in ARR was largely driven by rate increases in the high-end hotel segment, supported by a growing number of international visitors and business travelers. However, the midscale and economy segments continue to feel the impact of the slow return of group tours, particularly due to the gradual recovery of Chinese tourism. Despite the ongoing recovery in occupancy, the significant increase in ARR pushed Revenue per Available Room (RevPAR) to record highs.

During the first half of 2024, seven new hotels opened in Bangkok, adding 1,631 rooms to the market. These new additions were predominantly in the midscale and economy segments, including notable openings like Lumen Bangkok Udomsuk Station Hotel (102 keys), The Quarter Ratchayothin by UHG (228 keys), Moxy Hotel Bangkok

Ratchaprasong (504 keys), Holiday Inn Express Bangkok Central Pier (180 keys), Mercure Bangkok Surawong (219 keys), and Tribe Bangkok Sukhumvit 39 (272 keys). The only exception was the upscale Sotetsu Grand Fresa Bangkok (126 keys). As a result, the total number of hotel rooms in central Bangkok reached 83,194.

Looking ahead to the second half of 2024, the anticipated opening of additional hotels is expected to bring another 5,246 rooms to central Bangkok, marking a 8.4% year-over-year increase. This continued expansion of the hospitality landscape signals sustained growth in the city's hotel industry.

OUTLOOK

After a strong performance rebound that began in 2023 and extended through the first half of 2024, the second half of the year is expected to see foreign arrivals in Bangkok nearing full recovery, surpassing 20 million, particularly during the high season in the fourth quarter. Airlift capacity is anticipated to return to normal by year-end, with over 100,000 overseas flights landing in Bangkok, which should help ease flight costs. Arrivals from key markets are projected to continue increasing, though the Chinese market's recovery may remain sluggish due to economic challenges, as many Chinese travelers opt for domestic trips. However, the lifting of visa requirements for several countries, including China, India, and Taiwan, is expected to further boost inbound tourism and enhance trading performance.

The Bangkok hotel market is on a positive trajectory for the second half of 2024, with the city's appeal as a travel destination remaining robust. Hotel average room rates (ARRs) are projected to hold steady between 4,150-4,250 baht, with no significant increases anticipated. Occupancy levels are expected to rise in line with the growing number of foreign arrivals, reaching 75-77%. High-end and luxury hotels, particularly those in prime areas such as Sukhumvit, Siam, and Riverside, are likely to experience stronger performance due to their appeal to both business and leisure travelers. Leisure tourism will remain the primary driver of hotel demand, complemented by a rise in business travel and MICE (Meetings, Incentives, Conferences, and Exhibitions) activities. Demand for business-oriented hotels, especially those near

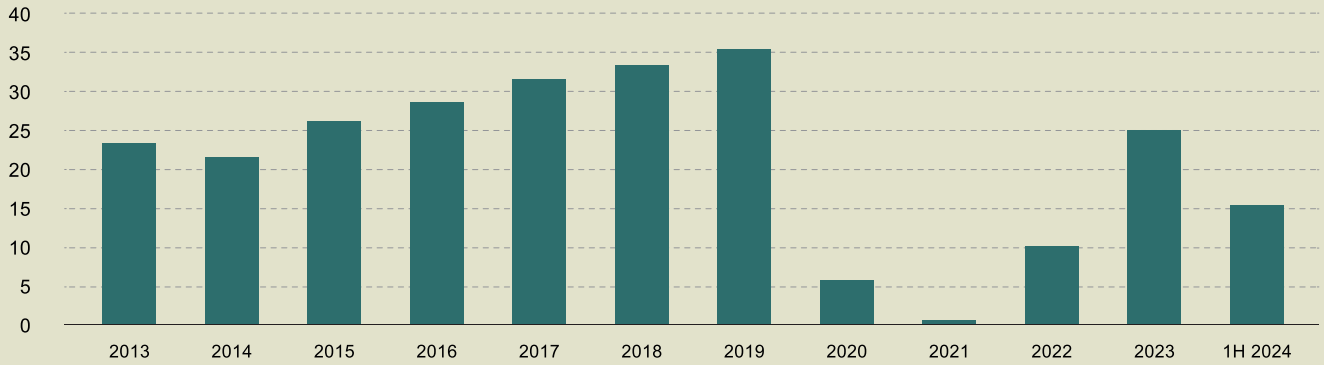
central business districts and airports, is also expected to increase.

However, challenges persist, including rising operational costs and intensifying competition as many new hotels enter the market, delayed from launching during the pandemic. While demand is on the rise, the influx of new properties and international brands will pressure existing hotels to innovate in service offerings and pricing strategies to stay competitive.

BANGKOK'S INTERNATIONAL VISITORS ARRIVAL

■ Bangkok international visitors' arrival

Million People



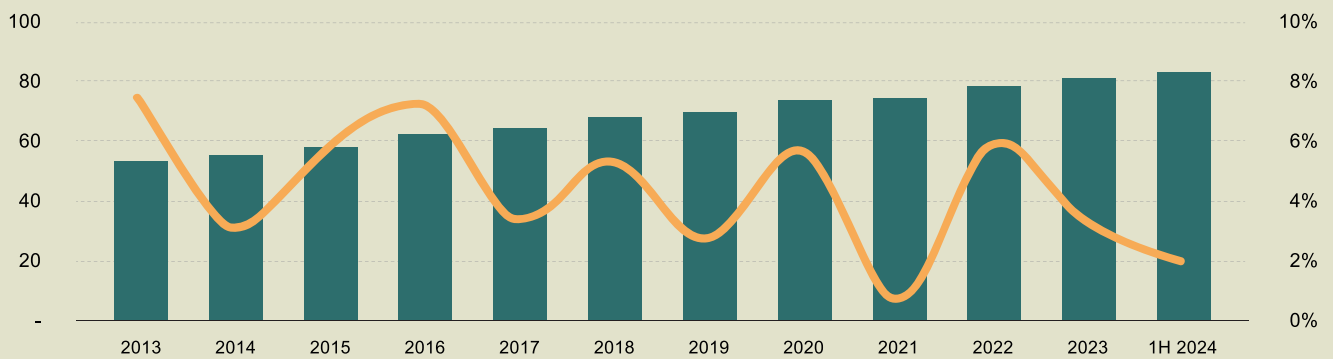
SOURCE : KNIGHT FRANK THAILAND RESEARCH

BANGKOK'S HOTEL STOCK

■ Number of hotel rooms — YoY growth (%)

Thousands rooms

YoY growth (%)



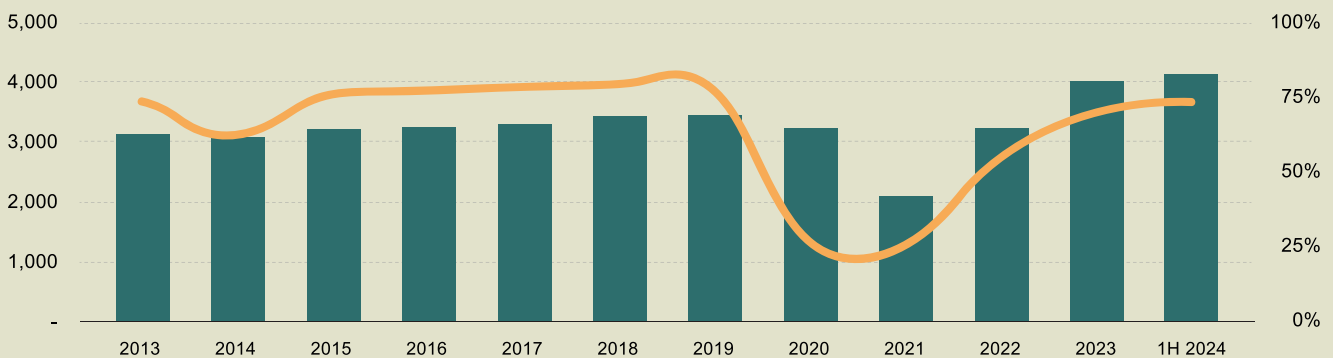
SOURCE : KNIGHT FRANK THAILAND RESEARCH

BANGKOK'S HOTEL PERFORMANCE

■ Average daily rate — Hotel occupancy rate

ADR (THB)

Occupancy rate (%)



SOURCE : KNIGHT FRANK THAILAND RESEARCH

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