

IN.SITE

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Unveiling Indonesia's Marina Potentials

In recent years, the tourism industry has witnessed a surge in demand for tailored experiences. This phenomenon, known as “special interest tourism”, revolves around customized offerings based on the specific interests of travelers. Nature-based activities, hobbies, and sports are among the driving factors behind this type of tourism. A prime example of special interest tourism is yachting tourism, also referred to as leisure boating tourism.

Marinas, a crucial facilities for boating enthusiasts, hold immense potential to contribute significantly to the expanding tourism market, particularly in Indonesia. With nearly 100,000 kilometers of coastline, Indonesia has the second-longest coastline globally, trailing only Canada. However, the country faces concerns due to the insufficient availability of marina facilities. Even Bali, one of Indonesia's top tourist destinations, grapples with meeting the demand for adequate marina infrastructure.

Editorial

The latest issue of IN.SITE explores the intricate relationship between marinas and Indonesia's thriving maritime boating tourism industry. This edition offers a comprehensive exploration, with a spotlight on the Indonesia yachting industry. Topics include the fascinating historical context of yachting, current market dynamics, and Indonesia's potential as a prime destination for yachting enthusiasts. Here is a summary of the main points discussed in this edition.

Yachting Tourism: Yachting, a popular sport and symbol of opulence, has its roots in the mid-1600s. The global yacht industry emerged in the 1950s and matured in the 1990s. It's gaining popularity in developing regions due to economic growth and increasing affluence.

Market Dynamics: The yacht and marina markets are driven by High Net Worth Individuals (HNWIs) and Ultra High Net Worth Individuals (UHNWIs). Despite economic slowdowns, the luxury yacht market is expected to grow from \$6.30 billion in 2022 to \$9.61 billion in 2027.

Marinas in Southeast Asia: Despite having a vast coastline and rich marine biodiversity, Southeast Asia, particularly Indonesia, has limited marina development. However, the rising trend of yachting tourism and government support indicate potential growth in this sector.

Indonesia's Boating Tourism: With over 17,000 islands and the second-longest coastline in the world, Indonesia is well-positioned for marine tourism. The government is focusing on accelerating its tourism industry, particularly marine leisure tourism.

Challenges: The growth of Indonesia's leisure boating market is hindered by factors such as high income disparity, political instability, restrictions imposed by the government on cruising, a lack of interest on affluent middle class, and concerns about security.

Outlook & Potentials: Indonesia's marine tourism industry, particularly yachting, is expected to flourish in the future. The country's geographical location, the rising trend of global boating tourism, and the local government's support are the key factors behind this optimistic outlook.

Upon reading this issue of IN.SITE, we hope that this edition can give some form of enhancement to the understanding of the yachting tourism industry, including its potential for growth in Indonesia and the challenges it faces. Additionally, we aim for you to gain an appreciation for the need for integrated planning and government support to unlock the country's potential for boaters. Lastly, we hope to enlighten you on the economic benefits of marina development, including job creation, support for real estate values, and the generation of various forms of taxation that benefit the government.

I hope you enjoy the read.



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INDONESIA'S MARINA

A peek into the potential of marine tourism and archipelagic bonus



Global Tourism

International tourism grew 86% in Q1 2023 compared to the same period last year, showing continued strength at the start of the year. Yet, most continue to believe international tourism will not return to 2019 levels until 2024 or later. (UNWTO 2023)



Yacht Market

The global luxury yacht market is expected to reach \$6.88 billion in 2023 and expected to grow to \$9.61 billion in 2027 at a CAGR of 8.7%. (Business Wire, 2023)



Marina Market

No official data shows statistics of marinas around the world. However, it is predicted that there are tens of thousands of marinas in the world. In the US alone there are around 12,000 marinas. (Various sources)



Outlook

The established markets of Europe and North America is projected to continue to witness high demand for recreational boats. Indonesia with its extended focus on marine tourism is well-placed to embrace the potential of growing recreational boating market through marina development.

Overview of Yachting Tourism

The term "yacht" is derived from the Dutch word "jacht", which means "hunt" or "light and fast sailing vessel". In general, a yacht is an expensive boat that is powered by either sail, gasoline, diesel engine, or a combination of these three. A yacht is commonly associated with opulence and symbolizes a wealthy lifestyle. The origins of yachts can be traced back to the mid-1600s, while the modern global yacht industry emerged in the 1950s. The industry experienced rapid growth in the 1970s and entered a mature period of development in the 1990s.

Yachting is a widely popular sport that involves sailing on yachts and other types of sailing crafts, both for competitive and recreational purposes. Yachting enthusiasts often use sailing or motor yachts as a means of transportation and as a base for their accommodation while spending time on the sea.

Yachting has already become a popular way of life in many Western countries such as the UK, the US, Italy, and France, due to the presence of a large number of wealthy people with a keen interest in sailing. However, yachting is also gradually gaining popularity as a new form of leisure and recreation in several developing regions, thanks to the economic growth and increasing affluence of the people living there.

The yachting market industry is one of the experience-based

goods reviving quite well, in contrast to the fortune of many, during the COVID-19 pandemic. New trends are emerging as people look for alternative vacation options amidst lockdowns. The rising demand for luxury tourism and recreational events has led to growth in the yachting market.

Yachting is a form of marine tourism that provides an excellent opportunity to explore natural wonders, not just in a group of islands, but also in a region or even the world. Three main aspects make up the experience of yachting: *sailing and navigation*, *berthing*, and *the destination*.

According to the 2016 report by the Organisation for Economic Co-operation and Development (OECD), the oceans hold tremendous potential for future wealth as they cover most of the Earth's surface. The report suggests that only 1% of the oceans have been explored and exploited so far, leaving a vast untapped potential. Additionally, the report predicts that marine tourism will become the third largest contributor to the marine economy by 2030, after oil and gas and fisheries.

The rising trend of yachting tourism has had a beneficial effect on the coastal regions, generating employment opportunities and contributing to the local economy. Sustainable development of yachting tourism can play a crucial role in the revival of local economies from economic downturns.

The Luxury Yachting Market Category

There are many types of yachts, generally categorized by its structure. Here are some of the yacht types popularly used.

By Type:



Motor Yachts



Sailing Yachts



Flybridge Yachts



Fishing Yachts



Explorer/Expedition Yachts



Sport Cruisers



Displacement Yachts



Catamaran Yachts

By Size:



Small-sized Yachts: Generally 10-20 meters LOA

Most are privately owned and used for leisure or water sports. They can be motor or sail-driven or a combination of both; have a main deck and living quarters below. They are compact, streamlined, and aesthetically attractive.



Medium-sized Luxury Yachts: 20-30 meters LOA

These boats are suitable for larger groups, with few crew members. Although they lack the amenities of larger boats, they offer a good degree of comfort and luxury.



Superyachts: 30-50 meters LOA

Superyachts are commonly referred to as offshore yachts due to their ability to navigate deeper waters. They often come equipped with luxurious amenities such as jacuzzis, sky lounges, dining rooms, and bars, and are typically serviced by professional crew members.



Megayachts: Above 50 meters LOA

Most yachts in this category are exclusively designed for leisure and recreational purposes, equipped with a wide range of luxurious facilities such as swimming pools, pubs, movie halls, gyms, restaurants, suite rooms, and even conference banquets.

By Application:



Commercial Yachts

A commercial yacht is any yacht engaged in trade, commerce, or on charter, and carrying no more than 12 passengers. The registration of commercial yachts is limited to those of 24 meters or more in length.



PAXY

A PAXY is any passenger ship registered as per Chapter II of the RMI Maritime Act 1990 that is described on the Certificate of Registry as a PAXY and therefore may be engaged in trade, commerce, or on charter and carrying up to 36 passengers.



Private Yachts

Private yachts are defined as yachts not carrying passengers for hire, not engaged in trade or commerce, and being used solely for the pleasure or recreational purposes of its owner. The registration of private yachts is limited to those of 12 meters or more in length.

Market Dynamics – The UHNWI

The yacht market and the marina market are closely linked, with the former driven by HNWI and predominantly UHNWI.

An ultra-high-net-worth individual, also known as UHNWI, is someone with a minimum net worth of \$30 million. They represent a very small fraction of the global population, only 0.003%. Currently, there are over 200,000 people who are classified as UHNWI. Interestingly, Gen Z's attitude towards luxury has been more advanced than earlier generations. According to the Wealth Report by Knight Frank, the population of UHNWI has increased by 9.3% in 2021, rising from 558,828 to 610,569, after a growth of 2.4% in 2020.

Between 2020-2022, the Covid-19 pandemic unexpectedly caused a severe slowdown in the global economy. Major economies are facing inflation above their targeted rates, interest rates are still on the rise, and consumers are struggling with a serious cost-of-living crisis. Additionally, geopolitical concerns are adding pressure to the overall global economy. Due to these difficult conditions, global economic growth slowed down in 2021. In 2023, persistent macroeconomic uncertainties has kept global economic growth to remain unstable. The difficult economic conditions of the previous years have led to a decrease in wealth for most Ultra High Net Worth Individuals (UHNWIs).

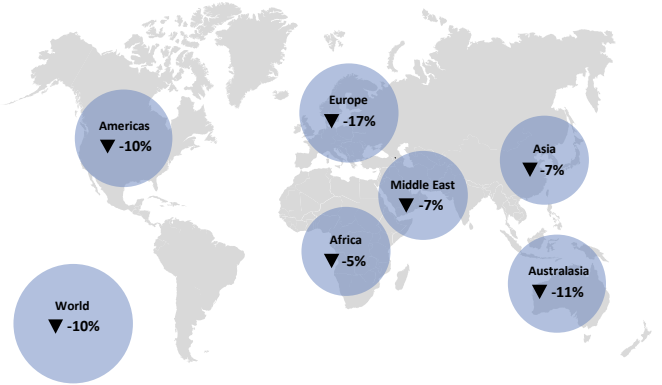
According to projections, Asia is expected to overtake Europe as the second-largest wealth hub. Singapore's UHNWI population is expected to double by 2026. This is also shown on Statista's projection where China, India and Singapore are predicted to have significant growth.

The Covid-19 pandemic has altered human behavior and psychology in ways that should not be underestimated. The Knight Frank HNWI Pulse Survey suggests that the post-pandemic "revenge spending" trend has room to run, with 36% of respondents looking to increase personal expenditure and 39% planning more travel overseas.

This figure shows an encouraging sentiment to the yacht industry. Nowadays luxury markets often focus on the memorable experience they're able to have with loved ones, which is what really counts for UHNWIs with the "quality of life" as the core value of the experience. Not to mention that HNWI are attracted to trips that involves an elevated travel experience with minimum vexation and maximum amenities.

Figure 1

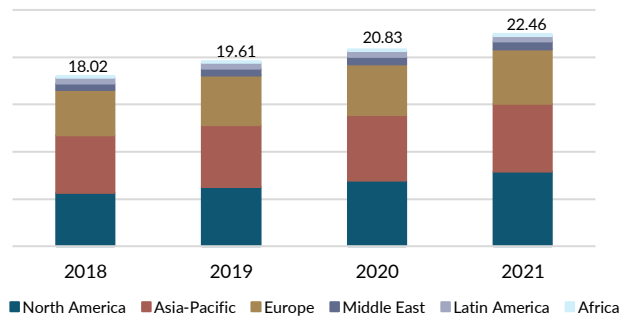
% Change in Aggregate Wealth Held by UHNWIs in 2022



Source: Knight Frank Wealth Report 2023

Figure 2

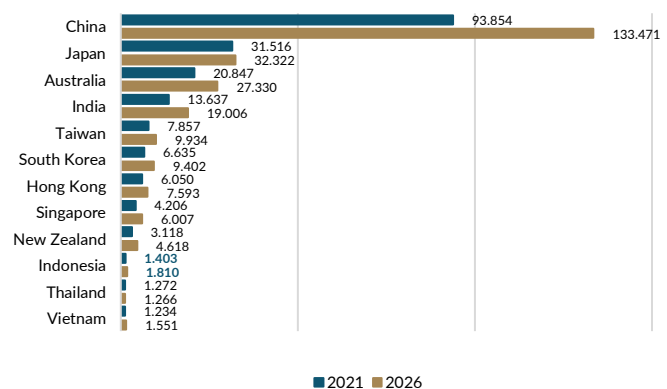
Global HNWI's by Region (in millions)



Source: Statista

Figure 3

Number of UHNWIs in The Asia-Pacific Region in 2021 with a Forecast for 2026 by Country or Territory



Source: Statista

In recent years, there has been a consistent increase in the demand for yachts. This can be attributed to the rise in disposable income among individuals, as well as their growing interest in leisure and recreational activities, especially among the HNWI and UHNWI populations. Additionally, the increased preference for luxury tourism, personalized service, and exclusive travel experiences among travelers has also contributed to the growth in yacht sales.

The global luxury yacht market is expected to reach \$6.88 billion in 2023, growing from \$6.30 billion in 2022 at a compound annual growth rate (CAGR) of 9.3%, according to Business Wire report. The luxury yacht market is expected to grow to \$9.61 billion in 2027 at a CAGR of 8.7%. Europe was the largest region in the luxury yacht market in 2022 and it is expected to be the fastest-growing region in the forecast period.

According to the data available, there are approximately 150,000 sailing yachts of 12m to 24m worldwide. Around 62% are in Europe (around 93,000 yachts), around 33% in North America (around 49,500 yachts), and around 5% elsewhere (predominantly South America, Australasia and Japan; around 7,500 yachts).

Yachts owners around 48% are between 50 and 70 y.o., but majority are over 70 y.o. Yachts are still largely for the very wealthy, usually for family, social, and business functions. While interest in yachts is surging, there is also an increasing trend of changing demographics among HNWI and UHNWI, where the next generation of wealthy UHNWIs who are self-made and under the age of 40 have ushered in a new and exciting demand for explorer yachts and adventure travel excursions. Additionally, Frasersyachts reports a 10-year drop in its clients' average age due to an increase in tech executives and investors joining the market, but also thanks to the "away from the office" business trend.

The COVID-19 pandemic has led to an increase in demand for vacation homes among wealthy property buyers. The luxury real estate market is experiencing a rise in sales for second and even third homes. Despite having luxurious primary residences, this group of affluent individuals is accustomed to traveling and finds it difficult to stay in one place for an extended period. This trend, coupled with the recent surge in yacht sales, may make marina development more attractive than ever.



Marina in Southeast Asia

A marina is a harbor, dock, or basin, where boats can moor. Marina is a water-based infrastructure, providing supplies and services for boats, which are generally used by yachts and other boats for leisure purposes. A marina generally offers integrated services such as maintenance, replacement parts, accessories, cleaning, and fueling in addition to providing a safe environment for boats and yachts, along with restaurants and leisure choices.

No official data shows statistics of marinas around the world. However, it is predicted that there are tens of thousands of marinas in the world.

Recreational boating is a significant economic factor in many coastal communities worldwide, including those located along the Mediterranean, Caribbean, the Bahamas, and Florida, USA. In 2022, North America held the top position as the largest region in the marinas market. Several resources mentioned that in the United States alone there are around 12,000 marinas. Aside from large numbers of marinas in the world, some countries also have non-formal or leisure-purpose boat parks around waterfront areas, especially those with substantial length of coastline.

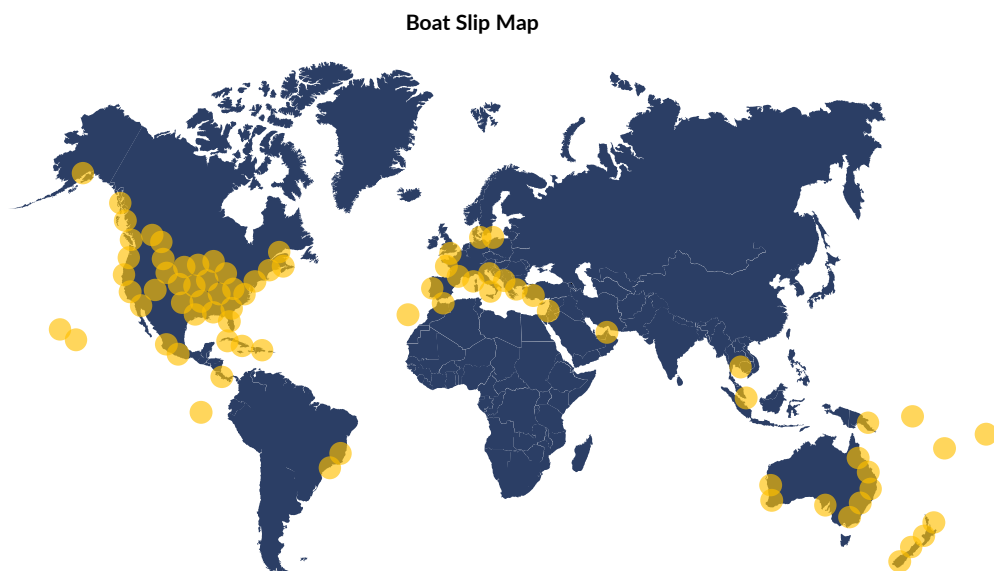
However, new and unexplored markets like Asia are attracting significant attention from yacht owners and makers, indicating that marina development has great potential in the future.

Boating as an activity has existed in the region since colonial times. The Republic of Singapore Yacht Club, founded in 1826, is one of the oldest in the world. However, boating only really started to grow in the region in the early 1990s with the development of modern marinas such as Raffles Marina in Singapore and Ocean Marina in Thailand.

Southeast Asia's rainforests are renowned for being home to the world's most biologically diverse ecosystems. However, not many people know that the coral reefs in the region are just as diverse as their terrestrial counterparts. These underwater habitats are a biological treasure trove, offering a wide range of diverse habitats. With more than 25,000 islands and a massive length of coastline across the Southeast Asia region, Southeast Asia possesses all the natural attributes and geographic prerequisites needed for the growth of marine tourism and marina business. It has the potential to eventually rival the established cruising regions of the Mediterranean and the Caribbean. On top of that, Asia has as many millionaires and billionaires as North America and Europe. However, the development of marinas and boat slips in Southeast Asia is seen to move slowly, compared to those in the United States and Europe region.

The region's best marinas have traditionally been in Singapore, Malaysia, and Thailand, with Vietnam and the Philippines also flourishing as Asia's new hotspots. Indonesia on the other hand, still falls behind its counterparts in terms of marina development.

Figure 4



Source: Slipmaps, TASK database

Figure 7

Southeast Asia's Marina Distribution

1-Thailand

3,219 km coastline
9 marinas
1,661 berths

2-Malaysia

4,675 km coastline
20 marinas
1,474 berths

3-Singapore

228 km coastline
5 marinas
1,215 berths

4-Indonesia

99,083 km coastline
10 marinas
270 berths

5-Myanmar

2,227 km coastline
0 marinas
0 berths

6-Timor Leste

706 km coastline
0 marinas
0 berths

7-Laos

0 km coastline
0 marinas
0 berths

8-Cambodia

443 km coastline
2 marinas
25 berths

9-Vietnam

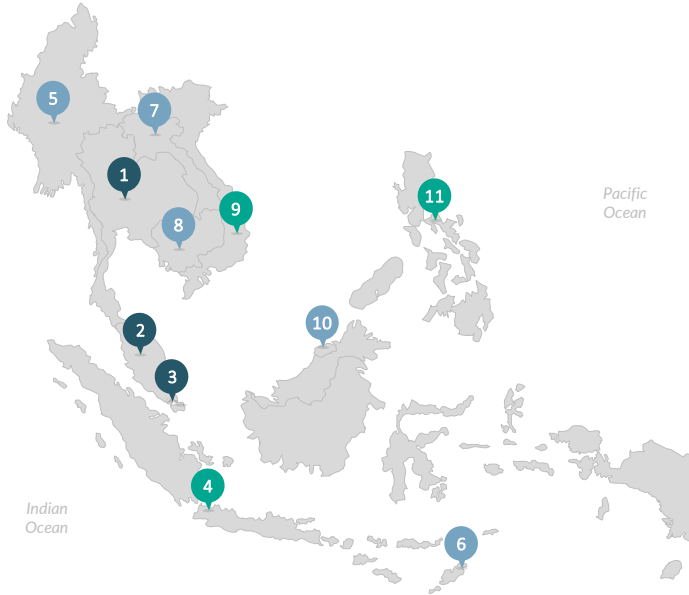
3,260 km coastline
6 marinas
548 berths

10-Brunei

266 km coastline
2 marinas
20 berths

11-Philippines

36,289 km coastline
7 marinas
693 berths



11

Countries

61

Marinas

5,906

Berths

Source: TASK database

Indonesia Boating Tourism

Indonesia, being the largest archipelagic country globally, enjoys a favorable climate and boasts a rich and distinctive marine biodiversity. With more than 17,000 islands and sits as the second longest coastline in the world, Indonesia is well placed to benefit from all forms of marine tourism, including welcoming the world's superyachts. The country has some of the world's best coral reefs and diving sites. In recent years, the number of superyachts visiting has increased considerably.

According to our analysis, in 2018, Indonesia was visited by more than 3,100 yachts, growing from around 600 yacht visits in 2010. Bali alone may have the potential to be crossed by nearly 500 yachts, both stopping and staying for a length-of-stay of up to 180 days. This number was predicted to continue growing around 900 yachts in 2028.

As an archipelagic country, several cruising routes crossed Indonesia. Southeast Asia Pilot divided the country into five regions for boating routes, based on what they consider to be the best ports of entry for foreign-flagged yachts: *the 8th parallel Region, the Central Region, the Equatorial Region, the Sumatra Region, and Raja Ampat.*

Indonesia's designated ports of entry for the 8th Parallel Region are Kupang on Timor, when arriving from Australia, and either Batam or Bali when traveling from Singapore. For *the Central Region* boats can use Ambon on the south coast of Ceram, and for *the Equatorial Region* Bitung or Manado on the northern tip of Sulawesi and Sorong in Papua. When arriving in the Sumatra region, the optimal choices are Palau Wei or Batam.

The 8th Parallel Region route is the traditional journey from Australia in the east and Singapore to the north. En route are the Komodo Islands and Bali, two famous islands in Indonesia tourism spots. On the other hand, Raja Ampat possesses its distinctive boating market, showcasing the enchanting vista of countless smaller islands and islets, adorned with luxuriant jungle and encircled by majestic cliffs and breathtaking beaches.

Bali is a crucial hub for cruising and serves as a gateway into the Indian Ocean. Boats from Australia cross through Darwin and Torres Strait, and Bali is a popular stop for many of them, whether they are continuing to Southeast Asia and the Red Sea or taking the Cape of Good Hope route. This makes Bali an essential point for boats coming from the Mediterranean to the Indian Ocean.

Marina in Indonesia – Current & Beyond

Indonesia is famed for its far-flung islands, coral reefs, beautiful beaches, amazing wildlife, and cruising potential. With a coastline stretching almost 100,000 km, it is the world's second-longest after Canada. Although some superyachts have made the journey from the Mediterranean to explore Indonesia, their numbers remain small compared to the global superyacht fleet.

The Indonesian government is focusing on accelerating its tourism industry, particularly in marine leisure tourism. In 2016, the government launched the "Ten New Balis" project, which seeks to promote tourism and ease the burden on Bali's strained capacity. The project involves investing around US\$20 billion in ten new destinations.

The Covid pandemic may have delayed the development of marinas in Indonesia, but the government is now motivated to push marina developments as part of a broader tourism rejuvenation program. In November 2020, the Indonesian government announced that tourism businesses purchasing yachts would be exempt from the 75% luxury goods sales tax. However, the main challenge is to convince local property developers to integrate marinas into their development plans.

Despite the significant length of coastline, exotic nature and beautiful coral reefs, at present there are only 5 key boating areas/marinas in Indonesia, most of which consist of a clubhouse, a few pontoons and an anchorage:

- **Jakarta.** The main areas of leisure boating are in the capital city of Jakarta where three areas, all in the north of Jakarta, are available to keep leisure boats.
- **Bali.** Bali is one of the high-profile tourist destinations in Indonesia, but there is very little leisure boating activity due to the lack of marinas. Until now, only one marina is operated in Bali – Bali Marina Benoa, which accommodates about 30 boats.
- **Lombok.** There are two marinas with limited berthing capacity, one in the south part of Lombok, and one in the north part.
- **Riau Islands.** There are three marinas in the Riau Islands, located in two major islands – Batam and Bintan. Located near Singapore, the marina also accommodates boats owned by Singapore residents as it's only a short ferry ride away. The marinas in these areas have immigration and customs entry ports for yachts transiting in/out of Indonesia.
- **Raja Ampat.** There is currently only one marina in Raja Ampat, making it one important point of yachts to the famous Raja Ampat area.

Marina in Indonesia

Ancol Marina Jakarta

Located within the Taman Impian Jaya Ancol complex, it is one of the most active marinas in Indonesia. The marina also serves as the center for marine tourism to the Thousand Islands.



Batavia Marina Jakarta

The first international marina in Jakarta that provides international standard cruise ship mooring facilities complete with floating dock, as well as restaurants and event venues.



Pantai Mutiara Marina Jakarta

Located in Northern Jakarta, close to upper segment residential canal development. The capacity of the marina reach around 35 berths.



Bali Marina Benoa

Bali Marina Benoa has mooring facilities for up to 15 yachts, plaza areas, and daily cruise terminals. The project launched its newest club "Black Stone Yacht Beach Club" in 2023.



Marina Del Ray Lombok

Marina Del Ray is situated in Gili Gede island. The marina provides berthing for boats up to 30m and anchorage for superyachts up to 200m.



Medana Bay Marina Lombok

Established in 2009, Medana Bay is a small marina for yachts in northwest Lombok. It has ten berths for yachts and 15 moorings.



Nongsa Point Marina Batam

Located in Nongsa Point Marina & Resorts complex, the marina has a capacity of 65 berths, including 2 megayachts.



Bandar Bentan Telani Bintan

Located in Bintan Resort tourism complex, Bandar Bentan Telani can accommodate yachts with length up to 25m with total capacity 14 boats.



Meridien Adventure Marina Raja Ampat

The marina is based in Waisai, on the south coast of Waigeo Island in the Raja Ampat Islands. The development includes marina facilities, resort, restaurant, and watersport facilities.



ONE°15 Marina Nirup Island

The newest marina development in Indonesia, located in Batam, very close from Singapore. It can currently host up to 44 yachts and is expanding to 70 in the second phase. Development also includes eco-luxury restaurants, hotel, and sport center.



Most of the marinas in Indonesia were developed over 5 years ago. However, the latest marina development is the ONE°15 Marina on Nirup Island, which is managed by ONE°15 Marina and was opened in July 2023.

The marina offers modern luxury facilities and services, and it can currently accommodate up to 44 yachts. It is also expanding to accommodate up to 70 yachts in the second phase. The marina features convenient facilities like CIQP facilities, 24/7 CCTV, dining options, shower rooms, laundry, a marina reception, and even a sea sports center.

In terms of facilities, common facilities that are majority found in marinas can be categorized into three facilities:

Boating facilities

Boating facilities are essential for yacht and boat owners. These facilities usually include berthing areas, maintenance areas, cleaning services, fuel stations, and dry docks for boats. Indonesian marinas have varying mooring capacities, with some accommodating superyachts and megayachts, and most for small to medium yachts (up to 25m).

Marina club

Marina club facilities generally include facilities inside the club for the yacht owners or club members, such as a lounge, business room, money changer, laundry services, etc. These facilities can be found in most marina projects.

Sport club

Sport club facilities generally include leisure sports facilities like snorkeling, scuba diving, canoeing, kayaking, paddle board, etc, mostly offered to yacht owners or club members, but in some marinas, such sports facilities are also offered to non-members or the public at certain rates. These sports club facilities are mostly found in marinas that are located within or close to the tourism destination.

Supporting property

Some marinas are also integrated to other property development such as MICE facilities (convention and meeting rooms), retail facilities (retail center or F&B center), and accommodation facilities (hotel). There are also marina residences as developers see how marina development can add value to property sales.



Marina Dock



Fuel Area



Maintenance



Club Lounge



Sport



Hotel

In terms of demand, generally, we divide the market into two main sources based on purposes; boat owners who park their boats for the long term and boat owners who park their boats during their trip (short term).

In Riau Islands area, with the proximity to Singapore, 90% of boat owners who transit in Nongsa for example, come from Singapore. These can be a mixture of Singaporean citizens and expatriates who work in Singapore. There are also Singaporeans who choose to park their boats in Nongsa because the prices offered are cheaper compared to the rates in Singapore. A similar case happens in Jakarta where many of the boat owners park for the long term. Meanwhile, many seasonal visitors park in Bali and Lombok for shorter-term marine tourism and cruising as Bali is one popular stop for boats from Australia going to the Indian Sea.

Looking at the rates, there are different levels of pricing for berthing offered in marinas in Indonesia. Pricing can be based on usage time (length of stay; daily rate, monthly rate, etc), by type of boats, or by facilities included. Some marinas also offered discounted prices for yachts that book for longer term. Berthing rates in areas that are close to higher boat traffic such as Riau Islands (close to Singapore) are seen to be higher than other areas in Indonesia, as they are benefitting from their proximity to popular yacht market.

Key Marina Planning Issue

A marina is a constructed facility that is often equipped with commercial amenities. The development of a marina is influenced by both geographical and technical factors. To create a successful marina business, integrated planning is crucial.

1. Location and site selection

- Protected location; storm and wave protection are essential for marina, not only for survival, but also for boater comfort, and business ROI.
- Water access; boats must have safe and easy access to the marina docks. An analysis of storm winds, waves and floods historical data is important.
- Environment; marinas and boating activities should have minimal impact on the natural landscape, operate in a compatible manner with the existing environment, and minimize negative impacts while enhancing any possible positive benefits.
- Infrastructure; roads and parking, electricity, sewer system, telephone, cable TV, Internet cable, fuel supply, and other necessary facilities.
- Community interaction; Marinas can bring potential benefits to the area's economy and should be designed to interact positively with the community.

2. Market demand

Having a thorough comprehension of the target market is essential when planning a high-quality marina. This includes understanding not only the type and size of boats but also the characteristics of boat owners and cruisers. Additionally, analyzing the competitive landscape, capacity, services offered, development stages, funding, and potential synergy with other tourism industries are also crucial factors to consider.

3. Design and construction

A successful marina depends on various factors, including its location, design, financing, management, services, and operations. Each marina should be tailored to its specific boating market and environment. To achieve this, a well-prepared engineering design plan is required. Construction contractors need to ensure that the site is prepared and the planned features are built in a manner that protects the environment and is cost-effective. Having knowledge of baseline information such as wind, wave, geology, water depth, environment, laws, and regulations also helps in the integrated planning of the marina.

knowledge of baseline information such as wind, wave, geology, water depth, environment, and regulations also helps in the integrated planning of the marina.

4. Operational

A skilled sound operator can enhance the marina's performance and boost the reputation of the brand among boat owners and cruisers.

Challenges

The leisure boating market in Indonesia still lags behind smaller neighbors such as Malaysia, Singapore or Thailand. This slow growth can be attributed to several factors, including high income disparity, political instability, restrictions imposed by the government on cruising, a lack of interest on affluent middle class, and concerns about security.

In the 2015 – 2019 RPJMN, the Government of Indonesia is targeting the construction of 100 marinas to increase foreign exchange earnings in the tourism sector and can have a direct impact on the economy of the surrounding community, however, developments are seen to still be very limited. The Government has also made a program for supporting marine tourism, one of them focuses on developing marinas in select areas in Indonesia, with Bali targeted as one of them.

On the other hand, the Indonesia yacht industry is also still facing challenges of yacht ownership:

- The issue of luxury taxes
- The licensing of private ship ownership
- Legal certainty to build a dock

The Government is currently showing more support to enhance the boating industry. The Government released Presidential Regulation No. 105 of 2015 on visits to foreign yachts in Indonesia, removing provisions on CAIT (clearance approval for Indonesia territory). Under this new regulation, foreign yachts can now enter Indonesia's territorial waters with greater ease. They can obtain CIQP documents (customs, immigration, quarantine, port) at 18 appointed ports. This policy is expected to increase the number of yacht visits to Indonesia and contribute significantly to foreign exchange income.

The Indonesian Government has issued the Minister of Transportation Regulation No. PM 121 2015, aimed at providing convenience for tourists travelling by foreign flag cruise ships. This new policy revokes the Cabotage principle for foreign cruise ships, allowing foreign cruise ships to transport and drop off passengers at five ports in Indonesia - Tanjung Priok Port, Tanjung Perak Port, Belawan Port, Makassar Port, and Benoa Port of Bali. This privilege is no longer exclusive to Indonesian flag cruise ships.

Outlook & Potentials

Indonesia's marine tourism industry, particularly yachting, is expected to flourish in the future. The country's geographical location, the rising trend of global boating tourism, and the local government's support are the key factors behind this optimistic outlook. The number of boats and yachts visiting Indonesia is predicted to continue to increase, as observed in the current positive trend.

On the other hand, foreign tourists who use yachts and superyachts tend to spend more money and stay for longer periods of time than general tourists. This makes them a potentially lucrative market for the tourism industry.

Due to the impact of Covid-19 on the regional tourism industry, there is a need to reorient tourism strategies, particularly by targeting high-end visitors like yacht owners. The Indonesian Government plans to develop quality and sustainable tourism, including the yachting segment, which requires an integrated world-class marina ecosystem to attract foreign tourists. Currently, several marinas in Indonesia are only used as anchorages and are not connected to attractions and amenities.

There are many reasons why adding marinas to a beautiful coastline is beneficial. Marinas and other boating businesses work together as part of the recreational boating industry to create jobs, support real estate values, and generate various forms of taxation that benefit governments. Studies conducted in developed boating markets have shown that every dollar spent at the marina generates between US\$6.50 to US\$10.00 in the community. Numerous studies have approximated that owners of large yachts allocate approximately 10% of their yacht's value annually toward maintenance and upkeep. This multifaceted figure encompasses various components, including payments to marinas, crew, boatyards, contractors, chandleries, bunkering, and insurance companies.

The ripple effect extends downstream, impacting hotels, shops, restaurants, bars, visitor attractions, and travel agents, among others. These effects multiply further throughout the economy. Notably, as these businesses contribute through tax payments and employment creation, governments ultimately benefit more than they would from direct boat taxation.

Over time, property developers have regarded marinas as a strategy to enhance the market attractiveness and value of their properties adjacent to water bodies. It is estimated that a successful marina can add as much as 20% in value to an adjacent property development. It is a generalized and global figure, but it does show why many developers especially in Asia, are attracted to marina development and have images of luxury yachts near their apartment towers or residential villa to lure sales in luxury properties.

With the archipelagic bonus of coastline, nature, and underwater ecosystem, coupled with the strong fundamentals in the tourism industry and national economy, Indonesia is well-placed to be the new spot of marina business in Southeast Asia.

Can Southeast Asia, especially Indonesia, ever catch up to the rest of the world in terms of marina capacity? Most industry insiders agree that infrastructure and regulatory climate are critical components to unlocking the region's potential for boaters. It makes the prospect of owning a yacht easier while while expanding access to various destinations for yacht owners and boaters. ■

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About TASK Cikaldana

TASK Cikaldana is a consulting services company that specializes in providing advisory services for tourism destination development and property development. They offer a range of services including tourism and property development-related research, market studies, project feasibility studies, branding and marketing strategies for destinations, and financial strategies for corporate finances.

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