

59.9%
AVERAGE
TOTAL OCCUPANCY LEVEL
AS OF 1H 2021

1.8%
AVERAGE %
DECREASE IN GROSS RENTAL
IN U.S DOLLAR TERMS

1,670
UPCOMING NEW SUPPLY (UNITS)
IN THE PIPELINE
(2H 2021-2023)

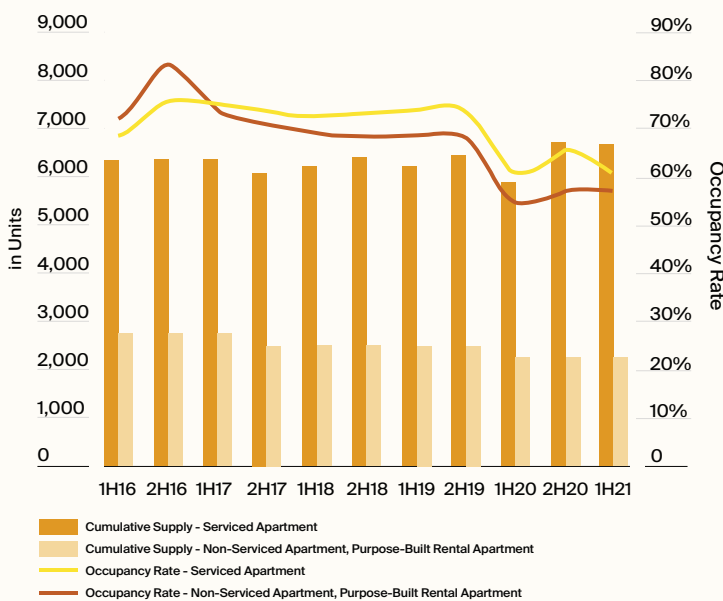


Jakarta Rental Apartment Market Overview

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1H 2021

Fig 1: Jakarta Rental Apartment - Supply, Demand and Occupancy
1H 2016 - 1H 2021



Source: Knight Frank Research

Fig 2: Jakarta Rental Apartment Market Highlights
1H 2021

Total Existing Supply	8,939 units
Serviced apartments	6,689 units
Non serviced, purpose-built rental apartments	2,250 units
Physical Occupancy Rates	60.1%
Serviced apartments	61.0%
Non serviced, purpose-built rental apartments	57.4%
Overall Vacant Supply	3,570 units

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“Grappling with the continuing border travel and local mobility restrictions, new demand inquiries remained limited. Given the uncertainty, the Jakarta rental apartment market performance is expected to remain subdued through the year.”
 ◆◆

Rental Apartment Market Update

The total cumulative supply for both serviced and purpose-built rental apartments in the first half of 2021 remained unchanged at 8,978 units with no additional supply entering the market. For the serviced rental apartments, 67% of the supply were in the CBD area with 63% of such units located in South Jakarta. While, for the non-serviced, purpose-built rental apartments, 61% of the supply were in the Non-CBD area with 84% of such units located in South Jakarta.

The prolonged pandemic has persisted to delay several new projects which were initially expected to commence operations by the first half of 2021. There were ten new projects in the pipeline, totaling 1,670 units that are expected to enter the market during the period of 2H 2021-2023. 71% of the total new supply will be located in the CBD area and the remaining will be in the Prime Non-CBD area. Majority of the proposed serviced apartment projects managed by international operators are located within mixed-use developments.

With the outbreak crisis entering its second year and escalating cases in June 2021, the Jakarta Rental Apartment market has faced continuing challenges with the border and local mobility restrictions causing disruptions in business activities and short-term holidays as well as a declining number of foreign expatriates.

Fig 3: Jakarta Rental Apartment - Average Asking Rents in Rupiah by Submarket
1H 2016 - 1H 2021

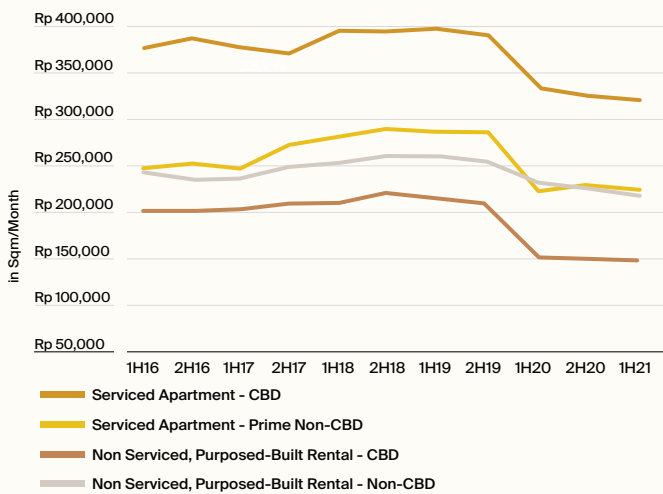


Fig 4: Jakarta Rental Apartment - Future Supply
2H 2021 - 2023

Est. Completion Year	Projected Units
2H 2021	1,172
2022	330
2023	168
Est. Total Supply	1,670

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

Serviced and Non-Serviced Apartment operators remained struggling with new demand inquiries, experiencing non-renewals of existing lease contracts and postponement of new lease contracts during the period. Despite subdued demand, short-stay guests for weekend “staycation” and long-term stay contracts were still able to sustain the occupancy level. As a result, the overall occupancy rate was slightly down in nominal terms by 3.4% from the previous period to 59.9% in the first half of 2021.

Compared to the same period last year, occupancies for both serviced and non-serviced/purpose-built rental apartments submarkets were stable, posting a slight decrease in nominal terms of 0.2% to 60.7% and a slight increase of 2.3% to 57.4%, respectively.

The average gross rental for serviced apartments in the CBD recorded a decrease in both Rupiah terms of 4.1% (yoy) to Rp322,245 per square meter per month and in U.S. Dollar terms of 3.2% (yoy) to \$22.74 per square meter per month, respectively. For the prime non-CBD area, the average gross rental for serviced apartments was stable, posting only a negligible increase in both Rupiah terms of 0.3% (yoy) to Rp225,689 per square meter per month and in U.S. Dollar terms of 1.3% (yoy) to \$15.94 per square meter per month, respectively.

Despite a stronger economic rebound in the second quarter, post-Covid demand recovery remains uncertain amid spiking cases in June. Accelerating the vaccine rollout, ensuring effective containment measures and maintaining strong monetary and fiscal support in the immediate term are essential to boost growth recovery in the short-term.

Rental prices and occupancy rates are expected to continue under pressure through the year. Aggressive promotions in the form of attractive price discounts combined with complimentary services and facilities will remain to maintain stable occupancy levels. Extended-stay users will continue to look for safe and secure environments (stringent hygiene and cleanliness standards as well as safe distancing measures) with a greater mix of facilities, including business support and leisure activities.

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“Serviced Apartments remained resilient, providing a strong base of long-stay guests and corporate workers to survive the crisis while short-stay guests or staycationers were served as a boost.”
 ◆◆

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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