

# Samui Hotel Market

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Phoenix Property Development and Consultancy Co.,Ltd.



“Hotels in Koh Samui have faced problems to generate income to support their financial situation.”



Surachet Kongcheep

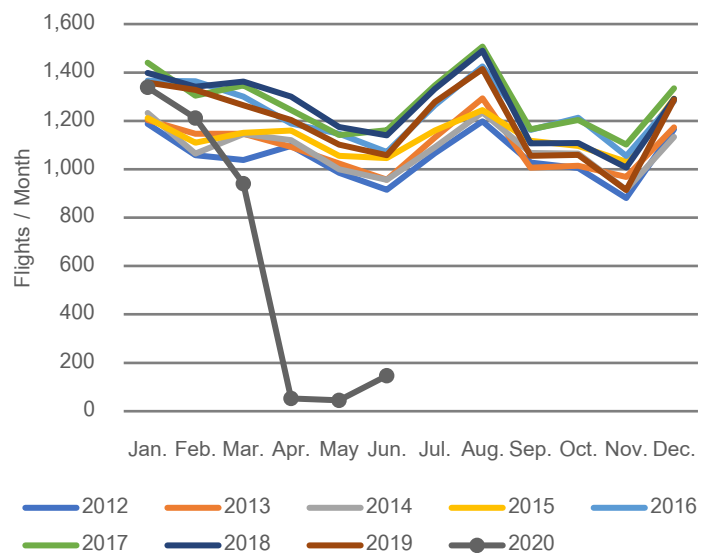
Managing Partner

Koh Samui is one of the world-famous tourist destinations among foreigners. Although there is a limitation in travelling, but Koh Samui International Airport is also a hub for pick-up foreign passengers for many international airlines. Some foreign tourists travel from the airports in Thailand by car in order to take the ferry service across to Koh Samui.

Koh Samui may be one of the destinations of foreign tourists, but only some of them intend to stay in Koh Samui for a longer break. In addition, the hotel market in Koh Samui is also experiencing seasonal issues from the longer rainy season. This is an obstacle for both air and ferry travel, so Koh Samui's hotel and tourist markets face both bustling and relatively quiet period in one year.

## Koh Samui Travel Overview

Number of Arrival Aircrafts at  
SAMUI Airport



Source: Source: Samui Airport Property Fund (Leasehold)

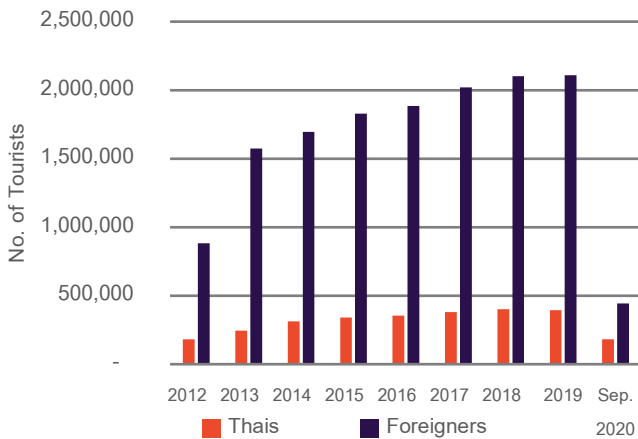
The trend of flights arriving at Koh Samui International Airport is declining. The reason may be because of the change in travel patterns for both Thai and foreign tourists as more tourists choose to travel to Koh Samui by ferry in order to travel to other provinces around Koh Samui. Therefore, it is more convenient to travel to Koh Samui by car and ferry than by plane.

In 2020, the number of flights to Koh Samui has decreased significantly in March–June due to COVID-19 prevention policy. Even after the lockdown period, the number of flights was still extremely low compared to the same period of the previous year because there are no overseas flights to the Koh Samui International Airport

Hotels in Koh Samui have faced problems to generate income to support their financial situation. Most hotels have to reduce the proportion of staff and lower accommodation prices to attract more Thai tourists. The response is quite good and it is expected that there will be more Thai tourists to Koh Samui during the fourth quarter of 2020 and the beginning of 2021. Foreign tourists were more abundant in the first 2-3 months of 2020, but the number has dropped to almost zero from the halt in international travel.

## Supply

Number of Tourists Staying at Hotels in Koh Samui



Source: Ministry of Tourism and Sports

Koh Samui is mostly dependent on foreign tourists. Thai tourists are only a minority. By the year 2019, the proportion of Thai tourists visiting Koh Samui is only 16 - 17% of total tourists. The tourist number in Koh Samui has dropped by at least 70-80% compared to the previous year and the proportion of foreign tourists has significantly decreased compared to Thai tourists from the covid-19 pandemic and the prohibition of international travel in early 2020. At the end of September 2020, there are approximately 315,000 Thai and foreign tourists staying in hotels on Koh Samui.

Number of Hotel Rooms in Koh Samui



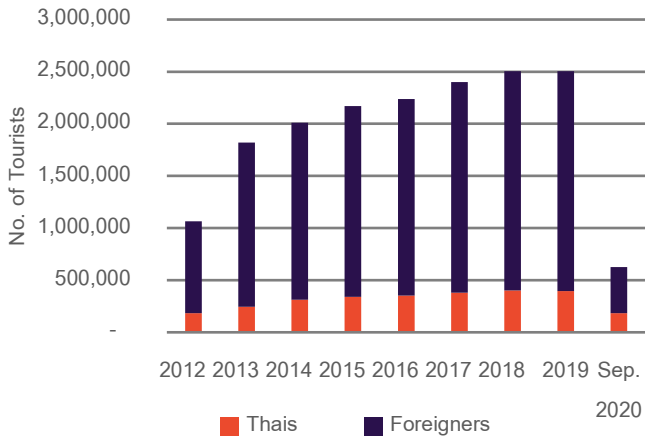
Source: Ministry of Tourism and Sports

Koh Samui is a popular tourist destination in Thailand, there were at least 2 million foreign tourists coming in each year. Therefore, there are many hotels, resorts, and accommodation in Koh Samui. There are approximately 634 hotels in Koh Samui with a total number of approximately 24,074 rooms. The number of hotels, accommodations and rooms has markedly increased in 2017. This is a year with a marked increase in Chinese tourists as well.

Luxury and upper scale hotel proportions in Koh Samui are not huge, it represents no more than 30% of the total number of hotels in Koh Samui. Although in the past 3 - 4 years, luxury and the upper scale hotels have been opened but the number of rooms has not increased a lot. The reason is because luxury and upper scale hotels opened in Koh Samui are mostly resort style with a small number of rooms.

## Demand

### Number of tourists staying at hotels in Koh Samui

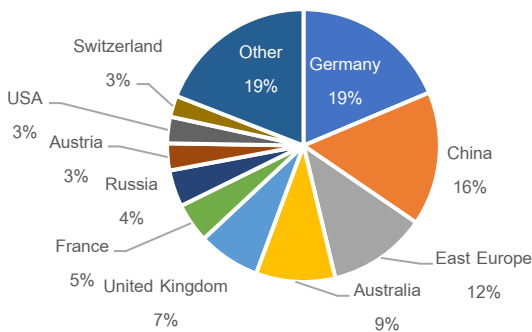


Source: Ministry of Tourism and Sports and Phoenix Property Development and Consultancy

The number of tourists staying at hotels in Koh Samui has dropped significantly in 2020, especially from April onwards due to the prevention of the spread of the Covid-19. There are almost no foreign tourists after April, except foreigners who have previously been in Thailand and chose to stay for a long time in Koh Samui. While Thai tourists are also declining, the proportion of the reduction is not that much compared to that of foreign tourists.

The Koh Samui hotel market will return to normal once more international travel and the life of people in all countries around the world is back to normal again, which may have to wait at least 1 - 2 years depending on the vaccine and control of the spread of the COVID-19 virus

### Proportion of The Top 10 Foreigners Staying At Hotels in Koh Samui

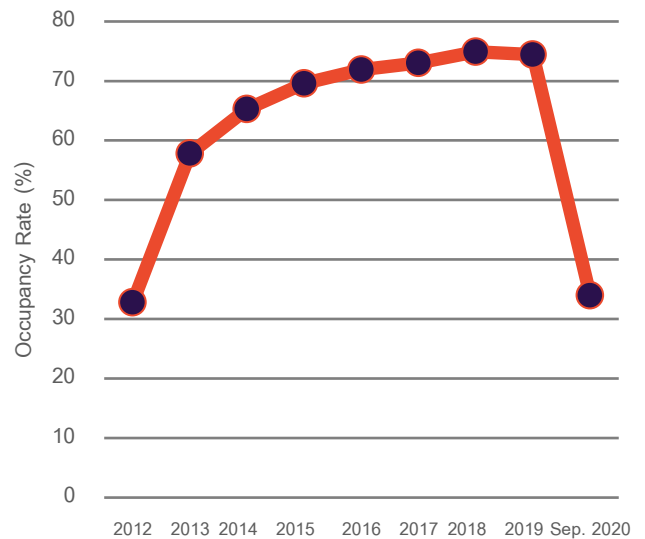


Source: Ministry of Tourism and Sports and Phoenix Property Development and Consultancy

The tourist statistics of the Ministry of Tourism and Sports are not clear and insufficient for analysis. However, from the available information, the majority of foreign tourists who stay in the hotel in Koh Samui are Westerners. The number of tourists is led by Germany at about 19%, China at 16%, and the third proportion from Eastern Europe. When compared to the proportion of all westerners, China is still little. Unlike Pattaya, where Chinese tourists are clearly larger.

The number of Thai tourists is also interesting, because the statistics of the Ministry of Tourism and Sports found that during the year 2018 – 2019, at least 380,000 Thai tourists stayed at hotels in Koh Samui per year. When foreign tourists are unable to enter Thailand in 2020 Thai tourists are the main target groups of hotels across Thailand, including hotels in Koh Samui.

### Average Occupancy Rate of All Hotels in Koh Samui



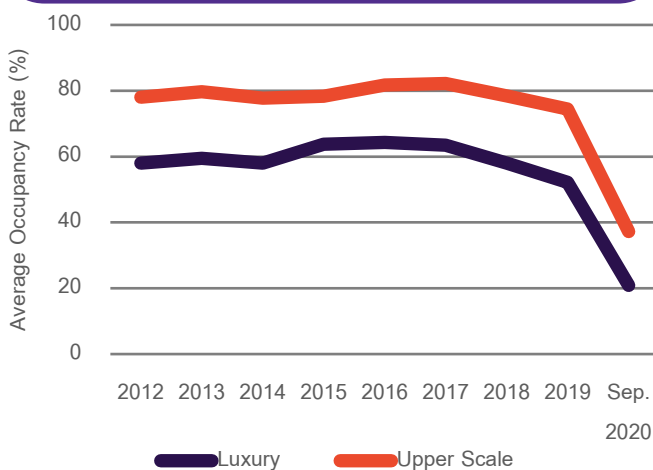
Source: Ministry of Tourism and Sports and Phoenix Property Development and Consultancy

Hotel occupancy rates in Koh Samui have declined more than 70% in the past nine months of 2020. The average occupancy rate in 2019 was 74.4%, the number has decreased to only about 22% in the last nine months of 2020.

Some hotels are closed until October, because there were not enough people staying to cover operation cost. There may be some hotels that have guest stayed the past several months from 50% room rate reduction.

When the average occupancy of hotels in Koh Samui is relatively low in 2020, it is possible that many hotels that cannot stand to continue operating. Although many hotels have just opened in 2020, but it does not reflect the recovery in Koh Samui hotel market. The opening of new hotels in Koh Samui, even during this time when the market is in crisis, merely shows the long term attractiveness of the Koh Samui hotel market. However, some hotels are forced to sell or dissolve, especially new hotels that were opened in the past 2 - 3 years as they are unable to bear the burden of bank loans during this income reduction period.

Average Occupancy Rate of a Luxury and Upper Scale Hotels in Koh Samui



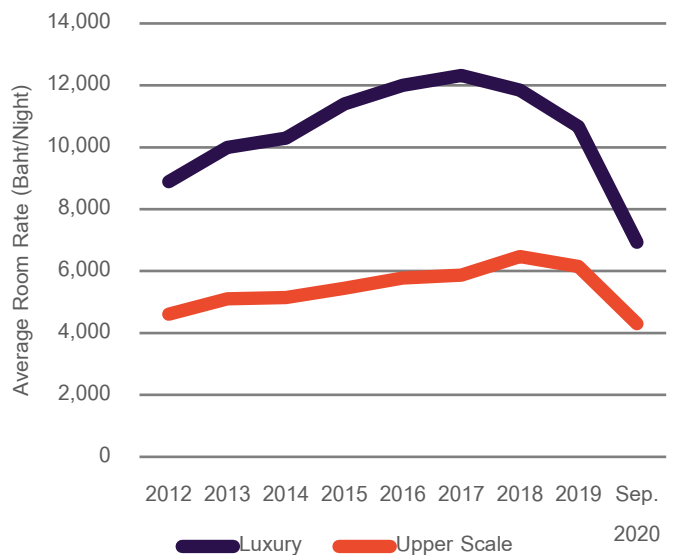
Source: Phoenix Property Development and Consultancy

Average occupancy rate of luxury and upper scale hotels in Koh Samui have been in a downward direction since 2018. Although the average hotel occupancy rate in Koh Samui was very positive and increasing in 2018 - 2019 as a growing group of self-propelled travelers who choose to stay in hotels or resorts with lower room rates. This was due to the fact that these groups are continually seeking new experiences, they do not need expensive rooms or luxury experience. Visitors who come together as a tour group will also stay in affordable hotels.

Moreover, the number of rooms in Koh Samui is quite high, this is another factor contributing to the occupancy rate of luxury and upper scale hotels and resorts that have higher room rates. 2020 may not be over, but for the Koh Samui hotel market, there is still no hope of recovery in 2020 and possibly including the year 2021. Hotels and resorts in Koh Samui operator should set priority to Thai tourists by organizing various activities or launching promotions to attract Thai tourists, rather than waiting for the return of international tourists.

## Average Room Rates

Average Room Rate of a Luxury and Upper Scale Hotels in Koh Samui



Source: Phoenix Property Development and Consultancy

Note: Luxury is a hotel accommodation that costs more than 10,000 baht per night, the upper scale is a hotel accommodation that costs 5,000 - 10,000 baht per night

Average room rates per night at luxury and upper scale hotels have faced a continuous declining direction. If not counting the year 2020, room rates are still in a downward trend since 2018, due to the increasing number of hotel rooms in Koh Samui. While a group of foreign tourists traveling to Koh Samui is increasing, they tend to stay in the hotel or resorts with lower room rates. In addition, there is limitation to travel to Koh Samui for both Thai and foreign tourists from limited airlines operating and relatively high price of plane tickets. If in the future, a bridge between Koh Samui and the

mainland is opened, the journey will be more convenient.

Room rates in 2020 may not reflect the many possibilities in the Koh Samui hotel market. The reasons are because of the closure of the service, government policy, and room rate reduction after re-opening. But in the future, when everything is back to normal, it is believed that the hotel room

rates in Koh Samui will be at the similar level in 2018 – 2019 as the current traveling patterns have changed from the past. Today's tourists tend to seek new experiences rather than convenience or luxury. Thus, they may choose an expensive hotel for 1 – 2 nights and then stay elsewhere. There is no need to stay in luxury or upper scale hotels every night when visiting Koh Samui.

## Summary of Market Overview and Future Trends

- > The hotel market and business which are related to tourism and foreign tourists will not recover soon.
- > Conditional exposure to foreign tourists is not yet a clear path for recovery.
- > Thai tourists have been the main customer group over the past several months.
- > Hotel owners and operators are required to temporarily close services or reduce their room rates to accommodate Thai tourists.
- > Hotel and tourism businesses in Thailand will have to wait 1 – 2 years to recover or when there is a vaccine against COVID-19 with reasonable price.
- > Announcing the sale of hotels in many tourist cities across Thailand are very common today, including in Koh Samui.



**PHOENIX PROPERTY DEVELOPMENT AND CONSULTANCY CO., LTD.**

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We provide real estate market studies and analysis, sales agent business, consignment business as well as financing investment in real estate and other businesses in Thailand. With the vision to be one of the leading reliable property consultants in Thailand

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