

Non-CBD Office 2H 2020

-4.5%

Rp. Gross Rent Growth

YoY
Chg



12-Mo.
Forecast



20.9%

Vacancy Rate



147k Sqm

YTD New Completions



Source: Cushman & Wakefield Indonesia Research

SUPPLY: Large additional supply

Five new office projects totaling of 127,000 sqm entered the Non-CBD office market during the second semester of 2020. A total of about 147,000 sqm new office space has entered the market during 2020, which was notably lower than that recorded in the previous year of about 219,500 sqm. A total of 168,000sqm of office supply is projected to enter the market in 2021, coming from the under-construction projects in South and North Jakarta.

DEMAND: Demand 'contracted' further

A negative net take-up of 31,800 sqm was recorded during the second semester 2020, bringing the average occupancy rate of the Non-CBD office market to decrease further to 79.1% by the end of December 2020. Similar to that in the CBD area, the Jakarta Non-CBD office market saw an annual negative take-up of 57,200 sqm for the whole year 2020.

The prolonged COVID-19 pandemic has been dipping the office demand and transaction activities in all five districts. The pandemic has severely affected all business sectors and triggered some downsizings, relocations and even office closures across all office buildings within the Non-CBD area.

PRICING: Rentals continued to drop

By the end of December, the average Non-CBD gross rental stood at Rp.210,100 per sqm per month (a decrease of 4.5% YoY). In US dollar terms, the figure was US\$14.86 per sqm per month, a decrease of 6.3% YoY.

With the outlook for positive economic growth of about 5% in 2021, demand for office is projected to start emerging in the second semester 2021, mostly coming from the re-activations of the previously considered relocations and/or expansion plans.

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

INDONESIA ECONOMIC INDICATORS 2H 2020

-1.5%

GDP Growth

YoY
Chg



12-Mo.
Forecast



1.6%

Inflation Rate



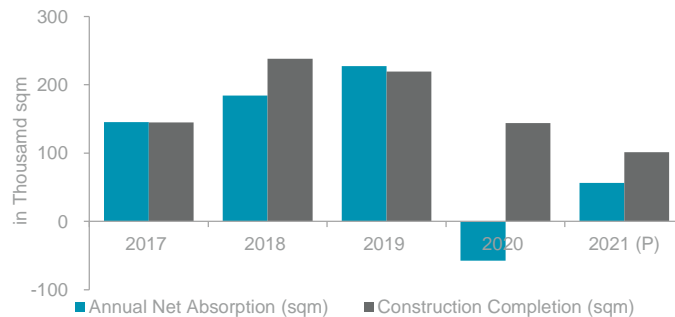
3.75%

Central Bank Rate

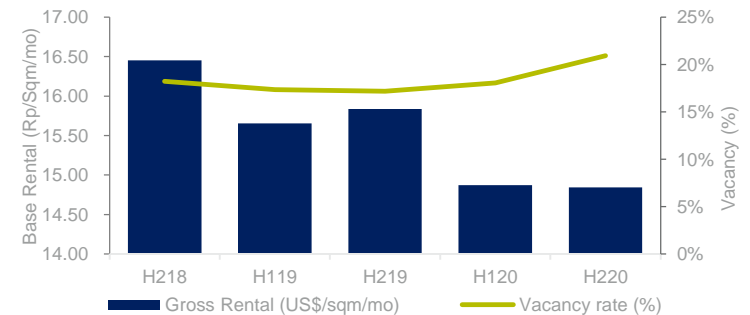


Source: Central Bank and Census Bureau

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 (US\$/Sqm/Month)* |
|----------------------------|------------------|---------------------|---------------------|----------------------|---------------------------------|------------------------------|----------------------------------|-------------------|----------------------------------|
| Central Jakarta | 1,125,483 | 0 | 194,223 | 17.26% | -10,600 | -11,500 | -11,500 | 136,500 | \$15.19 |
| South Jakarta | 1,833,903 | 0 | 365,003 | 19.90% | -17,600 | -31,900 | -31,900 | 139,500 | \$15.65 |
| North Jakarta | 501,194 | 0 | 198,814 | 39.67% | 600 | -800 | -800 | 54,350 | \$13.22 |
| West Jakarta | 955,334 | 0 | 193,658 | 20.27% | -2,600 | -5,200 | -5,200 | 25,000 | \$15.35 |
| East Jakarta | 320,428 | 0 | 39,246 | 12.25% | -1,600 | -3,200 | -3,200 | 32,000 | \$13.74 |
| NON-CBD TOTALS | 4,736,342 | 0 | 990,944 | 20.92% | -31,800 | -57,300 | -57,300 | 387,350 | \$14.84 |
| GRADE A ONLY TOTALS | 1,446,007 | 0 | 441,166 | 30.51% | -74,400 | -65,500 | -65,500 | 285,000 | \$18.59 |

*Rental rates reflect Gross Rental including Service Charge

KEY LEASE TRANSACTIONS 2H 2020

| PROPERTY | SUBMARKET | TENANT | SQM | TYPE |
|----------|-----------|--------|-----|------|
| - | | | | |
| - | | | | |

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS 2H 2020

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

SIGNIFICANT UNDER-CONSTRUCTION PROJECTS IN 2020

| PROPERTY | SUBMARKET | MAJOR TENANT | SQM | COMPLETION |
|--------------------------------|-----------------|------------------------------------|---------|------------|
| Pondok Indah Office Tower 5 | South Jakarta | - | 70,000 | 2021 |
| The Sima | South Jakarta | - | 86,000 | 2021 |
| Maritime Tower | North Jakarta | Pelabuhan Indonesia II (IPC) Group | 56,500 | 2021 |
| Holland Village Office | Central Jakarta | - | 50,000 | 2022 |
| JIC Tower | West Jakarta | JIC | 99,000 | 2022 |
| Jasindo Main office | South Jakarta | Jasindo | 131,200 | 2022 |
| MTH 27 Office Cikoko | East Jakarta | - | 40,000 | 2022 |
| MTH 25 Office (Ex-Tebet green) | East Jakarta | - | 131,200 | 2023 |
| Menara Jakarta Fortune Tower | Central Jakarta | - | 40,000 | 2023 |

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