



Jaimie's Newsletter

from the desk of
Robina Village Real Estate!

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ANYTHING!**

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My biggest dilemma was deciding whether this issue came out before or after the forthcoming election and then having to conjecture whether that event was having a significant impact on the market.

In the greater scheme of things, I doubt if anyone really believes matters will improve following the election no matter who prevails, partly because of lack of faith in any government being able to "fix" things and partly because the present economic malaise and lack of confidence needs to run its full cycle.

In a recent article by a contrarian group of thinkers, it was held that many of our problems are self inflicted. They argued that, particularly in the case of America, small businesses fail, are allowed to fail so that more efficient ones can take their place. So why not large banks, businesses and companies? Why should they be propped up by governments because their profligate spending and deceitful management led them to incur huge losses?

Ultimately it is we the taxpayer who must foot the bill and there is grave concern that the debts and interest on that debt that are mounting on a government level will be nigh impossible to service. It's not fair! Government can print money to offset debt - though this in itself is an inflationary measure that eventually comes back to haunt us - but the average man in the street is worried about the fundamentals... will interest rates rise? Can I service my mortgage? Do I have job security? Can I afford to buy this?

Confidence, and conversely loss of confidence is something of a self-fulfilling prophecy. As Henry Ford famously said, "If you think you can do a thing or you think you can't do a thing, you're right" - and so it is with how we perceive the general state of affairs around us.

According to data, house prices actually fell by 0.7% for the month of June resulting in a mere 0.1% rise for the June quarter. This is in stark conflict with the information from the Australian Bureau of Statistics showing median prices rose by 3.1% in the June quarter.

Whom to believe? Certainly I confess to being totally perplexed by the assertion that the luxury home market only declined in value by 1.9%. The researchers obviously have missed the Gold Coast where I doubt houses for \$1,000,000

only dropped by \$19,000! I am sure many of the sellers in Hedges Avenue, or Hope Island would have been very happy with such figures - when in reality sales of such homes have been somewhere between 10-20% decline.

As we are concerned with the Gold Coast market, it may be wise to ignore the results in the major cities which tend to skew the analyses in any case.

While Melbourne and Sydney have enjoyed some prosperity, this may have stemmed from the fact that wages are considerably higher, there may be more stability in the employment market or simply that buyers are taking on debt in the belief future price rises will give them greater equity. The Gold Coast, it has been argued, has had over-inflated house prices for quite a while. Thus it is, as is natural, logical to see a return to more realistic prices, especially at the luxury end of the market. But if people borrowed more than they should have to purchase over-priced homes then a combination of higher interest rates and a slowing economy is bound to cause a flurry of selling. It has been a long time since there have been so many homes on the market, unsold for so long. Certainly many investors who bought during the heady days of the 2007 boom are finding themselves with negative equity... they owe more to the bank than the property value.

Which brings me to my ethical and moral dilemma. As a real estate advisor who makes a living helping people sell and buy property, how do we impart a less than optimistic view of the market when that view may well have a deleterious effect on our business? How do we advise people not to sell if selling is not in their best interests?

But we have no choice. We can choose to either **have** the wrong reputation or **earn** the right one. And so we will continue to advise people to sell only if they need to, if they can afford to and if their lives will be happier.

Best wishes,

Jaimie Juriansz

P.S. In case you did not receive a mail drop, we have moved! Our new address is at 14/137 Scottsdale Drive, across from the Easy T Centre and close to the Town Centre. New phone number... same philosophy.

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