

INDUSTRIAL SERVICES FORECAST REPORT




The EV boom is shaping the future of industry

Quarterly | Greater Jakarta | November 2024

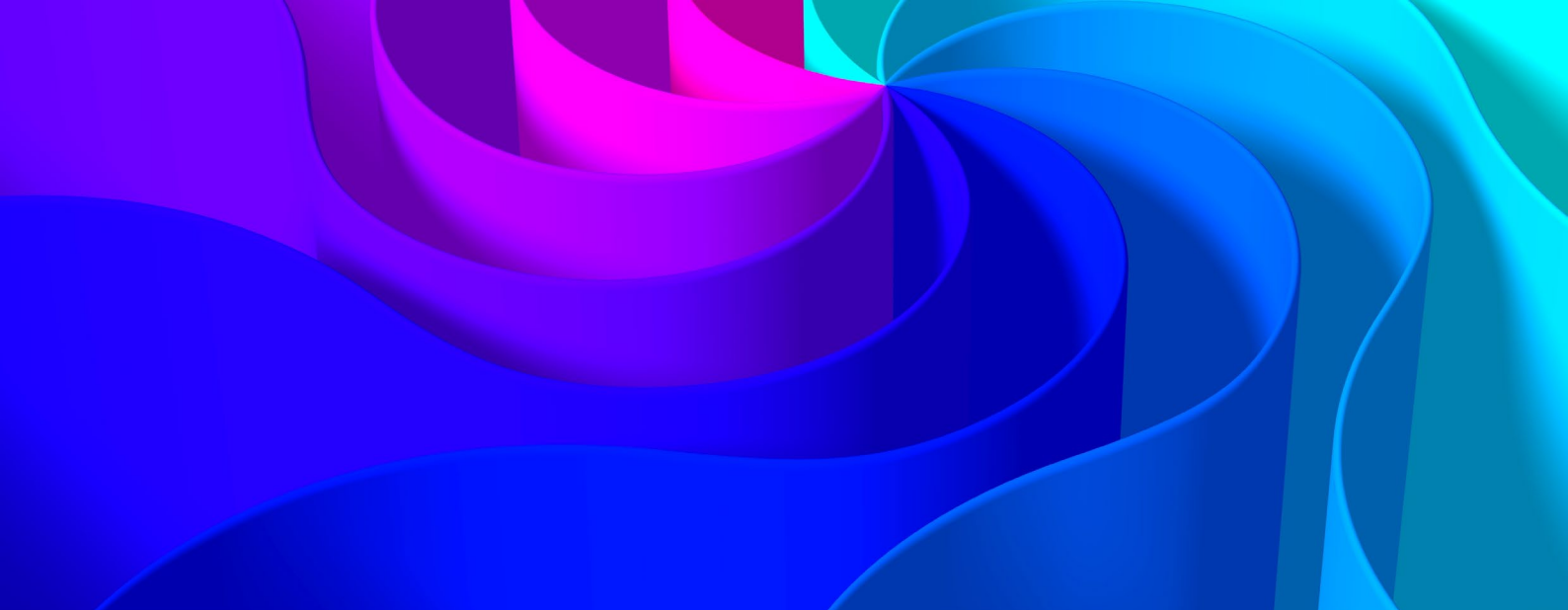
Insights & recommendations

Indonesia's industrial land market is undergoing a dynamic transformation, driven by significant growth and shifting investment priorities. Established hubs like Bekasi and Tangerang are facing stagnation and land scarcity, prompting a shift in focus to emerging regions such as Subang, Sukabumi, and Jatiluhur, which are actively expanding supply to meet increasing demand. This evolution is fueled by robust land absorption in 2024 and the electric vehicle (EV) industry's dominance, supported by strong foreign and domestic investments.

To ensure sustainable growth, developers should prioritize investments in high-potential regions like Subang, Jatiluhur, and Sukabumi, where ample opportunities for expansion exist. Addressing infrastructure challenges, such as delays in connectivity projects, is essential for unlocking the full potential of these areas. Meanwhile, maintaining competitive pricing in established hubs like Karawang and Tangerang is crucial to attracting diverse industries while aligning with market trends. Additionally, industrial estate managers should focus on tailoring their offerings to meet the needs of high-demand sectors, including EVs, food and beverages, and pharmaceuticals. Advanced infrastructure and strategic marketing will further enhance the appeal of these regions, securing continued growth and investment in Indonesia's industrial land market.

		Q3 2024	Full Year 2024	2024-26 Annual Avg
 <p>Demand</p>	Demand is driven by the rapid expansion of the electric vehicle (EV) sector, along with contributions from other key industries, marking a transformative period for the sector.	↓ 100.1 Ha	↑ 370 Ha	↑ 298.5 Ha
	 <p>Supply</p>	The industrial land market saw stagnation in established hubs like Bekasi, Tangerang, and Bogor, with Bekasi facing limited land availability for new developments. As a result, attention is shifting towards emerging regions such as Sukabumi, Subang, Jatiluhur, and Purwakarta, which are actively expanding their industrial estates to meet growing demand.	↔ 0 Ha	↔ 130 Ha
 <p>Price</p>		In key areas such as Karawang, Bekasi, and Tangerang, prices have been rising due to factors like consistent sales, competitive pressures, and currency fluctuations. However, in Tangerang, the limited availability of land has led to a sharp increase in prices.	↑ USD71.26	↑ USD174.17
			QOQ/ End Q3	YOY/ End 2024

Source: Colliers. Note: IDR15,820 = 1 USD.



Emerging regions poised for industrial land growth as established areas face limited supply

In established industrial hubs such as Bekasi, Tangerang, and Bogor, land supply remained largely stagnant during Q3 2024, with some estates entirely sold out. Bekasi, in particular, is grappling with dwindling land availability, offering limited options for new developments.

Conversely, emerging regions like Sukabumi are actively expanding their industrial estates and selling off existing inventory, signaling a gradual shift in focus away from the more saturated areas. Additionally, significant future supply is expected from eastern regions such as Subang and Jatiluhur, where newly planned industrial estates are poised to play a pivotal role in meeting growing demand. Subang, Jatiluhur, and Purwakarta stand out as high-potential areas for industrial development, underlining strong prospects for long-term growth.

However, infrastructure challenges persist in some areas. For instance, Kota Bukit Indah (Indotaisei) has faced delays in completing new land development, primarily due to the postponement of a critical connecting bridge, now slated for completion in 2025.

Meanwhile, Karawang and Serang remain critical regions, holding the largest reserves of industrial land. Serang, in particular, continues to expand its industrial estates, showcasing robust development activity and cementing its position as a key player in the industrial land market.

Overall, while established areas struggle with limited new supply, the focus is increasingly shifting towards emerging and eastern regions such as Subang, Jatiluhur, and Purwakarta, which offer substantial potential for future industrial land development. Infrastructure investment remains a crucial determinant of new supply timelines, emphasizing the need for enhanced connectivity and support systems to sustain growth in these regions.

A strong performance driven by the EV Sector and diverse industry growth

The industrial land market in Indonesia achieved significant milestones through Q3 2024, surpassing the total sales of 2023 and even exceeding the record set since 2020. Land absorption year-to-date in 2024 reached 320 hectares, a substantial increase compared to the annual average of 200 hectares recorded from 2020 to 2023. This remarkable performance signals a strong recovery and robust growth within the industrial sector. The rapid expansion of the electric vehicle (EV) sector, coupled with steady contributions from other key industries, marks this period as a transformative phase for the sector. Subang Smartpolitan's rise as a leading industrial park highlights the diverse opportunities emerging, with positive trends suggesting sustained growth and increasing investment, positioning Indonesia as a prime destination for industrial expansion.



A major driver behind this growth is the EV sector, which has emerged as the dominant force in industrial land demand, surpassing the data center sector that had previously led the market. The surge in EV-related industries, including battery production and other supporting activities, underscores the automotive sector's pivotal role in this expansion. The Karawang region, in particular, has become a hotspot, with significant contributions from both EV and traditional automotive companies.

Beyond the EV sector, other industries have also played critical roles in sustaining growth. Sectors such as building materials, consumer goods (FMCG), food and beverage (F&B), electronics, and pharmaceuticals have made substantial contributions to overall land sales. While the data center sector has remained relevant, it has seen a decline in land purchases, with sales dropping to 35.6 hectares by Q3 2024, compared to 67.4 hectares in 2023, particularly in industrial estates.

Several industrial parks saw notable sales during Q3 2024. Subang Smartpolitan led the market for the second consecutive quarter, with 33 hectares in transactions driven by household goods, garments, and automotive companies. Artha Industrial Hill in Karawang followed closely, selling 21.9 hectares to industries such as oil and gas warehouses, electrical devices, and EV batteries. Krakatau Industrial Estate Cilegon (KIEC) secured a 13-hectare leasing transaction, primarily from the building materials sector. Meanwhile, Greenland International Industrial Center (GIIC) maintained strong performance, with 10.8 hectares sold, including 5.2 hectares for data centers, 3 hectares for automotive-related industries, and 2.6 hectares for FMCG companies.

Foreign direct investment (FDI) has significantly boosted the industrial sector, with notable contributions from companies in India, China, Japan, and France. Nonetheless, domestic investment has remained the primary source of funding for industrial land transactions.

Looking ahead, the demand for industrial land is expected to remain strong, particularly in locations like Kota Bukit Indah, where logistics and warehousing companies are driving interest. Automotive-related investments from China, Korea, and Japan are also expected to grow, further solidifying Indonesia's position as a hub for industrial development. As of this quarter, Kota Bukit Indah has secured rental commitments for 2 hectares from food manufacturing and automotive warehouse companies, expanding operations for both Singaporean and Indonesian firms.

In the KIIC, 3.55 hectares were sold to two automotive companies—one Indian and one Japanese—for expansion purposes. This robust activity underscores the attractiveness of Indonesia's industrial estates to a wide range of industries. The automotive sector continues to be a pivotal player, particularly in estates like KIIC, where 80% of resident companies are automotive-related. This focus creates unique opportunities for land sales catering to the expansion needs of automotive spare parts companies. Future projections suggest that industrial sector investments, both foreign and domestic, will continue to dominate through 2024 and 2025. Key sectors driving this demand are expected to include data centers, F&B, and pharmaceuticals, all of which present significant opportunities for industrial estates to align their offerings with sector-specific needs, such as advanced infrastructure for data centers and facilities for food processing and pharmaceutical production.



Similarly, in Suryacipta, approximately 3.5 hectares were acquired, with 2 hectares allocated to a consumer goods company and 1.5 hectares to a pharmaceutical company. Meanwhile, Jababeka in Bekasi saw the sale of 2.5 hectares, divided among a local pharmaceutical company, paint, chemical, and F&B companies.

Overall, the Indonesian industrial land market remains strong, with continued demand from a diverse range of industries. The strategic positioning of industrial estates, along with their ability to cater to emerging sector needs, will be key to capitalizing on this growth trajectory.

Sales performance of industrial estates during Q3 2024



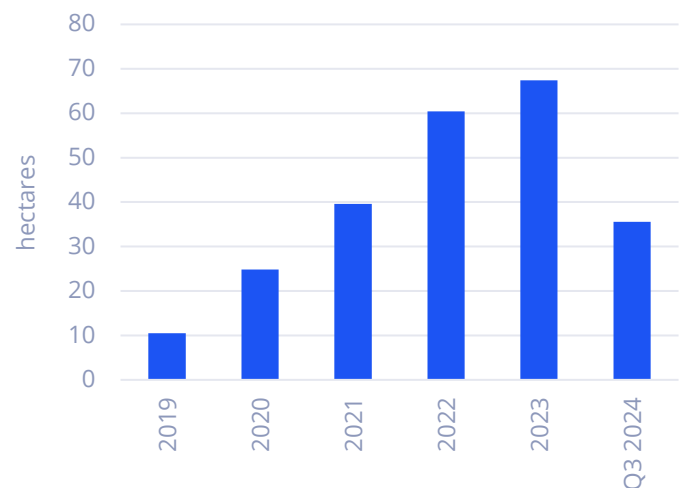
Source: Colliers

Annual absorption of industrial land



Source: Colliers

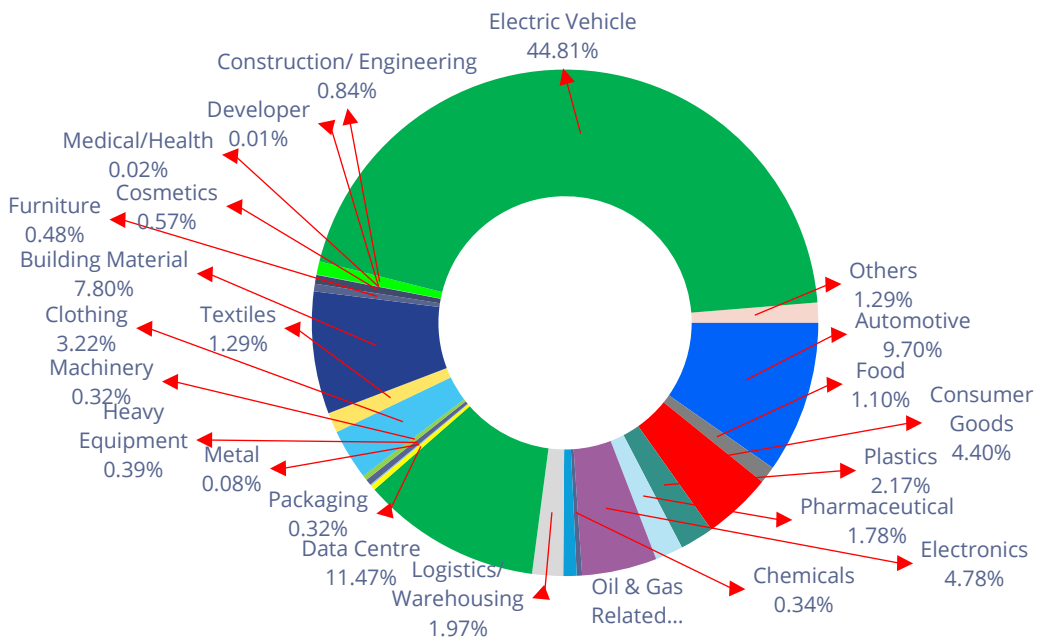
Industrial Land Absorption by Data Centre Sector



Source: Colliers



Active sectors acquiring industrial land in Q3 2024



Source: Colliers

Industrial land prices in Indonesia are rising in key areas like Karawang, Bekasi, and Tangerang, driven by demand, competition, and scarcity

Industrial land prices in Indonesia are undergoing notable adjustments, influenced by regional performance, market dynamics, and macroeconomic factors. Key areas such as Karawang, Bekasi, and Tangerang are at the forefront of these changes, reflecting diverse trends shaped by sales consistency, competition, and currency fluctuations.

In Karawang and Bekasi, industrial land prices have risen steadily, largely to align with prevailing market rates in surrounding regions. Karawang has seen price increases across multiple industrial estates, driven by consistent sales performance in recent quarters. Similarly, in Bekasi, one industrial estate is adjusting its pricing strategy to stay competitive with neighbouring industrial areas.

A more striking development has occurred in Tangerang, where limited land availability has sharply driven up prices. Remaining plots, now priced at IDR 7 million per square meter (up from IDR 6 million last year), are targeting industries with urgent and specific land requirements. This significant price jump highlights how scarcity and high demand can reshape pricing strategies in competitive markets.

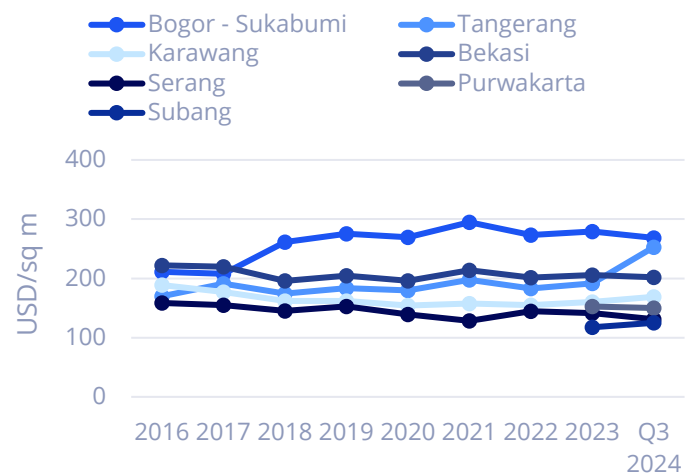


Currency fluctuations, particularly changes in the USD/IDR exchange rate, have also played a role in shaping industrial land prices. While some regions have experienced price increases due to strong demand and strategic alignment with market trends, others have seen reductions linked to exchange rate volatility.

These pricing adjustments reflect a combination of market forces and strategic decisions by industrial estate management. In most cases, the increases remain within the average range for the surrounding areas, ensuring competitiveness without exceeding market expectations. The broader trends illustrate how regional variations, market dynamics, and macroeconomic factors combine to influence pricing across Indonesia's industrial land market.

The situation in Tangerang exemplifies the impact of scarcity on pricing, while Karawang and Bekasi underscore the importance of aligning with regional market trends.

Average land prices in several regions



Source: Colliers



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