DOMA

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Demand has plateaued while supply keeps growing

10 August — 6 September 2026

3.92 million foreign arrivals in January–July: a plateau, not a boom

Absorption balance negative in almost every zone — only Sanur is positive

Airport–Canggu tram: agreement signed, full line due in 2029

The Kelingking glass lift ruling and what it says about permits

THE MONTH IN BRIEF

Three findings that change how a buyer should count

The month brought two substantive industry data sets and one court ruling. Together they offer something rare: the chance to model the market on numbers rather than promises.

3,923,824 foreign arrivals January–July 2026, roughly flat year on year	−8.1 pp absorption balance in Ubud; only Sanur is positive at +2.7 pp	5.75% Bank Indonesia policy rate, held on 19 August

One. Demand is stable but not growing. Cumulatively over seven months foreign arrivals are about level with last year, and combined foreign and domestic traffic is down 1.4%. This is a mature market where returns come from the quality of the asset and its management, not from a rising tide.

Two. Supply is growing faster than demand. For the first time in a while there is a district-level breakdown, and it is uncomfortable: in almost every zone new rooms are coming on line faster than new guests. The spread between districts is enormous, and it — not an "average Bali yield" — determines the result.

Three. Permits are no longer a formality. The Nusa Penida glass lift case showed both sides: demolition orders really are issued, and they can be challenged — at the price of years of uncertainty. For a private buyer that is an argument for checking paperwork before a deal, not after.

> **What to do with this**
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> None of the three points argues against buying — they change how you count. Ask the seller for occupancy and nightly rates from comparable properties in that specific district rather than an island average; verify KKPR, PBG and SLF before the first payment; and build inflation and currency risk into the model.

DEMAND

3.92 million foreign arrivals in seven months: a plateau, not a boom

The monthly arrivals release settles the argument about whether the market is growing or flat. It is flat — a normal state for a mature destination.

Between January and July 2026 Bali received 9.83 million visitors: 3,923,824 foreign (40%) and 5,905,118 domestic (60%). Combined traffic fell 1.4% year on year, with domestic up 1.3% and foreign roughly level. For comparison, first-half foreign arrivals were down 2.42%, so July recovered part of the shortfall.

The mix has shifted too. Australia remains the clear leader with 982,403 visitors, or 23.1% of all foreign arrivals, followed by China (346,284), India (318,948), the United Kingdom (170,814), South Korea (164,846) and the United States (163,132). Russia sits eighth with 129,672. Japan, for decades a top-three source, has slipped to tenth with 110,429.

Country	January–July 2026	Share
Australia	982,403	23.1%
China	346,284	8.8%
India	318,948	8.1%
United Kingdom	170,814	4.4%
South Korea	164,846	4.2%
United States	163,132	4.2%
France	141,237	3.6%
Russia	129,672	3.3%

Source: Bali Discovery, 1 September 2026, citing the Bali Provincial Tourism Authority and BPS Bali.

What it means for investors

Betting that a rising market will carry the asset no longer works — each guest has to be won from the property next door. Two consequences: model for a specific audience rather than a generic tourist (a quarter of arrivals are Australian, with different seasonality and spend), and build management quality into the model, because that is what separates the average from the top third of the market.

SUPPLY

Absorption balance: negative almost everywhere, positive only in Sanur

PT Hotel Investment Advisory has broken the picture down by zone for the first time: is demand keeping pace with new supply? Almost nowhere.

The absorption balance shows whether new supply is outpacing demand; a negative figure means it is. Per the "Bali Hotel Market Risk & Absorption Monitor 2026", almost the entire island is negative, and the single positive zone is Sanur — where no new rooms are being built at all.

Zone	Absorption balance	2027 occupancy forecast	Rooms under construction
Sanur	+2.7 pp	84.6%	0
Jimbaran–Pecatu–Ungasan	+1.6 pp	68.2%	688
Nusa Dua and Tanjung Benoa	−2.7 pp	74.2%	203
Canggu and Seminyak	−3.2 pp	70.6%	558
Kuta and Legian	−7.7 pp	74.8%	8
Ubud	−8.1 pp	61.7%	361
"Regional Bali"	−31.4 pp	35.6%	645

Around 2,460 hotel rooms are under construction for delivery between November 2026 and June 2028, per the report's 22 August snapshot. In other words, zones already in negative territory keep adding stock. One caveat is essential: these are hotel rooms and a model forecast, not actual villa occupancy — villas follow their own demand curve.

Source: Bali Discovery, 1 September 2026, on the PT Hotel Investment Advisory report.

What it means for investors

The gap between Sanur (84.6%) and regional Bali (35.6%) is a two-and-a-half-fold difference within one island. No «average Bali yield» describes that spread. Ubud, with a base forecast of 61.7%, looks resilient against the periphery, but its balance is negative too — so competition for guests will get tougher and both entry price and build quality matter more than before. Check the construction pipeline around the property before buying: a 200-room project next door is your future competitor on nightly rate.

INFRASTRUCTURE

Airport–Canggu tram: agreement signed, full line due in 2029

On 1 September the Bali provincial government and the state railway company KAI signed an agreement for the island's first rail line.

The project is a battery-powered electric tram with no overhead cables, running from Ngurah Rai Airport to Canggu. The line is 12 km long with a 30-minute journey, departures every 10 minutes and a design capacity of up to 60,000 passengers a day — around 40% of all movement along the corridor, which currently carries up to 150,000 people and 80,000 vehicles daily. The stated investment is about Rp 2.2 trillion.

Milestone	Date
Groundbreaking	March 2027
First section in service	2028
Full line to Canggu	2029

This is the second major transport story of the summer: in August the authorities dropped the metro concept in favour of the ART tram system. The policy direction is clear — the island is trying to unclog the southern road corridor, where congestion has long been a factor in choosing a location.

Sources: Antara News, 1 September 2026; investment figure per business media reports of 11 August 2026.

What it means for investors

The rule holds and matters more than any announcement: property prices move when infrastructure opens, not when it is signed. Here it is two years from paper to the first section and three to the full line. Paying a premium for the tram today is premature; the sensible approach is to price the property on today's access and keep the line in the upside case. What is worth checking now is not proximity to a future stop but real travel time to the airport, schools and clinics in high season.

LAW AND PERMITS

The glass lift case: the court sided with the investor, construction is still frozen

A telling example of how permit enforcement works on Bali — and why winning in court is not a substitute for paperwork.

On 3 September 2026 the Denpasar Administrative Court, in case No. 17.G/2026/PTUN.A, ruled in favour of PT Indonesia Kaishi Tourism Property Investment Development Group. The dispute concerned a 182-metre glass lift at Kelingking Beach on Nusa Penida, designed to carry tourists from the cliff top down to the sea. The court declared the stop-work order invalid, required the Satpol PP enforcement agency to withdraw its demolition directive, and ordered it to pay legal costs of Rp 11,988,000 (about $800).

Construction has not resumed, however. The provincial government has said it will appeal, and until the appeal is resolved the first-instance verdict has no binding force. Substantive questions also remain: the completeness of the permits and the geological stability of the cliff.

Sources: Bali Discovery, 4 September 2026 (citing BaliPost and NusaBali) and 5 September 2026.

> **What it means for investors**
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> To be fair: this is a tourist attraction on Nusa Penida, not a residential deal in Ubud or Canggu. But the case shows the enforcement regime precisely. One: demolition orders really are issued — KKPR, PBG and SLF are not a formality. Two: they can be challenged, and the court may side with the investor. Three, and most important: appeals stretch the outcome over years, so a permit breach brings not instant demolition but prolonged uncertainty — usually the worse outcome for a private buyer. The practical conclusion: verifying documents before the first payment costs incomparably less than litigating after it.

MARKET IN NUMBERS

The macro backdrop: rate, inflation, currency

5.75%	3.45%	≈17,800
Bank Indonesia policy rate, held on 19 August	Bali inflation, year on year, August 2026	rupiah to the dollar, August average

Inflation on Bali in August was 0.61% month on month and 3.45% year on year — above the national average of 3.19% but inside Bank Indonesia's 2.5% ± 1% target corridor. The drivers were domestic: chicken and peak-season airfares. Across regencies the spread ran from 1.12% in Buleleng to 0.33% in Tabanan. The regulator has narrowed its 2026 national growth forecast to 5.4–5.9%.

Sources: Bali Discovery, 3 September 2026 (per the Bank Indonesia Bali representative office); Bank Indonesia rate decision of 19 August 2026.

> **What it means for investors**
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> Inflation inside the corridor is about a villa's running costs: utilities, maintenance, staff and insurance all rise with prices, and that belongs in the model from the outset. A moderately soft rupiah cuts both ways: the deal and part of the costs are in dollars while rental income is in rupiah, so the exchange rate shapes real returns more than it appears at the point of purchase.

What we updated on the blog this period

The data in this issue went straight into our guides, each with a visible update date and a source link: the absorption figures were added to "How much does a villa in Bali cost in 2026", the tram agreement to "Bali infrastructure 2026–2030", and the lift case to "Villa due diligence on Bali". Three new pieces also went live: an audit of promised 15–17% yields, a step-by-step guide for when a developer misses the deadline, and a 15-question FAQ hub for foreign buyers.

DOMA OFFERS

What you can look at right now

DOMA is a real estate agency in Bali, working since 2022. We source the property, verify the documents, run the transaction and hand the villa over to management.

Current projects

Project	Entry price	Handover	Format
Mirador	from $139,000	September 2027	villas in a complex, Ubud
Forma	$179,000	per project schedule	the last villa in the project

Ownership under the contract is leasehold, 29 + 10 + 30 years — 69 years in total. Project permits are verified before the first payment.

Villa configurator — build a layout and specification to your budget

Yield calculator — model a rental scenario

Blog and **journal** — law, taxes, locations and returns

Mirador — project page with layouts and the payment schedule

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