

67.4%
STABLE AVERAGE
LAND SALES RATE
AS OF 1H-2021

BEKASI-KARAWANG
RECORDED AS THE LARGEST
SHARE OF EXISTING
INDUSTRIAL LAND SUPPLY

**AUTOMOTIVE-
RELATED SECTOR**
REMAINED THE TOP KEY DEMAND DRIVER

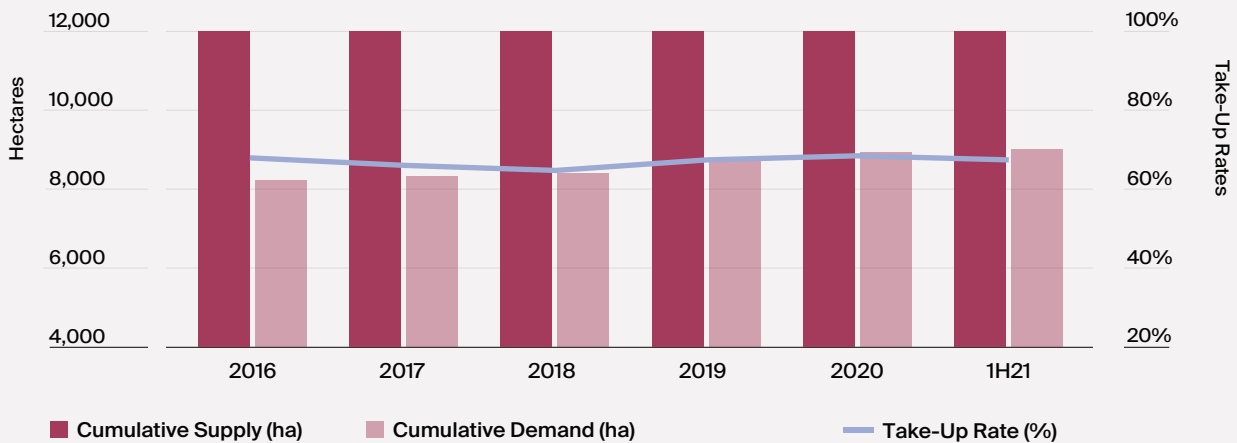


Industrial Market Overview

knightrfrank.co.id/research

1H 2021

Fig 1: Industrial Market - Supply, Demand and Take-Up Rate
2016 - 1H 2021



Source: Knight Frank Research

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“Boosted by the rapid development of the internet, mobile and other advanced technologies and innovations, modern logistics and warehousing, data center, and high-tech automotive-related (Electric Vehicle (EV) and EV battery) will continue to be the active sources of demand”
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Industrial Market Update

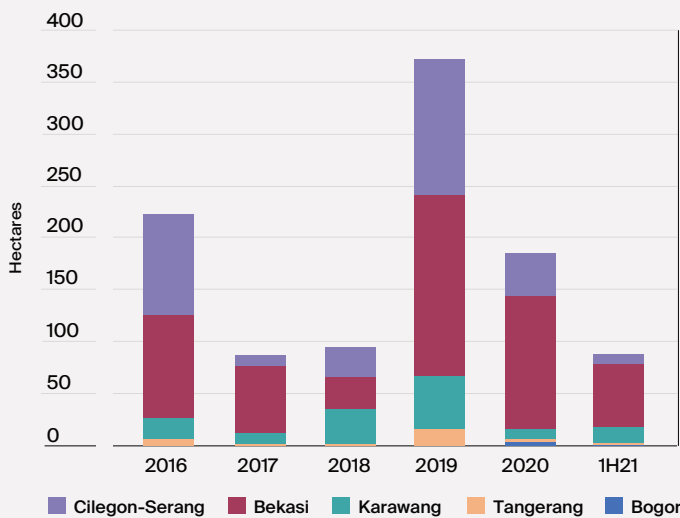
In the first half of 2021, the cumulative total supply in the Greater Jakarta area increased slightly by 2.65%, posting at 13,422 hectares. Bekasi and Karawang continued to account for the largest share of existing industrial land supply at 73%. Meanwhile, Bogor recorded the smallest share of existing industrial land supply only at 0.5%.

After posting a record-high absorption of 374 hectares in 2019 – the highest amount since 2014, industrial land sales activity in the Greater Jakarta area faced a significant slowdown in the end of 2020 and the first half of 2021 due to the lockdown and economic downturn, generating 186 hectares or decreasing by 50% from the previous year’s total absorption and 87 hectares or achieving only 47% of 2020 absorption, respectively. Much of the industrial activities in 2020 and 1H-2021 were coming from the demand spillover effect from 2019 that existed prior to the outbreak.

Automotive-related industries remained the key driver for industrial land sales in the first half of 2021, followed by Data Center, IT-related, Chemicals, Retail and E-Commerce, Logistics and Warehousing industries. The majority of land transactions by automotive-related industries took place in Bekasi.

Fig 2: Industrial Market - Annual Absorption by Submarket

2016 - 1H 2021



Top foreign buyers for industrial land in the Greater Jakarta area included multinational corporations from Japan, South Korea, United States and China. During the lockdown and restriction period, many local and particularly foreign companies have been putting their expansion plans on hold temporarily until the pandemic is contained and border restrictions are lifted.

In the first half of 2021, the overall asking land prices increased slightly by 6.7% (yoy) to Rp3.2 million per sq-m. In terms of industrial maintenance costs, the overall service charges also increased slightly by 3.2% (yoy) to Rp1,079 per sq-m per month.

Several resilient businesses of the industrial sector such as Food-related, Fast Moving Consumer Good (FMCG), Pharmaceuticals, Cold Storage, Renewable Energy will remain in demand as it has experienced a lesser impact from the pandemic crisis. Land prices are expected to be stable in general while certain industrial estates in strategic locations with land scarcity and more inquiries in the pipeline will be able to command higher increments. Others will compete on prices and offering flexible incentives and services to attract potential buyers.

Rising cases leading to fast-surgings second wave since June caused by new Covid-19 variants will hinder this year's growth recovery. However, the downturn appears to be temporary with industrialist carrying confidence of recovery and the possibility of a boost from pent-up demand.

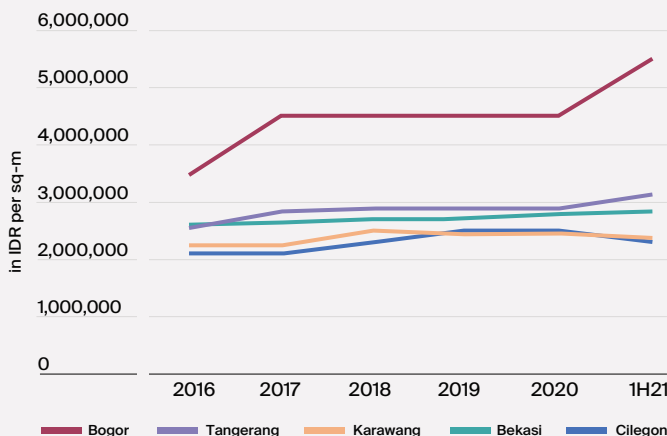
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“New infrastructure projects will potentially encourage new businesses and developers to establish new industrial estates. And the Omnibus Law will encourage and attract new foreign companies to invest in Indonesia in the long-run”

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Fig 3: Industrial Market - Land Price by Submarket (IDR)

2016 - 1H 2021



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



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