

Me&MyProperty

Net rental income put to good use

Property firm's GM lives in rental home while letting out his unit; gains used for other investments



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Mr Josh Liaw had his sums all worked out when he decided to live in a rental property in Seletar while letting out his apartment in the prime River Valley area.

Doing so nets him an additional monthly cash flow of \$1,000, which comes in handy for his other investments in shares and real estate investment trusts (Reits).

Mr Liaw, 39, recalled that his key consideration when buying the River Valley apartment in 2014 was to hedge against property prices. "Our thinking at that time was that whether we work here or elsewhere, Singapore is likely to be our final place to retire. As such, it makes a lot of sense to invest in a property here, so that we don't get caught out by rising prices," he said.

Mr Liaw graduated from Singapore Management University in 2005 with a Bachelor of Science (Economics) degree. He is currently head of treasury, Asia, and general manager of finance at a property development firm.

He is married to self-employed Tan Xinhui, 36, and they have two sons - Jerome, nine, and Joel, seven.

Q Describe your residential property.

A We are renting a 1,300 sq ft three-bedroom apartment in Seletar at \$3,350 a month. It is a ground-floor unit with a large PES (private enclosed space) balcony. I like it that the balcony is lined with shrubs and bushes to provide sufficient privacy, and yet allows sufficient natural light into the flat.

We have been living in this apartment for two years. We like living away from the city.

Q What is in your property portfolio?

A We own a 1,561 sq ft, three-bedroom apartment in River Valley that has a verandah. Although it was built in the late 1990s, it is very well maintained and well located, being near the Mohamed Sultan, Clarke Quay and Orchard Road areas.

We bought the 999-year leasehold property in 2014 for \$2.2 million and it has appreciated modestly. The rental yield is about 2 per cent. By renting out the River Valley apartment and renting the Seletar property, we earn about \$1,000 in net rental income.

Q Describe your property investment strategy.

A I would consider the location, af-



Mr Josh Liaw with his wife Tan Xinhui, and their children Jerome (left) and Joel. The couple have a preference for "real assets" - real businesses with cash flows - over financial assets. Recently, Mr Liaw has been investing in media and telecommunications stocks such as Singtel, AT&T (through the merger with Warner), Disney and SoftBank. ST PHOTO: ZHANG XUAN

fordability and likelihood of the property appreciating. I'm not planning to buy property in the next five years as I want to ensure that our portfolio is well diversified across asset classes.

Q What's your view of the property market?

A If you observe how property prices have run up in other global gateway cities such as London, Sydney, Melbourne, Hong Kong, New York City and Tokyo, you would expect the same of Singapore property prices. But that has not happened - and valuations of residential property are still very much affordable, by many measures.

The property market is a subset of the economy, investor sentiments and global liquidity. By introducing rounds of property cooling measures, the Government has been successful in fending off some of the unwanted side-effects of global capital markets. There is still a lot of pent-up demand from home buyers in Singapore.

Q What's your financing strategy?

A I believe debt is your friend, but it

is ultimately a balance of risk and reward. In general, home mortgages are a relatively low cost of capital that you can use for other purposes or investments.

If you have a \$1 million property and \$400,000 of available cash resources, why will you borrow only 60 per cent when you can borrow 70 per cent. You can then use the \$100,000 that you would have otherwise not borrowed to invest in other financial instruments that are likely to yield more than 2 per cent. An unsecured loan from a bank will definitely cost a lot more than a mortgage.

Q Do you have insurance cover for your property and contents?

A Definitely. Premiums for home insurance are very reasonable.

Q What is in your investment portfolio?

A Besides the property that we own, we have equity holdings in property developers and Reits. I work in a real estate company that has business lines in development, construction and fund management. While not an investment in

the strictest definition, I am "invested" by association and am exposed - for better or worse - to the property cycle and market.

Recently, I have been investing in media and telecommunications stocks such as Singtel, AT&T (through the merger with Warner), Disney and SoftBank. I think the competitive threat of streaming companies to media companies is overhyped and the ability to create content will be valued in the longer term.

I am unable to disclose my insurance coverage due to privacy, other than saying that my family and I are adequately covered.

Q What's your overall investing strategy?

A My day job doesn't give me a lot of time during the day to behave like a trader, performing buy-sell transactions multiple times a day. In equities, I like investments that I'm comfortable holding on to for the long term. If you don't have time, you would have to trust professionals to do the work for you and use the services of fund managers.

In general, my wife and I have a

preference for "real assets" over financial assets, in other words, real businesses with cash flows.

My wife left banking in 2013 to focus on starting up businesses and had success with a couple of investments, including a childcare centre and a car leasing business.

However, it is a lot of effort and energy, and you can't sit in an ivory tower and make a few mouse clicks here and there.

Q My dream home is...

A A black-and-white colonial house. We used to live in a black-and-white colonial house in Seletar Airbase. Save for a few gazetted houses, the houses in the neighbourhood will meet the wrecking ball in a couple more years.

To be sure, the house has its issues and we had numerous wild friends/foes - mosquitoes, rats, cobras, wild boars, bats - but it was peaceful, spacious and beautiful. The family had some of our best memories in the house. These houses are owned by the Government and not for sale.

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