

JAKARTA

Retail Q2 2020

0.7%
Base Rent Growth



20.5%
Vacancy Rate



0 sqm
YTD New Completions



ECONOMIC INDICATORS Q2 2020

-4.3%
GDP Growth



1.96%
Inflation Rate



4.25%
Central Bank Rate



Source: Central Bank and Census Bureau

SUPPLY: No New Supply for first half of 2020

At the beginning of June, the government started to ease the large-scale social restrictions (“PSBB”) which had been implemented to limit the spread of COVID-19. Under this “Transitional PSBB” period retail centers in Jakarta were permitted to re-open gradually from June 15, with the application of strict health protocols, including limiting the overall number of visitors. Leisure-related retailers such as cinemas, fitness centres, karaoke bars, childrens’ playgrounds and other types of operators considered higher risk for COVID-19 transmission, remained under review for reopened in subsequent phases of the PSBB easing.

New supply from projects such as Green Sedayu Mall and Senayan Park (which were initially scheduled to open in the first quarter of 2020), are now only expected to enter the Jakarta market by the third quarter. No new supply was seen for the first six months of the year and some projects planned for opening in 2020, have already been postponed to 2021.

DEMAND: Enquiries for Retail space dropped considerably due to the pandemic

Perhaps not surprisingly, the 3-month temporary closure of malls had a profound impact on retailers, with those smaller retailers unable to survive having turned their temporary closures into permanent ones. This brought down the overall occupancy rate of the market by 79.5%, down 1.3% from the first quarter. Adding to this, with malls continuing to experience limited ‘footfall’, other retailers have sought to extend their fit-out period or postpone their fit-out indefinitely in the near-term, which put further pressure on occupancy levels during the review quarter.

Since the onset of the pandemic, enquiries for retail space have declined considerably, however some retailers continue to express optimism that business recovery will take place in 2021 and as such continue to seek new location for their business expansion for the year ahead. Looking to the future, it is expected that retailers will also be more focused on accelerating the integration of their online and offline sales to maintain and even grow their business during the ongoing pandemic.

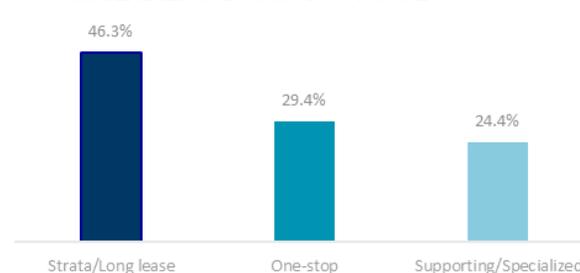
PRICING: Rents and Service Charge remain unchanged during the quarter

Despite this fall in demand, average rental and service charge levels remained unchanged within the Jakarta retail market on a QoQ basis, at Rp. 807,700 per sqm per month (sqm/mo) for specialty retail space on ground floor and Rp. 190,400/sqm/mo respectively. Some mall landlords were prepared to review individual tenant’s pandemic-circumstances on a case-by-case basis, with those ‘essential’ retailers (whose business has remained robust during the pandemic) still expected to pay rents in accordance with their agreed contracts, whilst those tenants hit hardest, being granted rental abatement or an agreed payment deferment. This situation of expected to remain the same over the remainder of 2020 whilst the pandemic conditions continue.

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	20.4%	Rp. 984,500	US\$ 6.41	€ 61.45
Secondary Location	3,209,000	20.5%	Rp. 681,400	US\$ 4.44	€ 42.53
OVERALL JAKARTA RETAIL TOTAL	4,519,000	20.5%	Rp. 807,700	US\$ 5.26	€ 50.42

DEFINITIONS:

The Primary retail location is defined as the major retail precinct that includes Kota, Pasar Baru, Blok M and the 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 Primary retail areas of Jakarta.

KEY LEASE TRANSACTIONS 2Q 2020

PROPERTY	DISTRICT	TENANT	SQM
Central Park Mall	West Jakarta	Go Work Coworking Space	2,200
Lippo Mall Kemang	South Jakarta	Sociolla	200
Kota Kasablanka	South Jakarta	Champion	150
Mall Taman Angrek	West Jakarta	Ramen Seirock-ya	150
Lippo Mall Kemang	South Jakarta	Guardian	150
Senayan City	CBD Jakarta	Kate Spade New York	110
Pacific Place	CBD Jakarta	Salad Stop	90

*Renewals not included in leasing statistics

KEY CONSTRUCTION COMPLETIONS DURING 2Q 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
Lippo Mall East Side @ Holland Village	Central Jakarta	50,000	2020
Aeon Mall Southgate @ Tanjung Barat	South Jakarta	35,000	2021
Pondok Indah Mall 3	South Jakarta	55,000	2021

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