

HOSPITALITY SERVICES FORECAST REPORT


The hotel market is showing a positive upturn characterised by a surge in activity

Quarterly | Bali | April 2024

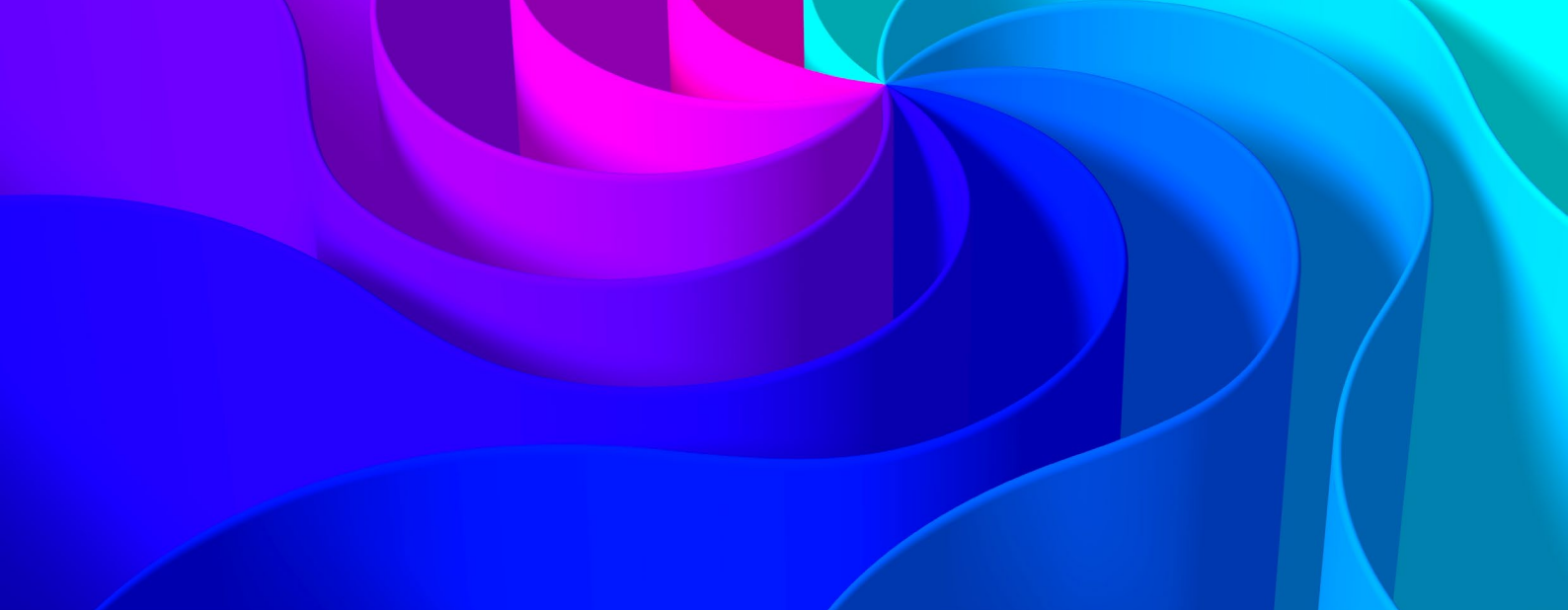
Insights & recommendations

Evidenced by a notable uptick in tourist arrivals, paralleled by improved hotel performance, Bali is experiencing a resurgence in activity, reasserting its status as a premier tourism destination. Traditionally, in the month of Ramadan, tourist footfall tends to taper off, particularly among local visitors, particularly those travelling in groups or representing corporations.

However, it is anticipated that the number of tourists, especially from the domestic market, will rebound significantly during the Eid holiday and is projected to remain on an upward trajectory until the year-end. Furthermore, Bali is poised to host several large-scale events in the coming months, underscoring the need for proactive preparation to accommodate the influx of guests.

		Q1 2024	Full Year 2024	2024-26 Annual Avg
 <p>Supply</p>	Until 2025, the availability of new hotel accommodations in Bali is expected to remain extremely scarce.	 457 rooms	 507 rooms	214 rooms
 <p>Occupancy</p>	Occupancy rates are projected to rise once more in early Q2, spurred by the Eid holiday and subsequently the school holidays.	-5.6%  64.8%	0.5%  70.9%	Annual Avg Growth 2024-26/ End 2026 0.7%
 <p>Room rate</p>	Room rates typically correlate with occupancy levels.	-1.8%  USD133	1.3%  USD137.1	0.4%

Source: Colliers. Note: IDR15,656 = 1 USD. 1 square m = 10.76 square ft.



Impact of pandemic on hotel operations: delays and anticipated resumptions

The reduced occupancy rates of hotels during the pandemic have compelled numerous hotel owners to defer the operation of their establishments. Furthermore, several hotels that were compelled to cease operations during the pandemic are expected to resume business operations, on average, by the end of 2021 or early 2022.

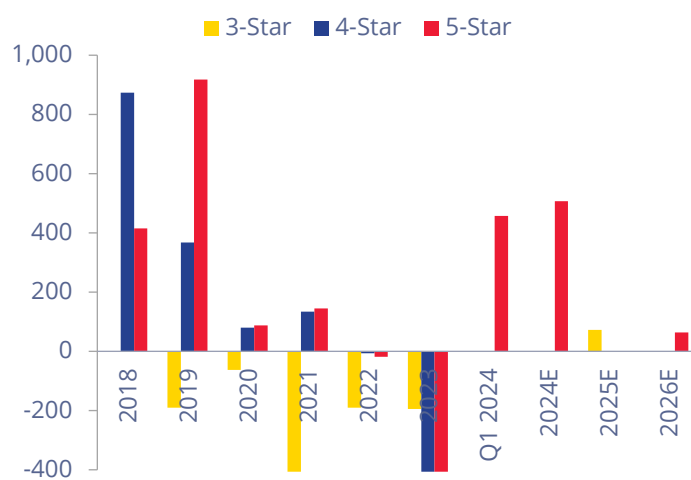
Supply

Challenges in Bali's hotel industry amidst supply constraints

The 457 new rooms are rooms from newly renovated hotels. The total number of rooms available in Bali stands at 58,854, comprising 24% 3-star, 42% 4-star and 34% 5-star accommodations. In our record, the average annual increase in new hotel supply in Bali has been steadily declining. Before the pandemic (2015-2019), the average annual growth was 1,900 rooms per year. However, between 2020 and Q1 2024, the growth rate has plummeted to 136 rooms per year. Additionally, many hotels have permanently closed during the pandemic, further impacting the available supply.

This situation has presented a favourable scenario for hoteliers, as the reduced competition coincides with an uptick in tourist arrivals. Nevertheless, tourists have begun to voice complaints about Bali being overly crowded and congested, leading to discomfort. Moreover, the expensive local airfare to Bali has prompted travellers to explore alternative holiday destinations perceived as more cost-effective.

Annual room supply



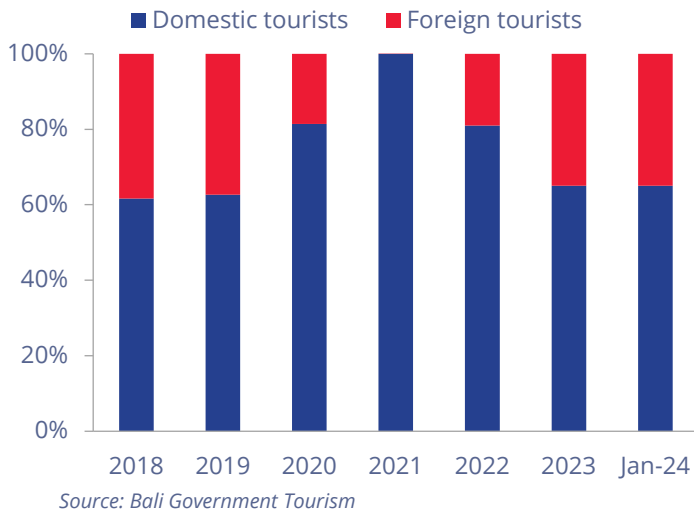
Source: Colliers

Tourism

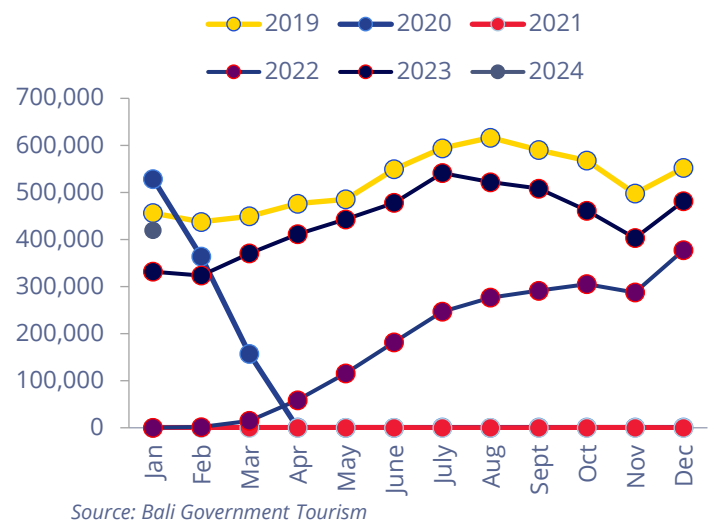
The influx of tourists, both local and international, to Bali continues to surge. According to available data, the number of arrivals of both foreign and domestic tourists in January 2024 exceeded the figures for the same period in 2021, 2022 and 2023. This indicates an improvement in Bali's tourism.



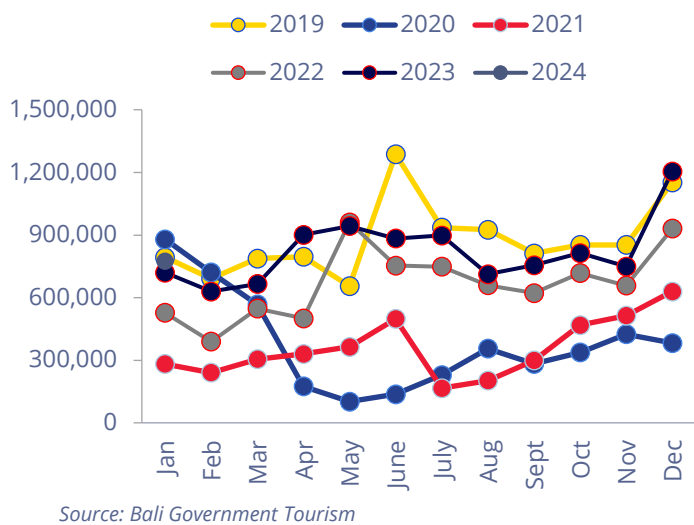
Comparison percentage of domestic and foreign tourists



Foreign tourist monthly arrival



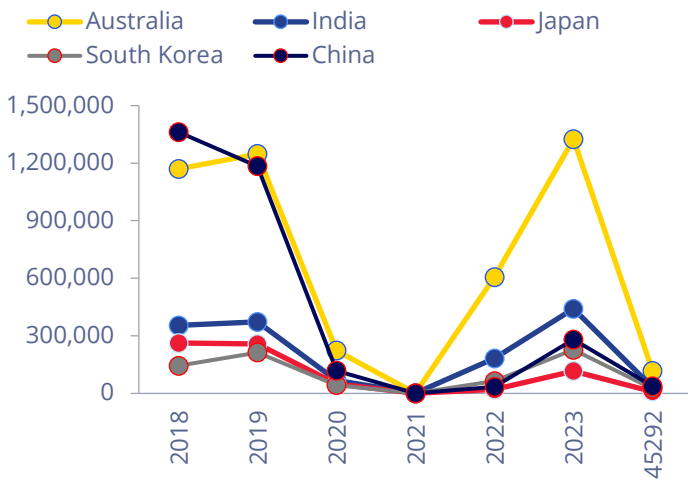
Domestic tourist monthly arrival



Following the pandemic, substantial shifts have transpired in the overseas markets of Bali, particularly within the Asia Pacific region (excluding ASEAN countries). Australia, China, India, Japan and South Korea continue to dominate as the top five markets. However, notable disparities are observed, notably in the Chinese market, which has yet to fully rebound to pre-pandemic levels. Conversely, there has been a notable surge in the Indian and South Korean markets.

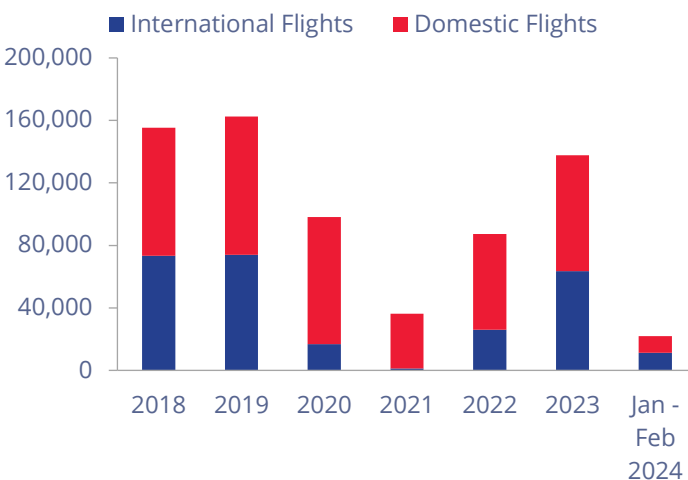


Top 5 number of Asia Pacific tourists (except ASEAN)



Source: Bali Government Tourism

Air traffic at the airport - aircraft movement in Ngurah Rai Airport



Source: Ministry of Transportation of the Republic of Indonesia, Directorate General of Civil Aviation

Based on data from the Ministry of Transportation of the Republic of Indonesia and the Directorate General of Civil Aviation, there has been a notable surge in the number of flights to and from Bali, encompassing both local and international routes. The most significant increase was witnessed between 2021 and 2022, marking a 141% rise in total flights, with a staggering 1,819% surge in international flights and 75% in local flights. This surge in international flights was primarily attributed to the gradual reopening of international borders in 2022, a trend observed across many countries, including Indonesia, particularly in Bali.

Whilst foreign tourist arrivals to Bali have indeed shown improvement statistically, the government must remain vigilant about the competitive landscape in tourism, especially with neighbouring countries such as Thailand and Vietnam. Concerns arise due to the competitive price of airfare to Thailand compared to flights within Indonesia. Additionally, tourists have voiced grievances regarding the overcrowding and diminished comfort levels in Bali.

Performance

The performance of hotels in Bali in January and February 2024 has shown improvement compared to the same period in 2023. This uptick can be attributed to the rise in tourist arrivals, both local and international in January 2024. However, due to the predominance of domestic tourism in Bali, there has been a decline in tourist visits in March, coinciding with the month of Ramadan.

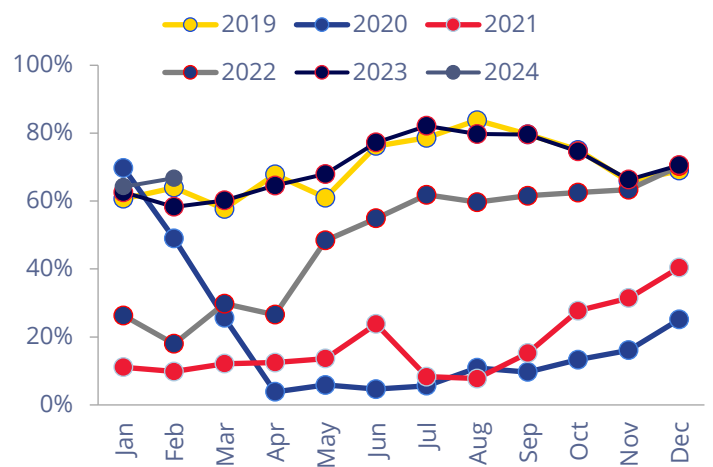


Despite this, Bali remains a prominent MICE (meetings, incentives, conferences and exhibitions) destination, especially on an international scale, although MICE activities tend to wane during Ramadan. It is anticipated that MICE activities will rebound following the Eid holiday, particularly with the scheduling of several international conferences slated for Bali in 2024.

Looking ahead, hotel performance in Bali is forecasted to surge once more in Q2 2024 commencing with the Eid holiday. It is estimated that a considerable number of domestic tourists will choose Bali as their vacation destination, followed by visitors from Europe in summer and tourists from Asia Pacific countries towards the year-end.

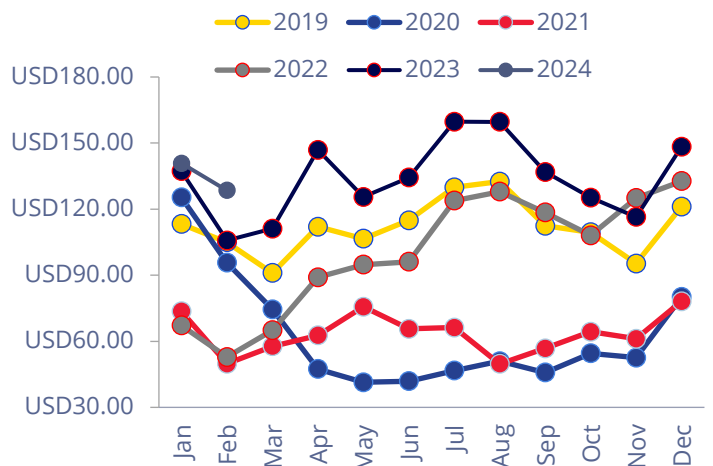
Statistically, Bali's hotel industry has returned to pre-pandemic levels and even surpassed its 2019 performance. However, it is important to note that during the pandemic, many hotels in Bali were compelled to cease operations, thereby reducing competition within the hospitality sector.

Monthly average occupancy rate (AOR)



Source: Colliers

Monthly average daily rate (ADR)



Source: Colliers



Appendix

Rebranded

Hotel Name	Previous Name	Year of Operation	Location	Region	#Rooms
5-star					
The Meru Sanur	Inna Grand Bali Beach Hotel	1966	Jl. Hang Tuah, Sanur	Sanur	457

Source: Colliers

New pipeline

Hotel Name	STR Equivalent Rate	Location	Region	#Rooms	Project Status	Opening Time
3-star						
Holiday Inn Express Hotel Sunset Bali	Upper Midscale	Jl. Sunset Road	Seminyak	72	Under construction	2025
4-star						
Vasa Hotel Ubud	Undefined yet	Payangan	Ubud	120	Under construction	2027
5-star						
Bali Beach Hotel	Undefined yet	Jl Hang Tuah	Sanur	250	Under Construction	2024
The Luxury Collection Jimbaran	Luxury	Jimbaran	Jimbaran	75	Under construction	2026
Kimpton Resort Nusa Dua	Upper Upscale	Nusa Dua (ex Amanusa Villa)	Nusa Dua	50	Under construction	2023

Source: Colliers



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