

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

78.8%
DECREASE IN OVERALL
OCCUPANCY
IN 2H 2021

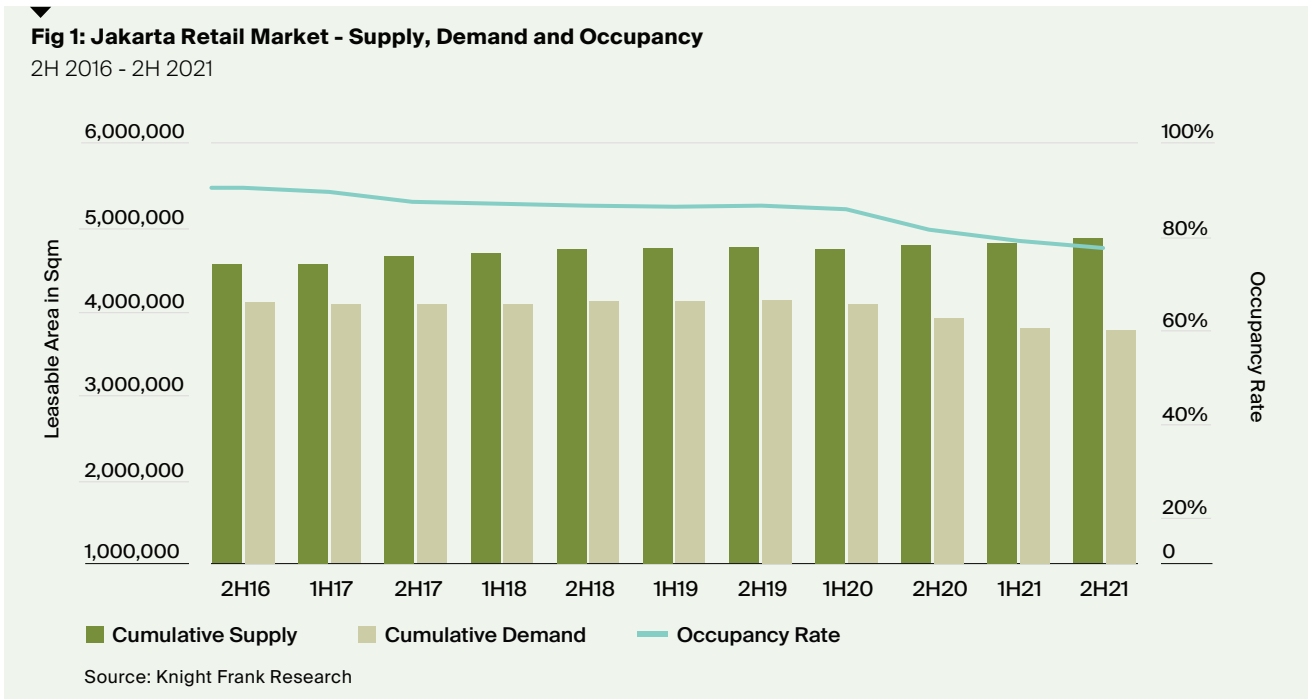
-2.8%
YEAR-ON-YEAR
GROSS RENTAL GROWTH
IN U.S. DOLLAR TERMS



Jakarta Retail Market Overview

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2H 2021



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Improving pandemic situation and more relaxed regulations in Q4 helped the mall foot traffic to recover faster, triggering optimism among mall owners and retailers. However, uncertainty remains high over new virus variants and potential inflation pressures, causing continuing business disruptions and lower purchasing power.
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Jakarta Retail Update

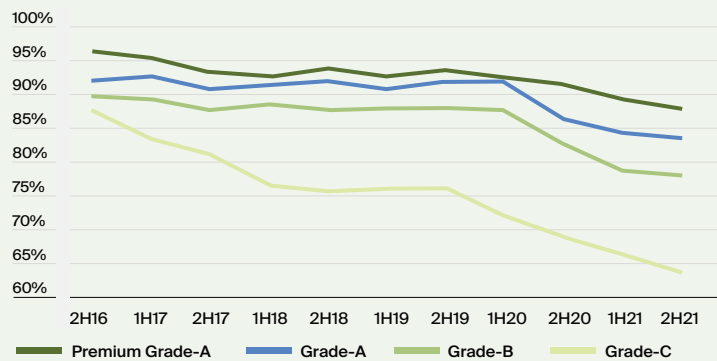
Following the re-opening of retail malls and stores after the temporary closures in July to mid-August 2021 due to the Delta-variant cases, the Jakarta retail market managed to recover with increased mall foot traffic and improved private consumption during the fourth quarter of 2021. The relaxed policy of micro-scale activity restrictions (PPKM Mikro) to level 1 had allowed retail shopping malls to open until 10 pm with 100% of capacity, dine-in for a maximum meal time and permit visitors under 12 years old accompanied by a parent. With the faster recovery and to

improve rental collections, mall owners are expected to gradually lower rental and service charge discounts given to tenants and provide additional rental reliefs and adjustments extended to major tenants who still struggle on a case-by-case basis.

The Jakarta retail market only added one new retail mall project (AEON Southgate – Tanjung Barat) during the second half of 2021, adding the cumulative total stock of Leased Mall space to 3,213,007 square meters and the cumulative total stock of Strata-title Mall space remained unchanged at 1,651,199 square meters. For the entire 2021, there were only two new retail leased malls entering the market, bringing the overall stock at 4,864,206 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% of the total existing supply. By area, South Jakarta remained the largest supply concentration, representing about 42% of the leased retail supply, while 75% of supply was located in the Non-CBD area.

Fig 2: Jakarta Retail Market - Occupancy by Grade

2H 2016 - 2H 2021



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“Despite the pandemic, international food and beverage retailers expanded their presence into Indonesia, considering its large and growing middle-income population.
 ◆◆

With the continued temporary delay of construction and openings in 2021, the projected pipeline of new retail supply in Jakarta with completion between 2022 and 2024 is expected to be 261,545 square meters, coming from six retail centers. Several new retail projects located in the Non-CBD area were also suspended until the market improves. Projected five new Leased Malls are located within mixed-use developments while one new Strata-Title Mall is located in a freestanding premise.

The occupancy rate of Leased Mall retail space continued to decrease to 80.5%, representing a nominal decrease of 4.1% (yoy), while the occupancy rate of Strata-title Mall retail space decreased to 72.4%, representing a nominal decrease of 4.3% (yoy). In the second half of 2021, the occupancy of Premium Grade-A mall decreased in real terms by 3.6% (yoy) to 87.9%. The occupancy of Grade-A also decreased in real terms by 2.9% (yoy) to 83.5%. Notably, several retailers have expanded their offline footprint in the second half of 2021, including Kids Station, Atmos and Index Living Mall in Plaza Senayan; Wearing Klamby in Plaza Indonesia;

Fig 3: Jakarta Retail Market - Future Supply

2022 - 2024

Year	Project name	Type	Location	Lettable Area (sqm)
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
2022	Sarinah Redevelopment	Lease	Thamrin	18,960
2023	Menara Jakarta Shopping Mall	Lease	Kemayoran	100,000
2023	Daan Mogot City	Lease	Daan Mogot	30,000
2024	Fatmawati City Center	Lease	TB Simatupang	45,500
Total				280,505

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

Hyundai City Store and Etude in Pondok Indah Mall 3; Yoji by JD.ID and Paris Baguette in ASHTA District 8; AEON Store, Uniqlo, H&M in AEON Mall - Tanjung Barat; Subway in Cilandak Town Square; Decathlon and Index Living Mall in Kota Kasablanka and others. On the other hand, several large grocery and department store retailers continued to announce closures of their other stores permanently or changes in business models.

Given the impact of extended economic downturn and the risk of closure, the Jakarta retail market fundamentals remain under pressure subject to a successful mass vaccination acceleration and potential government incentives. The food and beverage, beauty and fast fashion and e-commerce sectors are expected to continue active in 2022, while the entertainment industry remains to wait for the situation to improve before resuming full operations. Moreover, the Indonesian government plans to raise the Valued-Added Tax (VAT/PPN) from 10% to 11% in April 2022 and to 12% in 2025 as well as 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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