

Jakarta Retail Market Overview

2H 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

- The retail market experienced its continuous recovery driven by increased consumer activities and shopping back in full swing. Pressures on purchasing power may continue to intensify due to rising food and fuel prices.

Jakarta

96%

New leased malls are located within mixed-use developments

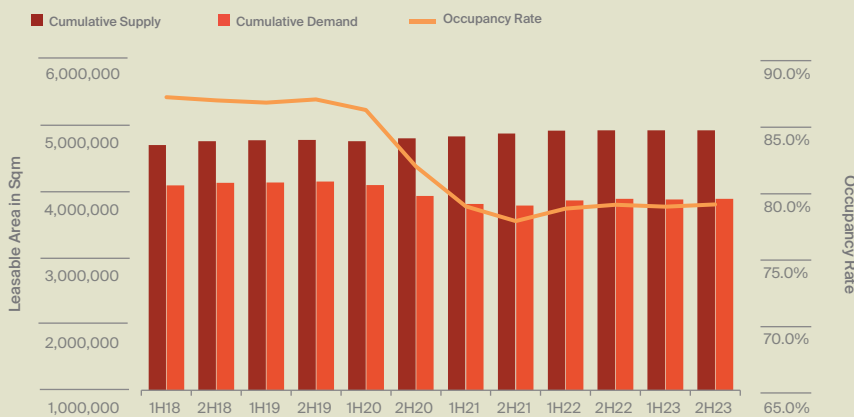
78.9%

Slight increase in overall occupancy in 2H 2023

4.4%

Year-on-year gross rental growth in Rupiah terms

Fig 1: Jakarta Retail Market - Supply, Demand and Occupancy 1H 2018 - 2H 2023



Source: Knight Frank Research

After enduring many challenges since the pandemic, the Jakarta retail market continued its positive momentum in the second half of 2023, indicated by increased mall foot traffic, expanding new international brand retailers and business activity during the Christmas and Year-End holiday periods. Omni channel platforms, including retail malls, digital channels and marketplace partners, remained essential to cater to diverse consumer needs.

In the second half of 2023, the Jakarta retail supply remained stagnant at 4,913,911 square meters with no new retail malls entering the market. Both the cumulative total stock of Leased Mall

space and the cumulative total stock of Strata-title Mall space remained unchanged, recording at 3,238,712 square meters and 1,675,199 square meters, respectively. 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.

Approximately 206.860 square meters coming from four retail centers

of new retail supply in the pipeline are projected to enter the Jakarta retail market with the completion between 2024 and 2026. 89% of the total new supply will be located in the Non-CBD area. Projected five new Leased Malls are located within mixed-use developments while one new Strata-Title Mall is located in a freestanding premise.

The occupancy rate of Leased Mall retail space has continued to improve, recording a slight increase of 1.2% (yoy) to 83.8%, while the occupancy rate of Strata-title Mall retail space experienced a reduction, decreasing in real terms by 2.3% (yoy)

“Largely out of town and open air, premium outlet centers have created a new trend by offering more attractive fashion shopping destinations and price discounts after the pandemic.”

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

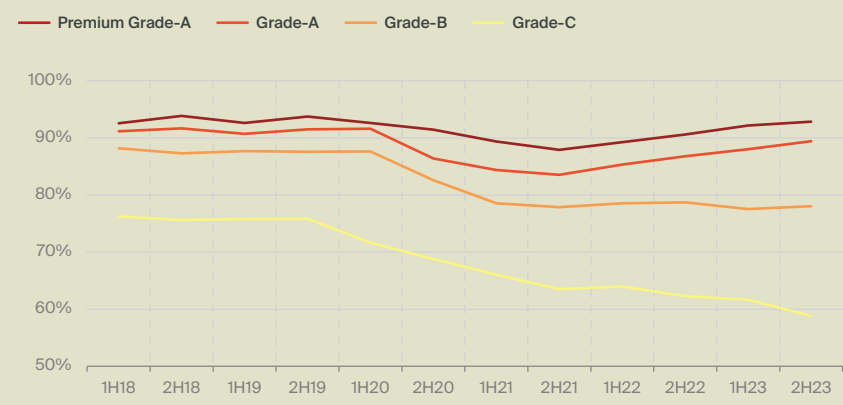


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Fig 2: Jakarta Retail Market – Occupancy by Grade 1H 2018 - 2H 2023



Source: Knight Frank Research

to 69.8%. In the second half of 2023, the occupancies of both Premium Grade-A and Grade-A malls posted increases by 2.3% (yoy) to 92.8% and 2.7% to 89.4%, respectively.

Fig 3: Jakarta Retail Market - Future Supply 2024 - 2026

Year	Project name	Type	Location	Lettable Area (sqm)
2024	Retail Podium Thamrin Nine	Lease	Thamrin	27,000
2024	Holland Village Mall	Lease	Cempaka Putih	44,000
2024	Menara Jakarta	Lease	Kemayoran	90,360
2026	Fatmawati City Center	Lease	TB Simatupang	45,500
Total				206,860

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

Source: Knight Frank Research

Various retailers have expanded their offline footprint in the second half of 2023, including Converse, Crocs, Herschel Supply Co., Kafe Betawi, New Balance, Planet Sports, Stella McCartney in Plaza Indonesia; KKV, Children’s Place, Flying Tiger Copenhagen and Pomelo in Grand Indonesia; in Gandaria City; Pinko in Pacific Place; MLB Korea in Pondok Indah Mall 2; Sun & Sand Sports in Pondok Indah Mall 3; Playtopia Adventure in Senayan Park; AEON Health & Beauty in Lotte Shopping Avenue; Pink in Pacific Place; Uniqlo in Kelapa Gading Mall La Piazza; Herschel Supply Co. in Gandaria City; Cotton On and Guardian in Kota Kasablanka; W Superclub in Artha Gading; Kikokuniya Bookstore in Central Market – Golf Island PIK; Hapimart in Mangga Dua Square and others. Noticeably, the market also observed large retail outlets such as supermarkets announcing closures permanently.

Since e-commerce and online shopping gained traction, many brick-and-mortar stores and shopping malls have had to re-invent themselves to stay relevant. To optimize spaces, improve operational performances and value of malls, a handful of retail malls such as Gajah Mada Plaza, Plaza Semanggi, One Bell Park, the Park Pejaten, Living Plaza Puri and Epicentrum Walk have been performing asset enhancement initiatives in the rapidly changing consumer market. Strong ability to adapt and innovate ensures developers/retailers’ continued growth.

Furthermore, tenants will continue to require greater flexibility by seeking shorter lease terms, expansion and/or contraction options and early termination rights to ensure most cost effective and saving solutions.