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**Property for Landlords with Geoff O'Reilly –
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The economic news last week was dominated by the now rather obvious realisation that Australia won't avoid the world recession. But the economic data also showed up an important positive and a thought provoking paradox. The single biggest reason for the current turmoil is that way too much debt facilitated the pumping up of asset values, and excessive consumption well beyond our means and needs. In the December quarter figures there is clear evidence that many Australians have now realised this and suddenly started saving. Big time. At a personal level and for the longer term health of the wider economy this is a positive trend. The paradox is that the big jump in saving (debt reduction) is reducing consumption and demand, and hence exaggerating the recession the Government is throwing spending money at us to avoid.

I think this paradox is resolved by keeping on saving, but then using the funds for investment in hard and lasting assets. Much of the community seems to think more of the Government stimulus should be spent on assets and infrastructure, and I'm one of those, but if the recipients save and then invest their handouts, the effect is the same.

So for a Highlands landlord, now seems just the time to spend on property improvements: insulation, new hot water services, and water tanks are subsidised, and there are any number of other ways to simultaneously spend on your asset AND help the economy!



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