

Apartment Market Overview

2H 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

- Strata condominium market in Jakarta remained to experience sluggish performance with a slower pre-sales and minimal price growth. Developers faced weak demand and financing difficulties, leading to lesser condo project launches and further delays.

Jakarta

42%

Of existing supply led by middle segment

16,693

Units of new supply in the pipeline in the period 2024 - 2027

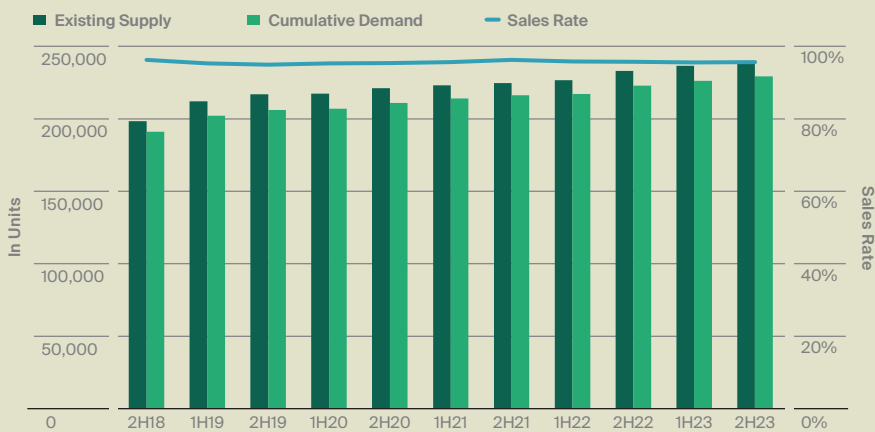
5.6%

Overall average asking price decrease (YOY)

56.5%

Average pre-sales rate to proposed new projects

Fig 1: Jakarta Condo Market - Supply, Demand and Sales Rate 2H 2023



Source: Knight Frank Research

With the completion of six towers coming from five projects totaling 2,922 units during the second half of 2023, the cumulative total supply increased slightly by 1.2% to 239,606 units. The middle segment continued to dominate the existing supply at 42.1% and the majority of existing condominium stock was located in South Jakarta (30%) and a limited number in East Jakarta (12%).

In the second half of 2023, the market showed a slower pre-sales rate of 56.5%, a nominal decline of 3% from

59.5% in the previous period. The pre-sales rate for under-construction apartment projects has been on a declining trend over the years, mainly due to an increasing number of projects being placed on-hold. As a result, majority of buyers were reluctant in purchasing off-plan projects and tend to have more confidence in completed or existing projects. Demand pace has indicated a deceleration trend, recording a total of 6,281 units in 2023 as compared to 6,618 units in the previous year of 2022. The overall demand was still far below or 42% lower than the

pre-pandemic level. Consequently, subdued sales activity also led to very limited new project launches of only one project named Two Senopati during the second half of 2023.

New supply in the pipeline during the period of 2024 to 2027 was reported at 16,693 units, representing approximately 7% 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.

“In a bid to revive the residential sector ahead of the 2024 General Election, the Indonesian government was banking on tax breaks on new property purchases and incentives for foreign buyers.”

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



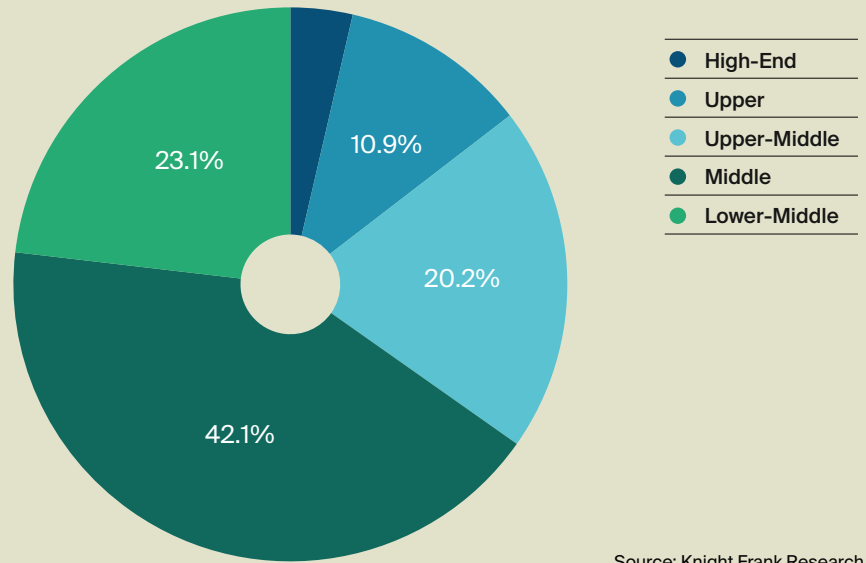
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Fig 2: Existing Supply by Segmentation

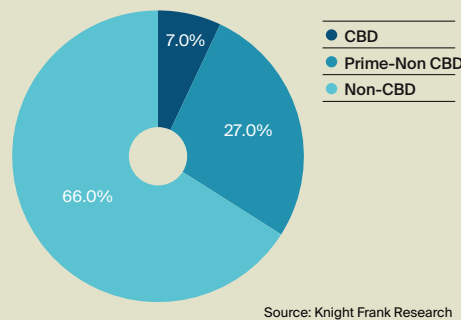
Contribution percentage



Overall average sales prices in both Rupiah terms and U.S Dollar terms increased by 5.6% (yoy) to Rp39.7 million per square meter and by 3.0% (yoy) to \$2,567 per square meter, respectively.

Fig 3: Future Supply by Area

Contribution percentage



Faced with the unfavorable market condition and upcoming 2024 general election, potential buyers/investors will likely delay purchases with a strong wait-and-see sentiment. End-user demand who are most attracted to ready-stock units is expected to continue. Notably, the value added tax (VAT) rebate made public in November 2023, which will be effective until the end of 2024, is expected to benefit most large developers with a higher value of completed – unsold properties and the ability to fast-track the completion and sales in multiple off-plan projects within the VAT rebate period.

Fig 4: Future Supply by Segmentation

Contribution percentage

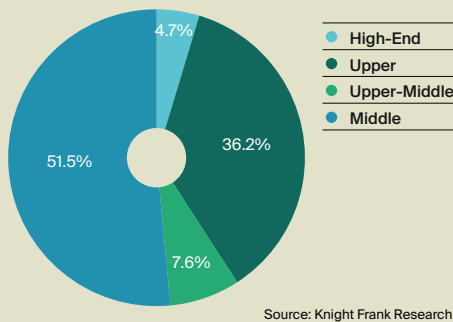


Fig 5: Jakarta Condominium Market Highlight 2H 2023

Total Existing Supply in Units	239,606
Sales Rate of Existing Supply	95.7%
Existing Unsold Units	10,353
Proposed Supply 2021 - 2024	16,693
Pre-Sales Rate of Proposed Supply	56.5%

Source: Knight Frank Research