

Condotel Competition Tightens in 2012

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Unsaturated

In addition to Jakarta, construction of condotels is most prevalent in Bali. The condotel market in Bali still has large potential and is not yet saturated. In 2012, the supply of new condotels in major tourist destinations in Indonesia can reach 2,000 units.

Fakki Ismail Hidayat, Senior Associate Director Advisory & Investment Knight Frank Indonesia, said the condotel market growth is directly proportional to the growth of hotels. Hotel occupancy in Bali is now 70 percent.

Condotels generally provide smaller areas than commercial hotels. With the concept of a strata title, investors have the opportunity to gain passive income by the operation of condotels. Supply of these property products continues to be absorbed because the demand is projected to continue to rise, following the improving national economy and the rising level of foreign and domestic tourists visit.

According Fakki, although the existing supply is now up to more than 2,000 units, the increasing number of tourists will drive growth in the supply of condotels. "By the end of 2012, the proposed supply reaches 1,700 to 2,000 new condotel units," he said. (*)