

Buy an Existing Villa or Build for Yourself?

If you are interested in buying an existing villa in Bali, please keep in mind that all better houses are owned by foreigners who have financed their vacation home in foreign currency. If they agree to a sale they understandably wish to recover at least the same amount they originally spent in US or Australian dollars, Euros, or any other currency.

The important advantage of purchasing an existing villa is that you can carefully inspect all details before making a buying decision and therefore know exactly what you get for your money. You will be immediately the owner of a completed villa - usually fully furnished - so you can either move in yourself the next day or start generating a return on your investment by renting your villa out.

Alternatively – if you have lots of time to supervise the construction of your dream home yourself – you can acquire a plot of land and build your own villa. The disadvantage is that you'll have all the worries and responsibilities connected with building a house anywhere in the world.

In Bali this can be a truly frightening experience, especially if you are not personally on-site all the time, do not speak Balinese or at least Indonesian, and are not a construction expert yourself. Even when you appoint the most reputable architects and contractors, you have to be present yourself to achieve satisfactory results! Most people ask for top quality, fast completion, and low cost. Be aware that, if you're lucky, you can perhaps achieve two out of these three points, but very rare all three together! The choice is yours.

The third option is to buy a land & villa package from a reliable developer experienced in building in Bali. This way you won't have any worries or problems during the construction period, and you deal with foreign experts who understand what you say AND what you mean.

Purchase Prices, Land & Construction Costs

To give you some idea about prices: existing high-quality villas with garden and a swimming pool which have been built a few years ago start around US\$200,000 and can go up to US\$2,000,000 and more.

This is over 50% less than comparable villas in other tropical destinations such as Phuket (which is much less attractive and has a much longer rainy season than Bali). However, there are very few good-quality villas offered for sale in Bali, and they are usually sold within a very short period. We do not recommend to buy one of the many cheaply built houses as they are difficult to rent out and their maintenance costs are often very high!

Land prices range currently from US\$50 to US\$300 per square meter (11 square feet) depending on the location (in the middle of nowhere you might still find land for less than US\$20). A plot not too far from the beach and the tourist areas in South Bali will cost today about US\$70 to US\$150 per square meter. If it's located right on the beach, offers a spectacular view or is part of an up-market development, it can be

US\$300 and more per square meter. Properties in crowded Denpasar and in Ubud are again priced much higher.

Keep in mind that property prices in Bali have appreciated VERY substantially during the past few years. Many foreigners have bought land and numerous Indonesians have acquired properties in Bali as they feel safer here than in other parts of the country. Even after the terrorist attack in 2002 property prices continued to increase – investors regard that attack as a one-time incident which does not change Bali's long-term development.

The basic construction cost of good quality residential buildings is right now about US\$500 to US\$1,200 per square meter. This does **not** include any access roads, site preparation and development, water and electricity supply, swimming pool, water pumps or filtration, waste water treatment, power generators, landscaping, architects and consultants fees, costs for the many licenses and permits required, etc.

Please also note that all US dollar prices quoted are based on an exchange rate of about 8,900 Rupiah per US dollar and are continually increasing. If you build yourself don't try to save money by cutting corners. This will only inflate your subsequent maintenance costs and make renting out your villa quite difficult!

Which Areas of Bali are Most Recommended ?

LOCATION is the most important factor — in Bali as anywhere else in the world. Land prices in beach front and town centre locations and properties offering spectacular views will increase most, and houses on the beach or offering a great view will be the easiest to rent out if you do not want to live in them yourself throughout the year.

Most recommendable are (in our opinion) locations in Jimbaran Bay and on the Bukit (the hill on the southern peninsula between Nusa Dua, Ulu Watu, and Jimbaran), the area from Batubelig to Tanah Lot on Bali's West coast, in or very near the town of Ubud, and near the Handara golf course and Lake Bratan near Bedugul. These locations promise in to produce the highest increase in value over the next few years. In the long term, the area between Tanah Lot and Negara as well as the coastal areas in Bali's North-East should also show attractive price increases.