

HOSPITALITY SERVICES FORECAST REPORT










Bali's tourism and MICE sector continue to revive and a vibrant H2 2024 is anticipated

Quarterly | Bali | July 2024

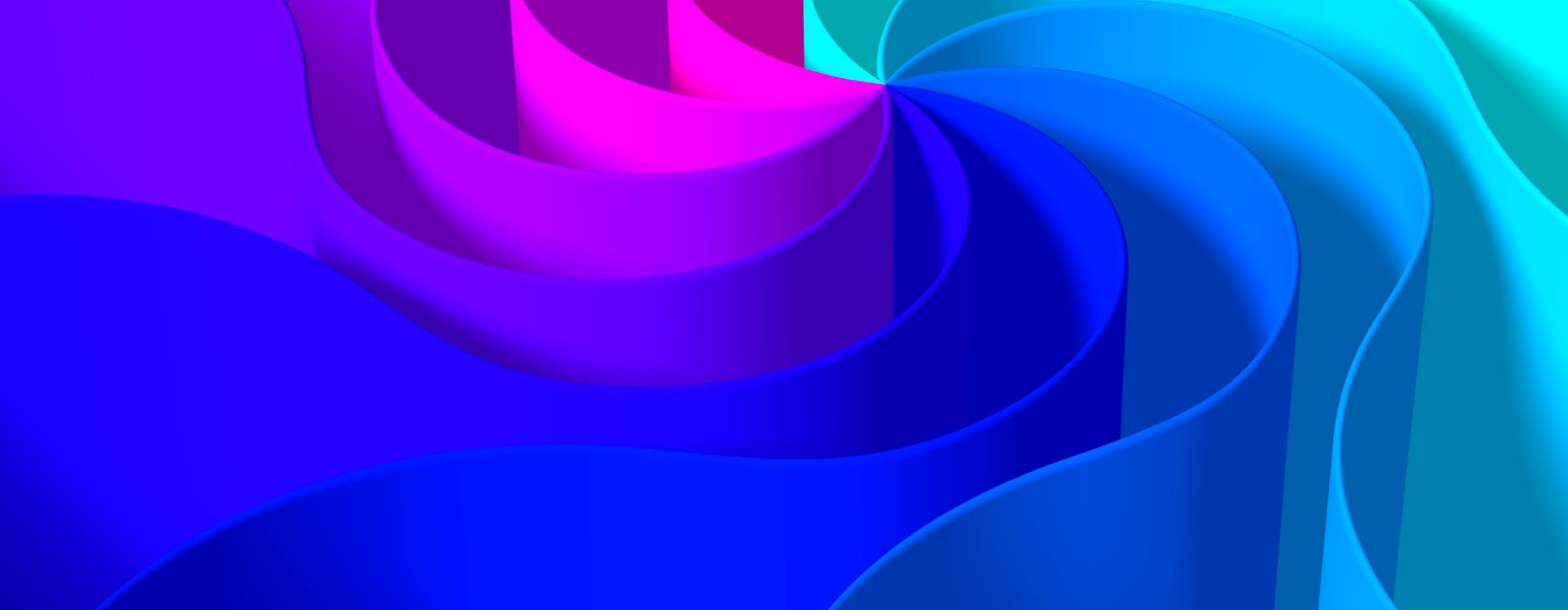
Insights & recommendations

The number of tourist visits to Bali continues to have consistently increased, particularly during the Eid al-Fitr holidays, which is a significant period for domestic tourism. Following Eid al-Fitr, several important conferences have been held, contributing to the improved performance of hotels in Bali. In the latter half of 2024, Bali is anticipated to be increasingly busy due to school holidays in July, winter holidays in Australia, and holidays in Europe leading up to Christmas and the New Year.

Hoteliers in Bali are preparing for a higher influx of visitors in the second half of 2024. Offering attractive accommodation packages could be a strategic approach to drawing more guests. Collaboration with car and motorbike rental providers could further facilitate guest activities. Additionally, to capture the market for music, sports and other events, partnering with event organizers to offer competitively priced accommodation packages could prove to be an effective measure.

		Q2 2024	Full Year 2024	2024-26 Annual Avg
 <p>Supply</p>	Several new hotel developments in Bali, predominantly comprising 5-star accommodations, are anticipated.	 0 rooms	 669 rooms	268 rooms
 <p>Occupancy</p>	Occupancy rates are expected to rise further, especially as school holidays approach.	6.1%  69.3%	6%  76.4%	Annual Avg Growth 2024-26/ End 2026 0.8%
 <p>Room rate</p>	Room rates are projected to increase proportionally with occupancy levels.	1.9%  USD134.5	3.4%  USD139.9	0.4%

Source: Colliers. Note: IDR16,174 = 1 USD. 1 square m = 10.76 square ft.

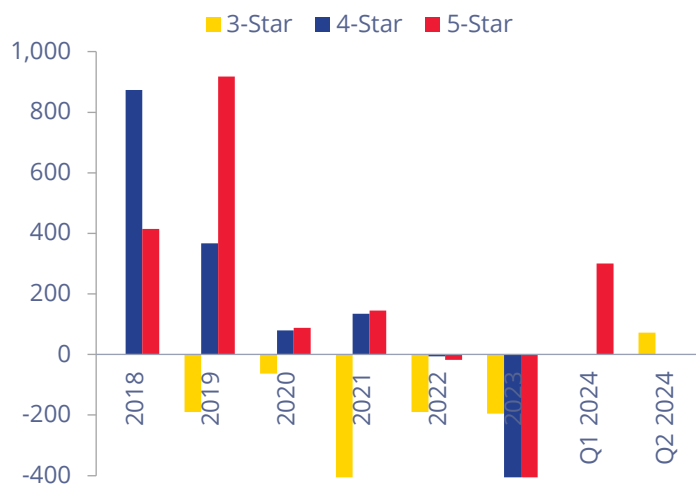


Supply

Growth in hotel supply and location trends 2019-2024

In the second quarter of 2024, there was no addition to the supply of new hotel rooms in Bali, with the total number of rooms being maintained at 58,854, equivalent to 523 hotels. Looking ahead, projections indicate the addition of several new hotels, predominantly in the five-star category. Between 2019 and Q2 2024, the largest increase in the supply of starred hotel rooms in Bali was observed in the five-star segment, with the addition of 1,487 rooms, followed by the four-star segment with 896 rooms. For the upcoming period (until 2027), it is anticipated that 665 five-star and 162 four-star hotel rooms will be added, indicating continued expansion in the five-star hotel market in Bali.

Annual room supply



Source: Colliers

From 2019 through Q2 2024, the growth of hotels in Bali has occurred at diverse locations. Key areas for new hotel development include Sanur, renowned for its beach views, and Ubud, situated in the highlands and known for its stunning cliff vistas. These areas provide distinct tourism experiences. Development in Ubud is now extending toward Payangan, a northern area leading to Kintamani, in response to the congestion in central Ubud areas such as Monkey Forest and its surroundings. However, Northern Bali has yet to attract as much investor interest as other regions.

Although the growth in hotel supply in Bali has recently slowed, primarily due to market conditions, Bali remains a favoured tourist destination in Indonesia. The demand for hotels remains high, suggesting that investment in Bali's hospitality sector remains promising. Nonetheless, the continuous increase in hotel supply could impact the performance of existing hotels.

Ubud has emerged as an increasingly popular tourist destination in Bali. Besides being renowned as a prominent yoga retreat, Ubud has also become a preferred location for weddings, particularly for international guests.



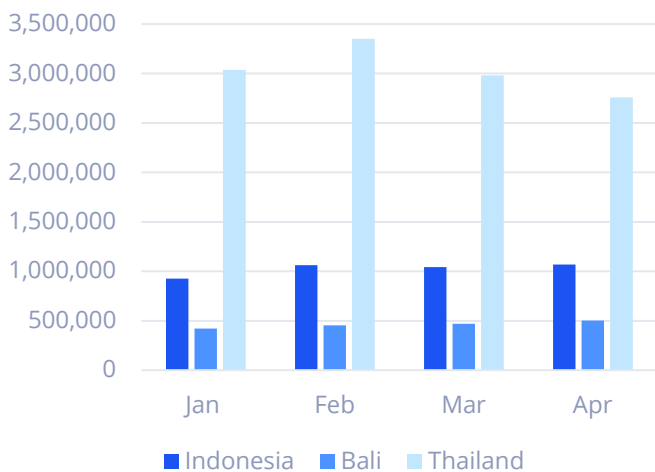
Tourism

The challenge of targeting 7 million foreign tourists and major market trends

As of May 2024, data from the Bali Provincial Tourism Office indicated that the number of international tourist arrivals had reached 2,412,695, marking a 28.5% increase compared to the same period in 2023. Concurrently, domestic tourist visits totalled 3,238,796 by April 2024, reflecting an 11.1% rise from the previous year.

This upsurge is partly attributable to the increased frequency of flights to Bali. Despite setting a target of 7 million international tourist arrivals for 2024, the current figure of 2,412,695 as of May poses a significant challenge to achieving this goal. In the years 2018 and 2019, Bali did not meet its target for international tourist arrivals (7 million and 6.5 million respectively), with growth rates of 2.7% and 4.7% from January to May.

The number of foreign tourist visits in 2024 to Indonesia, Bali and Thailand

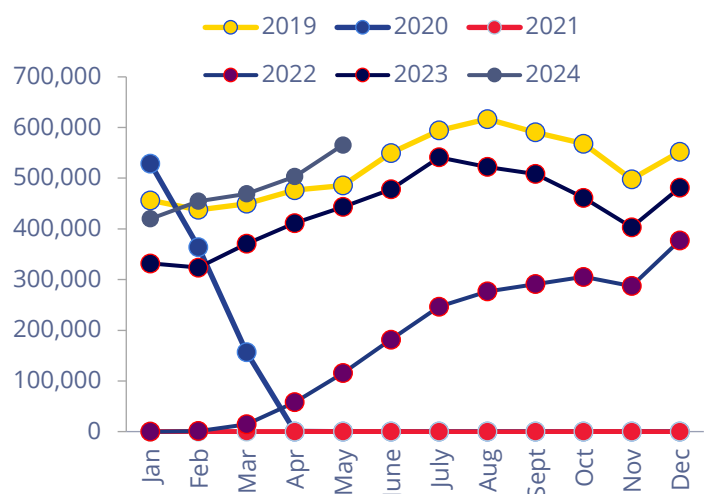


Source: Ministry of Tourism of the Republik of Indonesia, Tourism Office of the Province of Bali and Bank of Thailand

The tourism industry in the Asia-Pacific region, particularly in comparison with Thailand, remains intensely competitive. In 2023, Thailand recorded 25,739,400 international tourist arrivals, whereas Indonesia documented 11,677,825, with Bali contributing 5,273,498 of these visits. From January to April 2024, Thailand's international tourist arrivals reached 12,127,450, three times higher than Indonesia's 4,098,714, with Bali accounting for 1,680,148 of these visits.

The trend of increasing domestic tourism in Bali continues, rising by 10% compared to 2018 and 6% compared to 2019, indicating the potential to reach or exceed 10 million domestic tourist visits by the end of 2024. A significant rise in domestic tourist visits was observed during the Eid al-Fitr holidays in April, with an 84% increase from the previous month. More visitors were also projected to visit in May due to extended weekends and school holidays.

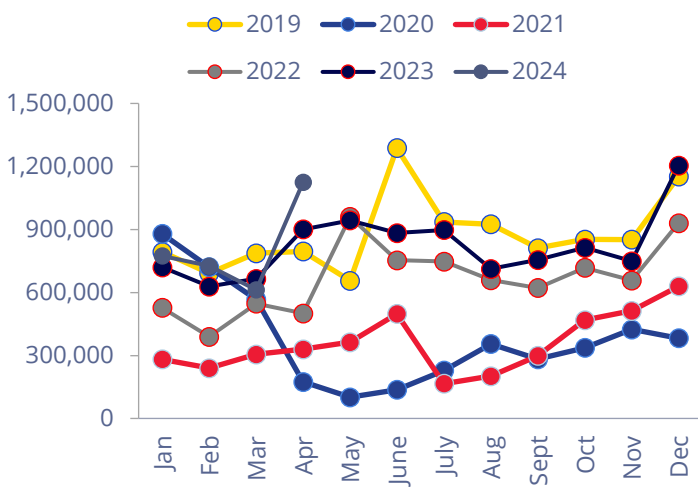
Foreign tourist monthly arrival



Source: Bali Provincial Tourism Office



Domestic tourist monthly arrival



Source: Bali Government Tourism

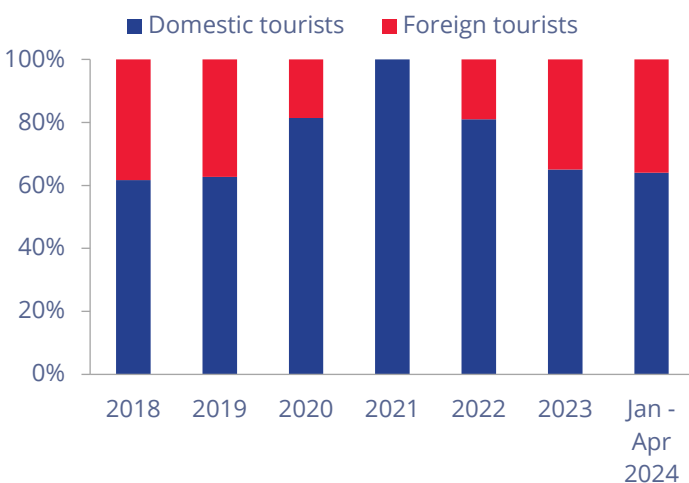
Australia, China, India, South Korea and Japan remain the five largest markets in the Asia-Pacific region for Bali as of Q2 2024. The Indian market, in particular, has shown significant growth in Bali since 2017, supported by the availability of direct flights to Bali that facilitate access for Indian tourists. Projections suggest that the distribution of Indian tourists will continue to spread evenly across Bali, indicating sustained growth potential.

Performance

The surge in tourist arrivals to Bali has positively impacted the performance of the hospitality sector, particularly in the Nusa Dua area. Large-scale international events, such as the recent World Water Forum held in Bali, have significantly boosted hotel performance in this region. Additionally, the numerous events organized by governmental and corporate entities have contributed to the enhanced performance of hotels in Bali. Not only MICE events but also sporting events like the BCA Bali Trail Running Ultra, which add to Bali's allure as a destination, have further augmented hotel performance.

Since the Eid al-Fitr holiday in April, the average monthly occupancy rates of hotels in Bali have shown steady growth, in line with the increasing number of domestic and international tourists. Throughout May, several extended weekends had a significant impact on domestic tourist arrivals. Besides extended weekends, a variety of offline activities, both MICE and other events, have resumed, also contributing to the increased hotel occupancy rates.

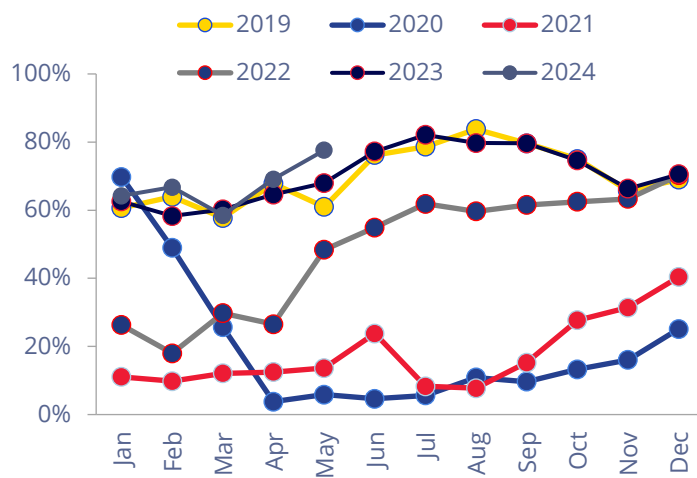
Domestic vs foreign tourists



Source: Bali Government Tourism

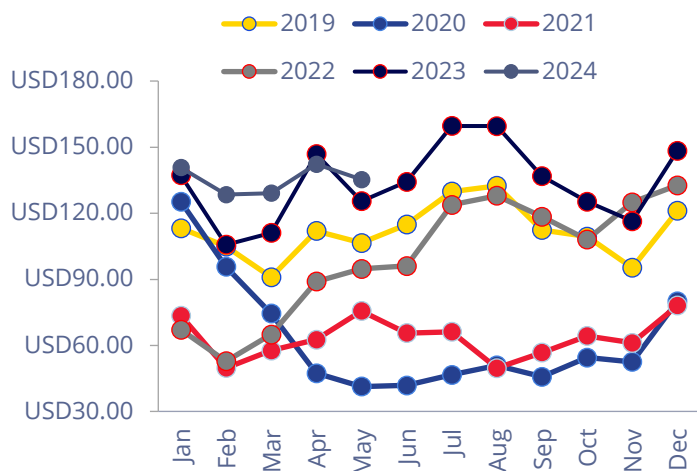


Monthly average occupancy rate (AOR)



Source: Colliers

Monthly average daily rate (ADR)



Source: Colliers

However, despite the rise in occupancy rates (Average Occupancy Rate/AOR), the monthly average revenue per room (Average Daily Rate/ADR) in Bali has declined. This decline may be attributed to the Eid al-Fitr holiday, during which many group bookings were at lower rates. Groups typically coordinate with hotels at least two months before the event, allowing them to secure more competitive rates. The large volume of room bookings gives them bargaining power to obtain lower prices from the hotels.

In the second half of 2024, hotel performance in Bali is expected to continue its upward trend. Besides school holidays, several offline activities are also anticipated to contribute positively. The Bali Marathon, scheduled for August, is expected to help boost hotel performance. Additionally, the Ubud Jazz Festival, set to take place in August, is anticipated to attract numerous visitors. In September, the Mandalika Motorcycle Grand Prix (GP Motor Mandalika) will be held, and it is usual for many spectators or even competitors and their families to spend time in Bali before or after the MotoGP event.



Appendix

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 Seminyak	Undefined yet	Jl. Raya Kerobokan	Seminyak	162	Under construction	2024
5-star						
Kimpton Resort Nusa Dua	Upper Upscale	Nusa Dua (ex Amanusa Villa)	Nusa Dua	50	Under construction	2024
The Luxury Collection Jimbaran	Luxury	Jimbaran	Jimbaran	64	Under construction	2026
Vasa Hotel Ubud	Undefined yet	Payangan, Gianyar	Ubud	175	Under construction	2027
The Apurva Kempinski Ubud	Luxury	Tegalalang, Gianyar	Ubud	160	Under construction	2027

Source: Colliers



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