



from the Principal

Glen
O'Brien

Recent predictions show that Western Australia's economy will continue to strengthen on the back of surging commodity exports, record lows in unemployment and strong population growth.

These factors will have a direct and positive impact on the real estate market, and though we don't expect values to continue to soar at the same rate as in 2006, we wouldn't predict a decline of any significance in the medium term.

The Perth market has recently adjusted and is now resuming a more normal and steady growth pattern. The adjustment means that more recently, prices have flattened and in a lot of suburbs, gone backwards slightly, but over the next couple of years we can expect to see a few more peaks and troughs with 2008/9 likely to be the pinnacle in the real estate growth cycle.

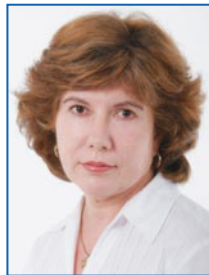
For real estate agents, the changing market conditions will mean that they too need to adjust their attitude and mode of operation. Too many agents have become complacent, in some cases, lazy. In the recent property boom, the average selling time got down to just 1 week, whereas now, it is taking 6 to 8 weeks to sell a home.

The Glen O'Brien Real Estate team understand the need to adjust and we are aware that in today's market it takes more than listing a property on the Internet and putting up a for sale sign to sell a property. Inevitably, it's the agent that is prepared to work hard, follow up and be persistent who will get the results in 2007.

If your property is on the market now or you are just thinking of selling and (like many) feel that you may have already missed the best opportunity to sell, please give us a call. We offer great service and advice that will help you put in place the right strategy to achieve the best result.

The opinions expressed above are that of my own. Please seek professional advice before making any financial decisions.

Leaders in commercial property management



The robust State Economy is impacting on the need for commercial premises and Glen O'Brien Real Estate has recently expanded its commercial property division to cope with the increase in demand.

Managing the commercial management team is Christine Leonard who has previously managed a number of shopping centres and held an impressive commercial office portfolio. Chris is well equipped with a Diploma in Business and Degree in Economics and Sociology together with her expertise in commercial property management, she can handle all property related matters with confidence.

Christine likes to work closely with landlords and tenants and says, "No

matter how big or small, I believe owners should be able to hand a property over to us and then feel confident in knowing we will ensure they are getting the best return on their investment."

If your commercial property is managed by a city based Agent and you are frustrated by the high turnover of staff, lack of feedback and day to day knowledge of your property and tenants, then it's time you gave us a call.



How is your suburb performing? Source: REIWA as at September 2006

Suburb	% Change in last 12 Months	5 yr Avg. Growth (p.a)	Median House Price
APPLECROSS	14.29%	14.64%	\$1,000,000
ARDROSS	27.88%	16.72%	\$665,000
BOORAGOON	32.60%	15.72%	\$600,000
MELVILLE	20.83%	15.21%	\$507,500
MOUNT PLEASANT	30.42%	16.64%	\$782,500
WILLAGEE	24.68%	17.61%	\$360,000

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Summer *sells*

Now is the time to sell your home

The summer months are generally the most opportune time for property owners to sell their home.

This is because there are usually more property buyers in the housing market, reflected by higher sales during the January to March period.

There are traditionally more buyers in the housing market during the summer months because the warmer weather, combined with holidays, means that more people have the time to search for a new home.

Timing can be critical when selling a home and that is why astute property owners list their home for sale during the summer months.

The introduction of daylight saving in Western Australia this summer has given a further boost to the property market because property buyers are able to search and visit properties during the evening.

Anyone who is thinking about selling their home during 2007, should consider selling their property during summer when they have the best prospects of achieving a high selling price.

Some simple summer tips

Summer can be hard on gardens and you should ensure that your garden is properly presented. Some property owners tend to neglect their gardens during the hot months.

The presentation of gardens is very important because the first impression homebuyers get of your home is from the street. To enhance the 'street appeal' of your home it is important that your front garden, in particular, is very well presented when you decide to sell your home. Spending a few hundred dollars to improve the presentation could add thousands of dollars to the overall value of the property.

In addition, you should also consider the positive effect of light during the summer months. In particular, your colour scheme should maximise the use of light inside your home. Clever use of light can make your home appear friendly and larger than it is. Typical ways homebuyers can enhance the use of light is to use mirrors in smaller bedrooms and make sure that windows are clean for inspections.



Tips for upgrading to a new home

Anyone who is thinking of upgrading their home should consider several key issues before purchasing a more expensive property.

Consider buying an established property rather than building a new home. If you build a new home there are many hidden costs such as renting another property while the new home is being constructed, fitting out the new home which can exceed more than \$30,000, as well as possible lost time during construction. In contrast, when you purchase an established property there are no construction delays and you can move directly into the finished home.

Buying a more expensive home does not automatically mean that your new property will increase in value at a much faster rate than a lower-priced property. It is wise to check the annual capital growth rate of the area for the previous 10 years before making a final decision on the property.

Always focus on the land value of a property as this will determine the long-term capital growth of the property. For example, it may prove financially more rewarding to buy an older home on a block that has the potential for subdivision rather than a much larger home located on a single residential block.

If you are considering buying a larger home because you have teenage children, remember that issues such as 'smart wiring' are becoming more important due to the growing use of computers in the home.

Many home buyers who own an existing home consider bridging finance to fund the purchase of a new home. Bridging finance removes the pressure to sell an existing home. The technique of making an offer on another home without having finance tied to the sale of an existing property places home buyers in a much stronger negotiating position. Just be aware of additional interest repayments

Finally, consider how long you plan to live in your new home. If you have teenage children, and they intend to stay at home during their college years, then car parking will become an important issue in future years. The costs of selling your existing home and buying a new home can be quite significant, so it is wise to choose a home that will suit your needs for several years.



Surging population results in strong demand for rental properties

There is now a severe shortage of rental properties available for lease due to Western Australia's surging population.

Currently, less than 2% of local properties are available for lease and rents are rising strongly as a result of the growing shortage of rental properties.

Over the past year, there has been a major fall in the rental vacancy rate because of the growing number of people moving to Western Australia due to the resources boom.

The latest ABS figures show that Western Australia has the highest population growth rate in Australia. During the quarter ending 30 June 2006, the population in Western Australia grew by nearly 40,000 or 2.0%. Western Australia has overtaken Queensland as the state with the fastest population growth rate.

Significantly, these population figures show that more than half the population growth rate (21,500 persons) in Western Australia came from overseas migrants.

Population Growth Rates (Source ABS Cat 3101.0)

Preliminary Data	Population at end Jun qtr 2006 '000	Change over previous year '000	Change over previous year %
New South Wales	6 827.7	58.8	0.9
Victoria	5 091.7	68.5	1.4
Queensland	4 053.4	76.4	1.9
South Australia	1 554.7	12.6	0.8
Western Australia	2 050.9	39.9	2.0
Tasmania	488.9	3.3	0.7
Northern Territory	206.7	3.3	1.6
ACT	328.8	3.0	0.9
Australia(a)	20 605.5	265.7	1.3

(a) Includes Other Territories comprising Jervis Bay Territory, Christmas Island and the Cocos (Keeling) Islands.

Overseas migrants, as well as people moving from the eastern states, generally rent a property in Western Australia before deciding to purchase a home.

The influx of migrants to Western Australia is expected to continue for several years which will put a further strain on the pool of rental properties available for lease.

At the same time, recent rises in interest rates means that more first home buyers are delaying their plans to buy a new home and are remaining in their rental properties. This is increasing the shortage of new rental homes available for lease.

During the past year, average weekly rents in some areas have risen by more than 20% and landlords can expect further rises in weekly rents during the coming years because of the high demand for rental properties.

Our office is seeking new rental properties to meet the growing demand. If you have a property that you are considering leasing, please contact us and we will provide you with a free rental appraisal as well as information on the expert services we offer in this area.

We wish all our readers a safe and prosperous New Year

The other real estate boom... *the baby boom*

Glen O'Brien is wearing a very big grin these days and it's not from another multi million dollar property deal. He is the proud new father of baby Baxter.

Little Baxter Jay O'Brien was born on the 27th November at Kaleeya hospital. His mum Stephanie is overjoyed with their new baby boy and big sister Lauren is proving to be a fantastic little helper.

Also wearing a huge smile is new dad Michael Allen. Mike and his wife Jennifer are happy to announce little Charlie's birth on 10 December. Charlie is lucky to have two big sisters, Ashima (15 years) and Lupita (2 years) who are both loving their new baby brother.



Left: Charlie in her sister Lupita's Arms.

Below: Smiling Glen with baby Baxter.



INTEREST RATES *WHERE TO FROM HERE?*

The rises in interest rates over recent times have created some uncertainty amongst property buyers about future trends in interest rates.

It is important for property buyers, as well as property owners, to understand that historically, the Reserve Bank tends to use interest rate settings as a short short-term 'lever' to assist in cooling the economy or alternatively providing a boost when necessary.

A survey of interest rate adjustments from January 1990 to December 2001 shows that upward movements in interest rates accounted for only 3.3 years of this 12 year period. The vast majority of interest rate movements were downward.

However, when interest rates increase, the survey shows that the upward movements tend to be much sharper than when they fall, in order to create a reduction in spending.

During the five-month period 17 August 1994 to 14 December 1994, there were three increases in interest rates which resulted in a slowing of economic activity in Australia. Interest rates then remained stable for more than two years until they began to fall in July 1996.

There are many similarities between then and more recent times. For instance, during the nine-month period from November 1999 to August 2000, interest rates jumped by 1.5% but were followed by six successive interest rate cuts.

During 2006, there were three interest rates rises and these appear to be impacting on the economy with signs that the national economy is slowing.

Given that Australia has one of the highest interest rate settings in the developed world, our opinion is that this will limit the capacity of the Reserve Bank to increase interest rates much further.

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