

99%
NEW LEASED MALLS ARE
LOCATED WITHIN
MIXED-USE DEVELOPMENT

78.5%
DECREASE IN OVERALL
OCCUPANCY

-8.9%
YEAR-ON-YEAR
RENTAL GROWTH
IN U.S. DOLLAR TERMS



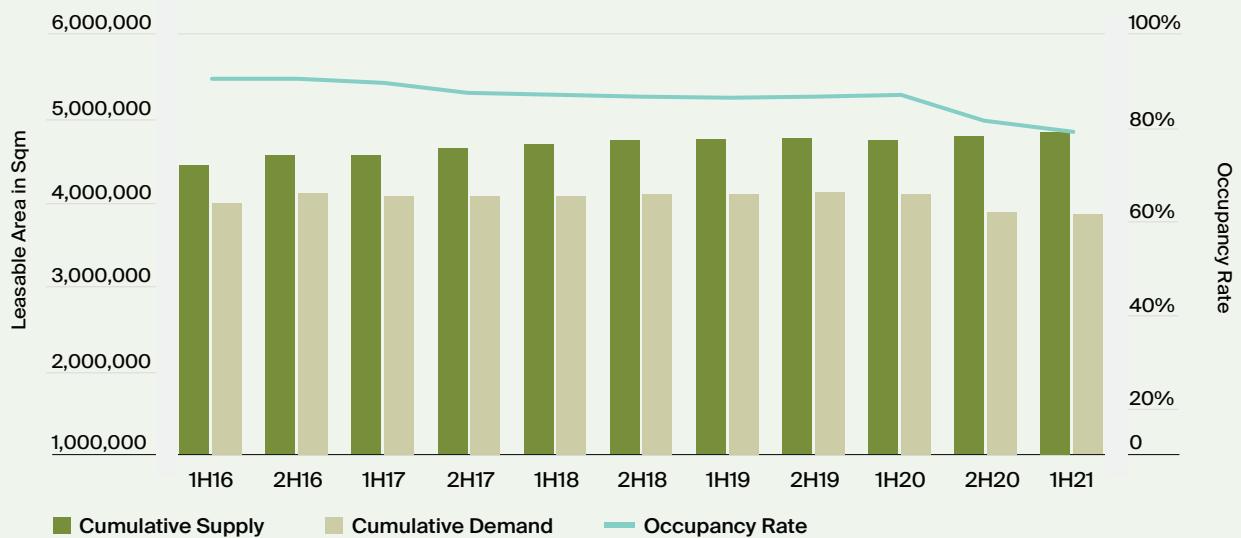
Jakarta Retail Market Overview

knightrank.co.id/research

1H 2021

Fig 1: Jakarta Retail Market - Supply, Demand and Occupancy

1H 2016 - 1H 2021



Source: Knight Frank Research

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“Increased mall foot traffic and stronger traffic flows to digital platforms helped retailers to regain sales momentum, particularly during the Idul Fitri festive season. Conversely, escalating virus cases in June clouded the encouragement”
 ◆◆

Jakarta Retail Update

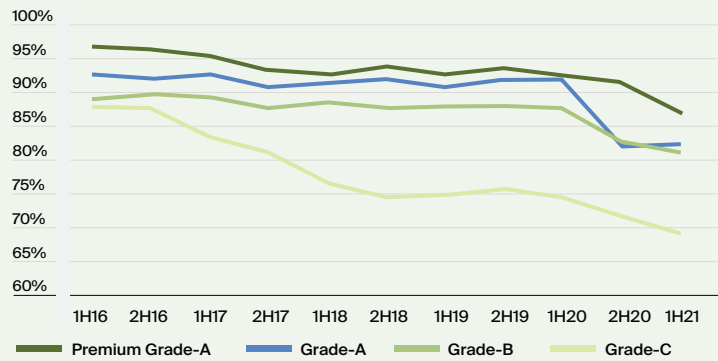
Following the relaxed policy of micro-scale activity restrictions (PPKM Mikro) with the mall opening hours extended to 9 pm and restaurant dine-in capacity raised to 50% for shopping centers, the Jakarta retail market has continued its gradual recovery with increased mall foot traffic and improved private consumption during the first half of 2021, particularly during the Idul Fitri holiday. However, consumer spending remained vulnerable to mobility and activity restrictions and consumers still focused on securing basic needs and essential items.

The Jakarta retail market only added one new retail mall project (Pondok Indah Mall 3) during the first half of 2021, adding the cumulative total stock of Leased Mall space to 3,173,007 square meters and the cumulative total stock of Strata-title Mall space remained unchanged at 1,651,199 square meters. The CBD and Prime Non-CBD areas accounted for the largest supply concentration of Premium Grade A and Grade A buildings which represented 41.2% of the total existing supply. By area, South Jakarta remained the largest supply concentration, representing about 40.2% of the leased retail supply, while 74.7% of supply was located in the Non-CBD area.

With the continued temporary delay of construction and openings in 2020, the projected pipeline of new retail supply in Jakarta with completion between 2H 2021 and 2023 is expected to be 255,245 square meters, coming from six retail centers. Projected five new Leased Malls are located within mixed-use developments while one new Strata-Title Mall is located in a freestanding premise.

Fig 2: Jakarta Retail Market - Occupancy by Grade

1H 2016 - 1H 2021



◆◆
“With the fast changing consumer shopping behavior impacted by the pandemic, mall owners and retailers have accelerated the “omnichannel transformation” (a combination of on and off-line channels) to capture and regain customers’ confidence to shop again.
 ◆◆

The occupancy rate of Leased Mall retail space dropped to 79.7%, representing a nominal decrease of 10.1% (yoy), while the occupancy rate of Strata-title Mall retail space decreased to 76.2%, representing a nominal decrease of 3.9% (yoy). In the first half of 2021, the occupancy of Premium Grade-A mall decreased in real terms by 4.7% (yoy) to 86.7%. The occupancy of Grade-A also decreased in real terms by 10.8% (yoy) to 80.8%. Notably, several retailers have expanded their offline footprint in the first half of 2021, including Adidas Stadium, Boots, Uniqlo and Ranch Market in Pondok Indah Mall 3; Max Fashion and Babyshope in Lippo Mall Puri; Decathlon in Mall of Indonesia; Ranch Market and JYSK in Hublife Jakarta and others. On the other hand, several large grocery and department store retailers have also announced closures of their other stores permanently and changes in business models.

Given the prolonged economic downturn and decreasing consumer spending, the Jakarta retail market fundamentals remain under significant

Fig 3: Jakarta Retail Market - Future Supply

2H 2021 - 2023

| Year | Project name | Type | Location | Lettable Area (sqm) |
|--------------|--------------------------------------|--------|---------------|---------------------|
| 2H 2021 | AEON Mall South Gate @ Tanjung Barat | Lease | TB Simatupang | 39,200 |
| 2022 | Thamrin Nine Mixed Use | Lease | Thamrin | 27,045 |
| 2022 | Holland Village Mall | Lease | Cempaka Putih | 56,000 |
| 2022 | MTC Tanah Abang | Strata | Tanah Abang | 3,000 |
| 2023 | Menara Jakarta Shopping Mall | Lease | Kemayoran | 100,000 |
| 2023 | Daan Mogot City | Lease | Daan Mogot | 30,000 |
| Total | | | | 255,245 |

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

pressure in the near term subject to a successful mass vaccination acceleration and potential government incentives. The food and beverage, beauty and fast fashion sectors are expected to remain active in 2021, while the entertainment industry may still need to wait for the situation to improve before resuming full operations.

With the domestic consumption already gaining momentum in June, the burden of the emergency lockdown measure due to the escalating Delta variant cases will put back consumer confidence and retail sales into lower levels in the second half of 2021. In addition, the Indonesian government plans to raise the Valued-Added Tax (VAT/PPN) to 12% and multi-tariff taxes (5% to 25%) in 2022 in an effort to expand the tax base and finding new sources of revenue.

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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