Age of Illogicality

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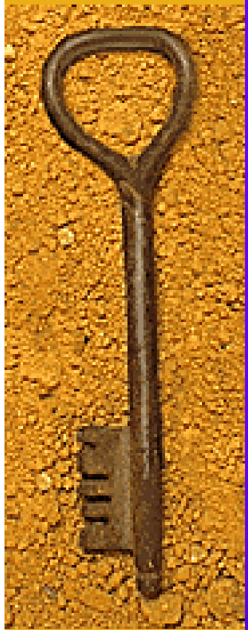
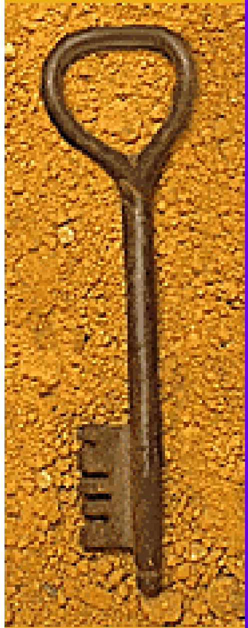
Age of Illogicality

- Title inspired by this guy



Age of Illogicality

- 53% versus 47%
- Not so clear cut with 330M
- Retired rich don’t pay taxes
- 47% deadbeat = US should have collapsed long ago
- Continuous application of a 1-criteria rule will result in having just 1 person remaining



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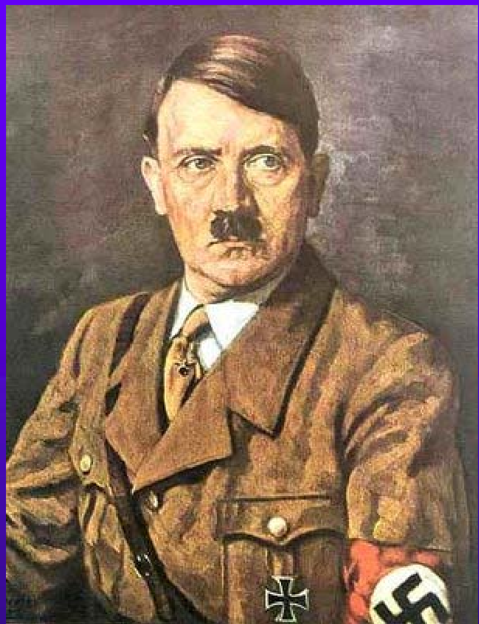
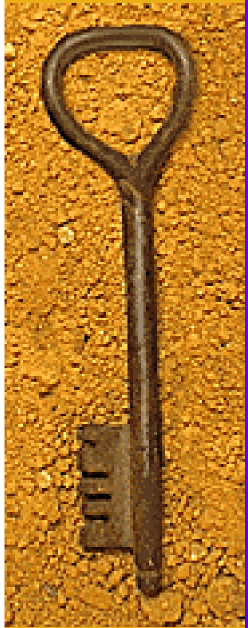
- This guy applied a 1-criteria rule en masse in the 20^{th}C



- And what tragedy! For both the applied and applicant



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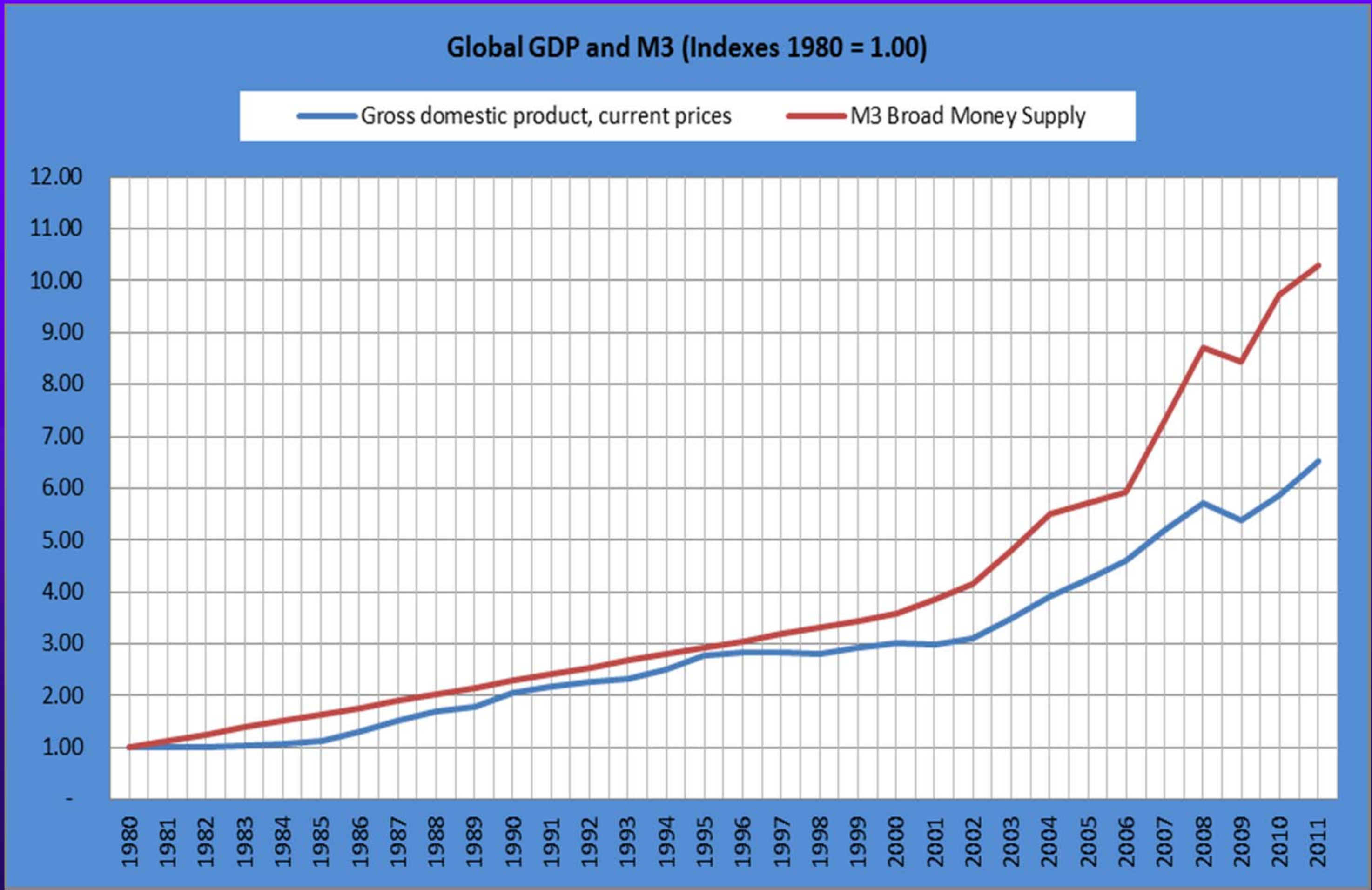
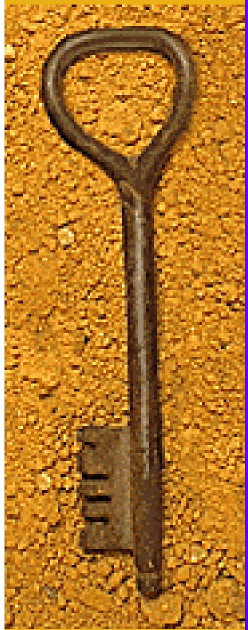
♦ Globally debt paying debt





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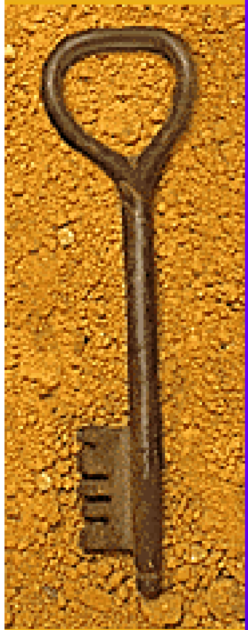
- Saga not yet ended (Kyle Bass)…No happy ending
- Destroyers of illusioned spending power:
- Inflation
- Asset Bubble Bursts
- War (if history is a guide)



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- Government and political bias aside, the public is not lily-white either
- Humans are pain avoidant
- Austerity versus QE ideologies meaningless
- Some parts required austerity, others QE
- BUT no A.I. QE$ yet ☹☹

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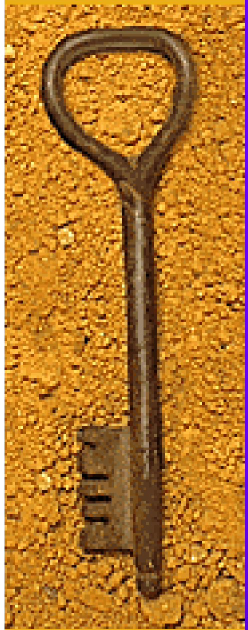
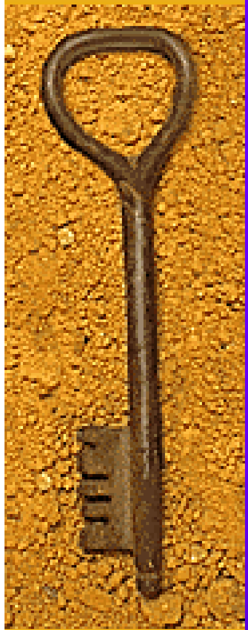
- **Need more babies!?**
- **Graying Population is not a problem IF..**
- **$ Input = or > $ output**
- **Contributor match user**
- **YET the solution is NOT to have more babies…this is NUTS!**





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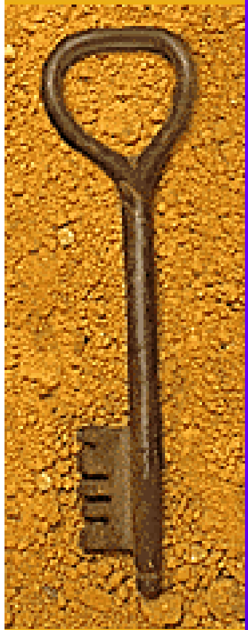
- Say 2 workers for 1 elderly
- 1
- 2
- 4
- 8
- 16
- 32
- 64...never ending?!



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- Now…
- 4 Grandparents + 2 (working) parents + 1 to 2 kids
- More babies?
- 4 Grandparents + 2 (working) parents + 3 to 4 kids who stay unproductive economically until 25…

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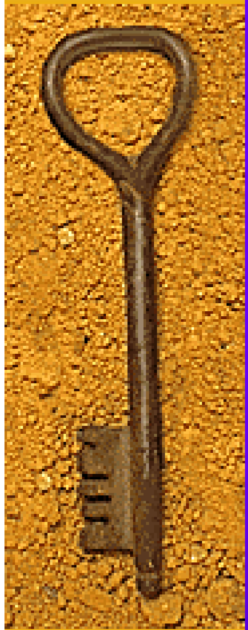

- Why a sudden bulge of baby boomers?
- Ask your dad / grand-dad
- Me suspect:
- WWII ended, people happy
- When happy, they married
- Add better hygiene and medicine after WWII

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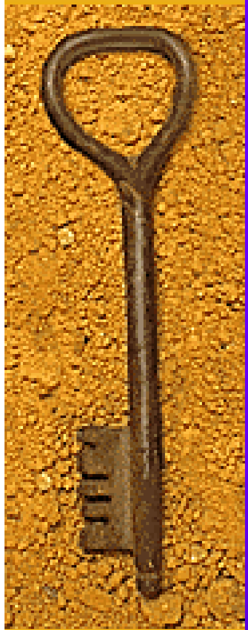
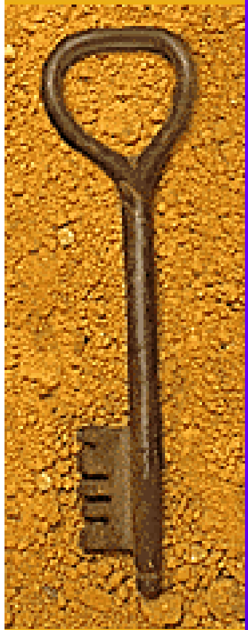


- The most practical solution:
- Let the baby-boomer (me included) generation fade away (using their own money and not burden government)
- Problem gone in 10 to 20 years…yes, just be patient



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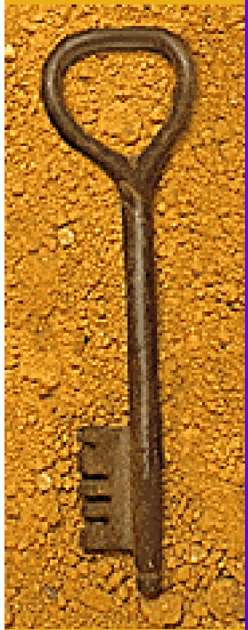
- Choose between:
- A) Boomers leaving most $ to kids = wider wealth gap, bigger government burden, poor economy
- B) Boomers not leaving much to kids = vice verse
- Bet people choose A more



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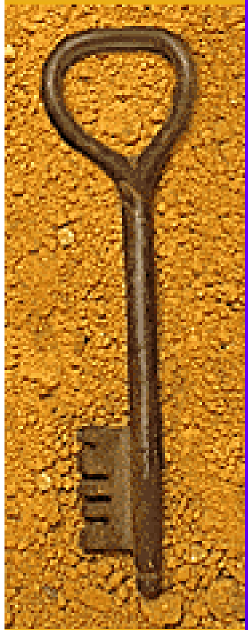
- **Practical tip:**
- **IF your parents own their own home(s), and you are their only kid, and IF you think being a homeowner is cool yet find buying a home very difficult, then…**
- **Honor thy parents [4th of ten commandments]**



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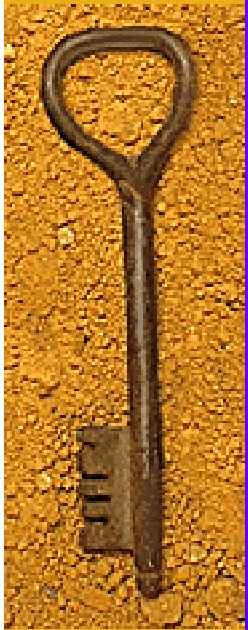
- Urbanization pushes up real estate prices (China)
- Me argue both urbanization AND real estate prices reflect (a surge in) the economy
- Real estate is derivative i.e. depends on 1 or more sustaining factors



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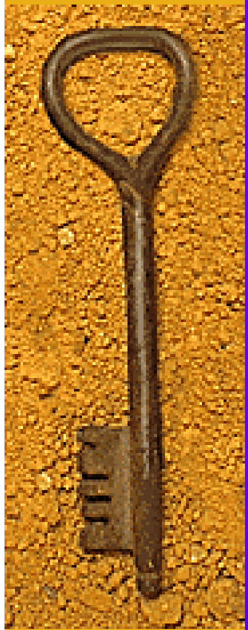
- BUT hard for people to realize the illusion for now
- Because urbanization implies building and construction which add to GDP and employment
- Yet the sprawl will end someday and only cities with niches can thrive on



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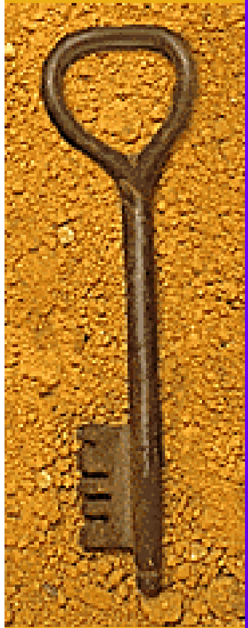
- <u>Survey Time:</u>
- Want a larger size home [for the same price]?
- Wish for a low-density building environment?
- Prefer cleaner air and environment?
- Keep current ‘rates’ the same?



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- **Have cake and eat it too?**
- **Built up areas versus non-built up areas**
- **Larger home size = more built up areas**
- **Lower densities = more built up areas**
- **Cleaner air = more non-built up areas (urban lungs)**

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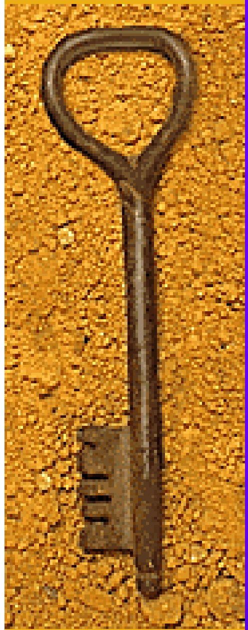
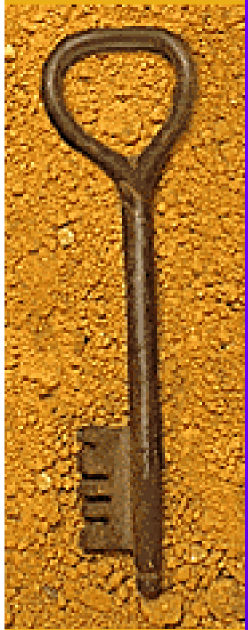
- 3 generations under 1 roof = less built up areas needed
- 2 generations under 1 roof = more built up areas
- 1 generation under 1 roof = even more built up areas
- Living alone is now COOL, not perceived as lonely





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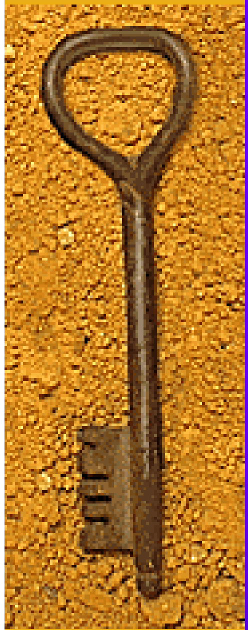
- Consider these too:
- Bigger homes = more stuff to fill up homes
- Comfy homes = less going out (to eat, to play?)
- Long furniture stores, short restaurants?
- Lower densities = higher rates



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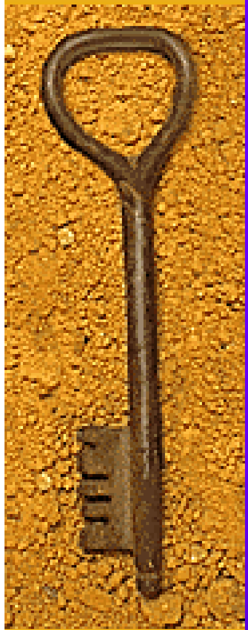
- A rise in home size with a decrease in urban density will alter the existing economic arrangement
- Effect on developers = none
- Effect on government = revenue down
- Effect on public = lower $/ft2 but higher rates



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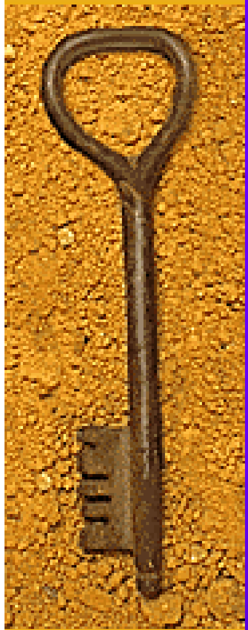
- David Webb's www.webb-site.com has a good historic account of property rates evolvement

Lower AV		Larger home size Lower urban density Higher property rates
Higher AV	Smaller home size Higher urban density Lower property rates	
	<- Less built up areas	More built up areas ->



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- **Real Estate = No. 1!**
- **Have not heard this for years since the last cycle**
- **So are:**
- **Real estate > stocks**
- **Mortgage rates down, prices up**
- **Can't blame you if you graduated early 21stC**

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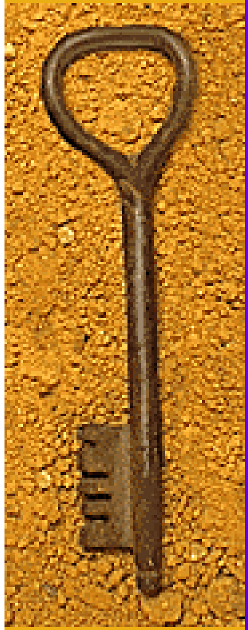
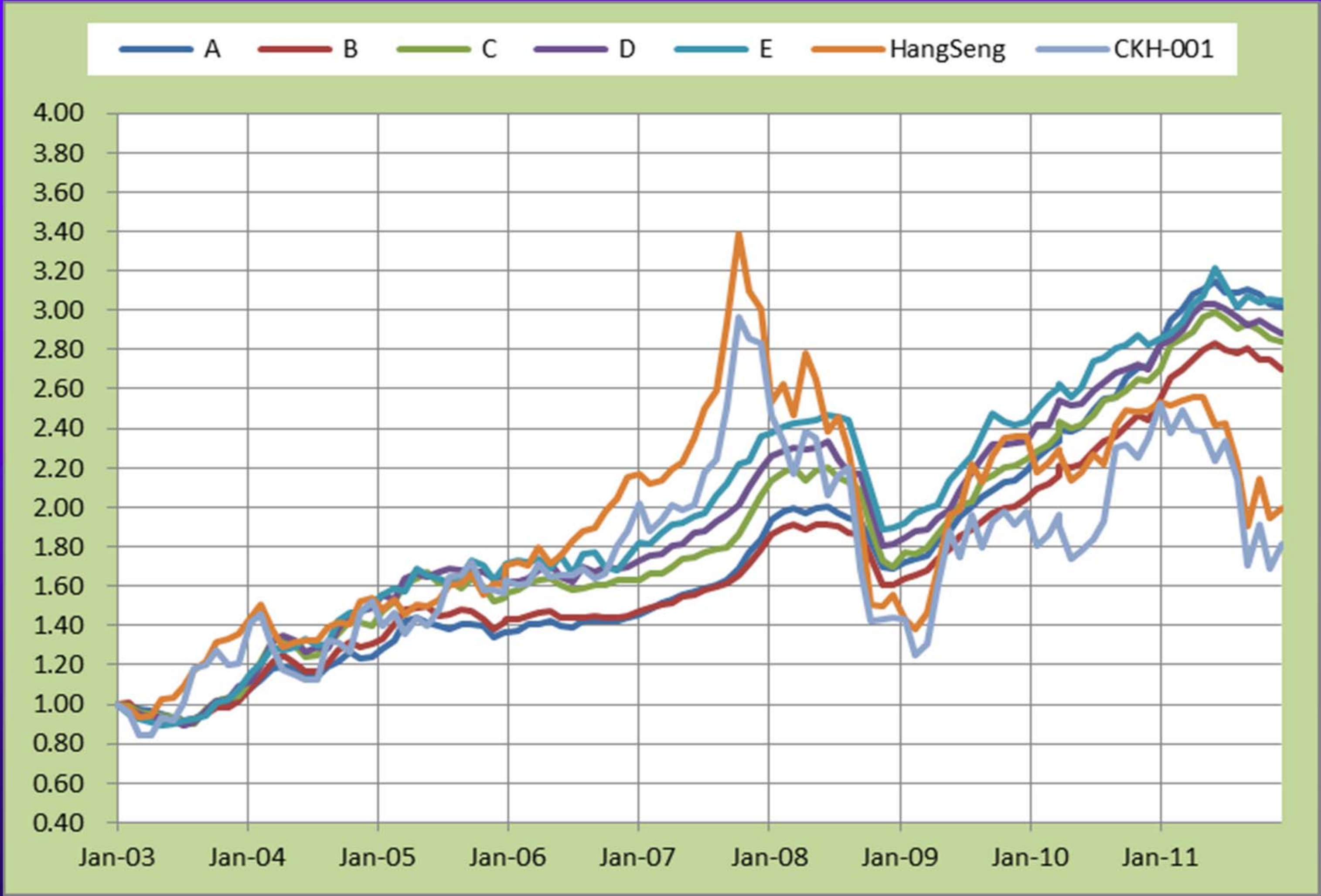
♦ To post 80s and 90s:





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- Old cake's perspective:

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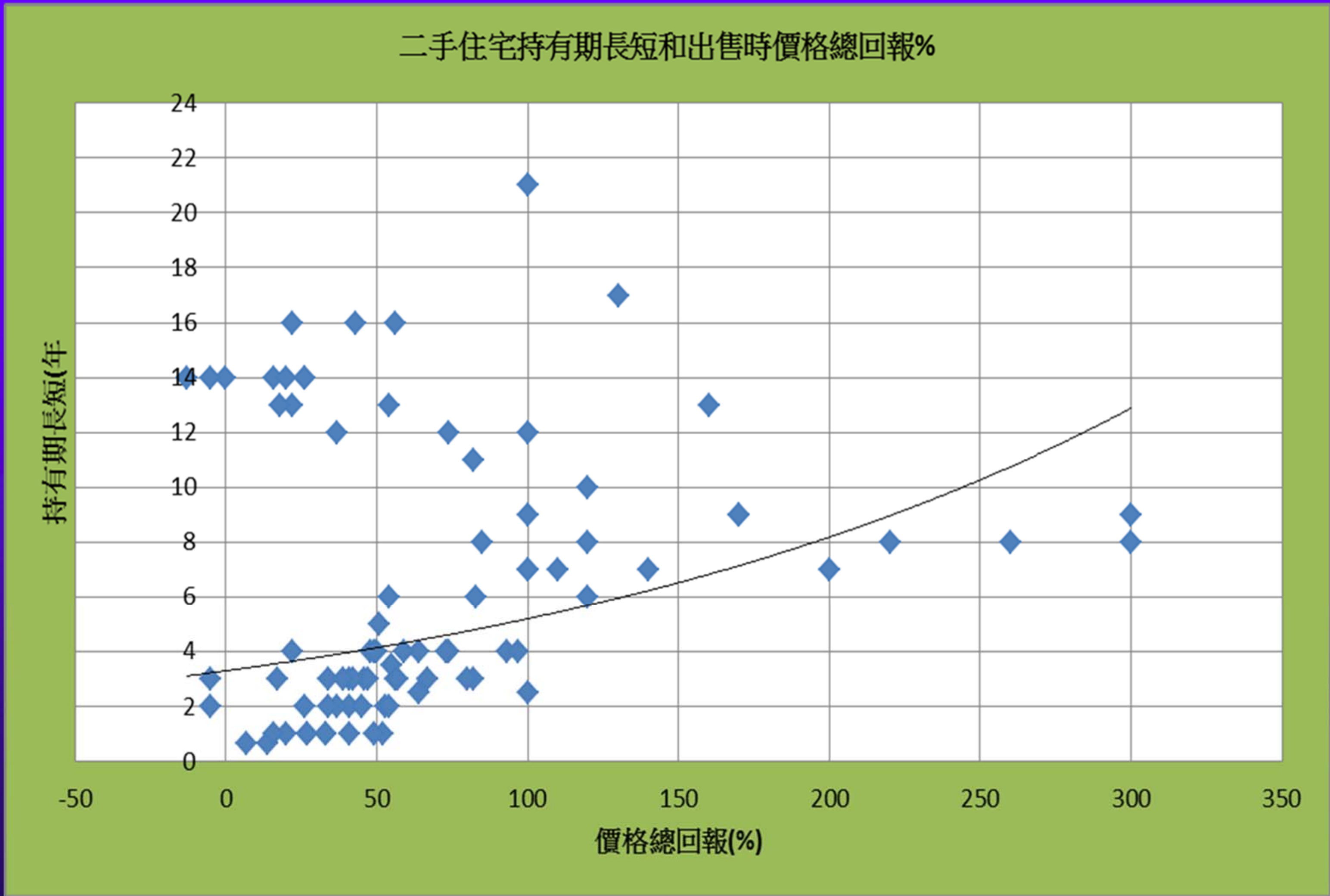
- Flirt ☺☺☺, Marriage ☹☹☹☹



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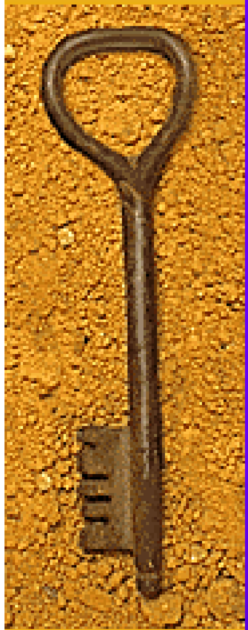
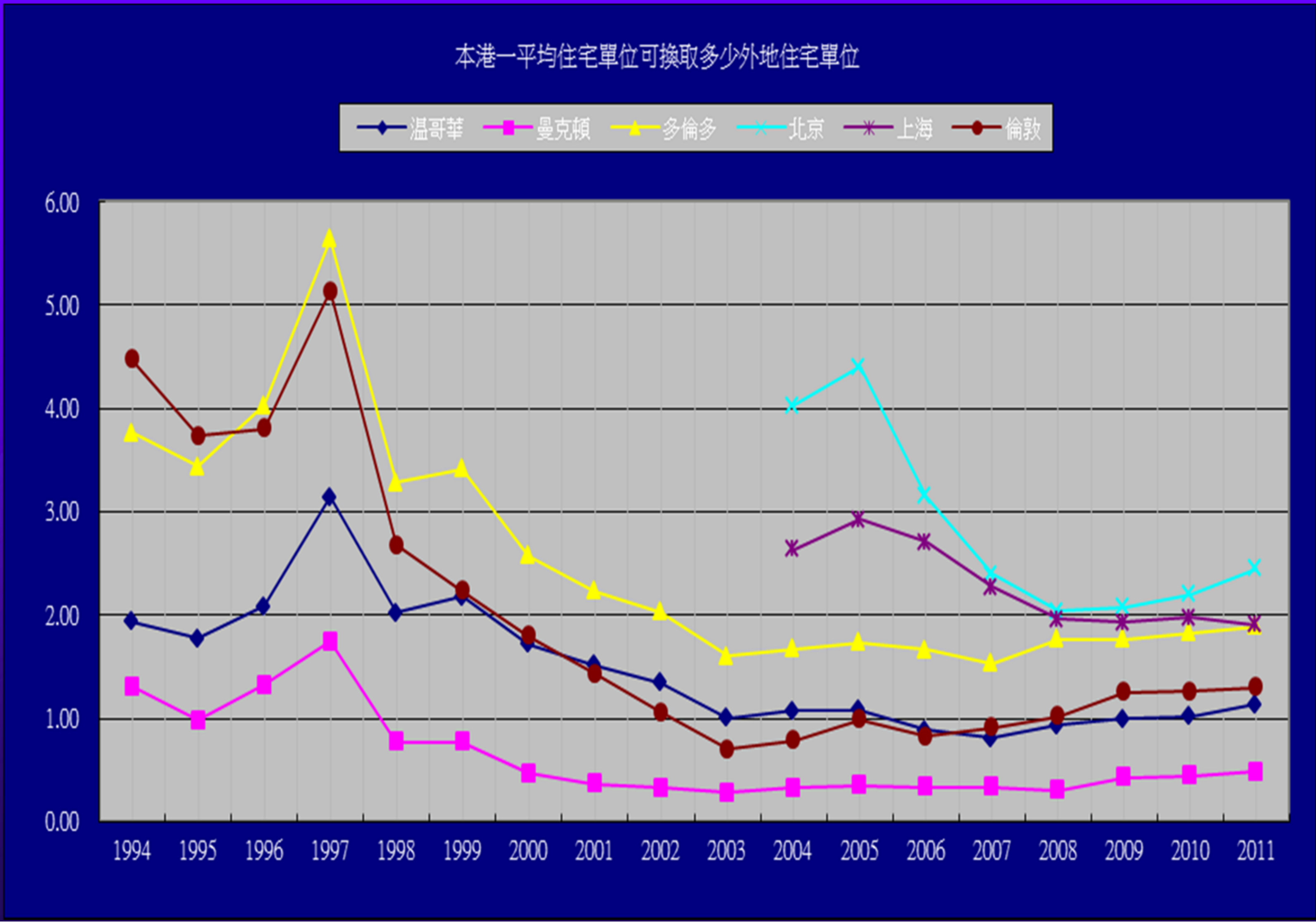


◆ No immediate danger yet



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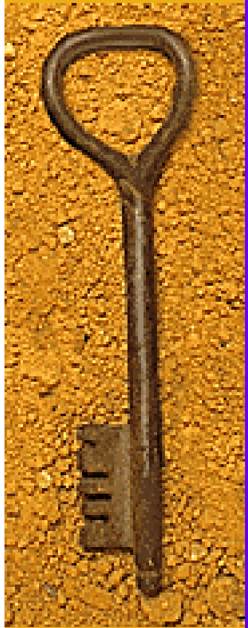

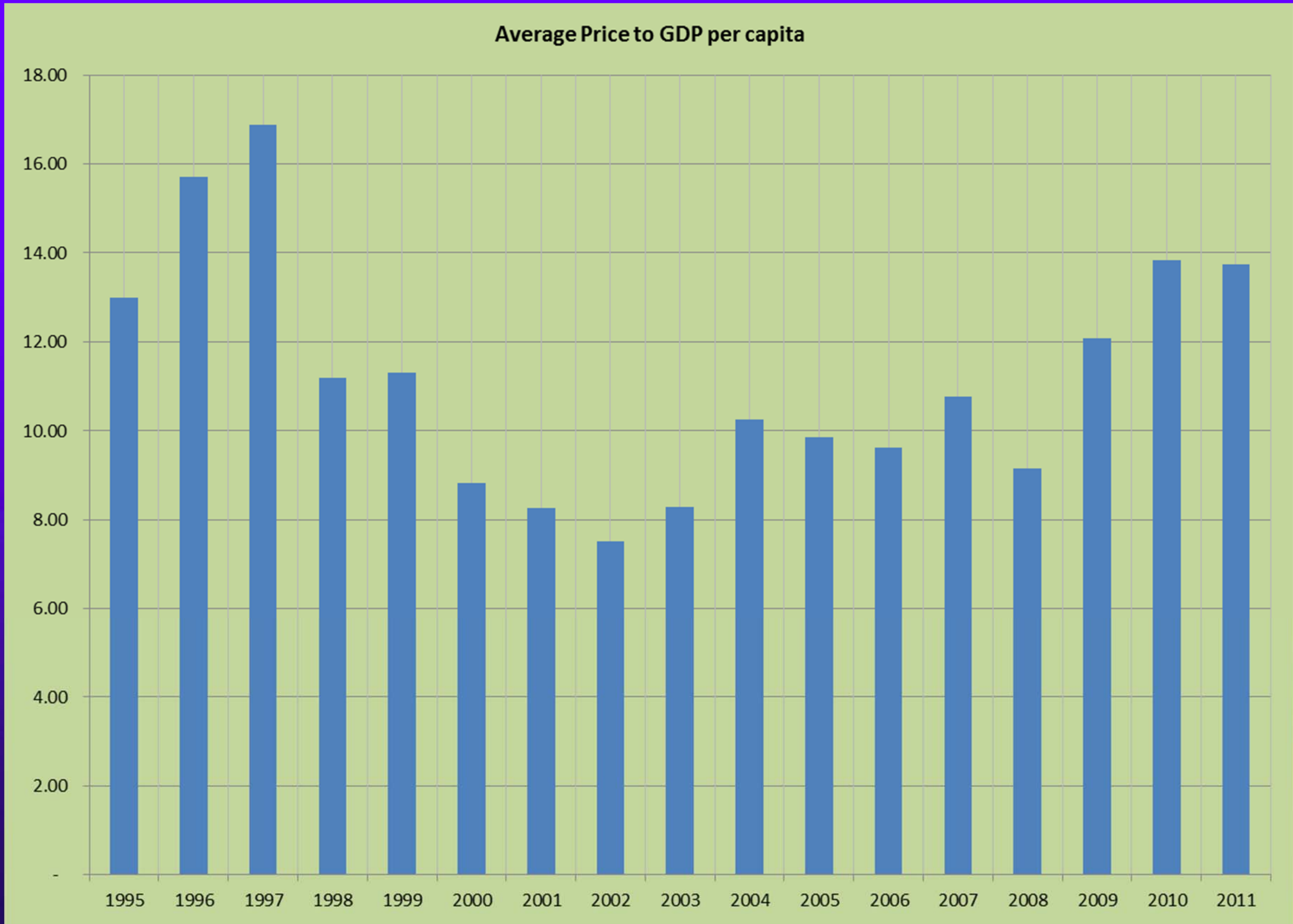

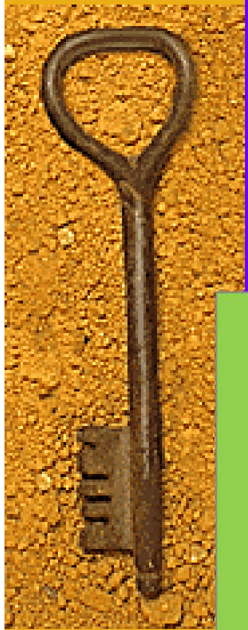

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♦ But return & risk are rising

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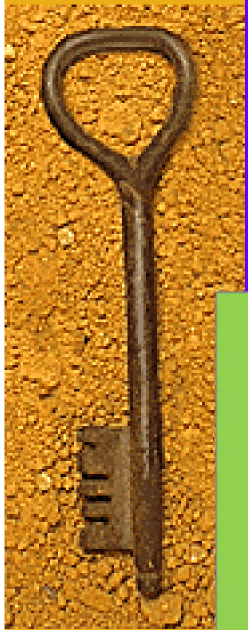

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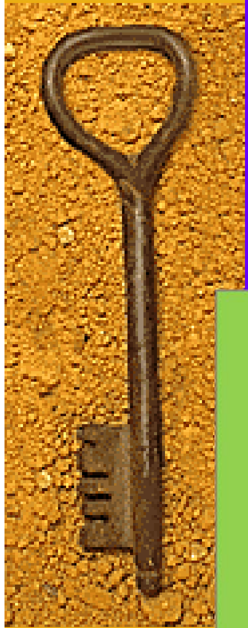
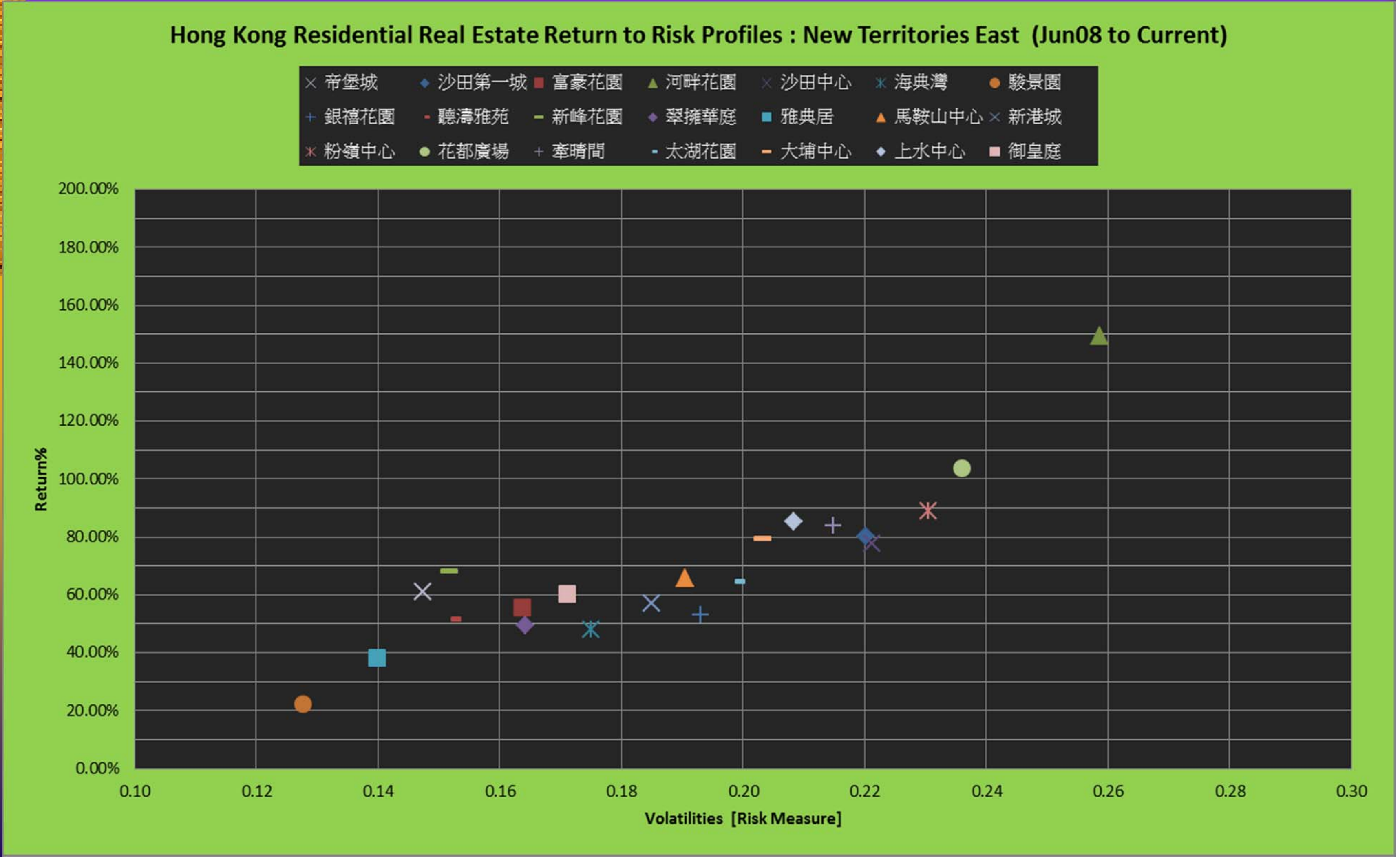
♦ But return & risk are rising





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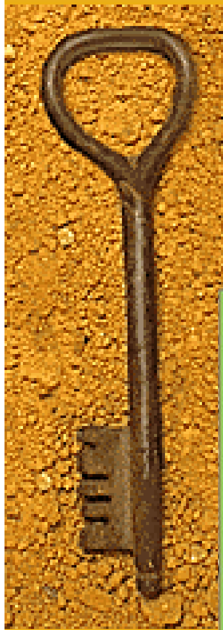

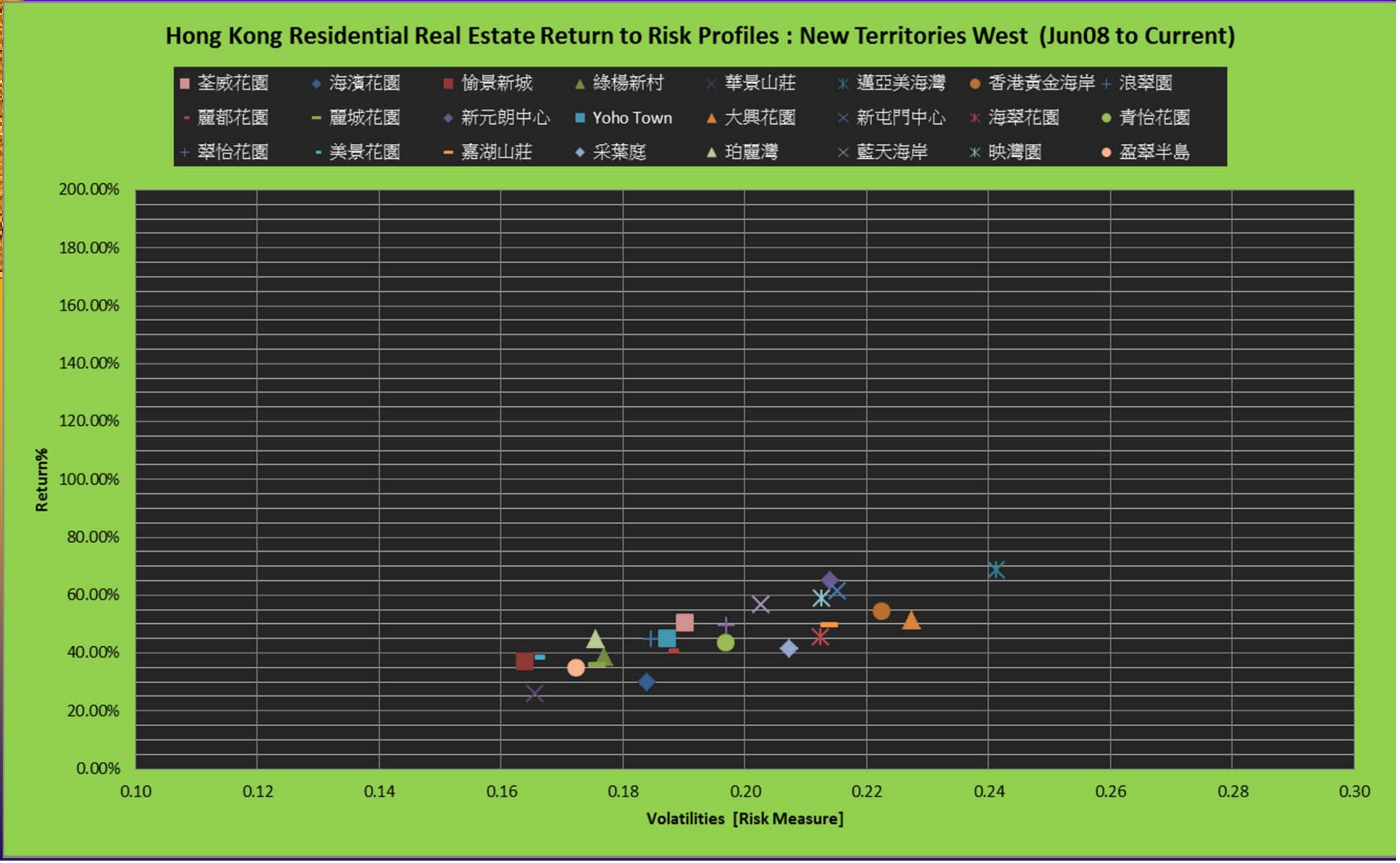

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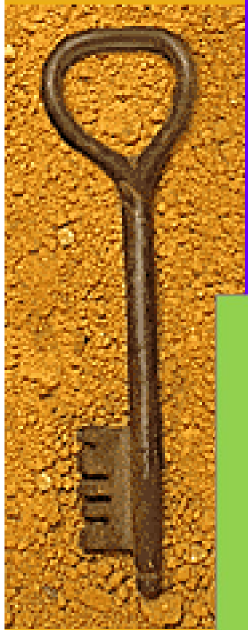

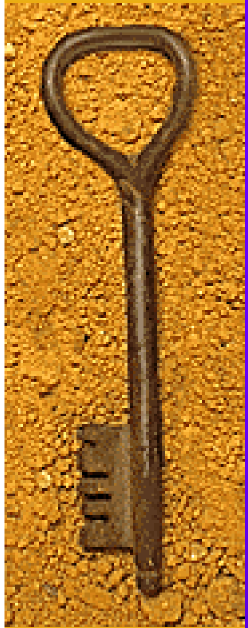

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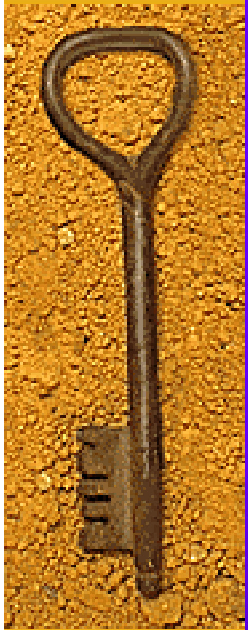
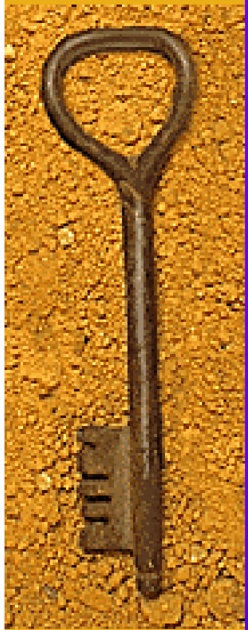
♦ Tip: do use the SFA $ / ft2

排位	實用率(跟建築呎價排位)	屋苑	建築呎價(港元)	屋苑	實用呎價(港元)
1	0.76	禮頓山	25,778.00	禮頓山	33,714.30
2	0.78	帝景園	22,744.70	帝景園	29,057.70
3	0.83	嘉富麗苑	21,770.30	凱旋門	27,931.70
4	0.75	凱旋門	21,015.00	嘉富麗苑	26,072.40
5	0.80	嘉雲臺	19,767.50	嘉雲臺	24,847.10
6	0.79	地利根德閣	19,348.80	地利根德閣	24,505.80
7	0.80	陽明山莊	16,387.10	擎天半島	20,660.50
8	0.76	擎天半島	15,601.60	陽明山莊	20,479.90
9	0.77	貝沙灣	15,479.70	貝沙灣	20,214.80
10	0.82	比華利山	14,721.10	會展中心 會景閣	18,863.00
11	0.82	雍景臺	14,477.70	比華利山	18,053.50
12	0.74	會展中心 會景閣	13,913.20	寶翠園	17,716.60
13	0.78	寶翠園	13,843.80	雍景臺	17,604.80
14	0.74	尚翹峰	12,844.90	尚翹峰	17,325.40
15	0.78	漾日居	12,808.80	漾日居	16,333.00
16	0.76	逸濤灣	11,794.00	逸濤灣	15,583.30
17	0.75	嘉亨灣	11,609.20	嘉亨灣	15,536.96
18	0.75	泓都	11,163.60	泓都	14,940.70
19	0.74	?景灣 / 帝?海灣	10,891.70	帝后華庭	14,779.40
20	0.81	光明臺	10,839.20	?景灣 / 帝?海灣	14,657.00
21	0.80	又一居	10,751.60	維港灣	13,484.50
22	0.87	太古城	10,700.20	光明臺	13,442.10
23	0.88	碧瑤灣	10,544.90	又一居	13,442.00
24	0.70	帝后華庭	10,279.60	海逸豪園	13,248.40
25	0.77	海逸豪園	10,219.00	深灣軒	13,176.30
26	0.75	維港灣	10,099.70	太古城	12,254.00
27	0.87	鯉景灣	10,093.90	港運城	12,042.70
28	0.87	和富中心	10,083.30	碧瑤灣	11,927.20
29	0.76	深灣軒	9,962.42	藍灣半島	11,639.10
30	0.89	城市花園	9,688.05	鯉景灣	11,598.20
31	0.79	港運城	9,561.22	和富中心	11,581.10
32	0.80	海怡半島	9,163.22	海怡半島	11,466.80
33	0.87	黃埔花園	8,932.45	港灣豪庭	11,323.40
34	0.83	杏花村	8,830.80	昇悅居	11,088.10
35	0.81	康怡花園	8,558.28	城市花園	10,927.10
36	0.76	昇悅居	8,433.99	泓景臺	10,702.00
37	0.80	盈翠半島	8,261.90	杏花村	10,646.60
38	0.82	南豐新村	8,213.88	康怡花園	10,532.00
39	0.70	藍灣半島	8,101.81	盈翠半島	10,380.00
40	0.80	沙田中心	8,014.96	黃埔花園	10,252.10
41	0.70	港灣豪庭	7,914.87	維景灣畔	10,101.20
42	0.84	置富花園	7,901.01	沙田中心	10,059.10
43	0.73	泓景臺	7,798.20	南豐新村	9,968.17
44	0.85	駿景園	7,627.23	河畔花園	9,723.08
45	0.79	滙景花園	7,617.14	滙景花園	9,692.72
46	0.74	維景灣畔	7,467.02	將軍澳中心/將軍澳豪	9,579.13
47	0.80	沙田第一城	7,410.32	新都城	9,404.31
48	0.88	德福花園	7,386.87	置富花園	9,398.98
49	0.75	將軍澳中心/將軍澳豪	7,201.48	沙田第一城	9,319.38
50	0.75	藍天海岸	6,998.79	藍天海岸	9,310.26
51	0.76	新港城	6,926.14	海典灣	9,156.08
52	0.82	香港仔中心	6,912.45	新港城	9,123.43
53	0.79	淘大花園	6,875.30	海?花園	9,120.87
54	0.75	海典灣	6,844.13	黃埔新村	9,074.21
55	0.74	海?花園	6,785.92	美孚新村	9,038.02
56	0.72	新都城	6,785.63	新寶城	9,011.27
57	0.75	美孚新村	6,737.82	得寶花園	9,010.34
58	0.87	綠楊新村	6,694.50	駿景園	8,940.32
59	0.82	雅典居	6,660.55	淘大花園	8,755.02
60	0.80	麗港城	6,648.36	上水中心	8,638.10
61	0.73	黃埔新村	6,626.44	帝堡城	8,466.68
62	0.81	青怡花園	6,622.51	德福花園	8,415.61
63	0.81	聽濤雅苑	6,599.34	馬鞍山中心	8,412.76
64	0.68	河畔花園	6,594.39	香港仔中心	8,383.10
65	0.73	得寶花園	6,592.76	麗港城	8,300.95
66	0.78	帝堡城	6,587.59	東港城	8,273.89
67	0.72	新寶城	6,497.76	青怡花園	8,200.01
68	0.78	東港城	6,490.80	聽濤雅苑	8,181.46
69	0.74	馬鞍山中心	6,257.71	雅典居	8,161.74
70	0.77	珀麗灣	6,232.47	珀麗灣	8,099.81
71	0.77	銀禧花園	6,211.89	Yoho Town	8,033.59
72	0.76	Yoho Town	6,117.28	銀禧花園	8,029.72
73	0.82	新元朗中心	6,097.69	大埔中心	7,895.26
74	0.80	愉景新城	6,090.20	綠楊新村	7,717.96
75	0.78	翠擁華庭	5,944.93	翠擁華庭	7,654.61
76	0.75	大埔中心	5,922.64	愉景新城	7,588.14
77	0.68	上水中心	5,858.54	映灣園	7,546.05
78	0.77	翠怡花園	5,806.75	翠怡花園	7,517.88
79	0.80	新峰花園	5,710.41	太湖花園	7,447.68
80	0.75	映灣園	5,627.90	新元朗中心	7,409.82
81	0.76	華景山莊	5,591.89	華景山莊	7,368.76
82	0.75	太湖花園	5,565.60	富豪花園	7,338.43
83	0.84	麗城花園	5,507.69	新峰花園	7,154.75
84	0.78	粉嶺中心	5,484.26	御皇庭	7,083.16
85	0.76	采葉庭	5,289.93	粉嶺中心	7,049.07
86	0.72	富豪花園	5,269.61	峯晴間	7,023.73
87	0.81	海濱花園	5,183.23	采葉庭	6,987.19
88	0.77	香港黃金海岸	5,153.66	香港黃金海岸	6,697.46
89	0.73	峯晴間	5,138.24	花都廣場	6,606.97
90	0.72	御皇庭	5,120.50	麗城花園	6,552.12
91	0.82	麗都花園	5,113.04	海濱花園	6,372.45
92	0.88	荃威花園	4,979.58	麗都花園	6,206.39
93	0.79	美景花園	4,898.51	美景花園	6,199.70
94	0.73	花都廣場	4,841.53	浪翠園	6,113.69
95	0.78	浪翠園	4,793.08	邁亞美海灣	5,981.62
96	0.77	邁亞美海灣	4,581.15	荃威花園	5,669.99
97	0.78	大興花園	4,162.21	大興花園	5,361.69
98	0.83	海翠花園	4,117.43	嘉湖山莊	5,089.67
99	0.77	嘉湖山莊	3,940.08	海翠花園	4,955.63
100	0.81	新屯門中心	3,687.30	新屯門中心	4,526.09



Age of Illogicality

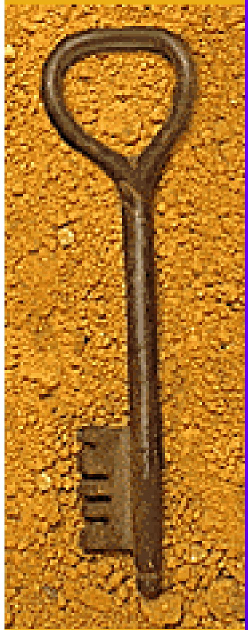
- IF only 1 factor can be mentioned = QE
- Supply is secondary = makes things worse when oversupply in down market, undersupply in up market
- Demand spurred by QE too
- But demand is fickle



Age of Illogicality

- "Money makes the world go round…" can be changed to
- "Money printing makes the world go nuts…"
- Not IF but WHEN?

成也QE，敗亦QE



Age of Illogicality

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