

# 26th ASEAN Valuers Association Congress

Embracing Globalisation in the Region - Valuation Education, Sustainability and Standards

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## Country Reports Speaker



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# INDONESIA

## Country Report



# Presentation Outlines

- ▶ 1. Demographics of Indonesia
- ▶ 2. An Overview of the Indonesian Economy
- ▶ 3. Indonesian Residential Property Market
- ▶ 4. Indonesian Commercial Property Market
  - ▶ Office Property Market
  - ▶ Retail Property Market
- ▶ 5. Indonesian Industrial Property Market



# Demographics of Indonesia

Indonesia's  
Total  
Population

as of  
1 July 2024  
was estimated  
to be

**284,488**  
Million

Or  
Equivalent to:

**3.47**  
Percent of  
Total  
World Population

Population Density

**148.4**

Persons per Square KM

Population Growth

**0.8**

Percent Annual

Population Sex Ratio

**100.9**

Males per 100 Females

Median Age

**30.1**

Years

Life Expectancy at Birth

**71.3**

Years

- Indonesia, with its large, relatively young, and increasingly healthy population, holds significant potential in terms of workforce, consumer base, and economic resilience.

Source: United Nations (2024)



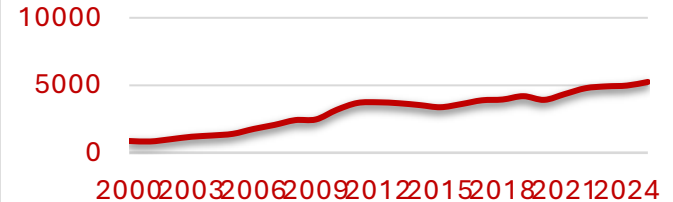
# An Overview of the Indonesian Economy

## Real GDP Growth (Percent Annual)



Source: IMF, World Bank, OECD and ADB (2024)

## GDP per Capita, Current Prices (US Dollars per Capita)



Source: IMF (2024)

## Real GDP Growth (Percent Annual)



Source: BPS and World Bank(2024)

- Indonesia's economic growth rate has reached a steady level of around 5 percent.
- While this rate is relatively high compared to many other countries, it may not be sufficient to lift Indonesia out of its middle GDP per capita and middle-income status.

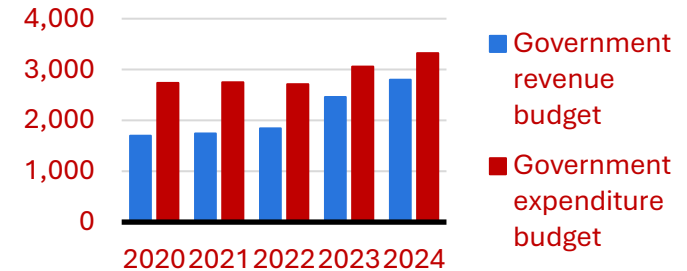


# An Overview of the Indonesian Economy



Figure: Firstpost channel (2024)

## Government Revenue and Expenditure (Annual Percent Change)

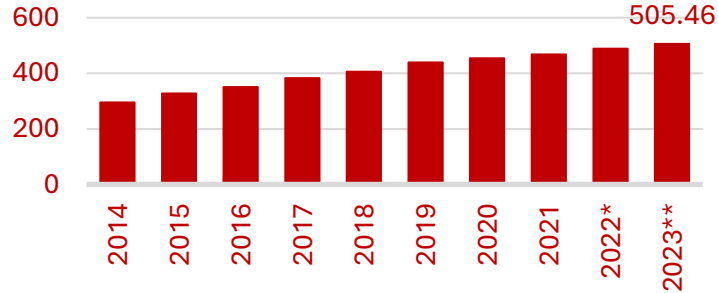


- The ambition of the newly sworn President Prabowo Subianto to achieve 8 percent annual economic growth will still be challenging to realize.
- The government of Indonesia faces budgetary constraints that limit its ability to implement significant economic stimulus measures or large-scale development projects.
- The Indonesian economy is likely to sustain a modest growth rate, with 5 percent remaining the “normal” or expected level in the absence of major substantial reforms or policy breakthroughs.



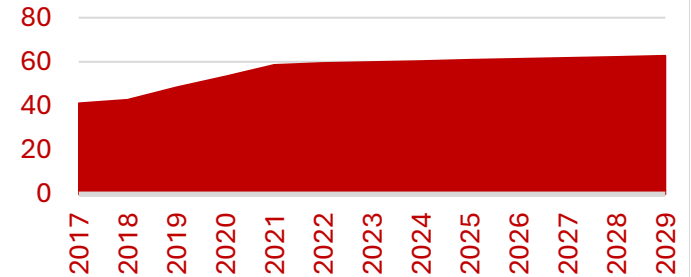
# An Overview of the Indonesian Economy

## GDP from Real Estate Activities (Trillion IDR)



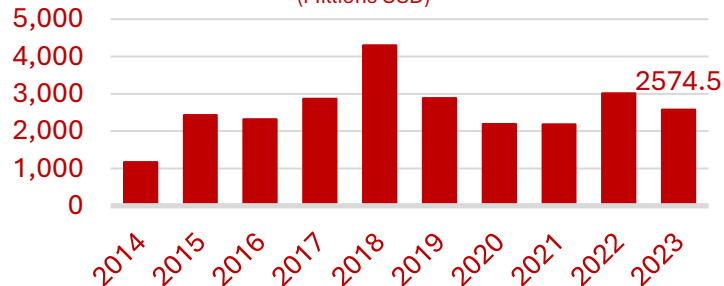
Source: BPS, Statista (2024)

## Transaction Value of the Real Estate (Estimated and Projected, Billion USD)



Source: Statista (2024)

## Foreign Direct Investment in Real Estate and Business Services (Millions USD)



Source: BPS and World Bank(2024)

- Real estate activities will continue to be a major contributor to Indonesian GDP.



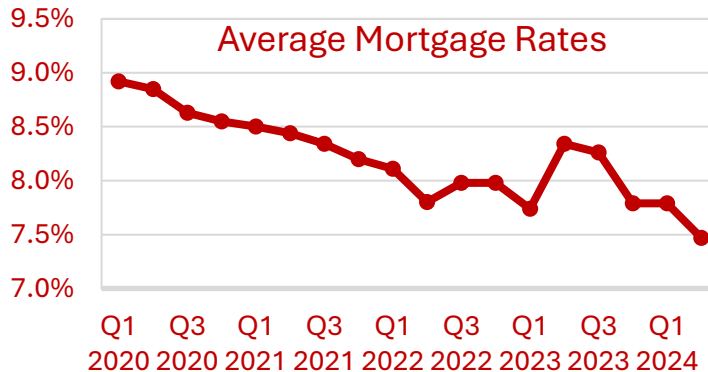
# An Overview of the Indonesian Economy

## CPI-based Inflation



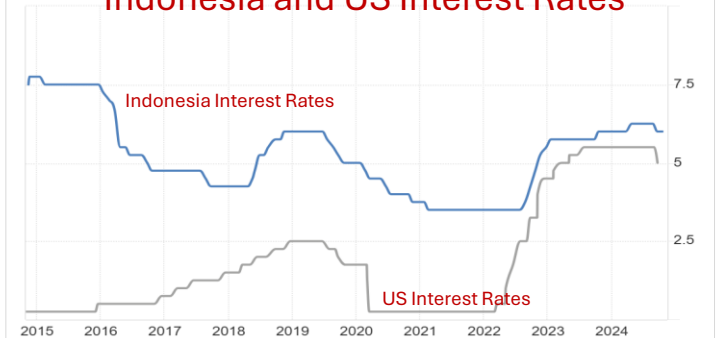
Source: BPS and World Bank(2024)

## Average Mortgage Rates



Source: Tradingeconomics (2024)

## Indonesia and US Interest Rates



Source: Bank Indonesia, The Fed, Trading Economics (2024)

- While Indonesia is experiencing a relatively low inflation rate, its benchmark interest rate may still be relatively high.
- Bank Indonesia's decision with respect to benchmark interest rate is largely influenced by global financial conditions, particularly those set by the Federal Reserve, rather than by domestic inflation.

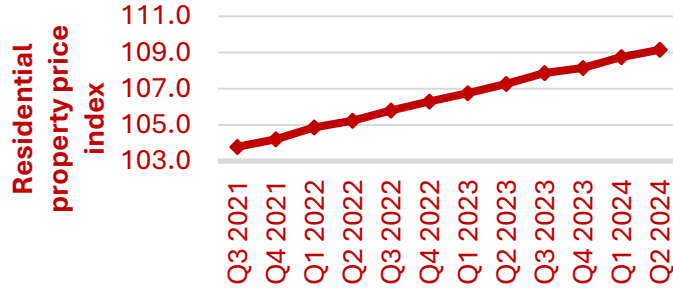




# Indonesian Residential Property Market

## Residential Property Price Index

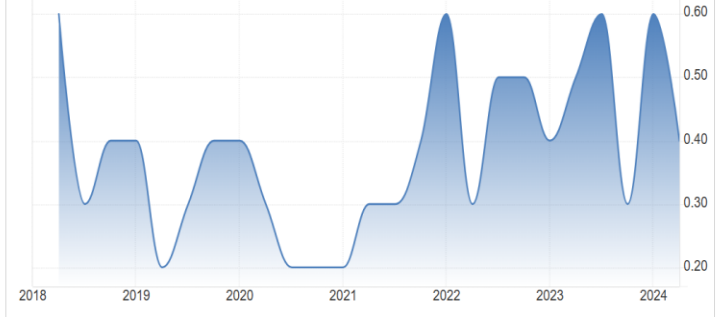
(Value in 2018 = 100)



Source: Bank Indonesia, Statista (2024)

## Residential Property Price Index

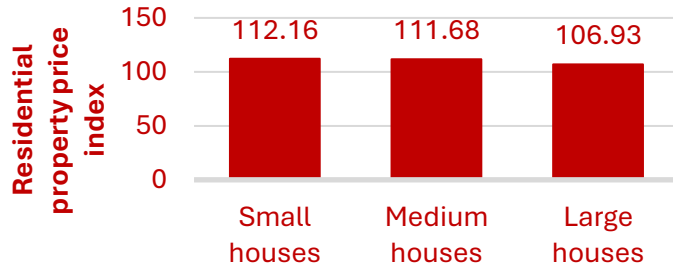
(Annual Percent Change)



Source: Bank Indonesia, Trading Economics (2024)

## Residential Property Price Index

(Q2 2024, Value in 2018 = 100)



Source: Bank Indonesia, Statista (2024)

- The Indonesian Residential Property Price Index (IHPR) has shown a steady increase at least since Q3 2021, reaching approximately 109.2 in Q2 2024.
- In Q1 and Q2 2024, the growth of the property index rebounded following a relatively lower point in Q4 2023.



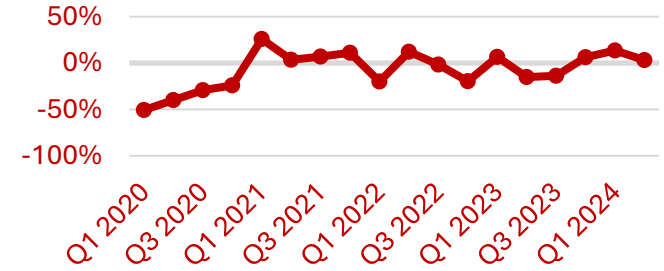
# Indonesian Residential Property Market

Property Sales Growth for Small Houses  
(Annual Percent)



Source: Bank Indonesia, Statista (2024)

Property Sales Growth for Medium Houses  
(Annual Percent Change)



Source: Bank Indonesia, Trading Economics (2024)

Property Sales Growth for Large Houses  
(Annual Percent)



Source: Bank Indonesia, Statista (2024)

- The property sales growth for residential houses has exhibited notable fluctuations across different house sizes from Q1 2020 to Q2 2024.
- Small houses experienced the least significant volatility, with sharp declines during certain quarters, followed by occasional rebounds.



# Indonesian Commercial Property Market

## Commercial Property Price Index

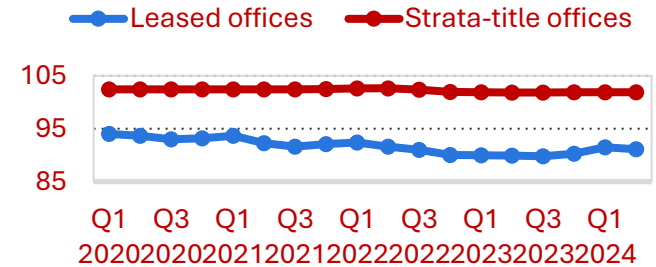
(Value in 2018 = 100)



Source: Bank Indonesia, Statista (2024)

## Office Building Price Index in Jakarta

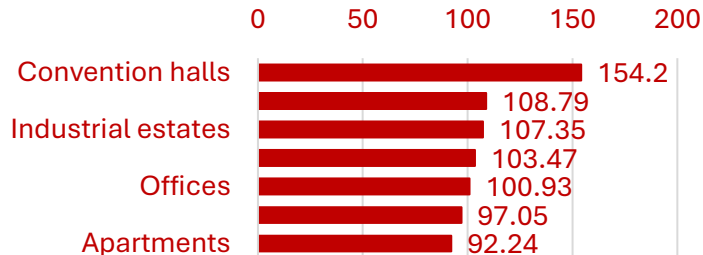
(Value in 2018 = 100)



Source: Bank Indonesia, Statista (2024)

## Commercial Property Price Index

(Q2 2024, Value in 2018 = 100)



Source: Bank Indonesia, Statista (2024)

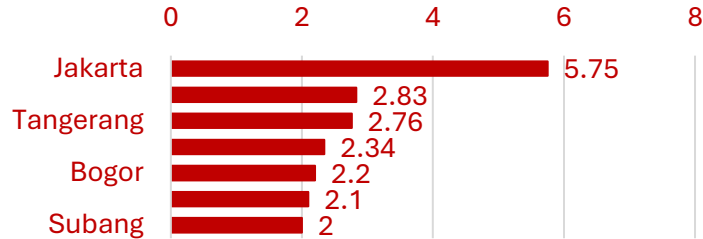
- Following a relatively lower growth rate in Q1 2024, the Indonesian Commercial Property Price Index (IHPK) saw an increase in growth in Q2 2024, reflecting renewed momentum in the commercial property market.
- The IHPK for both strata-title offices and leased offices, particularly in Jakarta, has shown less convincing growth.



# Indonesian Industrial Property Market

## Average Land Price in Industrial Areas in Greater Jakarta Q2 2024

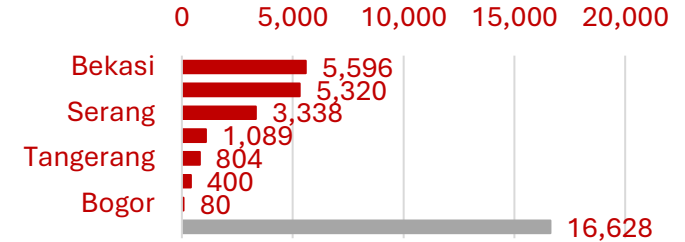
(Million IDR per Square Meter)



Source: Bank Indonesia, Statista (2024)

## Total Inventory of Industrial Estates in Greater Jakarta

(Areas in Hectares)



Source: Bank Indonesia, Statista (2024)

## Average Rent for Warehouse and Distribution Space in Greater Jakarta

(IDR per Square Meter per Month)



Source: Bank Indonesia, Statista (2024)

