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Residential Property

## Quality Projects Change Cities

**William Xie**

**T**he three most basic human needs are clothing, food and shelter. Some would say that other basic items should be included on that list, but this remains a matter of debate. But the point is, homes have changed over the ages. The rock shelters of the Stone Age gave way to buildings and more complex structures that were more comfortable to live in. Innovation continued into the 20th century, when apartment s and condominiums were built.

The Indonesian government, facing population pressure and limited land space, particularly in Greater Jakarta, has urged investors to build up with high-rise apartment and condominium blocks.

Responding to the government's suggestion from the viewpoint of business opportunities, investors are confident that Jakarta will become an advanced city, as the center of all the business activities in the country.

In line with the high demand for housing among Jakartans, and their relatively strong purchasing power, investors are competing with each other to build quality properties in the capital, making the sector incredibly competitive.

Property developers in Indonesia provide different kinds of housing, including housing estates, apartments and condominiums. Many of these developments include a mix of

residential, commercial and office space. Many developers are focusing on these types of mixed-use projects in the belief that this is what potential buyers are demanding.

From basic houses at affordable prices for people from all walks of life to prestigious residences in the form of so-called superblocks, where residents can find malls, shophouses, apartments and hotels, these new developments cover a wide range of living

options. For the most part, the unsightly apartment blocks of the past have given way to more complex structures, with facilities like fitness centers and swimming pools.

Many investors have been directing significant amounts of money into these superblocks, which are redefining the concept of urban living in the Indonesian capital.

Property developers in Jakarta are now offering a wide range of exciting projects with unique designs and themes. The Regatta Apartment complex, for example, looks like a sailboat. Apartments in this development offer views of Jakarta's coastline, which is why the units are more expensive than some projects in the center of the city. The Regatta is a multifunctional project with 10 apartment towers, a hotel, a water park and serviced apartments in Pantai Mutiara, North Jakarta.

The development started in 2006 and four towers have already been completed, with the entire

project expected to be done by 2014. The Regatta project is estimated to be worth \$350 million, with units costing about \$260,000 to \$830,000.

The St. Moritz development on Jalan Puri Indah includes a wide range of options for luxurious urban living, including spectacular penthouses.

Podomoro City on Jalan S. Parman, meanwhile, offers the kind of specialized services and facilities that luxury apartment owners have come to expect.

Podomoro City, built on more than 21 hectares of land, will cost about \$735 million once it has been completed. Not only will have the Mediterranean Garden Residences and Garden Shopping Arcade, but there will also be the Central Park, comprising an office tower, a mall, a world-class hotel and three apartment towers, all of which are aimed for realization by October 2010 and use by 2011.

The St. Moritz project, built on 12 hectares of land, will include 17 skyscrapers and three opulent apartment towers: The St. Moritz, The St. Tropez and The St. Monaco, which will be priced from \$90,000 to \$1 million per apartment. The towers are intended for finalization at the end of 2010 and for operation in 2011. The whole project will be worth about \$1.2 billion upon completion.

These days, we rarely find residential complexes that prioritize a green living environment, with most developers putting most of their focus on residential design,

facilities and services.

Some developers, however, are trying to market their projects as environmentally friendly eco-developments, in order to cater to buyers concerned about the natural environment. There are a lot of these developments in West Jakarta, such as Puri Botanical Residences, Cibubur Residences, Alam Satera and Bogor Nirwana Residences.

Puri Botanical Residences, situated at Mega Kebon Jeruk, is developed by PT Copylass Indonesia using the "Green City" concept. At Puri Botanical Residences, you can smell the fresh fragrance of leaves after a rain and enjoy the morning dew.

Another residential complex with a similar concept is Bogor Nirwana Residences, located in Bogor. There is no more comfortable residential complex in the area, especially with "The Jungle," a recreational facility for your family.

Property development in Indonesia slowed dramatically in 2008 after the US subprime mortgage debacle resulted in the global financial crisis. It made life difficult for people around the world, and property developers suffered as much as anyone.

But now, developers in Indonesia are doing much better. These aren't boom times, but at least the industry is showing growth. The coming months could be a turning point for Jakarta's property sector.

As the crisis was first hitting, Bank Indonesia raised its benchmark interest rate to 8.5 percent, forcing the interest rate for housing loans to reach 12.5 percent. The culmination came in November 2008, when the Bank Indonesia rate soared to 9.5 percent, as the exchange rate hit 12,000 to the dollar. This saw interest rates for housing loans hit 15 percent, making property a less favorable investment.

While the property sector has recovered, a sense of caution remains. Developers have been forced to reconsider many of their projects, because they now face an environment in which both demand and capital are still in short supply.

In early 2009, the property business in Indonesia began to revive following its brief hiatus, as the global economy slowly but surely began recovering from the crisis. This has also been helped as Indonesia has seen a return of

monetary stability. The BI rate was lowered to 9.25 percent in December 2008, and has continued to fall to 7 percent in June, supported by a stronger exchange rate of between Rp 9,605 and Rp 10,605 to the dollar.

Despite the fact that the interest rate for housing loans is still at 14 percent per annum, public interest in investing in the property sector has begun to take off again. Economic analysts suggest that if the interest rate could be lowered to 10 percent to 12 percent annually, more people would finally move on property purchases that they had delayed for the last six months.

The reason banks have not reduce rates for housing loans is probably because they are waiting to see how the presidential election turns out, and the kinds of policies offered by the next president.

The property sector is changing, but the future continues to look exciting.