

41%
EXISTING
SUPPLY DOMINATED
BY MIDDLE SEGMENT

38,278
UNITS OF NEW SUPPLY
IN THE PIPELINE IN THE
PERIOD OF (2H 2021-2024)

-8.6%
AVERAGE PRICE
DECREASE (YOY)
IN THE CBD AREA

62.5%
AVERAGE
PRE-SALES RATE TO
PROPOSED SUPPLY



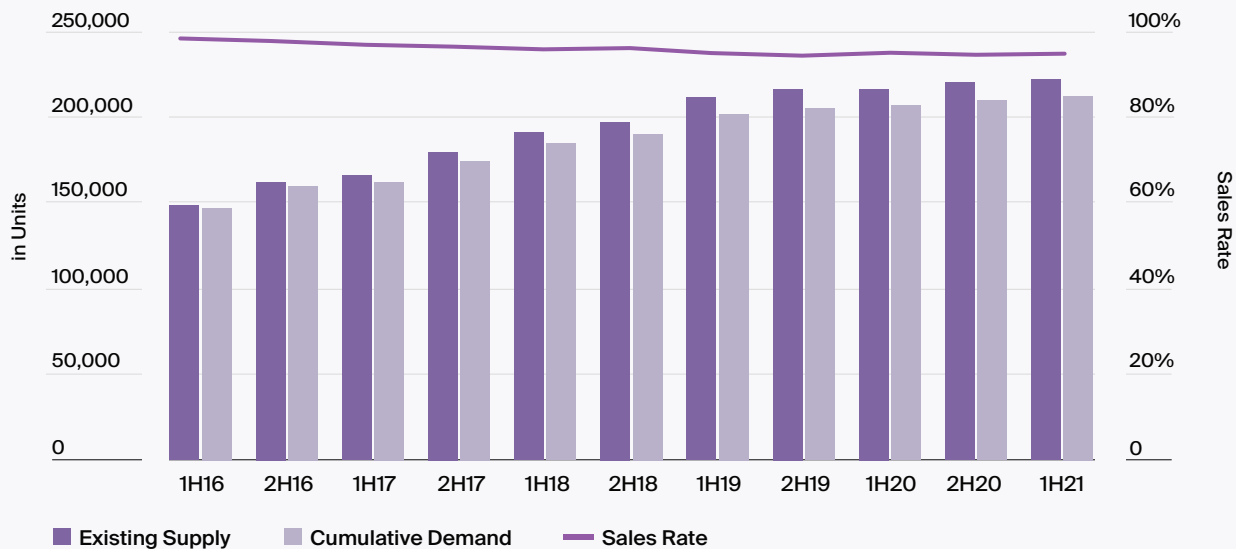
Jakarta Condominium Market Overview

knightrfrank.co.id/research

1H 2021

Fig 1: Jakarta Condominium - Supply, Demand and Sales Rate

1H 2016 - 1H 2021



Source: Knight Frank Research

The Jakarta Condominium market continued to experience negative impacts from the pandemic and economic downturn. Sales performance remained stagnant given the weak buying sentiment and looming uncertainty. Surging Delta variant cases in June undermines the market recovery in 2021.

Jakarta Condominium Update

With the record low added new supply of condominium units, the cumulative total supply increased only slightly by 0.9% from the end of 2020 to 223,635 units, representing an additional supply of 1,944 units in the first half of 2021. Existing supply remained dominated by the middle segment at 41.3% and the bulk of existing condominium stock was located in South Jakarta (29.7%) and a limited number in East Jakarta (11.3%).

As of the first half of 2021, the market recorded a pre-sales rate of 62.5% and developers started to launch new projects of five projects during the period. Activities in the Jakarta condominium market remained stagnant although the government waived value-added taxes on new landed houses and apartments (purchased between March 1st and August 31st 2021) priced below Rp2 billion and reduced by half for properties priced between Rp2 billion to Rp5 billion to boost property investments. Demand has remained an all-time low since 2014, representing only 2,510 units in the first half of 2021 as compared to 3,805 units in the previous period.

New supply in the pipeline during the period of 2H-2021 to 2024 was recorded at 38,278 units, representing approximately 17% of the existing stock. 93% of the total new supply will be located in the Non-CBD area

Fig 2: Existing Supply by Segmentation

Contribution percentage

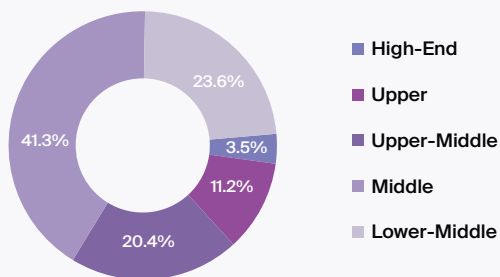


Fig 3: Future Supply by Area

Contribution percentage

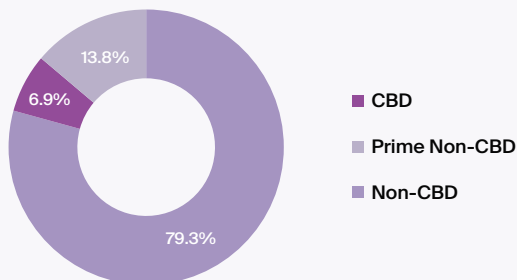
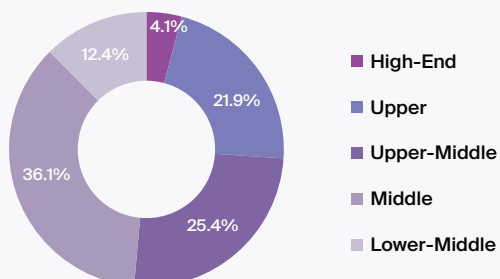


Fig 4: Future Supply by Segmentation

Contribution percentage



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

while East and South Jakarta contributed to the highest share with 29% and 41%, respectively. Average sales prices in Rupiah terms decreased by 4.8% (yoy) to Rp34.7 million per square meter and decreased by 6.4% (yoy) in U.S. Dollar terms to \$2,384 per square meter due to the Rupiah depreciation against U.S. Dollar.

Given the surging Delta variant in June potentially imposing an emergency lockdown, uncertainty is expected to cloud the Jakarta condominium market in 2021 with stagnant prices, delays of project completions and handover schedules as well as dampened buying sentiments. Faster vaccination program rollouts and extended government tax incentives such as the waiver of VAT are relied upon to maintain demand in the near future. Developers are expected to continue scaling back on high-rise projects in Jakarta temporarily and most of them focus on middle-to-lower landed and low-rise residential projects in the outskirts due to lower land prices and availability of developable land banks.

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Despite uncertainty, developers launched a few of new middle to upper segment projects. In addition, the government announced to waive VAT for new home sales, to spur property investments and bolster economic activity.
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Fig 5: Jakarta Condominium Market Highlights

1H 2021

Total Existing Supply in Units	223,635
Sales Rate of Existing Supply	95.7%
Existing Unsold Units Proposed	9,661
Supply 2H 2021 - 2024	38,278
Pre-Sales Rate of Proposed Supply	62.5%

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

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