



YIELD · TEN-YEAR BRIDGE

Bali villa ROI over ten years: rent, price growth, lease run-off and the exit

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A brochure ROI counts the rent and forgets the lease. We split one villa's ten-year return into its parts, so you can see which ones pay you and which ones take your money back.

Read online: <https://riserealbali.com/guides/bali-villa-roi/>

IN SHORT

A Rp 4 billion Bali leasehold villa gives back roughly 1.5 times the Rp 4.4 billion put in over ten years, an IRR near 5.2% (our model). Rent adds Rp 3.36 billion, but a third of the lease expires and takes Rp 1.33 billion with it. Price growth of 2.5% a year wins back Rp 0.75 billion.

5.2%

ten-year IRR, Rp 4 bn
Canggu leasehold, base
case (our model)

7.7% vs 5.2%

year-two cash yield against
the ten-year IRR, same villa

Rp 1.33 bn

lease value that expires
over ten years

3.4% a year

price growth needed to
match Bank Indonesia's
5.75% policy rate

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What does ROI mean for a Bali villa?

ROI has no single definition on Bali, and sellers pick the flattering one. Three numbers hide behind the label. Net yield is a year of the owner's income divided by the price. Cash-on-cash return divides the same income by the cash you actually put in, which is more than the price once costs are added. Only the internal rate of return (IRR) counts the sale.

That last one matters most on a leasehold, because the asset shrinks every year. We quote IRR with a horizon. Our rental yield guide compares areas, and the investment guide tests three occupancy cases. This page takes one villa apart.

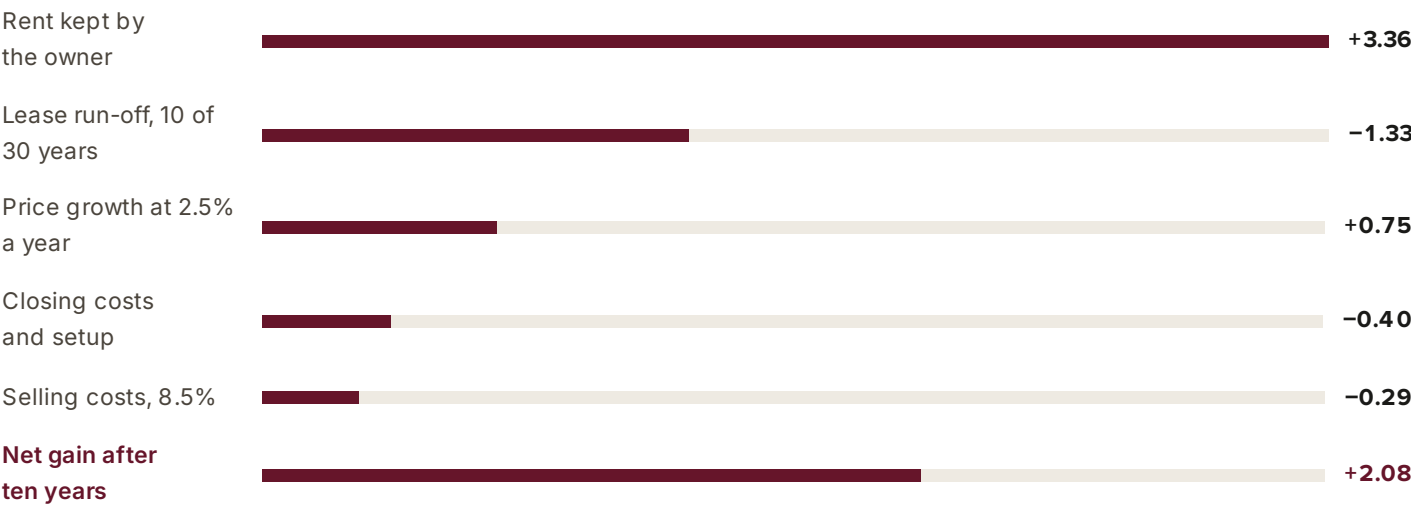
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Where does the return come from? A ten-year bridge

Picture a pool villa with two bedrooms in Canggu that costs Rp 4 billion and has 30 years of lease left. Closing and setup add another 10% (notary, legal checks, furnishings, a cash reserve), so the outlay is Rp 4.4 billion. Over ten years the base case earns Rp 3.36 billion in rent, after management, upkeep, vacancy and tax. Then it sells with 20 years left for Rp 3.41 billion. After selling costs, that's Rp 3.12 billion.

The total back is Rp 6.48 billion, a gain of Rp 2.08 billion. Rent earned Rp 3.36 billion of it, and the lease took back a third of the price. The bars show every piece.

Ten-year bridge for a Rp 4.4 bn outlay, Rp bn, our model



Owner as an Indonesian tax resident, 60% occupancy, nightly rate Rp 2.5 million rising 2.5% a year. Income isn't reinvested.

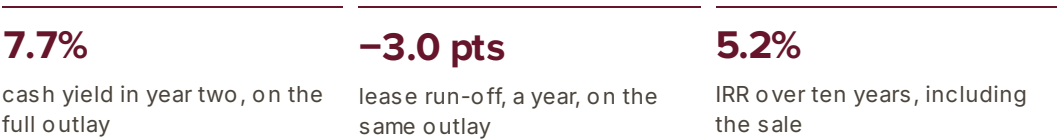
Source: Rise Real Bali ten-year villa model, run September 2026; inputs match our investment guide

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Why does a 7.7% cash yield turn into a 5.2% return?

In year two, the villa pays the owner about Rp 337 million, which is 7.7% of the Rp 4.4 billion invested. That's the number a brochure would show you. Over ten years, though, the return is 5.2%. The gap is the lease.

Spread Rp 4 billion over 30 years and each year of tenure costs roughly Rp 133 million. Every year the villa earns rent, one year of tenure disappears. That's 3% of your outlay every year, and no statement shows it. Subtract it from the cash yield and you land close to the IRR. For the same arithmetic on a titled villa, see our leasehold vs freehold guide.



Source: Rise Real Bali ten-year villa model, run September 2026

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How long should you hold a Bali villa?

Longer than most people plan. You pay about 10% to get in and 8.5% to get out, and a short hold never earns that back. Sell after three years and the IRR is about 0.5%. At five years it's 3.3%. The return only passes 5% around year ten, once the rent has had time to compound.

The long rows come with a warning. Our model sells the remaining lease at a straight-line price, and real buyers discount short leases harder. Below about 20 years left, Bali prices fall faster and sales slow (see our land price guide). Treat the 15-year row as a best case.

Return by holding period, Rp 4 bn villa, 30 years left at purchase, base case

HOLD	LEASE LEFT AT SALE	MONEY BACK PER RP 1 INVESTED	IRR
3 years	27 years	Rp 1.01	0.5%
5 years	25 years	Rp 1.15	3.3%
7 years	23 years	Rp 1.25	3.9%
10 years	20 years	Rp 1.47	5.2%
15 years	15 years	Rp 1.87	6.4%

Flipping a leasehold villa inside five years loses to the friction. Buy it to hold, or don't buy.

Source: Rise Real Bali ten-year villa model, run September 2026; straight-line exit value at the purchase price per year of lease, grown 2.5% a year

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How much does price growth matter?

About as much as a 20-point swing in occupancy, and nothing about it is guaranteed. We hold the nightly rate growth at 2.5% a year and vary the price growth against occupancy. At 60% occupancy, flat prices give 3.8% and 5% growth gives 6.8%.

So what does the evidence say? Bank Indonesia's survey put primary-market home prices up 0.69% nationwide in the year to the second quarter of 2026. Agency estimates for Bali land are far louder, at 15–30% over 2024–2026 (Magnum Estate, June 2026), but they describe asking prices for land, not leasehold villas. We use 2.5% as the base case, in line with the midpoint of Bank Indonesia's inflation target.

Ten-year IRR by occupancy and yearly price growth, rates growing 2.5% a year

OCCUPANCY	0% GROWTH	2.5% GROWTH	5% GROWTH	8% GROWTH
50%	2.2%	3.8%	5.4%	7.5%
60%	3.8%	5.2%	6.8%	8.7%
70%	5.3%	6.7%	8.1%	10.0%

Source: Rise Real Bali ten-year villa model; Bank Indonesia residential property price survey, second quarter 2026; Magnum Estate, June 2026; Bank Indonesia inflation target 2.5% ± 1%

What return do you need to beat?

Compare the 5.2% with what rupiah assets pay. The Bank Indonesia policy rate stayed at 5.75% after the September 23, 2026 meeting. The 10-year government bond yielded 7.29% on July 30, 2026. Inflation ran at 3.19% in August. A base-case villa trails both rates, so the case for it rests on upside from occupancy or prices.

The break-even is easy to state. At 60% occupancy, prices must rise 3.4% a year to match the policy rate and 5.8% a year to match the bond. At 70% occupancy, the numbers drop to 0.8% and 3.6%. This is why we tell buyers to underwrite 70% occupancy only if the villa has the pool, the parking and the location to earn it.

One caveat. Everything here is in rupiah. If your home currency moves against it over ten years, your own return moves with it, up or down.

5.75%	7.29%	3.19%
Bank Indonesia policy rate, September 23, 2026	10-year government bond yield, July 30, 2026	inflation, August 2026, year on year

Source: Bank Indonesia rate decision, September 23, 2026, via Bisnis and Investortrust; CNBC Indonesia, August 3, 2026; Rise Real Bali model

How much does the lease you buy change the return?

More than the rental market does. Hold the price at Rp 4 billion and the exit price per year of tenure at the market's Rp 133 million, and the villa's lease length at purchase sets the answer. Pay Rp 4 billion for 20 years left and the buyer ten years on pays for the ten that remain. Your IRR drops to 1.6%.

Pay the same price for a 40-year lease and it rises to 7.9%. Few sellers price a long lease that low, but the table shows why a buyer should divide price by years before comparing two villas. If the contract includes an extension at a fixed price, the math changes again, and the contract terms to check are in our leasehold extension guide. The tax side, including the non-resident rate, is in the rental income tax guide.

Same Rp 4 bn price, different lease length, resale at Rp 133 mn per year of lease, our illustration

LEASE LEFT AT PURCHASE	YOU PAY PER YEAR OF LEASE	TEN-YEAR IRR
20 years	Rp 200 mn	1.6%
25 years	Rp 160 mn	3.6%
30 years	Rp 133 mn	5.2%
40 years	Rp 100 mn	7.9%

Non-resident owners lose another 1.4 points. The 20% withholding on gross rent pulls the base-case IRR from 5.2% to 3.8%.

Source: PP 34/2017 on rental income tax; Article 26 of the Income Tax Law; Rise Real Bali ten-year villa model, September 2026 run

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How do you run the numbers on a villa you're considering?

Four steps give you an honest return in an hour. The yield calculator does the rest.

- 01 Start from the seller's gross revenue**
Keep 60% of it if you're a tax resident, 50% if not.
- 02 Add 10% to the price**
Notary, furniture, reserve.
- 03 Value the exit by years left**
Price per year of lease, less 8.5% selling costs.
- 04 Compute the IRR at 50% and 70% occupancy**
If only the 70% case clears your hurdle, you're betting.

Source: Rise Real Bali practice, 2023–2026

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Test a real villa

Pick a villa in Canggu, Uluwatu or Ubud from the catalog, or send us a listing. We'll run it through the bridge with your tax residency and holding period before you pay a deposit.

What this means for buyers

- 01** Rent produces the return. The lease takes a third of the price back, and growth in the price recovers only part of that.
- 02** A 7.7% cash yield in year two becomes a 5.2% IRR over ten years, because lease run-off costs about 3 points a year.
- 03** Plan on ten years. Sell within five and the 18.5% in entry and exit costs eats the return.

Divide price by years left before comparing villas. The lease at purchase moves the IRR more than occupancy does.

FAQ

What is a good ROI on a Bali villa?

In our model a Rp 4 billion leasehold villa in Canggu returns an IRR of about 5.2% over ten years at 60% occupancy, and about 6.7% at 70%. Bank Indonesia's policy rate is 5.75%, so a good villa should clear that with some margin.

How is ROI different from rental yield on Bali property?

Rental yield is one year of income divided by the price. ROI, measured as IRR, also counts the purchase costs, the furniture refresh, the years of lease you use up and the sale at the end. On a leasehold the second number is usually two to three points lower.

Do Bali villas go up in value?

Land has risen sharply by agency estimates, 15–30% over 2024–2026, but a leasehold villa loses value every year the lease runs down. Even with prices growing 2.5% a year in our base case, a sale after ten years brings back less than the purchase price.

How long should you hold a Bali villa?

Plan on ten years. After a three-year hold our model returns an IRR of about 0.5%, because entry and exit costs total roughly 18.5% of the price. Seven years reaches 3.9%, and ten years reaches 5.2% in the base case.

Is Bali real estate a better return than Indonesian bonds?

Not in the base case. The 10-year government bond yielded 7.29% on July 30, 2026, against a 5.2% IRR for our base-case villa. A villa matches it only with price growth near 6% a year at 60% occupancy, or near 4% at 70%.

How we know this

We track one two-bedroom pool villa in Canggu for ten years. It costs Rp 4 billion with 30 years of lease left, plus 10% for closing costs and setup. Revenue is Rp 2.5 million a night, times 365, times occupancy, and year one runs at 70% of plan. A resident owner keeps 60% of it; the remainder covers management at 18%, upkeep and vacant nights at 12%, and the 10% final tax. For a non-resident the share is 50%. In year six, a Rp 200 million furniture refresh comes out of cash flow. At exit, we value the remaining lease at the purchase price per year of tenure, grown by the price

assumption, minus 8.5% for commission, notary and tax. IRR uses annual cash flows, and income isn't reinvested. The base case matches the one in our investment guide, and the benchmark rates come from Bank Indonesia and CNBC Indonesia. Price-growth figures come from agency and listing sources that describe asking prices, not recorded sales. This is a model, not a forecast or advice.

- Rise Real Bali ten-year villa model and yield model, run September 2026
- Bank Indonesia, BI-Rate decision of September 23, 2026, via Bisnis.com and Investortrust; inflation target $2.5\% \pm 1\%$
- CNBC Indonesia, Indonesian government bond yields, August 3, 2026
- Bank Indonesia, residential property price survey, second quarter of 2026
- Magnum Estate, Bali land prices, June 2026, as cited in our land price guide
- BPS, Indonesian inflation, August 2026, via Bisnis.com
- PP 34/2017 on income tax on rent; Income Tax Law, Article 26

Rise Real Bali is a real estate agency in Bali. We write from the deals we handle and from public data, and we name our sources.

By Dmitrii Rogov, Rise Real Bali.

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