

Industrial Market Overview

1H 2023

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.

knightfrank.co.id/research

Industrial Market Update

- Despite slower sales absorption, asking land prices remained relatively stable. Manufacturing, Automotive-related and Data Center continued to contribute as the major demand drivers of land sales.

Greater Jakarta

65.8%

Stable average land sales rate as of 1H 2023

Bekasi-Karawang

Recorded as the largest share of existing industrial land supply

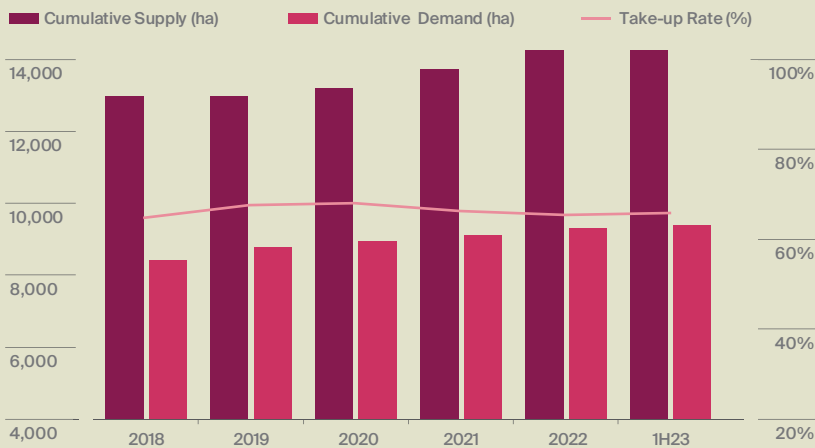
Manufacturing and Automotive Sectors

Major demand driver for 1H 2023

66

Hectares of overall land net sales activity as of 1H 2023

Fig 1: Industrial Market - Supply, Demand and Take Up Rate 2018 - 1H23



Source: Knight Frank Research

The cumulative total supply in the Greater Jakarta area remained unchanged with no new added land banks in the first half of 2023, posting at 14,259 hectares. Both Bekasi and Karawang jointly remained as the largest share of existing industrial land supply at 70%. Meanwhile, the least share of existing industrial land supply was in Bogor, accounted for only 1%.

Despite its resilient sales growth pace in 2022 at 207 hectares, the industrial land sales activity in the

Greater Jakarta area experienced a slower absorption during the first six-month period of 2023, generating 66 hectares or achieving only 32% of the previous year's total absorption.

The main contributor for industrial land sales in first half of 2023 were supported by Manufacturing, Automotive-related and Data Center, followed by Electronics and FMCG industries. Approximately 39% of the total land transactions were supported by combined Manufacturing and Automotive-related with locations

taking place in Bekasi and Karawang. Further, Data Center was accounted for approximately 14% with locations taking place in Bekasi. Bekasi region delivered the most land absorption of 42.8 hectares, accounted for approximately 65% of the total land sales during the six-month period. Top foreign buyers for industrial land in the Greater Jakarta area involved multinational companies coming from China, Taiwan, Malaysia, Japan, South Korea and United States.

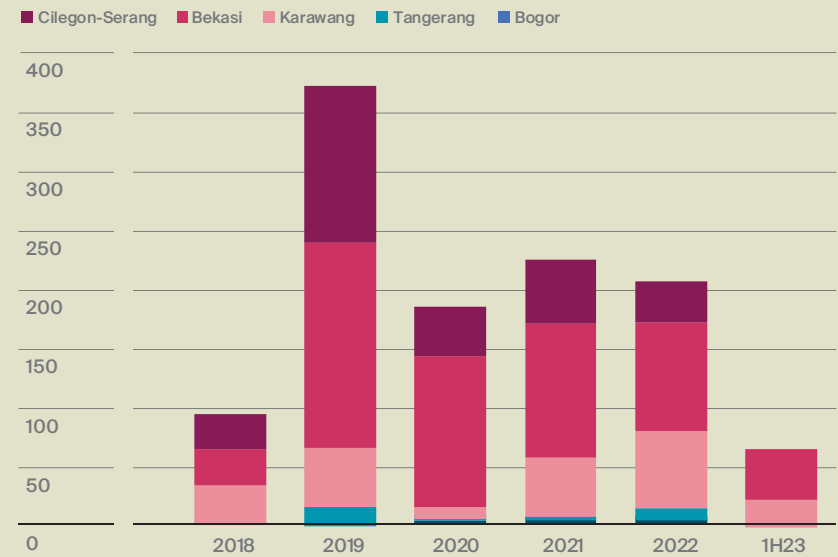
“With the manufacturing industry sector improving at a faster expansion rate in June 2023 on the back of new orders returning to growth, businesses showed more optimism by expanding their workforce capacity to cope with higher workloads.”

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



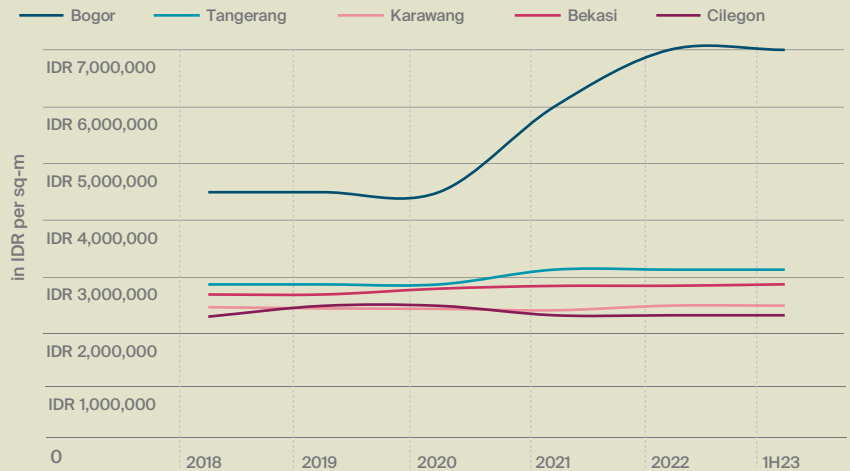
Research enquiries
 Syarifah Syaikat
 Senior Research Advisor
 +62 21 570 7170
 syarifah@id.knightfrank.com

Fig 2: Industrial Market - Annual absorption by Submarket 2018 - 1H23



Source: Knight Frank Research

Fig 3: Industrial Market - Land Price by Submarket (IDR) 2017 - 1H23



Source: Knight Frank Research

Despite a slower absorption for land purchases in the first half of 2023, the overall asking land prices managed to demonstrate a stable growth partially due to the absence of additional land supply, recording a negligible increase of 0.1% from the previous period to Rp3.6 million. In terms of industrial maintenance costs, the overall service charges also showed a relatively minor increase of 0.4% (yoy), posting at Rp1,121 per sq-m per month.

Land sales volume and asking land prices are expected to remain balanced in line with the steady Foreign Direct Investment (FDI) inflows into the economy, particularly the manufacturing sector. Expanding sectors such as Data Center, Chemicals, High-Tech

Automotive, FMCG, Electronics and Logistics/Warehousing will continue to drive land sales. With higher minimum wages and land prices, Greater Jakarta will expect a gradual transformation into more capital-intensive/high-tech industries. While, existing labor-intensive industries have inclined to relocate to areas with lower minimum wages and affordable land prices such as Central Java and parts of West Java.