Listen to what the man said...

When the phone rings and opportunities call, it may be wise to remember the fundamentals and learn the lessons of the past.

"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"

"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 betting 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 the 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 focussing 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.

The question 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.

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