Another Crisis, Another Opportunity, 2001-2002?

Real Estate Tech, April 2000

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This is <u>just a philosophical piece</u> and its content was largely the result of casual conversation after dinner and a sip or two (hence might not be entirely sober) with friends, many of whom are in real estate, finance, and economics circles. The following were some of the collective thoughts:

1. **(Financial) Crisis will survive in one form or another**, albeit acted out perhaps with different participants (or is it?), props, scripts, stages and locations = because human nature has not changed.
2. **The last Asian Crisis** = Asians tended to regard it as global, but if looked at seriously, its impact was mostly <u>regional</u>. In fact, it seems the impact of a crisis depends on the economic standing (status) of the place it happens. For instance, an USA crisis is likely to be global, others will affect regionally, and some will not even cause a whisper.
3. **Ingredients for the Next One** = possible contenders include the Tech (not to be confused with this newsletter) / Internet Bubble (if there is one), WTO events, and / or this "<u>New Economic Paradigm</u>" which many seems to embrace. If it were to happen, where would it be? Look for places where people over-borrow (or lenders over-lend), spend more than they earn and / or chase after assets regardless.
4. **Asia as a whole and as a general comment has not been entirely whole-hearted in reforming and restructuring their economies**. Even if it had, 2 years means the work has barely been started. If and when another crisis hit, some may not be sufficiently prepared to deal with the blows. Some asset prices remained buoyant apparently due to administrative measures.
5. **Why 2001-2002?** = with biased selectivity, global crises occurred in 1972-3 (oil) and 1987 (stocks worldwide). There was <u>a 15 year gap</u>, thus the speculation of 2001-2. However, it is not entirely unscientific as a person of 25 would like to invest but usually has little money (excluding e-billionaires) to do so, and a person of 55 has some money but would tend to think of retiring (and thus play "safe". Whether his / her portfolio is really safe is another matter). It is thus the late 30-ish and early 40-ish person who both has the money and inclination to invest "boldly". Very roughly, an "investment" generation emerges every 15 years or so. Perhaps an economist can further enlighten us here.
6. **Don't mix up Value (or the perceived use) with Price** = while an invention can be useless, it may for a period command a price. <u>**BUT MORE IMPORTANTLY, a useful invention can be over-priced**</u>.