

FINAL REPORT  
MACRO MARKET STUDY OF  
HOTEL AND VILLA MARKET AT  
SOUTH LOMBOK, WEST NUSA  
TENGGARA PROVINCE,  
INDONESIA

**PREPARED FOR**

**BRIIX PTY LTD.  
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# CHAPTER 1: EXECUTIVE SUMMARY

# 1. EXECUTIVE SUMMARY

## 1.1. HOTEL MARKET REVIEW

### 1.1.1. SUPPLY ANALYSIS

- ❑ As of 2019, the total star-rated hotels in Lombok was around 93 hotels with a total of 4,537 hotel rooms. Majority of hotels are located in and around the more established tourist attractions, such as West Lombok Regency (Senggigi) in 2019, which accounted for 41% and contributed the largest percentage of total star-rated hotels in Lombok, followed by Kota Mataram as central business area for 31% and then North Lombok (Gili Islands and Tanjung) for 10% of total star-rated hotels in Lombok.
- ❑ As occupancy and Average Daily Room Rate (ADR) are not available by Region, market research was undertaken to gauge performance levels for a selected basket of hotels in the current key tourism areas: West Lombok such as Senggigi, Pemenang and Medana and Central Lombok or Kuta area, in order to assess differences in hotel performance between the existing key tourism areas in Lombok Island.
- ❑ The basket of hotels that we analyzed includes the five performing 4-star and 5-star hotels in the South and West Lombok area, with a total of 14 hotels.
- ❑ Market leader in Kuta area is Novotel Lombok Resort and Villas, which opened in 1997 with 77 rooms and 25 villa units. Novotel was one of the first star-rated hotel properties in Kuta area with an international brand operator. Novotel recorded an ADR of IDR 1.3 million with an average occupancy approximately 63% at the end of 2019 (YTD 2019).
- ❑ The market leaders in the Senggigi area include Sheraton Beach Resort with 152 rooms hotels and Kataraman Resort opened in 2016 with 109 rooms hotels and 20 villas.
- ❑ For the proposed supply, only Pullman is actively constructing its premise and has confirmed project completion in mid-2021, just in time to welcome MotoGP in October 2021. The rest of the hotels are currently mooted, with no estimated timing to enter the market. Some of these projects have been delayed due to financing issues.

# 1. EXECUTIVE SUMMARY

## 1.1. HOTEL MARKET REVIEW

### 1.1.2. DEMAND ANALYSIS

- ❑ Star-rated hotels in West Nusa Tenggara experienced a steady average occupancy within the range of 40%-50%. The average occupancy dropped in 2018 due to the earthquake. Occupancies of star-rated hotels ranged from 27.0% to 62.1% in the period of 2015-2019. The occupancy of all star-rated hotels recorded a CAGR of minus 0.2%.
- ❑ The basket of hotels that we analyzed includes the five performing 4-star and 5-star hotels in the South and West Lombok area, with a total of 692 rooms. Occupancy is significantly higher than the rates presented by the NTB Culture and Tourism Office for star-rated hotels, which illustrates the potential for good quality hotels with capable operators to perform above the market average.
- ❑ The estimated average daily room rate (ADR) for 4-star hotels ranged from IDR 930,000 to IDR 1,022,000. The overall occupancy levels were estimated at approximately 59% to 75%. The estimated ADR ranged from IDR 996,000 to IDR 1,081,000. The overall occupancy levels are estimated at approximately 49% to 80%.
- ❑ Average Daily Rate (ADR) for 4-star and 5-star hotels in 2019 ranged from IDR 537,200 to IDR 1.4 million per night. During the Covid-19 pandemic, ADR declined to IDR 323,100 to IDR 774,900 per night (excluding tax and breakfast).
- ❑ During the Covid-19 pandemic, average occupancy for 4-star and 5-star hotels in Lombok declined to approximately 10% to 35%, whilst ADR declined by 20% to 45% from the previous year levels.
- ❑ Average room occupancy for 4-star and 5-star hotels in Lombok for 2019 (Pre-Covid 19) was between 49% and 75%, indicating that the hotel industry prior to the Covid-19 pandemic was still promising in Lombok Island.

# 1. EXECUTIVE SUMMARY

## 1.1. HOTEL MARKET REVIEW

### 1.1.3. CONCLUSION AND MARKET OUTLOOK

- ❑ Based on our historical valuation of selected hotels in Kuta and Senggigi, the compound average growth rate (CAGR) of commercial land value during normal conditions between 2014 and 2017 (before the earthquake in 2018), was 6.4% per annum for Kuta and 6.2% per annum for the Senggigi area.
- ❑ Senggigi is considered the most established tourism area in Lombok, and hence its land price growth has stabilized. However, there is good upside potential for future land value appreciation in the Kuta area, due to the continued development of Mandalika as a Special Economic Zone, which has been declared as a strategic tourism project by the Central Government. The sustained growth of Kuta area also depends on successful, continued holding of crowd-pulling events, including the Mandalika MotorGP-2021 event and other international and national sports events.
- ❑ We have reviewed the historical land value growth index at Kuta and the historical GDP growth of West Nusa Tenggara Province in 2014-2019 period.
- ❑ Our analysis indicates that GDP growth is strongly correlated with the land value growth at Kuta, with correlation coefficient of over 80%.
- ❑ Considering the historical and projected GDP growth of West Nusa Tenggara Province, and assuming that the Covid-19 pandemic can be resolved by Q4 2021, the projected land value growth at Kuta in 2021-2023 ranges from 5% to 7% per annum.

# 1. EXECUTIVE SUMMARY

## 1.2. VILLA MARKET REVIEW

### 1.2.1. SUPPLY ANALYSIS

- ❑ We have reviewed the two types of villa products based on four locations, namely Senggigi, Kuta, Selong Belanak and South Beach Lombok. Out of the four locations, Senggigi is the most popular, established tourism destination. With the relocation of Selaparang Airport to Lombok International Airport at Praya, Central Lombok, as well as the continuous development of SEZ Kuta Mandalika, tourists have started to visit Kuta and Selong Belanak areas. Meanwhile, South Beach Lombok area is located further from Airport and is still less developed. However, several developers have entered this remote location due to attractive views and nature characteristics offered in selected development sites.
- ❑ There are limited existing villa compounds that are already in operation in the market. Most projects are still under construction progress or even newly launched in 2019.

### A. SENGGIGI

- ❑ Senggigi Area is considered the main, most established tourist strip in Lombok, stretching out over several kilometers along the west coast. It is located within the West Lombok Regency and lies just north of Mataram.
- ❑ Because Senggigi area is already well established with beachfront hotels and villatels, not many villas for sale are developed in this area. Relative to other parts of Lombok, Senggigi area has an additional element of vibrancy and quite crowded. Many investors prefer to develop villas in quieter areas, away from the crowd and closer to nature.
- ❑ The key selling points of villas in Senggigi Area :
  - ❑ Good location, very close to the beach.
  - ❑ Close to the famous Gili Islands, the most popular tourist destination in Lombok. Tourists have an option to stay in Gili Islands or use Senggigi area as a transit area which offers more complete amenities and services.
  - ❑ Villa prices are relatively affordable for a well-established tourism area.

# 1. EXECUTIVE SUMMARY

## 1.2. VILLA MARKET REVIEW

### 1.2.1. SUPPLY ANALYSIS

#### B. SELONG BELANAK

- ❑ Selong Belanak is one of the newly developed and popular area in Lombok that offers good ocean view and has good accessibility from Lombok International airport at approximately 40-minute drive.
- ❑ Amber Hotel and Resort, Selong Selo Residences and Tropik Villa offer villa units as a ‘package’ comprising both the land and building. Meanwhile, at Cascada and Tampah Hills, the developers sell villa land at size range of 1,100 sqm to 5,600 sqm.
- ❑ Asking land price in Selong Belanak area is USD 65 – USD 145 per square meter depending on the location, the view and land size. Meanwhile, building price is offered starting from 1,200 USD per square meter villa.
- ❑ The land price in Selong Belanak is higher than that in the Kuta Area.
- ❑ Selong Selo Residences, which is marketed by Elite Havens, offers room rate ranging from USD 150 for 1BR to USD 795 for 7 BR per night in 2020.
- ❑ Each villa project in Selong Belanak has its key selling point that utilizes its land characteristic to ‘sell’ the view

TABLE 1.1: KEY SELLING POINTS OF EXISTING PROJECTS IN SELONG BELANAK AREA

Amber Resort and Hotel	Selong Selo Residences	Cascada	Tropik	Tampah Hills
<ul style="list-style-type: none"> <li>▪ Beach front property</li> <li>▪ Integrated beachfront villa and hotel resort.</li> <li>▪ Active construction-project is estimated to be completed in early 2021</li> </ul>	<ul style="list-style-type: none"> <li>▪ Good location with panoramic ocean view</li> <li>▪ High quality amenities.</li> <li>▪ Marketing and management team also have good track record in Bali</li> </ul>	<ul style="list-style-type: none"> <li>▪ Large villa land plots with relatively affordable prices.</li> <li>▪ Provides opportunity for buyers to do land banking, with no deadline on villa construction.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Relatively affordable price for amenities offered</li> </ul>	<ul style="list-style-type: none"> <li>▪ Large villa land plots with relatively affordable prices.</li> <li>▪ Offer hills and ocean view</li> <li>▪ Many resort facilities planned</li> </ul>





# 1. EXECUTIVE SUMMARY

## 1.2. VILLA MARKET REVIEW

### 1.2.1. SUPPLY ANALYSIS

#### C. KUTA

- ❑ Kuta is located within the Central Lombok Regency and lies on the south coast of the island. Development of Kuta area has been generated by the opening of Lombok International Airport in Praya, Central Lombok, as the travel time from Kuta to New International airport only approximately 30 minutes.
- ❑ Because of its location in Central Lombok, several accommodations and restaurants in Kuta have been developing in line with the growth of tourist arrivals. The tourist market segmentation in Kuta is quiet diverse, ranging from backpacker to upscale tourists. Currently there is only one upscale hotel in Kuta, i.e. the four-star Novotel. However, recently, there are some upper upscale hotels and private villas being developed.
- ❑ The range of land price per square meter in Kuta area is USD 36 to USD 66 depending on location, view and land size.
- ❑ The key selling points of selected villa projects in Kuta are shown below:

TABLE 1.2: KEY SELLING POINTS OF EXISTING PROJECTS IN KUTA AREA

Kuta Heights	Tanjung Ocean View	Kuta Sunset By Private Sanctuary
<ul style="list-style-type: none"> <li>▪ Relatively affordable land price and building price.</li> <li>▪ Provides opportunity for buyers to do land banking, with no deadline on villa construction.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Large plots with affordable prices</li> <li>▪ Ocean view</li> <li>▪ Walking distance to the beach</li> </ul>	<ul style="list-style-type: none"> <li>▪ Near SEZ Mandalika</li> <li>▪ Integrated with resort hospitality and facilities that can be enjoyed by villa owners including club house facilities</li> </ul>

Source : Knight Frank/PT. Willson Properti Advisindo, 2020



Villa Land Plots: developer only sells land plots/villa 'kavlings'

# 1. EXECUTIVE SUMMARY

## 1.2. VILLA MARKET REVIEW

### 1.2.1. SUPPLY ANALYSIS



#### D. SOUTH BEACH

- ❑ South Beach area, including Pujut and Jerowaru area, is the newest developing tourist area in Lombok. The main strength of this remote location is the natural characteristic that will be the main selling point for the development of villa for sale.
- ❑ On the other hand, the travel time from the Lombok International Airport to South Beach area is over 90 minutes.
- ❑ The key selling points of each project in South Beach are shown below:

TABLE 1.3: KEY SELLING POINTS OF EXISTING PROJECTS IN SOUTH BEACH AREA

Lobster Bay Lombok	Innit	Ebuak Bay
<ul style="list-style-type: none"><li>▪ Integrated villa and hotel resort</li><li>▪ Affordable price</li></ul>	<ul style="list-style-type: none"><li>▪ Integrated beach front villa and hotel resort</li></ul>	<ul style="list-style-type: none"><li>▪ Integrated villa and hotel resort</li><li>▪ have panoramic views of the bay, beach surf breaks, and headland.</li></ul>

Source : Knight Frank/PT. Willson Properti Advisindo, 2020

 Villa Units: villas sold as lot and building as a 'package'  
 Villa Land Plots: developer only sells land plots/villa 'kavlings'

# 1. EXECUTIVE SUMMARY

## 1.2. VILLA MARKET REVIEW

### 1.2.1. SUPPLY ANALYSIS

#### DEVELOPMENT CONFIGURATION

- ❑ The existing villa estates for sale in Lombok have a total of 143 units with Lobster Bay providing the largest number of total units.
- ❑ Existing supply is dominated by 2BR units (46%), followed by Studio/1BR (31%), whilst 3BR and Penthouse units account for 10% and 12% of total supply, respectively.
- ❑ Based on unit size, the most dominant size is 200 sqm (55%), followed by 100 – 150 sqm (21%). Unit size ranges from 95 to 269 sqm for 1BR, 146 to 369 sqm for 2 BR and 251 to 385 sqm for 3 BR units. The average size of the 1BR, 2BR and 3BR units is 114 sqm, 210 sqm and 281 sqm, respectively. Penthouses are exceptional with option of 4BR up to 7BR.

#### PRICING

- ❑ Asking lump sum prices of villas in several areas in Lombok are described below:
  - Senggigi: the lumpsum price starts from 170,000 USD for a 2 BR unit at Asmara Villa, which is not integrated with hotel. At Anema Resort, which is integrated with the hotel, prices are 271,292 USD for a 1BR unit to 406,930 USD for 2 BR.
  - Selong Belanak: the lumpsum price starts from 125,000 USD for a 1BR to USD 1,515,000 for a Penthouse
  - South Beach :the lumpsum price starts from 128,400 USD for a 1BR to USD 515,000 for a 3BR.
- ❑ There is a wide price range for 1BR and 2 BR units. For 1BR units, the price range is USD 1,310 to USD 3,139 per sqm, and for 2 BR units the price ranges from USD850 to USD 2,705 per sqm. The wide price range is attributable to the large range of land size in villas offered in the market.

#### PROPOSED SUPPLY

- ❑ Due to the Covid-19 pandemic, out of the three villas projects, only the construction of Pullman Hotel and Resort is progressing and is expected to complete by mid-2021, just in time to welcome the MotoGP race in October 2021. Other projects are still mooted.

# 1. EXECUTIVE SUMMARY

## 1.2. VILLA MARKET REVIEW

### 1.2.2. DEMAND ANALYSIS

#### DEMAND LEVELS

- ❑ The most popular villa types, as indicated by sales rates are 2BR units, followed by 1BR units, as most villa buyers tend to use their units for their own private occupation. The sales rate for the 2BR type and 1 BR type is at 57% and 54% respectively.

#### DEMAND PROFILE AND PREFERENCES

- ❑ The most dominant buyers are foreign investors and for domestic investors come from outside of Lombok, mainly from Jakarta and Kalimantan.
- ❑ Important demand preference factors of villa purchasers include:
  - Private location with good accessibility
  - Availability of good ocean view, beach frontage and/or good access to the beach
  - Facilities and infrastructure, both within the villa estate and linkages to nearby facilities outside the estate
  - Unit quality and features
  - Quality of management

# 1. EXECUTIVE SUMMARY

## 1.2. VILLA MARKET REVIEW

### 1.2.3. RENTAL YIELD

- ❑ Out of seven villa estates for sale that we reviewed, four projects offer guaranteed yields ranging from an average of 6,94% for Tropik Villa in 4 years, 10% for two years at both Innit and Ebuak Bay, to 12% for Amber Resort for 2 years.
- ❑ We have also reviewed the estimated yields of 3 villa estates that are already in operation, namely Asmara Villa, Anema Wellness Resort and Selong Selo Resort and Residences. Despite the Covid-19 pandemic, these projects still manage to book average occupancy of 43% to 53%, due to the limited number of villa units in each estate. At these occupancy levels, the estimated yields for each villa type are described below:
  - 1 BR: 5.2% at Anema to 18% at Selong Selo
  - 2BR: 6% at Anema to 12.8% at Selong Selo
  - 3BR to 7BR: 7.7% to 18.1% at Selong Selo.

### 1.2.4. CONCLUSION AND MARKET OUTLOOK

- ❑ The sales of resort villas in Lombok have been generated by both rental yields and capital gain prospects. Lombok has been the main alternative for investors who are seeking other alternatives to South Bali villas, due to availability of good development sites offering unique natural features and views at more affordable land prices.
- ❑ Whilst the villas for sale market has been in very soft condition due to the slow market recovery post the 2018 earthquake and the current Covid-19 pandemic, selected existing villas that are in operation still able to achieve 43%-53% occupancy and produce double digit yields, on top of the guaranteed yields from the developers. Based on performance of selected projects, expected yields range from 5% to 18%.
- ❑ In response to the soft market condition and capitalizing on the prospects of future land value growth, several foreign investors have purchased large land plots and offered villa land plots for sale to potential buyers, dividing their projects into several stages. Such arrangement provides opportunity for villa buyers to do land banking, capitalizing on future land price appreciation. Whilst such strategy may be a quick short-term solution to generate cash flows in the short-term, selling villa land plots may have a long-term project risk, as some buyers are likely to delay building their villas, choosing their own sweet time.

# 1. EXECUTIVE SUMMARY

## 1.2. VILLA MARKET REVIEW

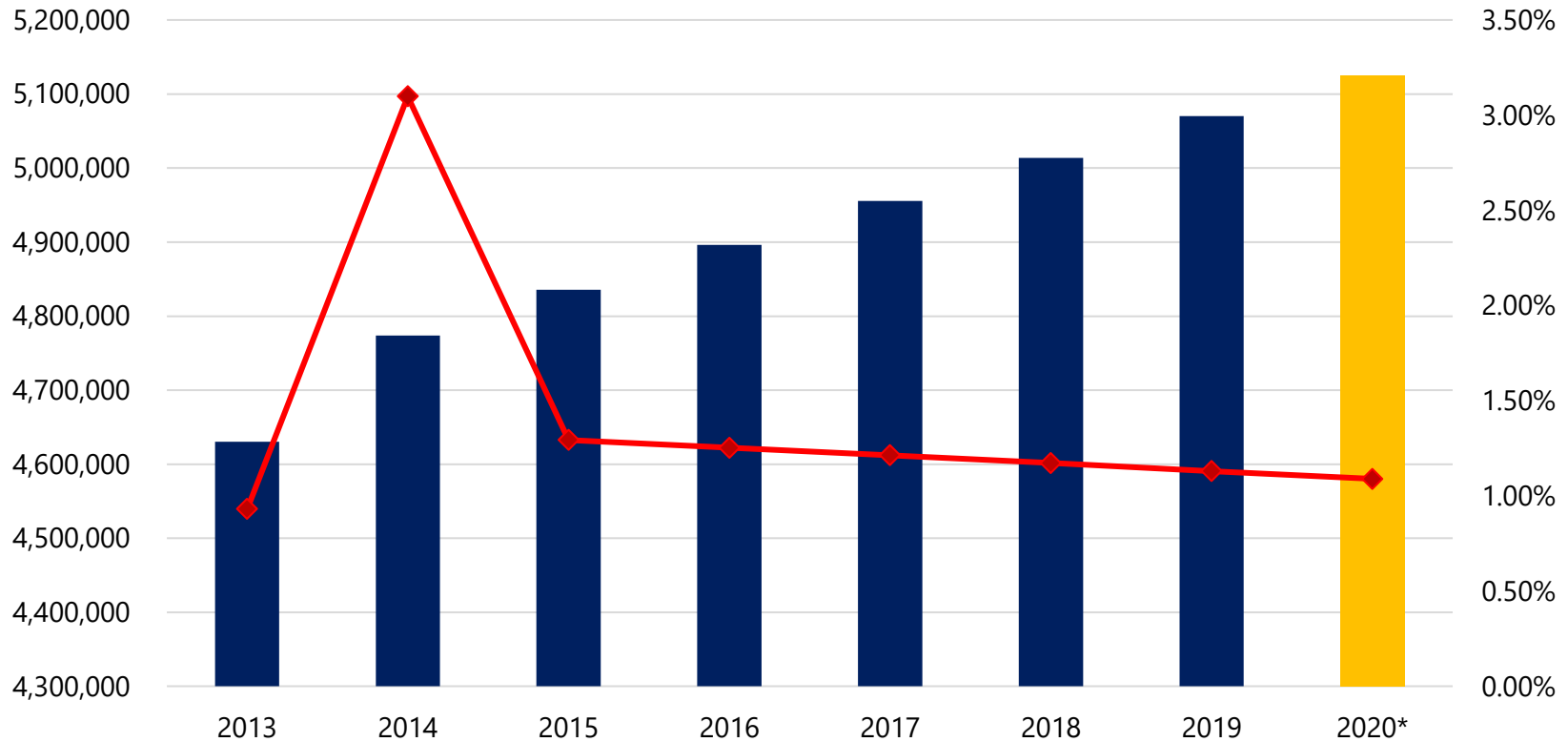
### 1.2.4. CONCLUSION AND MARKET OUTLOOK (CONTINUED)

- ❑ As such, in the long term the project may be left with empty sold plots, preventing the developers from establishing an active, sizable community in the villas, and deter the interest of future buyers. Furthermore, each villa in the estate may have different façade, as buyers are given the flexibility to develop their villas on built-to-suit basis.
- ❑ Assuming that the Covid-19 pandemic can be resolved in late 2021, the MotoGP event in October 2021 would contribute timely to the recovery of the Lombok tourism market.
- ❑ The Lombok villa market would continue to be driven by interests from foreign investors, owing to the low land price and strong natural features of Lombok, thereby providing good upside potentials. However, Lombok also has an emerging competition from other tourism destinations in East Indonesia such as Labuan Bajo. In order for the Lombok villa market to prosper, the overall Lombok tourism market must rebound, starting with the recovery of the hotel investment market. The following conditions are necessary for the Lombok tourism market to leapfrog the competition:
  - Continued collaboration between the Indonesian central and regional government to accelerate developments at Mandalika Special Economic Zone. Recreational facilities, such as marina and the 27-hole golf course, are necessary catalyst developments to increase the appetite of hotel investors.
  - Continued calendar of large events to generate room night demand. For example, if the MotoGP 2021 event can be developed further to Formula One, the multiplier impact to upper upscale tourism would be greater.

# CHAPTER II: ECONOMIC AND DEMOGRAPHIC REVIEW

# 2.1. POPULATION

**FIGURE 2.1: WEST NUSA TENGGARA POPULATION YEAR 2013-2020\***



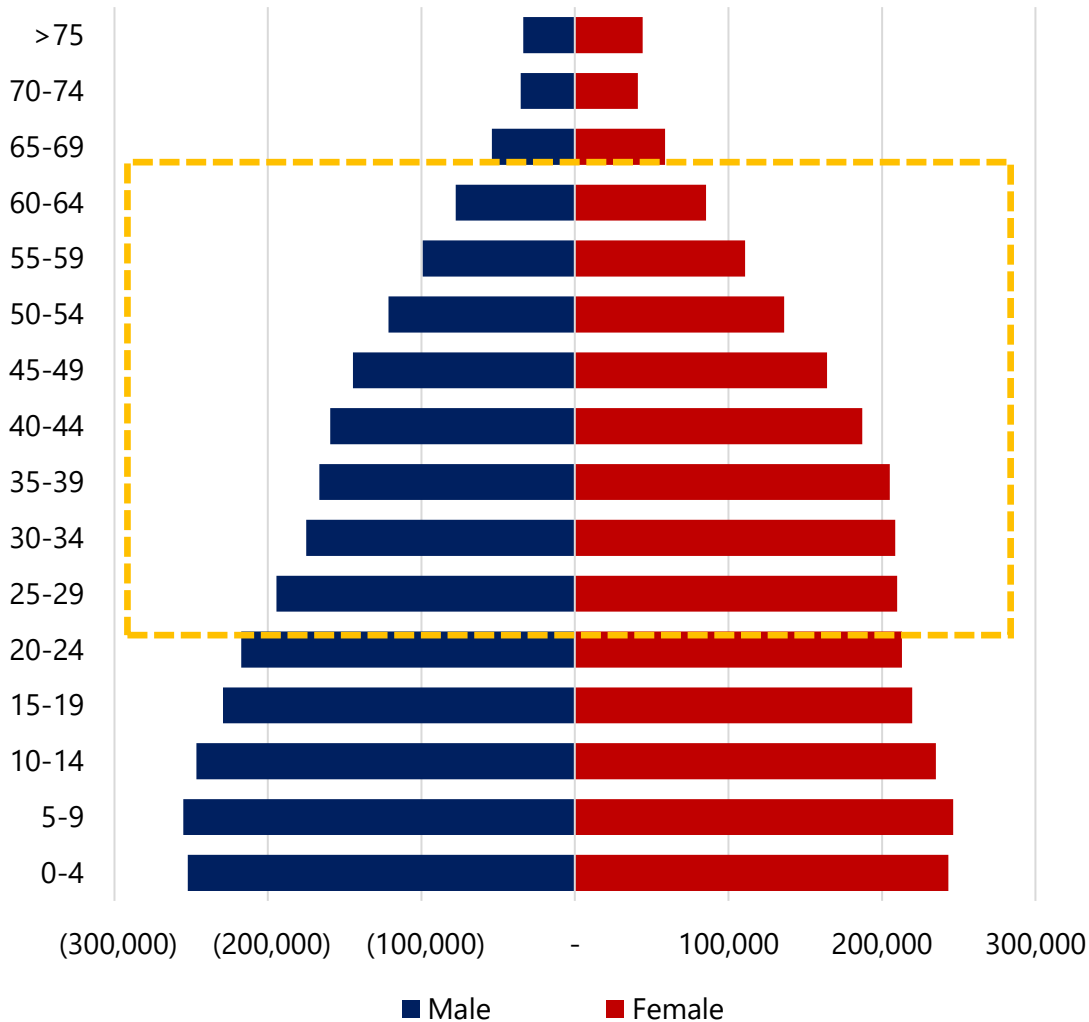
Source: Central Bureau of Statistics West Nusa Tenggara Province, 2020

- ❑ The average population growth in West Nusa Tenggara Province in 2013-2019 reached 1.44% per year.
- ❑ The estimated population level of West Nusa Tenggara Province in 2020 will be 5,125,622 people.



# 2.1. POPULATION

**FIGURE 2.2: WEST NUSA TENGGARA POPULATION PYRAMID YEAR, 2019**

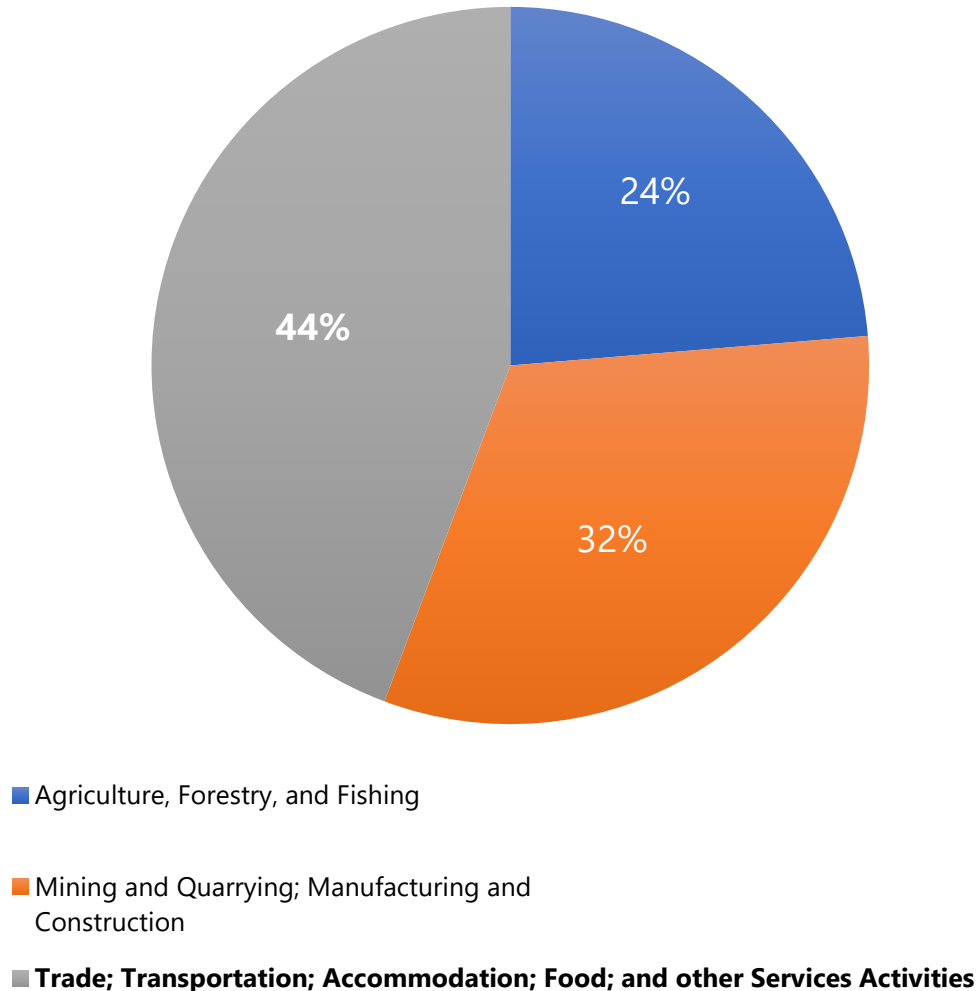


- Population in West Nusa Tenggara Province based on age composition is described below:
  - Non-Productive Age:
    - Under 15 years old: 1,478,602 people with 29.16%
    - Above 64 years old: 266,673 people with 5.26%
  - Productive Age (15-64 years old) : 3,325,110 people with 65.58%
- With an area of 2,012,448 km<sup>2</sup>, West Nusa Tenggara Province's average density is approximately 252 people /km<sup>2</sup>.

Source: Central Bureau of Statistics West Nusa Tenggara Province, 2020

## 2.2. EMPLOYMENT

**FIGURE 2.3: WEST NUSA TENGGARA LABOR PROFILE YEAR, 2019**

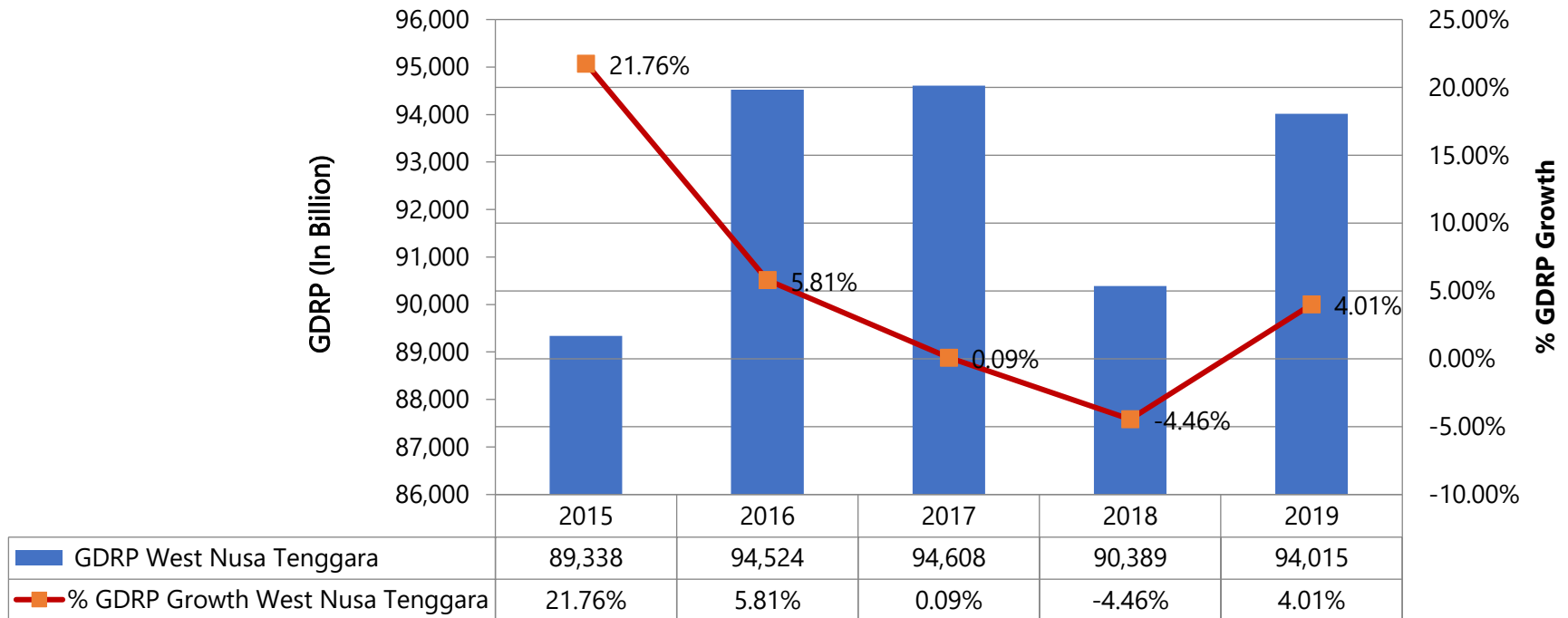


- ❑ West Nusa Tenggara total labor force as of August 2019 was 4,066,808 people.
- ❑ Trade, Transportation, Accommodation, Food and other services sector contributed 44% of employment, followed by Transportation and Accommodation and Information and Communication at 32%, and the manufacturing sector at 24%.
- ❑ The service sector is a significant contributor in this province, which included the tourism and hospitality sectors. Meanwhile, the local population still relies on the agricultural sector, which is relatively less labor-intensive.

Source: Central Bureau of Statistics West Nusa Tenggara Province, 2020

## 2.3. GDRP

**FIGURE 2.4: REGIONAL GDP BY INDUSTRY SECTOR WITH CONSTANT PRICES IN WEST NUSA TENGGARA PROVINCE, 2015-2019 (in Billion Rupiah)**

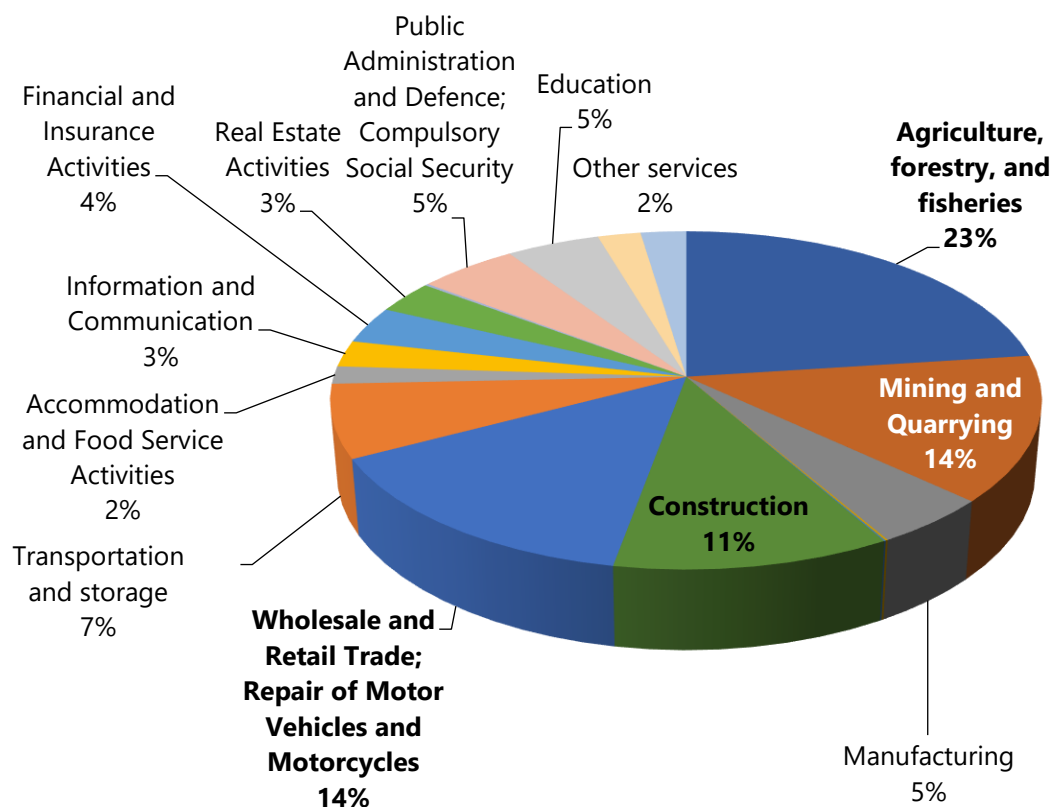


Source: Central Bureau of Statistics West Nusa Tenggara Province, 2020

- ❑ GRDP in West Nusa Tenggara at constant prices increased from IDR 89,338 billion in 2015 to IDR 94,015 billion in 2019. GRDP growth in 2019 was 4.01%, higher than the previous year, which reached -4.46%.
- ❑ West Nusa Tenggara's regional GDP dropped significantly in 2018 due to the impact of the earthquake that occurred in July. During the rest of 2018, the local government was still focusing on recovering efforts from this natural disaster. International and domestic tourist visits also fell drastically in 2018 and only began to recover in mid of 2019.

## 2.3. GDRP

**FIGURE 2.5: GDP BASED ON INDUSTRY SECTOR YEAR 2019**



□ In 2019, the four major contributors to the economy in West Nusa Tenggara included:

- Agriculture, forestry, and fisheries at 23%.
- Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles, and Mining & Quarrying with 14% each.
- Construction at 11%.

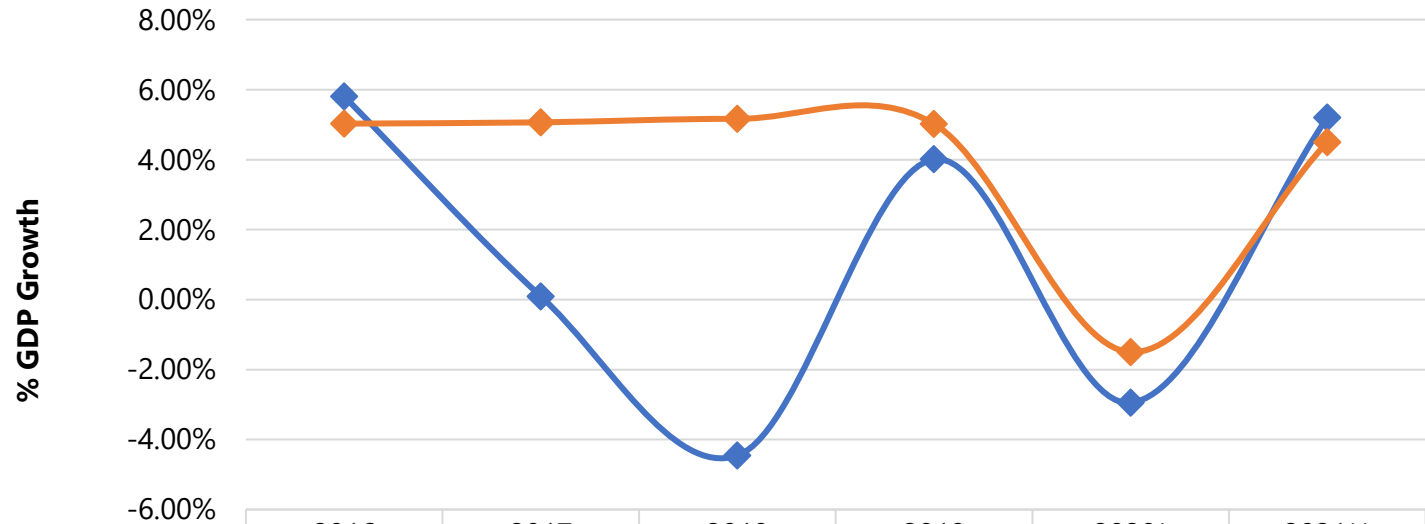
□ The economic sector in West Nusa Tenggara Province still relies on agriculture, forestry, and fisheries. However, this industry is still run traditionally, without high technology.

Industry Sectors	Highest GRDP Contribution Based on Constant Market Price in West Nusa Tenggara (%)
Agriculture, forestry, and fisheries	23%
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	14%
Mining and Quarrying	14%
Construction	11%

Source: Central Bureau of Statistics West Nusa Tenggara Province, 2020

## 2.3. GDRP

**FIGURE 2.6: GDP GROWTH OF WEST NUSA TENGGARA VS INDONESIA (2016-2019)**



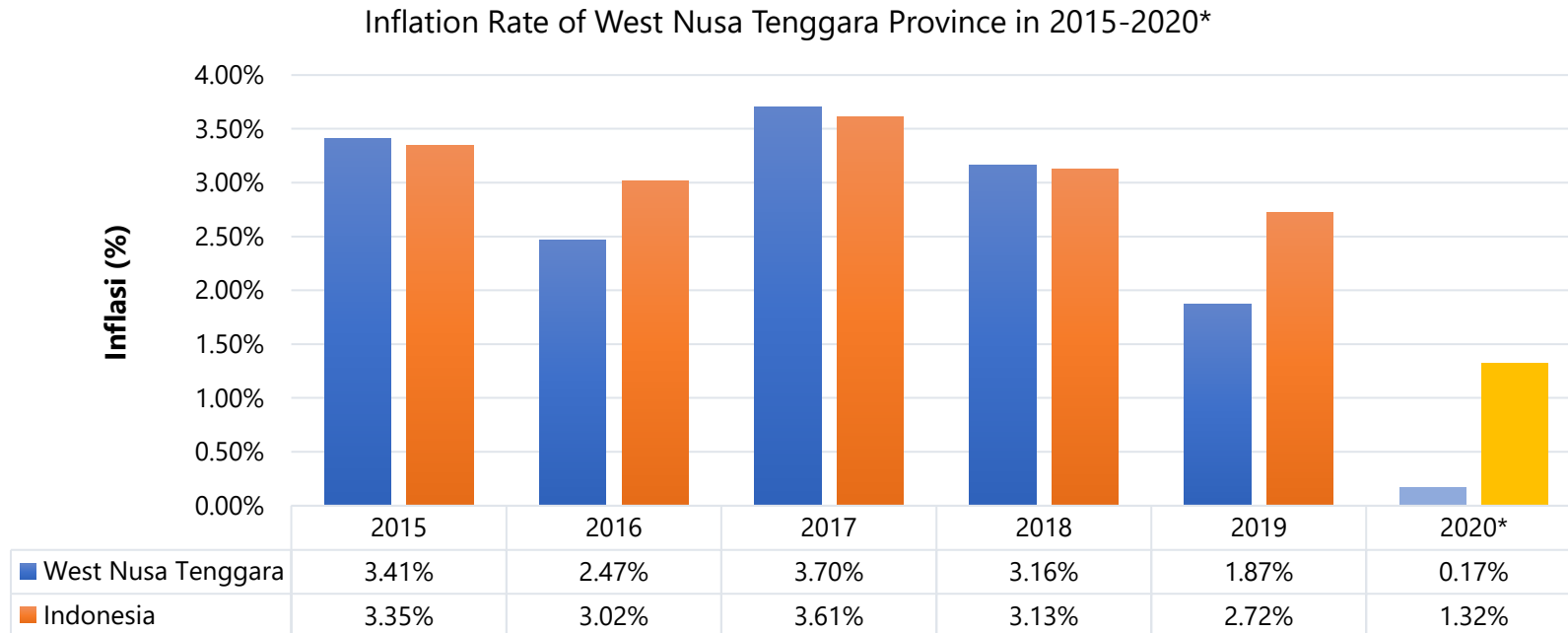
	2016	2017	2018	2019	2020*	2021**
◆ % GDRP Growth West Nusa Tenggara	5.81%	0.09%	-4.46%	4.01%	-2.95%	5.20%
◆ % GDP Growth Indonesia	5.03%	5.07%	5.17%	5.02%	-1.50%	4.50%

Source: Central Bureau of Statistics West Nusa Tenggara Province and Bank Indonesia, 2020

- ❑ The average growth of Indonesia's GDP in the 2016-2019 period was 5.03% per annum. Meanwhile, the GDP of West Nusa Tenggara Province has declined from 5.81% in 2016 to -4.46% in 2018 due to the Lombok earthquake, which resulted in delays in several regional investment projects and affected primary economic sector performance such as agriculture, tourism, hospitality, construction, trade and transportation.
- ❑ According to Bank Indonesia's forecast, the National GDP is predicted at -1.5% due to the Covid-19 pandemic, and gradually recover at 4.5% in 2021 and return to normal growth in the range of 5 - 6% in 2022. Meanwhile, the West Nusa Tenggara GDP is predicted at -2.95% in 2020 and rebound to 5.2%, based on predictions from the Bank of Indonesia office at West Nusa Tenggara Province.

## 2.4. INFLATION

**FIGURE 2.7: INFLATION RATE WEST NUSA TENGGARA VS INDONESIA (2015-2020\*)**

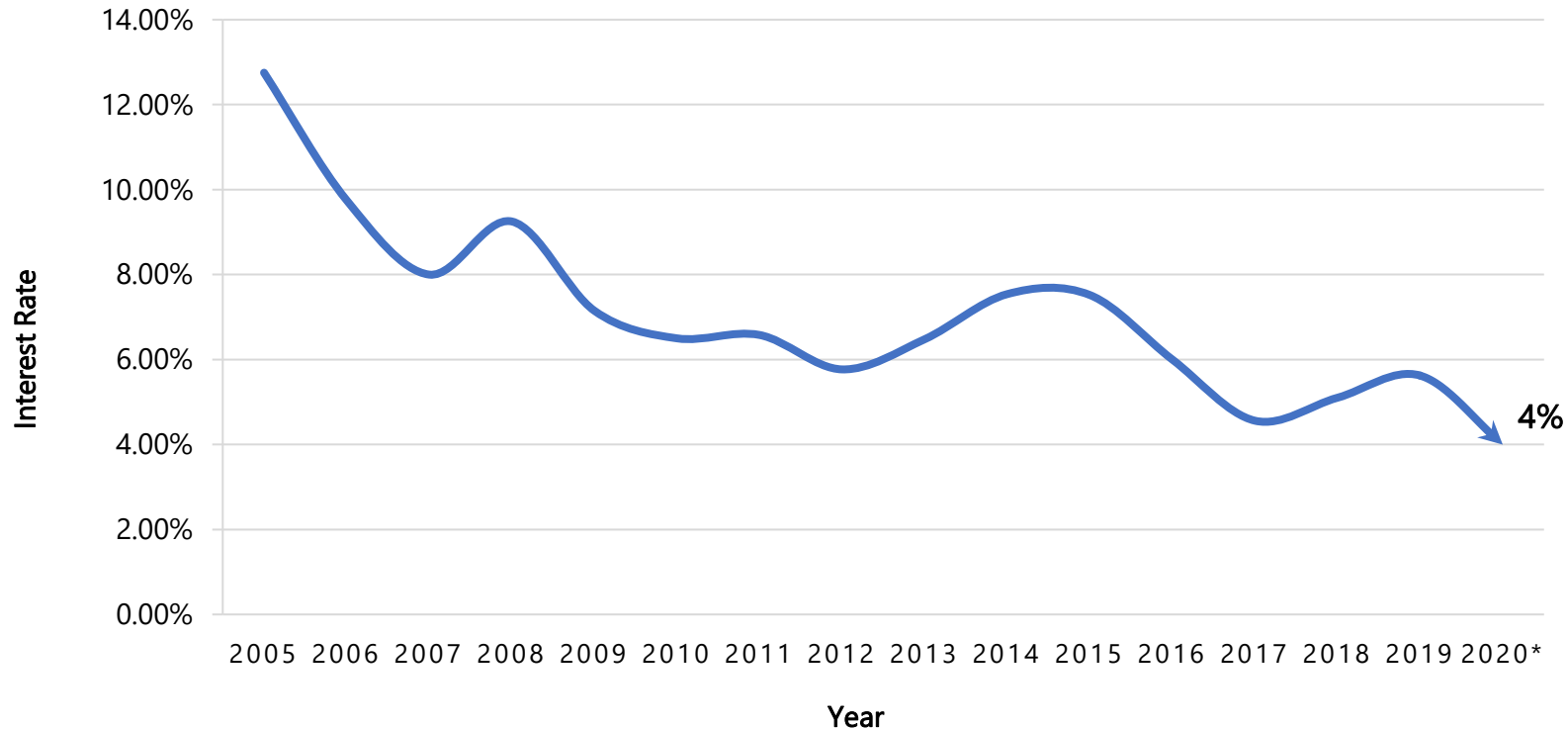


Source: Central Bureau of Statistics West Nusa Tenggara Province, 2020, Bank Indonesia per August 2020

- ❑ West Nusa Tenggara inflation in five years from 2015 to 2019 has been relatively manageable in the range of 2% - 3% (YoY). The highest inflation was recorded in 2017 at 3.70%.
- ❑ Based on the 3Q 2020 performance, Kota Mataram, has deflation of 0.03%, and Kota Bima has a deflation of 0.12%.
- ❑ Due to the Covid-19 pandemic, the Central Statistics Agency (BPS) of West Nusa Tenggara Province announced combined annual inflation in July 2020 was the lowest, due to declining purchasing power.

## 2.5. INTEREST RATE

**FIGURE 2.8: INTEREST RATE BASED ON BI REPO-RATE 7-DAYS**



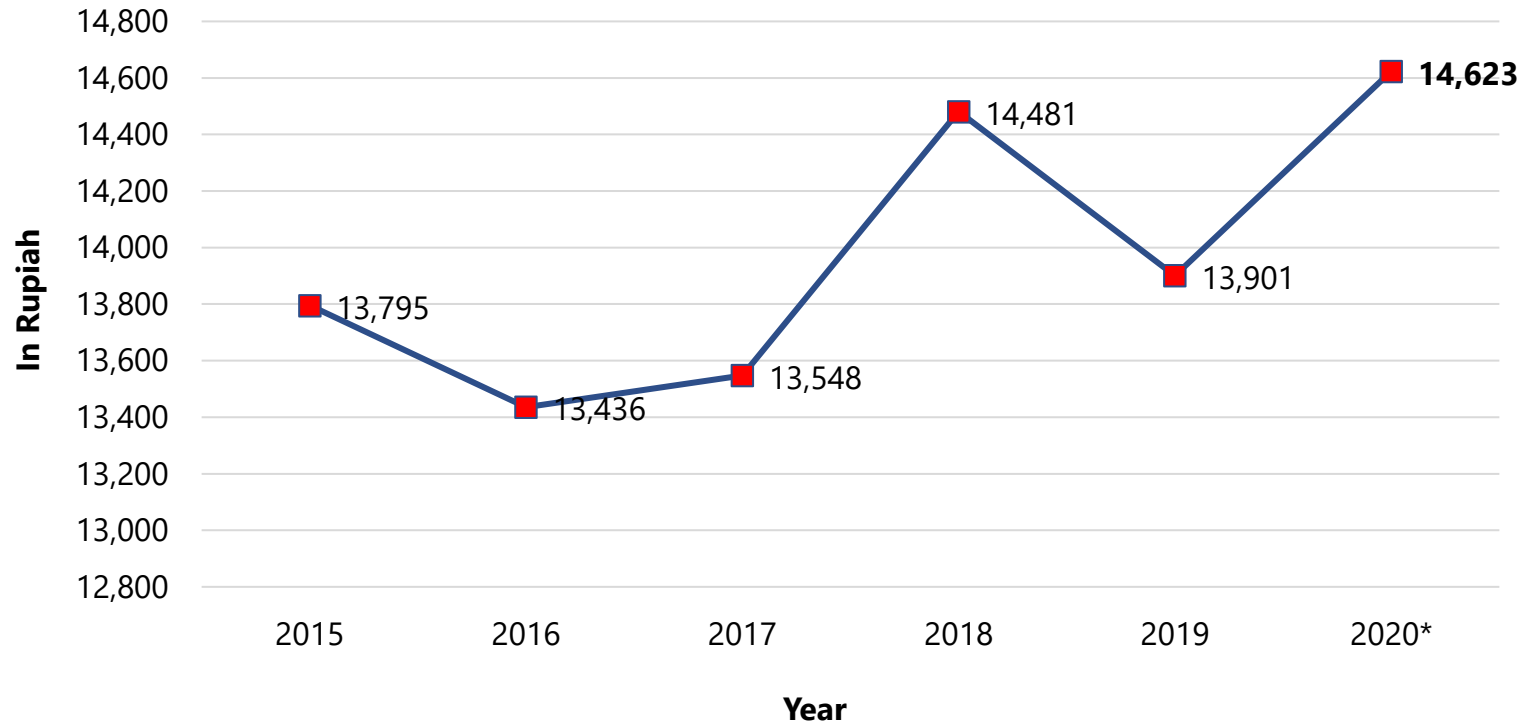
- ❑ Bank Indonesia continued to gradually lower the BI 7-Day Reverse Repo Rate (BI7DRR). According to Bank Indonesia, the interest rate per September 2020 was 4%, lower from 2019, at 5.63%.
- ❑ The lowering of interest rates is a significant factor supporting investment, especially in the property sector, both in investors and consumers or end-users' side.

Source: Jakarta Central Bureau of Statistics, 2020, \*Bank Indonesia per July 2020

Note: Since 2016, interest rate based on BI repo-rate 7-Days

## 2.6. EXCHANGE RATE

**FIGURE 2.9: IDR TO USD EXCHANGE RATE IN THE LAST 10 YEARS**



- The Rupiah exchange rate strengthened from 2015 to 2017 in line with the global economy's improvement, which maintained public confidence in Indonesia's economic conditions.
- In 2018 up to the end of 2019, Rupiah fluctuated in reactions to the global economic uncertainty and trade war between the United States and China.
- Early 2020 up to today, Rupiah is still fluctuating heavily, as the Indonesia Government is trying to overcome the Covid-19 pandemic and struggling to stabilize the economy.

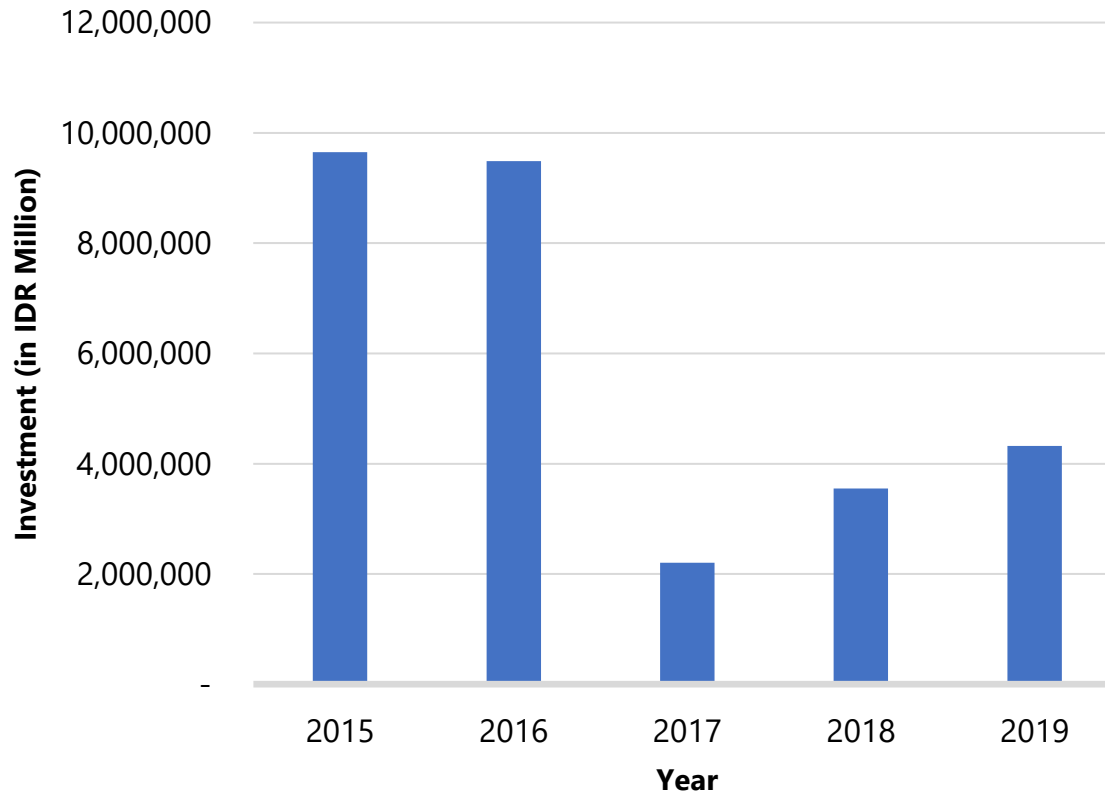
Source: Jakarta Central Bureau of Statistics, 2020

\*Bank Indonesia per 5 August 2020



## 2.7. FOREIGN AND DOMESTIC INVESTMENT

**FIGURE 2.10: PMA (FOREIGN DIRECT INVESTMENT) REALIZATION IN WEST NUSA TENGGARA (2015-2019)**

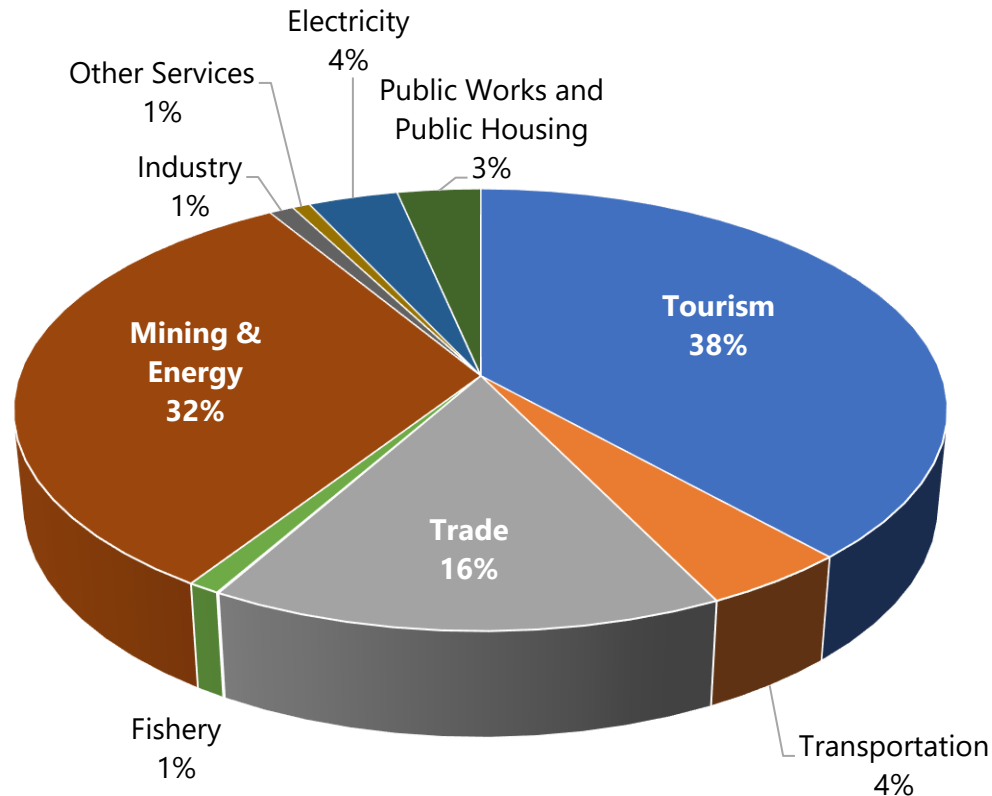


- The realization of foreign investment (PMA) from 2015 to 2016 in West Nusa Tenggara was relatively stable. However, in 2017, foreign investment declined significantly to IDR 2,205,084 million, before gradually increasing IDR 4,324,613 million in 2019.
- In 2015, foreign investment (PMA) was at the highest position in the history of foreign investment in West Nusa Tenggara, reaching a total investment value of IDR 9,651,444 million. Most investors came from the USA.

Source: Investment Coordinating Board of West Nusa Tenggara Province, 2019

## 2.7. FOREIGN AND DOMESTIC INVESTMENT

**FIGURE 2.11: FOREIGN DIRECT INVESTMENT REALIZATION IN WEST NUSA TENGGARA (2019)**

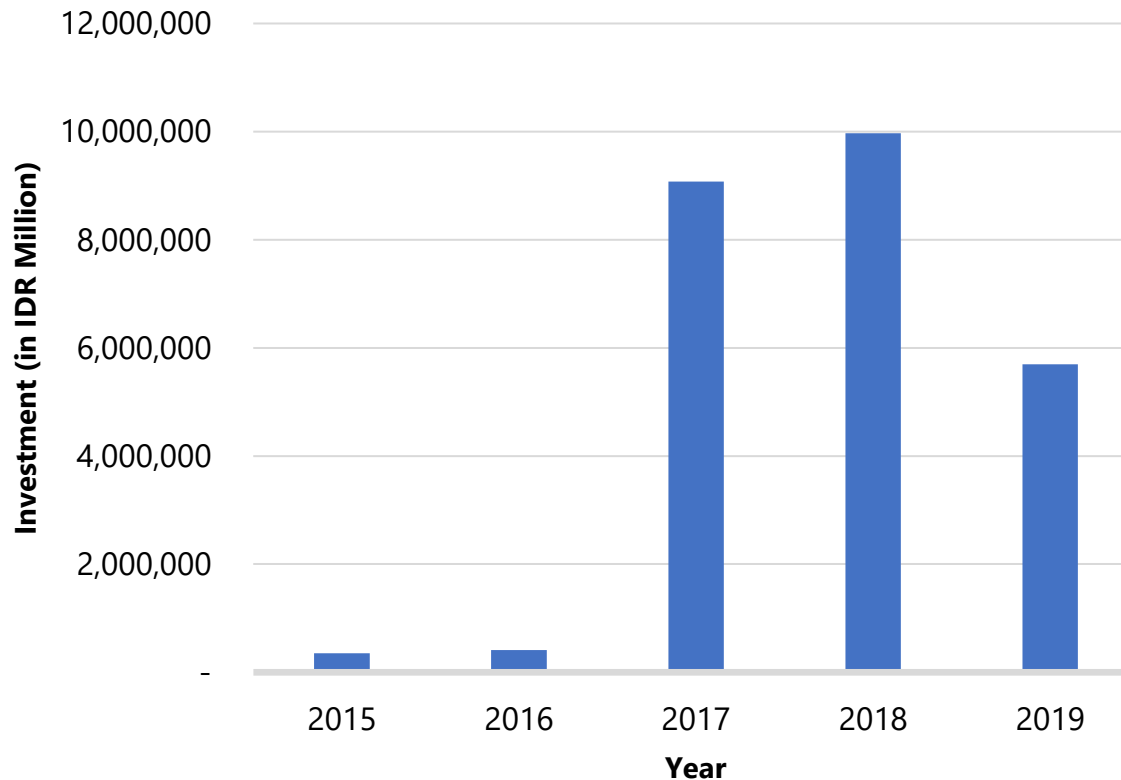


- ❑ The major contributor to foreign investment (PMA) in West Nusa Tenggara Province is the Tourism sector with 38% and the Mining & Energy sector at 32%, followed by the Trade sector at 16%.
- ❑ In 2020, we expect changes in the above mix due to the Covid-19 pandemic, as hospitality and tourism sectors has experienced the hardest hit.

Source: Investment Coordinating Board of West Nusa Tenggara Province, 2019

## 2.7. FOREIGN AND DOMESTIC INVESTMENT

**FIGURE 2.12: PMDN (DOMESTIC DIRECT INVESTMENT) REALIZATION IN WEST NUSA TENGGARA (2015-2019)**

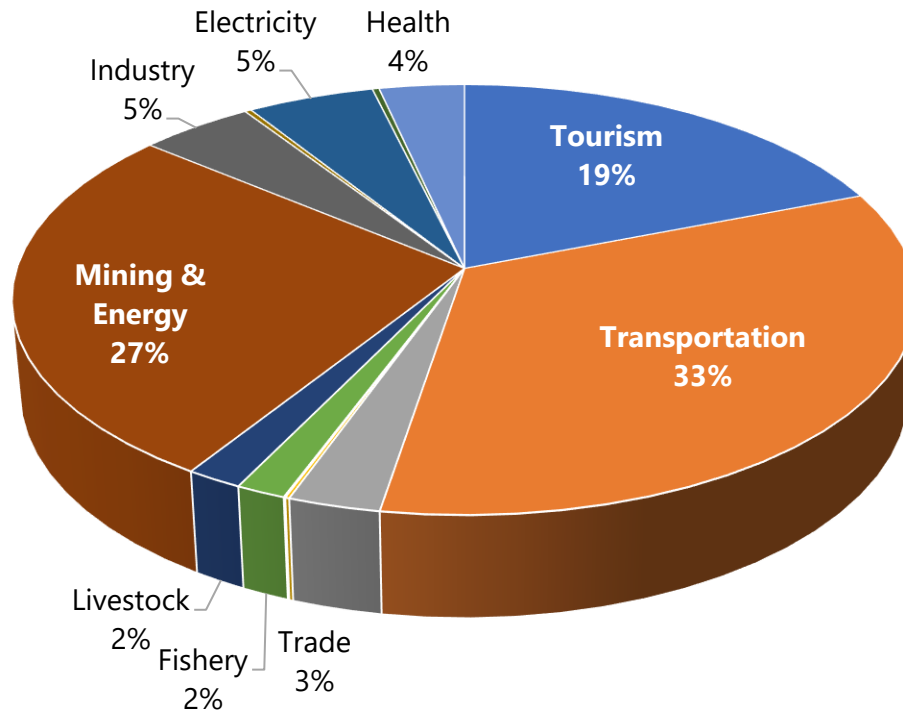


Source: Investment Coordinating Board of West Nusa Tenggara Province, 2019

- ❑ The realization of domestic investment (PMDN) increased significantly from 2016 to 2017.
- ❑ In 2018, the realization of domestic investment (PMDN) was at the highest position during the last five years in West Nusa Tenggara, recording 65 projects with a total investment value of IDR 9,972,551 million.
- ❑ In 2019, the slowing down and uncertainty of the global economy created pressure on Domestic Investment realization (PMDN) in West Nusa Tenggara.
- ❑ The Covid-19 pandemic is expected to further worsen this declining trend in the first half of 2020.

## 2.7. FOREIGN AND DOMESTIC INVESTMENT

**FIGURE 2.13: DOMESTIC INVESTMENT REALIZATION IN WEST NUSA TENGGARA (2019)**



- ❑ The main contributors to domestic investment (PMDN) in West Nusa Tenggara Province are the Transportation sector 33%, the Mining & Energy sector 27%, and the Tourism sector 19%.
- ❑ Domestic investment (PMDN) in West Nusa Tenggara in 2019 reached a total investment value of IDR 5.699 billion or a decrease by 43% from 2018.

Source: Investment Coordinating Board of West Nusa Tenggara Province, 2019

# 2.8. INFRASTRUCTURE PROJECTS

FIGURE 2.14. INFRASTRUCTURE PROJECTS IN WEST NUSA TENGGARA PROVINCE



Source: Knight Frank/PT. Willson Properti Advisindo, 2020

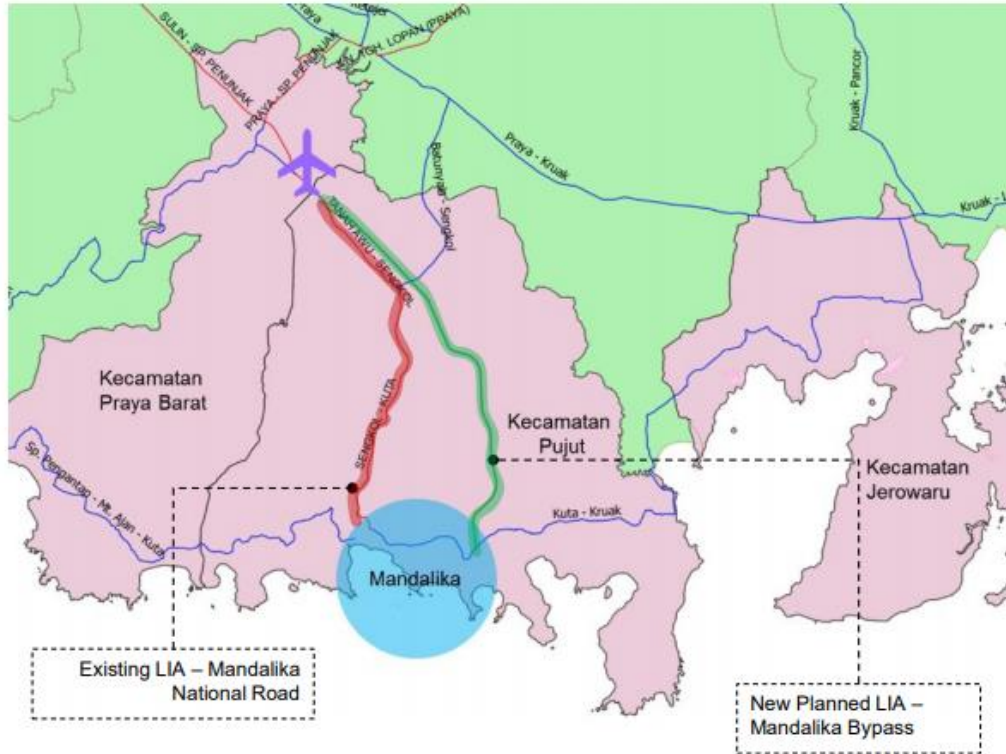
## 2.8. INFRASTRUCTURE PROJECTS

**FIGURE 2.15: INFRASTRUCTURE PROJECTS IN WEST NUSA TENGGARA PROVINCE (CONTINUED)**

NO.	INFRASTRUCTURE	PROJECT DESCRIPTION
1	Sultan Muhammad Kaharuddin III Airport	<ul style="list-style-type: none"> <li>Sultan Muhammad Kaharuddin III Airport formerly named Brang Bidji Airport.</li> <li>The airport is located on Sumbawa Besar Island, a new terminal was renovated and completed in 2018, serving domestic inter-island flights of about four flights in a day.</li> </ul>
2	Zainuddin Abdul Madjid International Airport	<ul style="list-style-type: none"> <li>Bandar Udara Internasional Zainuddin Abdul Madjid, known as Lombok International Airport, is an international airport on the island of Lombok in Indonesia.</li> <li>It is the island's only fully operational airport. It replaced Selaparang Airport, the island's previous sole operational airport, in Ampenan on the west coast of Lombok near the capital of Mataram.</li> </ul>
3	Sultan Muhammad Salahudin Airport	<ul style="list-style-type: none"> <li>Sultan Muhammad Salahuddin Airport, also known as Bima Airport, is an airport located approximately 10 kilometres to the south of the city of Bima, on the island of Sumbawa, West Nusa Tenggara, Indonesia.</li> <li>The airport was previously known as Palibelo Airport, however, that name has since been discontinued by the IATA.</li> </ul>
4	Sea Port of Lembar	<ul style="list-style-type: none"> <li>Located in Lembar, West Lombok Regency, West Nusa Tenggara.</li> <li>The port is serving cargo and passenger ships. Every week, one of PT Pelni ships, namely KM Tilongkabila, departs from this port.</li> <li>On November 30, 1994, the government designated the Port of Lembar as a visa-free area; this makes the Port visited by many foreign tourists, especially during holiday seasons.</li> </ul>
5	Special Economic Zone KEK Mandalika* (FUTURE DEVELOPMENT)	<ul style="list-style-type: none"> <li>PT Indonesia Tourism Development Corporation (ITDC) is an operator for this Special Economy Zone (SEZ). It is a tourist area of 1,035 hectares located in the Central Lombok Regency.</li> <li>In 2017, Mandalika was inaugurated as a tourism Special Economic Zone (KEK). The milestone is to hold the 2021 International Motor Grand Prix event.</li> </ul>
6	Kayangan Global-Hub* (FUTURE DEVELOPMENT)	<ul style="list-style-type: none"> <li>Kayangan Global Hub obtained 7,373 hectares of location permit with the issuance of Presidential Regulation (Perpres) No. 18 of 2020, concerning the National Medium-Term Development Plan (RPJMN) 2020-2024.</li> <li>In the Presidential Decree, the North Lombok Kayangan Global Hub was included as a national priority project as a new growth center based on private investment schemes.</li> </ul>

## 2.8. INFRASTRUCTURE PROJECTS

**FIGURE 2.16: LOMBOK AIRPORT - MANDALIKA BYPASS ROAD (FUTURE DEVELOPMENT)**



**Entry Point of Airport - Mandalika Bypass**

**17 km**

**15 min**

**Early 2020**  
Construction

**March 2021**  
Operational

- ❑ To support the MotoGP event in Mandalika in 2021, the construction of the Lombok Airport bypass access to Mandalika is implemented to improve the connectivity between the Airport and Mandalika.
- ❑ The Lombok Airport - Mandalika bypass road will support the surge in West Nusa Tenggara visitors, especially the Mandalika area, by maintaining existing road conditions, widening and improving the quality.
- ❑ The construction of this bypass road can shorten the travel time from Lombok Airport to Mandalika, from 40 minutes to only 15 minutes.
- ❑ The Lombok Airport - Mandalika bypass access road, will be constructed in early 2020 with 17.4 KM consisting of four lanes and 50 meters wide with two fast lanes and two slow lanes. This bypass road is targeted to be completed by the end of 2020, which will support the MotoGP event.

## 2.8. INFRASTRUCTURE PROJECTS

Lombok International Airport Management is preparing to welcome the MotoGP event in 2021 in the Mandalika Special Economic Zone (SEZ) by expanding several facilities at the airport.

- ❑ **Extension of the runway as well as the construction of supporting facilities and increasing the carrying capacity of the runway**

Currently, the Lombok International Airport runway is 2,750 meters long. The runway will be extended by 550 meters to become 3,300 meters to accommodate large aircrafts.

- ❑ **Expansion of Lombok Airport Terminal**

Currently, the passenger terminal area only reaches 20,000 square meters with a capacity of 3.5 million passengers a year. The plan is for the passenger terminal to be expanded to 40,000 square meters, with the target of being able to accommodate 7 million passengers per year. The terminal expansion is targeted to be completed in early January 2021.

- ❑ **Development of cargo facilities**, including expansion of the cargo terminal, truck parking, and a special cargo access road.

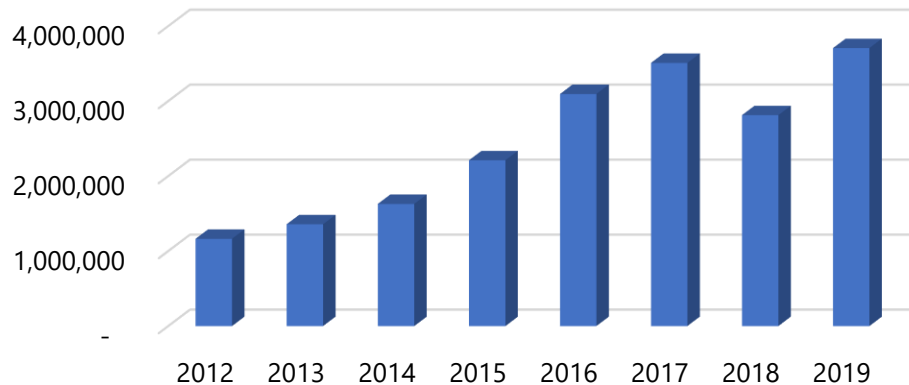
- ❑ **Rapid Exit Taxiway** on the east and west sides of the runway is a road that connects the apron, the aircraft parking lot with the runway.

With this facility, aircrafts that have just landed will be able to leave the runway faster, thus allowing an increase in the number of flights.



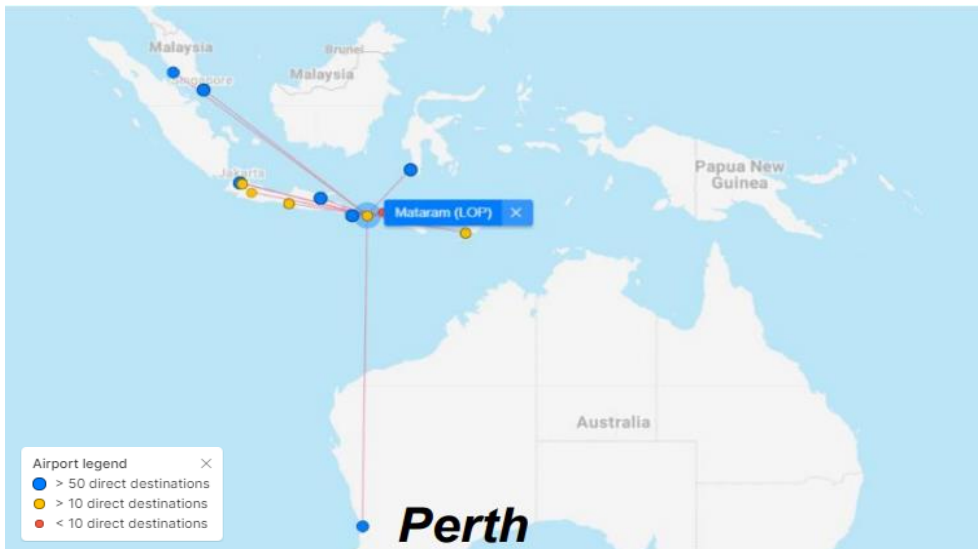
## 2.9. TOURIST ARRIVALS AT LOMBOK INTERNATIONAL AIRPORT

**FIGURE 2.18: DOMESTIC AND INTERNATIONAL PASSENGERS ARRIVALS IN LOMBOK INTERNATIONAL AIRPORT**



Source: West Nusa Tenggara Province Government tourism office, 2019

**FIGURE 2.19 DOMESTIC AND INTERNATIONAL ROUTED FLIGHTS AT LOMBOK INTERNATIONAL AIRPORT**

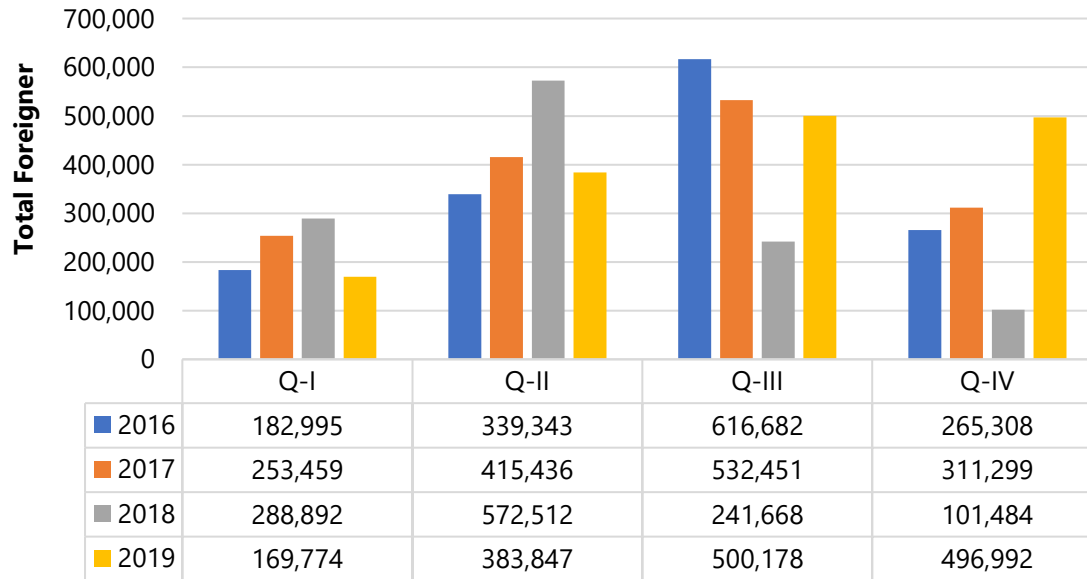


Source: website <https://www.flightconnections.com/flights-from-praya-lombok-lop>

- ❑ During 2012-2019 both international and domestic passenger arrivals at Lombok International Airport have been steadily increasing at a CAGR of 18% per annum, except in 2018 when there was a decrease in passengers due to the Lombok earthquake.
- ❑ Zainuddin Abdul Madjid International Airport, formerly known as Lombok International Airport, can serve three international routes; Kuala Lumpur, Perth and Singapore (begin October 2020), and other eight domestic routes.
- ❑ The top five international tourists to Lombok are Australia, Europe (UK, Germany, France), US, Malaysia, and Singapore.
- ❑ In addition to the top five countries, there are Middle Eastern countries such as Saudi Arabia, the United Emirates Arab, Qatar, Iran, and Oman. Middle Eastern countries with stable economies are starting to come to Lombok, especially to the Sekotong area, to enjoy honeymoon tour packages because villas in Lombok have the concept of "halal destinations."
- ❑ Malaysian tourists favor to do trekking on Mount Rinjani or snorkeling and diving activities in Lombok and Gili.
- ❑ The top five domestic flight routes are from Bali, Jakarta, Bima, Surabaya, Sumbawa Besar and Labuan Bajo.

## 2.9. TOURIST ARRIVALS AT LOMBOK INTERNATIONAL AIRPORT

**FIGURE 2.20: NUMBER OF FOREIGN TRAVELERS TO THE WEST NUSA TENGGARA PROVINCE PER QUARTER 2016-2019**



**TABLE 2.1: FOREIGN & DOMESTIC TOURISTS VISITS, 2016-2019**

Year	Total Foreign & Domestic Tourists Visits		Growth of the Tourist Visits	
	Domestic	Foreign	Domestic	Foreign
2016	1,690,109	1,404,328	40.92%	38.88%
2017	2,078,654	1,430,249	22.99%	1.85%
2018	1,607,823	1,204,556	-22.65%	-15.78%
2019	2,155,561	1,550,791	34.07%	28.74%

Source: West Nusa Tenggara Province Government Tourism Office, 2019

- ❑ The growth of foreign tourists from 2016 to 2019 is relatively stable at the range of 1.2 - 1.5 million per year. This number shows that West Nusa Tenggara, especially Lombok, has a captive market with fairly consistent movements.
- ❑ Meanwhile, the growth trend of domestic tourist arrivals has been quiet volatile, with the highest growth of 40.9% achieved from 2015 to 2016.
- ❑ During the first to the second quarter of 2018, the number of foreign tourist arrivals grew steadily. But due to the Lombok earthquake in third quarter, foreign tourist arrivals dropped by 16% to 241,668 tourists.
- ❑ The number of foreign tourist visits to West Nusa Tenggara Province began to increase after the Lombok earthquake, from 1,204,556 in 2018 to 1,550,791 in 2019 with an increase of around 346,235.

## 2.10. GOVERNMENT REGULATIONS ABOUT FOREIGN PROPERTY OWNERSHIP



- ❑ We have listed below some of the Indonesian Government regulations that are relevant to property ownership by foreigners, as we believe that these regulations will impact the potential for Lombok resort properties in attracting foreign buyers.
  - ❑ BKPM, or the Indonesian Investment Coordinating Board, has issued a new regulation that set out, among other things, new regulations that governs the procedures to obtain investment approvals for investors such **Regulation of Investment Coordinating Board Of Republic Indonesia Number 13/2017 regarding Guidelines and Procedures for Investment Licensing and Facility**. The primary intention of this regulation is to simplify the process of obtaining investment licenses and facilities.
  - ❑ Another regulation that set out to support the foreign investment in Indonesia is **Indonesian Government Regulation Number 103/2015 regarding Ownership of Residential House or Dwelling by Foreigners Domiciled in Indonesia**.

## 2.10. GOVERNMENT REGULATIONS ABOUT FOREIGN PROPERTY OWNERSHIP

### REGULATION OF INVESTMENT COORDINATING BOARD OF REPUBLIC INDONESIA NUMBER 13/2017 REGARDING GUIDELINES AND PROCEDURES FOR INVESTMENT LICENSING AND FACILITY

**There are several key changes introduced by Regulation No. 13/2017 that may be relevant for investors seeking to structure their investment in Indonesia, including:**

- ❑ The requirement for foreign investment companies' subsidiaries to convert into PMA companies. This statement refers to Article 6 (3), which stated that foreign direct investment includes investments made by a PT (Perseroan Terbatas – Limited Liability Company) with a PMA company status. Foreign Investment, hereinafter referred to as PMA, is the activity of investing to conduct business in the territory of the Republic of Indonesia by Foreign Investors, either using fully foreign capital or joining with Domestic Investor. Furthermore, Article 20(5) requires the conversion of a PMDN company (Penanaman Modal Dalam Negeri – a domestic/local investment company) to a PMA company to be followed by the conversion of its subsidiaries into a PMA company.
- ❑ Article 16.6 of Reg. 13/2017 allows PMA companies to disregard the divestment obligations stated in the investment licenses issued by BKPM prior to the effective date of Reg. 13/2017 provided that there is a company's shareholders resolution that contains:
  - ❑ for a joint venture company, a statement from the Indonesian shareholders that they do not wish to claim for (or they waive) the share ownership in accordance with the divestment requirement; or
  - ❑ for a PMA company that is wholly owned by foreign parties, a statement from the foreign shareholders confirming that they have not committed to any agreement with any Indonesian parties to sell their shares.

## 2.10. GOVERNMENT REGULATIONS ABOUT FOREIGN PROPERTY OWNERSHIP

### REGULATION OF INVESTMENT COORDINATING BOARD OF REPUBLIC INDONESIA NUMBER 13/2017 REGARDING GUIDELINES AND PROCEDURES FOR INVESTMENT LICENSING AND FACILITY

**There are several key changes introduced by Regulation No. 13/2017 that may be relevant for investors seeking to structure their investment in Indonesia, including:**

- ❑ Reg. 13/2017 also permits those shares which have been sold to Indonesian parties as a result of the fulfillment of divestment obligations to be bought back by, among others, foreign individuals and foreign entities. The foreign shareholding after the buy-back must continue to comply with the foreign ownership limitation under the prevailing laws.

## 2.10. GOVERNMENT REGULATIONS ABOUT FOREIGN PROPERTY OWNERSHIP

### **REGULATION OF INVESTMENT COORDINATING BOARD OF REPUBLIC INDONESIA NUMBER 13/2017 REGARDING GUIDELINES AND PROCEDURES FOR INVESTMENT LICENSING AND FACILITY**

- ❑ Based on Reg. 13/2017, the initial investment approval, which was previously known as the in-principle license, is now replaced by an Investment Registration or Pendaftaran Penanaman Modal. The Investment Registration or Pendaftaran Penanaman Modal, however, is only mandatory when starting businesses (as set out in Article 10 (1)) which: (a) involve construction activities; (b) require investment facilities; (c) may potentially cause environmental damage; (d) relate to state defense, management of natural resources, energy and infrastructure; or (e) for other businesses, if required under the relevant laws and regulations.
- ❑ This new regulation introduces the concept of PMA companies that are qualified as “large scale business”. PMA companies that are qualified as “large scale business” are those companies meeting either one of the following requirements:
  - ❑ It has net assets of more than IDR10,000,000,000 (approximately USD740,741 with USD1 = IDR13,500) excluding land and buildings based on its latest financial statement; or
  - ❑ It has annual sales of more than IDR50,000,000,000 (approximately USD3,703,704 with USD1 = IDR13,500) based on its latest financial statement.
- ❑ Generally, a Business License is valid as long as the company remains in operation. Article 34(2) of Reg. 13/2017, however, sets out that PMA companies which have not yet satisfied the “large scale business” qualification as set out above may only be granted a Business License that is valid for one year (but may be extended for another year). In order for the PMA companies to be granted with an indefinite Business License, it must meet the “large scale business” qualification as set out above.

## 2.10. GOVERNMENT REGULATIONS ABOUT FOREIGN PROPERTY OWNERSHIP

### **REGULATION OF INVESTMENT COORDINATING BOARD OF REPUBLIC INDONESIA NUMBER 13/2017 REGARDING GUIDELINES AND PROCEDURES FOR INVESTMENT LICENSING AND FACILITY**

- ❑ Law No. 25 of 2007 on the Investment prohibits any agreement made between an Indonesian party and a foreign party which contains a nominee arrangement stipulating that the Indonesian party will hold shares in Indonesian companies on behalf of the foreign party. Violation of this provision may result in the agreement being declared null and void. Reg. 13/2017 confirms this prohibition and further adds that, if required, the (Indonesian) shareholders must provide a written statement registered with a public notary confirming that his/her shareholding is truly his/hers and is not being held for and on behalf of another party.
  
- ❑ Under Reg. 13/2017, venture capital companies are now allowed to own shares in investment companies for up to 20 years (consisting of an initial period of ten years, and two extensions for a maximum of up to ten years).

## 2.10. GOVERNMENT REGULATIONS ABOUT FOREIGN PROPERTY OWNERSHIP

### **REGULATION OF INVESTMENT COORDINATING BOARD OF REPUBLIC INDONESIA NUMBER 13/2017 REGARDING GUIDELINES AND PROCEDURES FOR INVESTMENT LICENSING AND FACILITY**

- ❑ The provisions concerning the requirements for investment and capital values for PMA are exempted in the case of investment with the business activities of building and managing properties:
  - a. In the form of property:
    - 1. a full building; or
    - 2. Integrated housing complex,  
The investment value is greater than IDR 10,000,000,000 (ten billion Rupiah) including land and buildings, the value of paid-in capital is IDR 2,500,000,000 (two billion five hundred million Rupiah) and the value of investment in the company's capital, for each shareholder of at least IDR 10,000,000.00 (ten million Rupiah); or
  - b. in the form of property units not in:
    - 1. 1 (one) complete building: or
    - 2. 1 (one) housing complex in an integrated manner,  
The investment value is greater than IDR 10,000,000,000 (ten billion Rupiah) excluding land and building, the value of paid-in capital is IDR 2,500,000,000 (two billion five hundred million Rupiah) and the value of investment in the company's capital, for each shareholder is at least IDR 10,000,000.00 (ten million Rupiah) with the provisions of Debt to Equity Ratio (DER) 4: 1.
- ❑ Investors are prohibited from making agreements and / or statements affirming that ownership of shares in a limited liability company is for and on behalf of others, in accordance with the laws and regulations.



## 2.10. GOVERNMENT REGULATIONS ABOUT FOREIGN PROPERTY OWNERSHIP

### **INDONESIAN GOVERNMENT REGULATION NUMBER 103 YEAR 2015 ON OWNERSHIP OF DWELLING OF RESIDENCY HOUSE BY FOREIGN PERSONS DOMICILED IN INDONESIA**

Based on these regulations, foreigners can own property in Indonesia, but must comply some of these requirements:

- ❑ For foreigners who want to buy property in Indonesia, the government only allows them to buy property with the Right to Use Certificate. This certificate can be extended for 30 years, then extended to 20 years and renewed for 30 years. So the total number of foreigners who can live in the property that they buy can reach 80 years. Not only that, properties purchased by foreigners can also be inherited.
- ❑ Based on Government Regulation No. 103 Article 2 paragraph 2, foreigners who are allowed to buy property in Indonesia must have a residence and residence permit in Indonesia issued by the Ministry of Justice and Human Rights. This residence permit is also commonly referred to as KITAS (Limited Stay Permit Card). To get this KITAS, a foreign national must work first in Indonesia and this card must be extended for 2 years. Based on this regulation, foreigners who want to buy property must work first in Indonesia, so their motivation to buy property is not to be invested but to live.
- ❑ Not all types of property can be purchased by foreigners, who are allowed to only house sites and apartments. This statement can be clearly seen in Government Regulation Number 103 Article 1 Paragraphs 2 and 3.
- ❑ Foreigner is required to buy property directly from the developer or the land-owner, instead of buying property from a second-party based on Government Regulation No. 103 Article 2 paragraph 2.

## 2.10. GOVERNMENT REGULATIONS ABOUT FOREIGN PROPERTY OWNERSHIP

### INDONESIAN GOVERNMENT REGULATION NUMBER 103 YEAR 2015 ON OWNERSHIP OF DWELLING OF RESIDENCY HOUSE BY FOREIGN PERSONS DOMICILED IN INDONESIA

- ❑ The government gives price restrictions for foreigners who want to buy housing in Indonesia, with standardization of prices above IDR 1 billion for house sites and above IDR 750 million for apartment units. This is deliberately done to prevent foreigners from buying houses at low prices, so that low-income people can be protected. According to the Agrarian Government Regulation No. 29/2016, the minimum property purchase by foreigners as follows:

Region/Province	Min. House Site Purchase (in Rupiah)
DKI Jakarta	10 Billion
Banten	5 Billion
West Java	5 Billion
Central Java	3 Billion
DI Yogyakarta	5 Billion
East Java	5 Billion
Bali	5 Billion
<b>West Nusa Tenggara</b>	<b>3 Billion</b>
North Sumatera	3 Billion
East Kalimantan	2 Billion
South Sulawesi	2 Billion
Other Regions / Provinces	1 Billion

Region/Province	Min. Apartment Purchase (in Rupiah)
DKI Jakarta	3 Billion
Banten	2 Billion
West Java	1 Billion
Central Java	1 Billion
DI Yogyakarta	1 Billion
East Java	1.5 Billion
Bali	2 Billion
<b>West Nusa Tenggara</b>	<b>1 Billion</b>
North Sumatera	1 Billion
East Kalimantan	1 Billion
South Sulawesi	1 Billion
Other Regions / Provinces	750 Million

Source: Agrarian Government Regulation No. 29 Year 2016

- ❑ The last requirement for foreigners who want to buy property in Indonesia is to marry an Indonesian, so that every foreign citizen can have the opportunity to become an Indonesian citizen. In addition, each foreign national is also required to include the purchased property in a premarital agreement, because the property purchased by foreigners will be a joint asset with the spouse.

## 2.10. GOVERNMENT REGULATIONS ABOUT FOREIGN PROPERTY OWNERSHIP

### **FINAL DRAFT OF THE OMNIBUS LAW ON JOB CREATION BILL ON THE CHAPTER OF LAND ACQUISITION IN PARAGRAPH 3 CONCERNING APARTMENT UNITS FOR FOREIGNERS (ARTICLE 143-145)**

- ❑ The Government of Indonesia has prepared a new law that would regulate several provisions in various industry sectors in one law, with a view to strengthening the Indonesian economy, increasing competitiveness and creating jobs, known as an omnibus law. The omnibus law addresses various issues, including improved ease of doing business, risk-based business licensing, simplified business licensing and land acquisition process and relaxed foreign investment restrictions.
- ❑ The Government already submitted the draft Omnibus Law to the House of Representatives (DPR) in the first quarter of 2020. The draft Omnibus Law includes relaxation of foreign property ownership, specifically for apartments. Based on limited information available to date, under the new law, individual foreigners will be allowed to purchase strata-title apartments (previous regulation only allows foreigners to own strata title units under Hak Pakai/Right to Use).
- ❑ On 6 October 2020, the House of Representatives (DPR) finally signed off the final draft of the Omnibus Law on Job Creation Bill ('Rancangan Undang-Undang/RUU Cipta Kerja').

## 2.10. GOVERNMENT REGULATIONS ABOUT FOREIGN PROPERTY OWNERSHIP

### FINAL DRAFT OF THE OMNIBUS LAW ON JOB CREATION BILL ON THE CHAPTER OF LAND ACQUISITION IN PARAGRAPH 3 CONCERNING APARTMENT UNITS FOR FOREIGNERS (ARTICLE 143-145)

- ❑ Based on the final draft of the Job Creation Bill, Article 143 stated that ownership rights to apartment units are ownership rights over individual flats that are separate from the common rights to common shares, common objects, and common land.
- ❑ Article 144 Paragraph 1 stated that **ownership rights to apartment units can be granted to Indonesian citizens, Indonesian legal entities, foreign citizens who have permits by the provisions of laws and regulations, foreign legal entities that have representatives in Indonesia, or representatives of foreign countries, and the international institutions that are located or have representatives in Indonesia.**
- ❑ Article 144 Paragraph 2 stated that the ownership rights to apartment units can be transferred and guaranteed. Paragraph 3 explained that the property rights of an apartment units can be guaranteed by being encumbered with mortgage rights by the provisions of laws and regulations.
- ❑ With regards to apartment units for foreigners, Article 147 further stated that proof of land, ownership rights to apartment units, management rights, and security rights, including deeds of transfer of land rights and other documents related to land can be in electronic form.

## 2.10. GOVERNMENT REGULATIONS ABOUT FOREIGN PROPERTY OWNERSHIP

### **FINAL DRAFT OF THE OMNIBUS LAW ON JOB CREATION BILL ON THE CHAPTER OF LAND ACQUISITION IN PARAGRAPH 3 CONCERNING APARTMENT UNITS FOR FOREIGNERS (ARTICLE 143-145)**

- ❑ Based on the previous regulation, Article 2 of Government Regulation Number 103 Year 2015 stated that foreigners can have a residence in Indonesia with Hak Pakai/ Right to Use.
- ❑ Meanwhile, the Omnibus Law stated that ownership rights for apartments could be granted to foreign citizens. However, the Omnibus Law did not specifically state the type of ownership rights granted to foreign citizens.
- ❑ Whilst the spirit of the Omnibus Law is to facilitate ease of foreign investment in Indonesia, for the next step forward, the Government should provide an implementation regulation to clarify in detail the enforcement of regulations governing apartment ownership for foreigners.

## 2.II. CONCLUSION

### Population and Labor

- The population in West Nusa Tenggara is dominated by productive age, which will provides sufficient workforce to support the tourism/hospitality sector.

- The Covid-19 pandemic has turned declined GDRP growth in West Nusa Tenggara to -1.41% while Indonesia GDP in Q2 2020 also decreased to -5.32% (YoY), leading to the sharp decline of property demand in all sectors.
- On the positive side, recovery is expected in 2021, when the National and Provincial GDP growth is predicted to reach 4.5% and 5.2%, respectively.

### GDRP

### Inflation Rate

- During the pre-Covid period in the last five years, inflation was relatively stable. Coupled with steady GDRP growth, the situation provided an excellent climate for property investment.

- Lower interest rates will have a positive impact on the property industry, due to lower loan interest costs for consumers and developers.

### Interest Rate

## 2.II. CONCLUSION

- Rupiah's volatile movement makes property investment decisions become more challenging.

### Exchange Rate

### Foreign and Domestic Investment

- The realization of PMA and PMDN in West Nusa Tenggara was dominated by the tourism, mining and energy, and transportation sectors. This sector is a significant generator of property demand, particularly for hospitality property products.
- Both foreign and domestic investments are expected to experience a declining trend due to the Covid-19 pandemic in the short term.

- Lombok was designated by the government to become 'a new Bali' (along with other areas such as Toba) by establishing Mandalika as an SEZ area.
- Bandar Kayangan is a long-term plan. The strategic position of Lombok will be an added value for West Nusa Tenggara province.

### Infrastructure

### Government Regulations on Property Ownership by Foreigners

- Existing regulations, Government Regulation No. 103/2015 grants foreigners land rights using Hak Pakai (the right to use) for a period of 80 years. However, in International-term, this is still considered as 'leasehold.'
- The draft Omnibus Law includes relaxation of foreign property ownership, specifically for apartments. However, further implementation regulation is still required.

# CHAPTER III: OVERVIEW OF MANDALIKA SPECIAL ECONOMIC ZONE



## 3.0. OVERVIEW OF MANDALIKA SPECIAL ECONOMIC ZONE

- ❑ Mandalika was designated as Special Economic Zone based on Government Regulation No. 52/2014 dated 30 June 2014 and was officially inaugurated by President Jokowi on 20 October 2017. The project covers 1,175 Ha, incorporates five beaches spanning 16 km and is positioned as an eco-friendly tourism estate, featuring:
  - Renewable Power: 100 Ha allocated for Solar Cell Technology and incorporation of plantation farm under the Solar Cell panels. In addition, waste-to-energy projects will be considered.
  - Water Management, including a sea water reverse osmosis plant that is already operational, an eco-friendly waste-water treatment plant and solid waste recycling plant.
  - Conservation Area: dedicated mangrove area for edutainment purposes, allocated nursery plantation and sustainable development program adopting green building codes and low density development concept, with only about 50% saleable area ratio.
- ❑ Mandalika is developed and managed by PT. ITDC (Indonesia Tourism Development Corporation) as a master developer of the estate. The basic infrastructure development for the estate is funded from the following sources of fund:
  - Ministry of Finance of the Government of Indonesia: IDR 250 billion, 100% has been disbursed
  - Asian Infrastructure Investment Bank: USD 248,400,000, 1% has been disbursed to date.
  - Indonesia Eximbank: IDR 1.18 trillion, 6.8% has been disbursed to date.
- ❑ To date, Mandalika has attracted investment commitments from the following investors:

**TABLE 3.1: INVESTMENT COMMITMENTS AT MANDALIKA**

Stage of Agreement with Investors	Purpose of Investment	USD	IDR
Master LUDA (Land Utilization & Development Agreement) with Vinci Construction Grand Projet, France	Development of Convention, Exhibition, MotoGP circuit, hotel & villa	USD 1 billion	IDR 14.7 trillion
LUDA with Indonesian investors	Development of hotel, villa, commercial retail		IDR 2.8 trillion
Term Sheet with Indonesian Investors	Development of hotel, villa, commercial retail		IDR 5.4 trillion

# 3.0. OVERVIEW OF MANDALIKA SPECIAL ECONOMIC ZONE

FIGURE 3.1: MASTER PLAN OF MANDALIKA



Source: ITDC

# 3.0. OVERVIEW OF MANDALIKA SPECIAL ECONOMIC ZONE



- ❑ Upon completion, Mandalika targets to develop 16,000 hotel rooms, 325,000 sqm of commercial space, 78 berths marina to serve sea traffic between Australia and Southeast Asia, 120 Ha theme park and a 27-hole signature golf course.
- ❑ Existing facilities available to date in the estate include:
  - Kuta Beach Park and supporting beach facilities
  - Nurul Bilad Mosque with capacity of up to 4,000 people
  - Bazar Mandalika: 303 retail kiosks and food and beverage outlets
  - Balawista, a beach watch center
  - Central parking lot facility
- ❑ Mandalika will house the Moto GP in October 2021. The construction of the main road infrastructure and Mandalika Street Circuit is ongoing. To date, based on information from ITDC, the construction progress of Mandalika Street Circuit has reached approximately 60%. The following table shows the completion schedule of the Mandalika Street Circuit:

**FIGURE 3.2: TIME SCHEDULE OF MANDALIKA STREET CIRCUIT**



# 3.0. OVERVIEW OF MANDALIKA SPECIAL ECONOMIC ZONE

- ❑ Average attendance to a MotoGP race is estimated at 120,000 people.
- ❑ The Mandalika Circuit Complex will be developed by Vinci Construction Grand Projet (VCGP), a subsidiary of Vinci Construction, a state-owned enterprise from France.

**FIGURE 3.3: MANDALIKA STREET CIRCUIT COMPLEX**

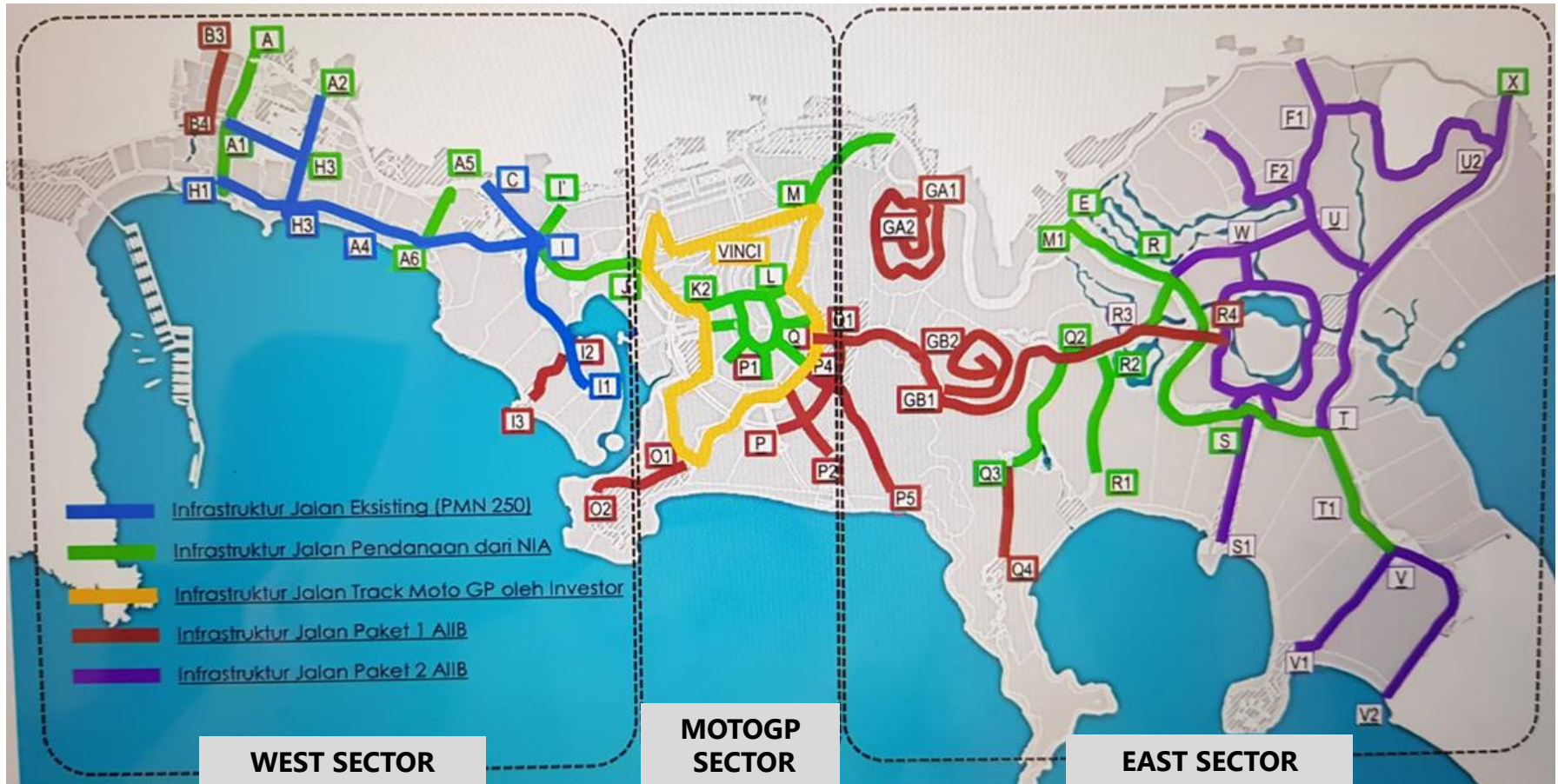


- ❑ Total land area: 105.40 Ha
- ❑ Number of hotels: 11 hotels with approximately 1,900 room keys
- ❑ Retail area: approximately 43,102 sqm GFA
- ❑ Hospital: 10,036 sqm GFA with 76 beds
- ❑ Convention Center: 45,219 sqm GFA
- ❑ Proposed Development Schedule (all components of hotels, resorts and amenities/facilities: 2019-2035

# 3.0. OVERVIEW OF MANDALIKA SPECIAL ECONOMIC ZONE

□ The construction schedule for the main road infrastructure at Mandalika is planned to be completed in 2019 – 2025.

**FIGURE 3.4: KEY ROAD INFRASTRUCTURE PLAN AT MANDALIKA (2019 – 2025)**



Source: ITDC

# 3.0. OVERVIEW OF MANDALIKA SPECIAL ECONOMIC ZONE



- ❑ As a Special Economic Zone, Mandalika offers the following incentives to potential investors:
  - Exemption of VAT on goods and services during construction.
  - Tax holiday on Corporate Income Tax for primary industries, the amount of which depends on total investment commitment
  - Exemption of luxury taxes
  - Exemption of import duties
  - Ease of processing business licenses and permits
  - Immigration facilities
  - Longer land title tenure: 80 years of leasehold over Right to Build ('Hak Guna Bangunan') title
- ❑ To date, only Novotel is operating at Mandalika with 102 room keys. Based on information from ITDC, future hotel operators at Mandalika include:

## 2,383 room keys

Master Agreement or LUDA signed  
Final Design or Under Construction

- Pullman Resort (260 rooms), under construction, scheduled to operate in June 2021
- Shaza Resort (100 rooms, all villas)-part of Vinci Group
- Mysk by Shaza (300 rooms)-part of Vinci Group
- Royal Tulip (199 rooms), Golden Tulip (240 rooms), Beach Club by Artotel, Lagoon Resort & Residence (342 rooms), Aloft (178 rooms) – all have signed agreement but construction may be delayed due to financing issues
- However, Club Med (350 rooms) & Paramount (414 rooms) have been cancelled.

## 1,050 room keys

In pipeline under negotiation and/or  
in Design Concept Stage

- Hotel Santika Indonesia
- Aston International
- Jambuluwuk
- Bencoolen International
- Casa Paradise Resort

# 3.0. OVERVIEW OF MANDALIKA SPECIAL ECONOMIC ZONE

- ❑ As the master developer and operator of Mandalika, ITDC offers the following investment deal structure to potential investors:
  - Type: long-term leasehold
  - Initial lease term: 30 years, extendable until 80 years
  - Lease structure comprises:
    - Ground Rent (Fixed Contribution):
      - ❖ Depending on lot location, asking ground rent of beach front plots range from USD 5 to 10 per sqm per month
      - ❖ Asking ground rent of midland plots is 90% of the rental rates for beach front plots
      - ❖ Asking ground rent of inland plots is 80% of the rental rates for beach front plots
      - ❖ For golf course plot, asking ground rent is US\$ 1.5 per sqm per month, as golf course is considered part of amenities for the overall estate.
      - ❖ Ground rent is subject to rent review at 31<sup>th</sup> and 51<sup>th</sup> year of the lease
    - Revenue Sharing (Variable Contribution) at 3% of gross revenue commencing at the third year of operation.
    - Investor should also pay service charge to cover for the common area maintenance of the estate.
- ❑ Due to the Covid-19 crisis, some investors have put their investment plans on hold. However, assuming that the Covid-19 pandemic can be resolved by 2021, the development of Mandalika Special Economic Zone will continue to serve as a catalyst for the overall development of the Lombok tourism market, starting with the inaugural MotoGP race at October 2021.

# CHAPTER IV: HOTEL MARKET REVIEW



# 4.1. LOMBOK TOURISM OVERVIEW

## 4.1.1. TOTAL NUMBER OF GUESTS, BY SEGMENT OF HOTEL

FIGURE 4.1: TOTAL NUMBER OF GUESTS, BY SEGMENT OF HOTEL, 2015 – 2019

Year	Total	% Change	Star-Rated Hotels			Non-Star-Rated Hotels			
			International	Domestic	Total	International	Domestic	Total	
2015	1,022,588	-	152,818	425,422	578,240	92,439	351,909	444,348	
2016	2,073,235	102.7%	285,951	1,037,431	1,323,382	255,405	494,448	749,853	
2017	2,150,435	3.7%	740,718	200,059	940,777	264,057	945,601	1,209,658	
2018	1,796,518	-16.5%	187,516	604,918	792,434	268,362	735,722	1,004,084	
2019	2,072,123	15.3%	183,443	529,340	712,783	164,659	1,194,681	1,359,340	
<b>CAGR 2015 - 2019</b>		<b>19.3%</b>				<b>5.4%</b>			



Source: BPS - Hotel Statistics of NTB Province

# 4.1. LOMBOK TOURISM OVERVIEW

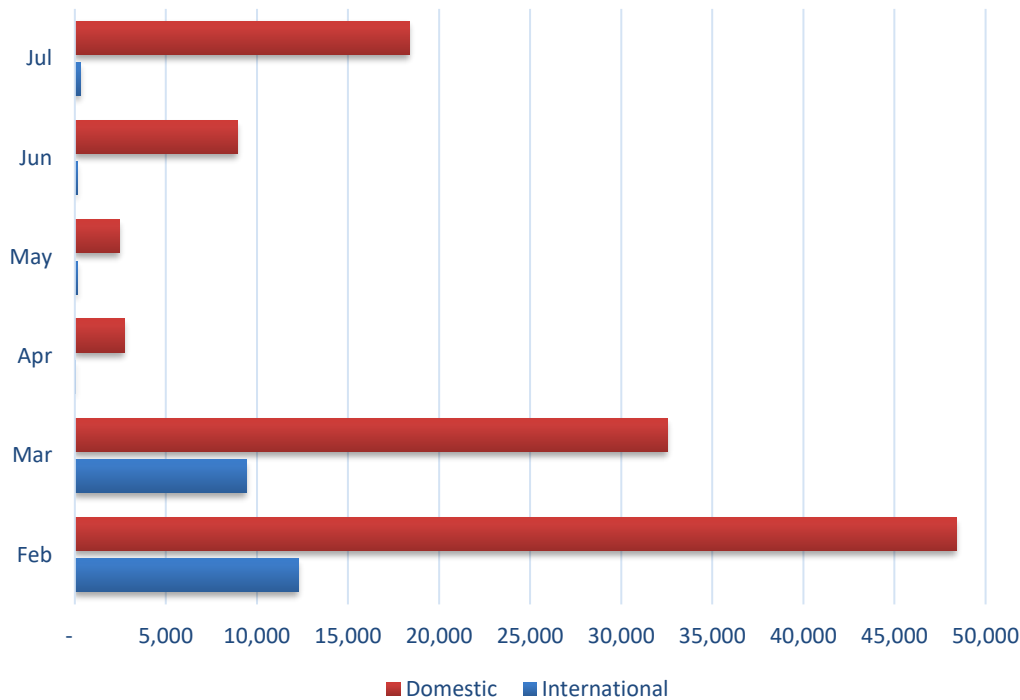
## 4.1.1. TOTAL NUMBER OF GUESTS, BY SEGMENT OF HOTEL

- ❑ During the period of 2015-2019, the total number of international and domestic guests stay at star-rated and non-star-rated hotels in Lombok Island has grown at a CAGR of 19.3%. By comparison, the number of guests staying at non-star-rated hotels has grown faster than the guests stays at star-rated hotels, recording a CAGR of 32.3% and 5.4% respectively.
- ❑ In 2018, the number of guests in Lombok Island had dropped considerably by minus 16.5% (yoy) after the 7.0 magnitude earthquake that hit Lombok in August 2018.
- ❑ The total number of guests staying in Lombok has recovered after the earthquake to 2,072,123 in 2019 or increasing by 15.3% (yoy). This was partly due to the efforts of the local government to promote Lombok and Sumbawa as new travel destinations, growing demand from international tourists that increasingly choose Lombok as a holiday destination over a crowded Bali, and availability of direct flights from major cities in Australia. Lombok has increasingly become a popular destination for international visitors.
- ❑ The total number of domestic guests in Lombok reached 1.72 million in 2019. Lombok benefits from domestic flight connections, which make it accessible for weekend getaways. The growth of the domestic market has been sustained in the past ten years on the back of the increased number of flight connections and is expected to continue in the future, upon the market recovery post Covid-19 pandemic.

# 4.1. LOMBOK TOURISM OVERVIEW

## 4.1.1. TOTAL NUMBER OF GUESTS, BY SEGMENT OF HOTEL

**FIGURE 4.2: TOTAL NUMBER OF GUESTS, BY SEGMENT OF HOTEL, FEB – JUL 2020**



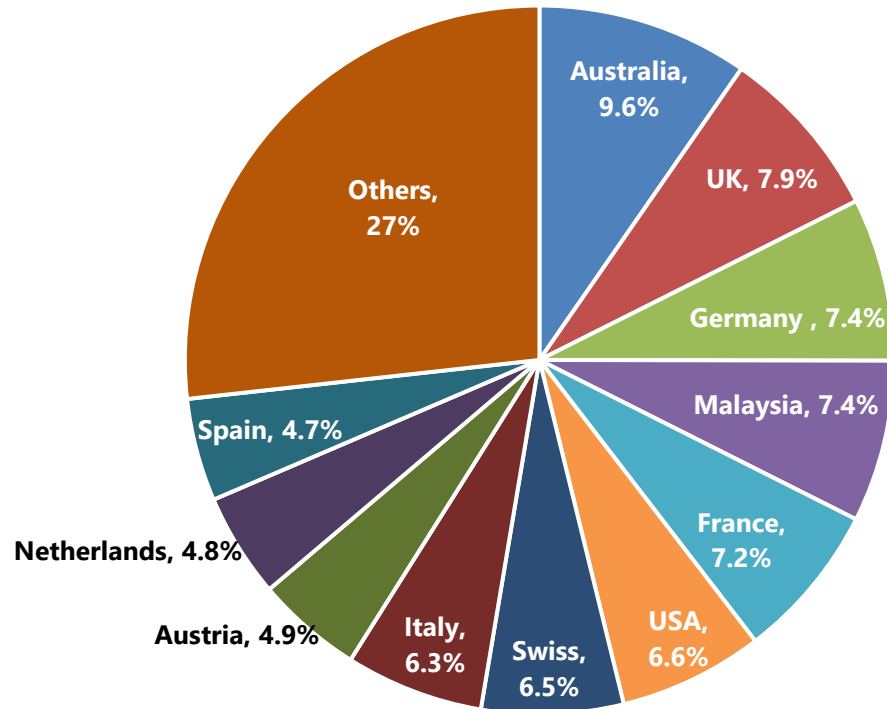
- Since the declaration of a nationwide Covid-19 pandemic in 2 March 2020, the number of guests staying in hotels in Lombok has dropped substantially given the limitations on travel for both business and leisure purposes. Total number of guests staying at star-rated hotels from January to July 2020 was only 135,807 guests.
- Until the Covid-19 outbreak is resolved and travel restrictions are relaxed, the hotel market performance is likely to remain very subdued for the rest of 2020.
- Post-Covid-19, government promotions and strategic local tourism efforts and improved infrastructure are necessary to increase visitors to Lombok Island.

Month (2020)	Star-Rated Hotels (guests)		
	Total	International	Domestic
Feb	60,675	12,294	48,381
Mar	41,966	9,413	32,553
Apr	2,790	70	2,720
May	2,610	145	2,465
Jun	9,085	138	8,947
Jul	18,681	302	18,379
<b>Total</b>	<b>135,807</b>	<b>22,362</b>	<b>113,445</b>

# 4.1. LOMBOK TOURISM OVERVIEW

## 4.1.2. PROFILE OF FOREIGN TOURISTS BASED ON NATIONALITY

**FIGURE 4.3: BREAKDOWN OF FOREIGN VISITOR ARRIVALS, 2018**



Source: Statistics Culture and Tourism Service of NTB Province in 2018 (latest available figures)

- ❑ The newest data from Culture and Tourism Service of NTB Province for foreign visitor arrivals in Lombok is for 2018.
- ❑ Based on the above, the primary source of foreign visitors to Lombok are Australia, UK, Germany, Malaysia, and France. In total, the top five source countries contributed approximately 40% of the total international arrivals in Lombok.

# 4.1. LOMBOK TOURISM OVERVIEW

## 4.1.2. PROFILE OF FOREIGN TOURISTS BASED ON NATIONALITY

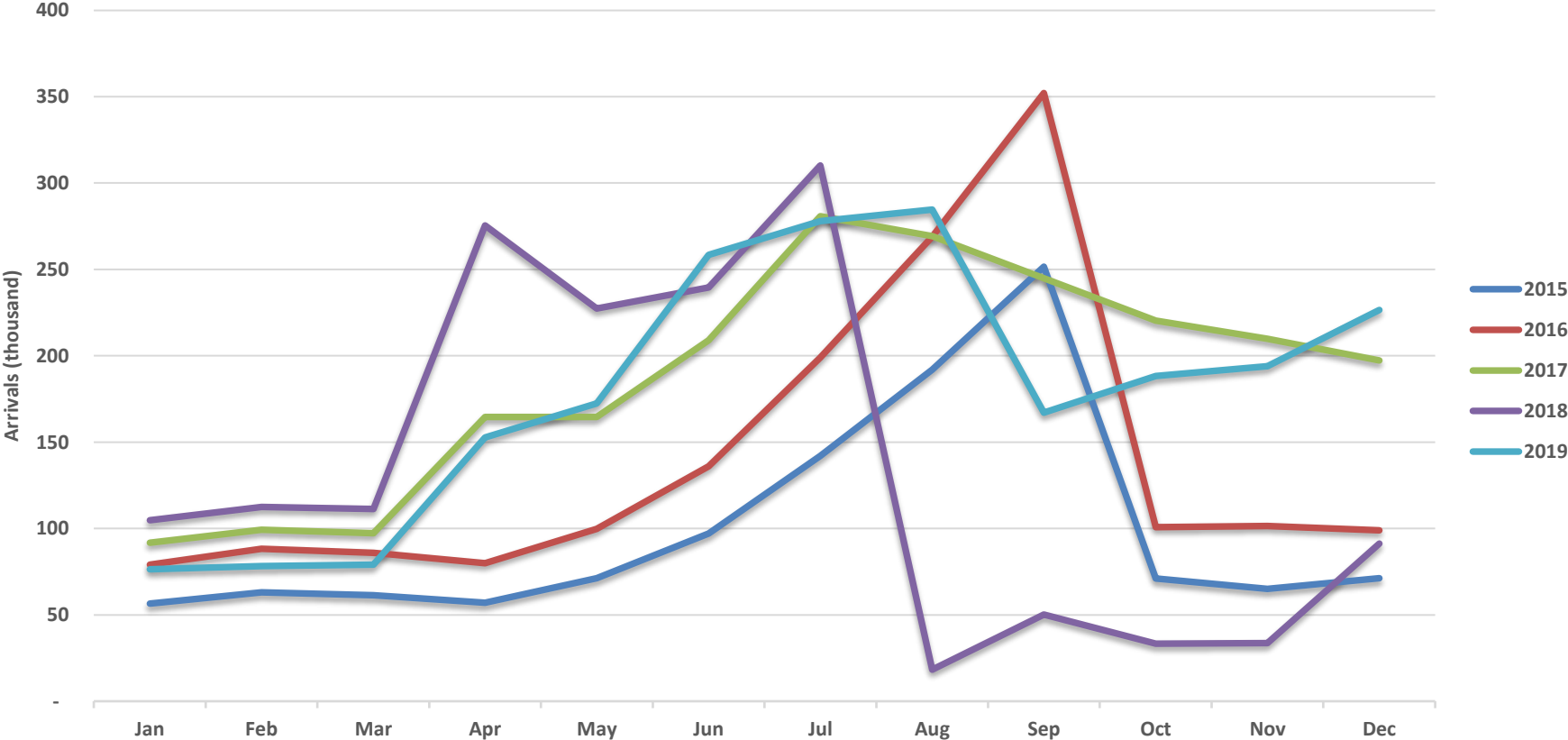
- ❑ Consistently being the main source of visitors for the past several years, Australia accounted for nearly 10% of international visitor arrivals to Lombok in 2018. The growth of the market has been partly driven by the strengthening of the Australian dollar, the AirAsia direct flight from Perth and spill-over from Bali, although the latter still hosts 12 times more Australian visitors than Lombok. Australian visitors are concentrated in Senggigi, the Gili Islands and Southern Lombok for the surf.
- ❑ The direct flight service provided by Air Asia between Kuala Lumpur and Lombok contributed to 7.4% volume of international arrivals from Malaysia. As evident from the high volume of international arrivals from Malaysia, the availability of direct flight service from a source country is critical in attracting international visitors.
- ❑ Likewise, other European visitors such as Germany (7.4%) and UK (7.9%) were the second and fifth largest countries of origin. As most of them arrive by boat via Bali, Lombok is generally an extension of their trip to Bali.
- ❑ Lombok is usually offered in packages as an alternative to Bali for seaside stays at the end of circuits, or for stays fully dedicated to seaside enjoyment. The global awareness of Lombok is strong, with the destination seen as an 'unspoiled paradise', and accordingly most international visitors come to Lombok for the beautiful landscapes and the beaches.
- ❑ In the coming years, with the opening of new flight routes between Lombok and other cities, the composition of the key source countries is likely to shift accordingly.
- ❑ One important calendar of event is the Mandalika-MotoGP which seeks to bring more than hundred and fifty thousand visitors to Lombok in 2021.

# 4.1. LOMBOK TOURISM OVERVIEW



## 4.1.3. SEASONALITY TRENDS

FIGURE 4.4: BREAKDOWN OF VISITORS ARRIVALS BY MONTH, 2015 - 2019



Source: Statistics Culture and Tourism Service of NTB Province

# 4.1. LOMBOK TOURISM OVERVIEW

## 4.1.3. SEASONALITY TRENDS

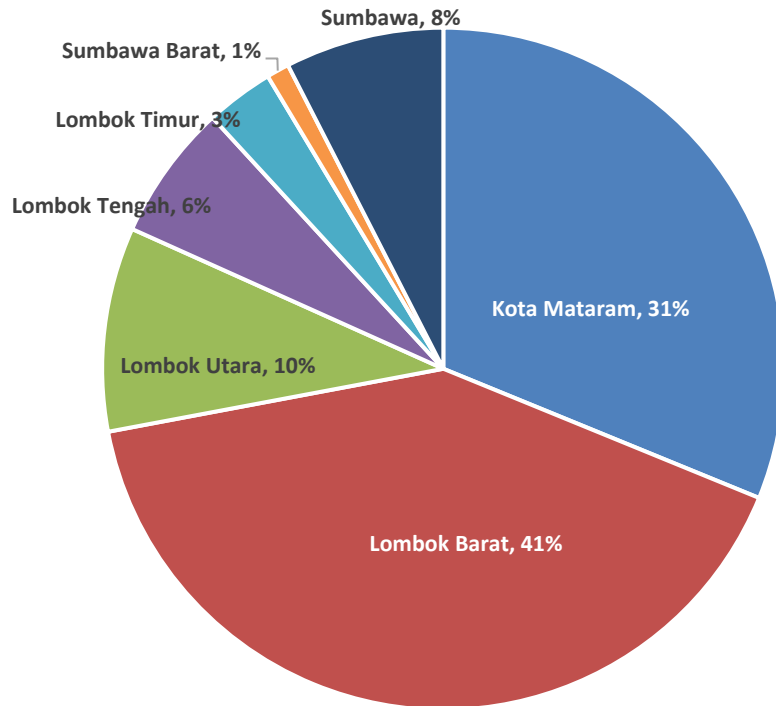
- ❑ From August to December 2018, visitor arrivals dropped due to the earthquake of magnitude 7.0 that struck Lombok, having a major impact for tourism until the end of the year.
- ❑ The seasonality of tourism in Lombok is influenced by climate and origin country summer holiday periods. The peak season in Lombok stretches from July to September and late December constitute the high season, which coincides with the summer holidays for Europeans (with a peak in July) as well as the dry season in Indonesia. During these months, the region has the most pleasant weather for travelling.
- ❑ The low season is from January to early March, a period with heavy rain, monsoons and in some place high winds. As Lombok is relatively undeveloped in terms of shopping, entertainment and other recreational facilities, there are few visitors visiting at these times.
- ❑ The provincial government has also launched a new branding strategy to establish the West Nusa Tenggara province as the national Meetings, Incentives, Conferences and Exhibitions (MICE) center. In addition, the provincial government has also been actively introducing tourism projects and promotional activities to create awareness and attract visitors to the West Nusa Tenggara province for increased the visitors to Lombok Island in low season.
- ❑ The calendar of events held during low seasons include: Festival Pesona Bau Nyale, Mandalika (cultural festival, held annually in February), Festival Pesona Tambora (experiencing Mount Tambora and the surrounding landscapes, held annually in April), and other sports festival such as Rinjani or Tambora marathon and Tour de Lombok Mandalika.

# 4.2. SUPPLY ANALYSIS

## 4.2.1. HOTEL SUPPLY LOMBOK - OVERALL

**FIGURE 4.5: NUMBER OF STAR-RATED HOTEL, BY REGION, 2016 - 2019**

**Number of Star-Rated Hotel by Region in 2019**



**Lombok Hotels & Room Capacity by Region, 2015-2019**

**Number of Star-Rated Hotels**

	2015	2016	2017	2018	2019
Mataram City	22	22	22	28	29
West Lombok	22	22	22	37	38
North Lombok	10	10	10	9	9
Central Lombok	5	5	5	4	6
East Lombok	1	1	1	2	3
West Sumbawa	2	2	2	1	1
Sumbawa	3	3	3	7	7
<b>Total</b>	<b>65</b>	<b>65</b>	<b>65</b>	<b>88</b>	<b>93</b>

**CAGR 2015-2019**

**9.4%**

**Number of Rooms**

	2015	2016	2017	2018	2019
Mataram City	1,853	1,853	1,853	1,977	853
West Lombok	1,391	1,391	1,391	4,419	2,644
North Lombok	431	431	431	717	487
Central Lombok	285	285	285	337	329
East Lombok	11	11	11	38	34
West Sumbawa	99	99	99	32	92
Sumbawa	48	48	48	155	98
<b>Total</b>	<b>4,118</b>	<b>4,118</b>	<b>4,118</b>	<b>7,675</b>	<b>4,537</b>

**CAGR 2015-2019**

**2.5%**

Source: Statistics Culture and Tourism Service of NTB Province



## 4.2. SUPPLY ANALYSIS

### 4.2.1. HOTEL SUPPLY LOMBOK - OVERALL

- ❑ Figure 4.5 summarises the number of star-rated hotels and number of rooms in Lombok between 2016 and 2019.
- ❑ Between 2016 and 2019, the number of star-rated hotels and hotel rooms in the market increased at a CAGR rate of 12.7% and 3.3% respectively. As of 2019, the total star-rated hotels was around 93 hotels with a total of 4,537 hotel rooms.
- ❑ Majority of hotels are located in and around the more established tourist attractions, such as West Lombok Regency (Senggigi) in 2019, which accounted for 41% and contributed the largest percentage of total star-rated hotels in Lombok, followed by Kota Mataram as central business area for 31% and then North Lombok (Gili Islands and Tanjung) for 10% of total star-rated hotels in Lombok.
- ❑ International brands that operate in Lombok include the Sheraton Hotel, Senggigi, Golden Tulip, Kota Mataram, Novotel Resort, Kuta Mandalika, The Oberoi Beach Resort, Tanjung and Wyndham Sundancer Resort, Sekotong.
- ❑ The Oberoi Beach Resort at Tanjung and Wyndham Sundancer Resort, Sekotong are temporarily closed because of the Covid-19 pandemic.

## 4.2. SUPPLY ANALYSIS

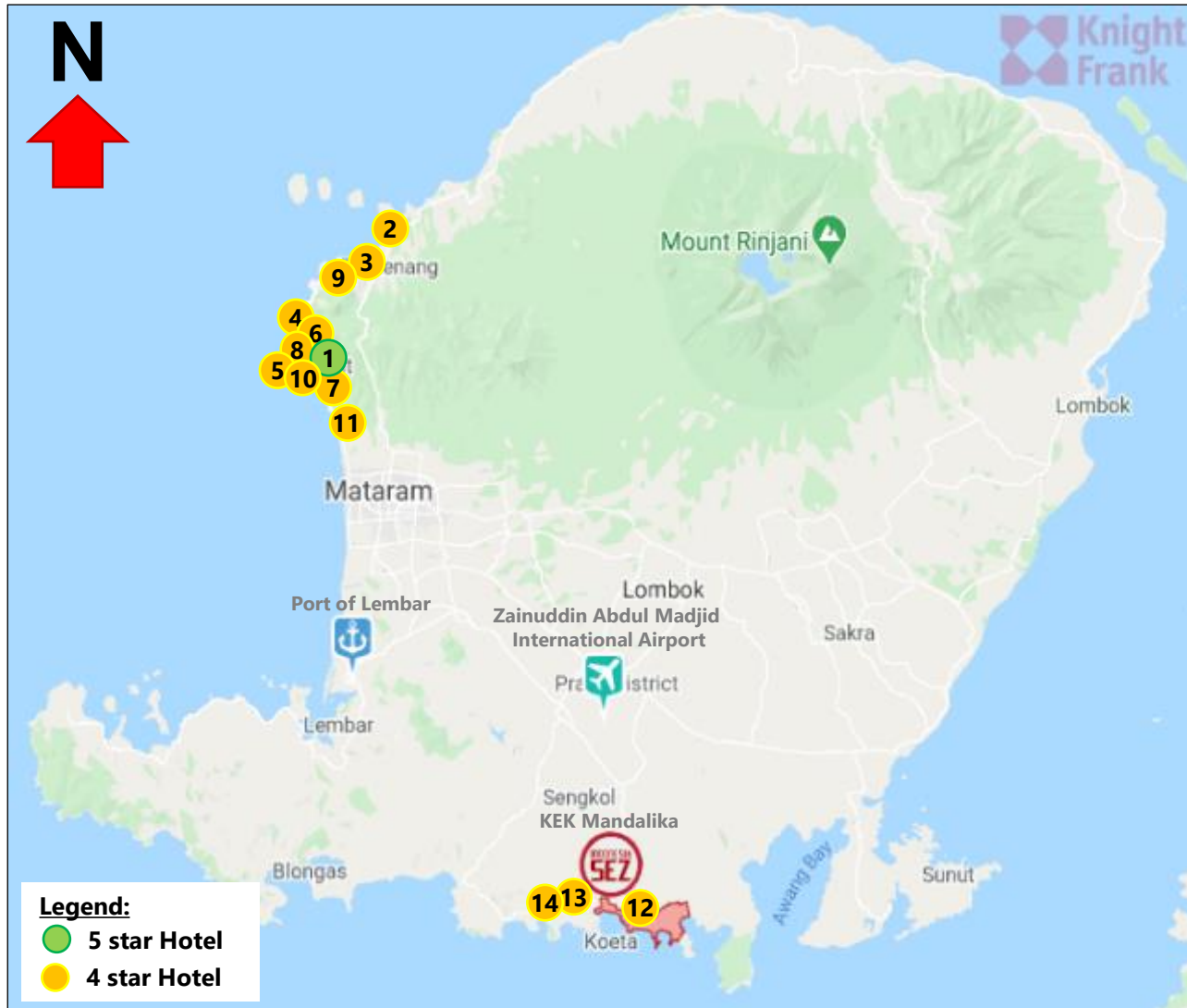
### 4.2.2. EXISTING 4- AND 5-STAR HOTEL SUPPLY IN SOUTH AND WEST LOMBOK

- ❑ As occupancy and Average Daily Room Rate (ADR) are not available by Region, market research was undertaken to gauge performance levels for a selected basket of hotels in the current key tourism areas: West Lombok such as Senggigi, Pemenang and Medana and Central Lombok or Kuta area, in order to assess differences in hotel performance between the existing key tourism areas in Lombok Island.
- ❑ As Lombok's most well-known resort destination, Senggigi has the most hotels and resorts ranging from 3 to 5-stars (midscale to upper upscale based on rate performance). These properties generally provide access to private beaches, spa facilities and recreational facilities such as outdoor pools and tennis courts. In addition, most resorts have multiple food and beverage outlets, including all-day-dining, bar, and a specialty restaurant. Despite the rapid growth of other attractions in Lombok, the area continues to maintain its popular status, especially amongst international visitors. Senggigi is also the gateway to the Gili Islands.
- ❑ Kuta and the surrounding beaches are well-known for their pristine white sand and crystal-clear sea. This coastal region has also gained an international reputation as one of the best surfing destinations in Southeast Asia. Kuta area is poised for strong development growth, supported by the impending KEK-Mandalika integrated resort development.
- ❑ Figure 4.6 shows maps of 4-star and 5-star for the 14 performing hotels in South Lombok and West Lombok areas.

# 4.2. SUPPLY ANALYSIS

## 4.2.2. EXISTING 4- AND 5-STAR HOTEL SUPPLY IN SOUTH AND WEST LOMBOK

FIGURE 4.6: MAP OF EXISTING 4- AND 5-STAR HOTEL SUPPLY



No.	Hotel Name	Area
1	Sheraton Senggigi Beach Resort	Senggigi
2	Anema Wellness and Resort	Tanjung
3	Jeeva Klui Resort	Pamenang
4	Katamaran Hotel & Resort	Senggigi
5	Kila Senggigi Beach Resort	Senggigi
6	Holiday Resort Lombok	Senggigi
7	Aruna Senggigi Resort & Convention	Senggigi
8	Puri Mas Boutique Beach Resort	Senggigi
9	Amarsvati Resort	Senggigi
10	Svarga Resort Lombok	Senggigi
11	The Jayakarta Lombok Beach Resort	Senggigi
12	Novotel Lombok Resort & Villas	Kuta
13	Sima Hotel Kuta Lombok	Kuta
14	Sikara Lombok Hotel	Kuta

Source: KF Map, 2020

# 4.2. SUPPLY ANALYSIS

## 4.2.2. EXISTING 4- AND 5-STAR HOTEL SUPPLY IN SOUTH AND WEST LOMBOK



### Sheraton Senggigi Beach Resort

Class	5-star
Operator	Marriot
Opening Year	1992
Total Rooms	152

- Facilities:**
- Swimming Pool
  - Bar & Restaurant
  - Private Beach
  - Beach Club
  - Meeting & Conference Room
  - Business Center
  - Spa
  - Fitness Center (Gym)
  - Sport Areas: Mini Golf, Tennis
  - Kids Area

### Anema Wellness and Resort

Class	4-star
Operator	Local Management
Opening Year	2013
Total Rooms	35

- Facilities:**
- Swimming Pool
  - Bar & Restaurant
  - Private Beach
  - Beach Club
  - Meeting Room & Business Center
  - Spa
  - Fitness Center (Gym)
  - Sport Areas: Billiard, Mini Golf
  - Kids Area

### Jeeva Klui Resort

Class	4-star
Operator	Jeeva Resort Group
Opening Year	2009
Total Rooms	22

- Facilities:**
- Swimming Pool
  - Private Beach
  - Restaurant
  - Business Center
  - Spa
  - Fitness Center (Gym)

# 4.2. SUPPLY ANALYSIS

## 4.2.2. EXISTING 4- AND 5-STAR HOTEL SUPPLY IN SOUTH AND WEST LOMBOK



### Katamaran Hotel & Resort

Class	4-star
Operator	Katamaran Group
Opening Year	2016
Total Rooms	109

#### **Facilities:**

- Swimming Pool
- Bar & Restaurant
- Private Beach
- Wedding Pavillion
- Meeting Room
- Spa
- Fitness Center (Gym)
- Kids Area

### Kila Senggigi Beach Resort

Class	4-star
Operator	Aerowisata Hotels & Resort
Opening Year	1987
Total Rooms	165

#### **Facilities:**

- Swimming Pool
- Bar & Restaurant
- Ballroom
- Meeting Room
- Business Center
- Spa
- Sport Areas: Tennis, Badminton
- Fitness Center (Gym)
- Kids Area

### Holiday Resort Lombok

Class	4-star
Operator	Holiday Resort (Blue Bird Group)
Opening Year	1995
Total Rooms	189

#### **Facilities:**

- Swimming Pool
- Bar & Restaurant
- Private Beach
- Beach Club
- Meeting & Conference Room
- Spa
- Fitness Center (Gym)
- Sport Areas: Tennis, Volley, Billiard
- Kids Area

# 4.2. SUPPLY ANALYSIS

## 4.2.2. EXISTING 4- AND 5-STAR HOTEL SUPPLY IN SOUTH AND WEST LOMBOK



### Aruna Senggigi Resort

Class	4-star
Operator	Topotels Hotels & Resort
Opening Year	2016
Total Rooms	142

#### **Facilities:**

- Swimming Pool
- Bar & Restaurant
- Meeting Room
- Business Center
- Spa
- Fitness Center (Gym)
- Kids Area

### Puri Mas Boutique Beach Resort

Class	4-star
Operator	Puri Mas Group
Opening Year	1988
Total Rooms	45

#### **Facilities:**

- Swimming Pool
- Bar & Restaurant
- Spa
- Fitness Center (Gym)
- Sport Areas: Tennis
- Kids Area
- Others: Library

### Amarsvati Resort

Class	4-star
Operator	Avilla Hospitality
Opening Year	2016
Total Rooms	75

#### **Facilities:**

- Swimming Pool
- Restaurant
- Business Center
- Fitness Center (Gym)
- Spa

# 4.2. SUPPLY ANALYSIS

## 4.2.2. EXISTING 4- AND 5-STAR HOTEL SUPPLY IN SOUTH AND WEST LOMBOK



### Svarga Resort Lombok

Class	4-star
Operator	Relife Property Management
Opening Year	2013
Total Rooms	51

- Facilities:**
- Swimming Pool
  - Restaurant
  - Business Center
  - Spa

### The Jayakarta Beach Resort

Class	4-star
Operator	Jayakarta Hotel Resorts
Opening Year	1992
Total Rooms	171

- Facilities:**
- Swimming Pool
  - Bar & Restaurant
  - Meeting & Conference Room
  - Business Center
  - Spa
  - Fitness Center (Gym)
  - Sport Areas: Tennis, Billiard
  - Kids Area
  - Others: Bicycle Rental

# 4.2. SUPPLY ANALYSIS

## 4.2.2. EXISTING 4- AND 5-STAR HOTEL SUPPLY IN SOUTH AND WEST LOMBOK



### Novotel Lombok Resort & Villas

Class	4-star
Operator	Accor
Opening Year	1997
Total Rooms	102

- Facilities:**
- Swimming Pool
  - Bar & Restaurant
  - Private Beach
  - Beach Club
  - Meeting & Conference Room
  - Spa
  - Fitness Center (Gym)
  - Kids Area

### Sima Hotel Kuta

Class	4-star
Operator	Local Management
Opening Year	2019
Total Rooms	60

- Facilities:**
- Swimming Pool
  - Restaurant
  - Spa
  - Fitness Center (Gym)

### Sikara Lombok Hotel

Class	4-star
Operator	Local Management
Opening Year	2018
Total Rooms	12

- Facilities:**
- Swimming Pool
  - Bar & Restaurant
  - Spa



## 4.2. SUPPLY ANALYSIS

### 4.2.2. EXISTING 4- AND 5-STAR HOTEL SUPPLY IN SOUTH AND WEST LOMBOK

**TABLE 4.2: EXISTING HOTEL SUPPLY**

No	Hotel Name	Address	Area	Star Hotel	Class/ Segment	Opening Year	Total Room
1	Sheraton Senggigi Beach Resort	Jl. Raya Senggigi Km. 8	Senggigi	5	Upper Upscale	1992	152
2	Anema Wellness and Resort	Jl. Raya Sigar Penjalin, Pantai Sire	Tanjung	4	Upper Upscale	2013	35
3	Jeeva Klui Resort	Jl. Raya Klui Beach No. 1	Pamenang	4	Upper Upscale	2009	22
4	Katamaran Hotel & Resort	Jl. Raya Senggigi, Mangsit	Senggigi	4	Upper Upscale	2016	109
5	Kila Senggigi Beach Resort	Jl. Pantai Senggigi, Batu Layar	Senggigi	4	Upscale	1987	165
6	Holiday Resort Lombok	Jl. Raya Senggigi, Batu Layar	Senggigi	4	Upscale	1995	189
7	Aruna Senggigi Resort & Convention	Jl. Raya Senggigi, Batu Layar	Senggigi	4	Upscale	2016	142
8	Puri Mas Boutique Beach Resort	Jl. Raya Senggigi, Kerandangan	Senggigi	4	Upscale	1988	45
9	Amarsvati Resort	Jl. Raya Senggigi 99, Malimbu	Senggigi	4	Upscale	2016	75
10	Svarga Resort Lombok	Jl. Raya Senggigi	Senggigi	4	Upscale	2013	51
11	The Jayakarta Lombok Beach Resort	Jl. Raya Senggigi KM. 4	Senggigi	4	Upscale	1992	171
12	Novotel Lombok Resort & Villas	Mandalika Resort Pantai Puri Nyale	Kuta	4	Upper Upscale	1997	77
13	Sima Hotel Kuta Lombok	Jl. Raya Kuta, Pujut	Kuta	4	Upscale	2019	60
14	Sikara Lombok Hotel	Jl. Mawun, Dusun Kuta II, Pujut	Kuta	4	Upscale	2018	12

Source : Knight Frank/ PT. Willson Properti Advisindo, 2020

## 4.2. SUPPLY ANALYSIS

### 4.2.2. EXISTING 4- AND 5-STAR HOTEL SUPPLY IN SOUTH AND WEST LOMBOK

- ❑ Market leader in Kuta area is Novotel Lombok Resort and Villas, which opened in 1997 with 77 rooms and 25 villa units. Novotel was one of the first star-rated hotel properties in Kuta area with an international brand operator. Novotel recorded an ADR of IDR 1.3 million with an average occupancy approximately 63% at the end of 2019 (YTD 2019).
- ❑ The market leaders in the Senggigi area include Sheraton Beach Resort and Kataraman Resort.
  - Sheraton Senggigi, the 152-room property is one of the first international standard resorts in Lombok. Traditional in style and equipped with good meeting and banqueting facilities and with its strategic location in Senggigi area, the property has captured a good share of MICE demand.
  - Katamaran Resort opened in 2016 with 109 rooms hotels and 20 villas. Designed as an all open concept with the aspiration of blending the resort in the midst of nature. The interior use of natural materials such as local woods and stones contrasting with exposed steel structure exhibits a twist of contemporary yet industrial design.

## 4.2. SUPPLY ANALYSIS

### 4.2.3. PROPOSED SUPPLY

**TABLE 4.3: FUTURE HOTEL SUPPLY IN KEK-KUTA MANDALIKA**

Est. Opening Year	Project Hotel Name	Operator	Star-Rated	Class/Segment	Est. Total Rooms	Description
Mid 2021	Pullman Hotel & Resort	Accor	5	Upper Upscale	260	- Total land: 2.7 Ha, - Under construction, progress H1 2020: 37%, - Contractor by WIKA Gedung.
mooted	Royal Tulip Resort & Spa	Golden Tulip	5	Upper Upscale	199	- Total land: 3.2 Ha, - Ground-breaking on March 20018 - Mix with 20 villa
mooted	Mvsk Hotel	Shaza Resort	4	Upscale	300	- Halal hotel concept from Arab hospitality company, - Part of Vinci Group.
mooted	Lagoon Resort & Residence	n/a	4	Upscale	342	n/a
mooted	Grand Mercure	Accor	5	Upper Upscale	342	n/a
mooted	X2 Mandalika Hotel & Beach Club	n/a	4	Upscale	200	- Total land: 3.2 Ha, - Mix with 10 villas.
mooted	Aloft by Marriot	Marriot	4	Upscale	178	n/a
mooted	Harper Mandalika	Archipelago	4	Upscale	226	n/a

Source : Knight Frank/ PT. Willson Properti Advisindo, 2020

- All project hotels shown in the table above are in the area of Mandalika Special Economic Zone, managed by Indonesia Tourism Development Corporation (ITDC-PT Pengembangan Pariwisata Indonesia), where the hotels prepared as lodging facilities during the event of Mandalika Motor GP-2021.

## 4.2. SUPPLY ANALYSIS

### 4.2.3. PROPOSED SUPPLY

- Out of all hotels listed on Table 4.3, only Pullman is actively constructing its premise and has confirmed project completion in mid 2021, just in time to welcome MotoGP in October 2021. The rest of the hotels are currently mooted, with no estimated timing to enter the market. Some of these projects have been delayed due to financing issues.
- There are only several new hotel developments in the pipeline outside of KEK Mandalika, as shown below:

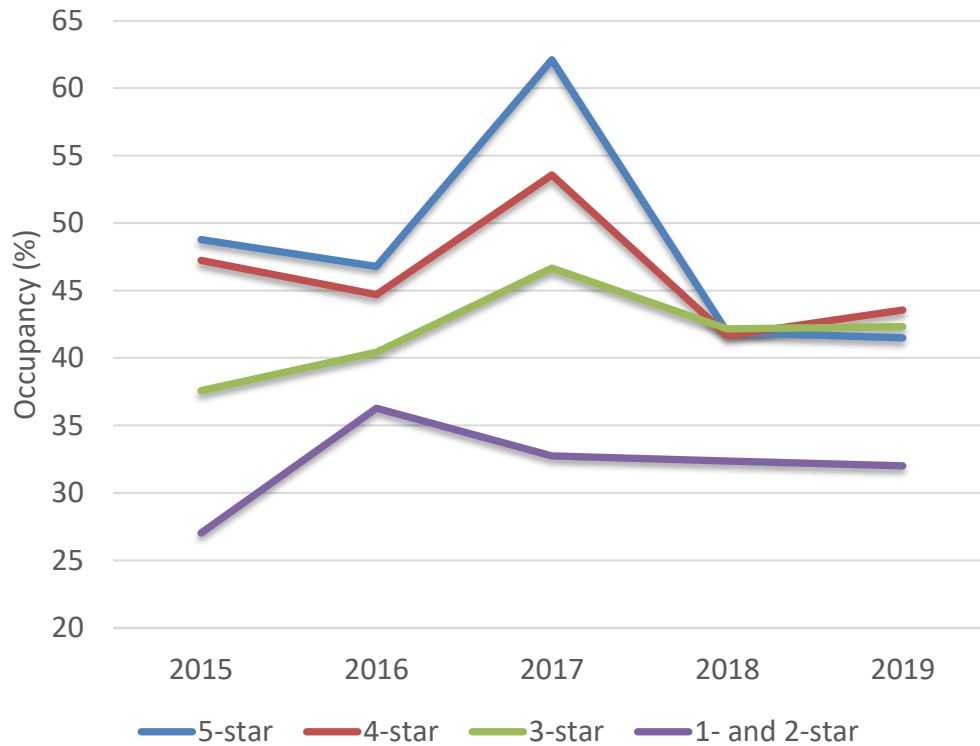
**TABLE 4.4: FUTURE HOTEL SUPPLY IN OTHER AREAS OF LOMBOK**

Est. Opening Year	Project Hotel Name	Operator	Star-Rated	Class/Segment	Est. Total Room	Location/ Area
2021	Prime Park Hotel & Covention	PP Hospitality	4	Upscale	168	Kota Mataram
2021	Amber Resort & Hotel	Spark hospitality	4	Upscale	n/a	Selong Belanak, Central Lombok
mooted	Innit Hotel & Resorts	n/a	5	Upper Upscale	26	Ekas Bay, South Lombok

Source : Knight Frank/ PT. Willson Properti Advisindo, 2020

# 4.3. DEMAND ANALYSIS

**FIGURE 4.7: OCCUPANCY STAR-RATED HOTEL, BY CLASS, 2015 – 2019**



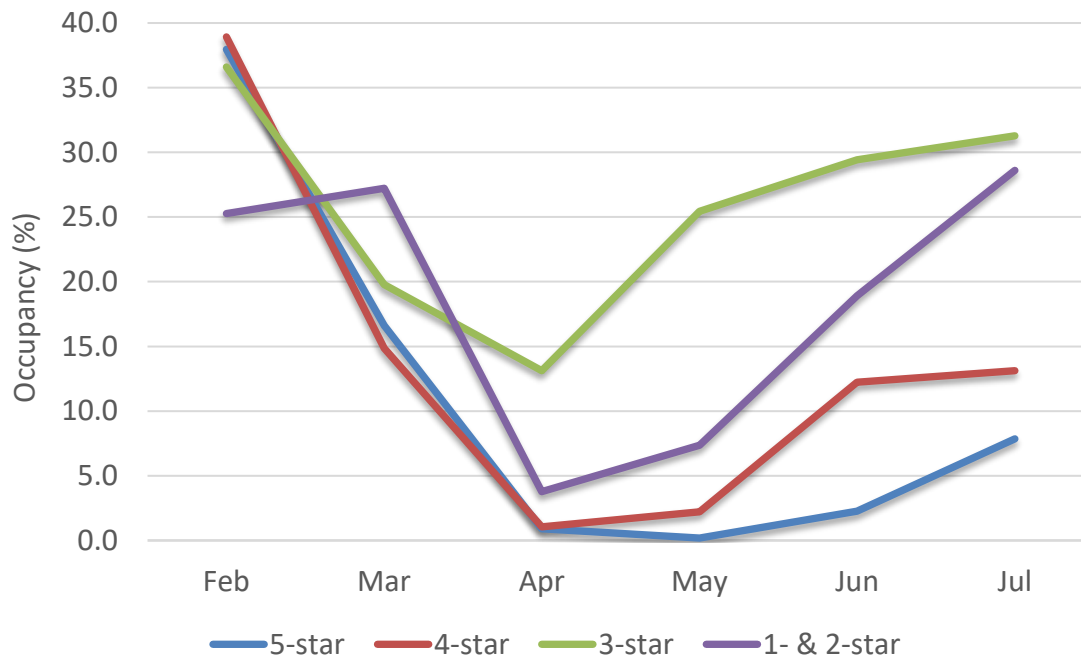
- ❑ Star-rated hotels in West Nusa Tenggara experienced a steady average occupancy within the range of 40%-50%. The average occupancy dropped in 2018 due to the earthquake.
- ❑ Occupancies of star-rated hotels ranged from 27.0% to 62.1% in the period of 2015-2019. The occupancy of all star-rated hotels recorded a CAGR of minus 0.2%.
- ❑ The largest decrease in occupancy during the period of 2015-2019 was recorded for five-star hotels at minus 4.0% and followed by four-star hotels at minus 2.0%. Meanwhile, three-star and one-two-star hotels recorded a CAGR of 3.0% and 4.3%, respectively.
- ❑ Both midscale and budget hotels have achieved good occupancy levels driven by low yielding government and corporate demand. These segments provide hotels with a relatively good occupancy base and an additional non-room revenue, including meeting room rentals and other ancillary revenues.

Class	2015	2016	2017	2018	2019	CAGR
5-star	48.8	46.8	62.1	41.9	41.5	<b>-4.0%</b>
4-star	47.2	44.7	53.6	41.7	43.6	<b>-2.0%</b>
3-star	37.6	40.4	46.7	42.2	42.3	<b>3.0%</b>
1- and 2-star	27.0	36.3	32.7	32.4	32.0	<b>4.3%</b>
<b>Average (in %)</b>	<b>40.2</b>	<b>42.1</b>	<b>48.8</b>	<b>39.5</b>	<b>39.8</b>	<b>-0.2%</b>

Source: Hotel Statistics NTB and Statistics Culture and Tourism Service of NTB Province

# 4.3. DEMAND ANALYSIS

**FIGURE 4.8: OCCUPANCY STAR-RATED HOTEL, BY CLASS, FEB – JUL 2020**



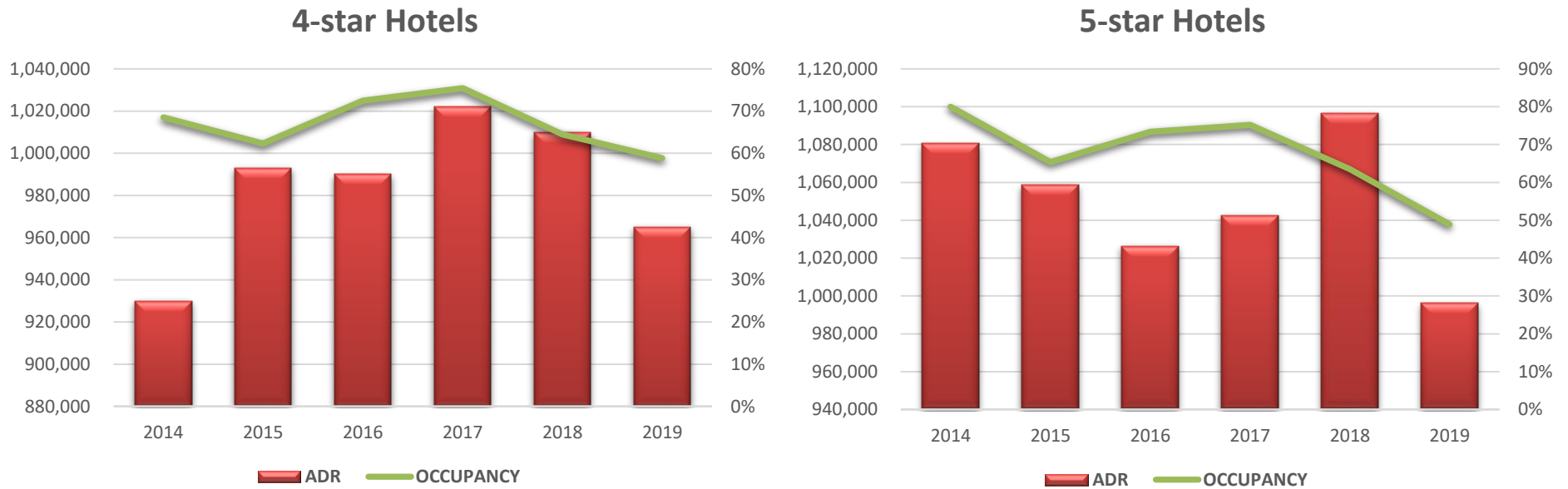
Class	Occupancy Star-Rated Hotels, by Class (%)						Average (%)
	Feb	Mar	Apr	May	Jun	Jul	
5-star	38.0	16.6	0.9	0.2	2.3	7.9	<b>11.0</b>
4-star	38.9	14.9	1.1	2.2	12.2	13.1	<b>13.7</b>
3-star	36.6	19.8	13.1	25.4	29.4	31.3	<b>25.9</b>
1- & 2-star	25.3	27.2	3.8	7.4	18.9	28.6	<b>18.5</b>
<b>Average</b>	<b>34.7</b>	<b>19.6</b>	<b>4.7</b>	<b>8.8</b>	<b>15.7</b>	<b>20.2</b>	<b>17.3</b>

- ❑ The average star-rated hotel occupancy during the first seven months of 2020 in Lombok was approximately 17.3%.
- ❑ Since the declaration of Covid-19 pandemic in mid-March 2020, hotel occupancies in Lombok have experienced a significant decline, reaching its lowest point of 4.7% in April 2020 and 8.8% in May 2020 for all class hotels .
- ❑ Notably, among the four class of hotels, the occupancy for the 3-star rating has shown the highest occupancy than other star-rated hotels. Many 3-star hotels in Lombok are considered as business hotels with profiles of governments guests or locals.
- ❑ As of July 2020, the average star-rated hotel occupancy was still recorded at only 20.2% for all class hotels.

Source: BPS - Monthly Hotel Statistics of NTB Province, February – July 2020

# 4.3. DEMAND ANALYSIS

**FIGURE 4.9: HOTEL MARKET PERFORMANCE BY CLASS, LOMBOK**



Source : Knight Frank/ PT. Willson Properti Advisindo, 2020

- ❑ Figure 4.8 shows the estimated occupancy and average daily rate (ADR) for performing hotels in South and West Lombok areas.
- ❑ The estimated average daily room rate (ADR) for 4-star hotels ranged from IDR 930,000 to IDR 1,022,000. The overall occupancy levels were estimated at approximately 59% to 75%. The estimated ADR ranged from IDR 996,000 to IDR 1,081,000. The overall occupancy levels are estimated at approximately 49% to 80%.
- ❑ The basket of hotels that we analyzed includes the five performing 4-star and 5-star hotels in the South and West Lombok area, with a total of 692 rooms. Occupancy is significantly higher than the rates presented by the NTB Culture and Tourism Office for star-rated hotels, which illustrates the potential for good quality hotels with capable operators to perform above the market average.

## 4.3. DEMAND ANALYSIS

**TABLE 4.4: ADR AND OCCUPANCY, PRE COVID-2019 – Q3, 2020 (COVID-19 CONDITION)**

No.	Hotel Name	Area	Total Rooms	Occupancy (%)		Add. Breakfast (Rp)	ADR	
				2019	H1 2020 (Covid-19)		2019	2020 (Covid-19)
1	Novotel Lombok Resort & Villas	Kuta	77	63%	15%	150,000	1,319,200	774,900
2	Sima Hotel Kuta Lombok	Kuta	60	70%	35%	49,587	537,200	328,300
3	Sikara Lombok Hotel	Kuta	12	70%	30%	61,983	900,000	458,300
4	Anema Wellness and Resort	Medana	35	75%	10%	100,000	1,139,700	609,000
5	Jeeva Klui Resort	Pemenang	22	60%	20%	82,645	900,000	628,000
6	Sheraton Senggigi Beach Resort	Senggigi	152	49%	20%	150,000	996,300	681,200
7	Kila Senggigi Beach Resort	Senggigi	165	55%	27%	50,000	609,400	329,000
8	Katamaran Hotel & Resort	Senggigi	57	72%	20%	200,000	1,402,500	630,500
9	Holiday Resort Lombok	Senggigi	189	61%	10%	82,645	840,600	409,800
10	Aruna Senggigi Resort & Convention	Senggigi	142	60%	20%	98,000	900,000	330,000
11	Puri Mas Boutique Beach Resort	Senggigi	45	75%	15%	110,000	881,700	323,100
12	Amarsvati Resort	Senggigi	75	50%	26%	50,000	569,800	374,800
13	Svarga Resort Lombok	Senggigi	51	75%	20%	100,000	552,900	378,700
14	The Jayakarta Lombok Beach Resort	Senggigi	171	60%	23%	82,645	537,200	397,900

Source : Knight Frank/ PT. Willson Properti Advisindo, 2020

- ❑ Average room occupancy for 4-star and 5-star hotels in Lombok for 2019 (Pre-Covid 19) was between 49% and 75%, indicating that the hotel industry prior to the Covid-19 pandemic was still promising in Lombok Island. Lombok has captured the overflow of tourist demand from Bali. Untouched nature of Lombok is growing in popularity with tourists that are seeking alternatives to the increasingly strained tourism infrastructure of Bali in order to explore Lombok Islands in search of relaxation and tranquility.
- ❑ Average Daily Rate (ADR) for 4-star and 5-star hotels in 2019 ranged from IDR 537,200 to IDR 1.4 million per night. During the Covid-19 pandemic, ADR declined to IDR 323,100 to IDR 774,900 per night (excluding tax and breakfast).
- ❑ During the Covid-19 pandemic, average occupancy for 4-star and 5-star hotels in Lombok declined to approximately 10% to 35%, whilst ADR declined by 20% to 45% from the previous year levels.



## 4.4. CONCLUSION AND MARKET OUTLOOK



- ❑ With the current travel restrictions in place as a result of the COVID-19 pandemic, Indonesia hotel industry's first effective steps towards recovery will predominantly depend on the return of domestic travel. After three months of closure, on June 8th the government finally eased its large-scale social restrictions (LSSR), allowing more businesses to reopen.
- ❑ The hospitality sector is one of the business sectors that is most affected by the pandemic. In order to supplement hotels' declining revenues, many hoteliers offered creative promotions such as to "book now stay later" deals, staycation program to attract local visitors to want to stay at hotels and provide attractive price promotions. During this pandemic, the average daily rate (ADR) was discounted by 20% - 45% while compared to last year period (pre-COVID).
- ❑ Due to the regional lockdown and travel restrictions during the pandemic, majority of hotel guests staying at hotels in Lombok is the domestic guests who come from Mataram and or surroundings region in Lombok Island. Following the government recommendations for social distancing, the room capacity that can open for the public is only about 50% to 75% of the total rooms. For the breakfast facilities, the hotels offer breakfast ala carte in room or breakfast in restaurant with stringent protocols by hotel. At this "new normal" era, hotels are required to implement health protocols and safety concerns as recommended by the government and WHO and improve hygiene standards in all hotel areas.
- ❑ Whilst the Lombok hotel market has also been hardly hit by the Covid-19 pandemic and will continue to remain soft in 2020-2021. However, the quick, short recovery of the market in 2019 after the 2018 earthquake indicates the ability of the Lombok hotel market to rebound after temporary market shocks.

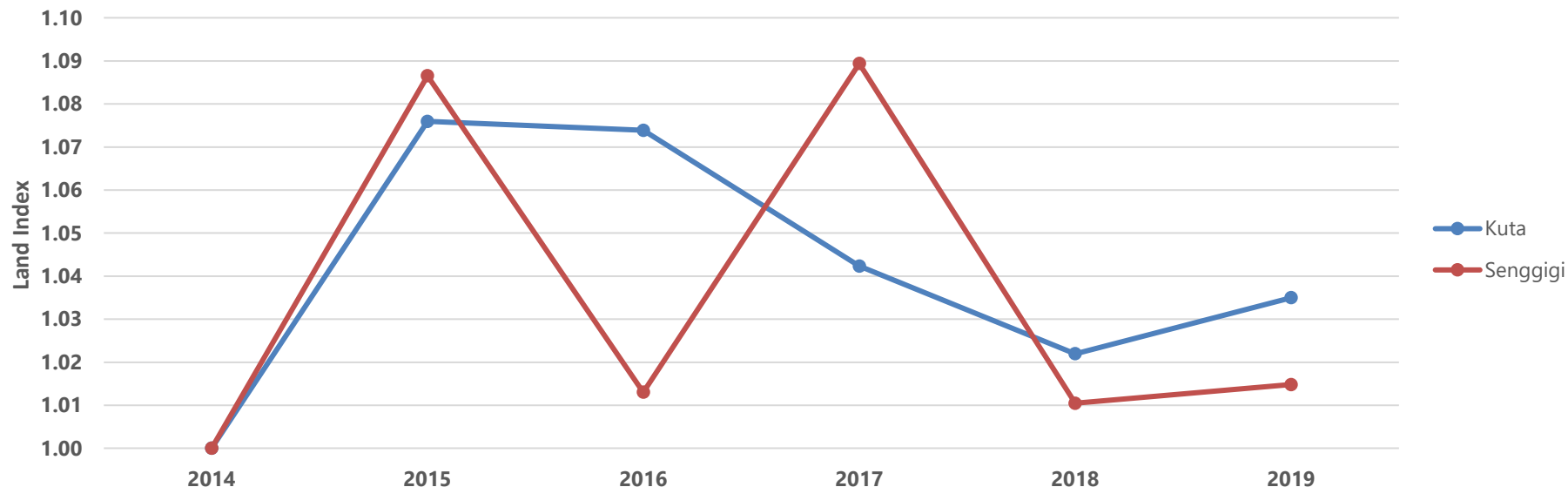
## 4.4. CONCLUSION AND MARKET OUTLOOK



- ❑ Assuming that the Covid-19 pandemic can be resolved in late 2021, the MotoGP event in October 2021 would contribute timely to the recovery of the Lombok tourism market. Based on the 2021 GDP forecast of West Nusa Tenggara Province from Bank Indonesia, the Lombok hospitality sector is expected to gradually recover in 2021.
- ❑ On the other hand, Lombok also has an emerging competition from other tourism destinations in East Indonesia such as Labuan Bajo. The following conditions are necessary for the Lombok tourism market to leapfrog the competition:
  - Continued collaboration between the Indonesian central and regional government to accelerate developments at Mandalika Special Economic Zone. Recreational facilities, such as marina and the 27-hole golf course, are necessary catalyst developments to increase the appetite of hotel investors.
  - Continued calendar of large events to generate room night demand as well as Meetings, Incentives, Conferences and Exhibitions (MICE) demand. In 2019 Lombok is started to be the host of an international sports event like the marathon, bicycle events, paragliding events, and others national sport events. If the MotoGP 2021 event can be developed further to Formula One, the multiplier impact to upper upscale tourism would be greater.
  - Cross-sectoral efforts from relevant authorities to add on new international and domestic flight routes to Lombok.
- ❑ We have also assessed the outlook for capital value appreciation, based on Knight Frank Indonesia's hotel valuation experience in Lombok. Due to our confidentiality undertaking, we are not in a position to reveal the actual market values. Instead, the historical commercial land values are presented as land value indices, adopting 2014 value as a base. The following shows the results of our analysis:

# 4.4. CONCLUSION AND MARKET OUTLOOK

**FIGURE 4.10: LAND PRICE GROWTH INDEX, BY AREA**



Area	2014	2015	2016	2017	2018	2019	CAGR 2014-2017
Kuta	1.00	1.08	1.07	1.04	1.02	1.03	<b>6.4%</b>
Senggigi	1.00	1.09	1.01	1.09	1.01	1.01	<b>6.2%</b>

Source : Knight Frank/ PT. Willson Properti Advisindo, 2020

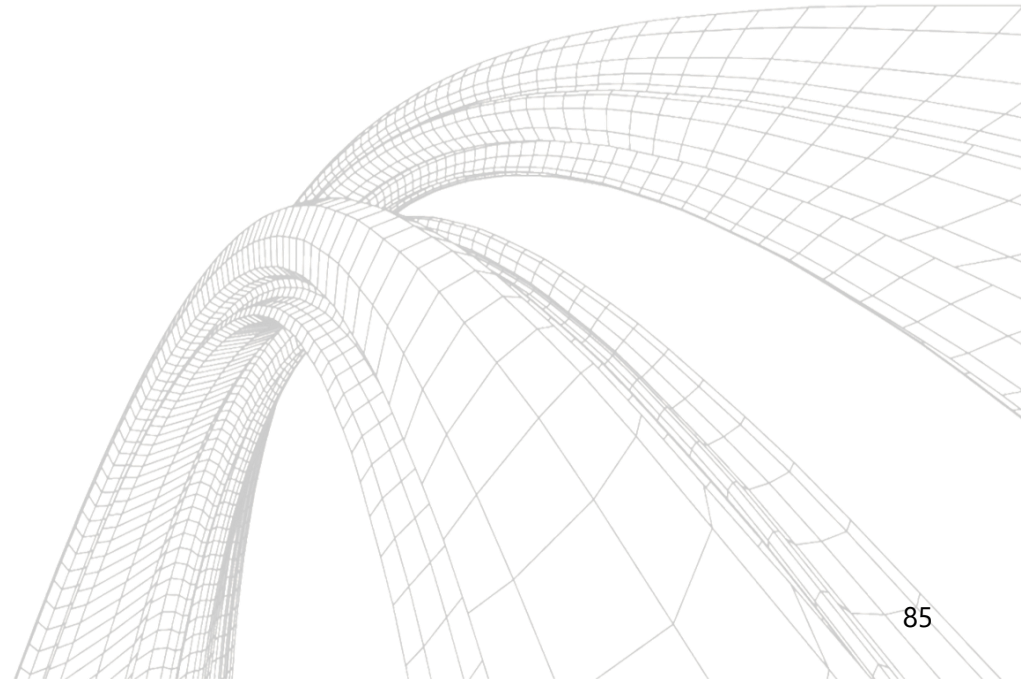
- ❑ Based on our historical valuation of selected hotels in Kuta and Senggigi, the compound average growth rate (CAGR) of commercial land value during normal conditions between 2014 and 2017 (before the earthquake in 2018), was **6.4%** per annum for Kuta and **6.2%** per annum for the Senggigi area.
- ❑ Senggigi is considered the most established tourism area in Lombok, and hence its land price growth has stabilized. However, there is good upside potential for future land value appreciation in the Kuta area, due to the continued development of Mandalika as a Special Economic Zone, which has been declared as a strategic tourism project by the Central Government. The sustained growth of Kuta area also depends on successful, continued holding of crowd-pulling events, including the Mandalika MotorGP-2021 event and other international and national sports events.

## 4.4. CONCLUSION AND MARKET OUTLOOK



- ❑ We have reviewed the historical land value growth index at Kuta and the historical GDP growth of West Nusa Tenggara Province in 2014-2019 period.
- ❑ Our analysis indicates that GDP growth is strongly correlated with the land value growth at Kuta, with correlation coefficient of over 80%.
- ❑ The projected GDP growth of West Nusa Tenggara Province in the next 3 years is as follows:
  - -2.95% in 2020 and 5.2% in 2021 (Source: Bank of Indonesia and Central Bureau of Statistics of West Nusa Tenggara Province),
  - 5.39% in 2022 and 5.81% in 2023 (extrapolated from the historical average of normal GDP growth of West Nusa Tenggara Province, excluding outliers of negative growth in 2018 (due to the earthquake) and 2020 (due to the Covid-19 pandemic), as well as the super high growth of 21.76% in 2015 (due to the spike of growth in the mining and quarrying industry in 2015).
- ❑ Considering the above factors, and assuming that the Covid-19 pandemic can be resolved by Q4 2021, **the projected land value growth at Kuta in 2021-2023 ranges from 5% to 7% per annum.**

# CHAPTER V: VILLA MARKET REVIEW



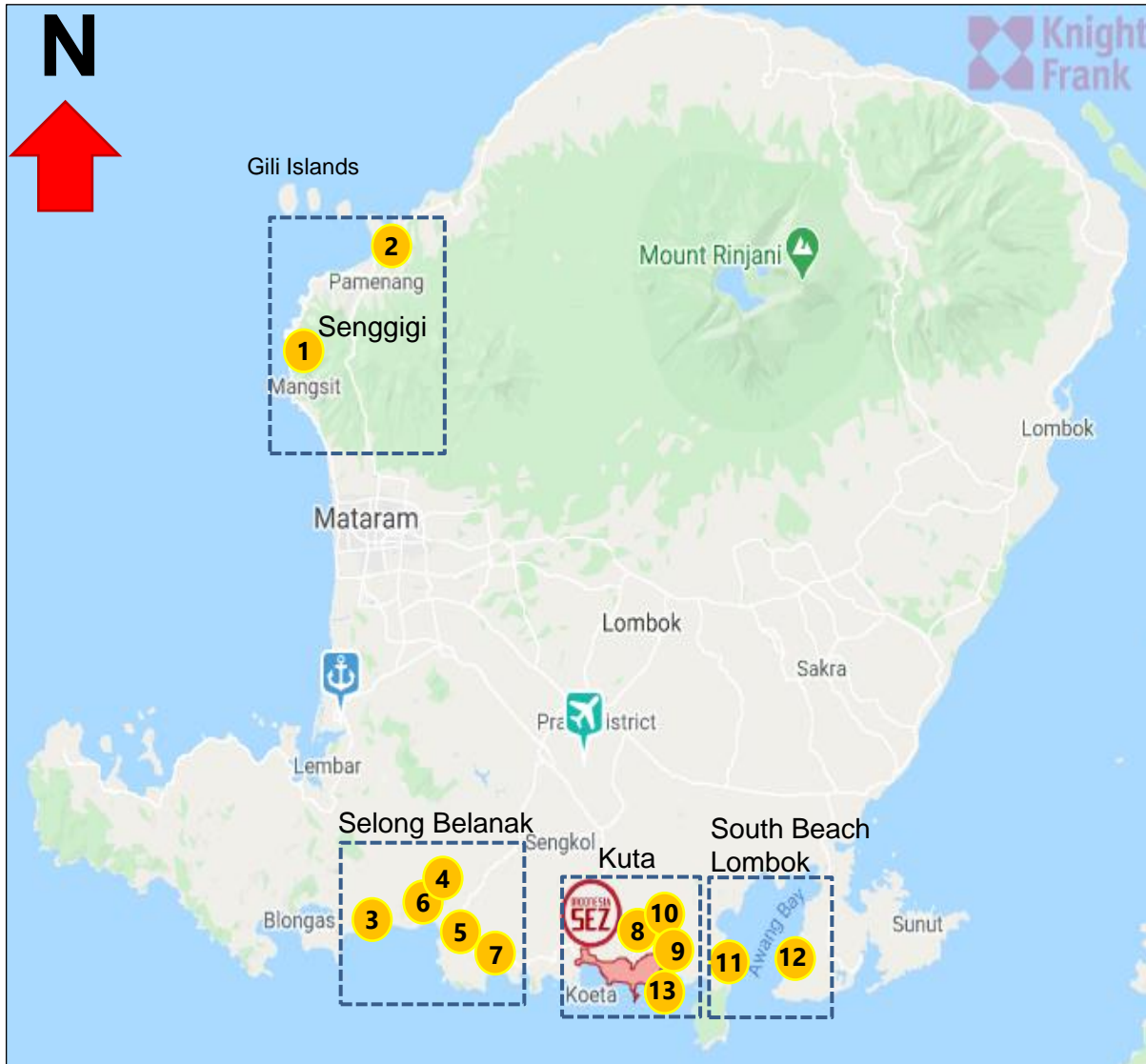
# 5.1 SUPPLY ANALYSIS

- ❑ Lombok villas have historically attracted both investors and end users who want other alternatives to South Bali villas. Lombok villas are preferred by many investors because of the beautiful, serene nature of Lombok, as well as its lower land price compared to those at Southern Bali.
- ❑ Several developers have developed and marketed villas for sale in several tourist destinations in Lombok such Senggigi, Kuta, Gili Islands, Selong Belanak and South Beach Lombok. The latter offers beach front villas with supporting facilities and services catering to the upscale and upper upscale segment.
- ❑ The relocation of the airport from Selaparang Airport to Lombok International Airport, as well as the steady construction progress of the main road infrastructure and Mandalika Street Circuit at Mandalika Special Economic Zone have helped support the tourism developments in South Lombok.
- ❑ Whilst the market for villas for sale market in Lombok has been growing in the last five years, the earthquake that occurred in 2018 and the Covid-19 pandemic in 2020 have substantially slowed down for the villa sales activities and delayed construction of new supply.
- ❑ There are basically two types of villa projects offered for sale in the market:
  - Villas offered for sale as a “package”, comprising villa land plots and buildings
  - Villa land plots, where the developers sell villa lots and buyers have the option to build the villas later, either on built to suit basis or according to the developer’s specifications. If buyers choose the latter, the developers also offer standard building prices.
- ❑ We have reviewed the above two types of villa products based on four locations, namely Senggigi, Kuta, Selong Belanak and South Beach Lombok. However, analysis on villa development configuration is based on villa projects that are offered as a “package”, comprising lots and buildings.

# 5.1 SUPPLY ANALYSIS

## 5.1.1. EXISTING SUPPLY

FIGURE 5.1: MAP OF SELECTED EXISTING SUPPLY



Location	Villa For Sale	Villa Land Plots For Sale
Senggigi	1 Asmara Villa	
	2 Anema Resort	
Selong Belanak	3 Amber Resort	6 Cascada
	4 Selong Selo	7 Tampah Hills
	5 Tropik	
Kuta		8 Kuta Heights
		9 Tanjung Ocean View
		10 Kuta Sunset
South Beach	11 Lobster Bay	13 Ebuak Bay
	12 Innit Residences	

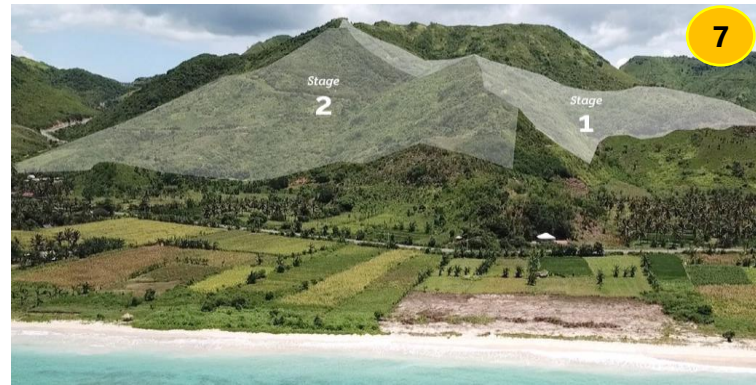
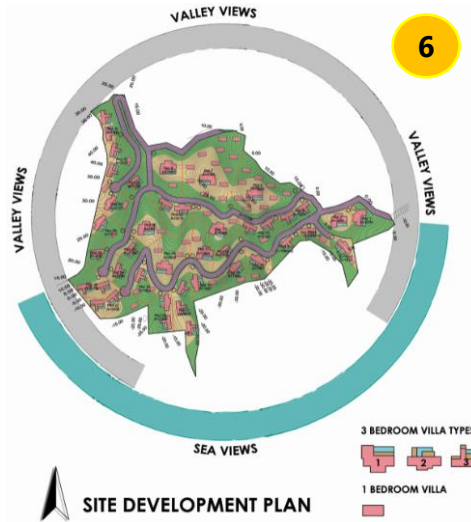
# 5.1 SUPPLY ANALYSIS



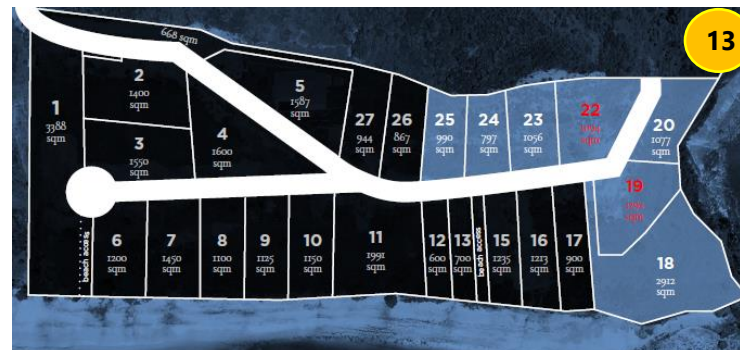
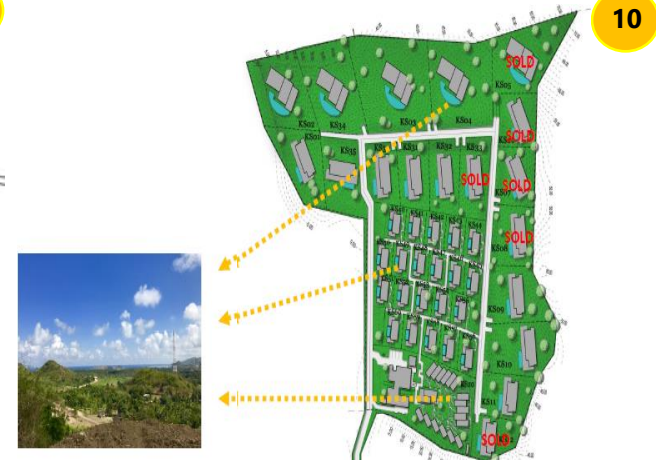
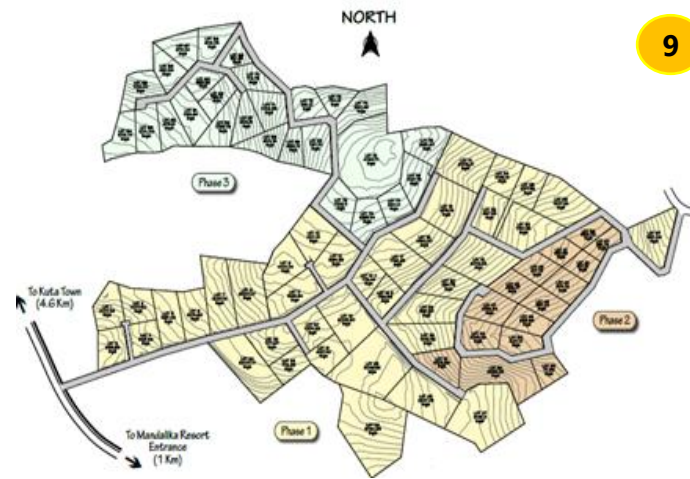
Location	Villa For Sale
Senggigi	1 Asmara Villa
	2 Anema Resort
Selong Belanak	3 Amber Resort
	4 Selong Selo
	5 Tropik
Kuta	
South Beach	11 Lobster Bay
	12 Innit Residences



# 5.1 SUPPLY ANALYSIS



Location	Villa Land Plots For Sale
Senggigi	
	6 Cascada
Selong Belanak	7 Tampah Hills
Kuta	8 Kuta Heights
	9 Tanjung Ocean View
	10 Kuta Sunset
South Beach	13 Ebuak Bay



# 5.1. SUPPLY ANALYSIS

## 5.1.1. EXISTING SUPPLY

- ❑ As mentioned before, we have reviewed the two types of villa products based on four locations, namely Senggigi, Kuta, Selong Belanak and South Beach Lombok. Out of the four locations, Senggigi is the most popular, established tourism destination. With the relocation of Selaparang Airport to Lombok International Airport at Praya, Central Lombok, as well as the continuous development of SEZ Kuta Mandalika, tourists have started to visit Kuta and Selong Belanak areas. Meanwhile, South Beach Lombok area is located further from Airport and is still less developed. However, several developers have entered this remote location due to attractive views and nature characteristics offered in selected development sites.
- ❑ There are limited existing villa compounds that are already in operation in the market. Most projects are still under construction progress or even newly launched in 2019.
- ❑ We have assessed the profile of villa land and building prices based on these four location categories:
  - **Senggigi:**

We analyzed two existing projects that have already been operating, namely Asmara Villa and Anema Wellness Resort.
  - **Selong Belanak:**

Five projects were reviewed, two of which offer villa land plots only, namely Cascada and Tampah Villa, whilst the other three offer villa land and building sold as a 'package', namely Amber Resort, Selong Selo Residences, and Tropik.
  - **Kuta:**

Three projects were reviewed, all of which offer villa land plots only, namely Kuta Heights, Tanjung Ocean Views, and Kuta Sunset by Private Sanctuary.
  - **South Beach:**

Two villa projects, namely Lobster Bay and Innit Residence, offer villa land and building sold as a 'package'. In addition, one project, namely Ebuak Bay, sells villa land plot only.

# 5.1. SUPPLY ANALYSIS

## 5.1.1. EXISTING SUPPLY

### A. SENGGIGI

**TABLE 5.1: SELECTED EXISTING PROJECTS IN SENGGIGI AREA**

Project Name	Asmara Villa	Anema Resort Gili Lombok
Address	Jalan Masyarakat, Setangi, North Lombok Utara Regency	Jl. Pantai Sira, Sigar Penjalin, Tanjung, North Lombok Utara Regency
Year Of Completion	2019	2016
Developer	Paradise Property	Anema Group Bali and Lombok
Type of Investment Product	Villa Units	Villa Units
#Total Villa Units	6	9
#Villa Units Sold	2	8
Sales Rate	33%	89%
Range of Lumpsum Price	514/200 : USD 170,000	66/140: USD 211,630
(Land Area/Building Area in sqm)	638/200: USD 185,000	106/225: USD 332,754
	861/200: USD 215,000	243/510: USD 406,930
	502/200: USD 170,000	
View	Garden View	Ocean View
Facilities	One Gate System	Restaurants, Spa and Gym Club, Beach club and pool, golf and driving range roof top
Term of Payment	30% DP, 20% x 3 payments + 10% at delivery	50% DP, installment 5 years
Other terms and conditions (if available)	N/A	N/A

Villa Units: villas sold as lot and building as a 'package'

# 5.1. SUPPLY ANALYSIS

## A. SENGGIGI

- ❑ Senggigi Area is considered the main, most established tourist strip in Lombok, stretching out over several kilometers along the west coast. It is located within the West Lombok Regency and lies just north of the capital Mataram. There are two of pockets tourism developments in Senggigi area as follows:
  - ❑ Batu Bolong as the gateway to Senggigi, with a wide range of hotels, restaurants, and nightlife establishments.
  - ❑ The Central Senggigi and Mangsit area, which is the concentration of relatively large-scale four- and five-star hotels such as Sheraton Senggigi, Jeeva Klui Resort, Anema Wellness and Resort, Kila Senggigi Beach Resort, Katamaran Hotel and Resort, and other four-star hotels.
- ❑ Because Senggigi area is already well established with beachfront hotels and villatels, not many villas for sale are developed in this area. Relative to other parts of Lombok, Senggigi area has an additional element of vibrancy and quite crowded. Many investors prefer to develop villas in quieter areas, away from the crowd and closer to nature.
- ❑ Senggigi is considered a popular place among international tourists. The key selling points of villas in Senggigi Area :
  - ❑ Good location, very close to the beach. For example, Anema Wellness resort is an integrated beachfront villa and hotel resort.
  - ❑ Close to the famous Gili Islands, which is the most popular tourist destination in Lombok. Tourists have an option to stay in Gili Islands or use Senggigi area as a transit area which offers more complete amenities and services.
  - ❑ Both of Anema Wellness Resort and Asmara Villa offer relatively affordable prices for a well-established tourism area like Senggigi.

# 5.1. SUPPLY ANALYSIS

## B. SELONG BELANAK

**TABLE 5.2: SELECTED EXISTING PROJECTS IN SELONG BELANAK AREA**

Project Name	Amber Resort and Hotel	Selong Selo Residences	Cascada	Tropik	Tampah Hills
Address	Amber Beach Resort Torok Beach, West Praya, Central Lombok Regency,	Jl. Batu Jangkih Sepi, Mungkung, Mangkung, West Praya	Selong Belanak, West Praya, Central Lombok Regency	Jalan Selong Belanak, West Praya, Central Lombok Regency	Mekar Sari, Praya Bar., Central Lombok Regency
Year Of Completion	2021	2020-2021	N/A	2022	2022-2023
Developer/Operator	Spark Hospitality	Selo Group	Cascada Estate	PT Tropik Selong Belanak	Tampah Hills
Type of Investment Product	Villa Units	Villa Units	Land Plots Only	Villa Units	Land Plots Only
#Total Villa Units	12	27	67,465 sqm	16	42,250 sqm
#Villa Units Sold	7	23	27,970 sqm	0	257,750 sqm
Sales Rate	58%	85%	41%	0%	86%
Asking Lumpsum Price (Land/Building)	104/87: USD 195,000	330/95 : USD 161,850		200/75: USD 125,290	
	221/146: USD 295,000	450/251 : USD 366,450		200/100:USD 151,919	
	205/146 USD 395,000	1500/850 : USD 1,237,500		400/150:USD 214,734	
	251/337: USD 645,000	1500/900: USD 1,297,500			
Slot Size range			1,100 sqm - 5,600 sqm		minimum 1500 sqm - 3,200 sqm
Asking Land Price Per sqm			USD 65-USD 70		USD 145
Asking Total Price	USD 195,000 - USD 645,000	USD161,800 - USD 1,297,500	USD 71,500 - USD 336,240	USD 125,290 - USD 214,734	USD217,500 - USD464,000
View	Beach Front	Ocean View	Ocean View, Garden View	Garden View	Ocean View
Facilities	Amber Beach Lounge, Restaurants, Gym, Spa, Sports Center, Boutique Library, Beach Club	Wedding Chapel, Restaurant, Gym, Spa	N/A	Restaurant, Garden	Co-working space, Spa, Restaurant, Amphi Theater, Sport Facilities, Mountain Bike, Skate Park
Term of Payment	DP 40%, 20% on 3 months, 20% on 6 months, 20% On delivery	DP 50%, 45% halfway, 5% at delivery	N/A		DP 85% of Land value, remaining : 50% 2 months before construct, 20% 3 months of construction, 20% 5 months of construction, 10% at delivery
Other terms and conditions (if available)			Buyer have option to build villas on Built to suit basis while enjoying The convenience, lifestyle and security in a managed villa estate		The developers also provide bldg. prices if buyers want to build the villas based on the developers' specifications. The price per sqm villa starts at USD 1,200

Source : Knight Frank/PT. Willson Properti Advisindo, 2020



Villa Units: villas sold as lot and building as a 'package'

Villa Land Plots: developer only sells land plots/villa 'kavlings'

# 5.1. SUPPLY ANALYSIS

## B. SELONG BELANAK

- ❑ Selong Belanak is one of the newly developed and popular area in Lombok that offers good ocean view and has good accessibility from Lombok International airport at approximately 40-minute drive.
- ❑ Amber Hotel and Resort, Selong Selo Residences and Tropik Villa offer villa units as a 'package' comprising both the land and building. Meanwhile, at Cascada and Tampah Hills, the developers sell villa land at size range of 1,100 sqm to 5,600 sqm.
- ❑ Asking land price in Selong Belanak area is USD 65 – USD 145 per square meter depending on the location, the view and land size. Meanwhile, building price is offered starting from 1,200 USD per square meter villa.
- ❑ The land price in Selong Belanak is higher than that in the Kuta Area.
- ❑ Selong Selo Residences, which is marketed by Elite Havens, offers room rate ranging from USD 150 for 1BR to USD 795 for 7 BR per night in 2020.
- ❑ Each villa project in Selong Belanak has its key selling point that utilizes its land characteristic to 'sell' the view

**TABLE 5.3: KEY SELLING POINTS OF EXISTING PROJECTS IN SELONG BELANAK AREA**

Amber Resort and Hotel	Selong Selo Residences	Cascada	Tropik	Tampah Hills
<ul style="list-style-type: none"> <li>▪ Beach front property</li> <li>▪ Integrated beachfront villa and hotel resort.</li> <li>▪ Active construction-project is estimated to be completed in early 2021</li> </ul>	<ul style="list-style-type: none"> <li>▪ Good location with panoramic ocean view</li> <li>▪ High quality amenities.</li> <li>▪ Marketing and management team also have good track record in Bali</li> </ul>	<ul style="list-style-type: none"> <li>▪ Large villa land plots with relatively affordable prices.</li> <li>▪ Provides opportunity for buyers to do land banking, with no deadline on villa construction.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Relatively affordable price for amenities offered</li> </ul>	<ul style="list-style-type: none"> <li>▪ Large villa land plots with relatively affordable prices.</li> <li>▪ Offer hills and ocean view</li> <li>▪ Many resort facilities planned</li> </ul>

Source : Knight Frank/PT. Willson Properti Advisindo, 2020



Villa Units: villas sold as lot and building as a 'package'

Villa Land Plots: developer only sells land plots/villa 'kavlings'

# 5.1. SUPPLY ANALYSIS

## C. KUTA

**TABLE 5.4: SELECTED EXISTING PROJECTS IN KUTA AREA**

Project	Kuta Heights	Tanjung Ocean View	Kuta Sunset By Private Sanctuary
Address	Jl. Pariwisata, Kuta, Pujut, Central Lombok Regency	151 Jalan Raya Kuta, Kuta Bypass Road, Sukadana, Pujut, Central Lombok Regency	Sukadana, Pujut, Central Lombok Regency
Year Of Completion	N/A	N/A	N/A
Developer	Kuta Heights Development	Tanjung Ocean View	Private Sanctuary
Type of Investment Product	Land Plot Only	Land Plot Only	Land Plot Only
Total Villa Unit/Plot Land	150,000 sqm	98,963 sqm	31,048 sqm
Sold Villa Unit/Plot Land	87,933 sqm	83,550 sqm	8,096 sqm
Sales Rate	59%	84%	26%
Range area of Plot Land	636 sqm - 1,285 sqm	840 sqm - 2,100 sqm	1,052 sqm - 3,902 sqm
Asking Land Price Per sqm	USD 43- USD 50	USD 36 - USD 39	USD 66
Asking Total Land Price	USD 31,700 - USD 158,984	USD30,000 - USD 78,756	USD69,432 - USD257,532
View	Ocean View	Ocean View	Garden View
Facilities	N/A	N/A	Integrated Pool, Restaurants, open play area, Spa, Gym
Term of Payment	N/A	25% – Initial Deposit (refundable to buyer until end of the Due Diligence period). 60% – Additional Deposit (payable upon Buyer’s approval of Due Diligence). 15% – Final Payment (payable on issuance of new certificate to Buyer).	30% DP, 30% x 2 payments, 10% at delivery across 12 months
Other terms and conditions (if available)	The developers also provide building prices if buyers want to build the villas based on the developers’ specifications. The price per square meter villa starts at USD 500	Buyer can build their own villa. Developers can also refer the buyer to contractors to assist with the construction of the buyer's villa.	Buyer can build their own villa. Developers can also refer the buyer to Contractors to assist with the construction of the buyer's villa.

# 5.1. SUPPLY ANALYSIS

## C. KUTA

- ❑ Kuta is located within the Central Lombok Regency and lies on the south coast of the island. Development of Kuta area has been generated by the opening of Lombok International Airport in Praya, Central Lombok, as the travel time from Kuta to New International airport only approximately 30 minutes.
- ❑ Because of its location in Central Lombok, several accommodations and restaurants in Kuta have been developing in line with the growth of tourist arrivals. The tourist market segmentation in Kuta is quiet diverse, ranging from backpacker to upscale tourists. Currently there is only one upscale hotel in Kuta, i.e. the four-star Novotel. However, recently, there are some upper upscale hotels and private villas being developed.
- ❑ Table 5.4 shows three villa projects at Kuta. For all of these three projects, the developers sell villa land plots of 600 sqm to 3,900 sqm. Villa buyers have the flexibility to build their villas on built-to-suit basis in the future. The developers have not set a timetable or deadline when buyers should commence construction of their villas. Such arrangement provides opportunity for villa buyers to do land banking, capitalizing on future land price appreciation. Whilst such strategy may be a quick short term solution to generate cash flows in the short-term, selling villa land plots may have a long-term project risk, as some buyers are likely to delay building their villas, choosing their own sweet time. As such, in the long term the project may be left with empty sold plots, preventing the developers from establishing an active, sizable community in the villas. Furthermore, each villa in the estate may have different façade, as buyers are given the flexibility to develop their villas on built-to-suit basis.
- ❑ The range of land price per square meter in Kuta area is USD 36 to USD 66 depending on location, view and land size.
- ❑ The key selling points of selected villa projects in Kuta are shown below:

**TABLE 5.5: KEY SELLING POINTS OF EXISTING PROJECTS IN KUTA AREA**

Kuta Heights	Tanjung Ocean View	Kuta Sunset By Private Sanctuary
<ul style="list-style-type: none"> <li>▪ Relatively affordable land price and building price.</li> <li>▪ Provides opportunity for buyers to do land banking, with no deadline on villa construction.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Large plots with affordable prices</li> <li>▪ Ocean view</li> <li>▪ Walking distance to the beach</li> </ul>	<ul style="list-style-type: none"> <li>▪ Near SEZ Mandalika</li> <li>▪ Integrated with resort hospitality and facilities that can be enjoyed by villa owners including club house facilities</li> </ul>





# 5.1. SUPPLY ANALYSIS

## D. SOUTH BEACH

**TABLE 5.6: SELECTED EXISTING PROJECTS IN SOUTH BEACH LOMBOK AREA**

Project Name	Lobster Bay Lombok	Innit	Ebuak Bay
Address	Mertak, Pujut, Central Lombok Regency	Pemongkong, Jerowaru, East Lombok Regency	Pengembur, Pujut, Central Lombok Regency
Year Of Completion	2021	2022	N/A
Type of Investment Product	Villa Unit	Villa Unit	Plot Land Only
#Total Villa Units/Lots	50 units	27 unit	30,842 sqm
#Sold Villa Units/Lots	35 units	11	24,000 sqm
Sales Rate	70%	41%	78%
Range of Lumpsum Price (Land/Building)	383/98 : USD 146,948	506/269: USD 345,000	
	265/98 : USD 128,363	827/369: USD 435,000	
	404/98 : USD 150,255	997/385 : USD 515,000	
	900/243: USD 282,188		
	1000/430: USD 462,000		
Lot Size Range			797 sqm- 2,912 sqm
Land Price Per sqm			USD 207 - USD 228
View	Ocean View	Ocean View	Beach Front View
Facilities	Main Club, Restaurants, Kids Club, Tennis Courts, Spa/Gym, Organic Garden and Farm	Infinity Pool, Beach House, Restaurany, Seremonie Spa	Beach Club
Term of Payment	5% of reservation fee, 45% on DP, 15% 15% upon villa foundation built, 15% on completion, 10% hand over	30% DP, 20% x 3 payments + 10% at delivery	30% DP, 20% x 3 payments + 10% at delivery
Other terms and conditions (if available)			Buyer may build on built-to-suit basis while still benefiting from the facilities, maintenance and luxury lifestyle afforded by a managed estate.



Villa Units: villas sold as lot and building as a 'package'

Villa Land Plots: developer only sells land plots/villa 'kavlings'

# 5.1. SUPPLY ANALYSIS

## D. SOUTH BEACH

- ❑ South Beach area, including Pujut and Jerowaru area, is the newest developing tourist area in Lombok. The main strength of this remote location is the natural characteristic that will be the main selling point for the development of villa for sale.
- ❑ On the other hand, the travel time from the Lombok International Airport to South Beach area is over 90 minutes.
- ❑ The key selling points of each project in South Beach are shown below:

**TABLE 5.7: KEY SELLING POINTS OF EXISTING PROJECTS IN SOUTH BEACH AREA**

Lobster Bay Lombok	Innit	Ebuak Bay
<ul style="list-style-type: none"> <li>▪ Integrated villa and hotel resort</li> <li>▪ Affordable price</li> </ul>	<ul style="list-style-type: none"> <li>▪ Integrated beach front villa and hotel resort</li> </ul>	<ul style="list-style-type: none"> <li>▪ Integrated villa and hotel resort</li> <li>▪ have panoramic views of the bay, beach surf breaks, and headland.</li> </ul>

Source : Knight Frank/PT. Willson Properti Advisindo, 2020

- Villa Units: villas sold as lot and building as a 'package'
- Villa Land Plots: developer only sells land plots/villa 'kavlings'

# 5.1. SUPPLY ANALYSIS

## E. DEVELOPMENT CONFIGURATION

**TABLE 5.8: DEVELOPMENT CONFIGURATION OF VILLAS FOR SALE**

No.	Project Name	Location	Units				
			Studio/ 1BR	2BR	3BR	Penthouse	Total
1	Tropik	Selong Belanak	4	8	4		16
2	Amber Resort and Hotel	Selong Belanak	2	9	1		12
3	Lobster Bay Lombok	Awang Bay	19	15		12	46
4	Innit	Ekas Bay	9	13	4	1	27
5	Asmara Villa	Setangi		6			6
6	Anema Resot Villa	Sira	8	1			9
7	Selong Selo Residences	Selong Belanak	3	14	6	4	27
	TOTAL		45 (31%)	66 (46%)	15 (10%)	17 (12%)	143 (100%)

No.	Project Name	Unit Size							
		Studio/1BR		2BR		3BR		Penthouse	
		Min	Max	Min	Max	Min	Max	Min	Max
1	Tropik		75		100		150		
2	Amber Resort and Hotel		87	146	146		337		
3	Lobster Bay Lombok	98	98	243	243			430	
4	Innit		269		369		385		
5	Asmara Villa			200	200				
6	Anema Resot Villa	106	106		243				
7	Selong Selo Residences	95	100		215		251	431	900
	TOTAL/AVERAGE	100	123	196	217		281	431	900

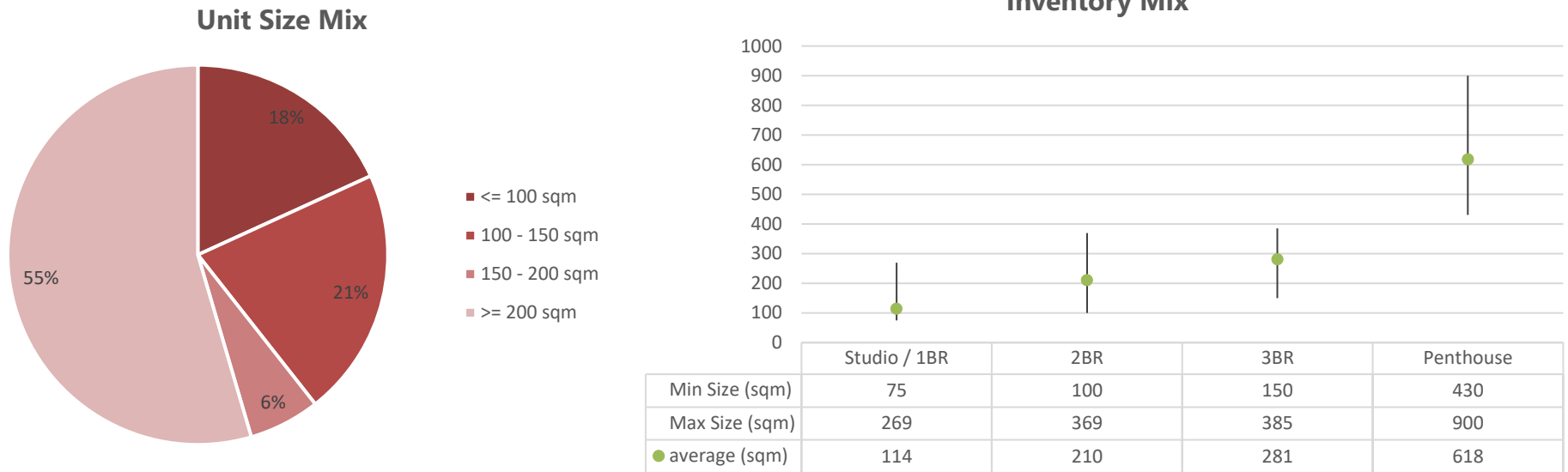
Source : Knight Frank/PT. Willson Properti Advisindo, 2020

- ❑ The existing villa estates for sale in Lombok have a total of 143 units with Lobster Bay providing the largest number of total units.
- ❑ Existing supply is dominated by 2BR units (46%), followed by Studio/1BR (31%), whilst 3BR and Penthouse units account for 10% and 12% of total supply, respectively.

# 5.1. SUPPLY ANALYSIS

## E. DEVELOPMENT CONFIGURATION

**FIGURE 5.2: UNIT SIZE MIX AND INVENTORY MIX OF EXISTING VILLAS FOR SALE**



Source : Knight Frank/PT. Willson Properti Advisindo, 2020

- ❑ As stated above, the majority of villas consist of 1BR and 2 BR type (31% & 46%), as most villa owners tend to use their units for their own private occupation.
- ❑ Based on unit size, the most dominant size is 200 sqm (55%), followed by 100 – 150 sqm (21%).
- ❑ Unit size ranges from 95 to 269 sqm for 1BR, 146 to 369 sqm for 2 BR and 251 to 385 sqm for 3 BR units. The average size of the 1BR, 2BR and 3BR units is 114 sqm, 210 sqm and 281 sqm, respectively. Penthouses are exceptional with option of 4BR up to 7BR.

# 5.1. SUPPLY ANALYSIS

## F. PRICING

**TABLE 5.9: ASKING LUMP SUM UNIT PRICE OF EXISTING VILLAS FOR SALE**

No.	Project Name	Asking Lumpsum Unit Price (excl. VAT, Hard Cash Payment)							
		Studio / 1BR		2BR		3BR		Penthouse	
		Min	Max	Min	Max	Min	Max	Min	Max
1	Tropik		\$ 125,290		\$ 151,919		\$ 214,734		
2	Amber Resort and Hotel		\$ 195,000	\$ 295,000	\$ 395,000		\$ 645,000		
3	Lobster Bay Lombok	\$ 128,363	\$ 150,255	\$ 255,675	\$ 282,188			\$ 462,000	
4	Innit		\$ 345,000		\$ 435,000		\$ 515,000		
5	Asmara Villa			\$ 170,000	\$ 215,000				
6	Anema Resot Villa	\$ 271,292	\$ 332,754		\$ 406,930				
7	Selong Selo Residences	\$ 161,850	\$ 170,750		\$ 362,400		\$ 366,450	\$ 720,200	\$ 1,515,000
	Average	\$ 187,168	\$ 219,842	\$ 240,225	\$ 321,205		\$ 435,296	\$ 591,100	\$ 1,515,000

Source : Knight Frank/PT. Willson Properti Advisindo, 2020

- ❑ Asking lump sum prices of villas in several areas in Lombok are described below:
  - ❑ Senggigi: the lumpsum price starts from 170,000 USD for a 2 BR unit at Asmara Villa, which is not integrated with hotel. At Anema Resort, which is integrated with the hotel, prices are 271,292 USD for a 1BR unit to 406,930 USD for 2 BR.
  - ❑ Selong Belanak: the lumpsum price starts from 125,000 USD for a 1BR to USD 1,515,000 for a Penthouse
  - ❑ South Beach :the lumpsum price starts from 128,400 USD for a 1BR to USD 515,000 for a 3BR.
- ❑ During the Covid-19 pandemic, developers have maintained the same asking prices as per 2019 levels. Standard discounts from the above asking prices range from 7% to 10%. There are no transactions observed during the Covid-19 pandemic in 2020. As such, there is no market evidence indicating the magnitude of price drop during the Covid-19 crisis.

# 5.1. SUPPLY ANALYSIS

## F. PRICING

**TABLE 5.10: ASKING PRICE PER SQM OF EXISTING VILLAS FOR SALE**

No.	Project Name	Unit Price (per sq-m)							
		Studio / 1BR		2BR		3BR		Penthouse	
		Min	Max	Min	Max	Min	Max	Min	Max
1	Tropik		\$ 1,671		\$ 1,519		\$ 1,432		
2	Amber Resort and Hotel		\$ 2,241	\$ 2,021	\$ 2,705		\$ 1,914		
3	Lobster Bay Lombok	\$ 1,310	\$ 1,533	\$ 1,052	\$ 1,161			\$1,074	
4	Innit		\$ 1,283		\$ 1,179		\$ 1,338		
5	Asmara Villa			\$ 850	\$ 1,075				
6	Anema Resot Villa	\$ 2,559	\$ 3,139		\$ 1,675				
7	Selong Selo Residences	\$ 1,704	\$ 1,708		\$ 1,686		\$ 1,460	\$1,671	\$ 1,683
	Average	\$ 1,935	\$ 1,973	\$ 1,308	\$ 1,552		\$ 1,561		

Source : Knight Frank/PT. Willson Properti Advisindo, 2020

Asking price per sqm ranges from USD1,308 to 1,561 per sqm for 2BR to 3BR units and USD 1,935 to USD 1,973 per sqm for 1BR units.

# 5.1. SUPPLY ANALYSIS

## F. PRICING

**FIGURE 5.3: ASKING PRICE PER SQM BY TYPE OF VILLA UNIT**



Source : Knight Frank/PT. Willson Properti Advisindo, 2020

- ❑ Figure 5.2 above shows the minimum and maximum asking price per square meter of each villa type. These prices represent a “packaged” price, comprising land and building price, on fully furnished basis.
- ❑ There is a wide price range for 1BR and 2 BR units. For 1BR units, the price range is USD 1,310 to USD 3,139 per sqm, and for 2 BR units the price ranges from USD850 to USD 2,705 per sqm. The wide price range is attributable to the large range of land size in villas offered in the market.
- ❑ The maximum prices reflect the fact that prices tend to be cheaper on per square meter basis for larger units. The maximum price for 1BR units is USD 3,139 USD per sqm, followed by USD 2705 for 2BR and USD 1,914 per sqm for 3BR units.
- ❑ The Penthouse unit price depends on how many bedroom types but ranges from USD 1,074 to 1,683 per sqm.

# 5.1. SUPPLY ANALYSIS

## 5.1.2. PROPOSED SUPPLY

**TABLE 5.11: FUTURE VILLA RESORT IN MANDALIKA SPECIAL ECONOMIC ZONE**

Est. Opening Year	Project Villa Name	Operator	Class/ Segment	Est. Total Unit	Description
Mid 2021	Pullman Hotel & Resort	Accor	Upper Upscale	n/a	- Total land: 2.7 Ha, - Under construction, progress H1 2020: 37%, - Total hotel rooms: 260
mooted	Royal Tulip Resort & Spa	Golden Tulip	Upper Upscale	20	- Total land: 3.2 Ha, - Ground-breaking on March 20018 - Mix with 20 villa
mooted	X2 Mandalika Hotel & Beach Club	n/a	Upscale	10	- Total land: 3.2 Ha

Source : Knight Frank/ PT. Willson Properti Advisindo, 2020

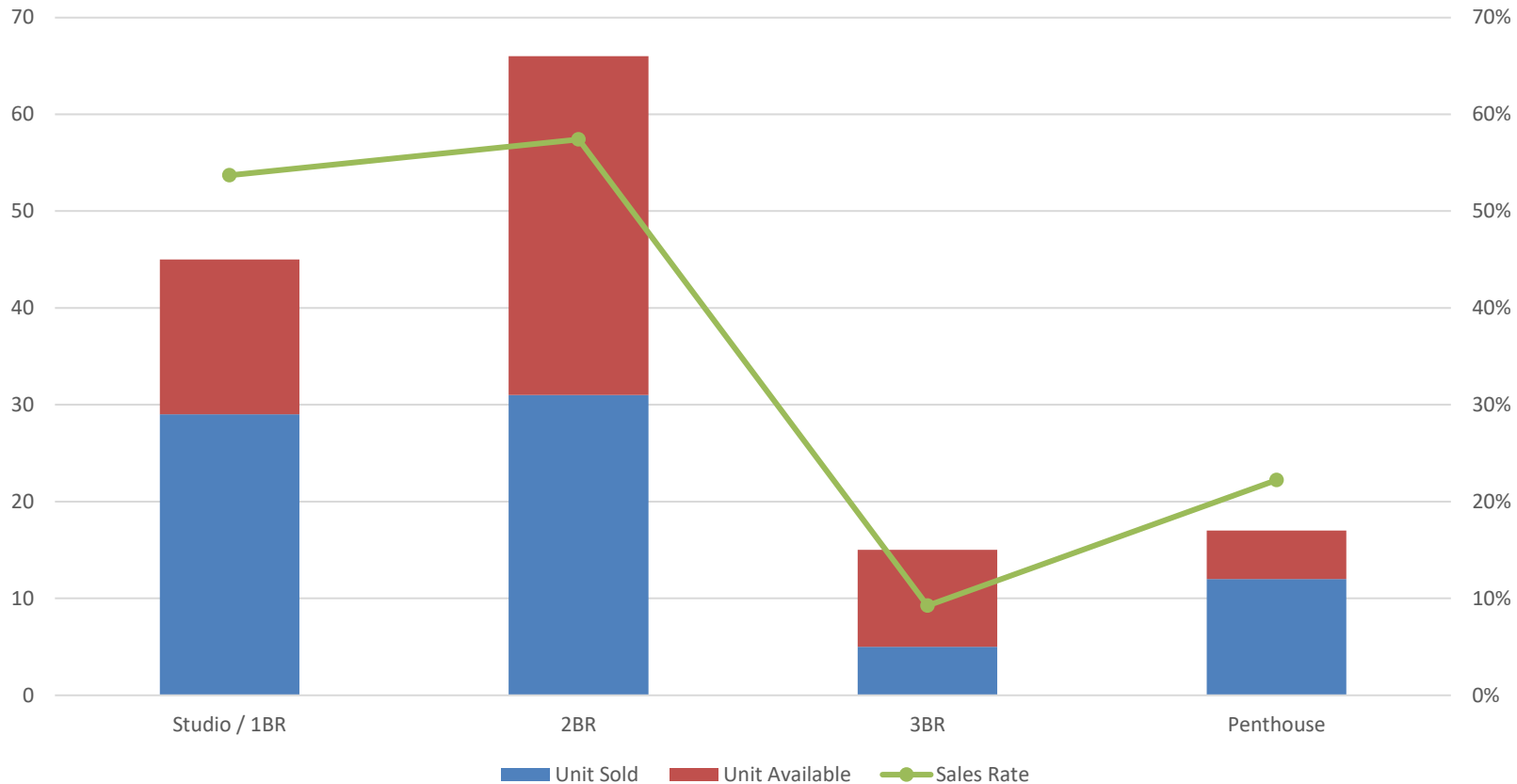
- ❑ All villa projects in Mandalika SEZ are integrated with the hotels.
- ❑ Due to the Covid-19 pandemic, out of the above three projects, only the construction of Pullman Hotel and Resort is progressing, and is expected to complete by mid 2021, just in time to welcome the MotoGP race in October 2021. Other projects are still mooted.



# 5.2. DEMAND ANALYSIS

## 5.2.1. DEMAND LEVELS

**FIGURE 5.4: SALES RATE BY TYPE OF VILLA**



Source : Knight Frank/PT. Willson Properti Advisindo, 2020

The most popular villa types, as indicated by sales rates are 2BR units, followed by 1BR units, as most villa buyers tend to use their units for their own private occupation. The sales rate for the 2BR type and 1 BR type is at 57% and 54% respectively.

## 5.2. DEMAND ANALYSIS

### 5.2.1. DEMAND LEVELS

**TABLE 5.12: TOTAL UNITS SOLD IN EXISTING VILLA PROJECTS**

No.	Project Name	Units Sold				
		Studio / 1BR	2BR	3BR	Penthouse	Total
1	Tropik					0
2	Amber Resort and Hotel	1	6	0		7
3	Lobster Bay Lombok	11	7		9	27
4	Innit	6	4	0		10
5	Asmara Villa		2			2
6	Anema Resot Villa	8	0			8
7	Selong Selo Residences	3	12	5	3	23
	<b>TOTAL</b>	29	31	5	12	54

Source : Knight Frank/PT. Willson Properti Advisindo, 2020

## 5.2. DEMAND ANALYSIS

### 5.2.2. DEMAND PROFILE AND PREFERENCES

**TABLE 5.13: PROFILE OF BUYERS IN EXISTING VILLA PROJECTS**

Project Name	Buyer Profile (%)		Buyer's Country of Origin
	Domestic	Foreigner	
<b>VILLA FOR SALE</b>			
Tropik		100%	Australia
Amber Resort and Hotel		100%	Europe: German, French, British
Lobster Bay Lombok		100%	UK, Australia, Vietnam, Singapore, South Africa, USA and China
Innit	10%	90%	Australia, Japan
Asmara Villa	10%	90%	Australia
Anema Resot Villa	10%	90%	USA, Australia
Selong Selo Residences		100%	Australia, Singapore, USA, Hongkong
<b>VILLA LAND PLOTS FOR SALE</b>			
Cascada	10%	90%	Australia, Singapore, Europe
Tampah Hills	10%	90%	Australia, Europe
Kuta Heights	10%	90%	Australia, Singapore
Tanjung Ocean View	0%	100%	Australia, New Zealand
Kuta Sunset	10%	90%	Australia, China, Singapore
Ebuak Bay	10%	90%	Australia, Europe, China, Japan

Source : Knight Frank/PT. Willson Properti Advisindo, 2020

- ❑ The most dominant buyers are foreign investors.
- ❑ Domestic investors come from outside of Lombok, mainly from Jakarta and Kalimantan.

## 5.2. DEMAND ANALYSIS

### 5.2.2. DEMAND PROFILE AND PREFERENCES

- Important demand preference factors of villa purchasers include:
  - Private location with good accessibility
  - Availability of good ocean view, beach frontage and/or good access to the beach
  - Facilities and infrastructure, both within the villa estate and linkages to nearby facilities outside the estate
  - Unit quality and features
  - Quality of management

## 5.3. RENTAL YIELD

**TABLE 5.14: GUARANTEED YIELDS OF SELECTED VILLA PROJECTS**

No	Villa Resort Name	Guaranteed Yield Year 1			Guaranteed Yield Year 2			Guaranteed Yield Year 3			Guaranteed Yield Year 4			Average Yield	Projected Occupancy (%)			
		1BR	2BR	3BR	1BR	2BR	3BR	1BR	2BR	3BR	1BR	2BR	3BR		Year 1	Year 2	Year 3	Year 4
1	Tropik Villa	3.33%	4.23%	4.23%	4.92%	5.95%	6.03%	6.86%	9.05%	8.05%	9.00%	10.94%	10.64%	6.94%	23.33%	33.33%	43%	53%
2	Amber Resort and Hotel	12%	12%	12%	12%	12%	12%							12%	65%	75%		
3	Innit	10%	10%	10%	10%	10%	10%							10%	65%	75%		
4	Ebuak Bay	10%	10%	10%	10%	10%	10%							10%	65%	75%		

Source : Knight Frank/PT. Willson Properti Advisindo, 2020

**TABLE 5.15: ESTIMATED YIELD OF SELECTED RENTAL VILLA PROJECTS DURING 2020**

No	Villa Resort Name	Occupancy 2020 (%)	Type of Villa	Room Size (sqm)	Average Room Rate	Estimated ARR (Rp) excl breakfast & taxes	Estimated Rental Income Per Year (IDR)	Estimated Lumpsum Achieved Sales Price (IDR)	Estimated Yield
					IDR				
1	Asmara Villa	50%	2BR	200	1,500,000	1,500,000	273,750,000	3,148,890,000	8.7%
2	Anema Wellness Resort	52%	1BR	106	1,200,000	1,100,000	207,441,667	3,973,342,632	5.2%
		52%	1 BR	106	1,700,000	1,600,000	301,733,333	4,873,515,084	6.2%
		52%	2 BR	243	2,000,000	1,900,000	358,308,333	5,959,896,780	6.0%
3	Selong Selo Resort and Residences	53%	Studio	95	1,996,738	1,996,738	388,698,331	2,370,455,100	16.4%
		47%	1BR	100	2,636,280	2,636,280	449,046,360	2,500,804,500	18.0%
		47%	2BR	215	4,003,240	4,003,240	681,885,213	5,307,710,400	12.8%
		47%	3BR	251	5,707,058	5,707,058	972,102,213	5,367,026,700	18.1%
		47%	4BR	431	7,205,832	7,205,832	1,227,393,384	9,103,953,600	13.5%
		43%	5BR	850	8,675,314	8,675,314	1,372,145,498	17,912,058,000	7.7%
		43%	7BR	900	12,287,994	12,287,994	1,943,551,051	19,003,185,000	10.2%

Source : Knight Frank/PT. Willson Properti Advisindo, 2020

## 5.3. RENTAL YIELD

- ❑ Out of seven villa estates for sale that we reviewed, four projects offer guaranteed yields ranging from an average of 6,94% for Tropik Villa in 4 years, 10% for two years at both Innit and Ebuak Bay, to 12% for Amber Resort for 2 years.
  
- ❑ We have also reviewed the estimated yields of 3 villa estates that are already in operation, namely Asmara Villa, Anema Wellness Resort and Selong Selo Resort and Residences. Despite the Covid-19 pandemic, these projects still manage to book average occupancy of 43% to 53%, due to the limited number of villa units in each estate. At these occupancy levels, the estimated yields for each villa type are described below:
  - 1 BR: 5.2% at Anema to 18% at Selong Selo
  - 2BR: 6% at Anema to 12.8% at Selong Selo
  - 3BR to 7BR: 7.7% to 18.1% at Selong Selo.

## 5.4. CONCLUSION AND MARKET OUTLOOK

- ❑ The sales of resort villas in Lombok have been generated by both rental yields and capital gain prospects. Lombok has been the main alternative for investors who are seeking other alternatives to South Bali villas, due to availability of good development sites offering unique natural features and views at more affordable land prices.
- ❑ Whilst the villas for sale market has been in very soft condition due to the slow market recovery post the 2018 earthquake and the current Covid-19 pandemic, selected existing villas that are in operation still able to achieve 43%-53% occupancy and produce double digit yields, on top of the guaranteed yields from the developers. Based on performance of selected projects, expected yields range from 5% to 18%.
- ❑ In response to the soft market condition and capitalizing on the prospects of future land value growth, several foreign investors have purchased large land plots and offered villa land plots for sale to potential buyers, dividing their projects into several stages. Such arrangement provides opportunity for villa buyers to do land banking, capitalizing on future land price appreciation. Whilst such strategy may be a quick short-term solution to generate cash flows in the short-term, selling villa land plots may have a long-term project risk, as some buyers are likely to delay building their villas, choosing their own sweet time. As such, in the long term the project may be left with empty sold plots, preventing the developers from establishing an active, sizable community in the villas, and deter the interest of future buyers. Furthermore, each villa in the estate may have different façade, as buyers are given the flexibility to develop their villas on built-to-suit basis.
- ❑ Assuming that the Covid-19 pandemic can be resolved in late 2021, the MotoGP event in October 2021 would contribute timely to the recovery of the Lombok tourism market.
- ❑ The Lombok villa market would continue to be driven by interests from foreign investors, owing to the low land price and strong natural features of Lombok, thereby providing good upside potentials. However, Lombok also has an emerging competition from other tourism destinations in East Indonesia such as Labuan Bajo. In order for the Lombok villa market to prosper, the overall Lombok tourism market must rebound, starting with the recovery of the hotel investment market. The following conditions are necessary for the Lombok tourism market to leapfrog the competition:
  - Continued collaboration between the Indonesian central and regional government to accelerate developments at Mandalika Special Economic Zone. Recreational facilities, such as marina and the 27-hole golf course, are necessary catalyst developments to increase the appetite of hotel investors.
  - Continued calendar of large events to generate room night demand. For example, if the MotoGP 2021 event can be developed further to Formula One, the multiplier impact to upper upscale tourism would be greater.