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Domestic buyers stimulating Bali real estate market, report suggests

Indonesia's skyrocketing economic growth is propelling discretionary investment in luxury hotel branded villas, especially in Bali, according to research from consultants.

Bali is enjoying a golden era in its tourism and property sectors, says the Bali Hotel Branded Villa update report from hospitality consulting firm C9 Hotelworks.

Well known hotel names including Starwoods chic W, Bvlgari, Banyan Tree and Alila adorn hospitality led residential offerings with 222 private pool villas while last year's overseas arrivals to the island grew by 11%, with a new record at Ngurah Rai International Airport of more than three million, it says.

A knock on effect has been felt in the property market with a key generator of demand has been the growth of domestic buyers mainly from Jakarta stimulating transactions across the island.

C9 Hotelworks Managing Director, Bill Barnett, said branded hotel villa sales in Bali have outpaced regional resort destinations such as Phuket and Koh Samui. 'The phenomenon of domestication and local demand for multi million dollar properties has been historically absent from Thailand's island resorts,' he explained.

According to a global wealth report by financial institution Credit Suisse, Indonesia has over 60,000 US dollar millionaires in what is Southeast Asia's largest economy. There has been an unprecedented flood into the marketplace by condo hotels with between 4,000 to 5,000 units currently in development or the planning stage.

In many cases the branding or integration with international management companies is a key tool in drawing investment buyers and end users, the report claims. It also suggests that there is strong domestic interest for both smaller villas and condos and buyers are ultimately looking at holiday usage as a prime transaction motivator.

Non traditional accommodation such as private villas and estates are increasingly becoming a competitive factor in the mainstream accommodation industry,' said Barnett.

'There are well over 1,000 upscale villas on the island where annual occupancy figures rival those of upscale hotels. Companies such as Elite Havens and the new upstart Marketing Villas Limited headed by former AsiaHotels.com co-founder Jon Stonham are gaining a significant share of luxury rentals,' he added.

Domestic Buyers Stimulating Bali Real Estate Market – International Business Times, July 2011

Looking forward towards sustainable development in the short to medium term, key infrastructure expenditure leading up to APEC 2013 in Bali is setting the stage to stimulate demand in both the hospitality and property sectors, the report also says.

Barnett said he is cautiously optimistic about Bali going forward. 'Maintaining market equilibrium remains a poignant, yet unanswered question. At the back of my mind lagging infrastructure and future oversupply will most likely create volatility,' he added.