

BLEAK

HOUSE

Investing in properties with a grim (and sometimes scary) past.

BY SREEREMA BANOO

PHOTOGRAPH: GETTY IMAGES.



Tales of hauntings, mysterious goings-on and a site of gruesome deaths are often what define properties with a grim past. In some cases, the stories have themselves become urban legends, to the extent that it's difficult to sift facts from scary bedtime stories. Faced with such tales, how do those on the lookout for their dream home or an investment treat such properties? Do they avoid them like the plague or do they look beyond these 'flaws' for a good bargain?

A few years ago when Diane* was planning on relocating her advertising office, she considered making an offer for a two-storey terraced house near her home in Damansara Kim, Petaling Jaya. The property went on the market after a family tragedy. "The son of the family living there committed suicide and a few years later after a major argument with his wife, the father suffered a stroke," recalls Diane.

Despite its history Diane did not have any qualms about buying the property. "I never thought it was haunted, I just felt this sense of sadness each time I went

in. But the asking price was too high and I was just not in the mood to negotiate," she says. Diane later regretted not negotiating for the property as it was eventually sold for RM300,000 below the original asking price.

Although Diane was unfazed by the property's grim history, some prospective investors are less inclined to invest in such properties. In Wendy's* case, for example, no sooner had she put a deposit on a condo in Kuala Lumpur, the seller's girlfriend committed suicide by leaping off the building after an argument with him. Traumatized by this, Wendy decided to back out of the deal but the seller refused to refund her deposit. "I could not bring myself to live there, and it just didn't feel right to sell the property knowing what had happened there, so I decided to forgo the deposit and walk away from the deal," says Wendy.

Properties with a grim history – even if the provenance of the story cannot be actually verified – capture the imagination of many. Ask anyone if they know of any properties with a grim past and you will likely get a slew of anecdotes. Prospective buyers for such properties

generally fall into one of two categories: those like Diane who have no qualms doing so, and others like Wendy who would rather avoid them altogether.

In Malaysia, real estate agents are not bound by law to disclose a property's history (or incidences of so-called hauntings). However, past president of the Malaysian Institute of Estate Agents Siva Shanker, says that ethically this information should be relayed to the prospective buyer.

"This is material information. Maybe you can get away by not disclosing that there are leaks in the property but if a double murder took place at the property in the past, you have to disclose that or risk being sued later on for misleading the buyer," he says. He suggests getting this information across early enough. "By doing that the prospective buyer can rationalise and digest the information, and make an informed decision. And it also becomes less of a big deal," he adds.

But there are instances when a property's history or even its condition is not available to buyers, as is the case with auction properties. Property watchers will recall the 2007 case of a condo in

Mont Kiara where a dismembered body was found sealed in a refrigerator – the buyer of the auctioned property having made this gruesome find when he went to clean the unit. It is unknown whether the new owners moved into the condo after the grisly discovery.

Jason* and his wife found themselves in a similarly disturbing – albeit less horrifying – situation when they bought a property through auction a few years ago. "Nothing dramatic happened but when we took over the unit and were conducting the inspection, my wife felt a strong wave of nausea and almost fainted. We later found some voodoo stuff in the unit," he recalls. After the property was cleaned and prayers conducted, the unit was rented out and nothing untoward happened. "Everything seemed all right, and a few years later we sold the property at quite a good price," he adds.

Suparmaniam Ramasamy, a licensed auctioneer at Syarikat R.S. Maniam Sdn Bhd recalls a similarly happy ending for a 2-storey link house in Kepong, Kuala Lumpur. "The house had been abandoned for many years and it was eventually sold through auction. A family bought the unit, renovated it and have been living there happily ever since," he says, adding that "there are investors who look for such a property, hoping to buy it at below the market value so that they can sell it later and make some profit."

STIGMA ATTACHED

Real estate agents and property consultants acknowledge that properties with a grim past are often a hard sell. Savills (M) Sdn Bhd managing director Datuk Paul Khong, says that after a gruesome event, and if such events make the news, then it's not uncommon for these properties to be abandoned for a long period. "Sometimes the stigma may carry on for decades," he says, adding that from a valuation perspective these properties may be valued at significant discounts.

"For the seller, the best-case scenario may be to just recover the site's land value, and if the stigma is too strong it could be a case of a further 50% discount to the land price," he says. A scenario such as this would then result in the capital value of the property becoming a mat-

ter of open opinion. "The market value would then be dependant upon a confirmed willing seller against a very limited number of willing buyers adventurous enough to take this punt," he adds.

But even if nothing gruesome occurred in the property, Siva recalls instances where prospective buyers would pass over a property if the occupant or previous owner had passed away. "Never mind that the person may have died in the hospital. There would be this *pantang* on the property," he adds.

Landserve Sdn Bhd managing director Chen King Hoaw believes that even to this day residential property buyers, in particular those looking to purchase for their own occupation, would still avoid properties with a grim history. "That's one of the reasons why homebuyers prefer buying a new property from the developer. By doing so, they don't have to worry about the property's past," he adds.

Properties on the rental market that have grim histories are also likely to face this stigma, as Madam Chan* discovered when she tried to rent out the first floor of the three-storey shophouse she owns in Klang. Years earlier, her tenant had committed suicide on the premises and for two years the first floor space remained empty. Chan, who runs a retail business on the ground floor, eventually

rented the space at half her initial asking rental rate. The tenant is a company which is using the space as a hostel for its foreign workers.

"I didn't mind the reduced rental, otherwise it would just remain unoccupied. The company also did not bother about the history because they are getting a good deal," she says. And what of the workers? "Oh, they don't care. The unit is so close to town and all the amenities, they are not bothered about what happened here before," she adds.

LOCATION, LOCATION, LOCATION

Over the years, public perception of properties with a grim history has changed. "In the last 10-15 years, the Malaysian fascination with superstition and the macabre has dwindled especially in the urban areas, and coupled with buyers being more educated and exposed to other cultures, we have come to the point where buyers are less disturbed by such stories," Siva believes.

Suparmaniam who has been in the auction business for 35 years, and has seen his fair share of properties with a grim history, agrees. "People used to be more concerned but nowadays if the property is in a good area, haunted or not they will buy it," he quips.

Siva reckons that notwithstanding



a property's grim past, savvy investors would be more perturbed if someone else snapped up the property while they hesitated over the purchase. Chen agrees, pointing to commercial and industrial properties in sought-after locations or hotspots where such properties are rarely in the market. "In these instances sellers will not need to sell the property at a discount. People may even pay a record high price for the property despite its past," he contends.

SINGAPORE

Knight Frank Singapore senior director, and head of auction and sales Sharon Lee agrees, pointing to the house in Sembawang Hills Estate in Singapore that was sold in a Knight Frank auction in February this year. The house, which was in a dilapidated state for more than a decade, received plentiful publicity because two skeletal remains were found on the property a few years earlier. "We received many enquiries and experienced overwhelming attendance on the day of the auction," says Lee.

Following rounds of competitive bidding that lasted 12 minutes the house (which sits on 1,720 sq ft of land) was sold at S\$2.23 million – well above the opening bid of S\$1.7 million. The buyer, says Lee, had indicated that he would likely demolish the old house and build a new one in its place.

Lee says buyers are also less concerned about the background of a property if the market is doing well and is on the up-trend. "Even properties near graveyards have value too," she says. Take the case of residential properties in Siglap Close, where prices have been on the rise, despite its location near a cemetery. In 2012 for instance, a property in this address changed hands at S\$1,004 psf, up from S\$843 psf for a similar property in 2009.

OVERLOOKING GRIM HISTORIES

Chen believes that a property will be snapped up despite its grim history if the existing use is not its best use. "Take for example a row of pre-war shophouses, or if it was just a single-storey showroom on the site. This land can be redeveloped into a high-rise commercial building based on the latest town planning guidelines.

So whatever building that is on this site, including its past, is irrelevant," he says.

This is especially true in land-scarce Singapore where developments on ex-cemetery land are met with very encouraging response, as is the case with the Bidadari housing estate. Once the largest graveyard in Singapore, the 18ha Bidadari Cemetery – cleared between 2001 and 2004 – has since made way for a new Housing Development Board town and private estates. The first batch of build-to-order (BTO) flats launched in November 2015 were reportedly oversubscribed, while another BTO exercise in May last year also met with very stirring demand.

HONG KONG

Over in Hong Kong, a recent news report pointed out that rising house prices meant that one can no longer score hefty discounts on so-called haunted properties. In the past these properties would have been sold at a discount of 30%, but these days one would be lucky to get a 10% discount. A Reuters report noted that those seeking public housing are even queuing for less desirable apartments. These units, according to the

Hong Kong Housing Authority website, include properties that "may have been involved in unpleasant incidents".

The factors driving this change in Hong Kong aren't just rising house values, and in the case of public housing the limited supply and long wait, but also changing perceptions, especially from younger buyers, towards these properties. What's a few murders and suicides – or ghosts – so long as you have your own home seems to be the running theme.

Chen reckons that at the end of the day, if one decides to buy properties with a grim past then one has to be clear on the investment plans and assess all relevant factors from an investment standpoint. "Otherwise they have to ask themselves, why buy this property?" When you're presented with a property whose previous occupants were found murdered decades ago, where tenants stay no more than a few months and the neighbours occasionally put up strings of garlic along the boundary fence to ward off bad vibes, then this question certainly becomes more emphatic than ever. **UN**

**names have been changed.*



PHOTOGRAPH: GETTY IMAGES.