

# JAKARTA & BODEBEK

## Property Market Overview

### 3Q 2018



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# Key Factor That Drive Property Market

## ◆ Demographic

Demographic is considerable as one of the most important factors that affects real estate development characteristics as well as its market performance. A shifting in demographic profile and preferences will lead to differentiation in real estate market trend.

## ◆ Government Policies

Legislation generally plays a major role in determining property demand and prices, with deductions, subsidies, and tax credits being some of the ways that government can boost demand for real estate.

## ◆ Facilities and Major Infrastructure Developments

Infrastructure being a mature factor that drive higher residential value with organized retail and commercial establishments in its vicinity.

## ◆ Commercial Property Growth

An existence and growth of commercial properties will bring competitive advantages and attractiveness of real estate developments in certain area.

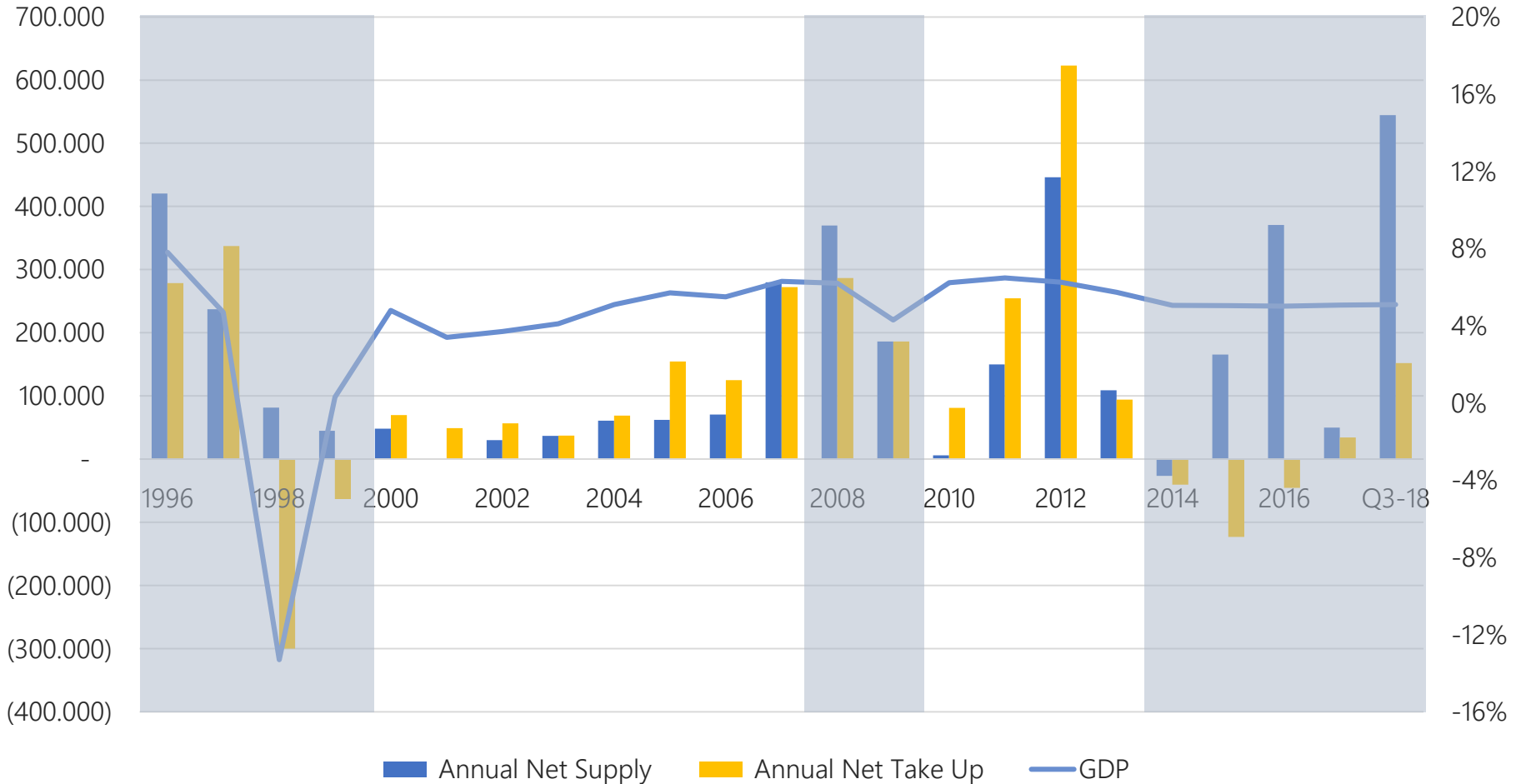
# Jakarta Market Highlight

## Jakarta Office Market

- 1998 Crisis**
- Supply lower
  - Demand negative
  - Longer recovery

- 2008 Crisis**
- Demand drop
  - Project on hold
  - Supply drop in 2010

- 2015 Slow down**
- Negative take up in 2014 - 2016
  - Project still on
  - Demand start to grow in 2017



# Jakarta Market Highlight

## Jakarta Apartment Market

### 1998 Crisis

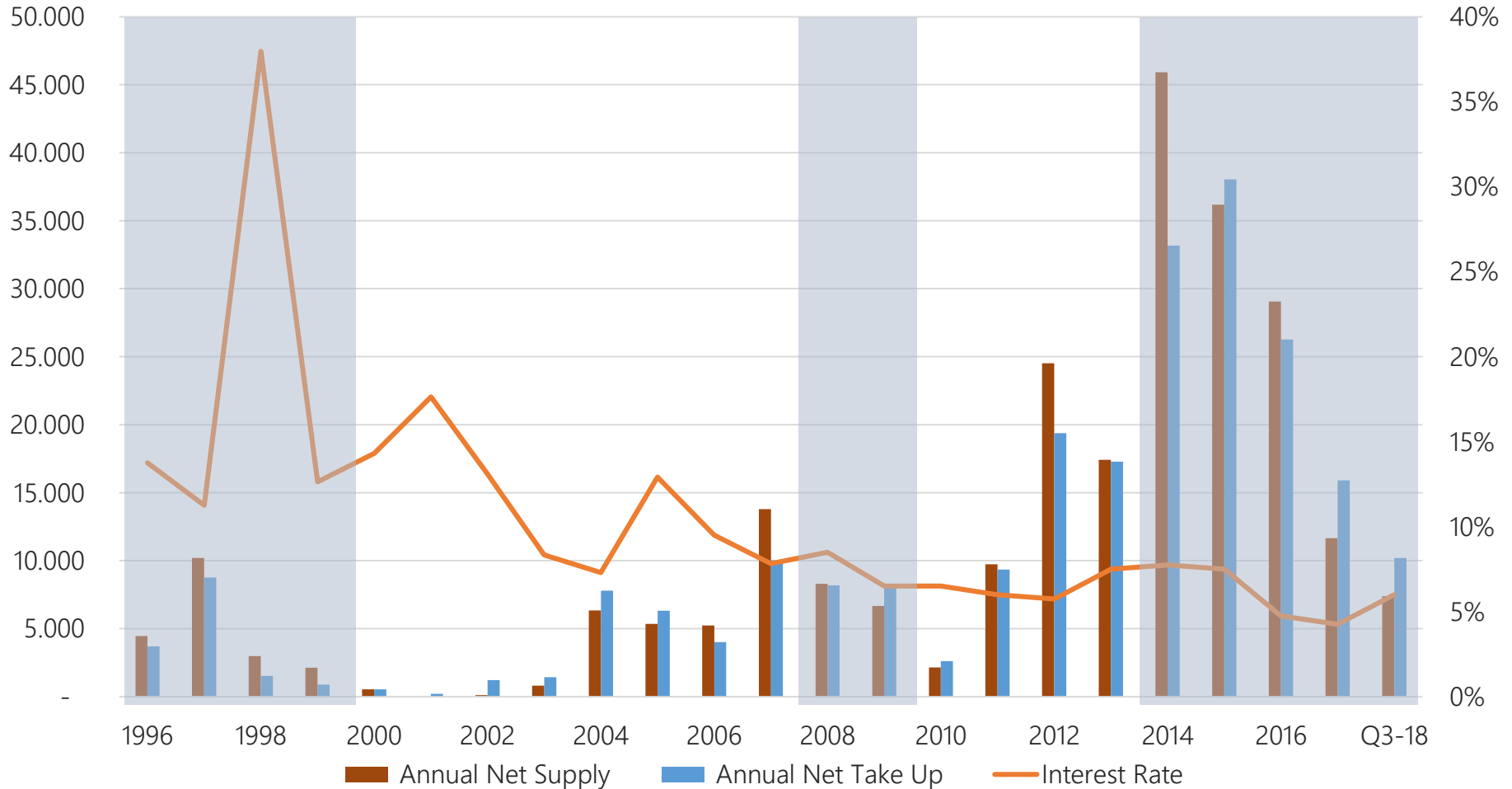
- Demand negative
- Shorter time recovered

### 2008 Crisis

- Demand drop
- Supply still high in 2009
- Limited new supply in 2010

### 2015 Slow down

- Still growth in 2014-2015
- New Supply in Midlow segment
- Investment slowing down in 2017



# Jakarta Market Highlight

## Jakarta Retail Market

### 1998 Crisis

- Demand negative
- Shorter time recovered

### 2008 Crisis

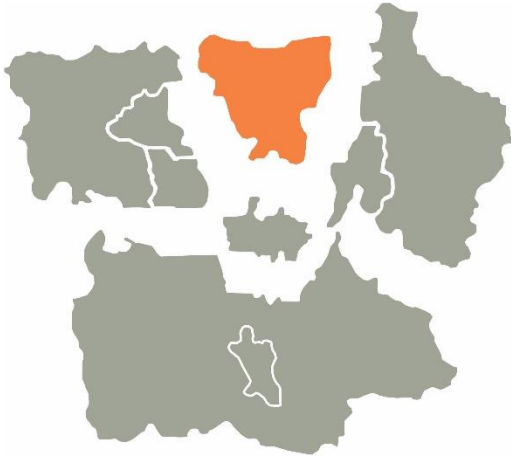
- Demand drop
- Supply still high in 2009
- Limited new supply in 2010-2011

### 2015 Slow down

- Moratorium Retail in Jakarta
- Limited new supply
- Demand slowing down



# Jakarta Market Highlight



## 65% Apartment

TOD concept has been widely introduced to promote the benefits of living in apartment with direct access to a massive transportation hub

## 33% Hotel

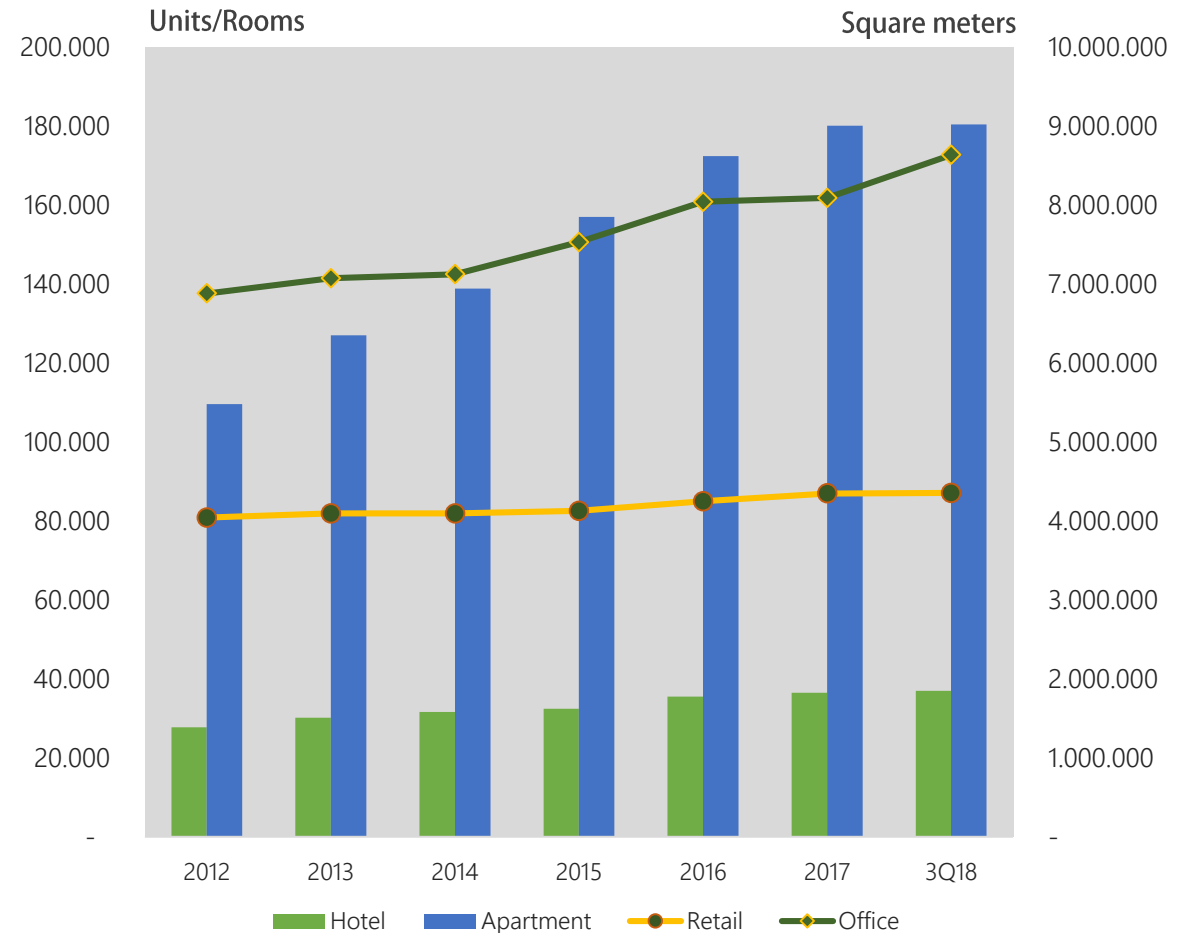
Jakarta's hotel market was relatively slow over the past 2 years in terms of occupancy as well as project developments

**Office** - New office buildings in CBD over the last 3 years have brought cumulative supply increased 26%

**Retail** - Retail sector remaining sluggish

"Apartment is property sector with the highest supply growth among other sectors..."

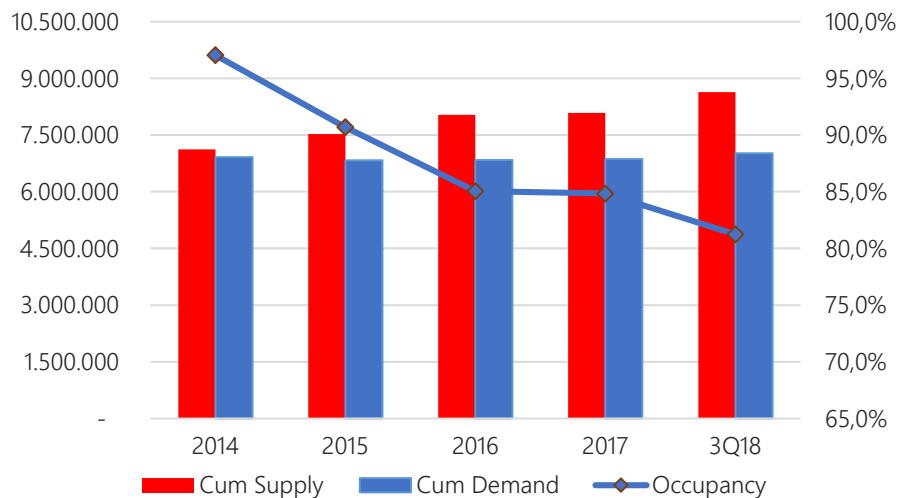
Pict : Growth of Property Supply in Jakarta



# Office Market in Jakarta

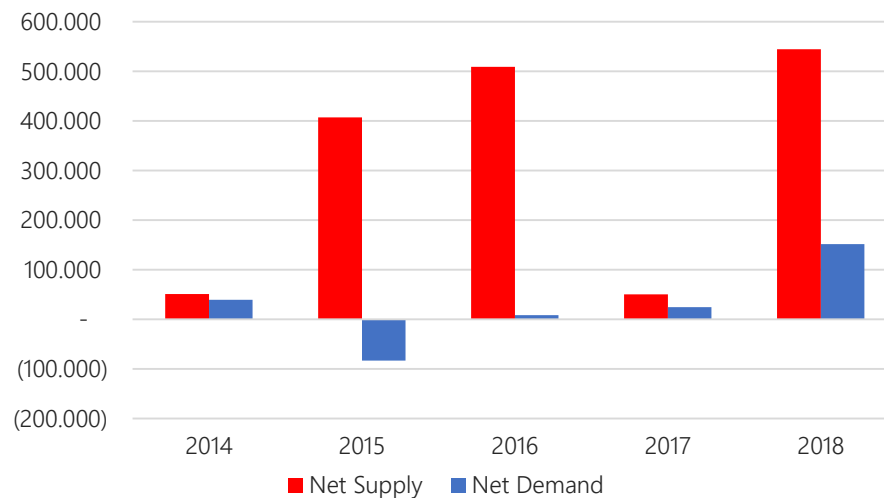
More office enquiries in 2018, which would likely to be executed in the next short term, contributed by tenant's relocation and expansion

Cumulative Supply, Demand, and Occupancy of Office in Jakarta



Source: Coldwell Banker Commercial, Strategic Advisory, Dec 2018

Net Supply and Net Demand of Office in Jakarta



Source: Coldwell Banker Commercial, Strategic Advisory, Dec 2018

## Property Sector

## Market Highlight 2018

## Market Indicators

Occupancy

Leasing Activity

Rental

## Office Market

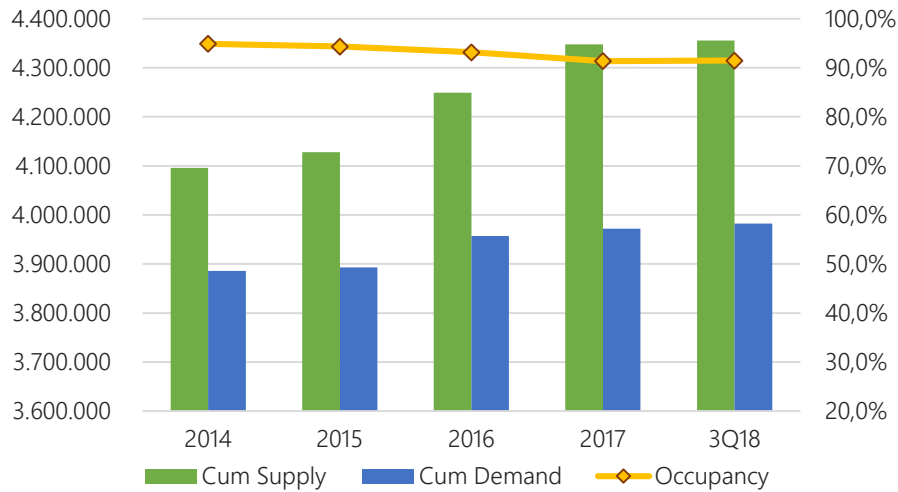
- There was new additional supply entered the CBD office market in 3Q18
- Demand was mostly generated by coworking space, e-commerce, fintech, and financial institution
- Rental still received more pressure in the current market



# Retail Market in Jakarta

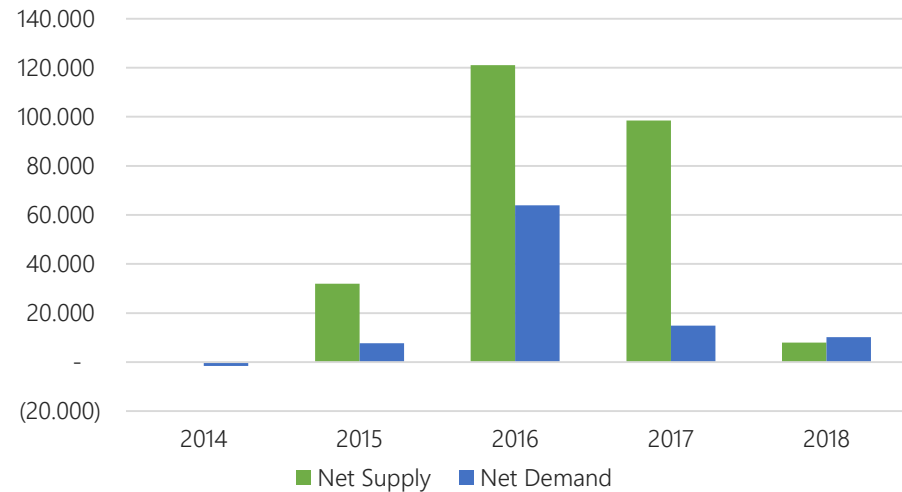
Some retailers more concentrate on performance of their existing outlets or renew concepts and layouts

Cumulative Supply, Demand, and Occupancy of Retail in Jakarta



Source: Coldwell Banker Commercial, Strategic Advisory, Dec 2018

Net Supply and Net Demand of Retail in Jakarta



Source: Coldwell Banker Commercial, Strategic Advisory, Dec 2018

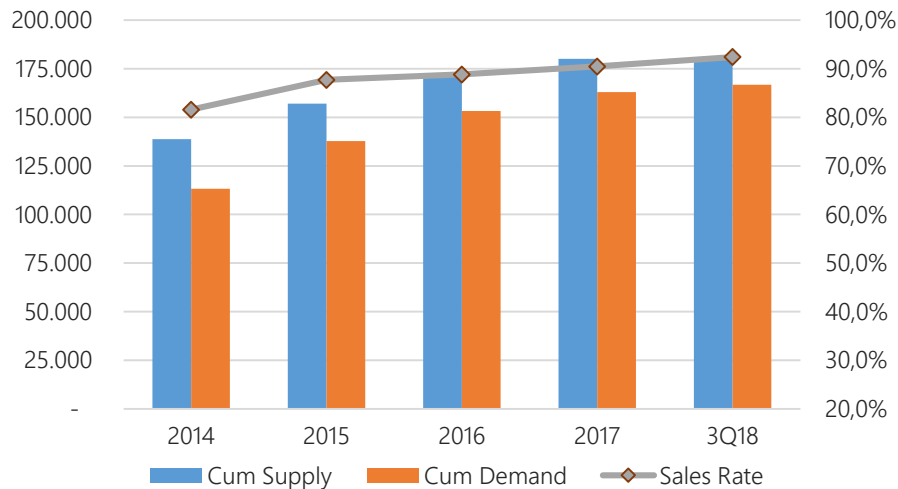
Property Sector	Market Highlight 2018	Market Indicators		
		Occupancy	Leasing Activity	Rental
Retail Market	<ul style="list-style-type: none"> <li>The retail market remained stagnant this year because of limited new supply</li> <li>F&amp;B and lifestyle tenants (entertainment, sport center, etc) still dominate the demand</li> <li>Rental in some shopping centers were recorded stagnant</li> </ul>	=	=	=



# Apartment Market in Jakarta

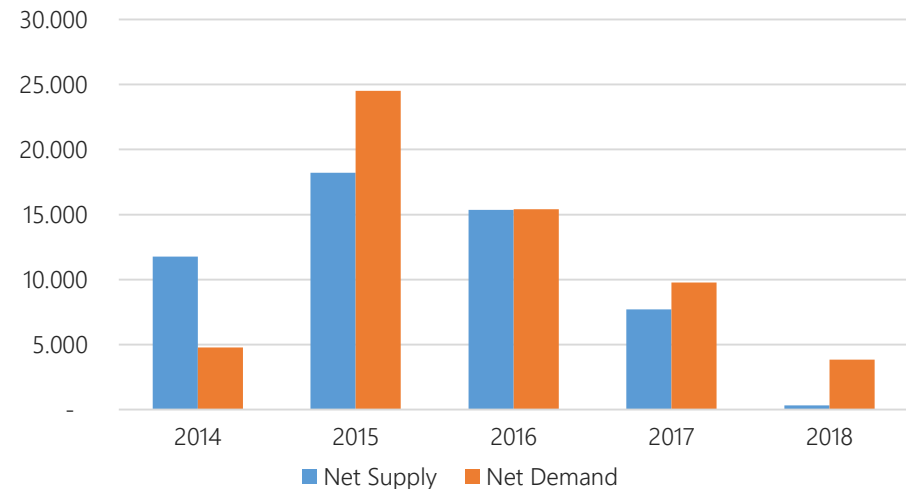
Apartment in Jakarta was limited development during 2018, there are several apartment projects that have been canceled

Cumulative Supply, Demand, and Sales Rate of Apartment in Jakarta



Source: Coldwell Banker Commercial, Strategic Advisory, Dec 2018

Net Supply and Net Demand of Apartment in Jakarta



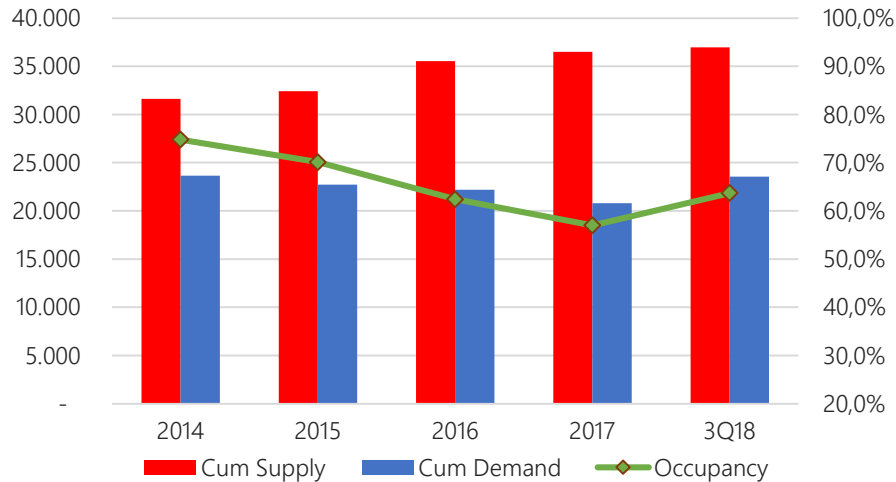
Source: Coldwell Banker Commercial, Strategic Advisory, Dec 2018

Property Sector	Market Highlight 2018	Market Indicators		
		Sales Rate	Sales Activity	Price
Apartment Market	<ul style="list-style-type: none"> <li>Demand absorption in apartment was not as high as demand in the last year</li> <li>Middle and middle low market segments enjoyed a better good absorption, then following by middle up segment</li> <li>The average asking prices increase moderately</li> </ul>	↘	↘	↗

# Hotel Market in Jakarta

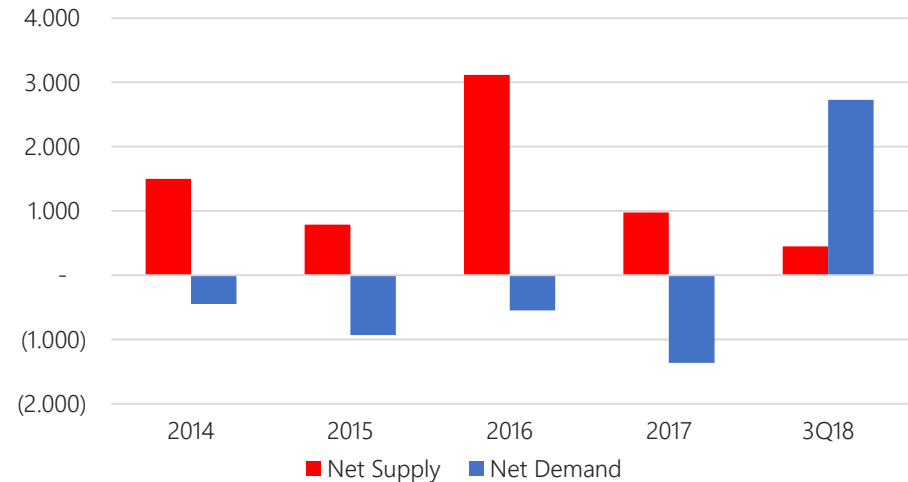
Hotel market increase slightly in line with increment demand from MICE activities, such as Asean Games and political activities

Cumulative Supply, Demand, and Occupancy of Hotel in Jakarta



Source: Coldwell Banker Commercial, Strategic Advisory, Dec 2018

Net Supply and Net Demand of Hotel in Jakarta



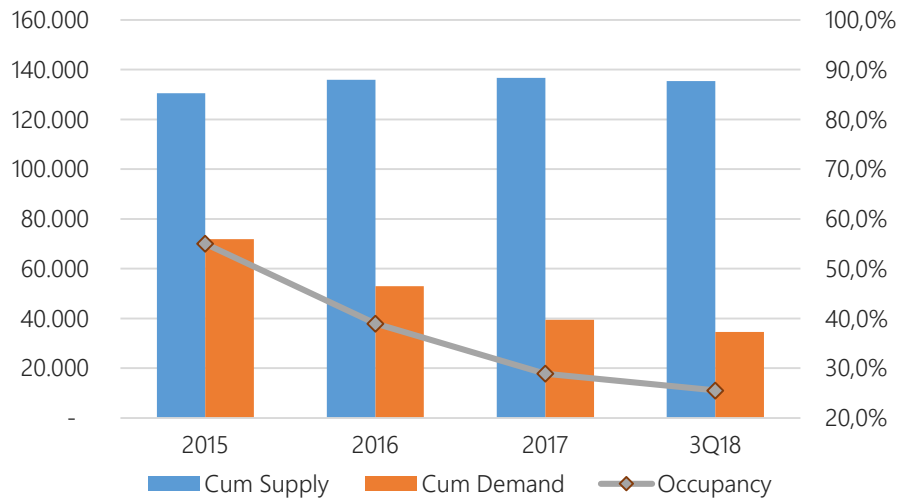
Source: Coldwell Banker Commercial, Strategic Advisory, Dec 2018

Property Sector	Market Highlight 2018	Market Indicators		
		Occupancy	Leasing Activity	Rental
Hotel Market	<ul style="list-style-type: none"> <li>Additional new supply came from 4-star hotel in south and north Jakarta during 2018</li> <li>Hotel market remained in modest positive level with lower net supply than net demand</li> <li>Average room rates of hotel sector in Jakarta recorded lower level compared to previous year</li> </ul>	↗	↗	↘

# Convention Hall Market in Jakarta

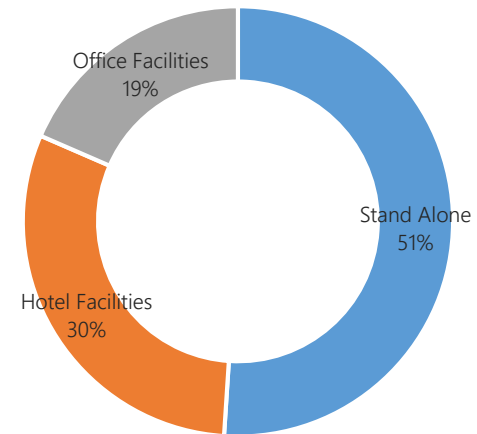
The biggest increment in demand of convention hall occurred at convention hall which was a hotel facility

Cumulative Supply, Demand, and Occupancy of Convention Hall in Jakarta



Source: Coldwell Banker Commercial, Strategic Advisory, Dec 2018

Distribution of Convention Hall in Jakarta Based on Development Type



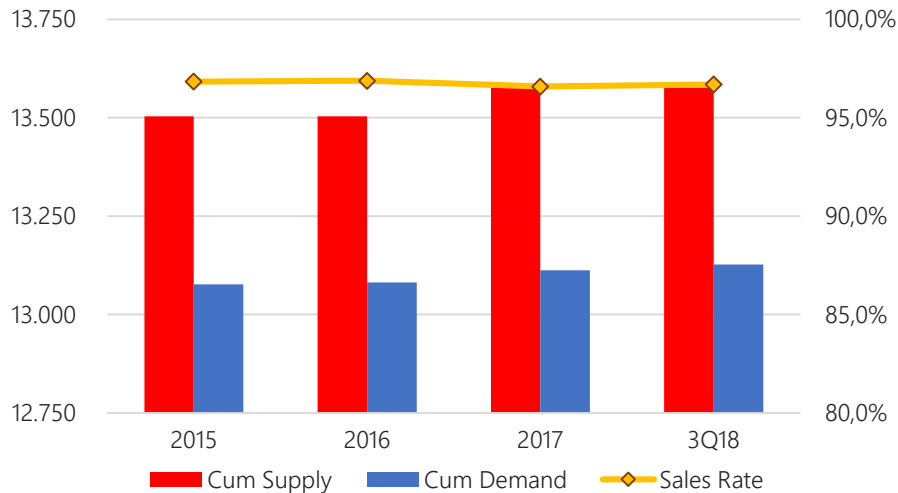
Source: Coldwell Banker Commercial, Strategic Advisory, Dec 2018

Property Sector	Market Highlight 2018	Market Indicators		
		Occupancy	Leasing Activity	Rental
Convention Market	<ul style="list-style-type: none"> <li>There was decrement in supply due to renovation of convention hall in office building</li> <li>Demand was mostly generated by MICE activities, political parties, wedding, graduation, gathering, etc</li> </ul>	↘	=	=

# Industrial & Warehouse Market in Jakarta

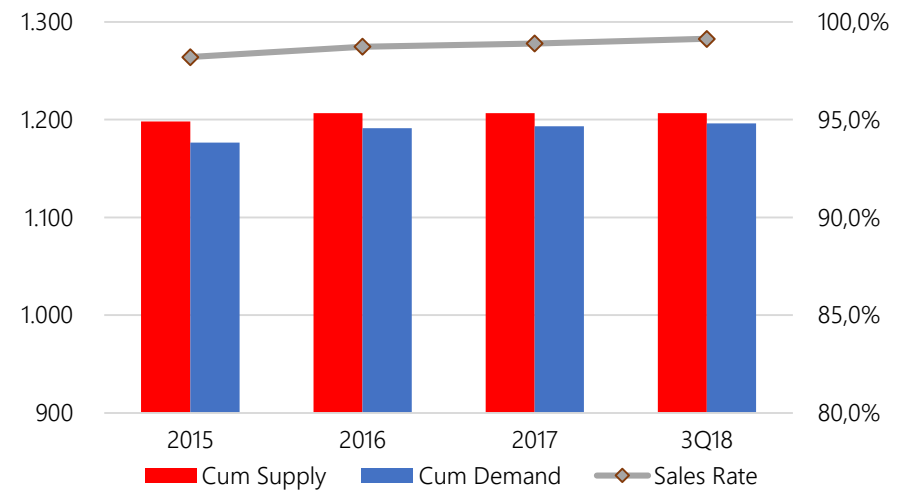
Indonesia's economic slowdown has been impact on the market for industrial estate, almost stagnant supply in industrial market

Cumulative Supply, Demand, and Sales Rate of Industrial in Jakarta



Source: Coldwell Banker Commercial, Strategic Advisory, Dec 2018

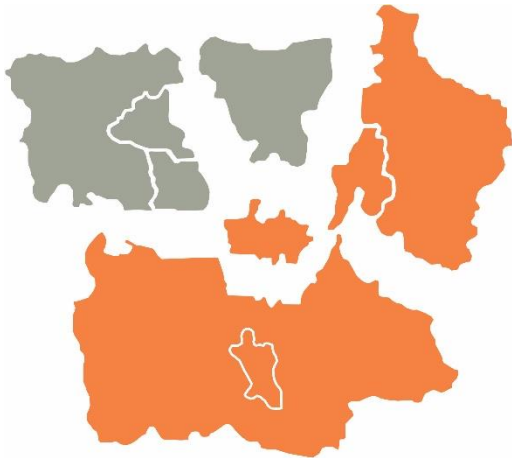
Cumulative Supply, Demand, and Sales Rate of Warehouse in Jakarta



Source: Coldwell Banker Commercial, Strategic Advisory, Dec 2018

Property Sector	Market Highlight 2018	Market Indicators		
		Sales Rate	Sales Activity	Price
Industrial Market	<ul style="list-style-type: none"> <li>Industrial sector in Jakarta has been at saturation point, future industrial land development will be heavily concentrated in outside Jakarta</li> </ul>	=	=	=
Warehouse Market	<ul style="list-style-type: none"> <li>The warehouse market has stagnated for the past three years</li> </ul>	=	=	=

# BODEBEK Market Highlight



“Demographics, affordability prices, and major infrastructure developments are the main drivers of apartment growth...”

Pict : Growth of Property Supply in Bodebek Area

## 125% Apartment

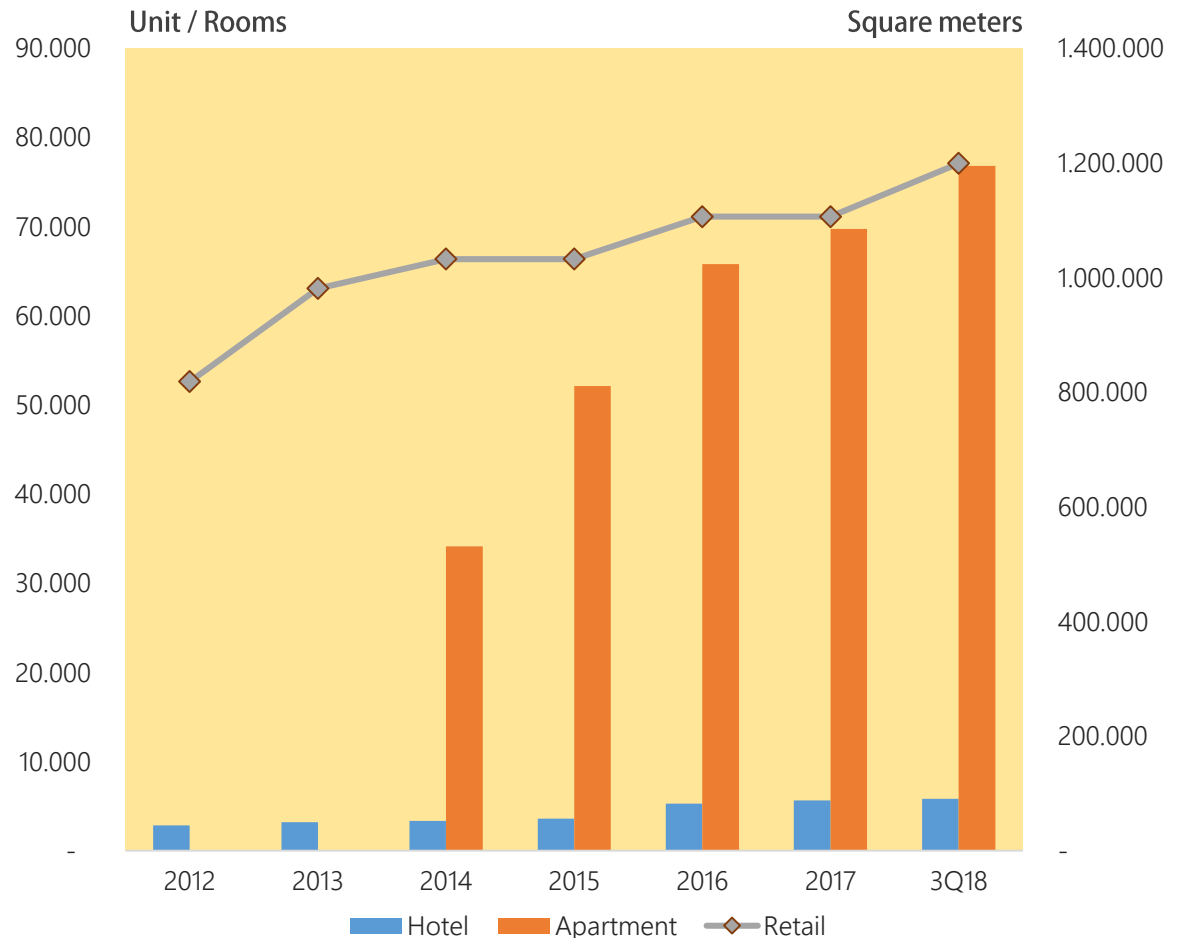
A growing middle class and rising requirements from industrial and universities have led to significant growth in apartment over the last 5 years

## 105% Hotel

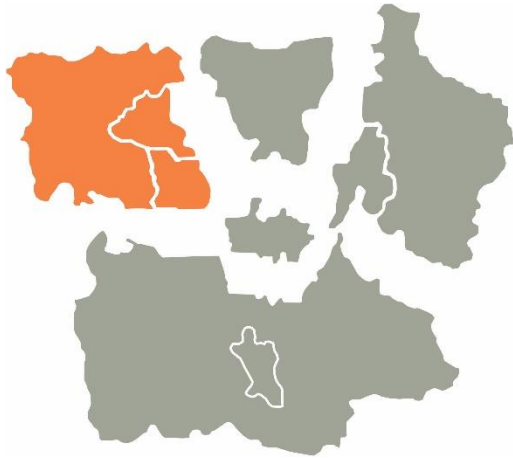
Hotel grew impressively due to high number of visitor arrivals and variety of destination activities, such as tourism, education, and industrial

## 47% Retail

Accessibility and activity are that drive the retail market growth



# Tangerang Market Highlight



“Commercial Property growth in Tangerang has been driven by good city amenities in new town developments ...”

Pict : Growth of Property Supply in Tangerang Area

## 116% Apartment

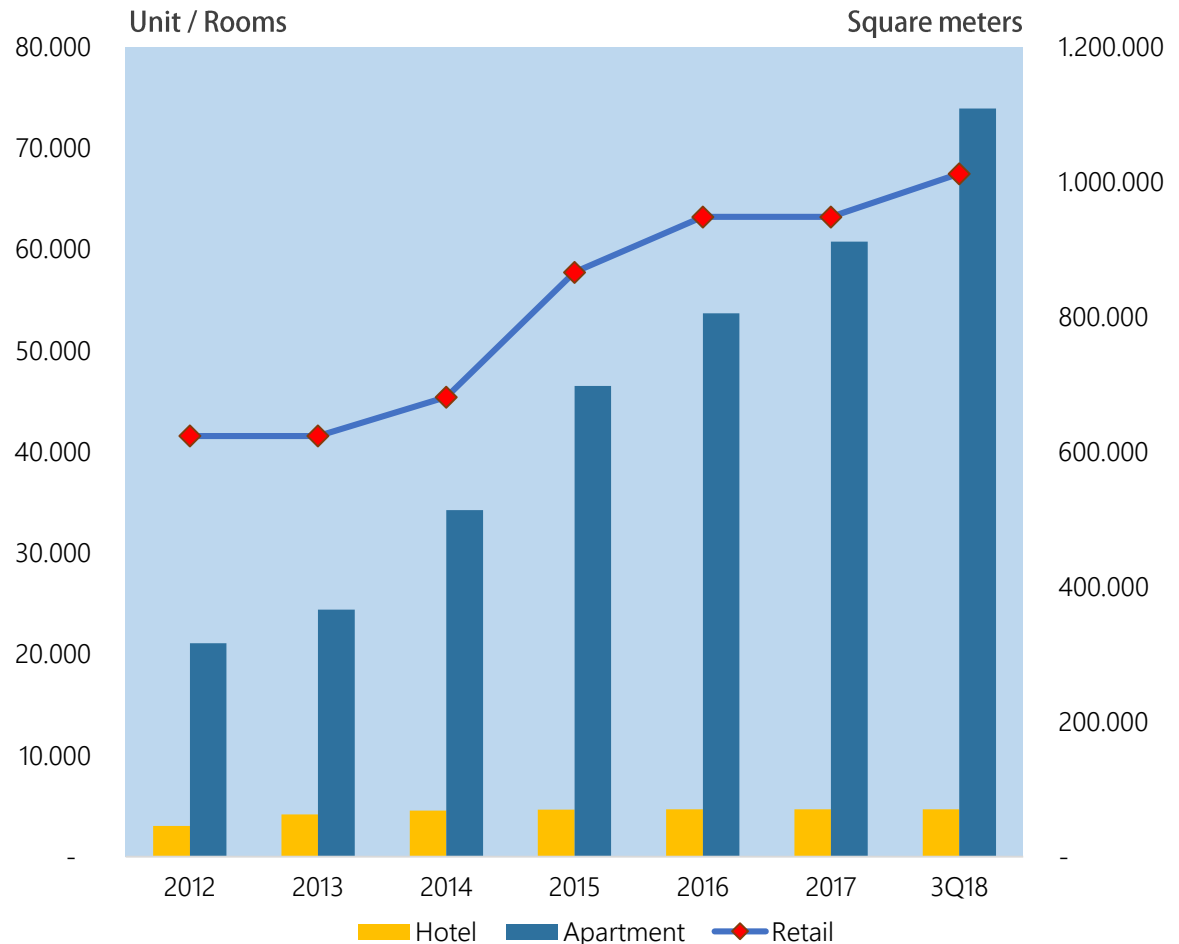
Accessibility, infrastructure and city amenities in Tangerang have triggered apartment buyers to invest in the area

## 55% Hotel

Significant growth in businesses and MICE activities brings to a more conducive hotel market in Tangerang

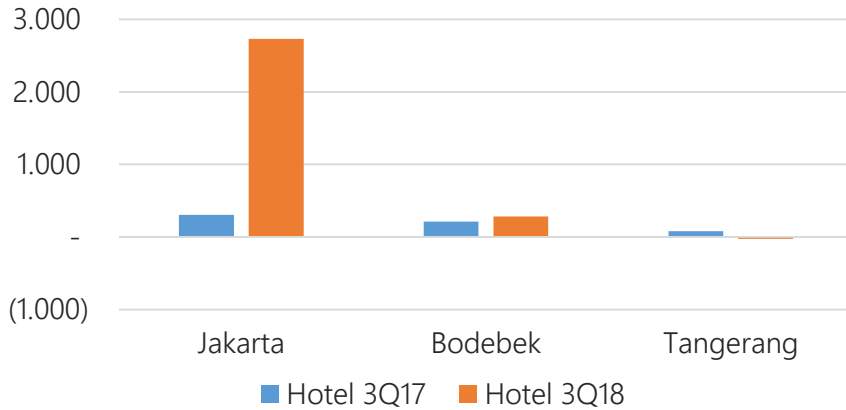
## 62% Retail

Retail grew significantly, driven with new CBD and good level of city amenities



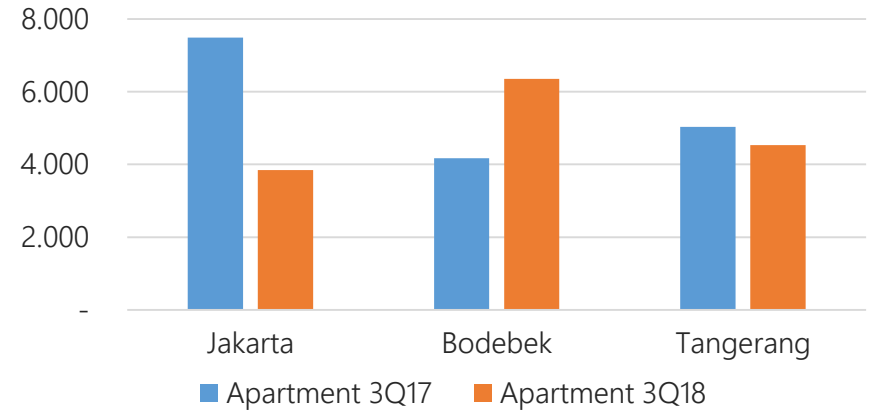
# Demand Growth

## Hotel



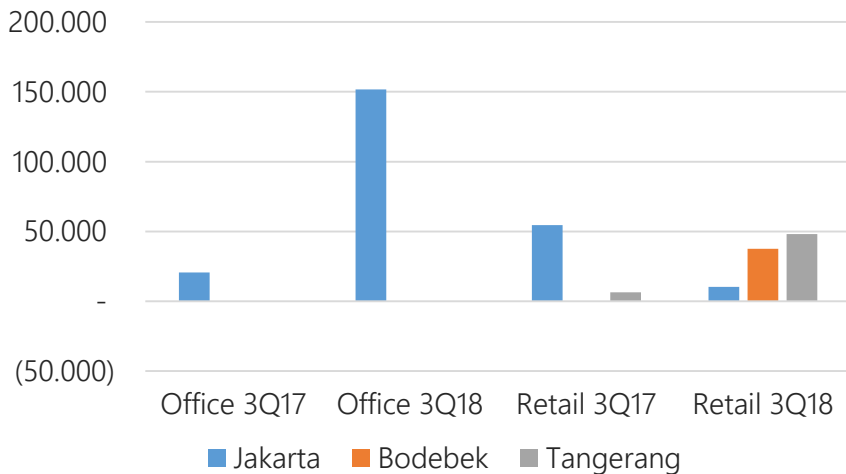
Compare to last year, hotel demand grew significantly in Jakarta, while decrease in Tangerang area.

## Apartment



Bodebek area show a positive growth, while demand for apartment in Tangerang and Jakarta have a tendency of slowing down.

## Office & Retail



“Overall demand show positive growth with apartment sector decrease moderately in Jakarta and Tangerang...”

Office demand in Jakarta start to grow in 2018 although still not as fast as the supply.

There are new retail supply in Bodebek and Tangerang, which followed by a relatively good demand.

# Property Market Outlook

Market sentiment is predicted to be more conducive as economic is expected to improve in 2019H

However, a higher demand level will be happened in the second half 2019 post political event next year

Apartment and hotel in Greater Jakarta will continue to show a better performance compared to other sectors in commercial property

Affordable unit price in middle low to middle market segment will dominate demand absorption of apartment sectors

Retail and office market still be in the midst of correcting itself, displaying a steady downward trend

The relatively small leasing activities lead occupancy rate and rental will relatively stable in the similar level



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