

JAKARTA | HOTEL

Q1 2018

8 May 2018



Accelerating success.

Ferry Salanto Senior Associate Director |
Jakarta

Several events held in Q1 2018 have made hotels a bit busier, with several meetings and events scheduled for last year being pushed to happen in early 2018. This resulted in a better occupancy performance in January and February, compared to the same time last year. In 2019, occupancy is projected to remain stable, but in 2020 it will likely to climb mainly due to the limited amount of new hotel room supplies.



Occupancy

As of Q1 2018, the AOR in Jakarta was 60%. Going forward, demand for hotel rooms will be mainly fuelled by several big events, thus we expect the overall AOR to reach 62% by the end of 2018.



Room Rate

The overall room rate performance will likely remain steady at US\$79, particularly in anticipation of several group events that will push hotel rates down.

Forecast at a glance



Demand

Initial meetings that occurred prior to the upcoming Asian Games and the IMF-WB annual meeting have made hotel operators a bit busier in Q1. We also anticipate a series of meetings and intense political activity in preparation for the 2019 election, which will help lift hotel enquiries.



Supply

Jakarta is expecting 2,488 new rooms through the end of 2018. This consists of 836 3-star hotel rooms, 815 4-star hotel rooms and 837 5-star hotel rooms. Four-star hotels will continue to dominate the hotel room supply in Jakarta accounting for 39.1% of the market.

Supply

New hotel supply in Q1 2018 is very limited, with only one 4-star hotel opening. Currently, 4-star hotels dominate the star-rated hotel market in Jakarta. This hotel category generally offers a decent rate that is closer to what is offered at 3-star establishments, but is commonly equipped with complete facilities, making it the most preferred accommodation class.

NEWLY OPERATING HOTEL DURING 2018

HOTEL NAME	STARRED RATING	STR CHAIN SCALE RATE	LOCATOIN	REGION	NO. OF ROOMS	OPENING TIME
Mercure PIK Avenue	4-star	Upscale	Pantai Indah Kapuk	North Jakarta	240	Q1

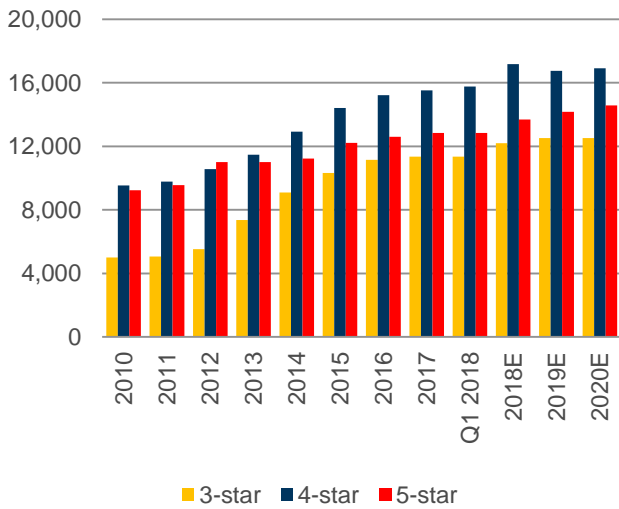
Source: Colliers International Indonesia - Research

NEW PIPELINE

HOTEL NAME	STARRED RATING	STR CHAIN SCALE RATE	LOCATION	REGION	NO OF ROOMS	PROJECT STATUS	PROJECTED COMPLETION TIME
STARRED RATING HOTELS							
Holiday Inn Express Matraman	3-star	Upper Midscale	Matraman	East Jakarta	190	Under Construction	2018
Ibis Styles TB Simatupang	3-star	Upper Midscale	TB Simatupang	South Jakarta	110	Under Construction	2018
Dalton Jakarta Hotel	3-star	Undefined	Otista	East Jakarta	147	Under Construction	2018
Hotel by Graha Gatsu Lestari	3-star	Undefined	Gatot Subroto	South Jakarta	100	Under Construction	2018
Front One Boutique Hotel Arjuna	3-star	Undefined	Arjuna Raya	West Jakarta	100	Under Construction	2019
Des Indes Boutique Hotel by Preference Tauzia	3-star	Undefined	HOS Cokroaminoto	Central Jakarta	97	Under Construction	2019
Aston Titanium Cijantung	4-star	Upscale	Cijantung	East Jakarta	225	Under Construction	2018
Swiss-Belhotel Kirana Avenue - Kelapa Gading	4-star	Upscale	Kelapa Gading	North Jakarta	316	Under Construction	2018
Erian Hotel	4-star	Undefined	Jl. Wahid Hasyim	Central Jakarta	150	Under Construction	2018
Novotel Cikini	4-star	Upscale	Cikini	Central Jakarta	274	Under Construction	2019
Aloft Jakarta Simatupang	4-star	Upscale	Jl. TB Simatupang	South Jakarta	180	Under Construction	2019
Alila - SCBD lot 11	5-star	Luxury	SCBD	CBD	250	Under Construction	2018
Park Hyatt Hotel	5-star	Luxury	Jl. Kebon Sirih	Central Jakarta	150	Under Construction	2018
InterContinental Jakarta Pondok Indah Hotel & Residences	5-star	Luxury	Pondok Indah	South Jakarta	300	Under Construction	2018
Regent	5-star	Luxury	Jl. Gatot Subroto	CBD	160	Under Construction	2018
St Regis	5-star	Luxury	Jl. HR Rasuna Said	CBD	280	Under Construction	2019
The Langham	5-star	Luxury	SCBD	CBD	200	Under Construction	2019
Waldorf Astoria	5-star	Luxury	Jl. MH Thamrin	CBD	181	Under Construction	2020
Rosewood Jakarta	5-star	Luxury	Jl. Prof. Dr. Satrio	CBD	200	Design	2020
BUDGET HOTEL							
Amaris Kebon Sirih		Economy	H. Fachrudin	Central Jakarta	53	Under Construction	2018
POP! Hotel Lenteng Agung		Economy	Lenteng Agung	South Jakarta	150	Concept	2020

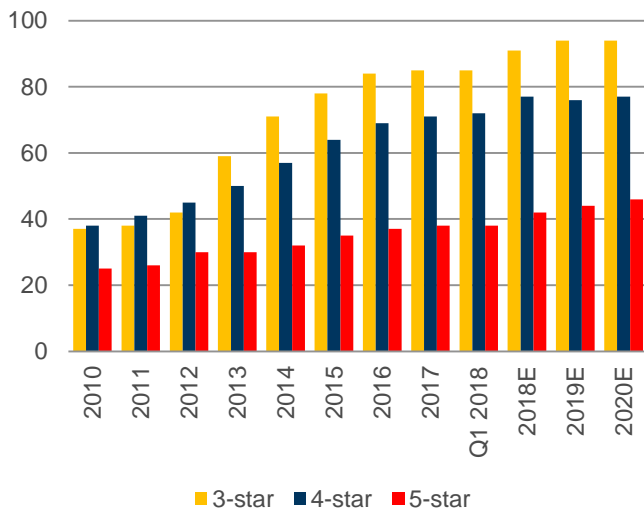
Source: Colliers International Indonesia - Research

Cumulative Hotel Rooms



Source: Colliers International Indonesia - Research

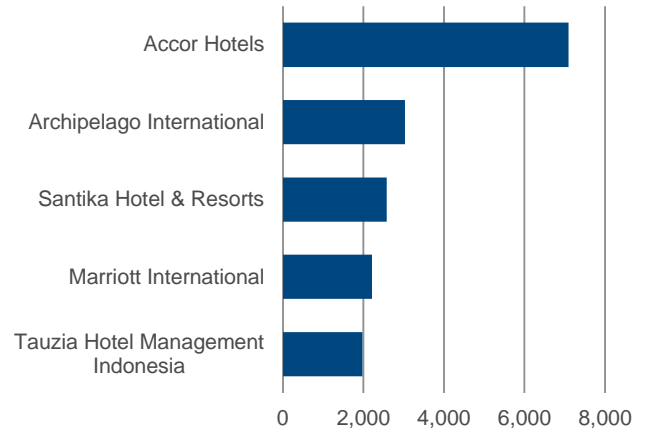
Cumulative Hotel Projects



Source: Colliers International Indonesia - Research

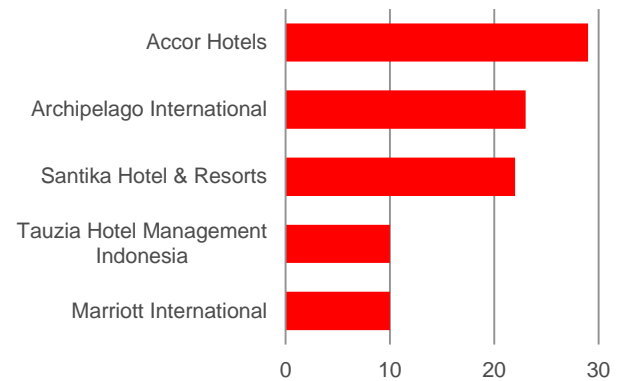
The addition of new hotel supply in Jakarta has slowed since 2016. In 2016, the number of new rooms declined by 45% YOY and the number of projects dropped by 24% YOY. This decline continued in 2017, with the number of rooms and projects dropping by 64% and 69%, respectively, compared to 2016. The appetite to build new hotels declined, as occupancy and room rates have yet to recover. Also, financing for new hotel projects is limited, as banks are now more prudent in disbursing loans for hotel development. At the same time, demand for hotel rooms grew moderately, but not in line with the growth in room supply.

Top 5 Most Active Hotel Chains by Number of Operating Room in Jakarta



Source: Colliers International Indonesia - Research

Top 5 Most Active Hotel Chains by Number of Operating Project in Jakarta

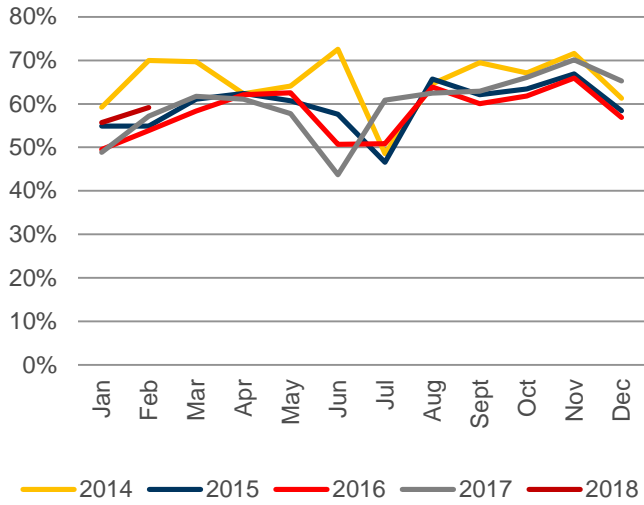


Source: Colliers International Indonesia - Research

So far, Accor Hotels, an international hotel chain, manages the largest proportion of rooms in Jakarta, with 7,097 rooms in 29 hotels.

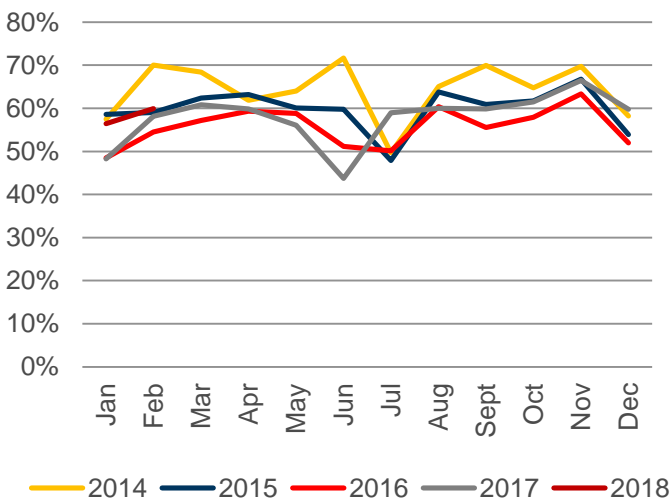
Performance

Average Occupancy Rate (AOR)



Source: STR

Average Occupancy Rate (AOR) in CBD



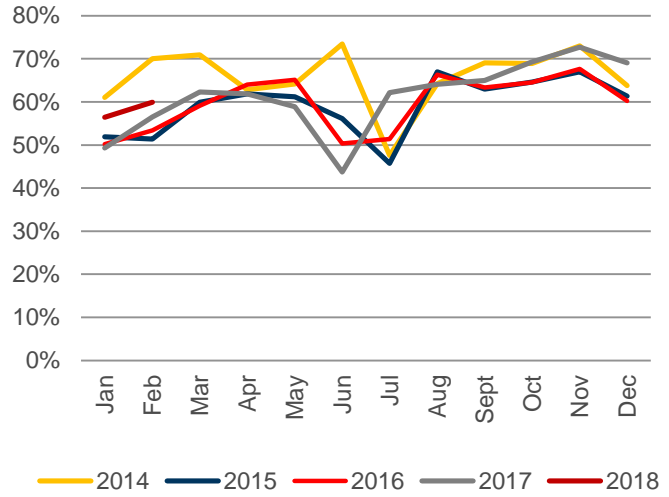
Source: STR

In Jakarta, Q1 has always seen the softest hotel performance due to Eid al-Fitr and the fact that the corporate market is still warming up in the new year.

In 2018, we anticipate big events in Jakarta which will drive hotel demand including the Asian Games 2018 from 18 August to 2 September 2018 and the Asian Para Games from 6 to 13 October 2018, among other events. The Asian Games are the main event, despite the short-term impact to hotels located around the venue. For the Asian Games, the government has inaugurated Wisma Atlet in Kemayoran for athletes and participants because it can host up to 22,278 people. Despite Wisma Atlet's big capacity, other hoteliers are still confident, targeting

delegates looking for better facilities or with higher budgets.

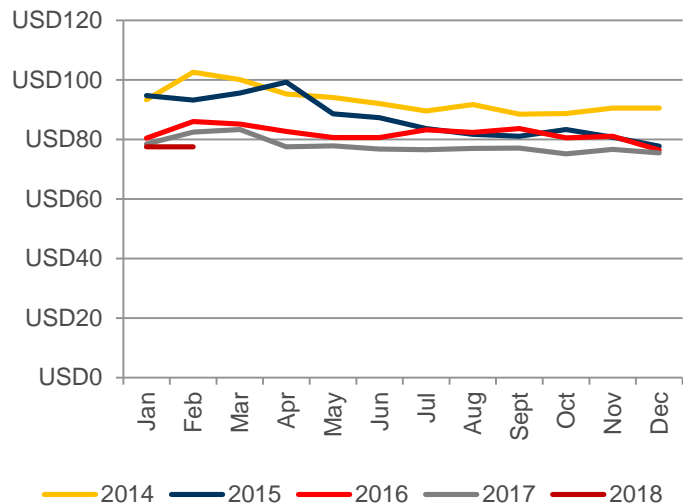
Average Occupancy Rate (AOR) in the Outside CBD



Source: STR

Ramadan, which will fall in May (Q2), has prompted the government to shift several meetings prior to the Holy Month. Thus far, the impact of the upcoming election is still limited, but activities related to this political event have already taken place in several hotels.

Average Daily Rate (ADR)

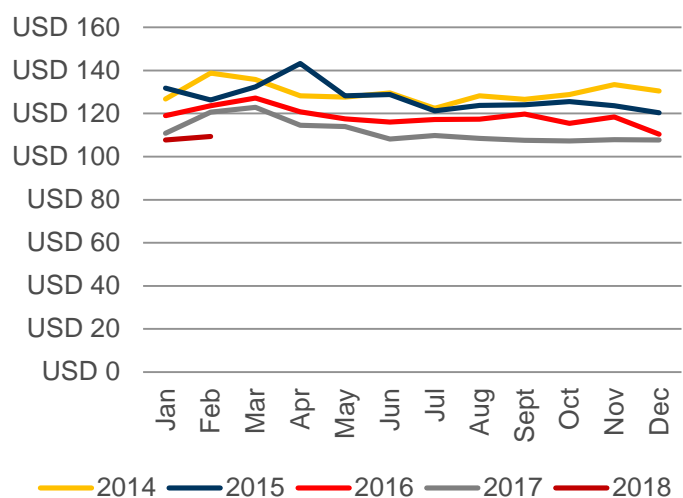


Source: STR

During the first two months of the year, AOR slightly increased and this will likely continue in March, considering historical trends. The ADR is also expected to increase slightly through March, however it is too early to determine the overall condition of Jakarta's hotel market.

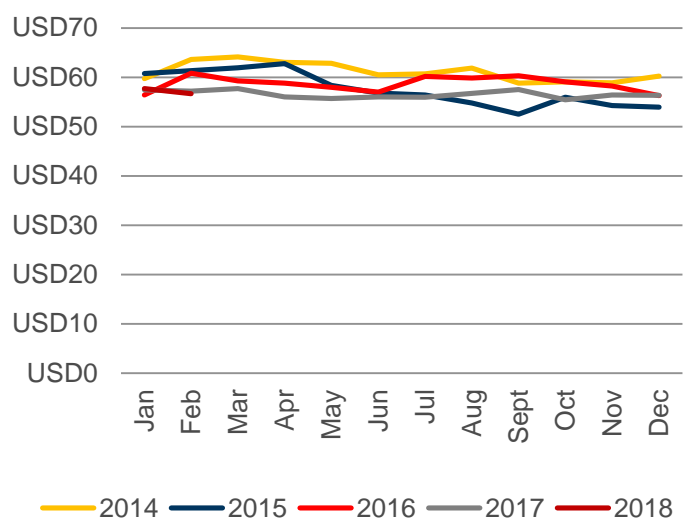


Average Daily Rate (AOR) in CBD



Source: STR

Average Daily Rate (AOR) in the Outside CBD



Source: STR

Group activities including meetings and social events may increase occupancy rates, but this is not expected

For more information:

Ferry Salanto

Senior Associate Director | Research
+62 21 3043 6888
ferry.salanto@colliers.com

Contributors:

Nurul Soraya

Senior Research
Executive | Research

to carry over to room rates as groups generally demand special pricing. Quite a few hoteliers emphasise that the recent competition is pushing them to figure out a way to survive in the business. Charging higher room rates is not amongst their options because customers are generally price-sensitive. Instead, hoteliers give out special offers including weekend packages, residential meeting packages and seasonal packages, such as packages for Easter, in an attempt to attract more guests.

Several years ago, hotel room rates offered by online travel agencies were generally lower than rates published by the hotel. This essentially drove room rates down, making loyalty programs evermore important to maintain the loyalty of their guests. To keep up with sales, most hotel chains are developing their own booking engine to give a better experience to their visitors. Usually, they offer a special price and/or package if the guests book their stay through the hotel website or mobile application. The optimisation of a hotel's online strategy is in line with the growth of internet users in Indonesia. Based on a report prepared by We Are Social, there are 132.7 million internet users in Indonesia, reflecting a 50% increase since 2016. They also reported that in 2017 the total annual consumer expenditures in e-commerce from travel categories, including accommodation, was USD2.4 billion, which is a 23% increase compared to 2016.