



Real Estate Investor

Dear Jackie

I am in real estate business. My wife is complaining that I am over-leveraging my properties. I do not agree with her because I am still financially okay.

What do my hands say?

Sunny age 52 right-handed

Dear Sunny

Thank you very much for sharing your wife's opinion on your real estate business.

I believe you have been very successful making your fortune during the housing boom as a real estate investor. You have seen profits in rental income and values of your property investment grow over the next few years.

I also believe with the allure of leveraging, you went further into buying more properties hoping to make more gains.

Although your financial standing is sound at the present moment, what you did not realize or see it coming while you are busy investing, is a possibility of an onset of a property bubble burst soon.

When this happens, you will eventually see your rental income plummeting and value of your property investment falling. You are stuck with properties that you cannot sell or rent due to massive over supply in the market.

In your hands I can see that you will be undergoing difficulty in cash flow and struggling to cover the gap between rent and mortgage loan.

I do agree with your wife that you are over-leveraging on properties that do not generate cash flow.

You may not see it happening now but please be prepared. You may need to sit down and work out an exit strategy with the lenders from each of the property you invested in the not too distant future.

Jackie