ABSTRACT

This cointegration analysis was carried out to analyze the relationship between the Jakarta CBD office demand and rental against a set of macroeconomic variables, investment approval and foreign exchange rate. The analysis was carried out using Johansen VAR methodology of cointegration analysis and incorporates the ECM (Error Correction Model) into the long-run model. The variables under investigation are cumulative demand, cumulative supply, rental rate (in Rupiah), investment approval, and foreign exchange (US$ vs. Rupiah). The conclusion of the analysis is that there exists a long-run equilibrium relationship between the Jakarta CBD office cumulative demand, cumulative supply, and rental rate (in Rupiah) and a set of macroeconomic variables: investment approval, and foreign exchange (US$ vs. Rupiah).

KEYWORDS Cointegration, office, demand, rental, time-series, Indonesia