



Plenty to write about since Friday the 10th of October 2008. A day I'm sure that most of us will remember - especially if you were one of the many that had years of good financial times washed away in a matter of hours.

Someone once said that for every action there is an equal and opposite reaction. It is the same with economics. On Monday we saw some great gains on the market and then the next day an announcement by the PM "Kevin 07" that the FHOG (1st Home Owners Grant) has doubled to \$14k until June next year and \$21k if you are building or buying a brand new home as your Principal Place of residence for the very 1st time.

I have been saying for some time now that if you stick high octane fuel into a car it will surely go fast, but eventually that causes faster wear and tear to other parts of the car quicker than normal. The government has been fuelling our economy (and don't forget forces outside of Australia like China) for close to a decade with wonderful fuels like FHOG, Tax cuts, bonuses, Stamp Duty waivers etc, etc, but the infrastructure has been very slow to evolve around it.

My tips for the rest of 2008 and most of 2009.

- Cash will be king for 12 months.
- Property values on the higher end of the market will drop by 20% over 12 months.
- Rental costs will not go up drastically.
- Property prices for the lower end of the market will hold and could go up in value.
- Construction will slow right down.
- S/E Qld population boom will slow right down.
- and everything else that happens in a recession..... oh and yes rates will keep dropping.

I have swept a very, very broad brush stroke over what will be some very tough times ahead for us. If you own your house outright and have very little debt and you are in a stable job like Government Employee, you are in a great position to profit from this nightmare of a world economy we are in, if you are self employed and highly geared into debt - hold on, because you are in for a nasty ride.

If you are thinking of buying \$50k worth of shares in BHP because "they can't get any lower than this" - according to the papers, you would still do a lot of research into it and also speak to a number (or at least one) of professionals before dropping this amount of money into the market. Please have the same precautions with property and don't take the advice from just one source like the Real Estate Agent trying to sell the property or your mate next door. Treat every dollar you spend as an investment and you will see a huge improvement in your personal wealth, health and happiness.

Think about it - You invest into a sport club for your health, a house for your wealth, an education for your wealth, a plasma TV for your happiness, shares for wealth etc, etc..

I'm always happy to have a chat and share information with any of you. There is never a silly question, but you will feel silly if you never asked it.

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