

Apartment Market Overview

1H 2023

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.

knightfrank.co.id/research

Rental Apartment Market Update

- Bolstered by the resilient economy, rising daily and short-term stays partly helped to sustain the occupancy level and rental growth. Greater supply pipeline may pose strong competition.

Jakarta

61.2%

Average total occupancy level as of 1H 2023

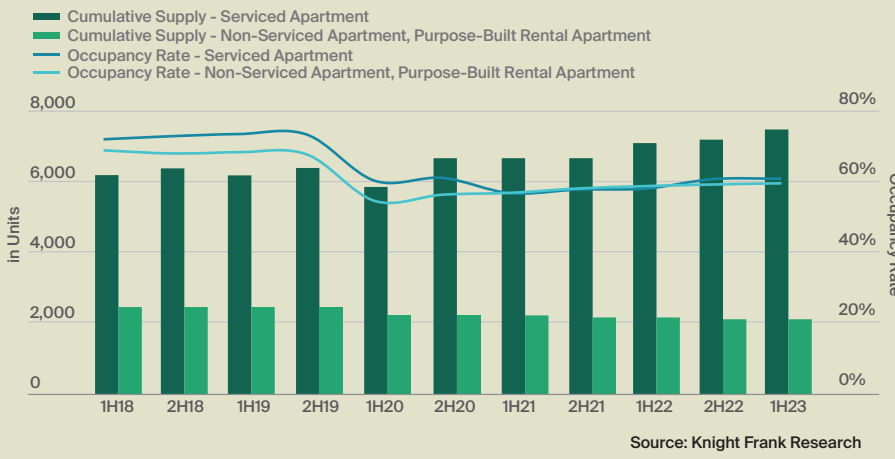
1.6%

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

1,701

upcoming new supply (units) in the pipeline (2H 2023 - 2028)

Fig 1: Jakarta Rental Apartment - Supply, Demand and Occupancy 1H 2018 - 1H 2023



With the increased in construction activity, the total cumulative supply for both serviced and purpose-built rental apartments in the first half of 2023 increased slightly by 0.6% (yoy) to 9,684 units with an offset between one additional project completion named Ashta Residence entering the market and the reduction of one existing project re-branded to Habitare Apart'Hotel (previously named Citadines Kuningan). For the serviced rental apartments, 71% of the supply remained in the CBD area with 67% 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 first half of 2023 partly due to slower construction progress and awaiting for the market momentum. There were five new projects in the pipeline, totaling 749 units that are scheduled to enter the market in 2023. The other five new projects have target completions in 2024, 2025, 2027, 2028, respectively. 88% 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's average occupancy rate during the first half of 2023 continued to show gradual improvement. New demand inquiries during the period comprised foreign expatriates coming from China, Japan, India, Middle East and Europe. Despite the rise in existing supply and reliance on long-term stay contracts, many serviced apartment projects had experienced rising in average occupancies for daily and short-term stays, partially supported by the Idul Fitri festive and the school holiday season.

“The CBD area remains the focus of serviced apartment demand, although growth is also concentrated in the established area of Prime Non-CBD.”

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 Syaukat
Senior Research Advisor
+62 21 570 7170
syarifah@id.knightfrank.com



Strategic Consultancy enquiries
Sindiani S. Adinata
Director
+62 21 570 7170
sindiani.adinata@id.knightfrank.com

Fig 2: Jakarta Rental Apartment Market Highlights 1H 2023

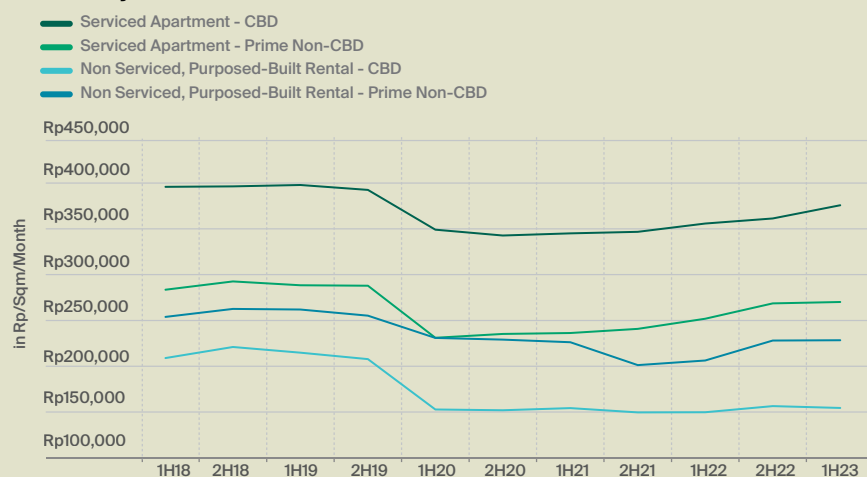
Total Existing Supply	9,684 units
Serviced apartments	7,545 units
Non serviced, purpose-built rental apartments	2,139 units
Physical Occupancy Rates	61.2%
Serviced apartments	61.5%
Non serviced, purpose-built rental apartments	60.1%
Overall Vacant Supply	3,761 units

Source: Knight Frank Research

The overall occupancy rate was relatively stable, increasing negligibly in nominal terms by 0.2% from the previous period to 61.2% in the first half of 2023. Compared to the same period last year, occupancies for both serviced and non-serviced/purpose-built rental apartments submarkets registered a slight increase in nominal terms of 2.8% to 61.5% and 0.8% to 60.1%, respectively.

The average gross rental for serviced apartments in the CBD recorded an increase both in

Fig 3: Jakarta Rental Apartment - Average asking rents in rupiah by Submarket 1H 2018 - 1H 2023



Source: Knight Frank Research

Fig 4: Jakarta Rental Apartment - Future Supply 2H 2023 - 2028

Est. Completion Year	Projected Units
2H 2023	749
2024	364
2025	181
2027	203
2028	204
Est. Total Supply	1,701

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

Source: Knight Frank Research

Rupiah terms of 5.6% (yoy) to Rp375,662 per square meter per month and in U.S. Dollar terms of 3.8% (yoy) to \$24.72 per square meter per month. For the prime non-CBD area, the average gross rental for serviced apartments posted an increase in both Rupiah terms of 7.3% (yoy) to Rp270,135 per square meter per month and in U.S. Dollar terms of 5.4% (yoy) to \$18.00 per square meter per month, respectively.

With resilient economic growth and manageable inflation, occupancy rates are expected to be stable in line

with steady leasing demand and rental prices expected to gradually improve competitively at a slower pace due to higher operational costs. The market will remain to see new brands being introduced in the pipeline and traditional brands being reinvented to adapt with changing market conditions. Active promotions in the form of enticing price discounts combined with complimentary services and facilities will continue to keep stable occupancy levels and competitiveness.