

# JAKARTA | OFFICE

## Office Sector

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Net demand weakened in 2016 and at the same time some existing office buildings currently maintained huge available spaces.

For the first time since Q2 2015, not having any additional supply within the last two quarters in 2016 (some office buildings rescheduled completion) helped increase occupancy QoQ in the CBD.

Rents continued to slide. Landlords offer softening rents in line with the tenant's market situation.

### Forecast at a glance



#### Supply

In 2016, the CBD area was without additional supply in the last two quarters. Cumulative supply remained stable at 5.48 million as of Q4 2016. The projected supply in 2017 increased to 731,164 sq m due to relocating office buildings that expected to meet completion in 2016. Meanwhile outside the CBD, two office buildings in TB Simatupang began operations in 2016. Outside the CBD excluding TB Simatupang, six office buildings contributed an additional 157,297 sq m supply in 2016. TB Simatupang will see a limited future supply in 2017.



#### Occupancy

Occupancy continued to show a decreasing trend. Occupancy declined 4% the CBD, falling by 5.8% outside the CBD, YoY. TB Simatupang currently recorded occupancy at 79.2% and remained relatively flat YoY. Occupancy is expected to see tougher days in 2017.



#### Rent

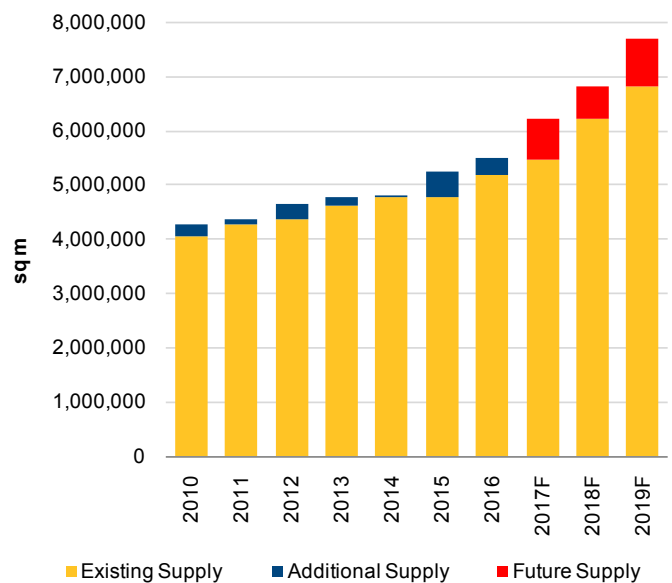
Decreasing premium rent hit the average rent of lower classes office buildings, particularly Grade B and C office buildings, which dropped 20% YoY. Increasing rents were contributed by three newly operating office buildings outside the CBD that confidently offer rents above market prices.

## Supply

### Office Spaces Offered For Lease

#### CBD

#### CBD Office Cumulative Supply



Source: Colliers International Indonesia - Research

In 2016, 12 office buildings started operation in Jakarta. Four of them are located in the CBD area, namely Centennial Tower, Capital Place, International Financial Centre 2 and Sinarmas MSIG. All of these office buildings have begun operation and brought 315,511 sq m new office spaces within the first half of 2016. Conversely, Hero Building stopped operation in 2016. Hero Buildings (two towers) were bought by a new landlord and are planned to be redeveloped as an integrated development, office and residential apartment called Synthesis Square.

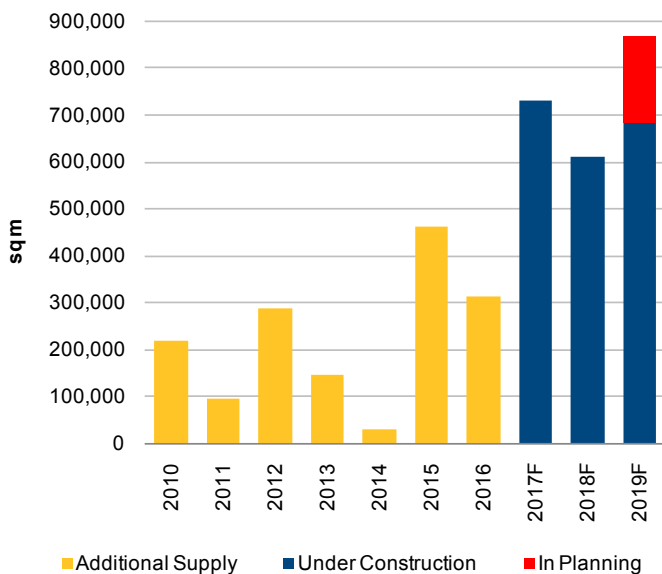
In the previous quarter, CBD expected the other six office buildings to start operation in Q4 2016. Nevertheless, based on their current construction progress, these office buildings rescheduled their completion and therefore caused the additional supply in 2016 to be lower than that in the previous year. Without additional supply in the second semester of 2016, the cumulative supply was recorded at 5.48 million sq m in the CBD and represents 65% of the total number of office spaces in Jakarta as of Q4 2016.

Newly Operating Office Buildings in CBD			
OFFICE BUILDING PROJECT NAME	LOCATION	SGA (SQ M)	MARKETING SCHEME
Sinarmas MSIG	Sudirman	75,000	For Lease & Sale
International Financial Center 2	Sudirman	50,000	For Lease
Capital Place	Gatot Subroto	90,511	For Lease
Centennial Tower	Gatot Subroto	100,000	For Lease & Sale

Source: Colliers International Indonesia - Research

Furthermore, the rescheduled completion of some office buildings caused the projected cumulative supply to increase significantly in 2017. This is due to the other four office buildings that are expected to meet completion in 2017; they have, from the beginning, showed on-schedule construction progress. This means the CBD area is expected to see more than 700,000 sq m of future supply in 2017, as contributed by 12 office buildings.

### CBD Office Annual Supply



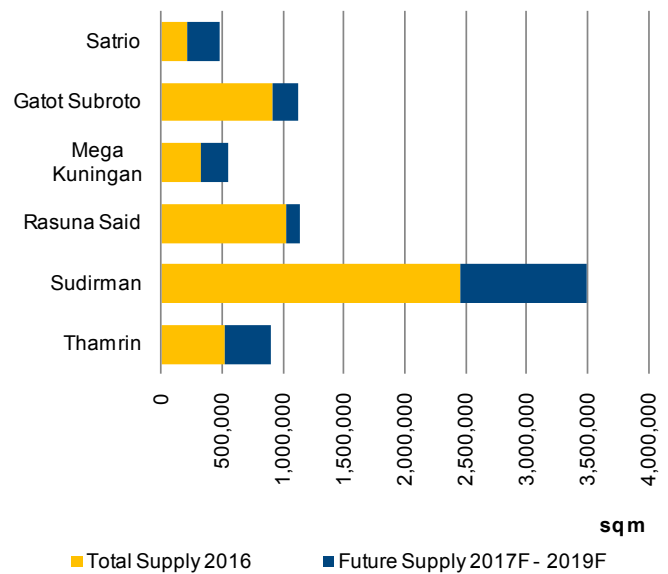
Source: Colliers International Indonesia - Research

With the above projection in 2018, the CBD will see some office buildings with huge semi gross areas. Together with Indonesia Satu, Chitaland, Thamrin Nine and Millennium Centennial Tower, Icon Tower is expected to meet completion in 2019. These five future office buildings will bring around 750,000 sq m additional office spaces in 2019. As of Q4 2016, these office buildings have started construction. Except Chitaland, the other office buildings will be located along the Thamrin-Sudirman corridor.

Based on area, almost 45% of the total supply in the CBD is located in Sudirman, as of Q4 2016. With the future availability of MRT and given an increasing KLB (plot area), more office buildings will be developed in Sudirman. A total of 31 office buildings in the CBD expect to meet completion from 2017 to 2019. Sudirman is currently expecting 11 future office buildings to bring around a million sq m of

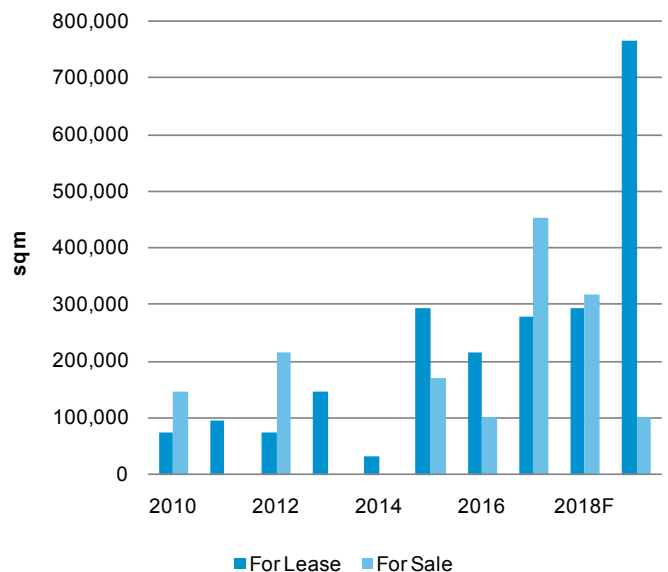
additional office supplies, which will meet completion during the period mentioned above. Meanwhile, only three to four future office buildings were recorded at the other areas.

### CBD Office Cumulative Supply based on Area



Source: Colliers International Indonesia - Research

### CBD Office Annual Supply based on Marketing Scheme



Source: Colliers International Indonesia - Research

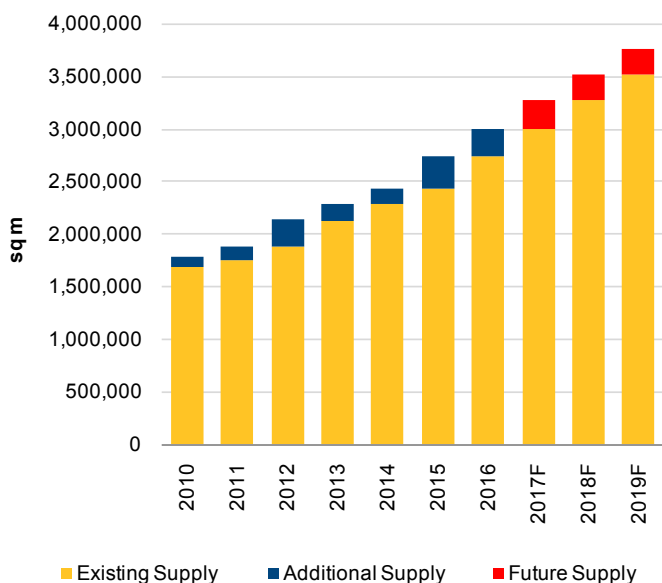
Newly Operating Office Buildings			
OFFICE BUILDING PROJECT NAME	LOCATION	SGA (SQ M)	MARKETING SCHEME
L'Office	Pasar Minggu	41,597	For Lease & Sale
Sky 18 Tower	Pasar Minggu	27,500	For Lease & Sale
Soho Capital @ Podomoro City	Slipi	36,000	For Sale
Altira	Sunter	40,000	For Lease & Sale
Nariba Office Suites	Mampang	4,200	For Lease
Harton Tower	Kelapa Gading	8,000	For Lease
South Quarter Tower 3	TB Simatupang	40,778	For Lease
Cibis Tower	TB Simatupang	60,800	For Lease & Sale

Source: Colliers International Indonesia - Research

Fourteen office buildings were expected to meet completion in outside the CBD in 2016. After having no new supply in the first quarter, a total of eight office buildings began operation in the remaining quarters. Two office buildings, namely South Quarter and Cibis Office Park, contributed 101,578 sq m of the 258,875 sq m total new office spaces, to bring the cumulative supply to 2.99 million sq m as of Q4 2016, showing a 9.3% growth from the previous year. Actually, the other six office buildings were expected to start operation in Q4 2016. Nevertheless, based on their current construction progress, these office buildings rescheduled their completion, causing the projected annual supply to increase in 2017. Most future office buildings are expected to begin operation in the first semester and bring the projected cumulative supply to surpass 3 million sq m by the end of 2017.

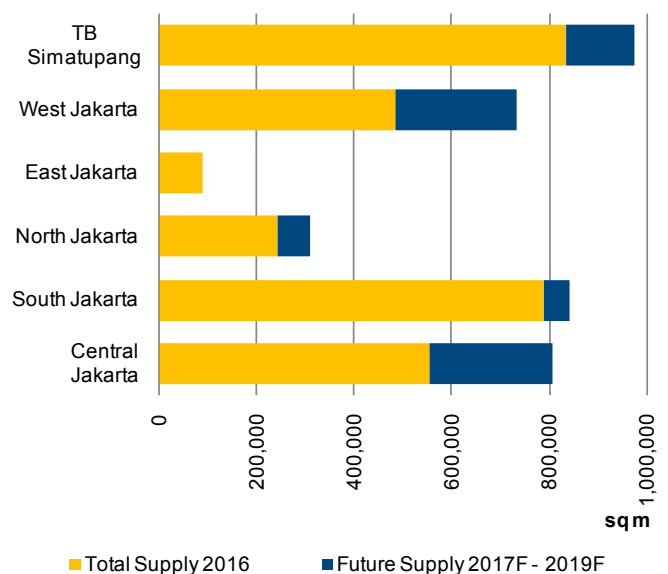
South, North and West Jakarta became the contributing areas for new office spaces outside the CBD within the last two years. Thirteen of the 17 newly operating office buildings in 2015-2016 are located in South Jakarta. Large additional office spaces caused the total supply in South Jakarta to show a big gap with other areas. The total supply in South Jakarta currently represents 54.2% of the cumulative supply outside the CBD. Together with two newly operating office buildings, South Jakarta contributed 67.5% of the total additional supply in 2016. Also, seven future office buildings are expected to meet completion and bring almost 200,000 sq m of new office spaces in South Jakarta up to the end of 2019. This projected additional supply is expected to be lower than those in Central and West Jakarta.

### Outside the CBD Office Cumulative Supply



Source: Colliers International Indonesia - Research

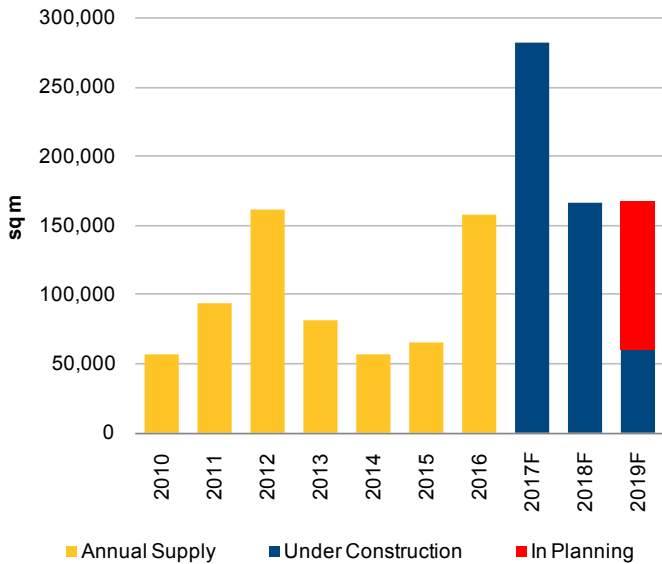
### Outside the CBD Office Cumulative Supply Based on Area



Source: Colliers International Indonesia - Research

Mapping office distribution outside the CBD was still centralised at well-known areas. Most future office buildings in West Jakarta are located at Cengkareng and Puri, as well as Kelapa Gading in North Jakarta. These areas also have direct access to industrial estates in other area surrounding Jakarta, such as Tangerang.

### Outside the CBD Excluding TB Simatupang Annual Supply

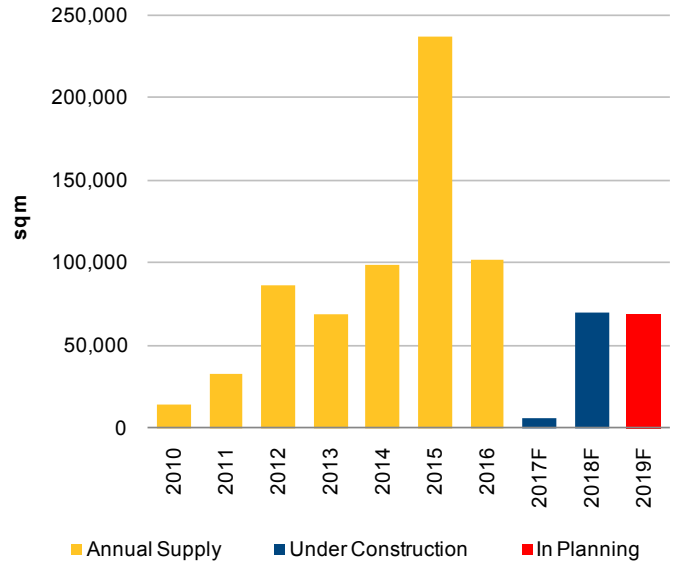


Source: Colliers International Indonesia - Research

The existing MRT network is expected to maintain South Jakarta as a leading area in contributing future office supplies outside the CBD, particularly in TB Simatupang. After Cibis and South Quarter Tower C opened in 2016, at least five office buildings will meet completion between 2017 and 2019 in TB Simatupang. Beltway Tower D and Arkadia Tower G are currently in planning stage and expected to begin construction in 2017.

As of Q4 2016, TB Simatupang's cumulative supply was recorded at 833,899 sq m, representing around 50% of the total supply in South Jakarta and 28% outside the CBD. Despite being quite limited, 72% of the total supply in South Jakarta will be contributed by office buildings in TB Simatupang from 2017 to 2019.

### TB Simatupang Annual Supply



Source: Colliers International Indonesia - Research

## New Supply Pipeline

PROJECTED COMPLETION	OFFICE BUILDING PROJECTS NAME	LOCATION	SGA* (SQ M)	MARKETING SCHEME	STATUS DEVELOPMENT
<b>CBD</b>					
2017	Telkom Landmark Tower II	Gatot Subroto	65,000	For Lease	Under Construction
2017	Convergence	Rasuna Said	36,367	For Lease & Sale	Under Construction
2017	Menara Palma 2	Rasuna Said	50,000	For Lease	Under Construction
2017	Ciputra World Jakarta 2	Satrio	70,000	For Lease & Sale	Under Construction
2017	Satrio Tower	Satrio	31,604	For Lease	Under Construction
2017	The Tower	Gatot Subroto	56,492	For Sale	Under Construction
2017	Menara Pertiwi	Mega Kuningan	41,456	For Sale	Under Construction
2017	PCPD Tower	Sudirman	90,500	For Lease	Under Construction
2017	Prosperity Tower (within District 8 complex)	Sudirman	71,545	For Sale	Under Construction
2017	Treasury Tower (within District 8 complex)	Sudirman	139,000	For Sale	Under Construction
2017	Sopo Del Tower B	Mega Kuningan	39,200	For Lease	Under Construction
2017	Revenue Tower	SCBD, Sudirman	40,000	For Lease	Under Construction
2018	Mangkuluhur Tower	Gatot Subroto	53,000	For Lease & Sale	Under Construction
2018	Lippo Thamrin Office Tower	Thamrin	16,500	For Sale	Under Construction
2018	T Tower	Gatot Subroto	24,000	For Lease & Sale	Under Construction
2018	Sequis Tower	Sudirman	78,000	For Lease	Under Construction
2018	Sopo Del Tower A	Mega Kuningan	64,000	For Lease	Under Construction
2018	Sudirman 7.8 (ex Nugra Santana)	Sudirman	52,000	For Sale	Under Construction
2018	Tower Two at The City Center	Sudirman	101,260	For Lease & Sale	Under Construction
2018	World Capital Tower	Mega Kuningan	72,000	For Lease & Sale	Under Construction
2018	World Trade Center III	Sudirman	70,000	For Lease	Under Construction
2018	Astra Tower	Sudirman	80,000	For Lease	Under Construction
2019	Tower 2 @ Ciputra World Jakarta 1	Satrio	70,000	For Lease & Sale	Under Construction
2019	Icon Tower	Sudirman	72,500	For Lease	Under Construction
2019	Thamrin Nine	Thamrin	97,500	For Lease	Under Construction
2019	Chitaland	Satrio	90,000	For Lease	Under Construction
2019	Millenium Centennial Tower	Sudirman	120,000	For Lease	Under Construction
2019	Indonesia Satu North Tower	Thamrin	130,000	For Lease	Under Construction
2019	Indonesia Satu South Tower	Thamrin	120,000	For Lease	Under Construction
2019	Plaza Gani Djemat (redevelopment)	Thamrin	8,000	For Lease	In Planning
2019	Gran Rubina Tower 2	Rasuna Said	32,000	For Sale	In Planning
<b>OUTSIDE CBD EXCLUDE TB SIMATUPANG</b>					
2017	Puri Indah Financial Tower	Puri Indah	38,500	For Sale	Under Construction
2017	Gallery West	Kebun Jeruk	29,000	For Sale	Under Construction
2017	Tamansari Parama	Wahid Hasyim	10,800	For Sale	Under Construction
2017	One Belpark Office	Pondok Labu	17,800	For Lease	Under Construction
2017	ST Moritz Office Tower	Puri Indah	19,500	For Sale	Under Construction
2017	Soho Pancoran	Pancoran	30,000	For Sale	Under Construction
2017	BKP Office Tower	Sunter	16,000	For Lease	Under Construction
2017	Hermira Office Building	Kemayoran	20,000	For Sale	Under Construction
2017	Agung Sedayu Office Tower	Pantai Indah Kapuk	50,000	For Lease	Under Construction
2017	Puri Matahari	Meruya	40,000	For Lease	Under Construction
2018	One Tower	Kemayoran	21,400	For Sale	Under Construction
2018	Ciputra Business District Kemayoran Tower 1	Kemayoran	40,000	For Sale	Under Construction

*continued*

PROJECTED COMPLETION	OFFICE BUILDING PROJECTS NAME	LOCATION	SGA* (SQ M)	MARKETING SCHEME	STATUS DEVELOPMENT
<i>continuation</i>					
2018	Ciputra Business District Kemayoran Tower 2	Kemayoran	40,000	For Lease	Under Construction
2018	Ciputra International Puri 1 Phase 1	Puri	15,000	For Lease	Under Construction
2018	Ciputra International Puri 2 Phase 1	Puri	20,000	For Lease	Under Construction
2018	Ciputra International Puri 3 Phase 1	Puri	30,000	For Lease	Under Construction
2019	MNC Tower II	Kebon Sirih	60,000	For Lease	Under Construction
2019	Jakarta Box Tower	Kebon Sirih	36,000	For Lease	In Planning
2019	Lippo Tower Holland Village	Cempaka Putih	27,000	For Sale	In Planning
2019	Ciputra International Puri Phase 2	Puri	15,000	For Lease	In Planning
2019	Ciputra International Puri 1 Phase 3	Puri	15,000	For Lease	In Planning
2019	Ciputra Internatinal Puri 2 Phase 3	Puri	15,000	For Lease	In Planning
<b>TB SIMATUPANG</b>					
2017	Zuria		6,584	For Lease	Under Construction
2018	The Sima		60,000	For Lease	Under Construction
2018	Beltway Office Park Tower 4		30,839	For Lease	In Planning
2019	Arkadia Tower G		30,000	For Lease	In Planning
2019	The Manhattan Square Tower 2		39,375	For Lease & Sale	In Planning

Source: Colliers International Indonesia - Research

## Demand CBD

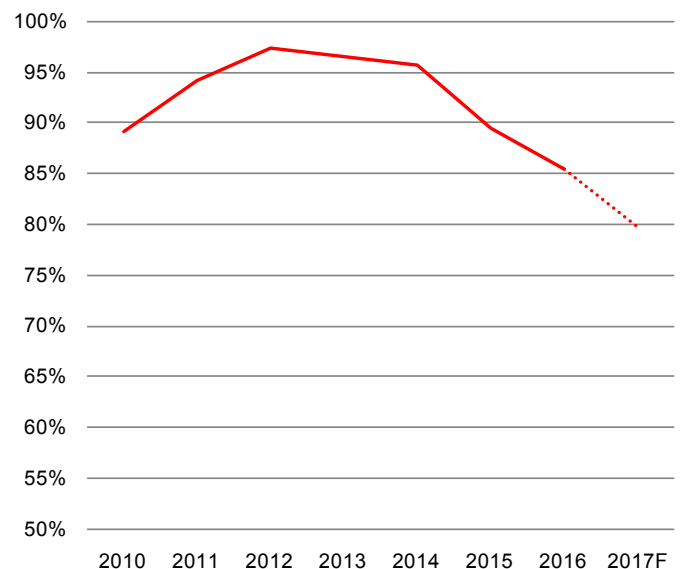
Rescheduling the completion of some office buildings will create a large impact on the projected occupancy rates in 2017. Occupancy forecasted a decline, although it is expected to remain healthy at around 80%.

Occupancy changes in the CBD (%)			
OFFICE BUILDING GRADE	Q4 2015	Q3 2016	Q4 2016
Premium	88.5	87.4	91.0
Grade A	85.5	79.8	82.2
Grade B	94.7	91.3	91.6
Grade C	90.7	85.5	86.8
Overall	89.4	84.6	84.8

Source: Colliers International Indonesia - Research

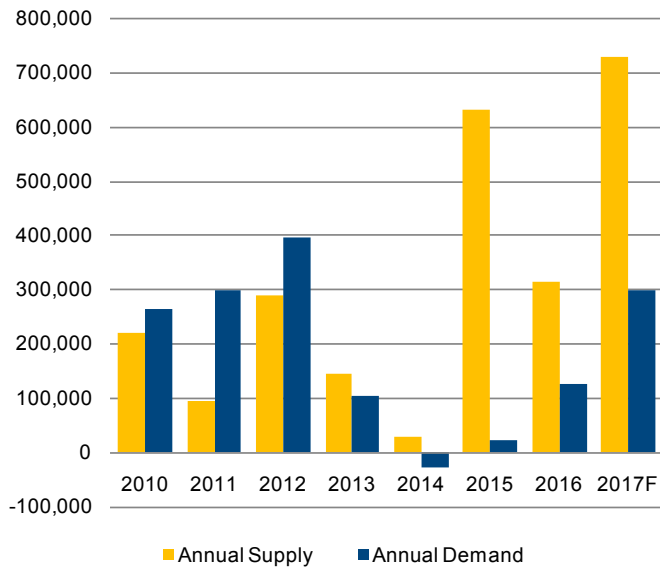
Helped by lower additional supply, the occupancy saw growing moderately, but in fact net absorption recorded significantly smaller than in the previous year.. Occupancy currently stood at 84.8%, which is a 4.6% decline YoY. Despite moving in a slow pace, more office transactions were recorded particularly from small inquiries, below 500 sq m, in 2016. Without additional supply this quarter, this is the first time since Q1 2015 that occupancy turned a positive growth QoQ, despite slightly. In addition to small office spaces transaction, we recorded few larger transaction between 1,000 and 3,000 sq m mainly contributed by finances (particularly banking and insurance), the pharmaceutical, outsourcing, logistic and IT sectors as demand generators in the CBD.

### Average Occupancy Rates in the CBD



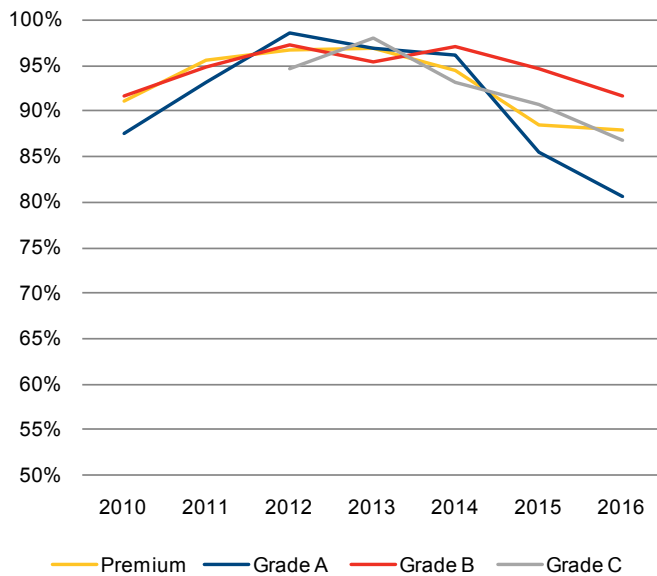
Source: Colliers International Indonesia - Research

## Annual Supply and Demand in the CBD



Source: Colliers International Indonesia - Research

## Averages Occupancy in the CBD based on Building Grade



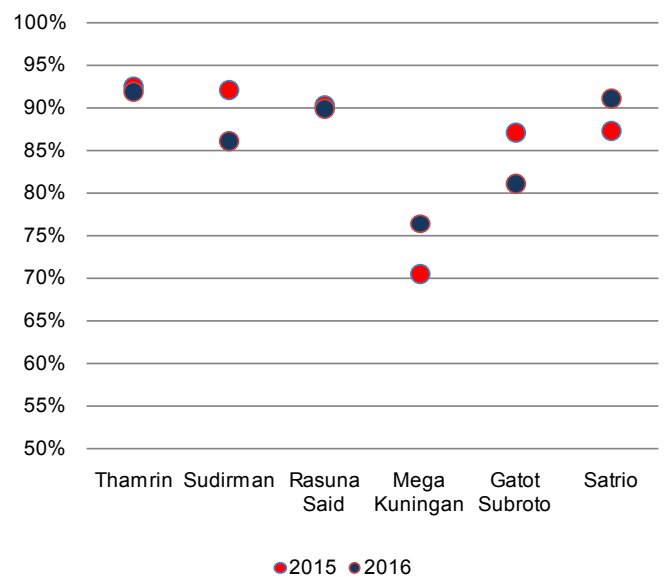
Source: Colliers International Indonesia - Research

Based on building grade, all office building classes showed a sluggish period and caused occupancy to continue declining since 2014. Newly operating Grade A office buildings caused the average occupancy for this class to be recorded as the lowest in the CBD since 2015. Also, despite following a negative growth trend, premium office buildings performed better than other classes and maintained their occupancy relatively flat YoY.

Despite being the lowest, Mega Kuningan recorded the highest growth of occupancy rates YoY based on area. Conversely, Sudirman and Gatot Subroto's average occupancy were recorded down significantly. Three larger newly operating office buildings in Gatot Subroto currently still remain around 175,000 sq m vacant spaces. Meanwhile, an office building in Sudirman is providing around 20,000 sq m available office spaces by end 2016. Further, another 20,000 sq m vacant spaces will be available in 2017 and contributed by an office building that located within same complex. Larger projected additional supply, totally around 460,000 sq m contributed by these two areas, will put a projection of the occupancy continue declining in Sudirman and Gatot Subroto in 2017.

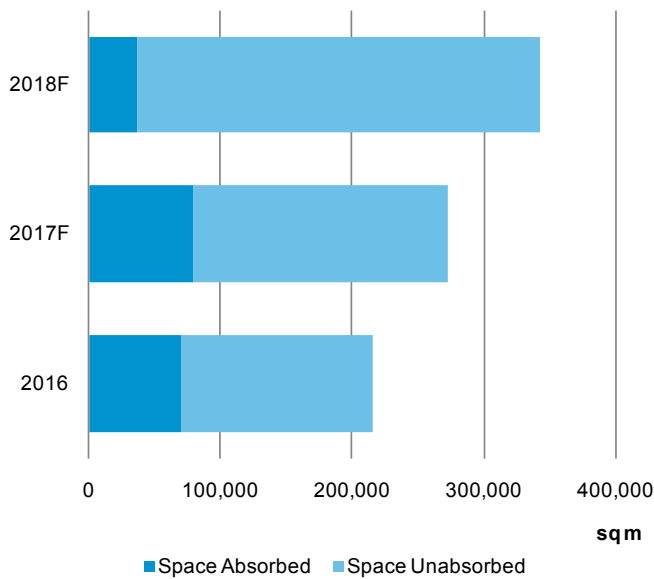
In addition Sudirman and Gatot Subroto, we also recorded some future office supply in 2017 at the other areas still recorded lower committed space absorption by end 2016. This situation will push further the overall projected occupancy in the CBD in 2017.

## YoY Occupancy Performance in the CBD



Source: Colliers International Indonesia - Research

## Pre-Committed Absorption at Office Buildings for Lease in the CBD in 2016 - 2018



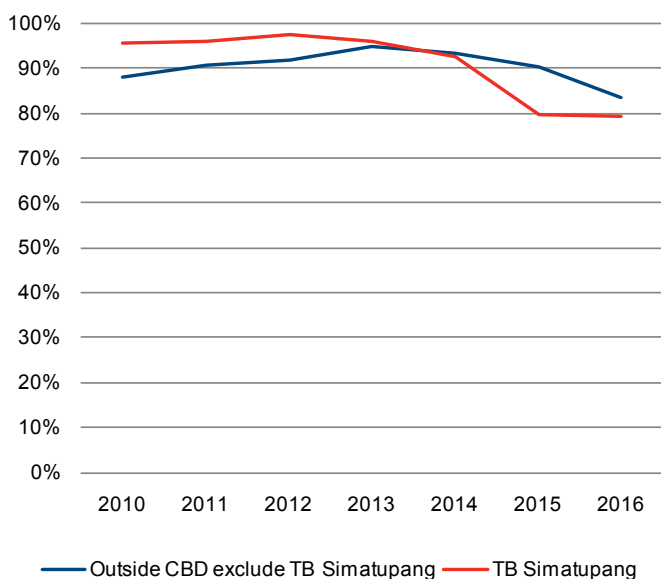
Source: Colliers International Indonesia - Research

## Outside the CBD

Occupancy changes in Outside the CBD (%)			
OFFICE BUILDING GRADE	Q4 2015	Q3 2016	Q4 2016
Outside CBD excluding TB Simatupang	90.5	87.1	83.5
TB Simatupang	79.7	79.2	79.2

Source: Colliers International Indonesia - Research

## Average Occupancy Rates in Outside the CBD



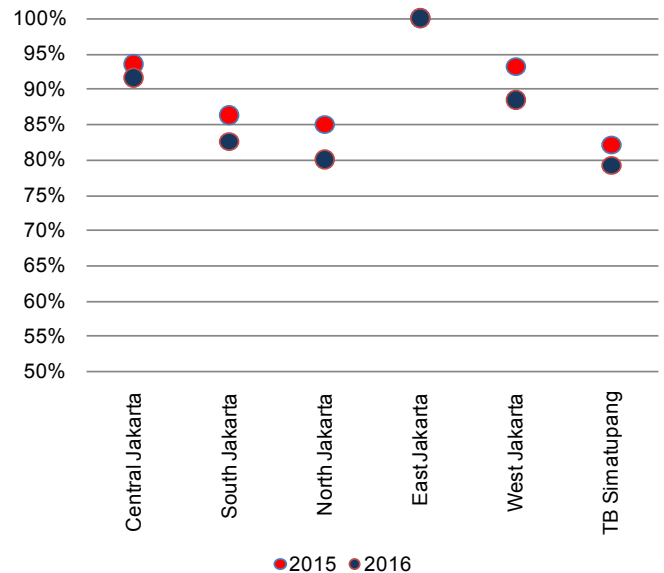
Source: Colliers International Indonesia - Research

Outside the CBD, occupancy fluctuated quarterly since Q4 2015. Most office buildings began operation in Q2 and Q4 2016 and lowered the occupancy rates in those quarters. Occupancy reached 88% in Q1 before falling significantly to 82% in Q4 2016. Newly operating office buildings also showed a sluggish absorption and contributed to bring the overall occupancy to decline around 3% QoQ. Occupancy is forecasted to continue the decline with a projected large future supply in 2017.

Based on area, except East Jakarta, all areas showed a decreasing occupancy YoY. South Jakarta experienced the largest decrease YoY, at 6.2%. North and West Jakarta also showed a significant decrease in occupancy YoY, at 4%. Some office buildings in these three areas increased their number of vacant spaces, starting at 1,000 up to 1,500 sq m YoY.

Thirteen office buildings, which contributed around 450,000 sq m of office spaces, have begun operation since 2014 in TB Simatupang. A sluggish demand particularly at newly operating office buildings significantly impacted occupancy rates, causing it to drop below 90% in TB Simatupang since 2014. Occupancy continued to decrease, registering 79.2% as of Q4 2016. However, occupancy is expected to increase around 3% with limited projected additional supply in 2017.

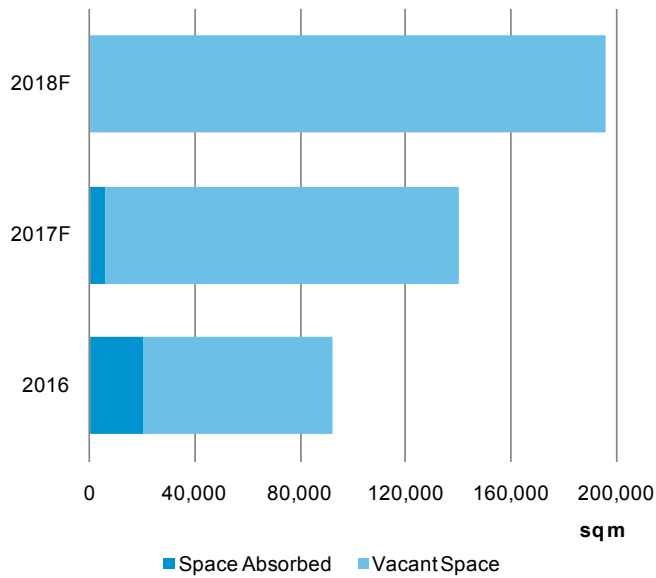
## YoY Occupancy Performance in Outside the CBD



Source: Colliers International Indonesia - Research



## Pre-Committed Absorption at Office Buildings for Lease in outside the CBD in 2016 - 2018

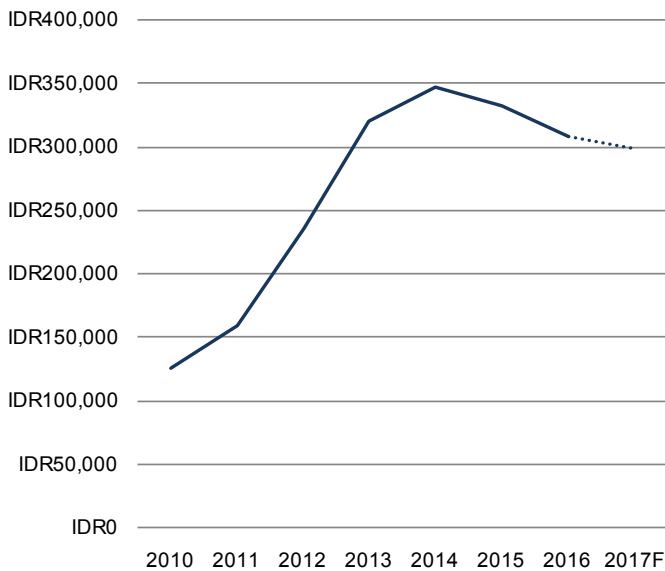


Source: Colliers International Indonesia - Research

## Asking Rents

### CBD

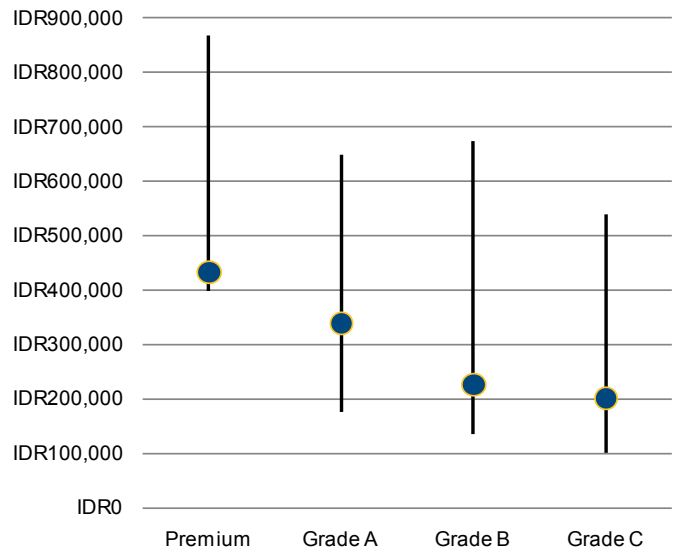
#### Average Asking Rents in the CBD



Source: Colliers International Indonesia - Research

Asking rents continued to show a downward trend within the last two years. Eighteen office buildings significantly lowered asking rents YoY, starting at IDR100,000 up to IDR250,000. The decrease brought the average asking base rental to register at IDR311,750/sq m/month as of Q4 2016, which declined 6.2% YoY. The sluggish demand also caused newly operating office buildings in 2015-2016 to keep their asking rents between IDR200,000 and IDR350,000/sq m/month. In fact, most of these office buildings are categorised as Premium and Grade A office buildings. Larger remaining spaces and additional future supplies will put higher pressure at projected asking rents in 2017.

## The Range of Asking Rents based on Building Grade



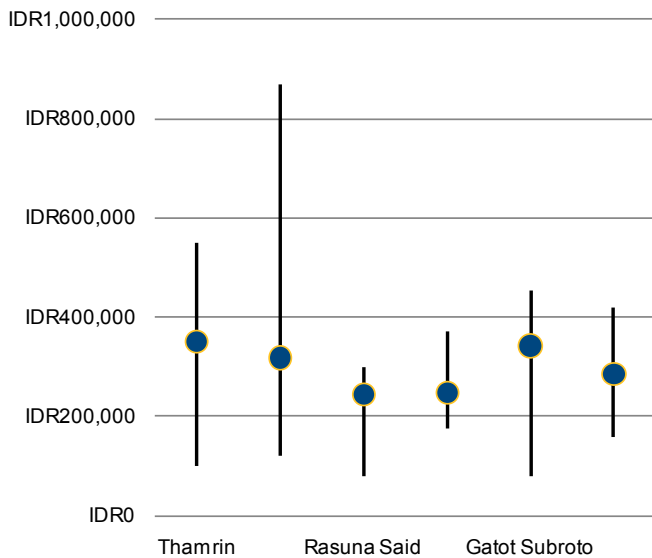
Source: Colliers International Indonesia - Research

Based on building grade, decreasing premium rents hit the average rent of lower class office buildings, particularly Grade B and C office buildings. The average rents of Grade B and C office buildings dropped 20% YoY. Grade A office buildings showed an increasing trend, despite very modestly. Nevertheless, the sluggish demand and more available spaces caused rentals to currently become more flexible. Both new and existing tenants have an opportunity to occupy good quality office buildings with lower rents. This current situation caused some newly operating office buildings, particularly Grade A office buildings, to lower their asking rents starting at 10% up to 30%.

Based on area, average rents showed a decreasing trend QoQ in 2016 in Thamrin, Sudirman, Mega Kuningan and Rasuna Said. This caused rents to decline in these areas, starting at 11% to 23% YoY. In Sudirman, we recorded not less than 20 office buildings that contributed in bringing the average rents to a decreasing trend QoQ since Q4 2015. These office buildings lowered their asking rents, starting at 20% up to 55%, YoY. Conversely, Gatot Subroto and Satrio areas showed a decreasing rent QoQ, but rents experienced an increase YoY. An upward growth YoY in Gatot Subroto was mainly contributed by office buildings that began operation in 2015, whilst Satrio recorded a modest growth.

Office rent in Sudirman is forecasted to be corrected given the fact that four office buildings will seemingly be ready to open and bring around 340,000 sq m in 2017. The possible rental correction in Sudirman will likely impact other areas, not only in the CBD.

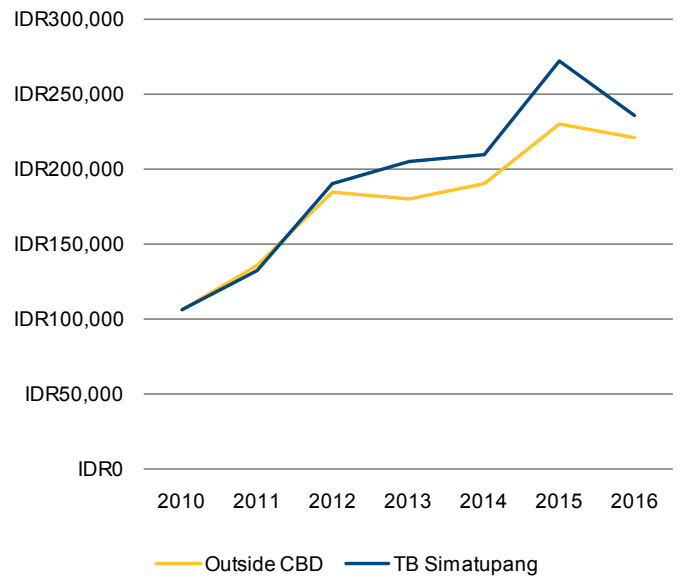
### The Range of Asking Rents Based on Each Sub-market



Source: Colliers International Indonesia - Research

### Outside the CBD

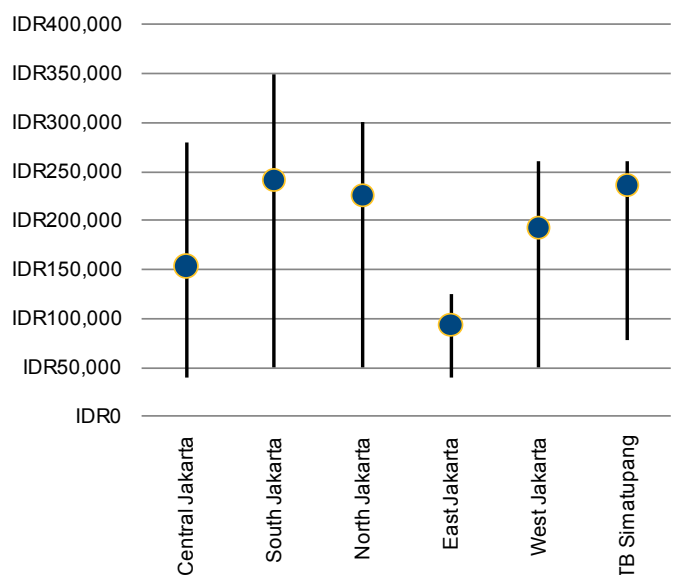
#### Average Asking Rents in Outside the CBD



Source: Colliers International Indonesia - Research

Outside the CBD, average rents were recorded at IDR225,801/sq m/month as of Q4 2016, decreasing 5.3% YoY. Despite the drop, asking rents bounced QoQ after continuing to slump at the previous three quarters of 2016. The QoQ increase was contributed by three of the eight newly operating office buildings, which confidently offer rents above market rates.

### The Range of Asking Rents Based on Each Market



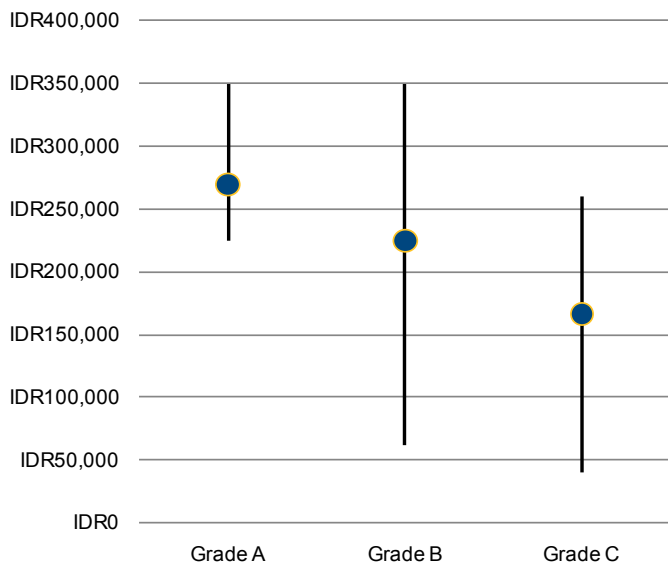
Source: Colliers International Indonesia - Research

In Central, West and North Jakarta, three office buildings (one at each area) accelerated their asking rents to jump significantly YoY at 15%, 16% and 35% respectively. An office building in Lapangan Banteng (Central Jakarta) adjusted its base rental almost double than the previous year. Two newly operating office buildings became contributors, raising the asking rents in West and North Jakarta. Moreover, a newly operating office building in Yos Sudarso (North Jakarta) offered a base rental almost double than the average rent in North Jakarta in 2015.

Conversely, newly operating office buildings offered rents below current market prices. Also, some office buildings in TB Simatupang lowered their rents, causing the average rent to decline 10.9% YoY in South Jakarta.

Because of the decreasing rents as mentioned above, average rent was recorded at IDR236,018/sq m/month in TB Simatupang as of Q4 2016, which dropped 15% YoY, whilst other areas in South Jakarta excluding TB Simatupang recorded average rents at IDR246,722/sq m/month. Larger available spaces at office buildings with more expensive rents caused the average rent to be higher than that in TB Simatupang.

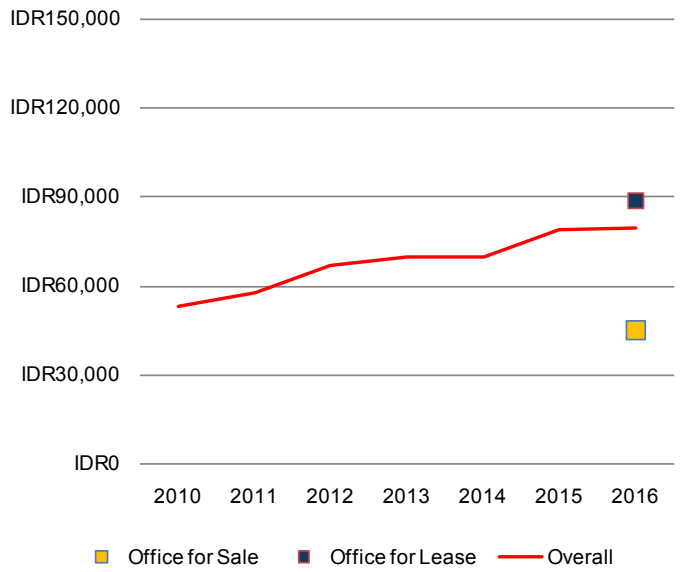
### The Range of Asking Rents Based on Building Grade



Source: Colliers International Indonesia - Research

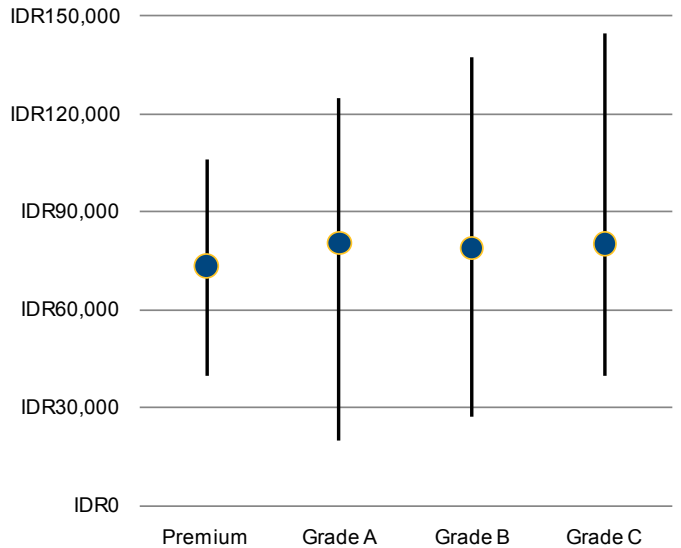
## Service Charges

### Service Charges in the CBD



Source: Colliers International Indonesia - Research

### The Range of Service Charge Based on Building Grade



Source: Colliers International Indonesia - Research

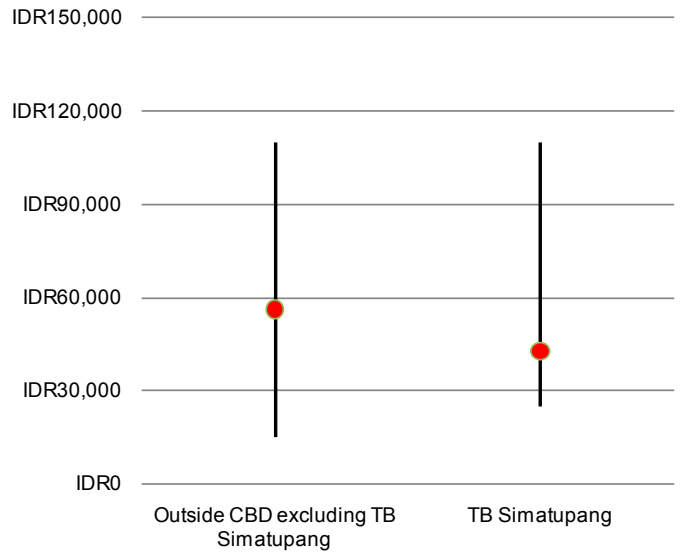
Service charges moved marginally since 2015. Most of existing office buildings adjusted their service charge moderately starting at IDR5,000 up to IDR15,500 YoY, and brought the average service charges to IDR79,153/sq m/month as of Q4 2016. Average service charge was maintained relatively flat in IDR79,000 – IDR80,000/sq m/month during 2016, although the current service charge in the CBD only grew 2.8% YoY.

Service charge is expected to increase despite moderately in 2017. Some future office buildings announced to set their service charges between IDR50,000 and IDR80,000/sq m/month.

Steady service charge was also recorded outside the CBD in 2016, which stood at IDR57,576/sq m/month as of Q4 2016.

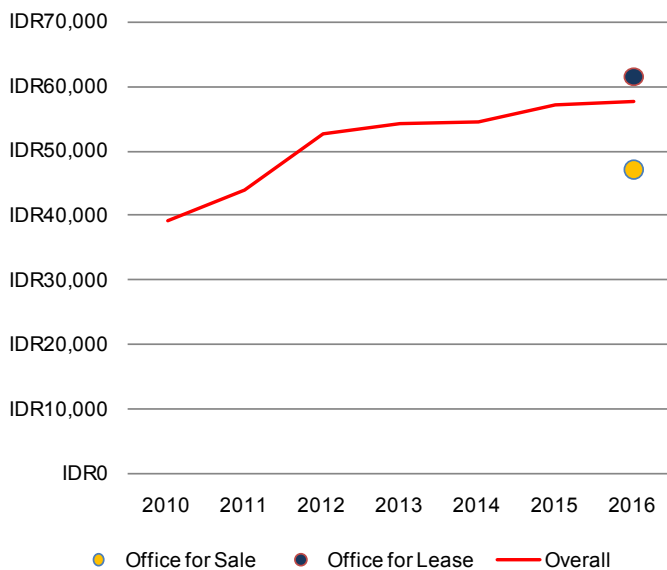
North and West Jakarta recorded an increasing average service charge YoY. Newly operating office buildings currently brought service charges to register at IDR54,092/sq m/month in North Jakarta and IDR54,550/sq m/month in West Jakarta. These areas recorded an increasing service charge YoY of 5% and 7%, respectively, whilst service charge was recorded relatively flat in East Jakarta at IDR54,458/sq m/month. Conversely, average service charge experienced a soft decrease in Central and South Jakarta. At least five office buildings adjusted their service charges below IDR10,000 up to IDR15,000, and brought the service charge at IDR59,855/sq m/month in Central Jakarta. In South Jakarta, most newly operating office buildings offer service charges below market tariff, allowing the average service charge to stabilise at IDR58,392/sq m/month in South Jakarta. At TB Simatupang, service charge was also recorded relatively flat at IDR61,992/sq m/month.

## The Range of Service Charge Based on Building Grade



Source: Colliers International Indonesia - Research

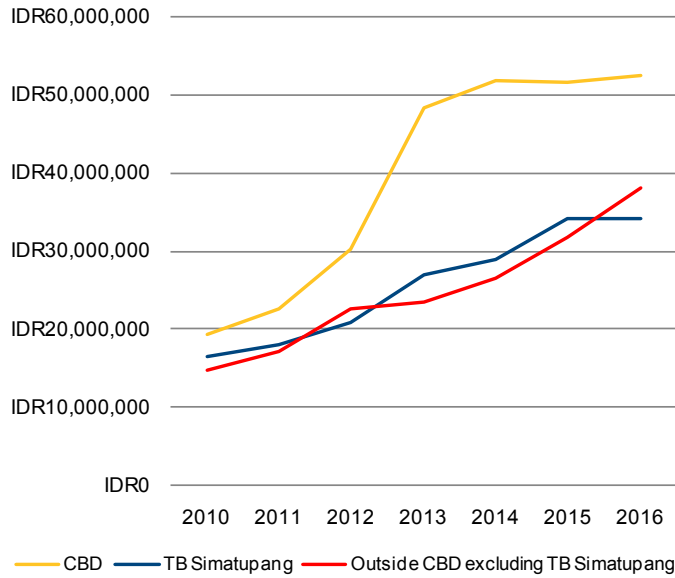
## Service Charges in Outside the CBD



Source: Colliers International Indonesia - Research

# Strata-title Office

## Average Asking Prices Based on Spaces Available



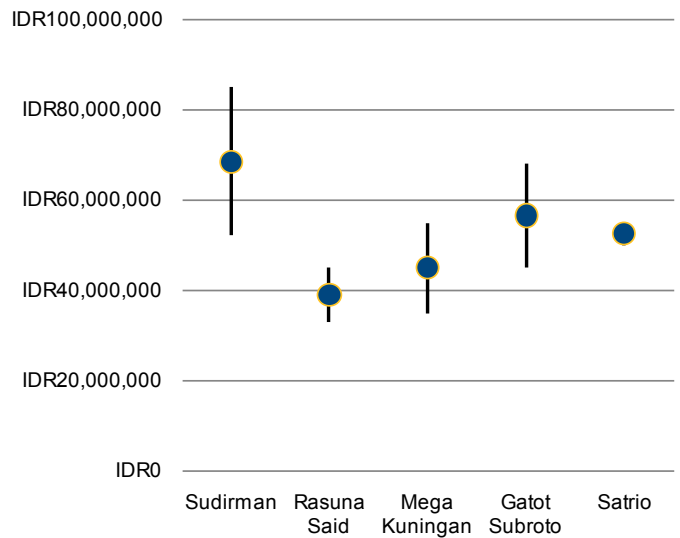
Source: Colliers International Indonesia - Research

The CBD is expected to see around 757,000 sq m of future office for sale over the next two years. Although 50% of this projected additional supply was absorbed, asking prices remain subdued on weak rents. Average asking prices currently stood at IDR52.9 million/sq m based on available spaces. Asking prices on the secondary market was offered mainly starting at IDR40 million to IDR55 million/sq m, although one office building set its price above IDR100 million/sq m (in the secondary market).

In the meantime, asking prices for future office buildings were offered between IDR40 million and IDR85 million/sq m, depending on location.

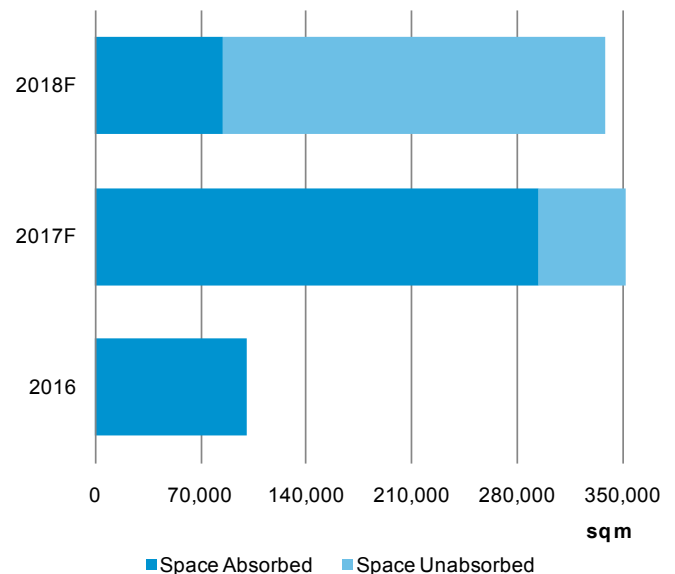
Lower absorption was showed by strata-title office buildings outside the CBD. Office supply in 2016 remained at 50,000 sq m of unabsorbed spaces in 2016. Meanwhile, around 220,000 sq m of future office spaces for sale are expected to become available outside the CBD between 2017 and 2018. As of Q4 2016, 50% of this projected additional supply was sold. Both TB Simatupang and other areas outside the CBD showed a softly increasing trend in asking prices. Nevertheless, asking prices were stable between IDR30 million and IDR38 million/sq m in 2016, bringing the average prices at IDR34 million/sq m in TB Simatupang. Meanwhile, outside the CBD outside TB Simatupang recorded a 20% increase YoY to IDR37.9 million/sq m. Some available office spaces for sale outside the CBD outside TB Simatupang still offer a rate below IDR30 million/sq m.

## The Range of Asking Prices in the CBD Based on Area



Source: Colliers International Indonesia - Research

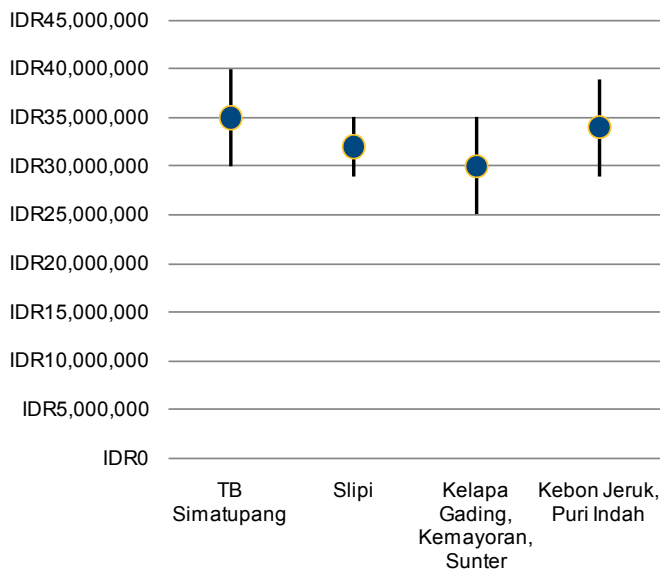
## Pre-Committed Take-Up Rate of Strata-Title Office Buildings for Sale in the CBD



Source: Colliers International Indonesia - Research

The asking prices are forecasted to soften further, due to larger unsold spaces outside the CBD outside TB Simatupang. Conversely, due to the remaining vacant spaces around 60,000 sq m and without projected additional supply in the future, asking prices are forecasted to increase faster in TB Simatupang than in other areas. As consideration, the asking price at the secondary market was currently offered at IDR47 million/sq m at TB Simatupang.

## The Range of Asking Prices in Outside the CBD Based on Area



Source: Colliers International Indonesia - Research

## Concluding Thought

The rescheduled completion of some office buildings in 2016 will likely cause demand to lag behind supply in 2017. Office rental is forecasted to continue to slide under pressure of a lacklustre demand.

Competition amongst landlords to fill vacant spaces will intensify in the next years.

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