

PROSPECTS OF PROPERTY IN CHINATOWN SURABAYA Case Study: Kembang Jepun Street Surabaya

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ABSTRACT

Kembang Jepun area was once the biggest trade center in its time. However, its ambience is quiet and crime-prone today, especially at night. This is caused by the decrease of service value of the areal facilities and infrastructures, so that it in turn decreases the areal economic productivity. This condition requires a research about the most suitable property which can be developed according to the desire of the society in the corridor of Kembang Jepun Street and can revive the 'dead' areal spirit.

This research applies interview method along with market analysis. The type of analysis is Descriptive Statistics, namely by the media of graphics, diagrams and tables.

From the interview result, retails are found to be prospective property for the society in the Corridor of Kembang Jepun Street. The next analysis conducted as the comparator to the survey result is Market Analysis on five property buildings, namely retails, hotels, museums, restaurants and residences. Having the market analysis done, a conclusion is found that Hotels property is more prospective than retails, museums, restaurants and residences property with the consideration of dominant supply of hotels in Central Surabaya, East Surabaya and West Surabaya, as well as that hotels have lesser competitors with quite high demands.

Keywords: *market analysis, property business, cultural preserve, property, estate management*

ABSTRAK

Kawasan Kembang Jepun sempat menjadi pusat perdagangan terbesar dimasanya. Namun saat ini kondisinya sepi dan rawan kejahatan terutama saat malam hari. Hal ini disebabkan karena menurunnya nilai pelayanan sarana dan pra-sarana kawasan sehingga menyebabkan produktifitas ekonomi kawasan menurun. Kondisi ini me-

merlukan sebuah penelitian mengenai properti paling sesuai yang dapat dikembangkan berdasarkan keinginan masyarakat di koridor Jalan Kembang Jepun dan dapat menghidupkan kembali jiwa kawasan yang 'mati'.

Penelitian ini menggunakan metode wawancara dengan analisa pasar. Jenis analisa yang digunakan menggunakan Statistika Deskriptif yaitu melalui media grafik, diagram, dan tabel.

Dari hasil wawancara ditemukan retail sebagai properti yang prospektif bagi masyarakat di Koridor Jalan Kembang Jepun. Analisa selanjutnya yang dilakukan sebagai pembanding terhadap hasil survey adalah Analisa Pasar pada lima bangunan properti yaitu retail, hotel, museum, restoran, dan residensial. Setelah melakukan analisa pasar ditemukan kesimpulan bahwa properti Hotel lebih prospektif dibandingkan properti retail, museum, restoran, dan residensial dengan pertimbangan supply hotel yang dominan di Surabaya Pusat, Surabaya Timur, dan Surabaya Barat, serta kompetitor hotel yang lebih sedikit dengan jumlah peminat-nya (demand) cukup tinggi.

Kata kunci: *analisa pasar, bisnis properti, cagar budaya, properti, manajemen estat*

INTRODUCTION

A lot of Chinatowns in various countries have been developed. Among those developments, many then become main destinations for tourism travels, for example is China Town in Singapore. In Indonesia, Chinatown areas are also built in several cities. One of Chinatown areas located in Surabaya city is Kembang Jepun area. Kembang Jepun Street was once busy as a location for night market which is in the Chinatown area of Surabaya city. Along Kembang Jepun Street, stalls are built selling various kinds of food and souvenir. It is an important area in Surabaya city for having strong characteristics of Chinese culture in its time (Hardinoto, 2010). The Surabaya city government once aimed to make Kembang Jepun area to be like Malioboro area in Yogyakarta city. The conservation of cultural heritages in Kembang Jepun area is an effort to actualize areal sustainability with areal functions that have been initially developed. Despite acknowledging the conservation of cultural heritage, the efforts for conservation are still very limited, so that there are many cultural heritages located in Kembang Jepun Chinatown area. Kembang Jepun area once became an interesting area for trade center. But now it doesn't have the similar image and function as it did in the initial opening of said Chinatown area. This is shown by the unmaintained buildings condition all along the corridor of Kembang Jepun Street, which causing them reduction of functions. Many functions of houses and stores no longer show the characteristics of a Chinatown area. Based on the problems occurred, it is necessary to take a more in-depth study about the said matter. This research carries on the earlier research where it will analyze what type of property that will be built on the four key buildings of the corridor of Kembang Jepun Street. This research will get into the real estate type of property which is suitable to the desire of the society in the area of Kembang Jepun Street to be built in some spots within the area.

THEORY / RESEARCH METHODS

The methods applied in this research are qualitative description and Cross-Tabulation by collecting field data at the recent time in which becoming the starting point of the research period, as well as by presenting related theories for the sake of more in-depth study. The said methods also combine the consumer's behaviors while purchasing the available products in the property. This research is conducted by describing the current physical condition in the field. The first analysis to be done is the analysis of desire of the society in the corridor of Kembang Jepun Street. In this analysis, information processing is done to interpret the data from questionnaires and interviews. The second analysis is the market analysis on property. This analysis applied the theory of market analysis to identify the type of property which possessing the best prospect. After both are done, comparative analysis is then done. The point of the latter is to compare the questionnaires and interviews result to the theory of the market analysis on property.

The population of the research is everyone (sellers, buyers and service providers who comprehend the condition in the area of Kembang Jepun Street) doing their activities in the area in 2015. Whereas the sample of the research is by random sampling conducted on January 2015. The data used in this research relate to the problems in the research. The types of data used here is primary data and secondary data. Primary data are those which are collected directly from the objects of the research. In this research, primary data are gathered by interviews and surveys, as well as by photographs of the field. Meanwhile, secondary data are those which are collected by documents supporting the research, for example are theories from literature review such as the theory of market analysis and government documents.

RESULTS AND DISCUSSION

Identification of the Desire of the Society in the Corridor of Kembang Jepun Street toward New Properties.

To know about the characteristics and natures of a cultural heritage property, it requires three main aspects, namely physical, economic and social aspects. Physical characteristics show the diversity of beauty on shapes of each building. It is affected by environmental factors, so damage and decrease of quality of the building can occur. Economic characteristics can show the presence of economic value potentials which can be developed by the cultural heritage building. Whereas social aspects show the presence of historical values that should be maintained and conserved, so that they won't vanish away. According to the desire of the society in the corridor of Kembang Jepun Street, the demanded properties are retails.

Architectural aspect includes everything about the recent physical condition of the building and the desire of the society in the corridor of Kembang Jepun Street, Surabaya (Figure 1). There are 90.3% respondents considering that several buildings in the corridor of Kembang Jepun Street need to receive attention because the decrease of quality of the buildings has already occurred, such as the paint is peeled off

and the poor quality of the pedestrian way. Most respondents demand revitalization on several buildings in the corridor of Kembang Jepun Street. The demanded revitalization is repainting, especially on the exterior parts of the buildings. Revitalization (reviving the area) is done by renewal of exteriors and interiors of the buildings, especially through repainting.



Figure 1. Desire of the Society in the Corridor of Kembang Jepun Street toward New Properties
 Source: Researcher, 2014.

Market Analysis on Property

Analysis of supply and demand is done to the type of property, namely retails, hotels, residences, restaurants and museums. These properties are gained from the result of interviews and questionnaires which have been done early on January 2015 (see Table 1).

Retails

Retails, especially in big cities, have quite significant growth. This is because business activities in big cities are busier than in other cities and because of their dense population which demands the service from sellers and distributors to fulfill their primary needs. The rate of retails property sale in Surabaya reaches 800,000-900,000 m² (Procon Indah, 2008). This amount is much bigger if compared to the rate of retails property purchase in Surabaya which reaches 600,000-700,000 m². This condition doesn't necessarily mean that the producers of retails property experiencing losses or that the product is not prospective just because the amount of supply is greater than of demand. The amount of supply is always greater because the rate of property's occupancy is impossible to be 100%. From the said data, it can be concluded that there are about 100,000-200,000 m² unsold or unrented retails. But it can be considered as normal because if there is lack of supply, then retails property will bring into scarcity which can cause unstable price and even tends to be increasing so that it will bring into occurring of bubble. As for the rate of occupancy, retails in Surabaya reach 60%-80%. This condition is very prospective because the high occupancy rate proves that retails property is highly interested by the consumers.

Competitors on retails or shops around Kembang Jepun Street which have great potentials similar to those in the corridor of Kembang Jepun Street are those in

the corridor of Kapasan Street. The location is right in the eastside of the corridor of Kembang Jepun Street. The building shape and room capacity tend to be larger than of buildings in the corridor of Kembang Jepun Street. The oldest and most complete wholesale center for garments in Surabaya is located in the Surabaya Chinatown area which is also Surabaya's economic center, just like Kembang Jepun Market and Pabean Market. Many buyers come from inside and outside Surabaya city and even from outside of the island. It is located 200 m eastward from the T-intersection (Seng village-Kapasan) whose building covers 16.491 m², in which the amount of stands is 1.460 and the amount of merchants is 770.

Functional transportation to Kapasan Market is by city transportation (angkot) with code R, departing from West Kalimas and stopping by in Kapasan. If in Benowo area, people can get to the location by angkot with code IM by the route of Benowo-Simokerto, then stopping by in Kapasan Market. Or, people can use private vehicles and do not need to worry about the parking condition in this market because the parking area is quite much available.

Hotels

Surabaya is business center which needs to provide quite plentiful business hotels (budget hotels) to accommodate the businessmen who come to Surabaya in several days. Therefore, it's not rare to see 3 stars hotels with business facilities spreading sporadically in Surabaya city. The competition among 3 stars hotels is getting more intense because the similar hotels get built more and more in Surabaya city, especially in Central Surabaya (Colliers International Indonesia, 2015). This causes the occupancy rate for hotel rooms getting low to be only 35%-45% (January, 2015). The condition of supply and demand for 3 stars hotels in Surabaya is not much different from the condition of supply and demand for retails in Surabaya. Consumers' demand for 3 stars hotels increases 10%, meanwhile the rate of supply increases 35% (Colliers International Indonesia, 2015). This amount is unbalanced so that it causes the situation where the supply is greater than the demand.

The main competitor if choosing to invest on 3 stars hotels property in Kembang Jepun Street is Ibis Rajawali Hotel. Ibis Hotel has already had broad networking, been known by the society and tended to provide low price. Ibis Rajawali Hotel has important historical element for Surabaya city because before being a hotel, the building was Cigar Building inherited by the colonial Dutch and even has been abandoned for years. The shape and appearance is preserved in order to be harmonious with the surrounding buildings. The hotels availability around Kembang Jepun Street is dominated by 1 star hotels and 2 stars hotels. Ibis Rajawali Hotel is the only 3 stars hotel whose distance is quite near to Kembang Jepun area. This condition enables to build new 3 stars hotel to facilitate in the matter of overnight stays for the Kembang Jepun Street visitors coming from outside Surabaya.

Residences

The more rate of birth which doesn't be followed by balanced rate of mortality causes the more increasing needs for housing. In Surabaya city, a house is no longer only

as a place to live in and to fulfill primary needs, but also as a promising investment asset. The World Bank estimates that there are about 900,000 new households emerge in Indonesia. This fact makes many housing developers gets into the race to meet this market condition. According to data from BPS in 2011, the rate of expenses for housing compared to income reaches 50% for the society with low income and 25% for the society with middle income. Only 18% house buyers use the housing credit service known as KPR and the rest is facing difficulties to access any credit service or KPR from formal financial institution.

According to the data from the Central Statistics Bureau in 2014, the demand for housing grows quite highly, namely by 12 million units of house. Whereas, the housing supply either landed houses or vertical house is 400,000 units per year (World Bank Study, 2013). This condition brings into the occurrence of scarcity for residential property that causes high unit price for a house. Yet, for housing developers, this condition is a hotbed to develop residential property in Surabaya.

The competitor on new residential property around the corridor of Kembang Jepun Street is Sombo rental apartment located in Simokerto sub-district. The market target of Sombo apartment is of course the society with middle to low income. This type of market is actually a dominant population in North Surabaya. Other residential properties besides Sombo rental apartment are those which are individually built and not integrated to an organizer, or often known as public housing. This kind of property is dominated by houses that are combined along with shop units and usually known as rumah toko (ruko).

Restaurants

To assist fulfilling the needs for foods and beverages, especially in a big city like Surabaya, the presence of food stalls is quite supportive, especially when people are busy. The presence of restaurants in Surabaya nowadays is not only to fulfill primary needs but also significantly related to the lifestyle of the society in a big city. Restaurants spread sporadically with uniqueness brought by each restaurant which is shown by their foods and beverages as well as by the exterior and interior concept of their buildings. Both become supporting factors, besides the main factor where they supposedly prioritize the food delicacy. Yet, the restaurants market in Surabaya tends to have other indicator besides the food delicacy as caused by the lifestyle demand. This makes the condition of some restaurants cannot last long to fulfill the demand of the market because there is always new competitor with new concept and menus which are followed by the market. Besides the market factor, there is other factor that can support the development of restaurants in Surabaya city which is the factor of infrastructure development acceleration in Surabaya city.

The restaurants property is a supportive property to other properties such as malls, hotels, offices and industries. Every year, the average increase of amount of restaurants reaches 10%. This increase of amount of restaurants is followed by the rapid infrastructure development like the development of main roads and bridges. Besides, the presence of new tourism objects in Surabaya city can contribute to the increase of amount of restaurants. With the amount of restaurants in Surabaya if compared to the market demand for restaurants which are 3,110,187 individuals

(www.surabaya.go.id), then it can be concluded that the needs for restaurants property is still very high. This is an opportunity to the developers of new restaurants property in Surabaya city.

A lot of business and entertainment activities once grew around Kembang Jepun Street. It feels significant as the Chinese people are important part of an economic gate in Surabaya city. Until today, there are still several buildings that last by bringing their existence in the past. One of restaurants property which is still present until this moment is Kiet Wan Kie restaurant. Besides that, there are restaurants with the similar class built around the corridor of Kembang Jepun Street, namely Harmonis stall and Hongkong stall. These three restaurants generally serve Chinese special food and have been long operating. These already long operated restaurants benefit from the historical aspect of the property as the main attractive power for the consumers. Other restaurants are there with different concept, which is by deciding to be the specialist of a certain kind of food, namely 55 noodle stall and Kembang Jepun noodle.

Museums

Museums are tourism facility that becomes the alternative for educational media. Many museums can be met in Surabaya city which are not only as educational facility but also providing entertainment and shopping tourism which in turn provides the opportunity to set the economic wheel running. In Surabaya, there are four famous museums, namely Sepuluh November museum, House of Sampoerna museum, Health museum and Jala Crana Indonesian National Naval Force museum. The average amount of museum visitors in Surabaya city reaches $\pm 6,750$ individuals per year. With the amount of visitors about 562 individuals per month, it shows that the society's demand for museums is quite high. The supply condition of museums in Surabaya city gives the developers of new museum the opportunity to grow along in Surabaya city.

Museums are tourism facility that not lonely provides education for the visitors, but also becomes the potential for rapid economic circulation. To build new museums property around the corridor of Kembang Jepun Street, it needs to take into consideration that there is House of Sampoerna museum which becomes talks among the public some time ago. It is not a new building for it was there since 1858 and it is now a cultural preserve site. In the earlier time, the building was used as an orphanage which was managed by the Dutch and then was bought by Liem Seeng Tee in 1932. Liem Seeng Tee is the person who instituted Sampoerna cigarette companies with the purpose to use that building as Sampoerna's first cigarette production site.

House of Sampoerna museum not only displays several collections to be shown to the visitors, but also provides a lot of entertainment facilities, such as café, souvenirs store and art gallery. Next to the museum building, there is still a residence lived in by the family of the founder. The admission for entering the museum is free and visitors are not charged for anything except those who want to enjoy the entertainment facilities in the location. The amount of visitors of this museum is about 7,621/year (2010), with the museum coverage of 1,358 m².

Table 1. Conclusion of the Chosen Property According to Market Analysis

No.	Type of Property	Supply Analysis	Demand Analysis	Competitor(s)	Conclusion
1.	Retails	800,000-900,000 m ²	600,000-700,000 m ²	Corridor of Kapasan Street	There is still prospect to maintain the existing property in the corridor of Kembang Jepun Street.
2.	Residences	400,000 units	12 million units	Sombo Rental Apartment	There is no prospect to build residential property even though the difference between the demand and the supply is great, because the dominating demand is not in North Surabaya area.
3.	Restaurants	Increasing 10%	3 million persons	Kiet Wan Kie Restaurants, Harmonis Stall, Hong-kong Stall, Kembang Jepun Noodle and 55 Noodle	There is no opportunity to build new restaurants property because there are already too many competitors of the same class and type around the corridor of Kembang Jepun Street.
4.	Hotels	Increasing 35%	Increasing 10%	Ibis Rajawali Hotel	There is still opportunity to build hotels property because the development of hotels property is dominated in Central Surabaya, East Surabaya and West Surabaya.
5.	Museums	4 museums	6,750 individuals	House of Sampoerna Museum	There is opportunity to build museum because the research area is a historical area.

Source: Researcher, 2015.

Based on the market data of five properties related to the analysis of supply, demand and competitors, it can be concluded that the property which is most marketable and having the best prospect according to market analysis is 3 stars hotel. This is supported by the fact that the amount of 3 stars hotels built in North Surabaya is still very low, whereas that area has quite high potentials of tourism and business. Thus, the presence of new hotels property will greatly assist the tourism and business activities in the area. Besides hotels, the quite prospective property is retails. This kind of existing property is guessed to be quite marketable because the Kembang Jepun area is actually an area whose function is for trade and services. Museums, restaurants and residences property can be the next alternatives because there is no similar property yet built the corridor of Kembang Jepun Street. This will

help create a new estate atmosphere and attract visitors to enjoy the new Kembang Jepun Street.

CONCLUSIONS

From the result of interviews with the respondents in the corridor of Kembang Jepun Street, Surabaya, it puts forward Retails property as marketable property. About 48% respondents choose retails property because it is considered already giving positive impact to the economy in the corridor of Kembang Jepun Street. Although bringing positive impact, the further action from the government is still necessary, especially to improve the infrastructure facility which has been becoming the problems all this time for the better accessibility for loading and unloading goods and parking for the customers.

With the review of market analysis as the comparator, it puts forward Hotels property as prospective property to build in the corridor of Kembang Jepun Street, Surabaya. Based on the amount of supply which is 800 thousand – 900 thousand m² and of demand which is 600 thousand – 700 thousand m², actually to build a hotel with the classification of 3 stars will increase the amount of demand. But if it is considered with the amount of the competitors, there is only one similar hotels property around Kembang Jepun Street. This becomes a great opportunity to develop new hotels property in the corridor of Kembang Jepun Street. Not only Hotels, Retails property is also guessed to still have strong demand because the regulation about buildings in that area puts it to be Retails (business) area.

The prospective Architectural concept to be developed is by applying Chinese Architecture, with dominant red paints and special carvings of dragons as well as lanterns. To develop the business of property on the level of 3 stars hotels actually requires quite high budget in the beginning. For example, the budget which is necessary to be expensed in the beginning is construction expenses, rental or buying expenses and notary expenses which are not cheap. But hotels can be prospective because is located in the historical area, so that it enables the payback to be gained not in a long time after. Because unexpected possibilities can happen and sometimes require rapid budget allocation, so the estate management of buildings property is better off handed over to the private sector. The government can supervise it by establish division of estate management for the area, so that the areal development can involve many parties. The advantage of this kind of integrated development is that the area can develop according to the development and lifestyle but still in control of the government in order to avoid crisis, especially in financial matter.

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