



Jaimie's Newsletter

from the desk of
Robina Village Real Estate!

**DON'T SIGN
ANYTHING!**

MAY EDITION

Phone: 07 5562 2522 (24 hrs)
Facsimile: 07 5593 1044

How do we explain the current malaise sweeping much of the Western world? Though I am unable to give you first hand evidence of life during the depression of the 1930's, research is showing that the present lack of confidence in our leaders' decision making, in our bankers and financial institutions, in our education models and in our general prospects to prosperity, is not far removed from those dark days when abject despair was written on the faces of countless millions.

Eighty years on, despite the prodigious advancement in technology, allied with the supposed wisdom of heeding the errors of the past, it not often seems that we have learned very little. How else do we explain nations going bankrupt? Yet - how is it that if we fail to pay a bill on time, we are relentlessly pursued with threats of litigation - and a country can incur a debt of several trillion dollars, yet can keep borrowing - or just print more money?

It's no wonder that most of us feel anger when a banker earns a million dollar bonus for trading a financial instrument that loses his employer and investors billions of dollars, and when a country can be forgiven half its debts when a bank can foreclose on a 70 year old couple and leave them homeless.

It is difficult to remain positive when all around us there are signs of desperation and forced measures. I suppose one can frame facts in a more optimistic light - in the US, 75% of all homes are not "under water" i.e. - their value still exceeds the mortgage...and nearly 90% of Queenslanders have some form of employment... and nearly 60% of people think the immediate future holds some promise.

Yet I cannot help but feel that some of the financial and emotional pain we endure is self inflicted. I have never met a driver who doesn't see himself/herself as responsible, careful and proficient. Similarly, I wager, nearly everyone considers himself a prudent and cautious money manager. Surely we didn't borrow too much when the boom was underway and banks lent with gay abandon. Surely we didn't buy shares in the expectation the curve only

Went up and surely we are not guilty of spending money in the expectation good times were here for good! It is easier to accuse a country of living beyond its means; less easy to plead guilty for those of us unconsciously complicit in assisting it to reach that juncture.

From a real estate perspective there is no denying the parlous state of the market. A recent report stated that "Australia exhibited the worst housing affordability of any national market outside Hong Kong". Unfortunately the Gold Coast has been hardest hit with plummeting values and no sign of any recovery, with the reluctance of buyers to make a commitment underlining the general nervousness about entering the market - unless the property under consideration is seen as being of exceptional value.

It is difficult to convey to sellers the honest reality that having bought at the peak, a sale at today's market may mean a loss of up to 20% - and much more with prestige properties - and the longer sellers refuse to accept this reality the more grave the outcome. It is said we all, at one time or another in our life, live in a state of denial, which in most cases tends to cause us varying degrees of discomfort. I'm sure psychologists would diagnose this stage as a form of illness, but one which can be, if not cured, completely, at least managed responsibly by the application of courage and willpower.

As a society therefore, if we do not begin to challenge those complacent assumptions that have contributed to our present situation, the outlook may be even more bleak.

Better times will surely come again, as inexorably as summer follows winter - the challenge will be to re-evaluate the importance or indeed necessity of those things we believe indispensable to our getting through these difficult times.

Best wishes,

J Jaimie Jurasz