



Where are we now?

Bali's promising little sister, Lombok, is growing into a shining sibling and the Bali Tourism Development Corporation is keen to make the most of the southern coast, where development was stalled in the wake of a meltdown in Dubai.

| by THOMAS JONES

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Not long ago, vast tracts of land on Lombok's south coast were earmarked for massive development by a Dubai-based company that had a plan to create a playground for the rich and burgeoning middle classes of the Middle East. Prices and demand for land went through the roof, with a new airport and miles of new roads laid as Lombok prepared for the money to start rolling in. Unfortunately the investor's piggy bank ran dry and the hotels, shopping malls, beach promenades and golf courses failed to manifest. So what happened to all that land? And what does it mean for investors today?

In fact, plans for major development in South Lombok never went away; they just slowed down. Emaar may have faded, but the Bali Tourism Development Corporation

(BTDC) which owns the land, is still driving ahead under the name Mandalika Resort Development, with a 1,200 hectare area of beachfront land that will eventually carry all of the above mentioned hotels, golf links and vacation amenities.

Designed to meet growing demand for more destinations in Indonesia, the site will be developed with a more eco-friendly approach, similar to the development of Nusa Dua in Bali, and the first phase will involve the construction of five hotels with around 1,500 rooms.

"Knowing that this development was a definite plan for the BTDC, however slow in coming, has been one of the most important driving factors for development in the south that includes the international airport and the four-lane highway from Mataram to Kuta," said Martin Pieterse of Exotiq Property Lombok. "It's also the main reason so many other investors from outside Lombok and abroad have bought up the surrounding holdings, with hardly any beachfront property left between Kuta and Awang still owned by local residents."

The advantages of this are that most land is now certified and that most of the disputes regarding borders and double certification have been resolved. The investment has also led to an increase in financial means for local people, as well as the government through taxation. The disadvantage, however, is that most plots already owned by investors are very large and expensive, making it hard for people with a limited budget to purchase land.

Many investors in South Lombok are not yet looking to develop their land, but instead are waiting until the value of their investment goes up.

"A lack of further development would deplete the financial means of

the local population and government, making investment in infrastructure harder," explained Pieterse. "So the government has stepped in to the fray by implementing a more strict enforcement of Indonesian law that states that land should be developed within three years of purchase."

The effects of this, however, have yet to be determined.

The market has definitely matured, however, and the "Wild West" land grab days are starting to fade with a trend emerging for small- to medium-sized developments aimed at second-home owners.

"Smaller developments are essential to build southern Lombok into a viable alternative to Bali," says Andrew Clarke, developer of Lobster Bay. "If smaller blocks are not available then the rate of growth in the area will be significantly reduced."

With the land value having increased significantly in the area between Gerupuk and Kuta, up to 400 percent in places, developers have been subdividing land into plots and putting in infrastructure, ready for resale to small investors.

"If the government wants to see growth then they should supply tangible incentives to potential developers such as surfaced roads to beach areas and access to electricity and water," added Clarke.

On the whole it seems that the market in South Lombok is starting to simmer nicely. International airlines are beginning to take notice of the potential new market with Jetstar now arriving from Perth, Tiger Airways from Singapore and Cathay Pacific from Hong Kong, each several times a week. Once the arrivals reach critical mass the trickle of tourists will turn into a wave and then Lombok will become the jewel in Indonesia's eye that many are hoping for. ■