

## PROPERTY INVESTMENT CHALLENGES OPPORTUNITIES IN THE POST- COVID-19 GLOBAL ECONOMY

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### Abstract

Investmen are things that are put into other instruments with the intention of earning profits in the future. A property investment is one of the profitable investments. The investment property business, which includes land and buildings that can be rented, will also face opportunities and challenges, as property prices continue to rise annually. This business has therefore ensured profits.

**Keywords:** Investment, Property Investment, Global Economy

### Introduction

The ability of individuals to purchase homes appears to have also been impacted by the influence of uncertain economic conditions. The property price survey that Bank Indonesia conducted for the second quarter of 2020 also reflects this, in addition to the rise in non-performing loans in the mortgage industry. Consumers believe that mortgage interest rates are too high despite their tendency to decrease. In the meantime, one of the obstacles to purchasing a home is the mortgage down payment proportion. However, at the same time that property prices are rising, the general public is unable to afford them. This is because individuals' incomes do not rise.

According to data from the World Bank, over the past halfdecade, Indonesia's per capita income growth has tended to stagnate between 3.6 and 4% per year. This is also reflected in the data from the BI consumer survey, which showed that people who took out a mortgage increased from 74.2 percent in the first quarter of 2019 to 78.4 percent in the second quarter of 2020. On the other hand, those who bought cash in the first to second quarters of 2019 and 2020 at rates between 5.4% and 8.5%.

The Indonesian people are currently in favor of investing. Additionally, investment is one of the parts of GDP (Gross Domestic Product) that fluctuates the most frequently. Business fixed investment, residential fixed investment, and inventory investment are the three types of spending on investments. Residential investment is the purchase of new homes by households and landlords, whereas business fixed investment is the acquisition of new plant and equipment by businesses. According to Mankiw (2019), inventory investment is an increase in the company's goods inventory.

According to Sukirno in Anton (2019), investment refers to the expenditure of capital goods and production equipment by investors or businesses to increase the economy's capacity to produce goods and services. The expansion of capital goods suggests that the economy will continue to produce additional goods and services in the future. Old capital goods that have outlived their usefulness and must be depreciated are sometimes purchased with investment funds.

Every year, the number of people investing in real estate has grown in Indonesia. This is due to the fact that real estate investing holds a lot of promise and offers a unique product. Low interest rates and the country's large market demand for these various products support this condition. For instance, numerous investors switch their deposits for land investments. In addition, land prices in Indonesia rise by 15-20 percent annually. According to Murtiningsih (2019), there are a number of factors that contribute to this expansion. One of these factors is the rising number of Indonesians belonging to the middle class, which in turn drives up the demand for housing.

There are a number of reasons why Indonesia is the best place to invest in property. Indonesia's political and economic stability is thought to be very helpful in creating a more favorable environment for foreign investment. First, increasing property investment in Indonesia is aided by the policy of the Indonesian government to do so. Second, the community still has a great need for property (Schreiben Reyys, 2020). The purpose of this journal is to provide an analysis of property investment as a driver of the nation's economy and of the opportunities and challenges presented by global economic investment.

### **Research Methods**

The normative approach is used in this research. Where the author conducts his research on difficulties and through experience working economically in the property industry in a global setting that has an impact on the business world as a whole and is also influenced by the growth of the global business world.

### **Results and Discussion**

The unit heads of each regional office or service office receive the DJKN vertical unit's WFH policy. This WFH policy received a lot of positive and negative responses from employees when it was put into action. This is due to the fact that not all employees have access to sufficient WFH support facilities, and not all work can be completed from home. When putting WFH into action, these various reactions must be taken into account.

WFH is work performed at the employee's residence or home and does not count as a day off. Prior to the COVID-19 pandemic, the WFH work system was actually in use in developing nations for a considerable amount of time. IWG conducted a study in Switzerland and found that 53% of professionals work remotely three days a week and 70% work remotely at least one day a week. Several businesses, including Google, Apple, and Unilever, have asked their employees to work from home using technology that is already available in the current pandemic. Large-Scale Social Restrictions (PSBB) were enacted by the Indonesian government in accordance with Law

No. People are required to carry out Home Quarantine, in which they are prohibited from leaving their homes until the time limit established by the government, in order to reduce risk factors for the spread of COVID-19. Implementing WFH for employees is one way to help with this.

Actually, the Ministry of Finance is not new to the WFH idea because it plans to implement an Open Workspace that will allow employees to work from anywhere and from any location without needing a separate space (remote working). According to Minister of Finance Decree Number 302/KMK.01/2019 concerning Strategic Implementation of the Ministry of Finance's Bureaucratic Reform and Institutional Transformation Program, Open Workspace is a Strategic Initiative in the 2019 Ministry of Finance Bureaucratic Reform and Institutional Transformation (RBTK) Program. The goal of the "The New Thinking of Working" RBTK Strategic Initiative is to strengthen the Ministry of Finance's organizational culture by creating an adaptable, digital-based, and integrity-based work culture to boost the ministry's productivity and performance. When compared to working in an office, implementing WFH has a number of advantages and disadvantages. Some of these advantages include the following:

1. Travel time can be used for other activities by employees. Employees who live a long distance from their workplace do not need to drive to get to work with WFH. For instance, in order for an employee who works in Jakarta but owns a house in Tangerang to arrive at the office by 7.30 a.m., he needs to be ready at 5 a.m. The employee can devote approximately 2.5 hours of travel time to other activities when WFH is like this.
2. Reduce the expense of office travel. When we work in an office as usual, there may be a number of costs that we don't have to worry about. Working from home can certainly help. The costs of transportation, lunch at the office, and other costs are examples of these expenses. The use of public transportation, which carries a high risk of transmitting the COVID-19 virus, can also be reduced by the existence of WFH.
3. Setting a work-life balance is easier. Employees can strike a healthy balance between work and personal life by taking time for themselves or their families. A healthy work-life balance will boost workplace productivity.
4. Able to be more adaptable at work. We can work by moving from place to place during WFH, particularly when we are bored, and we can even adjust our working hours to suit our particular circumstances. This is possible as long as employees remain accountable for their work and always communicate with leaders and superiors via online meetings or discussions via the specified application.
5. WFH is efficient from an office perspective. The cost of using internet facilities and electricity, as well as a number of other costs that can be kept low, has clearly reduced operational costs while employees carry out WFH. WFH also encourages offices to use technology to improve and innovate how they provide services to customers. For instance, customers can now submit bids for auctions online through the [auction.go.id](http://auction.go.id) portal or the Indonesian Auctions application, eliminating the need for them to visit the office.

In comparison to the office property sector, housing market transactions have increased in the first half of 2021. Commercial housing transactions for families have increased by up to 28%, according to Savills International research. In the first half of 2021, this rise overtook

transactions for office property for the first time. Houses are now seen as an investment rather than just a place to gather with family, as evidenced by the rise in transaction numbers. *kompas.com* (2021) Residential property investments totaled USD 136 billion (IDR 1,939 trillion) in the first six months of 2021. This number shows a 35% increase in the number of transactions compared to the same period in 2020 and a 4.1% increase in the volume of office property transactions. Because the housing industry is thought to have bright future prospects, it is anticipated that this transaction growth will occur. There are still a lot of places without enough housing, especially for young people moving to cities.

Irish journalist Niall Patrick Walsh said in a report from *Elle Decor* on Friday (2022) that the Covid-19 pandemic is not the beginning of the end of office or that employees will no longer return to WFO. In fact, Walsh says, this presents an opportunity to gain a deeper comprehension of the phenomenon and put it into practice. In the meantime, the *Wall Street Journal* reported in 2012 that around 80% of young professionals regularly worked from home. This is what brought back *Beatriz Colomina's Bed-In* program, which was launched at the 2018 Venice Biennale of Architecture as part of the *Work, Body, Leisure* exhibition at the *Durtch Pavillion*. In support of this assertion, a Spanish architectural historian and a professor at Princeton University believe that the bed is a symbol of working from home and the human inability to separate work and life on the outside world today. As a result, numerous suggestions and guidelines for improving the home workspace's atmosphere emerged.

According to the *Rumah.com Consumer Sentiment Study H2 2020*, which was conducted among 1,007 respondents between January and June 2020, young people between the ages of 22 and 29 expressed the greatest desire, or 44 percent, to have their own home following the Covid-19 pandemic. The same wish was expressed by 36% of respondents between the ages of 30 and 39 and 27% of those between the ages of 40 and 49. The remaining 16 percent were raised by respondents between the ages of 50 and 59. The figures above show that there are two major assignments related to the future market for architectural businesspeople. First, how to meet the wants and needs of the millennial population, which is both active and dynamic. Second, they must simultaneously be able to adapt to the expected long-term effects of the Corona virus-19 pandemic.

**Table 1: Comparison of Edial and Post-Covid -19 Situations**

Edial situation	Post-Covid19 Situation
The marketing process is directly carried out, such as various exhibitions, events, and others, and is supported by the KPR program, which makes it easier. This has led to an increase in the number of potential buyers.	The marketing process is also very limited, with very little direct interaction with prospective buyers, making it less effective because it is only done with the reliability of social media. Mobility of prospective buyers results in reduced purchasing power.
Direct communication with prospective buyers allows for greater freedom..	Because they are restricted by social distancing rules, it is very difficult to maximize communication with potential buyers.
Due to the availability of raw materials and the high demand for requests from potential buyers, the project's design is very simple.	There is a very limited supply of raw materials, which delays the development process and reduces demand..

Human Resources is extremely reliable and productive.	Human resources costs are significantly reduced.
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One in four investors, or 23% of respondents, see this period as a good time to invest in property, despite the fact that the majority of investors are still hesitant to do so. In the meantime, another 40% of respondents decided not to invest in real estate until the pandemic had passed. Another small percentage of respondents, 17%, stated that their investment strategy had not changed, and another 14% were hesitant to invest in real estate right now. As a result of the unstable economic situation, many businesses have terminated or laid off employees, resulting in unsteady jobs and salaries, which is a major concern for employees considering mortgages. "This is stated by 63% of respondents, an increase from 46% of respondents in the survey from the previous semester," he stated. In the meantime, people who want to buy a house still face the problem of not being able to afford a down payment. This was stated by 42 percent of respondents, down from 51 in the survey from the previous semester.

The high level of public interest in owning their own property, both for living and for investment, demonstrates the positive trend of the Indonesian property industry during the pandemic. Even the desire to purchase investment property increased significantly in comparison to the semester before. 64 respondents indicated an interest in purchasing a residence based on the survey results. This is an increase from the 60 people who responded the semester before. The following semester, interest in purchasing property as an investment increased to 49 percent from 39 percent. "In light of the current crisis, the continued high level of public interest in purchasing the property is consistent with the rising level of public satisfaction with government actions and policies to stabilize the property market," he stated. This was stated by 45% of those who expressed satisfaction, a significant increase from the 32 respondents who expressed satisfaction the semester before. In contrast, only 16% of respondents expressed dissatisfaction, which is a decrease from the previous semester's 24%.

## Conclusion

The government provides services in the form of policies in a world of global business where there is intense competition, particularly in regard to Law 20 of 2011 on Flats in the property industry. This law encourages each company to work harder to improve its performance so that the three companies can achieve their goals. Every business seeks to achieve profitability or profit maximization. The company will maximize social welfare if it achieves high levels of profitability.

Management policy is one factor that affects a company's ability to compete. The management of a company's finances and funding is one of management's primary responsibilities. The financial issue is the most significant consideration for investors. An indicator of a nation's economy's decline or rise is the real estate and property industry. In a global economy like this one, the government needs to provide stimulus to encourage the growth of more real estate and property-related businesses. This will indicate that Indonesia's economy is expanding globally and improving to the point where it is in high demand from international business actors.

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