

Press Release

Minister Bambang: "State Capital Relocation will Increase Opportunities in Property Sector"

JAKARTA – The Minister of National Development Planning/Head of Bappenas Bambang Brodjonegoro revealed that the relocation of the State Capital (IKN) to East Kalimantan will not only bring a positive impact in the short term to the area, but will also increase business opportunities and job opportunities in the long term.

"Relocating the IKN will help increase real investment to East Kalimantan by 47.7%. Meanwhile the island of Kalimantan itself is projected to grow by 34.5% and national investment will likely grow by 5%. Developing the IKN is considered one of the heavier investments to the property sector," Minister Bambang said at the National Coordination Meeting (Rakornas) for the Property Sector of the Indonesian Chamber of Commerce (KADIN) on Wednesday (18/9).

Relocating the IKN to its new location will involve relocating a large number of executive, legislative, and judicial civil servants (ASN) to East Kalimantan. That is why the provision of official and public housing presents a huge potential for developers and the private sector.

"In addition to building housing, the potential will expand to the development of public health, education, science, office, recreation, and shopping facilities, as well as upgrades on airports, ports and toll roads," explained the Minister.

Minister Bambang added that the IKN relocation will increase interregional trade because the development process would require an abundant supply of materials and goods. Investment will also have an impact on the creation of economic growth in East Kalimantan, which is projected to increase by 7.3%, with Kalimantan Island experiencing 4.7% and national growth increasing by 0.6%.

"This new capital city will obviously need a lot of new workers because the investment is in the trillions. Based on data from the Public Works and Housing Ministry, every Rp 1 trillion of investment in the construction sector will require 14,000 workers. The total investment needs for the construction of the new capital will reach Rp 466 trillion. Hence, there will be many new job opportunities. East Kalimantan will experience a 10.5% increase in new jobs while nationally, that number will be at 1%," the Minister concluded.

The meeting was attended by figures such as the Minister of Spatial Planning/Head of the National Land Agency (BPN) Sofyan Djalil, the Public Works and Housing Ministry's Director General of Construction Development Syarif Burhanuddin, KADIN Chairman Rosan P. Roeslani, and KADIN's Deputy General Chair of Property Division Hendro Gondokusumo.

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