

RESIDENTIAL SERVICES FORECAST REPORT

The ending of 100% VAT exemption boosted sales of existing projects this quarter




Quarterly | Jakarta | July 2024

Insights & recommendations

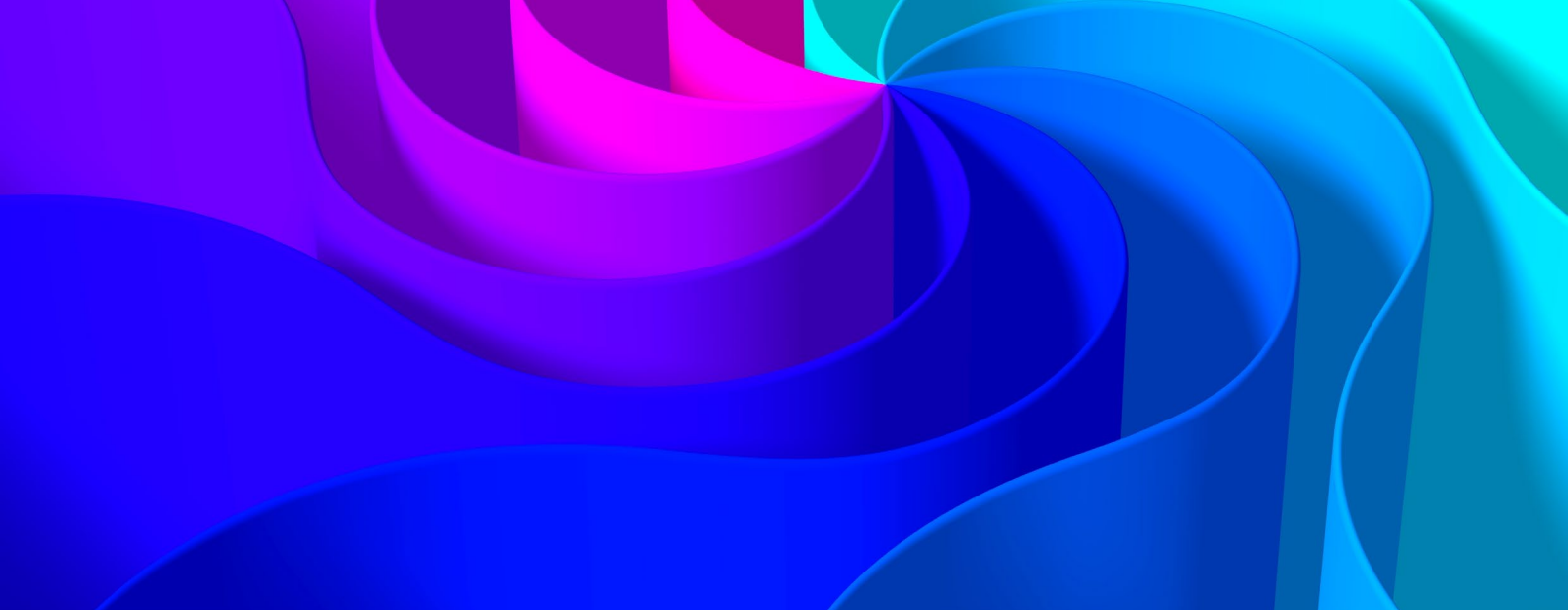
This quarter, a higher proportion of sales was from existing projects. We believe this was due to the upcoming end of the 100% VAT exemption and the tendency of Indonesians to seize last-minute opportunities. Consequently, sales this quarter were slightly better than the previous quarter.

No new projects were launched this quarter, as developers focused on landed housing. New project completions are expected to begin next quarter, with some projects planning to relaunch next year.

We recommend that developers continue to intensify their marketing efforts and offer attractive financing options to leverage the remaining incentive and further stimulate sales.

		Q2 2024	Full Year 2024	2024-26 Annual Avg
 Demand	A slight uptick in apartment sales was seen compared to the previous quarter. A sales rate of 87-89% is expected between 2024 and 2026.	↑ 87.9%	↑ 87 - 88%	↑ 87 - 89%
 Supply	Total supply remains at the same level as in 1Q 2024. We expect the remaining 4,828 units to be handed over by the end of 2024.	↔ 0 Unit	↑ 5,666 Units	↑ 3,121 Units
 Price	The asking price remains stable at IDR 35.6 million/sq m. A gradual increase of 1-2% is expected between 2024 and 2026.	↑ 0.07% IDR 35.6mio	↑ 1% IDR 36mio	↑ Annual Avg Growth 2024-26/ End 2026 1 - 2% IDR 38mio

Source: Colliers. Note: IDR16,174 = 1 USD. 1 square m = 10.76 square ft.



Strata-title Apartment

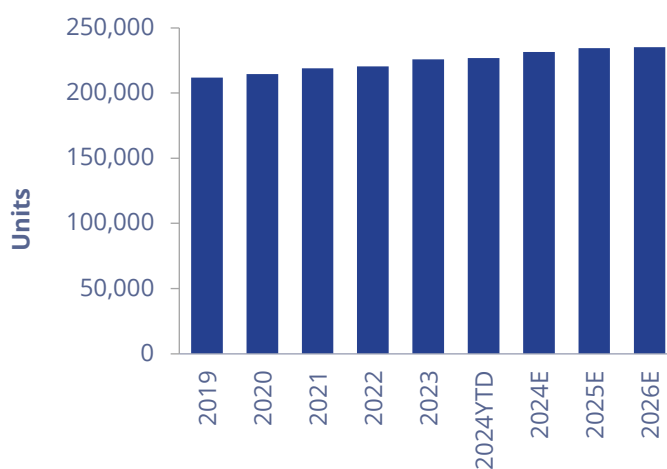
Supply

A shift in developer focus dampens new apartment launches

No new apartment projects were completed or launched in the current quarter. As of Q2 2024, the total supply remains steady at 226,815 units. The lack of new project launches can be attributed to developers shifting their focus towards the development of landed housing projects, which have become the preferred choice for both investment and residential needs. The VAT incentive introduced in Q4 2023 has further influenced developers' strategies, favouring the landed housing segment. Consequently, there has been a prioritization of landed housing launches over the past few years. Within the apartment sector, developers are concentrating on selling their existing projects to maximize the ongoing VAT incentive and reduce inventory.

Looking ahead to 2026, we expect the completion of 19 projects comprising 8,524 units. Of these, nine projects are expected to be handed over in stages throughout the remaining quarters of 2024, primarily concentrated in the Cilandak area, South Jakarta. Our on-ground check indicates that there are plans to relaunch several previously on-hold projects next year. This development could bring positive sentiment to the apartment market for the upcoming year, following the formation of the new cabinet.

Cumulative supply



Source: Colliers

Demand

Existing projects surpassed more than half of Q2 sales

Overall performance improved mildly this quarter compared to the previous one, with a 0.09% QOQ increase, bringing the total take-up rate to 87.93%. Notably, 69% of this quarter's sales were dominated by existing projects.

The high demand for existing projects this quarter can be attributed to a growing buyer preference for established developments, driven by their perceived lower risk and immediate availability. Additionally, there was a significant tendency among Indonesians to capitalize on last-minute opportunities. Specifically, many transactions occurred in May and June to take full advantage of the 100% VAT exemption, which will reduce to 50% starting next quarter.

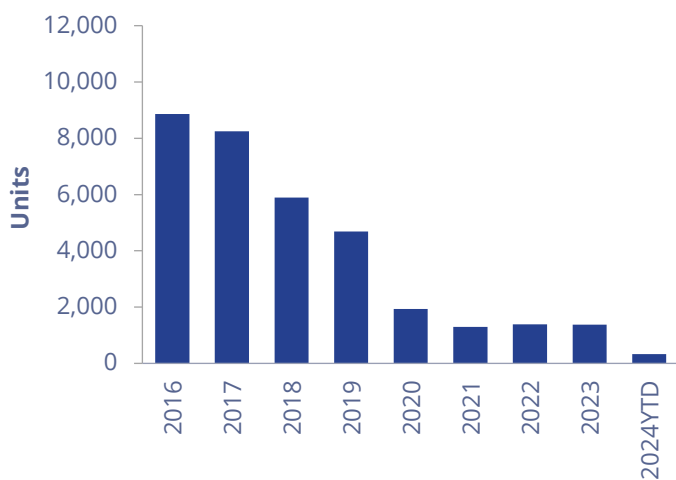


Take-up rate



Source: Colliers

Annual unit absorption



Source: Colliers

Looking forward, we expect that demand in the upcoming quarter will continue to be largely driven by existing projects. However, the reduction in the VAT incentive may lead to a temporary slowdown in transactions, as this adjustment could prompt buyers to reconsider their purchasing timelines and decisions.

We recommend that developers enhance marketing strategies to highlight unique project features despite the reduced VAT incentive. Offering flexible financing options, additional complimentary benefits, and emphasizing value-added amenities may attract cautious buyers.

Asking Price

South Jakarta tops apartment price growth

The average asking price of strata-title apartments in Jakarta increased by 0.07% QOQ and 0.5% YoY, reaching IDR 35.66 million/sq m. This upward trend is primarily driven by apartments currently under construction as they approach the handover phase. Notably, apartment price increases were typically of the order of 2-3%.

In terms of location, South Jakarta has experienced the most significant price increases due to a higher concentration of under-construction apartments in this area compared to other regions. We expect the average asking price to continue rising steadily as more projects near completion, particularly in high-demand areas like South Jakarta.

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Asking price

Location	Q2 2023	Q1 2024	Q2 2024	QOQ	YOY
CBD	52,762,800	52,845,027	52,869,048	0.05%	0.20%
South Jakarta	40,095,532	40,398,498	40,434,407	0.09%	0.85%
Non-prime Areas	27,008,822	27,124,638	27,142,721	0.07%	0.50%

Serviced Apartment

Supply

Steady supply now, but significant number of units will be completed up to 2025

No new serviced apartments entered the market this quarter, keeping the total supply of serviced apartments in Jakarta steady at 7,074 units. However, we observed a rebranding of one serviced apartment in the CBD area, formerly known as Crowne Plaza, now Mangkuluhur Residences by LORIN.

Looking ahead, we expect a further increase in supply from four upcoming projects, with total supply projected to reach 7,793 units by the end of 2025.

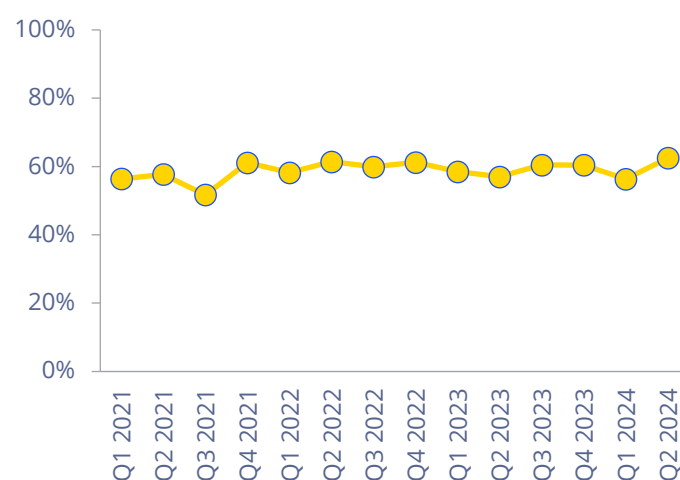
Occupancy rate and rental rate

Serviced apartment occupancy hits 58.2%, while CBD rents adjust to IDR464,453/sq m/month

The occupancy rate for serviced apartments increased slightly in Q2 2024 compared to the previous quarter, with most occupancy driven by short-stay guests. Newly operated serviced apartments are beginning to gain traction. All in all, the average occupancy rate of serviced apartments in Jakarta for Q2 2024 was 62.4%, up by 6.1 percentage points (ppts) QOQ.

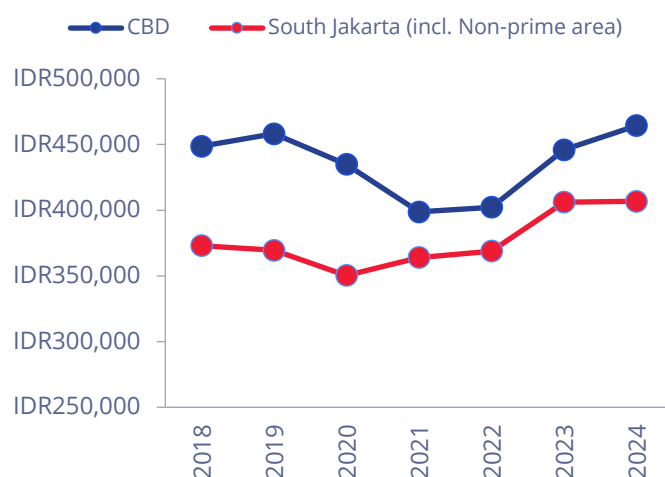
During Q2 2024, one serviced apartment in the CBD area adjusted its rental price due to high demand, leading to an average rental rate adjustment in the CBD to IDR 464,453/sq m/month. Moving forward, we expect a 1-2% increase in the average rental rate by the end of 2024, driven by the potential incoming supply in H2 2024.

Occupancy rate



Source: Colliers

Rental rate serviced apartment



Source: Colliers



Appendix

Under construction project

Apartment Name	Location	Region	Developer	#Units
2024				
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
Vittoria Residence (Tower Citrine)	Jl. Daan Mogot	West Jakarta	PT. Duta Indah Kencana	312
2025				
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

continued



Apartment Name	Location	Region	Developer	#Units
<i>continuation</i>				
Solterra Place (Tower Suites)	Pejaten	South Jakarta	Waskita Realty	537
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
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
2026				
Antasari Place (Tower 2)	Antasari	South Jakarta	Prospek Duta Sukses	621
Moon Apartment	Jl. Dharmawangsa VII	South Jakarta	PT Dharma Tatemono Property	85
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	2025	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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