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Market Insights

Maximizing Land Use: Embracing Semi-Outdoor Lifestyle Retail Concepts in Jakarta

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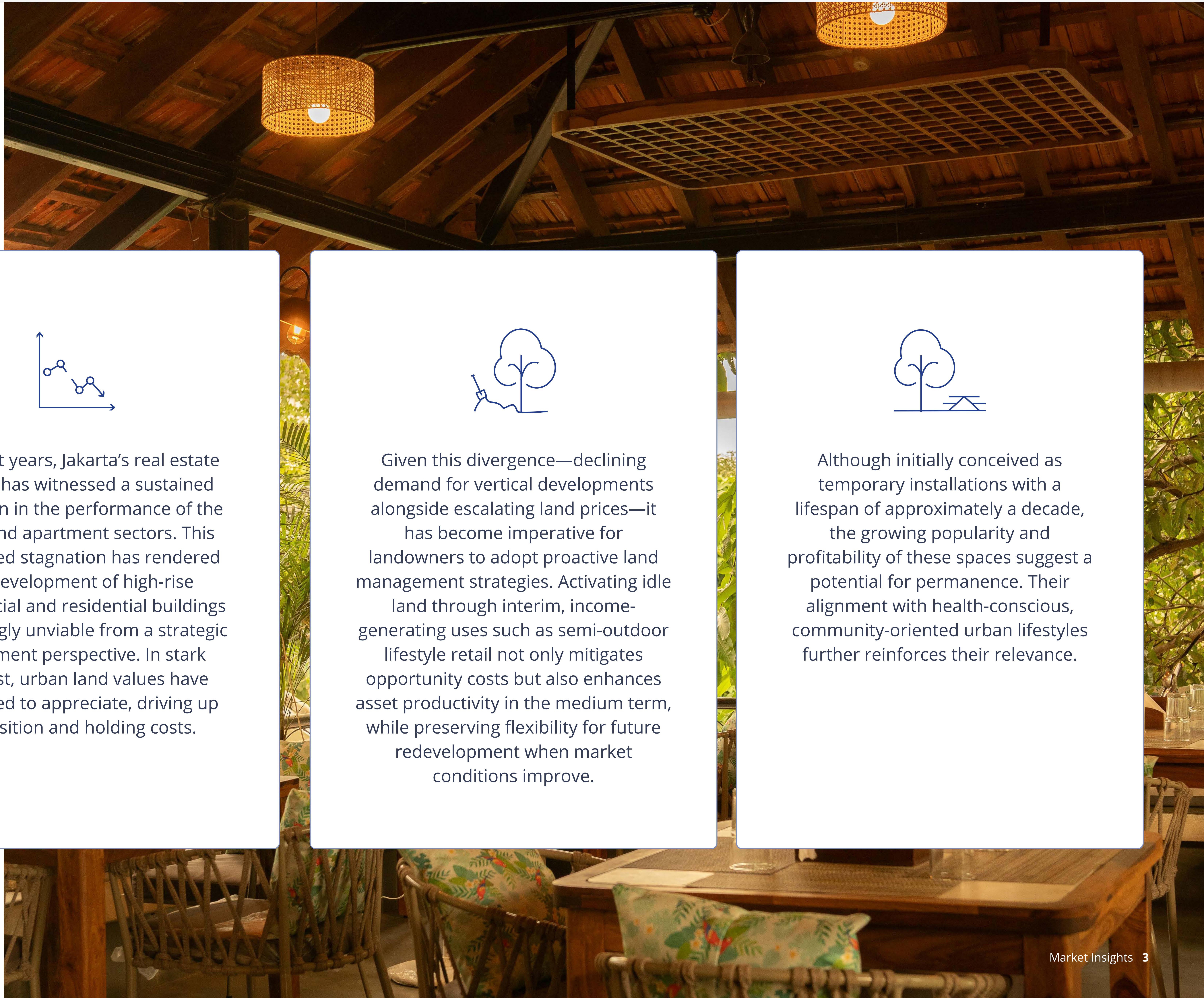
Jakarta's urban retail environment is undergoing a significant transformation, marked by the emergence and growing popularity of semi-outdoor lifestyle retail formats.

These developments are not only reshaping the city's commercial landscape but also aligning with broader urban sustainability and liveability goals. As the city continues to evolve, semi-outdoor retail is poised to become a defining feature of Jakarta's future urban fabric.

Market Overview

Semi-outdoor lifestyle retail represents a hybrid commercial model that integrates open-air design with retail, food and beverage (F&B), and recreational functions. This format builds upon the traditional role of shophouses as centers for small and medium-sized enterprises, offering a more dynamic and engaging consumer experience



In recent years, Jakarta's real estate market has witnessed a sustained downturn in the performance of the office and apartment sectors. This prolonged stagnation has rendered the development of high-rise commercial and residential buildings increasingly unviable from a strategic investment perspective. In stark contrast, urban land values have continued to appreciate, driving up acquisition and holding costs.

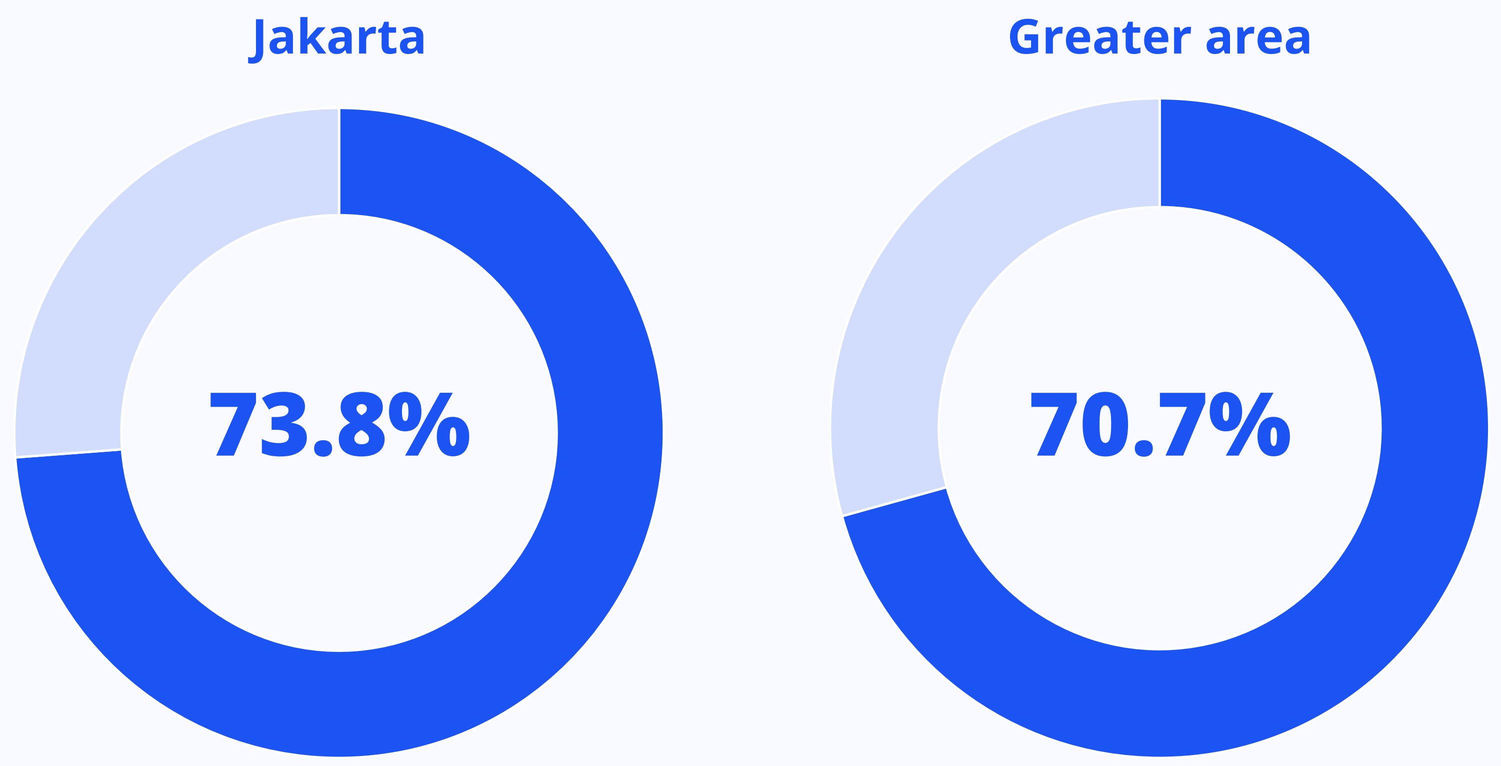
Given this divergence—declining demand for vertical developments alongside escalating land prices—it has become imperative for landowners to adopt proactive land management strategies. Activating idle land through interim, income-generating uses such as semi-outdoor lifestyle retail not only mitigates opportunity costs but also enhances asset productivity in the medium term, while preserving flexibility for future redevelopment when market conditions improve.

Although initially conceived as temporary installations with a lifespan of approximately a decade, the growing popularity and profitability of these spaces suggest a potential for permanence. Their alignment with health-conscious, community-oriented urban lifestyles further reinforces their relevance.

Evolution and Expansion of the Concept of Semi-Outdoor Lifestyle Retail

While many **semi-outdoor retail developments were originally intended as temporary, a growing number have transitioned into permanent fixtures** within Jakarta's urban fabric. This shift reflects the city's openness to innovative retail formats that resonate with contemporary consumer preferences.

Retail Occupancy Rate



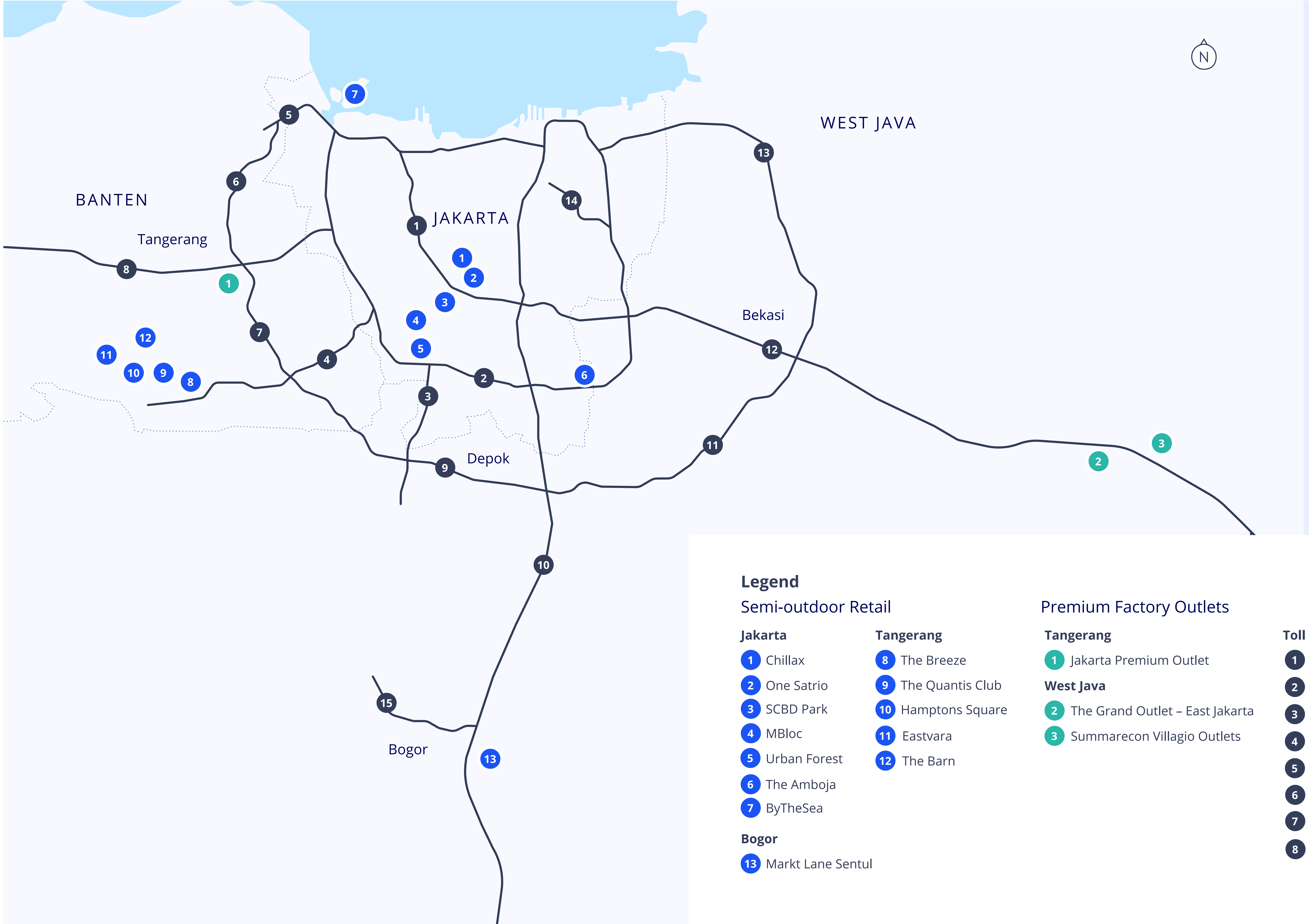
Source: *Colliers Property Market Report Q1 2025*

Additionally, **the development of semi-outdoor retail spaces has expanded beyond Jakarta,** reaching surrounding areas such as Greater Jakarta, which **indicate a robust and dynamic retail environment that continues to adapt and thrive.**

Semi-outdoor lifestyle retail spaces in Jakarta typically **serve as meeting and hangout spots,** while those outside Jakarta are often **visited for relaxation.**

Additionally, the rise of **premium outlets—a permanent variant of the semi-outdoor model**—underscores the format's adaptability.

These outlets **differ in tenant composition**, focusing predominantly on high-end fashion brands rather than F&B, thereby attracting a distinct consumer segment.



Legend

Semi-outdoor Retail

Jakarta
1. Chillax
2. One Satrio
3. SCBD Park
4. MBloc
5. Urban Forest
6. The Amboja
7. ByTheSea

Tangerang
8. The Breeze
9. The Quantis Club
10. Hamptons Square
11. Eastvara
12. The Barn

Bogor
13. Markt Lane Sentul

Premium Factory Outlets

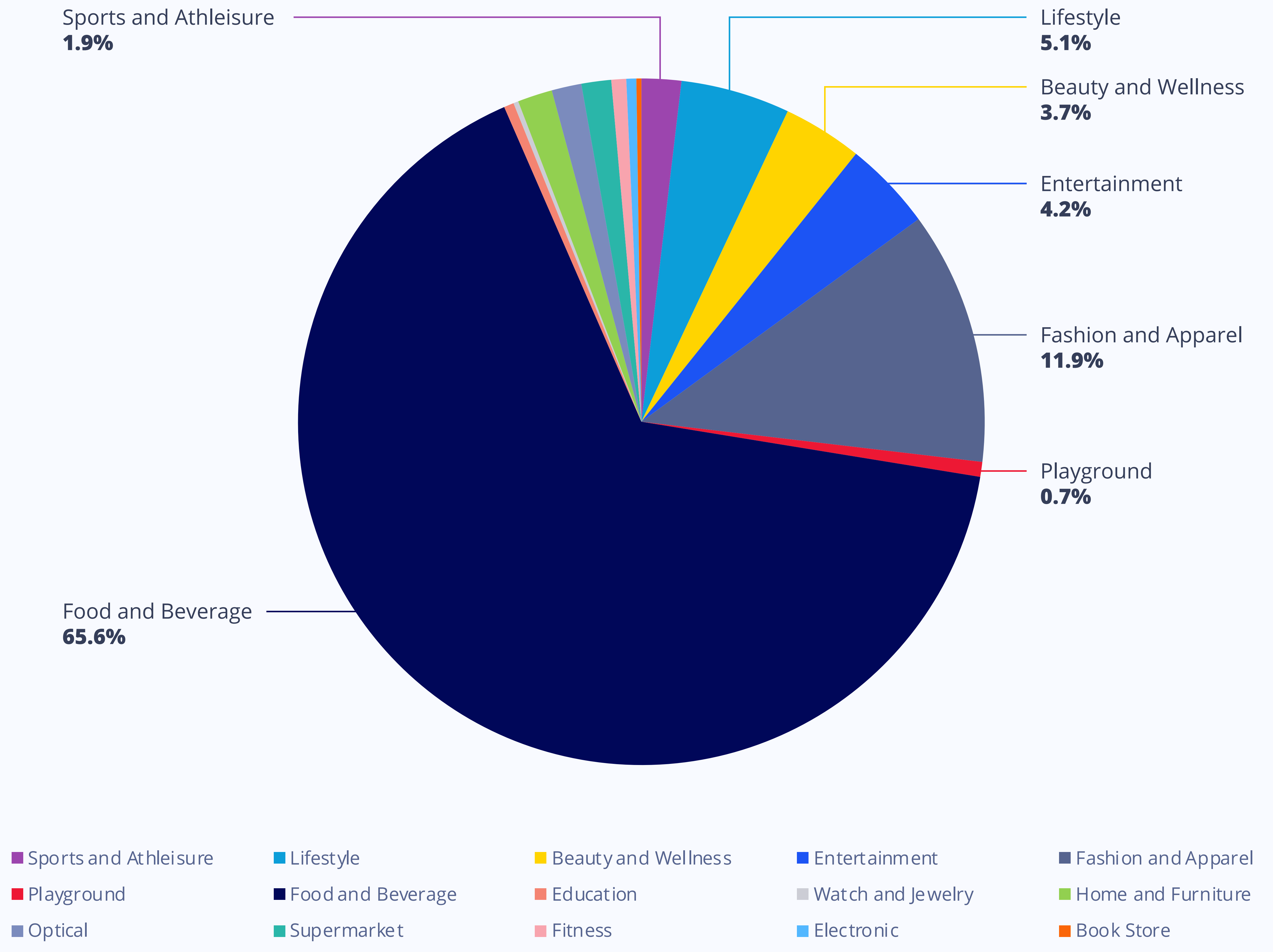
Tangerang
1. Jakarta Premium Outlet

West Java
2. The Grand Outlet – East Jakarta
3. Summarecon Villagio Outlets

Toll Road
1. Jakarta Inner Ring Road
2. Jakarta Outer Ring Road
3. Depok - Antasari
4. Jakarta - Sepong
5. Prof. Soedyatmo
6. Cengkareng - Batu Ceper
7. Serpong - Cinere
8. Jakarta - Merak
9. Cinere - Jagorawi
10. Jakarta - Bogor
11. Cimanggis - Cibitung
12. Jakarta - Cikampek
13. Cibitung - Cilincing
14. Kelapa Gading - Pulo Gebang
15. Bogor Outer Ring Road

Market Share Non-Conventional Retail*

*Based on analysis from 27 non-conventional retail



Source: Colliers Indonesia Research

Based on Colliers Indonesia Research and Retail Services team observation, semi-outdoor lifestyle retail spaces are anchored by specialty tenants in **F&B, fashion, and lifestyle sectors.** These categories are particularly effective in drawing foot traffic.

Anchor tenants such as **grocery stores, cinemas, playgrounds, and sports facilities further enhance the appeal of these spaces by offering destination-driven experiences.** Their accessibility—allowing direct entry without navigating enclosed malls—adds to their convenience.

Design-wise, many of these developments adopt thematic or aesthetically refined concepts, leveraging landscaping and lighting to create inviting, green, and safe public environments. This design philosophy aligns with broader urban goals of enhancing liveability and social interaction.

Semi-outdoor lifestyle retail spaces are expected to continue expanding.
This trend is mirrored in theupcoming semi-outdoor lifestyle retail spaces under construction, including Jewel PIK 2, which is estimated to be operational in 2025.

Challenges and Strategic Considerations

CHALLENGES

One of the **primary challenges confronting semi-outdoor lifestyle retail developments is the volatility of visitor traffic.** The inherently dynamic nature of these factors necessitates a high degree of adaptability and innovation for such retail formats to remain competitive in an increasingly fluid commercial landscape.

Unlike traditional enclosed shopping malls, which typically benefit from stable and predictable foot traffic throughout the year, **semi-outdoor retail environments are more susceptible to fluctuations.** These variations are **often driven by external influences** such as weather conditions, seasonal trends, and socio-economic shifts.

Traditional malls tend to attract a more consistent stream of visitors due to their comprehensive tenant mix, climate-controlled environments, and the availability of diverse product offerings and promotional incentives. These elements collectively contribute to a more resilient retail ecosystem.

In contrast, **semi-outdoor retail spaces often experience pronounced variability in visitor numbers, particularly during national holidays and festive seasons.** For example, during the recent Eid al-Fitr holiday, foot traffic in semi-outdoor retail located in downtown Jakarta noticeably lower. This trend was largely attributed to the temporary reduction in office-related activity, which typically sustains weekday patronage in urban centers. Conversely, the performance of semi-outdoor retail in the outskirts of Jakarta was higher, as activities around residential areas became livelier.

Several underlying factors contribute to the challenges faced by semi-outdoor retail developments:

Evolving Consumer Preferences
Shifts in lifestyle, shopping behavior, and expectations can significantly influence the performance of semi-outdoor retail spaces.

Macroeconomic Instability
Inflationary pressures, supply chain disruptions, and broader economic uncertainties can dampen consumer spending and reduce discretionary income.

Environmental Exposure
Unlike enclosed malls, semi-outdoor formats are more vulnerable to weather-related disruptions, which can deter foot traffic and affect operational continuity.

STRATEGIC OPPORTUNITIES

As Jakarta's retail landscape continues to evolve, the semi-outdoor lifestyle retail format presents distinct strategic advantages for both landowners or developers and retail tenants. This model not only enhances land utilization but also aligns with shifting consumer preferences and urban development trends.

Landowners or Developers

For landowners or developers, semi-outdoor retail offers a pragmatic and profitable interim use of land, particularly in areas awaiting long-term development. With the right strategic approach—encompassing optimal site selection, effective design, and professional management—vacant or underutilized plots can be transformed into vibrant commercial hubs. **These developments can generate sustainable income over the medium to long term, while preserving the flexibility to transition to more intensive land uses when market conditions become favourable.**

In the context of residential development, particularly apartment projects, this model allows for a reversal of the conventional development sequence. **Rather than constructing residential units first and adding supporting amenities later, developers can initiate projects by establishing retail components.** This approach not only activates the site early but also enhances the attractiveness of the future residential offering. However, the success of this strategy is contingent upon the presence of a strong surrounding market to support retail activity. A notable example is Urban Forest Jakarta, which has effectively implemented this phased development model.

Retailers

Retailers also stand to benefit significantly from the semi-outdoor retail format, particularly in terms of cost efficiency and operational flexibility.

Rent Costs

Rental rates in semi-outdoor retail spaces are **generally lower than those in traditional enclosed malls.** This is largely due to the simplified structural requirements and reduced maintenance obligations. **Lease terms typically range from three to five years,** with options for renewal on an annual basis thereafter. This flexibility allows retailers to manage risk more effectively while scaling their operations.

Moreover, many semi-outdoor retail developments **adopt a revenue-sharing model, fostering a mutually beneficial relationship between landlords and tenants.** Making it an attractive option for retailers looking to minimize risk and maximize growth potential.

Service Charges

Operating costs are also lower in semi-outdoor environments. These spaces require less intensive maintenance and fewer amenities compared to enclosed malls. For instance, the absence of centralized air conditioning in common areas significantly reduces electricity consumption—a major cost component in traditional retail centers.

Collectively, these advantages make semi-outdoor lifestyle retail an attractive proposition for retailers seeking to optimize their cost structures while capitalizing on emerging consumer trends. While to navigate the challenges, stakeholders must adopt a proactive and flexible approach—emphasizing experiential design, strategic tenant curation, and community engagement to sustain relevance and drive long-term viability.

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