



Rumah.com Indonesia Property Market Index

Q1 2021



Rumah.com



110.2 (-0.45%)

Q1 2021 price index



164.4 (13.61%)

Q1 2021 supply index

Country Manager's note

2020 was an extraordinary year, an endurance test for individuals and for businesses, including the property sector. It's early days, but here we are in 2021, stronger, better prepared and ready to take on new challenges.

Bobbing through the turbulence like a kayaker, the housing market has retained its balance and continued to advance. Not even COVID-19 can stop it. Creativity is the key to resilience. Property developers who in the past may have insisted on a conventional approach to marketing and sales are now much more comfortable using online technology and e-commerce solutions to reach more property buyers. Because what is the alternative when we aren't able to meet each other face to face?

Meanwhile in terms of regulating the market, the government is standing by previously established policies that have the potential to benefit developers as well as ordinary Indonesian families. These include home mortgage credit facilities such as the SSB and FLPP programs, the lowering of the reference interest rate, and debt rescheduling and restructuring options. These proactive steps keep the economic wheels of the community turning.

The most popular policy of all may be Indonesia's commitment to vaccinate every citizen against COVID-19 for free. It is hoped that the vaccine will prove effective in both fending off the virus and promoting economic recovery. Once people are able to safely return to work and other activities, the economy will begin to return to normal levels of economic activity.

The Rumah.com Indonesia Property Market Index reflects both a decline in both quarterly and annual price decline, at this present moment. This is the first such decline in five years, which will naturally inspire caution. However, in the context of the quarterly property market cycle throughout the whole of 2020, price trends are staying within reasonable margins.

It's reassuring to note that property prices are still continuing to go up during the high season, i.e., during the first and third quarters. Meanwhile, the established off-peak pattern -- where prices decline during the second and fourth quarters since property buyers are more focused on holidays and other types of spending -- is also holding up.

Despite the economic disruption and unavoidable decline caused by the pandemic, Rumah.com predicts that this year the usual trends will kick in once again, where developers push up prices and push out additional supply during the first quarter.

For property buyers, this continues to be a good time to buy property. Expect to be treated to an abundance of properties to choose from, as well as competitive prices. However, this situation may not last long, as acceleration of the rollout of the COVID-19 vaccination program would mean the return of sellers, in turn leading to an increase in property prices in the near future.

Marine Novita

Country Manager
Rumah.com

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Unexpected drop in price index



The Rumah.com Indonesia Property Market Index shows prices have fallen, both quarter-on-quarter, and year-on-year. The data confirms that this is the first time we've seen such a downturn over the past five-year period. Thus, it is only natural to regard it as a cautionary sign for the property market. However, when viewed across the 2020 quarterly property market cycle, price trends are as might be expected.

Vaccine program can help restore property market



The government's national mass vaccination program, to run from January 2021 to March 2022, is expected to precipitate a return to normal economic activity. This is a breath of fresh air for the national property market.

Banten and West Java locales resist downturn



Although the fourth quarter is the off-peak season, several areas in Banten and West Java considered particularly attractive show the fourth quarter of price quarter-on-quarter and year-on-year price increases. This trend applies both to landed houses and apartments.



Buyer's market – it's your move, property buyers



For property buyers, this quarter is still a buyer's market, with the price component of the Rumah.com Property Market Index lower this quarter than last. Slowly but surely, the market is entering a period of recovery.

Thus, for those who are financially ready, buying property now is the right decision.

Price is the main consideration



The distance between the house and the city centre is no longer the issue. Home buyers are willing to sacrifice a few frills in order to get a better deal on a new house or apartment. Also with work from home practices now being following, proximity to offices may have lost their allure.

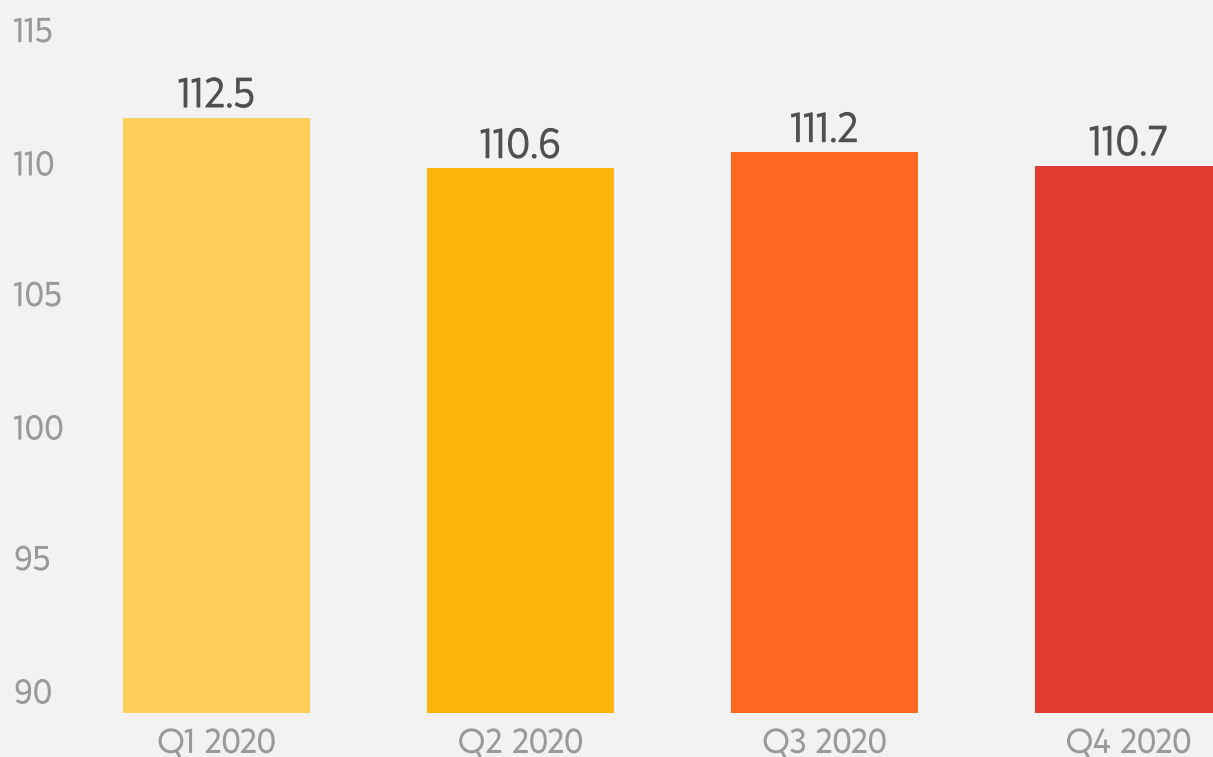


Price index overview

RIPMI Price Index, which tracks asking prices in the residential market, is used to analyse trends in the Indonesian property market. The graph below shows national level data for both houses and apartments since 2017.

Rumah.com Indonesia Property Market Index

National price index



The chart shows that for the fourth quarter of 2020 the index rests at 110.7, or a drop of 0.5% compared to Q3 2020. Year-on-year the drop is even more marked, at 1.3%. Meanwhile, the price decline has affected apartments the most.

Drilling down, for landed houses the index number was 115.6 for the final quarter of the year, or a drop of 0.4% compared to the previous quarter. However, year-on-year prices were up by 0.3%.

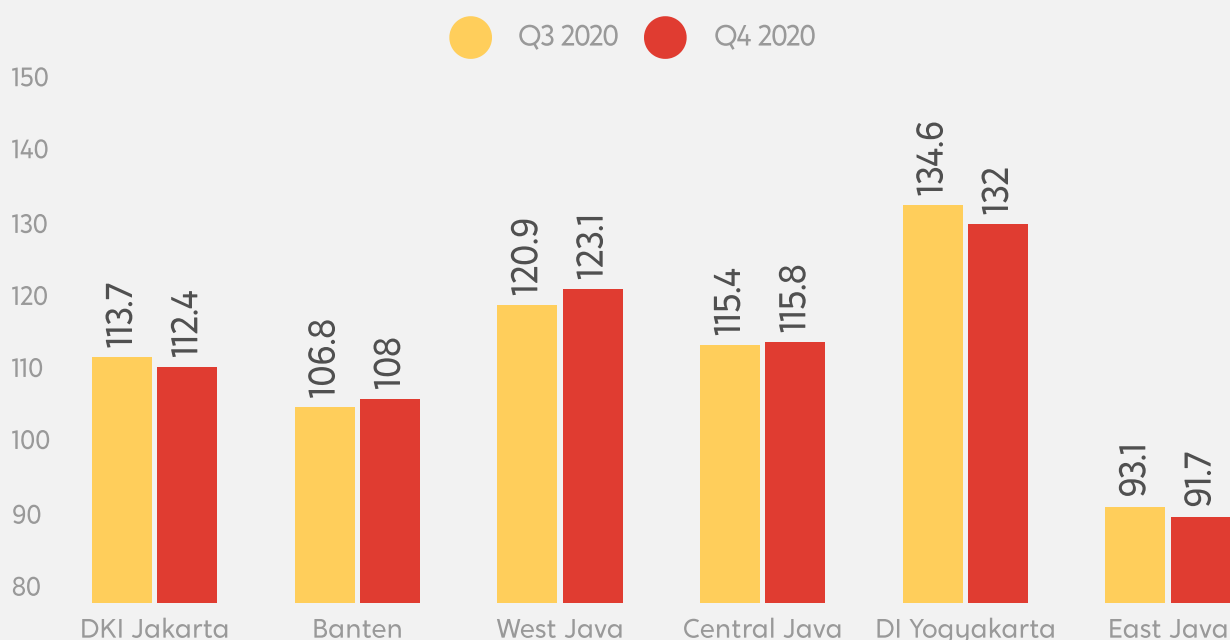
For apartments, quarter-on-quarter, the corresponding index figure for the fourth quarter of 2020 was 112.5, down by 0.3% from the previous quarter and by 2.5% year-on-year.

By region

Some regions contributed to the drop more than others. The figure below shows national price trends for Jakarta and six other major markets, taking into account landed houses as well as apartments and condominiums.

Rumah.com Indonesia Property Market Index

Property price movement across key markets



For Jakarta (light blue) and East Java (yellow), the correction between Q3 and Q4 is not as pronounced as for Jogjakarta (dark blue).

Finer grain price index data shows that for the most recent period, Q-on-Q, Jakarta was down by 1.19%, while for Jogjakarta and East Java the figure was 1.96% and 1.47%, respectively.

Prices will recover. That's one optimistic inference that may be drawn from the Rumah.com analysis of property prices as at year end, according to Marine Novita, Country Manager, Rumah.com.

Rumah.com Indonesia Property Market Index

Understanding the trend of Q1 2021 price index

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While the fourth quarter property index may not look encouraging, property market players are encouraged to view recent price movements in the context of the full property cycle. Although the usual off-peak trends were much more pronounced, the peak-season trends seem quite stable. Moreover, the areas where the supply stock is greatest look stable. We're predicting that the peak-season trends will kick in to yield positive results for Q1 2021.

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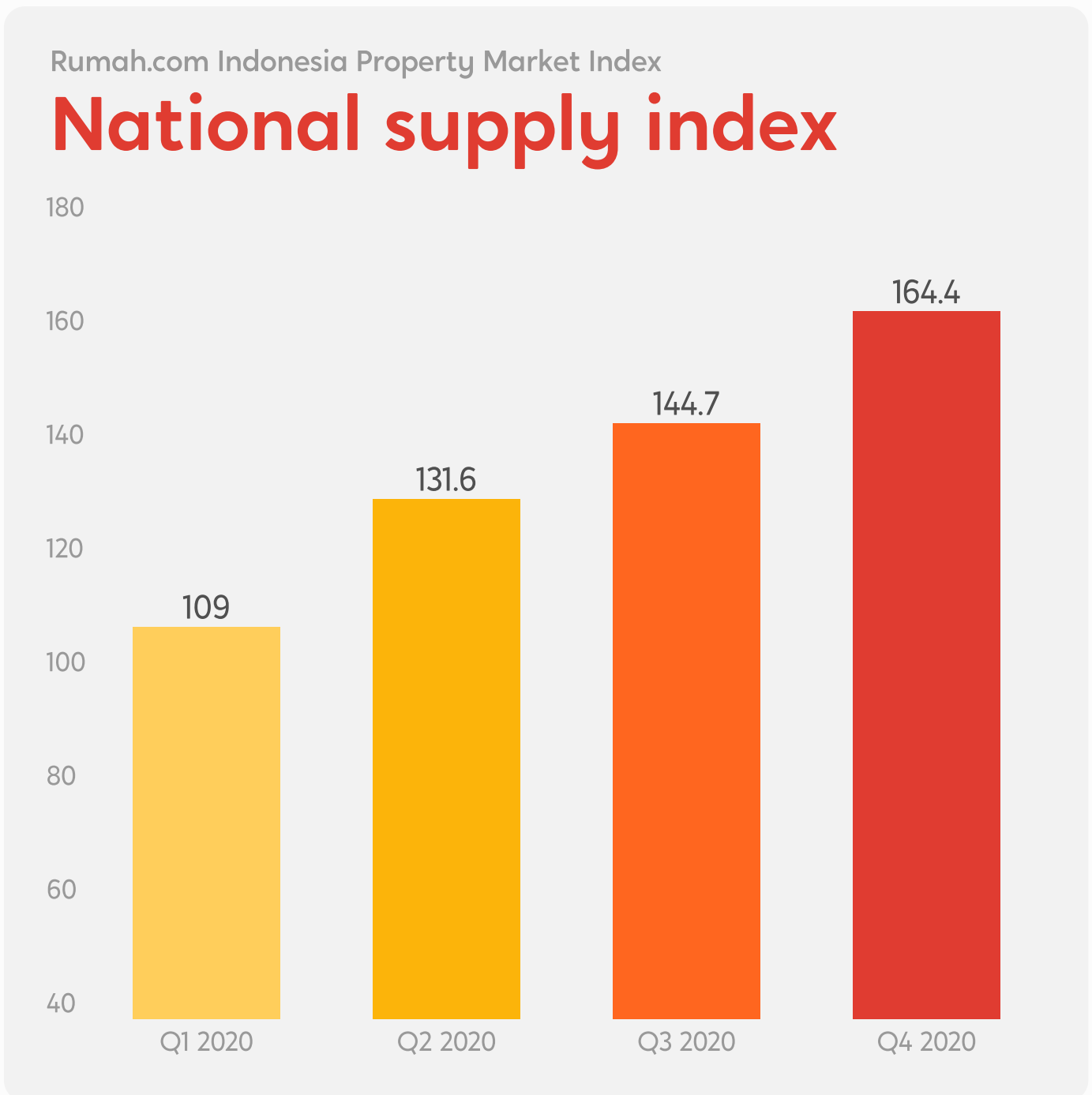
Marine Novita

Country Manager
Rumah.com

To illustrate, Marine pointed to three provinces where prices rose at the end of the year: Banten, West Java, and Bali as price. For the last quarter of 2020, the Rumah.com price index in Banten, was up by 1.1%, QoQ. The uptick was even more noticeable in West Java, with 1.8%, and Bali, with 1.6%.

Supply Index Overview

As seen in the graph below, there was a notable upturn in property supply during the fourth quarter of 2020.



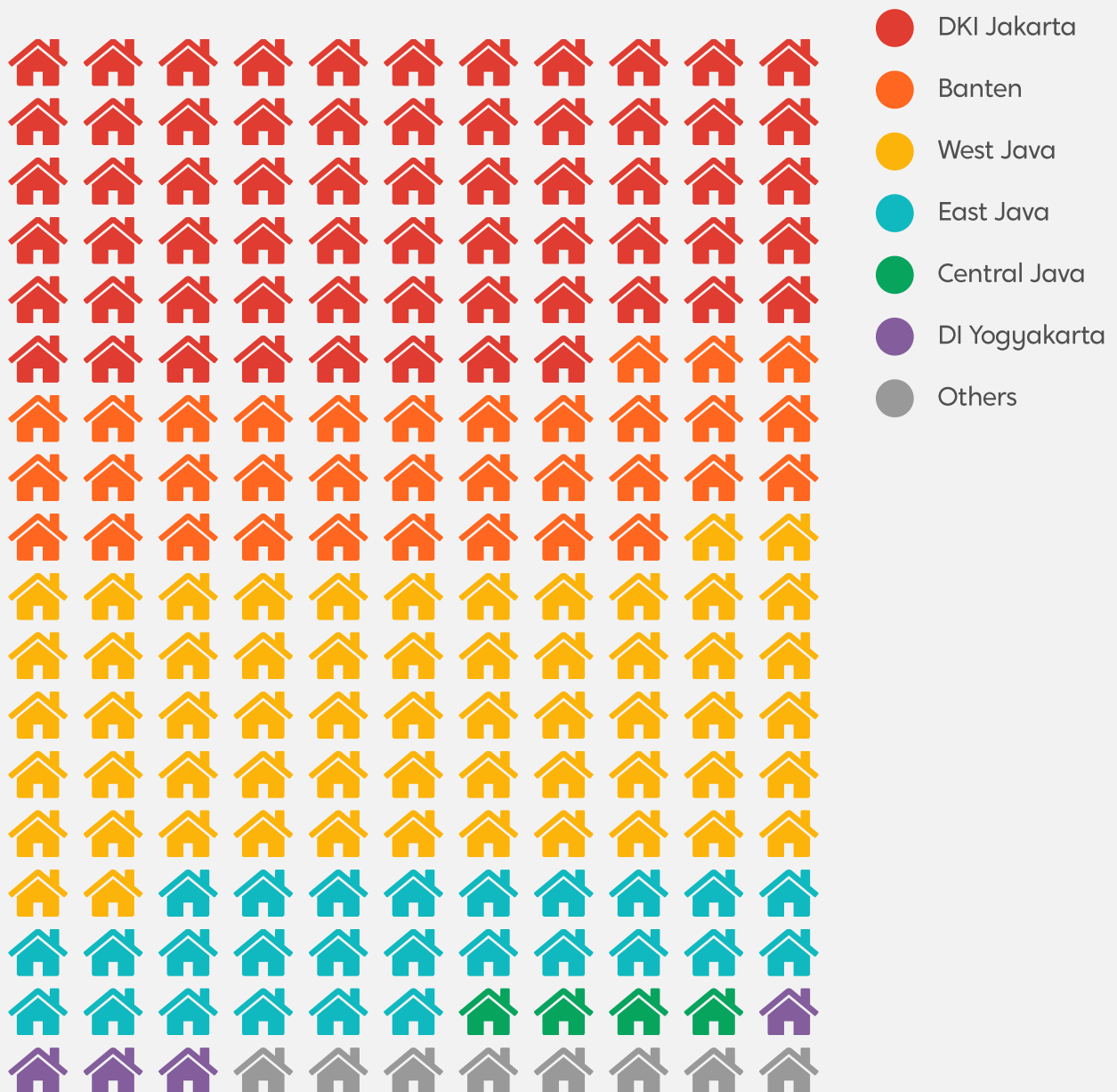
During the last two quarters of the year, property supply increased by an average of 37% per quarter. This is significantly higher than the 11.2% per-quarter rate of growth which has been the average over the past five-year period.

Breakdown by province

The pie graph shows that DKI Jakarta contributes the most, with 32% of the total national supply. Meanwhile, West Java contributed 30%, followed by Banten (17%), and East Java (12%).

Rumah.com Indonesia Property Market Index

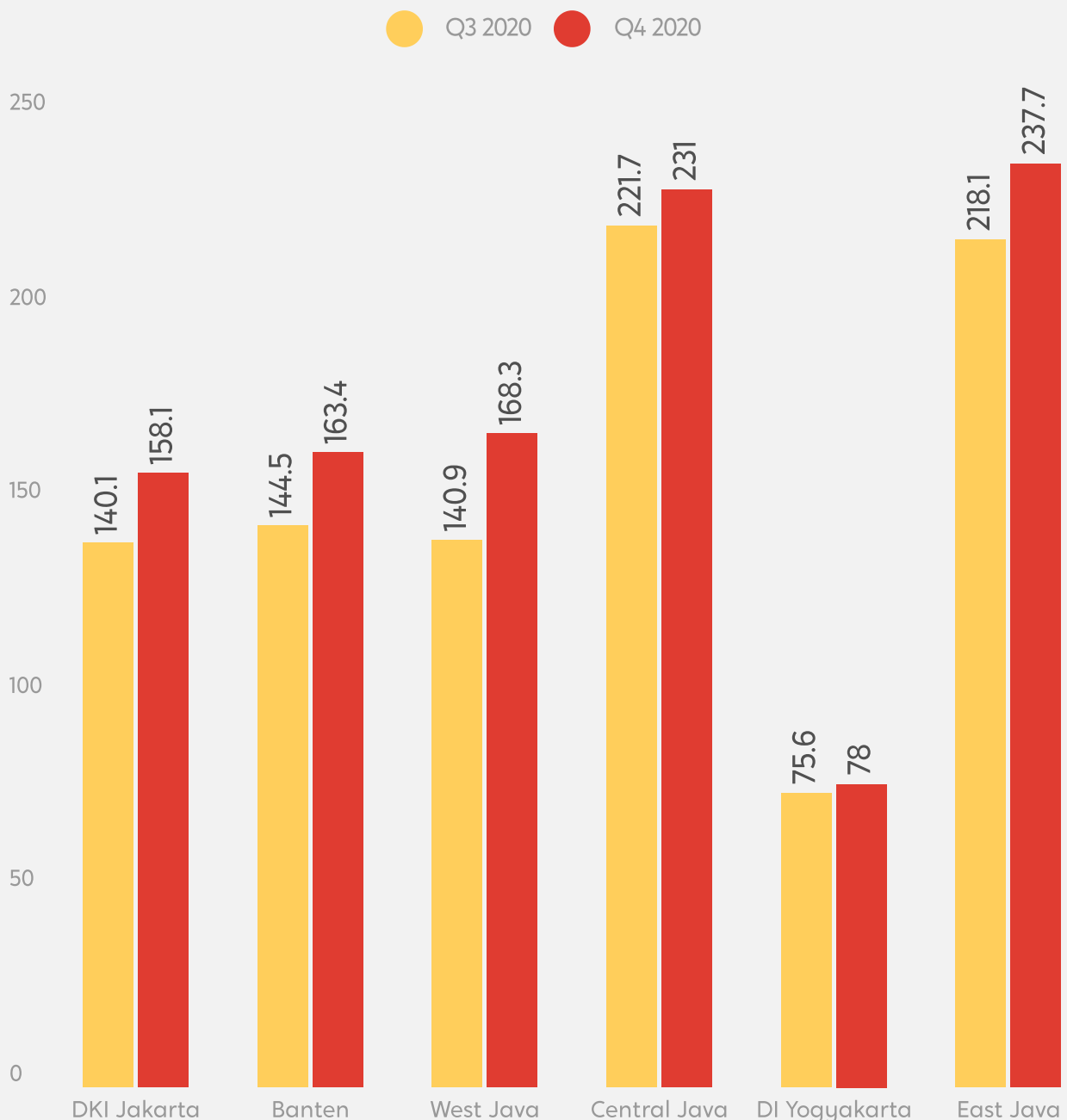
Relative contribution to property stocks by region



The graph reflects change in amount of property supply per region, with West Java up the most, 19.5%, quarter-on-quarter, followed by Banten (13%) and DKI Jakarta at 12.9%. East Java, meanwhile, was up by 9%.

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Property supply movement across key markets



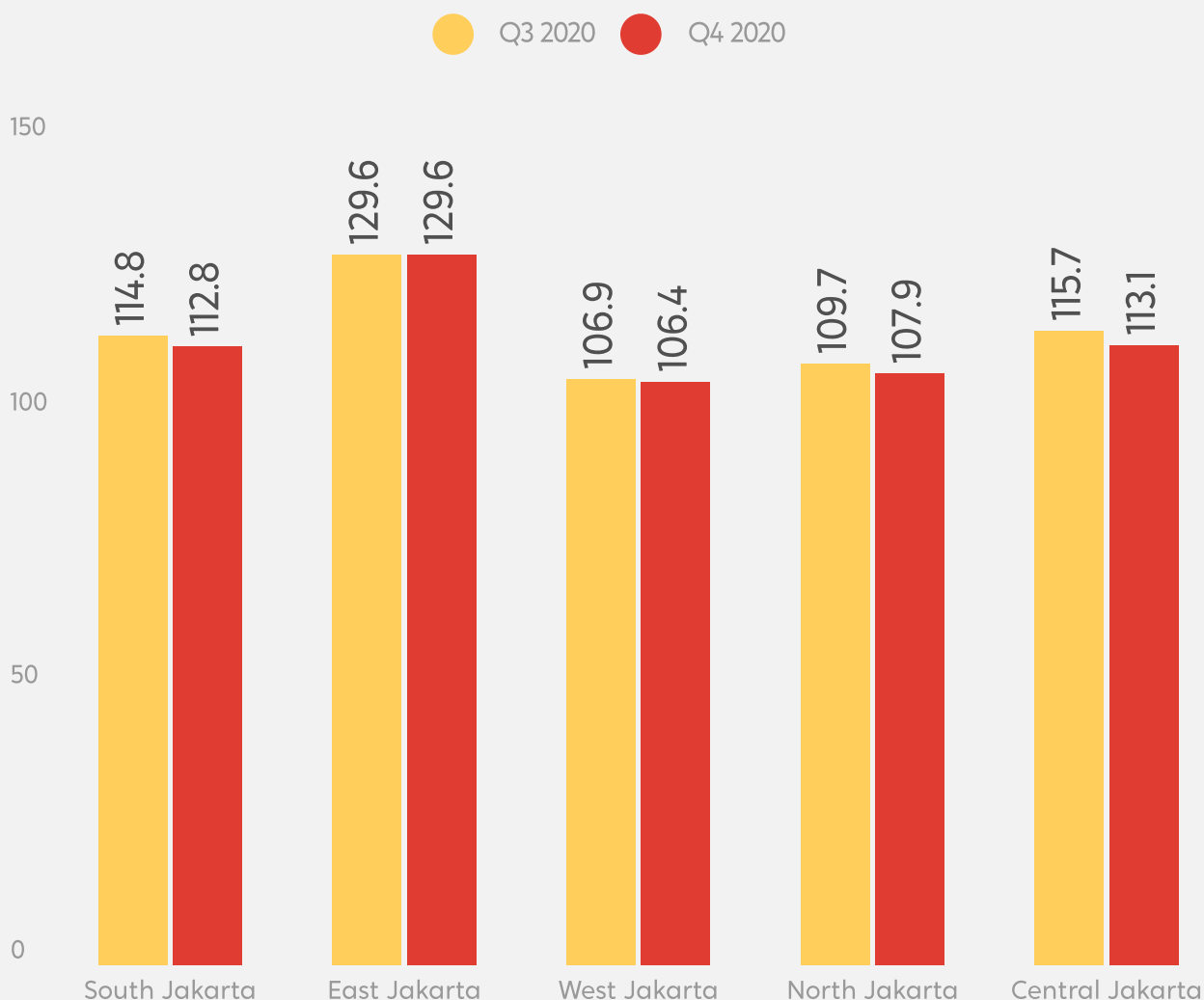
District round-up

Satellite cities recover, West Java sees correction

The RIPMI Price Index, which tracks price, was lower for the fourth quarter of 2020 than for the previous quarter. This is in keeping with the normal property cycle. As per the figure below, several key provinces such as Banten and West Java continued to show increases, up 1.1% and 1.8% respectively.

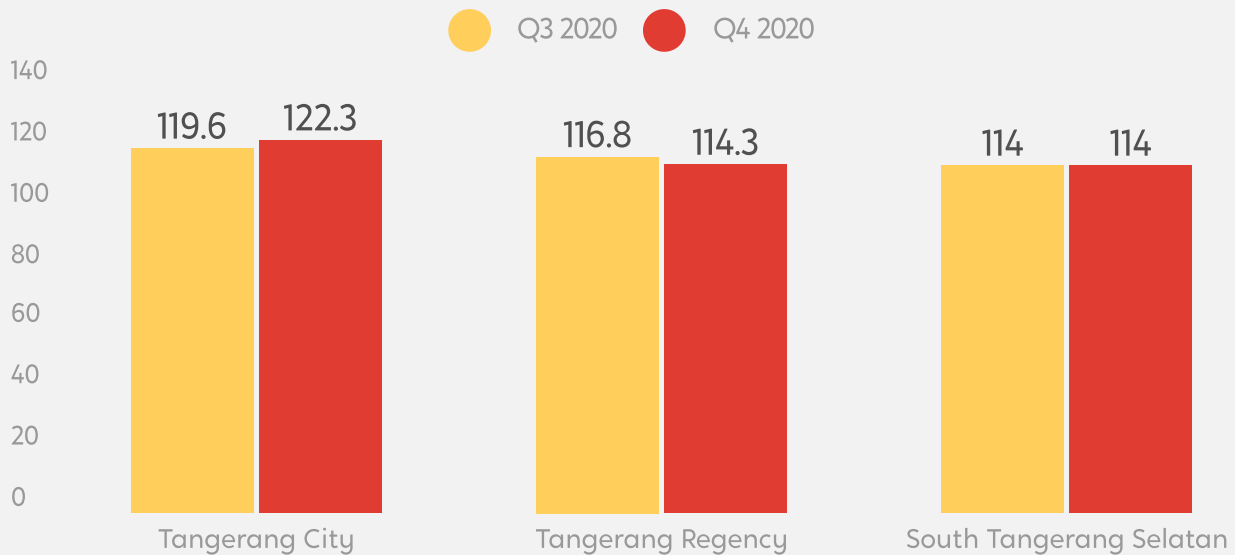
Rumah.com Indonesia Property Market Index

Property price trends for Jabodetabek: DKI Jakarta



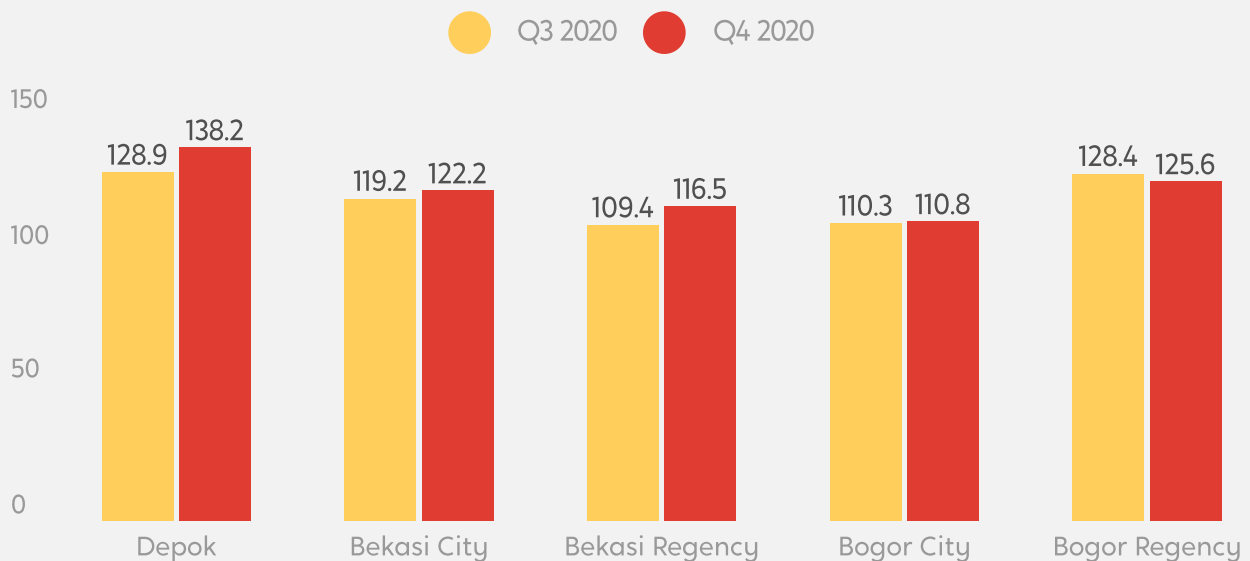
Rumah.com Indonesia Property Market Index

Property price trends for Jabodetabek: Banten



Rumah.com Indonesia Property Market Index

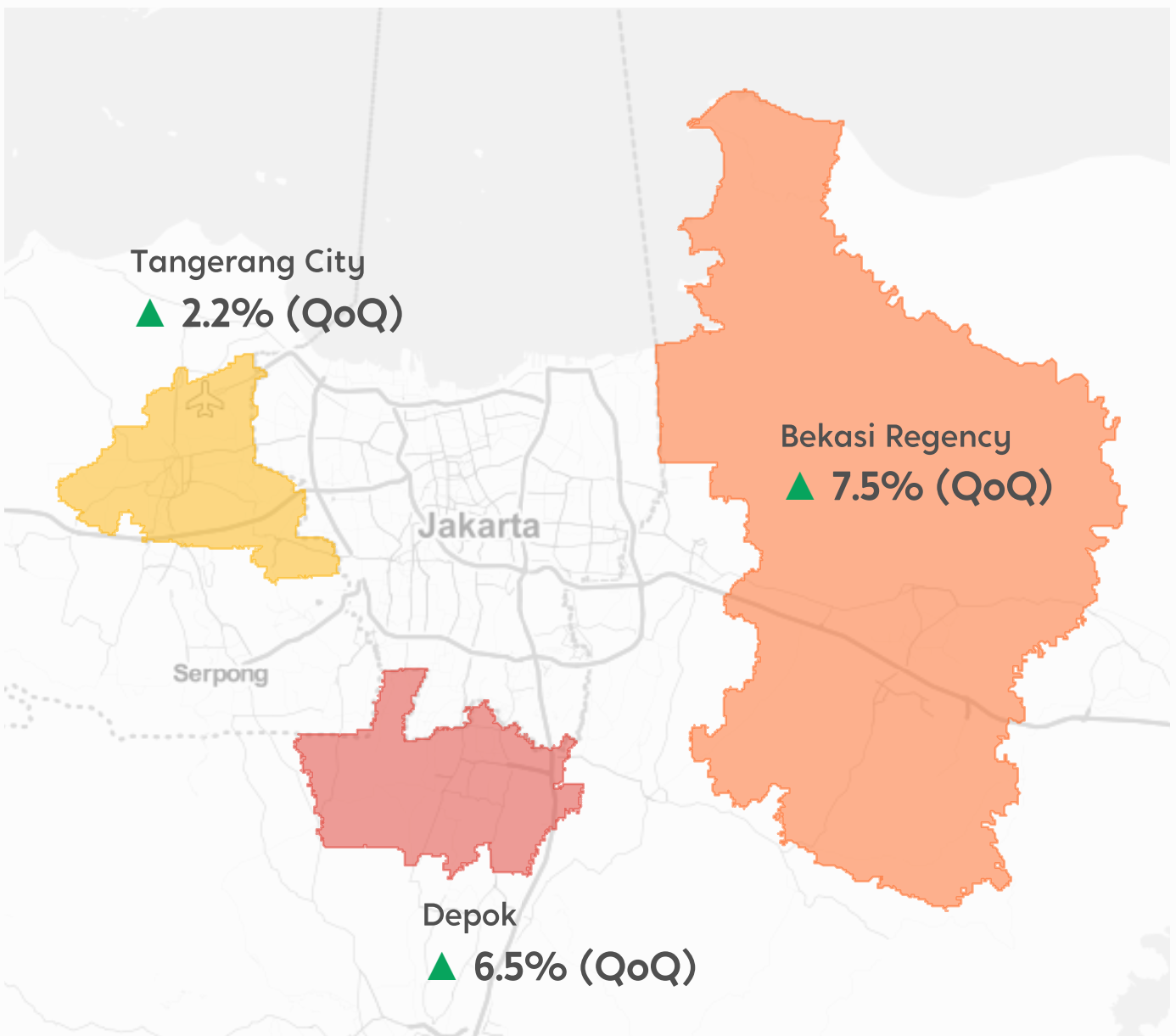
Property price trends for Jabodetabek: West Java



Three areas with significant price gains

There are three regions in Jabodetabek that are quite resistant to the impact of the low season. This significant growth was mainly due to rising prices for landed housing types.

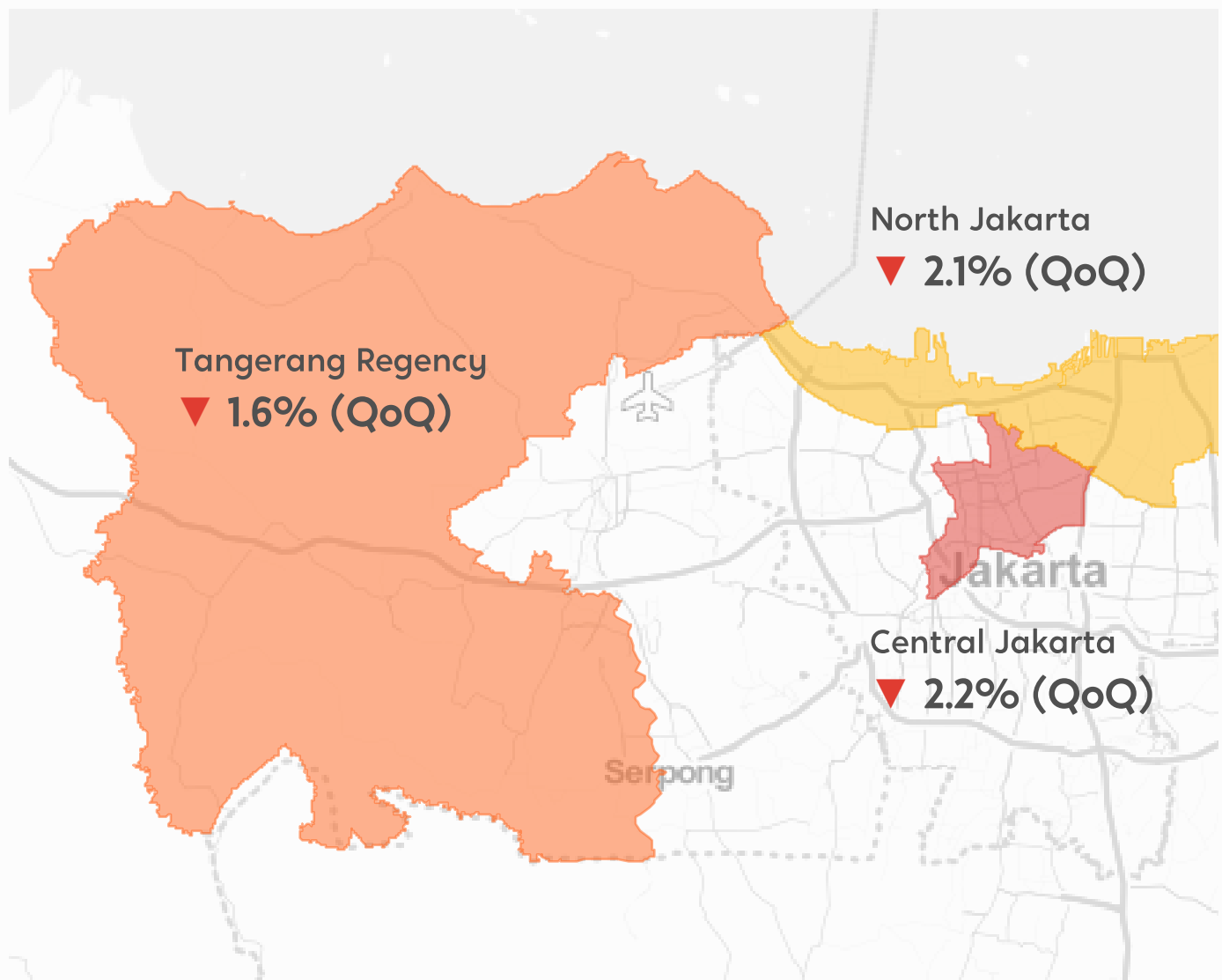
Depok, Bekasi Regency and Tangerang City managed to escape the low season effect. For Depok, the price index was up 7.5% (QoQ). This affected both apartments and houses. Bekasi Regency, where prices were up 6.5% for the quarter, followed closely behind. Meanwhile, Tangerang City was up by 2.3% in the fourth quarter of 2020, compared to the previous quarter.



Slight price drop for most parts of DKI Jakarta and Tangerang

Across DKI Jakarta, prices fell by an average of 1.2% in the fourth quarter of 2020, according to Property Market Index data. The region with the largest price decline was Central Jakarta, which fell by 2.2%, quarter on quarter. Meanwhile, North Jakarta fell by 1.6%. The decline in prices in those two zones of the capital city affected both houses and apartments.

A significant portion of Central Jakarta and North Jakarta properties on the market are in the high range, with average occupancy prices of over IDR 4 billion. The decline in prices in these two regions is judged to be reasonable because demand at the high end is currently low.



Understanding the decline in property prices in North and Central Jakarta

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The decline in property prices in North Jakarta and Central Jakarta is because they are already high, mostly in the middle and upper-middle price range. Based on data from Rumah.com, there is a lot of demand for residential properties in the range of IDR 300 million to IDR 1.5 billion.

Marine Novita

Country Manager
Rumah.com

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Meanwhile, prices in Tangerang Regency decreased for the first time in 2020, during the last quarter of the year. Prices were down by 2.1% in the popular region. Considered a "sunrise" area, hence expected "to shine" in the near future.

Yet, the decline in property prices in Tangerang Regency, according to Marine, is still within reasonable limits.

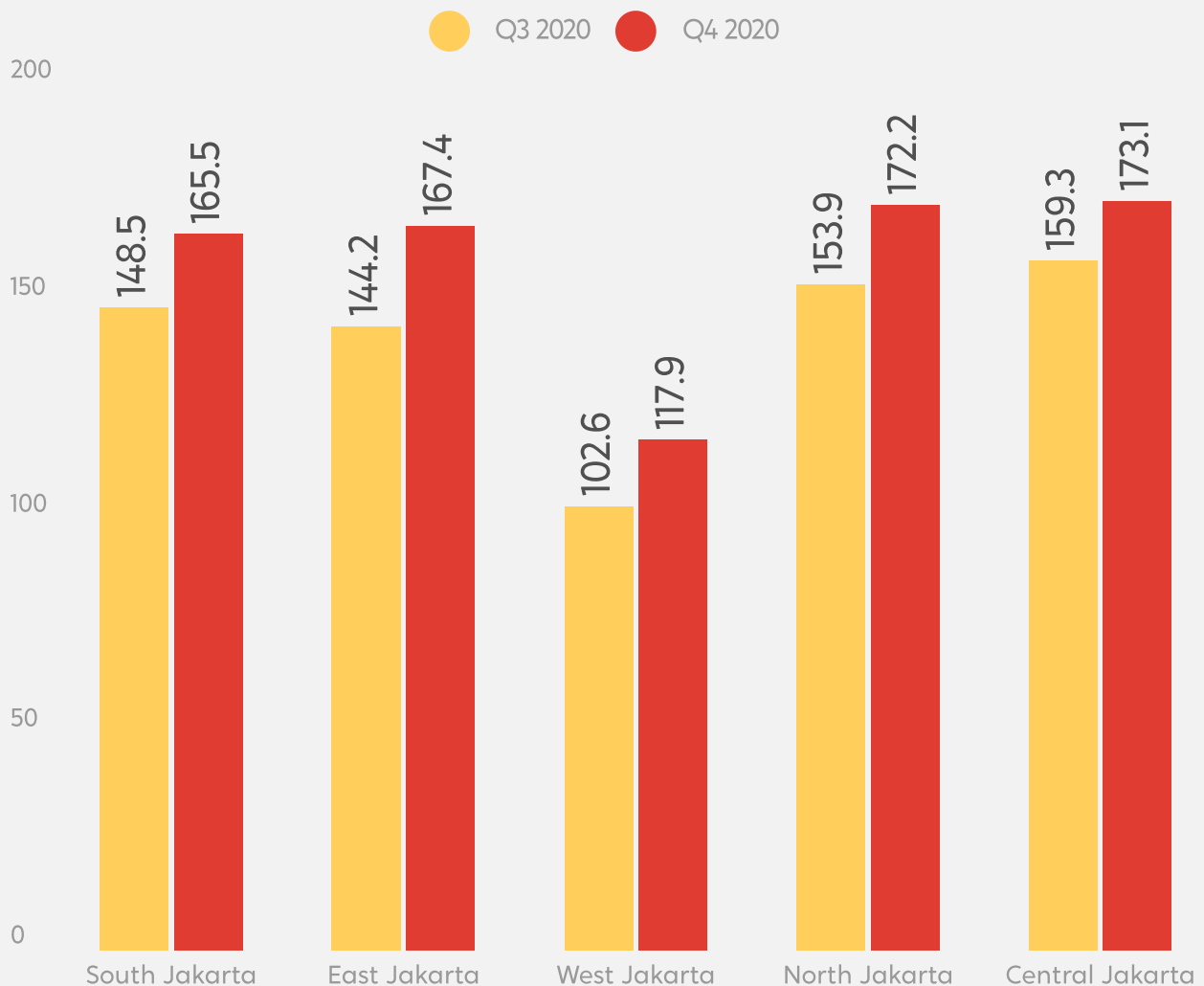
"In Tangerang Regency you see prices go up every quarter. This time around you may be seeing developers and those who are supplying properties making minor adjustments to make sure buyers stay interested. But if you look at Tangerang Regency, year on year, despite being low season, prices are still up by two percent."

Supply surges at year end in Jabodetabek

For Bekasi during the fourth quarter of 2020, the Rumah.com supply index (RIPMI Supply Index) was at 183.8, up 25.2% from the previous quarter, taking into account both apartments and landed houses. Taking into consideration houses alone, the supply index was 173.3, or up 25.7% quarter on quarter. By contrast, supply of apartments was up by only 10.2, with an index number of 85.8.

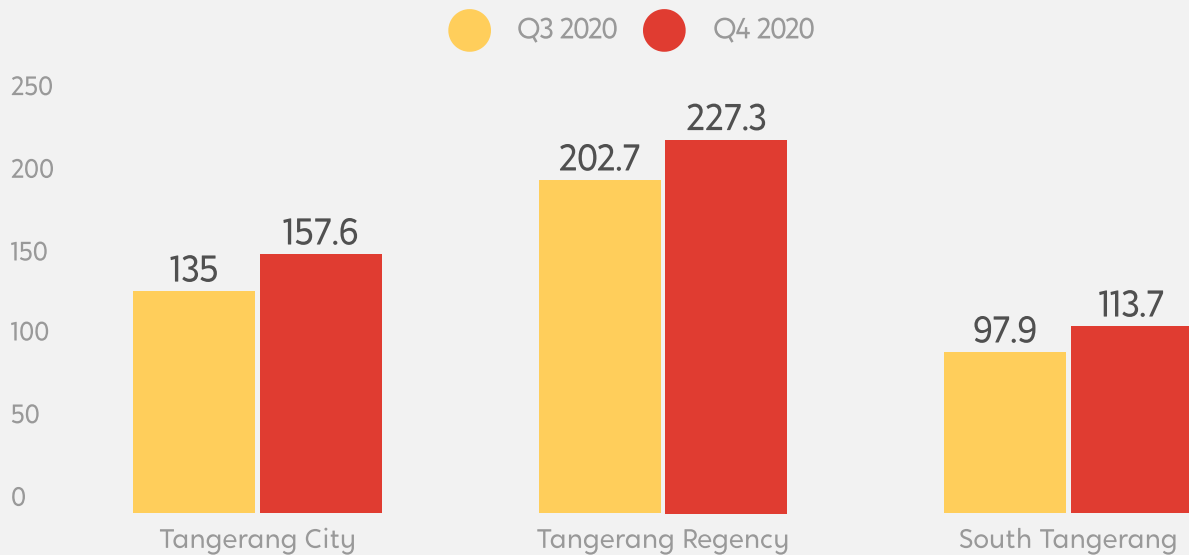
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Property price trends for Jabodetabek: DKI Jakarta



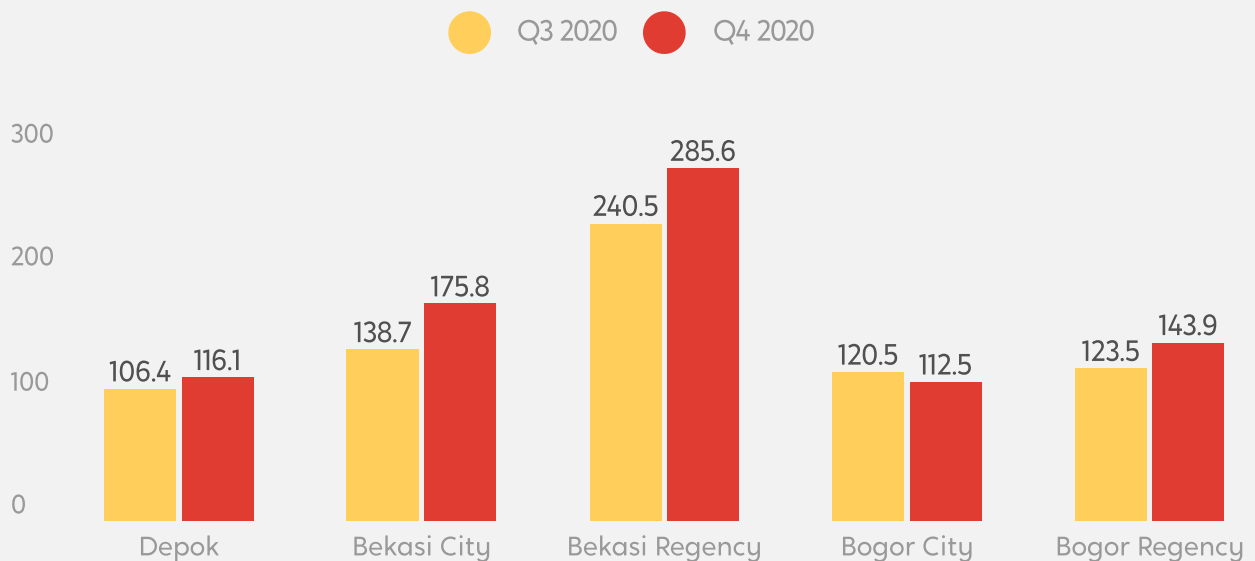
Rumah.com Indonesia Property Market Index

Property price trends for Jabodetabek: Banten



Rumah.com Indonesia Property Market Index

Property price trends for Jabodetabek: West Java



For South Tangerang City, the RIPMI Supply Index stood 113.7, or an increase of 16.3% quarter-on-quarter. A similar increase applied to Tangerang City, with an index score of 157.6, up by 16.7%. Meanwhile, Tangerang Regency was at 227.3, or in other words a quarterly increase of 12.1%.

According to the Marine Novita, Country Manager, Rumah.com, the increase in property supply in the Jakarta satellite area is an indication that developers are focusing on residential projects for middle and upper-middle buyers and located in alternative areas with more affordable prices.

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Rapid development in Tangerang Regency

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Property prices in Tangerang Regency are currently in the range of IDR 7.4 million per square meter, even cheaper than Bekasi City which is around IDR 8.7 million. And this is certainly much lower than average prices in DKI Jakarta, where you'd expect to pay something in the range IDR 22 million per meter. Starting with Tangerang City, you now see all of Tangerang Regency with rapid development that's enabled by great transportation infrastructure which makes access so much easier.

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Marine Novita

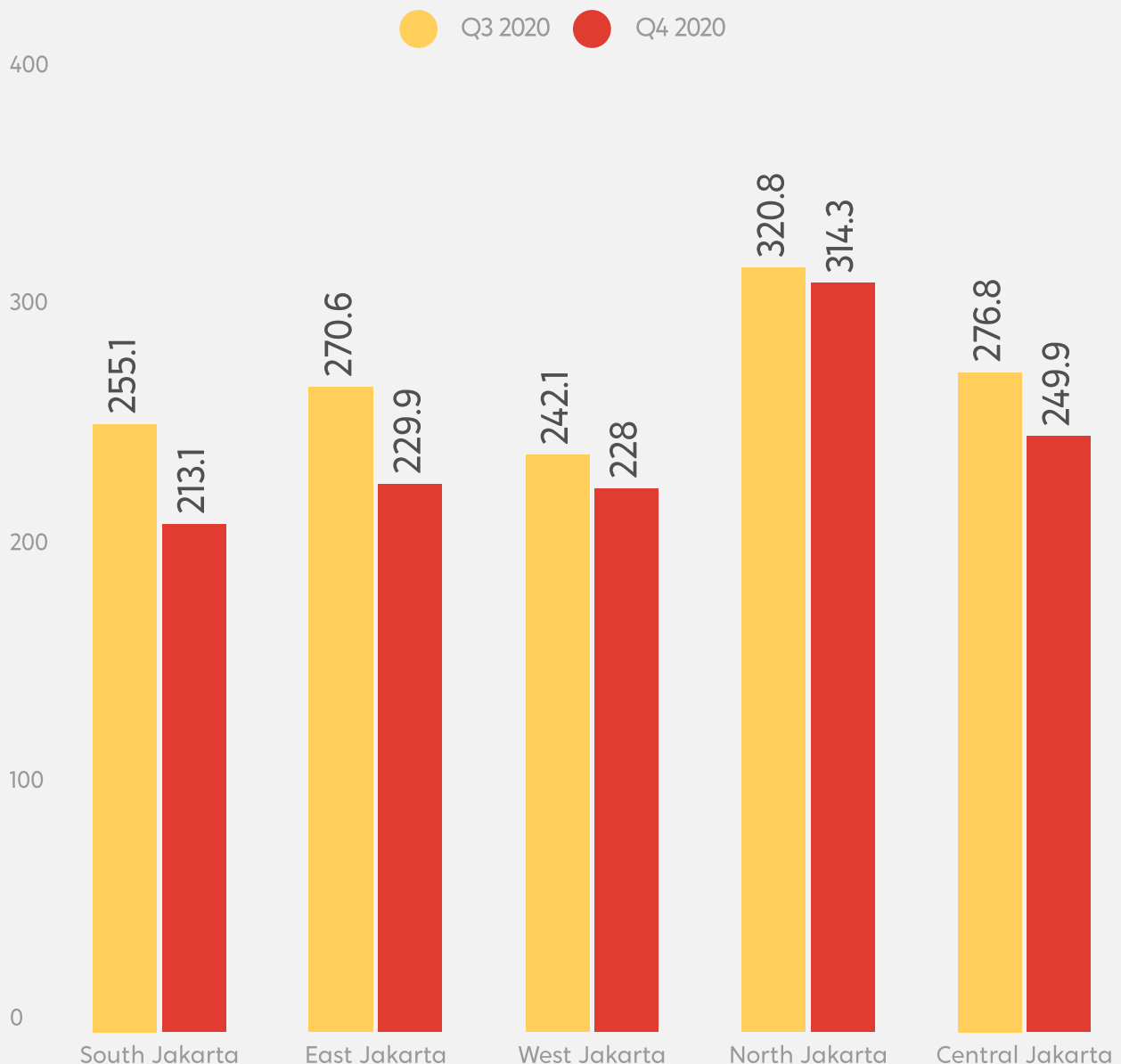
Country Manager
Rumah.com

Demand: Search activity down at year-end

The search trend data organized below shows that property searches on Rumah.com in the fourth quarter of 2020 fell by 14% compared to the previous quarter. On an annual basis, however, search volumes showed a two-fold increase from the year before.

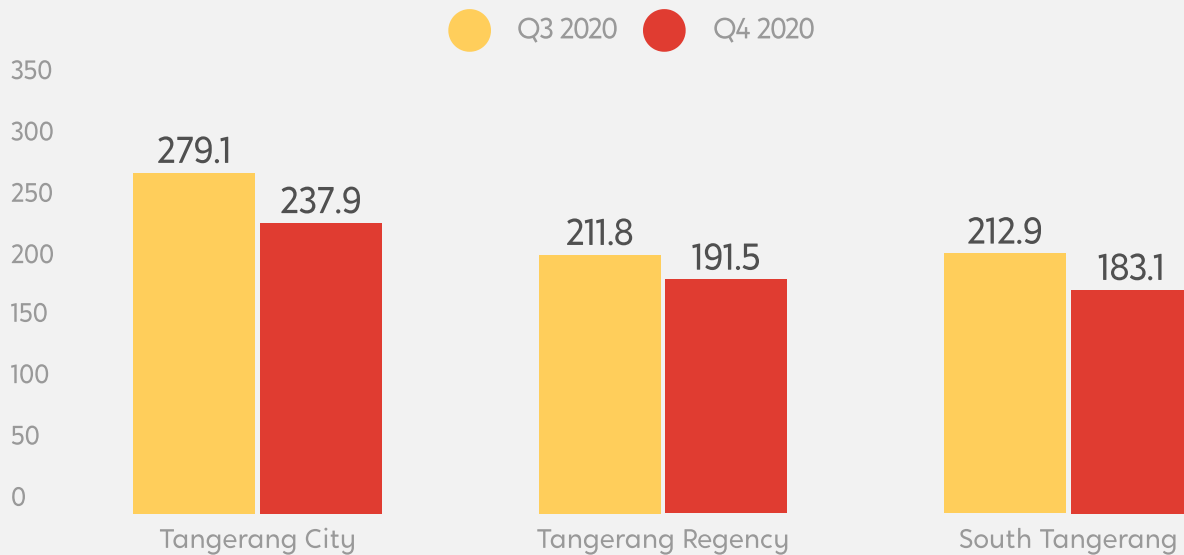
Rumah.com Indonesia Property Market Index

Online property search activity at Rumah.com: DKI Jakarta



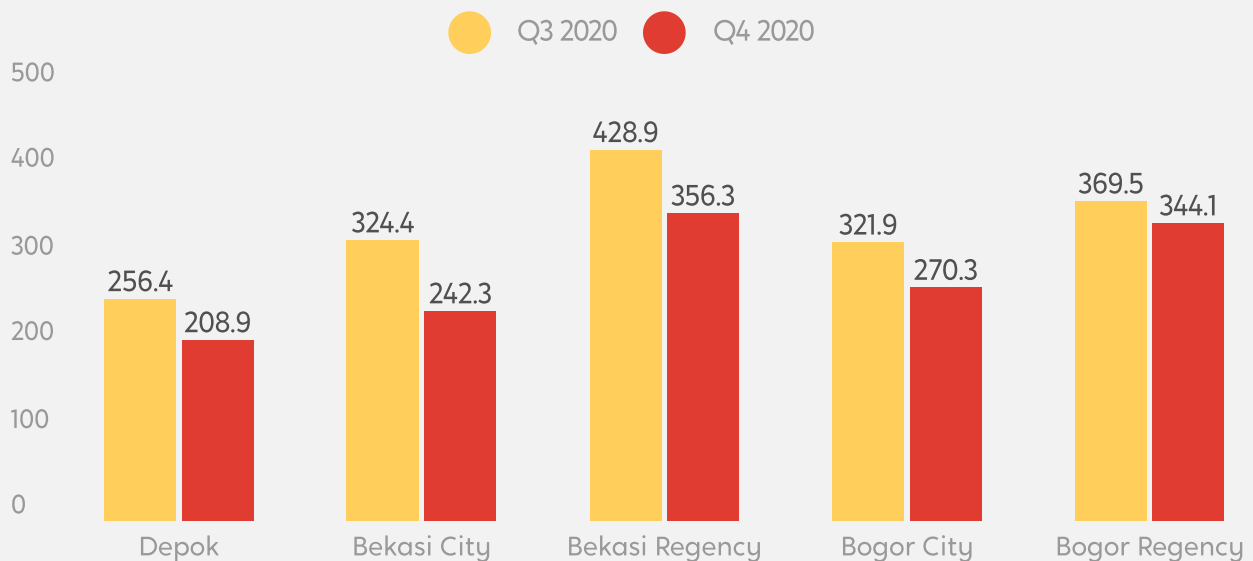
Rumah.com Indonesia Property Market Index

Online property search activity at Rumah.com: Banten



Rumah.com Indonesia Property Market Index

Online property search activity at Rumah.com: West Java

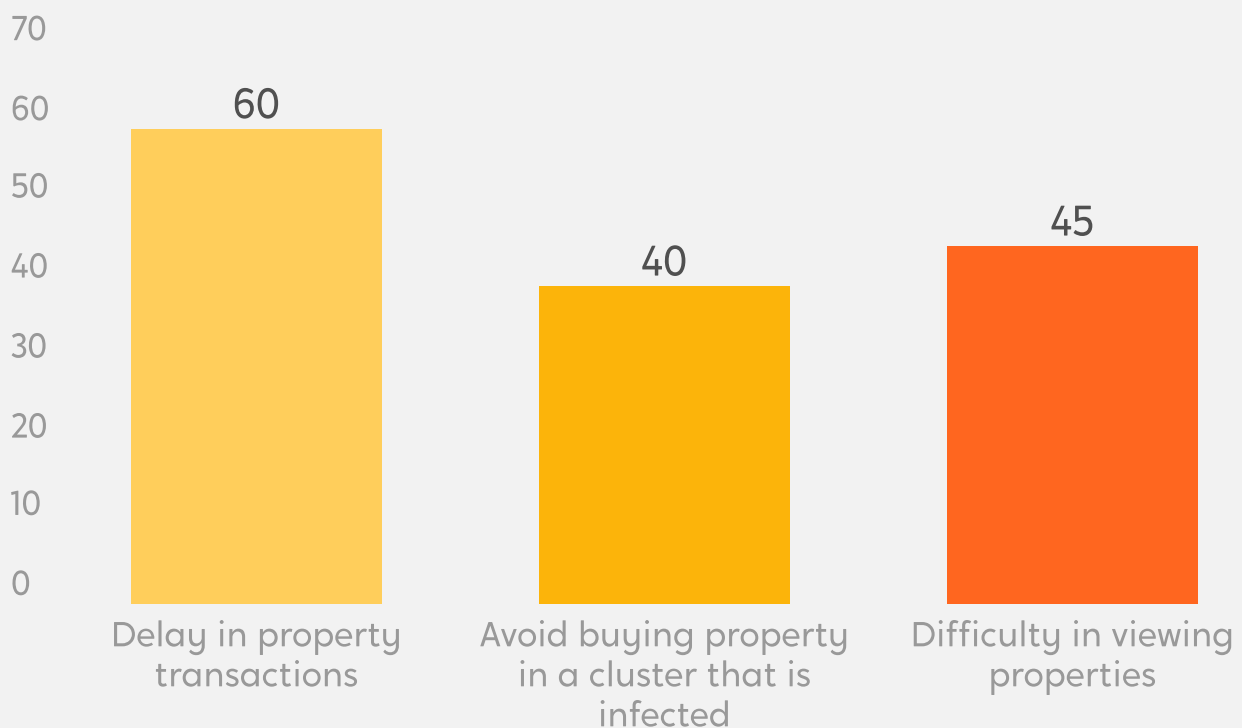


The slowdown in property search in areas in Jabodetabek is closely related to the annual property cycle. As the year ends, property buyers are more likely to be on vacation or making other purchases and less likely to be hunting for property. In addition, the COVID-19 pandemic has not shown any signs of ending, another reason why people may be holding back from bigger expenses.

The impact of COVID-19 can also be seen in a recent Rumah.com survey. The figures below reflect analysis of the CSS H1 2021, a consumer sentiment study based on feedback from 1078 respondents.

Rumah.com Consumer Sentiment Study H1 2021

Impact of COVID-19

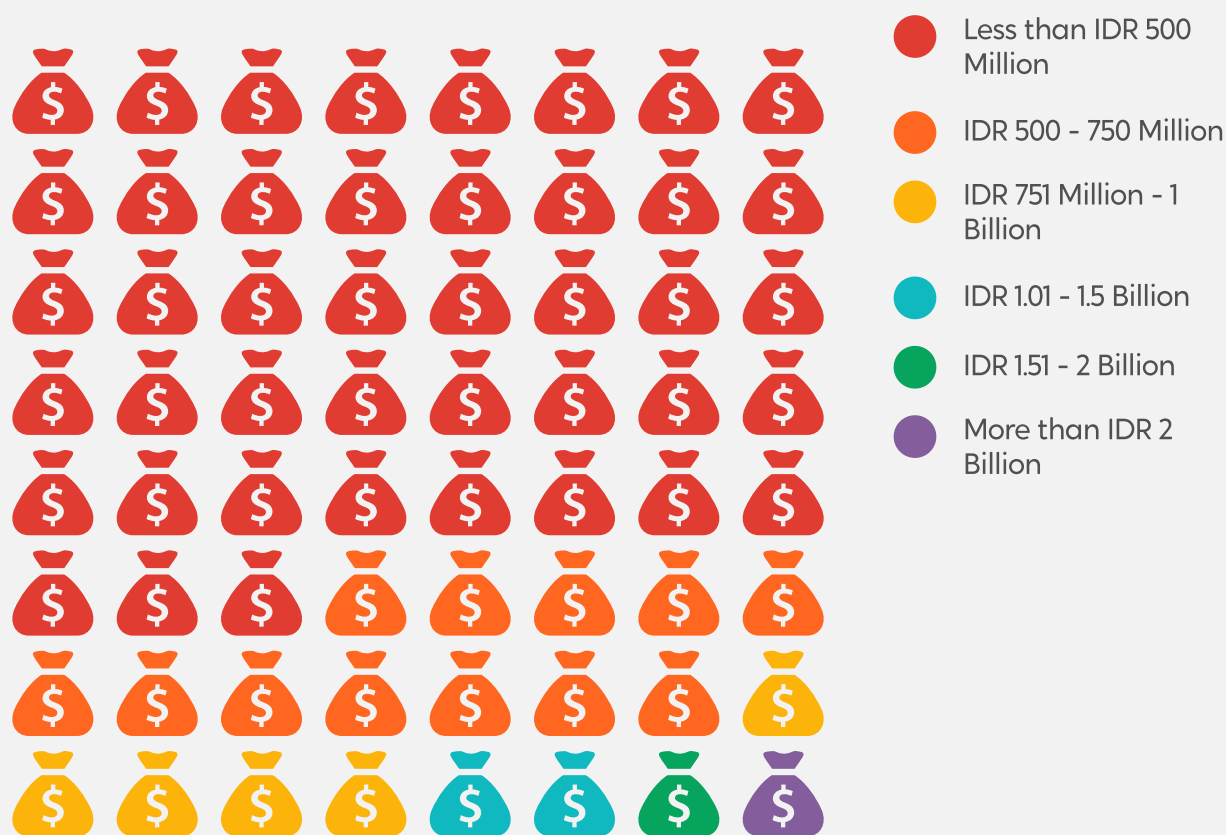


Roughly half of all respondents said they'd delayed property purchases because of the pandemic. One factor, reflected by the survey was the matter of not being able to see advertised properties simply because of public health restrictions discouraging travel. Survey respondents also said they'd avoid "red" zones, or areas with unusually high COVID-19 cases.

In terms of budgets, the graphic below shows that 66% of the respondents indicated that they intended to spend less than IDR 500 million to buy property. This data is in line with property supply trends, which indicate that the current popularity suburban areas near large cities, where land can still be obtained at an affordable price.

Rumah.com Consumer Sentiment Study H1 2021

Budget for property purchase in next 6 months



Meanwhile, just under 60% of respondents said proximity to public transportation such as terminals, stops and stations was their primary concern in buying property. Meanwhile, as many as 77% of respondents said they were content to purchase a property where facilities such as jogging tracks or parks were at a minimum, as long as the price was cheaper.

Area in spotlight

Real estate in Tangerang Regency and Cikarang Raya climbing

Two areas in particular stand out as strategic places to look for a home, based on analysis of the Rumah data from the fourth quarter of 2020: Tangerang, in Banten Province, just to the west of Jakarta; and Cikarang, a satellite city lying just east of Jakarta and located in West Java province.

These two districts currently have a lot to offer to homebuyers. The first factor is infrastructure and transportation, both public and private. These areas are quickly developing a robust network of roads and other transportation corridors. Property buyers who drive will be looking for – and generally able to find -- homes located near an onramp offering access to an expressway. Those who take the train or bus will be looking for stops and stations nearby.

Take Tangerang District, the seat of Tangerang City, with two train stations and easy access the airport. Train commuters can easily get to West Jakarta via Tangerang and Tanah Tinggi stations, or else drive there via the Outer Ring Road. Meanwhile, from Tangerang, the Sukarno Hatta international airport is roughly just 15 km away, compared to roughly 30 km away for Central Jakarta. Lippo Mall and Tang City are just two of five major malls there.

"I don't miss Jakarta at all," said an American expatriate worker who recently purchased a house in Tangerang City together with his Indonesian wife. They have everything in Tangerang and it's a lot better organized. "It's really easy to get around. There are really a lot of malls, schools, pretty much everything."

Meanwhile, Cikarang, which is generally regarded as an industrial area, is an independent urban residential area linked to adjacent urban centers via the Jakarta - Cikampek Toll Road, an elevated toll road, Manggarai-Cikarang double-double track (DDT) railway and a light rapid transit (LRT) line.

Cikarang has several noted schools such as President University educational facilities in Cikarang are also complete and of high quality, such as the President School and Pelita Harapan School. There are also several international class hospitals. Lippo Cikarang Mall and Mayfair Plaza Indonesia are judged nearly as splendid as top shopping centers in Jakarta. So don't be surprised if Cikarang ends up becoming a sunrise property area.

Area in spotlight: Tangerang District

Price index

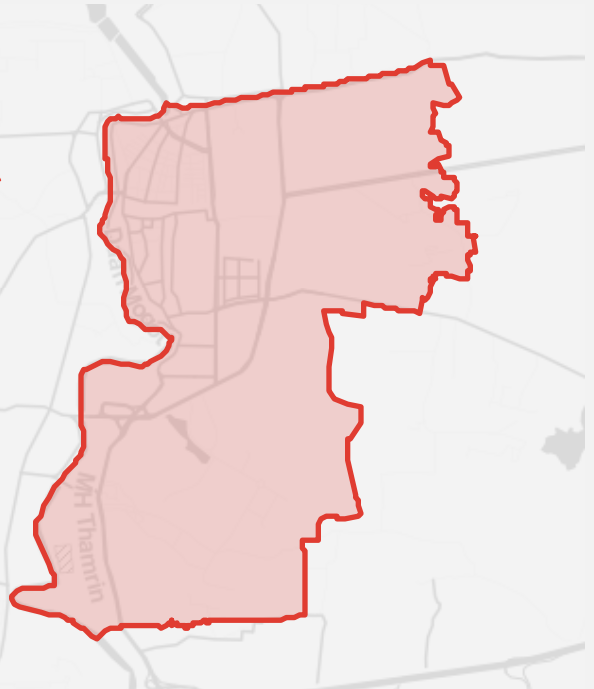
▲ 4.53% (QoQ)

Supply index

▲ 1.95% (QoQ)

Median asking price (per sqm)

IDR 9,845,959.60



Greater Cikarang

Price index

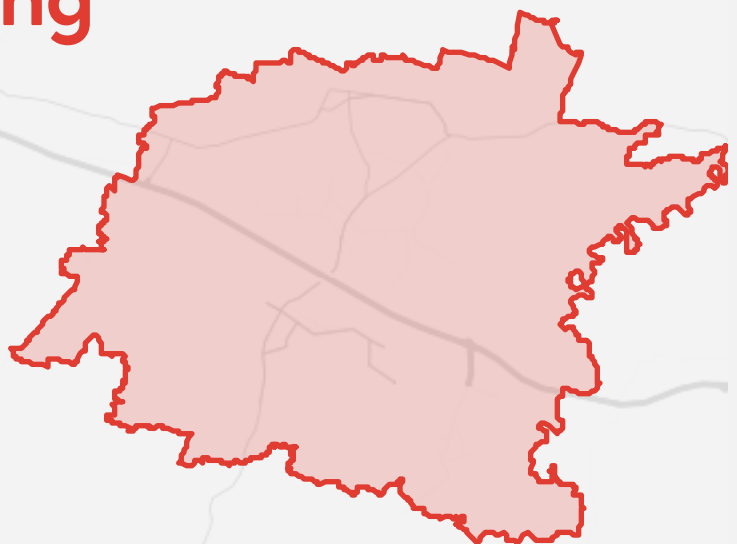
▲ 1,52% (QoQ)

Supply index

▲ 5,50% (QoQ)

Median asking price (per sqm)

IDR 8,333,333.33



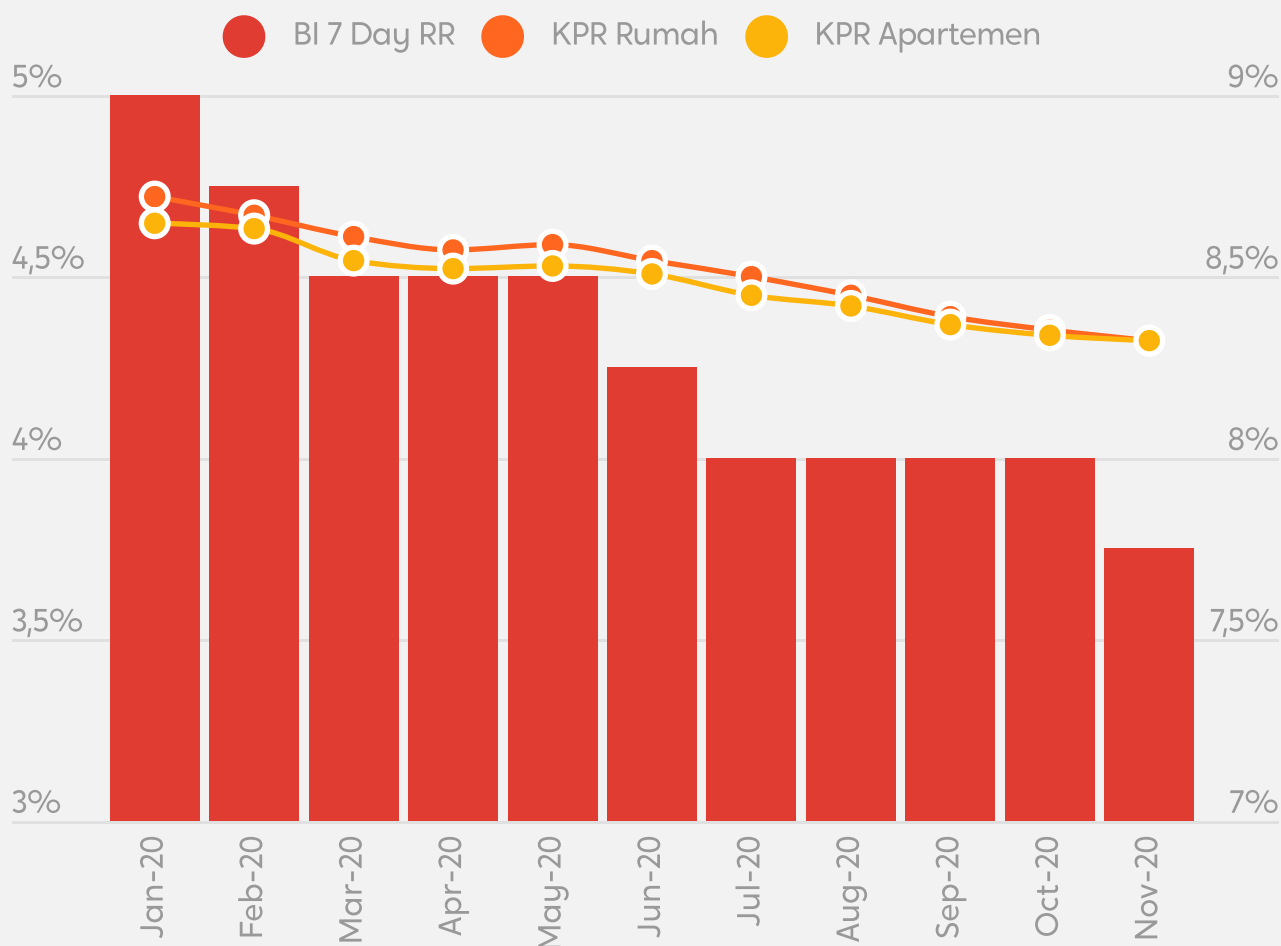
Macroeconomic trends

Home mortgage interest rate (KPR) lower, in line with BI rates

As shown in November 2020, Bank Indonesia (BI) lowered the BI 7-Day Reverse Repo Rate (BI7DRR) by 25 basis points (bps) to 3,75%, keeping it there for December 2020, as well. Year on year, the repo rate is down by 125 bps. The lower rate translates into lower interest rates for the homebuyer credit facility (KPR) and the equivalent facility for apartments (KPA). On a quarterly basis, the two rates decreased by three and two bps, respectively, to converge at 8,32%.

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Tren suku bunga



Other recent Bank Indonesia policies and initiatives with impact on the national property market include accommodative macroprudential policies aimed to boost credit and financing on behalf of priority sectors of the economy, in the context of national economic recovery. BI has also undertaken to work closely with OJK to promote interest rate transparency and encourage lower rates through supervision and communication.

Rumah.com Indonesia Property Market Index

Understanding the trend of mortgage interest rate

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In fact, the KPR and KPA interest rates haven't come down as far as the BI7DRR. However, we've seen how the Bank worked to push mortgage rates down by 15 bps from July to October, at which time the BI7DRR was stagnant at 4%. We hope that the bank will continue to make these type of adjustments because it makes it easier for people to own a house, especially in a pandemic situation like this.

Marine Novita

Country Manager
Rumah.com

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COVID-19 Vaccine

The government started a national vaccination program on January 13, 2021 in order to mitigate the coronavirus pandemic. President Joko Widodo was the first person to be jabbed with CoronoVac, produced by Sinovac. The mass vaccination program was facilitated by the approval on the part of the Food and Drug Supervisory Agency (BPOM) of an emergency authorization request (EUA) for the recently developed drug.

Over an estimated 15 months, from January 2021 to March 2022, some 181.5 million doses are to be distributed and administered, free of cost, across Indonesia's 34 provinces. Unlike most other countries, the government will prioritize working-age individuals to get vaccinated first.

Rumah.com Indonesia Property Market Index

Vaccine program to help restore property market

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We hope that the vaccinations will run smoothly and effectively so that the COVID-19 problem can be resolved quickly. We do hope that vaccination will heal the economic situation as well, so things return to normal, especially in the property industry sector.

Marine Novita

Country Manager
Rumah.com

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Conclusion



The low season, marked usually by the last quarter of the year, was a little lower than normal because of the impact of the pandemic on the general economy. Rumah.com Indonesia Property Market Index data for the fourth quarter of 2020 shows a decline in property prices, an increase in supply, and a decline in national demand.

However, certain areas of Greater Jakarta, the data reflect several positive property market trends. Prices are buoyant in parts of the two provinces that neighbour Jakarta, West Java and Banten. People are keener than elsewhere, the data suggest, about buying and selling apartments and houses in Depok, Bekasi and Cikarang (all in West Java); and Tangerang (Banten). Another important gauge of sentiment that is grounds for optimism, is the current high volume of property searches being conducted online in 2021.

Meanwhile, it's important to notice how the property market is being shaped by the continued robust rollout of roads and public transportation infrastructure. Toll roads, other roads, conventional train lines, and new assets such as light rail are key to understanding the ambitions and concerns of property seekers. There is no doubt about the way that aggressive infrastructure development has boosted property values in areas such as Cikarang and Depok.

In view of the data and analysis presented here, Rumah.com predicts that established market patterns will prevail during the first quarter of 2021, meaning that developers will again raise prices, meaning that prices should be going up, at least by reference to the previous quarter. This is without denying that the economy has experienced a serious disruption due to the health crisis.

Falling property prices and increasing property supply indicate that the property market is still in buyer's-market condition. For property buyers who are financially prepared, this is the best time to buy property. Consumers will be spoiled by the abundance of property choices at competitive prices.

For property developers, large urban buffer areas blessed with public transportation infrastructure and toll roads will still be the way to attract homebuyers.

About Rumah.com Indonesia Property Market Index

Purchasing a house can be the most difficult, and may be the most expensive, decision in your life. In deciding to buy a house, the most important thing is obtaining complete information so you can make a decision confidently.

Rumah.com wants to help the residential hunters by making the process more transparent. We created Rumah.com Property Index to help Indonesian better understand the dynamic of the property market. The buyers can get information about prices that make sense according to the market sentiment.

As a leader in the Indonesia property market, Rumah.com processes a lot of property data on a daily basis. Therefore, we can present a thorough information for Indonesians who currently seek residences.

Methodology

Using various statistical techniques, data from over 400,000 listings of residential property on Rumah.com are compiled and analyzed to show the pricing dynamic from the supply side. Rumah.com Property Index shows the seller optimism and indicates the expected price level from the residential suppliers in the market, both developers or individual sellers.

The short-term increase in the Index shows a trend in sentiment. In the long-term, the Index indicates the stages of the ongoing property cycle.

Rumah.com Indonesia Property Market Index is made based on the price level in Q1 2017. Meaning, the compiled price levels are denominated as 100 in Q1 2017, and pricing in the next quarter will be related with the price level in Q1 2017.

We provide the price level with supply volume information based on the property listing in Rumah.com. The supply volume includes primary and resale/secondary properties in the Indonesia market.

About Rumah.com

Rumah.com is a leading property portal in Indonesia and a part of PropertyGuru Group, a leading property technology company in Asia. PropertyGuru Group is the favorite destination for 23 million residential seekers in Singapore, Malaysia, Indonesia, Thailand, and Vietnam. As a part of the Group, Rumah.com helps property hunters in Indonesia by providing wide-range of relevant choices, thorough information, and solutions for making confident decisions.

Rumah.com launched in 2011 and revolutionized Indonesia property market by making it transparent and accessible online. PropertyGuru Group launched in 2007 and keeps growing from the biggest property media to a rapidly growing technology company. The company is proud with its strong portfolios, from the No. 1 portal company, award-winning mobile application FastKey; the best platform to empower developers' sales, and a number of renown property activities such as awards, events, and publications, in 11 countries in Asia

For more information, visit Rumah.com; linkedin.com/company/rumah-com



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