ABSTRACT

Office space market is highly volatile and difficult to explain in an equilibrium econometric model. The vacancy rate then is believed to be the only reasonable proxy for disequilibrium in the market.

This study has shown attempts to develop econometric models of the office property market for the Jakarta Central Business District. It examines the impact of various macro-economic variables that are believed to influence the office market. Macro-economic factors are affecting current conditions of the office space market, which is in line with theoretical expectations. The current conditions of office space market are also affected by the office space market conditions in the previous periods and by the expectations on the future conditions.