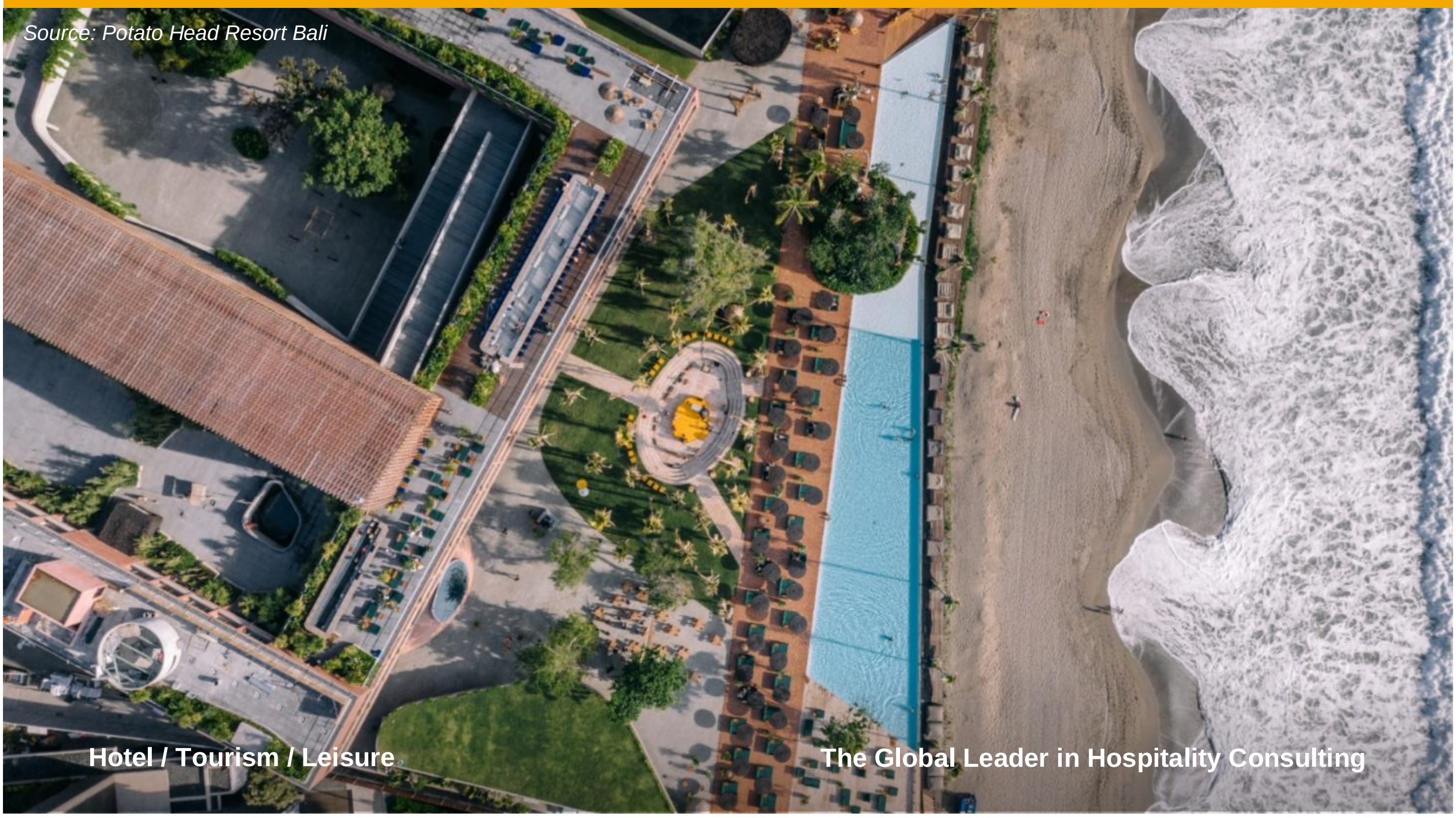
Horwath HTL
Hotel, Tourism and Leisure

C9 HOTELWORKS

Bali
Hotel & Branded Residences

March 2024



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1. Bali Market Updates

In 2023, Bali's hotel market experienced a remarkable rebound, surpassing peak performances recorded in 2019. This first full year of negligible COVID-19 restrictions triggered a surge in demand, driven by pent-up interest accumulated throughout the pandemic. The government's successful Visa on Arrival (VOA) program, open to 89 countries, further played a crucial role in drawing tourists to the region.

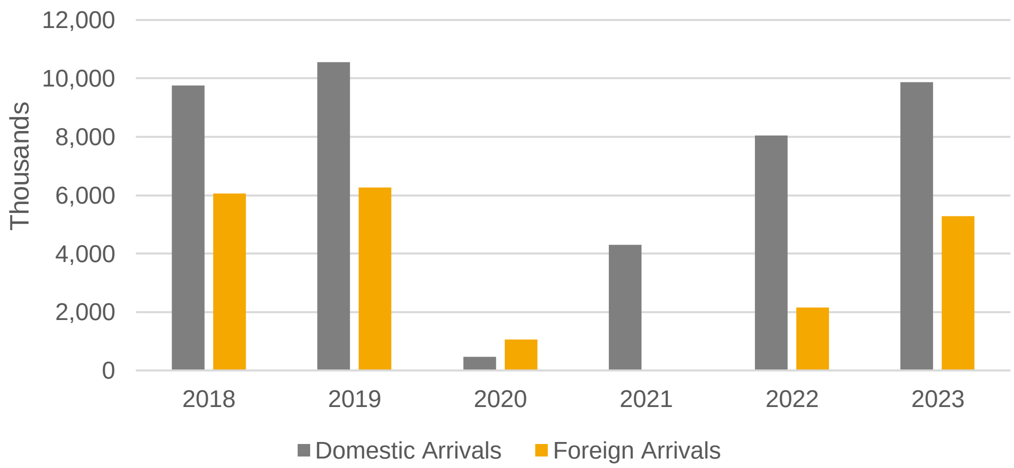
Domestic visitors remained Bali's primary market in 2023 with visitation remaining relatively consistent at just under 10 million, ranging between 700,000 and 950,000 monthly, with slight dips in February and March, reaching 629,282 and 665,751 visitors, respectively.

International arrivals to Bali in 2023 reached 5,273,258 falling about 1 million people short of 2019 levels (6.3 million). The nationality mix of the foreign tourists is shifting, primarily caused by the slow recovery and reduced number of Chinese tourists. On the other hand, Aussies, Korean, Singaporean and Indian guests are increasing, possibly influenced by the Indonesian government's efforts to strengthen foreign relations with these countries.

With a flourishing growth trajectory, a question then arises: *How long will this growth sustain itself?*

2. Bali Visitor Updates

By year end 2023, international visitor arrivals to Bali totalled an estimated 5.3 million, indicating a recovery from previous pandemic lows but still below the pre-pandemic levels seen in 2018 and 2019. Despite this, the ongoing trend for leisurely vacations has been driving international visitors to Bali. Similar to pre-pandemic trends, December had 2023's highest number of tourists entering Bali. On December 22 alone, the island welcomed over 73,000 passengers in anticipation of Christmas celebrations, showcasing the enduring appeal of Bali as a holiday destination year-round.

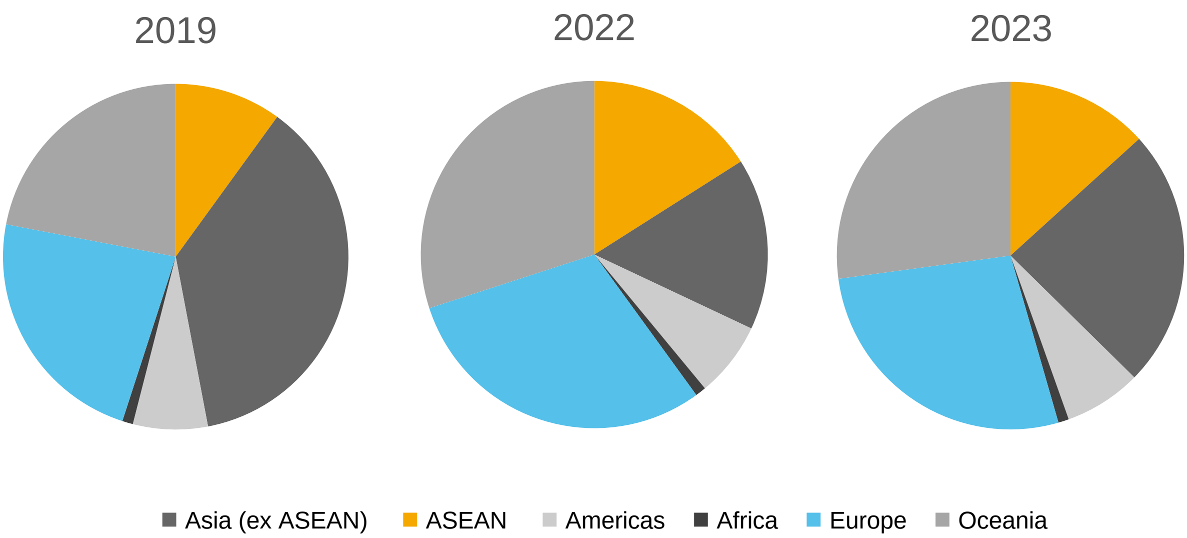


Source: BPS Bali

In 2023, domestic tourism remains crucial for the island's sustenance, attracting a total of 9,877,911 visitors. This surpasses the numbers in 2018 by 119,920 but falls short by 667,128 compared to the robust arrivals in 2019. The growth of domestic tourism, however, has been hindered by elevated travel costs. To bridge this gap and revive the industry to 2019 levels, future government initiatives aim to expand tourism infrastructure and offerings, catering to a broader spectrum of visitors. Specifically, transportation routes are further improved and developed to increase accessibility; talks and plans for building an internationally recognized medical centres in Sanur will hopefully bring in more domestic visitors and add value to Bali and its surrounding islands as a tourist destination.

Source: Grand Mirage

3. Regional Arrivals Mix



	2019	2022	2023
ASEAN	10%	16%	13%
Asia (ex ASEAN)	37%	16%	24%
Americas	7%	7%	7%
Africa	1%	1%	1%
Europe	23%	30%	27%
Oceania	22%	30%	27%

Source: BPS Bali

The only major change in regional source markets is the large fall in Asia (ex ASEAN) down from 37% in 2019 to 24% in 2023. This is due to the large fall in Chinese arrivals, and the increasing Indian market has not been able to bridge the gap. ASEAN is up a few percentage points, as is Europe and Australia. The Americas and Africa are flat.

Key Source Markets

The top 5 foreign source countries remained relatively consistent throughout the years, although the orders are different. While Australia continues to sit on the throne, the dynamics of the following seats have changed. In 2023, India held the second highest level of tourism, followed by China, United Kingdom and finally United States.

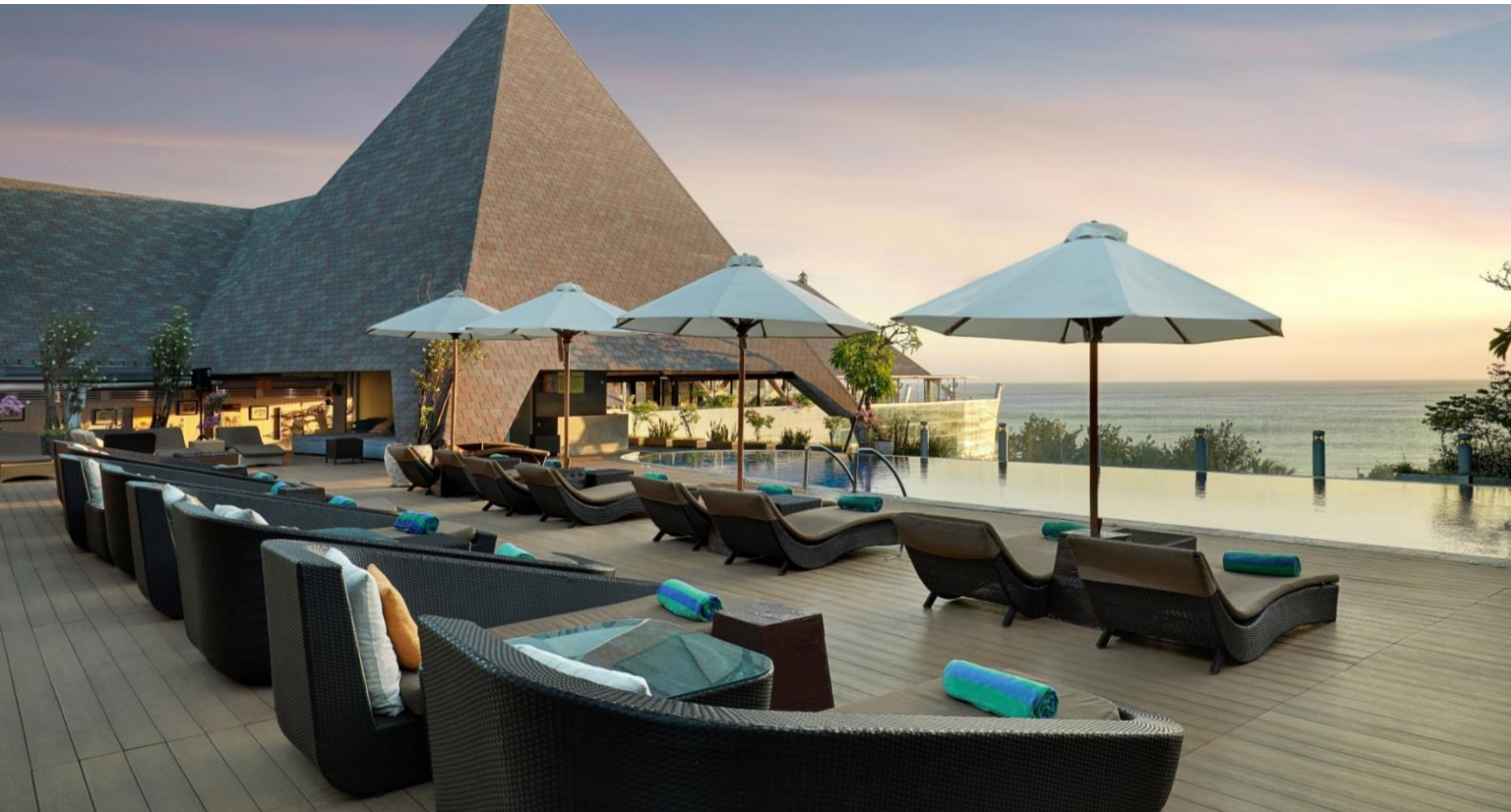
Australia remains the top foreign source market, up from 20% in 2019 to 25% in 2023. Despite smaller total foreign arrivals in 2023, the Aussies have increased by 83,282 over 2019 to 1.32 million. This market will likely continue to increase as airlift increases and more islands / areas are promoted, discovered, and developed to ripen as tourist destinations.

India ranked second as a key market source in 2023 benefiting from the first direct flights between DPS and India. Similar to Australia, arrivals in 2023 outperformed 2019 by 66,372 to a total of 440,415, generating 8% of the total foreign market. According to Airbnb, Indian tourists are demanding more beachfront properties with pools, breakfast and hot tubs – classic offerings on Bali hotel properties. Political push for India's increased presence in the market is set in motion. The conference: Joint Strategy Formulation and Promotion of Bali Tourism for the Indian Market was held in May of 2023, attended by Indian and Indonesian officials, as well as local associations and industry actors in Bali. The market can be hopeful that India will remain a strong contributor to the economy in the years to come.

The Chinese market was the second largest contributor in 2019 but dropped to the third largest market source in 2023, falling by a massive 905,946 to a total of just 280,111. There are many reasons for the decline including the hike in prices of goods and accommodations in Bali, the pro-domestic travel stance of the PRC government, slow reopening post Covid and the subsequent slow recovery of airlift. Negative Chinese media coverage of Bali throughout the year also heightened security concerns for Chinese tourists. All that said, airlift is improving week by week (new Shanghai daily flights etc) and the arrivals numbers will continue to grow although it is anticipated that the market for cheap tour groups has evolved so the volumes might fall but average spend will increase.

In line with previous years, the remainder of the market demand was spread pretty evenly which has always be a hallmark of Bali's resilience and depth, non-reliance on single key markets. Filling out the top 5, the United Kingdom and the United States both recorded slightly smaller numbers in 2023 v 2019 but retained 5% each of total arrivals.

Singapore is a boom market, well up on 2019 (+66%) plus Malaysia and South Korea have grown well.



Source: Kuta Beach Heritage

4. Overall Market Performance

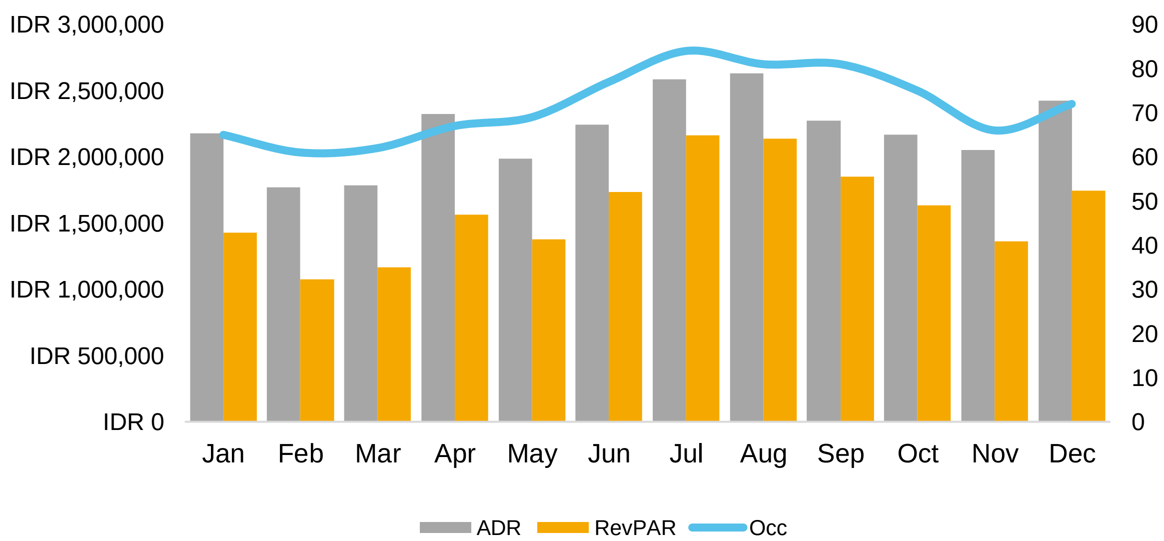
Bali's overall performance in 2023 exceeded the levels seen in 2019, marked by an impressive 30% increase in both Average Daily Rate (ADR) and Revenue per Available Room (RevPAR) in USD. Occupancy at 72% mirrored 2019s performance but was up a very strong 21% points over 2022. This successful rebound which drove up hotel prices is attributed to the easing of travel restrictions domestically and internationally, increased airlift at reduced prices, new areas, restaurants and accommodation to discover, plus all that pent-up demand for Bali, from Bali lovers that had been locked out for many years.

	Occupancy		ADR	RevPAR
FY 2023	72%	IDR	2.2 mil	1.6 mil
		USD	147	106
% Change	40%		21-22%	70-71%
FY2022	51%	IDR	1.8 mil	0.94 mil
		USD	122	62
FY 2021	17%	IDR	1.1 mil	0.19 mil
		USD	78	13
FY 2019	72%	IDR	1.6 mil	1.2 mil
		USD	115	83

Source: Bali Hotel Association and Horwath HTL

Notably, in 2023, both ADR and RevPAR not only surpassed the levels observed in 2019 but also outperformed its performance in 2022, in both IDR and USD, despite the devaluation of the IDR.

Additionally, the Occupancy rate experienced a remarkable 40% increase between 2022 and 2023, further underscoring the positive upward trajectory of the market. Seasonality was reasonable, with the lowest months being February, March, May and November.



Source: Bali Hotel Association and Horwath HTL

5. Performance by Rate Segment

The market is categorized into six rate segments, Luxury (>USD 301), Upper Upscale (USD 201-300), Upscale (USD 141-200), Upper Midscale (USD 81- 140) and Economy (USD 51- 80). The percentage changes referred to below are based on the changes of USD values.

5.1. Luxury (> USD 301)

The Luxury segment primarily consists of all-villa resorts with occupancy reaching 55% in 2023, up from 36% in 2022 but still down from the highs recorded in 2019 of 67%. That said, ADR exploded, from USD 451 in 2019 to USD 467 in 2022 and then up to a high of USD 551 in 2023, year on year (YOY) growth of 18%. Consequently, RevPAR surged by an impressive 78% from USD 170 in 2022 to USD 302 in 2023 (slightly over the USD 300 recorded in 2019).

It was an excellent year for luxury; though occupancy lagged, it was more than compensated for in ADR. This is attributed in part to the resumption of full-service flights and business class seats, which have attracted increasing numbers of luxury visitors to Bali. The variety of villa products and very high service levels offered are unique within the region and set the stage for record-breaking performance numbers.

2024 will be a consolidation year and it is unlikely that the hotels will be able to continue to push rates, although occupancy does have some room to grow. The balancing act will be interesting to watch as pent-up luxury demand trails off.

Luxury	2019	2022	2023	% Change (2022-23)
Occupancy	67%	36%	55%	51%
ADR (IDR)	6.4 mil	7.0 mil	8.4 mil	19%
RevPAR (IDR)	4.3 mil	2.6 mil	4.6 mil	80%
ADR (USD)	451	467	551	18%
RevPAR (USD)	300	170	302	78%

Source: Bali Hotel Association and Horwath HTL

5.2. Upper-Upscale (USD 201-300)

The Upper-Upscale category of hotels also excelled in 2023, with occupancy up 12% points, ADR up from USD 243 to USD 285 (17%) and RevPAR booming, up from USD 147 to USD 209 YOY (a very solid 42%). Although stellar, in comparison to Luxury, the relatively slower growth in these metrics is attributed to the segment's faster recovery in 2022, which set a higher baseline for subsequent growth.

With the super numbers recorded in 2023 over both 2022 and 2019, this segment is likely to remain flat in 2024. It will be difficult to push occupancy and tougher to push rates.

Upper-Upscale	2019	2022	2023	% Change (2022-23)
Occupancy	67%	61%	73%	21%
ADR (IDR)	3.0 mil	3.7 mil	4.3 mil	19%
RevPAR (IDR)	2.0 mil	2.2 mil	3.2 mil	44%
ADR (USD)	215	243	285	17%
RevPAR (USD)	145	147	209	42%

Source: Bali Hotel Association and Horwath HTL

5.3. Upscale (USD 141-200)

2023 was also an extraordinary year for the more affordable Upscale category. Occupancy bounced 22% points to 74% (very close to that recorded in 2019) and when coupled with a strong 19% increase in ADR (up from USD 142 to USD 169), RevPAR exploded. Again, not quite matching Luxury at 78% YOY, the Upscale hotel segment still recorded a substantial 68% growth in RevPAR. 2022 was a slower rebound for the Upscale category vis a vis Upper Upscale, perhaps due to the higher airfares, which facilitated a larger surge in 2023 as airfares reduced and a broader demographic returned to the Isle of the Gods.

Upscale hotels typically record stronger occupancy than higher positioning levels, with occupancy back to 74% in 2023 (75% in 2019). It is clear that this segment has recovered volume. Rate has almost recovered, factoring inflation, reaching levels comparable to those recorded in 2019 (up just IDR 400k or USD 12). It is likely that this segment will focus on ADR in 2024, with cost increases ongoing, profitability is stretched, saved somewhat by labour productivity improvements.

Upscale	2019	2022	2023	% Change (2022-23)
Occupancy	75%	52%	74%	41%
ADR (IDR)	2.2 mil	2.1 mil	2.6 mil	20%
RevPAR (IDR)	1.7 mil	1.1 mil	1.9 mil	70%
ADR (USD)	157	142	169	19%
RevPAR (USD)	118	74	125	68%

Source: Bali Hotel Association and Horwath HTL

5.4. Upper-Midscale (USD 81-140)

The lower the positioning, the better 2023 was over 2022 with the Upper-Midscale hotel segment witnessing substantial growth, surpassing the pre-pandemic performance levels of 2019. This of course, represents a significant improvement YOY from 2022 when rates were lower than those recorded in 2019. Occupancy in 2023 surged to a very high 78%, well over that recorded in 2019 and a marvellous 24% points over 2022.

Similar to Upscale, as airfares fell and more markets opened up, the mass market returned and Upper Midscale hotels benefited. Rates crawled up, from USD 94 in 2022 to USD 118 in 2023 although with inflation considered, rates are somewhat flat from the USD 110 recorded in 2019.

Given the massive hike in occupancy and ADR YOY, RevPAR grew to USD 91 up 82% YOY or the equivalent of USD 12 over 2019.

With the Indian market growing with more direct flights and the Chinese returning, 2024 should be good for Upper Midscale hotels. The impact will most likely be felt in ADR as occupancy is already high.

Upper-Midscale	2019	2022	2023	% Change (2022-23)
Occupancy	72%	54%	78%	45%
ADR (IDR)	1.6 mil	1.4 mil	1.8 mil	26%
RevPAR (IDR)	1.1 mil	0.76 mil	1.4 mil	82%
ADR (USD)	110	94	118	26%
RevPAR (USD)	79	50	91	82%

Source: Bali Hotel Association and Horwath HTL

5.5. Midscale (USD 51-80)

Down the positioning ladder one additional step and the Midscale hotel market has recorded even higher RevPAR growth YOY vis a vis the Upper Midscale, Upscale, Upper Upscale and Luxury markets. This is largely due to the poor performance of Midscale hotels in 2022, however, rather than the segment booming over pre-Covid performance levels. Occupancy YOY improved by a healthy 18% points but remains a couple of points below 2019. At this positioning, occupancy should be higher, with smaller incremental revenue and more weight placed on rooms revenue. That said, it is only 1 side of the coin, and ADR is improving, up 50% YOY but <IDR 100k or USD1 over that recorded in 2019. The resultant RevPAR was up 100% YOY but stagnant over 2019 levels.

The Midscale hotel sector continues to benefit from a larger volume of lower-yielding tourists, contributing to its overall positive performance. In 2024, it is believed that ADR will be the focus and there is some room to grow in occupancy as well. We are optimistic that as the global cost of living crisis continues, the Midscale market will benefit.

Midscale	2019	2022	2023	% Change (2022-23)
Occupancy	75%	55%	73%	33%
ADR (IDR)	963 k	688 k	1,046 k	52%
RevPAR (IDR)	725 k	379 k	764 k	102%
ADR (USD)	68	46	69	50%
RevPAR (USD)	51	25	50	98%

Source: Bali Hotel Association and Horwath HTL

5.6. Economy (< USD 51)

Over and above Midscale hotels, Economy hotels have rebounded and surpassed 2019 levels. Occupancy increased by 21% points YOY to 69%, at the same level as that recorded in 2019. As a market, this is still low for economy class hotels, with room for improvement. ADR was up about 40% YOY and the resultant RevPAR growth was similar to Midscale at around 100% YOY. The improvement in ADR over 2019 is solid from USD 37 to 48 and tracking well.

It is likely that occupancy will be the core growth matrix for Economy hotels in 2024, pushing that above 70% supported by continuous increases in budget airlift and affordable travel deals, that increased the segment's marketability.

Economy	2019	2022	2023	% Change (2022-23)
Occupancy	69%	48%	69%	45%
ADR (IDR)	524 k	543 k	717 k	32%
RevPAR (IDR)	361 k	259 k	495 k	92%
ADR (USD)	37	35	48	38%
RevPAR (USD)	26	17	33	101%

Source: Bali Hotel Association and Horwath HTL

6. Performance by Location

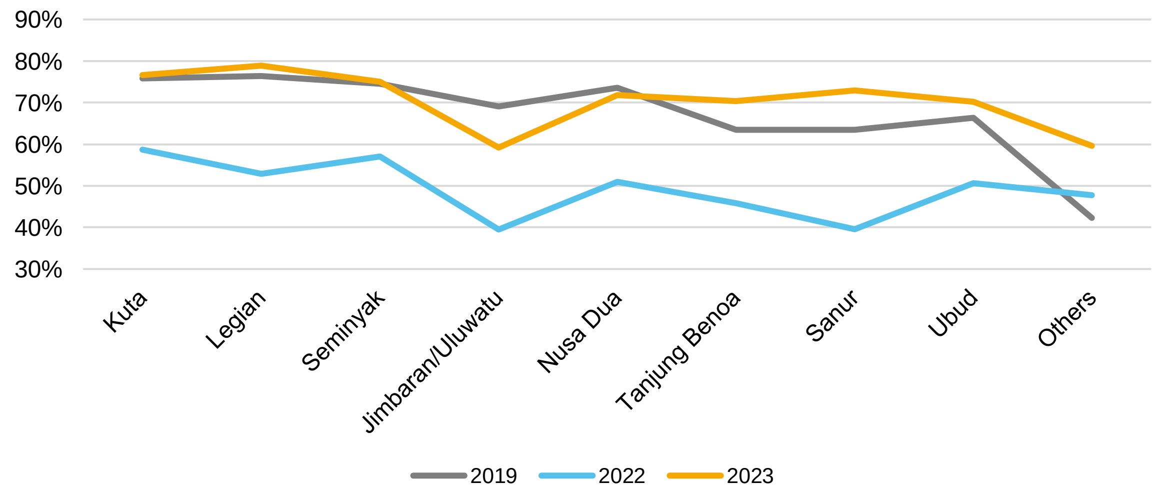
6.1. Occupancy (in %)

In 2023, Bali hotels experienced a significant increase in occupancy levels YOY, approaching numbers closer to the pre-pandemic levels of 2019. Most markets, excluding Jimbaran/Uluwatu and Nusa Dua, have either reached or surpassed the pre-pandemic 2019 levels. Kuta and Legian continue to maintain the highest numbers, while Others, Tanjung Benoa, and Sanur markets have witnessed a rise in occupancy levels in descending order.

Sanur exhibited the most substantial increase in occupancy YOY to 2023, with an impressive growth rate of 84%. This is believed to be due to 2 main factors, (1) the increasing congestion issues experienced around Bali from development and (2) the rising trend for quiet vacation locations. Sanur's strategic location by the airport, the beach and port, facilitating access to remote islands, and its sleepy nature playing a crucial role.

Furthermore, the government's commitment to expanding Sanur's tourism landscape, particularly by developing international hospitals, aims to attract more medical tourism and improve the allure of Sanur further.

Similarly, Tanjung Benoa experienced the second-highest increase, boasting a growth rate of 53% (partly due to a very weak 2022). The area's beachside location is a draw for tourists seeking a relaxed environment. Its proximity to water sport activities broadens its product offerings, attracting a diverse range of visitors. Tanjung Benoa's proximity to Nusa Dua further enhances its appeal as a more affordable MICE spillover accommodation option. As the borders fully reopen and MICE requirements reduce, Nusa Dua's occupancy is gradually recovering to pre-pandemic levels, benefiting Tanjung Benoa in the process.

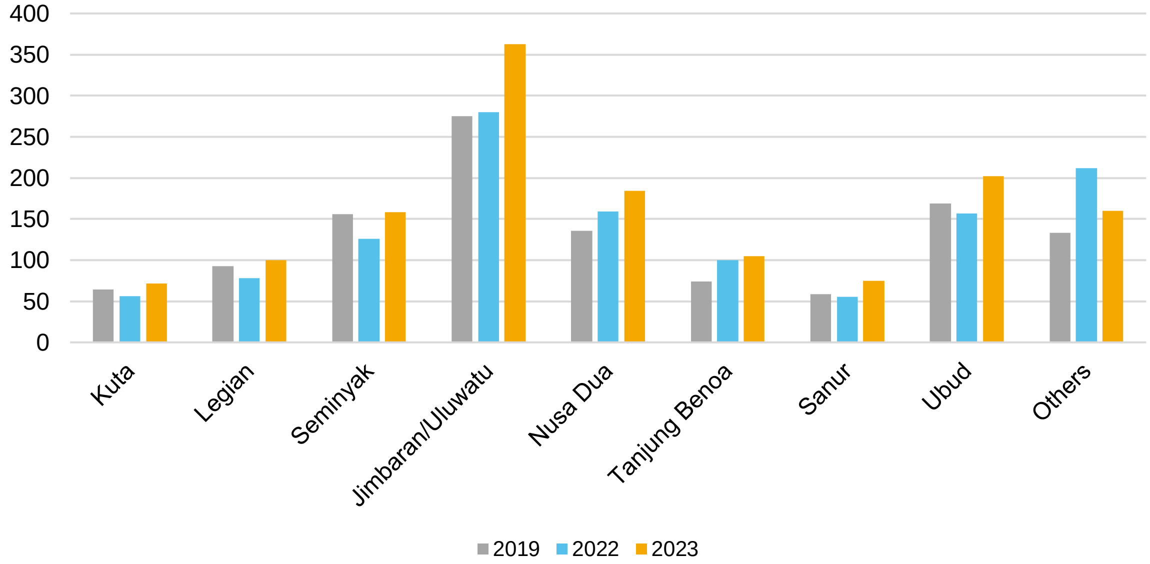


Source: Bali Hotel Association and Horwath HTL

Source: Adiwana Resort Jimbaran

6.2. Average Daily Rate (in USD)

All submarkets exhibited performances surpassing their 2019 numbers, except for Others, which recorded a decline in ADR between 2022-23. Jimbaran/Uluwatu witnessed the highest increase in ADR between 2022-23, followed by Ubud, Kuta, and Legian.

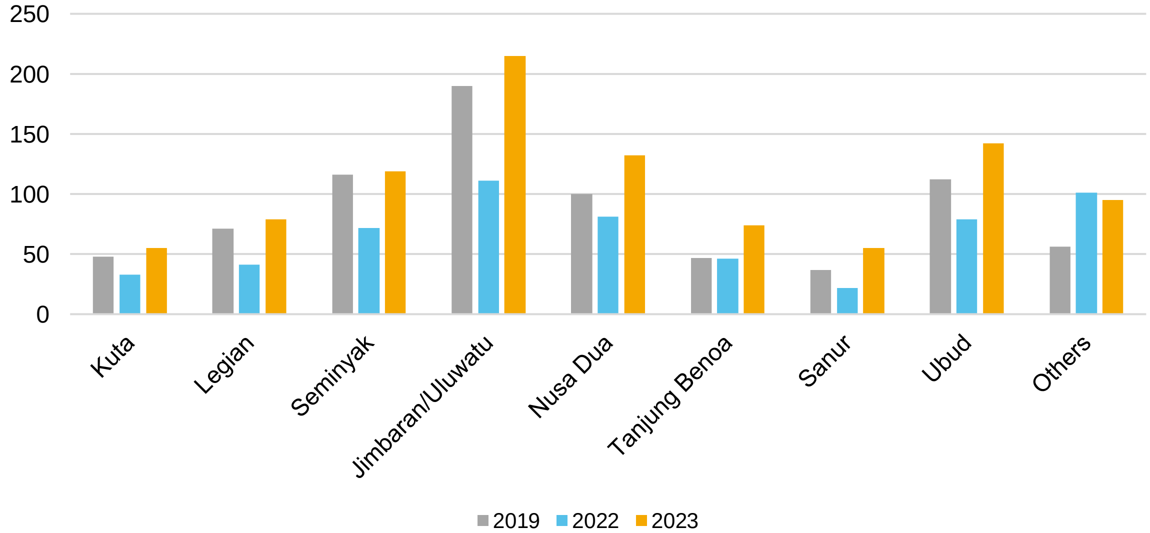


Source: Bali Hotel Association and Horwath HTL

6.3. Revenue Per Available Room (in USD)

Bali's strong market performance in 2023 is reflected in its RevPAR, with all markets exceeding pre-pandemic 2019 USD levels. Others had the highest growth from 2019 at 70%, followed by the hotels in Tanjung Benoa and Sanur recording 57% and 49% growth respectively over RevPAR recorded in 2019.

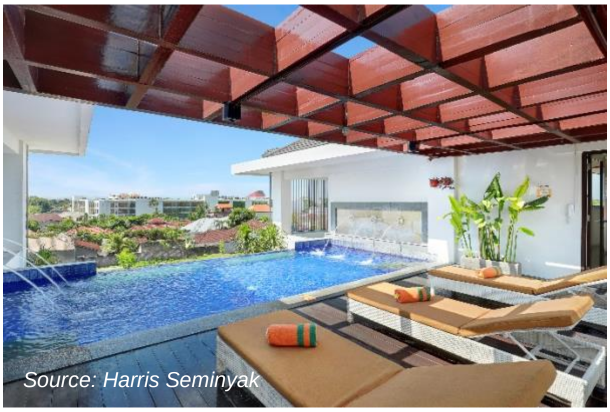
Overall, Bali's 2023 RevPAR levels are extraordinary up from IDR 1.2 mil in 2019 (USD 83) to IDR 1.6 mil in 2023 (USD 106) having fallen to IDR 0.9 mil in 2022 (USD 62).



Source: Bali Hotel Association and Horwath HTL

7. Average Length of Stay (ALOS)

The ALOS across Bali in 2023 was just over 3 days at 3.01 up a small amount YOY and down a significant amount from 2019 at 3.29 days. In 2023, most rate categories reported a decline in ALOS over 2019, except for the Upscale segment that recorded an ALOS of 3.3 days, up from 3.0 days. The Luxury, Upscale, and Midscale hotels ALOS was up YOY but the other categories are on a worrying downwards slide. Interesting points to highlight concerning the decline in ALOS, are:



Source: Harris Seminyak

(1) higher proportion of domestic to foreign guests, although only marginal – 63% in 2019 to 65% in 2023,

(2) the proportion of European guests has increased – 23% in 2019 to 27% in 2023 – which is counter-intuitive with longer lengths of stay typically enjoyed given the long-haul travel,

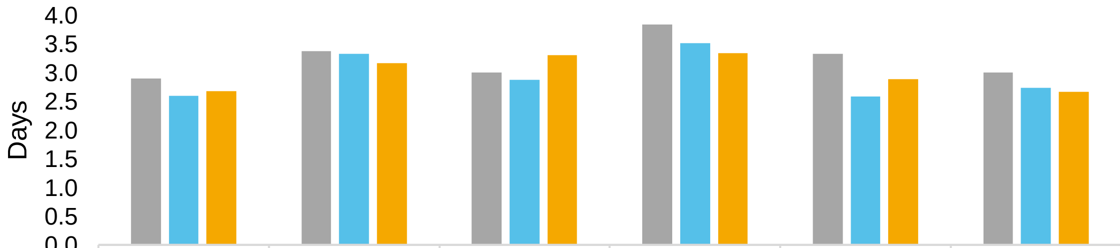
(3) increasing proportion of Aussies/Kiwis as they typically spend more than 3 days in Bali,

(4) the ADR of hotels has increased sharply and this has probably shortened visitors' lengths of stay, and finally

(5) the biggest nationality shift is away from China and towards India and traditionally the ALOS for both groups are comparable.

It is proffered that the largest impact to ALOS is arguably the ADR which is concerning. People are happy to pay higher daily rates, but are cutting their holidays short as a result.

ALOS by Rate Segments



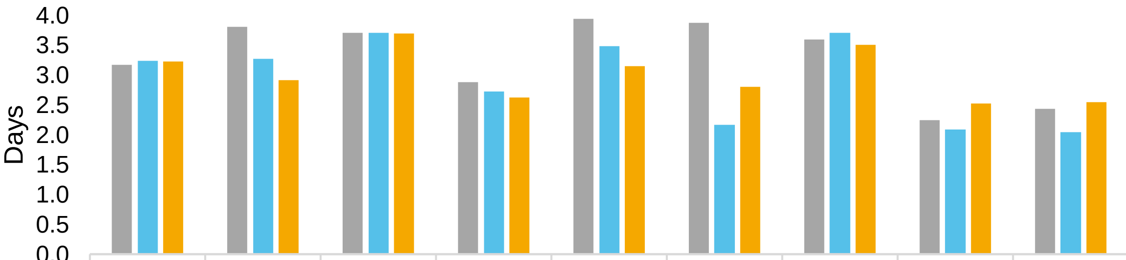
	Luxury	Upper Upscale	Upscale	Upper Midscale	Midscale	Economy
2019	2.9	3.4	3.0	3.8	3.3	3.0
2022	2.6	3.3	2.9	3.5	2.6	2.7
2023	2.7	3.2	3.3	3.3	2.9	2.7

2019 2022 2023

Source: Bali Hotel Association and Horwath HTL

By location, Seminyak has the longest ALOS at 3.7 days, a predominantly antipodean market, with repeat visitors, known / established product and an ADR that is less price sensitive (higher socio-economic demographic). The greatest falls in ALOS in recent years were recorded in Tanjung Benoa (down 1.1 days), Legian (down almost 1 day), and Nusa Dua (0.6 days) which is a concern. This is arguably an indication of price sensitivity of the leisure market in Legian and the MICE market in Nusa Dua / Tanjung Benoa. Less concerning but still negative are the falls in Jimbaran / Uluwatu and Sanur. On the bright side, Ubud and the Others markets continue to exhibit positive growth in the length of stay, surpassing pre-pandemic 2019 levels.

Length of Stay by Location



	Kuta	Legian	Seminyak	Jimbaran/ Uluwatu	Nusa Dua	Tanjung Benoa	Sanur	Ubud	Others
2019	3.2	3.8	3.7	2.9	3.9	3.9	3.6	2.2	2.4
2022	3.2	3.3	3.7	2.7	3.5	2.2	3.7	2.1	2.0
2023	3.2	2.9	3.7	2.6	3.2	2.8	3.5	2.5	2.6

2019 2022 2023

Source: Bali Hotel Association and Horwath HTL

Source: Tanadewa Villas & Resorts by Cross Collection

8. Hotel Market Outlook

As Bali continues to impress visitors with its picturesque landscapes, exotic cultures and innate hospitality, its hotel industry shows resilience. 2023 proved a remarkable market rebound with all markets outperforming their pre-pandemic 2019 levels.

Numbers are out for January 2024 and it was another bumper month, with occupancy and ADR up YOY, resulting in an encouraging 16% bump in IDR RevPAR. Nusa Dua and Sanur were the only submarkets with declines YOY in the first month of 2024. February and March are typically quiet, although advanced bookings were strong at the time of the last data collection in mid-February. Time will tell, but the signs are good. As mentioned above, we believe some consolidation will occur in the Luxury market with rates having exceeded expectations in 2023 but occupancy suffering; similarly in Upper Upscale we believe 2024 will be somewhat flat; Upscale and Upper Midscale are likely to focus on pushing rates, with the return of the Chinese market and already high occupancies recorded in 2023; the Midscale similarly will be pushing rates and the Economy hotels are likely to focus on occupancy, It is hard to predict much growth in ALOS with rates remaining high, this puts pressure on hotel staff with higher guest turnover ratios. That said, staff are enjoying significantly higher service charge, up about 35% in 2023 over that taken home in 2019, so happy days!

Other key things on the horizon (1) the government's new Bali International Hospital in Sanur to support medical tourism and keep Indonesians doing treatments in Indonesia is set to open in Q2, (2) as of February 14 2024, the Bali Levy was introduced, adding another level of complication and cost to international visitors arriving in Bali – the goal being a tax that contributes to the preservation of Bali's cultural and natural environment, and (3) the impact of a new central government.

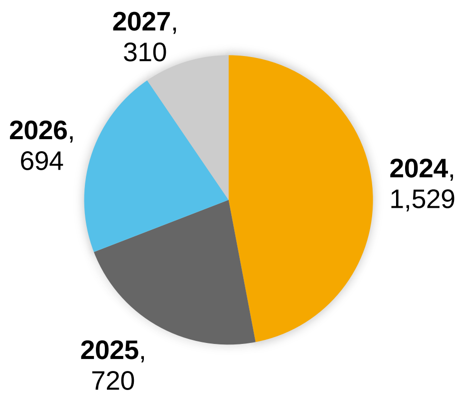
Four Points by Sheraton Seminyak

9. New Supply

Our records show a total of 3,253 rooms in 23 new hotels scheduled for opening between 2024 and 2027. This does not include rebrandings / conversions. We have provided the numbers by positioning, location and opening years.

Number of Hotel Rooms in Pipeline

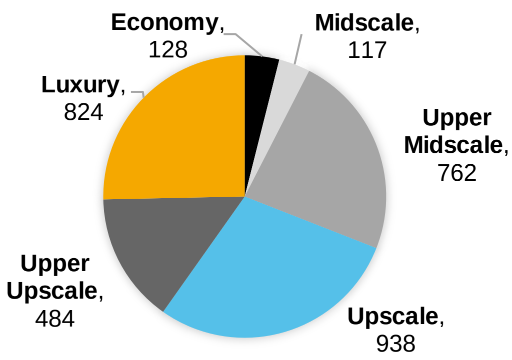
Nearly 50% of the new rooms are scheduled to open in 2024, trailing down to 10% in 2027 although we know that timelines are rarely kept.



Source: Bali Hotel Association and Horwath HTL

Number of Hotel Rooms in Pipeline by Segment

The Economy and Midscale hotels make up a very small proportion of new hotels, combined at less than 10%. The bulk of new hotels are in both Upscale (29%) and Luxury (25%) followed by Upper Midscale (23%) and Upper Upscale (15%).

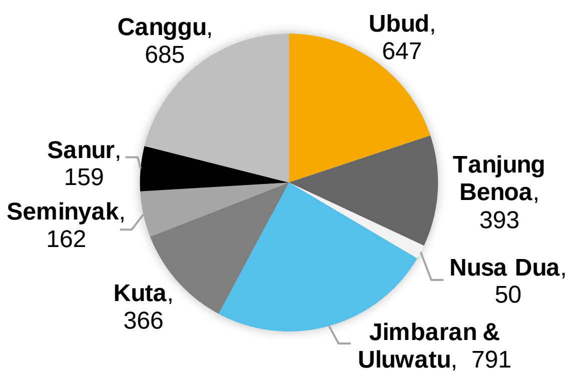


Source: Bali Hotel Association and Horwath HTL

Number of Hotel Rooms in Pipeline by Location

This is a very interesting chart indicating where the new hotels are located. Not surprisingly, the hustle is moving to Jimbaran / Uluwatu home to nearly a quarter of all new rooms and Canggu with a further 20% of new rooms. If anyone has recently driven / crawled around Bali, this will come as no surprise and of course, does not include the world of new villas and apartments under development in both those locations. With the continuing explosion of Canggu, it could become its own submarket (currently included in Others) in 2025.

Ubud will also accommodate 20% of all new rooms on record, which will make for interesting times, again given the current traffic levels to and from Ubud. The remaining new rooms are fairly well split with Tanjung Benoa and Kuta taking a larger proportion than Nusa Dua, Seminyak and Sanur.



Source: Bali Hotel Association and Horwath HTL

10. Deep Dive into Bali Branded Residences

10.1. Why Doesn't Bali Have More Branded Residences?

Compared to many other Southeast Asian resort destinations, Bali has seen limited penetration of branded residences over the past two decades. Unlike Thailand, where Phuket, Pattaya, Hua Hin and Koh Samui have all seen rapid progression, Penang in Malaysia, the Philippines' Cebu or virtually the entire coastline of Vietnam, the Island of the Gods has witnessed developers focus on tourism and not real estate projects.

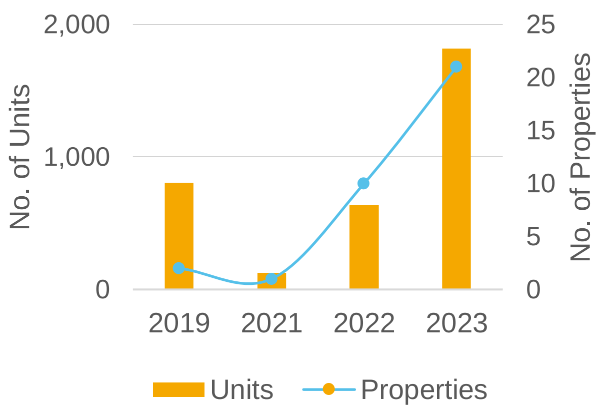
A leading factor is that large Indonesian property groups prefer the scale of larger scale projects in Jakarta and other urbanizing locations. They consider Bali a tourism market and when investing in hotels on the island are hesitant to sell-off real estate that has long-term recurring revenue potential.

Another issue is the restrictive environment on property ownership for foreigners, which offers relatively short leasehold terms compared to other Southeast Asian countries. Even condominiums targeting overseas buyers limit freehold ownership to non-Indonesians who hold residency and/or work permits. The application of leasehold terms across Bali is localized and often lacks transparency or consistency.

Moving up the echelon to luxury properties, the recurring costs of single-use PMA companies to hold these assets, which legally can be owned by foreign-registered companies, have continued to increase.

That said, we believe there is a changing mindset of Indonesian developers to develop branded residences in Bali and our research indicates that within the next 12-24 months we will see new mixed-use developments highlighted by well-known international hotel brands such as Anantara Ubud Bali Resort and Oakwood Hotel & Apartments Benoa Bali. During the pandemic and through the recovery Bali has witnessed a surge in real estate investment by Indonesians during the pandemic, and this is expected to grow to a wider scale among those seeking second or holiday homes. Once domestic buyers enter the broader resort-grade property market, we expect that impact to be a game-changer for branded residences.

Bali Managed Residences



Lavaya Nusa Dua Bali

Source: C9 Hotelworks Market Research
Note: Number of properties and units indicated above include both existing and pipeline projects

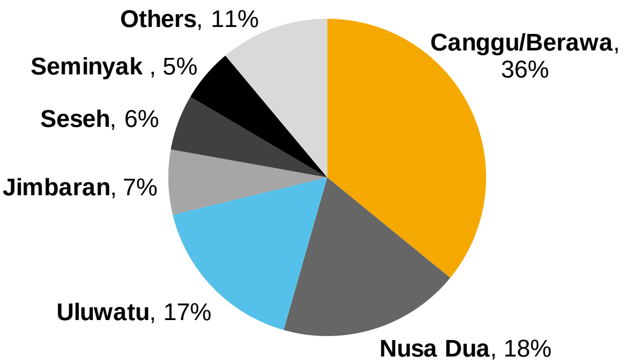
10.2. Global Migration, Remote Work and Lifestyle Changes

The pandemic triggered growth in Bali's resort-grade real estate market, further accelerated by the island's tourism rebound. Some of the key trends driving demand have been global migration as a result of the Russia Ukraine conflict, widespread adoption of work-from-anywhere practices, and post-COVID-19 lifestyle changes.

In 2022, the market saw a robust addition of new hospitality-led property developments, continuing into 2023 with a further 184% growth adding 1,816 units across 21 projects. From 2021 to 2023, the market absorbed 32 new managed residences, contributing 2,582 units to supply.

The managed residences market exhibits a distinct geographic concentration of developments. Canggu/Berawa leads with 36% of the total properties, equating to 1,370 units across 17 properties, affirming its status as a prime location. Greater Nusa Dua follows with 706 units and an 18% share, while Uluwatu, renowned for its surf culture and more relaxed atmosphere, has 641 units totaling 17%, signaling a pivot in recent project developments to the South. Jimbaran and Seseh complete the top five locations, with 252 and 216 units respectively.

Notably, many newer projects are gravitating towards Southwest areas in Bali like Uluwatu and Ungasan, drawn by their appeal to an outdoor culture and the promise of reduced congestion compared to the densely developed Canggu catchment area.



Source: C9 Hotelworks Market Research
Note: Above include both existing and pipeline projects

Source: Potato Head Bali

10.3. Investment Properties Highlight Flight to Condominium and Apartments

The landscape of Bali's managed residences market is distinctly marked by the prevalence of independent properties, which constitute 69% of the market with 2,621 units. In contrast, branded properties represent 32% with 1,216 units. The product mix is heavily skewed towards condominiums and /apartments, which account for the majority with 3,597 units, overshadowing villas at 240 units.

Bali Branded Residences (Primary Market)

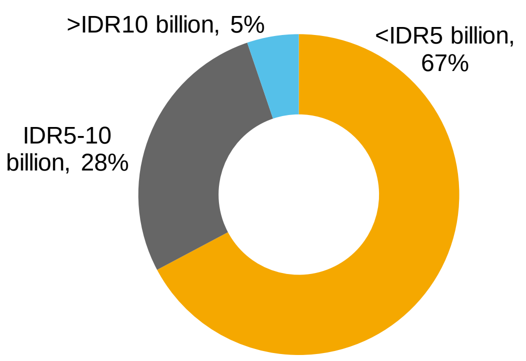
Name	Location	Launch Year	Units	Brand	Hotel Chain
Citadines Berawa Beach Bali	Berawa	2019	224	Citadines	Ascott
Lavaya Nusa Dua Bali	Nusa Dua	2019	584	AC Hotels by Marriott	Marriott
Jimbaran Signature Condo Hotel & Residences	Jimbaran	2022	209	Mercure Hotels	Accor
The Luc	Berawa	2022	14	TUI BLUE	TUI
Total			**1,030**		

Source: C9 Hotelworks Market Research

This dynamic reflects a trend towards smaller-scale developers launching projects. These typically offer managed residences, catering to a market segment keen on investment opportunities. The developments are noted for their affordability, with entry-level residences starting at approximately USD130,000 (IDR2 billion), and are primarily targeted at buyers seeking high rental yields. This indicates a shift in investor focus to value and performance in the post-pandemic era.

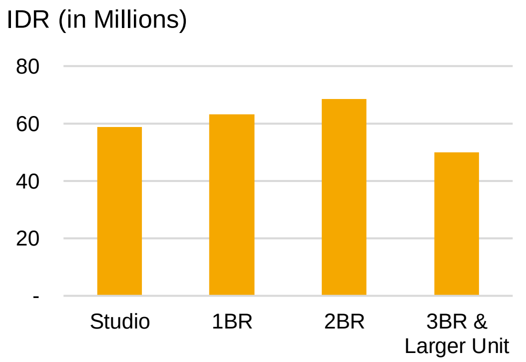
In the mid-range segment of Bali's property market, studio apartments dominate, averaging 40 sqm at IDR58.89 million per sqm. One-bedroom units, comprising a smaller share, offer more space at 70 sqm with a marginally higher price point of IDR 63.16 million per sqm. The market for two-bedroom residences, while limited, presents larger living areas averaging 111 sqm, commanding IDR 68.64 million per sqm.

Price Range, Mid-range Properties



Source: C9 Hotelworks Market Research

Average Sale Price, Mid-range Properties



Source: C9 Hotelworks Market Research

Source: Jimbaran Signature Condo Hotel & Residences

10.4. Going Forward. What to Expect

Our research indicates that both Indonesian and foreign capital groups are actively moving into mixed-use projects in Bali. Greenfield development is on the upswing, as are existing hotel properties which land banks that are looking to diversify into resort-type real estate.

It's likely that the cyclical market maturation will see smaller foreign developers become less dominant as larger Indonesian developers launch major projects. We expect this shift to continue to push up land prices across the island.

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C9 Hotelworks is a globally awarded hospitality consultancy recognized as Asia's leading advisor on residential and mixed-use developments, with projects and clients across all markets within Asia Pacific.

With a history spanning over a decade, C9 has worked throughout Asia and in many other locations around the globe from its base in Thailand, delivering independent, strategic advisory services to owners and developer for market studies, feasibility reports, management operator negotiations and asset management.

C9 has a high level of expertise in both hospitality and property sectors, with deep experience producing and analysing research that delivers insight to identify key issues, evaluate complex ones and support clients in achieving solid success.

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About Horwath HTL

At Horwath HTL, our focus is one hundred percent on hotel, tourism and leisure consulting. Our services cover every aspect of hotel real estate, tourism and leisure development.

Our clients choose us because we have earned a reputation for impartial advice that will often mean the difference between failure and success. Each project we help is different, so we need all of the experience we have gained over our 100-year history.

We are a global brand with 52 offices in 38 countries, who have successfully carried out over 30,000 assignments for private and public clients. We are part of the Crowe Global network, a top 10 accounting and financial services network. We are the number one choice for companies and financial institutions looking to invest and develop in the industry.

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