OPESON News

2009 END OF YEAR

2009 is almost over with many people wondering what is around the corner in 2010.

Last year's recommendation by Opeson to exercise caution if considering fixed rates early in the year, proved to be more meaningful than expected.

2009 involved many significant changes. Starting with many difficulties looming, the first reprieve came with the rapid slide in variable interest rates from mid 9%pa to near 5%pa within several months. This provided both welcome relief to strained home budgets and a cash flow boost to others, including many with investment property portfolios that moved into positive gearing.

Lower interest rates enabled many to breathe a collective sigh of relief and many others to build a significant amount in buffer funds, increasing their security during tentative times, when employment uncertainty was the biggest risk most people faced.

Those stuck in short cycle 'reactive' money systems would be the most nervous as reserve savings levels in Australia were reportedly the lowest in many years.

Most employment markets seemed to be realigning remuneration levels to trend after the heady days 2007/08. However some industries, particularly those reliant on global markets saw large retrenchments. Seemingly most skilled labour was redeployed over the following several months.

Opeson Members were thankful for the long term systems they put in place in previous years. In some cases the systems enabled them to manage erratic income flows and others when faced with redundancy took the time as an opportunity to acquire skills or take advantage of the crazy pricing for international tourism.

With the Global Financial Crisis (GFC) dominating news headlines in the first half of the year, the difficulty was knowing that the light at the end of the tunnel was not a train coming the other way.

Some recent events help us understand this 'light'.

Western Australia's solid development base has allowed the State's jobless rate to be in decline for several months even though we continue to have a net migration influx.

Perth has become a new hub for oil and gas as well as the revitalized mining sector. Of particular note are the moves by BHP, Chevron, several smaller players and many global brands to stake a huge commercial claim in the Perth CBD.

Although interest rates have increased recently, the irony is that we believe this provides a return to more realistic assessments of housing affordability. The increase in the price of money (interest rates) is not yet negatively affecting property purchase prices but it is not clear how much more the market will absorb or more importantly (particularly for next 1-2 %) the pace at which it is levelled.

Remember increasing interest rates is a reflection of growing economic strength and increasing confidence in the economy. These factors coupled with the growing population are underpinning demand across the board. It is important to understand how this assists in the promotion of increased rental yields in the medium to long term.

Interest rates are a national phenomenon and while (at least in the short term) we are seeing improvements in property prices, particularly nationally, as Western Australia heats up again it will be interesting to see how many can resist the lure of strong employment opportunities in a lifestyle oriented climate.

Many suburbs in Western Australia offer good sized properties with excellent infrastructure and good amenity within close proximity, as well as being within the magical 30 minutes from the CBD.

To the south, Rockingham, Cooloongup and surrounding suburbs currently offer properties $320K - $450K. To the east Cloverdale, Thornlie and surrounding suburbs currently offer properties $350K - $475K. To the north, suburbs like Craigie, Ocean Reef and surrounding areas currently offer properties $400K- $575K. There are also opportunities in the CBD itself

With rental rates varying between $330 - $450 per week; sound property selection with low maintenance will not require a huge contribution (if at all). Obviously any costs should be paid from your before tax income to maximize your after tax benefits. Remember as interest rates rise so do your costs.

There are opportunities for sound investment in regional Western Australia in areas that will become more accessible as a result of recent and planned infrastructure development - Bunbury and Busselton to the south as well as areas to the north.

Major project developments announced in the Geraldton area and further north on the back end of the next phase in the mining boom will generate increased demand for land, as well as residential and commercial developments. The greatest medium term gains will be made by those moving into those markets early.

So is the 'light' in sight? YES. Can another train come before we reach the end of this tunnel? Unlikely…but… possible. The difference is that with a strategic approach and management tools in place you can be alert to both the moment and the future.

Anticipating the light change allows enough time to adjust appropriately and those that are proactive in their approach should benefit from that action.

Obviously there is more to life than money, however, in a western world generating a surplus does provide greater choice. It is best to ensure your Personal Economy is well structured and managed to optimise your resources, maximize your surplus and provide a buffer, so that you can achieve your goals faster and with less risk and uncertainty.

As the Baby Boomer generation retires with depleted superannuation funds and the various governments seek to fund our national future we advocate ensuring your Personal Economy can support you later in life.

At Opeson we recommend you take control now and then move forward in a strategic manner.

Harness the power of your Personal Economy to identify and develop surplus. Many have been doing just that recently and are well placed to take advantage of the opportunities emerging in the recovery phase. Some have already taken action.

With a strategic approach and sound measurement on board you can wield the power of your Personal Economy for the betterment of your future.

The keys to 2010 and beyond are 'an increasing population', 'reviving demand' and 'infrastructure expenditure' which when strategically assessed clearly add up to 'opportunity' for you.

As an Opeson Member you have access to the various services and tools to use these keys to assist in the provision of an enjoyable and prosperous 2010.

All the best is all you need.

IN A NUTSHELL

The worst of GFC on flow affects appear to have been resolved by various factors including artificial stimulus, a growing population and a needed redeployment of strained resources (overpaid skilled labour).

A recent national upward adjustment of property prices highlights the 'quality value' of various Western Australian properties; you will see strong medium term growth providing it is supported with infrastructure and amenity (roads, public transport, shops and schools).

As any property purchase decision would be a medium to long term consideration; the risk of no action and then paying more later, (based on the fear of a another correction next year) is greater than strategically acting sooner and having the systems in place to accommodate any short term shocks in the unlikely event that another correction occurs next year.

Harnessing the power of your Personal Economy is easy with the Opeson tools and services where we will work with you to identify and/or generate surplus for you.

An Opeson Optimal Operating System and associated services will wield that power, with you for you, generating more; faster, safer.