

# Bangkok Hotel

2023

An overview review of Bangkok's Hotel market in Q3 2023  
by Knight Frank Thailand

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- **Foreign arrivals exceeded forecasts in 2023 and are expected to continue their remarkable rebound in 2024. The foreign leisure segment's resurgence has propelled the Average Daily Rate (ADR) to not only achieve full recovery but surpass 2019 levels. Occupancy levels are averaging at 76%, approaching pre-pandemic levels. The Bangkok hotel market anticipates solid performance in 2024, fueled by factors like Chinese tourism recovery, reciprocal visa initiatives, and a resurgence of MICE events. Despite these positive trends, hotels need to manage labor costs, which rose in 2023 due to a tight labor market.**

## OVERVIEW

The 2023 data underscores the ongoing recovery of hotel demand in Bangkok, signaling positive momentum in the post-pandemic era. Domestic demand has nearly reached pre-pandemic levels, demonstrating resilience, while the international segment has experienced significant growth compared to 2022, with a remarkable increase of 144%. However, despite this progress, the international component remains 29% below 2019 levels. Preliminary occupancy data suggests that 2024 could mark the full recovery of demand, particularly as the international segment continues its gradual return.

The robust recovery of the Bangkok hotel market attests to the enduring strength and appeal of its underlying fundamentals. Fueled by the resurgence of the foreign leisure segment, the Average Daily Rate (ADR) has not only achieved full recovery but has surpassed 2019 levels across all hotel grades.

The number of international tourists to Thailand in 2023 exceeded initial forecasts, reaching just under 30 million. Bangkok attracted 25 million foreign tourists during this period, representing a substantial 2.4x year-over-year increase and achieving 71% of 2019 levels.

Analyzing market sources, Asia remains the dominant contributor, accounting for 72% of all international visitors. Within Asia, Malaysia holds the largest share at 16%, closely followed by China at 13%. However, it is anticipated that China will reclaim its position as the top market source in 2024, with an expected influx of 8 million Chinese visitors, as forecasted by the Tourism Authority of Thailand. Europe stands as the second significant source market, contributing 21% of all visitors to Thailand. Russia leads the European market with 5.3% of total foreign tourists, followed by the UK (2.9%), Germany (2.6%), and France (1.9%).

## 81,563

Number of hotel rooms in 2023

## 2,781

New supply of rooms in 2023

## THB 4,027

Average daily rate (ADR) in 2023  
(+24.5% YoY)

## 76%

Hotel occupancy rate in 2023  
(+29.6 p.p. YoY)

## SUPPLY AND DEMAND

Reflecting on the year 2023, the Bangkok hotel industry demonstrated remarkable resilience, showcasing a robust rebound and strong performance. Occupancy levels concluded the year at approximately 76%, reflecting a notable increase of 29.6 percentage points compared to the previous year. However, this figure remains slightly below the pre-pandemic level of 84% recorded in 2019.

Foreign arrivals played a crucial role in sustaining consistently high occupancy levels throughout 2023, ranging from 72% to 78%. This pattern

indicates a relatively flat seasonality in the city, emphasizing the industry's ability to maintain stability.

One particularly noteworthy aspect was the impressive surge in the Average Room Rate (ARR), which peaked at 4,027 baht in 2023. This marked a remarkable 25% year-over-year increase and a notable 16% surge beyond the 2019 record high. The surge in ARR was attributed to the growing influx of foreign tourists and business travelers. It is worth noting that group room nights are still in the process of recovery. Nevertheless, this surge significantly contributed to propelling

Revenue per Available Room (RevPar) to new record-high levels, despite the ongoing recovery in occupancy levels.

In the course of 2023, the opening of eleven new hotels in Bangkok added 2,781 rooms to the market. As a result, by the end of the year, the total number of hotel rooms in central Bangkok reached 81,563, marking a 3.2% year-over-year increase. Looking ahead to 2024, the anticipation of new hotel openings is expected to contribute an additional 3,181 rooms to central Bangkok, signaling a continued expansion of the hospitality landscape.

## OUTLOOK

In 2023, international travel witnessed a remarkable resurgence, primarily driven by a robust demand for leisure travel. Despite this positive trend, hotels encountered significant challenges, including a tight labor market and escalating costs, leading to an upward adjustment of average room rates to counter the impact.

The recovery of major international markets, on average, reached 71% of 2019 levels in 2023. Excluding China, which achieved only a 32% recovery, the global average increased to 86%. Anticipating a gradual but steady recovery of the Chinese market, recent initiatives such as the reciprocal visa exemption agreement between China and Thailand and the normalization of airlift capacity, albeit still below pre-pandemic levels, are expected to play a pivotal role in 2024. These developments augur well for the overall performance of the tourist industry and the hotel market, with a strong start projected to surpass 2023 levels, as the Tourism Authority of Thailand anticipates 35 million foreign arrivals. The consistent rebound, fueled by a

surge in leisure travel and followed by the resurgence of Meetings, Incentives, Conferences, and Exhibitions (MICE) and business travel, is expected to bolster further growth in the city's diverse hotel market. Group travel, being the slowest to recover, is expected to approach 2019 levels by early 2024, positively impacting budget-friendly hotel categories. With recovery across all demand groups in 2024, hotel profitability is expected to be more evenly distributed among different hotel classes. However, the tight labor market has necessitated increased spending on employee attraction, resulting in labor cost growth exceeding 8%, outpacing revenue growth. Therefore, effective cost control and operational efficiency will be crucial for maintaining hotel profitability in 2024.

Several key trends observed in 2023 are anticipated to continue shaping the market in the short to medium term. While Revenue per Available Room (RevPar), already exceeding 2019 levels, is expected to continue increasing, the rate of growth will be lower than that

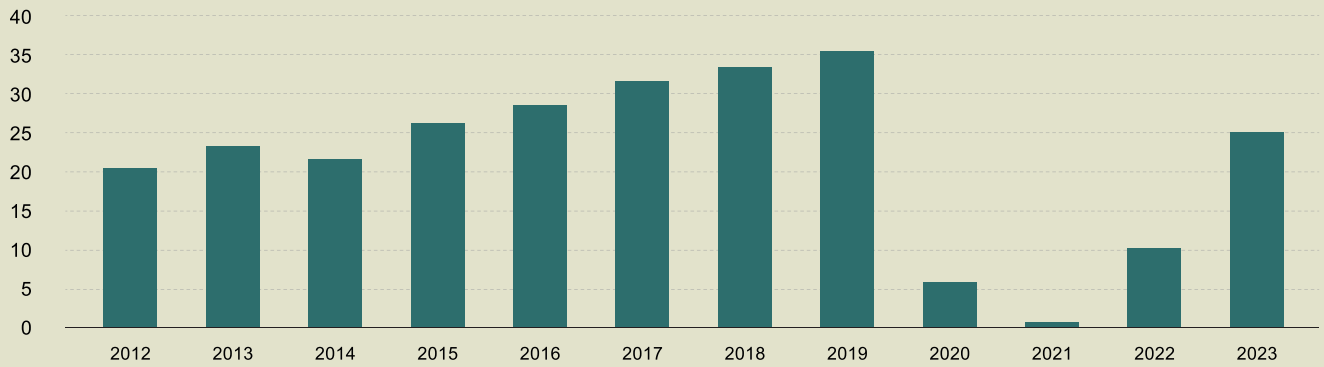
experienced in 2023. This is due to limited room for the rise of occupancy levels towards full recovery and the already high growth experienced in Average Daily Rates (ADRs), which are expected to slow down in the short term.

The ongoing construction and planning of new hotels are intensifying competition in the Bangkok hotel market, particularly in the upper segments. This trend reflects the confidence of developers, investors, and operators in the market's future. Furthermore, there is a growing interest among hotels to align with sustainability goals, driven by investor Environmental, Social, and Governance (ESG) requirements.

## BANGKOK'S INTERNATIONAL VISITORS ARRIVAL

■ Bangkok international visitors' arrival

Million People



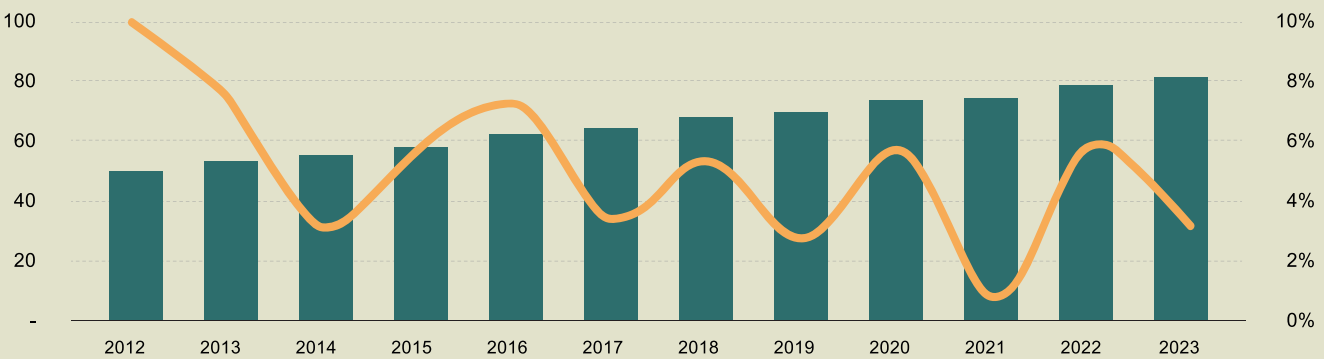
SOURCE : KNIGHT FRANK THAILAND RESEARCH

## BANGKOK'S HOTEL STOCK

■ Number of hotel rooms    — YoY growth (%)

Thousands rooms

YoY growth (%)



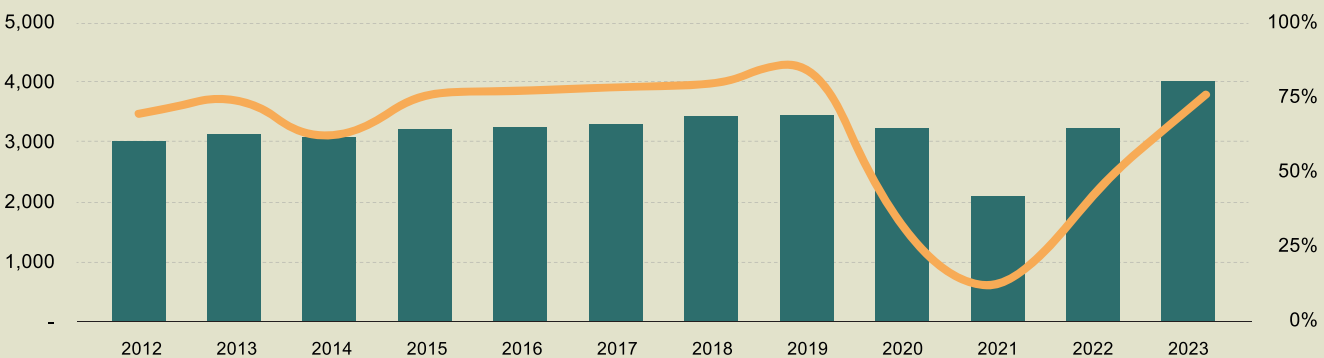
SOURCE : KNIGHT FRANK THAILAND RESEARCH

## BANGKOK'S HOTEL PERFORMANCE

■ Average daily rate    — Hotel occupancy rate

ADR (THB)

Occupancy rate (%)



SOURCE : KNIGHT FRANK THAILAND RESEARCH

## Recent Research

Thailand Research Office

**Amid rising competition, landlords are boosting their offerings with a focus on customized, built-to-suit, and ready-to-move-in solutions, gaining more prominence over the past year.**

**25,000 sq m**

**1.62 million sq m**

**11,000 sq m**

**0.2%**

OFFICE PROPERTY MARKET INDICATORS	5.97M	4.68M	79.3%	\$13.1
Q1-2023	Q1-2022	Q1-2023	Q1-2023	Q1-2023
Y-o-Y	A: 5.4%	A: 5.1%	▼ 5.9% pts	▼ 5.9%
Q-o-Q	A: 5.4%	A: 2.2%	▼ 3.2% pts	A: 1.3%

Bangkok Office Market Q3 2023

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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