

THE AUSTRALIAN

Idyllic isles on the rise thanks to buoyant Bali

LISA ALLEN



Bali villa Umah Di Beji. Source: Supplied

LOVE it or hate it, Australians are buying land in Bali and other far-flung Indonesian islands to build villas and resorts - but it's not a venture for the faint-hearted. Take Alan Sinclair.

The Queensland project manager reckons the value of land in Nusa Lembongan, 30 minutes by speedboat off Bali's east coast, has risen 800 per cent in a decade.

Even though the island had no power, sewage or running water, Sinclair took the unprecedented step of developing a luxury villa resort in 2004 - Nusa Lembongan's first and still one of its most luxurious.

"People thought we were stupid, but we were the pioneers of Lembongan," says Sinclair. "We were only ever going to build two villas, but now we have 23 villas and our own four-bed villa."

Sinclair cut his teeth in project management building Noosa's prestige French Quarter residential development in Hastings Street and admits development in Indonesia is not always easy - the resort lost money in its first three years.

But with its six swimming pools, outdoor restaurants and cafes carved into a steep coral hillside overlooking the ocean and Mount Agung in the distance, the resort, called Batu Karang, draws West Australian surfers and is starting to attract Indonesia's middle class. Word

of mouth has spread to Sydney and Melbourne. Now that business is booming, Sinclair wants to add another eight villas. "We have land next door, we will wait and see."

Australians continue to buy land on Nusa Lembongan, which has an estimated population of 5000 - and in recent years have picked up coastal sites for a song because the locals believe the poor live on the waterfront. They are happy to sell their coastal land to foreigners and move inland.

Sinclair says Flores, in the Lesser Sunda Islands, is the next place for development, including land banking (where investors amass sites in the hope of selling them at huge profits years down the track), in the Indonesian archipelago to take off. Closer to Bali, the island of Sumba also appeals to Australian land bankers but the Indonesian government is discouraging the practice and will soon mandate land buyers must start building within a specified period.

On remote Sumba Island, beachfront land sells for about \$US3 per square metre. On Flores near Labuan Bajo, land costs \$US30 to \$US60 per square metre.

Now that Nusa Lembongan has rudimentary infrastructure, including power, it is attracting more millionaire buyers as well as the Perth families who have been building holiday villas on the island for years.

Kuala Lumpur-based fashion designer Farah Khan has developed Villa Voyage, a luxury five-bedroom beachfront villa set on the crescent of Nusa Lembongan's Sandy Bay, on the "Mediterranean" side of the island. Veteran Australian mining company executive Colin Ikin is also said to have a villa on the island.

Another Nusa Lembongan aficionado is Matthew Georgeson, a former Queenslander who has lived in Bali for many years and runs Elite Havens - Bali's largest villa management company.

Georgeson has bought cliff-top land and, like many Bali-based expats, likes holidaying on the island because it is a lot quieter than nearby Bali.

"Nusa Lembongan has the feel about it of (Queensland's) Stradbroke Island or (Western Australia's) Rottnest Island, and it attracts a lot of empty nesters," says Georgeson.

"The first wave of investors wanted somewhere to escape from Bali. The next wave of investors are people who like it over and above the hustle and bustle of Bali."

British-born entrepreneur Shush Ingram has noticed a shift in the attitude of people wanting to invest in Nusa Lembongan over the past four months. "There's been a complete change, there's a lot more serious investors from Australia, Singapore and Jakarta coming to Nusa Lembongan," she says. Ingram runs the popular The Beach Club at Sandy Bay near Khan's Villa Voyage. She has just opened a gourmet deli.

Ingram has put a concept for a resort plus about 1ha of land near The Beach Club on the market. She has planning permission to develop 12 villas ranging from one to three bedrooms on the coastal site. Ingram won't divulge her asking price but says the resort concept includes a yoga pavilion, a dive pool, food and beverage outlets and a gym.

For Ingram, Nusa Lembongan has really taken off. She has just sold a luxury villa to a German couple and there's a few Singaporeans wanting to do a boutique hotel. There's also

rumours Indonesia's wealthy Bakrie family have bought one of the island's older coastal resorts to rebuild into an up-market resort.

"When I first came here two years ago there was no power on the island. It's completely changed; instead of people coming for the day they now come for two to three days. Give it another couple of years, there will be a desalination plant on Nusa Lembongan. (But) roads have got an awful lot worse because of the trucks from the construction (of villas and resorts)."

Perth-based John Garland, managing director of 888 Fund, an investment fund developed for high-net-worth Chinese, bought into Nusa Lembonga about eight years ago. "A friend took me up there and it was like Bali 20 years ago," he says.

"With a couple of partners we sub-divided and created seven blocks and they were sold off. I retained some land and built a villa for rental and personal use."

Garland rents it out for up to \$US1200 a night, typical of what Nusa Lembongan's more up-market villas fetch.

"The price growth has been extraordinary over seven years, waterfront and cliff-front land has shot up five times in value in the past year and it's becoming scarce; there's a limited number of blocks."

These days waterfront land would cost \$US450-\$US500 per square metre.

Most buyers are West Australians, but Garland says there are also Victorians and Queenslanders. "In the main it's business people aged 45-plus who generally have an affiliation with Bali and want something different. A lot of buyers are also older surfers who still have a passion for it."

Garland reckons developing a cliff-front premium villa would cost \$US1 million to \$US1.5m, plus the land cost, probably \$US700,000.

"But you can step back from the coast, go up the hill and prices come right down," he says.

"Australian expats living in Bali see Nusa Lembongan as their getaway. My friends who have villas there have created a family-type relationship with their staff."

But other Nusa Lembongan residents warn against individual development, claiming staff won't do the maintenance while owners are away.

Meanwhile, development on Bali continues.

Sydney-born builder Steve Mantell has lived in Bali for years, dabbling in many businesses including construction, cafe ownership and retail outlets.

Mantell says building in Bali is not a "piece of cake" but it helps if you speak fluent Indonesian.

"There are no major negatives, but you have to be there every day and there is a language barrier. If you are on top of things it runs fairly smoothly. There are issues with the Balinese in that they are very spiritual ... if things go wrong they have to do a ceremony. We have done

some pretty major ceremonies."

Mantell has redeveloped a luxury five-bedroom villa in Bali known as Umah di Beji, in Canggu, which he rents from \$US1300 a night in the low season, including tax. Staff include a manager, housekeeper, butler and chef, along with four security guards and two gardeners.

Australians are the bread and butter of Bali's villa rental market, he says. Come June-July, Europeans bolster the island's villa rental market.

Mantell says he is not actively trying to sell Umah di Beji but if someone came along with the right price he would consider it. He will not put a price on it.

The long-term Bali resident says security is not an issue in Bali, despite constant media reporting.

"There are house invasions, here they all get reported, whereas in other countries you don't hear about every house break-in."

But the security issues and the headaches involved with building on Bali are not stopping some of the world's elite designers from heading to the so-called Island of the Gods.

International designer Philippe Starck is involved in The Stairs, a villa hotel development in Peitengget near Seminyak.

The property is being marketed by Exotiq Property Seminyak and is expected to be completed next year. It follows Starck's developments at Yoo, South Beach, Sanderson, London and the Delano in Miami.