

# INDONESIA



ANAEVA MALAYSIA ANAVAS ASSOCIATION

MAPPI

Restoration towards the Ultimate

Kampus Merdeka

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Prof. Dr. Elisabet GIBBON M.Sc.



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GLOBAL ECONOMY UPDATE

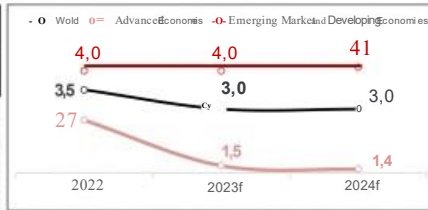
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# Global Economic Growth and the World's Large Economies

Growth Projection Economist (% y-on-y)



Global economic growth this year is projected to slow down compared to 2022. In 2023, the economic growth of developing countries is projected grow above the global economy and developed countries.

## Economic Growth of Major Global Countries (% y-on-y)



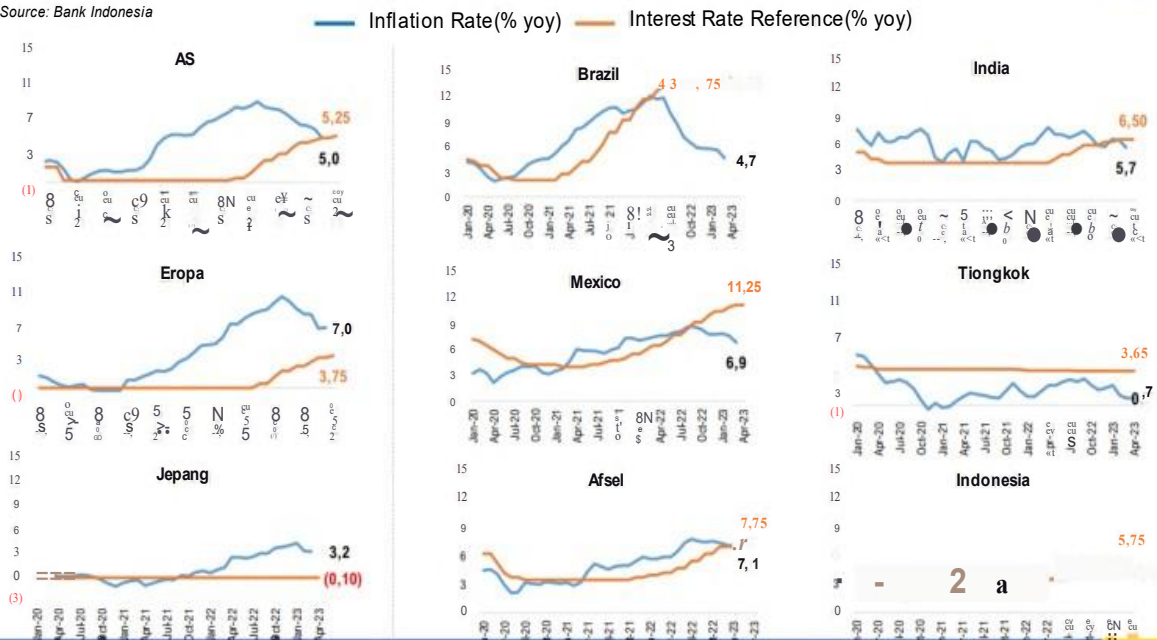
Amidst the projected slowdown in the world economy, in Q2-2023 the economies of some of the world's major economies continued to grow.

Source: BPS, Indonesia

THE GLOBAL INFLATION RATE HAS FALLEN BELOW THE BENCHMARK INTEREST RATE IN MANY COUNTRIES ,

This shows that the world economy is getting better EXCEPT IN EUROPE & JAPAN

Source: Bank Indonesia





## INDONESIA'S ECONOMY GROWS CONSISTENTLY ABOVE 5 PERCENT



Despite slowing OW compared to the same period last year, Indonesia's economy grows consistently above 5 percent until 02-2023.

Source : BPS , Indonesia



# INDONESIA'S ECONOMY GROWS CONSISTENTLY ABOVE 5 PERCENT

**Economic Growth**  
Rate(%yomy)

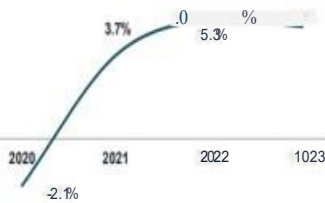


Despite slowing OW compared to the same period last year, Indonesia's economy grows consistently above 5 percent until Q2-2023.

Source : BPS , Indonesia

## Economic Growth in the first half of 2023 healthy

GDP growth



Benchmark interest rate and inflation rates



USD/IDR exchange rate



- Amidst the forecast of a slowing global economy in 2023 as well as declining commodity prices in the global market, Indonesia's economy grew consistently above 5 percent until Q2-2023, signaling Indonesia's economic resilience & prospects remain good.
- In the first quarter of 2023, Indonesia recorded growth of 5.04% y-o-y, slightly higher than the previous quarter at 5.01% y-o-y. Economic growth in the second quarter of 2023 reach 5.17%.

- Indonesia's inflation rate drops from 5.5% at the beginning of the year to 3.52% y-o-y by the end of the second quarter (June 2023).
- By the end of the second quarter (June 2023), the benchmark interest rate remained constant at 5.75%.

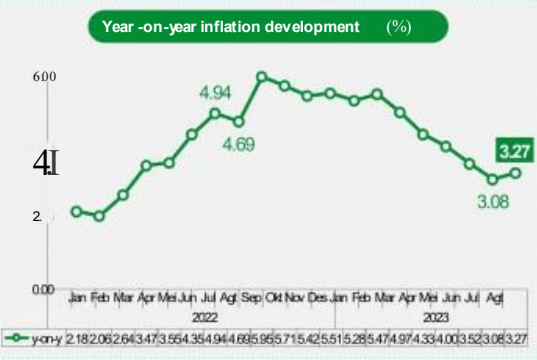
- the rupiah exchange rate remains relatively flat at around IDR 15,034 for US\$1, compared to the first quarter when it was IDR 15,062. Rupiah currency is strengthen on dollars.
- With substantial domestic direct investment, high consumption and consistent exports Indonesia's economic growth should remain strong.

Source: BPS, Indonesia

# AUGUST 2023 INFLATION (Y-on-y)

August's Annual Inflation Rate Increases

**Year-on-Year Inflation** **3,27%**  
 (August 2023 against August 2022)



Source: BPS, Indonesia

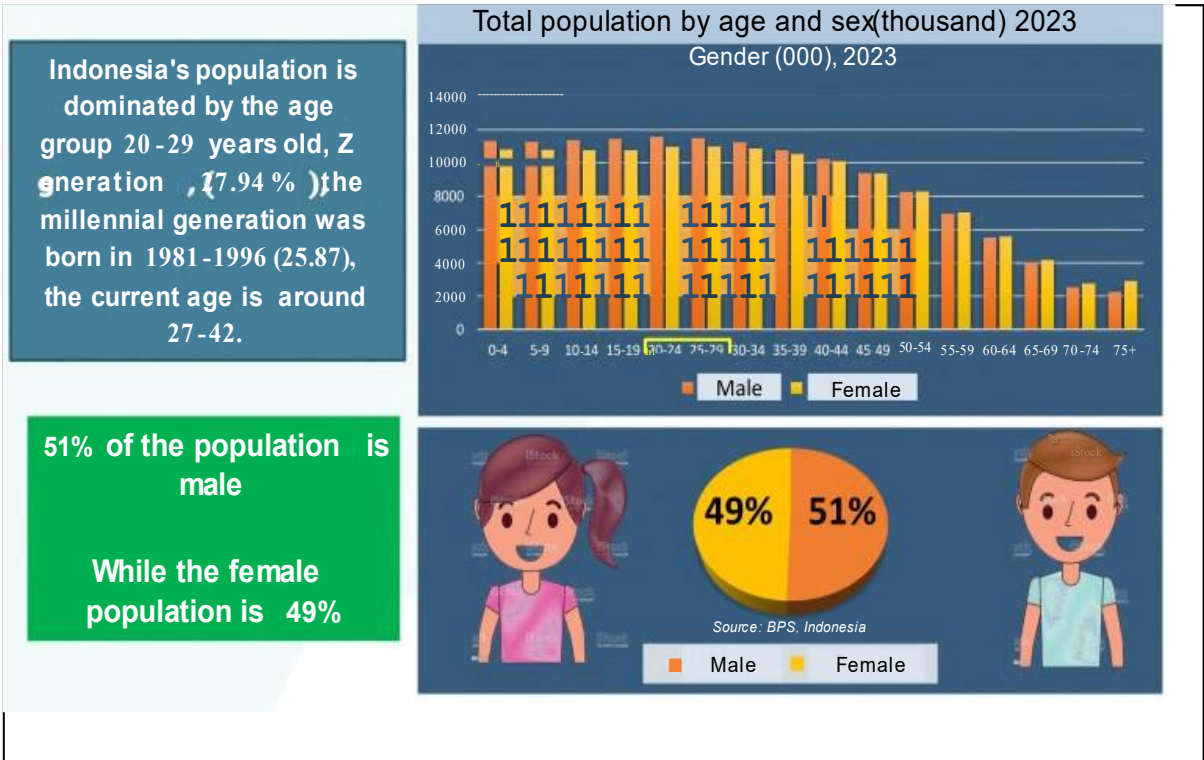


## Inflation by Category (y-on-y, %)

Details	Inflation	Inflation Share
<b>General Inflation</b>	<b>3,27</b>	<b>3,27</b>
<b>1. Food, Beverages, and Tobacco</b>	3,51	0,92
2. Clothing and Footwear	1,12	0,06
3. Housing, Water, Electricity, and Household Fuel	1,40	0,27
4. Household Fixtures, Equipment and Routine Maintenance	2,21	0,13
5. Health	2,69	0,07
<b>6. Transportation</b>	9,65	1,18
<b>7. Information, Communication and Financial Services</b>	-0,22	-0,01
8. Recreation, Sports and Culture	1,88	0,04
9. Education	2,07	0,12
10. Food and Beverage/Restaurant Provision	2,88	0,25
11. Personal Care and Other Services	3,76	0,24

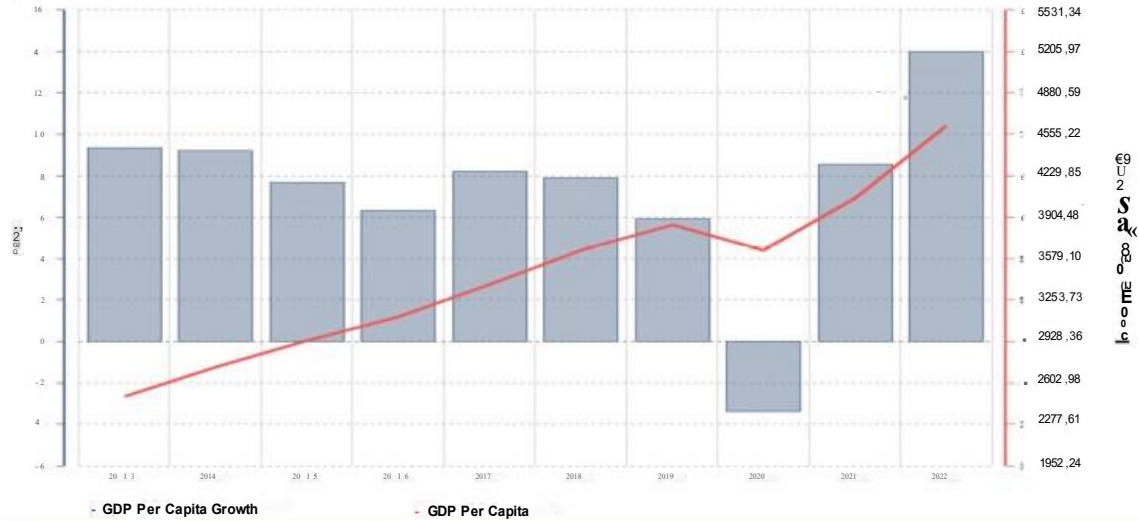
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Capita



## Indonesian Income to Grow 13.96% to IDR 71 million per Year by 2022

Source: BPS, Indonesia



• The Indonesia income per capita has reached IDR 71 million (\$4,783.9) in 2022.  
 • The World Bank classifies Indonesia as upper-middle income country as its per capita income is US\$4,783.9, which is between US\$4,466 - 13,845,

**Property is a strategic sector for the national economy**

- The property sector contributes to 14.63% (16.30% of Gross Domestic Product (GDP)).
- The property sector's contribution of US\$61.039.975 (US\$74.640.566) per year to labor income, providing employment to 13.8 million people annually.
- Property, real estate and building construction sector and its multiplier effect during the 2018-2022 period generated central tax revenue of around (US\$ 12.Billion) per year or equivalent to 9.26% of the total central government tax revenue.
- For local governments, this sector and its multiplier effects contribute to creating local revenue around US\$ 6.1 Billion per year or equivalent to 31.86% of the total local revenue of local governments.
- Property activities contribute significantly to 110 economic sectors and 75 other economic sectors.



Transformation  
3 low ards the Ultimate

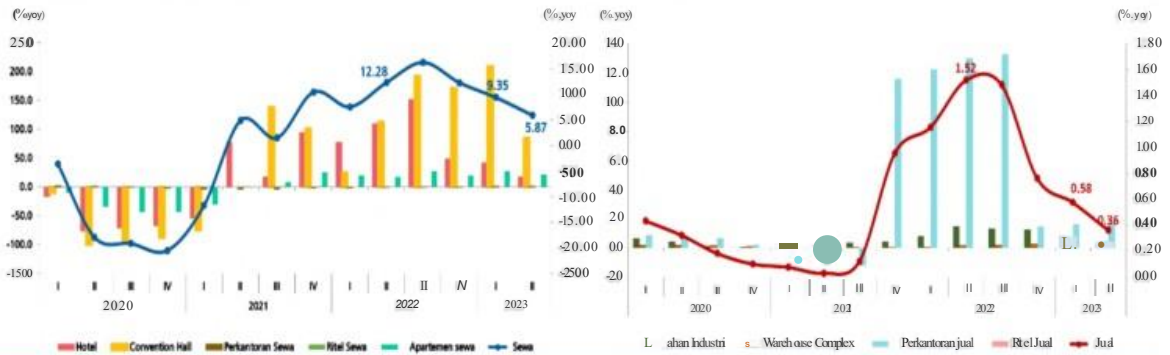
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INDONESIA 2022



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# Commercial Property Development Q2 - 2023

## Chart 2 Annual Growth of Selling Category Demand Index (% yoy)



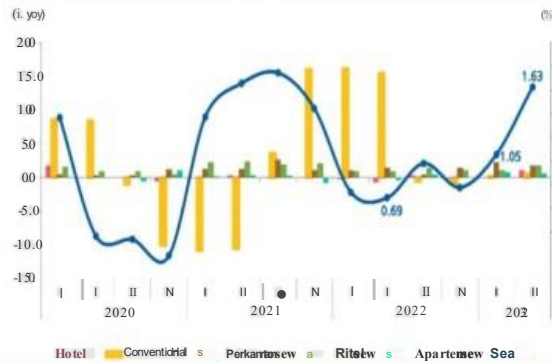
### Demand (02 -2023) Voy

The Commercial Property Demand Index for the rental category in the second quarter of 2023 on an annualized basis grew by 5.87% (yoy), slowing down compared to the quarter of 2023, 9.35% (yoy). (Chart 1) The slowdown in demand for the rental category was due to slowing demand in the hotel, convention hall, and rental apartment segments. The slowdown in hotel segment demand occurred in almost all cities, especially in Jakarta and Banten.

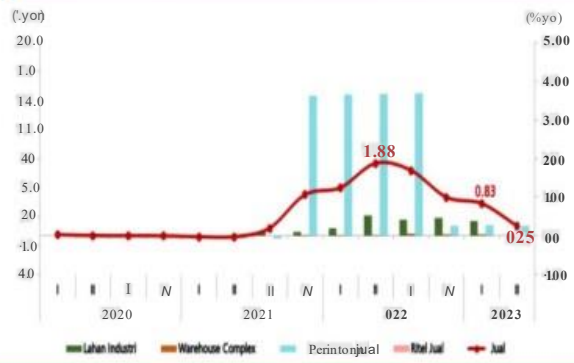
Meanwhile, the Commercial Property Demand Index for the selling category in Q2 2023 grew by 0.36% (yoy) slowing down compared to 0.58% (yoy) in Q1 2023 (Chart 2) due to slowing demand for the industrial land segment in Semarang and Banten.



**Char3 Annual Bruwth of Rental Supply Index(%yoy)**



**Char4 Annual Bruwth of Selling Supply Index(%yoy)**

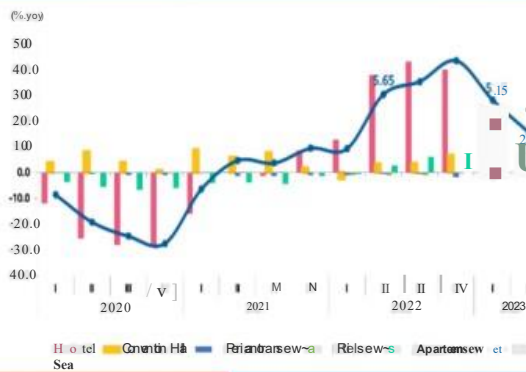


**Supply (02 -2023) Voy**

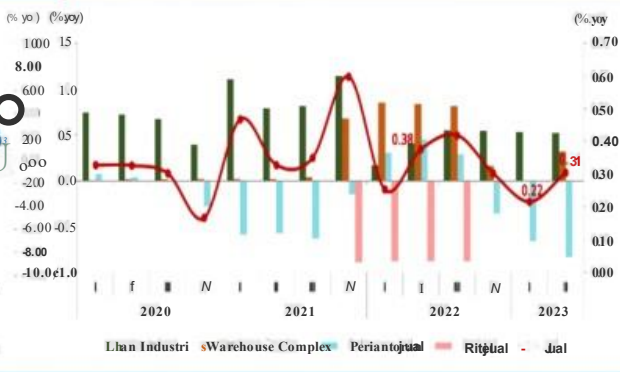
The Commercial Property Supply Index for the rental category in the second quarter of 2023 grew by 1.63% (yoy) higher than 1.05% (yoy) in the first quarter of 2023 (Chart 3). This was driven by an increase in supply in the majority of segments in the rental category, especially in the retail rental segment in Bodebek, Banten and Makassar as well as additions to the hotel segment in Jakarta, Makassar, Surabaya, Balikpapan, Denpasar, and Palembang.

On the other hand, the Supply Index for the selling category slowed down from 0.83% (yoy) in the previous quarter to 0.25% (yoy) (Chart 4). This condition was influenced by the slowing supply of industrial land in Semarang.

**Chart 5 Annual rental category price index development(%yoy)**



**Chart 6 Annual selling category price index development(%yoy)**

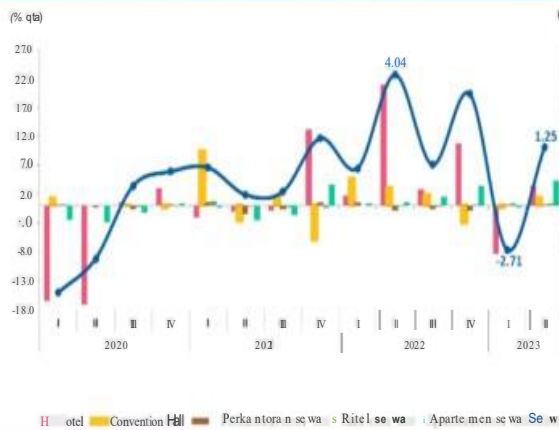


**Price (02 -2023) Voy**

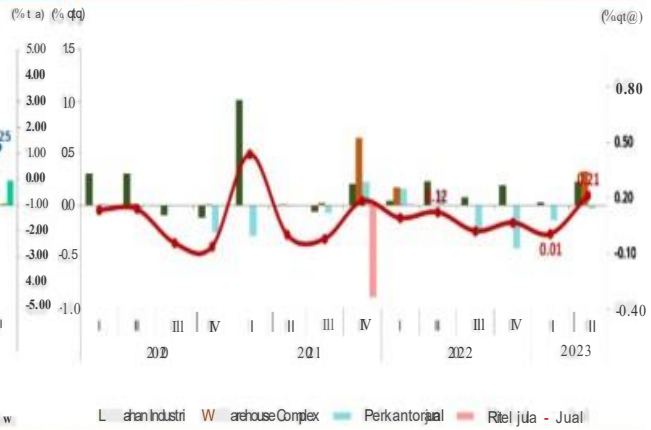
The Commercial Property Price Index for the rental category in the second quarter of 2023 grew by 2.33% (yoy), **slowing down** compared to the growth in the previous quarter of 5.65% (yoy) (Figure 5). This was due to a decline in the price index of the Conventiional s segment in Jakarta as well as the hotel segment in Jakarta, Banten, and Makassar in line with limited hotel demand.

Furthermore, the development of the Commercial Property Price Index for the selling category in the second quarter of 2023 increased by 0.31% (yoy) compared to the first quarter of 2023 which **IEEE3E** by 0.22% (yoy) (Figure 6). This is in line with the acceleration of warehouse complex segment prices in Jakarta.

**Chart A Price index developments in rental category (quarterly % q tq)**



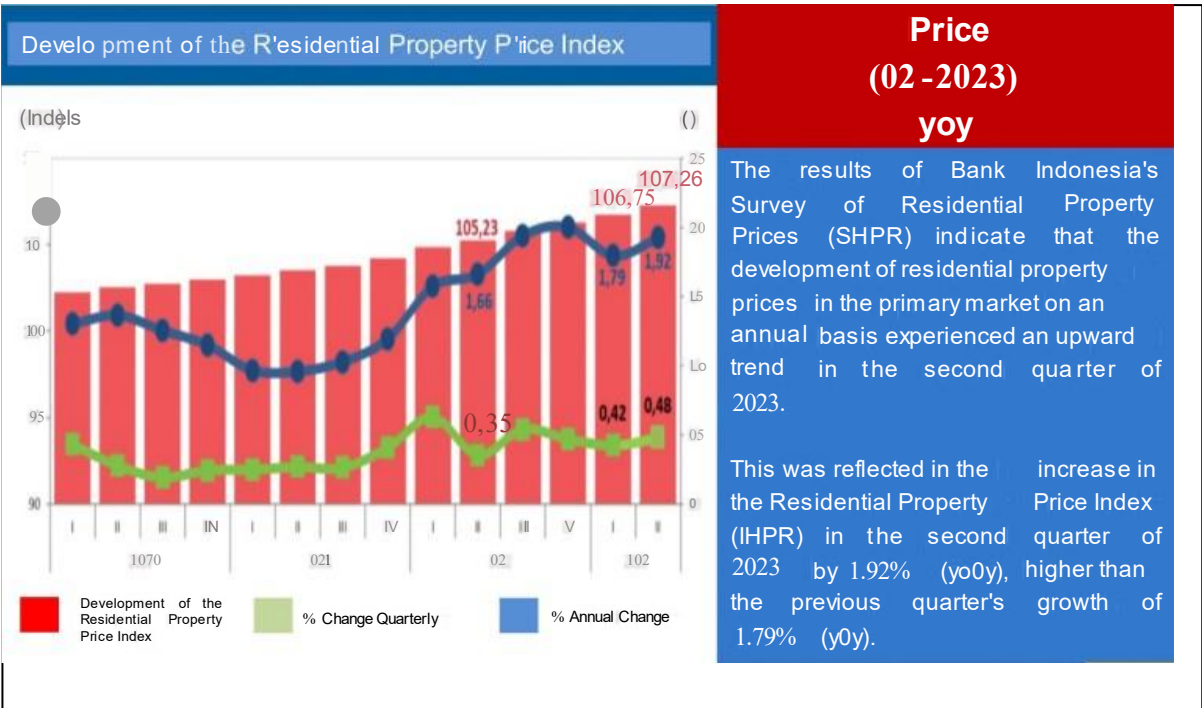
**Chart B Price index developments in selling category (quarterly % q tq)**



**Price  
(02 -2023)  
qtq**

On a quarterly basis , the Commercial Property Price Index for the rental category in quarter II 2023 increased by 1.25% (qtq) from the previous quarter which contracted by -2.71% (qtq) (Figure 7) . The increase in prices came from an increase in the hotel rental price index in all survey coverage cities and rental apartment prices , especially in Jakarta , Bandung , Surabaya , and Denpasar .

Furthermore , the Commercial Property Price Index for the selling category in the second quarter of 2023 increased by 0.21 % (qtq) from the previous quarter by 0.01% (qtq) (Figure 8) . This was influenced by an increase in the rental price index for the industrial land segment in Semarang and warehouse complex in Jakarta





**Development of residential property price index for large house types**



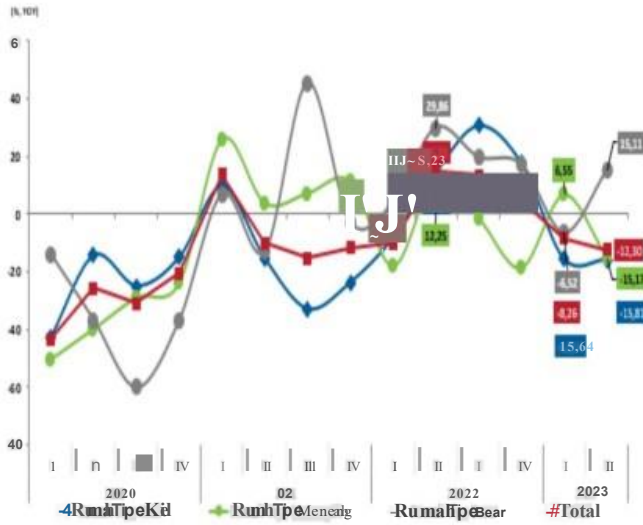
The increase in IHPR was due to an increase in the price of small houses by 2.22% (yoy), higher than the increase in the first quarter of 2023 which amounted to 1.77% (yoy).

The price of medium-sized houses increased by 2.72% (yoy), slightly lower than 2.76% (yoy) in the first quarter of 2023.

Large house prices increased by 1.49% (yoy). Spatially, the development of house price index that increased in the second quarter of 2023 mainly occurred in Batam City, Jabodetabek, Banten, and Denpasar.

## Annual Growth of Home Sales

## Sales (02 -2023) yoy

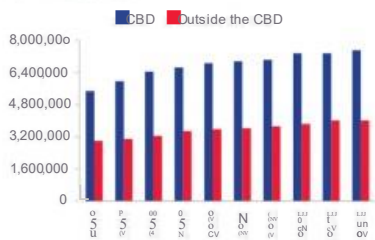


Residential property sales in the primary market in the second quarter of 2023 on an annualized basis were still not strong. This was reflected in residential property sales which contracted by 12.30% (yoy), deeper than the contraction in the previous quarter of 8.26% (yoy).

Sales in the second quarter of 2023 were affected by the lack of strength in sales of small-type and medium-type houses, which contracted by 15.81% (y0y) and 15.17% (y0y) respectively. Meanwhile, sales of large houses were observed to have increased by 15.11% (y0y), after contracting by 6.82% (y0y) in the previous quarter.

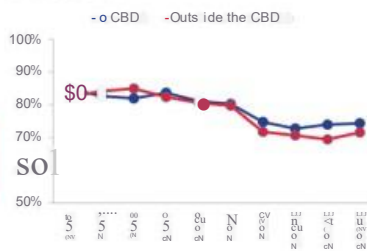
## Office (Q2 -2023)

### Cumulative supply



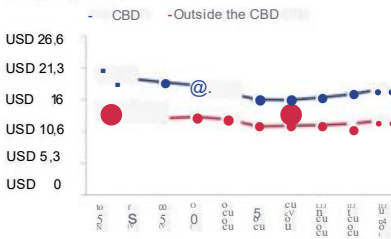
Source: Colliers

### Occupancy rate



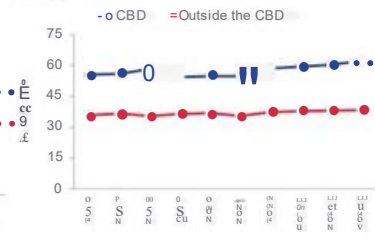
Source: Colliers

### Asking base rent



Source: Colliers

### Selling price



Source: Colliers

By 2023, the **supply** of new office buildings will be significant, at over 300,000 m<sup>2</sup> so that the total supply of office space in the CBD will reach 7.4 million m<sup>2</sup> by the end of the year. There will be an additional 120,000 m<sup>2</sup> of office space outside the CBD so that the total outside the CBD will reach 4 million m<sup>2</sup> by the end of 2023.

**Office building offerings in the CBD area are almost twice as many as those outside the CBD.**

In Q2 2023, the **average occupancy rate** in the CBD registered at 73.7% rising by 1.7% compared to Q1 2023. Meanwhile, the average occupancy rate tended to be stable at 73% outside the CBD.

During Q2 2023, the average **rental price** of office space in CBD was recorded at US\$16.23, showing relative stability compared to Q1 2023.

Outside the CBD, the average **rental price** remained stable at US\$11.29. It is also anticipated to remain relatively stable until the end of 2023, with a slight decrease of around 3% compared to 2022..

**Selling prices** in the CBD area are higher than outside the CBD. There was a slight increase in prices in the CBD area and outside the area compared to the first quarter of 2023.

Office Performance	Occupancy		Base rent*	
	2019	Q2 2023	2019	Q2 2023
<b>CBD</b>				
<b>By sub-market</b>				
Thamrin	91.5%	70.6%	270,557	227,756
Sudirman	80.8%	74.5%	294,415	273,882
Rasunasid	90.6%	73.5%	215,704	199,978
Mega Kuningan	75.1%	63.8%	246,654	245,927
Gatot Subroto	83.2%	75.3%	282,357	225,957
Satrio	87.8%	81.0%	236,548	197,454
<b>By grade</b>				
Premium	81.6%	72.6%	346,634	331,920
Grade A	82.4%	77.3%	298,796	249,141
Grade B	87.7%	71.8%	228,385	211,917
Grade C	83.0%	66.8%	173,265	159,952

Based on the table beside for Q2 2023, the occupancy rate for grade A grade B, grade C has decreased compared to 2019.

Office rents for grade A, b and C continued to decline in Q2 2023, to attract tenants in a market environment of uncertainty, low demand and high vacancy rates. The decline in rents for all classes of office buildings is likely to continue in the next half of 2023.

During the first quarter of 2023, mall rental rates in Jakarta and its surrounding areas amounted to US\$37.56 and US\$25 respectively. Compared to the previous quarter for the Jakarta area the trend is relatively stable, while for the Jakarta vicinity it has decreased by 2%. The existence of new malls is a factor that affects the calculation of rental rates,

Office Performance	Occupancy		Base rent*	
	2019	Q2 2023	2019	Q2 2023
<b>Outside CBD</b>				
<b>By area</b>				
Central Jakarta	84.4%	67.1%	203,554	167,415
South Jakarta	82.0%	74.0%	211,064	176,855
North Jakarta	74.3%	70.5%	183,862	172,462
East Jakarta	90.0%	86.2%	82,286	76,909
West Jakarta	82.9%	75.7%	160,774	152,055
<b>By grade</b>				
Grade A	67.1%	77.4%	241,146	225,396
Grade B	78.4%	70.7%	195,354	186,987
Grade C	91.9%	73.9%	136,729	124,879

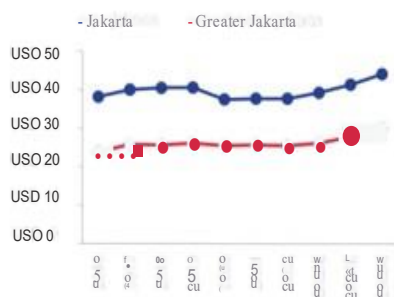
## Retail (Q2 -2023)

### Annual supply



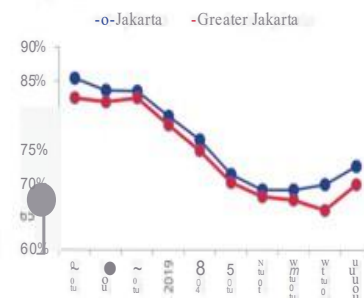
Source: Colliers

### Average asking rental rates



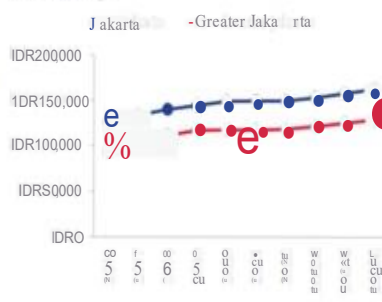
Source: Colliers

### Occupancy rate



Source: Colliers

### Service charge



Source: Colliers

### Demand

With the removal of activity restrictions, a upswing in retail confidence. While sectors such as F&B and fashion have already exhibited growth, a surge in demand from entertainment and electronics retailers is expected in the forthcoming period.

### Supply

As of now, eight shopping mall projects are in progress, poised to contribute circa 460,000 m of new retail spaces in Jakarta and the Greater Area between 2023 and 2025, with more than half of them scheduled for completion in 2024.

### Rent

The optimistic outlook extends to improved foot traffic numbers, stronger retail space demand and an increase in sales volumes. 5% average rent increment per year throughout 2023--2025

### Vacancy

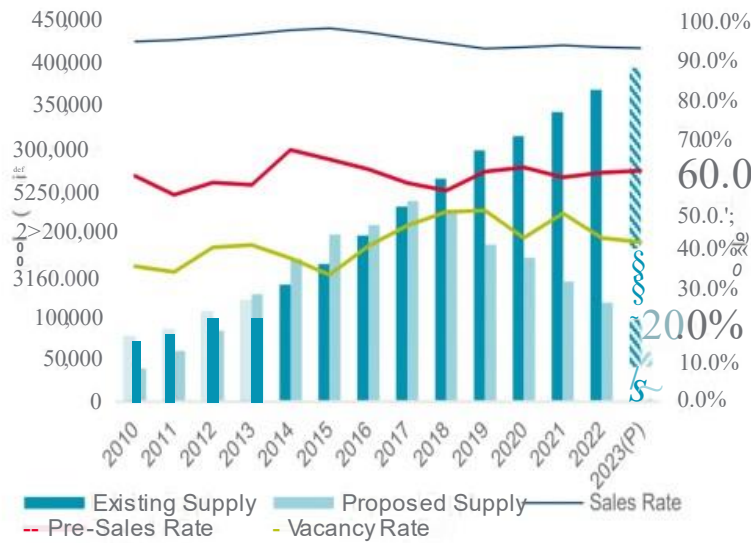
Despite the large future supply, the average vacancy rate is projected around 30%, at least until 2024. However, the commitment of tenants, especially those from developers with a commendable track record, is expected to mitigate vacancy rates.

### Service charge

Influenced by the operation of upcoming malls, to upper-class shopping malls, a modest annual service charge increase of around 2%-3% during 2023 -2025 is predicted.

## SUPPLY SALES & VACANCY

## Condominium



Source : Market Beat Greater Jakarta

## Demand and Price (02-2023)

### DEMAND: Rising Take-up and Occupancy Rate

The Greater Jakarta Condominium market remained stable, with the sales rate of the existing condominiums recorded at 93.6%, showing an increase of only 0.4% from the previous quarter and 0.1 % YoY.

Meanwhile, **pre-sales rate** of the proposed condominium projects increased by 1.15% from the previous quarter to 60.4% leaving 44,428 units of future stock to be absorbed.

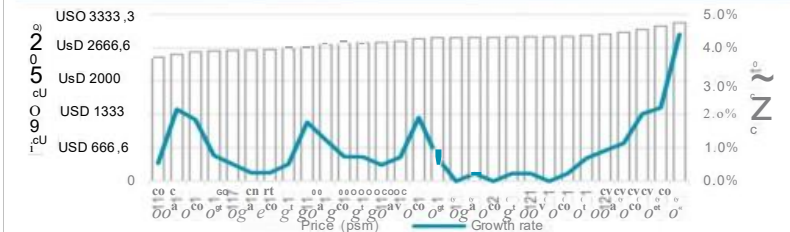
The overall net-take up rate of both existing and **proposed condominiums** experienced an increment of 21% compared to that in the same quarter last year.

**The occupancy rate** in this quarter reached the highest occupancy rate since the pandemic, at 57.8% (2.03% QoQ, 68 % YoY). Most improvement in occupancy rates occurred in the Jakarta CBD area and the secondary area adjacent to the university.

## MARKET STATISTICS

SUBMARKET	EXISTING SUPPLY (US)	SALES RATE	PROPOSED SUPPLY (UP)	PRE-SALES RATE
CBD	30,424	98.0%	2,395	49.1%
Prime	14,598	98.4%	1,356	33.8%
Secondary	32,826	92.5%	109,428	60.2%
SEGMENT				
Low/Middle	10,292	89.9%	5,138	65.5%
Middle	18,200	94.4%	45,173	55.3%
Upper/Middle	5,972	94.6%	11,095	56.3%
Upper	2,884	94.8%	5,531	41.8%
<b>Greater Jakarta</b>	<b>374,348</b>	<b>93.3%</b>	<b>113,179</b>	<b>59.67%</b>

## AVERAGE PRICE / SQM & GROWTH RATE




Source : Market Beat Greater Jakarta

## Supply (Q2-2023)

- The total cumulative supply of Greater Jakarta Q2 2023 condominiums stood at 375,438 units increased by 0.29% QoQ and 6.8% YoY. Proposed condominium supply remained unchanged at 112,089 units. Most developers focused on marketing of the current supply. Proposed supply is led by the lower-middle segment at 51.38%, followed by middle, upper-middle, and upper segments at 45.1%, 11% and 5.5% respectively.
- The overall transactions during second quarter of 2023 were **dominated by lower-middle class projects**, at 70.2% of the total transactions. In the upcoming quarters, the lower-middle class is still anticipated to dominate the market.

**PRICING:** Relatively Stable Price Greater Jakarta condominium throughout the reviewed quarter, standing at US\$3,180 per sqm (0.6% QoQ and 7% YoY). Condominium price in the CBD Jakarta climbed by 5.7% over the previous year's level to US\$3,927, while condominiums in prime locations experienced lower year-on-year increase of 4.8% to US\$3,367 per sqm.

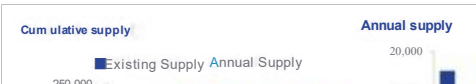


**Supply  
(02-2023)**

## Apartement


	Q2 2023	Full Year 2023	2023-2025 Annual Avg.
<b>Demand</b> Sales growth in Q2 2023 has been minimal and is expected to stay that way until at least the subsequent quarter.	0.1% 87.8%	87-88%	87-89%
<b>Supply</b> In Q2 2023, three projects were complete, contributing an additional 1,342 units to the market. It is foreseen that there will be a 24% increase in the number of units by the end of 2023.	1,342 units	6,172 units	5,055 units
<b>Price</b> Nearly all projects held to their asking prices, with expectations set for prices to undergo a gradual, measured progression until the end of 2023.	0.12% IDR35.48mio	1% IDR35.75mio	3% IDR38mio

Source: Colliers. Note: IDR14,866 = 1 USD.




**Supply (02 -2023)**

### Cumulative supply



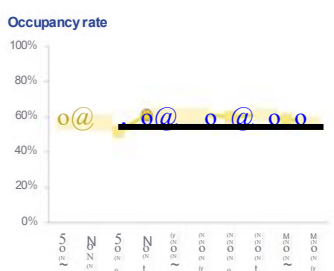
Source: Colliers

### Annual supply




Source: Colliers

### Occupancy rate



Source: Colliers

### Rental rate



**Supply** In Q2 2023, the total supply of strata-title apartments in Jakarta to 225,167 units. Throughout the second quarter, developers remained cautious, resulting in the absence of new project introductions.

Total annual supply apartment in Jakarta in 2023 is 6,829 units.

This increase in supply indicates potential growth in the Jakarta serviced apartment market, increased market players and increased competition.

**Demand** In line with the prevailing market demand, the Jakarta apartment market saw restrained yet discernible price growth in Q2 2023.

**Occupancy and rental rates** The serviced apartment market experienced a decline in the second quarter of 2023. Contributing factors were the Expatriate Transition Phase, Short-term Demand Restrictions during Ramadhan, and Company Policies regarding Contract Work Permits. **Occupancy rates** remained at 57%, minor change from the previous quarter 58.5%. **Rental rates** remained stable with increases expected in the future. Conductive business activity and the launch of high-end serviced apartment projects may support rental price increases. Excessive supply may depress rental rates in the medium term. Price increases are projected to be around 1% to 3% in the next three years.

In 2023, it is expected to experience a slow increase in demand as it has entered the endemic period.



# Hotel

2023 Full Year 2023 Annual Avg. 2023/2025

•tel Q -2 2 H023 o

↑ Supply By the end of 2023, substantial room inventory is expected.
 ◀ ▶
↑ T 0rooms 253rooms 39100ms

Over past three years, the number of hotels in Jakarta has been declining.

↓ Occupancy Arise in business and arrangements the upcoming period are expected to boost occupancy level.
 W 00Q/ End Q2 0.9% 58.9%
 A YOY End 2023 0.9% 62.2%
 A Annual Avg Growth 2023/2025/ End 2025 1.4%

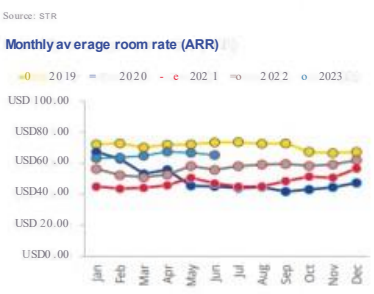
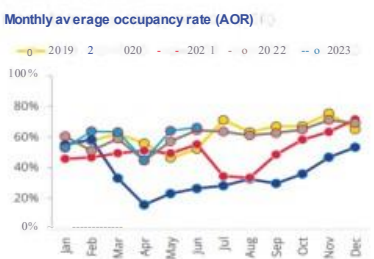
There is currently no supply of new hotels in Jakarta.

↑ Room rate As surge in rates, overall have those observed in 2022 anticipated.
 A 16% U\$564.9
 A 14% U\$064.7
 A 1.8%

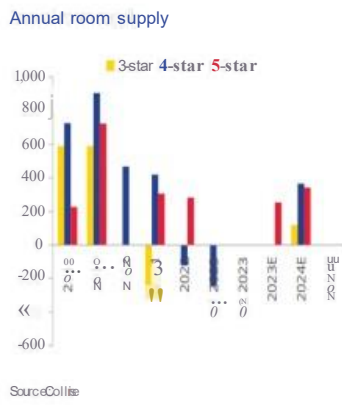
While a handful of hotels were forced to close, many others embarked on extensive renovations and revitalization efforts.

Source: C&A Note DR14, 86=1 USD.

## Performance



## Hotel (Q2-2023)



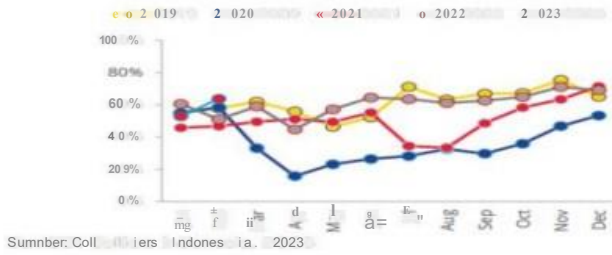
## Supply

Over the past three years, the number of hotels in Jakarta has been declining. There is currently no supply of new hotels in Jakarta. The adversities of the pandemic compelled hoteliers to adopt survival strategies.

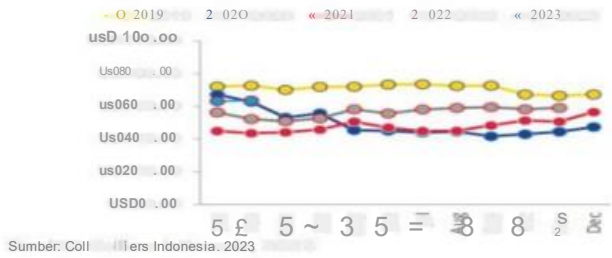
## Performance

The hospitality industry experienced a noteworthy improvement in Q2 2023 following the end of the Idul Fitri holiday. Business activity has returned to pre-pandemic levels, with notable contributions from the MICE (Meetings, Incentives, Conferences, and Exhibitions) sector. An increase in the number of events and the removal of restrictions on participants in the MICE sector led to a surge in revenue. As travel restrictions eased, out-of-town and international travel became popular, reducing demand for hotel stays during the Eid holiday.

### Average Jakarta Hotel Occupancy Rate (Monthly)



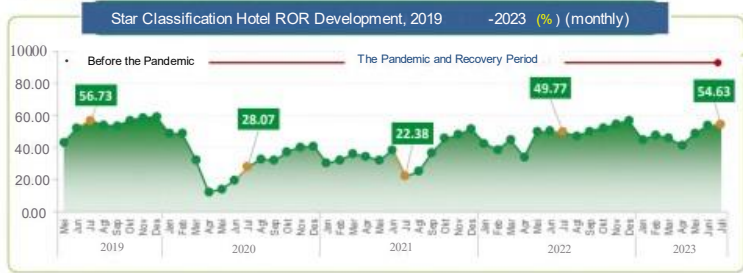
### Average Jakarta hotel room rental rate (Annual)



### Hotel Jakarta Q1 - 2023

- Since the pandemic, hotel supply in Jakarta has decreased. Currently there is no increase in new hotel supply in Jakarta.
- The total supply of hotel rooms until the first quarter of 2023 is 44,685 rooms, with an estimated 638 new hotel rooms to be built by the end of 2023 with a dominance of 5-star hotels.
- Jakarta's hotel occupancy rate in February was the highest occupancy rate in the last 4 years. Offline events held in Jakarta, such as music concerts, association meetings, sports competitions, art exhibitions, are believed to attract tourists from across the country and abroad. During the fasting month, hotel activities depend on buka bersama as a priority business activity to maintain the stability of the hotel business.
- Hotel rates in the first quarter of 2023 increased by 11.8% to USD63.3. The predicted rental rate for the full year of 2023 is USD66.5, an increase of 17.4%. However, the rates are still lower than the first quarter of 2019 before the pandemic at USD73.1. After Eid, it is expected that hotels will bounce back especially to welcome the political year in 2024.

# Room Occupancy Rate



July, 2023

ROR star classification hotels reached 54.63 percent



ROR hotel highest star classification recorded in Bali Province (63.60 percent)



## Highest ROR\* Based on hotel classification July 2023 (%)



# Industrial Estate



Although industrial land sales in the current quarter were lower than in the previous quarter, the combination of well-managed inflation and comparatively stable interest rates vis-à-vis other country has been sufficient to entice both domestic and foreign enterprises to embark on business development ventures in Indonesia.

In the near term, a surge in sales activity may not be immediately apparent, yet the discernible undertakings of several firms, particularly those from external markets, in actively exploring and expanding their commercial endeavors augur well for the long-term potential of the property industry sector.

Indonesia stands poised to emerge as a haven for cutting-edge high-tech sectors, with the Electric Vehicle (EV) industry taking centre stage.



## Industrial (02-2023)



6

Transform  
Towards the Ultimate

Ko  
Mc  
Ev €

Q 2 2023

Full Year 2023

2023 - 2025  
Annual Avg.



Demand

Future industrial land sales will still be characterized by high-tech-based industries as well as the food and consumer goods industries

C  
36.2 Ha

C  
203.9 Ha

a  
230.94 Ha

Along with the development of toll roads and port infrastructure, there will be a lot of land stock available, especially in the eastern region.

h

Supply

C  
0 Ha

C  
220 Ha

a  
217 Ha

QoQ/  
End Q2

YOY/  
End 2023

Annual Avg Growth  
2023 - 2025/  
End 2025



Price

Certain industrial estates, characterized by unwavering sales and already constrained land availability, have recently disseminated fresh price quotations, featuring a marked escalation of approximately 5% to 10%.

a  
USD98.77

a  
USD199.00

a  
USD201.17

Source: Colliers. Note: IDR14,866 = 1 USD.

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