

How to Buy Property in Indonesia

HIGH-ROI OPPORTUNITIES FOR FOREIGN INVESTORS

How to Buy Property in Indonesia

Your essential guide to owning or leasing property legally and securely.

Welcome to your definitive guide on how to buy property in Indonesia. Whether you're looking for a personal residence, a vacation villa, or an investment property, understanding the legal landscape is key. This brochure outlines your options, including leasehold, freehold through a PMA structure, and the safe legal steps to purchase.

Let's demystify the process so you can invest with confidence.



Understanding Ownership Options

Foreigners can legally own or control property in Indonesia—but knowing the difference between leasehold and freehold is essential.

WHICH IS BETTER?

While leasehold is more affordable and accessible, especially for entry-level investors, many seasoned investors prefer freehold via PMA for its long-term upside. A common rule of thumb: if a freehold title is within 50% of the leasehold value for a 20-year term, freehold is usually the smarter investment. This allows for stronger rental income potential and better capital growth over time.

SO CAN FOREIGNERS BUY FREEHOLD?

Yes—indirectly, through a PMA company structure. This is completely legal and widely used. Let's explore how that works.



LEASEHOLD (HAK SEWA)

LONG-TERM RENTAL AGREEMENT (USUALLY 25–30 YEARS, OFTEN WITH EXTENSION OPTIONS)

- Most common method for foreigners
- Allows exclusive rights to use the property
- Lower entry cost compared to freehold
- Can be more accessible for lifestyle buyers or investors with limited capital
- Ideal for short- to medium-term ownership or those wanting flexibility



FREEHOLD (HAK MILIK VIA PMA)

FULL LAND OWNERSHIP—ONLY AVAILABLE DIRECTLY TO INDONESIAN CITIZENS

- Foreigners can access full control via a PMA structure (see next page)
- Most secure and permanent form of ownership
- Offers long-term capital gains and property appreciation
- Better rental returns and exit strategy potential

Buying Freehold Through a PMA Structure

WHAT IS A PMA?

A PMA (Penanaman Modal Asing) is a foreign-owned company registered in Indonesia. It can legally acquire land under the title Hak Guna Bangunan (Right to Build), which is a long-term and renewable title equivalent to freehold use.

IS IT SAFE?

Yes. When done with professional legal support, PMA ownership is secure and recognized by Indonesian law. Thousands of foreign investors use this structure to own villas, resorts, and investment properties.

REQUIREMENTS

- Minimum investment commitment (as per BKPM regulation)
- A legitimate business activity (e.g., hospitality, property rental)
- Annual reporting and compliance as a legal entity



STEP 1

Engage a legal advisor or notary to set up a PMA company



STEP 2

Register the PMA with Indonesia's Investment Board (BKPM)



STEP 3

Purchase property under the PMA's name



STEP 4

Use the property for business, rental, or private purposes





Legal Process & Lawyer's Advice

The Legal Steps to Purchasing Property in Indonesia



STEP 1

DUE DILIGENCE

- Verify the land certificate and ownership
- Confirm zoning regulations and building permits
- Check for liens or encumbrances



STEP 2

LEGAL AGREEMENTS

- Your notary drafts the Sale & Purchase Agreement (PPJB) and Deed of Sale (AJB)



STEP 3

PAYMENT

- In most cases, payments are made directly to the developer as agreed upon in the contract.
- Ensure that payment terms, timelines, and escrow provisions (if applicable) are clearly stated.
- Always transfer payments only after due diligence is complete and verified by your legal advisor or notary.



STEP 4

TRANSFER OF TITLE

- Conducted at a notary's office with both buyer and seller present
- Registration at the National Land Office (BPN)

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