TOWNSHIP DEVELOPMENT
BY PRIVATE SECTOR:
LESSON LEARNED FROM GREATER JAKARTA

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INDONESIA
URBANIZATION IN JAKARTA GREATER AREA

TOWNSHIP DEVELOPMENT BY PRIVATE SECTOR
LESSON LEARNED FROM GREATER JAKARTA
ABOUT JAKARTA GREATER AREA

JAKARTA IS THE MOST CHALLENGING CITY FOR CONTROLLING URBANIZATION.

As the Capital City, Jakarta holds some pivotal roles for the country as well as region:

“Transportation System” “Education” “CULTURE”

“ECONOMY” “GOVERNMENT” “Tourism” “Healthcare”

JAKARTA GREATER AREA

JAKARTA’S POPULATION IN 2018 REACHED 10,374,235 WITH DENSITY OF 15,663 PEOPLE/KM². Making Jakarta The Densest Province In Indonesia.

JAKARTA GREATER AREA approximately reach IDR 2,249,264 Billion.

The megacity of Jakarta is also called Jakarta Greater Area or Jabodetabek, a name formed by combining the initial syllables of JaKarta, BoGor, DePok, TaNgerang, and BeKasi.
High urbanization rate in Indonesia increased tremendously following the country’s rapid development by rural – urban migration.

It is also projected by The Ministry of National Development Planning that in 2035, 66% Indonesian will be living in urban areas.

This circumstance leads to socio-economic and cultural shifts and changes. Moreover, it has an impact on national and urban policies, including housing and settlement sectors.

The overall population of the megacity of Jakarta grew in the 20th Century, from about 150,000 in 1900 to about 32 million in 2019.

Source: The Central Bureau of Statistics (BPS)
URBANIZATION CHALLENGES IN JAKARTA GREATER AREA

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URBANIZATION CHALLENGES IN JAKARTA GREATER AREA

TRANSPORTATION PROBLEMS

❖ Besides accommodating a population of 32 million in 2019, it is also **home to 24 million vehicles**.

❖ The total number of people traveling to-and-from the Greater Jakarta Area area increases from year to year:

❖ At least 49.5 million people commute per day in 2018. Of that number,

  ❖ 23.4 million people commute within the city of Jakarta,

  ❖ 4.67 million people commute from areas other than Greater Jakarta Area,

  ❖ While the other 20.02 million are Bodetabek (Bogor, Depok, Tangerang, Bekasi) residents who commutes into Jakarta city per day.

Population: 31,077,315
Vehicle: 24,897,391

Proportion of Vehicle in Jakarta Greater Area:

- **Public Transport**: 2%
- **Car**: 23%
- **Motorcycle**: 75%

Source: Jabodetabek Transportation Management Agency (BPTJ), (2019)
URBANIZATION CHALLENGES IN JAKARTA GREATER AREA

CORRELATION BETWEEN POPULATION GROWTH WITH THE INCREASE OF GDP PER CAPITA

- Based of the research conducted by World Bank, Indonesia can benefit more from urbanization.
- Other countries have gained higher economic growth through formal employment and better labor productivity that result from urbanization.
According to Jones Lang LaSalle (JLL) Research Report (2018) regarding Jakarta Property Market Review Q4-2108, the availability of apartments in Jakarta is abundant, judging from the completion of several apartment towers in the Jakarta CBD area and apartments around the LRT and MRT projects.

Meanwhile, according to the Q4 2018 Market Report in Jakarta issued by Colliers International, the conditions for fulfilling occupancy in Jakarta also showed the same outcome. It is estimated that 41,677 units from 79 projects in 2019-2021 will increase the total supply to 21% over the next 3 years to reach 243,495 units.

“The available stock of apartments in Jakarta will also be dominated by the middle and middle-to-lower classes, with various stimulant policies from the government, it is estimated that the apartment occupancy will be well-maintained.”
HOUSING CHALLENGE IN URBANIZATION

HOUSING DEMAND AND BACKLOG

❖ Based on 2017 Susenas data analysis, only half of the population of DKI Jakarta (51.67%) owns property, where residents who does not own a home are concentrated in 40% of the poor.

❖ It Caused by:
   ❑ The Increasing Rate of Population Migrated Into The Capital;
   ❑ Limited Land Availability;
   ❑ High Land Prices In Jakarta; and
   ❑ Wage of Jakarta Workers Whose Growth Does Not Parallel Land Prices.

❖ The challenge of ownership backlogs and uninhabitable homes in Jakarta, is still major. In 2015, there are 1.276 million Jakarta residents who does not own a home.

❖ Residential needs will continue to be a challenge in the future.

“The percentage of families living in a house owned by another family or individual and does not own another house in the Jakarta, is highest when compared with other provinces, which is 43.60% It is an indication of the backlog or lack of housing for residents of Jakarta.”
DEVELOPMENT LIMITATION

❖ The limited development of housing to meet the housing backlog is due to the scarcity of land and high land prices.

❖ The density of land that has been built in cities and the high of land price in urban area drove the development to convert land on the from green areas to settlements, and the limited land to support settlements because it is far from water and electricity services.

LAND PRICE

❖ The average increase in land prices from 2010 to 2014 reached 24.54% in the Jabodetabek region.

<table>
<thead>
<tr>
<th>REGION</th>
<th>THE AVERAGE INCREASE IN LAND PRICES 2010 - 2014</th>
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<tbody>
<tr>
<td>DKI JAKARTA</td>
<td>16.18 %</td>
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<tr>
<td>KOTA TANGERANG</td>
<td>35.55 %</td>
</tr>
<tr>
<td>KOTA TANGERANG SELATAN</td>
<td>20.47 %</td>
</tr>
<tr>
<td>KOTA BEKASI</td>
<td>30.08 %</td>
</tr>
<tr>
<td>KOTA DEPOK</td>
<td>37.13 %</td>
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</tbody>
</table>

Source: Winarso dkk, 2015
Indonesia experienced a large economic development with growth in 1995 and 1997 reaching an average of 5.2% and even reached 7% per year for more than a decade.

At a time when the Indonesian economy was booming, or in the 10-year period since 1986, large-scale land development has led to 20 new cities in the area of Jabodetabek. As of now, in 2019, there are 33 new cities that develop large-scale housing. The total area of the new cities now amounts to 50,388 hectares.

This situation encouraged the development of land on a large scale and became one of the causes for Jakarta to develop into very large metropolitan.
<table>
<thead>
<tr>
<th>TOWNSHIP DEVELOPMENT IN JAKARTA GREATER AREA</th>
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**Source:** JLL

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<thead>
<tr>
<th>TOWNSHIP</th>
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<th>TOWNSHIP</th>
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<tbody>
<tr>
<td>Alam Sutera</td>
<td>700</td>
<td>Citra Raya</td>
<td>2.760</td>
<td>Jakarta Garden City</td>
<td>270</td>
<td>Lippo Cikarang</td>
<td>5.500</td>
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<td>Bintaro Jaya</td>
<td>2.321</td>
<td>Citraland Cibubur</td>
<td>200</td>
<td>Kota Deltamas</td>
<td>3.000</td>
<td>Lippo Village</td>
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<td>BSD City</td>
<td>6.000</td>
<td>Graha Raya</td>
<td>350</td>
<td>Kota Harapan Indah</td>
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<td>Meikarta</td>
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<td>Grand Depok City</td>
<td>300</td>
<td>Kota Modern</td>
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<td>Nava Park</td>
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<td>Citra Grand Cibubur</td>
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<td>Grand Wisata</td>
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<td>Kota Wisata</td>
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<td>Pantai Indah Kapuk 2</td>
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<td>Citra Indah City</td>
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<td>Harvest City</td>
<td>1.050</td>
<td>Lavon Swan City</td>
<td>2.600</td>
<td>Paramount Serpong</td>
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<td>Citra Maja Raya</td>
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<td>Jababeka</td>
<td>5.600</td>
<td>Legenda Wisata</td>
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<td>Rancamaya Estate</td>
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<tr>
<td><strong>GRAND TOTAL (Ha):</strong></td>
<td><strong>50.338</strong></td>
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## GOVERNMENT AND PRIVATE ROLES IN TOWNSHIP DEVELOPMENT

### GOVERNMENT ROLE

1. Planning Strategic National Policy Planning
2. Compiling National-Regional-Local Spatial Planning
3. Provide incentives; Ease of Business Process, Hasten License and Permits
5. Provide Public Facilities: Public Transportation, Waste Management Facilities etc
6. Providing Land (in some partnership scheme)

### PRIVATE ROLE

1. Land Provision
2. Creating Masterplan and siteplan
3. Funding the development
4. Development Process
5. Build Public and Social Facilities: Mosques, Green Areas, etc
6. Estate Management

Source: Analysis, (2019)
FUTURE CHALLENGES: PUBLIC AND PRIVATE PARTNERSHIP IN TOWNSHIP DEVELOPMENT

TECHNICAL CAPABILITIES

Township development has been carried out by the private sector in a dominant manner, starting from:
- Initial Initiatives,
- Ideas,
- Concepts Of Planning,
- Financing,
- Development
- And Estate Management

The government’s role is only as a regulator. Along with the increase of the urbanization and difficult urban challenges, the Indonesian government currently plans to build 10 new cities, where initial initiatives, ideas, concepts of planning, financing, development and estate management are carried out by the government. This is certainly a challenge and raises a big question, will the government be able to realize the development of new world-class city quality independently?

IMPLEMENTATION

❖ SYNERGY AND COLLABORATION with the private sector that has the ability, experience and tested is certainly a wiser step. The government can become a regulator, enabler and in certain cases act as a provider of land for the construction of new cities. This public-private partnership can work well by mirroring and learning from previous experiences.
Due to the limitations of the government in terms of budgeting and technical capabilities, the government must involve urban stakeholders especially those who have access to financing and proven technical capabilities.

The private sector has a role as the party that provides the land and create master plan and site plan, which must be in aligned with spatial plan set by the government. Furthermore, the private sector also has to find and provide funding needs for the development process.

Based on the experience of private developers over the past 4 decades, building new cities is a long-term project that requires large funds and long-term commitments.

The main stakeholders that must be involved by the government are the private sector, because the private sector has sufficient financial resources and technical capabilities that have been tested in the construction of dozens of new cities around the Jakarta area.
Nowadays, THE INDONESIAN GOVERNMENT PLANS TO MOVE CAPITAL TO A NEW LOCATION which has yet to be determined, although based on various studies, the possibility of an alternative location is Borneo, namely in East Kalimantan, Central Kalimantan or South Kalimantan.

With an estimated budget requirement of around IDR 466 trillion (USD 30 Billion), the budget provided by the government is around IDR 30 trillion. The rest of these budget is realized from the cooperation of the government and the private sector as much as IDR 340 trillion, and IDR 95 trillion from the private sector.

“... In this case, the government has stated that it will involve the private sector through the public private partnership scheme and pure private investment scheme. Of course, with a long history of township development around mega city Jakarta, experienced private developers can become a strategic partner of the government in building the new capital city of Indonesia.
THANK YOU

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