



18th ASEAN Valuers Pre Congress
25-26 June 2013
Singapore

COUNTRY REPORT
Indonesia
by
Vivien Heryanti

Organised by



Singapore Institute of Surveyors and Valuers

Country Report (Indonesia)



Indonesia Country Report

18th Pre Ava Congress Meeting

25-26 June 2013

Singapore



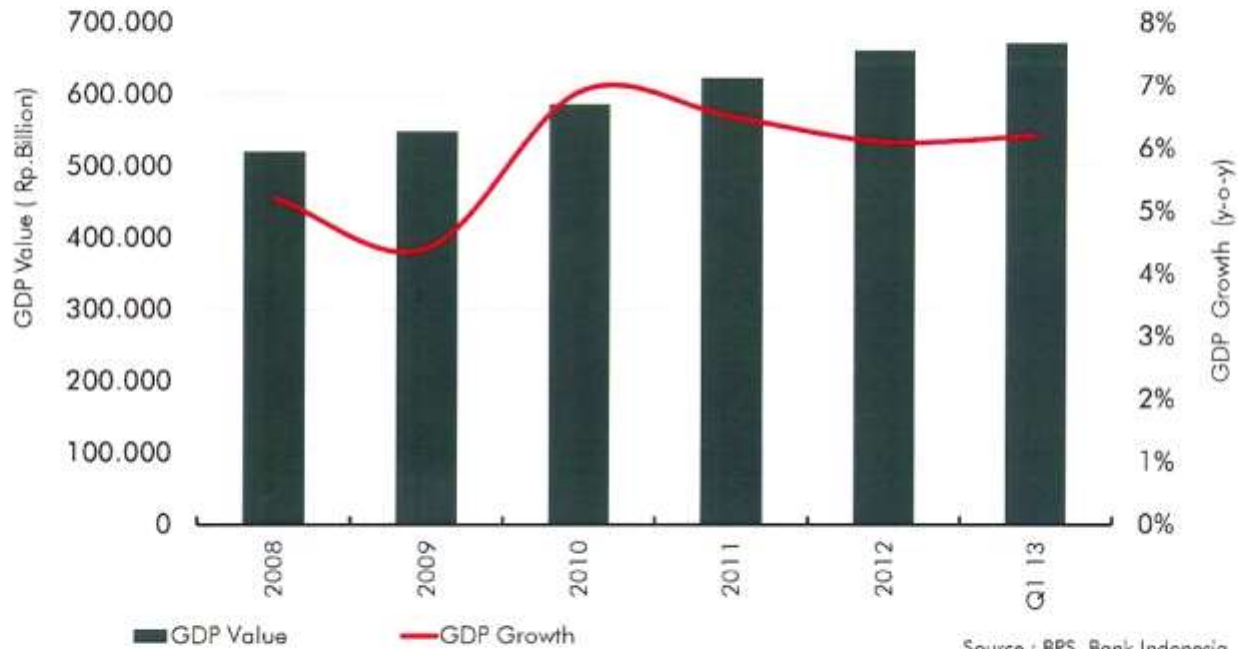
ASEANVALUERS ASSOCIATION

Agenda

- Macro Economy Overview
- Property Market
- Profession Update

Macro Economy

GDP Value & Growth based on Constant Price 2000
(Year 2008 - Q1 13)



Source : BPS, Bank Indonesia

Forecasts for Real GDP Growth Rate, in Percent

| Country/Territory | 2010 | 2011 | 2012 | 2013 | 2014* | 2015* |
|-------------------|-------|-------|------|-------------|-------|-------|
| China | 10.45 | 9.30 | 7.80 | 8.04 | 8.24 | 8.51 |
| India | 11.23 | 7.75 | 3.99 | 5.68 | 6.23 | 6.63 |
| Indonesia | 6.22 | 6.49 | 6.23 | 6.30 | 6.40 | 6.44 |
| Vietnam | 6.78 | 5.89 | 5.02 | 5.24 | 5.23 | 5.35 |
| Malaysia | 7.15 | 5.08 | 5.61 | 5.10 | 5.20 | 5.20 |
| Taiwan | 10.76 | 4.07 | 1.26 | 2.96 | 3.86 | 4.37 |
| Philippines | 7.63 | 3.91 | 6.59 | 6.02 | 5.47 | 5.30 |
| Thailand | 7.81 | 0.08 | 6.44 | 5.88 | 4.22 | 4.01 |
| Korea | 6.32 | 3.63 | 2.02 | 2.85 | 3.89 | 4.03 |
| Hong Kong | 6.79 | 4.85 | 1.44 | 2.96 | 4.39 | 4.37 |
| Singapore | 14.78 | 5.16 | 1.32 | 2.01 | 5.13 | 4.19 |
| New Zealand | 1.75 | 1.42 | 2.54 | 2.74 | 2.57 | 2.38 |
| Australia | 2.62 | 2.44 | 3.58 | 2.96 | 3.31 | 3.05 |
| Japan | 4.65 | -0.57 | 2.00 | 1.58 | 1.41 | 1.05 |

Source: International Monetary Fund, World Economic Outlook Database, April 2013

* Forecasts.

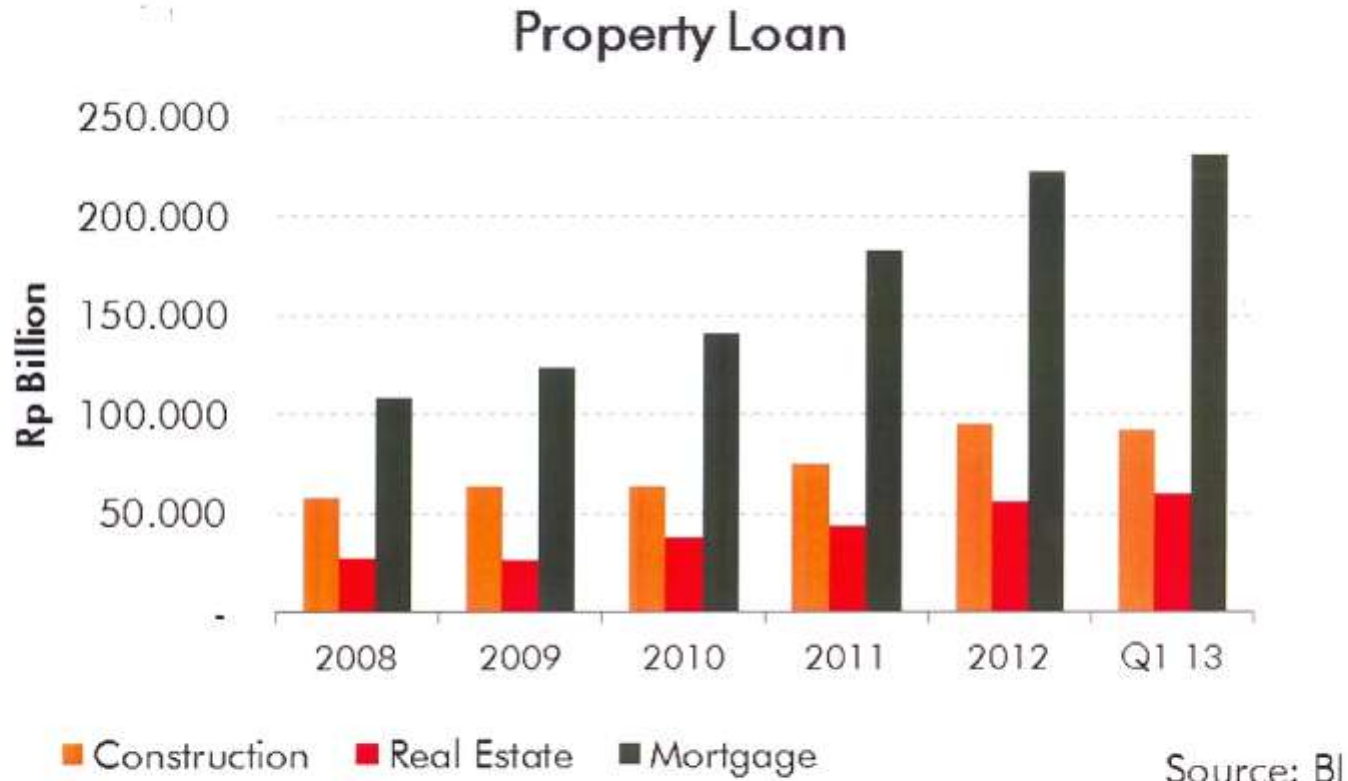
Macro Economy (cont'd)

Exchange Rate & Jakarta Composite Index

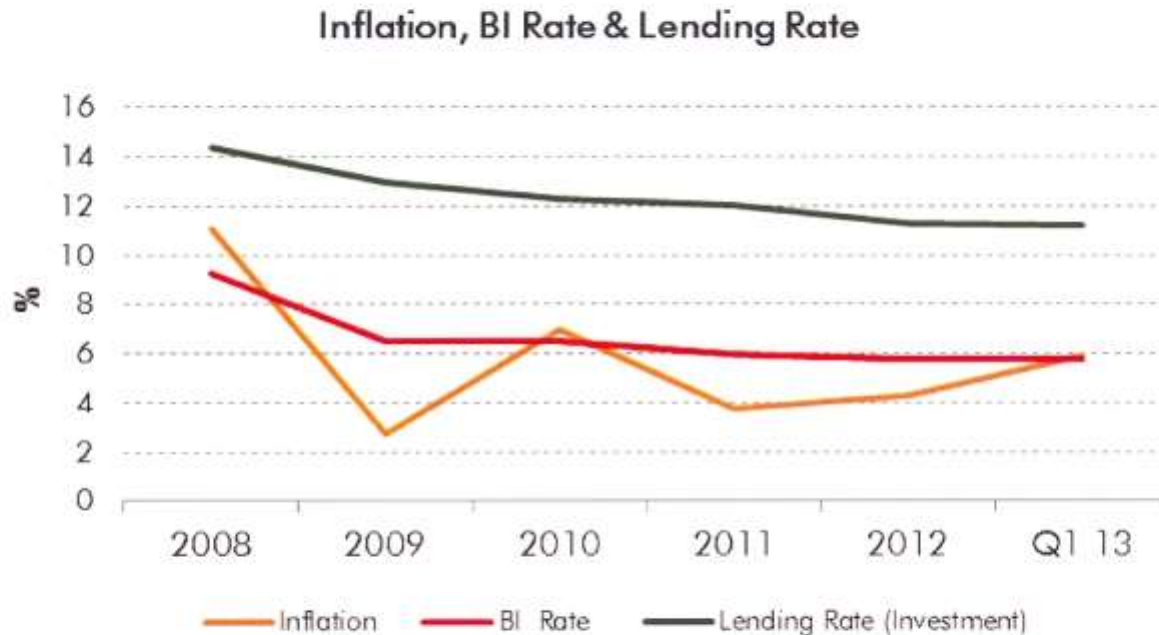


Source: BPS, BI & IDX

Macro Economy (cont'd)



Macro Economy (cont'd)



Source: BPS, BI

- Indonesia's central bank has increased its benchmark interest rate by 0.25% in June 2013 and it was changed to 6%. This should be followed with upward bank lending rate.

Indonesia's position in SE Asia

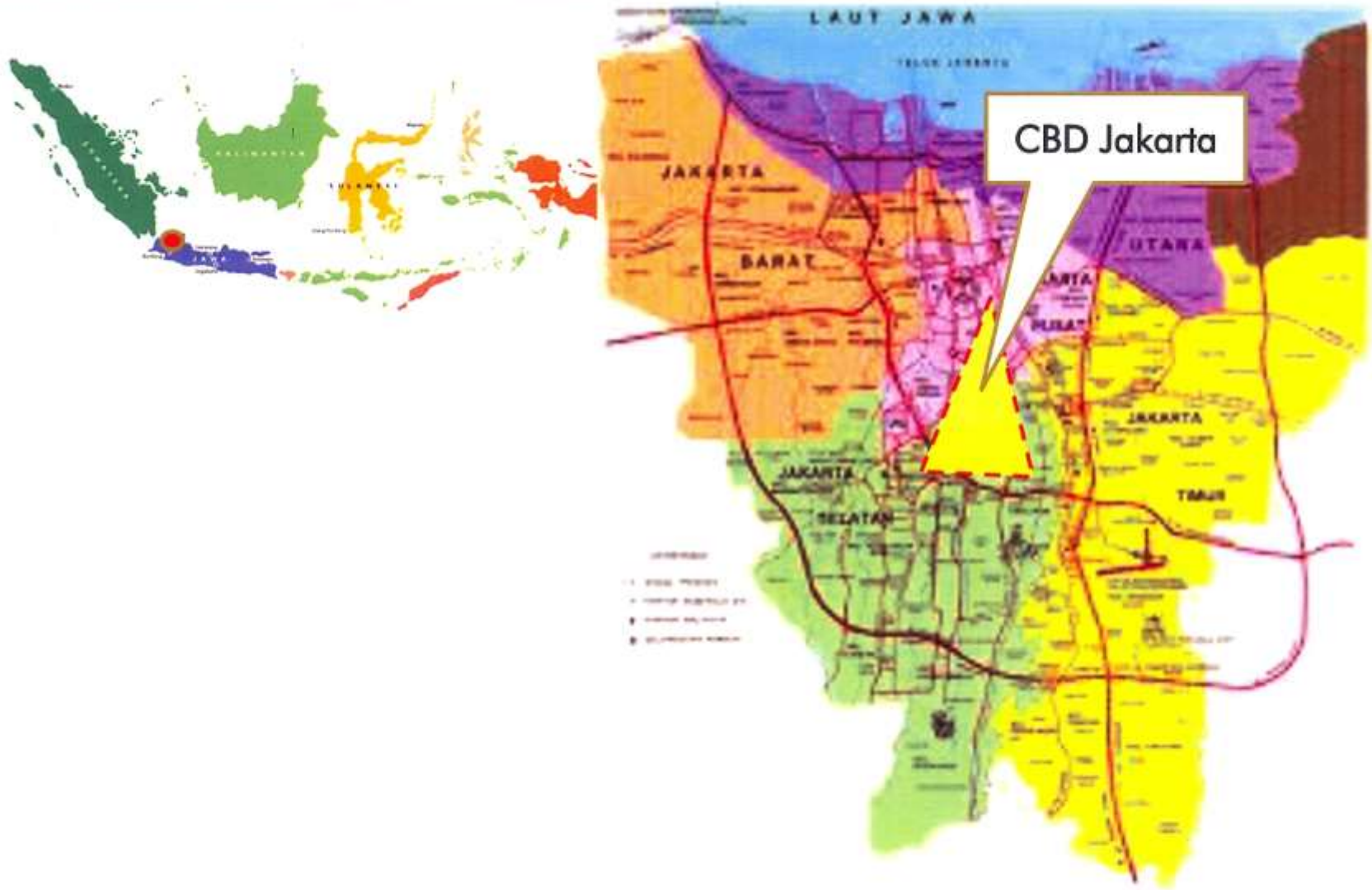
- “The stability and prosperity of Indonesia are intrinsically connected with the stability and prosperity of Southeast Asia as a whole”
 - Takashi Shiraishi (The Yomiuri Shimbun, Asia News Network/Tokyo),
(President of the Institute of Development Economies and a visiting professor at the National Graduate Institutes for policy studies)

• **Fact:**

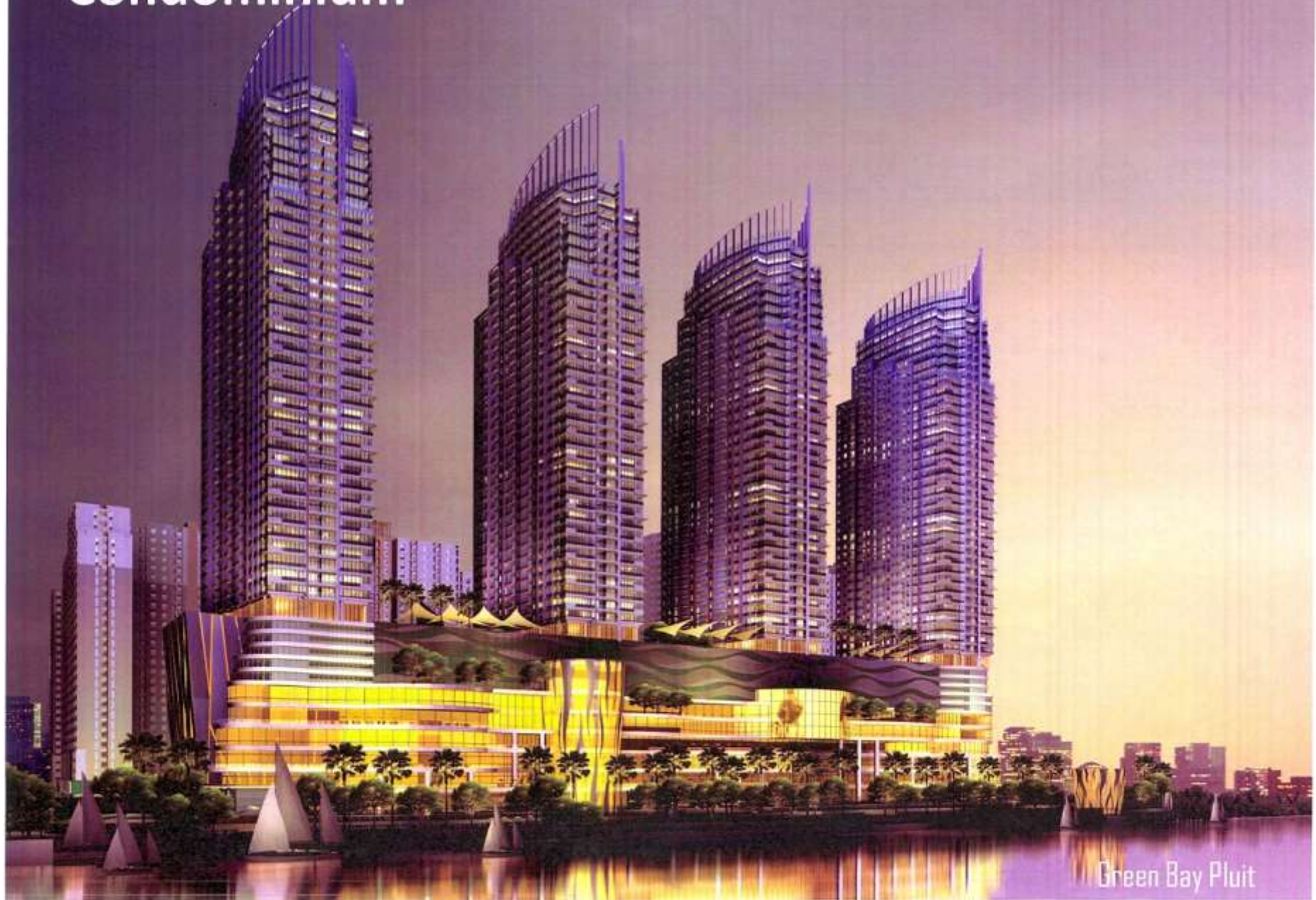
Indonesia is accounting for 41% of the total population of ASEAN and 40% of GDP in ASEAN, projected to reach 49-59% in 2020.

Property Market Review





Condominium

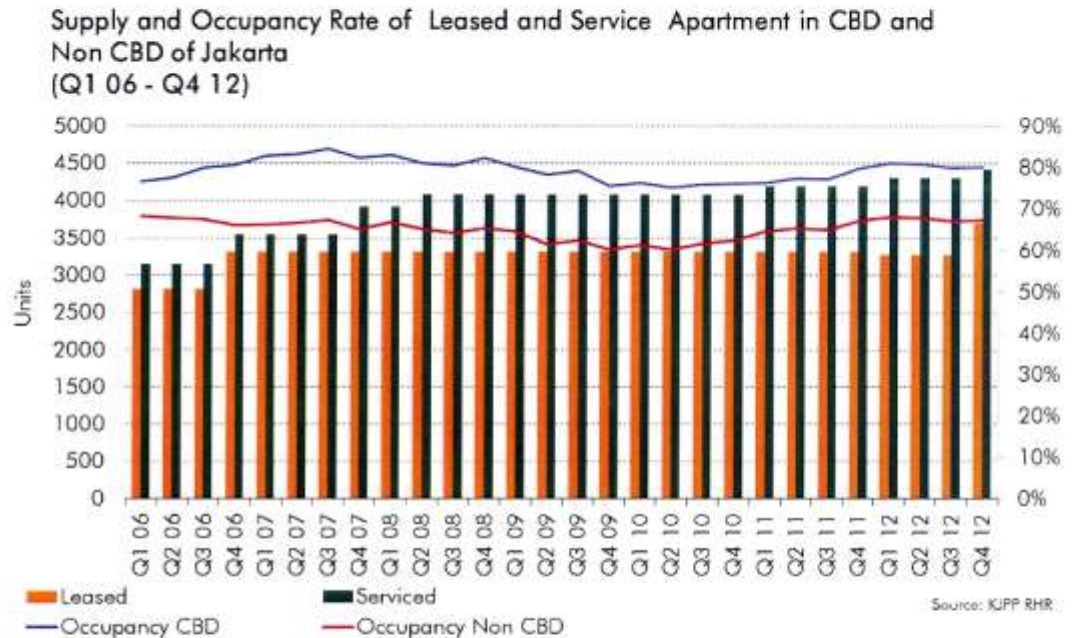


Green Bay Pluit

Condominium – Leased

Supply

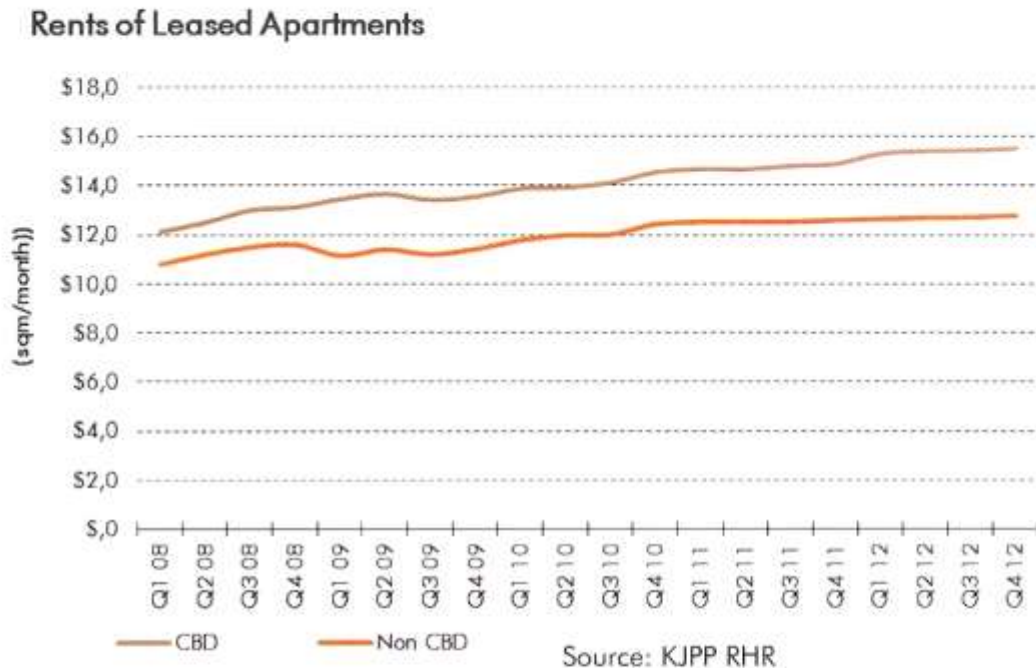
- There was new supply due to opening of The H Tower In South Jakarta and Plaza Senayan Tower C dan D.
- Total supply of leased apartemens was 8.112 units, which were divided into 3,693 units of unserviced and 4,419 units of serviced apartments.
- Most of the leased and serviced apartments are located in CBD area and South Jakarta.
- Growth of leased apartments is lower than condominium, due to longer investment payback period. Furthermore, condotel development trend that converts apartments into serviced apartments or hotel has become an interesting alternative development for developers and investors.



Condominium – Leased

Rent and Service Charge

- Rent of leased apartments was slightly increased in the fourth quarter of 2012.
- Rental rate in in the CBD area went up by 0.6% (q-o-q) from US\$15.42/sqm/month to US\$15.51/sqm/month or as much as 4.3% from the last year.
- Rent in Non-CBD area rose by 0.5% (q-o-q) from US\$12.72/sqm/month to US\$12.78/sqm/month.
- The increase in the rental rate especially in CBD was largely experienced by the pre-eminent serviced apartments such as Shangri-La, Frasers, Ritz-Carlton, Kempinski, and the Ascott Group, with an average increase of US\$100 - US\$200/unit/month early this year. Several apartments for lease, especially serviced apartments, have anticipated adjusting the asking rental rates upward in response to inflation and to the increase in the regional minimum wage.



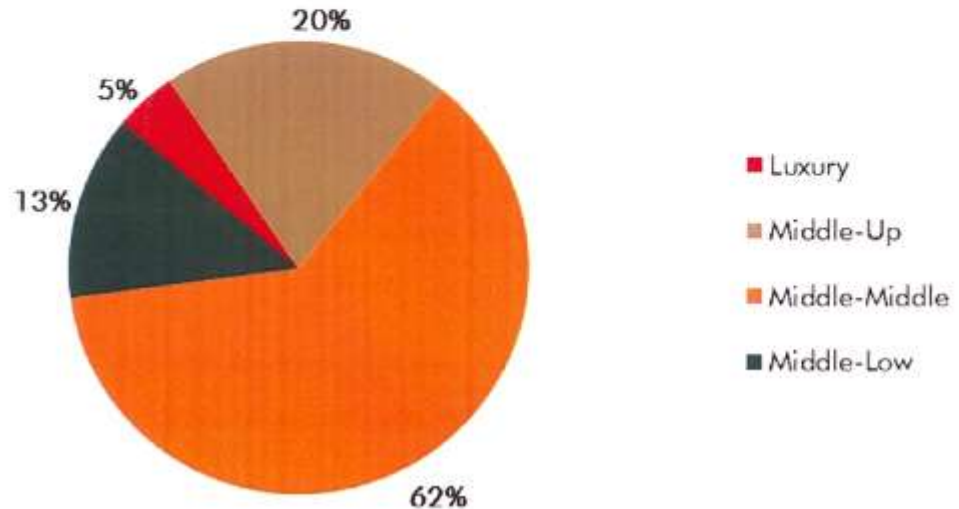
Condominium – Leased

Market Prediction

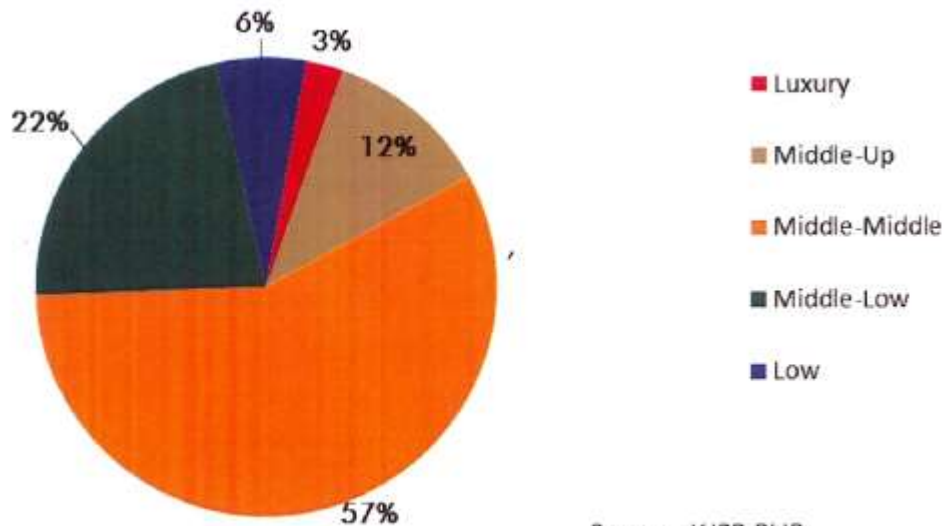
- By the end of 2014, it is predicted that the number of leased apartment will increase about 767 units. In 2012 growth of occupancy rate and rental rate is predicted to be higher due to good expectation of economic situation and will continue its positive trend in 2013.

Condominium – Strata

Supply in CBD area Based on Segment



Supply in Non-CBD area Based on Segment



Source: KJPP RHR

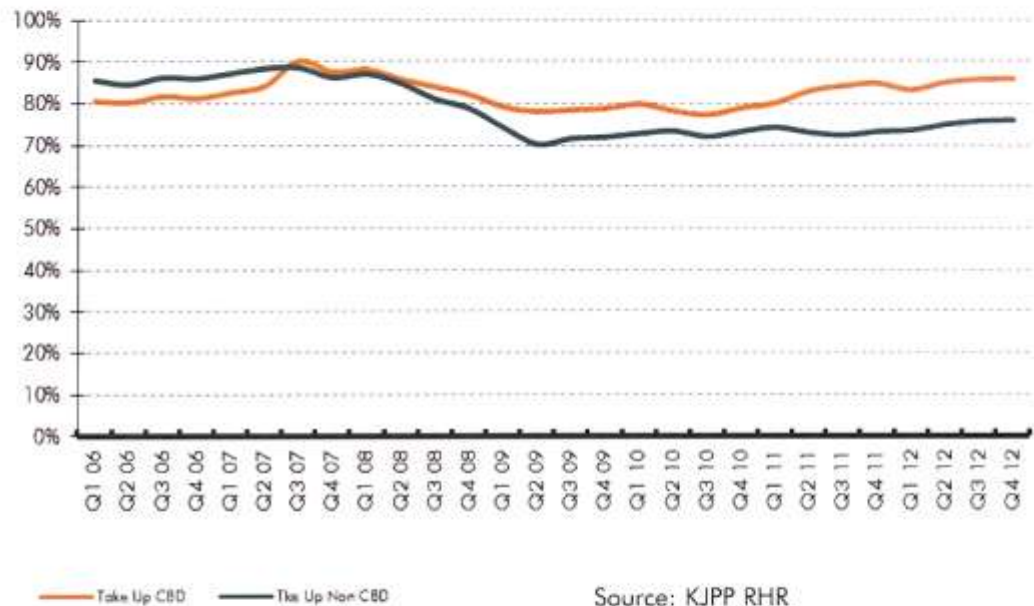
Source: KJPP RHR

Condominium – Strata

Take-up

- The take-up rate in CBD area was slightly increased by 0.1% from 85.7% to 85.8% (q-o-q) in the fourth quarter of 2012.
- With a lot of new supply in this quarter, take up rate for Non-CBD area was increased insignificantly compared to previous quarter, from 75.7% to 75.9% or rose 0.3% (q-o-q).

Take-up of Condominium
Q1 06 - Q4 12



- Along 2012, the sales activity of the proposed condominiums was dominated by middle class projects. In terms of payment method, buyers of lower-middle class condos tend to applied mortgage payment, meanwhile the middle to upper class buyers prefer to use cash installment, and hard cash.

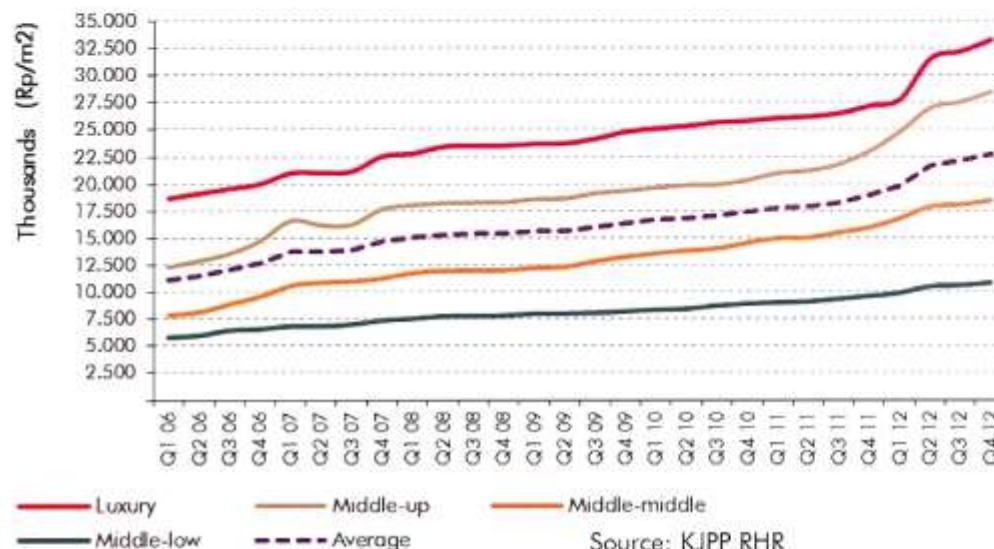
Condominium – Strata

Selling Price

- Selling price of condominium in CBD area had risen 3.0% (q-o-q) or 20.3% (y-o-y) to reach Rp22.7 million per square meter. Meanwhile in Non-CBD area, the selling price was recorded at Rp14.6 million per square meter or increased by 2.3% (q-o-q) and 14.7% (y-o-y).
- Below are new projects launched in 2012 :

| | Price (Rp/sqm) |
|---------------|----------------|
| Luxury | 33 mio |
| Middle-up | 28 mio |
| Middle-middle | 18 mio |
| Middle-low | 11 mio |

Average Price of Condominium (Year 2006- Q4 12)



| Condominium | Area | Segment | No of Unit | Asking Price* |
|----------------------------------|---------|------------|------------|---------------|
| District 8 (Eternity & Infinity) | CBD | Upper | 760 | 36 mio |
| Bloomington (Kemang Village) | Non CBD | Upper | 150 | 31 mio |
| Gold Coast (Tower Atlantic) | Non CBD | Upper | 568 | 28 mio |
| Gianneti (North & South) | Non CBD | Middle-Up | 1000 | 17.6 mio |
| Madison Park | Non CBD | Middle | 1248 | 27 mio |
| Menteng Park | Non CBD | Upper | 784 | 36 mio |
| Sky Lounge@Tamansari | Non CBD | Middle-Low | 380 | 12.9 mio |

Condominium – Strata

Outlook

- With a significant amount of new projects entering the market, there will be moderate price increase and developer need to be innovative in their design and development concept. As the lower interest rate for mortgage (KPR/KPA), selling prices both in primary and secondary market is predicted to still move on positive trend. As of investor market, they would prefer to invest in condotel which offers higher return than condominium.

Office

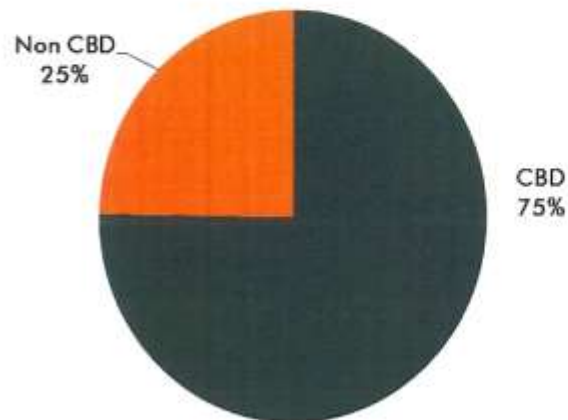


Bakrie Tower

Supply

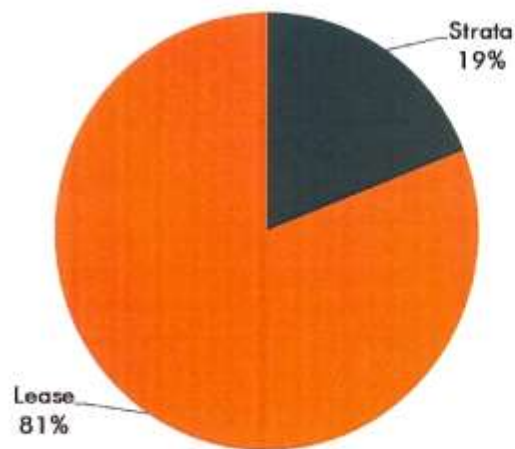
- In the fourth quarter of 2012 there was an additional supply in the non-CBD area of 88,500 sqm from Kasablanka Tower A & B at Jl Casablanca Raya Kav 88. The addition has increased the cumulative supply in non-CBD by 6.5% (q-o-q).
- Meanwhile in CBD area, supply was stable after WTC 2 and The H Tower had added the leasable space in the third quarter.
- The total supply for the office space in Jakarta was about 5,837,000 sqm or slightly increased by 1.54% (q-o-q) or 6.98% (y-o-y).
- Although it had experienced a slowdown due to the financial crisis in 2008, the development of strata office space has shown a positive performance in line with steady economic growth in Indonesia. The strata title office space supplied approximately 19% of total office space in Jakarta.

Jakarta's Office Supply in Q4 12



Source: KJPP RHR

Office Supply based on Sales Type Q4 12



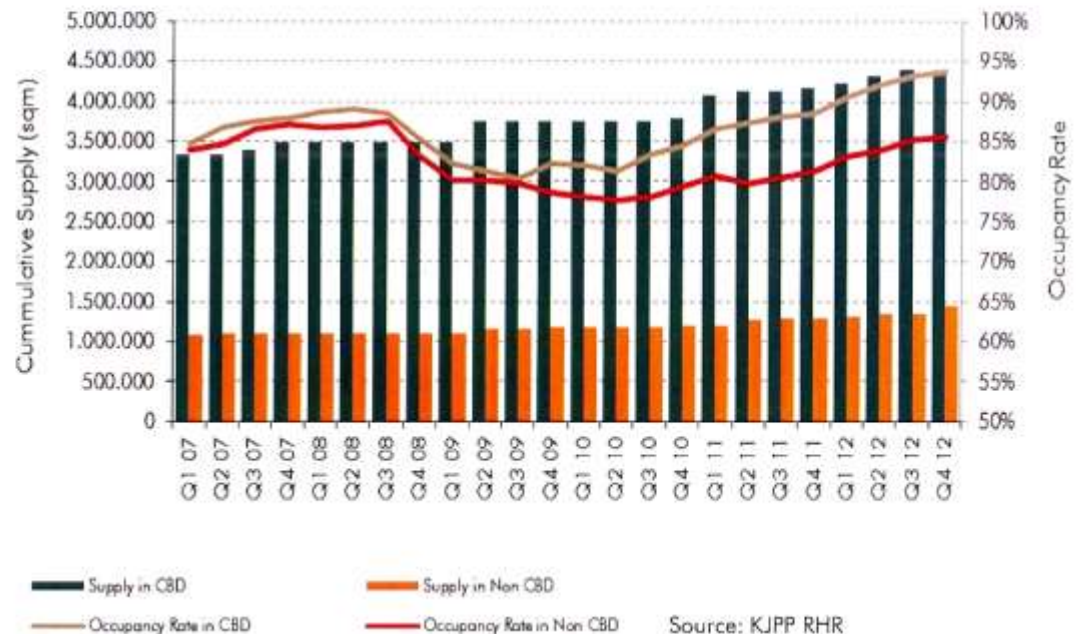
Source: KJPP RHR

Office

Occupancy Rate

- The occupancy rate in the CBD experienced the highest figure since financial crisis 2008 which increased by 5.3% (y-o-y) from 88.5% in 2011 to 93.8% in 2012, meanwhile in the non-CBD area, the occupancy rate rose by 4.4% (y-o-y) from 81.30% to 85.70% following the positive trend in CBD area.

Cummulative Supply and Occupancy Rate
(Year 2007 - Q4 12)



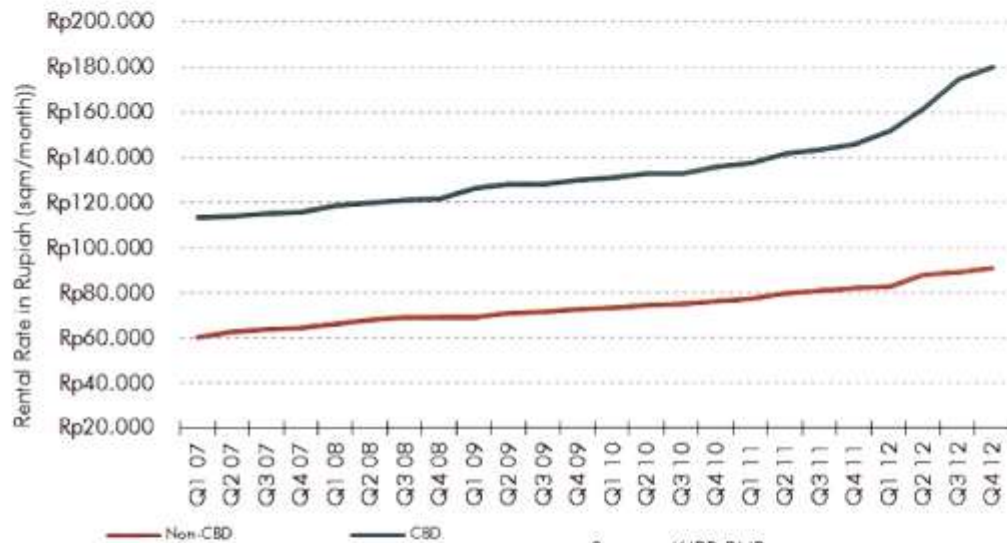
- Overall demand for leased office space is predominantly coming from financial services (banking, insurance and securities), oil and gas sector, and the remaining coming from the telecommunications sector. Based on product and location, grade A office in CBD area is attracting more demand than non-CBD area.

Office

Rental Rate

- Overall rental rate in the CBD area was increased by 23.3% (y-o-y) from Rp146,000/m²/month to Rp180,000/m²/month. Particularly in Grade A office, demand has carried the rental rate in the highest level or jumped by 30% (y-o-y).
- Service charge in the CBD was ranging between Rp65,000 – Rp80,000/m²/month.
- In the non-CBD, the rental rate has increased from Rp82,000/m²/month to Rp91,000/m²/month or increased by 11,2% (y-o-y).
- Service charge in the non-CBD is ranging between Rp50,000/m²/month – Rp65,000/m²/month.

Rental Rate of Office Space
(Year 2007 - Q4 12)



Source: KJPP RHR

Office

Strata

- Based on several strata offices that are currently offered in the market, the price is differentiated into the height zone (high, middle, and low zone). Although this is not general situation, but the developer has taken into consideration the consumer preference on view.
- Listed below are some strata title offices recorded in the market:

| Project | Location | Saleable Area (m ²) | Asking Price (Rp/m ²) | Completion |
|-----------------------------|--------------------|---------------------------------|-----------------------------------|------------|
| CBD | | | | |
| TCC Batavia | Jl KH Mas Mansyur | 88,300 | 35 mio | Q1 2012 |
| Eighty Eight @Kasablanka | Jl Casablanca | 57,503 | 30 mio | Completed |
| DBS Tower @ Ciputra World | Jl Prof Dr Satrio | 64,000 | 40 mio | Q2 2012 |
| The H Tower | Jl HR. Rasuna Said | 7,700 | 33 mio | Completed |
| Grand Rubina I (Epicentrum) | Jl HR. Rasuna Said | 31,000 | 27 mio | Q2 2014 |
| The Convergence | Jl HR. Rasuna Said | 36,000 | 28 mio | Q4 2013 |
| Satrio Square | Jl Prof Dr Satrio | 24,600 | 30 mio | Q4 2014 |
| Sahid Sudirman Office | Jl Jend Sudirman | 125,000 | 30 mio | Q4 2015 |
| District 8 | SCBD Lot 28 | 139,000 | 34 mio | Q4 2015 |
| Non-CBD | | | | |
| Alamanda | Jl TB Simatupang | 20,000 | 24 mio | Q1 2013 |
| St Moritz Office Tower | Jl Puri Indah | 45,240 | 21 mio | Q4 2013 |
| South Quarter | Jl TB Simatupang | 41,256 | 22 mio | Q4 2014 |
| Puri Financial Tower | Jl Puri Indah | 15.000 | 20 mio | Q4 2014 |

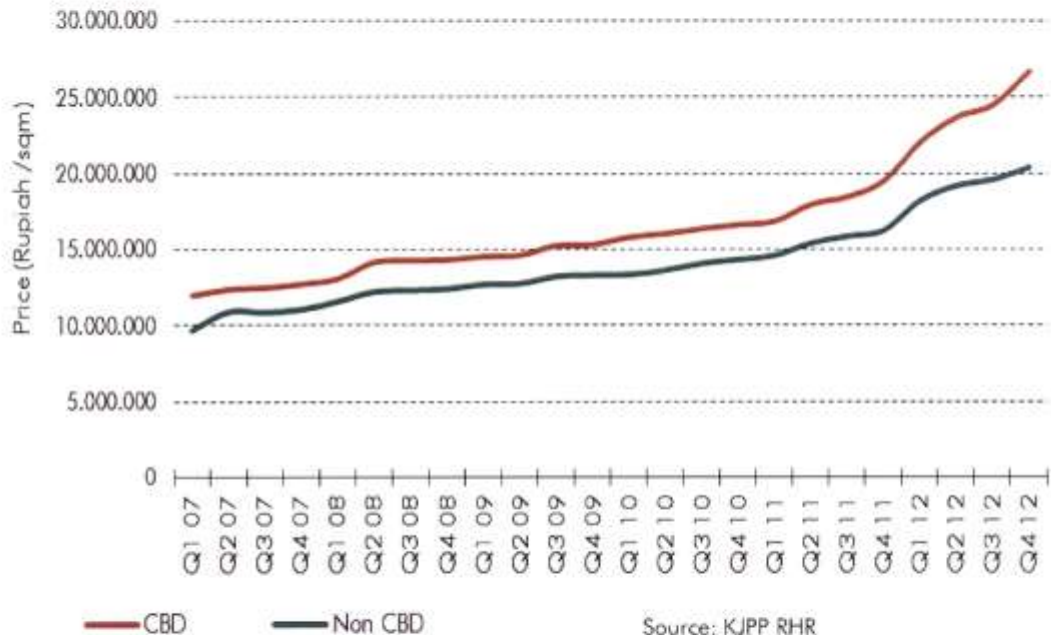
*) The Offering price is in hard cash payment and exclude 10% VAT

Office

Price

- In the CBD area, the average price of strata-title office was Rp26,700,000/sqm, experienced a highest growth for the last five years or rose by 36.9% (y-o-y).
- In the non-CBD area, the average price was Rp20,400,000/sqm or grew by 25.5% (y-o-y).

Price of Strata Office
(Year 2007 - Q4 12)



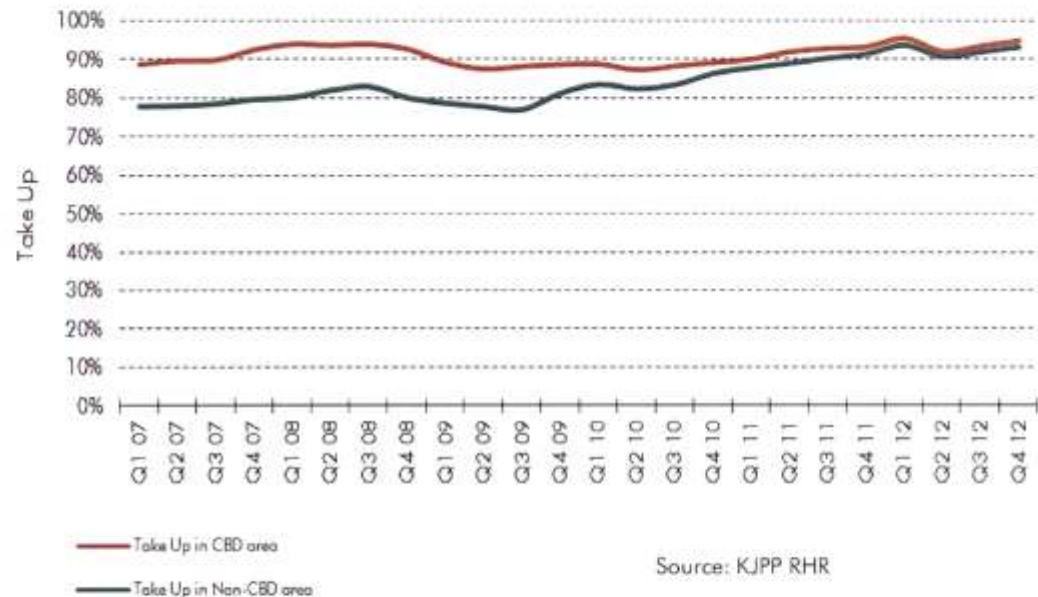
Source: KJPP RHR

Office

Take-Up

- Along 2012, the strata office take-up rate went up both in CBD and non-CBD.
- The average take-up in CBD area was approximately 95%, rose by 1.4% (q-o-q).
- In the non-CBD area, the take up rate was 93%, rose by 1.3% (q-o-q).

Take Up Strata-Title Office
(Year 2007 - Q4 12)



Office

Market Prediction

- By the end of 2014, supply of office will experience a significant increase of about 1.6 million square meters. It is predicted that the competition in the next two years will be tighter, therefore the price and rental growth will grow in modest pace compared to previous year.

Source: KJPP RHR

Retail



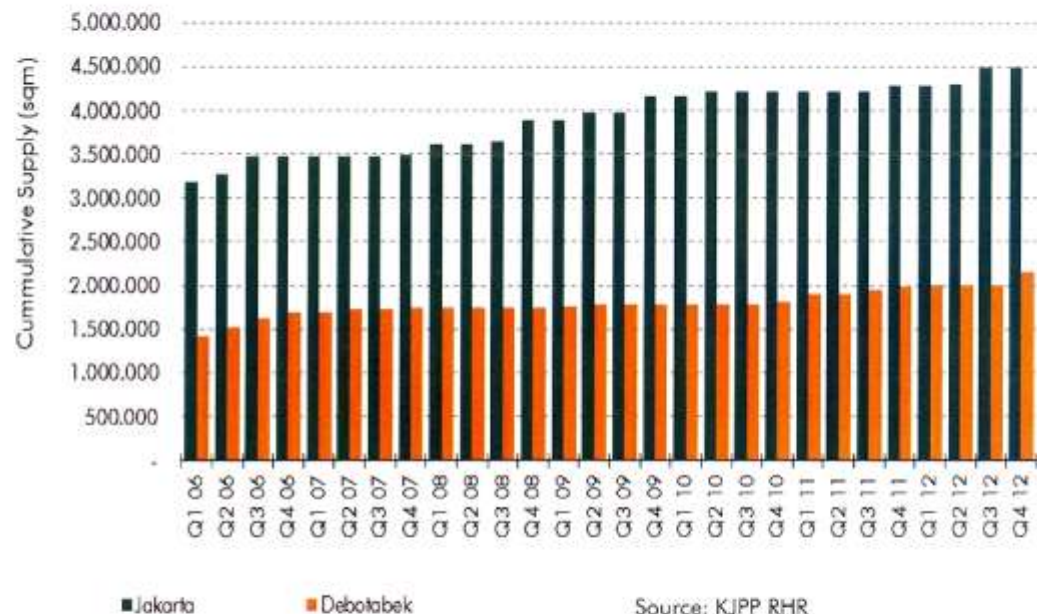
Grand Indonesia

Retail

Supply

- In the fourth quarter of 2012, there was 162,000 sqm (NLA) additional supply of retail space in Debotabek, which came from Mal Bale Kota and Alam Sutera Shopping Mall in Tangerang. This addition has increased the total supply in Jakarta by 8.1% (q-o-q) or 8.9% (y-o-y).
- Whereas in Jakarta, there is additional supply of approximately 8,500 sqm (NLA) from Cikini Gold Center which is located in Central Jakarta.
- Total cumulative supply in Jakarta and Debotabek reached 6,648,000 sqm or increased by 2.6% (q-o-q) or 6.0% (y-o-y). The biggest supply came from Jakarta of approximately 4,490,000 sqm and Debotabek which contributed of approximately 2,158,000 sqm .

Cummulative Supply of Retail in Jakarta & Debotabek
(Year 2006 - Q412)

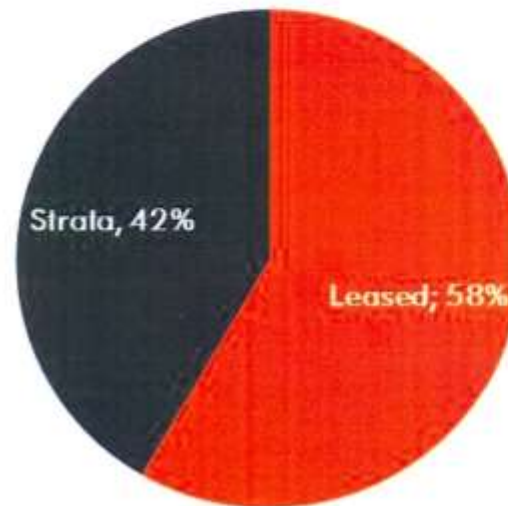


Retail

Strata

- The supply of strata titled retail in Jabodetabek was relatively stagnant. The additional supply was only from Cikini Gold Center in the last 2 years.
- The strata titled retail space supply was approximately 42% from the total retail space area in Jabodetabek.

Retail Supply in Jabodetabek based on Development Concept



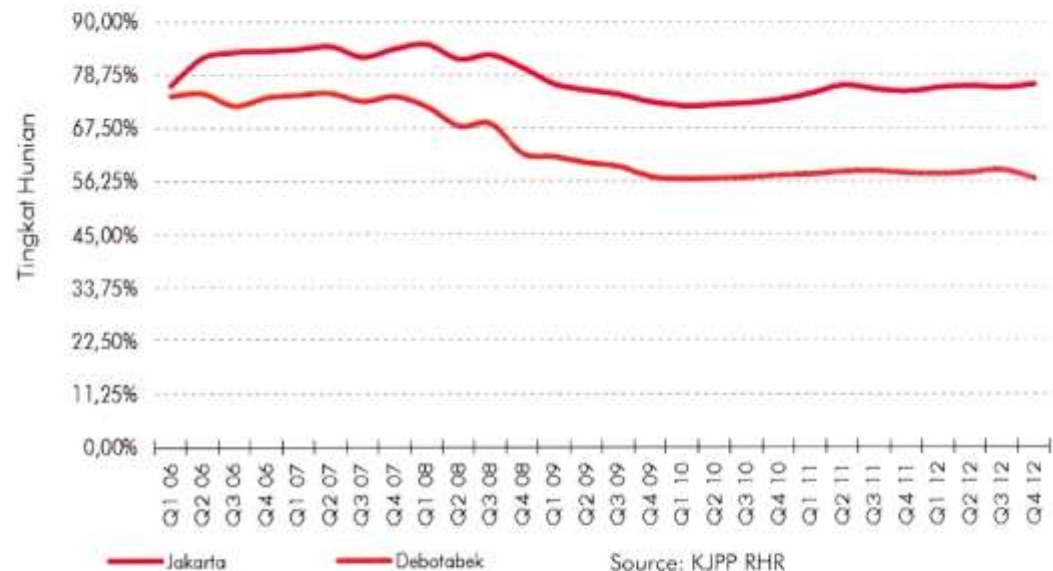
Source: KJPP RHR

Retail

Occupancy Rate

- In the end of 2012, the occupancy rate in Jakarta was slightly increased by 0.8% from 76.0% to 76.8%..
- The positive trend did not occur in Debotabek due to the additional supply of new retail. The occupancy rate was decreased by 1.8% (q-o-q) from 58.7% to 56.9%.

Retail Ocupancy Rate in Jakarta and Debotabek
(Year 2006 - Q4 12)

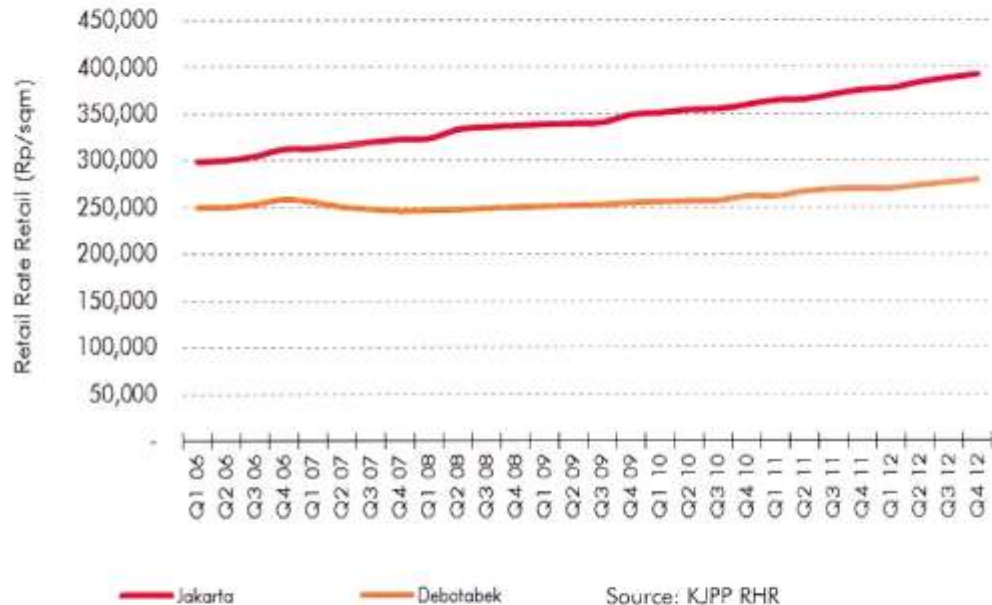


Retail

Rental Rate and Service Charge

- The average rental rate growth in Jakarta increased by 1.0% (q-o-q) or 4.4% (y-o-y), or was recorded at approximately Rp392,000/sqm/month.
- Meanwhile in the fourth quarter of 2012, the average rental rate in Debotabek area was Rp280,000/sqm/month or increased by 1.2% (q-o-q) or 3.6% (y-o-y).
- Until the end of 2012, the average service charge in Jakarta area was approximately Rp94,800/sqm/month, meanwhile in Debotabek area is approximately Rp70,400/sqm/month.

Average Rental Rate Retail in Jabodetabek
(Year 2006 - Q4 12)



Retail

Market Prediction

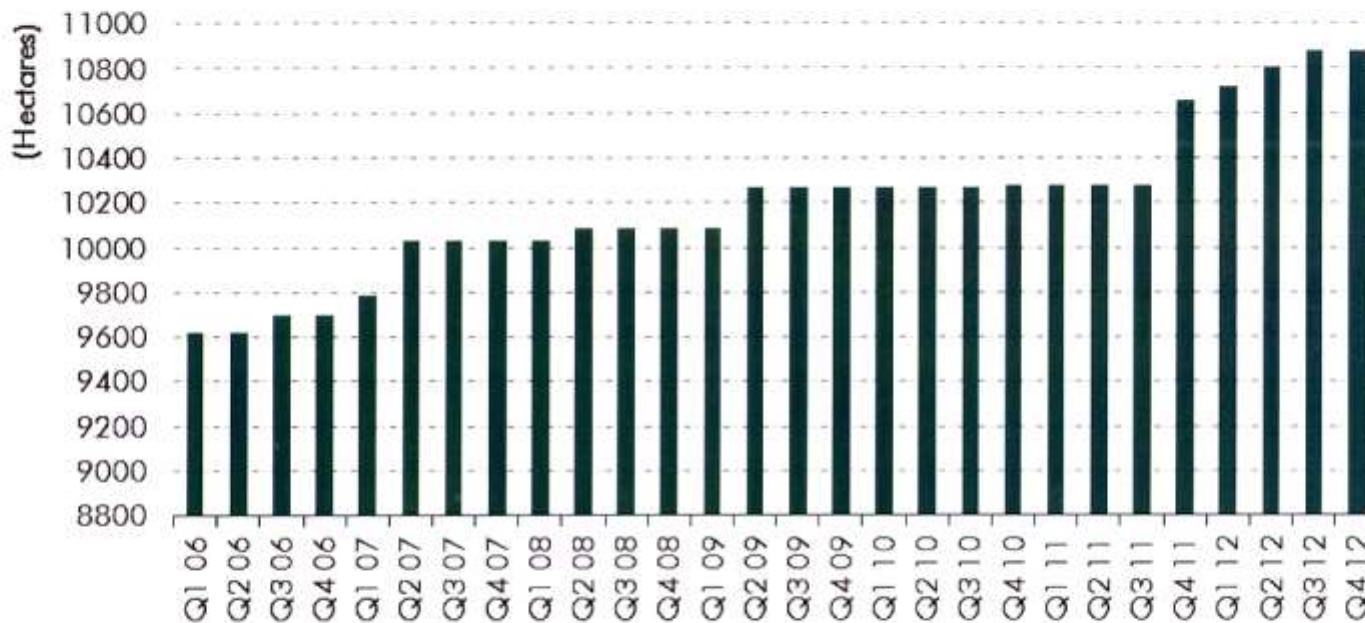
In the end of 2013, there will be significant additional supply in Jakarta, even though there was a moratorium for building malls. It is due to the fact that the moratorium is not applied to the developers that already acquired the building permit before the moratorium was announced. The following are the proposed retail projects in Jabodetabek which will enter the market until 2013-2014 with total area of about 1 million square meters:

Industrial Estate



Industrial Estate

The Cummulative Supply of Industrial Estate in JABOTABEKA



Source: KJPP Rengganis, Hamid & Partners

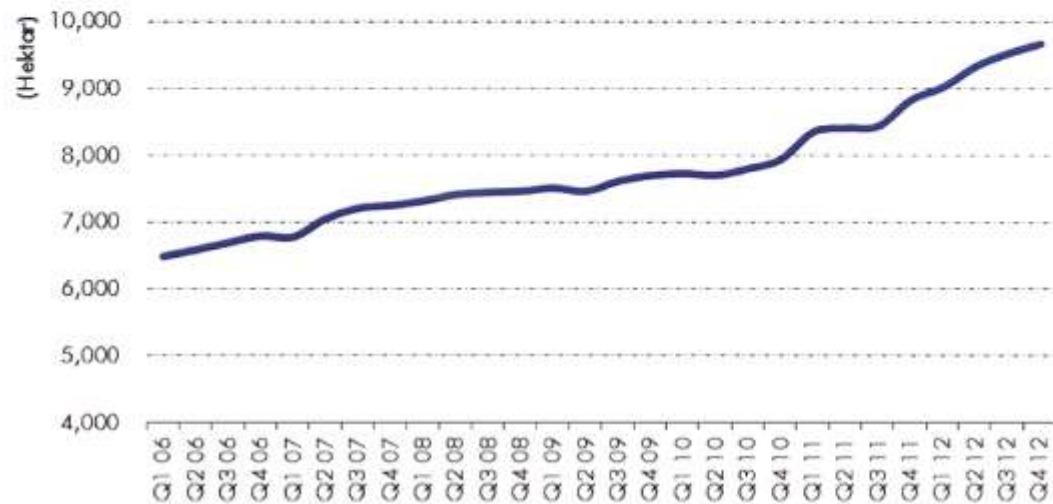
- The supply was stable due to the difficulties in acquiring large scale of land bank. Therefore, developers were mostly focusing on selling their current industrial land stock and multifunction storage of middle or small size.

Industrial Estate

Take Up and Occupancy Rate

- The strong economic growth, the growing middle class and credit rating improvement to investment grade level are several factors that boosted demand for industrial land in Indonesia. The growth was seen by investors as an opportunity to established and expand their market in Indonesia.

Take Up of Industrial Estate in JABOTABEKA



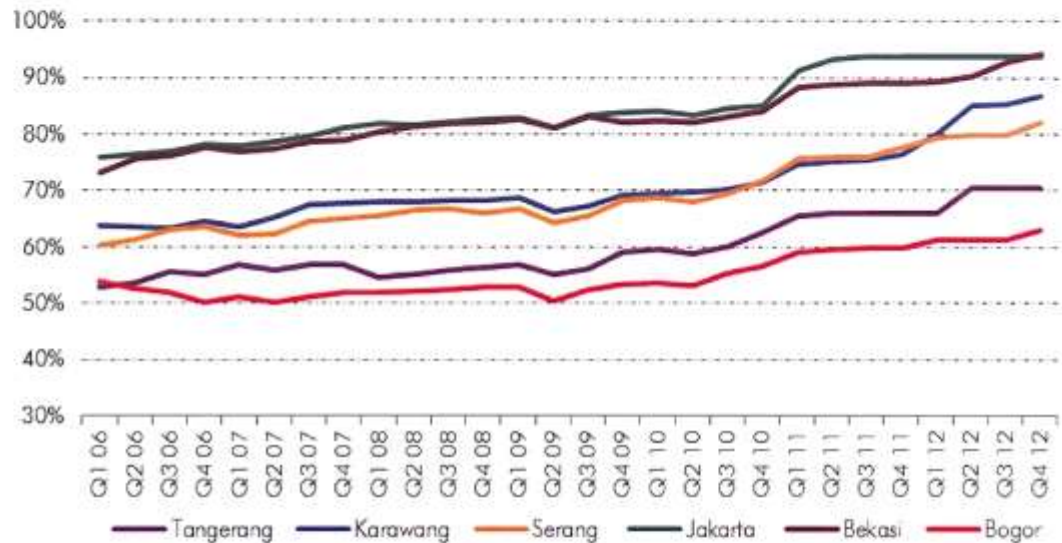
Source: KJPP RHR

- The Government Regulation No.24/2009 dated 3 March 2010 requires that all industrial companies have to develop their factories in industrial estates. This regulation has triggered a significant increase in demand for land within industrial estate.

Industrial Estate

- Compared to previous quarter, the take up in Q4 2012 was increased by 1.5% (q-o-q) and 9.5% (y-o-y) with total take up of about 9,672 hectares.
- The highest occupancy rate in Q4 2012 was recorded in Bekasi area of about 94.3% and followed by Jakarta with 93.8%. Meanwhile, Karawang, Serang, and Tangerang areas recorded an occupancy rate of 86.8%, 82.0%, and 70.6% respectively. The lowest occupancy rate was in Bogor area at 61.3%.

Occupancy of Industrial Estate in JABOTABEKA



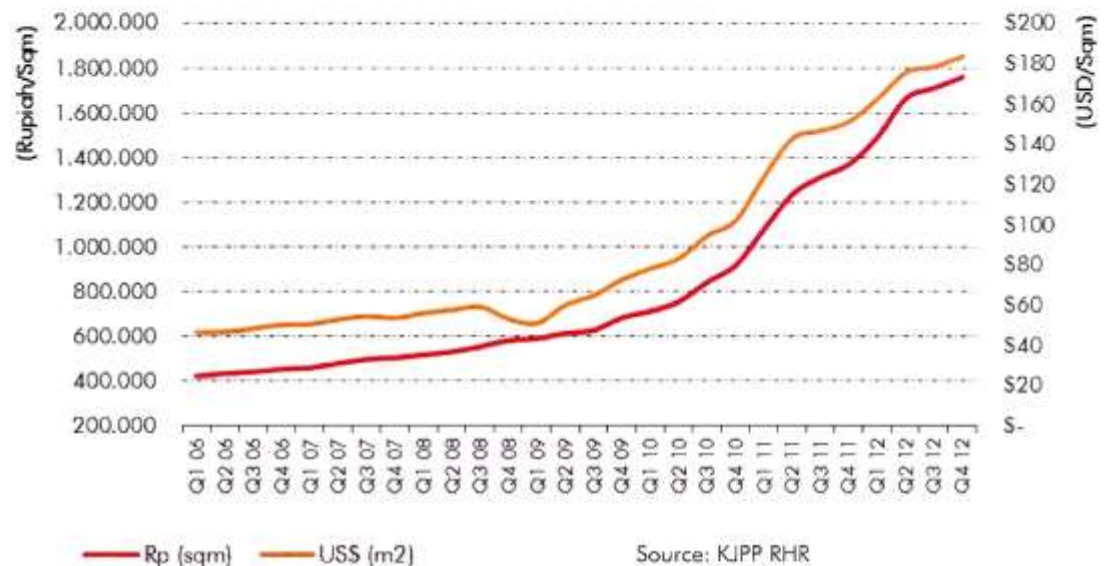
Source: KJPP RHR

Industrial Estate

Land Price

- The average land price in industrial estate has increased significantly compared to previous year. The price increased by 3% (q-o-q) and 28% (y-o-y) from Rp1,374,000 psm in Q4 2011 to Rp1,762,000 psm in Q4 2012.

Land Price of Industrial Estate in JABOTABEKA



- Based on location, land price for industrial estate were as follows:

| Location | Average Land Rp psm | Growth (q-o-q) | Growth (y-o-y) |
|-----------|---------------------|----------------|----------------|
| Jakarta | 3,500,000 | 0.0% | 16.6% |
| Bekasi | 1,780,000 | 7.5% | 44.8% |
| Tangerang | 1,530,000 | 0.0% | 26.5% |
| Bogor | 1,450,000 | 6.5% | 25.0% |
| Karawang | 1,400,000 | 4.0% | 60.3% |
| Serang | 854,000 | 3.0% | 18.5% |

Industrial Estate

Market Prediction

- As positive expectation for foreign investment continued coming, demand for the industrial estate will continue to improve. Besides Jakarta, industrial estate in Bekasi and Cilegon will also attract investors to invest in that area due to new supplies and new supporting infrastructure for industry such as Krakatau Bandar Samudra in Cilegon and Kalibaru Terminal Port in North Jakarta.

Hotel

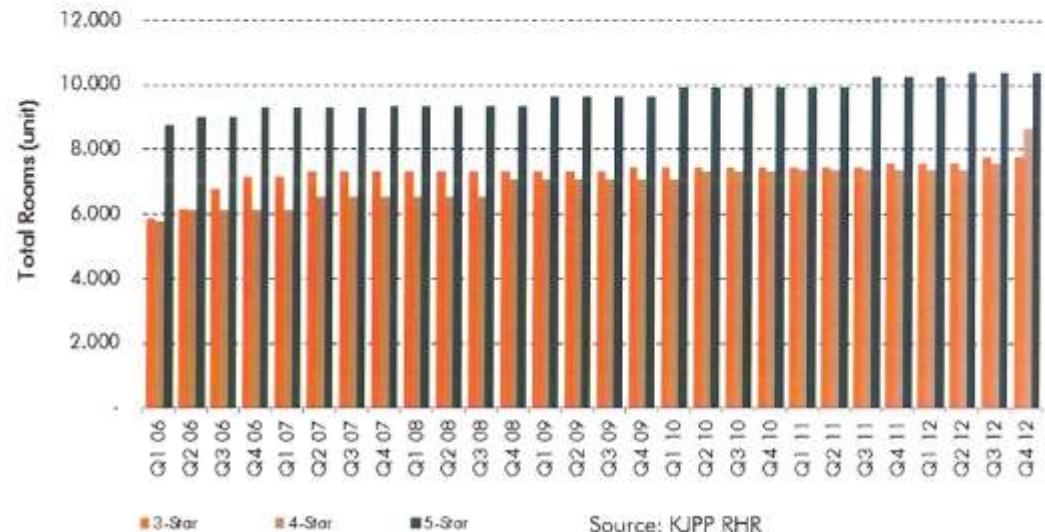


Pullman Hotel

Hotel

- As a whole, total supply has experienced a highest increase since last five years which recorded at 6.6% (y-o-y) or equivalent to approximately 26,852 rooms.
- The supply of 5-star hotels mostly located in the CBD area (Center and South Jakarta), in addition the hotels that located in CBD area are dominated by Business and Conference hotel.
- On the other end, the development of budget hotels in big cities is mushrooming triggered by high demand of business activities which require low priced accommodation with limited service. This type of hotel can achieve high occupancy rate and due to efficient operation can maintain a higher operating profit.

Star Hotel Supply in Jakarta
(Tahun 2006 - Q4 12)



Hotel

Occupancy Rate

- Several hotels occupancy rate in the fourth quarter of 2012 increased considerably from the previous quarter, due to the long holiday in December.
- Average occupancy rate of hotels in Jakarta increased by 8.0% (q-o-q), from 67.6% to 73.0%.

Occupancy Rate of 3-Star, 4-Star, and 5-Star Hotel in Jakarta (Q4 12)



Source: KJPP RHR

| Type | OR | Growth | |
|--------|-----|---------|---------|
| | | (q-o-q) | (y-o-y) |
| 3-Star | 74% | 1.4% | -1.3% |
| 4-Star | 79% | 14.5% | 8.2% |
| 5-Star | 66% | 8.0% | 3.8% |

Hotel

Average Room Rate (ARR)

The average hotel room rates in Jakarta was approximately Rp670,500 increased by 2.9% (q-o-q), or compared to the previous year rose by 1.4%

| Type | ARR | Rev Par |
|--------|-----------|---------|
| | Rp | Rp |
| 3-Star | 390,000 | 289,000 |
| 4-Star | 540,000 | 372,000 |
| 5-Star | 1,081,000 | 713,000 |

*exchange rate 1US\$ = Rp9,500

Average Room Rate of 3-Star, 4-Star, and 5 Star Hotel in Jakarta (Q4 12)



Hotel

Market Prediction

By the end-of 2014, the number of hotel rooms available in Jakarta will increase rapidly approximately 6,900 rooms where the majority will come from the 4-star and 3-star hotel. Based on location, these hotels are located in the South and Central Jakarta.

Profession Update

Association

- Masyarakat Profesi Penilai Indonesia (MAPPI) / Indonesian Society of Appraisers (ISA)
- Established in 1981
- More than 3,500 members with classification as follows:

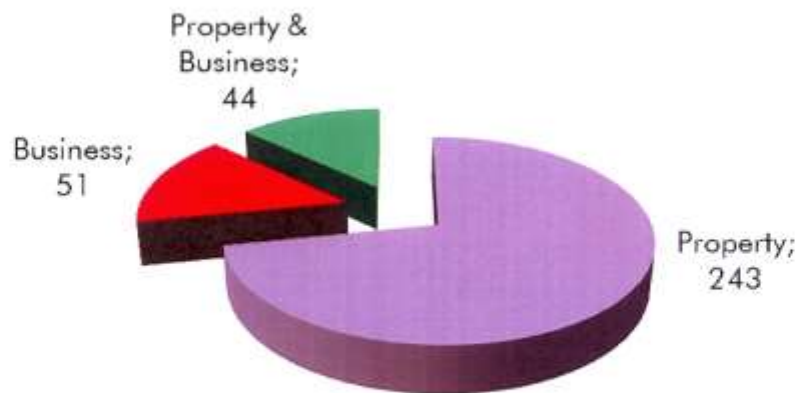
| Member | Total |
|----------------------|-------|
| Associate Member | 958 |
| Registered Member | 1,159 |
| Certified Member | 995 |
| Honorary Member | 390 |
| Extraordinary Member | 10 |
| Total | 3,512 |

- Education/Training & Certification for Property Valuers & Business Valuers
 - Basic Valuation Training 1
 - Basic Valuation Training 2
 - Advance Valuation Training 1
 - Advance Valuation Training 2
 - Continuing Professional Development
 - Valuer Certification

License Valuer & Firm



License Valuer Based on Specialization



Terima Kasih

THANK YOU

Vivien Heriyanthi
vivien@rhp-valuation.com