

PT. JAPAN BRIDGE ASIA



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Connecting Japan and Indonesia through resources, logistics,
and construction.

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Greetings

Dear Reader,

I'm Yoichi Harimaya, and I run PT. Japan Bridge Asia here in Indonesia. This letter goes out to people whose business cards I've collected along the way, and to colleagues I've had the pleasure of working with. I send it at my own discretion, so I hope you'll forgive the intrusion.

My work sits between Japan and Indonesia, in resources, logistics, and construction. Nanmei is the great southern sea from Zhuangzi — the one the giant bird Peng sets out to cross. I started this letter to send back what I see on the ground here, along with the larger currents running underneath it.

This issue is about property. I've lost count of how many times in the past year someone has asked me whether Indonesian real estate is a buy right now. My answer is that **there's a question to settle before that one**: what a foreign buyer can actually acquire, and what they cannot. Everything else follows from that line.

With that established, we'll put Jakarta and Bali side by side. **Both are buyer's markets — and what is happening in each of them is not remotely the same thing.**

Yoichi Harimaya

PT. JAPAN BRIDGE ASIA

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What you can buy, and what you cannot. Everything starts at that line.

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CHAPTER 01

One Market Frozen, One Market Sorting

We don't use the phrase “market bottom.” In nominal terms, prices here have not fallen.

Bank Indonesia's residential property price index (IHPR) stood at 110.89 in the second quarter of 2026, up 0.69% year over year. That is a modest acceleration from 0.62% in the first quarter. In nominal terms, prices are rising.

Inflation over the same period has run at roughly 3%. **In real terms, then, prices have been declining at something like 2% to 3% a year.**

The more telling figure is transaction volume. Primary-market residential sales contracted 25.67% year over year in the first quarter of 2026, then recovered to a contraction of just 2.36% in the second. **The floor in transaction volume was the first quarter of 2026.**

110.89 ^{+0.69%} National residential price index, Q2 2026, year over year	−25.67% → −2.36% Residential sales growth, Q1 to Q2 2026	81.3% Bali developers citing material costs as the driver of price increases
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That is the national picture. Jakarta and Bali sit inside it very differently.

Jakarta is frozen. Strata-title apartment prices have been effectively flat for several years. The citywide average is approximately IDR 36.0 million per square meter, with the central business district at IDR 53.4 million and East Jakarta at IDR 22.0 million. All three moved by roughly 1% over the year. Bank Indonesia's series shows cumulative nominal appreciation of about 17% across the eight years from 2016 to 2024 — well short of inflation over the same span. Total stock stands at roughly 232,000 units, and no new project completed in the second quarter of 2026. Developers are clearing inventory rather than launching.

Bali is sorting itself out. The province's price index rose 1.02%, ahead of the national figure — but the driver is not demand. Among developers surveyed, 81.3% cited building material costs and 46.9% cited labor costs as the reason prices moved. **This is cost push, not demand pull.** Supply, meanwhile, has expanded sharply. Short-term rental listings reached 45,774 in 2025, with more than 85% concentrated in the one- to three-bedroom band. Canggu alone carries over 4,100 listings. Differentiated properties are holding 70% to 80% occupancy; undifferentiated ones are running at 30% to 40%.

Nominal flat. Real declining.

And construction costs are the only thing going up.

What a Foreign Buyer Can Actually Hold

Start here: a foreign national cannot own land in Indonesia.

Freehold title — *Hak Milik* — is reserved for Indonesian nationals and a narrow class of designated entities. That has been the position since the Basic Agrarian Law of 1960 (UUPA 5/1960), and it has not moved. What a foreign buyer can hold is time-limited.

Hak Pakai Right of Use

The registered right available to a foreign individual, recorded with the land office (BPN). Residential use. **30 years + 20 years + 30 years, to a maximum of 80.** The principal route for individuals.

SHMSRS Strata Title

Title to a unit within an apartment or condominium building. Requires a building cleared for foreign acquisition; the term follows the underlying land title (*Hak Pakai*, *HGB*, and so on).

Hak Guna Bangunan / HGB Right to Build

A corporate title permitting construction and ownership of buildings on land. **30 + 20 + 30 years, to a maximum of 80.** The workhorse title for a PT PMA.

Hak Sewa Leasehold

A contractual lease, typically 25 to 30 years. **Not a registered real right, so it carries the weakest protection and the weakest position against third parties.**

The governing instruments are Government Regulation PP 18/2021 and its implementing rule, ATR/BPN Ministerial Regulation 18/2021. Layered on top is a **minimum price threshold** applied to foreign acquisitions, which varies by region and by property type. The figures are set by ministerial decree and revised periodically, so they must be verified as of the date of purchase.

The transaction itself is executed as a deed of sale (AJB) before a Land Deed Official (PPAT) and then registered at the land office. Only on registration does the right become enforceable against third parties. Note that this is a PPAT, not a notary — a distinction that trips up foreign buyers regularly.

On costs: the buyer pays acquisition duty (BPHTB) at 5%, the seller pays final income tax (*PPh Final*) at 2.5%. With agency commission and PPAT fees, budget roughly 10% round-trip.

You are not buying land.

You are buying time on land.

Resident and Non-Resident Are Two Different Conversations

The same passport buys very different options, depending on one document.

This is where the misunderstanding usually sits. “Foreigners can buy property in Indonesia” is not a false statement. But in practice it is almost always a statement about **foreigners who hold a stay permit**.

	RESIDENT (HOLDS KITAS / KITAP)	NON-RESIDENT
Hak Pakai	Available, and assumed in practice	Interpretation varies; many agents will not transact
Tax ID (NPWP)	Assumed	Without one, registration and tax filing stall
Maintaining the title	Lapse of the stay permit can affect the right	—
Tax on rental income	Final withholding (PPh Final) at 10%	Non-resident withholding (PPh 26) at 20% — the third-highest rate in Asia
Realistic structures	Hak Pakai / strata title / lease	Lease, or a corporate vehicle

Note: the stay permits are formally ITAS and ITAP; the former designations KITAS and KITAP remain in general use in the market.

There is a reading of the regulations under which a non-resident may acquire, and some practitioners take it. In practice, however, non-resident purchases tend to stall on registration and on tax, and product is generally marketed on the assumption that the buyer holds a stay permit.

Tax is the sharpest edge. Rental income paid to a non-resident is withheld at 20% under Article 26 of the Income Tax Law — behind only Bangladesh at 25% and Malaysia at 22.4% across Asia. A yield calculated gross, without that deduction modeled, will be materially wrong at the net line.

A word on nominee arrangements, in which title is held in an Indonesian national's name. These remain common. But Article 26(2) of the Basic Agrarian Law provides that a transaction designed to transfer land indirectly to a foreign national is **void, and the land reverts to the state**. We do not recommend the structure.

“Foreigners can buy” is true.

It is true of foreigners holding a stay permit.

The Corporate Route: PT PMA

If you are holding property as a business, the answer is a PT PMA. And the terms changed last year.

A PT PMA is an Indonesian company that may be up to 100% foreign owned. It can hold HGB title and it can operate a rental business. Whether the asset is an office or a residence in Jakarta or a villa in Bali, if there is a genuine business behind it, the corporate route is the correct one.

On October 2, 2025, the threshold for that route came down substantially, under BKPM Regulation No. 5 of 2025.

Minimum paid-up capital	IDR 2.5 billion — reduced from IDR 10 billion, effective October 2, 2025
Minimum total investment	Above IDR 10 billion per five-digit KBLI code, per location (excluding land and buildings)
Key exception	In real estate development and hospitality, land and buildings may be counted toward the investment figure
Capital lock-up	Deposited with an Indonesian bank; generally not withdrawable for 12 months, other than for asset acquisition, construction, or operations
Title available	HGB (30 + 20 + 30 years, to a maximum of 80)

Cutting paid-up capital from IDR 10 billion to IDR 2.5 billion is not a technical adjustment. It moves an entire tier of buyers — those who previously concluded that incorporating “wasn't worth it” and drifted into personal title or a nominee arrangement — into a structure that actually survives scrutiny.

The exception permitting land and buildings to count toward the investment threshold in real estate and hospitality matters just as much. For a villa project, where land and construction account for most of the capital deployed, that single clause decides whether the numbers work.

IN CONCLUSION

The conclusion is a simple one. **Jakarta is a market where prices have stopped moving; Bali is an island now sorting good assets from indifferent ones.** Neither is a bad place for a disciplined buyer to be. But get the entry structure wrong and you will never reach the conversation about price. **If you are moving toward a purchase, choose an established firm with a long transaction record and a reputation you can verify.**

Property here is, in the end, a question of how many years you can hold it.

What a foreign buyer acquires is not land. It is a term of years attached to land. Thirty, then twenty, then thirty. How you assemble that arithmetic is very nearly the whole of Indonesian real estate.

The numbers say this is not a bad moment. But the floor in transaction volume was set in the first quarter of 2026, and volume has already turned. **The window is closing.**

More in two weeks, carried on the southern wind.



Yoichi Harimaya

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Based in Indonesia and working hands-on in resources, logistics, and construction, with M&A advisory and market-entry support for Japanese companies. Deeply rooted locally, he brings the relationships and on-the-ground judgment that connect Japan and Indonesia.

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