

67.3%
STABLE AVERAGE
LAND SALES RATE
AS OF 1H-2022

BEKASI-KARAWANG
RECORDED AS THE LARGEST
SHARE OF EXISTING INDUSTRIAL
LAND SUPPLY

**DATA CENTER AND
CHEMICALS SECTORS**
MAJOR DEMAND DRIVER FOR 1H-2022

134
HECTARES OF
OVERALL LAND NET SALES
ACTIVITY AS OF 1H-2022

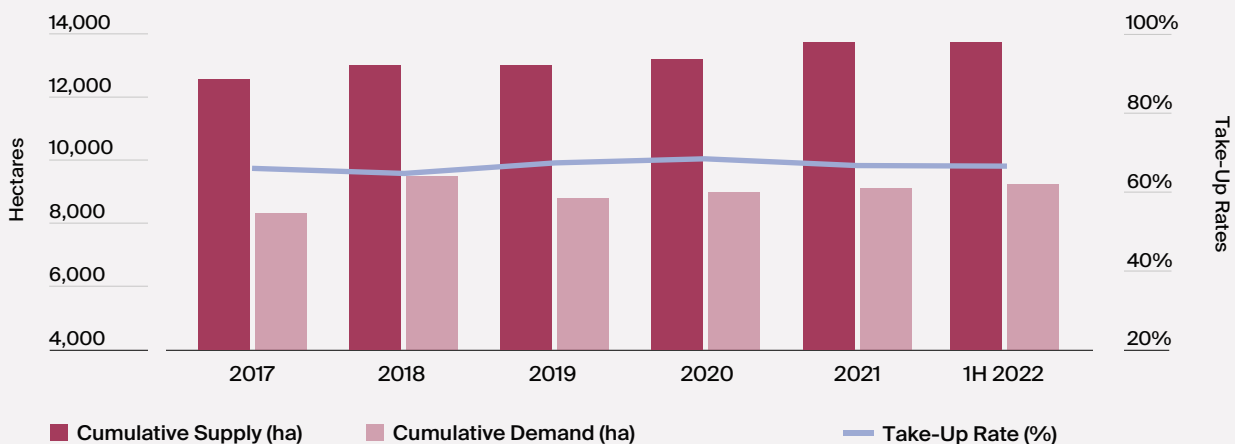


Industrial Market Overview

1H 2022

knightrfrank.co.id/research

Fig 1: Industrial Market - Supply, Demand and Take-Up Rate
2017 - 1H 2022



Source: Knight Frank Research

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“Following the lifting of lockdown measures, pent-up demand has strengthened the industrial land sales volumes in the first half with data center and chemicals industries continuing to emerge as key sources of demand.”
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Industrial Market Update

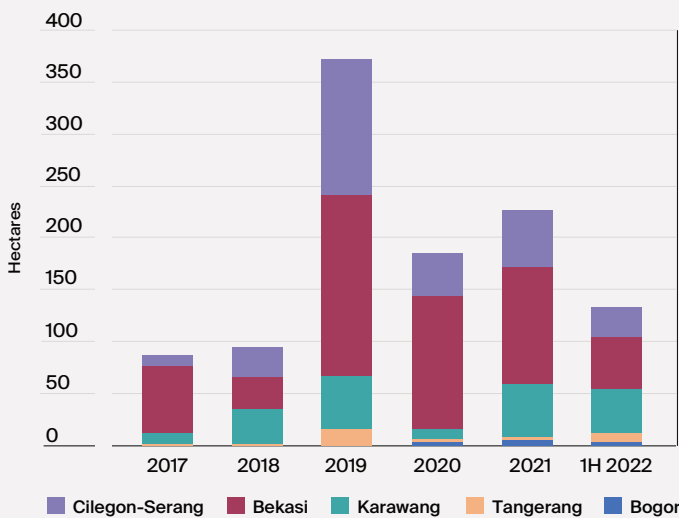
With positive outlook and rising inquiries, the cumulative total supply in the Greater Jakarta area increased by 4.3% (yoy), registering at 13,734 hectares in the first half of 2022. Combined, Bekasi and Karawang remained as the largest allocation of existing industrial land supply at 72%. Meanwhile, Bogor accounted as the smallest share of existing industrial land supply only at 1%.

After facing a significant slowdown in 2020 and recovering with higher land sales in 2021, the Greater Jakarta industrial market continued its upward momentum in the first half of 2022. With the lifting of mobility restrictions and re-opening of international borders, the industrial land sales activity in the Greater Jakarta area managed to generate 134 hectares or 59% higher than the previous year’s total absorption of 226 hectares.

The important contributor for industrial land sales in the first half of 2022 was predominantly driven by Data Center and Chemicals industries, followed by Synthetic Leather and Shoes, Logistics and Warehousing industries. Approximately 40% of the total land transactions were contributed by Data Center with locations taking place in Bekasi and Karawang. Further, Chemicals was accounted for approximately 26% with locations taking place in Cilegon and Karawang.

Fig 2: Industrial Market - Annual Absorption by Submarket

2017 - 1H 2022

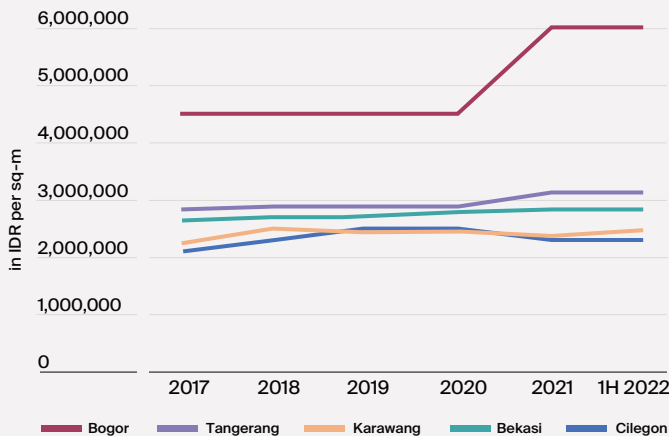


Top foreign buyers for industrial land in the Greater Jakarta area included multinational corporations from China, Japan, South Korea and United States. As the pandemic wanes and border restrictions are lifted, demand coming from local and particularly foreign companies has resumed with the expansion plans after temporarily putting it on-hold in the past two years. Notably, the manufacturing industry sector has consistently played a role as the main driver and support for the economy to boost exports. The sector has entered the recovery stage with a high potential of gaining more traction.

In the first half of 2022, the overall asking land prices was relatively stable, recording only a minor increase of 0.4% (yoy) to Rp3.3 million. In terms of industrial maintenance costs, the overall service charges posted a steady movement at Rp1,116 per sq-m per month.

Fig 3: Industrial Market - Land Price by Submarket (IDR)

2017 - 1H 2022



With the continued growth in demand, land sales volume could potentially exceed the previous year's absorption level and asking land prices remain fairly stable. Both Data Center and Logistics/Warehousing sectors will continue developing positively in the near future, supported by the expanding internet economy and growing needs for storage and distribution hubs. In the post-pandemic period, a stronger pace of market recovery is anticipated to persist, but the general outlook is clouded by lingering effects from the pandemic and potential high inflationary pressures impacted by rising food and energy prices.

“With rapidly transformed into high-tech and capital intensive businesses, labor intensive industries in Greater Jakarta remain highly pressured to search for other alternative locations in Central and East Java with cheaper land costs and lower minimum wages.”

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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