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Isles of the Dragon – Labuan Bajo Market Update



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Decisions that matter.

Overview



Located in East Nusa Manggarai Regency in western Flores, Labuan Bajo is the gateway to Komodo National Park, best known for the fearsome Komodo dragons. Offering unique wildlife and a pristine marine environment, Labuan Bajo has been popular among natural enthusiasts and divers. The short flight time from key cities, namely Bali and Jakarta, makes the island a great stopover beyond Bali or Lombok.

Once a sleepy fishing village, Labuan Bajo is nowadays associated with Komodo National Park, which became a UNESCO

World Heritage Site as far back as 1991. As the area is getting more developed, the unspoiled natural landscape attracts travellers from all over the world. Under the initiatives of developing regional tourism, Labuan Bajo was selected as one of the five top priority destinations in Indonesia, known as the 'new Balis'. To boost the awareness of Labuan Bajo, the Indonesian government chose Labuan Bajo as one of venues for the ASEAN Summit in May 2023.

Attractions

Established in 1980, Komodo National Park includes three major islands, namely, Komodo, Rinca, and Padar, as well as numerous smaller islands, totalling an impressive surface area of 1,817 square kilometres. While their population has been recovering, there are currently less than 3,500 Komodo dragons in the National Park and are listed as an endangered species. The national park also provides habitat for many other notable terrestrial species such as the orange-footed scrub fowl, an endemic rat, and the Timor deer. In addition, the park features rich marine environments including coral reefs, mangroves, seagrass beds, seamounts, and semi-enclosed bays.

On top of the wildlife, the landscape and scenery provide additional, popular sightseeing spots. The peak of Padar Island features a panoramic view of three bays. Each of the three bays has different coloured sand: white, black and pink. Pink beach at Komodo Island is one of the seven pink beaches in the world and a snorkelling spot where tourists are able to see colourful corals and a plenitude of marine life. Manta Point, a dive site in Komodo, is known

as the habitat of manta rays, a colossal marine creature that can grow up to 4 meters wide. Located between the islands of Komodo and Rinca Island, Manta Point also features other marine life such as turtles, sharks, various kind of sponges and cuttlefish.



As the attractions of Komodo National Park are scattered across different islands, water transportation, such as via ferry, speed boats, and phinisi (a local style of boat, often used as live-aboard), is common in the local area. The market of phinisi is growing with the increasing demand from both divers, backpackers, and luxury travellers. Luxury hospitality operators, including Aman and Allia, offer phinisi tours around Komodo National Park. For example, the vessel 'Alila Purnama' accommodates 10 guests, a crew of 16, and rents at US\$15,000 per night, excluding alcoholic drinks and scuba dive courses. It is reflective of the destination's appeal to the ultra-high-end market.

Additionally, there are a number of inland attractions at a distance from the centre of Labuan Bajo, including Sano Nggoang Crater Lake, Cunca Wulang Waterfall, Wae Rebo Village and Goa Rangko Cave. However, due to the limited infrastructure in the mountains, these attractions are less developed yet have great potential. That being said, all of them are at peril from overtourism if not managed carefully.

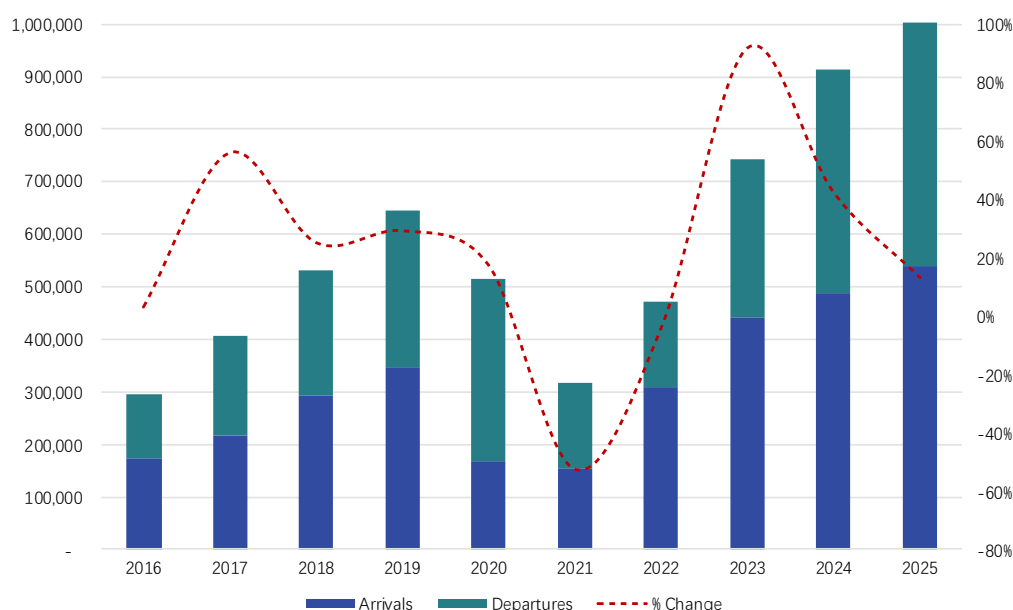


Accessibility

Air travel is currently the most efficient transportation mode to access Labuan Bajo. Bali and Jakarta are about one- and three-hour flights away from Labuan Bajo, respectively. While there is ferry service between Bali and Labuan Bajo, the one-way journey takes up to three days and is subject to weather condition.

Situated in the city centre, Komodo Airport, formerly known as Mutiara II Airport, is the main gateway to Flores and Komodo National Park. The airport is located within Labuan Bajo and easily accessible via local roadways. Upgraded and expanded with a new terminal in 2022, and rated as an international airport on April 2, 2024, Komodo Airport is served by six domestic airlines, including Garuda Indonesia, Wings Air, Batik Air, Citilink, AirAsia, and Super Air. Aside from major cities, including Jakarta, Surabaya, and Bali, regular flights to other cities on Flores Island, including Bajawa, Ende, and Maumere, are also available.

Komodo Airport Passenger Movements, 2016-2025

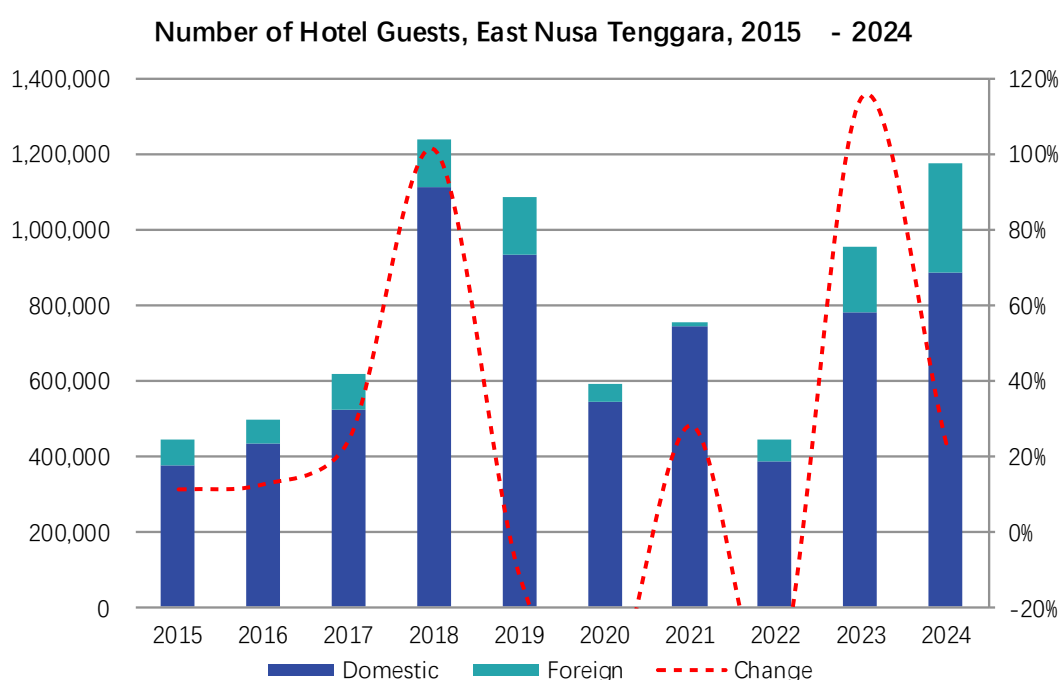


In 2025, Komodo Airport registered over 1 million passengers from/to six cities in Indonesia plus a few international routes, showing a healthy 12% year-on-year growth, or 54.9% increase over the figures in 2019.

After Komodo Airport was upgraded to an International Airport, the government plans to bring in international flights, initially targeting Singapore, Malaysia and Australia. Thus, in September 2024 Air Asia commenced operating flights between Kuala Lumpur and Labuan Bajo three times a week. In March 2025, Jetstar had started a route for Singapore-Labuan Bajo's twice a week direct flights spanning for four months through July 2025. The airline

ceased all operations then citing rising costs. Notably, after a short hiatus, Scoot Airlines stepped into the role of serving Labuan Bajo twice a week from Singapore. Having the Labuan Bajo airport operated by Changi Airport certainly helped finding a success to Jetstar. It is also noted there are plans to expand the current 2,650m long runway to accommodate larger commercial planes. As more international flights will service the destination, passenger traffic is set to grow from the record 1 million achieved in 2025..

Visitor Arrivals/ Hotel Guest



According to the data from the statistic office of Indonesia, the total number of hotel guest at East Nusa Tenggara reached 1,176,000 in 2024, of which 24.7% were foreign visitors. Historically, visitor arrivals to Labuan Bajo had been dominated by non-leisure travellers. Local residents were on their way to and from the capital and other major cities for trade, visiting families and other purposes. More recently, Labuan Bajo became more known as a holiday getaway for domestic travellers from Jakarta, Bali, and Surabaya. In particular, as Bali is far more developed and faced with congestion problems, many domestic travellers turn to Labuan Bajo for the island getaway vibe. International travellers typically visit Labuan Bajo as part of their trip in Indonesia or around Southeast Asia and combine live-aboard backpackers and divers, as well as high-end phinisi 'adventurers'. Land-based tourism constitutes a relatively smaller but growing share of the market, mainly limited by the modest quality of hotel supply. Peak season for leisure travel in Labuan Bajo is usually between June and August, and off-season between January and April, when the rainfalls concentrate.

With the continuous development of infrastructure and facilities, demand from regional MICE travellers also increased in the past years. For example, in 2018 Labuan Bajo hosted a major IMF event, which put the destination firmly on the map for the domestic market. The total number of hotel guests in East Nusa Tenggara reached over 1.2 million in 2018, approximately 10% were foreign visitors. While the number fluctuated between 2020 and 2022, both domestic and international visitors returned after in 2023. In 2024 the destination registered strong growth in hotel guests of 23%, reaching almost 1.2 million; 25% of which were foreign visitors.

Tourism Development

As a top priority destination in Indonesia, Labuan Bajo received great support from the government to attract international travellers. Established in 2018, BPOLBF works closely with the government agency to promote the destination of Labuan Bajo and attract investment on tourism and hospitality development. On top of boosting the number of visitors, the government aims to improve the overall quality of tourism as well as sustainability of the destination's development in the long term.

During the pandemic, infrastructure improvements benefited from a US\$90 million investment to upgrade roads in and around the town as well as public spaces. Prior to the ASEAN Summit in 2023, a number of tourism development projects were completed, including the airport expansion, Labuan Bajo Waterfront as well as the Golo Mori Convention Centre (GMCC).

Completed in 2023, Labuan Bajo Waterfront is developed by state-owned PT ASDP Indonesia Ferry and features a commercial area, an upscale hotel, and a spacious public area. The hotel, Meruorah Komodo, was one of the designated venues for ASEAN Summit in 2023, and a popular meeting venue for government and the public sector in the area. The upgraded Marina Harbor provides a better experience for travellers to take ferries and phinisi to the surrounding island for excursions and diving trips.

Located a 45-minute drive south of Labuan Bajo, the Golo Mori Convention Centre (GMCC) is part of a 20-hectare tourism master plan featuring the convention centre with a total of indoor meeting space of 800 square metres and a beach club with other commercial components under planning. With the success of ASEAN Summit, GMCC gradually builds up the destination for MICE business domestically and regionally. The owner, Indonesia Tourism Development Corporation (ITDC) has further planned for tourism development in the surrounding area, which is part of the 260-hectare Tana Mori Special Economic Zone. At this time, given the distance to Labuan Bajo, there are virtually no supporting infrastructure or amenities in the area.

In response to the growing visitors to Labuan Bajo and Komodo, the Airport was upgraded in 2022, and the latest renovation of Komodo Airport included the extension of runway from 2,450m to 2,650m and renovation of the 1,500m² terminal that can handle about 1.1 million passengers per year. To accommodate wide-body aircraft servicing regional destinations in the future, the government has further runway extensions planned.

Hotel Supply

In 2024, a total of 114 hotels with 3,147 rooms were available in the West Manggarai Regency, 85% of which is concentrated around Labuan Bajo. The majority of the existing supply is in small-sized accommodation, except several hotels and resorts in Labuan Bajo. These include the 145-key Meruorah Komodo, 205-key Ayana Komodo and three newly opened properties of the 70-key TA'AKTANA, under Marriott's Luxury Collection, the 150-key Katamaran Komodo, and a 199-key Crowne Plaza. Villa resorts managed by Indonesian boutique operators, including Plataran, Sudamala, and Seraya, are also known for the authentic hospitality and exclusivity. More exotic offerings include 'Le Pirate Island', a 10-room, no-frills, digital detox getaway.



The hotel supply in Labuan Bajo are predominately small-scale B&Bs catering to backpackers and divers or luxury villas catering to high-end leisure travellers. However, the hotel market is evolving with the entry of branded resorts and hotels, namely the Ayana Komodo in 2018 and the TA'AKTANA, Luxury Collection in mid-2024. At the same time, the high-end phinisi market complements the hotel market, reflecting the potential for the luxury segment in Labuan Bajo.

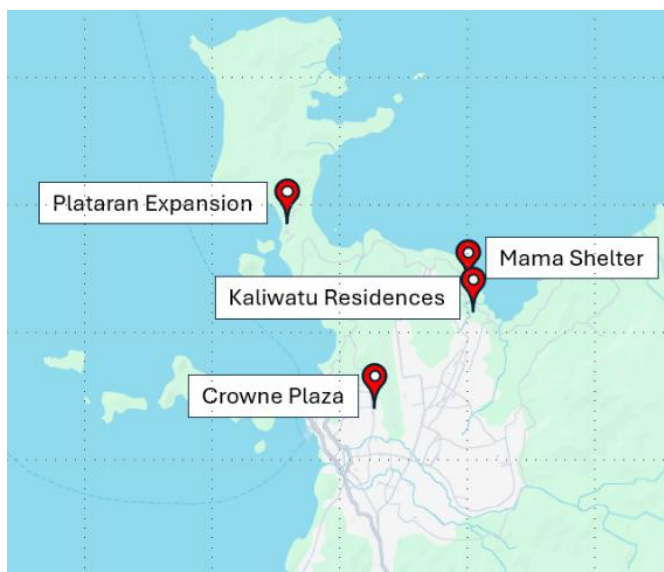
| Operator | Property | Year Open | # of Keys |
|-----------|------------------------------|-----------|-----------|
| Plataran | Plataran Komodo | 2013 | 19 |
| Sudamala | Sudamala Resort Seraya | 2015 | 24 |
| N/A | Seraya Resort Komodo | 2017 | 15 |
| Ayana | Ayana Komodo | 2018 | 204 |
| N/A | Local Collection | 2021 | 98 |
| N/A | Meruorah Komodo | 2021 | 145 |
| Sudamala | Sudamala Resort Komodo | 2021 | 84 |
| N/A | Menjaga Bay | 2023 | 17 |
| Marriott | TA'AKTANA, Luxury Collection | 2024 | 70 |
| Katamaran | Katamaran Komodo | 2025 | 150 |
| N/A | 69 Resort | 2025 | 22 |
| IHG | Crowne Plaza Labuan Bajo | 2025 | 199 |
| | | | 1047 |

Source: AP Research

Following the entry of the first internationally branded hotel in 2024, a list of branded supply totalling about 1,100 keys ranging from luxury hotels to midscale, is expected to open in the coming years. Considering the market dynamic, the number of B&Bs and villas are likely to increase at the same time.

The villa resort, Plataran, also has plans for expansion, adding approximately 18 keys to its inventory. Additionally, international brands, including Dust Thani, Accor's Mama Shelter and Mercure, Marriott's Courtyard and Westin, and Swiss-Belhotel's Maua, are all reported to have projects in the pipeline for Labuan Bajo.

Overall, Labuan Bajo has gained investors' and developers' attention with its unique attractions and promising, government-sponsored, future as the next Bali. The booming hotel market, particularly the luxury segment, is likely to attract more international visitors, for both leisure and MICE, to Labuan Bajo, as flight capacity scales up.



| Operator | Brand | Proposed Name | # of Keys | Development Phase | Estimated Open Year |
|----------------|---------------|---|-----------|--------------------|---------------------|
| Dusit | Kaliwatu | Kaliwatu Villas and Residences – Dusit Collection | 63 | Under Construction | 2028 |
| Plataran | Plataran | Plataran Expansion | 18 | Under Construction | 2028 |
| N/A | N/A | Proposed Luxury Resort | 67 | Proposed | |
| Accor | Mama Shelter | Mama Shelter Labuan Bajo | 134 | Contract Signed | |
| Artotel | Artotel | Tanah Naga Labuan Bajo, ARTOTEL Curated | 20 | Contract Signed | 2027 |
| Artotel | Artotel | ARTOTEL Labuan Bajo | 64 | Contract Signed | |
| Marriott | Courtyard | Courtyard Labuan Bajo Komodo Resort | 158 | Contract Signed | 2028 |
| Marriott | Westin Hotels | The Westin Komodo Resort & Spa | 168 | Contract Signed | |
| Swiss-Belhotel | Māua | Māua Labuan Bajo | 50 | Contract Signed | |
| | | | 742 | | |

Source: AP Research

Visitor and Flight Capacity Projections

To absorb the new hotel supply, the number of visitor arrivals would have to grow at the same time. According to BPS-Statistic Indonesia Manggarai Barat Regency's report in 2024, there are about 114 accommodations with 3,147 keys in the region . With the 742 keys of branded supply and other construction projects, about 270,000 available room nights would be injected to Labuan Bajo's hotel market. This calls for induced demand of around 122,000 room nights by 2029 assuming all supply comes online and an occupancy of 44% for 2025 and assuming occupancy stays at the same level onwards. As a result, it is projected that an increase of at least 151,000 visitors to Labuan Bajo would sustain a healthy occupancy rate for the new branded supply in 2029 and onwards.

The Airport currently serves about 16 flights per day or 112 per week. With the increase in branded supply until 2029, the number of monthly flights would need to at least increase to 21 flights per day in 2029 at the same load factor to sustain the growth of visitors filling these new hotels. This excludes any organic growth from local residents traveling or increase in the live-aboard and diving business.



| | Arrivals | Flights | Flights per Day | Available Room Nights | Occupancy | Occupied Room Nights | Arr/ORN | Arr/Flight |
|------|----------|---------|-----------------|-----------------------|-----------|----------------------|---------|------------|
| 2023 | 442,000 | 4,158 | 11.4 | 922,355 | 41% | 378,166 | 0.9 | 106 |
| 2024 | 488,000 | 4,928 | 13.5 | 1,148,655 | 42% | 487,834 | 1.0 | 99 |
| 2025 | 538,000 | 5,840 | 16.0 | 1,211,435 | 44% | 538,286 | 1.0 | 92 |
| 2026 | 570,000 | 6,183 | 16.9 | 1,284,070 | 44% | 569,942 | 1.0 | 92 |
| 2027 | 599,000 | 6,504 | 17.8 | 1,352,690 | 44% | 599,478 | 1.0 | 92 |
| 2028 | 646,000 | 7,011 | 19.2 | 1,458,175 | 44% | 646,226 | 1.0 | 92 |
| 2029 | 689,000 | 7,476 | 20.5 | 1,554,900 | 44% | 689,092 | 1.0 | 92 |

Source: AP Research

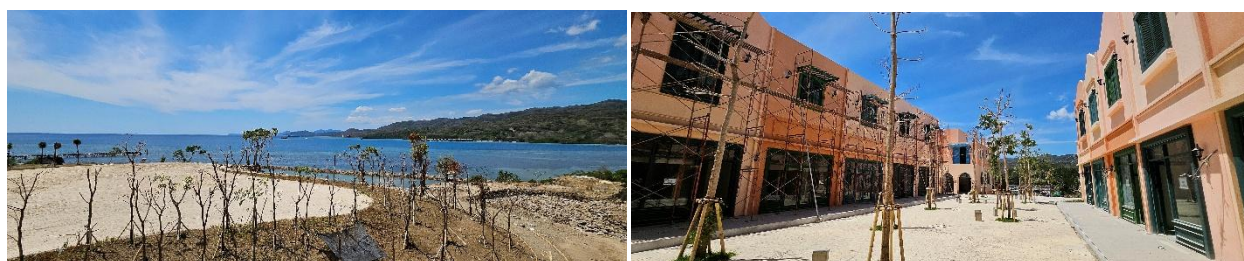
New Development

As a developing destination, the central government aims to increase the number of visitors to Labuan Bajo. Aside from the Golo Mori area with ongoing development, Parapuar is another tourism development project in the area. Additionally, the government has been working on improvements of infrastructure during the pandemic, aiming to boost local economy by creating more jobs through tourism development.



Located between Golo Bilas village and Gorontalo village, Parapuar is a 400-hectare mixed-use development featuring cultural attractions with preserved natural scenery. The development of Parapuar aims to diversify the tourism offerings in Labuan Bajo and to build up the destination beyond Komodo National Park in the long term.

Indonesia-based Vasanta Group currently has a mixed-used development project named Mawatu at Labuan Bajo, approximately a 10-minute drive from the airport. The project features an upscale retail area, a beach club, and an internationally branded hotel which is likely to be Accor's Mama Shelter. Spanning 20 hectares, Mawatu opened Phase 1 in October 2025 with the Seaside Market featuring 27 SMEs focused on culinary and culture. . As the very first mixed-use development in Labuan Bajo, it aims to elevate the retail and entertainment offering in the local area by introducing the islands first Cinema XXI.



The main road running across the northern shore of Flores is not yet fully paved. The coordinating minister for Infrastructure and Regional Development, Agus Harimurti Yudhoyono, affirmed the development on the rest of the 88km unpaved road for the 140km long north flores trans-island highway in November 2025.

Opportunities

With the success of IMF and ASEAN Summit, the destination of Labuan Bajo is exposed to a wider audience. Owing to the outstanding natural resources, improved infrastructure, and ongoing development, Labuan Bajo has great potential for future tourism development. Attractions that are further away from Labuan Bajo, for example, have potential for further development, once accessibility is enhanced.

The designation as a top priority destination also helps Labuan Bajo secure government funding for infrastructure development and tourism promotions, boosting investor confidence. The entry of branded hotels across various segment also signals the beginning of the booming tourism in Labuan Bajo. Additionally, international flights from Asia are expected to bring in more tourists which will benefit the local tourism scene as well as wider economy. As of the time of this article, there are currently two weekly direct flights from Malaysia to Labuan Bajo from Air Asia and two weekly direct flights from Singapore to

Labuan Bajo from Scoot Airline which started their operation December 2025 with room for further growth

Bali's overtourism could be Labuan Bajo's opportunity as well. With similar distance to feeder markets and affordability, Labuan Bajo could be the next best secret among both domestic and international travellers.

Challenges

Despite the positive outlook of Labuan Bajo, several challenges remain, including the low capture of repeat visitors, seasonality, infrastructure development, and debate over sustainable development.

Demand generators in Labuan Bajo currently are not as diverse as Bali. As a result, most travellers would be less likely to return after seeing Komodo dragons during their first (and probably only) visit. The little commercial development, including retail and restaurants, becomes a disadvantage of Labuan Bajo, compared to Bali, or even Lombok. Seasonality of Labuan Bajo is also a challenge for hotels to maintain a high occupancy rate throughout the year, particularly rainy seasons in the first few months of the year. Due to the nature of the demand generators, leisure travellers tend to avoid rainy seasons.

The accessibility of Labuan Bajo remains limited for international travellers, as there are only two international direct flights currently. Until the runway is extended, the capacity of planes would remain limited as well. Additionally, the development of infrastructure at the outskirts of Labuan Bajo requires further upgrades, particularly the supporting facilities to access inland attractions. Despite the potential for these attractions, the connecting roads are yet to be developed for regular cars.

Lastly, sustainability might pose a challenge for Labuan Bajo's tourism development. With the increasing popularity of Komodo National Park, the preservation of wildlife and its habitat comes to the light. In the past years, there is debate about increasing entry fee of Komodo National Park to help the authorities better manage the tourists. However, the price hike was rejected by the industry, and the price adjustment remains on hold. Nevertheless, the sustainable development of Labuan Bajo remains a challenge for future tourism development as gate fees alone do not ensure a preservation of the destination's character. Unfortunately, the local government seems focused on other priorities at this critical stage of development

Conclusion

As the tourism market continues to grow and infrastructure continues to improve, Komodo is expected to draw more attention from more investors and international travellers, particularly the high-end segment, due to its captivating environment, pristine setting and

natural resources. In the long term, Komodo's opportunity is to become a top 'boutique' leisure destination in Indonesia supported by the ongoing developments.

About AP Hospitality Advisors

AP Hospitality Advisors is an advisory firm founded by Dan Voellm, *MRICS* in 2011 in Hong Kong has seen the opening of additional offices in Bangkok and Shenzhen. AP Hospitality Advisors serves owners, investors, developers, operators, and lenders of hospitality assets across Asia-Pacific. The team blends expertise in operations, real estate, and finance to support any critical step in the asset lifecycle.

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Dan works closely with key institutional and private owners of hotel properties, financiers, developers, and investors, and has gained a strong understanding of their investment requirement and approaches to assessing market values of investment properties. Dan further advises on property and concept development and strategy as well as expert witness testimony. Dan is vice-chair of the Urban Land Institute's (ULI) Hospitality Development Council in Asia Pacific and became a Professional Member of the Royal Institute of Chartered Surveyors in 2016.

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