

Ferry Salanto Senior Associate Director | Jakarta

We expect the apartment market to remain lacklustre in 2018, given the persistently weak sentiment highlighted by slower capital gain appreciation and a sluggish rental market. We believe low affordability, which is typical in a stagnant economic growth, prolonged weak sentiment, as a large incoming supply continues to plague the market. Also, potential buyers may prefer to wait and see, given the looming general election that is scheduled to be held in April 2019. Meanwhile, the interest rate hike could be a bane when affordability is already a major concern amongst buyers.

On the other hand, given the strong response for affordable projects underpinned by the healthy demand from end-users, gives optimism for the robust line-up of new launches coming from the middle-lower segment in the coming quarters. Affordable rates combined with lower mortgages should attract developers to partake in this market. Both local and international developers join the competition to grab this huge potential market. We are still in a positive view over the residential property market in the long term, on the back of the large and relatively young population, as well as a low mortgage penetration ratio.

Forecast at a glance



Demand

Apartment market sentiment continues to be weak and we project the take-up rate to reach 84-85% by the end of 2018. Overall demand will likely recover to 85-87%, as the market should be more confident after the general and presidential elections in 2019 and 2020.



Supply

We expect an additional 16,081 units or 8.3% of the current stock coming online in the remainder of 2018. The forthcoming annual supply will likely still be significant in number, around 20,234 units in 2019 and 14,324 units in 2020.



Rent

Rent seems to have stabilised throughout 2018, whilst the overall 3-4% increase in rent per annum in 2019-2020 is quite a moderate projection amidst the tight rental market.



Price

We still expect room for price increases despite the current slowdown. We expect from now to 2020, unit prices are expected to increase by 4.5-5.5% per annum.

Strata-title Apartment...still in doldrums

Supply

The slow Ramadan period, which fell in Q2 2018, was traditionally quiet when it comes to project launches. During the quarter, there were only three projects launched, totalling 1,944 units. These include Apple Residence, Puri 8 Residence and Sakura Garden City (Cattleya Tower). Apple Residences is a low-rise apartment, where each of the floors is an independent dwelling. Apple Residences offers studio to three-bedroom type of units, targeting the middle market segment.

Sakura Garden City (previously Southeast Capital) is a mixed-use development with local developer Trivo Group, collaborating with Daiwa House and Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (JOIN), under the name PT. Sayana Integra Property. This project is scheduled to be Daiwa House's first residential project after actively developing industrial parks and rental warehouses. Located on a 12-hectare site and consisting of 12 towers, a shopping mall and hotel, the project is planned to come in four phases.

COMPLETED APARTMENT PROJECTS DURING Q2 2018

APARTMENT NAME	LOCATION	REGION	DEVELOPER NAME	NO. OF UNITS
Casa Domaine (Tower 1)	Sudirman	CBD	PT Griyaceria Nusamekar	162
Regent Residences (Tower 1)	Semanggi	CBD	PT Kencana Graha Global	100
The H Residence Kemayoran (Amethyst)	Rajawali Selatan	Central Jakarta	PT Hutama Karya Realtindo	900
Regatta (London Tower)	Pantai Mutiara	North Jakarta	Intiland	186
Izzara Apartment	TB Simatupang	South Jakarta	PT Grage Trimitra Usaha	542
Puri Mansion Apartment (Tower Amethyst)	Puri Kembangan	West Jakarta	Agung Sedayu Group	800
Puri Orchard (Tower Cedar Heights)	Raya Adicipta	West Jakarta	Serenity Group	1,050
Total				3,740

NEWLY LAUNCHED APARTMENT PROJECTS DURING Q2 2018

APARTMENT NAME	LOCATION	REGION	EXPECTED COMPLETION YEAR	ESTIMATED PRICE/SQ M	NO. OF UNITS
Apple Residence	Jatipadang	South Jakarta	2020	IDR22 million	300
Puri 8 Residence (3 towers)	Duri Kosambi	West Jakarta	2022	IDR15.5 million	1,094
Sakura Garden City (Cattleya Tower)	Bina Marga	East Jakarta	2022	IDR15 million	550

Source: Colliers International Indonesia Research

Another brand-new project, Puri 8 Residence, was developed by the joint venture between local developer, PT Midas Citra Utama, and Japanese real estate investment company, Creed Group. Targeting the middle to low market segment, Puri 8 Residence is Creed Group's second residential project after collaborating with Jababeka to develop Kawana Golf Residence, a serviced apartment with a golf resort.

The mid-low products are generally well-absorbed, compared with other segments. Several developers have already done some promotions selling this product, eyeing unit price below IDR1.5 billion. Another effort involves selling the transportation concept.

Along with the government's intense infrastructure programme, the TOD (Transit Oriented Development) concept has already been widely introduced to promote the benefits of living with direct access to a massive transportation hub. We believe that big developers are becoming more active in launching mid-low class projects and might target less favourable locations on the outskirts of Jakarta, where they can set a more competitive price compared to downtown. Furthermore, we see foreign developers joining the competition to grab this huge potential market.

NEW PIPELINE

APARTMENT NAME	LOCATION	REGION	DEVELOPER	NO. OF UNITS	DEVELOPMENT STATUS
2018					
Sudirman Suites	Jl. Jend. Sudirman	CBD	Pikko Group	380	In Operation
Casa Domaine (Tower I)	Jl. Jend. Sudirman	CBD	Lyman Group	162	In Operation
The Suites Satrio	Jl. Prof. Dr. Satrio	CBD	Ciputra Group	200	Under Construction
Gayanti City (2 Towers)	Jl. Gatot Subroto	CBD	PT Buana Pasifik International	598	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
Regent Residences (tower 1)	Semanggi	CBD	PT Kencana Graha Global	100	In Operation
The Elements Epicentrum (2 Towers)	Jl. HR Rasuna Said	CBD	Sinarmas Land	372	Under Construction
T - Plaza Residence (Tower A & C)	Jl. Penjernihan	Central Jakarta	PT Prima Kencana	614	Under Construction
The H Residence Kemayoran (Amethyst)	Jl. Rajawali Selatan	Central Jakarta	Hutama Karya Realtindo	800	In Operation
Signature Park Grande	Jl. MT. Haryono	East Jakarta	KSO Fortuna Indonesia (Pikko)	1,100	In Operation
Bassura City (Tower Jasmine)	Jl. Basuki Rahmat	East Jakarta	Synthesis Development	480	In Operation
Bassura City (Tower Heliconia)	Jl. Basuki Rahmat	East Jakarta	Synthesis Development	700	In Operation
Regatta London Tower	Jl. Pantai Mutiara	North Jakarta	Intiland Development	186	In Operation
Pluit Seaview (Tower Ibiza)	Pluit	North Jakarta	Binakarya Propertindo Group	500	Under Construction
LA City Apartment (Tower A)	Jl. Raya Lenteng Agung	South Jakarta	Pancanaka Samaktha	980	Under Construction
Nine Residence	Warung Buncit	South Jakarta	PT Lippo Karawaci	246	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	461	In Operation
District 8 (Tower Infinity)	Jl. Senopati	South Jakarta	Agung Sedayu	440	In Operation
Izzara Apartment (South and North Tower)	Jl. TB Simatupang	South Jakarta	Grage Group	542	In Operation
Bellevue Place	Jl. MT Haryono	South Jakarta	Gapura Prima	240	Under Construction
One Casablanca Residence	Jl. Palbatu	South Jakarta	Forza Land	215	Under Construction
The Foresque	Jl. Pasar Minggu	South Jakarta	PT Griya Karunia Sejahtera (Binakarya Propertindo Group)	660	Under Construction
The Langham Residences	Jl. Senopati	South Jakarta	Agung Sedayu	57	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

continued

APARTMENT NAME	LOCATION	REGION	DEVELOPER	NO. OF UNITS	DEVELOPMENT 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	In Operation
Pakubuwono Spring (2 towers)	Jl. Teuku Nyak Arief	South Jakarta	PT Simprug Mahkota Indah (Agung Podomoro Group)	545	Under Construction
Branz Simatupang (2 towers)	Jl. TB Simatupang	South Jakarta	Tokyuland	381	Under Construction
Synthesis Residence Kemang (3 towers)	Jl. Ampera Raya	South Jakarta	Synthesis Development	1,100	Under Construction
Gianetti Apartment	Jl. Kebon Jeruk Raya	West Jakarta	Bangun Investa Graha	500	Under Construction
Gallery West	Jl. Panjang	West Jakarta	AKR	280	In Operation
Puri Mansion Apartment (Tower Amethyst)	Jl. Lingkar Luar Barat	West Jakarta	Agung Sedayu Group	900	In Operation
Puri Orchard (Cedar Heights tower)	Jl. Raya Adicipta	West Jakarta	PT Adicipta Graha Kencana (Serenity Group)	1,050	In Operation
Vittoria Residence (3 tower)	Jl. Daan Mogot	West Jakarta	PT Duta Indah Kencana	400	Under Construction
Taman Anggrek Residence (6 towers)	Jl. Tanjung Duren	West Jakarta	Agung Sedayu	3,000	Under Construction
Ciputra International Puri Indah (Tower Amsterdam)	Jl. Lingkar Luar Barat	West Jakarta	Ciputra Group	412	In Operation
Grand Madison Park	Jl. Tanjung Duren	West Jakarta	Agung Podomoro Group	300	Under Construction
Citra Lake Suites (Tower Rosewood)	Jl. Raya Kresek	West Jakarta	Ciputra Group	116	In Operation
Citra Lake Suites (Tower Greenwood)	Jl. Raya Kresek	West Jakarta	Ciputra Group	140	In Operation
Ciputra International Puri Indah (Tower San Fransisco)	Jl. Lingkar Luar Barat	West Jakarta	Ciputra Group	335	Under Construction
Puri Mansion Apartment (Tower Crystal)	Jl. Lingkar Luar Barat	West Jakarta	Agung Sedayu Group	700	Under Construction
West Vista (2 towers)	Jl. Lingkar Luar Barat	West Jakarta	PT Harapan Global Niaga	2,840	Under Construction
2019					
South Hill	Jl. Denpasar Raya	CBD	Tan Kian	611	Under Construction
The Residences at The St. Regis Jakarta	Jl. HR Rasuna Said	CBD	Rajawali Property Group	164	Under Construction
Arandra Residence (was Sentosa Residence)	Jl. Cempaka Putih Raya	Central Jakarta	Gamaland	687	Under Construction
Sudirman Hill Residence	Jl. Karet Pasar Baru Barat	Central Jakarta	PT Muliaguna Propertindo	299	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	99	Under Construction

continued

APARTMENT NAME	LOCATION	REGION	DEVELOPER	NO. OF UNITS	DEVELOPMENT STATUS
<i>continuation</i>					
Sentra Timur Residence (Tower Safir)	Pulogebang	East Jakarta	Bakrieland Development	605	Under Construction
Pluit Seaview (Tower Bahama)	Pluit	North Jakarta	Binakarya Propertindo Group	650	Under Construction
Regatta Apartment (Tower New York)	Pantai Mutiara	North Jakarta	Intiland Development	186	Under Construction
Sedayu City (Tower Melbourne)	Jl. Pegangsaan Dua Raya	North Jakarta	Agung Sedayu	912	Under Construction
Jaya Ancol Seafront - Oceana Tower	Ancol	North Jakarta	Jaya Ancol	524	In Planning
Orient Residence	Jl. Yos Sudarso	North Jakarta	PT Tri Raton Mega	225	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
La Foret Vivante	Permata Hijau	South Jakarta	PT Mahkota Properti Indo Permata	253	In Planning
45 Antasari (2 Towers)	Jl. P. Antasari	South Jakarta	Cowell Development	1,924	Under Construction
Arzuria Apartment	Jl. Tendean	South Jakarta	Tolaram Group	210	Under Construction
Fatmawati City Center - Corona Park Suite Tower	Jl. Fatmawati	South Jakarta	Agung Sedayu	620	Under Construction
Ratu Prabu 3 Residences	Jl. TB Simatupang	South Jakarta	PT Ratu Prabu Tiga	61	Under Construction
Samara Suites	Jl. Gatot Subroto	South Jakarta	Synthesis Development	300	Under Construction
Lavish Kemang Residence	Jl. Kemang Raya	South Jakarta	PT Kemang Karya Utama	474	Under Construction
Permata Hijau Suites	Jl. Raya Kebayoran Lama	South Jakarta	PT Palmerindo Properti	649	Under Construction
TBS Tower Apartment	TB Simatupang	South Jakarta	PT Mahkota Asia Graha	162	Under Construction
Kasamara Residence	Jl. Kesehatan Raya	South Jakarta	PT MGM Propertindo	151	In Planning
19 Avenue Apartment (Tower B)	Daan Mogot	West Jakarta	Margahayu Land	416	Under Construction
<i>continued</i>					

APARTMENT NAME	LOCATION	REGION	DEVELOPER	NO. OF UNITS	DEVELOPMENT STATUS
<i>continuation</i>					
Green Sedayu Apartment (Tower Pasadena)	Jl. Kamal Raya	West Jakarta	Agung Sedayu	644	Under Construction
Daan Mogot City (3 towers)	Jl. Daan Mogot	West Jakarta	PT China Harbour Jakarta Real Estate Development	700	Under Construction
Verde Two (Tower West)	HR Rasuna Said	CBD	Farpoint Realty	152	Under Construction
Royal Suites	Kemayoran	Central Jakarta	Springhill Golf Group	450	Under Construction
Gold Coast Apartment (Atlantic Tower)	Pantai Indah Kapuk	North Jakarta	Agung Sedayu	568	Under Construction
The Kensington Royal Suites (4 Tower)	Kelapa Gading	North Jakarta	Summarecon	790	Under Construction
Selatan 8 (Tower Prabu)	Jl. Raya Ulujami	South Jakarta	Karya Cipta Group	344	Under Construction
St Moritz (The New Ambassador Suite Tower)	Puri Indah Kembangan	West Jakarta	Lippo Karawaci	200	Under Construction
Puri Orchard (Magnolia Spring tower)	Jl. Raya Adicipta	West Jakarta	PT Adicipta Graha Kencana (Serenity Group)	544	Under Construction
Citra Living Apartment (Somerset Tower)	Jl. Citra 7	West Jakarta	Citra Mitra Graha KSO	312	Under Construction
Citra Living Apartment (Orchard Tower)	Jl. Citra 7	West Jakarta	Citra Mitra Graha KSO	312	Under Construction

2020

Verde Two (Tower East)	Jl. HR Rasuna Said	CBD	Farpoint Realty	182	Under Construction
Le' Parc	Jl. MH Thamrin	CBD	PT Putragaya Wahana	100	Under Construction
The Newton at Ciputra World 2	Jl. Karet Sawah	CBD	Ciputra Group	450	Under Construction
Holland Village (Phase II)	Cempaka Putih	Central Jakarta	PT Lippo Karawaci	230	Under Construction
The Stature Jakarta	Jl. Kebon Sirih	Central Jakarta	Capitaland and Credo Group	87	Under Construction
The Sahid Asena Apartment and Garden	Ciracas	East Jakarta	Sahid Group	476	In Planning
Prajawangsa City (8 towers)	Jl. Raya Bogor	East Jakarta	Synthesis Development	4,000	In Planning
East 8 (2 towers)	Cibubur	East Jakarta	Karya Cipta Group	1,172	Under Construction
Sedayu City (Tower Darwin)	Jl. Pegangsaan Dua Raya	North Jakarta	Agung Sedayu	936	In Planning
Regatta (Tokyo, Acapulco, Sydney Towers)	Jl. Pantai Mutiara	North Jakarta	Intiland Development	276	In Planning
Kemang Penthouse	Jl. P. Antasari	South Jakarta	PT Senopati Aryani Prima & PT Mahardika Gagag Sejahtera	114	In Planning
Antasari Heights (One Otium Residence)	Jl. P. Antasari	South Jakarta	PT Radinka Quatro Land	360	Under Construction
Selatan 8 (Tower Sultan)	Kebayoran Lama	South Jakarta	Karya Cipta Group	336	Under Construction
Fatmawati City Center(5 towers)	Fatmawati	South Jakarta	Agung Sedayu	2,080	Under Construction
Aerium Taman Permata Buana (South Tower)	Taman Permata Buana	West Jakarta	PT Itomas Kembangan Perdana (Sinarmas Land & ITOCHU)	366	Under Construction

continued

APARTMENT NAME	LOCATION	REGION	DEVELOPER	NO. OF UNITS	DEVELOPMENT STATUS
Green Sedayu Apartment (Tower New York)	Jl. Kamal Raya	West Jakarta	Agung Sedayu	920	In Planning
Tomang Park Apartment (2 towers)	Jl. Tawakal Ujung Raya	West Jakarta	PT Phoenix Property	2,000	In Planning
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

2021

The Hundred Residence	Mega Kuningan	CBD	PT Farpoint Realty Indonesia	100	Under Construction
57 Promenade	Jl. Kebon Melati	CBD	Intiland	496	Under Construction
The Pakuwono Menteng	Jl. Sabang	Central Jakarta	Pakuwono Development	340	Under Construction
Southeast Capital (Cattleya Tower)	Jl. Bina Marga	East Jakarta	PT Sayana Integra Properti (Trivo Group)	823	Under Construction
West Point Apartment	Jl. Macan	West Jakarta	PT Andaland Property	272	Under Construction
Cluny Residence (2 towers)	Jl. Arjuna Selatan	West Jakarta	PT Alam Makmur Property	454	In Planning

Source: Colliers International Indonesia - Research

Demand

Overall, the Jakarta apartment market saw a quiet period in Q2 2018 with the average take-up rate stabilising at 85.6% since the previous quarter, marking a decline of 0.1% QOQ, but an increase of 0.7% YOY. In our view, the sluggish market condition in the review period was related to the shifts of people increasing their spending due to the Ramadan festivities and the new school year.

Despite a limited number of newly launched projects, the take-up rate performance has yet to pick up. We think that consumers still have their purchasing power, as evidenced by the increasing trend of investment funds. However, people are still hesitant to spend money to invest in property. Slower capital appreciation, the generally slow rental market and increasing competition have held buyers from purchasing an apartment. Nonetheless, Bank Indonesia's measure to increase interest rate two times in a month, to 4.75%, will likely restrain apartment demand as mortgages become costly. Also, potential buyers may refrain from buying, and maintain a wait-and-see attitude, given the looming general election to be held in April 2019.

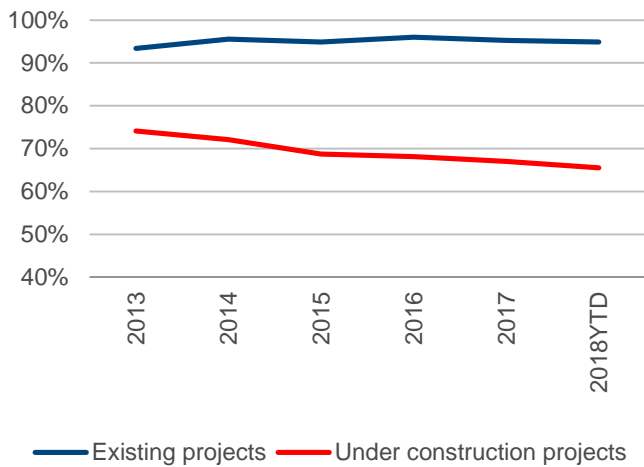
Take-up Rate Changes in Different Locations in Jakarta

	Q2 2017	Q1 2018	Q2 2018	QOQ	YOY
CBD	91.3%	90.5%	90.7%	0.2%	-0.6%
South Jakarta	86.2%	88.3%	87.6%	-0.7%	1.4%
Non-prime Area	83.4%	84.0%	84.1%	0.1%	0.7%

Source: Colliers International Indonesia - Research

Despite registering the highest apartment prices in Jakarta, the CBD area is still one of the most attractive places to live and work in the capital. The limited land remaining for development continues to be the main challenge in the CBD, as this impacts overall pricing. Albeit minor, South Jakarta has recorded a declining take-up rate along with the continued influx of new apartment projects.

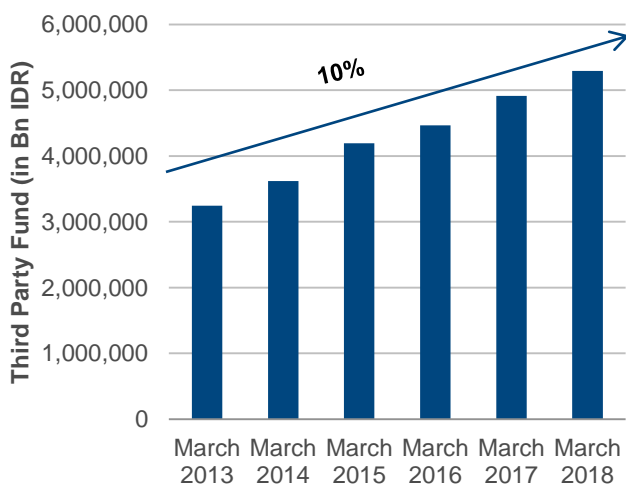
Take-up Rate of Existing Projects and Those Under Construction (2013 - 2018YTD)



Source: Colliers International Indonesia - Research

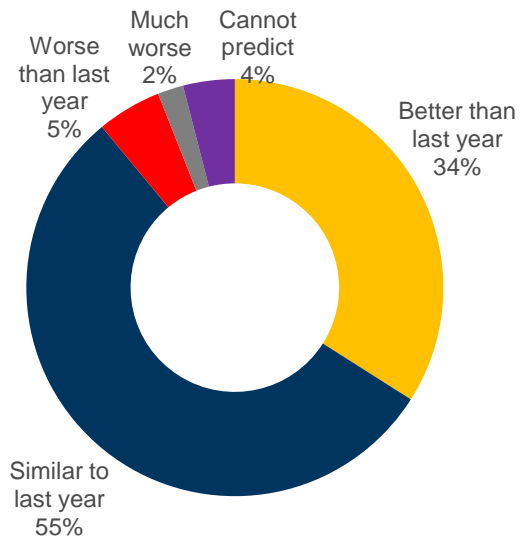
Bank Indonesia indicates that they will likely soon announce a relaxation on the loan-to-value ratio in trying to boost property sales through a mortgage programme. The plan is related to the decline in down payment ratio, mortgage indent regulation and credit payment term, although we believe that this relaxation should have limited effect on the market. Our thinking is generally in line with the recent survey conducted by Real Estate Indonesia-DKI Jakarta, revealing that the government's interventions (reducing property tax, easing permit requisition and lowering interest rate) are vital to the recovery of the property market. It also said that most developers (55%) are pragmatic over the current market condition, saying that the market could stagnate this year, whilst only 34% of respondents are optimistic about the market condition throughout the year.

Trend of Third Party Fund



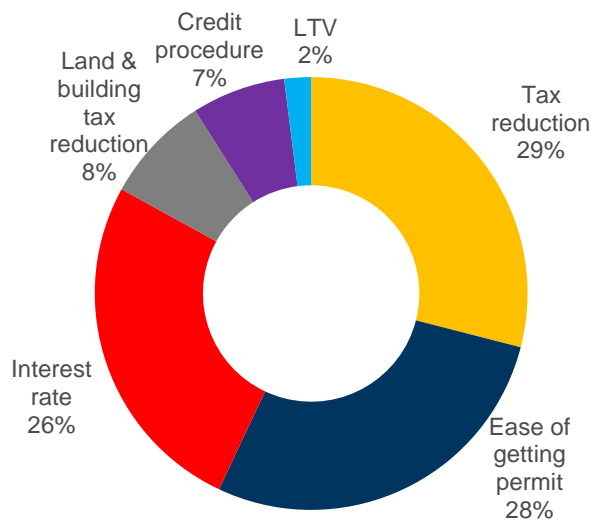
Source: Indonesia Financial System Authorities (OJK)

Developers' Perception over Property Market in 2018



Source: Real Estate Indonesia - DKI Jakarta, 2018

Impact of Government Policy to the Growth of Real Estate



Source: Real Estate Indonesia - DKI Jakarta, 2018

Asking Price

Amid the relatively stagnant market condition, the average asking prices of apartments have continued to trend upward. Average asking prices of apartments in Jakarta edged up slightly by 1.1% QOQ and 2.5% YOY to IDR33.2 million/sq m. The largest increases were seen outside the CBD and South Jakarta areas. During this challenging period, prices are relatively stagnant. The adjustment was largely due to the inclusion of new projects with good specifications and location coming on stream, and properties that are offered at better building specifications,

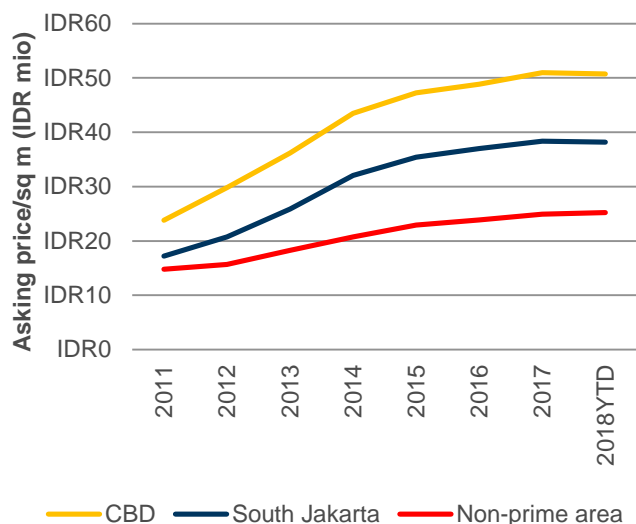
particularly in the non-prime areas, impacting the overall calculation.

Apartment Price Changes in Jakarta Based on Area (IDR mio/sq m)

	Q2 2017	Q1 2018	Q2 2018	QOQ	YOY
CBD	50.08	50.62	50.75	0.3%	1.4%
South Jakarta	37.71	37.75	38.18	1.1%	1.3%
Non-prime Area	24.36	24.79	25.21	1.7%	3.5%
Average	32.41	32.83	33.20	1.1%	2.5%

Source: Colliers International Indonesia - Research

Average Asking Prices of Apartment in Three Regions



Source: Colliers International Indonesia - Research

Apartment prices have not dropped despite the stagnant sales condition. However, we expect apartment price appreciation will likely be capped, given the stiff competition and large number of newly completed units, coupled with the expected large number of affordable newly launched projects in the near term. The market will probably take some time to absorb the new supply, and this gives potential buyers an option to bargain, notwithstanding the aggressive promotions and many direct prizes introduced by developers to clear off their inventory.

Apartment for Lease

Supply

None of the upcoming projects is ready for operation in Q2 2018, thus the total stock of Jakarta's apartment-for-lease market remained at 8,860 units. Going forward, we expect the market to receive at least 847 new serviced apartment units in the next four years. The upcoming new projects are planned to be operated mainly by international serviced apartment operators such as Oakwood Worldwide, Frasers Hospitality and The Ascott Limited. The only local operator is Lavish Kemang Residence Serviced Apartment.

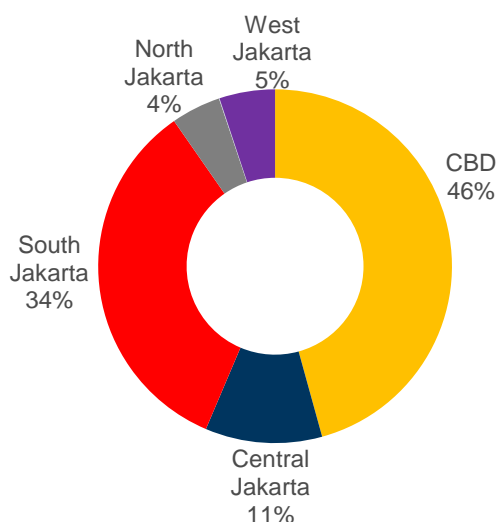
The nature of serviced apartments is to cater to middle-upper class occupiers, and therefore such projects are mainly located in or around business areas such as the CBD and South Jakarta. Serviced apartment projects are generally characterised by high-standard building maintenance, higher rental rates and global operator management.

LIST OF FUTURE SUPPLY SERVICED APARTMENT IN JAKARTA

APARTMENT NAME	LOCATION	REGION	EXPECTED COMPLETION YEAR	NO. OF UNITS
Ascott Sudirman Jakarta	Jl. Prof Dr Satrio	CBD	2018	192
Oakwood Premier at District 8 Senopati	SCBD	CBD	2018	180
Somerset Kencana Jakarta	Pondok Indah	South Jakarta	2018	148
Somerset Sudirman Jakarta	Jl. Karet Pasar Baru	Central Jakarta	2019	176
Ascott Menteng Jakarta	Menteng	CBD	2021	151
Fraser Suites Kebon Melati	Kebon Melati	CBD	2022	TBA

Source: Colliers International Indonesia - Research

Distribution of Apartment for Lease (Serviced and Non-serviced)



Source: Colliers International Indonesia - Research

Occupancy

During Ramadan (May-June), average occupancy rate of apartments-for-lease was generally flat at 70.7%, reflecting a minor change compared to the previous quarter of 71.0%. A slight decrease in the overall QOQ occupancy performance is a result of an intermediate period of occupation between old and new corporate tenants, and also because of expiring contract work permits.

Occupancy Rate of Based on Type of Apartment

	Q2 2017	Q1 2018	Q2 2018	QOQ	YOY
Non-serviced	74.6%	73.9%	73.6%	-0.4%	-1.0%
Serviced	62.2%	65.6%	65.5%	-0.1%	3.3%

Source: Colliers International Indonesia - Research

Occupancy of Apartment for Lease Based on Area

	Q2 2017	Q1 2018	Q2 2018	QOQ	YOY
CBD	72.5%	75.1%	74.8%	-0.3%	2.3%
South Jakarta	68.4%	68.0%	66.9%	-1.1%	-1.5%
Non-prime Area	69.3%	69.3%	69.6%	0.3%	0.3%

Source: Colliers International Indonesia - Research

Looking forward, the majority of serviced apartments should see an initial uptick post-Ramadan. For a fact, serviced apartments will likely be facing increased competition with individually owned apartment units that are offered at smaller lump sum rentals, amid the on-going diminishing enquiries. Also, in conjunction with the supply pipeline, the vacancy rate is projected to climb as the market needs some time to absorb the incoming supply.

Rental Rates

Rental tariffs for serviced and non-serviced apartments in Jakarta were relatively stable. A minor adjustment that occurred in the quarter was mainly due to the correction of the rupiah's value against the US dollar. In Q2 2018, the average asking rental rate in the CBD was registered at IDR367,947/sq m/month, as South Jakarta (including the non-prime area) showed a relatively stable rate at IDR224,736/sq m/month.

All in all, average asking rental rates, particularly for serviced apartments, will probably experience a marginal increase throughout the year due to the operation of three new projects in the CBD and South Jakarta, namely Ascott Sudirman Jakarta, Oakwood Premiere at District 8 and Somerset Kencana Jakarta. These upscale serviced apartment projects will likely offer higher rental rates compared with the older projects. Furthermore, with tight competition from new upcoming projects and individually owned apartments, the overall rental growth continues to be moderate in the forthcoming years, around 3-4% per annum.

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