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Commentary: In modern Singapore, a 'lucky' address a way to display wealth and status

Do Singaporeans decide where to live based on superstition and numerology? The National University of Singapore's Sing Tien Foo finds that many buy an apartment with an auspicious address to signal wealth and status.



SINGAPORE: Many actions we take are powered by superstitious belief – from choosing the day to get married to picking the year to have children.

Yet nowhere do superstitions operate more powerfully than in the property market.

This is no surprise when a home is most people's single largest financial commitment. According to the Department of Statistics, home loans constitute almost 75 per cent of household debt.

A home is also a place of familial comforts and personal rest – another reason why people invest so much time, effort and money into buying a place.

Some Singaporeans employ superstition as a way to cope with the uncertainties that accompany buying a home – uncertainties that possibly include the quality of the construction and maintenance, the development of the neighbourhood, and the evolution of interest rates and housing prices.

For instance, a common superstitious practice is to buy homes with "lucky" addresses that end with 8 for prosperity and avoid those ending with 4 to avert bad luck.

But where homes are often people's largest and most visible expenditure, can we really chalk off such behaviour entirely to superstition?

CHINESE BUYERS PAY MORE FOR LUCKIER ADDRESSES

In my book *Kiasunomics: Stories of Singaporean Economic Behaviours*, my co-authors and I examined the effects of superstitions on purchases in the housing market.

What we found in looking at over 54,000 transactions of new high-rise apartments in Singapore's real estate market from 1995 to 2012 including sub-sales and resales surprised us greatly.



A view of residential housing in Singapore. (File photo: AFP)

Expectedly, on the surface, Singaporeans seem to prefer addresses with certain numbers consistent with superstition.

Apartments with very "unlucky" addresses are always the cheapest while those with very "lucky" addresses the most expensive. Generally, unlucky addresses have a discount of 1.4 per cent while lucky addresses enjoy a premium of 2 to 3 per cent.

Consistent with this finding, Singaporean Chinese buyers paid higher prices for luckier addresses and lower prices for unlucky addresses but not non-Chinese Singaporean buyers.

Foreign buyers also pay a similar premium or enjoy similar discounts, likely because they're at an informational disadvantage compared to locals while some may also be of Chinese descent who share similar numerological preferences.

To the extent that people pay less for less preferred addresses, they also ask for lower prices when they subsequently sell their homes. Indeed, we find similar discounts for unlucky addresses in the secondary markets.

Yet a closer look at the patterns that emerged suggests there's more than meets the eye.

For one, if people wish to avert bad luck as much as they want to court good fortune, why is it that the discounts for unlucky addresses aren't as large as the premiums for lucky ones?

Furthermore, if superstition were the reason for such numerological preferences, we should find a similarly high demand for lucky addresses throughout Singapore.

But when we poured over the data, it seems demand for lucky addresses among Chinese buyers was concentrated in non-prime districts.



File photo of HDB flats. (Photo: Hester Tan)

Might it be that buying a lucky address is a way to signal wealth and status?

After all, where you live is a very visible and conspicuous marker of one's stature – and this might apply more to those buying an apartment in non-prime districts, where having an auspicious address can distinguish them from their neighbours.

Where those buying property in prime areas are less concerned about purchasing a charmed address as a conspicuous display of status because they already stay in a luxury district, it seems superstition is only half of the story when it comes to explaining why some addresses cost more than others.

WHO BUYS CHARMED ADDRESSES?

We also profiled Singaporeans who have a stronger preference for lucky addresses.

No surprises that the odds of a Singaporean Chinese buying an apartment with a very lucky address is 20 per cent higher than a non-Chinese.

Age also plays a part. While older Singaporeans tend to have a preference for lucky addresses because of their superstitious beliefs, it seems younger Singaporeans are also a sizable group.

Might it be that they need to establish themselves? So their demand to signal how much they have economically progressed is relatively higher than older Singaporeans who have arguably already established themselves.



Braddell View (Photo: HDB)

DOWN ON THEIR LUCK LOOKING FOR A WAY OUT

Yet one group of people more likely to buy lucky addresses stands out among the data, suggesting that superstitions bear out if there is a recency effect.

Our research shows that Singaporeans with a spate of bad luck have a stronger preference for lucky addresses – if having bad luck is characterised by traffic accidents and other traffic offences committed prior to buying an apartment.

Victims of traffic accidents also tend to buy lucky addresses, suggesting that they are relying on superstition to cope with bad luck.

Singaporeans' penchant for lucky addresses is indeed fascinating.

We often think that superstition drives such preferences but research demonstrates that there is also an element of stature signalling and conspicuous spending driving these actions.

So keep that in mind this Chinese New Year period when you visit relatives and friends and those auspicious addresses draw nods of approval.

You now know better how much more the place cost and why.

Sing Tien Foo is Associate Professor in Real Estate at the National University of Singapore. He recently co-authored Kiasunomics: Stories of Singaporean Economic Behaviours with Sumit Agarwal and Ang Swee Hoon from the NUS Business School.

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