



Rumah.com Indonesia Property Market Index

Q2 2021



Rumah.com



110.3 (-0.37%)

Q2 2021 price index



178.2 (8.4%)

Q2 2021 supply index

Executive Summary

For the first quarter of 2021, the Rumah.com Indonesia Property Market Index (RIPMI) reflects a drop in the average selling price for various types of dwellings across the various geographic regions analyzed. Even so, on a national level, the property market is judged to be stable. Further, it is evident that a fall in condominiums prices are the major factor behind the downturn, as the average selling price for landed residential for this quarter is indeed higher.

The growth in the volume of online property searches as between Q1 2021 and the previous quarter is another factor behind optimism in the current property market.

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Selling prices for condominiums lower, index down



The most recent Rumah.com data shows a price drop, both quarterly and year-on-year. The lower selling prices for condominiums (down 2.3%), quarter-on-quarter is responsible for this dip. The lower selling prices for condominiums (down 2.3%).

Stable landed residential prices, as largest segment of index



In terms of supply as well as demand, houses constitute the lion share of the property market. This segment was up – with a quarterly increase of 0.6% -- which is a reassuring indication of the stability of the national residential properties market.

Continued growth of Banten and West Java markets



Banten and West Java remain buoyant, especially for landed homes. Tangerang, in Banten Province, saw the greatest gains, with 7.9% per year.



Buyer's market means opportunities for consumers



Aside from the price trends, potential buyers can benefit from government stimulus policies. This is in addition to the downward trajectory of interest rates.

Price as chief consideration



There is still a mismatch between homebuyers' preference for landed residentials that are located near city centers but are still affordable, especially in the under IDR 1 billion range, and their availability in the market. This could be an opportunity for condominiums as an alternative.

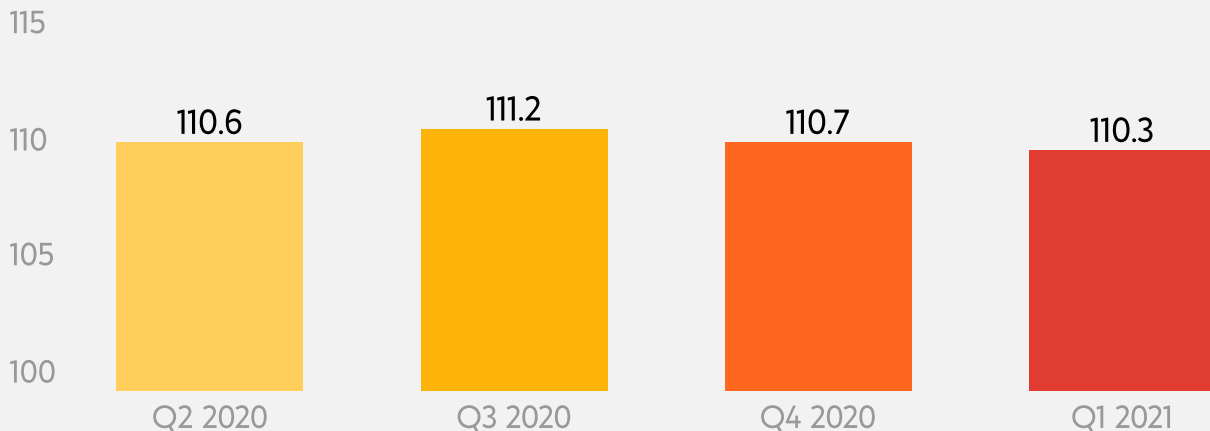
Price index overview

Property prices down, led by drop in condominium prices

As of the first quarter of 2021, the price component of the Rumah.com Indonesia Property Market Index (RIPMI Price Index) stood at 110.3. This represents a 0.4% drop compared to the last quarter of 2020. Year on year, the index was lower by 2%. The drop was particularly marked in the condominium segment.

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National price index



	House	Apartment
Q2 2020	114.9	114
Q3 2020	116.1	112.8
Q4 2020	115.6	112.5
Q1 2021	116.3	109.9

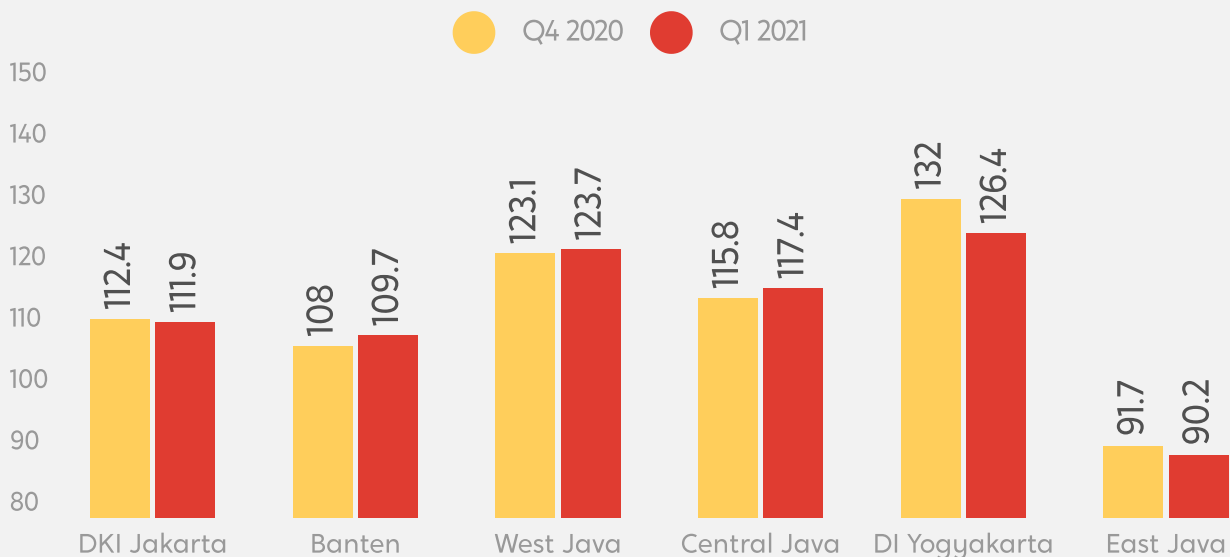
RIPMI Price Index number for landed residential in the first quarter of 2021 stood at 116.3. This represents a gain of 0.6% compared to the previous quarter, and a 0.5% gain year on year. Meanwhile, for the condominium segment, the index was at 109.9, or in other words, down 2.3% from the previous quarter, and 5.3% year on year.

The RIPMI shows a downturn across various regions. DKI Jakarta saw a quarter-on-quarter drop of 0.4% while Yogyakarta slipped by 4.21% (QoQ) and East Java by 1.64% (QoQ).

For the capital region, the price index for the first quarter of 2021 was down by 0.44% from the previous quarter. Even so, it was only condominium prices that fell -- a drop of 2.6% -- as the index for landed houses managed to pull off a slim quarter-on-quarter gain of 0.2%.

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Property price movement across key markets



	House	Apartment
DKI Jakarta	0.21%	-2.60%
Banten	1.92%	-1.59%
West Java	1.20%	-0.86%
Central Java	0.97%	-0.33%
DI Yogyakarta	-3.91%	0.16%
East Java	-2.13%	1.79%



Meanwhile, West Java, Banten and East Java proved solid, with respective quarterly increases of 0.5%; 1.62%; and 1.37%.

The index for landed houses in West Java was up by 1.2% (QoQ) however the opposite was the case with condominiums, which fell by 0.9% (QoQ). A similar trend was seen in Banten where house prices saw a gain of 1.9% (QoQ) while condominiums fell by 1.6%. In West Java, the price for houses was up by 0.97% (QoQ) while condominiums fell by 0.33% (QoQ).

The trend was different in East Java. The index there saw a drop of 1.64% on a quarterly basis, although landed residential – down by 2.13% -- were the cause, with condominiums up by 1.79%.

While the lower average selling price across two consecutive quarters was disappointing, there was still room for optimism. The first time such a situation had occurred was in 2015. Thereafter, however the market experienced a full recovery.

“The property market is dominated by landed housing and Rumah.com data indicates that houses make up as much as 85% of the total property supply. And we see that, on average, houses were up 0.6% for the quarter,” said Marine Novina, Country Manager, Rumah.com.

“Not only is the average selling price for landed residential is higher this quarter, but property supply has also grown in almost every region, including DKI Jakarta, Banten, West Java, Central Java and Bali. Only in Yogyakarta and East Java did we see prices fall. And so this is one reason why we’re satisfied that the property market is healthy enough, despite the difficult situation at the present time.”

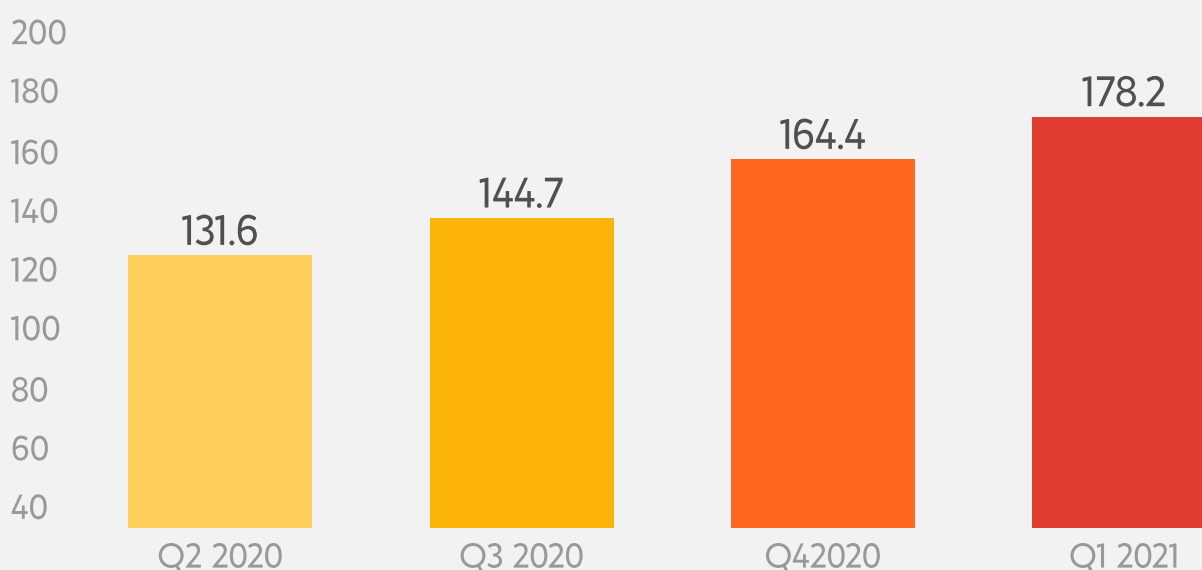
Supply index overview

Property supply began slowing in early 2021

RIPMI Supply Index stood at 178.2, or in other words an 8.4% growth in properties on the market during the first quarter of 2021. However, this represents a slower rate of growth than the 13.6% seen in the last quarter of 2020.

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National supply index



	House	Apartment
Q2 2020	128.4	106.6
Q3 2020	142	110.6
Q4 2020	162.2	120.5
Q1 2021	177.4	118.6

The growth in property supply in the first quarter of 2021 was driven by landed residentials coming on the market, to the tune of 9.3% more of them, quarter on quarter. At the same time, the supply of condominium units on offer shrunk by 1.6% (QoQ).

Rumah.com data shows that, for Q1 2021, DKI Jakarta accounted for the greatest share of available properties nationwide -- with 32% of the whole, although West Java contributed almost as much, with 30%. Meanwhile, Banten accounted for 17%, and East Java 12%, of the total. DKI Jakarta also accounted for the greatest share of condominiums supply (64% of national supply), while Jawa Barat accounted for the biggest share of landed residential with 32% of the whole.

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Relative contribution to property stocks by region



	House	Apartment
DKI Jakarta	29%	64%
Banten	17%	10%
West Java	32%	12%
Central Java & DI Yogyakarta	4%	N/A
East Java	13%	12%
Bali	3%	N/A
Others	2%	2%



The growth in supply of landed houses was most marked in DKI Jakarta, with an increase of 10.64% from the previous quarter. Next was West Java, with 9.83%, while Banten saw growth of 8.11%.

As for condominiums, the growth in available supply was much more moderate, and led by East Java (up 4.4%). Banten followed with 5.1%. The provinces of DKI Jakarta and West Java experienced growth of just 0.4% and 0.1%, respectively.

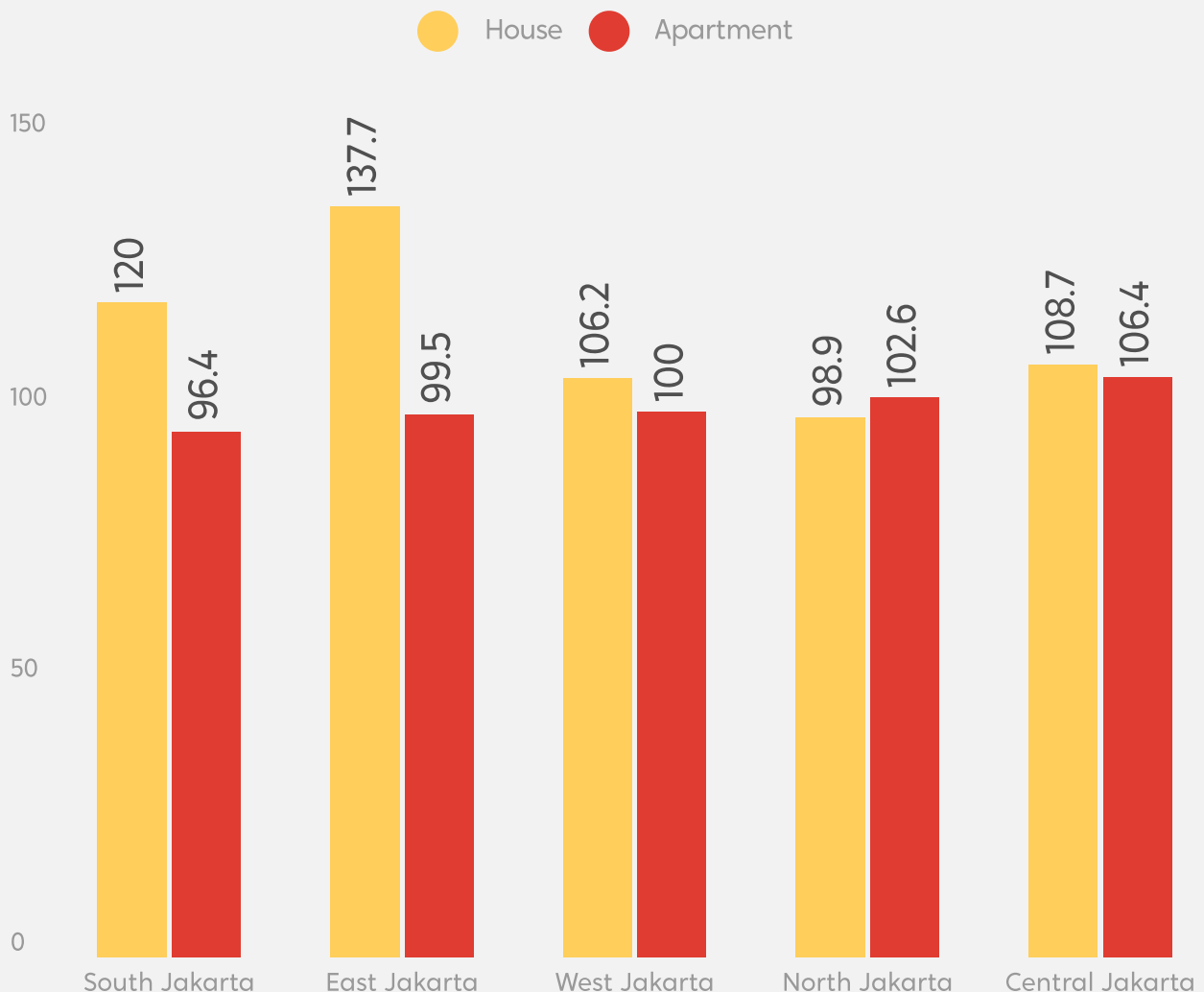
District round-up

Three districts with notable gains in home selling prices

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.

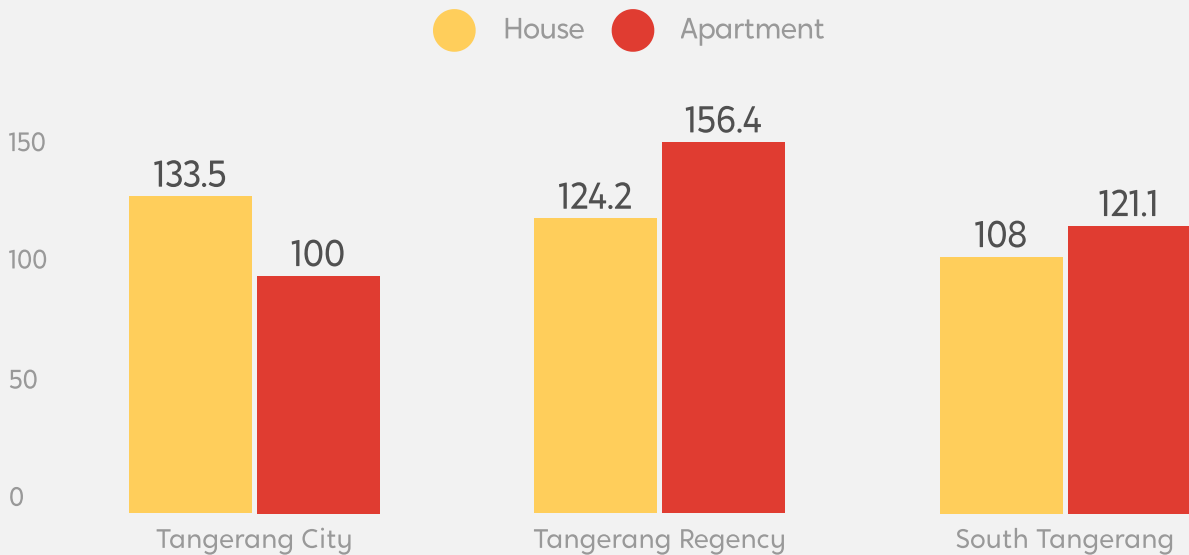
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Property price trends for Jabodetabek: DKI Jakarta



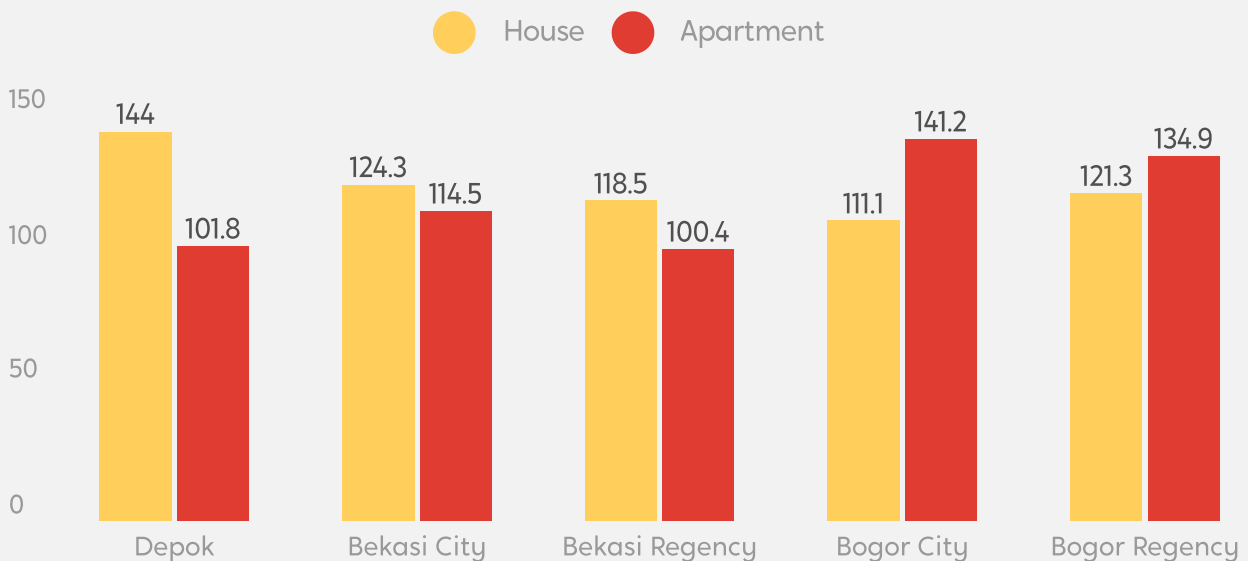
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Property price trends for Jabodetabek: Banten



Rumah.com Indonesia Property Market Index

Property price trends for Jabodetabek: West Java

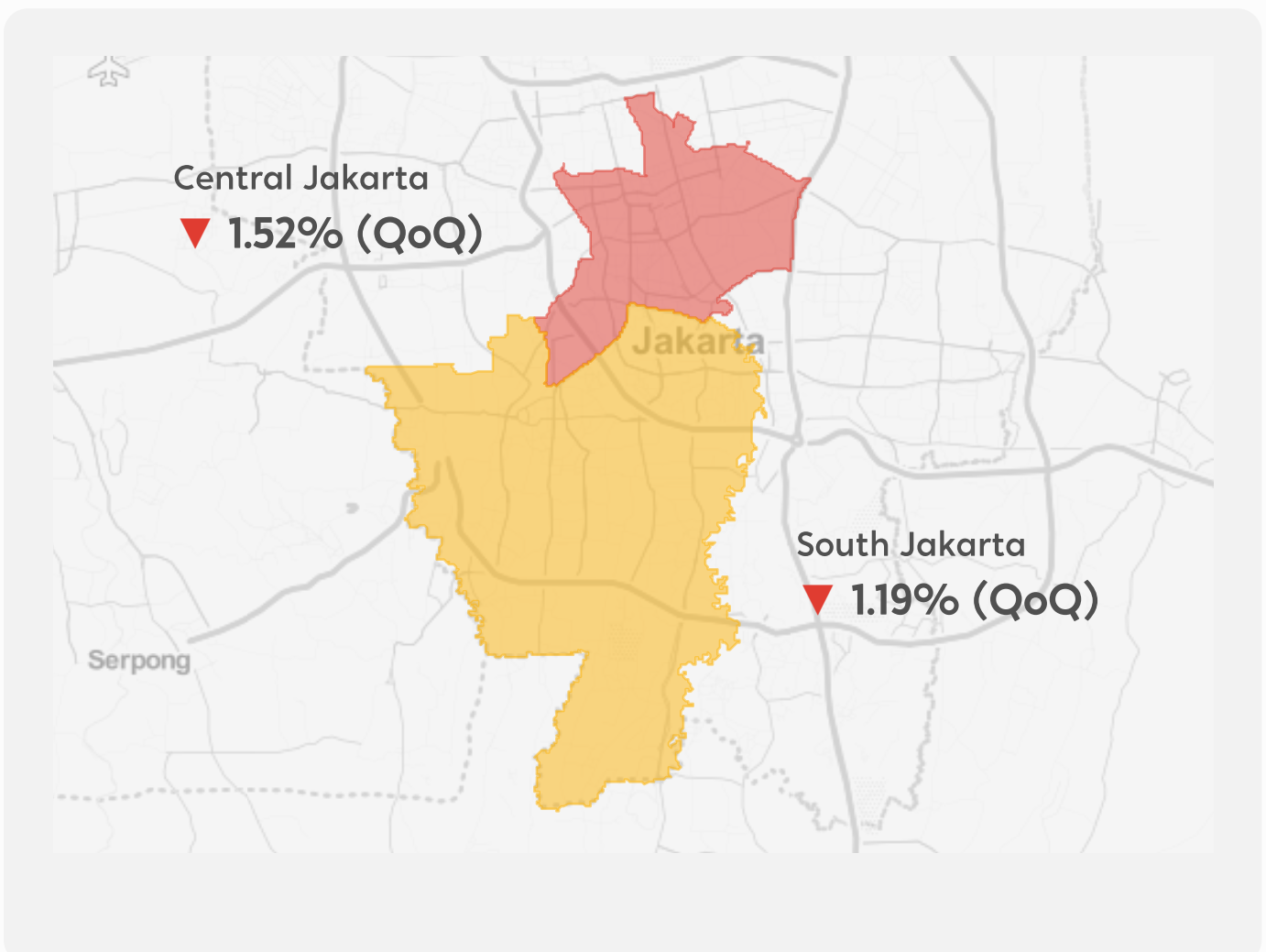


There were three principal locales that stood out as being able to resist the downturn. Significant price growth in these areas was driven by sales of landed residential.

For the first quarter, Tangerang Regency saw a 7.3% gain in the price index, on the back of a 7.89% rise in landed residential (with condominiums down by 3.04%). Depok, a satellite city bordering South Jakarta, also saw a marked rise in the price index, up 5.20% for the quarter, with landed residential higher by 5.76% and condominiums lower by 2.42%.

Semarang, also fit the trend, with the price index up by 1.44% for the quarter. Landed residential in the Central Java provincial capital were up by 2.52% (QoQ), with condominiums lower by 0.6% (QoQ).

Hardest-hit locales: DKI Jakarta yet to fully recover



Property prices were down 0.44% for the quarter across the capital district (DKI Jakarta), which is also its own province. Among other zones, Central Jakarta stood out, with a drop in prices of 1.52%, quarter on quarter. Meanwhile, South Jakarta was down 1.19%. The price drop was seen in both landed residential and condominiums.

South and Central Jakarta comprise a significant proportion of upscale properties, with per-meter prices selling at a premium to other parts of the city. As such, the drop is judged to be reasonable, as demand for property at the upper end of the range is indeed much lower at the present.

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Missmatch between budget and preference

“

Buyers who might be interested in high-end areas have a hard time coming up with the amount of money being asked. Rumah.com data shows that, in general, the greatest demand for residential property is in the IDR300 billion to IDR1.5 trillion range. And yet prices start around IDR2.2 trillion in many parts of the city.

”

Marine Novita

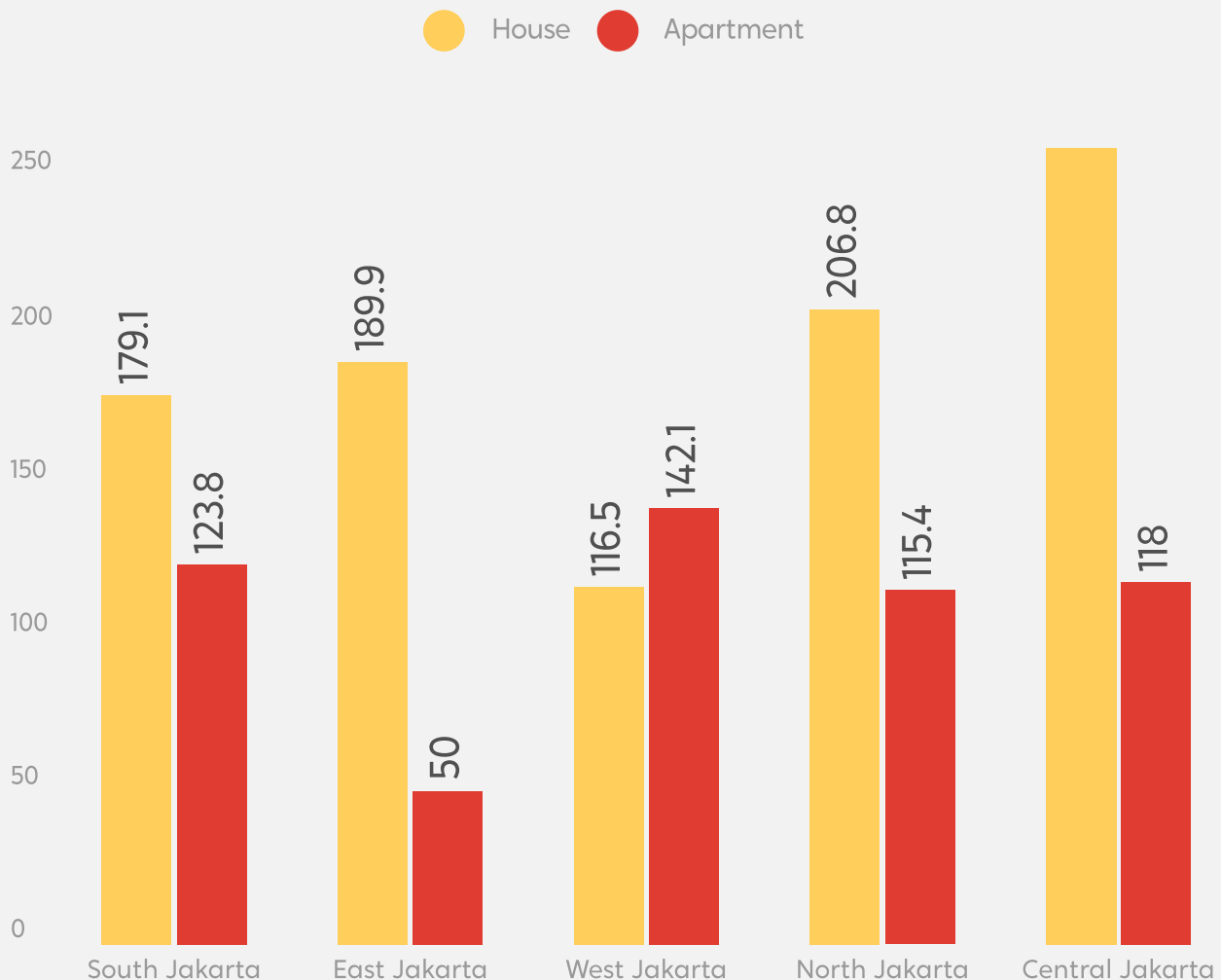
Country Manager
Rumah.com

Property supply trends: Jabodetabek growth holds up

In many locales, the growth in for-sale houses and condominiums was much slower than in the previous quarter. The RIPMI Supply Index for Bekasi in Q1 2021 was at 177.0, or up by 3.8%, quarter on quarter. This compares to a growth rate of 25.2% for Q4 2020, or about eight times slower. The supply Index in Tangerang Regency stood at 243.7 for Q1 2021, or in other words up 7.23%. However, this meant properties were coming on the market at a significantly reduced rate as compared to the 12.13% seen in Q4 2020.

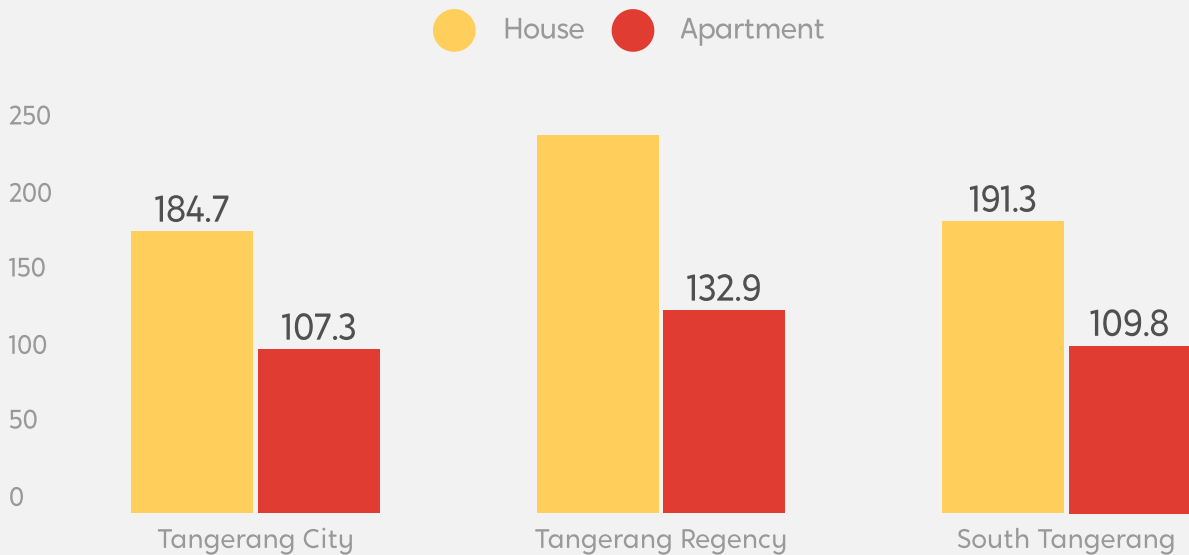
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Property supply trends for Jabodetabek: DKI Jakarta



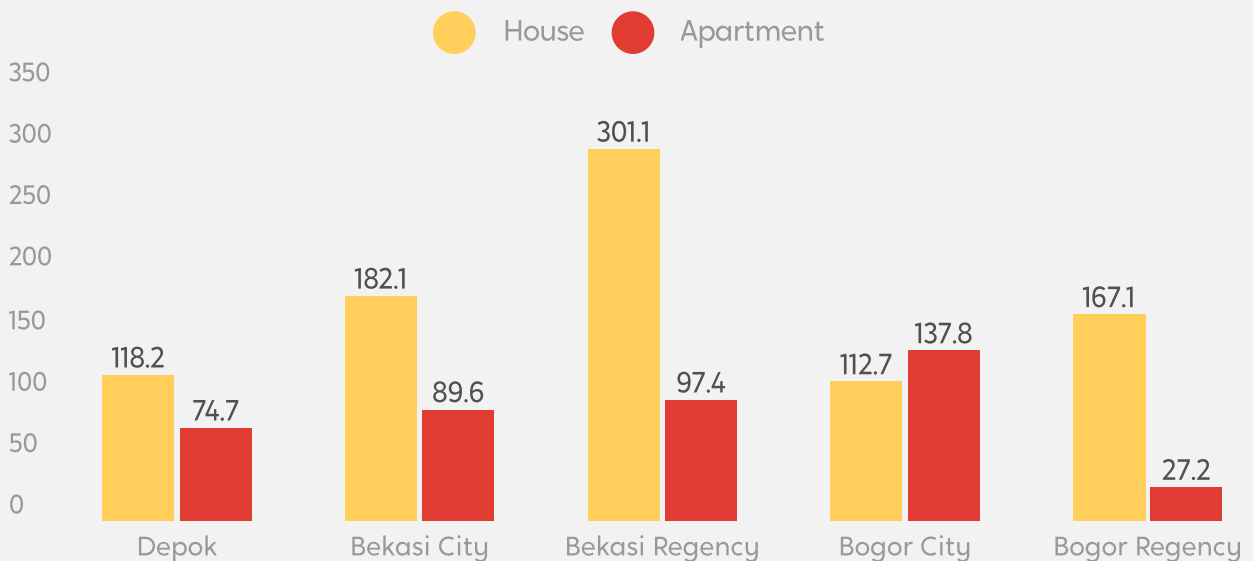
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Property supply trends for Jabodetabek: Banten



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Property supply trends for Jabodetabek: West Java



According to Rumah.com Country Manger Marine Novina, a wait-and-see approach on the part of developers was to blame for the slower growth.

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Normalization period

“

The previous quarter it seemed that developers and property suppliers tried to go to market with some of the property they had locked up since the second quarter of 2020 due to the pandemic. And that's why we saw a real jump in the supply trend. But this quarter it seems we're in the "normalization" phase, where developers are simply working to close on the property supply that's left over from the previous quarter.

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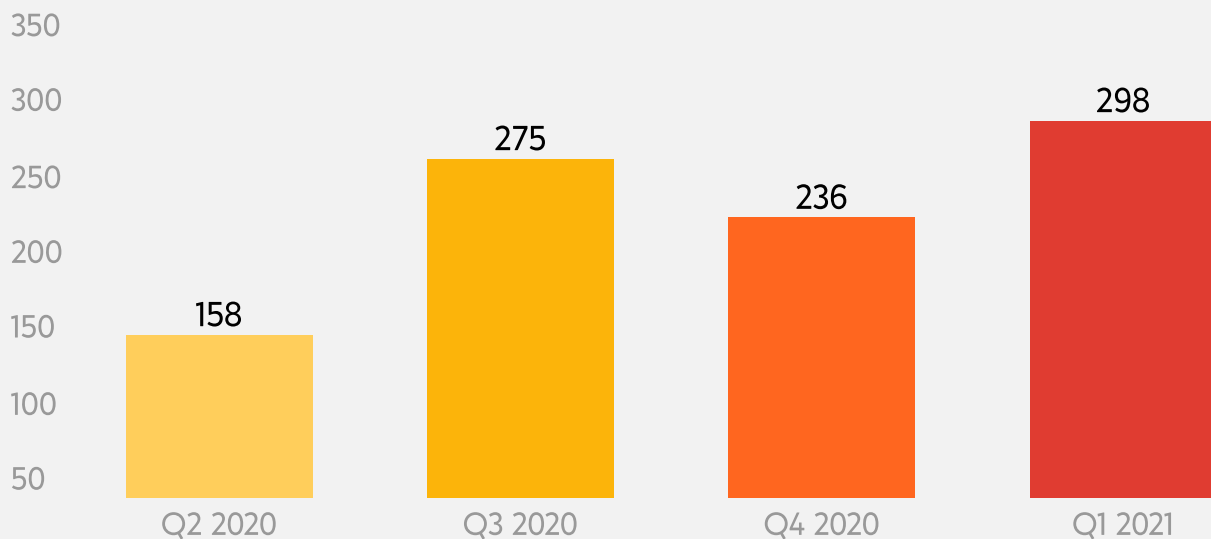
Marine Novita

Country Manager
Rumah.com

Property search trends: Mismatch between trending locales and typical budgets

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Online property search activity at Rumah.com

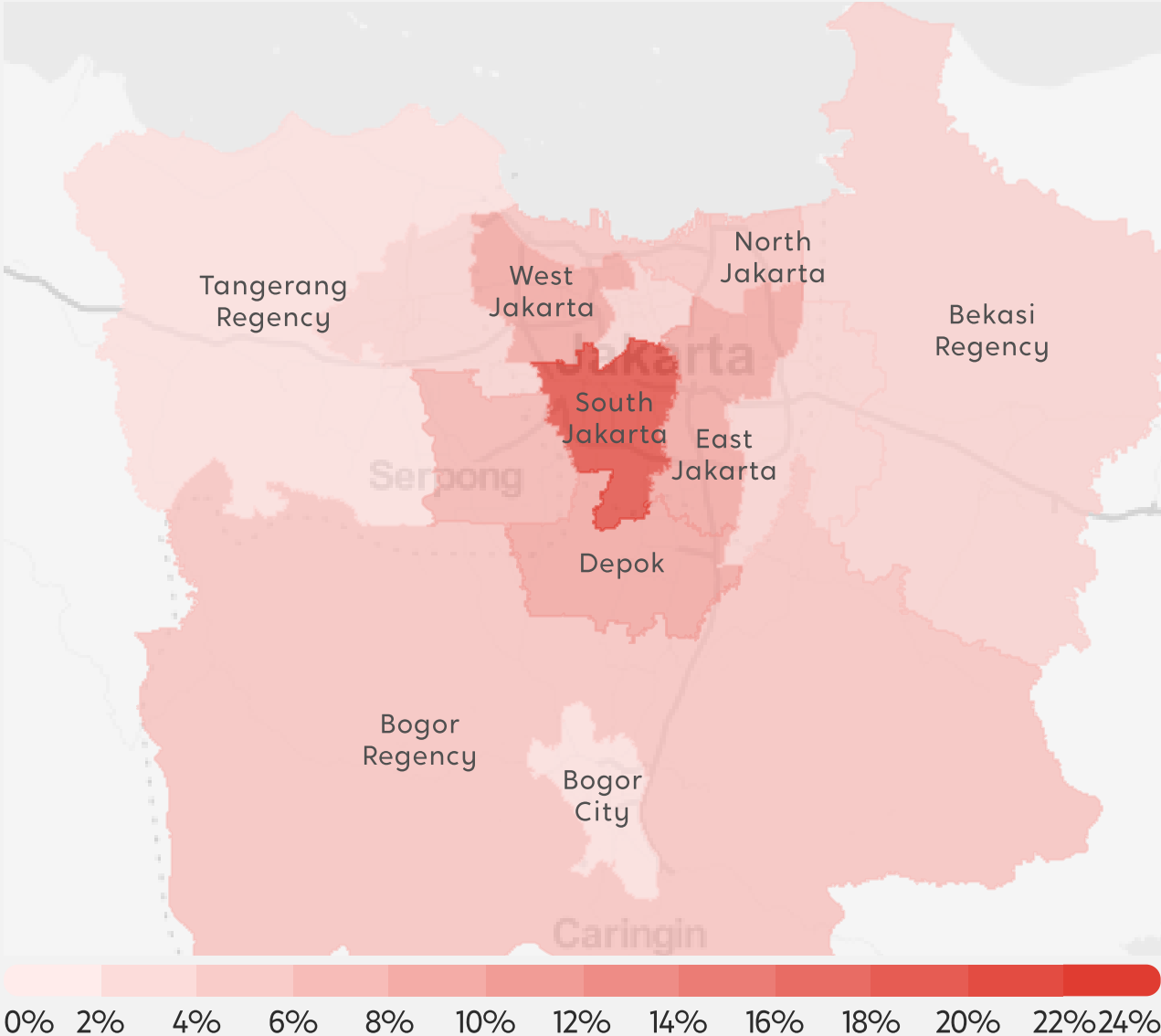


	Q2 2020	Q3 2020	Q4 2020	Q1 2021
South Jakarta	170	255	213	251
East Jakarta	171	271	230	243
West Jakarta	139	242	228	244
North Jakarta	187	321	314	352
Central Jakarta	171	277	250	253
Tangerang City	170	279	238	253
Tangerang Regency	149	212	192	220
South Tangerang	148	213	183	219
Depok	141	256	209	249
Bekasi City	154	324	242	257
Bekasi Regency	174	429	356	418
Bogor City	164	322	270	344
Bogor Regency	169	369	344	430

Online property searches at Rumah.com were up 26% for the first quarter of 2021, compared to the previous quarter. Year on year, property searches were up 183%. This is a positive sign, also in line with normal trends where interest in buying increases with the first quarter, and with the last quarter of the previous year more associated with other types of consumer outlays, including vacations.

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Heatmap of the most search areas in Jabodetabek

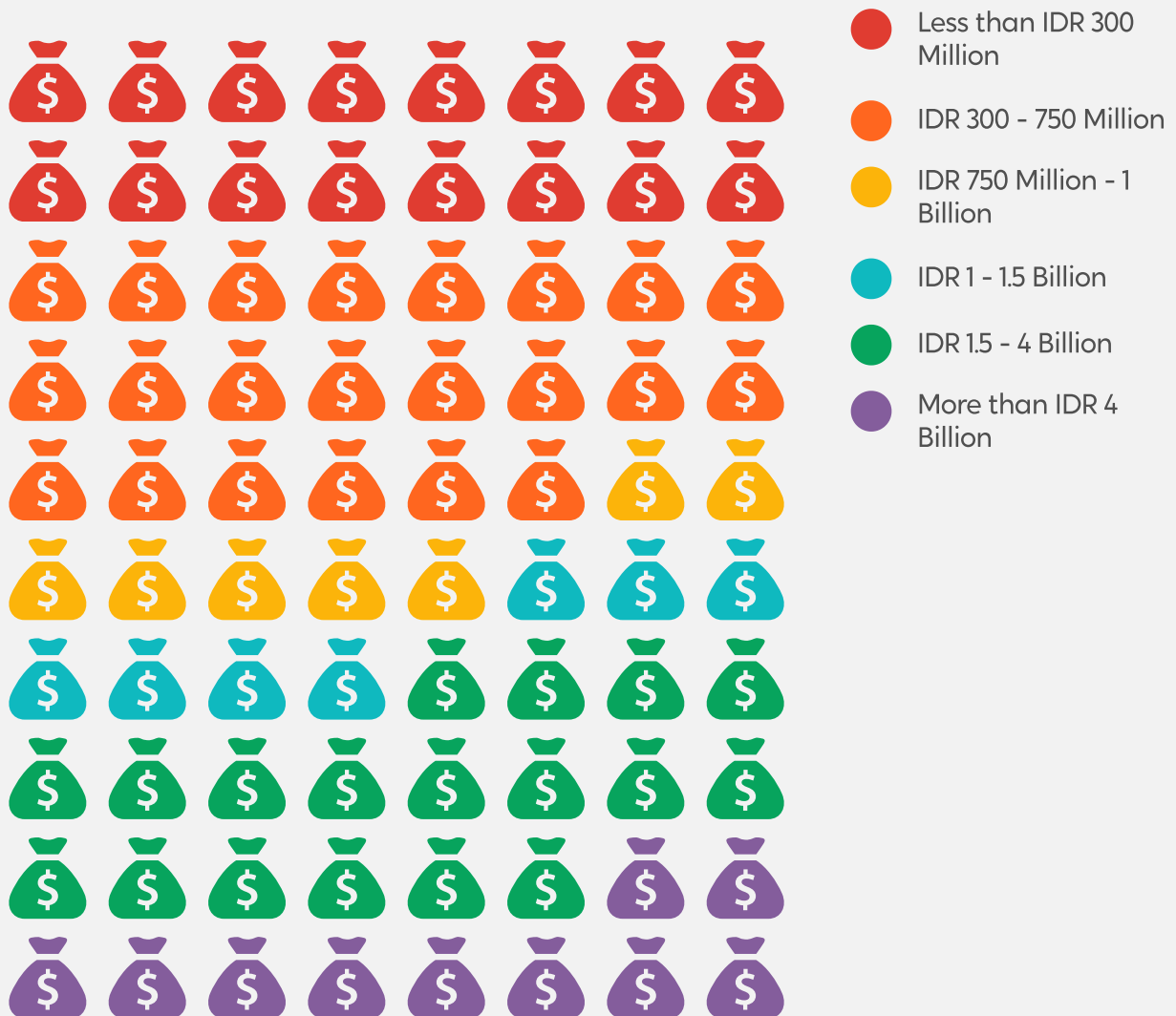


Jabodetabek is still the primary area of interest for landed residential searchers with up to 90% of searches focused there and as much as 56% of the searchers themselves logging from DKI Jakarta. The most targeted zone of the city is South Jakarta (24%).

The most sought-after price bracket is the IDR300-750 million range (27%), while over half of all searches (56%) are aimed at properties costing under IDR1 billion.

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Online property search trend based on unit selling price



One way of looking at it – there’s a mismatch between the places people are looking to buy and the property prices they hope to pay. Most people in Greater Jakarta are looking at Jakarta. But what do we know about buying property, especially a landed house in Jakarta? In order to do that, and have a few choices, you may need around IDR2.5 billion.

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Condominiums as solution

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The alternative for people who want to be in Jakarta but don’t want to pay that much is to take a look at condominiums. Right now, for under IDR750 million, you can get a two bedroom.

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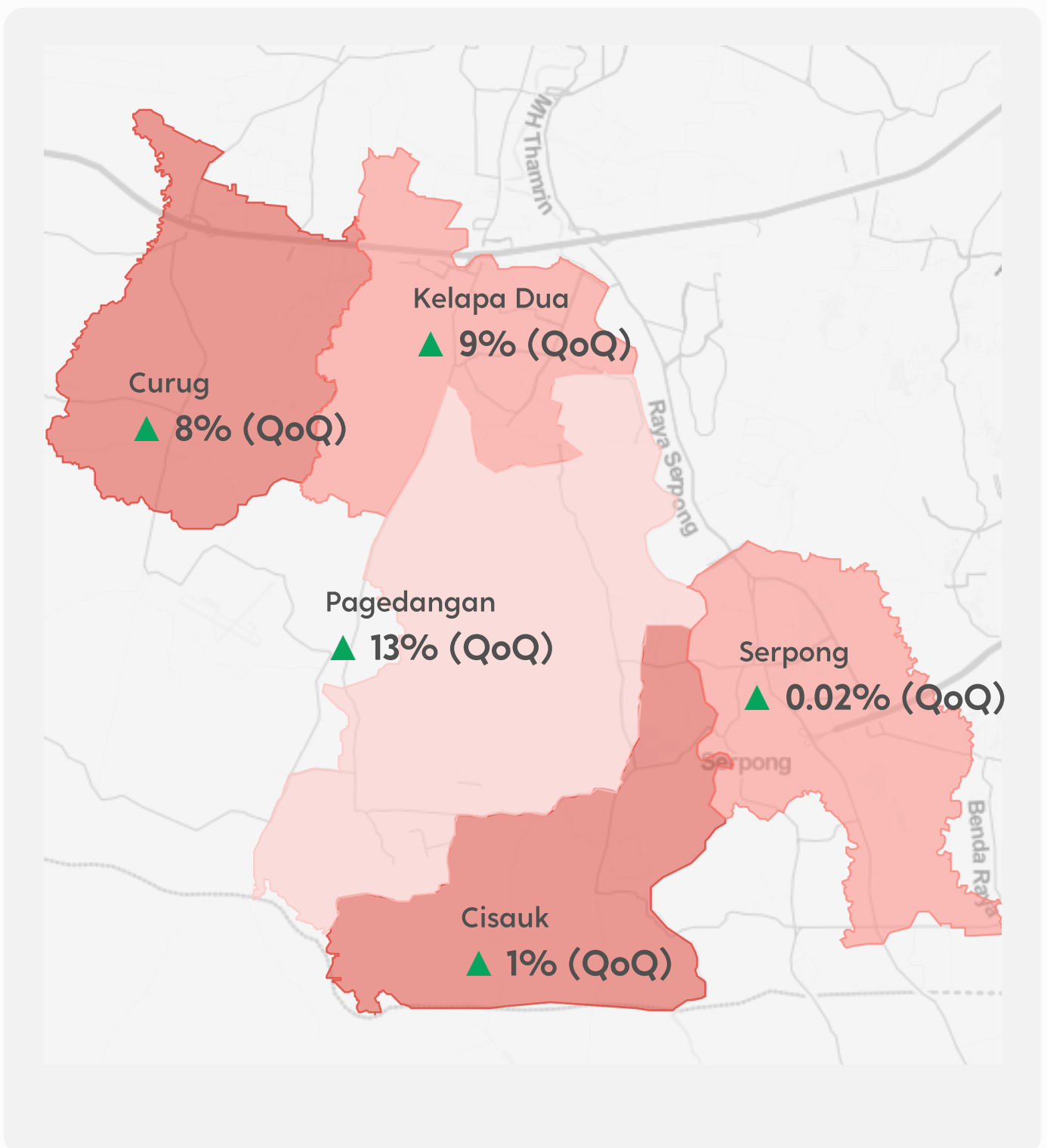
Marine Novita

Country Manager
Rumah.com

Area in spotlight

Cisauk, Curug benefited by its established neighbours

During the first quarter of 2021, the Cisauk and Curug districts of Tangerang regency were among the locales attracting the most attention among homebuyers, as promising areas.



A closer look at the Rumah.com data indicates the favorable positioning of Cisauk. Sandwiched between Pagedangan (Tangerang) and Serpong (South Tangerang), Cisauk extends southwards along the west side of the Cisdane River, from the area where AEON and The Icon malls are located to the Banten-West Java provincial boundary. As BSD City expands southwards, this area finds itself at the heart of one of Indonesia's most visible and mature planned cities. Yet the prices don't compare with neighboring sectors, for example, Pagedangan district where prices growth has been relatively unrestrained.

Property prices for Cisauk for Q1 2021 rested at IDR7 million per square meter, nearly 60% less than neighboring Pagedangan and Serpong. What's more, Cisauk property is currently selling at a discount due to the pandemic, whereas prior to 2020 prices in this area were going up by as much as 25% per year.

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Cisauk for long term prospect

“

In the near term, once we're out of the pandemic, developers and investors will turn right back to Cisauk because of the location. In terms of future planning you have the promise of a spur of the MRT coming into Tangerang Selatan, as well as a toll road passing through Pagedangan to link Serpong and Balaraja.

”

Marine Novita

Country Manager
Rumah.com

As the development of BSD City dates back to the 1980's, people who live in this area enjoy a very high level of development and great selection of shopping districts and office parks, as well as educational and healthcare facilities -- whether you're looking in the direction of Pagedangan or Serpong.

"As an example, from the northern end of Cisauk that's served by the Jl. BSD Raya Barat corridor, you're only 5km or 10 minutes from Eka Hospital BSD, with some of the best medical care Tangerang has to offer. And you're also about 3km from both AEON Mall and the same distance from the onramp to the Jakarta-Serpong toll road that will take you to the Jakarta Ring Road as well as Sukarno-Hatta airport," she added.

The situation with Curug parallels that of Cisauk. Just north of BSD and adjacent to two other major planned cities, this district just happens to be in the right neighborhood. However, property in Curug at this time is available at a 32% percent discount compared to the adjacent district of Kelapa Dua, home to Gading Serpong and Lippo Karawaci.

With direct access to the Jerak-Merak toll road leading directly to Sukarno Hatta, Curug is just three to five kilometers from best-in-class, business centers, golf courses, schools and hospitals.

Macroeconomic trends

Government Policy: Relaxation of value added tax (VAT)



The contribution of the property sector to Indonesia's GDP has continued to climb over the past two decades -- from 7.8% in 2000 to 13.6% in 2020. However, in terms of growth, the sector saw a contraction of 2.0% in 2020, while the construction sector took even more of a hit, with a 3.3% contraction due to the nationwide building slowdown in commercial real estate linked to the COVID-19 pandemic.

In view of this, the government has extended tax incentives to the property sector, and most recently with impact on the housing market. Coordinating Economic Affairs Minister Airlangga Hartono announced a more lenient VAT policy as applicable to government-subsidized housing for the six-month tax period from March to August, 2021.

The 100% VAT tax relief measure kicks in where VAT due on houses and condominium units selling for under IDR2 billion. As for properties in range of IDR2-5 billion, The VAT tax relief is 50%.

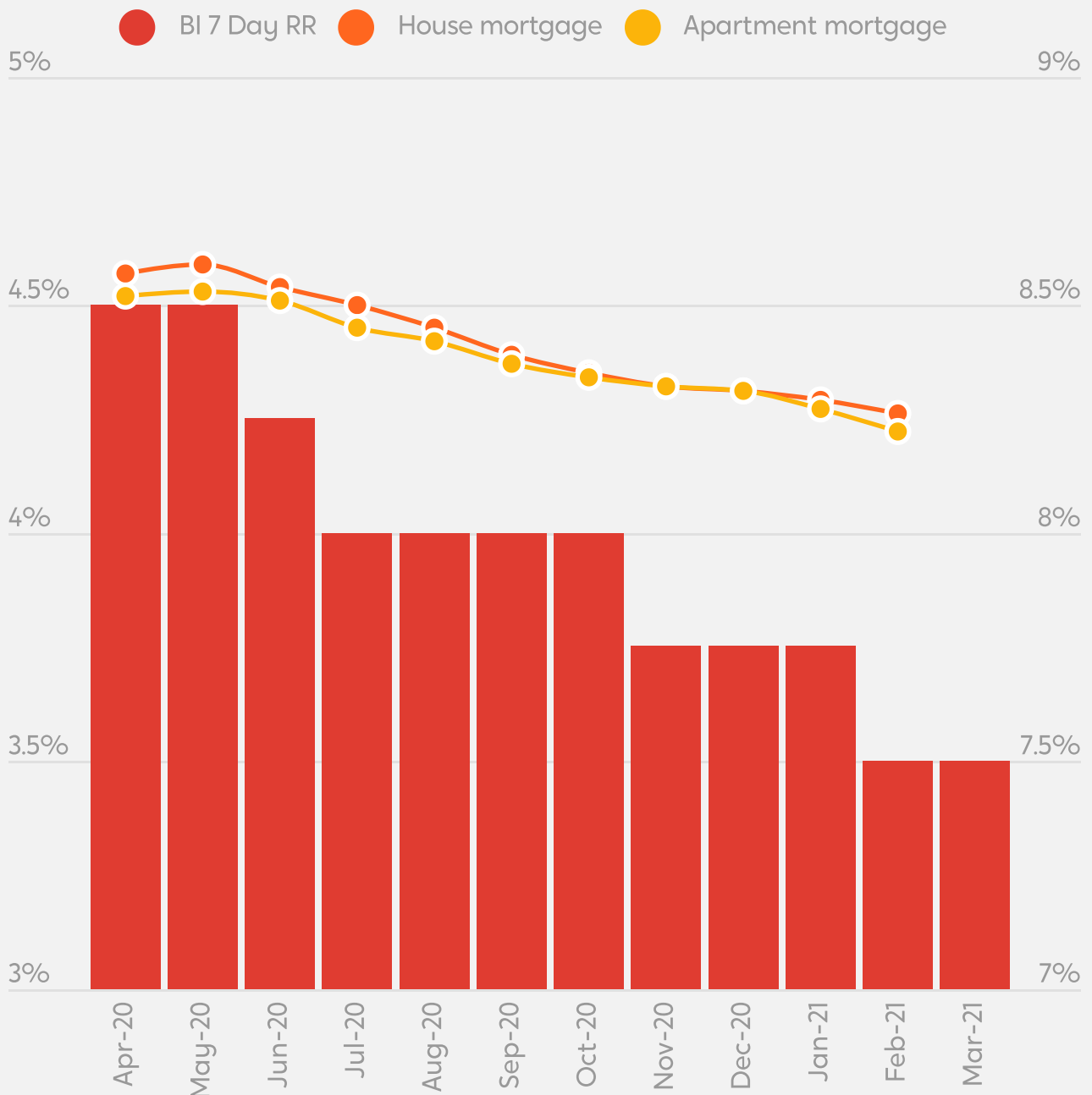
Aside from the tax incentives in 2021, the government will also take several steps to make infrastructure a tool for economic transformation on a national level, with a jaw-dropping budget of IDR413.8 trillion or about USD28.5 billion.


BI Policy: Lower interest, zero down payment

BI's benchmark interest rate (BI 7 Days Repo Rate/BI 7DRR) remained at 3.5% following the 17-18 March meeting of the BI Board of Governors. Meanwhile the deposit facility rate remained at 2.75% and the lending facility rate at 4.25%.

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Mortgage rate vs BI 7DRR





Any decision to further reduce the already historically-low seven-day reverse repo (BI 7DRR) benchmark would depend on both the national economy and the monetary situation in the nation and globally. The Central Bank considers Indonesia's economic recovery in the context of various factors, including fiscal incentives on the part of the government aimed at stimulating the real sector, such as relaxation of sales tax on luxury goods (PPnBM).

In connection with these aims, the Central Bank has also adopted accommodative macro prudential policies such as relaxing the Loan to Value/Financing to Value (LTV/FTV) ratio for credit and payments so as to create a cap at 100 percent, or in other words zero percent down payment for all types of property. Auto financing has been similarly relaxed.

While the BI 7DRR benchmark rate has been lowered by 100 bps over the last 12 months, the KPR rate is down only 4 bps over the same period.

"Mortgage rates are still high, especially if viewed in relation to the BI 7DRR. Even so, it is significant that the Bank has acted to adjust the interest rate for mortgages to account for the lower benchmark rate. Note that the KPR mortgage rate at the current moment is the lowest that it has been during the previous five years. In conjunction with the general downturn in price trends in the housing market, the opportunity to close a deal with no down payment, as well as the 100% VAT relief, makes this an excellent time to buy a house," said Marine.

Conclusion



Property prices are broadly lower, as shown by data available through Rumah.com Indonesia Property Market Index for the first quarter 2021. However, lower condominium prices are the primary reason for the softness of the market, which is nevertheless judged to be stable on a national level. Meanwhile, prices for landed residential continue to rise and online property searches are up from the previous quarter -- another reason for optimism.

West Java, Banten, and Central Java are among the regions where prices are solid, in particular house sales. There is a healthy demand for houses in in-demand cities within these regions, such as Tangerang, Depok, Bekasi and Semarang.

Meanwhile, new transport infrastructure continues to be rolled out in many areas, including toll roads and other roads, which benefits commuters and also attracts homebuyers.

With prices down and supply up, the real estate sector may aptly be termed a “buyer’s market” at this time. For those who are financially prepared, now is the time to act. In fact, homebuyers are in a sweet spot on account of government stimulus policies. Aside from the interest rate, which continues its downward trend, VAT obligations have been removed and property may be purchased without down payment.

Yet there is a gap between consumers’ preference for houses – especially in areas near city centers – and typical budgets, in this case under IDR1 billion. This creates an opportunity for developers of high rise developments to step in with an alternative that can bridge the gap, by making the desired living solutions more affordable for people.

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

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