

Property Firm Explains Why Unguided Foreign Land Investment in Bali Is A Bad Idea

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One of the leading property firms in Bali is warning foreign property investors of the need to do their research before attempting to invest in the Southeast Asian country.

PT Bali Nirmana Property has connected hundreds of buyers and sellers in the last decade. Staff have seen how some investors lose time and money when they seek to complete investments without getting the necessary advice.

Fresh from the [Bali Nirmana Property merger](#) which gives the company a presence on Bali's west coast in addition to the central and eastern regions, real estate agent Patrick Clancy wants to give potential investors a timely reminder.

"The process of investing in the Bali real estate market is different from that in many other countries. From the offer stage through settlement and handover, there's a lot even experienced investors will not be familiar with. My experience has shown that it is best to have a guide who knows the local market. This can really help investors to avoid some of the usual stumbling blocks. The entire experience of searching for a property and ultimately, purchasing it is much less stressful and much more enjoyable," Clancy says.

Many expats say they are grateful they had a guide with them as they searched for, and eventually bought, property in Bali.

John and Kelli from Melbourne, Australia had this to say: "Some of the best advice we got along the way was what villas we really shouldn't purchase, even though they had an initial appeal. We quickly started to see properties that we really liked. Patrick knew enough about us to promise that we could do better if we looked a little longer. It would have been much easier for him to go along with some of those homes but combining his knowledge of our situation with an exhaustive knowledge of the Bali market gave him, and us, confidence we hadn't yet found the home perfect for us. It turns out that Patrick has a solid knowledge of tropical villa construction."

Stanley from Singapore also shared a positive experience about working with Clancy to purchase a property in Bali. "[Patrick] has a tremendous grasp of the market and possesses that intuitive feeling as to what a property is really worth and how well it will sell. His knowledge of new houses is almost unparalleled. Patrick is always up to date on the new home market which helps in buying or selling a recently built home," he said.

Clancy says the guidance investors need depends on why they want to invest in Bali. Some villages in Bali are zoned specifically for residential use while others are for tourism accommodation. It is very risky to invest in a residential property and then try to use it as a hotel or guesthouse. Some investors take the risk but Clancy warns against flouting zoning regulations.

He also wants foreign investors to remember that there are some restrictions on how they can [invest in land](#)

in Bali. Only Indonesian citizens have the right to own land.

“Foreigners can acquire land under an agreement known as hak pakai which means right of use. This is an 80-year term agreement with the federal government which many people think amounts to a lease. However, you can extend for as many 80-years terms as you want. The only constraint is that you can’t get a license to operate a villa rental business under this type of arrangement,” Clancy explains.

Investors who want villa rental properties need to find real estate offered under a leasehold agreement. There are many of these available in tourism accommodation zones and the transfer process is quite straightforward. These properties allow for flexible use. Regardless of where they are located, villas offered via leasehold can be used as residences. Investors who want to live on the property for a portion of the year find this to be an attractive option.

The rules of engagement in Bali can be difficult to understand so potential investors should visit the [BNP office](#) to discuss their specific needs and plans.

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