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Paradise Found

Romesh Navaratnarajah • May 27, 2016



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A tourism boom is spurring the development of new resorts on Lombok, with foreign investors snapping up land plots on the cheap.

For many years, the idyllic island of Lombok in Indonesia has lived in the shadow of Bali, its more famous neighbour to the east. However, too many tourists and a growing trash problem have reportedly tarnished Bali's reputation.

Travel lovers looking for new adventures now see Lombok's unspoilt beaches, mountains and waterfalls as an alluring alternative.

Condé Nast Traveler has even named Lombok, which is only a two-and-a-half-hour flight from Singapore, as one of the top five islands in Asia.

"Our readers think of Lombok as a less commercial island than Bali, with clean beaches and interesting sites, such as the volcano Mount Rinjani. The relaxing and romantic island has so many spots with breathtaking views and beautiful beaches," the luxury travel magazine wrote.

Must-see travel destination

Aware of its potential to draw foreign investment, the Indonesian government has taken steps to attract more visitors, designating the area as one of the 10 emerging tourist destinations in the country, reported *The Jakarta Post*.

The local airport has also been upgraded to welcome international travellers, and major improvements are being made to the road network, revealed a report from leading hospitality consultancy Horwath HTL.

According to Indonesia's Central Statistics Agency, foreign tourist arrivals grew by almost 23 percent in March 2016 from a year ago, making Lombok the fastest-growing tourist destination in the country.

This is driving the demand for luxury resort developments on the island, with local and foreign hotel owners and property developers entering the market in recent years, especially on the South Coast.

Development opportunity

In Indonesia, foreign joint-venture entities can secure land building rights. Foreign buyers cannot own freehold land, but they can own 100-year leasehold property.

One segment that is receiving strong interest is land plot sales for the development of luxury villas. “Driven by relatively low pricing points and carrying the potential for significant capital appreciation, it has attracted mainly overseas investors,” said Horwath HTL.

The report stated that 82 percent of villas in the market are priced under US\$400,000, and the average psf price is about US\$240, which is considered extremely cheap.

While land prices in Lombok are still a fraction of those in Bali, it has been surging by approximately 30 percent per annum.

Guide to investing in Indonesia	
Foreign ownership	Foreign joint-venture entities can secure land building rights. Foreign buyers cannot own freehold land, but they can own 100-year leasehold property.
Taxes and costs	<p>Property Tax: A 0.2 percent tax for transactions over IDR 1 billion (US\$75,000). There is also a 10 percent Value Added Tax (VAT) for first-hand sales only.</p> <p>Capital Gains: Capital gains tax from the sale of real estate is 10 percent, plus 15 percent if the holding period is less than 10 years.</p> <p>Luxury Tax: A 20 percent tax that only applies to luxury residential properties.</p>

Source: CBRE Asia Pacific Investment Guide

Premium villas

Selong Selo Residences is the latest investment opportunity from Lombok to be showcased to Singaporean buyers. Located on a hillside overlooking Selong Belanak bay in a more remote part of the island, 75 percent of the resort's units have been sold, with the first stages of construction near completion.

“Our target market is mainly buyers from Hong Kong and Singapore, but we also have buyers from Australia and the US. People who like the outdoors realise there is value in Lombok,” said Andrew Corkery, Managing Partner of Selong Selo Group.

He first fell in love with the island in 2010 after a visit there on the advice of friends, who told him about its great surf spots.

“The founders alongside other major stakeholders all own their own plots and are committed to making this project a success,” noted Corkery.

The property developer offers a full range of services, from acquisition, construction, management, marketing, services and facilities.

Investors can choose to purchase sub-divided plots or fully-furnished turnkey villas that come with two- or three-bedrooms and around 2,443 sq ft of living space.

Prices at Selong Selo Residences start at US\$95,000 for a plot and US\$339,000 for a plot and villa. The entire project is expected to be completed in 2020.

Hong Kong connection

Another upscale development targeting foreign buyers is Mandalika View in the village of Kuta, which is being developed by Hong Kong-based real estate agent, Private Sanctuary Limited.

Comprising 17 huge plots ranging in size from about 12,744 sq ft to 26,178 sq ft, owners can buy land and build two- to five-bedroom villas, or purchase fully-furnished turnkey villas, similar to Selong Selo.

Plot prices are upwards of US\$96,000, and villas from US\$165,000.

Speaking to PropertyGuru, Tobi Doeringer, co-owner of Private Sanctuary Limited, rubbished rumours that there is a delay in the development's construction.

"There is no delay. Construction has commenced on Mandalika View, with the first villas due to be ready in Q4 2016," he said. "Demand has been strong in Q1 2016. We have sold 50 percent of the plots in Mandalika View to local and international clients."

Private Sanctuary is fully managing the villas and has already secured bookings for 2017 for its clients.

Jokowi's backing

The project is even backed by Indonesia's President Joko Widodo, who pledged to invest a further US\$170 million in infrastructure, on top of the US\$300 million already spent in the last few years.

Looking ahead, "growth in higher quality developments with income potential and the anticipated weakening of the Indonesian Rupiah create an optimistic investment outlook for overseas investors", said Horwath HTL.

FAST FACTS

(LOMBOK)

Population: Approx. 3.5 million

Total area: Approx. 4,725 sq km

Currency: Indonesian Rupiah

GDP per capita (Indonesia): Approx. US\$3,500

GDP growth (Indonesia): Approx. 5.0 percent

Future transport: Improvement of road network

Average villa selling price: US\$240 psf

Distance from Singapore: 1,767 km

INTERNATIONAL HIGHLIGHT

Selong Selo Residences comprises modern luxury villas nestled within a more remote part of Lombok.

NEW PROJECT



Kayu Villas – Selong Selo Residences

Selong Belanak, Lombok, Indonesia

Type: Villas

Developer: Selong Selo Group

Tenure: 100-year leasehold

Facilities: Private beach club, clubhouse, spa, swimming pools, tennis courts, children's play area

Nearby Key Amenities: Restaurants, bars, resorts (Novotel, upcoming Mandalika Resort)

Nearest Transport: Lombok International Airport

Starting Price: US\$339,000 (S\$468,345)

Set in the lush Jabon hills, Kayu Villas comprises fully-furnished turnkey villas for sale that offer breathtaking views of the Selong Belanak bay.

The two- and three-bedroom villas are built from European manufactured materials and comprise modern, open-plan living areas and ensuite bathrooms. Plot sizes go up to about 8,633 sq ft.

The myriad of nearby facilities include a private beach club, a clubhouse with a restaurant and bar, spa, swimming pools, tennis courts, children's play area, 24-hour security, gym, and conference and wedding facilities.

Link : <https://www.propertyguru.com.sg/property-management-news/2016/5/126255/paradise-found>

