



Jaimie's Newsletter

from the desk of
Robina Village Real Estate!

**DON'T SIGN
ANYTHING!**

AUGUST EDITION

"Debitum Delenda Est"

Phone: 07 5562 2522 (24 hrs)

Facsimile: 07 5593 1044

Happy New Financial Year! All we can do is to hope that, whoever is wielding the magic wand, will indeed begin to wave it with a view to inspiring some confidence back into the economy, and into people's psyche where it has been sadly lacking for some time.

The quotation above, (with apologies to a Roman senator) "Debt must be destroyed," was the heading of a recent article which attempted to explain that the underlying sources of the world's (Australia's) economic woes, lie in the excessive borrowing coupled with the availability of too much easy credit over the last few years.

Suffice to say that the heady years around 2007-2009 saw low interest rates, government incentives to first home buyers and banks lending with gay abandon. The party was never going to end – and many home-owners, seeing the worth of their property rise so much felt they could leverage against the new valued to provide them with more spending money.

What is the situation today? A recent article in The Australian cites Queensland as having the highest rate of mortgage arrears. In Australia 1 in every 125 owners is now more than 90 days in arrears - a statistic causing alarm, though still paling in comparison with the US where a staggering 1 in 8 are in the same position.

Last year, over 17,000 jobs were shed from hospitality, retail and manufacturing in Queensland, exacerbating the already depressed jobs sector... and it becomes simple to see why there are so many homes for sale.

Current research from the IMF concludes that Australian housing is at least 10% overpriced and the falling prices are clearly indicative of the view by buyers, valuers and banks alike that any seller who bought property between 2007-2009 is clearly deluded if he thinks he will get his money back.

Apart from a personal tragedy, I doubt nothing else causes as much anguish as being forced to sell the family home. Yes, I know, it is only "bricks and mortar" and "home is where the heart is" but don't tell me - or the families involved, there is not an inconsiderable degree of anguish at abandoning the hearth where children were raised, bbq's were held and happy times were enjoyed.

Yet, who knows? In our manic desire to achieve a bigger, more expensive residence, have we been creating a false illusion - that we could borrow ad infinitum and worry about the repayment later? Unfortunately the time, it seems, has come to pay up, and the Shylocks are demanding more than their pound of flesh!

The upside to facing this inevitable consequence has been a rise in the level of saving, the downside naturally a decrease in spending which in turn creates its own tidal wave, where shop keepers, businesses and many other providers of goods and services earn less which again contributes to a vicious cycle of decreased demand.

What will break this cycle is anyone's guess given the gloomy prognostications of those supposedly in the know.

From a real estate point of view, we are trying to mitigate the pain and financial loss of our sellers while attempting to persuade buyers, who find themselves in positions of extraordinary bargaining power, to be fair and reasonable. But who can blame them for wanting the best deal? We can only hope our advice is well intentioned and that it is heeded now - if only to avoid a more depressing outcome in the months to come.

Please feel free to call us for a chat... if we can help, we'd love to.

Best wishes,

Jaimie Juriansz

Email: sales@robinavillagerealestate.com.au

Website: www.robinavillagerealestate.com.au