

HOSPITALITY SERVICES FORECAST REPORT

Global turbulence hits Bali hotel, forcing shift toward domestic and regional demand




Quarterly | Bali | April 2026

Insights & recommendations

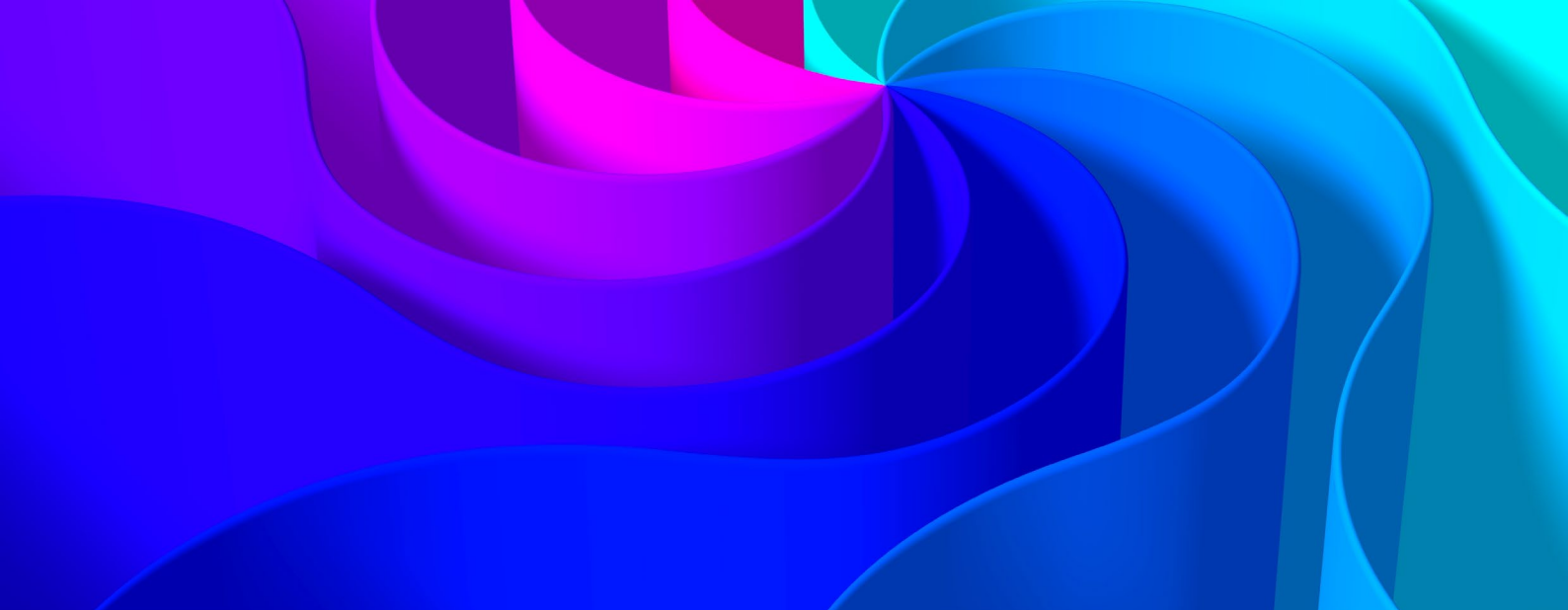
The Bali hotel market entered 2026 under moderate performance levels, reflecting a softer start compared to 2025. This was primarily driven by a decline in domestic tourist arrivals and reduced activity in the MICE (Meetings, Incentives, Conferences, and Exhibitions) segment, largely due to lower engagement from government institutions and corporate entities. At the same time, escalating geopolitical tensions in the Middle East has added further pressure on Bali's tourism sector. Overseas markets, particularly from Europe, US, and Middle East, have declined, partly due to flight cancellations and disruptions.

To mitigate these challenges, hoteliers are increasingly shifting their focus toward more resilient demand segments, particularly domestic travelers and the Asia Pacific market. While the broader market impact on AOR has not yet been fully reflected across all hotels, properties that rely on Europe, Middle East, and U.S. markets have already dropped by up to 10% compared to Q4 2025.

If geopolitical tension persists, the resulting ripple effects—especially rising airfares—may further dampen travel demand, especially among domestic tourists. In such a scenario, intensified competition and potential price wars could emerge. Consequently, hotel operators are expected to adopt more agile and strategic approaches, drawing lessons from operational practices implemented during the pandemic to optimize performance in a constrained environment.

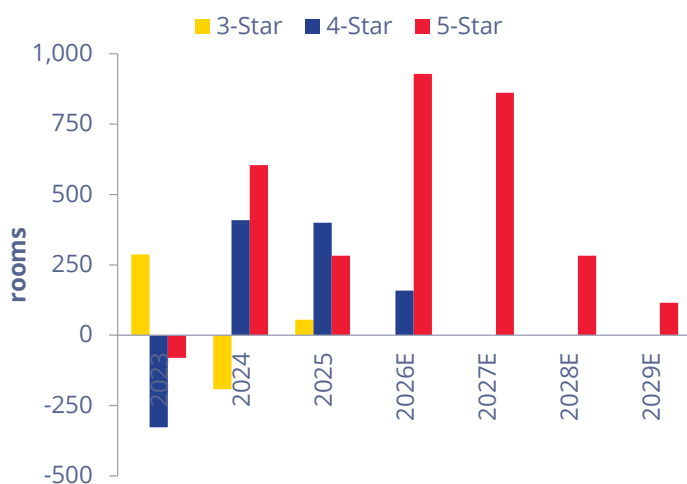
		Q1 2026 vs Q4 2025	Full Year 2026	Avg. 2026-2029 / End 2029
 <p>Supply</p>	<p>Bali remains not only a premier tourist destinations but also a leading location for 5-star hotel development. Approximately 200 rooms of 5-star hotel will be operational during the 2026-2029 period.</p>	<p>↑</p> <p>564 rooms</p>	<p>↑</p> <p>1,006 rooms</p>	<p>↓</p> <p>578 rooms</p>
 <p>Occupancy</p>	<p>Despite increasingly challenging conditions, driven by both internal and external factors, the Average Occupancy Rate (AOR) is expected to continue to grow, albeit slowly.</p>	<p>0.1-2%</p> <p>↑</p> <p>62-66%</p>	<p>3-5%</p> <p>↑</p> <p>62-66%</p>	<p>2-4%</p> <p>↑</p> <p>65-70%</p>
 <p>Room rate</p>	<p>With demand remaining moderate, growth in Average Rental Rate (ARR) is expected to be driven by the addition of new supply.</p>	<p>0.1-2%</p> <p>↑</p> <p>USD145-155</p>	<p>6-10%</p> <p>↑</p> <p>USD145-155</p>	<p>2-4%</p> <p>↑</p> <p>USD150-165</p>

Source: Colliers. Note: IDR16,853 = 1 USD. 1 square m = 10.76 square ft.



Sustainable luxury development amid market adjustment

Annual supply



Source: Colliers

Despite near-term challenges, Bali continues to attract investment in high-end hospitality assets. The island remains a preferred destination for luxury hotel development, with 1,623 new 5-star rooms expected to be delivered between 2026 and 2029.

In Q1 2026, the opening of new rebranded hotels underscores continued investor confidence in Bali's long-term tourism fundamentals. Notably, the rebranding of Hotel Meliá Bali into Paradisus by Meliá Bali reflects a broader trend of asset repositioning toward higher-value market segments.

Looking ahead, at least 12 5-star hotels are scheduled for completion by 2029. This pipeline highlights the sustained attractiveness of Bali's luxury segment, despite short-term demand fluctuations.

The concept of luxury itself is also evolving. It is no longer defined solely by scale or star classification but increasingly by exclusivity, personalization, and experiential offerings. New developments are emphasizing wellness, retreat-style environments, and curated guest experiences—particularly appealing to millennial and Gen Z travelers who prioritize meaningful and immersive travel experiences.

External pressures weigh on international arrivals

Q1 2026 presented a challenging environment for Bali's hotel demand. Although official statistics are typically released with a lag, industry operators have already early signs of disruption, including booking cancellations linked to flight interruptions and rerouting.

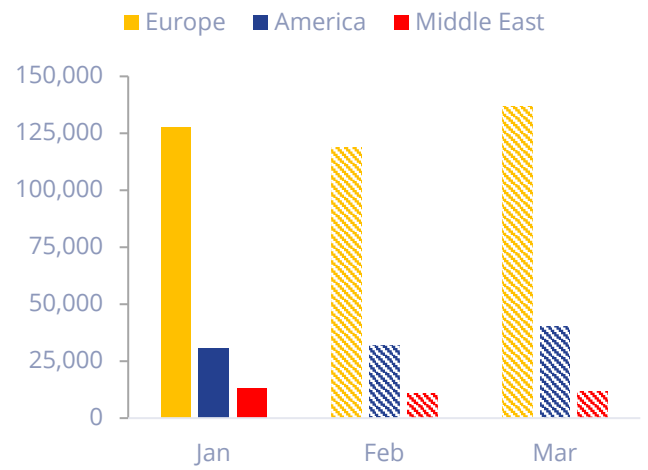
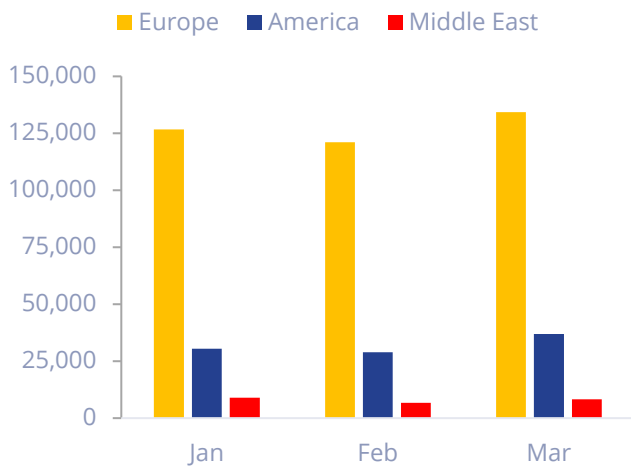
International arrivals from key source markets—namely Europe and Middle East—are estimated to decline by approximately 30-40% year-on-year. Flight diversions have increased travel time and costs, reducing Bali's accessibility and competitiveness for long-haul travelers.



Number of foreign arrival (Europe, America & Middle East)

2025

2026

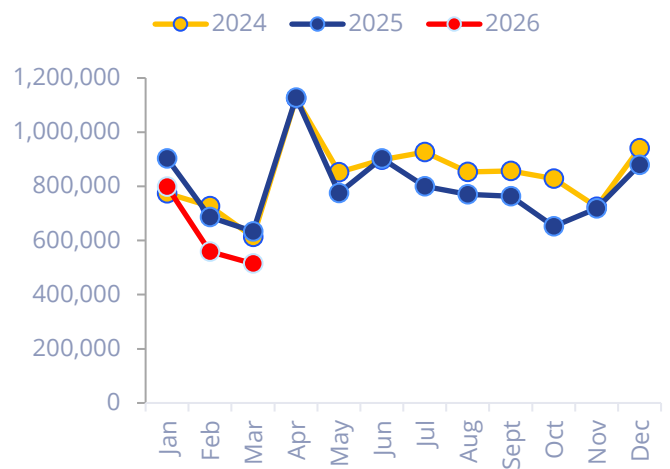
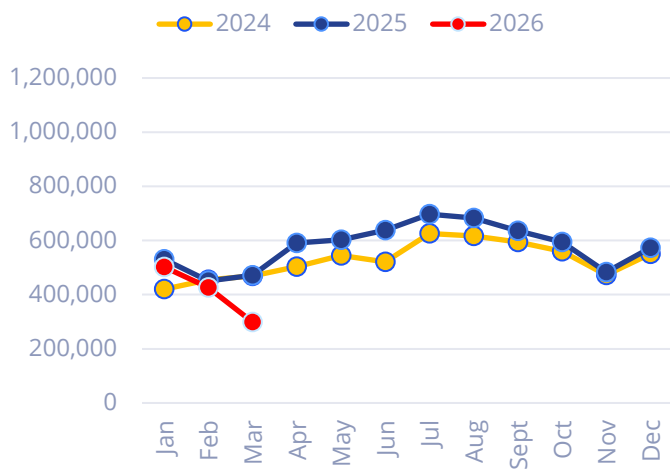


Source: Bali Provincial Tourism Office
Feb and March 2026 data is predicted data

Tourist statistic

Foreign

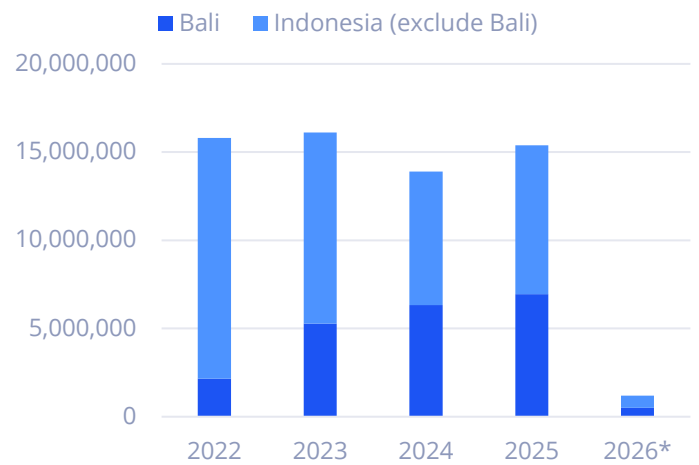
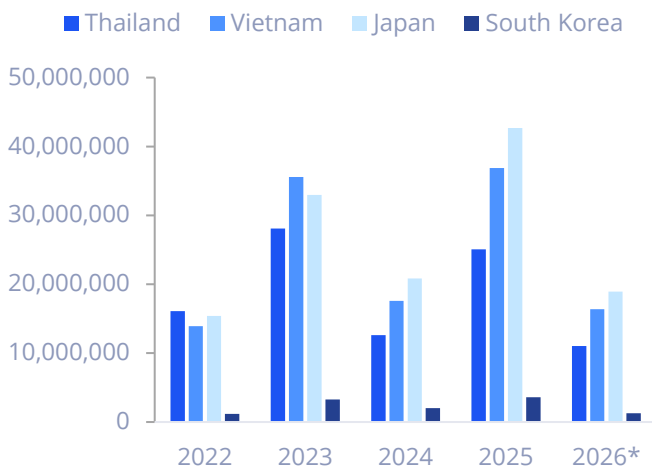
Domestic



Source: Bali Provincial Tourism Office



Number of foreign arrival in some countries & Indonesia



Source: Ministry of Tourism and Creative Economy of the Republic of Indonesia; JTB Tourism Research & Consulting Co., Ministry of Culture, Sports and Tourism of South Korea; Bank of Thailand; Vietnam National Tourism Authority

Source: Bali Provincial Tourism Office, Ministry of Tourism and Creative Economy of the Republic of Indonesia

Domestic tourism also experienced a slowdown during February and March, largely due to the Ramadan period, which traditionally moderates travel activity. In addition, reduced MICE activity—particularly from government-related events—has further constrained demand.

Beyond these immediate challenges, Bali is also facing intensifying competition from other Asia-Pacific destinations such as Thailand, Vietnam, South Korea, and Japan.

Thailand, while experiencing its own challenges, remains a strong regional competitor despite recent declines in arrivals.

Vietnam continues to gain popularity due to competitive pricing, flexible visa policies, and emerging destinations such as Da Nang and Phu Quoc.

Japan is benefiting from a weaker yen making it more affordable for international tourists.

South Korea continues to attract younger travelers through the global influence of K-culture.

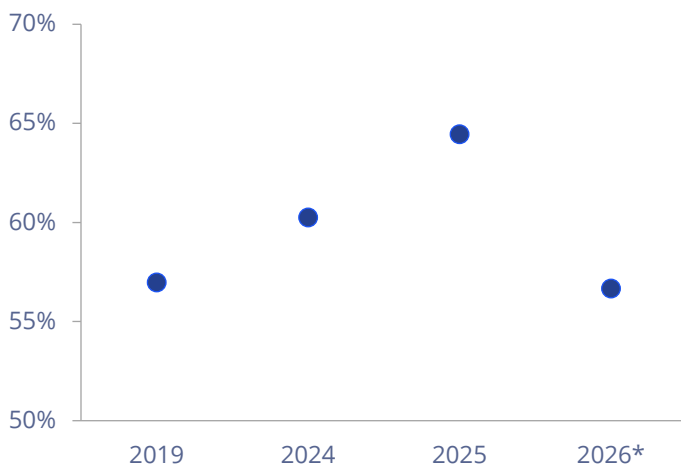
These dynamics underscore the increasingly competitive regional landscape for international tourism.



Seasonal weakness amplified by external factors

Hotel performance in Q1 declined due to a combination of seasonal patterns and external pressures.

Average occupancy rate (AOR) – January



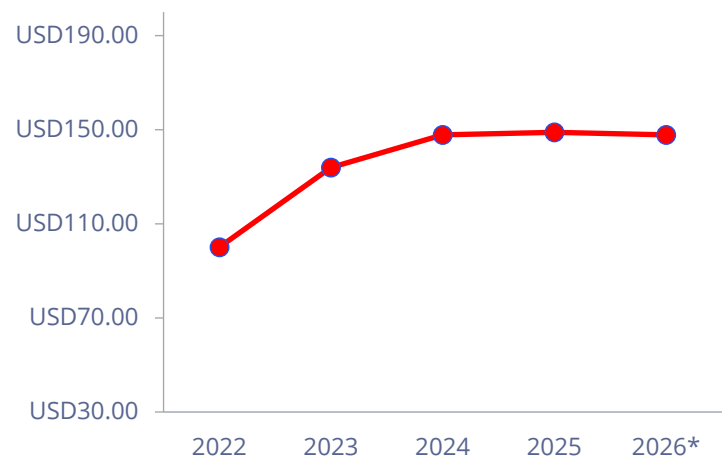
Source: STR, Central Bureau of Statistics, Research, Colliers
* Data: Jan 2026

January remained the weakest month, consistent with historical trends, but was further impacted by geopolitical disruptions and reduced travel activity.

Additional factors affecting performance include:

- Increased competition from alternative accommodations, such as unregistered villas.
- Traffic congestion in key tourist areas
- Localized flooding during periods of heavy rainfall.

Average room rate (ARR)



Source: STR, Central Bureau of Statistics, Research, Colliers
* Data: Jan 2026

Despite these challenges, Average Room Rates (ARR) have remained relatively stable, supported by the continued presence of considering that the foreign market is still quite strong with high-spending international visitors, albeit in reduced numbers.



Outlook 2026: adaptability and experience-led differentiation

The outlook for Bali's hotel market in 2026 remains cautiously challenging. Ongoing geopolitical uncertainty, government spending efficiency measures, and rising competition from alternative destinations are expected to continue influencing market performance.

However, Bali retains strong underlying fundamentals as a global tourism destination. The island continues to benefit from:

- Its reputation as a premier wedding destination (including large-scale Indian weddings and boutique destination weddings);
- Strong appeal in the luxury and experiential travel segments;
- A well-established global brand as a lifestyle and cultural destination.

Going forward, success in Bali's hotel market will depend on the ability of operators to:

- Adapt to shifting demand patterns
- Enhance guest experiences through personalization and service quality
- Leverage digital platforms and online reviews to strengthen brand positioning
- Explore niche markets and alternative demand segments

In an increasingly volatile environment, hotels that demonstrate operational agility, strong market positioning, and experience-driven offerings will be best positioned to sustain performance and capture emerging opportunities.

Appendix

New hotel completed in 2026

Newly opened

Hotel Name	Location	Region	#Rooms
5-star			
Alaya Suites Ubud	Jl. Raya Pengosekan Ubud	Ubud	70

Source: Colliers



Brand conversion

Previous		New		Location	Region	#Rooms
Hotel Name	Starred rating	Hotel Name	Starred rating			
Hotel Melia Bali	5-star	Paradisus by Melia Bali	5-star	Kawasan ITDC – Bali	Nusa Dua	70

Source: Colliers

Supply pipeline

Hotel Name	Region	#Rooms	Expected completion	Hotel chain	Remarks
3-star					
Hotel Canggu Kho	Canggu	39	2026	N/A	
5-star					
JW Marriott Ubud Hotel & Spa	Ubud	101	2026	Marriott International	
Vasa Hotel Canggu	Canggu	200	2026	The Vasa Hotel Group	
KARV Hotel Bali Jimbaran	Jimbaran	64	2026	N/A	
Waldorf Astoria Bali	Nusa Dua	139	2027	Hilton Hotels & Resorts	The 1 st Waldorf in Indonesia
Cross Celesta Nusa Penida	Nusa Penida	61	2027	Cross Hotels & Resorts	
Vasa Hotel Ubud	Ubud	175	2027	The Vasa Hotel Group	
The Apurva Kempinski Ubud	Ubud	160	2027	Kempinski Hotels	
Mandarin Oriental	Uluwatu	110	2027	Mandarin Oriental Hotel Group	The 1 st Mandarin Oriental in Bali
Anantara Dragon Seseh Bali Resort	Canggu	216	2027	Anantara Hotels, Resorts & Spas	
The Wlyder Canggu by Cross Collection	Canggu	112	2028	Cross Hotels & Resorts	
Elle Resort & Beach Clubb by Cross Collection	Canggu	170	2028	Cross Hotels & Resorts	
Cross Bali Waluya	Canggu	115	2029	Cross Hotels & Resorts	

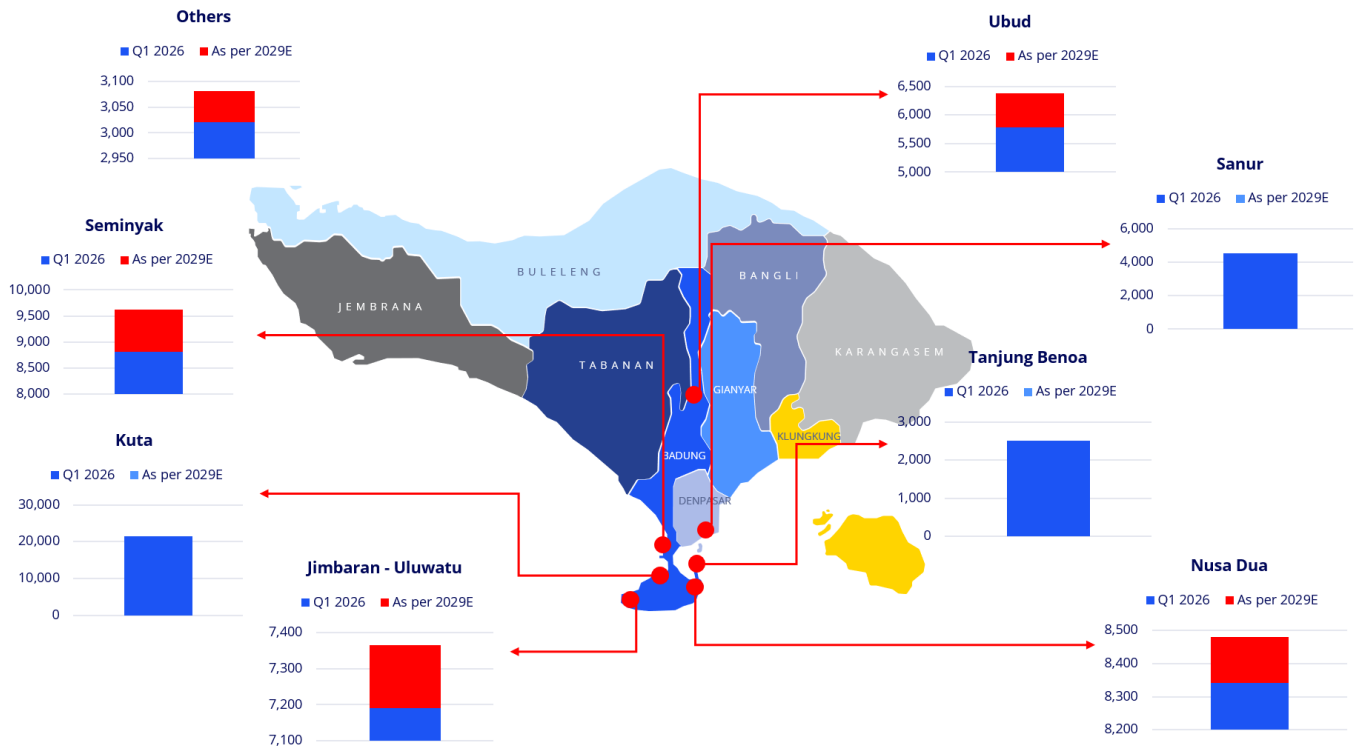
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Hotel Name	Region	#Rooms	Expected completion	Hotel chain	Remarks
<i>continuation</i>					
Elle Resort & Beach Clubb by Cross Collection	Canggu	170	2028	Cross Hotels & Resorts	
Cross Bali Waluya	Canggu	115	2029	Cross Hotels & Resorts	

Source: Colliers

Hotel Bali distribution



Source: Colliers

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