



Indonesia Country Report 2025: Redefining Heritage with a Futuristic Vision

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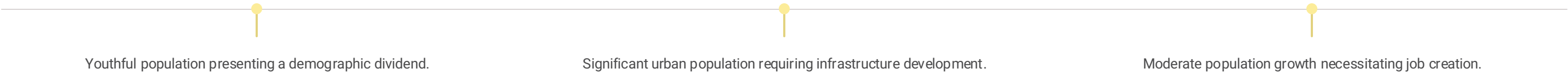
Demographic Snapshot 2025

Indonesia's position as the world's 4th most populous nation.

Key Demographic Indicators



Demographic Implications



Source: UN Population Division



Political & Economic Landscape

New government vision and policy priorities

New Government's Vision



President Prabowo Subianto's administration following the 2024 elections is focused on ambitious economic targets and strategic investments.

8%

Growth Target

Ambitious economic growth target by end of term

2.5x

Investment Growth

Investment growth higher in Q2 2025 vs 5 years prior

Investment is identified as the "backbone" of the new economic strategy.

Key Policy Focus

- 

Fiscal Stimulus

Rp200 trillion fund disbursement to state banks to boost domestic spending.
- 

Budget Reallocation

Strategic reallocation to the Ministry of Transmigration and housing programs.
- 

MSME Support

Continued emphasis on supporting Micro, Small, and Medium Enterprises.
- 

Public Purchasing Power

Policies to maintain and enhance public purchasing power.
- 

Flagship Programs

Execution of high-cost programs like the Free Nutritious Meals (MBG) program.

Strategic National Initiatives

Two flagship projects transforming Indonesia's future

IKN Nusantara

The Future Capital



This ambitious project aims to relocate Indonesia's national capital to East Kalimantan Province. It's designed to foster equitable development, economic transformation, and long-term sustainability across the nation.

Equitable Development

Aims to reduce the dual burden on Jakarta and Java, creating new growth poles across Indonesia.

Economic Transformation

Focuses on developing new economic clusters, including renewable energy and green innovation.

Sustainable Future

Embraces a "Forest City" concept with 75% green space and a net zero-carbon emissions target.

Source: Government of Indonesia

Danantara

The Investment Engine



Danantara is a newly established entity functioning as a Sovereign Wealth Fund and Super-Holding Company. It manages Indonesia's strategic state assets, optimizing state investment and attracting global capital.

Optimize State Investment

Consolidates and professionally manages state-owned assets and investments for maximum returns.

Attract Global Capital

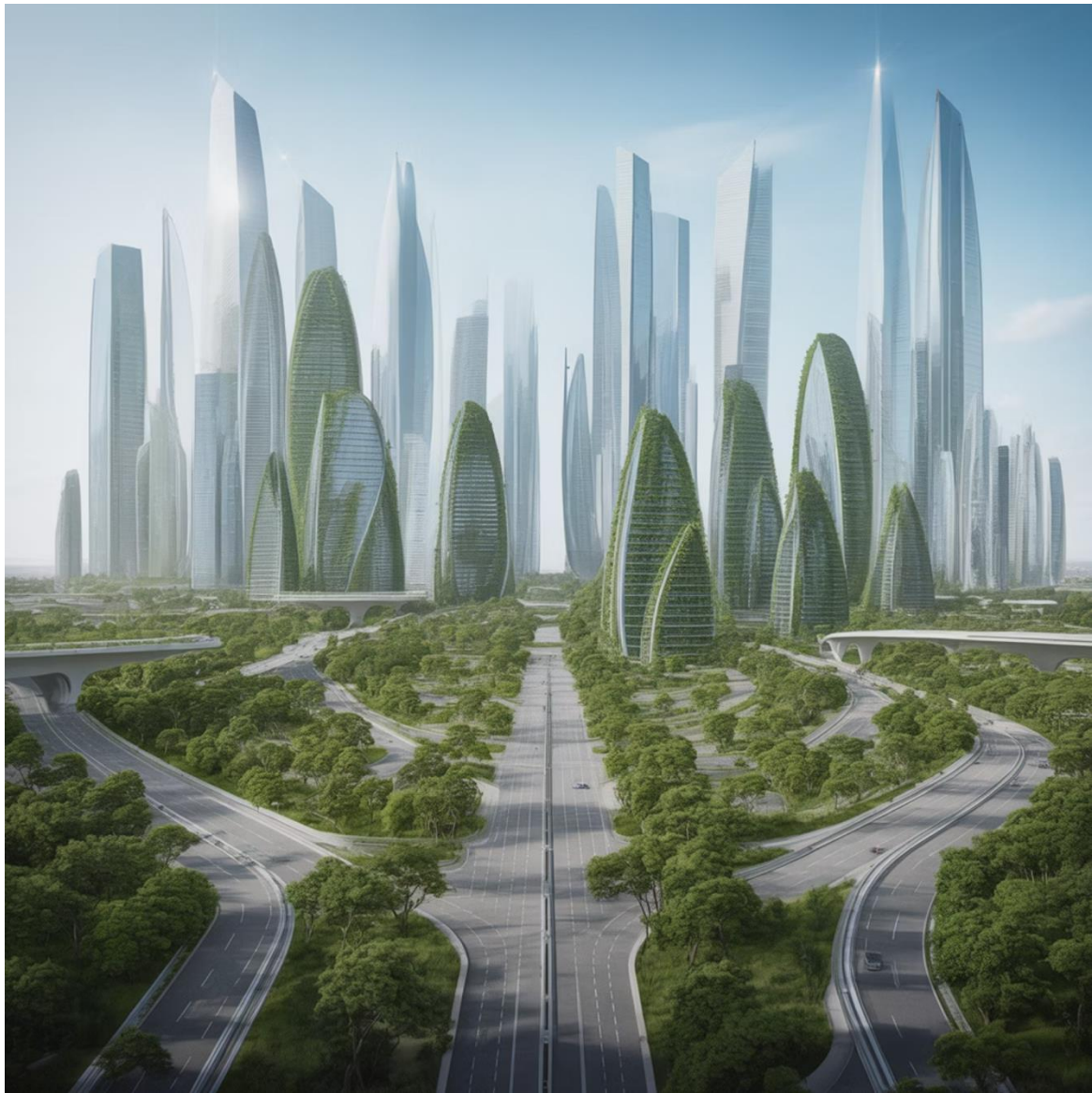
Modelled after leading global Sovereign Wealth Funds to boost Indonesia's international competitiveness and investment appeal.

Support Strategic Projects

Channels funds into high-impact projects across key sectors, driving national development.

IKN Nusantara: The Future Capital

Indonesia's ambitious new capital city in East Kalimantan



Vision : A Sustainable Forest City

IKN Nusantara is envisioned as a "Forest City" where urban development harmoniously coexists with nature. This pioneering concept dedicates over 75% of its area as green space, setting a new global benchmark for ecological urban planning.



Strategic Location

Located in the geographic center of Indonesia, in East Kalimantan Province, IKN Nusantara offers unparalleled strategic advantages. This central position is key to fostering balanced development, stimulating economic clusters, and enhancing inter-regional trade across the archipelago.

IKN Nusantara: The Future Capital

Strategic Objectives



Equitable Development

Aims to reduce the dual burden on Jakarta and Java, fostering new growth poles and ensuring balanced development across all regions of Indonesia.



Economic Transformation

Focused on developing new economic clusters, establishing a "Green Economy Superhub," and diversifying Indonesia's economic landscape towards sustainable industries.



Social Transformation

Drives a progressive transformation of work culture and implements comprehensive human resource development programs to empower a skilled and adaptive workforce.



Key Features & Commitments



Forest City

Over 75% of the total area is designated as green space, creating a biodiverse and eco-friendly urban environment.



Net Zero Carbon Emissions

An ambitious goal to achieve carbon neutrality, powered by sustainable practices and innovative green technologies.

100% Renewable Energy

Committed to generating 100% of its energy needs from renewable sources, based on installed capacity.

Danantara: The Investment Engine

Indonesia's new sovereign wealth fund and super-holding company

What is Danantara?

Daya Anagata Nusantara (Danantara) is a newly established entity designed to function as both a Sovereign Wealth Fund (SWF) and a Super-Holding Company for Indonesia's strategic state assets.



Global Model



Modeled after successful global sovereign wealth funds like Singapore's Temasek and Malaysia's Khazanah, Danantara aims to enhance Indonesia's competitiveness and development.

Strategic Investment Sectors

Advanced Manufacturing

Food Production

Renewable Energy

Infrastructure

High-Impact Projects

Downstream Industry

Key Objectives

Optimize State Investment

Enhance the management of state investments for maximum return and strategic benefit.

Attract Global Capital

Secure international capital and investment to fuel national development and economic growth.

Support Strategic Projects

Back high-impact national projects, including critical infrastructure and key developmental initiatives.

Promote Good Governance

Uphold principles of transparency, accountability, and ethical practices in all investment activities.

Economic Outlook 2025

Projection of Indonesia's robust economic indicators

Key Economic Indicators

4.9%



Real GDP Growth

Annual percent change

- Robust GDP growth driven by strong domestic demand

1.44 Trillion



Nominal GDP

U.S. dollars

5,070



Nominal GDP per Capita

U.S. dollars per capita

1.8%



Inflation Rate (Average CPI)

Annual percent change

- Low and controlled inflation at 1.8% average CPI

5.0%



Unemployment Rate

Annual percent change

40.8% of GDP

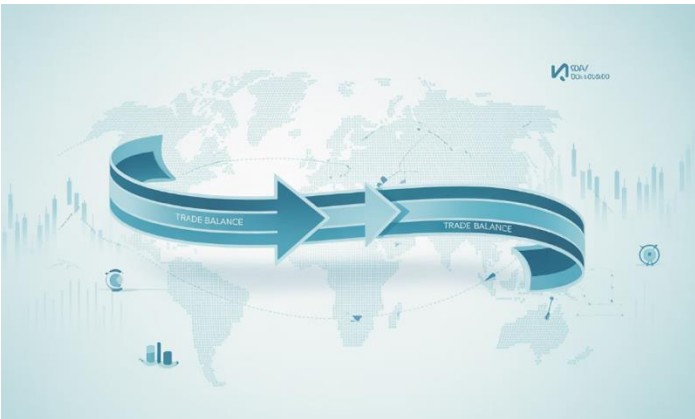


Government Debt

Percentage of GDP

- Sustainable government debt at 40.8% of GDP

-1.1% of GDP



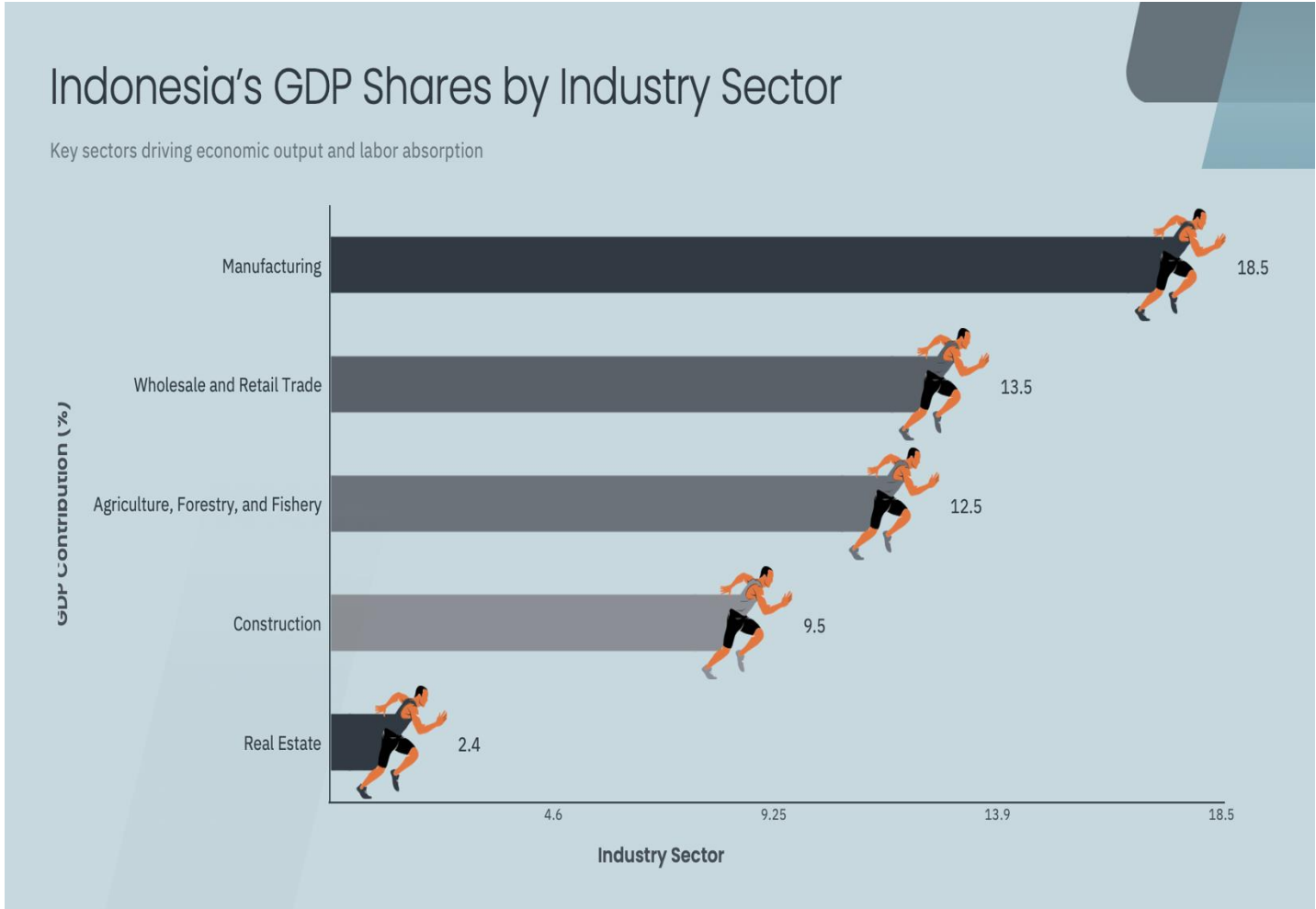
Current Account Balance

Percentage of GDP

- Strong domestic consumption and economic scale

GDP Structure by Industry Sectors

Direct Contributions



"Real Estate & Construction as The Economic Driver"

Source: Badan Pusat Statistik Indonesia



High Multiplier Effect

This sector generates significant economic ripple effects throughout the economy, stimulating growth in related industries.



Labor Absorption

It is a major source of employment, absorbing a large workforce and contributing to job creation across various skill levels.



Welfare Impact

Directly contributes to community benefits and overall economic prosperity through housing, infrastructure, and urban development.

Property Market Analysis

Performance across residential, commercial, and industrial segments

Market Overview Q2 2025 - Residential Property

Price & Sales Development



Residential Property Price Index **slowed down** from +1.07% (Q1 2025 - yoy) into **+0.90%**.

Residential Property units sales growth recorded a **-3.80% contraction decline** that occurred after briefly grown by +0.73% (Q1 2025 - yoy).

Property Financing



The majority of house purchases in the primary market still utilize the **Housing Loan (KPR)** even though its annual value **grew by 7.81%** slowed down from previous quarter.

And for its main funding sources used by developers for the construction continues to be dominated by **internal funds**.

Consumer Side (Buyers)

Housing Loan ~ 73.06%
Cash Installment ~ 17.75%
Hard Cash Payment ~ 9.19%

Developer Side (Constructions)

Bank Loans ~ 15.68%
Internal Funds ~ 78.36%
Bank Loans ~ 15.68%

Source: Bank Indonesia, 2025

Property Market Analysis

Performance across residential, commercial, and industrial segments

Market Overview Q2 2025 - Commercial Property

Developments



Generally reflects a selective and varied recovery across segments, influenced by stable domestic macroeconomic conditions and global challenges.

Source: Bank Indonesia, 2025



Office Sector ~ Oversupply pressure, demand is shifting strongly toward high-quality Grade A office buildings, excessively those located in integrated (mixed-use) area.

Surplus supply :
Stable occupancy rates >>
Slow growth rental prices



Retail Sector ~ Consider resilient, supported by stable household purchasing power and strong domestic consumption patterns.

Occupancy rates are generally high, with experiential retail concepts and strong F&B services as prioritize to attract visitors.



Industrial and Warehouse Sector ~ Anticipated to be the strongest performing commercial segment in Q2 2025 impacted from e-commerce growth, sustained Foreign Domestic Investment (FDI), and government-back commodity downstreaming.

Market Challenges & Opportunities

Key factors affecting Indonesia's property market landscape

Market Challenges



Rising Building Prices

Increasing costs of raw materials affecting affordability



Bureaucratic Hurdles

Permitting issues creating delays in development projects



KPR Interest Rates

High interest rates discouraging home purchases



High Down Payment Requirements

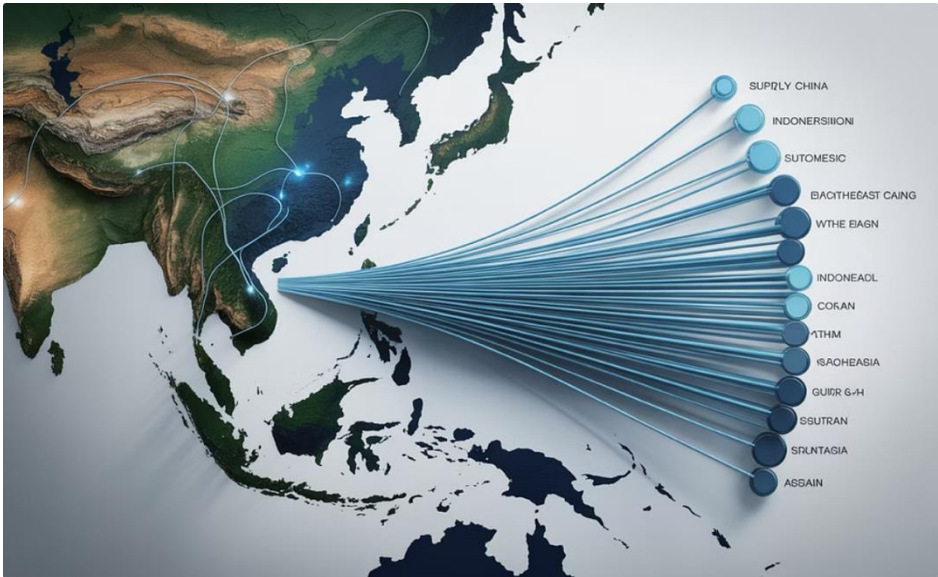
Proportion of KPR applications with high DP thresholds

Market Opportunities



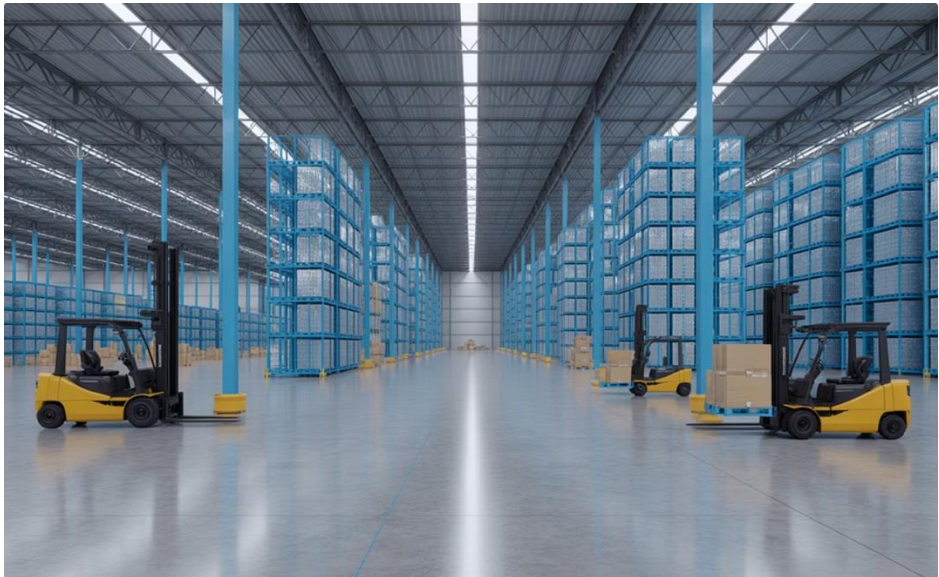
Strong Industrial Demand

Projected high demand for industrial land



Supply Chain Diversification

China+1 strategy driving industrial development



Modern Warehouse Rentals

Robust demand for modern warehousing facilities



Indonesia Economic Outlook 2025 vs State Budget 2026



2025 Economic Outlook

Projected Growth: 4.7%-5%

Strong growth reflecting robust domestic demand.

Stable position as a G20 member.

2026 State Budget

Target Growth: 5.4%

Cautions yet optimistic target range.

Focus on strategic investments for sustained growth.



Robust Domestic Demand & G20 Status

Indonesia's economic resilience is underpinned by strong internal consumption and its influential role as a G20 member.



Prudent Fiscal Planning

The slightly lower 2026 growth target demonstrates a commitment to careful financial management and sustained economic progress.



Strategic Investments

Government initiatives are designed to optimize national development and ensure long-term economic momentum.

This comparison highlights Indonesia's commitment in balancing ambitious growth projections with responsible fiscal strategies.



Indonesia Economic Outlook 2025 vs State Budget 2026

A comprehensive overview of the 2026 State Budget and its strategic directives.

Rp 2,865.5 T **vs** Rp 3,147.7 T

State Revenue
Projected national income

Rp 3,527.5 T **vs** Rp 3,786.5 T

State Expenditure
Allocated national spending

2.48%

Budget Deficit
As a percentage of GDP



Financing Focus

- Productive investments to stimulate long-term growth
- Strategic energy transition initiatives for sustainability

Expenditure Priorities

- Education and health for human capital development
- Food security, energy resilience, and infrastructure development

Source: Indonesian Ministry of Finance, 2026 State Budget



Indonesia 2025 : Moving Forward

Building toward a prosperous future

Economic Resilience



5.4%

5.4% GDP Growth Projection

As a steppingstone towards the medium-term target of **8%**.

Strengthened Global Standing



Indonesia aims to strengthen its position on the global stage, fostering international partnerships and influence.



Key Drivers for 2026



Danantara's presence is expected to boost Private & Foreign Direct Investment for co-investment in strategic projects, concentrated in mineral, agriculture, maritime downstreaming, as well as energy transition.



The 2026 State Budget is designed to be expansionary but remains within fiscal discipline. **State Budget Deficit** is targeted at **2.48% GDP**.

Indonesia's transformation trajectory in 2025 sets the foundation for a prosperous nation and a bright future for generations to come.

Main Challenges for 2026

Global Uncertainty



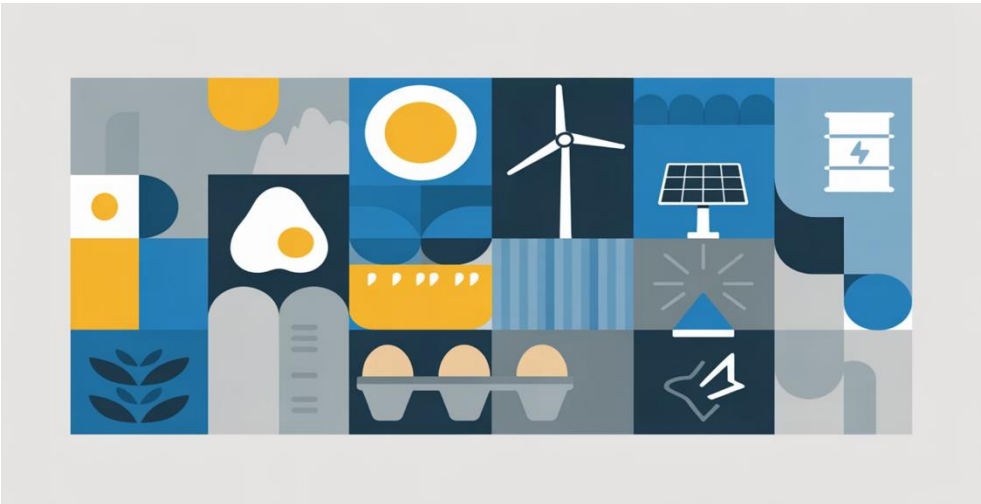
Navigating geopolitical shifts and unpredictable global market dynamics.

High Cost Trap



Addressing rising operational costs and ensuring economic efficiency.

Food and Energy Price Stability



Maintaining stable prices for critical resources to support household and industrial needs.

Regional Spending Effectiveness



Ensuring that regional budgets are utilized efficiently to maximize impact and development.



2045 Vision



Human Development

Investing in education, healthcare, and skills to empower the population.

Indonesia is working toward becoming one of the top 10 developed nations in the world, with a focus on these key pillars.



Economic Transformation

Diversifying the economy and fostering innovation for sustainable growth.



Environmental Sustainability

Protecting natural resources and promoting green practices for a healthier planet.

Indonesia's transformation trajectory in 2025 sets the foundation for a prosperous nation and a bright future for generations to come.



Inspiring the Future: Vision and Resolve



"With unwavering spirit and a clear vision, Indonesia is poised to forge a future of unparalleled prosperity, resilience, and global leadership for generations to come."

— Putri Sekarningrum



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