

# JAKARTA & GREATER JAKARTA | RETAIL

## Retail Sector

Ferry Salanto Senior Associate Director | Research

**Almost one million sq m of total future supply is expected to come from JaBoDeTaBek between 2017 and 2019. However, less than 50% of this projected additional supply is under construction in 2016.**

**Newly operating shopping centres have secured highly committed tenants. Most of them opened already and helped the overall occupancy improve despite slightly.**

**Food and beverages continued to become demand generator.**

## Forecast at a glance



### Supply

Four shopping centres began operation and brought an additional 121,000 sq m supply in 2016. These four shopping centres delivered a cumulative supply of 4.57 million sq m, showing a 2.7% increase YoY. Jakarta is expected to see two future shopping centres and bring a projected additional supply of 68,000 sq m in 2017. Meanwhile, two shopping centres began operation in Greater Jakarta in 2016. The cumulative supply was registered at 2.47 million sq m, showing a 4% growth YoY. More shopping centres are expected to be developed in Greater Jakarta, most of which are still in planning stage, including future supplies in Jakarta.



### Demand

Most newly operating shopping centres have secured about 85% commitment occupancy before opening. However, only less than 50% of the total committed absorption was occupied by the end of 2016. Food and beverages will continue to perform its role as demand generator, whilst supermarket, home furnishing and entertainment (cinema) continue to expand.



### Occupancy

After slumping at three previous quarters, this was the first time occupancy registered an increase at 85.4% in Q4 2016. As forecasted, occupancy is likely to continue increasing in 2017, with smaller additional supply. Occupancy fluctuated during 2016 in Greater Jakarta. A large number of additional supplies caused occupancy to decline 2% to 82% for the rest of 2016.



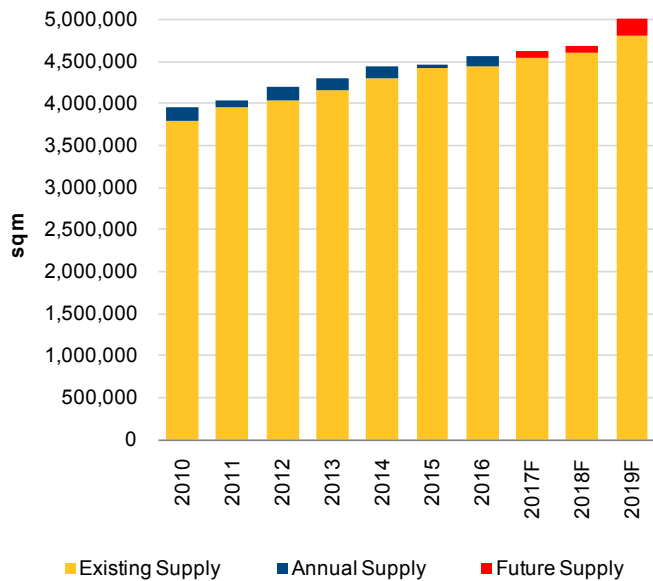
### Rent

Rents grew 4.1% YoY to IDR563,238/sq m/month in Jakarta, whilst Greater Jakarta showed a moderate increase at IDR344,734/sq m/month. Asking rent is forecasted to increase in 2017, mainly contributed by upper class shopping centres in Jakarta. Sales volume will largely impact projected asking rents.

# Supply

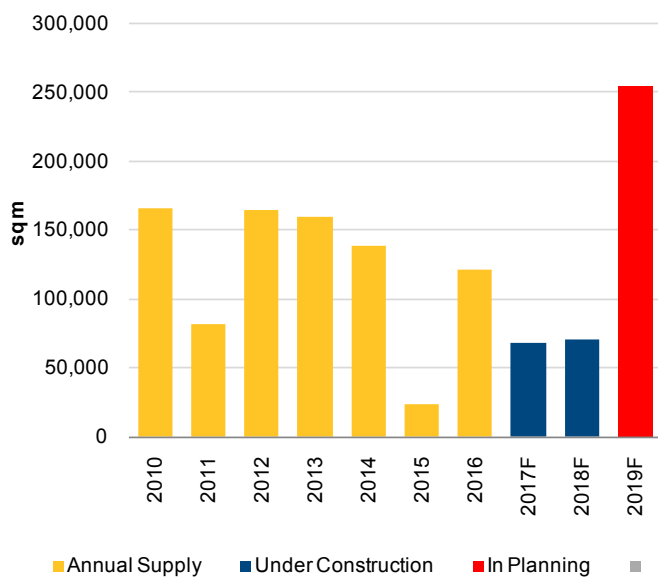
## Jakarta

### Cumulative Supply of Retail Space in Jakarta



Source: Colliers International Indonesia - Research

### Annual Retail Supply in Jakarta



Source: Colliers International Indonesia - Research

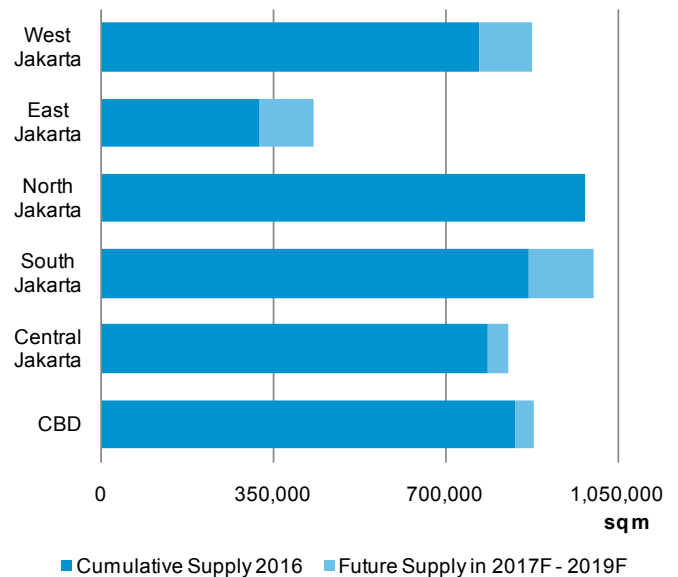
Four shopping centres began operation in 2016 in Jakarta. In 2016, except South Jakarta, each area of Jakarta contributed one shopping centre to bring an additional 121,000 sq m supply of retail spaces in Jakarta. These four shopping centres caused the cumulative supply to increase 2.7% YoY to 4.57 million sq m as of Q4 2016. Bassura City Mall (in East Jakarta) was the first shopping centre to start operation as of Q2 2016, followed by Neo SOHO Mall at

Podomoro City (in West Jakarta) and PIK (Pantai Indah Kapuk) Avenue (in North Jakarta). Most recently, Green Pramuka City Mall (in Central Jakarta) officially began operation as of Q4 2016. These four shopping centres were built within a residential complex, consisting of apartments and/or landed houses. These shopping centres expect to grab a large number of potential visitors who live in the surrounding areas.

Actually, South Jakarta expected to see a new shopping centre, Shopping Mall at Pancoran, in 2016. Its completion will be rescheduled for next year and add the projected total spaces at 68,000 sq m in 2017. In total, Jakarta will see almost 400,000 sq m of new and additional retail space, contributed by 10 shopping centres from 2017 to 2019; 35% of this future supply is currently under construction. In addition to Shopping Mall at Pancoran and New Harco Plaza (both of these two shopping centres are owned by Agung Podomoro Land), Aeon Mall at Jakarta Garden City began construction as early as 2015. Other than at Jakarta Garden City, Aeon is also planning to develop other shopping centres in Lenteng Agung (South Jakarta) and will be located within Southgate, a mixed-use development.

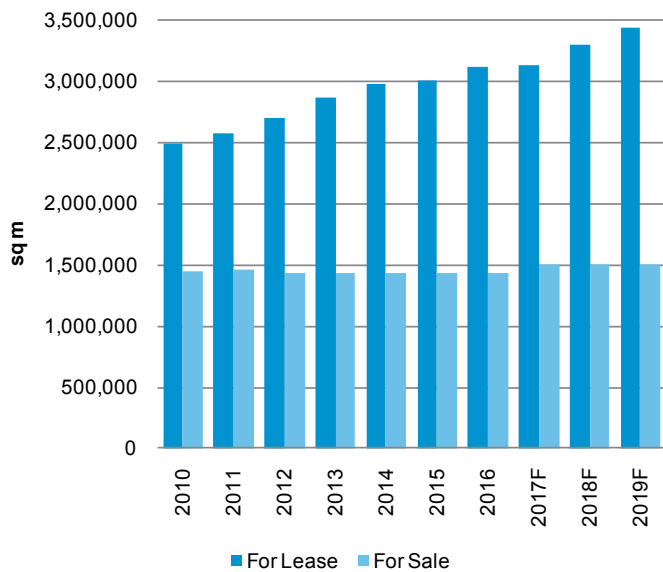
Retail moratorium caused the CBD to not have any additional supply after operating Lotte Avenue in 2013. The high and increasing land prices has become a consideration for developers/landlords to develop shopping centres in the CBD. However, as contributed by the joint operation of two companies, the CBD is expected to see two shopping centres around Bendungan Hilir.

### Cumulative Supply Based on Area in Jakarta



Source: Colliers International Indonesia - Research

## Cumulative Supply Based on Marketing Scheme in Jakarta

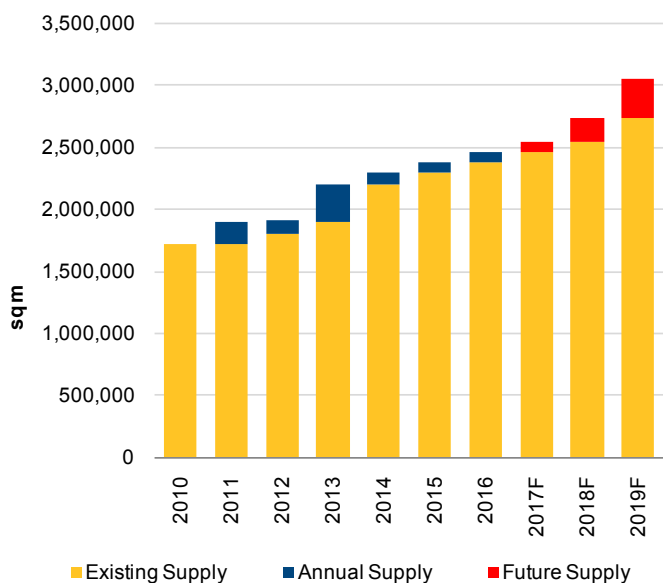


Source: Colliers International Indonesia - Research

As of Q4 2016, retail spaces for sale only contributed 31.5% of the cumulative supply in Jakarta. The downward performance of strata-title shopping centres has significantly limited the additional supply space for sale since 2009. Nevertheless, New Harco Glodok is being redeveloped under a new landlord. This trade centre will meet completion and ready to start operation in 2017. In addition to planning a trade centre in the CBD, the projected cumulative supply of retail for sale has grown 5% by 2019; half of the growth of retail for lease.

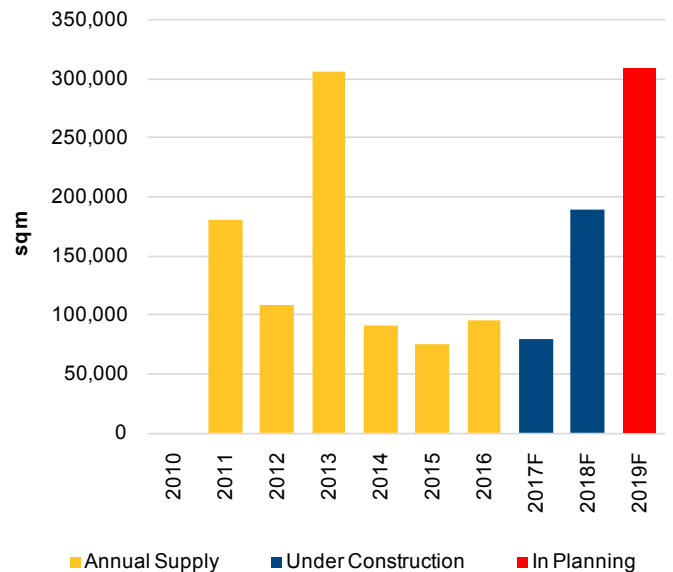
## Greater Jakarta (BoDeTaBek)

### Cumulative Supply in Greater Jakarta (BoDeTaBek)



Source: Colliers International Indonesia - Research

## Annual Retail Supply in Greater Jakarta (BoDeTaBek)

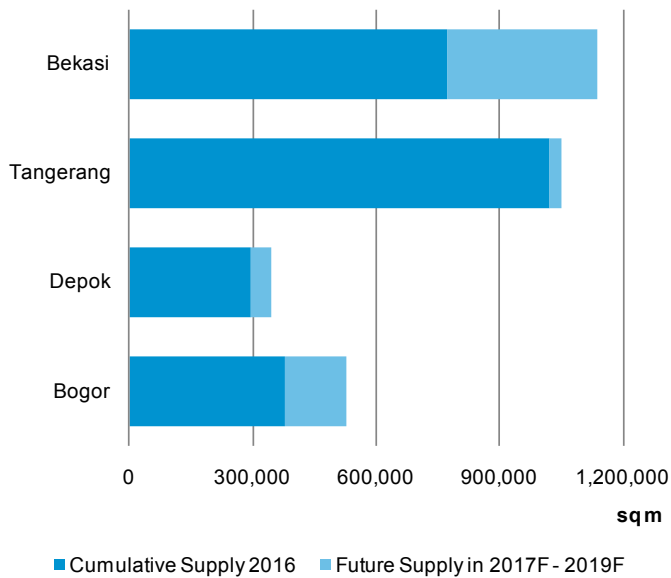


Source: Colliers International Indonesia - Research

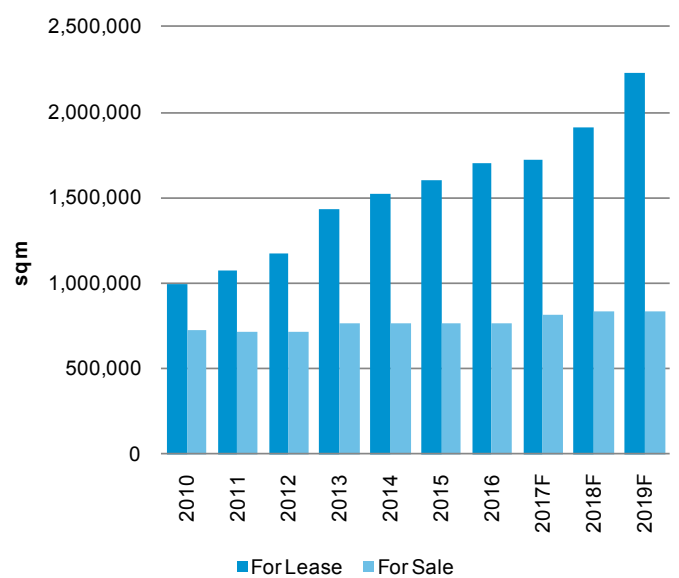
In Greater Jakarta, two shopping centres, namely Metropolitan Cileungsi (in Bogor) and currently Q Big Mall BSD (in Tangerang) began operation in 2016. As of Q4 2016, these two newly operating shopping centres brought the cumulative supply to 2.47 million sq m. Greater Jakarta is expected to see 15 future shopping centres between 2017 and 2019. Most of these shopping centres are in planning stage and expected to meet completion in 2019. Two future shopping centres in Bekasi, Grand Dhika City Mall and Bekasi Trade Centre will contribute projected additional supply in 2017.

Tangerang and Bekasi continue to significantly contribute existing retail spaces, 41% and 31% respectively of the cumulative supply as of Q4 2016. In the future, Bekasi is expected to remain as a main contributor of retail spaces, whilst Tangerang is very limited. Two future shopping centres owned by Lippo Group are expected to open over the next two years in Tangerang. In addition to Lippo Group, Megapolitan will pursue the completion of these two shopping centres within one mixed-use development at Cibinong, Bogor. The other area, Depok, is expected to contribute two future shopping centres within mixed-use developments.

## Cumulative Supply Based on Area in Greater Jakarta (BoDeTaBek)



## Cumulative Supply Based on Marketing Scheme in Greater Jakarta (BoDeTaBek)



Source: Colliers International Indonesia - Research

Source: Colliers International Indonesia - Research

New Supply Pipeline					
SHOPPING CENTRE	LOCATION	REGION	DEVELOPER	NLA (SQ M)	DEVELOPMENT STATUS
<b>JAKARTA</b>					
<b>2017</b>					
Shopping Mall at Pancoran	Pancoran	South Jakarta	Agung Podomoro	8,000	Under Construction
New Harco Plaza	Glodok	West Jakarta	Agung Podomoro	60,000	Under Construction
<b>2018</b>					
Aeon Mall Garden City	Cakung	East Jakarta	Aeon	71,000	Under Construction
<b>2019</b>					
Mal Puri Indah 2	Puri Indah	West Jakarta	Antilope Madju Puri Indah	50,000	In Planning
Shopping Mall at Podomoro Park	Buaran	East Jakarta	Agung Podomoro	40,000	In Planning
Grand Metro Cipulir	Cipulir	South Jakarta	Priamanaya	30,000	In Planning
Pondok Indah Mall 3	Pondok Indah	South Jakarta	Metropolitan Kentjana	60,000	In Planning
Shopping Mall at South Gate	Lenteng Agung	South Jakarta	Sinarmas Land	35,000	In Planning
Benhil Central Mall	Bendungan Hilir	CBD	JO WIKA & PD Pasar Jaya	20,000	In Planning
Benhil Central Trade Centre	Bendungan Hilir	CBD	JO WIKA & PD Pasar Jaya	20,000	In Planning

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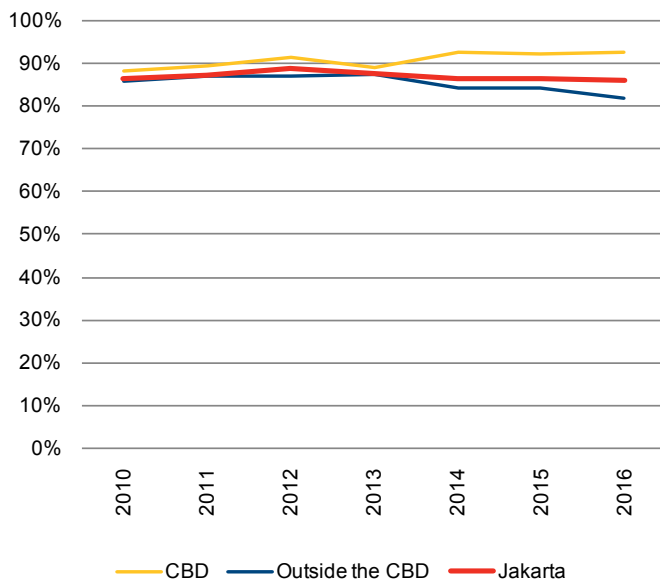
SHOPPING CENTRE	LOCATION	REGION	DEVELOPER	NLA (SQ M)	DEVELOPMENT STATUS
<i>continuation</i>					
<b>GREATER JAKARTA (BODETABEK)</b>					
<b>2017</b>					
Bekasi Trade Center 2	Bulak Kapal	Bekasi	Gapura Prima	56,000	Under Construction
Grand Dhika City Mall	Bekasi	Bekasi	Adhi Persada Realty	24,000	Under Construction
<b>2018</b>					
Vivo Sentul Lifestyle	Cibinong	Bogor	Megapolitan	20,000	Under Construction
Vivo Sentul Trademall	Cibinong	Bogor	Megapolitan	13,000	Under Construction
Plaza Indonesia Jababeka	Jababeka	Bekasi	Plaza Indonesia & Graha Buana Cikarang	55,685	Under Construction
AEON Mall Sentul	Sentul	Bogor	Aeon	100,000	Under Construction
<b>2019</b>					
Living World Jababeka	Jababeka	Bekasi	Kawan Lama	18,000	In Planning
AEON Mall Deltamas	Deltamas	Bekasi	Aeon	90,000	In Planning
Hollywood Central	Cikarang	Bekasi	Graha Buana Cikarang	25,000	In Planning
Embarcadero	Bintaro	Tangerang	Lippo Karawaci	30,000	In Planning
Kota Harapan Indah	Bekasi	Bekasi	Hasana Damai Putera	51,000	In planning
Shopping Mall at Green Lake	Cimanggis	Depok	Cempaka Group	20,000	In Planning
Mall at Pesona Square	Juanda	Depok	Menara Depok Asri	30,000	In Planning

Source: Colliers International Indonesia - Research

## Absorption

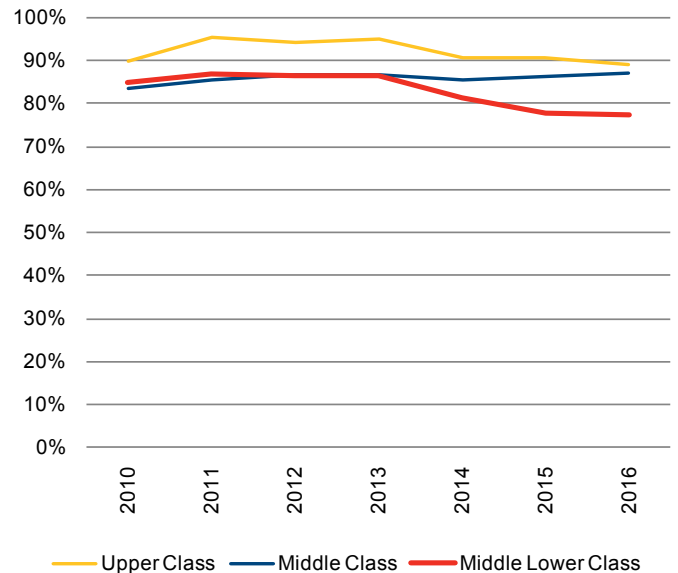
### Jakarta

#### Occupancy Rates



Source: Colliers International Indonesia - Research

#### Occupancy Based on Mall Grade



Source: Colliers International Indonesia - Research

Since 2014, the CBD area and outside the CBD have recorded opposite occupancy trends and showed a large gap between themselves. This situation brought the average occupancy relatively flat in Jakarta; occupancy was recorded at 85.4% as of Q4 2016 in Jakarta, showing a slight decrease YoY. However, we recorded a benign increase in occupancy rates QoQ. Economic growth is forecasted to increase despite slowly, and this would likely excite people to go shopping, particularly lifestyle shopping. More food and beverages tenants are expected to mushroom increasingly and boost the projected occupancy to strengthen in 2017.

Based on area, the CBD kept its average occupancy stable at 92% since 2014. Since it was announced verbally in 2011, retail moratorium apparently created a large impact on supply growth in the CBD. In addition to seeing limited additional supply, the retail moratorium also impacted landlords with more options to refresh the tenancy mix and keep occupancy high, particularly at upper-class shopping malls.

Meanwhile, four shopping centres began operation and brought occupancy at 81.9% as of Q4 2016 in outside the CBD, which declined 2.4% YoY.

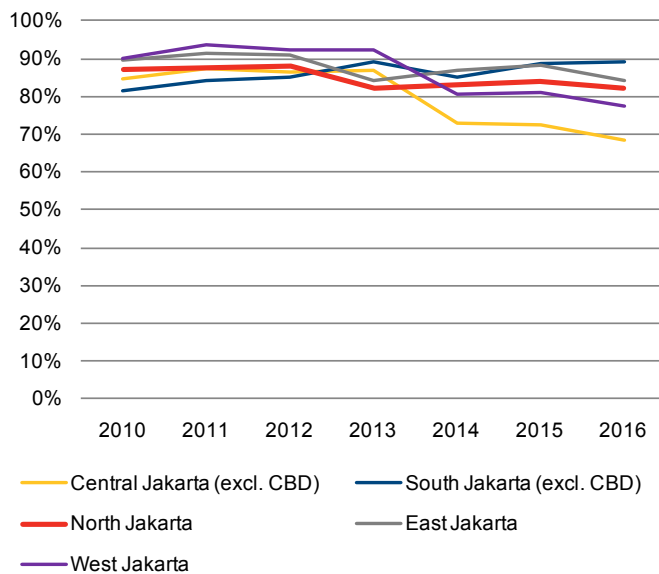
Ace Hardware, CGV Blitz, Lotte Mart and Funworld already opened at Green Pramuka City Mall, as a newly operating mall in Q4 2016. The other three shopping centres that opened in previous quarters in 2016 secured quite high commitment occupancy rates. However, spaces occupied were recorded around 45% of the commitment absorption contributed by these three newly operating shopping centres by the end of 2016.

Outside the CBD, occupancy showed an uptrend in South Jakarta. Gradually, committed tenants at One Bel Park Mall currently opened. Nevertheless these stores only helped bring average occupancy marginally at 89.3%. Conversely, other areas showed a decreasing trend in occupancy rates, which was mainly contributed by newly operating shopping centres. As mentioned above, larger available spaces at newly operating Green Pramuka City Mall caused average occupancy to register below 70% in Central Jakarta as of Q4 2016.

Contributed by two shopping centres that began operation in 2016, occupancy in upper-class shopping centres showed a moderate decrease YoY. However, average occupancy remained high at 89%-90%. A limited number of additional supplies will allow occupancy in this class of shopping centre to remain high in the future. Other than that, middle upper-class shopping centres remain as destinations for tenants to open or/and expand new stores.

Middle-class shopping centres can be the second option, with high commitment occupancy. Occupancy showed an uptrend performance despite gradually.

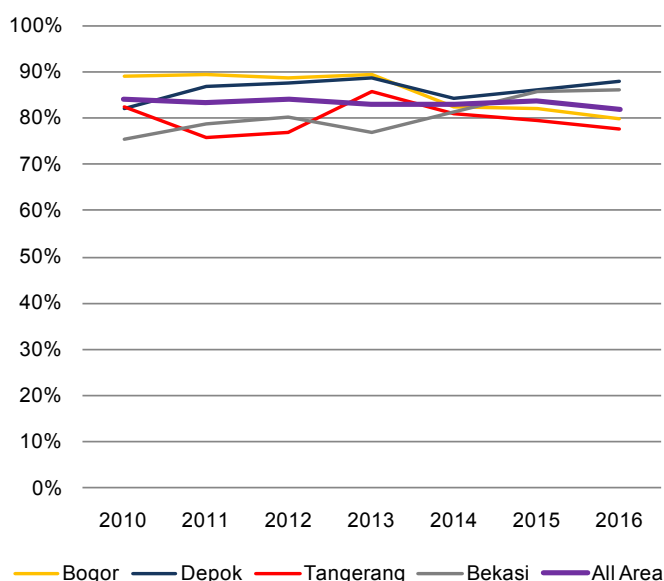
## Occupancy Based on Area



Source: Colliers International Indonesia - Research

## Greater Jakarta

### Occupancy Rates



Source: Colliers International Indonesia - Research

In BoDeTaBek, a larger additional supply in Q4 2016 caused the average occupancy to fall 1.5% QoQ. Previously, average occupancy reached 84% at Q1 before currently slumping to 82% by the end of 2016. The fall in occupancy rates was mainly contributed by newly operating shopping centres in Tangerang. As a newly operating shopping centre and bringing the “big box” concept, Q Big BSD brought a large additional supply in Tangerang. Nevertheless, some major tenants such as Courts, Mitra 10,

Ace Hardware and Informa already opened as of Q4 2016. We are expecting Lulu Department Store to open soon. The large additional supply lowered average occupancy from 4.1% YoY to 77.7% by the rest of 2016.

Conversely, Bogor, Bekasi and Depok showed contrary trends in occupancy rate. The occupancy increased YoY, despite very modestly.

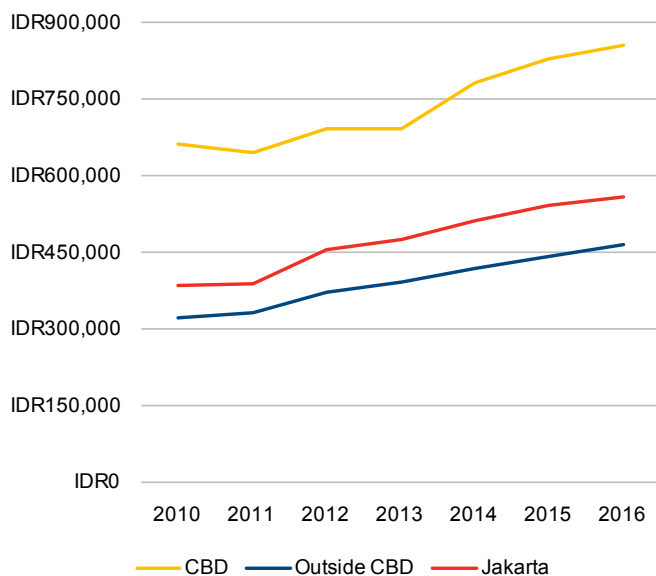
Committed Tenants at New and Future Shopping Centres in Jakarta		
SHOPPING CENTRE	AREA	TENANT NAME
PIK Avenue	Pantai Indah Kapuk, North Jakarta	Uniqlo, The Food Hall, Flix Cinema, Ace Hardware, Gold's Gym, Informa, H&M, Optik Melawai, Sports Station, Giordano, Levi's Store, Timberland, Pizza Hut, Starbucks, Excelso, Kidz Station, Carl's Junior, Payless
Neo SOHO Podomoro City	Slipi, West Jakarta	Central Dept Store, Kid Station, Electronic Solution, Pedro, The Body Shop, Clarks, Staccato, Polo Ralph Laurent, Samsonite, Wrangler, Wood, Cotton On, Mango, Nine West, Charles & Keith, Armani Jeans, Furla, Ta Wan, Pizza Hut, Pepper Lunch, Muji, Pedro, Kidz Station, Electronic Solution, Cotton On
Bassura City Mall	Cipinang, East Jakarta	XXI, Lion Superindo, Optik Melawai, Sports Station, The Body Shop, Starbucks, Imperial Kitchen, Wood
Green Pramuka City Mall	Pramuka, Central Jakarta	CGV, Lotte Mart, Ace Hardware, Funworld, Kidz Station, Wood, Ta Wan, Starbucks, Marugame Udon, Electronic Solution, Optik Melawai
Metropolitan Mall Cileungsi	Cileungsi, Bogor	Matahari, Cinema XXI, Jysk, Gramedia, Electronic City, Fun World, Eat & Eat, Superindo, Pojok Busana, Starbucks, Batik Keris, Giordano, Optik Seis, Ta Wan, Optik Melawai, Auntie Anne's, Solaria, Steak 21, Buccheri, The Executive, Color Box, Century
Q Big BSD	BSD City, Tangerang	Starbucks, Toys Kingdom, Ace Hardware, Informa, Mitra 10, Rockstar Jeans, Lulu Department Store

Source: Colliers International Indonesia - Research

## Average Rental Rates

### Jakarta

#### Average Asking Rents in Jakarta



Source: Colliers International Indonesia - Research

Amid slowing demand, landlords remain cautious and realistic on rental rates, particularly in newly operating shopping centres. Most of these new shopping centres offer rents below the current market prices. Nevertheless, average asking rents still rose, despite moderately to IDR563,238/sq m/month in Jakarta as of Q4 2016.

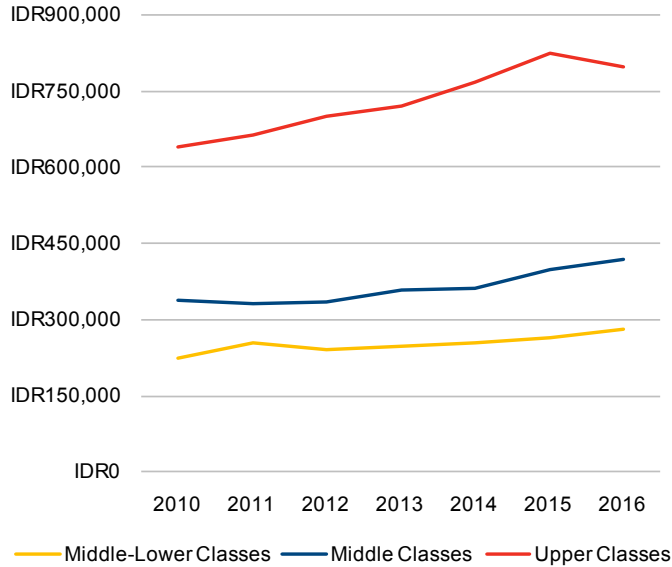
Sales volume will largely impact the projected future asking rents. A tight competition to secure tenant commitments will likely push landlords to offer average rent equal or lower than market prices. However, we see there is still a possibility that projected rents will increase in the future, as mainly contributed by existing upper-class shopping centres.

Based on area, the CBD recorded asking rents at IDR855,965/sq m/month, climbing 3.2% YoY. Two high-end shopping malls that used to quote rent in US dollar had been converting the currency to rupiah for leasing transaction since the past year, however in anticipation to the exchange rate volatility, they are using higher rate and so that the rental in rupiah looks higher.

Meanwhile, asking rents remained at range between IDR150,000 and IDR1.1 million/sq m/month outside the CBD. Average rents in West and South Jakarta were the highest outside the CBD. Some areas including Pondok Indah, Kemang and Casablanca maintained asking rents starting at IDR400,000 to IDR1.1 million/sq m/month. Shopping centres in West Jakarta, particularly at Slipi and Puri Indah, also showed a similar range in asking rents.

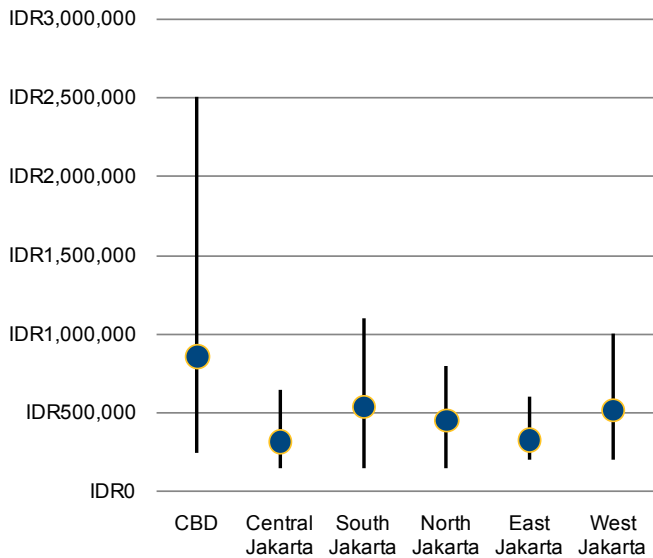
Some shopping centres in Kelapa Gading also offer rents above IDR500,000 at premium area (ground floor). Nevertheless, average asking rents were still recorded below IDR500,000 in North Jakarta as of Q4 2016.

### Average Asking Rents Based on Mall Grades



Source: Colliers International Indonesia - Research

### The Range of Average Asking Rents Based on Area

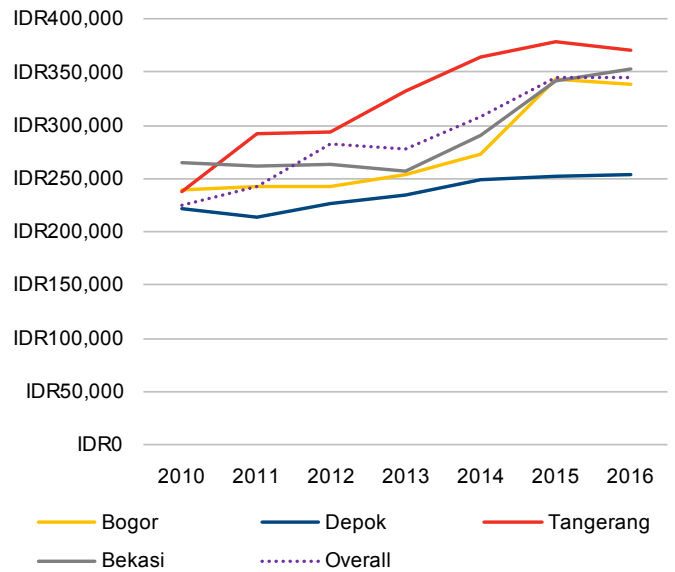


Source: Colliers International Indonesia - Research

Average rents also grew gradually in Greater Jakarta YoY. Newly operating shopping centres offer rents below market prices, and this has brought the average rents to softly increase to IDR344,734/sq m/month. Tangerang and Bekasi maintained their average rents above market prices as of Q4 2016. However, only Bekasi experienced a positive growth of rents YoY, in line with the good performance of the two shopping centres.

## Greater Jakarta

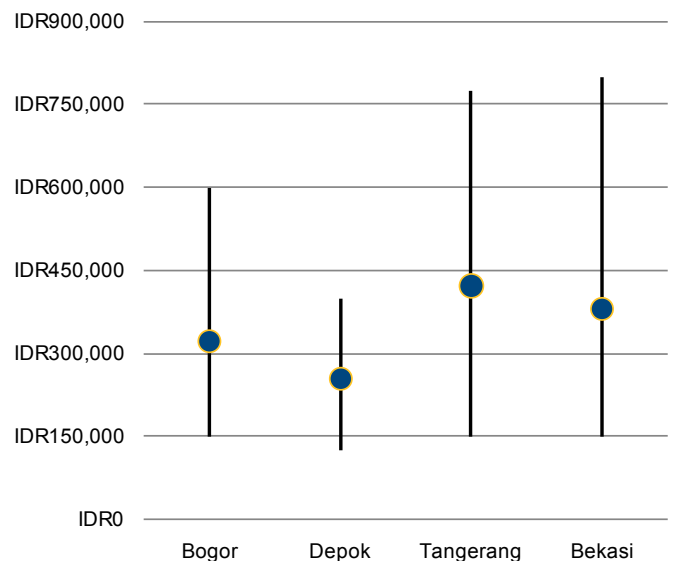
### Average Asking Rents in Greater Jakarta



Source: Colliers International Indonesia - Research

Providing more shopping centres than in other areas, Tangerang and Bekasi currently also showed a wide range of asking rents. Moreover, some shopping centres offer rents above IDR500,000/sq m/month for the premium area. Higher visitor traffic, modern design and providing integrated concept are reasons that caused landlords to confidently offer good areas at higher rents than other shopping centres. Also, a developer's well-known name pulled more tenants to occupy or be in the waiting list. This situation benefits landlords to have more bargaining power, particularly regarding asking rents.

### The Range of Asking Rents in Greater Jakarta



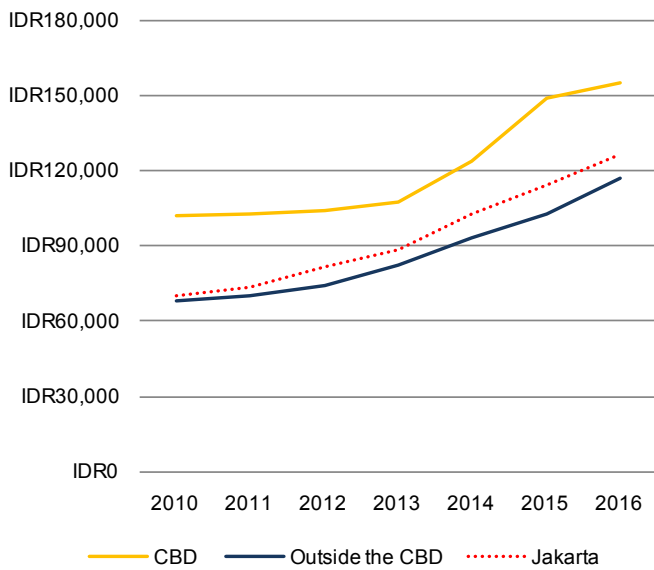
Source: Colliers International Indonesia - Research



# Service Charges

## Jakarta

### Service Charges in Jakarta



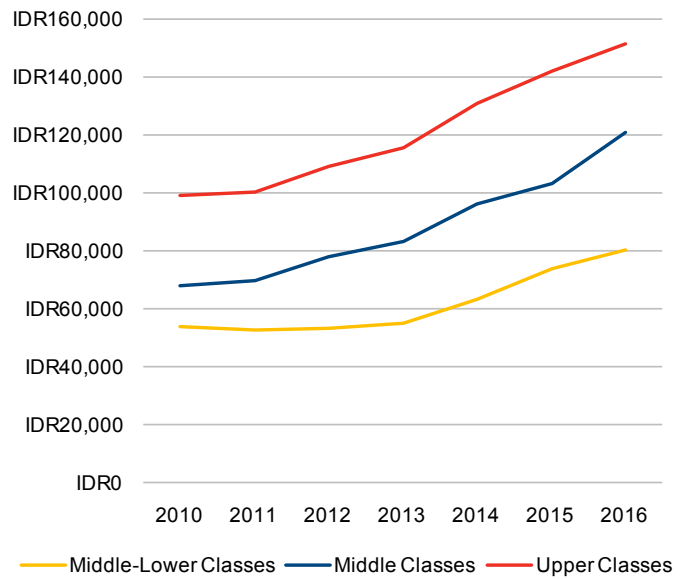
Source: Colliers International Indonesia - Research

Service charge maintained a 10% increase YoY. At least 50 shopping centres adjusted their increasing service charge in 2016, starting at IDR5,000 to IDR50,000, whilst newly operating shopping centres offer service charge at between IDR100,000 and IDR150,000. All of these shopping centres contributed, bringing the average service charge at IDR126,332/sq m/month in Jakarta.

In 2017, the average service charge is expected to increase above the previous growth. Some shopping centres, mainly contributed by middle upper-class shopping centres, still currently recorded service charges below upper-class market prices. Yearly adjustment will likely increase projected service charge in 2017.

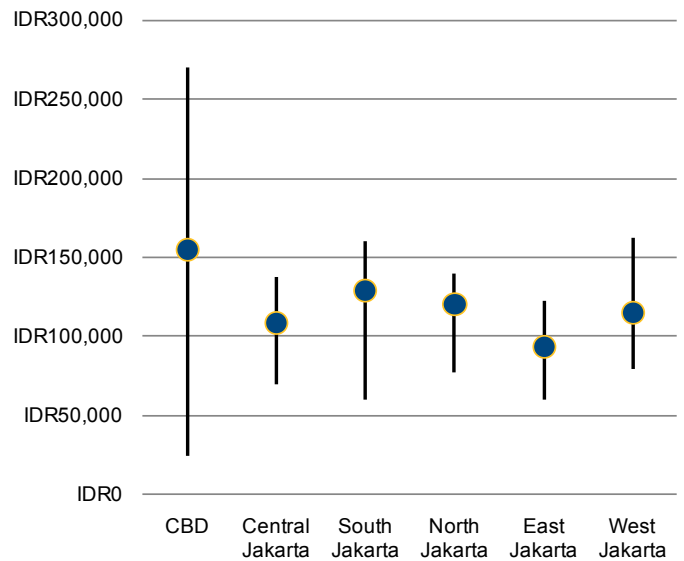
Based on mall grade, upper-class shopping centres recorded their average service charge at IDR151,583/sq m/month, experiencing a 6.5% increase YoY. As mentioned above, some upper-class shopping centres might increase their service charge in the future, whilst other shopping centres will maintain service charge starting at IDR150,000 to IDR270,000/sq m/month. Sixty percent of the total number of shopping centres that increased service charge YoY was contributed by middle-class shopping centres. This adjustment caused average rents to grow by 17.5% YoY or IDR121,256/sq m/month for middle-class shopping centres. Service charges at middle lower-class shopping centres also recorded an 8.3% increase YoY to bring the service charge to IDR80,182/sq m/month as of Q4 2016.

### Service Charges in Jakarta Based on Mall Grades



Source: Colliers International Indonesia - Research

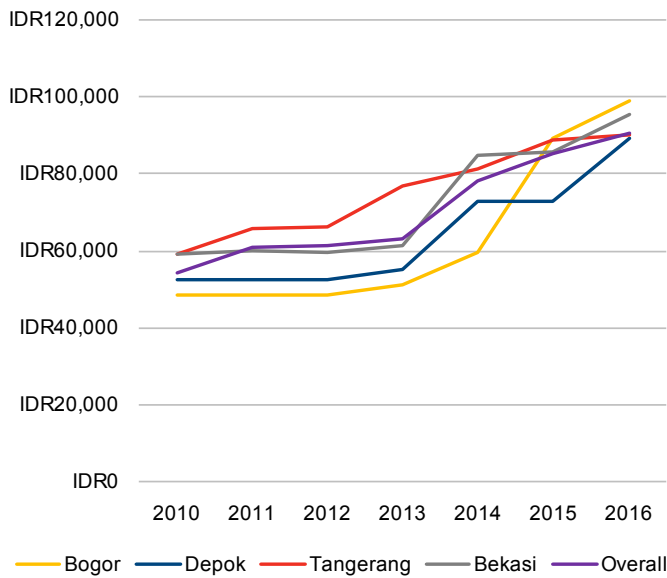
### The Range of Service Charges Based on Area



Source: Colliers International Indonesia - Research

# Greater Jakarta

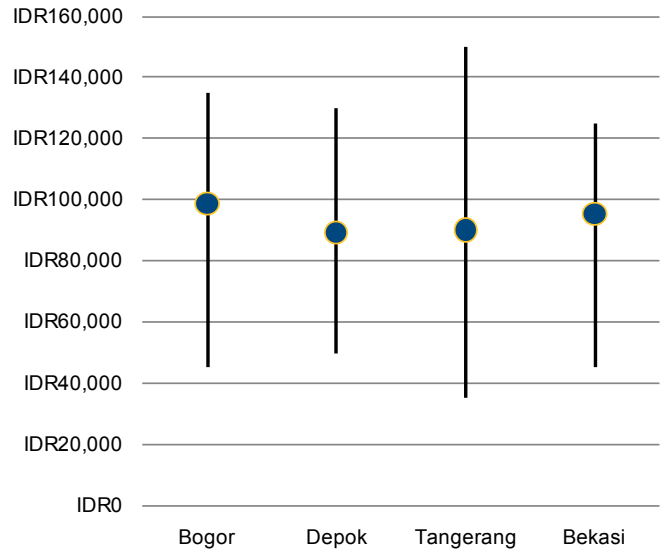
## Service Charges in BoDeTaBek



Source: Colliers International Indonesia - Research

Service charge showed a smaller gap in each area in Greater Jakarta, between IDR90,000 and IDR97,000/sq m/month. Depok showed a significant increase in service charge YoY, mainly contributed by four shopping centres. Two of these shopping centres are located in Jalan Margonda Raya, whilst the other two are in Cinere. However, Depok recorded the lowest service charge in Greater Jakarta within the last two years. Conversely, Bogor has as the highest service charge in Greater Jakarta, although the growth was slower YoY than in Depok and Bekasi. Despite slightly, Tangerang also maintained an increasing service charge in 2016. The upward trend showed by each area boosted the average service charge at IDR93,412/sq m/month as of Q4 2016, which is a 9.4% increase YoY.

## The Range of Service Charges Based on Area



Source: Colliers International Indonesia - Research

## Concluding Thought

It is time to see various retailers coming to Jakarta, especially to the CBD area. In addition to supply, retail moratorium is likely to cause landlords to offer shorter lease terms and maintain good selective tenants.

### For more information:

#### Ferry Salanto

Senior Associate Director | Research  
+62 21 3043 6888  
ferry.salanto@colliers.com

### Contributors:

#### Eko Arfianto

Manager | Research

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