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'Caveat emptor' when buying property

BY BETING LAYGO DOLOR
CONTRIBUTING EDITOR

MANILA – “Look beyond the gloss and the hype. Instead, check on the reputation not only of the company building a property, but also of the person selling that property.”

This piece of sound advice comes from broker Cynthis Yap and is addressed to all Filipino-Americans considering buying a property in the Philippines.

Yap knows of what she speaks, having sold properties both in the Philippines and the U.S.

She told Philippine News that unless some unscrupulous sellers are revealed now, the fast-growing sales of Philippine properties to FilAms might come to an abrupt halt.

While the property segment in the Philippines has been experiencing flat growth in the last few years, FilAm buyers have kept the industry afloat, according to Yap.

Another executive, Gibson Austin Yu of G&W Architects, Engineers and Project Development Consultants, also told PN that FilAm buyers must not only be warned, but protected against “failed developers who are back with new identities.”

Many developers actually use the funds collected from pre-sell-

ing to complete their projects, according to both Yap and Yu.

Problems occur when these developers divert the funds to other non-project related expenditures.

Yap mentioned some well known, at least in the Philippines, companies that “kite” their funds. As a result, the pace of development is considered slow by industry standards.

Another problem is when very large companies diversify by entering an industry where they have little expertise.

A case in point is a real estate company put up by a veteran politician and business magnate. While some of the properties developed by his real estate development company were completed and sold, others stopped at mid-construction, ending up as empty shells.

One such project still stands unfinished along Ayala Avenue in Makati City, the Philippines’ equivalent of New York City’s Wall Street.

“Even the best intentions of these builders is not good enough when something like the Asian financial crisis of the late ‘90s hits,” according to Yap.

“So it must still be caveat emptor” she added.

But this buyer beware warning is tempered by the high number of projects which are being completed

today. According to Yu, whose father William is one of the country’s best known architects, the big developers have learned from their lessons from past experience.

Success can be rated by several factors, he said, notably sales, construction time, and rate of occupancy.

Salespeople must not protect the developer, which gives them commissions, but rather the buyer, said the business development head of G&W Architects.

Broker Yap agrees. “In most cases, real property is the biggest investment most people will make. The broker must be both partner and, if possible, friend to the buyer,” she said.

Sadly, she has noted reports of U.S.-based brokers whose sole concern is to make money for themselves.

The worst part is, there are some who actually overprice the projects being sold to the FilAm market, or who try and wrangle higher commissions from the Philippine-based developers which come to America.

“Buyers should at least be aware of the laws that govern sales of properties in the Philippines,” said Yap, citing Republic Act 2726 or the Condominium Act, RA 6552 or the Realty Installment Buyers Protection Act, and Presidential Decree 957 or the Condominium Buyers’ Protective Decree.

“In theory, there is enough protection for buyers of property in the Philippines, be they Filipinos or Filipino-Americans. It’s in the practice where problems crop up,” said Yap.

For FilAms seriously considering buying any property in their motherland, her most practical suggestion is to use the extended Filipino family for assistance.

“Having a trusted broker is the best protection, but having relatives and friends for support is even better. Ask your relatives back home to check out the property you want to buy,” she said.

They will guarantee that the FilAm’s home away from home will be worth every dollar and peso spent for it.