

Indonesia real estate overview: Re-entry strategies for the office sector in Indonesia

Panelists:



James Allan
Country Head
JLL Indonesia



James Taylor
Head of Research
JLL Indonesia

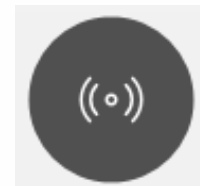
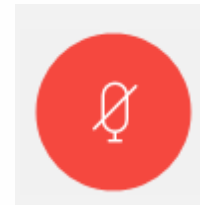


Angela Wibawa
Head of Markets
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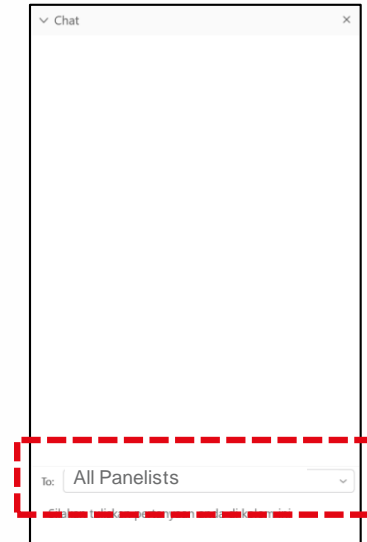


Naomi Patadungan
Head of Property & Asset Management
JLL Indonesia

For your attention



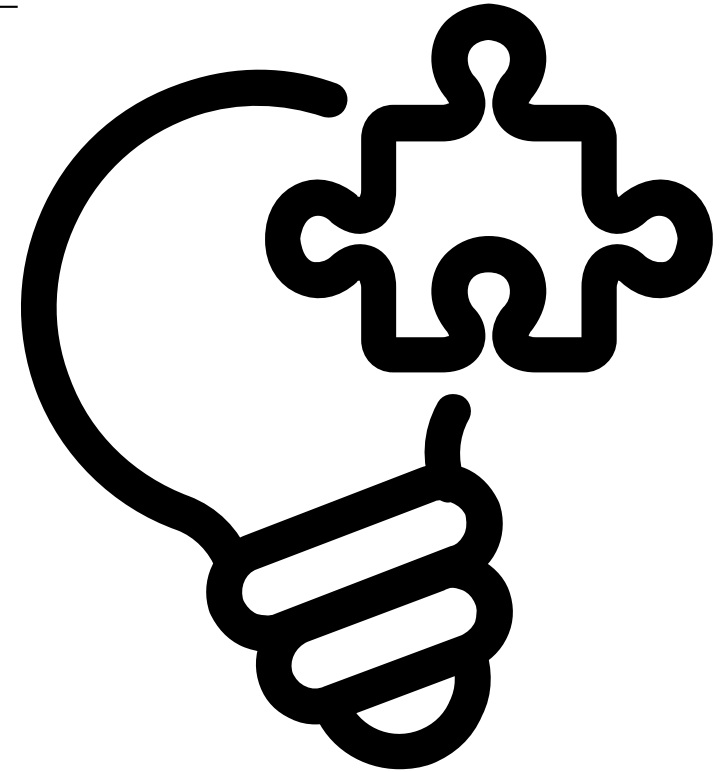
1 All attendees are automatically muted. Please make sure you have selected **'play audio broadcast'** to hear the presentation



2 Drop your questions by typing it in the **'chat column'** as the presentation begins. We will read it in the Q&A session afterwards. Please use this format **[name],[company],[question]**

Re-entry *strategies* for the office sector in Indonesia

Presented by
James Taylor
Head of Research, Indonesia



Pleased to meet you *again!*



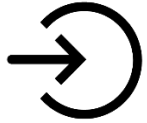
- The COVID-19 pandemic causing significant disruption to daily life and to the economy.
- Jakarta applied transitional large-scale government-mandated restrictions (PSBB Transisi).
- Movement restrictions around the city has been eased:
 - Office buildings, shopping malls and places of worship allowed to reopen
 - Public spaces and tourism spots gradually reopened.
 - Entertainment venues also allowed to reopen.
- This presentation provides brief re-entry strategies for office sector in Indonesia and our views on the future of office demand.
- JLL Indonesia stands with our clients, employees, their families and the community at large.

- **19 May**
Jakarta extended social restrictions (PSBB) until 04 June
- **04 June**
Jakarta eased social restrictions (Transitional PSBB)
- **08 June**
Office buildings allowed to reopen with new health protocols with only 50% capacity
- **15 June**
80 shopping malls reopened with new protocols with only 50% capacity from 11 AM to 08 PM
- **01 July**
Jakarta extended transitional PSBB restrictions by 14 days and tightening supervision of traditional markets and train services.

What happened in the market?

2Q20 Market Snapshot

CBD Office



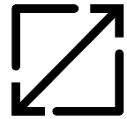
Net Demand

16,700 sqm



Avg. Occupancy

74%
(-1% q-o-q)



New Supply

90,000 sqm



Grade A Rents q-o-q

- 0.4%



Existing Stock

6.8m sqm
(all types and grades)



Avg. Grade A Rent

IDR 267,037
psm pm



Future Supply

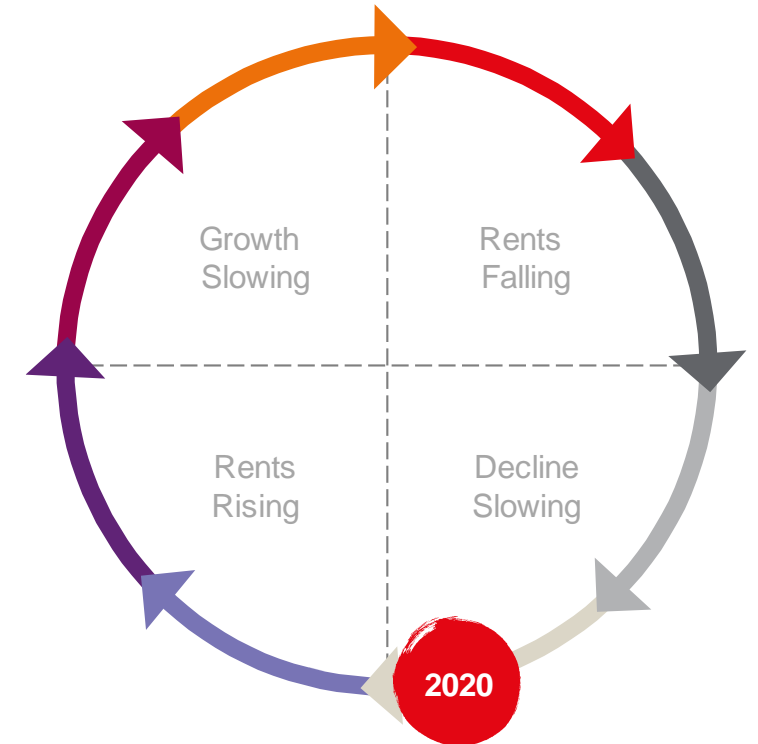
0.67m sqm
(up to 2023)



Rental Outlook

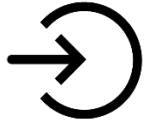
Falling

WHERE ARE WE?



2Q20 Market Snapshot

Non CBD Office



Net Demand

5,500 sqm



Avg. Occupancy

77%
(0% q-o-q)



New Supply

0 sqm



TB Sim. Rents q-o-q

- 0.1%



Existing Stock

3.0m sqm
(all types and grades)



Avg. Rent

IDR 114,232
psm pm



Future Supply

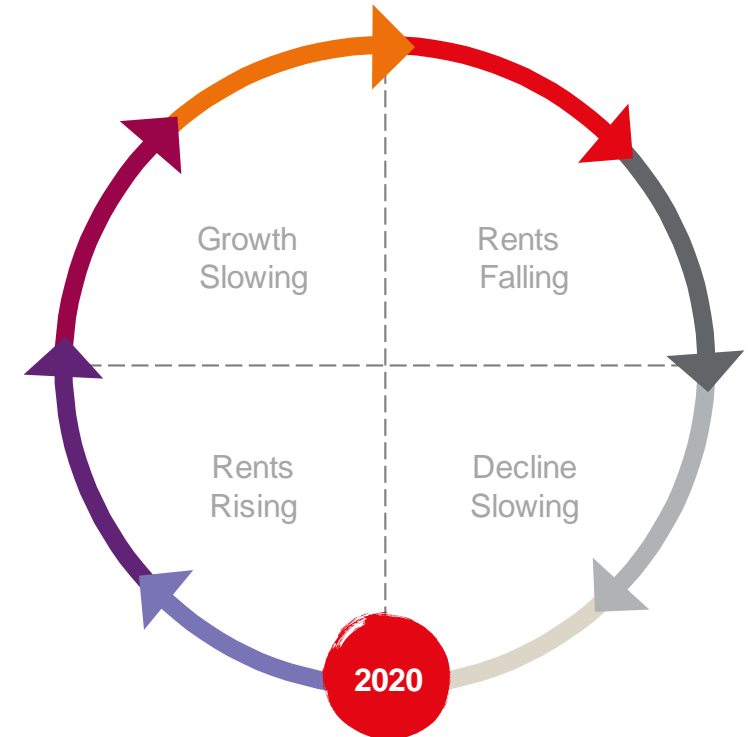
0.4m sqm
(up to 2023)



Rental Outlook

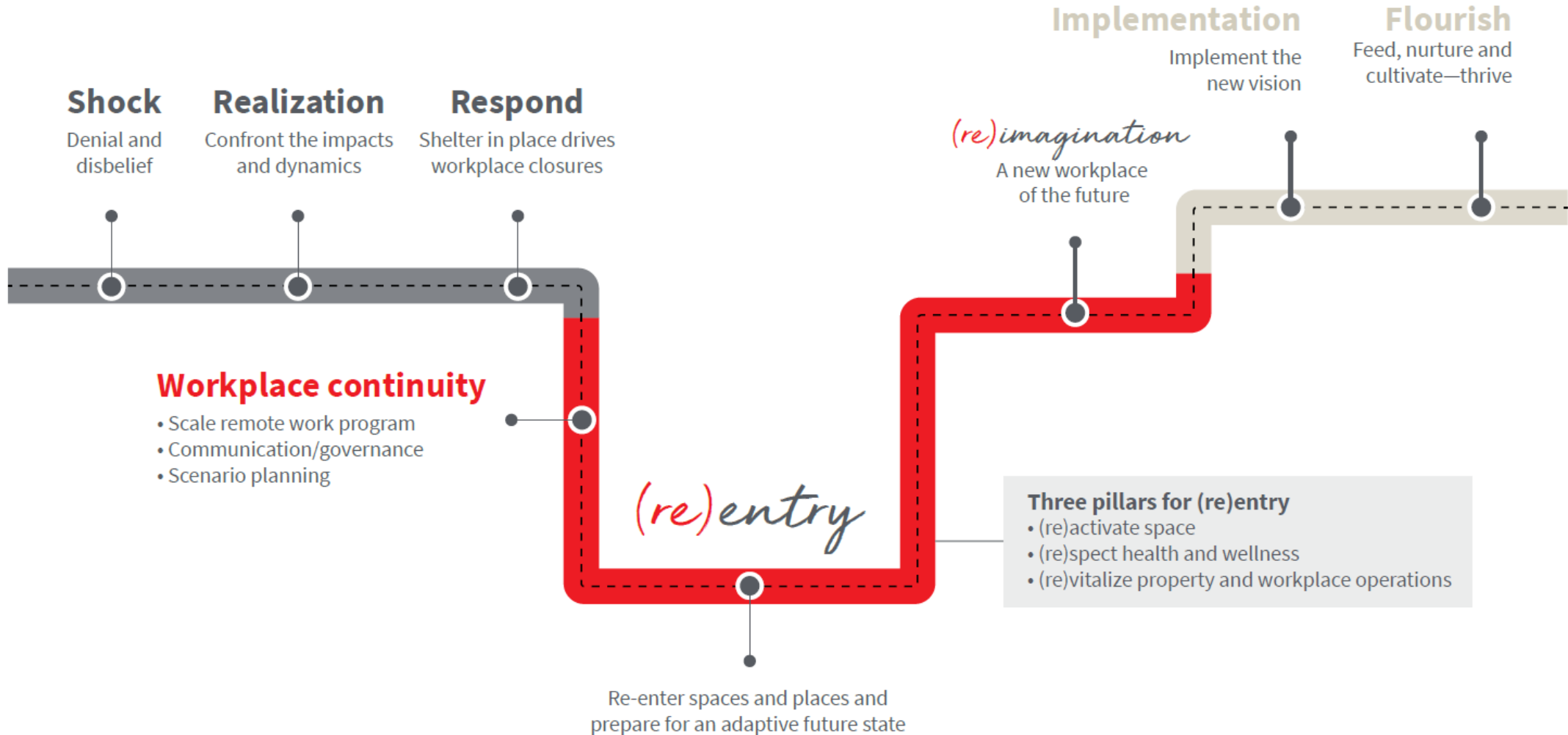
Steady

WHERE ARE WE?



*What to **prepare?***

A guide for working in the next normal

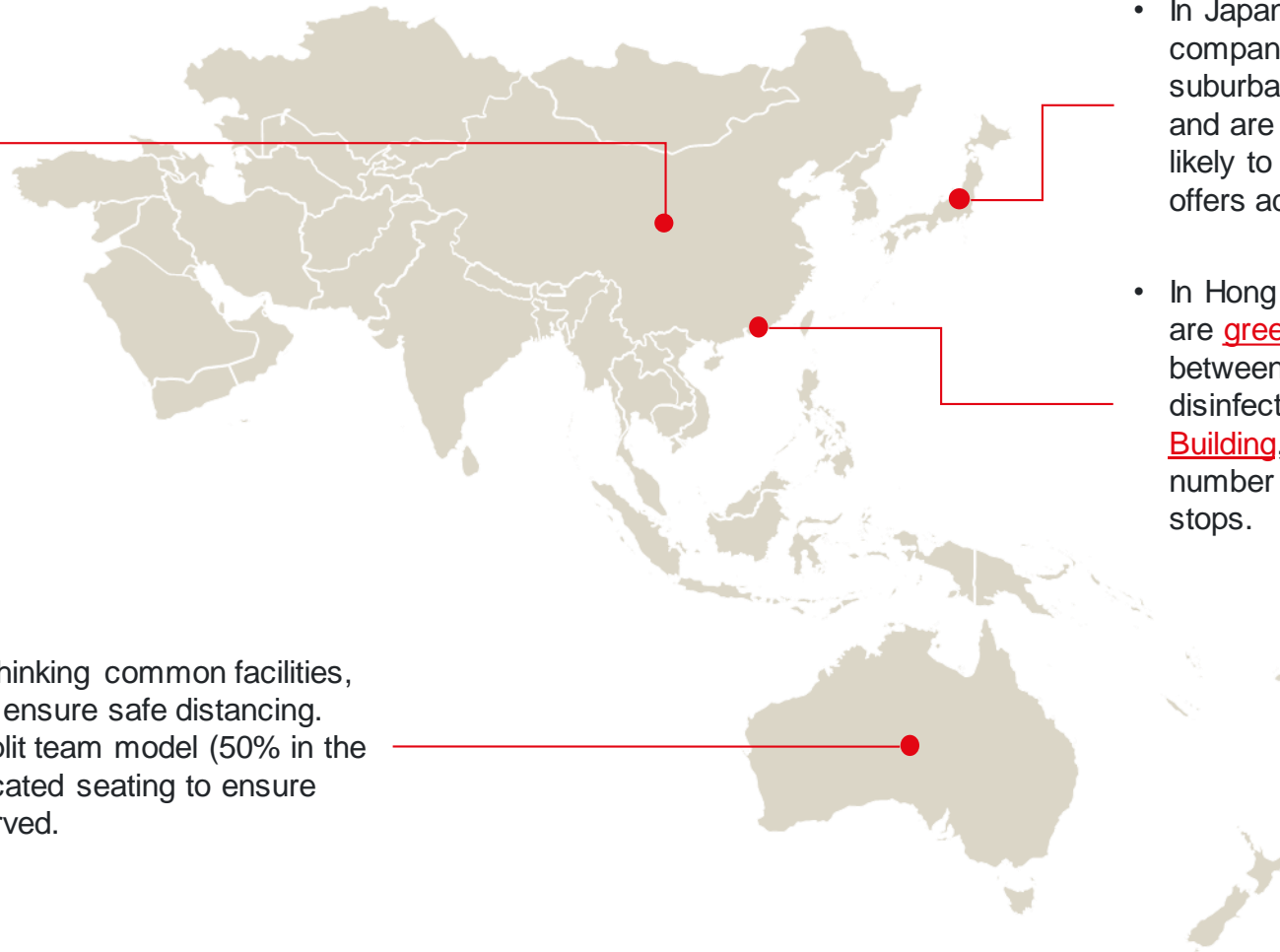


[Click here for more details](#)

Re-entry strategies for office real estate around the region



- China's new rules around health and hygiene mean temperature checks three times a day, mandatory face masks, and abundantly-available hand sanitisers scattered around common areas.



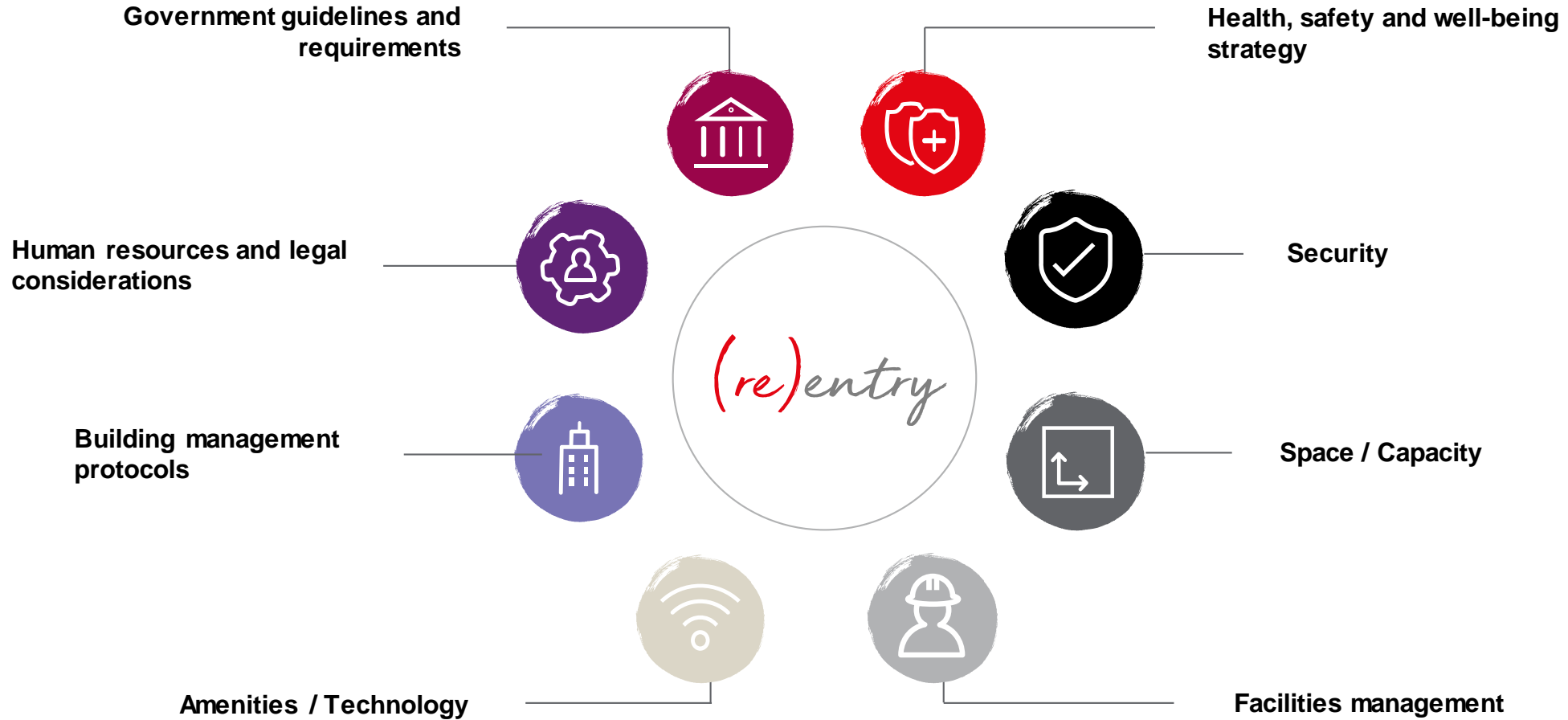
- In Japan, this situation may see some companies consider setting up satellite offices in suburban areas that have good transportation and are near residential areas; while others are likely to access the use of flexible space that offers adequate physical distancing.
- In Hong Kong, employees at Citibank are greeted by the sight of plastic dividers between seats and robots tasked with disinfecting surfaces, while at the city's ICC Building, lifts were reprogrammed to limit the number of users and reduce the frequency of stops.

- Office landlords in Sydney are rethinking common facilities, such as end-of-trip bathrooms, to ensure safe distancing.
- Most organizations will adopt a split team model (50% in the office and 50% at home) and allocated seating to ensure social distancing is properly observed.



Click [here](#) and [here](#) for more details

Factors to consider when preparing for re-entry



[Click here for more details](#)

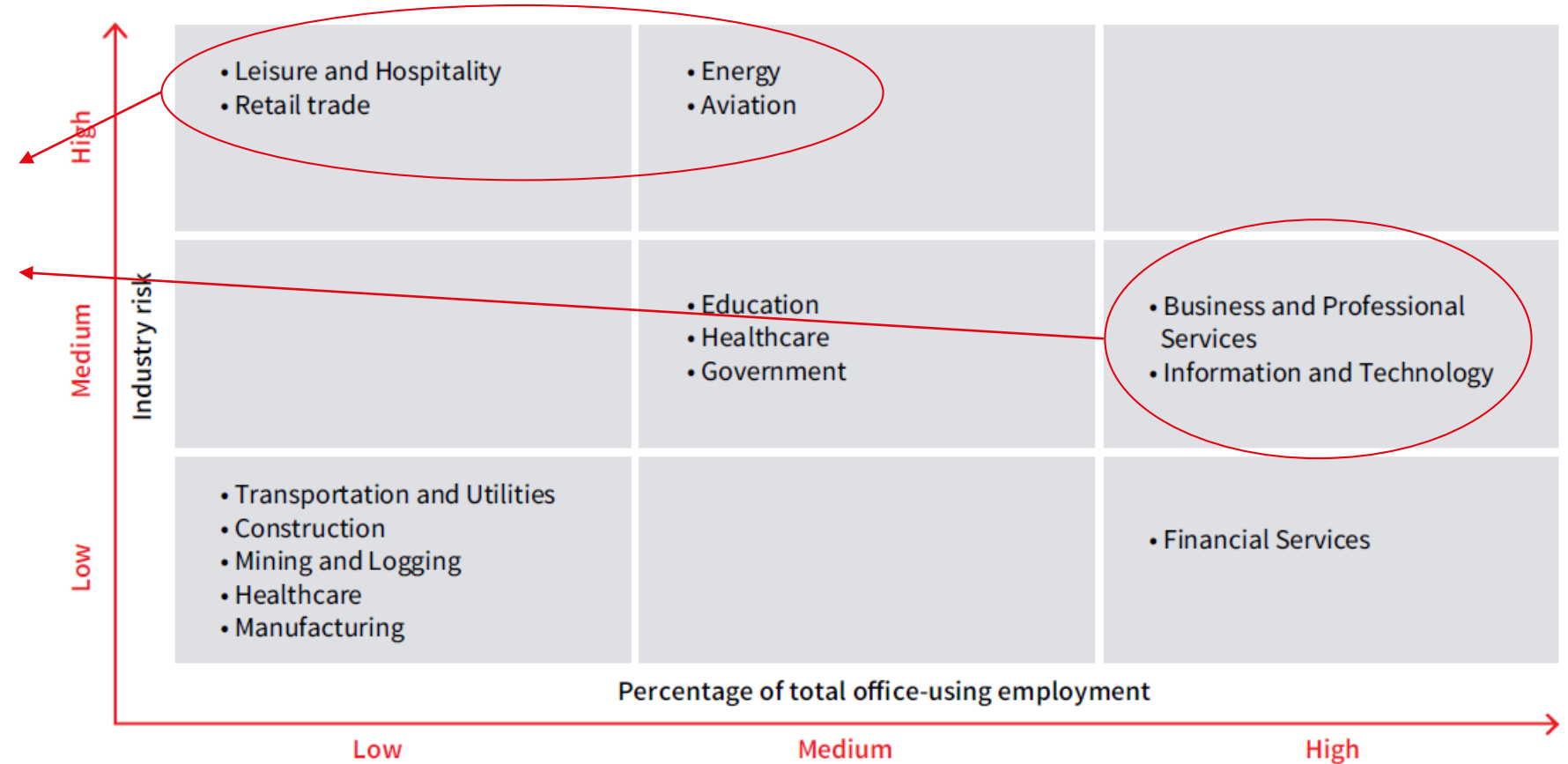
What lies ahead?

Some sectors have a higher structural risk



- Risk in office demand stems from two structural changes that can happen to jobs:
 1. Loss of office based jobs
 2. Office based jobs converted to WFH or remote working jobs permanently

Office demand matrix



Factors shaping the future of office demand



Remote working



Office design



Technology



Commuting patterns

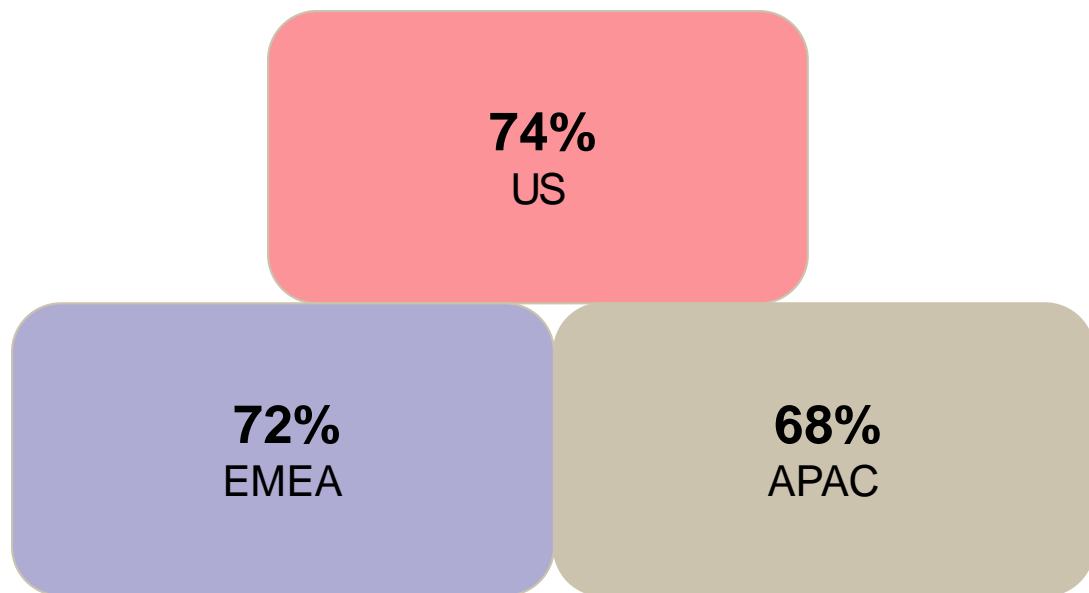


Remote working

The new normal?



How has the covid-19 pandemic impacted your work-life?



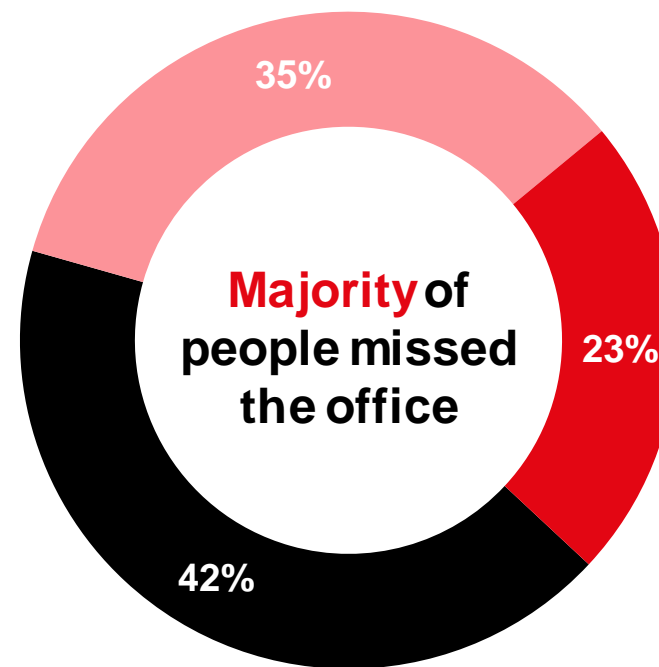
71% had to work from home

Sample : All respondents n= 3000

Source: JLL Human Performance Survey, May 2020

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To what extent did you miss working from the office?



Majority of people missed the office

■ Not really (0-6) ■ Fairly (7-8) ■ Totally (9-10)

Sample : Had to work from home n=2115

Remote working

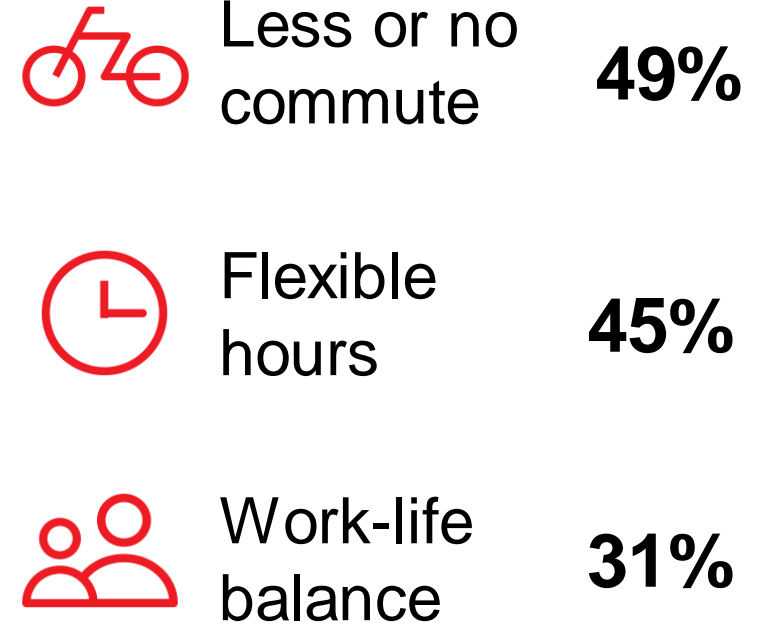
A flexible lifestyle with less commuting time but nothing can replace human interaction



Most missed elements of the office – under 35's and over 50's

	Average	Under 35's	over 50's
Human interactions, socializing with my colleagues	44%	37%	54%
Collective face-to-face work	29%	28%	34%
Informal communications	25%	22%	29%
An environment that helps me to focus on my job	23%	25%	17%
An ergonomic workstation	21%	23%	17%
The possibility to work in different spaces and choose the most suitable space for each task	14%	16%	9%

Top benefits of working from home



Office design

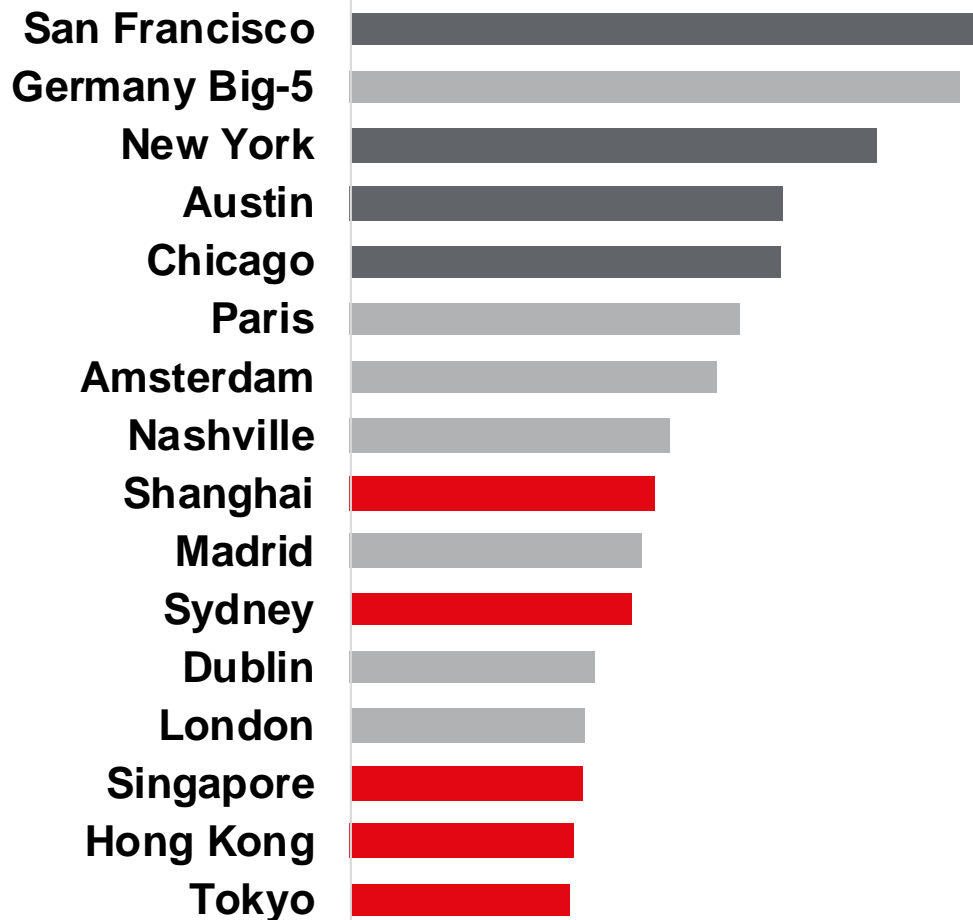
Current office density across global cities



Lower density –
more office space per
employee



Higher density –
less office space per
employee



Industry density by sector



- Legal
- Government
- Finance
- Tech
- Consulting
- Coworking

Source: Oxford Economics, JLL June 2020
US figures are calculated as occupied stock divided by office using employment

Office design

Most commonly requested innovative spaces pre COVID-19



Community spaces

Coffee / tea areas, lounges, terraces, etc.



Spaces dedicated to collaborative working

“Internal” informally arranged co-working spaces, war rooms or project rooms dedicated to a particular project for a certain period of time.



Service desks

Concierge, IT desk, dry cleaning service, etc.



Creative spaces

Brainstorming or design-thinking rooms, fab labs (open and participative manufacturing workshops), etc.



Incubator or accelerator

Dedicated space enabling colleagues and external talent to develop personal projects while making use of the company infrastructure, support and advice.

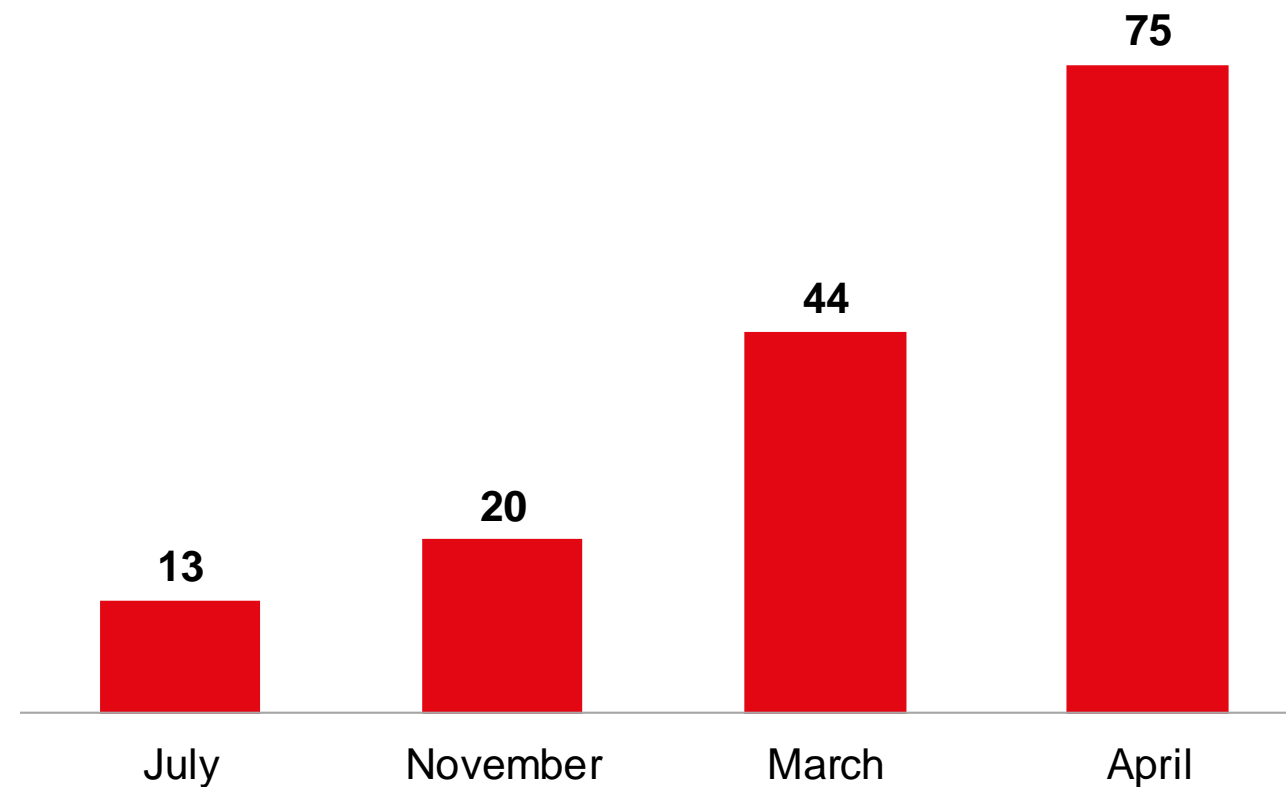
Technology

Productivity of working from home supported by online collaboration tools



- 77% people felt sufficiently tech ready to work from home¹
- Microsoft Teams has more than tripled the number of daily active users since late 2019
- Zoom, a popular video conferencing platform, reports daily meeting participants grew from 10 million in December 2019 to 300 million by March 2020

MS Teams Daily Active Users (millions)



Source: Business Insider

¹Source: JLL Human Performance Survey, May 2020

Technology

Proptech and smart buildings combine to support employees health and well being in the office



Design Efficiencies

- Workspace optimization
- Sensor technology
- Integrated approach

Integration of Internet of Things (IoT)

- Biometric access
- Smart security cameras
- Smart payments

Big Data

- New and interesting use cases
- Insights about operation and capacity utilization

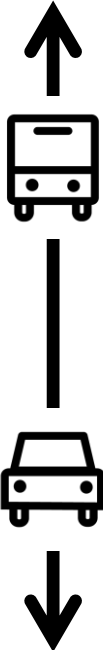


Commuting patterns

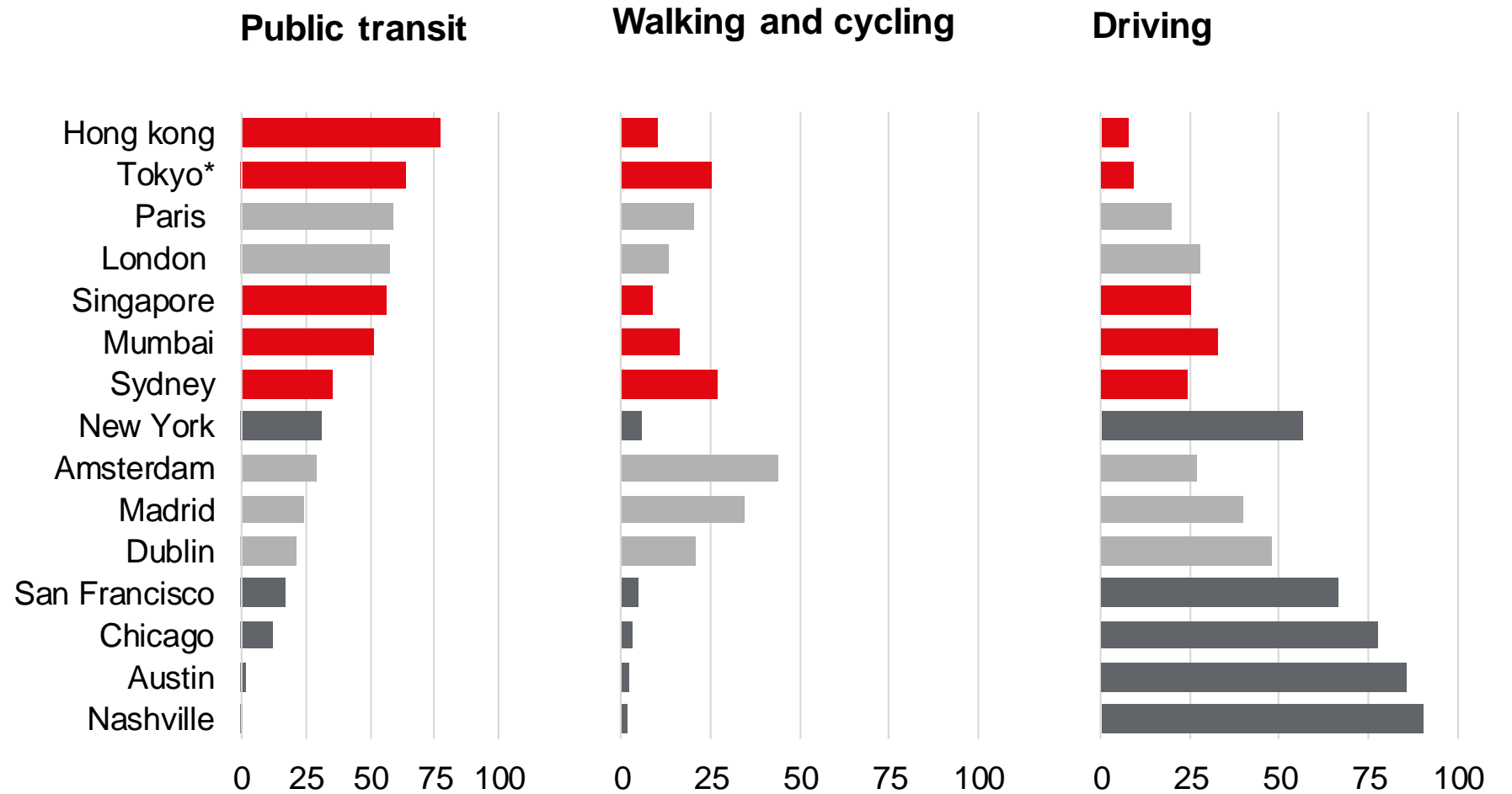
Re-entry more difficult in locations dependent on public transport



Dependency on public transport



Dependency on personal transport



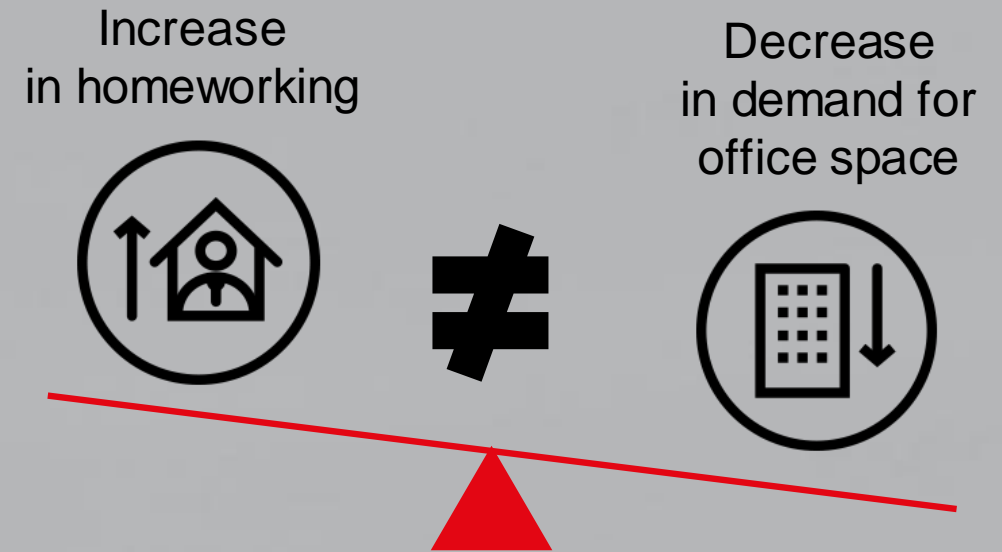
Source: JLL Research, U.S. Census Bureau, Eurostat, CLC

* Tokyo cycling and walking also includes motorcycle

Looking to the future...

- There will be an inevitable correction in the short term as the economic impact of the pandemic flows through to corporate activity.
- However, over the longer term the office will remain a fundamental part of our corporate culture and will play an essential role in our work and productivity.
- Office space still has a pivotal role to play in facilitating essential face-to-face activities that are not easily replicated online.
- The office itself may change how it looks and feels. A focus on well-being and some de-densification, along with improvements to design to encourage the interaction that is difficult to facilitate at home, are all elements that may change. Office space will continue to evolve but it is far from over.

[Click here for more details](#)

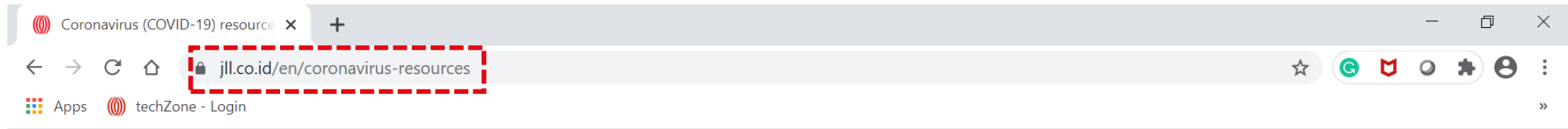


*Future demand impact more complex –
with a broad mix of factors at play*

Q&A

session

Get the latest on JLL's response to COVID-19...



Indonesia

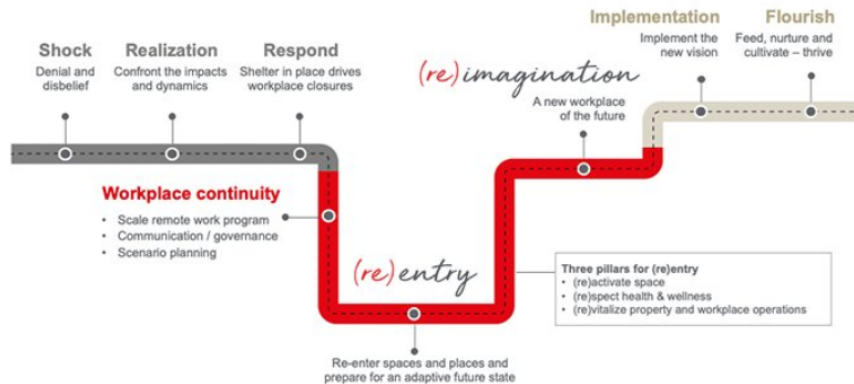


A guide for working in the next normal

For a brief moment, the world hit pause. We collectively assessed the true impact of a global pandemic, all while adjusting to a new way of life, in an instant.

Businesses will not go back to the way we knew before the pandemic. They will use this crisis to reinvent themselves to be more resilient, adapting their operational models to the 'next normal.' Operational resilience in the face of a pandemic must go beyond just reopening workspaces. Prepare to gradually re-enter, as the journey ahead will be multi-phased.

Re-entry starts with a firm understanding of the government mandates inclusive of national, state and local guidelines and requirements. Then, with safety and resiliency top of mind, apply JLL's three key pillars to re-entry: **(re)activate space, (re)spect health and wellness, and (re)vitalize property and workplace operations.**



Download our (re)entry guidebook

Download the interactive graphic

Thank you

James Taylor

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