



HOSPITALITY CONSULTING

Jakarta

Hotel Market Review

June 2019

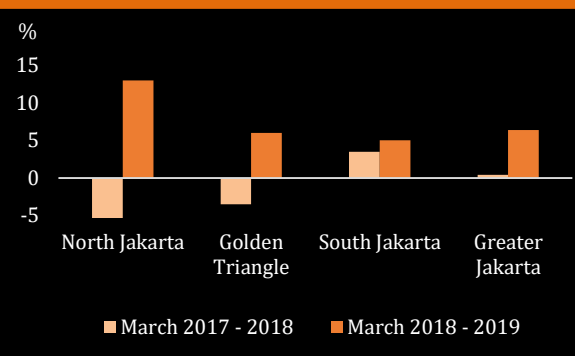
Jakarta hotel sector continues to be highly leveraged on domestic demand

Hotel supply growth influx flattens after four year development surge

“Jakarta hotels hosted more than 13 million guests last year, representing an increase of 9.4% from the previous year with the 2018 Asian and Para Asian Games being the key drivers for demand. Consequently, hotel performance has experienced a strong uplift with a market-wide ADR up by 2.6% and occupancy grew by 4.9% y-o-y for FY2018, which resulted in a remarkable RevPAR growth of 7.7% for the same period.

However, prior to the sport events (Q2 2017 to Q1 2018) the hotel market was highly competitive with over 4,000 keys added to Jakarta’s hotel inventory during the previous three-year period. The strong competition resulted in a drop of both ADR and occupancy, especially for properties in North Jakarta and the Golden Triangle area. A decline in RevPAR of -5.9% and -3.5% was posted respectively, compared to the same period from Q2 2016 to Q1 2017.

RevPAR Growth in Jakarta by Area



Source: STR
Data based on rolling 12 months start from March each year

Accessibility to major demand generators is one of the key factors to drive the demand for hotels. Traffic congestion is a major obstacle to tourism development at the moment. However, the traffic situation is expected to improve in the next five years as Jakarta continues to grow public transportation between key business districts.”

Bill Barnett, Managing Director, C9 Hotelworks

Trends

- Majority (40%) of foreign hotel guests choose to stay at five-star hotels, followed by four-star (25%), three-star (22%), two-star (8%) and one-star (5%).
- Domestic market are mainly concentrated on three-star hotels (32%), followed by two-star (25%), four-star (20%), five-star (14%) and one-star (9%).
- Hotels generate higher occupancy and room rates between Tuesday and Thursday, with the peak months being July and August.

Forward Outlook

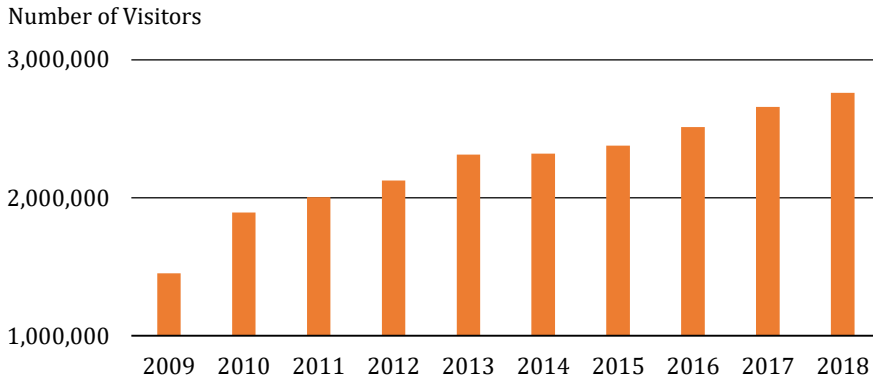
- Soekarno-Hatta International Airport is expected to increase passenger capacity to 70 million upon the upgrading of terminal 1 and 2, as well as construction of a fourth terminal.
- The government is planning a new greenfield airport with a total area of 2,600 hectares which worth approximately USD 7 billion in total.
- MRT Phase 3 is scheduled to start construction in 2020, which will connect Cikarang and Balaraja to Jakarta’s city center.

VISITOR OVERVIEW

Demand Indicators

Foreign visitor arrivals to Jakarta totaled 2,761,053 in 2018, with a 10-year CAGR of 7.4%. Soekarno-Hatta International Airport is the main gateway for international visitors.

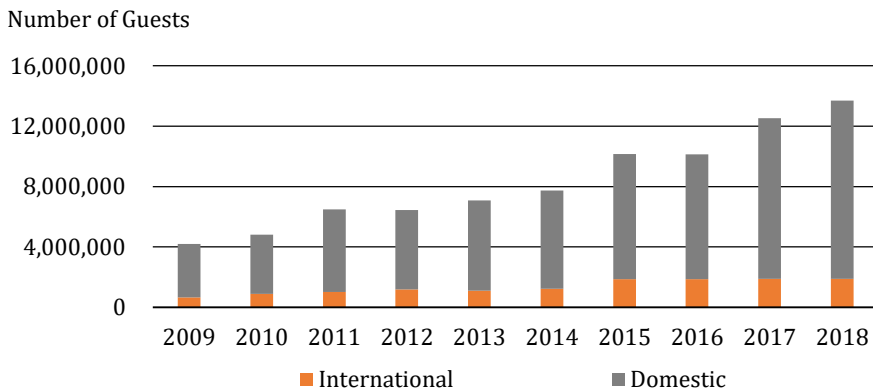
Foreign Visitor Arrivals Trend



Source: BPS and C9 Hotelworks Market Research

Y-o-y growth of foreign visitors averaged 3.9% last year, with market being sensitive to political and economic outlook

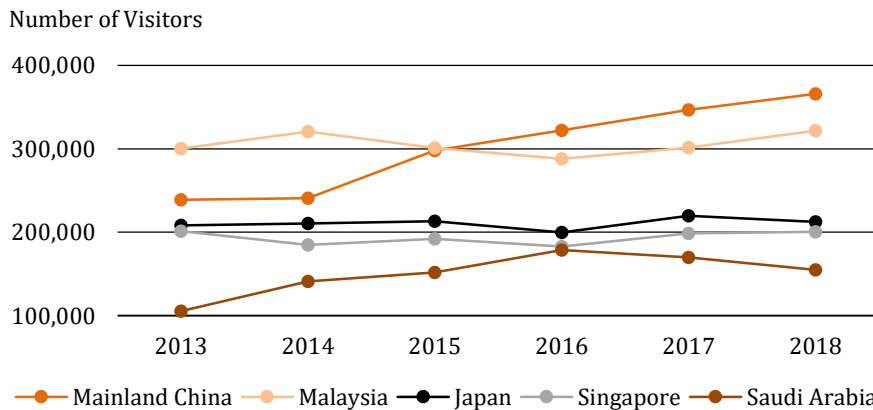
Guest Arrivals Trend - Star-Rated Accommodation



Source: BPS and C9 Hotelworks Market Research

The domestic market accounts for 86% of total guests at star-rated hotels

Top 5 Key Geographic Source Market Trend



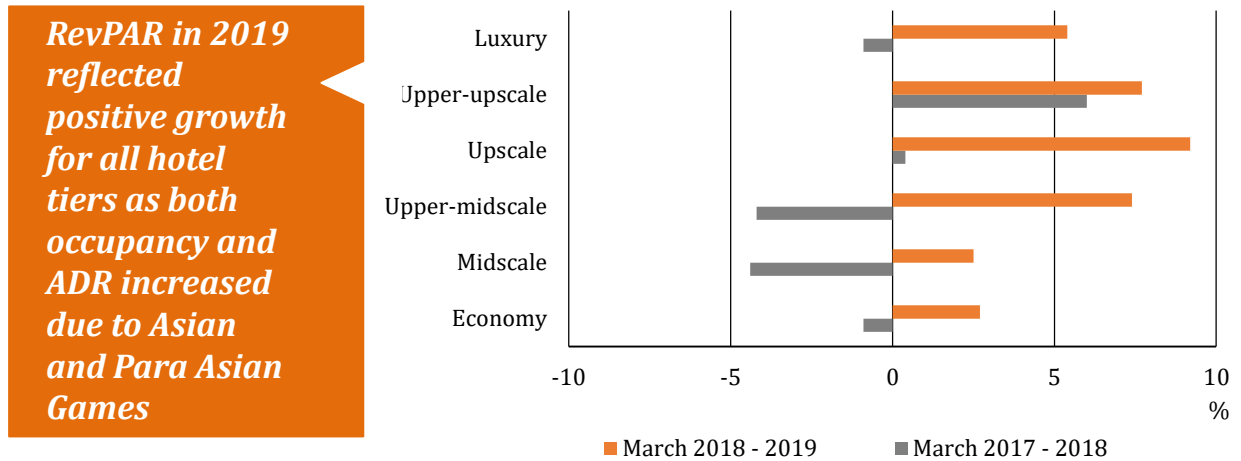
Source: BPS and C9 Hotelworks Market Research

Mainland China surpassed Malaysia in 2015 as the top international source market, with 9% CAGR from 2013 to 2018

Hotel Performance Indicators

Upscale hotels outperformed other tiers during the period of Q2 2018 to Q1 2019 compared with same period of previous years with RevPAR up by 9.2%. This is followed by upper-upscale with 7.7% increase and upper-midscale of 7.4%. Luxury hotels experienced a more subtle growth of 5.4%, while the economy segment increased 2.7% and midscale increased by 2.5%.

Market-wide Hotel Performance Y-O-Y Change



Source: STR
Data based on rolling 12 months start from March each year

Hotel Supply & Pipeline

As of 2018, star-rated accommodations in Jakarta totaled 339 establishments with 53,795 keys. Presently, there are approximately 11,000 keys in the pipeline, with 40% of upcoming hotels concentrated in the Golden Triangle area. This is followed by Greater Jakarta (26%), North Jakarta (19%) and South Jakarta (15%). Luxury hotels represent 16% of the share which is listed below:

Key Luxury International Standard Hotel Pipeline

Hotel Name	Brand Affiliation	Integrated Development	Location	Keys	Opening Year
Alila SCBD*	Hyatt	None	SCBD	142	Q4 2019
Park Hyatt	Hyatt	MNC Media Tower	Central Jakarta	220	Q4 2019
The Langham	Langham	District 8	SCBD	225	Q1 2020
St. Regis	Marriott	St. Regis Residences & Rajawali Property Group HQ	South Jakarta	268	2020
Waldorf Astoria	Hilton	Thamrin Nine Complex	Central Jakarta	183	Q4 2021
W Hotel Jakarta	Marriott	Ciputra World 2	South Jakarta	125	2021
Sofitel So	Accor	The Hundred	South Jakarta	212	2021
Regent	IHG	Mangkuluhur City	South Jakarta	144	2022
Rosewood Jakarta	Rosewood	N/A	South Jakarta	200	On Hold

*Additional keys for existing hotel

Source: C9 Hotelworks Market Research

About C9 Hotelworks



Bill Barnett
Managing Director

C9 Hotelworks is an internationally recognized consulting firm with extensive experience in the Asia Pacific region. Its core business focus includes:

- **Hotel and Resort Development**
- **Asset Management / Ownership Representation**
- **Project Feasibility and Analysis**

Key competencies include international hotel operator search, selection and contract negotiation, mixed use hotel and residential planning and operation reviews.

A wide range of both institutional and private developers and a comprehensive portfolio of completed projects give C9 the skill set and background to focus on key issues, evaluate complex ones and assist clients in achieving solid results. Based in Phuket, Thailand and led by Managing Director Bill Barnett, who has 30 years of experience in Asia Pacific, the firm is well positioned to serve an increasing demanding marketplace.



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