

## CBD JAKARTA OFFICE

### Economic Indicators

|                   | 2014  | 2015 | 2016F      |
|-------------------|-------|------|------------|
| GDP Growth        | 5.01% | 4.8% | 4.9 – 5.3% |
| Inflation Rate    | 8.36% | 5.0% | 4.3%       |
| Central Bank Rate | 7.5%  | 7.5% | 6.5%       |

### Market Indicators

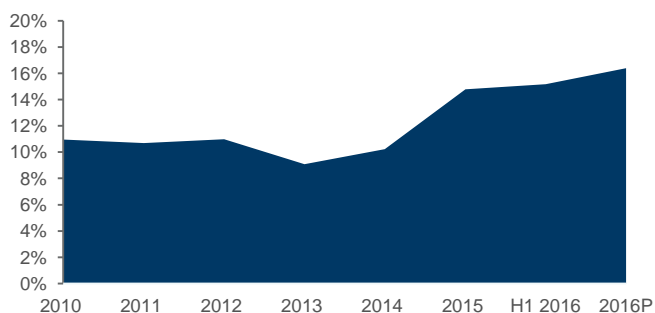
|                               | H1 15   | H1 16   | 12-Month Forecast |
|-------------------------------|---------|---------|-------------------|
| Overall Vacancy               | 13.5%   | 15.2%   | ▲                 |
| Net Absorption (Sqm)          | 55,507  | 86,310  | ▲                 |
| Under Construction (Sqm)      | 385,855 | 205,485 | ▼                 |
| Overall Average Rent (Sqm pm) | \$15.08 | \$15.58 | ▼                 |

### Net Absorption/Asking Rent

#### 2Q TRAILING AVERAGE



### Overall Vacancy



## ECONOMY

The Central Bank of Indonesia (Bank Indonesia) forecasted Indonesia Gross Domestic Product (GDP) to reach 5.0% (YoY) by the end of the 2<sup>nd</sup> quarter of 2016. The stock market remained stable with the composite index closing at 4,820 on June 17<sup>th</sup> 2016, only a slight decline from the previous quarter. On the other hand, Rupiah experienced a depreciation of 2% to Rp. 13,364.00 per US\$ 1.00. Year-to-date inflation reached 3.33%, much lower than the 7.15% inflation rate in the same period last year.

## NON-CBD OFFICE MARKET OVERVIEW

The downturn of commodities and global oil & gas prices have led to a slower office market growth and continued to cloud the upstream industries this year. Consequently, office buildings along TB Simatupang area, which house more oil companies than any other regions in Jakarta, experience further decline in office space inquiries from oil companies.

Towards the end of December 2015 until earlier 2016, a number of multinational oil companies have downsized their office area, some have subleased their office space before their contract expired, and oil companies have been very cautious in their lease renewals.

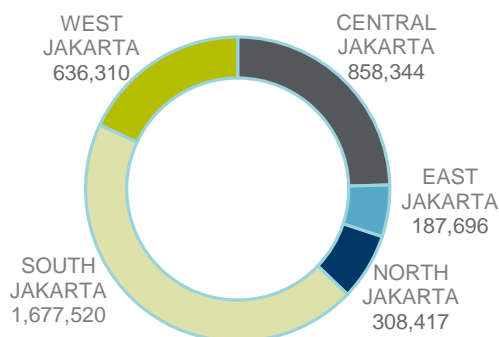
According to a survey by PricewaterhouseCoopers (PwC) Indonesia, sluggish oil market prompt a majority of oil companies in Indonesia to reduce their expatriate workforces by a considerable number. Additionally, a recent survey by Cushman and Wakefield Indonesia (CWI) indicates that apartments and housings along TB Simatupang corridor, in which its occupancy was previously dominated by expatriates, experienced a decline in occupancy rate.

Our recent survey also indicates that the current situation may not only affects oil and gas companies but also companies that offers their services for oil companies such as oil and gas fabrication companies, engineering and exploration consultancies, and oil and gas logistics.

Furthermore, some older buildings in TB Simatupang area experienced a challenging situation in which they would need to compete with newer buildings along TB Simatupang corridor by adjusting their rental prices and doing building renovation.

On the other hand, Non-CBD office space inquiries have now been dominated by the emerging Information Technology (IT) and E-commerce industries. Outside the CBD area, West and South Jakarta host more IT-related companies more than any other regions in Jakarta. Taking advantage of the current tenant-oriented market, IT industries continuously seeking for better and lower-cost alternatives with flexible lease agreements.

## JAKARTA NON-CBD OFFICE



With the rapid growth of the industry, minor to major expansions of office space used for IT-related businesses are expected in the foreseeable future.

## DEMAND AND OCCUPANCY

Jakarta non-CBD net take up during the first half of 2016 reached 86,310 sq.m, decreased about 23% or as much as 26,329 sq.m from last semester's figure. Office buildings in south Jakarta continued to contribute the largest net take-up during the reviewed semester. Most of the demand came from pre-commitment tenant within the newly completed office buildings, large office relocations of tenants from CBD area, business consolidations, and relocations from shophouses. The occupancy rate during the reviewed quarter was 84.8%, slightly lower than last year's occupancy rate.

## SUPPLY

Four new office buildings were completed and entered non-CBD office market during the first half of 2016, which brought the total office supply to approximately 114,980 sq.m and the total cumulative supply of 3.66 million sq.m. The four office buildings are Altira Business Park (51,700 sq.m), Sky 18 Office Tower (23,000 sq.m), Sainath Tower (20,000 sq.m), and Lippo Office Tower (20,280 sq.m). Additionally, about 205,485 sq.m of additional supply is to enter the non-CBD office market by the end of 2016.

## RENTAL RATE

The average gross rental rate of office buildings in Non-CBD area remains stable with only a small decline compared to last year's figure. Furthermore, average gross rental rates for office buildings in TB Simatupang and Pondok Indah area decreased as much as 4.8%, which shows how rental rate become more and more competitive in the area. South Jakarta, however, remained as the most expensive premises among other regions in non CBD office market, followed by West and Central Jakarta.

## OUTLOOK

With uncertainty still looming over the oil & gas industry, companies will be looking for ways to mitigate losses by shedding excess space, consolidations, and anything to weather the storm as best as possible. For the next couple months, the growth of Non-CBD office market will rely on landlords' ability to attract other emerging industries such as IT, e-commerce, and telecommunication sectors to drive the demand for office space. Rents for non-CBD offices, excluding South Jakarta, are expected to increase at a moderate pace, whilst rents in South Jakarta will be more competitive. It is forecasted that occupancy rate will drop to 83.6% towards the end of 2016 due to additional supply.

| SUBMARKET                           | RENT<br>(NET EFFECTIVE ON NLA) |                    |                    | % CHANGE FROM<br>(LOCAL CURRENCY) |          |
|-------------------------------------|--------------------------------|--------------------|--------------------|-----------------------------------|----------|
|                                     | IDR/ SQ.M/ MTH                 | USD/ SQ. M/<br>MTH | EUR/ SQ. M/<br>MTH | 6 MTH AGO                         | 1 YR AGO |
| South Jakarta                       | Rp 229,042                     | \$17.14            | €182               | -1.8%                             | -2.3%    |
| * TB Simatupang & Pondok Indah area | Rp 275,978                     | \$20.65            | €219               | -4.8%                             | -6.3%    |
| Central Jakarta                     | Rp 210,000                     | \$15.71            | €167               | 0.2%                              | 2.3%     |
| West Jakarta                        | Rp 204,200                     | \$15.28            | €162               | 3.4%                              | 3.4%     |
| North Jakarta                       | Rp 211,433                     | \$15.82            | €168               | -2.5%                             | -0.8%    |
| East Jakarta                        | Rp 143,000                     | \$10.70            | €114               | 2.9%                              | 7.5%     |

| PROJECT                    | SALABLE AREA<br>(SQ.M) | COMPLETION<br>YEAR | ASKING PRICE<br>(PER SQ.M) |
|----------------------------|------------------------|--------------------|----------------------------|
| Puri Indah Financial Tower | 36,650                 | Q3 2016            | Rp 39 million              |
| Lippo Office Tower         | 20,280                 | Q3 2016            | Rp 32 million              |
| Hermina Tower              | 12,500                 | Q4 2016            | Rp 25 million              |
| Citra Tower 1              | 43,000                 | Q2 2018            | Rp 37 million              |
| South Quarter Tower A      | 44,000                 | Q4 2015            | Rp 37 million              |

| SUBMARKET         | CUMULATIVE SUPPLY (ALL GRADES) | OVERALL VACANCY RATE | UNDER CONSTRUCTION | YTD CONSTRUCTION COMPLETIONS | NET TAKE-UP   | AVERAGE NET EFFECTIVE GROSS RENTAL (Rp/ SQ.M/MTH) |                   | US\$ SF/MTH    | EURO SQ.M/ YEAR |
|-------------------|--------------------------------|----------------------|--------------------|------------------------------|---------------|---|-------------------|----------------|-----------------|
|                   |                                |                      |                    |                              |               | H1 2015   | H1 2016           | H1 2016*       | H1 2016*        |
| South Jakarta     | 1,677,520                      | 20.9%                | 24,385             | 23,000                       | 39,077        | Rp 257,993  | Rp 229,042        | \$17.14        | €182            |
| Central Jakarta   | 858,344                        | 7.3%                 | 23,300             | 20,000                       | 7,887         | Rp 207,857  | Rp 210,000        | \$15.71        | €167            |
| West Jakarta      | 636,310                        | 8.0%                 | 115,800            | 20,280                       | 20,437        | Rp 210,500  | Rp 204,200        | \$15.28        | €162            |
| North Jakarta     | 308,417                        | 27.1%                | 32,000             | 51,700                       | 19,356        | Rp 223,000  | Rp 211,433        | \$15.82        | €168            |
| East Jakarta      | 187,696                        | 4.6%                 | 10,000             | 0                            | (447)         | Rp 142,000  | Rp 143,000        | \$10.70        | €114            |
| <b>TOTAL/AVG*</b> | <b>3,668,287</b>               | <b>15.2%</b>         | <b>205,485</b>     | <b>114,980</b>               | <b>86,310</b> | <b>Rp 220,928</b>                                 | <b>Rp 208,145</b> | <b>\$15.58</b> | <b>€159</b>     |

\*Rental rates are net effective US\$/ sq.m/ year

\*\* US\$1.00= Rp 13,364.00 / €1.00= Rp 15,073.00

## Key Lease Transactions 1H 2016

| PROPERTY        | SQ.M  | TENANT      | TRANSACTION TYPE | REGION        |
|-----------------|-------|-------------|------------------|---------------|
| Menara Sentraya | 4,452 | DENTSU      | LEASE            | SOUTH JAKARTA |
| South Quarter   | 4,500 | DARYA VARIA | LEASE            | SOUTH JAKARTA |

## Key Sales Transactions 1H 2016

| PROPERTY | SQ.M | SELLER/BUYER | PRICE | SUBMARKET |
|----------|------|--------------|-------|-----------|
| -        | -    | -            | -     | -         |

## Significant Projects Construction Completions 1H 2016

| PROPERTY                | SQ.M   | TENANT | REGION          | COMPLETION DATE |
|-------------------------|--------|--------|-----------------|-----------------|
| Sainath Tower           | 20,000 | N/A    | CENTRAL JAKARTA | Q2 2016         |
| Altira Business Park    | 51,700 | N/A    | NORTH JAKARTA   | Q1 2016         |
| Sky 18 Office Tower     | 23,000 | N/A    | SOUTH JAKARTA   | Q1 2016         |
| St. Moritz Office Tower | 20,280 | N/A    | WEST JAKARTA    | Q2 2016         |
| -                       | -      | -      | -               | -               |
| -                       | -      | -      | -               | -               |

## Significant Projects Under Construction 1H 2016

| PROPERTY                   | SQ.M   | TENANT | REGION          | COMPLETION DATE |
|----------------------------|--------|--------|-----------------|-----------------|
| Hermia Tower               | 12,500 | N/A    | CENTRAL JAKARTA | Q4 2016         |
| The Prime Suites           | 18,000 | N/A    | NORTH JAKARTA   | Q3 2016         |
| Menara Kompas Tower 1      | 42,500 | N/A    | WEST JAKARTA    | Q3 2016         |
| One Belpark                | 17,800 | N/A    | WEST JAKARTA    | Q4 2016         |
| Puri Matahari Tower        | 35,800 | N/A    | WEST JAKARTA    | Q3 2016         |
| Puri Indah Financial Tower | 36,650 | N/A    | WEST JAKARTA    | Q3 2016         |
| Tamansari Parama           | 10,800 | N/A    | CENTRAL JAKARTA | Q4 2016         |
| Zuria Tower                | 6,585  | N/A    | SOUTH JAKARTA   | Q4 2016         |

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