

96%
NEW LEASED MALLS ARE
LOCATED WITHIN
MIXED-USE DEVELOPMENT

78.5%
DECREASE IN OVERALL
OCCUPANCY
IN 1H 2022

-2.9%
YEAR-ON-YEAR
GROSS RENTAL GROWTH
IN U.S. DOLLAR TERMS

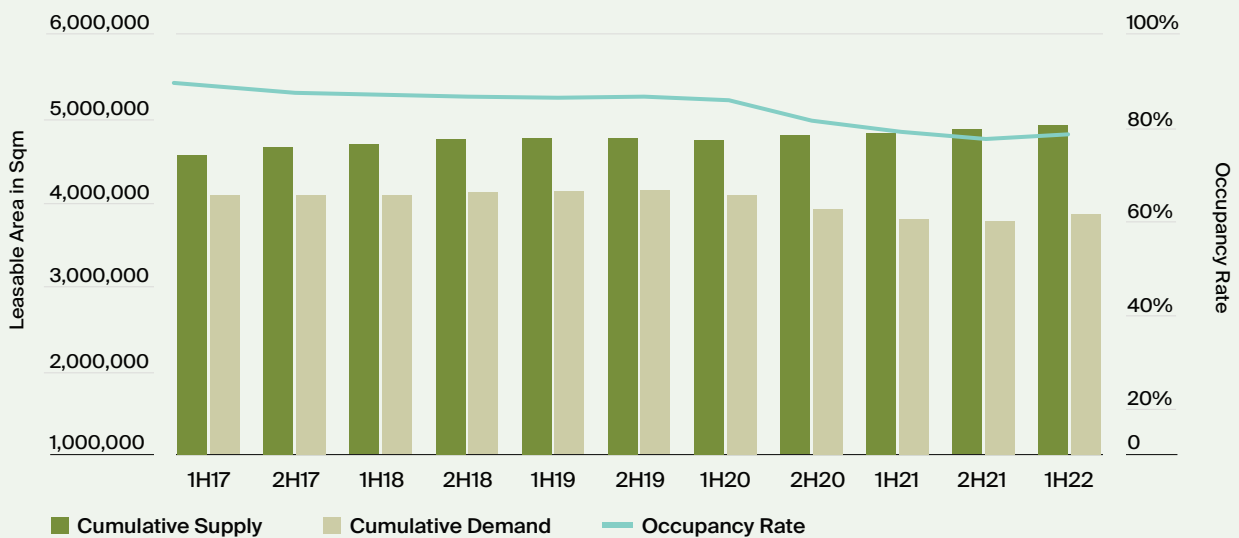


Jakarta Retail Market Overview

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1H 2022

Fig 1: Jakarta Retail Market - Supply, Demand and Occupancy
1H 2017 - 1H 2022



Source: Knight Frank Research

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Two years after the pandemic emerged, the market recovery continued to gain positive momentum in the first half, leading to increased mall foot traffic and higher spending. After all, potential inflationary headwinds may hold back the revival in the near term.
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Jakarta Retail Update

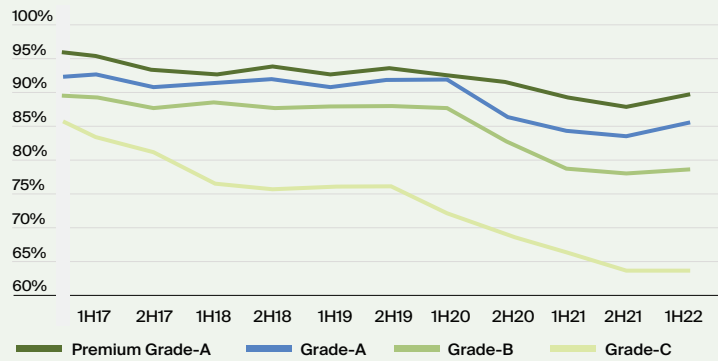
As the pandemic subsided and mobility restrictions were lifted in the first half of 2022, the Jakarta retail market persisted its recovery with increased mall foot traffic and improved optimism about future economic conditions – expecting higher incomes and spending. Rising economic activity during the Ramadan and Idul Fitri periods also gave increased support to the recovery. Given the improving operating condition, retail malls were able to resume longer hours until 10 pm and accommodate at full visitor capacity of 100%. Moreover, children's playgrounds and entertainment venues in shopping centers/malls/trade centers as well as events/exhibitions in public spaces were also opened.

With most restrictions having been relaxed and the return of activities to normalcy, mall owners continued to improve revenue collections by reducing rental and service charge discounts given to tenants. Additional rental reliefs and adjustments extended to major tenants who still struggle remained on a case-by-case basis.

The Jakarta retail market only added two new retail mall projects, named Sarinah Thamrin – Redevelopment (Leased Mall) and MTC Tanah Abang (Strata-title Mall), during the first half of 2022, adding the cumulative total stock of Leased Mall space to 3,241,967 square meters and the cumulative total stock of Strata-title Mall space to 1,675,199 square meters, respectively. As a result, the overall stock was registered at 4,917,166 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

1H 2017 - 1H 2022



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“In an effort to sustain business growth and maintain market share, a full omni-channel retail adoption becomes crucial for retailers and an optimal tenancy-mix for mall owners in the post-pandemic era.”
 ◆◆

Approximately 247,154 square meters coming from six retail centers of new retail supply in the pipeline are projected to enter the Jakarta retail market with the completion between 2H 2022 and 2024. 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 managed to recover to 81.4%, representing a minor increase of 0.5% (yoy), while the occupancy rate of Strata-title Mall retail space decreased to 72.9%, representing a slight decline of 1.9% (yoy). In the first half of 2022, the occupancy of Premium Grade-A mall was relatively stable, decreasing negligibly in real terms by 0.2% (yoy) to 89.2%. The occupancy of Grade-A increased in real terms by 0.9% (yoy) to 85.3%. Notably, several retailers have expanded their offline footprint in the first half of 2022, including Uniqlo in Ciputra Mall; JD.ID in AEON-Tanjung Barat; Passion Prive, The Collector Lounge and Subway in Plaza Senayan; Informa in Gandaria City; JD Sport, Digimap and Foot Locker in Pondok Indah Mall 3; JD Sport, Foot Locker and

Fig 3: Jakarta Retail Market - Future Supply

2H 2022 - 2024

Year	Project name	Type	Location	Lettable Area (sqm)
2H22	Thamrin Nine Mixed Use	Lease	Thamrin	27,045
2H22	Holland Village Mall	Lease	Cempaka Putih	44,000
2023	Menara Jakarta Shopping Mall	Lease	Tanah Abang	90,360
2023	Daan Mogot City	Lease	Daan Mogot	30,000
2023	Pusat Grosir Senen Jaya	Srta	Senen	10,249
2024	Fatmawati City Center	Lease	TB Simatupang	45,500
Total				247,154

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

Monsieur Spoon in Senayan City; Matahari and IKEA in Taman Anggrek; Marhen J in Central Park and others. On the other hand, department store retailers remained to announce closures of their other stores permanently or changes in business models.

Potential accelerating inflation and stagnating growth may restrict the recovery, causing slower consumer spending led by weakening purchasing power and rising retail costs in the near term. The food and beverage, fashion, health and beauty, sports, digital gadgets and e-commerce sectors will remain active for the remainder of 2022. Stand-alone retail centers with unique outdoor/open-air concepts are also expected to see increasing in activities and be the most-sought after venues. To stay competitive and keeping pace with the rapidly changing consumer preferences, traditional mall owners are expected to perform re-purposing or re-development of older premises.

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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