

Apartment Market Overview

1H 2023

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

knightfrank.co.id/research

Jakarta Strata Apartment Market Update

- Demand for strata condominiums in Jakarta remained subdued amid cautious buyer sentiment. With the expected ease of property ownership for foreigners to purchase properties, it may be deemed to provide an additional source of demand to boost apartment sales.

Jakarta

43%

Of existing supply led by middle segment

23,567

Units of new supply in the pipeline in the period 2023 - 2027

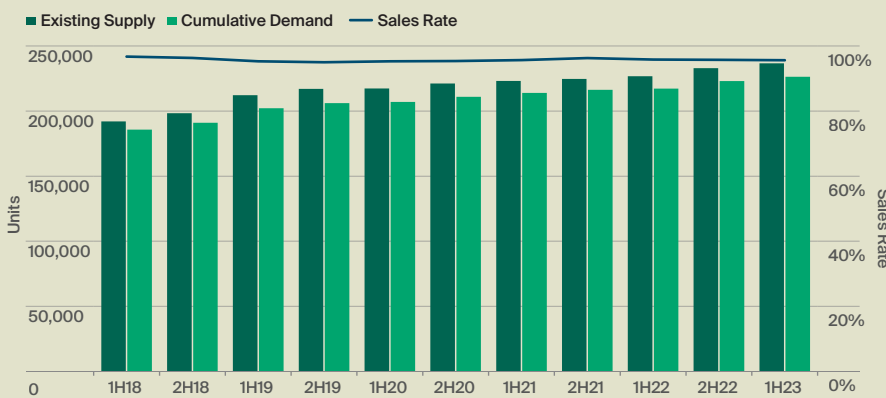
1.9%

Overall average asking price increase (YOY)

59.5%

Average pre-sales rate to proposed new projects

Fig 1: Jakarta Strata Apartment Market - Supply, Demand, and Sales Rate 1H 2023



Source: Knight Frank Research

The cumulative total supply slightly increased by 1.6% to 236,684 units with the completion of only three towers coming from two projects, totaling 3,708 units during the first half of 2023. Existing supply continued to be dominated by the middle segment at 42.5% and the bulk of existing condominium stock was located in South Jakarta (30%) and a limited number in East Jakarta (12%).

As of the first half of 2023, the market remained to record a subdued

pre-sales rate of 59.5%, a small decrease from 63.9% in the previous period, leaving 9,546 units of future supply to be absorbed. Demand pace indicated a slowdown, recording a total net of 3,254 units in the first half of 2023 as compared to 5,775 units in the second half of 2022. In addition, a scaling back of only two new project launches named Adriya PIK and Apple 7 Condovilla during the first half of 2023 suggested that developers were still very cautious in launching new high-rise residential projects, waiting for the right

time, considering the weak buying sentiment, rising cost of construction and in anticipation of upcoming general elections in 2024.

New supply in the pipeline during the period of 2H 2023 to 2027 was reported at 23,567 units, representing approximately 10% of the existing stock. 91% of the total new supply will be located in the Non-CBD area while South and North Jakarta contributed to the largest share with 44% and 25%, respectively.

“End-users remain the main source of demand while investors continue to hold back as there is still a significant degree of uncertainty such as lower returns, higher interest rate and excess supply.”

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



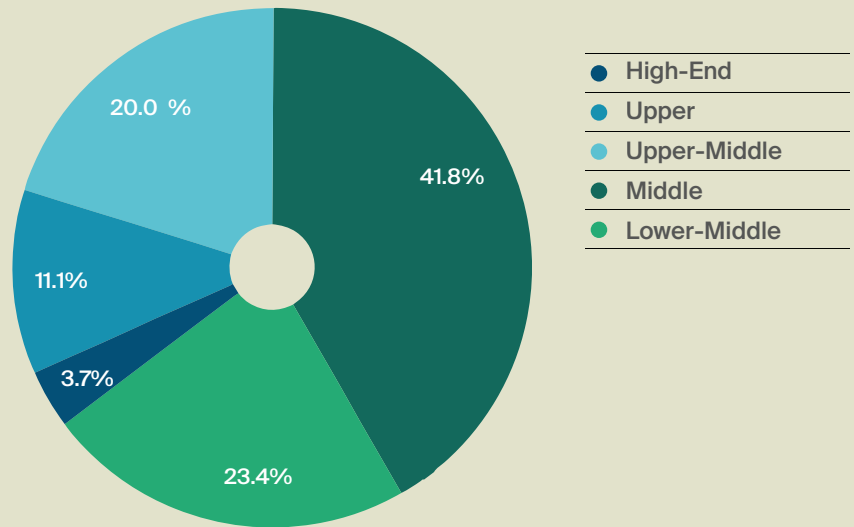
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Fig 2: Existing Supply by Segmentation

Contribution percentage

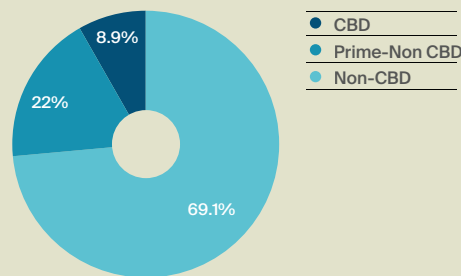


Source: Knight Frank Research

Overall average sales prices in Rupiah terms slightly increased by 1.9% (yoy) to Rp37.4 million per square meter and increased by 3.8% (yoy) in U.S. Dollar terms to \$2,440 per square meter partly due to the Rupiah depreciation against the U.S. Dollar. Projects with higher sales rates and significant construction progress were able to command incremental price growth.

Fig 3: Future supply by area

Est. contribution percentage

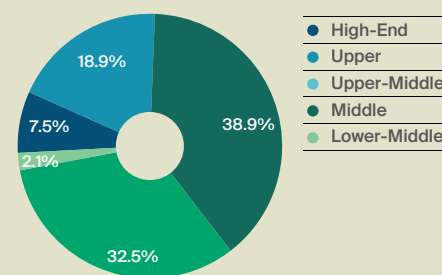


Source: Knight Frank Research

With activities back to normal and the economy showing resilient growth, headwinds on condominium construction are expected to lessen, with completion delays back on course. Developers will continue focusing on selling their ready-to-move-in inventory and resuming delayed projects or construction activities to gain buyers' trust and confidence. Demand is expected to slowly improve. However, it will still remain below its pre-crisis levels.

Fig 4: Future Supply by Segmentation

Est. contribution percentage



Source: Knight Frank Research

Fig 5: Jakarta Strata Apartment Market Highlight 1H 2023

Total Existing Supply in Units	236,684
Sales Rate of Existing Supply	95.6%
Existing Unsold Units	10,387
Proposed Supply 2H 2023-2027	23,567
Pre-Sales Rate of Proposed Supply	59.5%

Source: Knight Frank Research