



# *Jaimie's Newsletter*

*from the desk of*  
*Robina Village Real Estate!*

**DON'T SIGN  
ANYTHING!**

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## **MAY EDITION**

First of all - my apologies. Usually the first newsletter after Christmas, comes out in April but with so much happening this year, I was sidetracked - but I trust you enjoyed a happy Easter.

Many of you may have noticed a plethora of For Sale signs as you drive around Robina and surrounds, but if you have thought that many of these signs had been there for longer than usual - you were correct. This is generally reflective of a "buyers' market" where fewer prospective purchasers have the luxury of a vast array of properties which enables them to call the shots!

So why is there a lesser number of buyers in the current market? A very recent article in the Financial Times reported that "loans for the purchase of new homes have virtually collapsed as first home buyers desert the market under pressure from higher interest rates. Finance for new dwellings plummeted 12% in February to be down almost 30% from three months earlier".

Are 1st home buyers deserting the market because housing is too expensive, or because the first home grant has been reduced or because interest rates have risen and are tipped to go higher by the year end?

A study of average mortgages for first home owners shows that they have increased from \$72,000 in 1992 to \$274,000 in 2011 - quite a hefty increase. But while mainstream economists, banks and real estate institutes argue that interest rates are lower and incomes are higher and therefore house price changes have been more than sustainable, they fail to take into account the most salient consideration - namely how much the average wage goes towards servicing the mortgage.

The frightening fact is that while the average wage has slightly less than doubled, loan repayments have increased by a factor of 2.8 meaning that in the 90's, 40% of after tax income was required compared to almost 64% needed to service a mortgage today.

Unfortunately this has a flow on effect on the

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general economy with home owners having less money to spend elsewhere. Discretionary spending is down! Ask any shopkeeper or small business owner and the real truth emerges.

Thus we are seeing an ever growing number of homeowners looking to realise the equity in their present (often unnecessarily large) home to buy smaller and give themselves some spending money. But buyers won't come to the party. Unfortunately, holding the whip hand as they do, buyers can afford to sit and wait until desperation creeps in and, as a consequence, many houses sold are at what we consider exceptionally attractive values.

The very first question we ask all our prospective sellers is, "Can you afford to keep this home?" It pains us to discover that financial reasons, wanting to reduce the stress of a high mortgage is a major factor in homeowners deciding to sell.

While it may be glib to demonstrate that buying a more expensive home in the present market can be an attractive proposition for those able to afford it, the reality is that "downsizing" invariably results in a drastic life style shift, an unfortunate by product of competing with a larger pool of buyers for the cheaper properties.

On a side note, you may also have noticed the dwindling size of the real estate section in the Bulletin. It seems like sellers are finally waking up to the fact that the internet is now unquestionably the greatest source of information for buyers - so much so that sellers do not need to pay exorbitant sums to advertise their properties in the least productive medium. Please ask your agent to explain to you the difference between advertising and marketing, and proactive ways of selling your home. After all, if all that is required to sell a property is to throw an ad in the paper and sit for half an hour in an "open home" - why do you need an agent?

Most of you know our selling philosophy differs markedly from our competitors... we'd love the opportunity of explaining it to you.

Best wishes,

**Jaimie Juriansz**

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