



Quarterly | Industrial Estate | Greater Jakarta |
5 April 2023

The momentum of resurgence is set to persist throughout the current year, while the industrial market remains receptive to prospective investors

Insights & recommendations

In accordance with previous trends, the year's commencement witnessed a sluggish start in industrial land sales, which persisted into early 2023. The initial quarter's sales accounted for a mere 17.3% of the total sales recorded in the preceding year. Nonetheless, it would be erroneous to interpret this figure, when compared to the previous year, as indicative of a decline in the industrial sector's performance, particularly in terms of land sales. Our observations reveal that this sector is already undergoing growth and will continue to leverage this positive momentum, particularly if bolstered by sufficient economic expansion.

Looking ahead, the industrial sector will continue to receive support from the flourishing technological sectors, with a notable emphasis on the surging high-tech automotive segment focused on electric vehicles (EVs) and data centres. This landscape presents promising prospects for industrial zones that have traditionally catered to conventional lessees, as they can seize these opportunities by enhancing infrastructure and security provisions and establishing a resilient energy foundation to promote high-tech industries. Meanwhile, conventional industries catering to the fundamental needs of the general populace, such as the food industry, will consistently pursue suitable land options.



Demand

Data centres, as a high-tech industry, will consolidate their position as the most dynamic sector in land acquisitions. Furthermore, other industries, such as automotive, energy, food, and petrochemical sectors, will sustain their growth trajectory.

Q1 2023



36.9 Ha

Full Year 2023



244.2 Ha

2023-2025
Annual Avg.



282.6 Ha



Supply

In general, proprietors of industrial estates will prioritise advancing the transformation of undeveloped land into readily accessible and buildable plots. Considering this, we hold the view that supply will not pose a significant concern, particularly as industrial recovery is anticipated in the near future.



0 Ha



220 Ha



217 Ha



Price

Considering the scarcity of land in certain highly sought-after locations, it is expected that prices will undergo some adjustments, albeit not in a dramatic manner. The majority of property owners are adopting a proactive approach to enhance their sales performance.

QOQ/
End Q1



USD191.50

YOY/
End 2023



USD192.11

Annual Avg Growth
2023-2025/
End 2025



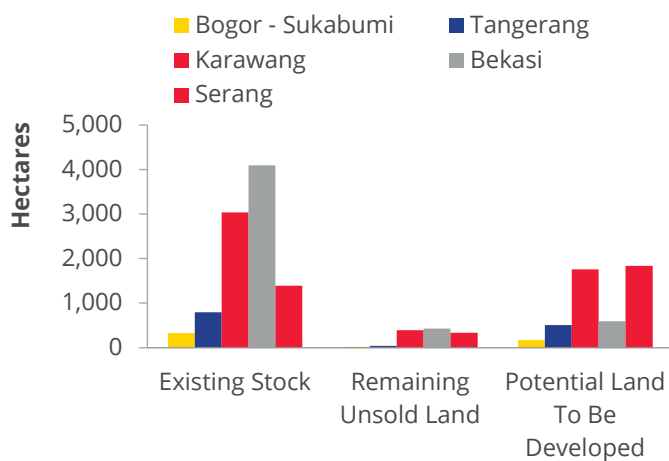
USD195.31



The primary source of new land supply will predominantly come from newly developed regions

Several regions accelerated the development of raw properties into ready-to-build land in 2022. We recorded a total of 74 hectares of land prepared in 2022 in the eastern part of Greater Jakarta, which includes Bekasi and Karawang. Meanwhile, in the western region, particularly in Serang, two industrial estates are still developing 300 hectares of land into ready-to-build areas. This began in 2022 and is still ongoing. In the south, as Bogor is no longer being developed as an industrial area, development is now focusing in Sukabumi. Sukabumi's new Cikembar Industrial Estate is still in the planning stages.

Industrial land stock status in some active and future industrial Estates



Source: Colliers Indonesia

Across the western, eastern, and southern regions of Greater Jakarta, there are multiple proposals to establish new industrial estates. Noteworthy development initiatives are taking place in the west, around Serang, as well as in the east, specifically in Karawang and Subang, along with Sukabumi in the south. Although the overall industrial market is projected to experience an increase in land supply in the future, this will likely only occur once the economy gains momentum and the effects of the Covid pandemic are contained. Construction endeavours to transform undeveloped land into operational plots are still progressing in emerging industrial areas. Moreover, new industrial estates are currently in the process of establishing the necessary infrastructure within their premises, and we anticipate that these efforts will materialise in the near future.

Bekasi, which is in high demand for industrial sites, is facing a shortage of available land, leading to a shift in expansion sites to nearby areas close to the future port in the Patimban region of Subang. Subang itself is experiencing rapid development, with the launch of two industrial estates: Taifa Industrial Estate (94 hectares) and Subang Smartpolitan, developed by Suryacipta Swadaya, the same company that developed KI Suryacipta in Karawang. Additionally, Subang is witnessing the development of two more industrial estates, namely Grand Rebana Industrial Estate and Patimban Industrial Estate. The establishment of the new Patimban Port has spurred the growth of the region, positioning it as an emerging industrial centre. Notably, Purwakarta has also introduced a new area called Jatiluhur Industrial Smart City, covering a vast area of 1,200 hectares. Developed by Wings Group, this area will complement existing industrial activities supported by various operational zones.

Although sales at the onset of the year remained modest, we discerned a steadfast consistency in the pattern

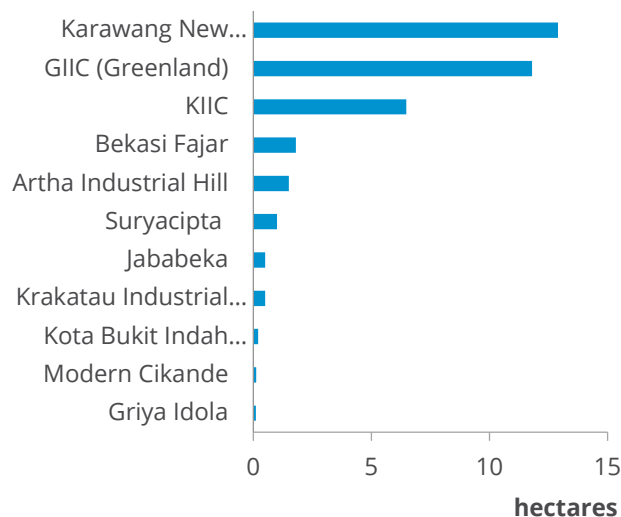
The first quarter of 2023 witnessed a total land absorption of 36.91 hectares. Karawang accounted for the highest sales with 22.08 hectares, followed by Bekasi with a total land absorption of 14.10 hectares. Notably, Karawang New Industrial City (KNIC) experienced the largest sale, as a Korean manufacturing company purchased 12.9 hectares in that area. In addition, Karawang International Industrial City (KIIC) reported significant sales of 6.48 hectares, comprising two transactions: a packaging company acquired 1.6 hectares and a pharmaceutical company purchased 4.88 hectares. The Suryacipta area saw a sale of 1 hectare, divided between a Chinese building materials company (6,500 sq m) and a local steel company (3,500 sq m). Another Korean company in the renewable energy sector secured 1.5 hectares of land at Artha Industrial Hill.

The Greenland International Industrial City (GIIC) area in Bekasi Regency maintained its robust sales performance, attracting companies primarily engaged in data centres. During this quarter, two data centre companies acquired a total of 11.8 hectares (across two land plots). Furthermore, Bekasi Fajar consistently recorded transactions, albeit in smaller quantities. A local logistics company purchased 1.5 hectares, while an automotive-related industry entity secured a land area of 3,000 sq m. Lastly, the Jababeka area in Bekasi reported relatively modest sales, with a local manufacturing company acquiring approximately 5,000 sq m of land.

In Tangerang, land sales remained relatively small, primarily via Griya Idola, which focuses on selling industrial plots and buildings. Two transactions took place, amounting to a total land area of approximately 0.1 hectare, accompanied by buildings measuring 225 sq m and 320 sq m, respectively.

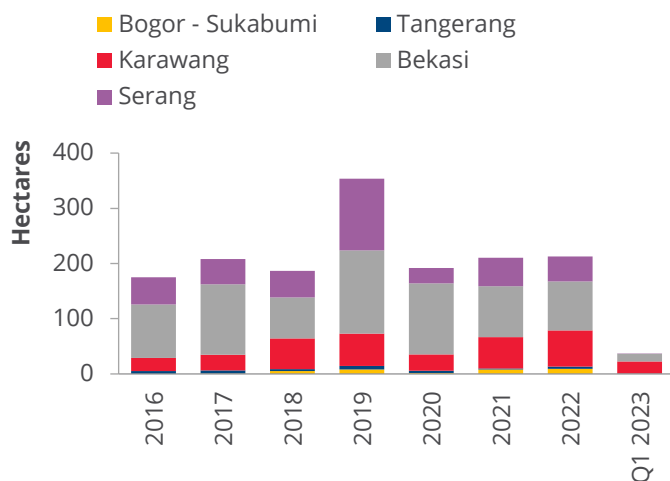
Serang, this time, only reported small land sales in two areas: KIEC and Modern Cikande. A fabrication company acquired a plot of around 5,000 sq m at KIEC, while Modern Cikande recorded a sale of 1.215 hectares to a chemical company.

Land absorption in Q1 2023



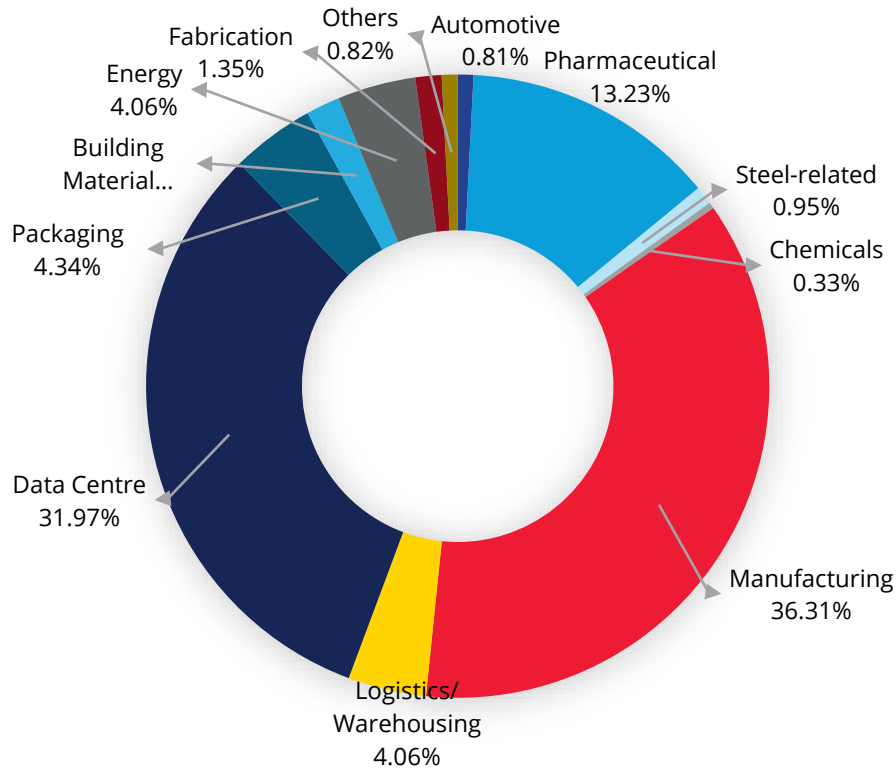
Source: Colliers Indonesia

Annual industrial land absorption



Source: Colliers Indonesia

Types of active industries involved in the transactions Q1 2023



Source: Colliers Indonesia

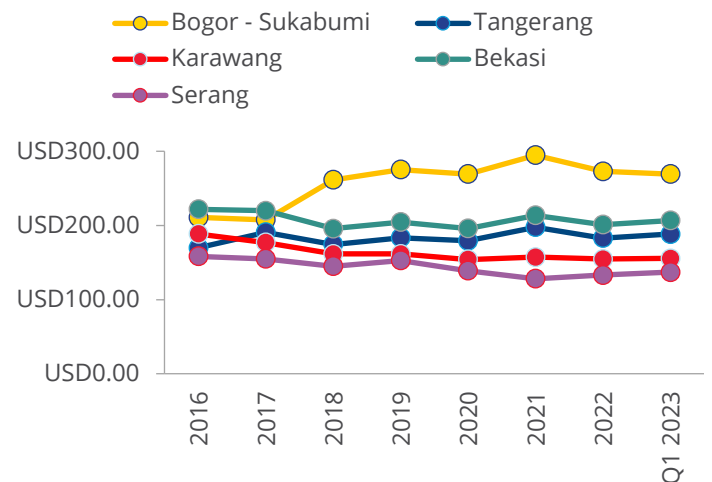
Prices are likely to be adjusted, but not necessarily at this time

The commencement of 2023 was marked by a prevailing sense of optimism, yet industrial landowners are unlikely to hasten price increases. While certain areas with strong sales and diminishing land supply are contemplating price adjustments, no industrial parks in the Greater Jakarta region implemented new pricing strategies during the first quarter of the year.

Furthermore, although leasing activity is gaining momentum, we anticipate that rental rates for both land and buildings will persist at their current levels. As land availability becomes increasingly scarce, intensifying leasing activity may exert upward pressure on rental rates, particularly if the economy continues to progress positively.

In terms of maintenance rates, they have remained unchanged over the past few years and are expected to remain so throughout the current year.

Greater Jakarta industrial land prices



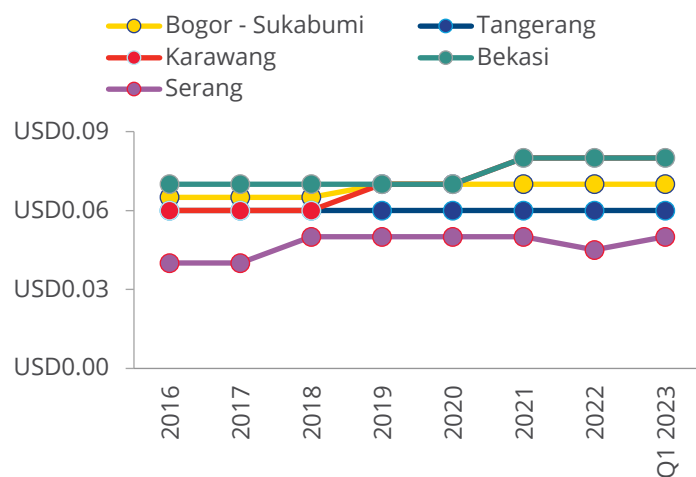
Source: Colliers Indonesia

Industrial Land Prices and Maintenance Costs (in USD equivalent)

Region	Land Price (/sq m)			Maintenance Cost (/sqm/month)		
	Lowest	Highest	Average	Lowest	Highest	Average
Bogor - Sukabumi	USD198.33	USD363.61	USD280.97	USD0.06	USD0.07	USD0.07
Tangerang	USD185.11	USD247.92	USD188.42	USD0.03	USD0.08	USD0.06
Karawang	USD150.00	USD155.00	USD155.58	USD0.05	USD0.10	USD0.08
Bekasi	USD211.56	USD211.56	USD206.93	USD0.06	USD0.08	USD0.08
Serang	USD132.22	USD142.14	USD137.18	USD0.03	USD0.05	USD0.05

Source: Colliers Indonesia
 Note: IDR 15,242 = USD 1.00

Greater Jakarta industrial maintenance costs



Source: Colliers Indonesia

For further information, please contact:

Ferry Salanto

Senior Associate Director |

Research | Jakarta

62(21) 3043 6730

Ferry.Salanto@colliers.com

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