

Source: Cushman & Wakefield Indonesia

## INDONESIA ECONOMIC INDICATORS Q2 2021



Source: Central Bank and Census Bureau

### SUPPLY: No New Hotel Supply

Even though there are several under-construction hotel developments, the current uncertain conditions due to the pandemic have held the construction progress and delayed the completion time of those projects. So far, hotel room inventory in Jakarta stood at the same level as that in the previous review period of 41,423 hotel rooms.

### DEMAND: Occupancy Continued to Improve

Continuing the trend from the last semester of 2020, occupancy continued to show positive improvement. Despite the fluctuating condition due to the pandemic, hoteliers managed to maintain the performance of their hotels, partly from the occupancy driven by the quarantine requirement for travelers arriving from overseas during the pandemic. The average occupancy growth is 15.7% YoY. As of June 2021, hotel occupancy of 3-star, 4-star, 5-star and luxury segments stood at 50.6% (32.7% YoY), 51.3% (23.6% YoY), 49.1% (28.5% YoY), 40.1% (37.6% YoY) respectively.

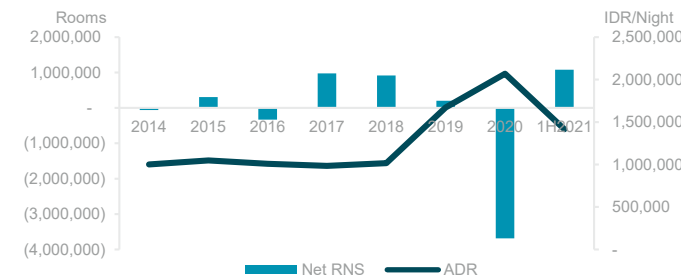
Notwithstanding, at the end of June 2021, Indonesia including Jakarta and the surrounding areas faced the second wave of covid-19 surge. The daily case increased significantly, and expert predicted that the peak of the surge is yet to come. This situation which leads to the significant decline of the passenger arrivals to the city is expected to disrupt hotel industry performance, which has started to improve, even though the government has increased the quarantine period of travelers arriving from overseas from 5 days to 8 days. Hoteliers may anticipate unsteady business situation, with quick change in regulations due to the pandemic.

### PRICING: Readjustment of Room Rates

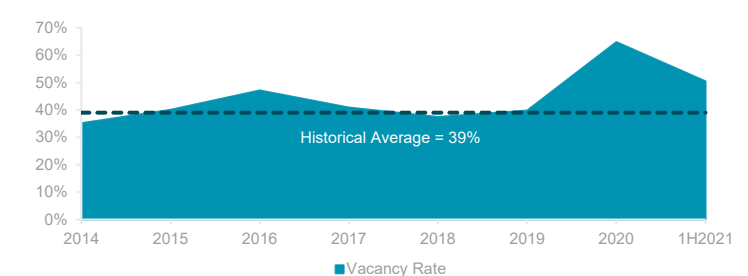
As room rate is a factor that relates closely to hotel occupancy, the improvement of occupancy in the last 3 months of the review period have made hoteliers start to readjust their room rates. Overall, Average Daily Rate (ADR) of hotels in Jakarta increased by 37.9% YoY. 5-star hotels made the most significant adjustment in order to revive from its biggest fall. Average Daily Rates as of June 2021 were: 3-star: Rp. 367,973 (25.0% YoY); 4-star: Rp. 556,477 (8.9% YoY); 5-star: Rp. 1,039,382 (44.1% YoY); and Luxury: Rp. 1,606,895 (5.7% YoY).

In this unpredictable situation, where number of covid-19 cases cannot be accurately predicted and regulations may change emergently depending on the situation, fluctuation of the general hotel market is expected. Hoteliers ought to set their future strategy under various possible scenarios to compete in the pandemic and post-pandemic, such as exploring other potential markets, branching out through multiple channels and studying of post-pandemic guest behavior.

### OVERALL NET ABSORPTION & ADR



### OVERALL VACANCY



**TEMPORARILY CONVERTED HOTELS DURING COVID-19 PANDEMIC**

PROPERTY	ADDRESS	SEGMENT	TOTAL UNITS
The Media Hotel & Towers	Jl. Gunung Sahari	5-star	350
Grand Cempaka Hotel Business	Jl. Letjen Suprpto	4-star	220
Novotel Hotel Cikini	Jl. Cikini Raya	4-star	245
Mercure Hotel Cikini	Jl. Cikini Raya	4-star	197
Swiss Belhotel Pondok Indah	Jl. Metro Pondok Indah Sector 2	4-star	159
ibis Styles Jakarta Sunter	Jl. Gaya Motor I	3-star	145
ibis Senen Hotel	Jl. Kramat Raya	3-star	155
d'Arcici Hotel Plumpang	Jl. Plumpang Semper	3-star	75
d'Arcici Hotel Sunter	Jl. Sunter Permai Raya	3-star	123
d'Arcici Alhijra Hotel Cempaka Putih	Jl. Letjend Suprpto	3-star	76

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