

## BANGKOK LUXURY HOTELS - FIRST SIGNS OF RECOVERY 2H2021

### Insights & Recommendations

#### Colliers Projects 2024 recovery in Bangkok Luxury Hotels (upgraded forecast):

“The overall market occupancy jumped sharply (by 89%) from a very low base, however pricing remained weak to flat for luxury hotels in Bangkok in the 2H vs. 1H 2021. The Covid-19 virus situation continued but showed potential signs of diminishing. Domestic tourists, under the name ‘Rao-Tiew-Duay-Gun’ campaign enjoyed more room nights and foreign tourists were traveling again under a the Test & Go, 1 day quarantine. The Sandbox and Alternative Quarantine projects, improved demand slightly in Bangkok, Phuket and Koh Samui.



Demand

**UP**



Quarantine restrictions were lifted November 1. Surge in arrivals from a low base. 387,422 foreign tourists. Increase of 89.5% in 2H vs 1H. 427,869 foreigners in 2021.



Supply

**FLAT**



12,943 Luxury hotel rooms in Bangkok as of 2H 2021

No luxury hotels were launched in 2021.

7 new Upscale and Mid-class hotels were launched (1,193 rooms) in 2021.



Occupancy

**UP**



Occupancy in Bangkok increased to 22.0% in 2H, 4.0% up from 1H 2021.



ADR

**PRICING FLAT or DOWN SLIGHTLY**



Average Daily Rate (ADR) in Bangkok decline to THB3,210 down 1.7% from 1H 2021. Significant discounts were given to domestic customers by hotels that were open.



# THE NEW SUPPLY POSTPONED

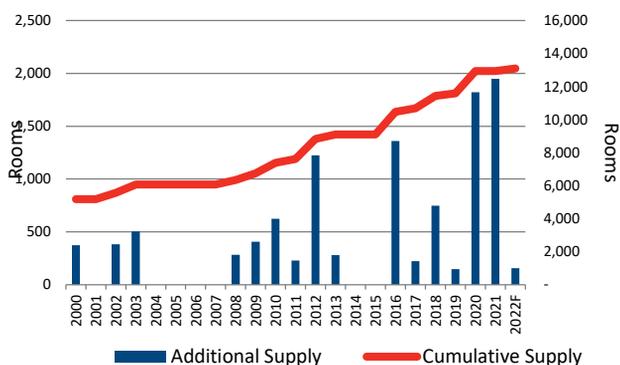
## Flat Luxury Supply: Remaining at 12,943 rooms

The overall supply of luxury hotels in Bangkok as of 2H 2021 remained approximately 12,943 rooms. There was no new luxury hotels launched in the Bangkok in 2021, only upscale and mid-scale hotels were launched. In 2H 2021, there were 7 hotels with a total of 1,193 rooms:

- Wyndham Bangkok Queen Convention Center, comprising 110 rooms
- Wyndham Garden Hotel Bangkok Sukhumvit 42 comprising 135 rooms
- The Quarter Ploenchit Hotel comprising 160 rooms,
- Glow Sukhumvit 71 comprising 108 rooms,
- Shama Hotel Yen Akart Bangkok comprising 136 rooms
- Holiday Inn Express Bangkok Ratchada 71 comprising 220 rooms and
- Hotel JAL City Bangkok Hotel comprising 324 rooms.

Research and Communications department from Colliers Thailand saw hotels that reopened at the end of the year to accommodate tourists arrivals when the quarantine went down to 1 day on November 1st, 2021. Four luxury hotels in Bangkok are being under construction, with approximately 726 rooms launch was positioned to 2022. It was also found that there was a supply of luxury hotels in Bangkok that were expected to be completed and launched in 2022 of approximately 155 rooms, and in 2023 of approximately 2,354 rooms.

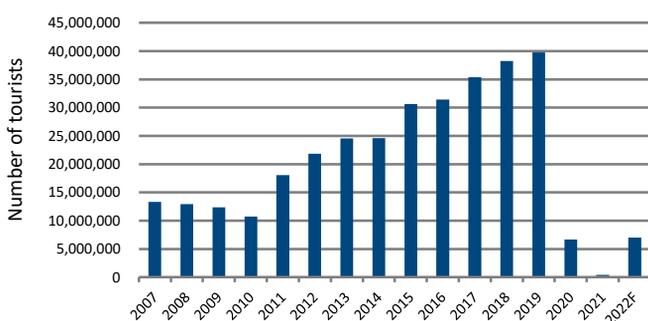
## Cumulative and Future Supply as of 2H 2021



Source: Research and Communication, Colliers Thailand

Due to the covid-19 situation, Luxury hotel operators were not able to rely on foreign tourists. Many hotels were temporarily shut or some hotels announced permanent closures and hotels were announced for sale.

## Guest arrivals at accommodation establishments in Thailand by year

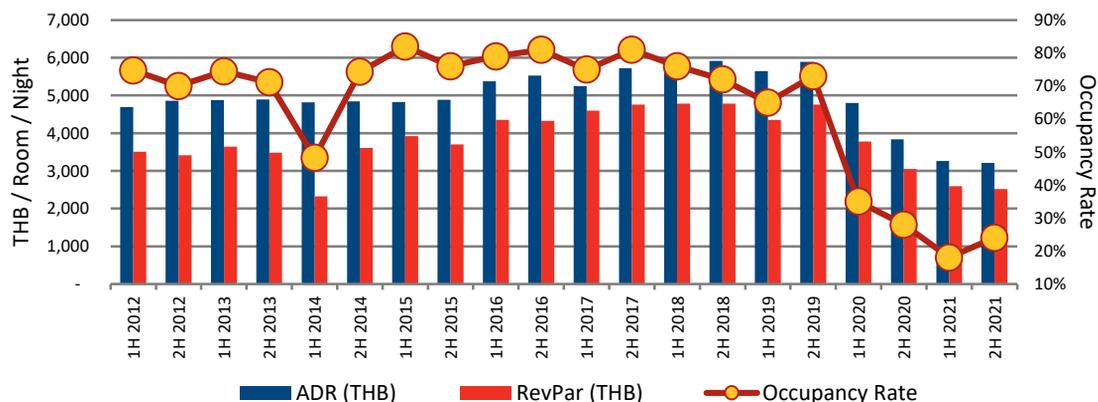


Source: Ministry of Tourism and Sports, Thailand and Rresearch and Communication, Colliers Thailand

For the tourism situation as of 2H 2021, the overall foreign tourists improved from 1H 2021 from the government’s announcement of opening the country on November 1<sup>st</sup>, 2021. It was found that 387,422 foreign tourists arrived in Thailand, an increase of more than 89.5% from 1H 2021, foreign tourists who arrived in Thailand in 2021 were 427,869 tourists, a decrease of 93.6% y-o-y, generating income from foreign visitors of approximately THB24,974 million, which found that the number was a lot lower than expected as the number of foreign tourists for the whole year was estimated to be around 10 million tourists. However Research and Communications Department from Colliers Thailand considered that after the positive factor in the announcement of the country's opening during the period after a few year, this was considered as an important positive factor for tourism business in Thailand. It was found that in December, there were up to more than 230,497 foreign tourists arriving in Thailand, which was the highest number of tourists for the year. Most tourists were from Europe, which was accounting for 58.6%.

# ROOM PRICES FLAT WHILE OCCUPANCY INCREASED IN 2H

## Average occupancy rate, ADR and revenue per room of luxury hotels in Bangkok as of 2H 2021



Source: Research and Communication, Colliers Thailand

Average occupancy rate of luxury hotels in Bangkok as of 2H 2021 was approximately 22.0%, an increase of 4.0% from 1H 2021. However there was a better trend from domestic tourists through tourism campaigns under the name 'Rao-Tiew-Duay-Gun' as well as the increasing number of foreign tourists traveling to Thailand through the Test & Go project in the form of no quarantine. Also there was the Sandbox project and the Alternative Quarantine project at the end of last year, which caused the demand for luxury hotel rooms in Bangkok to increase again.

The overview of Thailand tourism market in 2H 2021 improved as the situation of the Covid-19 outbreak began to continuously recover. In November 2021,

the government announced the policy to relax the restrictions for domestic travel by lifting the restrictions for people in the tourism cities to leave their residences, which were marked as highly restricted areas. However, a highly regulated and strictly controlled area that is not tourism cities was still prohibiting anyone in the area to leave the residence between 11:00 PM - 3:00 AM. This continued until November 30<sup>th</sup>, 2021 and to postpone the opening of entertainment venues, pubs, bars, karaoke throughout the country.

At the end of 2H 2021, the overall average daily rate (ADR) of luxury hotels in Bangkok continued to decline to approximately THB3,210, a decrease of approximately 1.7% from 1H 2021. This was the impact of offering the room rate discounts to domestic customers as the number of foreign tourists dramatically decreased.

It was found that some hotel operators have reduced their room and food prices by more than 50.0%. However, despite the past, hotel operators had lower income from hotel closures due to the spread of COVID-19 as most of the main source of income that came from tourism was missing.

### Sign of Recovery

The policy to open the country under the Test & Go that began in November 2021 has been well received by international tourists, especially European and Asian tourists.

The number of foreign tourist per month rose to 230,497 tourists in December before the announcement of the project halt due to adjustment to prevent the spread of the COVID-19 virus in late December.

Our internal Collier's Research and Communications team in Bangkok forecasted the luxury hotel market in Bangkok to continue to improve in 2022 and will also continue to rely on domestic tourists. Foreign tourists arrivals will increase substantially in late Q2. As for the new supply, it may be launched again in later 2022 from world-class hotel brands.

Meanwhile, the average daily room rate and revenue per room remain unchanged as hotel business operators still have to face various factors both in terms of restarting, hiring and further issues with COVID-19 virus. Even with Thailand lowering restrictions, other countries have overly harsh quarantines upon return from Thailand. However if the government speeds up the implementation of the Test & Go reopening policy, it will contribute to the improvement of tourism business in Thailand in 2022.

Please contact us for more information and feedback.

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