



*Hotel, Tourism and Leisure*

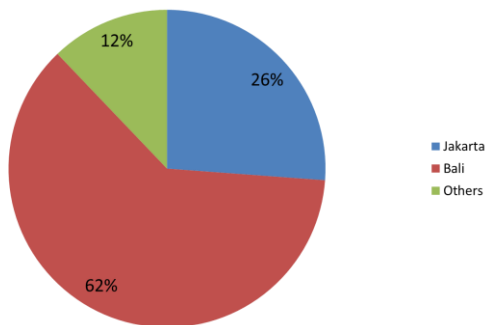
Global Leader in Hotel, Tourism  
and Leisure Consulting

**Indonesia Hotel Market  
Sentiment Survey**

August 2015



**SHARE OF RESPONDENTS BY LOCATION, AUGUST 2015**



**INTRODUCTION**

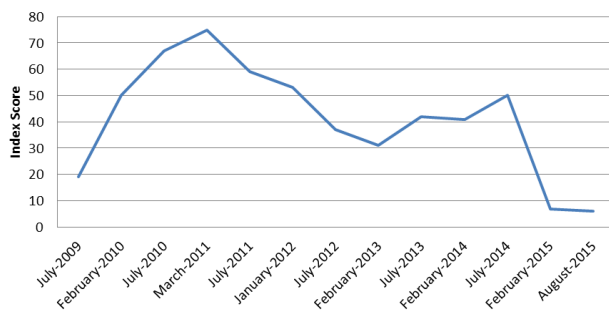
The Horwath HTL Indonesia Hotel Market Sentiment Survey has been designed to provide the hotel industry with a quick assessment of the recent past and future market sentiment. The four-question survey analysed the opinions of hoteliers of market performance in H1 2015 and the impact of economic turbulence. This report will also look at their expectations of the second half of 2015 in comparison to the same period last year.

This report focuses on the outcome in Indonesia with some benchmarking against ASEAN results. Of the 233 respondents, 46% of them came from Indonesia followed by Thailand at 20%, Singapore and Malaysia at 13% each. The rest came from Vietnam, Laos and Cambodia.

Within Indonesia, 62% respondents were from Bali, 26% from Jakarta and the remaining 12% were widely spread across Java and Sumatra.

Across ASEAN the market sentiment has dropped, although not significantly.

**ASEAN OVERALL INDEX TREND JULY 2009 – AUGUST 2015**



## ASEAN SENTIMENT RANKINGS

COUNTRY	SCORE			
	Feb 2014	Jul 2014	Feb 2015	Aug 2015
Indonesia	41	50	7	6
* Jakarta	55	50	26	7
* Bali	26	46	-8	2
* Others	51	41	21	24
Thailand	0	-6	61	28
Malaysia	65	1	-34	-46
Singapore	24	-41	-29	-46

***Indonesia recorded an index score of an historically low 6 points! Incomparable to the pessimism expressed in Malaysia and Singapore however.***

## SENTIMENT RANKINGS

As a way to measure and compare the results across cities/countries, we have created an index to formulate an overall average sentiment score from the last two questions. Points are assigned to each corresponding response and compounded accordingly. The index utilizes a scale of negative 150 to positive 150 in which a score of negative 150 denotes a sentiment of absolute pessimism; a zero score indicates unchanged expectations from the previous year whereas a positive 150 signifies a very optimistic outlook. The sentiment index or scores allow trends to be observed over time.

Indonesia recorded an index score of an historically low 6. For H2 2015, Jakarta hoteliers are more optimistic than general Indonesia and Bali but lower than Others. Given the government's decision to relax the ban on hotel facilities usage, we would have expected second half performance expectations to have been better especially entering peak MICE seasons, September to November.

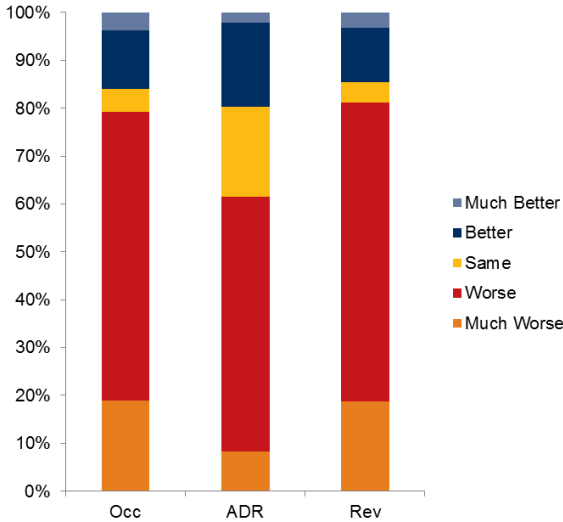
Not surprisingly Thailand's optimism has shrunk over the last couple of months but not comparable to the pessimism felt in Malaysia and Singapore.

## RANKING SCORE KEY

Much Worse	-150
Worse	-75
Same	0
Better	75
Much Better	150

**H1 2015: HOTEL MARKET SNAPSHOT**

Question 1: Was the first half of 2015 market performance better or worse than you expected at the start of the year?



Indonesia-wide results

**“Revenue was worse than predicted in over 80% of cases in the first half of 2015, driven mainly by poor occupancy.”**

**MARKET PERFORMANCE RANKING**

	Occ	ADR	Rev	Avg
Indonesia	-59	-36	-62	-52
* Jakarta	-75	-9	-66	-50
* Bali	-50	-42	-57	-49
* Others	-69	-61	-82	-71

**Occupancy**

Around 80% of respondents thought that market occupancy was worse than expected with almost 20% believing that it was much worse. The sentiment across Indonesia is fairly negative with Jakarta experiencing the greatest occupancy impact.

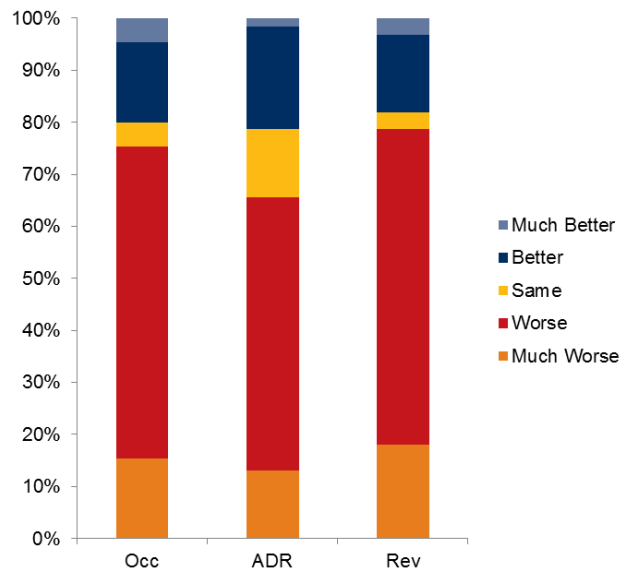
Around 75% of respondents in Bali reported weaker than expected occupancy. The combination of incoming new supply, slow-down in domestic travel, economics and the government’s MICE policy has affected occupancy across the board. A bigger proportion of leisure demand & international visitors (benefitting from a weaker Rupiah) are possible reasons why Bali hoteliers are less pessimistic than Jakarta and Others.

**Average Daily Rate**

Although the sentiment is negative across the country, respondents were least negative about ADR with around 20% stating that ADR was better or much better than anticipated. Jakarta’s sentiment towards ADR is almost neutral, scoring a -9 on the index. Bali respondents remain the most pessimistic group with over 60% believing that they have underperformed expectations. Bali negative sentiment may be explained by the high number of Bali hoteliers that benchmark their hotel ADR using USD which suffered far more than Rupiah rates in H1.

**Total Revenue**

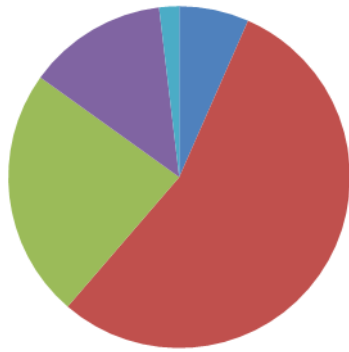
Sadly, Revenue was worse than predicted in over 80% of cases with slightly stronger revenue results in Bali (but nothing to jump up and down about) thanks in part to its broader market demographic.



Bali results

**THE IMPACT OF THE GLOBAL ECONOMY**

Question 2: Have continued global economic uncertainties impacted hotel demand as much as you had expected?



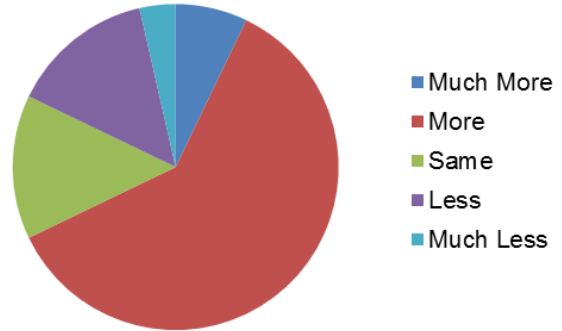
- Much More
- More
- Same
- Less
- Much Less

*Indonesia-wide results*

Across Indonesia, hoteliers canvassed were somewhat divided as to whether global economic uncertainties were impacting hotel demand. About 65% have experienced greater impact than expected and 25% felt that it had no impact.

No doubt, global and domestic economics have forced many corporates to tighten their belts reducing their MICE and traveling budgets leading to a decrease, or at least a smaller than expected increase, in the corporate segment.

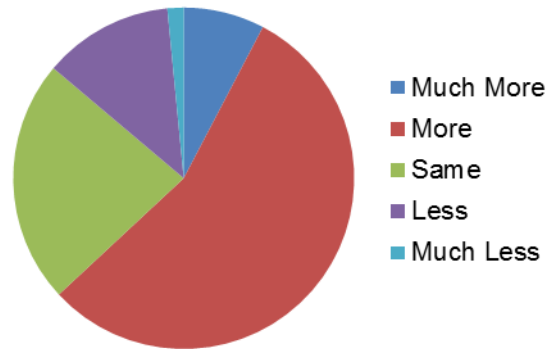
***“About two thirds of respondents have experienced greater impact from global economics than expected.”***



*Jakarta results*

In Jakarta, most respondents believe that global economic uncertainties have impacted hotel demand more than expected, which is not surprising given the heavy reliance on corporate demand.

Jakarta’s Rupiah ADR moved in the right direction but pressures exerted on occupancy from new supply and slower than anticipated growth in demand resulted in RevPAR typically below expectation.



*Bali results*

Bali’s reliance on international tourism has also led to a strong correlation between global economics and performance.

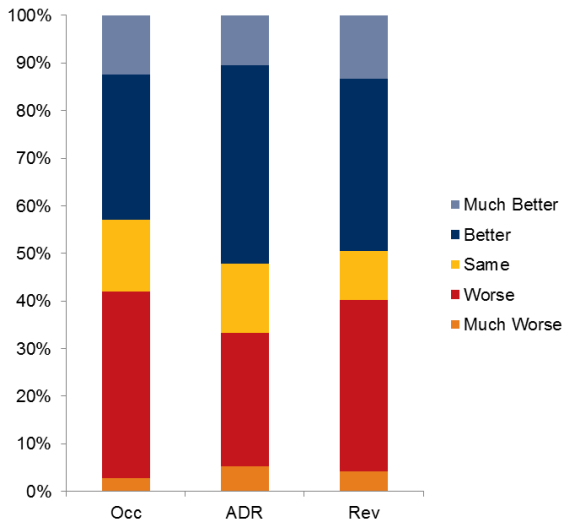
**Q2: IMPACT OF GLOBAL ECONOMIICS**

Indonesia	-38
* Jakarta	-40
* Bali	-42
* Others	-17

*Note: more negative, more impact*

**SECOND HALF MARKET PERFORMANCE VS 2014**

Question 3: What are your expectations for the second half 2015 market performance compared to second half 2014?



Indonesia-wide results

**“Interestingly, hoteliers are most optimistic about ADR growth over occupancy and RevPAR”**

**Occupancy**

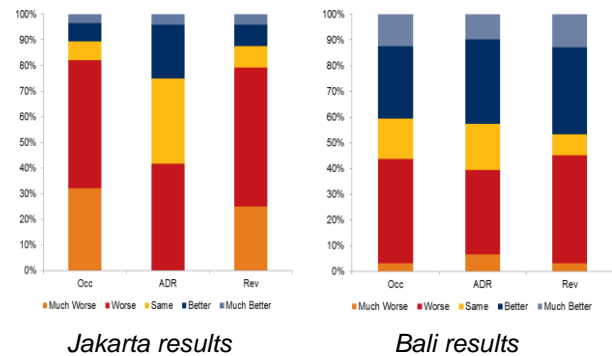
Indonesia scored 8 on the index when asked about the expectations for H2 market performance YOY compared to the previous year. Their opinions seem to be split down the middle as 42% respondents believe that it will be worse/much worse, another 43% believing it will do better/much better and the rest believing that it will stay the same.

**Average Daily Rate**

Over half of the respondents expect positive ADR growth at their hotels in the second half of 2015. 28% of hoteliers are projecting ADR growth between 0 to 5%, 15% between 5 to 10% growth and 12% over 10% growths in ADR.

**Total Revenue**

With occupancy and ADR forecast to grow, it stands to reason that revenues will follow suit. However, almost 40% of respondents expect their revenues to decline in the second half of 2015. Moreover, around 16% believe that the reduction in revenue will be more than 10%.



**“Jakarta remains optimistic on ADR growth despite recent Rupiah devaluation”**

**Occupancy**

Both Jakarta and Bali scored a positive 5 on the index when asked about the expectations for H2 market performance YOY compared to the previous year. About 44% of Jakarta respondents believe that it will be worse/much worse, while the rest believe it will be the same or even better. With several projects already open and many under construction in both Jakarta and Bali, it’s understandable that hoteliers are more conservative about their expectation on occupancy, especially with no sign of significant demand growth.

**Average Daily Rate**

On the other hand, over half of Jakarta respondents expect higher ADR levels in the second half of 2015, less in Bali.

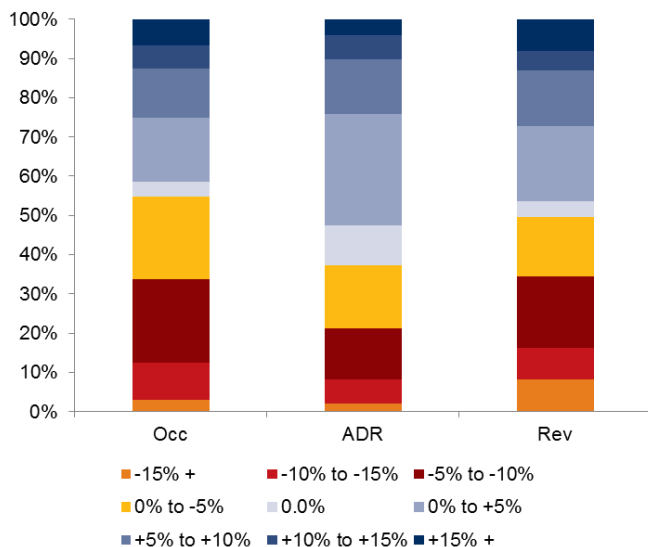
**Total Revenue**

With moderate occupancy expectation and strong ADR growth forecast in Jakarta, more than 40% of Jakarta respondents expect their revenues to be better in the second half of 2015. Bali optimism is less strong although still positive.

Q3	Occ	ADR	Rev
Indonesia	8	18	14
* Jakarta	5	39	16
* Bali	5	5	8
* Others	29	44	38

**MARKET SEGMENT PERFORMANCE**

Question 4: For your hotel, what are your expectations for second half 2015 performance YOY?



Indonesia-wide results

*“Interestingly, sentiment on total revenue is split fairly evenly, despite bullish ADR sentiment.”*

**Occupancy**

About 54% of respondents from across Indonesia responded negatively when asked about the expectations for H2 market performance YOY. While about 40% respondents believe that it will be better/much better.

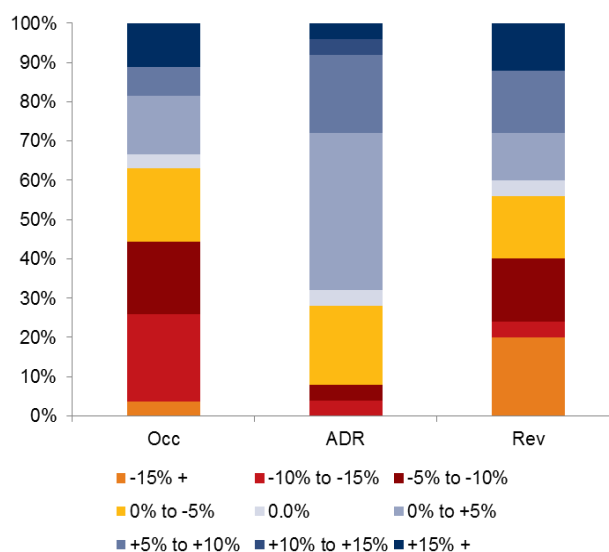
**Average Daily Rate**

On the other hand, only 38% of respondents are expecting negative ADR growth at their hotels in the second half of 2015. Around 24% of hoteliers are projecting ADR growth between 5% and 15%.

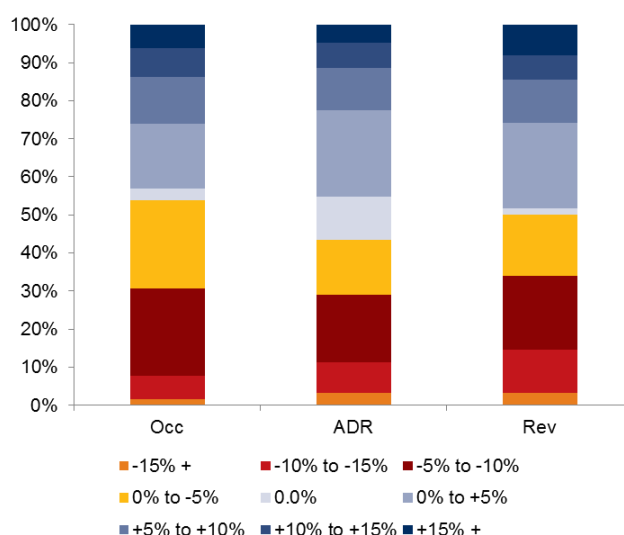
**Total Revenue**

Interestingly, sentiment on total revenue is split fairly evenly, despite the bullish ADR sentiment.

Q4	Occ	ADR	Rev
Indonesia	-7	8	-5
* Jakarta	-24	26	-18
* Bali	-2	-1	-2
* Others	3	22	6



Jakarta results



Bali results

**Occupancy**

Jakarta hoteliers are less optimistic than Bali on occupancy in H2 2015 with more than 25% of respondents believing it will drop more than 10% in H2 2015.

**Average Daily Rate**

On the other hand, more than 60% of Jakarta respondents expect positive ADR growth at their hotels in the second half of 2015. 28% of hoteliers are projecting ADR growth between 5 and 15%.

**Total Revenue**

About 55% & 50% of Jakarta & Bali respondents respectively expect revenues to decline in the second half of 2015.

## CONCLUSION

**Indonesian hoteliers are typically bullish about the market in H2 2015 but bearish about their hotels. This is a reverse of H1 sentiments.**

Looking back over H1 2015, hoteliers were very disappointed with performance being far worse than expected. In Jakarta occupancy was much lower than forecast although ADR was only slightly down. In Bali and Others performance indicators were uniformly poor.

Jakarta and Bali were similarly affected by global economic uncertainty which is interesting given the different tourism demographics.

Looking forward, Indonesian hoteliers are more bullish on ADR growth than occupancy although small improvements are expected in H2 2015 for the market. Jakarta hoteliers are the most optimistic about rate growth whilst Bali hoteliers are equally optimistic about rate and occupancy (although 5 points is low). Others hotels are looking forward to increase occupancy and rate in H2 2015 over H2 2014.

The picture is less bright when hoteliers were asked to provide sentiment on their hotels, rather than the general market. Occupancy falls are expected in Jakarta and Bali but to a lesser extent. Rates are expected to grow in Jakarta but status quo is expected in Bali.

## OTHER MARKET SENTIMENT REPORTS

### BY REGION

ASEAN  
Benelux  
Europe

### BY COUNTRY

Austria  
Brazil  
China Hungary  
**Indonesia**  
Ireland  
Italy  
Japan  
Norway Poland  
Switzerland

### BY CITY / DESTINATION

Beijing  
Shanghai  
Hong Kong

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