

59.8%
AVERAGE
TOTAL OCCUPANCY LEVEL
AS OF 1H-2020

13.3%
AVERAGE %
DECREASE IN GROSS RENTAL
IN U.S DOLLAR TERMS

1,417
UPCOMING NEW SUPPLY (UNITS)
IN THE PIPELINE
(2020-2023)

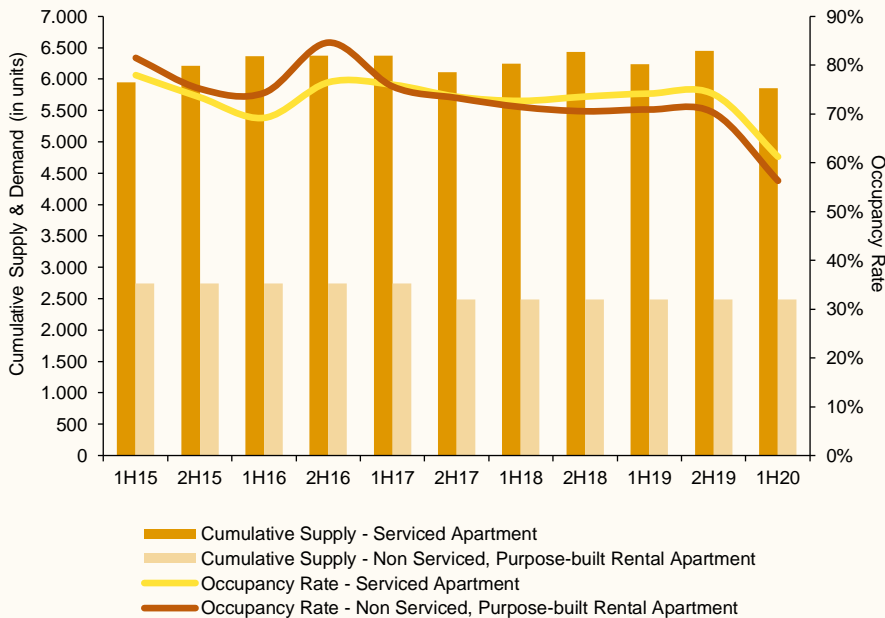


Jakarta Rental Apartment

1H 2020

knightfrank.co.id/research

Fig 1. Jakarta Rental Apartment Market Supply & Occupancy Rate



Jakarta Rental Apartment Update

With two identified serviced rental apartments temporarily forced to close down operations during the lockdown, the total cumulative supply for both serviced and purpose-built rental apartments in the first half of 2020 decreased by 6.7% from the previous period to 8,341 units. Meanwhile, serviced apartments that could ensure greater levels of cleanliness and social distancing guidelines, had indicated that more properties were able to remain open for their longer staying guests during the lockdown. For the serviced rental apartments, 76.0% of the supply remained in the CBD area with 62.9% of such units located in South Jakarta.

The pandemic crisis has unfavorably impacted business activities and short-term holidays, experiencing cancellation of reservations and termination of short-term rentals prior to the lockdown period or during the months of February and March. As a result, the overall occupancy rate was down by 13.2% from the previous period to 59.8% in the first half of 2020. Compared to the previous period, occupancies for both serviced and non-serviced/purpose-built rental apartments submarkets fell by 12.8% to 61.2% and 13.9% to 56.3%, respectively.

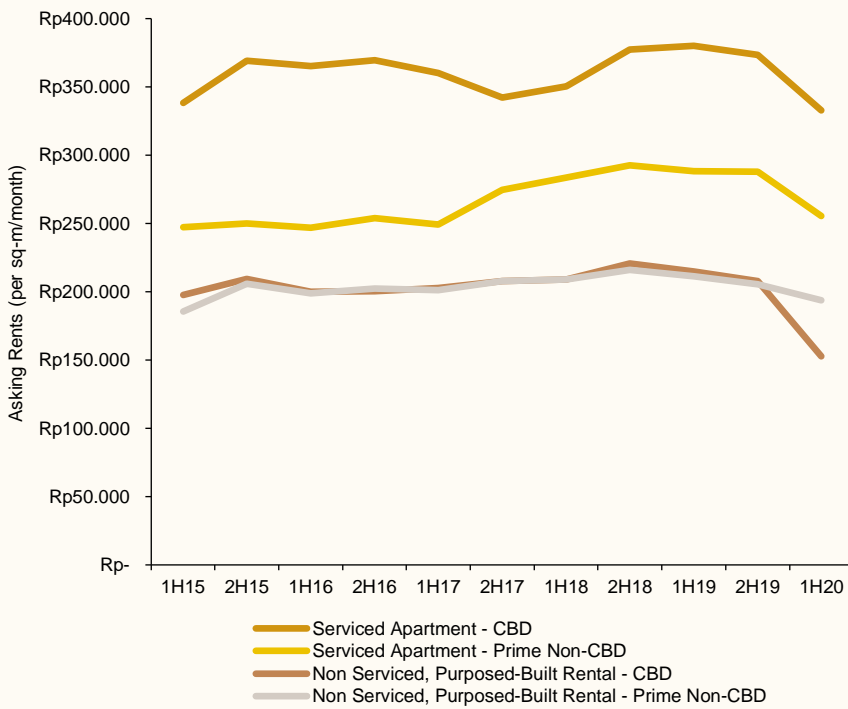
There were nine new projects in the pipeline, totaling 1,417 units that are expected to enter the market during the period of 2020-2023. All of the proposed serviced apartment projects will be managed by international operators that will create more intense competition in the short to medium term.

Fig 2. Market Outlook of Rental Apartment

Total existing supply	8,341 units
- Serviced apartments	5,853 units
- Non serviced, purpose-built rental apartments	2,488 units
Physical occupancy rate	59.8%
- Serviced apartments	61.2%
- Non serviced, purpose-built rental apartments	56.3%
Overall vacant units	3,356 units

“The outbreak has negatively impacted the Jakarta rental apartment market fundamentals. The long-stay rental market has so far demonstrated more resilience due to ongoing yearly contracts.”

Fig 3. Average Asking Rents in Rupiah by Submarket



*Kurs : Rp14.302 per 30 Juni 2020

While serviced apartments had been successful at capturing a greater degree of short-term leisure demand to maximize revenue in the years preceding the pandemic, the long-stay rental market for corporates on longer length of stays has shown a relative degree of resilience to the impact of the outbreak due to ongoing yearly contracts that are covered by expatriates' companies.

To weather the impact of the pandemic crisis, serviced apartments will be pressured to demonstrate greater flexibility to accommodate short and long-stay guests with new and improved standards of cleanliness and distancing guidelines and fast adaptation to draw on more diversified markets. Post-Covid demand recovery is expected to be slow and gradual in the short-term given the looming uncertainty over the global economic recession, travel restrictions and social distancing requirements.

Fig 4. Future Supply (2020-2023)

Est. Completion Year	Projected Units
2020 - 2021	919
2022 - 2023	498
Est. Supply 2020 – 2023	1,417

Note: pledges made after publication of manifestos are included where possible

“Long stay guests generally provide consistent occupancy at a lower average rate per night, whereas short-stay guests provide variable occupancy, but at a higher rate per night.”

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



Research
Syarifah Syaukat
Senior Research Advisor
syarifah@id.knightfrank.com



Strategic Consultancy
Donan Aditria
Associate Director
donan.aditria@id.knightfrank.com

Recent Publications



Knight Frank Research Reports are available at
knightfrank.co.id/research
+62 21 570 7170



Knight Frank Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs. Important Notice: © Knight Frank LLP 2019. This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.