

## CBD JAKARTA OFFICE

### Economic Indicators

	2015	2016	2017F
GDP Growth	4.8%	5.0%	5.0 – 5.4%
Inflation Rate	5.0%	3.5%	4.0 – 5.0%
Central Bank Rate	7.5%	*4.75%	*4.75%

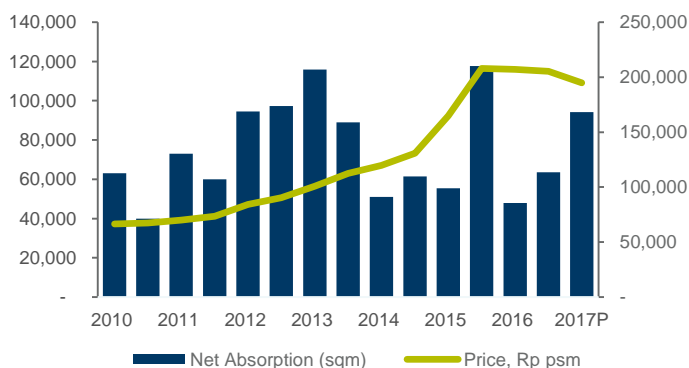
\*Bank of Indonesia 7-Day Reverse Repo Rate, effective from 19<sup>th</sup> August 2016

### Market Indicators

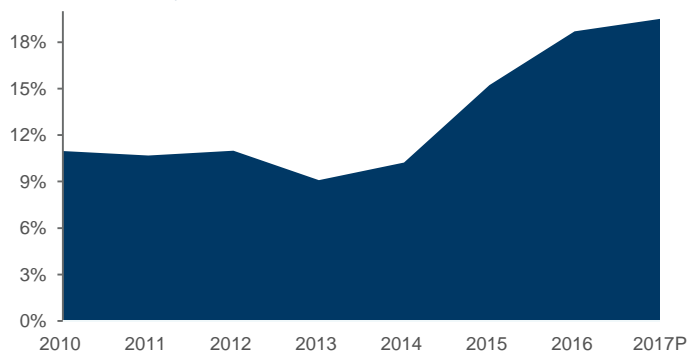
	2H 2015	2H 2016	12-Month Forecast
Overall Vacancy	15.2%	18.7%	▲
Net Absorption (SQM)	117,589	63,620	▲
Under Construction (SQM)	385,855	203,162	▼
Overall Average Rent (SQM PM)	\$15.31	\$15.24	▼

### Net Absorption/Asking Rent

#### 2H TRAILING AVERAGE



### Overall Vacancy



## ECONOMY

Gross Domestic Product (GDP) is expected to reach 5.0% (YoY) by the end of 2016, a slight increase from 4.8% (YoY) one year ago. The Central Bank of Indonesia (Bank Indonesia) predicts GDP to grow in the range of 5.0% to 5.4% next year, influenced by robust consumption and investment, as well as improvements in the country's export commodity prices. Rupiah experienced further depreciation to Rp.13,464 per US\$ 1.00. Year-on-Year inflation reached 3.5%, lower than the 5.0% inflation rate in the same period last year. The stock market composite index closed at 5,042 on December 22<sup>nd</sup> 2016.

## NON-CBD OFFICE MARKET OVERVIEW

Overall Non-CBD office demand remained steady. However, the increase in vacancy rate remained, even though at a more moderate level, due to a number of new supplies entering the market during the second half of 2016.

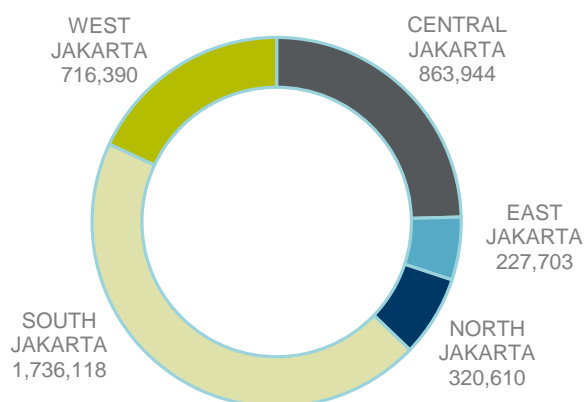
West Jakarta office market, especially in Slipi area, continues to thrive with increased demand from a continuously buoyant private sectors; particularly Information Technology (IT) industry. There has also been an increase in demand for small office space units from start up companies and small business owners. Triggered by lower rental rates and ease in acquiring business license and registration, small business owners have a tendency to move from traditional shop houses to office buildings. Relocations to office buildings would provide tenants with added values such as space efficiency, security, prestige, and more parking space.

Office space inquiries increased steadily towards the end of 2016. Active inquiries ranging from 2,000 SQM to as small as 80 SQM were coming from IT-related industries, medical suppliers, banking, insurance, trading, and law firms. On the other hand, inquiries from oil and gas companies remained low and these companies have been actively seeking for lower-cost alternatives.

## DEMAND AND OCCUPANCY

Tenants have been signing for less SM on average, but the market remains solid posting 15,734 of new demand, about 25% increase from the last semester figure and bringing the total net take up to 63,620 SQM. Jakarta non-CBD occupancy rate fell by 2% from previous semester to 81%, and declined by 3% from 84% in 2015. Office buildings in south Jakarta continued to contribute the largest net take-up during the reviewed semester.

## JAKARTA NON-CBD OFFICE



## SUPPLY

A total of 152,124 SQM of office space was delivered across Jakarta non-CBD office market during the second half of 2016, bringing the total cumulative supply to 3.86 million SQM. Five new buildings were completed and entered the non-CBD market, including Puri Matahari Tower (35,800 sq.m), Puri Indah Financial Tower (37,500 sq.m), BKP Tower (14,000 sq.m), WIKA office tower 2 (11,000 sq.m), and Cilandak Business Square Tower 9 (54,824 sq.m). Approximately 203,162 SQM of additional office space is to enter non-CBD market in 2017.

## RENTAL RATE

The increasing vacancy has put pressure on asking rents and landlords have been very cautious in adjusting their rents. Average asking rental rates in non-CBD office market declined by approximately 3.5% from last year's figure. Despite its recent struggle, average gross rental rates of office buildings in TB Simatupang and Pondok Indah area are still the highest with an average of Rp 190,000.00/SQM. Meanwhile, offices in West Jakarta experienced a 5% increase (YoY) in asking rents as the result of higher demand in the area.

## OUTLOOK

As major new office developments are to enter the market over the next couple months, rental rates will likely to flatten and vacancy rate will increase. It is projected that the average occupancy rate of non-CBD market will fall below 80% next year. The completion of Mass Rapid Transit (MRT) and Light Rail Transit (LRT) in 2020 are expected to boost property market along the MRT and LRT corridors, and improve the overall performance of the non-CBD office market.

SUBMARKET	RENT (NET EFFECTIVE ON NLA)			% CHANGE FROM (LOCAL CURRENCY)	
	IDR/ SQ.M/ MTH	USD/ SQ. M/ MTH	EUR/ SQ. M/ MTH	6 MTH AGO	1 YR AGO
South Jakarta	Rp 224,354	\$16.66	€15.95	-1.1%	-3.8%
* TB Simatupang & Pondok Indah area	Rp 268,121	\$19.91	€19.06	-1.0%	-7.6%
Central Jakarta	Rp 206,429	\$15.33	€14.68	-1.7%	-1.5%
West Jakarta	Rp 208,200	\$15.46	€14.80	2.0%	5.4%
North Jakarta	Rp 206,167	\$15.31	€14.66	-2.5%	-4.9%
East Jakarta	Rp 143,000	\$10.62	€10.17	2.9%	7.5%

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\$	EURO
						2H 2015	2H 2016	SF/MTH	SQ.M/ YEAR
South Jakarta	1,736,118	21.9%	164,160	77,824	36,745	Rp 233,336	Rp 224,354	\$16.66	€15.95
Central Jakarta	863,944	9.0%	225,800	20,000	6,371	Rp 209,571	Rp 206,429	\$15.33	€14.68
West Jakarta	716,390	19.8%	172,544	93,580	7,273	Rp 197,500	Rp 208,200	\$15.46	€14.80
North Jakarta	320,610	29.4%	49,280	66,193	1,524	Rp 216,833	Rp 206,167	\$15.31	€14.66
East Jakarta	227,703	12.7%	22,000	11,000	8,307	Rp 139,000	Rp 143,000	\$10.62	€10.17
<b>TOTAL/AVG*</b>	<b>3,864,765</b>	<b>18.7%</b>	<b>633,784</b>	<b>268,597</b>	<b>60,220</b>	<b>Rp 208,646</b>	<b>Rp 205,312</b>	<b>\$15.24</b>	<b>€14.60</b>

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

\*\* US\$1.00= Rp 13,464.00 / €1.00= Rp 14,066.00

## Key Lease Transactions 2H 2016

PROPERTY	SQ.M	TENANT	TRANSACTION TYPE	REGION
Altira Business Park	1,700	PT. Mulford Indonesia	Lease	NORTH JAKARTA
Altira Business Park	1,700	PT. Impack Pratama	Lease	NORTH JAKARTA
Alamanda Tower	1,311	PT. Drager Medical Indonesia	Lease	SOUTH JAKARTA

## Key Sales Transactions 2H 2016

PROPERTY	SQ.M	SELLER/BUYER	PRICE	REGION
Altira Business Park	3,400	NIAGAMAS LESTARI GEMILANG	-	NORTH JAKARTA

## Significant Projects Construction Completions 2H 2016

PROPERTY	SQ.M	TENANT	REGION	COMPLETION DATE
Puri Matahari Tower	35,800	N/A	WEST JAKARTA	Q4 2016
Puri Indah Financial Tower	37,500	N/A	WEST JAKARTA	Q4 2016
BKP Tower	14,000	N/A	NORTH JAKARTA	Q3 2016
WIKA Office Tower 2	11,000	N/A	EAST JAKARTA	Q4 2016
Cilandak Business Square Tower 9	54,824	N/A	SOUTH JAKARTA	Q3 2016

## Significant Projects Under Construction 2H 2016

PROPERTY	SQ.M	TENANT	REGION	COMPLETION DATE
Tamansari Parama	10,800	N/A	CENTRAL JAKARTA	Q1 2017
Menara Kompas Tower I	35,000	N/A	WEST JAKARTA	Q1 2017
SOHO Capital @ Podomoro City	51,322	N/A	WEST JAKARTA	Q1 2017
One Belpark	17,800	N/A	SOUTH JAKARTA	Q1 2017
Gallery West Office Tower	29,000	N/A	WEST JAKARTA	Q2 2017
Hermina Tower	12,500	N/A	WEST JAKARTA	Q2 2017
Jaga Building	5,900	N/A	WEST JAKARTA	Q1 2017
Zuria Tower	6,585	N/A	SOUTH JAKARTA	Q1 2017

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