HOSPITALITY SERVICES FORECAST REPORT

From volume to value: Bali's hotel market enters a new era of value-driven growth

Quarterly | Bali | July 2026

Insights & recommendations

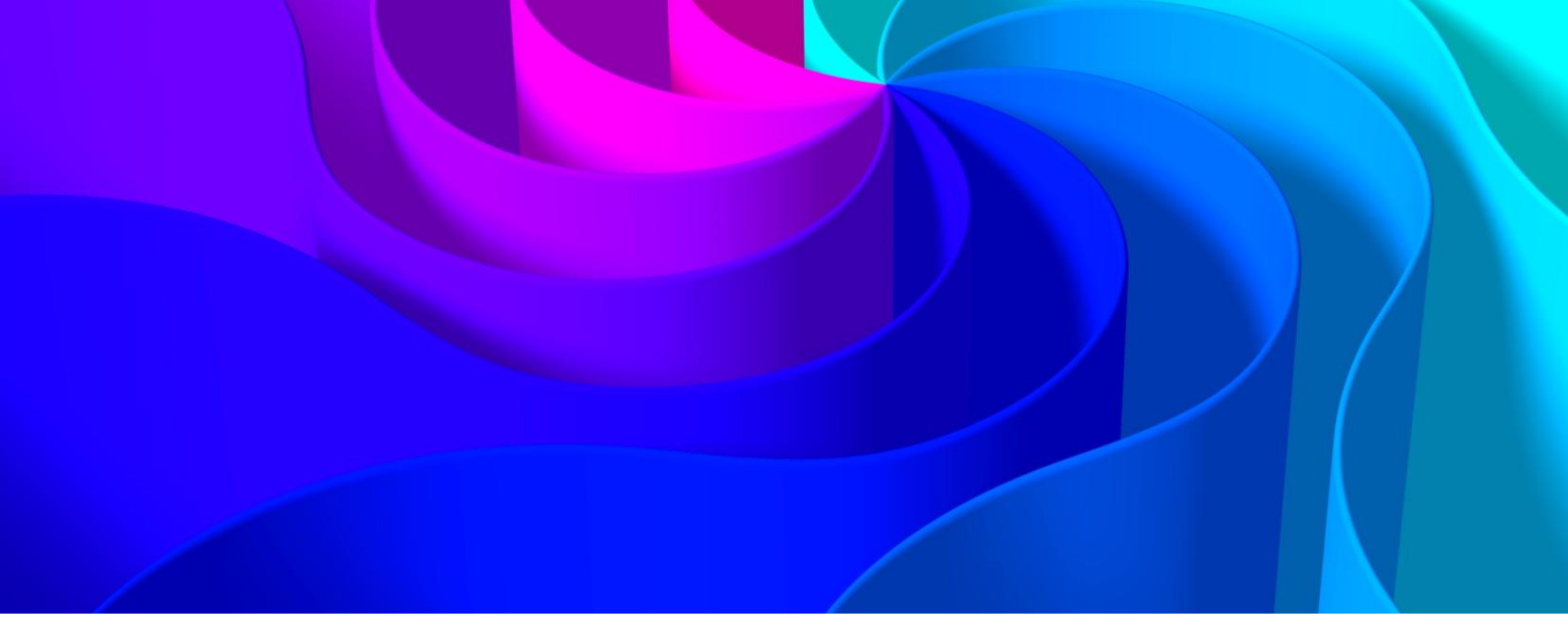
Bali's hotel market is entering a more selective and value-driven phase of growth. While international travel continues to recover and visitor arrivals are expected to improve during the second half of 2026, demand growth is becoming increasingly uneven amid global geopolitical uncertainty, rising domestic travel costs and intensifying competition from regional destinations such as Thailand, Vietnam, Japan and South Korea. At the same time, the continued expansion of luxury hotel supply indicates that investors remain confident in Bali's long-term tourism fundamentals, particularly its ability to attract higher-spending international travellers. Consequently, market performance will increasingly depend not on generating higher visitor volumes, but on capturing the right market segments capable of sustaining occupancy, room rates and profitability. Hotels that successfully differentiate themselves through authentic experiences, wellness offerings, family-oriented facilities and personalised services are expected to outperform in an increasingly competitive environment.

Rather than competing primarily through occupancy growth or room discounts, hoteliers should focus on strengthening market positioning and increasing guest value. Diversifying target segments, expanding ancillary revenue streams, developing experience-led products, and leveraging Bali's unique cultural and natural assets will become increasingly important. As competition intensifies, hotels that successfully deliver distinctive experiences while maintaining operational agility are expected to achieve stronger pricing power, higher guest loyalty and more resilient long-term performance.

		Q2 2026 vs Q1 2026	Full Year 2026	Avg. 2026-2029 / End 2029
Supply	Abundant projects are expected to meet the completion in 2026. Ubud and Canggu remain the primary contributors, particularly regarding five-star hotels.	↓ 65 rooms	↑ 959 rooms*)	↓ 596 rooms
Occupancy	Due to prior reservation, the holiday season at first half year significantly boosted the hotels performance. Conversely, current conditions largely impact at forecasted AOR, although remains relatively stable at 63–65% through the end of 2026.	7–8% ↑ 62–63%	1–3% ↑ 63–65%	1–3% ↑ 68–70%
Room rate	Mostly landlord likely maintain ARR to attract guests; However, AOR is forecasted to grow by 3–6%, likely driven by high-performing hotels. Furthermore, newly completed 5-star hotels commonly put impact at ARR.	3–5% ↑ USD149–151	3–5% ↑ USD144–146	1–3% ↑ USD150–152

Source: Colliers. Note: 1 USD = IDR 17,529. 1 square m = 10.76 square ft.

**) including re-opening rebranded hotel*



Luxury Investment Reflects Confidence in Bali's Long-Term Positioning

The addition of 197 newly completed hotel rooms, together with the temporary closure of 103 rooms at Six Senses Bali for renovation, brought Bali's total hotel inventory to approximately 62,000 rooms as of Q2 2026. While net supply growth remained limited during the quarter, the development pipeline continues to demonstrate strong investor confidence, particularly in the luxury segment.

Between the second half of 2026 and 2029, approximately 1,700 additional hotel rooms are expected to enter the market, with all new developments concentrated in the five-star categories. Ubud and Canggu remain the primary growth corridors, followed by Jimbaran, Uluwatu and Nusa Penida. This concentration reflects a clear preference among developers for destinations capable of attracting higher-spending international travellers seeking nature, wellness, lifestyle and premium leisure experiences rather than conventional mass tourism.

The continued expansion of luxury hotels suggests that investors remain confident in Bali's long-term tourism fundamentals despite short-term market uncertainties. Rather than pursuing volume-driven demand, developers are increasingly positioning new projects toward higher-value traveller segments that generally generate stronger room rates, longer average stays and greater ancillary spending. This strategy also reflects the growing importance of experiential travel, where accommodation itself has become part of the destination rather than simply a place to stay.

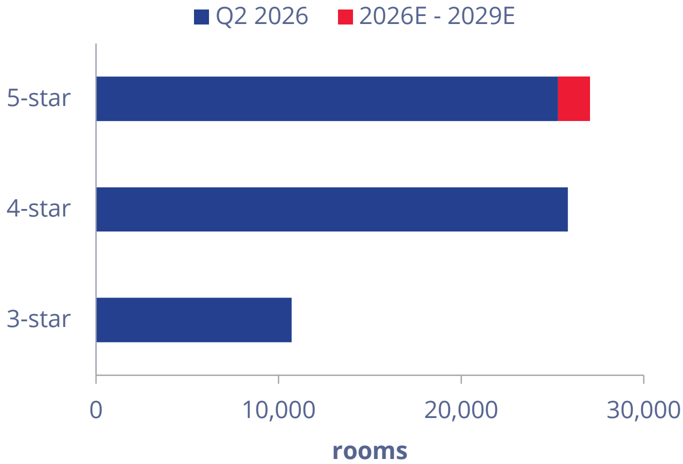
Another notable trend is the increasing diversification of international hotel operators. Marriott International continues to maintain the largest operating presence in Bali with at least 25 properties, reinforcing its dominant market position. Meanwhile, SONO Hotels & Resorts has emerged as one of the most aggressive new entrants following its acquisition of Cross Hotels & Resorts. The group's expansion across multiple destinations indicates growing confidence among regional operators in Bali's long-term tourism prospects, particularly within the upscale and luxury segments.

Although Kuta continues to accommodate approximately 35% of Bali's existing hotel inventory, future development has increasingly shifted toward Ubud and the Canggu–Berawa corridor, where larger development sites remain available and visitor preferences continue evolving. This geographical shift highlights that hotel investment is no longer determined solely by land availability, but increasingly by each destination's ability to offer distinctive experiences and support premium positioning.

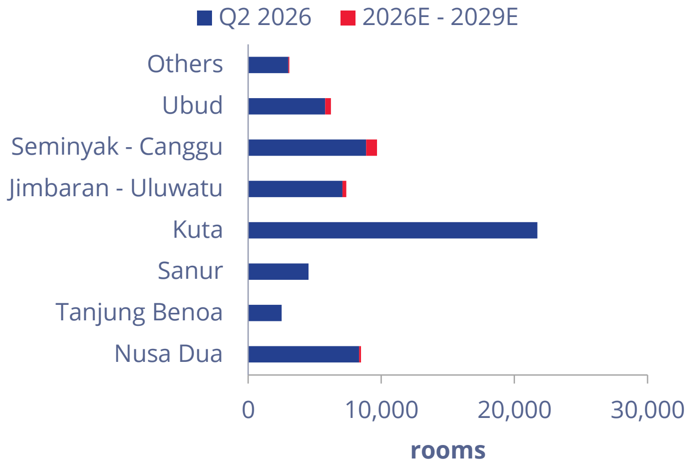
While continued luxury hotel development reflects investors' long-term confidence, future market performance will ultimately depend on the quality and resilience of tourism demand.

Cumulative supply

by star-rated



by area



Source: Colliers

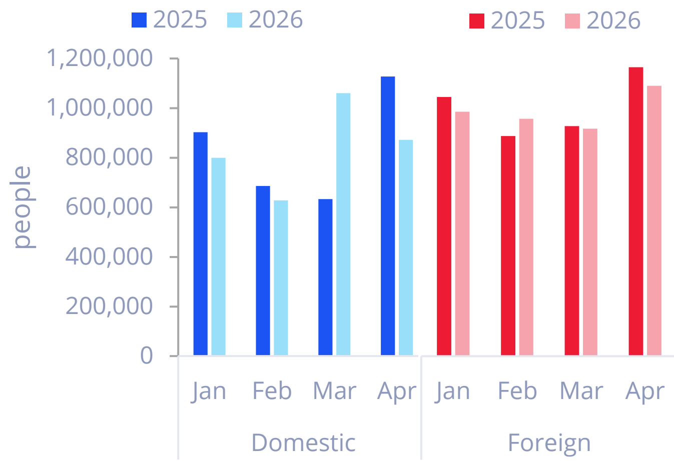
Bali is moving beyond volume-driven hotel development

One of the most significant structural changes in Bali's hotel market is that developers are no longer expanding capacity merely to capture growing visitor numbers. Instead, new investment is increasingly concentrated in projects capable of delivering higher guest value through differentiated concepts, wellness experiences, personalised services and destination-based hospitality.

This suggests that Bali's hotel market is gradually transitioning from a volume-driven model toward a value-driven growth strategy. Future competitiveness is therefore expected to depend less on adding more rooms and more on creating stronger product differentiation that allows hotels to sustain higher occupancy quality, pricing power and long-term profitability.

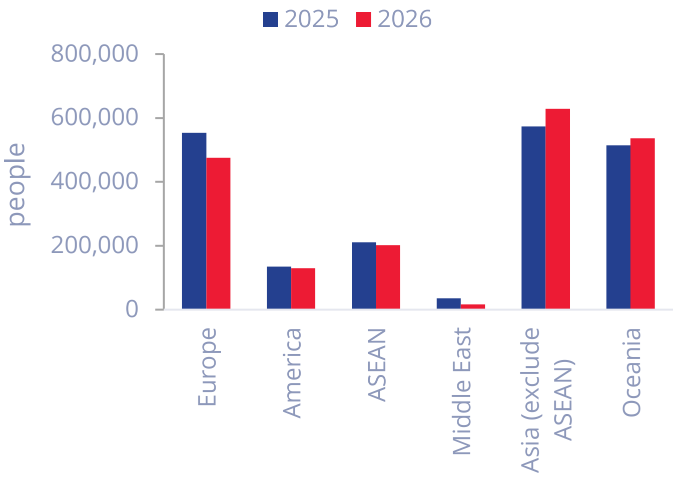
Visitor numbers are estimated to rise, albeit at a more moderate pace

Tourist statistics



Source: Bali Provincial Tourism Office & Ministry of Tourism

Foreign arrival (January – April)



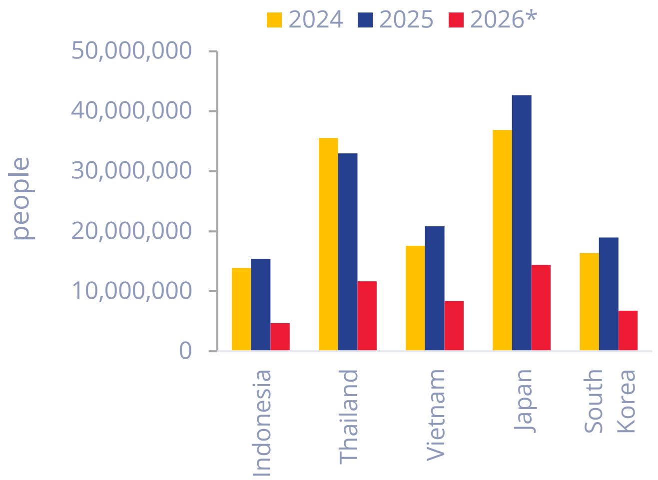
Source: Bali Provincial Tourism Office & Ministry of Tourism

Visitor growth remains resilient but Is becoming more selective

Bali's tourism demand remained resilient during the first half of 2026, supported primarily by the continued recovery of international arrivals. While visitor numbers continued to improve compared with the previous year, the pace of growth has become increasingly uneven as the market adjusts to a more challenging global environment. Geopolitical tensions, rising airfares and intensifying regional competition are beginning to influence travel decisions, resulting in a more selective recovery than the strong rebound experienced immediately after the pandemic.

International visitors continue to account for the largest share of hotel demand, supported by Bali's strong global brand recognition and extensive international air connectivity. Australia remains Bali's largest source market, followed by India, China, Singapore and several European countries. Meanwhile, domestic tourism continues to provide an important demand base, particularly during school holidays and long weekends, although higher domestic airfares have moderated travel growth compared with previous years.

Indonesia vs foreign arrival in some destination



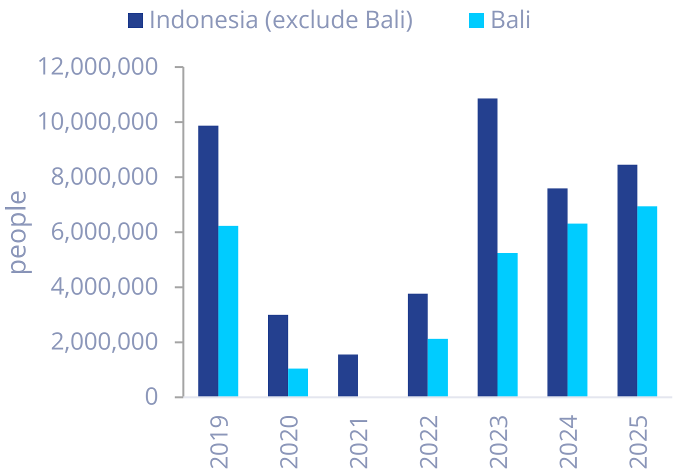
Source: Ministry of Tourism of the Republic of Indonesia; JTB Tourism Research & Consulting Co., Ministry of Culture, Sports and Tourism of South Korea; Bank of Thailand; Vietnam National Tourism Authority
**) data Jan - Apr*

Competition within the Asia-Pacific tourism market has intensified considerably. Destinations such as Thailand, Vietnam, Japan and South Korea have become increasingly aggressive in attracting international travellers through expanded flight capacity, simplified visa policies and active destination marketing campaigns. Rather than competing solely on visitor numbers, these destinations are increasingly competing on travel value, accessibility and overall visitor experience. Consequently, Bali can no longer rely solely on its established reputation as Indonesia's premier leisure destination.

At the same time, traveller preferences continue to evolve. Visitors are increasingly seeking personalised experiences, wellness tourism, nature-based activities, culinary exploration and authentic cultural engagement rather than conventional beach holidays alone. Longer stays, flexible working arrangements and multi-generational family travel are also becoming more common, creating opportunities for hotels to diversify their products beyond traditional accommodation offerings.

These changing travel patterns indicate that future hotel demand will increasingly be determined by visitor quality rather than visitor quantity. While overall arrival growth remains important, higher-value travellers who stay longer, spend more and actively participate in local experiences are expected to contribute more significantly to hotel profitability than short-stay, price-sensitive visitors.

Comparison number of foreign arrival in Indonesia



Source: Ministry of Tourism of the Republic of Indonesia

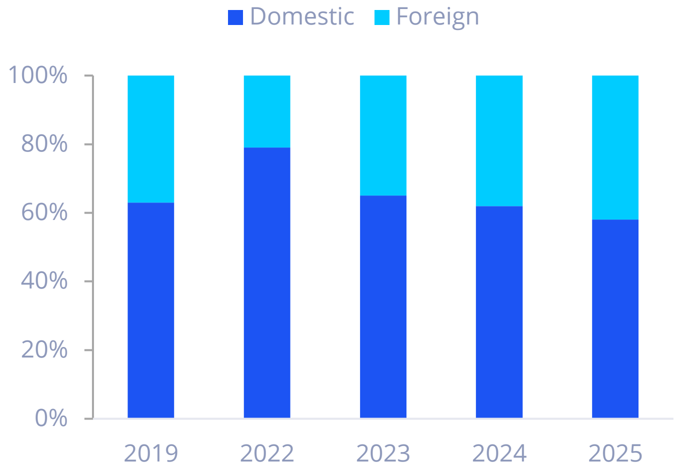
These evolving travel patterns are increasingly reflected in hotel operating performance, particularly occupancy, room rates and guest spending behaviour.

The next phase of growth will be driven by guest value, not visitor volume

One of the most important structural changes in Bali's tourism market is that demand is becoming increasingly experience-driven rather than destination-driven. Travellers are no longer choosing Bali simply because it is a famous holiday destination; they are becoming more selective about the type of experience they expect to receive once they arrive.

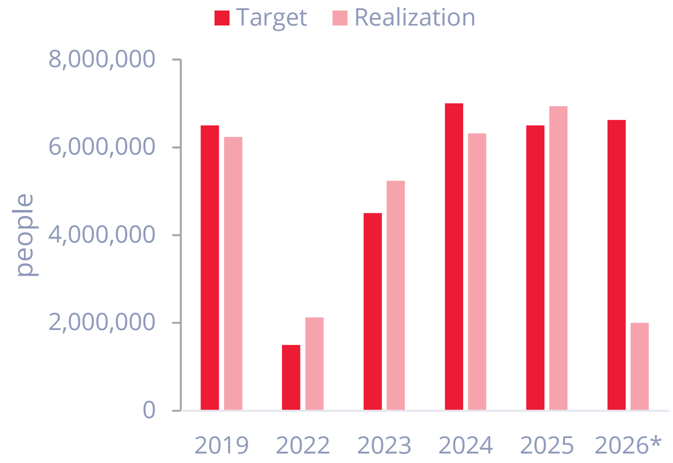
This shift is changing how hotels compete. Success will depend less on attracting the largest number of guests and more on attracting guests who generate higher lifetime value through longer stays, greater ancillary spending and stronger brand loyalty. Hotels capable of delivering differentiated experiences, wellness offerings, personalised services and authentic local engagement are therefore expected to outperform those relying primarily on room inventory expansion or price competition.

Domestic vs foreign visits



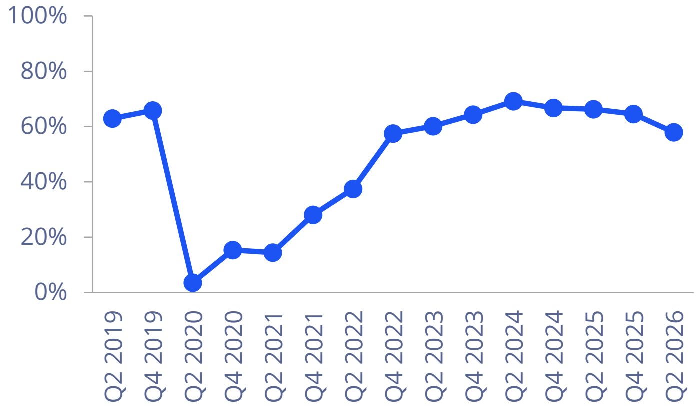
Source: Bali Provincial Tourism Office

Number of foreign tourist arrivals



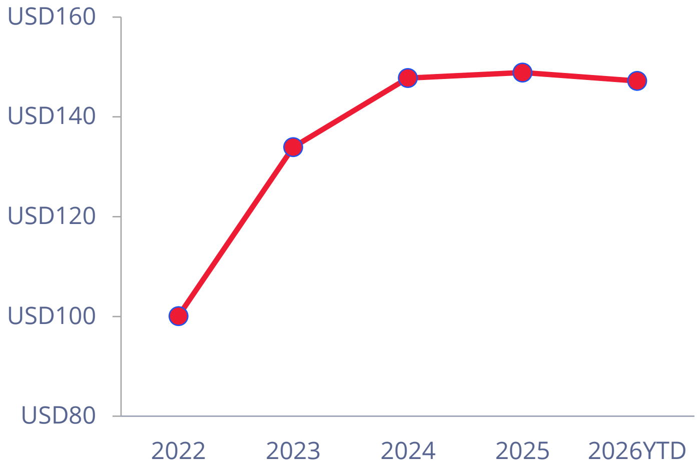
Source: Bali Provincial Tourism Office, Ministry of Tourism Republic of Indonesia
**) data Jan – Apr*

Average occupancy rate (AOR)



Source: STR, Central Bureau of Statistics, & Colliers

Average room rate (ARR)*



Source: STR & Colliers
**Data: Forecast 2026 – up to Apr*

Hotel performance is increasingly driven by pricing quality rather than occupancy alone

Bali's hotel market continued to demonstrate resilient operating performance during H1 2026 despite a more selective demand environment. Occupancy remained relatively healthy across most hotel segments, supported by resilient international leisure demand, domestic holiday travel and a gradual recovery in corporate and MICE activities. However, compared with the strong rebound experienced immediately after the pandemic, occupancy growth has begun to normalise as supply continues to expand and regional competition intensifies.

More importantly, average room rates have continued to outperform occupancy growth. This indicates that many hotels are increasingly prioritising pricing discipline rather than pursuing occupancy at the expense of profitability. Instead of relying on aggressive discounting, operators are becoming more selective in targeting higher-value market segments that generate stronger overall revenue.

Several factors continue to support room rate resilience. The growing share of international leisure travellers, particularly those seeking premium experiences, wellness retreats and longer holidays, has strengthened demand for upscale accommodation. At the same time, many newly completed hotels are positioned within the upper-upscale and luxury segments, allowing operators to maintain premium pricing while competing through differentiated products and guest experiences rather than price alone.

Performance also varies considerably across locations and hotel categories. Established destinations such as Nusa Dua, Seminyak and Ubud continue benefiting from strong international demand and premium positioning, while emerging destinations such as Canggu continue attracting lifestyle-oriented travellers seeking alternative accommodation experiences. Hotels that have successfully differentiated their products through wellness, cultural experiences, family-oriented facilities or destination-based programming generally demonstrate stronger pricing resilience than properties competing primarily on room inventory.

Looking ahead, occupancy is expected to remain relatively stable as additional hotel supply gradually enters the market. Nevertheless, future revenue growth is likely to depend increasingly on operators' ability to protect average room rates, optimise market segmentation and generate higher guest spending beyond accommodation revenue.

Another important factor supporting hotel performance is the gradual improvement in length of stay. Travellers are increasingly combining leisure, wellness and remote working into longer holidays, allowing hotels to generate higher revenue per booking while improving operational efficiency. Longer stays also create greater opportunities for ancillary spending through food and beverage, spa, recreation and curated destination experiences, strengthening overall revenue quality beyond room sales alone.

Revenue growth will increasingly come from guest value rather than higher occupancy

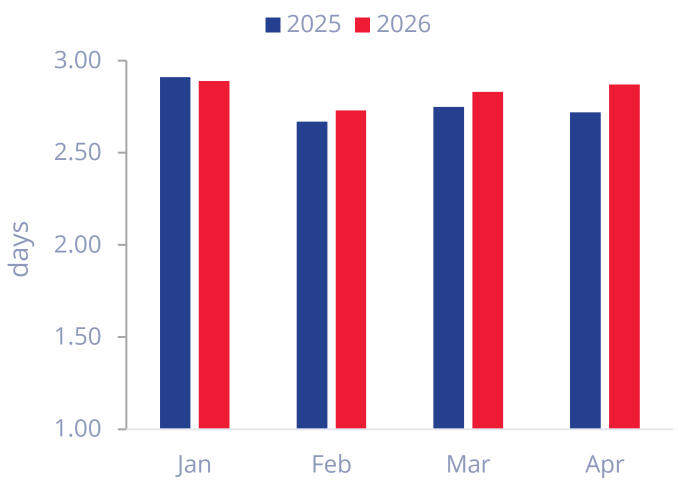
One of the most significant changes occurring in Bali's hotel market is that revenue growth is becoming increasingly quality-driven rather than volume-driven. As luxury hotel supply continues to expand and

regional competition becomes more intense, pursuing occupancy alone is unlikely to deliver sustainable profitability.

Instead, successful hotels are increasingly focusing on attracting guests who stay longer, spend more on food and beverage, wellness, recreation and curated experiences, while maintaining stronger pricing discipline. Consequently, Average Daily Rate (ADR) and total revenue per guest are expected to become more meaningful indicators of long-term hotel performance than occupancy growth alone.

This suggests that future competitive advantage will increasingly belong to hotels capable of creating distinctive guest experiences and strengthening ancillary revenue streams, rather than those relying primarily on room discounts to maximise occupancy.

LOS (Length of Stay)



Source: Bali Provincial Tourism Office

Outlook: Bali's hotel market Is entering a more competitive, yet more selective growth cycle

Bali's hotel market is expected to maintain a positive growth trajectory over the medium term, supported by the continued recovery of international travel, expanding international flight connectivity and Bali's strong position as one of Asia's leading leisure destinations. Nevertheless, the next phase of growth is expected to become increasingly selective as regional competition intensifies and additional hotel supply enters the market.

Rather than competing primarily for higher visitor volumes, hotels are expected to compete more aggressively for higher-value travellers. This shift reflects the changing profile of global travellers, who increasingly prioritise authentic experiences, wellness, sustainability, personalised services and destination quality over conventional accommodation alone. As a result, future market performance will depend less on overall tourist arrivals and more on each hotel's ability to differentiate its products, strengthen pricing power and enhance guest value.

The continued expansion of luxury hotel supply also suggests that competition will increasingly occur within premium market segments. While Bali's long-term tourism fundamentals remain highly attractive, operators should expect a more sophisticated competitive environment where branding, service quality, operational efficiency and experience-led offerings become increasingly important in sustaining occupancy, Average Daily Rate (ADR) and long-term profitability.

Strategic priorities for hotel operators

Rather than relying primarily on occupancy growth, hotel operators should focus on strengthening revenue quality by attracting guests who stay longer, spend more and engage more actively with hotel facilities and destination experiences. Developing ancillary revenue streams through food and beverage, wellness, recreation, cultural activities and curated local experiences will become increasingly important in supporting profitability beyond room revenue alone.

Hotels should also continue strengthening their market positioning instead of competing primarily through room discounts. Product differentiation, personalised guest experiences, sustainability initiatives and stronger digital engagement are expected to become key competitive advantages, particularly as younger travellers and premium international segments continue to expand.

Operational flexibility will remain equally important. Hotels capable of responding quickly to changes in travel demand, geopolitical developments and evolving consumer preferences are expected to demonstrate greater resilience than properties relying on traditional market segments alone.

Finally, collaboration across the tourism ecosystem will become increasingly important. Strengthening partnerships with airlines, destination management companies, local communities and experience providers can create more integrated visitor experiences while supporting Bali's long-term competitiveness as a global tourism destination.

Conclusion

Bali's tourism fundamentals remain among the strongest in Asia, supported by its global destination appeal, rich cultural heritage and expanding international connectivity. However, the island's hospitality industry is entering a more sophisticated stage of development where attracting more visitors alone will no longer guarantee stronger hotel performance. Future success will increasingly depend on each hotel's ability to attract higher-value travellers, create differentiated guest experiences and strengthen revenue beyond room sales. Hotels capable of adapting to this structural shift are expected to achieve stronger pricing power, greater operational resilience and more sustainable long-term growth as Bali continues its transition from volume-driven tourism to value-driven hospitality.

Appendix

Newly opened in 2026

Hotel Name	Location	Region	#Rooms	Quarter
4-star				
Novotel Bali Ubud Resort	Banjar Semaon, Desa Puhu, Payangan	Ubud	159	2
5-star				
Alaya Suites Ubud	Jl. Raya Pengosekan Ubud	Ubud	70	1
Hiliwatu, Bali Ubud, a Tribute Portfolio Resort	Jl. Pura Dalem, Payangan	Ubud	38	2

Source: Colliers

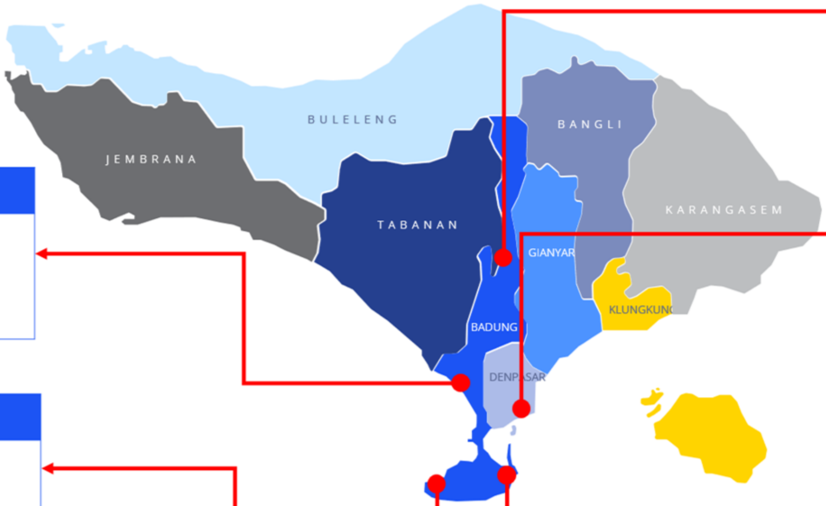
Supply pipeline 2026 – 2029

Hotel Name	Region	#Rooms	Expected completion	Hotel chain
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	2027	Marriott International
Waldorf Astoria Bali *	Nusa Dua	139	2027	Hilton Hotels & Resorts
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
				continued

Hotel Name	Region	#Rooms	Expected completion	Hotel chain
				continuation
Mandarin Oriental **	Uluwatu	110	2027	Mandarin Oriental Hotel Group
The Wylder Canggu by Cross Collection	Canggu	112	2028	SONO Hotels &Resorts
Elle Resort & Beach Club by Cross Collection	Canggu	170	2028	SONO Hotels &Resorts
Cross Bali Waluya	Canggu	115	2029	SONO Hotels &Resorts

Source: Colliers
**): The 1st Waldorf in Indonesia*
***): The 1st Mandarin Oriental in Bali*

Tourist profile



Ubud

- Peace seekers,
- Artists,
- Yogis,
- Cultural tourists,
- Solo travelers.

Canggu

- Digital nomads,
- Young expats,
- Surfers,
- Gen-Z travelers,
- Party-goers.

Sanur

- Families with young children,
- Retirees/senior travelers,
- Older expats, and peace-and-quiet lovers.

Uluwatu

- Romantic couples,
- Professional surfers,
- Sunset chasers,
- Luxury adventure seekers.

Nusa Dua

- Luxury travelers,
- Honeymooners, multi-generational families,
- Corporate/MICE delegates.

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