

2017 is the momentum for further recovery

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Research

Summary

The leasing market for expatriate housing has been in a pretty good shape starting from the second semester of 2017. Colliers has seen more enquiries for housing accommodation as compared to last year, mostly from repeated corporate clients that have signed for one-year contract extension. A large number of companies nowadays will only take maximum one-year contract and very few of them are willing to accept two years' rent in advance.

In 2017, we saw a huge number of Chinese expatriates coming to Jakarta as they take part in many infrastructure and real estate development projects, including commercial and residential (apartment and landed house) projects in the Greater Jakarta areas. The upcoming high-speed train project that will be funded by Chinese companies may potentially draw a number of expatriates from mainland China. However, there will be lesser impact on the occupancy of landed residences and apartments for lease (both serviced and non-serviced) in Jakarta, mainly because the project is located outside the capital city. Moreover, unlike Japanese and western expats, the requirement of most Chinese expats when picking a place to live in is subjected to their companies' accommodation budget, which is considerably low. Also, they prefer to settle in a location near their projects.

As market started to recover, we also indicate an increase in rental prices of several high-demand properties in prime areas, including Cipete, Cilandak, Pondok Indah and Kebayoran Baru. Landlords of these prime properties, including high-end stand-alone houses as well as housing compounds and apartments, still record an increasing trend of enquiries and thus can manage to raise rent significantly after reaching high occupancy level. Recently, it is a bit challenging to find

available units in the most sought-after housing compounds, particularly in Kuningan, Kemang, Cilandak and Cipete. In term of demand, manufacturing and automobile companies were becoming more active along with their expansion and new set-up projects. Infrastructure projects and some other construction works related to Asian Games 2018 in Jakarta will contribute to the inflow of expat workers.

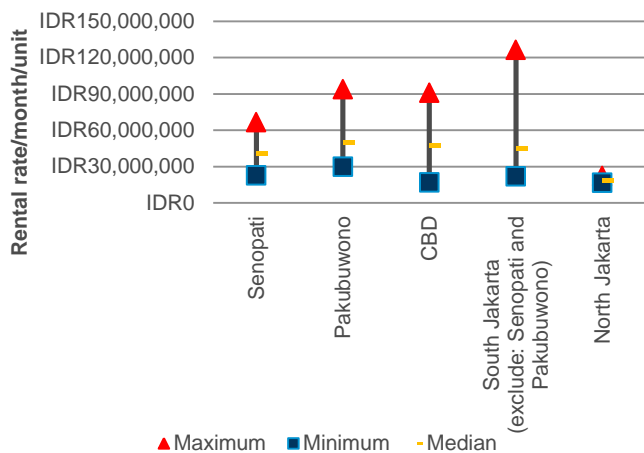
Meanwhile, properties located in areas such as Lebak Bulus, Permata Hijau, Ampera or Menteng will still face challenges in becoming top housing locations instead of the areas mentioned above, primarily because they are far from several key locations, such as international schools, shopping areas and dining places, as demanded by most expats. There are not many residential options in Menteng, as modern houses are limited because old buildings in Menteng are regarded by the DKI Jakarta Government as a cultural heritage, particularly homes and buildings that were built during the Dutch colonial era. In certain locations, landlords of individually owned stand-alone houses are generally more flexible in offering contract lease term as well as in entertaining additional requests related to the renovation, improvement and providing inclusive features of the house.

As landed house owners are generally reluctant to entertain leasing enquiries of less than one year, selected leased apartment projects that aim at expat tenants benefit from the market of expats with shortened contract tenure (from typically two to three years employment contract to a shorter term of less than one year). Serviced apartment accommodation offers a more flexible tenure compared to landed houses and has increasingly become popular amongst expats.

Meanwhile, the trend in the sub-lease market still continues in Jakarta. Once the tenant signs a lease in certain periods but can no longer fulfil the terms, which might be due to work contract expiration or bankruptcy, their primary option is to sublease the property (house or apartment) to others for whichever term they cannot

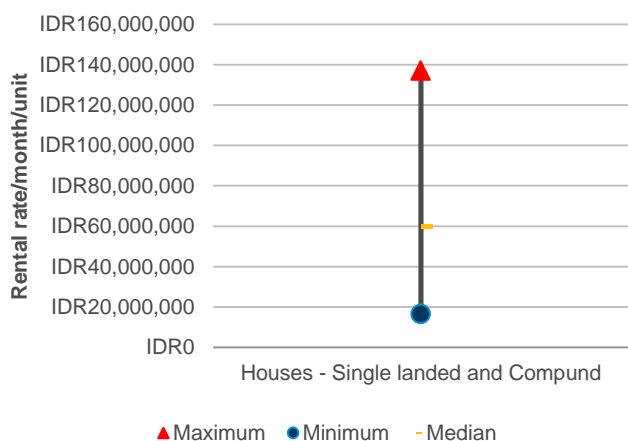
fulfil. Landlords will never pay back the remaining terms, unless the original lessee subleases it to someone else.

Range of Apartment's Rents per Unit in Different Locations



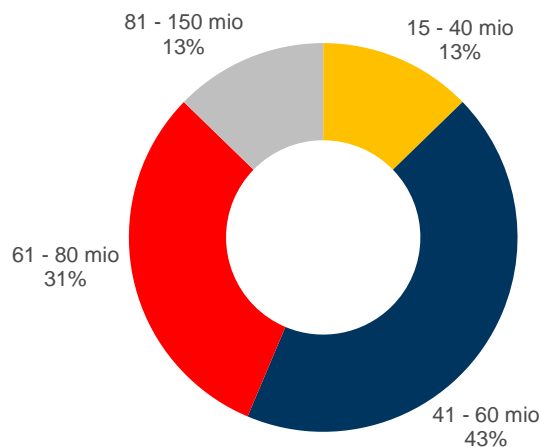
Source: Colliers International

Range of Housing Monthly Rents in South Jakarta



Source: Colliers International

Range of Housing Monthly Rents in South Jakarta



Source: Colliers International

By default, South Jakarta is still irreplaceable as home location for most expatriates, as it provides almost all the needs for the international community such as international school, entertainment centres, shopping spots, golf courses and other points of interest.

| HOUSING RENTAL RATES IN SEVERAL EXPATRIATES AREAS | | | |
|---|-------------|--|--------|
| EXPATRIATES HOUSING BY AREA | SIZE (SQ M) | OFFERING RENTAL RATE PER UNIT (IN USD/MONTH) | |
| | | MIN | MAX |
| Menteng | | | |
| 4 - 5BR House | 500 - 1,200 | 4,000 | 12,000 |
| Kuningan | | | |
| 4 - 5BR House | 500 - 900 | 3,000 | 4,500 |
| Pondok Indah | | | |
| 4 - 5BR House | 450 - 1,000 | 3,000 | 10,000 |

continued



| EXPATRIATES HOUSING BY AREA | SIZE (SQ M) | OFFERING RENTAL RATE PER UNIT (IN USD/MONTH) | |
|-----------------------------|-------------|--|--------|
| | | MIN | MAX |
| <i>continuation</i> | | | |
| Kebayoran Baru | | | |
| 4 - 5BR House | 600 - 1,500 | 3,000 | 13,000 |
| 3 - 4BR Townhouse/complex | 250 - 700 | 2,000 | 4,000 |
| Permata Hijau, Simprug | | | |
| 4 - 5BR House | 400 - 1,500 | 2,500 | 5,000 |
| 3 - 4BR Townhouse/complex | 220 | 2,000 | |
| Kemang | | | |
| 4BR Townhouse/complex | 400 - 700 | 2,000 | 6,000 |
| 3BR House | 400 - 750 | 2,000 | 4,000 |
| 4 - 5BR House | 550 - 1,000 | 3,000 | 6,000 |
| Cilandak | | | |
| 4BR Townhouse/complex | 300 - 700 | 3,500 | 5,000 |
| 3BR Apartment + Study | 300 - 600 | 2,500 | 4,000 |
| 4 - 5BR House | 450 - 750 | 3,000 | 6,000 |
| Cipete | | | |
| 3BR Townhouse/complex | 200 - 300 | 2,500 | 4,000 |
| 4BR Townhouse/complex | 400 - 700 | 3,000 | 5,000 |
| 3BR House | 300 - 500 | 2,500 | 5,000 |
| 4 - BR House | 300 - 500 | 3,000 | 5,000 |
| Pejaten | | | |
| 3BR Townhouse/complex | 400 - 600 | 2,500 | 5,000 |
| 4BR House | 500 - 900 | 3,000 | 5,000 |

Source: Colliers International Indonesia - Residential Tenant Representation

| APARTMENT RENTAL RATES IN SEVERAL EXPATRIATES AREAS | | | |
|---|-------------|--------------------------|-----------|
| APARTMENT BY AREA | SIZE (SQ M) | RENTAL RANGE (USD/MONTH) | |
| | | NON-SERVICED | SERVICED |
| Sudirman | | | |
| 2BR | 106 - 145 | 32 - 42 | 46 - 67 |
| 3BR | 158 - 320 | 45.5 - 78 | 68 - 94.5 |
| Menteng | | | |
| 2BR | 90 - 142 | 35 - 51 | 54 - 56 |
| 3BR | 124 - 213 | 39 - 65 | 70 |
| 4BR | 319 | | 176 |
| <i>continued</i> | | | |

| APARTMENT BY AREA | SIZE (SQ M) | RENTAL RANGE (USD/MONTH) | |
|------------------------|-------------|--------------------------|-------------|
| | | NON-SERVICED | SERVICED |
| <i>continuation</i> | | | |
| Kuningan | | | |
| 2BR | 120 - 145 | 20 - 32.5 | 45.5 - 67.5 |
| 3BR | 157 - 166 | 32.5 - 39 | 49 - 52 |
| 4BR | 440 | 45.5 | |
| Pondok Indah | | | |
| 2 + 1BR | 117 - 190 | 42 - 48 | 45.5 - 55 |
| 3BR | 190 - 455 | 45.5 - 68 | 52 - 70 |
| 4 - 5BR | 285 - 455 | 66 - 71 | 73.5 - 83 |
| Kebayoran Baru | | | |
| 2BR | 140 - 203 | 42 - 56 | |
| 3BR | 243 - 302 | 58.5 - 78 | |
| 4 - 5BR | 330 - 500 | 72 - 130 | |
| Permata Hijau, Simprug | | | |
| 2BR | 105 - 115 | 40 - 41 | |
| 3 - 4BR | 165 - 300 | 35 - 52 | 42 - 46 |
| Kemang | | | |
| 3BR | 165 - 303 | 32.5 - 58.5 | |
| Cilandak | | | |
| 3 - 4BR | 164 | 29 | |
| 3BR | 300 | 58 | |
| Cipete | | | |
| 4 - 4BR | 220 - 295 | 52 - 78 | |
| Pejaten | | | |
| 2 - 3BR | 102 - 191 | 18 - 29 | |

Source: Colliers International Indonesia - Residential Tenant Representation

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