

# RESIDENTIAL PROPERTY PRICE SURVEY FOR PRIMARY HOUSE



Quarter II-2022	Limited Residential Property Price Increase
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Price Index	The latest Residential Property Price Survey conducted by Bank Indonesia indicated that residential property prices posted modest annual gains in the second quarter of 2022, with the Residential Property Price Index (RPPI) rising 1.72% (yoy), relatively limited compared to 1.77% (yoy) in the previous period. Meanwhile, respondents predict further moderation to 1.53% (yoy) in the third quarter of 2022.
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Sales	In terms of sales, the latest survey indicated stronger residential property sales in the primary market, accelerating to 15.23% (yoy) in the second quarter of 2022 after contracting 10.11% (yoy) in the first quarter of 2022.
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Financing	Based on the sources of finance, the Residential Property Price Survey also showed that most developers continued to rely on non-bank financing in the form of internal funds for residential property development, dominating 64.82% of total capital in the second quarter of 2022. On the consumer side, housing loans disbursed by the banking industry remained the preferred source of financing residential property purchases, accounting for 74.97% of total financing.
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## Residential Property Prices in the Second Quarter of 2022

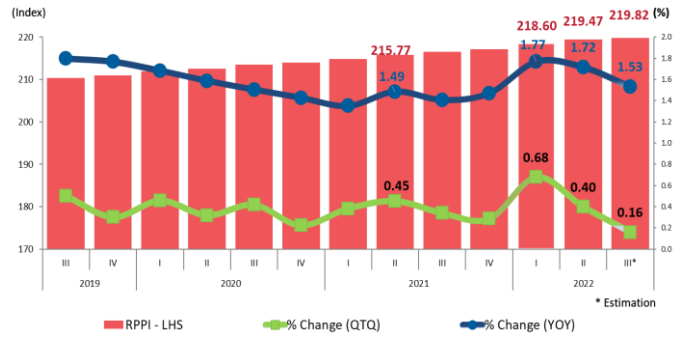
The Residential Property Price Index (RPPI) posted modest gains in the second quarter of 2022.

The latest Residential Property Price Survey conducted by Bank Indonesia indicated that residential property prices posted modest annual gains in the second quarter of 2022, with the Residential Property Price Index (RPPI) rising 1.72% (yoy), relatively subdued compared with 1.77% (yoy) in the previous period (Graph 1). Such developments were attributable to moderation affecting the prices of small houses, which decelerated to 1.55% (yoy) from 2.01% (yoy). Conversely, the prices of medium and large residences accelerated to 2.37% (yoy) and 1.23% (yoy) respectively in the reporting period from 2.18% (yoy) and 1.11% (yoy) in the first quarter of 2022 (Graph 2, Graph 3 and Graph 4). Regionally, RPPI development in the second quarter of 2022 was primarily underpinned by price indexes growth in Surabaya (1.87% yoy), Bandar Lampung (1.40% yoy) and Makassar (1.55% yoy).

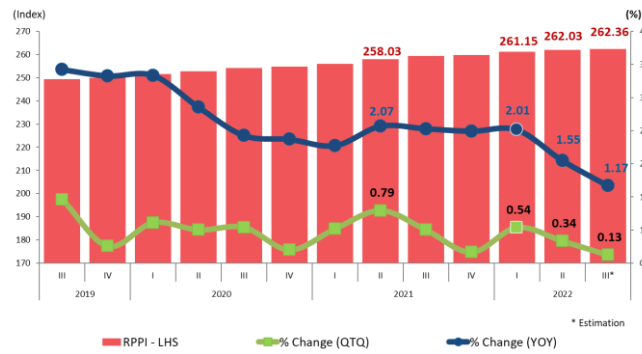
On a quarterly basis, RPPI slowed down to 0.40% (qtq) from 0.68% (qtq) in the reporting period (Graph 1), held back by broad-based moderation across all house types, particularly medium houses, for which prices only increased 0.54% (qtq) compared with 1.10% (qtq) in the first quarter of 2022 (Graph 2, Graph 3 and Graph 4). Meanwhile, RPPI movement for small and large residences downshifted in the second quarter of 2022 to 0.34% (qtq) and 0.33% (qtq) from 0.54%

(qtq) and 0.39% (qtq) in the previous period (Graphs 2 and 4). Regionally, respondents in Yogyakarta (0.36% qtq), Balikpapan (0.12% qtq) and Surabaya (0.43% qtq) confirmed weaker RPPI movement in the second quarter of 2022 (Table 2).

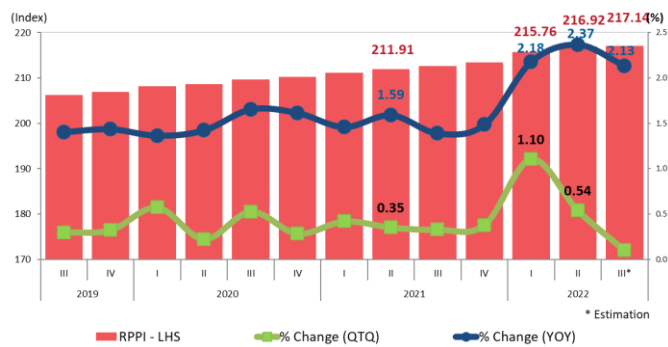
**Graph 1** Residential Property Price Index (RPPI)



**Graph 2** Residential Property Price Index (RPPI) of Small Houses

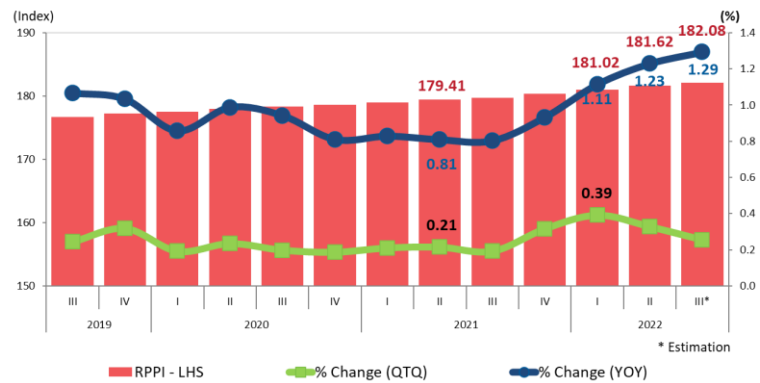


**Graph 3** Residential Property Price Index (RPPI) of Medium Houses



Graph 4

Residential Property Price Index (RPPI) of Large Houses

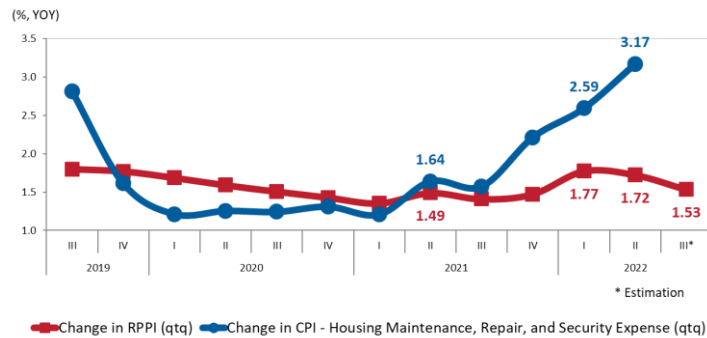


A build-up of inflationary pressures on maintenance, repair and security costs has not been fully transmitted to RPPI performance.

In the second quarter of 2022, a build-up of inflationary pressures on building materials was not fully transmitted to the annual RPPI, as indicated by an increase in the growth of maintenance, repair and security cost component of the Consumer Price Index (CPI) to 3.17% (yoy) from 2.59% (yoy) (Graph 5), compared with relatively stagnant annual RPPI growth (Graph 5).

Graph 5

RPPI and the Housing Maintenance, Repair, and Security Expenses Component of CPI (% YOY)



## Residential Property Sales in the Second Quarter of 2022

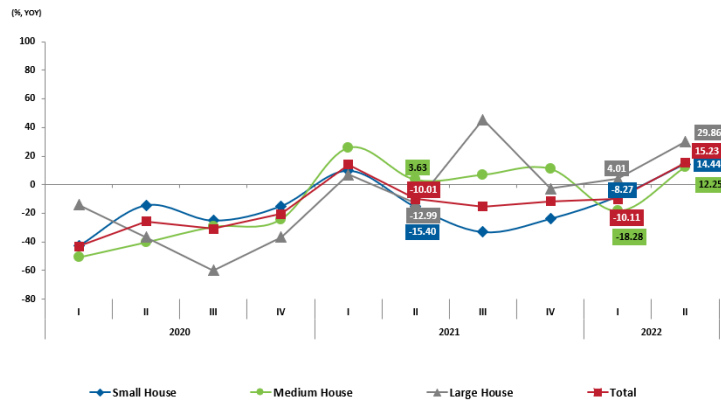
Residential property sales in the primary market were observed to improve.

According to the latest Residential Property Price Survey, annual residential property sales in the primary market accelerated in the second quarter of 2022. This was confirmed by positive residential property sales growth of 15.23% (yoy) in the reporting period after contracting 10.11% (yoy) in the first quarter of 2022. The significant improvement was driven by broad gains across all house types, led by large residences for which sales increased 29.86% (yoy), while sales of small and medium houses climbed 14.44% (yoy) and 12.25% (yoy) respectively after declining -8.27% (yoy) and -18.28% (yoy) in the previous period (Graph 6). According to the respondents, residential property sales in the primary market remain suboptimal due to several affecting factors, including: (i) higher prices of construction materials (21.38% of respondents), (ii) licensing/bureaucracy issues (15.06%), (iii) high lending rates on housing loans (11.61%), (iv) large down payment requirements on housing loan applications (11.81%), and (v) tax issues (9.56%) (Graph 7).

Annual sales gains were mainly supported by sales of medium-type house which recorded an increase of 19.55% (qtq) in the reporting period after contracting 20.05% (qtq) in the first quarter of 2022 (Graph 9). Meanwhile, quarterly sales of small and large houses decelerated in the second quarter of 2022 to 10.11% (qtq) and -0.53% (qtq) respectively after increasing 14.88% (qtq) and 6.52% (qtq) in the previous period.

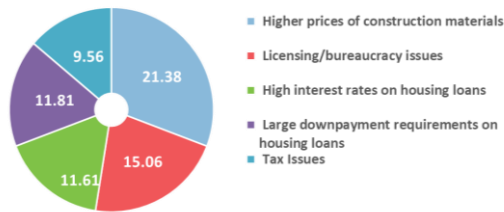
Graph 6

Property Sales Growth (% YOY)



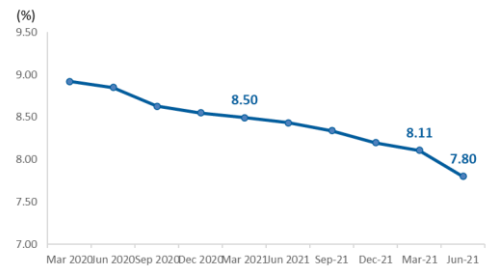
Graph 7

Factors Undermining Residential Property Sales Growth (%)



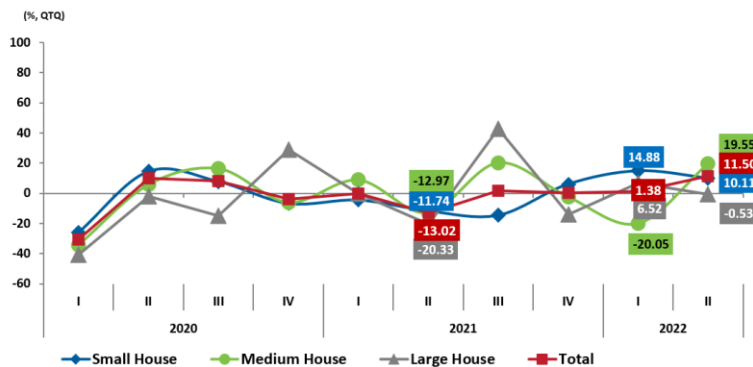
Graph 8

Average Mortgage Rates (% per year)



Graph 9

Property Sales Growth (% QOQ)



## Residential Property Price Expectations for the Third Quarter of 2022

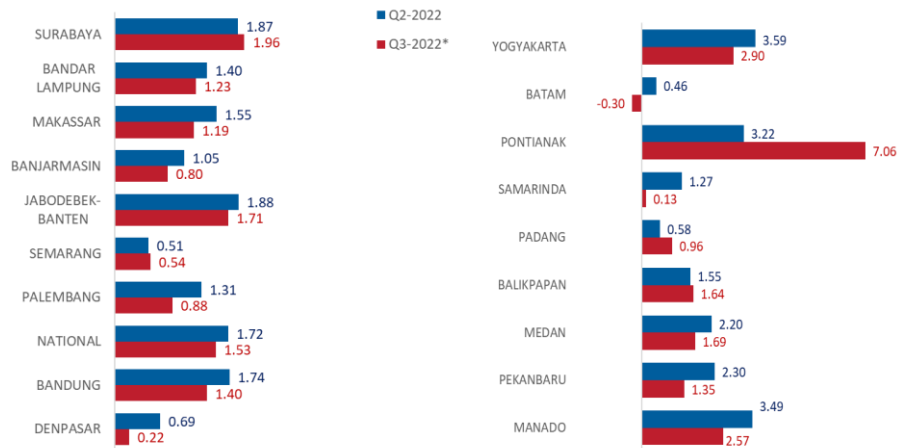
Respondents still predict restrained increase of residential property prices in the third quarter of 2022.

Respondents still predict restrained increase of residential property prices in the third quarter of 2022, with the Residential Property Price Index (RPPI) moderating to 1.53% (yoy) from 1.72% (yoy) in the previous period, yet improving from 1.49% (yoy) in the third quarter of 2021 (Graph 1). Respondents expect moderation to impact small and medium houses, retreating to 1.17% (yoy) and 2.13% (yoy) respectively from 1.55% (yoy) and 2.37% (yoy) in the reporting period, contrasting rising prices of large residences at 1.29% (yoy) compared with 1.23% (yoy) in the previous period (Graph 2, Graph 3 and Graph 4). Regionally, respondents in most surveyed cities anticipate moderation in the third quarter of 2022, particularly in Mando, Pekanbaru and

Medan, where residential property prices are expected to decelerate to 2.57% (yoy), 1.35% (yoy) and 1.69% (yoy) from 3.49% (yoy), 2.30% (yoy) and 2.20% (yoy) in the second quarter of 2022 (Graph 10).

On a quarterly basis, respondents also predict restrained increase of residential property prices in the third quarter of 2022 at 0.16% (qtq), down from 0.40% (qtq) in the second quarter of 2022 (Graph 1). Respondents expect slower price movement across all house types at 0.13% (qtq), 0.10% (qtq) and 0.25% (qtq) for small, medium and large houses, respectively (Graph 2, Graph 3 and Graph 4). Survey respondents expect lower prices in Manado and Samarinda to impact house prices overall in the third quarter of 2022.

Graph 10 Estimated Annual Residential Property Prices Increase in Quarter III-2022 by Region (% , YOY)



\*) estimation

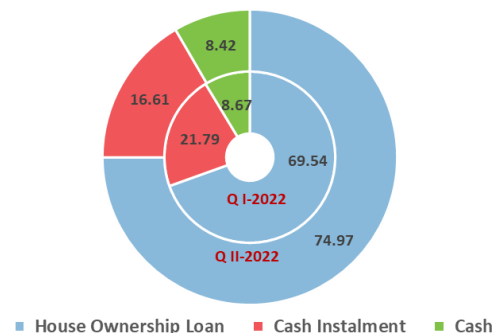
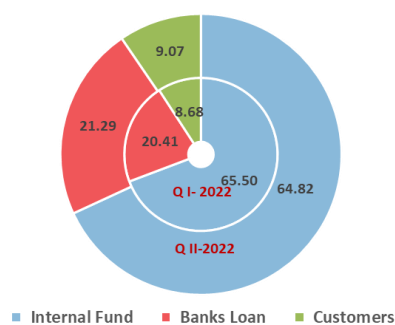
## Residential Property Financing

Property developers continued to rely on internal funds, while consumers favoured housing loans.

In the second quarter of 2022, property developers continued to rely on internal funds as the primary funding source for residential property development, accounting for 64.82% of total capital, followed by bank loans (21.29%) and consumer payments (9.07%) (Graph 11). The composition of internal funds was dominated by retained earnings (48.19%), followed by paid-up capital (46.96%).

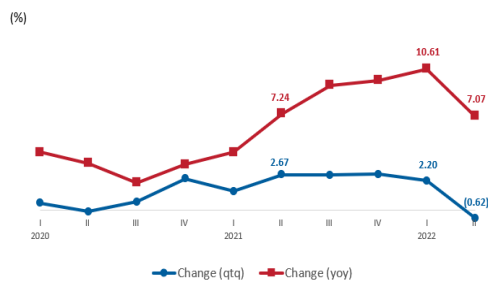
On the consumer side, housing loans remained the preferred form of financing for residential property purchases, dominating 74.97% of the total, followed by cash instalments (16.61%) and cash (8.42%) (Graph 12).

Graph 11 Source of Residential Property Developer Financing (% of capital)      Graph 12 Source of Consumer Financing for Residential Property Purchase (% of Purchasing Consumer)

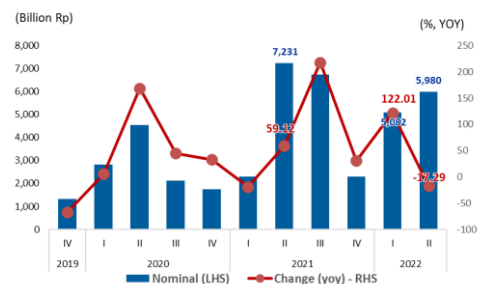


Annually, growth of housing and apartment loans disbursed by the banking industry moderated in the second quarter of 2022 to 7.07% (yoy) from 10.61% (yoy) in the previous period. On a quarterly basis, however, growth of housing and apartment loans slipped into negative territory at -0.62% (qtq) from 2.20% (qtq) in the previous period (Graph 13). Totalling Rp5.98 trillion, Housing Financing Liquidity Facility (FLPP) disbursements in the second quarter of 2022 contracted 17.29% (yoy), down significantly from 122.01% growth in the previous period (Graph 14).

**Graph 13** Growth of Housing and Apartment Loan      **Graph 14** Annual Growth of Housing Financing Liquidity Facility (FLPP)



Source: Monthly Report of Commercial Bank



Source: Public Housing Savings Management Agency







Table 3

Housing Financing Liquidity Facility (FLPP) Disbursements in 2022

*(Second Quarter 2022)*

PROVINCE	UNITS	FLPP (RP)
ACEH	247	26,034,206,250
BALI	2,315	244,062,253,303
BANTEN	1,345	142,843,777,166
BENGKULU	1,469	153,590,538,600
DAERAH ISTIMEWA YOGYAKARTA	1,822	193,413,898,650
DKI JAKARTA	3,216	341,826,983,197
GORONTALO	468	46,306,220,700
JAMBI	989	104,725,078,500
JAWA BARAT	620	68,735,566,875
JAWA TENGAH	1,057	116,953,412,459
JAWA TIMUR	-	-
KALIMANTAN BARAT	16,069	1,822,466,729,325
KALIMANTAN SELATAN	3,286	347,261,207,250
KALIMANTAN TENGAH	80	8,246,565,000
KALIMANTAN TIMUR	3,020	317,133,287,655
KALIMANTAN UTARA	3,752	425,452,387,425
KEPULAUAN BANGKA BELITUNG	501	59,550,676,500
KEPULAUAN RIAU	719	85,643,857,500
LAMPUNG	267	35,190,780,000
MALUKU	1,824	209,808,255,750
MALUKU UTARA	976	113,409,431,250
NUSA TENGGARA BARAT	1,989	230,430,373,973
NUSA TENGGARA TIMUR	524	60,623,525,475
PAPUA	161	18,706,732,500
PAPUA BARAT	655	71,771,596,125
RIAU	795	88,458,607,500
SULAWESI BARAT	2,327	259,205,161,451
SULAWESI SELATAN	1,084	120,604,384,128
SULAWESI TENGAH	211	23,324,947,500
SULAWESI TENGGARA	940	104,610,765,000
SULAWESI UTARA	11	1,285,140,000
SUMATERA BARAT	166	19,666,500,000
SUMATERA SELATAN	478	56,744,440,500
SUMATERA UTARA	410	62,409,982,500
<b>TOTAL</b>	<b>53,793</b>	<b>5,980,497,270,007</b>



## METHODOLOGY

The Residential Property Price Survey is conducted on a quarterly basis with a sample of major developers in 16 cities, namely Jabodebek and Banten, Bandung, Surabaya, Semarang, Yogyakarta, Manado, Makassar, Denpasar, Pontianak, Banjarmasin, Bandar Lampung, Palembang, Padang, Medan, Batam, and Balikpapan. In the first quarter 2018 survey, there were an additional 2 cities namely Pekanbaru and Samarinda, bringing the total cities surveyed to 18 cities. Data collection is conducted face to face covering residential sale price, residential unit built and sold in the corresponding quarter, as well as expected residential sale price in the following quarter. Since the first quarter of 2018, the method of calculating residential property sales was changed from accumulated sales to sales during the quarter under survey.