RESIDENTIAL SERVICES FORECAST REPORT

Jakarta apartment market enters an inventory optimisation cycle

Quarterly | Jakarta | July 2026

Developers Shift from Expansion to Inventory Optimisation Amid a More End-User Driven Market

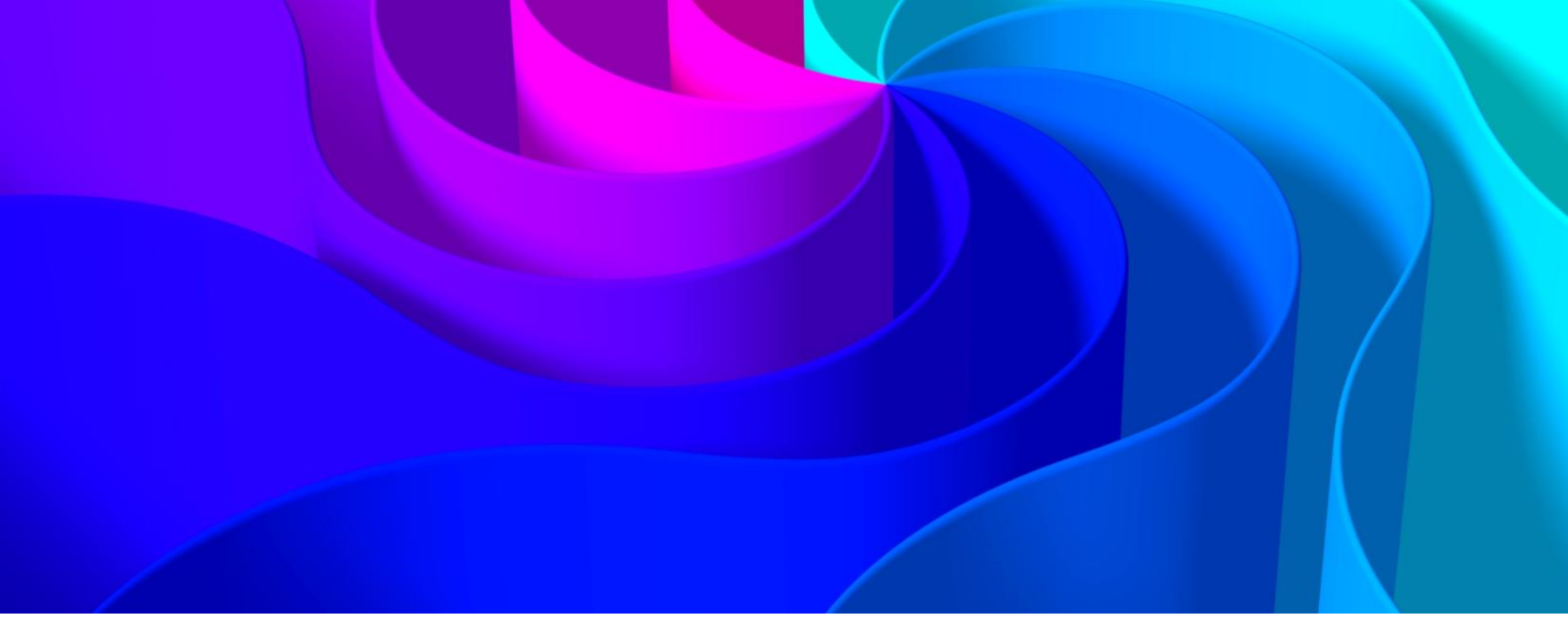
Insights & recommendations

Jakarta's strata-title apartment market is entering a more disciplined phase, with developers prioritising inventory optimisation over aggressive expansion. Rather than accelerating new launches, developers are focusing on selling ready-stock units amid higher interest rates and more cautious buyer sentiment. This approach has helped maintain market stability by limiting new supply while supporting transactions through the VAT incentive (PPN DTP) for completed units. At the same time, demand is gradually shifting from investors toward genuine owner-occupiers, particularly in the mid-range segment, where affordability, immediate occupancy, and financing accessibility have become key purchasing considerations. Developers continue to defend headline prices through promotional incentives and flexible payment schemes instead of outright price reductions.

As the market becomes increasingly inventory-driven, developers should prioritise converting existing stock rather than expanding supply. Future launches should remain selective, supported by stronger pre-sales and clear end-user demand. Well-located studio units continue to offer the strongest liquidity for investors, while stable pricing and government incentives create favourable conditions for end-users. Developers that align their products with evolving owner-occupier preferences while maintaining pricing discipline are expected to outperform in the next phase of Jakarta's apartment market.

		Q2 2026 vs Q1 2026	Full Year 2026	Avg. 2026-2029 / End 2029
Demand	Ready-stock units continue to dominate transactions, reinforcing the market's transition from speculative buying toward owner-occupier demand while supporting developers' inventory optimisation strategies.	↑ 87.9%	↑ 88%	↑ 88-89%
Supply	Despite no new supply being recorded, at least three projects were launched during this quarter, while two projects remained on hold.	↔ 0 Unit	↑ 1,500 Units	↑ 1,000 Units
Price	Prices recorded limited movement of below 0.5% QoQ, as developers continued to rely on promotional strategies rather than price adjustments.	↑ IDR36.3mio	↑ IDR36.4mio	↑ IDR36.8mio

Source: Colliers. Note: 1 USD = IDR17,529. 1 square m = 10.76 square ft.



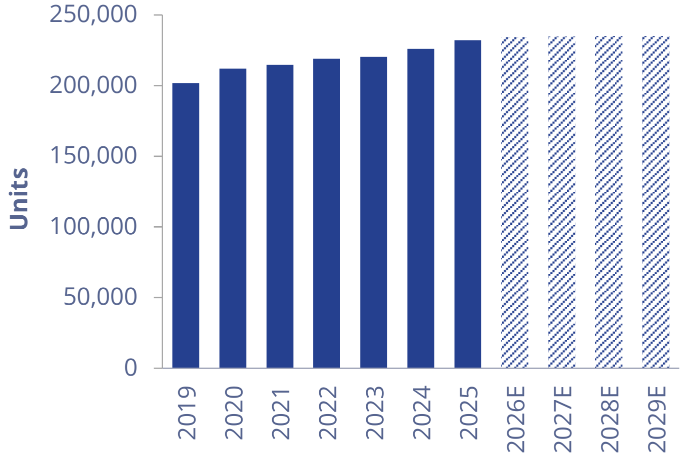
Strata-title Apartment

Developers prioritise inventory optimisation over new expansion

Jakarta's apartment market is no longer defined by the pace of new project completions, but by developers' increasingly selective approach to future expansion. Rather than accelerating new launches, many developers are prioritising the monetisation of existing inventory while carefully evaluating future projects amid higher financing costs and evolving buyer preferences. This disciplined approach has helped limit new supply while supporting a healthier market balance, allowing developers to focus on improving sales performance without creating additional competitive pressure. This strategic shift also reflects changing demand characteristics, where buyers increasingly favour completed products over future launches.

No apartment completions were recorded during the first half of 2026, leaving Jakarta's cumulative apartment inventory broadly unchanged at approximately 232,000 units. Looking ahead, around 2,500 units are scheduled for completion during 2026–2028, with nearly 60% expected to be delivered in the second half of 2026. Most upcoming supply remains concentrated in South Jakarta and is dominated by mid-range developments, reflecting developers' continued confidence in this segment's relatively resilient demand.

Cumulative supply



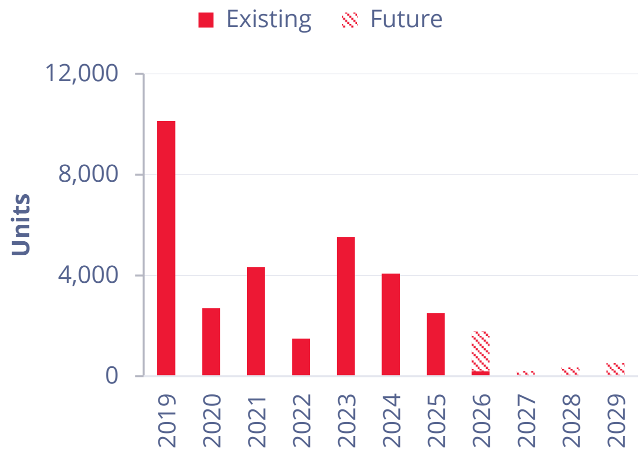
Source: Colliers

Although several new projects—including Eluna, Elora, and a development in Mega Kuningan—have entered the launch phase, two other planned projects in South Jakarta and the CBD have been postponed. This divergence illustrates a more cautious development strategy, where launches increasingly depend on market readiness, financing conditions, and pre-sales visibility rather than land availability alone. Instead of pursuing aggressive expansion, developers are adopting a phased approach that balances future growth opportunities with prudent risk management.

The current supply restraint should not be interpreted as weakening developer confidence. Rather, it reflects a strategic shift towards preserving capital and improving inventory conversion before committing to additional construction. As financing conditions remain relatively tight, developers with stronger balance sheets and established land banks are expected to retain greater flexibility in

determining the timing of future launches. Consequently, Jakarta's apartment market is likely to remain active, although future growth will be characterised by greater selectivity and stronger project differentiation than in previous development cycles.

Annual supply

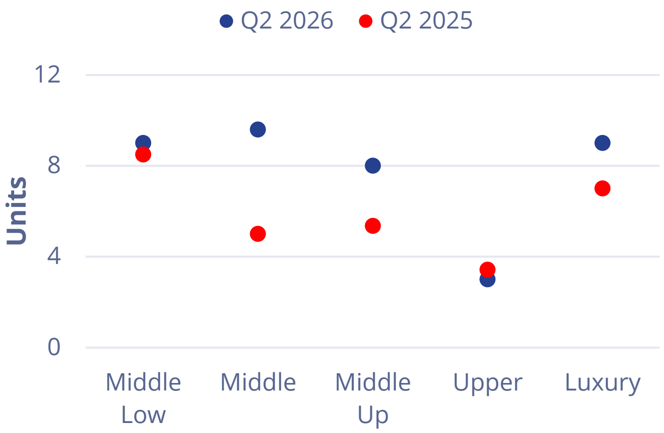


Source: Colliers

End-user demand Is gradually reshaping Jakarta's apartment market

Jakarta's apartment market is experiencing a gradual evolution in buyer composition. While investors continue to account for the majority of transactions, owner-occupiers are steadily strengthening their presence, supported by changing housing preferences, higher financing costs, and government incentives favouring ready-stock units. Unlike previous market cycles that relied heavily on speculative investment, purchasing decisions are increasingly influenced by affordability, immediate occupancy, and long-term housing needs. As a result, demand is becoming more sustainable, reducing the market's dependence on investment-led transactions.

Average unit sales*



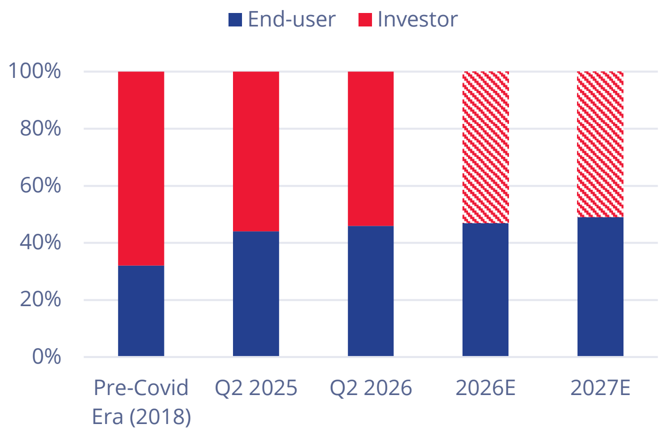
Source: Colliers
** Based on developers' typical average sales, not actual recorded sales performance*

Affordable products continue to drive market activity

Rather than viewing average unit sales as a measure of overall market strength, current sales performance primarily reflects developers' product positioning and available inventory. During Q2 2026, the mid-range segment continued to record the strongest sales momentum, supported by the availability of completed units eligible for the VAT incentive (PPN DTP). Meanwhile, the middle-upper and luxury segments also maintained healthy activity, indicating that demand remains resilient across multiple price categories despite a more cautious market environment.

The upper segment recorded relatively softer performance as value-conscious buyers increasingly gravitated towards the mid-range segment, while premium buyers continued favouring luxury developments offering stronger product differentiation. This highlights a market that is becoming more selective rather than broadly weaker.

Buyer profile



Source: Colliers

Owner-occupiers are gradually replacing investors

One of the clearest changes in Jakarta's apartment market is the narrowing gap between investor and owner-occupier demand. Although investors continue to dominate transactions, their market share has gradually declined from pre-pandemic levels as end-user participation continues to strengthen. This reflects a healthier residential market, where purchase decisions are increasingly driven by genuine housing needs rather than expectations of rapid capital appreciation.

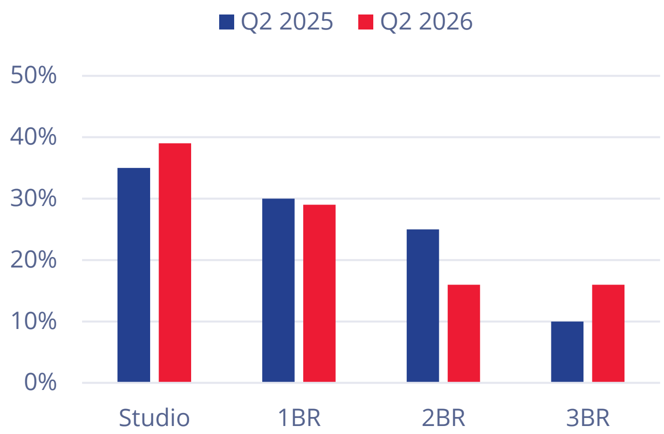
Higher borrowing costs have reduced speculative investment appetite, while the VAT incentive for completed units has encouraged more owner-occupiers to enter the market. At the same time, relatively modest rental yields have made apartments less attractive as purely investment assets, reinforcing the market's gradual rebalancing towards genuine residential demand.

Studio units reflect affordability rather than lifestyle preference

Studio apartments continued to record the strongest sales performance during Q2 2026. Beyond representing a large proportion of available inventory, their popularity reflects buyers' increasing emphasis on affordability and accessibility. Lower capital requirements, combined with eligibility for government incentives, have made studio units particularly attractive to first-time buyers as well as investors seeking relatively liquid residential assets.

The stronger performance of three-bedroom units reflects a different trend. Rather than signalling broad-based demand growth, it is largely attributable to the launch of several upper and luxury developments offering larger unit configurations. Consequently, the market is becoming increasingly segmented, with affordability driving demand in the lower-priced categories while product differentiation continues supporting premium developments.

Most saleable unit*



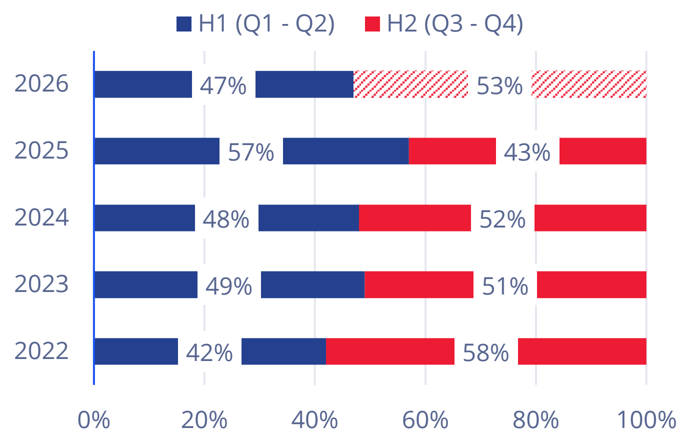
Source: Colliers
**Based on developer-reported best-selling unit type per project, not sales volume*

Ready-stock units continue to outperform

Completed projects continue to dominate market absorption, supported by the VAT incentive (PPN DTP), which applies primarily to ready-stock apartments. Combined with promotional campaigns and flexible payment schemes, these incentives are expected to sustain stronger transaction momentum during the second half of the year, in line with Jakarta's typical seasonal sales pattern.

More importantly, this reflects buyers' growing preference for certainty over construction risk. Immediate occupancy and delivery assurance are becoming increasingly important purchasing considerations, encouraging developers to prioritise inventory conversion before introducing additional projects.

Annual absorption pattern



Source: Colliers

Higher interest rates are reshaping developer strategy rather than market demand

The recent increase in Bank Indonesia's policy rate is influencing Jakarta's apartment market less through an immediate decline in demand than through a shift in developer strategy. Although higher borrowing costs may gradually affect mortgage affordability, the more immediate impact has been developers' growing caution toward launching new projects. Rather than accelerating expansion, many are prioritising the sale of existing inventory while closely monitoring financing conditions and buyer purchasing power. This reflects a more disciplined development cycle, where capital allocation has become increasingly selective amid a higher interest-rate environment.

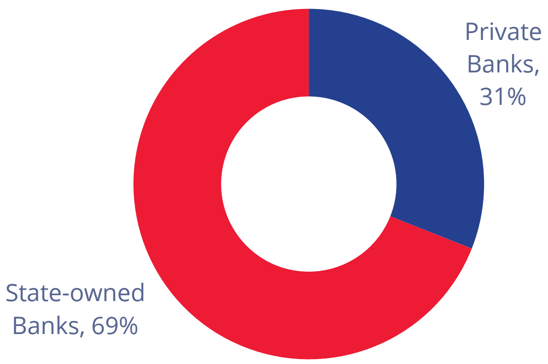
Mortgage affordability is expected to come under greater pressure during the second half of 2026 as commercial banks gradually adjust lending rates following Bank Indonesia's cumulative policy tightening. Nevertheless, the overall impact on housing demand is expected to remain manageable. Government support measures—including the VAT incentive (PPN DTP) for ready-stock units and the proposed extension of mortgage tenors to up to 40 years—should continue helping maintain affordability, particularly for first-time buyers and owner-occupiers. If implemented, the proposed extension of mortgage tenors to up to 40 years could improve housing affordability by reducing monthly instalment burdens, particularly for first-time buyers. Although its full market impact will depend on implementation details and banks' lending policies, the proposal signals the government's continued commitment to supporting residential demand.

Developers have responded by adopting a more conservative launch strategy. Instead of committing significant capital to new developments, many are focusing on improving inventory conversion, strengthening pre-sales, and preserving financial flexibility before initiating additional projects. This approach reduces development risk while allowing developers to respond more effectively to changing financing conditions and buyer preferences.

Financing partnerships also continue to play an increasingly important role in supporting residential transactions. State-owned banks remain the dominant mortgage providers across most apartment projects due to their broader market reach and stronger participation in government-supported housing programmes. Meanwhile, private banks continue to complement financing options by targeting buyers seeking greater product flexibility and tailored mortgage solutions.

Higher interest rates are not fundamentally weakening Jakarta's apartment market—they are encouraging developers to become more disciplined. Rather than suppressing demand, tighter financing conditions are accelerating the market's transition from expansion-driven growth toward inventory optimisation and stronger capital allocation.

KPA financing availability by bank type



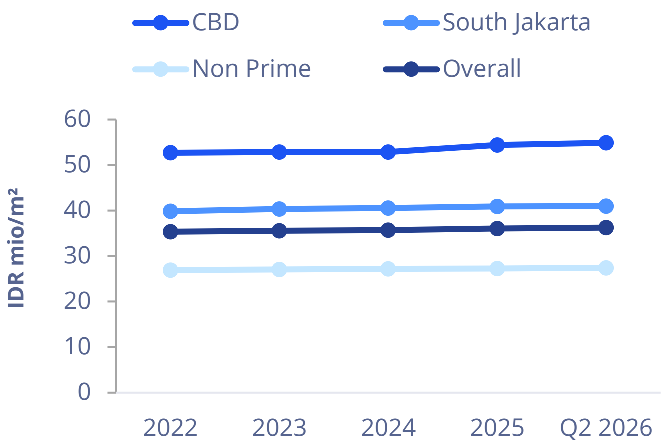
Source: Colliers

Pricing discipline replaces price competition

Pricing has become one of the clearest indicators of Jakarta's apartment market maturity. Rather than competing through outright price reductions, developers are increasingly defending headline selling prices while improving affordability through promotional incentives, flexible payment schemes, and transaction-related benefits. This shift reflects stronger pricing discipline, greater capital prudence, and confidence in the market's long-term fundamentals despite a more cautious financing environment.

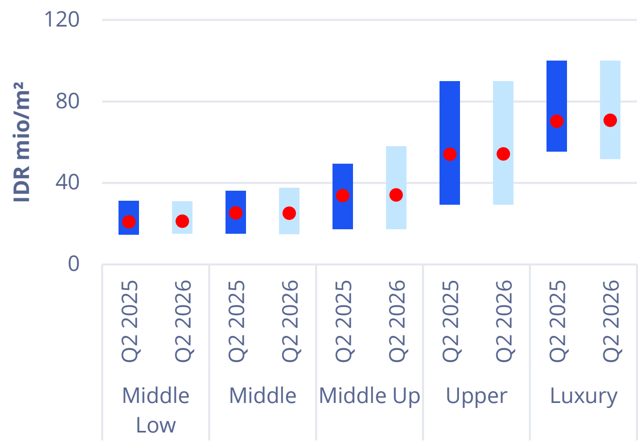
Average asking prices remained broadly stable during Q2 2026, with annual price growth remaining below 1%. Instead of adjusting base selling prices, developers increasingly relied on bundled furniture packages, cashback programmes, extended instalment schemes, booking fee incentives, and other promotional offers to improve affordability without eroding headline values. As a result, buyers benefited from lower effective acquisition costs while official selling prices remained largely unchanged, allowing developers to preserve long-term asset values and market positioning.

Asking price based on area



Source: Colliers

Asking price based on class



Source: Colliers

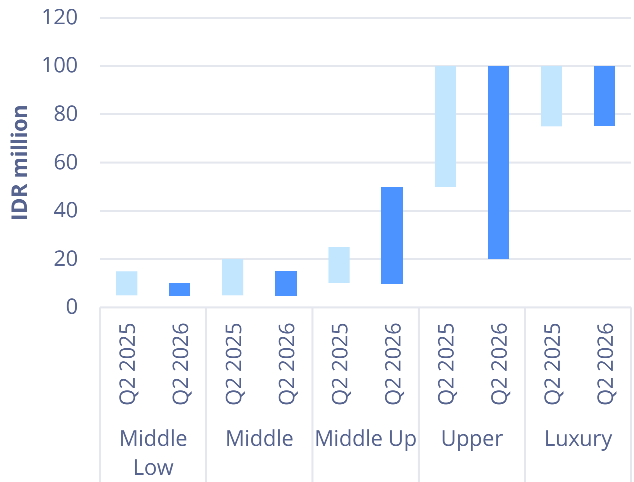
Competition has become increasingly evident within the middle-upper and upper segments, where developers continue refining their pricing strategies to strengthen market positioning. Rather than relying solely on direct price competition, developers are increasingly differentiating their offerings through transaction structures and entry-cost strategies that improve affordability while preserving headline selling prices. This reflects a broader shift from competing on nominal prices toward delivering stronger overall value propositions.

Another manifestation of this pricing discipline can be seen in developers' booking fee strategies. Rather than functioning merely as reservation deposits, booking fees are increasingly being used to reinforce product positioning and buyer segmentation. Projects with stronger demand and clearer product differentiation have generally maintained—or even increased—their booking fees, reflecting greater confidence in pricing power. Meanwhile, selected upper-segment developments have introduced lower entry costs to broaden their buyer base without compromising headline selling prices.

Looking ahead, apartment prices are expected to remain relatively stable as developers continue balancing affordability with value preservation. Limited new supply, a more disciplined project launch pipeline, and continued emphasis on inventory monetisation should help prevent significant downward pricing pressure. Promotional incentives are therefore expected to remain developers' preferred strategy for sustaining sales momentum, while outright price reductions are likely to remain limited. Under current market conditions, developers appear more willing to sacrifice short-term incentives than long-term pricing integrity.

Jakarta's apartment market is no longer competing on price, but on value proposition. Developers are increasingly preserving headline selling prices while lowering buyers' effective acquisition costs through incentives and transaction-based strategies, reflecting a more mature market focused on protecting long-term asset values rather than maximising short-term sales.

Booking fee



Source: Colliers

Serviced Apartment

Currency movements are reshaping Jakarta's serviced apartment market

Unlike the strata-title apartment market, where financing conditions are increasingly shaping buyer behaviour, Jakarta's serviced apartment sector is being influenced more directly by currency movements and corporate mobility trends. The depreciation of the Indonesian Rupiah, combined with sustained expatriate inflows from long-term investment projects, is creating a different market dynamic in which affordability, leasing flexibility, and operational convenience are becoming increasingly important competitive advantages. As a result, the serviced apartment market continues to evolve as a complementary residential product that serves the changing needs of multinational companies and internationally mobile professionals. This creates a fundamentally different demand cycle from the strata-title apartment market, where financing conditions remain the primary market driver.

Operators optimise existing inventory rather than pursuing expansion

No new serviced apartment projects were completed during Q2 2026. Instead of expanding inventory, operators continued optimising existing stock by reconfiguring unit layouts, subdividing larger apartments, and releasing previously unavailable inventory such as penthouses. These initiatives reflect changing tenant preferences towards more flexible accommodation options rather than a need for additional supply.

The absence of significant new supply has also helped maintain a more balanced competitive environment. Rather than increasing market pressure through additional inventory, operators have been able to focus on improving occupancy, enhancing product quality, and responding more effectively to evolving expatriate housing requirements. This suggests that future competitiveness will depend less on expanding inventory and more on improving operational efficiency and product relevance.

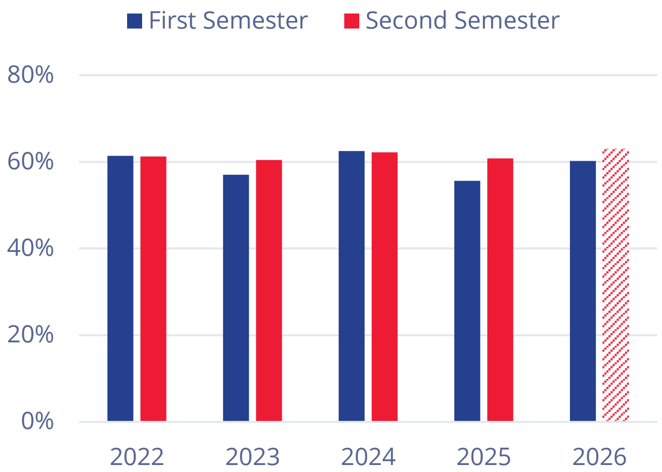
The serviced apartment market is no longer driven by supply expansion, but by inventory optimisation. Operators are increasingly creating value through product reconfiguration and operational flexibility rather than adding new units.

Corporate mobility and currency trends continue to support leasing activity

Unlike conventional residential leasing, serviced apartment demand is closely linked to expatriate mobility and corporate housing policies. During Q2 2026, occupancy remained relatively stable despite normal seasonal fluctuations, supported by continued inflows of expatriates involved in long-term investment projects across the energy, industrial, and digital infrastructure sectors. Short-term demand also received temporary support from the extended holiday period, although long-term corporate leases continued to form the market's primary demand base.

More importantly, the depreciation of the Rupiah has strengthened the relative attractiveness of serviced apartments for multinational companies operating with US Dollar-denominated housing budgets. As exchange-rate movements increase purchasing power in Rupiah terms, many companies are able to secure larger or higher-quality accommodation without increasing their overall housing expenditure. This has improved leasing activity while reinforcing serviced apartments as an increasingly attractive alternative to conventional residential leasing.

Occupancy rate



Source: Colliers

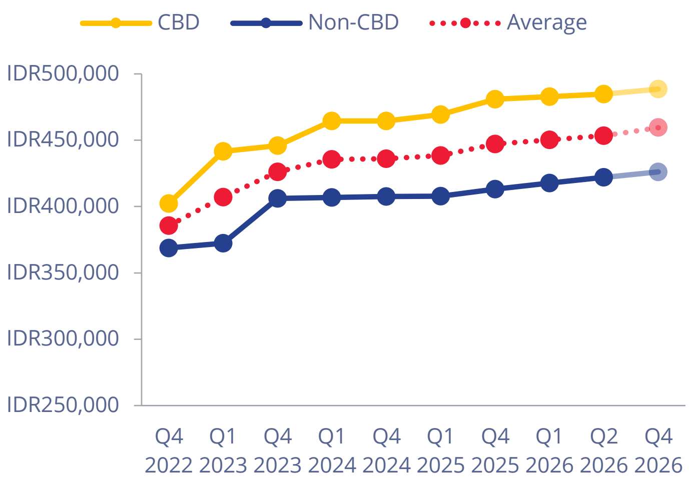
Looking ahead, long-term investment projects are expected to continue supporting expatriate demand throughout the remainder of 2026. Consequently, market performance will depend less on short-term occupancy fluctuations and more on the sector's ability to accommodate changing corporate housing requirements with greater flexibility and service quality.

Rental growth remains supported by affordability and pricing discipline

Average serviced apartment rents remained broadly stable during Q2 2026, continuing the gradual recovery observed since the post-pandemic period. Rather than pursuing aggressive rental increases, operators have generally maintained pricing discipline while aligning rental adjustments with annual leasing cycles. Consequently, rental movements remain relatively moderate despite continued improvement in occupancy and expatriate demand.

Looking ahead, the next major rental adjustment is expected during the transition from Q4 2026 to Q1 2027, when many operators traditionally review pricing for the new leasing cycle. Should Rupiah depreciation persist, serviced apartment operators may gain greater flexibility to increase Rupiah-denominated rental rates while remaining affordable for multinational companies with US Dollar-based housing budgets. This creates a favourable pricing environment in which operators can improve revenue without materially reducing corporate affordability.

Rental rate



Source: Colliers

The same exchange-rate dynamic is also expected to influence unit preferences. Companies whose housing budgets were previously sufficient only for two-bedroom units may increasingly consider upgrading to three-bedroom apartments without increasing their US Dollar expenditure. This trend could gradually lift average revenue per occupied unit while reinforcing the premium positioning of higher-specification serviced apartments.

For serviced apartments, exchange-rate movements are becoming as influential as occupancy in determining rental performance. Rather than weakening demand, Rupiah depreciation is improving multinational companies' purchasing power and creating opportunities for operators to enhance revenue through higher-value unit configurations.

Appendix

Under construction project of Strata-title Apartment

Apartment Name	Location	Region	Developer	#Units	Class
2026					
The Aspen Peak Residence by Rumapadu	Jl. Fatmawati	South Jakarta	Harmas Jalesveva	320	MU
Vittoria Residence (Tower Citrine)	Jl. Daan Mogot	West Jakarta	PT. Duta Indah Kencana	312	M
LRT City Tebet - The Premiere MTH (Orchid Tower)	Jl. MT Haryono	East Jakarta	Adhi Karya	390	M
South Quarter Residence (Tower E)	TB Simatupang	South Jakarta	Intiland	336	MU
Solterra Place (Tower Suites)	Pejaten	South Jakarta	Waskita Realty	537	M
2027					
Two Senopati (Tower 1)	Jl Senopati II	South Jakarta	Asiana Group	112	UP
LRT City Tebet – The Premiere MTH (Lotus Tower)	Jl. MT Haryono	South Jakarta	Adhi Karya	201	M
Edensuite Casablanca	Jl. Raya Casablanca	South Jakarta	TCP Internusa	233	MU
2028					
Two Sudirman	Jl. Karet Pasar Baru Timur	CBD	Mitsubishi Estate, Taspen Properti, and Benhil Property	339	LUX
Prima Home Kuningan	Jl. Mega Kuningan Barat	CBD	Wiratara Prima	NA	UP
2029					
Indonesia Satu	Jl. MH Thamrin	CBD	Media Group, Surya Indonesia Satu Properti	140	LUX
Eluna (Kota Kasablanka Phase 4)	Jl. Raya Kasablanka	South Jakarta	Pakuwon Group	379	UP
Elora (Kota Kasablanka Phase 4)	Jl. Raya Kasablanka	South Jakarta	Pakuwon Group	379	UP

Source: Colliers

New pipeline of Serviced Apartment project

Name of Development	Location	Area	#units	Completion date
Oakwood Fatmawati	Fatmawati	South Jakarta	280	2026
Oakwood Slipi	Slipi	West Jakarta	155	2026
Capri by Fraser	Karet Kuningan	South Jakarta	250	2027

Source: Colliers

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