

Shanny
ADVISORY

THE HONEST BRIEFING

Before You Buy in Bali

What to check, what to avoid, and the real numbers, written
by a real estate advisor and developer who operates in the
Bali market.



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START HERE

A word before you begin

Bali is one of the few places left where a well-chosen property still earns like an investment and lives like a holiday. A good villa here can reach a net yield of 10 percent, several times the 3 to 6 percent gross a home earns in London or Sydney. The island draws more people every year, and that opportunity is real. I want you to be able to take it with your eyes open.

I work in this market in two capacities: as an independent advisor to buyers, and as a developer building villas of my own. The second is what gives the first its weight. The risks in this briefing are not abstract to me; I have carried them with my own capital. That is precisely why I can show you where the market catches people, and how to buy so that it never catches you.

The takeaway. *The buyers who do well in Bali are not the boldest. They are the best informed. Let me make you one of them.*

01 What do you actually own?

The first question, and the one most people skip: what, exactly, are you buying? As a foreigner you cannot own land outright (freehold) in your own name. That is not a loophole or a problem, it is simply how Indonesia works, and there are three legal ways a home is held here, though as you will see, the third has narrowed:

- **Leasehold.** The right to use the property for a fixed number of years. This is how most foreign villa purchases are structured, and done well it is secure and straightforward. Its strength is the strength of the contract, so the contract is where your attention belongs.
- **Right to Use (Hak Pakai).** A registered, inheritable title for foreigners who live here on a permit, usually for a home you occupy yourself.
- **Through a company (PT PMA).** Read this one carefully, because it has changed. A foreigner can no longer set up a new company to hold and rent out a villa; that door closed at the national level in 2021, and Bali sealed the remaining gaps in 2026. What still exists is buying the shares of a company that already holds its licences. The licences survive the purchase, which makes it a real option, but they are re-examined every time the company touches the licensing system, so this is specialist work, checked properly before you buy, never a shortcut. For most people buying a home, the honest position today is simpler: you hold it as a private individual, on a leasehold or Hak Pakai.

Then four questions families forget to ask, and always should:

- **What happens when the lease ends?** Ask for the extension terms and the extension price in writing, at the start, not decades from now when you have no leverage left. A good developer has already planned for your grandchildren; a weak one goes quiet at the question.

- **What will it be worth at the end?** This depends almost entirely on your extension terms. A lease shortens each year, so on paper the clock is always running down. But strong terms let you top it back up: hold and enjoy the villa for 25 years, secure a further 25 years before you sell, and you hand the next owner a long, fresh lease again. Done that way, the property need not lose value at all, because you have simply renewed the time on it. Done without good terms, it quietly will. The extension terms are the whole game, so get them locked in writing before you buy, not later.
- **Who owns the land underneath, and will they honour the extension?** Your extension is a promise, and a promise is only as good as the party who makes it. Find out who holds the right to grant it, whether they are reputable and stable, and whether your right to extend is fixed in the contract rather than left to goodwill. A pre-agreed extension with a trustworthy landowner is worth more than any view.
- **Can you pass it on?** Confirm in the contract that you can leave the property to your children or sell it to the next owner. That certainty belongs in writing, not in a handshake.

The takeaway. *Ownership in Bali is a spectrum, not a yes or no. Understand exactly where your purchase sits on it and you buy with confidence instead of hope.*

02 Gross is not net

Here is the good news, told straight: Bali genuinely rewards its owners, and it does so by a wide margin. The trick, and the reason most brochures mislead you, is that they advertise gross yield as if it were net.

10 to 15%

Gross yield in Bali is real, with professionally run villas reaching the high teens, against roughly 3 to 6 percent gross in London or Sydney.

5 to 10%

Net yield is what you actually keep after costs, vacancy and management, against roughly 2 to 4 percent net in those same cities. Even measured fairly, Bali is around double.

The distance between your gross and your net is simply the cost of running a property well, and taxes. On short holiday lets those costs can take close to half of the gross; on long-term lets, far less, which is why the model you choose in section 4 moves your net as much as the villa does. Anyone can quote you a gross figure. Ask instead for the net, in the currency you actually spend, and you will know precisely what you are buying.

Western figures: Global Property Guide and CoreLogic, 2026. Bali figures from local market data. All are whole-property yields, compared like for like.

The takeaway. *The 25 to 35 percent returns you see advertised are fantasy. A clear-eyed 5 to 10 percent net is not, and set against the 2 to 4 percent of a Western capital, it is a number worth crossing an ocean for.*

03 Can you even rent it out now?

Yes, but the honest answer has two lanes, and knowing which lane your villa sits in matters more than anything a brochure tells you.

Long-term letting, a tenant on a lease of months or a year, is the clean and open lane. You hold the villa, the tenant rents it from you, and a good management company handles the work. That is compliant today, without gymnastics, and it is the lane the best residential projects are built for.

Nightly tourist letting is the licensed lane, and the narrow one. A foreigner cannot hold that licence personally, and since 2021 a new foreign-owned company cannot be set up to hold it either; Bali closed the remaining gaps in 2026. Be careful with the common workaround, where the permits sit with the landowner or another local party while a manager runs the villa and the nightly income flows to you. However confidently it is sold, that is the grey zone the current enforcement is aimed at. Nightly income works cleanly in fewer shapes: a project licensed as a hotel, or a company that already held its licence before the rules changed. If a seller promises nightly returns, ask whose licence, in whose name, and where your income legally comes from.

Will it be enforced? Enforcement is where Bali's rules have traditionally fallen short, and nobody can promise this time is different. One thing is new, though: licensing now runs through a digital platform, and a business the rules ban is locked out technically, because the licence cannot be issued at all. The earlier crackdowns had no system like that behind them. Listings on the booking platforms are required to show a valid licence, removals of unlicensed villas were ordered from mid-2026, and an automated checking system is announced for mid-2027. Whether it bites this time, nobody knows.

The takeaway. *The right answer is never "we will sort the renting out later." It is knowing which lane your villa sits in, with the licence and the structure for that lane in writing, before you sign.*

04 Short-term or long-term? The model decides

This is the most important choice you will make, and the reassuring truth is that both models work in Bali. The demand beneath them is genuine and growing: millions of visitors a year, about 6.3 million foreign arrivals in 2024 and close to 7 million in 2025, tens of thousands of foreign residents, and a wave of remote workers who stay for months. The renters are real. You are only choosing how to serve them.

- **Short-term (nightly, holiday guests).** The higher headline rate, with higher costs, occupancy that rises and falls with the seasons, and more to manage. Run well, in one of the licensed shapes from section 3, it reaches the top of the yield range.
- **Long-term (a tenant on a lease of months or a year).** A gentler headline rent, but much lower costs, steady occupancy, and very little to think about. It is the quiet, dependable range.

Once the costs are paid, the two are closer than the brochures pretend, and the long-term number is the one you can set your watch by. Neither is wrong. The right one is simply the one that matches how involved you want to be, alongside the area and the type of property.

The takeaway. *Choose the model first, then the villa. The model, not the marketing, decides what you earn, and both roads lead somewhere good.*

05 How to check a developer before you pay anything

Many Bali developers are honest and capable. And many are not, and the difference is easy to see once you know where to look. There is no automatic escrow here for off-plan, so your payments go straight to the builder. That is not cause for worry, it is cause to choose well, using structure rather than trust.

- **Get professional help to do independent due diligence.** A notary confirms the certificate is genuine, who holds the rights to grant you the lease, the zoning and a few more things. It will not tell you whether you are making a sound investment, or what to look out for, or push for extension terms. That is your and your advisor's work.
- **Look at the people, not just the company name.** A company can be a week old; the people running it cannot fake a track record. Ask what they have personally built and finished before, then go and stand in it. Completed villas, and happy owners you can actually call, are the truest reference there is.
- **Tie your payments to real construction progress.** Not to dates on a calendar.

The takeaway. *A good developer will welcome every one of these questions and answer most of them before you ask. That welcome is itself the reference.*

06 The traps to walk away from

A short, blunt list. Learn these three and you have sidestepped almost every way people lose money here.

- **Off-plan villas that never get built.** Money has been lost on villas that only ever existed as a render and a deposit page. The defence is section 5: real people, real progress, real payments.
- **The nominee trap.** Putting the property in a local person's name. You will be told "everyone does it." A court will not protect a hidden foreign owner, and Bali now actively pursues these arrangements, reaching both the nominee and the advisers who set them up. The honest structures in this briefing exist precisely so you never need this one.
- **The seller's own notary.** It looks like protection. It is a conflict of interest. Bring your own.

The takeaway. *If a deal leans on a handshake or a borrowed name, walk. The shortcut that saves a little now is the mistake that costs everything later.*

07 The costs nobody adds up

The yield is only half the story, and the buyers who are happiest three years in are the ones who costed the whole picture on day one. Budget for the yearly cost of owning the villa, not just the price of buying it:

- Annual land and building tax.
- Estate or service charges, if the villa sits in a managed compound.
- Maintenance, plus a sinking fund for the big items, the pool, the roof, the air conditioning, that eventually need replacing.
- Insurance, including earthquake cover. Bali is beautiful and it is seismically active, so this is simply part of responsible ownership.
- The management fee, when the villa is rented.

None of this is alarming. It is ordinary, and a well-run development plans for all of it so that you do not have to. Ask for the full annual figure, and your net turns from a hope into a promise you can trust.

The takeaway. *Know the cost of owning it, not just the cost of buying it, and the returns in section 2 are yours to keep.*

08 Getting your money in and out

The least glamorous chapter, and the one that quietly separates the smooth purchases from the stressful ones. A little planning here removes nearly all of the friction.

- **You are taxed at home too.** An Australian resident, for instance, declares worldwide income, including Bali rent, and discloses larger overseas assets. Your own accountant makes this simple; the ambushes only happen to people who never asked.
- **Indonesia taxes the rent first.** Expect a flat rental income tax here of 10 percent of the gross rent if you are an Indonesian tax resident, and 20 percent if you are not, and most overseas owners are not. Note the word gross: the tax is on the rent itself, not the profit, so build it into your net from the start. Tax treaties do not reduce it; rental income from property belongs to the country the property sits in. Price it in and there are no surprises.
- **There is no local mortgage in practice.** Most buyers pay cash, release equity from a property at home, or use the developer's staged payment plan, which spreads the cost across the build.
- **Large transfers are reported automatically.** Move the money deliberately, keep the paperwork, and stress-test your return at an exchange rate worse than today's.

The takeaway. *The boring layer is where the surprises live, so take the surprises out of it in advance. Speak to your own accountant before you wire a rupiah.*

09 Getting out: resale and your exit

The most sophisticated buyers decide how they will leave before they arrive. That foresight is how you protect a gain.

- **A leasehold is a wasting asset.** Its value declines as the years run down, unless you extend, which is why the renewal terms in section 1 matter so much. A villa with a clear, affordable extension holds its value in a way a short, dead-end lease never can.
- **The resale market is real and active, but slower than at home.** A villa can take some months to sell, and what you are selling is the time left on the lease together with a proven rental record. Both are worth building on purpose.
- **Plan the exit up front.** How long you intend to hold, what you would sell, and to whom.

The takeaway. An asset you can sell is an investment. One you cannot is an expensive holiday. Build yours to be sold, even if you never do.

10 The 12-point checklist

The buyer's briefing, on one page. If a deal clears all twelve, you are almost certainly looking at a good one.

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| 01 | Confirm what you are buying, in writing (leasehold, Hak Pakai or a company) and what it is worth at the end of the term. | 02 | Get the extension terms for the end of the lease, in writing. |
| 03 | Confirm you can pass it to your family or sell it on. | 04 | Ask which licence the villa can legally hold, in whose name, and see it. |
| 05 | Confirm the zoning allows the way you intend to rent it. | 06 | Take the net yield, after costs, vacancy and management, not the gross. |
| 07 | Add up the yearly running costs, insurance included. | 08 | Check the track record of the people, not just the company name. |
| 09 | Appoint your own lawyer and notary, never the seller's. | 10 | Tie every payment to real construction progress, and verify each milestone independently. |
| 11 | Refuse any nominee structure. It is unprotected and actively pursued. | 12 | Take your own tax advice, at home and here, before you transfer a rupiah. |

The takeaway. Twelve honest questions. A good villa answers all of them, and a good developer answers most of them for you.

11 If you are building, not just buying

Everything up to here assumes you are buying a villa that someone else builds. A good share of the people who come to me are not. They want to build their own, or develop a small project from the land up. It is where the real value sits, and it is also where the real risk sits, because the costly mistakes are made long before the first bag of cement.

This is the heart of what I do. Buying a finished villa is a transaction you can get right with the checklist above. Building is a project, and it turns on things a buyer never has to weigh:

- **The ownership structure, set before you build.** The legal wrapper that lets you hold the land, build on it, and then rent it compliantly. Leasehold, Hak Pakai and a PT PMA each behave differently once there is a business running on the land, and the wrong choice is expensive to unwind. This is decided first, not last.
- **Zoning and permits, before a line is drawn.** Whether the land is zoned for what you intend at all, and whether you can secure what makes it lawful: PBG to build, SLF to operate, and the right business classification for renting it. A design that ignores the zone is a drawing, not a project.
- **Feasibility on honest numbers.** What the land, the build, the permits and the annual running costs really total, set against what the finished villa can truly earn. The net-not-gross discipline from section 2, applied to a project you are underwriting yourself.
- **Project management that protects you.** The build itself: the drawings, the engineers, choosing the contractor, payments tied to real progress, and someone capable on site making sure what was drawn is what gets built. This is where a budget is held or quietly lost.
- **Compliance to rent it, from day one.** The licensed structure from section 3, designed into the project from the start rather than bolted on when the first guest arrives.

None of this is a reason to hesitate. It is the reason to plan properly and bring the right people in early. The cheapest hour you will ever spend on a Bali development is the first one, before the land is bought and the structure is set. That hour is the one I am here for.

The takeaway. Buying is a decision. Building is a project. If yours is a project, get the structure, the permits and the numbers right before anything is committed, because that is the stage that decides whether the whole thing works.

Where this leaves you: two lanes

If you strip this briefing down to a map, there are two clear lanes open to a foreigner buying in Bali today.

- **Buy a home and rent it long term.** A villa held in your own name, on a leasehold or Hak Pakai, with a tenant on a lease of months or a year and a manager handling the work. Clean, open, and where the dependable returns in this briefing live.
- **Buy into a proper hotel.** A villa or suite inside a resort that is licensed as a hotel, where the nightly letting runs lawfully under the resort's own licence. A real lane for nightly income, and the structure behind it deserves the same checking as everything else in this briefing.

Between the two sits one legitimate exception: buying a company that already holds its licences, as covered in section 1. Specialist work, done with proper checking, but real.

A different reader needs a different map: if you are a developer rather than the buyer of one villa, and short-term rental is the business, two routes are open today. Build hotel-licensed at genuine scale, a resort of more than 6,000 square metres of building, or buy an established, licensed business, whose licences cover what it already runs, though not automatically what you would add to it. Either way it is a project, not a purchase, and section 11 is where it starts.

Everything else in between, the nightly villa on somebody else's permit, the borrowed licence, the structure sold with the words "everyone does it", is the part of the market the enforcement is now clearing out. The two lanes are not a restriction. They are the reason the people who choose one can stop worrying.

A final word, and an invitation



I have spent this briefing teaching you to be careful, so let me end by being clear: I am an optimist about Bali, and I put my own capital and my own name behind that belief every day. The fundamentals are genuinely strong. Visitors arrive in record numbers, well-built villas are in short supply, and the very regulations that unsettle the amateurs are professionalising the market for the people who do it properly. Few places on earth still offer this combination: a home you love to spend time in, in a climate and a culture that reward you daily, that also earns more than almost anything you could buy back home.

Done carelessly, Bali can cost you. Done well, it can be one of the best decisions of your life. The difference comes down to knowing what to ask, which you now do. If you are looking at a specific villa, here or with any developer, send it to me and I will read it with you honestly, the numbers, the risks and the structure, even if my advice is to walk away. And if you are planning to build rather than buy, come to me before the land is bought, when the advice is still worth the most. No hard sell. Just someone who builds here, sitting on your side of the table. That offer holds whether or not you ever build with me.

Shanny Poijes

SHANNY ADVISORY

I hold two roles in this market: independent advisor through Shanny Advisory, and developer through Core Concept Living, which is building a residential neighbourhood in Seseh. What you have just read is the advice.

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