

Jakarta Retail Market Overview

1H 2023

The bi-yearly Jakarta retail market overview analyzes latest development trends, provides insights and tracks market dynamics of all retail shopping centers located in Jakarta.

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Retail Market Update

- Amid a shifting retail landscape, upmarket retail malls have improved significantly, while other lower grade malls, particularly strata-titled malls, remained struggling in their recovery. Disruption from “social commerce” has been greatly affecting malls, catering to lower-middle-income households.

Jakarta

96%

New leased malls are located within mixed-use developments

82.8%

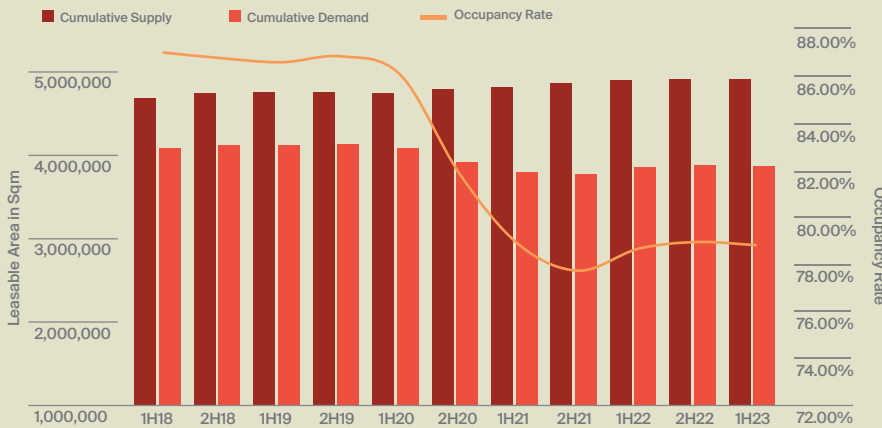
Slight increase in overall occupancy in 1H 2023

-2.9%

Year-on-year based on U.S. terms

Approximately 247,109 square meters coming from six retail centers of new retail supply in the pipeline are projected to enter the Jakarta retail market with the completion between the second half of 2023 and 2025. 89% of the total new supply will be located in the Non-CBD area. Estimated of five new Leased Malls are located within mixed-use developments while one new Strata-Title Mall is located in a freestanding premise.

Fig 1: Jakarta Retail Market - Supply, Demand and Occupancy 1H 2018 - 1H 2023



Source: Knight Frank Research

Given the post-pandemic resurgence of social activities and interactions in the first half of 2023, the Jakarta retail market continued to progress with positive performances of increased mall foot traffic and retailers gaining confidence opening their stores – partially helped by the festive period of Idul Fitri, extended collective leave days and school holiday season.

The overall supply for Jakarta retail market remained unchanged at 4,913,911 square meters with the non-existence of new retail mall completions during the first half of 2023. The cumulative total stock of Leased Mall space remained at 3,238,712 square

meters and the cumulative total stock of Strata-title Mall space stood at 1,675,199 square meters. The CBD and Prime Non-CBD areas accounted for the largest supply concentration of Premium Grade A and Grade A buildings which represented 41% of the total existing supply. By area, South Jakarta remained the largest supply concentration, accounting for approximately 42% of the leased retail supply, while 75% of supply was located in the Non-CBD area.

“Guided by the lifestyle pattern, consumers are now expecting retail malls to become a lifestyle destination, providing them with more unique and profound experiences. It is no longer just to shop, but also to enjoy the new ambience or environment.”

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

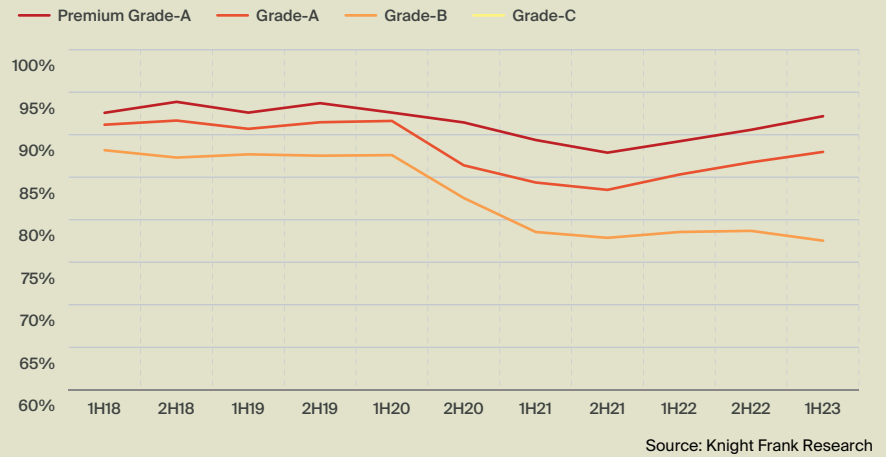


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Fig 2: Jakarta Retail Market – Occupancy by Grade



Despite still below the pre-pandemic levels, the occupancy rate of Leased Mall retail space experienced continued improvement, recording a slight increase of 1.1% (yoy) to 82.8%, while the occupancy rate of Strata-title Mall retail space trended down, decreasing in real terms by 1.6% (yoy) to 71.2%. In the first half of 2023, the occupancies of both Premium Grade-A and Grade-A malls registered increases by 2.9% (yoy) to 92.2% and 2.7% (yoy) to 87.9%, respectively.

Fig 3: Jakarta Retail Market - Future Supply 2H 2023 - 2025

Estimated Year	Project name	Type	Location	Estimated Lettable Area (sqm)
2H 2023	Retail Podium Thamrin Nine	Lease	Thamrin	21,000
2H 2023	Holland Village Mall	Lease	Cempaka Putih	44,000
2H 2023	Pusat Grosir Senen Jaya	Strata	Senen	10,249
2024	Menara Jakarta	Lease	Kemayoran	90,360
2025	Daan Mogot City	Lease	Daan Mogot	30,000
2025	Fatmawati City Center	Lease	TB Simatupang	45,500
Total				247,109

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

Source: Knight Frank Research

Various retailers have expanded their offline footprint in the first half of 2023, including DUMA and NOVERE in Plaza Indonesia; DKNY in Plaza Senayan; The Children’s Place in Grand Indonesia; Herschel Supply & Co. in Gandaria City; Batik Keris in Puri Indah; Pvra in Senayan City; Cinepolis in Senayan Park; Kikokuniya in Central Market – Golf Island PIK; N.O.B and Rambla in Kelapa Gading; Gold Dragon in Central Park; Atmos and Sun and Sand Sport in Pondok Indah; Foot Locker in Kota Kasablanka; W Superclub in Mall of Indonesia; Uniqlo in Lotte Shopping Avenue and others. Despite the improving condition, a hypermarket operator continued to face business challenges by closing its outlets in a handful of strata-titled malls during the first quarter of 2023.

Notably, a Chinese-owned grocery and variety store named Hapimart, announced its expansion plan to become an anchor tenant in several Jakarta strata-titled malls.

Rapid changes in consumer behavior, cost pressures and global economic uncertainty will continue to shape retail and e-commerce trends, influencing the Jakarta retail market dynamics and limiting consumer discretionary spending. Freestanding retail locations with a neighborhood concept are expected to remain a viable option for retailers, largely due to higher visibility, competitive rental costs and flexible operational hours.