

**-3.9%**  
Gross Rent Growth

YoY Chg      12-Mo. Forecast



**25.8%**  
Vacancy Rate



**97.5k Sqm**  
YTD New Completions



Source: Cushman & Wakefield Indonesia Research

## INDONESIA ECONOMIC INDICATORS Q2 2020

**-4.3%**  
GDP Growth

YoY Chg      12-Mo. Forecast



**1.96%**  
Inflation Rate



**4.25%**  
Central Bank Rate



Source: Central Bank and Census Bureau

### SUPPLY: More delays to ongoing construction

The second new office project of the year, namely Lippo Thamrin of 22,500 sqm, entered the CBD office market during the second quarter of 2020. Total expected new supply due for completion within 2020 was adjusted downwards to 197,500 sqm (from the previous forecast of 320,000 sqm) as delays to several under construction projects continue due to the ongoing COVID-19 crisis.

### DEMAND: Demand effectively 'flatlined' during April and May

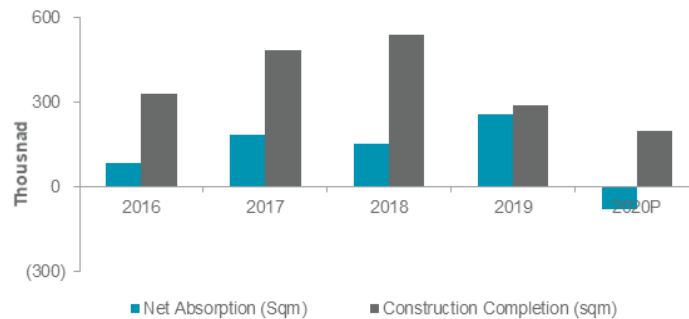
Office leasing activity virtually 'flatlined' during April to June 2020, with the worsening COVID-19 outbreak and the reduced office operations & travel restrictions imposed in Jakarta. Almost all buildings experienced zero new transactions in April and May, though some improvement started to be seen in June with more inquiries for small space (below 200 sqm) and an increase in building inspections, as some of the office operation restrictions were eased. New lease contracts remained very limited, save for one notable deal completion of over 10,000 sqm by a services company. For the first time since the Asian financial crisis in 1999, overall take-up of negative 44,300 sqm was recorded during the second quarter 2020, bringing the YTD net take up to a negative 12,700 sqm. Some downsizings, relocations and even office closures were seen in certain Grade B and C buildings, although positive net take-up was still recorded in the Grade-A sector. Overall the Jakarta CBD office occupancy (all grades) by the end of June 2020 decreased to 74.2%, with Grade B offices experiencing the sharpest drop in occupancy during the quarter by 5.3% to reach 70.7%.

### PRICING: Rentals decreased

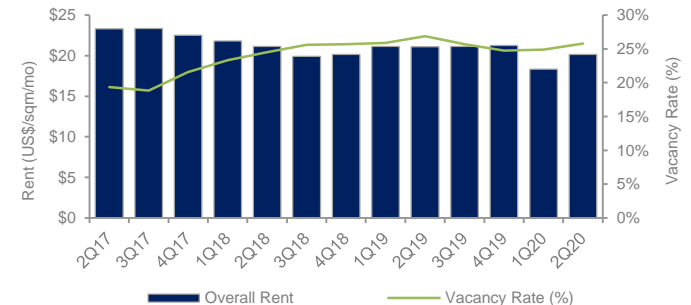
Base rentals in Rupiah-terms decreased by 5.5% QoQ to IDR 198,900 per sqm per month, whilst in US Dollar equivalent they showed an increase of 8.1% due to the significant strengthening of the Rupiah (by +14.4%) during the quarter. Many tenants sought rental discounts or abatements due to the slowdown in business activities and with continued high vacancy levels, some landlords were prepared to granted rent reductions ranging from 10% to 50% to their tenants hardest hit by the COVID-19 outbreak, especially the supporting F&B retailers within their buildings.

With the outlook for lower economic growth due to the impact of the pandemic, a trend towards lower office cost locations, premises downsizing and even some closures within the CBD office market is to be expected in the coming quarters. Similarly gross rental rates are projected to further decrease with the weak demand. Landlords are likely to face more challenges as office occupiers struggle to pay occupancy costs and push for payment delays or service charge & rental suspension/discounts. Major 'pipeline' relocations and/or expansion plans will also likely be put on hold.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & GROSS RENT



## MARKET STATISTICS

SUBMARKET	INVENTORY (Sqm)	SUBLET VACANT (Sqm)	DIRECT VACANT (Sqm)	OVERALL VACANCY RATE	CURRENT QTR NET ABSORPTION (Sqm)	OVERALL NET ABSORPTION (Sqm)	YTD OVERALL NET ABSORPTION (Sqm)	UNDER CNSTR (Sqm)	OVERALL AVG GROSS RENT (US\$/Sqm/Month)*
Sudirman	2,668,900	0	721,900	27.1%	19,300	59,400	99,000	99,000	\$26.64
Kuningan	1,720,400	0	458,200	26.6%	-44,500	-58,500	110,000	110,000	\$20.42
Gatot Subroto	1,140,000	0	341,500	30.0%	-1,200	2,800	-	-	\$20.57
Thamrin	503,250	0	82,000	16.3%	-12,300	-12,300	239,700	239,700	\$24.82
Satrio – Mas Mansyur	614,900	0	145,900	23.7%	2,300	3,900	100,000	100,000	\$18.04
Others (Senayan ,etc)	279,200	0	36,000	12.9%	-7,900	-7,900	-	-	\$32.36
<b>CBD TOTALS</b>	<b>6,926,600</b>	<b>0</b>	<b>1,785,500</b>	<b>25.8%</b>	<b>-44,300</b>	<b>-12,600</b>	<b>548,700</b>	<b>548,700</b>	<b>\$20.16</b>
<b>GRADE A ONLY TOTALS</b>	<b>4,704,400</b>	<b>0</b>	<b>1,274,500</b>	<b>27.1%</b>	<b>12,800</b>	<b>60,800</b>	<b>526,200</b>	<b>526,200</b>	<b>\$24.22</b>

\*Rental rates reflect Gross Rental including Service Charge

## KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Office Building	Gatot Subroto	Services	Above 10,000	Relocation
Office Building	Sudirman	Forwarding	2,000	Relocation
Office Building	Sudirman	Insurance	2,000	Expansion
Millennium Centennial Center	Sudirman	Banking	1,800	Relocation

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q2 2020

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

## SIGNIFICANT UNDER-CONSTRUCTION PROJECTS IN 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SQM	COMPLETION
RDTX Place (Chitaland Tower)	Satrio	Danone	100,000	Q3-2020
Thamrin Nine Phase 2 Tower 1	Thamrin	-	86,000	Q1-2021
Daswin Project	Kuningan	-	70,000	Q1-2021
Gedung Indonesia 1 (North & South)	Thamrin	China Sonangol	132,500	Q3-2022
Rajawali Place	Kuningan	-	40,000	Q3-2022
Mori Tower	Sudirman	Mori	99,000	Q4-2021

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