

**Subject: Hindsight is a marvelous ting**  
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**Conversation:** Hindsight is a marvelous ting



4 October 2008

***HINDSIGHT IS A MARVELOUS THING***

*" In moving, even tentatively, into this new era of lending, Fannie Mae is taking on significantly more risk, which may not pose any difficulties during flush economic times. But the government-subsidized corporation may run into trouble in an economic downturn, prompting a government rescue similar to that of the savings and loan industries in the 1980's" - New York Times"*

G'day there

That quote will have much resonance today given what is happening, and will continue to happen, in the US and international money market.

**The amazing thing though, and hence this Newsletter's lead line, is that it was written by Steven A Holmes and it appeared in the *New York Times* on the 30th September 1999, nearly 10 years ago.**

So, using hindsight in our own patch, what did we learn from the 1991 recession Australia underwent as the "recession we had to have" and what was the difference between it and now?

As I see it, in 1991 interest rates rose to over 18% BUT there was not the massive level of personal and household debt we now have and that will be the factor that means "crunch time" for so many shortly.

From an agents point of view, provided you have you head in the right place and are a "marketer not a valuer", these can be bounteous times and especially if auctions are part of your weaponry.

As I have written and said many times, the only thing that eventually dictates whether a property will sell or not is price. Get the price right and you have a sale, be it by either private treaty or auction.

Where that theory comes a tad undone is that far too many agents take on stock way, way overpriced, list them as private treaty and then hope they can belt the vendor down by the time the agency expires.

Because there is no real process for giving accurate market feedback on private treaty (and to say nothing of those buyers who look at a property on the Internet, see the price and are never heard from again) because you are dealing on a disclosed price, properly run auctions are a mile head because they both create activity and let you get that feedback, as much as it may be distasteful to the agent's ego and the vendor.

Back in 1991, when the backend fell out of the Sydney market, many agents threw in the towel and all but wrecked their businesses through lack of sales (read activity) and rising costs.

Fast forward to 2008 and the same will occur again , although a far greater percentage are locked into bigger cost structures as hangovers from the early 2000's boom years.

In looking ahead a few years when the market again rises, and it will after the financial shakeout, I'm willing to bet that those agencies who have managed to increase business will be those that had a strong auction base between now and then.

Now that Sam and I have got our new agency of [Ray White Rural Southern Highlands](#) bedded down, we are back into the battleground building an auction business here in the Southern Highlands. Our website will be fully online by the end of the week.

Because of the time we took out re the above, our next popular [From Signup to Sale](#) auction marketing skills course will be held at the Mittagong RSL Club on Monday 3rd November.

Mittagong is just an hour south from Sydney on the M5/M7/Hume Highway and I reckon a day up here in the Highlands would give you a breath of fresh air personally, as well as for your business.

There is a discount available for 3 or more from one office attending so why not have "the team" come down Sunday, see the sights, play a game or golf or just relax, attend the course and be heading home about 3.00-3.15 on Monday afternoon.

Should you not be able to attend, we do take "Mahommet to the mountain" and we are certainly interested in hearing from you with a proposition to visit your area.

It might be your best investment yet in 2008!

Carpe diem

Tony

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