RESIDENTIAL SERVICES FORECAST REPORT

A new era of expatriate housing: how structural investment is reshaping Jakarta's residential market

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H1 2026 Review | H2 2026 Outlook

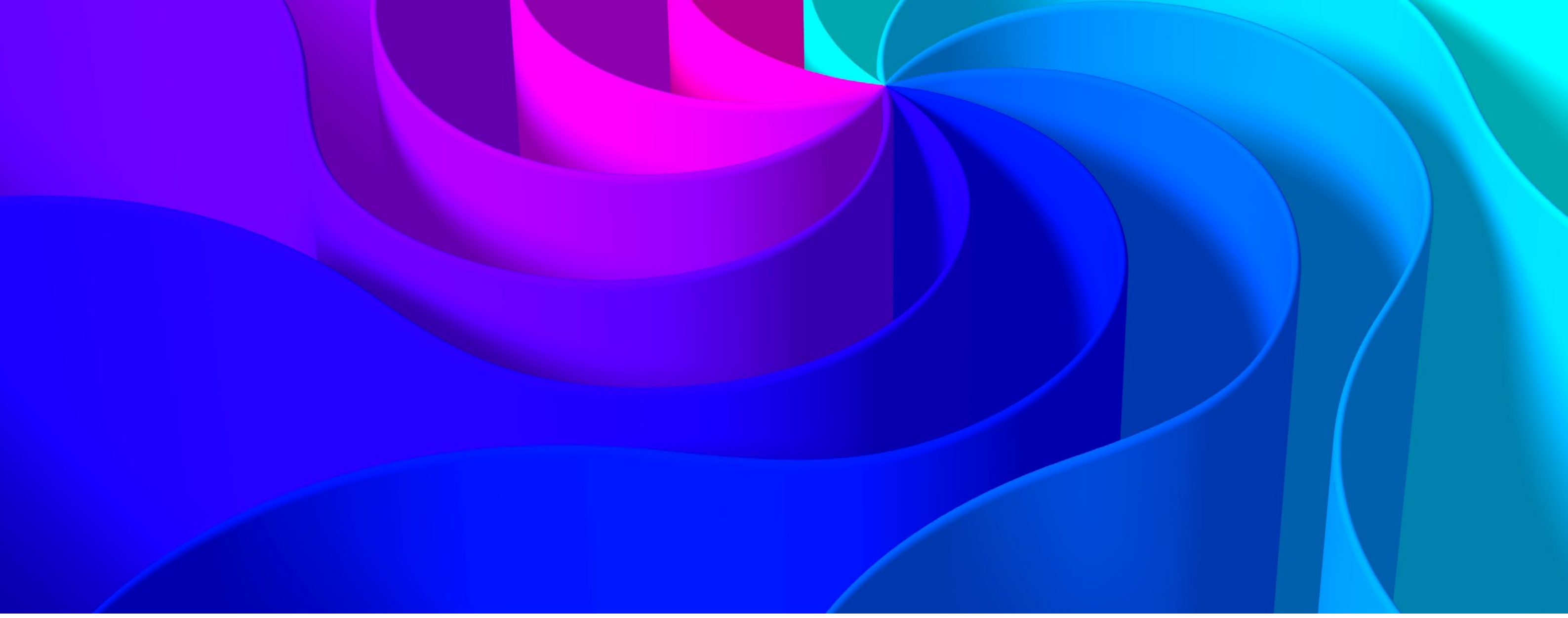
Jakarta's expatriate residential market entered a new phase of expansion during the first half of 2026, supported by the execution of large-scale investment projects across Indonesia's energy, mining, technology, and industrial sectors. Unlike previous market recoveries that were largely driven by economic normalization, the current cycle reflects the deployment of long-term capital investment projects, resulting in a more sustained inflow of expatriate professionals and stronger residential demand.

While demand has strengthened considerably, the market is increasingly characterised by a mismatch between occupier requirements and available housing stock. Overall residential inventory remains relatively adequate; however, the shortage lies in modern, renovated, fully furnished, and immediately occupiable properties that meet the expectations of today's expatriate tenants. Consequently, competition has intensified for premium landed houses and high-quality apartments in established expatriate locations, reinforcing landlords' pricing power.

Currency volatility has emerged as another defining feature of the market. As most premium landed houses and non-serviced apartments continue to be leased in US Dollars while many multinational companies allocate housing budgets in Indonesian Rupiah, the depreciation of the Rupiah has significantly reduced corporate purchasing power. This widening affordability gap is prompting companies to reconsider their housing strategies through greater rental negotiations, broader location preferences, and increased adoption of serviced apartments, where rental rates are predominantly denominated in Rupiah.

Beyond traditional market fundamentals, expatriate housing preferences continue to evolve. The growing proportion of single professionals, particularly those deployed for project-based assignments, has increased demand for fully furnished apartments and serviced apartments that provide greater flexibility and operational convenience. At the same time, sustainability-related features such as electric vehicle charging facilities, pet-friendly environments, and modern household amenities are becoming increasingly important considerations in residential selection, reflecting broader corporate ESG commitments and changing expatriate lifestyles.

Looking ahead, the market outlook remains constructive. The continued execution of long-horizon investment projects is expected to sustain expatriate inflows throughout H2 2026 and beyond. Nevertheless, market performance will increasingly depend on the industry's ability to address the widening disconnect between corporate housing affordability and landlord pricing expectations, while continuing to upgrade existing residential stock to meet evolving occupier requirements.



Key market highlights

H1 2026 at a glance

- Jakarta's expatriate residential market has entered a new demand cycle driven by execution-phase investment projects rather than post-pandemic recovery.
- Demand growth is concentrated in oil & gas, mining, digital infrastructure, and advanced manufacturing, generating a steady pipeline of long-term expatriate assignments.
- The market is constrained by the availability of quality housing rather than the overall volume of residential inventory.
- Renovated, fully furnished, move-in-ready properties continue to achieve the strongest leasing performance, while older stock experiences prolonged vacancy despite remaining available.
- Depreciation of the Indonesian Rupiah has widened the affordability gap between corporate housing budgets and USD-denominated rental rates, reshaping corporate leasing strategies.
- Serviced apartments are benefiting from this currency mismatch as Rupiah-denominated rental rates provide greater cost certainty for multinational occupiers.
- Landlords retain strong negotiating leverage in premium expatriate residential locations, supported by limited availability of high-quality housing stock.

Market narrative

The Jakarta expatriate residential market is no longer simply recovering from the pandemic; it is entering a structurally different growth cycle. Unlike previous periods, when residential demand was closely linked to broader economic recovery, H1 2026 has been characterised by the implementation of large-scale investment projects requiring highly specialised international talent. This shift has fundamentally changed both the composition of expatriate demand and the dynamics of the residential market.

The strongest source of demand continues to originate from Indonesia's energy and natural resource sectors, particularly upstream oil & gas and mining developments. Many projects that remained in planning or feasibility stages over recent years have now progressed into execution, generating immediate requirements for expatriate relocation. At the same time, expansion within digital infrastructure, automotive manufacturing, and industrial processing has further diversified the expatriate base, reducing reliance on any single industry and strengthening the market's resilience.

However, stronger demand has also exposed a structural imbalance that extends beyond simple supply shortages. While residential inventory across Jakarta remains substantial, much of the available stock no longer aligns with the quality expectations of multinational occupiers. Increasingly, the market is differentiated not by the number of available units but by the availability of properties that combine modern specifications, high-quality renovations, operational readiness, and lifestyle-oriented amenities. This distinction has become one of the defining characteristics of Jakarta's expatriate housing market during H1 2026.

At the same time, macroeconomic conditions are reshaping corporate leasing behaviour. Currency depreciation has materially reduced the purchasing power of companies whose housing allowances remain denominated in Rupiah, while landlords continue to maintain US Dollar pricing for premium residential assets. Rather than weakening demand, this affordability pressure is encouraging occupiers to adopt more flexible housing strategies, including greater utilisation of serviced apartments, wider geographic searches, and closer scrutiny of housing value propositions.

Taken together, these developments suggest that Jakarta's expatriate residential market is transitioning from a cyclical recovery story into a structurally demand-driven market, where success will increasingly depend on product quality, operational flexibility, and the ability of landlords and occupiers to adapt to evolving market expectations.

A market defined by quality rather than quantity

The defining supply characteristic of Jakarta's expatriate residential market in H1 2026 is not an overall shortage of housing stock, but an increasing divergence between available inventory and occupier expectations. While Jakarta continues to offer a substantial number of landed houses and apartments across established expatriate locations, only a relatively limited proportion of these properties meet the quality standards demanded by today's multinational tenants. Consequently, market competitiveness is no longer determined simply by location or rental level, but increasingly by the physical condition, functionality, and readiness of the property itself.

This shift reflects a broader transformation in expatriate housing preferences. Corporate occupiers now place greater emphasis on operational convenience and immediate occupancy, favouring renovated, fully furnished homes equipped with contemporary interiors, modern kitchens, reliable building systems, and lifestyle-oriented amenities. As a result, many older properties that have seen limited refurbishment are experiencing significantly longer marketing periods despite remaining competitively priced. The market has therefore evolved into two distinct segments: one where high-quality properties are leased almost immediately, and another where ageing inventory struggles to attract meaningful interest.

The contrast is particularly evident within the landed housing segment. Premium compounds in established expatriate locations continue to experience limited availability, with some projects reporting waiting periods of several months before suitable units become available. Unlike apartments, where additional supply can be introduced through vertical development, landed residential products face structural limitations due to land scarcity. As a result, future supply growth will rely far more on refurbishment and repositioning of existing properties than on the delivery of new compound developments.

These conditions have strengthened the competitive advantage of landlords who continue to invest in upgrading their assets. Renovated properties consistently command stronger tenant interest, shorter vacancy periods, and greater pricing resilience than comparable unrenovated units. Increasingly, refurbishment should no longer be viewed as an optional capital improvement, but as a prerequisite for maintaining long-term market competitiveness.

Jakarta's expatriate residential market is no longer constrained by the availability of housing units, but by the availability of institutional-grade residential products capable of meeting increasingly sophisticated occupier expectations.

The market is also witnessing a gradual evolution in product specifications. Sustainability-related features such as electric vehicle charging facilities are becoming increasingly relevant as multinational corporations expand their environmental commitments. Similarly, pet-friendly developments have gained significant traction, reflecting changing expatriate lifestyles and prompting landlords to adapt their offerings accordingly. Features that were previously regarded as premium differentiators are progressively becoming baseline tenant expectations within the upper segment of the market.

Meanwhile, changing expatriate demographics continue to reshape residential preferences. The growing number of single professionals deployed under project-based assignments has reinforced demand for high-quality apartments located near Jakarta's principal business districts. This trend is encouraging a gradual shift away from traditional family-oriented housing patterns toward more flexible, professionally managed residential products that emphasise convenience, accessibility, and operational efficiency.

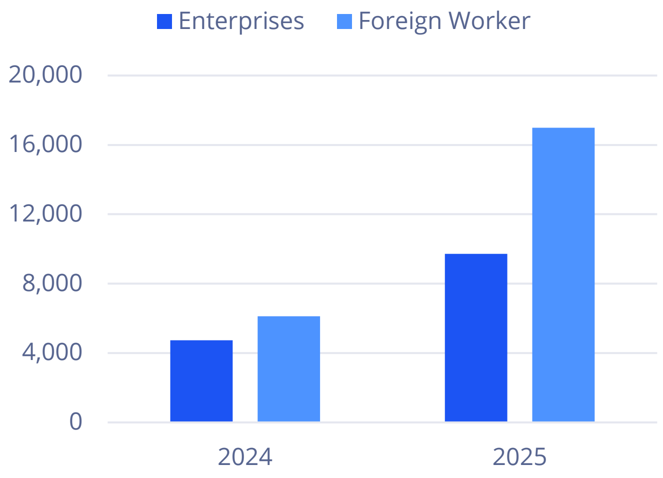
For landlords, this represents a significant investment opportunity. As new landed housing supply remains structurally limited in mature expatriate locations, refurbishment and asset repositioning are expected to become the primary drivers of future competitiveness. Owners who continue investing in modernisation will likely capture disproportionately stronger occupancy, pricing performance, and tenant retention over the coming years.

A new generation of expatriates is reshaping Jakarta’s residential market

The improvement in Jakarta's expatriate residential market during H1 2026 reflects more than a cyclical increase in housing enquiries. It signals a structural shift in the composition of expatriate demand, driven by Indonesia's expanding pipeline of long-term strategic investments. Rather than representing a temporary recovery following the pandemic, the current market cycle is underpinned by execution-phase projects that require sustained deployment of highly specialised international talent over multiple years.

The strongest demand continues to originate from upstream oil & gas, mining, mineral processing, and energy-related developments, where large-scale investments have progressed from planning into implementation. These projects require technical specialists, project managers, engineers, and executive personnel who are typically assigned under medium- to long-term contracts, creating a more stable and predictable source of residential demand than short-term business travel or exploratory investment missions.

Number of enterprises and foreign worker of DKI Jakarta



Source: Statistics Indonesia

Unlike previous expatriate cycles, which were dominated by family relocations from multinational corporations, H1 2026 has witnessed a growing proportion of single professionals entering Jakarta under project-based assignments. This changing demographic profile is gradually reshaping residential demand across the city. Instead of prioritising large landed houses within family-oriented compounds, many expatriates now favour professionally managed apartments and serviced apartments that provide operational flexibility, shorter commuting times, and lower household management requirements.

The diversification of investment activity has also broadened the expatriate profile entering Indonesia. While oil & gas remains the dominant demand driver, technology and digital infrastructure, automotive manufacturing, industrial processing, and downstream mineral industries are contributing an increasingly diverse tenant base. This diversification strengthens the resilience of Jakarta's expatriate residential market by reducing dependence on any single economic sector while creating demand across multiple residential formats and locations.

Nationality trends have evolved alongside these sectoral changes. Chinese professionals continue to represent one of the largest expatriate groups entering Jakarta, reflecting significant investment in industrial and digital infrastructure projects. Japanese and Korean expatriates remain closely associated with manufacturing activities, while European professionals continue to occupy senior technical and management positions across energy and resource sectors. Meanwhile, increasing participation from Middle Eastern companies has introduced a new source of long-term demand associated with upstream energy investment.

An emerging behavioural trend is the growing adoption of shared accommodation among colleagues from the same organisation. Rather than leasing individual units, several companies are increasingly encouraging expatriates to occupy larger apartments collectively, allowing corporate housing budgets to achieve higher-quality accommodation without proportionally increasing rental expenditure. Although still relatively limited, this trend reflects how multinational companies are adapting their housing strategies in response to higher rental costs and exchange-rate pressures.

Sector	Dominant nationality	Housing implication
Oil, Gas & LNG	European, Middle Eastern	Premium landed and serviced apartments in CBD
Mining & Metals Processing	European, Asian	Jakarta as management base; mid-to-upper apartments with short-stay flexibility for site rotation
Automotive & EV Manufacturing	Asian	Single professionals; mid-to-upper apartments in CBD/ South Jakarta corridor
Technology & Digital Infrastructure	American, Asian	Fully furnished, high-specification apartments in CBD and South Jakarta

Source: Colliers

Beyond the corporate sector, diplomatic missions continue to provide an important source of market stability. Embassy personnel rotations follow relatively predictable schedules and are generally less affected by short-term business cycles or corporate cost adjustments. Consequently, diplomatic demand continues to support occupancy within established expatriate residential locations such as Menteng and Kuningan, providing landlords with a relatively stable tenant base throughout changing economic conditions.

Looking ahead, the demand outlook remains fundamentally positive. Most of the major investment projects currently driving expatriate inflows are characterised by long development horizons extending well beyond the current market cycle. As these projects continue advancing through construction and operational phases, expatriate deployment is expected to remain active throughout H2 2026 and into the medium term. The principal challenge for the market is therefore unlikely to be sustaining demand, but ensuring that residential supply continues to evolve in line with increasingly sophisticated occupier expectations,

Pricing is increasingly shaped by affordability rather than market competition

Pricing dynamics within Jakarta's expatriate residential market during H1 2026 are no longer determined solely by conventional supply-and-demand fundamentals. Instead, market pricing has become increasingly influenced by the interaction between currency movements, corporate housing policies, and landlords' negotiating positions. As a result, the market is experiencing a growing disconnect between what occupiers are prepared to pay and what landlords are able to command.

The depreciation of the Indonesian Rupiah has become the single most influential factor affecting expatriate housing affordability. While many multinational companies continue to allocate housing budgets in Rupiah based on exchange rate assumptions established several years ago, premium landed houses and most non-serviced apartments remain predominantly priced in US Dollars. Consequently, even where asking rents have remained relatively stable in USD terms, their effective cost has risen considerably for companies whose housing budgets are denominated in local currency.

Parameter	Corporate budget assumption	Prevailing market reality
Currency Reference	Fixed IDR (16,000–16,800 band)	USD-pegged; effective IDR 17,900–18,000
Negotiation Posture	Budget-capped; cost-reduction mandate	Firm asking terms with limited negotiating latitude
Outcome	3-bedroom in premium area	Effectively 2-bedroom; shift from landed to apartment or relocation to non-prime submarket

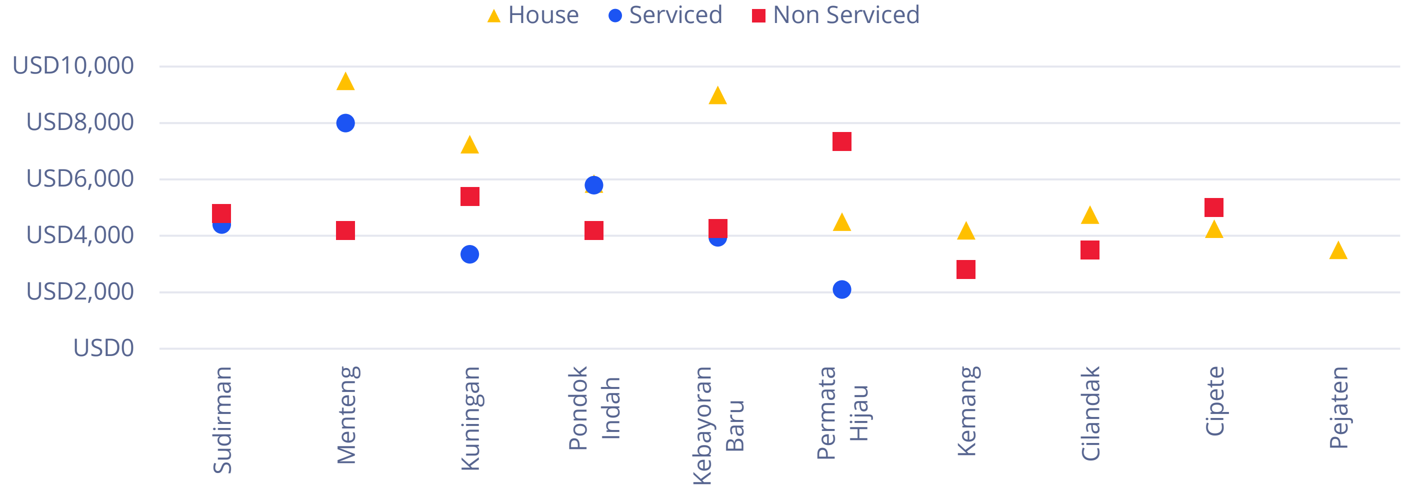
Source: Colliers

This widening affordability gap has fundamentally altered corporate leasing behaviour. Rather than competing solely on location or property quality, occupiers are increasingly evaluating accommodation based on overall value, budget efficiency, and operational flexibility. Housing searches have become broader geographically, rental negotiations more frequent, and alternative residential formats increasingly acceptable as companies seek to optimise housing expenditure without compromising expatriate welfare.

Despite mounting affordability pressures, landlords have generally demonstrated limited willingness to adjust asking rents downward. Their pricing confidence reflects the continued scarcity of renovated, move-in-ready properties within established expatriate residential locations. For premium assets, demand remains sufficiently robust to support firm pricing, particularly where landlords have invested in refurbishment and modernisation. Under current market conditions, pricing power continues to rest largely with owners of well-maintained residential products rather than with occupiers,

The distinction between renovated and unrenovated properties has become increasingly significant from a pricing perspective. Modernised units consistently achieve stronger rental performance and allow landlords to negotiate from a position of strength, whereas older properties often require greater pricing flexibility in order to remain competitive. In many cases, the market is effectively assigning a premium to product quality rather than simply to location.

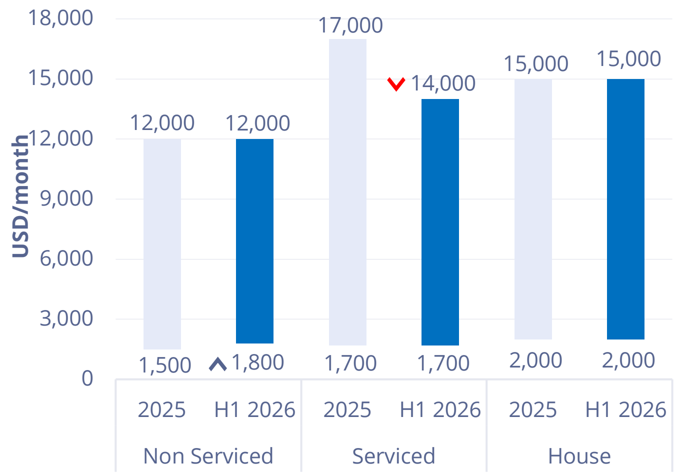
Average price based on housing type



Source: Colliers

One notable exception to the broader affordability challenge is the serviced apartment segment. Because rental rates are primarily denominated in Indonesian Rupiah, serviced apartments have become relatively more attractive for multinational occupiers operating with USD-based housing allocations. The recent depreciation of the Rupiah has effectively increased the purchasing power of these companies within this segment, allowing tenants to secure larger or higher-quality accommodation than would be achievable within the USD-priced residential market. Consequently, serviced apartments are emerging not merely as an alternative housing product, but as an increasingly strategic solution for corporate mobility programmes.

Price range based on housing type



Source: Colliers

Jakarta's expatriate housing market is no longer defined by how many expatriates arrive, but by how effectively the market can provide institutional-quality housing that matches the expectations of a new generation of globally mobile professionals.

Looking ahead, pricing conditions are expected to remain broadly supportive of landlords. Limited additions to premium housing supply, combined with the continuation of long-term investment projects, should sustain healthy occupier demand. Nevertheless, the pace of future rental growth is likely to depend less on market demand than on the evolution of exchange rates and the willingness of multinational companies to revise housing policies in line with prevailing market realities.

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