

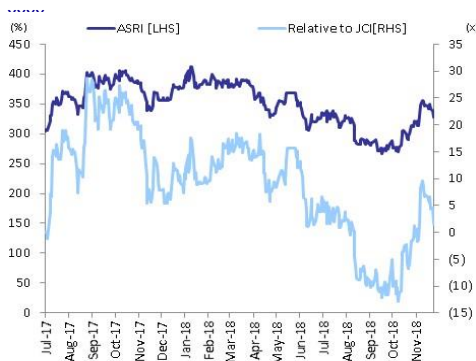
Tuesday, 08 January 2019

OVERWEIGHT

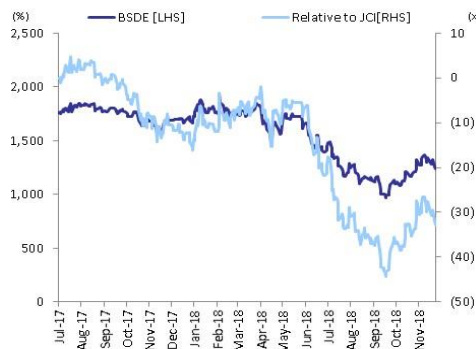
Property

4Q18 Mortgage Rate Survey: More SOE Promos

ASRI relative to JCI Index



BSDE relative to JCI Index



Source : Bloomberg

We conducted a mortgage rate survey on the big banks (Mandiri, BCA, BNI, BTN and CIMB Niaga) in 4Q18 to track any changes in rates and offerings from the previous quarter. We found that SOE banks are more aggressive in offering promotional rates, particularly for mortgages geared towards millennials, compared to private banks. Aside from special rates, SOE banks also offer downpayments as low as 0% and tenors as long as 25-30 years (with terms & conditions applied). In addition, we also observed that the regular and floating rates charged by banks were relatively unchanged. **Maintain OVERWEIGHT.**

SOE banks still aggressive in offering promotions. Based on our 4Q18 mortgage survey findings, we observed that SOE banks (Mandiri, BNI and BTN) were more aggressive in offering promotional rates in comparison to private banks (BCA and CIMB Niaga). Our findings indicate that promotional rates were mostly aimed towards millennials. We found that Mandiri and BNI were the most aggressive in giving out promotions. For Mandiri, its promo will run until 31-Aug-19, offering a 7.00% fixed rate (5Y), with a max. tenor of 30 years and downpayment as low as 0% (with terms & conditions applied). As for BNI, it offers a 6.25% fixed rate (2Y) and 7.25% fixed rate (next 1Y), with a max. tenor of 25 years and downpayment as low as 0% for property purchases with select developers. BTN was the least aggressive among the three offering only a 7.25% fixed rate (2Y).

Not many promotional activities undertaken by private banks. The private banks (BCA and CIMB Niaga) were less aggressive in offering mortgage rate promotions. Our channel check indicates that BCA did not have any promotions in 4Q18. CIMB Niaga also did not have many special offerings, although it gives an admin fee waiver equivalent to 0.1% of the credit ceiling which is only applicable for property purchased from Alam Sutera (ASRI).

Regular rates were pretty much unchanged. Overall, we found that regular rates in 4Q18 were relatively unchanged (as compared to 3Q18) across the banks we surveyed. The fixed rates offered range between 6.75%-10.50% (1-5Y) while floating rates range from 11.00%-14.00%. Generally, banks require a min. downpayment of 10% with a max. tenor of 20 years.

Maintain OVERWEIGHT. We maintain our OVERWEIGHT call on the property sector with BSDE as our top pick especially for its valuation and since it lags the most. We believe that share prices are likely to rally ahead of fundamentals, given the more dovish outlook on US interest rates, which should in turn support the IDR and prompt the Indonesian central bank to refrain from hiking rates further. Fundamentally, we should see property demand pick-up starting in 2H19 after the presidential elections.



Yudha Gautama

(62-21) 2955 5888 ext 3509

yudha.gautama@danareksa.com

Company	Ticker	Rec	Target Price (Rp)	Market Cap. (RpBn)	P/E (x)		P/BV (x)		ROE (%)
					2018F	2019F	2018F	2019F	2019F
Alam Sutra	ASRI IJ	HOLD	330	7,427.5	5.5	5.1	0.8	0.7	14.3
Bumi Serpong Damai	BSDE IJ	BUY	1,580	31,275.9	16.5	16.2	1.2	1.1	6.9
Ciputra Development	CTRA IJ	BUY	1,180	22,550.8	21.1	20.0	1.6	1.5	7.5
Pakuwon Jati	PWON IJ	BUY	680	29,618.2	12.7	12.0	2.4	2.0	18.3
Summarecon Agung	SMRA IJ	BUY	980	12,912.0	37.5	39.8	1.9	1.8	4.6

Exhibit 1. Mortgage Rates Changes Summary

Sep-18				Dec-18			
Bank	Mortgage Rate	Floating Rate	Downpayment	Bank	Mortgage Rate	Floating Rate	Downpayment
Mandiri	Promotional Rates: 8.00% (Fixed 3Y) 8.49% (Fixed 5Y) Normal Rates: 8.99% (Fixed 1Y) 9.99% (Fixed 3Y)	13.25%	10%	Mandiri	Promotional Rates: 7.00% (Fixed 5Y) - Min Tenor 15Y. Max Tenor 30Y and Downpayment starting at 0% Normal Rates: 8.99% (Fixed 1Y) 9.99% (Fixed 5Y)	13.25%	10%
BCA	Promotional Rates: 6.58% (Fixed 3Y) Normal Rates: 8.75% (Fixed 1Y, 2Y) 8.50% (Fixed 3Y) 9.00% (Fixed 5Y) 8.25% - 10.00% (Fixed 3Y + Cap 2Y)	11.00%	15%	BCA	Promotional Rates: No Promotional Rate Normal Rates: 8.75% (Fixed 1Y, 2Y) 8.50% (Fixed 3Y) 9.00% (Fixed 5Y) 8.25% - 10.00% (Fixed 3Y + Cap 2Y)	11.00%	15%
BNI	Promotional Rates: 6.75% (Fixed 1Y, 2Y) 7.75% (Fixed 3Y, 4Y) Normal Rates: 6.75% (Fixed 1Y, 2Y) 7.75% (Fixed 3Y, 4Y)	13.50%	20%	BNI	Promotional Rates: 6.25% (Fixed 2Y) 7.25% (Fixed Next 1Y) - Max up to 25Y Tenor and 0% Downpayment applies to selected developers Normal Rates: 9.50% (Fixed 1Y) 10.50% (Fixed 2Y)	13.50%	20%
BTN	Promotional Rates: 8.25% (Fixed 3Y) 9.00% (Fixed 5Y) Normal Rates: 9.75% - 9.90% (Fixed 1Y)	14.00%	15%	BTN	Promotional Rates: 8.25% (Fixed 2Y) - 250mn to 1.5bn 9.00% (Fixed 2Y) - <250mn 7.25% (Fixed 2Y) - Promo Until 31'Dec'18 Normal Rates: 9.75% - 9.90% (Fixed 1Y)	14.00%	15%
CIMB Niaga	Promotional Rates: 6.25% (Fixed 3Y) 7.00% (Fixed 5Y) Normal Rates: 7.25% (Fixed 3Y) 7.75% (Fixed 5Y)	*11.5%	10%-20%	CIMB Niaga	Promotional Rates: 6.75% (Fixed 3Y) 8.00% (Fixed 5Y) Normal Rates: 6.75% (Fixed 3Y) 8.00% (Fixed 5Y)	*11.75%	10%-20%

* Floating Rate - BI Lending Rate + 5.25%

Source: Danareksa Sekuritas Survey

* Floating Rate - BI Lending Rate + 5%