

*No B.S. Guide to*

# **PROPERTY INVESTMENT**



**Dirty Truths and Profitable  
Secrets to Building Wealth  
through Properties**

**Property Soul**

Aktive Group Pte. Ltd.  
10 Anson Road #10-11  
International Plaza  
Singapore 079903

E-mail: [publisher@aktive.com.sg](mailto:publisher@aktive.com.sg)  
Web site: <http://www.aktive.com.sg>

Copyright © 2014 by Aktive Group Pte. Ltd.

Aktive Learning is an imprint of Aktive Group Pte. Ltd.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of the publisher.

ISBN (Paperback): 978-981-07-9389-0

ISBN (E-Book): 978-981-07-9390-6

### **National Library Board, Singapore Cataloguing-in-Publication Data**

Property Soul, 1972- author.

No B.S. guide to property investment : dirty truths and profitable secrets to building wealth through properties / Property Soul. – Singapore : Aktive Group Pte. Ltd., [2014]

pages cm

ISBN : 978-981-07-9389-0 (paperback)

1. Real estate investment – Singapore - Handbooks, manuals, etc.

I. Title.

HD890.67.Z63

332.6324095957 -- dc23

OCN870502489



## Testimonials

---

“Property Soul is true to her belief in giving unbiased views and useful recommendations to the public. Her book offers insights into the tips and traps of buying properties. She unselfishly shares her first-hand experiences and stories in property investment, with countless practical and proven strategies throughout. She is not afraid to take a contrarian approach, or touch on sensitive topics and openly expose hidden truths in the industry. An enlightening and enjoyable read that helps buyers make informed decisions. This is a must-read property guide for every aspiring or seasoned property investor!”

**Dr. Dennis Wee**

Chairman

Dennis Wee Realty Pte Ltd

“An extensive guide to the Singapore real estate market. It is a must read for those who are buying a property for the first time. In fact, even seasoned property investors will be able to pick up a tip or two from this book.”

**Getty Goh**

Director

Ascendant Assets Pte Ltd



“Property Soul offers wise advice to property investors. For many of us, her formula to earn, save and invest is the only way to financial freedom. Read her book. It may be a reminder or even a wakeup call. Success in property investment is within your reach.”

**Rayney Wong**

Lawyer, Property Investor,  
Author of bestseller *Secrets of Property Millionaires*

“A genuine achievement ... *No B.S. Guide to Property Investment* is packed with the nuts-and-bolts of savvy property investment strategies. A fascinating mix of investment myths and practical strategies explored, including the complexities of the local property market. A book that leaves us wanting more.”

**Gerald Tay**

Professional Investor & Founder  
CREI Academy Group

## **DISCLAIMER:**

*The opinions expressed above are solely those of the individuals and not of the organizations with which they are associated.*



## Table of Contents

---

Disclaimer .....	iii
Testimonials .....	vii
About Property Soul .....	ix
Foreword .....	xi
Preface .....	xiii

### Chapter 1: Building Wealth Through Property ..... 1

---

Four reasons to buy properties .....	1
Setting a goal to succeed in property investment .....	4
The formula to succeed at a young age .....	7
Saving for your first property .....	11
Secrets to achieving financial freedom .....	14
A simple affordability test .....	18
Playing the property game to win .....	21
Tricks of a property flipping magician .....	25
How a property plastic surgeon makes his fortune .....	28

### Chapter 2: Common Property Myths and Truths ..... 31

---

Should I buy or rent? .....	31
Making the most of buying or renting .....	34
If only I had bought rather than rented .....	38
HDB flats versus private properties .....	41
Brand new or second hand? .....	45
Freehold or leasehold? .....	48



The hidden profit in old leasehold houses .....	52
Selling your home in a collective sale .....	55
Striking the en bloc jackpot .....	58
Demystifying shoebox units .....	61
How profitable are shoebox units? .....	65

### **Chapter 3: New Launch Property Traps ..... 69**

---

Four reasons why people buy new launch properties .....	69
The risk of buying off-plan properties .....	73
Why developers can sell at future prices .....	76
Selling buyers a dream .....	80
How to read a property brochure .....	83
Top five gimmicks of new launches .....	87
The three layers of sugarcoating in showflats .....	93
Showflats: what you see is never what you get .....	97
Three common tricks seen in a sales gallery .....	100
How to spot signs of deceit in a sales pitch .....	104
Dealing with developer defects .....	107
Developers: how to tell the good from the bad .....	111

### **Chapter 4: Landmines Beneath Get Rich**

#### **Quick Opportunities..... 115**

---

Beware of get-rich-quick programs .....	115
Never buy what the 'experts' recommend .....	119
Anyone can buy with no money down? .....	122
Co-ownership, crowdfunding or group purchase .....	126



Four must-ask questions before you buy that overseas property .....	130
Beware of buying overseas holiday homes .....	134
Three biggest risks buying overseas properties .....	137
The hidden dangers in land banking .....	142

## **Chapter 5: Common Mistakes in Property Investment..... 147**

---

Mistakes that amateurs make .....	147
Never mix a home with an investment .....	151
Addicted to property speculation .....	154
I wish I never bought it .....	157
First time too late .....	160
The fear of missing the last train .....	163
Is buying properties a saving plan? .....	168
Decoupling to buy a second property .....	172
Investing in properties under your child's name .....	175
Buying properties for your children .....	178

## **Chapter 6: Profiting from the Property Cycle ..... 183**

---

Six stages of a property cycle .....	183
Four reasons why investors ignore market signals .....	188
Why can't I buy it right now? .....	192
Why many buy at sky-high prices .....	195
The herd mentality of property investment .....	198
The 'now or never' trap .....	201
To hold or to sell in an overheated market? .....	204
Why few buy in a depressed market .....	208



**Chapter 7: Working With Property Agents –****Tips and Tricks ..... 213**

Should you use an agent when renting out your property? .....	213
Should you use an agent when buying or selling property? .....	217
Four short stories on property agents .....	221
Two tricks deployed by property agents .....	224
Dishonest agents or ignorant buyers? .....	227
Property agents in a haze .....	231
Can licensing turn agents into professionals? .....	234
Where to find good agents .....	238
How to tell good agents from the bad ones .....	241
A poem of thanks to my property agent .....	245

**Chapter 8: Buying, Selling and Renting Strategies .... 247**

Winning Buying Strategies.....	247
Finding gems in property auctions .....	247
Tips for engaging a real estate lawyer .....	251
Five commonly asked housing loan questions .....	255
Getting the most out of housing loans .....	259
How to benefit from loan refinancing and repricing .....	263
Strategies to Maximize the Return of Your Property .....	267
Seven tactics to maximize the return of your investment property.....	267
How to avoid late or missed payments from tenants .....	271
Six tips to successfully deal with renovation contractors .....	275
Finding the best time to sell .....	283





Don't hesitate to cut loss when you need to .....	287
Property Selling Strategies.....	279
Preparing your property to be sold.....	279

## Chapter 9: Secrets of Successful

### Property Investors ..... 291

Is that luck or what? .....	291
Five qualities of a successful property investor .....	295
Secret formula to win the property game .....	299
Property lessons from three types of investors .....	303
A good property is like a blissful marriage .....	307
Four factors that make a good property .....	310
What is a good location? .....	314
What is value for money? .....	318
Have a worldview .....	322
Be a contrarian investor .....	325
Fishing at the bottom .....	329
Five tips to negotiate for a good bargain .....	333

### Chapter 10: Where Is the Market Heading? ..... 341

A boom or a bubble? .....	341
Why you can't trust the media .....	345
Do markets always recover to go up higher? .....	349
How population growth and supply-and-demand influence the market .....	353
Four dilemmas regarding foreign property buyers .....	358
Buying properties in foreign markets .....	362



How effective are government measures in cooling the property market? .....	365
The lesson of Spain's property bubble .....	369
An elegant exit requires advance planning .....	372
In summary – 10 key takeaways .....	376

## Showflats: what you see is never what you get

---

*It is not what we're giving the customers.  
It's what we make the customers think they're getting.*

— Eng Whye Teck, *Hell@Work*

Being a frequent visitor of property launch sales galleries, I always thought that I studied the details more thoroughly than any other potential buyer in the showflat. Well, not until I met this serious buyer during one visit.

A middle-aged man was spending an exceptionally long time inside the showflat. Instead of admiring the beautiful showcase, he spent his time counting each tile of marble and timber flooring. He did the same in the balcony, the kitchen and the utility area, followed by every hall, bedroom and bathroom.

He totaled the sum one by one in his notebook. Then he checked against the layout plans and specifications in the sales brochure, and questioned his property agent for any discrepancy.

Next, he took out a steel measuring tape that he brought along with him, and started measuring the door width of every bedroom and bathroom. He explained that he had to ensure the smooth passage of a wheelchair through all the doors.

He then turned to the last page of the sales brochure and went through the fine prints under the 'specifications section'. Every question he asked was relevant and reminded me of all the past incidents on residents' complaints of developer defects.

Now I know all the right questions to ask when buying an off-plan property, not from any property agent, but from this savvy investor I met in the showflat.

As a veteran sales gallery visitor, I can instinctively tell the small tricks deployed in a showflat.

But for first-time home buyers who are gasping with admiration inside the showflat, I wonder whether they can really tell the differences between ‘for display only’ and ‘for real actually.’ They are most likely ready to make their purchase based on the displays they see, thinking what they see is finally what they get.

### **The reality**

I have stepped into close to a hundred showflats and gone to hundreds of viewings for resale flats. I can say that I have never seen any resale flat being renovated or decorated the way developers do in a showflat.

**A showflat, as the name suggests, is ‘a flat for show only.’ It is never meant for living.**

**If images in a sales brochure are an illusion and the showflat is a dream, the handover of the unit is the harsh reality that jolts you back to earth.**

After the key to the unit is collected from the developer, there are big and small surprises waiting to be discovered — all arise from the ‘beautiful misunderstandings’ the day buyers visited the showflat. Somehow things that are glamorous on show all turn out to be humble in reality.

### **The showflat: to buy or not to buy**

When the project is close to completion, if there are still unsold units, the showflat will be built in an actual unit.

If they want you to buy that showflat unit, the sales representatives will say something like this: “Just pay ten percent more and you can

get a designer unit. You can rent it out immediately, saving you the time and money for all the work on renovation.”

If the showflat unit has been taken up by another buyer, the sales representatives will tell you the following in private: “You know showflats only look nice on the surface. They try to fool you with the cosmetic finishes so that you can’t see that the quality of the materials and workmanship are sub-standard. It is more worthwhile to spend that extra money on a bare unit and renovate it to your own taste.”

One agent simply told me that developers often choose the ‘undesirable’ unit to build their showflat — the one on an inauspicious floor, with a bad facing or an odd layout that is cleverly hidden behind the work of interior design.

The conflicting arguments voiced by the two opposing camps under different circumstances might be confusing to a buyer. But it definitely helps to shed some light on the truth if one knows how to read between the lines.

Alternatively, you can buy a completed flat or one near to completion. A bare unit may be boring but at least it promises what you see is what you get.

## Three common tricks seen in a sales gallery

On a Sunday afternoon, Thomas decided to visit the sales gallery of a new launch.

Inside it was jam packed! A sales chart placed at a conspicuous spot showed that most units were sold.

Thomas was greeted by a sales representative from the developer's marketing agent. She quickly ran through her monotonous script on the project details, the building model and the flashy showflat.

Then she wasted no time to test her client's intention to buy. "Units with better layout and facing are mostly taken up by buyers. How many bedrooms are you looking for?"

"Three bedrooms are good ... maybe unit 02 or 03."

"Sorry, these are the popular blocks and they are all sold out," she replied with a look of regret on her face.

"Hmm ... what about unit 01 or 04?"

"I think we may have 04 left. Wait, let me check with my manager again."

She came back a short while later.

"We only have two units left: one on the fourth floor and the other on the fourteenth floor."

"Err ... but they are inauspicious numbers. And the block is too close to the opposite one. There's no view and no privacy ..."

"These are only minor things. Nowadays people don't care about them anymore."

The saleslady suddenly lowered her voice. "To be frank, these two units were originally booked by someone else. But for some reason they had to return it. We have a few parties considering them right now. If you don't want to miss the last two units, you'd better be fast."

"How much is it?"

"\$1.8 and \$1.83 million after discount. That is the best price I can give you."

*(continued)*

“That’s \$1,800 or \$1,830 per square foot. I thought you advertised for \$1,600 on the paper?”

“Yes, but those units were sold long ago.”

The saleslady suddenly gestured at a group of buyers in one discussion table, “See, they are ready to submit a cheque. If you can make up your mind now, I can still try for you, but no guarantee ... “

“I need more time ...”

“How long do you need?”

Her tone of voice suddenly changed from impatient to accommodating. “Tell you what, I can hold one unit for you latest by 5 p.m. today. After that, I have to release it to other buyers.”

At that moment, a property agent sitting on one of the discussion tables unexpectedly raised his voice to congratulate a buyer. The voice-over from the speaker announced two more units that had just been sold.

The overwhelming excitement immediately gave the rest of the undecided buyers like Thomas an adrenaline rush.

Forget about meeting the budget, watching the bottom-line or bargaining for a good deal. With so many eager buyers and so few units left, anyone would just be lucky to grab any unit.

Thomas told himself that he couldn’t walk out of the sales gallery empty-handed. It was now or never!

“Give me #04-04 then.”

The above tricks are played every day by sales representatives in a property sales gallery. They make good use of three common human instincts:

1. To follow the herd;
2. To win the jackpot; and
3. To avoid losing.

## 1. The follower trick

If you are not good at the game, just follow what other players do.

The sales chart is filled with red dots. No one questions whether those units are sold to a buyer, booked with a deposit, held by a customer, or simply reserved by the developer.

With a crowd of enthusiastic buyers hustling in the sales gallery, it proves that the project is popular. You will be led to think the same way: **“If everyone is buying, it must be the right thing to buy. If I am not taking action now, I am likely to lose out.”**

## 2. The jackpot trick

Everyone wants to be lucky in a game.

With limited units and too many interested parties, sometimes a ballot system is used. You are urged by their property agent to submit a blank cheque for balloting. The ones picked must be the lucky ones!

Or you are initially told that everything is sold out. You are just fortunate enough to have someone reluctantly giving up his place. What more can you ask for?

## 3. The ‘now or never’ trick

Most people join a game not with the will to win, but rather the fear of losing.

You could have grabbed the last unit. But because you hesitated, you let someone else who reacted just one second faster than you bag the last prize. It is the regret of missing the boat that is most painful to you.



In his book *Secrets of the Millionaire Mind*, there's an interesting line from the author T. Harv Eker: *"Rich people play the money game to win. Poor people play the money game to not lose."*

I have taken the liberty to change the last few words to describe this last trick:

***"The pros play the property game to win. The amateurs play the property game to not lose out."***

## How to spot signs of deceit in a sales pitch

*If you see fraud and do not say fraud, you are a fraud.*

— Nassim Nicholas Taleb, *Antifragile: Things That Gain From Disorder*

A property investor who likes to shop at new launches once shared with me how to stay level-headed in a sales gallery.

“Number one principle: Pay a deaf ear to whatever the sales rep is telling you.”

“What?”

“I am talking about the skill you already mastered after years of living with a nagging spouse,” he explained with a mischievous smile on his face.

“Instead, focus on things the sales rep doesn’t tell you.”

“Second, show your utmost curiosity by asking questions like a three-year-old. Why are the buildings blocking the sea view not shown in your project model? Where is the cemetery next to the actual site that is not drawn in your map? Why is this nice open kitchen in the showflat not found in the layout plan in the sales brochure? ...”

“Remember, don’t be afraid to ask silly questions. That silly question can save you from making a costly mistake.”

There is no perfect property out there. It is also impossible to find a project without any shortcoming.

Developers and their marketing agents know best about the shortcomings of their project. It can be a bad location, a strange design, a bad layout, high maintenance fee, or the lack of parking lots.

I am not suggesting that all sales representatives are dishonest. In fact, I have personally met a few highly ethical ones who unreservedly

pointed out hidden things and fine prints that buyers should take note of before making a purchase decision. I can only look up to them with respect for their integrity and professionalism.

The question is: How do you determine whether what the sales representative says is an honest description of the new project or a deceptive camouflage of the ugly truth?

## **The three signals of deceit**

When you are talking to property agents stationed at the site of a new launch, pay attention to three common traits they display. These traits might imply that they are probably not being honest with you.

### **1. Focusing on trivial things and ignoring the big questions**

**The sales representatives are not telling lies. But it is just too convenient for them to ‘forget’ to tell you the truth.**

The salesperson is more interested to talk about the versatile design of the kitchen cabinets, rather than answering your question about why there is no laundry area, utility room and storeroom in the house.

Both of you marvel at the spacious design of the master bedroom. But there are actually awkward pillars or missing corners in the layout plans not being shown in the nice showflat.

### **2. Saying things that are apparently right but actually wrong**

Sometimes these experts in the field are like magicians who have mastered the art of ‘seamless transformation’ — the natural ability to turn very negative facts into something that sounds totally positive, and in an effortless way.

If the balcony faces heavy traffic near a cross junction, it is considered a flat with an open view and good flow of energy. They emphasize that any noise can be blocked by double glazed windows.

If the view is blocked by the opposite block just a few feet away, the owner can expect to enjoy a serene and relaxed home, with privacy preserved with a day curtain.

### **3. Responding positively to all your requests without any proof or verification**

Before you sign on the dotted line, there is always an answer to your question, a solution to your problem, and a way to get your thing done. But after the deal is sealed, the question is forgotten, the solution proves to be unworkable and what seem feasible actually cannot be done.

Your property agent was sure that the side wall could be knocked down to make the living area look more spacious. You only find out after you collect the key that doing so will damage the structure of the place.

You were concerned about the view of a nearby garbage chute or an unsightly abandoned building out of a bedroom window. The salesperson promised you that it would be relocated or demolished by the time the project was ready for occupation. It turns out that the unpleasant sight is still there years after you move in!

## Dealing with developer defects

Once I went for a flat viewing in a condominium near the East Coast.

Towards the end of the session, the property agent showing me around had to excuse himself to the bathroom.

The tenant happened to be home. He rented this flat when the project was brand new. He was not renewing the lease after his one-year stay.

He suddenly came over and talked to me.

“I would definitely buy this place if I were you.”

“Why?”

“Because for the past twelve months, I have helped the owner to fix whatever that needs to be fixed.”

I asked him to show me the major work done. He ended up walking me through the two-bedroom apartment all over again, pointing out countless defects fixed in the halls, bedrooms, bathrooms, kitchen and balcony.

At the end, he sighed, “For all my time spent on arranging these repairs, and for the owner’s money spent on all these out-of-pocket expenses, you don’t know how lucky you are to take over a defect-free property without having to raise a finger!”

There is another similar project, by coincidence, also located in the East Coast area.

Soon after obtaining the TOP (Temporary Occupation Permit) in 2003, a third of the owners complained about leakage of rain water in their apartment. The car park had a shocking 280 points of leakage. The swimming pool was built with dangerous sharp edges.

In spite of the complaints over the years, the developer only pointed fingers at the contractors it engaged in building the project. To rectify the leakage problem, they deployed the cheapest method of using silicone to give it a temporary fix.

I remember I visited the sales gallery during the launch of this project in 2002. The sales brochure stated clearly that the roof comes with ‘reinforced concrete flat roof with waterproofing and insulation for roof above apartment units’.

*(continued)*

Under waterproofing, it reads 'shall be provided at bathrooms, W.C., kitchen, yard, planters, balcony, roof terrace, open landscaped deck and driveway at 1st storey, swimming pool and pool deck, changing rooms and r.c. flat roofs'.

Why is the waterproofing quality still far from satisfactory?

## When defects are passed to you

If you were one of the unfortunate buyers of these projects, what would you do?

You won't want to talk to the media for these kind of matters. Who knows whether the value of your property will drop significantly once the story leaks out (that's much worse than a water leak!).

You don't want to bring it up in court either. Why waste time and money hiring a lawyer? As an owner, even if you win the case, you won't get any compensation, except for the court to order the developer to fix the defects.

You can only cross your fingers that the developer takes care of the rectifying work so that you don't have to dig into your own pocket. After all, it is the developer's obligation to fix all defects under the liability period of one year after the TOP date.

If that fails, and you can't wait forever for the developer to fix the leaks, you have to solve the problem yourself so that you can finally rent out the unit. To an investor, time is money.

## The disadvantage of buying brand new

**When you buy a brand new unit from a developer, you are only one out of hundreds or a thousand owners. To the developer, your bargaining power is low.**

**When you buy a resale unit from an owner, you are the party buying the unit. To the seller, your bargaining power is high.**

If you find any defect (say signs of water seepage) on the ceiling, you can state the matter in the letter of intent to purchase. The owner must rectify the problem before handing over the unit to you. Your lawyer will help you to seek compensation if the seller fails to do so.

That is one of the main reasons why I always prefer to buy second hand properties.

**TABLE 3.4** Past projects with building defects or owner complaints

Media/ Publication Date	Newspaper Headline	Project	Developer	Complaint
Straits Times, 24 Sep 1978, p10	Residents plan to sue developer over 'defects'	Hong Leong Gardens	Union Investment	Cracked walls, leaking roof, woodwork defects
Straits Times, 14 Dec 1985, p19	Grangeford residents sue developer	Grangeford	Hong Fok Investment	Seepage of rainwater from 17th to 25th floor
Straits Times, 11 Oct 1987, p18	27 condo buyers turn down compensation	Goodluck Garden	Atlas Properties	Shortfall in floor area, poor finishing of tiles and water tanks, seepage on walls
Straits Times, 10 Nov 1994, p3	Bayshore Park defects: Developer loses case	Bayshore Park	Ocean Front	Spalling concrete at carpark ceiling, cracks with water seepage
Straits Times, 4 Aug 1997, p2	Maplewood residents complain of poor work	Maplewoods	Evermore Investments (Wing Tai)	Weak aircon, chipped and unpolished marble tiles, scratched glass window, cracked bathroom vanity top, etc.
Straits Times, 30 Sep 1997, p30	Condo sues architects over fallen tiles, bricks	Eastern Lagoon II	Eastern Lagoon	External wall tiles and bricks fell off
Straits Times, 4 Dec 1997, p57 Straits Times, 7 Apr 2001, pH4	Poor workmanship upsets owners of Changi Court Sheets fall off condo roof in near tragedy	Changi Court	Allgreen Properties	Hollow marble tiles, faulty switches, dented door frames, oversized toilet seats, chipped bathtub, leaking water pipe
Straits Times, 7 Sep 2000, p43	Contractor sued for \$1m by condo	Dormer Park	Hong Leong	Faulty aluminium windows

Media/ Publication Date	Newspaper Headline	Project	Developer	Complaint
Straits Times, 15 Jan 2005, p7 Straits Times, 17 May 2005, p7	Defects: Condo MC to appeal Condo owners wring hands over court ruling	Seasons Park	Joint venture of Orchard Parade Holdings (Far East) and CapitalLand	Water leakage through the roof, external walls, sides of windows, popping tiles in swimming pool, peeling paint in tennis court
Straits Times, 29 Dec 2004, p8 Straits Times, 28 May 2006, p10	Condo owners sue developer over view Room without a view: Condo owners win suit	Fortune Jade	Fortune Realty	Master bedroom window shrunk from full length to half size
Today, 2 Jan 2009, p1	Angry buyers clash with developer Wing Tai over alleged defects	<i>luxury condo near Orchard Road</i>	Wing Tai	Cracked parquet flooring, chipped marble tiles, shattered balcony glass panels, watermarks on walls
Straits Times, 8 Feb 2011, pB6	Emery Point defects: CDL and others sued	Emery Point	City Developments	Defects in 17 areas, leaking basement carpark, cracks in walls, and lift lobbies with ceilings damaged by rainwater
Straits Times, 8 Sep 2012, p21	Condo sails into troubled waters	Sail@ Marina Bay	City Developments	Damaged fixtures and falling glass panels
Today, 10 Sep 2013, p1, 6	Sentosa Cove condo developer sued over 'defects'	The Coast	Ho Bee Investment	Termite-infested pool decking, flooded staircases, cracks on the ceilings, walls and floors

Source: Straits Times, Business Times, Today



## Developers: how to tell the good from the bad

*When I do something, I'm very keen on not necessarily maximizing the profits in a deal. I'm more interested in maximizing the profits in a long-term relationship.*

— American property developer Jorge Pérez

I was in Taiwan when I came across an eye-catching billboard advertising a new residential project.

It had a slogan that said “To live like a king in Kaohsiung, you deserve only the best.” The property was a twin tower in the financial Central Business District which claimed to be the future icon of the city.

The developer renovated a multi-storey building near the actual site as the sales gallery. When the bellboy opened the door at the entrance, I thought I had just entered a five-star hotel in Europe!

The classical ceiling, glittering chandeliers and artistic decorations were modelled after the Hotel de Paris Monte-Carlo. Besides the usual showflat, the sales gallery also showcased the facilities, including the actual lobby, elevators, guest reception hall, family dining hall and banquet ballroom.

The saleslady showed me a video explaining the company's mission, construction methods and past projects. They kept repeating messages like “Every building we built promises the highest quality” and “Either we build the best or build nothing”.

Next, she guided me to a room with different building samples and models. She explained patiently how the company was more superior in using building materials and techniques, including the composition and thickness of concrete, earthquake-resistance in architectural design, sound-proofing in ceilings and windows, modern techniques in room ventilation and piping, etc. It was a pity that they were too technical for a layman like me. It would have been a great conversation if I were a builder.

*(continued)*

She added that it was the law in Taiwan for developers to provide at least 15 years' warranty for the structure of the main building and one year warranty for regular construction and facilities. Good developers would provide waterproof warranty for six years and set up an after-sales service department to deal with any complaints.

I told her that I wouldn't be buying now. But she was still happy to answer every query I had, giving me more information and proof than I could have asked for.

At last, she said that they didn't believe in coaxing customers to buy out of impulse. Even after the buyers signed the contract, there was a 5-day cooling-off period. After studying the contract in details and calculating their finances, if buyers had any second thought, within five days the developer would return the deposit in full without any penalty.

I spent two hours at the sales gallery. I didn't buy. But somehow, they managed to make me a happy customer.

There are honest property developers who are sincere in providing well-designed and high quality accommodation to the public. The question is whether buyers have the experience and knowledge to tell the good from the bad.

When evaluating a developer, always look for three things: experience, reputation and attitude.

### 1. Past experience

Study the history of the developer. Sometimes the company is a subsidiary of a big developer, or a joint venture of a few players in the industry.

Check the references or past projects of the developer. How many similar projects have they built in the past? Do they specialize in commercial or residential development? Is property their new venture outside their core business? Is this the first project of an overseas developer?

**Beware of ‘one-time builders’ who try their hands on properties when the market looks lucrative. They might not have the ability to cope with unforeseeable situations in the future.**

## **2. Company reputation**

If you want to understand more about a developer, look for complaints from owners in their past projects. Conduct secondary research in newspaper archives and you will find a list of projects with different complaints on poor workmanship, building defects, missing floor area, etc.

I am not saying that it is all the developers’ fault. The percentage of problem cases may be small compared with the projects they have built. To be fair, sometimes it is the supplier, the contractor or the architect who gets the developer into trouble.

**Nonetheless, the best time to put a company to test is always the time when things go wrong. The most important thing to look for is the response from the developer and the way they handle the matter.**

How fast did they take action? Did they live up to their promises? Did they just shrink from their responsibility and simply put the blame on others? Did they only soften their stand when the management committee puts the case in court?

## **3. Vision and attitude**

Does the developer have the vision to differentiate from other industry players by building the best-in-class projects? Or is it just another developer who is there to reap the maximum profit from home buyers?

**The sincerity of a developer is all reflected in the details. A good developer focuses on every single detail of the development. It sets high standard in construction, offers professional workmanship, and provides good quality fixtures. It is the superior product that makes it worthwhile for buyers to pay a premium price.**

Post your comment on this book preview at <http://wp.me/p118jn-xd>