HOSPITALITY SERVICES FORECAST REPORT

Rewriting Jakarta's hotel revenue model from Government dependence to diversified demand

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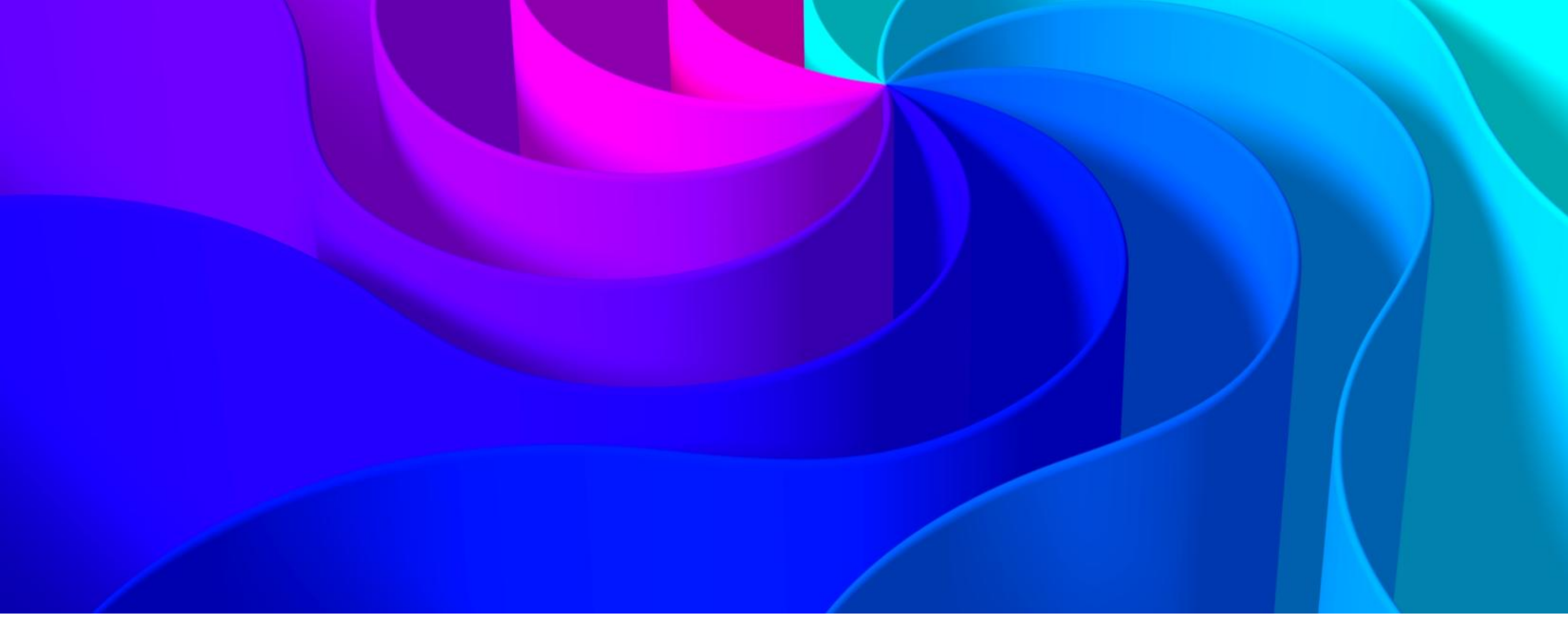
Insights & recommendations

Jakarta's hotel market continued to recover gradually during Q2 2026, although performance remained below the level recorded in the same period last year as government-related demand has yet to fully normalise. In response, hotel operators are increasingly reducing their reliance on traditional government MICE business by diversifying toward corporate travellers, Free Independent Travellers (FITs), family staycations, weddings, social events, and other experience-led activities. This shift reflects a broader transformation in the market, where long-term competitiveness is becoming increasingly dependent on revenue diversification rather than occupancy growth alone. While Average Occupancy Rate (AOR) remains under pressure, Average Room Rate (ARR) has shown greater resilience as operators focus on higher-value market segments and more disciplined revenue management.

Rather than waiting for government demand to recover, hotel operators should continue expanding their customer base and revenue streams. Experience-led offerings, family-oriented programmes, social events, and strategic partnerships with attractions or event organisers can strengthen demand beyond traditional room sales. At the same time, effective revenue management and market segmentation will remain essential to balancing occupancy growth with rate optimisation amid an increasingly competitive operating environment.

		Q2 2026 vs Q1 2026	Full Year 2026	Avg. 2026-2029 / End 2029
Supply	Including those already operational, the total additional hotel supply is projected to reach approximately 1,700 rooms during 2026-2028, around 50% contributed by 5-star hotel.	↓ 529 rooms	↓ 162 rooms	↓ 281 rooms
Occupancy	Given the business climate, ongoing global volatility, and continued government efficiency measures, hotel occupancy rates (AOR) growth is expected to remain relatively moderate.	4–5% ↑ 53–65%	4–5% ↓ 53–55%	1–2% ↑ 54–56%
Room rate	With the priority placed on first improving occupancy rates, Average Room Rates (ARR) are projected to see only very moderate growth between 2026 and 2029.	1–2% ↑ USD63–65	1–2% ↓ USD67–70	1–3% ↑ USD69–71

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



Key market highlights: Q2 2026 at a glance

- Jakarta's hotel market remains in recovery, although performance continues to trail the same period last year due to weaker government-related demand.
- Hotels are fundamentally shifting from a government- and MICE-dependent business model toward a more diversified revenue structure supported by corporate travellers, FITs, leisure guests, weddings, and social events.
- Revenue diversification has become a strategic priority, with operators expanding income beyond room sales through food and beverage, events, family programmes, and experience-led offerings.
- Consumer preferences continue to evolve, with staycations, weekend leisure, and family-oriented experiences becoming increasingly important demand drivers, particularly during school holidays.
- Revenue management strategies are becoming more sophisticated. Despite moderate occupancy, Average Room Rates remain relatively resilient as operators prioritise higher-yield market segments over discounted government business.
- Limited new hotel supply, combined with the redevelopment of older hospitality assets, is gradually reshaping Jakarta's competitive landscape.
- Jakarta Hotel Supply Enters Rebalancing and Redevelopment Opportunities Phase Amid Limited New Openings.

Market narrative: revenue diversification is reshaping Jakarta's hotel market

The Jakarta hotel market is no longer defined solely by the pace of occupancy recovery. Instead, the industry's competitive landscape is increasingly shaped by how effectively operators diversify their revenue streams amid a changing demand environment.

For many years, government-related MICE activities formed one of the primary pillars of hotel demand in Jakarta. The implementation of tighter fiscal controls and reduced government spending has exposed the risks of relying too heavily on a single customer segment. Rather than waiting for government demand to normalise, hotel operators have responded by fundamentally redesigning their commercial strategies, expanding their focus toward corporate business, FITs, domestic leisure travellers, family staycations, weddings, social celebrations, and other private events.

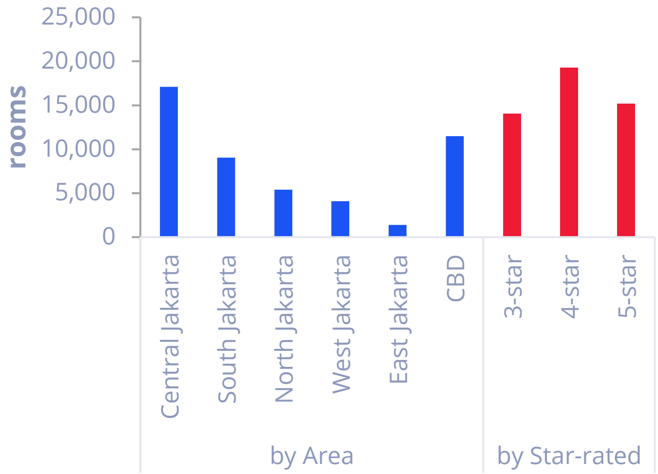
his strategic transition reflects more than a temporary response to weaker government demand. It signals a broader evolution in Jakarta's hospitality market, where hotels increasingly compete through the diversity of their revenue sources rather than occupancy alone. Room sales remain important, but they are no longer the sole measure of commercial success. Food and beverage operations, weddings, social gatherings, branded events, lifestyle experiences, and ancillary services are becoming increasingly important contributors to overall profitability.

Changing consumer behaviour has accelerated this transformation. Urban travellers, particularly younger generations, increasingly seek experiences rather than simply accommodation. Staycations have

become an attractive alternative for families constrained by travel time, cost, or convenience, while experience-led hospitality continues to gain traction through themed events, outdoor venues, children's activities, and destination-style facilities within the city itself. Hotels that successfully position themselves as lifestyle destinations rather than merely places to stay are increasingly capturing this evolving demand.

As a result, Jakarta's hotel market is entering a new phase of competition. Success will depend less on the recovery of any individual market segment and more on operators' ability to generate sustainable revenue across multiple customer groups while continuously adapting to changing consumer expectations.

Cumulative room supply



Source: Colliers

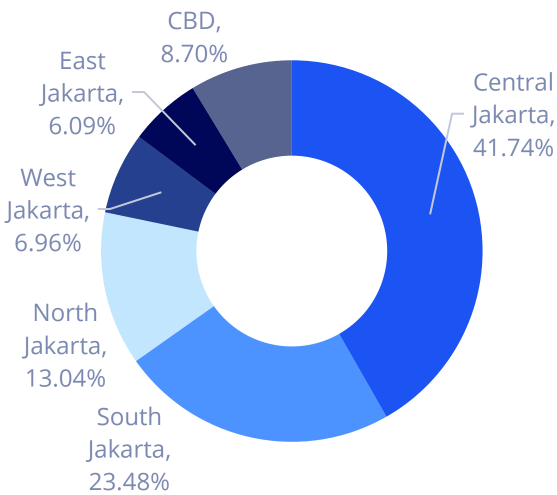
Jakarta's hotel supply is entering a redevelopment cycle

Hotel supply growth in Jakarta remained limited during H1 2026, reflecting a market that is becoming increasingly driven by asset repositioning rather than large-scale expansion. The completion of Pavilliun Raden Saleh, ARTOTEL Curated added only 139 rooms to the market, while the closure of Hotel Sultan resulted in a net decline in Jakarta's total hotel inventory to approximately 48,500 rooms. Rather than indicating weakening market fundamentals, this development signals the beginning of a new phase in Jakarta's hospitality sector, where redevelopment of ageing assets is becoming increasingly important.

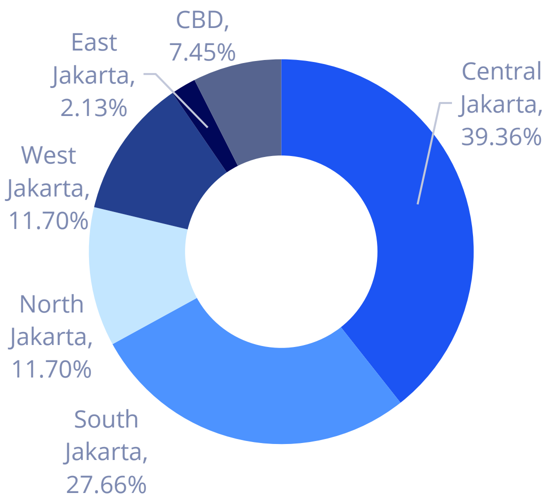
The closure of Hotel Sultan represents more than the loss of one of Jakarta's landmark hotels. Situated within one of the capital's most strategic districts, the site presents significant long-term redevelopment potential. As land values continue to rise and urban regeneration accelerates, older hotel assets occupying prime locations are increasingly likely to be repositioned into higher-value mixed-use developments. This trend reflects changing investment priorities, where maximising land value is becoming as important as maintaining traditional hotel operations.

Existing hotel supply

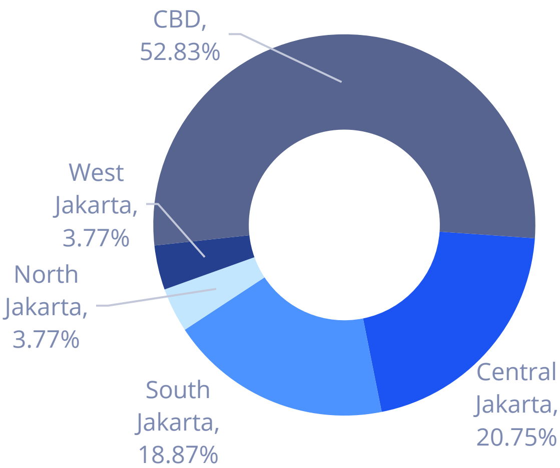
3-star



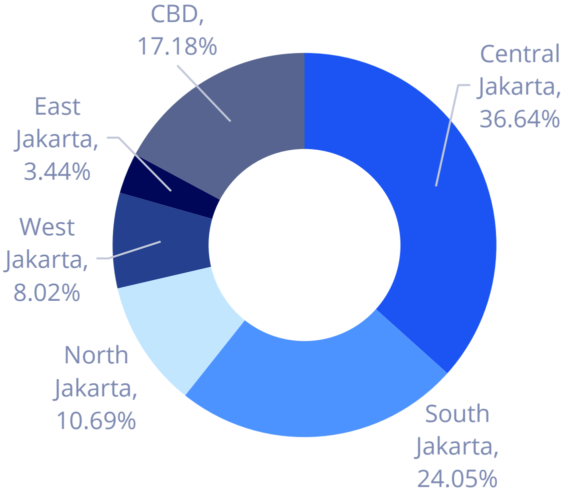
4-star



5-star



Jakarta hotel by area



Source: Colliers

Future hotel development is also becoming increasingly selective. Approximately 1,700 additional rooms are expected to enter the market between 2026 and 2028, with around half of the pipeline comprising 5-star hotels. While this indicates continued investor confidence in Jakarta's hospitality sector, the overall pipeline remains relatively measured compared with previous development cycles. Developers are placing greater emphasis on project quality, brand positioning, and location rather than pursuing aggressive capacity expansion.

The geographical distribution of future supply also illustrates Jakarta's evolving urban structure. Although the CBD remains the preferred location for premium hotels due to its concentration of business activities, opportunities are gradually emerging in other parts of the city. West Jakarta continues to benefit from established residential and commercial catchments, while North Jakarta is attracting growing interest supported by convention facilities, tourism destinations, and improving connectivity with Soekarno-Hatta International Airport. At the same time, transit-oriented developments surrounding MRT and LRT corridors are expected to strengthen the long-term attractiveness of integrated hotel projects.

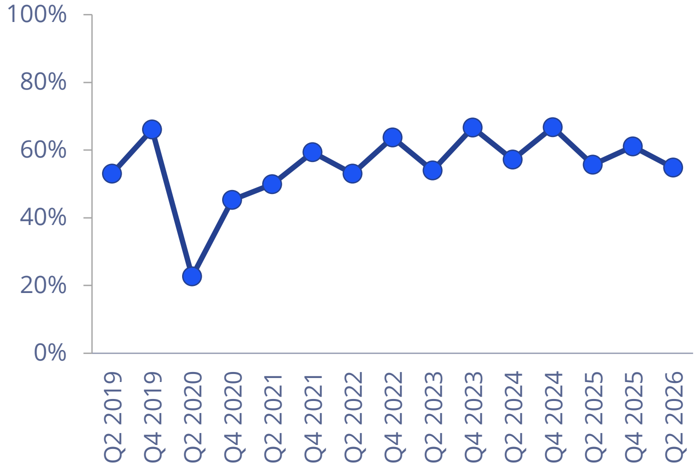
Hotel development is increasingly being planned as part of larger mixed-use ecosystems rather than as standalone assets. Rising land prices, particularly within central Jakarta, are encouraging developers to integrate hotels with office towers, retail centres, residences, and transportation hubs in order to optimise land utilisation and diversify investment returns. This integrated development approach is expected to become increasingly common as future projects prioritise operational synergies and broader destination appeal.

Demand recovery is becoming increasingly diversified

Jakarta's hotel demand continued to recover during Q2 2026, although performance remained below the level recorded in the same period last year. The market continues to adjust to weaker government-related demand following tighter fiscal controls. Rather than representing a temporary disruption, this shift has accelerated a broader transformation in the composition of hotel demand, encouraging operators to diversify their customer base and reduce dependence on traditional government-driven business.

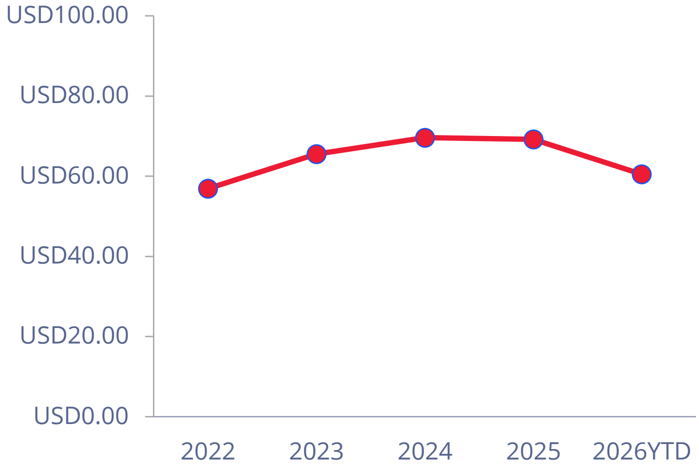
Corporate travel remains the largest contributor to Jakarta's hotel market, supported by the city's role as Indonesia's primary business and administrative centre. Improving business activities during the second quarter have helped stimulate hotel demand, particularly from private-sector meetings, business travel, and corporate events. Nevertheless, unlike previous years when government activities played a dominant role, current demand growth is increasingly supported by multiple market segments rather than a single source.

Average occupancy rate (AOR)



Source: STR, Central Bureau of Statistics & Colliers

Average room rate (ARR)*



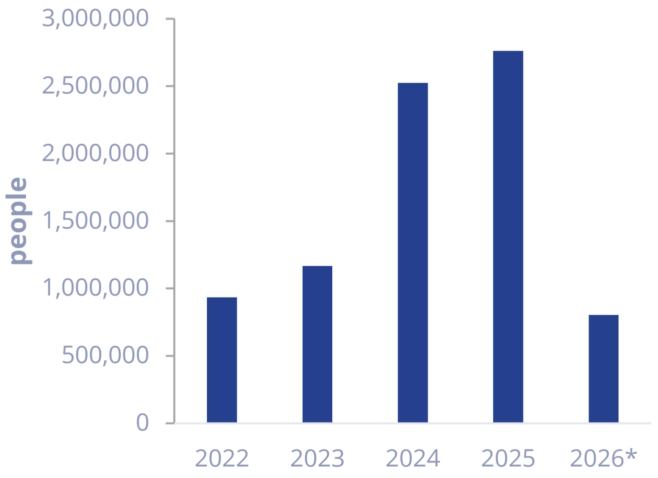
Source: STR & Colliers
**Data: Forecast 2026*

One of the most notable changes is the growing importance of domestic leisure demand. Staycations have evolved beyond a temporary lifestyle trend to become an increasingly established travel pattern for Jakarta residents. Rising travel costs, limited vacation time, and convenience considerations are encouraging families to seek short leisure experiences within the city, particularly during school holidays and long weekends. Consequently, hotels offering swimming pools, children's facilities, direct access to shopping centres, or proximity to family attractions such as Ancol and Taman Ismail Marzuki (TIM) are generally better positioned to capture this segment.

At the same time, hotels are broadening their role beyond accommodation providers by increasingly positioning themselves as lifestyle and event destinations. Weddings, birthdays, graduations, product launches, community gatherings, and other social celebrations are becoming more prominent contributors to hotel activity. These events not only generate venue and banquet revenue but also stimulate incremental demand for guestrooms and food and beverage services, creating stronger revenue multipliers than traditional room bookings alone.

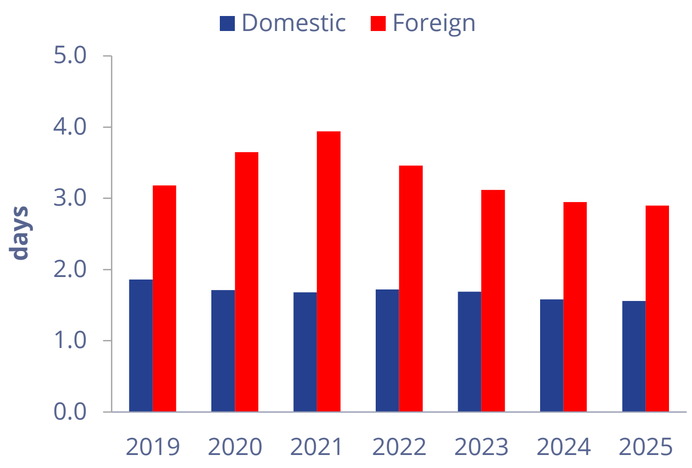
The recovery of Jakarta's international visitor market also provides additional support for hotel demand. Although foreign arrivals have continued to improve, Jakarta remains primarily a business, transit, and event destination rather than a leisure tourism market, as reflected by the relatively short average length of stay of international visitors. Consequently, business activities, corporate travel, and event calendars will continue to play a central role in determining hotel performance.

Number of foreign tourist visits



Source: Ministry of Tourism Republic of Indonesia
**January – April*

Length of stay



Source: Central Bureau of Statistics

Recurring sports tournaments, concerts, exhibitions, and entertainment events are also becoming increasingly important demand generators. While their impact is often concentrated around hotels located near event venues, these activities help create short-term occupancy spikes and reinforce Jakarta's position as a destination for business and lifestyle events. More importantly, they contribute to a broader diversification of demand throughout the year.

Overall, Jakarta's hotel market is becoming structurally more resilient as demand is generated from a wider range of customer segments. While the reduction in government-related business continues to weigh on overall market performance, operators capable of attracting multiple demand sources are increasingly better positioned to sustain occupancy and strengthen long-term profitability.

Revenue quality is becoming more important than occupancy growth

Jakarta's hotel pricing dynamics during Q2 2026 illustrate an important shift in revenue strategy. While Average Occupancy Rate (AOR) has yet to recover to the level recorded in the previous year, Average Room Rate (ARR) has remained relatively resilient. This suggests that operators are becoming increasingly disciplined in managing pricing rather than pursuing occupancy growth through aggressive discounting.

The moderation in government-related demand has significantly influenced pricing behaviour across the market. Government business has traditionally contributed relatively stable room demand, although generally at predetermined rates. As fiscal efficiency measures reduced the volume of government meetings and accommodation, many hotels redirected their commercial efforts toward market

segments capable of generating stronger overall revenue, including corporate travellers, FITs, and leisure guests.

Rather than replacing lost government volume with lower-priced demand, many operators have deliberately focused on attracting guests who offer greater revenue potential. This strategy extends beyond room revenue alone. Weddings, social events, corporate gatherings, and family-oriented programmes typically generate additional spending on food and beverage, banquet services, meeting facilities, and other hotel amenities. Consequently, commercial performance is increasingly evaluated based on total revenue contribution rather than room occupancy alone.

Revenue management has therefore become a more critical competitive advantage. Hotels are making greater use of dynamic pricing through online distribution channels, allowing room rates to adjust in response to booking pace, market demand, and remaining inventory. During periods of stronger demand, operators have generally demonstrated greater confidence in maintaining pricing discipline rather than stimulating occupancy through broad-based discounting.

The changing role of leisure demand has also influenced pricing strategies. School holidays, long weekends, concerts, sporting events, and other city-wide activities create temporary demand peaks that allow hotels to optimise room rates while simultaneously increasing ancillary spending. Hotels capable of packaging accommodation with lifestyle experiences, entertainment, or family activities are increasingly able to capture higher overall guest spending than those relying solely on room sales.

Looking ahead, pricing performance is expected to remain relatively stable despite continuing market uncertainty. While occupancy recovery is likely to remain gradual, operators that successfully balance disciplined revenue management with diversified demand generation are expected to demonstrate stronger profitability than those competing primarily on price.

Outlook: The next phase of recovery will be more selective

Jakarta's hotel market is expected to continue recovering during the remainder of 2026, supported by improving corporate activity, a gradual increase in domestic leisure travel, and a growing calendar of business, entertainment, and lifestyle events. While demand is anticipated to strengthen, the pace of recovery is likely to remain uneven across hotel categories and locations, reflecting differences in market positioning and customer segmentation.

Government-related demand is expected to remain below historical levels as fiscal efficiency measures continue to influence public sector spending. Consequently, operators should not expect the market to return to its pre-pandemic demand structure. Instead, private-sector demand—including corporate travel, FITs, family leisure, weddings, social celebrations, and city-wide events—is expected to play an increasingly important role in supporting hotel performance.

On the supply side, the relatively measured development pipeline is expected to help maintain market stability by preventing excessive competitive pressure. Nevertheless, hotels will continue competing for a more discerning customer base whose expectations increasingly extend beyond accommodation to include convenience, experiences, and service quality.

Looking ahead, the market is expected to reward operators that remain agile in responding to evolving consumer behaviour. Hotels capable of continuously adapting their commercial strategies, strengthening guest experiences, and diversifying revenue streams are likely to outperform competitors that continue relying on traditional demand sources.

Collier's perspective: the market is recovering, but the rules have changed

The current recovery should not be interpreted as a return to pre-pandemic market conditions. Instead, Jakarta's hospitality sector is entering a structurally different operating environment where business resilience depends less on the recovery of individual customer segments and more on an operator's ability to balance multiple demand sources.

This evolution is also changing how hotel performance should be evaluated. While occupancy and room rates remain important indicators, long-term competitiveness will increasingly be determined by a hotel's ability to generate sustainable revenue across accommodation, food and beverage, events, and experience-led offerings. In other words, the industry's future will be shaped not only by how many rooms are sold, but by how effectively hotels monetise every guest interaction.

Conclusion

Jakarta's hotel market is undergoing a strategic transition rather than a conventional recovery. The decline in government-related demand has encouraged operators to rethink their commercial strategies, resulting in a more diversified and balanced demand structure supported by corporate travellers, leisure guests, social events, weddings, and experience-driven activities.

At the same time, hotel development is becoming increasingly selective as investors place greater emphasis on asset quality, mixed-use integration, and long-term value creation. Combined with more disciplined revenue management, these structural changes are gradually strengthening the industry's resilience despite ongoing macroeconomic challenges.

For hotel owners and operators, the key opportunity no longer lies in waiting for traditional demand to return. Instead, success will increasingly depend on creating differentiated guest experiences, broadening revenue sources, and continuously adapting to changing consumer preferences.

Appendix

Newly opened in 2026

Hotel Name	Location	Region	#Rooms	Quarter
3-star				
Pavilliun Raden Saleh, ARTOTEL Curated	Jl. Raden Saleh	Central Jakarta	139	2

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
Marriott Gelora Jakarta	Senayan	Central Jakarta	238	2027
Andaz Jakarta	Thamrin	CBD	198	2028

Source: Colliers

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