

# Hotel Sector

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**The overall hotel occupancy performance in Bali has already surpassed the figures over the last few years. The increasing number of visitors has boosted hotel occupancy, primarily during the traditionally peak season, which regularly falls in July and August.**

## Forecast at a glance



### Demand

Whilst tourism activities remained as the major income for most hotels in Bali, MICE activities particularly in areas such as Nusa Dua will also contribute to the tourism industry.



### Supply

Up to the end of 2017, four-star and five-star hotels are still dominating the upcoming supply. Bali expects another 522 four-star hotel rooms and 287 five-star hotel rooms by the end of 2017. Most of the upcoming projects are located in the Jimbaran area.



### Occupancy Rate/AOR

The year-to-date AOR in Bali was 71.4%. As the hotel market in Bali will be saturated by a significant supply of new rooms in 2018, whilst, on the other hand, corporate and group activities are anticipated to become more intense. ADR in 2018 is projected to hover about the same figure as of 2017.



### Rent/ADR

We expect to see ADR to increase only marginally by 2018, as group guest activities will add pressure to hoteliers.

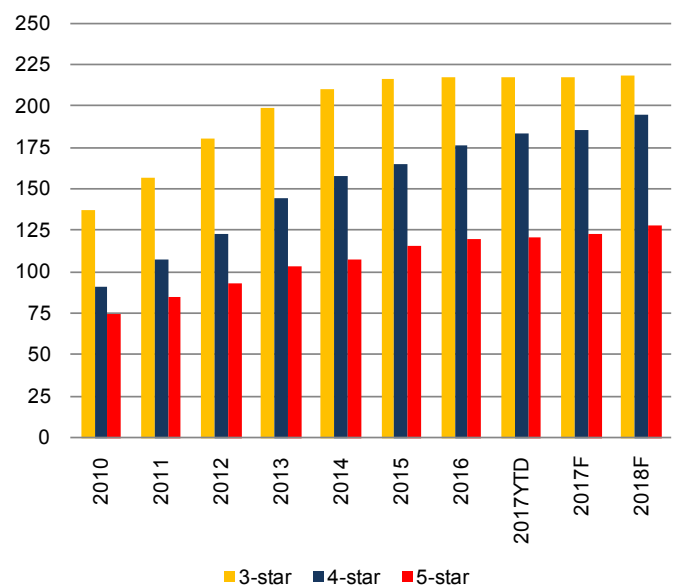
# Hotel Supply

## Starred Rating Hotel

The supply of new hotels in Q3 2017 was limited, marked by the start of Royal Tulip Springhill Resort Jimbaran's operation in the south Bali area. On the other hand, the legendary Pan Pacific Nirwana Bali closed down their operation. In the location, there will be another luxury hotel to be built under the Trump Collection.

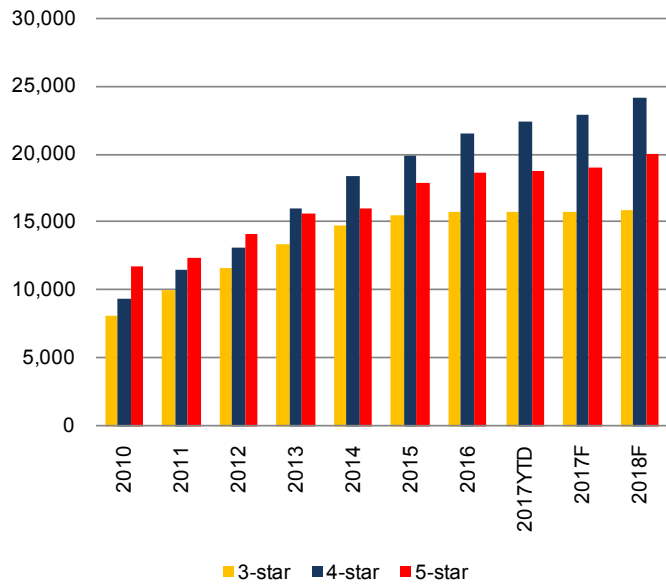
The Bali chapter of the Indonesian Tourism Workers Union (FSP PAR SPSI) mentioned that is considerably an over-supply in the recent number of rooms in Bali. They thought that there should be a moratorium on new accommodations and hotel projects in Bali. This statement was also underlined by the Bali chapter of the Indonesian Hotel and Restaurant Association (PHRI-Bali). The current oversupply situation is threatening the quality of Bali tourism and the welfare of those working in the tourism industry. The price war is not only unhealthy for businesses and the industry, but also worrisome for industry workers. Rooms are being sold at very low prices to attract tourists and the salaries of those working are also declining. This condition is reflected on the ADR performance that is still below 2014.

## Cumulative Supply of Starred Rating Hotel Projects in Bali



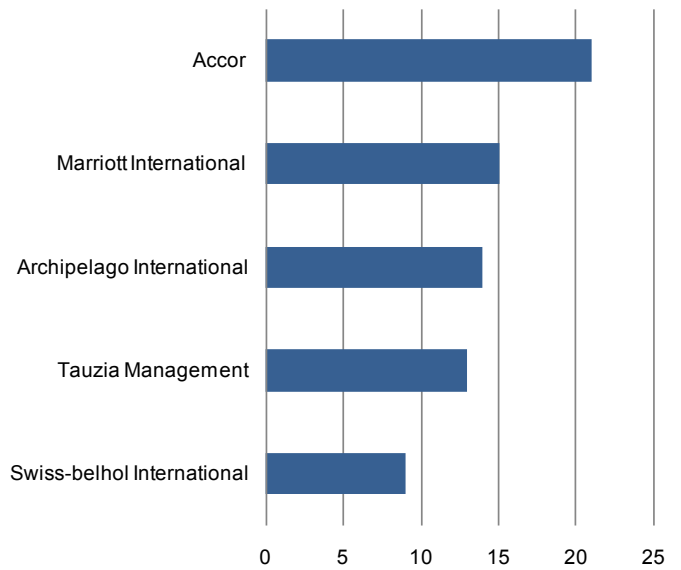
Source: Colliers International Indonesia - Research, STR

## Cumulative Supply of Starred Rating Hotel Rooms in Bali



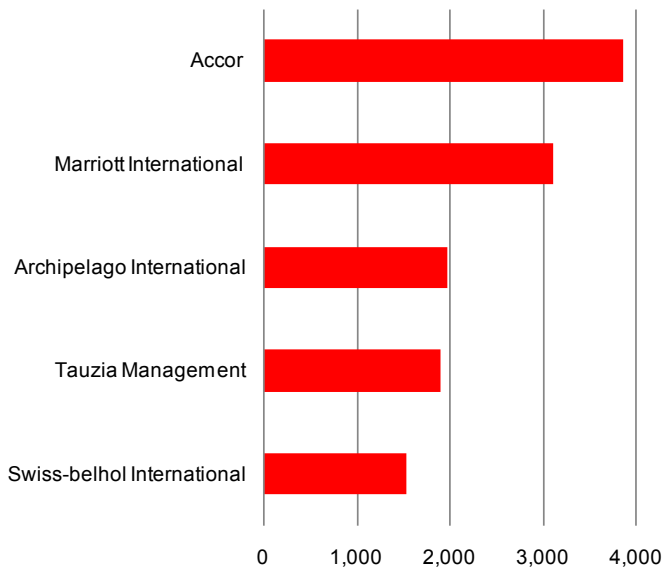
Source: Colliers International Indonesia - Research, STR

## Top 5 Hotel Operator Based on Number of Projects



Source: Colliers International Indonesia - Research, STR

## Top 5 Hotel Operator Based on Number of Rooms



Source: Colliers International Indonesia - Research, STR

Hotel market in Bali reflects a similar situation for tenants and the commercial property sector in Jakarta, where hotel guests are flooded with many accommodation options. Tourists are becoming more selective, often preferring alternative choices for newer hotels with complete facilities but at a more competitive price. This has been quite a challenge for “aged” hotels. Recently, in order to keep up with this dynamic market, several hotels decided to undergo some refreshing developments, either through renovation or a change in management.

## Newly Operating Hotels in Bali During 2017

HOTEL NAME	STARRED RATING	STR CHAIN SCALE RATE	LOCATION	REGION	# ROOM	OPENING TIME
Alaya Jembawan	4-star	Undefined	Jl Jembawan	Ubud	37	Q1
Paramapada Hotel Jimbaran	4-star	Undefined	Jl Yoga Perkanthi	Jimbaran	125	Q1
Aston Canggu Beach Resort	4-star	Midscale Class	Jl Pantai Batu Bolong	Canggu	93	Q1
Swiss-Belresort Pecatu	4-star	Upper Midscale Class	Jl Pecatu Indah Raya Blok G2	Pecatu	199	Q2
Indigo Hotel Seminyak	4-star	Upscale Class	Jl Camplung Tanduk	Seminyak	289	Q2
Sol House Bali Legian	4-star	Midscale Class	Jl. Sriwijaya No. 16	Legian	136	Q2
Best Western Premier Agung Resort Ubud	4-star	Upscale Class	Jl. Sriwedari No. 99	Ubud	75	Q2
Royal Tulip Springhill Resort Jimbaran	4-star	Upscale Class	Jl Jepun	Jimbaran	132	Q3
Total 4-star hotel rooms					1,086	
Mövenpick Resort & Spa Jimbaran Bay	5-star	Upscale Class	Jl. Wanagiri No.1	Jimbaran	297	Q1
Rimba Jimbaran (extension)	5-star	Undefined	Jl Karang Mas Sejahtera	Jimbaran	121	Q1
Hoshinoya Bali	5-star	Undefined	Br. Pengembungan	Ubud	30	Q1
Total 5-star hotel rooms					448	
Total rooms					1,534	

Source: Colliers International Indonesia - Research, STR

## Rebranded Hotel in Bali During 2017

NEW NAME	PREVIOUS NAME	STARRED RATING	YEAR OF OPERATION	LOCATION	REGION	ROOMS
Amnaya Resort Kuta	Alaya Kuta	4-star	Q3 2016	Jl Kartika Plaza, Gang Puspaya No. 99	Kuta	116
Total rooms						116

Source: Colliers International Indonesia - Research, STR

## Under Renovation/Closure Hotels in Bali During 2017

HOTEL NAME	STARRED RATING	YEAR OF OPERATION	STR CHAIN SCALE RATE	LOCATION	REGION	ROOMS	WHEN
Harris Resort Kuta Beach	4-star	2004	Upper Midscale	Jl Pantai Kuta	Kuta	191	Q2 2017
Pan Pacific Nirwana	5-star	2010	Luxury	Jl. Raya Tanah Lot	Tabanan	278	Q3 2017
Total rooms						469	

Source: Colliers International Indonesia - Research, STR

## New Pipeline

HOTEL NAME	STARRED RATE	STR CHAIN SCALE RATE	LOCATION	REGION	NO. OF ROOMS	PROJECT STATUS	PROJECTED COMPLETION TIME
Hotel @BayPass Ngurah Rai	3-star	Undefined	Jl By Pass Ngurah Rai	Nusa Dua	100	Under Construcion	2018
Total 3-star hotel rooms					100		
The Himana - Mercure Bali Jimbaran	4-star	Upper Midscale Class	Jimbaran	Jimbaran	209	Under Construction	2017
The Element Ubud	4-star	Upscale Class	Ubud	Ubud	150	Under Construction	Q4 2017
Fairfield Hotel	4-star	Upper Midscale	Jl Sri Rama No 8, Legian	Legian	163	Under Construcion	Q4 2017
Aloft Seminyak	4-star	Upscale Class	Jl Batu Belig 228, Kerobokan Kelod	Seminyak	80	Under Construction	Q2 2018
Aloft Ubud	4-star	Upscale Class	Tanah Parkir Bebek Bengil,	Ubud	148	Under Planning	Q3 2018
Four Points by Sheraton Bali - Ubud	4-star	Upscale Class	Jl. Resi Markandeya, Desa Payogon	Ubud	105	Under Planning	Q3 2018
Fox Harris Jimbaran	4-star	Undefined	Jl Yoga Perkanthi	Jimbaran	125	Recently operates as Paramapada Hotel	2018
Hotel X2 Bali Breakers - Adaya Balangan Jimbaran Bali	4-star	Undefined	Jl Pantai Balangan	Jimbaran	112	Under Construction	2018
Swiss-Belresort Jimbaran	4-star	Undefined	Jimbaran	Jimbaran	273	Under Construction	2018
Radisson BLU Bali Uluwatu	4-star	Upper Upscale Class	Jl Pemutih	Uluwatu	240	Under Construction	2018
Swiss-Belresort Arjuna (condotel)	4-star	Undefined	Legian	Legian	100	Under Construction	2018
Eastin Hotel Residence	4-star	Upscale Class	Jl Munduk Catu	Seminyak	102	Under Construction	2018
Aloft Bali Kuta	4-star	Upscale Class	Jl Pantai Kuta	Kuta	189	Under Planning	Q3 2019
DusitD2 Sunset Road	4-star	Upscale Class	Jl Raya Kuta - Imam Bonjol	Kuta	278	Under Planning	2019
Total 4-star hotel rooms					2,274		
Renaissance Bali Resort & Spa Uluwatu	5-star	Upper Upscale Class	Jl Pantai Balangan	Uluwatu	208	Under construction	Q4 2017
Marriott's Nusa Dua Gardens	5-star	Upper Upscale Class	Kawasan Pariwisata Lot SW1, Nusa Dua	Nusa Dua	79	Under construction	Q4 2017
Waldorf Astoria Bali Uluwatu	5-star	Luxury Class	Bukit Pandawa	Jimbaran	96	Under construction	2018
New World Grand Bali Resort	5-star	Upper Upscale Class	Pecatu Indah Resort	Pecatu	328	Under construction	2018
Andaz Hotel Bali by Hyatt	5-star	Luxury Class	Danau Tamblingan, Sanur	Sanur	145	Under construction	Q1 2018
Samana Condotel	5-star	Undefined	Jl Telaga Waja No. 05, Lingkungan Terora, Kelurahan Benoa	Tanjung Benoa	250	Under construction	Q3 2018
Swissotel Bali	5-star	Upper Upscale Class	Jl Pantai Pandawa Kutuh	Jimbaran	170	Under construction	2018
The Sarasvati, a Luxury Collection Resort, Bali	5-star	Luxury Class	Seminyak Beach	Seminyak	64	Under construction	Q3 2019
Solis Capella Resort Hotel	5-star	Luxury Class	Ubud	Ubud	111	Under construction	2019
Total 5-star hotel rooms					1,451		
Total rooms					3,725		

Source: Colliers International Indonesia - Research, STR

## Budget Hotel

From the start of Q4 2016 to 2017YTD, there was no new supply of budget hotels in Bali. During that time, only one hotel was rebranded; NEO Seminyak Hotel was renamed Liberta Seminyak Hotel.

Competition amongst economy class hotels in Bali seems to go beyond since there were also competing three-star

hotels. Generally, the budget offered by three-star hotels is similar to that of economy class hotels.

Amidst the tight market competition, there are several on-line travel agencies (OTAs) that sell budget hotels such as Airyrooms, ZenRooms and RedDoorz. Such OTAs include Agoda, Booking.com and others, and they sell rooms at a cheaper price.

### Rebranded Budget Hotel in Bali During 2017

NEW NAME	PREVIOUS NAME	STARRED RATING	YEAR OF OPERATION	LOCATION	REGION	ROOMS
Liberta Seminyak Bali	NEO Seminyak	budget	2014	Jl. Petitenget no. 2	Seminyak	101
Total rooms						469

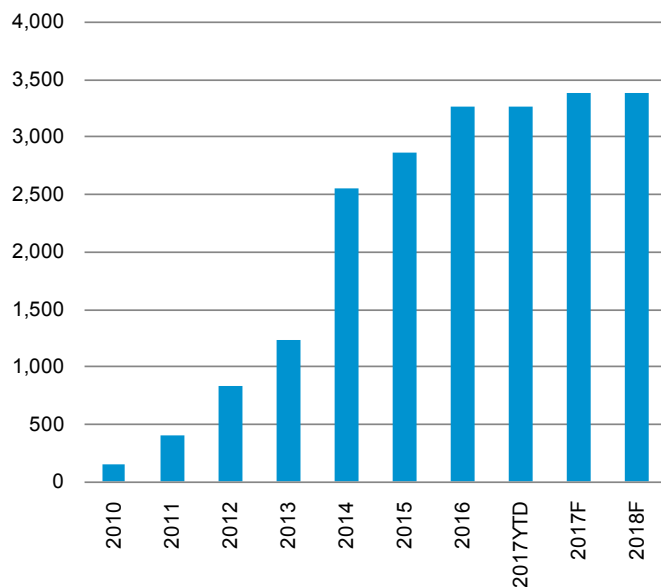
Source: Colliers International Indonesia - Research

### Budget Hotel Development Pipelines

HOTEL NAME	STR CHAIN SCALE RATE	LOCATION	REGION	NO. OF ROOMS	PROJECT STATUS	PROJECTED COMPLETION TIME
@HOM Jimbaran	Undefined	By Pass Ngurah Rai	Jimbaran	121	Under construction	2017
POP! Hotel Benoa	Economy Class	Benoa	Benoa	151	Under construction	2019
Zest Kuta Square	Economy Class	Kuta	Kuta	80	Under construction	2019
Total budget hotel rooms				352		

Source: Colliers International Indonesia - Research

## Cumulative Supply of Budget Hotel Projects in Bali



Source: Colliers International Indonesia - Research

## Tourism Market

As the backbone of Indonesia's tourism industry, the number of tourist arrivals in Bali represents almost 50% of the total number of people visiting Indonesia. Up until July 2017, the number of tourists coming to Bali through Ngurah Rai International Airport was recorded at 3,394,580.

To boost tourism in the country, the Ministry of Tourism has made several programmes, including "Wonderful Indonesia", in order to attract more tourists to explore places in Indonesia other than Bali. To support such programmes, the Indonesian government also gave free visit visas to 169 countries since last year.

Within a year, the number of inbound tourists visiting Indonesia had increased. However, this has been unable to compete with the figures recorded by several neighbouring countries such as Malaysia and Thailand. Until May 2017, the number of foreign tourists visiting Thailand was almost three times more than those visiting Indonesia, whilst Malaysia's figure was twice more than Indonesia's. Meanwhile, Bali itself contributed 43.4% (2,307,148) of the total number of visitors to the country.

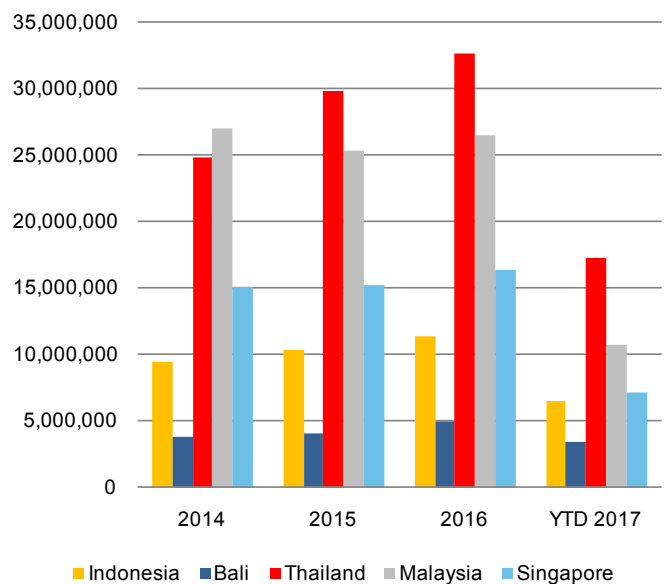
Between 2000 and 2007, the average length of stay of foreign visitors reached 10.9 days, but from 2008 to 2015, the number dropped to 9.3 days. Several hoteliers and the Tourism Office of Bali Province revealed that the other tourism destinations next to Bali, such as Gili area in Lombok, were also affected by the shortening length of stay.

Indonesia Tourism Development Corporation (ITDC), a state-owned enterprise, is planning to develop Buleleng (north area of Bali) to maximise other potential tourist attractions in the area. This also emphasises that the project is aimed to expand the area's tourism scope, not merely concentrated to the south of Bali. Such plan brings consequence that it should be followed by adequate infrastructure to provide good connectivity to the area, because the gravity of Bali tourism is more to the southern area. The government has considered constructing a new airport in Buleleng although location has yet to be confirmed. In addition to developing a new airport, the government also plans to develop Celukan Bawang Port in the northern area of Bali starting in December 2017 to allow ships carrying passengers to dock. Dream Cruise plans to anchor in Celukan Bawang Port in 2017-2018 carrying approximately 5,000 passengers and crew each time they sail. This will create a market for Bali especially the northern area.

Another port expansion will take place at Benoa Port, adding a cruise ship terminal. The new port will be able to accommodate mega cruise ships that carry a capacity of up to 5,000 passengers and 1,500 crew members, or equal to the capacity of 44 Boeing 737 jet planes. Tourism market in Bali is quite optimistic with the development of these two ports, as they will increase the inbound traffic to Bali.

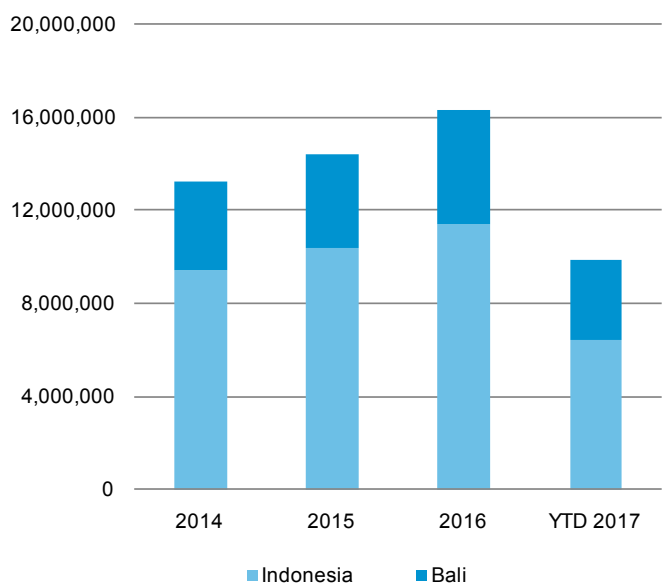
Nowadays, the government's target market for Bali tourism industry is not only Australia, China and/or India, in an attempt to reach the ambitious plan of six million visitors to Bali. Vietnam, albeit a relatively small target market, keeps growing. The mutually benefited MoU signed between Garuda Indonesia and Vietnam Air will possibly increase the number of tourists from Vietnam. Thailand is also a potential target. The latest direct flight to and from Bangkok is served by Thai Lion Air.

## Number of Tourists Visiting Indonesia, Thailand, Malaysia, Singapore



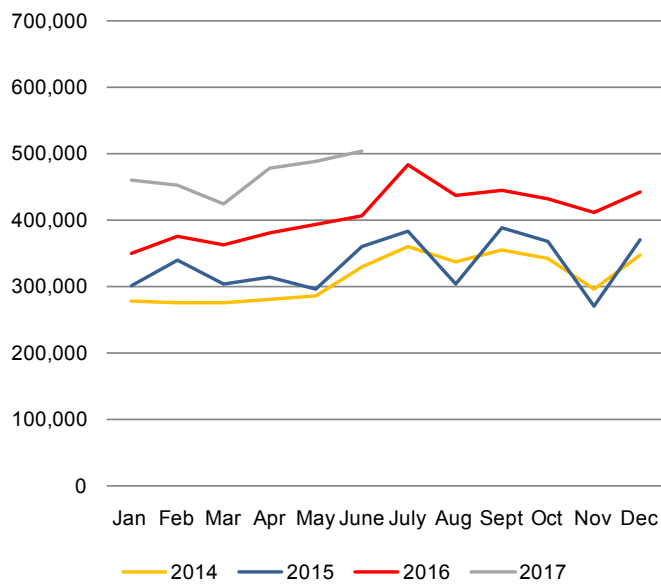
Source: The Indonesia Ministry of Tourism, Bank of Thailand, Tourism Malaysia, Singapore Tourism Board

## Number of Tourists Visiting Indonesia and Bali



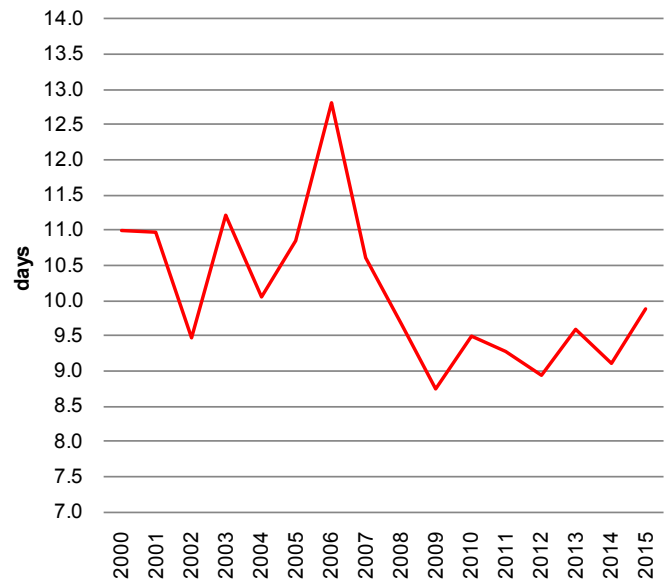
Source: The Indonesia Ministry of Tourism and Tourism Office of Bali Province

## Number of Tourists Visiting Bali through Ngurah Rai International Airport



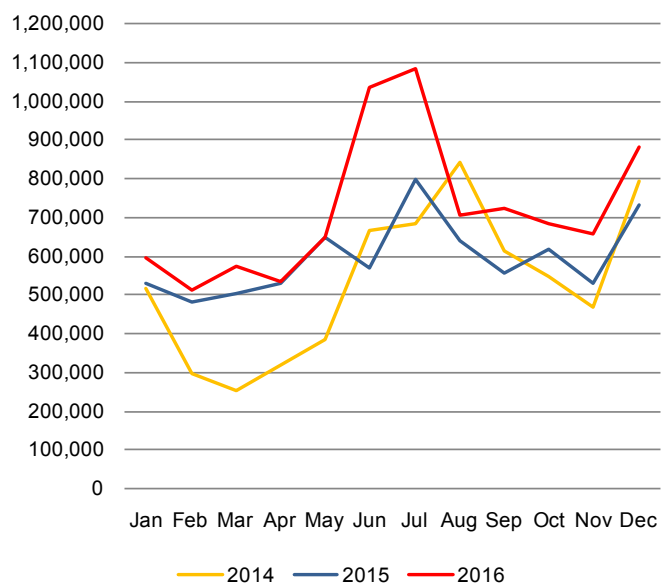
Source: Tourism Office of Bali Province

## Average Length of Stay of Foreign Tourist in Bali



Source: Tourism Office of Bali Province

## Number of Domestic Tourists Visiting Bali

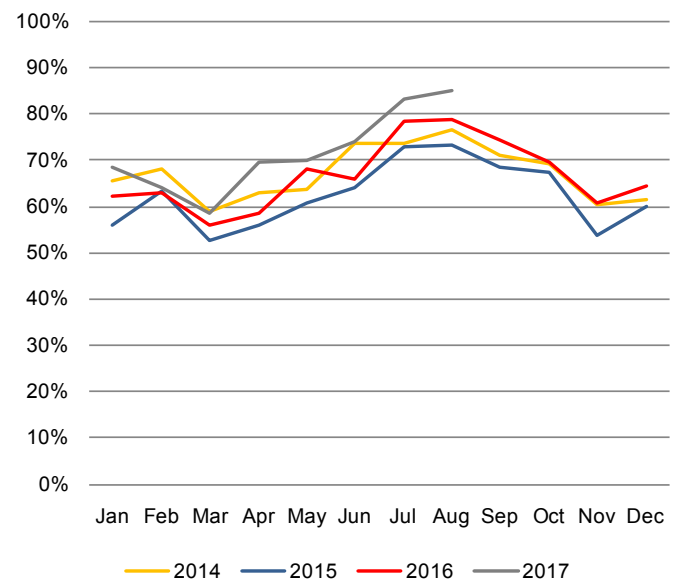


Source: Tourism Office of Bali Province

## Performance

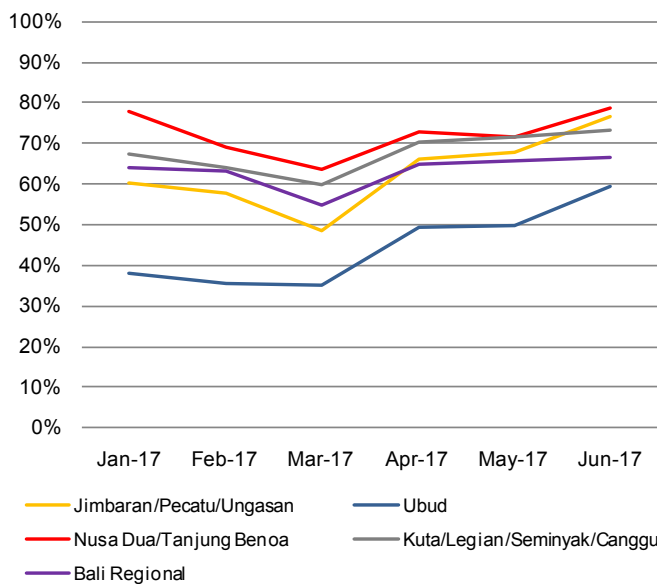
July and August are summer months and school holiday in western countries and have always been the peak period of tourism in Bali. Hotel occupancy climbs during these months, and this year was so far the best for the last four years. The average occupancy rate monthly performance shows a good trend from July to August at 83.0% and 85.2%, respectively.

## Monthly Average Occupancy Rate (AOR) Bali Hotel Market



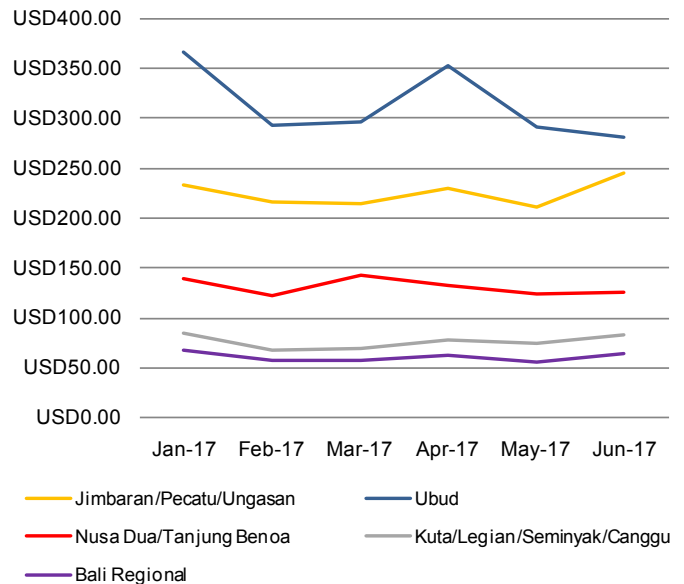
Source: STR Global

## Monthly Average Occupancy Rate (AOR) Bali Hotel Market by Area



Source: STR Global

## Monthly Average Daily Rate (ADR) Bali Hotel Market by Area

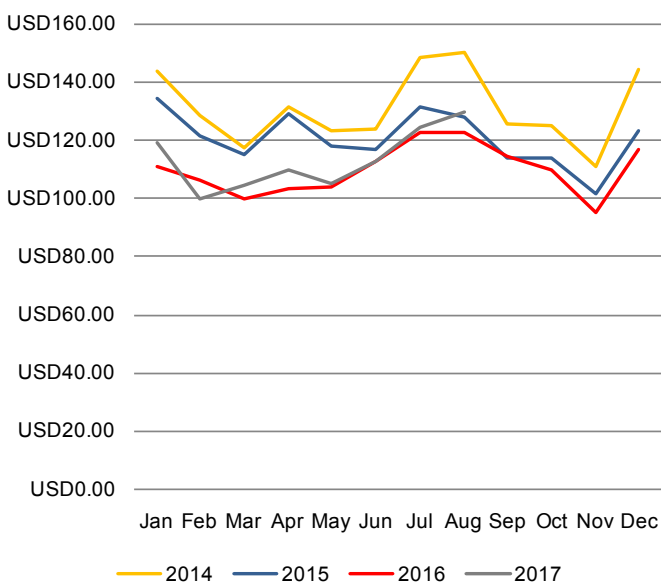


Source: STR Global

Aside from the summer holiday that starts in June, the Eid al-Fitr (Lebaran) Holiday, which falls in July and followed by school holiday, was enjoyed primarily by the local market. This also helped edge up the overall hotel occupancy in Bali. Furthermore, several events held in Bali also contributed to the increase in the number of room bookings. Overall, this quarter has so far been the best time for hotel operators for the last few years.

In line with the impressive AOR performance, the ADR figures for hotels in Bali also showed a positive trend for most hoteliers. The monthly ADR in August improved 4.2%, experiencing a 5.9% increase YoY.

## Monthly Average Daily Rate (ADR) Bali Hotel Market



Source: STR Global

The relatively limited number of hotel supply in 2017 helped hoteliers maintain room price. Up to Q3 2017, there are 1,065 new rooms, and this is a 31.25% lower than the supply in 2016 YoY. Moreover, the increasing number of tourists visiting Bali also brought good impact to hotel performance. Nevertheless, the overall ADR performance this year is still below those in 2014 and 2015.

Bali is anticipating a big event in 2018, the IMF-World Bank Annual Meeting, which is a global conference and may be a tool to promote Indonesia in general, especially Bali.



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