OWNERSHIP · THE NUMBERS

Leasehold vs freehold in Bali: what you actually own and what it costs

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For a foreign buyer, freehold in Bali really means a long registered title: Hak Pakai in your name or HGB through your own company. Leasehold is cheaper to enter and shows a higher yield, but part of that yield is your own money coming back.

Read online: https://riserealbali.com/guides/leasehold-vs-freehold-bali/

IN SHORT

Leasehold costs less upfront because you buy a set number of years, not the land. That makes its yield look higher, but part of the return is your capital running down to zero. Hak Pakai or HGB via a PT PMA cost more to enter and last up to 80 years. For holds under about 15 years, leasehold usually wins.

27 years
median base lease term across leasehold listings in our catalog, September 2026

Rp 5 bn
minimum price for a house under Hak Pakai in Bali (Kepmen ATR/BPN 1241/2022)

9% vs 5%
headline net yield vs income after capital run-off, 25-year lease in our worked example

80 years
maximum term of Hak Pakai or HGB: 30 + 20 + 30

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What does freehold mean for a foreigner in Bali?

True freehold in Indonesia, Hak Milik, belongs to citizens only (Basic Agrarian Law 5/1960, Article 21). When a Bali agent says a villa is freehold, the land title is Hak Milik held by an Indonesian. For you, that villa can become one of two things.

One is Hak Pakai, a right-to-use title recorded in your own name, which requires a stay permit and a house priced at Rp 5 bn or more. The other is HGB, a right to build that your own PT PMA holds for you. On state land either can stretch to 80 years, granted as 30, extended by 20 and renewed for 30 under PP 18/2021.

So the real choice isn't forever versus temporary. It's a contract for 25 to 30 years against a registered title that can last most of a century. Our Hak Pakai guide covers the title itself.

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What each option costs to get into

Leasehold has no price floor and no visa requirement. You pay for years of use, so the same villa costs less on a 25-year lease than as a titled property. In our catalog the median base term is 27 years, and the bulk of leases sit between 22 and 30 years (our count, September 2026).

A registered title costs more before you've even chosen the villa. For Hak Pakai the 2022 price decree sets a floor of Rp 5,000,000,000 on a Bali house and Rp 2,000,000,000 on an apartment. The company route has no floor on the property itself, yet the PT PMA must be capitalized with Rp 2.5 bn and then kept alive with an accountant and quarterly filings.

Entry cost by ownership form

FORM	TYPICAL TERM	THRESHOLD	ONGOING COST
Leasehold (Hak Sewa)	25–30 years, set by contract	None	None beyond the property
Hak Pakai	Up to 80 years on state land	Rp 5 bn house, Rp 2 bn apartment	Renewal fees at each stage
PT PMA holding HGB	Up to 80 years	Rp 2.5 bn paid-up capital	Accounting, LKPM reports, corporate tax

Source: Decree 1241/2022, PP 18/2021, BKPM 5/2025 and our catalog count

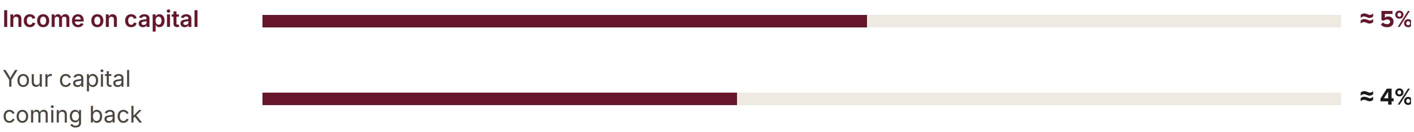
Why leasehold yields look higher than they are

Here's a worked example. Take a villa that nets Rp 360,000,000 a year after management, upkeep and vacant nights. On a 25-year leasehold it costs Rp 4,000,000,000. Titled through Hak Pakai, a comparable villa costs Rp 5,500,000,000. Both prices are our illustration, not quotes.

On paper the leasehold returns 9% net against 6.5% for the titled villa, and that gap is what the brochures sell. But the lease is worth nothing in year 25, so Rp 160,000,000 of each year's income is really your purchase price coming back. Strip that out and the leasehold earns about 5% a year on the capital you still have in it.

The titled villa keeps its land right when the calculation ends. Its 6.5% is income, and the asset is still there to sell. Compare leaseholds on total income over the remaining term, not on the headline percentage.

Where the 9% on a 25-year lease comes from (worked example)



Straight-line run-off of Rp 4 bn over 25 years is Rp 160 million a year. The split shifts as the lease gets shorter: fewer years left means more of each year's income is return of capital.

How a leasehold loses value as the years pass

Buyers of a used leasehold pay for the years that are left, not the ones that are gone. In the first decade a villa sells like any other. With ten years or less remaining, fewer buyers can make the numbers work, and the price has to carry that.

This is our reading of how sales of used leases go in practice, not a published index. It's also why the extension clause matters so much. A lease that can be extended at a known price sells on the combined term.

A 25-year lease over its life

STAGE	YEARS LEFT	BUYER DEMAND	WHAT OWNERS USUALLY DO
Years 1–10	15+	Strong	Rent it out and recover the outlay
Years 11–18	7–15	Moderate	Decide: extend or sell
Years 19–23	2–7	Thin	Negotiate the extension early
Final years	Under 2	Minimal	Extend or hand back

Source: How our clients' lease sales have gone since 2023

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When is leasehold the better buy?

If your plan is to earn back the purchase price plus a few years of profit, leasehold is usually the stronger deal. You put in less and the yield is higher. The exit is simple too: you sell the years that remain. If the villa is for your family, or you expect to hold it past 15 years, the entry price matters less and a registered title starts to pay for itself.

Leasehold fits if

- You'll sell within 12 to 15 years
- Rental income is the goal, and nobody in the family needs to inherit the villa
- Your budget doesn't reach the Rp 5 bn floor for a titled house
- Selling the remaining years to the next buyer is an exit you're happy with

Hak Pakai or a PT PMA fits if

- Your horizon is longer than 15 years
- Sooner or later the villa becomes a family home
- The price clears the floors
- You want several properties or a licensed rental business, which points to a PT PMA

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Taxes that follow each form

On a lease, the tax sits with the landowner: 10% of the lease payment, final, under PP 34/2017. When the tenant is a company, it withholds that 10% before paying. Developers sometimes pass the cost on, so find out whether your price already includes it.

Transfers of a registered title carry two taxes. The buyer pays BPHTB, capped at 5% of the value above a regional allowance under Law 1/2022, and the seller pays a 2.5% final income tax on the sale price (PP 34/2016). You'll meet both again when you sell a Hak Pakai or HGB property.

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What to check before you sign

The form of ownership is whatever the documents say, not what the listing says. We check these points on every property before a client pays a deposit, free of charge. When they're clean, our property listings show the lease term and our net yield model side by side, and the area pages show where the rental numbers hold up.

- ✓ The land title and its term in the BPN register, matched to the person signing
- ✓ The extension clause: a right to extend, a price formula and a notice deadline
- ✓ Zoning (RDTR) that allows housing and, if you'll rent, tourist accommodation

- The building approval (PBG) and, for a finished villa, the certificate of occupancy (SLF)
- No unpaid land and building tax (PBB) on the plot

What this means for buyers

01 For a foreigner, freehold means Hak Pakai or HGB through a PT PMA. Both are long, registered and finite.

02 Leasehold's higher yield includes your own capital coming back. Compare total income over the term.

03 What a lease sells for tracks the years left. An extension at a fixed price keeps a lease liquid.

04 Under about 15 years, leasehold usually wins on money. Longer holds favor a registered title.

FAQ

Can a foreigner get freehold in Bali?

Not true freehold. What agents call freehold for foreigners is either Hak Pakai registered to you as a resident, or HGB registered to a company you own. Both last decades but both end.

Why do leasehold villas show higher yields?

Because the entry price is lower while the rent is the same. Part of that yield is your purchase price coming back, since the lease is worth nothing at the end of the term.

What happens to a leasehold villa at the end of the term?

By default the land and the building go back to the landowner. An extension right and its price have to be in the contract from day one. Our guide on leasehold extensions covers the clauses.

How much cheaper is leasehold?

It depends on the term and the location, so we don't quote a single discount. Compare the price per remaining year of the lease with the price of a titled villa nearby, and remember the titled one keeps its land right at the end.

Is a 20-year lease a bad buy?

Not by itself. It should cost noticeably less than a 30-year lease on a similar villa, and you should model income over the 20 years only. The risk is paying a 30-year price for 20 years.

How we know this

We took the thresholds from the 2022 price decree, PP 18/2021 and the 2025 BKPM capital rule, and checked each against two independent summaries. Lease-term figures are our count of published leasehold listings in September 2026. The yield example is our illustration: fixed net income, straight-line run-off of the lease price, no rent growth and no value left at expiry. The table on selling a lease reflects our deal practice, not a published index. This is not legal or tax advice.

— UUPA 1960, Article 21

— PP 18/2021 on titles and their terms

— Kepmen ATR/BPN 1241/2022 via Hukumonline Klinik

— BKPM Regulation 5/2025 via Lexology

— PP 34/2017 (lease tax) and PP 34/2016 (transfer tax)

— Law 1/2022, BPHTB cap

— Our catalog and deal practice, 2023–2026

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Questions about this guide?

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