

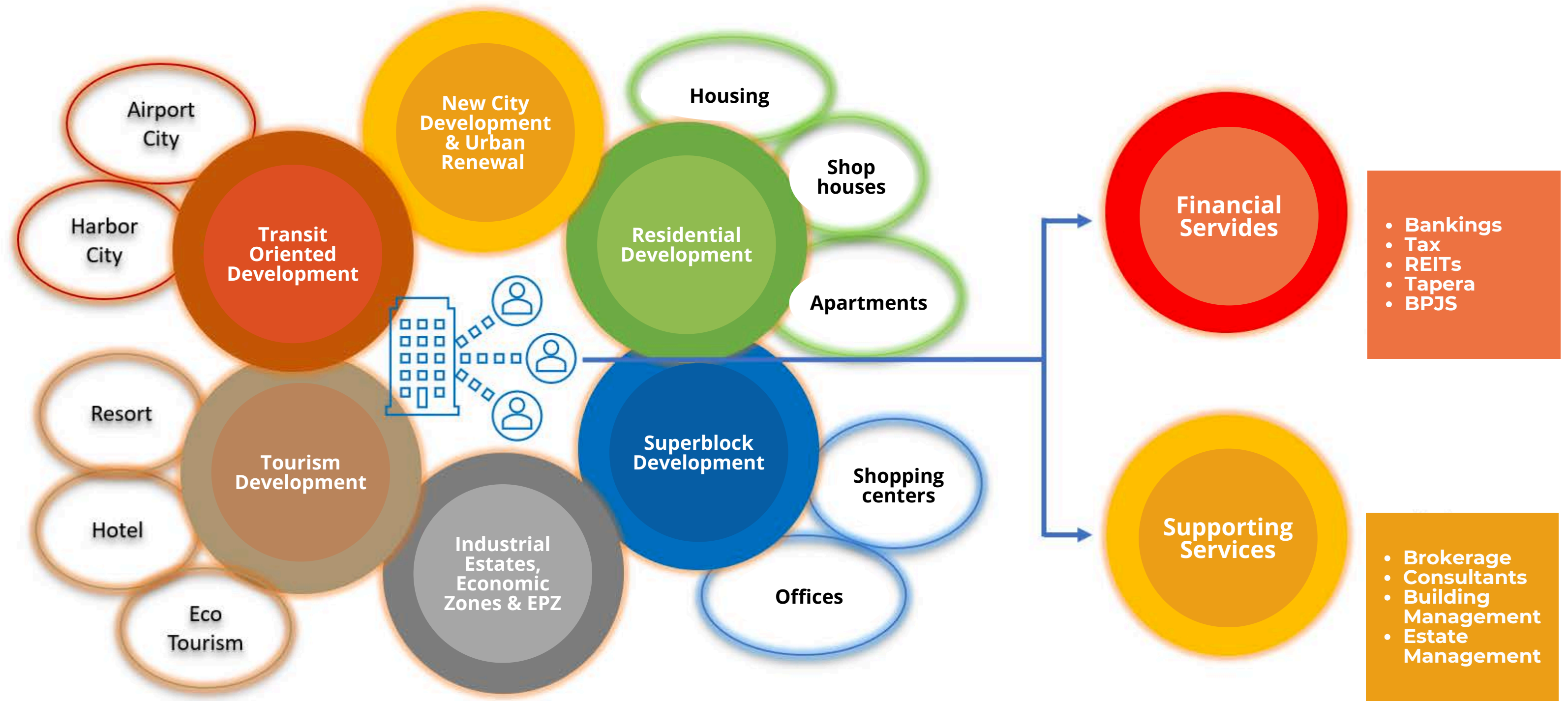
# Housing and Urban Development

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KPMG Business Talk  
Property Sector as the  
Country's Growth Engine  
17 July 2024



# Property $\neq$ Real Estate



\*Buku Putih Kadin BPKPT 2021 - 2026

# Property Industry Contribution to the Indonesia Economy



**14.6%**

Contribution to National GDP

**10.2%**

Contribution of employment opportunities to the working population

**9.3%**

Contribution to State Budget

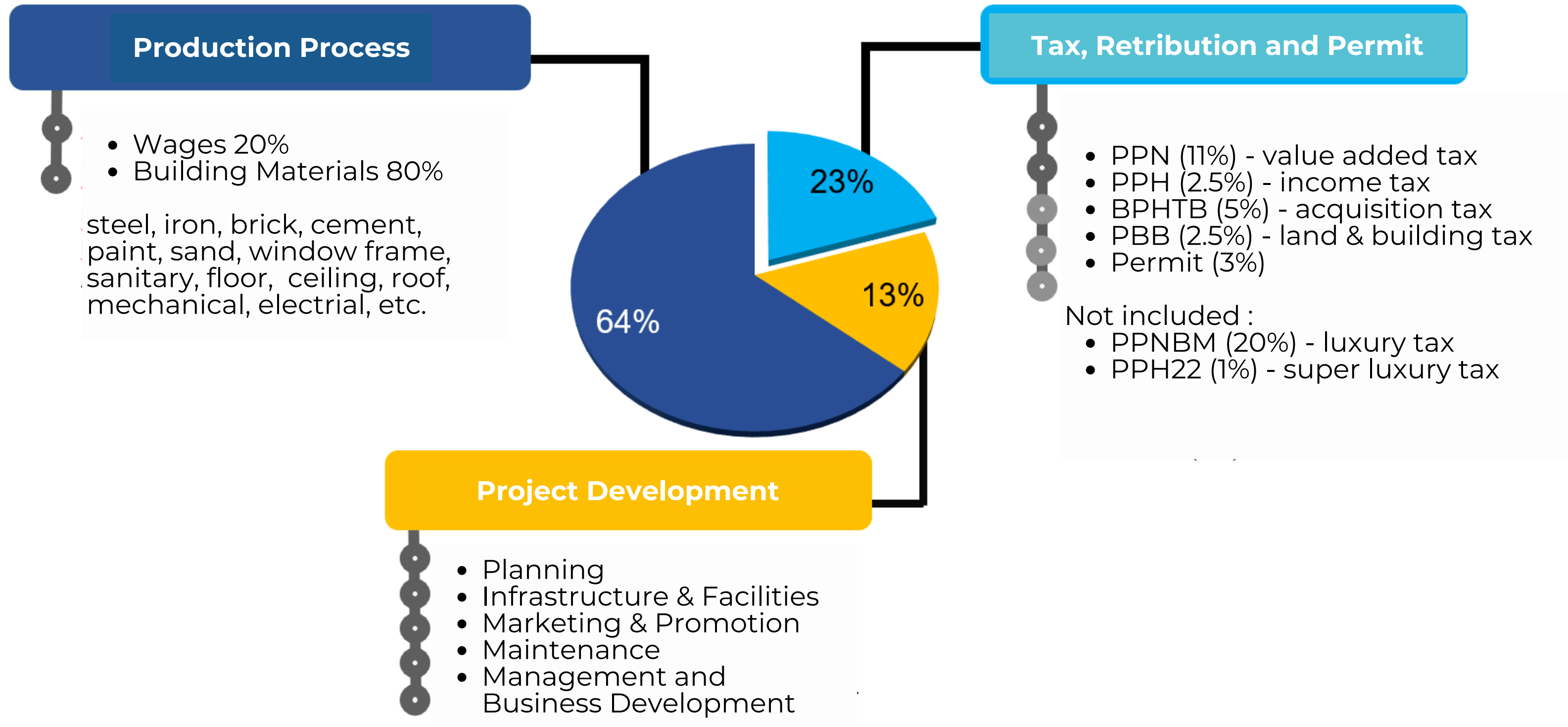
**7.8%**

Contribution to reducing poverty rates

**31.9%**

Contribution to the local-generated revenues of the provinces/regencies/cities

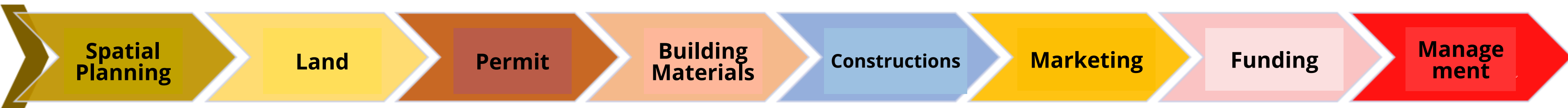
# Multiplier Effect of Property Industry



\*Buku Putih Kadin BPKPT 2021 - 2026

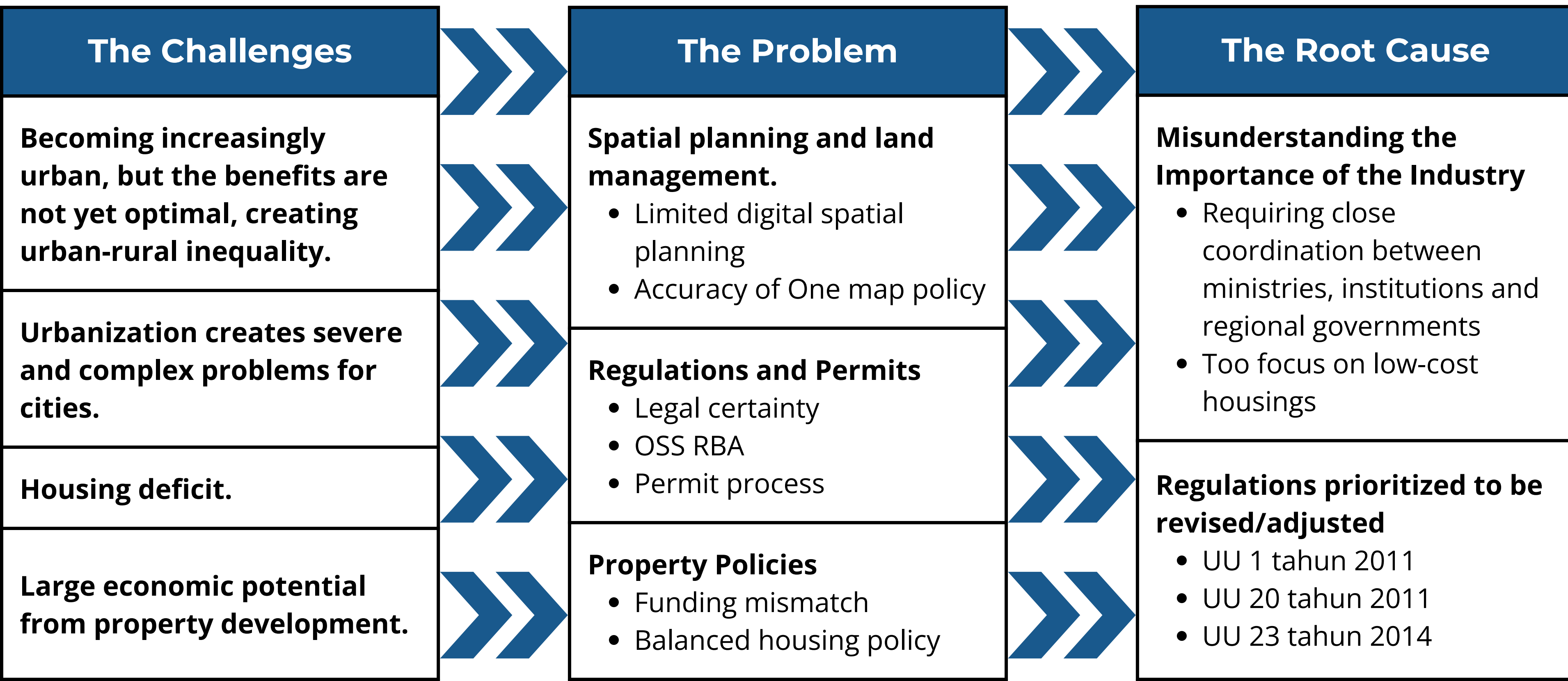
# The Ecosystem and Supply-Chain of Property Industry

## The Identification of the Property Industry Supply-Chain for Policy Improvement



- | Spatial Planning   | Land   | Permit   | Building Materials  | Constructions  | Marketing  | Funding  | Management   |
|--|--|--|---|--|--|--|--|
| <ul style="list-style-type: none"> <li>• General spatial plan</li> <li>• Regional spatial plan</li> <li>• Detailed spatial plan</li> </ul> | <ul style="list-style-type: none"> <li>• Land availability</li> <li>• Access to location</li> <li>• Land certification</li> <li>• Land procurement process</li> <li>• Legal certainty</li> </ul> | <ul style="list-style-type: none"> <li>• Ease of permit process</li> <li>• Balanced housing composition</li> </ul> | <ul style="list-style-type: none"> <li>• Building code</li> </ul> | <ul style="list-style-type: none"> <li>• Health, Safety and Environment</li> <li>• Incentive supports</li> <li>• Technical specifications</li> </ul> | <ul style="list-style-type: none"> <li>• Developer obligations</li> <li>• Consume protection</li> <li>• Brokerage standard</li> <li>• Sale &amp; purchase agreement</li> </ul> | <ul style="list-style-type: none"> <li>• Working capital</li> <li>• Mortgage</li> <li>• Tax</li> </ul> | <ul style="list-style-type: none"> <li>• Building management</li> <li>• Estate management</li> <li>• P3SRS (Resident association)</li> </ul> |

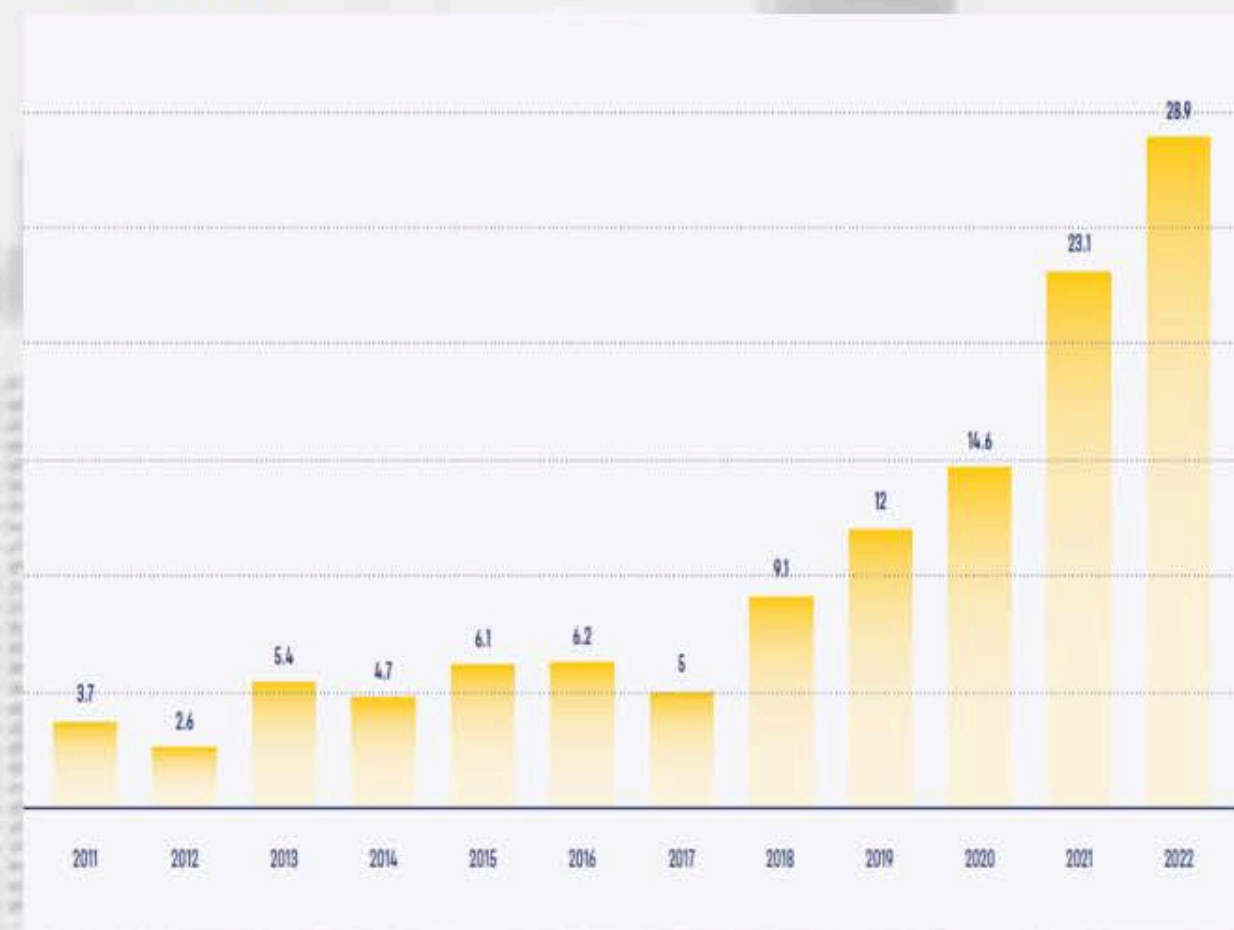
# Housing & Urban Development Challenges in Indonesia



# Housing Backlogs VS Opportunities

Indonesia is experiencing a **chronic housing deficit** which can be overcome not only by the government, but also together with the private sector.

**Housing credit subsidies have increased more than 7 times in the last 12 years**



Sumber: Kementerian PUPR & World Bank (2023)

**Government intervention has been unable to reduce the housing backlog**

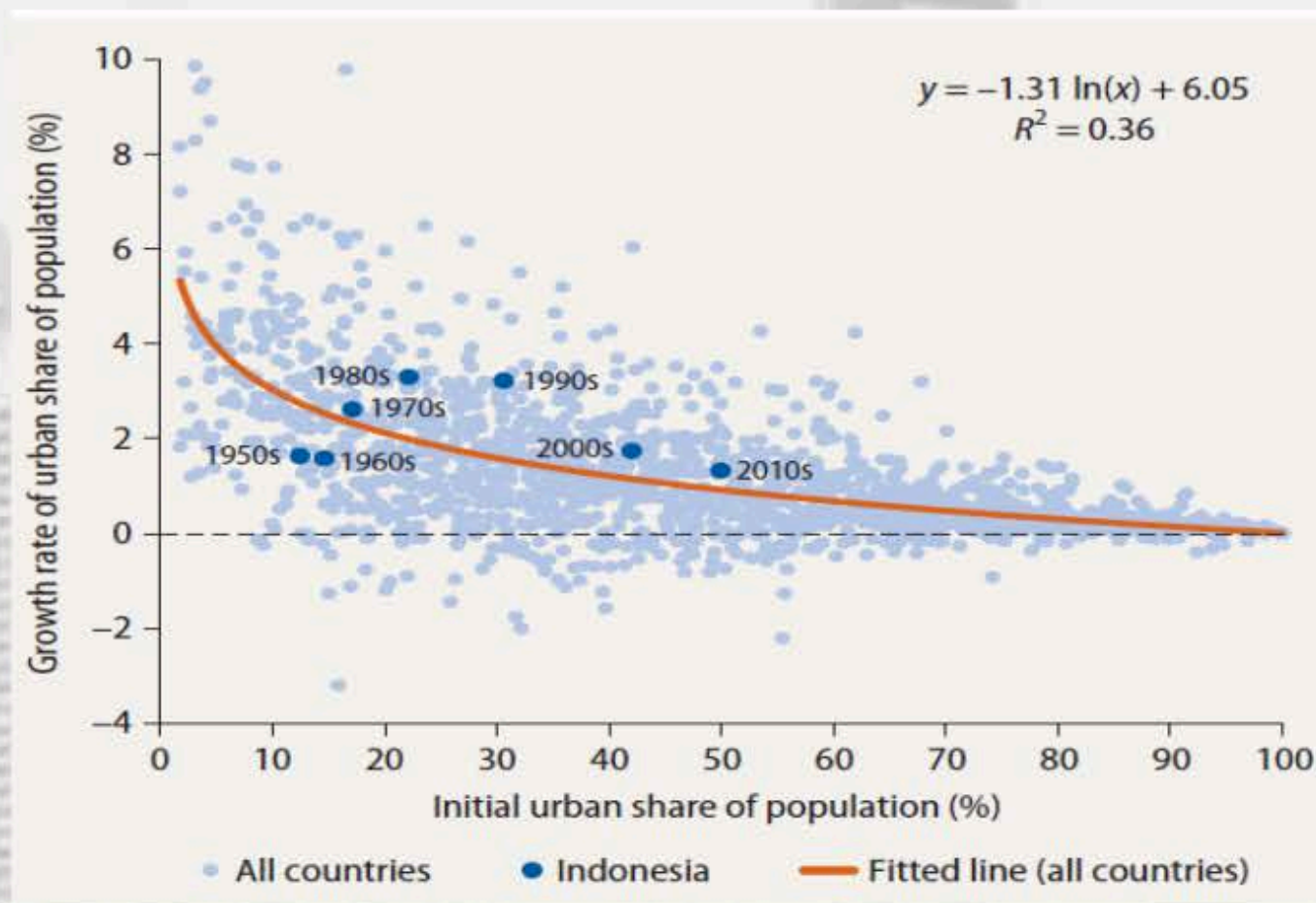


Sumber: Kementerian PUPR & World Bank (2023)

# Indonesia is Becoming “Cities”

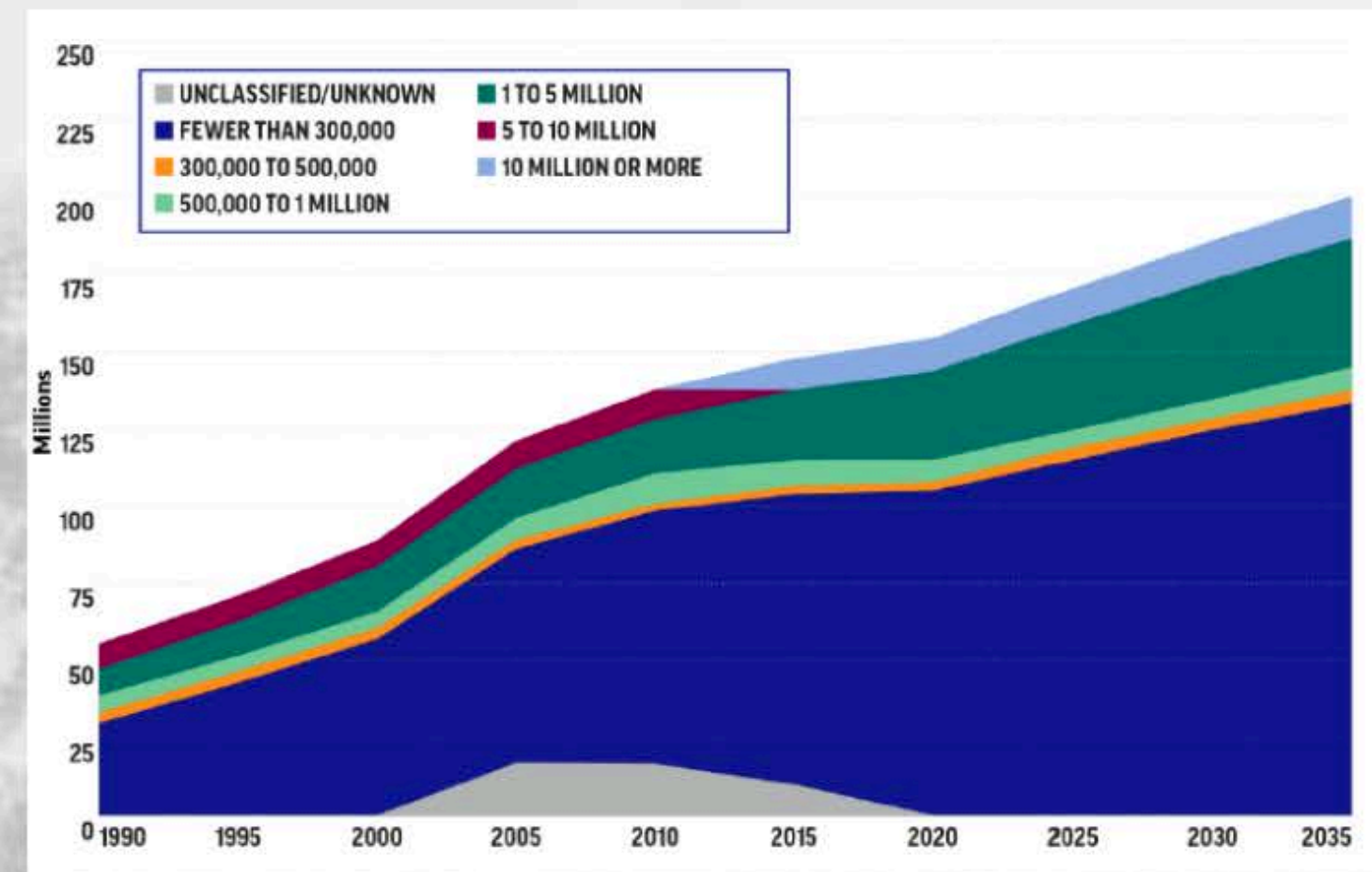
By compositions, in 2010 urban villages accounted for 20.47 percent of Indonesia's total area, becoming 35.31 percent in 2020 and increasing to 72.8% in 2045.

## Indonesia's post-2000 urbanization rate follows international patterns



Sumber: World Bank (2019)

## Number of urban residents in Indonesia, by city size, 1990-2035

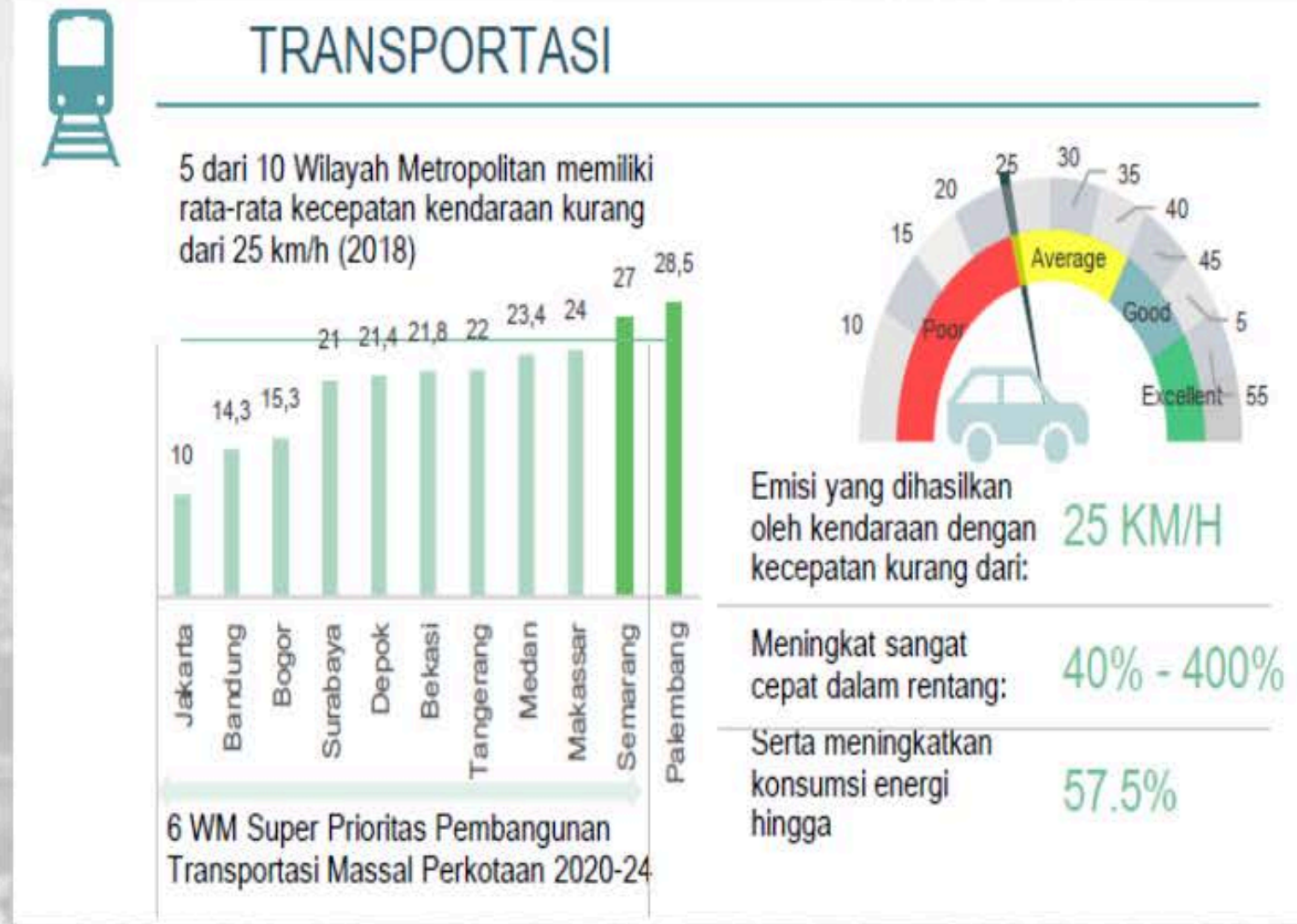


Sumber: Coalition for Urban Transitions (2021)



# Negative Impacts of Urbanization

For cities, urbanization can result in increased congestion, pollution, environmental and social degradation and an increase in slum areas.



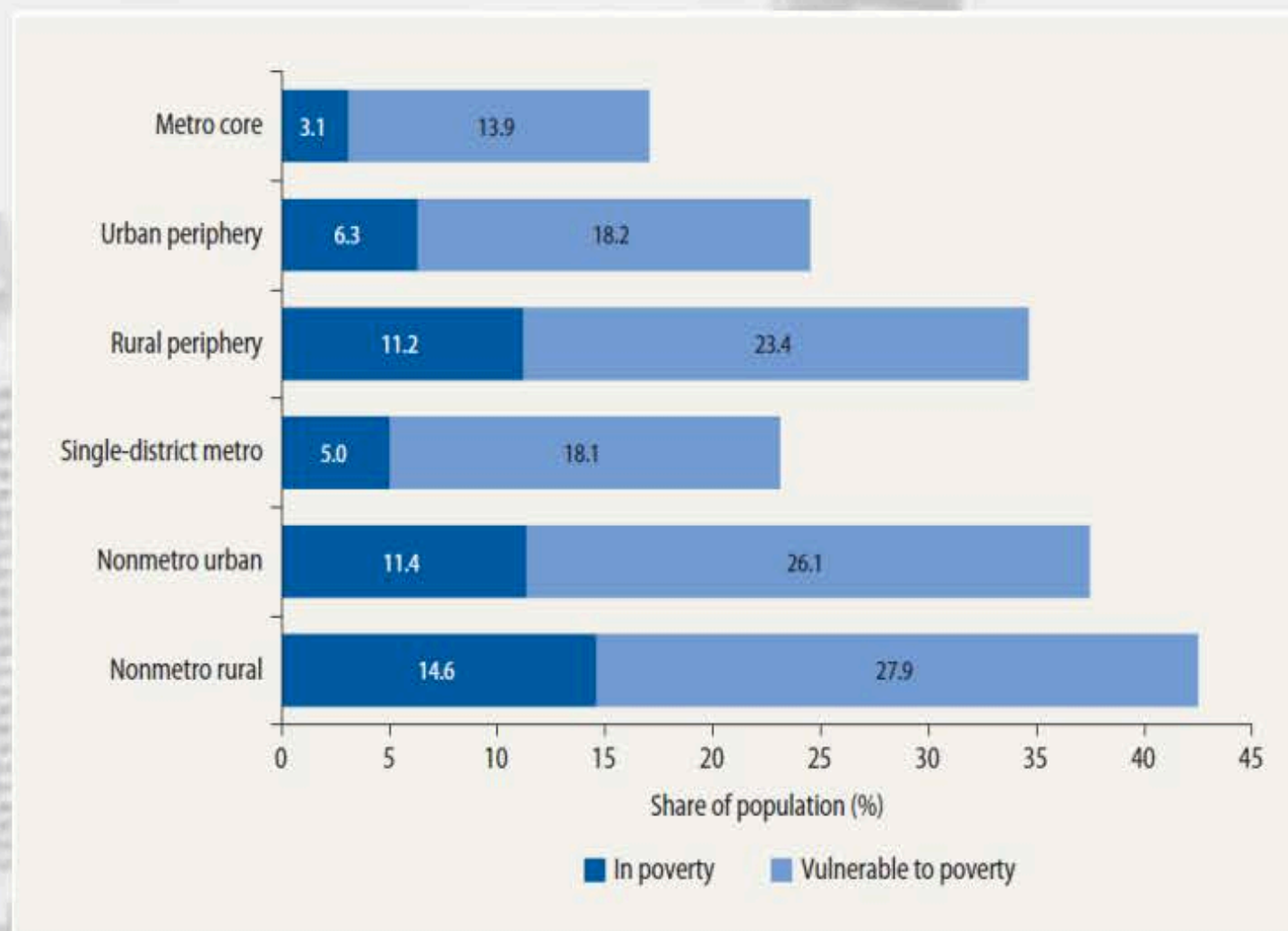
Sumber: Bappenas (2020)

# Benefits of Urbanization



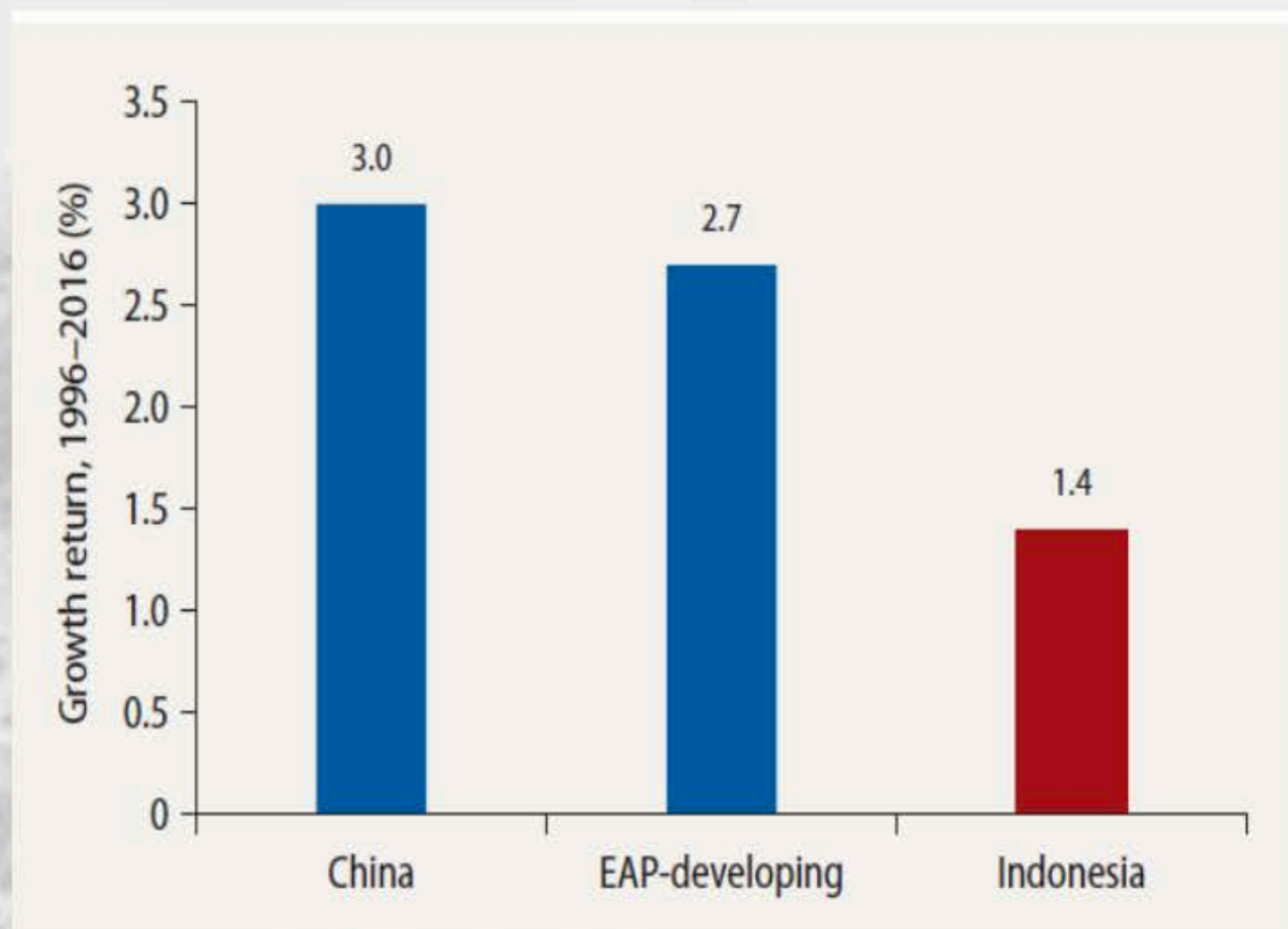
Urbanization provides many benefits, but they are not yet optimal.

## Better economic opportunities in urban areas reduce poverty rates



Sumber: World Bank (2019)

## Urbanization in Indonesia provides lower welfare compared to other countries



Sumber: World Bank (2019)

# Urban Development Goals

- The increase in the property industry's contribution to GDP can reach 20% or more by driving more than 185 related industries.
- Establishing a pattern of economic development in each province by taking into account regional potential, existing infrastructure plans and networks, and the potential industrial cooperation (prime mover to grow the economy and purchasing power of the people of each province).
- Arrangement of urban physical aspects (sanitation, energy, waste handling, management standards, green building standards, smart building standards, etc.)
- Reducing slum areas with a pattern of cooperation between the Government and Business Entities so that the level of welfare and public health also increases.
- Resolving various urban property legality problems resulting from the enactment of Law 20/2011.



# Public Housing and Urban Development are Equally Important

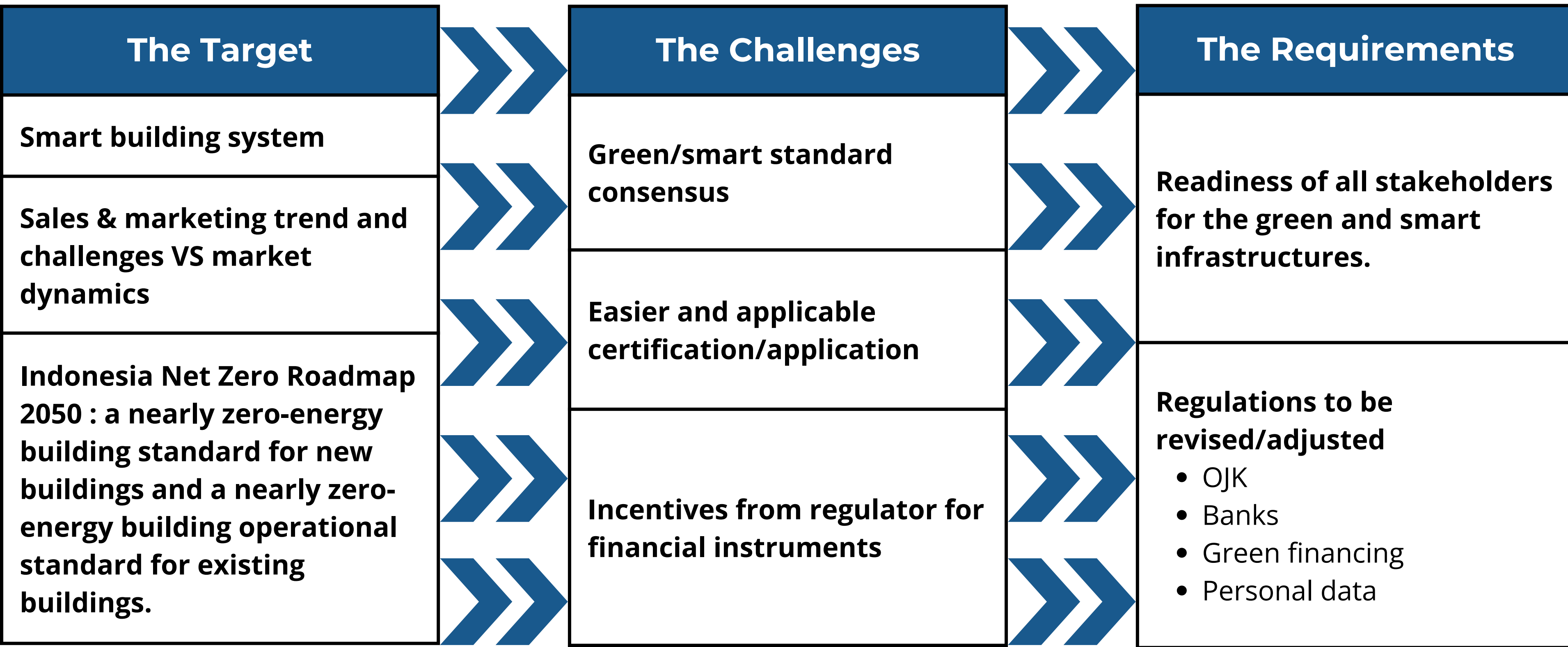


NO	PUBLIC COMPANIES	TICKER CODE	REVENUES (trillions IDR)				
			2019	2020	2021	2022	2023
1	PT Bumi Serpong Damai Tbk	BSDE	7,08	6,18	7,65	10,24	11,54
2	PT Ciputra Development Tbk	CTRA	7,61	8,07	9,73	9,13	9,25
3	PT Pantai Indah Kapuk 2 Tbk	PANI	0,22	0,17	0,28	0,58	2,16
4	PT Summarecon Agung Tbk	SMRA	5,94	5,03	5,57	5,72	6,66
5	PT Pakuwon Jati Tbk	PWON	3,98	3,77	5,71	5,99	6,20
6	PT Alam Sutera Tbk	ASRI	3,48	1,41	2,85	4,49	3,96
7	PT Duta Pertiwi Tbk	DUTI	2,46	1,72	2,18	3,02	3,86
8	PT Metropolitan Kentjana Tbk	MKPI	1,87	1,22	1,32	1,95	2,33
9	PT Metropolitan Land Tbk	MTLA	1,40	1,11	1,20	1,38	1,70
10	PT Agung Podomoro Tbk	APLN	3,79	4,96	4,26	8,66	4,68
11	PT Intiland Development Tbk	DILD	2,74	2,89	2,63	3,15	3,91
12	PT Lippo Cikarang Tbk	LPCK	1,69	1,84	1,84	1,27	1,08
13	PT Lippo Karawaci Tbk	LPKR	12,32	11,97	16,53	14,81	16,99
14	PT Jaya Real Property Tbk	JRPT	0,00	0,00	0,00	0,00	0,00
15	Low-cost housings in Indonesia*	MBR	7,60	11,23	19,57	25,15	26,32
<b>TOTAL</b>			<b>62,19</b>	<b>61,58</b>	<b>81,31</b>	<b>95,53</b>	<b>100,63</b>
% Public Companies			<b>88%</b>	<b>82%</b>	<b>76%</b>	<b>74%</b>	<b>74%</b>
% Low-cost housings			<b>12%</b>	<b>18%</b>	<b>24%</b>	<b>26%</b>	<b>26%</b>

**Public housing development and urban development, each have a very large role in the Indonesian economy so that both should be given equal attention.**

The low-cost housing data is taken from PUPR realization data through Tapera :  
<https://www.tapera.go.id/produk/realization-2023/>

# New Global Challenges : Net Zero and Technology

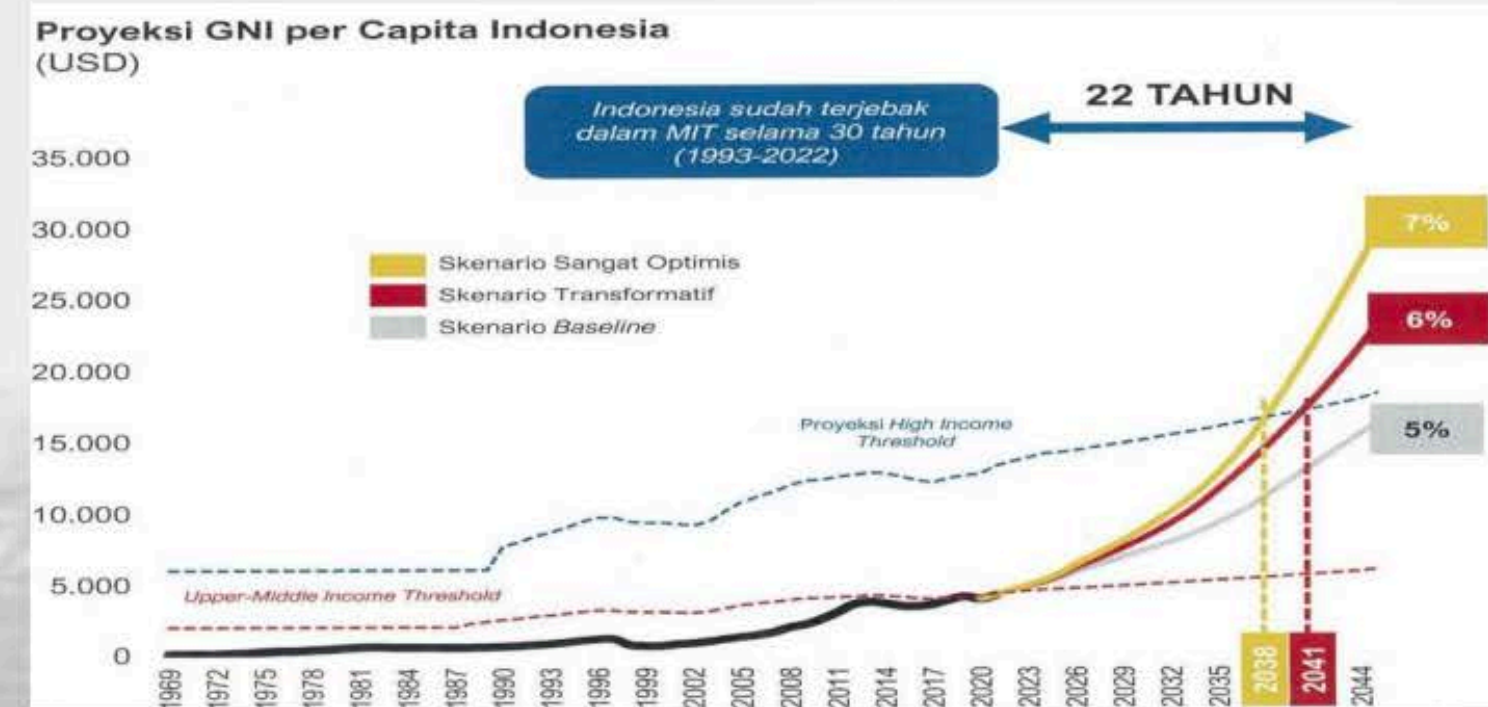


# Golden Indonesia 2045



Improving the performance of the property sector can help achieve the target of "Golden Indonesia 2045"

- To achieve the Golden Indonesia 2045 :
  - Economic growth rate by 6-7%
  - investment needs to grow by 6.8%
- The source of financing for the investment growth is not yet certain.
- Failure of growth targets is dangerous, the demographic bonus can be a disaster.
- Improvements in the property sector can increase state revenues without the need for an increase in levies.



## INDONESIA PADA TAHUN

### 2045

PDB NOMINAL  
**USD 9,8 T**

PDB  
**5 BESAR DUNIA**

GINI PER KAPITA  
**USD 30.300**

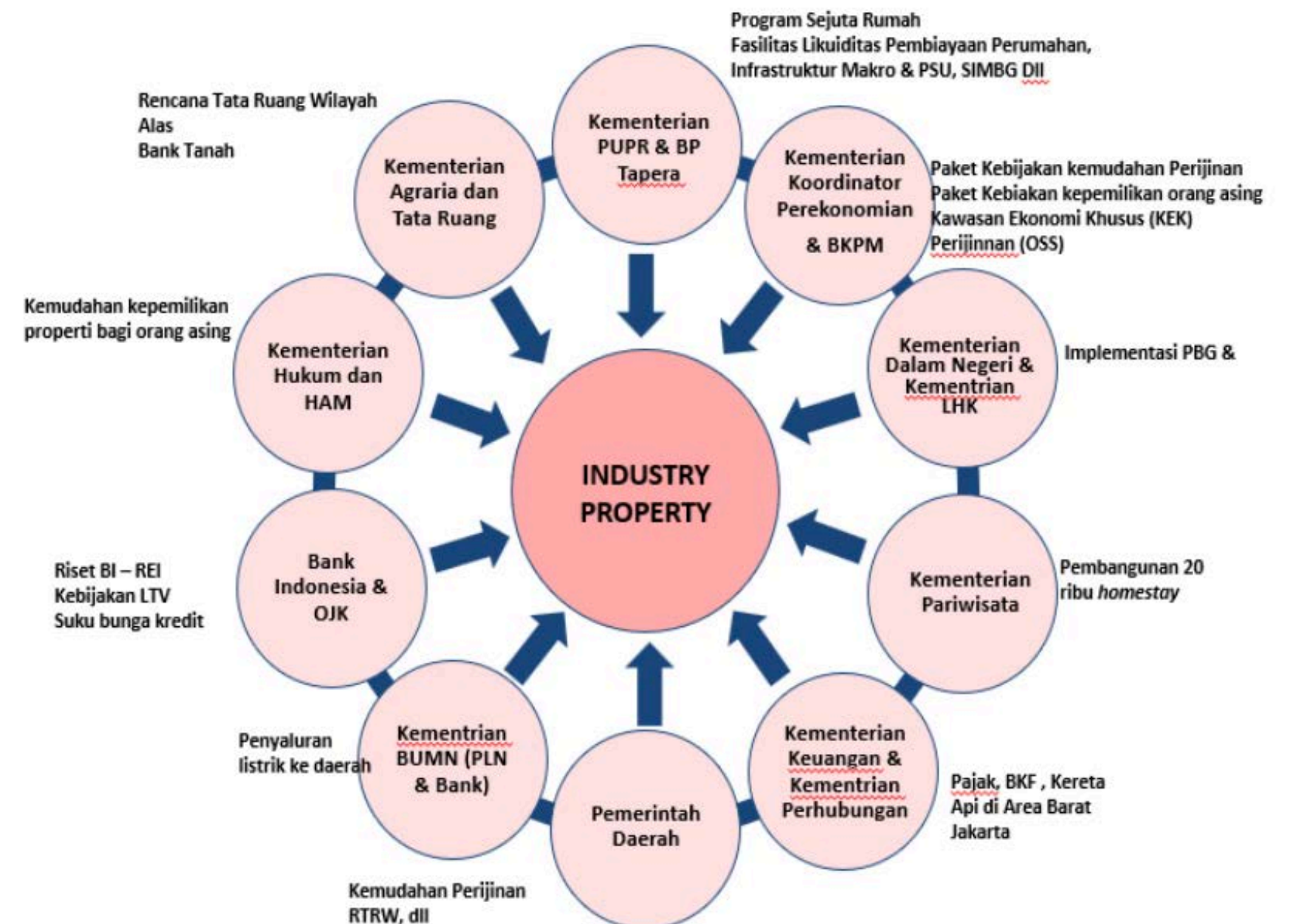
MIDDLE INCOME CLASS  
**80%**

RATA-RATA  
PERTUMBUHAN INVESTASI  
**6,8%**

ICOR  
**4,6%, PER  
TAHUN 2045**

# The Challenges in the System

- The large number of Ministries/Institutions dealing with this matter makes it difficult and causes ineffectiveness and overlapping regulations and policies related to property development and urban development.
- The property industry's broad and complex problems require strong coordination.





# Housing and Urban Development as One Institution

- **CROSS-COORDINATION.** Overcoming various coordination and institutional problems related to urban and housing development due to the status of the Ministry which has the authority.
- **PROCESS INTEGRATION.** Encouraging and supporting integration between aspects of housing development and other supporting aspects, such as financing, management, protection and supervision.
- **CAPACITY STRENGTH.** Further strengthening the portfolio, capacity for planning, development, implementation, financing, supervision and protection.
- **CENTRAL & REGIONAL GAPS.** Overcoming gaps in the role of regional governments to create mutually supportive role between the Central and Regional Governments.
- **INTEGRATED PORTFOLIO.** Creating an integrated portfolio of central government and regional government authority affairs.
- **NATIONAL STRATEGIC AGENDA.** Making housing development effective as a national strategic agenda and contributing to achieving the target of a Golden Indonesia 2045 and zero housing backlog in 2045.
- **STRATEGIC COLLABORATIONS.** Assisting in the strategic collaborations between the central government and regional governments with private developers/investors, SOEs/ROEs, and the community.
- **TRANSPARENCY & ACCOUNTABILITY.** Implementing better transparency and accountability in budget management and implementation of urban and housing development programs.



# Thank You

