



# INDONESIA HOSPITALITY INSIGHT

MARCH 2022

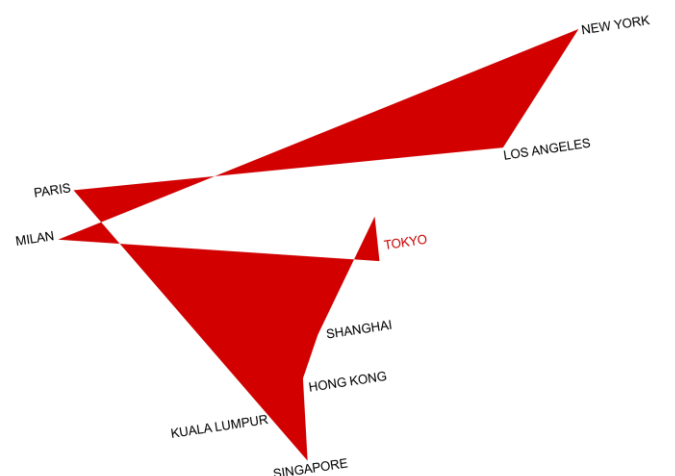


TABLE OF CONTENT

**01** TOURISM SECTOR  
HISTORICAL TREND AND STATISTICS

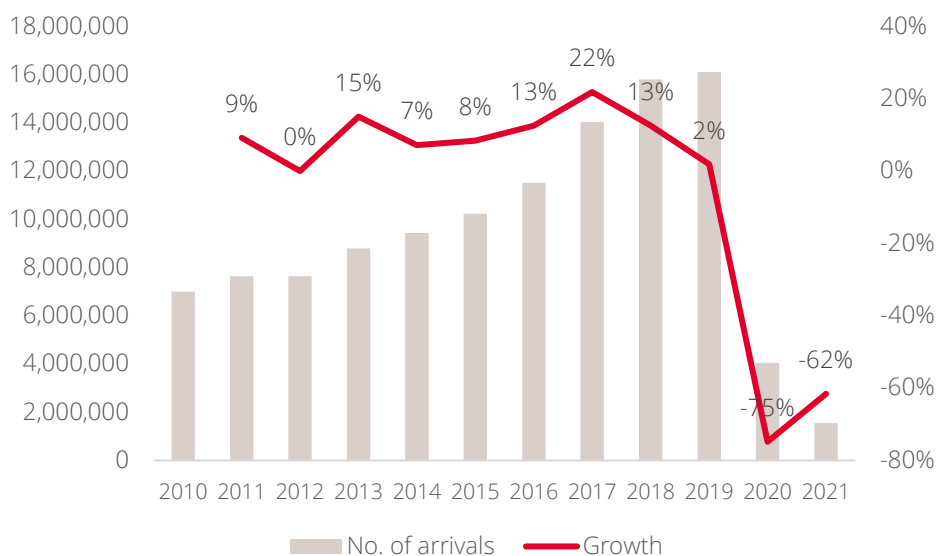
**02** HOTEL SECTOR  
DEMAND-SUPPLY DYNAMIC

**03** NOTABLE ACTIVITIES  
NEW HOTEL OPENINGS/ TRANSACTIONS, GOVERNMENT INCENTIVES AND REGULATIONS





## Foreign Tourist Arrivals



Source: BPS-Statistics Indonesia (2021)

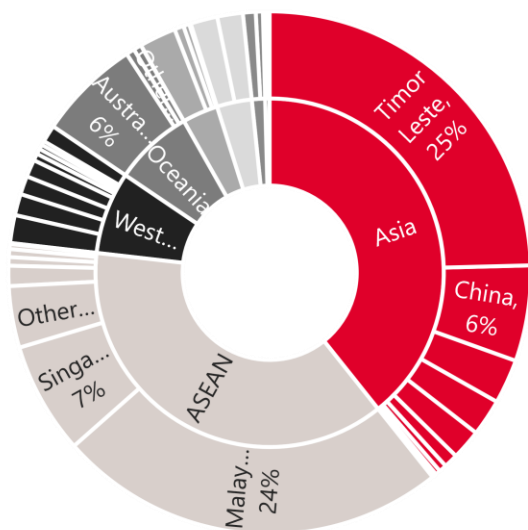
## Foreign Tourist Arrivals

The foreign tourist arrivals in Indonesia has been growing rapidly since 2012. Much like all countries globally, the swift growth has been halted by the emergence of Covid19 pandemic in 2020.

The compounded annual growth rate (CAGR) for tourist arrivals to Indonesia is 9.7% p.a. from 2010 to 2019.

The much anticipated recovery in 2021 did not happen due to the new Omicron variant that pushed the government to tighten the border further. However, tourist arrivals should see a resurgence in 2022 as the country is finally reopening its border to international tourists.

## Foreign Tourist Origin



### Top 10 Tourist Origins 2010

Singapore	1,206,360
Malaysia	1,171,737
Australia	769,585
China	511,188
Japan	416,151
Korea Rep.	296,060
Other Asean	221,668
Taiwan	214,192
United Kingdom	192,335
U S A	177,677

### Top 10 Tourist Origins 2019

Rank	Origin	Number of Arrivals	9-year CAGR
1	Malaysia	2,980,753	11%
2	China	2,072,079	17%
3	Singapore	1,934,445	5%
4	Australia	1,386,803	7%
5	Timor Leste	1,178,381	n/a
6	Other Asean	682,630	13%
7	India	657,300	17%
8	Japan	519,623	2%
9	U S A	457,832	11%
10	United Kingdom	397,624	8%

Source: BPS-Statistics Indonesia (2021)

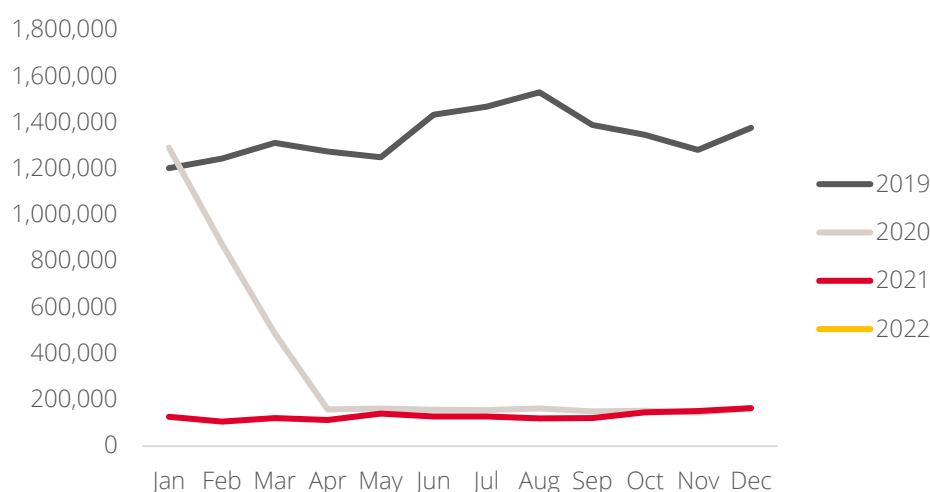
## Foreign Tourist Origin

Asia including Asean countries are the main tourist source for Indonesia. Malaysia, Singapore and to certain extent Australia have always been the major tourist origin historically, due to the close proximity of the countries. In recent year however, the surge of Chinese tourists have propelled China to be the second most active tourist source for Indonesia. Timor Leste which shares a deep historical root with Indonesia too has become a big tourist market for Indonesia.

China and India are the 2 tourist markets with the highest growth (17% p.a.) followed by Malaysia and USA which charted a decent growth of 11% p.a.. On the other hand, tourists from other developed countries such as Singapore, Australia and Japan has seen relatively modest growth.

Source: BPS-Statistics Indonesia (2022)

## Monthly Foreign Tourist Arrivals



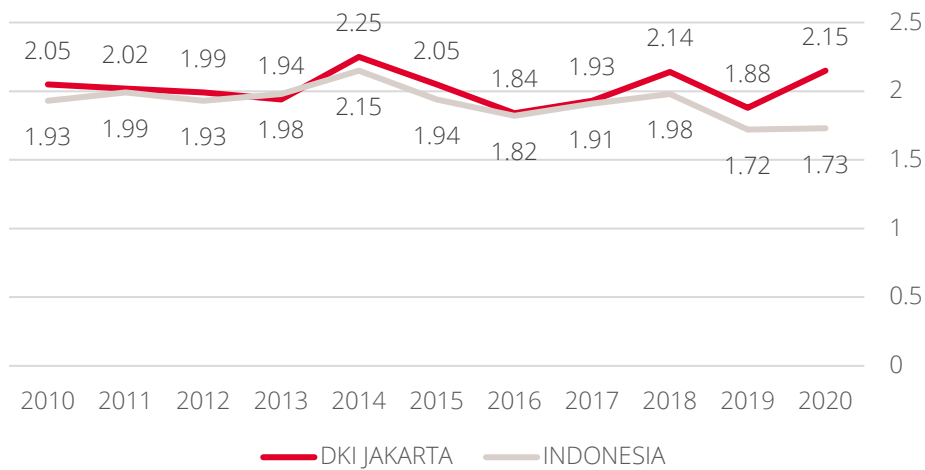
## Monthly Foreign Tourist Arrivals

Ever since Covid19, foreign tourist arrivals have dropped significantly.

In 2022 January, there were 143,744 arrivals, slightly higher than January 2021 at 126,515 but still far below 2020 peak at 1.3 million tourists.

With Indonesia reopening its border in 2022 and scrapping the quarantine rules, it is expected that tourist arrivals will rebound this year.

## Average Length of Stay (star-rated Hotel)



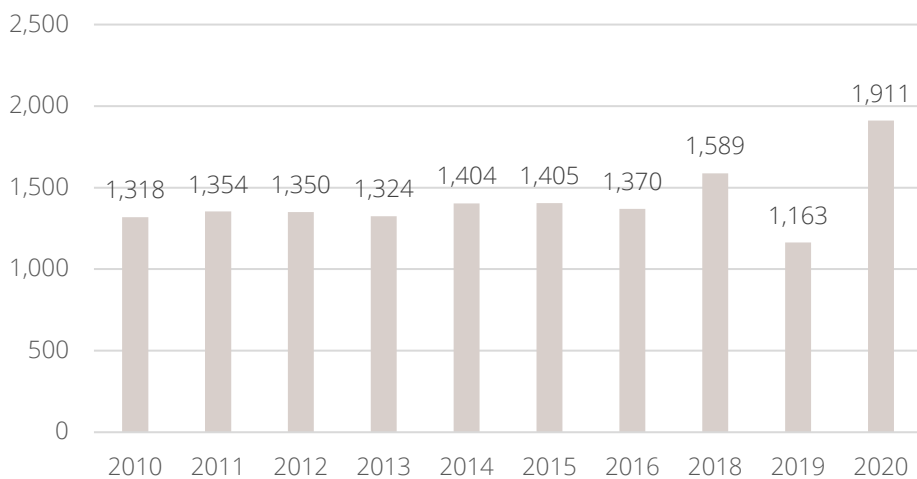
Source: BPS-Statistics Indonesia (2022)

## Average Length of Stay

Foreign tourist average length of stay in Indonesia is relatively short at around 2 days as compared to neighbouring countries like Malaysia (7.4), the Philippines (9.5) and Vietnam at 8.02 days.

The Indonesian government have identified the need to deepen the tourism offerings in the country to attract more tourists and to retain tourists to stay longer. As such the government has launched the '10 New Bali' program, which will be discussed later.

## Average Expenditure per visit (USD)



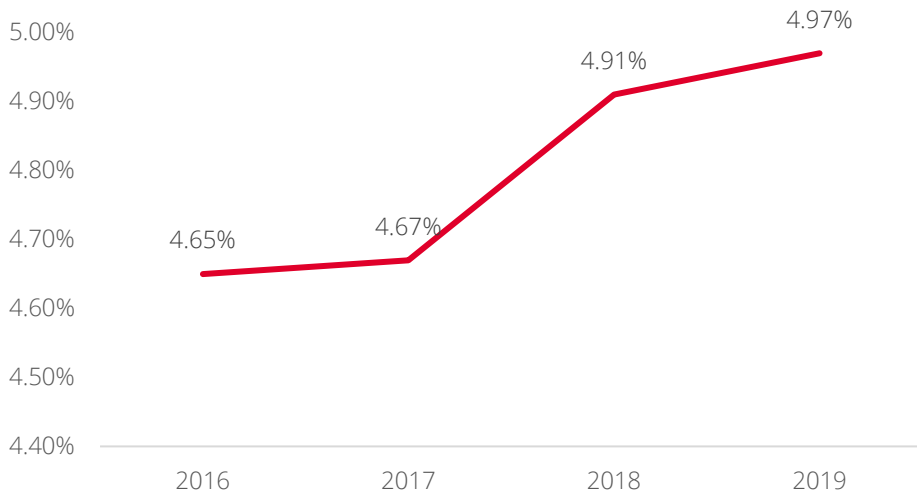
Source: BPS-Statistics Indonesia (2022)

## Average Expenditure per Visit

The average expenditure per visit too have been relatively stable in Indonesia. There was a sharp increase in average expenditure in 2020 to USD 1,911 from USD 1,163 in 2019. This is likely due to the increased cost of Covid19 testing and quarantine.

The CAGR from 2010 to 2018 has been modest at 2.4% p.a..

## Tourism Contribution to GDP



Source: BPS-Statistics Indonesia (2022)

## Contribution to GDP

While tourism has not been the main contributor to the Indonesian economy, the sector nonetheless contributed a respectable share to the country's GDP. In 2019, tourism sector contributed to 4.97% of the country's economy, an increase from 4.65% in 2016.

As the country are moving away from primary and secondary industry, tourism sector is expected to play an increasing role in the country development in the future.

## Hotel Occupancy Rate

There are 2 types of hotel classification in Indonesia: non-rate vs star-rated (3-5 stars). In Jakarta, non-rated hotels are performing slightly better than star-rated hotels since 2010. However in 2019, the trend has reversed with the occupancy rate of non-rated hotel at 57%, while star-rated hotel was 60%. Star-rated hotels were also slightly more resilient than non-rated hotel during the pandemic most likely due to brand trustworthiness especially during a health crisis.

Indonesia overall, star-rated hotels performed significantly better than non-rated hotels.

## Hotel Room Growth vs Occupancy Rate (Jakarta)

Star-rated hotels made up the 75% of hotel supply in Jakarta. There were 55,800 rooms available in Jakarta within star-rated hotels in 2019 and another 18,605 rooms within non-rated hotel.

Room supply has been increasing at 8% p.a. for star-rated hotels and 12.4% for non-rated hotels. This could potentially explains the drop in occupancy rate for non-rated hotels in Jakarta.

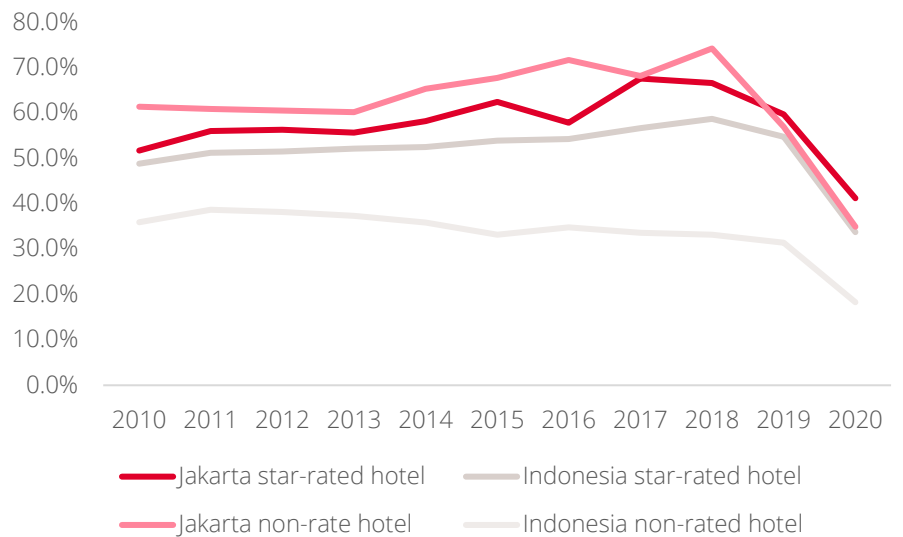
## Hotel Room Growth vs Occupancy Rate (Indonesia)

As opposed to Jakarta, Indonesia overall have much higher supply of non-rated hotels. Non-rated hotels made up 53% of total hotel supply in Indonesia.

This may explains the notoriously low occupancy among non-rated hotels in Indonesia, at below 40% from 2010 to 2019. Star-rated hotels fared much better during the same period with occupancy above 50% (except 2010).

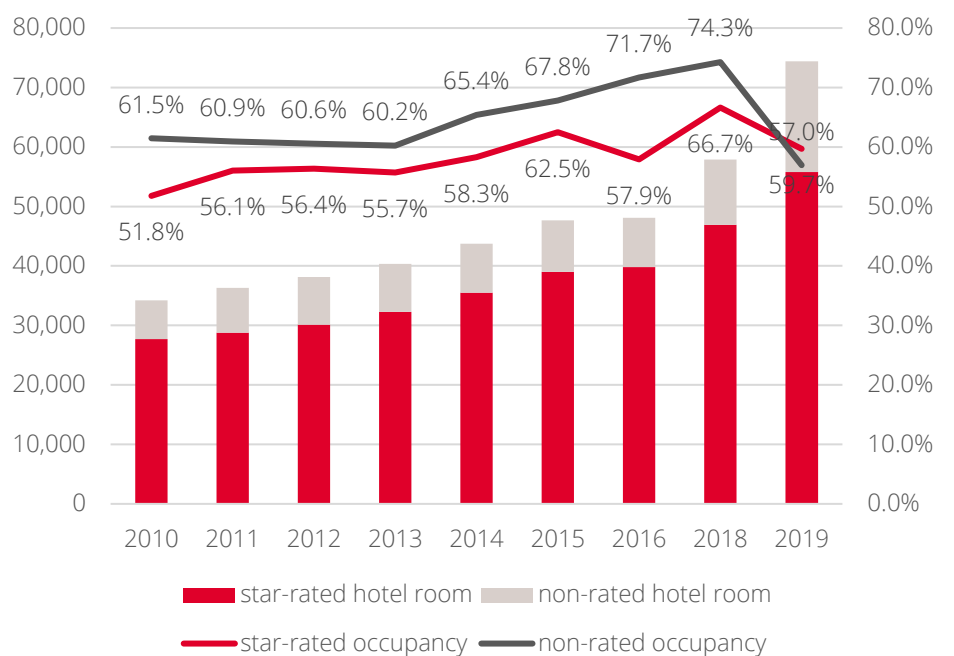
In general, Jakarta hotel market outperform Indonesia as a whole.

### Hotel Occupancy Rate



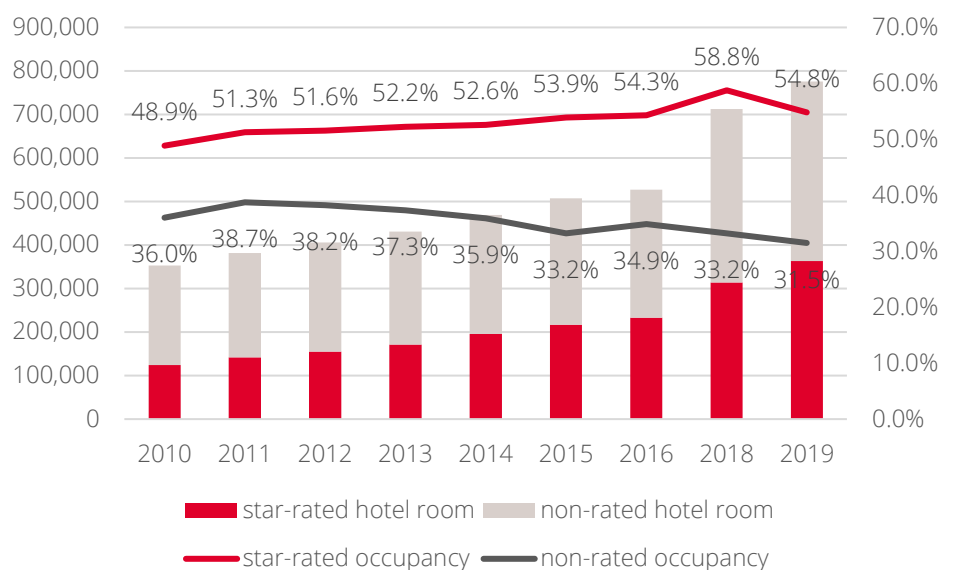
Source: BPS-Statistics Indonesia (2022)

### Jakarta No. of Rooms vs Occupancy



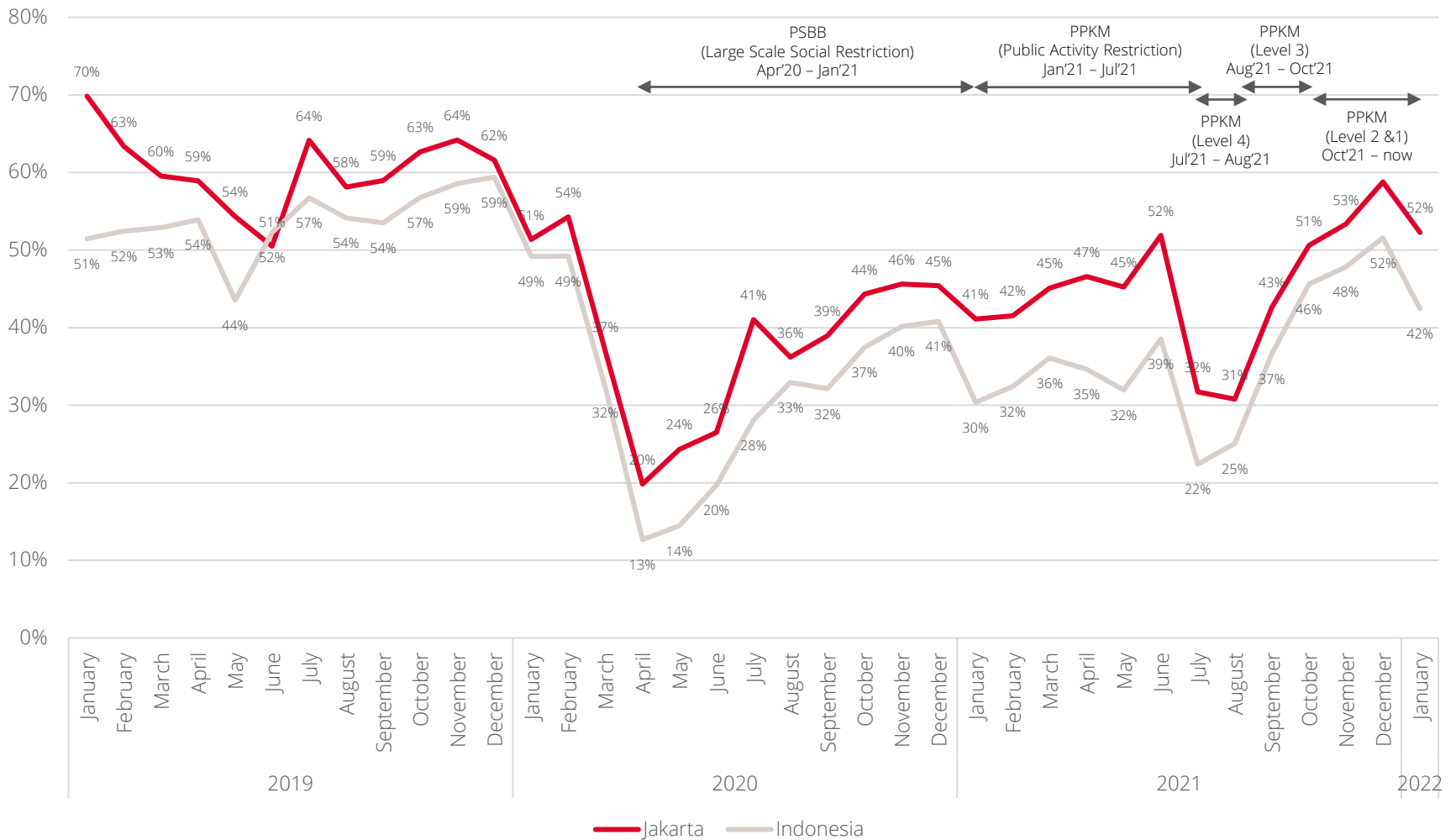
Source: BPS-Statistics Indonesia (2022)  
Note: 2017 data not available

### Indonesia No. of Rooms vs Occupancy



Source: BPS-Statistics Indonesia (2022)  
Note: 2017 data not available

## Monthly Star-rated Hotel Occupancy



Source: BPS-Statistics Indonesia (2022)

### Recovery and Prospect

The overall hotel occupancy poised a strong recovery especially since 3<sup>rd</sup> quarter 2021 when the government started to relax the movement restriction level. The hotel sector have been making a come back since the trough in 2020 but the recovery was interrupted by the strict restriction imposed in August 2021. As of January 2022, hotel occupancy in Jakarta has reach 52%, while still much lower than the same month in 2019, it has reached the level of non-peak season during 2019, which signifies a resumption in the hotel business.

The Indonesian government will lift the quarantine rule for foreign visitors by April 2022, a move that is seen to boost the tourism sector in the country. This coincides with the gradual border reopening of most countries in the region.

Mordor Intelligence expects hospitality real estate sector in Indonesia to grow by 7.3% p.a. from 2022 to 2027.

**Notable/ Upcoming Hotel Openings**

1. Hilton Garden Inn Taman Palem Jakarta (168 keys); completed 2H21
2. The Orient Jakarta (153 keys); completed 2H21
3. The Langham Jakarta (223 keys); completed 2H21
4. Artotel Suite Mangkuluhur (351 keys); rebranded from Crowne Plaza in 2021
5. Waldorf Astoria Jakarta (183 keys); to be completed in 2023

**Foreign Ownership of Hotel**

1. Max. 67% foreign ownership for non-rated hotels, no restriction on star-rated hotels.
2. Land ownership not allowed, leasehold right-to-use available.

**Hotel Related License**

1. Starred Hotel License
2. Environmental License
3. Sanitation License
4. Alcohol License

With restaurant and/or café:

1. Tourism License
2. Business Identification Number

**Government Aid during Pandemic**

1. Budget allocated for tourism and creative economy in 2021: Rp 60billion.
2. Budget allocated for tourism and creative economy in 2020: Rp 24billion.
3. Allocated Rp 3.7 trillion of grants to tourism sector in 2021.
4. Allocated Rp 3.3 trillion of grants to tourism sector in 2020.
5. Launched 'Be Proud to Travel to Indonesia' campaign to encourage tourism.
6. Launched Cleanliness, Health, Safety and Environmental Sustainability (CHSE) program, part of 'Indonesia Care/ I Care' initiative to ensure safety of travellers.
7. Disbursed Government Assistance for Tourism Business (BPUP).
8. Provided hotel rooms to health workers.

**Government Tourism Plan**

- Phase 1 (2021-2022): Focus on domestic tourism and accelerating digital transformation.
- Phase 2 (2022-2024): Promote tourism village, development of creative hubs and facilitating collaboration between eCommerce players and banks for capital assistance.
- Phase 3 (2024-2029): Strengthen quality tourism and destination resilience, promote wellness and adventure products, intensify marketing campaigns, speed up digital transformation and strengthen supply chain of the industry.

**10 New Bali**

With Bali being the most prominent tourism hub in the country, Indonesia has aspired to replicate Bali's model to turn 10 additional destinations as future tourism magnet, and such vision is touted as the '10 New Bali' project. The below 10 destinations will be the key focus area for Indonesia's next push to be a tourism powerhouse:

1. Lombok Mandalika
2. Borobudur
3. Lake Toba (North Sumatra)
4. Tanjung Lesung (Banten)
5. The Thousands Islands (Jakarta)
6. Tanjung Kelayang Beach (Bangka Belitung Islands)
7. Mount Bromo (East Java)
8. Labuan Bajo (East Nusa Tenggara)
9. Wakatobi (South Sulawesi)
10. Morotai Island (North Maluku)



If the 10 destinations, the Indonesian government has put an emphasis on the 3 below:

1. Lombok Mandalika  
Developing/ developed a world-class MotoGP international circuit, international airport, solar power plant and 5-star resorts.
2. Borobudur  
Developing/ developed new international airport and cultural heritage sites.
3. Lake Toba (North Sumatra)  
Developing/ developed new international airport with expanded runway.



This report is published for general reading only and not to be relied upon in any way. While we believe information contained herein are reliable at the date of publication, we have not verified it and make no guarantee, warranty or representation about it. No responsibility or liability whatsoever can be accepted by GARDE for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of GARDE in relation to particular countries, properties or projects.