

HOSPITALITY SERVICES FORECAST REPORT

Jakarta hotel market faces near-term pressure as rebranding and domestic demand drive resilience

Quarterly | Jakarta | April 2026




Insights & recommendations

Hotel performance in Jakarta typically records its weakest level at the beginning of the year due to seasonal patterns. In Q1 2026, this trend has been further compounded by escalating geopolitical tensions, which have increased the likelihood of international events cancellations. This is expected to reduce potential revenue streams, especially for 5-star hotels that are more dependent on global demand and MICE activities.

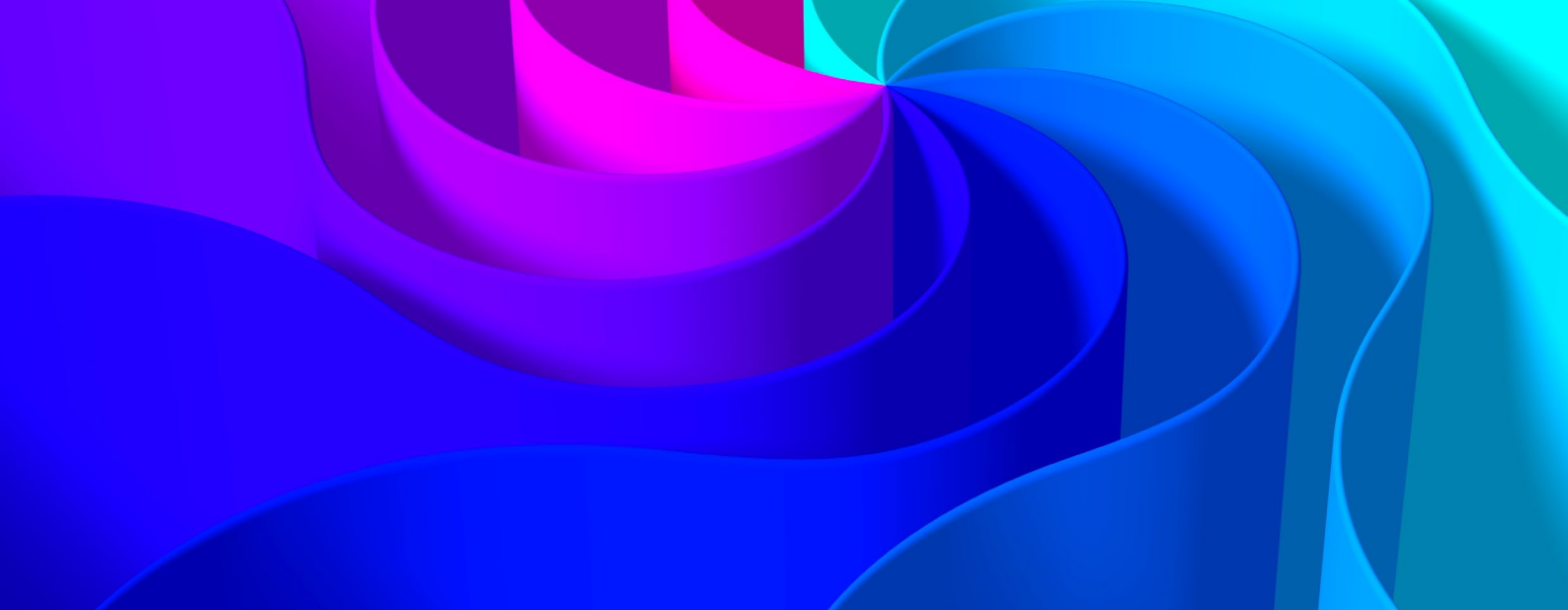
At the same time, the government segments continues to struggle to return to pre-pandemic normalcy, while travel flows from Europe and the Middle East are increasingly affected by geopolitical uncertainties. These factors are placing additional pressure on overall hotel performance.

As a result, the period until mid-2026 will be even more challenging for hoteliers. MICE activity is likely to stay subdued, while corporate demand continue to depend heavily on macroeconomic stability and business confidence.

Facing increasingly complex challenges, hoteliers are expected to shift their focus toward the Asia-Pacific region and domestic markets to compensate for declining international arrivals. Other than that, greater creativity and operational agility will be essential to capture niche demand segments and optimize revenue opportunities.

		Q1 2026 vs Q4 2025	Full Year 2026	Avg. 2026-2029 / End 2029
 Supply	Future supply remains largely concentrated in hotels targeting business and government segments, with development continuing to be dominated by 4-star & 5-star properties.	↓ 95 rooms	↓ 367 rooms	↓ 354 rooms
 Occupancy	AOR will significantly affected by ongoing efficiency measures and the geopolitical situation, which has yet to subside. There is hope that global conditions will improve soon, allowing business activity to return to normal.	2-5% ↓ 57-60%	3-5% ↑ 57-60%	1-3% ↑ 57-63%
 Room rate	Prices 2025 are likely to be adjusted and forecasted lower than 2024, hoteliers expected can still maintain the existing market.	6-8% ↓ USD63-67	5-7% ↓ USD65-70	2-3% ↑ USD65-70

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



Supply strategy: rebranding, upgrading, and premium positioning

Amidst continued market softness, rebranding and upgrading strategies have emerged as key responses among hotel owners since 2025. Over the past year, at least five hotels have undergone rebranding reflecting a broader industry shift toward asset repositioning. Despite the decline in MICE activities, Jakarta continues to present strong potential within the government and corporate segments, which explains the ongoing dominance of upper-tier hotel supply.

Some of the key findings from the hotel rebranding phenomenon include:

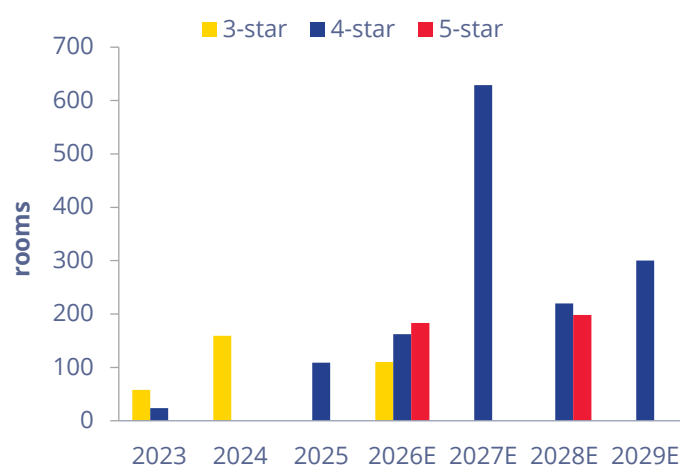
- **Shift from volume to profitability**
Operators are increasingly prioritizing revenue optimization over occupancy volume. High occupancy rates paired with low room rates often result in suboptimal profitability due to elevated operating costs.
- **Asset value enhancement**
Upgrading hotel standards enhances asset value, strengthening owners' bargaining positions for potential asset sales or refinancing.
- **Repositioning through refreshed concepts**
Renovations, new interiors designs, and upgraded amenities are aimed at enhancing guest experience. This is particularly relevant for younger demographics, such as Gen Z travelers, who place high importance on design aesthetics, lifestyle facilities, and overall ambiance.

Adapting to changing demand patterns

With declining MICE utilization, operators are reassessing the use of meeting spaces and reallocating focus toward more profitable segments such as rooms and food and beverage offerings. Staycation-driven demand and lifestyle-oriented experiences are becoming increasingly important.

In an increasingly competitive market, reliance on government demand alone is no longer sufficient. Hotels must diversify their demand base, including Free Independent Travelers (FIT), corporate clients, and group bookings. Short-term events, even if temporary, can provide meaningful boost in occupancy--especially for hotels located near event venues.

Annual supply



Source: Colliers



Rebranded hotel 2025 – 2026

Previous		Current		Location	Region	#Rooms	Re-operate Year
Hotel Name	Starred Rating	Hotel Name	Starred Rating				
Ibis Styles Harmoni	3-star	Artotel Harmoni Jakarta	4-star	Petojo Utara	Central Jakarta	150	2025
Swiss- Belhotel Sawah Besar	4-star	Grand Platinum Jakarta	5-star	Sawah Besar	Central Jakarta	252	2025
Alila SCBD	5-star	Discovery SCBD	5-star	SCBD	CBD	227	2025
Keraton at The Plaza - The Luxury Collection	5-star	Keraton at The Plaza - The Unbound Collection by Hyatt	5-star	Thamrin	CBD	137	2025
Ibis Budget Daan Mogot	Budget	Mercure Jakarta Grogol	4-star	Daan Mogot	West Jakarta	95	2026

Source: Colliers

Rebranding and upgrading initiatives have contributed to an increasing share of 4-star and 5-star hotels within Jakarta’s supply. As of Q1 2026, the total hotel inventory reached approximately 49,106 rooms, with 4-star hotels accounting for around 40% of total supply. Looking ahead, additional upper-tier hotels are expected to enter the market, further intensifying competition within this segment.

Efficiency Pressure and Geopolitical Risks Weigh on Performance

Hotel performance in Q1 2026 has been affected by a combination of seasonal factors, public holidays, and broader economic uncertainty. These conditions have reduced business activity, efficiency at the beginning of the quarter, particularly impacting 5-star hotels that rely heavily on corporate travel and international events.

The potential postponement of international events has raised concerns among hoteliers, as both occupancy rates and revenues face downward pressure. In contrast, 3-star and 4-star hotels—supported by stronger domestic demand—have demonstrated relatively greater resilience.

On the pricing front, while there is potential for improvement in non-government segments, weakening demand has resulted in downward adjustments in Average Room Rates (ARR).

Geopolitical developments are also expected to have indirect impacts, particularly through rising energy costs and aviation fuel prices, which may lead to higher fares and, consequently, more selective travel behavior among consumers.

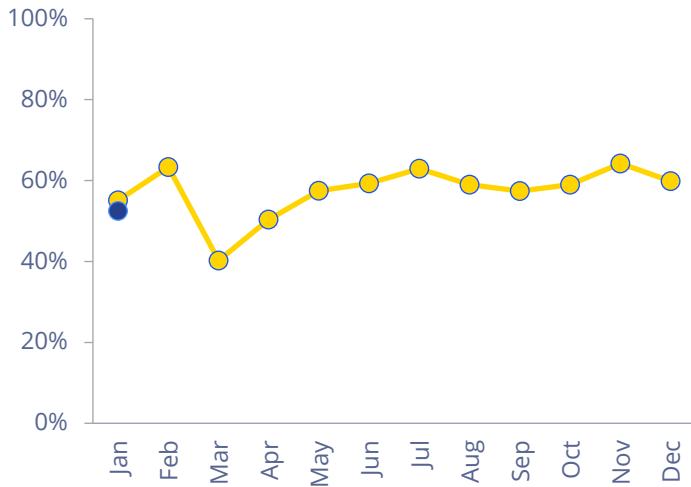
In the short term, hoteliers are likely to compensate for reduced demand from Europe, the United States, and the Middle East by targeting domestic and Asia-Pacific markets. Operational strategies adopted during the pandemic may re-emerge, including:



- Adjusting the number of operational rooms
- Optimizing staffing levels (both permanent and contract-based)
- Implementing cost-control measures

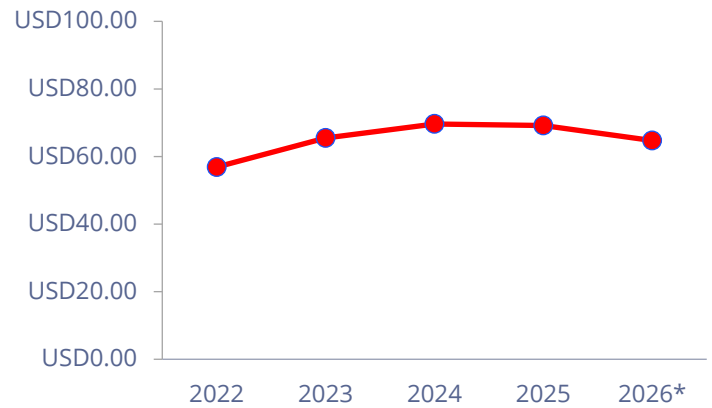
Such approaches aim to preserve margins while maintaining service standards in a softer demand environment.

Average occupancy rate (AOR)



Source: STR

Average room rate (ARR)



Source: STR

Outlook: Adaptability and market diversification as key success factors

The hotel market in Jakarta is expected to remain challenging throughout 2026, driven by continued government spending efficiency and ongoing geopolitical uncertainty. The gap left by reduced government demand has yet to be fully offset, while external pressure may limit international travel flows.

In response, hoteliers are increasingly diversifying their demand sources, targeting a broader mix of segments including corporate clients, associations, and especially Free Independent Travelers (FIT) through online travel agency (OTA) platforms.

Effective OTA management will become increasingly critical, including:

- Dynamic pricing strategies
- Active management of customer reviews
- Personalized guests experiences.

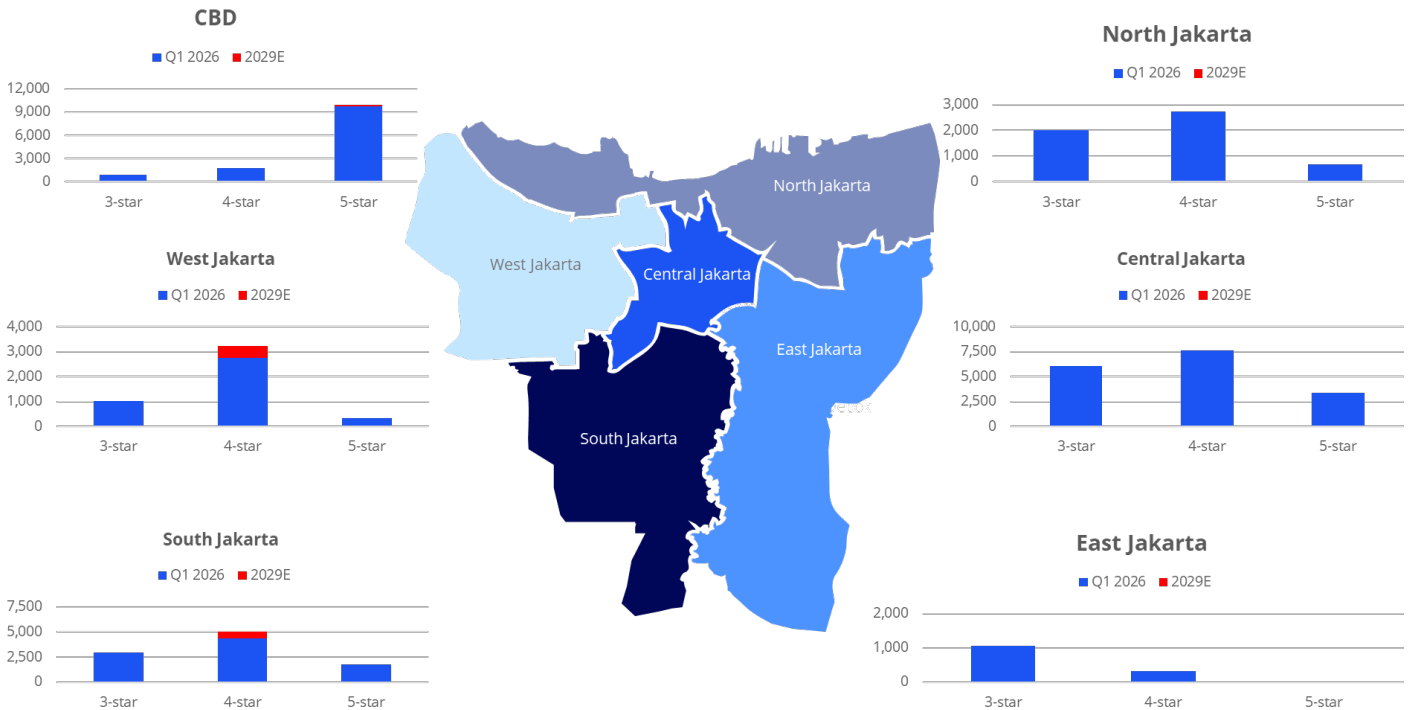


Guests acquired through online channels are often treated as high-value customers, with tailored services such as pre-arrival confirmations, allocation of premium rooms within booked categories, and personalized touches such as handwritten welcome notes. These efforts aim to enhance guest satisfaction, generate positive reviews, and strengthen overall brand positioning.

In an environment characterized by uncertainty and shifting demand patterns, success in Jakarta's hotel market will depend on the ability to adapt, reposition, and innovate. Hotels that effectively leverage rebranding, optimize operations, and capture emerging demand segments will be better positioned to sustain performance and navigate ongoing market challenges.

Appendix

Hotel Jakarta map



Source: Colliers



New pipeline

Hotel Name	Location	Region	#Rooms	Opening Time
3-star				
MaxOne Hotel Wahid Hasyim	Wahid Hasyim	Central Jakarta	110	2026
4-star				
ParkRoyal Hotel	Thamrin	CBD	162	2026
Fairfield Slipi	Slipi	West Jakarta	250	2027
Voco Hotel Puri Indah	Puri Indah	West Jakarta	220	2028
5-star				
Grand Mercure Satrio	Satrio	CBD	379	2027
Andaz Jakarta	Thamrin	CBD	198	2028

Source: Colliers



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