

JAKARTA NON-CBD OFFICE

Office H2 2019

7.0%
Base Rent Growth

YoY Chg: ▼ 12-Mo. Forecast: —

17.3%
Vacancy Rate

YoY Chg: ▼ 12-Mo. Forecast: ▼

221k Sqm
YTD New Completions

YoY Chg: ▼ 12-Mo. Forecast: ▲

Source: Cushman & Wakefield Indonesia Research

INDONESIA ECONOMIC INDICATORS H2 2019

5.0%
GDP Growth

YoY Chg: — 12-Mo. Forecast: —

2.72%
Inflation Rate

YoY Chg: ▼ 12-Mo. Forecast: —

5.0%
Central Bank Rate

YoY Chg: ▼ 12-Mo. Forecast: —

Source: Central Bank and Census Bureau

SUPPLY: Lower new supply with modest growth

Lower new supply with several projects postponed to 2020 as the result of slowing market conditions was observed during the review quarter. A total of 221,000 sqm new supply was recorded in 2019, decline by 5.1% from that in the previous year. Grade-A office still dominates the supply with 73% out of the total supply in 2019, mainly in the Central Jakarta area, followed by South Jakarta. New supply in 2020 will mostly in North and South Jakarta and will be dominated by Grade-A quality office, whilst no new development will be in West and East Jakarta.

DEMAND: Owner Occupied as the main demand driver

Although Owner occupiers are still the key demand driver, co-working space and virtual office space showed upward trends as the occupiers of office spaces in the non-CBD area. Information technology-driven industries such as e-commerce dominate transaction in South and West Jakarta, while construction-related companies occupied more office space in East Jakarta. Vacancy rate declined 1.0% from that in the previous year with most tenants doing expansion and relocation to higher quality office.

Grade-A office made up 62% of the overall non CBD take-up rate, followed by Grade-B quality office. South Jakarta still leads the market with 31% of the total net take-up rate of non-CBD office, followed by West and Central Jakarta, whilst offices in East Jakarta absorbed the least demand.

PRICING: Rental Rates decreased

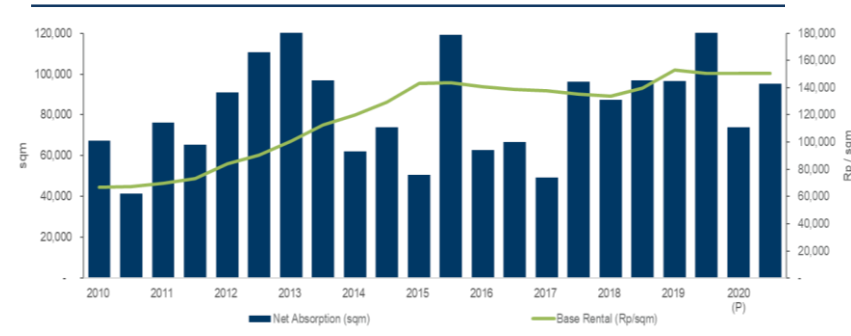
Base rental rate of overall non CBD office decline by 7.0% from that in the previous year. The average gross rental rate in 2019 stood at Rp 220,400 per sqm per month or US\$ 15.87 per sqm per month. Service charge increased slightly at 2.3% from in the last year as the result of inflation and regional minimum wages adjustment and the strengthening Rupiah against US dollar at 3.5% YoY.

With numbers of new construction coming inline in 2020, more options will be available to the potential occupiers and occupancy rate is expected to put under pressure. Base rental rate is projected to stay flat as landlords will prefer to maintain higher occupancy rate.

SPACE DEMAND / DELIVERIES



NET ABSORPTION & BASE RENTAL



JAKARTA NON-CBD OFFICE

Office H2 2019

MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	SUBLET VACANT (SQM)	DIRECT VACANT (SQM)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION(SQM)	YTD OVERALL NET ABSORPTION (SQM)	UNDER CNSTR (SQM)	OVERALL AVG ASKING RENT (US\$/Sqm/Month)*
North	406,844	0	121,923	30.0%	12,229	38,053	194,700	\$14.4
East	320,428	0	40,253	12.6%	12,194	25,229	0	\$14.8
Central	1,125,483	0	186,640	16.6%	27,329	43,280	118,500	\$14.9
West	929,334	0	157,616	17.0%	23,544	43,719	26,000	\$16.4
South	1,793,303	0	258,790	15.8%	45,493	67,132	141,078	\$16.8
JAKARTA NON CBD TOTALS	4,575,392	0	790,239	17.3%	120,789	217,414	480,278	\$15.87
Grade A	1,446,007	0	388,758	26.9%	74,770	141,911	348,978	\$19.85
Grade B	1,387,970	0	205,426	14.8%	42,586	68,607	126,600	\$15.45
Grade C	1,741,415	0	196,055	11.3%	3,432	6,895	4,700	\$13.90

*Rental rates reflect Gross US\$/sqm/month
 US\$1.00 = Rp 13,886; €1.00 = Rp 15,589

KEY LEASE TRANSACTIONS H2 2019

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Metropolitan Tower	South	Bukalapak	12,000	Move In
Office building in Cilandak	South	Manufacturer	3,000	Relocation

KEY SALES TRANSACTIONS H2 2019

PROPERTY	SUBMARKET	SELLER / BUYER	SQM	PRICE/\$ PSF
-	-	-	-	-
-	-	-	-	-

KEY CONSTRUCTION COMPLETIONS YTD 2019

PROPERTY	SUBMARKET	MAJOR TENANT	SQM	OWNER/DEVELOPER
Gold Coast Office Tower Liberty	North	N/A	40,000	Agung Sedayu Group
Arkadia Office Park Tower G	South	N/A	38,800	Loka Mampang Indah Realty
Jakarta Box Tower (JB Tower)	Central	N/A	35,000	Mardhika Artha Upaya
Citra Tower South Kemayoran	Central	N/A	41,000	Ciputra Residence
Kartika Tower	West	N/A	17,000	Graha Kartika Anugrah
Ciputra International Office Tower	West	Tokopedia Care	16,500	Ciputra Group
Waskita Rajawali Tower	East	Owner Occupied	16,300	Waskita Realty & RNI Group
HK Office Tower	East	N/A	10,000	Hutama Karya

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