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Understated bliss in Bali

Despite the recent bombing, the Island is still a must see option for second home buyers in Asia. Reports **Edwina Ings-Chambers**

From the endless shouts of “taksi, taksi!” and “You want transport?” that bombard you walking along almost any of Bali’s bustling main streets, you might assume that the terrorist bombings that hit the island on October 1 have had little effect on tourism. Get into a cab, and the message is different: the driver will wearily tell you that you’re the third fare he’s had all day – and it’s already 7pm.

Such mixed messages can make Bali a confusing market for potential property buyers to navigate. But, according to market experts, the Indonesian island is still the same affordable paradise it was before this second big attack and it is already well on its way to a full recovery.

Taxis complaints apart, tourism seems to have snapped back quickly, with figures from the Bali Hotel Association showing that cancellations peaked on October 4 at 22 per cent but dropped to 2 per cent by October 10. On the home sales side, “reports from developers and agents have indicated business as usual, some reporting the best month this year for sales,” says David Leadbeatter of magazine Hot Property Bali. His explanation? A location that “is easily accessible from the main Asia hubs of Singapore, Hong Kong, and Australia, a positive investment climate and [its] perception as a long-term attractive destination”.

According to estate agents Elite Havens, land values in Bali range from a peak of Rp350m (£20,000) per 100 sq metres in the most popular Oberoi area to about Rp50m in Canggu. Prices have increased by an average of more than 30 per cent a year in recent years, but they remain about 30 per cent below those in resort areas of Thailand. “Bali is still perceived as being undervalued with strong potential for capital gains,” Leadbeatter says.

Ian Macaulay, director of developments for Elite Havens, agrees, noting that there was no dip in sales after the 2002 bombings either. “Bali is not going to disappear as a destination because of this atrocity,” he says. “The same factors that have always driven this market continue to exist.” They

include “ease of access to its international airport, fantastic lifestyle, wonderful people and a lower entry price than the only other resort destination that can offer a top-end, western-friendly lifestyle in the tropics.”

The lifestyle he refers to – drinks at the beachside bar Ku De Ta and old colonial-style dining at the likes of La Lucciola – is a strong lure for those looking to unwind in their own place in the sun. “There’s nothing like Bali anywhere on the planet,” enthuses Nils Wetterlind, a partner in Tropical Homes, who says he has sold 11 houses since the October bombing at prices ranging from Rp3,000m to Rp15,000m. “If you just want a beach look at numbers, but if you want culture and atmosphere and amazing scenery then it’s all here.”

According to Wetterlind, 30 to 40 per cent of people who buy property in Bali are “expats based in south-east Asia”; the rest are mainly Canadians and Australians. But he sees future growth coming from other areas as well, pointing to “the saturation of the Spanish, French and Italian market” in Europe.

Others are also bullish in spite of the bombings. Take Damien Vanderwilt, a Hong Kong-based banker working for a US investment firm who is partnering with friends to build a small group of luxury villas and a golf green, which will be completed in 2007. The October attack was a surprise, but “we asked ourselves, ‘Are people that were buyers of Bali property a week before the bomb still buyers?’ And the answer is yes.” He and his friends plan to keep some of the homes; others will be offered for sale.

Companies with larger projects in the region are also pressing ahead with their plans. The St Regis hotels group is creating 25 new residences at Nusa Dua Beach priced from Rp12,000m for a two-bedroom villa and linked to the nearby hotel, with access to all its services, including rental management. Interest so far has come from the usual suspects as well as Dubai, China and Japan. The Alila resort is progressing with a similar venture in the Uluwatu district on Bali’s southern coast.

Another important development – the island’s first country club, featuring an indoor sports hall, tennis courts and an associated school – also launched recently. “We broke ground five days after the bombs,” says Steve Kenny, one of the Canggu Club founders. “But this is a long-term project” designed to capitalise not only on the rising tide of regular visitors to Bali but also on the ballooning group of expats making permanent homes on the island. Kenny and his fellow investors expect 50 per cent of their 1,500 members to be residents.

So where can buyers expect the Bali property market to go from here? Macaulay says it will could slow for a bit but will soon “resume the pattern it has followed for the past five years, which is upwards”.

“It has to start maturing,” he acknowledges. “But I think we’re a few years away from that.”

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