Asia & Thailand Hotel Investment Markets

THAILAND TOURISM FORUM 2020

20 January 2020
Asia
2019
A YEAR OF MEGA DEALS

Anantara Dhigu, Veli and Naladhu
USD 347m | USD 1.0m per key

ANA Crowne Plaza Okinawa

The Westin Tokyo

Conrad Rangali

Four Points by Sheraton Bangkok
USD 73m | USD 273k per key

Grand Hyatt Seoul
USD 483m | USD 786k per key

Oakwood Premier OUE Singapore
USD 211m | USD 787k per key
2019 Asia Hotel Investment Overview

Regional Hotel Transaction Volume by Country

**2019 Regional Snapshot**
Transaction volume increased 68% from 2018 due to multiple large transactions across Asia.

- **Japan**
  - Remains the most liquid market in Asia, underpinned by its robust tourism fundamentals ahead of the Tokyo Olympics.

- **Singapore**
  - Rising activity level as hotel performance caught up with owners’ pricing expectations.

- **South Korea**
  - Rising activity level in line with the recovery in hotel performance.

- **Hong Kong**
  - Reduced market share due to domestic unrest.

- **Thailand**
  - Significant drop in activity level due to limited number of available stock and several deals being pushed out to close in 2020.

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**USD 11.6bn**

- **USD 7.2bn**
  - -38% y-o-y

- **USD 12.0bn**
  - 68% y-o-y

<table>
<thead>
<tr>
<th>Country</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>4%</td>
<td>9%</td>
<td>16%</td>
</tr>
<tr>
<td>Singapore</td>
<td>1%</td>
<td>4%</td>
<td>8%</td>
</tr>
<tr>
<td>China</td>
<td>39%</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>South Korea</td>
<td>12%</td>
<td>27%</td>
<td>12%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>28%</td>
<td>2%</td>
<td>40%</td>
</tr>
<tr>
<td>Thailand</td>
<td>2%</td>
<td>33%</td>
<td>12%</td>
</tr>
<tr>
<td>Others</td>
<td>1%</td>
<td>7%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Source: JLL, Industry Sources
Asia Market Yields

- **South Korea**
  - Osaka / Nagoya: 4.0%-5.0%
  - Tokyo: 1.0%-1.5%
- **Hong Kong**
- **Singapore**
  - 3.5%-4.0%
- **Maldives**
  - 8.0%
- **Phuket**
  - 6.75%-7.25%
  - 5.0%-5.5%
- **Bali**
  - 7.0%-8.0%
  - 8.0%-10.0%
- **Chiang Mai**
  - 7.25%-7.75%
  - 6.0%-6.25%
  - 5.0%-5.5%
- **Bangkok**
  - 7.00%-7.75%
  - 7.25%-7.75%
  - 5.0%-5.5%
  - 7.50%-8.02%
  - 6.25%-6.75%
  - 5.0%-5.5%
- **Samui**
  - 6.75%-7.25%
  - 5.0%-5.5%
- **Pattaya**

**Indicative Yield**

**Cost of Borrowing**

Source: JLL, Industry Sources
Thailand Hotel Transaction Volume

Transaction Volume (in THB billions)

Price Per Key (in THB millions)


0 6 9 10 16 14 16 17 11 12 4 ?

No. of Transactions

Source: JLL, Industry Sources
Thailand Hotel Transaction Volume 2019

Hua Hin / Cha Am 16.6%
Bangkok 83.4%

Freehold
- Four Points by Sheraton
- Beach Garden Hotel Cha Am

Leasehold
- Old Customs House
- Dusit Suites Hotel Ratchadamri

Source: JLL, Industry Sources
Bangkok

**Tenure**
Leasehold comprised 23.2% of 2019 volume

**Attractive**
Price per Key
2-4 times cheaper compared to other Asian cities*

**Yields**
Approx. 200bps higher than other key cities

Source: JLL, Industry Sources
* Price based on upscale hotels
What should you do?

Buy / Hold / Sell
Yields continue to hold with only Bangkok slowly compressing

Healthy demand from domestic and foreign buyers

Hunt for higher yields outside top 3 markets, i.e. Chiang Mai, Phang Nga, Krabi

Rising activity from private equity capital

More leasehold transactions in Bangkok

Bangkok, Phuket and Samui remain top 3 sought-after markets

Non-sponsored REITs becoming more common

Looking into the Future
Thank you

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