

# The world has changed

South East Asia has proved itself to be resilient in the face of global economic uncertainty. Continued demand for properties has stimulated fast paced market growth, making the region the poster child for intelligent investment.

Wow. The world has changed. Since I started my company back in the good old days before the phrase “financial crisis” was ever uttered, and you were more likely to hear “yes I got loads of these brilliant 100 per cent mortgages which is how I now own six buy-to-let properties even though I have a salary of just 40k a year”, I have been deeply worried about the financial stability of Europe and also of that of our good friends across the pond in the US.

At the risk of sounding like my father, unless a country basically makes stuff and sells it, its economy will have a shelf life. So if we look at the UK as an easy example, we won't really manufacture anything much anymore. Burberry was the last flagship British brand to move their production to China as outsourcing became ‘de rigour’ for staying competitive. So slowly but surely over the last couple of decades we witlessly gave up our industries and the jobs that relied upon them and sent them East.

And so now look at the world stage – to say things are in a bit of a kerfuffle is an understatement. Greece is only surviving on the fear of the European central bank's pretty obvious view that if Greece goes down it'll take a bunch of other economies with it, Spain is seeing the worst protests in the streets in recent years with a staggering level of 42 per cent unemployment amongst 20 to 30 year olds (I don't know how camping out in the town square is really going to help but don't tell the indignant ones I said that please!), leading French banks have had their credit ratings seriously downgraded as they have huge loans out with these two suffering holiday nations, and Italy now takes up the next walk-on part in the drama of the European sovereign debt crisis. The United States is now in serious trouble too which is pretty scary stuff.

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At the time of writing this the US stock markets have just tumbled and Standard and Poors have just historically downgraded the US credit rating. For the first time ever the country has lost its triple A crown.

So now let's whizz back over to SE Asia to see what's happening. Well, the contrast is starker than ever before. We have strong growth across the region (Thailand's forecast GDP this year is a fabulous 8 per cent), strong consumer demand (the Philippines automotive industry grew by 15 per cent last year), booming tourism (Boracay enjoyed a record year with an 18 per cent increase in visitor numbers against its best year ever, whereas Cambodia hit 2 million tourist arrivals for the first time), climbing stock markets (Indonesia last year had the world's second best performing stock market) and everywhere you look, whatever data you study it is a story of growth, growth growth!

I have been saying with confidence for the last seven or eight years that South East Asia will be the new economic power house of the world but even I didn't think it would happen so swiftly. And here we are today. The

facts speak for themselves. So I'll get to the point.

I visibly wince when I hear investors talking about Florida (where there are thousands upon thousands of vacant

properties – and yes they are cheap, but surely that is because they are not worth very much anymore). I develop a nervous twitch when I hear about people ‘investing’ in the UK, all based on the cheap pound – which is all well and good but when you come to sell your property later what are you going to be walking away with? Yep – you got it – cheap pounds again. Yippee! ... and there is a strong chance they will be worth even less than they are today. I nearly fell of my chair last week when a prospect told me he had managed to bag a fantastic deal in Egypt for a resort apartment. Almost half price – congrats!! I didn't have the heart to tell him that if he just popped the TV on he might be able to put two and two together (ex-president and his family facing the death penalty for corruption, a rudderless government, looting in the capital, neighbouring countries in civil war etc – oh don't even get me started on the Middle East)...

So the point I am making is that investing in property is investing in the region as a whole, the country specifically and of course that country's currency. An apartment or villa, as well as being something you may use from time to time, is essentially a “money parking place”, so you really have to make sure you are buying in a region which has a strong and sustainable economy. Trying to outwit the rest of the world by cunningly buying distressed property and then waiting for it to bounce back up, all guns blazing, is a teeny bit risky n'est ce pas? Especially since “The world has changed”.



**Claire Brown**

formed Claire Brown Realty in 2004 having worked for various developers across South East Asia. Her roles included sales and marketing, project management, construction planning and consultancy. As well as running the business, Claire is also developing

her own project in Bali, a luxury villa and spa retreat in the beautiful and somewhat undiscovered province of Tabanan. She enjoys travel, food and wine, interior design and shopping – in no particular order.  
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