58.4%
AVERAGE
TOTAL OCCUPANCY LEVEL
AS OF 2H 2021

3.7%
AVERAGE %
DECREASE IN GROSS RENTAL
IN U.S DOLLAR TERMS

1,688
UPCOMING NEW SUPPLY (UNITS)
IN THE PIPELINE
(2022-2023)

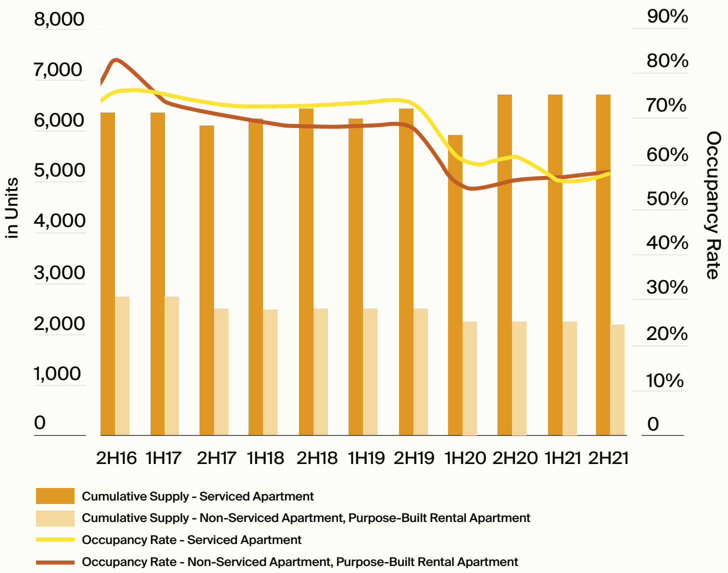
Knight Frank

Jakarta Rental Apartment Market Overview

2H 2021

knightfrank.co.id/research

Fig 1: Jakarta Rental Apartment - Supply, Demand and Occupancy
2H 2016 - 2H 2021



Source: Knight Frank Research

Fig 2: Jakarta Rental Apartment Market Highlights
2H 2021

Total Existing Supply	**8,919 units**
Serviced apartments	6,728 units
Non serviced, purpose-built rental apartments	2,191 units
Physical Occupancy Rates	**58.43%**
Serviced apartments	58.36%
Non serviced, purpose-built rental apartments	58.65%
Overall Vacant Supply	**3,707 units**

"New demand inquiries continued to be disrupted amid the continuing border travel and local mobility restrictions caused by waves of new variants. "

Rental Apartment Market Update

The total cumulative supply for both serviced and purpose-built rental apartments in the second half of 2021 decreased slightly by 0.7% (yoy) to 8,919 units with a conversion of one non-serviced apartment into a hotel accommodation. For the serviced rental apartments, 67% of the supply remained 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 and 74% of the supply were located in South Jakarta.

The prolonged pandemic has continued to postpone several new projects which were initially expected to commence operations in 2021. There were ten new projects in the pipeline, totaling 1,688 units that are expected to enter the market during the period of 2022-2023. 70% 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 Delta-driven second wave hit between July and August 2021, the Jakarta Rental Apartment market has continued to face challenges with the border and local mobility restrictions (Emergency PPKM), 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
2H 2016 - 2H 2021

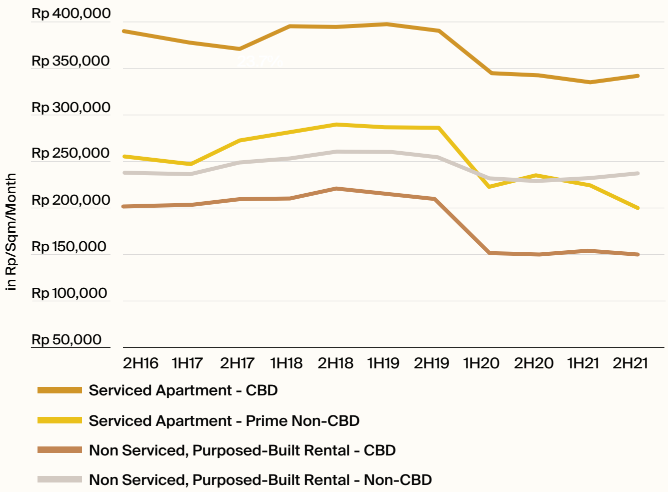


Fig 4: Jakarta Rental Apartment - Future Supply
2022 - 2023

Est. Completion Year	Projected Units
2022	1,160
2023	528
Est. Total Supply	**1,688**

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

However, demand inquiries coming from short-stay guests for the weekend "staycation" and Christmas-New Year holiday domestic travelers had picked up the pace during the last quarter of 2021 when the restrictions were eased. On the other hand, business demand coming from international corporates remained lagging.

Despite subdued demand, short-stay guests for weekend "staycation" and long-term stay contracts were still able to support the occupancy level. As a result, the overall occupancy rate was slightly down in nominal terms by 0.8% from the previous period last year to 58.5% in the second half of 2021. Compared to the same period last year, occupancies for both serviced and non-serviced/purpose-built rental apartments submarkets were showing mixed results, posting a slight decrease in nominal terms of 3.3% to 58.4% and a slight increase of 1.8% to 58.7%, respectively.

The average gross rental for serviced apartments in the CBD recorded a slight increase in Rupiah terms of 1.2% (yoy) to Rp346,676 per square meter per month and a slight decrease in U.S. Dollar terms of 1.3% (yoy) to $23.89 per square meter per month. 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 0.5% (yoy) to Rp236,372 per square meter per month and in U.S. Dollar terms of 1.3% (yoy) to $16.82 per square meter per month, respectively.

Post-Covid demand recovery remains uncertain amid potential waves of new Coronavirus variants. Rental prices and occupancy rates are expected to continue under pressure given the potential looming third wave of Omicron variant. Aggressive promotions in the form of attractive price discounts combined with complimentary services and facilities will remain to maintain stable occupancy levels.

"Accelerating the vaccination rollout to reach everyone, ensuring effective containment measures and maintaining strong monetary and fiscal support in the immediate term are essential to ensure business continuity and survival. "

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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