OFFICE SERVICES FORECAST REPORT

A two-speed recovery begins to take shape

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Insights & recommendations

Jakarta's office recovery entered a more differentiated phase in Q3 2026. Leasing activity continued to improve, but the more important change was in the character of demand. After several years dominated by rightsizing, relocation and workplace optimisation, selective expansion requirements are beginning to emerge. This is an encouraging signal, but not yet evidence of a broad-based recovery: a significant share of activity still reflects occupiers moving between buildings rather than creating entirely new occupied space.

At the same time, Jakarta is increasingly becoming a two-speed office market. Overall vacancy remains substantial and market conditions are still broadly tenant-favourable, yet several Premium buildings are already operating at high occupancy and beginning to regain pricing power. The implication is increasingly clear: Jakarta may still have abundant vacant office space, but the availability of the space occupiers most want—high-quality, well-located and operationally efficient—is becoming more constrained.

This divergence is changing the basis of competition. Flight-to-quality is increasingly a flight-to-value, with occupiers assessing not only building specifications and rent, but also accessibility, ESG credentials, amenities, fit-out requirements and the ease of occupying the space. Fitted and furnished offices are particularly relevant as companies seek to minimise upfront CapEx and shorten relocation timelines.

For landlords, the next phase of recovery will therefore be less about competing on headline rent alone and more about reducing the barriers to occupancy. Assets that combine quality, competitive total occupancy costs, flexible leasing structures and ready-to-use space are likely to capture a disproportionate share of recovering demand.

		Q3 2026 vs Q2 2026	Full Year 2026	Avg. 2026-2029 / End 2029
Demand	Demand to strengthen gradually through 2026–2029, driven by flight-to-quality and business expansion particularly energy, consumer goods, and technology sectors.	0.2% ↑ 24,209 m²	2.4% ↑ 198,555 m²	2.4% ↑ 198,391 m²
Supply	Limited new supply through 2028 as developers maintain a disciplined pipeline amid available office space.	0.3% ↑ 33,300 m²	0.9% ↑ 104,843 m²	0.4% ↑ 50,211 m²

		Q3 2026 vs Q2 2026	Full Year 2026	Avg. 2026-2029 / End 2029
Rent	Average rents are forecast to rise, led by Premium buildings and prime Sudirman location, supported by improving occupancy and selective pricing power.	0.2% ↑ IDR 194,366	4.3% ↑ IDR 201,717	3.6% ↑ IDR 224,178
Vacancy	Vacancy expected to decline gradually, led by stronger demand for Premium and Grade A assets, with recovery remaining selective by location and grade.	-0.7% ↓ 26.8%	-1.1% ↓ 25.7%	-1.5% ↓ 21.1%
Selling Price	Investment activity remains subdued as cautious sentiment persists, with flexible pricing key to unlocking transactions.	0% ↔ IDR 46.3mio	-6.1% ↓ IDR 46.61mio	1.5% ↑ IDR 48.7mio

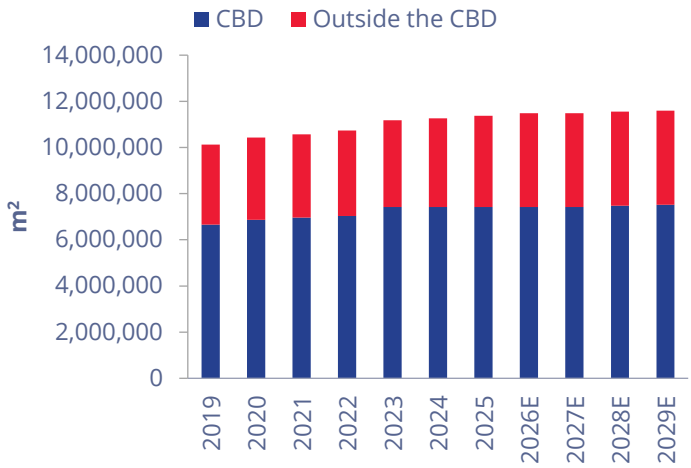
Source: Colliers. Note: 1 USD = IDR17,870. 1 square m = 10.76 square ft.

Supply: Limited new development shifts the focus to existing assets

Jakarta's office pipeline remains disciplined. CBD supply is broadly stable at approximately 7.4 million m^2, with Two Sudirman targeted for completion in 2028 and Indonesia 1 (North Tower) expected in 2029. Outside the CBD, Arumaya Financial Center in TB Simatupang added to stock in Q3 2026, while no other major developments are currently expected through at least 2030. The absence of a large development wave gives existing buildings time to rebuild occupancy as demand gradually improves.

More importantly, limited new supply is shifting the strategic question from how much space Jakarta needs to how effectively existing space can be repositioned. For owners, this places greater emphasis on asset quality, amenities, accessibility, ESG performance and leasing flexibility. In a market where occupiers can still choose among multiple alternatives, supply discipline alone will not lift every building equally; it will mainly benefit assets that remain relevant to changing tenant requirements..

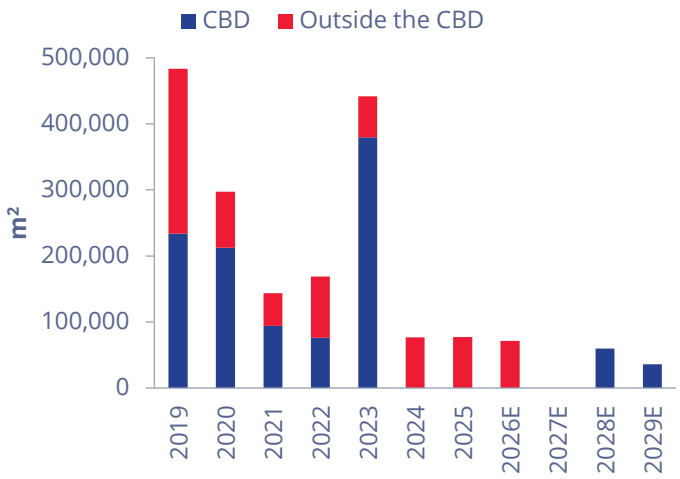
Jakarta cumulative supply



Source: Colliers



Jakarta annual supply

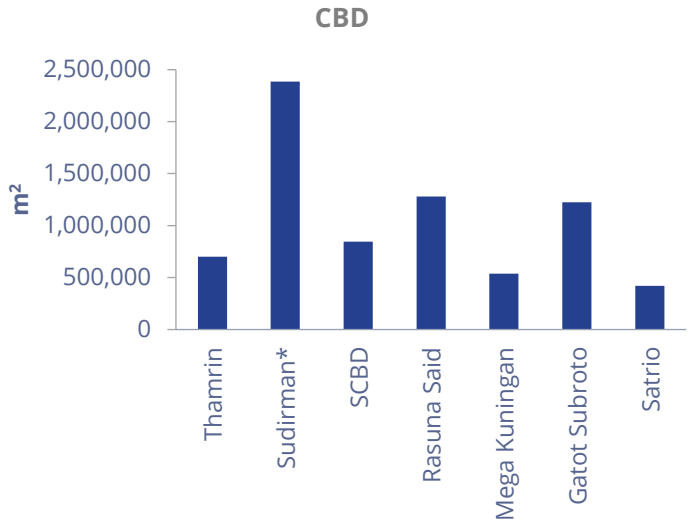


Source: Colliers

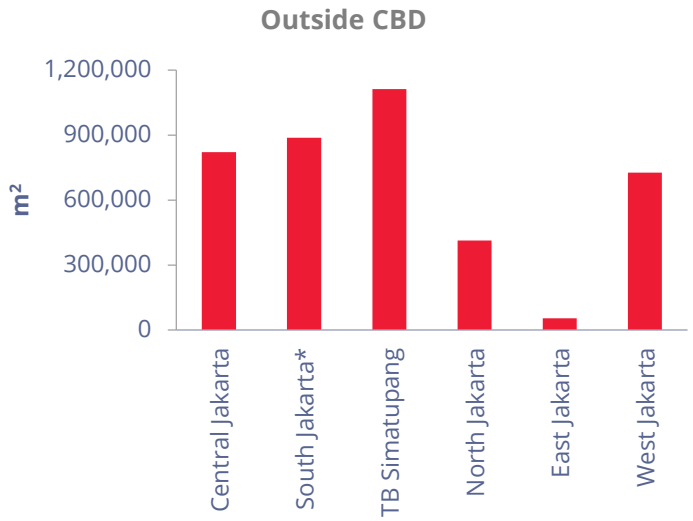
Amenity upgrades and building improvements therefore need to be assessed as part of an asset-positioning strategy rather than simply as capital expenditure. Buildings that can translate upgrades into a clearer occupier proposition should be better placed to capture demand as the market recovers.

The supply outlook consequently supports recovery without eliminating competition. With little new stock entering the market, absorption can gradually reduce vacancy, but the benefits will be uneven. High-performing assets can tighten faster, while older or less competitive buildings may continue to carry substantial vacant space unless they are repositioned.

Exiting supply by sub-market & rea, as of Q3 2026



Source: Colliers
**Sudirman (excluding SCBD are)*



Source: Colliers
**) South Jakarta: excluding TB Simatupang area*



Demand: From rightsizing to selective expansion

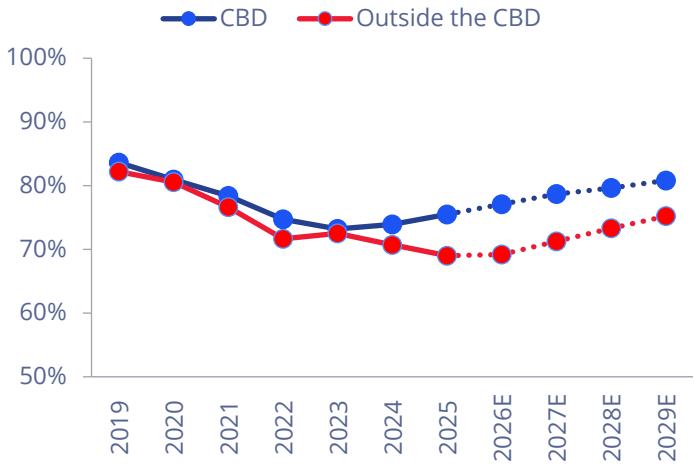
CBD occupancy reached approximately 76.3% in Q3 2026, but the headline figure understates the divergence beneath it. Premium and Grade A buildings continued to outperform, while leasing activity increasingly included selective expansion requirements alongside relocation and flight-to-quality. Office Services also reported relatively few new downsizing cases during the quarter. This suggests that demand is beginning to move beyond pure space optimisation, although the shift is still too narrow to call a full market recovery.

Occupier decisions remain highly selective. Strong transport connectivity, established amenities and building quality continue to matter, but tenants are increasingly evaluating the complete value of a workplace: accessibility, management quality, ESG credentials, operational readiness and total occupancy cost. This helps explain why some Premium buildings are tightening even while the city as a whole retains substantial vacancy.

Several Premium assets are already operating at occupancy levels above 90%, giving landlords greater confidence to defend rents and reduce concessions. By contrast, buildings with higher vacancy still need to compete actively for tenants. Jakarta is therefore no longer moving as a single office cycle: pricing power is returning first to assets where quality and scarcity coincide.

This two-speed recovery also reframes flight-to-quality. Tenants are not simply moving to newer buildings; they are moving where the improvement in quality is attractive relative to the incremental cost. With rental gaps between grades still manageable in selected locations, upgrading can remain economically rational even for cost-conscious occupiers.

Occupancy



Source: Colliers

Improving CBD leasing demand was supported by activity across key business corridors, particularly Sudirman—including SCBD—as well as Gatot Subroto and Thamrin. However, stronger transaction activity should not be interpreted automatically as equivalent net absorption. Relocations can create clear winners and losers among buildings without materially increasing total occupied stock across the market.

By grade, higher-quality assets continued to outperform, with average occupancy approaching 78% for Grade A buildings and nearly 84% for Premium buildings. This reinforces a broader quality-mismatch issue: Jakarta still has significant vacant space, but an increasing share of active demand is concentrated in a narrower pool of buildings that meet current occupier expectations.

Hybrid working remains part of workplace strategy, particularly among multinational companies, but it has not produced a uniform reduction in space requirements. A benchmark of around one employee per 10 m^2 remains common, while some occupiers



are improving efficiency by relying more on shared building facilities rather than aggressively increasing workplace density. Physical offices therefore remain important for operations, collaboration and corporate presence, even as attendance patterns evolve.

Green certification is also moving closer to an expected standard, especially among multinational occupiers. At present, however, it functions more as a requirement to compete than as an automatic source of rental premium. In other words, ESG credentials increasingly help a building stay on the shortlist; they do not by themselves guarantee stronger pricing.

Ready-to-occupy space reduces the friction of relocation

One of the clearest leasing trends is the growing preference for fitted, furnished and ready-to-occupy space. Upfront fit-out CapEx can be a material barrier even when a tenant has a strong business case to relocate or upgrade. By reducing that initial investment and shortening the time needed to commence operations, ready-to-use space can materially improve conversion from inquiry to signed lease.

The opportunity is particularly relevant for small and medium-sized requirements, where speculative fitted units can allow tenants to inspect a completed workplace and make decisions quickly. Larger occupiers generally require more customised solutions, but the principle is the same: landlords that reduce the cost, time and complexity of moving can create value beyond a simple rental discount.

This changes the competitive question from 'How low is your rent?' to 'How easy is it for the tenant to move in?' In a CapEx-sensitive market, the strongest proposition can be a combination of competitive rent, fitted or furnished space, flexible lease terms and good building quality.

Emerging demand: Expansion is appearing, but the pipeline requires caution

Business expansion broadened the demand base in Q3. Office Services observed occupiers increasing space after securing new projects or business requirements, alongside inquiries from companies establishing new operations in Indonesia. Energy—particularly oil & gas—was one of the more notable sources of inquiry, while technology, logistics, consumer-related businesses and supporting industries remained active.

The oil & gas pipeline should nevertheless be interpreted cautiously. Some requirements remain at tender or exploration stage and may take considerable time to convert into signed leases. If projects proceed, they could create incremental demand over several years; for now, they are better viewed as an emerging pipeline than as fully realised absorption. Technology demand shows a similar evolution: activity increasingly includes expansion and relocation by companies already present in Indonesia rather than only new market entrants.

Tenant confidence is improving but remains measured. Three-to-five-year lease terms are still common, with newer businesses generally preferring shorter commitments while established companies are more comfortable with longer leases. Activity from Chinese occupiers also increasingly reflects existing companies expanding, moving from serviced offices to conventional offices, or increasing their



footprints—another indication that the market is gradually shifting from entry-led demand toward operational expansion.

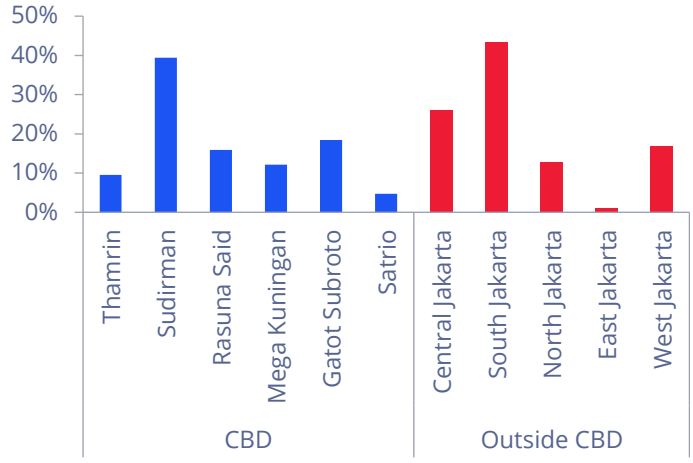
Outside the CBD, occupancy eased to approximately 68% in Q3 2026 following additional supply and still-recovering demand. Grade A occupancy improved to around 70%, while Grade B and Grade C performance softened, reinforcing the flight-to-quality trend. The result is not a uniform outside-CBD story: performance increasingly depends on the competitiveness of individual buildings.

TB Simatupang illustrates this asset-level differentiation. Traffic congestion remains a constraint, but buildings with alternative access, strong connectivity, good quality and established amenities can still achieve strong occupancy. Location labels alone are therefore becoming less useful than the actual accessibility and workplace proposition of each asset.

Additional relocation demand may also emerge from changes in the use of selected SOE buildings as space is optimised within government-related ecosystems. Such moves can support leasing activity in commercial buildings, although—like other relocations—they should not be confused with net-new market demand.

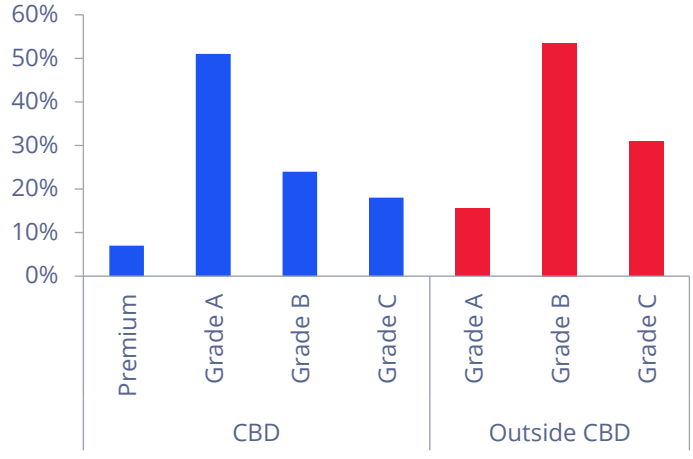
Taken together, Q3 points to an early change in the demand cycle: downsizing and rightsizing have given way to relocation and flight-to-quality, and selective expansion is now beginning to appear. The transition is encouraging, but the next test is whether expansion becomes broad enough to generate sustained net absorption rather than simply redistribute tenants among buildings.

Vacant space distribution by area



Source: Colliers

Vacant space distribution by building grade



Source: Colliers



Base rent: Pricing power is returning building by building

Jakarta's rental market remained broadly tenant-favourable in Q3 2026, but pricing conditions are increasingly determined at the asset level. Selected Premium buildings with constrained vacancy are beginning to regain pricing power, while high-vacancy assets continue to compete through rental adjustments, incentives and flexible lease structures. A citywide average therefore increasingly masks two very different negotiating environments.

Premium buildings remain at the upper end of the rental spectrum, with asking base rents generally around IDR 350,000 per m^2 per month and selected high-grade assets quoting above this level. Where occupancy is high and comparable alternatives are limited, landlords have greater ability to defend or gradually increase rents. Elsewhere, occupiers retain substantial negotiating leverage.

The key determinant of pricing power is increasingly the combination of occupancy, building quality, location and the availability of substitutes. This is why Jakarta can remain tenant-favourable overall while individual Premium assets move closer to landlord-favourable conditions.

Headline asking rent is consequently becoming a less complete measure of competitiveness. Achievable rent and total occupancy cost depend on the commercial package around the lease, including incentives, fit-out requirements, service charges and the time required to occupy the space.

Leasing packages matter more than headline rent alone

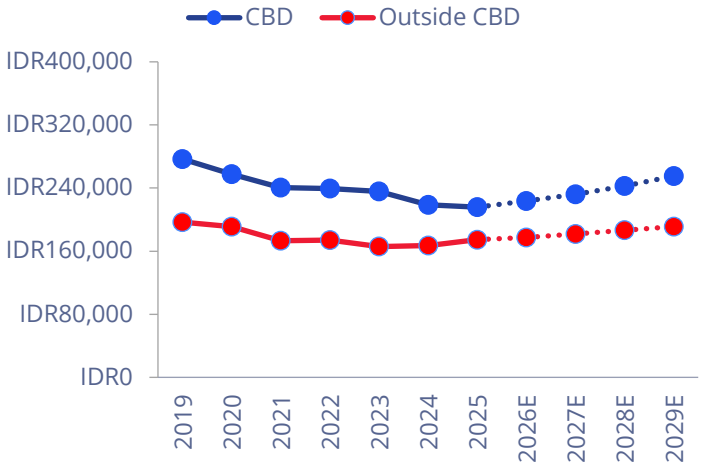
Leasing incentives remain important, particularly for buildings with higher vacancy. In practice, landlords can use a combination of rental adjustments, rent-free periods, fit-out periods, fitted handover options and other concessions. Office Services indicated that rental concessions can in some cases be easier to secure than direct fit-out contributions, underscoring the need to assess the full commercial package rather than assume a single incentive structure across the market.

Ready-to-use space adds another dimension to effective pricing. A building with a somewhat higher asking rent may still offer better value if it materially reduces the tenant's upfront CapEx and allows faster occupation. This helps explain why fitted and furnished space can improve leasing velocity without requiring landlords to compete solely through lower headline rents.

For both landlords and occupiers, the relevant comparison is therefore shifting from rent per m2 toward total cost and ease of occupancy. This favours buildings that can combine rental discipline with practical solutions that remove friction from the relocation process.



The average rent YoY (m²/month)



Source: Colliers

Outlook: The next phase will test whether selective expansion broadens

Jakarta's office market should continue to improve gradually into 2027, but the quality of that recovery will matter more than transaction volume alone. The central question is whether selective expansion broadens sufficiently to generate sustained net absorption. Energy and technology could provide incremental demand, but parts of the pipeline—particularly oil & gas requirements linked to tenders and exploration—will take time to convert.

For occupiers, the market should continue to offer a window to relocate, upgrade or renegotiate before tighter conditions spread beyond the best-performing assets. For landlords, the opportunity is increasingly differentiated: highly occupied Premium buildings can rebuild pricing leverage, while higher-vacancy assets will need to compete through stronger value propositions rather than wait for market-wide recovery to solve their vacancy.

This places asset strategy at the centre of the next phase. Building quality, accessibility, ESG credentials, amenities and workplace readiness need to work together with flexible commercial terms. The strongest buildings will not necessarily be those offering the lowest rent, but those that make the occupancy decision easiest to justify operationally and financially.

Jakarta is therefore likely to remain a two-speed office market in the near term. Pricing power should continue to emerge first among supply-constrained, high-quality assets, while the broader market remains competitive. A genuine citywide recovery will become clearer only when expansion-driven demand contributes more consistently to net absorption.

Colliers's perspective: from vacancy competition to value competition

- Jakarta's office recovery is changing character. The market is moving from rightsizing toward selective expansion, but the shift remains early and uneven. At the same time, high-performing Premium assets are tightening faster than the broader market, creating a two-speed recovery in which asset-level fundamentals increasingly matter more than market averages.
- For landlords, the strategic implication is to move beyond simply filling vacant space. Competitive advantage increasingly comes from delivering a complete workplace proposition—quality, accessibility, ESG performance, fitted or furnished options, flexible lease structures and operational readiness—that lowers the tenant's total cost and friction of moving.



- For 2027, the key indicator to watch is not simply leasing volume, but the composition of demand. If selective expansion broadens across sectors, Jakarta can move from a relocation-led recovery toward genuine occupancy growth. Until then, the market will continue to reward buildings that are best able to convert selective demand into committed occupancy.

Appendix

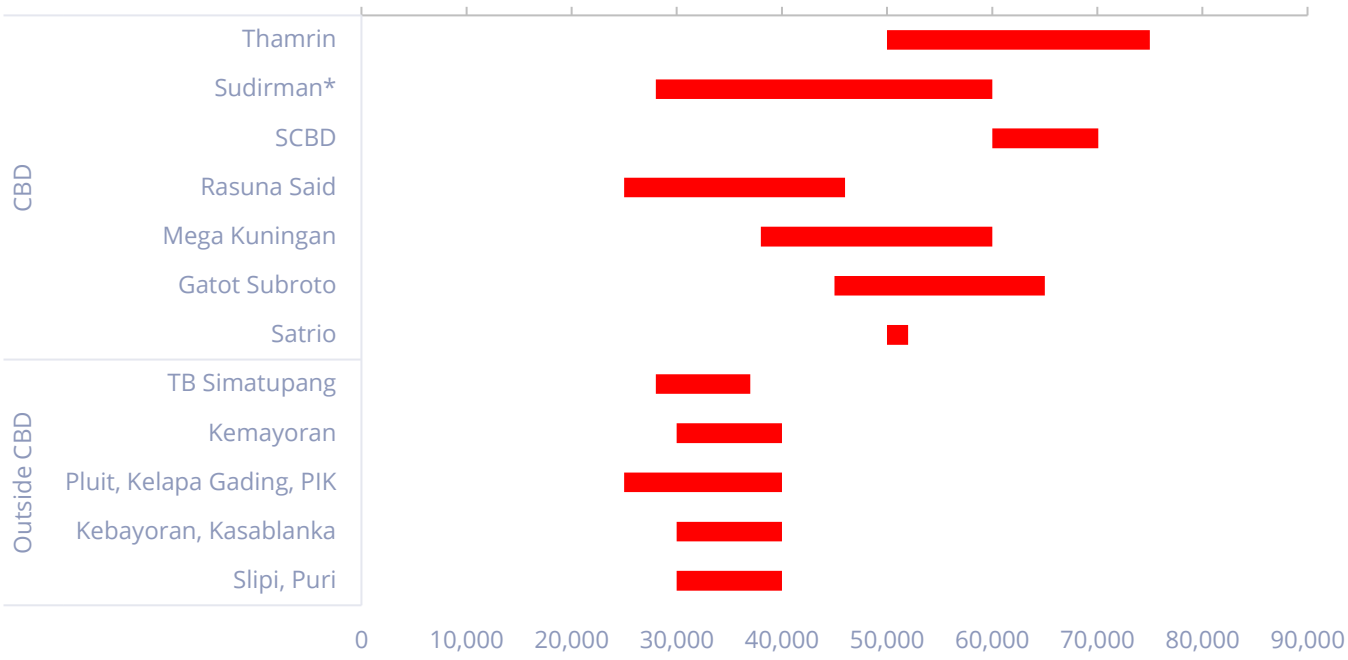
Under construction projects

Project Name	Location	Developer	SGA (m^2)	Marketing Scheme
CBD				
2028				
Dua Two Sudirman	Sudirman	Taspen and Mitsubishi Estate	62,745	For Lease
2029				
Indonesia-1 North Tower	Thamrin	Media Group	36,000	For Lease

Source: Colliers



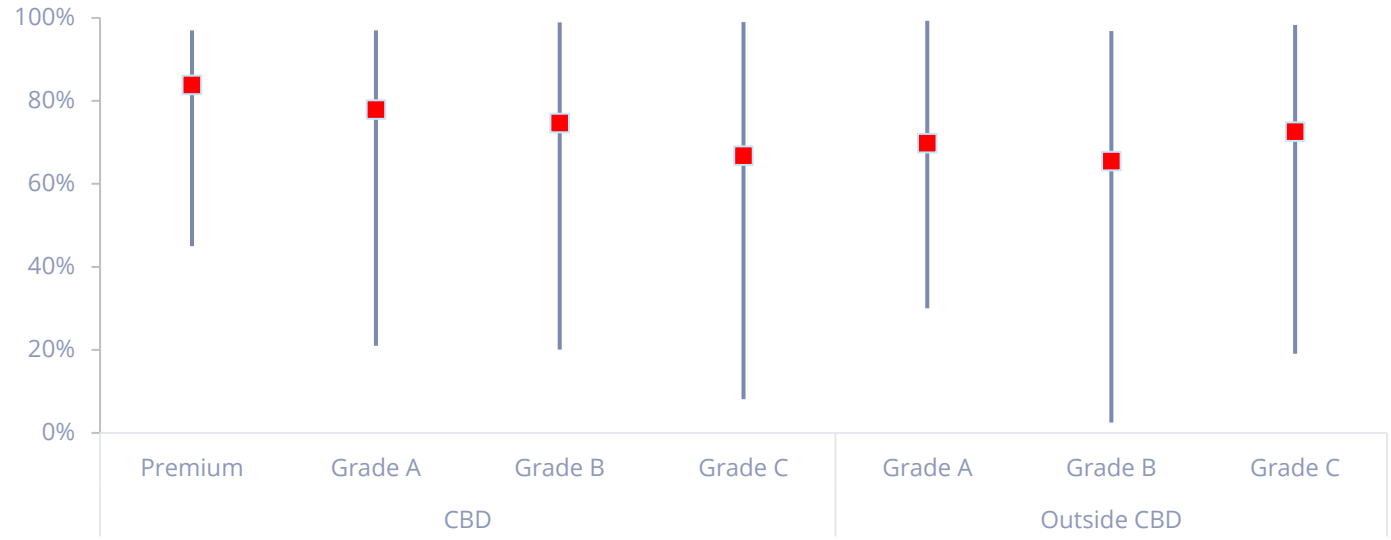
Range of asking selling price strata-title office (IDR thousand/m²)



Source: Colliers
**) excluding SCBD area*

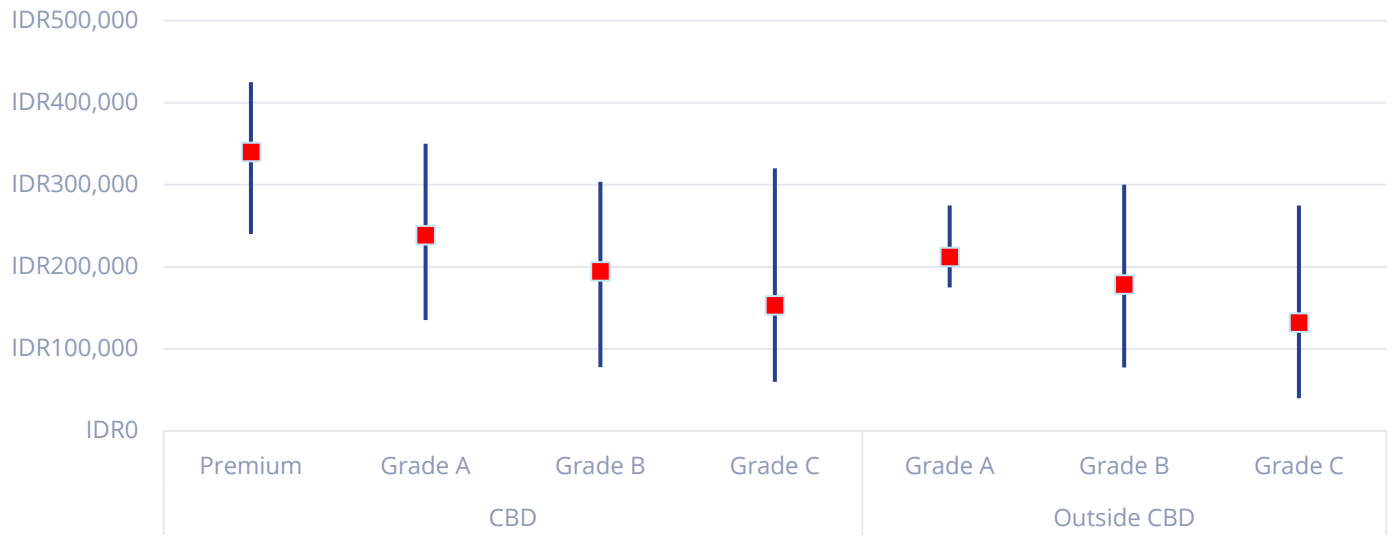


Occupancy rate



Source: Colliers
**) SCBD: Sudirman Central Business District*

Asking for base rent



Source: Colliers

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