

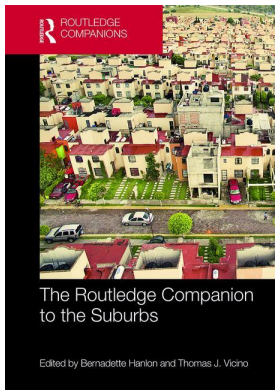
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Suburbanization in Asia

A focus on Jakarta

Deden Rukmana, Fikri Zul Fahmi, and Tommy Firman

Introduction

Jakarta is the capital of Indonesia and the largest metropolitan area in Southeast Asia, with tremendous population growth, land use change, and new town and industrial estate development. In the twentieth century, the overall population of the Jakarta region grew from approximately 150,000 people to 30 million. Jakarta's metropolitan region is also called *Jabodetabek*, taken from the initial letters of the administrative units of Jakarta, Bogor, Depok, Tangerang, and Bekasi. The center of Jabodetabek is Jakarta, also called the Special Capital Region of Jakarta (*Daerah Khusus Ibukota* Jakarta), which covers a total area of 664 square kilometers. The inner peripheries of Jakarta's metropolitan region include four municipalities (City of Tangerang, City of South Tangerang, City of Depok, City of Bekasi), and the outer peripheries of Jabodetabek include the City of Bogor, Tangerang Regency, and Bekasi Regency. This metropolitan region covers a total area of 5,897 square kilometers (Hudalah and Firman, 2012).

Jakarta, or the Special Capital Region of Jakarta, has "provincial government level" status. The peripheries of Jabodetabek are within the jurisdiction of two provinces. The City of Bogor, City of Depok, City of Bekasi, and Bekasi Regency are within the jurisdiction of West Java Province, whereas the City of Tangerang, City of South Tangerang, and Tangerang Regency are within the jurisdiction of Banten Province. The four municipalities within the inner peripheries of Jabodetabek are newer municipalities founded in the 1990s and 2000s. The City of Tangerang, City of Bekasi, City of Depok, and City of South Tangerang were founded in 1993, 1996, 1999, and 2008, respectively. The City of Tangerang and City of South Tangerang seceded from Tangerang Regency. Meanwhile, the City of Depok was part of Bogor Regency and the City of Bekasi seceded from Bekasi Regency.

Population growth of the metropolitan area of Jakarta

Jakarta has been the capital of Indonesia since the Dutch colonial era. The population of Jakarta in 1900 was about 150,000. In the first nationwide census of the Dutch colonial administration (1930), Jakarta's population increased to 409,475. Over the next 10 years, the population increased to 544,823, with an annual growth rate of 3.30 percent. After independence, Jakarta's population increased by nearly three times to 1.43 million by 1950, to 2.91 million in 1960, and

Table 9.1 Population of the metropolitan region of Jakarta in 1980–2010 (in millions)

Area	1980	1990	2000	2010
<i>Core</i>	6.50	8.26	8.39	9.60
Jakarta	6.50	8.26	8.39	9.60
<i>Inner peripheries</i>	n.a	n.a	4.93	7.22
City of Tangerang	n.a	n.a	1.33	1.80
City of South Tangerang	n.a	n.a	0.80	1.29
City of Depok	n.a	n.a	1.14	1.75
City of Bekasi	n.a	n.a	1.66	2.38
<i>Outer peripheries</i>	5.41	8.88	7.31	11.20
City of Bogor	0.25	0.27	0.75	0.95
Tangerang Regency	1.53	2.77	2.02	2.84
Bekasi Regency	1.14	2.10	1.62	2.63
Bogor Regency	2.49	3.74	2.92	4.78
<i>Megacity of Jakarta</i>	11.91	17.14	20.63	28.02

Source: Rukmana (2014)

4.47 million in 1970. The annual growth rates are 10.35 percent and 5.36 percent (1950–1960 and 1960–1970, respectively).

Table 9.1 shows Jakarta's metropolitan region's population, Jakarta, the inner and outer peripheries of Jakarta, from 1980 to 2010. The megacity of Jakarta's population increased from 11.91 million in 1980 to 17.14 million in 1990 and from 20.63 million in 2000 to 28.01 million in 2010. The population in 2010 was 11.79 percent of Indonesia's total population despite residing in less than 0.3 percent of Indonesia's total area. The proportions of Jabodetabek's population to the total population of Indonesia have steadily increased from 8.07 percent to 9.56 percent, and again to 10 percent (in 1980, 1990, and 2000, respectively).

Transformation of Jakarta

The modern city of Jakarta was initiated by President Soekarno's strong vision to build Jakarta into the greatest city possible (Cybriwsky and Ford, 2001). He gave the city Monas, his most symbolic new structure. The national monument stands at 132 meters and included spacious new government buildings, department stores, shopping plazas, hotels, the sport facilities of Senayan that were used for the 1962 Asian Games, the glorious mosque of Istiqlal, new Parliament buildings, and the waterfront recreation area at Ancol.

Such construction continued under the New Order regime that began in 1967. Under this regime, Indonesia enjoyed steady economic growth, along with a reduction in the percentage of the population living under the poverty line. Investment in the property sector, including offices, commercial buildings, new town development, high-rise apartments, and hotels, grew substantially. Jakarta contained the largest concentration of foreign and domestic investment in Indonesia, receiving U.S.\$32.5 billion and Rp. 68,500 billion from foreign and domestic investments, respectively, from January 1967 through March 1998 (Firman, 1999). Jakarta, by the mid-1990s, was heading toward global city status.

In the New Order regime's early administration, some projects completed included the Ismail Marzuki Arts Center, the industrial zones at Tanjung Priok and Pulo Gadung meant to attract

further foreign investments, plus the unique theme park Taman Mini Indonesia Indah. During the 32 years of the New Order regime, Jakarta changed considerably, with generally rapid economic growth allowing Jakarta to expand and develop into a modern city. Hundreds of new office towers, hotels, and high-rise condominiums were built in many parts of the city.

The Golden Triangle – a new style commercial zone – was built in Thamrin-Sudirman corridor to push the urban skyline upward in response to high land costs in key areas and the convenience of the automobile (Cybriwsky and Ford, 2001). This zone aimed to accommodate internationally invested high-rise mega-blocks, a result of the regional competition among “global cities” (Firman, 1998; Goldblum and Wong, 2000). Jakarta is linked with other “global cities” in a functional system built around telecommunications, transportation, services, and finance. A parade of tall buildings, one after the other, rose above both sides of the major streets, housing the offices of Indonesian and multinational corporations.

The monstrous economy crisis that hit Indonesia in 1998 resulted in major disruptions of Jakarta’s urban development, shifting Jakarta from “global city” to “city in crisis.” The crisis – commonly known in Indonesia as *krismon* – squeezed Jakarta’s economy and in order to survive, a large number of workers became food traders or engaged in other informal sector jobs. The number of street vendors – commonly known in Indonesia as *pedagang kaki lima* – increased rapidly, from about 95,000 in 1997 to 270,000 in 1999 (Firman, 1999).

This shrinkage of economic activities meant less demand for office space, which dropped from 300,000 square meters in 1997 to 85,000 square meters in 1999. Similarly, the demand for high-class apartments dropped from 49,000 in December 1997 to 16,000 in February 1998. The housing market in the megacity nearly collapsed due to increasing costs of building materials and higher interest rates for mortgages. Most construction projects in Jakarta’s periphery slowed down or even stopped completely (Firman, 2004).

In order to mitigate the impact of the *krismon*, in July 1998, the government, with the assistance of the IMF, launched a variety of social safety net programs, in addition to other political and economic reforms implemented during the recovery process. Civil unrest and political uncertainty, which had heightened during the *krismon*, gradually decreased during the recovery process.

As of early 2005, Indonesia’s economic performance was more robust. Indonesia’s rate of economic growth was 5.73 percent per year from 2004 through 2008. The economic growth resulted in an increased number of construction projects in Jakarta, including malls, apartments, and office buildings. Winarso (2010) reported 12 malls and shopping centers built in Jakarta between 2004 and 2006, and another seven between 2013 and 2016. The land area of malls in Jakarta increased from 1.7 million square meters in 2000 to 4.8 million square meters in 2009 (Suryadjaja, 2012).

Jakarta has been a stronghold of Indonesia’s economy since the colonial era (Salim and Kom-baitan, 2009), and Indonesia’s most attractive area for both domestic and foreign investments. Nearly one-fourth of total approved foreign investments in Indonesia over the period of 2000 through 2005 were in Jakarta, due to the city’s high concentration of skilled labor and entrepreneurs (Firman, 2008).

Jakarta’s contribution to Indonesia’s GDP in 2010 increased to 16.7 percent from 14.9 percent in 2000, primarily caused by the city’s dominance in the financial and business sectors. The high economic growth also attracted new residents. Kenichiro (2015) identified returning to the city as a trend after the *krismon*, indicated by higher population growth from 2000 to 2010 than the growth Jakarta experienced from 1990 to 2000.

Beginning in 2005, luxury high-rise apartments were constructed in many parts of Jakarta, the investors of which came from several Asian countries including China, Singapore, Hong

Kong, and Japan (Colliers International, 2017). The cumulative supply of luxury apartments reached more than 100,000 units by 2012 (Kenichiro, 2015), and the market has remained strong in the last decade. In the first four months of 2017 alone, 2,790 units were completed in three different projects (Colliers International, 2017).

According to the Council on Tall Buildings and Urban Habitat, as of 2017, Jakarta had a total of 377 tall buildings that satisfy the minimum height of a hundred meters, ranking twelfth among cities in the world for the number of tall buildings (CTBUH, 2017). This strong trend for vertical urbanism, as demonstrated by the construction of numerous high-rise buildings (Alexander et al., 2016), shows no signs of abating. A total of 66 high-rise buildings are currently under construction or in development, including the Signature Tower that will become Jakarta's tallest building in 2022.

Along with such tremendous population growth, Jakarta has faced a wide range of urban problems in the last few decades. Two major problems are traffic congestion and flooding. Jakarta's urbanization and suburbanization are strongly associated with its traffic congestion. The city loses an estimated U.S.\$3.5 billion every year because of traffic, which can't be separated from the high growth rate of vehicle ownership (Wismadi et al., 2013). Residents rely heavily on road transportation and about 80 percent of trips are made by private vehicles (Sugianto et al., 2015).

According to the Jakarta's Bureau of Statistics (2016), in 2014, nearly three-quarters (74.66 percent) of the city's vehicles were motorcycles. The number of motorcycles increased at a rate of 13.35 percent per year, from 6.76 million in 2008 to 13.08 million in 2014, while the number of passenger cars increased at a rate of 8.65 percent per year, from 2.03 million in 2008 to 3.27 million in 2014. Over the same period of time, the total road length in Jakarta increased at a rate of 0.90 percent per year.

Several programs have been implemented to alleviate the acute traffic congestion in Jakarta, including the expansion of the inner-city toll roads and the development of Bus Rapid Transit (BRT) and Mass Rapid Transit (MRT). The total length of inner-city toll roads increased from 112.9 kilometers in 2008 to 123.73 kilometers in 2014. The BRT, popularly known as TransJakarta, was introduced in 2004, and its service expanded to 12 corridors with a total of 669 buses and 111.6 million passengers by 2014.

For at least 20 years, the proposed MRT has been in discussion by the Jakarta administration and the government of Indonesia. Activists and nongovernmental watchdogs have seen the MRT proposal as a possible bonanza for corrupt politicians and contractors. Eventually, in 2009, the government secured a \$1.6 billion loan agreement with the Japanese International Cooperation Agency (JICA) for funding, and construction of the MRT began on October 10, 2013. The first MRT track will serve 173,000 passengers per day (Rukmana, 2014). By June 30, 2017, the first MRT track was nearly 75 percent complete. The city administration expects to launch the MRT for trial purposes in August 2018.

Jakarta lies in a lowland area in the vicinity of 13 rivers. All tributaries and basin areas of these rivers are located in the megacity's peripheries and strongly associated with city's flooding problems. Many of the industrial parks and new towns built in the peripheries have converted water catchment areas, green areas, and wetlands; however, such land conversions have affected the severity of flooding in Jakarta, increasing the threat posed by the floods and the residents' resulting yearly woes.

Flooding has had a critical impact on the infrastructure and population. In 2008, floods inundated most parts of the city. Nearly a thousand flights were delayed or diverted while 259 were canceled. In 2012, floods submerged hundreds of homes along major Jakarta waterways and displaced 2,430 people. In January 2013, many parts of Jakarta were inundated following heavy

rains, and, as reported by the National Disaster Mitigation Agency (BNPB), the ensuing floods killed a minimum of 20 people and forced at least 33,502 to flee their homes (Rukmana, 2014)

In the aftermath of these annual floods, the government normally attempts to dredge the rivers and release floodwater as quickly as possible into the sea via the East Flood Canal. Construction of the East Flood Canal began in the aftermath of 2002's major floods and finally reached the sea on December 31, 2009, after a lengthy and protracted process due to complicated land acquisitions. The East Flood Canal has been considered the most viable means of preventing future flooding in Jakarta, but one canal clearly cannot prevent flooding entirely.

New towns and industrial estates in the suburbs of Jakarta

In order to understand the suburbanization of Jakarta's metropolitan region, it is essential to recognize the socioeconomic dualism pervading urban Indonesian society. This dualism manifests in the presence of the modern city and the *kampung* city in urban areas. The *kampung* – village in Indonesian – is associated with informality, poverty, and the retention of rural traditions within an urban setting. Firman (1999) argues the existence of *kampungs* and modern cities reflect spatial segregation and socioeconomic disparities.

The growing numbers of migrants and poor Jakarta natives have produced new squatter *kampungs* on the periphery of Jakarta (Cybriwsky and Ford, 2001). Construction in the central city has also resulted in the eviction of some *kampung* residents, who are then relocated to the periphery (Silver, 2007). The periphery also attracts migrants because of its improved infrastructures and facilities (Goldblum and Wong, 2000).

Beginning in the early 1980s, agricultural areas and forests in Jakarta's suburbs were converted into large-scale subdivisions and new towns (Silver, 2007). Between 1990 and 2010, more than 30 large new towns were built in the suburbs, ranging in size from 500 to 30,000 hectares (Firman, 2014; Winarso and Firman, 2002).

The suburbs' massive development was the result of a series of deregulation and de-bureaucratization measures enacted by the Suharto government in the 1980s (Winarso and Firman, 2002). The subsidized housing finance program and municipal permit system for land development also contributed to this development. Developers strongly linked with the New Order regime have benefited from these policies the most (Leaf, 1994; Arai, 2015).

The residential enclave for narrowly targeted moderate- and high-income families characterized Jakarta's suburban area (Firman, 1998; Leaf, 1994). Located on the city's periphery, these settlements were built in automobile-accessible areas with various high quality amenities. High-income families also moved away from the city in search of better quality of living (Goldblum and Wong, 2000). The high cost of houses and the need for automobiles prevented low-income families from exploring the suburban housing market. One in five families in Jakarta's suburbs owned an automobile (Leaf, 1994).

The first new town in the suburbs of Jakarta was Bintaro Jaya in Pondok Aren, South Tangerang in 1979. Planned by the developer of PT. Jaya Raya Property, Tbk., the town has a total area of 2,321 hectares and includes schools, recreational facilities, and health facilities. The second new town was a collaborative project of Bumi Serpong Damai in Serpong, South Tangerang in 1984. This new town was created for an eventual population of 600,000 in a total area of 6,000 hectares; the project was developed by several private developers and led by the largest – the Ciputra Group. A list of the Jakarta suburbs' new towns is presented in Table 9.2.

New towns in the Jakarta suburbs are aimed at middle- and upper-middle income groups (Goldblum and Wong, 2000; Firman, 2004). They are mostly furnished with golf courses, shopping malls, cinemas, hospitals, and hotels. They are heavily influenced by American design

Table 9.2 New towns in the suburbs of Jakarta in 2017 (> 500 ha)

<i>Name of New Towns</i>	<i>Developer</i>	<i>Planned total size (ha)</i>	<i>District</i>	<i>Municipality</i>
Bintaro Jaya	PT. Jaya Real Property, Tbk	2,321	Pondok Aren	South Tangerang
Bumi Serpong Damai	PT. Sinarmas Land	6,000	Serpong	South Tangerang
Alam Sutera	PT Alam Sutera Realty, Tbk	700	North Serpong	South Tangerang
Kota Modern	PT. Modernland Realty	770	Cipondoh	Tangerang
Gading Serpong	PT. Summarecon Agung and PT. Paramount Land	975	Kelapa Dua	Tangerang Regency
Lippo Karawaci	PT. Lippo Karawaci, Tbk	2,266	Kelapa Dua	Tangerang Regency
Citra Raya	PT. Ciputra Group	2,760	Cikupa	Tangerang Regency
Kota Tigaraksa	Tangerang Regency	3,000	Tigaraksa	Tangerang Regency
Kota Legenda	PT. Sinarmas Land	1,100	South Tambun	Bekasi Regency
Lippo Cikarang	PT. Lippo Karawaci, Tbk	2,216	South Cikarang	Bekasi Regency
Cikarang Baru	PT. Jababeka, Tbk	1,400	South Cikarang	Bekasi Regency
Jababeka	PT. Jababeka, Tbk	2,140	North Cikarang	Bekasi Regency
Kota Deltamas	PT. Pembangunan Deltamas	3,000	Central Cikarang	Bekasi Regency
Kota Harapan Indah	PT. Hasana Damai Putra	3,000	Medan Satria	Bekasi
Kota Wisata	PT Sinarmas Land	750	Cileungsi	Bogor Regency
Kota Taman Metropolitan	PT. Metropolitan Land	600	Cileungsi	Bogor Regency
Harvest City	PT. Dwikarya Langgeng Sukses	1,050	Cileungsi	Bogor Regency
Sentul City	PT. Sentul City, Tbk	3,100	Babakan Madang	Bogor Regency
Sentul Nirwana	PT. Bakrieland Development	12,000	Jonggol	Bogor Regency
Citra Indah	PT. Ciputra Group	1,200	Jonggol	Bogor Regency
Telaga Kahuripan	PT. Kahuripan Raya	750	Parung	Bogor Regency
Rancamaya	PT. Suryamas Dutamakmur, Tbk	500	Ciawi	Bogor Regency
Bogor Nirwana	PT. Bakrieland Development	810	South Bogor	Bogor

Sources: Kenichiro (2015); Firman (2014)

concepts to offer luxury, security, self-sufficient neighborhoods, and improved lifestyles. Many new towns also led to large-scale displacement of farmers and existing residents, such as Tigaraksa, which evicted about 1,400 farmers (Firman, 2004).

In a number of these new towns, the State Housing Provider Agency (Perumnas) joined with private developers to assure that some housing was targeted for low- and moderate-income families (Cybriwsky and Ford, 2001). Most of the new towns offered relatively few employment opportunities. Their initial concept was to create self-contained communities, but this was rarely implemented. Instead, the new towns became “bedroom suburbs for city-bound commuters” (Cybriwsky and Ford, 2001) and were still heavily dependent on the central city (Firman, 1999; Silver, 2007). The development of large-scale housing projects intensified the daily interaction between the fringe areas and the central city, worsening the traffic problems in metropolitan

Jakarta. People who live on the outskirts of Jakarta can save as much as 30 percent of their transportation costs using motorcycles to commute to work rather than public transportation.

Winarso and Firman (2002) revealed almost all large developers were connected to the President Suharto's family and inner circle, and this connection to the First Family helped the developers expand their businesses. Interlinking also occurred among the large developers through cross-shareholding, shared directorships and joint ventures, a process that turned potential competitors into collaborators and created oligopolistic types of land and housing markets.

In addition to residential zones, the periphery of Jakarta is also made up of specialized zones of commercial and industrial enterprises. These areas complement Jakarta's other districts: the central business districts on the Thamrin-Sudirman corridor, the government offices around Medan Merdeka, the international seaport of Tanjung Priok, and the growing network of free-ways. The development of industrial zones on the peripheries also indicates a spatial restructuring that shifted manufacturing from the central city to the periphery. Firman (1998) reported that the central city attracted disproportionate investment in service industries, trade and hotels, and restaurant construction.

The peripheries attracted most of the industrial construction, including textiles, apparel, footwear, plastics, chemicals, electronics, metal products, and foods (Cybriwsky and Ford, 2001). The total area of industrial estates in the suburbs increased from 11,000 hectares in 2005 to 18,000 hectares in 2010 (Firman, 2014; Hudalah et al., 2013). About 40 percent of the industrial estates in the region were located in the district of Bekasi, including seven large industrial estates.

Three industrial estates in the district of Bekasi also integrated their industrial areas with residential and other urban activities. They created towns rather than estates (Hudalah and Firman, 2012). Jababeka also built an inland port named Cikarang Dry Port and opened it in 2010. The Cikarang Dry Port offers one-stop service for cargo handling for international export and import and domestic distribution. The seven large industrial estates in the district of Bekasi are Indonesia's largest concentration of industry; in 2005, they produced about 46 percent of the national non-oil and gas exports, at a value of USD\$66.428 billion (Hudalah and Firman, 2012). The industrial activities in Bekasi also generate taxes for the central and local governments, as much as 3.4–6 trillion rupiahs in 2005. Nearly 10,000 expatriates also lived in Bekasi in 2005 due to the industrial activities.

The development of private industrial parks in the peripheries followed the development of the three highways stretching from Jakarta to the peripheries – the Jagorawi toll road, the Jakarta-Cikampek toll road, and the Jakarta-Merak toll road highways (Henderson and Kuncoro, 1996; Hudalah et al., 2013). Private industrial parks in the peripheries range from 50 to 1,800 hectares, although the average size is about 500 hectares (Hudalah et al., 2013); major industrial centers are located in Cikupa-Balaraja of Tangerang Regency and Cikarang of Bekasi Regency. The industrial center of Cikarang, with a total industrial land area of nearly 6,000 hectares, is the largest planned industrial center in Southeast Asia (Hudalah and Firman, 2012).

The industrial estates in the suburbs are becoming increasingly specialized and intensifying the region's polycentrism (Firman, 2014; Hudalah et al., 2013). Each industrial estate built its own facilities and infrastructure including roads, waste treatment plants, and communication networks, resulting in a fragmented industrial complex (Hudalah et al., 2013).

Post-suburbanization of Jakarta

Urban development in metropolitan Jakarta has continued and expanded beyond the suburbs. Jabodetabek fringe areas that used to be "traditional" dormitory towns have transformed into more independent areas with a strong economic base. Agricultural land in these areas has been

converted for various urban land purposes, including new town and large-scale residential areas, industrial estates, and shopping centers. The core of the metropolitan region, in contrast, is experiencing low population growth due to considerable population spillover to fringe areas. While population growth in Jakarta City was 3.1 percent between 1980 and 1990, it was only 1.5 percent between 2000 and 2010 (see also Table 9.1). As a result of new town and industrial development in fringe areas, commuting is evident in Jabodetabek, where millions of people commute between the city and the peripheral areas daily by trains, buses, motorcycles, and cars. Likewise, many inhabitants commute between the city and the smaller, newer towns on the outskirts, as they work there but still live in Jakarta (Firman, 2014).

As Firman and Fahmi (2017) explain, recent Jabodetabek development reflects some signs of the early stages of post-suburbanization. Post-suburban development in Jabodetabek is, however, less likely to fully resemble that of Western cities (Feng et al., 2008) “because so many people choose to continue to live in the traditional core and commute out to suburban developments for work, as well as other activities” (Firman and Fahmi, 2017, p. 77). Post-suburbanization in Jabodetabek is triggered by privatization of land development and management, particularly in fringe areas. The private sector has gained stronger control over land in that it can aggressively acquire, develop, and manage land in fringe areas, most notably for residential and industrial activities. The prominent role of the private sector in land development has indeed materialized for a long time. Currently, the private sector plays a more significant role: it is able to direct land development and manage the areas “exclusively” by providing municipal services traditionally delivered by local governments in the areas.

The shift of power in land development from the public to the private sector is strongly driven by decentralization and its associated reforms in Indonesia. For the Jabodetabek case, the central government still plays a strong role in suburban development, in that many industrial activities in fringe areas are made possible by foreign direct investments, which are subject to the central government’s approval. On the other hand, local governments now have the authority to direct spatial plans and development in their areas, as well as grant building permits to private developers.

Industrial centers in Jabodetabek are becoming increasingly diversified, so that fringe areas are becoming more polycentric and fragmented industrial regions (Hudalah et al., 2013). This development can be associated with the behavior of private developers, both foreign and domestic, seeking economic benefits from the ongoing industrialization process as well as the pro-growth economic policies of both central and local governments. The central government has stimulated the development of industrial estates in fringe areas by subsidizing the provisions of infrastructure and other facilities built and managed by “licensed companies” (Hudalah et al., 2013). According to Government Regulation 142/2015, the licensed companies, those holding permits from either central or local government, have the exclusive right to develop and manage specific industrial areas, provide and manage ongoing utilities and facilities exclusively for the firms located in these areas. The license to develop and manage industrial parks is to be granted by the local government, where the potential estates are located, and by the provincial government if the potential location extends into two or more municipalities/districts. If the potential area extends over two or more bordering provinces, or if it is to be operated by a foreign company, the developer must acquire additional permits from the central government. After a private developer obtains the license to manage an industrial park, it has the exclusive authority to sell land units to other companies that wish to start businesses inside the industrial estates.

The shift of power from the public to the private sector is also reflected by new town development in fringe areas. Private developers build new towns and large-scale residential projects in response to the local needs driven by economic growth and diversification in fringe areas. They gain permits from the local governments to design the new towns as gated suburban developments

surrounded by walls and separated from nearby communities (Leisch, 2002). Private developers not only provide infrastructure exclusive to the inhabitants within the gated communities, but also administer municipal services as if they were these communities' "government." In so doing, they appoint their own "city" managers to ensure service delivery and security of the area. Local governments enable this development by granting building permits to private developers, although these sometimes do not comply with the legalized spatial plans. For example, new town projects are built on land that is supposed to serve as catchment areas. The local autonomy rights given to the local governments have cultivated a competitive climate, so they are now eager to promote economic development in their regions and exploit regional resources more intensively. In many cases, economic growth is preferred over enforcing spatial plans (Rukmana, 2015). Decentralization has also intensified the practice of "clientelism," or patronage relationships, between the local government and the private sector (Rukmana, 2015). Spatial plans are often prepared and easily altered to accommodate the developers' interests rather than plan for more sustainable regions (Firman, 2004; Rukmana, 2015). Driven by political pressures and interests in placing what are perceived to be profitable economic activities, spatial plans are often negotiated and violated. This condition actually illustrates contradictory facts. On the one hand, local governments have strong power to direct local development and also to empower developers to perform their profit-seeking behaviors, although this violates the spatial plans (Cowherd, 2005; Kenichiro, 2015). On the other hand, this reflects the local government's inability to enforce the legalized plans, as if they are "powerless" when they have to face the developers.

The fact that the private sector takes over some governmental tasks, on the one hand, can be seen as an opportunity to improve upon the local governments' limited ability to provide basic services. On the other hand, the private sector focuses mainly on profit and often pays less attention to the spatial plans that aim to create sustainable cities and regions. As local governments have the authority to direct local development and the central government has less power to intervene in it, the making and enforcement of spatial plans in Greater Jakarta has been fragmented (Kusno, 2014). As such, recent post-suburbanization of Jakarta reveals new, significant challenges in managing urban development and enforcing spatial plans, which require innovative governance solutions.

Conclusion

This chapter has presented Jakarta's transformation from a concentric and radial-patterned urban structure to a city in the early stages of post-suburbanization. Jakarta has been the nation's capital and the largest city in Indonesia since the Dutch colonial era, although before independence Jakarta was far smaller. After independence, Jakarta began to grow beyond the city's boundaries and formed a metropolitan region consisting of several administrative districts and municipalities (i.e., Jabodetabek). During the New Order's regime (1967–1998), as the country enjoyed rapid economic growth, Jakarta had a chance to expand its construction and develop into a modern city. The central government's pro-growth economic policy at that time supported large-scale industrial activities on the peripheries. Although the monetary crisis forced a pause in development at the beginning of the New Millennium, it resumed after the crisis passed and has continued since. Current development indicates some signs of the early stages of post-suburbanization, in which the traditional core remains preeminent, but the peripheral areas have become more independent satellite cities with strong economic bases and diversified activities.

This development was triggered by the privatization of land development and management, particularly in fringe areas (Firman and Fahmi, 2017). The private sector has indeed played a crucial role in developing industrial and large residential activities in fringe areas. However, it

now plays an even more significant role, as it can direct land development and manage the areas “exclusively” by providing municipal services traditionally delivered by local governments. As a result, regional development of greater Jakarta, which consists of several districts and municipalities, is potentially even more fragmented and unsustainable. A forum, namely the Coordinating Body of Jabodetabek Development, is designed to integrate local government actions in managing the region’s development. However, this body seems ineffective, as under the Indonesian New Decentralization law the real authority of local development is owned by the local government. This condition suggests that it is now crucial to designate a form of Metropolitan Authority that works above the local government and is authorized to coordinate the region’s development.

Guide to further reading

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