

## RESIDENTIAL SERVICES FORECAST REPORT

# Starting the new year with the introduction of a new project













Quarterly | Jakarta | April 2024

### Insights & recommendations

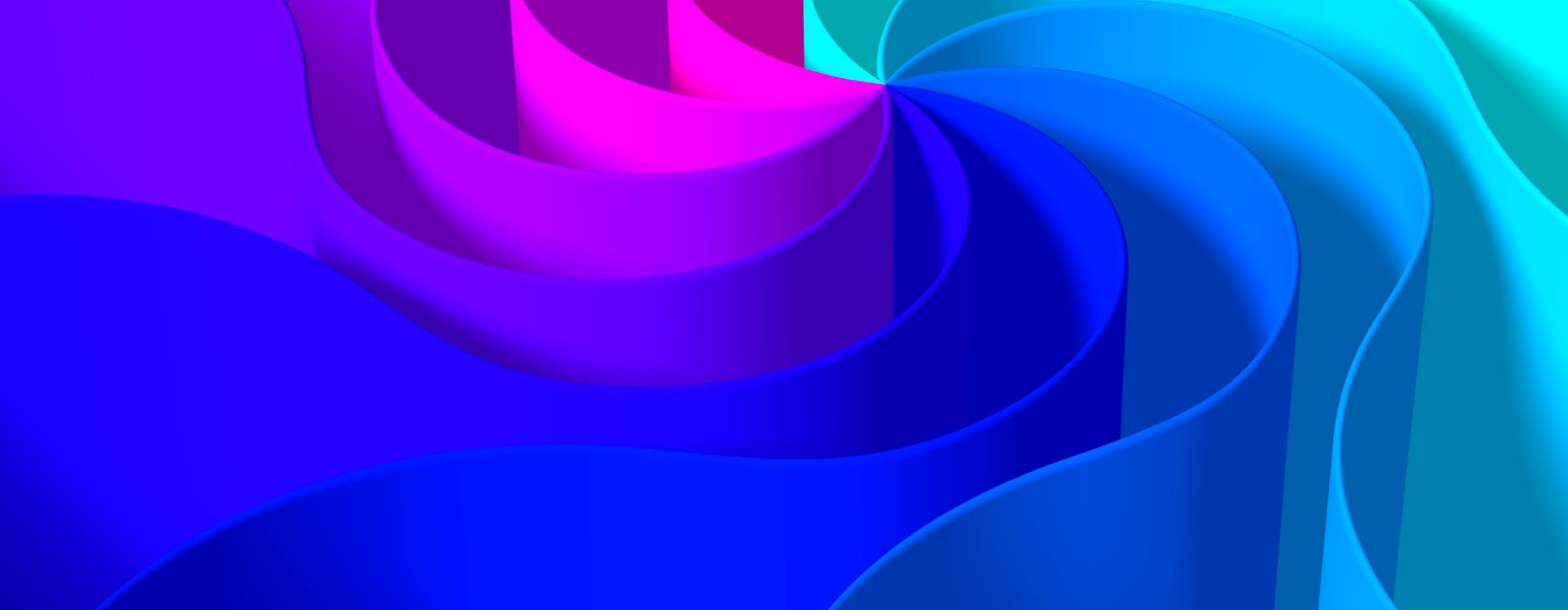
Sales this quarter fell short of expectations despite the presence of the VAT incentive, partly due to factors such as the government election and the unexpected decision of some eligible projects not to adopt the VAT incentive. Nonetheless, we believe that the current time remains opportune for purchasing apartment units, especially considering the government's plan to increase tax to 12% next year.

After a five-year hiatus in new development in the CBD area, this quarter saw the introduction of one project led by a foreign developer. On the other hand, several key developers opted to delay launching new projects in order to prioritize completing ongoing construction, with the aim of preventing delays and reducing inventory from both existing and under-construction projects.

In view of the ongoing MRT Phase 2A, we recommend that developers seeking to introduce new projects secure land in close proximity thereto. This not only adds value to the project but also enhances its appeal to potential buyers seeking residences integrated with public transportation.

		Q1 2024	Full Year 2024	2024-26 Annual Avg
 <b>Demand</b>	Apartment sales experienced a slight increase to 87.6% and this rate is expected to stay around 87-89% between 2024 and 2026.	 87.8%	 87 - 88%	 87 - 89%
 <b>Supply</b>	The current supply has reached 226,815 units, which includes the completion of two projects totaling 838 units. An additional 9,317 units are expected to be added by 2026.	 838 Units	 5,354 Units	 3,385 Units
		QOQ/ End Q1	YOY/ End 2024	Annual Avg Growth 2024-26/ End 2026
 <b>Price</b>	Asking prices have remained at an average of IDR 35.6 million, with an expected increase of 1-2% between 2024 and 2026.	 0.11% IDR 35.6 mio	 1% IDR 36 mio	 1 - 2% IDR 38 mio

Source: Colliers. Note: IDR15,656 = 1 USD. 1 square m = 10.76 square ft.



## Strata-title Apartment

### Supply

#### After a half-decade absence, the CBD area introduced a new project

The initial quarter 2024 witnessed a relatively tranquil period, with only one project introduced, namely Two Sudirman, previously known as Oasis Central Sudirman. This project signifies the commencement of new development after a hiatus of 5 years within the CBD area. The allure of the CBD area lies in the presence of multinational companies, with the project's demographic strategically targeting expatriates. Additionally, this area is renowned as a hub for foreign developers initiating projects.

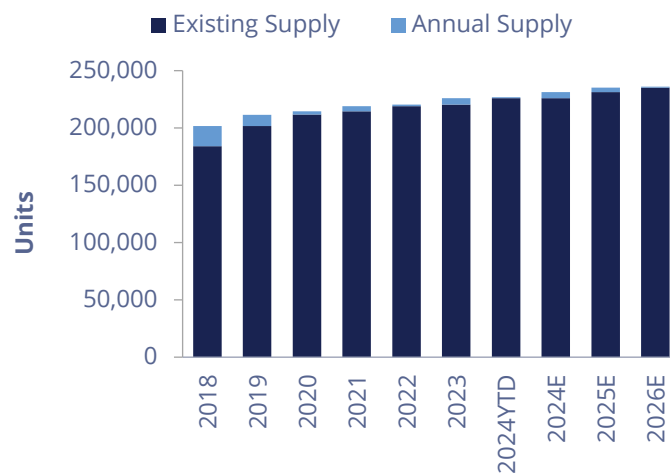
Two Sudirman stands out with its comprehensive mixed-use concept, incorporating strata-title apartments, serviced apartments, offices and retail space. Developed by Mitsubishi Estate, the apartment project is set to include a total of 355 units. Apart from its convenient access to the main road, this project distinguishes itself by fully embracing the Transit-Oriented Development (TOD) concept, positioned in proximity to key transit options such as the MRT, Airport Sky Train, Commuter Line and BRT. Furthermore, this project targets a niche market of High-Net-Worth Individuals (HNWI), whose wealth and lifestyle are largely unaffected by economic fluctuations, ensuring steady sales even during challenging economic periods.

Two other projects in non-CBD areas have been completed, namely Pluit Sea View (Ibiza Tower) in North Jakarta and Cleon Park (North Tower) in East Jakarta. The completion of these projects contributes a total of 838 units to Jakarta's overall apartment

supply. Taking into account these newly completed projects, the total number of existing apartments in Jakarta now stands at 226,815 units, a quarterly increase of 0.37% and an annual increase of 1.34%.

We anticipate the delivery of another 9,317 units by 2026, with 4,516 units scheduled for completion in the remaining quarters of 2024; 3,956 units in 2025; and 845 units in 2026. Considering the ongoing infrastructure development, specifically the MRT phase 2A currently under construction, which will connect Bundaran HI station to Kota with the inclusion of 7 stations (Thamrin, Monas, Harmoni, Sawah Besar, Mangga Besar, Glodok and Kota), we believe that land around these stations still has potential and will attract interest for new projects, similar to those around the existing MRT phase 1. This is because people are increasingly drawn to living spaces that implement Transit-Oriented Development (TOD) principles, prioritising accessibility, convenience and efficiency

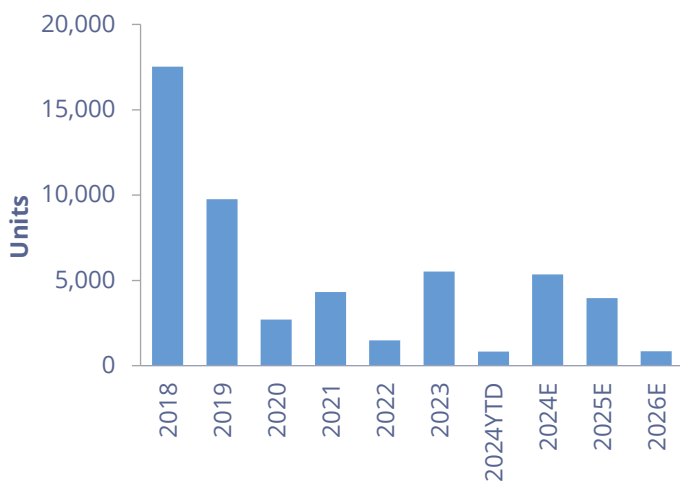
### Cumulative supply



Source: Colliers



### Annual supply



Source: Colliers

### Demand

#### Market uncertainty due to delayed implementation of VAT incentives

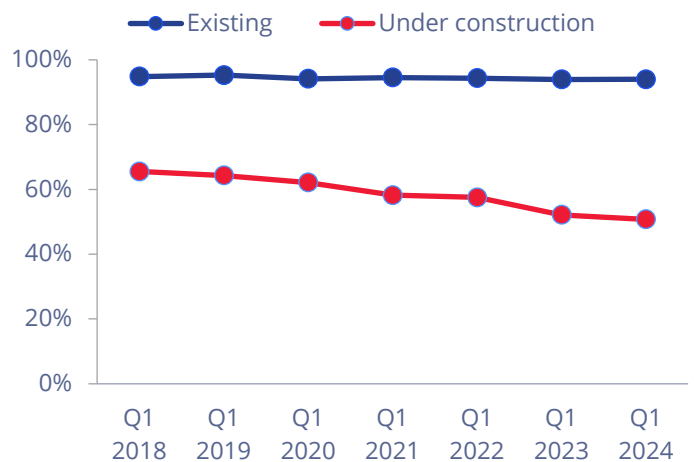
Sales during this quarter were not particularly active. Apart from a sense of wait-and-see, another contributing factor was the delay in the issuance of the new Minister of Finance (PMK) regulations, which only started to become effective in February 2024. Additionally, based on our observations, many misunderstood these regulations, believing that incentives only applied to landed houses or to existing projects. Furthermore, some developers ignored implementing the incentives, citing a mixture of reasons. Consequently, the current situation does not align with expectations, leading to a slowdown in demand that does not reflect the government's relaxation efforts. We recommend that government simplify bureaucratic procedures

for developers to encourage their participation in implementing these incentives.

A total of 139 units were sold during the quarter, with the middle-upper and middle-low classes being the most well-absorbed, driven by projects that implement VAT incentives. The majority of these units came from existing projects (ready to occupy).

In an effort to reduce inventory, developers have been organising exhibitions, offering additional discounts and providing additional promotions such as free furnishings or electronics to entice potential buyers. To-date, the average take-up rate from both existing and under-construction projects stands at 87.85%, up by 0.04% QOQ and 0.4% YOY.

### Take-up rate

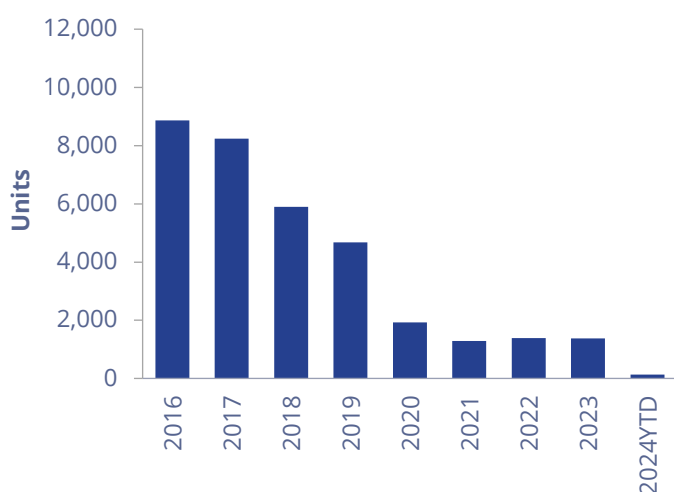


Source: Colliers

## Asking price

Location	Q1 2023	Q4 2023	Q1 2024	QOQ	YOY
CBD	52,762,800	52,845,027	52,845,027	0.00%	0.16%
South Jakarta	39,984,287	40,367,101	40,398,498	0.08%	1.04%
Non-prime Areas	26,988,073	27,056,750	27,124,638	0.25%	0.51%

### Annual unit absorption



Source: Colliers

The demand outlook for the next quarter is expected to be affected, as previously mentioned, due to multiple holidays. However, we anticipate more positive sentiment in demand for the rest of the quarter, particularly in the second half, as the new government forms and overall conditions stabilise for new investments. All in all, we still maintain our view that the current time presents a favourable opportunity to buy, especially considering the government's plan to increase taxes to 12% by 2025.

### Asking Price

#### Price grew modestly and remained at their current levels

At the start of the new year, prices underwent some adjustments, due to the progress of construction towards completion and commencement of project handovers. However, certain developers opted to preserve their asking prices, focusing on reducing their inventory whilst capitalizing on the ongoing VAT incentives momentum. Overall, prices saw a slight uptick of 0.11% QOQ and 0.57% YOY, remaining steady at an average of IDR 35.6 million.

We expect developers will continue adhering to their current selling strategies, carefully adjusting prices to sustain sales volume. The influence of the VAT incentive will persist, exerting downward pressure and limiting significant price increases in order to provide competitive pricing and attract potential buyers. In essence, we expect a moderation in the pace of price increases in the next couple of quarters.



## Serviced Apartment

### Supply

During the reviewed quarter, Parkroyal Serviced Suites Jakarta in the Luminary Tower, Thamrin Nine complex, commenced official operations. Offering convenient access to public transportation, this project features 180 units ranging from studios to 2-bedroom accommodation, each meticulously designed to embody modern and contemporary living space. With the addition of these Serviced Suites, the cumulative supply of serviced apartments in Jakarta as at Q1 2024 increased to 7,074 units. Anticipating further growth, we expect an increase in supply from four upcoming projects, estimating total supply to reach 7,793 units by 2025.

Room Type	Size (sq m)	Unit Configuration
Studio	30	10%
1 Bedroom	50 - 70	70%
2 Bedroom	90	20%

### Occupancy rate and rental rate

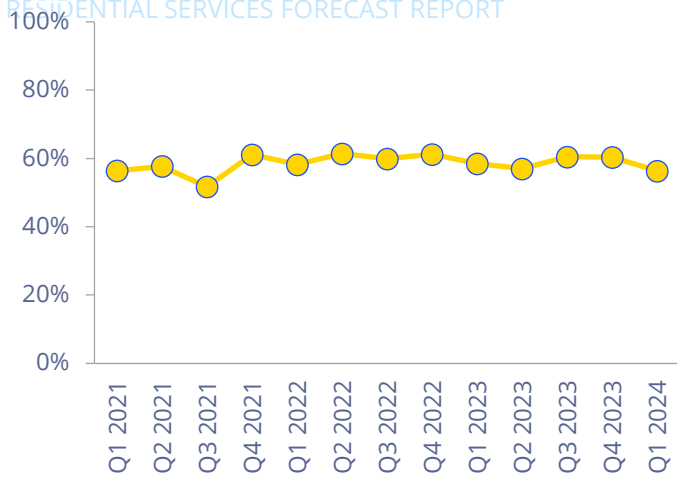
Overall, the combination of new supply and stagnant demand exerted pressure on the market in the first quarter 2024. Traditionally, February and March are quiet months in the leasing market, with enquiries predominantly coming from locals rather than expatriates. Apart from the seasonal effect, market sentiment was dampened by the general election held in February. The average occupancy rate of serviced apartments in Jakarta during Q1 2024 was 56.3%, down by 4.1 percentage points QOQ.

In the first quarter 2024, some serviced apartment projects in the CBD, particularly those with high-demand, increased their rental rates by 5 to 10% YOY. However, some projects adjusted their rental rates less than the previous year's rates, by 3 to 5%, resulting in a moderation of growth rate to 4.1% for 2024. Conversely, most serviced apartment projects in non-CBD areas (including South Jakarta) maintained their rental rates to remain competitive with newly operated projects.



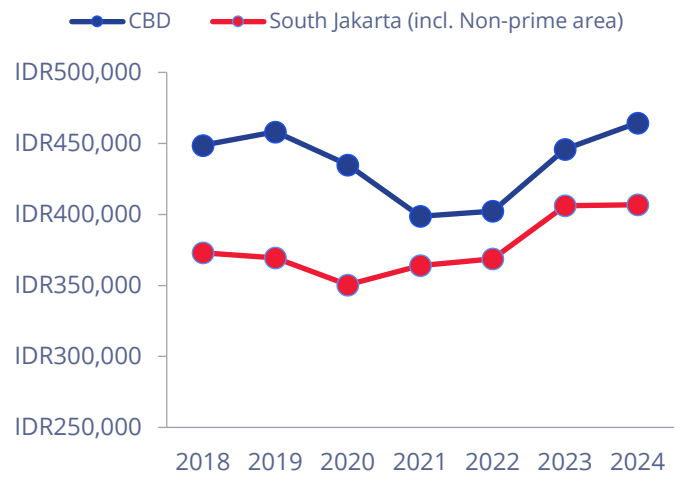
## Occupancy rate

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Source: Colliers

## Rental rate serviced apartment



Source: Colliers

## Appendix

### Newly finished project

Name of Development	Location	Region	Developer	#units
Pluit Sea View (Ibiza Tower)	Pluit	North Jakarta	Binakarya Propertindo Group	528
Cleon Park (North Tower)	Cakung, Jakarta Garden City	East Jakarta	Modern Land Realty	310

Source: Colliers



## Under construction project

Apartment Name	Location	Region	Developer	#Units
<b>2024</b>				
The Aspen Peak Residence by Rumapadu	Jl. Fatmawati	South Jakarta	PT. Integrasi Transit Jakarta	392
Antasari Place (Tower 1)	Antasari	South Jakarta	Prospek Duta Sukses	980
Asthana Kemang (Sadewa Tower)	Jl. Ampera Raya No.17	South Jakarta	PT. Synthesis Development	362
Branz Mega Kuningan	Mega Kuningan	CBD	Tokyuland	482
LRT City Ciracas - Urban Signature (Azure Tower)	Jl. Pengantin Ali, Ciracas	East Jakarta	Adhi Karya	1087
The Newton 2 at Ciputra World 2	Jl. Karet Sawah	CBD	Ciputra	624
Apple Residence 3	Jl. Karang Indah, Lebak Bulus	South Jakarta	PT Diamond Land Development	530
Arumaya Garden Villa	TB Simatupang	South Jakarta	Astra Land	59
<b>2025</b>				
Antasari Place (Tower 2)	Antasari	South Jakarta	Prospek Duta Sukses	621
The Belton Residence	Jl. Raya Bogor, Cijantung	East Jakarta	Synthesis Development	192
Asthana Kemang (Nakula Tower)	Jl. Ampera Raya No.17	South Jakarta	PT. Synthesis Development	362
Solterra Place (Tower Suites)	Pejaten	South Jakarta	Waskita Realty	537

*continued*



Apartment Name	Location	Region	Developer	#Units
<i>continuation</i>				
The Padmayana	Jl. Sinabung Raya No.58	South Jakarta	Adhi Karya	145
The Premiere MT Haryono - LRT City MT Haryono	Jl. MT Haryono	East Jakarta	Adhi Karya	390
Savyavasa (3 Towers)	Jl. Wijaya II	South Jakarta	Jakarta Setiabudi International & Swire Properties	431
South Quarter Residence (Tower E)	TB Simatupang	South Jakarta	Intiland	336
The Veranda @ Lebak Bulus (Jimbaran Tower)	Lebak Bulus	South Jakarta	Pulau Intan & Nishitetsu	178
B Residence Grogol	Jl. Daan Mogot 79	West Jakarta	MGM Propertindo	236
Vittoria Residence (Tower Citrine)	Jl. Daan Mogot	West Jakarta	PT. Duta Indah Kencana	312
Adriya (North Tower)	Jl. Pantai Indah Kapuk Boulevard	North Jakarta	ADR Group	108
Adriya (South Tower)	Jl. Pantai Indah Kapuk Boulevard	North Jakarta	ADR Group	108
<b>2026</b>				
Moon Apartment	Jl. Dharmawangsa VII	South Jakarta	PT Dharma Tatemono Property	85
Sakura Garden City (Dahlia Tower)	Jl. Bina Marga No.88	East Jakarta	PT Trivo Group and Daiwa House	648
Two Senopati (Tower 1)	Jl Senopati II	South Jakarta	Asiana Group	112

Source: Colliers





### New pipeline of Serviced Apartment project

Name of Development	Location	Completion date	Area	#units
Somerset Kencana Jakarta	Pondok Indah	2024	South Jakarta	148
Ascott Menteng Jakarta	Jl. Menteng	2023	Central Jakarta	151
Swissôtel Living Jakarta Mega Kuningan	Mega Kuningan	2025	CBD	240
Citadines Kemang Jakarta	Kemang	2025	South Jakarta	180

*Source: Colliers*



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