

# JAKARTA CBD OFFICES

Office Q4 2019

**0.6%**  
Gross Rent Growth
YoY  
Chg12-Mo.  
Forecast
**24.7%**  
Vacancy Rate

**290k Sqm**  
YTD New Completions

Source: Cushman &amp; Wakefield Indonesia Research

## INDONESIA ECONOMIC INDICATORS Q4 2019

**5.0%**  
GDP Growth
YoY  
Chg12-Mo.  
Forecast
**2.72%**  
Inflation Rate

**5.0%**  
Central Bank Rate

Source: Central Bank and Census Bureau

### SUPPLY: Lower annual new supply

No further supply entered the CBD office market during the fourth quarter of 2019, with the delay of several project completions to the first quarter of 2020. For full year 2019, a total of 290,000 sqm of new office space entered the market, notably lower than the 538,000 sqm recorded in the previous year. Total proposed supply set to enter the market in 2020 is projected at approximately 320,000 sqm; 93% of which will be of Grade-A quality.

### DEMAND: Occupancy began to improve

Net take-up of 66,800 sqm was recorded during the last quarter of 2019, bringing total absorption for the year to 259,140 sqm. Grade A offices contributed 279,800 sqm (or 108%) to the total absorption, whilst Grade B and C offices experienced negative absorption over the course of the year. Tenants' relocations and expansions from older buildings to upgraded premises within the newly completed buildings was the common demand driver in 2019.

Following four consecutive years of declining occupation, the overall occupancy rate of Jakarta's CBD office market started to show improvement to stand at 75.3% by year end (an increase 1.0% YoY), driven by some tenant expansions and lower additional supply delivery during the year.

### PRICING: Decreasing Rupiah base rentals were still seen in Q4

Base rentals in Rupiah-terms slightly decreased by 1.8% in the fourth quarter of 2019, whilst the service charges remained relatively stable. By the end of December 2019, the average gross Rupiah rental stood at Rp.295,200 per sqm per month (and representing an overall decrease of 1.6% YoY). In US Dollar terms however, rentals increased slightly by 0.6% due to strengthening of the Rupiah against the US dollar (of +3.5 YoY).

Reflecting new office building completions in 2020, the vacancy rate is projected to remain relatively flat, with total demand matching the new supply delivery. Gross rental rates are projected to show some increment, mostly from increases in the service charge component. With this 'tenant-favourable' market set to continue, occupiers are expected to taking advantage of market conditions by actively seeking better quality premises with attractive rental rates.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & GROSS RENT



## JAKARTA CBD OFFICES

Office Q4 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 GROSS RENT (US\$/Sqm/Month)*
Sudirman	2,668,900	0	781,341	29.3%	28,781	78,398	99,000	\$24.25
Kuningan	1,663,400	0	342,696	20.6%	9,283	103,019	185,000	\$18.30
Gatot Subroto	1,140,050	0	344,260	30.2%	11,702	53,197	-	\$16.74
Thamrin	480,750	0	47,206	9.8%	7,737	-1,822	239,700	\$23.14
Satrio – Mas Mansyur	614,864	0	149,782	24.4%	12,007	36,613	100,000	\$18.89
Others (Senayan ,etc)	279,175	0	28,141	10.1%	-2,708	-10,265	-	\$33.56
<b>CBD TOTALS</b>	<b>6,847,139</b>	<b>0</b>	<b>1,693,426</b>	<b>24.7%</b>	<b>66,802</b>	<b>259,140</b>	<b>623,700</b>	<b>\$21.26</b>
<b>GRADE A ONLY TOTALS</b>	<b>4,629,364</b>	<b>0</b>	<b>1,260,285</b>	<b>27.22%</b>	<b>77,585</b>	<b>279,800</b>	<b>601,200</b>	<b>\$25.49</b>

\*Rental rates reflect Gross Rental

## KEY LEASE TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Undisclosed Name	Kuningan	Co Hive	14,000	New Branch Expansion
Ratu Plaza	Sudirman	Capital market	2,000	Expansion

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q4 2019

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

## KEY CONSTRUCTION COMPLETIONS YTD 2019

PROPERTY	SUBMARKET	MAJOR TENANT	SQM	OWNER / DEVELOPER
MILLENNIUM CENTENNIAL CENTER	Sudirman	Adira & Ovo	94,500	Permata Birama Sakti, PT
PAKUWON TOWER	Satrio	-	80,200	Pakuwon Group
SUDIRMAN 7.8 TOWER 1	Sudirman	-	50,000	Karya Cipta Group
OFFICE ONE	Kuningan	-	17,000	Sentra Graha Sentosa, PT
PLAZA BP JAMSOSTEK	Kuningan	BPJS Tenaga Kerja	23,500	Sinergi Investasi Property, PT (JV BPJS & PP property)
GRAHA BINAKARSA	Kuningan	-	14,000	Binakarsa Swadaya (Dapenbi)

## ARIEF RAHARDJO

Director, Strategic Consulting

+62 21 2550 9500 / [Arief.rahardjo@cushwake.com](mailto:Arief.rahardjo@cushwake.com)

## NURDIN SETYAWAN

Associate Director, Strategic Consulting

+62 21 2550 9500 / [Nurdin.setyawan@cushwake.com](mailto:Nurdin.setyawan@cushwake.com)[cushmanwakefield.com](http://cushmanwakefield.com)

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