



## **Jaimie's Newsletter** *from the desk of Robina Village Real Estate!*

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ANYTHING!**

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### **September Newsletter**

Why, oh why can't things be kept simple? Or straightforward? If you are like me, you are probably totally confused by the enormously divergent views on the state of (choose one of the following)... the economy, the share market, interest rates, housing prices, consumer confidence, debt levels etc, etc by the many so-called experts who, it often seems to me, have no idea what they are saying!

Have we avoided a recession, or "technical" recession as it is now being called? If Australia has weathered this GFS (I love acronyms, don't you?) better than the rest of the world, why is our debt level at \$160 for every \$100 earned? I feel pain for the rest of the world. Will interest rates go up? Sorry but this has to be the most inane question at the moment. Anybody older than 24 knows that things in life go up... and down. That's the way things are! That's the way things have been and always will be! So there is no point worrying about it - we just need to learn how to deal with it.

For older people with their life savings in superannuation, the continued increase in the share market represents a return to a more comfortable living standard or retirement, but won't this mean an inevitable balancing rise in the interest rates which will mean greater debt, or an accompanying spike in house prices and bank profits?

To my simple mind, there is no way we can have it all our own way - we need more than ever an understanding of how we can mitigate our risks and maximise opportunities.

One of the best books I have ever read is "The Richest Man in Babylon" written by George Clason in 1926. Saving - 10% of what you earn, living within your means, (I prefer identifying wants rather than needs), repaying debt steadily - all, such simple precepts that would reduce our levels of stress.

Not qualified in any field but my area of expertise - real estate - I confess any information on other areas is openly borrowed from sources such as The Finance Review, Bank analysts, and economic observers. Their thoughts I share with you in the hope that somewhere in their murky predictions, there may be some rational, believable and pragmatic viewpoints.

Only in real estate, can I say with some assuredness that, thanks to the low interest rates and government grants, the market has retained some semblance of buoyancy in the lower price ranges. What will happen when interest rates rise and the grants are whittled down is anyone's guess.

Some pundits who still believe Australian home prices are over-valued are predicting a slowing down of activity which, if happens, may have a dampening effect on the economy as housing starts/approvals are a major driver of overall economic optimism. It all depends who you talk to. Many local shops keepers and small businesses give the impression they are just making ends meet. Realistically they are happy to cover costs and provide employment until such time they see consumers willing to part with their money. Evidence that optimism is guarded, I believe is reflected in the number of vacant commercial premises where the risk of starting a new business is high indeed.

We urge all prospective sellers and buyers to exercise caution. Houses in the luxury price bracket will only sell if competitively priced. Too many sellers are still insisting their property is worth more - when longer than 3 months on the market is a clear indicator of too high a price - and sellers, please, please think carefully if you are considering an auction.

Just remember four key words. "**Auctions Get Lower Prices.**"

If you want to know why - just give me a call!

Best wishes,

*Jaimie Juriasz*