

Indonesia Hospitality Real Estate - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020-2029

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Report description:

The Indonesia Hospitality Real Estate Market size is estimated at USD 1.84 billion in 2024, and is expected to reach USD 3.25 billion by 2029, growing at a CAGR of 12.07% during the forecast period (2024-2029).

The economic crisis caused by the COVID-19 pandemic in 2020 had an influence on the hospitality real estate market, causing some projects to be postponed. Hotels and other lodging establishments account for a sizable portion of the hospitality real estate market. This is due to the fact that accommodations, such as hotels, are essential to the ever-increasing influx of foreign visitors to the country, as well as to the growing number of locals who like to take a weekend or seasonal vacation.

-Tourism is the main driver of this industry. Some tax and real estate rules have also been loosened, which has made it possible for both locals and foreigners to invest in and buy buildings for the lucrative hospitality business in the country. Tourism brought significant foreign exchange inflows to Indonesia in the form of international tourism receipts, as well as investments and capital in tourism-related businesses. Tourism has typically resulted in infrastructure improvements for the local economy of a country.

-Although the number of domestic trips taken in Indonesia greatly outnumbers the number of foreign visitors, domestic tourists spend less than half of what international visitors do. In 2020, the government came up with a plan to protect the tourism industry from the effects of the COVID-19 outbreak. The plan was to pay influencers up to IDR 72 billion (USD 5.2 million) to promote the country.

-The government also waived hotel and restaurant taxes in 10 tourist destinations, including Toba Lake Regency in North Sumatra, Yogyakarta, Malang in East Java, Manado in North Sulawesi, Bali, Mandalika in West Nusa Tenggara, Labuan Bajo in East Nusa Tenggara, Bangka Belitung, and Batam and Bintan in the Riau Islands. PT Indonesia Tourism Development (Persero) or Indonesia Tourism Development Corporation (ITDC) revealed in March 2021 that a luxury hotel being built worth IDR 709 billion is being worked on in Mandalika, West Nusa Tenggara (NTB).

-In July 2023, Jones Lang LaSalle (JLL) Hotels and Hospitality Group Asia Pacific Senior Vice President and Investment Sales Julien

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Naouri said that investors were still confident about the situation of hotels in Indonesia. Until the end of this year, six new hotels will be ready to operate in Bali, and two new hotels will be ready to operate in Jakarta. The two new hotels that would operate in Jakarta at the end of 2023 were Swiss-Belhotel Kelapa Gading, with 316 rooms, and Movenpick Jakarta Pecenongan, with 253 rooms.

Hospitality in Indonesia Market Trends

Increase in Tourism in Indonesia

Despite the global and domestic economic slump, Indonesia, Southeast Asia's largest country, continues to draw an increasing number of tourists. At the same time, Indonesians are traveling around the country in unprecedented numbers.

As more tourists and businesspeople visit the country, hotel demand is expected to expand dramatically in the next few years and decades. Intensifying ASEAN economic integration and increasingly affordable airfares are boons for Indonesian hotels and related businesses and should help the industry overcome the present oversupply difficulties in some locations.

In 2022, there were about 5.47 million international visitor arrivals in Indonesia, the number significantly increased in comparison to the previous year. The visitor arrivals were distributed amongst the various ports of entry in Indonesia. International tourism to Indonesia has been increasing over the years, and Indonesia has become a popular holiday destination.

According to the Indonesian Statistics (BPS), from January to October 2023, Indonesia recorded 9.49 million tourist arrivals, higher than the government target of 7.4 million at the beginning of this year 2023.

Increase in construction of Hotels and Accommodation

The hotel business in Indonesia is well developed, with everything from five-star hotels to simple guesthouses. The majority of the opulent resorts are on the island of Bali, which is Indonesia's most popular leisure destination.

The majority of hotels in Jakarta and other cities cater to business travelers. Due to the considerable increase in hotel supply, there has been much discussion about the anticipated impact on hotel asset prices over the next few years, which may be influenced by an increase in the number of domestic and foreign tourists, particularly in secondary cities across the country.

In 2021, there were 29 openings with 4,913 rooms, and in 2022, there were 16 launches with 3,097 keys. However, half of Indonesia's active hotel pipeline will not open for several years, with 64 hotels and 12,118 on the books for 2023 and beyond. Two-thirds of the 127 new hotels will be four-star hotels, with the remaining third being five-star hotels.

Bali leads the way, with 23 planned openings and 3,876 new rooms under construction, but Jakarta is not far behind, with 21 hotels and 3,569 keys in the works. Surabaya and Bandung will each get seven new hotels with a total of 1,734 and 1,257 rooms, respectively. Bintan will round out the top five with four new hotels with a total of 810 rooms.

Hospitality in Indonesia Industry Overview

The Indonesian hospitality real estate market is highly fragmented, with businesses such as Plaza Indonesia Realty, Sinar Mas Land, Agung Podomoro Land, and Ciputra Group developing some of the country's most important hotel projects. International players, such as Tokyo Land Corporation, a Japanese property development corporation, are also increasing their presence in Indonesia.

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Indonesia, being one of the emerging real estate investment markets, has attracted international players, primarily from Asian countries. The hospitality real estate market in Indonesia is predicted to become more competitive in the coming years as a result of the government's favorable FDI policy.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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