



FROM THE *Principal*

Glen O'Brien



Exciting times ahead for Glen O'Brien Real Estate as we continue to grow our Asset Management department.

In December we won the management rights for another 37 commercial tenancies, including a number of large stand alone office buildings in the Fremantle area.

Undoubtedly, we are now one of the largest suburban based Commercial Asset Managers South of the River.

In March this year we acquired the rent roll business of a long established local real estate agency that specialised in residential sales and management. This merger with Glen O'Brien Real Estate will bring together a team of highly experienced and skilled property professionals with a substantial portfolio of management clients central to our offices located at 770 Canning Highway Applecross.

The expansion has meant that we have had to secure more space within our own building to accommodate the extra team members. In the coming months we will be looking to employ two or more Sales Professionals to help service the requirements of a larger client base.

Whilst the Perth property market has slowed in recent months, it's been a great time for us to implement change.

Overall, the median house price in the Perth Metropolitan Area rose by 1.1% during 2007, but the average weekly rent rose by 6.7% in the same time. I believe that rents will continue to rise in an effort to catch up with the runaway property market in 2006/2007. Investors are now faced with increased interest rates and low yields due to the higher cost price or present value of their investment property. Renters will be the ones that will ultimately pay the price. Landlords need to be sure that their properties are leased at the current market rent. We recommend 6 monthly rent increases built into any new lease agreements.

If your property is being managed by another agent and you're not sure if you are getting the right rent, call me directly for an obligation-free 'rent check'.

LOCAL PRICES SHOW STEADY GROWTH OVER PAST 20 YEARS

Over the past 20 years, house prices in WA have risen at a steady rate despite ups and downs in the property market.

During the period 1987 to 2007, the median home price in Perth, for example, rose on average by nearly \$20,000 each year.

The median house price in Perth in 1987 was \$61,000 and by 2007, the median house price had risen to \$455,000 representing an increase of \$19,700 pa over this 20-year period.

While the median house price in Perth has risen by nearly \$200,000 during the past four years, the outlook for property prices is still very positive if property buyers take a long-term perspective.

Even if you purchased a home after this huge growth in house prices, there is every likelihood that over the longer term you will achieve steady levels of capital growth.

For example, during the period 1987 to 1990, the median house price in Perth surged by 80% from \$61,000 to \$105,000.

Those people who purchased a home in 1990 for a median price of \$105,000 and held it until the present day would have achieved a capital gain of \$350,000 over this 17-year period.

So, there is never a good or bad time to purchase property. The key issue for property buyers is to hold on to property and thereby achieve a steady rate of increasing value which has historically been the case for property owners in Western Australia.

How is your suburb performing? Source: REIWA as at December 2007

Suburb	% Change in last 12 Months	5 yr Avg. Growth (p.a)	Median House Price
APPLECROSS	32.6%	19.6%	\$1,525,000
ARDROSS	5.3%	16.5%	\$790,000
ATTADALE	33.4%	20.2%	\$1,167,500
BOORAGOON	12.7%	17.2%	\$717,500
MOUNT PLEASANT	24.4%	21.4%	\$1,025,000
WILLAGEE	14.5%	20.3%	\$458,000

For all your real estate needs, excellence in service and great results...**CALL YOUR LOCAL EXPERT!**



AUSTRALIA'S INDEPENDENT REAL ESTATE GROUP

Glen O'Brien Real Estate

Ph: 9316 3911 • Glen O'Brien : 0418 923 123

BUY NOW!

TIMING IS CRITICAL FOR FIRST HOME BUYERS

Timing is critical in the real estate market if you are considering buying a home for the first time.

Many people buy and sell homes for emotional reasons. When property prices are rising, more people buy homes to take advantage of the trend. However, when property prices flatten, the number of property buyers tends to fall.

Where possible, first home buyers should buy a home when prices are stable or dropping rather than when prices are rising. In other words, they act counter to the cycle that most people are following.

Property, like any other commodity, obeys the basic law of supply and demand. The properties-for-sale-to-purchasers ratio is crucial. The best strategy is not to buy when everyone is buying and the supply of properties listed for sale is falling.

In contrast, the best time to purchase a home is in the current market where the number of properties for sale is rising as there are fewer buyers in the market.

First home buyers who decide to buy a home in the current market will generally find a greater choice of homes and also be in a much stronger negotiating position to receive a discount from the

advertised price.

However, the opportunities for buyers will vary depending on demand and supply for properties in different suburbs.

If you are considering buying a home in a specific location, a good tip is to track advertising to see how long properties remain on the market. If they are turning over quickly, it means more purchasers are competing for fewer properties – a sellers' market; if they are taking longer to sell it means there is a glut of properties for sale and not enough purchasers to buy them – a classic buyers' market.

Rental Returns RISING STRONGLY

If you are buying an investment property, it is important to consider the rental returns that the property will deliver, rather than just how much the property will grow in value.

First time investors tend to focus on capital growth because property prices tend to receive the most amount of attention from the media.

However, rental returns are also important because the weekly rent that an investment property can generate will assist the investor to pay the mortgage.

Over the past decade, weekly rents have risen strongly in Western Australia. During the period 1997 to 2007, the median weekly rent in Perth jumped from \$145 to \$300 – a rise of more than 100%.

Rising weekly rents have assisted property

investors to positively gear their investment property especially if the property has been held for a long time.

Over the coming years, weekly rents are expected to rise even higher because they have lagged behind the rises in property values over the past decade. During the past ten years, the median price of a home in Perth has jumped by 242% which is nearly twice the growth rate for weekly rents during the same period.

It is expected that there will be a major market correction as weekly rents begin to catch up with the growth in property prices over the past 10 years.

During the past year alone, the median weekly rent in Perth has risen by 20% making it one of the highest growth rates in Australia. In comparison, the median price

of homes in Perth rose by just 3.4%.

Weekly rents are rising very strongly in Western Australia because of a chronic shortage of rental properties.

If current very low rental vacancy rates continue, there is every likelihood that median weekly rents could rise by another 20% during the coming year.

In some areas of Western Australia, weekly rents could rise even further depending on the demand and supply for rental accommodation in the local area.

Rising rents will assist investors to offset the impact of rising interest rates. In addition, the rising cashflow created by rising rents can assist astute investors to purchase additional investment properties over the long term.



Hot Tips

for

FIRST TIME INVESTORS

A growing number of people in Western Australia are considering buying an investment property for the first time because of rising weekly rents and stable house prices.

It is important that first time investors take a conservative approach to their property investment and focus on buying an affordable property.

It is important that first time investors do not financially overexpose themselves with their first property investment purchase. Buying a lower-priced property which has the potential for strong capital growth can be an important building block in creating a successful portfolio.

Lower-priced properties tend to have higher rental returns and this factor is important during a climate of rising interest rates.

Issues to consider when buying your first investment property include:

Take a broad approach to buying an investment property. Most first time investors buy in their neighbourhood because they are familiar with the area. By taking a narrow approach to the location of the investment property,

first time investors might severely limit their options.

Past trends in property values are generally an indication of future trends and therefore it's wise to examine the long-term capital growth rates of the suburb. REIWA provide property value trends for most areas for the past 10 years or more.

Spend time researching all aspects of the property market before looking for an investment property. Issues, such as negative or positive gearing, rental returns and depreciation are key matters that have to be considered by a first time investor.

Try to target lower-priced areas which have a higher number of properties for sale. A simple tip is to check the weekend papers and identify the areas with a larger number of newspaper advertisements.

When you have selected an area, don't make an emotional decision about choosing a specific home. Most first time investors purchase a property they would like to live in. It is important to remember that the investment property must appeal to a tenant who will be paying rent.

Check out any planning changes proposed for the suburb. A local council undertaking a review of zoning could have a major impact on property values. For example, a property that was purchased for a single residential use and then rezoned by the local council as a triplex site will increase substantially in value. Local Council planning departments can advise you of any proposed zoning changes.

Check out any planned infrastructure changes for the area. For example, an upgrade of a local shopping centre or a new railway station can have a major impact on local property values.

Make sure that there are tenants prepared to rent your property. Rental income is a key factor in servicing the loan so if you cannot find a tenant then you will have problems keeping the investment property over the longer term.

Check your finances before you consider buying an investment property. If you have pre-approved finance it will allow you to move more quickly to secure the right investment property.



ACHIEVEMENTS

Last year was an incredible year for us as our business grew and then kept growing. We had some fantastic industry achievements recognised by the Real Estate Institute of Western Australia as well as the recent Ausnet Annual Awards (Independent Agents) at the Burswood Casino Grand Ballroom.

Michael Allen proved he is one of Western Australia's elite Sales Representatives as he took out second place in the state for the most amount of gross commission earned for the year.

Our receptionist, Dominique Bebbington, also had her 5 minutes of fame as she responded in front of over 350 people for being judged the Top Receptionist for 2007. Tina Wilton also collected her first REIWA award recently and is now a member of the \$2 Million Dollar Club. Our small boutique agency was also listed in the top 3 agencies for gross commission per person amongst 2 of the largest real estate agencies in Western Australia.

*Dominique Bebbington
Top Receptionist*



*Michael Allen
Top Salesperson - 2nd Place*



FIXING INTEREST RATES CAN GIVE YOU PEACE OF MIND

By Colin Lamb – Mortgage Solutions Australia

If you are concerned about rising interest rates, one strategy is to consider fixing interest on half the home loan amount.

A number of fixed interest rates still remain relatively competitive to the standard variable rate.

By fixing half your home loan, you are ensuring that you have a ceiling on interest payments for half your debt. If interest rates rise, the portion of the loan you fixed is not affected by an interest rate change.

The other half of the loan, which is variable, will be affected by any changes in interest rates. It is also worth remembering that if interest

rates fall, your repayments on this portion of the loan will also fall. Another benefit is that if you want to accelerate repayments, you can do so to the variable portion.

Over the longer term, there is every prospect that interest rates will fall in Australia if the Reserve Bank contains inflation. The slowing of the world economy will also have an impact on interest rates. Central banks in many developed countries have been under pressure to reduce interest rates because of the slowdown in world economic growth.

By keeping half your home loan fixed and the other half variable, you have the best of both worlds – you insure against rising interest rates and benefit if interest rates fall.

You could save thousands on a complete range of property finance solutions. Call Colin Lamb on 0419 944 497



For all your Real Estate needs...

CALL YOUR LOCAL EXPERT • 9316 3911

770 Canning Highway, APPLECROSS WA 6153 f: 9316 3922 • e: go@glenobrien.net

www.glenobrien.net



WA'S TOP LISTING & SELLING REAL ESTATE GROUP
1998/1999, 1999/2000, 2001/2002, 2002/2003, 2004/2005*

**AUSTRALIA'S INDEPENDENT
REAL ESTATE GROUP**



Mortgage
Solutions Australia.
We're working for you
(08) 9204 7999



Complete settlement
solutions
Our commitment
is the difference
(08) 9204 7900

*Based on results from REIWA Multiple Listing Service. The information in this brochure is in good faith, neither Ausnet, nor any of its directors, members, agents or employees give any warranty of accuracy nor accepts any liability as a result of a reliance upon the information, advice or opinion contained in the brochure. This disclaimer is subject to any contrary legislative provisions. If you do not wish to receive further information from our company, or you wish to be removed from our database please contact our office and ask to be removed. MEMB0020. **Designed and produced by Evolution Integrated Marketing Ph: 9307 1579**