

# JAKARTA | APARTMENT

## Apartment Sector

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The demand for apartments has yet to rebound in the first quarter of 2017. During the reviewed quarter, average take-up rate in the CBD area showed a modest increase from the previous quarter. We think there remains ample liquidity in the market to drive enough sales to meet the supply, particularly for middle to upper segment projects. Moreover, we think that consumer purchasing power should continue to improve gradually, as supported by the overall economic improvement, and thus translated into a more aggressive spending outlook post tax-amnesty programme. Thus, we expect H2 2017 to become a turning point in the apartment market, as we think buyers should be less concerned with tax scrutiny, and would again opt to purchase apartments as a form of investment.

## Forecast at a glance



### Supply

The Jakarta apartment market has not shown any discernible trend this time; the prevailing overall theme is gradual recovery. After the tax amnesty period, we think consumers will be more confident in spending their money, as they have less concern with their expenses. This is also in line with developers' expectation, as reflected by their confidence in setting a higher marketing sales target in 2017 at 15-50% YoY growth from 2016.



### Demand

Jakarta apartment market have not shown discernible trend this time and the overall theme remains gradual recovery. After tax amnesty period, we think that consumers will have more confident in spending their money as they have less concern on their expenses. This is also in-line with developers' expectation as reflected by their confidence attitude by setting higher 2017's marketing sales target at 15-50% YoY growth from 2016.



### Rent

Accepting market conditions, landlords were more realistic, as they deployed flexible rental strategies in the upcoming quarters. Furthermore, with the additional future supply and weakening demand, we expect rents to come under more pressure as availability arises.



### Price

The average asking price of apartments in Jakarta rose by 1.4% to IDR32.1 million/sq m, slightly higher than in the previous quarter of 1.3%. We expect apartment price in the near term rather than in the longer term, given the government's supportive stance will take into effect in the second half of 2017.

# APARTMENT FOR STRATA-TITLE

## Supply

By the end of the first quarter of 2017, the total cumulative supply of strata-title apartments in Jakarta grew at a moderate pace. The Jakarta apartment market saw 2,790 new units from the handover of three newly completed projects: The Green Pramuka (Nerine Tower), Elpis Residence and Paradise Mansion, which are middle to lower market segmented

projects scattered in non-prime areas, including Central and West Jakarta. The Nerine Tower was the eighth tower handed over from The Green Pramuka City's mixed-use development (apartment and mall) project, whilst Elpis Residence and Paradise Mansion were brand new projects that are exclusively for residential purposes. Including the newly completed projects, the total number of existing strata-title apartments in Jakarta has reached 178,968 units, which is an increase of 1.6% compared to the previous quarter and 9.9% YoY. Furthermore, regarding location, West Jakarta dominates the total existing supply by 22.15%, followed by North Jakarta and South Jakarta, at 21.18 and 18.9%, respectively.

### Completed Apartment Projects During Q1 2017

| NAME OF DEVELOPMENT              | LOCATION                       | REGION          | DEVELOPER         | UNITS |
|----------------------------------|--------------------------------|-----------------|-------------------|-------|
| The Green Pramuka (Tower Nerine) | Jl. Jenderal Ahmad Yani        | Central Jakarta | PT Duta Paramindo | 1,000 |
| Elpis Residence                  | Gunung Sahari                  | Central Jakarta | SIOENG Group      | 790   |
| Paradise Mansion                 | Jl. Paradise Boulevard Selatan | West Jakarta    | Palm Group        | 1,000 |
|                                  |                                |                 |                   | 2,900 |

Source: Colliers International Indonesia - Research

Kicking-off this year, there are 5,616 units from five new projects scattered in Central, South and East Jakarta. Two projects in Central Jakarta are targeting different market segments. The middle to lower segmented project, Magnolia Tower of Green Pramuka City, offers 1,000 units in studio to two-bedroom configurations, whilst The Pakubuwo Development will build another luxury apartment project in Jalan Sabang, Menteng, consisting of 340 units. On the other hand, South Jakarta saw three new middle to upper segmented projects during the reviewed quarter, namely TBS Tower Apartment, Southgate Residence and Kemang Penthouse. TBS Tower Apartment and South Gate Residence are located on Jalan TB Simatupang, whilst Kemang

Penthouse is in Kemang, an area that is renowned for its expatriate communities. Amongst the districts in South Jakarta, TB Simatupang remains to be the spotlight, due to its growing number of office developments, which drive the growth for apartment developments in the surrounding area. Meanwhile, East Jakarta will continue to receive massive units from middle to lower segmented projects, namely Jakarta Living Star, developed by PT Sindeli Properti Abadi, a subsidiary of Wuzhou Investment Group of China. Located in the Cibubur area (southern part of East Jakarta), Jakarta Living Star will consist of six apartment towers, featuring a hotel and mall that will be built in stages,

### List of Newly Introduced/Launched Projects in Q1 2017

| NAME OF DEVELOPMENT                | LOCATION                                  | REGION          | EXPECTED COMPLETION TIME | ESTIMATED PRICE (IN IDR/SQ M)* | TOTAL UNITS |
|------------------------------------|---|-----------------|--------------------------|--------------------------------|-------------|
| The Green Pramuka (Tower Magnolia) | Jl. Jenderal Ahmad Yani                   | Central Jakarta | 2018                     | 17,000,000                     | 1,000       |
| The Pakubuwo Development           | Menteng                                   | Central Jakarta | 2021                     | 56,500,000                     | 340         |
| TBS Tower Apartment                | Jl. TB. Simatupang                        | South Jakarta   | 2019                     | 32,000,000                     | 162         |
| Southgate Residence                | Jl. Tanjung Barat Raya No. 163, Jagakarsa | South Jakarta   | 2020                     | 26,500,000                     | 300         |
| Kemang Penthouse                   | Jl. Pangeran Antasari No.5                | South Jakarta   | 2020                     | 40,000,000                     | 114         |
| Jakarta Living Star (6 towers)     | Jl. Raya Lapangan Tembak, Cibubur         | East Jakarta    | 2021                     | 11,000,000                     | 3,700       |

\*) Price excludes VAT 10%

Source: Colliers International Indonesia - Research

Overall, quite a few developers began the first quarter of the year with optimism, as reflected by more projects being introduced/launched compared to the previous year. The fact that Jakarta is the most populated province with limited vacant lands provides an opportunity for developers and investors to offer new high-rise residential projects. This will

induce new players (developers) to develop new assets (lands) either with JV or in collaboration with local or overseas developers. Moreover, Asian investors, particularly Chinese groups of companies, have already begun to focus more heavily on the development side of Jakarta's residential market.

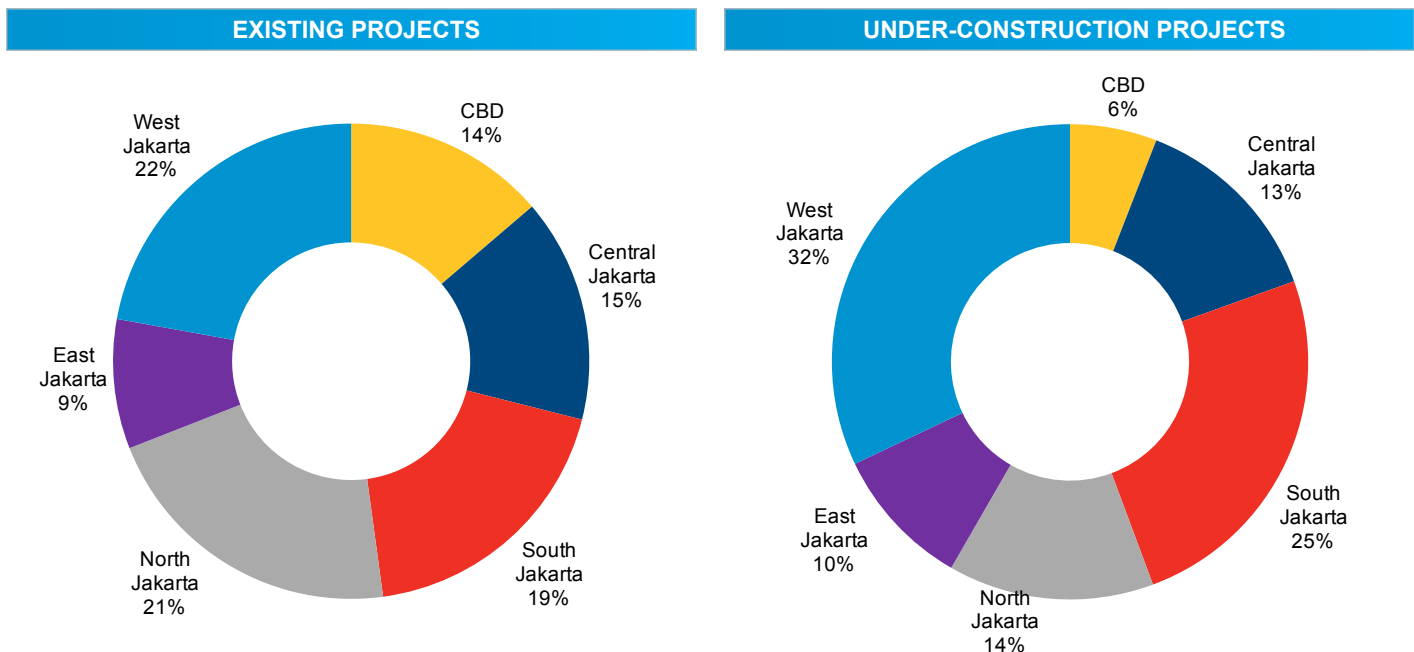
| Foreign Asian Developers with Apartment Projects in Jakarta Over the Last Three Years |               |               |                   |   |           |                           |
|---|---------------|---------------|-------------------|---|-----------|---------------------------|
| NAME OF PROJECT   | LOCATION      | REGION        | DATE OF LAUNCHING | FOREIGN DEVELOPER                       | ORIGIN    | ASP IN IDR /UNIT          |
| Citra Lake Suites   | Kalideres     | West Jakarta  | 2014              | Mitsui Fudosan                          | Japan     | 1.3 - 2.3 billion         |
| Branz Simatupang  | TB Simatupang | South Jakarta | 2015              | Tokyu Land                              | Japan     | 3 - 9 billion             |
| West Vista  | Duri, Kosambi | West Jakarta  | 2015              | Keppel Land                             | Singapore | 800 million - 1.7 billion |
| Daan Mogot City   | Daan Mogot    | West Jakarta  | 2016              | China Communications Construction Group | China     | 400 - 800 million         |
| Tomang Park   | Tomang        | West Jakarta  | 2016              | Phoenix Property                        | Hong Kong | 600 million - 2 billion   |
| Jakarta Living Star   | Cibubur       | East Jakarta  | 2017              | Wuzhou Investment Group                 | China     | 250 - 550 million         |

Source: Colliers International Indonesia - Research

For the first quarter of 2017, a total of 59,017 apartment units were under construction, of which 21,167 units are expected to reach completion in 2017 and followed by 28,303 and 9,547 units in 2018 and 2019, respectively. West Jakarta will dominate future supply mainly benefiting from the interconnection of Jakarta's Outer Ring Road, which has increased

accessibility to the area and proximity to Soekarno-Hatta International Airport. Above all, developers continue to opt to build apartment projects in South Jakarta due to its well-supported facilities and established neighbourhoods, as well as the Mass Rapid Transit (MRT) project that is now underway, adding to the attractiveness for investors.

### The Distribution of Existing and Under-Construction Apartment Projects in Jakarta



Source: Colliers International Indonesia - Research

## New Pipeline

| APARTMENT NAME                             | LOCATION                               | REGION          | DEVELOPER                                  | #UNITS | STATUS             |
|--|--|-----------------|--|--------|--------------------|
| <b>2017</b>                                |  |                 |  |        |                    |
| Sudirman Suites                            | Jl. Sudirman                           | CBD             | Pikko Group                                | 380    | Under-construction |
| Casa Domaine                               | Jl. Jend. Sudirman Kav 1               | CBD             | Lyman Group                                | 186    | Under-construction |
| T - Plaza Residence (Tower A)              | Jl. Penjernihan I Kav.1 Pejompangan    | Central Jakarta | PT. Prima Kencana                          | 307    | Under-construction |
| Elpis Residence                            | Gunung Sahari                          | Central Jakarta | Sioeng Group                               | 790    | On Operation       |
| Menteng Park                               | Jl. Cikini Raya No.79                  | Central Jakarta | Agung Sedayu Group                         | 756    | Under-construction |
| The H Residence Kemayoran (Amethyst)       | Jl. Rajawali Selatan                   | Central Jakarta | Hutama Karya Re-altindo                    | 800    | Under-construction |
| The Green Pramuka (Tower Nerine)           | Jl. Jenderal Ahmad Yani                | Central Jakarta | PT Duta Paramindo                          | 1,000  | On Operation       |
| Green Signature Apartment                  | Jl. MT. Haryono                        | East Jakarta    | KSO Fortuna Indonesia (Pikko)              | 800    | 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 |
| Regatta London Tower                       | Jl. Pantai Mutiara                     | North Jakarta   | Intiland                                   | 186    | Under-construction |
| Pluit Seaview (Tower Belize)               | Pluit                                  | North Jakarta   | Binakarya Propertindo Group                | 300    | 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 |
| 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 |
| Izzara Apartment (South and North Tower)   | TB. Simatupang                         | South Jakarta   | Grage Group                                | 542    | Under-construction |
| Lexington Residence                        | Pondok Pinang                          | South Jakarta   | Cowell Development                         | 275    | Under-construction |
| The Aspen Peak at Admiralty (Tower C)      | Jl. Fatmawati                          | South Jakarta   | PT. Harmas Jallasveva                      | 322    | 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 |
| La Terrasse                                | Jl. Deplu Raya No.12                   | South Jakarta   | Cowell Development                         | 111    | Under-construction |
| The Langham Residences                     | Senopati                               | South Jakarta   | Agung Sedayu Group                         | 57     | Under-construction |
| The Hamilton                               | Jl. KHM Syafi'i Hadzami                | South Jakarta   | Intiland                                   | 112    | Under-construction |
| St. Moritz (New Presidential Tower)        | Jl. Puri Indah                         | West Jakarta    | Lippo Karawaci                             | 59     | 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 |
| Wang Residence                             | Jl. Panjang No 18                      | West Jakarta    | PT. Citicon Propertindo                    | 250    | Under-construction |
| St Moritz (The New Ambassador Suite Tower) | Jl. Puri Indah Kembangan               | West Jakarta    | Lippo Karawaci                             | 200    | Under-construction |
| Taman Anggrek Residence (6 towers)         | Tanjung Duren                          | West Jakarta    | Agung Sedayu                               | 3,000  | Under-construction |
| Pancoran China Town (Lucky Tower)          | Jl. Pancoran No.42 A, Glodok           | West Jakarta    | PT. Supra Megah Utama                      | 117    | Under-construction |
| Paradise Mansion (2 tower)                 | Jl. Paradise Boulevard Selatan         | West Jakarta    | Palm Group                                 | 1,000  | On Operation       |

*continued*

| APARTMENT NAME  | LOCATION                   | REGION          | DEVELOPER  | #UNITS | STATUS             |
|---|----------------------------|-----------------|--|--------|--------------------|
| <i>continuation</i>   |                            |                 |  |        |                    |
| <b>2018</b>   |                            |                 |  |        |                    |
| Gayanti City (2 Towers)   | Jl. Gatot Subroto          | CBD             | PT Buana Pasifik International                           | 318    | Under-construction |
| Verde Two   | Jl. Rasuna Said            | CBD             | Farpoint Realty  | 152    | Under-construction |
| Anandamaya Residences (3 towers)                                  | Jl. Jend Sudirman          | CBD             | Hongkong Land  | 500    | 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 |
| Sudirman Hill Residence   | Jl. Karet Pasar Baru Barat | Central Jakarta | PT. Muliaguna Propertindo Development                    | 299    | Under-construction |
| Capitol Suites  | Jl. Prapatan Raya          | Central Jakarta | The Capitol Group  | 327    | Under-construction |
| Royal Suites  | Kemayoran                  | Central Jakarta | Springhill Golf Group                                    | 450    | 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 |
| The Sahid Asena Apartment and Garden (was Sahid Garden Residence) | Ciracas                    | East Jakarta    | Sahid Group  | 476    | Under-construction |
| Pluit Seaview (Tower Ibiza)                                       | Pluit                      | North Jakarta   | Binakarya Propertindo Group                              | 500    | Under-construction |
| 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-construction |
| Sedayu City (Tower Darwin)  | Jl. Pegangsaan Dua Raya    | North Jakarta   | Agung Sedayu   | 936    | Under-construction |
| 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     |
| Pakubuwono Terrace Grand Tower                                    | Kebayoran Lama             | South Jakarta   | PT. Selaras Mitra Sejati                                 | 435    | Under-construction |
| Bellevue Place  | MT Haryono, Tebet          | South Jakarta   | Gapura Prima   | 240    | Under-construction |
| The Foresque  | Pasar Minggu, Ragunan      | South Jakarta   | PT Griya Karunia Sejahtera (Binakarya Propertindo Group) | 660    | Under-construction |
| Antasari Heights  | Jl. Pangeran Antasari No.8 | South Jakarta   | PT Radinka Quatro Land                                   | 360    | Under-construction |
| The Aspen Peak at Admiralty (Tower D)                             | Jl. Fatmawati              | South Jakarta   | PT. Harmas Jalsveva                                      | 322    | Under-construction |
| Casa Grande Residence 2 (Tower Angelo)                            | Jl. Casablanca             | South Jakarta   | Pakuwon Group  | 350    | Under-construction |
| <i>continued</i>  |                            |                 |  |        |                    |

| APARTMENT NAME                                     | LOCATION                                  | REGION          | DEVELOPER  | #UNITS | STATUS             |
|--|---|-----------------|--|--------|--------------------|
| <i>continuation</i>                                |   |                 |  |        |                    |
| 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 |
| Gianetti Apartment                                 | Jl. Kebon Jeruk Raya, Kemanggisan         | West Jakarta    | Bangun Investa Graha                             | 500    | Under-construction |
| Gallery West                                       | Jl. Panjang No 5                          | West Jakarta    | AKR  | 280    | Under-construction |
| Vittoria Residence (3 tower)                       | Jl. Daan Mogot                            | West Jakarta    | PT. Duta Indah Kenca                             | 1,100  | Under-construction |
| Ciputra International Puri Indah (Tower Amsterdam) | Jl. Lingkar Luar Barat                    | West Jakarta    | Ciputra  | 412    | Under-construction |
| 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-construction |
| 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 |
| <b>2019</b>  |   |                 |  |        |                    |
| The Suites (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                                  | 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-construction |
| Menteng 37   | Jl. Menteng 37                            | Central Jakarta | Pikko Group & Wijaya Wisesa (JV)                 | 99     | Under-planning     |
| <i>continued</i>                                   |   |                 |  |        |                    |

| APARTMENT NAME                                  | LOCATION                     | REGION        | DEVELOPER  | #UNITS | STATUS             |
|---|------------------------------|---------------|--|--------|--------------------|
| <i>continuation</i>                             |                              |               |  |        |                    |
| Sentra Timur Residence (Tower Safir)            | Pulo Gebang                  | East Jakarta  | Bakrieland Development                           | 605    | Under-construction |
| Pluit Seaview (Tower Bahama)                    | Pluit                        | North Jakarta | Binakarya Properti Group                         | 650    | Under-construction |
| 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-construction |
| La Foret Vivante                                | Jl. Limo, Permata Hijau      | South Jakarta | PT. Mahkota Properti Indo Permata                | 253    | Under-construction |
| Fatmawati City Center - Corona Park Suite Tower | Fatmawati                    | South Jakarta | Agung Sedayu                                     | 620    | Under-planning     |
| Ratu Prabu 3 Residences                         | TB. Simatupang               | South Jakarta | PT Ratu Prabu Tiga                               | 61     | Under-construction |
| Samara Suites                                   | 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     |
| Permata Hijau Suites                            | Jl. Raya Kebayoran Lama      | South Jakarta | PT Palmerindo Properti                           | 649    | Under-planning     |
| 19 Avenue Apartment (Tower B)                   | Daan Mogot                   | West Jakarta  | Margahayu Land                                   | 416    | Under-construction |
| Green Sedayu Apartment (Tower Pasadena)         | Jl. Kamal Raya, Cengkareng   | West Jakarta  | Agung Sedayu                                     | 644    | Under-construction |
| Daan Mogot City (3 towers)                      | Daan Mogot                   | West Jakarta  | PT China Harbour Jakarta Real Estate Development | 700    | Under-planning     |

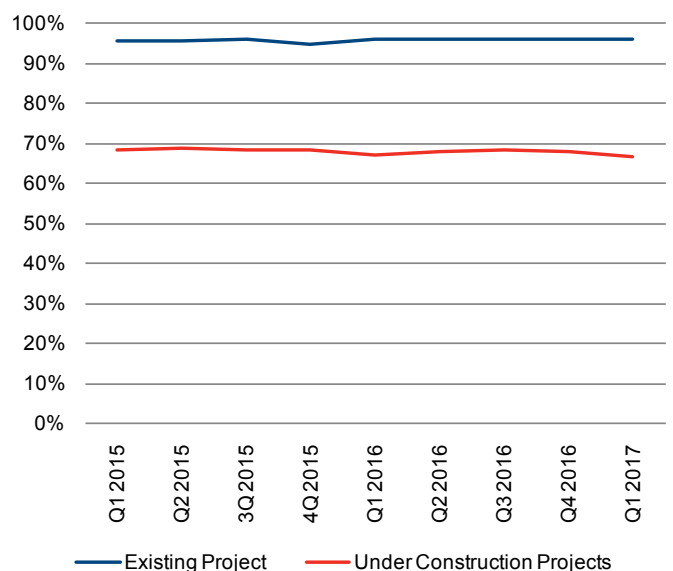
Source: Colliers International Indonesia - Research

## Demand

Up until March 2017, despite the optimism of the year ahead, sales activities in the Jakarta apartment market have not shown any discernible trend, and the prevailing overall theme is gradual recovery. Evidenced by the current take-up rate, existing strata-title apartments reached 96.1%, up slightly by 0.1% whilst the pre-sales activities of construction projects currently undergoing construction recorded 66.8%, which fell by 1.3% compared to the previous quarter. Overall, the average take-up rate for both existing apartments and those still under construction experienced a modest decrease of 0.9% from the previous quarter. All in all, the overall sales performance over the quarters was relatively flat.

A major reason why we expect a gradual recovery rather than a speedy one is the substantial future pipeline supply in Jakarta, especially in the non-prime area. In addition, there will be fewer stimuli coming from the government this year, as they focus on optimising the implementation of previous stimulus policies. However, on the back of optimism towards better consumer purchasing power, especially for the middle-upper class, there is indeed a growing appetite to purchase apartments as a form of investment. On the other hand, we also believe that demand would again be conducive only if the low-single digit mortgage rate can be maintained.

## Take Up Rate of Existing and Under-Construction Apartment in Jakarta



Source: Colliers International Indonesia - Research

| Take-up Rate Changes in Different Locations in Jakarta |         |         |         |       |      |
|--|---------|---------|---------|-------|------|
|  | Q1 2016 | Q4 2016 | Q1 2017 | QoQ   | YoY  |
| CBD  | 94.0%   | 90.8%   | 91.5%   | 0.7%  | -2.5 |
| South Jakarta  | 85.3%   | 85.8%   | 86.1%   | 0.3%  | 0.8  |
| Non-Prime area   | 85.4%   | 86.6%   | 85.0%   | -1.6% | -0.4 |

Source: Colliers International Indonesia - Research

In the regional scale, the CBD and South Jakarta areas experienced a somewhat positive performance, whilst non-prime areas recorded their first decline, after experiencing an upward trend for the last four consecutive quarters. Due to a limited amount of newly launched apartment projects in the CBD, the market continues to absorb unsold units from existing projects under construction, whilst a modest increase in take-up rate in South Jakarta was more due to the good take-up rate in newly launched projects. Meanwhile, the drop in the take-up rate in non-prime areas is due to massive additional supplies, which we think could have led to the first concern on an oversupply fear when the sales volume could not catch up with the number of new projects every quarter.

During the reviewed quarter, there was an issue that the government would propose a progressive tax to be imposed on idle lands, to make sure these lands are more productive. The proposed policy was expected to prevent people from using land for speculative business, and encourage landowners to productively use their lands. Such regulation is planned to also contribute additional revenues to the state, as well as improve economic productivity and reduce social gaps. Nevertheless, such policy may spark other problems if not well prepared and impact the property sector negatively, as it will precipitate additional costs of idle lands, particularly to those controlling sizeable landbanks. Recently, the government said that the policy would not be implemented in the near future, as relevant officials are still studying the matter. Yet, they also denied any intentions to totally cancelling the plan.

Moreover, along with government efforts to deliver various infrastructure projects and integrated transportation networks in the city, growing urban development will positively impact the property sector. In fact, developers confidently set a higher marketing sales target for 2017, with a 15% to as high as 50% YoY growth from 2016.

| Property Companies Market Sales (in billion) |                  |             |          |
|--|------------------|-------------|----------|
| DEVELOPER                                    | 2016 REALIZATION | 2017 TARGET | % change |
| Bumi Serpong Damai                           | IDR6,300         | IDR7,220    | 15%      |
| Pakuwon Jati                                 | IDR2,300         | IDR2,700    | 17%      |
| Summarecon                                   | IDR3,000         | IDR4,500    | 50%      |
| Intiland                                     | IDR1,630         | IDR2,300    | 41%      |
| Ciputra                                      | IDR7,200         | IDR8,500    | 18%      |

Source: Company Publication, Newspaper (Kontan, Bisnis Indonesia)

## Asking Price

The average asking price for strata-title apartments continues to demonstrate an upward trend. As of Q1 2017, the average asking price of apartments in Jakarta rose by 1.4% to IDR32.1 million/sq m, slightly better than the previous quarter at 1.3%. Albeit low, the CBD area posted the highest increment by less than 2% QoQ compared to non-prime areas and South Jakarta, particularly due to a limited number of projects being launched and limited stock available in the market. Benefiting from a lower price compared to South Jakarta and the CBD area, some projects in non-prime areas are enjoying a good take-up rate, helping the average price to improve. Meanwhile, with a number of new developments and significant new launches in the market, the competition amongst developers has also become more intense, thus led to a downward pressure on price growth in South Jakarta.

| Average Asking Price (in IDR/sq m) in Three Different Areas |            |            |            |      |      |
|---|------------|------------|------------|------|------|
|   | Q1 2016    | Q4 2016    | Q1 2017    | QoQ  | YoY  |
| CBD   | 47,816,125 | 48,823,182 | 49,617,622 | 1.6% | 3.8% |
| South Jakarta   | 36,028,156 | 36,985,992 | 37,239,230 | 0.7% | 3.4% |
| Non-prime Area  | 23,147,612 | 23,893,962 | 24,236,441 | 1.4% | 4.7% |
| Average   | 30,840,637 | 31,653,103 | 32,084,792 | 1.4% | 4.0% |

Source: Colliers International Indonesia - Research

Overall, we believe developers would continue their strategy to set the price at the current level in order to maintain its sales. Considering the current market condition when potential buyers are more cautious in buying apartments, developers have to provide more incentives and interesting marketing gimmicks, as well as be more competitive in setting up the price. As a result, we expect moderation in apartment prices in the near term rather than the longer term, given the government's supportive stance will take effect starting in the second half of 2017.



# APARTMENT FOR LEASE

## Supply

There were no new serviced or non-serviced apartments completed during the reviewed quarter. Thus, by the end of March 2016, the cumulative supply of apartments for lease stood at 8,860 units, consisting of 60% serviced apartments and 40% non-serviced apartments. Location-wise, the CBD area and South Jakarta remain as the preferred locations for serviced apartments. For several years, these two areas have been the main locations of many expatriate communities due to their proximity to the business district and international schools. The CBD still houses most rental apartments followed by South Jakarta due to its well-supported infrastructure and for the fact that it is itself, a business centre.

Also, there were no newly launched projects, either for serviced or non-serviced apartment, in Jakarta during the reviewed period. Meanwhile, Somerset Kencana Jakarta will soon be ready for operation in the second quarter of 2017, after having been delayed for two years due to internal problems. As such, until 2019, the apartment-for-lease market expects to receive a total of more than 628 units from five projects in the next two years. As the popular locations, the CBD and South Jakarta continue to house most of the upcoming serviced apartments.

### Detail Unit Available at Somerset Kencana Jakarta

| TYPE          | SIZE (SQ M) | #UNIT |
|---------------|-------------|-------|
| 1BR Deluxe    | 64 - 66     | 56    |
| 1BR Executive | 67 - 70     | 28    |
| 2BR Executive | 96          | 56    |
| 3BR Premier   | 129 - 133   | 8     |

Source: www.somerset.com

### Serviced Apartment Projects Pipeline

| NAME OF PROJECT                          | LOCATION                  | AREA            | YEAR OF OPERATION | OPERATOR            | #UNIT |
|--|---------------------------|-----------------|-------------------|---------------------|-------|
| Somerset Kencana Jakarta                 | Jl. Prof Dr Satrio        | South Jakarta   | 2017              | Somerset            | 148   |
| Fraser Suites at Ciputra World Jakarta 2 | Jl. Prof Dr Satrio        | CBD             | 2017              | Frasers Hospitality | 150   |
| Oakwood at District 8 Senopati           | Jl. Senopati              | South Jakarta   | 2017              | Oakwood             | 180   |
| Ascott Menteng Jakarta                   | Menteng                   | Central Jakarta | 2019              | Ascott              | 150   |
| Fraser Suites Kebon Melati               | Kebon Melati, Tanah Abang | Central Jakarta | 2019              | Frasers Hospitality | TBA   |

Source: Colliers International Indonesia - Research

## Occupancy

In general, apartments for lease in Jakarta experienced an occupancy increase of 0.1% compared to the previous quarter of 71.8%. Although some apartments have enjoyed a slight improvement in occupancy rate, some apartments faced a weak demand and increasing vacancy rate in the reviewed quarter. King Salman's presence in Jakarta has resulted to a spill-over of dwelling demand to the surrounding serviced apartments in Mega Kuningan and the CBD area, albeit in a short term.

Things are looking less robust in the non-serviced apartment market, where weaker demand is causing rising vacancy and softening rents. Even in one established non-serviced apartment located in South Jakarta, the lack of the so-called "blue chip" demand was felt. Moreover, the demographics of expatriates are changing. There now more Asians, both singles and couples without kids, than westerners with their families, and this means rental budget has been reduced.

### Occupancy of Serviced Apartment

|                | Q4 2016 | Q1 2017 | QoQ   |
|----------------|---------|---------|-------|
| CBD            | 72.9%   | 74.1%   | 1.2%  |
| South Jakarta  | 70.0%   | 65.0%   | -4.9% |
| Non-Prime area | 50.9%   | 52.0%   | 1.1%  |

Source: Colliers International Indonesia - Research

### Occupancy of Apartment for Leased

|                | Q4 2016 | Q1 2017 | QoQ   |
|----------------|---------|---------|-------|
| CBD            | 76.6%   | 77.3%   | 0.7%  |
| South Jakarta  | 69.2%   | 68.3%   | -0.8% |
| Non-Prime area | 68.9%   | 69.2%   | 0.3%  |

Source: Colliers International Indonesia - Research

### Occupancy

|          | Q4 2016 | Q1 2017 | QoQ  |
|----------|---------|---------|------|
| Leased   | 74.5%   | 74.6%   | 0.1% |
| Serviced | 66.7%   | 66.9%   | 0.2% |

Source: Colliers International Indonesia - Research

In addition, with more accommodation types on offer, including condotels (condominium hotels) and boutique residences (typically low-rise apartments), consumers will have more choices when it comes to selecting a residence and will be more likely to find something that fits their needs, or will be able to customise and find available service offerings to do so. As a result, there will be increased competition, which will be felt most by older and less-managed projects. These projects will need to adapt and upgrade or face losing their slice of the market.

Moreover, regarding market demand, both serviced and non-serviced apartments have traditionally relied on the oil and gas and mining sectors for support. Yet, demand today comes from embassies and a much broader base of smaller companies involved in a wide range of businesses.

## Rental Rate

Considering recent market conditions, landlords were more realistic, as they deployed flexible rental strategies in the reviewed quarter. Most rental apartments still maintain their previous rents to attract new tenants, whilst some apartments lowered the rents. As a result, average rental rates of apartments for lease experienced their first negative QoQ growth in the early part of the year, and was down by 1.5% and 0.1% in the CBD and South Jakarta (including non-prime areas), respectively.

As mentioned above, in the area of market segment, the average rental rates for serviced apartments in the CBD declined by 1.5% QoQ to IDR434,988/sq m/month, whilst serviced apartments in South Jakarta (including non-prime areas) declined by 4.0% QoQ to IDR361,105/sq m/month. For non-serviced apartments, the average rental rate in the CBD area declined by 1.6% QoQ to IDR226,855/sq m/month, whilst non-serviced apartments in South Jakarta (including non-prime areas) adjusted by 0.4%, to IDR166,761/sq m/month.

Furthermore, given a generally weaker demand in both serviced and non-serviced apartments, we expect rents to come under more pressure in the upcoming quarters as

availability arises. In the meantime, both serviced and non-serviced apartments perform based on opportunity costs rather than benchmarking the new sign-on rent against the previous contract rate. Moreover, by opportunity costs, the typical lease that could be earned if the unit is rented out at realistic rates should be chosen, rather than leaving it vacant for an uncertain period of time, due to unrealistically high rents.

| Rental Rate (IDR/Sq m/Month)    |                    |         |            |                        |         |            |
|---------------------------------|--------------------|---------|------------|------------------------|---------|------------|
|                                 | SERVICED APARTMENT |         | QoQ CHANGE | NON-SERVICED APARTMENT |         | QoQ CHANGE |
|                                 | Q4 2016            | Q1 2017 |            | Q4 2016                | Q1 2017 |            |
| CBD                             | 441,757            | 434,988 | -1.5%      | 230,453                | 226,855 | -1.6%      |
| South Jakarta (incl. Non-Prime) | 376,132            | 361,105 | -4%        | 167,348                | 166,761 | -0.4%      |

Source: Colliers International Indonesia - Research

| Average Rental Rate (IDR/sq m/month) |            |            |            |
|--------------------------------------|------------|------------|------------|
|                                      | Q4 2016    | Q1 2017    | QoQ CHANGE |
| CBD                                  | 371,321.93 | 365,610.41 | -1.5       |
| South Jakarta (incl. Non-Prime)      | 218,790.51 | 218,625.18 | -0.1       |

Source: Colliers International Indonesia - Research

## Concluding Thought

On the macroeconomic perspective, the economy is improving albeit at a gradual pace, with larger government infrastructure spending and some recovery on the domestic consumption expected to permeate into the economy to support its 5.2% growth target this year. Moreover, higher direct investments, both local and overseas, should be triggered by the implementation of the government's policy packages. A relatively modest political tension, stable rupiah, low interest rate, increasing real wage and declining unemployment rate should pave the way to support Indonesia's GDP in 2017. Thus, we expect more visible improvements on the demand side of apartments in the second half of 2017.

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