

# Indonesia Hospitality Real Estate - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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## Abstracts

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).

### Key Highlights

Tourism is the primary driver of this industry. Some tax and real estate rules have also been loosened, which has made it possible for 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.

Indonesia, with its expansive archipelago, entices tourists with a plethora of experiences. From idyllic beach getaways, wellness retreats, and cultural immersions to thrilling adventures, the country has it all. Notably, it boasts world-renowned dive sites like Raja Ampat. In 2021, the Indonesian Ministry of Tourism and Creative Economy earmarked five 'super-priority' destinations for heightened promotion: Labuan Bajo in East Nusa Tenggara, Lake Toba in Sumatra, Mandalika in West Nusa Tenggara, Borobudur in Java, and Likupang in North Sulawesi. A significant budget of IDR 351.6 billion was allocated in 2022 to bolster the development of these destinations.

According to industry sources, investors continued to hold a positive outlook on the Indonesian hotel market as of July 2023. By the end of 2024, Bali is expected to welcome six new hotels, while Jakarta will see the debut of two. Among the anticipated

openings in Jakarta are the Swiss-Belhotel Kelapa Gading, boasting 316 rooms, and the Movenpick Jakarta Pecenongan, featuring 253 rooms. Indonesia's tourism sector continues to thrive, with significant investments in infrastructure and hospitality signaling robust growth. The strategic promotion of 'super-priority' destinations and the optimistic outlook of investors underscore the sector's potential for sustained economic impact.

## Indonesia Hospitality Real Estate Market Trends

### Increase in Tourism in Indonesia

Despite a global economic slump, Indonesia, the largest country in Southeast Asia, is witnessing a surge in both inbound and domestic tourism. Simultaneously, Indonesians are exploring their own country like never before.

With a rising influx of tourists and business travelers, Indonesia's hotel industry is set to witness substantial growth in the coming years. The deepening integration of the ASEAN economy and more affordable airfares are proving to be advantageous for Indonesian hotels and ancillary businesses, helping them navigate through localized oversupply challenges.

In 2023, Indonesia witnessed about 11.68 million international visitor arrivals. The number significantly increased compared to the previous year, i.e., 5.89 million. Visitor arrivals were distributed among 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.

Highlighting this trend, Indonesian Statistics (BPS) reported that from January to October 2023, the country saw 9.49 million tourist arrivals, surpassing the government's initial target of 7.4 million for the year.

### 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.

Industry experts predict a significant surge in Jakarta's hotel sector in 2024. In 2023, the market saw the addition of 1,706 rooms, marking a 2.7% YoY growth. Looking ahead, from 2023 to 2025, the hotel supply is forecasted to grow at an annual rate of 2.6%. In the coming years, the midscale to upscale segment is expected to witness a surge in new supply openings. Notably, a significant 41% of this new supply is attributed to renowned serviced apartment brands, including Ascott, Somerset, Citadines, and PARKROYAL. These factors collectively underscore the positive growth outlook for Indonesia's hospitality sector in the coming years.

## Indonesia Hospitality Real Estate 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.

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:

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