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Since early 2018, after the Mount Agung eruption, tourism in Bali has gradually recovered. The number of inbound tourists increased and was higher than in the same period last year, a good signal for Bali's tourism industry. Also, several events have attracted tourists, in addition to the cultural and natural attractions.

### Forecast at a glance



#### Demand

Several events planned to take place in Bali should complement the number of inbound leisure tourists, including the IMF-WB Annual Meeting in October, FIABCI Meeting in December and Global Business Summit 2018.



#### Supply

Bali plans 1,521 additional rooms through the end of 2018, consisting of 684 4-star hotel rooms and 837 5-star rooms. From 2019-2020, 919 more new rooms should be available in six hotel projects. By the end of 2020, there should be a total of 60,604 hotel rooms in Bali.



#### Occupancy

By the end of 2018, we project occupancy to reach 71.1%. Our estimation for 2020 is more optimistic, reaching 75-80% occupancy on the back of stronger inbound tourism.

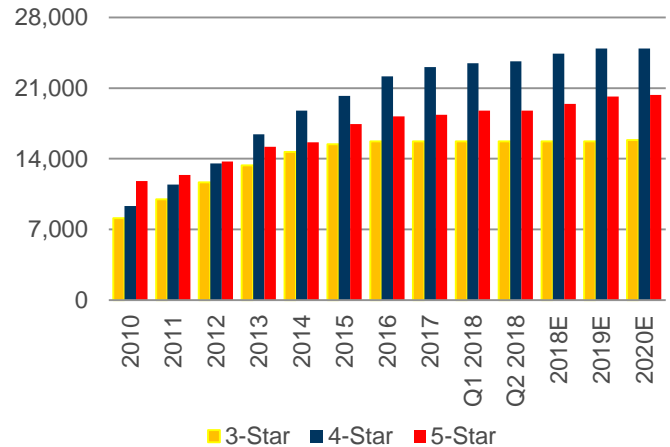


#### Room Rate

The ADR of hotels in Bali will potentially be recorded at USD116 and will likely increase further to USD117-118 at the end of 2020.

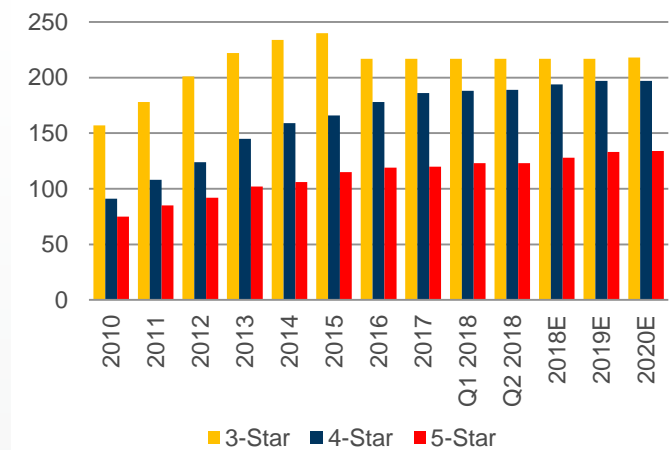
## Supply

### Cumulative Hotel Rooms



Source: Colliers International Indonesia - Research

### Cumulative Hotel Projects



Source: Colliers International Indonesia - Research

There were two new hotels that began operation in Q2 2018.

The upcoming supply will probably be dominated by upscale and luxury class hotels, as the number of new hotels in Bali is increasingly regulated. A new bank regulation that relates to the provision of loans has reduced the plan to develop new hotels in Bali, not to mention financing issues, permit issues and more importantly the overall condition of the hotel market.

**NEWLY OPERATING HOTEL DURING H1 2018**

HOTEL NAME	STARRED RATING	STR CHAIN SCALE RATE	LOCATOIN	REGION	NO. OF ROOMS	OPENING TIME
Radisson BLU Bali Uluwatu	4-star	Upper Upscale	Jl. Pemutih	Uluwatu	240	January 2018
The Element Ubud	4-star	Upscale	Jl. Andong	Ubud	152	March 2018
Fairfield Hotel	4-star	Upper Midscale	Jl. Sri Rama	Legian	163	May 2018
Artotel Haniman Ubud	4-star	Undefined	Jl. Jatayu	Ubud	22	June 2018
Marriott's Bali Nusa Dua Gardens	5-star	Upper Upscale	Nusa Dua	Nusa Dua	79	January 2018
Como UMA Canggu	5-star	Luxury	Mejan	Canggu	119	February 2018
Renaissance Bali Resort & Spa Uluwatu	5-star	Upper Upscale	Pantai Balangan	Uluwatu	207	March 2018

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
YELLO Hotel Kuta Beach	3-star	Undefined	Pantai Kuta	Kuta	138	Under Construction	2020
The Himana - Mercure Bali Jimbaran	4-star	Upper Midscale	Jl Uluwatu II	Jimbaran	209	Under Construction	2018
Swiss-Belresort Jimbaran	4-star	Undefined	Jimbaran	Jimbaran	163	Under Construction	2018
Swiss-Belresort Arjuna (condotel)	4-star	Undefined	Jl Raya Arjuna	Legian	273	Under Construction	2018
Eastin Hotel Residence	4-star	Undefined	Jl Munduk Catu	Canggu	100	Under Construction	2018
Aloft Seminyak	4-star	Upscale	Jl. Batu Belig	Seminyak	102	Under Construction	2019
Aloft Bali Kuta	4-star	Upscale	Jl. Raya Kuta	Kuta	80	Under Construction	2019
Jumeirah		Luxury	Pecstu Indah Resort	Jimbaran	104	Under Construction	2018
Solis Capella Resort Hotel		Luxury	Ubud	Ubud	108	Under Construction	2018
Samana Condotel		Undefined	Jl. Telaga Waja	Tanjung Benoa	250	Under Construction	2018
Hyatt Regency Bali		Luxury	Danau Tamblingan	Sanur	375	Under Construction	2018
Waldorf Astoria Bali Uluwatu		Luxury	Bukit Pandawa	Jimbaran	96	Under Construction	2019
Shangri-La's Nusa Dua Resort & Spa		Luxury	Kompleks BTDC	Nusa Dua	246	Under Construction	2019
Swissotel Bali		Upper Upscale	Jl. Pantai Pandawa	Jimbaran	170	Under Construction	2019

Source: Colliers International Indonesia - Research

Since 2016, we have recorded a number of hotels being taken over and rebranded, as indicated in the table.

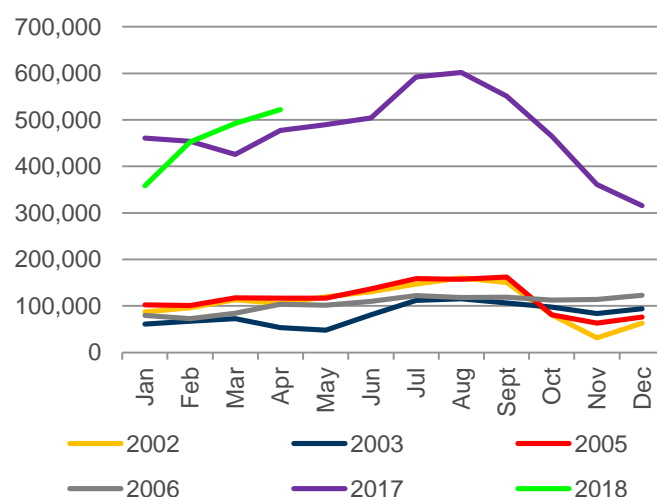
REBRANDED HOTELS IN BALI (2016 – 2018YTD)							
HOTEL NAME	PREVIOUS NAME	STAR-RATING	YEAR OF OPERATION	YEAR OF REBRANDING	LOCATION	REGION	NO OF ROOM
Grand Livio	Ibis Styles Bali Kuta Dewi Sri	3-star	2014	2016	Jl Dewi Sri	Kuta	97
Dafam Savvoya Seminyak Hotel	Savvoya Seminyak Hotel	3-star	2013	2016	Jl Mertanadi	Kuta	111
Ramada Sunset Road	Best Western Premier Sunset Road	4-star	2013	2016	Jl Sunset Road	Kuta	271
The Tanjung Benoa Resort	Ramada Tanjung Benoa	4-star	1991	2016	Jl Pratama	Tanjung Benoa	181
The Camakila	Ramada Camakila	4-star	2009	2016	Jl Padma Utara	Legian	116
Four Points by Sheraton Bali - Seminyak	Vasanti Hotel	4-star	2013	2016	Jl Raya Petitenget	Seminyak	121
Permata Kuta Hotel	Aston Tuban Inn	4-star	2006	2016	Jl Kediri	Kuta	120
Amnaya Resort Kuta	Alaya Kuta	4-star	2016	2017	Jl Kartika Plaza	Kuta	116
Fox Harris Jimbaran	Pramapada	4-star	2017	2017	Jl Yoga Perkanthi	Jimbaran	125
Wyndham Garden Kuta	The Kuta Playa Hotel & Villas	4-star	2008	2017	Jl Pantai Kuta	Kuta	155
Hilton Bali Resort	Grand Nikko Bali	5-star	1996	2016	Jl Raya Nusa Dua Selatan	Nusa Dua	408
Hotel Nikko Bali Benoa Beach	Grand Aston Bali Beach Resort & Spa	5-star	1997	2018	Jl Pratama	Tanjung Benoa	188

Source: Colliers International Indonesia - Research

## Tourism

After Mount Agung's eruption, tourism is back on track. Inbound tourism numbers have been constantly increasing since January with the lifting of travel warnings. Despite 14 countries (the UK, the US, Australia, Hong Kong, New Zealand, Singapore, Malaysia, Poland, Ireland, Canada, France, the Philippines, Switzerland and Brazil) issuing travel advice on Indonesia after the bombings in Surabaya last May, this terrorist attack did not severely impact Bali's tourism industry. The situation was generally safe, and high-standard security measures were implemented in vital areas such as airports, hotels, malls and many other places, as a preventive measure.

### Comparison of Foreign Tourist Arrivals at Ngurah Rai International Airport in 2002 - 2003, 2005 - 2006, 2017 - 2018YTD



Source: Statistics Bali Province

The Bali Provincial Statistics Centre Report disclosed that recovery after the Bali bomb attacks in 2002 and in 2005 took two months. Meanwhile, recovery after the volcanic eruption in 2017 took four months, including the pre-eruption in September and post-eruption in December. This was demonstrated by the decreasing number of inbound tourists, as presented in the chart.

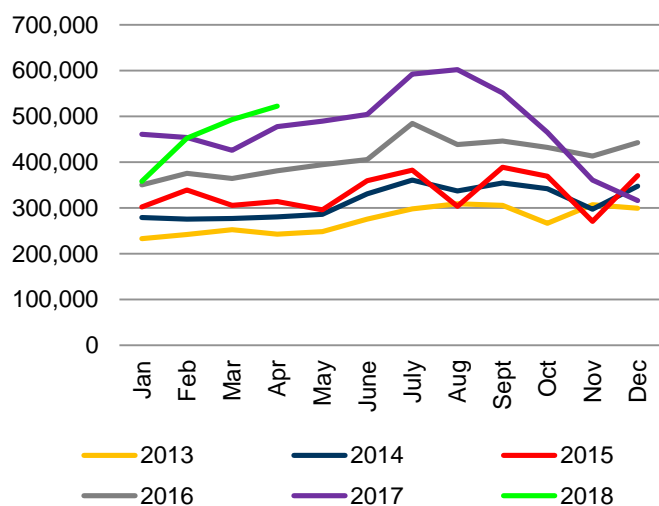
After the bomb attacks in Bali in 2002 and in 2005, the airport was not closed, thus the recovery was considerably faster. In contrast, Ngurah Rai Airport was closed for three days after the Mount Agung eruption, which substantially impacted Bali's tourism industry.

Mount Agung erupted again in April and early July 2018, but this time the airport was not closed.

In anticipation of another potential eruption, Bali has started developing alternative transportation means other than air transport such as roads, ferries and cruises. Coinciding with the preparations for the IMF-WB Annual Meeting to be held in October, several infrastructure projects are under construction, including an entrance underpass to Ngurah Rai International Airport and its expansion, as well as the Benoa port extension.

Regarding this important IMF-WB Annual Meeting, the government is preparing to use five airports to welcome delegations. These include Blimbingsari Airport in Banyuwangi, Lombok International Airport in Lombok, Juanda International Airport in Surabaya, Adi Sumarmo International Airport in Solo, and Sultan Hasanuddin International Airport in Makassa. These airports will serve as alternative airports if Ngurah Rai International Airport is over capacity or closed.

### Number of Foreign Tourist Arrivals at Ngurah Rai International Airport by Month



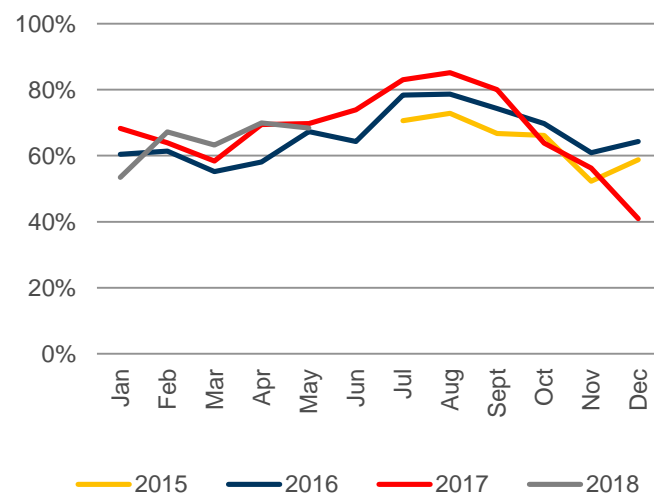
Source: Bali Tourism Office

Chinese, Australian and Indian visitors are still the three leading markets for Bali, with the Indian market growing since 2012. Based on statistics from the Bali Tourism Province, from January to May 2018, a total of 158,957 Indian tourists arrived in Bali, which is a 62% increase from the same period in 2017. The number of tourists

from India might increase further especially after the visit of Prime Minister Narendra Modi in May 2018.

## Performance

### Average Occupancy Rate (AOR)

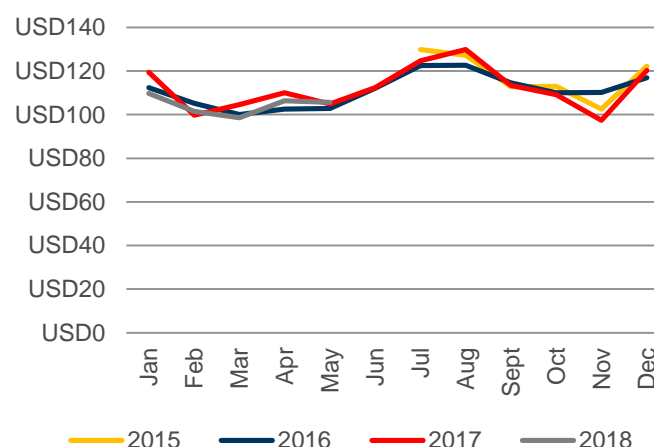


Source: STR

The month of January still felt the impact of Mount Agung, but the AOR rebounded in February and continued increasing through May, reaching 68.3%.

Starting in June, we project the market situation to rise in anticipation of local tourists during the Eid al-Fitr in June and foreign tourists for summer holidays.

### Average Daily Rate (ADR)



Source: STR

Bali's ADR will likely achieve its peak during the island's high season in July and August, as depicted in the Monthly ADR chart.

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