

JAKARTA | APARTMENT

Apartment Sector

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Positive sentiment over the outlook of Indonesia was highlighted by the stability in the exchange rate and improving macroeconomic environment, which could contribute to the modest increase in the average take-up rate. In addition, a limited number of newly launched projects also pushed the take-up rate upward, whilst at the same time, developers focus on selling the remaining stock. The asking price still showed a positive trend, following the improvement in the sales rate, as well as the resumption of projects that remain under construction. Furthermore, the government continues to issue favourable policy initiatives and programmes in an attempt to brisk property market up, such as loan-to-value (LTV) relaxation, tax amnesty programme and lowering PPh final (income tax) on the transfer of lands and buildings. However, we believe it would take some time for this to happen and translated into a significant and sustainable increase in the apartment demand.

Forecast at a glance

**Supply**

The strata-title apartment stock increased by 3,317 units to a total of 171,014 units as of Q3 2016. In the remainder of 2016, we expect a total of 7,117 units to be handed over, which would bring the 2016 annual supply to 21,224 units lower than what was initially projected.

**Demand**

With the economic outlook likely to grow moderately this year, we expect the apartment market to remain steady in the coming quarter, although recent policies rolled out by the government have brightened the long-term outlook. Furthermore, we expect the average take-up rate to be at 86%-87% level at the end of 2016.

**Rent**

Asking rental rate of apartments for lease will remain stable throughout this year. Furthermore, most apartments, particularly serviced apartments, anticipate an increase in rent next year, in an adjustment to increase utility costs and inflation.

**Price**

Sluggish demand and head-to-head market competition left no room for prices to go up further. In 2016, developers chose to maintain their price to attract potential buyers. As such, we expect apartment price to grow slightly above inflation rate at 4% to 5% YoY for the entire 2016.

APARTMENT FOR STRATA-TITLE

Supply

The completion of six projects, contributing additional 3,317 units in Q3 2016, increased the total stock of strata-title apartments in Jakarta to 171,014 units, up by 2% QoQ or 12.2% YoY. All of the newly completed projects were extensions of existing projects. Of the abovementioned six projects, three are categorised as low segment projects, including The Green Pramuka

(Scarlet Tower), Sentra Timur Residence (Tosca Tower) and Teluk Intan (Sapphire Tower). Meanwhile, the Bassura City (Cattleya Tower) and Woodland Park (Mahogany Tower) projects are classified as middle-lower segment projects. La Venue (North Tower), located in Pasar Minggu, South Jakarta, was the only middle-upper apartment project to be completed this quarter. Overall, until Q3 2016, as many as 14,107 units or 53.1% of the total projected 26,583 units will be completed and handed over this year. In the remainder of 2016, we expect a total of 7,117 units to be handed over, which would bring the 2016 annual supply to 21,224 units lower than what was initially projected.

List of Completed Apartment Projects During Q3 2016

NAME OF DEVELOPMENT	LOCATION	REGION	DEVELOPER	UNITS
The Green Pramuka (Tower Scarlet)	Jl. Jenderal Ahmad Yani	Central Jakarta	PT Duta Paramindo	1,000
Bassura City (Tower Cattleya)	Jl. Basuki Rahmat	East Jakarta	Synthesis Development	600
Sentra Timur Residence (Tower Tosca)	Pulo Gebang	East Jakarta	J.O. Perumnas and Bakrie Land	146
La Venue (North Tower)	Jl. Pasar Minggu	South Jakarta	PT Bintang Rajawali (Sinar Mas Group)	253
Woodland Park (Mahogany Tower)	Jl. Pahlawan Kalibata	South Jakarta	PT. Pardika Wisthi Sarana	218
Teluk Intan Apartment (Sapphire Tower)	Jl. Teluk Gong	North Jakarta	PT Trika Bumi Pertiwi	1,100
Total				3,317

Source: Colliers International Indonesia - Research

As of Q3 2016, a total of 1,799 apartment units from three projects were introduced, revealing a decrease of 25% in term of the number of projects compared to the previous quarter. South and West Jakarta continue to contribute more apartment supply over the next three years.

South Jakarta will see middle-class projects from Permata Hijau Suites, consisting of 649 units from two towers, providing one-bedroom to three-bedroom types of unit, ranging from 40.9 sq m to 91.7 sq m in size. Although the site is not located in the main road and is relatively remote from Permata Hijau, the property is generating so much interest, most probably due to its price, location (within the South Jakarta area) and the fact that only a small number of units sit on this two-hectare land. In the pre-launching period, they claimed that 100 units had already been absorbed, most of the buyers of which are from their board of directors' families.

Foreign developers from Japan and Singapore have extensively invested in real estate projects in Jakarta. Nowadays, foreign developers from China are quite bold in expanding to the country. A Chinese developer is planning to construct the first mixed-use project development in West Jakarta, named Daan Mogot City, consisting of residential, retail and commercial developments. The residential development will be quite massive, consisting of 30 apartment towers. The first stage starts with eight towers. The construction of the first three towers will start in the second half of 2016, whilst the remaining five towers will start construction in the following year. A middle-lower class apartment will offer studio to two-bedroom units, ranging from 21.9 sq m to 45.0 sq m. It is expected to be completed in the next three years. From the CBD area, Ciputra introduced the extension of Ciputra World 2, named The Newton, which consists of studio units, two-bedroom apartment units and others. Approximately 53% of the units are 25-sq m studio-type units, and will likely be offered at IDR1 billion.

Newly Introduced Projects During Q3 2016

NAME OF DEVELOPMENT	LOCATION	REGION	EXPECTED COMPLETION TIME	ESTIMATED PRICE (IDR/SQ M)*	TOTAL UNITS
Permata Hijau Suites (2 towers)	Jl. Raya Kebayoran Lama No.55	South Jakarta	Q4 2019	IDR 21 million	649
Daan Mogot City Apartment (phase I) (3 towers)	Daan Mogot	West Jakarta	Q4 2019	IDR 15 - 18 million	700
The Newton at Ciputra World 2	Jl. Karet Sawah	CBD	2020	IDR 40 - 44 million	450

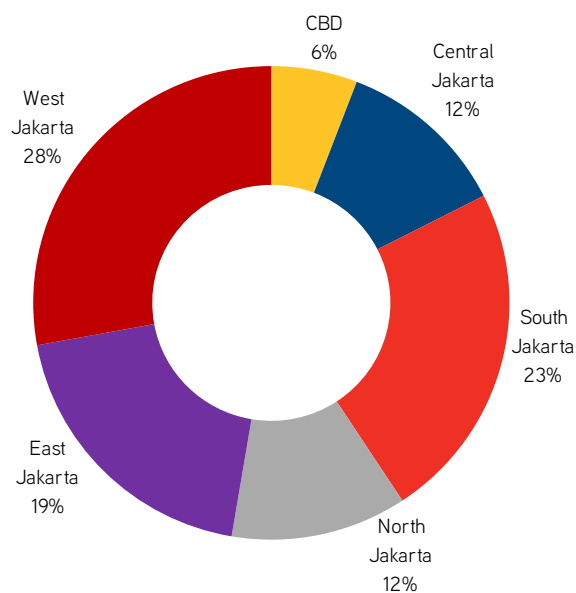
*) Price based on hard cash excludes VAT 10%

Source: Colliers International Indonesia - Research

Furthermore, with the addition of these three newly introduced projects, there are currently 77,128 units of future supply that are being offered to the market. West Jakarta and South Jakarta are still the most preferred areas to develop strata-title apartments, due to their interconnectedness to the Jakarta Outer Ring Road, which has increased accessibility to the area as well as the proximity to Soekarno-Hatta International Airport. On the other hand, South Jakarta is still attractive as apartment location due to its comprehensive facilities, good infrastructure and proximity to the business centre.

The recent Government Regulation Number 34, 2016 seeks to boost the property sector by lowering the final income tax (PPH final) on the transfer tax on lands/buildings from 5% to 2.5%, which officially became effective in September. Developers will pay lower taxes, providing them a better margin and thus making properties more attractive. However, although tax is reduced, apartment price does not automatically follow.

Under-Construction Apartment Based on Area



Source: Colliers International Indonesia - Research

New Pipeline					
APARTMENT NAME	LOCATION	REGION	DEVELOPER	#UNITS	STATUS
2016					
The Green Pramuka (Tower Orchid)	Jl. Jenderal Ahmad Yani	Central Jakarta	PT Duta Paramindo	1,000	Built
The Green Pramuka (Tower Penelope)	Jl. Jenderal Ahmad Yani	Central Jakarta	PT Duta Paramindo	1,000	Built
The Royal Springhill (Bouvardia Tower)	Jl. Spring Hill Residence Kemayoran	Central Jakarta	Springhill Golf Group	120	Built
The Royal Springhill (Bulgari Tower)	Jl. Spring Hill Residence Kemayoran	Central Jakarta	Springhill Golf Group	192	Built
Casablanca East Residence (Tower Dallas)	Jl. Pahlawan Revolusi	East Jakarta	Binakarya Properindo Group	408	Built
Casablanca East Residence (Tower Casablanca)	Jl. Pahlawan Revolusi	East Jakarta	Binakarya Properindo Group	719	Built
Bassura City (Tower Edelweiss)	Jl. Basuki Rahmat	East Jakarta	Synthesis Development	1,000	Built
Bassura City (Tower Dahlia)	Jl. Basuki Rahmat	East Jakarta	Synthesis Development	1,000	Built
Green Bay Pluit (Sea View)	Jl. Pluit Karang Ayu	North Jakarta	Agung Podomoro Group	2,072	Built
Kemang Village (The Bloomington)	Jl. P Antasari	South Jakarta	Lippo Karawaci	150	Built
Four Winds	Jl. Permata Hijau Raya No.1	South Jakarta	PT. Tri Tirta Permata	140	Built
Metro Park Residence	Kebon Jeruk	West Jakarta	Agung Podomoro Group	1,451	Built
Madison Park	Tanjung Duren	West Jakarta	Agung Podomoro Group	1,200	Built
19 Avenue Apartment 9 (Tower A)	Daan Mogot	West Jakarta	Margahayu Land	338	Built
The Green Pramuka (Tower Scarlet)	Jl. Jenderal Ahmad Yani	Central Jakarta	PT Duta Paramindo	1,000	Built
Bassura City (Tower Cattleya)	Jl. Basuki Rahmat	East Jakarta	Synthesis Development	600	Built
Sentra Timur Residence (Tower Tosca)	Pulo Gebang	East Jakarta	Bakriland Development	133	Built
Teluk Intan (Tower Sapphire)	Jl. Teluk Gong	North Jakarta	PT Trika Bumi Pertiwi	1,100	Built

continued

APARTMENT NAME	LOCATION	REGION	DEVELOPER	#UNITS	STATUS
<i>continuation</i>					
La Venue - North Tower	Jl. Pasar Minggu	South Jakarta	PT Bintang Rajawali (Sinar Mas Group)	253	Built
Woodland Park (Mahogany Tower)	Jl. Pahlawan Kalibata	South Jakarta	PT. Pardika Wisthi Sarana	218	Built
The Grove (Empyreal + Masterpiece)	Jl. HR Rasuna Said	CBD	Bakriland Development	438	Under-construction
The Residence (CWJ 2)	Jl. Prov Dr Satrio Kav 6, Kuningan	CBD	Ciputra	119	Under-construction
The Orchard Satrio (CWJ 2)	Jl. Prov Dr Satrio Kav 6, Kuningan	CBD	Ciputra	349	Under-construction
T - Plaza Residence (Tower A)	Jl. Penjernihan I Kav.1 Pejompongan	Central Jakarta	PT. Prima Kencana	321	Under-construction
Elpis Residence	Gunung Sahari	Central Jakarta	Sioeng Group	790	Under-construction
The H Residence Kemayoran (Amethyst)	Jl. Rajawali Selatan	Central Jakarta	Hutama Karya Realtindo	800	Under-construction
Bassura City (Tower Alamanda)	Jl. Basuki Rahmat	East Jakarta	Synthesis Development	600	Under-construction
East Park Apartment (Tower C)	Jl. KRT Radjiman	East Jakarta	PT. Cakra Sarana Persada	550	Under-construction
Pluit Seaview (Tower Belize)	Pluit	North Jakarta	Binakarya Proper-tindo Group	557	Under-construction
Senopati Suites 2	Jl. Senopati	South Jakarta	Mahkota Asia Graha	81	Under-construction
LA City Apartment (Tower A)	Jl. Raya Lenteng Agung, Jagakarsa	South Jakarta	Pancanaka Samaktha	980	Under-construction
Nine Residence	Warung Buncit	South Jakarta	Lippo Karawaci	246	Under-construction
Senopati Suites 3	Jl. Senopati	South Jakarta	Mahkota Asia Graha	54	Under-construction
1 Park Avenue (3 Towers)	Jl. KHM Syafi'i Hadzami (terusan gandaria)	South Jakarta	Intiland	279	Under-construction
Izzara Apartment (South and North Tower)	TB. Simatupang	South Jakarta	Grage Group	542	Under-construction
Apartment Pejaten Park Residence	Jl. Warung Buncit Raya No.21	South Jakarta	Bahama Group	560	Under-construction
Kebayoran Icon	Jl. Ciledug Raya	South Jakarta	Tamara Land	256	Under-construction
One Casablanca Residence	Jl. Pal Batu	South Jakarta	Forza Land	215	Under-construction
St Moritz (The New Ambassador Suite Tower)	Jl. Puri Indah Kembangan	West Jakarta	Lippo Karawaci	200	Under-construction
St. Moritz (New Presidential Tower)	Jl. Puri Indah	West Jakarta	Lippo Karawaci	159	Under-construction
The Nest Apartment	Jl. Raden Saleh Raya, Meruya Utara	West Jakarta	PT. Karya Cipta Sukses Selaras	1,100	Under-construction
Green Park View (Tower Gardenia)	Jl. Daan Mogot	West Jakarta	PT. Inten Cipta Sejati, Cempaka Group	1,200	Under-construction
Belmont Residence (TowerAthena)	Jl. Meruya Ilir	West Jakarta	Gapura Prima	193	Under-construction
Puri Mansion Apartment (Tower Amethyst)	Jl. Lingkar Luar Barat, Puri Kembangan	West Jakarta	Agung Sedayu Group	900	Under-construction
Paradise Mansion (2 tower)	Jl. Paradise Boulevard Selatan	West Jakarta	Palm Group	1,000	Under-construction
2017					
Sudirman Suites	Jl. Sudirman	CBD	Pikko Group	380	Under-construction
Domaine	Jl. Jend. Sudirman Kav 1	CBD	Lyman Group	186	Under-construction
Verde Two (Tower East)	Jl. Rasuna Said	CBD	Farpoint Realty	182	Under-construction
Anandamaya Residences (3 towers)	Jl. Jend Sudirman	CBD	Hongkong Land	500	Under-construction
Menteng Park	Jl. Cikini Raya No.79	Central Jakarta	Agung Sedayu Group	756	Under-construction
Holland Village	Cempaka Putih	Central Jakarta	Lippo Karawaci	400	Under-construction
Royal Suites	Kemayoran	Central Jakarta	Springhill Golf Group	450	Under-construction
<i>continued</i>					

APARTMENT NAME	LOCATION	REGION	DEVELOPER	#UNITS	STATUS
<i>continuation</i>					
The Green Pramuka (Tower Nerine)	Jl. Jenderal Ahmad Yani	Central Jakarta	PT Duta Paramindo	1,000	Under-construction
Green Signature Apartment	Jl. MT. Haryono	East Jakarta	KSO Fortuna Indonesia (Pikko)	800	Under-construction
Podomoro Park	Jl. I Gusti Ngurah Rai, Klender	East Jakarta	Agung Podomoro Group	3,000	Under-construction
Sentra Timur Residence (Tower Brown)	Pulo Gebang	East Jakarta	Bakriland Development	605	Under-construction
Bassura City (Tower Jasmine) 2 tower	Jl. Basuki Rahmat	East Jakarta	Synthesis Development	2,000	Under-construction
Bassura City (Tower Heliconia)	Jl. Basuki Rahmat	East Jakarta	Synthesis Development	700	Under-construction
Pluit Seaview (Tower Ibiza)	Pluit	North Jakarta	Binakarya Properindo Group	500	Under-construction
Pluit Seaview (Tower Bahama)	Pluit	North Jakarta	Binakarya Properindo Group	650	Under-construction
Regatta London Tower	Jl. Pantai Mutiara	North Jakarta	Intiland	186	Under-construction
Pakubuwono Terrace Grand Tower	Kebayoran Lama	South Jakarta	PT. Selaras Mitra Sejati	435	Under-construction
District 8 (Tower Eternity)	Jl. Senopati	South Jakarta	Agung Sedayu	400	Under-construction
District 8 (Tower Infinity)	Jl. Senopati	South Jakarta	Agung Sedayu	280	Under-construction
Lexington Residence	Pondok Pinang	South Jakarta	Cowwel Development	275	Under-construction
The Aspen Peak at Admiralty (Tower C)	Jl. Fatmawati	South Jakarta	PT. Harmas Jalasveva	322	Under-construction
Sapphire Residence	Lebak Bulus	South Jakarta	PT. Bangun Lintas Shafira	37	Under-construction
La Terrasse	Jl. Deplu Raya No.12	South Jakarta	Cowell Development	111	Under-construction
The Foresque	Pasar Minggu, Ragunan	South Jakarta	PT Griya Karunia Sejahtera (Binakarya Propertindo Group)	660	Under-construction
The Langham Residences	Senopati	South Jakarta	Agung Sedayu Group	57	Under-construction
Antasari Heights (One Otium Residence)	Jl. Pangeran Antasari No.8	South Jakarta	PT Radinka Quatro Land	360	Under-construction
The Batik @ Pejaten	Jl. Siaga Raya	South Jakarta	Alam Kencana	137	Under-construction
La Foret Vivante	Jl. Limo, Permata Hijau	South Jakarta	PT. Mahkota Properti Indo Permata	253	Under-construction
Selatan 8 (Tower Sultan)	Kebayoran Lama	South Jakarta	Karya Cipta Group	336	Under-construction
The Hamilton	Jl. KHM Syafi'i Hadzami	South Jakarta	Intiland	112	Under-construction
Puri Mansion Apartment (Tower Amethyst)	Jl. Lingkar Luar Barat, Puri Kembangan	West Jakarta	Agung Sedayu Group	900	Under-construction
Puri Orchard (3 Tower)	Jl Raya Adicipta	West Jakarta	PT Adicipta Graha Kencana (Serenity Group)	3,000	Under-construction
Maqna Residence	Jl. Meruya Ilir No. 88	West Jakarta	PT. Graha Meruya	312	Under-construction
Veranda	Jl. Pesanggrahan Raya, Kembangan	West Jakarta	PT. Mutirara Puri Indah	174	Under-construction
Vittoria Residence (3 tower)	Jl. Daan Mogot	West Jakarta	PT. Duta Indah Kencana	1,100	Under-construction
Wang Residence	Jl. Panjang No 18	West Jakarta	PT. Citicon Properindo	250	Under-construction
Taman Anggrek Residence (6 towers)	Tanjung Duren	West Jakarta	Agung Sedayu	3,000	Under-construction
19 Avenue Apartment (Tower B)	Daan Mogot	West Jakarta	Margahayu Land	416	Under-construction
Sycamore Suite	Puri Botanical, Joglo	West Jakarta	Jakarta Setiabudi International	125	Under-planning
<i>continued</i>					

APARTMENT NAME	LOCATION	REGION	DEVELOPER	#UNITS	STATUS
<i>continuation</i>					
2018					
Gayanti City (2 Towers)	Jl. Gatot Subroto	CBD	PT Buana Pasifik International	318	Under-construction
Verde Two (Tower West)	Jl. Rasuna Said	CBD	Farpoint Realty	152	Under-construction
Lavie	Jl. Denpasar Raya	CBD	Wilsor Group	302	Under-construction
South Hill	Jl. Denpasar Raya	CBD	Tan Kian	611	Under-construction
Le' Parc	Jl. Thamrin	CBD	PT. Putragaya Wahana	100	Under-construction
Regent Residences (tower 1)	Semanggi	CBD	PT. Kencana Graha Global	100	Under-construction
The Hundred Residence	Mega Kuningan	CBD	PT. Farpoint Realty Indoneasia	100	Under-construction
The Elements Epicentrum (2 Towers)	Rasuna Said	CBD	Sinar Mas Land	372	Under-construction
Capitol Suites	Jl. Prapatan Raya	Central Jakarta	The Capitol Group	327	Under-construction
Holland Village (Phase II)	Cempaka Putih	Central Jakarta	Lippo Karawaci	230	Under-construction
Signature Park Grande	Jl. MT. Haryono	East Jakarta	KSO Fortuna Indonesia (Pikko)	1,100	Under-construction
Sahid Garden Residence	Ciracas	East Jakarta	Sahid Group	476	Under-planning
Gold Coast Apartment (Atlantic Tower)	Pantai Indah Kapuk	North Jakarta	Agung Sedayu	568	Under-construction
Regatta Apartment (Tower New York)	Pantai Mutiara	North Jakarta	Intiland	186	Under-construction
Sedayu City (Tower Melbourne)	Jl. Pegangsaan Dua Raya	North Jakarta	Agung Sedayu	912	Under-planning
Sedayu City (Tower Darwin)	Jl. Pegangsaan Dua Raya	North Jakarta	Agung Sedayu	936	Under-planning
The Kensington Royal Suites (4 Tower)	Kelapa Gading	North Jakarta	Summarecon	790	Under-construction
Gold Coast Apartment (Bahama Tower)	Pantai Indah Kapuk	North Jakarta	Agung Sedayu	600	Under-construction
Gold Coast Apartment (Caribbean Tower)	Pantai Indah Kapuk	North Jakarta	Agung Sedayu	600	Under-construction
Gold Coast Apartment (Honolulu Tower)	Pantai Indah Kapuk	North Jakarta	Agung Sedayu	600	Under-construction
Grand Marina Ancol	Ancol	North Jakarta	PT. Bangun Setia Cipta (Jaya Ancol)	672	Under-planning
Bellevue Place	MT Haryono, Tebet	South Jakarta	Gapura Prima	240	Under-construction
The Aspen Peak at Admiralty (Tower D)	Jl. Fatmawati	South Jakarta	PT. Harmas Jalasveva	322	Under-construction
Casa Grande Residence 2 (Tower Angelo)	Jl. Casablanca	South Jakarta	Pakuwon Group	350	Under-construction
Casa Grande Residence 2 (Tower Bella)	Jl. Casablanca	South Jakarta	Pakuwon Group	350	Under-construction
Casa Grande Residence 2 (Tower Chianti)	Jl. Casablanca	South Jakarta	Pakuwon Group	350	Under-construction
Pondok Indah Residences (3 Towers)	Pondok Indah	South Jakarta	Metro Pondok Indah	880	Under-construction
Selatan 8 (Tower Prabu)	Jl. Raya Ulujami	South Jakarta	Karya Cipta Group	344	Under-construction
45 Antasari (2 Tower)	Antasari	South Jakarta	Cowell Development	1,924	Under-construction
Arzuria Apartment	Jl. Tendean	South Jakarta	Tolaram Group	210	Under-construction
Pakubuwono Spring (2 towers)	Jl. Teuku Nyak Arief No.9	South Jakarta	PT. Simprug Mahkota Indah (Agung Podomoro Group)	545	Under-construction
Branz Simatupang (2 tower)	TB. Simatupang	South Jakarta	Tokyuland	381	Under-construction
Synthesis Residence Kemang (3 towers)	Jl. Ampera Raya No.17	South Jakarta	PT. Synthesis Development	1,100	Under-construction
The Ease Brawijaya	Jl. Taman Brawijaya III Kebayoran Baru	South Jakarta	PT. Bhakti Usaha Dinamika	54	Under-planning
Gianetti Apartment	Jl. Kebon Jeruk Raya, Kemang-gisan	West Jakarta	Bangun Investa Graha	500	Under-construction
Gallery West	Jl. Panjang No 5	West Jakarta	AKR	280	Under-construction
Ciputra International Puri Indah (Tower Amsterdam)	Jl. Lingkar Luar Barat	West Jakarta	Ciputra	412	Under-construction
<i>continued</i>					

APARTMENT NAME	LOCATION	REGION	DEVELOPER	#UNITS	STATUS
<i>continuation</i>					
Grand Madison Park	Tanjung Duren	West Jakarta	Agung Podomoro Group	300	Under-construction
Citra Lake Suites (Tower Rosewood)	Jl. Raya Kresek	West Jakarta	Ciputra Group	104	Under-construction
Citra Lake Suites (Tower Greenwood)	Jl. Raya Kresek	West Jakarta	Ciputra Group	126	Under-construction
Citra Lake Suites (Tower Oakwood)	Jl. Raya Kresek	West Jakarta	Ciputra Group	117	Under-construction
Citra Lake Suites (Tower Sherwood)	Jl. Raya Kresek	West Jakarta	Ciputra Group	122	Under-construction
Aerium Taman Permata Buana (2 towers)	Taman Permata Buana	West Jakarta	Sinar Mas Land and Itochu	491	Under-planning
Ciputra International Puri Indah (Tower Barcelona)	Jl. Lingkar Luar Barat	West Jakarta	Ciputra	335	Under-construction
Puri Mansion Apartment (Tower Crystal)	Jl. Lingkar Luar Barat, Puri Kembangan	West Jakarta	Agung Sedayu Group	700	Under-construction
West Vista (2 towers)	Jl. Lingkar Luar Barat No.8, Duri Kosambi	West Jakarta	PT. Harapan Global Niaga	2,840	Under-construction
Citra Living Apartment (Somerset Tower)	Jl. Citra 7, Kalideres	West Jakarta	Citra Mitra Graha KSO	312	Under-construction
Citra Living Apartment (Orchad Tower)	Jl. Citra 7, Kalideres	West Jakarta	Citra Mitra Graha KSO	312	Under-construction
Citra Living Apartment (Newton Tower)	Jl. Citra 7, Kalideres	West Jakarta	Citra Mitra Graha KSO	312	Under-construction
2019					
The Suite (W Hotel Tower)	Jl. Prof. Dr. Satrio	CBD	Ciputra	200	Under-planning
The Residences at The St. Regis Jakarta	Jl. H.R Rasuna Said	CBD	Rajawali Property Group	164	Under-construction
Arandra Residence (was Sentosa Residence)	Jl. Cempaka Putih Raya No.1	Central Jakarta	Gamaland	687	Under-construction
Menara Jakarta (Tower Equinox)	Kemayoran	Central Jakarta	Agung Sedayu	396	Under-construction
Menara Jakarta (Tower Azure)	Kemayoran	Central Jakarta	Agung Sedayu	860	Under-construction
The Linq Kemayoran (2 towers)	Kemayoran	Central Jakarta	KG Global	1,020	Under-planning
Menteng 37	Jl. Menteng 37	Central Jakarta	Pikko Group & Wijaya Wisesa (JV)	99	Under-planning
The H Residence Kemayoran (Lotus)	Jl. Rajawali Selatan	Central Jakarta	PT Hutama Karya Realtindo	252	Under-planning
Jaya Ancol Seafront - Oceana Tower	Pademangan, Ancol	North Jakarta	Jaya Ancol	524	Under-construction
Orient Residence	Jl. Yos Sudarso, No 76	North Jakarta	PT Tri Raton Mega	225	Under-planning
Fatmawati City Center - Corona Park Suite Tower	Fatmawati	South Jakarta	Agung Sedayu	620	Under-planning
Royal Park at Kebayoran (Arlington Tower)	Jl. Cileduk Raya 18, Cipulir	South Jakarta	PT. Trixindo Selaras	630	Under-planning
Ratu Prabu 3 Residences	TB. Simatupang	South Jakarta	PT Ratu Prabu Tiga	61	Under-construction
Samara Suites (was The Residence Gatot Subroto)	Jl. Gatot Subroto	South Jakarta	Synthesis Development	300	Under-planning
Lavish Kemang Residence	Jl. Kemang Raya No.3, Bangka	South Jakarta	PT Kemang Karya Utama	474	Under-planning
Green Sedayu Apartment (Tower Pasadena)	Jl. Kamal Raya, Cengkareng	West Jakarta	Agung Sedayu	644	Under-planning
Permata Hijau Suites (2 towers)	Jl. Raya Kebayoran Lama No.55	South Jakarta	PT Palmerindo Properti	649	Under-planning
Daan Mogot City Apartment (phase I) (3 towers)	Daan Mogot	West Jakarta	PT China Harbour Jakarta Real Estate Development	700	Under-planning

Source: Colliers International Indonesia - Research

Demand

Indonesia's GDP grew at 5.18% YoY in Q2 2016, above the market expectation of 5% and the actual 4.91% GDP in Q1 2016. This positive economic outlook resulted to a modest increase in the average take-up rate of apartments in Jakarta. With limited amount in the newly launched projects, developers will focus more on selling the remaining stocks of projects under construction. As a result, sales activities within the reviewed period mainly occurred in these projects, which in turn increased the average take-up rate very modestly to 86.9% from 86.7% in the previous period.

Take-up Comparison between Existing and Under-Construction Projects					
	Q3 2015	Q2 2016	Q3 2016	QoQ	YoY
Existing Projects	96.0%	96.2%	96.3%	0.1%	0.3%
Under-Construction projects	68.4%	68.1%	68.5%	0.4%	0.1%
Average (all projects)	85.7%	86.7%	86.9%	0.2%	1.2%

Source: Colliers International Indonesia - Research

Several marketing appetisers continued to be offered and remained the same as in the previous period. These include a flexible payment term, discounts, direct prizes and longer instalment terms without interest (provided by developers). The take-up rate performance did not change, as the CBD continues to gain the highest figure of 94.4%. A moderate decline trend occurred because some projects that have been previously introduced are now available in the market, but performing below the average rate. Meanwhile, South Jakarta and other non-prime areas recorded an upward trend, both quarterly and yearly, driven by a continued absorption in particular projects that are still under construction. Amid the current sluggish market, it is crucial for developers to commit to a timely handover.

Take-up Rate Changes in Different Locations in Jakarta					
	Q3 2015	Q2 2016	Q3 2016	QoQ	YoY
CBD	96.8%	94.5%	94.4%	-0.1%	-2.4%
South Jakarta	86.1%	85.9%	86.1%	0.2%	0.0%
Non-Prime area	83.9%	85.9%	86.1%	0.2%	2.2%

Source: Colliers International Indonesia - Research

After all, despite the favourable policies rolled out by the government, the city's residential sales activity has not shown any significant impact. The Central Bank has issued several policies in an attempt to jack up credit demands that include cutting the interest rate three times since early 2016 and replacing the benchmark interest rate. Currently, the new benchmark follows the seven-day reverse repurchase (repo) rate at 5% and no longer uses the 12-month BI rate, which is standing at 6.50%. The adoption of the new rate was meant to improve the transmission mechanism of policy rate cuts to actually impact lending rates, which in turn stimulate the local economy.

On the other hand, approaching the end of September, undergoing the tax amnesty programme has allowed the collection of redemption payments amounting to IDR79.4 trillion, almost half of the target amount. At the same time, IDR3.18 quadrillion worth of assets had been declared (almost 80% of the target). The repatriated funds would be required to be invested in government bonds for a three-year period. The Ministry of Finance released a regulation (Finance Minister Regulation [PMK] No. 122 Year 2016) stating that repatriated funds may be invested in realty-related sectors, such as real estate (land and building). In view of this, the apartment market, especially the middle-upper to upper class projects might benefit from the regulation, as these are likely to be the preferred property type for investment. We expect to see an increasing interest in the middle to upper class projects, as a result of the programme. Some developers plan to release several apartment projects starting next quarter, such as Intiland in Kebon Melati, Senopati 2 by Senopati Aryani Prima and Southgate by Sinar Mas Land in Tanjung Barat, South Jakarta.

Middle to lower segment apartment projects may take advantage of the new LTV regulation. Bank Indonesia issued the new regulation, No.18/16/PBI/2016, replacing the previous regulation, No.17/10/PBI/2015, which would improve the capability of first home buyers to purchase a property as the down payment at a lower rate, from 20% to 15%.

Comparison of Central Bank Regulation on LTV (2015 vs 2016)						
TYPE OF PROPERTY	PREVIOUS*			REVISED**		
	1ST PURCHASE	2ND PURCHASE	3RD PURCHASE	1ST PURCHASE	2ND PURCHASE	3RD PURCHASE
Apartment > 70 sq m	80%	70%	60%	85%	80%	75%
Landed House > 70 sq m	80%	70%	60%	85%	80%	75%
Apartment 22 - 70 sq m	90%	80%	70%	90%	85%	80%
Landed House 22 - 70 sq m	-	80%	70%	-	85%	80%
Apartment < 21 sq m	-	80%	70%	-	85%	80%
Landed House < 21 sq m	-	-	-	-	-	-

Notes: *) No.17/10/PBI/2015; **) No.18/16/PBI/2016
Source: Bank Indonesia

All in all, the abovementioned policy initiatives and programmes should provide a bright long-term outlook for the apartment market. A relaxed LTV, lower mortgage rates and a tax amnesty programme to take effect at the end of 2016 to 2017 will significantly impact the property market. At the very least, we believe any reforms would take some time to be implemented and translated into a significant and sustainable increase in the apartment demand.

Asking Price

In Jakarta, a little improvement in the take-up rate was considered to be a driving factor for the increase in apartment prices during the reviewed period. In addition, several projects that showed commitment in the construction progress confidently increased their asking price. Overall, the asking apartment price in Jakarta moved gently by 0.8% QoQ and 4.6% YoY to IDR31.25 million/sqm. The CBD area and South Jakarta posted a similar increment level of 1.5% and 1.4%, respectively. With the relatively lack of new supply pipeline, the price of apartment in the CBD should go up further. Compared to the other areas in Jakarta, the CBD's expensive land price is the most significant factor to the overall apartment price rate. Apartments in this location are particularly targeted to a limited market, like high-net-worth-individuals (HNWI). South Jakarta has a wide range of target markets, from middle-lower to luxury class apartments. Some parts of the area are considered as premium locations, whilst some parts are not. South Jakarta has always been attractive as a residential location, due to the city's infrastructure and

supporting facilities (hospital, international school, international stores and associations), which make the area favourable for both investors and end users. As such, in the last three years, South Jakarta always showed the highest YoY increment amongst other areas. Meanwhile, other non-prime areas experienced the slowest price increment, by less than 1% QoQ and 4.6% YoY, due to the current sluggish market, coupled with the pressure in the supply side that eventually affects the overall price.

Apartment Price Changes in Jakarta Based on Area (in IDR/sq m)					
	Q3 2015	Q2 2016	Q3 2016	QoQ	YoY
CBD	46,322,208	48,246,435	48,949,148	1.5%	5.7%
South Jakarta	34,699,316	36,421,523	36,923,783	1.4%	6.4%
Non-prime Areas	22,429,188	23,300,386	23,454,168	0.7%	4.6%
Average	29,877,691	31,008,439	31,252,369	0.8%	4.6%

Source: Colliers International Indonesia - Research

APARTMENT FOR LEASE

Supply

For the last two consecutive quarters, Jakarta has not seen any new serviced and non-serviced apartment projects. Thus, as of the end of September 2016, the cumulative supply of apartments for lease stood at 8,780 units, consisting of 59% serviced apartment and 41% non-serviced apartment. For several years, the CBD and South Jakarta are irreplaceable as homes for expatriate communities due to their proximity to business districts and international schools.

Furthermore, there are no new projects either for serviced or non-serviced apartment in Jakarta during the reviewed period. Having said that, the apartment-for-lease market is expecting to receive a total of more than 890 units from six projects until 2019. Global brands, such as Oakwood, The Ascott Limited and Frasers Hospitality, will operate most of those projects. Fraser Residence Serenia Hills and Fraser Suites Kebon Melati projects, both to be developed by Intiland, are still in the planning stage.

Apartment for Lease Projects Pipeline				
NAME OF DEVELOPMENT	BEGINNING YEAR OF OPERATION	LOCATION	AREA	#UNIT
Fraser Suites at Ciputra World 2	2017	Jl. Prof. Dr. Satrio	CBD	200
Oakwood Premiere Jakarta at District 8 Senopati	2017	Senopati	South Jakarta	378
Ascott Menteng Jakarta	2019	Menteng	Central Jakarta	150
Fraser Residence Serenia Hills	2019	Cilandak, Lebak Bulus	South Jakarta	TBA
Fraser Suites Kebon Melati	2019	Kebon Melati, Tanah Abang	South Jakarta	TBA
Serviced Apartment at Lavish Kemang Residence	2020	Jl. Kemang Raya No.78 A	South Jakarta	162

Source: Colliers International Indonesia - Research

Occupancy

The average occupancy rate of apartment for lease in Jakarta during Q3 2016 rose slightly from 71.5% to 73.0%, mainly generated by new contracts of short-term lease in serviced apartments. Demand from short-term tenants generally were for business or leisure purposes, with rental period from daily to three months rents. Such transactions helped increase the occupancy for serviced apartment from 62.8% to 68.0% this quarter. Corporate clients may come from telecommunication sector, embassy staffs, non-government organization (NGOs) and expatriates who work on project-basis such as infrastructure works. Such clients generate demand for apartment and push the increase in occupancy during this period. Further, some serviced apartments, particularly which are located in the CBD, reported that they started to see growing number of inquiries from Chinese expatriates.

In contrast with serviced apartment, occupancy of non-serviced apartment fell slightly by 0.5% to 75.7% in the reviewed quarter. Besides of the most reported reason of some existing lease contracts expiration, some apartments reported that most of new tenants are currently expatriates without family who do not require such big unit like 3-BR of which most of old non-serviced apartments offer. This has resulted in some tenants turning to strata-title leases (individually owned apartment).

Average Occupancy Rates in Different Regions					
	Q3 2015	Q2 2016	Q3 2016	QoQ	YoY
CBD	79.5%	76.1%	77.6%	1.5%	-2.0%
South Jakarta	73.1%	70.4%	72.8%	2.4%	-0.3%
Non-Prime area	70.0%	68.0%	69.0%	0.9%	-1.1%

Source: Colliers International Indonesia - Research

Average Occupancy Rates at Different Type of Apartments					
	Q3 2015	Q2 2016	Q3 2016	QoQ	YoY
Leased	77.7%	76.2%	75.7%	-0.5%	-2.0%
Serviced	67.1%	62.8%	68.0%	5.2%	0.9%

Source: Colliers International Indonesia - Research

We anticipate the number of long-stay tenants in apartment for lease will gradually decrease. The tight competition with newly operating and individually owned apartments will hamper the increase of the overall occupancy rates of apartment for lease. The individually owned apartment units are the most viable option for employees who have limited housing allowance because the individually owned apartments offer a more flexible payment and affordable rates amid the gloomy condition particularly due to cost cutting measures implemented by a number of multi-national companies.

Rental Rate

The rupiah strengthening against the US dollar created an illusion of a lower rental rate during the reviewed quarter. Also, a few non-serviced apartments in South Jakarta have lowered their rental rates by 17% in order to attract potential tenants. This has resulted to a modest decline in the average rental rate. Furthermore, as of Q3 2016 the average rental apartment-for-lease rates in the CBD was recorded at IDR371,322/sq m/month, whilst in South Jakarta, including non-prime areas, it was recorded at IDR223,747/sq m/month.

Average Rental Rates of Apartment for Lease in Different Locations (in IDR/sq m/month)			
	Q2 2016	Q3 2016	QoQ
CBD	374,061	371,321	-0.7%
South Jakarta (including non-prime areas)	224,178	221,950	-1.0%

Source: Colliers International Indonesia - Research

Amidst tight competition from the new and individually owned apartment units as well as limited number of expatriate arrivals, the growth in the rental rate is expected to be moderate compared to the previous years. Quarterly rental growth was relatively stable, as apartments for lease increased their rental rates on a yearly basis. Typically, the increment of rental rates for serviced apartments are higher and more periodic compared to non-serviced apartments, with 5% to 8% increment per annum, even amid the current sluggish market. Meanwhile, non-serviced apartments generally review new rental rates in a two or three-year period with lower percentage.

Concluding Thought

Overall, the economy will likely to grow moderately this year. Bank Indonesia expects weaker government spending in the second semester of 2016, which will further put downward pressure on the outlook as they lowered the growth forecast to 4.9%-5.3%, slightly down from the previous projection of 5.0%-5.4% YoY. Therefore, we expect the market to remain quiet in the coming quarter. However, recent policy initiatives including interest rate cuts, economic stimulus packages and loosened LTV ratio will brighten the long-term outlook. Furthermore, if the ban on indent mortgage over unfurnished properties remains in place, although the down payment requirement has been relaxed, this is likely to continue to keep the lid on demand.

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