

Source: Cushman & Wakefield Indonesia Research

INDONESIA ECONOMIC INDICATORS Q1 2020



Source: Central Bank and Census Bureau

SUPPLY: Lower annual new supply

Only one new office project, namely World Capital Tower of 75,000 sqm, entered the CBD office market during the first quarter of 2020. Total proposed supply due for completion in 2020 was projected at approximately 320,000 sqm. But delays will now likely occur to several under construction projects due to the ongoing COVID-19 crisis, particularly those which remain in the early/mid development stage.

DEMAND: Demand dropped significantly

Despite evidence of demand improvement last year, since the end of February 2020, office leasing activities have weakened significantly with the pandemic outbreak, with many transaction delays and some tenants having already cancelled ongoing deals due to the worsening conditions and office operation & travel restrictions in Jakarta. Many companies have suspended relocation and/or expansion plans and adopted a 'wait-and-see' approach as the situation unfolds. Net take-up of 12,600 sqm was however still recorded during the first quarter, mostly in January to mid February, but this was still the lowest quarterly take-up recorded in the last four years.

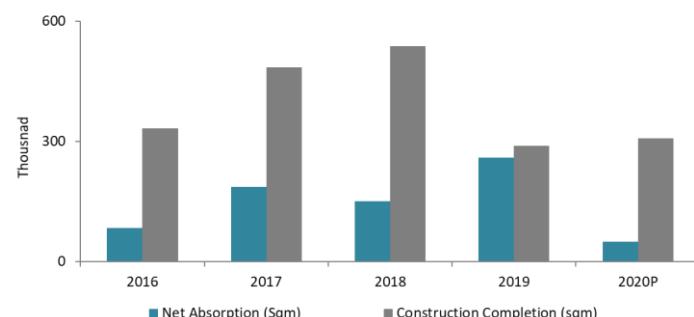
Overall CBD office occupancy (all grades) in Jakarta by the end of March 2020 decreased to 74.6%, largely from high vacancy levels remaining in the World Capital Tower project on its completion, as well as some delays in premises fit-outs in other buildings preventing physical occupation.

PRICING: US Dollar base rentals decreases mainly due to the currency factor

Base rentals in Rupiah-terms remained relatively stable in the first 3 months of the year at IDR 299,000 per sqm per month (of 0.0 YoY), whilst in US Dollar equivalent they decreased by 13.1% YoY due to the significant weakening of the Rupiah (by +14.9%) during the quarter.

Reflecting new office building completions in 2020 and the impact of Covid-19 pandemic to the economy, the vacancy rate is now projected to see an increase – going against the start of the year projections for occupancy improvement during 2020. Similarly gross rental rates are expected to decrease further with the weakening demand and business activities and landlords are likely to face a difficult 2020 as office occupiers struggle to pay occupancy costs and may start to seek payment delays or service charge & rental rebates/discounts, as has already been seen in the retail sector within malls throughout the city.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & GROSS RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (Sqm)	SUBLET VACANT (Sqm)	DIRECT VACANT (Sqm)	OVERALL VACANCY RATE	CURRENT QTR NET ABSORPTION(Sqm)	YTD OVERALL NET ABSORPTION (Sqm)	UNDER CNSTR (Sqm)	OVERALL AVG GROSS RENT (US\$/Sqm/Month)*
Sudirman	2,668,900	0	778,301	29.3%	3,040	3,040	99,000	\$24.25
Kuningan	1,738,400	0	413,706	20.6%	3,990	3,990	110,000	\$18.47
Gatot Subroto	1,140,050	0	340,260	30.2%	4,000	4,000	-	\$20.12
Thamrin	480,750	0	47,206	9.8%	0	0	239,700	\$21.99
Satrio – Mas Mansyur	614,864	0	148,257	24.4%	1,525	1,525	100,000	\$16.08
Others (Senayan ,etc)	279,175	0	28,141	10.1%	0	0	-	\$31.44
CBD TOTALS	6,922,139	0	1,755,871	25.4%	12,555	12,555	548,700	\$18.34
GRADE A ONLY TOTALS	4,704,364	0	1,324,220	28.15%	11,065	11,065	526,200	\$22.02

*Rental rates reflect Gross Rental including Service Charge

KEY LEASE TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
-	-	-	-	-
-	-	-	-	-

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SQM	PRICE/\$ PSF
-	-	-	-	-
-	-	-	-	-

SIGNIFICANT UNDER-CONSTRUCTION PROJECTS IN 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SQM	COMPLETION
World Capital Tower	Kuningan	-	75,000	Q1-2020
RDTX Place (Chitaland Tower)	Satrio	-	100,000	Q3-2020
Thamrin Nine Phase 2 Tower 1	Thamrin	-	86,000	Q4-2020
Mori Tower	Sudirman	Mori	99,000	Q1-2021
Daswin Project	Kuningan	-	70,000	Q1-2021
Gedung Indonesia 1 (North & South)	Thamrin	China Sonangol	132,500	Q4-2021

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