

Huge Supply Projection Expected to Put Further Pressure on Rent and Occupancy

Summary & recommendations

The office market in Jakarta is still in a position of rebalancing. Vacant space is increasing and rents continue to decline. Meanwhile, the market still has to face large additional supply in the next two years.

In the future, integrated office buildings with excellent transport links, accessibility to residential catchment areas, affordable rents and retail amenities will be keenly sought after.

Landlords are expected to play an important role in the market recovery; one that is more flexible in responding to market needs, especially considering that lease agreements are likely to become shorter due to continued uncertainty.



	Q1 2021	Full Year 2021	2021-24 Annual Average
 <p>Demand</p> <p>The engagement of tenants at newly operating office buildings will help demand in 2021, which is estimated to be higher than in 2020. Demand is expected to continue to strengthen until 2024, although still remaining below 200,000 per year.</p>	 18,302 sq m	 92,799 sq m	 163,928 sq m
 <p>Supply</p> <p>Some construction projects have been put on hold or delayed due to pandemic-related restrictions. However, the cumulative supply is expected to increase by about 2% per year from 2021 to 2024.</p>	 37,628 sq m	 387,331 sq m	 229,758 sq m
	QOQ / End Q1 2021	YOY / End 2021	Annual Average Growth 2021-24 /End 2024
 <p>Rent</p> <p>Economic growth has yet to return to pre-pandemic levels, and is not expected to sooner than 2022. It is safe to assume that rents will start climbing at around the same time. Therefore, rent growth in from 2021 to 2024 is expected to be below 1% per year.</p>	 2.48% IDR228,756	 2.99% IDR227,556	 0.57% IDR239,956
 <p>Vacancy</p> <p>Vacancy will increase 1.7% per year in the 2021-2022 period. Nevertheless, after that additional supply will see pressure soften slightly, and the vacancy rate will start to fall.</p>	 0.47% 19.6%	 2.04% 21.2%	 0.35% 20.6%
 <p>Selling price</p> <p>Limited new space for sale will encourage unit owners to resell in the secondary market. However, that has yet to have an impact on the average selling price that is estimated to increase moderately until 2024.</p>	 2.89% IDR47.7mio	 3.79% IDR48.1mio	 1.47% IDR49.2mio

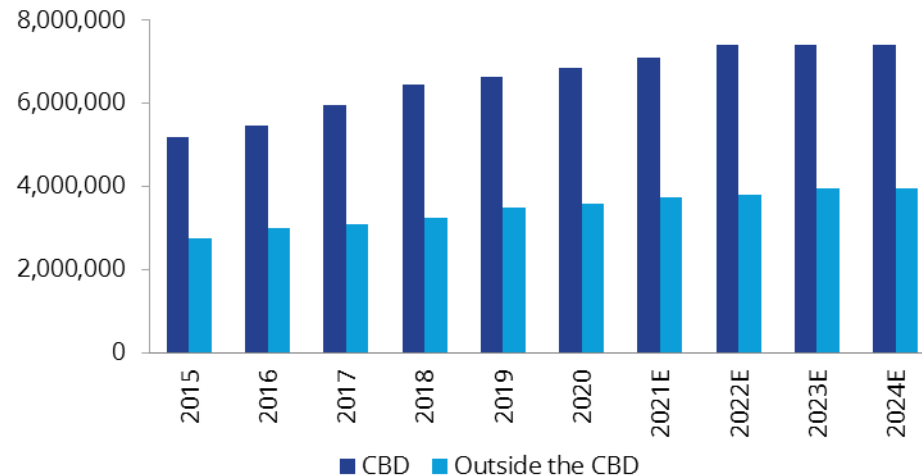
Source: Colliers International
 Note: USD1 to IDR14,572 at the end of Q1 2021.

Large additional supply in consecutive year

Total additional supply in Jakarta is expected to reach about 380,000 sq m in 2021, relatively in line with 2020 supply, and our pipeline projections for 2022. Based on current progress, all construction of supply pipeline projects in 2021-2022 will be completed on time.

In 1Q 2021, Menara Binakarsa (previously known as Graha Binakarsa) in Jalan Rasuna Said was re-opened to bring the cumulative supply in the CBD to 6.89 million sq m. Despite slower progress in construction, some office projects are still in line to meet completion dates in 2021. Total office supply in the CBD will reach 7 million sq m in 2021, an increase of around 3.5% YOY. Outside the CBD, the opening of Menara Tendean (M Ten) brought total supply to 3.60 million sq m in 1Q 2021. Four other office buildings are expected to be completed in 2021, with total supply increasing by around 4.5% YOY.

Cumulative supply

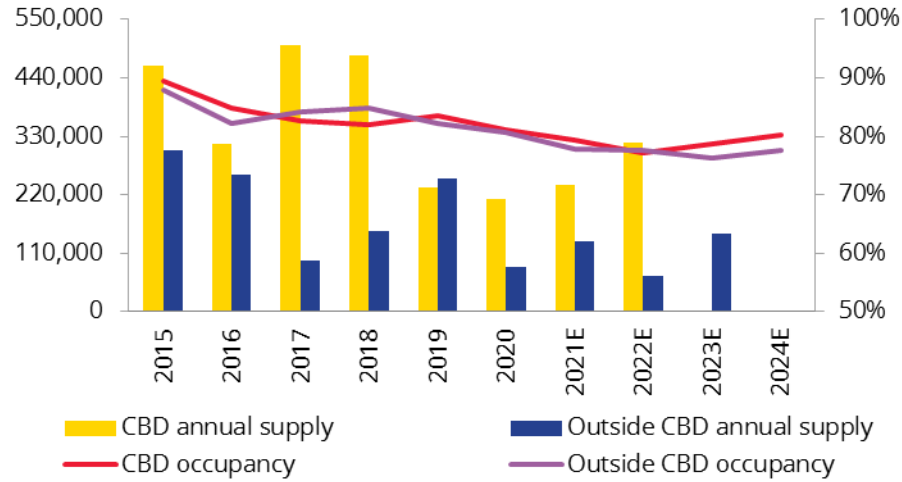


Hybrid working model to maintain demand level

Uncertainty still looms on the horizon for many office-based business owners, which means now is not the best time to expand or commit to new office leases. A rise in vacant spaces continues – boosted by an increase in tenant-controlled stock, as occupiers offload surplus space. However, the commitment of several tenants has helped maintain average occupancy rates in 1Q 2021, at 80.7%, which is relatively stable QOQ. Meanwhile, newly opened office buildings outside the CBD have also showed an increase in occupancy rates. However, the slowdown in business activities due to the pandemic has put more pressure on tenants, encouraging several to leave, thus reducing the occupancy rate of the buildings they occupied. The occupancy rate outside the CBD was registered at 79.7% in 1Q 2021, a fall of about 1% compared to 4Q 2020. Our forecasts for 2021 see average occupancy rates declining by 2%, compared to 2020, both in and outside the CBD. In any case, occupancy in the 2020-2021 period will register below figures seen during the financial crisis in 2008-2009.

Oxford Economics has forecast an improvement in GDP growth in Indonesia GDP in 2021. This is expected to encourage business activity and prompt a rebound in office demand. However, the market will still be faced with a large supply in 2021-2022. Other than that, the dip in occupancy has also been driven by an increased focus on space utilization, with many occupiers adopting an unassigned hot-desks system in place of traditional private cubes and offices. These trends have pushed down the average area needed per employee. The pandemic-induced adoption of large-scale remote working may well push occupancy down further.

Annual supply and occupancy rates



Source: Colliers International

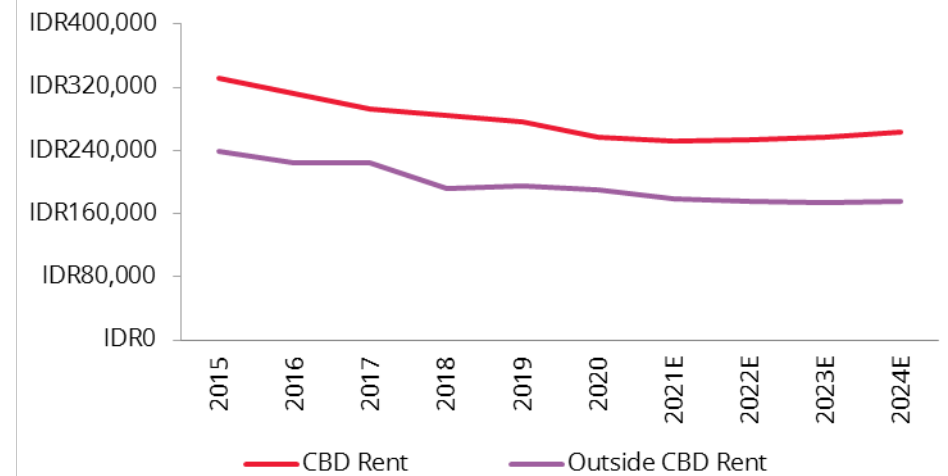
The hybrid work concept, combining remote working with office use, must be developed by companies before it is adopted. Changes in office layout and adoption of the shared desk concept must be well thought out to optimize the new workspace. The pandemic may see companies seek greater efficiency and consider adopting a hub-and-spoke office model, which would make it less important to maintain large headquarters offices in CBD.

The adoption by companies in Indonesia of the hub-and-spoke office model will likely arise as a topic of discussion. Providing satellite offices for employees (the spokes), in addition to the main office (the hub) is expected to offer employees easier access to a professional workspace. Some benefits include providing options for companies related to location, a better work-life balance by reducing commute times and an increase in productivity. This scheme is expected to boost office absorption particularly outside the CBD, for both traditional and flexible workspaces.

Rental tariff still wait a momentum to improve

The office leasing market will continue to favour tenants in 2021. Landlords in oversupplied markets are advised to prioritize securing good quality tenants over obtaining higher rents. Landlords must also be more accommodative by offering incentive packages, shorter terms and optionality in new leases. Conversely, the mild down cycle makes it imperative for occupiers to capitalize on current weak leasing sentiment to negotiate better terms before the window of opportunity closes.

Jakarta office rent (/sq m/month)



Source: Colliers International

In 2021, supply growth will remain high, and market sentiment has yet to fully recover. These factors, coupled with the WFH trend, are likely to lead to requests for a reduction in office space. Weak demand and the continuing increase in vacant spaces are factors that are conspiring to depress rents, impacts of which are the negotiation of greater discounts and continuing pressure on office rents. In 1Q 2021, average CBD rent was registered at 255,185 Indonesian rupiah, a drop of about 1% QOQ. Outside the CBD, average rent was recorded at 181,287 Indonesian rupiah, a 5% decline QOQ. The inevitable rent correction is likely to manifest up to the end of 2021. In 4Q 2021, rents in the CBD and outside the CBD rent are expected to decline further, by about 2% and 6% YOY, respectively.

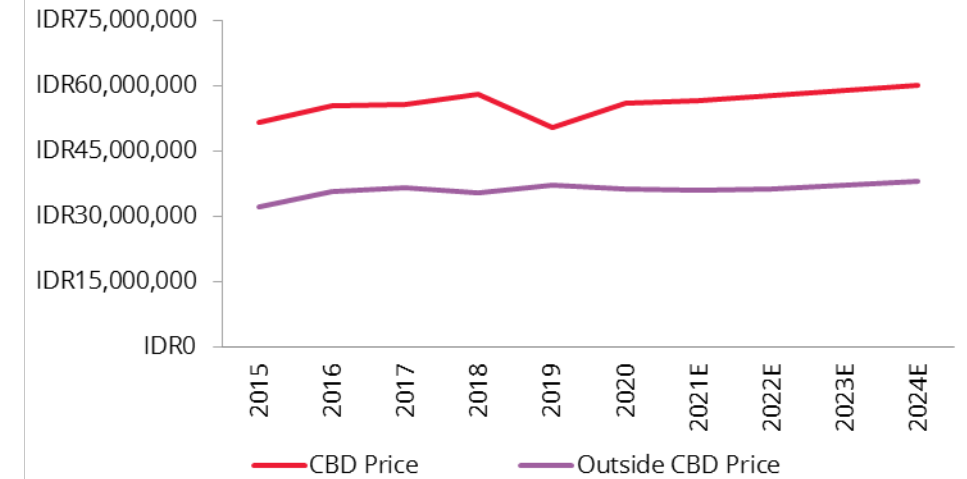
Buyers find dilemma in sluggish strata-title market

The strata-title office market is in a shaky period. Low sales per year in 2020 continued to put pressure on selling prices. Some owners are offering units at lower than the current market price, especially in the secondary market.

Buyers are also facing a dilemma in terms of purchasing either for investment or to sublease. Investors purchasing for sublease must be prepared to face tight competition from unabsorbed spaces in the market. In addition, the rental rate continues to fall, and it is possible owners will see returns far from the expected yield. Other than that, buyers must still pay service charges, and calculate whether the amount will be in line with the projected increase in selling price in the following year.

In 1Q 2021, we recorded some new vacant spaces in office buildings in the CBD selling at prices higher than the market, bringing the average to IDR57 million. Outside the CBD, the average selling price was relatively stable QOQ, registered at IDR36 million.

Jakarta office selling price (/sq m)



Source: Colliers International

Appendix

New pipeline

Name of Development	Location	Region	Developer name	SGA (sq m)	Marketing scheme	Development progress
CBD						
2021						
Office One	Rasuna Said	South Jakarta	Sentra Graha Sentosa	16,357	For Sale	Under construction
T Tower (BJB Tower)	Gatot Subroto	South Jakarta	BPD Jabar	24,000	For Lease & Sale	Under construction
Daswin Tower	Rasuna Said	South Jakarta	Windas Development & Mitsubishi	80,000	For Lease	Under construction
Thamrin Nine	Thamrin	Central Jakarta	Putra Gaya Wahana	97,500	For Lease	Under construction
2022						
Menara BRI	Gatot Subroto	South Jakarta	Bank Rakyat Indonesia	60,000	For Lease	Under construction
Jakarta Office Tower by MORI	Sudirman	Central Jakarta	MORI Building	90,000	For Lease	Under construction

continued

Name of Development	Location	Region	Developer name	SGA (sq m)	Marketing scheme	Development progress
<i>continuation</i>						
Indonesia Satu North Tower	Thamrin	Central Jakarta	China Sonangol Media Investment	62,000	For Lease & Sale	Under construction
Indonesia Satu South Tower	Thamrin	Central Jakarta	China Sonangol Media Investment	65,500	For Lease	Under construction
St Regis Office Tower	Rasuna Said	South Jakarta	Rajawali Group	40,000	For Lease	Under construction

Outside CBD

2021

Sanggala Tower	TB Simatupang	South Jakarta	Sapta Tunggal Mulia	9,900	For Lease & Sale	Under construction
Pondok Indah Office Tower 5	Pondok Indah	South Jakarta	Metropolitan Kentjana	37,177	For Lease	Under construction
The Sima	TB Simatupang	South Jakarta	Grage Trimitra Usaha	59,169	For Lease & Sale	Under construction
Wisma Barito Pacific 2	S. Parman	West Jakarta	Griya Idola	26,000	For Lease	Under construction

continued

Name of Development	Location	Region	Developer name	SGA (sq m)	Marketing scheme	Development progress
<i>continuation</i>						
2022						
One Belpark Office	Fatmawati	South Jakarta	Harmas Jalesveva	17,800	For Lease	Under construction
Owner Suite by Dharmawangsa	Dharmawangsa	South Jakarta	Dharma Tatemono	24,000	For Sale	Under construction
MTH 27 Office Suite	MT Haryono	South Jakarta	Adhi Karya	25,000	For Sale	Under construction
Lippo Tower Holland Village	Cempaka Putih	Central Jakarta	Lippo Karawaci	27,000	For Sale	Under construction
2023						
South Gate Office Tower	Tanjung Barat	South Jakarta	Sinarmas Land	30,000	For Lease	Under construction
Menara Jakarta Office Tower	Kemayoran	Central Jakarta	Agung Sedayu	90,000	For Lease & Sale	Under construction

Source: Colliers International



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Apartment Market: A Bumpy Road to Recovery

Summary & recommendations

Some developers started to introduce their new projects in Q1 2021. Unfortunately, the demand growth in the market remains sluggish, making it hard to revise the asking prices. In addition, the government set out some stimuli for the residential property sector, including the property relaxation norm from the Central Bank coupled with the foreign ownership regulation, which will bode well for developers and property demand. In addition, the VAT waiver will be beneficial for upgraders as well as developers who still have unsold inventories. All in all, we are of the view this year will remain a buyer's market, and there will be a gradual yet moderate recovery in the market.

	Q1 2021	Full Year 2021	2021-24 Annual Average
 <p>Demand</p> <p>The take-up rate has been decreasing by 0.12% QOQ. This can be an early sign of over-supply conditions in the market, as there are more new units entering the market while the demand is still limited.</p>	 <p>87.1%</p>	 <p>87 – 88%</p>	 <p>87-89</p>
 <p>Supply</p> <p>No new projects were completed during this quarter. However, there are 4,014 units targeted to be completed this year.</p>	 <p>0 unit</p>	 <p>4,014 units</p>	 <p>7,983 units</p>
	<p>QOQ / End Q1 2021</p>	<p>YOY / End 2021</p>	<p>Annual Average Growth 2021-24 /End 2024</p>
 <p>Price</p> <p>For a year, the asking price remained flat (almost no change). We expect the stagnation will continue as developers have to adjust with the VAT incentive programme to attract more buyers.</p>	 <p>0.1%</p> <p>IDR35.0mio</p>	 <p>1.4%</p> <p>IDR35.5mio</p>	 <p>4.8%</p> <p>IDR40.9mio</p>

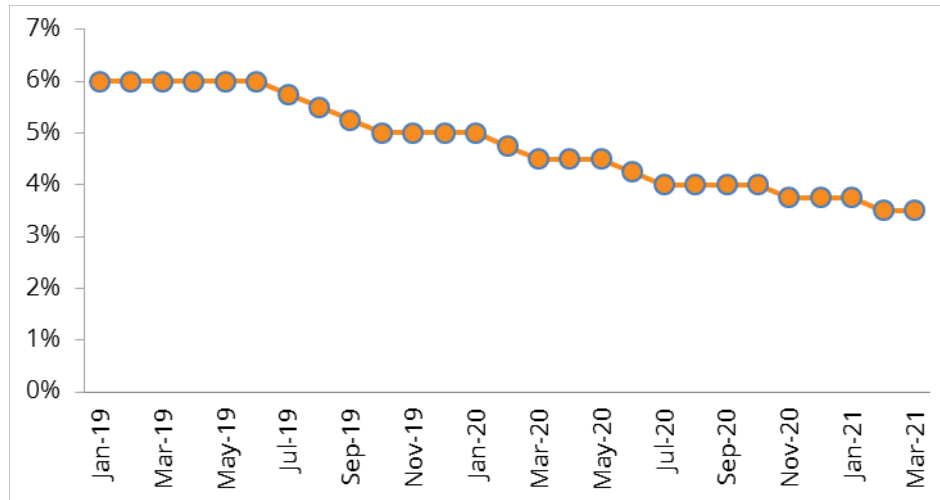
Source: Colliers International
 Note: USD1 to IDR14,572 at the end of Q1 2021.

Macro-sight: Government is in the full throttle mode!

Interest rate at all-time low

Bank Indonesia has cut its benchmark rate aggressively since mid-2019 by 250 basis points, from 6.0% to 3.5%. This then should have been translated into lower mortgage rates in 2021 to accelerate property sales but in fact, the loan interest rate still remains relatively high in general.

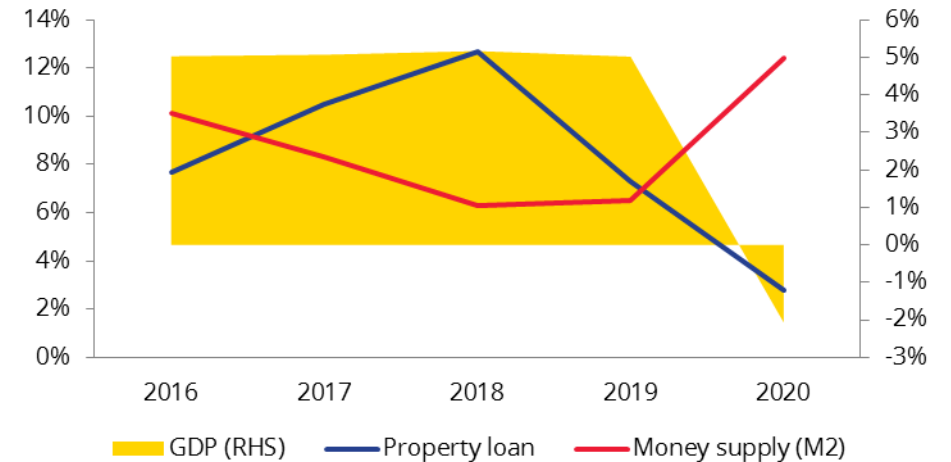
Interest rate



Source: Bank Indonesia

Thus far, we still see that investors opt to take a wait-and-see approach. High liquidity has been apparent during 2020 but unfortunately, it was unable to stimulate the economy into rejuvenation, as evidenced by deceleration of the loan growth due to sluggish economic activities. As such, the government was exploring the further deployment of incentives into sectors which carry a high multiplier effect, including the property sector.

GDP, property loan and money supply growth



Source: Bank Indonesia, OJK and Colliers International

Further monetary policy loosening to revive property sector

Bank Indonesia relaxed the LTV regulations for mortgages, now up to 100%, and removed the stages of mortgages disbursement regulation for indent property. We think the new mortgage disbursement regulation will impact project acceleration as developers will receive the 100% payment in advance before the project is completed. Nevertheless, the impact on apartment demand would not be significant as the bank would stick to at least a 10% down-payment to avoid the debt if it becomes a non-performing loan. The lower down-payment coupled with low interest rate are positive to support affordability, which is what the government has been trying to push with its LTV relaxation. Further, the low-rates benchmark is expected to lower time deposit rates, making property a more attractive alternative investment.

Regulations update

House/apartment	Before (relaxation 2018)	New (2021)
LTV ratio (down payment)	85-95% and lower LTV for 2nd home or more	100% for banks with NPL < 5% 90-95% for banks with NPL > 5%
		No restrictions for 2nd home or more
Mortgage disbursement	% of completion or milestones	No restriction (banks to decide)

Source: Bank Indonesia, Colliers International

Bonus: VAT Waiver!

The government through the Ministry of Finance has set out a new regulation number 21/PMK.010.2021 for VAT incentive. The incentive scheme applies to apartments and landed houses (residential) priced below IDR5 billion, with breakdown as follows – 100% VAT waiver for residential priced below IDR2 billion, and 50% waiver for residential priced between IDR2 and IDR5 billion. The incentive scheme begins this March and will last for six months, ending in August 2021. Apart from price limitations, the VAT waiver applies only to primary apartments/houses which have been completed (only for ready-stock units). As such, we are of the view that the impact on presale projects will be limited.

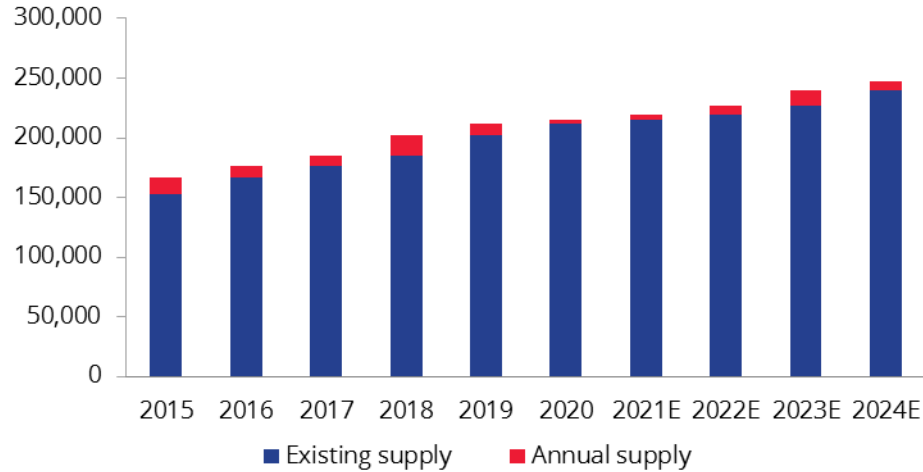
Strata-title apartment

More new projects coming to the market

Two new projects were launched in early 2021, namely Apple Residence 3 and B-Residence Grogol. There are also two other projects that were introduced during Q1, including Apple Residence 5 and The Veranda at Lebak Bulus. In total, 1,542 additional units will be brought by those projects. Most of them are located in South Jakarta in the Lebak Bulus area, which provides immediate accessibility to the MRT.

On the contrary, there were no projects completed during Q1 2021; thus, the total supply remains at 215,291 units. From the likelihood of construction progress, we anticipate the handover of some projects in the second or third quarter of this year, eyeing the government's new stimulus programme for the residential property sector, including VAT exemption on existing ready-to-use projects with price below IDR5 billion until August 2021. Developers are expected to be able to boost their sales performance during this period.

Cumulative supply



Source: Colliers International

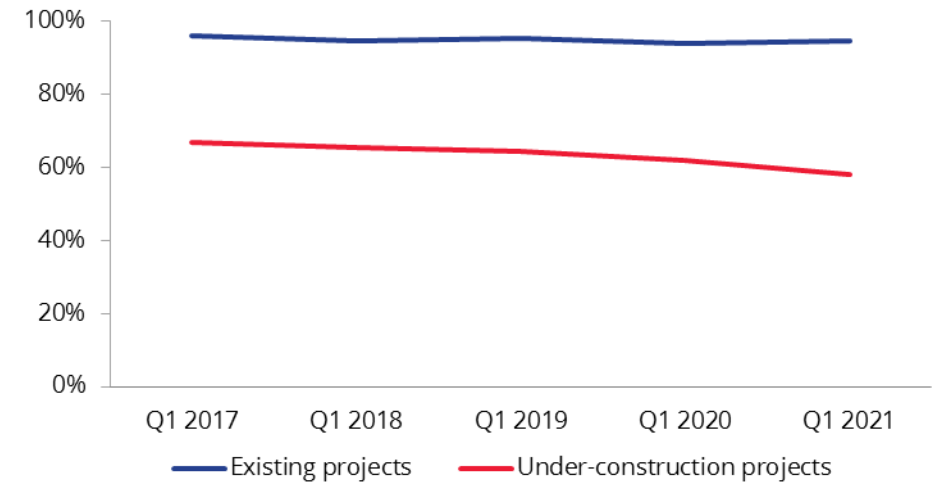
The resurrection of the property market this year will very much rely on the success of the vaccination programme that has been initiated. This is expected to lead to a gradual recovery as more projects have been initiating construction progress and more units are targeted to be completed this year over 2020.

Buyers has remained cautious

In the last two consecutive quarters, the average take-up rate of apartments in Jakarta had been decreasing. In Q1 2021, the average take-up rate has been slightly contracted by -0.12% QOQ (+0.08% YOY) to 87.1%. Same as in the previous quarter, the decline was mainly caused by newly completed projects with an absorption rate of below 10%. Similarly, sales performance of under-construction projects also decreased moderately by 0.5% QOQ (6.04% down YOY) to 58.2%.

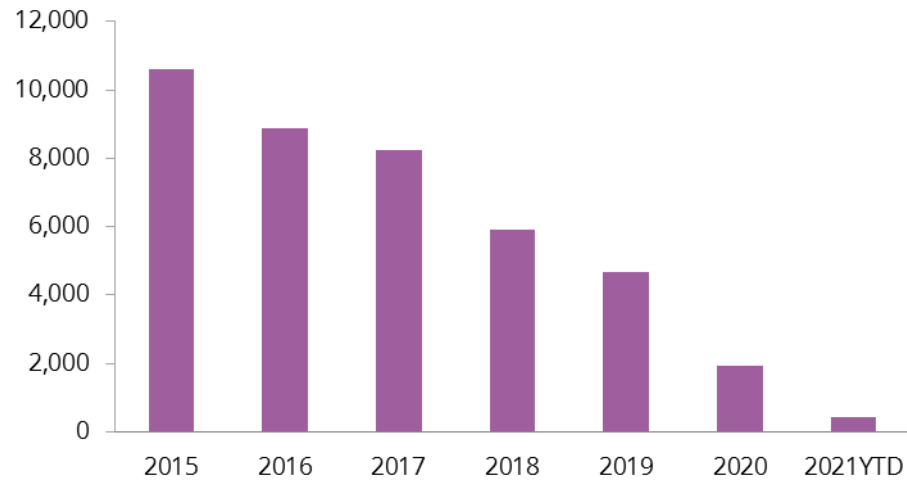
Overall, the absorption of strata-title apartments in Jakarta was only 420 units during Q1, which is relatively lower than sales in the previous period. This indicates that buyers are generally cautious over the current conditions and withholding purchasing.

Take-up rates



Source: Colliers International

Apartment demands



Source: Colliers International

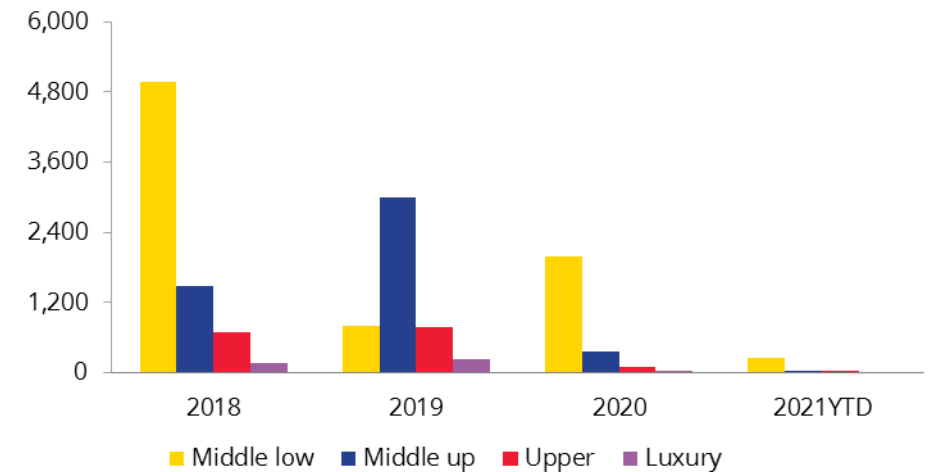
Many offers are being given by developers to appeal to more buyers. Developers are tending to extend their programmes from last year as they have found it effective to boost sales. Based on our findings, in order to maintain buying motive, giving direct discounts and being more flexible in the payment terms is quite effective for some projects. Even further, some projects have decided to extend the tenure of payment holiday as well.

Sales performance of mid-low class apartments has been more resilient than the upper classes segment; thus, investor-type of buyers with budget concerns are shifting from purchasing upper to lower class products with smaller size of units as it is easier to find tenants under the current conditions.

With many relaxation programmes that have been rolled out by the government, we found some less expensive projects, particularly those within the price threshold to enjoy the VAT discount, that are able to lure more attention from

buyers over the more costly ones. On a positive note, with regard to foreign ownership over property in Indonesia, the government has clarified that foreigners do not necessarily need to be residents of Indonesia to be able to purchase an apartment. This would encourage the overall market sentiment for the residential property market in Indonesia; however, we think that the impact will not be significant as this market is still small compared to the local market

Apartment demands based on project classes



Source: Colliers International

Still a hard time for developers to revise their asking prices

Many developers set their stance to maintain asking prices in response to the sluggish sales performance. The average asking price has been standing at IDR35.01 million (0.13% QOQ or 0.28% YOY). Only a few projects with decent sales

performance or construction progress have revised their prices. Moreover, the VAT incentive rolled out by the government will likely give downward pressure for prices to increase as the under-construction projects will give their best prices to entice potential buyers.

Average apartment asking prices (in IDR/sq m) in different regions

	Q1 2020	Q4 2020	Q1 2021	QOQ	YOY
CBD	52,271,062	52,318,687	52,318,687	0.00%	0.09%
South Jakarta	39,266,783	39,266,783	39,391,128	0.32%	0.32%
Non-prime areas	26,498,842	26,597,606	26,616,742	0.07%	0.44%

Source: Colliers International

Further, we are of the view that after the VAT incentive period ends and some developers are expected to achieve their sales target, prices will gradually increase. Furthermore, with higher land prices and increasing raw material costs, developers will need to adjust their prices upwards.

Serviced apartment

Supply

Somerset Sudirman Jakarta serviced apartment was officially opened in January 2021, adding 176 units to the inventory, which is now recorded at 6,221 units. Somerset Sudirman Jakarta offers hotel-standard executive rooms as well as studio to two-bedroom units, targeting single/couple tenants as well as short-stay guests. Today, we have witnessed that the average size of newer serviced apartment projects is relatively smaller units compared to the older projects in order to adjust

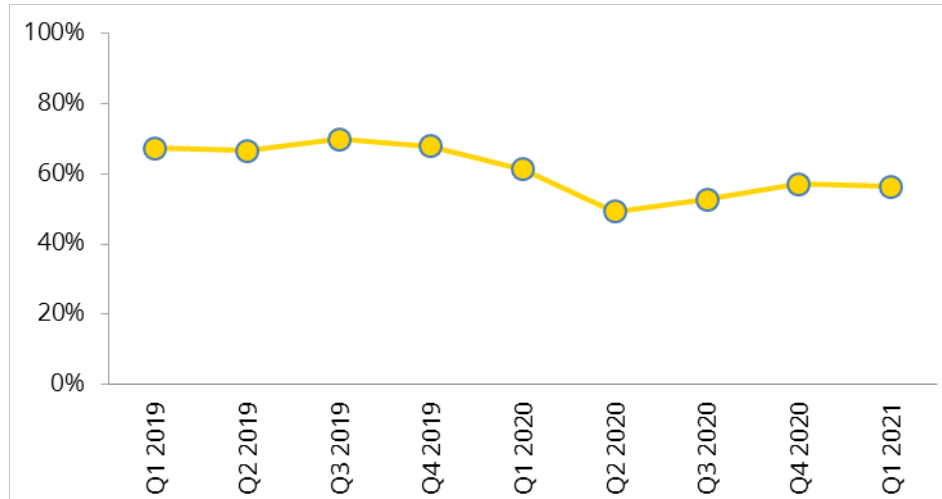
to squeezed budgets. Moving forward, Jakarta is expecting to see eight serviced apartment projects, totalling 1,189 units scheduled to be completed in the next three years. We were anticipating a huge flowing supply coming in this year; however, supply might be reduced due to delays in construction activities as a result of the outbreak.

Occupancy and rental rate

Leasing activities have gradually resumed since Q4 2020, after a complete halt in Q2 and Q3 2020 with literally no property visits and very few enquiries as well. Supported by the return of some executives of large-scale multinational companies after the border control has been relatively relaxed and the continued increase in local activities, leasing demand for the serviced apartment market has rebounded. As of Q1 2021, the average occupancy rate of serviced apartments in Jakarta was at 56.4%, only down by about 1% QOQ and 5% YOY.

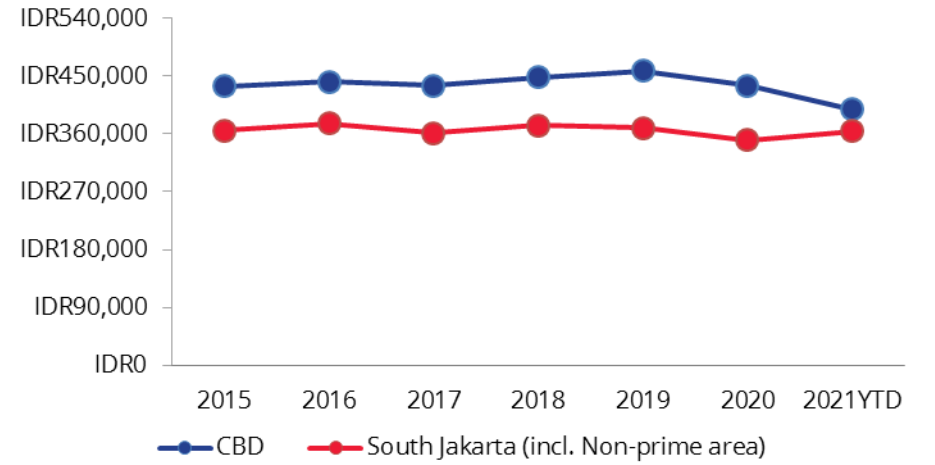
In terms of rental rate, some serviced apartments in the CBD adjusted their rental rate down, which can be attributed to the weaker demand in the business district as expats reined in their rental expenditures due to the uncertain economic conditions as well as the employment situation. Expats may even relocate to less costly areas at individually owned apartments. Landlords have become more flexible in negotiating rent and are willing to drop rent marginally to retain or attract tenants. Meanwhile, the increment factor of average rental rate outside the CBD was due to the operation of one upscale serviced apartment in South Jakarta, namely Intercontinental Pondok Indah.

Occupancy



Source: Colliers International

Rental rate



Source: Colliers International

Appendix

Newly introduced

Name of Development	Location	Region	Developer	Expected Completion Time	Estimated Price (IDR/sq m)	#units
Apple Residence 3	Jl. Karang Indah	South Jakarta	PT Diamond Land Development	2023	21,000,000	530
Apple Residence 5	Pejaten Barat	South Jakarta	PT Diamond Land Development	2023	20,800,000	400
The Veranda @ Lebak Bulus	Lebak Bulus	South Jakarta	Pulau Intan & Nishitetsu	2024	25,300,000	360
B-Residence Grogol	Jl. Daan Mogot	West Jakarta	MGM Propertindo	2024	23,300,000	252

Source: Colliers International

New pipeline of Strata-title Apartment

Apartment Name	Location	Region	Developer	#Units	Status
2021					
Gayanti City	Jl. Gatot Subroto	CBD	PT Buana Pasifik International	174	Under construction
Kebayoran Apartment (Ruby Tower)	Kebayoran Lama	South Jakarta	Karya Cipta Group	336	Under construction
Le' Parc	Jl. Thamrin	CBD	PT. Putragaya Wahana	100	Under construction

continued

Apartment Name	Location	Region	Developer	#Units	Status
<i>continuation</i>					
Samara Suites	Jl. Gatot Subroto	South Jakarta	Synthesis Development	800	Under construction
Daan Mogot City (4 towers)	Daan Mogot	West Jakarta	PT China Harbour Jakarta Real Estate Development	1460	Under construction
The Pakuwono Menteng	Jl. Sabang, Menteng	Central Jakarta	Pakuwono Development	187	Under construction
Dharma Tower Apartment	Jl. Dharmawangsa VII	South Jakarta	PT Dharma Tatemono Property	72	Under construction
The Stature Jakarta	Jl. Kebon Sirih	Central Jakarta	Capitaland and Credo Group	96	Under construction
Apple Residence	Jatipadang	South Jakarta	PT Diamond Land Development	300	Under construction
Southgate Residence (2 tower)	Jl. Tj Barat Raya	South Jakarta	Sinar Mas Land	489	Under construction
2022					
Holland Village	Cempaka Putih	Central Jakarta	Lippo Karawaci	400	Under construction
Holland Village (Phase II)	Cempaka Putih	Central Jakarta	Lippo Karawaci	230	Under construction
<i>continued</i>					

Apartment Name	Location	Region	Developer	#Units	Status
<i>continuation</i>					
The Foresque	Pasar Minggu	South Jakarta	PT Griya Karunia Sejahtera (Binakarya Propertindo Group)	660	Under construction
Aerium Taman Permata Buana (South Tower)	Taman Permata Buana	West Jakarta	PT Itomas Kembangan Perdana (Sinarmas Land & Itochu Indonesia)	366	Under construction
Synthesis Residence Kemang (3 towers)	Jl. Ampera Raya No.17	South Jakarta	PT. Synthesis Development	1100	Under construction
Citra Living Apartment (Lotus Tower)	Jl. Citra 7, Kalideres	West Jakarta	Citra Mitra Graha KSO	312	Under construction
The Residences at The St. Regis Jakarta	Jl. H.R Rasuna Said	CBD	Rajawali Property Group	164	Under construction
Fatmawati City Center (2 towers)	Fatmawati	South Jakarta	Agung Sedayu Group	1240	Under construction
Solterra Place (2 tower)	Pejaten	South Jakarta	Waskita Realty	2000	Under construction
The Padmayana	Jl. Sinabung Raya No.58	South Jakarta	Adhi Karya	145	Under construction
Southgate Residence (3rd tower)	Jl. Tanjung Barat Raya	South Jakarta	Sinar Mas Land	450	Under construction
JKT Living Star	Jl. Lapangan Tembak	East Jakarta	PT Sindeli Propertindo	594	Under construction
Vittoria Residence (tower A)	Jl. Daan Mogot	West Jakarta	PT. Duta Indah Kencana	182	Under construction
<i>continued</i>					

Apartment Name	Location	Region	Developer	#Units	Status
<i>continuation</i>					
2023					
Pluit Residences (Tower Ibiza)	Pluit	North Jakarta	Binakarya Propertindo Group	500	Under construction
Kebayoran Apartment (Diamond Tower)	Jl. Raya Ulujami	South Jakarta	Karya Cipta Group	344	Under construction
Menara Jakarta (Tower Equinox)	Kemayoran	Central Jakarta	Agung Sedayu Group	396	Under construction
Menara Jakarta (Tower Azure)	Kemayoran	Central Jakarta	Agung Sedayu Group	860	Under construction
Tomang Park Apartment (2 towers)	Jl. Tawakal Ujung Raya, Tomang	West Jakarta	PT Phoenix Property	2000	Under construction
Kasamara Residence	Jl. Kesehatan Raya	South Jakarta	PT MGM Propertindo	150	Under construction
Sakura Garden City (phase 1)	Jl. Bina Marga No.88	East Jakarta	PT Trivo Group and Daiwa House	2200	Under construction
57 Promenade	Jl. Kebon Melati	CBD	PT. Intiland Development Tbk	496	Under construction
Cleon Park Apartment (2 towers)	Cakung, Jakarta Garden City	East Jakarta	Modern Land Realty	630	Under construction
South Quarter Residence	TB Simatupang	South Jakarta	PT. Intiland Development Tbk	336	Under construction
Arumaya Residence	TB Simatupang	South Jakarta	Astra Land	262	Under construction
<i>continued</i>					

Apartment Name	Location	Region	Developer	#Units	Status
<i>continuation</i>					
Branz Mega Kuningan	Mega Kuningan	CBD	PT. Tokyu Land Indonesia	480	Under construction
Tamansari Sky Hive	Jl. D.I. Pandjaitan, Kav.49	East Jakarta	Wika Realty	570	Under construction
LRT City Ciracas - Urban Signature	Jl. Pengantin Ali, Ciracas	East Jakarta	Adhi Karya	1087	Under construction
Norrington Suites	Jl. Yos Sudarso, No 76	North Jakarta	PT Tri Raton Mega	286	Under construction
Sentra Timur Residence (Jade Tower)	Pulo Gebang	East Jakarta	Bakriland Development	500	Under construction
The Newton 2 at Ciputra Group World 2	Jl. Karet Sawah	CBD	Ciputra Group	450	Under construction
Apple Residence 3	Jl. Karang Indah	South Jakarta	PT Diamond Land Development	530	Under construction
Apple Residence 5	Pejaten Barat	South Jakarta	PT Diamond Land Development	400	Under construction
2024					
Pluit Seaview (Tower Bahama)	Pluit	North Jakarta	Binakarya Propertindo Group	650	Under construction
<i>continued</i>					

Apartment Name	Location	Region	Developer	#Units	Status
<i>continuation</i>					
One Casablanca Residence	Jl. Pal Batu	South Jakarta	Forza Land	215	Under construction
Sedayu City (Tower Darwin)	Jl. Pegangsaan Dua Raya	North Jakarta	Agung Sedayu Group	936	Under construction
The Aspen Peak at Admiralty (Tower D)	Jl. Fatmawati	South Jakarta	PT. Harmas Jalsveva	322	Under construction
The Sahid Asena Apartment and Garden	Ciracas	East Jakarta	Sahid Group	476	Under construction
Cluny Residence (2 towers)	Jl. Arjuna Selatan No. 10, Kebon Jeruk	West Jakarta	PT Alam Makmur Property	554	Under construction
Pollux Sky Suites	Jl. Mega Kuningan Barat III	CBD	PT. Pollux Property Indonesia Tbk	216	Under construction
Loggia Apartment	Jl. Duren Tiga Raya, Pancoran	South Jakarta	JV Farpoint Realty & Tokyotatemono	254	Under construction
The Premiere MT Haryono - LRT City MT Haryono	Jl. MT Haryono	East Jakarta	Adhi Karya	390	Under construction
Alonia Kemayoran	Jl. Benyamin Sueb Kemayoran	Central Jakarta	Perumnas	209	Under construction
CORE Cipete	Jl. Fatmawati Raya	South Jakarta	Jaya Properti	190	Under construction
Safa Marwa Tower (Marwa Tower)	Gate 5 TMII	East Jakarta	PT Prima Jaringan	600	Under construction
<i>continued</i>					

Apartment Name	Location	Region	Developer	#Units	Status
<i>continuation</i>					
Citra Landmark (Tower 1)	Jl. Ciracas	East Jakarta	Ciputra Group	600	Under construction
Savyavasa (3 Towers)	Jl. Wijaya II	South Jakarta	Jakarta Setiabudi International & Swire Properties	600	Under construction
Tamansari Equine (Tower 1)	Jl. Pulomas Jaya	East Jakarta	Waskita Realty	441	Under construction
South Quarter Residence (Tower 2)	TB Simatupang	South Jakarta	PT. Intiland Development Tbk	336	Under construction
The Veranda @ Lebak Bulus (2 Towers)	Lebak Bulus	South Jakarta	Pulau Intan & Nishitetsu	360	Under construction
B Residence Grogol	Jl. Daan Mogot 79	West Jakarta	MGM Propertindo	252	Under construction

Source: Colliers International

New pipeline of Serviced Apartment

Apartment Name	Location	Area	#unit
2021			
Somerset Kencana Jakarta	Pondok Indah	South Jakarta	148
Le Meridien Jakarta	Jl. Jend. Sudirman	CBD	318
<i>continued</i>			

Apartment Name	Location	Area	#unit
<i>continuation</i>			
Pan Pacific Serviced Suites Jakarta	Thamrin	CBD	179
Ascott Menteng Jakarta	Menteng	CBD	151
Fraser Suites Kebon Melati	Kebon Melati, Tanah Abang	CBD	140
Citadines Sudirman	Jl. Karet	CBD	253
2023			
PARKROYAL Serviced Suites	Thamrin	CBD	180
Somerset Mega Kuningan Jakarta	Mega Kuningan	CBD	168

Source: Colliers International



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More Crowds To Survive The Pandemic

Summary & recommendations

The relaxation of large-scale social restrictions and extension of mall operating hours brought some hope to the malls. The pandemic has resulted in many retailers closing stores, and some changes have been made in order to survive. Obviously, with adjusted opening hours, retailers will not generate revenues that compare with the pre-Covid era, but they will perform better compared to 2020.

The limitation in the number of visitors has left quite a few vacant spaces, thus putting landlords in a difficult position, with a need to be more accommodative and flexible in dealing with rental tariffs, discounts and payments. Rents should not be too high, or, at least, landlords should be more flexible in the early stages of leasing. Additionally, for anchor tenants, landlords need to support MEP works, building structure, genset, etc. to reduce the initial investment that the retailer needs to make. Meanwhile, from the tenant side, use of online platforms and social media should be maximized to continue generating sales.



	Q1 2021	Full Year 2021	2021-24 Annual Average
 <p>Demand</p> <p>The F&B sector could recover quickly, as people are longing to hang out once things begin to open up. Some strong foreign retail brands, which have invested in Indonesia for the long term, are expected to expand.</p>	 147,839 sq m	 34,034 sq m	 69,911 sq m
 <p>Supply</p> <p>Slowing construction progress will have an impact on the completion and the start of new projects. Nevertheless, we expect cumulative supply to increase 2.0%-2.5% per annum during 2021-2024.</p>	 0 sq m	 172,100 sq m	 173,161 sq m
	QOQ / End Q1 2021	YOY / End 2021	Annual Average Growth 2021-24 /End 2024
 <p>Rent</p> <p>The completion of middle-upper class malls will increase rental calculations, particularly in 2021. Once the sector is back on track, increases in rent will be fuelled by growing demand, at least in 2022, and onwards.</p>	 0% IDR470,832	 0.5% IDR473,186	 1.4% IDR497,226
 <p>Vacancy</p> <p>Some future malls have secured relatively high commitments from tenants. However, large additional supply will trigger more vacant space from 2021 to 2023.</p>	 2.72% 27.64%	 1.7% 26.61%	 0.98% 28.84%
 <p>Service charge</p> <p>Driven by external factors, such as minimum wages and inflation, it is likely that mall operators will consider a fair adjustment to service charges, of course waiting for the right moment..</p>	 0% IDR133,020	 0.50% IDR133,685	 3.01% IDR149,059

Source: Colliers International
 Note: USD1 to IDR14,572 at the end of Q1 2021.

Project completion delays continue

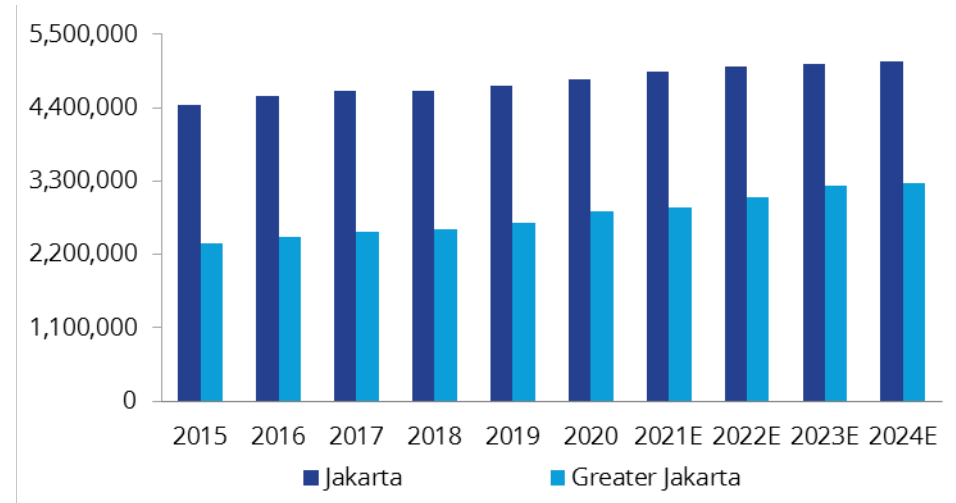
Mall constructions are still progressing, but at a slower pace. The postponement of mall completions is still anticipated in 2021. Nevertheless, total retail space will increase by around 700,000 sq m up to 2024, with about 60% located in the greater Jakarta area.

In Jakarta, total retail space stayed at around 4.83 million sq m, with no mall projects being completed 1Q 2021. Some mall projects are actually in the final stages of construction, with some committed tenants at the fit-out stage, but landlords have decided to delay openings, waiting for the right moment to capture bigger crowds during grand openings.

Three new mall projects are close to being completed. The opening of Aeon Mall Tanjung Barat, at Southgate complex, Pondok Indah Mall 3 (these two malls were previously scheduled to open in 2020) and Lippo Mall East Side (at Holland Village) will take total retail space to 4.93 million sq m by the end of 2021.

In the greater Jakarta area, total retail space was stuck at 2.84 sq m in Q1 2021. Three malls are planned to open sometime in 2021, including Green Walk Mall (at Grand Dhika City in Bekasi), Paradise Walk (in Serpong, Tangerang) and the extension of Margo City mall (in Depok). This influx will bring total retail space to nearly 3 million sq m by the end of 2021, up by about 4% YOY.

Cumulative supply



Source: Colliers International

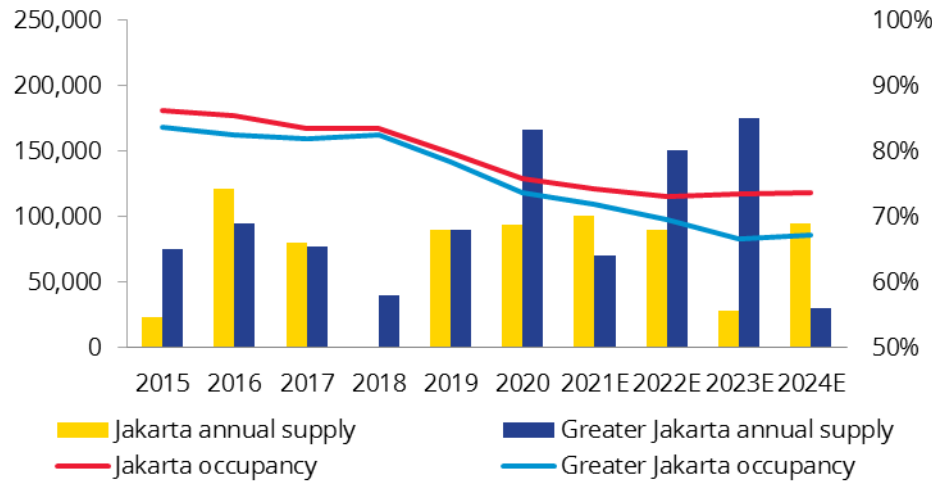
The relaxation of large-scale social restrictions would restore retail business

According to Indonesian Shopping Center Management Association (APPBI), average traffic to malls is currently registered at about 30%-40% of normal visitations, a modest improvement on the 20%-30% when the pandemic was first announced. With less than half of the visitors coming back to the mall, impact to the retail business has been quite significant. On the other front, some prospective retailers are looking to postpone opening businesses in malls, waiting for the traffic to be back to normal.

The closure of stores puts more pressure on occupancy performance. Some large grocery and department stores have closed. Retailers are focusing on only maintaining profitable outlets. We note that some committed tenants have yet to open at malls that were completed in 2020, and this caused a drop in occupancy performance in Jakarta and the greater Jakarta area of about 8% and 9%, respectively, on a YOY basis.

The overall mall occupancy rate was recorded at 73.1% in Q1 2021, with more stores likely to close. Indications are that some destination malls planned to open this year have secured a relatively high number of tenants, which will help fuel a slight rise in overall occupancy in the remainder of 2021. In the greater Jakarta area, the occupancy level was 71.2% in Q1 2021. This should continue to rise in 2021, albeit moderately.

Occupancy and projection



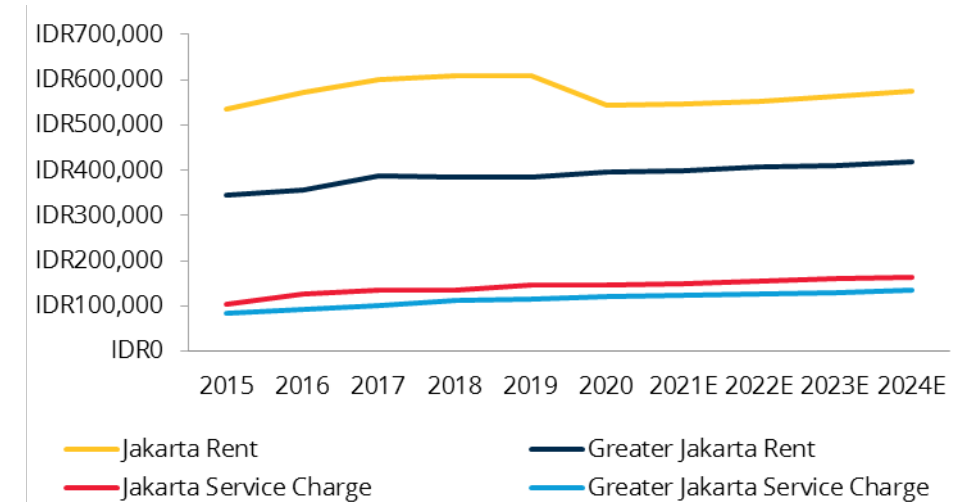
Source: Colliers International

Occupancy cost still in pause mode

The effects of the pandemic have created more room for rent negotiations. With minimum three-year lease periods, some incentives are still being applied, including rent-free periods and service charge discounts, with specific treatments for each tenant.

The average offering rent for retail space in Jakarta was IDR545,079, and this has been relatively stable over the past six months. The overall rent up to the end of 2021 might see a slight adjustment when a new high-end mall comes on to the market. In the greater Jakarta area, the average rent was recorded at IDR396,586; this will likely stay relatively stable up to the end of 2021.

Rent and service charge



Source: Colliers International

Nothing has changed with respect to service charges since 2Q 2020, however, considering an increase in the minimum wage level and the price of some supporting goods such as toiletries, it is possible landlords will look to increase service charges in early 2022. A fair increase in the average service charge tariff for both Jakarta and the greater Jakarta area is projected, with it being lower than in previous years. In general, the anticipated increase in service charge is mainly because of new malls with higher maintenance tariffs being added to the overall calculation. However, the overall market will keep to the current tariff at least until end of 2021. Compared to last quarter, average service charges in Jakarta and the greater Jakarta area were relatively stable at IDR145,691 and IDR120,349, respectively.

Maximising all potential resources

Shopping malls have become lifestyle centres for many Jakarta residents, where a visit could include going to the movies, dining out, viewing an exhibit and actual shopping. After more than a year of the pandemic, people yearn to get back to the malls. As the vaccine rolls out, the retail market expects to see crowds begin to return to public retail spaces, without feeling anxious. Both landlords and tenants must continue to adjust their operating procedures in anticipation of more visitors.

Although online shopping is nothing new, the pandemic has compelled consumers to feel increasingly comfortable with it. Having a presence on a digital platform, as well as physical stores, is now quite a common way for retailers to boost their sales. Providing a pickup area at the mall for app-based drivers will help tenants increase transactions, as well as reducing crowd numbers inside the mall. We see an increase in demand for drive-thru facilities at standalone outlets, and we see F&B retailers tailoring their menus to better accord with online deliveries.

In terms of rent, to keep existing stores and attract new tenants, we expect an increase in demand for revenue sharing structures from the retailer side to become more evident in this market. Landlords, however, are still reluctant to provide this as a commercial option. For standalone locations, landlords are willing to consider revenue sharing. As the demand for this model increases, we expect landlords over time to start accepting this commercial structure for some tenants. Usually, landlords will receive different percentages of the net revenue depending on the type of retailers, projected revenue, the location, items provided by landlords such as M&E works, etc.

The increasing space efficiency applied in the office sector will likely present an opportunity for the growth of co-working spaces at malls. Offering a combination of work, shopping and entertainment that facilitates a semi-formal work atmosphere is a growth opportunity for start-up companies.

When everything returns to normal, landlords will need to observe some changes in shopper behaviour. Ideally, landlords will provide more shopping experiences by customising layouts and using technology.

Appendix

New pipeline

Name of Development	Location	Region	Developer name	SGA (sq m)	Development progress
Jakarta					
2021					
Aeon Mall Tanjung Barat (Southgate)	Lenteng Agung	South Jakarta	Sinarmas Land & Aeon	39,200	Under construction
Pondok Indah Mall 3	Pondok Indah	South Jakarta	Metropolitan Kentjana	30,000	Under construction
Lippo Mall East Side (Holland Village)	Cempaka Putih	Central Jakarta	Lippo Karawaci Tbk	44,000	Under construction
2022					
Menara Jakarta Shopping Mall	Kemayoran	Central Jakarta	Agung Sedayu Permai	90,360	Under construction

continued

Name of Development	Location	Region	Developer name	SGA (sq m)	Development progress
<i>continuation</i>					
2023					
Daan Mogot City	Daan Mogot	West Jakarta	China Harbour	28,000	In Planning
2024					
Shopping Mall at Fatmawati City Center	Fatmawati	South Jakarta	Agung Sedayu	45,500	In Planning
Greater Jakarta					
2021					
Grand Dhika City Mall	Bekasi	Bekasi	Adhi Persada Property	24,000	Under construction
Paradise Walk	Serpong	Tangerang	Progress Group	15,600	Under construction
Margo City Extension Project	Depok	Depok	Puri Dibya Property	31,200	Under construction
<i>continued</i>					

Name of Development	Location	Region	Developer name	SGA (sq m)	Development progress
<i>continuation</i>					
2022					
Bintaro x'Change 2	Bintaro	Tangerang	Bintaro Jaya	51,000	Under construction
Pakuwon Mall Bekasi	Bekasi	Bekasi	Pakuwon Group	100,000	Under construction
2023					
Plaza Indonesia Jababeka	Cikarang	Bekasi	Plaza Indonesia Realty & Graha Buana Cikarang	55,685	Under construction
Aeon Mall Deltamas	Deltamas	Bekasi	AEON & Deltamas	90,000	In Planning
Embarcadero	Bintaro	Tangerang	Lippo Karawaci Tbk	30,000	In Planning
2024					
Metrostater Depok	Pancoran Mas	Depok	Andyka Investa (Trivo Group)	30,000	In Planning

Source: Colliers International



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Limited Transactions But Optimism Remains










Summary & recommendations

Quite a few industrial landlords had no transactions this quarter, highlighting that the market continues to face hardship. Notwithstanding the hard times, confidence in a better outlook still persists. Landlords generally believe that pent-up demand in the industrial sector is huge. This also explains why some existing and new industrial estates are still focusing on the land development process, despite the limited availability of new land for expansion.

Landlords should anticipate increased interest from the technology-based and logistics sectors. Companies needing data centres are still eyeing industrial locations. Last year, Indonesia had the biggest e-commerce market in Southeast Asia, with a Gross Merchandise Value (GMV) of USD32 billion. This will open up more opportunities in the logistics sector, either for storage or distribution centres.



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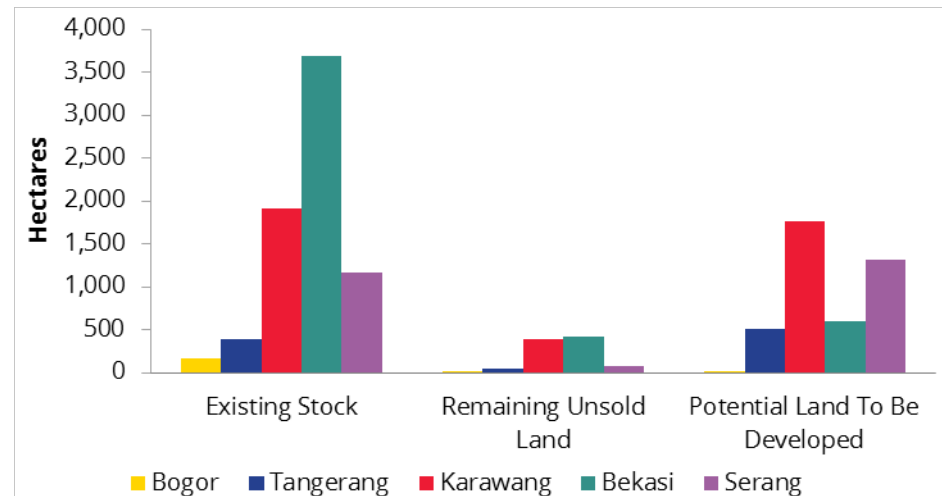
	Q1 2021	Full Year 2021	2021-24 Annual Average
 <p>Demand</p> <p>Automotive, food and chemicals are still the main drivers of demand, coupled with the expansion of the technology-based and logistics sectors.</p>	 <p>5.34 Ha</p>	 <p>219.5 Ha</p>	 <p>199 Ha</p>
 <p>Supply</p> <p>Land expansion will be limited, as focus shifts more to selling remaining land, but those with construction work will continue to progress.</p>	<p>0%</p>  <p>0 Ha</p>	<p>6.6%</p>  <p>100 Ha</p>	<p>3.4%</p>  <p>200 Ha</p>
	<p>QOQ / End Q1 2021</p>	<p>YOY / End 2021</p>	<p>Annual Average Growth 2021-24 /End 2024</p>
 <p>Price</p> <p>Increases in prices will not be immediate, because price relies very much on sales performance. We anticipate land prices to be relatively flat this year.</p>	<p>0%</p>  <p>USD187.63</p>	<p>0%</p>  <p>USD187.63</p>	<p>5%</p>  <p>USD220.00</p>

Source: Colliers International
 Note: USD1 to IDR14,572 at the end of Q1 2021.

Supply expansion held-up waiting the right momentum

Land supply growth stopped in Q1 2021, with no estates introducing new ready-to-build land to the market. There are plenty of possibilities for more land stock in the future and this should materialize when the economy starts to accelerate and the catastrophe caused by Covid-19 has been curbed. The process of converting raw land to ready-to-use land is still progressing in expanding industrial estates. Similarly, this is also happening at new industrial estates preparing to install infrastructure. All in all, this should take place in the near term. Currently, there is a shortage of suitable land at most favourite industrial locations in Bekasi, mainly because there is limited room to expand. As a result, many companies are shifting their expansion to other locations, such as close to the future port at Patimban, Subang region.

Industrial land stock status in some active and future industrial estates



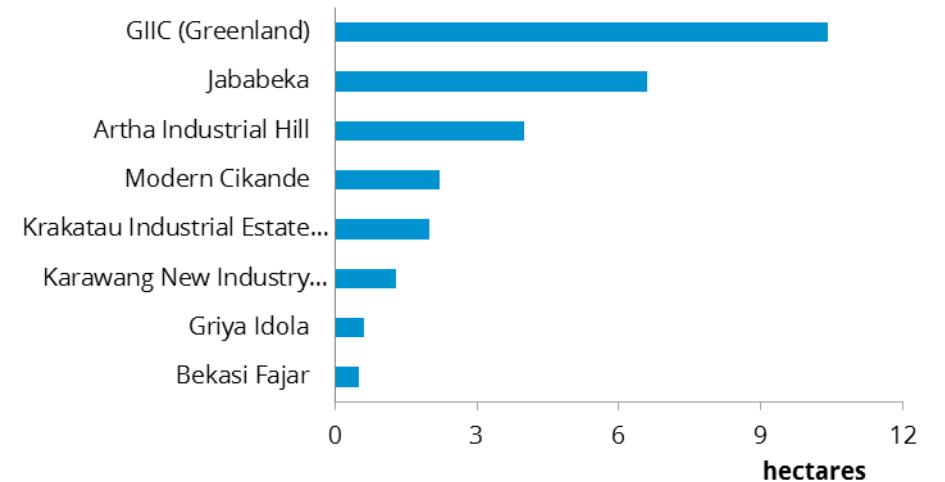
Source: Colliers International

Early year is generally a slow start

The market downturn was still reflected by the small number of transactions in Q1 2021. Several prominent industrial estates in Karawang reported zero sales, leaving concerns over the outlook for 2021. However, this is only the beginning of the year, which has generally been a low season for industrial transactions. Furthermore, our forward-looking view believes the situation should gradually improve, along with optimism over the government’s efforts to curb the spread of Covid-19 cases through their massive vaccination programme.

Total land transaction of 27.64 hectares was a slow start to the year, but was about similar to the sales volumes recorded in Q3 2020. GIIC again accounted for most of total sales, with about 37.6%, but surprisingly Jababeka also reported a notable number of sales this quarter, accounting for 6.6 hectares, or 23.9%.

Land absorption in Q1 2021



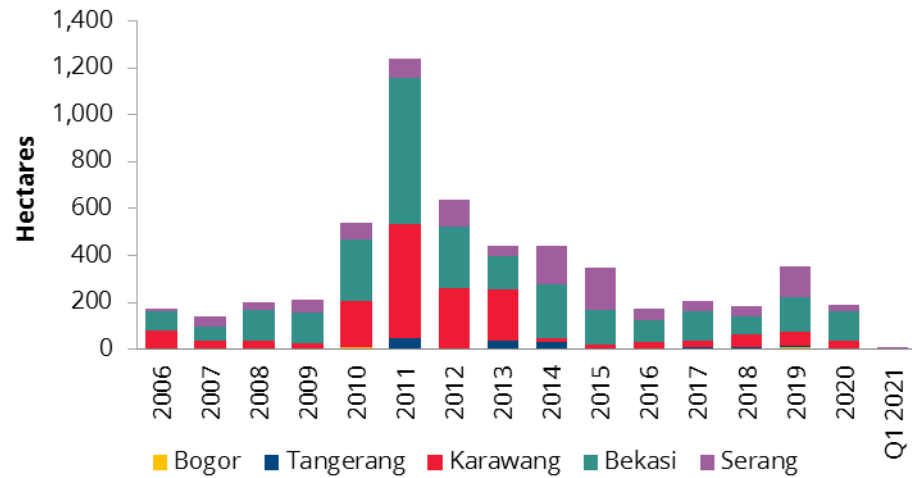
Source: Colliers International

As anticipated earlier last year, data centres have been a resilient sector and have continued to expand at GIIIC. A new data centre company took about 8.4 hectares of land at GIIIC, and a bottling processing company took another 2 hectares.

Jababeka, with three transactions for a total area of 6.6 hectares, recorded the highest quarterly sales for the past six years, according to our records. These transactions involved motorcycle, packaging and health care industries.

Benefitting from land transactions executed in the past year, Artha Industrial Hill (AIH) has confirmed payments from two sectors, textile and warehouse, this quarter. The local and overseas companies accounted for about 4 hectares in this industrial estate.

Annual industrial land absorption



Source: Colliers International

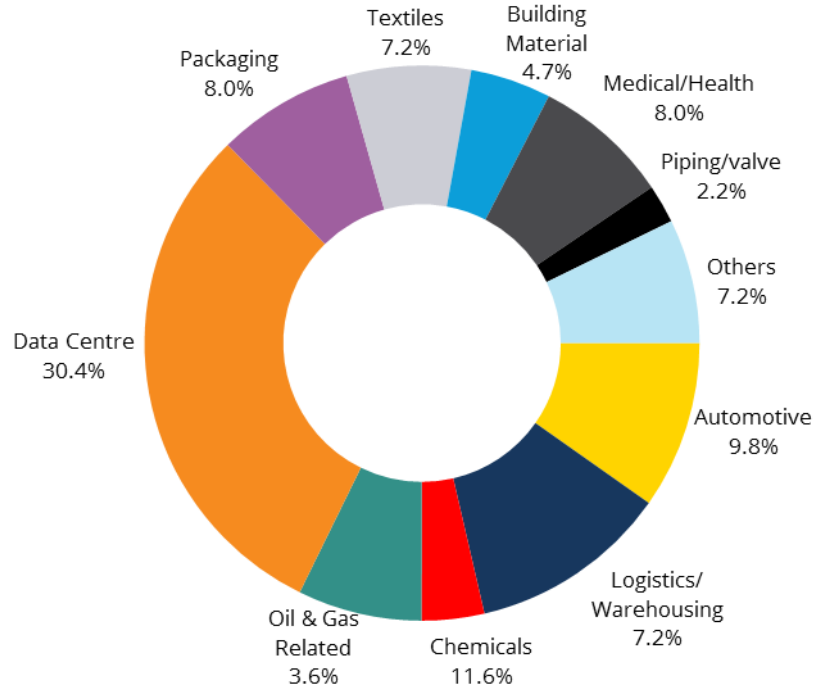
As Modern Cikande and iKIEC at Duo Serang reported sales transactions over the quarter of 2.0 and 2.2 hectares, respectively. An existing Korean chemical company expanded its plant by about 2 hectares. Similarly, Modern Cikande also concluded two transactions with tenants – a local gas company expansion of about 1 hectare, and a local chemical company took about 1.2 hectares.

Another new estate at Karawang, Karawang New Industry City (KNIC), also reported a single transaction for 1.3 hectares with a building material plant that produces steel structures. As the main purpose of KNIC is to facilitate overseas companies from China, most tenants in the estate are Chinese companies.

Two other small transactions occurred at Griya Idola and Bekasi Fajar. A local piping and valve manufacturer expanded its operation by taking about 0.6 hectares of land at Griya Idola, while an existing automotive company took another 0.5 hectares as part of their expansion plan.

Other estates have been dormant this quarter, and some feel that this will not be an easy year for achieving targets, but some are more optimistic given inquiries about the future in the pipeline.

Types of active industries involved in the transactions Q1 2021

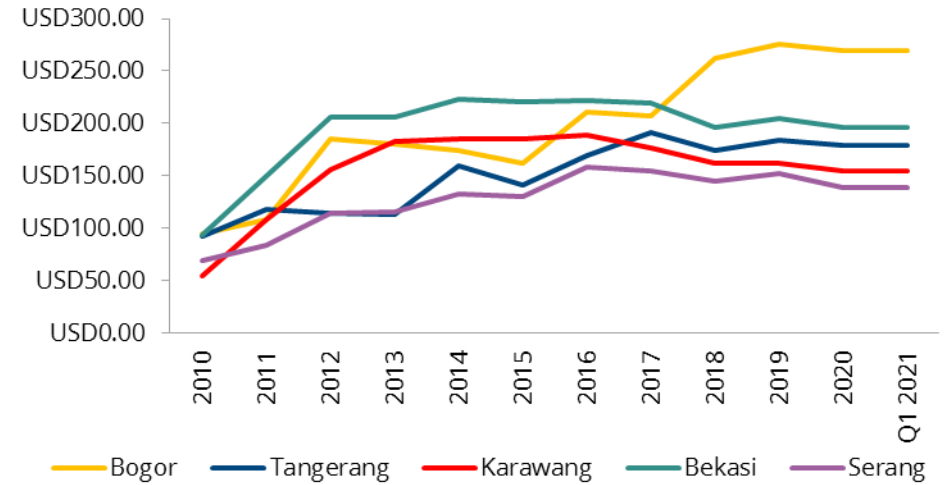


Source: Colliers International

Price adjustment is not main focus

As predicted earlier, we do not see any change in land prices. Prices in all regions are static, and are likely to remain so for the next quarter, as there are no strong reasons to adjust price. Most landlords are cautious with respect to economic policy direction, with companies (potential land buyers) being back in wait-and-see mode, which means they will be quite selective and prudent when planning expansions.

Greater Jakarta industrial land prices

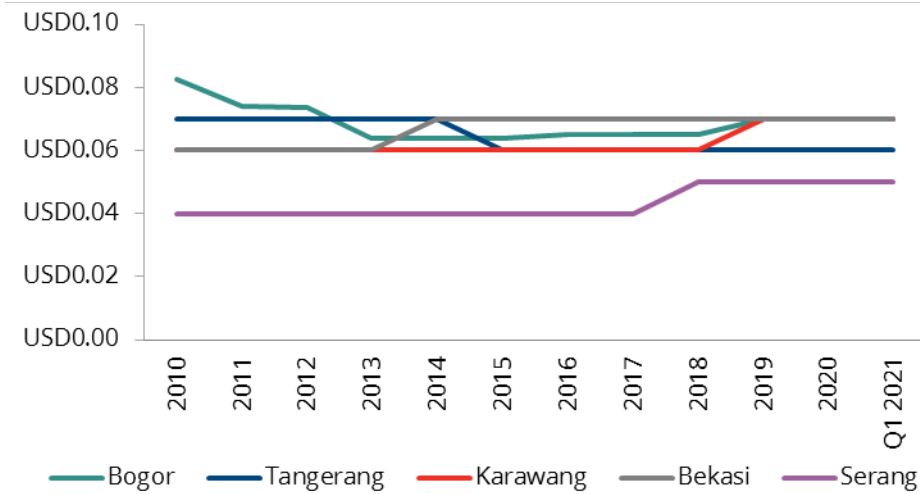


Source: Colliers International

Maintenance costs

The rising costs of operating, such as increases in regional wages, fuel or electricity tariffs, have not been directly translated into an adjustment in maintenance cost. For some years we have witnessed most industry participants keeping their service charges stable for long periods, thus there has been no strong motive to increase the tariff particularly during this time of hardship.

Greater Jakarta industrial maintenance costs



Source: Colliers International

Industrial Land Prices and Maintenance Costs (in USD equivalent)

Region	Land price (/sq m)			Maintenance cost (/sq m/month)		
	Lowest	Highest	Average	Lowest	Highest	Average
Bogor	211.49	334.86	273.18	0.06	0.06	0.06
Tangerang	197.39	229.12	189.17	0.03	0.08	0.06
Karawang	150.00	155.00	154.17	0.05	0.10	0.06
Bekasi	169.19	225.59	198.80	0.06	0.08	0.07
Serang	140.99	140.99	140.99	0.03	0.05	0.05

Source: Colliers International
 Note: USD1.00 = IDR14,185 (average during Q1 2021)



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FIT (Free and Independent Travelers) Market should be a short-term focus

Summary & recommendations

Occupancy rate is still low but already on a positive trend after gaining momentum from last year's performance. It has not yet recovered because the industry will need increasing human mobility to liven up the hotel market. Therefore, including hotel, all sectors are expecting effectiveness of the vaccine programme to help the economy recover.

During the slowdown period, hoteliers can capitalise on the time to conduct renovations and ensure preventative measures before returning to a more conducive market with a fresher and attractive look. We suggest hoteliers focus on the FIT market primarily over the next two months (Ramadan fasting month and Eid-Al-Fitr holiday) because the government and corporate market are still holding their spending. MICE activities are already allowed, but those that implement strict health protocols will provide more comfort for guests and visitors.



The majority of new hotel projects in Jakarta are coming from developments that delayed their opening time.

Q1 2021



111 rooms

Full Year 2021



1,127 rooms

2021-24
Annual Average

223 rooms



Room rates

Expecting hotel rates to return to those of 2019 will be hard for landlords. Government and corporations are still on a tight budget and people's purchasing power has yet to restore. Hotels will continue providing attractive promotions.

QOQ /
End Q1 2021

3.8%

USD45.8

YOY /
End 2021

5.6%

USD46.6

Annual Average
Growth 2021-24
/End 2024

2.1%



Occupancy

Occupancy will be fuelled from the FIT market enjoying staycations. Hoteliers will enjoy much from this as business activities will depend on the effectiveness of the vaccine.

9.7%

46.9%

15.1%

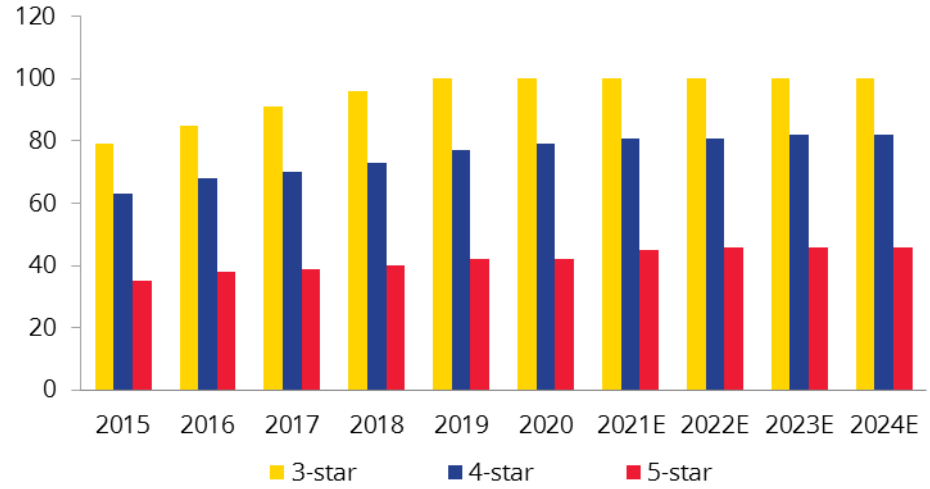
52.3%

12.3%

Source: Colliers International
Note: USD1 to IDR14,572 at the end of Q1 2021.

Supply

Cumulative hotel projects

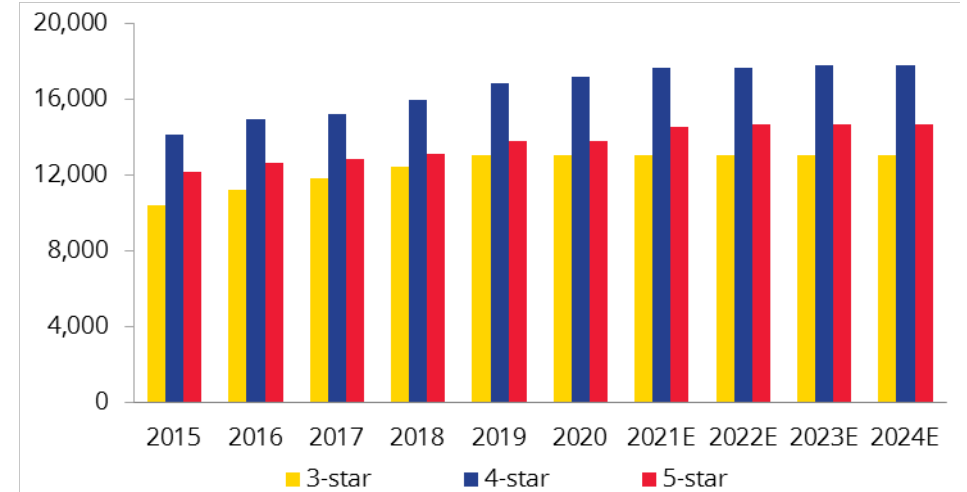


Source: Colliers International

Amidst the tough period for the hotel market, a new four-star boutique hotel, namely Sutasoma officially began operations. Located in Dharmawangsa, a high-end area in South Jakarta, Sutasoma operates with 111 rooms. The addition of this new hotel made the total number of rooms edge up slightly by less than 1% to 44,209 rooms. Total number of star-rated hotels in Jakarta is now 222. Jakarta is anticipating more new hotels, mainly upper-class. Thus far, the hotel market has yet to resume to its best performance with many hotel owners still experiencing low occupancy. Having said that, we should anticipate construction delay of several ongoing projects.

The outlook of the hospitality industry very much relies on how the government can curb the pandemic. The hotel industry needs to see human mobility, particularly those that are triggered by the activity of corporation and government.

Cumulative hotel rooms



Source: Colliers International

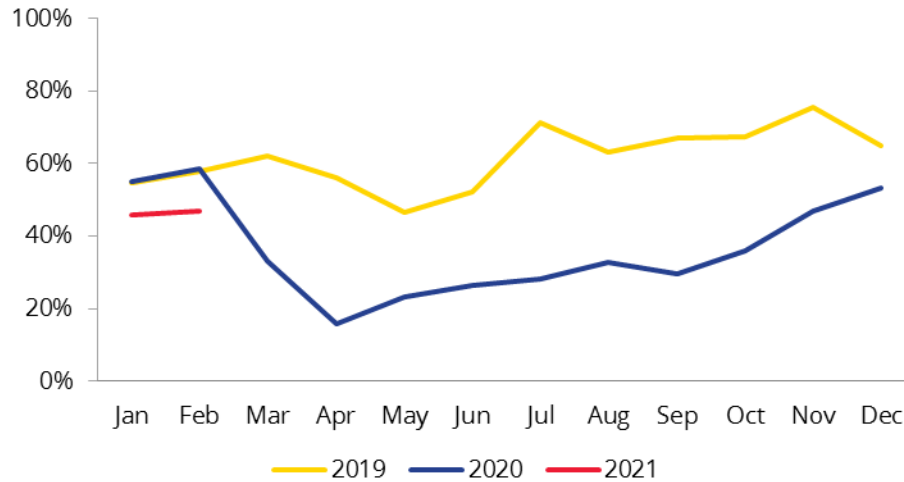
Performance

As previously estimated, market conditions at the beginning of the year were still slow. Occupancy performance during January to February gained traction as result of the momentum last year since September 2020 onwards. Compared to the performance achieved during the same period of last year and 2019, occupancy rate during early 2021 was still below; however, it has already been on an upward trend.

On the other front, room rate has been relatively stagnant since May of last year and reflected in the ADR performance. In our view, the gradual upward trend in occupancy was triggered by room rate adjustment in the form of discounts or special prices offers.

The market pattern of hotel in Jakarta during Q1 2021 remains as in 2020, still dominated by government and FIT (free & independent travelers). Due to the lack of activities from the corporate market, there was a shift in the busy time. Typical business hotels in Jakarta are generally crowded during weekdays dominated by business and official activities by the government and corporations. FIT made weekends more crowded because the majority are families who enjoy staycations.

Monthly average occupancy rate (AOR)

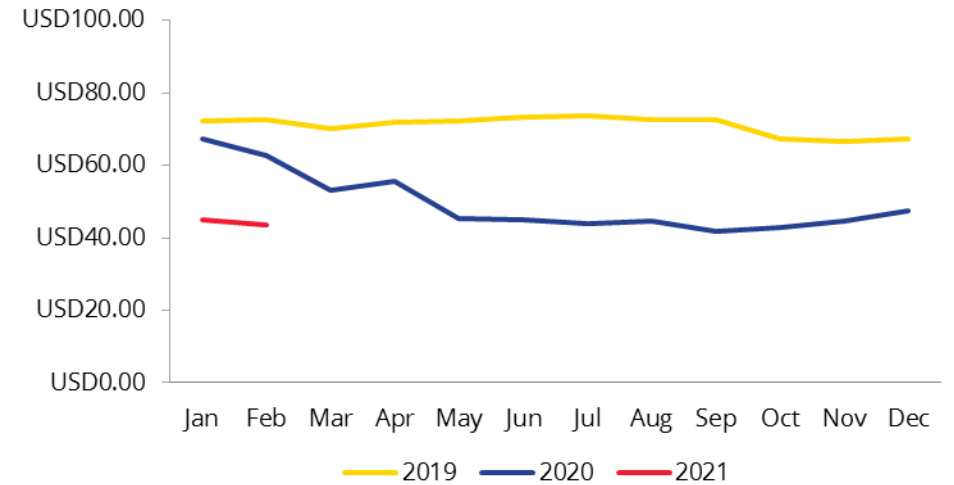


Source: STR

Approaching Ramadan (the fasting month) and the big festive holidays (Idul Fitri/Eid-al-Fitr) that will fall during April and May for this year, the hotel market in business areas such as Jakarta or Surabaya have always faced a slowdown period with less corporate activity held in hotels. Nevertheless, for 2021, there might be an exception and opportunity for the hotel industry in the city. The Government

has banned the Idul Fitri tradition of mudik (exodus) for the second consecutive year to curb the spread of Covid-19, which spiked after major public holidays in the past. This should provide momentum for hoteliers in Jakarta to offer attractive packages for most people who are on holidays to stay and spend their vacation at the hotel.

Monthly average daily rate (ADR)



Source: STR

Currently, the Covid-19 vaccination programme in Indonesia has been rolling out since January 2021 and, until the end of March, at least 9 million doses have been injected or there are 2.9 million Indonesians who have received the full vaccine (1.1% of the total population). The government is targeting vaccination to be completed within at least 15 months (until Q1 2022). If this process runs smoothly, we should expect that people mobility will return to normal by 2022.

Appendix

Newly operating hotel in Q1 2021

Hotel Name	STR Chain Scale Rate	Location	Region	#Rooms
4-star				
Sutasoma Hotel	Undefined	Jl Darmawangsa	South Jakarta	111

Source: Colliers International

New pipeline

Hotel Name	STR Chain Scale Rate	Location	Region	#Rooms	Project Status	Completion Time
4-star						
Swiss-Belhotel Kirana Avenue - Kelapa Gading	Upscale Class	Kelapa Gading	North Jakarta	316	Under construction	2021
5-star						
St Regis	Luxury Class	HR Rasuna Said	CBD	280	Under construction	2021
Park Hyatt Hotel	Luxury Class	Kebon Sirih	Central Jakarta	220	Under construction	2021
The Langham	Luxury Class	SCBD	CBD	200	Under construction	2021
Waldorf Astoria	Luxury Class	Thamrin	CBD	181	Under construction	2022

Source: Colliers International



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