MARKETBEAT

# JAKARTA

## Hotel H1 2023

CUSHMAN & WAKEFIELD

| | YoY Chg | 12-Mo. Forecast |
|---|---|---|
| **21.9%** ARR Growth | ▲ | ▬ |
| **41.8%** Vacancy Rate | ▼ | ▬ |
| **0 rooms** Total Completions | ▼ | ▲ |

*Source: Cushman & Wakefield Indonesia*

### ECONOMIC INDICATORS H1 2023

| | YoY Chg | 12-Mo. Forecast |
|---|---|---|
| **5.03%** GDP Growth | ▲ | ▬ |
| **3.52%** Inflation Rate | ▲ | ▼ |
| **5.75%** Central Bank Rate | ▲ | ▲ |

*Source: Central Bank and Census Bureau*

### SUPPLY: No New Supply in 1H 2023

The Jakarta hotel market is still in recovery stage with slowing down of construction progress of several hotel projects continued. Whilst there is no new hotel commenced operations in 1st semester 2023, approximately 800 hotel rooms are scheduled to start operation in 2nd semester 2023. With no additional supply of hotel rooms in the 1st semester 2023, the cumulative supply of hotel rooms remained at 42,992 rooms at the end of June 2023.

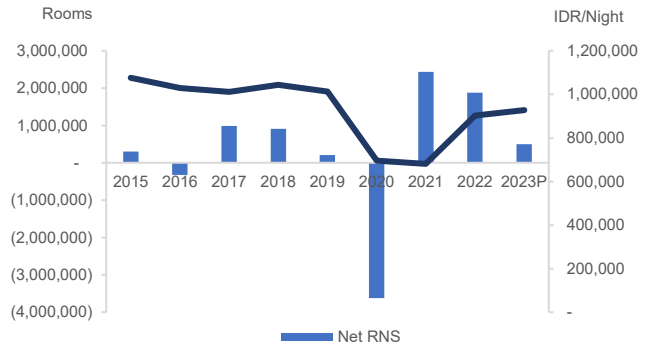
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### DEMAND: Increasing Visitors Led to Increased Demand for Hotel Rooms

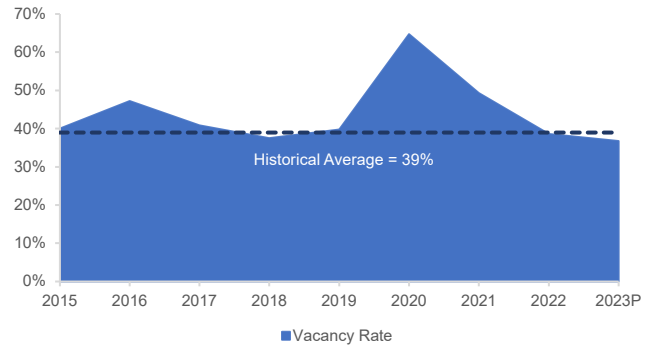
On December 30, 2022, the Restrictions on Community Activities (PPKM) were officially removed in all provinces of Indonesia. Based on PT Angkasa Pura II data from January to May 2023, the cumulative total of passenger arrivals at AP II's 20 airports reached 31.7 million passengers, and the the number of passengers in January-December 2023 is projected to reach 73 million passengers. Soekarno-Hatta International Airport serves about 63% of the total number of passengers at all AP II's Airports.

Even though business activity was relatively slow at the beginning of the year because most private or government institutions were still preparing their activity budgets and in the months of Ramadhan March and April 2023, other months in the 1st semester of 2023 witnessed the increase in meeting activities and other MICE events such as international music concerts, sport and exhibition events that contribute to the increasing demand for Jakarta hotel rooms.

### OVERALL NET ABSORPTION & ADR




### OVERALL VACANCY





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**SIGNIFICANT PROJECTS COMPLETION H2 2022 – H1 2023**

| PROPERTY | ADDRESS | SEGMENT | TOTAL UNITS | OPERATION |
|---|---|---|---|---|
| RA Suites | Jl. TB Simatupang | Upscale | 201 | 2H2022 |
| Park Hyatt Jakarta | Jl. Kebon Sirih | Luxury | 220 | 2H2022 |
| Artotel Casa Kuningan | Jl. Denpasar Raya | Upper Midscale | 46 | 2H2022 |
| Ashley Tang Menteng Jakarta | Jalan H Jl. H. Agus Salim No.34-38 | Upper Midscale | 160 | 2H2022 |
| St. Regis | Rajawali Place, Jalan HR Rasuna Said | Luxury | 282 | 2H2022 |
| None | | | 0 | 1H2023 |
| Future Supply | | Upper Midscale to Luxury | 800 | 2H2023 |

Long weekends also led to the increase of family staycations and the increase in YTD occupancy rates until May 2023 of 60.2%, 56.0%, 61.7%, 55.0% for 3, 4, 5 and luxury hotels respectively. This reflects a 2.7% annual occupancy increase from 2022. In May 2023 alone, the average occupancy rate of hotels in Jakarta was 65%, exceeding May 2019 (pre-pandemic) occupancy rate of 43%.

## ADR: Significant Increase in ADR

The improved occupancy level was seen to have impact on the increasing ADR across every market segment during the review semester. The average Daily Rates in 1H2023 were recorded at : 3-star - Rp. 446,470 (14.4% YoY); 4-star - Rp. 804,500 (22.8% YoY); 5-star - Rp. 1,7,49,580 (30.4% YoY); and Luxury - Rp. 2,191,180 (17.0% YoY), respectively.

## OUTLOOK: Domestic Arrivals will Rebound Substantially

With a broader normalization of international travel in Asia Pacific region, the Jakarta hotel market has returned to pre-pandemic levels in end 2022 and should see modest growth in performance in 2023. Domestic arrivals in Jakarta will rebound substantially in which the rebuild of the inbound market will take place.

Inline with this, event organizers, both government and private, are expected to hold many international MICE events not only in tourist destinations such as Bali but also Jakarta, which ultimately give positive impact on hotel room demand.

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**About Cushman & Wakefield**

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