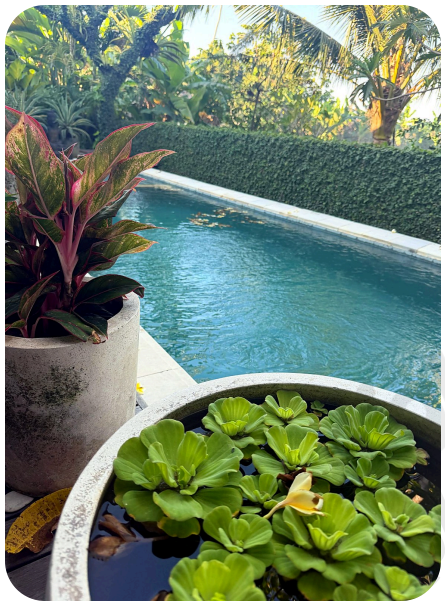
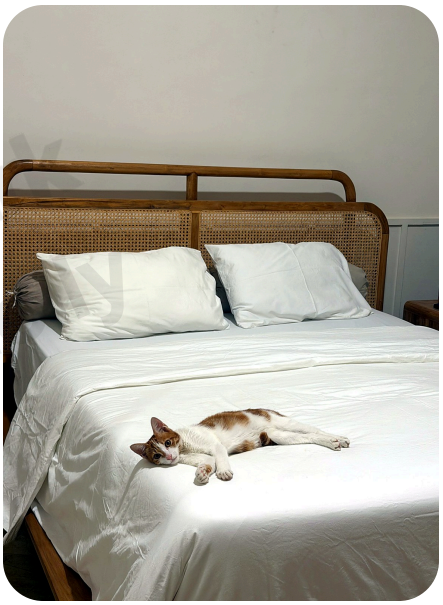
Bali Land Investment Checklist.

Whether it is a one-year rental or a 25-year lease, review these steps before you move forward.

5 min read · Last refreshed 15 October 2026







Red: walk away. The risk is not worth it.

Yellow: negotiate. Get it fixed in writing before you sign, or price it in.

Green: go. Everything checks out, so keep going.

First, what you can actually get.

Foreigners cannot own freehold land (hak milik) in Indonesia. That is why almost every deal is a lease or a similar right. These are your options.

MOST COMMON

REGISTERED

THROUGH A COMPANY

A lease (sewa)

A private contract with the landowner. The land regulation sets no term for it, and 25 to 30 years is typical in Bali. The land office can record it on the land register (PP 18/2021, Article 90). It is only as strong as the contract and the owner's title.

A right to use (hak pakai)

Foreigners with the right immigration documents can hold it for a home, with limits on price, land size and number. On state land it runs 30 plus 20 plus 30 years. On private land it runs up to 30 years, and renewing needs the owner's agreement.

Building rights (HGB)

Only Indonesian citizens and Indonesian-law companies can hold them. Foreigners usually do it through a PT PMA, which adds cost and compliance.

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Never use a nominee, an Indonesian who holds the title for you. Bali banned nominee land ownership in 2026 (Provincial Regulation No. 4 of 2026), and you can lose both the land and your money.

The go or no-go flow.

Start at step 1. A yes takes you down to the next step. A no shows the flag and why it matters.

1 Does the seller's title check out?

The name on the certificate matches the person signing, and the land office shows no dispute or claim. Check it with ATR/BPN's Sentuh Tanahku app and at the local land office.

Yes

Keep going.

No: Red flag

Walk away.

If the seller does not hold clean title, they may have no right to lease it to you, and a rival claim or a mortgage can beat your lease.

2 Can the land legally be used the way you plan?

It is not a rice field or protected farmland, and the zoning allows your use.

Yes

Keep going.

No: Red flag

Walk away.

Bali has banned converting farmland into villas and hotels, and it has demolished villas built on protected land.

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3 Does the building have its permits?

A building approval (PBG) and a certificate of function (SLF) from the regency, plus a business registration (NIB) if you will rent it out.

Yes

Keep going.

No: Yellow flag

Only go on if the owner gets them before you sign, in writing.

Bali is cracking down on unlicensed accommodation, and a building without permits is hard to rent out or resell.

4 Is the lease long enough, with a written way to extend it?

A written extension option with a fixed price or formula, a notice period, and clear rules on resale and on what happens to the building at the end.

Yes

Keep going.

No: Yellow flag

Price it as a short lease, or walk away.

Without an extension option you renegotiate from scratch, and the price can jump in a popular area.

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5 Is the water sorted?

A clear source, a groundwater permit (SIPA) if it is a business, and proof the supply holds in the dry season.

Yes

Keep going.

No: Yellow flag

Test it on site before you commit.

Southern Bali is under water strain, and a weak supply means trucked water, deeper wells or a property you cannot use in the dry season.

6 Is the neighborhood holding up?

Flood and drainage history, road access, and the public signals: what residents complain about, water cuts and fuel queues.

Yes

Keep going.

No: Yellow flag

Price in the hassle, or pick another area.

Flooding, bad roads and failing services pull down rental income and resale value.

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✓ Green light. Congrats!

The deal is worth negotiating. Now have a licensed notary (PPAT) and a lawyer review the lease and the certificate.



Is the price fair?.

Once the deal passes the flow, check the money with these three tests.

TEST 1

Price per year left

Divide the total price by the years remaining and compare it with similar leases nearby. Short leases distort everything: 12 years left on a $200,000 villa is about $16,700 a year for something that loses value every year and has no exit.

TEST 2

Land price per are

Land leases are quoted per are (100 square meters) per year. 2026 listing asks run about IDR 11.5M to 43M per are per year in Pererenan on 25-year terms, and from about IDR 30M in beachside Uluwatu, with Ungasan, Pandawa and Kutuh under IDR 15M. These are asking prices, not completed deals.

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TEST 3

Net yield, if you rent it out

Agents quote gross yields of 10 to 18%, but one agent puts the net at about 4 to 6% if you self-manage and 10 to 15% with a professional manager. Run the numbers after management fees, utilities, maintenance and tax, with an occupancy rate you can defend.

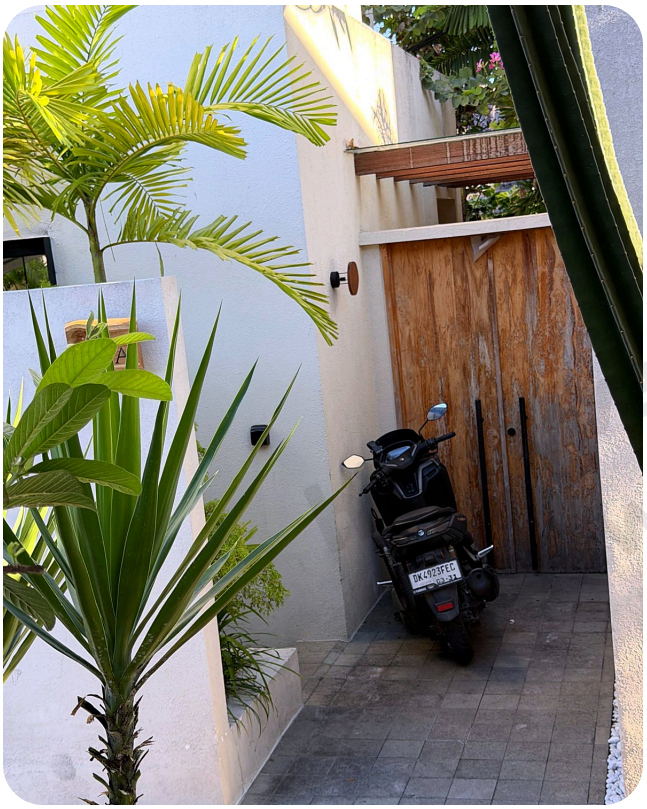
Green: the price is in line with at least three comparable deals in the same area, for similar years left.

Yellow: it is above the comparables. Negotiate, or ask what you are getting for the premium.

Red: the seller cannot show comparables, or the numbers only work with best-case occupancy.

For a reality check, island-wide, a leasehold villa with 25 or more years left has a median asking price of about $300,000, around $333,000 in Canggu and $269,000 in Uluwatu (April 2026 listing data). Ask for recent sale prices or a valuation from a local notary or appraiser before you agree.

Where the risk is highest.



These are the places where land deals most often go wrong, and what to look out for in each.

BALI

Canggu, Pererenan, Seminyak, Uluwatu, Kuta, Nusa Dua, Ubud

Where demand is highest, so it is also where water, roads and zoning are under

LOMBOK

Kuta Lombok

Some land near the Mandalika area has been disputed for years, and some locals hold only village letters, not certificates. Ask your notary to

LOMBOK

Gili Islands

Much of the land is reportedly held by the provincial government under a state management right (HPL), so transfers need written

the most pressure. The rice-field rules matter most where paddies are still around.

confirm the parcel is not in a dispute.

government approval. Check this first.

The tick-box checklist.

One section per step, with a short note on why each box matters. Tick them as you go, or print it for the viewing.

Step 1: the title

- [ ] **The owner on the certificate (SHM) is the person signing the lease**
  Anyone else cannot lease you the land.
- [ ] **The certificate checks out at the land office (BPN)**
  Sentuh Tanahku is a first screen. The official advice is to confirm at the local land office.
- [ ] **No mortgage, dispute or overlapping claim on the land**
  A lender or a rival claimant can beat your lease.
- [ ] **Family or inherited land: every co-owner signs**
  One missing signature can undo the deal.
- [ ] **The seller lets you check and does not rush you**
  Pressure to skip checks is the clearest warning sign.

Step 2: land use and zoning

- [ ] **The plot is not a rice field or protected farmland**
  Bali banned converting productive farmland to villas and hotels, and made nominee ownership illegal (Provincial Regulation No. 4 of 2026).
- [ ] **The zoning allows what you plan to do, in writing**
  A villa for rent needs a tourism-use permit, not just a residential one.
- [ ] **The plot is not in a setback, protected or sacred area**

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Buildings there can be refused or torn down.

- [ ] **No nominee: nobody is holding the title for you**
  It is banned in Bali now, and you can lose both the land and your money.

Step 3: permits

- [ ] **A building approval (PBG) exists for what is built**
  PBG replaced the old IMB. Ask the owner for it and check it in SIMBG.
- [ ] **A certificate of function (SLF) exists**
  It says the building is safe to use. For a new build it comes after PBG.
- [ ] **The building matches the approved drawings**
  Extra floors and pools are the usual gap.
- [ ] **A business registration (NIB) if you will rent it out**
  Bali is cracking down on unlicensed accommodation, and platforms are being pushed to list only legal properties.

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Step 4: the lease itself

- [ ] **The start date, term and total price are clear**
  Know exactly what you are buying and for how long.
- [ ] **A written extension option with a fixed price or formula**
  Without it you renegotiate from scratch, and extension prices can jump in a hot area.
- [ ] **You can sublet, rent it out and transfer the lease**
  Your exit is your resale value.
- [ ] **What happens to the building at the end is written down**
  Otherwise it stays with the landowner.
- [ ] **A signed inventory of what you are getting**
  Under the Civil Code, a written inventory fixes the condition you must hand back (Article 1562).

- [ ] **It is signed before a notary or PPAT and recorded at the land office**
  The land office can record a lease on the land register and certificate (PP 18/2021, Article 90). Ask your notary to do both.

Step 5: water

- [ ] **You know the water source**
  Piped supply or a well. Ask to see the meter or the pump.
- [ ] **A groundwater permit (SIPA) exists if it is a business**
  Villas are among those who need one, and enforcement has tightened.
- [ ] **You have seen it in the dry season, or asked neighbors**
  Southern Bali is under water strain.

Step 6: the neighborhood

- [ ] **Flood and drainage history**
  Heavy rain floods low spots in Bali's busiest areas. Ask neighbors and look for water marks.
- [ ] **Road access in both directions**
  Traffic can turn a short trip into an hour.
- [ ] **What residents are complaining about**
  Badung runs a public complaint channel, Kontak Bupati. Local news on water cuts and fuel queues is the same kind of signal.
- [ ] **The notary and lawyer are independent**
  Do not use the seller's or the agent's.

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After you sign.



The work does not stop at signing. These sections cover what to check during the lease, what to do if something breaks, and how to hand the property back cleanly. They help both the person leasing and the owner.

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Check these as you go

- **Every year:** keep the signed lease, the deed, your payment receipts and the owner's ID in one folder. Re-read the extension clause and put its notice date in your calendar.
- **Permits:** a building's certificate of function (SLF) lasts 20 years for a house and 5 years for other buildings. If you rent it out, keep the business registration (NIB) current, and renew a groundwater permit (SIPA) before it ends, because it runs up to 5 years.
- **Tax on the rent:** the 10% final tax on rent is paid by the landlord unless the tenant is a company or other designated withholder, in which case the tenant withholds it. Agree who handles it in the lease.
- **The neighborhood:** keep an eye on the same signals as before: water cuts, flooding, fuel queues, new construction next door and what residents complain about.
- **Sale of the land:** under the Civil Code, if the owner sells, your lease carries on unless the contract says otherwise (Article 1576). This is another reason to have it recorded.

If something goes wrong

- **Who pays for repairs:** by default the owner keeps the property fit to use and pays for the necessary repairs (Civil Code, Article 1551). You pay for small day-to-day repairs (Article 1583), unless the damage comes from age or an event outside your control. The lease can change this split, so read it first.
- **A water leak, for example:** a leaking pipe in the wall or roof is normally the owner's to fix and pay for. A blocked drain or a broken tap you caused is yours.
- **Damage you caused:** you are responsible for damage during the lease unless you can show it was not your fault (Article 1564).
- **What to do:** message the owner or property manager straight away, with photos, and keep the message thread. Get a repair quote in writing before paying, and ask to be reimbursed or to deduct it from rent.
- **If you cannot agree:** put your request in writing, quote the lease clause, and ask for mediation first. Court cases in Indonesia start with mediation. Then talk to a lawyer.
- **For owners:** respond in writing, fix structural problems fast, and keep records. It protects your income and your title.

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Ending the lease

- **Start with the inventory:** if you signed one, you hand the property back in the condition it records, apart from normal wear (Article 1562). Without one, you are presumed to have received it in good condition (Article 1563).
- **Before you leave:** do a walkthrough with the owner and photograph or film every room. Record the meter readings and count the keys and remotes. Settle utility bills and any outstanding rent.
- **The deposit:** ask for itemized, written reasons for any deduction, and a refund date. Deposits on yearly rentals are often one to two months' rent.
- **If you are extending or selling:** give the written notice the lease requires before it ends. If you are transferring a long lease, get the owner's written consent and have it recorded.
- **Keep the paperwork:** a signed handover note and your photos protect you if a claim comes later.

Sources and dates

All checked 14 to 15 October 2026. Pages without a printed date are marked undated. General information, not legal advice.

Law and official guidance

- Government Regulation 18/2021 on land rights (JDIH BPK), official, 2021. Articles 34, 49, 52 to 55, 69 to 72 and 90 on building rights, rights to use, foreign residential ownership and recording leases.
- Civil Code (KUH Perdata), Book III, Chapter VII on leases, Articles 1551, 1562, 1563, 1564, 1576 and 1583, undated text copy
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- Bali Post: Governor Koster on Provincial Regulation No. 4 of 2026 (Indonesian), 21 September 2026
- The Jakarta Post: Bali to ban villa and hotel construction on agricultural land, 17 September 2025
- Bali Post: governor leads villa demolition in Pejarakan forest (Indonesian), 12 September 2026
- The Jakarta Post: Bali tightens crackdown on unlicensed tourist accommodation, 22 May 2026
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- detikBali: Badung's Kontak Bupati complaint channel (Indonesian), April 2025
- Business & Human Rights Resource Centre: Komnas HAM on Mandalika land disputes, undated

Market guides (agency and consultancy blogs, so treat as opinion)

- Bali Property Rules: leasehold (hak sewa) guide, 2026, on typical terms, extension clauses and notarial deeds
- Bali Property Rules: due diligence checklist, 2026
- Livuma: Bali rental deposit rules and yearly villa rentals: inspections, handover and renewals, 2026, on inventories and deposits

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- Propertia: Bali villa market data from 16,000+ listings, April 2026, on median asking prices and years left
- Balitecture: Canggu vs Uluwatu and Magnum Estate: Canggu vs Uluwatu, 2026, on land lease asks and yields; sample Pererenan lease listing
- Emerhub: SIPA groundwater permit in Bali, undated
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