

# JAKARTA | EXPATRIATE HOUSING

## Expatriate Housing Sector

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### Market Overview

During summer, expatriates who plan to live in Indonesia normally search for homes to stay in. Anecdotal evidence suggests that there was an increasing number of expatriate arrivals during the first half of 2017 compared to that in the second half of 2016, but the quantity was still less than in the same period last year. Enquiries for living accommodation continued to be suppressed due to concerns in the economy, business uncertainties and tightened corporate housing budgets. South Jakarta undoubtedly remains as the most preferred location for expatriates, as demand generators shifted from the oil and gas sector to broader industries, such as banking and insurance, energy, infrastructure, automotive, fast moving consumer goods and consultancy services.

Prime properties, including selected housing compounds and some high-end stand-alone houses still continue to get

enquiries even now. As such, landlords of these prime properties have no obstacles in finding or retaining occupants. Landlords are generally more confident in setting a progressive rental tariff. The majority of demand for expat-standard housing was from high-level executives including country head or president director positions of multinational companies.

In the meantime, despite experiencing a sluggish demand, high-rise residences (in this case, serviced apartment projects) managed by global chain operators such as Shangri-La, Ascott, Frasers or Oakwood, maintain rental tariff in compliance with their global / headquarter offices, which is why they do not have the flexibility in setting their local price to be similar with other stand-alone housing or other local serviced and non-serviced apartments. However, these international operators may be more accommodative in providing non-cash offerings like giving variety of features included in their services such as laundry, breakfast or use of facilities without extra charges.

Meanwhile, the current weakening market is not easy for most stand-alone and individually owned houses. Landlords have limited options but have to cut rent tariff and offer more incentives for potential occupants. But again, it does not work that simple. An expat house is commonly targeted for expatriates with family. However, with the tightening corporate budget, expatriates come without their families, and thus opt to run a more practical living.

### Housing Rental Rates in Several Expatriate Areas

EXPATRIATE HOUSING BY AREA	SIZE (SQ M)	OFFERING RENTAL RATE PER UNIT (USD/UNIT/MONTH)	
		MINIMUM	MAXIMUM
<b>Menteng</b>			
4 - 5 Bedrooms House	500 - 1,200	4,000	12,000
<b>Kuningan</b>			
4 - 5 Bedrooms House	500 - 900	3,000	4,500
<b>Pondok Indah</b>			
4 - 5 Bedrooms House	450 - 1,000	3,000	7,000

*continued*

EXPATRIATE HOUSING BY AREA	SIZE (SQ M)	RENTAL RANGE (USD/UNIT/MONTH)	
		MINIMUM	MAXIMUM
<i>continuation</i>			
Kebayoran Baru			
4 - 5 Bedrooms House	600 - 1,500	3,500	12,000
3 - 4 Bedrooms Low rise Apt/complex	250 - 700	3,500	4,000
Permata Hijau, Simprug			
4 - 5 Bedrooms House	400 - 1,500	2500	6,000
3 - 4 Bedrooms Townhouse/complex	220	3000	4000
Kemang			
4 Bedrooms Townhouse/complex	400 - 700	3500	6,000
4 - 5 Bedrooms House	550 - 1,000	3,000	6,000
Cilandak			
4 Bedrooms Townhouse/complex	300 - 700	3,000	6,500
3 Bedrooms Apartment + Study	300 - 600	3000	4,000
4 - 5 Bedrooms House	450 - 750	3,000	6,500
Cipete			
4 Bedrooms Townhouse/complex	400 - 700	3,000	5,000
3 Bedrooms House	300 - 500	2,500	5,000
4 - 5 Bedrooms House	400 - 800	3,000	5,000
Pejaten			
3 Bedrooms Townhouse/complex	400 - 600	2,500	5,000
4 Bedrooms House	500 - 900	3,000	5,500

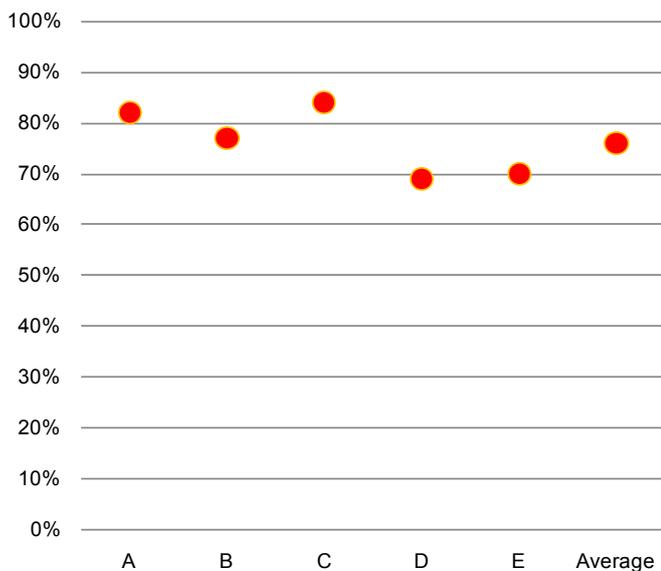
Source: Colliers International Indonesia - Research and Residential Tenant Representation

Apartment Rental Rates in Several Expatriate Areas			
APARTMENT BY AREA	SIZE (SQ M)	RENTAL RANGE (USD/MONTH)	
		NON-SERVICED	SERVICED
Sudirman			
2 Bedrooms Apartment	106 - 145	2,200	4,200 - 4,800
3 Bedrooms Apartment	158 - 320		5,000 - 6,000
Menteng			
2 Bedrooms Apartment	90 - 142		3,000 - 4,000
3 Bedrooms Apartment	124 - 213	5,000	6,000
4 Bedrooms Apartment	319		10,000
Kuningan			
2 Bedrooms Apartment	120 - 145	2,500	4,000
3 Bedrooms Apartment	157 - 166	3,600	4,000
4 Bedrooms Apartment	440	4,200	
<i>continued</i>			

APARTMENT BY AREA	SIZE (SQ M)	RENTAL RANGE (USD/MONTH)	
		NON-SERVICED	SERVICED
<i>continuation</i>			
<b>Pondok Indah</b>			
2 + 1 Bedrooms Apartment	117 - 190	2,000 - 2,500	3,300 - 3,500
3 Bedrooms Apartment	190 - 455	3,000 - 3,500	3,600 - 4,600
4 - 5 Bedrooms Apartment	285 - 455		5,200 - 4,600
<b>Kebayoran Baru</b>			
2 Bedrooms Apartment	140 - 203	3,000 - 3,500	3,500 - 4,000
3 Bedrooms Apartment	243 - 302	3,000 - 4,500	4,500 - 5,500
4 - 5 Bedrooms Apartment	330 - 500	5,500 - 8,000	
<b>Permata Hijau, Simprug</b>			
2 Bedrooms Apartment	105 - 115		3,000 - 4,000
3 - 4 Bedrooms Apartment	165 - 300		3,500 - 4,500
<b>Kemang</b>			
3 Bedrooms Apartment	165 - 303	3,500 - 5,000	
<b>Cilandak</b>			
3 Bedrooms Apartment + Study	300	2,000 - 4,000	
<b>Cipete</b>			
3 - 4 Bedrooms Apartment	220 - 295	3,000 - 4,000	

Source: Colliers International Indonesia - Research and Residential Tenant Representation

### Average Occupancy Rate of Selected Apartments Preferred By Expatriates



Notes:

- A: Dharmawangsa, The Capital Residence, SCBD Suites, Pakubuwono Residence, Oakwood
- B: The Residence at Ritz Carlton, Plaza Senayan, The Plaza Residence, Airlangga Apartment, Senayan City
- C: Setiabudi Residence, Golf Pondok Indah, Somerset Grand Citra, The Ascott, Menteng Executive
- D: Aston Rasuna, Somerset Berlian, Puri casablanca, Casablanca
- E: Taman Rasuna, Palm Court, Puri Imperium

Source: Colliers International Indonesia - Research

## Immigration Process is Still an Issue.....

One of the crucial issues amid the mundane expatriate housing market is the current immigration situation, particularly when applying for a working permit. The most common complaint amongst expatriates trying to get work permit approval is about securing online process requirements. Although originally designed to streamline the process, it is very slow and quite frustrating for many applicants. Our source in the immigration office said that the underlying issue is related to the job creation priority in Indonesia. The Manpower Department has a mission to provide more job opportunities for as many Indonesians as possible, and this has been causing a strenuous process when approving working permits for foreigners. Therefore, when a company applies for a working permit for a foreigner, the employer will be scrutinised whether or not this position could be filled up by a local instead. Often, the vacant position that the company is applying for will determine how long the issuance of a working permit will take. Nowadays, if the position is for an advisory function, it should not take more than six months, and therefore that will be the maximum period of the position. If the position is for a manager or upper management, the length of the visa will not exceed 12 months. The only exception to this is if the person is applying as a director of the company and the company only has operations in one province. In such case, a two-year work permit could be granted. All in all, the Immigration Office only issues visas based on the IMTA (working permit) according to the timeframe they issue.

Rumour within the expat housing industries is that immigration is not supportive in easing the work permit process for expatriates in Indonesia, even when the company is basically creating jobs in Indonesia. On the other hand, immigration officers are ordered to be more cautious because transparency is now required in many government offices. In general, for higher-level positions, the process of issuing work permit will be less of a

hassle without intensive enquiries, whilst most applicants in middle management level will be meticulously scrutinised; a delay in processing time is expected. All in all, behind all this is the government's intention to create more jobs for the people and allow a smooth transition for positions, so that locals will be able to replace expatriates once they are repatriated. However, the fact is that it is almost impossible to create an expert with a global standard, particularly for industries such as banking and infrastructure in the short period of less than one year. This becomes the background of multinational companies or even local companies to still hire expatriates in an effort to lift the national standard up to the global level.

With the current tough market, there is mismatch in the rental tenures between landlords and occupants. Many landlords still insist on a minimum one-year lease term, whilst occupants ask for a shorter tenure in anticipation of a possible early termination due to some factors, such as related to the companies' financial capacity in the future or that a project is awaiting approval before being executed.

Recently, the growth in the number of younger Asian expatriates has increasingly grown, particularly those coming from India and China. These markets are generally coming with a narrow budget and so could give more pressure on serviced apartments, because this accommodation budget does not match with this market segment. On the other hand, it may open more opportunities for individually owned apartment units that are offered for lease. In general, the remuneration package for Asian expatriates is relatively small in terms of travel costs compared with westerners, and there is no schooling fee included. Having said that, this market segment prefers not to bring their family and opts affordable apartment with smaller units located near their workplace. In addition, about 25-30% of young Asian expatriates who come to Indonesia are married, but the job offering does not accommodate spouses, not to mention kids.

### For more information:

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