

INDUSTRIAL SERVICES FORECAST REPORT

Industrial sector begins the year with a positive outlook

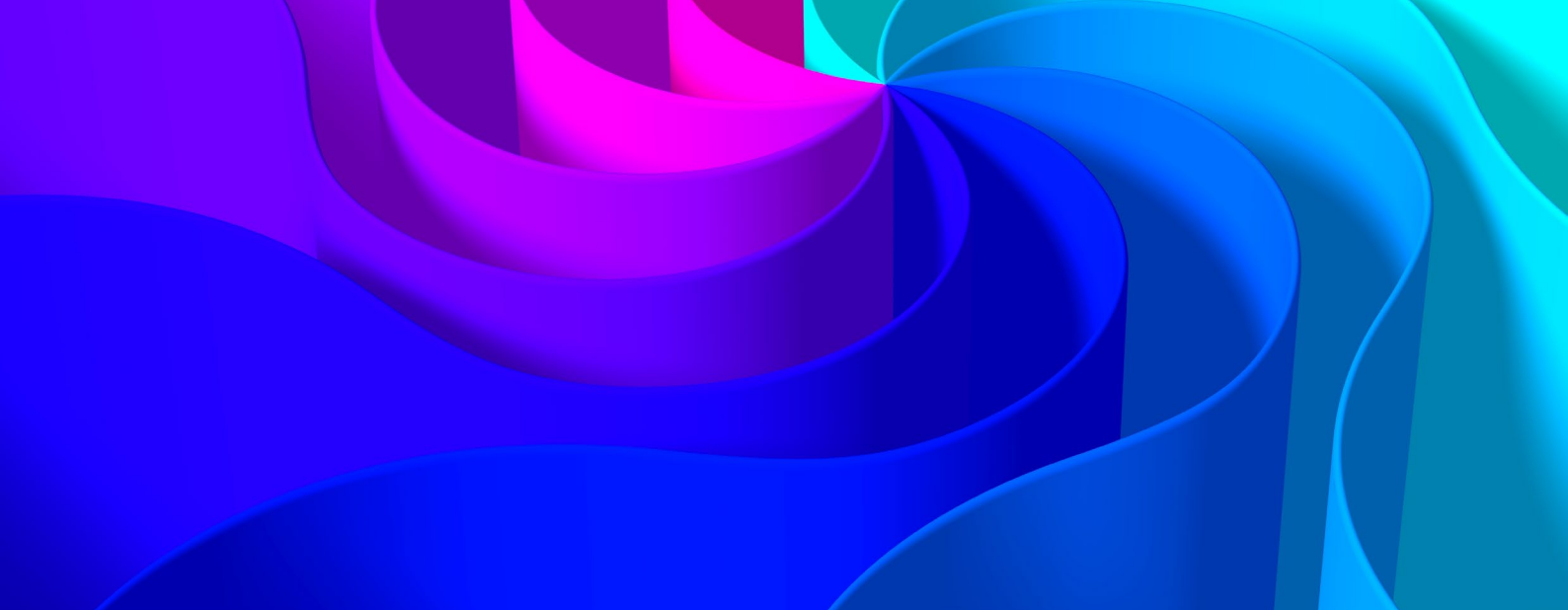
Quarterly | Jakarta | Q1 2024

Insights & recommendations

The industrial sector remains a branch of the property market, alongside the hospitality sector, that moves more swiftly compared to other property segments. Industry players continue to expand their operations and acquire land to meet increasing demand in a promising domestic market. Strategic locations with easy access to natural resources, competitive labour costs, and a broad market are critical factors driving industry players to purchase land in industrial zones. Industrial areas integrated with robust transportation infrastructure, such as convenient and rapid access to ports and supportive road networks, are attractive choices for companies as target locations.

Meanwhile, the growth of modern industries tends to require larger plots to accommodate advanced production equipment and facilities. To anticipate technological growth as currently observed, industrial zones should ideally be equipped with high-quality infrastructure, including excellent accessibility to transportation networks, fast internet connectivity, stable electricity supply, and other infrastructure that supports high-tech industrial activities.

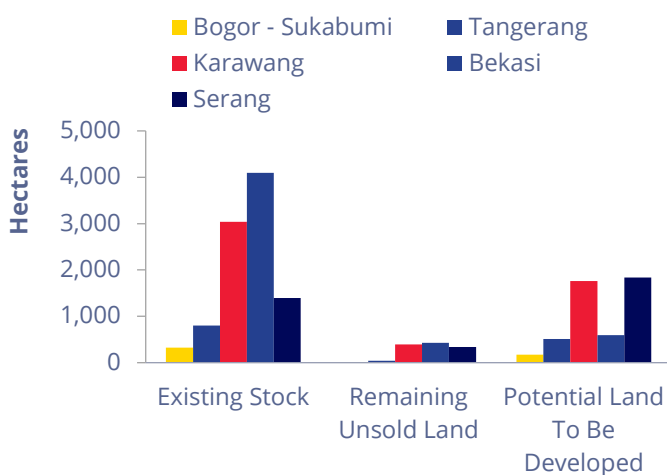
		Q1 2024	Full Year 2024	2024-26 Annual Avg
 Demand	The dominance of the technology sector in industrial land acquisitions evident at the outset of the year appears likely to continue.	↓ 44.18 Ha	↑ 241.2 Ha	↑ 273.9 Ha
 Supply	The development of new land continues despite growth still following sales performance.	↔ 0 Ha	↑ 100 Ha	↓ 143 Ha
		QOQ/ End Q1	YOY/ End 2024	Annual Avg Growth 2024-26/ End 2026
 Price	Due to some areas pegging prices in USD, average land prices appear fluctuant, tracking the depreciation of the Indonesian rupiah against foreign currencies, particularly the US dollar. Nonetheless, overall prices remain stable, although they may rise if sales performance improves and land availability diminishes, especially in specific regions.	↓ USD190.89	↑ USD199.02	↑ USD203.04



Minimal change in remaining land status

The availability of land in the Greater Jakarta area has seen little change. Several active expansion areas, particularly in Karawang and Serang, are currently focused on preparing new build-ready land. Additionally, industrial zone managers have acquired land in areas far from Jakarta in the east, such as Subang, slated for future industrial development. As previously discussed, the development of a new port in Subang has catalysed the formation of industrial zones in that region.

Industrial land stock status in some active and future industrial Estates



Source: Colliers

Observing diminishing land stocks in various areas across Indonesia, the expansion of industrial zones in the western part of Java, particularly with Jakarta as the focal point, indicates that new industrial zone locations are increasingly moving away from the city.

For instance, in Bogor, the remaining land earmarked for industrial use is severely limited, making it more suitable for residential development. Industrial activities in the southern part are shifting towards Sukabumi, where land expansion for industrial purposes remains viable. Similarly, in the western region, where two industrial zones are already limited, new industrial zones are beginning to emerge.

Meanwhile, in the eastern area known for high-tech industrial zones, particularly in Bekasi and Karawang, current land constraints have prompted industrial growth to extend into areas like Subang. This expansion is driven by the development of a new port at Patimban.

Active land acquisition continues in technology-linked industrial sector

In the first quarter of 2024, total land transactions amounted to 44.18 hectares, representing 20.6% of the total industrial land transactions of the previous year. This figure, though below last year's for the same period, is within expected norms for early-year sales.

Considering the potential growth in sales and leasing activities of land and buildings within industrial zones, we project that this year's sales will at least match last year's achievements, particularly driven by the expanding high-tech industrial sector. An analysis of the active sectors in land acquisition this quarter shows the data centre sector dominating with 22%, followed by the automotive industry. Looking ahead, the expansion of data centre companies in industrial zones is likely to be balanced by automotive sector expansion, especially in electric vehicles. This trend is

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evident in several industrial zones in Karawang reporting increased activities from electric vehicle-based automotive companies, notably from China.

Overall, prospective industries expected to enter industrial zones throughout 2024 include automotive and its components, flavour and fragrance companies and data centre enterprises. Several industrial zones also report demand from other sectors such as construction, chemicals and food industries.

High demand for warehousing for logistical purposes has been sustained. Additionally, sectors linked to consumer consumption, such as food processing and FMCG, exhibit notable activity. This quarter saw expansion in plastic and textile manufacturing and oil & gas ventures.

In the first quarter of 2024, Surya Cipta sold 3 hectares of land to a plastic manufacturing plant. Meanwhile, in Karawang, KIIC recorded the sale of 2.65 hectares of land to a high-tech textile company from South Korea, marking its initial industrial expansion in Indonesia. In Kota Bukit Indah Indotaisei, no sales were reported this quarter due to a lack of available land, but demand for land is evident, and transactions are expected this year. Similarly, KNIC reported no transactions in the first quarter. In Karawang, Artha Industrial Hill recorded four transactions, including 1.2 hectares for heavy equipment, 1.6 hectares for plastic packaging, 1.2 hectares for oil & gas chemicals, and 0.8 hectares for warehousing.

GIIC again emerged as the leading contributor to land transactions in the first quarter of 2024. Transactions totalled 18.3 hectares and included two plots for data centres (9.79 hectares), three plots for automotive-related industries (5.27 hectares), one plot for logistics companies (1.25 hectares) and one plot for an FMCG (2 hectares). Additionally, Bekasi Fajar recorded two

0.5-hectare transactions, one to a local contractor, a new company, and another to a longtime lessee, a local cold storage company, for expansion. Despite slower sales, Delta Silikon 8 noted a new industrial land sale of 0.5 hectares to a logistics company. Jababeka reported sales of 6.1 hectares in the first quarter of 2024 to several domestic investors, including logistics, packaging, automotive parts and machinery companies. A Korean electronics firm and a Japanese trading company were also among the buyers.

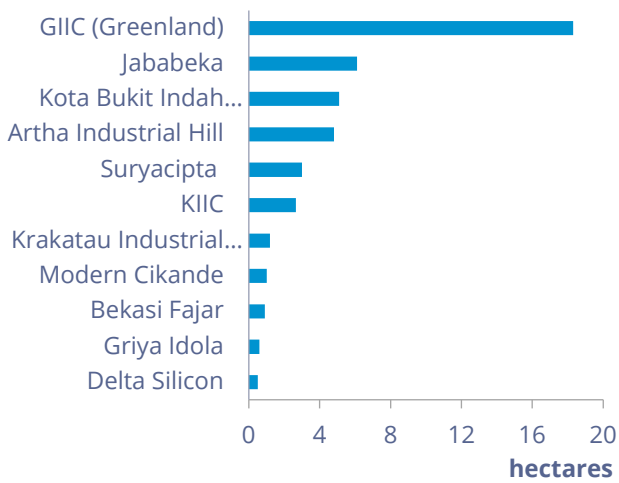
In Kota Bukit Indah, Besland Pertiwi recorded lease transactions of land and warehouses totalling 5.1 hectares. This constitutes Besland Pertiwi's largest transaction in recent years. The lease transactions primarily involved warehouse rentals from four companies, including three local enterprises and one from China. Active businesses in these transactions included food processing, automotive, construction, and plastic industries. Meanwhile, in Bogor's industrial zones, CCIE did not register any lease transactions in the first quarter, thus lease transactions for industrial land and buildings were confined to Karawang.

In Tangerang, Griya Idola industrial zone reported the sale of a 0.56-hectare industrial land plot to a chemical company, along with the sale of one SFB unit with a land area of 330 square metres.

In Serang, two zones, KIEC and Modern Cikande, each recorded moderate sales, though not substantial. KIEC sold 1.2 hectares of land to an oil blending company, while Modern Cikande recorded two transactions – one to a local CPO company and another to a local safety equipment manufacturing plant. The total transactions from these two entities amounted to approximately 1 hectare.

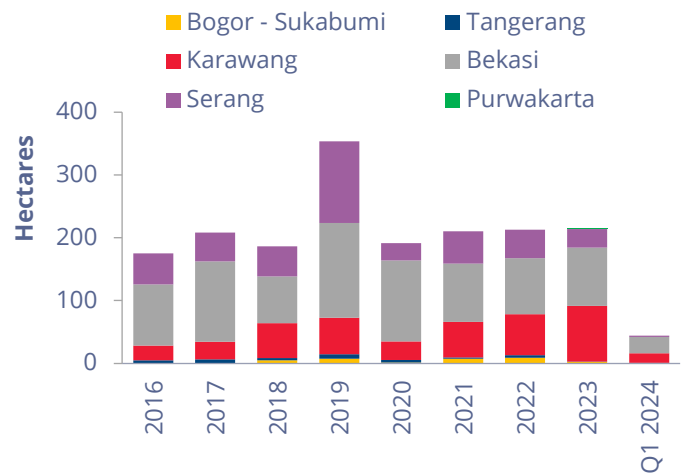
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Land absorption in Q1 2024



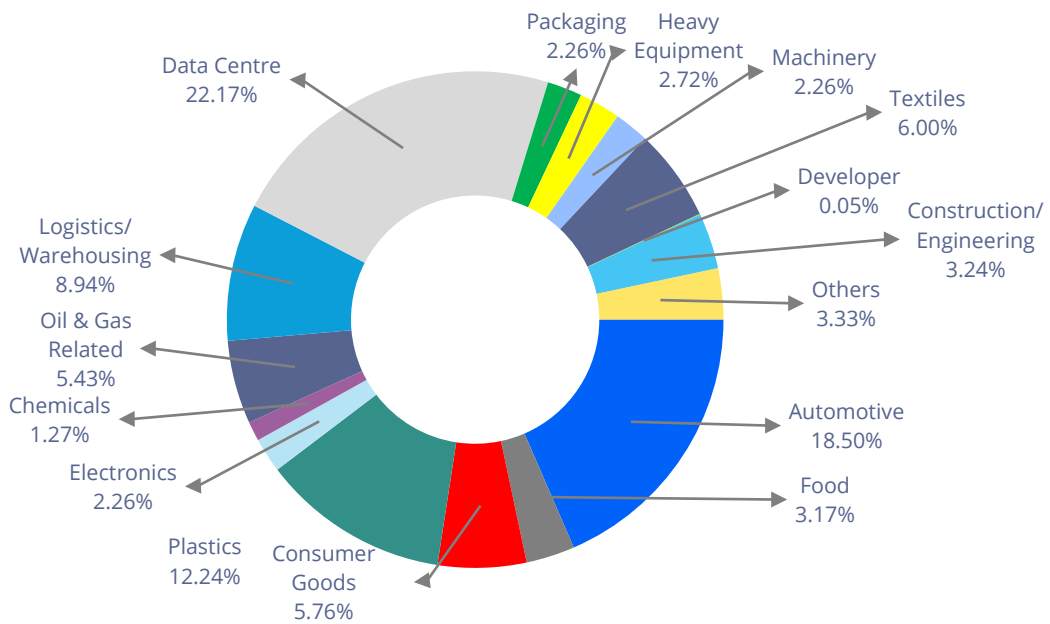
Source: Colliers

Annual industrial land absorption



Source: Colliers

Types of active industries involved in the transactions Q1 2024

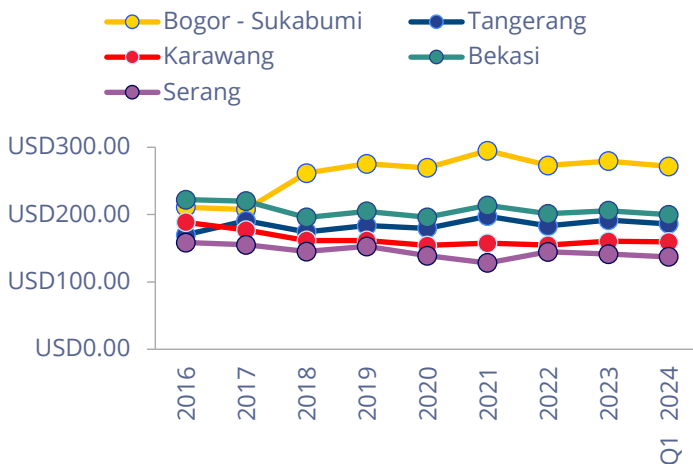


Source: Colliers

Prices remain stable with the potential for an increase

Most industrial zones up to this point have maintained prices within the same range as last year. However, we have observed several areas that have increased prices by approximately 3 to 5%. In the Karawang region, especially in the active selling of industrial zones, price hikes have been driven by rapid industrial growth. Investor interest in acquiring new land in Karawang has consequently risen, with offered prices ranging between IDR 3 to 3.4 million per square metre. Naturally, these prices reflect the readiness of industrially usable land supported by logistical connectivity and utilities within the area.

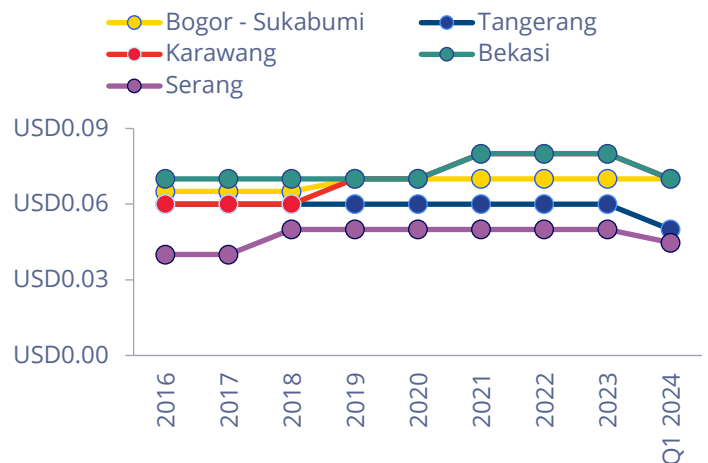
Greater Jakarta industrial land prices



Source: Colliers

Generally, we anticipate increased demand for industrial land and considering the growing scarcity of land in established locations like Bekasi and Karawang, industrial zone managers are likely to contemplate adjusting selling prices. Meanwhile, in areas with severely limited land availability, land prices are nearing commercial real estate prices.

Greater Jakarta industrial maintenance costs



Source: Colliers

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Industrial Land Prices and Maintenance Costs

Region	Land Price (USD/sq m)			Maintenance Cost (USD/sq m/month)		
	Lowest	Highest	Average	Lowest	Highest	Average
Bogor - Sukabumi	191.62	351.30	271.46	0.06	0.07	0.07
Tangerang	191.62	239.52	186.30	0.03	0.07	0.05
Karawang	150.00	191.62	159.44	0.05	0.10	0.07
Bekasi	178.85	207.59	199.92	0.06	0.08	0.07
Serang	127.75	146.91	137.33	0.04	0.05	0.04

Source: Colliers

Note: IDR 15,656 = USD 1.00



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