Industrial Market Overview

2H 2022

The bi-yearly Greater Jakarta industrial market overview analyzes latest development trends, provides insights and tracks market dynamics of land sales in major industrial estates located in areas of Jakarta, Bogor, Depok, Tangerang, Bekasi and Karawang.

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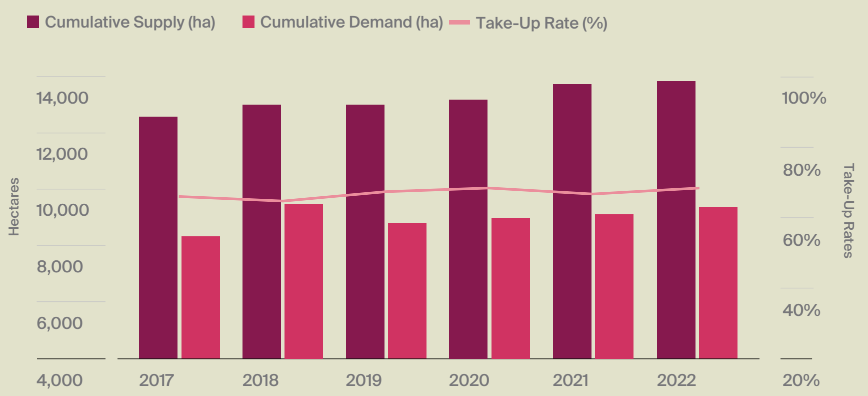
Industrial Market Update

- Data center, chemicals and electronics continued to perform as the primary drivers of land sales on the back of economic resilience and the lifting of all Covid restrictions.

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



Source: Knight Frank Research

With improved market sentiment and increased sales inquiries inviting new land expansion activities, the cumulative total supply in the Greater Jakarta area slightly increased by 0.6% (yoy), registering at 13,809 hectares in the second half of 2022. The small additional supply came from industrial estates located in Bekasi and Karawang. Both Bekasi and Karawang collectively remained as the highest portion of existing industrial land supply at 72%. Meanwhile, the least share of existing industrial land supply was in Bogor, accounted for only 1%.

Faced with a significant slowdown in 2020 and recovered with higher land sales in 2021 due to the pandemic, the Greater Jakarta industrial market managed to sustain its resilient growth pace in 2022. With business activities returning to normal and fully re-opening of borders, the industrial land sales activity in the Greater Jakarta area was able to generate 207 hectares despite 8.2% lower than the previous year's total absorption of 226 hectares and 44.5% lower than the record-high absorption of 373 hectares in 2019.

Greater Jakarta

67.4%

Stable average land sales rate as of 2H 2022

Bekasi-Karawang

Recorded as the largest share of existing industrial land supply

Data center and Chemical Sectors

Major demand driver for 2H 2022

74

Hectares of overall land net sales activity as of 2H 2022

The major contributor for industrial land sales in the second half of 2022 were driven by Data Center and Chemicals industries, followed by Electronics and FMCG industries. Approximately 28% of the total land transactions were supported by Data Center with locations taking place in Bekasi and Karawang. Further, Chemicals was accounted for approximately 20% with locations taking place in Cilegon, Serang and Karawang.

The manufacturing industry sector exhibited a stronger recovery at the end of 2022. Higher output, purchasing activity and employment were supported by an expansion in new orders given increased domestic demand and broader customer bases.

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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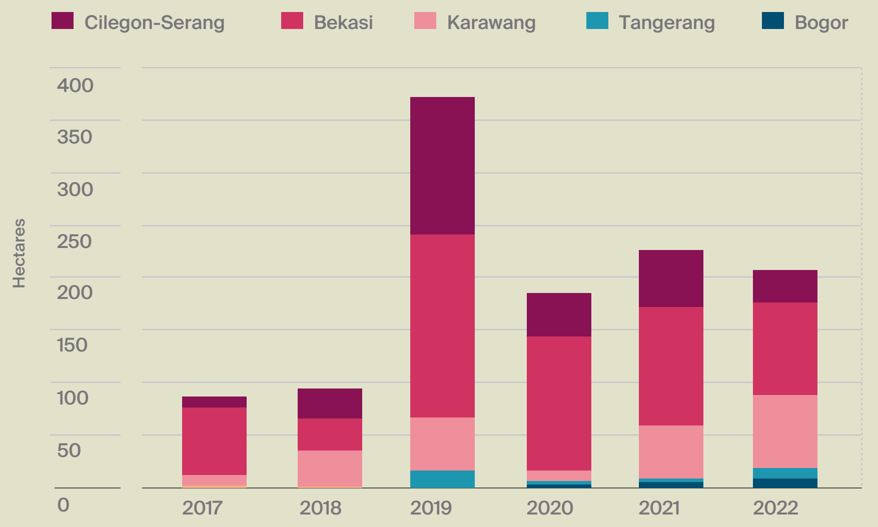
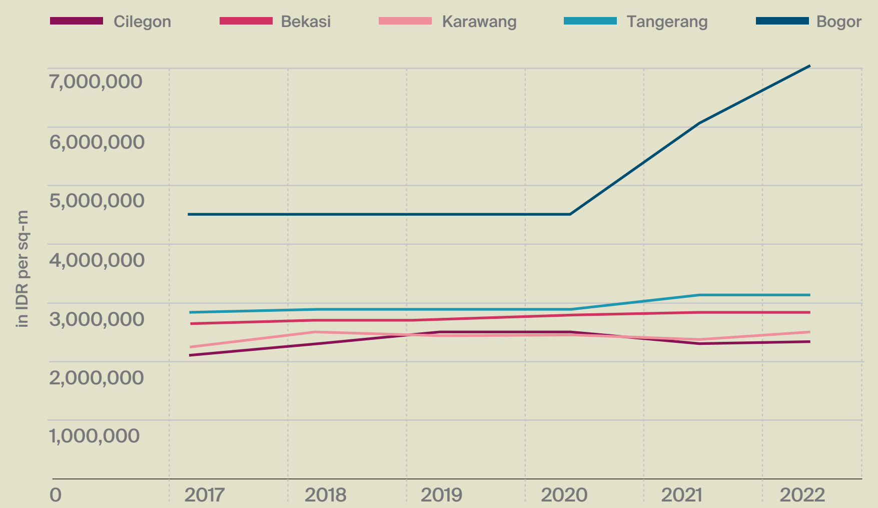
Fig 2: Industrial Market - Annual absorption by Submarket 2017 - 2022



Source: Knight Frank Research

Fig 3: Industrial Market - Land Price by Submarket (IDR) 2017 - 2022



Source: Knight Frank Research

Top foreign buyers for industrial land in the Greater Jakarta area included multinational corporations from China, Taiwan, Japan, South Korea and United States. Business expansion plans coming from local and foreign companies have resumed after tentatively putting it on-hold during the pandemic period.

In line with the increased in demand for land purchases, the overall asking land prices experienced an improved growth, recording a modest increase of 6.6% (yoy) to Rp3.6 million.

In terms of industrial maintenance costs, the overall service charges remained stable, posting at Rp1,116 per sq-m per month.

Land sales volume and asking land prices are expected to stay stable given the resilient economic growth. Data Center, Chemicals, High-Tech Automotive, FMCG, Electronics and Logistics/Warehousing will remain the expanding sectors in 2023. A continued stronger and more sustainable recovery is expected to contribute sturdy growth, but the general outlook remains guarded in the face of global economic and geopolitical uncertainties as well as the 2024 general election.

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