

## **Indonesia Commercial Construction - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2025 - 2030)**

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### **Report description:**

The Indonesia Commercial Construction Market size is estimated at USD 33.48 billion in 2025, and is expected to reach USD 49.31 billion by 2030, at a CAGR of 8.05% during the forecast period (2025-2030).

### **Key Highlights**

- In 2024, urbanization and a rising demand for modern infrastructure are breathing new life into Indonesia's commercial construction market. Major cities, including Jakarta, Surabaya, and Bandung, are witnessing a construction boom as developers cater to the needs of an expanding urban populace. The government's dedication to bolstering public infrastructure is underscored by several high-profile projects, all aimed at enhancing urban connectivity and accessibility.
- By 2045, it is predicted that Indonesia would be a high-income nation with the fifth-largest GDP worldwide as per Industry Associations. As long as the nation maintains political stability, its rapidly urbanising population will continue to boost demand in the building sector.
- In 2024, the Mountains Papua province topped the charts with the highest construction cost index in Indonesia, registering a score of 249.12. Following closely were other provinces on Papua Island, as highlighted by industry associations. Moreover, the government is championing sustainable construction practices, spearheaded by initiatives from the Green Building Council Indonesia (GBCI). GBCI advocates for eco-friendly building materials and energy-efficient designs. Reflecting this growing sustainability consciousness, several commercial projects in 2024 are earning GBCI certifications. A prime example is Jakarta's AIA Central office tower, lauded for its green design, featuring energy-efficient systems and sustainable materials.
- The commercial construction scene is also adapting to the e-commerce boom. As online retail flourishes, there's a heightened demand for logistics facilities and distribution centers. Furthermore, foreign investment plays a pivotal role in propelling growth in the commercial construction arena. In 2024, numerous international firms forged partnerships with local developers, embarking on ambitious large-scale projects. Notably, Kearney reported that Indonesia's foreign direct investment (FDI) confidence index

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score stood at 1.8 in 2024.

## Indonesia Commercial Construction Market Trends

### Indonesia's Retail Sector Fuels Surge in Commercial Construction

In 2024, Indonesia's commercial construction market is being propelled by a burgeoning retail sector, as urban consumers increasingly seek modern shopping experiences. With over 59.0% of its population residing in urban locales, as highlighted by Worldometer, Indonesia's expanding middle class and rising consumer spending have intensified the demand for contemporary retail spaces. Major urban centers, notably Jakarta and Surabaya, are seeing a flurry of investments in shopping malls and retail complexes, driving significant growth in the commercial construction market to meet the evolving needs of consumers.

Recognizing the retail sector's pivotal role in bolstering economic growth, the Indonesian government in 2024 rolled out supportive policies. Eased regulations have paved the way for both domestic and international investors, mitigating risks tied to commercial construction projects. A testament to this trend, international retail giants are making their mark in Indonesia, crafting modern retail spaces that directly contribute to the expansion of the commercial construction market. As an indicator of the retail sector's vitality, Bank Indonesia reported a retail sales index of 214.1 in February 2024, further emphasizing the sector's influence on construction activities.

Meanwhile, the e-commerce boom is reshaping retail landscapes and driving new demands within the commercial construction market. With online shopping on the rise, there's a burgeoning need for logistics facilities and distribution centers to bolster e-commerce operations. Highlighting this trend, Indonesian e-commerce titan Shopee topped the charts with approximately 228 million clicks in February 2024, trailed by Tokopedia and Lazada ID, as per SimilarWeb's survey. In response, the government is channeling investments into infrastructure to support these evolving needs, creating opportunities for commercial developers to expand their portfolios. This evolution not only streamlines supply chain operations but also fuels further investments in modern retail spaces, reinforcing the growth of the commercial construction market.

In conclusion, the retail sector, supported by government policies and the rise of e-commerce, is a critical driver of Indonesia's commercial construction market in 2024. The increasing demand for modern retail spaces and logistics infrastructure is shaping the market's trajectory, presenting lucrative opportunities for developers and investors alike.

### Government Initiatives Driving the Market

In 2024, Indonesia's commercial construction market is set to flourish, propelled by significant government investments and initiatives aimed at strengthening the nation's infrastructure. The construction sector ranks as the fifth-largest contributor to Indonesia's GDP, with investments in the country's construction arena being among the most substantial in Asia. This budget not only reaffirms the government's dedication to economic stimulation but also signals its ambition to refine Indonesia's business landscape, channeling funds into diverse commercial projects, from office buildings to retail outlets and hospitality venues.

At the heart of this expansion is the government's National Medium-Term Development Plan (RPJMN) for 2020-2024, which underscores the importance of infrastructure development. By prioritizing infrastructure, the plan aims to cultivate an environment conducive to private investments and public-private partnerships (PPP) in commercial construction. As a result, there's been a notable uptick in commercial projects, spanning shopping malls to office complexes, addressing the urban populace's demands and invigorating economic activities.

Additionally, foreign investments are playing a pivotal role in amplifying the momentum of Indonesia's commercial construction

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market. Data from ASEAN Briefing reveals that total investments in the first half of 2024 reached IDR 82.9 trillion (approximately USD 55.4 billion). Further accentuating this trend, Indonesia's Foreign Direct Investment (FDI) recorded a significant rise of USD 7.5 billion in September 2024, up from a USD 4.4 billion increase in the previous quarter, as per CEIC. This influx of foreign capital is not only paving the way for the development of modern commercial spaces that meet global standards but also heightening competition and spurring innovation in the market.

In summary, Indonesia's commercial construction market is on an upward trajectory, driven by government initiatives, strategic foresight, and a surge in foreign investments. Collectively, these elements position the market for continued growth, solidifying its role as a vital contributor to Indonesia's economic advancement in the years ahead.

## Indonesia Commercial Construction Industry Overview

The Indonesia commercial construction market is not very competitive, due to the imbalance between the public and private competitors in terms of funding and opportunities to improve the skillset in order to match the state-of-the-art technology. Still, the market opens opportunities for small and medium players due to increasing govt investments in the sector. The Indonesian construction market presents opportunities for growth during the forecast period, which is expected to drive market competition.

A few key players in the market include PT Pembangunan Perumahan (PTPP) (Persero) Tbk, PT Wijaya Karya Bangunan Gedung Tbk, PT. Metropolitan Land TBK, PT. Total Bangun Persada TBK, PT. Nusa Raya Cipta, PT. Shimizu Bangun Cipta Kontraktor and PT. Tunas Jaya Sanur. Most of the companies manage several portfolios and commercial sector form a genuine share in the gross revenue. With the increasing investment by foreign players as a result of the ease in regulations forced by the Govt. recently, competition seems to be becoming fair over the forecast period.

### Additional Benefits:

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

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