LAST CALL: NEVER TRUST A MAYAN SELLING REAL ESTATE

A collection of pre-apocalyptic columns from the pages of South East Asia Property Report

BILL BARNETT
Introduction

Thank God that’s over.

Apparently the Mayan’s didn’t get the memo and as the dawn of the New Year arrives, it appears that life goes on as usual. The big dip never came and a line of sheep still wait, perched way high up above the fiscal cliff.

Thinking back to the dark days of 2012, it’s a bit of a fog. Yes we had Gangnam style, a mind-numbing Presidential election, London’s sensational Olympics, and finally the true rise of Asia. These days the East is the new West.

Sure Lance turned out to be a fraud and geo-political risk continues to work very much like a microwave with a bad case of attention deficit disorder. More questions than answers plague my sleepless nights.

Has Asia come too far, too fast? Is it too big to fail?

Who the hell knows? We’ve punched the ticket and now are strapped into the passenger seat going full throttle. Sure pop culture gave us that flash term YOLO (You Only Live Once). Not me. I intend to keep on coming back, if I can just find that Mayan real estate broker.

Read once. Read twice. As long as we live in these strange days, you will find me hunkered down, trying to sort out all this karmic madness which just keeps on coming.

Bill Barnett
3 January 2013
I awoke suddenly last night. It wasn’t my dog baying at the full moon. Nor was it one of those bandit mosquito’s which sound like a revved-up miniature lawn mower dive bombing Pearl Harbor. It was the voice of the actor Marlon Brando with the anguished cry from the movie *On the Waterfront* — "I could have been a contender."

As some readers will already know, Brando is long dead. For the rest of you: You really do need to get out more. The sweaty melodrama playing out in my head went on... "I could’ve been somebody... instead of a bum which is what I am, let’s face it."

Real estate and Marlon Brando’s character have a lot in common. A mythical happy place or never never land, where good ideas roll off the top of developers’ heads into the toaster oven of marketing, then straight into the honey money pot.

This is no Hundred Acre Wood, though, and there are no Winnie the Pooh bears here, only high-impact property pitches and an endless deal trail. So what of the ideas, products and properties that fail to live up to their early promise? After the launch and all the hype, what’s left over for the scavengers to pick?

Illogical or emotional buying is the answer, and it’s no new trend. Look at any consumer product they wait until they see the whites of their eyes, then go in for the kill. Dealmakers love to create buyer tension to up the stakes like a high-end poker game. It also thrusts bystanders into the game, off the sideline where they can either experience the thrill of victory or the agony of defeat. There are no alternatives to the
two scenarios, only remorse like spilled milk and self-loathing for not buying or from actually buying and ending up with a wacked out lemon.

Though for the fewer lucky ones there is jubilation and success. My frightful sleep is interrupted by Brando whispering in my ear again: "I'm gonna make him an offer he can't refuse." Ah, the Godfather, how appropriate. Don Vito Corleone would have been massive in this game.

As we know the sequel got better, which is sadly not often the case. Property remains in a frightful state these days as all the rules have been thrown out the window. Kurtz stayed up the river in Apocalypse Now and Brando, as the Coronel says: "I've seen horrors. Horrors that you've seen."

We've all seen the far from sublime subprime and the bottomless pit of the global financial crisis. Currency devaluations and property values have gone deeper underwater than the hole that goes through the center of the earth and comes up somewhere in China. Covered in sweat, tears building up my eyes, the nightmare won't go away. I croak out...

"What would Brando do buy, sell or head up that river?"

Rewriting the rules is like rewriting a script in the middle of a bad movie. There is the chance to improve or there is just plain stupidity. The latter is similar to a deer caught in the headlights. Impending doom, yet a fatal attraction as the lights grow nearer, and nearer.

Then comes that final moment. What went wrong? If I have to ask that by this point in the article we are all headed up that river to see Kurtz. It's pretty simple. You never did anything; you just stood there, motionless and devoid of any decision other than the speeding sound of a fast car bearing straight down on you until it was too late. We all have an innate inner voice of survival crying out to flex those muscles, lift one leg at a time and get going be it forward, backward or sideways.

Property in today's market is a journey without maps, but it retains a rich luster and a promise that for all the failures there are still successes. It's those very successes which tame the savage beast and keep the dogs at bay.

Dawn breaks and the alarm bell is ringing in my head, but a fading Brando comes to me one last time, taunting and mesmerizing: "I have seen the devil in my microscope, and I have chained him."

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"Listen, this time it's going to be different" were the salesman's last words before I slammed the phone down in a fit of blind anger. No, it's not what you think no on the future price of Alpaca wool in Peru, mining of rare earth somewhere between Tippacanoe and Timbuktuktu, or even my new best friend Freddy from Lagos who really wants to send me the 10 million dollars his poor demised uncle Lester stuck in a bank account (if only I share my bank details).

How this fit full of rage started was one of those probing calls with a newly enlightened, enthusiastic friend telling me to get in on a "ground floor opportunity." I was special, he said, one of the few. The last time I heard that was when I was in my 20s and a Marine Corp recruiter tried to enlist me in the US armed forces.

Looking back, I realise that one bad decision on the particular day would have landed me smack in the middle of the invasion of the harmless Caribbean island of Grenada, or "Operation Urgent Fury" as the military hierarchy called it at that time.

Delaying my messianic appointment and opting not to walk across water at the nearby Laguna Phuket lagoons, I decided to ask a few questions to my suitor. My anxious enquiries about the global financial crisis, a man named Madoff, and leveraging mounds of debt on property were met with total denial.

For a moment I felt I had been airlifted into an AA meeting or a drug intervention. Apparently and unbeknownst to myself I had tuned out of the real world sometime around 2008 and the exciting new prospect of exotic alternative property investments were about to leave me standing alone in a cloud of dust.

The message came not from that master blaster the J Man way up high but some schmuck in a boiler room calling me on Skype. Three years have passed since the
sub-prime episode made the earth stand still, and of late, my skeptical other side is starting to get an anxious twitch. In a rising tide, exotic property or real estate investment vehicles are flowing back into the waiting arms of a cash rich Asia. Is it still the same old song and dance or have things really changed, I wonder?

One flash point is the condo hotel madness which has gripped Indonesia. Tell tale signs of a market running on afterburners is a bull-run property market which has pushed land prices into the stratosphere. In what are essentially hospitality led residential offerings, the lack of prime land is driving developers to place products which in the long term simply cannot compete with the mainstream hotel market. Rudimentary contracting documents, a weak government regulatory apparatus and no assurances that units can be completed are key examples of the potential risk to buyers.

But, yes, things are different this time instead of cash carrying overseas buyers, this time Indonesians are purchasing products, often with local bank financing. Condo hotels, in fact, along with villas, are a phoenix rising from the ashes in virtually every Asian economy, schemes running the range from optional pooling programmes into the genetically modified lifestyle property investment.

In other words, in many cases buyers are no longer looking at traditional capital appreciation, but instead focusing on rental yields and of course perks like holidays. Organic property used to be the mainstream, but instead of selling organic fundamentals, fast growth modified products are now on the cutting edge of the industry.

One could ask, is this a good thing? Having lived through 1997 and the Asian contagion, today’s spiraling bank debt, rabid speculation and a growing middle class lured into consumer credit quite frankly scare the hell of me. Weaving through the various offerings it’s clear that more glossy lifestyle property funds are looking at raising investor appeal, but fringe developers who are undercapitalized and have no long-term stake in projects except to cash up and out are also the warning signs of a return to poor trading fundamentals.

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The question that remains for these projects is, who will be left to sort out the mess? In perceived truth, the core value of real estate remains its solid long-term stability. For many in the US, Europe and elsewhere that notion has been thrown out the window for the next decade at least.

Here in Asia, the circus has returned. While the clowns may have some of the audience laughing all the way to the bank, there just might be a trail of tears for the others. No one likes to see the tears of a clown. Not even me.
I can't recall ever being given a bulletproof vest as I walked into a property sales office. These days though, whether you are condo shopping in Kabul, seriously eyeing a town house in Syria or ecstatic about a fixer-upper in Egypt, it might not be such as bad idea.

Even in comfortable and safe Thailand, the rash of flooding late last year has brought an onslaught of strategic advertisements aimed at the paranoid or fragile, nervous individual who is looking for a failsafe bolt-hole investment.

One of my favorites is a monolithic sized billboard next to the expressway in Bangkok that shows an island and shouts out in largish letters "No Flooding." Of course, once the floods do re-appear, you will be able to hydrofoil down from your house in Chiang Mai, dodging drowning animals, crocodiles and the odd sewer rat or two and in no time you can be right on the island of your dreams. Perhaps the project promoters have never heard of global warming?

It's ironic, but scare tactics do work. Buyers have been flocking to snap up land parcels in Chiang Rai, Khao Yai and even upper floors on the condo towers in Pattaya, although the latter seem to have ignored the risk of earthquakes.

Politics also come into play, after all of those antics in Bangkok in the past few years, international agents have been doing a good cop and bad cop routine promoting London properties which are safe havens from the madness of the developing world. Certainly the UK has zero risk despite the financial crumbling of its neighbors Godzilla-sized debt and a woeful outlook of the Euro. "No! Not on our watch," shouts out a guy in a Union Jack t-shirt.

Or perhaps the flood-proof universe of brand USA (minus Katrina of course) is an option? Although the entire property industry is so far under water with no hope of recovery that spectators routinely pass Atlantis and the remains of the Titanic. Back in pre-subprime times, it was written in stone that property prices would continue to rise until the end of time. Well, that proved not to be the case.

Blue chips, stock in Eastman Kodak, strong fundamental they say. I think I just heard a thud...
from someone jumping off a high rise on Wall Street. To peg a quote of ill-advised optimism from Hunter Thompson in the epic novel *Fear and Loathing in Las Vegas*, Raul Duke glossed: "We had all the momentum; we were riding the crest of a high and beautiful wave. So now, less than five years later, you can go up on a steep hill in Las Vegas and look west, and with the right kind of eyes you can almost see the high-water mark—that place where the wave finally broke and rolled back."

And speaking of waves, as one who lived through the Asian tsunami in Phuket, it was only a matter of months until advertisements for land on hillsides started to appear with headlines that blared "tsunami-safe land." There is a thin line between the doomsayer and the ad man, looking to cash in on a quick sale or trend.

Perhaps a bit of morbid curiosity got a hold of me, but I recently started to wonder what one of those Kevlar bulletproof vests cost? Punching up eBay on the trusty web stallion I stumbled onto 200 pages of listings. Top, of course, is body armour, a concealable vest under a stylish wool coat. Then, oddly enough, a bulletproof clipboard. Perhaps I need to get out of the consulting business and start a small niche factory-island-style of course bulletproof thongs, flip flops or beer coolers anyone?

At the end of the day, investing remains risky business and even if you don't go looking for trouble, there is still a slim chance it's going to come knocking whether you like it or not. Next time you see one of those silly ads, I'd suggest pulling it down and heading to the nearest shooting range to use it for target practice. I still don't get what you do with the clipboard though.
Celebrity Skin

It’s 6:49 a.m. and in the distance my straining ears pick up those reverberating guitar opening lines from the song Hotel California. Peaking outside the window, I can make out a pick-up truck over-loaded with Burmese construction workers, stopping off at a nearby ATM on the way to build a luxury villa on some cliff top nearby. No doubt the songs roll off a pirated "Best Of" Eagles compilation CD, which continue to regenerate interest in a band that hits the stage in wheelchairs and make my own less-than-trim waistline seem moderate.

In a world stuck in Bieber-fever and still mourning the loss of a fairly left of centre Whitney Houston, sitcom dream catchphrases like Best, Top, Greatest, Bestest (only available in the grammatically-challenged China market), or any combination thereof, continue to attract followers.

The shallow passion cannot be likened to any type of religious group, but is more akin to the cult-like attraction of Steve Jobs. Brands make a statement in the need for recognition, creating an only-child syndrome complete with disinterested parents, unreturned phone calls and a surrogate maid. With the boarding school cloud over an uncertain horizon, angst is a given.

Celebrities and awards increasingly rear their star-studded heads in the spectrum of real estate development. I recently returned from a trip to the Philippines, and while waiting at a hidden gem an illy espresso airport kiosk open at five in the morning I gazed up at property developer's celebrity skin. Massive lit billboards with Donald Trump and Paris Hilton screamed out about luxury condo living and my most loathed term of the moment "lifestyle." Yes, even in this karaoke and mango nation in Asia, famous faces spur the impossible dream.

On the global stage, we’ve wept at the Grammy’s over Whitney, and gawked at the fashionista fest The Academy Awards.

Mind you, I really don’t understand the ultimate winner "The Artist," aside from throwing me into a dozing stupor. Even the dog couldn’t rescue the film, and I like dogs. Of course, it was the French Connection that gave it kudos, so we must throw it some slack, but it’s wishful thinking
that art films take us to a higher plane or make us smarter. France simply has the same smart marketing team as the cigarette industry, which kills people, or McDonald's which fattens them up before a similar fate.

Meanwhile, back in Thailand that special time of year has also arrived, the launch of the Thailand Property Awards.

How timely! Whether we like them, loathe them or don’t even have an opinion (Barack Obama, are you listening?), they remain a strong draw card for both developers and ultimately we are told, purchasers. I know the brand pitch, and if the truth be known, in some sectors it can actually be demonstrated. Premium pricing and increased sales pace for hotel branded residences, for example. It’s a premium and therefore icing on top of a chocolate cake.

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Now look at awards, and the question is do they really add value? Enhance reputation? Boost transactions on the last remaining units? Or do they just make a nice press release? It’s hard to quantify. Life in Propertywood and Hollywood are at times entwined. Samuel Beckett’s play Waiting for Godot spun off a number of movies and other adaptations. One of my favorites is the illusive Big Night, a bittersweet and very funny movie of two Italian brothers who lobby for a famous musician Louis Prima to visit their upstart restaurant.

One of the best lines is Prima saying "Sometimes you cut it too fine, then all you taste is the garlic." Having participated on judging panels for a number of years for various events, my thoughts turn more to those cage fighters, Libyan freedom fighters and wacky Iranian fundamentalists. Mix them all together and selection sessions often range from self-induced comas to street fighting in Syria.

What should be a big picture discussion turns into quips, backbiting and local steer wrangling. But then again, put more than one person together in any scenario be they husbands and wives, political parties or a bar room showing a big sports event, and all manner of chaos is bound to happen.

Ultimately awards say something be it some sort of gratification, a slap on the back or even photo opportunities. I have two small girls at home and sometimes a high five is needed to make them eat their breakfast. It is the best motivator to make it through the day.

Thankfully the mind-jarring state of mind from hearing Hotel California has come and gone, red carpets are waiting and the shiny little awards will reward a select few. Personally I like garlic, it fends off the other judges as we tackle the task of choosing the "Best of the Best."
MAY 2012
A Close Burma Shave

Being American, the use of the English language is entirely foreign to me. But I am house-trained, and can occasionally be trusted with small blunt instruments such as a pitching wedge. Emerging property markets seem to dominate the news these days, as the snap crackle pop of a twisted mistress' whip can be heard in the background. There it is again, edging the ever-willing and submissive side of the real estate sector ahead into the deep dark closet of the unknown.

Years of failed Communism in Banana Republics around the spinning globe have left a shallow feeling on unfulfilled capitalism and empty wallets from the huddled masses. Yet now, from Lenin to Lennon, the Walrus is awake.

Quick reads in past weeks about Cuba's change in ownership laws that allow the trading of homes is capturing the imagination of budding entrepreneurs.

In Peru, south of Lima, a golden coast of multiplying holiday houses is being fed by an increasingly mobile affluent class of Latin investor. No need for Ricky Martin jokes in the land of La Vida Loca, it's simply pent up demand for condos and villas.

Amid all this excitement I suddenly find myself sprawled on the office floor, dazed, confused with a heartbeat like a jack rabbit. If I could only find that dark angel's thorny whip I'd take on my secretary who obviously has been spiking my coffee with some sort of chemical substance. Overhead the whirling ceiling fan is clicking away like the typewriter in some Burmese government office in a heated jungle outpost. My mind lapses for a moment...I can never quite figure out what's politically correct these days, be it Burma or Myanmar. Living in Thailand, the land of political quagmire so deep that quicksand takes on the look of an expressway, I tend to have adopted the former versus the latter.

After a successful election (though I have to admit I never did see that movie about The Lady that has brought about a rapid change in sentiment), even Hillary Clinton has jumped on the Burma bandwagon with the US looking to ease trade restrictions.

Over the past few years, economists and the business community have all debated how fast Burma will open up, and the general consensus has been it could be six months, six years or sixty for all we know.

Ban the pessimists and all hands on deck, I say. While attending a recent seminar on the emerging property market in Burma the buzz was definitely on. I was surrounded like a hostage by well-spoken men in suits in great numbers. After 50 years or so in the closet, out comes a lady in waiting.
Is it Asia’s next big property boom? Or will things be dragged out like Vietnam has played up? A night at the opera where everyone is asleep in their seats for what seems like an eternity.

My eyes have trouble adjusting to the waning daylight, as I manage to pick myself up off the floor. A full day has come and gone and reaching up I feel a stubble of growth on my chin. Perhaps it is time for a close Burma shave after all.
In the age of Hollywood rehashed superhero sequels, I can't help but ponder the lack of a truly memorable face in today's current state of real property. Bright shiny technology has the omnipresent image of Brand Jobs.

But let's face it, if I have to sit through one more corporate PowerPoint presentation and see one of Steve's framed quotes, just take me out back and put two bullets in the back of my head like a Mexican drug cartel deal gone bad. That given, I have tasted the Kool-Aid and am writing this epic on a MacBook Air.

Professional tennis is a great example of world gone bland in a vanilla sky kind of way. Mix and match Ken and Barbie's dot the circuit, grunts rather than insults are heard on the court and matches are measured in dog years instead of hours.

In past days, when I couldn't sleep I'd throw on either the Panda channel or use the handy tropical aquarium screensaver on the laptop, but now if I need to get comatose it's as easy as tuning into a grand slam tennis event.

This bizarrely brings us back to real estate. Where are the real characters and captains of enterprise? Rockefeller and his ilk have seemingly gone out of fashion. Donald "having a bad hair day" Trump, meanwhile, is entrenched in a gritty battle over a golf course in Scotland. I saw Braveheart, and I'm not sure about the Don's chances with that unruly lot.
Yes, the age of high-profile property developers with a public image the size of Marina Bay Sands seems to be out of pace with modern trends. Sure we all secretly admire the Goldman Sachs guys, but it’s a subject only discussed behind closed doors.

In effect, the global financial crisis has pushed capitalism into a dirty little closet space, where you put your old running shoes. We’ve become wimps, with egos that assimilate wet towels or leaves blowing in the wind. Over the last three to four years, real estate has skyrocketed all over Asia. Arising middle class means that not only can everyone afford to fly, but they now have a condo when they arrive.

What we really need is a Lady Gaga of real estate. Now there’s a girl who has it going on. Forget Jobs and those innocuous black t-shirts, the G Brand bucks the trend in her fashion frills and funky face paints. She’s no stranger to putting together a management team, tagging a brat pack full of underachievers called "the little monsters" into a formidable wild bunch.

Steve Jobs’ brand was his vision, Gaga’s is herself. Perhaps what real estate needs is a visionary that can fill the space in between. There’s a vacancy on the top floor.

A string of big promotions, she’s become a one-woman brand that stretches well beyond her mind-wrenching tunes to encompass every aspect of media and online social networking power to create a billion-dollar business.

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Any takers?
Talk the talk and walk the walk. The bartender growls out of the corner of his mouth "last call." It’s 3am and the real estate industry is about to turn in, intent to sleep off a bad bender. Close the drapes and pull the sheets up high, till the bed seems like a cave.

China property is so chilled that the next stop is somewhere next to Margaritaville. A Singapore slingshot is more like rubber bullet time. Sure there is Hong Kong but for how long?

As for the rest of Asia, the cheap and the small dominate top movers. Napoleon with his small man’s syndrome would have fit in well size-wise if he just could have gotten off that island.

Sure, there are the elusive big fish. In the resort markets it’s a game of trophy marlin fishing, stick some ridiculous price tag and let it roll. Try to land the elusive Eastern European "silly money," I’m not quite sure how best to describe the money walk except perhaps harken back to Monty Python’s skit on The Ministry of Silly Walks. Bigfoot, Loch Nest Monster, aliens from outer space and yes, illogical high-net worth individuals looking for uber-luxury property.

Silly money continues to captivate a certain sector in the rough trade of bricks and mortar. Asia loves to gamble, be it a jet set away in Macau or in Hong Kong. For a time, stock markets
became second wives or mistresses of the would-be rich.

Downsizing into the middle class, a hammer down has created a new breed of real estate speculation in Thailand. Sign up early for a shoebox flat, pay 10 percent down and flick just before handover. Assuming prices have moved up you stand to make just a bit over single digits, but in the age of marginal bank savings rates, what else are you going to do just to stay in front of the hungry wolves of inflation? Still we yearn for men with strange accents, a suitcase of money and no lawyer riding the coat tails for nonsense like due diligence. A fast close and as Tony Montana said, "the world is your oyster."

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Have we entered the decade of small deals, lower margins and rather blase day-to-day routines in what used to be a roller-coaster ride which always rode the thin rail of success and disaster simultaneously?

My booze soaked dreams turn to the garlic-cutting razor blade scene from Goodfellas. Edgy, violent and always with a wad of cash in their pockets, yeah the made men that knew how to live.

These days when I see a group of large men shooting rock tumblers of vodka, my optimism turns to angst, realising they are just a group of miners in from Vladivostok on a 13-day package holiday. Not even a glam squad of leggy blonde Barbie's in tow.

Silly days it seems are gone for the moment, but there remains hope external with the Ministry offices burning bright into the night looking for plan B.

Screenshot from 1950 film "D.O.A."
Holding court in the local beverage house a few days ago, bar talk turned to the subject of free-falling European economies. Submerging Spain, grinding down Greece and the frantic French all took on their own cultural backlashes. It’s amazing how clear things become, or how smart you become, after going full bore straight through happy hour. Never mind the demon in the bottle, I’ll have a double!

But back to our key topic of discussion. What did Pink Floyd say about another brick in the wall? Though these days that’s business school chatter for emerging economies. Seems that now even the BRICS are hitting the proverbial money train marathon wall.
Of course, we have the mini-BRICS too, but those are like the vertically-challenged assistant to Dr. Evil in the Austin Powers movie and look more like a garden gnome than one of those superhero, democratically-driven (or so they'd like to think) superpowers.

The property trade has rapidly dialled into the latest disaster in the making in Europe. London brokerage houses are hiring French-speaking staff, hoping to cash in on an exodus of tax-burdened High Net Worth individuals from across the channel, while adventurous capitalists are looking into century-old Greek estates and beachfront villas, on the cheap.

As for Spain, well, the land that brought us the bumbling Manual from Fawlty Towers can't even muster a "Que?" when it comes to its massively overbuilt and leveraged-to-the-hilt coastal resort-grade residential market.

Perhaps they need to think out of the box? What with global warming and all, setting up a series of independent city states along the coast may be the answer. Forget the family moving van, move the entire country. According to widespread reports there are currently close to a million vacant units in the country.

Now let's check out a few places which will be joining Atlantis shortly: Maldives– 316,000, Fiji–816,000. Wait, this is going too fast, we might be needed duplexes, or lofts, failing that at least a bunk bed to accommodate the overflow? Then there is Tahiti, 178,000 and counting, but they do have that French association, so off they go, back into the life raft. Cook Islands 10,000 plus. Nauru, another 9,000, and Palau over 20,000. We've got a sellout already and I haven't even gone halfway around the globe.

Note to Al Gore, I just solved what you couldn't in all those boring hours of that cinematic coma-inducing snooze fest of a movie. But this is where the real inspiration kicks in. We are going to need more condos, apartments and even for those upper echelon islands–luxury homes.

Yes, let's start building again. We have to compete with the other property markets, so let's wrap up some bank financing as well. Hell, why just work this angle? Let's look for more niches. There is a growing market for disgraced international athletes who failed drug tests, or former and about to be former dictators gone wild. We can get Syria's Bashar al-Assad on some billboards and TV spots. If he can sell his own version of democracy, he's a clear shoe-in to promote property.

So, up periscope, the submarine is headed back the surface. Dry land ahead. Catching a glimpse of the shoreline my mind sparks up an idea. What a great location for a beachfront condo tower or two. Here we go again...
The markets are becoming about as unpredictable as destiny itself and even the people you thought were in control are less than sure what the future holds.

Religious zealots are often quick to point out that God works in mysterious ways. For my own often-shallow self, women and Asia's developing countries usually fall into this ethereal category.

Divine intervention typically seems to be the Kool-Aid crew's simplified notion of bench warming. Sitting in a doctor's waiting room, waiting for what could be a fatal prognosis is no way to spend a sunny afternoon.

Digging deep to get to life's great truths looks to be a remnant of a bygone era. Maugham's tortured soul in The Razor's Edge. Perhaps Kesey had it right with the Magic Bus. Of course, hallucinogenics are making a comeback with a certain crowd (I can almost see the nervous twitch of my suffering editor at yet another drug reference in what is purportedly a property piece).

Sadly for him, our trip into the world of the bizarre and the arcane is set to take a nose dive. Living in the Land of Smiles, as I have over the past decade, and in Southeast Asia for some 28 years, has provided a certain level of insight that has broken out of the dark prison cell of the standard glossy guidebook prose.
something like five years now. Talk about an epic night-out. Here in Phuket the regular appearance of property land scandals, stalled infrastructure improvement and amped up business incentives come and go like Bigfoot.

Instead, we remain content to crack open a warm oversized bottle of Beer Singh, and pass the bottle to our friend from the dumpster who has gained consciousness for the moment. Misery loves company.

What's disturbing is talking to Thai politicians, business leaders or those in the know. For a long time I've always thought a small circle of those insiders had some insight into what would happen next. An Asian-styled manifest destiny? I've always loved the movie *The Great Escape*, those guys had a plan.

Ultimately the realisation has hit home that all of us seem to be stuck in the same crowded lifeboat. At times those I've looked up to, have even turned to me, in a strangely broken light and asked what do I think will happen? As I look around Asia's other developing economic storylines Indonesia, Vietnam, the Philippines and others, a strange pattern has evolved.

A shift to democracy, away from strongmen frontrunners means parental controls have been removed from the XBox, which has created a vacuum of people on the same page. Things are fluid, and while a strange belief in Confucianism simply has most of us living in the present, and realising things could go either way, this is not comforting, but the reality is as dear as a policeman's flashlight down the alley.

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My best advice for the moment is throw away those business plans, buckle up for a monsoon of uncertainty and just try to make it to Wednesday.

Why Wednesday you may ask? That's because it's tomorrow and 24 hours is all the planning I can cope with for the moment.
Over the past decade Phuket in Thailand has set the gold standard for South East Asia's booming luxury real estate sector. The island's vaunted west coast contains the highest number of multi-million dollar ultra villas in the region and has consistently attracted a growing number of High Net Worth Individuals.

In what looks set to stress the industry, a series of government-sponsored investigations over encroachment onto public land and allegations of corruption and illegal titles has become a national issue. Leading Thai and international firms such as TCC, Minor Hotel Group, Kajima Overseas and award-winning projects such as Trisara and Malaiwana have seen their named brandished about in the media.

Spearheading the charge was the head of Department of National Parks and Wildlife and Plant Conservation. The DNP's Director General Damron Pidech who retired on September 25th was tagged as "The Demolisher" by the press when he ordered a number of resorts demolished adjacent to Khao Yai National Park earlier this year.

Damrong, who has alleged wide-scale encroachment by a number of upscale resort and property developments into Sirinath National Park personally, led a paparazzi-inspired SWAT team of public officials, media and large motorcades.

Newslines jumped onto the bandwagon as Damrong was quoted saying possible government action resulting in destruction of resorts and villas and revocation of land titles could take place if illegal activities were proven. For the business owners affected the situation has resulted in a continued onslaught of allegations disclosed to the media by government officials with little chance to publicly respond or state their side of the issue.

As of this writing, 12 properties have been listed in the investigation and the latest news has a government team of 366 investigators targeting nearly 600 hectares of island land. The original scope is now extending to other areas of Phuket.
reportedly now including Patong, Kalim, Kamala and Kathu. What is causing investors, property owners and the real estate sector concern is a wide-ranging threat of land title revocations. In this new trip into unknown territory, Phuket's property sector is facing both reputation and financial loss in what to date adds up to "trial by media."

While Thailand's political rocky road trip of the past five years has been punctuated by a fractionalized teeter totter of political power, the government has yet to instill any wide-ranging reforms into the country's real estate sector and more importantly has turned a blind eye to overseas property investors.

While Phuket's luxury properties have helped reinforce the island's image across the globe and created much vaunted objects of desire, the present state of uncertainty could drive property buyers to other locations, which at face value could pose less risk. For now the lack of clarity and lack of care by the government over protecting seemingly valid land titles could best be summed up in Biblical terms:

"And the sea gave up the dead which were in it; and death and hell delivered up the dead which were in them: and they were judged every man according to their works. And death and hell were cast into the lake of fire. This is the second death. And whosoever was not found written in the book of life was cast into the lake of fire."
Revelation 20:13-15

The government has yet to instill any wide-ranging reforms into the country's real estate sector and more importantly has turned a blind eye to overseas property investors.
Imagining a nuked out alien landscape with the smoking ruins of civilization smoldering like the burned-out butt of a cigarette in some oversized kid's sandbox. The only sign of life is a typical American family of four standing in a prayer circle with gas masks on.

I never quite got the fourplex multiplier, but let's face it, five is an odd number and three means...no backup. If one kid is a bad apple then the entire genetic code fails. Whenever friends have their first child, my first advice is that they should plan for one more. Just in case.

But back to the total destruction of life as we know it. I've just had a late night reality television fest with the ironically titled Doomsday Preppers. As in all great true tube life, it's too strange to even make this stuff up and obviously must be real.

Here in Phuket we have our own doomsday cult. These are the ones who hunker down over dimly lit computer screens or perhaps tap away on aged cracked keyboards to the tune of a different piper.

Last week they were out in full force after the announcement that the island's much beleaguered International Convention and Exhibition Center had been thrust into the dumpster-head first.

The past few days have had me doing the two-step shuffle to Bangkok, trying to get to the root of this story, which is perplexing to say the least. It started when sources quoted MP Anchalee Vanich Teepabutr's comments on her Facebook page. (Note to self, please friend Khun Anchalee.)

All in all, by the sheer volume of news stories, it does appear that the ICCEC up in Mai Khao has been dunked into the Andaman Sea like the stalker in Fatal Attraction. I'd have expected a collective high five from the sea turtle community or at least a round of applause. What a great line: "On a clear day you can almost hear the sound of clapping turtles in the distance."

This could be an Out of Africa sequel but only to the soundtrack of Downtown Abbey and one of those English narrators who was left out in the cold waiting for the "Remains of the Day." Digging down deep through online stories I could not help but read the
comments about the doomed convention center.

Vents, rants and raves that ran the whole prayer circle from good riddance, to move it to Chiang Mai, or else all those usual suspects—corruption, greed, over development and garbage disposal.

Suddenly the turtles had been silenced.

The posters came up with the same old sorry blame game that has become a broken record of island life what we can’t do and why we shouldn’t do anything.

Let’s all sit in our bomb shelters and wait for the apocalypse.

Last chance visitors who missed the opportunity to jump into the last time machine back into the days of future passed.

Frankly speaking, I never quite understood the choice of location to have the convention center anyway.

Phuket has around 43,000 registered hotel rooms, and approximately 1,000 of these are in the northern tip of the island. Though certainly the plan made a lot more sense than sticking it on the other side of Phuket City, which often requires an overnight case and passport for travellers to get to. Let’s just say the Mai Khao plan was forward thinking. Of course from a development plan, the catchment area for the center remains challenged.

Over the bridge the entire southwest of Phang Nga was zoned out a few years ago for a big hotel project and the last time I looked, there were only a few prime coastal hotel sites north of the airport.

So the answer was perhaps to bus them in. One thing that did continually crop up was a strangely lucid comment, with which I absolutely agree, the ill-advised Phuket Gateway. The last time I looked online at Google Images under the term "White Elephant" this continued to rank up high.

There is absolutely no point in crying over spilled milk. We need mega government-sponsored investment into Phuket more than ever before.

In my own opinion, the island would benefit a lot from an international conference and exhibition center in a well-located strategic place that is accessible to a broad number of hotels and services. Hence it’s a shame that cooler heads prevailed and the entire deal was shelved.

It's incredibly short-sighted not to understand that the island must diversify its tourism market and that demand generators are required to fill the rooms already built. There is absolutely no point in crying over spilled milk, nor say we are already on the edge of economic ruin so let’s pooh pooh any new infrastructure projects. We need mega government-sponsored investment into Phuket more than ever before.

For the detractor I'd say never look a gift horse in the mouth, and certainly know the difference between a trick or a treat.

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Virtually every corner of the region has put on their game face and I’m not quite sure these days whether the ground is rumbling from bulldozers breaking ground, stampeding buyers waiting to put their money down on a shiny new condo or just an earthquake of financial glee.

Lately, while walking down the street of a typical Asian capital city in the money district, I couldn’t help notice that coming around the corner amongst the raging bulls was a lone sheep. I quickly consulted the clock on my Blackberry and found it to be 9:45 a.m. and taking a quick breathalyzer test, revealed I hadn’t been drinking. Not just yet.

Standing still, the perplexing experience was going to take an even more bizarre turn as other sheep came into the smoggy horizon, one by one, one after another. A strange line up that apparently had no tail end.

Things were about to take a turn for the worse. The head sheep bounded into the heavy rush hour traffic and the next thing I heard was squealing brakes and all manners of audio chaos. Despite the uproar, the line of sheep continued on into the streaming flow of traffic, oblivious to the danger that their leader had instigated.

Of course, I’m not going into graphic descriptions of the carnage that lay for all to see on the fateful day. Let’s just say the term “wipeout” can best describe the holistic effect of the calamity. To sum it all up, it was D-Day in sheepville.
As I continue to travel throughout the region on consulting jobs, attending conferences and checking out the markets, the hair on my back continues to stick up when meeting many new property developers. Their business strategies are based on the experience of a few who has struck it rich. Project DNA is often based on that lovely term we see on t-shirts in Thailand "same same but different."

Business plans and design models have now evolved into copy and paste. The only real crisis in Asia is finding enough new names for the seemingly infinite number of new real estate offerings.

Give it an Easy A, or find a foreign sounding term to make it familiar and up market. It seems the only admission ticket that's really needed for entry into the Glee Club is a piece of land. It doesn't even seem to matter if you own it. Bring it to market and damn, you might not even need equity or debt, as pre-sales will flow like free drinks at a grand opening party.

Each day’s tasks for these new age copy crews are only complicated by which luxury car showroom to visit that day to liquidate those massive profits, which will surely drop from the heavens above.

But my train of thought is broken as the ambulances arrive and start to cart off those poor misled sheep. If only they had paused, and thought things through and not been content to simply follow. The flag is at half mast today at the Glee Club and evening cocktails have been canceled. But tomorrow is indeed another day.

Will it be another same same, or something entirely different?

Business plans and design models have now evolved into copy and paste. The only real crisis in Asia is finding enough new names for the seemingly infinite number of new real estate offerings.
DECEMBER 2012
Asia Finds a Niche—Housing For Hobbits

Jingle Bill, Jingle Bill. Is the very Merry Season here again already? Apparently so given the greenscape in every retail space my eyes come to rest on. Either that or I’ve land face down in the street in some drunken Irishman’s nightmare.

Hollywood is cranking fast and frantic this year as the epic big screen of The Hobbit is upon use. Bilbo and his crew of freaks, little people with pointed ears and alien inspired round-headed types are among us.

I’m not quite sure on the exact political correctness on all manner of Hobbitology. Are there male and female Hobbits? Naturally coming from Thailand the question could be raised about transgender taglines? Do Hobbit’s believe in God or is that place they come from just too damned fine to want an alternative universe.

Here we go now with generation Hobbit or as those Mad Ad Men (and women) would say Gen-H. The whole Gen thing seems to be running out of steam. What happens after Gen X, Y or Z? Do we start again, double the alphabet or add numbers after? Again sitting on a low-cost airline as I write this it seems the sheer stupidity of my fellow passengers is rubbing off.

But meanwhile back point, the truth is that Hobbit’s and Asian real estate have been simpatico for quite sometime. Certainly this year in Thailand the age of Mickey Mouse flats, or to be more polite entry-level condominiums has dominated the center sales stage.

Whether it’s been idle chatter from developers in Pattaya saying 20 square meters was far too big; to the recent spate of cheap small condos, which have captivated Phuket, Hua Hin, and Bangkok. A few years ago AirAsia came into the limelight with that adage "Now everyone can fly." For the property market it’s now a case of "Now everyone can own a condo."

Recently I took a look at a new ready-to-be-launched budget condo project’s show flat and found my mind drifting to those dog kennels that the privileged class used to house their trophy poodles way up in first class on a legacy airline.

But then I realized the genius of it and a new niche market — Hobbits. It's mistaken to think that the wee folk can only be found in New Zealand. Last time I checked there were only 23 people living in that faraway country. Yes, it’s beautiful. No doubt of the most specular places on earth but would want to live in the shadow of such beauty all of the time. You’d find yourself continually weeping for no particular reason. Grandiose schizophrenia is never more than a lamb chop away.

So unbeknownst to most of us, Hobbits have been invading every
property market in Asia and buying up these small boxes, which when you are less than a few feet tall, would seem to be more like an ultra-villa. Plus they are from New Zealand so their expectations of luxury and indoor plumbing are well below the line from the rest of us.

Smart money is flocking to Gen-H condos as clearly these people breed like rabbits and royalties from all those *Lord of the Rings* pictures have created a deep market. Silly me. I'd been pondering the rapid rise of the new LCCs (low-cost condos), and it had plagued my downtime for most of the year. Enter a lightning bolt of clarity. Problem solved.

While no one is quite sure how deep the market is, given the region’s property experts have yet to figure out the demographics of the Gen-H market.
Lately, I have been transfixed like a sugar-crazed junkie tuning into endless episodes of a doomsday reality show on cable. Following the antics of these wacky prep squads of lunatics somehow provides a shallow form of entertainment and I just can't find the will to change channels.

Boredom, anxiety and stress all figure in an oversized toxic mojito. While the world continues to explode in an increasing array of political, economic and erratic events, I find it comforting to get out of the fray at least for an hour or two.

Asia Inc. has managed to have another enviable year of success both far and near. Property prices in most markets have continued to reach to the heavens and a rising middle class is spurring the East Side Story. Forget the American Dream. The West seems to be headed down the tube, destined to be the new Third World.

It's "Open Sesame" to the future, and if you look ahead the journey now facing Asia is one that takes it into the kind of unknown territory that could best be serialised as the story of The Fourth World. Bad Lance and his pimped-up bike mates threw all the rulebooks away and now our journey into Neverland is in full swing. Alice and Michael J are already skipping past overhead, in a demented vision.

"Here we go again," I can hear my editor cry, cursing me under his breath as he heaves himself up from a despair-ridden heap on the floor, but we've come too far to stop now, and must continue. Get up, be a man! Show a bit of courage and edge. Who cares what the advertisers think?
For MBA types, investment bankers and the hallowed halls of financial institutions, the book on "moneyball" remains anchored in the belief that market cycles will inevitably prevail and therefore the best recipe for success is cooking something up over a low, slow boil. These days, after you clear the streets of Wall Street suicides, the world has become loud, jarring and unpredictable.

Instant Karma prevails and who the hell has time for cooking? Just throw something into a microwave at the nearest 7-Eleven and stuff it down your mouth as fast as you can. Hell, tomorrow might never come, so sky fall and live for the moment.

Lately, my tortured soul rarely gets a solid night's sleep, but the question on my mind remains. Is Asia too big to fail? Of course, 1997 and 2008 quickly blaze through my subconscious. Gravity remains a scientific fact and what goes up must surely go down, or at least flatten, just like the world that Columbus sought out.

So while there is every reason to celebrate a new year and revel on the endless possibilities of Asia's ever growing real estate market, a hard cold slap on the face is never more than a breaking news story away. Although in this digital age, we will more than likely hear the thunder of the bears coming on Twitter or Facebook, well before it even hits the television screen.

So yes, it seems four is the new three, for now at least. I must get back to my underground bomb shelter, as doomsday is just a flick of the remote away. In the distance, the only sound is the wailing mess of my once proud editor.

"Get ahold of yourself man, the worst is yet to come" I shout out, just as a Mayan starts knocking at my door.

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On a warm sunny day in Honolulu some 28 years ago, Bill Barnett headed east to Asia and never looked back. Years spent in the hospitality and property business throughout the region have somehow merged the interior lines. With only a blowtorch and the sage advice of his trusty dog Koko he remains a sought-after consultant, analyst, writer, and public speaker. He currently owns over 26 pairs of shorts which come in handy on his island of choice Phuket, Thailand.

For more of Bill's columns, visit www.thephuketinsider.com.
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