

# Jakarta Rental Apartment Market Overview



2H 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.

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## Rental Apartment Market Update

- Supported by short-stay guests during the year-end holiday season and business travelers, the rental apartment market continued to see gradual improvement in occupancy and asking gross rentals.

### Jakarta

63.0%

Average total occupancy level as of 2H 2023

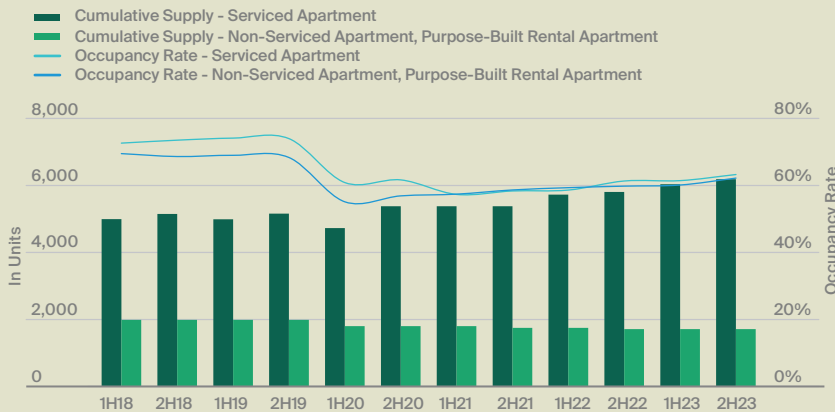
1.6%

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

1,879

upcoming new supply (units) in the pipeline (2024 - 2028)

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



Source: Knight Frank Research

The total cumulative supply for both serviced and purpose-built rental apartments in the second half of 2023 increased slightly by 0.6% (yoy) to 9,395 units with one new serviced apartment project named Citadines Gatot Subroto and one repurposed hotel project named The Grand Mansion Menteng by the Crest Collection entering the market. For the serviced rental apartments, 71% of the supply remained in the CBD area with 64% of such units located in South Jakarta. While, for the non-serviced, purpose-built rental apartments, 59% of the supply remained in the Non-CBD area and 75% of the supply were located in South Jakarta.

Several new projects continued to experience delays for commencing operations in the second half of 2023 partly due to partial openings and finishing stages. There were four new projects and three new projects in the pipeline, totaling 792 units and 512 units that are expected to enter the market in 2024 and 2025, respectively. The remaining three new projects have target completions in 2027 and 2028. 68% of the total new supply will be located in the CBD area and the remaining will be in the Prime Non-CBD and Non-CBD areas. Majority of the proposed serviced apartment projects managed by international operators are located within mixed-use developments.

The rental apartment market continued to improve on the average occupancy rate during the second half of 2023, primarily fueled by local visitors seeking to stay during the long holiday for short-term periods and foreign expatriates for long-stay guests. Domestic short-stay guests for weekend "staycation" and foreign business travelers remained to maintain the occupancy level. New demand inquiries during the period included foreign expatriates coming from South Korea, Japan, China and India. As a result, the overall occupancy rate was slightly up in nominal terms by 2.1% from the previous period last year to 63.0% in the second half of 2023.

“With a growing preference for blended business, family and leisure travel, branded service apartments have adopted branding strategies to bridge the gap between traditional hotels and serviced apartments, catering to a diverse range of travelers.”

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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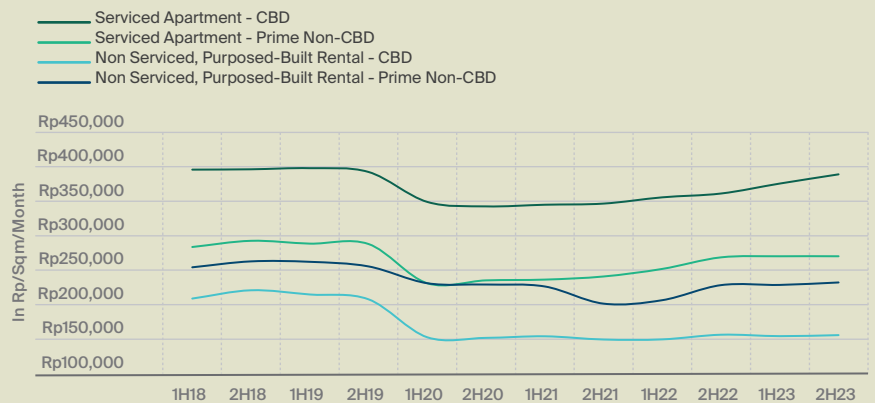
**Fig 2: Jakarta Rental Apartment Market Highlights 2H 2023**

Total Existing Supply	9,870 units
Serviced apartments	7,731 units
Non serviced, purpose-built rental apartments	2,139 units
Physical Occupancy Rates	63.04%
Serviced apartments	63.28%
Non serviced, purpose-built rental apartments	63.04%
Overall Vacant Supply	3,647 units

Source: Knight Frank Research

Compared to the same period last year, occupancies for both serviced and non-serviced/purpose-built rental apartments submarkets were showing a slight increase in nominal terms of 1.9% to 63.3% and 2.4% to 62.2%, respectively. The average gross rental for serviced apartments in the CBD recorded an increase both in Rupiah terms of 7.6% (yoy) to Rp388,981 per square meter per month and in U.S. Dollar terms of 8.9% (yoy) to \$24.79 per square meter per month due to the

**Fig 3: Jakarta Rental Apartment - Average asking rents in rupiah by Submarket 1H 2018 - 2H 2023**



Source: Knight Frank Research

**Fig 4: Jakarta Rental Apartment - Future Supply 2024 - 2028**

Est. Completion Year	Projected Units
2024	792
2025	512
2027	371
2028	204
<b>Est. Total Supply</b>	<b>1,879</b>

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

Source: Knight Frank Research

exchange rate depreciation. For the prime non-CBD area, the average gross rental for serviced apartments posted a slight increase in both Rupiah terms of 0.6% (yoy) to Rp270,135 per square meter per month and in U.S. Dollar terms of 1.9% (yoy) to \$17.42 per square meter per month, respectively.

With an influx of new supply in the next two years, particularly coming from new branded serviced apartment projects, the occupancy rate is expected to experience downward pressure. Rental price growth is expected to rise gradually given higher operational costs impacted by higher inflation,

subject to stable occupancies. Older serviced and non-serviced accommodations will continue to apply aggressive promotions in the form of attractive price discounts combined with complimentary services and facilities to sustain stable occupancy levels and competitiveness.