The Privatization of Metropolitan Jakarta's (Jabodetabek) Urban Fringes: The Early Stages of “Post-Suburbanization” in Indonesia

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Recent metropolitan development in developed countries is associated with "post-suburbia," or a decline in population in the former central city and the growth of polycentric structures outside the traditional core. Current urban development in Asian cities, particularly in the Jakarta metropolitan region (Jabodetabek), also reflects an early stage of post-suburbia. We examine physical development patterns and the changing role of public and private sectors, although our approach is descriptive in nature. The rapid growth in fringe areas that have developed from dormitory communities into independent towns, triggered by privatization of industrial estates and multifunction new towns, shows typical post-suburban patterns. The national government’s pro-growth economic policies and the local autonomy granted to local governments have given the private sector the power to largely control the acquisition, development, and management of land in fringe areas, accelerating post-suburban development patterns.

Takeaway for practice: Planners in developing nations must be alert to the rapidly increasing role of the private sector, recognizing how the private sector can help the government to respond to regional needs for housing, jobs, shopping and educational opportunities, and infrastructure while understanding the key role that planning can and should play in ensuring private sector actions do not exacerbate regional problems and lead to uncoordinated public responses.

Keywords: (post)-suburbanization, privatization, Jakarta, Indonesia

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referred to as *mega-urbanization*, accentuates the shift from monocentric to multicentric metropolitan regions (Douglass, 2000; Douglass & Jones, 2008; McGee & Robinson, 1995; Ortega, 2012, 2014). The private sector has contributed to these patterns through investments in suburban industrial, commercial, and residential real estate developments (Firman, 2009; Jones, 2006; McGee & Robinson, 1995). Post-suburbanization in Asia appears to be a continuation of private sector investment patterns, with the private sector playing a stronger role than in previous suburban developments: Various elements of the private sector have assumed significant power to make land development and management decisions (Shatkin, 2008). The growing influence of various elements of the private sector constitutes a redistribution of policymaking powers, competencies, and responsibilities from the public to the private sectors (Shatkin, 2008; Swyngedouw, Moulaert, & Rodriguez, 2002).

In this study, we examine the extent to which recent development in metropolitan Jakarta, Indonesia—or Jabodetabek—reflects the “post-suburban” phenomenon first seen in the developed world. This study goes beyond our previous work on this question (Firman, 2011, 2014b) by providing an update on development in the region, focusing on the key role played by the private sector that is facilitated by the growing importance of local government. We discuss the changes and continuity in the development of the fringe areas of the Jakarta metropolitan region over the last four decades. We show that recent development in Jabodetabek does represent an early phase of post-suburbia, driven by privatization of land management in fringe areas, most notably industrial estates, which are centers for industrial activities in peripheral areas, and new towns, which are residential areas built on land previously used for agriculture or forestry and generally geared to middle- and upper-income Indonesians. Privatization in the metropolitan Jakarta region involves both a more aggressive role for the private sector in developing suburban real estate projects and the redistribution of power and authority from the public to the private sector in land development decisions. This shift is possible due to the national government’s pro-growth economic policies and the local autonomy that local governments have in land development decisions; these factors together have given the private sector the power to largely control land in fringe areas. The private sector is now able to actually direct the development or land while often providing municipal services traditionally performed by local governments in new developments, removing the need for local governments to do so to facilitate growth. These patterns have important implications for planning scholarship and planning practice: How can planners work to ensure that post-suburban development patterns in developing nations do not lead to the same problems experienced in North America?

We have structured this study into three major sections. The first provides a theoretical context for our work by critically assessing post-suburbanization as a global phenomenon of urban development. In the second major section, we examine recent urban development in Jabodetabek, focusing on population growth, land use change, and new town and industrial estate development. In the third major section, we reflect on the relationship between the changing role of the private sector and central and local government policies that have stimulated post-suburban development in the Jakarta metropolitan region.

**Post-Suburbanization as a Worldwide Phenomenon of Urban Development**

Suburbanization in the developed world has been characterized for decades by residential development in the outskirts and population redistribution from the urban center to peripheral areas, followed by decentralization of economic activities. Large shopping centers, manufacturing, and back-office facilities then moved to these fringe areas as peripheral locations became more appealing, and central cities increasingly became unattractive for industry (see Bontje & Burdack, 2011; Champion, 2001). Post-suburbia is a change in the current process of suburbanization in the developed world; that is, away from the concentric and radial patterns of earlier decades toward new spatial patterns or a “patchwork structure” (Kraemer, 2005, p. 4, as cited in Wu & Phelps, 2008, pp. 465–466). Borsdorff (2004) argues that post-suburbia is clearly reflected in the reality that “some new areas are much more independent than the former suburbs, but they are not as multifunctional as the traditional center, result[ing] in an emerging fragmented structure of specialized outskirts” (p. 13). Post-suburbia now exists in many multicore regions formed by growth corridors that can extend more than hundred miles from the traditional core; thus, suburbs are part of a complex outer city, which includes jobs as well as residences (Fishman, 2002). Post-suburbia in the United States, for instance, is characterized by “what was once central…becoming peripheral and what was periphery…becoming central” (Soja, 2000, p. 152). This seems to depict the current development in the fringe areas of Jakarta, where private gated communities provide their own municipal services, but only to those who live within the communities (Leisch, 2002). Yet, it is important to elaborate on the degree to which the current development...
in metropolitan Jakarta reflects post-suburbia as seen in the developed world.

In post-suburbia, the suburbs have loosened their ties to the central or “mother” city, and are transformed into independent outer cities with many specialized activities in addition to residential areas, including shopping centers, high-tech industrial centers, and educational facilities, weakening the centrality of the core city (Fishman, 2002; Soja, 2000). The exodus of shopping malls, offices, and manufacturing plants from the core city has resulted in a multicentered suburban zone, which in turn blurs the distinction between urban and suburban areas (Feng, Zhou, & Wu, 2008). Governments in developed countries have both directly and indirectly facilitated these growth patterns; for example, the United Kingdom’s new town programs that began in the 1940s, the U.S. public sector highway development programs (Cochrane, 2011; Feng et al., 2008; Phelps & Wood, 2011), and the U.S. mortgage guarantee programs, which originally funded only the purchase of new homes and not the rehabilitation of older homes in core cities (see USDA, 2015).

Post-suburbia differs greatly from the traditional suburban phenomenon in developed countries in several ways (Phelps, Wood, & Valer, 2010; Wu & Phelps, 2008):

1. Suburbs lose population and household income declines relative to regional income,
2. service employment decentralizes away from the urban centers; and
3. land uses become more mixed with decided polycentric development.

Wu and Phelps (2011b) contend that the term “post-suburbia” may capture the important elements of new trends of suburbanization in the developing world, such as in Beijing and Shanghai. Suburbanization in these Chinese cities has now become more market oriented due to the growing role of market forces in those economies. Strategic investments and infrastructures in the economic development zones of China have triggered metropolitan and suburban economic development in China that fits the post-suburban pattern seen in developed countries (Pan, Guo, Zhang, & Liang, 2015; Wu & Lu, 2008). Wu and Phelps (2008) explain that “very rapid economic growth and urbanization in China has [sic] produced the coexistence of different types of suburbs and indeed developments that correspond more closely to post-suburbia broadly defined…” (p. 477).

Recent urban development in Beijing and Shanghai has three main characteristics: first, residential suburbanization, triggered by private developers—similar to the U.S. situation—who have promoted suburban housing development since the 1990s; second, industrial suburbanization resulting from national government policies that moved and renovated polluting industrial enterprises, established a land leasing system, and provided more space for industrial enterprises; and third, retail suburbanization, as suburban shopping centers have grown because land prices are cheaper and stores can offer lower prices and a much larger variety of goods in stores with larger footprints (Feng et al., 2008; Wu, 2001).

There are clear similarities between Beijing’s suburbanization and North American suburbanization, but they are not identical. First, Beijing’s suburbanization is still at an early phase of post-suburbanization; unlike North America, suburban areas in Beijing have not loosened their ties completely to the core city. Suburbanization in Beijing has indeed resulted in the dispersal of the metropolitan population, changing population density. Most employees, however, have remained in the city center even as enterprises move to the outskirts, creating a reverse commute pattern, extending commuting distance, and creating more traffic congestion (Wu & Phelps, 2011b). The second important aspect of Chinese suburbanization is the shift of power and authority from the public to the private sector. In China as well as in many other Asian countries, the government possesses strong control over land development, unlike in North America. The private sector, nevertheless, has recently gained more power in the decision-making process of land development in China. As Wu and Phelps (2011a) point out in discussing Chinese development patterns:

…we are in a post-suburban world, different from the process of suburban development as we knew it decades ago. This world registers itself in multiple ways, reflecting aspects of change in these different places. In some instances post-suburbia can embody qualitative changes in the nature and degree of self-containment of particular suburban settlements, in others it is signaled by a new form of politics and governance driving urban development at the urban edge, while in others it encompasses the complex assemblages of governmental power that weave suburbs together into post-suburban metropolitan regions. (p. 255)

The Chinese situation reflects an ongoing process of “privatization,” a change in the spectrum of governance structures and power relations between the government and the private sector (see Heynen & Robbins, 2005; Jessop, 2002; Shatkin, 2008; Swyngedouw et al., 2002). In China, the public sector still plays a strong role in land development, but the private sector has gained more power so that it can influence decision-making about land development (Feng et al., 2008). This process may correspond
to economic devolution, which empowers local governments; the central government cannot prevent local developments, while local governments play an entrepreneurial role in local development by transferring part of their traditional authority, such as the management of industrial parks, to the private sector (Wu & Phelps, 2008). This process is clearly reflected in Indonesia: Decentralization has strengthened the ability of local governments to direct local development processes.

To summarize, we show that current development patterns in the fringe areas of Jakarta potentially reflect the characteristics of post-suburbia seen in the developed world. The Jakarta situation also seems similar to Beijing’s post-suburbanization, particularly the significant role of the private sector in land development. We reflect on the Chinese case to understand the extent to which developments in the Jakarta region reflect post-suburban patterns. We do so by examining both changing urban structures and patterns and the role of—and relationships between—the public and the private sector in post-suburban development in the Jakarta metropolitan region.

Urban Development in Jabodetabek: Post-Suburbanization

The Jakarta region is located in the northern area of West Java, covering a total area of more than 9,000 km² (Hudalah, Viantari, Firman, & Woltjer, 2013). Jabodetabek plays an important role in the national economy, producing about 25% of Indonesia’s non–oil and gas gross domestic product (GDP; Firman, 2014b). The Jakarta metropolitan region has several administrative units at different levels: the Jakarta Special Region (DKI Jakarta), which is the government for the entire province; and eight municipalities (kota) and districts (kabupaten), as Figure 1 shows, comprising the municipalities of Bogor, Depok, Tangerang, South Tangerang, and Bekasi, and the districts of Bogor, Tangerang, and Bekasi.

Suburbanization in metropolitan Jakarta is the result of both planned and unplanned activities. In the early 19th century the Dutch colonial government developed Batavia (now Jakarta City) with large, airy estates (Leaf, 2004).

Since Indonesia proclaimed its independence in 1945, as
Silver (2008) describes, planning for Jakarta has evolved. In the 1950s, the urban administration created a plan for Jakarta using a combination of the Dutch planning legacy, global ideas of an ideal city, and local expectations. The plan was strongly focused on beautifying and improving the physical quality of Jakarta City, following President Sukarno’s wish to create a beautiful national capital. The central government also developed the Kebayoran Baru new dormitory town, south of Jakarta City, in the 1950s. The 1965 master plan proposed that Jakarta should be developed based on regional considerations. The master plan suggested the creation of an administrative body for what came to be Jabodetabek.1

Spatial planning continued in the New Order period (1966–1998) under the leadership of President Suharto; the government’s economic policy focused on increasing industrialization. In this period, the central government still had a strong influence on directing plans and developments in Jakarta. The provincial government of DKI Jakarta adopted several spatial plans between the 1960s and 1980s, and the central government strongly influenced the making of these plans. In the 1980s, planning for greater Jakarta was coordinated by a team dominated by central government ministries, which were assigned to manage land development in fringe areas and to administer infrastructure improvement programs, especially transportation. One of the most important development decisions that the central government made in this period was to use tolling as a way to create and finance a network of highways that improved the connectivity of the fringes to the core city and triggered additional development in the periphery. These toll roads were built and financed by private companies and coordinated by the state-owned toll authority, PT Jasamarga.

Planning for the Jakarta region in the New Order regime was characterized by the practice of “clientelism,” or patronage relationships between the government and key nongovernmental actors that serve to exclude others (see Kusno, 2014; Lane, 2003). Spatial plans in the New Order period were just “state-of-the-art products”; local governments often made development decisions and issued building permits without referring to these spatial plans (Silver, 2008). Local governments and the private sector viewed local spatial (municipality/district) plans as flexible, to be interpreted “creatively” (Cowherd, 2005). Thus land conversion, which in the Indonesian context means using agricultural land or forests for residential, commercial, and industrial activities, as a result often violated the objectives of the spatial plans for the area.

Development authority today has devolved to local governments, and the central government is no longer able to strongly direct local development. Decentralization and its associated reforms, as Suharto stepped down from his presidency in 1998, have important implications for how land development is planned and executed. With decentralization has come the transfer of authority and responsibility for various functions from the central government to local governments. These patterns have led local governments to think that they have “kingdoms” in their own territories (Beard, Miraftab, & Silver, 2008; Rukmana, 2015). Decentralization has also cultivated “urban entrepreneurialism” among local governments: They are motivated to enhance their competitiveness by promoting economic development in their localities and exploiting local resources more intensively (Cowherd, 2005).

Many local governments in municipalities/districts adjacent to DKI Jakarta, which used to be dormitory towns, have been able to develop beyond residential communities by strengthening their economic base. Today, these towns have become independent from Jakarta. Bogor City, south of Jakarta City with a current population of about a million, has now become a center of agricultural higher education and research; Bogor Agricultural University, one of the largest state universities in Indonesia, is housed there. The city has also become an international venue for meetings, conventions, and congresses. Depok City, another town south of Jakarta City and the home of the main campus of the University of Indonesia, is now growing rapidly as one of the largest centers of higher education in Indonesia. Serpong City in Tangerang, west of Jakarta City, has been designated as a research and technology development center (Puspitek) in Indonesia (see Firman, 2011).

Toll roads built in the 1980s and 1990s have also facilitated the development of multifunctional towns in the Jakarta suburbs. Today there are privately built toll roads connecting Jakarta City with Tangerang and beyond in the west, to Bogor in the south, and to Bekasi and beyond in the west (Mamas & Komalasari, 2008). The suburbs are directly connected to the core of Jakarta; millions of people travel each day from new towns in fringe areas of Jabodetabek into Jakarta City by trains, buses, and personal cars. A number of those living in Jakarta City also commute between the city and the industrial and commercial sites in small and new towns in the outskirts, including Bogor, Tangerang, Bekasi, Depok, and Jababeka (Firman, 2011). A 2013 study finds that Cikarang, an area on the fringe of the Jakarta metropolitan area where most industrial parks are located, attracts daily commuters from the core of the region as well as from other smaller cities throughout Jabodetabek (PermataSri & Hudalah, 2013), demonstrating how socioeconomic activities have shifted from Jakarta to other centers in the region, such as Cikarang.
Many fringe areas have become increasingly independent from the core city due to a combination of private developer activity and the policies of both central and local governments that explicitly support economic growth. Large-scale residential areas, industrial estates, shopping centers, and retail centers have developed in the fringes of Jabodetabek. The developers of industrial estates and residential communities located at the fringe built their own utilities and continue to provide the services that local governments normally provide. International and domestic financial institutions, moreover, have made investment funds readily available to developers building in these fringe areas (Firman, 2004a). The development of residential areas in the fringe areas has also been stimulated by a high demand for housing both by people who work in Jakarta and those who work in the suburban or fringe areas. The central government sponsored low-cost housing projects built by private developers in the peripheral areas that have also induced a large number of low- and low-middle-income groups in Jakarta City to move to those areas. At the same time, local governments easily granted building permits for the private developers that wished to build luxury houses in fringe areas, “exclusive new towns” that provide their own utilities and municipal services.

In the next section, we elaborate on post-suburbanization in Greater Jakarta by focusing on three factors: population growth and the conversion of agricultural and forest land to other uses, residential new town development, and planning policies and how they relate to the changing role of the private sector in residential and commercial development at the fringe.

Population Growth and Land Use Conversion in Jabodetabek

In 2014, the population of Jabodetabek was nearly 30 million people; the region had an annual growth rate of 3.6% between 2000 and 2010. Indonesia currently has 12 cities with at least 1 million people, six of which are located in Jabodetabek (Jakarta, Bekasi, Tangerang, South Tangerang, Depok, and Bogor), which indicates the primacy of the Jakarta region (Firman, 2014a, 2014b). The city of Jakarta, the core of Jabodetabek, had a population of 9.6 million in 2010. Two million people commute to work from the surrounding areas into Jakarta (see Hata, 2003).

The population density of Jabodetabek increased tremendously from 2000 to 2010: There were 37.6 persons per hectare (ha) in 2000, but 44.6 per ha in 2010. The population density of Jakarta City, the core of Jabodetabek, increased from 128.0 people per ha in 2000 to 145.9 per ha in 2010 (Salim, 2013), or a 1.5% annual change between 2000 and 2010. The entire Jabodetabek region, however, experienced much more rapid population growth. For example, the populations of Tangerang City and Bekasi City grew 3.2% and 3.4% per year, respectively, over that 10-year period (Firman, 2014b).

Jakarta’s share of the population of Jabodetabek, the greater metropolitan area, decreased significantly from 54.6% in 1990 to only 35.5% in 2010, indicating the suburbanization of the peripheral areas. The annual population growth of Jakarta City has slowed from 3.1% between 1980 and 1990 to only 0.4% between 1990 and 2000, although growth rose to 1.5% annually between 2000 and 2010. The fringe areas of Jabodetabek, in contrast, are experiencing much more rapid population growth, nearly 3% per year (Firman, 2014a, 2014b; Firman, Kombaitan, & Pradono, 2007). Many former residents in neighborhoods within Jakarta City have moved to the fringe areas of Jabodetabek, reflecting a functional and spatial integration of these areas into the metropolitan economy (Browder, Bohland, & Scarpaci, 1995). This situation reflects the process of metropolitan turnaround, the transformation of the fringes into urban areas, coupled with the deceleration of population growth in the core of the urban metropolitan area (Jones, Tsay, & Bajracharya, 1999).

The Indonesian statistics agency, Badan Pusat Statistik–Statistics Indonesia (2001), estimates that from 1995 to 2000 about 160,000 Jakarta residents moved to the city and district of Bogor at the fringes of Jakarta City. Moreover, about 190,000 Jakarta City residents moved to the district and city of Bekasi and to the district and the city of Tangerang in the fringe areas, respectively.

The development of economic activities at the fringes of Jabodetabek in the past 40 years has resulted in extensive conversion of prime farmland into nonagricultural uses, including industrial estates, residential new towns and large-scale residential areas, and golf courses and recreation areas. These patterns are fueled by both foreign direct and domestic investments (Dharmapatni & Firman, 1995; Firman, 2000, 2014b; Firman & Dharmapatni, 1995). About 4,000 ha of paddy fields and 8,000 ha of primary forest had been converted into industrial and residential areas in south Jabodetabek between 1994 and 2001. In Jakarta City, as a result, many former residential areas have been converted into business spaces, offices, entertainment, and both residential and commercial condominium developments.

In the Bogor area, in southern Jakarta, the land area of both old-growth and second-growth forests, gardens, estates, and paddy fields declined substantially from 1994 to 2001, while the land area for settlements increased...
significantly (Firman, 2011, 2014a). Converting land from rural uses like agricultural and forestry to more urban uses like residential, commercial, and industrial is also occurring in the area of South Bogor (Bogor-Puncak-Cianjur), upstream of Jakarta City. This is very problematic because South Bogor has been designated as a conservation area, designed to function as a water recharge zone. The conversion of land in this area away from agriculture and open space is thought to be one of the main causes of floods in Jakarta City in almost every rainy season.

The pace of the conversion of nonurban to urban land uses in Jabodetabek has been much faster in the fringes areas than in Jakarta City. A study using remote sensing techniques and geographic information systems (GIS; Carolitta, Zain, Rustiadi, & Trisasongko, 2002) finds that built-up areas (those converted from rural to more urban uses) increased from 12% to 24% of the total land area in Jabodetabek between 1992 and 2001, while land devoted to agriculture shrank from 37% to 31% in the same period. A more recent study (Salim, 2013) finds that urban or built-up areas at the periphery of Jabodetabek, including Bogor, Tangerang, Bekasi, and Depok, expanded from 544 to 850 km² from 2000 to 2010, or 4.6% per year, while those in Jakarta City increased from 560 to 594 km² during the same period, or 0.6% per year.

The development in the fringe areas of Jabodetabek reflects an early but ongoing process of post-suburbanization. The fringe areas now are growing more quickly than the core city and gradually are becoming independent towns. This development is triggered by growing economic activities in the fringe and the increasing role of the private sector in the region.

Industrial Estate Development

Suburbanization in metropolitan Jakarta has also been triggered by the peripheral development of industrial activities and industrial estates. This development is driven by the behavior of private developers who respond to industrialization processes as well as the supportive pro-growth economic policies of both the central and local governments.

The central government’s goal, as with most industrial parks or estates, is to encourage additional economic development by making investment in such activities easier and cheaper. Presidential Decree 41/1996 has greatly encouraged the development of these industrial estates by designating them as centers for the development of industrial activities that the government will support by subsidizing the provision of infrastructure and other facilities built and operated by licensed companies (Hudalah et al., 2013).³

Companies licensed by the (national or local) government have the exclusive right to develop and manage specific industrial areas and clearly play a significant role in fringe area development.⁴ These licensed companies are also authorized to provide and manage ongoing utilities and facilities exclusively for the firms that locate in these areas, removing any barriers to development posed by insufficient local government resources. Companies that wish to develop industrial parks must obtain a license from the local government where the potential industrial estates will be located. When a potential industrial park extends into two or more municipalities/districts, the private developer must acquire additional permits from the provincial government. If the industrial park is located in an area that extends over two or more bordering provinces, or if it is to be managed by a foreign company, the developer must acquire additional permits from the central government.

Other companies that wish to start businesses in industrial estates can only buy land directly from the licensed companies, after acquiring several permits from the local government. Foreign companies must also acquire permits and the approval of their direct investments from the central government Investment Coordinating Board (Badan Koordinasi Penanaman Modal, or BKPM).

The central government clearly plays a role in the development of industrial estates through laws, policies, and regulations that support privatization of these areas. Nonetheless, local governments interact and cooperate directly with private firms seeking potential areas for new development as well as those wishing to extending existing areas for industrial estates.

Many companies have intensively built industrial estates at the fringes of Jabodetabek because of a strong market demand as well as the easy access and proximity to Jakarta City. In 2013, there were 35 industrial estates in the fringes of Jabodetabek, ranging from 50 to 1,800 ha in size, about one-fourth of which are located in Bekasi District. Another 400 ha of industrial estates were added to the region in 2013 and 2014, mainly for automotive industries (Firman, 2014b).

Most of the industrial estates in Bekasi District are concentrated in the Cikarang area, about 35 km east of Jakarta, (i.e., subdistricts of Cikarang Pusat, Cikarang Barat, Cikarang Utara, and Cikarang Timur), including those established as a joint venture with foreign investors. The Hyundai Industrial Estate, for example, is a cooperative venture between the Korean Hyundai Company with Lippo Cikarang, a national corporation, while MM2100 Industrial Estates is a joint venture with Marubeni Group, a Japanese investor (Hudalah & Firman, 2014). As a result of these joint ventures, there are more than 9,000 expatriates
working and living in Bekasi City and District. The industrial estates in Cikarang had a potential export value of US$30.56 billion by the mid-2000s, which was almost half of the national non-oil and gas export, or US$66.43 billion, at the same time (Hudalah & Firman, 2012).

The largest industrial estate in Cikarang is Jababeka, developed and managed by the PT Jababeka Industrial Estate company. The company has developed Jababeka as a self-contained city and a center of manufacturing activities in Indonesia. At present there are more than 1,500 multinational and national companies from more than 35 countries operating in the Jababeka industrial estates alone, including those from the United States, United Kingdom, France, Germany, Australia, the Netherlands, Japan, South Korea, Taiwan, and China (PT Jababeka, 2010). In 2011, the PT Jababeka Industrial Estate company allocated nearly US$434.7 million, about 46.5% of its total capital expenditure, for land acquisition alone. Most of the companies that buy industrial land from the PT Jababeka Industrial Estate company are foreign enterprises from Japan, Korea, Malaysia, and Europe seeking to expand their businesses in automotive production, pharmaceuticals, electronics, and consumer goods (Yulisman, 2011). The Jababeka industrial estate company has also developed a US$30 million power plant to generate electricity for new manufacturing industries in the area. Jababeka also has houses, hotels, apartments, higher-education institutions, and malls and shopping centers. Nearly 1 million people, including about 2,500 expatriates, will live in the area by the end of the 21st century (Hudalah & Firman, 2012). The total land area of the industrial estates in the Jakarta fringes increased substantially, from only 11,000 ha in 2005 to 18,000 ha in 2012, due to the Jababeka developments (Colliers International, 2005, 2012a; Hudalah et al., 2013).

The Jababeka industrial estate company is now building the island Cikarang Dry Port on a 200-ha lot, which is expected to accommodate up to 2 million 20-foot-equivalent unit container vessels in 2020, with a total investment of US$20 million (Yulisman, 2011).

The demand for industrial land in Jabodetabek has greatly increased as a result of both direct domestic and foreign investment in the region. The cumulative approved direct foreign investment in Jabodetabek reached US$37 million in the mid-2000s, which is nearly 60% of the total non-oil foreign direct investment in Indonesia (Badan Pusat Statistik–Statistics Indonesia, 2006). The cumulative approved domestic investment in Jabodetabek, meanwhile, amounted to IDR82,342 million (US$6.34 million), or approximately 33% of Indonesia’s total domestic investment at the time (Badan Pusat Statistik–Statistics Indonesia, 2006).

The massive industrial development in the Jakarta fringes has resulted in high land prices in industrial estates in the region, ranging from US$106 per m² in Bogor to US$175 per m² in Bekasi (Colliers International, 2012b). The development of industrial estates has extended into adjacent districts, most notably the District of Serang in the west and District of Karawang in the west.

New Town Residential Development

Suburbanization in metropolitan Jakarta has also been stimulated by the development of residential “new towns.” In the Indonesian context, a new town is a residential area built on land that used to be preserved for agricultural or forestry uses (Firman, 2004b). The development of new towns in Jabodetabek was for decades basically a response to the demand of many middle- and upper-income Indonesians for a secure, modern, and quiet living environment (Leisch, 2000). Local governments now play a significant role in this continued development because they have the authority to grant building permits to private developers. Private developers often negotiate with local governments over what the adopted spatial plans allow, especially when a proposed housing project is not located in an area planned for residential or commercial uses. Local governments in search of new economic development often approve private development requests and modify officially adopted spatial plans so new town development projects can proceed (Firman, 2004b; Rukmana, 2015).

The original new towns were traditional dormitory communities largely dependent on Jakarta City for employment, shopping, and recreation. Today, they have become independent towns with a strong economic base. The nature of recent new towns is very different, however; the new towns of Lippo-Karawaci in Tangerang and Lippo-Cikarang City in Bekasi (Arai, 2015; Hogan & Houston, 2002) were explicitly developed by the Lippo Group to include social, educational, and economic activities as well as residential uses. One nonresidential facility is the private Pelita Harapan University, which operates facilities similar to those of the best universities in Western countries (Firman, 2004b), the Siloam Hospital, the Matahari Department Store, and the Times bookstore.

Another new town, Jababeka City, has 24,000 homes and is also the largest manufacturing cluster in Indonesia with an area of 5,600 ha and a population of nearly 1 million people (Hudalah & Firman, 2012). Jababeka City hosts more than 1,500 companies, including Medical City Health Care and the Movie Land Film industry (Kartajaya & Taufik, 2009; PT Jababeka, 2010). Beginning in 2015, two private property developers, PT Plaza Indonesia Realty
and PT Jababeka, collaborated to build a superblock (a highly dense, compact area) in Jababeka with mixed land uses containing about 200,000 m² at a cost of US$1 billion. The development features a five-star hotel, retail areas, serviced apartments, and offices ("Building of $1 Billion Superblock," 2014).

Many new towns have become independent because the market now demands more differentiated but also more protected new towns, which private firms are happy to create. PT Bumi Serpong Damai (BSD), one of Indonesia’s largest property companies, for instance, doubled its annual profit from 1.48 trillion (US$113.96 million) in 2012 to 2.9 trillion Rupiahs (US$256.28 million) in 2013 (Lubis, 2014) by responding to this more focused demand. They have developed large shopping centers in the outskirts of Jabodetabek as well as in Jakarta City, such as in Bekasi Square and Teraskota in Tangerang. To attract consumers, the developers often hire expatriate architects, urban planners, and property specialists with little knowledge of local architecture and city planning. The physical design of these new towns, as a result, very much resembles gated suburban communities and wealthier residential areas in developed countries (Dick & Rimmer, 1998); moreover, they are neither socially nor culturally mixed, responding to the demands of middle- and higher-income residents (Firman, 2014b; Leisch, 2000). Recent new towns have been designed as gated communities, surrounded by walls and separated from nearby local communities (Leisch, 2002), to maintain the security and quality of life that residents seek.

Private developers have long been required by law to provide basic infrastructure when constructing new residential developments, but developers now go beyond providing basic utilities, administering municipal services as if they were the “government” in the communities they build and appointing their own town managers who ensure service delivery. In the Lippo Karawaci new town, for instance, the town manager is an expatriate employed by the development company, not appointed by the local government (Arai, 2015). Inside these gated communities the private developers provide and manage utilities exclusive to the inhabitants, such as roads, clean water, wastewater disposal, landscaping and gardening, security services, and shuttle bus transportation to Jakarta City (Arai, 2015).

The Changing Role of Public and Private Sectors

Over the last four decades the private sector has played a significant role in suburbanization in Jabodetabek. Today, it plays an even greater role, having taken over from the public sector the power to acquire and develop land as well as to provide and manage municipal services in fringe areas. This shift of power is strongly facilitated by the central government’s pro-growth economic policies and promotion of foreign direct investment, which has encouraged capital inflows from overseas for development in fringe areas (see Silaen, Watanabe, & Nugroho, 2015). Decentralization has also given local governments the ability to work closely with the private sector in pursuit of local economic growth and development.

The central government today actually has less power to intervene in land development in Jabodetabek than it did in the 1980s and 1990s. The central government does develop national and spatial plans that apply to metropolitan Jakarta, but local governments now have substantial autonomy and stronger powers to develop their own spatial plans and govern development within their jurisdictions. Local governments tend to focus only on their own plans and rarely pay much attention to the spatial plans of the national government or neighboring regions (see Kusno, 2014). This autonomy has, however, strengthened patronage relationships between the local government and the private sector (Rukmana, 2015). Local governments often prepare or alter spatial plans to accommodate the interest of developers (Firman, 2004b, 2008; Rukmana, 2015) although both sides have power in the development process (Arai, 2015; Cowherd, 2005).

Privatization of the Urban Fringes and Post-Suburbanization in Jabodetabek

We have sought to identify the extent to which the post-suburbs phenomenon first seen in the developed world is reflected in the current situation in metropolitan Jakarta, Indonesia. We first analyze the current patterns of suburbanization in the fringe areas of Jakarta: patterns of population growth, land use changes, promotion of industrial estates, and new town developments.

The peripheral areas of Jabodetabek today are experiencing a rapid urban transformation, fueled by significant population growth in suburban areas. Jakarta City—the core of the region—in contrast is experiencing low population growth due to substantial population spillover to fringe areas. Jabodetabek, the entire region, is seeing massive conversion of prime agricultural land into urban land uses in fringe areas, characterized by industrial estates, more mixed-use new towns and large-scale residential areas, and shopping centers. Historic dormitory towns on the fringes have been transformed into independent communities with a full range of opportunities and a strong economic base. Recent Jabodetabek development,
as a result, shows some signs of the early stages of post-suburbanization.

Post-suburbanization in Jabodetabek, as in China, is physically characterized by a mixed pattern of both traditional and new suburban residential development, occurring as a result of the heavy flow of foreign direct investments drawn by central government economic policies. Post-suburban development in Jakarta, however, is unlikely to fully resemble that of Western cities (Feng et al, 2008), in part 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.

We find that these patterns strongly correspond to the rapidly increasing role of the private sector, and a shift of power from the public to the private sector in land development, substantially accelerated by central government policies that allow privatization of land development. We believe these findings have important implications for planning practice in the era of post-suburban development. The Jabodetabek example shows that the private sector can help the government respond to regional needs for housing, jobs, shopping, educational opportunities, and infrastructure. The private sector, focused on making profits, however, rarely pays attention to formally adopted plans and public policy objectives unless required to do so; moreover, local governments may act in ways that create regional problems. Land use planning in this context assumes a different meaning and is increasingly fragmented and conflicting. The current situation also highlights, however, the key role that planning can and should play in ensuring that localized and private sector actions in Jakarta and growing regions in other developing nations do not end up exacerbating regional problems and leading to suboptimal solutions, which is a key feature of post-suburbia in the United States and in many western countries (Allred & Chakraborty, 2015; Orfield, 2002; Seltzer & Carbonell, 2011).

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Notes
1. Since 1999, when the city of Depok was formed, it has been called Jabodetabek.
2. 259 ha = 1 mi².
4. Government Regulation 142/2015 defines licensed industrial park companies as those holding permits from the government to manage industrial parks.
6. The central government still develops spatial plans for the areas that have national interests or strategic values (kawasan strategis nasional); thus, the central government prepares a spatial plan for Greater Jakarta (“Jabodetabekpunciur”; President Regulation 54/2008).

References


