

The month in
review

JUNE

2009



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Peace of mind for your property decisions.



Trading up - middle market performance

"Marcia Marcia Marcia!"

Jan Brady - The Brady Bunch circa 1970

Ever felt ignored? Invisible to those around you? Sure, you like to trade it off as mystique or put it down to envy but the truth is that everyone is just not that interested. It's a dire state of affairs that while trying your best to operate in a manner that should garner plenty of attention, your eye candy goes unnoticed – relegated to an also ran against the likes of either those with the glitz who seem to set the world ablaze and others so downtrodden that everyone wants to provide a hand up (...stay with me people, I'm going somewhere with this...)

It is with this scenario in mind that we should all take a little time to spare a thought for the middle market – the buck toothed, specs wearing, mousy brown sibling of the property family.

It seems that whenever you open the pages of the dailies, it's all about the helpless first home buyer whose only chance of entering the magical kingdom of mortgage is to track down Rumpelstiltskin himself and start weaving – or look to mum, dad and Uncle Kevin for a bit of a hand. This sector has garnered more column inches in the past few years than just about any LA bar hopping pseudo celeb.

Coming a close second is our salivating consumption of the lifestyles of the well-to-do who dazzle with their shiny toys and ever engaging ability to outdo The Joneses on a grander and grander scale. The only thing most consumers enjoy more than watching how high these flyers can go is gazing on in awe at the grand scale of any falls from grace.

So given that so many of us reside in the centre of the equation is it perhaps best if we just leave the heavy thinkers to dwell upon the extremes of the market spectrum?

NO! we say again NO! ladies and gentlemen, middle markets matter! It is time for awkward centre to stand tall and Herron Todd White is about to show you why.

We asked our offices around Oz to consider this 'oft ignored sector and see how it's fairing without the attentions garnered by those other quarters. Trade-up buyers are a powerhouse bunch (you may pump out your chest now if you qualify). They are sensible readers of the comings and going. Most, but not all, are thinking about a few more children, considering school districts and making sure that the family unit has enough bread on the table to see out the cold winter nights. Trade up buyers study the options, read the landscape, look at the alternatives and come up with solutions. Their decisions have real and tangible consequences on those closest to them and it is these buyers who do as much, if not more, than any to define the landscape of today's property market.

This month's Month in Review is just the ticket for those of you wanting to see how the most overpopulated and under reported market sector is fairing in the face of today's uncertainty and where they're likely to head over the coming months or years.

All this information in so few pages – but don't stop there. Get on the phone and speak to our boys and girls who don't always go for the popular vote. There is a Herron Todd White representative keen to impart some knowledge on your area of interest to help guide you around your property growing pains and move ever onward and upward.

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Residential Overview

The property market is a broad church as different sectors are reacting to the economic cards that are dealt, and then interacting to cope with the forces of supply and demand. Recent media reports have focused heavily on first home buyers in particular. The prestige sector often garners plenty of interest, whether it be informative or voyeuristic. It seems middle markets get less attention which is unfortunate as the majority of property owners operate in this sector of the spectrum. Over recent years these buyers and sellers have become more and more sophisticated in their dealings. They tend to be acutely attuned to the ebbs and flows of the financial system and make decisions that are as much about lifestyle as they are about investment. For this reason, middle/trade up property can prove to be a benchmark that paints a bold picture on market performance both now and in the future and when broken down into geographic regions, provide a useful basis for comparison.



Sydney

The current residential market has created several sub markets with the least published the middle market. Much has been made of the First Home Buyer's scheme driving the lower end of the market and the push for affordable housing and we have also seen the headlines of the number of prestige properties that were put on the market in the wake of the October global financial crisis.

In between these two groups is the middle market and in some suburbs it has been humming along quiet nicely. The middle market is defined as the \$600,000 to \$900,000 bracket in the majority of Sydney suburbs however closer to the CBD with location, view corridors and character features desirable attributes the mid range increases to \$1,200,000.

The typical purchaser has already lived in the area and is 'trading up' for a variety of reasons including increased family size and superior quality of living be it renovated internal fittings or external improvements with entertaining areas and parking. The purchaser generally wishes to stay in their locality with proximity to schools, transport corridors and other services important considerations.

Dependent on area the purchaser has mixed motivators for trading up. Many wish for a complete package and this is generally in the mid to outer suburbs. In the inner CBD suburbs with future capital appreciation a draw card, the savvy purchaser is looking at the unrenovated property as a strong prospect. A prime motivator in trading up in these uncertain economic times is the potential for a bargain with those confident in their job security seeing the opportunity for a favourable purchase.

In the middle bracket, buyer demand is not exceeding supply so in most cases the potential purchaser has a wide variety to choose from and will take the time to make an informed choice confident that the right property will be available when they, the purchaser is ready. This is a very different mind set from the 2003 boom period when everyone was rushing in to secure a property at whatever the cost concerned that next week the price would be higher.

Commonly we are seeing the natural progression of the first home buyer purchaser enabling the vendor to become the purchaser in the next bracket. However as the vendor trades up we note caution is evident in the size of the mortgage and the gaps between the two prices is smaller than in previous times.

An example is the first home buyer who purchases the small flat for \$400,000 in an inner west location enabling the young professional couple to upgrade to a two bedroom semi detached terrace, with that vendor settling for \$650,000 (a sale price of \$700,000 may have been possible pre October). The second vendor would then look at a larger 3 bedroom home with parking, needing some renovations in the high \$700,000 to low \$800,000 bracket (a pre October sale price of high \$800,000 to \$900,000 may have been possible). The costs

of these future renovations are then factored into the end sale price with this third purchaser hoping to gain capital appreciation and a stronger market at the end of their renovation period.

It must be noted that like any positive opportunity the secret of smaller trade up margins does not remain secret for long and those confident in their financial security will be in a strong position over the next few months to trade up without stretching themselves financially. With money available at record low prices, it is considered that prices will steady in the mid term and strengthen in the long term as consumer confidence is returned.



Central, North & West NSW

DUBBO

The increased First Home Owners Grant has had a significant impact on the residential market in Dubbo, particularly over the past few months. Value levels for low to mid cost houses have increased substantially due to the increase in demand and properties are selling quickly, often within a few weeks of being listed. With recent news that the grant has been extended, the trend is set to continue for the remainder of 2009.

Vendors of these low to mid cost properties are taking advantage of a subdued high cost market at present (\$400,000 plus properties) or opting to build themselves, taking advantage of affordable residential land and competitive building prices. High cost properties are generally on the market for extended periods of time and some buyers are taking the opportunity to purchase while prices are under downward pressure.

The housing construction market has also improved significantly as a result of the increased First Home Owners Grant. Local builders have been inundated with enquiries from first home buyers wishing to take advantage of the \$21,000 grant from the government. The increased grant coupled with affordable residential land has many first home buyers opting to build rather than buy an established home. The increase in demand has also resulted in more competitive pricing between builders and local construction rates appear to have fallen slightly over recent months.



What will happen when the grant expires at the end of the year? We simply don't know. Our concern at present is that buyers are paying above market values for properties in a desperate bid to secure a property before

the increased grant expires. The problem, however, is that buyers are paying over and above the value of the grant on some properties and it is likely these values will not be sustainable once the increased grant expires.

MUDGEE

Generally the trade up price in Mudgee is approximately \$350,000+. This sort of money will buy you a larger new home with a fourth bedroom, a renovated double brick home in central Mudgee or a lifestyle property in the surrounding areas.

This market has been relatively soft over the last 6 to 12 months, however in the last month or so it has been showing signs of recovery. Typically these buyers are either second or third home owners, over 55's or Sydney based buyers.

It appears these types of buyers are looking for ready to move into homes. They are either buying larger new homes in the outer areas of the Mudgee township or buying upgraded homes in the town centre. It is a tricky business buying homes in Mudgee or in any small town for that matter and add value. You need to do your research and buy wisely. It is very easy to over capitalise and lose out in the short to medium term.

The driving factor in this market segment is definitely second or third home buyers. It is a flow on effect from the FHOG. People upgrading to bigger more comfortable homes.

With the extension of the FHOG it has given the opportunity for first home buyers not to make a last minute decision and continue the search for that very important first home. Activity is still moving along at a good pace but there hasn't been a huge increase on that in the last week or two.

Overall Mudgee seems to be in a good position in the short term. It will be interesting to see what happens in the early part of 2010 when the FHOG reverts back to its original grant of \$7,000. The medium and long term prospects also appear sound with the opening of a new mine (Moolarben). Reports around town is that the mine will be employing up to 2,000 people directly and indirectly.

BATHURST & ORANGE

In both the Bathurst and Orange markets there has been a lot of activity in the first home buyers sector, however to date there has been only mild activity in the 2nd & 3rd home buyers sector. Agents report a moderate level of enquiry with only a relatively small percentage of this following through into sales. In these areas this includes properties in the \$350/400 K up to \$500/550 k price range.

What we have seen a marked increase in within these areas is vacant land sales, home land packages and TBE valuations for proposed dwellings. 6 months ago there was a significantly lower level of activity in these sectors with an increase of at least 3 to 4 times the amount occurring. This has been partly attributed to first home buyers building more modest sized dwelling, however we have seen a number of larger, executive style dwelling

being approved and proposed for construction.

Suburbs in Bathurst which have seen a recent increase in vacant land sales on both the east and west sides of town, including Windradyne, Llanarth, Abercrombie and Laffing Waters, while in Orange the main increase in land sales has occurred in the northern developments around Bletchington in the "Vines Estate", with a moderate increase in activity in the western side of town around Calare.

We are anticipating that the looming end of the first home buyers grant boost will see a drop off in the lower end of the market first but it is anticipated that the middle to upper end of the market will be picking up by then to accommodate activity in the 2nd and 3rd homers market.

...we are anticipating that the looming end of the First Home Buyers Boost will see a drop off in the lower end of the market...



Newcastle

The first home buyers market in Newcastle has firmed over the last 6 months with a high volume of sales being recorded. A significant number of these vendors however are not then trading up into the next price bracket, being \$350,000 to \$500,000, with a reduced number of sales being recorded.

Houses that fall into this mid price bracket are located in fringe inner city & middle ring suburbs such as Hamilton, Adamstown, Lambton with their small/medium sized, 1930/50's style, 3 bedroom, timber or brick houses or outer suburbs such as Cameron Park or Fletcher with their large, modern, 4 bedroom, brick houses.



These mid priced houses have not attracted the same level of interest as the lower priced houses (largely because they are generally outside the first home buyers price bracket) as purchasers remain cautious in these times of unknown job security (Newcastle should have a reasonably robust employment sector as demand for thermal coal remains strong and much of Newcastle's employment benefits from this). While prices have yet to weaken, as the upper end of the market has, we have

seen sales periods generally extend out to 3 to 6 months. The most interesting stage however will be to see what effect the removal of the first home owners grant has on the market, most probably if we see the lower end of the market weaken then we may see the mid price bracket also weaken.



Southern NSW & Northern Vic

ALBURY

Within the Albury/Wodonga market second and third home buyers are seeking with move to the mid to high cost sectors of the market and usually this is within modern and well regarded estates, older but well regarded locales or close to the CBD areas. Alternatively they look to expanding their lot size to a few thousand square metres or a couple of acres. The price range is upwards of \$350K to upwards of \$500K+ for the higher cost market.

Typically most people want to move into the home with the new or newer bathroom and kitchen with renovators few and far between. The drivers is mostly those who have enough equity in their current home to afford to upgrade.

The FHOG is mostly only affecting the lower end of the mid cost or lower end market

Until the rural sector sees a revival with drought breaking rain the market will be subdued.

WAGGA

The second/third home owners bracket (\$300,000 to \$450,000) in Wagga is the largest sector of our market and houses can be found in this price bracket in just about all suburbs. The purchasers are a diverse group, ranging from young couples looking to renovate existing centrally located dwellings to middle aged families building in developing suburbs. Some of the new construction activity is bouyed up by Defence Housing who typically build dwellings in this price bracket. This sector has remained steady over the past 12 months and is expected to remain so in the foreseeable future.

LEETON

So at what point do home owners in the MIA call it quits on our first and second homes and trade-up. It depends were you are and want you want.

Second home buyers in Narrandera spend between \$220-\$250 to secure an older style single storey 3- 4 bedroom home with a renovated kitchen and bathroom, two living areas and car accommodation and/or shedding. The same home in Leeton will set you back \$260-\$280 and Griffith \$290-\$330K. These homes are located in the central tree lined streets of Narrandera, close the the town centre and golf course in Leeton and in Griffith the suburbs of North and East Griffith.

Third home buyers in Narrandera either trade up to a modern 4-5 bedroom on a 5 acre block which will set them back around \$400K or a new four bedroom dwelling on a quarter acre allotment for around \$360K. Its a similar story in Leeton but one acre allotments are more popular and its likely to cost between \$380-\$450K for the acre block with a modern dwelling around 220 sqm with good external improvements, more bells and whistles push closer to \$500K. Griffith is more complicated, third home buyers have a taste for prestige and head towards high end residential homes in Collina or Citrus Grove (\$450-\$700K), or the one acre lifestyle block with WOW factor improvements (\$500-\$1.1Mill), Lake Wyangan and Yoogali and the most likely destinations.

Twelve months ago higher interest rates and uncertainty surrounding our rural economy meant both of these segments were happy to fence sit and take a wait and see approach. Second home buyers increased in number as first home demand strengthened, but third home purchasers have been more subdued. The deep pockets are still around, but they are thinner in number and appear to be taking a sleeper approach only waking when the value for money opportunity is to good to miss.

DIY is being waved goodbye. This market is time poor and just want to turn the key and move in. Buyers in these markets a more likely to pay a premium for the property which ticks all the boxes. This market knows what its like to live in a home while its being renovated, wait for renovations that never happen, or realise the works you wanted to undertake cost twice and much as you planned.

Its likely the market will stay this way, until rain brings a confidence to our economy, until then, there is a large number of people who will continue to think it would be nice, but safe is better than sorry.



Regional Vic

MILDURA

The trend of the past year continues in this region with an active first home buyer market, but the middle and high value sectors have seen a very flat market.



The middle market in Mildura is generally the \$275,000 to \$475,000 price range and the properties for sale in this sector have met with a much longer than normal selling period, a reduced volume of prospective purchasers and softened values. Statistics reveal a softening in values of around 15% off the peak values of mid 2007.

Vendors in the lower value sector have been moreso investors offloading their investment properties for various reasons and vendors moving out of the area, rather than vendors trading up into the mid value sector. Buyers in the low value sector are most commonly first home buyers.



Canberra

Currently Canberra is in a strong residential phase thanks to affordable housing developments released by the LDA and generous government incentives for first home buyers. The vast majority of this activity is happening in newly released suburbs in the outer north such as Macgregor West, Bonner and Franklin. There are other areas that first home buyers are targeting in Canberra, with property less than \$550,000 in the inner suburbs and less than \$450,000 in the outer suburbs deemed to be first home buyer territory.

This means that a number of people living in developed suburbs are cashing in on eager first home buyers, and subsequently trading up to bigger and better property.

Due to the transient population in the Capital a number of people selling properties to first home buyers will move out of the ACT as their government contract has ceased. The following examples are scenarios faced when trading up in Canberra.

The majority of people in Canberra who have the opportunity to purchase a second or third house have a family. Trading up for these people means buying a bigger house in the same region as they have established links with work, school and friends. A recent example of this was a family who sold their small home in Kambah for \$420,000 to enthusiastic 1st home buyers. The sellers have the intention to buy a bigger family home in the same region as they wish to remain close by to parents, friends and work.

A number of individuals will be selling their 1 or 2 bedroom units in Braddon, Turner or the other inner suburbs as they now have a family to take care of, so they move to the districts of Belconnen, Woden and Weston Creek and purchase a large family home. These homes fit the bill for families as they are close to schools, work and entertainment and provide family accommodation at a reasonable price.

Other people will want to trade up and buy a house in a better suburb closer to work and the city. These suburbs include the inner north and inner south where price restricts the first home buyer to the more affordable unit and town house options. The buyers who are trading up in these suburbs are more cautious as they will be moving from a market that is quite active with lots of demand, to a more thinly traded market, with limited supply. Generally buyers who can afford these properties will have equity in other homes, be cashed up or have a large deposit thanks to recent sale of their first property.



Melbourne

The Melbourne residential market is currently being supported at the lower end by the First Home owners grant up to the \$400,000 to \$450,000 price bracket. Above this level, flow on affects have generally not been felt as purchasers not eligible for the grant are taking a "wait and see" approach to the future direction of the economy.

A noticeable jump in demand for lower priced homes occurred around February 2009, throughout all areas of Melbourne when the additional Federal Government boost of \$7,000 was announced on top of the State Government Grant and existing Federal Grant.

Although unemployment fell from 5.7% (seasonally adjusted) in March 2009 to 5.4% in April 2009 some predict levels will increase to 7.0% to 7.5% by June 2010. At this point it would be likely that an overall softening in the lower price brackets may occur together with an increase in defaults.

With the end or reduction of the Grant in September imminent we are seeing some panic buying in the market with prices for lower priced homes generally increasing and somewhat eroding the buying power of the first home purchaser.

Developers in emerging estates are also supplementing the grant with their own bonus schemes and additional extras such as landscaping, vouchers and cash rebates for early settlements.

At the other end of the spectrum the volume in the prestige market has fallen with purchasers in suburbs such as Hawthorn and Kew steering away from high quality architecturally designed homes on small lots back to the large older character homes with a bigger land component.

Prestige bayside suburbs such as Brighton, Brighton East, Sandringham and to some extent Black Rock are experiencing considerable redevelopment with a recent increase in high quality dual occupancy townhouses often with basement car parking and separate driveways. Although prices are usually in excess of \$1 million these are seen as a cheaper alternative to a new detached dwelling on a separate lot and are considered a "get in" price for these sought after well located suburbs.

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Adelaide

In South Australia many FHO are also first home builders so we think therefore there is not a large number of people

that have sold their first property that are now trying to purchase their second. Also there are investors that may have sold rental properties to first home buyers, to either capitalise on the last few years growth in this sector or to free up equity in difficult times or to manage debt or just bring costs under control.

The second home owners market probably starts around the \$450,000 mark and is not really easy to define into suburbs. Traditionally there has been a trend towards moving closer to the place of employment, which was usually the CBD or near. Today larger urban sprawl has increased the size of sub-regional centres with improved services and facilities. So whilst the suburbs closer to the city are still very popular so are the areas that surround those sub-regional centres, the ever popular beach-side suburbs and the country-like atmosphere of the foothills of Adelaide.

Most people will only move house in order to upgrade upon what they already have. The timing of this move is often determined by the stage of life; a growing family or one increasing in size may require more room, inside or out. Education is often considered important with parents relocating closer to schools or into specific school zones. As income increases or debt is reduced some choose to upgrade to higher quality homes, or those with pools, outdoor entertaining areas or tennis courts, often having to buy a new property as there is no opportunity to upgrade the existing one due to the limitations of the block size.

When upgrading there is an even spread of those who like to buy a house that ticks all the boxes from the start and those that purchase property in the desired location with a view to upgrade the house to the dream home (often the cheaper alternative as the costs can be controlled somewhat by making changes over time). Many FHO's upgrade from the unit they originally purchased to a house within the same area.



The second and third home owners market is presently being driven by the perceived higher borrowing capacity due to the current low interest rates.

Generally over the last 12 months there has been a slowing in the market with prices now relatively stable. Within the last 6 months fewer houses have offered for sale and there has been a corresponding decline in the volume of sales. This together with marked increase in the average length of selling period all contributes towards prices stabilising and in some cases declining.

In the last 3 months the lower end of the second home owners market has been driven by the FHO boost scheme. Greater competition and realisation that the scheme may end soon is pushing up competition in this sector. This together with continued low interest rates is stopping any chance of a significant drop in prices in this market.

The short and medium term prospects for the second and third home owners market will continue to be steady unless unemployment rates exceed the predictions or interest rates increase suddenly. The long term future for this sector of the housing market looks very good with South Australian real estate a proven solid performer having good resilience against the ups and downs of the market.



Brisbane

If ever there were an aspiration capital, Brisbane must be it. It seems repetitive to start benchmarking the significant cultural events that chartered our course from big country cousin circa 1975 to present day enviable urban centre, suffice it to say that we are a population for which the futures so bright, we've gotta wear a welding mask.

For us, the second/third home upgrader is often location specific. A first home buyer in an inner area may have been lucky enough to jag a doer-upper for somewhere below \$400,000 way back in 1995 but is now looking at some serious equity and considering a second home closer to the \$1M mark. If, however, your suburb of choice provides affordable entry level bricks and mortar in today's market, your dream second home may still leave plenty of change under \$500,000.



For the sake of generalisation, second home buyers in the great south east are probably parting with somewhere between \$600,000 and \$1M dollars in order to secure a nice tidy site with a home whose mod cons exceed milks crates propping up the picture tube TVs.

Our valuers feel that the trade up market in Brisbane probably felt a grand deflation around the time of the economic downturn. It was one sector that stuttered as confidence left all markets and those with young

families were particularly afraid to move for fear of job prospects, interest rate upheaval and any other number of forebodings that looked set to scuttle their future security.

Since that time, first home owners have been in the driver's seat and with that market rising, some security has entered the equation for the mid priced property sector. Even so, many first home buyers were taking up the slack from landlords exiting investments in order to shore up their positions. In this environment, it appeared that many prospective second home buyers were happy to just sit on their hands and wait to see what unfolded.

The benchmarks of second home buyer localities are probably constant across the nation. Areas such as Ashgrove, Grange and Woolloowin on the north and Balmoral and Coorparoo on the south are classic examples of the trade up suburb i.e. good schools, plenty of convenient facilities and reliable transport links coupled with reasonable sized suburban blocks to help stimulate appeal from those looking to take the next step.

It's not all rosy at present and there is still some care being taken. It would be fair to consider that some buyers, in say Grange, are getting far more for their buck now than they would have at the peak of the market in late 2007/ early 2008 – possibly 10 to 12% in some cases – but the generally feeling is that these markets are unlikely to go lower so long as attractive interest rates continue and the proverbial light is glowing at the end of the imaginary tunnel. For Brisbane, the upgrade market looks firm but not yet brilliant over the short to medium term.



Gold Coast & Tweed Coast

GOLD COAST

The middle segment of the market, say \$450,000-\$750,000 has softened in all areas on the Gold Coast in the past 12 months. The increase in the First Home Owners Grant (FHOG) has provided opportunities for former first home buyers to upgrade to their second property. The buoyant market conditions for properties say less than \$400,000 is creating urgency from vendors looking to upgrade their lifestyle to another level. This will come in the form of someone upgrading from a unit to a house or even a residential property to a rural residential property.

On the northern end of the Gold Coast suburbs such as Helensvale, Oxenford and Pacific Pines are benefitting from a marginal increase in activity generated by "second home buyers". These suburbs are all established residential areas with a good selection of schools and are all also close to the Westfield regional shopping centre located at Helensvale. The increase in market activity in these areas began late 2008 with agents now reporting improving levels of enquiry in excess of \$450,000. Properties typically in demand are 1-3 year old homes with very little work to be done.

There are signs that Runaway Bay at the northern end of the Gold Coast is seeing an increase in activity for waterfront villas/duplexes at the \$500,000-\$600,000 price point. Buyers are now seeing value for money for these duplexes given something worth \$625,000 in early 2008 can now be purchased for \$550,000. Also duplexes do not have the body corporate burden of a larger home unit or townhouse complex.

The central areas of Ashmore and Benowa have not been as affected by the slowing market as much as some of the outerlying areas. There has been an increase in buyer enquiry in these areas for properties in excess of \$500,000, however, this is not being translated to increases in market values. Demand and supply in these areas is balanced and the market levels are expected to plateau in the next 6 months.

Mermaid Waters on the southern end of the Gold Coast has seen an increase in market activity in recent months. Buyer enquiry for renovated or part renovated houses on dry allotments in the \$600,000-\$750,000 has increased. These properties have softened in value in the past 12 months to a level that buyers now feel comfortable with. Similar to the more central areas on the Gold Coast market values are not increasing but have now levelled.

The areas discussed herein all have similar characteristics. They are close to good quality local infrastructure. Buyers can now see value for money in these established areas and are prepared to upgrade to their second or third home. Their motivation for upgrading is being tempered by activity in the first home buyer market but also by the current low interest rate environment. Whilst all of these areas saw a decrease in market values in the last 12 months, market values now appear to have levelled at this mid level price point. It is expected that values will continue at their current level. Factors which will dictate a movement in values are obviously the end of the increase in the FHOG (December 31 2009) and general local and national economic influences.

TWEED HEADS

There has been some improvement in buyer enquiry in the middle segment of the property market, say \$400,000-\$700,000 on the Tweed Coast in the past 3 months. Agents are reporting there are purchasers who have sold their first home/unit and are now looking to upgrade to their second home/unit. Their motivation to buy into this price bracket has been fuelled by the effect of the FHOG on the value of their existing property and low interest rates. Also properties in the middle price bracket have softened in value over the last 12 months to a level which is now considered reasonable buying.

Terranora is a part residential, part rural residential area. The entry level for 5-10 year old houses on 2000-7500 square metre allotments is approximately \$550,000. Agents are reporting a good level of enquiry (when compared to late 2008) for properties at this price point.

Market values for residential properties (houses and units) in the more central Tweed suburbs of Banora Point and Tweed Heads appears to have levelled. Like similar suburbs on the Gold Coast, buyers are attracted to these areas by proximity to local schools and a large regional shopping centre. Other areas of the Tweed Shire do not appear to have had a similar increase in buyer enquiry.

Demand for properties in the middle price segment for areas like Kingscliff, Pottsville, and Bogangar/Cabarita still appears to be on a downward slide.

The end to the increase in the FHOG is not expected to have a major impact on the Tweed Coast property market. Consequently the impact on the middle segment of the market is also expected to be minimal. The continuing global financial crisis and its effect on the local and national economic factors will determine the future direction of the Tweed Coast property market. It is difficult to determine the next move for the property market, in all market segments.



Sunshine Coast

In life there is an old saying 'people will benefit from others misfortunes'. This saying is no truer now as to any other time in history. This is apparent in various markets on the Sunshine Coast where educated purchasers will be able to take advantage of properties that have reduced significantly in value. In some cases even the ability to 'trade up'.

Some factors that are essential when trading up is a strong and secure income, patience and not being caught with two properties. At present the Sunshine Coast is an ideal area to carry out this process.

The first step is to sell the existing property which if it is positioned in the lower sector of the market may have only experienced small drops in value if any. For example a property within the Kawana stretch has recently sold for \$550,000. At the top of the market that property may have achieved \$600,000 thus equating to a relatively small loss of below 10%. It is this sector of the market place where there has been minimal damage so far.



It is the next sector of the market that has experienced some more significant falls in values, and therefore the opportunity. In broad terms properties that may have previously been worth approximately \$950,000 in the top of the market, have now fallen significantly. Some to value levels in the vicinity of \$800,000 thus equating to approximate declines 15%. It is the process of purchasing in this upper market where the serious gains can be made.

Subsequently you have to be patient and be prepared to make alternative living arrangements to find that right deal.

The process whilst, can be relatively easy, can also be emotional. The benefits can be significant. So if you have a firm plan in mind, have done your homework and remained committed, what you lose on the swing you will make up on the round a bout.



Southern Queensland

TOOWOOMBA

The market bracket for those 2nd home owners trading up from their first home ranges between \$350,000 to \$500,000. These vendors appear to be more active in the eastern suburbs such as Rangeville, Middle Ridge, Kearneys Spring and East Toowoomba.

Over the past 12 months this segment, however, has been constrained due to a lack of buyers and job security. While this segment was considered to be leveling off with property experiencing extended selling periods, more recently we have seen a lift in sales volumes with some over anxious vendors willing now to negotiate.

The buyer profile operating in this segment could be identified as families looking for larger 4 bedroom homes in close proximity to services such as schooling, shopping and parkland with other characteristics such as low maintenance product and more modern features than their first home.

Across the board 2nd and 3rd home owners are now also looking to add value by renovating or extending due to the increasing number of builders becoming available or looking for work. We are seeing a number of builders also adjusting their quotes to secure work.



These 2nd and 3rd home owners appear to be savvy and prepared to spend the money to renovate or extend, hoping to catch a buyer who is not as enthusiastic to put in the hard yards but willing to pay a premium.

The main drivers appear to be job security, confidence and 'can do' attitude. Often we find that these 2nd home

owners have renovated, extended or built before, and have the attitude "I have done it once and I can do it again".

To date we have not seen any reaction to the reduction/restructuring of the first home buyers grant but the Toowoomba market could still be debated as catching up to other centres such as Bendigo, Wagga Wagga, Rockhampton and Townsville.

The short term prediction for the 2nd home owners segment is an increase in sales volumes followed by a firming of values and a possible slight increase in values in the medium term but is dependent on the cost of construction, which appears to be adjusting at present.

IPSWICH

The middle residential sector between \$300,000 and \$400,000 has remained stable over the past twelve months, which has to some extent been aided by the first home owners grant. An increase of buyers in this sector is the follow on from home owners upgrading from the lower sector under \$300,000. Although the push from the lower sector has increased activity, it remains a stable market at present and sale prices have not demonstrated any increase. A good opportunity to upgrade to the middle residential sector exists in the current market given the increased sales prices in the lower sector. The suburbs with proven growth that provide the best opportunities in the middle sector are Eastern Heights, Newtown, Brassall, Yamanto and Flinders View.

...although the push from the lower sector has increased activity, it remains a stable market at present



Central Queensland

ROCKHAMPTON

The Rockhampton & Capricorn Coast second and subsequent home buyer market has slowed since the start of the global financial crisis as confidence has eroded. In dollar terms, it is the market over \$450,000 that has slowed while first home buyers are most active in the market under \$400,000.

Rockhampton still has a relatively strong rental market with vacancies below 3.5% for much of the past 12 months. With lower interest rates reducing holding costs, we have noticed the rental market has absorbed much of the excess second house buyer stock.

Second & third home buyers have not left the market altogether, in fact they are still active but much more selective and patient, waiting for the right property. For the right property they have been prepared to pay record prices. Since the start of the Global Financial Crisis Yeppoon has recorded it's highest house price with a beach front house selling at \$2.4m and Rockhampton

has also recorded it's highest house price last weekend at a price just above the price it was passed in for (\$1.33m). There was spirited bidding from a number of bidders. Expectations for another auction this weekend of a heritage list colonial home are once again that Rockhampton will see another house sale above \$1 million, with agents reporting strong interest.

BUNDABERG

The increased first home owners grant and record low interest rates have certainly done their bit to increase sales volumes across the lower end of the Bundaberg residential market. The greater majority of action has been in the sub \$300,000 range, accounting for 74% of dwelling sales in 2009 to date. A good proportion of the properties sold at this bottom end market had been investor stock. The middle end market (\$300,000 to \$400,000) has not seen the same increase in volumes as the bottom end. The sector accounts for 20% of sales. The top end of the market (plus \$400,000) remains quiet, accounting for 5% of sales. While the sales volumes have increased this year for the lower end market, this has not resulted in a discernable increase in value levels. Value levels across all market sectors through 2009 have been fairly flat. There appears to be a cautious "wait and see" attitude prevailing, particularly above \$350,000.

HERVEY BAY

Generally the residential dwelling market is experiencing slow sales activity at present, being an absolute 'Buyers Market' across all sectors. Now is the time to 'trade up' if buyers are willing. Sellers have to meet the market and presently agents report most are realistic when placing their property on the market. The sub \$350,000 price bracket, however, is in a competitive market and is receiving good interest. This appears to be the market sector in which you can retain value, or at least get some money back when considering 'trading up'.



Generally, the start up market price point is in the sub \$350,000 range in Hervey Bay, and the trade up point is \$350,000-\$500,000 and is being experienced across all suburbs. The \$350,000 plus, sub \$500,000 market has generally been performing well in recent months, holding values, however this sector is still considered to be in a period of consolidation and requires extended selling periods. 12 months ago a large number of vendors may have priced themselves above this mark, however, are now more realistic in order to achieve a sale.

There doesn't seem to be any particular main buyer profile in this market sector with young families and retirees amongst them, however we may now see investors re-enter the market as homes are more affordable and returns looking more attractive. The recent good news for first home buyers with the \$14,000 increase for established homes and \$21,000 for new homes set to continue until 30th September, will most likely maintain the positive buyer enquiry in the sub \$350,000 market sector.

MACKAY

The middle tier price bracket extends from \$400,000 - \$600,000 and primarily takes in suburbs such as Glenella, Blacks Beach, Eimeo, Rural View, Bucasia and Ooralea. This market has steadied over the past 12 months although agents report a high level of activity through the March quarter. This is because the primary buyers are families who transfer into the city for employment at this time each year. Over the past 12 months sales volumes have remained steady although a slight decrease in median prices of around 5% has been observed.

In recent months agents report very good attendance at open houses although buyers are very cautious, always discerning and often submit offers well below list prices to test the vendors motives. Many purchasers have low confidence levels and the odd contract has failed because of job losses. Family homes with pools and sheds priced under \$550,000 remain in strong demand and continue to sell quickly when listed for sale. Investors are absent from the market in this segment. Prospects are considered to be good with enquiry conversion expected to increase when general economic news improves.

GLADSTONE

The Gladstone residential middle market generally ranges between \$350,000 and \$450,000. Purchasers upgrading from the 'first home owners' market generally look to purchase in this price bracket and are looking for an established home ready to move in. Established areas of New Auckland, Clinton, Glen Eden, Telina and some pockets of Kin Kora represent the bulk of the sales in the middle market.

Most activity in the Gladstone residential market has been in the entry level segment in the sub \$350,000 price range. Activity in the \$350,000 to \$450,000 price range has been quiet with the volume of sales easing since late 2008. Agents are reporting that there has been a decline in the level of interest for homes in the middle market. The sentiment from buyers and sellers is very much a 'wait and see' approach, as both sides are showing caution due to the overall uncertainty on the global economic situation and some concerns overall about the local economy. The affects of the recent job cuts by Rio Tinto have yet to be noticed in the middle market.

In the short term, it can be expected to stay relatively quiet in this market, in the medium to long term, performance will depend on the global financial situation and consumer confidence in the local economy.



Cairns

The trade up market in Cairns, typically for properties \$450,000 and above in the better located suburbs of Central Cairns and the Northern Beaches, is ticking over but at present only slowly. There is a demand for properties up to about the \$400,000 level, catering largely to first home buyer activity, but the market thins out rapidly once it gets above this amount. People trading up are well outweighed by first home buyers and investors, and are making up only a small proportion of the present market.

The traditional trade up route to a dream home has been twofold, with some buying an established home and some buying land and building. In the latter case we are finding that softening market values are presenting difficulties, especially for those who have purchased land 12 months ago with the intention of building now – 12 month old land purchase prices plus current construction costs do not always stack up against potential market values, making it harder to secure finance in some situations.

First home buyers have been providing a level of support to the trade up market by improving the saleability of the intending up-graders existing property. For this reason, should first home buyers be taken out of the equation, the trade up market will also be affected.

Overall we are expecting the trade up market this year to continue to tick over, but not make big improvements until such time as the economic situation becomes clearer and normal buyer confidence is restored.



Townsville

Townsville's residential property market has started to see an increase in the volume of sales activity compared with those being experienced mid 2008.

Houses in the lower priced market segment have been selling relatively well and now with a combination of low interest rates, softer price levels and more product being available on the market, the trade-up for second and third home owners has started.

This market is broadly within the \$400,000 - \$600,000 price bracket and is generally in the modern established areas of Kirwan, Annandale, Mount Louisa and Douglas. This mid level price bracket over the past 12 months has proved slow to move, which has seen a build up in product available for sale on the market giving vendors a good level of choice.

The buyer profiles active in this sector are generally families looking to upgrade driven primarily by the affordability issue coupled with the volume of product

available. These buyers know what they are looking for, and therefore are looking to buy ready to move into stock.

The outlook for this sector of the market is that the potential upgrading vendors are still in no hurry to buy, choosing to take their time and play their hand to secure a good price and product. This sentiment is likely to continue throughout 2009.

...the traditional trade up route to a dream home has been twofold, with some buying an established home and some buying land...



Tasmania

HOBART

The bottom end of the market continues to perform well throughout Hobart both in volumes and also values. However it appears as if the middle market is relatively soft to average with agents reporting only fair to average levels of enquiry and static property values.

Generally the 'middle market' starts at approximately \$325,000 and goes to approximately mid \$500,000 to \$600,000; properties in this price range are found throughout the entire greater Hobart region. There has been some firming of values in the very low end of this range but overall it appears as if the market has slowed considerably within the last twelve months.

It would be thought that because of the activity in the sub \$300,000 bracket being so strong that this middle market would follow suit, but it doesn't seem to be the case. Many mainland investors are selling their entry level investments as the recession starts to hit home. So there doesn't appear to be much significant trading up of properties, thus no value increases.



Many agents are reporting that this market is somewhat difficult to sell at the moment. While all agree the bottom end is strong, many also agree that an asset bubble may actually be in the lower end of the market, making middle market purchasers nervous knowing that values may decline and that volatility is prevalent throughout the

entire market.

The majority of purchasers in this price bracket are families. While the local and global economic outlook is poor at present, many people in this middle market appear to want to just 'sit and wait' to see what happens in the wide world. This has created a flat market.

LAUNCESTON

The "middle market trade up" generally sits in the \$300,000 to \$400,000 bracket; being above the current median price, although we note the median is being reduced due to the higher market penetration of first home buyers. The middle market would typically include regions of Youngtown, Norwood, Trevallyn, Riverside and Newnham for example.

We have seen days on market extend this year with average time on market now well over 90 days. This is in stark contrast to the first home buyer bracket (sub \$250,000) in which the near frenzied activity has seen days on market shorten substantially to well under 90 days.

Typically the middle market comprises a younger family buyer with the 2.3 kids, 2 cars and dog! We don't see that many investors operating in this space although do see the occasional "downsizer" or empty nester seeking smaller accommodation. We don't generally see this segment extend existing homes with the preference to be the trade up.

As we approach the end of the first home buyers grant activity remains firm in this market segment. Local agents are now reporting a shortage of stock and have been actively trying to convert land lords from their rent rolls into vendors so to get listings. We have seen some price volatility in this segment due to the influx of "uneducated"/overly keen buyers who appear to lack negotiation skills etc. The higher pricing that some of these properties appear to be achieving is unlikely to be sustained past the grant with out some other external market stimulus.



Darwin

The precarious position of Darwin's middle market is largely a result of the contrasting performances of the markets around it. Middle markets are typically pulled from the top or pushed from the bottom. In Darwin's case the upper market has slowed, yields are down and the vacancy rate within this sector is far higher than its more affordable counterparts. Prestigious unit buildings are being completed with buyers looking for the rents promised in a time when there was an abundance of corporate rentals, which are now notably absent. Conversely, the bottom end of the market has been extremely active with the first home buyers grant and rapidly escalating rents forcing many transient southern Darwin arrivals to slug it out with disgruntled renters, investors and first home buyers. This has placed upward

pressure on the 'affordable' home values and lifted the middle market entry point to around \$500,000.

What does seem interesting about the perceived top of the middle market is the standard of housing that is transacting at this level. The market still perceives \$750,000 to \$800,000 as the start of the upper market or prestige market, but the standard of housing that is now deemed to be prestigious has reduced. Suburbs and dwellings that would have previously been considered upper middle market are now considered prestigious and as a result are experiencing extended sales periods and a reduced number of sales. These locations are suburbs such as Stuart Park, Parap, some parts of Ludmilla, the new Lyons development and consequently parts of Leanyer, now all with detached homes selling for \$750k and above.

The current shortage of available land has also had a significant impact on the middle market. The most notable shift has occurred throughout the near fully developed Rosebery in Palmerston. Largely as a result of poorly managed land releases there is now a significant shortage in land throughout all of Darwin but in particular Palmerston. As a result there has been a surge of up to \$50,000 in the value of land over the last 4 to 6 months. A motivating factor is also the N.T. Governments Buildstart program offering a \$14,000 grant to those that commence construction of a dwelling before 30 June 2009 (now extended in line with the FHOG boost scheme). This, in conjunction with the first home buyer's grant and stamp duty concessions, has placed a lot of pressure on land values throughout Darwin and has even had an impact in areas such as Katherine.



The interesting thing is that this growth has been much slower to flow through to the values of completed dwellings. Looking at the suburb of Rosebery, six months ago a standard 650msq block was selling for \$170,000, now it could achieve \$220,000 to \$240,000. In the same suburb a completed dwelling with 4 bedrooms and 2 bathrooms, six months ago was selling for \$550,000, now the majority are still transacting for around \$550,000. There have been sales up to or slightly above \$600,000 but these are substantial dwellings that would have previously been large over capitalizations which the market is now prepared to offer additional value to, but in the main the average home has remained consistent.

Well, what is going to happen now?

The shortage of land is not going to be rectified in the next 2 - 3 months but the government has recognised

the problem and land is coming. There is an estimated 730 allotments to be released in 2009 (though this assumes that problems providing services to Bellamack can be rectified..... soon) and a further 840 allotments in 2010, of those 870 lots are to be in Palmerston alone, with a currently unknown number set aside for 'affordable housing' by the NT government. That is a lot of land. Once the grants have come to an end and the land is available the market may consolidate and level off. At what point it levels and if it contracts is really dependent again on the top and bottom markets. The upper market is unlikely to surge again soon. The bottom, entry level, market is the great unknown. The extended first home buyers grant boost scheme will soften the landing from any FHOG hangover but it is unlikely to prevent any reduced activity. If rents hold or continue to grow there will always be pressure on new arrivals, long term renters and investors to buy cheap housing and in doing so place continued pressure on the middle market and hold the values within this sector.

Of course the alternative is that the demand continues, with the impact of FHOG being replaced by other stimulating factors and the upper market rejuvenates. Is it a bird? Is it a plane? No it'sINPEX.



Perth

If there is one sector of the market that has "gone missing" in football speak, it is the trade up buyers. This lack of activity has led the market slow down.

The strong activity in the first home buyers sector has decreased the price differential to the middle tier, and combined with low interest rates and job security (for some), the ability to upgrade has not been this easy for many years.

It seems that just as the Federal government has announced the winding down of the first home buyers grant, the flow on effects are just starting to be seen.



First home buyers have been a very significant sector for the Perth real estate market over the last 12 months, with many agents in these areas achieving 'best on record'

figures through the first quarter of 2009. The majority of this activity has been limited to below \$600,000, which has been sufficient to give many sellers the leg up they need to break into the next tier, where they can pick and choose to suit both their wants and their needs. Well presented properties continue to record premium sale prices and quicker selling periods.

The last 12 months have been reasonably quiet in the \$500,000 - \$1,000,000 price bracket, however some pockets of Perth are now seeing an increase in activity.

Activity in developing suburbs such as Canning Vale remains very strong, with educated buyers selling their original homes and scooping up better quality dwellings in superior locations. We note that one prominent local agent sold over \$13.15 million worth of property in and around Canning Vale through April alone!

The riverside suburb of Como is experiencing a shortage of stock up to \$900,000, whilst well located suburbs of Palmyra, Melville, Kardinya and Willagee have seen an increase in activity over the last 3 months up to \$800,000.

Activity for lifestyle and acreage properties remains slow and values have trended downwards over the last 12 months. One specific example in semi rural Oakford has seen an acreage property transact for 15% less than it did 21 months ago.

The dominant buyer profile remains professional couples looking to upgrade although there has been an increase in older couples downgrading in size, but into better locations.

All in all, there are many buyers within the second tier sector ready to upgrade, but there remains no sense of urgency with the Buyers in control and very educated as to what they can achieve.



South Western WA

The market in the South-West continues to be very much driven by the first home buyers either building new homes or buying established. The glitch in this is that the banks have tightened their lending criteria so that many first home buyers are still unable to climb the hurdle of getting the necessary deposit together. All in all this may not be bad thing as it has the effect of limiting the market to purchasers who have a reasonable chance of surviving any potential future downturn or interest rate rise.

Overall there is reported to be a rise in volumes without any significant rise in value and in fact in Busselton and the smaller centres there is still evidence of decreases in value where as Bunbury appears to have stabilised.

On the back of first home buyers, block sales have been steady and this appears to be the one area of the market where some increase in price has been noted as earlier stages of subdivisions have been sold off and new

releases are coming on to the market.

The rental market in Bunbury continues to tight but there appears to be some easing in other south-west centres possibly as a consequence of first home buyers moving out of rental accommodation as opposed to Bunbury with its major works projects starting to bring workers to town.

The second buyers market has started to be a little more active with sales up to \$450,000 now more common. The market above this level still remains quiet with only sporadic sales recorded. This appears to be only logical as a result of the sale of the first house requiring a subsequent purchase and whether this continues as first home buyers decrease as a percentage of the market remains to be seen.

Interest in buying apartments by both investors and renters has seen more sales in the last 6 month than the previous 2 years but at considerably reduced prices to those previously recorded with reductions of 15 to 20% not uncommon. Again the major projects may be helping this market with good rentals being achieved for (particularly furnished) apartments which suit the upper echelons of managers moving to the area to service these jobs.

Over and above this there is still uncertainty going forward as to how long the improved conditions will last and at what value levels but currently confidence in the property market in the region appears to be better than it has been for the last year at least.



Commercial Overview

This month's issue takes a look at mid level retail prospects around the nation. This sector is the next step up for those who may have acquired a couple of small commercial properties and are looking to move up a rung on the ladder. It will surprise some readers to know that in the midst of the financial crisis doom and gloom, mid level retail property in many centres is painting a reasonably positive picture. This month's issue is interesting reading as it highlights the dangers in tarring all market sectors with the same brush and the importance of considering each in isolation.



Sydney & Wollongong

The Sydney and Wollongong mid-tier retail property market is typically considered to consist of properties within the realm of \$3 million to \$15 million value range. Despite the bleak outlook painted by the media regarding retailing in general, including the recession and its impact on consumer spending, the number of small retail business closing down etc, the mid-tier retail investment market is seeing healthy demand for properties that are realistically priced.

The reason behind this healthy performance is the historically low interest rates have seen the cost of money fall considerably, and hence the returns available through fixed term bank deposits also fall to record lows. Yields for mid-tier retail property has softened from late 2007 and early 2008 levels. On average retail investment yields have softened, however there is a wide spread of yields from 5% to 10% plus. This yield spread is evidence of the varying degrees of lease covenant strength attached to transactions, linked also with location. Compared to the 3.00% and 4.00% returns the banks are offering on fixed term deposits, retail investment is now looking more attractive.

Investors, in particular the high net worth private investors who have held onto their retail properties, now have lower holding costs as the cost of money has decreased with the lowering of interest rates. The need to sell for some investors has been reduced and therefore they are holding onto their assets, enjoying the higher returns and reduced costs. The result of this is limited supply of this investment grade stock, during a time when demand is moderately healthy considering Australia is in a recession.

In a time where retail tenants are negotiating reduced rents and higher incentives, the key to retail property investment is now, and always has been, location. That old property adage – location, location, location. The investor market sentiment is that even though some retail properties may be under rented, the market will turn, consumer spending will increase and the ability to raise rents will occur eventually, leading to investment returns increasing once again.



Recent mid tier retail investment transactions include:

Sydney Retail Investment Sales

155-159 Military Road, Neutral Bay, two storey retail/commercial building with gross lettable area of building area of approximately 544sqm's. New 3+3+3 year lease to Commonwealth bank commenced February 2009, net rent of \$328,813 + GST per annum. Sold February 2009 - \$5,870,000 at Auction. Initial yield of 5.60% and building

rate of \$10,790/sqm.

245-251 Parramatta Road, Haberfield. Single storey commercial building with high exposure on the corner of Parramatta Road and Wattle Street (City West Link). Building area approximately 638 sqm's on a site approximately 2,024 sqm's. Property has traded a liquor store for more than 25 years. 5+5+5+5 year lease to 1st Choice Liquor (Coles Group) with a base rent as of March 2009, \$215,289 net per annum + GST. Initial yield of approximately 7.08%.

1-3 Broughton Street Kirribilli. Corner location with 3 retail tenancies, including a BWS liquor shop, Thai Restaurant and Café. Building area approximately 293 sqm's. Sold by Tim Fox of Colliers North Sydney through expressions of interest. Over 100 enquiries on the property. Sold November 2008 for \$7,250,000 with a net income of approximately \$483,000 per annum. Initial yield of approximately 6.70%.

Wollongong Retail Investment Sales

44-54 Princess Highway, Dapto. Neighbourhood shopping centre on a land parcel of approximately 4,565sqm's and a building area of approximately 2,402sqm's. The property was sold for \$3,900,000 at auction fully leased with a reported net income of approximately \$423,755 per annum with an initial yield of approximately 10.87%.

9-15 Railway Pde, Wollongong. Bulky goods warehouse building leased to Sams Warehouse with a lettable area of approximately 1,335sqm on a 2,681sqm site. Net income reported at \$145,000. Sold February 2009 for \$2,450,000 with an initial yield of 5.91%.

Overall, the Sydney mid-tier retail investment market is witnessing good levels of demand relative to supply, with increasing yields, although with increasing vacancies and incentives. Positive returns are possible with interest rates falling and yields softening. It is expected that yields have had their main adjustment. The Wollongong mid-tier investment market doesn't have the same level of demand as the Sydney market, however syndicates and private investors from Sydney are interested in the attractive returns possible in Wollongong.



Central, North & West NSW

DUBBO

Market activity in the commercial Dubbo property market remains relatively subdued across all sectors. Rental rates are stabilising to declining and a number of leases that are falling due for renewal are re letting at the same rent or in some cases slightly lower.

There is very limited activity in the upper end of the commercial property market although there is some activity in the industrial sector that is showing a slight decline in value. Good quality properties will still attract interest, however there is very limited supply available.

The mid range retail sector in the Dubbo market is

dominated by local investors or owner-occupier's. Due to the demand for this type of property from owner occupiers the income yields are relatively low in comparison to other property investment, relatively to risk and as such outside investors are not overly drawn to this segment. Mid retail properties tend to be occupied by local small business or the second tier retail chains. These sectors have seen a contraction in spending over the last 12 months and as such there is limited expectation for the sector to absorb rental increases. Also there will be limited demand for extra retail space.

...mid retail properties tend to be occupied by local small business or the second tier retail chains....



Southern NSW & Northern Vic

ALBURY/WODONGA

Within our local market mid size retail would encompass either buildings with a small number of tenancies, usually in a more affordable secondary locale, or a single shop in a central CBD position, or a larger retail tenancy just off the main street. The prices of these appear to have remained fairly stable though they are very tightly held in CBD locales. Tenants are predominately local with tenants that have either been there for a while or new tenants with stronger business models preferred. The outlook can be best described as stable.

LEETON

Mid priced retail property in our patch will set you back around \$700K-\$1.2 million. This type of property is located in Griffith's main retail strip centre known as Banna Avenue. The recent performance of this property is difficult to qualify as there have been very few of these properties being presented for sale. Of the handful of sales which have occurred, tenants have been active purchasers. The properties are likely to be leased by well established, local small businesses such as bakeries, cafe's, chemists, homewares shops, hairdressers or clothing boutiques. Historically these properties have been tightly held, therefore strong demand relative to supply has kept prices rising and yields low. Its likely not much will change over the next twelve months as the majority of these buildings have been owned for a lengthy periods therefore are less likely to be impacted by a slower market and limited rental growth.



Melbourne

Strip retail property with values between \$1 million and \$3 million have performed reasonably well over the past year and are considered to be mid level retail property

in Melbourne. These kind of properties are often located within a prime retail strip such as Bridge Road, Richmond; Burke Road, Camberwell; Chapel Street, Prahran and South Yarra, Glenferrie Road, Malvern and Hawthorn, Church Street, Brighton; High Street, Armadale and Toorak Road and South Yarra.

Historically, prime strips have been tightly held with a limited number of sales occurring. This scarcity factor tends to perpetuate low yields in the market and continued buyer demand has maintained retail yields at low levels in broad terms around the 4.0% to 4.5% mark, depending on the price bracket. Due to the relatively steady performance of the retail market, in particular low vacancy rates, which have remained around 4.0% to 6.0%, purchaser demand remains fairly resilient.

At the peak of the retail property cycle in late 2007, Chapel Street yields were typically around 4.25% assuming a market rental. Although even lower yields were then evident, these typically reflected below market passing rentals. Today, yields are generally between 4.0% to 4.5%, though very recent evidence is in short supply. Currently, vacancy levels are very low, though we understand tenants experiencing difficult trading conditions have apparently sought to sub-lease/assign their premises. This is a less transparent market which steps in prior to a vacancy happening in prime locations. Secondary locations are not supported by the sublease market and subsequently as unemployment levels increase we expect to see higher vacancy rates occur.

The retail sector is influenced heavily by people having disposable income therefore logically all levels will be affected by any downturn in the economy.



The trend towards hospitality services and fashion stores over recent years is still evident, with circa 56% of all retail outlets within the prime strips made up of the above.

In more recent times we have seen the re-emergence of retail strips such as Centre Road, Bentleigh, Bay Street, Port Melbourne and Brunswick Street, Fitzroy. These areas have become more desirable to a number of national as well as local tenants, often being seen as more affordable locations than many of the aforementioned 'Prime' retail strips.

Given the slow nature of the market, the sales that have occurred recently are showing surprising strength in the prime retail strips, more particularly in the sub \$3m category. There is also speculation that investors may be being driven back into prime, quality retail properties by the poorly performing share market. A recent example is

the April 2009 sale of 163 Bay Street, Port Melbourne for \$1.11 million at a firm yield of 4.97%.

Due to the current economic conditions, rental growth for the majority of retail asset experienced a modest growth in the first half of 2009. Net rental for metropolitan shopping strips is currently in the order of \$400-\$1,200 with market yields in the range of 4.0% to 4.5% for prime and 4.5% to 5.0% for emerging prime depending on location and development.



Regional Vic

MILDURA

Marketing of properties in the mid level retail sector has been relatively quiet in the Mildura area. The prime section of Mildura's retail area (the Langtree Mall) is well held and there is only one shop in the prime section that is presently unoccupied. Indications are that if any leased retail property in this prime section was placed on the open market it would be subject to strong interest as investors look for safe investments showing good gross returns, generally around 7%.

A recent auction of a 2 storey retail/office building fronting Deakin Avenue, Mildura's main thoroughfare, showed a strong 6.2% on the actual passing rent; however if fully let at market levels would show a rate of around 7.65%. (Refer last months issue for specific details).

Negotiations have been held for the possible purchase and development of a 2.970 hectare prime commercial development site adjoining Mildura's Centro Plaza Shopping precinct, which has Planning Permit approval for the construction of a Big W department store and various shops.



Adelaide

In Adelaide mid-level retail constitutes smaller neighbourhood shopping centres generally with an anchor tenant, priced in the \$1-3 million bracket and located in the metropolitan area. There are limited numbers of such centres but they are generally located between the larger sub-regional centres, and as such the good performing ones are tightly held. Influencing this property type are the basics of location, tenancy mix, strength of anchor tenant and vacancy history.

Market activity in this sector has slowed significantly in recent times, currently slowing to levels not seen in the last ten years. The market has almost stalled especially with owners holding and very few buyers in the market. Prospects remain very uncertain in the retail sector, as with all sectors, especially with retail spending under enormous pressure. As the stimulus package money runs out the flow on effects will be felt later this year.



Brisbane

We know all too well the seemingly endless rhetoric about the global financial crisis; or the GFC as it is now commonly called, and the ill-effects it has caused the commercial property market. Industrial and commercial property over the past 12 months has been dealt serious blows to both value and investor confidence as the "Great Recession" (as many media outlets have dubbed it) filters through our real economy. Notwithstanding this economic turmoil, there has been one class of property which has weathered most punches that the financial crisis can throw at it, mid-tier retail property.

The retail market within South-East Queensland has performed surprisingly well over the past 12 months, relative to its commercial and industrial counterparts. The best performer has been mid-tier neighbourhood convenience centres with a price tag of between \$3 million and \$10 million dollars. It is the recession proof goods such as alcohol and food have been driving these centres. Neighbourhood convenience centres usually constitute tenants such as a small Coles or Woolworths, a bottle shop, various takeaway shops and maybe a video store or similar to provide a well rounded tenancy mix which suits the local needs. Tenants which comprise these centres are not greatly affected by falls in discretionary spending as most goods are bought out of necessity or comfort.

Demand for these centres has remained firm as investors look to find some blue chip property in the current storm. There have been few transactions, however, in the \$3 million to \$6 million bracket as small private investor hold on to these solidly performing properties and weather the storm. Neighbourhood shopping centres above \$6 million have had reasonable transaction volumes as small property trusts and syndicates clear them from their balance sheets.



Currently, yields for prime mid-tier neighbourhood convenience centre generally fall within 7.25% and 7.75%, and higher for secondary retail centres. Downward pressure on rents is being felt, however, they have only retreated slightly, with rents in prime retail centres holding firm. With tenants such as food, alcohol and "stay-at-home" entertainment based businesses; vacancy rates for prime centres have remained steady.

In the short to medium term, mid-tier neighbourhood retail centres should remain relatively strong given relatively good consumer demand for the retailer's goods. In the medium term, properties at the upper end of the price bracket may experience a softening in values as the effects of the global downturn filters through to the lower levels of business and small property trusts and syndicates become "keen vendors".

Overall, the property market, not unlike any other market, has been ravished by turmoil and uncertainty in the broader economy. In times like these, however, it is the staple components of consumer demand which rarely seem to falter. Neighbourhood convenience centres provide a tenancy mix which matches this consumer demand and thus are fairing better in this relentless state of the economy when compared with their office and industrial counterparts.



Gold Coast & Tweed Coast

GOLD COAST

There has been little activity in the retail market in the past few months so it is difficult to accurately report on its current condition. In general terms, the market has been subdued across the board and the current situation is not confined to the retail sector alone.

A definition of mid level retail property would depend on a location around the country. For instance, some would consider a \$5,000,000 property in Metropolitan Sydney to be a run of the mill proposition whereas a similarly priced offering in a regional area could be the largest transaction in a year.

For our part, we consider that a mid level retail property comprises a neighbourhood shopping centre with a small supermarket as an anchor tenant with 12-20 specialties.



The first comment is that it is doubtful that a first time investor would have the experience and/or knowledge to contemplate such a purchase. We are, therefore, looking at an experienced investor. Currently, such investors are extremely careful. They know that they are amongst a limited number of buyers in the market.

By and large, these investors are after well leased, well located property i.e. trouble free offerings.

There remains a great deal of uncertainty in all sectors of the economy. Although interest rates are at historically low levels, cashed up investors are looking for prime property. They are in no rush as it appears that there remains the significant possibility of decreasing property prices and business failures over the next 12 - 18 months.

Five years ago, a typical yield for a neighbourhood shopping centre was in the order of 10%. Only from 2005 to 2007 did yields decrease to about 7%, or less in some cases, on the back of easy finance and huge demand.

Anecdotal evidence is that investors are looking for a yield of 8% plus from such property.

Retail property is at the sharp end of economic concerns. A decline in consumer confidence results in less money in shopkeepers' tills. There are implications for increased vacancy rates and letting up allowances from a valuation point of view.

There would also appear to be a difficulty for some investors and developers in obtaining finance due to problems in the banking sector. Developers in particular are often asked to fulfill certain pre-letting targets. Major tenants also have similar conditions in their lease agreements. It would appear reasonable to draw the conclusion that it will be increasingly difficult for developers to complete projects with the result that existing buildings will face less competition in the short term.



Sunshine Coast

The mid level retail market on the Sunshine Coast is predominately made up of stand alone and strata titled properties in a value range from \$1 million to \$5 million. There are a range of properties available in this range from smaller supermarkets in hinterland areas to small stratas in tourist retail strips such as Hastings Street and Mooloolaba Esplanade.

This market sector has been tightly held over the past 3 year period with few sales. More recently we have seen some transactions occurring, though mainly in tourist retail strips such as Caloundra and Hastings Street with few larger hinterland properties selling.

The Sunshine Coast retail market is well placed as the majority of owners of these properties are local or intra state private investors, who are attempting to ride out the current market conditions, rather than corporate investors who have had to offload assets. This has meant that yield levels have eased by up to 100 basis points for better quality properties rather than up to 200 basis points as has been noted in other markets.

There is still a disparity between vendor and purchaser expectation, especially if the property has been purchased since 2006.

There is some concern around individual market sectors in this mid level range, especially restaurants which

are heavily dependant on tourist trade and non core spending. This has been noted in a recent sale of an arcade restaurant on Mooloolaba Esplanade. The 3 amalgamated stratas are leased to a local tenant, expiring in 2015 and sold for \$1.6 million indicating a yield of 8.5%. This is a greater softening in the yield than would be expected and is based primarily on the risk associated with the use of the tenant.

If looking to further invest in this market we would recommend that purchasers research the tenant well and look for established national tenants in strong locations or failing that, long term local tenants with strong trading history.

As a side note we have seen strong interest since the start of 2009 for high level retail property on the Sunshine Coast with 5 sales for properties in excess of \$5 million.



Southern Queensland

TOOWOOMBA

A good example of a mid level retail investment property in Toowoomba is the neighbourhood convenience shopping centre. These centres are generally located away from the central business district in areas to service the convenience shopping needs of residential suburbs.



Like most commercial/retail properties in this price range, the convenience shopping centre has experienced a softening of yields over the past twelve months. In addition it appears that retail rents have not increased greatly over the same period, giving some investors a reduction in property value.

The key to a good convenience centre is a good location and tenancy mix. The centre will ideally service a large residential area with limited competition and is easily accessible. A good tenant mix will include a combination of retailers that will service the convenience needs of the neighbourhood and will usually include a convenience store or small supermarket, newsagent, bottle-shop, a number of take-aways, bakery, butcher, hair dresser, video store and pharmacy. The mix will most likely include some local retailers but ideally will offer a number of national tenants or franchises. A high proportion of national tenants will also make the centre more attractive

to investors and will generally achieve a lower yield due to a perceived increase in the level of income security.

There is only a limited number of convenience centres in Toowoomba which are generally tightly held, giving new investors limited opportunities to enter the market. We note over the past 18 months only three centres have transacted in this sector, all smaller centres selling between \$930,000 and \$1,750,000 and achieved net yields between 6.3% and 7.8%.

...principal buyers in this price range would be the more wealthy private individuals or syndicate buyers...



Central Queensland

ROCKHAMPTON

As Rockhampton basks in the afterglow of the highly successful Beef 2009 event held in early May it is relevant to reflect on the economic benefit to the city from this event particularly to the retail sector.

The week saw over 65,000 visitors to the showgrounds which was above initial expectations with estimates of value to the community exceeding \$15 million. Onsite restaurants delivered more than 10,000 steak meals for the week. Town accommodation was fully booked and all major finance houses and banks had a major presence for the week. The strength of the Beef industry and Rockhampton came to the fore. The developing importance of Rockhampton as an event venue will be further highlighted by The Australian Masters Rowing Championship to be held at the end of May with expectation of over 1500 competitors.

Generally there is little additional market evidence in relation to retail with Stockland further advanced on the major redevelopment of the city's major shopping centre and further planning for two further neighbourhood centres.

One sector displaying considerable confidence is the restaurant sector with the most recent activity being:

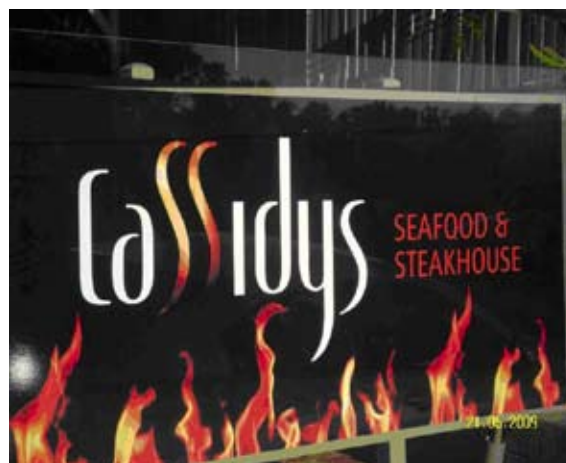
- Commissioning of "The Edge Restaurant and Bar" in a recently completed new accommodation tower overlooking the river
- Reimaging of the iconic "Restaurant 98" to "Cassidy's Seafood and Steak House"
- Opening of "Saigon Saigon" on a previously disused building on the riverbank
- Opening of "The Custom's Café and Wine Bar" within Customs House.

In response several motel based restaurants are in the process of upgrading

This displays considerable confidence in the current uncertain times.



The overall commercial market remains patchy but without evidence of major market movement either way. In the words of one prominent agent "Deals are just harder to get across the line"



BUNDABERG

Mid level retail in Bundaberg is considered to be property with a value in the \$2.0 to \$5.0 million price bracket.

Principal buyers in this price range would be the more wealthy private individuals or syndicate buyers. There is limited property in this range and what there is, is held tightly. The most recent sale of a mid size retail property in Bundaberg was in October 2008 for \$2.75 million, reflecting a yield rate of 8.45%.

Although there has been only one sale, we would expect reasonable demand for such a property if well tenanted and appropriately priced. Rental levels in the retail market have stagnated and vacancies are steadily increasing. Downward pressure on rental levels looks likely at present.

HERVEY BAY

Mid level retail in Hervey Bay is considered to be property with a value in the \$2.0 to \$5.0 million price bracket.

Principle buyers in this price range would be the more wealthy private individuals or syndicate buyers. There is limited property in this range and what there is, is

generally held tightly. The most recent sale of a mid size retail property in Hervey Bay was in November 2008 for \$2.525M, reflecting a yield rate of 7.76%. This was a multi tenanted industrial property.

There still appears to be good interest for investment property in Hervey Bay. Main requirements by most investors are good tenancy profile and appropriately priced rental. With a number of builders and other businesses going into liquidation over the past 9 months, buyers are considering rental affordability in their purchase decision rather than properties that are nearing a rent reviews and appear below market. We would still expect reasonable demand for such property in the current market. Rental levels in the retail market appear to have peaked with a period of consolidation. Competition is increasing as are vacancies. As the market slowdown continues, anxious vendors may begin to lower asking rental rates to attract a tenant and generous incentives are becoming more common.

MACKAY

The retail property section has softened during 2009. Spot vacancies in the central business district are starting to occur and demand for space has softened. Typical rent levels in the central business district were heading for the high \$300/early \$400 per square metre range in 2008 but with expanding vacancies, rents will more than likely ease back to pre 2008 levels.

The most recent sale of a 10 tenant retail complex in Greenfields at Mount Pleasant at \$3.3million shows a yield of 8.9% after adjustment for impending reviews.

Retailers in the city will be closely watching progress of the proposed expansion of Canelands which will significantly increase retail space in the city and further centralise retail activity to Canelands.

The expansion of the shopping centre at Rural View to convert a Bi-lo to a Coles Supermarket, addition of a Woolworths supermarket and other specialities will also pressure retailers in other centres unless significant population growth continues.



Cairns

The Cairns retail market had been strengthening slowly but steadily for a number of years but this trend faded out during 2008. However it must be said that retail property sales in Cairns are extremely sporadic, and there have been no retail properties of significance changing hands for some time. Most sales involving retail property have been of mixed use retail / office buildings or tenant buyouts of single premises.

Vacancy levels in the retail sector remain low, with high exposure CBD prime retail space near fully occupied and only limited vacancies in lesser exposure locations and/or on the CBD fringe. Rents have stopped rising.

Yields for commercial properties in general in Cairns have eased back by about 10% from the record low levels observed at the start of the year. Though true retail sales are rare in the Cairns market, we believe yields for retail premises at present analyse into the 7% to 8% range, from the 6.75% to 7.25% range at the start of the year.



Townsville

Rental levels have stabilised throughout 2008/2009 following fairly strong value increases over the preceding 12-18 months. Weaker consumer spending especially in the Bulky Goods retail homeware centres has seen some retail outlets close, creating higher vacancies and placing potential downward pressure on rental levels in this sector. Rental levels in all other retail sectors remain stable.

Yields have softened 0.5% to 1.0% depending on tenancy profile and retail sector. To date this has only marginally softened retail value levels due to the growth in rental levels over the last 12 months. With rental levels to remain static and yields softening, we consider a softening in values over the next 12 months. More than ever before the emphasis is being placed on properties with strong lease profiles to national tenants that have the financial capacity to weather the retail storm.

Townsville's mid level retail market centers around the major arterial roadways of Ross River Road, Charters Towers Road and Thuringowa Drive.



These properties are generally strip retail centres that, like other property markets, have had their fair share of hurt over the past 12-18 months. The performance of the mid level retail market is highly dependent on the tenancy mix, with properties offering a good balance proving somewhat resilient.

The lower tier retail outlets of boutique clothing, home wares, etc are proving hardest hit in the current market. There have been few transactions within this sector of the market over the past 12 months.

The outlook for the Townsville region is likely to see an increasing differential in yields between vacant

possession and tenanted retail property. We may also see softer yields apply to fully leased properties with weak tenancy profiles. This differentiating of the tenancy mix was not as apparent when market conditions were stronger, and we consider any purchaser of a medium level strip retail centre in the Townsville market needs to be aware of this.

Overall we consider rental levels to plateau, yields and values of retail property to soften over the next 12 months, with bulky goods and suburban strip retail centres that have weak tenancy profiles to be the most effected. Townsville is in a better position than some other regions in this regard as approximately 30% of the city is employed by the public sector providing higher levels of job stability and therefore higher levels of consumer confidence.

...Darwin performs well above its weight when it comes to being cosmopolitan....



Darwin

Darwin performs well above its weight when it comes to being cosmopolitan. While at 120,000 its population for a capital is tiny, with the exception of those along the eastern seaboard it is still Australia's biggest city north of Perth. Moreover, it has a long history of people coming here from many nations. Amongst the first, and now a well established and respected community here, are the Chinese.

Chinese culture considers the number 8 to be highly auspicious, to the extent that China even held the Olympics on 08/08/08, even though that was one of the worst times for Beijing's weather. It would now seem that the Darwin property market in general – in which the local Chinese play a significant role – has come to a similar conclusion: 8 percent is currently the fulcrum point of the yield range for investment property in general and retail property in particular.

This has become apparent in a number of recent transactions of fast food outlets, all selling for around an 8 percent yield, and sales in the broader market have done so as well. So Darwin is now finding itself, possibly for the first time in living memory, achieving lower yields in several property categories than available down south in the big smokes. And, lo, there are even better reasons for such a historically low yield than Chinese beliefs. For instance, while expecting the Territory's economy to weaken in both 2009-10 and in 2010-11, AccessEconomics in its March quarter report states that "the Northern Territory's longer term prospects remain magnificent", with private sector consumption activity being forecast to increase at an annual average growth rate of 4.3% in the Territory over the next five years. That is the highest of the jurisdictions, with the average being around 2.1% nationally, and Western Australia, the second best, being less than 2.5%.

Even so, financing constraints are biting here as well,

especially at the large scale development level. This is a pity, as large developments are best undertaken counter-cyclically, so they are well timed to open when the market has recovered. A further reason to be a tad more analytical than relying on the magic number 8 is that, as reported many times before here, the local retail markets have their own eccentricities which can only be ignored by investors at their peril. There are still several cashed up local investors who are well aware of these eccentricities, and for whom strategic investment in the retail sector, while perhaps not providing the windfall profits that the industrial market has given them of late, could well provide a tidy sum in the medium term.

For the short term however, 8 remains the lucky number. While belts are tightening here at the same time as better short term yields are available in many other places, it could well be that better medium to long term growth prospects are not.

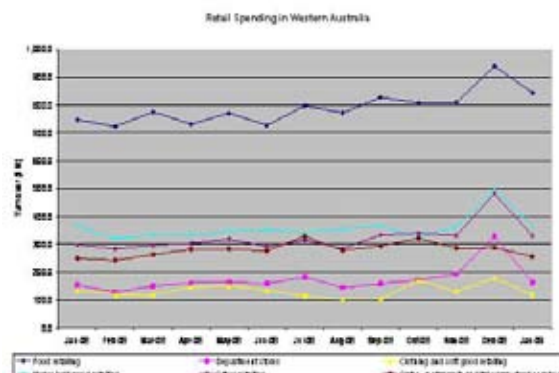


Perth

Overall the retail sector has been stagnant this calendar year, with no confirmed sales of any shopping centre. This is hardly a surprise however, given the global financial and economic conditions which have impacted Western Australia significantly. The mining sector being our major economic driver has continued to decline in the face of declining demand and commodity prices. Job losses in this sector continue to mount, with the West Australian recently reporting that approximately 9,000 jobs have been lost since the last quarter of 2008. In addition, acquiring lending capital has remained a significant hurdle and business and consumer confidence remain at all time lows.

In the March issue we mentioned the potential sale of the Floreat Forum Shopping Centre for \$110M, and that the potential purchaser was in a due diligence phase. However, as yet no announcements have been made, although it appears that the potential purchaser, Australian Property Investments, is still attempting to raise \$53M in investor equity. We also reported that the Kalamunda Shopping Centre was on the market; however, to date the agent reports very limited enquiries and no firm offers to date.

Australian Bureau of Statistics figures relating to Retail Turnover has been illustrated below:



The data indicates that turnover remained relatively flat over the year with exception of Food Retailing which has shown a steady increase; this is perhaps expected as households attempt to reign in expenditures by eating home more. The spike in December accounts for increased spending associated with the Christmas season. Overall the data would provide little incentive for the would-be retail investor, given the additional factors mentioned previously.

We expect yields to soften further throughout the year, although anticipating how much, or to what level, is difficult to assess given the absence of sales evidence. Rising unemployment, contracting domestic and international growth rates in combination with fiscal constraints and low business, investor and consumer sentiments point toward a protracted recovery overall. Although the Commonwealth Government has announced spending programmes focusing on infrastructure and education, our State Government has been busy looking at avenues to reduce their spending.

Rental growth is also expected to contract significantly over the course of the year and beyond, and despite rents in neighbourhood shopping centres showing a slight increase of 0.2% for the March quarter, it is likely that this figure is distorted by leases which were negotiated some time ago when market conditions clearly favoured retail property owners. Leasing agents are now beginning to report that retail landlords are now offering incentives by way of fit-out contributions and/or rent free periods.

Construction activity in this sector has also slowed, with only existing projects, such as the Claremont Quarter Shopping Centre and Wanneroo Central Shopping Centre, being the only projects taking place.

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Rural – Market Directions

Most of our offices around Australia generally report a “subdued” market for rural property and this appears likely to continue in the months ahead. A strengthening Aussie Dollar, a softening of many rural commodity prices, tighter credit, variable seasons (from drought to floods), changing government policy (eg: vegetation law in Qld and the recent budget Federally) together with the well publicised problems in the rural MIS sector and of course the multi layered impact of the global financial crisis, are all combining to dampen investor confidence.

Historically, in regions where property sales volumes have declined sharply and confidence levels are in decline, there can be up to six months before any measureable and consistent property value decline is evident. In the more marginal and drought affected areas or those that are highly reliant on one price pressured commodity, such declines are now becoming more evident. Often with more realistic price settings in play, sales volumes start to increase at the lower value level. The extent to which this occurs in the current market will be largely determined by the finance sectors capacity and willingness to lend.

Unfortunately, the reputation of the agri sector has taken a serious hit by the recent adverse publicity surrounding the difficulties in the rural MIS sector experienced by Great Southern and Timbercorp. It is not only the direct investors of these companies which will suffer but the banking sector, contractors, local communities and the broader rural sector generally. In some districts MIS investment has been a major influence on the local rural property market (refer to our Cairns and Darwin offices reports in this issue) and now with the prospect of large parcels of land likely to be on the market, the impact on local values and equity levels could be significant.

Robin Gardiner Ph: (02) 6766 9898
1 June 2009



NORTHERN NSW

Sales activity remains subdued although recent sales in the Barraba and Walcha districts suggest that values in those areas at least are reasonably firm on previous levels.

Most agents report low level enquiry from cautious purchasers who are yet to be convinced that the worst of the global financial crisis is behind us. There remains a good selection of quality property officially on the market and several other properties “unofficially” on the market. We expect it may well be at least another 6-12 months before clear market directions become evident. The outcome of the 2009 grain crop will have a significant bearing on confidence levels and the capacity of purchasers to reinvest.

Rainfall in the north west has been patchy during the last month with Tamworth receiving less than 10mm between 14 April and 23 May whilst further west there have been good falls of over 30mm.

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SOUTHERN NSW

ALBURY

Well, things have marginally improved in Southern NSW and northern Victoria over the last month, with some falls of very badly needed rain. Falls of up to 50 mm have been experienced in some cropping areas which have provided a very short window in which farmers could sow crops with enough moisture to know that crops will

strike. However the moisture was very quickly taken up by parched soils and the window very quickly closed, but most farmers decided to dry sow and hope for follow up rain - but there has been no follow up. Some early dry sown crops are up and were starting to look good, but are now moisture stressed due to the lack of follow up rain. Crops such as tritacale, wheat and barley can be sown in these areas up until around late June, so it is still not too late to have some hope of getting crops in and receiving some sort of yield. Many people throughout the rural industry, from top to bottom, have discussed the thought that if we do not get a season this year, many farmers will go to the wall. If this season fails or near failures it will be 8 failures or near failures out of the last 10 years, and not too many farmers can survive another one. Let's hope the season starts to turn around and we have at least an average season (whatever that is) and farmers have some prospect of a crop.

There has been some fairly good falls in the upper catchments of the Murray and Murrumbidgee, but not enough to create run-off to start filling water reservoirs such as Hume, Dartmouth and Blowering. We are now in the first month of winter and most of our rainfall is expected between May and September, so to start filling storages we need significant falls to fill soil profiles before we get any run off into storages. Water storages are currently at low levels - Dartmouth 21.03%, Hume Dam 6.61%, Blowering 29.7%, and Burrinjuck 38.5%



Due to the continuing dry conditions very few rural properties have been placed on the market for sale in the traditional autumn selling period between March and May. No properties of any size and note were offered so there is little to report on that front.

Let's hope that we see a turnaround in the season shortly, so that we will not see a rush of properties onto the market as farmers can no longer continue to borrow to survive into 2010.

LEETON

Patchy Autumn rains falling across the region in late April, spurred a flurry of activity with winter crops starting to be sown. While there was enough moisture to get these plantings out of the ground, no rain has fallen to date for the entire month of May. This combined with mild and windy weather conditions has seen ground conditions start to dry out rapidly. All eyes are to the sky hoping some of the big wet up north works its way down here in the not too distant future.

Area sown to winter crops varies with the rainfall patterns. Some regions report having completed sowing while others have sown 50% and are waiting for more rain to follow to finish. There is still plenty of optimism out there among the dryland farmers.

There is not a lot to report in terms of property sales but plenty has occurred since last month in terms of listings. Probably the biggest news to grip Southern New South Wales in the last few weeks was the demise of the Managed Investment Scheme commonly known as Great Southern.

Great Southern was an agricultural MIS product which has felt the downturn of the world financial markets and ongoing drought. Officially in receivership Great Southern's holdings down south include cotton, almonds grazing and grapes. Some of the properties were purchased less than two years ago and for record prices at the time. It will be interesting to watch the path the receivers will take in winding up the schemes and what will happen to the properties which all include significant irrigation water entitlements.

Other listings of note down south include the Four Arrows portfolio of properties spanning from Wagga Wagga, Narrandera, Hay and across to the South Australian border. The New South Wales properties alone total 77,376Ha and include about 60,000 Megalitres of irrigation water entitlements. Enterprises on these include dairying, grazing, winter and summer cropping and extensive almond plantations.

At Echuca/Moama, "Moira Station" has been listed. A 1,605ha property located between Deniliquin and Moama with a 2707 Megalitre irrigation water entitlement. While this may seem nothing extraordinary the property is being sold with recent approval for an 80,000 head cattle feedlot and a completed feasibility study for an ethanol plant. The property is being auctioned on 22 May, so by the time this is published it may have changed ownership, I will update you next month.

The other jewel on the Murrumbidgee is "Dellapool" at Narrandera. Recently listed by the owners the Menegazzo Family, for sale by international tender. The property includes 1,788ha located on the banks of the Murrumbidgee River and 5,600 Megalitres of river and bore water entitlements. The property is highly developed with water reticulation supplying 9 pivot sites and large area flood irrigation. As well as traditional summer and winter broadacre crops, the property has successfully produced a variety of large scale horticultural crops over the years.

With little in the way of Autumn rainfall to date across the region the rural markets remain subdued, with the drought continuing. This combined with tightening credit markets has seen an increase in the number of dryland farms being listed for sale across the region but with little buyer interest.

Contact:

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Regional Vic

Oh what a lovely way to finish April – an inch of rain in the 4 days around Anzac Day (the perfect time) has created the first real Autumn break in the Mallee Region for years and snow on the mountains above the Murray River catchments is a great way to start the cooler season. A month later and a tinge of green is seen through the Mallee region and the south west corner of NSW as cereal crops poke out of the ground. (See photo below - Emerging wheat crop on Darling River station country north of Mildura) Now of course the talk is ‘we need the follow up rains’. Various rains in south and central inland Queensland have resulted in good flows of water into Lake Eyre in South Australia. Traditionally this event has seen a change in weather patterns resulting in increased rain to south east Australia so hopefully this precedent continues.



Recent press releases from the Murray Darling Basin Commission and other water bodies reveal that at present water storages on the Murray River are at record low levels and unless a wet winter/spring occurs there will likely be record low irrigation allocations in 2009/10. Following reduced allocations in Victoria for Murray River High Security Water of 43% in 2007/08 and 35% in 2008/09, it is understandable that irrigation communities are very nervous about the future. Present indications are that climate change will have the greatest detrimental impact on the Murray River system compared to other areas of Australia.

A just released report commissioned by the Mallee Catchment Management Authority reveals that the drought, reduced water allocations and poor returns (particularly winegrapes) has seen a dramatic drop in the area irrigated in the various local irrigation Districts over recent years. In Robinvale the area of crops not irrigated increased to 12% of the pre drought cropped area, at Red Cliffs it increased to 24%, at Mildura to 26% and at Dareton to 34%. An aerial view of the latter Districts showing about 20% of vineyards dead or “lot go” (See photo below)

Following the announcement in late April of Timbercorp being placed into voluntary administration, Australia’s largest MIS operation Great Southern has also collapsed. Great Southern’s influence in this region is limited to a 518 hectare irrigated winegrape vineyard at Lake Cullulleraine,

which they purchased in 2005 for \$10m.



Select Harvests Ltd manage all the Timbercorp almond operations in this region (11,852 hectares of almonds south of Robinvale) and immediately after the collapse announcement the administrators advised a suspension on all management of the orchards. Now after a month Select are being granted approval to continue management operations. The various Timbercorp orchards are being or will be offered to the market and the rumour mill suggests that a number of large overseas interests are viewing the opportunities. Whilst many thousands of MIS investors and shareholders have or will have their fingers burnt from the collapse, of advantage to the administrators is that Almonds show a very strong net return compared to other horticultural industries. (Photo below – aerial photo of part of the Robinvale Almond orchards)



The fresh fruit table grape industry has been clearly the best performing horticultural industry in the region this season with favourable seasonal weather, good yields and improved prices being achieved for the fruit, particularly the Crimson Seedless variety on both the domestic and export markets.

Picking of some of the early citrus varieties in the region has commenced and the citrus crop outlook looks reasonably promising.

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CENTRAL NSW

The rural property market remains subdued as we move into the colder winter months. There have been limited sales occurring on the tablelands and slopes with buyers and vendors having different expectations to value levels. With the beef price outlook being relatively soft the price purchasers are prepared to pay for grazing country is coming under some minor downward pressure. Although there are some mixed signs in relation to value movements with several large sales in the Young & Cootamundra district indicating values are holding for mixed farming and grazing property. Demand for urban based professional in the “trophy” section of the tablelands market is also in decline as investment portfolios are reviewed in light of the global economic crisis.



One of the market segments that is experiencing significant pain is the vineyard sector with value levels having fallen considerable since 2005, with additional downwards pressure in the last 12 months. Inferior vineyards with no fixed relationships with wineries are very difficult to sell. Until the grape price improves, which is not expected for some time, the outlook for vineyards is relatively bleak. The expectation to the rule are those operations that have vertical integrated and value add to the product during the production and marketing process.

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SOUTHERN QLD

Excellent May rains throughout the Downs and Eastern Maranoa have provided a real “shot in the arm” for many graziers and farmers. Generally the rains could not have come at a better time for winter plantings. With good back to back seasons in recent times, although prices should continue to hold up, it will greatly assist lot feeders and other intensive livestock operations as it will stop

any escalation of these costs. Many have now taken the opportunity to buy feed orders well in advance.

The struggling Pork Industry, whilst just appearing to start to get back on it’s feet, has been hit with an outbreak of Influenza A/H1N1, previously misnamed “Swine Flu”. According to the World Health Organisation (WHO), it is a combination of Avian, Swine and Human Influenza viruses commonly found in Europe and Asia. Initially this virus was misnamed “Swine Flu”, although there are no documented cases that have provided any association with either poultry or pigs. However, we are seeing a great deal of panic overseas with reports that Egypt has destroyed much of it’s pig herd on the back of this misconception. Locally, there is antidotal evidence to suggest that wholesalers are also trying to put downward pressure on prices, although returns are still holding up well at around 343 cents per kg nationally.

Earlier in the year, Herron Todd White were generally of the opinion that the overall market in Queensland has “retreated” in the order of 5% to 15% off the late 2007/early 2008 highs. However, there have been a few “irrigation” sales on the Inner Downs which would suggest that this retreat in South Queensland could be as high as 20%. There is a general perception in the local market place at present that if any property is offered for sale now, there must be financial reasons why this has been done. This has subsequently resulted in many purchasers playing “hardball” with the results being that the vendors have either met the market or withdrawn their places from sale. To place it in perspective however, some of the sales on the Downs have been under forced sale conditions. The bottom line is that it is now considered to be a genuine buyers market. This side of the cycle had to become evident sooner or later given that Queensland generally experienced 7 years of very strong growth where values rose anywhere between 2.5 and 3.5 times their 2000 values.

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FAR NORTH QLD

Managed Investment Scheme (MIS) operators have been actively acquiring land in North Queensland in recent years to support managed developments in the forestry plantation and horticulture sectors. Since 2002, as Table 1 indicates, MIS operators have purchased 124 different properties with a land area totalling almost 20,000 hectares for these purposes.

The main players have been Great Southern (5,926 hectares purchased), ITC Timberlands (8,182 hectares) and the Rewards Group (4,767 hectares). Aside from the initial developments in the Cooktown region, the mainstay of MIS forestry development was instigated by the Rewards Group purchasing former coastal cane and

grazing land in the high rainfall Tully – Innisfail region from 2004 onwards. Rewards were followed by Great Southern and ITC Timberlands purchasing land during 2007, with acquisitions also extending to the adjacent Ingham region. Two large scale mango orchard developments were carried out inside the Mareeba – Dimbulah Irrigation district, by Timbercorp and the Rewards Group in 2005 and 2007 respectively, with KTC intending to establish an African mahogany plantation under irrigation in the same area during 2009.

Table 1: North Queensland MIS Agribusiness Operations

Owner	District	No of Holdings	Area (Ha)	Acquisition Date	Use / Intended Use
Great Southern	Tully-Innisfail	16	2,038	2007-2008	Teak
	Ingham	42	3,888	2007-2008	Teak
ITC Timberlands	Tully-Innisfail	20	4,984	2007-2008	Red Mahogany
	Cooktown	2	3,198	2005-2007	Teak
Kimberley Timber Corp (KTC)	Mareeba	-	-	Acquiring now	African Mahogany
Northern Tropical Timbers (NTT)	Cooktown	1	687	2002	African Mahogany
Rewards Group (incl The Ark)	Tully-Innisfail	31	3,354	2004-2007	Teak
	Ingham	8	1,097	2007	Teak
	Mareeba	3	316	2007	Mangoes
Timbercorp	Mareeba	1	311	2005	Mangoes
Total		124	19,872		

Source: HTW Research

The above research indicates that over the past five years the MIS plantation timber industry has emerged as a major buyer of farming lands in the Cassowary Coast Region.

The three major MIS companies in operation in the Innisfail to Ingham region have purchased land generally for between \$9,000 and \$13,000 per hectare ex-structures. The Tully Sugar Mill has responded to the loss of significant areas of productive sugar lands by purchasing a number of larger farms, however timber companies are paying up to 30% above those that traditional sugar producers are willing to pay in some instances, consequently as long as the forestry industry continues to expand they provide an exit strategy for many sugar farmers and a strong competitor for coastal farming lands.

The global economic crisis has indirectly contributed to the recent demise of two MIS forestry companies. This is likely to result in fewer potential buyers for agricultural land in Far North Queensland. Fewer buyers may then lead to reduced sale numbers and weaker, as a consequence there is the possibility of a fall in agricultural land values in north Queensland into 2009.

Contact:

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NORTHERN QLD

Since August 2009, there has been much speculation in

the cattle station market place regarding the direction of values for cattle stations in North Queensland. This month, Herron Todd White North Queensland seeks to facilitate a discussion and provide clarity to the market.

Property Investment offers a lower degree of volatility than that reflected by more efficient market places – for example shares where one can see the market value of an investment change by the minute. Property as an investment class does not share a similar degree of volatility as shares. A trade off for this benefit is that property does not offer the liquidity that an investor can achieve through the quick sale of shares when required.

It is these considerations that provide the investor with the option of achieving a balanced investment portfolio.

This year there has been market activity in North Queensland cattle stations from large global and corporate investors. It is noted that while the recent AA Company agreement with Australian Primary Holdings has apparently been amicably discarded, the Colonial Pastoral Company and Georgina transactions were quick and did not leave these large area cattle stations on the market for very long. This quick purchaser activity is considered to reflect the benefits that global investors seek in an investment option that offers a lower degree of investment volatility.

During the current property auction season, there has been a large number of family sized properties offered to the market that have not sold. This has apparently fuelled speculation that values have fallen considerably. There is no evidence to suggest this. Vendors are holding onto their property.

Yes, liquidity is at apparent low ebb. There area only a few potential buyers in the market place at present. Agent, enquiry rates are reportedly, low.

In the meantime, the benefit to the upholding of Values is that the business environment is apparently in reasonable stead:

1. While some over the hooks prices have weakened (Jap Ox, Korean Steers, US Cow and Yearling Steers), the Queensland Cattle Market Index is in line with 2008 levels for the time of the year at around the 160 point mark. This is higher than the same time in 2007 when it fell in May to 150 points.
2. The exchange rate for the Australian Dollar has risen (not too good for export markets) to 75 US cents. Last year though in May the exchange rate for the Australian Dollar was 94 US cents. While the Aus dollar is rising, it is in a favorable export price position when considering its position this time a year ago.
3. There is an increase in available labor being reported. A grazing client of ours usually places his adds for mustering staff two to three months before the first round of mustering to allow time for maybe one or two applicants. This year he reported that there were five applicants for the first advertisement.
4. Last year oil prices were high which translated to higher fuel costs, higher lick costs and higher costs for poly pipe. This year, oil prices are lower.

The above points are in the favor of the grazing enterprise this year. These business conditions and the lower interest rate environment are considered to be of benefit to graziers who are holding onto their properties that have passed in this year. We look forward to reporting further market activity this year as it transpires.

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CENTRAL QLD

Heavy clouds have been threatening to produce some autumn rains across the region in recent weeks however have failed to provide any substantial. That said most paddocks are carrying a good body of dry feed going into the winter months.

Rural sales activity has been slow and this can be attributed in part to the Bligh Government's proposed vegetation management legislation which has left a large degree of uncertainty in the rural sector. Current market evidence suggests (not surprisingly) that properties with an existing PMAV (Property Map of Assessable Vegetation) in place hold considerable market appeal above those without. Examples of this are the "Hillview Park" and "Glenwood" sale, both with a PMAV in place and indicating sound values.

"Hillview Park" and "Manalee" located 60 kilometres north west of Springsure were sold together at auction for \$8.12M including stock. The land comprises mostly developed brigalow scrub on pebbly clay soils with forest influences of ironbark, bloodwood and sandalwood. The sale reflects about \$1,250 per hectare or just over \$500 per acre bare.

"Glenwood" located 30 kilometres south east of Rolleston sold post auction this month for \$8.125M bare. The property comprises 1st class brigalow and associated scrub on a frontage to the Comet River. The sales reflects about \$2,270 per hectare or about \$920 per acre, indicating a continuation of values established at the market peak for quality blocks and further support to the Bauhinia Downs sales of "Orana Park" and "Shenandoah" also showing \$900+ per acre.

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Will McLay Ph: (07) 4927 4655



NORTHERN TERRITORY

The global financial crisis has claimed another victim,

with the publicly listed company Great Southern going into voluntary administration and then receivership this month.

Great Southern operated a managed investment scheme for beef cattle production, whereby investors purchased breeding cows and were entitled to the proceeds of the sale of the progeny of these cattle for up to 6 years. ATO rulings changed the tax effectiveness of such investments, which contributed to the cash flow difficulties of the company.

Much of Great Southern's pastoral activities in the NT/Kimberley have been conducted on properties leased from other landowners, although the company does own the Moola Bulla/Mount Amhurst aggregation, a 6,600km² pastoral lease in the Halls Creek district of WA. There is already buyer interest for this property and for Great Southern's other holdings in Queensland.

Great Southern is also heavily involved with the timber industry. The future of its extensive plantations on the Tiwi Islands, which it has developed in conjunction with the traditional owners, is uncertain at this stage. Great Southern also has land interests in the Douglas Daly district which were mooted for forestry development. The timber industry has been the dominant purchaser in the Douglas Daly over the past few years, pushing value levels well above what was affordable for the area's more traditional pursuits of grazing and fodder conservation. Whether land values in the area will hold up as a result is yet to be tested.

In other news, the proposed sale of Tipperary and Litchfield Stations to Australian Agricultural Company was voted down by AA Co shareholders last month. We await with interest the next turn of events concerning these well-known Top End properties.

The extraordinary growth in land values over the past 5 years for large-scale beef cattle properties in northern Australia has meant that the return on capital they are providing is becoming tiny. Many commentators predict that this is unsustainable and that property values must fall (or more unlikely their net income must rise dramatically) so that such properties provide a more reasonable return on capital, otherwise investors will place their money elsewhere. There is some evidence that this may already be happening in Queensland.

Despite this, we are still seeing strong interest from prospective purchasers in the NT/Kimberley market, especially for large-scale corporate style property. Some purchasers are citing macro issues such as positioning themselves for providing food security into Asia as being more important drivers than their immediate return on capital. However the global financial crisis has brought into sharp focus the need to secure economic viability in the short term. One thing we can confidently state is that there has not yet been any evidence of a fall in property values in the NT/Kimberley. But the future direction of property values will be dependent on many of the economic drivers outlined above.

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Comparative Property Market Indicators - May 2009

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 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 - May 2009

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 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:

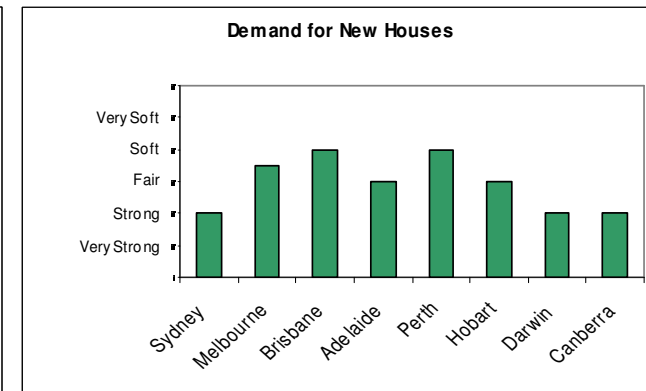
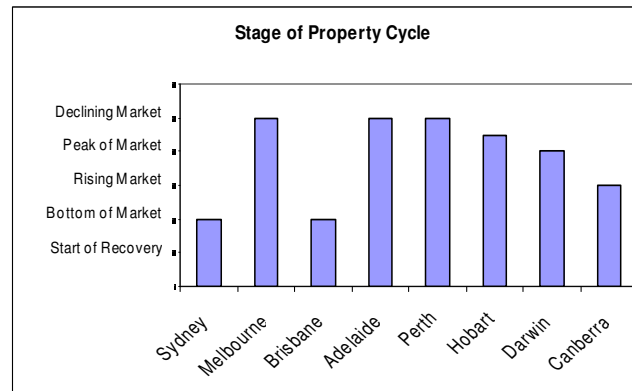
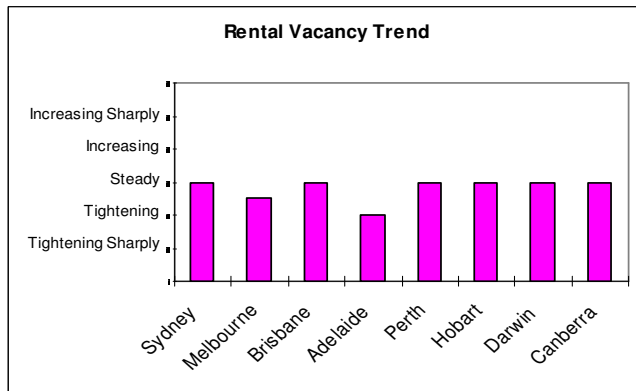
Adelaide	(08) 8231 6818
South West WA (Bunbury/Busselton)	(08) 9791 6204/ (08) 9754 2982
Perth	(08) 9388 9288
Darwin	(08) 8941 4833

Capital City Property Market Indicators as at May 2009 – Houses

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

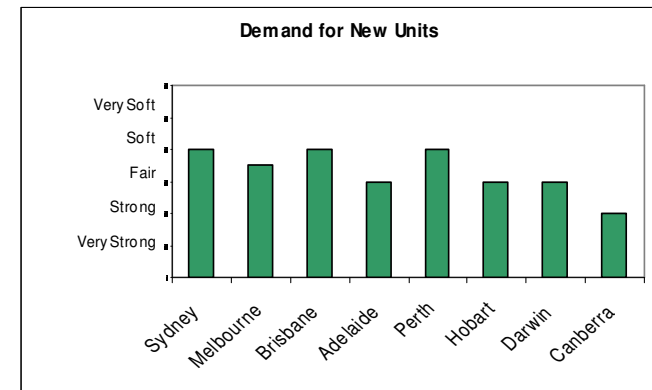
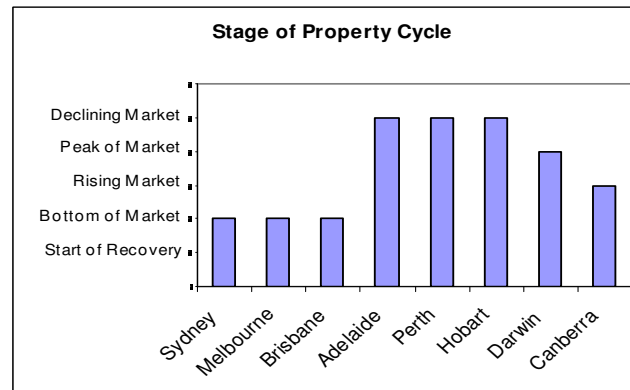
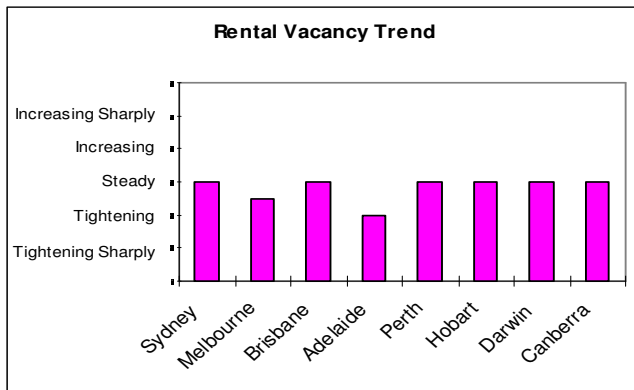


Capital City Property Market Indicators as at May 2009 – Units

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

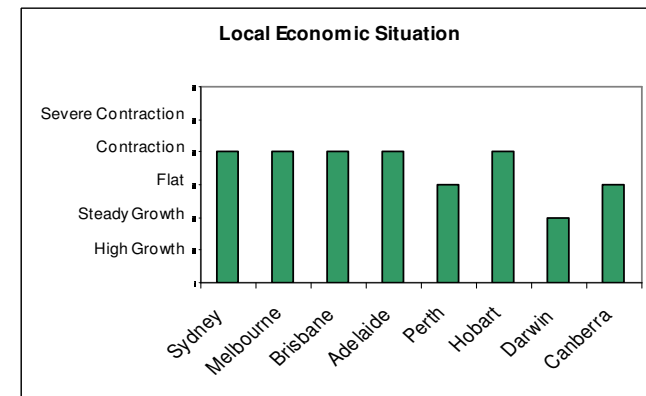
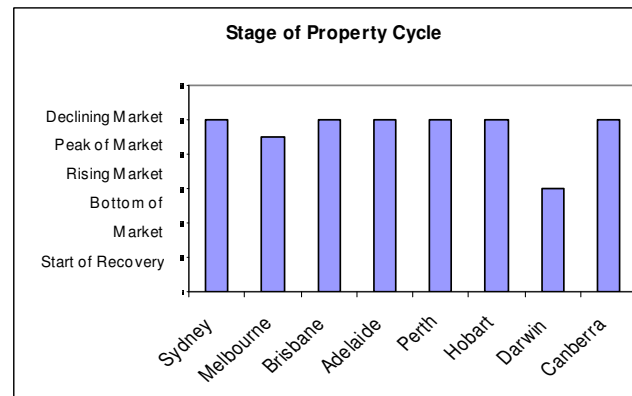
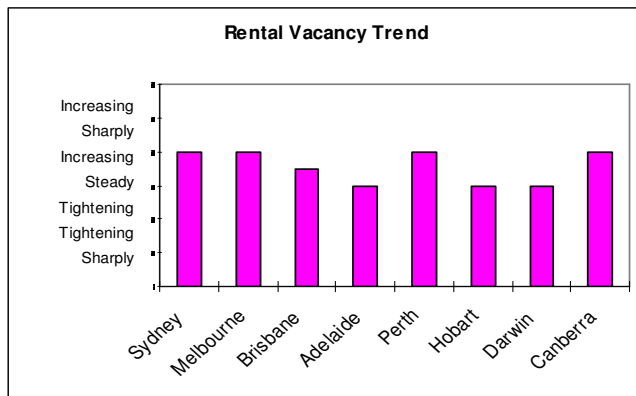


Capital City Property Market Indicators as at May 2009 – Retail

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

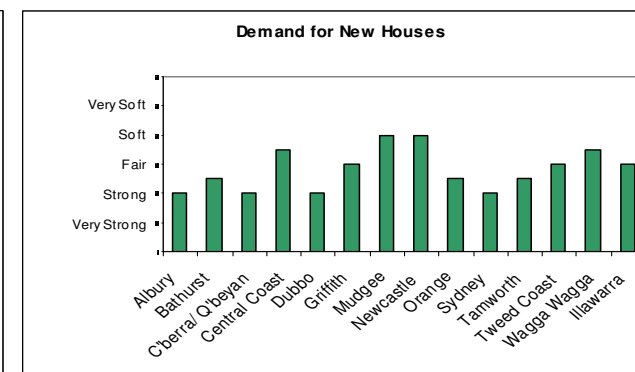
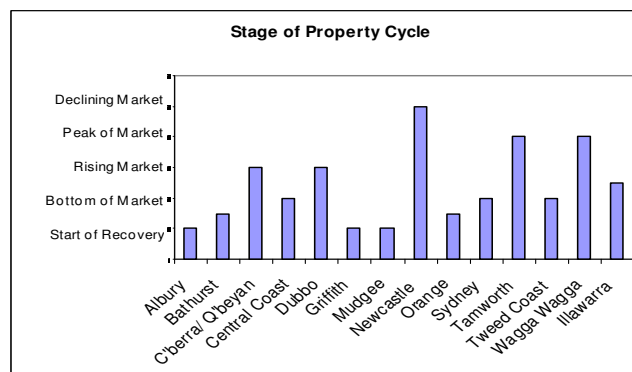
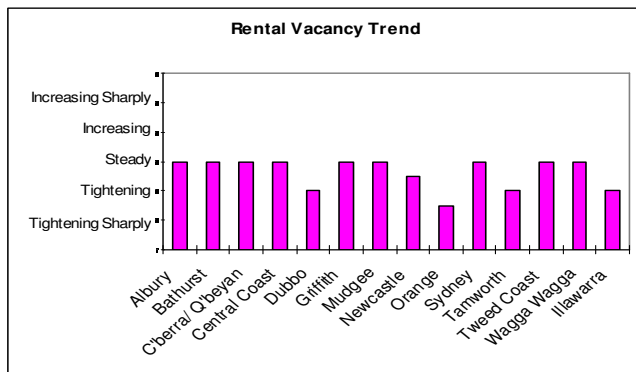


New South Wales Property Market Indicators as at May 2009 – Houses

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	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	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	Balanced market	Balanced market	Shortage of available property relative to demand
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Tightening	Steady	Steady	Tightening - Steady	Tightening sharply - Tightening	Steady	Tightening	Steady	Steady	Tightening
Demand for New Houses	Strong	Fair - Strong	Strong	Soft - Fair	Strong	Fair	Soft	Soft	Fair - Strong	Strong	Fair - Strong	Fair	Soft - Fair	Fair
Trend in New House Construction	Steady	Steady - Increasing	Increasing	Steady	Increasing	Increasing	Declining	Declining	Steady - Increasing	Increasing	Steady - Increasing	Increasing	Declining - Steady	Declining - Steady
Volume of House Sales	Steady	Increasing - Steady	Increasing	Increasing - Steady	Increasing	Increasing	Increasing	Declining	Increasing - Steady	Steady	Steady	Increasing	Increasing - Steady	Steady
Stage of Property Cycle	Start of recovery	Start of recovery - Bottom of market	Rising market	Bottom of market	Rising market	Start of recovery	Start of recovery	Declining market	Start of recovery - Bottom of market	Bottom of market	Peak of market	Bottom of market	Peak of market	Bottom of market - Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Almost never - Occasionally	Occasionally	Almost never	Occasionally	Almost never	Almost never	Almost never	Almost never - Occasionally	Occasionally	Occasionally	Frequently	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

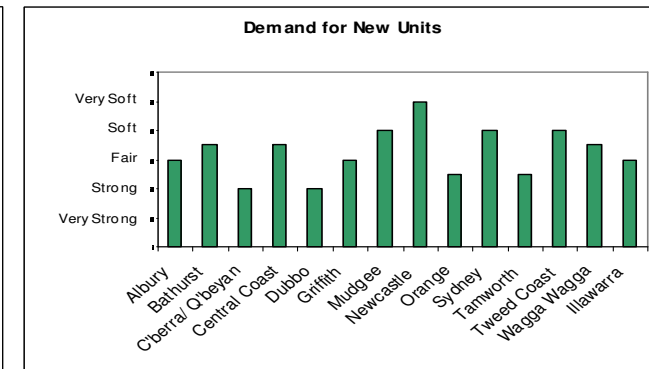
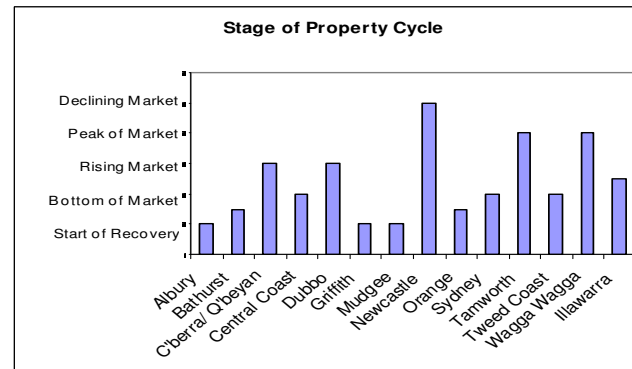
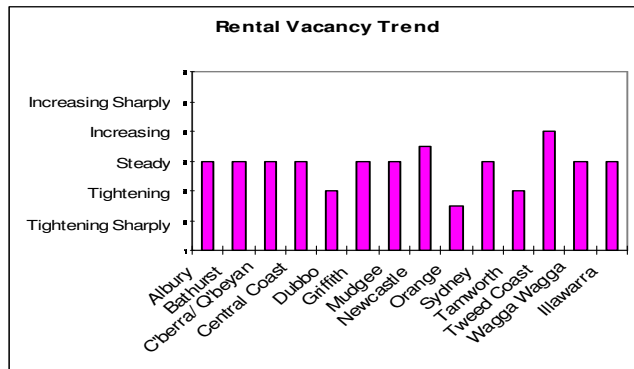


New South Wales Property Market Indicators as at May 2009 – Units

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	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	Balanced market	Balanced market	Balanced market - Over-supply of available property relative to demand	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand - Balanced market	Balanced market	Balanced market	Shortage of available property relative to demand
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Tightening	Steady	Steady	Steady - Increasing	Tightening sharply - Tightening	Steady	Tightening	Increasing	Steady	Steady
Demand for New Units	Fair	Soft - Fair	Strong	Soft - Fair	Strong	Fair	Soft	Very soft	Fair - Strong	Soft	Fair - Strong	Soft	Soft - Fair	Fair
Trend in New Unit Construction	Steady	Steady	Increasing	Steady	Increasing	Steady	Declining	Declining significantly - Declining	Steady - Increasing	Steady	Steady	Declining	Declining - Steady	Declining - Steady
Volume of Unit Sales	Steady	Steady	Increasing	Increasing - Steady	Increasing	Steady	Increasing	Declining significantly	Steady	Steady	Steady	Increasing	Steady	Steady
Stage of Property Cycle	Start of recovery	Start of recovery - Bottom of market	Rising market	Bottom of market	Rising market	Start of recovery	Start of recovery	Declining market	Start of recovery - Bottom of market	Bottom of market	Peak of market	Bottom of market	Peak of market	Bottom of market - Rising market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Occasionally	Almost never	Almost never	Occasionally	Almost never	Almost never	Almost never	Occasionally	Occasionally	Occasionally	Very frequently	Occasionally	Very frequently

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

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

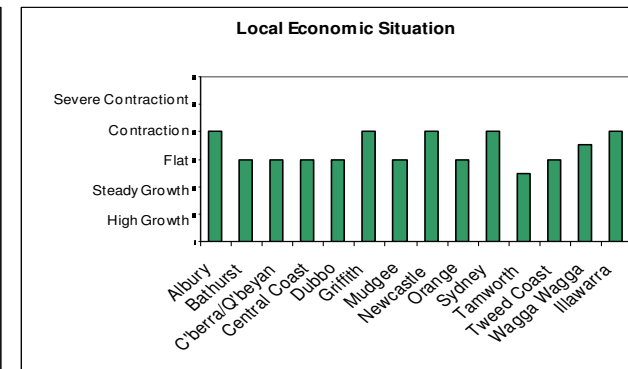
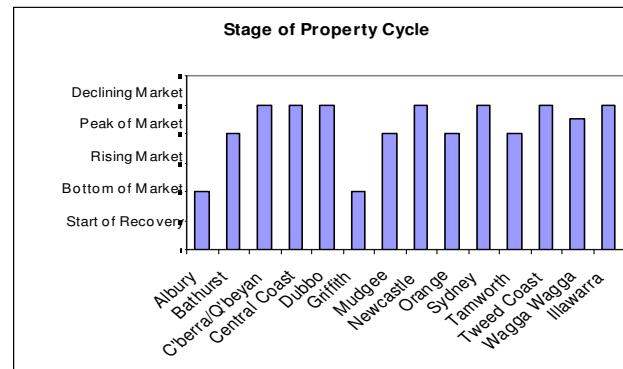
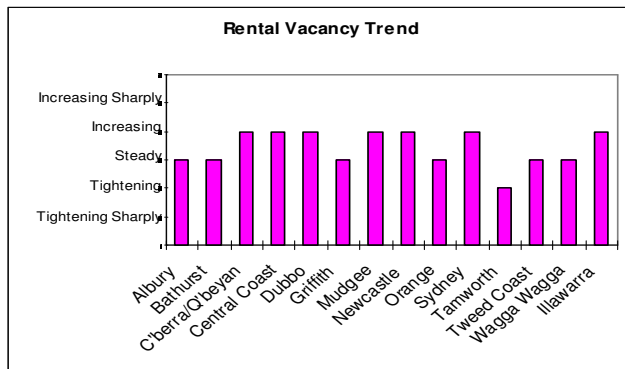


New South Wales Property Market Indicators as at May 2009 – Retail

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	Over-supply of available property relative to demand	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	Shortage of available property relative to demand - Balanced market	Balanced market	Balanced market - Over-supply of available property relative to demand	Over-supply of available property relative to demand
Rental Vacancy Trend	Steady	Steady	Increasing	Increasing	Increasing	Steady	Increasing	Increasing	Steady	Increasing	Tightening	Steady	Steady	Increasing
Rental Rate Trend	Increasing	Stable	Declining	Declining - Stable	Stable	Stable	Declining	Declining	Stable	Declining	Stable - Increasing	Stable	Declining - Stable	Declining
Volume of Property Sales	Declining	Declining	Declining	Declining	Declining	Steady	Declining	Declining significantly	Declining	Steady	Declining	Declining significantly	Steady - Declining	Steady
Stage of Property Cycle	Bottom of market	Peak of market	Declining market	Declining market	Declining market	Bottom of market	Peak of market	Declining market	Peak of market	Declining market	Peak of market	Declining market	Peak of market - Declining market	Declining market
Local Economic Situation	Contraction	Flat	Flat	Flat	Flat	Contraction	Flat	Contraction	Flat	Contraction	Steady growth - Flat	Flat	Flat - Contraction	Contraction
Value Difference between Quality Properties with National Tenants, and Comparable Properties with Local Tenants	Significant	Small	Very large	Small	Significant	Large	Significant	Large	Small	Significant	Significant	Significant	Significant	Significant

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

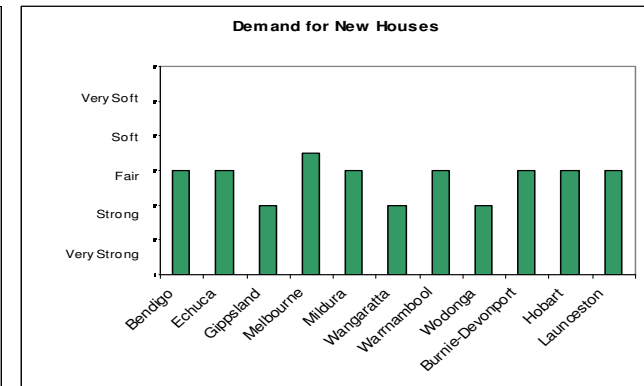
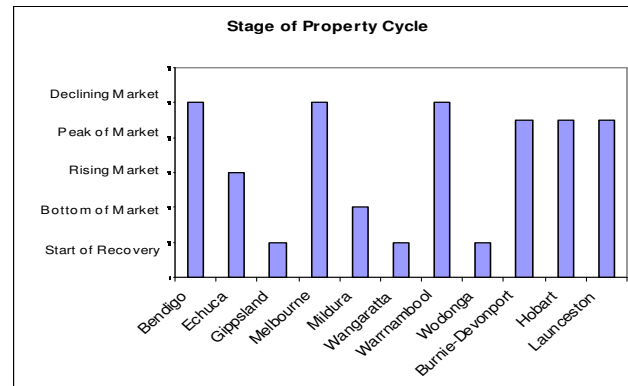
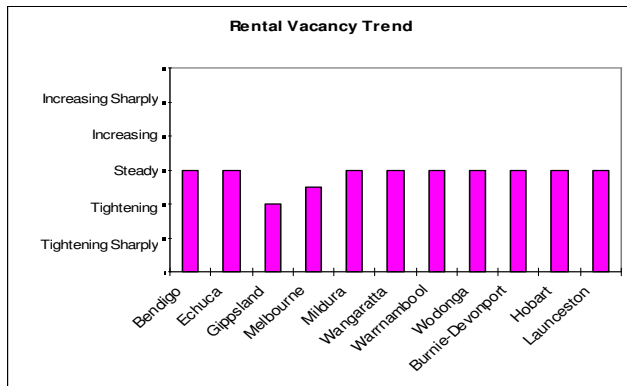


Victoria/Tasmania Property Market Indicators as at May 2009 – Houses

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	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 - Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady
Demand for New Houses	Fair	Fair	Strong	Soft - Fair	Fair	Strong	Fair	Strong	Fair	Fair	Fair
Trend in New House Construction	Increasing strongly	Increasing	Increasing	Steady	Increasing	Steady	Steady	Steady	Steady	Steady	Steady
Volume of House Sales	Declining	Increasing	Increasing	Steady	Steady	Steady	Declining	Steady	Steady	Steady	Steady
Stage of Property Cycle	Declining market	Rising market	Start of recovery	Declining market	Bottom of market	Start of recovery	Declining market	Start of recovery	Peak of market - Declining market	Peak of market - Declining market	Peak of market - Declining market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Almost never	Occasionally	Occasionally	Occasionally	Occasionally	Occasionally	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

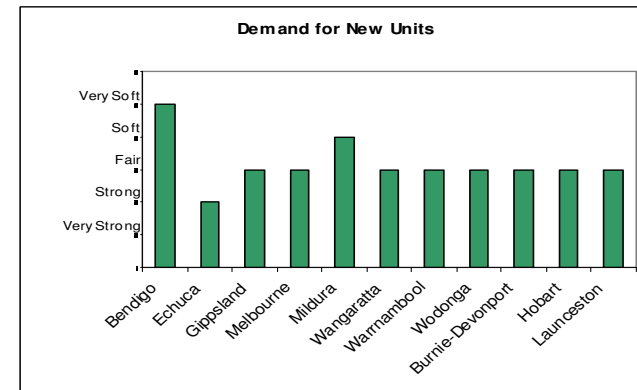
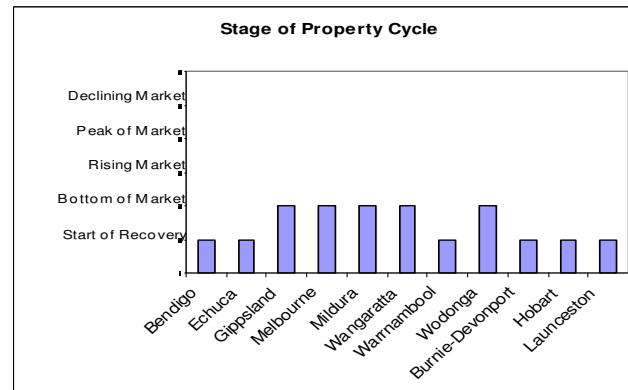
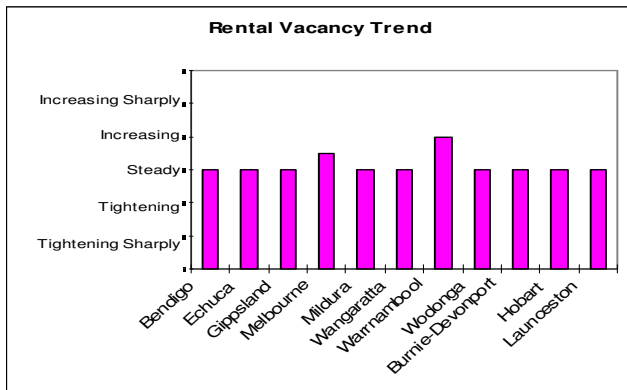


Victoria/Tasmania Property Market Indicators as at May 2009 – Units

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

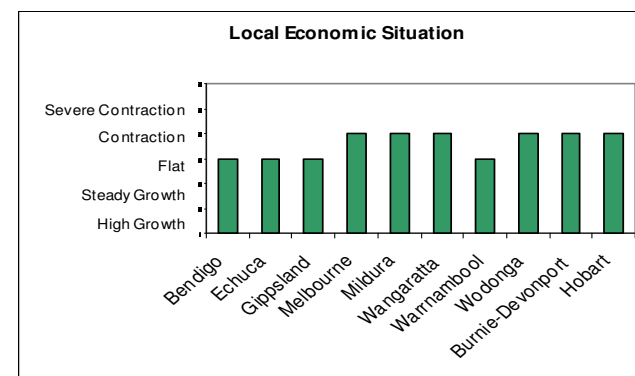
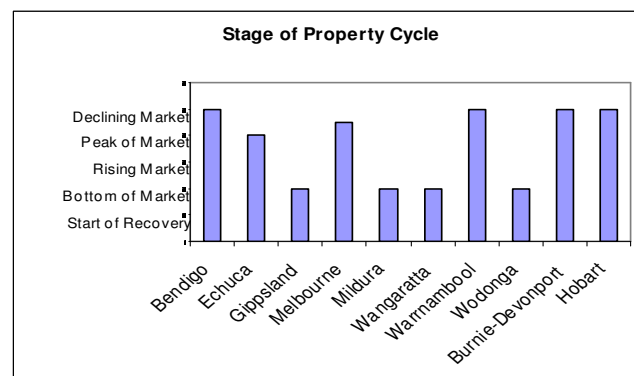
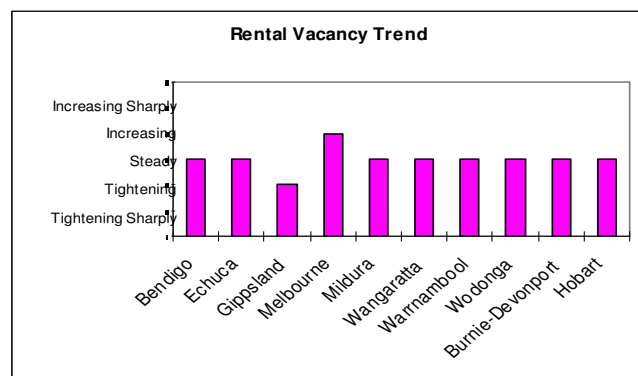


Victoria/Tasmania Property Market Indicators as at May 2009 – Retail

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

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

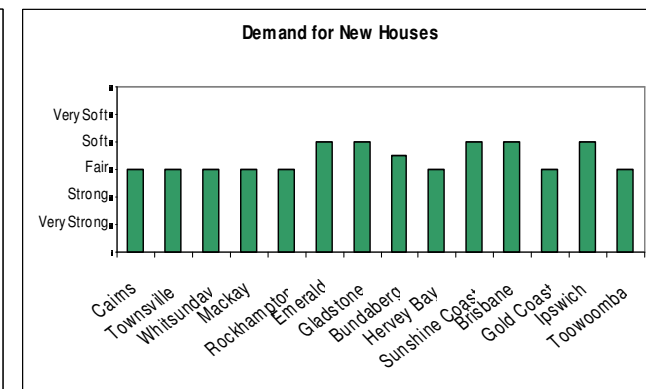
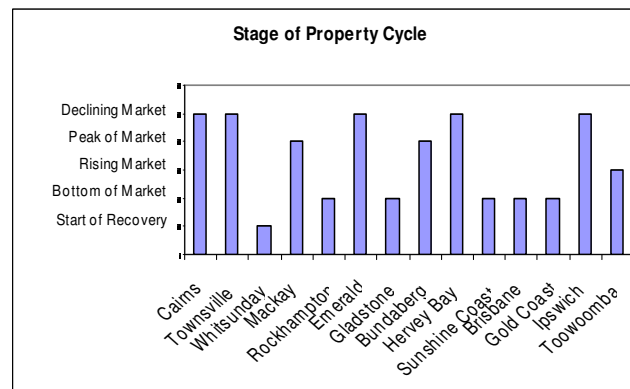
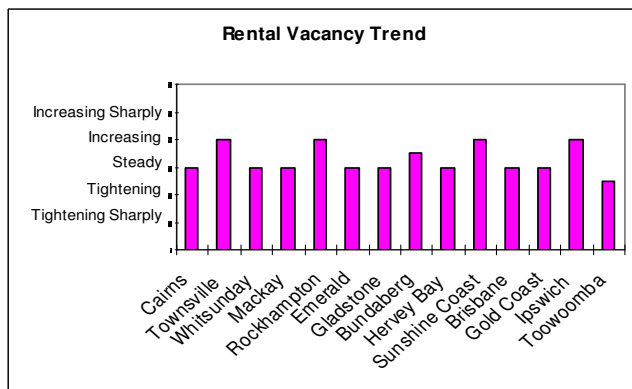


Queensland Property Market Indicators as at May 2009 – Houses

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

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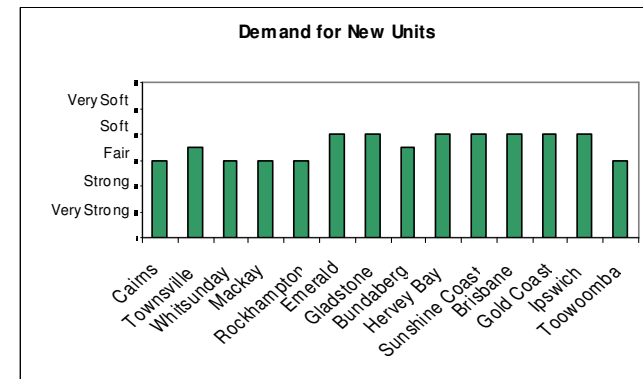
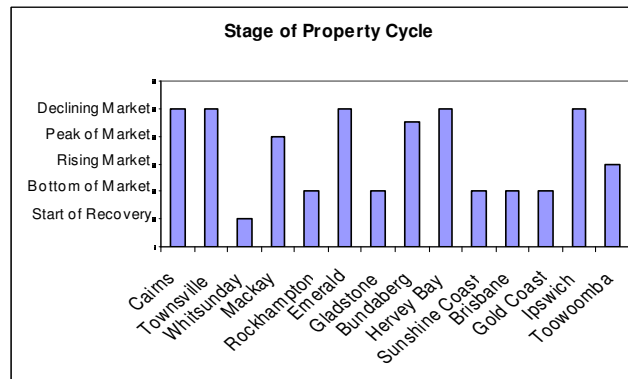
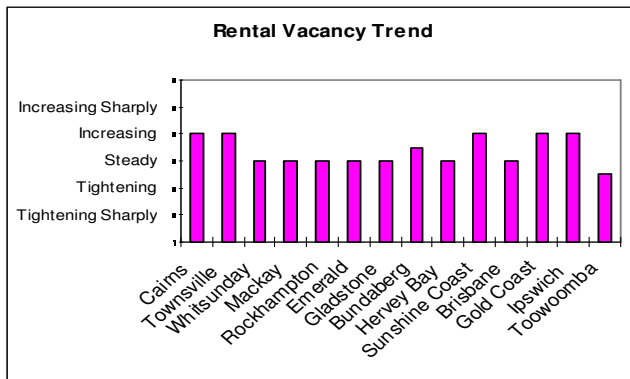


Queensland Property Market Indicators as at May 2009 – Units

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

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

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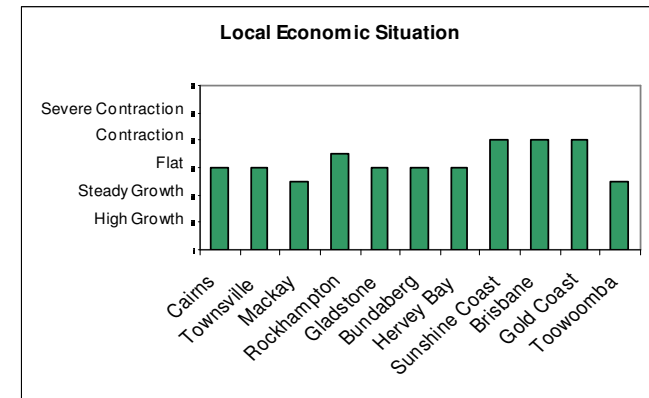
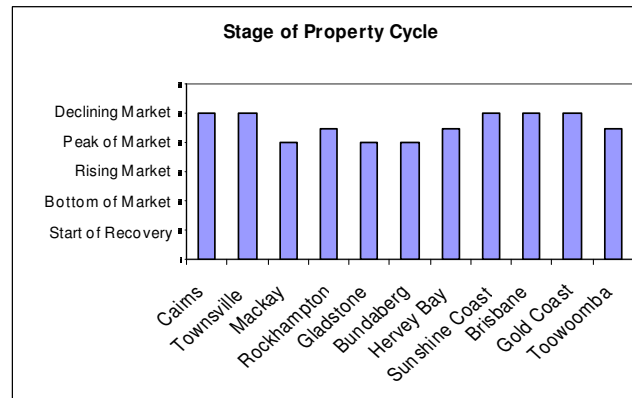
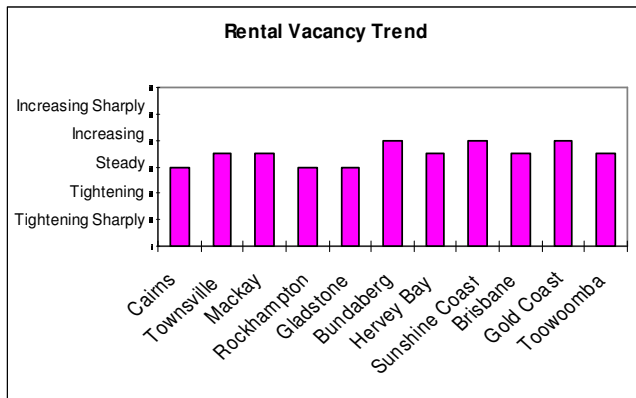


Queensland Property Market Indicators as at May 2009 – Retail

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

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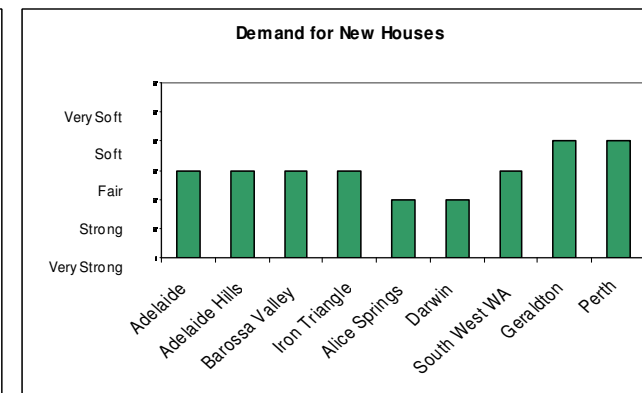
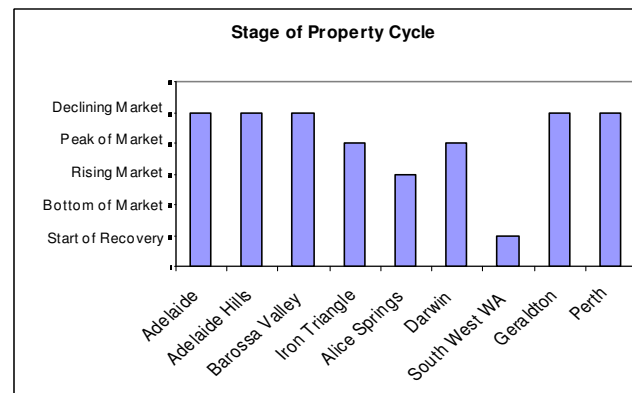
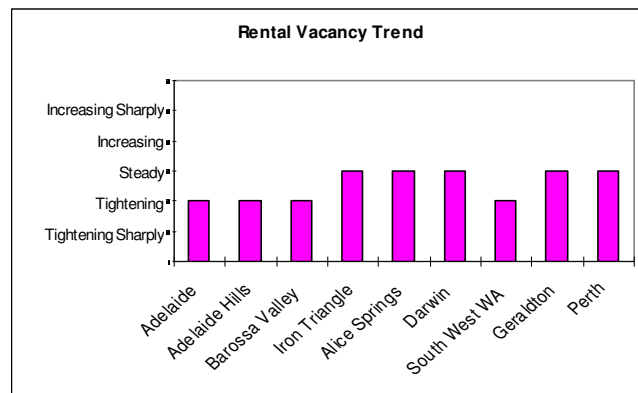


Northern Territory, South Australia & Western Australia Property Market Indicators as at May 2009 – Houses

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

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

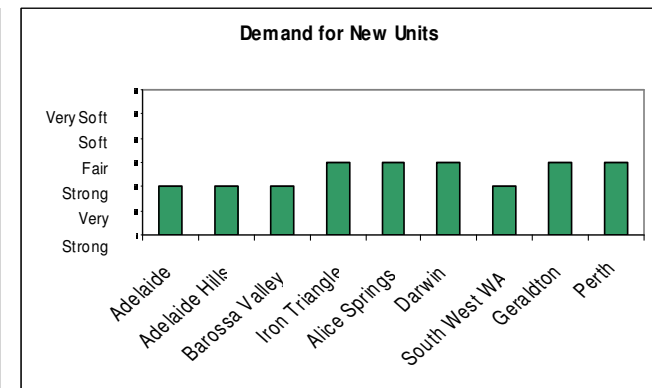
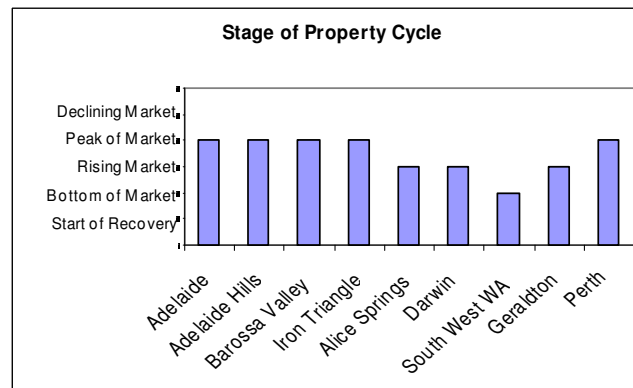
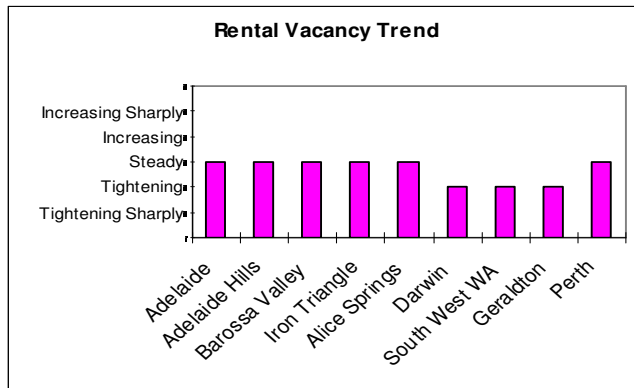


Northern Territory, South Australia & Western Australia Property Market Indicators as at May 2009 – Units

Factor	Adelaide	Adelaide Hills	Barossa Valley	Iron Triangle	Alice Springs	Darwin	Bunbury	Busselton	Dunsborough	Geraldton	Perth
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	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	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Tightening	Tightening	Tightening	Steady	Steady	Steady	Tightening	Steady	Steady	Tightening	Tightening
Demand for New Units	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Soft	Fair	Fair
Trend in New Unit Construction	Steady	Steady	Steady	Steady	Steady	Declining	Increasing	Steady	Declining	Steady	Steady
Volume of Unit Sales	Declining	Declining	Declining	Declining	Steady	Steady	Increasing	Steady	Declining	Declining	Declining
Stage of Property Cycle	Declining market	Declining market	Declining market	Peak of market	Peak of market	Peak of market	Start of recovery	Declining market	Declining market	Declining market	Declining market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Almost never	Almost never	Almost never	Occasionally	Frequently	Almost never	Almost never	Occasionally	Occasionally	Almost never

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



Northern Territory, South Australia & Western Australia Property Market Indicators as at May 2009 – Retail

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	Balanced market	Shortage of available property relative to demand	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Steady	Tightening	Steady	Steady	Steady	Steady	Steady	Steady	Increasing
Rental Rate Trend	Stable	Stable	Declining	Declining	Stable	Stable	Stable	Stable	Declining
Volume of Property Sales	Declining	Declining	Declining	Declining	Steady	Steady	Steady	Steady	Declining significantly
Stage of Property Cycle	Declining market	Declining market	Declining market	Declining market	Peak of market	Rising market	Peak of market	Declining market	Declining market
Local Economic Situation	Contraction	Flat	Contraction	Contraction	Steady growth	Steady growth	Flat	Flat	Flat
Value Difference between Quality Properties with National Tenants, and Comparable Properties with Local Tenants	Small	Nil	Nil	Nil	Small	Significant	Small	Nil	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

