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BEHIND THE SCENES OF THE PROPERTY MARKET

Finding the truths and exposing the lies of a not-so-transparent industry

Vina Ip

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PREFACE

People often tell me that they follow my blog, Facebook and Youtube channel because I am the rare one in the market. I am not making a living out of selling or marketing properties. I won't tell people any time is a good time to buy. I don't have free seminars to teach others how to make money from properties. I never share any get-rich-quick secrets like many so-called property gurus do.

With no vested interest in the real estate industry, I have the autonomy to cover topics that matter to fellow homebuyers and to say things from the point of view of a property investor. I share my neutral, unbiased, and no BS opinions on what I see the industry players - the developers, agents, banks, analysts and media - doing in the market.

With my social media channels getting more traffic and followers, they also draw a lot of questions, comments, complaints and grievances from former, current and potential property buyers.

They are eye-opening for me and raise many questions. Why are investors losing money? Why is there so much buyer's remorse? Why do people feel they are being cheated? Why are homebuyers' rights not being protected?

Our real estate industry is bizarre because we only hear the views of the suppliers. Property news in Singapore comes mainly from marketers. When we hear from the buyers, it is often a customer quote adapted to the marketers' advantage and being published in a media supported by revenue from those marketers. That is why we seldom hear unhappy real-life stories on home purchases from online or offline media.

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But buying homes is not about the suppliers or the marketers. It is about us the consumers. We are the ones footing the bill for the industry.

The audience feedback has changed my objective from finding savvy investors to educating amateur investors. In my blog posts and Youtube videos, I started to caution inexperienced buyers, highlight questionable practices, and report property traps in this not-so-transparent industry.

Some people question my qualifications to comment on the property market. I don't have an academic background in real estate. I am not a senior executive in any renowned property company. I don't hold an estate agent license issued by the CEA (Council for Estate Agencies).

The difference here is: Agents need a CEA license to advise homebuyers to purchase properties. But a CEA license is irrelevant when I do the opposite to warn fellow homebuyers what, when, where and why they cannot buy. The former case earns an agent a commission. The latter scenario earns nothing.

On the flip side, if an agent only talks about the pros of a project, what is the value of the advice, even if he holds a CEA license? If an agent cannot step into the shoes of the buyers, what is the point of engaging his service? If industry stakeholders tell the public to buy into the market at any price, where is the credibility in their comments?

When you want to know the food quality of a restaurant or the customer service of a hotel, do you read online customer reviews or media interviews with the owner?

If you want to buy a new car model or a high-tech gadget, do you browse user reviews or advertisements put up by manufacturers?

If you want to buy a home that is most likely the biggest purchase in your life, do you trust what fellow homebuyers or property investors say? Or believe what the developers, the agents or the media tell you?

If customers of every product and service can post and share their reviews and comments, why can't property owners, buyers and investors post and share what we think about the market, the property projects, the developers, the agents, or the housing rules? Who are the real consumers and end-users footing the bill and supporting the whole real estate industry behind the scene: the industry stakeholders or homebuyers?

If we are on the same page, pick up this book and read on.

ABOUT THE AUTHOR

Vina Ip is a property enthusiast. She bought her first condominium unit for rent in 2002. In the next four and a half years, she built up a property portfolio of five private homes. By 2008, its total value had more than doubled. After holding them for five to eight years, she sold four of them, realizing a net profit of 80 to 120 percent and an average annualized return of 10.8 percent.

Vina started her personal blog *PropertySoul.com* in August 2010 to share her property views and experiences with fellow homebuyers and property investors. Over the years, her blog, Facebook page (*fb.com/propertysoulblog*) and Youtube channel (*youtube.com/propertysoulblog*) have attracted a regular group of followers.

Vina's first book, *No B.S. Guide to Property Investment – Dirty Truths and Profitable Secrets to Building Wealth Through Properties* was published in April 2014. It became a bestseller in Kinokuniya and the Times Bookstore. The book is now in its fourth print run.

In mid-2014, Vina founded Property Club Singapore (*propertyclubsg.com*) to provide a neutral platform for the learning and networking of like-minded private property buyers, investors and owners. Workshops, talks and networking sessions are organised regularly for club members.

Vina holds a Bachelor's degree in Business Administration from the Chinese University of Hong Kong and a Master's degree in International Marketing from the University of Strathclyde.

CHAPTER I

HOW TO LOSE MONEY IN PROPERTIES

> ***There may be different reasons why we make money. But there is only one reason why we lose money – because of ignorance, greed, fear, or all of the above.***
>
> - Vina Ip, *PropertySoul.com*

As an audience, every day, we are inundated with sales pitches in articles, advertisements or advertorials published by media with vested interests. We read success stories of how people make good money from investing in anything, especially from properties. Whether these success stories are true or not, nobody knows. We do know that following the success secrets shared in the stories will benefit the marketers more than the readers.

This chapter covers the exact opposite.

People tend to boast about the money they make, with exaggerated details that are difficult to verify. On the other hand, not many people are comfortable sharing with others how they lose money. They need to be very courageous and thick-skinned to come out and tell others they made a mistake financially.

As the Japanese saying goes, others' misfortunes are as sweet as honey. While reading the sad stories of strangers, we are secretly happy that we are not one of the victims. We believe that we are smarter and more cautious with our money.

From my experience, it is difficult to copy other people's success by adopting the strategy they claim they deployed. But it is much more practical to use other people's failure as a mirror to reflect the kind of mistakes we can avoid repeating. There is no doubt we learn more from people sharing their failures than from people boasting their successes. Therefore, instead of wasting time talking about magical fairy tales of making money in real estate, the first chapter will revisit the painful experiences of people who lost their fortunes in properties.

All the "how to lose money" stories in this chapter are not hypothetical scenarios. They are real-life stories from homebuyers or investors who either shared their experiences with me via e-mail or had the incidents published in the media. Any resemblance to your personal situation is purely coincidental.

YOU FORGOT RULE NO. 1

> ***Most people think that very wealthy people take huge risks, and that's why they have huge rewards. But the very best on earth are completely obsessed with not losing money. That sounds overly simplistic, but they know that if you lost 50 percent, it takes 100 percent to get even.***
>
> - Tony Robbins, motivational speaker

A friend who is a savvy property investor once shared with me her most important criterion when deciding on a new purchase: Look around the room. Find the door of loss and seal it up. This is close to Warren Buffett's famous saying, "Rule No. 1: Never lose money. Rule No. 2: Never forget rule No. 1".

> *We have an irrational compulsion to keep doors open. It's just the way we're wired. But that doesn't mean we shouldn't try to close them.*
>
> - Dan Ariely, *Predictably Irrational*

If you are not able to close the door of loss, you are draining money from your wallet. After your purchase, the value of your property will keep dropping. Or there will be no positive return from your investment. All the outgoing expenses cannot cover the rent from your tenant. You wonder whether you should sell and cut your losses.

Whatever you are investing in, your primary concern is not financial gain, but the sense of security from the reassurance that everything will be alright. The anxiety from a bad investment can disrupt your peace of mind and mental well-being. If your investment causes daily stress, and you cannot sleep well at night, it is not worth any potential return or price appreciation.

HOW A SCARCITY MINDSET KEEPS THE LOSS DOOR OPEN

A competitive Singapore has instilled a narrow mindset in some people. They think money is a zero-sum game: If some people make money, other people will lose money. If the economy of one country deteriorates, the other countries will stand to benefit from it. If you lose, I win.

This is a typical scarcity mindset. These people believe that all good things in life are scarce and limited in quantity.

Some property agents tell homebuyers that they should only buy new launch projects, not second-hand ones. Because you can only make money from buying new homes. If you buy old projects, you are only helping other people to make money. These first-hand owners bought their homes at a much lower price last time.

Whoever believes in this nonsense saying must be either ignorant or kiasu to let others play with their feeling of insecurity out of a scarcity mindset. They are unaware of the intention of the other party and have no idea about the truth.

1. Your agent will hate you if you go for resale units.

Agents will try every means to convince buyers like you to go for new launches for two reasons.

1) Higher commissions

Amid intense competition with other new launches and a diminishing pool of buyers, developers give away 3 to 5 percent or even higher commissions to agents. This is much more attractive compared with only 2 percent brokerage after closing a resale unit deal. Not to mention the latter can be a co-broke case when that modest amount still has to be split in half and shared with the seller's agent.

2) Less effort

Furthermore, developers have already spent millions to promote their new projects with extensive advertising and exquisite showflats. With all the project details in printed and digital sales brochures, they don't have to waste time doing research or answering questions from potential buyers. Unlike resale units, agents don't have to make any effort to arrange whole-house cleaning, home staging, photo and video taking and the property listing to wait for interested buyers in the market.

2. Whether the previous owner makes or loses money has nothing to do with you.

As a homebuyer, your primary concern is whether the property you intend to purchase offers good value for your money, or whether the asking price is above or below valuation. Whether the owner is making or losing money is none of your business.

The most important thing to find out in a deal is whether the seller is motivated or how soon the owner needs to let go of the property. From there, you can figure out how much room there is to negotiate the asking price.

3. Buying new and old properties can both make or lose money.

Who said first-time owners can all make money when selling their home? If that is true, why can their home end up as a fire sale or mortgagee sale? Why do many property investors (including me) only go for second-hand properties and make a lot more than buying new projects?

What makes you think that first-time owners only sell after they make a profit? Owners may be satisfied with the appreciation of their home's value and want to cash out. On the contrary, they may have bought at a much higher price and decided to cut their losses.

4. Properties, new or old, share the same fate during good or bad times.

Property prices appreciate in a booming market and descend in a withering market. If a homebuyer can buy low, and sell high, whether it is a new or old property, it can make money. The reverse is also true. What determines a profitable or loss-making deal is what, when and how much you pay, not the age of the property.

The property price index does not work like public exams, and there is no grading on a curve. If you lose, I lose, and so does everyone. If a country is in financial trouble, the neighboring countries are more likely affected than benefitting from it. That is why few countries are spare from the recession during a global financial crisis.

Warren Buffett reminded us time and again that "the world is not a zero-sum game," and we will all be better off if others are better. Sadly, people still don't get it.

One way of avoiding falling into the trap is to shift away from the scarcity mindset to an abundance mindset. The property market is not a zero-sum game. There is an abundant supply of new units in the pipeline. If you know how to look at the right places at the right time, you will see plenty of great offers and good deals out there.

5. You keep the loss door wide open by buying new projects now.

When you buy off-plan directly from developers, you are paying "future prices" at a much higher rate than similar properties nearby. This is because developers have paid a high price to acquire the land during the good days. And they expect you to pay a higher price so that they can make a profit. Buying a brand new unit from a highly publicized project may make you feel good, but there is a price to pay for that feel-good factor.

At the end of November 2019, the 99-year One Holland Village Residences was launched at $2,600 to $3,200 psf. It managed to sell 92 out of a total of 296 units during the first weekend.

A check with URA transactions shows that condominiums in District 10 are selling at $1,700 to $1,900 psf. Some older freehold projects in the Holland area are priced at $1,200 to $1,400 psf. From the launch to completion of the new project, all these second-hand projects benefit from the value appreciation because of the significant price gap of 27 to 60 percent.

If you buy the new project now, how long do you think it will take District 10 property prices to catch up with your $3,000 psf price level? How long are you prepared to wait for the value of your new unit to go up? Have you sealed the door of loss when you make your purchase?

Don't forget. Years later, any new development will be one of the second-hand projects. One day your home will also become one of the resale units.

Besides, you may be buying a home for your own stay. Still, your neighbors who have bought similar units for investment may have little holding power or suffer from negative rental returns. Their decision to cut their losses and go for a fire sale at low prices will harm the value of your home.

ALWAYS CHECK YOUR NUMBERS

Property is a big-ticket item. Yet many people don't bother to run the numbers. When the door of loss stays wide open, loss of money is inevitable.

Given that buying the wrong property is likely to be the single costliest mistake people make, buyers should check at least two things before their purchase: market numbers and ROI numbers.

1. Market Numbers

Both homebuyers and investors can check the Urban Redevelopment Authority (URA) website (*www.ura.gov.sg*) for recent transactions of new sales, resales and rentals for all private residential projects in Singapore. Data on the property price index, vacancy rates and future supply are published every three months under URA quarterly release real estate statistics.

Other things you should research include: Is the asking price higher or lower than the recent transactions? What is the price level of nearby projects in the same area? What is the average rent of a similar property in the current market? How many units are still unsold in that project? How many new units are in the supply pipeline in that region in the next few years?

For more thorough research, serious investors should check past property transactions in the last two decades, or at least go back to the bottom of the last property cycle.

2. ROI Numbers

Before you buy that investment property, you are advised to calculate two numbers: cash-on-cash return and net income for the first three years.

Cash-on-cash return = 12 months' rent ÷ total investment

Total investment = downpayment + stamp duties + legal fees + renovations
+ other expenses

Net income = monthly rent – (monthly mortgage + maintenance fees
+ property taxes)

Property investment is more a probability game than a profitability game. You should run three scenario cases with the current, worse and worst-case scenarios by factoring in a decline in rent and increasing interest rates, maintenance fees and property taxes.

It takes discipline to say no to any property investment opportunity that has been marketed aggressively, but check the numbers against your investment criteria. For my investment properties bought during the mid-2000 market downturn, I made sure that the net return is at least 5 percent, and the price is at least 15 percent lower than the recent transactions. With these two purchase criteria, I was pretty sure that the door of loss was tightly sealed.

YOU HAVE NO CLUE

A rabbit lost its way and asked for help to find its way home.

"Where's your home?"

"If I knew where my home is, I wouldn't lose my way," the rabbit said.

- Jimmy Liao, Taiwanese picture book writer

Many homebuyers who come to me for advice are middle-aged PMET (Professionals, Managers, Executives and Technicians) with school-going children. They own an HDB flat bought directly from the Housing & Development Board 20 years ago. Their home is almost fully paid for. With six-figure savings, they are considering upgrading to a private home. Most people are not particular about the time they enter the property market. When they feel they have saved enough money, they will upgrade their home. After all, it is a Singapore dream to upgrade from an HDB flat to a private home.

TELL ME WHEN TO BUY

Everybody is eager to upgrade. Those who have no clue want others to show them when to take action. Many look up to industry experts to give them some hints. Homebuyers immediately see it as a sign and flock to the sales galleries:

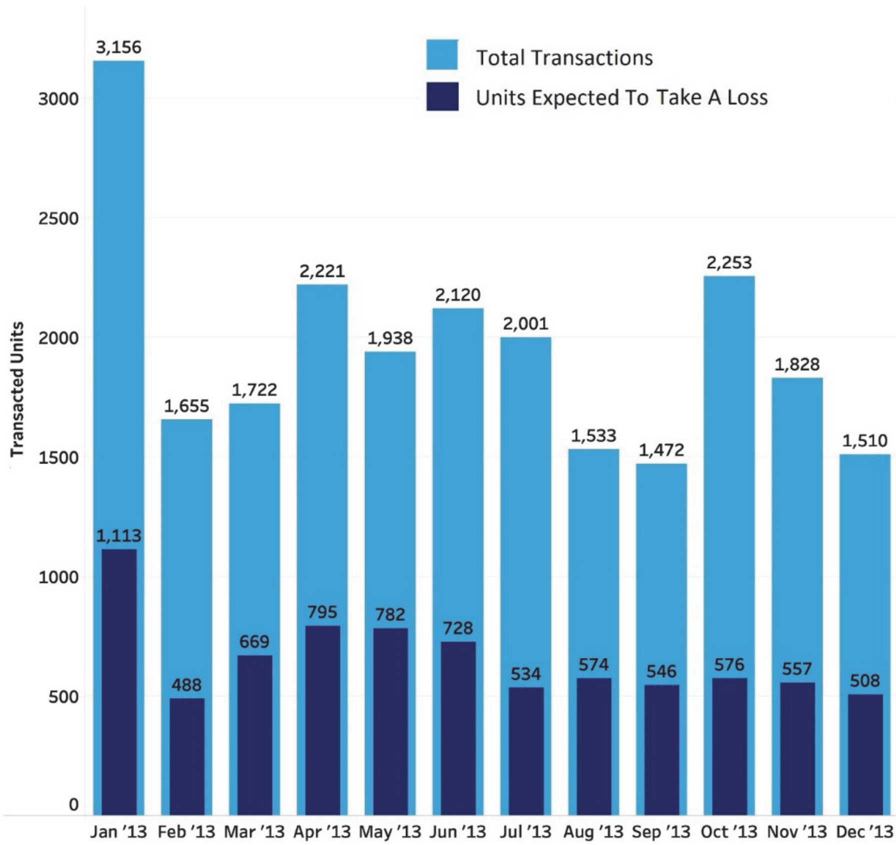
- when the analysts tell the media the market has bottomed out;
- when the agencies say there is pent-up market demand to buy new homes;
- when the developers predict a particular area will be the next property hotspot; or
- when the banks forecast property prices are going for double-digit growth this year.

Seeing the big crowd at the preview weekend proves them right. What the media say is true. The market has picked up again. There is a big demand for new projects. Everyone is buying now. We cannot miss the boat this time. We had better be quick and buy now.

Sounds logical, doesn't it? If it is that simple, why do I keep getting e-mails from buyers who regret their purchase? Why are there so many owners who end up selling at a loss?

The chart below from AI-enabled valuation platform UrbanZoom shows units purchased in the last market peak in 2013 expected to take a loss now if they are forced to sell (based on December 2019 valuation). It tells us how buying a home at the wrong time can end up with losses.

Chart 1.1 2013 transacted units expected to take a loss in December 2019



Source: UrbanZoom

HOW CLUELESS BUYERS LOSE MONEY

Below are three real-life examples to show how easy it is to lose money for buyers who have no clue.

1. Show me the sign!

From 2017 to the 1st half of 2018, developers were actively snapping up sites from GLS (Government Land Sales) and collective sales at record high prices. Rumour has it that future projects would be launched at record psf prices.

Seeing this as a sign to enter the market, homebuyers rushed to buy at whatever price the newly launched projects asked. These zestful buyers contributed to the double-digit growth of new sales units every month. Thanks to their enthusiasm, other developers were now able to launch their new projects at even higher prices.

In one single weekend in April 2018, Oxley Holdings sold 129 units of The Verandah Residences at Pasir Panjang at an average price of $1,815 psf. Over at Paya Lebar, Lendlease increased prices 11 percent from phase one to launch the second phase of Park Place Residences. Over the weekend, the developer sold 149 units at $2,000 psf.

How buyers lose money: Did the buyers care to compare prices of similar projects in the surrounding areas? Did any investor ever check whether there will be any positive return from their investment? Did buyers of Park Place Residences notice that small units at nearby freehold project The Waterina were sold 40 percent cheaper at $1,200 psf only? Did they know that instead of buying at $2,000 psf at District 14 near Geylang, they can top up $200 psf to buy prestigious private homes in the prime districts?

Vibrant sales at new launches have given the government good reason to impose new curbs to stop the euphoria in the real estate market. In less than three months, the market was slapped by new cooling measures that put an instant brake on the price hike in the private residential property market.

2. It is now or never!

When the government announced new cooling measures on the evening of 5 July 2018, developers were rushing to sell three not-so-ready-to-launch projects, namely the Riverfront Residences in Hougang, Park Colonial in Woodleigh and Stirling Residences in Queenstown. Under high anxiety, desperate buyers hurried down to the three projects' sales galleries. They snapped up over 1,000 units in a few hours' time.

Their behaviour is no different from addicted gamblers rushing to the casinos when they are strongly driven by the sixth sense that today is their lucky day. The time to win is now. The long queue and large crowd of desperate buyers at the showflats are like gamblers crowding at the gambling tables. They are so determined that they look as if they are possessed. They cannot wait to throw all their money onto the table, even if it means gambling away their entire fortune.

How buyers lose money: Sales at new launches cooled down soon after the new curbs kicked in. What happened to sales at the three new projects after the booking from 1,000 excited buyers on 5 July 2018? Twelve months later, they still have 17 to 39 percent unsold units. After two years, there are still 10 to 14 percent of units left on the shelves. What was the rush on that fateful day?

Table 1.1 Unsold units of new projects launched on 5 July 2018

Project Launched on July 5, 2018	Total Units	Unsold Units By July 2019		Unsold Units By July 2020	
Stirling Residences	1,259	497	39%	175	14%
Riverfront Residences	1,472	390	26%	159	11%
Park Colonial	805	139	17%	83	10%

Source: Urban Redevelopment Authority

Buyers who rushed to shop on that evening of July 5 might think that they saved 5 percent cash with higher loan-to-value or 5 percent cash on ABSD (Additional Buyer's Stamp Duty) for second property buyers. But they forgot the fact that developers were selling at the highest possible price to early buyers at that moment. After they made their money, they could lower prices at any time, especially when it is time to clear unsold units approaching the 5-year ABSD deadline or a financial crisis.

When Costa del Sol was first launched in the year 2000, developer Cheung Kong Holdings promised buyers that even when property prices fell in the future, their selling prices would remain the same. Just five years later, in 2005, the developer offered an 18 percent discount to re-launch 600 unsold units.

The Enclave at Holland was first launched in mid-2018 at $2,500 to $2,600 psf. After the outbreak of Covid-19, the developer started to slash prices. The last seven units were cleared by March 2020 at a median price of $1,850 psf. That was a huge 26 to 29 percent discount from the launch price!

3. Look at the crowd!

We forget since when the preview of almost every new project would have a few thousand people show up. A week later, it was automatically followed by a familiar photo of an impressive crowd at the sales gallery, with the headline that a high percentage of units in the project were sold at launch.

They were all sending the same message to potential buyers: The units are selling fast. Eager buyers are handing out a "blank" cheque to their agents for balloting. Good units are rare. There are limited low quantum 1-bedroom units in the project. Act fast, or they will all be gone in a blink.

How buyers lose money: It may be in the interest of the local media to report the encouraging sales of new projects to please the advertisers. But out of the heavy traffic with thousands showing up at the previews, what is the actual conversion rate at the launch weekend?

Let us look at the top seven projects with the most impressive turnout at the preview and see what the actual conversion rate was during their first launch weekend.

Table 1.2 Conversion of preview weekend traffic to first weekend sales

New Launch Project	Preview Weekend Visitors	Units Sold First Weekend	Conversion Rate
JadeScape	9,000	300	3.3%
Avenue South Residence	4,500	276	6.1%
One Pearl Bank	4,000	160	4.0%
The Florence Residences	4,000	54	1.4%
Parc Komo	3,500	70	2.0%
Dairy Farm Residences	1,000	35	3.5%
Rivière	1,000	32	3.2%

Despite having 9,000 at the preview, Qingjian Realty only managed to sell 300 units on the first weekend. Other new projects were no better. With a few thousand flocking to the sales galleries the week before, their actual first weekend sales ranged from tens of units to the low hundreds.

The articles in the media might say that the developers only launched less than a hundred units. However, if there were a thousand sincere buyers, do you think any developer would be afraid that their project was selling too fast? So, they released only a handful of units and held back hundreds or a thousand units to wait for a re-launch in the uncertain future?

If you are one of the tens or hundreds who happily bought during the first launch weekend, you should ask yourself the following questions:

- How long will it take for the developer to clear the rest of the unsold units? Can you offload your unit in between if you need to?
- How can you guarantee that the developer will not slash prices for new buyers in subsequent phases, particularly when it is close to the ABSD and QC (Qualifying Certificate) deadlines?
- There were over 60 new projects launched just in 2019 and more queuing to be launched in 2020. How can you make sure that nearby new projects won't be priced lower than the one you just bought?
- During unforeseen circumstances in a financial crisis or recession from now till the TOP of the project, do you have a back-up plan if the bank shrinks your approved loan due to lower valuation or tightened borrowing, as seen in Singapore during the 2008 subprime crisis?

Lesson learned: For new launch projects, early birds don't catch the worms. But they may get caught in the rain later. They never know whether they will be underwater once the market direction changes. If you are one of the clueless buyers looking for a sign to buy, make sure that you look up to the right party for directions to avoid losing money.

YOU FOLLOW THE HERD

> ***Many people look for safety and security in popular thinking. They figure that if a lot of people are doing something, then it must be right. It must be a good idea. If most people accept it, then it probably represents fairness, equality, compassion, and sensitivity, right? Not necessarily.***
>
> \- John C. Maxwell, *How Successful People Think*

Singaporeans are very good at queuing. It is our national sport that we practice every day. If queuing was in one of the sport categories, we would have bagged all the gold medals at the Southeast Asian Games and the Olympics.

It is a no-brainer to join the longest queues at the hawker centres. The food must be good at popular stalls. We can easily spend over ten times longer than the usual time queuing in front of our favorite food stalls. Never mind if the food is barely two times tastier than another stall selling the same thing.

JOIN THE CROWD, AND IT CAN'T BE WRONG

Why do Singaporeans like to follow the herd? Because our mentality is: If everyone is going for it, it must be good. If everyone says it is good, we also want the same thing.

We are all familiar with the sense of security of being a crowd follower. If everybody is doing the same thing and we follow suit, at least nobody will say we are doing something wrong. If we are doing what everybody else is doing, at least we will not be questioned.

When it comes to selling new homes, the marketers have to give buyers the same reassurance that everyone is buying. Just follow the herd, and it can't be wrong.

Whenever developers are launching new projects, it is the marketing agents' job to ensure thousands show up at the sales gallery during the preview weekend. During the first launch weekend, it is also the property agencies' responsibility to make sure that the carparks are all full, the showflats are super-crammed, and the discussion tables are fully occupied. By default, the following Monday must have articles with the headlines "released units fully sold" and photos of a big crowd at the sales galleries – then buyers are convinced that they made the right choice. For those still undecided, they better go and buy now.

YOU JUMP, I JUMP

Many buyers lack the ability to think for themselves and differentiate whether the information presented to them is true or false. Instead of evaluating risk and return, they go along with others, thinking that it is safe to follow the majority. And the herd goes around like parrots repeating what everyone else is saying.

We might think that doing what the majority is doing is a safe choice. But in reality, no decision is safe. Every investment decision comes with risk. As renowned investor David Skarica mentioned that, from time to time, "the market wants as many people to be wrong as possible." It tends to make everyone look stupid and go under at the same time.

During the peak of the property market in the mid-1990s, many property buyers were unfazed by the overheated market. They flocked to developers' new projects and joined others queuing overnight before the launch day. When the government announced the anti-speculation measures in May 1996, private home prices fell 45 percent in only two years. In the years that followed, Singapore's economy suffered from many setbacks, including the Asian Financial Crisis, the US recession and the SARS outbreak.

However, we regret more over our failure to act than over actions that fail. We often regret what we haven't done more than what we have done. We can rationalize an excess of courage more easily than an excess of cowardice. As social psychologist Daniel Gilbert told us, we regret inactions more than actions because our psychological immune system finds it more difficult to make positive and credible views of inactions than actions.

> *It may be ironic, but in investment, it is often easier for people to justify their loss than to miss an investment opportunity.*

In fact, people feel more terrible missing the opportunity to make money, compared with the consequence of being stuck with a bad investment. When the market crashes, it is common to find others who end up with the same fate. And it is a relief to know that 'we are all in the same boat'.

Are people afraid of missing the boat and can't wait to jump into the water? Or do they think that the sinking boat is safe provided that the majority of the people are there?

- Vina Ip, *No B.S. Guide to Property Investment*

THE FEAR OF BEING A CONTRARIAN

From youth onwards, we are taught by those in authority – our parents, teachers, principals, bosses and government - to conform to the norms and follow the rules. From time to time, we are asked and we also ask ourselves one big question: Are we good boys or good girls? Because we know only good boys and good girls receive compliments and rewards. The bad ones get nothing but punishment.

When we come back from school, our parents ask us, "how was school today?" This is a question to check whether we have been good boys or good girls in class. On the contrary, the Jewish parents ask their children, "have you asked a good question in school today?" This is a question to check whether they have thought differently in class.

Rich dad told Robert Kiyosaki that the poor dad would tell his children, "if you make your teachers look stupid, they will make you look stupid." That is why we rarely see anyone challenge conventional wisdom and ask a good question. No one speaks up because disagreement with something or someone makes us stand out from a crowd. Worse still, it makes us unpopular.

Human suffering begins with domestication. When we are children, other people hook our attention and teach us to dream the way the society dreams. This is how our attention is used for the first time to create the first dream of our life.

- Don Miguel Ruiz, *The Four Agreements Companion Book*

When everyone is well behaved in class, it benefits the teacher who has a much easier job teaching obedient students. But it does not benefit the students. When no one asks difficult questions, it does not make the students think.

DARE TO THINK DIFFERENTLY?

In Singapore, we don't lack scholars and talents who excel in mathematics, engineering, science and technology. But we lack a generation with independent thinking, the creativity to think out of the box, and the courage to present their innovative new ideas.

In the property market, we don't lack homebuyers and investors who have the will and money to buy. But we lack homebuyers and investors who have individual judgement, who know how to make their own decisions rather than buying under ignorance, greed, fear, insecurity, kiasu or herd mentality.

Mark Twain reminded us that "whenever you find yourself on the side of the majority, it is time to pause and reflect." When you follow others blindly, you do what average people are doing. But you hope to have outstanding results. The behaviour is no different from joining the long queue to buy lottery tickets. You are an average Joe praying for Lady Luck to smile on you. It is a typical gambler mentality to get something for nothing.

There are three important reasons why we need to develop the ability to exercise individual judgement and make personal decisions:

1. It is not easy to make the right choices.
2. Many people cannot make choices decisively.
3. Many people who make the wrong choices cannot take the consequences.

Everyone is a unique individual and what you need is different from others. It is meaningless to make decisions based on what others are doing. From today onwards, don't waste your time standing at the end of a long queue. Know your priorities and exercise your own judgment.

Before you buy or invest in any property, ask yourself three questions:

1. Do you buy because most people own their home? If most people are renting, do you still want to buy a home?

2. Do you buy because many people say property is a good investment? If most property buyers lose money, do you still want to put your money in property?
3. Do you buy a particular property because it looks like other people are buying? If nobody is buying that property, do you still think that it is a good buy?