

# research

## JAKARTA OFFICE MARKET REVIEW

JUNE 2004

### Summary

#### Leasing Market

##### A. Rental Rate

Average asking Rupiah gross rents in the CBD demonstrated an increase of nearly 11% to Rp. 113,000/sq m/month over the last 12 months. Average asking gross rents in US\$ slightly decreased to US\$16.39/sq m/month. Meanwhile rents outside the CBD demonstrated a slight change hovering at Rp.78,000 /sq m/ month in contrast with US\$ rents registering a 1.75% increase. Using a Rupiah exchange rate against US\$ of Rp.9,000 per US\$1, average asking US\$ rents in the CBD and Non-CBD were higher than the average Rupiah rates by about 31% and 54% respectively.

##### B. Occupancy/Vacancy

Jakarta office market continued to revive with an occupancy of 81.52% in the CBD and 78.55% outside the CBD. The total vacant space slightly reduced by 3% over the last 12 months.

##### C. New Supply

The CBD stock has slightly increased ± 9,700 sqm which came from the operation of Gedung Veteran RI, Plaza Semanggi Complex. While there is no significant increase in Non-CBD stock, Jakarta office supply relatively stable at 4.7 million sq m. A number of office buildings in the CBD scheduled for completion in 2005-2006 is outlined in the following table.

New Office Buildings to be Launched (2004-2006)				
Building's Name	Location	Area	Size (Sqm)	Completion Date
Gedung Veteran RI	CBD	Sudirman	9,700	2Q 2004
Wisma Tigris	Non CBD	China Town	1,032	2Q 2004
Graha Multi	Non CBD	Kebon Jeruk	1,500	2Q 2004
Menara Nusa	CBD	Rasuna Said	24,000	2006
Menara Kuningan	CBD	Rasuna Said	28,000	4Q 2005
Plaza Asia	CBD	Sudirman	26,023	1Q 2005
Sudirman Plaza	CBD	Sudirman	42,000	2006

Source: Koll Research

##### D. Demand

Several major transactions both Purchase and Leasing taken place in market during 2<sup>nd</sup> Quarter 2004. Transactions were driven from oil Services Company, insurance, information technology and pharmacy.

Key Leasing Transactions in 2 <sup>nd</sup> Quarter 2004			
Name	Building	Size (sqm)	Remarks
Bukit Asam (Purchase)	Menara Kadin	2,400	Relocations
Kalbe Farma	Graha Kirana	1,687	Relocations
Indovisi Data Multimedia	Menara Thamrin	1,400	Expansion
Lapindo Brantasi	Wisma Mulia	NA	Relocations
Takaful (Purchase)	Wisma Buncit 100	3,000	Relocations
Kellog – Brown – Root	Landmark Tower B	7,000	New
Itochu Corporation	Atrium Mulia	1,000	Relocations

Source: Koll Research

##### E. Outlook

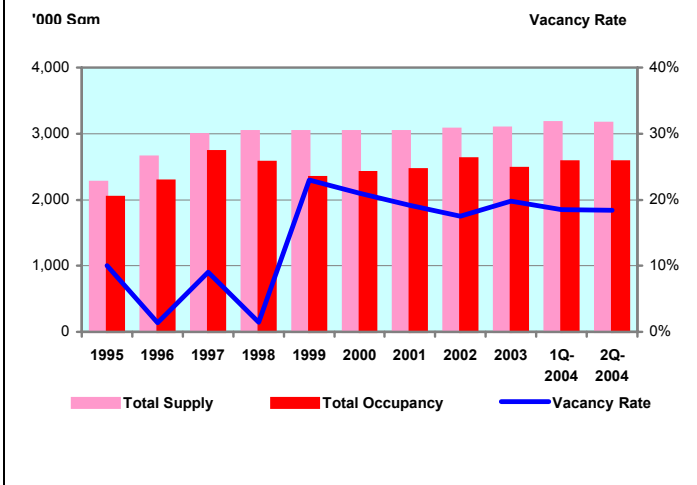
The optimism towards Jakarta office market remains in line with continued reform of the politic and economic agenda. In addition, multi national companies searching for good quality office space in certain locations will provide demand for office relocations. Average base rent will likely to increase between 5% - 10% due to newer office buildings applying higher rents. The proposed monorail to be completed in mid 2007 will increase the popularity of office buildings located along the designated route.

### Jakarta Office Rents

Area	Asking Rupiah Gross Rent* /Sq m/Month				Asking US\$ Gross Rent* /Sq m/Month			
	Lowest	Highest	Average	12 month change	Lowest	Highest	Average	12 month change
CBD	Rp. 70,000	Rp.170,000	Rp.113,000	10.78%	\$13.00	\$25.00	\$16.39	-4.04%
Non-CBD	Rp. 41,500	Rp.145,000	Rp.78,000	5.83%	\$9.00	\$18.00	\$13.38	1.75%

\* Gross Rent = Base Rent + Service Charge

### Jakarta CBD Office Market



Source: Koll Research

### Economic Indicator

	1996	1997	1998	1999	2000	2001	2002	2003	2004
GDP Growth	7.82%	4.70%	-13.13%	0.85%	4.77%	3.32%	3.66%	4.10%	4.7%F
Inflation Rate	6.47%	11.05%	77.63%	2.01%	9.35%	12.55%	10.03%	5.06%	0.91%*
SBI*	13.0%	25.83%	62.14%	22.27%	14.53%	17.61%	12.93%	8.34%	3.29%*
Lending Rate (Rp)	19.59%	25.22%	35.53%	22.70%	15.49%	18.55%	19.11%	16.74%	15.60%*
Lending Rate (US\$)	NA	12.16%	14.26%	10.76%	10.27%	7.82%	8.38%	7.28%	6.86%*

\* The Bank Indonesia's benchmark rate

\* as of June

Source: Bank Indonesia, Statistics Indonesia