

JAKARTA | HOTEL

Hotel Sector

Ferry Salanto Senior Associate Director | Research

The beginning of the year will always be sluggish. Business is still warming up, new hotel developments are fairly limited and room sales are relatively low.

Forecast at a glance



Supply

Supply for the entire 2017 will be dominated by 4-star hotels with 1,508 additional rooms, followed by 5-star hotels with 858 new rooms and 3-star hotels with 534 rooms.



Performance

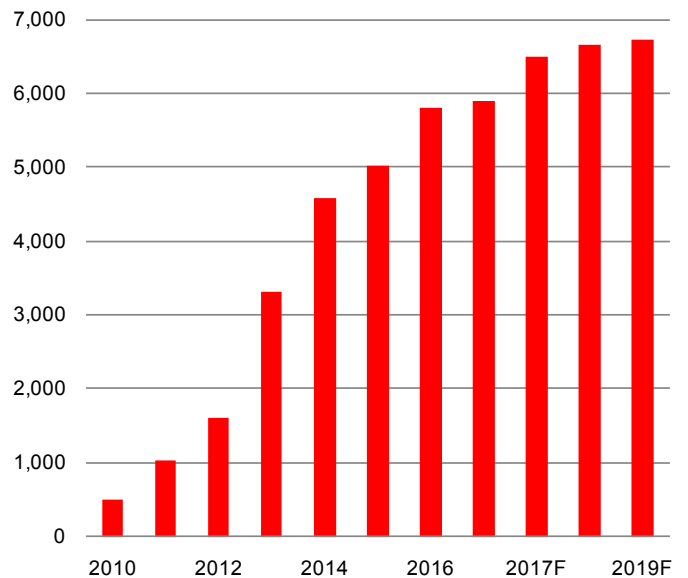
Gubernatorial elections have somewhat affected Jakarta's hotel market. If the elections go smoothly with no riots or cases of violence, there is a better hope for the hotel market to perform steadily.

Hotel Supply

Starred Hotel

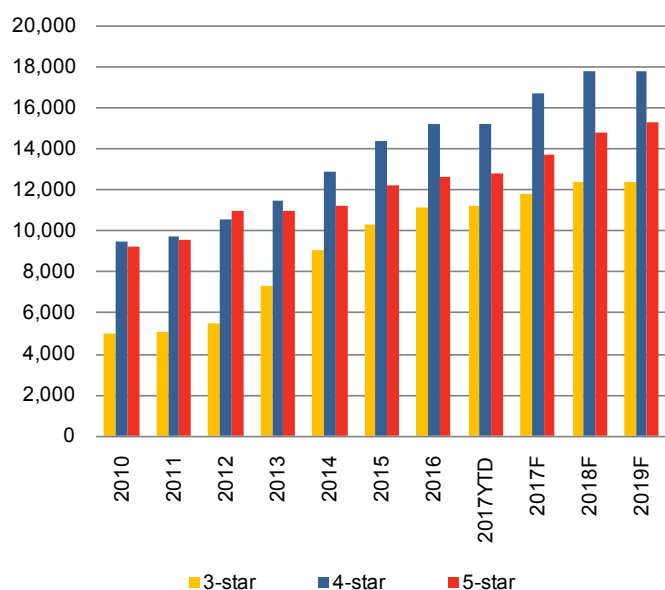
In Q1 2017, Jakarta opened two new hotels under Tauzia Management with the Harris Vertu (5-star) brand, which is Harris Hotel's new concept. This hotel provides 240 new rooms to the market. The second is a 3-star hotel, Yello Hotel Manggarai with 102 rooms. Closing Q1 2017, the cumulative supply includes 11,250 3-star hotel rooms (85 hotel projects), 15,217 4-star hotel rooms (69 hotel projects) and 12,843 5-star hotel rooms (38 hotel projects).

Cumulative Supply of Starred-Rating Hotel Projects in Jakarta



Source: Colliers International Indonesia - Research

Cumulative Supply of Starred-Rating Hotel Rooms in Jakarta



Source: Colliers International Indonesia - Research

Newly Operating Starred-Rating Hotels in Jakarta						
HOTEL NAME	STARRED RATING	STR CHAIN SCALE RATE	LOCATION	REGION	# ROOM	OPENING TIME
Yello Hotel Manggarai	3-star	Undefined	Jl Minangkabau Timur No 9	South Jakarta	102	Q1
Total 3-star hotel rooms					102	
Harris Hayam Wuruk	5-star	Upscale Class	Hayam Wuruk	Central Jakarta	240	Q1
Total 5-star hotel rooms					240	
Total rooms					342	

Source: Colliers International Indonesia - Research

New Pipeline							
HOTEL NAME	STARRED RATING	STR CHAIN SCALE RATE	LOCATION	REGION	ROOMS	PROJECT STATUS	PROJECTED COMPLETION TIME
Harper TB Simatupang	3-star	Undefined	TB Simatupang	South Jakarta	180	Under Construction	2017
Des Indes Boutique Hotel by Preference Tauzia	3-star	Undefined	HOS Cokroaminoto	Central Jakarta	97	Under Construction	Q2 2017
Ibis Styles TB Simatupang	3-star	Upper Midscale Class	TB Simatupang	South Jakarta	110	Under Construction	2017
Dalton Jakarta Hotel	3-star	Undefined	Otto Iskandar Dinata	East Jakarta	147	Under Construction	2017
Santika TB Simatupang	3-star	Upper Upscale Class	TB Simatupang	South Jakarta	151	Under Planning	Q4 2018
Hotel Pasar Senen	3-star	Undefined	Pasar Senen	Central Jakarta	200	Under Construction	2018
Whiz Prime Hayam Wuruk	3-star	Undefined	Hayam Wuruk	Central Jakarta	130	Under Planning	2018
Hotel by Graha Gatsu Lestari	3-star	Undefined	Jl Gatot Subroto	South Jakarta	100	Under construction	2018
Total 3-star hotel rooms					1,115		

continued

HOTEL NAME	STARRED RATING	STR CHAIN SCALE RATE	LOCATION	REGION	ROOMS	PROJECT STATUS	PROJECTED COMPLETION TIME
<i>continuation</i>							
Aston Titanium Cijantung	4-star	Upscale Class	Cijantung	East Jakarta	225	Under construction	2017
Mercure PIK Avenue	4-star	Upscale Class	Pantai Indah Kapuk	North Jakarta	220	Under construction	2017
aloft Kebon Jeruk	4-star	Upscale Class	Kebon Jeruk	West Jakarta	140	Under construction	Q3 2017
aloft Wahid Hasyim	4-star	Upscale Class	Wahid Hasyim	Central Jakarta	160	Under construction	Q4 2017
Swiss-Belhotel Kirana Avenue - Kelapa Gading	4-star	Upscale Class	Kelapa Gading	North Jakarta	316	Opening preparation	2017
Holiday Inn Hotel & Resorts Jakarta Gajah Mada	4-star	Upper Midscale Class	Gajah Mada	Central Jakarta	447	Opening preparation	2017
Novotel Cikini	4-star	Upscale Class	Cikini	Central Jakarta	286	Under construction	2018
Oyama Centre	4-star	Undefined	Yos Sudarso	North Jakarta	160	Under construction	2018
Hilton Doubletree Hotel	4-star	Upper Upscale Class	Jl Raya Adicipta Kavling 8	West Jakarta	400	Under planning	2018
aloft Jakarta Simatupang	4-star	Upscale Class	TB Simatupang	South Jakarta	180	Under construction	Q4 2019
Total 4-star hotel rooms					2,534		
Pullman PIK Avenue	5-star	Upper Upscale Class	Pantai Indah Kapuk	Non CBD	200	Under construction	2017
Alila - SCBD lot 11	5-star	Luxury Class	SCBD	CBD	250	Under construction	2017
The Langham District 8@Lot 28 SCBD	5-star	Luxury Class	SCBD	CBD	200	Under construction	2017
JW Marriott @St Moritz	5-star	Luxury Class	Puri Indah	West Jakarta	208	Under construction	2017
Park Hyatt Hotel	5-star	Luxury Class	Kebon Sirih	Central Jakarta	150	Under construction	Q1 2018
InterContinental Jakarta Pondok Indah Hotel & Residences	5-star	Luxury Class	Pondok Indah	South Jakarta	300	Under construction	2018
Regent	5-star	Luxury Class	Gatot Subroto	CBD	160	Under construction	2018
St Regis	5-star	Luxury Class	HR Rasuna Said	CBD	280	Under construction	Q1 2019
Waldorf Astoria	5-star	Luxury Class	Thamrin	CBD	181	Under construction	2019
Total 5-star hotel rooms					1,929		
Total hotel rooms					5,578		

Source: Colliers International Indonesia - Research, STR

For the remainder of 2017, there will be a total of 4,356 additional hotel rooms in Jakarta. Should all of the projects begin operation, the total number of hotel rooms in Jakarta will be 43,666, representing a 12.06% YoY growth. Quite a few projects are on-hold and will be reactivated.

Budget Hotel

For this quarter, Amaris started operating their new hotel in Mampang, offering 90 rooms. Overall, the total room stock of budget hotels in Jakarta up to Q1 2017 is 5,907, provided by 50 hotels.

The slow growth of budget hotel development is very much affected by the low performance of the overall hotel market in Jakarta. This challenging market has led to a price war amongst hotels as their means to survive.

Newly Operating Budget Hotel in Jakarta

HOTEL NAME	STARRED RATING	LOCATION	REGION	# ROOM	OPENING TIME
Amaris Mampang	Economy Class	Jl Mampang Prapatan Raya No. 66	South Jakarta	90	Q1

Source: Colliers International Indonesia - Research

Budget Hotel Development Pipelines

HOTEL NAME	STR CHAIN SCALE RATE	LOCATION	REGION	NO. OF ROOMS	PROJECT STATUS	PROJECTED COMPLETION TIME
Whiz - Cipete	Undefined	Cipete	South Jakarta	180	Under construction	2017
NEO Kebayoran	Midscale Class	Kebayoran Lama	South Jakarta	102	Under construction	2017
Amaris Slipi	Economy	Letjen S Parman	West Jakarta	146	Under construction	Q2 2017
MaxOne Hayam Wuruk	Undefined	Hayam Wuruk	Central Jakarta	120	Under construction	2017
Total budget hotel rooms				797		

Source: Colliers International Indonesia - Research, STR

Hotel Demand

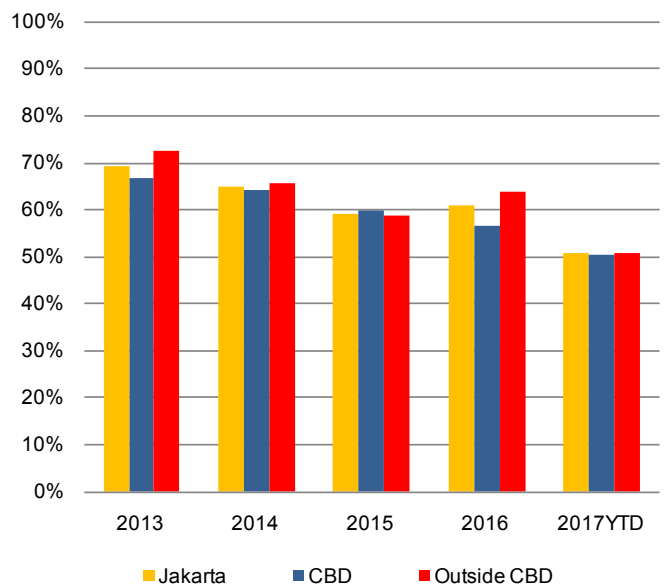
In Jakarta, demand in the hotel sector is still dominated by the corporate market. The declining oil and gas and mining business has somewhat affected the hotel market in general. Furthermore, the limitation of government use of hotels has inevitably dwindled overall hotel occupancy, which pushes hoteliers to search for new sources of other corporate markets.

Performance

Most of the time, the first quarter sees sluggish hotel performance. However, the official visit of King Salman in early March, as well as the IORA Summit, brought an immense number of delegations to Jakarta and Bali. This helped increase hotel performance, despite happening only in certain hotels in selected areas.

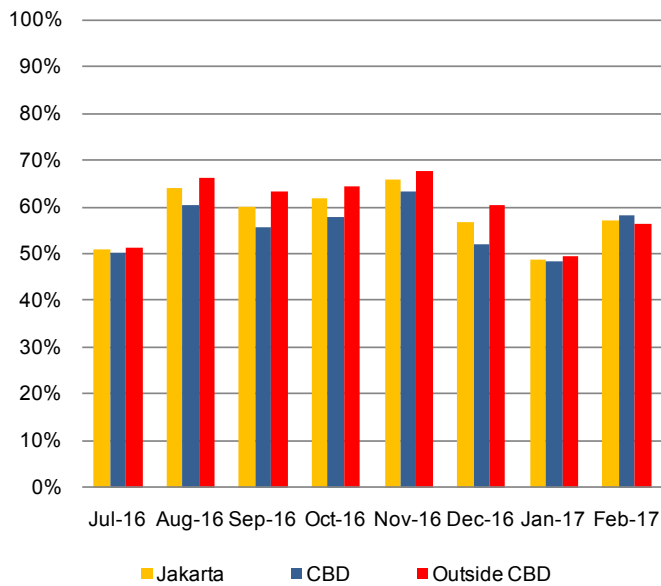
The recent overheated political situation highlighted by massive and intense street demonstrations may have less impact on the local market but not on overseas market. Some hoteliers, particularly those in the central commercial area, have reported that their overseas travellers are quite sensitive over security-related issues and may postpone or even cancel their trip to the city.

Average Occupancy Rate (AOR)



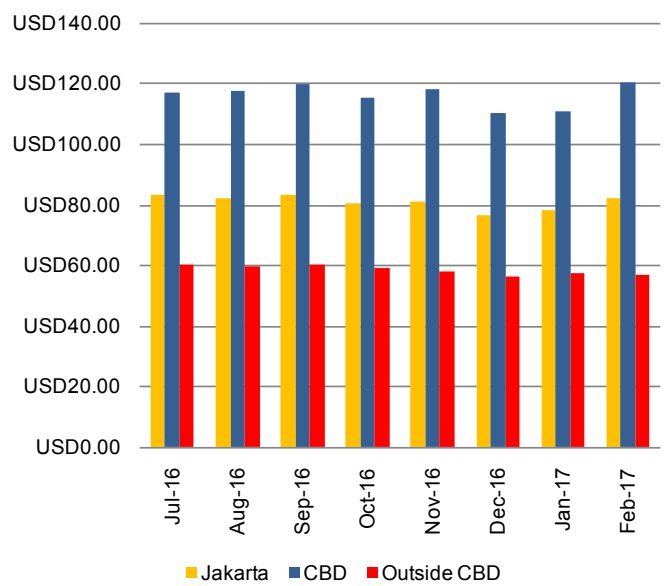
Source: STR Global

Monthly Average Occupancy Rate



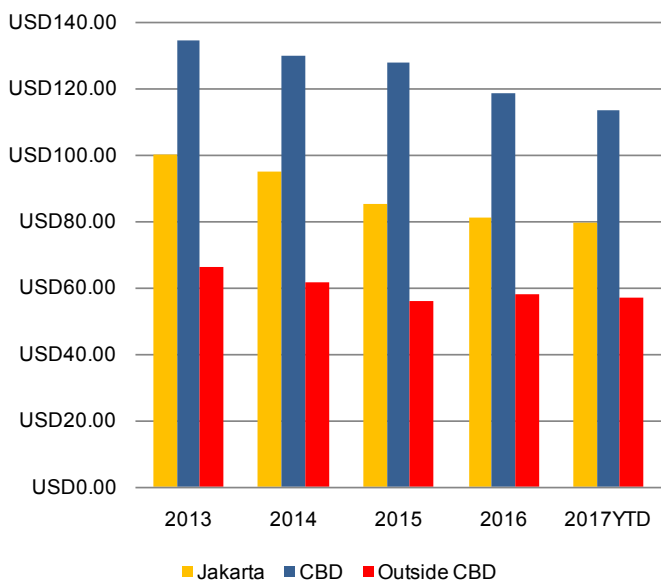
Source: STR Global

Monthly Average Daily Rate



Source: STR Global

Average Daily Rate (ADR)



Source: STR Global

As predicted, the Q1 2017 performance was low. Political issues related to the gubernatorial elections in Jakarta are almost the same with the effects of a presidential election. Business tends to wait and see, particularly with overseas guests.

The oversupply situation has caught the attention of the Indonesian Hotel & Restaurant Association (PHRI). They urge the government should start implementing hotel moratorium by limiting the number of permits for new hotel developments in several areas.

On the corporate level, several hotel landlords have put themselves in "on-hold" position, waiting until the situation and timing are feasible for their business.

For more information:

Ferry Salanto

Senior Associate Director | Research

+62 21 3043 6888

ferry.salanto@colliers.com

Contributors:

Nurul Soraya

Senior Research Executive | Research

Copyright © 2017 Colliers International.

The information contained herein has been obtained from sources deemed reliable. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report.



Accelerating success.