

**HD** Indonesian developers look abroad for new opportunities  
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JAKARTA -- Indonesia's major government-affiliated **property** developers are increasingly planning offshore projects amid intense competition and weakening demand at home.

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Pembangunan Perumahan is looking to build a **residential-commercial** complex in Perth, Western Australia. The plan will see the **company purchase** 100 hectares, create a joint venture and begin development as early as next year. The project is estimated to cost around \$140 **million**. PP aims to take a controlling **stake** of around 90% in the joint venture. It is now searching for an appropriate partner for the deal.

Long-term demand

The developer believes the Perth **property** will draw Indonesian people and companies as well as local residents and businesses.

Perth is located just four hours by plane from Jakarta. It is the regional hub of an area rich in natural resources, including **coal, iron ore** and natural gas. The economy now appears to be slowing after **China's** booming fuel demand and land prices in the Western Australian capital have started to fall. Despite the slowing, the city looks likely to attract new natural resource companies causing demand for properties to rise again.

"The place is easily accessible from Indonesia. So, we can expect long-term demand," said the PP public relations director.

The development **company's** sales for 2013 doubled from two years earlier to 11.65 trillion rupiah (\$972 **million**). Net profit was up 80% to 420 **million** rupiah.

However, while PP continues to benefit from robust construction demand in Indonesia, the domestic real **estate** market is experiencing a slow patch due to high interest rates and stalling economic growth. These conditions are pushing the **company** to look overseas for potential growth.

Solid business results

Wijaya Karya, another major government-affiliated Indonesian developer, is pushing into Myanmar after winning a contract from Singapore's Noble Twin Dragon last month to build a high-rise building there. The 23-story building with three basement levels is to be completed in 2017 in central Yangon. WKA's contract covers \$125 **million** worth of civil engineering and electrical work for the \$270 **million** project.

The building "will be a landmark representing Yangon's current rapid growth," said WKA President Bintang Perbowo.

WKA had already decided to construct a concrete factory in the Southeast Asian country in response to Indonesian government policy backing the expansion of state-run companies into Myanmar. Winning the high-rise contract will kick the **company's operations** in the country into full gear.

WKA has also been reporting solid business results. Its sales and net profit rose roughly 20% year on year in 2013.

"We are shooting for a 60% sales increase to 18.93 trillion rupiah in 2014," a **company** official said.

Not content with its strong performance at home, WIKA is stepping up efforts to cultivate more business in overseas markets. Aside from Myanmar, the **company** is working toward winning contracts in neighboring East Timor, as well as Algeria.

"We aim to generate around 500 **billion** rupiah in sales from overseas **operations** in 2014," the **company** official said.

In Myanmar and other emerging economies, companies from Japan and other developed countries are also competing for contracts for development and infrastructure projects. Due to their low cost, Indonesian builders will likely prove tough rivals, but they could also make great partners.

**RE**      indon : Indonesia | burma : Myanmar | austr : Australia | waustr : Western Australia | yang : Yangon |  
apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | devgcoz : Emerging Market Countries |  
dvpcoz : Developing Economies | seasiaz : Southeast Asia

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