



asset management
& hospitality consulting

Samui

2014 Hotel Market Update

February 2015

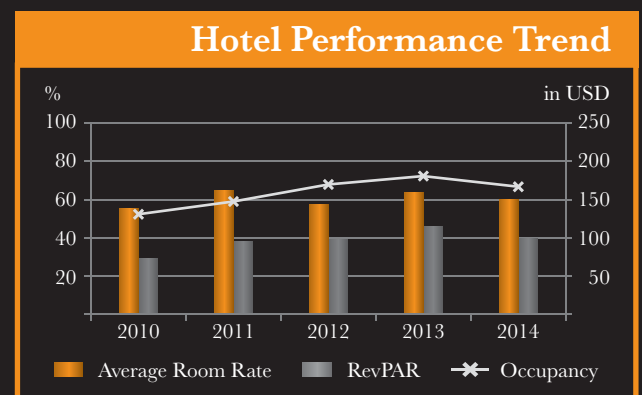
Samui's tourism sector remains composed in face of mercurial trading climate

Luxury tier hotels defy broader market and push upwards

“Without doubt all of Thailand's resort destinations were hit hard by last year's political situation. The resort island of Samui was no different as the timing of the crisis came into the lead up to the traditional high season which resulted in year-on-year slides in annualized occupancy, average rate and RevPAR.

Despite challenging conditions, in the broader perspective the increasing number of international arrivals stabilized the domestic front and by year-end passenger arrival numbers found equilibrium.

Airlift remains the most profound bellwether for Samui and new flights to the gateways of Singapore and Kuala Lumpur have spurred fly-through traffic from regional and long-haul markets. More importantly the upgrading of the island's daily flight ceiling has for the



Source: C9 Hotelworks Market Research

moment put the long-term airport conundrum back on the bench.

Critical challenges remain this year though, given the impact of the Russian ruble freefall, negative overseas media which has continued to impair Brand Thailand and finding a formula to regain a significant loss in the Australian market. Despite these issues, Samui has been able to shield itself from the pitfalls of other overdeveloped Asian resort islands.”

Bill Barnett, Managing Director, C9 Hotelworks

2014 Trends

- Total passenger arrivals at Samui Airport were marginally lower by -0.5% from 964,276 in 2013 to 958,987 in 2014. This was led by domestic contraction while the international segment registered growth.
- Hotel performance was strongly impacted by the mid-year political crisis as year-on-year occupancy was down by -6% and average room rates dropped by a similar percentage. RevPAR ended up as the biggest loser decreasing by -14%.
- Only one international standard hotel opened during the year, the Ozo Chaweng with 208 keys.

Forward Outlook

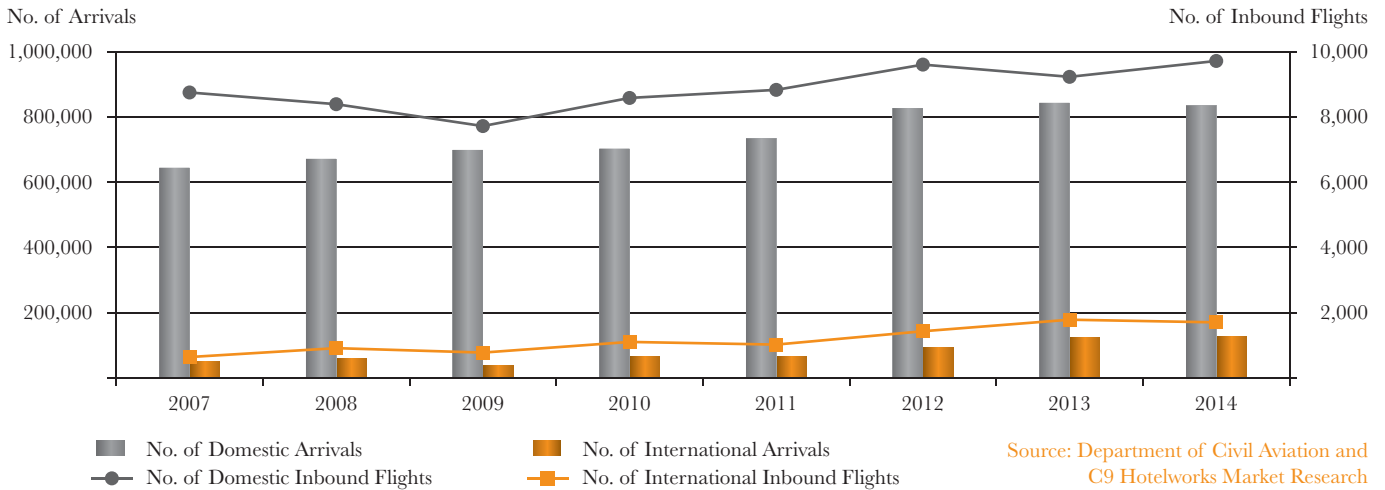
- The Civil Aviation Department recently granted permission for the Samui Airport to raise the number daily flights by nearly 40% from 36 to 50 per day, which is expected to induce new demand.
- Both the midscale and upscale hotel tiers with a considerable number of older properties remain susceptible to changing market tastes which will undoubtedly spur transaction, branding and renovation activity throughout the island.
- Samui's hotel supply situation remains stable with only one new additional hotel coming online in 2015.

TOURISM

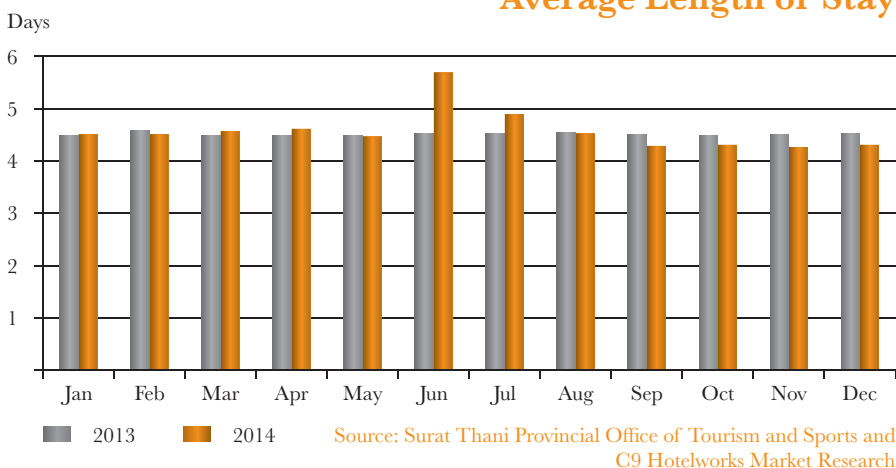
Airline Indicators

- International passenger arrivals in 2014 increased by 4% from 120,384 to 125,275. This was due to the rise of scheduled and non-scheduled inbound flights which grew by similar numbers.

Samui Airport Arrivals



Average Length of Stay

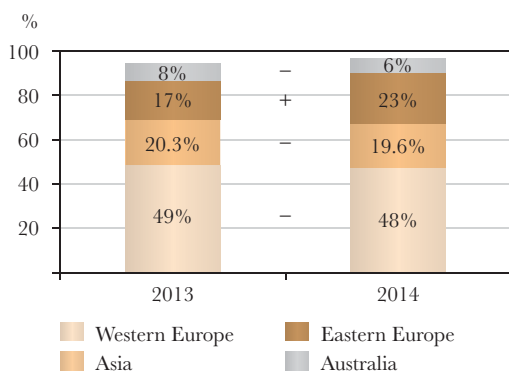


ALOS in 2014 increased to 4.60 days driven by Eastern European segment

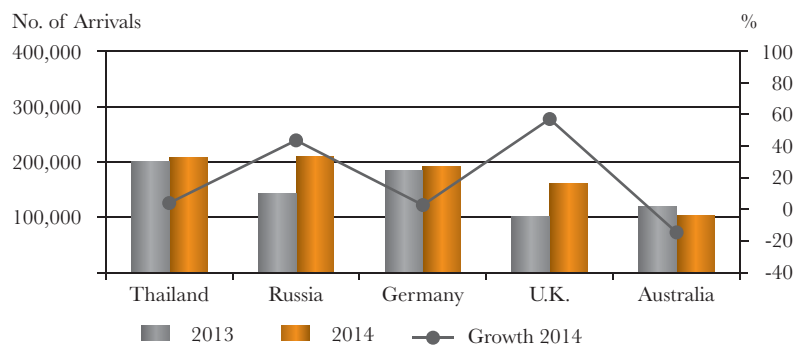
Tourism Indicators

- The two major market movers were visitors from Eastern Europe which rose year-on-year by 35% while Australian's dropped by -17% during the same period.

Key Geographic Source Market Share



Top 5 Source Markets

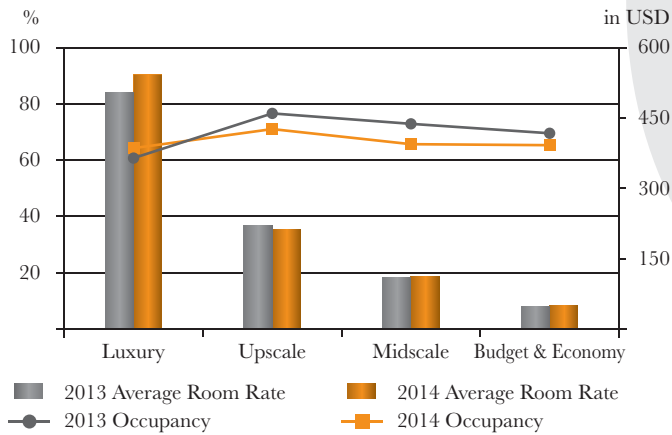


Source: Surat Thani Provincial Office of Tourism and Sports and C9 Hotelworks Market Research

Hotel Performance

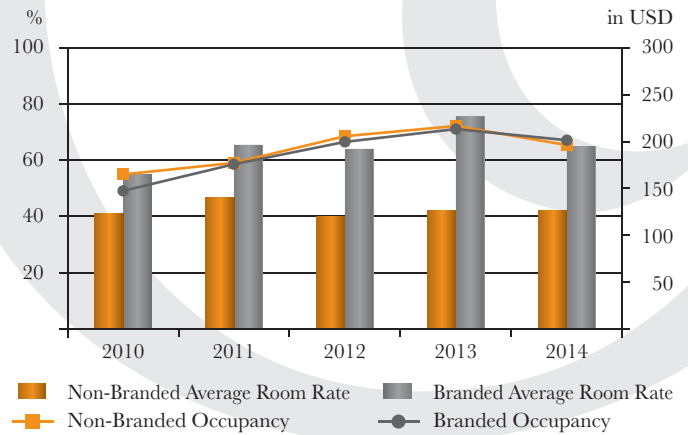
- Analyzing non-branded and branded hotels, occupancy rates were similar at 66% and 67% while average room rates were significantly different at US\$126 and US\$195, respectively.

Performance by Tier



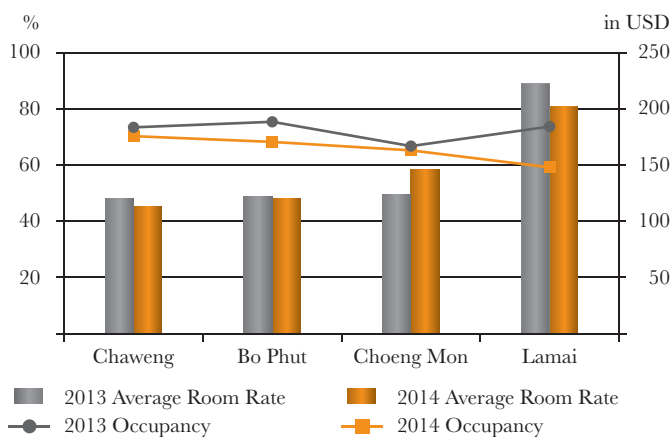
Source: C9 Hotelworks Market Research

Branded vs. Non-Branded Hotels



Source: C9 Hotelworks Market Research

Hotel Performance by Location



Source: C9 Hotelworks Market Research

Choeng Mon area pushed up average room rates year-on-year by 17%

Hotel Openings

- There are 17,986 keys in registered accommodation establishments on Samui. Seventy-five keys will enter the island's hotel supply in 2015. The Imperial Samui Resort has undergone a conversion to Starwood's Sheraton brand.

Hotel Name	Location	Keys	Opening Date
Prana Resort Nandana	Bophut	60	Feb 2015
Holiday Inn Express Samui Bophut	Bophut	200	2017
Holiday Inn Resort Samui Bophut	Bophut	150	2018
Sofitel So Samui	Choeng Mon	120	2016
X2 Nautilus Samui	Plai Laem	44	Q3 2016
COSI Hotel by Centara	Chaweng	153	2017
Sala Chaweng (conversion and extension of Muang Kulaypan)	Chaweng	78*	Q4 2017
Manathai Koh Samui (conversion and extension of Buddy Oriental Resort)	Lamai	15*	Feb 2015

*Additional Keys for Existing Hotels

Source: C9 Hotelworks Market Research

About C9 Hotelworks



Bill Barnett
Managing Director

C9 Hotelworks is an internationally recognized consulting firm with extensive experience in the Asia Pacific region. Its core business focus includes:

- Ⓞ **Hotel and Resort Development**
- Ⓞ **Asset Management / Ownership Representation**
- Ⓞ **Project Feasibility and Analysis**

Key competencies include international hotel operator search, selection and contract negotiation, mixed use hotel and residential planning and operation reviews.

A wide range of both institutional and private developers and a comprehensive portfolio of completed projects give C9 the skill set and background to focus on key issues, evaluate complex ones and assist clients in achieving solid results. Based in Phuket, Thailand and led by Managing Director Bill Barnett, who has 30 years of experience in Asia Pacific, the firm is well positioned to serve an increasingly demanding marketplace.



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