A - Z

OF MANAGING A PROFITABLE CO-LIVING BUSINESS



Written by JASON NG

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Please seek professional help for your own personal finance decisions. The views and opinions mentioned are valid at the time of curation only.



About Jason Ng

Jason is the founder of Aurico Global, a company specializing in property investment, management, and property investment training, as well as the Executive Chairman of a public listed company on the Singapore Stock Exchange.

He owns 25 properties globally in Singapore, Malaysia, and China, among others. Jason has built up over 20 years of experience training people in a wide range of industries, from property to education.

Through his Wealth Pillars training programme, he has taught over 1000 students to grow their wealth and has inspired more than 60% of those students to start their investing journey. He is passionate about empowering people and prides himself on his ability to help everyone bring out the best in themselves.

WEALTH PILLARS



A - Z to Managing a Profitable Coliving Business

Area

A - Area

Are you looking for projects in the right areas?

When looking for units suitable for coliving, remember to ask yourself who are your target audience if you were to rent a unit in that location.

Without a proper tenant pool, you will find it hard to rent out your rooms once ready.

In turn, this might cause your cash flow to take a major hit, causing you to have to bear the losses.





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Bus Routes & MRT Lines

B - Bus Routes & MRT Lines

The Hat of a Tenant

Wear the hat of a tenant as if you are renting a room. As most tenants are not local, they are unlikely to own a car.

Thus, is your unit near public transport such as MRT or buses?

Furthermore, are the MRTs/buses available near the unit linked to the commercial areas tenants who look to rent your rooms are most likely to be working?

Tenants will be more convinced to rent a room in your unit if it provides them a convenience to and from work/school, or when meeting their friends.





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Cash Flow

C - Cash Flow

Cash Flow is King?

Always prioritise cash flow over the project itself.

No matter how much you may like a unit, be it due to its location, facilities, etc., if your calculations show that the cash flow does not work out, don't take on a bad deal just because you like the project.

Set a specific profit margin you are willing to accept, then stick to it when you are property hunting. Once again, there are many units out there, be patient when looking for one.

Two exact units within the same project may offer different cash flow.

So, while one unit may make good business sense, the other may not. We need to be very objective when choosing out units.



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Due Diligence

D - Due Diligence

Be on the Ground

Have an understanding of the pulse of the market.

How are rental rates performing compared to the last quarter, how would the recent cooling measures affect your coliving business, what are some of the products and reno ideas that could help increase the value of your unit?

In some scenarios, tenants may negotiate a lower rent even before the tenancy is up. Thus, it pays to know the value of your units to decide on the next course of action.

Similar to running a business or being employed, you need to constantly upgrade your craft to provide more value to your customers.



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Excuses

E - Excuses

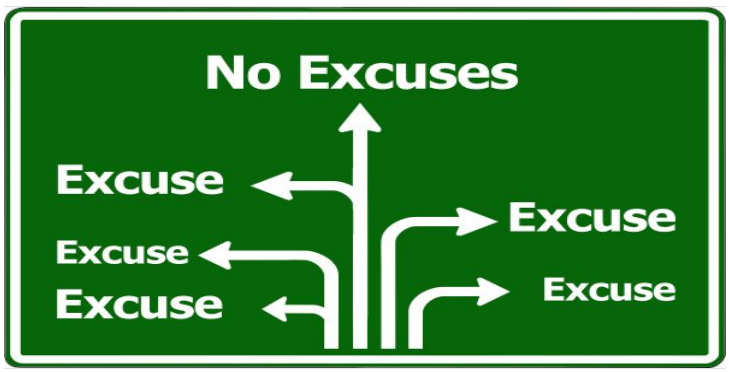
The Mindset

Giving yourself excuses for not doing something is short changing yourself and will be the perfect formula to fail in your coliving business, in fact any business ventures.

I have no time
I have no money
I have no resources
I have no network

There is always a reason for not doing something. Always remember that if your 'Why' is big enough, the 'how' will take care of itself.

Ask how can you have the money, time, resources and where can you find the network to achieve success in your coliving business instead?





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FOMO

F - FOMO

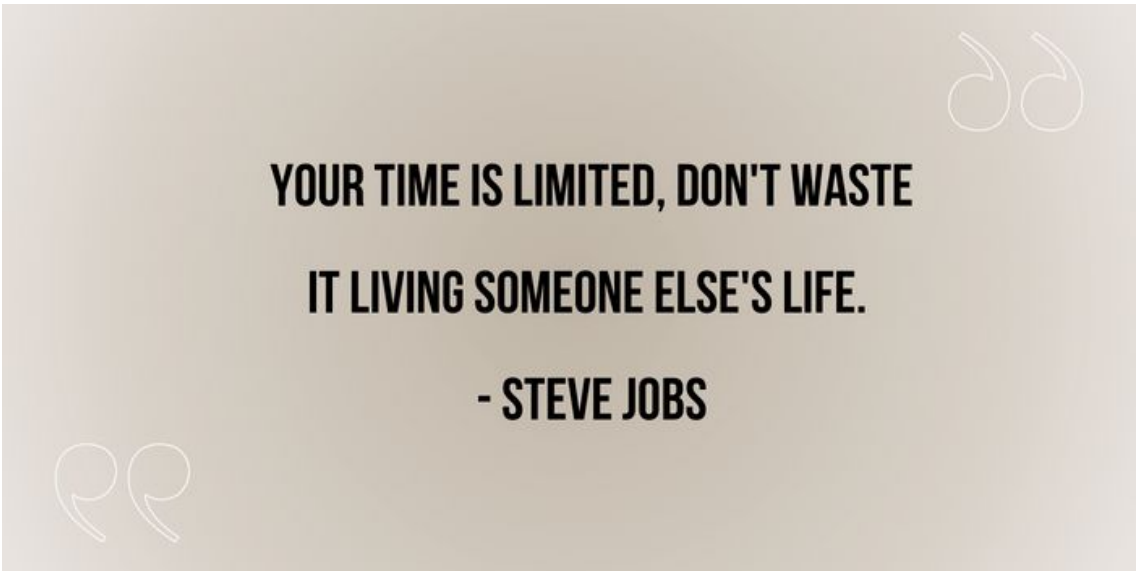
It's Alright, Move On

Don't be afraid to walk away from a deal.

If the rental is too high, or if certain aspects of the unit cause it to be unviable for co-living, it is okay to walk away from the deal.

Take all emotions out of your property hunt, and look at it purely from a cash flow point of view.

There are many other units out there for you to find, you do not have to be too hung up on one unit if it does not provide you the cash flow you are looking for or if the cost of turning the unit into a coliving space is too high.





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Great Projects

G - Great Projects

Different Tiers

Constantly be on the lookout for suitable coliving units. Coliving projects may be categorized as A, B or C grade.

A grade projects are those in hot areas that with sufficient demand and good rentals. They are also close to amenities.

B grade projects are those with huge potential in the future, so these are hidden gems that other coliving operators may not be aware of. Someone taking these projects may find the cash flow not attractive at the current moment but given time, demand will increase.

C grade projects are the rest of the projects which should be avoided.

There are certain projects that if offered for a good price, are viable for coliving 9 out of 10 times. Over time, when coliving becomes mainstream, more landlords will be open to the idea of coliving. Come for the 1 Day Masterclass and find out where these projects are. You never know when the next unit in these projects will be available, so stay on the hunt for a good one and take advantage of it when given the opportunity. Having a pool of units ensures your passive income flow continues as the tenancy of your current projects may expire and not renewed.

BONUS VIDEO

How much is the outlay for somebody who wants to get started in co-living investment?

Click to Play the Video



Budget, say, about 40,000, which I think is fair. I mean, let's be real. I always advocate to my people, at a certain age, you should be able to have a cash hold at least for 40,000. If you don't have one, then work towards it. That is why financial prudence is very important. You need to have backup cash. So please save money. But when I say save, you save in a very entrepreneurial sense, not save money just to put in a bank and then earn one plus or 2% happiness like anything. But save in a way that once you have the opportunity, you go in fast. If someone talks to you, say, hey, Vicky, you want to share? Okay, I could easily come out with 20,000. And then from then you start your one, and then your two, your three, even while you are working, because you need to create a passive income. You need to have a side. I don't like quite a hustle, but you need to have a side income. And this is one part that I'm very, very passionate about. I think Singaporeans are very comfortable. Right. And we do not want to create a side income. You don't just do it for yourself, you also have to do it for your children so that they will model after you.



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H - open (Houses)

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"Invitation Only"

Open house are events where we educate our community on how an actual coliving project looks like before the unit is being marketed.

Each coliving project is different and may encounter different challenges along the way. As a conclusion, it pays to visit as many open house events as possible to broaden your knowledge as a coliving operator.

At Wealth Pillars, we organize Open House events every month for new and existing community members to enhance their learning.

This is where our members pay it forward to help educate new members on running a profitable coliving project.



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I - Image

I - Image

The Looks Play a Huge Role

As working adults, we are well aware that the room is ultimately a space for resting and chilling at the end of a hard day's at work.

However, it must be comfortable and cozy to ensure we are well rested as it is important for us to recharge for the next day.

At Wealth Pillars, the image or decor of the space is something we pay a lot of attention to.

This also ensures we can fetch a premium in rental as our targeted tenants are those belonging to PMETs who are looking for a bit of luxury in their life. Some examples of our rooms:



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J - Jumping into Conclusions

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Fact Check

As we become more familiar and experienced in the coliving business, there are times we may assume certain things without clarifying with the landlord or tenant.

This is a major mistake because while we are experienced, the other party may not be on the same page as us.

This may lead to certain agreements not put into black and white. This is a common issue with the Tenancy Agreement.

If the Tenancy Agreement is not comprehensive enough, it may lead to communication gaps, assumptions leading to accusations and may cause tension between landlord, tenant and us.

All important points must be noted down in the Tenancy Agreement to avoid unpleasant surprises along the way.

So it pays to be associated with an organization like Wealth Pillars whom have operated more than 350 rooms to date.



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K - Know Your Audience

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The question is, "who"?

The audience in this context is referring to both your tenants as well as your landlord. One of the keys to building a successful coliving business lie in the relationship with your landlord.

Many issues can be resolved when both parties adopt a give and take mindset. We can be a good tenant to our landlord by ensuring the rent is paid earlier, the value of the unit is increased upon expiry of the tenancy and provide a hassle free experience (no complaints from MCST for eg) during the rental duration.

The landlord may reciprocate by renewing the tenancy agreement for another term. And that is great news to us because the renovation cost for the second term has significantly reduced.

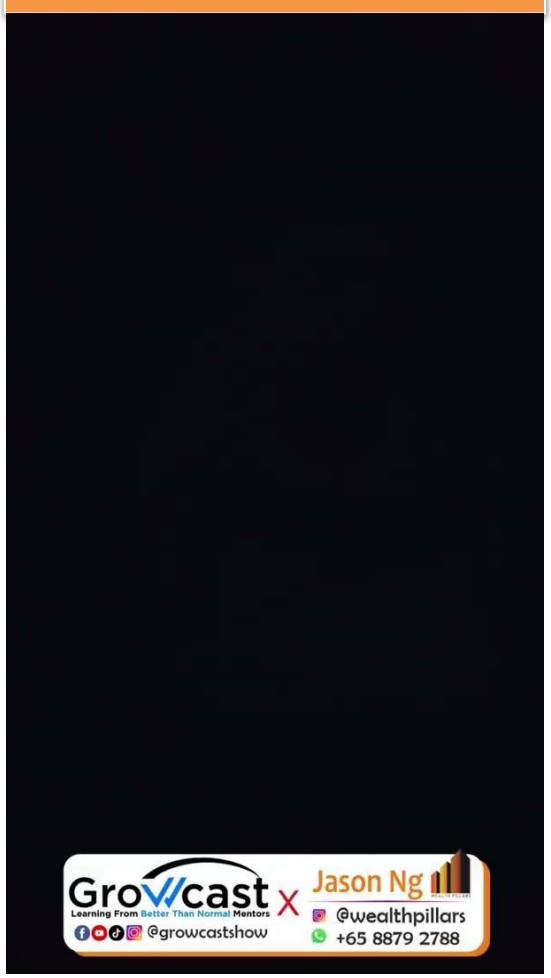
At the end of the day, we should once again wear the hat of a landlord. While we want to look for good tenants, our landlords are also constantly in search of good tenants.

And when we have finally found one, we want to build a long term relationship. Similar to getting a domestic helper for the family, when we have found the right one, we will be glad to renew for a new term when the contract expires.

BONUS VIDEO

Which property investment turned out to be your biggest mistake?

Click to Play the Video



Biggest mistake. Like I said, that one was really no research. Someone talked to me and said, hey, it's about less than 200,000 us. 200,200 us.

And just without any research, I just put it in the end. The rentability is very weak, right? Very weak. Because the economy makes a very big difference there. So countries like Cambodia and all, you just can't drive up the demand. So the room rental was really bad. Returns were only less than 2% the rental yield. So that may be one of them.

I would say it's a mistake, but it's something that I learned from it. So if anybody is looking at that, please do have a chat with your mentor. You can even talk to me, no worries.



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L - Leverage

L - Leverage

Community is the goldmine

As with running any business, it pays to be associated with a good community that can add value to your, be it in terms of resources, knowledge, network, etc.

As with the case where different professions have their own associations, Accountants, Lawyers, Doctors, Engineers, Entrepreneurs, etc, Wealth Pillars aim to be a community where coliving operators can leverage on to gain value and ideas to improve their coliving businesses.

We conduct fortnight gatherings to enable our community to be educated, empowered and elevate themselves in life



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M - Make Swift Decisions

M - Make Swift Decisions

How fast can you be?

As the saying goes, action trumps inaction. Being prompt and swift pay as far as the coliving industry is concerned. You have put in hours doing market research, calculating the cash flow, planning the renovation timeline, studying the tenant mix, negotiating with contractors when to commence renovation, etc.....and the last thing is to secure the unit.

But due to indecisiveness or delay on your part, another person beat you to the unit and you have left with no choice but to learn from this painful experience.

The cycle restarts where you look for the next unit.

While there are no short of coliving units available out there, the point here is time wasted due to indecisiveness on our part. Everyone is out there hunting for good deals and if you can find a good unit, chances are high that another coliving operator could also find it.

So, it boils down to how fast can you commit that will make the difference. As with swimming and running, everyone is doing the same thing. So what separates between 2 is just the slight advantage one has over the other.



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N - Network

N - Network

network = networth

Your network is your net worth. The reality is who knows you and not who you know.

Being a coliving operator, you need to deal with many parties, handymen, aircon providers, maintenance providers, real estate agents, lawyers, contractors, marketers, fellow operators, etc.

To ensure your business is robust, you need to be able to tap into a pool of talents in anticipation that any of your current team members are no longer collaborating with you or may have resigned.

So, always be on the lookout for talents that can help you sustain or elevate your coliving business.

BONUS VIDEO

How did you become a full time property investor and trainer?

Click to Play the Video



I actually started investing as early as 1993. I don't know whether you were born by that time. 93. And from my first property, I made my first pot of gold in those days. But let's be real in 993, you close one eye, you buy any property, you make money. I think the audience is going to say this, hey, come on, Jason, 993.

Having said that, I took action early. And after my first property, I made my first pot of gold. I'm always buying, I'm always renting out, I'm always selling, and then it just continues.

So with the knowledge I have, I feel that I can teach people. I love to teach because I find that the best way to learn is to teach. So I crafted out my programs and then I started to teach as early as maybe 2005, when I came back from China, back to Singapore, I started with teaching parents how to achieve financial freedom, buying properties and then renting out and all sorts of stuff. So that's where I started. That's where I started.



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O - Original Condition

O - Original Condition

The flexibility you need

When it comes to coliving units, it would make sense to search for units that are in original condition, especially the living room.

Units with original condition offer full flexibility during the renovation process.

Units with fixtures like TV consoles should be avoided. This is because the living room would be converted to a partitioned room in a coliving unit, which means the TV console will be part of a room.

This is not ideal, making the entire project becoming not viable as a coliving project.

There would be additional cost to reinstate fixtures at the end of the tenancy as well.

As a conclusion, always make an effort to visit the unit to look out for such fixtures and not just rely on the floor plan when hunting for units. It will save you a lot of time and money.



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P - Penny Wise, Pound Foolish

P - Penny Wise, Pound Foolish

The Capital

Anyone running a business would know that in order to sustain any business, income must exceed expenses and this translates to cash flow.

However, when it comes to running a coliving business, there's an upfront capital involved that the operator has to commit as reno costs before the unit can be tenanted.

As the operator, we are faced with many decision on whether certain fixtures should be retained or replaced. And from our experience, we have seen many operators being penny wise, pound foolish.

Retaining an existing air con may mean longer reno timing as we may need to relocate the aircon to another spot and may need to retain the piping as well. That's not the end of the story.

P - Penny Wise, Pound Foolish

The Capital

After all is done, what if the aircon needs repair every now and then and causes inconvenience to the tenant?

In coliving, time is essence as the faster we can get the unit ready, the earlier we can start earning a passive income.

The lesser the repair, the happier your tenants will be and less hassle for your maintenance team. Tenants may move out due to such inconveniences and we have to spend financial resources to market the room to get a new tenant and also a loss of income due to a vacant room.

So, it takes an experience project team to know if something is worth keeping or should we replace it.



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Q - Quality

Q - Quality

cost vs quality

It's common that an operator has to balance cost vs quality in running a coliving business. While getting lower quality products that may save you cost in the shorter term, please bear in mind that the coliving operator has to be on standby in cases of emergency encountered by the tenant.

One example would be the lock for the main door. Using a conventional lock and key is lower in cost. However, we need to consider the scenario of tenants accidentally locking themselves out of the unit. In such cases, they will have to contact the operator to help them resolve. Though we may want to impose a levy, it's still an inconvenience to the operator for having to be activated say 1am in the morning to help open the door for the tenant

Lock and key also adds risk if the tenant duplicates their key without our knowledge. When the tenant moves out, we can't be entirely sure they are holding a spare key. Changing the lock incurs cost and we need to duplicate keys for all the existing tenants which can be inconvenient too.

Thus, using a digital lock will help resolve this as we can use fingerprints to access the unit and remove the record once the tenant terminates their agreement. At the end of the day, it also adds value to the unit which makes the landlord happy too.



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R - Rejection

R - Rejection

Rejection is part of the game

Expect to face rejection from at least 70% of agents or landlords. It is normal for some to immediately turn you away when you propose the conversion of their unit to a coliving unit to them, but do not be discouraged and continue looking for the right unit.

You will never say the right thing to the wrong person, but you can never say the wrong thing to the right person. Finding the right agent or landlord can help to make your life easier in the future as well.

On the flip side, getting more rejections also means the coliving biz is still at its infancy stage. That gives you the advantage over the masses who are still sceptical about this business.

As Warren Buffet says, be greedy when everyone is afraid and be afraid when everyone is greedy. The day when every agent you speak to agrees to let out their unit for coliving, it means the market may have reached a saturation point.

So, do take advantage of the current situation.



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S - Staging

S - Staging

Staging links to many variables

The staging process determines how quick your rooms can be rented out. As time is of essence in the coliving business, the quicker a room is rented out, the earlier you will start to receive your passive income.

Staging also determines if your rooms command a premium in rental. So, this process is a must to ensure the sustainability of your coliving project.

You may want to work with an agent to help market your rooms. If you are someone who is currently working or self employed, a real estate agent also helps with the viewing of the rooms and negotiating the rent so you don't need to be there yourself.

You also need to provide the furniture and decorative items to create a good ambience so tenants feel good staying in your unit. This comes with experience and by collaborating with Wealth Pillars, you can have a peace of mind that will be overseeing this for you.

Our services extend beyond the staging process as we also provide tenant management after tenants have taken possession of the unit.

BONUS VIDEO

What were you doing before you became a property investor?

Click to Play the Video



I was in the corporate world. I was working in IBM Singapore in the early nineties. So in those days, working in IBM Singapore was like working for one of the most favored corporations. Of course, nowadays it's what meta Facebook, BYD or Google and all that. Those days were IBM, so nobody taught me anything.

Somehow I just. I just feel that. I know that property investment is a very strong wealth creation too. Especially. I don't like to use this cliche word, but on a little island like Singapore, where population density is dense, it's a small location. Yeah, that's where I started.



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T - Train Yourself

T - Train Yourself

How do you train yourself?

As the saying goes, if you think Education is expensive, try ignorance. Never dive into starting a coliving business blindly without first getting educated yourself.

We have seen countless cases where being a coliving operator turned out to be a costly experience.

Quoting an example here, pest problem. How do we ensure the unit is free from pest problems?

Termites infestation can cost a bomb to rectify and you certainly would not want to bump into such issues.

While you can learn from experience on your own, there are better ways to get around such issues. One of them is to tap onto a community of experienced operators so they can help you avoid such costly mistakes.

Do come for the 1 Day Masterclass and get the opportunity to talk to Jason & his team of experts. You will be surprised by how much they can help to guide you along.



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U - Uncontrollable Factors

U - Uncontrollable Factors

Many variables play a part

As with any other businesses, we need to always be prudent to factor in a safety net in planning for our business.

There are factors which are within our control, like hunting for the right unit, selecting the suitable tenant, optimising renovation cost, time for marketing the rooms, etc

On the other hand, there are also factors which are uncontrollable. For example, government regulations, economic conditions, issues arising from neighbouring units, etc.

So how do we mitigate risks from factors that we cannot control? By buffering more margin. For example, we aim to find coliving projects that will return us at least $1600 cash flow per month.

The rationale for $1600 is because in cases where one of your tenants move away, you can still cushion the overheads while you get your next tenant.

We would usually walk away if the coliving project is unable to provide us with $1600 cash flow as we are exposing ourselves to more risk by compromising a lower amount.



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V - Visitors

V - Visitors

Some things to consider

Generally, coliving visitation are not encouraged as we would like to respect the privacy of other tenants living in the same space.

The noise level can be high with more people in the room.

Secondly, with an additional person, the utilities will be higher and it can be hard to justify to other tenants who are splitting the utilities equally.

Thus, to avoid any emotions, we would usually discourage tenants from inviting friends and families to the unit.

Stayovers are strictly not allowed and a tenant can be terminated for repeated offences.



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W - White Goods

W - White Goods

The essentials

There is usually a fixed list of items to be provided for our tenants to help them live comfortably during their stay.

White goods are large electrical appliances usually around the kitchen for communal usage. They are called white goods because they are generally white in colour.

Some of the white goods that will be provided are:

1) Refrigerator
2) Washer
3) Dryer
4) Air Fryer





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X - Finding the X-factor

X - Finding the X-factor

What's nice about this?

With many coliving operators coming into the market, how can your unit stand out from the rest?

Managing a coliving business is a craft that involves both Art as well as Science.

Science in terms that you need to do your market research, find the rent that is generally accepted by the masses, plan your reno budget, reno timeline, etc

Art in terms that how you negotiate your terms before securing the unit, how to be creative in renovating your unit, how to beautifully stage your unit, how to resolve conflict between your tenants, etc

On top of all these, the success or failure of your coliving venture may also depend on whether you have the backing of a strong network that you can leverage and draw wisdom from.

Join our Coliving course to learn the ropes of managing a profitable coliving business and hear our success stories from others who have made it.



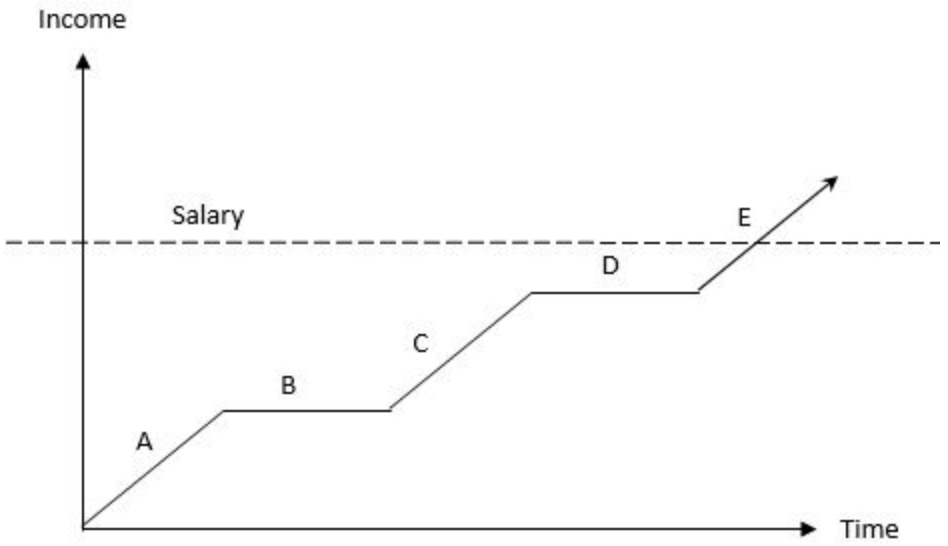
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Y - Yourself

Y - Yourself

The Important Aspect

Typically, if we plot the time commitment of a coliving operator against the income, we would see a graph that looks like this:

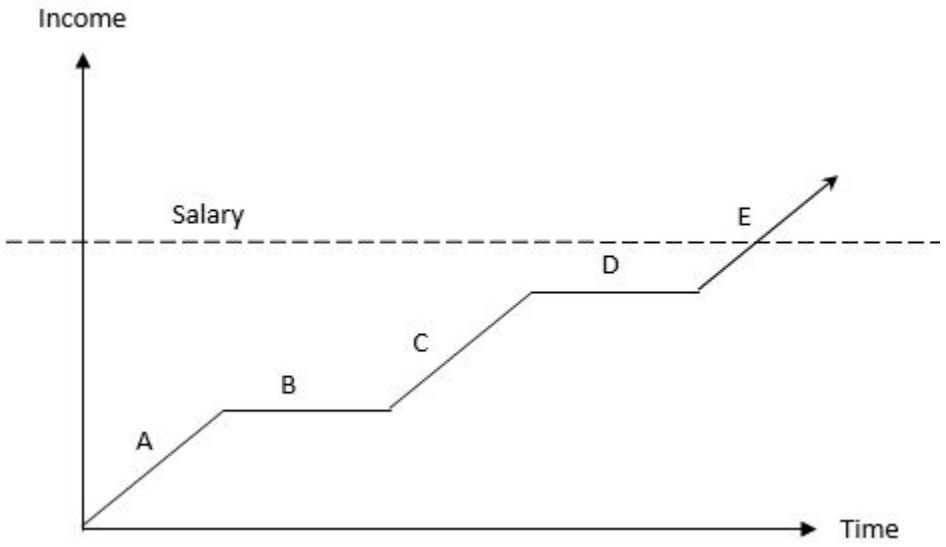


Phase A is where you start your 1st coliving project. During this phase, the more time you put into the project, i.e. the more rooms get rented out, the more income you will get. You are still holding a full time employment during this phase.

When all your rooms are tenanted, your income will become stagnant regardless how much time you put into the project. This will be Phase B.

Y - Yourself

The Important Aspect



Phase C is when you expand to your second project and in order to support both projects, you employ a person (or get your spouse) to help manage the projects with you. During this phase, both income and time commitment goes up. You are still holding on to your full time employment.

You then reach a stagnant point again when all your rooms have been tenanted. This is Phase D.

When you continue to expand to subsequent projects and employ more people, you see that your coliving income exceeds your salary. This is Phase E. And this is the time you need to decide for yourself if you would like to consider being a coliving operator as your full time career.

BONUS VIDEO

What does being Better Than Normal mean to you?

Click to Play the Video



Being better than normal? Normally, I like to upgrade myself a lot.

So I tell my children, I tell my friends, I tell my community, I tell my students that we must always make ourselves obsolete every year.

So I make a point that my day has to be better than yesterday, this year has to be better than last year. I will learn new things, I will acquire new knowledge and then I will apply them.

And then what I like to do is also to transfer this knowledge that I have to others so that others also can be better. That's what being better than normal is.



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Z - Generation Z

Z - Generation Z

Who are they?

Your tenants would likely consist of individuals from Generation Z and Millenials.

These groups of individuals are those born between the 1980s to early 2000s. These were the generation where the internet became a large part of their childhood.

Thus, spending time online is a norm for them as compared to meeting face to face. They are the ones heavily reliant on Netflix and Youtube for Entertainment, Grab for transportation and food, Redmart and Shopee for supplies.

So, internet connectivity is a must and if possible, subscribe to the one with one of the best bandwidth.

At home, they spend all their activities in the room. That means it's paramount to ensure the room is pleasant and presentable. Compared to the previous generation, Gen Z are not as hands on.

Thus, in cases where they can call to get help, they would rather do so. So, it's important to ensure things in the house are durable and easy to use.



A - Z to Managing a Profitable Coliving Business

Congratulations!

You have successfully completed the extensive guide on Profitable CoLiving Business. I believe you have TONS of questions to ask.

Feel free to ask me your question by clicking the button below!

Ask Jason Here

WEALTH PILLARS

In 'A-Z of Managing a Profitable Co-Living Business,' property expert Jason Ng delves into every facet of running a successful co-living enterprise. As the founder of Aurico Global and Executive Chairman of a publicly listed company on the Singapore Stock Exchange, Jason leverages over 20 years of experience in property investment, management, and training. With a diverse portfolio spanning 25 properties across Singapore, Malaysia, and China, Jason has trained over 1000 individuals through his Wealth Pillars program, empowering them in industries ranging from property to education.

This comprehensive guide provides practical insights and strategies for navigating the complexities of the co-living industry. Each chapter is meticulously crafted to offer actionable advice, supported by real-life examples to guide both aspiring entrepreneurs and seasoned professionals alike.

Explore essential topics such as property acquisition and management, tenant relations, financial planning, and more. 'A-Z of Managing a Profitable Co-Living Business' isn't just a manual—it's your definitive resource for mastering the intricacies of this burgeoning sector. Equip yourself with Jason Ng's expert guidance and embark on a journey towards building and sustaining a thriving co-living enterprise

"I would Describe Wealth Pillars: Value Added, Genuine, Community"

Jun, Chartered Accountant

"The Masterclass is Value for Money"

Celine, Data Scientist

"Rate it 10/10 because this is one of the better courses I've attended"

Ian, Architect

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