

Real Estate In Indonesia - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020-2029

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Report description:

The Real Estate Market in Indonesia Market size is estimated at USD 64.78 billion in 2024, and is expected to reach USD 85.97 billion by 2029, growing at a CAGR of 5.82% during the forecast period (2024-2029).

Indonesia improved its macroeconomic and structural policies over the last 15 years. Its economy, with a strong and stable growth rate, is catching up with other countries in the region, allowing Indonesia to focus on its development agenda.

Key Highlights

- As property prices and demand rise due to rapid population growth and high urbanization, the real estate market in Indonesia is one of the strongest sectors in the region. The real estate sector in Indonesia is one of the few sectors that were not greatly affected by the COVID-19 crisis.
- The official figures from Statistics Indonesia reflected that the gross domestic product (GDP) from real estate activities in Indonesia amounted to IDR 468.22 trillion (USD 29.85 Trillion) in 2021. Indonesian GDP derived from real estate activities has gradually increased since 2014.
- The affordable housing projects in Indonesia supported by the government, foreign investors, and associations such as World Bank are anticipated to enhance the real estate market growth during the forecast period.
- The Indonesian government introduced the 'One Million Houses' (OMH) program to construct at least 1 million units per year. According to the Ministry of Public Works and Public Housing (PUPR), under the One Million Houses program, about 312,290 housing units were recorded until the end of May 2021.
- Due to a better, growth-stimulating economy, the first wave of Proptech in Indonesia began with an increase in demand for homes from the middle-class populace. With a large concentration of selling, purchasing, and leasing on search portal firms, the segment of Proptech is gaining popularity.

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-The country's biggest immediate challenge in 2022 was to overcome the COVID-19 post-pandemic economic, social, and public health effects. The unemployment rate rose substantially from 5.2% in 2019 to 7.1% in 2020 but since then decreased 6.6 % in 2021, 5.86 in 2022 and 5.32 in 2023.

Indonesia Real Estate Market Trends

Jakarta emerging as a prime rental market

In Jakarta, serviced apartments showed a continued improvement in average occupancy rate during 3Q 2023, reflecting the normalcy of business activities after the full lifting of restrictions and increased demand from expatriates, especially from Asian countries, including Japan, South Korea and India.

As of Q3 2023, the occupancy rate increased by about 3.5% QOQ to 60.5%. In terms of rental rates, all serviced apartments in the CBD area maintained their rates steady, while new supply in the form of new serviced apartment projects (Citadines Gatot Subroto and Grand Mansion Menteng by The Crest Collection) pushed rents up in the non- CBD area. As such, the average rental rate registered at IDR 445,986/sq m/month (USD 28.85) and IDR410,707/sq m/month (USD 26.57) in the CBD and South Jakarta (including non- prime areas), respectively.

Further, experts expect there will be some increment in the average rental rate given the forthcoming entry of new upscale serviced apartment projects which offer higher rental rates compared to the market.

Rising residential property sales in Indonesia

Indonesia's residential property market remains sluggish, with the composite-16 property price index rising only by 1.53% during the year to Q3 2022, according to Bank Indonesia. In fact, when adjusted for inflation, property prices declined by 3.48%.

Looking at the longer term, the property market is hardly moved, with prices is up by a meager 1.47% in 2021, 1.43% in 2020, 1.77% in 2019, 2.95% in 2018, 3.5% in 2017, and 2.38% in 2016. In real terms, prices fell by a cumulative 1.68% from 2016 to 2021.

During the fourth quarter of 2022, residential property prices rose by a minuscule 0.16% q-o-q (fell by 1.26% inflation-adjusted).

When inflation is taken into consideration, only one of the eighteen major Indonesian cities recorded house price increases in Q3 2022 as compared to the same period in 2021.

In Jakarta, prices of apartments rose by a minuscule 0.67% y-o-y to IDR 35.24 million (USD 2,255) per sq. m. in Q3 2022.

While demand showed some improvements lately, it remains far below its pre-crisis levels. Residential property sales rose by 15.2% in Q2 2022 from a year earlier, in sharp contrast to a 10.1% y-o-y decline in the first quarter, according to Bank Indonesia.

Indonesia Real Estate Industry Overview

The Indonesian real estate market, including both residential and commercial, is highly competitive and fragmented, and the market presents opportunities for growth during the forecast period. Higher competition among market players is impacting selling prices and land prices, further leading to oversupply in the market.

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Some of the major players present in the market include Agung Podomoro Land, Sinar Mas Land, Ciptura Group, and Tokyu Land Indonesia. The players are also adapting to technological trends, owing to the rising internet penetration and expansion of e-commerce.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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