JAKARTA METROPOLITAN REAL ESTATE MARKET

Current Status and Strategic Outlook Toward 2031

Structural Transformation • Economic Realignment • Infrastructure Expansion • Sustainability

Analysis Period: 2026 – 2031

01 INTRODUCTION: REDEFINING JAKARTA AS A GLOBAL CITY

Jakarta is currently at a historic crossroads. With the enactment of the "Special Region of Jakarta Law" (Law No. 2 of 2024), known as the DKJ Law, the city is legally redefined as a National Economic Center and a Global City, even as the administrative capital moves to Nusantara (IKN). This transformation signals a fundamental shift in the real estate market, moving beyond simple supply-demand dynamics toward a sophisticated, integrated urban ecosystem.

Despite global uncertainties and potential trade headwinds, Indonesia's macroeconomy has shown remarkable resilience. Real GDP growth is estimated at approximately 5.11% to 5.12% for 2025, with projections accelerating to 5.2%–5.4% in 2026 as domestic investment stabilizes.

02 MACROECONOMIC CONTEXT AND MARKET CORRELATION

The monetary environment remains cautiously optimistic. Bank Indonesia maintained its policy rate at 4.75% at the end of 2025, with signals of further easing to 4.25%–4.50% in 2026. Inflation is expected to remain within the target band of 2.5% ± 1.0%. For the real estate sector, these stable indicators translate into preserved purchasing power for residential buyers and manageable financing costs for large-scale industrial and commercial developments.

Economic Indicator	2025 Estimate	2026 Projection
Real GDP Growth	5.11% – 5.12%	5.2% – 5.4%
Inflation Rate	2.92%	2.5% ± 1.0%
Policy Interest Rate	4.75%	4.25% – 4.50%
Rupiah (vs USD)	16,782	16,000 – 16,500

03 OFFICE SECTOR: SUPPLY VACUUM AND FLIGHT TO QUALITY

Current Status: The Paradox of High Vacancy and Rising Rents

The Jakarta Central Business District (CBD) office market entered a unique "supply vacuum" in 2025, with zero new Grade A completions throughout the year, keeping total stock stable at 7.45 million sqm. This lack of new inventory has enabled significant absorption of existing space, with Q4 2025 recording its highest net demand since 2019 at approximately 38,000 sqm.

Demand is increasingly polarized toward "Flight to Quality." Tenants, led by the oil & gas, financial services, and technology sectors, are relocating to premium Grade A buildings that offer superior connectivity and ESG certifications. Green-certified buildings currently command rental premiums of approximately 35% over non-certified assets.

Office Metric (CBD)	2025 Year-End	2026 Projection
Total Stock (sqm)	7.45 Million	7.45 Million
Vacancy Rate	32.3% – 33.0%	~32.0%
Grade A Rent Growth	+3.68% (YoY)	~4.0%
Occupancy (Green)	73.4%	Increasing

5-Year Outlook (2031): Asset Repurposing and TOD Dominance

By 2031, the office market will be defined by the successful repurposing of former government assets. With an estimated 300 trillion IDR worth of state assets becoming underutilized post-relocation, agencies like LMAN and Danantara are expected to facilitate their transformation into hotels, co-working hubs, or cultural centers. Furthermore, office assets directly integrated with MRT Phase 2 and the newly operational segments of Phase 3 will establish a "connectivity premium," as Transit-Oriented Development (TOD) becomes the standard for prime corporate addresses.

04 APARTMENT AND RESIDENTIAL MARKET

Current Status: Policy-Driven Stability

The condominium market is currently in an absorption phase, with new launches falling by 53% in 2025 as developers focused on clearing existing inventory. Government tax incentives — specifically the 100% VAT subsidy (DTP VAT) for properties under 5 billion IDR — have been a crucial lifeline, supporting an overall sales rate of roughly 83% to 94% for compliant projects.

While the high-end apartment segment remains selective, "Business Class" housing has emerged as the primary growth engine, as buyers prioritize accessibility and long-term value stability.

5-Year Outlook (2031): Mortgage Expansion and Smart Living

By 2031, the Indonesian mortgage market is projected to reach approximately 70 billion USD, up from 46 billion USD in 2024, driven by middle-class expansion and digital financing. Residential demand will shift toward the West Jakarta–Tangerang corridor as MRT Phase 3 construction progresses. Future-proof assets will increasingly feature smart-home integration and net-zero energy capabilities to meet the lifestyle demands of millennial and Gen Z professionals.

04 HOTEL

Current Status: Structural Realignment and Diversification

Jakarta's hotel market entered 2025 in a cautious mood, marked by a "controlled deceleration" as demand dynamics shifted from government-led activity to private-sector and leisure demand.

Citywide occupancy declined to 63.5% in 2025, down 4.7% year-on-year, largely due to government austerity measures that curtailed official travel and MICE (Meetings, Incentives, Conferences, and Exhibitions) events.5 The 4-star segment was most affected, seeing a 6.1% drop, whereas the luxury segment remained resilient with only a 0.5% decline.
Despite lower occupancy, ADRs remained remarkably steady, registering modest growth of 1.5%–3% across most segments.

Hotel Segment	Dec 2025 Avg ADR (IDR)	Resilience Factor
Luxury	2,390,000	High-end individual travelers & corporate events
5 Star	1,820,000	Stable private business demand
4 Star	867,600	Vulnerable to government budget cuts
3 Star	501,000	Domestic travel support

5-Year Outlook (2031):

The hotel inventory is projected to grow by 1.6% in 2026. Recent completions include the Aloft Hotel Jakarta Kebon Jeruk (140 keys) and Novotel Jakarta Pulo Mas (175 keys). The broader hospitality real estate market in Indonesia is forecast to grow at a CAGR of 10.58% between 2026 and 2031, reaching a market value of $4.46 billion.

05 SERVICED APARTMENT

Current Status: Expatriate Demand and Lifestyle Shifts

Serviced apartments in Jakarta continue to rely heavily on demand from foreign professionals, particularly from Asian countries such as Japan, South Korea, and India.

Occupancy for serviced apartments stood at 61.6% in Q3 2025, a slight decline due to an influx of new supply, including the opening of Ascott Menteng and Citadines Antasari (adding 326 units). Total supply reached approximately 7,000 units by mid-2025.

- Pet-Friendly Demand: There is an increasing preference for pet-friendly accommodations among young professionals and long-term residents, forcing operators to adapt their management policies.9
- Serviced Suites Hybrid Model: To capture extended-stay demand, developers are increasingly integrating "serviced-suite wings" into traditional hotel projects, offering a more flexible room mix.6
- 2027 Pipeline: Approximately 730 new units are expected to be added by 2027 through projects by brands such as Ascott and Fraser.

06 COMMERCIAL AND RETAIL SECTOR

Current Status: Resilience through Experience

Jakarta's retail market is among the most vibrant in Southeast Asia, with occupancy rates reaching 86% by the end of 2025. Growth is driven by aggressive expansion from international brands, particularly in the Food & Beverage (F&B) and luxury sectors. Malls are evolving from transaction hubs into "experience destinations," incorporating large-scale renovations to house entertainment and lifestyle concepts.

5-Year Outlook (2031): OMO Integration and Green Malls

By 2031, the "Online Merge Offline" (OMO) model will be fully matured. Retail spaces will serve as physical showrooms and micro-fulfillment centers for e-commerce, integrated with seamless digital payment and loyalty ecosystems. "Green Malls" — those featuring zero-waste policies and renewable energy — will become the preferred choice for eco-conscious global brands and consumers.

07 INDUSTRIAL ESTATES: THE ENGINE OF GROWTH

Current Status: The EV and Data Center Boom

Industrial estates are the top-performing sector in 2025, with occupancy rates in core clusters like Bekasi and Karawang reaching a staggering 96%.

EV Ecosystem	A 5.9 billion USD integrated EV battery project in Karawang is on track to start operations by Q3 2026, creating up to 8,000 direct jobs.
Data Centers	Jakarta has become a hyperscale hub. Digital Edge is investing 4.5 billion USD in a 500 MW AI-ready campus in Bekasi, with the first phase operational by Q4 2026.

Industrial Indicator	2025 Status	2031 Outlook (CAGR)	Major Trend
Occupancy Rate	96.0%	Saturation / Expansion	Expansion to Subang
DC Market Size	3.05 Billion USD	8.29 Billion USD (18.12%)	AI-Ready Infrastructure
Warehouse Vacancy	5.9% (Mid-2025)	Very Tight	3PL & E-commerce demand

5-Year Outlook (2031): The Industrial Corridor Expansion

By 2031, the industrial heartland will have expanded significantly toward Purwakarta, Subang, and the Patimban Port area as Bekasi reaches maximum capacity. These new hubs will be defined by "Smart Estate" technologies and RE100 (100% renewable energy) commitments, serving as the backbone for Indonesia's global exports in the EV and high-tech manufacturing sectors.

08 INFRASTRUCTURE: THE ARTERIES OF VALUE

The expansion of mass transit is the single most important variable for real estate value creation across the Jakarta metropolitan area.

MRT Jakarta	Phase 2A (Bundaran HI to Kota) expected fully operational by 2029. Phase 3 (East-West Line) targets initial operations by 2031, connecting Balaraja to Cikarang.
LRT Jabodebek	Following record-breaking ridership of over 118,000 daily passengers in 2025, extensions toward Bogor and private-sector-led feeder "skytrains" are expected to materialize by 2031.

09 STRATEGIC RECOMMENDATIONS FOR 2031

1 **Prioritize TOD Assets**
Properties within a 500-meter radius of MRT and LRT stations will continue to command significant premiums in both capital value and rental yields.

2 **Commit to ESG Compliance**
Environmental certification is no longer optional. It is the mandatory "entry ticket" for attracting multinational tenants and institutional capital.

3 **Diversify into Industrial & Logistics**
The EV and Data Center sectors offer higher growth rates and more resilient cash flows than traditional office or residential segments.

4 **Leverage Asset Repurposing**
Investors should look for opportunities in the redevelopment of legacy government buildings in Central Jakarta as the capital transition concludes.

Jakarta is evolving from a political capital into a pure-play global economic hub. By 2031, its real estate market will be defined by technological integration, sustainable design, and unprecedented connectivity — positioning it as the premier investment destination in Southeast Asia.

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