



The Knowledge Report

MARKET OVERVIEW | MAY | 2009



Hotel Market Overview in Jakarta, Bali and Surabaya

HIGHLIGHT FOR THIS REPORT

- **Hotel:** Three cities surveyed (Jakarta, Surabaya and Bali) reported a decline in Average Occupancy Rates (AOR). In terms of Average Rental Rates (ARR), Surabaya reported a rise, fueled mostly by adjustments made by a few hotels, as well as an increase in walk-in guests which fetched better room rates than corporate guests. A moderate rise in ARR was seen among hotels in Jakarta, due mostly to the stronger Rupiah against the US dollar, which caused several hotels to adjust their pegged rate. In Bali during the low season, most hotels offered lower room rates due to fewer tourist arrivals.

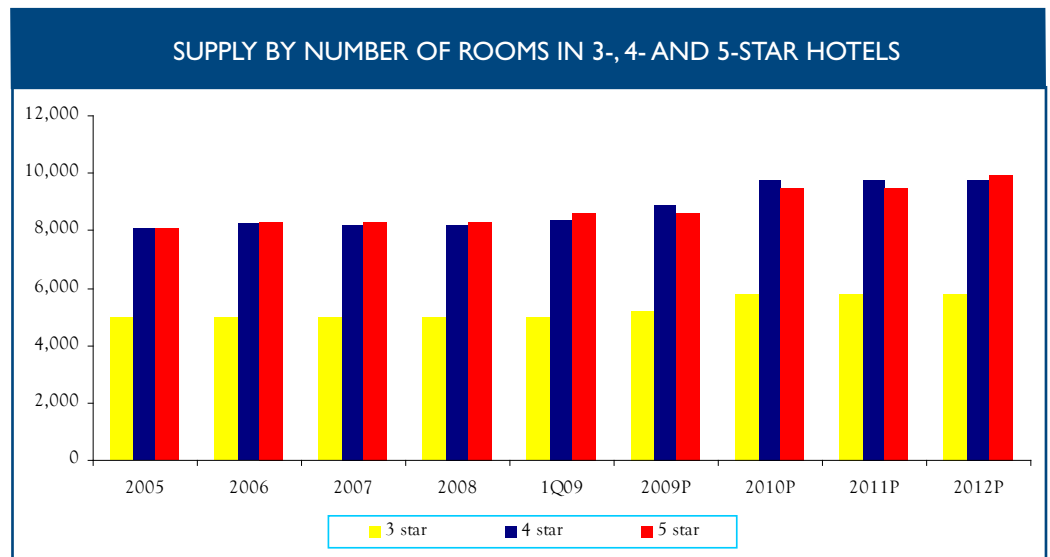
HOTEL SECTOR

JAKARTA MARKET

SUPPLY

Jakarta's hotel market saw additional rooms in 1Q2009 with the opening of the 5-star Hotel Indonesia Kempinski. This is the refurbished legendary Hotel Indonesia and is a protected building due to its historical background. Hotel Indonesia Kempinski is part of the mixed-use project Grand Indonesia, which is located

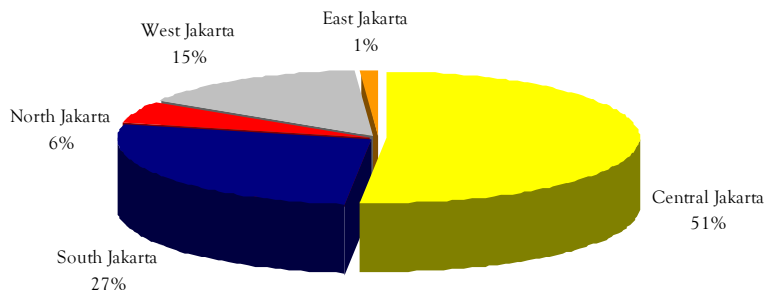
strategically in the heart of the CBD. Hotel Indonesia itself was previously categorised as 4-star hotel but, with the management of Kempinski, the new hotel has been upgraded to a 5-star hotel. The addition of Hotel Indonesia Kempinski in February 2009 brought the total number of hotel rooms in Jakarta to 21,959.



Source: Colliers International Indonesia - Research Department



DISTRIBUTION OF 3-, 4- AND 5-STAR HOTELS IN JAKARTA BY REGION



Source: Colliers International Indonesia - Research Department

LIST OF FUTURE STAR RATED HOTELS IN JAKARTA

HOTEL NAME	LOCATION	EXPECTED COMPLETION
3-Star		
Harris Hotel	Kelapa Gading	2009
Grand Patria	Cawang	2010
Permata Gunung Sahari - Best Western	Gunung Sahari	2010
Ibis Simatupang	TB Simatupang	2010
4-Star		
Aston Mangga Dua, Hotel & Residence	Mangga Dua	2009
Grand Aston Soho, Hotel & Residence	Slipi	2010
Hotel at Emporium Pluit	Pluit	2010
Hotel at Gandaria City	Gandaria	2010
Grand Kartini - Swiss-BelHotel	Mangga Besar	2010
5-Star		
The Aryaduta Regency Hotel at Kemang Village	Kemang	2011
Hotel at Kota Kasablanka	Kasablanka	2011
The Aryaduta Hotel & Convention Center St. Moritz	Puri Indah	2012
The Regatta	Pantai Mutiara	2012
	Total Rooms	3,584

Source: Colliers International Indonesia - Research Department

AVERAGE OCCUPANCY RATE

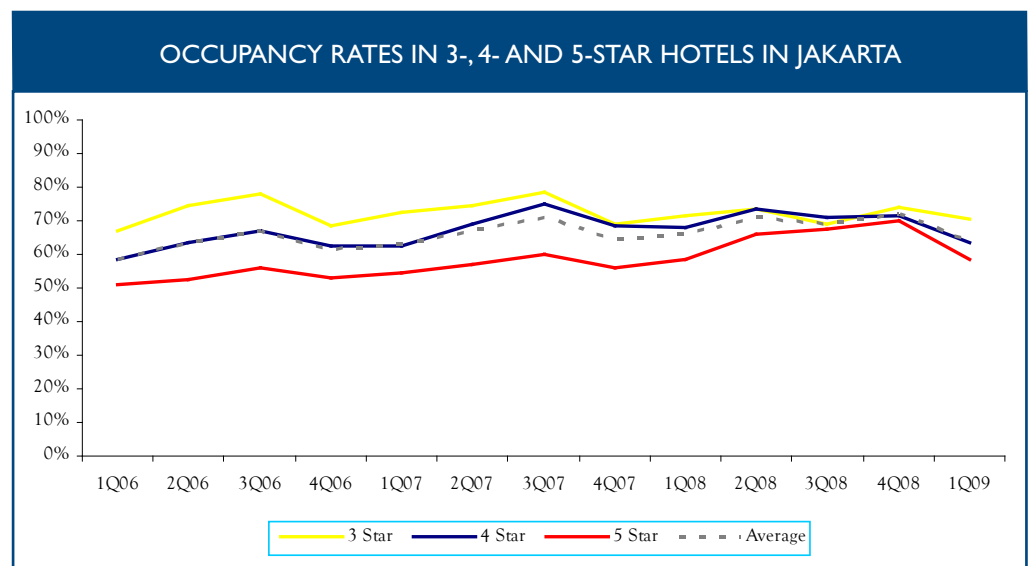
The number of foreign arrivals to Jakarta through Soekarno-Hatta International Airport during 1Q2009 was registered at 311,820, reflecting a drop of 19.61% compared to the previous quarter. In line with declining visitor arrivals to Jakarta, the Average Occupancy Rate (AOR) also saw a downward trend quarter on quarter (QoQ). Jakarta's hotel market has been characterized as mostly business hotels and most hotels in Jakarta have been enjoying a growth in business. However, with the current slowdown, occupancy rates have dropped somewhat across all hotel categories. The 5-star hotels experienced the biggest drop at 16.49%, followed by 4- and 3-star hotels, which fell 11.30% and 4.75%, respectively.

The AOR for 3-star hotels was 70.55%, while that for 4-star hotels was 63.45% and 5-star hotels registered an AOR of 58.31%. Overall, the AOR for all hotel categories was down from 71.81% in the previous quarter to 64.10% in 1Q2009.

Best AOR performers at above 80% were Putri Duyung Cottages, Ibis Tamarin and Harris Hotel in the 3-star category, while in the 4-star category it was Kristal and Novotel Mangga Dua Square. The highest AOR within the 5-star category reached just 70%, and included the Four Seasons, Holiday Inn and Intercontinental Mid Plaza.



Source: Colliers International Indonesia - Research Department



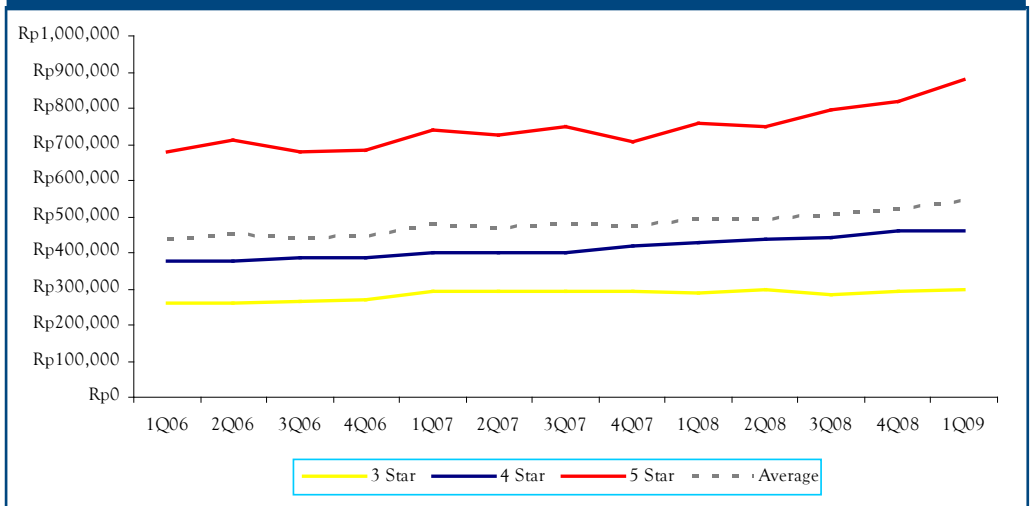
Source: Colliers International Indonesia - Research Department

AVERAGE ROOM RATE (ARR)

The declining Rupiah against US Dollar in 1Q2009 and most hotels adjusted their pegged rate accordingly. Average Room Rates (ARR) rose moderately in the quarter in the range of 0.2% to 7.4%. The ARR at 3-star hotels showed a relatively steady performance and registered only a small discrepancy, from Rp291,486 to Rp297,023 QoQ. The ARR for 4- and 5-star hotels also saw a positive trend, with 4-star hotels registering a moderate rise from Rp459,523 to Rp460,639, while the ARR for 5-star hotels was up significantly, from Rp817,135 to Rp877,837.

In the 3-star hotel category, only two hotels were able to achieve an ARR of above Rp400,000, namely Putri Duyung Cottages and Kemang Hotel. In the 4-star category, such hotels as Sari Pan Pacific, Nikko Jakarta, Menara Peninsula and Alila reached an ARR of above Rp500,000, with Ambhara positioned the highest at above Rp600,000. Meanwhile, five 5-star hotels that achieved an ARR of more than Rp1 million included The Dharmawangsa, Grand Hyatt, The Ritz Carlton at SCBD, The Ritz Carlton at Mega Kuningan and the Shangri-La hotel.

AVERAGE ROOM RATES OF 3-, 4- AND 5-STAR HOTELS IN JAKARTA



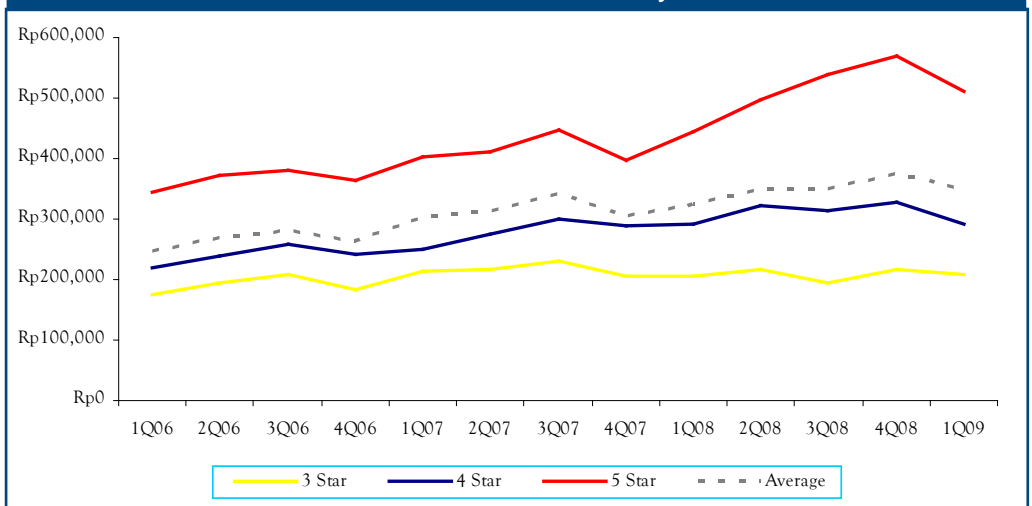
Source: Colliers International Indonesia - Research Department

REVENUE PER AVAILABLE ROOM (RevPAR)

The weakening AOR caused the overall hotel performance among all categories to also drop in the range of 3% to 11% QoQ. A significant

drop was experienced by 5-star hotels, thanks to their largest fall in AOR.

REVENUE PER AVAILABLE ROOM (REVPAR) OF 3-, 4- AND 5-STAR HOTELS IN JAKARTA



Source: Colliers International Indonesia - Research Department

BALI MARKET

TOURISM OVERVIEW

Bali received an award as The Best Island in Asia Pacific 2008 from DestinAsia Magazine last February in Hong Kong. Bali had been chosen twice as the Best Island in Asia Pacific of three nominations held by DestinAsia Magazine since 2006. According to the Bali Tourism Office record, Bali has received 21 awards from various international magazines and countries since 1998. Most of the awards were given to Bali for Bali’s unique destination and natural beauty.

Other good news for Bali tourism is that Russian Transaero Airlines will soon commence flights between Moscow and Bali in order to serve the growing demand for Bali holidays from their home market. Indonesia has target-

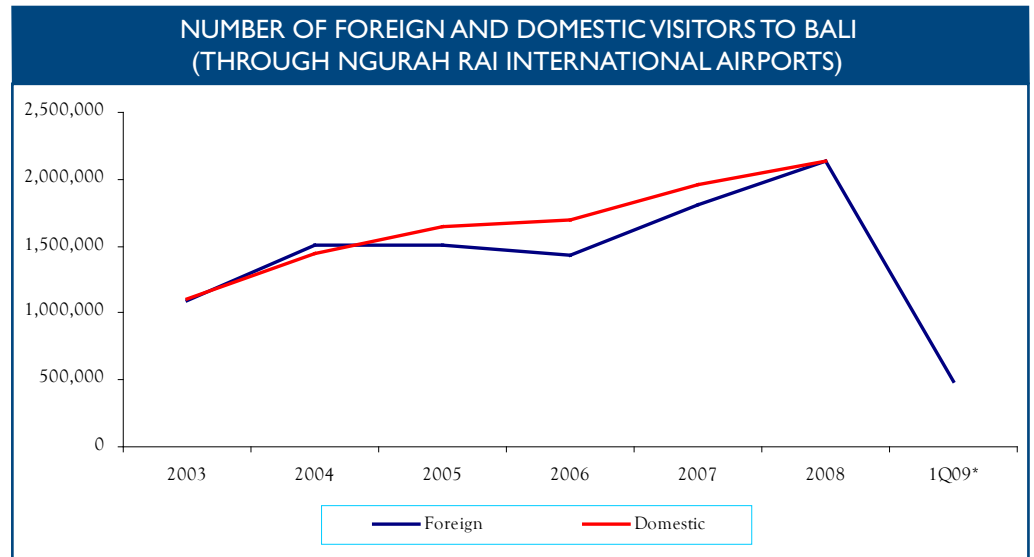
ed 70,000 Russian tourists for 2009. In 2008, a total of 65,362 Russians visited Indonesia, an increase of 39.21% over the previous year. Russian travel to Indonesia is overwhelmingly focused on Bali with 58,233 (89%) coming to Bali in 2008.

In order to help Indonesia achieve arrivals totals in the midst of the current global economic crisis, the government has granted “special” licenses to six airlines to add flights to Indonesia. The six airlines given wider rights to fly to Indonesia are: Singapore Airlines, Shanghai Airlines, China Eastern Airlines, Transaero Airlines (Russia), Firefly (Malaysia) and Hong Kong Express..

INBOUND VISITORS TO BALI THROUGH NGURAH RAI AIRPORT

From the latest information provided by the Bureau of Statistics, by February 2009, tourists profile in Bali continued to be dominated by Japanese followed by Australians. The number of Russian tourists is growing too showing an increasing trend and in quantity it is bigger than the number of tourists from Germany, the US or France.

In the Ngurah Rai Airport, the latest information we can get is the number of visitors as at end of 2008 which showed a better figure compared to the previous year.



*Domestic Visitors: Data is not ready

Source: Ngurah Rai Airports

HOTEL MARKET OVERVIEW

The Pecatu Indah Resort (PIR) covers around 400 hectares and will serve as home to 12 star-rated hotels. Le Grande hotel with current 128 hotel rooms and 62 serviced residences is in operation. Meanwhile a 278-room Best Western Hotel in the same area is expected to start their soft launching in the second quarter of this year.

Plans for several new hotels will not materialize in the short term. The first quarter of this

year was highlighted by declining AOR and ARR trend QoQ (quarter on quarter). Nevertheless, this downturn trend is predictable since the comparison was made between the period of peak season in the year end 2008 and the low season which occurs in the beginning of each year. Nevertheless, amidst the global financial storm the declining trend from peak to low seasons was still at a tolerable level. We did not see any immediate significant effect on the Bali tourism market thus far.

LIST OF POTENTIAL HOTEL DEVELOPMENTS IN 2009 - 2012 PERIOD

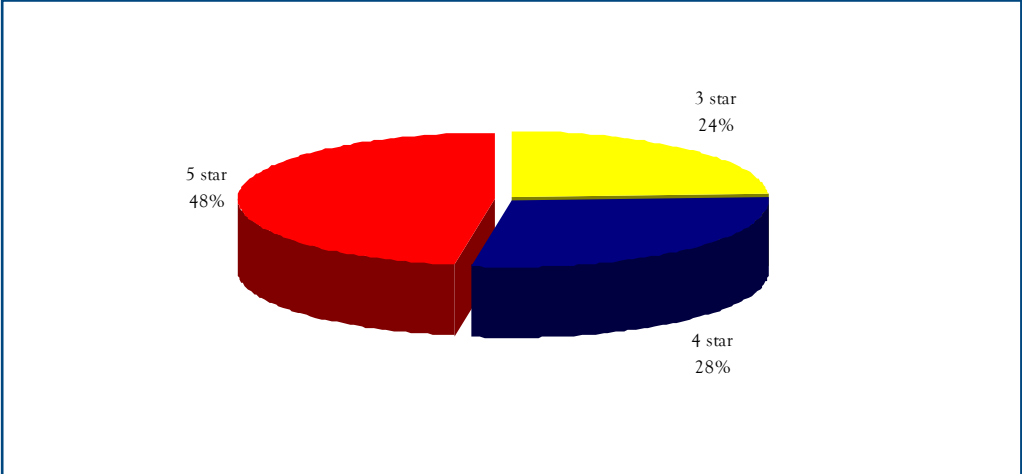
HOTEL	LOCATION
Kamakila	Legian
Intercontinental Sanur	Sanur
Sahid Meritus	Kuta
Peninsula Hotel	Tanjung Benoa
Aryaduta Resort Hotel	Kuta
Raffles Amarthia Resort	Pecatu
Renaissance Bali Resort & Spa	Nusa Dua
Jumeirah resort	Nusa Dua
The Regent	Sanur
W Retreat & Spa Bali	Seminyak

Source: Colliers International Indonesia - Research Department

On the investment front, PT Klapa New Kuta Beach is investing US\$100 million for entertainment facilities to be located within the Pecatu Resort Complex in Pecatu. The entertainment complex will cover 3.4 hectares of the Pecatu development and will feature a number of entertainment options and a parking area covering 2,000 square meters. The main building will have two restaurants with Mediterranean themes, two clubs and a karaoke lounge. Other planned facilities include two lounges, a beach club, a plaza area, pool, wine shop and a wedding chapel.

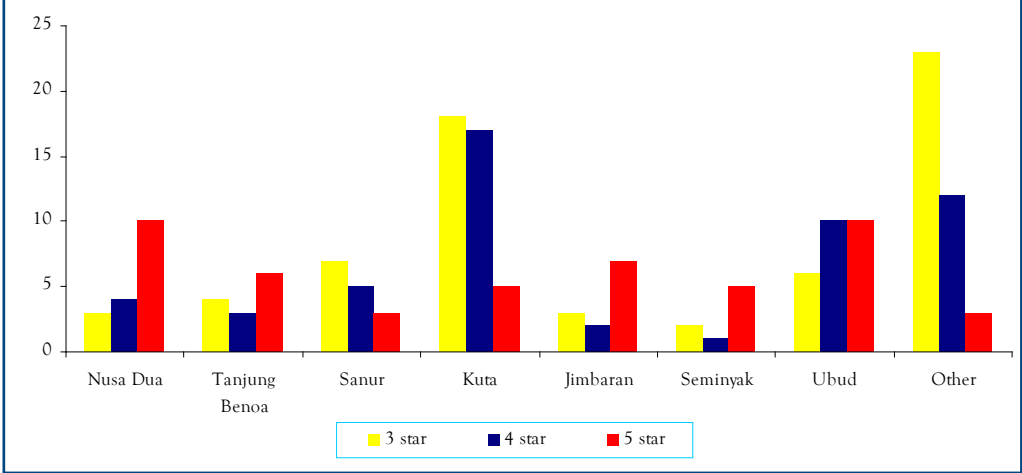
Other investment news is that Tune Hotels (non star-rated hotel) will open two hotels in Bali before the end of 2009 including a 170-room hotel in Legian and 139-room hotel in Kuta. Tune Hotels is the low-cost hotel arm of Malaysia's low cost airline AirAsia offering inexpensive accommodation in which guests pay for such "extras" as air conditioning, towels, toiletries and parking.

HOTEL ROOM SUPPLY BASED ON HOTEL CLASSIFICATION



Source: Colliers International Indonesia - Research Department

NUMBER OF 3-, 4- AND 5-STAR HOTELS OPERATING IN DIFFERENT AREAS



Source: Colliers International Indonesia - Research Department

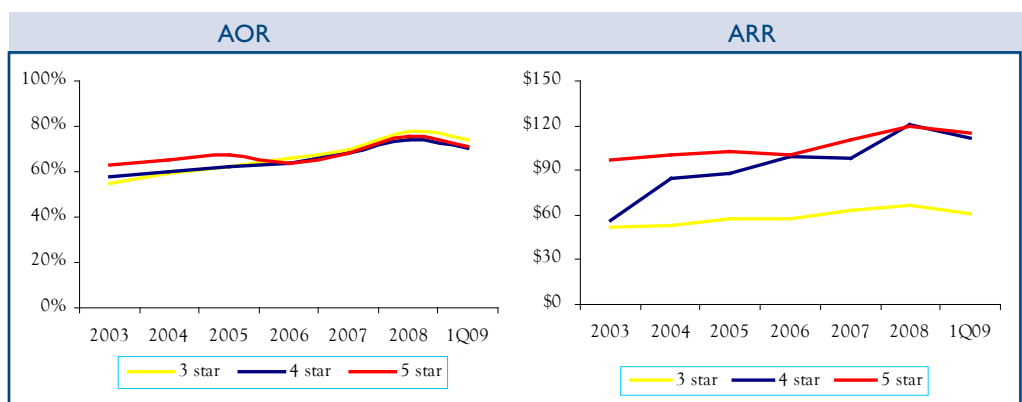
OVERALL HOTEL PERFORMANCE

NUSA DUA

All star-rated hotel categories in Nusa Dua experienced a declining occupancy trend with a 4 to 5% drop compared to the previous quarter. In the quarter, it was recorded that 3-star hotels registered 74% occupancy while 4 and 5-star hotels recorded occupancy of 74.6% and 76.5%, respectively. In Nusa Dua, Westin Hotel continued to perform the best among other star-rated hotel within this area.

With lower occupancy QoQ, the ARR of hotels in Nusa Dua dropped by US\$6.00 to US\$11.00. ARR for 4 and 5-star hotels only registered a small discrepancy i.e. US\$111.16 and US\$114.60, respectively. The highest ARR was still recorded by Amanusa boutique hotel (at more than US\$350.00).

PERFORMANCE OF 3-, 4- AND 5-STAR HOTELS IN NUSA DUA



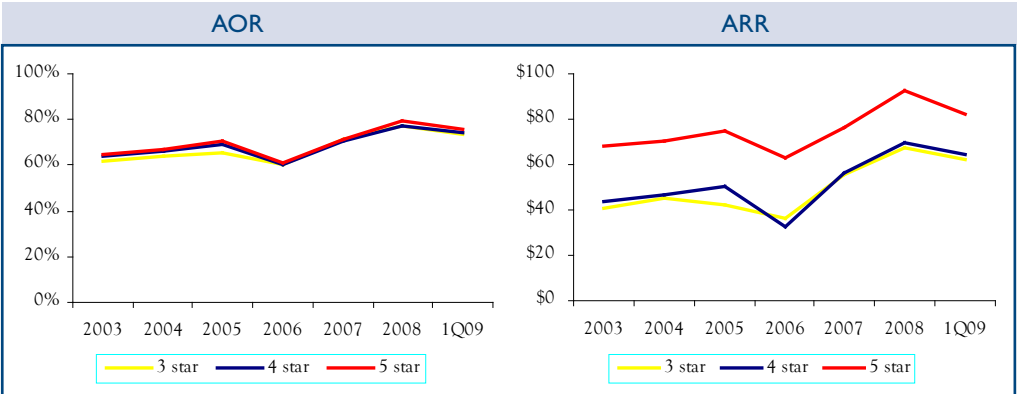
Source: Colliers International Indonesia - Research Department

TANJUNG BENOA

AOR for hotels in Tanjung Bena area registered at almost a similar number despite recording a drop between 3% and 5% QoQ. This quarter, Grand Mirage and Ramada Resort Bena achieved the best performance with an average of 80%. Nevertheless, in general, hotels in Nusa Dua performed at the same level.

As experienced by most regions during this low season, the ARR for hotels in Tanjung Bena also posed a declining trend within the quarter. 4-star hotels experienced the biggest drop of more than US\$10.00 while other categories also registered lower ARR of around US\$7.00 to US\$8.00. Two hotels in Tanjung Bena achieved high ARR of above US\$100.00 i.e. Melia Bena Bali and Conrad hotel.

PERFORMANCE OF 3-, 4- AND 5-STAR HOTELS IN TANJUNG BENOA



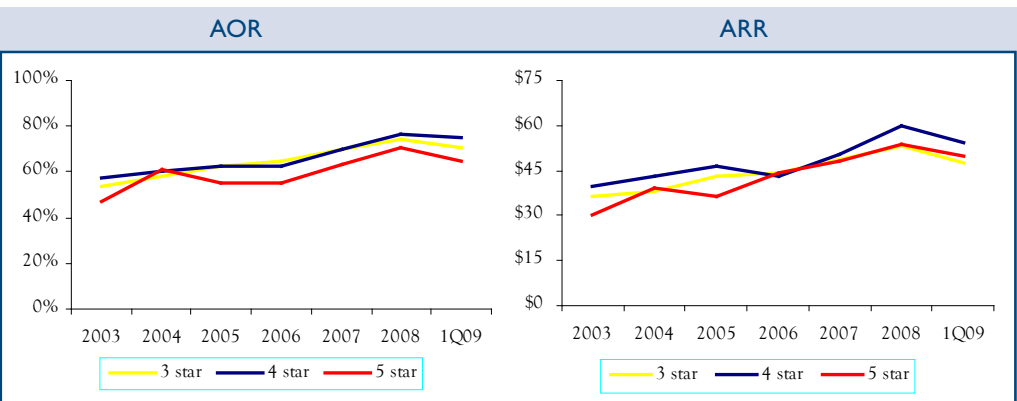
Source: Colliers International Indonesia - Research Department

SANUR

A drop in occupancy QoQ by 4 to 7% was registered in Sanur. Two 4-star hotels registered high occupancy of around 80% i.e. Pavillions and Puri Santrian. The 4-star hotels on average posed the highest AOR compared to 3-star and 5-star. The latter hotel category only showed a low AOR of 64.8% this quarter.

The 5-star hotel category in Sanur also experienced a significant drop by around US\$8.00 in the ARR. With ARR of US\$50.01, the ARR for 5-star hotel was even lower compared to 4-star hotels' ARR which registered at US\$54.47 and was almost similar to the ARR of 3-star hotels which recorded at US\$47.63. Mercure Resort continued to capture the highest ARR within the Sanur area.

PERFORMANCE OF 3-, 4- AND 5-STAR HOTELS IN SANUR



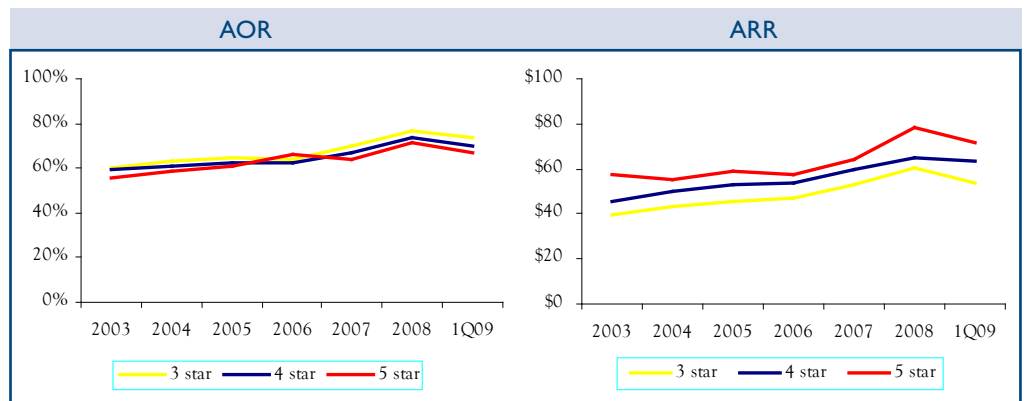
Source: Colliers International Indonesia - Research Department

KUTA

Similar to other tourism areas in Bali, occupancy rate (AOR) in the busiest tourism destination in Bali dropped by 4 to 5% this quarter. The 3-star hotel category performed the best compared with 4 or 5-star rated hotels i.e. 73.73%. 5-star hotels performed the lowest with 66.6% AOR. Amongst many hotels in Kuta, Discovery Kartika Plaza, Alam Kulkul and Bounty Hotel recorded high AOR.

In general as experienced by most hotels in Bali, ARR in this quarter dropped by US\$5.00 to US\$11.00. The ARR for 3-star hotels was almost similar, averaging at US\$53.82. Two 3-star hotels achieved significantly higher ARR compared to others i.e. Bounty Hotel and Kumala Pantai (between US\$100 and US\$250). Similarly, one hotel in the 4-star category i.e. Bali Dynasti achieved higher ARR compared to the ARR for this category, i.e. above US\$100. Of the 5-star hotel category, we only recorded one hotel with lower ARR. The ARR for 5-star hotels registered at US\$71.37.

PERFORMANCE OF 3-, 4- AND 5-STAR HOTELS IN KUTA



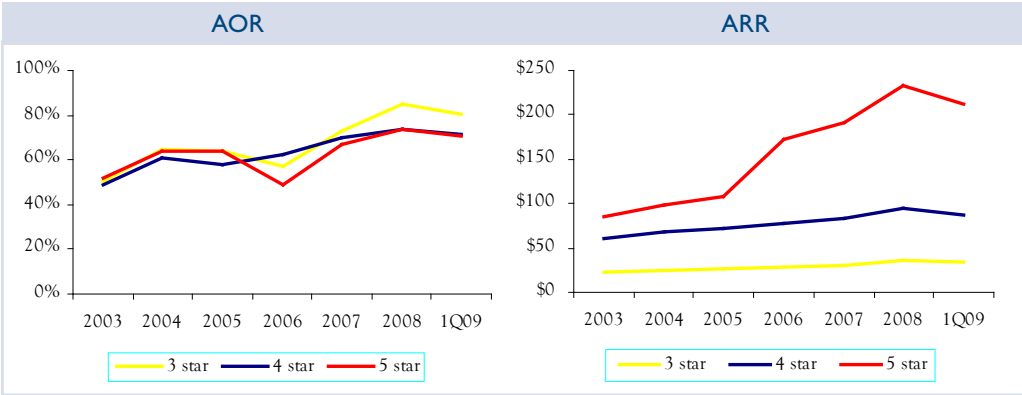
Source: Colliers International Indonesia - Research Department

JIMBARAN & PECATU

The 3-star hotels in Jimbaran performed far beyond the 4 or 5-star hotels with an AOR of 80.81%. Again this figure reflected a downturn compared to the last quarter which recorded at 84.5%. The 4-star hotel registered a 71.1% AOR down from 73.3% last quarter while the 5-star category recorded a declining trend from 73.5% last quarter to 70.85% this season. None of the hotels distinguished themselves in term of AOR as they had a similar performance level.

The gap of ARR for 3, 4 and 5-star hotels in Jimbaran and Pecatu area was quite high. 3-star hotels captured “only” US\$34.43 while 4-star and 5-star hotels achieved US\$86.70 and US\$211.32 respectively. But again, the ARR for this quarter was lower than the ARR in the last quarter. Three hotels with high ARR were Bvlgari Hotel & Resort, Four Seasons Resort and Ritz Carlton.

PERFORMANCE OF 3-, 4- AND 5-STAR HOTELS IN JIMBARAN & PECATU



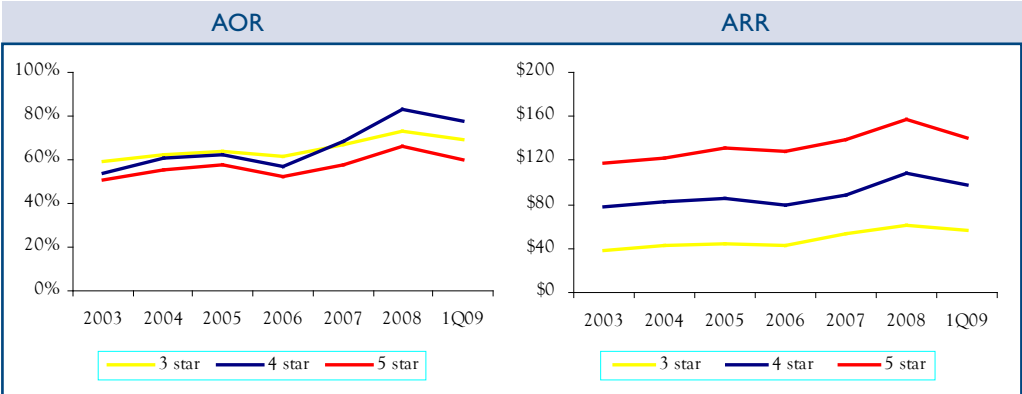
Source: Colliers International Indonesia - Research Department

SEMINYAK & CANGGU

The AOR in Seminyak was relatively low compared to other tourism areas in Bali. 5-star hotels in Seminyak only registered 60.13%, down from previous quarter of 67.1%. In the 5-star category, two hotels registered a relatively high AOR of above 70% i.e. Sofitel Seminyak and The Oberoi.

5-star hotels registered a significant drop in the ARR QoQ by more than US\$25.00. This quarter the ARR for 5-star hotels averaged at US\$140.74 with three hotels achieving higher ARR of above US\$100.00 i.e. The Oberoi, The Legian and Hotel Tugu at Canggu.

PERFORMANCE OF 3-, 4- AND 5-STAR HOTELS IN SEMINYAK & CANGGU



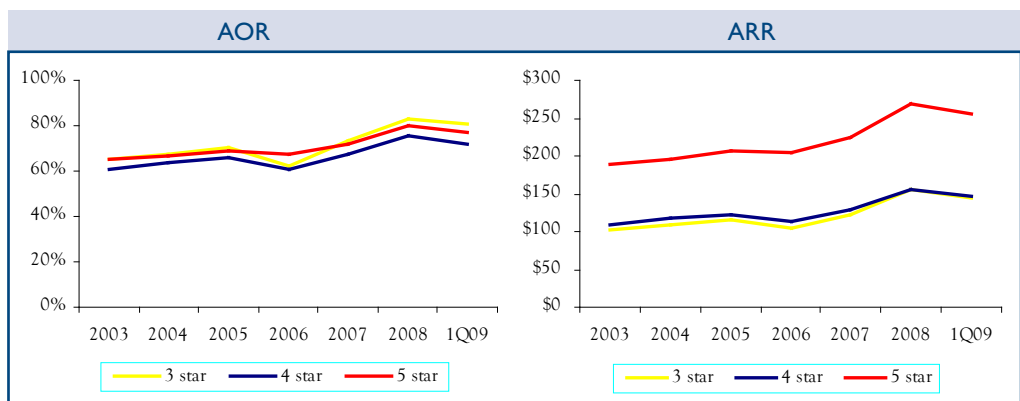
Source: Colliers International Indonesia - Research Department

UBUD

Despite many hotel developments in Ubud, AOR still maintained at a high level. AOR for 3-star hotels registered at 80.37% while 4-star hotels achieved 71.77% and 5-star hotels recorded at 77.38%. Looking at hotel performance in Ubud, it is quite clear that most of the hotels performed about the same level as each other.

Despite registering a downturn ARR trend, the ARR in Ubud maintained as one of the highest (together with Jimbaran area). The ARR for 3-star and 4-star hotels in Ubud were about the same i.e. US\$144.19 and US\$146.42. 5-star hotels recorded a much higher ARR at US\$254.56 due to many exclusive resort hotel like Amandari, Four Seasons Sayan, Puri Wulandari and Como Shambala offering very high room rates.

PERFORMANCE OF 3-, 4- AND 5-STAR HOTELS IN UBUD



Source: Colliers International Indonesia - Research Department

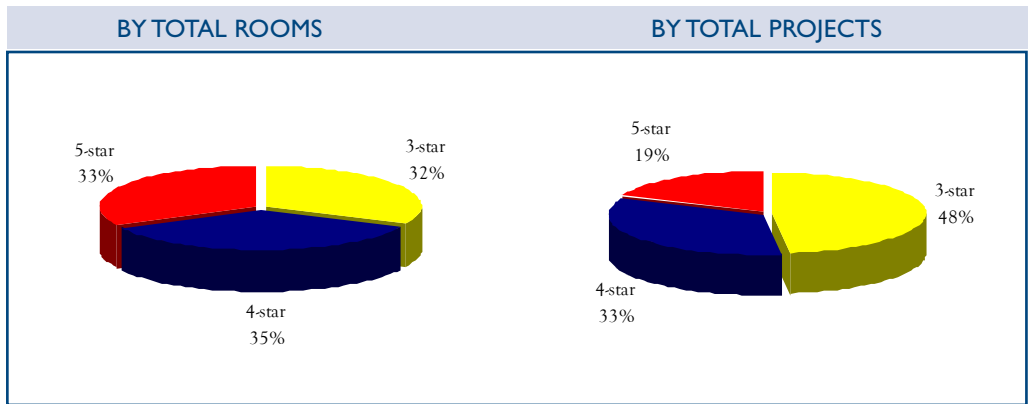
SURABAYA MARKET

SUPPLY

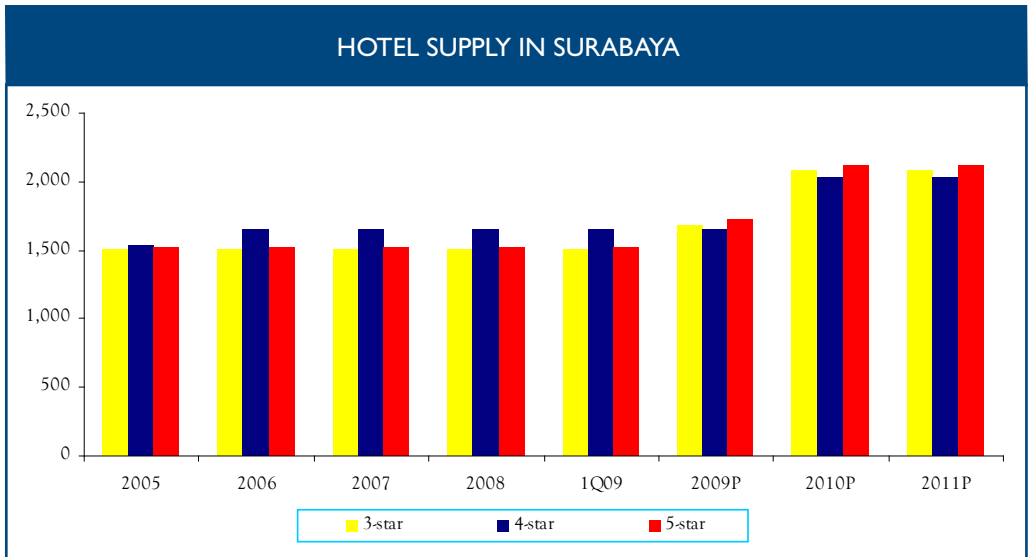
The last quarter of 2008 was highlighted by the change in hotel operators from overseas operators to local management. On the supply front, again, we detected no new hotels coming onto the market in 1Q2009. The total number of hotel rooms as at 1Q2009 stood at 4,682, with the composition of 3-, 4- and 5-star hotels remaining the same as in the previous quarter.

According to our records, two hotels were previously scheduled for completion in 2009, namely Aston Palace at Twin Towers and Aryaduta at City of Tomorrow. Aston Palace is reported to start operations this September, while the completion of Aryaduta hotel may be deferred to 2010.

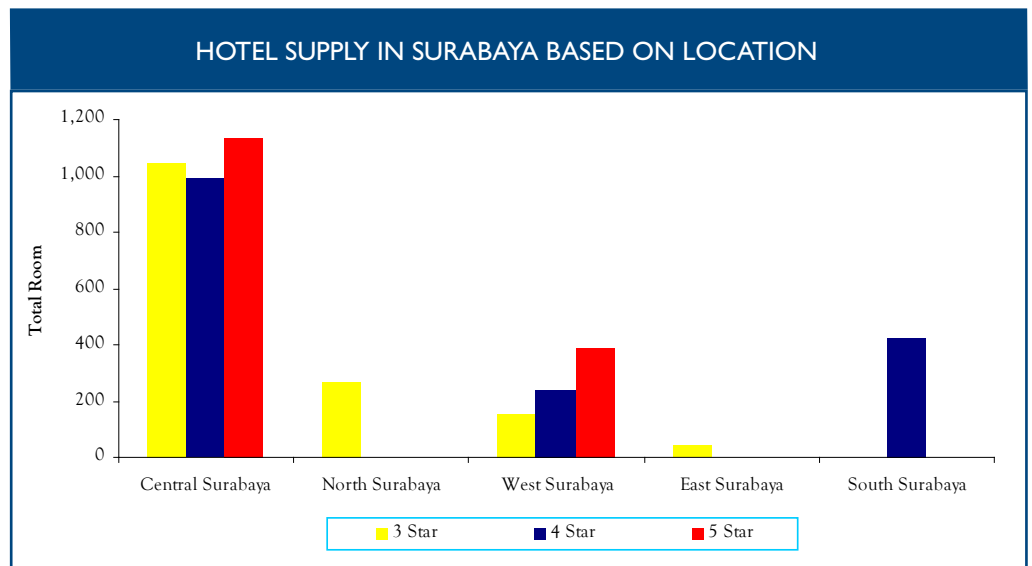
NUMBER OF ROOMS OF 3-, 4- AND 5-STAR HOTELS IN SURABAYA



Source: Colliers International Indonesia - Research Department



Source: Colliers International Indonesia - Research Department



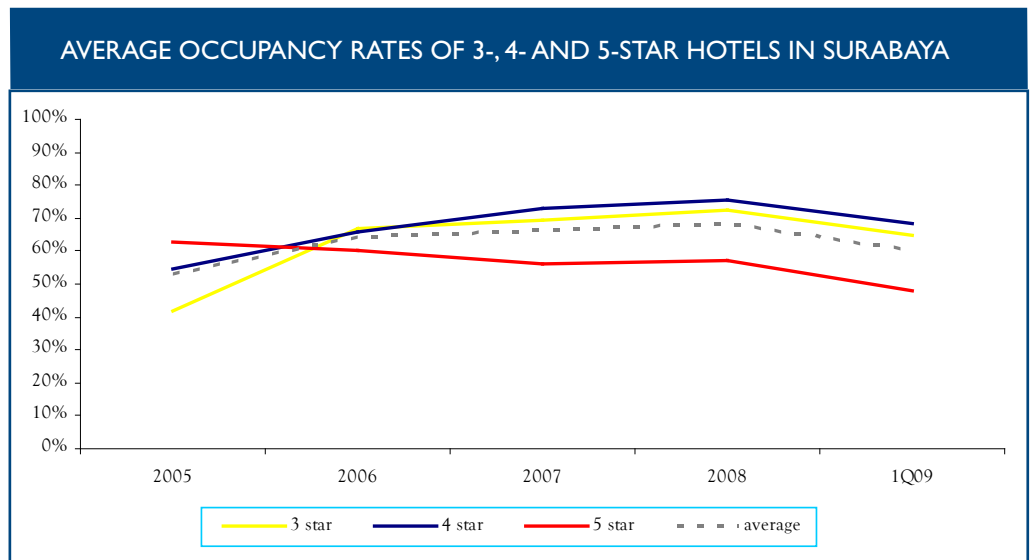
Source: Colliers International Indonesia - Research Department

AVERAGE OCCUPANCY RATES (AOR)

All hotel categories posed a declining trend over the quarter, with the drop in AOR ranging from 10% to 14%. The AOR for 5-star hotels dropped from 60.08% to 48.01% in the quarter. Among the 5-star hotels in Surabaya, the occupancy performance was almost equal. From the figures, the Sheraton hotel performed slightly better, with an AOR of almost 60%. Among all five 5-star hotels operating in Surabaya, one registered an AOR below the average.

The eight hotels in the 4-star category recorded an AOR of 68.20% in the quarter, which reflected a decline from the previous quarter of 78.22%. Three leading 4-star hotels with a higher AOR were Mercure, Tunjungan and Plaza Surabaya.

The 3-star hotels in Surabaya recorded a significant drop in AOR from 78.87% to just 64.98%. The best performers with higher AORs in the quarter were Narita, Santika and Ibis Rajawali.



Source: Colliers International Indonesia - Research Department

AVERAGE ROOM RATES

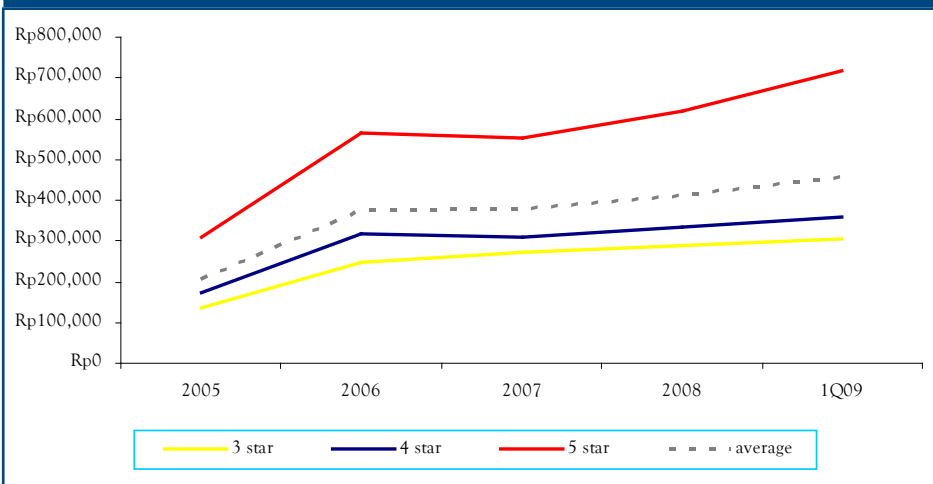
In all cases, the ARR for all hotel categories showed an upward trend. The 5-star hotels registered a rise in ARR from Rp652,060 to Rp716,067. Similar positive movement was also identified for 4- and 3-star hotels, with increases from Rp344,516 to Rp357,951 among 4-star hotels and from Rp297,261 to Rp303,270 among 3-star properties.

Shangri-La led, with the highest ARR in the 5-star category, followed by the

Sheraton hotel. In the 4-star category, Tunjungan and Mercure were the two hotels with a high ARR. In the 3-star category, the Elmi and Santika hotels captured high ARR of above Rp350,000.

The rises in the ARR were mostly because some hotels adjusted their rates, while another contributing factor was the changing guest profile in the quarter, which was dominated mostly by walk-in guests rather than corporate guests.

AVERAGE ROOM RATES OF 3-, 4- AND 5-STAR HOTELS IN SURABAYA



Source: Colliers International Indonesia - Research Department

293 OFFICES IN 61 COUNTRIES ON 6 CONTINENTS

USA 99

Canada 19

Latin America 18

Asia Pacific 62

EMEA 95

\$2.0 billion in annual revenue

868 million square feet under management

15,573 Professionals

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