

Indonesia healthcare expenditure to touch \$237mn by 2018'

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Singapore: Asia-Pacific per capita healthcare expenditure is assessed to increase by 4.8 percent across the region by 2018 and Indonesia is expected to scale per capita expenditure from \$109 to \$237 in 2018, representing a year on year growth of close to 14 percent, according to an analysis by Frost and Sullivan.

The analysis firm highlights that Indonesia's pharmaceutical market is among the top three in terms of growth in ASEAN as it has the highest proportion of OTC sales in ASEAN, at 40 percent of the pharmaceutical market, indicating the propensity of Indonesian consumers towards self medication.

The medical devices market is forecast to grow at 12.5 percent yearly from 2013 to 2018, and should cross USD 1 billion in 2018. Mrs Bhuller said that business opportunities exist in surgical equipment, diagnostics and medical imaging equipment and diagnostics.

Mrs Rhenu Bhuller, senior vice president, Healthcare Frost & Sullivan said, "Indonesia's healthcare market is driven by various factors such as investments into Indonesia and growing availability of healthcare services and access in the country. As the ASEAN region grows, Indonesia with its 247 million population is one of the more attractive markets."

Mrs Bhuller also noted that Indonesia has one of the fastest growing private hospital sectors in the region. In addition, Indonesia's imports of medical equipment have been on the rise since 2004 indicating underlying domestic demand. While the growth has been uneven from year to year, contributed in some way due to currency fluctuations, the overall trend has been upwards.

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Within the region, Indonesia and Philippines have the highest shortage of beds and are targets for hospital operators expansions. About 4.2 million new beds will be needed over next decade to meet the healthcare demand in APAC; more than 40 percent of that is expected to come from private sector. Frost & Sullivan estimates that more than 35,000 new beds could be added in Indonesia by 2020. One of the larger challenges, however, is the lack of qualified human resources in the

healthcare sector, raising a need for in house, as well as across country training programmes. The collaboration with foreign doctors can drive sharing of skills and expertise to local staff.

The analysts opined that several bigger hospital groups from within and outside of APAC are acquiring smaller hospitals in the region due to forecasted market potential. The private hospital market in Asia Pacific is expected to exceed USD 1 billion by 2017, a yearly growth rate of 17 percent from 2014. However, the track record of foreign investment in hospitals in Indonesia is relatively lower than other countries. Foreign activity has more been around real estate investment trusts acquiring the real estate asset for a hospital from a related party, but there is increasing local activity in hospital development as hospital groups look to expand beyond Jakarta, Bandung and Surabaya.