

-4.7%

Rp. Gross Rent Growth

YoY Chg

12-Mo. Forecast



27.8%

Vacancy Rate



196k Sqm

YTD New Completions



Source: Cushman & Wakefield Indonesia Research

INDONESIA ECONOMIC INDICATORS Q4 2020

-1.5%

GDP Growth

YoY Chg

12-Mo. Forecast



1.6%

Inflation Rate



3.75%

Central Bank Rate



Source: Central Bank and Census Bureau

SUPPLY: Lower annual new supply due to delaying projects

No additional supply entered the CBD office market during the fourth quarter of 2020, as several buildings that were supposed to complete within this year were delayed to 2021 due to the impact of covid-19 pandemic. A total of about 196,000 sqm new office space has entered the market during 2020, which was notably lower than that recorded in the previous year of about 290,000 sqm. Total proposed office supply that will enter the market in 2021 is projected at about 262,500 sqm and all are of Grade-A buildings.

DEMAND: Demand 'contracted' for the first time over 21 years

A quarterly negative net take-up of 28,000 sqm was recorded during the fourth quarter 2020, bringing the average occupancy rate of the CBD office market to decrease further to 72.2% by the end of December 2020. For the first time after 21 years, the Jakarta CBD office market saw an annual negative take-up of 82,400 sqm for the whole year 2020.

The ongoing 9-months of covid-19 pandemic has been dipping the office demand and transaction activities to the lowest ever witnessed level, since the Asian financial crisis in 1999. This negative impact of COVID-19 has severely affected all business sectors and triggered some downsizings, relocations and even office closures across all office buildings within the CBD area.

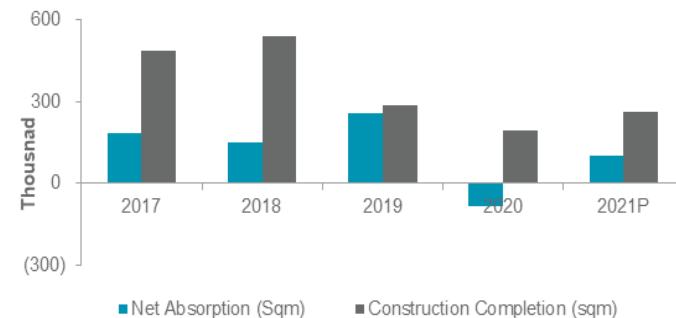
PRICING: Rentals continue to drop

Rupiah rental rates decreased further in the fourth quarter, inline with the falling occupancy level of the market. By the end of December, the average CBD gross rental stood at Rp. 281,200 per sqm per month (a decrease of 4.7% YoY). In US dollar terms, the figure was US\$19.87 per sqm per month, a decrease of 6.5% YoY.

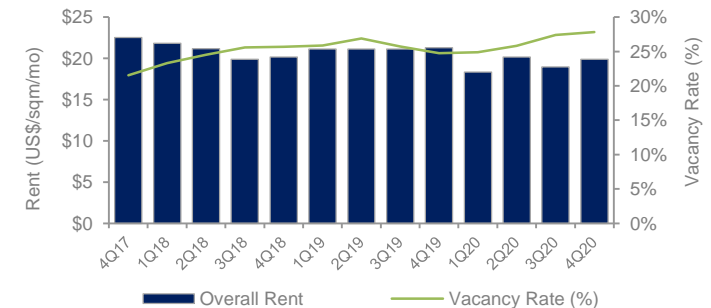
With the outlook for positive economic growth of about 5% in 2021, demand for office is projected to start emerging in the second quarter 2021, mostly coming from the re-activations of the previously considered relocations and/or expansion plans. New demand for office space is expected to grow stronger in the second half of 2021, following the expected improving business activities and performance especially after the commencement of vaccine distribution program by the government.

Rentals, however, will remain under downwards pressure as vacancies will continue to rise in 2021 due to completion of some large new office projects in Kuningan and Thamrin area. Landlords will continue to face challenge to raise their base rental or service charge, particularly during the first semester of 2021.

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	764,600	28.1%	-20,700		72,200	99,000	\$26.08
Kuningan	1,641,450	0	474,400	28.9%	-3,000		-153,700	110,000	\$20.44
Gatot Subroto	1,159,800	0	352,400	30.4%	-5,000		11,600	50,000	\$20.16
Thamrin	509,550	0	83,300	16.4%	-1,100		-7,300	273,700	\$24.48
Satrio – Mas Mansyur	713,400	0	239,300	33.6%	3,300		8,900	-	\$18.18
Others (Senayan ,etc)	276,600	0	39,700	14.4%	-1,500		-14,100	-	\$31.42
CBD TOTALS	7,025,150	0	1,953,800	27.8%	-28,049		-82,400	532,700	\$19.87
GRADE A ONLY TOTALS	4,802,860	0	1,389,800	28.9%	-10,600		43,950	532,700	\$23.86

*Rental rates reflect Gross Rental including Service Charge

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
-				
-				

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2020

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

SIGNIFICANT UNDER-CONSTRUCTION PROJECTS IN 2020

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

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