



# Full steam ahead for Thailand?

Navigating uncertainty with a powerful engine

Thailand Tourism Forum 2019

Jesper Palmqvist



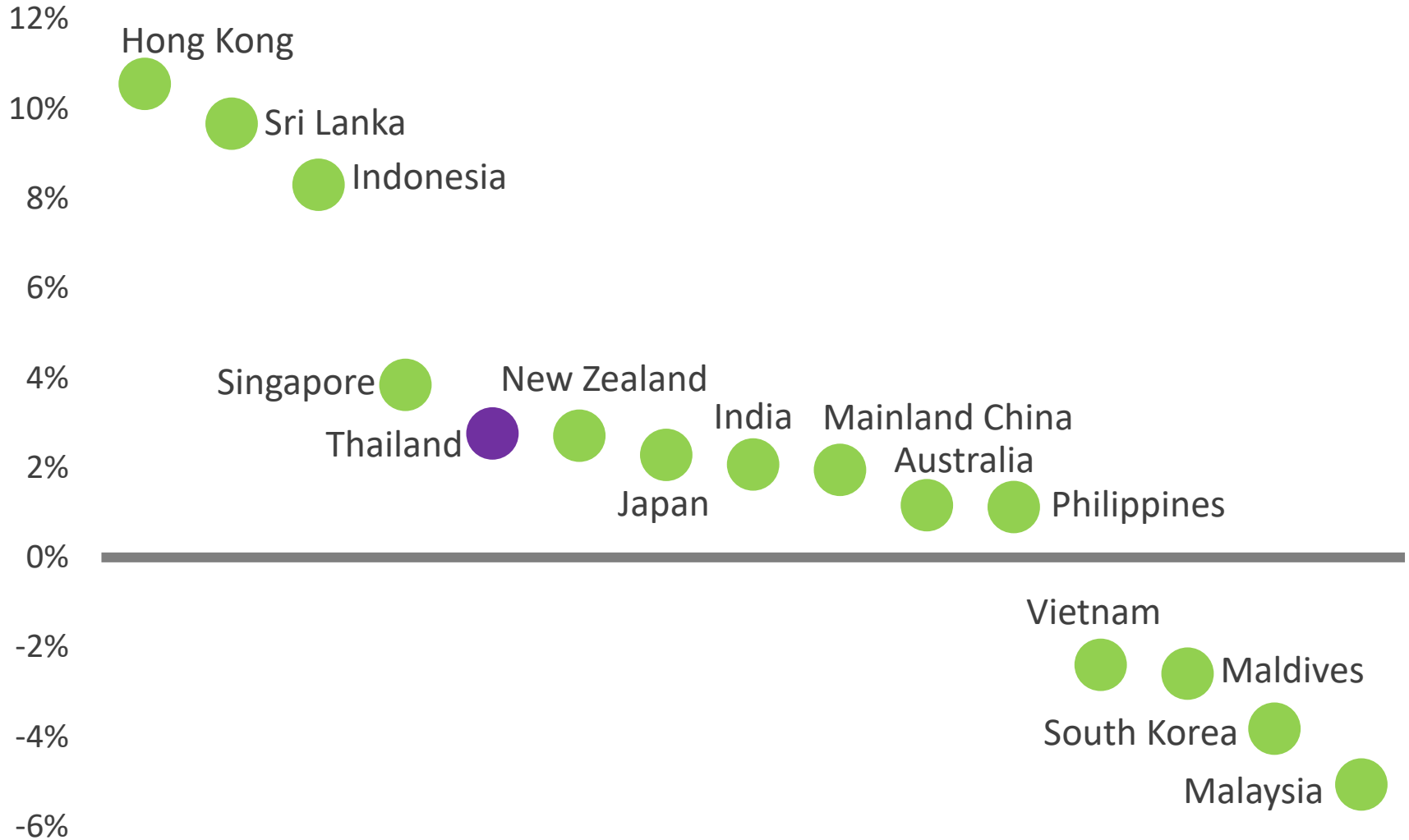
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# Winds of change – Movements from peak



RevPAR Growth – FY 2018, Local Currency

**Demand  
growth**



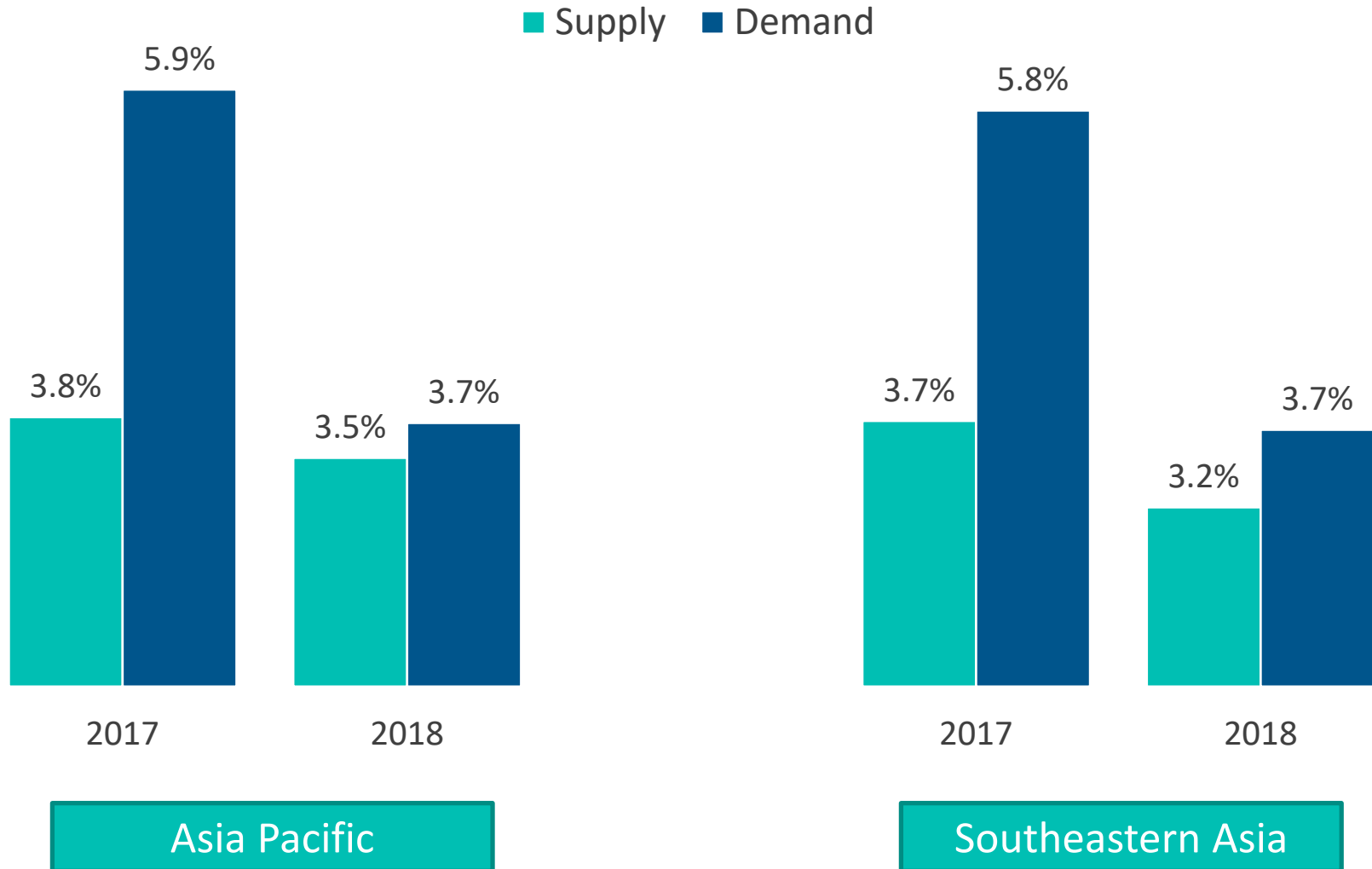
**Supply  
growth**

Amount of guests is growing faster than amount of new hotels opening



# The Lowest Supply Growth Level in last 5 years

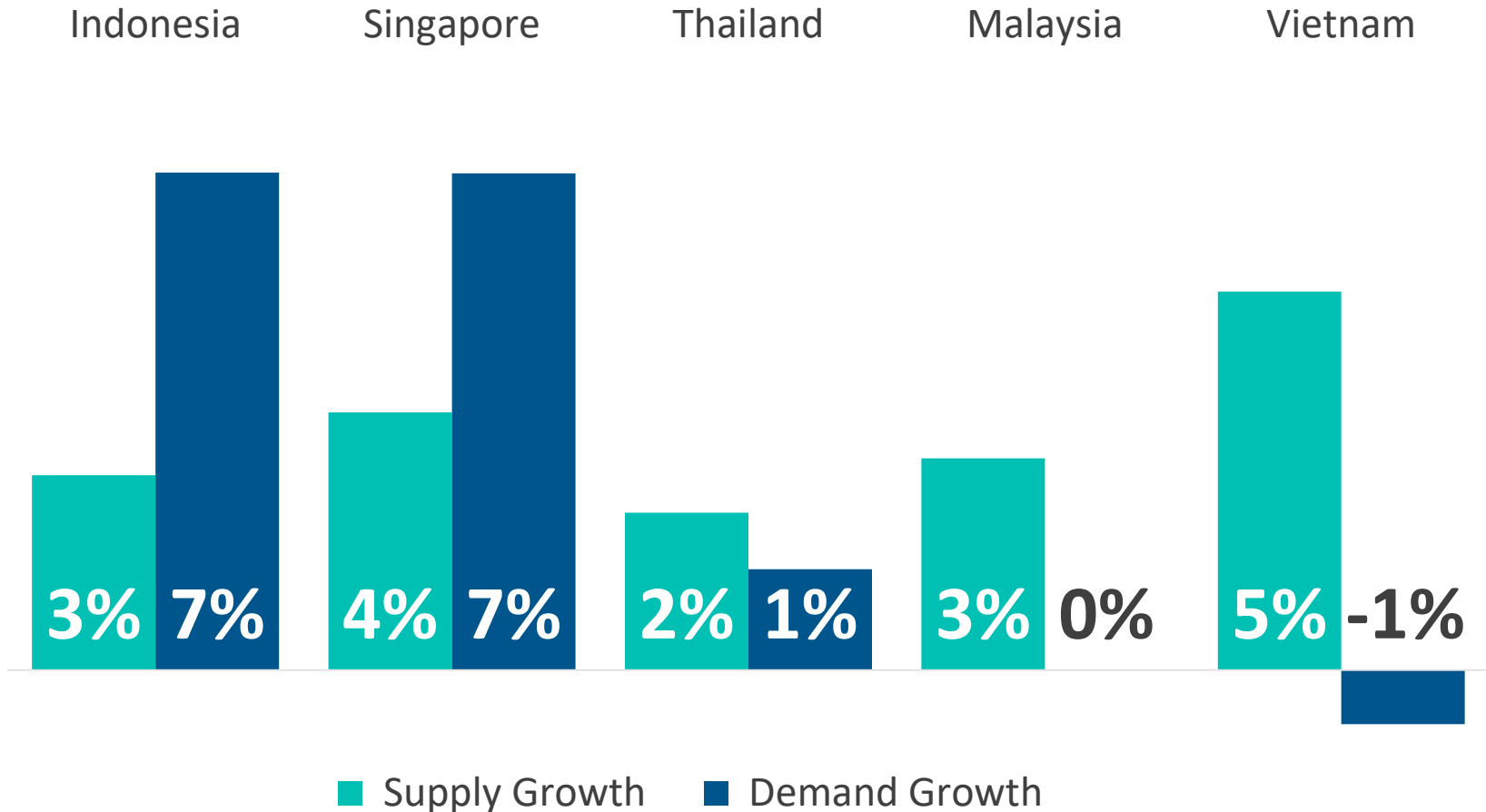
Total APAC & SEA, Supply & Demand Growth, FY 2017 vs FY 2018



# Trajectories now differ again



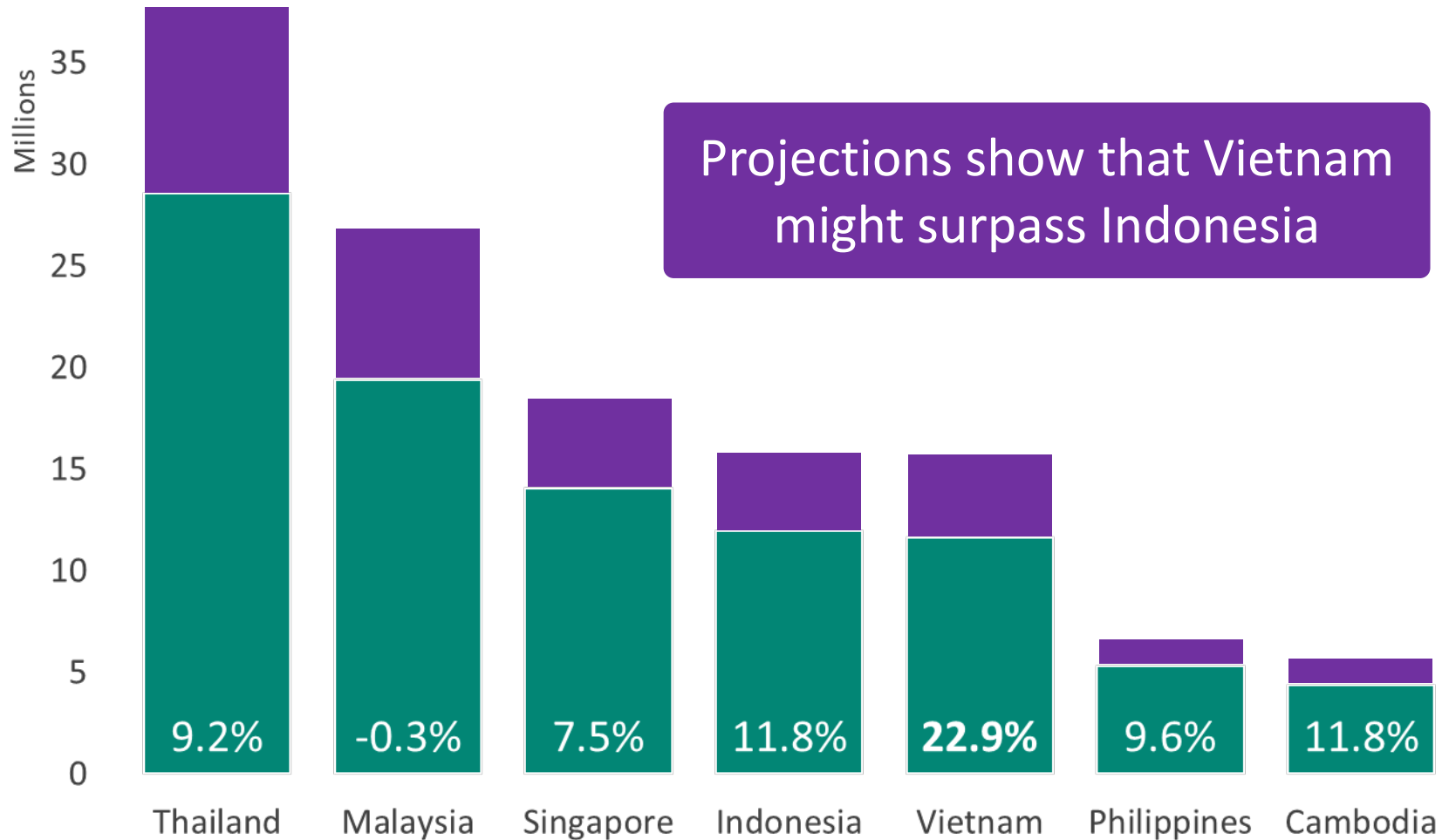
Softening in Indochina compared to comeback further south in ASEAN



Key ASEAN markets, Demand & Supply growth 2018 vs 2017

# Yes, Thai uncertainty may play into other hands

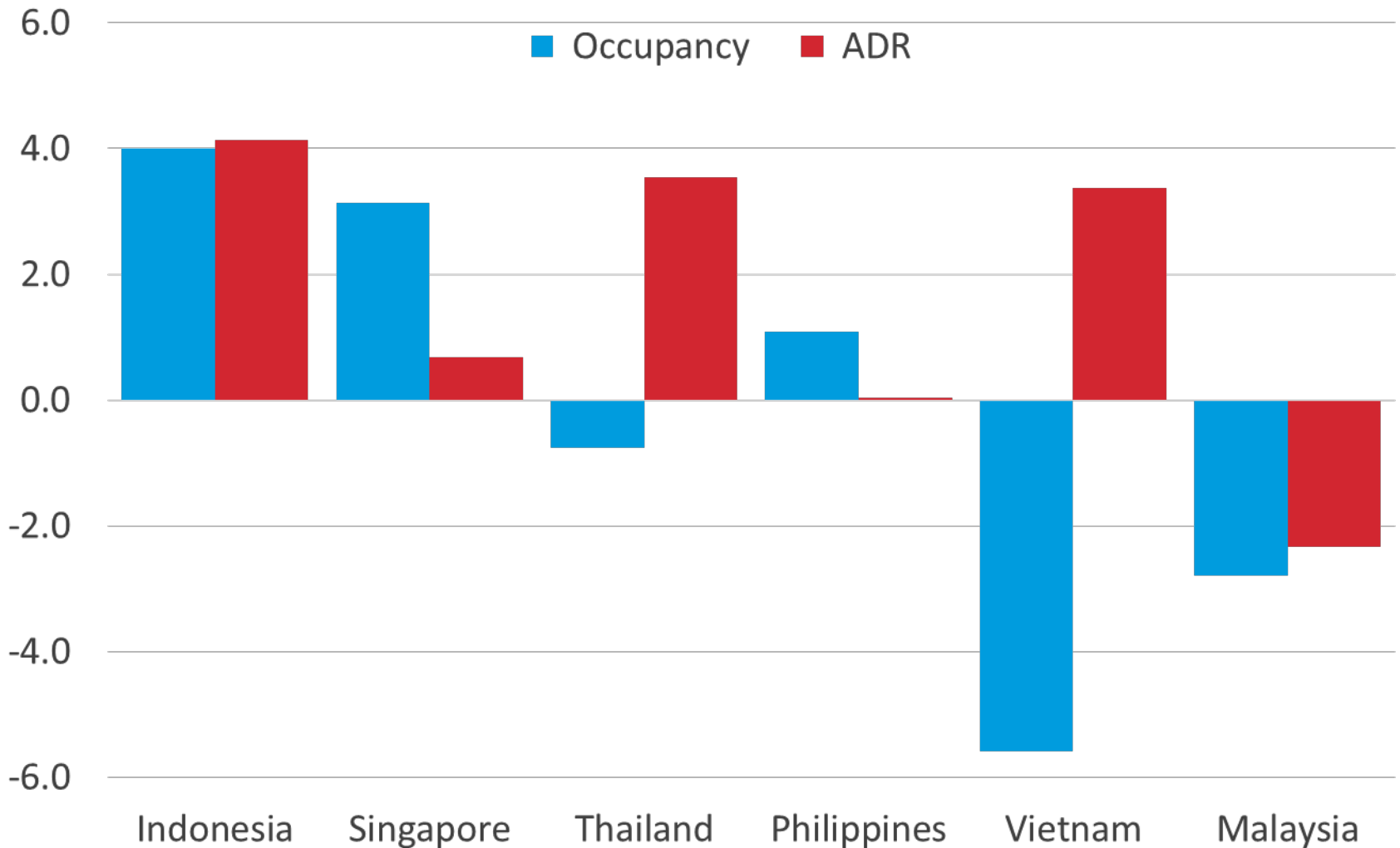
Selected SEA Countries, Total International Visitors, YTD September 2018



Source: PATA, Tourism Authorities of each country

# Mostly about rate growth – apart from Vietnam

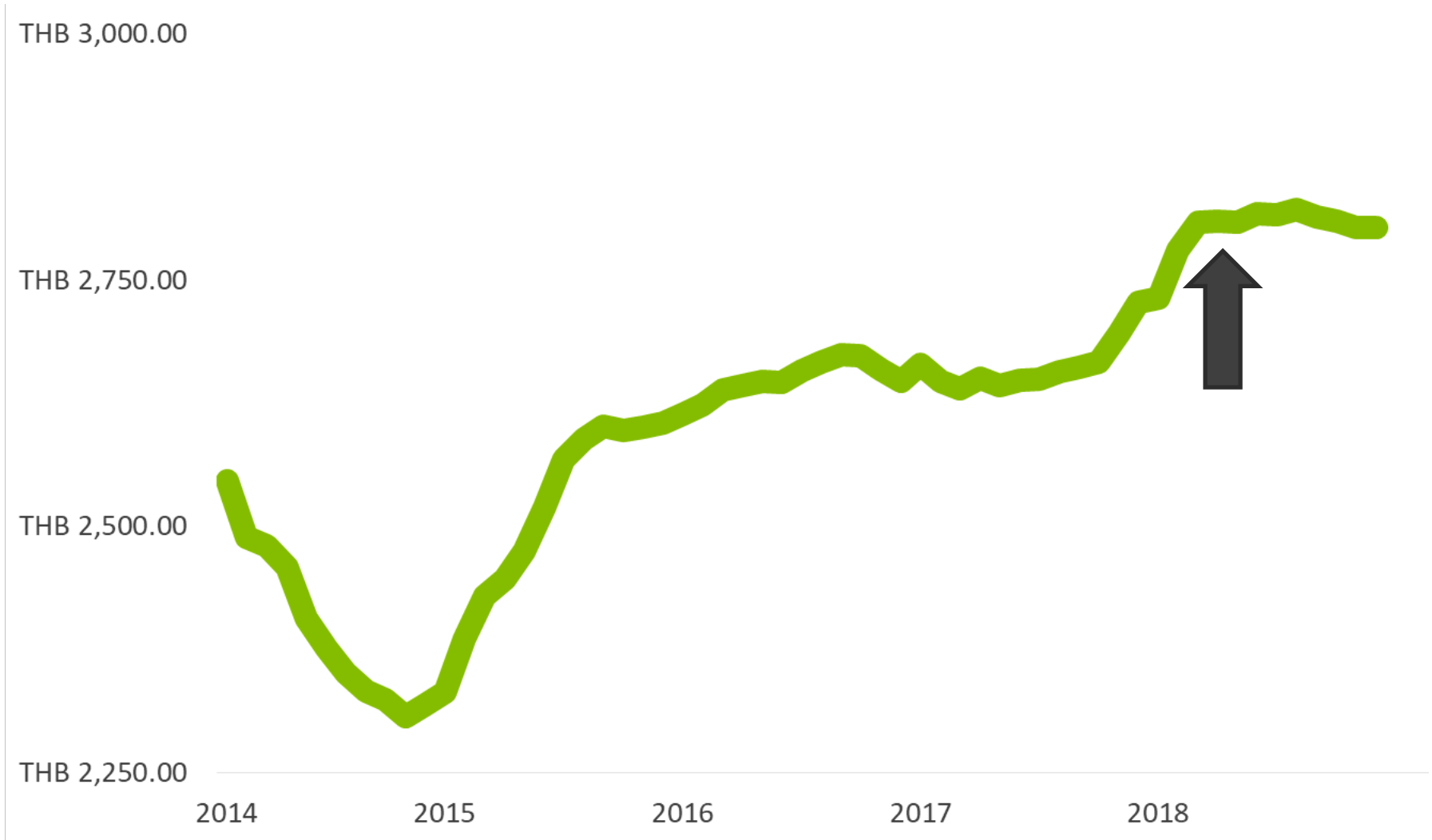
ASEAN 6 markets Occupancy and ADR growth (%) in local currency over 2017



# Thailand Hotel Performance



2018 saw higher performance overall – but we're now at an interesting point



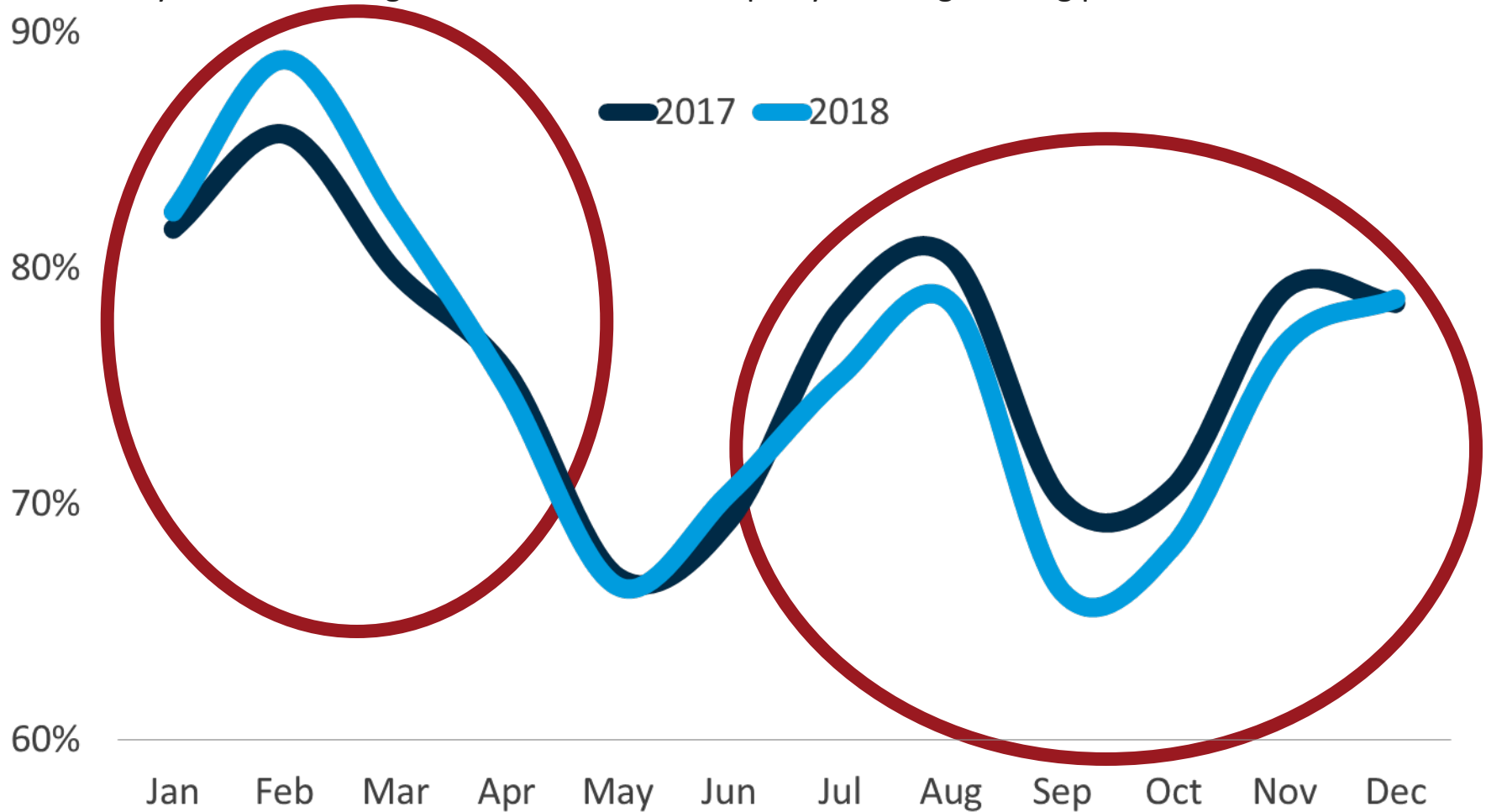
Total Thailand, Monthly Absolute RevPAR Performance, R12, 2014-2018



# Occupancy and Demand wasn't entirely normal

Grew well at the start by fell towards the end of the year

Historically we have seen growth in low season help any challenge during peak



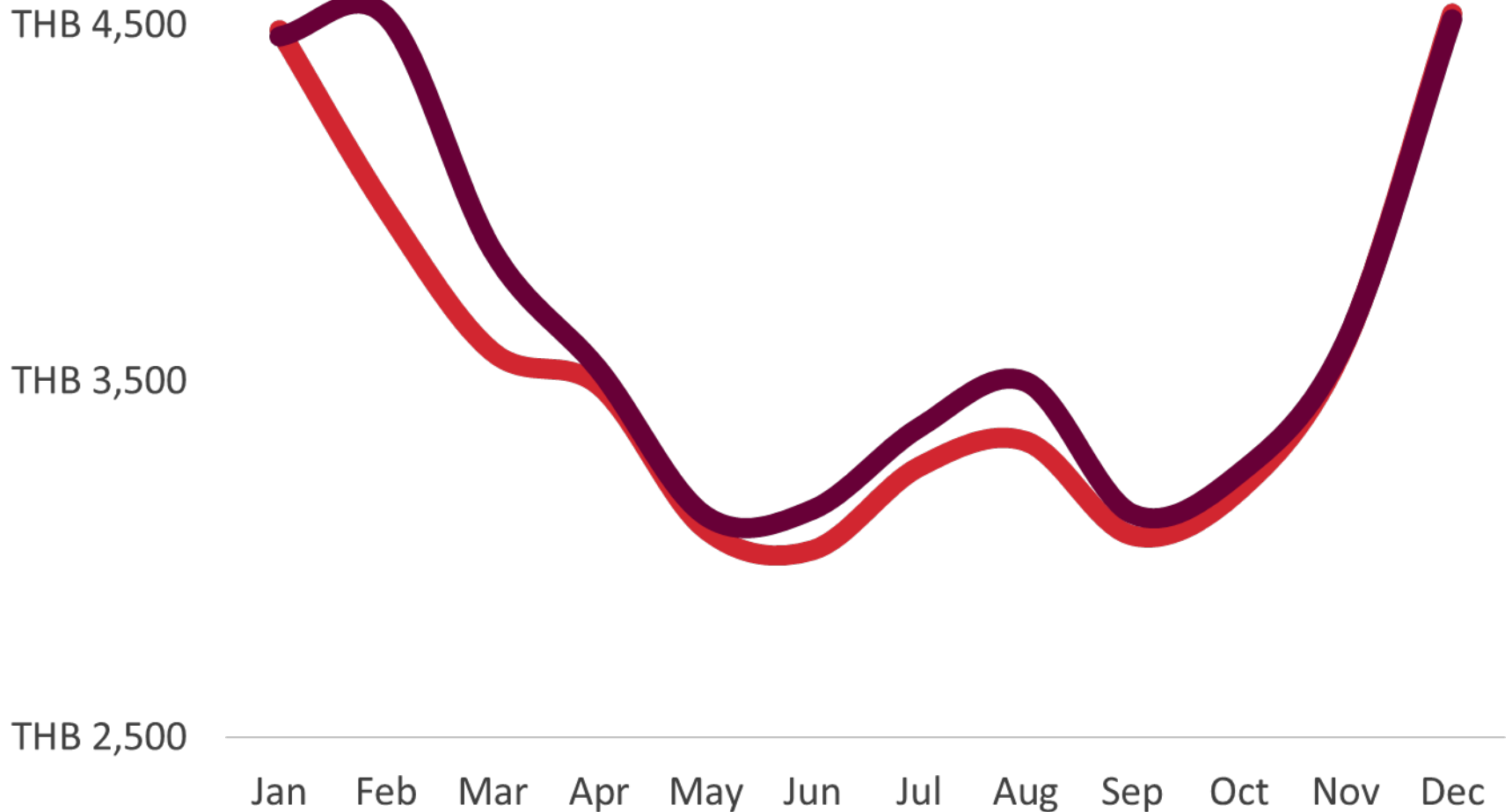
Total Thailand, Occupancy by month (%), 2017-2018

# But rates managed to increase all throughout the year

Historically we have seen growth in low season help any challenge during peak



2017 2018



Total Thailand, ADR (THB), 2017 vs 2018 by month

# Around the country – Increased variation



Recovery

Chiang Mai

flat

Krabi

-1.0%

Slower, but growth

Hua Hin | Cha Am

+2.9%

Pattaya

+2.1%

Continued growth

Bangkok

+4.9%

Two-Face

Phuket

+0.4%

Decline

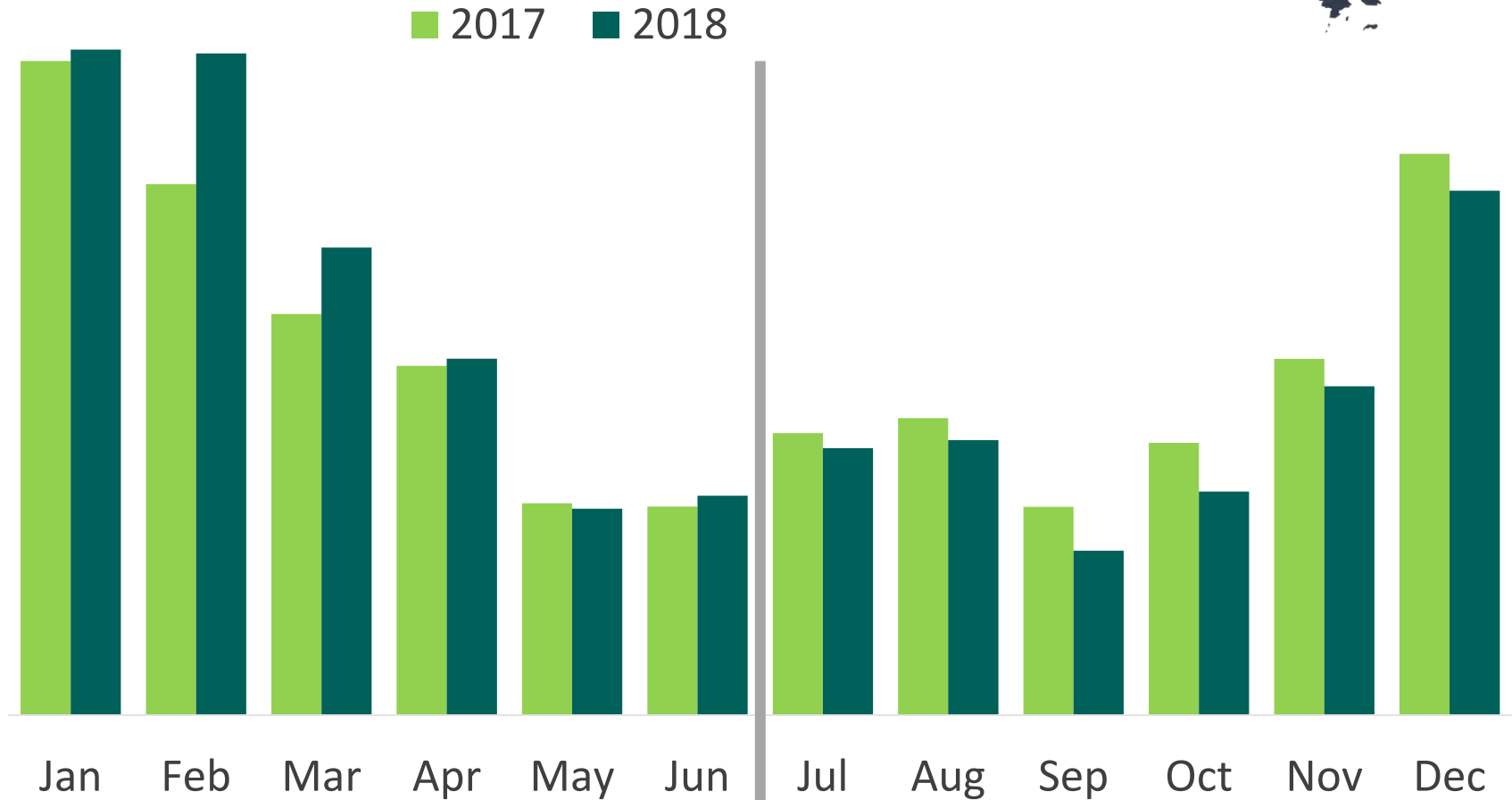
Samui | Phangan

-6.8%



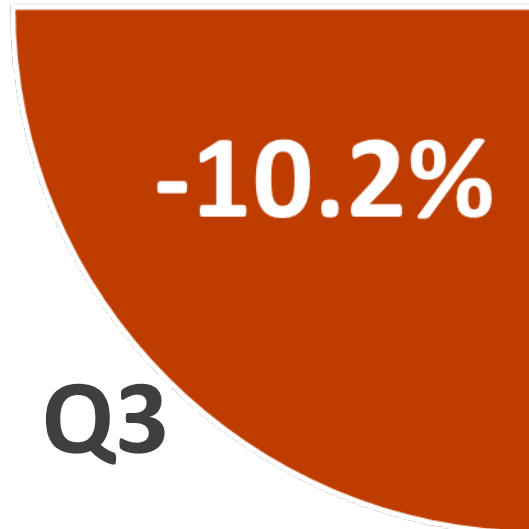
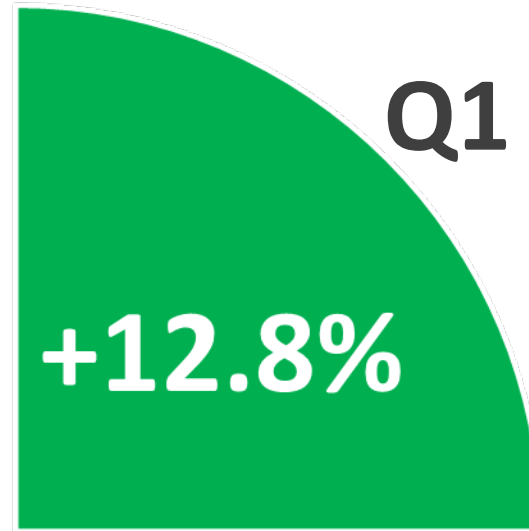
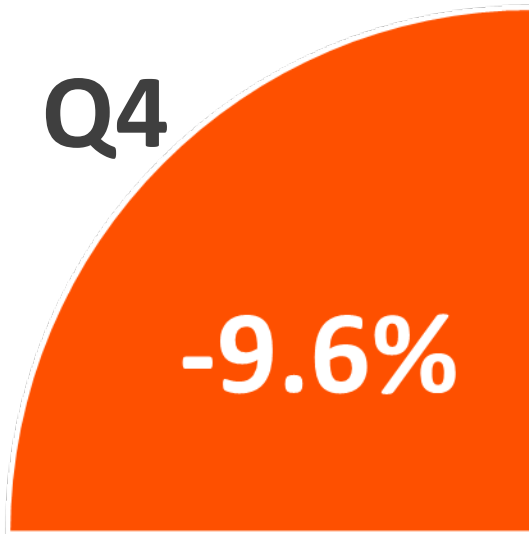
# The two-faced year of Phuket - rise and fall

Boat incident clearly not helping – but softer fall Nov-Dec. Rates helped, less Occ



Total Phuket, RevPAR (THB), Monthly 2017 vs 2018

# Aug-Oct reversed all gains



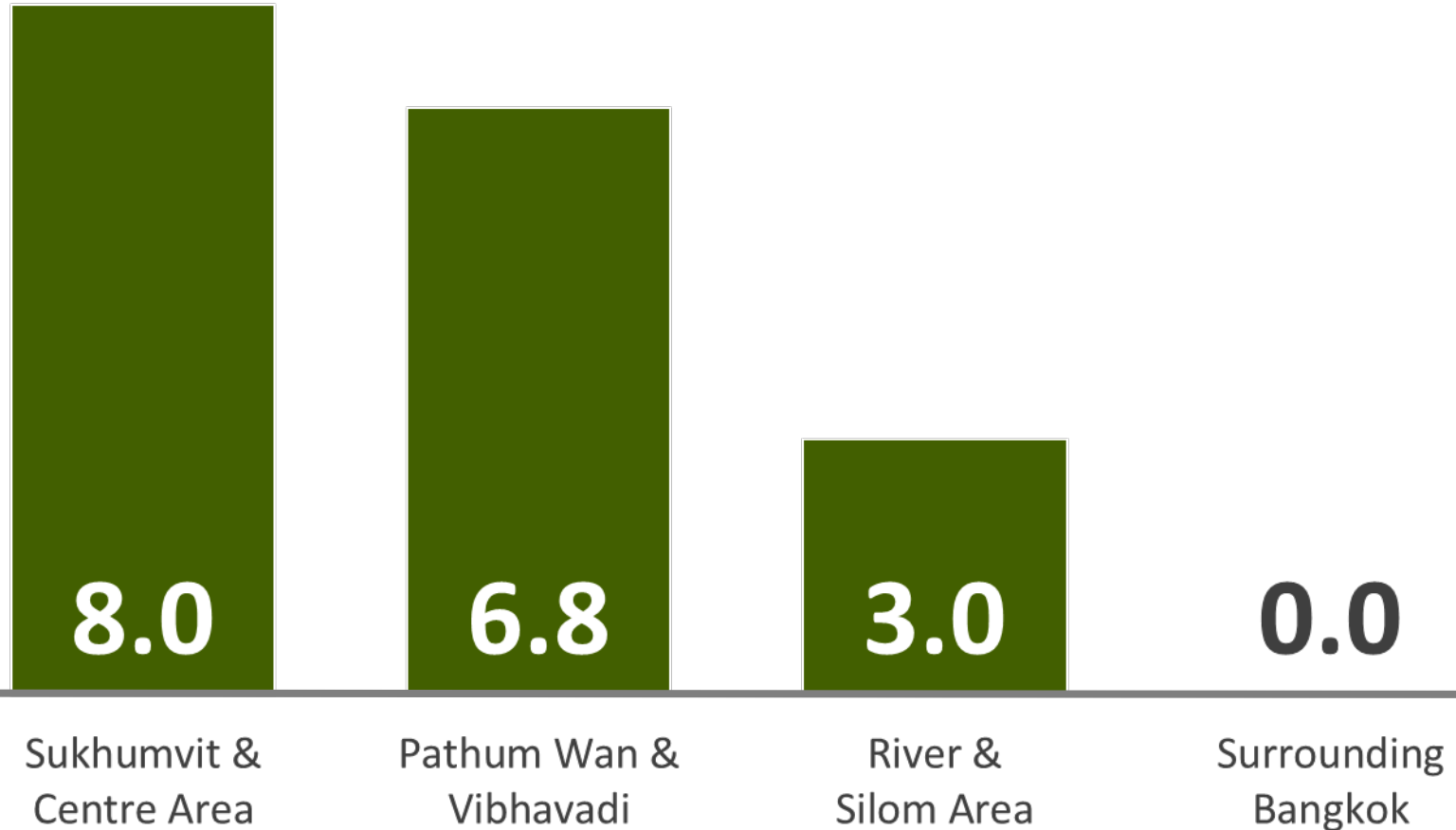
# Bangkok: Supply growth was manageable in 2018

As Bangkok Demand dropped from previous years, so did Supply



*Total Bangkok, Supply & Demand Growth (%), 2018 vs 2017*

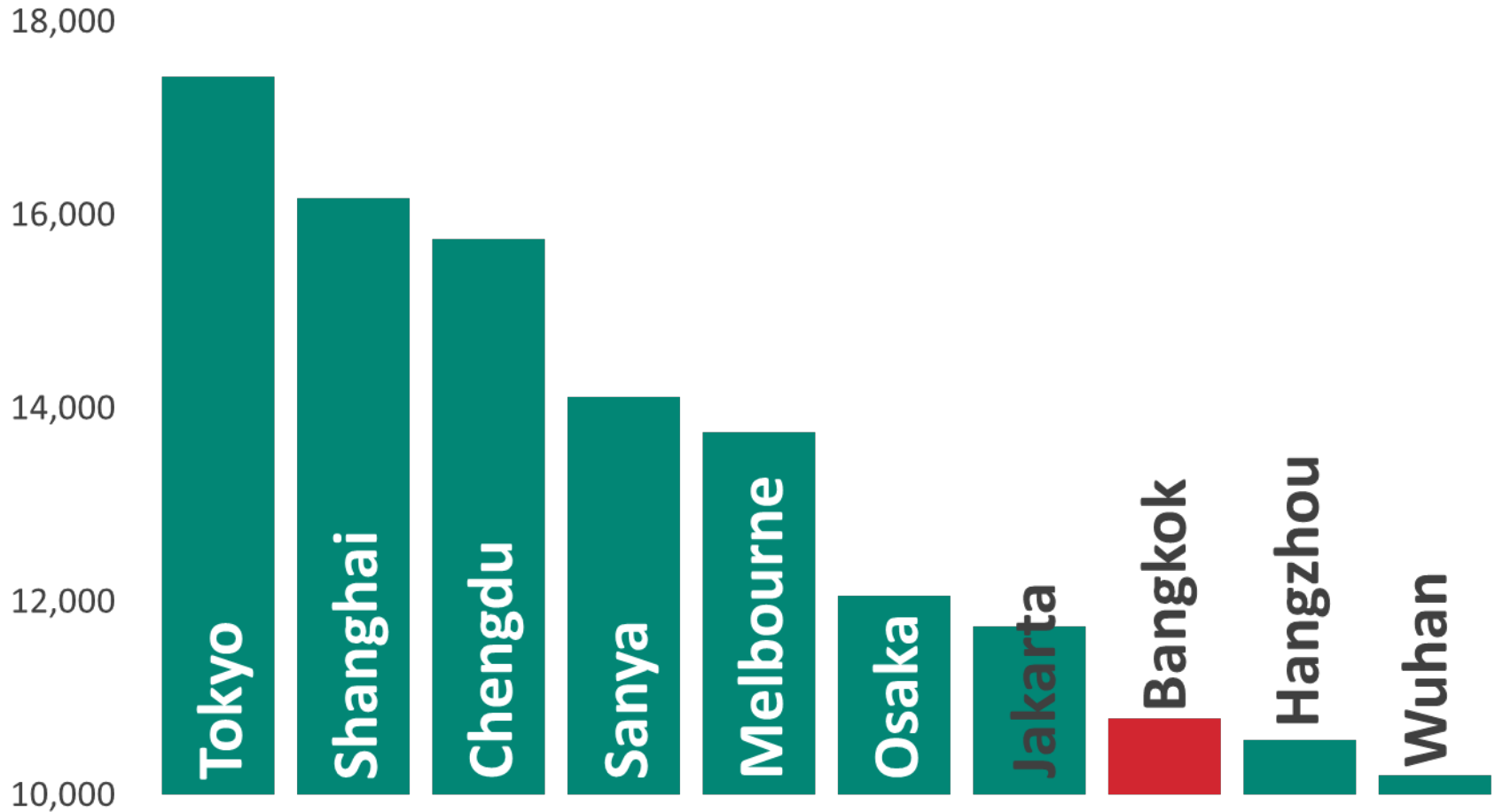
# Strong reaction to new supply in central Bangkok



*Bangkok by Submarkets, RevPAR Growth (% , THB), 2017 vs 2018*

# Bangkok has moved into the top 10

With almost 12,000 rooms in under contract pipeline



*Top 10 APAC Cities, Under Contract Pipeline, by Total Number of Rooms, as of November 2018*



# What supply can we expect in Bangkok?



12,000

Rooms coming to Bangkok in the next few years

13%

Increase over existing room stock

20%

Planned to open in the next 6 months

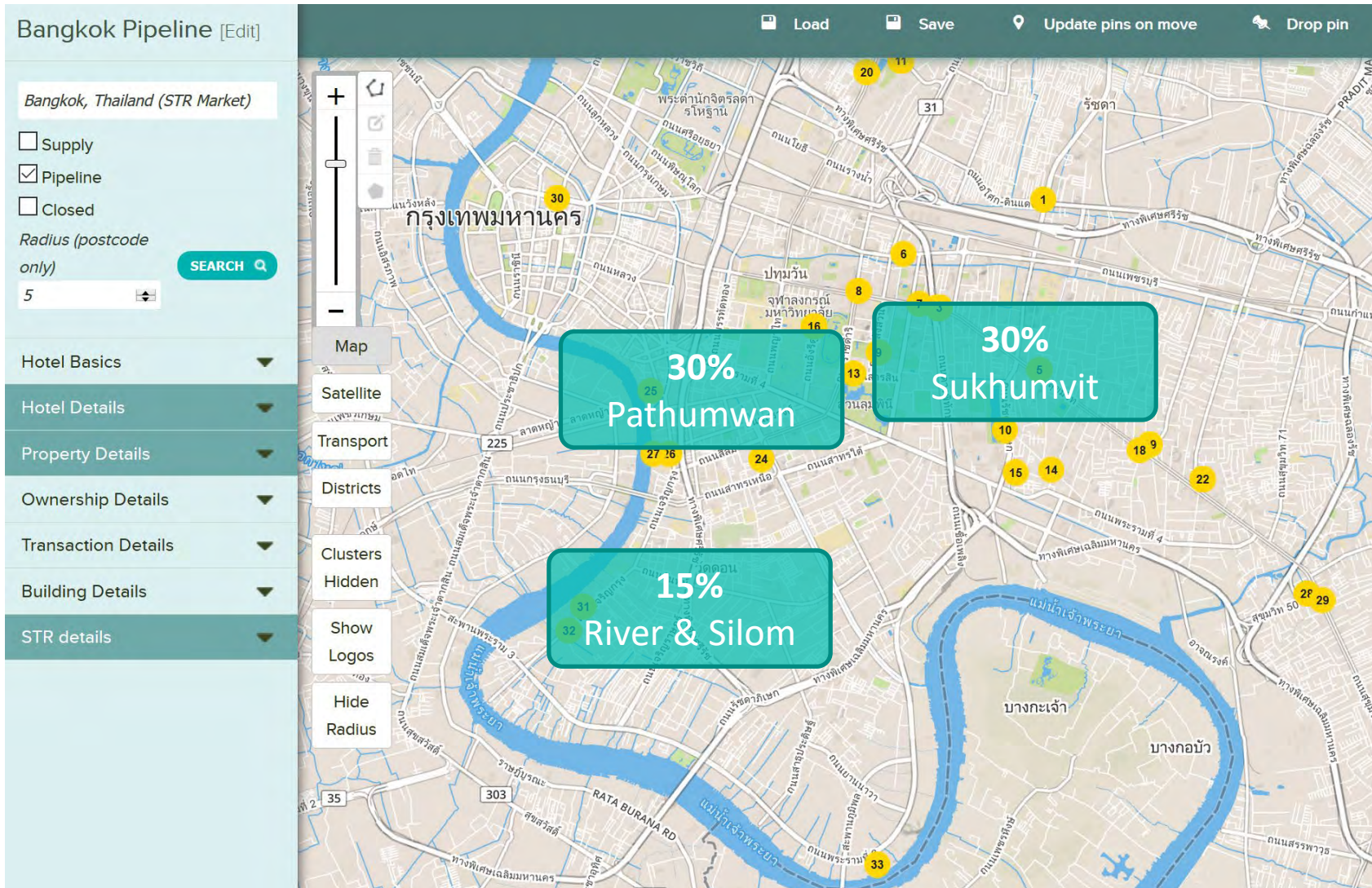
60%

In construction – past the planning stages

37%

In Luxury + Upper Upscale. Upscale still biggest.

# Where is the new supply coming?

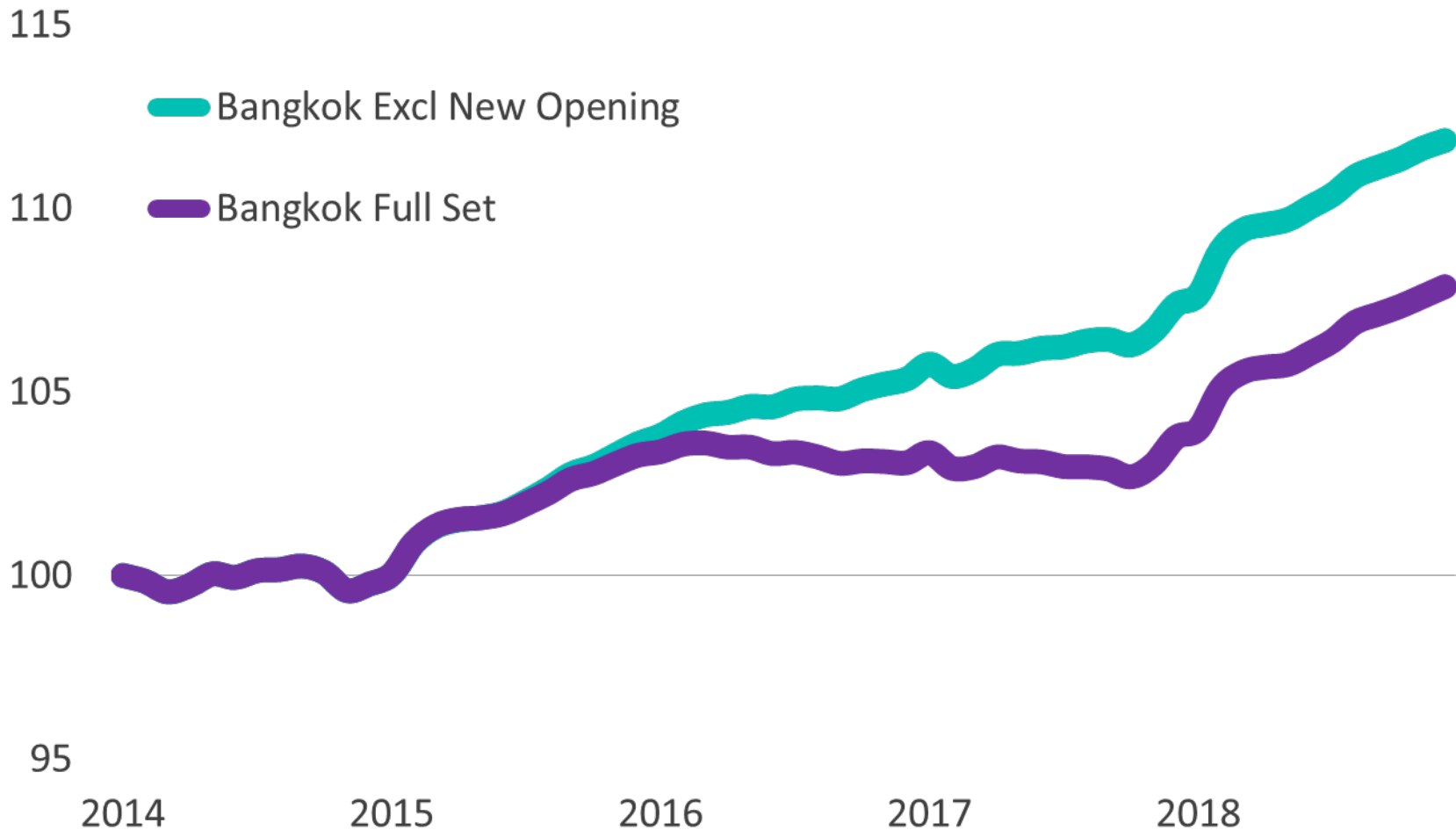


New hotel projects in Bangkok as per Jan 2019 in AM:PM, the STR tool for Census & Pipeline

# Performance looks pretty good when omitting new hotels



'Same store' shows very strong growth – confirms the ramp-up challenge



ADR Index (Indexed to Jan 2014), R12 Jan 2014 – Dec 2018



# Summary

Lower Growth ahead

Increased Diversity

Phuket not down and out yet

Bangkok supply resilience - one more test



# Thank you

## Thailand Tourism Forum 2019

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