

YoY Chg 12-Mo. Forecast

-5.7%
Rp. Gross Rent Growth



27.4%
Vacancy Rate



196k Sqm
YTD New Completions



Source: Cushman & Wakefield Indonesia Research

INDONESIA ECONOMIC INDICATORS Q3 2020

YoY Chg 12-Mo. Forecast

-2.0%
GDP Growth



1.42%
Inflation Rate



4.00%
Central Bank Rate



Source: Central Bank and Census Bureau

SUPPLY: One new project entered the supply market

RDTX Place (98,500 sqm) on Jl. Prof. DR. Satrio entered the market during the third quarter of 2020, bringing total cumulative supply of the Jakarta CBD office market to 7.03 million sqm. No further supply is projected to be delivered before the end of 2020, with the impact of the ongoing pandemic delaying several projects into next year.

DEMAND: Demand 'flatlined' again in September after some signs of improvement

With the negative impact of COVID-19 affecting all business sectors, some downsizings, relocations and even office closures were seen in many buildings within the CBD, especially in Grade B and C offices. Negative net take-up of 41,600 sqm was recorded during the third quarter, bringing the YTD reduction of office occupancy to 54,000 sqm. The average occupancy rate for the CBD office market decreased further to 72.6% by the end of September 2020 and is likely to see additional decline over the final months of the year.

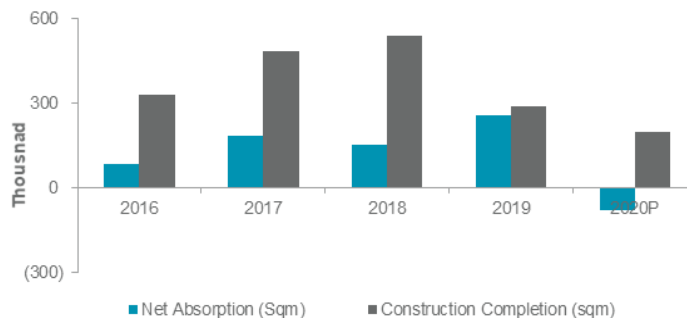
There had been some signs of improvement in July and August (with more inquiries and an increasing number of building inspections), as office operation restrictions were eased by the Government. But this was short-lived as tighter PSBB controls were reintroduced in September, with almost zero new transactions during September as a result. Despite this, there were two notable deal completions during the third quarter: a 5,000 sqm relocation by an oil & gas company and a 3,000 sqm transaction by an e-commerce business.

PRICING: Rentals continue to drop

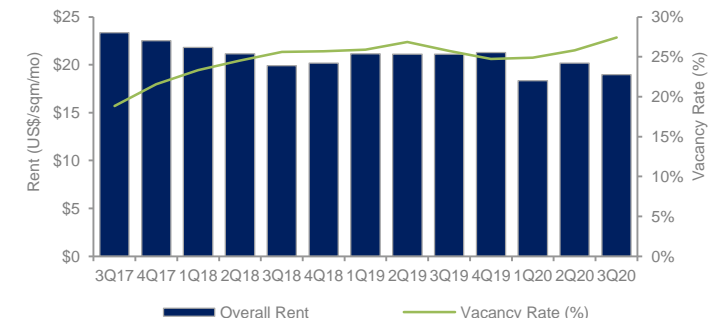
Rupiah rental rates fell further in the third quarter in-line with the rising vacancy in the market. By the end of September, the average CBD gross rental stood at Rp. 282,100 per sqm per month (a decrease of 5.7% YoY). In US dollar terms, the figure was US\$18.96 per sqm per month, a decrease of 10.2% YoY.

With the outlook for lower economic growth of about -2%, the trend towards lower office cost locations, continued premises downsizing and potentially further closure of operations within the CBD office market is to be expected in the near term. Similarly, gross rentals will remain under downwards pressure with the weak demand and rising vacancies. Landlords will continue to face office occupiers requests for payment delays or service charge & rental suspension or renegotiations. Previously considered relocations and/or expansion plans will also likely remain on hold at least until Q1 2021 or until the pandemic situation stabilizes.

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) | AVG GROSS RENT (GRADE A) (US\$/Sqm/Month)* |
|----------------------------|------------------|---------------------|---------------------|----------------------|---------------------------------|------------------------------|----------------------------------|-------------------|--|
| Sudirman | 2,724,350 | 0 | 744,000 | 27.3% | -14,300 | | 92,900 | 99,000 | \$24.95 |
| Kuningan | 1,641,450 | 0 | 471,400 | 28.8% | -25,000 | | -150,700 | 110,000 | \$19.44 |
| Gatot Subroto | 1,159,800 | 0 | 347,400 | 30.0% | -700 | | 16,600 | 50,000 | \$19.59 |
| Thamrin | 509,550 | 0 | 82,200 | 16.1% | 900 | | -6,200 | 273,700 | \$23.29 |
| Satrio – Mas Mansyur | 713,400 | 0 | 242,600 | 34.0% | 1,800 | | 5,700 | - | \$17.29 |
| Others (Senayan ,etc) | 276,600 | 0 | 38,200 | 13.8% | -4,300 | | -12,600 | - | \$31.06 |
| CBD TOTALS | 7,025,150 | 0 | 1,925,800 | 27.4% | -41,600 | | -54,400 | 532,700 | \$18.96 |
| GRADE A ONLY TOTALS | 4,802,860 | 0 | 1,379,200 | 28.7% | -6,300 | | 54,550 | 532,700 | \$22.80 |

*Rental rates reflect Gross Rental including Service Charge

KEY LEASE TRANSACTIONS Q3 2020

| PROPERTY | SUBMARKET | TENANT | SQM | TYPE |
|-----------------|---------------|------------|-------|------------|
| Office Building | Senayan | Oil & Gas | 5,200 | Relocation |
| Capital Place | Gatot Subroto | E-Commerce | 3,000 | Relocation |

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2020

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

SIGNIFICANT UNDER-CONSTRUCTION PROJECTS IN 2020

| PROPERTY | SUBMARKET | MAJOR TENANT | SQM | COMPLETION |
|------------------------------------|------------|----------------|---------|------------|
| Thamrin Nine Phase 2 Tower 1 | Thamrin | - | 86,000 | Q1-2021 |
| Daswin Project | Kuningan | - | 70,000 | Q1-2021 |
| Thamrin Nine Phase 2 Tower 2 | Thamrin | - | 56,500 | Q2-2021 |
| BRI Tower | G. Subroto | Bank BRI | 50,000 | Q2-2021 |
| Mori Tower | Sudirman | Mori | 99,000 | Q4-2021 |
| Gedung Indonesia 1 (North & South) | Thamrin | China Sonangol | 131,200 | Q1-2022 |
| Rajawali Place | Kuningan | - | 40,000 | Q3-2022 |

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