

YoY Chg 12-Mo. Forecast

-5.2%
Gross Rent Growth



18.1%
Vacancy Rate



20k Sqm
YTD New Completions



Source: Cushman & Wakefield Indonesia Research

INDONESIA ECONOMIC INDICATORS Q2 2020

YoY Chg 12-Mo. Forecast

-4.3%
GDP Growth



1.96%
Inflation Rate



4.25%
Central Bank Rate



Source: Central Bank and Census Bureau

SUPPLY: More Construction Delays Due to COVID-19

Only a single new office project of 20,000 sqm in Kelapa Gading, North Jakarta (namely Kensington Office Tower), entered the Non-CBD office market during the whole of the first semester of 2020. Total expected new supply due for completion within 2020 was also adjusted downwards to 165,000 sqm (from 256,000 sqm) as delays to several under construction projects continued due to the ongoing COVID-19 crisis.

DEMAND: Negative Take-up for the First 6 Months of the Year

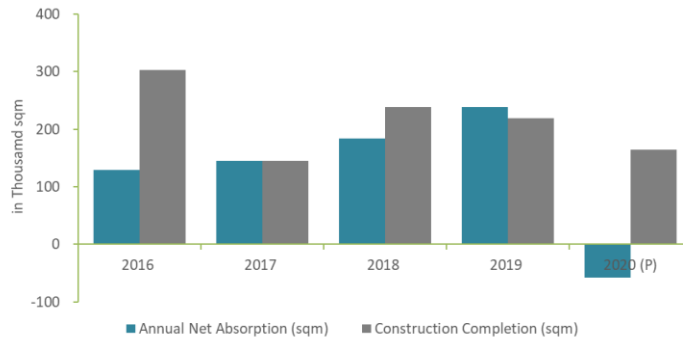
Leasing activity came to an abrupt halt in the second quarter of 2020, with the worsening COVID-19 outbreak and the reduced office operations & travel restrictions imposed in Jakarta. The Non-CBD office market recorded negative take-up in all of its five districts during the semester, including the TB Simatupang corridor in South Jakarta, traditionally where demand has remained strongest, even during the financial crisis of 1999. By the end of June 2020, the overall take-up in the Non-CBD office market stood at negative 25,500 sqm, bringing average occupancies down to 81.9% due to premises downsizing, relocations and even some office closures, particularly from tenants in the services and trading sectors in South and West Jakarta.

PRICING: Rentals Declined

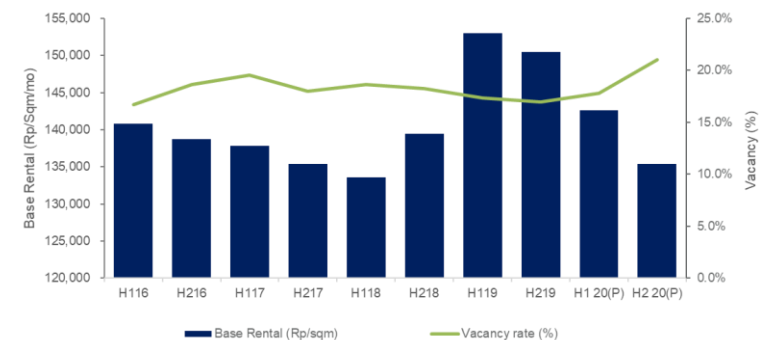
Base rentals in Rupiah-terms decreased by 5.2% HoH to Rp. 142,600 per sqm per month, whilst in US Dollar equivalent they fell 7.7% HoH to US\$ 10.00 per sqm per month. Similar to the CBD office market, many tenants sought rental discounts or abatements due to the slowdown in their business activities, with some landlords prepared to grant reductions ranging from 10% to 30% to those occupiers hardest hit by COVID-19.

With the lower economic growth outlook, a trend towards lower office cost locations, short-term 'flex' or temporary offices, premises downsizing and further closures within the Non-CBD market is predicted in the coming semester. Similarly gross rental rates will remain under downwards pressure in the face of weak demand and potential competition from sub-lease space. Landlords will face continuing challenges to maintain their revenues as office occupiers struggle to pay occupancy costs and push for payment delays or service charge & rental suspension/discounts, as well as new transaction cancellations or delays beyond the end of 2020.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & GROSS RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SQM)	SUBLET VACANT (SQM)	DIRECT VACANT (SQM)	OVERALL VACANCY RATE	CURRENT SMT OVERALL NET ABSORPTION(SQM)	YTD OVERALL NET ABSORPTION (SQM)	UNDER CNSTR (SQM)	OVERALL AVG ASKING GROSS RENT (US\$/Sqm/Month)*
Central	1,125,500	0	183,600	16.3%	-900	-900	118,500	\$15.2
South	1,807,300	0	309,400	17.1%	-14,300	-14,300	141,100	\$15.7
North	426,800	0	125,100	29.3%	-1,400	-1,400	146,700	\$13.3
West	929,300	0	165,000	17.8%	-7,200	-7,200	26,000	\$15.4
East	320,400	0	37,600	11.8%	-1,700	-1,700	14,000	\$13.6
JAKARTA NON CBD TOTALS	4,609,300	0	820,700	17.8%	-25,500	-25,500	446,300	\$14.9

*Rental rates reflect Gross US\$/sqm/month
US\$1.00 = Rp 14,261

KEY LEASE TRANSACTIONS H1 2020

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
South Quarter	South Jakarta	FCMG	2,000	Relocation
Perkantoran Hijau Arcadia G	South Jakarta	Pharmacy	1,000	Relocation

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS H1 2020

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

SIGNIFICANT UNDER-CONSTRUCTION PROJECTS IN 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SQM	COMPLETION
Gold Coast Office - Liberty Tower	North	Danone	40,000	Q3-2020
PIK Signature Offices - APG	North	APG	2,350	Q4-2020
Menara Tandean	South	-	26,600	Q4-2020
Indomaret Salim Group Tower	North	Salim Group	50,000	Q4-2020
Wisma Barito Pacific II	West	-	26,000	Q4-2020
Wisma Pondok Indah 5	South	-	38,500	Q1-2021
The Sima	South	-	76,000	Q2-2021
Maritime Tower	North	IPC Group	52,000	Q3-2021
Holland Village Office Tower	Central	-	36,500	Q4-2021

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