iCIF 2026
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QUANTUM
INDONESIA

# INDONESIA CONSTRUCTION INSIGHTS AND FORECAST 2026

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# *Transforming Businesses Through Trusted Partnerships!*

**Quantum Mitra Solutions (QMS)** is a trusted transformation partner committed to helping organisations in Indonesia grow with clarity, resilience, and purpose. With deep local understanding and strong regional networks, the firm supports clients across key sectors—energy, construction, technology, and finance—by providing strategic consulting, market insights, leadership development, and impactful industry programmes.

What sets Quantum Mitra Solutions apart is its collaborative way of working. The firm embeds closely with client teams to ensure that strategies are not only well-designed but genuinely implemented and sustained. Its solutions are practical, insight-driven, and tailored to the realities businesses face on the ground.

**In the construction industry, Quantum Mitra Solutions plays a unique role in bringing together architects, consultants, contractors, and wider industry players. By building a shared knowledge base and strengthening connections across the sector, the firm helps raise industry standards, encourage innovation, and support the development of built environments that enrich communities across Indonesia**.

Human-centred in its approach and strategic in its execution, **Quantum Mitra Solutions is dedicated to empowering people, strengthening industries, and contributing to Indonesia's broader journey of transformation.**

# ICIF 2026 - Leaders

**Cahyono – Lead Economic Strategist & Market Intelligence Specialist**
With deep roots in Indonesia's economic, construction, and infrastructure sectors, Cahyono decodes complex datasets and transforms them into meaningful, actionable intelligence. His ability to interpret macroeconomic indicators, policy developments, sectoral movements, and regional disparities underpins this report. As the principal economist, he develops the frameworks that drive the 2026 outlook—ensuring each projection is both technically rigorous and strategically aligned to real-world market behaviour. His insights help stakeholders to see beyond the numbers to the structural forces shaping Indonesia's next phase of growth. Cahyono is **an Economics graduate from Gadjah Mada University.**

**Candice – Editorial Architect & Content Strategist**
Candice plays a pivotal role in translating dense, highly technical analysis into a clear, compelling, and accessible report. Bringing deep expertise in media strategy, purpose-driven communication, and analytics-informed content development, she designs the narrative flow that guides readers through the complexities of the 2026 forecast. Her editorial leadership goes beyond refinement—she helps to build a coherent ecosystem of insights. Her meticulous curation shapes the report into a cohesive, authoritative reference that stakeholders can navigate with confidence into the broader context behind the 2026 outlook. Candice holds a Second-Class (Upper) **Honours degree in English from the National University of Singapore**.

**Anton – Built Environment Media Lead & Strategist**
Anton brings a critical industry lens that connects the report's economic analysis with the realities of the construction, design, and built environment sectors. With over two decades of experience in editorial strategy and cross-market media leadership, he ensures the report resonates with professionals who operate at the intersection of business, development, and innovation. He helps to ensure that the report remains directly applicable to industry decision-makers. Anton also shapes its strategic positioning, aligning it with broader market conversations and making the insights not just informative but also timely, relevant, and actionable for stakeholders across Indonesia and the region. Anton is **a graduate in Architecture from Universitas Katolik Parahyangan (Unpar)**.

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***Let this report serve as a foundation for informed decision-making and continued growth!***

**Thank you!**

**QMS TEAM**

***In the middle of every difficulty lies opportunity. – Albert Einstein***

# Executive Summary

Indonesia's construction industry is entering 2026 with a stronger footing after two years of cautious growth. The sector is increasingly shaped by three forces:

1. **The government's push for strategic infrastructure.**
2. **The acceleration of renewable energy development.**
3. **The evolving needs of Indonesia's residential, industrial, and tourism markets.**

**National construction value is expected to rise by a more decisive 6.5% YOY in 2026**, signalling renewed momentum. Over the two years, the market delivered a CAGR of approximately 3.6%, confirming that the sector is entering a healthier expansion cycle.

**Infrastructure projects development remains the backbone of 2026 growth plans**. Similarly, the government will continue to channel resources into transportation corridors, affordable housing programs, and the development of IKN Nusantara.

The large-scale energy projects—solar, hydropower, geothermal, and battery storage—add a new layer of long-term investment certainty, with more than 17 GW of solar and 11 GW of hydropower capacity planned through 2034. These investments are already translating into construction demand, helping to offset the drag from global economic slowdowns and tariff-related uncertainties.

Industrial construction remains one of the standout performers, growing from IDR 67,927 billion in **2024 to IDR 86,654 billion in 2026, which translates into achieving a strong 12.9% CAGR**. Logistics hubs near airports, major port cities, and outer-ring Jakarta corridors are seeing particularly heavy activity. Developers are simultaneously pushing forward in healthcare, hospitality, and data centre infrastructure, with the digital sector alone targeting 250 MW of new data centre capacity over the next two years.

Residential construction is showing balanced, broad-based growth across all segments, including landed homes, apartments/flats, and subsidised housing. Integrated townships are emerging as the core engine of future residential expansion, combining housing with retail, transport nodes, and lifestyle amenities.

While the outlook remains positive, the industry continues to face many structural challenges. Skilled labour shortages affect active projects, regulatory approvals remain slow, and material costs are elevated due to inflation and global supply chain pressures. The widening infrastructure funding gap adds further challenges to growth plans, creating urgency for blended financing and deeper collaboration between public and private sectors.

**Taken together, Indonesia's construction landscape in 2026 is defined by steady recovery, strategic investment, and a shift toward long-term, future-ready assets—from renewable energy to modern manufacturing, logistics and resilient urban communities.**

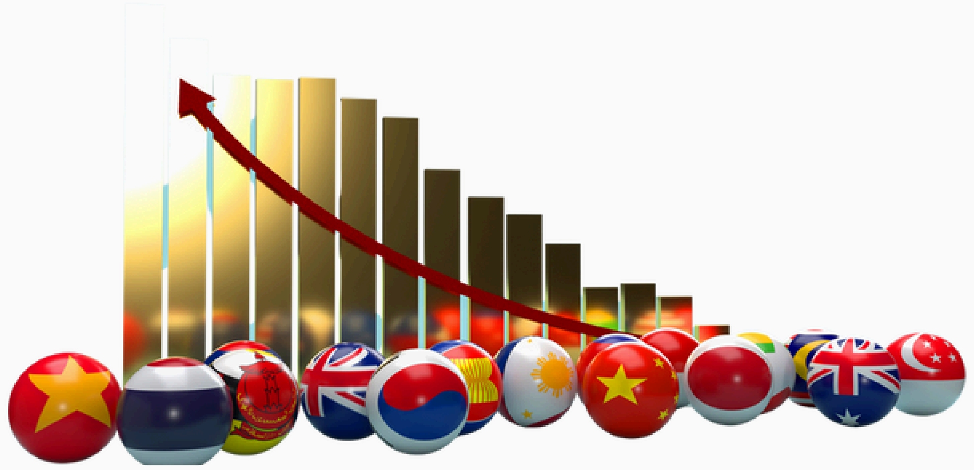
***The momentum of 2026 reflects more than investment; it reflects belief: in cleaner energy, stronger communities, and an Indonesia ready to shape its own future with intention and courage!***

# CONTENT



***Indonesia is not just building structures in 2026; it is building confidence, possibility, and a brighter future for millions. Every new project is a reminder of how far the nation can rise when growth and purpose move together!***

# ASEAN Economic Outlook



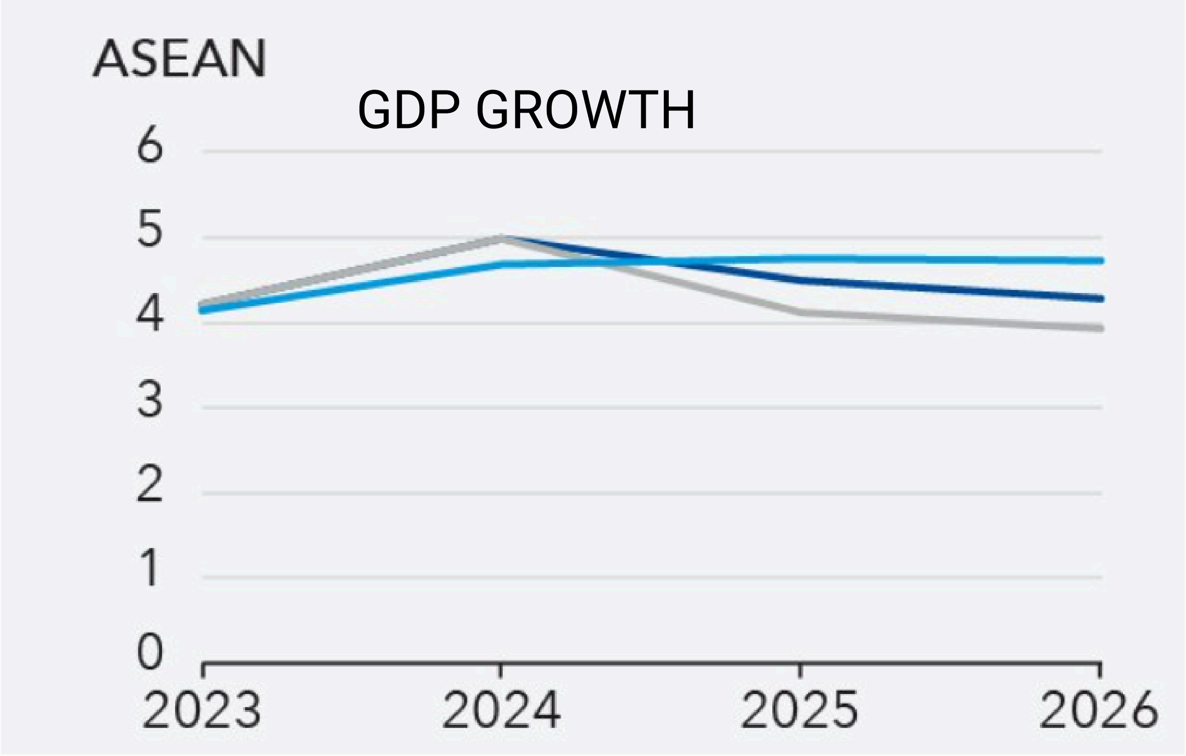
ASEAN nations are in the midst of a massive makeover: modernising their economies, improving infrastructure, and navigating global shifts in trade, technology, artificial intelligence, and sustainability.

At the heart of it all is the construction sector, fuelling growth with **major transport links, renewable energy projects, data centres, and city-building projects** that tie the region together and make it more resilient against whatever comes next.

In addition, ASEAN rolled out the AEC Strategic Plan 2026–2030, greenlit by leaders at the 46th Summit this year.

For the construction Industry, this means a fresh surge of opportunities: more cross-border teamwork, supply chain development, cash flowing into eco-friendly, durable builds, and everyone getting on the same page with standards and ways of doing things that will shape ASEAN's landscape through to 2030.

**For ASEAN to reach its goal of ranking as the world's fourth-largest economy by 2030, the region will need to maintain steady annual growth in the range of 4% to 5%.**




Source: iMF 2025

**Developing Asia's growth projections were revised downward to 4.5% for the year 2026**

## GDP GROWTH OVERVIEW

| | |
|---|---|
| 3.1% | Global (F) |
| 4.1% | Asia (F) |
| 4.5% | Developing Asia (F) |
| 4.3% | Southeast Asia (F) |

# Regional Economic Overview

## 6 KEY FACTORS THAT WILL SHAPE 2026 CONSTRUCTION IN ASEAN

### 01. Policy, Fiscal & Monetary Environment

Asian Development Bank (ADB) has trimmed its growth forecasts for developing Asia at **4.5 % in 2026,** citing a weakening external environment and tighter global financing conditions.

### 02. Domestic Demand & Structural Rebalancing

With external headwinds mounting, more weight is being placed on domestic consumption and investment. i.e., monetary and fiscal policy adjustments, and investment in local infrastructure development.

### 03. Global Trade Tensions & Tariffs

The impact of tariffs is not uniform. Slower or more uncertain FDI could delay or scale down industrial park construction, factory projects, and large commercial builds. Construction firms will need differentiated strategies.

### 04. Digital Transformation & Smart Technologies

More projects will leverage digital construction for better planning, reduced rework, and transparent collaboration, improving overall efficiency, cutting risk, and shortening delivery cycles.

### 05. Supply-Chain Risk & Material Cost Pressure

Construction in ASEAN is exposed to volatility in material costs (e.g., steel, cement) and supply-chain disruptions. Rising freight costs, import dependencies, and raw-material price swings all weigh on project margins in 2026 .

### 06. Skilled Labour & Green-Digital Workforce

A critical barrier to advancing the construction sector in ASEAN is the severe shortage of qualified professionals, especially those skilled in green building techniques and digital technologies.

# Indonesia Economic Outlook

## Q4 OF 2025

The Indonesian government has rolled out an economic stimulus package (around IDR3 billion) to boost momentum in the **final quarter of 2025.**

Indonesia's economy is expected to gain positive momentum in the fourth quarter, supported by festive spending, infrastructure work, and the stimulus package. In addition, lower interest rates and government outlays are set to lift activity, though the full-year growth target of **5.2%** still looks out of reach.

However, to meet the expected growth target, the economy would need to expand about 5.4 % in Q4, an ambitious target after slowing household consumption and weaker foreign investment. While **exports remain steady, imports and private investment have softened, leaving domestic capital as the main growth driver**.


## 2026 OUTLOOK

### INFLATION

The inflation forecast for Indonesia in 2026 is still steady and well within the desired range. With the help of stable food and energy prices and careful monetary management, Bank Indonesia projects headline **inflation to be around 2.62%**. Price pressures should be lessened by the government's emphasis on supply chain enhancements, social assistance initiatives, and price monitoring systems.

### INTEREST RATE

Monetary policy is expected to remain supportive of economic growth and expansion in 2026. Throughout 2025, Bank Indonesia has already reduced interest rates twice in response to easing inflation and a more stable global outlook. **If price pressures remain within the central bank's target range, further rate reductions could follow**. The purpose of these approaches is to boost borrowing and investment to expedite growth. In particular, they will be a supportive step for businesses planning to grow after a few cautious and challenging years. Credit growth is also expected to increase under current conditions, reaching 8% to 12% in 2026, slightly higher than last year, signalling renewed confidence among companies and consumers.

### GDP

Indonesia's economic growth in 2026 is expected to remain stable despite the global and ASEAN headwinds. It will be driven by strong domestic demand and targeted fiscal programs. **Bank Indonesia projects growth of 4.7% to 5.5% (more cautious)**, while the Ministry of Finance expects growth of 5.2% to 5.8%. If fiscal stimulus and investment momentum strengthen, Indonesia will be able to exceed these targets.

# Indonesia Economic Outlook

## INDONESIA ECONOMY

### 1 Monetary Policy and Economic Stability

Through disciplined central bank policy, Indonesia aims to maintain manageable inflation levels, which helps anchor consumer and investor expectations.

### 2 Accelerated Housing and Infrastructure Development

Boosting urban-rural linkages and middle-class expansion: The first is the scale and continuity of public investment

### 3 Credit Growth Expansion

Its banking system aims to i ncrease lending, especially to p riority sectors like housing and i nfrastructure. By easing liquidity r ules, regulators are ensuring that b anks can direct more credit to p roductive uses.

### 4 Downstream Industrialization/ Value-Added Processing

Indonesia's shift from raw commodity exports to high-value manufacturing by investing in mineral processing hubs. Indonesia is also ramping up renewable projects

### 5 Inflation Management

Aims to maintain manageable inflation levels, which helps anchor consumer and investor expectations. Such stability encourages long-term investment.

### 6 Support for Inclusive Growth

Recent government budgets emphasise poverty reduction, human resource quality, and expanded social programs- ie. well-timed social transfers and school-meal expansions support consumption immediately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# Residential Sector Overview

# RESIDENTIAL SECTOR

Property developers are moving forward with measured confidence, introducing fresh cluster-home developments that cater to a broad market segment, from fIrst-time residential buyers stepping onto the ladder to those prioritising lifestyle over everything else.

At the heart of it all, they know the winning formula has not changed: affordability paired with lifestyle draw and a smart location still moves the needle on demand.

The real engine behind future market momentum: integrated townships. These thoughtfully planned communities are not just churning out varied product types: landed homes, apartments, mixed-use spaces, but are weaving together entire ecosystems: parks, transit nodes, retail precincts that keep sales flowing long-term.

## 2026 OUTLOOK

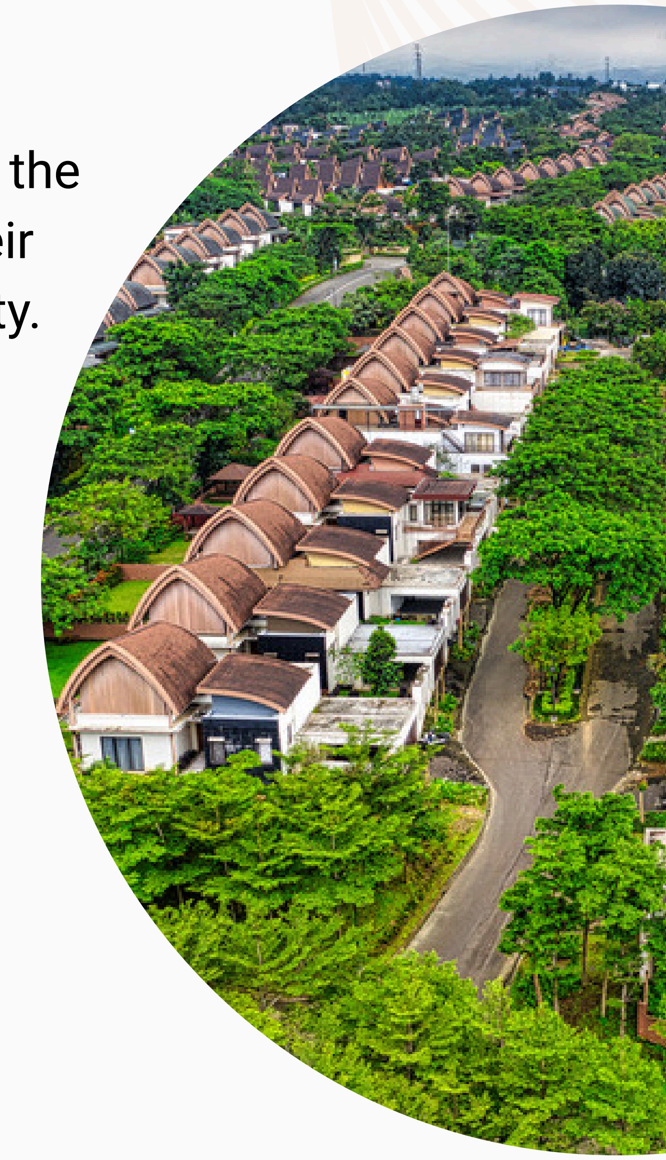
*Indonesia's residential growth in 2026 will be driven less by volume and more by value, with luxury and lifestyle-oriented developments!*

Strategic partnerships are the new power play. The landowners teaming up with developers in joint ventures, or financial heavyweights aligning with builders—these alliances are how firms scale fast, open untapped segments, stay ahead as the market shifts, and manage labour and material challenges.

However, the outlook is clear: younger buyers are all in on ownership. For them, the suburbs or city-edge precincts hit the sweet spot, which are cheaper than city centres. One of their priorities is to be richer in space, amenities, and connectivity.

## Newly launched clusters

- **Altadena at Paramount Gading Serpong**
- **Enamaste Collection at Park Serpong**
- **Botanic Villa at Navapark BSD City**
- **Elvara at Legenda Wisata Cibubur**
- **The Forestine at Citra Garden City**
- **Ivora at Summarecon Bandung**
- **Dovia at Grand Wisata Bekasi**
- **Riverie at Shila Sawangan**
- **Burgundy at Rancamaya**
- **Sicilia at Citra City Sentul**
- **Philo at Sutera Rasuna**



# RESIDENTIAL SECTOR

Leading national developers, including Ciputra Group, Agung Sedayu, and Sinarmas Land, are strategically reallocating resources to high-margin, low-volume projects. The luxury and high-end segments demonstrate greater resilience to interest rate fluctuations and slower price depreciation than middle-market housing.

Bali's growing appeal as a global luxury hotspot is being driven by a wave of boutique developers. These smaller, often foreign-backed firms are rolling out highly exclusive projects—think limited-edition villas, branded residences, and wellness-centric estates—catering specifically to high-net-worth buyers from Australia, Singapore, and Europe.

In Jakarta and Surabaya, well-regarded developers are steadily bringing buyers back to high-rise apartments. They are doing it by carefully introducing new units within their proven mixed-use developments and integrated townships—focusing on compact, high-quality residences that combine practical layouts, real exclusivity, and easy access to the city's top business and lifestyle hubs.

Batam and Bali are investment-friendly cities, with streamlined legal processes for property purchases.

## Project sectors for each province in 2026

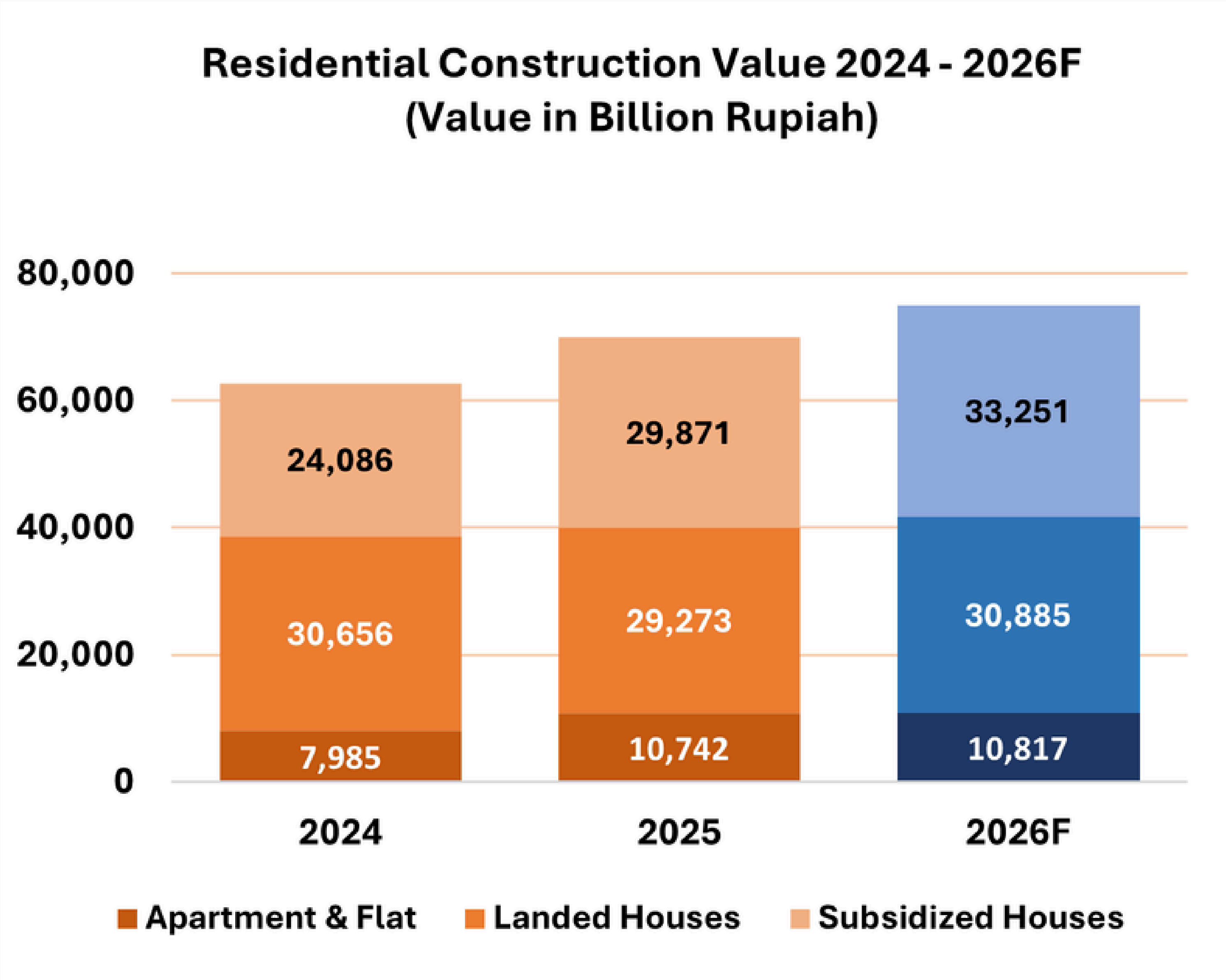
- **West Java: Family-oriented suburban housing, build-to-rent for commuters, starter townhouses.**
- **East Java: Workforce rental apartments, transit-adjacent mid-rise, co-living and affordable worker housing.**
- **Central Java: Small-to-medium units, affordable condos, low-rise townhouses and urban renewal projects.**
- **North Sumatra: New townships & gated communities near Medan, tourism-linked villas, mass housing.**
- **Banten: Commuter townships, rent-to-own schemes, transit-oriented developments near Tangerang.**

## Newly launched apartments

- **Bumi Residences by Pakubuwono- PIK 2**
- **Kota Kasablanka Phase 4 - Mall & Apartment**
- **Pakuwon Mall Phase 5 - The Dawson Tower**
- **The Longhouse Collective – Pantai Mutiara**
- **The Ease Canggu Villa & Apartment**
- **Karma Kandara Phase VI - Ungasan**
- **The Bay Lampung- Beluga Tower**
- **S Walk Biz Lot & Apartment Batam**
- **The Pentagon Apartment – Tj Uma**
- **Azure Exchange – Sukajadi**
- **Talun Apartment - Belian**

*The policy on value-added tax (VAT) exemption has a significant impact on the maintenance of sales of landed properties, but unfortunately has a negligible effect on the increase in sales of apartments.*

# RESIDENTIAL SECTOR




Indonesia's residential construction market shows a much clearer lift in 2026, after a softer increase in the previous year. **Total construction value rises from IDR 69.89 trillion in 2025 to IDR 74.95 trillion in 2026, translating into year-on-year growth of about 7.25%.**

**RESIDENTIAL SECTOR GROWTH FORECAST FOR 2026 IS PROJECTED AT = 7.25%**

**CAGR : 9.3%**

What drives this rise is the broad improvement across all housing types. **Subsidised housing sees the biggest jump, moving from IDR 29.87 trillion to IDR 33.25 trillion**, reflecting strong demand from first-time and lower-income buyers.

**Landed houses also move up from IDR 29.27 trillion to IDR 30.89** trillion, confirming that horizontal homes remain the preferred option for many Indonesian families.
Even the apartment and flat segment edges up slightly—from **IDR 10.74 trillion to IDR 10.82 trillion**—showing that urban housing demand in Jakarta, Surabaya, Bali and Batam continues to hold steady.

Looking at the full period from 2024 to 2026, the numbers point to a sector that is not only expanding but doing so more consistently. Residential construction grows from **IDR 62.73 trillion in 2024 to IDR 74.95 trillion in 2026, delivering a CAGR of roughly 9.3%**

# RESIDENTIAL SECTOR

Most major property developers reported strong sales performance through the third quarter of 2025. This growth was driven by the favourable impact of newly launched properties—particularly landed houses on their year-end financial targets.

Bank Indonesia (BI) has recorded a 7.2% year-on-year (yoy) increase in credit allocation for KPR and KPA property loans in September 2025, indicating stability following the 7.1% yoy growth observed in August 2025.

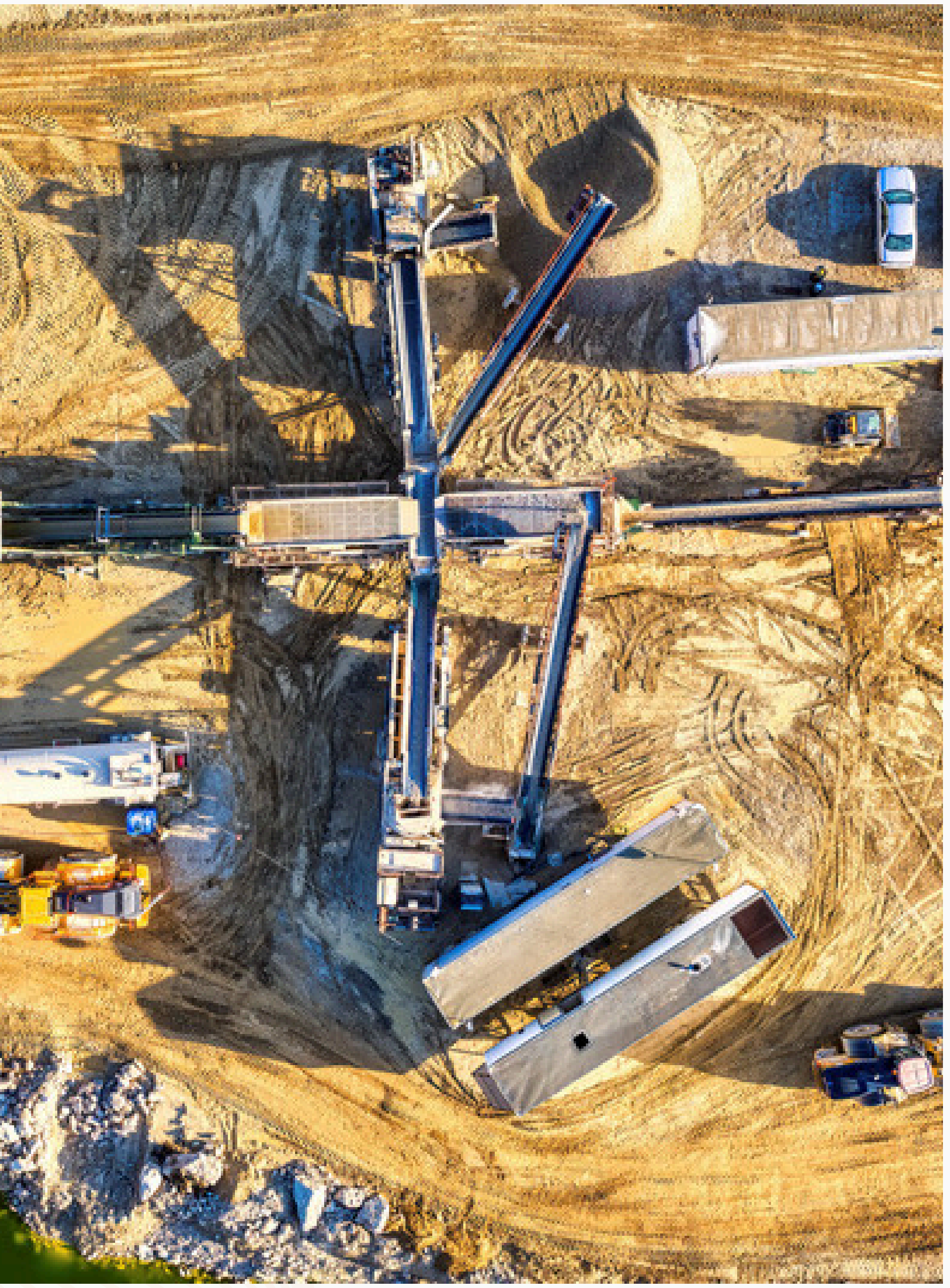
The two banking institutions had distributed the most substantial FLPP-subsidised housing loans, amounting to a combined total of IDR 34.6 trillion. Specifically, Bank BTN had disbursed 142,749 units, while Bank BNI had disbursed 109,000 units.

## Spearheading the initiatives

- **Property developers are at the forefront of accelerating efforts to increase housing supply and address affordability challenges, largely due to the significant presence of REI and APERSI members across the country.**
- **The Ministry of Housing has a 2026 strategic plan for the Self-Help Housing Stimulant Assistance (BSPS) program to renovate 406,457 housing units across coastal, urban, and rural areas, with a total budget amount of IDR 8.90 trillion.**

## 3 KEY TAKEAWAYS

1. **Affordable Housing Push:** The government's RPJMN plan and FLPP subsidies are making homeownership real for everyday Indonesians: first-time buyers are finally getting a foot on the ladder.
2. **Smart Cities on the Rise:** With cities expanding fast, smart-city projects are transforming places like Jakarta and Surabaya into hubs of sleek, connected apartments and townships.
3. **Supportive financing policies**: Relaxed rules for foreign buyers plus attractive housing incentives have everyone, buyers and developers alike, feeling upbeat about 2026.



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# Industrial Sector Overview

# INDUSTRIAL SECTOR

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## Re-industrialization as 'Game Changer'

**Industrial estates and Special Economic Zones (SEZs)** are widely considered engines for industrial and economic growth. Its position is highly targeted in attracting investment, developing infrastructure, streamlining regulations, creating jobs, promoting exports, and encouraging agglomeration effects.

Indonesia has a total of **25 Special Economic Zones** (SEZs), of which seven are on Java and the remaining **18 are outside Java** and are intended for downstream projects based on natural resources.

Indonesia has adopted a cluster-based industrialisation approach in developing its industrial zones. The total investment realisation, encompassing both domestic and foreign direct investment, grew by 13.7% annually from January to September 2025.

**Strengthening downstream processing in the plantation sector,** with a particular focus on the processing of raw commodities like palm oil and sugarcane into higher-value products such as oleo-food, oleochemicals, bioenergy (bioethanol and biodiesel), and other finished goods.

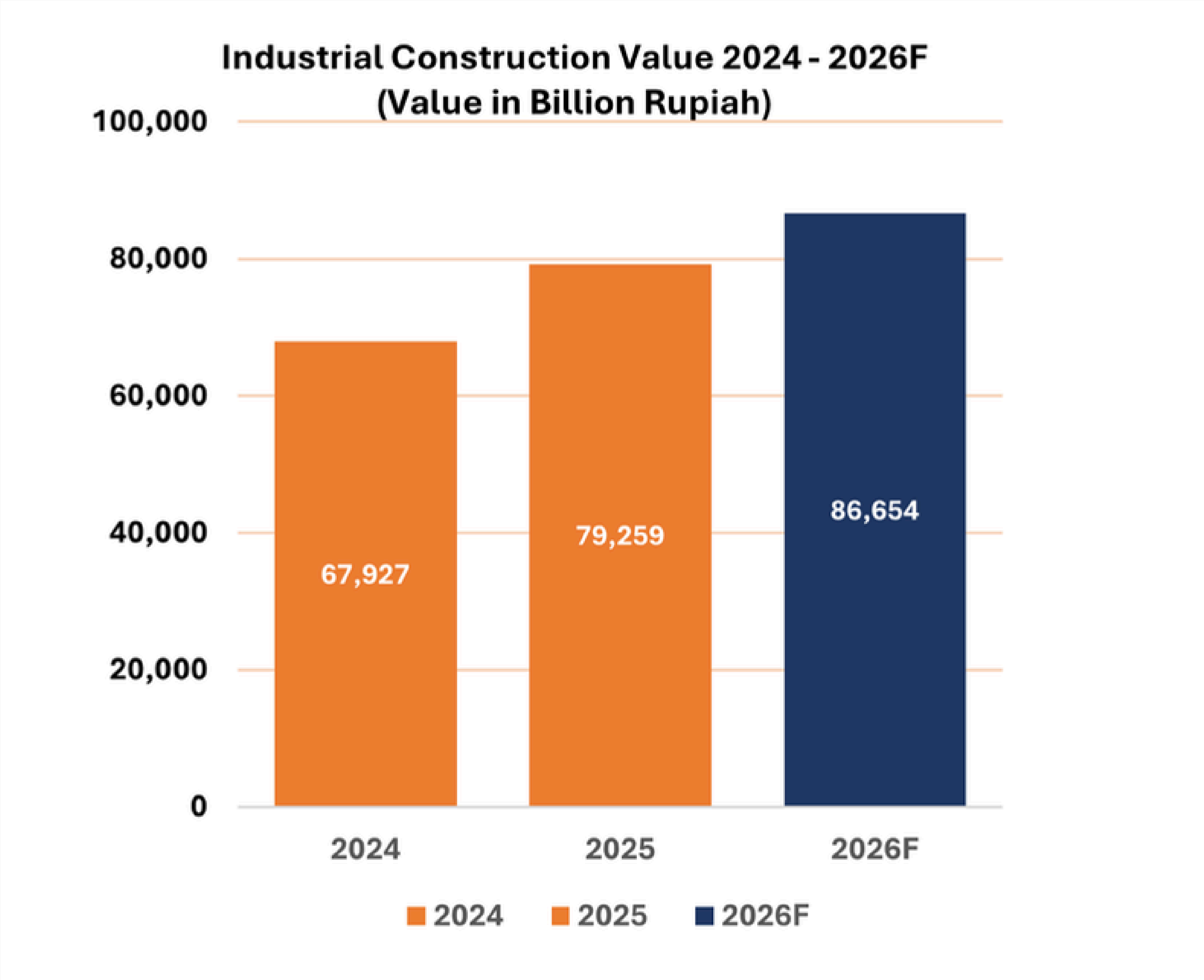
The government has designated **44 industrial estates as national strategic projects**. Sumatra Island has the largest number of these projects, with 14 industrial areas, followed by Java Island and Kalimantan Island, which have 11 and 8 industrial areas, respectively.

## The highest investment SEZs

- JIIPE Gresik SEZ: Metal mineral processing, heavy industry, and petrochemical industries, with a variety of derivative products.
- Kendal Industrial Park SEZ
- BatangIndustroolis SEZ
- Textiles and fashion, furniture, food and beverage, automotive, electronics, and renewable energy.

- Danantara plays a pivotal role in national industrialisation by managing and optimising assets to encourage strategic investment, particularly in the following sectors: downstreaming, energy, renewable energy, health, and technology.
- Furthermore, the responsibility for the restructuring and merger process for the SOEs, aimed at streamlining the organisation into a more efficient, focused, and globally competitive structure underpinned by a novel business model, is also highlighted.

# INDUSTRIAL SECTOR




The numbers point to a market that continues to expand. Industrial construction reaches **IDR 67,927 billion in 2024, rises to IDR 79,259 billion in 2025, and moves further to IDR 86,654 billion in 2026.**

**INDUSTRIAL SECTOR GROWTH FORECAST FOR 2026 IS PROJECTED = 9.3%**

**CAGR : 12.9%**

The year-to-year gains are clear. The jump from 2024 to 2025 adds IDR 11,332 billion, and the increase from **2025 to 2026 adds another IDR 7,395 billion**. Both reflect a sector that continues to attract investment, even as the pace naturally eases as the base grows.

**Across the full period, the market delivers a solid CAGR of about 12.9%,** which is strong for a sector so closely tied to global trade cycles. The resilience comes from ongoing expansion in manufacturing capacity, continuous demand for logistics hubs, and long-term commitments in energy and processing industries.

Taken together, the trend shows a sector that stays on course despite external pressures. Industrial construction remains a pillar of Indonesia's growth story, and the **outlook suggests it will continue to reinforce the country's economic momentum through 2026.**

# INDUSTRIAL SECTOR

**The manufacturing sector** is estimated to have contributed 18.67% to GDP this year, with projections indicating that this figure will exceed 20% by 2026. Indonesia's Manufacturing PMI (Purchasing Managers' Index) has shown a steady improvement and remains above **50 in the expansion zone**, following several months of contraction.

**Gresik** will continue to be developed into a hub for industrial downstreaming; meanwhile, the industrial areas in **Batang and Kendal** Industrial are encouraged to develop an ecosystem focused on labour-intensive industries. **Batang Industropolis SEZ** has signed numerous Commercial Land Utilisation Agreements (PPTK), which include specific development commitments from tenant companies regarding investment value, land utilisation and projected construction and commercial operation timelines.

## Serang - Banten

- Sumber Kosmetika Indah (SKI) Alfa group
- Tjong Chun International PT
- Fujikura Kasei Indonesia PT
- Shinjin Tex Indonesia PT
- Yarindo Fatmatama PT
- Amtra Electric PT
- Sino Packer Global PT
- Indotara Persada PT

The 1,200-hectare **Kendal Industrial Estate (KIP) SEZ** is currently undergoing its second phase of expansion to accommodate more investors. The first phase of development is almost fully occupied, with the remaining land allocated for residential and commercial facilities.

The focus of Subang and Karawang is **on high-tech and electricity-intensive manufacturing industries**, including the ecosystem for electric vehicle (EV) battery production, pharmaceuticals, electronics manufacturing and renewable energy.

## Newly launched manufacturing

- Hormel Pronas Nusantara PT
- Woodpark Mebel Indonesia PT
- Novatex Industry Indonesia PT
- ISNI Teknologi Konstruksi Indonesia PT
- Simba Indosnack (Combiphar Group)
- LBM Energi Baru Indonesia Batang PT
- JJD Outdoor Products (Yotrio Group)
- Victory Utama Beton (VUB) PT
- Cinlong Culinary Indonesia PT
- Jingxing Weiss Indonesia PT
- Elite Electrical Indonesia PT
- Bolisca Foodindo PT
- Wasa Kharisma PT

## Kendal

- Aucma Indonesia PT
- Godrej Consumer Products PT
- HSG Material Indonesia PT
- Shuhan Packaging Technologies PT

## Jakarta - Karawang - Subang

- Everpro Indonesia Technologies
- Prima Surya Medtech PT
- Smoothway New Energy PT
- Ducksan. Co. Ltd
- Nippon Metal Work PT
- House Foods Indonesia
- KCF Indonesia PT
- Kemas Surya Teknovasi PT
- Kyokuto Indomobil Manufacturing PT

# INDUSTRIAL SECTOR

Major developers are aggressively expanding their operations in the modern logistics and warehousing sector, and they have now established a strong and visible presence throughout Jakarta's outer ring network, with particularly notable activity in the eastern and southern areas.

Astra Property has strengthened its position as a significant player before acquiring two key logistics companies, as part of a broader plan to expand in the industrial and logistics infrastructure sector. Furthermore, the company established the Cibinong Logistics Hub, on a site spanning nine hectares.

Sinar Primera is currently developing a multi-purpose warehousing complex, SPIN, which will include dry warehouses, cold storage, and flexible build-to-suit solutions tailored to the needs of tenants across sectors.

Airport-proximate warehousing is highly advantageous for businesses requiring reduced transit times, faster customs clearance, and potentially lower transportation costs. The Aero Bizhub Pajang and Duta Indah Starhub projects are the newest multi-purpose warehousing complexes near Soekarno-Hatta Airport.

The growth of the BizParkarea offering multi-functional warehouses is driven by the conversion of warehouses into modern commercial spaces that serve not only as storage but also as offices or light production facilities. Bizparkis is located in an industrial area to foster an efficient, complementary business ecosystem.

The Patimban deep seaport is fast becoming a cornerstone of export logistics and industrial growth. The Patimban Industrial Estate, a subsidiary of the Barito Pacific Group, spans 1,200 hectares and boasts a prime location adjacent to the seaport.

## Large-scale industrial estates

- Subang Smartpolitan
- Patimban Industrial Estate
- Jatiluhur Industrial Smart City
- Intan Industrial Park Karawang
- DC Olympus (Wings Group) Purwakarta
- DC Wings Sorolangun Jambi
- DSO Djarum Warehouse Bengkulu

## 3 KEY TAKEAWAYS

1. **Strategic SEZ and industrial estate expansion is driving high-value industrialisation and downstream processing.** ***(Manufacturing is projected to exceed 20% of GDP by 2026, and investment realisation is growing at 13.7%)***
2. **Logistics and warehousing are rapidly modernising, creating critical nodes for supply chain efficiency.**
3. **Infrastructure-linked zones (ports, EV and high-tech clusters) are shaping future competitive advantage.**

# Commercial Sectors

| Office & Data Centre | Retail Sector | Hospitality Sector | Healthcare Sector |
| --- | --- | --- | --- |
| 01 | 02 | 03 | 04 |

# Office Sector Overview

# OFFICE SECTOR

## Turning Point in 2026

The office sector is showing a gradual recovery, but oversupply remains a significant issue, particularly for older, non-green-certified buildings. In addition, this is exacerbated by hybrid work.

There is ongoing downsizing and relocation as companies optimise for efficiency, especially in a still-tenant-favoured market.

Significant reductions to the Regional Transfer Funds (TKD) budget for 2026 will have a crucial effect on local government projects, the provision of basic public services and infrastructure development financing.

The limited development of new commercial office space is having a favourable influence on the market, thereby assisting it in transitioning towards a potentially more stable new equilibrium of supply and demand.

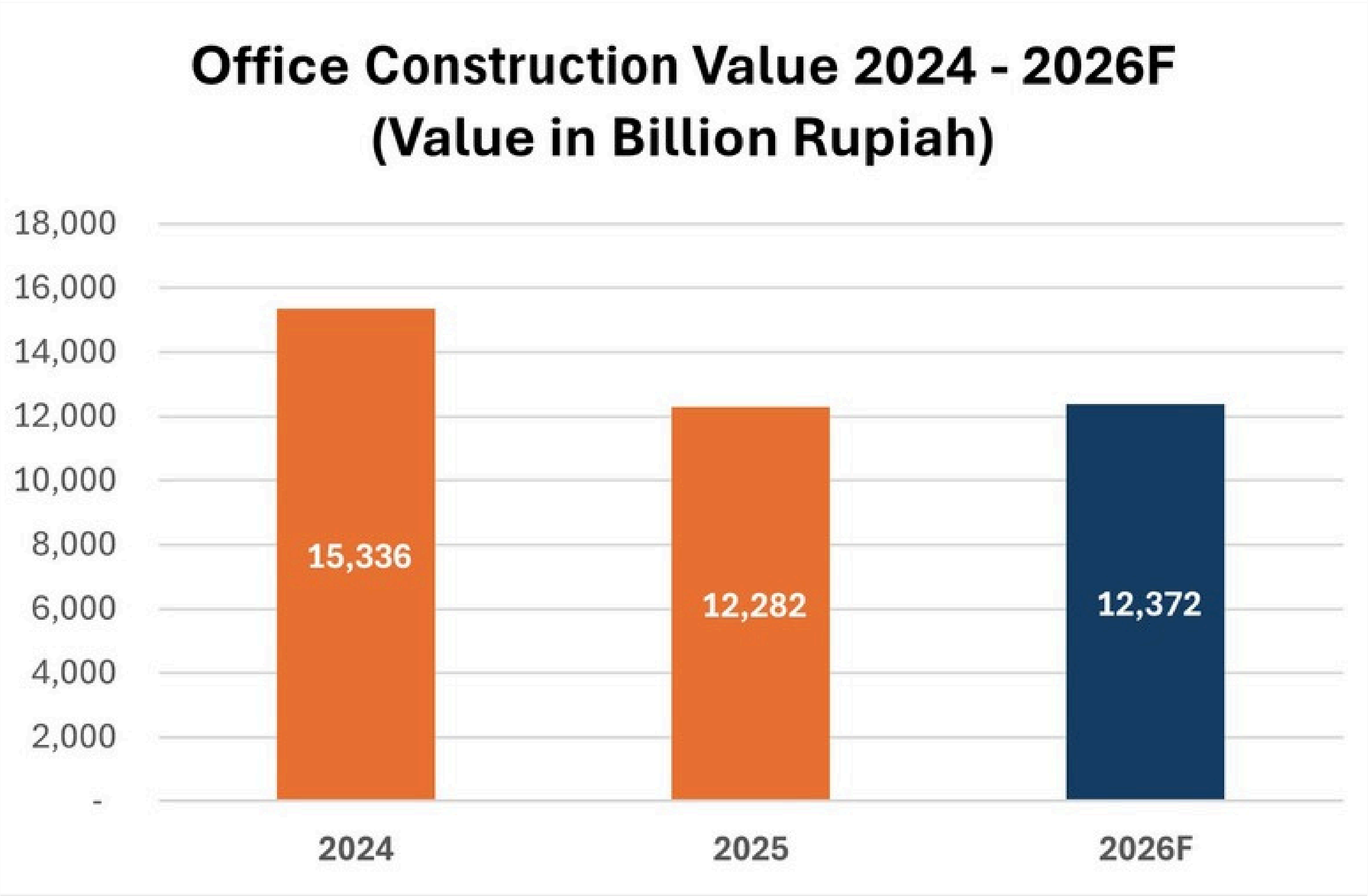
Commercial lots in the CBD of a suburban township are currently experiencing significant growth, driven by evolving work preferences, affordability, and enhanced connectivity to the city centre.

Mid-scale private offices in the CBD suburbs are usually located in mid-range commercial buildings and are a new preference for SMEs, start-ups, and small to medium-sized professional teams.

## Newly launched offices

- **Pura Barutama Office - BSD**
- **Spasi Indonesia Office – Tebet**
- **Melzer Global Sejahtera Office – PIK 2**
- **PAM Jaya - Sentra Pelayanan**
- **SurgikaAlkesindo Office - Bintaro**
- **Skyling Global Mandiri Office**
- **Karya Citra Nusantara Office**
- **Commodity Square (CSQ) Tower**
- **Bank Universal BPR - Bintaro**
- **OJK Sumatera Utara**
- **MTX Office - PIK 2**
- **The Senayan One Building**

# OFFICE SECTOR




In 2024, the estimated value for office construction stands at IDR 15,336 billion. This is followed by a slight decline in 2025 to IDR 12,282 billion, a drop of approximately 20%. Then, **in 2026, the forecasted value is IDR 12,372 billion, which represents a slight 0.7% increase from 2025.**

**OFFICE SECTOR GROWTH FORECAST FOR 2026 IS PROJECTED = 0.7%**

**CAGR : - 1%**

This pattern shows a drop in 2025, followed by stabilisation in 2026, with only a marginal uptick. The growth (YoY) rate from 2024 to 2025 is about -19.8%, highlighting a decrease in investment. However, from **2025 to 2026, the YoY growth is positive at 0.7%**, indicating a small recovery or stabilisation in office construction investment.

(CAGR) **Over the entire period from 2024 to 2026, the overall rate is approximately -1.0%**. This negative CAGR reflects the overall decline in office construction value over the forecasted period, with the largest drop happening between 2024 and 2025.

It is expected to stabilise in 2026, with only a modest increase in the construction value. The overall trend shows a slight contraction over the three years, signalling potential challenges in the office construction sector.

# OFFICE SECTOR

Six national and regional banks have confirmed their intention to establish banking services in IKN Nusantara, including Bank Mandiri, BNI, BRI, BTN, BCA and Bank Kaltimtara. The key trend in bank office network is an integrated "phygital" model that blends robust digital platforms with modernised, experience-focused physical branches.

The construction of bank offices and branches is taking place on a selective basis. Bank BTN is currently undergoing a remodelling programme across multiple branches, as well as developing new office facilities at its Jababeka, Palembang and Tegal offices. Meanwhile, Bank BPD Bali has commenced construction of its new headquarters.

## Newly launched offices

- Grand Boulevard Aniva Studio Loft
- Tanatara Business Avenue BSD City
- NavaPark Business Suites
- Paradise SOHO - Paradise Serpong City
- Thamrin Avenue @ CBD Beachwalk
- Soho Riverside Boulevard
- Soho JGC Business District

The business loft is a converted shophouse that typically offers a range of amenities designed to enhance the convenience and prestige of the office spaces. The building boasts a contemporary design, incorporating a basement for parking and a lift to access the upper floors.

## 3 KEY TAKEAWAYS

1. **Office recovery is uneven, with oversupply and hybrid work reshaping demand.**
2. **Suburban CBDs and “phygital” banking are emerging as the new growth engines.**
3. **New development is selective, supporting a gradual move toward market balance.**

# Data Centres Overview

# DATA CENTRES

Indonesia's data centre industry is expanding rapidly, and the revenue is projected to grow at a double-digit pace through 2026.

The data centre development and expansion are driven by broader digital adoption and rising internet use nationwide. This is also broadly supported by government initiatives like the 'Making Indonesia 4.0.

The Indonesian Data Centre Association (IDPRO) estimates that data centre capacity will reach 1.3 GW by 2030, with a Compound Annual Growth Rate (CAGR) of around 11.4%. It is anticipated that national capacity will reach 900 MW by the end of 2025.

Jakarta and Cikarang are the primary data centre hubs, hosting facilities from major providers. Batam is a strategic location for data centres, offering proximity to Singapore and serving as a gateway for international connectivity. Specifically, Nongsa Digital Park will be home to multiple data centres with a combined capacity of approximately 72 MW.

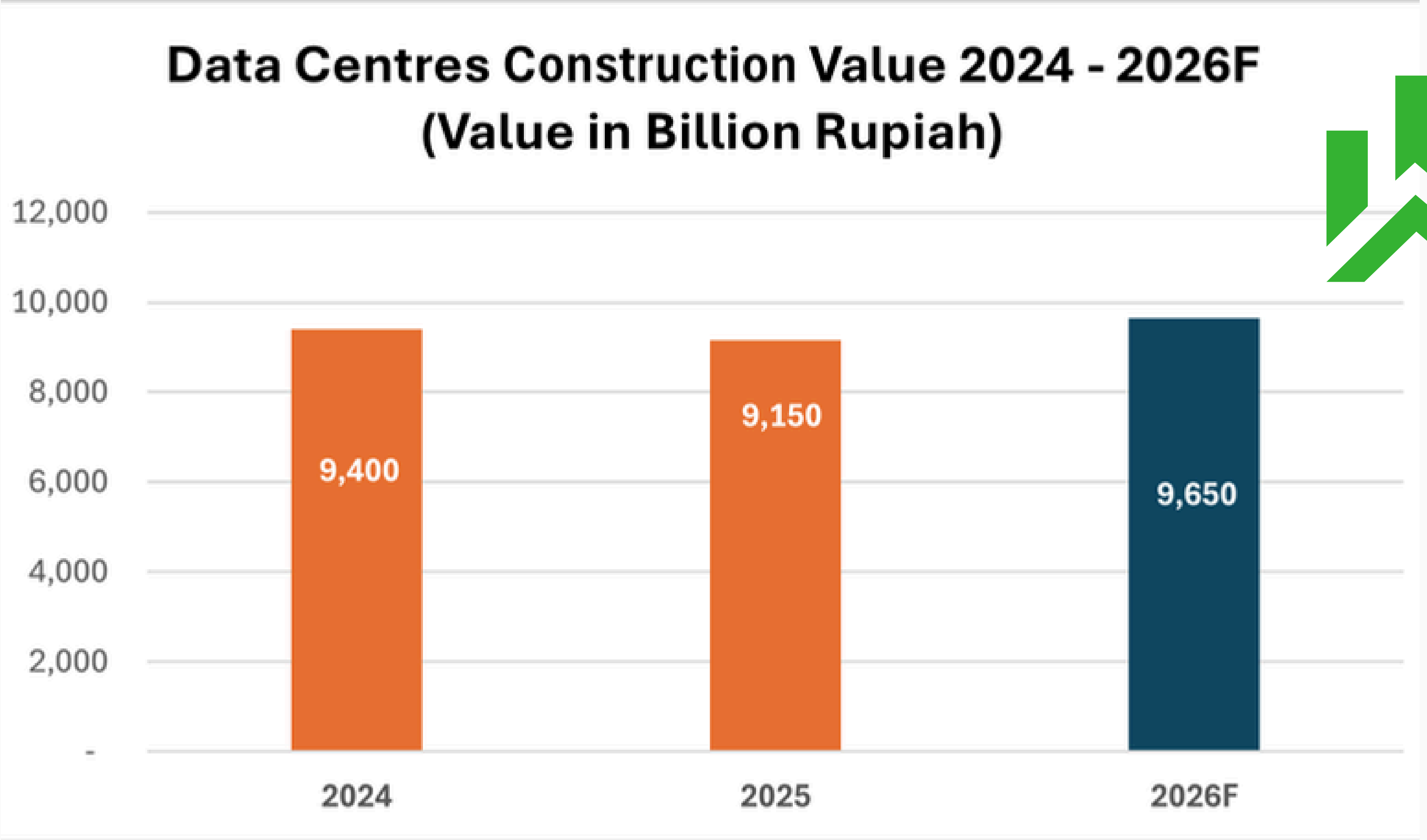
Batam is poised for continued growth, driven by the entry of international data centre players. WorldvueriByondis is investing IDR 6 trillion to build a quantum AI data centre at Tunas Prima Industrial Estate. Meanwhile, DCI Indonesia and Salim Group are planning to develop the Sky Bintan Data Centre Park, with an initial phase expected to deliver around 500 MW across a 700-hectare site.

## Newly launched data centres

- **DC Edgnex JKT-1 By Damac – MT Haryono**
- **DC Edgnex JKT-2 By Damac – GIIC**
- **DC Gaia – GIIC Deltamas**
- **DC Batam by WorldvueriByond**
- **DC STT Jakarta 3 – 4**
- **DC DCI Sky Bintan**

**Global giants expand cloud footprint in Indonesia's booming data centre industry. Key players include DCI Indonesia, NeutraDC, NTT Data Inc, ST Telemedia GDC, Digital Edge DC, Princeton Digital Group (PDG), Keppel Data Centres, Big Data Exchange (BDx), SM+ Data Centers, Equinix, Digital Realty Bersama, EdgeConneX, Pure Data Centres Group, Damac Digital, Golden Digital Gateway, BW Digital, and DayOne, as well as major technology companies such as Microsoft, Amazon AWS, Alibaba Cloud, and Google Cloud.**

# DATA CENTRES




**DATA CENTRE SECTOR GROWTH FORECAST FOR 2026 IS PROJECTED = 5.5%**

**CAGR : 1.3%**

Between 2**024 and 2025, there is a modest decline of approximately 2.7**%, representing a slight slowdown. However, from **2025 to 2026, the growth rate turns positive, rising about 5.5%**. This pattern suggests a stable growth trajectory for data centre construction in Indonesia after a minor dip.

When we calculate the Compound Annual Growth Rate **(CAGR) from 2024 to 2026, the overall growth rate comes to about 1.3%**, reflecting a slow but steady increase in the market over the three-year period.

The projected construction value of data centres in Indonesia from 2024 to 2026, expressed in billion Rupiah.
In 2024, the estimated construction value is IDR 9,400 billion, expected to increase slightly to IDR 9,150 billion in 2025. By 2026, the forecasted value for data centre construction is expected to rise again to IDR 9,650 billion

# DATA CENTRES

The government is backing the sector with tax breaks, foreign-ownership flexibilities, and support in special economic zones. Energy remains fairly cheap, which helps keep running costs low. Plus, Indonesia's connectivity is a huge strength: it is linked by dozens of submarine cables, giving data centres great global reach and reliable performance.

BDx Indonesia has a strategic plan to establish further data centres in major cities, with a targeted capacity of 250 MW over the next two years. The following data centres are scheduled to include KNO1 Bunga Cempaka DC Medan, UPG1 Kima DC Makassar, SRG Gombel DC Semarang, CGK 7 Ancol DC Jakarta, SUB2 Banyu Urip DC Surabaya, BTH2 Tj Bemban DC Batam and other cities..

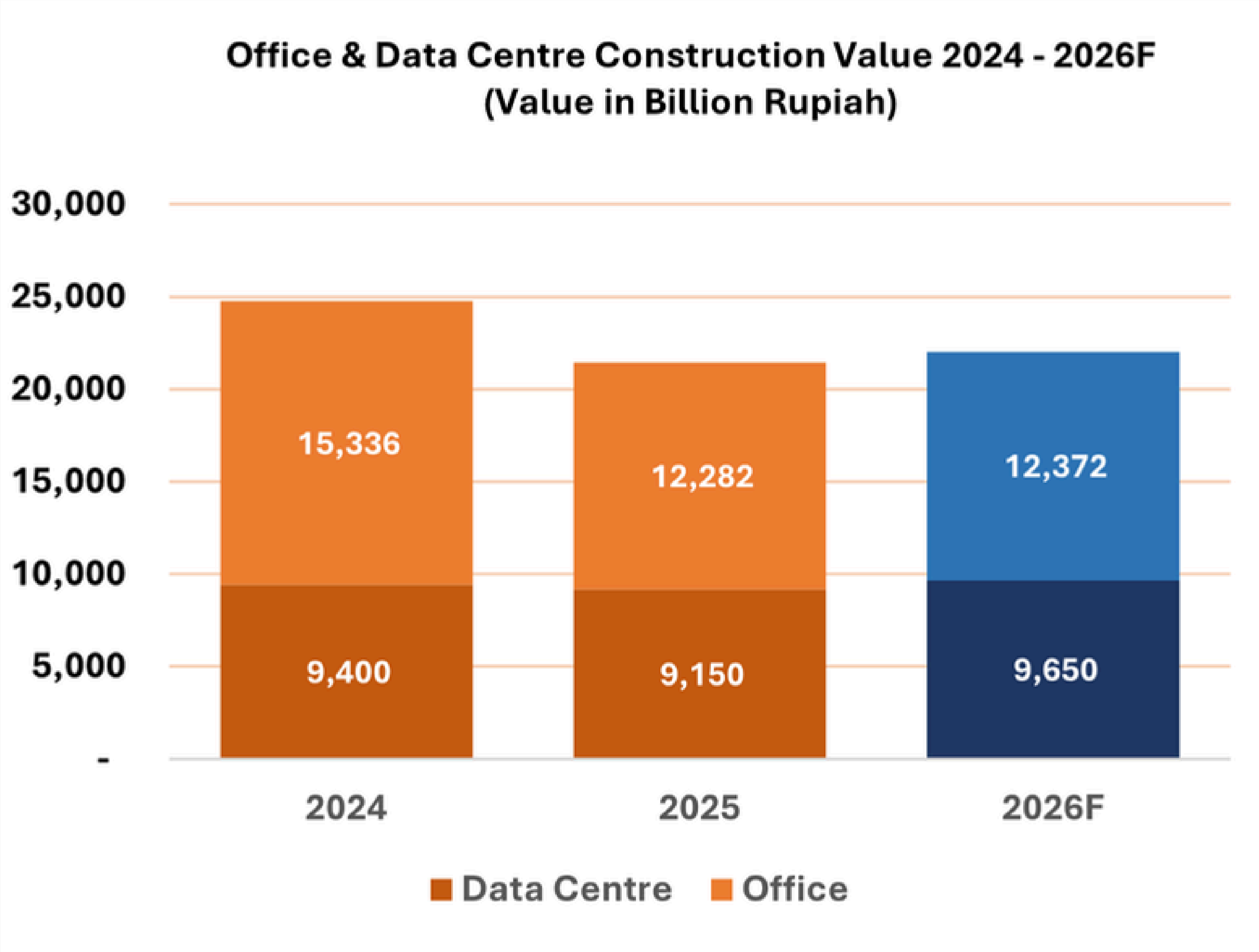
In Southeast Asia, Indonesia is engaged in a competitive race with neighbouring countries to establish data centre hubs in the region. The SIJORI region is often referred to as a growth triangle, with data centre development in Batam accelerating


- **EdgeConneX recently completed the expansion of its hyperscale data centre in Lippo Cikarang (200+ MW). In addition, the company has plans to construct three further data centres in Malaysia, located in Bukit Jalil, Cyberjaya, and Johor Baru**

## 3 KEY TAKEAWAYS

1. Indonesia's data centre industry is growing rapidly, with an annual growth rate of around 11.4%, and experts expect total capacity to reach 1.3 GW by 2030.
2. The government offers perks such as tax breaks, more flexible rules for foreign owners, and special economic zones, all of which make the country a great place to build new data centres.
3. Energy prices here are low compared to those in neighbouring countries, helping to keep running costs manageable and positioning Indonesia as one of the more affordable options in Southeast Asia.

# OFFICE & DATA CENTRES




OFFICE & DATA CENTRE GROWTH FORECAST FOR 2026 IS PROJECTED = 2.7%

CAGR :–5.62%

When the two segments are combined, the total construction value rises from IDR 21,432 billion in 2025 to IDR 22,022 billion in 2026. This represents a year-on-year increase of **IDR 590 billion, translating to a +2.75% growth rate.**

Looking at the full 2024–2026 horizon, the combined total moves from IDR 24,736 billion in 2024 to IDR 22,022 billion in 2026, **resulting in a CAGR of –5.62%.** This contraction reflects the **sizable pullback in office construction since 2024, yet even within this decline.**

# Retail Sector Overview

# RETAIL SECTOR

The retail sector is expected to continue facing significant challenges. Year-over-year (YOY) numbers show that spending and occupancy rates are still under real pressure. That said, property developers are not standing still; they're cautiously pushing into niche markets that keep growing and into homegrown regions that have been overlooked for too long.

Large department stores and sprawling malls are being forced to reinvent themselves. They are often dividing their enormous spaces into smaller sections to accommodate a broader variety of tenants. Reducing overall space has become essential to combat high vacancy rates and to rejuvenate struggling malls. In addition, these malls are transforming underused areas into vibrant, multifunctional spaces for activities.

The consumers are increasingly shifting to multiple digital channels, including Shopee, Tokopedia, and TikTok Shop. This highlights the acceleration in Indonesia's younger segments' adoption of digital payment systems such as GoPay and OVO.

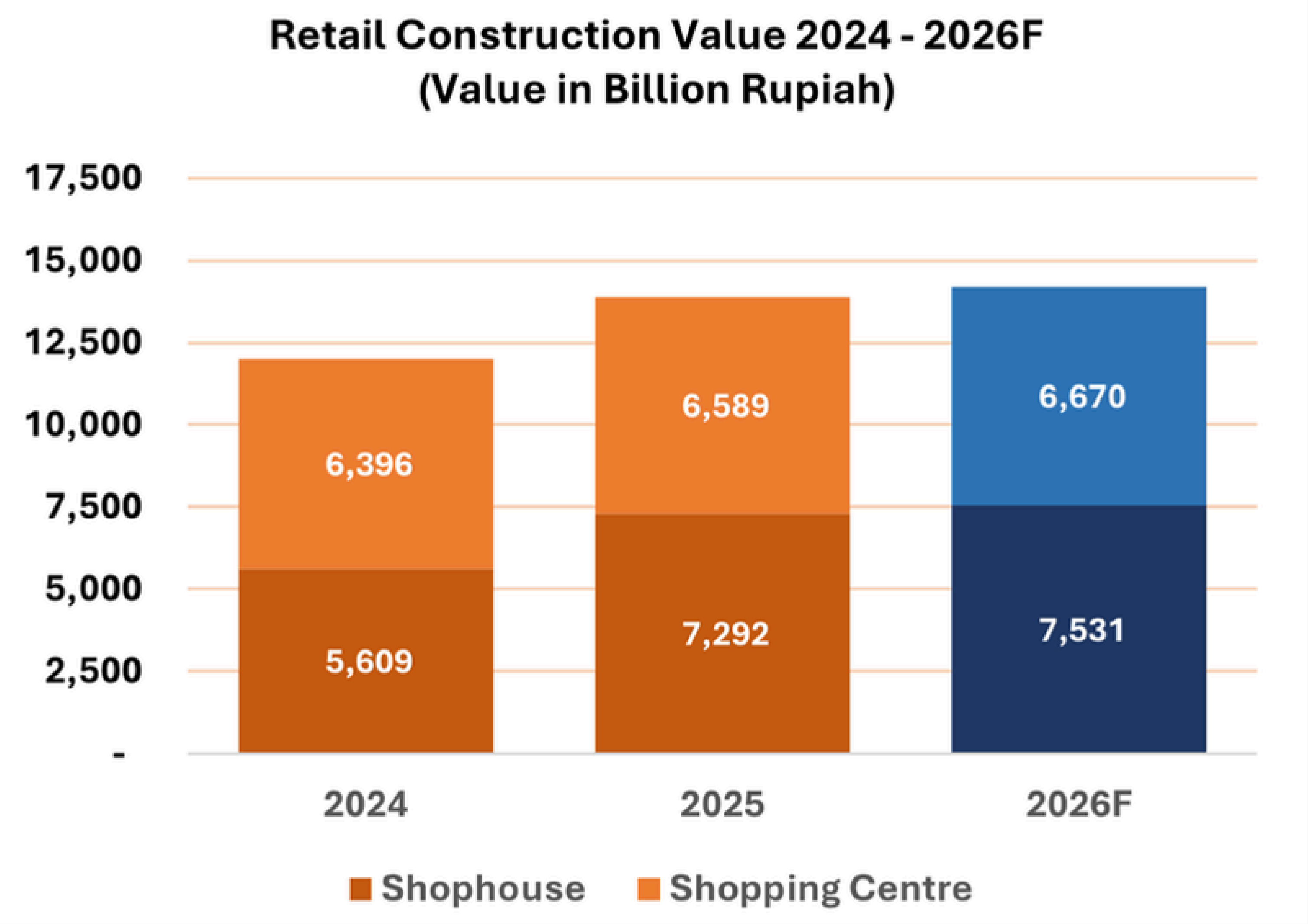
Retailers that provide differentiated, interactive, and immersive experiences are particularly successful in attracting younger demographics and fostering brand loyalty within online communities.

Even so, retail sales are projected to expand by 2.8% YOY in 2026. However, this growth is expected to vary across market segments, with stronger momentum anticipated in food and beverage, recreation, and household essentials.

## Newly launched retail centres

- **Summarecon Mall Serpong – Carpark 3**
- **Maxim Square at Victoria Central District**
- **Grand Boulevard Aniva Gading Serpong**
- **Wander Alley Intermoda BSD**
- **Hudson Square Mall**
- **Maggiore Fresh Market**
- **Alunara Sociert Hub BSD**
- **Crystal Boulevard Summarecon Bekasi**
- **Samarinda Central Plaza Renovation**
- **Thamrin Plaza Medan Renovation**
- **Showroom Enter Komputer PIK 2**
- **S-walk Batam Biz Loft**
- **Citimall Cilacap**

# RETAIL SECTOR




Indonesia's retail construction market continues to grow, though at a more measured pace than in other sectors. The **shift in consumer behaviour toward online shopping, alongside the rise of mixed-use developments**, has changed how investors approach new retail projects.

**RETAIL SECTOR GROWTH FORECAST FOR 2026 IS PROJECTED = 2.3%**

**CAGR : 8.8%**

Total retail construction value stands at IDR 12,005 billion in 2024, increases to IDR 13,881 billion in 2025, and reaches IDR 14,201 billion in 2026. **The jump from 2024 to 2025 is noticeable, adding IDR 1,876 billion, equal to 15.6% year-on-year growth. The step from 2025 to 2026 is more modest at IDR 320 billion, or about 2.3% growth,** reflecting a cautious investment climate as developers adapt to changing shopping patterns.

Over the full forecast period, **the sector delivers a CAGR of about 8.8%, indicating that confidence in formats such as shophouses and neighbourhood retail remains somewhat steady**. These formats remain relevant because they serve daily needs and complement online spending rather than compete with it.

# RETAIL SECTOR

The expansion of foreign retail brands from China to South Korea is experiencing rapid growth, with a primary focus on the food and beverage sector as well as lifestyle retail and general products, contributeing to intense market competition.

Wander Alley Intermoda BSD forms part of the Cisauk KRL TOD and the BSD Link bus terminal, designed to be a place to hang out, with outdoor retail outlets, cafés, food and drink areas, and community spaces inspired by Japanese and Korean streetscapes.

The S-Walk Batam project features a flagship sky-walk concept within a business district. It combines a shopping centre with a communal area, and apartments will also be built in the future.

- **Pakuwon and Summarecon are continuing to develop plans for pipelines, with a focus on commercial strips and expansive malls, supported by established credibility and a proven track record of sustaining optimal occupancy rates and a robust recurring income base.**
- **The township residential area boasts a wide selection of shophouses spread across various locations, including the main boulevard, the central business district, and recently established clusters.**

## 3 KEY TAKEAWAYS

1. **Developers target growth opportunities in niche markets and transit-connected locations.**
2. **Digital integration and experiential retail drive consumer engagement.**
3. **Adaptive space and tenant strategies are needed for retail growth.**

# Hospitality Sector Overview

# HOSPITALITY SECTOR

Tourism in Indonesia is expected to experience further growth in 2026, driven by increasing global interest, the expansion of new destinations and supportive government policies. This comes even as the world continues to face headwinds, including geopolitical tensions and economic uncertainty.

Indonesia's tourist arrivals grew 5% in the first six months of 2025 (Source: UN Tourism Statistics). Similarly, tourism in the Asia-Pacific region continues to grow. International visitor arrivals are increasing by 10.7%; a trend upwards at a moderate growth level for 2026.

Indonesia's hotel occupancy rate of star-rated hotels shows monthly fluctuations but continues to increase, in line with the current upward trend marked by significant increases in both international tourist arrivals and domestic travel.

Bali and Jakarta remain key hubs for luxury and upper-upscale properties, with a notable surge in new pipeline development, particularly in resort destinations and core urban markets.

## Newly launched hospitality projects

- **Banyan Tree Pecatu – Kuta Golf**
- **Vasa Hotel & Resort Canggu**
- **Tampak Siring Resort by NEXA**
- **Royal Oasis Collection Pererenan by NEXA**
- **The Nest Hotel Pejeng Gianyar by NEXA**
- **ELLE Resort & Beach Club Seminyak**
- **Waldorf Astoria Nusa Dua**
- **The Apurva Kempinski Ubud**
- **AtiaraUbud Bali Resort**
- **The Cube Hotel Pecatu**
- **Anantara Dragon Seseh Bali Resort**
- **UID Lodge Bali – KEK Kura kura**
- **Azur Bali – KEK Kura Kura**

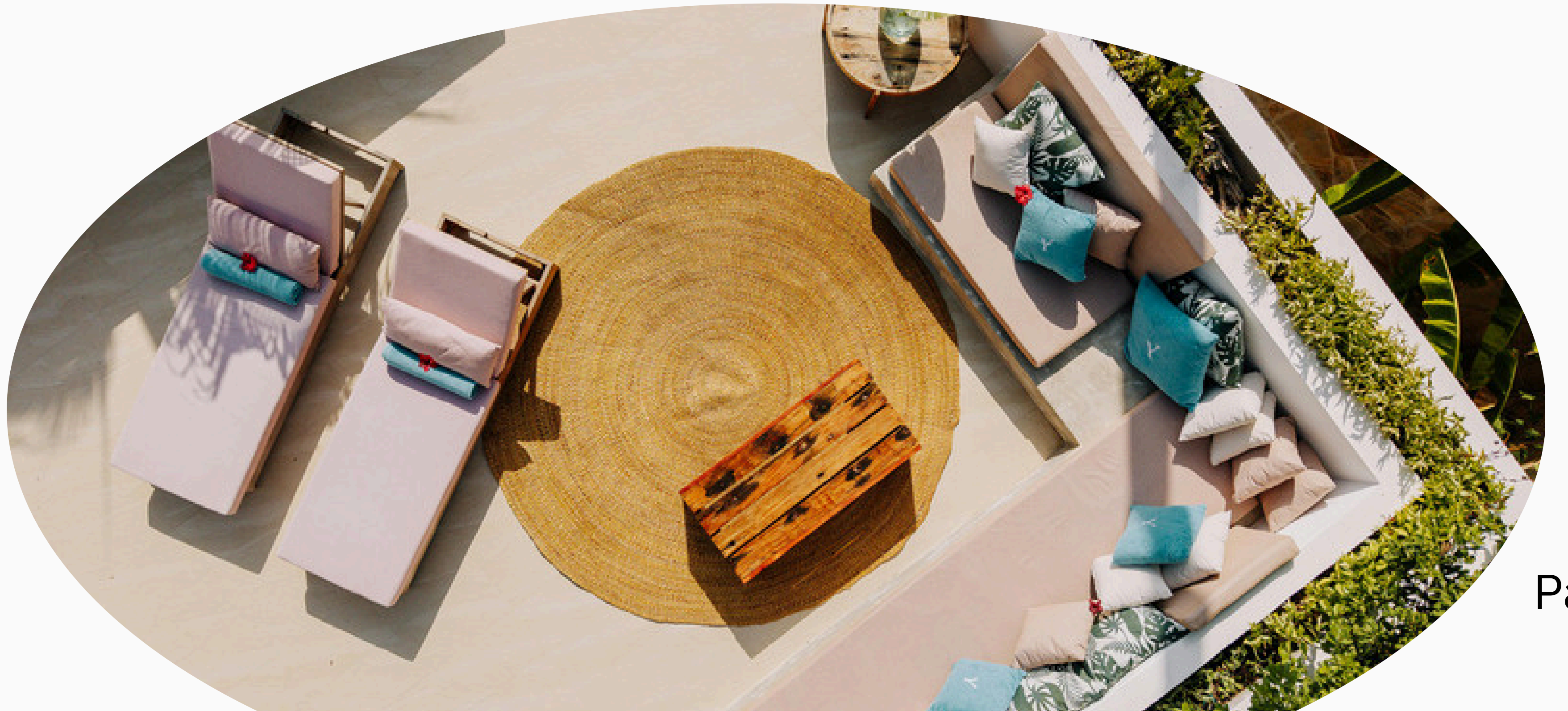
# HOSPITALITY SECTOR


**HOSPITALITY SECTOR GROWTH FORECAST FOR 2026 IS PROJECTED = 3.6%**

**CAGR : 5.8%**

This expansion aligns with the broader recovery and strengthening of Indonesia’s tourism ecosystem. The country’s star-rated hotel occupancy rates, while varying month to month, show a clear upward trend—supported by strong growth in both international tourist arrivals and domestic travel. These shifts indicate improving confidence in the market and greater demand for accommodation capacity, which in turn fuels new hospitality development.

Indonesia’s hospitality construction sector is projected to continue its steady upward trajectory through 2026. Based on the forecast, the market is expected to rise from **IDR 9,614 billion in 2025 to IDR 9,960 billion in 2026, reflecting year-on-year growth of around 3.6%**. Looking at the longer view, the industry records a **CAGR of approximately 5.8% from 2024 to 2026**, signalling consistent medium-term momentum.



# HOSPITALITY SECTOR

New signings and upcoming openings across the region mark key brand entries and reinforce Hilton's position as the fastest-growing hospitality company in the Asia-Pacific region. The signings are part of the recent announcement of 17 new properties. Meanwhile, Marriott strengthens its Asia Pacific presence with 380 new hotels planned.

Marriott International, Inc. and PT. Pakuwon Jati Tbk have entered into a partnership to undertake a phased development of a number of hotels in mixed-use development properties in Jakarta, Surabaya, Batam, Semarang, and IKN Nusantara.

Radisson Hotel Group is poised to make a significant milestone in its expansion in Bali with the signing of Atiara Ubud Resort. The company aims to add 20 more hotels in Indonesia by 2030, further strengthening its presence in both established gateways and emerging destinations.

- **Four Points Hotel By Sheraton – CBD BSD**
- **Santorini Riverwalk Hotel -PIK 2**
- **Hilton Hotel Jakarta - PIK2**
- **M Hotel by Prestige Corp - PIK 2**
- **Crowne Plaza Hotel by IHG - PIK 2**

Bank Indonesia's September 2025 Consumer Confidence Survey reinforces that tourism growth will continue, but with tighter spending discipline from travellers.

On average, star-rated hotels in Indonesia achieved an occupancy rate of 50.51%, with Bali at 69.54% and Jakarta at 53.74%.

## 3 KEY TAKEAWAYS

1. **Indonesia's tourism and hospitality growth remains resilient amid global uncertainty.**
2. **Luxury and upscale hospitality expansion accelerates, as Bali and Jakarta continue to dominate as hubs for high-end tourism.**
3. **Market dynamics show an opportunity for targeted growth in 2026.**

# Healthcare Sector Overview

# HEALTHCARE SECTOR

Indonesia is significantly advancing its healthcare system by expanding modern medical services to communities nationwide.

Under the current national strategy, 66 new hospitals are targeted for completion in remote and border regions by the end of 2026. In addition, another 30 new facilities are planned for the next.

These developments are reaching areas such as Tobelo, the Anambas Islands, and Taliabu Island, where access to fully equipped medical care has historically been limited.

## New healthcare facilities

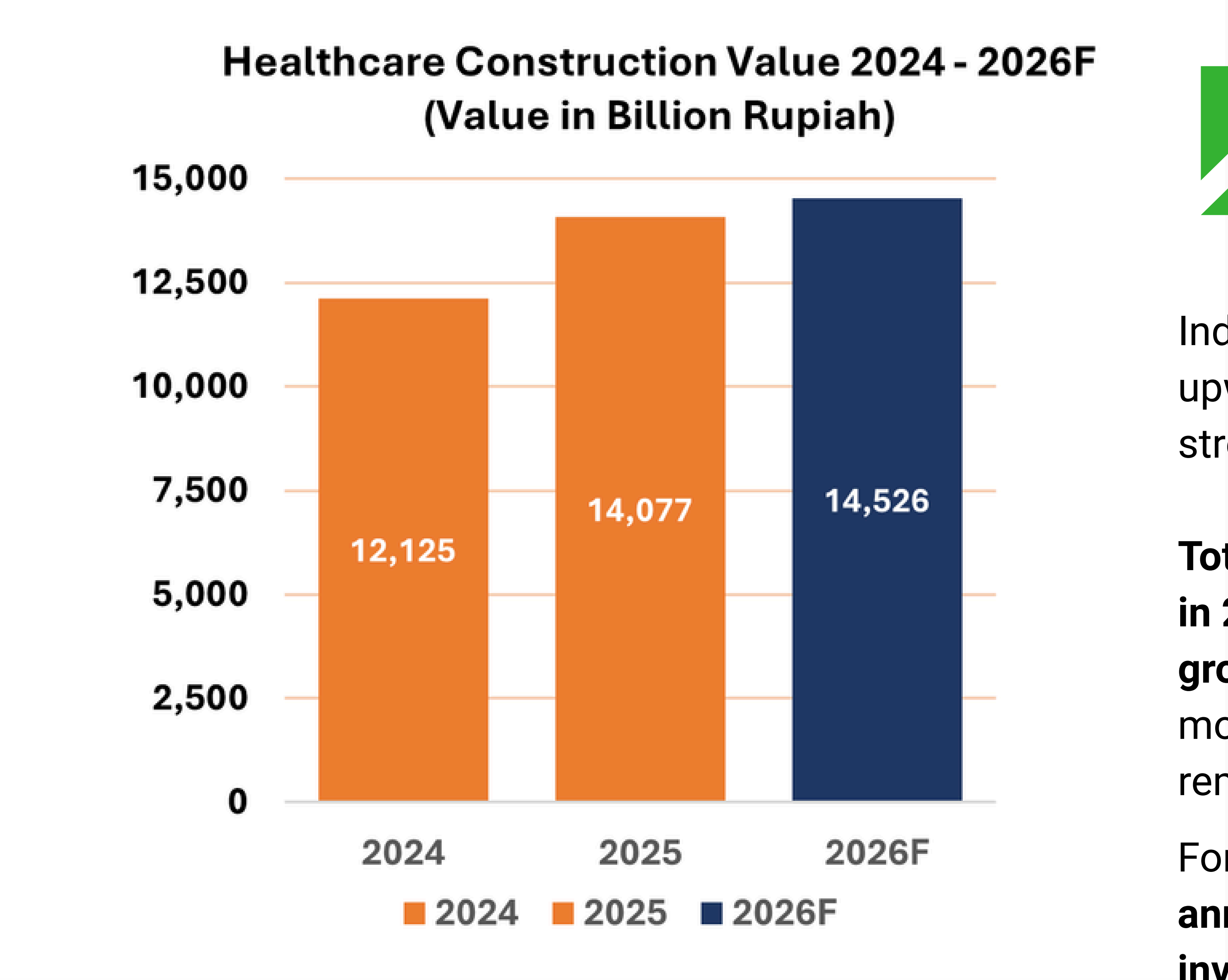
- **RS Royal Batavia Cakung**
- **RSUP DR Sardjito (Central Medical Unit)**
- **Gene Bank Indonesia Bogor**
- **Eka Hospital Puri Indah**
- **Eka Hospital Permata Hijau**
- **Eka Hospital PIK 2**
- **Mayapada Apollo Batam Hospital**
- **Ciputra Hospital Palembang**
- **RS Mitra Plumbon Sumedang**
- **RS Bukit Asam Medika**
- **RS Hermina Kepanjen**

The Jakarta Government plans to build International hospitals to curb medical travel abroad, as well as to enhance the hospital's capacity:

- RS Royal Batavia Cakung on 1.7 hectares
- RS type A at the Sumber Waras site on 3.6 hectares
- The Ministry of Health has several large-scale hospitals, funded under multi-year schemes.
- RSUP DR Sardjito - Central Medical Unit (CMU) - IDR 957 billion
- Gene Bank Indonesia RS Marzoeki Mahdi Bogor - IDR 499 billion
- RS Jantung Harapan Kita - Gedung Power House - IDR 129 billion

# HEALTHCARE SECTOR






**HEALTHCARE SECTOR GROWTH FORECAST FOR 2026 IS PROJECTED = 3.2%**

**CAGR : 9.5%**

Indonesia's healthcare construction sector continues its steady upward trajectory, reflecting the country's broader commitment to strengthening national health services.

**Total construction value is projected to rise from IDR 14.08 trillion in 2025 to IDR 14.53 trillion in 2026, representing year-on-year growth of approximately 3.2%.** Although the pace of growth moderates slightly compared to the previous year, the sector remains on a firm upward path.

For the full 2024–2026 period, the industry records **a compound annual growth rate (CAGR) of about 9.5%, underscoring consistent investment momentum**. This sustained increase reflects a combination of structural needs and strategic policymaking

Drivers of Growth: Much of this expansion is tied to Indonesia's push to reinforce the foundation of its healthcare ecosystem. With ongoing national initiatives scheduled through 2026, the industry is expected to retain stable growth, supported by the country's commitment to improving healthcare resilience and widening access to quality treatment.

# HEALTHCARE SECTOR

Eka Hospital Group is currently developing three multi-storey hospitals in downtown Jakarta and BSD. The latest projects in progress and the upcoming pipeline include Eka Hospital Puri Indah, Permata Hijau Extension, Deltamas and PIK 2.

PT Medialoka Hermina Tbk is continuing its push to bring healthcare services to growing towns, most recently with the opening of Hermina Hospital in Kepanjen. The Djarum and Astra Groups have also taken stakes in the company, a move that is expected to help support Hermina's plans to expand and build more hospitals.

PT Sejahteraraya Anugrahjaya Tbk is set to expand its operations to include the development of a 24-storey Mayapada Hospital Jakarta Selatan (MHJS) Tower 3 and a 10-storey Mayapada Apollo Batam International Hospital (MABIH), with both expected to open in 2027.

PT SMI is rolling out a new performance-based financing model with its very first project: constructing a state-of-the-art facility for RSA UGM. The investment is around IDR 150 billion and will help several hospitals upgrade to Type A status. This will enable them to deliver more advanced and comprehensive medical services to local communities. PT SMI is also strengthening their partnership with the Ministry of Health to boost the overall quality of Indonesia's healthcare system.

An immediate key focus is to improve the capabilities of a number of vertical hospitals, including Ngoerah, Dharmais, and Sitanala. These healthcare facilities will serve as major hubs for specialised treatment.

Together, these efforts support a national push to reduce gaps in healthcare access, improve service standards across regions, and upgrade medical infrastructure—especially in areas where additional development is needed.

## 3 KEY TAKEAWAYS

1. **Major expansion of healthcare infrastructure—especially in remote regions.**
2. **Strong government & private sector investment in advanced, high-capacity hospitals.**
3. **New financing models and partnerships are elevating healthcare standards.**

iCIF 2026

QUANTUM
INDONESIA

# Infrastructure & Energy Sectors' Overview

# INFRASTRUCTURE SECTOR

KemenPU has prepared a series of government-to-business cooperation **(KPBU) projects for 2026 with a projected investment value of IDR 410.64 trillion**. The majority of these projects are toll r**oad projects, totalling IDR 408.68 trillion**, followed by air resources projects with a **projected investment of IDR 462.7 billion,** and housing and settlements projects totalling IDR 1.5 trillion.

However, the main priority is the completion of toll roads to accelerate connectivity, covering nine projects, including the Jakarta-Cikampek II South, Serang-Panimbang, Solo-Yogyakarta, Patimban Port Access, Semarang-Demak, and other toll roads in Sumatra and the eastern part of Java Island.

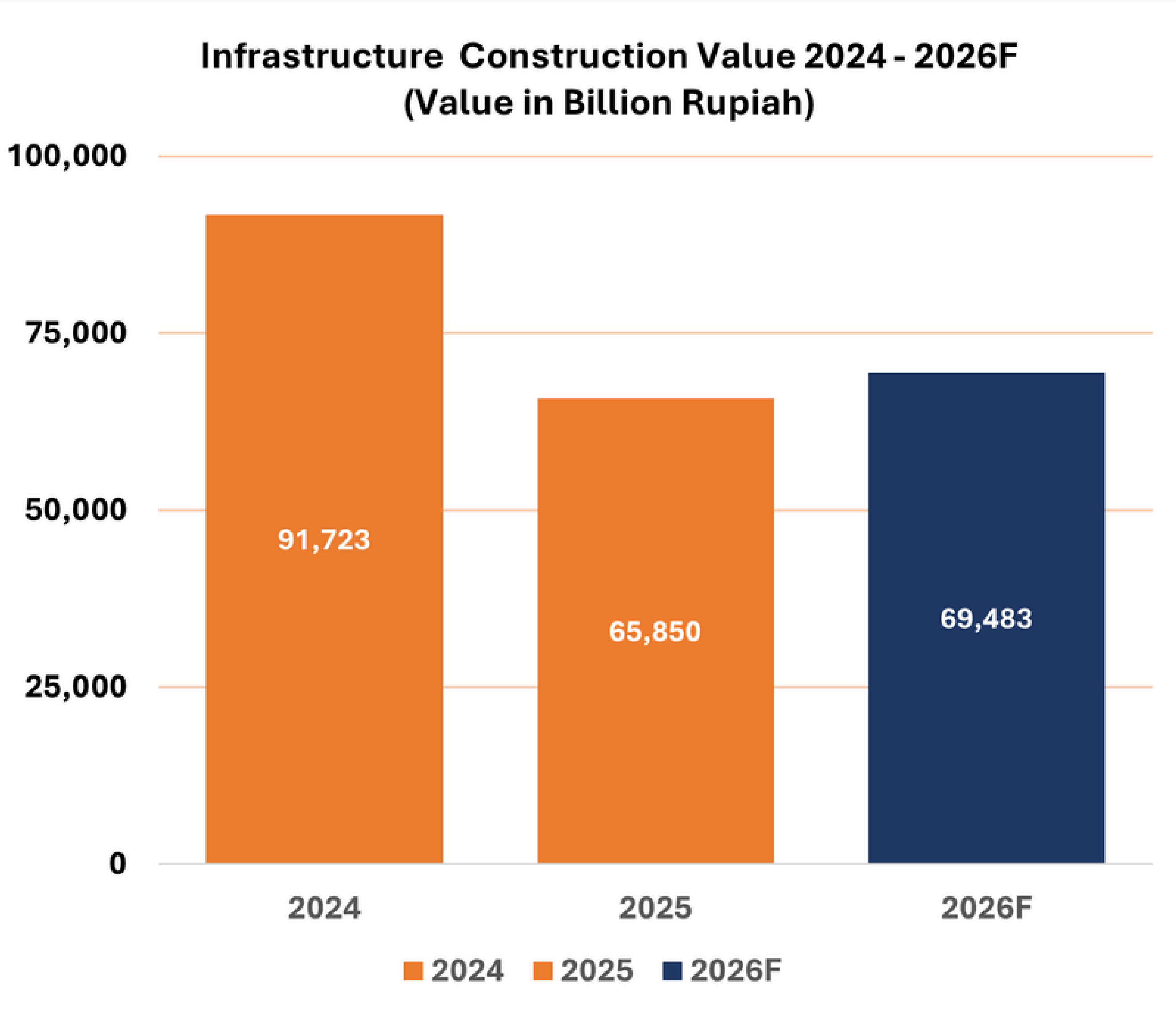
The latest major project is the Food Production Centre Area (KSPP) in Wanam, Merauke. The budget is set at IDR 4.8 trillion, with funding allocated for roadworks, bridges, flood control systems and swamp irrigation networks.

## National railway projects

- **LRT Jakarta Velodrome-Manggarai**
- **Makassar-Parepare railway**
- **Tebing Tinggi-Kuala Tanjung railway**
- **Rantau Prapat—Kota Pinang railway**
- **NYIA-Kulon Progo railway**
- **Double Track Jawa Selatan**
- **Lahat-Kertapati logistic railway**
- **East Kalimantan logistic railway**
- **LRT Jabodetabek**
- **MRT East-West Phase I**
- **MRT North-South**

- **The housing and settlements projects include the construction of:**
  - **Ir. H. Djuanda regional drinking water supply system (SPAM)**
  - **And the Ayung Bali regional SPAM.**

# INFRASTRUCTURE SECTOR




Indonesia's infrastructure construction sector is entering 2026 with signs of gradual stabilization after a sharp contraction in 2025.

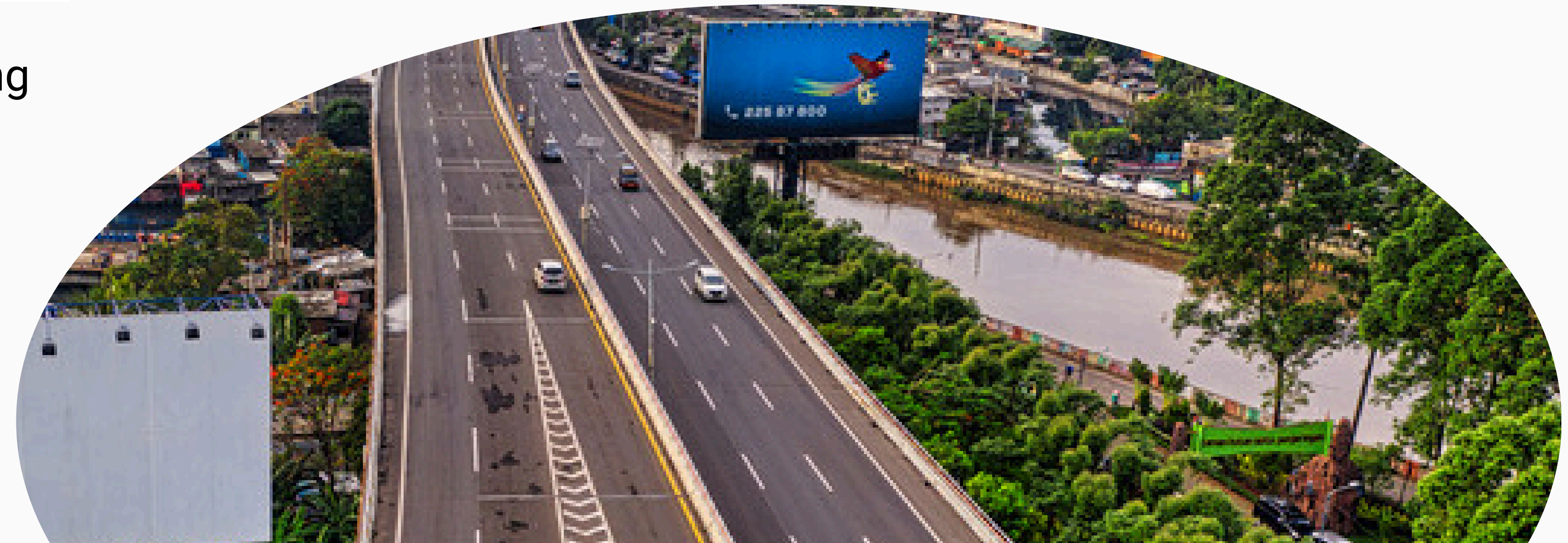
**INFRASTRUCTURE GROWTH FORECAST FOR 2026 IS PROJECTED = 5.52%**

**CAGR : -12.96.5%**

The construction value **fell from IDR 91,723 billion in 2024 to IDR 65,850 billion in 2025**, before r**ecovering modestly to IDR 69,483 billion in 2026F.**

**2026F vs 2025: A mild rebound is forecasted, with value increasing by IDR +3,633 billion, or +5.52% YOY.**

**CAGR 2024–2026 : Despite the 2026 recovery, the overall trajectory across the full period remains negative: -CAGR (2024–2026): –12.96%**



# INFRASTRUCTURE SECTOR

The government aims to complete the construction of legislative and judicial zones in the IKN Nusantara by 2028, but the tender process for building and infrastructure projects experienced delays, resulting in the contract being delayed.

KemenPU is currently inviting tenders for the construction of phase II of Permanent Public Schools in 104 locations. The project is expected to cost around IDR 32 trillion, spread across all provinces in Indonesia, and will be completed in July 2026 for the new academic year.

Meanwhile, the SMA Taruna Nusantara IKN Nusantara in Zone 1C has commenced construction with a value to reach IDR 538 billion.

- **The 19 new toll roads being offered to investors through the PPP** scheme are several priority projects, namely the Gedebage-Tasikmalaya Toll Road and the Gilimanuk-Mengwi Toll Road.

- Water resources projects include the construction of **micro-hydro power plants (PLTM) at five dams**:

1. including the Bener Dam in Central Java
2. Pamakkulu in South Sulawesi,
3. Cipanas in West Java,
4. Karalloe in South Sulawesi,
5. Tapin in South Kalimantan.

## 3 KEY TAKEAWAYS

1. **The government is prioritising large-scale infrastructure, especially toll roads.**
2. **Potentially restructured tenders in the IKN development pipeline.**
3. **Diversified PPP O\opportunities**
   - **Education infrastructure**
   - **Micro-hydro power projects**
   - **Food Production Centre (KSPP) in Merauke**

# ENERGY SECTOR

Indonesia is preparing for a major wave of renewable energy development, with large-scale construction expected throughout the coming decade. Most of the momentum is centered on solar and hydropower, which are seen as the backbone for meeting future electricity needs and supporting the country's shift toward cleaner energy.

The national plan for 2025 to 2034 includes a substantial boost in solar capacity, adding more than 17 GW, including high-profile projects such as the 92-MW floating solar installation on the Saguling Reservoir that is scheduled for completion in late 2026.

Hydropower will also expand significantly, with more than 11 GW of new capacity in the pipeline. Alongside these major efforts, construction activity is expected to grow in geothermal, wind, and bioenergy projects as the country broadens its renewable energy mix and builds a more sustainable foundation for the future.

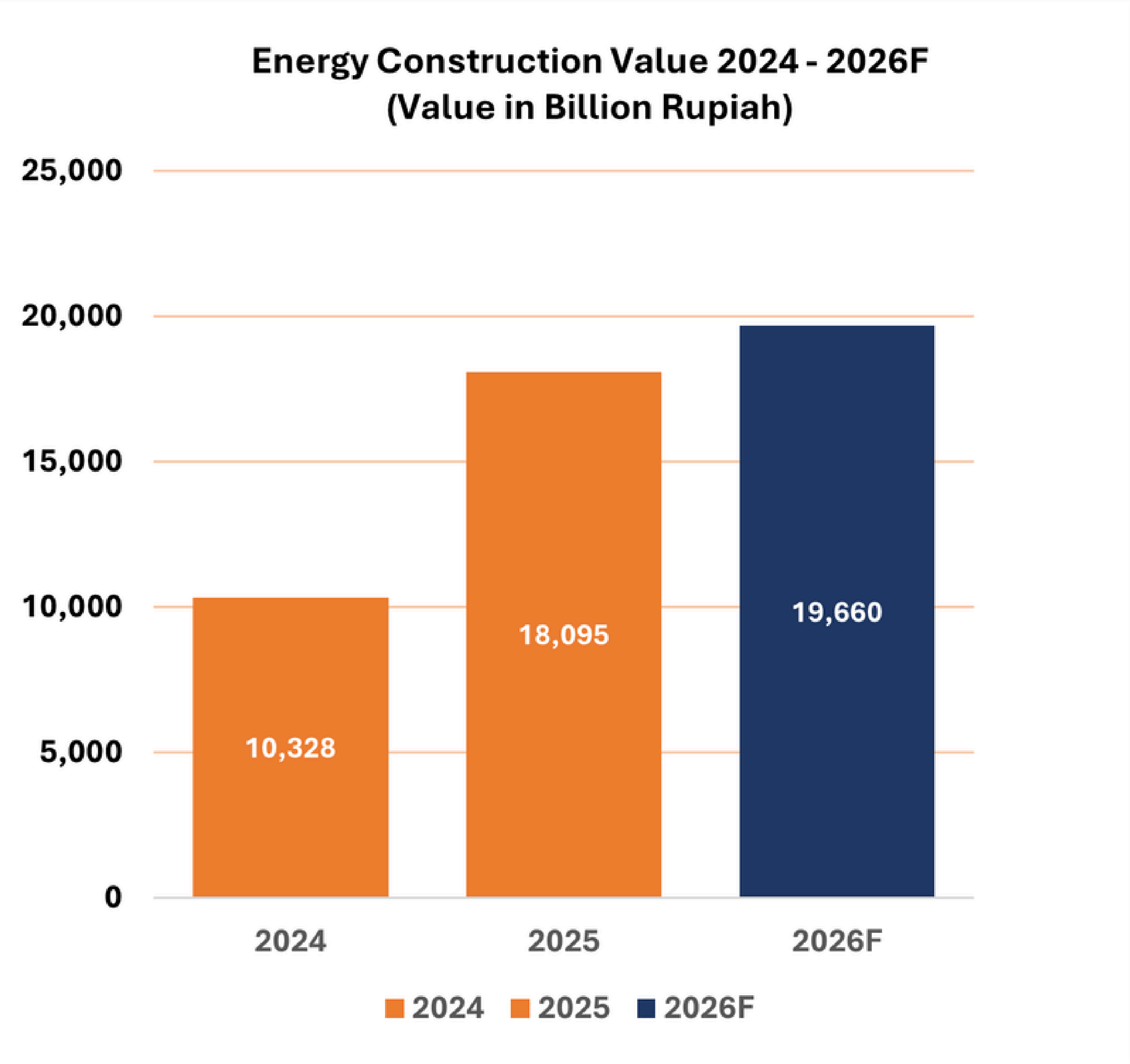
Similarly, Batam boasts a range of attractive solar investment opportunities, including the development of utility-scale power generation, floating solar installations, component manufacturing, and cross-border energy exports.

Significant investment commitments have been made for solar power generation from a range of domestic and international consortiums including Marubeni Global Indonesia & Tuas Power Phase 2, TBS Energi Utama & PLN Nusantara Power, PT Batam Sarana Surya (Adaro Group), Vena Energy & Shell Eastern Trading, Sunseap by EDP Renewables and Pacific Medco Solar Pte Ltd & Gallant Venture Ltd.

## New renewable energy projects

- PLTP Muara Laboh Unit-2 & 3 (140 MW) by Supreme
- PLTP Ijen Unit-2& 3 (70 MW) by Medco
- PLTP Dieng Unit 2 (55 MW) by Geo Dipa
- PLTP Patuha Unit 2 (55 MW) by Geo Dipa

# ENERGY SECTOR




A strong multi-year expansion in Indonesia's energy construction sector from 2024 to 2026, reflecting the country's accelerating shift toward renewable generation and large-scale infrastructure upgrades.

**ENERGY SECTOR GROWTH FORECAST FOR 2026 IS PROJECTED = 8.65%**

**CAGR : 37.9%**

In 2024, the total energy construction value is estimated at IDR 10.33 trillion. This jumps sharply in **2025 to IDR 18.09 trillion, marking a year-on-year increase of IDR 7.77 trillion or +75.2%**. By 2026, expenditure is projected to reach IDR 19.66 trillion, adding another **IDR 1.56 trillion from 2025, equivalent to +8.65% YoY growth.**

Across the full **2024–2026 period**, the sector records a strong multi-year expansion, with an estimated **CAGR of 37.9%**. This reflects both ongoing investment traction and a deep pipeline of renewable energy capacity additions planned throughout the decade.

# ENERGY SECTOR

PT Pertamina Geothermal Energy Tbk (PGE) and PT Barito Renewables Energy Tbk (BREN) are two of the leading companies in the Indonesian geothermal energy sector.

PGE is currently preparing for the development of LumutBalai Unit 3 (55 MW), Unit 4 (55 MW) and the Hululais Geothermal Power Plant (110 MW). Danantara facilitated a strategic partnership between PGE and PT PLN Indonesia Power to develop 19 geothermal power plants with a combined capacity of approximately 530 MW.

BREN has commenced the development of five geothermal power plant (PLTP) projects with a total investment of IDR 5.9 trillion, will contribute a combined 112.2 MW of installed capacity clean energy. Projects include Salak Binary (16.6 MW), Wayang Windu Unit 3 (30 MW), Salak Unit 7 (40 MW), Salak Units 4, 5, 6 (7.2 MW) and Wayang Windu Units 1 and 2 (18.4 MW).

- **The Ulubelu Green Hydrogen Pilot Project by PGE has commenced in the Tanggamus facility.**
- **This project uses geothermal energy and modern anion exchange membrane (AEM) electrolysis technology to produce up to 100 kg of green hydrogen per day.**
- **The PLN aims to increase its capacity for generating renewable energy by 42.6 GW. Solar power is expected to spearhead this expansion with a contribution of 17.1 GW, followed by hydroelectric power with 11.7 GW.**
- **Indonesia is home to about 40% of the world’s geothermal resources, and it has set a target to increase its capacity to 5.1 GW by 2034. PGE is one of the power producers with the largest installed capacity and substantial reserves.**

## 3 KEY TAKEAWAYS

1. **Batam as a Solar Investment Hub:** attracting major domestic and international investors across utility-scale, floating, and manufacturing segments
2. **Strong Multi-Year Construction Growth**: supported by a robust 37.9% CAGR and accelerating project pipelines.
3. **Geothermal Momentum Strengthens**: PGE and BREN are leading significant geothermal expansions, adding more than 640 MW of clean energy capacity

# INDONESIA CONSTRUCTION OVERVIEW

# Indonesia Construction Outlook Overview

Indonesia's construction sector is expected to experience steady, cautious growth in 2026, supported primarily by large-scale infrastructure programs and continued housing market expansion.

The government is directing substantial resources toward transportation corridors, affordable housing, urban transit systems, and the ongoing development of the new capital city, Nusantara. This will help to stimulate construction activity throughout 2026 while laying the groundwork for long-term economic gains through stronger connectivity and modernisation.

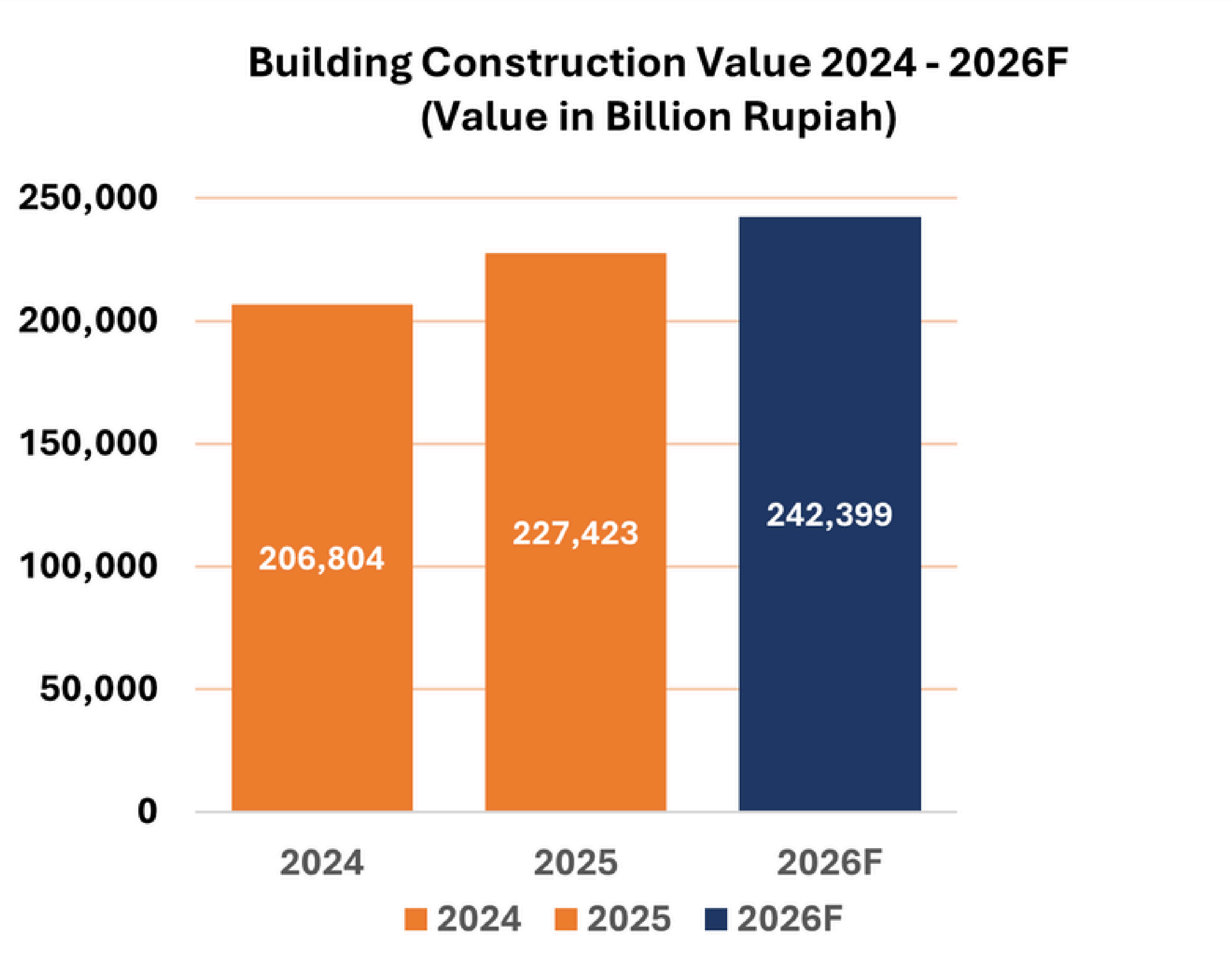
Growth will also be reinforced by rising investment in the energy sector, particularly in renewable projects such as utility-scale solar power plants and battery storage facilities. These initiatives are projected to gain momentum in 2026 and will play a significant role in driving sector activity. However, global economic headwinds, tariff uncertainties, and supply chain disruptions may slow foreign direct investment in energy projects and delay project execution.

Despite positive drivers, several ongoing challenges remain. Skilled labour is a key issue affecting ongoing projects. Similarly, material costs remain high due to inflationary pressures, supply chain and shipping constraints, and lengthy regulatory approval processes. Another major issue is climate risks and the widening infrastructure funding gap, both of which further complicate matters. Hence, there is a strong need for hybrid public-private partnerships and blended financing models.

On the financial side, bank lending to the construction sector remains stable. Construction loans account for 20–40% of corporate and SME lending portfolios, and non-performing loan ratios are low—an encouraging sign for developers and investors.

At the same time, private developers are actively pursuing opportunities in green infrastructure and the tourism sector, which is expected to recover with significant growth in international arrivals in the coming year.

# Indonesia Building Construction Outlook




| BUILDING |
|---|
| Residential |
| Industrial |
| Commercial - Retail |
| Commercial - Hospitality |
| Commercial - Healthcare |
| Commercial - Office |
| Buildings (Community, Education, Recreation) |

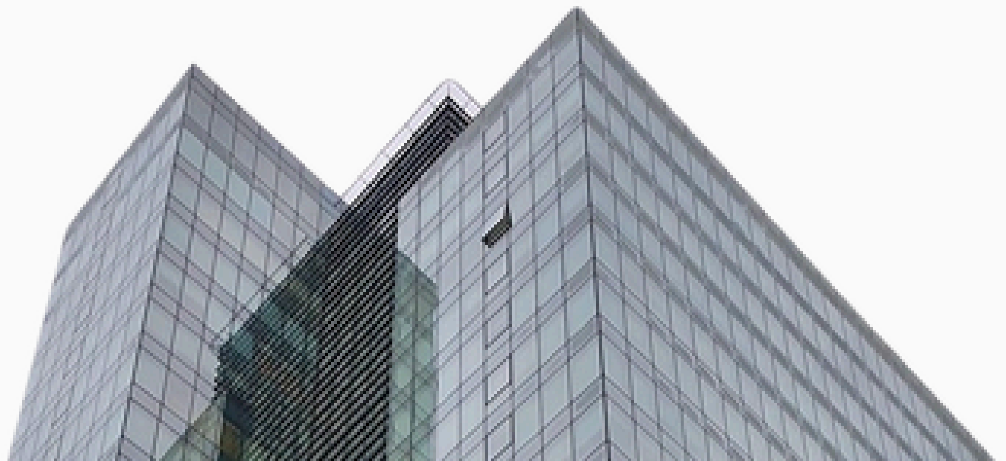
**BUILDINGS GROWTH FORECAST FOR 2026 IS PROJECTED = 6.6%**

**CAGR : 8.3%**

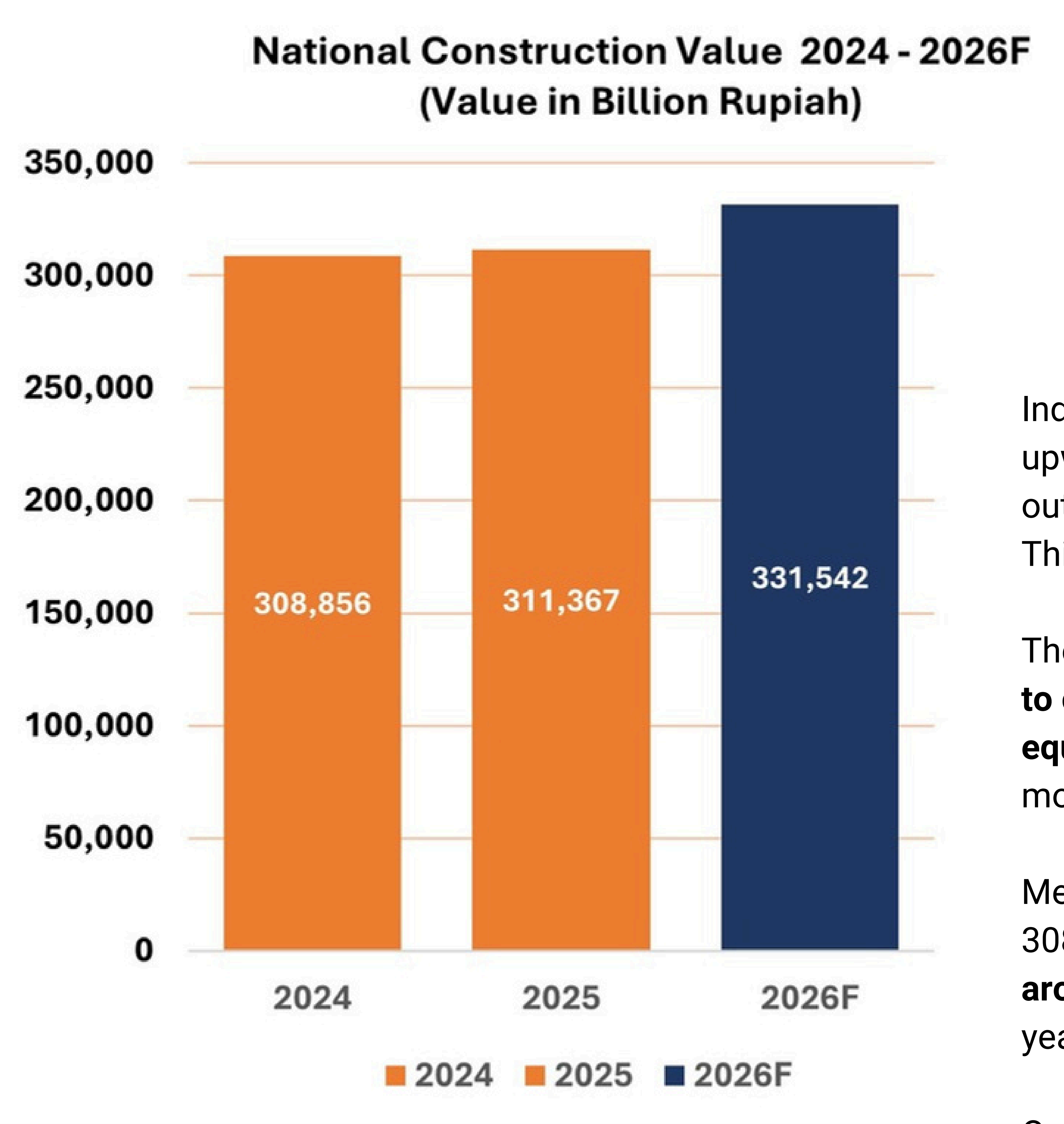
The value of building construction is expected to rise from **IDR 227,423 billion in 2025 to IDR 242,399 billion in 2026**, marking a **year-on-year growth of around 6.6%**.

This increase shows that the market is not only expanding but doing so in a stable, sustainable way—supported by ongoing development in residential housing, industrial facilities, commercial properties, and public-oriented buildings across education, healthcare, and community services.

Looking at the wider picture, the building sector's **compound annual growth rate (CAGR) from 2024 to 2026 stands at roughly 8.3%,** signalling a gradual strengthening of construction activity rather than short-term spikes



# National Construction Outlook Overview




**NATIONAL GROWTH FORECAST FOR 2026 IS PROJECTED = 6.5%**

**CAGR : 3.6%**

Indonesia's projected national construction value for 2024 to 2026 shows a steady upward trajectory as the sector gains momentum. In 2024, national construction output is valued at IDR 308.9 trillion, rising marginally to IDR 311.4 trillion in 2025. This represents a year-on-year (YoY) increase of IDR 2.5 trillion, or about 0.8% growth.

The real acceleration emerges in the 2026 forecast. **Construction value is projected to climb to IDR 331.5 trillion, marking a substantial YoY increase of IDR 20.2 trillion, equivalent to approximately 6.5% growth.** A clear signal of strengthening sector momentum as major infrastructure, housing, and energy projects intensify.

Measured across the full period, the national construction market expands from IDR 308.9 trillion in 2024 to IDR 331.5 trillion in 2026. This reflects a two-year **CAGR of around 3.6%**, underscoring solid medium-term growth even before the stronger multi-year investment cycle expected beyond 2026 fully materialises.

Overall, Indonesia's construction sector is shifting from slow but stable expansion in 2024–2025 toward a more accelerated growth phase by 2026.

# SUMMARY & KEY POINTS

# Impact of AI and Digital Transformation in Construction Sector: 2026 and Beyond

By 2026, digital tools like **AI-optimised supply chain platforms and IoT sensors will enable Indonesia's construction industry to reduce material waste by up to 30% and carbon emissions by 25%**, supporting the national goal of sustainable infrastructure under the ASEAN Economic Community Blueprint 2025. With the sector's market value forecast to reach IDR 535.98 billion by 2030—growing at a CAGR of 11.4% from 2025—AI will play a pivotal role in predictive maintenance and energy-efficient designs, particularly for energy and utilities projects aiming for 600,000 EVs per year.

The integration of AI into Indonesia's construction projects by 2026 will demand a skilled workforce, with projections indicating a need for 9 million digitally literate workers by 2030 to handle tools such as generative AI for hazard prediction and virtual collaboration platforms (supported by initiatives such as Microsoft's Elevate program).

Economically, these investments align with Indonesia's push to boost its digital economy. As AI adoption scales, construction firms that leverage it effectively could gain a competitive edge, improving profitability while meeting the government's infrastructure goals.

# 3 Key Potential Challenges and Risks for the Construction Industry in 2026

### 1. Financial Turbulence & Construction Industry Exposure

In ASEAN markets, the risk of capital flight and weakening currencies could further escalate construction costs and reduce foreign investment, potentially delaying or halting new developments. Stakeholders must proactively assess financial and operational risks to mitigate the impact on construction activities.

### 2. Cost Pressures from Materials, Inflation

Rising financial costs: debt servicing, interest rates, and refinancing risk could put pressure on construction firms, especially those with heavy indebtedness or long-term fixed-price contracts.

Geopolitical risks, e.g., tariffs, can further disrupt supply chains and unpredictably raise material costs.

### 3. Climate Risks & Regulatory Pressure

Higher compliance costs where firms may need to invest in greener materials, carbon reporting, and sustainability certifications, could be expensive and complex.

Project risks i.e., physical climate impacts (e.g., flooding, delayed works) can disrupt construction timelines and increase costs.


# Outlook Summary for 2026

- Indonesia's construction sector enters 2026 in the strongest shape it has seen in years, with a clearer strategic direction and renewed executive confidence. After several post-pandemic cycles marked by caution and incremental progress, the industry is now transitioning to a phase in which companies are prepared to take on larger, longer-term commitments, supported by more predictable policy frameworks and firmer demand signals.
- Several underlying forces are driving this shift. The government continues to prioritise its national infrastructure pipeline, while commitments to renewable energy are beginning to materialise into concrete project tenders. Domestic demand—spanning industrial, residential, and public-sector construction—remains robust across Java, Sumatra, Kalimantan, Sulawesi, and the eastern regions.
- Combined with ongoing development in the new capital city (IKN Nusantara) and a substantial volume of healthcare facility upgrades, the sector has a strong backlog of work extending well into the medium term.
- Risks, naturally, have not disappeared. Global interest-rate volatility, commodity price fluctuations, and recurring supply-chain disruptions continue to influence project costs and timelines. However, the fundamentals are significantly more resilient than in recent years: liquidity in the banking system is healthy, major listed developers are maintaining more disciplined balance sheets, and foreign contractors—who had stepped back in earlier years—are re-entering the market with renewed interest.
- What distinguishes the 2026 outlook is its breadth. This is not simply another urban high-rise cycle concentrated in Jakarta and Surabaya. Activity is expanding across industrial parks, data centres, renewable power facilities, logistics corridors, port upgrades, mid-tier hospitals, and select hotel developments in key tourism hubs. Such diversification is uncommon in emerging markets and signals that Indonesia's growth trajectory is shifting from short-term rebound to structural transformation.
- If the country can address several long-standing bottlenecks, narrowing the infrastructure financing gap, streamlining land acquisition and permitting, and strengthening the pipeline of skilled labour, the current momentum has the potential to extend well beyond 2026.

# 3 Key Takeaways

1

**Growth Becomes More Convincing and Broad-Based: After slow expansion in 2024–2025, construction activity accelerates in 2026 with 6.5% YoY growth, underpinned by infrastructure, renewable energy, logistics, townships, and healthcare upgrades.**

2

**Renewable Energy and Industrial Construction Continue to Expand: The rollout of 17 GW of solar and 11 GW of hydropower capacity, paired with a 12.9% CAGR in industrial construction, positions the energy and logistics ecosystem as a long-term growth engine.**

3

**Challenges Persist, but They Are Manageable With the Right Reforms:  Stronger financing models, blended public-private partnerships, and regulatory streamlining can unlock significantly more growth in the years ahead.**

# ICIF Presentation Team & Industry Leaders

**CAHYONO SISWANTO**
**Director of Market Insights & Economics, Quantum Indonesia**

Cahyono Siswanto leads nationwide research into Indonesia's construction market, drawing on more than two decades of sector expertise. With deep engagement across developers, consultants, and manufacturers, he translates market data into actionable insights that shape opportunity. His commitment to strengthening Indonesia's construction ecosystem is evident through active participation in industry dialogues, publications, and partnerships that advance the nation's built environment.

**ALIM GUNADI**
**Managing Director of Property Business, Kawan Lama Group**

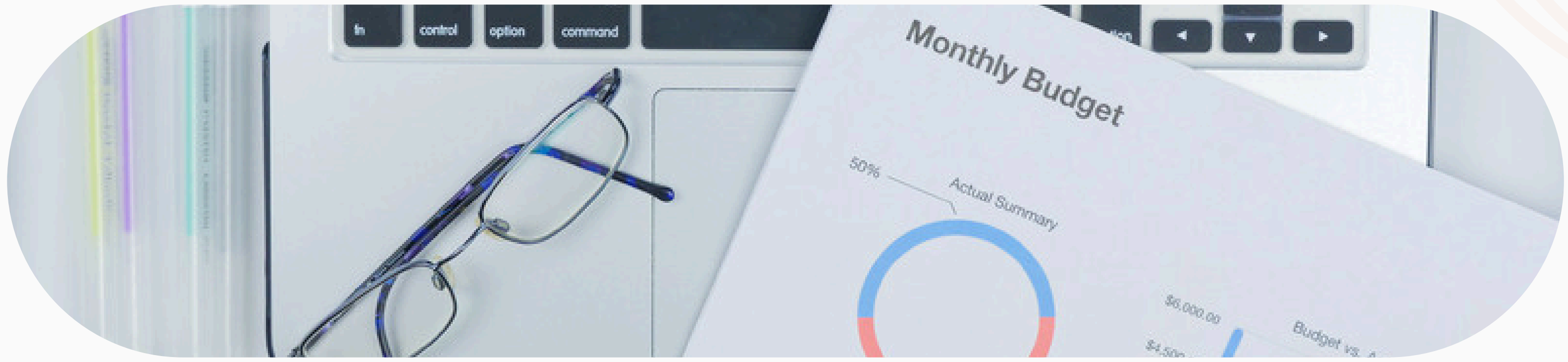
Alim Gunadi brings over two decades of transformative leadership across property, telecommunications, and real estate. Known for steering multi-billion-IDR developments and forging strategic partnerships, he has consistently delivered business growth and operational excellence. His strength lies in blending strategic vision with innovation—turning complexity into opportunity and driving organizations toward stronger performance and profitability.

**ARI FIRMANDI**
**Infrastructure Finance Expert,**
**Managing Partner – DRC Advisory**

Ari Firmandi draws on 25 years of experience in finance, strategy, and infrastructure across Asia and the U.S. to advise governments, investors, and multilateral agencies. Formerly Director at EY-Parthenon Indonesia, he now leads DRC Advisory and serves as Advisor to the Asian Development Bank, advancing projects that connect public priorities with private capital. His work continues to strengthen Indonesia's path toward Indonesia Emas 2045 through evidence-based strategy and high-impact collaboration.

**ABEDNEGO PURNOMO**
**Vice President of Sales, Marketing & Tenant Relations, PT Suryacipta Swadaya**

Abednego Purnomo combines a diverse background in human resources, marketing, and entrepreneurship with more than a decade of experience in real estate. Having built and sold a successful service-industry business, he brings a sharp commercial instinct to the industrial and commercial property markets. Since 2018, he has deepened his expertise in Indonesia's fast-growing data center sector—from site selection to facility readiness—helping shape the next wave of industrial development.

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# METHODOLOGY

QUANTUM INDONESIA

## 5 KEY DATASETS

### PROJECT FINANCING

FDI
BUDGETS/SPENDIG
National Central Banks, Banking Loans to Construction Sector

QMS DATA ANALYSIS & TECHNICAL REVIEW

Modeling framework ensures that micro-level project realities are fully aligned with macro-economic constraints and opportunities.

### REGIONAL MACRO-LEVEL DATA INTEGRATION

Asian Development Bank
(World Bank – Infrastructure & Macro Indicators
IMF Data)
UN ESCAP (Economic & Social Commission for Asia and the Pacific)

### NATIONAL MACRO-LEVEL DATA INTEGRATION

BPS Statistics
APBN (MoF)
BKPM Investment
PUPR Programs
Bank Indonesia

### LONGITUDINAL PROJECT TRACKING DATA

(Design → Tender → Mobilization → Build)

### MICRO-LEVEL INTELLIGENCE

- Architects (design pipelines, revisions)
- Developers (financing cycles, launch plans)
- Contractors/EPC (procurement, site readiness

05

03

04

01

02

QMS ANALYTICS & CONSULTANTCY PROCESS

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- Product & Trend Analysis
- Product trend tracking (local + regional)
- Market Entry & Expansion Analysis
- Market readiness assessment
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- Demand forecasting and pricing sensitivity

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