

## JAKARTA | APARTMENT

# Apartment Sector

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**Jakarta's apartment market is anticipated to remain lacklustre for the rest of 2017 on the back of persistently weak market sentiment and continued influx of new apartment projects. Several newly launched projects demonstrated a brisk pre-sales performance; this nonetheless generally occurred for a short-term period only, and thus it is too early to consider this as a sign of market recovery. Another prevailing trend that may affect current and future inventory growth is the rise of overseas developers and investors, particularly from major Asian countries. These business entities usually partner up with local players in developing apartment projects. Some of these developers are quite aggressive and quick to execute new projects, usually targeting the middle-lower segment.**

### Forecast at a glance



#### Demand

The average take-up rate in 2017 is anticipated to stabilise at 86-87% and start to pick up in 2018 to 88-90%, assuming the political condition is stable and the GDP will accelerate to a healthier level beyond 5.3%.



#### Supply

We expect a total annual supply of 15,292 Jakarta apartment units in 2017, which is 28% lower than our projection earlier in the year. Later in 2018, there will be around 34,043 units that are scheduled for completion during the year and another 9,509 units to enter the market in 2019.



#### Vacancy Rate

Vacancy rate for apartments for lease dipped from 29.8% to 28.3% this quarter. In 2018, we anticipate an increasing number of expatriates working on project-based infrastructure works and other projects related to the Asian Games 2018, which will help reduce vacancy by at least 25%.



#### Rent

With substantial amount of serviced apartment projects in the pipeline, vacancy rate would potentially rise over the next few years. In this competitive rental market, some landlords and local operators have to adjust their rental rates lower in order to entice potential tenants. Rent is projected to modestly increase by 3 to 5% in 2018.



#### Price

Apartment price is anticipated to grow by 4.5-5.0% by the end of 2017 and will rise to 6-8% in 2018 on the back of better economic projection, which in turn will improve sales performance.

## APARTMENT FOR STRATA-TITLE

### Supply

The quarter-on-quarter change in the cumulative supply of strata-title apartment was only up by 1% for a total of 181,112 units. The increase accounted for an additional 1,804 units that came from the completion of four brand new projects and extension towers, including Kebayoran Icon, Puri Orchard (Orange Grove Tower), Maqna Residence, Apartemen Lucky Tower Residence and St. Moritz (New Presidential Tower). The above-mentioned four new projects are located in West Jakarta and thus changed the overall apartment unit distribution in Jakarta with 22% of total stocks in West Jakarta, followed by North Jakarta and South Jakarta, each with 20%.

Until the third quarter of 2017, 23.4% of the total 21,167 projected units this year have been handed over, leaving about 16,218 units that will commence in the remainder of 2017 or even delayed until early 2018. Some developers are still in their grace period (ranging from four to six months), allowing them to hold the handover time until the first semester of 2018. The sluggish sales performance in some of the projects may lead to financial issues, which could suspend construction and thus delay delivery.

## Completed Apartment Projects in Q3 2017

| NAME OF APARTMENT PROJECT           | LOCATION                     | REGION        | DEVELOPER                                  | UNITS |
|-------------------------------------|------------------------------|---------------|--|-------|
| Kebayoran Icon                      | Jl. Ciledug Raya             | South Jakarta | Tamara Land                                | 256   |
| Puri Orchard (Orange Grove tower)   | Jl Raya Adicipta             | West Jakarta  | PT Adicipta Graha Kencana (Serenity Group) | 960   |
| Maqna Residence                     | Jl. Meruya Ilir No. 88       | West Jakarta  | PT. Graha Meruya                           | 312   |
| Pancoran China Town (Lucky Tower)   | Jl. Pancoran No.42 A, Glodok | West Jakarta  | PT. Supra Megah Utama                      | 117   |
| St. Moritz (New Presidential Tower) | Jl. Puri Indah               | West Jakarta  | Lippo Karawaci                             | 159   |

Source: Colliers International Indonesia - Research

## Newly Introduced Projects in Q2 2017

| NAME OF DEVELOPMENT    | LOCATION                             | REGION        | EXPECTED COMPLETION TIME | ESTIMATED PRICE (IDR/SQ M)* | TOTAL UNITS |
|------------------------|--------------------------------------|---------------|--------------------------|-----------------------------|-------------|
| Aerium (South Tower)   | Jl. Pulau Melintang, Kembangan Utara | West Jakarta  | 2020                     | 25-28 million               | 366         |
| The Padmayana          | Jl. Sinabung Senayan                 | South Jakarta | 2021                     | 46-47 million               | 145         |
| The Newton 2           | Jl. Karet Sawah                      | CBD           | 2021                     | 44-46 million               | 624         |
| 57 Promenade (2 tower) | Jl. Kebon Melati                     | CBD           | 2022                     | 52-55 million               | 496         |

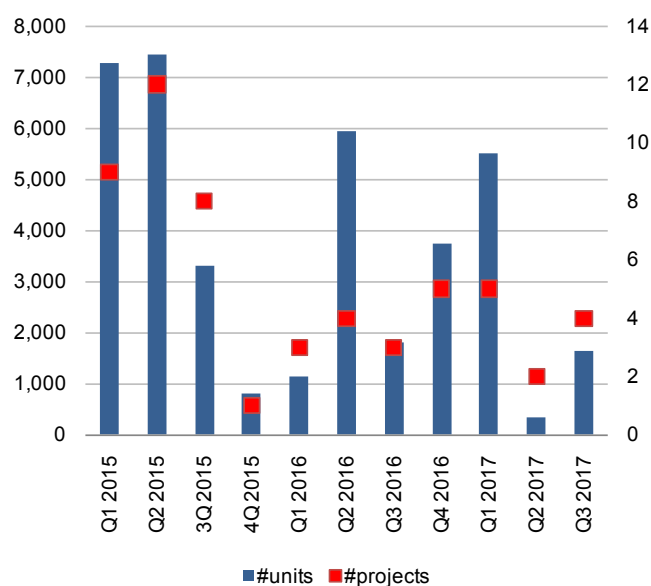
\*) Price based on hard cash excludes VAT 10%

Source: Colliers International Indonesia - Research

In addition to the projects being handed over, four upcoming apartment projects were launched during the quarter with a total potential stock of 1,631 units, growing almost five times compared to last quarter. After the latest future project that was launched about six months ago, the CBD will see two brand new projects, whilst West and South Jakarta continue to add new apartment projects in the last three years. The continuing development in the West and South Jakarta is chiefly propelled by the transportation infrastructure and accessibility to commercial areas.

One brand new project, namely Aerium, was developed by a joint venture between Sinar Mas Land and two Japanese companies, Itochu and Shimizu. This project is located in the upscale housing complex, Taman Permata Buana, in West Jakarta. This middle-upper class project provides only two- to three-bedroom apartment types, suggesting that Aerium aims to provide accommodation for families. In South Jakarta, a single residential tower, namely The Padmayana, is adopting a heritage resort concept and offers limited number of units at only 145, ranging from one- to three-bedroom types. The Padmayana would become the first upscale project of PT. Adhi Persada Realty, a state-owned enterprise developer that consistently builds middle to low class apartment projects. In the CBD, Ciputra introduced The Newton 2 after their first project recorded a brisk sale, fully absorbed in just six months. Unlike the previous projects, The Newton project offers smaller units, from studio to two-bedroom types, ranging from 24 to 61 sq m, in order to make the product relatively affordable. On the other front, Intiland with GIC, a sovereign wealth fund of the government of Singapore, have joined hands for shared ownership and development of 57 Promenade, an integrated mixed-use development located near Grand Indonesia shopping mall. The first phase will comprise two apartment towers, Sky and City, which are for the upper segment market.

## Number of Newly Launched Apartment Unit and Project (Q1 2015 – Q3 2017)



Source: Colliers International Indonesia - Research

Moreover, from those four newly launched projects, Aerium and 57 Promenade have recorded 30% and 57% take-up rates respectively during their launching date. Having delayed about two years since their first soft launching, the take-up rate of Aerium has increased gradually to 30% on the back of their consistent construction progress. On the other hand, the high take-up rate of 57 Promenade stems in part from its location within the prestigious address in the heart of Jakarta's business district and the proximity to the future MRT station that is coming on stream in 2019.

Overall, the noteworthy highlight from recent months is the interest of foreign companies to invest in Jakarta and Greater Jakarta areas. Enquiries continue to come, especially from groups of Japanese and Chinese investors. The latter are relatively new to the market, and are mainly focusing on acquiring land and engaging in residential development, either landed house and apartment, primarily on the eastern and north-western parts of Jakarta. The Japanese companies are mainly looking for middle to upper class market opportunities in a mature and established area.

| New Pipeline                             |  |                 |  |        |                    |
|--|--|-----------------|--|--------|--------------------|
| APARTMENT NAME                           | LOCATION                               | REGION          | DEVELOPER                                  | #UNITS | STATUS             |
| <b>2017</b>                              |  |                 |  |        |                    |
| Green Signature Apartment                | Jl. MT. Haryono                        | East Jakarta    | KSO Fortuna Indonesia (Pikko)              | 2,000  | On operation       |
| T - Plaza Residence (Tower A & C)        | Jl. Penjernihan I Kav.1 Pejompongan    | Central Jakarta | PT. Prima Kencana                          | 614    | Under-construction |
| St. Moritz (New Presidential Tower)      | Jl. Puri Indah                         | West Jakarta    | Lippo Karawaci                             | 159    | On operation       |
| Elpis Residence                          | Gunung Sahari                          | Central Jakarta | Sioeng Group                               | 790    | On operation       |
| Senopati Suites 3                        | Jl. Senopati                           | South Jakarta   | Mahkota Asiana Graha                       | 54     | On operation       |
| District 8 (Tower Eternity)              | Jl. Senopati                           | South Jakarta   | Agung Sedayu                               | 400    | On operation       |
| District 8 (Tower Infinity)              | Jl. Senopati                           | South Jakarta   | Agung Sedayu                               | 280    | On operation       |
| Izzara Apartment (South and North Tower) | TB. Simatupang                         | South Jakarta   | Grage Group                                | 542    | Under-construction |
| Menteng Park                             | Jl. Cikini Raya No.79                  | Central Jakarta | Agung Sedayu Group                         | 756    | Under-construction |
| Lexington Residence                      | Pondok Pinang                          | South Jakarta   | Cowwel Development                         | 275    | Under-construction |
| Casa Domaine                             | Jl. Jend. Sudirman Kav 1               | CBD             | Lyman Group                                | 186    | Under-construction |
| Kebayoran Icon                           | Jl. Ciledug Raya                       | South Jakarta   | Tamara Land                                | 256    | On operation       |
| Puri Mansion Apartment (Tower Amethyst)  | Jl. Lingkar Luar Barat, Puri Kembangan | West Jakarta    | Agung Sedayu Group                         | 900    | Under-construction |
| La Terrasse                              | Jl. Deplu Raya No.12                   | South Jakarta   | Cowell Development                         | 111    | Under-construction |
| Puri Orchard (Orange Grove tower)        | Jl Raya Adicipta                       | West Jakarta    | PT Adicipta Graha Kencana (Serenity Group) | 960    | On operation       |
| Puri Orchard (Cedar Heights tower)       | Jl Raya Adicipta                       | West Jakarta    | PT Adicipta Graha Kencana (Serenity Group) | 1,050  | Under-construction |
| The Langham Residences                   | Senopati                               | South Jakarta   | Agung Sedayu Group                         | 57     | Under-construction |
| Maqna Residence                          | Jl. Meruya Ilir No. 88                 | West Jakarta    | PT. Graha Meruya                           | 312    | On operation       |
| Veranda                                  | Jl. Pesanggrahan Raya, Kembangan       | West Jakarta    | PT. Mutirara Puri Indah                    | 174    | On operation       |
| Wang Residence                           | Jl. Panjang No 18                      | West Jakarta    | PT. Citicon Propertindo                    | 250    | Under-construction |
| The Hamilton                             | Jl. KHM Syafi'i Hadzami                | South Jakarta   | Intiland                                   | 112    | On operation       |
| Apartemen Lucky Tower Residence          | Jl. Pancoran No.42 A, Glodok           | West Jakarta    | PT. Supra Megah Utama                      | 117    | On operation       |
| The H Residence Kemayoran (Amethyst)     | Jl. Rajawali Selatan                   | Central Jakarta | Hutama Karya Realtindo                     | 800    | Under-construction |
| Paradise Mansion (2 tower)               | Jl. Paradise Boulevard Selatan         | West Jakarta    | Palm Group                                 | 1,000  | On operation       |
| 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 |
| The Green Pramuka (Tower Nerine)         | Jl. Jenderal Ahmad Yani                | Central Jakarta | PT Duta Paramindo                          | 1,000  | On operation       |

*continued*

| APARTMENT NAME                                     | LOCATION                          | REGION          | DEVELOPER  | #UNITS | STATUS             |
|--|-----------------------------------|-----------------|--|--------|--------------------|
| <i>continuation</i>                                |                                   |                 |  |        |                    |
| <b>2018</b>  |                                   |                 |  |        |                    |
| St Moritz (The New Ambassador Suite Tower)         | Jl. Puri Indah Kembangan          | West Jakarta    | Lippo Karawaci   | 200    | Under-construction |
| Regatta London Tower                               | Jl. Pantai Mutiara                | North Jakarta   | Intiland   | 186    | Under-construction |
| Sudirman Suites                                    | Jl. Sudirman                      | CBD             | Pikko Group  | 380    | 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 |
| Pluit Seaview (Tower Belize)                       | Pluit                             | North Jakarta   | Binakarya Propertindo Group                              | 300    | Under-construction |
| Gianetti Apartment                                 | Jl. Kebon Jeruk Raya, Kemanggisan | West Jakarta    | Bangun Investa Graha                                     | 500    | Under-construction |
| Pluit Seaview (Tower Ibiza)                        | Pluit                             | North Jakarta   | Binakarya Propertindo Group                              | 500    | Under-construction |
| Pakubuwono Terrace Grand Tower                     | Kebayoran Lama                    | South Jakarta   | PT. Selaras Mitra Sejati                                 | 435    | Under-construction |
| Gallery West                                       | Jl. Panjang No 5                  | West Jakarta    | AKR  | 280    | Under-construction |
| Gold Coast Apartment (Atlantic Tower)              | Pantai Indah Kapuk                | North Jakarta   | Agung Sedayu   | 568    | Under-construction |
| The Aspen Peak at Admiralty (Tower C)              | Jl. Fatmawati                     | South Jakarta   | PT. Harmas Jalasveva                                     | 322    | Under-construction |
| Bellevue Place                                     | MT Haryono, Tebet                 | South Jakarta   | Gapura Prima   | 240    | Under-construction |
| The Suites Satrio                                  | Jl. Prof. Dr. Satrio              | CBD             | Ciputra  | 200    | Under-construction |
| Sudirman Hill Residence                            | Jl. Karet Pasar Baru Barat        | Central Jakarta | PT. Muliaguna Propertindo Development                    | 299    | Under-construction |
| One Casablanca Residence                           | Jl. Pal Batu                      | South Jakarta   | Forza Land   | 215    | Under-construction |
| Capitol Suites                                     | Jl. Prapatan Raya                 | Central Jakarta | The Capitol Group  | 327    | Under-construction |
| Gayanti City (2 Towers)                            | Jl. Gatot Subroto                 | CBD             | PT Buana Pasifik International                           | 598    | Under-construction |
| The Foresque                                       | Pasar Minggu, Ragunan             | South Jakarta   | PT Griya Karunia Sejahtera (Binakarya Propertindo Group) | 660    | Under-construction |
| Puri Orchard (Magnolia Spring tower)               | Jl Raya Adicipta                  | West Jakarta    | PT Adicipta Graha Kencana (Serenity Group)               | 544    | Under-construction |
| Verde Two (Tower West)                             | Jl. Rasuna Said                   | CBD             | Farpoint Realty  | 152    | Under-construction |
| Antasari Heights (One Otium Residence)             | Jl. Pangeran Antasari No.8        | South Jakarta   | PT Radinka Quatro Land                                   | 360    | Under-construction |
| Anandamaya Residences (3 towers)                   | Jl. Jend Sudirman                 | CBD             | Hongkong Land  | 500    | Under-construction |
| Vittoria Residence (3 tower)                       | Jl. Daan Mogot                    | West Jakarta    | PT. Duta Indah Kencana                                   | 1,100  | Under-construction |
| Taman Anggrek Residence (6 towers)                 | Tanjung Duren                     | West Jakarta    | Agung Sedayu   | 3,000  | Under-construction |
| Royal Suites                                       | Kemayoran                         | Central Jakarta | Springhill Golf Group                                    | 450    | Under-construction |
| Ciputra International Puri Indah (Tower Amsterdam) | Jl. Lingkar Luar Barat            | West Jakarta    | Ciputra  | 412    | Under-construction |
| Regatta Apartment (Tower New York)                 | Pantai Mutiara                    | North Jakarta   | Intiland   | 186    | Under-construction |
| Grand Madison Park                                 | Tanjung Duren                     | West Jakarta    | Agung Podomoro Group                                     | 300    | Under-construction |
| Lavie  | Jl. Denpasar Raya                 | CBD             | Wilsor Group   | 302    | 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 |
| 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 |
| <i>continued</i>                                   |                                   |                 |  |        |                    |

| APARTMENT NAME  | LOCATION                                  | REGION          | DEVELOPER  | #UNITS | STATUS             |
|---|---|-----------------|--|--------|--------------------|
| <i>continuation</i>   |   |                 |  |        |                    |
| The Kensington Royal Suites (4 Tower)                             | Kelapa Gading                             | North Jakarta   | Summarecon                                       | 790    | 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 |
| Pakubuwono Spring (2 towers)                                      | Jl. Teuku Nyak Arief No.9                 | South Jakarta   | PT. Simprug Mahkota Indah (Agung Podomoro Group) | 545    | 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 |
| 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 |
| 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 |
| 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 Elements Epicentrum (2 Towers)                                | Rasuna Said                               | CBD             | Sinar Mas Land                                   | 372    | Under-construction |
| <b>2019</b>   |   |                 |  |        |                    |
| Pluit Seaview (Tower Bahama)                                      | Pluit                                     | North Jakarta   | Binakarya Propertindo Group                      | 650    | Under-construction |
| Arandra Residence (was Sentosa Residence)                         | Jl. Cempaka Putih Raya No.1               | Central Jakarta | Gamaland   | 687    | Under-construction |
| La Foret Vivante  | Jl. Limo, Permata Hijau                   | South Jakarta   | PT. Mahkota Properti Indo Permata                | 253    | In Planning        |
| Holland Village (Phase II)  | Cempaka Putih                             | Central Jakarta | Lippo Karawaci                                   | 230    | 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 |
| 45 Antasari (2 Tower)   | Antasari                                  | South Jakarta   | Cowell Development                               | 1,924  | Under-construction |
| Arzuria Apartment   | Jl. Tendean                               | South Jakarta   | Tolaram Group                                    | 210    | Under-construction |
| The Sahid Asena Apartment and Garden (was Sahid Garden Residence) | Ciracas                                   | East Jakarta    | Sahid Group                                      | 476    | Under-construction |
| Jaya Ancol Seafront - Oceana Tower                                | Pademangan, Ancol                         | East Jakarta    | Jaya Ancol                                       | 524    | In Planning        |
| Sentra Timur Residence (Tower Safir)                              | Pulo Gebang                               | East Jakarta    | Bakriland Development                            | 605    | Under-construction |
| Orient Residence  | Jl. Yos Sudarso, No 76                    | North Jakarta   | PT Tri Raton Mega                                | 225    | Under-construction |
| 19 Avenue Apartment (Tower B)                                     | Daan Mogot                                | West Jakarta    | Margahayu Land                                   | 416    | Under-construction |
| South Hill  | Jl. Denpasar Raya                         | CBD             | Tan Kian   | 611    | Under-construction |
| Green Sedayu Apartment (Tower Pasadena)                           | Jl. Kamal Raya, Cengkareng                | West Jakarta    | Agung Sedayu                                     | 644    | Under-construction |
| Fatmawati City Center - Corona Park Suite Tower                   | Fatmawati                                 | South Jakarta   | Agung Sedayu                                     | 620    | In Planning        |
| Citra Living Apartment (Somerset Tower)                           | Jl. Citra 7, Kalideres                    | West Jakarta    | Citra Mitra Graha KSO                            | 312    | Under-construction |
| <i>continued</i>  |   |                 |  |        |                    |

| APARTMENT NAME                                  | LOCATION                     | REGION          | DEVELOPER  | #UNITS | STATUS             |
|---|------------------------------|-----------------|--|--------|--------------------|
| <i>continuation</i>                             |                              |                 |  |        |                    |
| Citra Living Apartment (Orchad Tower)           | Jl. Citra 7, Kalideres       | West Jakarta    | Citra Mitra Graha KSO                            | 312    | 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 |
| Ratu Prabu 3 Residences                         | TB. Simatupang               | South Jakarta   | PT Ratu Prabu Tiga                               | 61     | In Planning        |
| Menteng 37                                      | Jl. Menteng 37               | Central Jakarta | Pikko Group & Wijaya Wisesa (JV)                 | 99     | Under-construction |
| Samara Suites (was The Residence Gatot Subroto) | Jl. Gatot Subroto            | South Jakarta   | Synthesis Development                            | 300    | Under-construction |
| The Residences at The St. Regis Jakarta         | Jl. H.R Rasuna Said          | CBD             | Rajawali Property Group                          | 164    | Under-construction |
| Lavish Kemang Residence                         | Jl. Kemang Raya No.3, Bangka | South Jakarta   | PT Kemang Karya Utama                            | 474    | Under-construction |
| Permata Hijau Suites                            | Jl. Raya Kebayoran Lama      | South Jakarta   | PT Palmerindo Properti                           | 649    | Under-construction |
| Daan Mogot City (3 towers)                      | Daan Mogot                   | West Jakarta    | PT China Harbour Jakarta Real Estate Development | 700    | Under-construction |
| TBS Tower Apartment                             | TB Simatupang                | South Jakarta   | PT Mahkota Asia Graha                            | 162    | In Planning        |
| Kasamara Residence                              | Jl. Kesehatan Raya           | South Jakarta   | PT MGM Propertindo                               | 151    | In Planning        |

Source: Colliers International Indonesia - Research

## Demand

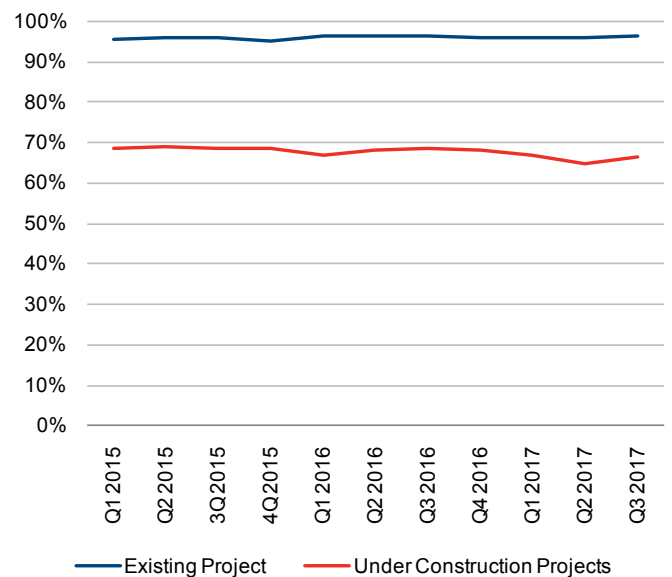
In general, the average take-up rates climbed from 84.9% in the previous quarter to 85.6% in Q3 2017. Transactions during the period are largely underpinned by the sales activities of newly launched projects and some that are still under construction that have competitive advantage such as easy accessibility, good brand, acceptable price and infrastructure support. The table below reveals that both existing apartment projects and those under construction recorded an upward sales trend, albeit moderately, compared to the previous quarter.

### Take-up Comparison Between Existing and Under-Construction Projects

|                             | Q3 2016 | Q2 2017 | Q3 2017 | QoQ  | YoY   |
|-----------------------------|---------|---------|---------|------|-------|
| Existing projects           | 96.3%   | 96.1%   | 96.2%   | 0.1% | -0.1% |
| Under-construction projects | 68.5%   | 64.6%   | 66.5%   | 1.9% | -2.0% |
| Average                     | 86.9%   | 84.9%   | 85.6%   | 0.7% | -1.3% |

Source: Colliers International Indonesia - Research

### Take-up Rates Between Existing and Under-Construction Projects



Source: Colliers International Indonesia - Research

Despite positive news about encouraging sales performance in quite a few newly launched projects, sales situation at other older projects remained soft. In general, market has yet to pick up. Overall, we expect the market to continue to subdue at least until the end of 2017 as market sentiment remains weak.

The generally slow rental market has reduced the appetite of investor type of buyers to purchase more units. Investors might be discouraged by the subdued capital appreciation in the recent years, despite the generous freebies offered by developers for newly launched projects. With the current market situation, we noted that it has become normal for developers to offer 5-8% discounts for KPA (mortgage facilities) and cash instalment or even bigger at 10-25% discounts for hard cash payment, as take-up rate remains uninspiring.

Investors are becoming more selective in acquiring properties as they are eyeing high rental yields. Although these investor buyers acknowledge that the overall rental market remains weak and furthermore competition in the rental market has risen, they are still in the view that rental market in the CBD and certain areas in South Jakarta remains strong, compared to other areas.

| Take-up Rate Changes in Different Locations in Jakarta |         |         |         |       |       |
|--|---------|---------|---------|-------|-------|
|  | Q3 2016 | Q2 2017 | Q3 2017 | QoQ   | YoY   |
| CBD  | 94.4%   | 91.3%   | 91.5%   | 0.2%  | -2.9% |
| South Jakarta  | 86.1%   | 86.1%   | 87.1%   | 1.0%  | 1.0%  |
| Non-Prime area   | 86.1%   | 85.0%   | 84.2%   | -0.8% | -1.9% |

Source: Colliers International Indonesia - Research

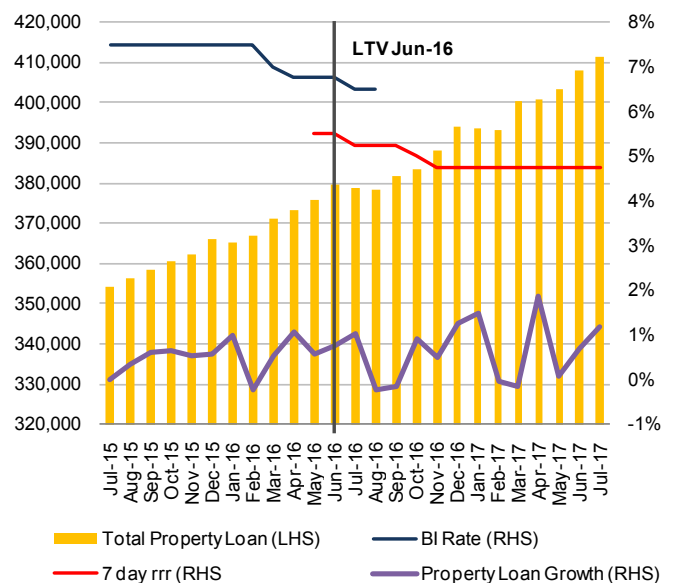
| Interest Rates for Property Ownership Financing in Several Major Bank |                   |
|---|-------------------|
|   | INTEREST RATE (%) |
| <b>NATIONAL BANK</b>  |                   |
| BRI   | 10.25             |
| Mandiri   | 10.25             |
| BNI   | 10.50             |
| BTN   | 10.25             |
| BCA   | 10.00             |
| Danamon   | 10.50             |
| OCBC NISP   | 12.50             |
| Bank Mayapada   | 11.50             |
| <b>OVERSEAS BANK</b>  |                   |
| Citibank  | 8.25              |
| CTBC Bank   | 9.65              |
| UOB   | 10.65             |
| HSBC  | 9.00              |

Source: OJK

Approaching the end of September, Bank Indonesia (BI) decided to lower its seven-day reverse repo rate from 4.50% to 4.25%. We expect that the impact on the property demand is likely to be limited, as we see that the current supply and demand imbalances in the market are more inelastic to the rate cut. Moreover, the Central Bank policy in cutting the benchmark rate is not automatically followed by the Central Bank when directly cutting interest rates.

The rate cut was clearly targeted at supporting economic growth amid lower inflation. The Central Bank is also planning to change lending rules and the financing ratio calculation in order to boost lending volume. Changes will likely include different down payment rules for home loans to apply by regions (spatial LTV regulation), which will determine different LTV ratio per region by its economic growth and purchasing power.

The apartment market seems to be recovering in a slow pace. Several key aspects such as steady economic growth, stable political condition and supportive regulation/policy will help buyers muster their confidence to purchase an apartment.



Source: OJK

## Asking Price

Amid the relatively stagnant market condition, the average asking price of apartment units continued to demonstrate a rising trend. As of Q3 2017, the average asking price of apartments in Jakarta edged up slightly by 0.9% QOQ and 4.6% YOY to IDR32.7 million/sq m. Prices in areas other than the CBD and South Jakarta posted the highest increment. During this challenging period, prices are relatively stagnant. The upward adjustment was largely due to the overall calculation particularly when we include new projects with good specification and location coming on stream and offered at a high price.

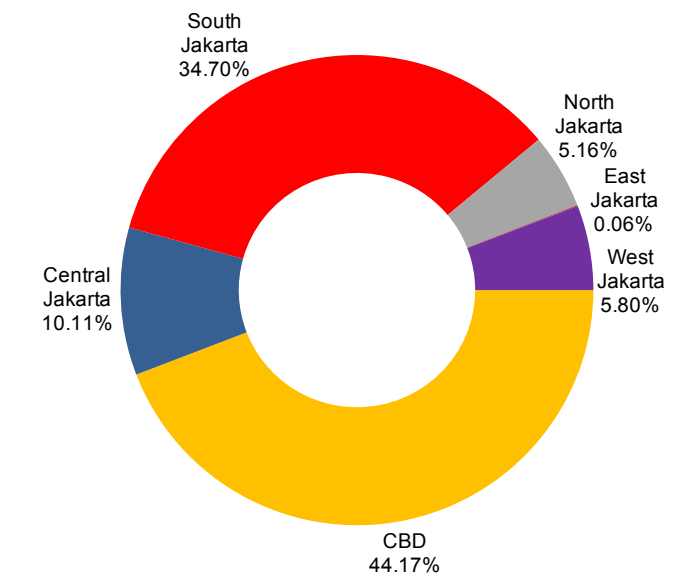
# APARTMENT FOR LEASE

## Supply

Unlike the strata-title apartment market, the apartment-for-lease market remained quiet, as reflected by the lack of new projects; there were no new projects completed between July and September 2017. Somerset Kencana Jakarta, situated at Pondok Indah area, was initially scheduled to start operation in Q3 2017 but was delayed and rescheduled to open in early 2018.

The operator of Ciputra World 2 serviced apartment changed from previously Frasers Hospitality, with Fraser Suites brand, to Ascott Limited, namely Ascott Sudirman Jakarta. Ascott Sudirman Jakarta will be available in early 2018, should it catch up with its finishing phase. This property will be the sixth serviced apartment managed by Ascott in Jakarta, besides Somerset Grand Citra, Somerset Berlian, The Ascott Jakarta, The Ascott Kuningan and Citadines Rasuna. Furthermore, in the upcoming years, Ascott plans to open another three serviced apartment projects in Jakarta, including Somerset Kencana Jakarta, Somerset Sudirman Jakarta and The Ascott Menteng Jakarta.

## The Distribution of Apartment for Lease by Number of Units

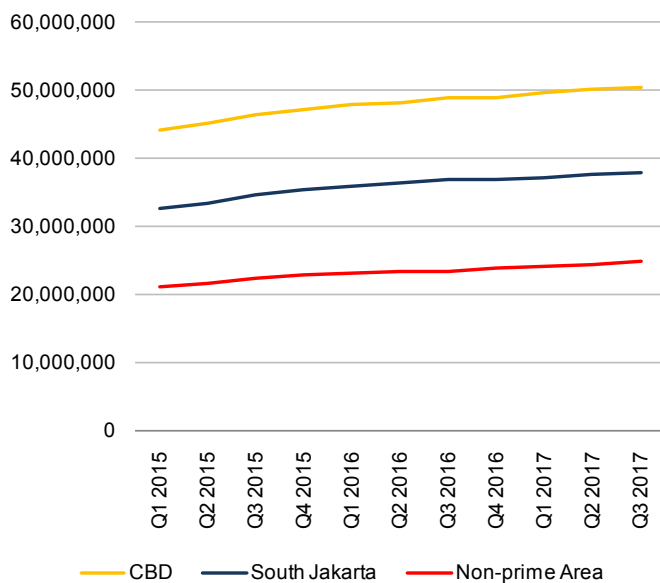


Source: Colliers International Indonesia - Research

| Apartment Price Changes (in IDR) in Three Different Areas |            |            |            |      |      |
|---|------------|------------|------------|------|------|
|   | Q3 2016    | Q2 2017    | Q3 2017    | QoQ  | YoY  |
| CBD   | 48,949,148 | 50,076,415 | 50,468,454 | 0.8% | 3.1% |
| South Jakarta   | 36,923,783 | 37,705,647 | 37,959,967 | 0.7% | 2.8% |
| Non-prime Area  | 23,454,168 | 24,356,919 | 24,795,184 | 1.8% | 5.7% |
| Average   | 31,252,369 | 32,404,090 | 32,702,508 | 0.9% | 4.6% |

Source: Colliers International Indonesia - Research

## Quarterly Asking Prices of Apartment in Three Different Areas



Source: Colliers International Indonesia - Research

Most of the existing projects still introduce the latest price in order to maintain competitiveness in this softening market situation.



## Serviced Apartment Projects Pipeline

| NAME OF PROJECT                | YEAR OF OPERATION | LOCATION                  | AREA          | #UNIT |
|--------------------------------|-------------------|---------------------------|---------------|-------|
| Ascott Sudirman Jakarta        | 2018              | Jl. Prof Dr Satrio        | CBD           | 192   |
| Oakwood at District 8 Senopati | 2018              | SCBD                      | CBD           | 180   |
| Somerset Kencana Jakarta       | 2018              | Pondok Indah              | South Jakarta | 148   |
| Ascott Menteng Jakarta         | 2021              | Menteng                   | CBD           | 151   |
| Fraser Suites Kebon Melati     | 2022              | Kebon Melati, Tanah Abang | CBD           | TBA   |

Source: Colliers International Indonesia - Research

Overall, the total supply of apartments for lease (either serviced or non-serviced) stood at 8,860 units, of which 60% are categorised as serviced apartment. The majority of these apartment units are located in the CBD (44%), followed by South Jakarta (35%). More developers opt to assign international hotel operators to manage their serviced apartments in an attempt to attract broader market coverage, particularly expatriates.

## Occupancy

The average occupancy rate of apartments for lease in Jakarta in Q3 2017 rose slightly from 70.2% to 71.3%, mainly generated from new short-term lease contracts in serviced apartments. The short-term deals were generally composed for business and leisure purposes, with rental tenure from daily to three-month rents. Such transactions helped increase the occupancy for serviced apartments from 62.2% to 65.6% this quarter. Active corporate clients that generate demand for apartments include those in the telecommunications sector, embassy staffs, non-government organisations (NGOs) and expatriates who are working on a project basis such as infrastructure works and other projects that are related to the Asian Games 2018 that will be held in Jakarta and Palembang.

In contrast with serviced apartments, occupancy of non-serviced apartments fell slightly by 0.13% to 74.7% in the reviewed quarter. Besides the frequently reported reason such as lease contract expiration, some apartments also reported that most of their new tenants are currently expatriates without family members and who do not require big units, such as a three-bedroom unit. Sizeable units are typically offered by aged non-serviced apartments and as a result, tenants shifted to rent newer strata-title apartment units.

### Average Occupancy Rates of Apartment for Lease by type of Service

|              | Q2 2016 | Q2 2017 | Q3 2017 | QoQ    | YoY    |
|--------------|---------|---------|---------|--------|--------|
| Non-serviced | 76.20%  | 74.60%  | 74.47%  | -0.13% | -1.73% |
| Serviced     | 62.83%  | 62.24%  | 65.55%  | 3.31%  | 2.72%  |

Source: Colliers International Indonesia - Research

### Average Occupancy Rates of Apartment for Lease in Three Different Areas

|                | Q2 2016 | Q2 2017 | Q3 2017 | QoQ  | YoY   |
|----------------|---------|---------|---------|------|-------|
| CBD            | 76.1%   | 72.5%   | 75.2%   | 2.7% | -0.9% |
| South Jakarta  | 70.4%   | 68.4%   | 69.0%   | 0.5% | -1.4% |
| Non-Prime area | 68.0%   | 69.3%   | 69.5%   | 0.2% | 1.5%  |

Source: Colliers International Indonesia - Research

## Rental Rate

Overall, average rental rate for apartments for lease (both serviced and non-serviced) remained flat. Minor adjustments occurred during the quarter mainly due to the correction of the exchange rate. In Q3 2017, the average asking rental rate in the CBD was registered at IDR362,789/sq m/month, moderately down by less than 1% compared to the previous quarter. Meanwhile, South Jakarta, including other non-prime areas, was registered at IDR218,369/sq m/month.

With substantial amount of serviced apartment projects in the pipeline, vacancy rate would potentially rise over the next few years. In this competitive rental market where apartments for lease have to compete with individually owned strata-title apartment units that are offered for rent, some landlords have to adjust their rental rate lower, and this particularly affected mostly local operators.

### Average Rental Rate (in IDR/sq m/month) changes of Apartment for Lease Based on Region

|         | Q2 2016 | Q2 2017 | Q3 2017 | QoQ   | YoY    |
|---------|---------|---------|---------|-------|--------|
| 371,322 | 361,788 | 361,789 | 0.0%    | -2.6% | -1.73% |
| 223,747 | 218,037 | 218,369 | 0.2%    | -2.4% | 2.72%  |

Source: Colliers International Indonesia - Research

## Concluding Thought

Despite the encouraging pre-sales result of some newly launched projects, we are in the view that overall apartment demand has not picked up yet. Opportunistic buyers generally characterise pre-sales activities of newly launched projects, making an impressive sales record only at the beginning. The initial stage of products, as typically offered, lures buyers who wish to make investments, notably because developers come up with compelling discounts and bonuses, as well as provide payment flexibility. Overtime, as more construction works progress, prices are inevitably raised and sales start to diminish. Furthermore, at the same time, the market continues to see new projects coming on stream, thereby heightening competition amongst new projects. Given the limited number of transactions, we expect to see the apartment market continue to subdue, at least in the remainder of 2017.

On the other hand, the fact that loan growth remains lacklustre, the Central Bank decided to further cut its repo rate by 25bps to 4.25%, and also deposit and lending facility rate 25bps to 3.5% and 5%, respectively. BI now expects loan growth to recover to 10-12% only by 2018 instead of this year. We think that BI may also consider the other monetary policies to be exercised, such as further ease LTV or down payment policies to help prevent properties from further deceleration.

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