

Industrial Market Overview

2H 2023

The bi-yearly Greater Jakarta industrial market overview analyzes latest development trends, provides insights and tracks market dynamics of land sales in major industrial estates located in areas of Jakarta, Bogor, Depok, Tangerang, Bekasi and Karawang.

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Industrial Market Update

- ▶ Annual demand fell short despite a strong land sales rebound in the second half of 2023. Data center, chemical and electronics remained as the key support sectors.

Greater Jakarta

66.4%

Stable average land sales rate as of 2H-2023

Bekasi-Karawang

Recorded as the largest area of existing industrial land supply

Data center and Chemical Sectors

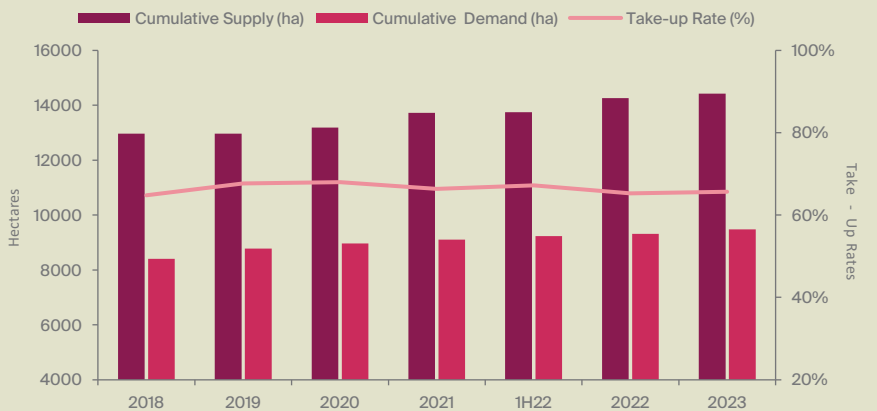
Key demand growth for 2H-2023

117

Hectares of overall land net sales activity as of 2H-2023

Approximately 44% of the total land transactions were supported by Data Center with locations taking place in Bekasi and Karawang. Further, Chemical was accounted for approximately 21% with locations taking place in Cilegon, Serang and Karawang. Top foreign buyers for industrial land in the Greater Jakarta area continued to involve multinational corporations from China, Taiwan, Japan, Singapore, South Korea and the United States.

Fig 1: Industrial Market - Supply, Demand and Take Up Rate 2018 - 2023



With the non-existence of additional industrial land supply, the cumulative total supply in the Greater Jakarta area remained unchanged, recording at 14,259 hectares in the second half of 2023. Both Bekasi and Karawang jointly remained as the largest portion of existing industrial land supply at 70%. On the contrary, the smallest portion of existing industrial land supply was in Bogor, accounted for only 1%.

After generating only 66 hectares in the first half of 2023, the Greater

Jakarta industrial market managed to perform a strong rebound at 117 hectares, sustaining its resilient growth pace in 2023. However, the industrial land sales activity in the Greater Jakarta area fell short of the annual demand by 12%, reaching only 183 hectares for the entire 2023 as compared to 207 hectares in 2022.

The important contributors for industrial land sales in the second half of 2023 were driven by Data Center and Chemical industries, followed by Electronics and FMCG industries.

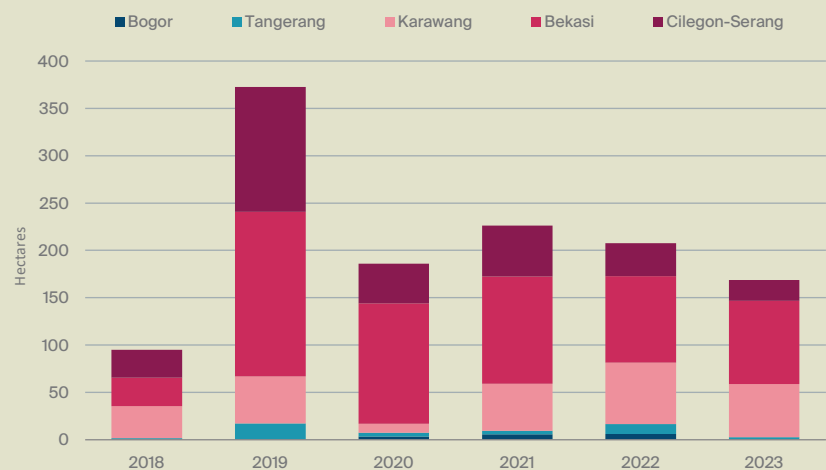
Driven by rising demand and output, the manufacturing industry sector experienced continued growth and positive momentum at the end of 2023. Overall sentiment is expected to improve as companies continue to grow, anticipating continuous sales expansion in 2024.

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



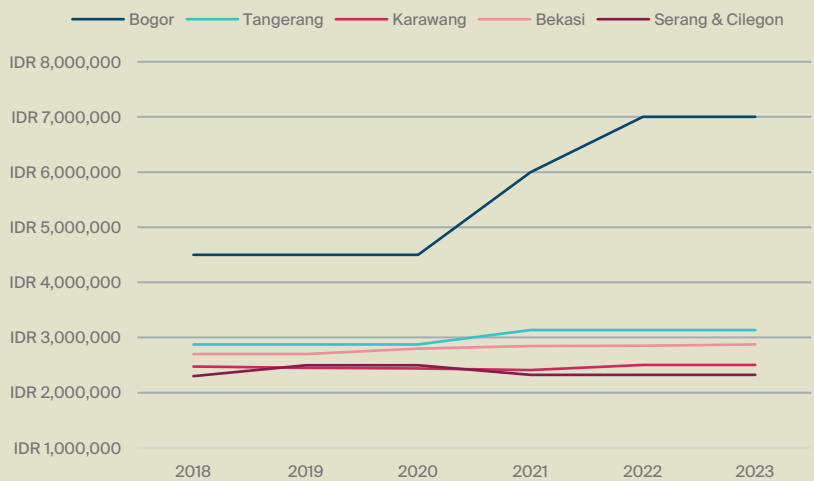
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Fig 2: Industrial Market - Annual Absorption by Submarket 2018 - 2023



Source: Knight Frank Research

Fig 3: Industrial Market - Land Price by Submarket (IDR) 2018 - 2023



Source: Knight Frank Research

To remain competitive and aiming for higher sales growth, the overall asking land prices indicated a steady rate in the second half of 2023, only recording an insignificant increase of 0.1% from the previous year to Rp3.6 million. In terms of industrial maintenance costs, the overall service charges indicated a slight increase of 4.2% (yoy), reporting at Rp1,163 per sq-m per month.

Leading up to the 2024 general elections, foreign and local investors are expected to adopt a wait-and-see attitude before deciding on business expansions.

The land sales volume is likely to gain momentum in late 2024 until there is greater clarity and visibility on the future direction of business activities. Asking land prices will stay stable with potential price increments limited to favorable locations.