Jakarta Rental Apartment Market Overview

Knight Frank

2H 2022

The bi-yearly Jakarta rental apartment market overview analyzes latest development trends, provides insights and tracks market dynamics of all serviced and non-serviced rental apartment buildings located in Jakarta.

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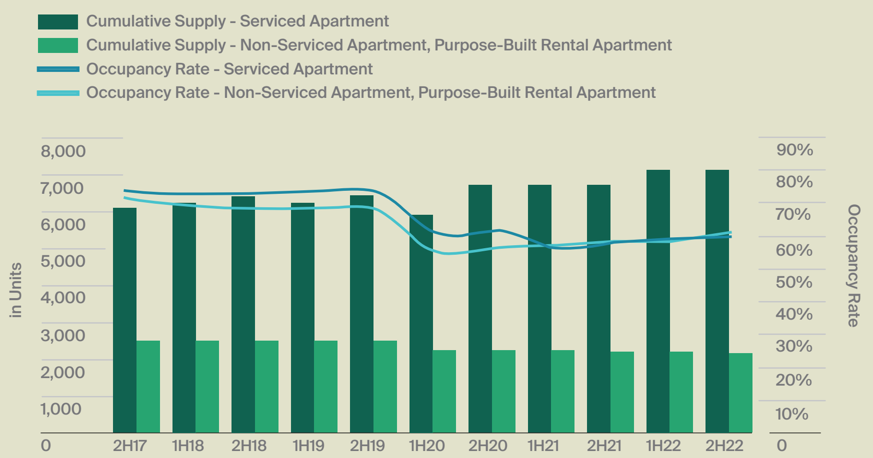
Rental Apartment Market Update

- With the returning of expatriates and business activity back to normal, the rental apartment market continued to see further improvement in occupancy and asking gross rentals.

Fig 1: Jakarta Retail Market - Supply, Demand and Occupancy 2H 2022



Source: Knight Frank Research

Jakarta

60.4%

Average total occupancy level as of 2H 2022

1.6%

Average % decrease (YOY) in gross rental in U.S. Dollar terms

1,876

Upcoming new supply (units) in the pipeline (2023 - 2028)

The total cumulative supply for both serviced and purpose-built rental apartments in the second half of 2022 increased slightly by 0.6% (yoy) to 9,395 units with an offset between one additional re-purposed project named Rasamala and Cendana at Menteng by Ascott entering the market and the closing down of one existing project named Senopati Apartment for a change of use. For the serviced rental apartments, 69% of the supply remained in the CBD area with 61% of such units located in South Jakarta. While, for the non-serviced, purpose-built rental apartments, 58% of the supply remained in the Non-CBD area and 75% of the supply were located in South Jakarta.

Several new projects experienced delays for commencing operations in the second half of 2022 partly due to re-branding and awaiting for the market momentum. There were eight new projects in the pipeline, totaling 1,288 units that are expected to enter the market in 2023. The other three new projects have target completions in 2025, 2027, 2028, respectively. 73% 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.

The rental apartment market showed a continued sign of improvement on the average occupancy rate during the second half of 2022, reflecting a return to normality after the restrictions fully lifted and increased demand coming from foreign expatriates. New demand inquiries during the period included foreign expatriates coming from South Korea, Japan, Russia and India.

Despite the pandemic, the extended-stay has become a preferred choice of accommodation among both owners and guests with the increasing number of new brand launches in the pipeline.

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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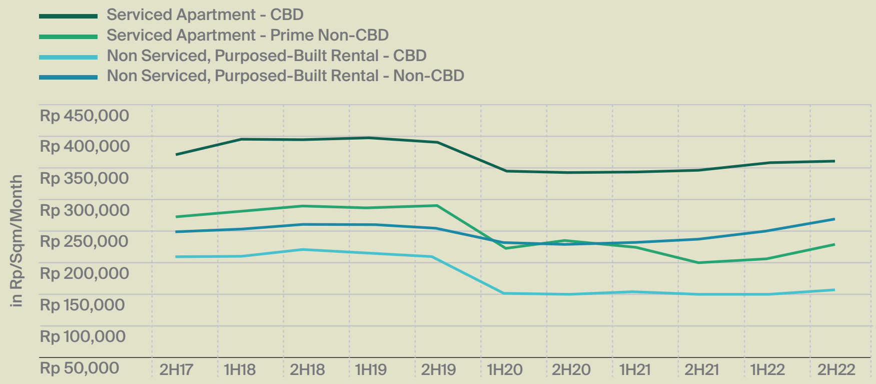
Fig 2: Jakarta Rental Apartment Market Highlights 2H 2022

Total Existing Supply	**9,395 units**
Serviced apartments	7,256 units
Non serviced, purpose-built rental apartments	2,139 units
Physical Occupancy Rates	**60.99%**
Serviced apartments	61.34%
Non serviced, purpose-built rental apartments	59.78%
Overall Vacant Supply	**3,665 units**

Source: Knight Frank Research

Aside from long-term stay contracts mostly by expatriates, domestic short-stay guests for weekend "staycation" and business travelers have become an important support to sustain the occupancy level. As a result, the overall occupancy rate was slightly up in nominal terms by 2.1% from the previous period last year to 60.6% in the second half of 2022. Compared to the same period last year, occupancies for both serviced and non-serviced/purpose-built rental apartments submarkets were showing a slight increase in nominal terms of 2.9% to 61.3% and 1.1% to 59.8%, respectively.

Fig 3: Jakarta Rental Apartment - Average asking rents in rupiah by Submarket 2H 2017 - 2H 2022



Source: Knight Frank Research

Fig 4: Jakarta Rental Apartment - Future Supply 2023 - 2028

Est. Completion Year	Projected Units
2023	1,288
2025	181
2027	203
2028	204
Est. Total Supply	**1,876**

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

Source: Knight Frank Research

The average gross rental for serviced apartments in the CBD recorded an increase both in Rupiah terms of 3.6% (yoy) to Rp359,134 per square meter per month and a decrease in U.S. Dollar terms of 5.3% (yoy) to $23.85 per square meter per month due to the exchange rate depreciation. For the prime non-CBD area, the average gross rental for serviced apartments posted an increase in both Rupiah terms of 11.5% (yoy) to Rp268,569 per square meter per month and in U.S. Dollar terms of 1.7% (yoy) to $17.11 per square meter per month, respectively.

On the back of resilient economic growth and manageable inflation, rental prices and occupancy rates are expected to steadily improve supported by increasing leasing demand and operational costs given the higher inflation. The market will continue to see new brands being introduced in the pipeline and traditional brands being reinvented to adapt with changing market conditions. Aggressive promotions in the form of attractive price discounts combined with complimentary services and facilities will persist to maintain stable occupancy levels and competitiveness.

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