

The month in
review

MAY

2010



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Peace of mind for your property decisions.



The Ups & Downs

High Flyers vs Low Riders

Life's not about shades of grey – its all about the extremes. It's all very nice to speak in terms of mean, median and mode but let's face it, the good stuff happens at the fringes – hey man!... if your not living on the edge, you're taking up too much space!!

Fair heart never did anything exceptional so this month we are going to crack a can of Solo and propel ourselves down the cliff face in a home built canoe screaming "Yeehhaarr!!" all the way to the rapids below.

Apologies... I seem to have become carried away by delusions of grand adventure and adrenalin fuelled whimsy, but I'm sure you see my point. Real estate statistics tell a certain story but most pundits want to know something about the broad spectrum of available property in their given investment areas. It's no good fronting up to a local Sydney agent, laying down a cool \$100,000 and asking him to beg for your cash when all that money is likely to land you is a CBD parking space for the duration of your Xmas shopping. By arming yourself with the knowledge of where the dollars stop and start in your area of pertinence, you can get a little information on not only whether you're in the game, but how far you can shoot.

This month the HTW professionals are looking pleased with themselves. We don't think anybody has our broad range of on the ground experience regarding the Australian market and you, dear reader, are set to benefit. Each of our offices have considered the ends of their market and given you a quick overview. By looking intently at which suburbs offer the very highest and very lowest priced real estate in their respective patches, we can paint a picture of how the money is spread across our relevant localities.

For the commercial minded amongst you all, this month sees our sages dissect those very prime looking office properties. As has been the theme over recent Month In Review issues, the premium market can prove a litmus test for the health of all other sectors. It is the point in the spectrum that is historically most resilient to softening so a flick through the pages of our commercial section will provide a great overview of where your investment is heading.

So pop on the protective clothing, say see you later to the loved ones and prepare to repel yourself from a high place as we take a look at the big and small end of town in this month's edition. Just don't forget to call your stunt coordinators at Herron Todd White to get a rundown on the risks and to ensure the hypothetical fire extinguisher is charged and ready to go before you make the leap.

Tally-ho!

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Residential Overview

It is always interesting to take yourself beyond the usual analysis of the markets. Most areas are studied in terms of average and median sales data, both of which provide an easily traceable set of numbers. Often, however, it is just as valuable to check where the market begins and ends. This sort of information can give investors perspective on where their options sit in a given locality.

This issue of Month In Review provides some detail from throughout Australia on what the low end and high end prices in a variety of markets exist. Our valuers deal with this information on a daily basis and their collective wisdom, plus several real life examples within these pages, should prove a welcome addition to your information base.



Sydney

Getting a handle on the Sydney property market is no mean feat. The largest City in Australia boasts a wide variety of residential property from modest worker cottages of the outer suburbs and city fringe, to those "jewel in the crown" suburbs with sparkling Harbour views. The potential purchaser needs to be well researched and have an understanding of not only the local community but also the supporting infrastructure when considering where to put their money.

With such diversity in the greater Sydney metropolitan area we have provided two options to each segment to offer a variety of choices for the reader.

High Flyers:

Point Piper, Darling Point, Vaucluse

What type, size, quality, age etc housing is typical for each suburb?

These sought after Eastern Suburbs locations feature detached dwellings, including substantial period estates through to high contemporary quality on harbour front and non-harbour front blocks. Period homes have generally been extensively renovated over the longer term. Building sizes for these grand homes can range up to 700 sqm and beyond internally with most offering at a minimum 2 through to 8 or 10 garaging depending on block size.

Land area and ancillaries that are usual?

Land area ranges from 500 through to 5000 sqm (larger sites rarely if ever released to the market). Ancillary features include older established gardens and grounds which surround the period homes through to extensive terraced lawn, landscaped for privacy with indoor and outdoor pools complete with state of the art outdoor kitchens. Many are within gated security grounds. Mooring facilities are also common on water front properties with the larger parcels also including tennis courts.

What are the price points?

Prices ranging from \$5,000,000 through to around \$50,000,000 (record sale of \$47 Million paid for "Coolong" at Vaucluse on 4000 sqm waterfront site). Homes over this price exist but are rarely released to the market.

What is the buyer profile?

These areas are particularly attractive to high net wealth individuals with many of the established society families of Sydney based here. Generally the market is dominated by ex-patriot, old wealth and overseas purchasers.

What features make these suburbs the most expensive?

The calibre of the home's surroundings, their proximity to the harbour and highly sought after views. This region of Sydney is within 10 kilometres of the CBD and has established private schools, boutique shopping centres and beaches on its doorstep.

Given the current climate (some returning confidence but with interest rate rises looming), what are the prospects for this area?

The prestige market is currently sitting below the peaks of 2007 due to the impact of the Global Financial Crisis (GFC), nonetheless the market is strengthening. Good buying was enjoyed during the GFC, with solid gains predicted over the longer term.

Could you advise what might be a good and what might be a bad investment in each location?

Good investment - worst houses in best streets with scope for renovation (views and proximity to parks and harbour are highly sought after).

Bad investment – overcapitalised homes which may be considered “too” contemporary that may date quickly and require renovation in the shorter term and secondary positions where view line may be obscured, filtered or built-out.

Any cautions you would attach about each suburb (e.g. new train line coming through? Housing built on mine shafts?? Etc)

No real cautions to be considered. These areas are well regarded areas with strong levels of demand, and at times limited stock available for purchase; reflecting the limited supply for large demand leading to inflated prices.



Dural

What type, size, quality, age etc housing is typical for this suburb?

Dural is a prestige acreage suburb situated in the Baulkham Hills/Hornsby council areas, approximately 35 kilometres north west of the CBD. Dural is characterised by large, modern dwellings of high quality or older style renovated, character style homes. It offers a lifestyle rural residential choice within commuting distance of the City.

Land area and ancillaries that are usual?

Site areas in Dural are generally 2 hectare parcels with high quality ancillary improvements including inground pools, tennis courts, extensive general landscaping and possibly horse stabling and paddocks. Parcels can be a mix of fully arable and level lots to natural bush parcels.

What are the price points?

Dural ranges from entry level acreage of \$1.3 million up to and beyond \$4 million for high end property. Several

properties in the area would be of higher value but they are rarely if ever released to the market.

What is the buyer profile?

Dural is popular with Executives and upper management who are drawn to the area for the combination of privacy and the option of entertaining on a large scale. Most are families who wish to take advantage of the wide choice of private schools and lifestyle options offered.

What features make these suburbs the most expensive?

A combination of lifestyle and proximity makes this the most expensive suburb in the North West of Sydney. Housing options are varied and the option is still available to purchase an older style property and redevelop into your own dream.

Given the current climate (some returning confidence but with interest rate rises looming), what are the prospects for this area?

Dural has only just recovered from GFC. We have seen confidence improve of late and the market stabilise. Potential interest rate rises could easily spook out recent confidence gains.

Could you advise what might be a good and what might be a bad investment in each location?

Good Investment - Older style properties which can be renovated at a relatively low cost may see some capital growth. The shape and arable nature of the parcel are important considerations if considering the potential as future building sites.

Bad Investment – Overcapitalising improvements especially in regard to ancillary improvements with a view to selling in the short term. The area also includes overhead power lines and market sentiment at selling time could be negative if they cross near or over the property.

Any cautions you would attach about each

The area is serviced by local bus companies with an emphasis on the school runs only. The majority of people who live in the area drive and this can lead to some peak hour congestion on the original narrow roadways.

Low Riders

Miller

What type, size, quality, age etc housing is typical for this suburb?

Miller is located in the local government area of the city of Liverpool. Miller was developed between the 1950's and 1960's and is characterised by modest, single level fibro/clad homes and brick veneer homes. It is approximately 35 kilometres south west of the Sydney CBD.

Land area and ancillaries that are usual?

Properties in Miller are mostly situated on 500-700sqm blocks of land with basic landscaping and single car accommodation.

What are the price points?

A typical Miller home can range from \$270,000 to \$350,000 depending on its bedroom accommodation, construction and internal condition.

Entry prices in Miller start at \$220,000 for a fibro residence in need of renovation to the highest of approximately \$420,000 for a renovated brick residence.

What is the buyer profile?

Miller is popular with both the first home buyer and investors/renovators due to entry point price bands. A lot of the properties in the area are rented out to tenants with the rental achieved relative to the condition and size of the property.

What features/detractions make this suburb amongst the cheapest?

Miller is situated within good proximity to the Liverpool CBD and has established transport links. However as much of the area is retained for public housing or held by long term investors, a high level of tenanted properties remain in near original condition. Local facilities would also benefit from updating.

Given the current climate (some returning confidence but with interest rate rises looming), what are the prospects for this area?

Miller offers an entry level into the Sydney property market and as more people require housing in established areas whether as a tenant, investor or first home buyer the supply demand will ensure slow and steady price increases. Current rental returns are in the vicinity of **\$280 to \$360 per week.**

Could you advise what might be a good and what might be a bad investment in each location?

Good investment – The availability of purchasing a dated clad home at a low price and renovating the property to a mid standard with the prospect of re-selling for a profit or renting out the property for a steady investment return.

Bad investment – Streets with a high proportion of public housing could have extended selling periods on resale.

Chester Hill

What type, size, quality, age etc housing is typical for this suburb?

Chester Hill is located in the local government area of Bankstown City Council some 22 kilometres from the CBD. The suburb primarily consists of a mixture of detached, single level, fibro, clad and brick homes built between the 1950's and 1970's. Some spot redevelopment of dwellings has occurred more recently with modern single and two level brick veneer homes emerging in the locale.

Land area and ancillaries that are usual?

The average block size is around 500 sqm however lots do vary up to around 700 sqm. Properties generally feature large front and rear yards with basic landscaping and detached garages.



What are the price points?

A typical Chester Hill home can range from \$320,000 to \$380,000 depending on its construction, land holding and accommodation mix. New homes built in the area generally sell from between \$550,000 to \$630,000 depending on size and standard of finish.

What is the buyer profile?

Chester Hill attracts a culturally diverse population with a large Lebanese and Vietnamese community. The majority of home owners are families, many of which are first home purchasers; however a significant rental market still exists.

What features/detractions make this suburb amongst the cheapest?

Older style dwellings of fibro/clad construction generally define this area as an entry level point to the detached housing market in the Bankstown City area. There is a scarce amount of unit development in Chester Hill, however the nearby suburb of Wiley Park provides the most affordable unit housing in the area.

Given the current climate (some returning confidence but with interest rate rises looming), what are the prospects for this area?

Redevelopment of individual dwellings will continue to occur over the long term however the first home owner market will be dampened by the inevitable rising of interest rates over the next 12 months. The investment market should remain steady, supported by the relatively good rental returns on reasonably cheap purchase prices.

Could you advise what might be a good and what might be a bad investment in each location?

Good Investment - Purchase of a typical weatherboard/brick home in satisfactory condition on a large level block for investment as a rental property should provide a good return on a relatively low purchase price.

Bad Investment - Caution should be given to purchasing homes containing fibro-asbestos materials which are in poor condition, as they may attract significant costs for removal down the track.



Wollongong

Cringila & Wombarra*

(*we will adopt Wombarra as a typical suburb in the northern beaches)

What type, size, quality, age etc housing is typical for each suburb?

Cringila is located about 5km south of the Wollongong CBD. The suburb is bounded by Berkeley, Unanderra, Lake Heights and Warrawong. A fraction of Cringila is the Port Kembla steelworks, which employs many people in the local area. It was the focal point of the region as it attracted many workers from overseas. Cringila, originally called Steeltown, was developed between 1930s and 1960s and is characterised by older fibro/clad, fibro homes and brick dwellings usually of a modest size.

Wombarra is a northern seaside suburb of Wollongong, located on the south coast, approximately one-hour drive from the Sydney CBD. Wombarra and its adjoining suburbs of Austinmer, Coledale, Scarborough, Coalcliff and Stanwell Park, are wedged between the ocean and the escarpment. This area is approximately a half-hour drive north of Wollongong CBD. It is characterised by a selection of construction styles and ages, all more or less oriented towards the spectacular sea views available from higher up on the escarpment, or at beach level. The main thoroughfare is Lawrence Hargrave Drive, which links Bulli in the south to Stanwell Park and the adjacent Royal National Park.



Land area and ancillaries that are usual?

Homes in Cringila are mostly situated on 400 to 600sqm blocks of land with basic landscaping and minimal car accommodation.

Wombarra and adjoining suburbs – Land area between 300 and 2000sqm with established to extensive ancillary improvements with many having pools and extensive landscaping. Many blocks have moderate to steep topography.

What are the price points? Feel free to give some examples of a typical home, and also perhaps a top end and bottom end house in each if it's relevant?

A typical Cringila home can range from \$190,000 to \$350,000 depending on its bedroom accommodation and internal condition, although the majority of sales are in the \$200,000 range. A sale late last year in Fitzgerald

Street was for a clad three-bedroom, one-bathroom home in fair condition with a single garage under on a 550sqm block. More recently a renovated brick house in Merrett Avenue sold for \$270,000, on a 1000sqm block.

Wombarra has a range between \$600,000 and \$3,000,000 – it and its adjoining suburbs are well sought after due to the proximity of the Sydney market. For a house in Wombarra at entry point price, two to three bedrooms on a 500sqm block you would be looking at a range from \$560,000 to \$800,000. For a house in Wombarra at the top end, four to six bedrooms, with modern inclusions, renovated or recently built and near the beach or with good access and a view, could reach anywhere from \$750,000 to \$300,000. These homes have prestige appeal and offer an exceptional lifestyle close to Sydney and near the ocean. A recent record sale at Wombarra of \$3 million shows the depth of the market, with a recent Lawrence Hargrave Drive sale at \$616,000 indicating where it starts.

.....for a house in Wombarra at the top end, four to six bedrooms, with modern inclusions, renovated or recently built and near the beach or with good access and a view, could reach anywhere from \$750,000 to \$300,000.....

What is the buyer profile for each?

Cringila mainly attracts the first homebuyers and investors/renovators, as property prices aren't as high as surrounding areas. A lot of the properties are rented out to tenants, or are long-term family homes. There is surprisingly little churn.

Wombarra is one of the more sought-after suburbs of the northern Illawarra market. The demographic is mainly for second home purchasers or families looking to upgrade to a larger size home in a prestige area. There is also a long established market from Sydney buyers looking for a holiday home on the south coast but within easy reach of their principal residence. This part of the Illawarra offers all that.

What features/detractions make these suburbs the cheapest and most expensive?

Cringila - Older style homes with clad/fibro construction, no gentrification happening to date, some public housing, close to steel works. Still close to employment centres and has its own rail station.

Wombarra – established beachside suburb – with many architect designed homes, good ocean views and/or access to beaches, local shops nearby, close to Sydney and on electric rail line.

Given the current climate (some returning confidence but with interest rate rises looming), what are the prospects for each area?

Cringila offers possibilities of redevelopment – knock down and re-build. It is an inexpensive but central area to start out in, or invest in. Rental returns are at approximately \$220 to 280 a week for a three-bedroom dwelling. Investors have not been prominent or seen as

trying to get into the market but the long-term prospects are promising.

Lifestyle is the big attraction of these far northern suburbs, and Wombarra is no exception. Recently we have been seeing properties sold soon after they have been listed on the market – and prices are increasing. Holiday rental returns can be \$2000 to -\$3000 per week in the top season, and generally the properties will rent well on a long-term basis. Prices were depressed however after the end of 2003 and have only begun a slow rise since the latter part of last year.

Could you advise what might be a good and what might be a bad investment in each location?

Cringila offers good investment potential through purchasing a dated clad home at a low price and renovating the property. Cringila is good for rental returns so a renovated residence can bring back a good investment return. Land can still be purchased well under \$200,000, so the numbers will still work on a new dwelling as well (subject to size and cost).

Sea views and beach access are the keys to properties in this part of the Illawarra and Wombarra is no exception.

Any cautions you would attach about each suburb (e.g. new train line coming through? Housing built on mine shafts?? Etc)

Cringila is close to the BlueScope steelworks and therefore some may see it as a detriment. In Wombarra, many blocks back Sydney train line, and this is escarpment so any prospects of land-slip need to be considered. Always seek a S149 Certificate when purchasing.



Canberra

Featured in the inner south region of Canberra are the suburbs of Forrest and Red Hill. These two suburbs boast a large collection of some of the most expensive real estate in the Canberra region. Our attention will be focused on the suburb of Red Hill where large parcels of land often featuring prestige dwellings and in close proximity to the CBD drive the million dollar-plus sales.

Red Hill was established in 1928 and the detached dwellings in the area built circa 1930 and 1940s are usually single storey and of solid brick construction with extensions and renovations made over the years to create larger floor plans. The fact that these properties are situated on blocks usually more than 1000sqm in size helps push the price further up. In terms of ancillaries, well established grounds, large entertaining areas and multiple car accommodation are common for the larger properties.

A recent high sale in the area came in at more than \$3 million and the median price for the area is sitting around \$900,000. This contrasts with Canberra itself the median is sitting at \$500,000.

Buyers of these properties are a mix of investors and owner-occupiers attracted to the quiet, tree lined

streets in close proximity to parks, Manuka and Kingston shopping precincts and the CBD. In the current climate, transactions of expensive properties in the Red Hill area have remained steady relative to the fact that they don't occur as often as the standard product out in the market.



Due to the age of the dwellings in the area, an investor should be wary of the condition of the particular dwelling that they may be interested in, as unforeseen costs could become a deal-breaker.

At the lower end of the Canberra property market is Charnwood. A suburb mostly constructed in the mid 70s and mostly populated by low-income earners or first homebuyers.

....detached dwellings in the area built circa 1930 and 1940s are usually single storey and of solid brick construction....

The reasons for Charnwood's position at the bottom of the table can be largely attributed to the size and quality of the blocks and construction in the region. The suburb is dominated mostly by three bedroom stand-alone dwellings, built on less than generous blocks. The quality of these builds is often well below par. Most dwellings consist of a standard brick veneer, concrete tiled roof sitting on brick piers, with very minimal internal features to offer out-of-area buyers. Renovations in the area are also minimal, most likely due to fear of over-capitalisation.

Despite the reputation there is potential in the market for Charnwood. Recent developments in West Macgregor and to a lesser extent, Dunlop, have attracted a new breed of buyers to the Western Belconnen region, which in its northern extremities is also moving closer to the ever-expanding Gungahlin region. Given the recent increase in sales prices in these regions, it is fair to assume that Charnwood is likely to see some repercussions from these current hot spots.



Central, North & West NSW

DUBBO

The least expensive estate in Dubbo would be Rosewood Grove, which consists of c1960s to c1980s single storey, fibro or brick, ex-housing commission dwellings. Land prices range from \$25,000 to \$30,000 for a standard residential block. House prices range from \$100,000 for a two-bedroom dwelling to \$140,000 for a four-bedroom dwelling. Land and dwellings sold by the Department of Housing are subject to a Restriction on the Use of Land, which prohibits the property from being occupied by anyone other than the owner for a period of seven years.

The owner-occupier restriction does not appear to have had a negative effect on the marketability or value of properties within the estate, which is evidenced by the number of properties being sold. Buyers in this estate are generally first homebuyers and low-income families. The benefit of purchasing in this estate is the affordability and potential for value increases once all the housing commission dwellings have been sold. However, the area is still regarded as a low socio economic area, which has experienced some social issues in the past and this does deter some buyers.

The most expensive areas in Dubbo would be Grangewood Estate and Delroy Park Estate, which are constructed around the Dubbo Golf Course. Both estates were developed in the early 1990s with new stages progressively released over the years. Land with golf course frontage ranges in price from \$130,000 to \$250,000. Houses with golf course frontage range from \$450,000 to \$650,000, although one place recently sold for \$920,000, which is currently the record sale price in Dubbo. The majority of high cost properties in this area are owner occupied although a small number are leased. This area will soon be enhanced by the development of a Woolworths supermarket and retail outlets that are currently under construction and set to be completed by the end of the year.



BATHURST

The most expensive suburbs of Bathurst are Wentworth and Blue Ridge estates. The least expensive suburbs are Stewart and South Kelso.

Wentworth and Blue Ridge

These estates comprise the following:

- Larger 3000sqm rural residential allotments.
- Near new large executive style dwellings with quality PC's usually complimented with extensive landscaping and ancillary improvements such as in ground pools.
- Values are typically \$500,000-plus with a handful of properties pushing the \$1 million mark.
- Buyer profile would be high-income professionals and 'tree changers' cashing out of Sydney for a country lifestyle.
- These properties have a higher land value base and larger building covenants making them more exclusive and expensive than other areas.
- These properties can be sensitive to interest rate increases because the owners tend to be geared higher around their income, and can be more volatile than other market segments.

- Yields on these properties are low but there has been good capital growth during the past 10 years.

Stewart and South Kelso

These areas comprise the following:

- Smaller to standard size residential allotments.
- Older style small, ex-housing commission dwellings in fair condition and limited presentation. The dwellings typically are dated and require upgrading and maintenance.
- Values are typically \$100,000 to \$200,000.
- Buyer profile would be low-income families and first homebuyers.
- These properties are located in low socio economic areas with negative neighbourhood reputations.
- These properties tend to show higher rates of return but are coupled with higher risk and lower capital growth rates. This market segment is also more volatile than medium market segments.

ORANGE

The most expensive suburbs of Orange are Amerdown and Orange central. The least expensive suburbs are Glenroi and Bowen.

...these properties can be sensitive to interest rate increases because the owners tend to be geared higher around their income....

Amerdown and Orange central

These estates comprise the following:

- Amerdown comprises rural residential allotments close to Orange. Orange central comprises standard to larger residential allotments.
- Amerdown has large dwellings of varying ages with quality PCs usually complimented with extensive landscaping and ancillary improvements such as in ground pools. Orange central has large historic style dwellings, which have been restored, extended over the years.
- Values are typically \$500k plus with a handful of properties pushing the \$1m mark.
- Buyer profile would be high income professionals and people involved in the mining industry.
- These properties have a higher land value base and higher locational appeal. The historic homes continue to achieve a premium in price being exclusive and more expensive than other areas.
- These properties can be sensitive to interest rate increases because the owners tend to be geared higher around their income, and can be more volatile than other market segments.
- Yields on these properties are low but there has been good capital growth over the last 10 years.

Glenroi and Bowen

These areas comprise the following:

- Smaller to standard size residential allotments.
- Older style small, ex housing commission dwellings in fair condition and limited presentation. The dwellings typically are dated and require upgrading and maintenance.
- Values are typically \$100k to \$200k
- Buyer profile would be low-income families and first homebuyers.
- These properties are located in low socio economic areas with negative neighbourhood reputations. North east Bowen in particular has significant socio problems
- These properties tend to show higher rates of return but are coupled with higher risk and lower capital growth rates. This market segment is also more volatile than medium market segments.



Newcastle

The suburb of Windale is generally considered to contain some of the most affordable detached housing in Newcastle. Windale is an established residential suburb located approximately 14 kilometres by road southwest from the CBD. Housing generally dates from the 1950s through to the 1970s, and is of a lowset timber or fibro construction. These homes generally provide three bedroom plus one bathroom accommodation, and are priced from \$180,000 to \$295,000. Rents average between \$250 and \$300 per week. This area is popular for investors looking for a good rent return and low capital cost.

....prices start at \$500,000 for a small cottage on a small lot without views....

The Hill is an inner city suburb and is generally considered to contain some of the least affordable detached housing in Newcastle. Residential development comprises a mix of detached houses and unit/townhouse developments with many properties having city, ocean and/or harbour views. The CBD, schools, popular Darby Street restaurants and Newcastle Beach are all within walking distance. Housing dates from the late 1800s and much of it has some heritage significance. Prices start at \$500,000 for a small cottage on a small lot without views, and go through to the \$2 million-plus bracket for large houses with views. Rents range upwards from \$600 per week. This area is popular with high income-earning owner-occupiers.



NSW Central Coast

Generally speaking the least expensive areas to buy into on the Central Coast are those that are older and away from the beach and waterfront areas. Starting from the southern most end of the coast, these would include freestanding houses at Umina Beach, Empire Bay, Bensville, Kincumber, Narara, Niagara Park, Ourimbah, Wyong, Berkeley Vale, Killarney Vale, Gorokan, Toukley,

Lake Munmorah, Chain Valley Bay, Gwandalan and Summerland Point.

It is not unusual to see a purchase made in the low to mid \$200,000s for a two to three-bedroom house with



a garage in these areas on land parcels between 500 and ~650sqm. They are generally aged in appearance and style, being over represented by fibro/metal constructions but considered to represent good value for the first homebuyer or small investor, with returns at around 5% gross. Some of these areas are considered to be slightly under valued given their history and should be monitored.

For those seeking a newer house close to the freeway, areas like Hamlyn Terrace, Woongarra and Kariong are quite popular with prices generally upwards of \$365,000. Predominantly, houses in these areas are project style four bedroom brick and tile with a double garage. These areas are well within reach of the first home-buyer and investor returns are also around the 5% gross. The potential for value growth in these areas are considered to be good as market confidence continues to return.

Unit, villa and townhouse prices have been down for several years now as the oversupply of this product was beaten down. Very good buying can be seen in this market with most properties being close to transport and shops. Prices start from the low \$200,000s

At the other end of the market price spectrum, high-end values are concentrated along the coastal strip and smaller rural/residential lifestyle areas. Beachside areas including Pearl Beach, MacMasters Beach, Copacabana, Avoca, North Avoca, Terrigal, Wamberal, Forresters Beach, Bateau Bay, Blue Bay, Toowoong Bay and Norah Head have proven themselves resilient during market downturns.

Beachfront prices generally start at around \$3 million in the southern areas, with the price point for areas to the north like The Entrance North, Norah Head and Forresters Beach being much lower. The style and standard of houses in these areas vary considerably.

A word of caution extends to those unwary buyers when looking at redeveloping beachfront properties regarding coastal erosion and sea level change. Extensive and careful investigation should be undertaken in both council areas.

With a few notable exceptions, properties fronting Brisbane Waters generally start at the \$1 million mark and there are some very nice areas to be looked at here. Properties fronting any of the three lakes in the Wyong Shire are generally much lower in values.

Rural/residential lifestyle properties are generally around between one and two hectares in size. Some very nice and extensive dwellings have been built over the years in these areas. The most gentrified, popular and expensive areas are at Matcham and Holgate where it is not unusual to see \$3 million-plus purchases. Areas like Jilliby, Yarramalong and Dooralong are known for their beauty and serenity, but they have been plagued by controversy over the years by mining and other unwanted developments. Hence, values and marketability in these areas have been constrained.



NSW Mid North Coast

Within the major cities and towns along the Mid North Coast, numerous opportunities exist for those entering the property market, whilst premium properties are well priced in comparison to the upper end market in Australia's capital cities.

Within the town of Forster, the most affordable housing is located just to the south and west of the original town centre. The lower end prices are a result of small allotment size (450 to 500sqm), small dwelling size (two or three bedrooms) and are of typically dated 1960s construction. This type of accommodation is generally priced from \$220,000 to \$270,000. Young families entering the property market would be tempted by a \$235,000 house in Hadley Street, positioned 200 metres from Forster Primary School and 1km from both Forster Beach and One Mile Beach. Development opportunities exist for property around Breckenridge Street zoned 2(B) Medium Density and close to Wallis Lake.



Premium prices in Forster generally peak at \$735,000 for canal front property and \$750,000 to \$1 million for houses located on Bennetts Head Road and around Underwood Road. These houses are generally of large size brick construction, with panoramic ocean aspect and close proximity to beach.

In the City of Taree, the cheapest houses are located within the Department of Housing area around Mudford Street (\$100,000 to \$150,000) with above average rental returns. Outside of this area, there are a number of houses scattered around Wingham Road and Stoke Circuit selling between \$150,000 and \$200,000. These houses generally date from 1960 to 1975, are of fibro/weatherboard construction, with two or three bedrooms and single garage.

The upper end housing market in Taree (\$500,000 to \$700,000) is mostly concentrated in the developing sub-

division of Taree West nearby to Manning River, and upon semi-rural acreage around Cedar Party Rd to the north-west. Houses in this price range will be typically large and modern, and sales have noticeably slowed throughout the past 12-month period.

Department of Housing property forms the very lower end of house prices in Port Macquarie, with prices in the Muston St area typically selling from \$185,000 to \$240,000. Outside of this area, the next lower end housing stock is priced between \$250,000 and \$300,000 for dwellings located in the Clifton Drive area, around Grant Street and a small scattering around Transit Hill. These houses are usually constructed circa 1960-1980, with three bedrooms and single garage.

Premium prices in Port Macquarie (\$800,000-plus) are paid for houses located in the canal area, from the Summit Road hillside to Lighthouse Beach, with a small scattering on the developing southern fringe at Emerald Downs.



NSW Far North Coast

The North Coast of NSW comprises a wide variety of residential property which results in diversity of product extending from absolute beachfront prestige dwellings to basic cottages situated within the small rural villages or hamlets.

...as an investment, residential properties within Bonalbo can be almost cash positive....

Two examples of suburbs or townships, which offer the least and most affordable detached housing within the North Coast, are Byron Bay and Bonalbo respectively.

Bonalbo is a small village situated within a semi remote locality approximately 100km west of Lismore. The village includes a primary school, tavern, general store and a small basic medical facility. Development generally comprises a mixture of older to semi modern style dwellings of basic to average quality. Recent sales within the village range from \$90,000 to \$171,000. These properties have a land area in the order of 854sqm to 1353sqm and are improved with older to semi modern style dwellings of either timber or brick construction with metal roofs. The dwellings generally include two or three bedrooms and car accommodation.

The main buyer profile for this product is the owner-occupier. The main reason why this village is considered to be most affordable is due to its semi remote locality. As a result, properties within this area are affected by a reduced buyer market and require extended selling periods. The prospects for growth within this area are considered to be limited due to the stability of prices. Prices within this locality have not altered by any significant amount during the past three years. As an investment, residential properties within Bonalbo can be almost cash positive. However, the investment is affected by limited rental demand, the potential for a reduced quality of tenant and semi remote locality.

Byron Bay is an established coastal locality, which comprises various residential enclaves and commercial/retail precincts. Byron Bay is a nationally known tourist destination, which attracts a large number of both

domestic and international tourists as well as a strong backpacker contingent. Local and regional shopping, primary and secondary schools, restaurants and cafes and a regional hospital are situated within the town. Residential development comprises a mixture of older to contemporary style dwellings, ranging from dwellings situated within standard residential suburbs to beachside locations. A combination of supply and demand scenarios and popularity of the location has resulted in Byron Bay being the North Coast's most expensive locality.

Residential units within Byron Bay range in value from \$300,000 to \$350,000 for a one bedroom serviced apartment to more than \$2 million for a beachside duplex unit or contemporary style development. Dwellings within Byron Bay generally begin at \$525,000 for a basic cottage to more than \$7 million for a prestige dwelling situated within the Wategos Beach precinct. The buyer profile for product ranges from owner-occupiers to investors.

The prospects for growth within Byron Bay are considered to be reasonable. A good investment within this locality would be product situated within close proximity to both the CBD and beaches, which can be let on a permanent basis or more likely on a holiday let basis.



Melbourne

MELTON

Melton is located approximately 40km north-west from the Melbourne CBD in an established residential area. Recreation attractions include the Hannah Watts Recreation Reserve, the Melton Waves Leisure Centre, Toolern Creek Heritage Trail and The Willows Historical Park. Melton also services the community with local schools, public transport, retail and medical facilities.

Quality of Development:

Development ranges from 1970s to modern single and less common double storey dwellings featuring three to five bedrooms on allotments of between 500 and –800sqm, and smaller style dwellings of three to four bedrooms on allotments of between 300 and –400sqm metres in standard residential streets. Units can also be found mostly surrounding the town centre. The suburb is generally considered to be a low to middle income socio-economic area.



Sales Evidence:

Address	Price	Sale Date	Brief Comments
43 Westlake Drive, Melton	24/12/09	\$290,000	The property comprises a modern single storey brick veneer dwelling with three bedrooms and two bathrooms. Ancillary improvements include a double car garage. Land area of 700sqm.
31 Hilton Way, Melton West	9/11/09	\$225,000	The property comprises an original single storey brick veneer dwelling with three bedrooms and one bathroom. Ancillary improvements include a double car garage. Land area of 712sqm.
11 Dalton Drive Melton South	22/1/10	\$266,000	The property comprises an updated single storey brick veneer dwelling with three bedrooms and one bathroom. Ancillary improvements include a double carport and pergola. Land area of 562sqm

Future Marketability:

Recent history has shown that Melton is a popular choice for first home buyers particularly. The first home buyers grant was reduced from October 1, 2009, and we have seen the market respond to this with a significant drop of 9.5% in the median house price in the last quarter of 2009. However with its relatively low entry cost we consider Melton will continue to be a popular choice for first home buyers in the future.

....development ranges from 1970s to modern single and less common double storey dwellings featuring three to five bedrooms....

Tabcorp Park commenced operation in mid 2009 and is thought to attract people to the area and generate local business. Melton continues to develop with such estates as Botanica Springs currently selling residential land.

According to data from the Real Estate Institute of Victoria (REIV), the median house price in Melton as at March 2010 was \$255,000 which represents growth of 11% over the previous 12 months.

The population of Melton is projected to grow by 84.5% by 2020, which is higher than the rate of growth projected for Victoria over the same period.

Comments:

Melton is surrounded by the similar suburbs of Brookfield, Kurunjang, Melton South and Melton West.

BROADMEADOWS

Melton is located approximately 15km north from the Melbourne CBD in an established residential area. Recreation attractions include the Broadmeadows town

park, Broadmeadows Leisure Centre and Broadmeadows valley park. Broadmeadows also services the community with local schools, Kangan Batman TAFE, public transport, Broadmeadows town center Shopping center and medical facilities. Broadmeadows also has a Magistrates Court, Town Hall and council offices.

Quality of Development:

Development ranges from 1960s to 1970s and includes concrete and brick ex-commission housing with two to three bedrooms on allotments of between 500 and 800sqm. Less common but increasing are modern single storey units and double storey townhouses featuring three bedrooms and one to two bathrooms on allotments of between 200 and 400sqm metres in standard residential streets. The suburb is generally considered to be a low socio-economic area.

Sales Evidence:

Address	Price	Sale Date	Brief Comments
2 Seymour Street, Broadmeadows	08/01/10	\$307,000	The property comprises a partially updated single storey brick veneer dwelling with three bedrooms and one bathroom. Land area of 444sqm.
110 Cuthbert Street, Broadmeadows	10/04/09	\$417,500	The property comprises an original single storey concrete dwelling with three bedrooms and one bathroom. Ancillary improvements include a double car garage. Land area of 862sqm.
13 Osway Street, Broadmeadows	19/12/09	\$266,000	The property comprises an original single storey brick dwelling with two bedrooms and one bathroom. Ancillary improvements include a single carport and verandah. Sold with plans and permits for three townhouses. Land area of 677sqm.

Future Marketability:

Recent history has shown that Broadmeadows has become a popular choice for investors in particular. Many poor condition homes and dilapidated dwellings are achieving good results due to their development capacity.

According to data from the REIV the median house price in Broadmeadows as at March 2010 was \$370,000 which represents growth of 29% over the previous 12 months.

The Median house price in Broadmeadows is expected to grow by 225% by 2020, if growth continues for the next 10 years as it has for the past 10 years.

Comments:

Broadmeadows is surrounded by the similar suburbs of Westmeadows, Dallas, Jacana and Coolaroo.



Southern NSW & Northern Vic

ALBURY

The Albury-Wodonga region still provides affordable investment opportunities in the current residential market. For the investors looking to purchase a property in the least expensive price range (\$200,000 to \$300,000), a gross rental return of approximately 4% to 6% is likely to be achieved. Generally speaking, there are a number of properties that fit within this price range in the Albury-Wodonga region (North Albury, Springdale Heights, Lavington, Thurgoona, West Wodonga to name a few). Most of these outer lying suburbs are also within reasonable proximity to transport services, education/university facilities, shopping centres and most importantly employment opportunities. Therefore, making the region a popular choice with investors (either locally or from Sydney and Melbourne) as well as for owner-occupiers all year round. The typical dwelling within these suburbs is generally well established (circa. 1960-1980s) comprising three bedrooms, one bathroom and most commonly of brick or clad construction. These dwellings are situated on standard allotments ranging from 500 to 700sqm. In some cases, the property may have been partially updated internally and overall generally presents in reasonable condition commensurate with age.



In the mid-range price level (\$300,000 to \$450,000), acceptable gross rental returns of 4% to 5% can still be achieved. Properties in this price range are generally centrally located, more modern in age and design or updated internally. Residential dwellings in this price range are still seen as a good 'value for money' option, and attract a mix of both owner-occupiers and investors.

The more expensive residential properties within the region which fall in the \$500,000-plus price range are generally owner occupier dwellings and is most cases receive a lower gross rental return of approximately 2.5 to 3.5 %. Therefore, investor interest in this price level range is reduced, as apart from a reduced gross rental return, these properties are generally priced too high for investor budgets. An exception in this price range would be a block of units, which generally commands a 4.5% to 6% gross rental return.

....the typical dwelling within these suburbs is generally well established (circa. 1960-1980s)....

Most properties at the 'high end' of the residential market within the Albury-Wodonga region are generally situated on larger than normal allotments ranging from approximately 850 to 2000sqm and in most cases have a unique aspect or view over the surrounding district. Other dwellings falling into this price range are usually substantial in size and have been built to a high standard of finish. Properties that are centrally located to Albury and situated in the more appealing tree-lined streets may also fit into this category. The typical 'high end' residence in the more centrally located areas comprises a period brick or weatherboard clad dwelling which has been fully renovated or refurbished.

WAGGA

As Wagga has relatively low property prices in comparison to the urban cities, interest rates haven't had such a dramatic influence on property buyers in this region. However the higher end Tatton properties will be affected far more than the Ashmont properties.

Tatton has seen rapid growth during the past 12 months with land values increasing substantially, and this has seen a sharp increase in property prices. With the majority of land now sold, the bulk of vacant blocks have building work commenced or so to be commenced.

Tatton is predominantly an owner occupied area with a vast majority being 'family style' homes. This has become one of the features that has drawn people to the area and increased demand. There is a very limited rental market and of those properties for rent the yields are well below of neighbouring suburbs. This, as well as the higher land prices has kept investors away.

While Ashmont is seemingly a very affordable area, it also attracts a certain buyer and renter. This has an effect on investors as the area is renowned for 'bad tenants' and higher yield represents a higher risk.

This basically keeps property prices low in the area. While some areas of Wagga which have had a similar profile and are now going through a gentrification, as rental demand grows through university students, defence personnel and overall increase in population, Ashmont has not. I would caution people to get familiar with area before looking to purchase on potential high yields.

LEETON

Where is the cash being splurged?

Griffith – 'Possibly the best of both worlds'.

In East Griffith is the recently established Collina subdivision. Typical homes in this subdivision are mainly project homes of brick veneer construction. Accommodation usually includes three or four bedrooms, multiple living areas and two bathrooms with a good standard of inclusions. Homes in this area range from \$340,000 to above \$400,000 and are rented from anywhere between \$300 and \$400 per week. Considering the slow market at present across the region, there are bargains to be had and these properties are an investment with both reasonable rental return and good tax depreciation. You might say the best of both worlds.

Properties in the North of Griffith are situated on a hill and offer views over the regional urban centre of Griffith. These have greater appeal to the owner-occupier. The homes located on the hill are of a high standard and while older than properties in the Collina subdivision, they are not your average project home. The homes on the hill range from \$400,000 to well above \$500,000. Vacant allotments in this area are scarce and attract a premium when sold.

....considering the slow market at present across the region, there are bargains to be had....

The only downside to the North East sector is that with so many project homes being built of similar quality, the equilibrium between supply and demand is now in fine balance. With demand still weak and new properties still being constructed, unless there is a sudden market upturn there is a definite risk of flooding the market. This will have an effect on resale values.

At the other end of the scale is South West Griffith, which is a secondary location, and attracts the first homebuyer and low to middle market owner-occupiers because of affordability. The average homes in this area are relatively small two to three bedroom 1960s dwellings, constructed from fibro cement sheet and hardiplank. Properties like these range in price from anywhere from \$160,000 to \$200,000.

The area, while not considered highly attractive, is located close to the town centre. This area represents another reasonable investment as rents are usually in the range of \$200 to \$230 per week. This represents a good return for an entry-level price, however, tenant selection will be important and a good property manager is essential.



Regional Vic

ECHUCA

Out of towners have historically placed a floor in the Echuca Moama market on the basis that it is a holiday destination and has solid demand from outside buyers - particularly from Melbourne. The lower end of the market is dominated by 1960s weatherboard dwellings which provide modest accommodation and are considered to represent the historical 'holiday house'. There is often strong demand for updated period style dwellings (c1910-1930) which are commonly purchased by 'outside

buyers' at levels above what locals might be prepared to pay. Pricing levels are generally in the vicinity of \$250,000 to \$300,000 for updated accommodation offering three bedrooms and one bathroom in reasonable proximity to the CBD.

Those interested in investment units would be well advised to do their research - two investors have recently realised losses of \$60,000 (22%) and \$70,000 (25%) for units purchased at the end of 2006 and resold in early 2010 following a classic case of two-tier marketing. Anyone considering buying into the local market will also need to consider the proposed 'mid western' option for the new bridge while the shire has also recently announced a study into the release of future residential land to the west.

MILDURA

Mildura has traditionally had a steady residential market that until the past three years had seen consistent value increases over the previous decade. The Mildura market has not had a boom then bust market mentality, although the market softened noticeably between 2007 and 2009 due predominantly to the water crisis and local and national economic factors. A more promising outlook presently exists.



\$70,000 sale Mildura

The Median price for a house in Mildura is around \$198,000 and 95% of housing ranges between \$120,000 and \$350,000 in value. The cheapest sale recently is a two bedroom ex Housing Commission house for \$70,000 (refer photo). The highest price paid for a house without riverfront within the town boundary is \$875,000, (which occurred nearly 10 years ago). There are more highly valued properties in the town but none have sold. The highest price paid in the region is \$2.9 million for a riverfront property at Gol Gol. Recent sales data shows that most sales of houses have been in the lower to medium price ranges of the market and the top end of the market has been flat.

The least expensive towns within 100km radius of Mildura would be the farming service towns of Ouyen (pop 1400), Robinvale (pop 3000), Dareton (pop 600), where average house prices are in the vicinity of \$100,000, \$120,000 and \$75,000 respectively. The market at Ouyen has improved dramatically recently following the extensive Mineral Sands mining that has commenced nearby. The market at Robinvale conversely has contracted following the demise of Timbercorp, which has resulted in no new almond plantations being developed nearby. The town of Dareton has always had a soft market influenced by social and welfare problems in the area.

Prestige residential property in and around Mildura is almost solely property fronting the magnificent Murray River, and mostly at the NSW town of Gol Gol, 7km east of Mildura. It is the region's 'Toorak' and has the two premium riverfront subdivisions referred to as Carramar Drive and Riverbend Estate. Riverfront properties in these estates have a land value of around \$900,000 and most developed properties are in the \$1.5 million to \$3 million-price range. (refer photo)



\$3m + riverfront Mildura

As an overview the recent rains and improved water catchments combined with an improving economic outlook may see improved value levels in the short term. Prospects of a \$400 million casino/entertainment complex in the city are improving and this may have a very positive affect on Mildura's property market in the short to medium term.

....the highest price paid for a house without riverfront within the town boundary is \$875,000, (which occurred nearly 10 years ago)....



Adelaide

Arguably Adelaide's finest suburbs and therefore most expensive are Unley Park and Medindie/Gilberton. These suburbs are characterised by heritage style mansions built in the late 1800s or early 1900, located along tree-lined streets. Both suburbs are located close to the CBD and in areas close to prestigious private schools and among popular shopping areas with easy access to all facilities and services with the focus being on the quality of lifestyle.

Both suburbs are dominated by desirable high quality dwellings with floor plans in excess of 200sqm². Typically many of these dwellings have multiple living areas, three-plus bedrooms and two-plus bathrooms with extensive high quality fit out. Located on large allotments starting around 1000sqm most have either a swimming pool or tennis court (or both) with excellent outdoor entertaining areas surrounded by established, well-maintained landscaped gardens.

The majority of these houses are owner occupied often being held and passed down within the family group, making these highly desirable areas tightly held with limited sales evidence.

The price tends to start from the \$1 million mark, with the average around \$1.2 to \$2.4 million. The start of 2010 has seen a few recent sales in the \$3 million range and one sale topping \$4 million. The bluestone residence built circa 1890 located in Unley Park on an allotment over 3000sqm also includes a two storey sandstone guest house for a total living area of 540m² with an in ground swimming pool.

The top end of the Adelaide residential market has remained relatively stable with solid capital growth over the long term, however the recent GFC has had a noticeable negative impact on the value of these properties. As confidence is starting to return to the housing market some of this loss has probably been regained with the values now holding steady. Traditionally interest rate movement has little if any impact on this demographic.

There is limited rental evidence existing for these properties due to most being owner occupied. Rentals in Adelaide for this style of accommodation is generally capped around \$1200 per week, therefore low rental returns make these properties poor investments.

Two of Adelaide's most affordable suburbs would be Elizabeth East to the North and Hackham West to the South. Both are very similar suburbs with 1970s built houses located around Housing Trust developments of the late 1960s. Houses are relatively basic in construction and appeal comprising three bedrooms, one bathroom and no under cover parking, with a total building area up to 120msqm. Average block size is around 600 to 800m² in Hackham West and 500 to 700m² in Elizabeth East. The mostly basic dwellings have basic gardens and maybe an iron garage.

Prices range from around \$200,000 to \$250,000 at Elizabeth East and slightly higher from \$220,000 to \$270,000 at Hackham West.

Both suburbs are located towards the outskirts of the Adelaide metropolitan area with facilities and services located at large sub-regional centres such as Elizabeth City Centre and Colonnades.

....houses are relatively basic in construction and appeal comprising three bedrooms, one bathroom and no under cover parking....

The majority of purchasers within these areas are first home-buyers, with these suburbs experiencing recent periods of capital growth due to the Government's FHOG Boost scheme. As this incentive is no longer available the values of these properties is likely to remain stable during 2010.

Investment within these suburbs can be financially rewarding, both in the short term with affordable entry prices and rental returns around \$250 per week for a yield around 4% (average Adelaide metro yield around 3%) and possible capital growth in the long term.

This end of the market is most likely to be effected by the rise in interest rates expected to occur throughout 2010, the extent of this impact will be monitored over future months.



Brisbane

Travelling the highs and lows of our local market has revealed the broad gamut of property values available in our ever expanding capital.

For real entry level prospects there are a couple of options but most agree the very affordable housing is in Kingston/Woodridge.

Located 21km from the CBD, Kingston is dominated by housing commission design 1960's and 1970's homes on blocks kicking off at 600sqm and going up from there. Most blocks have the standard fencing, landscaping, driveway combo and properties are mostly 3 bedroom, single bath. The area has its fair share of attached housing with a large number of tenants in place. It's also of note that there is some infill style subdivision resulting in new homes on smaller lots.



In terms of dollars, the prospects look good for those seeking an easy entry into the market. Homes are usually at \$250,000 to \$290,000 with the real cheapies at \$230,000 and the very cream of the crop topping out at \$330,000. If this still seems a little beyond your expectations, 2 bedroom units fetch from \$175,000 to \$225,000 with 3 bedders showing \$260,000.

The buyer profile is generally owner occupiers in the lower socio-economic spectrum, but there are plenty of small time investors taking advantage of the strong rental demand. Yields are difficult to gauge as rental levels seem inconstant but if history is anything to go by, this is an area that trades more on cash flow than capital growth. Mind you, as Brisbane's urban footprint continues to expand and transport options become ever more stressed, property this close to the CBD will become increasingly scarce.

Our man on the ground has highlighted a couple of cautions. He notes that the area's reputation tends to isolate it from the mainstream market. Strangely, when the rest of the market is doing well, demand here tends to soften as owners get keen to trade up. Once general economic uncertainty hits and money becomes tough to source, Kingston real estate starts to pick up. It can be volatile so it's not for the faint hearted investor in many respects.

The tip seems to be its OK to buy in but don't expect quick money – best to enjoy the income stream and allow for a 10 year investment horizon regards any substantial price rises.

The flip side is our perennial favorite of Hamilton/Ascot. Old money suburbs such as these provide for a hefty entry into to high ends abodes. Located only 5km from the CBD, the area is a favorite for the well-to-do.

Your standard home is generally on over 600sqm of land, will offer at least 4 bedrooms, 2 bathrooms and a double garage, and will be a 1930's construction that has been very well maintained. There are also plenty of post wars getting the knock down with extremely high quality new contemporaries the norm. The property will also likely have a pool with some of the larger blocks having the requisite tennis court. Dwellings are a more than adequate 200sq to 250sqm in area with the more expensive homes easily cracking well above this level.

Price points vary a little depending on location. In the main sections of the suburb the bulk of homes are over \$1M with a land component of at least \$700,000. There are cheaper "fringe" areas that show prices of \$650,000 plus but there is usually a trade off. As far as how high you can go, one of the most recent premium sales showed a price of \$8.72M. For this money you landed an extremely high quality three level contemporary on an 842sqm block with excellent city and river views. The home has two double garages and a pool. There is most probably a living area exceeding 400sqm.

....smart investors look to go small scale....

The buyer profile is the inner city professional/industry leader looking to locate close to the CBD with access to the airport as well as the quality village atmosphere of the Racecourse Road café district and the riverfront restaurant areas. Locations such as this are also about having enviable neighbors and extraordinary views.



Prospects for this end of the market are linked to general economic buoyancy. When things are good in the boardroom, they're good in the suburb but you need the wherewithal to ride out any downtimes. A swing in the percentage of values in a prestige market can translate into hundreds of thousands of dollars.

Smart investors look to go small scale. The second hand attached housing/unit market is generally a good thing and tenants love the area so buyers are unlikely to feel too much pain at the entry level property point.



Gold Coast

GOLD COAST

Nerang is one of the oldest suburbs on the Gold Coast and is situated approximately 15km west of Surfers Paradise on the central Gold Coast. Land was first sold in 1871, with new sub-divisions still under construction and being proposed today.

Because of the age of Nerang, development is mixed, with a wide variety of housing ranging from basic fibrous cement cottages to luxury multi-level acreage properties. Entry point into Nerang would typically comprise of a small, semi-modern, 10 to 14 year old, lowset brick and concrete tile dwelling containing three bedrooms, one bathroom and single garage on a 400sqm allotment. This type of home would have a price point of around \$350,000. Alternatively, older style lowset and highset houses of say 20 to 30 years of age, which are in basic condition, are also selling for around the \$350,000 mark. Every now and then a house will sell in the low \$300,000s however generally there is a reason for the low sale, such as mortgage stress, family reasons, house is in poor condition and so forth.

Better quality homes in new sub-divisions, and only a few years old are typically selling for around the \$500,000 mark and comprise a four bedroom, two bathroom dwelling with double lock-up garage constructed on a 600 to 750 sqm allotment. The highest residential sale in Nerang this year was of a good quality, three year old, four bedroom, two bathroom dwelling with a double lock-up garage and swimming pool, located in one of the newer sub-divisions. It sold for \$620,000.

Typical land areas in Nerang for residential housing are also mixed. Land ranges from small 400sqm allotments to larger, 1500 sqm allotments. The more recent land sub-divisions typically show land areas of 600 to 750sqm.

Services in the area are quite good and cater for just about everyone's needs. Some of interest include:

- Nerang State School and Nerang State High School.
- Nerang Cinemas.
- Nerang Community Swimming Pool.
- Nerang train station (running to Brisbane).
- Numerous medical facilities.
- Two medium-sized shopping centres.

Nerang is also located on both side of the Pacific Motorway, with easy road access to Brisbane and southern areas.

We believe Nerang to be a good area for both investors and owner occupiers due to the varying price points and the services that are provided. Market conditions for the area peaked towards the end of 2007, with declining values through 2008. Local agents in the Nerang area currently report steady levels of demand, with steady, but

slightly slowed levels of rental demand. We believe value levels will remain relatively stagnant for at least the next six months, whilst buyers and sellers keep a close eye on interest rates.

Sovereign Islands

Sovereign Islands is generally considered one of the premier waterfront addresses on the Gold Coast. Sovereign Islands began development in the late 1990s and has continued to amaze with cutting edge architecture and design. Made up of approximately 661 allotments, Sovereign Islands has produced some of the Gold Coast highest waterfront sales during the past five years.

Sovereign Islands currently has three general price brackets for established houses. The first being entry level from \$1.4 million to \$1.8 million. These properties generally comprise either dated or large builders' project homes' of two-storey, rendered brick construction, often occupying a narrow water frontage land located in the older and original stages of the development.



Sovereign Island - Gold Coast

The second price bracket is \$2 million to \$3 million. Properties achieving these figures are generally positioned in the later stages of the development and comprise new architecturally designed residences with basements garages, high quality finishes, wide water frontages and desirable aspects and outlooks.

Out of the 37 house sales on the Island in the past 12 months the median sale price is approximately \$2.7 million. The properties that make newspaper and media headlines on Sovereign Islands are priced at \$4.5 million-plus. These mega mansions are positioned on some of the Islands prime allotments with dwellings finished to the highest of building standards and often above the ability and workmanship of standard builders. These properties can span over four allotments and stand three storeys high with roof top terraces, internal passenger lifts and multiple car basement garages.

The highest sale in the Islands' history was for \$11 million, in September 2006 for a property known as 'Baltimore'. The property is positioned on an East facing canal front allotment with 56m of waterfrontage and views of the Broadwater. The dwelling comprises a large, modern, architecturally designed, air conditioned, part three storey, rendered brick and metal roof dwelling providing

six bedrooms, six bathrooms, powder room, imported appliances, passenger lift, full height glass windows, feature columns, C-bus wiring, security surveillance, indoor swimming pool, salt water fish and coral aquarium, bi-fold doors, pontoon and 12 car basement garage. The dwelling has a gross floor area of 1916sqm.

....the properties that make newspaper and media headlines on Sovereign Islands are priced at \$4.5 million-plus....

More and more properties of this calibre are being constructed with a hand full of properties on the market with asking prices in excess of \$8 million. The most expensive carries a price tag of \$20 million and includes a part three storey, circa 2009, modern design, masonry block, seven bedroom, nine bathroom plus powder room, house, with suspended concrete roof, decramastic tile roof and 20 car basement garage. Areas include: living (1408sqm), outdoor (137sqm), car (423sqm) other (248sqm). Ancillary improvements include a 22m tiled in ground pool; glass and aluminium pool fencing, high quality landscaping, under ground water tanks, full limestone block boundary fencing; automatic security gates, gatehouse, 30m pontoon with mooring pylons with power and water connected and barbecue pavilion. The dwelling, locally known as 'The Castle', has medieval themes and has been frequently publicised in newspapers and television. The selling agent has advised of international interest.



Gold Coast property

In the wake of 'Global Financial Crisis', Sovereign Islands was hit hard with land values being discounted by up to 40%. Due to the large supply of vacant land, residents and investors that required urgent sales were forced to take extreme losses. There are approximately 70 detached houses and 30 vacant allotments currently on the market, totalling just over 15% of the property on the Islands.

The past six to eight months has seen an increase in sales volume for both detached housing and vacant allotments on Sovereign Islands, indicating a return in confidence to that sector of the prestige property market. With the continuing interest rate rises and the high volume of stock available, it maybe some time until property values return to the boom prices they were achieving from late 2006 to early 2008.



Sunshine Coast

On the Sunshine Coast, we have a broad section of property types and values. Properties can range anywhere between \$100,000 for a small basic unit, to \$10 million for a sprawling beachfront mansion. What we are consistently being asked is, where is the most expensive properties and the least expensive properties.

Most Expensive

The riverfront/beachfront areas of Noosa Heads and Sunshine Beach are still considered to be the most expensive areas on the Sunshine Coast. Even after the impact of the global financial crisis has been experienced, with declining values, the highest price properties of can still be found here. In a funny way, the affordability within these areas has improved significantly.

Properties usually typify beachfront/riverfront allotments, comprising high quality contemporary style dwellings. These areas have been established for in excess of 25 years. Subsequently some dwellings have been, or are in the process of being redeveloped. The buyer profile tends to be of mature couples with significant wealth with these properties ranging anywhere between \$5 million to within the vicinity of \$20 million.

Least Expensive

Nambour continues to be one of the least expensive suburbs on the Sunshine Coast. It was previously the main business hub on the Coast and continues to provide some of the main services, including Nambour Hospital and the council chambers. With the raising of interest rates, affordability has declined slightly, however you still do get a lot of bang for your buck.

...the older style dwellings are progressively being renovated with the area generally undergoing gentrification, with the buyer profile usually consisting of first home-buyers and young families....

Property types in the area can range from early 1900 cottages through to modern slab on ground dwellings. Values can range between \$280,000 through to \$350,000, and given the services within the area, good rental returns can be achieved. The older style dwellings are progressively being renovated with the area generally undergoing gentrification. Buyer profile usually consists of first home-buyers and young families.

An honorable mention for one of the least expensive areas is the older, western pocket of Wurtulla. This area is reasonably close to beachside locations as well as the future hospital site. Dwellings usually comprise of 20-year-old plus slab on ground properties and can range between \$330,000 through to \$370,000. This area has also started to go through a period of gentrification.



Southern Queensland

TOOWOOMBA

Two suburbs at different ends of the affordability spectrum in Toowoomba would be East Toowoomba and Harlaxton.

The sought-after Toowoomba residential suburb of East Toowoomba adjoins the CBD to the east and incorporates Queens Park. The suburb is considered to be one of the upmarket suburbs in Toowoomba, which is identifiable by its tree-lined streets.

Housing comprises generally older 'Workers Cottage', 'Colonial' and 'Queenslander' style properties, with many of the homes in the process of being renovated.

Property values generally range from \$300,000 through to \$650,000 with some wellpresented properties up to a value of \$1.5 million-plus.

Examples include;

Arthur Street; Sold: \$1.12M - A detached, circa 1920, extensively renovated large, low set, timber, four bedroom, three bathroom dwelling. Ancillary improvements include in ground pool and storage shed. Land area 2428sqm.

Lindsay Street; Sold: \$278,000 - A detached, circa 1925, renovated medium sized, low set, timber, three bedroom, one bathroom dwelling, with one car attached carport. Land Area 450sqm.



Arthur Street



Lindsay Street

There are numerous facilities situated within the suburb including primary schools, private schools, St Vincent Private Hospital and The Range Neighbourhood Shopping Centre.

Buyer profiles are across the spectrum and range from family to professional.

Generally capital growth is around 6% per annum within a range during the past five years of zero to 18%. More recently growth this year shows a more confident 6.4%.

Historically, better investment property has included the first homebuyer, renovator segment and property located within close proximity to the private schools.

Harlaxton is a suburb on the northern fringe of Toowoomba that provides mainly low cost housing and includes an estate of former housing commission homes. It was named after the heritage-listed Harlaxton House (c1870) in Munro Street, the summer residence of one of the Queensland Governors.

The area includes a reasonably extensive amount of industrial development and the railway marshalling yards for freight wagons.

Property values generally range from \$175,000 through to \$325,000 with some wellpresented properties priced at \$400,000-plus.

....historically, better investment property has included the first homebuyer, renovator segment and property located within close proximity to the private schools....

Examples include;

Mabel Street; Sold: \$305,500 - A detached, circa 1920, renovated mid set, timber, three bedroom, one bathroom dwelling, with one car detached carport. Ancillary improvements include a workshop. Land Area 1012sqm.

Kelly Street; Sold: \$203,000 - A detached, circa 1945, low set, fibrous cement sheeting, timber, three bedroom, one bathroom dwelling, with one car attached carport. Land Area 562sqm.



Mable Street



Kelly Street

The Catholic secondary college of Downlands is located here. Neighbourhood shopping is available at Northlands Shopping Centre in the adjacent suburb of Mount Lofty.

Buyer profiles are across the spectrum from family to investor.

Generally capital growth is around 6% per annum within a range during the past five years of -10% to 17%.

Subsequent cautions in the suburb include its proximity to New England Highway, industrial works and proposed range crossing.

Historically, better investment property has included the first homebuyer segment.

WARWICK

Warwick is a regional city with a resident population of approximately 12,500. Being a regional city with relatively small population the city does not divide into value ranges based upon suburb location.

In identifying high value and low value areas within the city it is essential to be mindful of factors that drive value. In Warwick lower value residential property, that being houses below \$160,000 in value, are generally located in areas that are close to industrial development, rail line or highway and those located in low lying areas prone to flooding.

Lower value housing is generally constructed pre-1950 and located in streets such as Rose, Deighton and Devitt Streets and Rosehill Road which areas located in close proximity to rail line, the 'John Dee' abattoir, flour mill and Warwick Racecourse. Other areas are those along East and McEvoy Streets and the eastern parts of Fitzroy, Grafton and Percy Streets, which are close to industrial development and close to flood prone areas.

Higher value housing in Warwick can be split into three main categories, new housing, older housing with heritage appeal and rural residential housing.

High value new housing in Warwick is primarily focused upon recently developed estates such as the Darlington Park Estate and the Rodeo Drive developments with large new homes selling in excess of \$400,000. Values in this market sector typically range from \$400,000 to \$600,000.

Older housing with heritage appeal encompasses homes that are generally pre-1940 and are in renovated condition. The majority of these homes are located within walking distance of the CBD and feature extensive renovations and landscaping. Stand out heritage properties such as 'Hillside' which sold for \$925,000 in July 2009, and 'Abbey of the Roses' which sold in February 2010 for \$1.525 million, represent a high value heritage style of property that is thinly traded.

Rural residential property of high value is predominantly located in two areas. Those along Wentworth Street with frontage to the Condamine River and views over town, and those in the areas surrounding Oxenham Street located in close proximity to the Condamine River and Scots PGC College. Properties in these areas range in

value from \$600,000 to \$1 million and generally comprise large modern homes with typical ancillary improvements comprising tennis courts, swimming pools and large entertainment areas.



"Hillside"



"Abbey of the Roses"

In the lower value property market segment purchasers are typically drawn from first home-owners who are seeking an entry to the property market. Demand in this sector is further supported by investors taking advantage of good rental returns in the order of 5.5% to 6.5% typically being displayed in this asset class.

Activity in the higher value market sector for residential property in excess of \$400,000 is limited, with purchasers typically being owner-occupiers. Volumes of less than 20 sales per annum are common in this market sector.

Warwick has generally shown steady capital growth in the range of 5% to 10% per annum on a long-term basis and generally does not experience steep growth or decline in capital values.

In the near future the lower value end of the market is expected to experience steady growth at sustainable levels. However, higher value property is expected to display static growth with neither appreciation nor regression in values expected.

IPSWICH

The current residential property market in Ipswich offers affordability and some great opportunities for future capital growth. It is a buyer's market and the best buys are in the lower sector of the market under \$300,000. This sector has resembled a roller coaster ride during the previous 12 to 18 months and at present it is on a downward spiral. Prices in the lower sector have reduced by 5% to 10% on average since first home-buyers left the market in July 2009.

Housing in this sector is mostly made up of pre-war and post-war, timber dwellings in the suburbs of North Ipswich, East Ipswich, Booval, Silkstone and Eastern Heights. The best opportunity lies in North Ipswich. This inner city suburb is positioned within 1km of the Ipswich

CBD and with the projected expansion of the Ipswich Mall and close proximity to public transport, it shows strong signs of future growth. Gross rental returns for properties in North Ipswich reflect 4.5% to 5% per annum.



Central Queensland

ROCKHAMPTON

The early settlers in Rockhampton were quick to identify the eastern slopes of the Athelstane Range in South Rockhampton as the most desirable area to live. With city views, exposure to the cooler breezes and shaded from the western sun, this area was developed with the large and grander house of the era. The flood plains at the foot of this range which incorporate the low rise of Depot Hill, are also close to the city centre and were also developed to housing during the same period. Council restrictions on development in flooded areas, has limited new housing development at Depot Hill. These two suburbs are still the most expensive (The Range) and less expensive (Depot Hill) in Rockhampton today.

The Range area is typified by large lots (about 1000sqm) with larger timber homes, often with a pool. More contemporary houses are also scattered throughout the area. Buyers are typically owner-occupiers, although rental properties can achieve up to \$1000 per week.

The highest price paid for a house in The Range is \$1.4 million in 2009, for a renovated colonial home on a site of about 3000sqm with good city views, pool and tennis court. A 1980s brick on ground home offering three bedrooms and one bathroom on a small corner lot with easterly aspect and views recently sold for \$525,000 at auction.

....agents report the number of properties listed for sale is stable to slightly growing with a trend that new listings are coming from the stock held by investors....

Depot Hill is typified by pre war timber and fibro houses on smaller lots. The area is mostly flood prone and close to industry including the railway yards and station. The lowest recent sale is of a two-bedroom timber house on a site of about 300sqm for \$140,000. Buyers are a mixture of owner-occupiers and investors. This area experienced significant capital growth from 2004 to 2008 as a result of non-local investors looking for opportunities of capital growth rather than longer-term rental returns. The market range in this suburb is generally \$150,000 to \$250,000 and properties will typically rent in the range of \$180 to \$220 per week.

The residential market in Rockhampton is currently experiencing a relatively slow but stable rate of sales. Buyers in all market sectors are lacking urgency and can afford to be fussy. Agents report the number of properties listed for sale is stable to slightly growing with a trend that new listings are coming from the stock held by investors.

BUNDABERG

South West Bundaberg is considered to be the most economical/affordable market, in regard to rental levels and purchase prices. This is considered to be its main attraction. The majority of houses in this location consist of average quality, 1980s three bedroom smaller clay brick with attached single car accommodation on allotments of approximately 600sqm. Sale prices in this location generally range from \$250,000 to \$290,000 and with an average rental return \$240 to \$270 per week. These properties are generally owned by the investor market. The recent opening of the Bundaberg Ring Road has given quicker and more direct access to local shopping centres. It also allows for easy and direct access to the recently upgraded Bundaberg Airport. Generally this market has performed well in terms of capital growth on a percentage basis and this is expected to continue in the future.

....since 2008 the ocean front market has been slow to static, however over time the market generally demonstrates good capital growth....

In Bundaberg the highest priced housing sales in 2009 have been for \$900,000 to \$940,000 for River front dwellings in Bocks Road, Branyan and a large executive home in Lakeview Drive, North Bundaberg for \$740,000. Bargara on the Coral Coast to the east of Bundaberg provides the more expensive housing for the region. Since 2008 the ocean front market has been slow to static, however over time the market generally demonstrates good capital growth. Dwellings have sold however on the ocean front side of Woongarra Scenic Drive in the \$800,000 to \$1.58 million range in 2009. A vacant lot sold for \$650,000. An aged dwelling with high water mark frontage on Miller Street sold for \$1.7 million in early 2009.

For non-esplanade or ocean front property in Bargara, sale prices generally range from \$350,000 to \$700,000 and the rental returns are in the \$330 to \$400 per week range. The upper level of these homes comprises modern and larger executive style homes with high quality fittings. With the completion/extension of Bargara Central Shopping Centre and the redevelopment of the foreshore, this has further lifted the profile of the coastal community.

HERVEY BAY

Properties within the Fraser Coast region generally comprise a broad cross section of housing styles, ranging from dwellings on large house sites, to generic on ground brick and tile homes, character Queenslanders, to prestige Esplanade properties.

Generally any of the suburbs along the Esplanade including Point Vernon, Pialba, Scarness, Torquay and Urangan are home to the most expensive housing, along with prestige residential areas of Kawungan, Urraween and Wondunna, where larger executive style homes are found. Depending on condition, quality and views achieved these properties range anywhere from \$600,000 to \$1.5million. These include extensive homes on large allotments, often 2000 to 4000sqm with some enjoying elevated views of the ocean, Fraser Island and district or in Eli Waters where larger homes often have

lake frontage. 'Kingfisher Lakes' located in Urraween has similar housing styles to that of lakefront homes in Eli Waters. The following photo shows a designer built home located in 'Kingfisher Lakes' with an asking price of \$699,000.



The least expensive dwellings are generally located in pockets of Scarness, Torquay, Eli Waters, Urangan and Point Vernon.

Often older stock in locations away from the beach with smaller, basic, new brick dwellings in housing subdivisions are considered to be the most affordable options within Hervey Bay on the Fraser Coast, generally below \$350,000.



A typical sub \$350,000 4 bedroom, 2 bathroom dwelling in Eli Waters

Maryborough's most expensive housing tends to be located along the Mary River. Examples of these are Heritage dwellings with river views and a new residential apartment building 'Riverview on March'. This is a new concept for the Heritage City with new three bedroom units overlooking the river starting at \$800,000 list price.



Riverview on March

Larger rural residential properties in suburbs such as Tinana and Oakhurst are also considered to be amongst the most expensive housing in the Maryborough area. Least expensive housing tends to be scattered throughout Maryborough and Tinana and generally comprises older pre and post war 'Queenslanders' and small on ground brick dwellings. Depending on quality, these are usually available below \$280,000.

Fraser Island properties for sale range from small units within the resorts, starting at \$280,000 for a two bedroom one bathroom unit within Kingfisher Resort, to properties in excess of \$1.8 million for a detached four bedroom, two bathroom pole dwelling located on the Eastern

Beach with ocean views. The top end market on Fraser Island is however very slow with only one sale above \$500,000 since January 2009. Investors may seek a better return from an ocean view room at Kingfisher Bay resort, which reportedly offers the highest returns for the development.



Kingfisher Bay Resort - Fraser Island

There has recently been a lot of real estate hype about a new mine opening up in the region. There is speculation that hundreds of jobs will be created and in turn boost the real estate prospects for the surrounding area. If the mine does go ahead, it will definitely be a positive move for the region with extra jobs, investment and development, however the effect on real estate will be minimal as with jobs as the jobs will be spread across the entire region, and some will be imported skilled workers. 'Northern Energy' plans to mine about five million tonnes of quality coal at Colton during the next eight to 10 years, generating 100 full-time jobs and injecting about \$20 million a year into the Maryborough economy." Fraser Coast Chronicle 15th April 2010

MACKAY

Ah Mackay, the gateway to the Whitsundays, a beautiful tropical North Queensland City. So you're new to town?? No problem, let's see if we can give you a snap shot of the local real estate market. Mackay is a very prosperous coastal city, being one of the oldest sugar producing regions in the state, and particularly during the past 10 years, has enjoyed the spoils of a booming mining sector. While this has positioned Mackay to be one of the wealthier coastal cities, it also bears the burden of being one of the most expensive cities in the Queensland coast for dwellings. Latest Real Estate Institute of Queensland (REIQ) figures show the median house price in Mackay for the 12 months to end December at \$385,000 and the quarter to End December 2009 at \$405,000, the highest of all major regional centres in Queensland.

Don't panic, it's not all doom and gloom. Entry-level prices for very basic lowset timber/fibro dwellings in older established suburbs start around the low \$300,000s, with some 'fixer uppers' getting selling below \$300,000. Generally though, the standard highset hardiplank dwelling in fair to good condition, in reasonable older established suburbs will set you back between \$330,000 and \$375,000.

If the more modern estates are more to your liking, then an average quality four bedroom, two bathroom rendered dwelling, around three to six years old, with two car garages, will set you back in excess of \$500,000 in areas say like Glenfields estate, while the good quality large executive dwellings in Northview Gardens estate will more than likely set you back in excess of \$600,000.

....latest Real Estate Institute of Queensland (REIQ) figures show the median house price in Mackay for the 12 months to end December at \$385,000....

The northern beaches suburbs of Blacks Beach, Bucasia and Eimeo may present a more affordable option for the modern dwelling. Prices for the same average quality four bedroom, two bathroom rendered dwelling around three to six years old with two car garages will generally set you back in the low to mid \$400,000s. While this is close to our magnificent beaches, it is further removed from the CBD.

If it's millionaires' row you are after, then Mackay has many areas that will more than satisfy your requirements. From the elevated oceanfront location of Ian Wood Drive at Dolphin Heads with sprawling ocean views (this will set you back well in excess of \$1 million), to the good quality executive properties at Riverleigh Drive with river views (in the \$750,000 plus range).

GLADSTONE

The 'bottom' end of the residential market range in Gladstone comprises mainly older lowest fibro dwellings that cluster around Toolooa, Barney Point and are scattered throughout the older parts of Gladstone in Clinton, New Auckland and West Gladstone. There is a high concentration of state housing properties in some of these suburbs. Basic quality, residential dwellings in the 'bottom' end of the market start at \$250,000 to \$300,000 and will usually comprise small block, older dwellings in fair condition, basic internal fit out and usually very few ancillary improvements. This market is currently dominated by investors, with rest of the buyers being first home-buyers. Properties that may fetch a premium in this market segment would be dwellings that have been renovated recently and offer at least one or two characteristics. For example, well located, large block, views etc.

The upper end of the market generally stays around the new residential subdivisions, beach front properties or properties that have ocean or harbour views. The most notable area in Gladstone is the 'Catalina Heights' estate in South Gladstone. Within this estate properties start listing at approx \$600,000 and can range up to \$1.5 million for good quality large dwellings with expansive harbour views.

The underlying force that is behind the capital growth speculation in the Gladstone market is the potential benefits that the burgeoning CSG to LNG industry may have on the property market.



Townsville

Townsville's high flyers versus low riders sees the prestigious elevated areas of Castle Hill/North Ward offering extensive ocean views versus Kelso, which is located approximately 20km south west of Townsville's City Centre.

The residential area of Kelso (excluding the rural residential pockets) comprises a mix of older style timber frame homes through to more modern low set masonry block dwellings. Price entry points into this suburb start at around \$230,000 for a basic dwelling in original condition, to \$310,000 to \$320,000 for a new low set masonry dwelling with three bedrooms/one bathroom and single carport.

The buyer profile of this suburb is generally first home-buyers or those seeking an affordable entry into the residential market and investors. The established residential areas of Kelso have a perceived social stigma (whether right or wrong), which can be a detraction of this suburb along with the distance from the CBD.

The high flying Castle Hill/North Ward area is located in the inner City with the cream of the crop properties being those offering elevated ocean views. The price entry point for this market is around \$1.5 million for an older style home with semi modern fit out and offering very good to excellent elevated views. The more modern homes in this area are significant in size and grandeur representing the best of the best in Townsville.

The buyer profile within this area is generally owner-occupiers and renovators. These elevated area have a prestigious and luxury stigma making them a highly desirable address.



Tasmania

HOBART

Hobart has extremes when it comes to entry-level 'affordable' homes and the prestige end of the market.

Gagebrook, which is at the northern outskirts of Hobart, is the cheapest place in any capital city in Australia in which to buy a home. Hobart has a median house price of just under \$350,000 which makes it the nation's most affordable capital city.

Gagebrook has a median price of \$153,000 followed by Clarendon Vale at \$155,000. Clarendon Vale is located on Hobart's eastern shore. Both of these suburbs generally comprise single level masonry brick and weatherboard dwelling essentially being of three=bedroom, one bathroom configuration. Most were constructed in the 1970s and 1980s.

...Hobart has a median house price of just under \$350,000 which makes it the nation's most affordable capital city....

These suburbs both have a high proportion of Public Housing. This is the major detraction of these areas. Some of the properties present very poorly as can the overall street appeal of certain sections of the suburbs.

There are investment opportunities however capital growth may be limited. Other suburbs in Hobart, although offering a higher initial purchase price, will offer

a similar return on investment without having the stigma of perceived social issues within these suburbs.

The prestige end of the market is dominated by the suburb of Battery Point. It is advantaged by its close proximity to the CBD, Salamanca Place and heritage architecture. Battery Point is named after the battery of guns that were built on the point in 1818. The suburb began life as a village for Hobart's mariners and now contains a mix of residential and commercial enterprises.

The entry point for Battery Point is in the mid \$200,000s however this is for a very basic 1960s style unit within a brick walk up.

The prestige end sees values towards \$3 million. This is generally for historic homes on large lots that enjoy views over the Derwent River. Values can exceed this level for waterfront properties. This is also evident in the adjoining suburb of Sandy Bay. Some of the waterfront sales have seen similar prices achieved.

One of the negative points of Battery Point is off street parking. Therefore premiums are generally paid for those properties on larger lots with car parking facilities.



Battery Point and indeed Sandy Bay both offer investment opportunities. These are the premium suburbs and will be in the future. The return on initial investment may not be fantastic; however there are strong capital growth prospects.

LAUNCESTON

The lower price market segments for Launceston are typically represented by the eastern housing commission suburbs of Waverley, Ravenswood, Mayfield and Rocherlea. Typical housing comprises three-bedroom, one bathroom and a gross living area of about 100sqm. Mayfield and the older region of Ravenswood are generally weatherboard while the balance is generally brick. Those within Rocherlea are the most modern being typically constructed during the 1980s.

Price entry points are still available at about \$150,000. Renovated/extended homes with car accommodation could attract \$200,000. Rental returns typically are around 6% gross. Moving forward within the short term we would envisage limited opportunity for capital growth, as while rentals are rising, downward pressure on pricing is being placed by the rising interest rate environment.

The higher price market remains Central Launceston, East Launceston, Newstead and the rural residential commuter areas such as Relbia.. Recent bidding for a property in Welman Street, which sold for \$756,000 to interstate interests, showed a reflection of demand for the better,

well held locations (previous sale \$320,000 in 04/03 with limited works undertaken since).

Entry points to this higher price range can be about \$600,000 (roughly double the median price). We are seeing some softening of demand around this level especially for the more modern style 'suburban' home. As detailed in a recent month in review the more prestige market at above \$800,000-mark remain relatively steady. Again we would envisage limited opportunity for growth in the short term given the prevailing economic circumstances.



Darwin

The greater Darwin area has experienced significant capital growth during the past six years on the back of strong economic conditions, low interest rates, favourable yields and population growth. The inner Darwin suburbs of Larrakeyah, Fannie Bay, Parap, Stuart Park and Bayview are typically the more expensive suburbs in the Darwin metropolitan area. Entry-level homes in these areas generally range from \$650,000 to \$750,000, depending on the suburb, and this will only buy an average home. Six years ago, the entry-level price range in these suburbs was in the order of \$400,000 to \$500,000. By contrast, the older suburbs of Palmerston, such as Gray, Woodroffe, Moulden and Driver are typically the more affordable suburbs with current entry-level housing priced between \$400,000 and \$450,000. Six years ago, these same homes were selling in the \$130,000 to \$180,000 price range.

It is amazing to see the entry level price range for a home in the more affordable suburbs rise to a level equivalent to the entry level price range of the more expensive suburbs being achieved six years ago. If only we all bought a house six years ago! But what will the next six years bring?



It is hard to predict the next 12 months, let alone the next six years. But one thing is certain - there will be many hurdles to growth in values to the levels that we have seen in Darwin during the past six years.

The major hurdles to significant capital growth over the coming years that we have identified are rising interest rates, low household income growth, inflation eating into household incomes, increased future supply of units in the CBD and increased supply of vacant land. The most significant of these hurdles will be rising interest rates as higher valued properties will require more money from the bank to finance the property to purchase and in turn will require higher monthly mortgage repayments.

In 2007 and 2008, interest rates were on the rise, to levels not seen since before the property boom began in Darwin.

In response, demand for residential property dropped and the market in Darwin softened considerably, and in some areas, it went slightly backwards.

Interest rates have started to rise again and most economic analysts are now predicting a 0.75% rise in interest rates by the end of the year. This will see the average household mortgage rate increase to around 8%. These are the same levels we saw in 2007/08. Some analysts are now saying that interest rates could rise by another 2% by the end of 2012.

These interest rate levels will increase household mortgage repayments significantly. An increase of 2.75% pa on a \$350,000 home loan will see monthly mortgage repayments increase by about \$800 per month; \$1030 per month on a \$450,000 home loan; and \$1375 per month on a \$600,000 home loan.

For the Darwin residential property market to maintain growth levels seen over the past six years, household incomes and rents will have to increase in the face of rising interest rates. This is problematic in itself as incomes generally do not rise quickly, particularly over and above the underlying rate of inflation, while rents are generally a function of the amount of money people can afford to pay.

....the major hurdles to significant capital growth over the coming years that we have identified are rising interest rates, low household income growth, inflation eating into household incomes, increased future supply of units in the CBD and increased supply of vacant land....

It is likely that capital growth in the Darwin residential property market will slow over the next 12 months as demand for housing softens due to rising unaffordability on the back of rising interest rates. If higher interest rates are maintained for an extended period, then it is likely that the residential property will be subdued for an extended period also.



Perth

A question that is constantly asked of Property Valuers' is 'where should I invest?'. It's a great question, and if our crystal ball gave crystal clear answers, we'd all be super wealthy and possibly retired.

If we look at the price sector extremes of the Perth property market, we find that they are in very different stages of the property market cycle.

At the more affordable end of the scale, the south eastern suburb of Byford is dominated by various land estates which targeted first home buyers during the peak of 2006-2007 with further activity during the GFC with the First Home Buyers Boost and state stamp duty waivers.

The typical property in these estates is a 160 to 200sqm, project style four bedroom, two bathroom brick and tile dwelling, situated on a lot ranging from 400 to 650sqm. Entry level for a basic property is in the order of \$330,000 to \$350,000 with prices ranging up to the low \$500,000s.

Caution is advised, as the area remains oversupplied and there remains a significant supply of new land available. There is minimal proposed infrastructure for the area that would significantly affect the current population hence we would expect the growth prospects to be minimal in the short term.

At the other end of the spectrum, the suburb of Peppermint Grove features in the nation's top 10 most expensive suburbs, with a median house price of \$4 million and what is reported to be Australia's most expensive house is currently under construction. You might have heard about the \$58.5 million dollar sale that occurred last year – well that was just next-door in Mosman Park.

The average home-owner is generally a company executive although there are still some traditional generational land-owners through the suburb. The properties are characterised by lots typically ranging from 1500 to 4000sqm with a mixture of opulent modern multi storey properties and restored and extended federation-era dwellings. It's interesting to note that according to the Real Estate Institute of WA, 50% of owners have no mortgage, compared with just 32% in the Perth metro area as a whole.



Ballagar Drive Perth

The premium sector of the residential market is still in recovery mode, however an increase in sales activity and a general lift in optimism indicates that values should continue to trend in a positive direction.

On a more general note, we have seen the median house price return to 2006–2007 levels, however this is attributed to an increased level of sales in the premium sectors whilst first home-buyers have left the market. Many suburbs are still recovering and some are yet to work out where the bottom is. Strangely, there are some suburbs that are out performing boom time levels and others where there is a wild fluctuation in asking prices – some realistic, some well and truly above market.

Our word of caution that each market segment is performing differently at the moment, and the generic statements published in the media doesn't apply to the market as a whole. Seek the opinion of a professional property valuer who can assist you to make a prudent decision.



South Western WA

The South-West of WA offers a huge range of properties from the very affordable to the definitely upscale, first home buyers to mansions of serious proportion.

I read an article recently about the most affordable beachside suburbs in Australia and was interested to see one of the suburbs featured was Withers in Bunbury. It is possibly the most affordable suburb in the south-west (in a regional centre) with a high percentage of Homeswest (WA Government Housing) residences, the majority of which are three bedroom, one- bathroom dwellings on anything from 400sqm to 1000sqm blocks. The properties range in age from the 1950s to the 1980s, with some more recent infill units completing the picture. Condition of the properties varies greatly but on the whole is generally below average in comparison with surrounding areas. Currently most of the area is zoned R15 but there is planning for higher density development being considered in the foreseeable if undefined future. This may well provide some opportunity for investment but only on a long-term basis because, as mentioned before, the time frame for subdivision is at best uncertain and the economics of development at this time are only marginal. This is evidenced in the nearby suburb of Carey Park which has similar housing stocks but is zoned R30 and so has seen many of the larger blocks divided into 2two or three titles. While this is still happening, the profit margin on these developments appears to be fairly slim at this time.

An example of a sale of a fairly typical house n Withers is 73 Devonshire Street, which sold in November 2009 for \$218,500. The property comprises a 1967, three bedroom, one bathroom brick veneer and tile dwelling with a patio, fair presentation and a detached double garage, all located on a 683sqm. Better and newer dwellings reach up to approximately \$270,000. The median house price has fallen from its peak in December 2006 of \$275,000 to closer to \$240,000 with a downward trend still showing.

As for that beachside location? Well, if you look on a Google map it is near the beach but the problem is a 300mhigh (well it's big anyway) sand hill separating the houses from the water, so not too many water outlooks in this area. It must be noted however, that there is great exercise potential if you want to walk to the beach. I guess there is something to be said for employing someone with local knowledge.

....the time frame for subdivision is at best uncertain and the economics of development at this time are only marginal....

At the opposite end of the scale is the beachfront suburb of Eagle Bay which is located near to the small town of Dunsborough. The area is well regarded as a holiday destination with surfing in abundance and the Margaret River wine district just down the road.

A recent sale of note was for a vacant 2658 square metre block located on the beachfront with direct water access which sold for a little over \$7 million. We note the same property sold in 2007 for \$10 million, so prices have certainly come back here.

Another sale within the past year was for an eight bedroom, eight- bathroom dwelling located on a 2000sqm block with expansive views and a sale price of \$5.8 million. Compared to the vacant land this would appear to be very reasonable but a major driver of price in this area appears to be the ability to walk out the front of the house and straight into the tide with no interruption.

An average property in the area generally sits on a 2000sqm block and when improved with a modern, four bedroom, two bathroom dwelling, will command a sale price of something close to \$2 million.

As to whether this is a good place to buy right now is debatable, with the prospect of rising interest rates and some burnt fingers from the GFC, the market for the ultimate in beach shacks may still have some way to go before returning to its glory days. Having said that, there have been some good buys in the area with bargain hunters able to drive some fairly hard bargains. The market however appears to have bottomed out so bargains are now harder to come by.

All in all the south-west region can provide something for everyone, be it the first home buyer on a budget, through to the mining executive on a different budget, lifestyle to beachfront to small units, the range is extensive and the place is pretty nice to live in as well.



Commercial Overview

Prime property has historically been a solid gauge of market performance. When other sectors soften in the face of a downturn, it is unusually the very "A" grade real estate that proves the most resilient. Continuing on from a previous issue of Month In Review, we are taking a look at the premium grade office properties throughout Australia. Our valuers have drawn on some vast resources to give you a ready reckoner on how the high end office market is performing and, as result, where the sector in general is likely to trend.



Sydney

The Sydney office market is a stage of recovery after a turbulent year where the profitability of commercial property was drastically impacted upon as a consequence of the GFC.

The commercial office market in Sydney is divided into a number of sectors with the prime localities consisting of:

- Sydney CBD
- Metropolitan Sydney

Sydney CBD

The Sydney CBD office market is the largest in Australia with an approximate gross lettable area of 4.7 million sqm. This can be divided into sub markets consisting of CBD Core, Mid Town, South, East and West.

The most desirable location in the Sydney CBD office market is the CBD core where gross rents range from \$750 to \$1050 per sqm and average capital values range between \$8,000 and \$13,000 per sqm.

Despite the GFC and its impact on the Sydney office market, there has not been a major reduction in rental values throughout the Sydney CBD. Nevertheless

leasing incentives did rise and peaked in some cases at approximately 33% of the term value.

While the impacts of the GFC were substantial, vacancy levels are still currently sitting at approximately 8%, which is below the long-term average of approximately 10%. This has occurred because of a combination of factors:

- Vacancy in 2005 reached an 18-year low of approximately 3.7%.
- Large withdraws from the marketplace of property for refurbishments and renovations during 2009 balanced the contraction in the employment.
- Net absorption for A-grade property was -78,227sqm during the 12 months to January 2010.

In 2008-2009 yields in the Sydney CBD softened, however as the market enters the recovery phase we are seeing indicative yields stabilise in the vicinity of 7%.

Of particular interest has been the recent purchase of Aurora Place, a 44-storey premium grade building, which settled in December 2009. This is the first sale of a premium grade building in Sydney since 2005. The property sold for \$685 million on an equivalent reversionary yield of 6.58%.

...the most desirable location in the Sydney CBD office market is the CBD core....

During the next 12 to 18 months, it is considered that tenants will remain cautious until there is evidence of a more widespread recovery. Nevertheless it is likely that tenants will take advantage of incentives to upgrade to higher quality space, leaving higher vacancies in secondary buildings

Metropolitan Sydney

The Sydney metropolitan office market consists of the following:

- North Shore office market including - North Sydney, Crows Nest, St Leonards and Chatswood, which together constitute a total of 1.48 million sqm.

- North Ryde and Macquarie Park, which is predominantly a technology precinct near Macquarie University
- Parramatta office market, located approximately 20km west of the Sydney CBD

The profitability of these markets ranges significantly and generally in tough economic times these markets have suffered more considerably than the Sydney CBD.

The demand for each of these metropolitan regions can vary significantly, depending upon the net absorption for each marketplace and large occupiers relocating. Currently the North Shore office market has the highest vacancy rate for Metropolitan Sydney, sitting at 13.7%, with the Chatswood submarket peaking at 17.8%. The lowest vacancy for metro Sydney office is in Parramatta, which sits at approximately 10%.

Office rents in Sydney metro also vary considerably. Currently the highest achieving rental values are found in North Sydney (between \$500 and \$650 per sqm gross for A-grade stock). This is due to a combination of the market being in close proximity to the city and also a number of buildings having views of Sydney Harbour. The most affordable rents in Sydney metro are in the Parramatta office market which achieves between \$340 and \$445 gross per sqm for A-grade stock. The affordability of office space in Parramatta is a deciding factor in occupiers



moving to this marketplace and therefore this has been an important factor in affecting the vacancy rate of office stock in Parramatta.

In common with commercial office markets nationally, there have been a limited number of transactions of \$2 million-plus during the past two years. With the absence of listed and unlisted trusts as purchasers, there has been increased activity by owner-occupiers and private investors.

Apart from offshore funds and private investors, there is evidence of unlisted trusts returning to the Metropolitan Sydney market, also seeking secure income streams and long lease covenants. One example was Amici Funds Management's purchase of 72 Christie Street, St Leonards for \$60 million, with 11,221sqm net lettable area (NLA).

Capital values for prime office buildings in the metropolitan market have typically fallen during the past two years by around 18% to \$4500 per sqm of NLA. Secondary buildings fell by around 12% to \$3500 per sqm.

In keeping with wider market trends and reflecting weak demand conditions, analysed market yields for prime space have fallen since late 2007 by around 175 basis

points to 9%. Secondary yields have fallen by around 200 basis points to 9.75%.

During the next 12 to 18 months, rents in the Sydney metropolitan market are likely to remain fairly static, until stronger economic conditions become more generally evident. There is evidence of increased confidence and employers are starting to recruit, especially in the finance and insurance sector. However growth in the white collar workforce and hence demand for additional space, is not likely to occur until businesses return staff to the hours they were previously employed and absorb the under-utilised space currently being occupied.

....apart from offshore funds and private investors, there is evidence of unlisted trusts returning to the Metropolitan Sydney market....

Despite the possibility of a prolonged recovery in the outlook for rental growth, investment sentiment towards the Sydney metropolitan market appears to be positive. This partly reflects the strength of Australia's economy within the global context and the lack of a significant development pipeline for most suburban markets.



Canberra

The ACT office leasing market for 2010 is looking stable with a number of newer developments nearing completion leading to the likely vacancy of existing stock to increase in 2010. Recent leasing evidence for A-Grade buildings indicates incentives are still prominent. New leasing deals include:

Northbourne Avenue, DICKSON	Commence Date	Term (Years)	Leased area (m2)	Gross Face rent (\$/m2)	Effective Gross Rent (\$/m2)
	Jan 2010	4	1,066	365	350

Recently refurbished building which presents to a high standard. The deal is for one level of the building and leased to an ACT Government department and includes a rent free incentive.

Marcus Clarke St, CITY	Commence Date	Term (Years)	Leased area (m2)	Gross Face rent (\$/m2)	Effective Gross Rent (\$/m2)
	July 2010	10	1,398	420	389

A new office building, consisting of more than 26,000m2 over ground plus 11 levels and basement car parking for more than 600 cars over four levels. The building is environmentally designed for Green Star accreditation and targeted to achieve a rating of 4.5 NABERS Energy. Rent free, CPI annual rental increase and a market review starting year 6 of the lease. Leased to private company and indicates an incentive of circa 7.50%.

Northbourne Avenue, BRADDON	Commence Date	Term (Years)	Leased area (m2)	Gross Face rent (\$/m2)	Effective Gross Rent (\$/m2)
	Feb 2010	5 + 2	980	410	370

A newly constructed ground floor plus 6 upper levels of A-grade office building located in Braddon on the fringe of the City. Sub-leased to a Federal Government tenant. Rent reviews are annual fixed 4.00% increases and a rent free incentive of circa 9.70%. Eight (8) basement car spaces at \$3,800 per space per annum.

Most notable within the leasing evidence since late 2009 is the leasing incentives that have become a prominent feature of new leases. This is currently showing no sign of abating with incentives currently circa 7.50% to 9.00%.



Central, North & West NSW

DUBBO

The Dubbo commercial property market has been in a period of hibernation during the past 18 months. There has been limited new supply come on line and demand remains soft. Rental levels have also come under some minor downward pressure, with existing lease re-negotiations often resulting in no rise or minor reductions in rental rates. Rental incentives have also returned to the market to attract tenants away from their existing premises.

Due to the lack of growth within the professional businesses during the past 12 months, there has been very limited demand for businesses to expand office space.

A trend in Dubbo during recent years has been a lack in new office development. The few buildings that have been built have had extended let up periods, and the let up periods for space that has been vacated is also historically high.

....rental incentives have also returned to the market to attract tenants away from their existing premises....

Yields have risen by approximately 0.5% to 1% during the past 12 months with a good general range of 8% to 9%, although lower yields can be achieved for securely national leased properties or low lump sum value properties. Inferior quality properties are seeing yields in excess of 10% in some cases.

There has been a movement in Dubbo towards Business Park type development which provides large single level pans pace with easy access and car parking. This type of development in particular appears to be favoured by government occupants who will often pay a premium above market rents to secure a building that fits their criteria.

ORANGE

The commercial office market in Orange is steady and is influenced by a number of factors. Currently there is an oversupply of 'A' grade space, with a number of recently built complexes. These were predominantly built on spec with no lease pre-commitment. Asking rents are currently about \$300 gross per annum with little take up at these levels. Established buildings are currently being leased about \$220 to \$250 per sqm. The exception to this is the odd government tenancy and government funded employment agency, which is paying up to \$320 gross per annum.

A recent sale of a commercial building in Orange with strong local tenants and five-year lease terms reflected a yield of 8% allowing for a profit rental on one tenancy. The yield on the net passing rent was closer to 10%.



NSW Far North Coast

Prime office space on the NSW North Coast is generally situated within the CBDs of Lismore, Ballina and Byron Bay.

Rental evidence of office space in Byron Bay includes the following:

- 240sqm of first floor office space in Jonson Street, which analyses to \$433 per sqm per annum gross plus GST.
- 323sqm of first floor office space in Marvel Street, which analyses to \$502 per sqm per annum net plus GST.
- 54sqm of second level office space in Marvel Street, which analyses to \$506 per sqm per annum netplus GST.
- 73sqm of ground floor office space in Marvel Street, which analyses to \$498 per sqm per annum net plus GST.

Rental evidence of office space in Ballina includes the following:

- 216sqm of first floor office space in River Street, which analyses to \$309 per sqm per annum net plus GST.

Rental evidence of office space in Lismore includes the following:

- 538sqm of ground floor office space in Molesworth Street, which analyses to \$230 per sqm per annum net plus GST.

Yields currently analysed for retail/office product generally range from 6.25% to 8% in Byron Bay; 7% to 8.5% and in some cases upwards of 10% in Ballina; and 8.5% to 10% in Lismore.



Southern NSW & Northern Vic

ALBURY

The principal office locales are situated around the retail locales (the CBD or Albury and Wodonga). Vacancies are low and expected rents range from about \$140 per sqm net to \$280 per sqm net depending on size, location and condition. The lease terms are fairly standard, normally from three to five years, reviewed to CPI with options and tenant paying outgoings. Office yields range from 6.5% to 8.5% again depending on size, location and condition and other variables. The market is expected to be steady.



Regional Vic

ECHUCA

As always, the very small scale of the office market here in Echuca Moama means that there is little to report in the office sector. From a local economy point of view, Aldi has opened its doors, which is likely to provide additional competition in that segment. There have been two sales of retail properties - the jeweller's shop on Hare Street (sold for \$490,000, gross rent \$18,600, with an indicative yield of 3.7%), and a retail shop on the Meninya Street shopping strip was allegedly sold after auction. Construction of the Bunnings hardware store is also progressing quickly.



Melbourne

The Melbourne CBD office market has experienced a substantial increase in supply in recent months. Approximately 57,000sqm of supply entered the market in the March quarter of 2010.

In March 2009 industry experts suggested that CBD office vacancies could rise to 10% by late 2010. Rental incentives were also predicted to increase to 25% to 30%.

This was due to an expected decrease in the rate of white collar employment flowing on from the GFC and an anticipated increase in supply with 225,550m2 of new office space under construction as of March 2009 and set to flood the market by mid 2010.

The overall CBD office vacancy rate was 6.6% as at January 2010. The vacancy rate has increased from 4.8% in July 2009. The market is currently enjoying lower vacancy rates than anticipated. Current research estimates incentive rates will decline slightly this year and reach 15% to 18% by September 2010. This is figure is well below original predictions.

Some recent sales activity in the premium office market include;

- 800 Collins Street sold in March for \$76.87 million on an initial yield of 7.60%. The 29,544sqm (NLA), recently completed, 10-level office building was purchased by SEB Asset Management from The Australian Prime Property Fund. Myer will occupy the building.
- 383 King Street sold for \$34 million on an initial yield of 8.14%. Henkel Brothers purchased the 12,987sqm (NLA) office building from Trinity Funds management in February 2010.

In the sub \$10 million CBD office market, 595 Little Collins Street, a five level office built in 1988, sold at auction on April 9, 2010 for \$8.945 million on a building rate of \$2,946 per sqm.

Next door, 597 Little Collins Street, a two storey brick building sold on the same day for \$4.91 million with a building rate of \$4,950 per sqm.

Recent leasing activity has seen PBL Media Pty Ltd lease levels four to seven (8,678sqm) of 717 Bourke Street, which is due for completion in June 2010. A commencing rental rate of \$360sqm per annum (net) has been negotiated on a 10-year lease.

...unless some of the mooted projects proceed, it is possible that by 2013, Melbourne CBD could be facing low vacancy levels....

In news outside of the CBD, a first time property investor has paid \$11.2 million for an office building at 461-465 Auburn Road, Hawthorn East. The prominent two-level office is on a 2439sqm block at the corner of Auburn Road and Burwood Highway, around the City Link freeway junction, one of the busiest intersections in the south-eastern suburbs.

The building is leased for about four more years, but offers redevelopment potential, being in a pocket of the southeastern suburbs that is seeing higher-density redevelopment.

If the recovering economy and the high level of pre commitments in new buildings enable a net absorption of 60,000sqm in 2010, the peak vacancy rate in the Melbourne CBD may be in the 7% to 8% range by January 2011. Unless some of the mooted projects proceed, it is possible that by 2013, Melbourne CBD could be facing low vacancy levels. This scenario could see a return to moderate increases in gross effective rents.

Increased purchasing activity and tightening vacancy rates from 2011-12 could see yields firm and capital values increase over the medium term.



Adelaide

The Adelaide CBD office vacancy rate is currently around 7%, up from the historical lows experienced during the past few years, including 3.3% for the same time last year. This is thought to have peaked due to increasing demand for office space experienced towards the end of last year and continuing into 2010. This noticeable rise in vacancy rates is in part due to the increases in sub-leasing of office space brought about by the Global Financial Crisis and also due to the completion of several new office developments.

Major development projects completed in the second half of 2009 included:

- 400 King William Road, with 4 or 5 floors still available, equating to approximately 10,000sqm of floor space.
- The Conservatory on Hindmarsh Square, fully leased to the Department of Trade and Economic Development.
- The Edge, 420 King William Road, areas still available for lease.
- The strata titled Aurora on Pirie, which proved quite popular for the owner-occupier and now is close to fully sold.

Demand for more office space is expected to continue throughout 2010, especially as the economy slowly improves, so with limited construction of new office space proposed before 2011/12 low supply is likely to promote further rental growth, which experienced an increase of approximately 5% over the year to March 2010. Prime rents are now around \$285 to \$450 per sqm with incentives remaining around 10 to 15%. Yields have tightened to around 8.5%.

The Adelaide fringe office sector located along Greenhill and Fullarton Roads and Dequetteville Terrace has a vacancy rate of around 3%. This tightly held market is dominated by owner-occupiers, being very attractive to smaller tenants with benefits including on-site parking and close proximity to the CBD (within walking distance).

The majority of buildings comprise older two storey buildings, with the occasional multi storey building and character building. There are limited or no developments proposed.



Brisbane

After a record year in 2009 of new and refurbished stock flowing onto the market around the Brisbane CBD, the vacancy rate will no doubt continue to rise. At present the vacancy rate is approximately 11.3% with predictions by the Property Council of Australia forecasting as high as 12.2% by this time next year. This will have a flow on

effect to the level of rents being achieved with landlords continuing to scale back their expectations after the dizzying heights of 2007 and early 2008. This adjustment is expected to be greatest in the CBD itself, with rents on the fringe beginning to approach a more sustainable level. Currently gross face rentals for prime buildings sit at around \$665 per sqm of net lettable area per annum with secondary rents being approximately \$490 per sqm of net lettable area per annum. Incentives in and around the Brisbane CBD are in the region of 25% with reports of as high as 30% in some cases.

As mentioned, supply is expected to decrease throughout 2010, with the only projects currently under construction in the CBD including:

- The 38,000sqm, six star green rated 123-133 Albert Street, which has a pre-commitment to Rio Tinto for approximately 25,000sqm.
- King George Central which will comprise approximately 33,000sqm of net lettable area upon completion, with CUA and GHD already pre-committing.
- A further 63,000sqm of net lettable area will be in the Golden Triangle at 111 Eagle Street, which has no finalised pre-commitments to date.

At this point in time none of these projects are expected to be completed this year. As a result with most of the newer space already being taken up, tenants will look to prime backfill or refurbished stock.



20 Jan 04 (Medium)

Major fringe city projects in the pipeline for 2010 include 'HQ' at 512 Wickham Street in Fortitude Valley, 'Energex Building' at 33 Breakfast Creek Road in Newstead, and 'Waterloo' on the corner of Ann Street and Commercial Road, also in Newstead.

As expected we are finally seeing a greater disparity between the newer and older assets, as secondary and tertiary properties experience higher vacancy levels, lower rents and comparatively softer yields. Prime assets with solid leasing covenants are transacting for approximately 7.7%, which is expected to remain relatively unchanged during the coming 12 months. Secondary properties however are showing considerably softer yields in the order of 9.2%

....at present the vacancy rate is approximately 11.3% with predictions by the Property Council of Australia forecasting as high as 12.2% by this time next year....



Gold Coast

GOLD COAST

In this issue, we are paying particular attention to prime office locations and prime office buildings. Firstly, we shall provide a brief snapshot of the Gold Coast market as a whole, and will then focus on prime office space.

According to the most recent Property Council of Australia (PCA) office space statistics, the vacancy rate on the Gold Coast as at January 2010 was 22.4%, which equates to around 104,000sqm of vacant space. This is the highest vacancy rate since July 1994.

By way of comparison, the vacancy rates as at January 2009, January 2008 (around the very peak of the market), and January 2007 were 18.2%, 6.3%, and 4.5% respectively. In fact, the office vacancy rate on the Gold Coast was below 10% for the entire period between January 2004 and January 2008.

The current level of vacancy can be attributed to significant construction and development over recent years, and the flow on affects of the GFC.

According to the PCA figures, the Gold Coast has 464,862 sqm of office space in total. This is a significant increase on the 2005 figure of 325,197sqm, and the 2000 figure of 252,620sqm.



It is difficult to predict how long it will take for all of the vacant space to be absorbed. Conditions in the office market are currently very soft, and absorption rates are low. Based upon the current PCA absorption rate of 2830sqm per year, it would take some 37 years to absorb all of the space! However, if we assume that market conditions and absorption rates will improve, and adopt a more average rate of say 10,000 sqm per year, it would still take around 10 years to absorb all the vacant space.

In regard to prime office space, our general take on this segment is that it is struggling at the moment. Under the current depressed market conditions, tenants are resisting higher rental levels, and are prepared to downsize or relocate to lower grade office space which still offers functional, albeit less prestigious, floor space.

A number of the Gold Coast's recently completed major office complexes including Robina's flagship building 'The Rocket', 'Corporate Centre Two' at Bundall, and

'Southport Central Stage Three' at Southport have been very slow to lease and/or sell. Further, '50 Cavill', regarded as the premium office tower in Surfers Paradise, is also witnessing a large degree of vacancy. These four buildings are situated within the four major office localities on the Gold Coast namely Southport, Bundall, Surfers Paradise and Robina/Varsity Lakes.



The Rocket - Gold Coast

In the Gold Coast office market, 'A Grade' space reflects 29% of the total floor space, and the vacancy rate for this category is currently a massive 39.7%! However, 'B Grade' space reflects a larger proportion of the market, at 38%, and has a lower vacancy of 17.2%.

It is clear that the office market is struggling, although again not everything is negative. Some A and B Grade space is slowly being taken up, and tenants and buyers alike are receiving comparatively good deals. Also, some experienced local agents are suggesting that enquiry level is improving.



Sunshine Coast

The office market on the Sunshine Coast has noted a strong shift from being relatively buoyant in mid 2008, to now being significantly oversupplied.

This change mainly occurred during the GFC with many companies that were looking to expand and increase in size, dropping staff and therefore not needing to relocate to larger premises.

The main area affected by this change is the Kawana Business Precinct around Lake Kawana. There is a significant level of vacancy in office developments in this area, even in quality developments and the region's first green star rated building. We have noted that rental levels have gone from being around \$300 to \$330 per sqm in this location to now being more in the range of \$260 to \$280 per sqm, effective after incentives are deducted from passing face rentals. Letting up periods of six to 12 months are common in the area.

....there is a significant level of vacancy in office developments in this area....

We have also noted a large government office building being constructed in central Maroochydore and there is significant concern in the local market that all current government tenants will relocate to that building once it is completed, reportedly in 2011. This will lead to a large

level of vacancy in Maroochydore, which currently has a relatively normal vacancy level of quality stock, reported around five to 10%.

Yield levels have also softened for quality office stock, with a recently listed property with two national tenants in place listed for an asking yield of just under 9%. Two years ago this type of property would have achieved a yield of circa 7.5%.

Looking forward it is hard to see the market improving rapidly with overall business confidence still below trend.



Southern Queensland

TOOWOOMBA

Toowoomba has experienced only limited new development during the past couple of years with no purpose built buildings constructed specifically for government or corporate tenants during this timeframe.

The prime office localities in Toowoomba are all positioned within the CBD fringes, especially within the eastern precinct that includes Hume, Herries and Kitchener Streets. These fringe CBD localities are popular due to easier access and superior provision of on-site car parking (compared to inner CBD properties).

During the period of 2008 to 2010, gross face rents for prime office buildings have remained stagnant at between \$350 and \$375 per sqm per annum. Currently, there is only moderate demand for office space in Toowoomba with extended lease-up periods for vacant properties. The slow market conditions have seen the introduction of some rental incentives, as landlords compete for tenants. There does appear however to be limited existing supply of larger tenancies (above 500sqm) which will likely result in the construction of a new building if demand arises. We note that there are currently three to four approved developments in town that could cater for demand of this size.

In keeping with national trends in the wake of the GFC, demand for office investments declined during 2008-09. There has been increased enquiry since mid 2009, as business confidence increased. However, although there

have been several properties for sale, there has been little sales activity. This may be due to vendors with unrealistic expectations seeking early 2008 yields and not being motivated to meet current market conditions. Analysed market yields for Toowoomba commercial properties of \$2 million plus softened by about 50 basis points in 2008, but have remained stable since.



Central Queensland

ROCKHAMPTON

The office market in Rockhampton was largely subdued during 2009. However, there appears to have been a slight boost in confidence in 2010. Notably, since October 2009, there have been three sales of older style, CBD properties ranging in price from \$400,000 to \$1.25 million. Some of the properties are multi-tenanted and have all been purchased for redevelopment and eventual owner occupation once refurbishments and renovations have been undertaken.

There continues to be an absence of investors in the Rockhampton office market at present, as rental levels still cannot provide profitable projects. However, a record lease has been recorded for a newly refurbished, high grade, inner city building at approximately \$310 per sqm gross. This is a benchmark rent for the Rockhampton office market and there are further tenancies available for lease in this locality. It remains to be seen whether these rental levels are sustained throughout the balance of the building.

....notably, since October 2009, there have been three sales of older style, CBD properties ranging in price from \$400,000 to \$1.25 million....

Demolition of the former Rocky's Tavern has been completed since Rockhampton Regional Council's purchase of the site in mid-2009. Construction is expected to commence shortly on the new headquarters.

Vacancies remain reasonably low. There is still space available in the newly refurbished 'Headricks' building as well as the Post Office building which are both offering high grade office space in the city centre.

BUNDABERG

The main office localities in Bundaberg are the City/City fringe and Barolin Street.

There has been very limited new development of office space since 2007-08. It would be very difficult to 'stack up' a new development in the current market unless there was pre commitment by a tenant or tenants. Government and medical practitioners have been the main occupants of new office space. Rental levels have stagnated and yield rates have increased which is negatively impacting on viability of new developments.

The only recent sale of an office building in Bundaberg has been the former News Mail Building in Targo Street for \$615,000. It is an aged building and has sold with vacant possession reflecting \$622 per sqm of gross lettable area.

The ability to viably purchase a dwelling and convert it to office use is now a difficult exercise to comply with fire regulations, disabled access, car parking and infrastructure changes.

HERVEY BAY

Hervey Bay has a growing office market that is in the process of centralising within the Pialba Business Precinct around Main Street, Torquay Road and Boat Harbour Drive. Many professional firms occupy retail and office buildings in strip centres along these roads, however the past two years has seen the construction of more specific purpose-built office space. To date 2010 has seen the completion of 'Devenio' along Main Street, while two buildings namely 'Signature' and 'Lakeside 2' should be completed by late 2010 pending adequate pre-sales. Oversupply is still a concern however to date, rental rates appear to be remaining relatively stable for space within new buildings which ranges from \$250 to \$325 per sqm net. Secondary locations are struggling to maintain occupancy due to the increase in new product and are required to offer attractive incentives to retain existing or attract new tenants.

....to date 2010 has seen the completion of 'Devenio' along Main Street, while two buildings namely 'Signature' and 'Lakeside 2' should be completed by late 2010 pending adequate pre-sales....

In line with the national trend, analysed market yields for office space have continued to soften for properties priced in excess of \$1.5 million reflecting 8.25% to 9%. Properties priced below this are however achieving sub 8% yields with new lease terms and conditions.

Most of the current demand for office space in Hervey Bay is from owner-occupiers. The new development of strata space has seen capital values of prime strata suites continue to rise, reaching up to \$4,000 per sqm of net lettable area in one 'off the plan' project.

The outlook is for increasing incentives as more developments are completed and rentals may fall as landlords compete for tenants. With construction activity in the residential market still constrained, future prospects of any significant growth will come from government or national corporate tenants establishing a base in Hervey Bay.

MACKAY

The Mackay Office market has been very steady and stable during the past quarter. There have been no notable sales. City centre office rents are typically around the \$300 to \$320 per sqm gross range, but there have been instances of rents up to \$380 per sqm net for smaller professional services tenancies in new buildings on the north side.

We have noted some landlords transitioning to net leases,

to protect net income in a climate of increasing property operating costs, but there will be tenant opposition to this trend.

Supply of office space is very tight, and there is little vacancy, particularly of A and B grade space, but demand is sporadic although underlying business confidence is generally high.

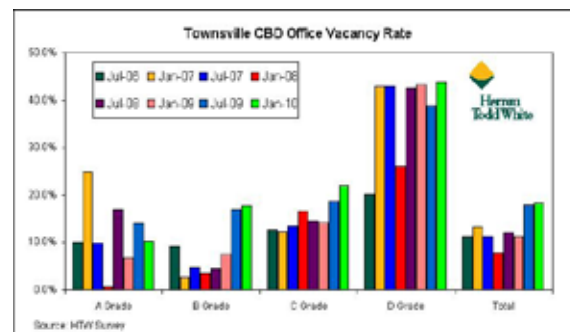
The major obstacle to expansion of the office market is development cost with feasibilities indicating existing rent levels need to jump more than \$100 per sqm to underpin the success of new developments.



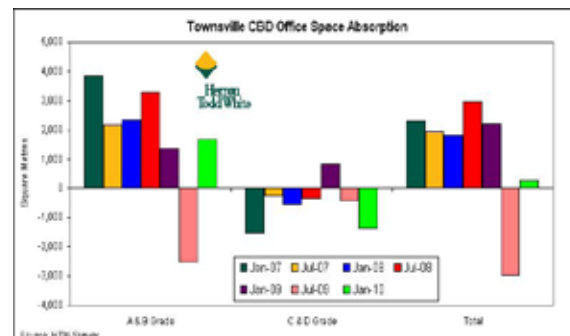
Townsville

Townsville's prime office precinct is located within the CBD with secondary office precincts being along the major arterials of Charters Towers Road and Ross River Road.

Results from our Townsville CBD Office Survey for January 2010 show that demand for high quality office space has reduced the level of office vacancy for A-grade space during the past six months to 10.2%, but at the expense of slightly higher vacancies for B, C and D grade space, where vacancies have risen. Townsville's overall CBD office vacancy rate stood at 18.3% in January 2010 compared to 17.8% in July 2009.



During the six month period from July 2009 to January 2010 we have seen the absorption of 1700sqm of A and B grade office space, indicating that there has been some revival of demand for good quality office space. This shows a significant turn-around from the 2500sqm demand reduction observed during the period from January to July 2009.



This is causing C and D grade space to become functionally obsolete with regard to the changing business needs and statutory requirements.

The newest A-grade office building in Townsville's CBD, located in Stanley Street, provided 2,700sqm of net lettable area and was completed in 2009.

The upgrading of Flinders Mall is currently underway and so is the push to get State and Federal governments to pre-commit to office space. Any large commitment to inner city floor space would require the construction of at least one new environmentally efficient A-grade office tower. This would provide stimulation to the construction industry and a significant boost in confidence to the property and investment markets. Furthermore, the private sector including larger corporates have made it clear that it would support smaller space in new A-grade office developments in the CBD.

Townsville's CBD office market is therefore in the grip of a 'Catch 22' situation, with vacancy rates for A-grade office space declining, and the construction of new stock requiring large floor space pre-commitments in order to secure finance.



Darwin

If you had deep pockets, and on arriving in Darwin wanted to show everyone that your company is a seriously heavy hitter, where would you go?

To NT House perhaps? Traditionally, yes. You would encounter lots of VIPs in the lifts going to and from the Chief Minister's Office. But – quelle horreur! – it is already 21 years old, and for your company image reasons you are looking for something built this century. Nevertheless, you give it a try. Sorry, there isn't enough space for your firm: you are told to go away.

OK then, let's look at the Mitchell Centre, Admiralty House, TIO House, Jacana House (600sqm on a short-term sublease there, but that's too small and too short term), NAB House, Conoco Phillips House ... You grunt. There is no room for you there either! Where can you get quality new office accommodation in Darwin?

The answer is, in some very few places. There is some space at Civitas - a couple of floors, almost 1000sqm altogether. Maybe that is just enough for you, but maybe not.. There is also strata office space at The Waterfront, the development you know to include hundreds of apartments, a wave pool, a conference centre and so on. But they are small strata offices. This time, you curse out loud: too small again!



Outside of town, there's Arnhemica at 16 Parap Road, which has just over 2000sqm, but word has it that you had better move fast if you want space there. If you don't get in there, you may have to wait quite a while for the next new space. There are offices being built on the other side of Parap Road, at number 23, but they will be some time coming, and offices at The Avenue, behind Hastings over Mindil, but you can't wait for them either. Back in town there is an office development along Knuckey Street, right beside one of Darwin's best restaurants. Oh, the long business lunches! But that one is not complete, and will not be until the March quarter of 2011 at the earliest.

Arnhemica and DIA Darwin



Then there are several plans for office developments in the CBD, but not only has the fat lady not sung yet, she may be retired before they come on stream. Beyond the CBD, there is some good space available out at Casuarina in the northern suburbs, and there is also a major office tower to be built at Coolalinga in the core of a shopping centre. But that's not you, and Coolalinga's not yet on stream anyway; could be two years, or even longer. And hey, you want to be in or near the CBD, not at Caz or Cool whatever.

.....there are offices being built on the other side of Parap Road, at number 23, but they will be some time coming....

So, you are in trouble. Your deep pockets are going to have to fork out between \$400 and \$500 per sqm for the kind of space you are after. Hell, even your Sydney office is only paying \$600. And where are you going to get the consolidated area you need? Civitas and Arnhemica. Full stop for now. Either there, or wait, or find an older building renovated to the standard you can live with. But you can't even find that space.

You swivel in around in your big leather chair to admire that magnificent view. You draw back on your Cuban cigar. The view looks grey; the cigar tastes lousy. Maybe you should buy the whole Darwin CBD instead – why not? After all, locals bought back in when the institutions sold off because they could sell quickly in Darwin while they could not elsewhere. God knows, they needed the cash. You could probably get it all for an 8% yield. But look at those new government leases - 10 to 15 years, so you can't kick them out even if you did buy Darwin.

You bark down the phone at your PA (you enjoy that): "get those agents for Arnhemica and Civitas on the line now, and I mean now!" You slam down the phone. A ray of sunshine comes through the clouds; the cigar tastes good again.



Perth

Perth's prime office market includes properties located in the CBD and West Perth. At the height of the market in 2008, where vacancies rates were at unprecedented low levels, developers looked further afield to suburbs such as Subiaco and Osborne Park. However, following the onset of the GFC vacancies quickly rose, although only to relatively modest levels of around 8% for the CBD and 6% in West Perth. Noticeably, the greatest impact was felt in sales turnover, which in 2009 was very low and buyer groups were limited to private investors, syndicates and overseas institutions. An exception was the late 2009 purchase by the Commonwealth Property Office Fund which bought a 50% share in the 'Alluvion' development, comprising a 21-floor, 22,395sqm brand new office building nearing completion, although fully pre-committed.

More than 123,000sqm of new office space is due for completion this year and approximately another 118,000sqm expected for 2011. Demand has steadily been rising due to expansion of the mining sector, from about September 2009. This year's anticipated completions include:

Building Name	Address	Suburb	NLA (approx)	Major Tenant	Major Tenant Area (approx)
Raine Square	502 Hay St	Perth	42,500	Bankwest	42,500
One40	140 William St	Perth	35,000	State Government	22,000
Alluvion	54-58 Mounts Bay Rd	Perth	22,500	Clough	15,700
	226 Adelaide Tce	Perth	13,500	CBA	4300
Westralia Plaza	167 StGeorge's Tce	Perth	9500	-	-

All current office developments will possess a minimum 4.5 star NABR, and will offer A-grade accommodation comprising a range of benefits to occupants, such as in house retail, cafes, restaurants, gyms and abundant secure parking. Raine Square will also include underground pedestrian walkways connecting users to the local train station.

Rental levels in the Perth CBD and West Perth range from \$450 per sqm to \$850per sqm per annum. Rental incentives returned to the Perth office market soon after the onset of the GFC, which came about mostly because of a dramatic increase in sub-lease stock, as businesses reacted quickly to reduce operational costs in a contracting economy. Incentives are likely to remain, particularly for properties affected by tenants moving to newer developments upon completion.

Another impact of the GFC was the increasing aversion displayed by the banks toward property development. Despite the worst of the GFC having passed and the relative strength of our banking sector, their reluctance

to support new developments has continued. The impact though will not be felt for a long time, as projects currently underway will add new supply up to the end of 2011. Anticipating future demand past 2011 is really difficult with so much conflicting economic and financial data, although forecasters are generally tipping a balanced market over the next couple of years. Bear in mind that most forecasters are linked to real estate agencies, so when they tip a balanced market it is likely that this is a 'best case' scenario.



Currently almost 60% of Perth's office market is leased to mining, or mining related tenants. Of course the heavy weighting with this type of occupancy does mean that there is a risk that demand could fall dramatically if commodity prices fall and mining companies are forced to scale down production. This risk is undeniably crucial as acquisitions in this sector require a lot of capital, funded through both debt and equity. Not only do increased vacancies reduce a property's value, but risk premiums also tend to react quickly, as seen following the GFC, where yields roughly doubled. Business lending rates are significantly higher than those associated with residential mortgages and generally fall in the range between 8% and 9%, and not likely to fall in the near future.

....at the height of the market in 2008, where vacancies rates were at unprecedented low levels, developers looked further afield to suburbs such as Subiaco and Osborne Park....

Certainly this year began with most commercial activity centred on industrial properties, which in some instances leave us with similar feelings of the market back at the peak. While the office property market has seen some improvement in leasing and sale enquiries, as well as stabilisation of the negative absorption of office space, sales have remained sluggish. All the same we regard the sluggishness to be put down to a low supply factor as much as low demand or demand which cannot acquire sufficient funding to undertake a purchase. We anticipate that sales activity in this sector will remain low, as conditions are not conducive to speculative activity. As indicated previously acquisitions at this end of the market are costly as are reversionary costs and values have stopped declining. For these reasons an acquisition of this type is well considered as a longer holding period is most likely required in order to mitigate these cost factors. As long as the state's economy remains steady and commodity prices hold, this sector should maintain value, however, any future global calamity will definitely impact this market significantly.



South Western WA

The prime office market in South West WA is a relatively small market generally characterised by limited supply. Construction of new office space has been steady with an orderly take up rate.

There were several high-rise retail/office/residential developments planned for the Bunbury CBD, but since the onset of the Global Financial Crisis (GFC) these have been postponed. From this time leasing take-up rates slowed and there were a number of vacancies evident. During the past several quarters, the market has returned to a more average level with available office space being steadily absorbed.

Rents have generally reached a plateau. Net effective rents are typically in the \$280 to \$350 per sqm per annum range for prime offices. Secondary space is typically in the \$180 to \$250 per sqm range, while inferior office space can range from \$120 to \$180 per sqm depending on the size and attributes.

There has been limited sales activity. A number of strata offices have sold with values remaining fairly steady. These sales are predominantly on a vacant possession basis with potential yields ranging from 6% to 8% on market rent.

The outlook is for steady sales and leasing activity, with rental growth in line with the Consumer Price Index (CPI). The renewal of business confidence in Western Australia, since the confirmation of the Gorgon Liquefied Natural Gas project, is likely to see increased demand from businesses generally in the medium term. This is expected to extend to regional markets such as Bunbury from around 2011-12.

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Rural – Market Directions

As usual the news around the traps provides a mixed bag of results. Overall the picture is much better than the same time last year or for many years for that matter. Increased listings are a common theme with much lower buyer interest. This is likely to result in quality selling and the others taking much longer to sell or needing to be discounted further in a softer market. There has been a few sales occur, however it is too early to comment much. There appears to be interest in some quarters and again we will have to wait and see where the market will go.

Commodity prices trends are varied with cattle prices stronger due to restockers. Grain is down on top of world high production and strong Australian Dollar, but still higher than the long term average for the past 10 to 15 years. Cotton has improved.

....there appear to be further confirmation that values are retreating from the highs of the pre-GFC period....

Our southern offices remark on improved water availability in some sections of the Murray Darling Basin and a fall in the value of temporary water transfers. There appears to be further confirmation that values are retreating from the highs of the pre-GFC period. This may vary from region to region as some may have been hotter than others during those heady days when wheat hit more than \$300 per tonne.

The cattle grazing regions are of interest, however many experienced participants are still talking of a retreat to more realistic values, back from the day days when debt was easy to attain.

Grain properties appear to be in good demand, particularly where reliability of production has been proven to be a feature. Some values though would not be supported with current grain prices and there will need to be more strength in grain prices for these to be sustainable. The expansion in capacity of a number of feedlots will help to underpin demand from a local perspective.

The overall positive outlook for agriculture should help increase interest as the world economy recovers and demand for fibre, grains and meat protein increases with improved household incomes right around the world.

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1 May 2010



NORTHERN WEST NSW

There continues to be moderate rainfall events across most of central and northern New South Wales, following on from the run of good rain events seen since Christmas 2009. There also continues to be a large increase in properties listed for sale, but to date this has not eventuated into increased sale levels. Some sales are occurring, however with a privately traded property 'Edgehill' approximately 15km south of Narromine selling to neighbours. This property consisted of 912ha, mostly good quality red loam with some harder gravel ridges that were timbered with ironbark. Improvements across this lot include a 1980s brick veneer residence with established gardens, steel framed machinery shed, reasonable shearing shed, cattle yards, silos and other shedding. We understand the sale was approximately \$1700 per hectare overall and indicated a value of the cultivation land of approximately \$1550 per hectare. In addition a 1990ha property in the Collie area has just gone under contract at similar value levels to its sale approximately three years ago. We expect this 1900ha sale to show a sale price of approximately \$3.5 million and after adjustments for improvements, we believe it will show approximately \$1600 per hectare for dry land cultivation in the Collie area. Both of these sales indicate that value levels are holding for these particular areas and this is indicative of variance found within the market place at present. There have been a number of properties put to the market in other areas which have been withdrawn prior to auction due to lack of interest.

While generally interest does still exist in the market, the ability to secure finance is becoming more difficult and this is having a flow on effect on the value limits that appear to be in the market at present. Currently for smaller rural holdings located in the Central West and to some degree Western Plains, for value levels of \$700,000-

\$800,000, there is reasonable to good interest, however once above this value the perspective pool of buyers available diminishes significantly and correspondingly there is reduced market interest.

Despite the large volume of rainfall measured across the majority of the central and western areas in the past three months, water storage has continued to languish at very low levels. Burrendong Dam has risen to approximately 12% with General Security irrigation allocations expected to be at 0% for the coming water year. This situation is continuing the lack of interest in developed irrigation properties as the most prospective purchasers are resistant to purchase assets that cannot be fully utilised at present.

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SOUTHERN NSW

ALBURY AND WAGGA WAGGA

Southern NSW and northern Victoria received the best autumn break the area has seen for many years, and while some areas have received good follow up rains, other areas have not been so lucky. We must feel for some people in the Upper Murray area of southern NSW, in the area that was burnt out in the serious fires just before Christmas 2009. One farmer in that area had to replace 63km of fencing in fairly steep and rough country. The area received good steady rain to commence the autumn break, but then shortly after the break received a massive downpour of rain that knocked down several kilometres of new fencing and filled six catchment dams to the top of the bank with soil from erosion. The fencing was replaced and less than a week later they received another huge down pour that knocked the same fencing down for a second time. The fencing has been replaced for the third time in as many months. Many farmers in that area just can't seem to take a trick.

Other areas in the upper Murray of NSW and Victoria have not received these heavy downpours and have been getting good steady follow up rain that has continued the great autumn break and much of this area looks fantastic. Many farmers have huge amounts of feed, and some have even cut hay in autumn, which is almost unheard of in these areas. The follow up rains have been patchy as you move west out of the upper Murray towards Albury and further to the west. There are some areas that have received good follow up rain and other areas that have received little or no rain.

Cereal crop sowing is in full swing, with the tail end of oats still going in, and many farmers are now sowing wheat, triticale and barley. Large areas around Wagga and to the north and north-west have been sown, and much of this area now needs follow up rain to help crops along. The price of fertiliser is encouraging many farmers to cut down on sowing rates for MAP and DAP, and many are looking to alternative less expensive fertilisers and soil stimulants. There is a lot of talk about potentially low prices for cereal towards the end of the year, so some operators are becoming reluctant to spend a great deal on inputs if the end product is not going to be worth a lot – this is quite understandable.

There have been a few rural properties trickling onto the market, with mixed results. The large Four Arrows properties near Darlington Point have reportedly sold, and the remaining properties near Wagga are still on the market. Some smaller properties have been offered to the market in the Albury area and in north-eastern Victoria, with most passing in at auction and/or receiving lukewarm response from potential purchasers. Any potential cashed up buyers seem to be adopting a 'wait and see' approach with few committing to purchase until they have some sort of indication of what the season is going to do. This wait and see approach is not assisted by fluctuating (and generally low) cattle prices, talk of low cereal grain prices and the buy in price for sheep.

...the follow up rains have been patchy as you move west out of the upper Murray towards Albury and further to the west....

It will be interesting to see what unfolds during the next few months with the season and rural properties coming onto the market. A lot of farmers have taken on heavy borrowings to survive the past eight or nine years of drought, and many have said they cannot survive another year unless we have a good season this year. That was said many times last year and the year before - maybe crunch time is drawing nearer, but maybe, just maybe this is the bumper season that we need in southern NSW and northern Victoria to drag us all through for a few more years.

LEETON

Following good rain at the beginning of autumn there has been little follow-up rainfall to date. While the rural property listings continue to increase, the market response has been varied. There has been what some would call steady demand for dry land rural properties in the Goolgowi and Merriwagga regions with buyers mostly existing farmers looking to expand their current holdings. Prices are reflecting the tough market and for open red cropping country sales have generally come in at around \$650 to \$700 per hectare. This has dropped from the \$800-plus per hectare being achieved some 18 months ago.

The NSW Office of Water has released its first forecast for the coming irrigation season. At present there is a 50% chance the season will begin with a 50% high security allocation. This positive outlook has come about due mainly to the fact there is more available water in storage than the same time last year.

Perhaps the biggest news for our region is the impending sale of Rockdale Beef Abattoir and Feedlot to JBS Swift. While not done and dusted, the parties are awaiting an informal review by the ACCC before the sale can proceed. Swift already own 10 Abattoirs and 5 Feedlots spanning Eastern Australia and has recently completed the purchase of Tatiara Meats Facility at Bordertown in South Australia.

The current owners of the feedlot have been in wind down phase during the past 12 months with the 60,000 head facility rumoured to be holding about 5000 head at present. Drought and the global economic crisis have both been blamed for the downturn.

Locally, Rockdale Beef has been a major employer in the past and there is continued optimism that the sale will go through. If the sale happens and the facility is brought up to full capacity again there will be numerous employment opportunities created. This will be the boost the local economy needs to get the residential markets moving once again.

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Regional Vic

ECHUCA

It's always nice to see fresh pasture coming up. Rainfall in combination with final closing allocations of 100% and 71% of High Reliability Water Shares for the Murray and Goulburn systems respectively seems to have resulted in a significant increase in the areas of pasture sown down for the coming season. Meanwhile, NSW irrigators in the Murray Irrigation Limited areas have received allocations of 97% and 27% for high security and general security water entitlements respectively. The filling of the Menindee Lakes also augurs well for those planning for the 2010/11 irrigation season.

....the sale of two dry land properties in the Rochester district have indicated levels of value in the vicinity of \$1250 per acre....

Notably 70% of irrigators in the Campaspe irrigation district (holding more than 90% of the delivery entitlements) have voted to take compensation payouts which will see the system closed down. We have yet to see a discernable response by the market regarding the effect of these changes on land values, though the issue of stranded assets is likely to arise. Although not widely reported, a large proportion of the original water entitlements had already been sold out of this system, by irrigators during the period of the drought. So the impact, whilst politically appetising, is in reality, more benign than that being fed to the media. The sale of two dry land properties in the Rochester district have indicated levels of value in the vicinity of \$1250 per acre while levels of value for irrigated properties continue to be highly variable depending on the size of the lots, level of development and infrastructure.

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MILDURA/SUNRAYSIA

The past month in the Sunraysia has again recorded good rainfall with some dry land farmers eager to commence cereal cropping. However the most promising start to a season for many years has hit a snag with the arrival of a 'one in 30 year' locust plague that has swept across the south west New South Wales and north west Victoria – effectively putting a hold on any sowing plans. The locusts were bad timing for the minority of farmers who had sown early oat crops, only to see them eaten away by the locusts. The warm weather has not helped to curb the numbers and the entire region is hoping for a few cold days and some frosts to stamp out the pest.

Of further concern is the extensive laying of eggs, expected to hatch in September, which potentially could devastate maturing cereal crops. Hopefully the Australian Plague Locust Commission undertakes extensive control measures. Details of the plague can be obtained via the following website:

www.daff.gov.au/animal-plant-health/locusts/current



The one positive of the locust plague is for the car wash facilities, which are experiencing unprecedented demand at present.

The news on the horticulture front remains depressed with reports revealing an up to 30% exodus of growers from the wine grape sector. Early indications reveal a drop in the wine grape production for the 2010 vintage in the Sunraysia/Swan Hill regions of around 75,000 tonnes to a 12 year low of only 300,000 tonnes of fruit.



The table grape sector has also suffered this year with a predicted 30 to 35% drop in production levels, down from 130,000 tonnes to 90,000 tonnes. The reduction is mainly attributed to extreme heat during the flowering period in November, and also reflects some biennial cropping patterns – following a very heavy crop in 2009. Despite the lower production, prices have been subdued, mainly due to the high Australian Dollar.

Citrus growers are hopeful of a more profitable year despite the fact that yields are predicted to be lower (again mainly due to the November heatwave). Whilst the crop appears lighter the fruit is reportedly of a much larger

size than last season, which should result in better prices. Last season's prices were not only affected by the small fruit size but also but poorer returns from the American export market, which for many years has been the most profitable outlet for Australian citrus. The poorer returns were largely due to the entry of fruit into America from Chile, which competed with Australian fruit, combined with the aforementioned high Australian Dollar.



There has been little to no sales activity in the dry land cropping and grazing sector; whilst there have been some recorded horticultural sales in the Nangiloc/Colignan districts which show very subdued levels, however at superior levels than in 2009, due presumably to the easing of the water crisis.

Listed agricultural company, Tandou Limited is auctioning its Menindee horticultural property in coming weeks. This property has approximately 170ha of stone fruit, citrus and wine grapes plus 1525 megalitres of water. Water storages in Menindee are currently at their highest level for nearly a decade, which provides a marketing opportunity.



The positive news for Murray Valley irrigators has been the dramatic increase in irrigation allocations. The increase is a direct result of the flooding in southern Queensland and northern NSW, with forecasts that approximately 1000 gigalitres of water will reach Menindee Lakes. Victorian Murray irrigators now have access to 100% of their entitlement, up from 60% at the end of 2009. NSW Murray irrigators have allocations equivalent to 97% of the High Security entitlement and 27% of General Security entitlement.

This has resulted in a dramatic reduction of demand for temporary water, with prices falling to around \$60 per megalitre. Growers who carried water over from the 2008/09 season, have lost that benefit due to the current allocation reaching 100%. The rules for carrying unused Victorian Murray River water into the next irrigation season have also been relaxed, making it more attractive for irrigators to carry water over.

All in all, there is now reason for some optimism about water supply.

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CENTRAL NSW

The rural property market in the NSW Central Tablelands remains flat with few sales and enquiries. Seasonal conditions remain good with a delay to the cold weather ensuring that there is still ample feed available to finish stock. The improving seasonal conditions are resulting in an increase in listing which unfortunately is not being met by a similar increase in demand. This trend is not expected to change significantly in the short term

One of the major factors that have resulted in a softening of value levels is the lack of demand from urban-based high income buyers acquiring rural property for lifestyle and capital gain purposes. This is seeing a return to property being assessed on an income return basis which is resulting in buyers reducing their bid price.

There are now opportunities arising where property can be purchased at levels well below the peak of 2008/09, with a number of forced or stained sales occurring, thus creating opportunities for discerning buyers.

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SOUTHERN QLD

The region is active with harvests occurring for grain and cotton crops. The good rains received in the western region has produced great bodies of feed and some late planted sorghum crops that are approaching harvest. The water in storage in the Condamine and Lower Balonne indicates a good start to next summer. With low wheat prices and good cotton prices, dry land farmers are considering long fallowing good country to cotton.

Now that there is water in the system, there is an increase in interest in irrigation farms with water to start next season. Professional irrigators who average more than five bales per acre (greater than 12.5 bales per hectare) cannot justify growing much else, as cotton is still the premier crop. It is also still the most logical crop in an environment with variable water flows.

The big river flows were not received in all areas and the Border Rivers region is feeling neglected again after very little river flows. The western end of the system from Talwood west fared better, with the Weir River having a few handy flows and topping up dam storages.

....the good rains received in the western region has produced great bodies of feed....

With an improvement to the cash flow outlook, banks are supportive to many growers who were feeling the pressure.

Succession issues are likely to dominate the market for a while with many places on the market or coming onto the

market as a consequence of the difficulty of handing over a large asset to the next generation without giving them too much debt, and also providing for the other family members not in agriculture.

Other issues affecting agriculture at present include the present strength of the Australian Dollar and interest rates which are trending up. These together will squeeze farm gate returns and place pressure if not uncertainty into a fragile rural market.

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FAR NORTH QLD

Coastal Agriculture

The structure of the Far North Queensland sugar milling industry continues to change with the announcement that Maryborough Sugar Factory has signed a 50/50 joint venture deal with Bundaberg Sugar. The deal involves the part acquisition of their Far North milling assets. Bundaberg Sugar owns three milling operations in the Far North. Maryborough Sugar Factory was previously planning to takeover Tully Sugar, however has now abandoned those plans. The speed of the deal has surprised many in the cane industry, because only a few months back Tully Sugar was negotiating with Bundaberg Sugar on a possible merger. It would seem that Maryborough Sugar is very keen on a northern expansion of its operation, which will also result in a rationalisation of the industry in Far North Queensland.

The good run of high world sugar prices appears to be over with sugar futures falling for the third time in four sessions on forecasts that output will recover in India, the world's top consumer and second biggest producer. Some are forecasting that India's production may increase by at least 24% to 23 million metric tonnes in the coming season. World raw sugar prices more than doubled last year partly as India's output fell, creating a global supply deficit. The news resulted in the raw sugar futures for July falling 0.45 cents or 2.6%, to 16.6 cents a pound on ICE Futures U.S in New York.

....world raw sugar prices more than doubled last year partly as India's output fell, creating a global supply deficit....

Although the recent spike in world sugar prices was a boon for growers and millers in the Far North, it never translated into higher farm values or even increased sales activity. Most growers are wary of commodity price trends and will only move once prices have held for a number of consecutive seasons. The recent price spike did however result in increased planted areas, leasing activity and upgrade of plant and machinery. Market activity continues to be limited with very few farm sales so far this year. MIS timber companies have contributed to the quiet market with no purchases recorded in the Cassowary Coast Regional Council area during the past

year. It appears the after effects of the global financial crisis and credit crunch have severely constrained their operations.

The strength of the market may soon be tested with properties owned by Great Southern HVT Holdings soon to be offered for sale. Great Southern was a high profile MIS forestry scheme that collapsed last year and its property portfolio comprised some 50 farms between Townsville and Cairns with a total land area of about 5500ha. Most of these farms have since been planted with eucalypt trees in 2007/08. In the current slow market conditions it will be interesting to see who emerges as a likely buyer. Given the large area involved it would be a strategic acquisition for a corporate agricultural buyer or an international property fund. The cost of removing the existing trees may not be a major constraint given their relatively young ages.

Atherton Tablelands

Sale numbers continue to be down for Tablelands small grazing and agricultural markets, however quality properties are selling readily and prices appear to holding or even improving in some markets. Recent sales of high quality red soil farms in the 'Golden Triangle', (Atherton-Tolga-Kairi) reveal analysed value rates over \$40,000 per hectare for irrigated cultivation lands and \$20,000 to \$30,000 per hectare for secondary cultivation/grazing lands. Sales in this locality are rare due to its high productivity and it is common that properties never reach the market, instead transacting between long established farming families or adjoining owners.



Diamonvale Dam-Spring - Cairns

The recent sale of 'Diamonvale' near Malanda was one of the higher priced properties to sell in recent months. It sold for \$3.1 million and comprised 275ha of quality improved pasture country, complete with irrigation licences and ample permanent natural water. The property was very well improved with multiple houses, sheds, covered yards and numerous paddocks that could run in excess of 400 head of cattle. The sale of 'Diamonvale' analysed to around \$8750 per hectare ex-structures and it was purchased by a Cairns business that plans to incorporate it into their local meat growing, processing and retail operation.



Diamonvale Pasture - Cairns

It is a different story further north in the Mareeba Dimbulah Irrigation Scheme area. An oversupply of mangoes has softened demand for mango plantations and resulted in falling values for mango farms. The arrival of corporate MIS mango operators and their subsequent expansion a few years back has now resulted in a market oversupply. Mixed orchard operators with diversified income from other tree types, such as limes, lemons, and avocados have fared better. These operators were able to spread risk and take advantage of market timing to achieve reasonable prices for their crops.

Contact:

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NORTHERN QLD

In the past month it has been noticeable how patchy the wet season really was. In the northern forest country there appears to have been good grass rain, but dams and swamps are only half full. For the Downs country, there is an area around Julia Creek and almost east to Richmond that has gone red with the Flinders Grass haying off.

Graziers are busy working through their first round of mustering, with some good weaners coming through the yards ready to go to heavier country. Some cattlemen are pleased with last year's calf drop.

Last month when writing the Month in Review, there were only a small number of grazing properties being advertised in the paper. A week later, the newspaper property section was full of North Queensland grazing properties for sale. It is that time of the year again where the auctions start!

Unfortunately, the auction period has not jumped from the barriers too well. In fact the race has started and the auctions are still in the barriers so to speak. Auctions are being cancelled due to a lack of inspections and potential buyers. But alas, don't forget this has happened before. In 2009 there was a similar occurrence until Chudleigh Park sold at auction. Prior to that and after, things were quiet.

At our 2009 rural property breakfast in Brisbane we discussed the bumpy road through 2009 and 2010. This certainly is playing out! At the recent 2010 breakfast, the message had a 'hold on we are nearly there' sentiment. It has become evident that it is taking up to two years to dispose of many of the rural properties on the market.



Broad industry speculation is that the grazing property market has fallen by 20% in the last year. HTW is not aware that this is the case across the whole of the market. In fact there are some transactions in the better class (lower cost producers) country types that reflect little change in value rates. The lighter (higher cost of production) country is seen to be experiencing difficulty in maintaining previous value levels. It is this sector that in the short term may have difficulty in achieving sale expectations.

Future distressed sales have the potential of creating a suppressed that could flow across the full spectrum of North Queensland rural properties.

Cane conditions continue to provide growers with a positive outlook into 2010 with the value of the Australian Dollar being the major concern on the return to the hip pocket. Ingham and the Burdekin areas have experienced good growing conditions and expect a normal to above normal crop.

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CENTRAL QLD

As 2010 continues, there remains no shortage of properties listed for sale in the Central Queensland region. The increase of stock on the rural market has not correlated to an increase in the volume of sales – quite the opposite.

Financiers continue to be cautious and this will restrict the markets ability to absorb the increase in rural offerings, compounded by the strong Australian Dollar and the follow on affects associated with commodity markets and agri-debt serviceability.

There are however a number of prudent buyers in this area looking for quality property at realistic value. In this regard, the nature of the article will largely determine its standing in the market place.

This was highlighted at recent auction for a well-developed scrub block in the Dawson Valley which was passed in at auction and later negotiated to sale at just under \$1000 per acre.

Contact:

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NORTHERN TERRITORY

There is very little in the way of completed sales of pastoral properties across the Territory this month. We are awaiting the auction of Dry River which will give us an indication of the level of interest for Sturt Plateau blocks and possibly also an indication of where value levels are headed.

We are also aware of a number of negotiations taking place for various pastoral properties around the NT/ Kimberley and hope to be able to report on these in future issues.

....some properties that received as little as 50mm in 2009 have already received 250mm this year....

As the wet season draws to a close, there is some level of concern over the lack of rainfall in some areas especially much of the Kimberley and parts of the western NT. Whilst at the time of writing there is still time for a cyclone-type event to alleviate the situation, this is becoming more remote with each passing day. Some good isolated storms during the past month have helped a lucky few. For those not so lucky, it will be a difficult year indeed.

Conversely, parts of the Alice Springs area are in very good shape and appear to have had sufficient rainfall to carry them through until spring at least. Some properties that received as little as 50mm in 2009 have already received 250mm this year, with the last significant falls around Easter. The Todd River has already flowed twice, which is a rare event in itself. The prospect of a good season and grass reserves has often triggered sales activity in the past, however that was when many other pastoral areas were short of feed. That is not the case this time around, so it is difficult to predict whether there will be the same effect.

Earlier this month, the NT Cattleman's Association held its annual industry conference in Darwin. Apart from the social interactions these provided, the conference highlighted the current strengths of the live export market as well as some of the challenges being faced by the industry here, with animal welfare being an issue of importance. Also of interest were the special market conditions facing our trading partners and competitors. The attendance of a high-level delegation from the Indonesian Government was particularly encouraging as to the ongoing future of this market, which is of critical importance to NT and Kimberley producers.

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South Western WA

Lake Grace is one of the largest agricultural shires in Western Australia with an area of 10,747 square kilometres. It has a mainly east-west aspect from the town of Lake Grace, about 350 kilometres south east of Perth in the west through to Lake King in the east. The total population of the shire is in the vicinity of 1450 people, which, according to ABS statistics, is steadily declining. Average annual rainfall is between 350mm and 360mm with rain predominantly between May and October. The rainfall is fairly uniform across the shire due to an even proximity to the Southern Ocean. The Southern Ocean is where prevailing weather is generated along with South Westerly influences.

Soil types are fairly uniform, from light gravelly and sandy loams in more elevated parts, grading through to a deeper sandy loam over a light clay base. There is evidence of salinity in floodplain areas having poorer drainage and increased surface water retention. Traditionally, land uses have been for mixed farming with a combination of sheep grazing for meat and wool and cereal cropping. However, the preceding decade in particular has seen movement away from livestock to full cropping programs.



....the total population of the Lake Grace Shire is in the vicinity of 1450 people, which, according to ABS statistics, is steadily declining....

We have recently analysed a body of sales evidence within the central part of the Shire of Lake Grace around the town of Newdegate. What surprised us was the volume of sales that have occurred in this region during the preceding 12 months for the size of the market as well as the consistency of values realised for arable land.

Total property sizes included in transactions ranged from 267ha, of which only 65% was arable up to 2560ha. The largest single title sold had a land area of just over 2000ha, returning \$944 per hectare excluding buildings for arable area. The bulk of the evidence indicated arable rates excluding buildings to range between \$1000 and \$1100per hectare.

The main reasons we can attribute to this consistency is the reliability of rainfall over the Shire allowing fairly uniform yields, with yields relative to area planted rather than the size of the property as a whole. The majority of purchasers are, we understand in the main, adjoining or nearby land holders expanding their current operations and purchasing smaller lots as they become available on the market.

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Comparative Property Market Indicators - APRIL 2010

The following pages present a generalised overview of the state of property markets in Capital City, New South Wales/ACT, Victoria/Tasmania, Queensland, South Australia/Northern Territory/Western Australia & MENA locations using financing risk-rating scales. They are not a guide to individual property assessments.

For further information contact Rick Carr, Research Director, Herron Todd White, on (07) 4057 0200, or by email on rick.carr@htw.com.au

Comparative Analysis of Capital City Property Markets



To discuss the applicability of the Capital City indicators to individual properties or situations, contact your local Herron Todd White office:

Sydney	(02) 9221 8911
Melbourne	(03) 9642 2000
Brisbane Commercial	(07) 3002 0900
Brisbane Residential	(07) 3353 7500
Adelaide	(08) 8231 6818
Perth	(08) 9388 9288
Hobart	(03) 6244 6795
Darwin	(08) 8941 4833
Canberra	(02) 6273 9888

Comparative Analysis of New South Wales/ACT Property Markets



To discuss the applicability of the NSW/ACT indicators to individual properties or situations, contact your local Herron Todd White office:

Albury	(02) 6041 1333
Bathurst	(02) 6334 4650
Canberra/Queanbeyan	(02) 6273 9888
Dubbo	(02) 6884 2999
Gosford	1300 489 825
Griffith	(02) 6964 4222
Leeton	(02) 6953 8007
Mudgee	(02) 6372 7733
Newcastle/Central Coast	(02) 4929 3800
Norwest	(02) 8882 7100
Sydney	(02) 9221 8911
Port Macquarie	1300 489 825
Tamworth	(02) 6766 9898
Tweed Coast	(02) 5523 2211
Wagga Wagga	(02) 6921 9303
Wollongong	(02) 4221 0205
Young	(02) 6382 5921

Comparative Analysis of Victorian/Tasmanian Markets



To discuss the applicability of the Victorian/Tasmanian indicators to individual properties or situations, contact your local Herron Todd White office:

Gippsland (Sale/Traralgon/Bairnsdale)	(03) 5143 1880/ 03 5176 4300/ (03) 5152 6909
Horsham	(03) 5382 6541
Melbourne	(03) 9642 2000
Murray Mallee (Swan Hill)	(03) 5032 1620
Murray Outback (Mildura)	(03) 5021 0455
Murray Riverina (Echuca/Deniliquin)	(03) 5480 2601/ (03) 5881 4947
Wodonga	(02) 6041 1333
Hobart	(03) 6244 6795
Launceston	(03) 6334 4997

Comparative Property Market Indicators - APRIL 2010

The following pages present a generalised overview of the state of property markets in Capital City, New South Wales/ACT, Victoria/Tasmania, Queensland, South Australia/Northern Territory/Western Australia & MENA locations using financing risk-rating scales. They are not a guide to individual property assessments.

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Comparative Analysis of Queensland Property Markets



To discuss the applicability of the Queensland indicators to individual properties or situations, contact your local Herron Todd White office:

Brisbane Commercial	(07) 3002 0900
Brisbane Residential	(07) 3353 7500
Bundaberg/Wide Bay	(07) 4154 3355
Cairns	(07) 4057 0200
Emerald	(07) 4980 7738
Gladstone	(07) 4972 3833
Gold Coast	(07) 5584 1600
Hervey Bay	(07) 4124 0047
Ipswich	(07) 3282 9522
Mackay	(07) 4957 7348
Rockhampton	(07) 4927 4655
Sunshine Coast (Mooloolaba)	(07) 5444 7277
Toowoomba	(07) 4639 7600
Townsville	(07) 4724 2000
Whitsunday	(07) 4948 2157

Comparative Analysis of South Australia/Northern Territory/Western Australian Property Markets



To discuss the applicability of the South Australian/Northern Territory and Western Australian indicators to individual properties or situations, contact your local Herron Todd White office:

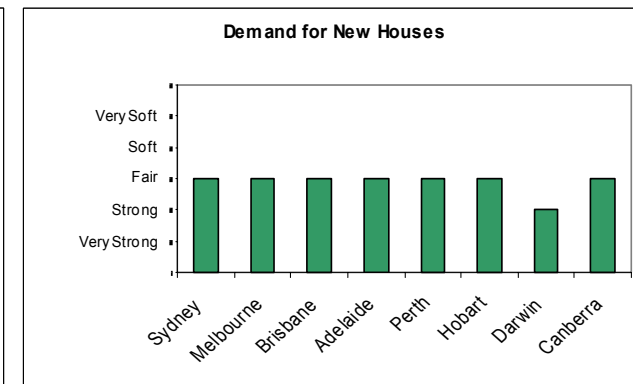
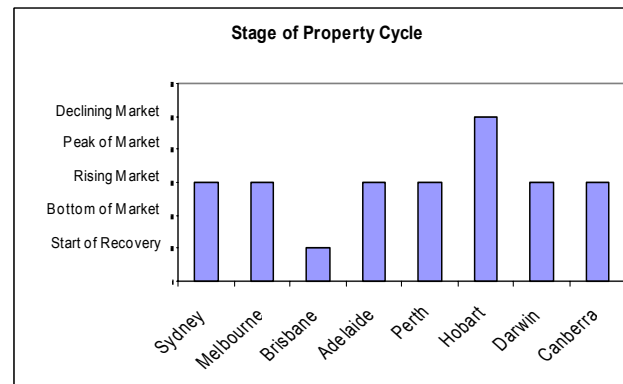
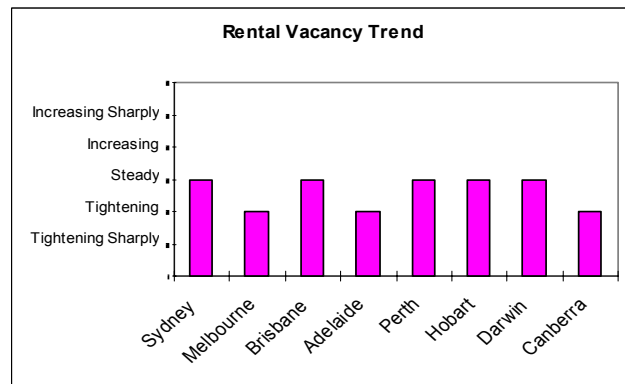
Adelaide	(08) 8231 6818
South West WA (Bunbury/Busselton)	(08) 9791 6204/ (08) 9754 2982
Perth	(08) 9388 9288
Darwin	(08) 8941 4833

Capital City Property Market Indicators as at April 2010 – Houses

Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market
Rental Vacancy Trend	Steady	Tightening	Steady	Tightening	Steady	Steady	Steady	Tightening
Demand for New Houses	Fair	Fair	Fair	Fair	Fair	Fair	Strong	Fair
Trend in New House Construction	Steady	Steady	Steady	Steady	Steady	Declining	Declining	Increasing
Volume of House Sales	Increasing	Steady - Declining	Steady	Increasing	Steady	Declining	Steady	Steady
Stage of Property Cycle	Rising market	Rising market	Start of recovery	Rising market	Rising market	Declining market	Rising market	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Occasionally	Almost never	Occasionally	Almost never	Occasionally	Almost never

Red entries indicate change from previous month to a higher risk-rating

Blue entries indicate change from previous month to a lower risk-rating

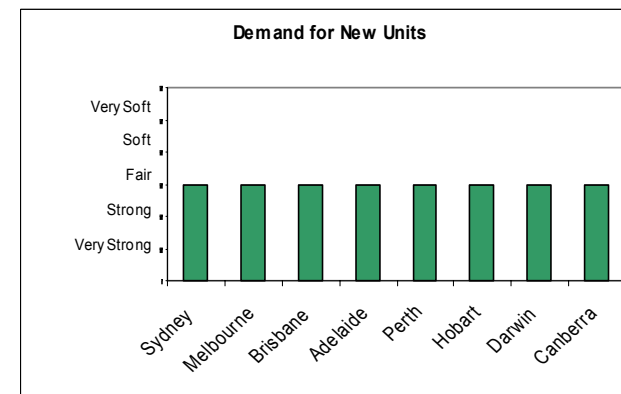
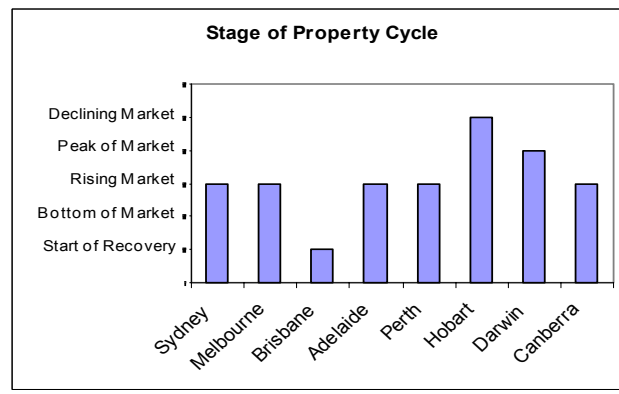
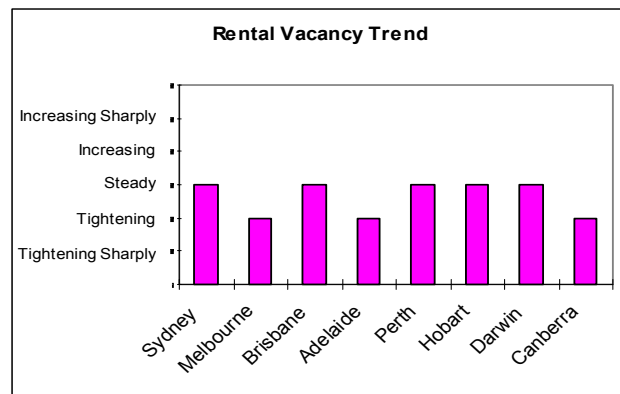


Capital City Property Market Indicators as at April 2010 – Units

Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand
Rental Vacancy Trend	Steady	Tightening	Steady	Tightening	Steady	Steady	Steady	Tightening
Demand for New Units	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair
Trend in New Unit Construction	Steady	Steady	Steady	Steady	Declining	Steady	Declining	Increasing
Volume of Unit Sales	Increasing	Steady - Declining	Steady	Increasing	Steady	Increasing	Steady	Steady
Stage of Property Cycle	Rising market	Rising market	Start of recovery	Rising market	Rising market	Declining market	Peak of market	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Frequently	Occasionally	Occasionally	Almost never	Occasionally	Almost never	Occasionally	Almost never

Red entries indicate change from previous month to a higher risk-rating

Blue entries indicate change from previous month to a lower risk-rating

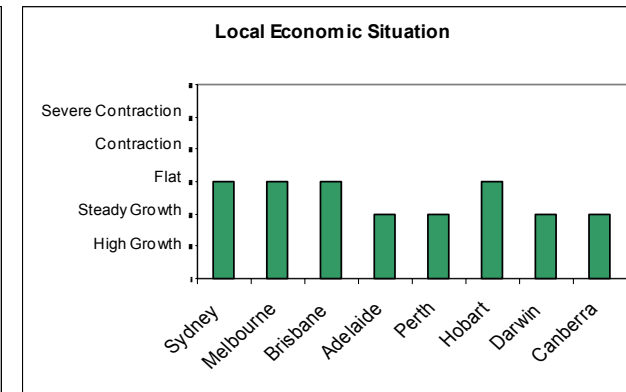
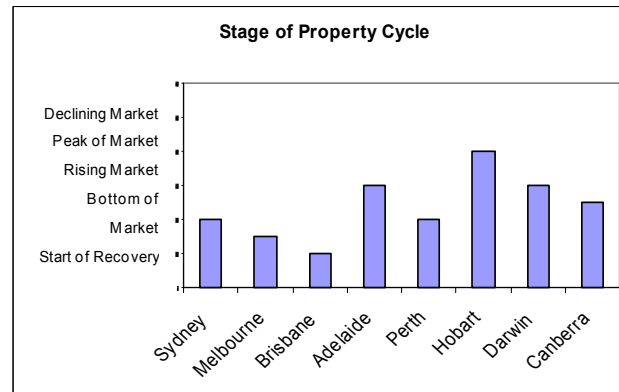
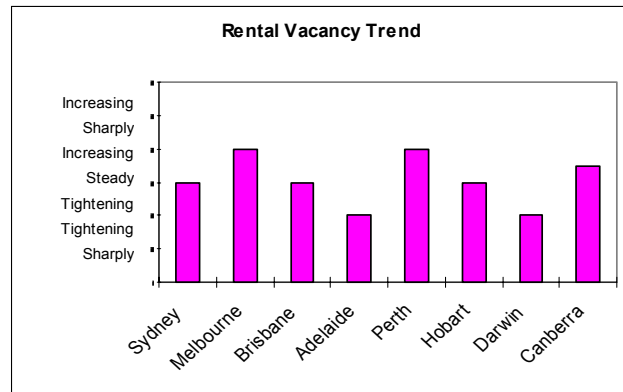


Capital City Property Market Indicators as at April 2010 – Office

Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Over-supply of available property relative to demand	Balanced market	Balanced market	Balanced market	Over-supply of available property relative to demand	Balanced market	Shortage of available property relative to demand	Over-supply of available property relative to demand
Rental Vacancy Trend	Steady	Increasing	Steady	Tightening	Increasing	Steady	Tightening	Steady - Increasing
Rental Rate Trend	Stable	Stable	Stable	Increasing	Declining	Stable	Increasing	Stable
Volume of Property Sales	Steady	Steady	Increasing	Increasing	Declining	Steady	Steady	Steady
Stage of Property Cycle	Bottom of market	Start of recovery - Bottom of market	Start of recovery	Rising market	Bottom of market	Peak of market	Rising market	Bottom of market - Rising market
Local Economic Situation	Flat	Flat	Flat	Steady growth	Steady growth	Flat	Steady growth	Steady growth
Value Difference between Quality Properties with National Tenants, and Comparable Properties with Local Tenants	Significant	Nil - Small	Significant	Small	Significant	Small	Significant	Large

Red entries indicate change from 3 months ago to a higher risk-rating

Blue entries indicate change from 3 months ago to a lower risk-rating

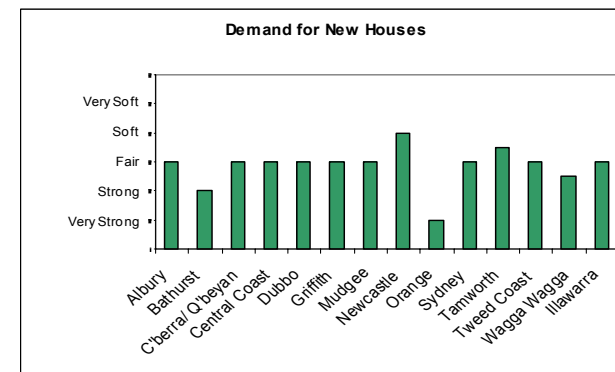
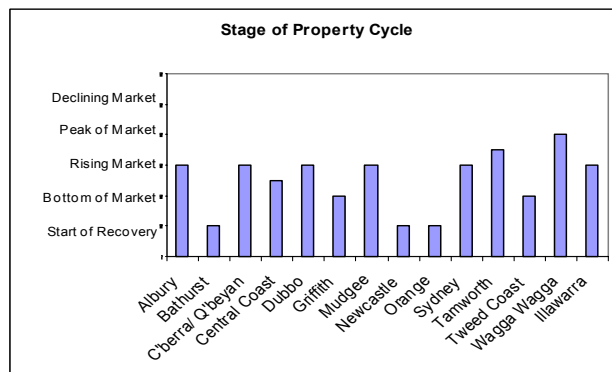
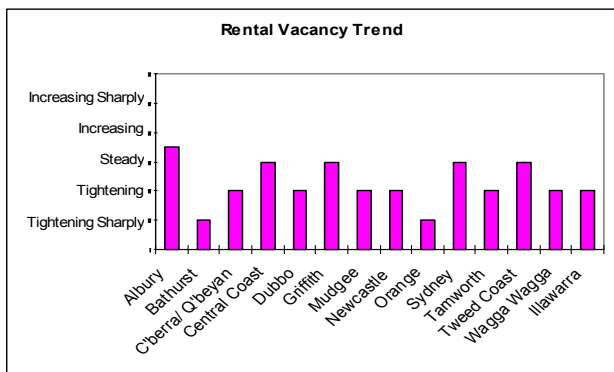


New South Wales Property Market Indicators as at April 2010 – Houses

Factor	Albury	Bathurst	Canberra/Q'beyan	Central Coast	Dubbo	Griffith	Mudgee	Newcastle	Orange	Sydney	Tamworth	Tweed Coast	Wagga Wagga	Wollongong
Rental Vacancy Situation	Balanced market	Severe shortage of available property relative to demand	Balanced market	Balanced market	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Severe shortage - Shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand
Rental Vacancy Trend	Steady - Increasing	Tightening sharply	Tightening	Steady	Tightening	Steady	Tightening	Tightening	Tightening sharply	Steady	Tightening	Steady	Tightening	Tightening
Demand for New Houses	Fair	Strong	Fair	Fair	Fair	Fair	Fair	Soft	Very strong	Fair	Soft - Fair	Fair	Fair - Strong	Fair
Trend in New House Construction	Steady - Increasing	Increasing	Increasing	Steady	Declining	Declining	Increasing	Steady	Increasing	Steady	Declining - Steady	Increasing	Steady	Steady
Volume of House Sales	Steady	Increasing	Steady	Steady	Steady	Declining	Steady	Steady	Increasing	Increasing	Steady - Declining	Steady	Steady	Increasing
Stage of Property Cycle	Rising market	Start of recovery	Rising market	Bottom of market - Rising market	Rising market	Bottom of market	Rising market	Start of recovery	Start of recovery	Rising market	Rising market - Peak of market	Bottom of market	Peak of market	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Almost never	Occasionally	Occasionally	Occasionally	Almost never	Almost never	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally

Red entries indicate change from previous month to a higher risk-rating

Blue entries indicate change from previous month to a lower risk-rating

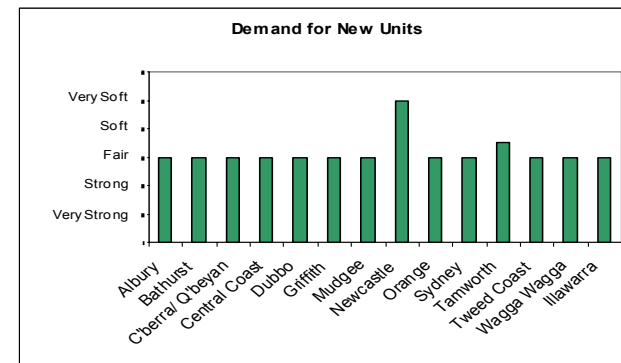
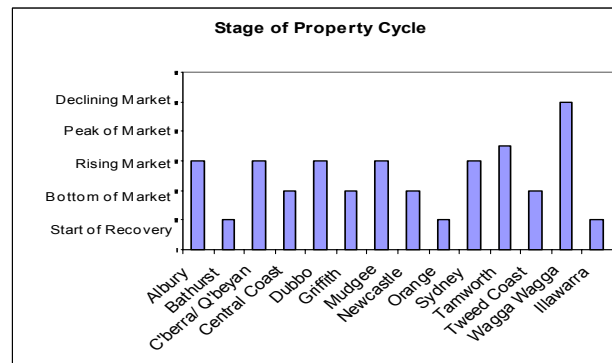
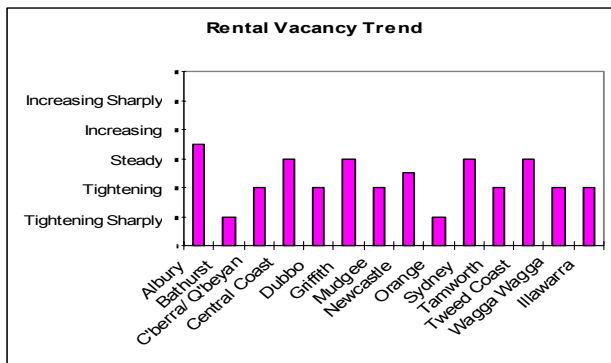


New South Wales Property Market Indicators as at April 2010 – Units

Factor	Albury	Bathurst	Canberra/Q'beyan	Central Coast	Dubbo	Griffith	Mudgee	Newcastle	Orange	Sydney	Tamworth	Tweed Coast	Wagga Wagga	Wollongong
Rental Vacancy Situation	Balanced market	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand - Balanced market	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand
Rental Vacancy Trend	Steady - Increasing	Tightening sharply	Tightening	Steady	Tightening	Steady	Tightening	Tightening - Steady	Tightening sharply	Steady	Tightening	Steady	Tightening	Tightening
Demand for New Units	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Very soft	Fair	Fair	Soft - Fair	Fair	Fair	Fair
Trend in New Unit Construction	Steady - Increasing	Steady	Increasing	Declining	Declining	Declining	Increasing	Declining - Steady	Steady	Steady	Declining - Steady	Increasing	Steady	Declining - Steady
Volume of Unit Sales	Steady	Increasing	Steady	Steady	Steady	Steady	Steady	Declining	Increasing	Increasing	Steady - Declining	Steady	Declining	Increasing - Steady
Stage of Property Cycle	Rising market	Start of recovery	Rising market	Bottom of market	Rising market	Bottom of market	Rising market	Bottom of market	Start of recovery	Rising market	Rising market - Peak of market	Bottom of market	Declining market	Start of recovery
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Almost never	Occasionally	Occasionally	Almost never	Almost never	Almost never	Occasionally	Frequently	Occasionally	Occasionally	Occasionally	Occasionally

Red entries indicate change from previous month to a higher risk-rating

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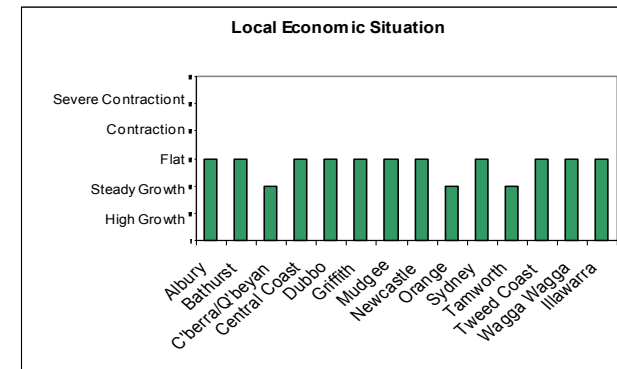
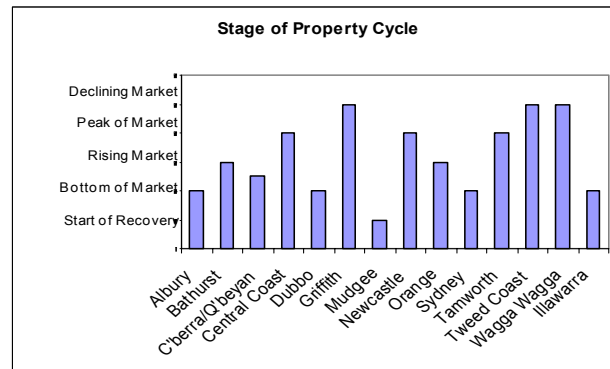
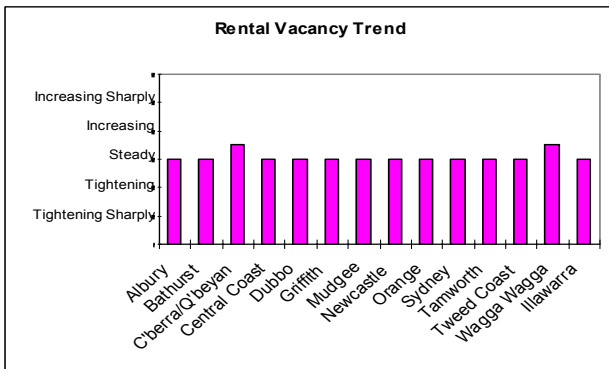


New South Wales Property Market Indicators as at April 2010 – Office

Factor	Albury	Bathurst	Canberra/Q'beyan	Central Coast	Dubbo	Griffith	Mudgee	Newcastle	Orange	Sydney	Tamworth	Tweed Coast	Wagga Wagga	Wollongong
Rental Vacancy Situation	Balanced market	Balanced market	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Balanced market - Over-supply of available property relative to demand	Over-supply of available property relative to demand
Rental Vacancy Trend	Steady	Steady	Steady - Increasing	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady - Increasing	Steady
Rental Rate Trend	Stable	Stable	Stable	Stable	Declining	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable
Volume of Property Sales	Declining	Steady	Steady	Steady	Steady	Declining	Steady	Steady	Increasing	Steady	Declining	Declining	Steady - Declining	Steady
Stage of Property Cycle	Bottom of market	Rising market	Bottom of market - Rising market	Peak of market	Bottom of market	Declining market	Start of recovery	Peak of market	Rising market	Bottom of market	Peak of market	Declining market	Declining market	Bottom of market
Local Economic Situation	Flat	Flat	Steady growth	Flat	Flat	Flat	Flat	Flat	Steady growth	Flat	Steady growth	Flat	Flat	Flat
Value Difference between Quality Properties with National Tenants, and Comparable Properties with Local Tenants	Significant	Small - Significant	Large	Small	Significant	Large	Significant	Small	Small	Significant	Significant	Significant	Significant	Significant - Large

Red entries indicate change from 3 months ago to a higher risk-rating

Blue entries indicate change from 3 months ago to a lower risk-rating

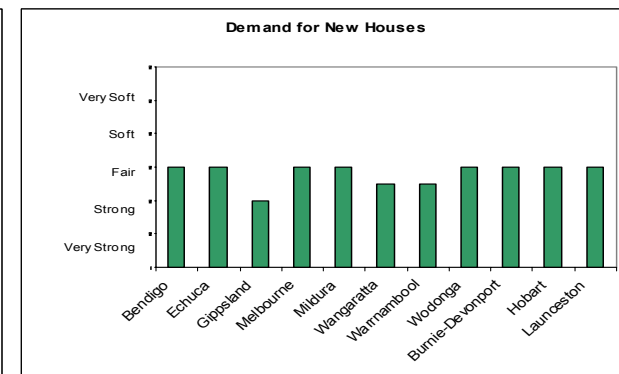
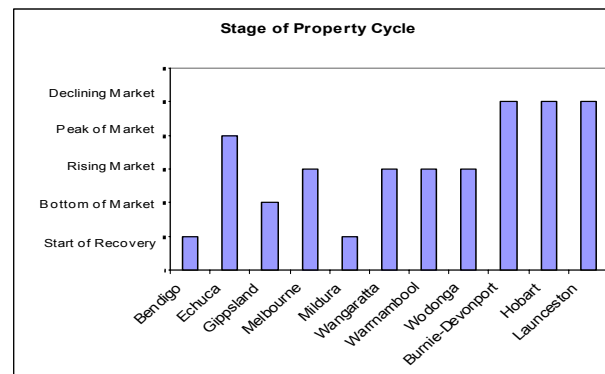
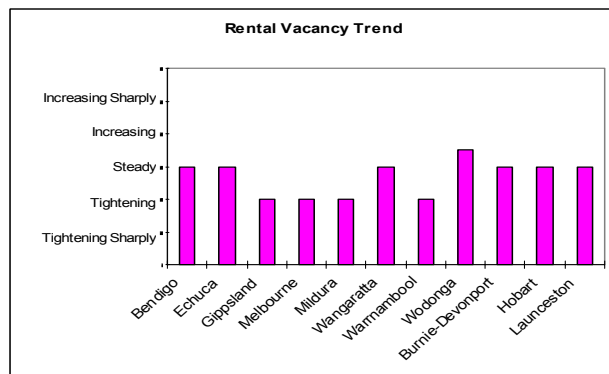


Victoria/Tasmania Property Market Indicators as at April 2010 – Houses

Factor	Bendigo	Echuca	Gippsland	Melbourne	Mildura	Wangaratta	Warrnambool	Wodonga	Burnie - Devonport	Hobart	Launceston
Rental Vacancy Situation	Balanced market	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Balanced market	Shortage of available property relative to demand - Balanced market	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand
Rental Vacancy Trend	Steady	Tightening	Tightening	Tightening	Tightening	Steady	Tightening	Steady - Increasing	Steady	Steady	Steady
Demand for New Houses	Fair	Fair	Strong	Fair	Fair	Fair - Strong	Fair - Strong	Fair	Fair	Fair	Fair
Trend in New House Construction	Steady	Steady	Increasing	Steady	Steady	Steady - Increasing	Steady	Steady - Increasing	Declining	Declining	Declining
Volume of House Sales	Steady	Steady	Increasing	Steady - Declining	Steady	Steady	Steady	Steady	Declining	Declining	Declining
Stage of Property Cycle	Start of recovery	Peak of market	Bottom of market	Rising market	Start of recovery	Rising market	Rising market	Rising market	Declining market	Declining market	Declining market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Almost never	Occasionally	Occasionally	Occasionally	Occasionally	Almost never	Almost never	Occasionally	Almost never	Almost never	Almost never

Red entries indicate change from previous month to a higher risk-rating

Blue entries indicate change from previous month to a lower risk-rating

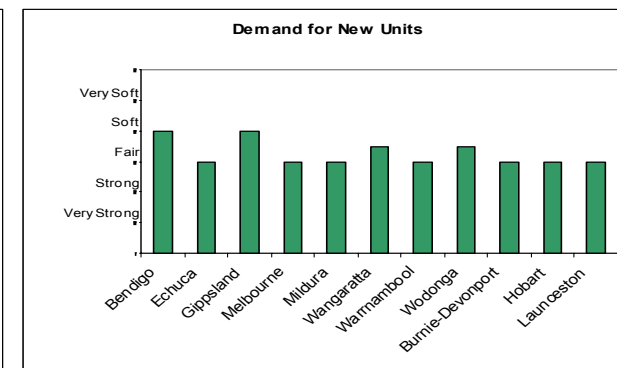
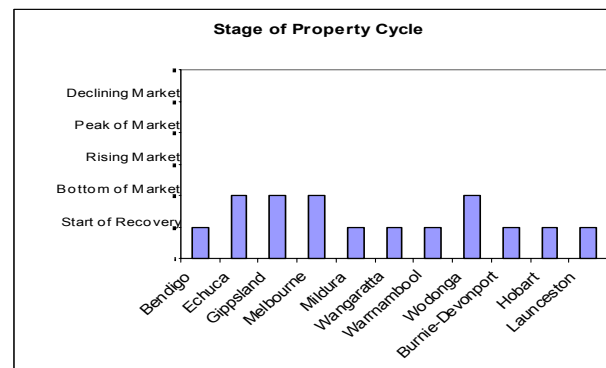
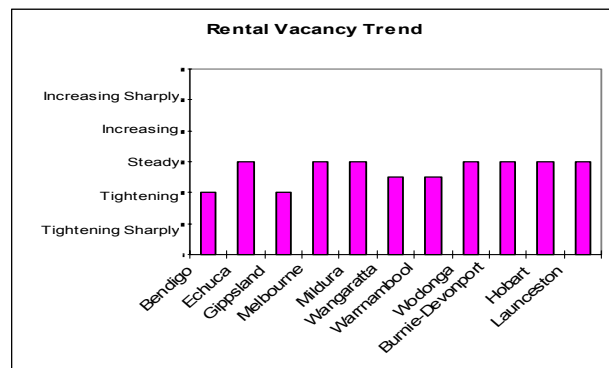


Victoria/Tasmania Property Market Indicators as at April 2010 – Units

Factor	Bendigo	Echuca	Gippsland	Melbourne	Mildura	Wangaratta	Warrnambool	Wodonga	Burnie - Devon-port	Hobart	Launceston
Rental Vacancy Situation	Balanced market	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Balanced market	Shortage of available property relative to demand - Balanced market	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand
Rental Vacancy Trend	Steady	Steady	Tightening	Tightening	Tightening	Steady	Tightening	Steady - Increasing	Steady	Steady	Steady
Demand for New Units	Strong	Fair	Strong	Fair	Fair	Fair - Strong	Fair - Strong	Fair	Fair	Fair	Fair
Trend in New Unit Construction	Increasing	Steady	Increasing	Steady	Steady	Steady - Increasing	Steady	Steady - Increasing	Steady	Steady	Steady
Volume of Unit Sales	Steady	Steady	Increasing	Steady - Declining	Steady	Steady	Steady	Steady	Increasing	Increasing	Increasing
Stage of Property Cycle	Start of recovery	Peak of market	Rising market	Rising market	Start of recovery	Rising market	Rising market	Rising market	Declining market	Declining market	Declining market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Almost never	Occasionally	Occasionally	Occasionally	Almost never	Almost never	Almost never	Occasionally	Almost never	Almost never	Almost never

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Blue entries indicate change from previous month to a lower risk-rating

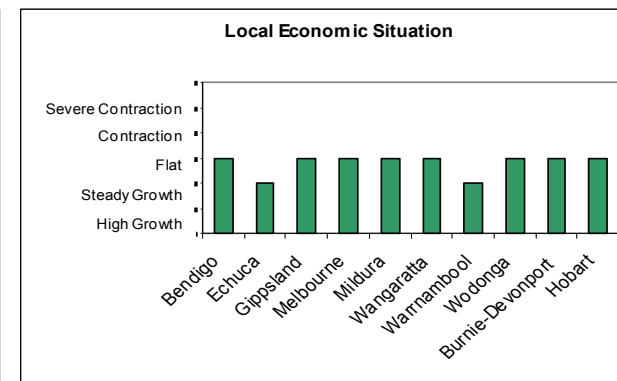
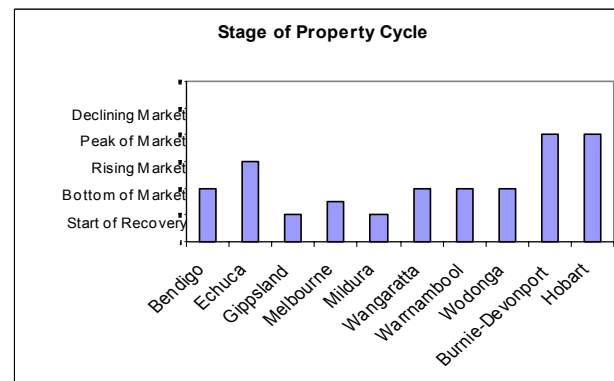
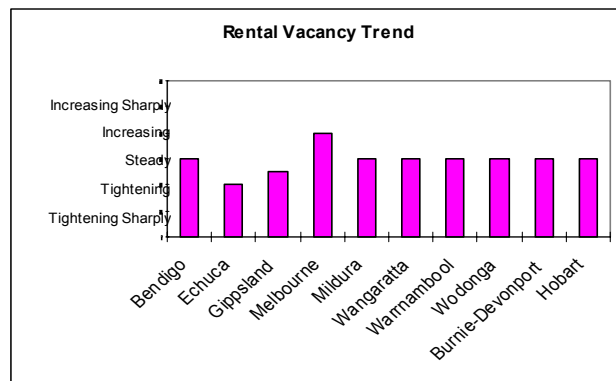


Victoria/Tasmania Property Market Indicators as at April 2010 – Office

Factor	Bendigo	Echuca	Gippsland	Melbourne	Mildura	Wangaratta	Warrnambool	Wodonga	Burnie - Devon-port	Hobart	Launceston
Rental Vacancy Situation	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Steady	Tightening	Tightening - Steady	Increasing	Steady	Steady	Steady	Steady	Steady	Steady	Steady
Rental Rate Trend	Stable	Increasing	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable
Volume of Property Sales	Declining	Increasing	Declining	Steady	Steady	Declining	Steady - Declining	Declining	Steady	Steady	Steady
Stage of Property Cycle	Bottom of market	Rising market	Start of recovery	Start of recovery - Bottom of market	Start of recovery	Bottom of market	Bottom of market	Bottom of market	Peak of market	Peak of market	Peak of market
Local Economic Situation	Flat	Steady growth	Flat	Flat	Flat	Flat	Steady growth	Flat	Flat	Flat	Flat
Value Difference between Quality Properties with National Tenants, and Comparable Properties with Local Tenants	Significant	Significant	Small	Nil - Small	Small	Significant	Small	Significant	Small	Small	Small

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Blue entries indicate change from 3 months ago to a lower risk-rating

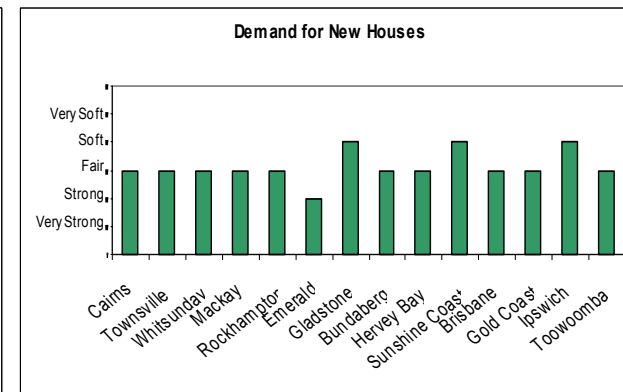
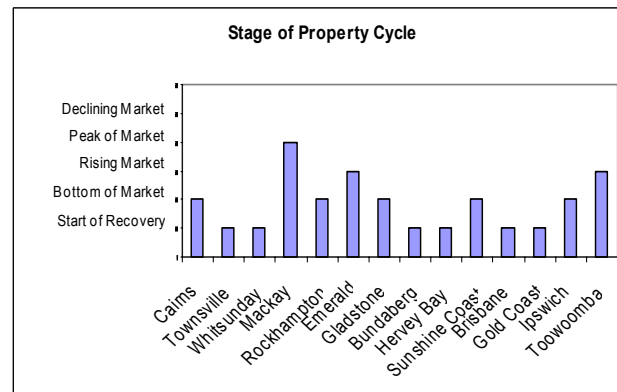
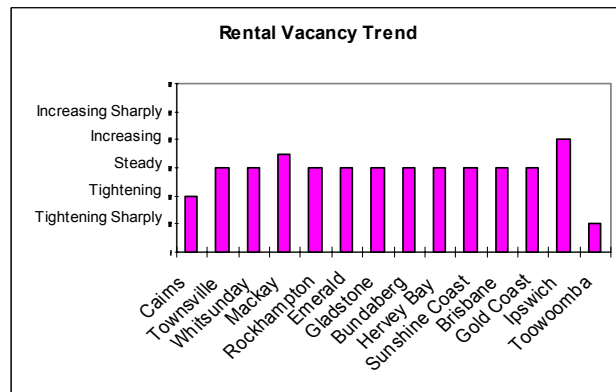


Queensland Property Market Indicators as at April 2010 – Houses

Factor	Cairns	Townsville	Whitsunday	Mackay	Rockhampton	Emerald	Gladstone	Bundaberg	Hervey Bay	Sunshine Coast	Brisbane	Gold Coast	Ipswich	Too-woomba
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	Balanced market - Over-supply of available property relative to demand	Balanced market	Balanced market	Balanced market	Shortage of available property relative to demand	Balanced market - Over-supply of available property relative to demand	Balanced market	Balanced market	Balanced market	Balanced market	Shortage of available property relative to demand
Rental Vacancy Trend	Tightening	Steady	Steady	Steady - Increasing	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Increasing	Tightening sharply
Demand for New Houses	Fair	Fair	Fair	Fair	Fair	Strong	Soft	Fair	Fair	Soft	Fair	Fair	Soft	Fair
Trend in New House Construction	Declining	Steady	Steady	Declining	Steady	Increasing strongly	Declining	Steady	Steady - Increasing	Declining	Steady	Increasing	Declining	Steady
Volume of House Sales	Steady	Steady	Steady	Declining	Declining	Increasing	Steady	Increasing	Steady - Declining	Declining	Steady	Declining	Declining	Increasing
Stage of Property Cycle	Bottom of market	Start of recovery	Start of recovery	Peak of market	Bottom of market	Rising market	Bottom of market	Start of recovery	Start of recovery	Bottom of market	Start of recovery	Start of recovery	Bottom of market	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Almost never	Almost never	Occasionally	Occasionally	Almost never	Occasionally	Occasionally	Occasionally	Occasionally	Frequently	Frequently	Occasionally

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Blue entries indicate change from previous month to a lower risk-rating

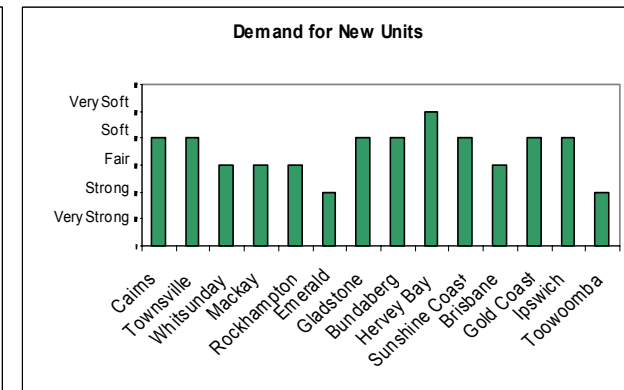
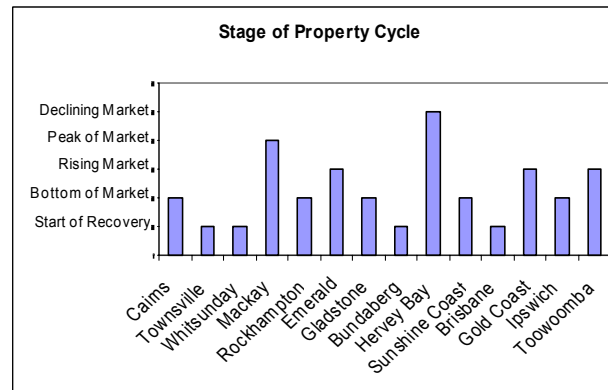
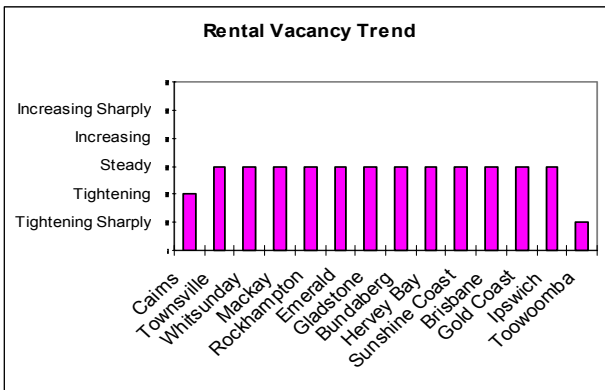


Queensland Property Market Indicators as at April 2010 – Units

Factor	Cairns	Townsville	Whitsunday	Mackay	Rockhampton	Emerald	Gladstone	Bundaberg	Hervey Bay	Sunshine Coast	Brisbane	Gold Coast	Ipswich	Toowoomba
Rental Vacancy Situation	Balanced market - Over-supply of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Balanced market	Shortage of available property relative to demand	Balanced market	Balanced market	Balanced market	Balanced market - Over-supply of available property relative to demand	Balanced market	Balanced market	Over-supply of available property relative to demand	Balanced market	Shortage of available property relative to demand
Rental Vacancy Trend	Tightening	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Tightening sharply
Demand for New Units	Soft	Soft	Fair	Fair	Fair	Strong	Soft	Soft	Very soft	Soft	Fair	Soft	Soft	Strong
Trend in New Unit Construction	Declining	Declining	Steady	Steady	Steady	Increasing strongly	Declining	Declining	Declining significantly	Declining	Steady	Declining	Declining	Steady
Volume of Unit Sales	Steady	Steady	Steady	Declining	Steady	Increasing	Steady	Steady	Declining - Declining significantly	Declining	Steady	Declining	Declining	Increasing
Stage of Property Cycle	Bottom of market	Start of recovery	Start of recovery	Peak of market	Bottom of market	Rising market	Bottom of market	Start of recovery	Declining market	Bottom of market	Start of recovery	Rising market	Bottom of market	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Almost never	Almost never	Almost never	Occasionally	Almost never	Occasionally	Occasionally	Occasionally	Occasionally	Very frequently	Frequently	Occasionally

Red entries indicate change from previous month to a higher risk-rating

Blue entries indicate change from previous month to a lower risk-rating

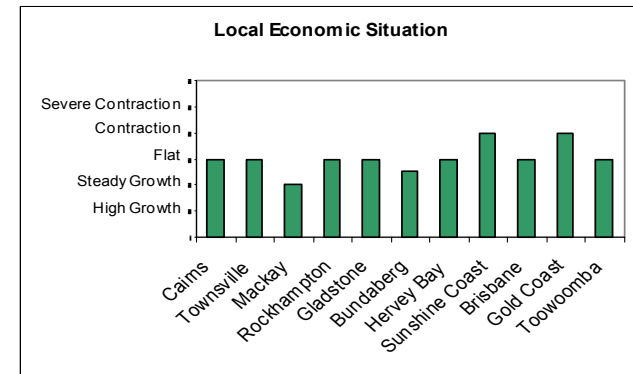
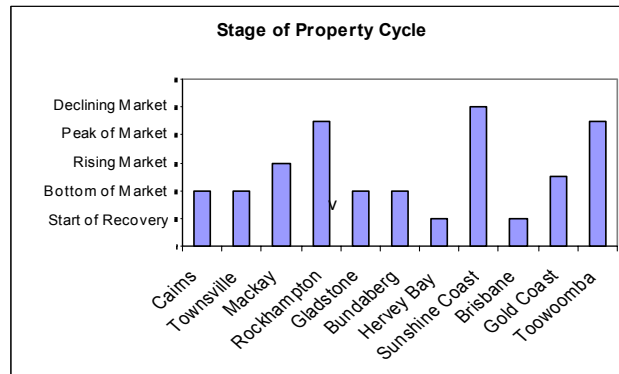
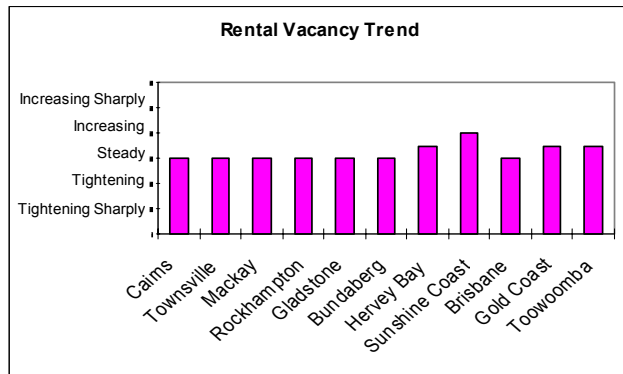


Queensland Property Market Indicators as at April 2010 – Office

Factor	Cairns	Townsville	Mackay	Rockhampton	Gladstone	Bundaberg	Hervey Bay	Sunshine Coast	Brisbane	Gold Coast	Too-woomba
Rental Vacancy Situation	Balanced market - Over-supply of available property relative to demand	Balanced market	Shortage of available property relative to demand	Balanced market	Balanced market	Balanced market - Over-supply of available property relative to demand	Balanced market - Over-supply of available property relative to demand	Over-supply of available property relative to demand - Large over-supply of available property relative to demand	Balanced market	Large over-supply of available property relative to demand	Balanced market - Over-supply of available property relative to demand
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Steady	Steady	Steady - Increasing	Increasing	Steady	Steady - Increasing	Steady - Increasing
Rental Rate Trend	Stable	Stable	Stable	Stable	Stable	Declining - Stable	Declining - Stable	Declining	Stable	Declining significantly - Declining	Stable
Volume of Property Sales	Declining significantly	Steady	Steady	Steady	Steady	Declining	Steady - Declining	Declining	Increasing	Declining - Declining significantly	Steady - Declining
Stage of Property Cycle	Bottom of market	Bottom of market	Stable	Peak of market - Declining market	Bottom of market	Bottom of market	Start of recovery	Declining market	Start of recovery	Bottom of market - Rising market	Peak of market - Declining market
Local Economic Situation	Flat	Flat	Steady growth	Flat	Flat	Steady growth - Flat	Flat	Contraction	Flat	Contraction	Flat
Value Difference between Quality Properties with National Tenants, and Comparable Properties with Local Tenants	Small	Significant	Small	Small - Significant	Significant	Small - Significant	Significant	Significant	Significant	Large - Very large	Significant

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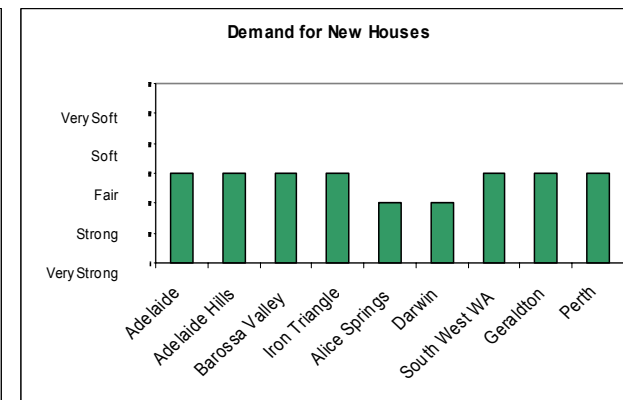
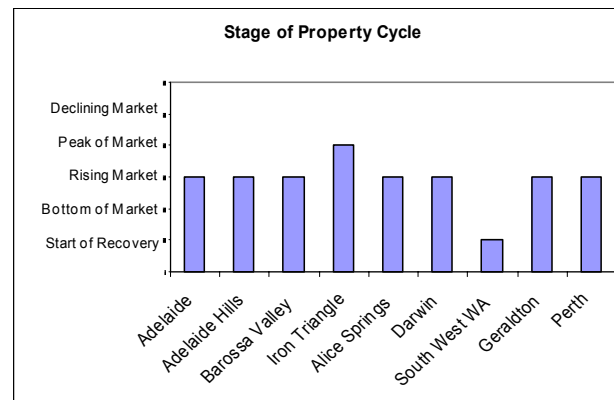
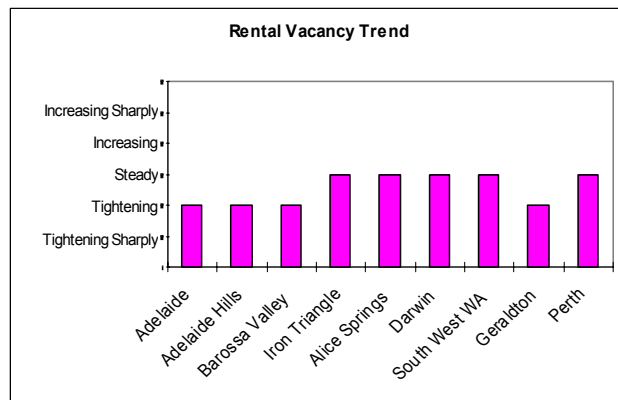


Northern Territory, South Australia & Western Australia Property Market Indicators as at April 2010 – Houses

Factor	Adelaide	Adelaide Hills	Barossa Valley	Iron Triangle	Alice Springs	Darwin	South West WA	Geraldton	Perth
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Tightening	Tightening	Tightening	Steady	Steady	Steady	Steady	Tightening	Steady
Demand for New Houses	Fair	Fair	Fair	Fair	Strong	Strong	Fair	Fair	Fair
Trend in New House Construction	Steady	Steady	Steady	Steady	Declining	Declining	Declining	Steady	Steady
Volume of House Sales	Increasing	Increasing	Increasing	Steady	Steady	Steady	Steady	Increasing	Steady
Stage of Property Cycle	Rising market	Rising market	Rising market	Peak of market	Rising market	Rising market	Start of recovery	Rising market	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Almost never	Occasionally	Occasionally	Almost never	Occasionally	Occasionally	Almost never	Occasionally	Occasionally

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Blue entries indicate change from 3 months ago to a lower risk-rating

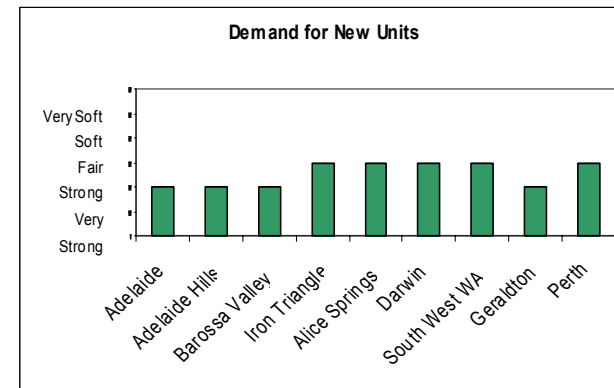
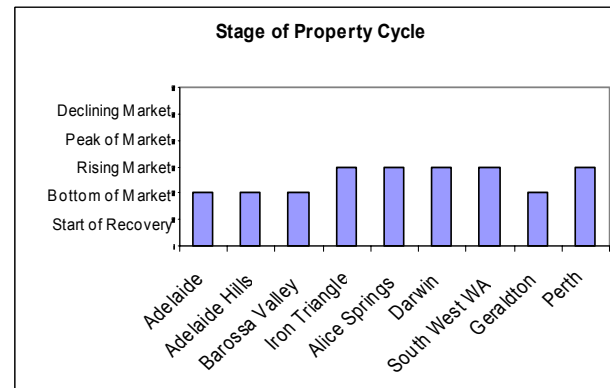
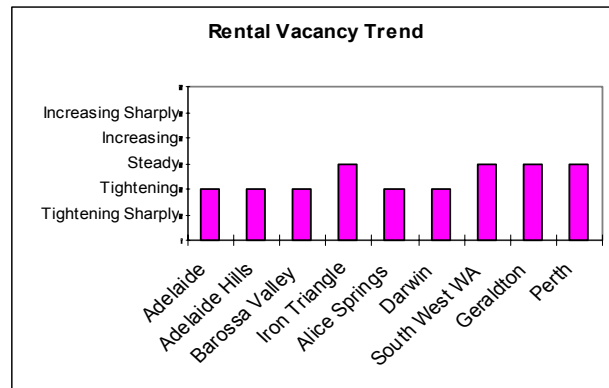


Northern Territory, South Australia & Western Australia Property Market Indicators as at April 2010 – Units

Factor	Adelaide	Adelaide Hills	Barossa Valley	Iron Triangle	Alice Springs	Darwin	South West WA	Geraldton	Perth
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Tightening	Tightening	Tightening	Steady	Steady	Steady	Steady	Tightening	Steady
Demand for New Units	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair
Trend in New Unit Construction	Steady	Steady	Steady	Steady	Declining	Declining	Declining	Steady	Declining
Volume of Unit Sales	Increasing	Increasing	Increasing	Steady	Steady	Steady	Steady	Increasing	Steady
Stage of Property Cycle	Rising market	Rising market	Rising market	Peak of market	Peak of market	Peak of market	Start of recovery	Rising market	Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Almost never	Occasionally	Occasionally	Almost never	Occasionally	Occasionally	Almost never	Occasionally	Occasionally

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Blue entries indicate change from 3 months ago to a lower risk-rating



Northern Territory, South Australia & Western Australia Property Market Indicators as at April 2010 – Office

Factor	Adelaide	Adelaide Hills	Barossa Valley	Iron Triangle	Alice Springs	Darwin	South West WA	Geraldton	Perth
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market	Balanced market	Over-supply of available property relative to demand
Rental Vacancy Trend	Tightening	Steady	Steady	Steady	Tightening	Tightening	Steady	Tightening	Increasing
Rental Rate Trend	Increasing	Stable	Stable	Stable	Increasing	Increasing	Stable	Increasing	Declining
Volume of Property Sales	Increasing	Increasing	Increasing	Steady	Steady	Steady	Steady	Steady	Declining
Stage of Property Cycle	Rising market	Rising market	Rising market	Peak of market	Rising market	Rising market	Start of recovery	Declining market	Bottom of market
Local Economic Situation	Steady growth	Steady growth	Steady growth	Flat	Steady growth	Steady growth	Steady growth	Steady growth	Steady growth
Value Difference between Quality Properties with National Tenants, and Comparable Properties with Local Tenants	Small	Small	Small	Small	Significant	Significant	Small	Nil	Significant

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