

JAKARTA

Retail Q1 2020

1.0%
Base Rent Growth

YoY
Chg



12-Mo.
Forecast



19.2%
Vacancy Rate



0 sqm
YTD New Completions



Source: Cushman & Wakefield Indonesia Research

ECONOMIC INDICATORS Q1 2020

2.3%
GDP Growth

YoY
Chg



12-Mo.
Forecast



2.96%
Inflation Rate



4.5%
Central Bank Rate



Source: Central Bank and Census Bureau

SUPPLY: Delayed Opening of Some Retail Centers Due to COVID-19 Outbreak

Indonesia had reported its first two COVID-19 cases on 2nd March 2020, which negatively impacted the retail sector in Jakarta. To limit the spread of COVID-19, Indonesia government had announced “social distancing” policy to be implemented strictly. As a result, shopping centers in Jakarta have also shortened their operating hours or closed their premises (only essential retailers will remain open). One of shopping center owned by Lippo Group, Lippo Plaza Mampang, even converted some of its spaces into Coronavirus Emergency Hospital to support the government’s effort to contain the coronavirus spread.

As a result of the outbreak, the progress of many under-construction developments are uncertain, with construction halted. Some projects such as Green Sedayu Mall, Senayan Park which were initially scheduled for completion by the first quarter of 2020, have postponed their opening dates. Over 205,000 sqm of retail space is expected to enter the Jakarta market by 2020 but into the next few quarters, we do expect further project completion delays to occur.

DEMAND: Vacancy Rates to Increase in 2020

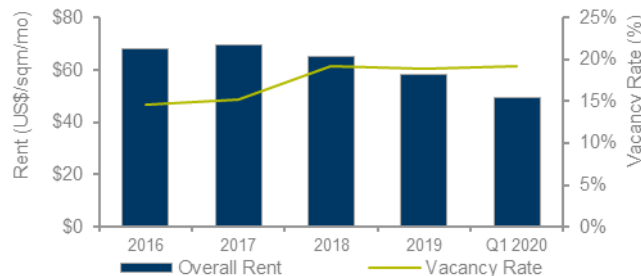
Occupancy rate stayed relatively stable at 80.8%, a decline by only 0.3% since the last quarter. The COVID-19 outbreak has hardly hit retailers and the aim for recovery of business by the upcoming Eid al-Fitr sales season may not happen this year. Near-term demand for retail market will be endured until COVID-19 contained. Retailers will be more discreet in terms of expansion and relocation and we may expect the overall vacancy rates to increase in the next few quarters.

Before the spread of COVID-19 in Jakarta, FLIX cinema has opened its third location in Mall of Indonesia, which is the biggest cinema with lifestyle and eco-friendly concept. KKV, a lifestyle collection store from China has also opened its first flagship store in Central Park Mall Jakarta.

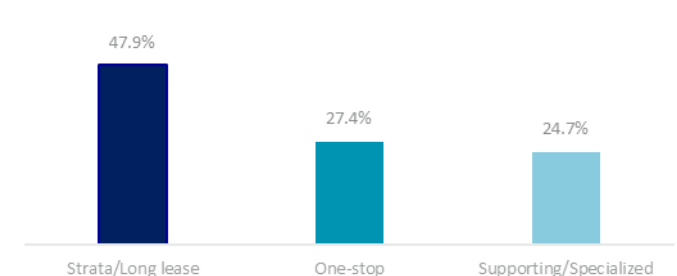
PRICING: Rents are Expected to Remain Unchanged in 2020

On a QoQ basis, no increment of the average rentals was seen within the Jakarta retail market, while Service Charge experienced an increase of 1.0% in early 2020, landing itself at Rp 188,700/sqm/mo. F&B, Fashion, Entertainment, and Service Sectors have been particularly hardly hit by COVID-19 and have closed some stores temporarily and permanently. Tenants have requested rent relief to the landlord as they are struggling with their cash flow. Landlords in Jakarta Shopping Centers are taking tenant’s request on a case-by-case basis based on industries they are in. Some of the policies are: rental deferment for an agreed period and extend the existing lease term, rental or service charge abatement, etc. Following the COVID-19 outbreak, rents are expected to remain unchanged or experience only a slight decline in 2020.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



MARKET STATISTICS

SUBMARKET	INVENTORY (SQ.M.)	VACANCY RATE	PRIME RETAIL UNIT BASE RENT		
			RP/SQM/MO	US\$/SF/MO	EUR/SQM/MO
Primary Location	1,310,000	18.1%	Rp 984,500	US\$ 5.61	€ 54.82
Secondary Locations	3,209,000	19.7%	Rp 681,400	US\$ 3.88	€ 37.94
OVERALL JAKARTA RETAIL TOTAL	4,519,000	19.2%	Rp 807,700	US\$ 4.60	€ 44.97

DEFINITIONS:

The primary retail location is defined as major retail precinct that includes Kota, Pasar Baru, Blok M and CBD area (capturing the areas of Sudirman, Thamrin, Rasuna Said and corridor of Jl. KH. Mas Mansyur - Jl. Prof. Dr. Satrio). The secondary retail location covers all other areas outside the above retail areas in Jakarta.

KEY LEASE TRANSACTIONS 1Q 2020

PROPERTY	DISTRICT	TENANT	SQM
Mall of Indonesia	North Jakarta	FLIX Cinema	7,500
Mall Kelapa Gading	North Jakarta	H&M	6,000
Central Park Mall	West Jakarta	KKV Store	3,100
Lippo Mall Puri	West Jakarta	Grebe Official Store	1,200
Senayan City Mall	CBD	Hype Branch (Bank Mandiri)	350
Central Park Mall	West Jakarta	Union	250
Pacific Place Mall	CBD	Harlan Holden	217

*Renewals not included in leasing statistics

KEY CONSTRUCTION COMPLETIONS DURING 1Q 2020

PROPERTY	DISTRICT	SIZE (SQM)	OPENING DATE
-	-	-	-

SIGNIFICANT UNDER-CONSTRUCTION PROJECT

PROPERTY	DISTRICT	APPROX SIZE (SQM)	COMPLETION DATE
Senayan Park	Central Jakarta	33,000	2020
Mall @ Green Sedayu	West Jakarta	11,000	2020
ASHTA @ District 8	CBD Jakarta	15,000	2020
Aeon Mall Southgate @ Tanjung Barat	South Jakarta	35,000	2020
Lippo Mall East Side @ Holland Village	Central Jakarta	50,000	2020
Pondok Indah Mall 3	South Jakarta	55,000	2020

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