



Rumah.com Indonesia
Property Market Index
Q3 2021



Rumah.com



112.8 (2.3%)

Q3 2021 price index

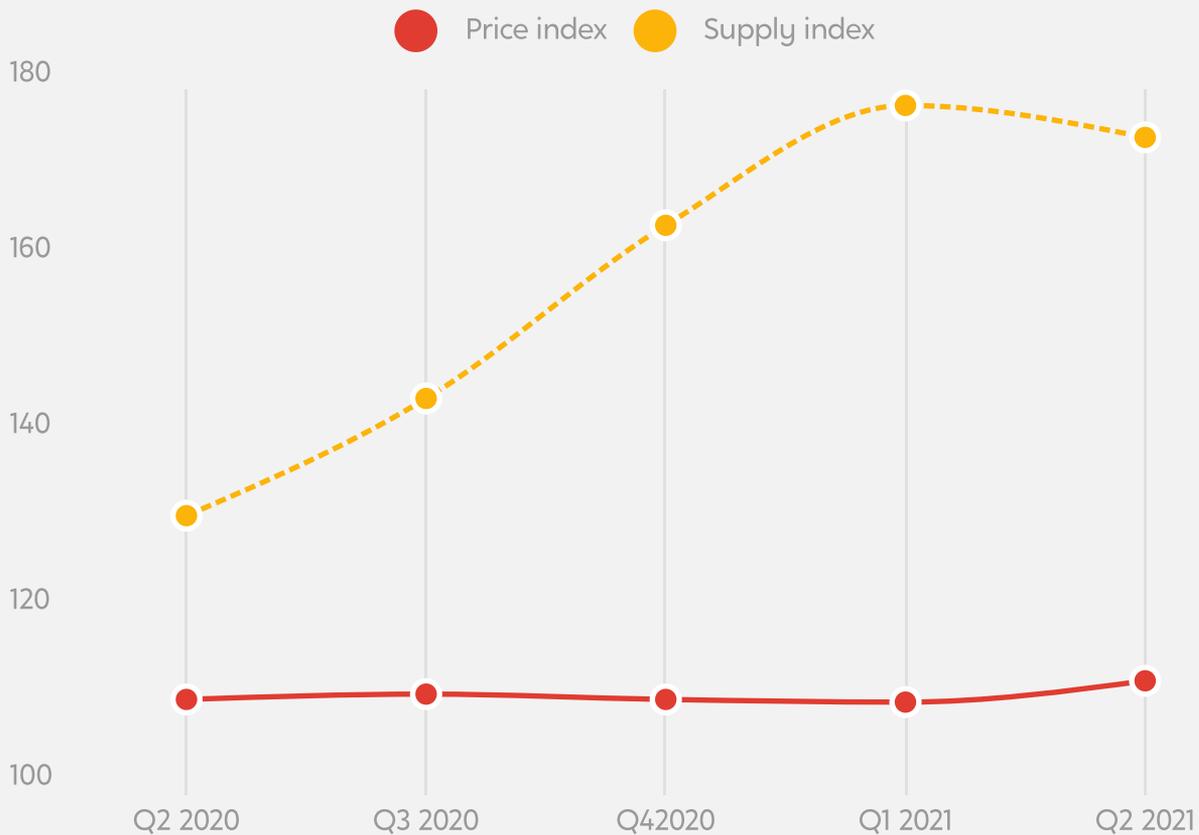


174.4 (-2.13%)

Q3 2021 supply index

Rumah.com Indonesia Property Market Index

National price and supply index



Executive Summary

Rumah.com Indonesia Property Market Index (RIPMI) reflects a rise for different types of residential real estate across various geographic regions. Although the apartment index dropped, strength in the housing segment helped take up the slack. The buoyant sentiment was also evident from the online search trends which rose.



A key takeaway from the RIPMI for this quarter is that buyers aren't worried about the prospect of living further from urban centers, as long as they have access to toll roads, trains, busses, and other transit solutions.

Report highlights

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Price index edges upwards, leaves apartments behind



The most recent Rumah.com data shows that prices gained, whether looked at quarterly or year-on-year. Even so, apartments were down by 0.83% quarter on quarter

Landed houses dominant, growth in the average selling price accelerates



Landed houses accounted for the better part of the market as a whole, both on the supply and demand sides. Meanwhile, sale prices advanced in an encouraging fashion, with the index up by 2.36% over the previous quarter

East Java surpasses West Java and Banten



East Java province saw the fastest growth for the second quarter of this year, despite stumbling in the preceding quarter. Gresik, where prices were up 4.55% stood out as a Surabaya satellite area with better-than-average price performance for the quarter.



Incentives still in place, opportunity for buyers better than ever



While supply is coming under some pressure, we remain in a “buyer’s market” phase, driven by government incentives to bolster the property market. Hence, for a certain period, buyers do have a shot at getting the type of home they dream of.

Price is prime, downtown isn’t everything



The range of properties of interest to buyers has widened, with quiet suburban options competing ably with bustling locations near the center. Strategic transportation options, however, can end up being a more important factor than total kilometers between one’s home and the other locations one frequently visits.

Price index overview

Negative growth in apartments, market recovery under way

The price index for the second quarter of 2021 rested at 112.8, which is a 2.4% increase compared to the previous quarter. Compared to the second quarter of 2020 (YoY), this is an increase of 1.97%.



Stronger prices came as welcome news after a rocky year in 2020. Economic disruption linked to the pandemic began impacting the Indonesian property market in the second quarter of 2021, followed by three more consecutive quarters where price growth lagged far behind expectations - as prices for apartments continue to do.

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Property price movement across key markets



	Landed house	Apartment
Banten	3.4%	0.2%
DI Yogyakarta	-6.7%	-2.6%
DKI Jakarta	2.2%	2.0%
West Java	1.9%	0.3%
Central Java	3.4%	0.3%
East Java	2.5%	2.6%



The price index for Landed houses for the second quarter of 2021 rested at 119, or a quarter-on-quarter gain of 2.36%. When compared year on year, the figure rose to 3.61%. Meanwhile for apartments, the index stood at 109.0 – down 0.83% quarter on quarter, and 4.40% year on year.

Although property prices were broadly stronger nationwide, there were several large provinces where prices fell. Quarter on quarter, the price index for Jogjakarta special administrative region fell by 7.34%, while in adjacent Central Java province it was down by 3.35%.

While Jogjakarta experienced weakness in both house and apartments, price index shows Central Java apartment prices rose slightly (up 0.35%) between first and the second quarter of this year. Hence, the data indicates Landed houses are ultimately responsible for the 3.41% QoQ slide in that province's quarter-on-quarter composite property price index.

Other large provinces also saw gains in the composite price index quarterly. East Java was up by 2.69% and Banten by 2.68%. Meanwhile, West Java and Jakarta managed to pull off 1.94% and 1.30%, respectively.

East Java led the trend toward stronger composite prices, with a price index for apartments (up 2.61%) that was gaining even faster than its counterpart in the landed houses segment (up 2.51%).

Elsewhere apartment prices were mostly flat. Hence, while Banten's landed houses segment (up 3.37%) saw quarter-on-quarter composite price gains that were only slightly lower than East Java, they would have been higher except for the performance of Banten apartments, up just 0.18. Similarly, in West Java the index number for apartments (up 0.3%) lagged significantly behind its counterpart for Landed houses (up 1.9%).

Jakarta shows the same trend but to a more extreme degree. With apartment prices hardly recovering yet, down by 1.98% quarterly, and landed houses up by only 2.20% (QoQ), the composite index ended in the positive zone but with a nearly flat trajectory.

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Government stimulus policies to support national economic recovery in the property sector have been a shot in the arm for East Java and Jakarta— returning them to growth after they stumbled during the first quarter. Likewise, the policies boosted prices for the house segment in Banten and West Java. However, there are regions like Jogjakarta where the market isn't back on its feet yet.

”

Marine Novita

Country Manager
Rumah.com

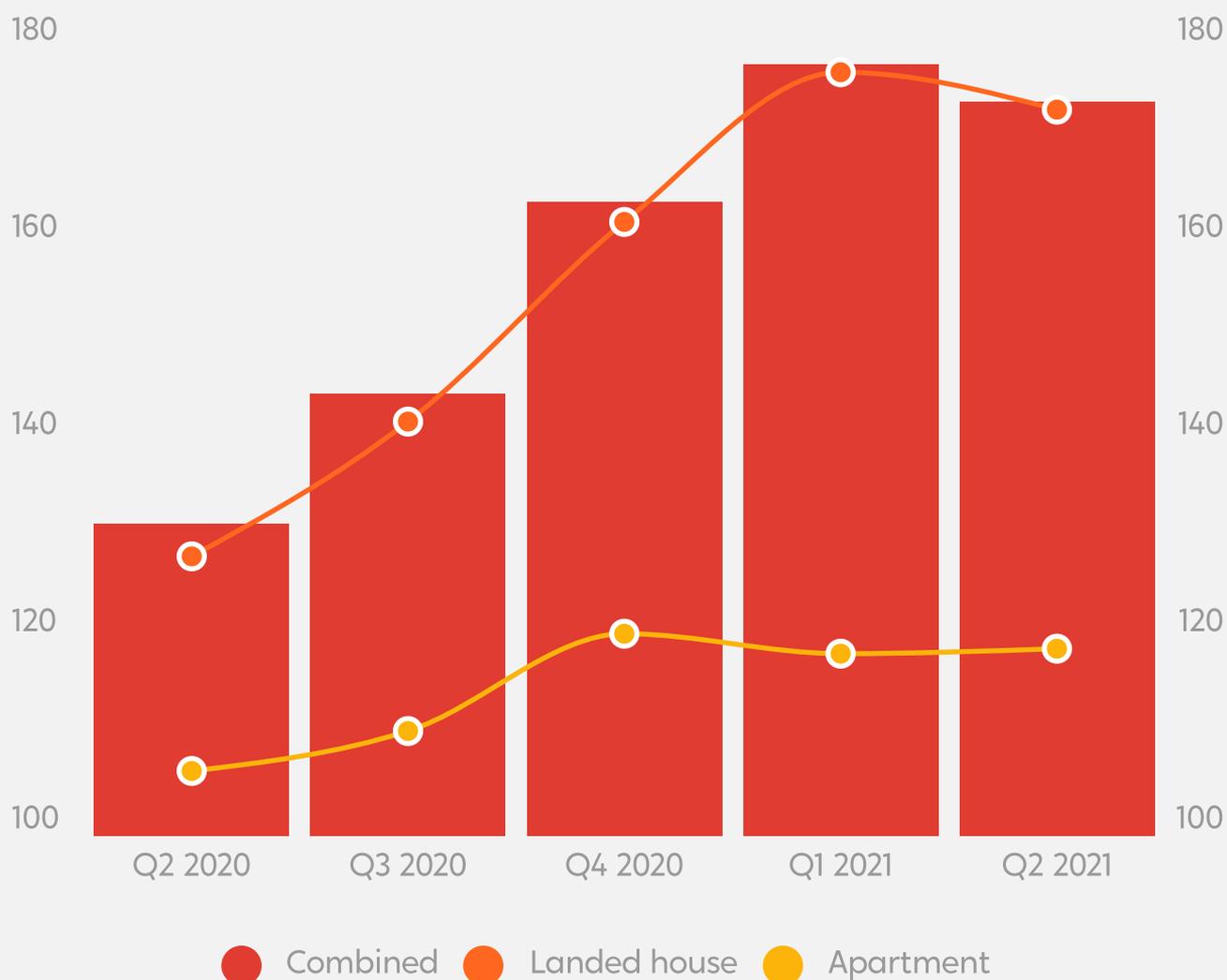
Supply index overview

Property supply tighter as of mid-2021

The supply index rested at 174.4% as of the end of the second quarter of 2021. Compared to the preceding quarter, the index was down 2.13%. Fewer landed houses on the market explained the overall tighter supply, with the supply index down 2.09% quarter on quarter. By contrast, apartments were available at about the same level as in the previous quarter (supply increased by 0.34%).

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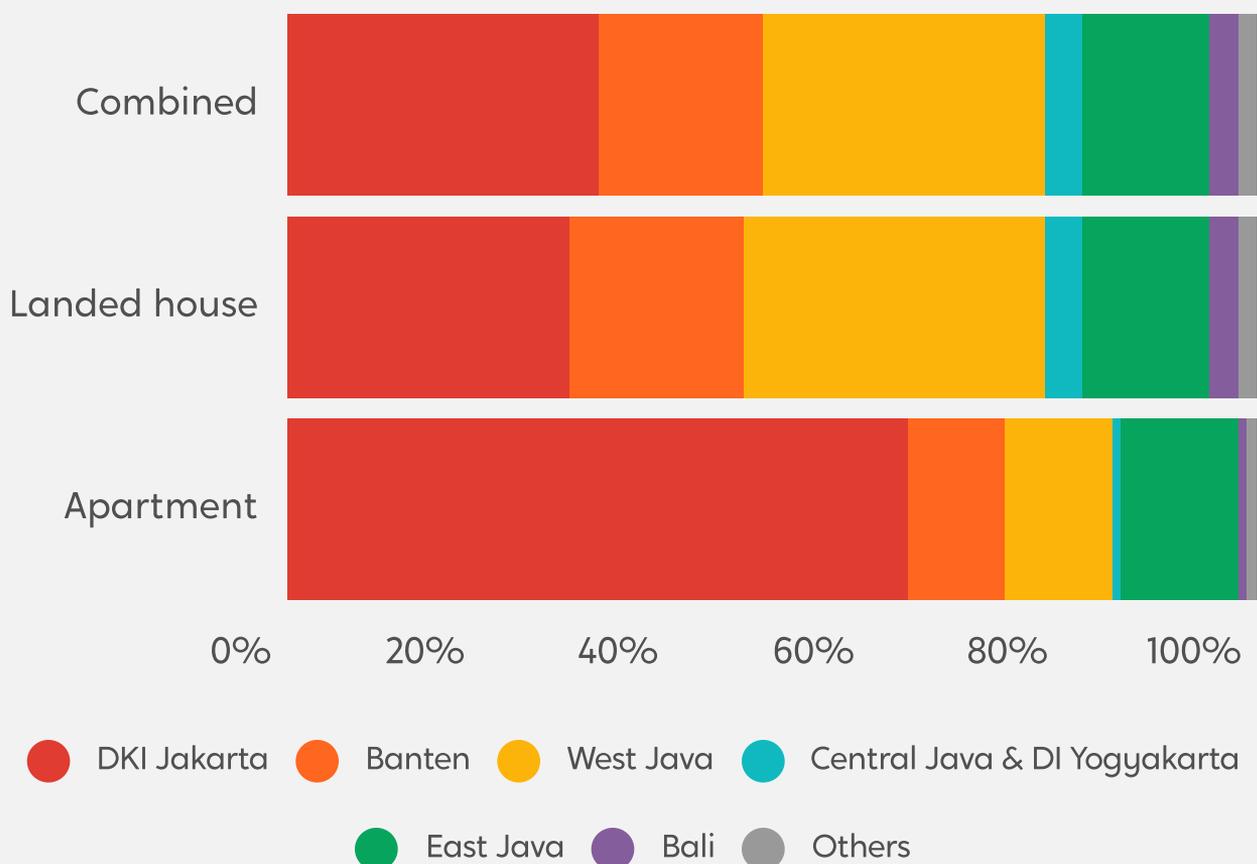
National supply index



As of the end of the first semester of 2021, Rumah.com search data indicates that roughly a third of the available property supply indexed was in the Jakarta region (32%), while Banten had slightly less (29%). Banten followed with 17%; and finally East Java with 13%.

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Relative contribution to property stocks by region



Jakarta accounted for 64% of supply of apartments on the market in Indonesia, followed by East Java with 12%, and West Java with 11%. West Java and Jakarta together accounted for nearly two-thirds of the country's property supply denominated as landed houses (rumah tapak), with 31% and 29%, respectively. Banten was next with 18% of the nation's available house-type properties.



Landed houses can be somewhat harder to find, as compared to apartments, according to the supply data. While there was a 13.9% growth in the supply of landed houses in the Jogja region, and a 0,52% growth in adjacent Central Java, elsewhere landed houses became relatively scarcer. Provinces where supply was tightening fastest were West Java (supply index for landed houses down by 3.74%, QoQ), East Java (shrinkage of 3.32%), and Jakarta (down by 2.02%).

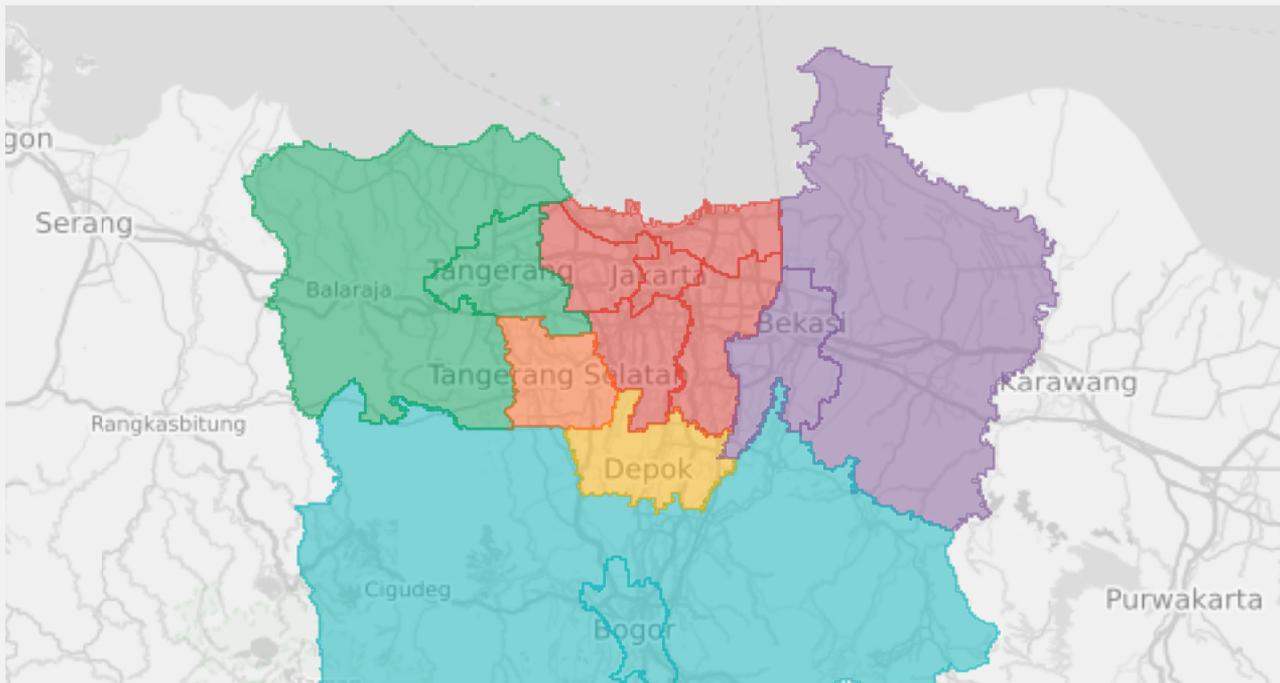
Property supply trends: Jabodetabek increasingly picked over

After a lax first quarter, supply tightened appreciably in a number of places within the Greater Jakarta megaregion, also denominated Jabodetabek (Jakarta-Bogor-Depok-Tangerang-Bekasi).

With a suplai index of 163.9, the city of Bekasi is one example. After having risen 3.26% the previous quarter, property supply there slid 10.83% in the second quarter of this year, creating something of pencil point dynamic. A similar trend emerged from the quarter-on quarter supply index for East Jakarta, with supply of homes, both landed houses and apartments, growing by 10.69% in the first quarter, only to shrink by 5,3% in the second quarter of 2021.

“Developers may not have had a lot of choice, Marine said -- due to the government’s ‘flood’ style stimulus policies. Under normal circumstances suppliers would be expected to hold off a little, in hopes of closing out properties already on the market – to avoid triggering an oversupply that hurts prices. However, things can be different where there’s a fixed time window for taking advantage of special rules and policies,” Marine explained.

Property supply trends for Jabodetabek



	Landed house	Apartment
Bekasi Regency	-8.5%	3.9%
Bogor Regency	-2.0%	-3.7%
Depok	-7.2%	-4.0%
West Jakarta	6.4%	5.5%
Central Jakarta	-2.7%	1.4%
South Jakarta	-4.9%	-2.9%
East Jakarta	-5.8%	1.8%
North Jakarta	3.3%	7.5%
Bekasi City	-11.1%	-1.6%
Bogor City	1.4%	30.8%
Tangerang City	3.4%	-5.9%
Tangerang Regency	-4.2%	16.6%
South Tangerang	0.2%	6.8%

District round-up

Price growth becoming more evenly distributed

As the national property market began to ramp up again in the second quarter of 2021, pricewise, East Java (up 2.69%), Banten (up 2.68%) and West Java (up 1.94%) saw the biggest gains, as indicated by the price index. Yet, as the recovery has become more evenly distributed, some of regions that gained the most in the first quarter have already slowed down somewhat, relative to the others.

Three locales in particular stood out in terms of gains, driven by higher prices for landed houses.

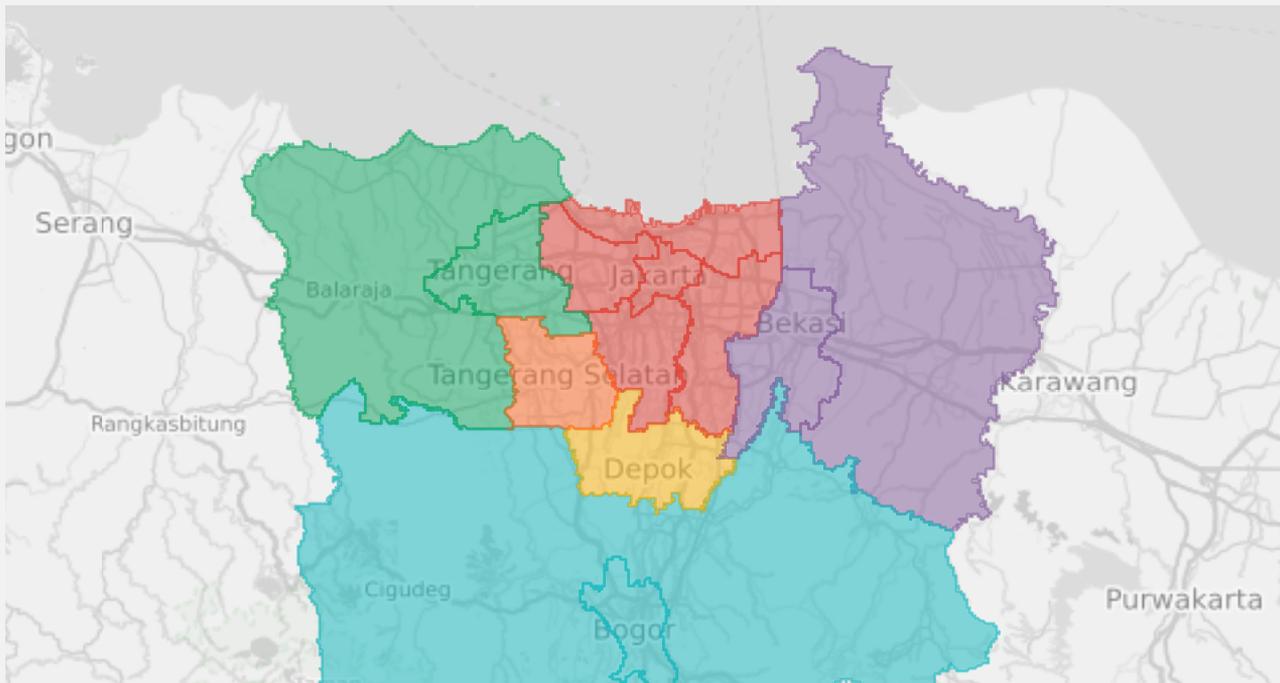
First, Tangerang city, in Banten province, where the composite index was up 6.94% (QoQ), with price growth having slowed just a little since the first quarter, with 7.26%. Breaking it down by segments, prices for landed houses in Tangerang rose by just 2.33%, or just one-third of the previous quarter's growth figure of 6.71%. Meanwhile, apartments were down 1.8% compared to the previous quarter.

Similarly in the Jakarta satellite city of Depok, in West Java, the composite price index for the second quarter grew by only 1.46%, compared to 5.21% for the first quarter. This broke down into an average selling price for landed houses that had grown by 1.85% (QoQ), while apartments fell by 1.24% (QoQ).

Another satellite city from another megaregion (Gresik-Bangkalan-Mojokerto-Surabaya-Sidoarjo-Lamongan), Gresik regency, in East Java, saw the price index increased by 4.55% (QoQ) -- ahead of the province as a whole. This broke down into a 2.8% average gain for landed houses, with apartments stagnant.

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Property price trends for Jabodetabek



	Landed house	Apartment
Bekasi Regency	0.8%	-2.0%
Bogor Regency	0.7%	-1.4%
Depok	1.9%	-1.3%
West Jakarta	2.3%	-3.1%
Central Jakarta	2.2%	-3.0%
South Jakarta	2.3%	-0.4%
East Jakarta	0.0%	-0.4%
North Jakarta	2.2%	0.0%
Bekasi City	0.2%	5.5%
Bogor City	0.0%	-0.8%
Tangerang City	2.3%	-1.8%
Tangerang Regency	5.3%	-1.2%
South Tangerang	3.8%	0.2%

Districts with the most price moderation: Jabodetabek center and far periphery

While property prices in other areas were gaining steam, Central Jakarta, at the heart of the Indonesia's largest megapolis, lagged behind. While landed houses recovered to the tune of 2.20% compared to the previous quarter, apartments were down 3.02%. This yielded a negative net growth of 0.97% for the composite index.

For the rest of the area, Bekasi City, on the eastern of Jakarta, saw the smallest increase on composite price index, by 0.48% (QoQ), recovered from the 0.48% dropped in the previous quarter (QoQ).

In Jabodetabek, Marine said, the center isn't necessarily of so much interest to buyers as it used to be. But neither are the far-off and forgotten corners. She explained that consumers were targeting areas that weren't yet too crowded and had toll roads and public transport, as a way of managing any required commuting.

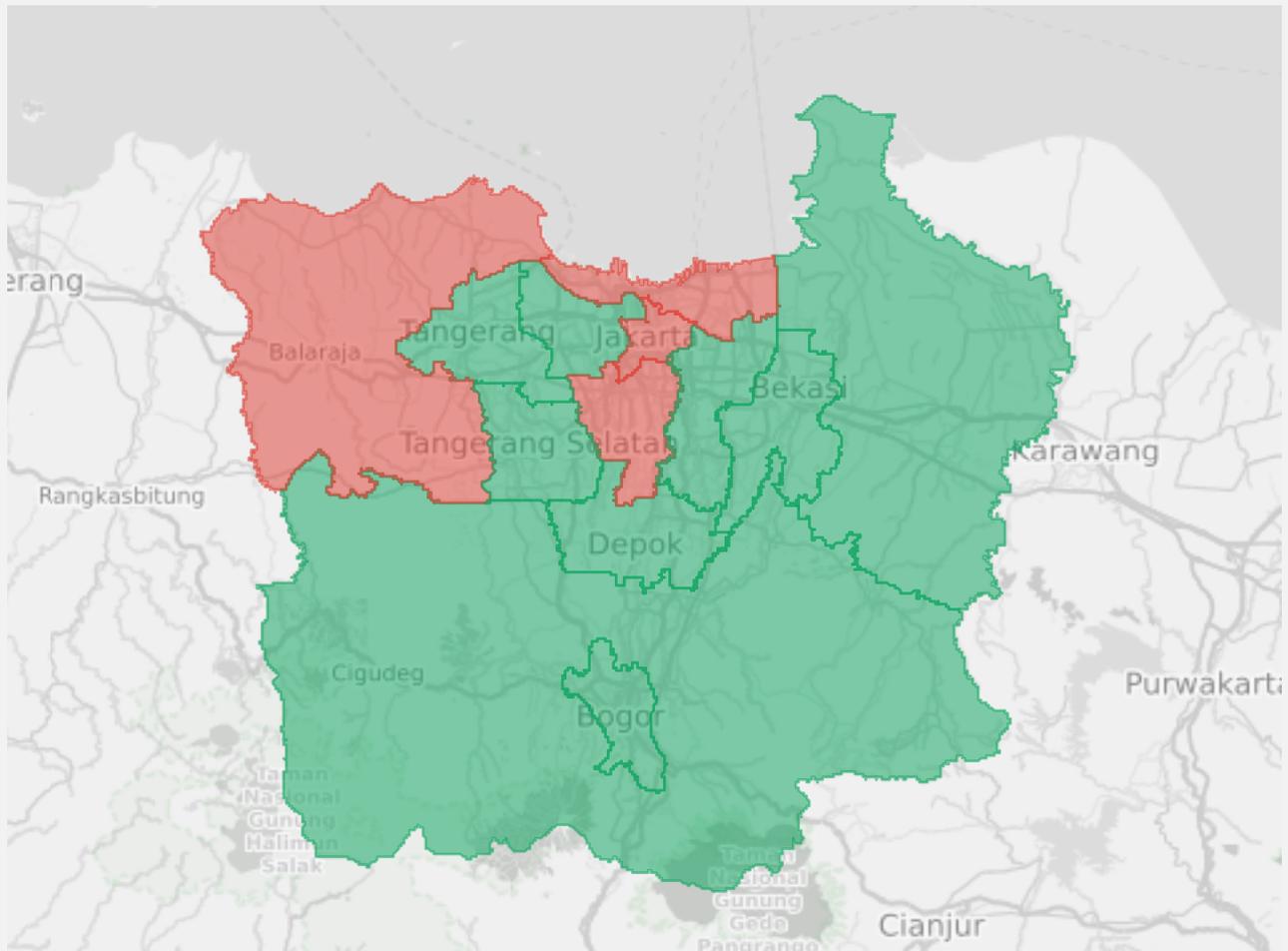
Property demand trends: Broader and more even

On a quarterly basis, the second quarter of 2021 saw only modest growth in search activity, which was up by 1.73%. However, year-on-year, searches were up by just over 70%. This, however, was slower than the previous quarter, which saw search volume rise by over 150% year-on-year and 12% quarter-on-quarter.

The search numbers can be explained in terms of the normal property buying cycle. Homebuyers at this time of the year would normally prioritize holiday expenses and similar consumer outlays, instead of buying homes. In fact, the second quarter of 2021 was full of religious holidays and vacation periods.

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Online property search activity at Rumah.com



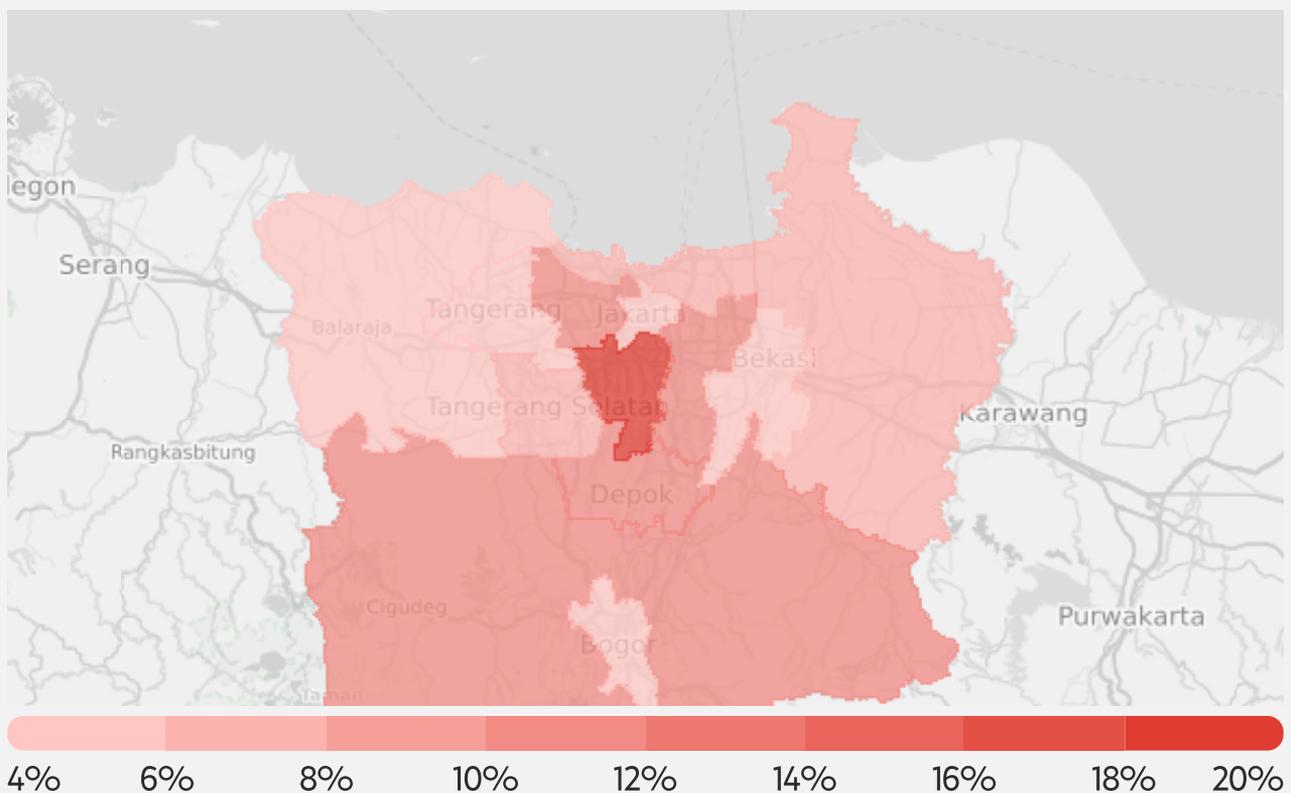
● Increase ● Decrease

	Search index		Search index
Indonesia	1.7%	East Jakarta	8.4%
Bekasi Regency	8.1%	North Jakarta	-2.4%
Bogor Regency	0.6%	Bekasi City	3.1%
Depok	0.5%	Bogor City	6.4%
West Jakarta	3.9%	Tangerang City	13.8%
Central Jakarta	-2.1%	Tangerang Regency	-1.7%
South Jakarta	-4.2%	South Tangerang	8.9%

Nevertheless, the sustained growth in search activity is an indication that the property market is contributing to the broader national economic recovery. Consumers continue to plan for the purchase of a dream home, even though their liquidity may be tied up with holidays and other more immediate expenses.

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Heatmap of the most search areas in Jabodetabek



In Jakarta-Bogor-Depok-Tangerang-Bekasi megaregion, South Jakarta was soaking up 21% of the searches. However, areas further toward the periphery also saw significant traffic. Searches targeting Bogor Regency – where selling prices for landed houses have fallen dramatically – was up by 10%. In terms of overall volume, some 53% of searches were for properties within the Jakarta city limits (Central Jakarta, N. Jakarta, S. Jakarta, E. Jakarta and W. Jakarta).

In terms of price, the single most popular bracket was the IDR300 million to IDR750 million range. On an aggregated basis, fully 57% of all searches were for homes under IDR1 billion

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Online property search trend based on unit selling price

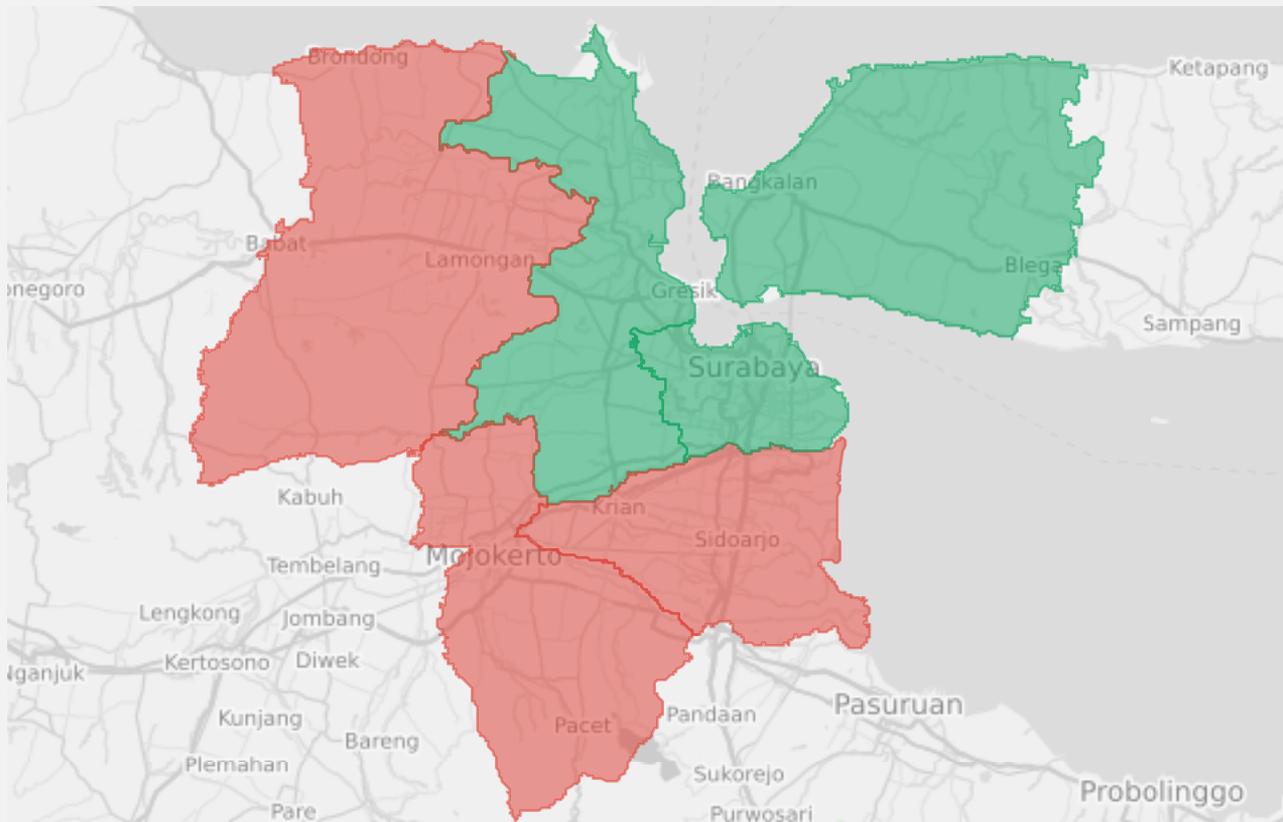


Area in spotlight

Gresik as an alternative to Surabaya

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Property price trends for Gerbangkertosusila



● Increase ● Decrease

	Price index
Bangkalan	▲ 2.15%
Gresik	▲ 4.53%
Lamongan	▼ 20.17%
Mojokerto	▼ 0.90%
Sidoarjo	▼ 2.92%
Surabaya	▲ 1.79%



For the second quarter of 2021, among other options in East Java province, Gresik Regency was in the spotlight. It stands out from among the other cities mashed up as Gerbangkertosusila – Gresik, Bangkalan, Mojokerto, Surabaya, Sidoarjo and Lamongan -- as a place where both industry and people can thrive.

Gresik currently is destined to become an integrated industry area supporting Surabaya, a major port city also known as a gateway to eastern Indonesia.

Gresik is strategic because of its proximity to Lamong Harbor Port in Surabaya and Java Integrated Industrial and Ports Estate (JIPE) in Manyar District, Surabaya. These major ports-cum-industrial corridors will be given rail access using the former Indro-Gresik branch line, with plans now being finalized by the state railway company, PT Kereta Api Indonesia. KAI has already conducted surveys along the length of the Indro-Gresik line for this purpose.

Gresik Regency is served by the Surabaya-Gresik and Krian-Legundi-Bunder-Manyar expressways, which link it to cities nearby, including Surabaya, Sidoarjo and Mojokerto, as well as those further away. The global public health emergency is precipitating consumer and lifestyles changes. The graphic illustrates how Gresik has prospered during the pandemic in terms of property prices, compared to two other similarly situated cities.

The composite property price index for Gresik for the second quarter of this year was 4.55% higher than for the first quarter. This compares to Surabaya, where the index was up only 1.77%, and Sidoarjo where it fell by 2.85%. Landed houses were the market's mainstay – up 2.8%, with apartments stagnant.

Although Gresik and Sidoarjo are both well-developed coastal areas directly adjacent to the city of Surabaya, the Covid-19 pandemic seems to have shifted the focus of homebuyers in the Gerbangkertosusila region northwards, toward Gresik.

Sidoarjo Regency, with a population of 2.03 million, developed first, thanks to the Wonokromo-Bangil railway line and the Surabaya-Malang Highway. In addition, the Surabaya-Porong Toll Road has also accelerated property growth in Sidoarjo. However, this area is now starting to feel congested, especially the Jalan Waru-Letjen S Parman-Gajah Mada corridor, the primary route to Surabaya.

The silver lining of the pandemic may be the promise of getting more done from home. This is a boon in Java, one of the world's most densely populated islands, where traveling anywhere at all usually comes with a price tag. A dwelling tucked away and isolated from hardcore hustle and bustle is ideal, as long as it enjoys decent transport options and other basic infrastructure.

Gresik Regency, with more total area than Sidoarjo, has just 1.1 million inhabitants (compared to Sidoarjo 2.27 million). The area near the Manyar toll interchange and Kebomas are coveted locations for East Java property developers and consumers alike.

A number of developers of planned cities are active here, working on major developments such as Gresik Kota Baru (GKB) and GEM City. Gresik itself has a lot to offer, from educational institutions, such as Universitas Muhammadiyah Gresik, to shopping and entertainment centers such as Icon Mall, Gressmal and Dynasty Water World Gresik.

Marine said, "Gresik is more in demand than ever because it's strategic. You have the industrial estates, transportation access, shopping centers and public facilities. And it doesn't feel crowded the way Sidoarjo may, even though both areas are close to Surabaya, served by the same toll roads and similar in other ways."

Macroeconomic trends

Government Policy: VAT Incentives extended on behalf of property market

Initially the VAT relaxation policy applied from March-August 2021, with state agencies (DTP) picking up the tab for tax due for landed houses and apartment units sold for under Rp 2 billion while covering 50% of the tax liability on dwellings in the Rp 2-5 billion range.

As recently disclosed by Coordinating Economic Affairs Minister Airlangga Hartono, the tax stimulus succeeded in driving homebuying activity within the middle income bracket by 20% while benefitting the lower and upper brackets by 10%, respectively. This is in accordance with data from Realestat Indonesia (REI) that shows an increase in property sales of between 10-20% for the March-May 2021.

In view of the success of this policy, Minister of Finance Sri Mulyani announced an extension -- through December of 2021 -- as applicable to the property sector. It was announced that the reduced luxury tax now in place in respect of automobile purchases would likewise be extended.

At the same time as it keeps an eye on fiscal policy, the government will continue to advance infrastructure-building initiatives, primarily toll road projects, as a way of helping the national economy get back on its feet after the economic disruption caused by the global public health emergency. Over the last six months, no fewer than three major toll road projects have been officially finalized in Jabodetabek. Two of the projects comprise part of the Jakarta Outer Ring Road 2 (JORR 2) scheme: the Serpong-Pamulang toll road segment, a 6.5 km long section representing more than half of the Serpong-Cinere Toll Road; and the 15.2 km Cengkareng-Batuceper-Kunciran Toll Road that runs to the country's largest airport. Meanwhile, the Bekasi-Cawang-Kampung Melayu (Becakayu) project is a 15,2 km project that was initiated decades ago before running into snags.

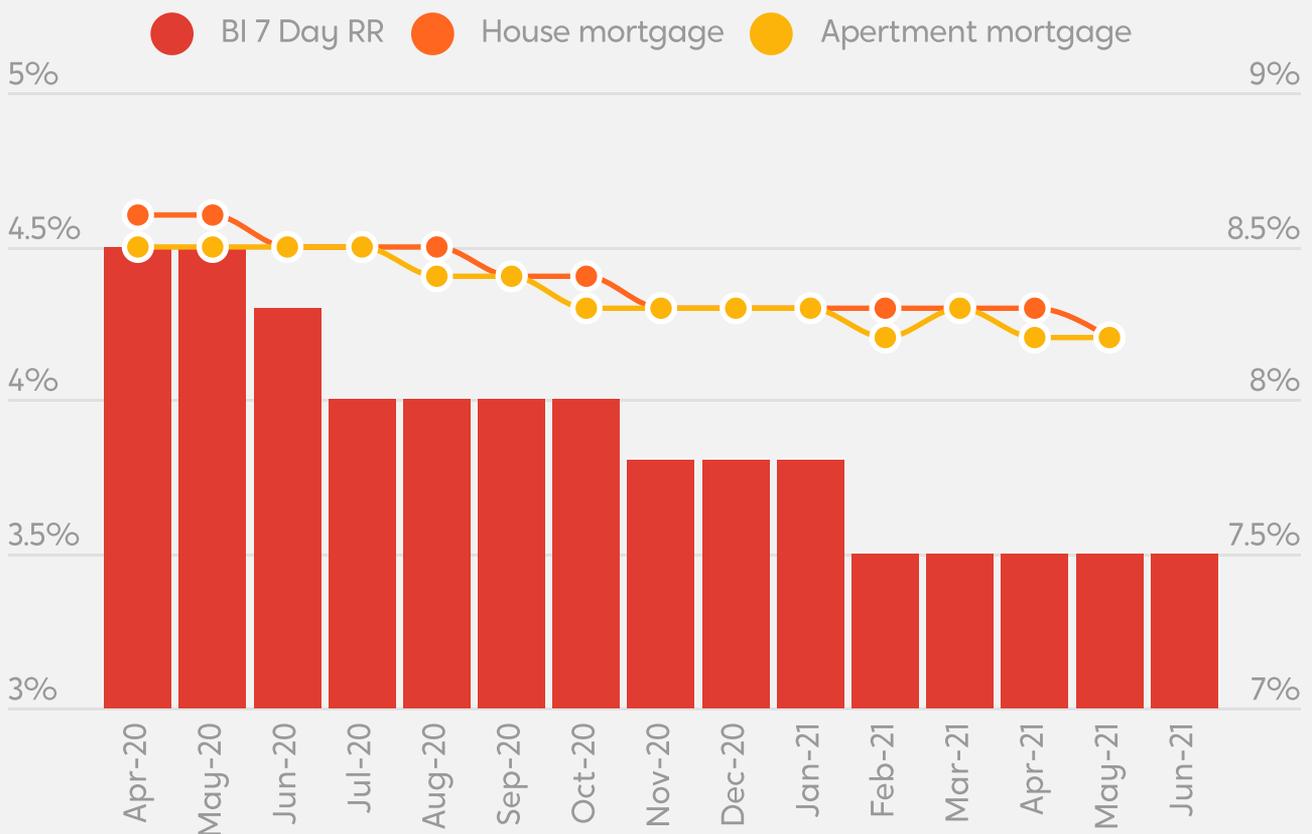
Nationwide, projections indicate a total of 19 toll road segments with a total length of 427 kilometers are to be completed by year-end 2021. The price tag for this undertaking is similarly impressive: Rp 413,8 trillion rupiah or around 28.7 billion dollars. This is up from last year's infrastructure budget of Rp 281,1 trillion due to overruns related to the pandemic.

BI Rate: Lower rate, no down payment

BI's benchmark interest rate remained unchanged at 3,5% following the 16-17 June 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. In turn, evaluating progress toward economic recovery involves judgments on the fiscal policies intended to stimulate the real sector, including the relaxation of the sales tax on luxury goods.

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 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. The policies are to remain in place until at least year end 2021. BI's 7DRR reference rate has fallen 75 basis points over the last 12 months while the KPR rate is down 36 points over the same period.

"Mortgage rates are still high, especially if viewed in relation to the BI 7DRR. Even so, it's 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," Marine explained.

Conclusion



The data for the the second quarter of 2021 Rumah.com Property Market Index shows property prices are up. While the index for apartments isn't out the red yet, in the landed house segment, the growth looks steady.

Home prices rose the most in East Java, West Java and Banten provinces. While landed houses did the heavy lifting, there were a number of locales where apartment prices were also buoyant. This was the case, for example, with ever-popular Jakarta satellite cities like Tangerang City and Depok, as well as Gresik, a rising star adjacent to Surabaya in East Java.

While property stocks have begun to thin somewhat, buyers are spoiled for options at the present time. For their part, property developers are working to lock in sales by taking advantage of the pro-homebuyer stimulus policies the government has had in place since March 2021 and which will be extended until the end of the year.

As Indonesian development continues to unfold in an easterly direction, Gresik stands out as being less crowded than Surabaya or Sidoarjo, and yet no further from the same ports and industrial corridors that make this corner of East Java of the nation's fastest growing population centers.

Home buyers are more flexible than in the past about what makes a particular area a good place to live. What's "close" and "far" may be interpreted differently than would have been the case the past. Post pandemic, it's more important than ever to own a home. Yet budgets are finite. Hence, many buyers will look hard to find one for under Rp 1 billion.

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](https://www.linkedin.com/company/rumah-com)



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