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From the Danantara Indonesia Investor Relations Team

**INVESTING IN DANANTARA INDONESIA**

# Kampung Haji: Building Infrastructure for a Once-in-a-Lifetime Journey

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Photo credit: Novotel Makkah Thakher City

"Every tree, every growing thing as it grows,  
says this truth: **you harvest what you sow.**"

**JALALUDDIN RUMI**, Sufi mystic and poet

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Rhazes Akbar, an Indonesian university student, has been to Mecca three times for Umrah, one of Islam's two pilgrimages. For him, the most memorable moment came when he worshipped during a sandstorm.

His eyes stung and his vision blurred, yet his heart remained steady. Even as nature tested him, gratitude prevailed.

The privilege of standing in Mecca, he said, outweighed every discomfort.

That discomfort, though, can be plentiful. Especially for one particular demographic of pilgrims.



*Prayer room at the Novotel Thakher City / Photo credit: Novotel Makkah Thakher City*

For Hajj, the more sacred and complex pilgrimage compared to Umrah, many wait 15 to 30 years for their turn. That means registering early in adulthood, often spending a big part of one's life savings, but actually departing much later: when age and stamina have already begun to decline.

Here in Indonesia, we would see it in news reports every Hajj season. Elderly pilgrims resting along walkways under the heat. Wheelchairs lined up in hotel corridors. Volunteers offering water and assistance to strangers eager to worship but struggling in the desert heat.

For Indonesians, these scenes are not abstract. Indonesia is the world's largest Muslim-majority country, sending more than 200,000 Hajj pilgrims and over two million Umrah pilgrims to Mecca each year: more than any other nation.

At this scale, pilgrimage is part of the national agenda. That is the context behind Kampung Haji, which means "Hajj Village" in Indonesian.

Just this month, Danantara Investment Management (DIM) signed a strategic multi-asset agreement in Mecca, Saudi Arabia, with Thakher Development Company, a Saudi real estate developer.



*The Thakher City development in Mecca, where DIM is acquiring a three-tower hotel and 14 plots of land /  
Photo credit: Thakher Development Company*

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The first phase is centered in Thakher City, a modern cluster ~2.5 kilometers north of Masjid Al-Haram, Islam's holiest site. About US\$500 million, funded entirely by DIM's own capital, is for acquiring the Novotel Makkah Thakher City, an operating 1,461-room hotel which can house Indonesian pilgrims, plus 14 plots of land at Thakher City.

Eventually, DIM will construct and develop those plots: 13 for hospitality properties, one for retail, with a total estimated development cost of US\$800 million.

Once fully developed, the portfolio is designed to potentially support up to ~23,000 Indonesian pilgrims per Hajj season, with accommodation and services shaped around practical realities: distance, access, reliability, and cultural familiarity.

It will also help reduce Indonesia's balance of payments with Saudi Arabia. For hajj pilgrimages alone, Indonesia spends at least 17.9 trillion rupiah (US\$1.1 billion) every year.

## Sacred Rhythm Meets Structural Strain

The best time to make the pilgrimage to Mecca is in November to December. The air feels more *adem* or serene, and a little kinder on the body. This is also the start of peak season, elongating all the way to March.

The crowd, which leans adult and elderly, never truly thins.



*Photo credit: Danantara Indonesia*

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Especially during peak months, the holy city breathes in people at all hours. At dawn, the flow loosens into gentle rivers. After prayer times, it swells into packed tides.

Through it all, across decades, Indonesia effectively acted as the world's largest annual renter in Mecca.

Each year, rooms were negotiated, prices absorbed, and uncertainties managed as part of a recurring procurement cycle. That approach worked when global pilgrimage demand was lower and land less constrained.

Today, things are far less resilient.

Saudi Arabia, under Vision 2030, plans to expand foreign Umrah pilgrims from around 17 million to 30 million by 2030, implying close to 10% annual growth. At the same time, Mecca's licensed hotel supply has historically grown below that amount, at only ~3% per year, with medium-term projections of ~6%.

Plus, new developments near the Haram are scarce, complex, and slow. It can take up to a decade to go from planning to operations.

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*Photo credit: Novotel Makkah Thakher City*

Depending on routes, the Haram area is ~2.5 kilometers away from Novotel Thakher City, a 15-minute ride by car. In the future, the Thakher development will be connected to the Al-Hujun tunnel, which lets pilgrims walk directly to the Haram.

But in a big picture sense, Kampung Haji represents a shift from managing pilgrimage season by season, to securing it across generations.

Indonesia is not the first country to reach this conclusion. Decades ago, our neighbor Malaysia began investing in accommodation and services in Mecca, through Lembaga Tabung Haji.

The logic was simple. Millions of its citizens, many of them elderly and traveling abroad for the first time, will visit Mecca over many generations. If pilgrims rely entirely on short-term rentals, they are exposed to volatility every time Lembaga Tabung Haji makes its annual negotiations.

Other countries adopted variations of this logic. Turkey centralizes accommodation and services through long-term arrangements. Several Gulf states, with smaller pilgrim volumes but higher per-capita spending, secured preferred access through long-standing partnerships with specific operators.



*Photo credit: Novotel Makkah Thakher City*

## The Two Pilgrimages to Mecca

For Muslims, there are two kinds of pilgrimage to Mecca: Hajj and Umrah.

Hajj is considered to be the pinnacle of Islamic worship, performed during the sacred month of Dzulhijjah. It is a once-in-a-lifetime journey that demands patience long before devotion: navigating bureaucracy, completing paperwork, saving a lifetime's earnings, and waiting patiently for their turn.

Those who have experienced Hajj often describe the days as deeply transformative. Each ritual carries meaning that goes beyond the physical act. Beneath an open sky at Mount Arafat, millions stand together in prayer, each supplication personal yet united in a collective silence.



Pilgrims in prayer, aligned toward the Ka'bah / Photo credit: Unsplash (Ömer F. Arslan)

Unlike Hajj, Umrah has fewer ritual requirements, and is less religiously significant. It can also be performed at any time of the year, welcoming pilgrims of all ages and circumstances.

But whether it is Umrah or Hajj, one thing stays the same: the moment pilgrims step into Masjid Al-Haram. Words fall short. Tears come easily. Clad in simple ihram or abayas, standing on sacred ground, one is humbled by the realization that this is where prophets once walked. For Muslims from all over the globe, it is a feeling of pure, unfiltered joy.

## Thinking in Decades, Not Seasons

For Indonesia, the question was never whether this logic made sense, but who could execute it.

As a sovereign fund, Danantara Indonesia sits at the intersection of social mandate and long-term capital. This allows for thinking in decades, not seasons.

Danantara Indonesia's role is not to rush, nor to speculate, but to secure supply early in a city with structural constraints and limitations. There is a risk in waiting too long.

Separately, DIM is also coordinating with the Saudi government through the Royal Commission for Makkah City and Holy Sites for further development plans, currently in bidding process.



*Novotel Thakher City's Lobby / Photo credit: Novotel Makkah Thakher City*

Regardless, this first phase at Thakher City reflects DIM's measured approach. Buying the already-operational Novotel Thakher City is a quick win for Indonesia's upcoming pilgrims, while the ready-to-develop plots provides for future pilgrim capacity.

Over the long term, as a strategic development project, Kampung Haji can unlock meaningful economic spillovers back to Indonesia.

Between 2025 to 2029, construction-related capital expenditures for hotels and mall could open value capture opportunities for Indonesian companies.

Food and beverage demand alone within the hospitality assets could grow into a substantial, recurring market. This would pave the way for Indonesian halal food producers, logistics providers, and service operators to participate in the Hajj ecosystem at scale.

There is more to expect. Between 2026 to 2055, each year could see over a thousand jobs for Indonesians across both construction roles and operational functions, including hotel concierges, frontline operations staff, and Indonesian chefs.

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*Photo credit: Kerem Colakoglu / Unsplash*

Back home in Indonesia, there are direct employment opportunities across catering, logistics, transport, and support services, such as for Hajj-focused travel agents in Indonesia or even airlines.

In this model, pilgrimage no longer has to be a one-way flow: Indonesia too can have an economic presence in Saudi Arabia.

When it is time to leave Mecca, pilgrims like Rhazes carry more than carefully wrapped souvenirs. They return home with a heart renewed, a soul fulfilled, and memories etched in the sacred soil of Islam's birthplace.

For millions, the pilgrimage happens once in a lifetime. But for Indonesia, it is something to prepare for every year.

Kampung Haji is not about buildings or balance sheets only. It is about reducing uncertainty in a pivotal journey: meals that feel familiar, nights spent close enough to rest, and especially for Hajj pilgrims from economically vulnerable backgrounds, fewer steps walked under the sun.

Faith may be personal. But at this scale, providing for it is a national responsibility.

\* \* \*

# Did You Know?

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*Khamim documented his trek with a collection of selfies /  
Photo credit: Mochammad Khamim Setiawan*

In a shirt that read 'I'm on my way to Mecca by foot,' and carrying a light backpack of essentials, Mochammad Khamim Setiawan set off from Pekalongan, Central Java, in August 2016.

He walked thousands of kilometers: sleeping in mosques, bunking with locals, braving jungle nights, and surviving three venomous snake encounters in Malaysian backwoods.

By May, he reached Abu Dhabi. In July, he strode into Mecca, months ahead of schedule. Turns out, faith and fast feet can beat math.

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*Danantara Indonesia Diaries* is a newsletter produced by Danantara Indonesia's investor relations team.

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