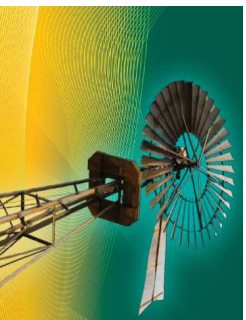


# HERRON TODD WHITE

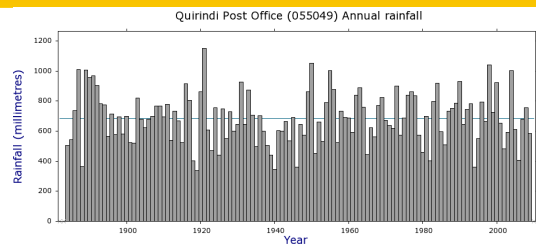
## PROPERTY MARKET OVERVIEW



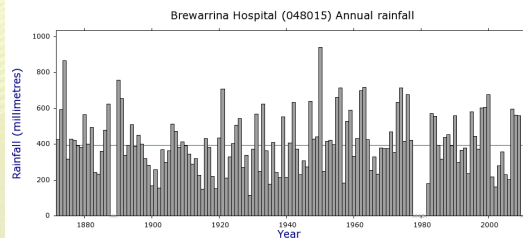
# New South Wales Overview

## Robin Gardiner

- Climate **variability and policy uncertainty**, more the issue
- Below average rainfall west of Great Divide
- Southern half NSW more severely affected
- Parts of the North West have been less affected
- The cause and extent of “climate change” is not deterring most buyers
- Water allocations will remain below historical levels
- Govt Agricultural/water policies formulated on global warming models? (rightly or wrongly). Uncertainty.



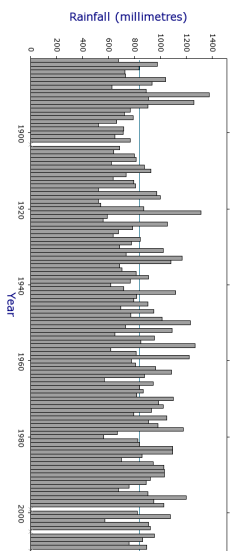
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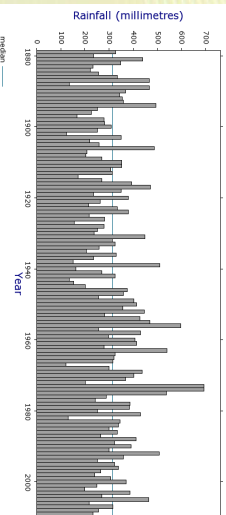
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**Rainfall – Historical Trends**

Glen Innes Post Office (056011) Annual rainfall



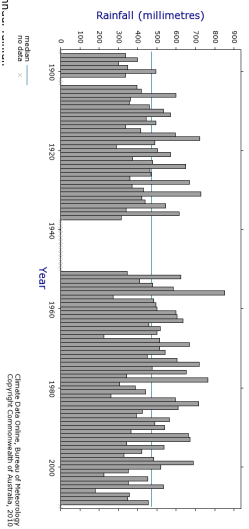
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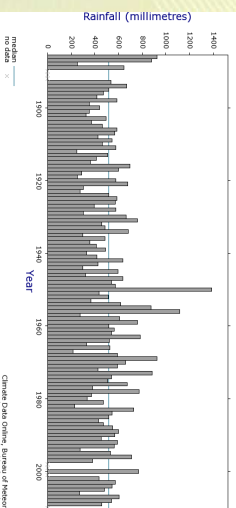
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**Rainfall – Historical Trends**

Wyalong Post Office (073054) Annual rainfall

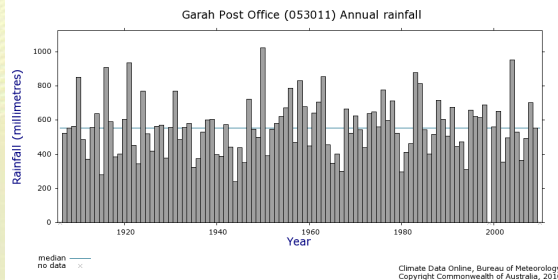
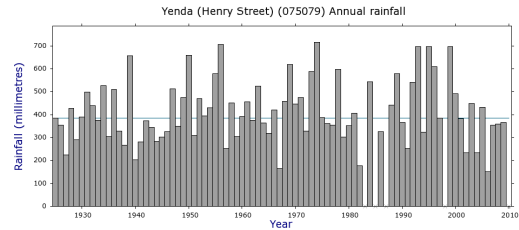


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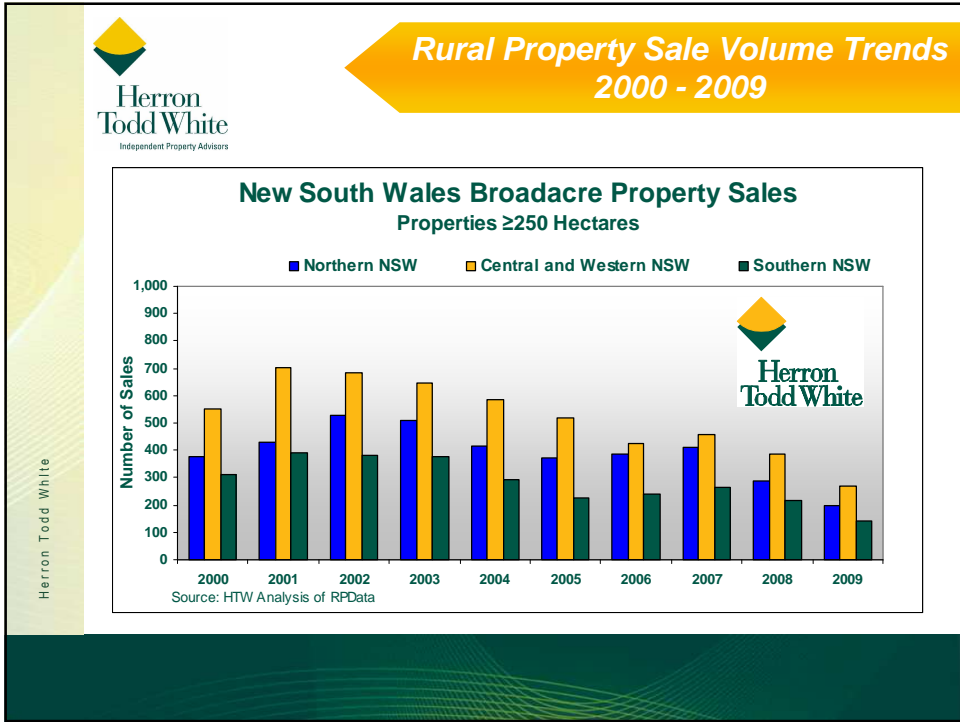
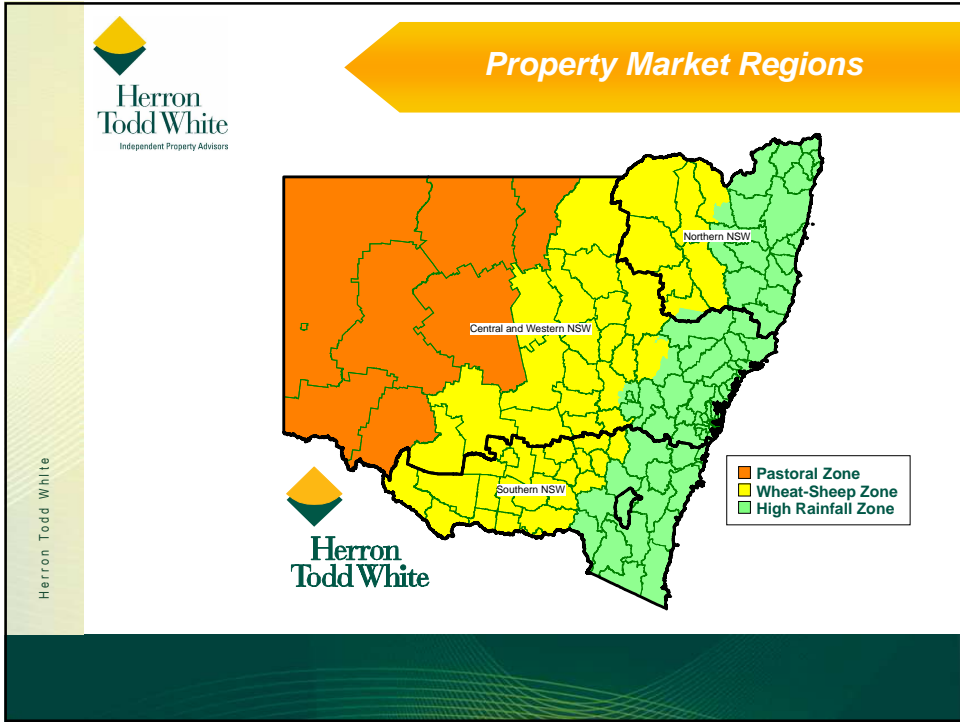
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## Rainfall – Historical Trends

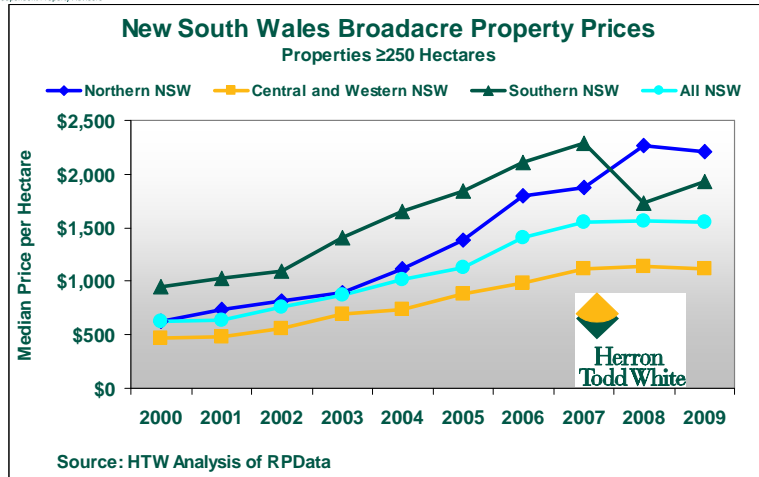


## Property Market Drivers Common to Most Regions

- Just experienced the driest decade on record in the MDB
- Ageing farmer population looking to exit
- Capacity and number of non-corporate buyers is dwindling
- Decline in city based investors
- Debt serviceability more challenging
- Two tiered market has developed
- Longer term factors: measured optimism on commodity prices; “food security”, declining land and water resources.



## Rural Property Sale Price Trend 2000 - 2009



## Regional Market Analysis: Northern New South Wales

- Sales volume in 2009 was 37% of the peak in 2002
- Median Price holding at 2008 peak levels, however....
  - Summer crop plantings down 25% of normal, but yields look promising
  - The economics of winter cereals mediocre for 2010
  - Water storages are low
- Good rains to date have lifted cash flow prospects
- Cattle prices well below peak
- Trend towards sub tropical pastures to add value.

## Regional Market Analysis: Central & Western New South Wales

- Sales volume in 2009 was 38% of the 2001 peak
- Median Price holding at 2007 peak levels
- Pastoral zone values holding
- Wheat/sheep zone values under downward pressure
- Government buy back of water entitlements has put a floor in the value of water entitlements

## Regional Market Analysis: Southern New South Wales

- Sales volume in 2009 was 38% of the 2003 peak
- Median Price about 16% down on 2007 peak
- Financial impact of years of drought and poor water allocations
- Value of water entitlements to increase
- Climate change skeptics remain dominant

## Conclusions and Outlook

- Short term “softness” in the property market to remain
- Values to remain at current levels or decline
- Follow up rain needed
- High entry price an impediment for younger entrants – pastoral zone more affordable
- Funds & corporations taking a strategic (“big picture”) position
- Recent weather may alleviate climate change uncertainty
- Climate change policy uncertainty lingers
- Capital gain prospects? Buy in a falling market?
- A very difficult time to be valuing
- All successful cultures in the world depend on one thing “AGRI- CULTURE”

## THANK YOU

For further information please contact:-



Queensland – Doug Knight 07 4639 7600

New South Wales – Robin Gardiner 02 6766 9898

Victoria – Mick Eason 03 5480 2601

Northern Territory – Frank Peacocke 08 8941 4833



**THANK YOU**

## Disclaimer

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