



asset management  
& hospitality consulting

# Bali

## Hotel Branded Villa Market

July 2011

# Domestic demand propels Bali hotel villa-fication

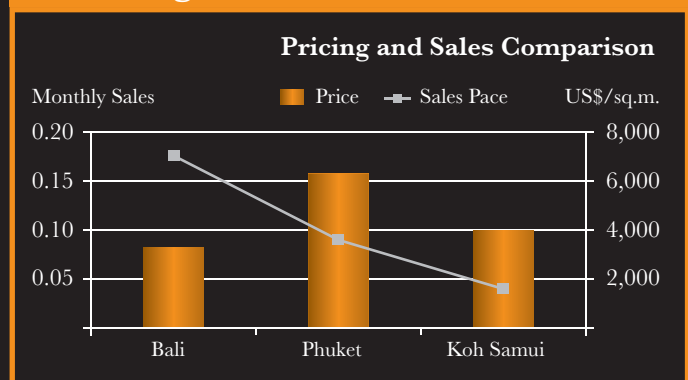
## Indonesia's economic growth spurs discretionary property investment

“While the larger world has been hard hit by the global financial meltdown, the Island of the Gods – Bali is enjoying a golden era in its tourism and property sectors.

Last year's overseas arrivals to the island grew by 11%, with a new record at Ngurah Rai International Airport of over three million. Tourism numbers have continued to escalate after a series of terrorist bombs in 2002 and 2005.

Much like the Julia Robert's Hollywood movie that spurred new destination brand recognition, property investment is skyrocketing as more international hotels flock to the destination.

### Regional Resort Market Trend



Source: C9 Hotelworks Market Research

A key generator of demand is the growth of domestic buyers mainly from Jakarta, stimulating transactions across the island. This phenomenon has been historically absent in Phuket and Koh Samui.

While the current mantra for the market is 'Eat Pray Sell', the poignant question poised is how to sustain a healthy market equilibrium?"

Bill Barnett, Managing Director, C9 Hotelworks

## 2011 Trends

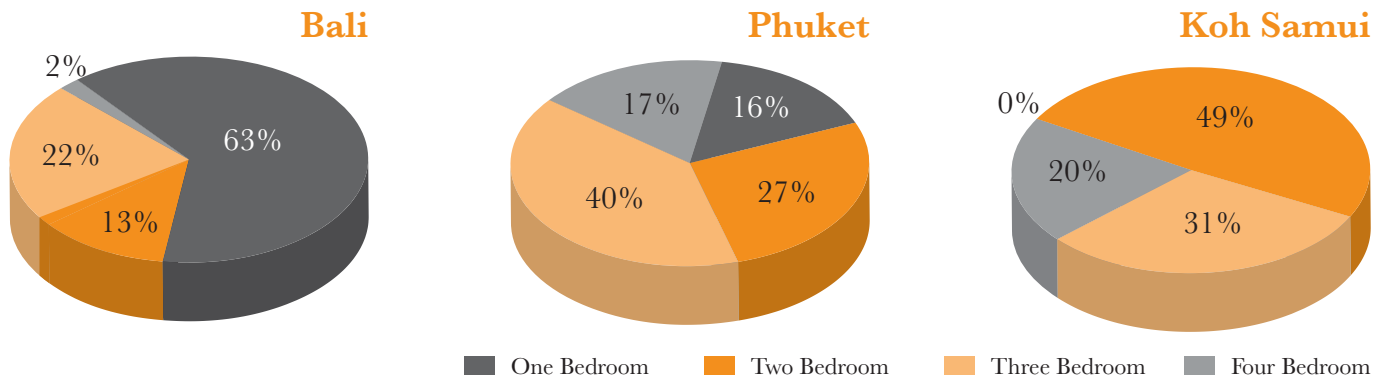
- Bali has outperformed the regional resort destinations of Phuket and Koh Samui with a composite sales pace of six months per villa sale.
- Integration with internationally managed resorts is a key tool in drawing both investment buyers and end users.
- The majority of inventory is one-bedroom units, followed by two bedrooms representing 63% and 12% respectively of total.
- Top purchasing source markets are Indonesia, Hong Kong, Singapore, Japan and U.K.

## Forward Outlook

- Key government expenditure in public infrastructure leading up to APEC 2013 sets stage to stimulate demand in property sector.
- Domestic and foreign investors create a large base of new high profile branded hospitality and villa projects launching on the island.
- A continued surge in mid-tier condo hotel units gradually forms oversupply concerns in the medium to long term.
- Tourism growth will indirectly generate induced demand for real estate industry.

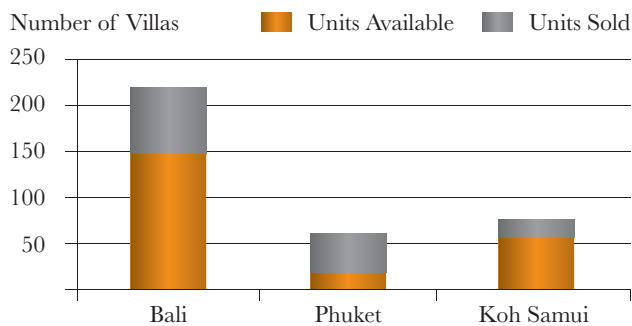
# PROPERTY OVERVIEW

## Regional Branded Villa Analysis



Source: C9 Hotelworks Market Research

## Villa Availability



Source: C9 Hotelworks Market Research

*Domestic market penetration differentiates Bali's sales pace and strengthens fundamental segmentation*

## Hotel Branded Villa Projects - Bali

Project Name	Location	Total Units	Launch Period
Alila Villas Uluwatu	Uluwatu	31	2007
Anantara Uluwatu Bali	Uluwatu	14	2010
Banyan Tree Residences Ungasan	Bukit	73	2006
Bulgari Residences Bali	Bukit	5	2009
Karma Kandara Phase V	Bukit	20	2010
The Residences at W Bali	Seminyak	79	2009

Source: C9 Hotelworks Market Research

- The report content and analysis is based on the developments classified as "Hotel Branded Villa Projects" for sale as of the end of June 2011.
- A total of six projects totaling 222 villas fall within this segment.

## Zoning Regulatory Issues

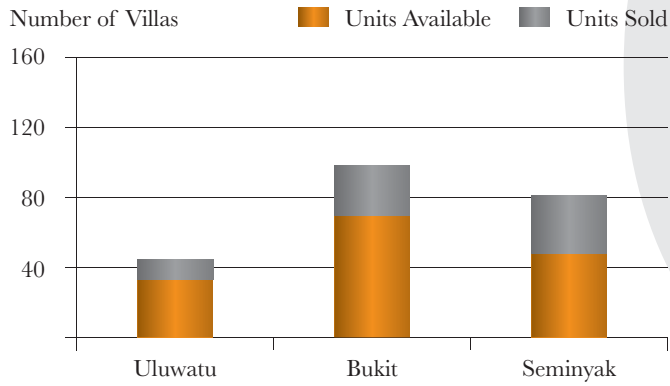
On December 28, 2009, the Government of Bali Province issued the Regional Regulation No. 16/2009 ("Perda 16/2009") implementing a five-kilometer radius development ban intended to retain the Hindu religion's traditions. The regulation has potentially impacted the local community of Pecatu Village and put a number of villas, hotels and shop houses which are proximate to the Pura Luhur Uluwatu temple under a threat of demolition. Subsequently, there is an objection by Pecatu villagers to the Supreme Court of Indonesia to reconsider reducing the sacred area to one kilometer from the temple. Recently, the court rejected the appeal request from the Pecatu Village accordingly Perda 16/2009 is final and binding. For developers the issue of compliance and enforcement remains unclear at present.

Source: Limcharoen Hughes & Glanville – Bali Office

# PROPERTY MARKET

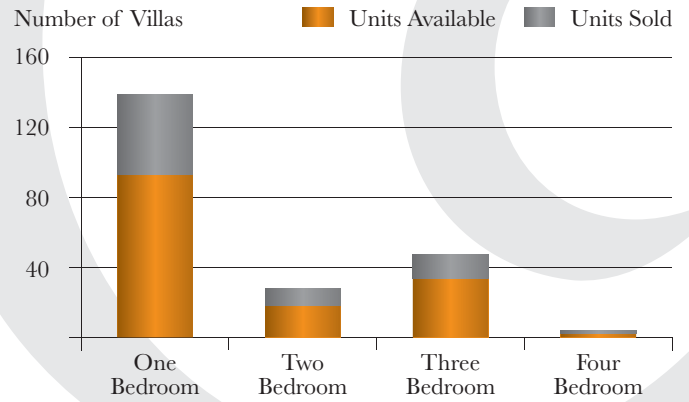
## Current Inventory

### By Location



Source: C9 Hotelworks Market Research

### By Villa Type



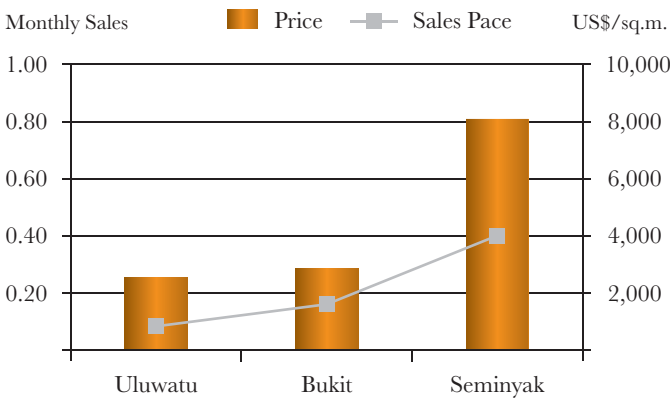
Source: C9 Hotelworks Market Research

*Unsold inventory accounts for 67% of supply*

*One-bedroom villas favored by developers and buyers*

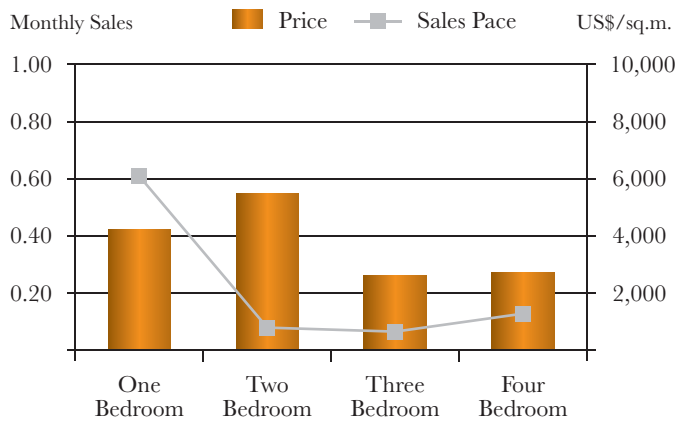
## Market Absorption

### By Location



Source: C9 Hotelworks Market Research

### By Villa Type



Source: C9 Hotelworks Market Research

*Importance of prime project location highlighted by demand and pricing premium*

*Strong domestic interest for smaller units indicates buyer preference for holiday usage*

# About C9 Hotelworks



**Bill Barnett**  
Managing Director

**C9 Hotelworks is an internationally recognized consulting firm with extensive experience in the Asia Pacific region. Its core business focus includes:**

- Ⓞ **Hotel and Resort Development**
- Ⓞ **Asset Management / Ownership Representation**
- Ⓞ **Project Feasibility and Analysis**

With key competencies including international hotel operator search, selection and contract negotiation, mixed use hotel and residential planning and operation reviews.

A wide range of both institutional and private developers and a comprehensive portfolio of completed projects, give C9 the skill set and background to focus on key issues, evaluate complex ones and assist clients in achieving solid results. Based in Phuket, Thailand and led by Managing Director Bill Barnett, who has 26 years of experience in Asia Pacific, the firm is well positioned to serve an increasingly demanding marketplace.



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