Herron Todd White

Independent Property Advisors

The Month In Review

2012 JUNE

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Contents

Peace of mind for your property decisions.




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Owner-Occupier Options

You should feel pretty pleased with yourself about now while you contemplate those poor fools caught up in the rental treadmill. They're asking permission from the agency every time they so much as dream of nailing a picture hook into the wall. They're worried about their teenager's request to repaint the third bedroom matt black because anyone over 30 "just doesn't understand". These are the ones sleepless whenever a major mining operation looks set to rent the entire township at eight times the current market rate just in case the open cut truck drivers need to rest their heads. You home owners have shaken the rental chain gang and are sitting pretty on your own little slice of the nation – the great big Aussie dream. Good for you!

Owner-occupiers are a backbone sector to be sure. While the fickle whim of the investor can ride the unbroken bronco of interest rate whims and international economic hurdy-gurdies, the owner-occupiers buy their homes with an eye on the future and idea of comfort. It's true that some owner-occupiers will take on a less than desirable little pad with the view that it's a foot in the door and a step up to their next property purchase, but most will need a sweetener in the trade off. There is nothing wrong with that. If you must live on the main road with only cold water for bathing then it might as well be within walking distance of a decent Yum Cha and a tasty half mocha double decaffeinated iced latte with a twist.

Australia has always had the great tradition of the dream. Perhaps not as heady as Martin Luther King's but no less motivational. We have in our bloodstreams a deep desire to own the dirt upon which we reside. The warm glow that you get when you know that if you do accidentally drive the Hyundai into the garage plasterboard, it is at least YOUR plasterboard in YOUR garage that has taken the impact (hopefully the Hyundai is a rental).

This month, it's all about the clever home owner. For too long we have been concerned with the investor's feelings but they can take a break this month. For this June issue of Month In Review, we want to help out anyone who has the yearning to lock down their own piece of the nation. Our observers of all thing market have taken a look at their areas and come up with some findings sure to please. A complete rundown on each area's typical and non typical owner-occupier, where they want to live and what is their best option under current circumstances.

As for commercial purveyors, this month we are keeping the theme for the office sector. The owner-occupier office market has been a performer to watch and there has probably been more opportunity than not over the past few years. If you're looking to lock out the landlord, then this might be just the publication for you.

So set your tazers to stun and look to bag yourself your own chunk of bricks and mortar… and when you do, call us. We at Herron Todd White are more than willing to take a look at your potential paradise and give you the rundown on why it might suit your needs. Just remember to phone because our smoke signal reader has gone into retirement and the electric telegraph takes far too long.

Enjoy your half year celebration.

Kieran Clair
Certified Practising Valuer
1 June 2012

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QS CORNER

Frequently Asked Questions

Every year we compile a list of the most frequently asked questions relating to Tax Depreciation Schedules. These questions can vary from the basic, "What exactly is a Tax Depreciation Schedule?" to more complex and specific questions relating to back dating reports and being an owner occupier in a commercial property.

Below is a list of our most popular and frequently asked questions, however if you have any questions that we have not covered, then please do not hesitate to contact us at ***tds@htw.com.au***.

What is the principle behind property depreciation?

To compensate the taxpayer for the reduction in value of items used in the production of taxable income; assessed as building works, plant and equipment and structural improvements.

Why do I need a tax depreciation schedule?

If you own an income producing property (rental property or business related) a tax depreciation schedule should be obtained if you wish to claim depreciation allowances. Schedules are prepared by our qualified Quantity Surveyors who are registered tax agents. They ensure that all possible deductions are identified and that ATO governing laws and requirements are met.

What is involved in preparing a tax depreciation schedule?

A detailed site inspection of your property is carried out to identify all of the depreciable items.

A Quantity Surveyor will then prepare a schedule which sets out the maximum depreciation allowances for the building, structural improvements and plant and equipment, including items such as floor coverings, kitchen appliances, hot water service, etc. This information is incorporated into a full report which sets out the allowances for future years which you can then simply pass on to your accountant for preparation of your tax return.

What can I claim?

Our tax depreciation schedules are split into two sections:

1. Capital works allowance - capital works are those building elements that are integral to the building structure i.e. walls, floors, roofs, etc. Residential investment properties constructed after 19th July 1985 are eligible to claim 2.5% or 4% of the original construction cost depending on the date the property was constructed.
2. Decline in value of plant and equipment - articles of plant and equipment can be deducted at an increased rate compared to the capital works allowance. There are many items identified by the ATO which can be categorised as plant and equipment. For example carpet, curtains, whitegoods, air conditioners, etc. are all considered to be plant and equipment

Who can claim depreciation?

Depreciation may be claimed on any property, either new or old. To claim depreciation allowance, the following conditions must be satisfied:

1. The property must be owned by the taxpayer.
2. The property must be used for the purpose of producing assessable income, or be ready for use for that purpose.

When can depreciation allowance be claimed?

Tax depreciation can be claimed once a property becomes income producing, i.e. deriving an income from tenancy or business related income.

Depreciation allowances are bound by ATO tax rulings and legislation, with specific key dates playing a significant part in the preparation of a tax depreciation schedule. Reference to the Australian Taxation Office legislation and tax rulings for depreciation is governed by the Income Tax Assessment Act 1997.

Are your fees fully tax deductible?

Yes, our fees are 100% tax deductible.

Can I claim renovations done by the previous owner?

Yes. Anything in the property that is part of a previous renovation will be estimated by our Quantity Surveyors and depreciated accordingly.

Miscellaneous Notes

It is important to note that the purchase price of a property has no bearing on the deduction to be claimed, as it's the original building construction cost that is the basis of any capital works claim.

In fact, in situations where a significant property downturn has occurred and one is able to purchase an investment property for below its construction cost, the construction cost (and not the purchase price) still serves as the basis for claiming capital works deductions.

In cases where the original construction cost is not available, a Quantity Surveyor who is also a registered tax agent should be engaged to provide the required details which form the basis of a claim in the form of an ATO compliant Tax Depreciation Schedule.

For further details, please email enquiries to:

tds@htw.com.au

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Commercial Overview

It seems that it is investors who ride the ups and downs of most commercial markets, but owner-occupiers must display their own particular brand of confidence when it comes to office space. Whether it's out of necessity to lay claim to just the right property, or the desire to be free of rental outgoings, owner-occupiers have had plenty office space choice over the past few years. This month our contributors take a look at where the owner occupier market is heading throughout the nation.

Sydney

With the exception of a handful of multinational organisations, the owner-occupier market within Sydney is generally limited to strata offices in both the Sydney CBD and Sydney suburban markets. Demand for these assets remains location and price specific, with owner-occupiers generally taking longer to commit to a purchase then 12 months ago.

In the CBD owner-occupier demand appears to be focused on the top end of town as smaller law, accountancy and marketing firms seek out quality space in refurbished heritage style offices, or modern offices in buildings with superior views. Most recently we have seen strata offices with water views achieve rates greater than $9,000 per square metre, which is higher than the rate achieved for premium office buildings within the CBD. At the other end of the market however, sales performance has been limited, as lower rents in the secondary markets limits the viability of purchasing your own premises.

Outside of the CBD demand from owner-occupiers for office space within the North West has improved, as small businesses continue to seek out space beyond the major office markets in an attempt to locate closer to home. Since the start of this year we have seen a number of properties secure rates between $4,200 per square metre and $4,400 per square metres, for units sizes around 100 square metres. Elsewhere in Sydney demand is quality driven, with older, lower quality stock falling out of favor with owner-occupiers.

Canberra

Unlike other capital cities the proportion of strata office space to freehold office space is relatively low within the capital, with only and handful of strata buildings dotted throughout the ACT. This lack of strata offices comes as a result of a dearth of small business within the ACT limiting the demand for smaller office suites.

With only limited demand from owner-occupiers within the ACT, the market remains relatively flat as minimal transaction volumes restricts any capital growth. Generally owner-occupiers have been seeking properties priced between $170,000 and $435,000, with capital values ranging between $3,700 per square metres and $5,118 per square metres.

Elsewhere in Canberra the market for prime institutional grade investments remains strong. The sale of 50 Marcus Clarke Street in February for $226 million on a yield of 7.34% has proven that properties with lengthy lease expiry profiles continue to be sought after by institutional investors.

Wollongong

Owner-occupiers remain the most active purchasers of office properties within the Illawarra. In the past 12 months transaction volumes from both investors and owner-occupiers have fallen, as purchasers remain uncertain about the outlook for the national and regional economy.

With only minimal transactions occurring in the last 12 months, capital values in both the strata and freehold market have recorded little growth. In the strata market a general lack of quality lowers the attractiveness of these properties. Unlike strata properties in other capital cities, which trade on similar rates per square metre to prime office properties strata properties in the Illawarra attract the lowest capital values on a dollar per square metre basis.

Looking forward we do not expect capital values in the office market will change significantly over the coming 12 months, as both investors and owner-occupiers remain on the sidelines. While a reduction in lending costs typically encourages investment by owner-occupiers, given the uncertainty within the broader economy we do not expect an increase in demand from owner-occupiers in the coming months.

Southern Highlands

Owner-occupiers and local private investors dominate the purchases of office space within the Southern Highlands. As typical of regional office markets the most common owner-occupiers are professional services firms which service the local community, who prefer to own their premises or are driven to purchase as a result of a lack of available leasing options.

Reflective of the limited number of owner-occupiers within the Southern Highlands, transaction volumes have been minimal over the past 12 months. Despite this the market remains at equilibrium with only a limited number of office properties placed on the market each year.

Newcastle

In the Newcastle market we've witnesed the office property types purchased by owner-occupiers are generally small B to C grade stock situated in suburban localities. Often it is the small investor purchasing the strata office suite in the traditional CBD. The A-grade stock located in the popular Honeysuckle area isn't strata titled and therefore not available to the owner-occupier. We have also noted that in the past couple of years since rental enquiry and rental rates have reduced, somewhat, the investor and renter are looking less to the strata office suite, thereby reducing the return of these properties to the level that won't satisfy the average investor.

The leasing market is subdued and has been for a significant period of time. In many cases owners will pay a premium above standard investment levels due to pride and surety of ownership. Often they are purchased into superannuation funds, where there are other financial issues to consider than simply investment return. There are tax benefits in purchasing an owner occupied office property into superannuation funds which can be explored by savvy occupiers.

We've seen office owner-occupiers including accountants and financial planners, mortgage brokers and lawyers as well as medical users and even valuation firms moving to inner suburban localities where parking is more abundant, values are more affordable and pedestrian exposure isn't such a concern. Suburban areas such as Broadmeadow, Adamstown, Wickham, Lambton and The Junction are considered to be areas with higher levels of owner-occupiers for these reasons. In Addition the rents are generally lower with rental returns not as enticing for the investor, as we haven't seen yields move out sufficiently enough to coax a great deal of investor funds into the 'burbs'. As yields continue to soften we may see the equilibrium return, albeit not in the short term.

NSW Far North Coast

The Northern NSW area is a scattering of towns and villages that tend to radiate out from Lismore (the regional centre). The majority of the more significant centres tend to be 30 to 40 kilometress from Lismore in any particular direction.

Lismore is considered the traditional regional centre which has, for some significant time, been the regional focus of all commercial and office development and where the major retail, commercial and industrial development has resided. As a result all major businesses including government regional offices and major infrastructure including Base Hospital, University and District Court, were located in Lismore. We therefore saw numerous medium storey development to cater for education, health, social security and public works.

....owner-occupiers and local private investors dominate the purchases of office space within the Southern Highlands...

This became more heightened during the regionalisation of government authorities during the 1970's and 1980's. With the exodus of government offices in the 1990's, many larger buildings became vacant and local businesses started to occupy previous government office space. Some became strata titled to accommodate the smaller nature of local businesses which were significantly price conscious. As government entities have begun to return to regional areas new buildings have been developed.

Owner occupation space has often nbeen in secondary locations given the lower capital requirement. Lismore's office owner-occupation often primarily below $500,000 with medical uses prefering in converted houses close to the Base Hospital. Value's also tend to be below $500,000.

The outlying towns of Casino, Kyogle, Evans Head, Nimbin and Alstonville accommodate fewer government entities. Owner-occupation office space tends to be in converted houses where $200,000 to $300,000 is often be a cut off point.

With the improvement in the highway network and the stronger growth in sub regional centres of Ballina and Byron Bay, there has been significant growth in service businesses as well as increasing number of government tenants. As a result there has been significant growth in office space both for government or semi government entities, many who tend to rent rather then construct.

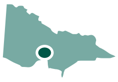
Adjoining these government tenants there has been an increase in purpose built low rise office buildings to specifically suite growing local business. These are at a higher cost and include properties in the $500,000 to $1,000,000 price bracket. While they often have a predominant owner-occupation basis they also have been developed to accommodate additional office space to defray the operating cost for the owner-occupier. The conversion of houses in CBD locations has also continued for the owner-occupation market, which has resulted in costs below $400,000 in Ballina.

....owner-occupation office space tends to be in converted houses where $200,000 to $300,000 is often be a cut off point....

With the onset of the global financial crisis there has been a significant fall in owner-occupation construction. Local businesses tend to search out smaller cheaper spaces often in secondary locations. Some businesses have contracted allowing surplus space to be leased out which has put downward pressure on rents and reduced the demand for owner-occupation.

As businesses continue to experience stress there is likely to be buildings in these localities be offered for sale at prices below replacement. We would expect this price point to remain under $500,000 and more likely under $350,000 in most commercial centres.

This may increase the appeal for some stronger local businesses to return to owner-occupation.



Melbourne

What type of property appeals to the office owner-occupier?

In recent years, white collar employment in Melbourne has grown significantly on average 3.46% per annum, which has fuelled the demand and requirement for new office space. Melbourne CBD has always been the centre of white collar businesses. However with larger development floor plates being taken up by developers for residential development, the low supply of stock and increasing in rental rates have driven office owner-occupiers in search of office space within the CBD fringe.

Owner-occupiers tend to search for smaller strata offices of around 50 square metres to 500 square metres, which have communal facilities and with the ability to accommodate approximately three to four persons. Within Melbourne CBD, 65% of strata offices were built before 1980. These older buildings often had limited natural lighting and ventilation. Although current newly purpose-built offices are of better quality in terms of both its energy efficiency, services, and environmental benefits, they tend to have larger floor plates, averaging between 1500 to 2000 square metres, which is not within the search criteria of office owner-occupiers. In the CBD fringe office market, approximately 320,000 square metres of leasings came from offices over 500 square metres.

How is the market performing?

According to the PCA Office Market Report released in January 2012, the Melbourne CBD has a current total stock level of 4,099,125 square metres, which represents 51 percent (4,100,000 square metres) of the total grade office stock within metropolitan Melbourne. Although this rate is a slight decrease of -0.23 percent, down from July 2011, the Melbourne CBD office market still remains the strongest performing office market compared to other Australian CBDs.

The Melbourne CBD office market is an established and mature market with an average of approximately 130 strata sales recorded each year.

Within Melbourne CBD new strata office stock supply is low, with only two new strata buildings currently under construction, namely 838 Collins Street and 35 Exhibition Street, with a total of 187 units to be completed in 2013. As for recent developments, five new developments have recently been completed. Two within Melbourne CBD and three within the Docklands precinct. We are currently seeing a large number of strata offices for sale. They are currently being advertised with price counting occuring in several developments.

Which areas see the greatest concentration?

Currently Melbourne CBD has the greatest concentration of owner-occupiers. Although Collins Street continues to be seen as the historical office 'hot spot', new office construction and development proposals have plans has indicated that the precinct of Docklands might overtake this trend if office development within the area continues to grow. Southbank is proposed to be second in line to Docklands. These two precincts are favourable to owner-occupiers due to the avaiability of modern/new strata offices and low proce points.

Price points of Melbourne CBD offices

The CBD office market rental growth witnessed only moderate growth throughout 2011. Face rents are again expected to only moderately rise throughout 2012. Incentives will continue to play an integral part in new leasing deals.

The table below is a snapshot of indicative rents and incentives applicable within the Melbourne CBD office market.

Grade	Indicative Net Face Rents ($/m²)		Indicative Incentives	
	Low	High	Low	High
Premium	$490	$650	12.0%	15.0%
A Grade	$380	$470	15.0%	20.0%
B Grade	$320	$360	17.5%	25%

There has been a moderate increase in the premium net face rents since July 2011 with rates of up to $680 per square metre seen within the CBD office market. Going forward, rents are forecast to largely remain stable with moderate uplift dependent on the quality of the asset. Incentives will remain a factor to stimulate rental demand while the global uncertainty continues.

Investment Parameters

CBD investment sales activity has been moderate in light of the uncertainty in overseas markets and the concern over which way unemployment levels will move. The strength of the Australian dollar has perhaps deterred some off shore investors in the short term. Along with overseas funds, domestic superfunds and A-REIT's continue to re-enter the market and there have been continued notable acquisitions in the latter part of 2011. The low levels of future supply within the CBD office market, coupled with moderate yet positive rental growth and previous strong demand by white collar employment, has proved integral to the investment market activity. Business confidence is certainly fairing better in Melbourne and Australia as a whole, in comparison to overseas markets. With the lack of new supply within the CBD, investment opportunities are harder to come by with many preferring to hold onto assets for the time being.

The market indicator table below reflects our opinion of current investment parameters within the Melbourne CBD office market.

....CBD investment sales activity has been moderate in light of the uncertainty in overseas markets and the concern over which way unemployment levels will move...

Grade	Indicative Capital Value ($/m²)		Indicative Market Yield	
	Low	High	Low	High
Premium	$6,000	$7,200	6.50%	7.00%
A Grade	$4,300	$5,900	6.75%	8.00%
B Grade	$3,000	$4,200	8.00%	9.00% +

Melbourne CBD office yields tightened throughout 2011, before stabilising in 2011 to their current levels. We expect yields across all three grades to remain stable throughout 2012 given the positive outlook of the Melbourne market by overseas investors and the stability which it offers in comparison to many other markets where the outlook is either unstable at present or bleak in the medium term.

Regional Victoria

MILDURA

In Mildura, many of the locally owned and managed businesses have tended to own their office premises. We find that once a business is established they often look to bed down their accommodation by buying suitable premises which they can tailer to suit their needs. In many cases the premises may be of an older style, or located in a secondary location, as the business proprietors will be relying on their established profile in the community.

The introduction of self-managed super funds in the mid-1990s has assisted this buyer segment to find the funds need to buy and renovate these premises in a tax effective manner.

Natiional office tenants will, in virtually all situations, occupy leased premises. National tenants will target modern, appealing offices, in prominent locations and are often prepared to pay higher rents than local businesses.

Adelaide

The Adelaide office property sector is traditionally dominated by investors. Owner-occupiers are involved within the sector but are most active at the lower end of this market from entry level up to around the $5 to $6 million mark.

The Adelaide CBD office property sector is traditionally dominated by investors. High rise multi-storey office buildings located in Adelaide's business district tend to be owned by investors with one exception being 31 Waymouth Street which is known as Keith Murdoch House and is owner occupied by News Corporation after completion around 2005. Traditionally the owner-occupier is more likely to have a smaller holding such as a floor, part floor, or unit (strata or community titled) within these multi storey buildings located in the CBD.

Office accommodation located in the frame (which is located on the edges of the CBD)and fringe region (which is the eastern and southern areas just outside of the boundaries of the CBD) tends to be limited to no more than three levels high and is often a mixture of newer construction and stand alone character dwellings converted for office use. Within these locations both financial and legal services are well represented.

Slightly further away from the CBD high exposure office accommodation located along main arterial roads can provide a more affordable alternative for the owner occupier and also provide additional benefits such as on-site car parking.

Brisbane

The owner-occupier office market is diverse throughout Brisbane and includes strata titled offices within the Brisbane CBD, office buildings within the CBD fringe (encompassing Spring Hill, South Brisbane, West End, Woolloongabba, Fortitude Valley, Newstead, Milton and Toowong), and suburban offices (stand alone properties, strata tilted office within business parks and quasi retail and commercial office buildings in high street suburban locations).

Owner-occupiers look for commercial offices with the above mentioned areas that are current held with vacant possession or have lease terms expiring in the near future. They are typically looking for commercial office buildings within the sub $2 million price point and properties with criteria including good vehicle and pedestrian exposure and access, established commercial precinct locations, open and flexible floor plans and adequate car parking ratios, particularly within the CBD and CBD fringe localities.

Typically the greatest concentration of owner occupier commercial office properties are located in the CBD fringe and suburban areas. West End, South Brisbane and Newstead have continued to be areas of particular interest to owner occupiers which is largely due to the sub $2 million price points achievable in these areas. These areas have also seen numerous smaller sized industrial warehouse properties undergo extensive renovations into commercial office space.

Overall the owner-occupier office market in Brisbane is relatively stable with the outlook for the next two or three years to remain stable as most non-mining and resource related businesses are currently in survival mode rather than expansion due to the current broader economic conditions both in Australia and around the globe.

Whist the owner-occupier market is relatively stable there are opportunities to purchase distress sale properties below market parameters.

Gold Coast and Tweed Coast

Over the past ten years a significant proportion of new office development on the Gold Coast has consisted of strata titled product, being aimed at both owner-occupiers and investors. These developments have ranged from two level buildings, up to medium and highrise towers such as 'Southport Central' at Southport and 'The Rocket' at Robina. The majority of this new development has occurred at Robina, Varsity Lakes and Southport.

There have also been some examples of established single title buildings being strata titled and sold off as individual units. This has been driven by demand from owner-occupiers along with the higher floor area rates achievable by smaller strata units in comparison with whole buildings, providing the vendor with a profit margin. This essentially changes the buyer profile of the buildings from high wealth private investors to smaller scale owner-occupiers or investors.

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At present there is around 150,000 square metres of strata titled space on the Gold Coast, which reflects around 30% of the total office market.

We note that as per the January 2012 Property Council of Australia (PCA) figures, the vacancy rate across the Gold Coast was 21.8%. However industry sources suggest that the vacancy rate has declined over recent months to below 20%.

We further note that very little space was constructed during 2011, and that little space is likely to be developed in the short to medium term due to the high vacancy rate. However there are some pockets with lower vacancy rates which may see some degree of new development.

Values between the various office precincts can vary quite significantly due to supply factors, the degree of receiver activity, and the quality of the buildings.

Values for older to semi-modern space within Bundall have weakened, and tend to range between $1,500 and $2,500 per square metre. In regards to newer space, rates within Southport tend to range between $2,000 and $3,000 per square metre, held back somewhat by the large supply and high level of Receiver activity, primarily within the Southport Central development. However with the lower prices brings good opportunities for buyers at this time. In comparison, CBD Robina has a lower vacancy rate and less Receiver activity, and floor area rates typically range between $3,000 and $4,500 per square metre.

Other strata complexes which have not performed overly well are those developed in fringe locations. Typically the first few units sell for good prices, however due to weaker demand in these locales demand for the balance units drops off significantly, often forcing developers to reduce their pricing. In some cases Receivers have also stepped in and reduced prices in order to sell down the development.

....values for older to semi-modern space within Bundall have weakened, and tend to range between $1,500 and $2,500 per square metre....

Overall strata titled office developments appear to be quite popular on the Gold Coast and perhaps suits the size of Gold Coast businesses, which are typically small to medium and meet the demands of business owners wishing to own their own premises.

Sunshine Coast

What type of property appeals to the office owner occupier has been asked of the Sunshine Coast office market for a long time, as the main buyers of office stock on the Sunshine Coast are generally owner-occupiers. During the early 2000's a large amount of this type of product entered onto the Coast, mainly in the Kawana Business Area in a range of complexes.

This area saw a number of complexes constructed which were strata titled for the owner-occupier market sector. Sales typically were noted around $4000 per square metre to $4,500 per square metre, however these values have softened over the past two year period.

The Sunshine Coast office market is generally considered to be oversupplied with vacancy rates of greater than 10%. We note two new complexes currently entering the market. Emporio, with larger floor plates and aimed at the corporate leasing market and The Corporate Centre.

The Corporate Centre in Norval Court, Maroochydore has recently been completed and comprises a three level office complex with a total of 37 stratas ranging in size from 41 square metres to 178 square metres with each unit including an exclusive use balcony area. The complex is located within a secondary commercial location approximately one kilometre from the Maroochydore Central Business District (CBD). We note that there have been approximately seven presale commitments before settlement, however these have been mainly to investors as they were sold with a leaseback in place.

Demand for this type of complex has softened considerably over the past two years with local demand typically being slow due to reduced business confidence on the Sunshine Coast.

Southern Queensland

The Toowoomba owner-occupier office market is concentrated in fringe CBD areas on arterial roads including Herries, Margaret and Russell Streets running east-west and Hume, Neil, Clifford and West Streets running north-south. Most of these properties comprise detached former colonial dwellings converted to professional office use, on lots ranging from approximately 500 to 1000 square metres. Price points range from approximately $400,000 to $600,000, concentrated in the $400,000 to $500,000 range. Demand from owner-occupiers has been relatively strong in recent times, and sales often reflect firmer yields than the investment market. We are seeing a strong trend in ownership of these assets in Self managed superannuation funds.

Central Queensland

BUNDABERG

Owner-occupation of office premises has historically been prevalent in Bundaberg. Numerous premises are owner occupied by local legal, accounting, medical and other professional businesses. There is generally an internal lease between the business operation and the entity onwing the property. This has become more popular with the rise in self managed super funds. There has been very limited strata titling of office premises in Bundaberg resulting in most owner-occupation being in larger premises. The most notable recent sale of a vacant office building for owner occupation was at 66 Woongarra Street. It sold for $1.85 million in November 2011 to the Roman Catholic Trust Corporation.

HERVEY BAY

Sales activity appears to have increased over the past six months. The evidence suggests that yields and rates per square metre have softened which is a result of reduced investor interest and an increased number of distressed or mortgagee in possession sales.

Most of the office space listed for sale is strata titled and is priced below $1 million. Sub 8% yields appear to be difficult to achieve given increasing competition from banks with attractive rates for deposits and bonds. Owner-occupiers are purchasing at rate in the range of $2,500 to $4,000 per square metre with the mid to upper end being achieved in the newer buildings.

There are few properties on the market priced above $1 million therefore the very limited activity is difficultto gauge market depth. In general terms, yield rates for properties such as these are considered to be in the 8.5% to 10% range. The softer yields are a consequence of the limited activity and tighter lending criteria.

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Owner-occupiers are attracted to new developments that offer a range of unit areas to suit specific needs. In the past developments have generally catered for a particular size being between 100 to 250 square metres. There is currently a clear distinction between primary and secondary office space and the rates achieved.

Cairns

The Cairns office market underwent a considerable period of expansion from 2007 through to 2010 when several new office buildings were constructed, resulting in the addition to the market of a number of quality buildings with four-star Green Star Ratings. These buildings are now all mostly fully let and have addressed the undersupply situation that previously existed in regard to prime space. A State Government office tower with 9,500 square metres of leaseable space was the last to be completed in September 2010, and there are no further office buildings presently under construction.

Gross effective rents for good quality office space in Cairns have remained stable since the market peak, when prime rents reached around $360 per square metre per annum, up from around $275 per square metre in early 2007. Vacancy levels for good quality office space have also remained low, but since the State Government office tower has been occupied vacancy levels in secondary backfill space have risen. This has placed downward pressure on secondary rents, and seen the emergence of incentives, but modern, good quality 'Green Star' rated office buildings should maintain reasonable demand and sustain existing rental levels.

We are not expecting great (if any) change in the Cairns office market during the course of 2012. There are two potential new office complexes on the development horizon, one to be located on the CBD fringe and the other in Cairns North. Site acquisitions have taken place but no further details are known.

Townsville

The typical owner-occupier office market in Townsville is mostly concentrated along the exposed strip commercial precincts of Ross River Road, Thuringowa Drive and Charters Towers Road. Smaller commercial suites located within the inner city and fringing CBD areas also appeal to the owner-occupier.

Over recent years the owner occupied office market has remained soft due to a combination of limited availability of quality, and economic/financial influences. This sector has a low volume of suitably exposed nodal stock, therefore providing limited opportunity for buyers as property is generally tightly held and/or reconfigured to provide mixed use retail offerings in line with community needs.

These strip commercial spaces are mostly located along the arterial roads within Townsville that provide a mix of commercial office, retail and showroom type development. Owner-occupiers within these localities are therefore able to purchase strip commercial space that could be utilised for a range of mixed commercial uses including office and retail. This provides diversification for owners and enables full use of the floor space if needed, for expansion or part utilisation of the site and potential leasing of the remaining space to derive an income during periods of contraction and visa versa in business growth phases. These strip commercial spaces are generally priced within the sub $500,000 bracket.

Over recent months, we have seen a number of small inner city office suites sell for prices between $250,000 and $550,000. Larger owner-occupier opportunities exist in the fringing CBD locations providing 300 square metres to 500 square metres of office space with onsite parking in the low $1 million range.

There remains opportunities for owner-occupiers in the CBD with a number of smaller strata titled office suites available, along with fringing office buildings. The office segment remains at the bottom of the market cycle with buyer sentiment slowly starting to rebuild, albeit driven by price point and the availability of stock.

Darwin

Scene: *Darwin CBD; a property consultant's office. Enter client from stage left:*

Client: "I want to buy an office. Not rent; buy."

Con: "Why? Because the A-grade office market has just topped $500 per square metre because Inpex has just arrived here? Beacsue the office vacancy rate is at about half the level at which rentals start to soar? If so, I should warn you that the market doesn't have that many office units built here. There is Civitas in the CBD and that's A-grade, but not that many more are!" (he starts to count them on his fingers). "The new Oasis development has some, and there are older CBD, frame and fringe ones – the Metro, Northgate Plaza, some at Cullen Bay and Parap, some at Tipperary Waters and increasingly in Winnellie, but most aren't A-grade, and that's where all the demand is."

Client: "I don't want A-grade! Look, I reckon that the world is going to hell in a handcart. Right now no-one wants even B-grade, let alone C or D. There are lots of offices in Darwin with owners who would love to get them off their books. But if Spain goes the way Greece is going, that will drag all of Europe down. That will hit China's exports hard outside, and China's property market is command driven, and with the resultant huge oversupply it is now carrying – 64 million vacant apartments, for example - China is going to be hit hard inside too at the same time! In turn, that will hit our iron and coal industries, and there will be more people here looking to save pennies. So to survive in business, more and more of us will need sharp pencils. Those in cheaper accommodation will be able to quote cheaper than those paying $500 per square metre. That's why I want to buy an office unit; as a safe haven in a safe haven – and Darwin is a safe haven because of Japan's strategic need for gas from secure sea lanes for the indefinite future."

Con: "Oh for heaven's sake! You're only buying an office unit!"

Client: "Well, we have to get used to the fact that what happens internationally usually impacts on property much more than issues that are locally confined. Both do for sure, but if you only focus on local issues you are cruising for a bruising. We small businessmen can't do anything about those big issues, but we can position ourselves as best as we are able to survive the hard times that seem to be ahead."

Con: "Well, that may apply in some places, but not here. Our climate is very hard on buildings. If you want a productive work environment, you are better off in A-grade, so that could be a false economy."

Client: "Come on! What sort of agent are you? Surely you can find me something that has well functioning and maintained airconditioning system and does not have a leaky roof! After all, thousands of houses in Darwin do! You are just trying to get me to buy something more expensive than I want."

Con: "Well, yes, there are such places in Winnellie and the like, and as I mentioned, Parap. But your risk adverse strategy is itself a risk. Such places don't perform well in the good times; people want A-grade then. And good times look to be ahead for Darwin, despite what you say about the rest of the world. And if bad times do come like you think, then people will vacate A-grade not to go to B, C, or D -grade, but to go broke. So either way, you lose."

Client: "Keep thinking like that; the more people keep thinking like you, the more opportunities it gives me. Now, show me the units overlooking those marinas. I can live with them!"

Both exit stage right.

Perth

The Perth office market centers primarily on the Perth CBD and West Perth which has continued its impressive upward trajectory into 2012. This is on the back of solid economic growth within the state as a result of the resource sector.

As at January 2012 the Property Council of Australia reported a vacancy rate of 3.3% for the Perth CBD, a rate well below the national average of 7.4%. These figures reflect a 4.5% decrease in vacancy from the July 2011 figures of 7.8%.

....the Perth office market centers primarily on the Perth CBD and West Perth which has continued its impressive upward trajectory into 2012....

As at January 2012, total office stock in the Perth CBD was 1,444,197 square metres down from 1,463,104 square metres which was available in July 2011.

The Property Council of Australia recorded a 4.4% vacancy rate for West Perth as at January 2012. The latest figures show that vacancy has decreased by 1% from the July 2011 figures of 5.4%. As at January 2012, total office stock in West Perth was 379,558 per square metre down from 395,469 per square metre which was available in July 2011. There was 22,179 per square metre of space withdrawn from the market between July 2011 and January 2012.

As impressive as these numbers appear, they lend heavily towards the presence of large multi-national organisations associated with the State's strong resources sector, who traditionally rent rather than own.

A flow on effect from the resources sector has similarly witnessed a strengthening of locally owned and operated businesses. This sector of the market is generally made up of small to medium sized businesses who are more likely to own rather than rent.

....businesses servicing the local economy are traditionally scattered and located within close proximity of the target catchment area....

Owner-occupiers traditionally focus on established near city localities such as Claremont, Subiaco, West Leederville, Nedlands, East Perth and South Perth. These suburbs tend to cater to a variety of tenancy sizes and offer the convenience and prestige befitting of strengthening business.

Businesses servicing the local economy however are traditionally scattered and located within close proximity of the target catchment area. These businesses are similarly more likely to own rather than rent.

Furthermore, our enquiries suggest a disproportionately high level of owner-occupier activity at present which has resulted in a distortion of yields which, for owner occupied property, could be as low as 5%. Such a return is considered inadequate to an investor, with our investigations suggesting minimum returns for leased property with values sub $1 million to be circa 6.5% to 7%.

The different motivations for the two market participants for acquiring a comparable property have led to two vastly different values being applicable.

In conclusion, while a disparity between values achieved is apparent it should be noted that in this current market value for money is paramount as purchasers become more considered in their dealings.

South Western WA

The owner-occupier office market in the South West of Western Australia is predominantly limited to smaller strata offices below 200 square metres. These properties are often purchased for self-managed superannuation funds and then occupied by the owners business. Affordability is a major factor in this market, with the majority of owner-occupiers in the sub $500,000 market. Converted houses to offices are therefore generally over priced for this market.

There is a lack of supply of these smaller strata titled offices in Bunbury with office vacancy rates below 4% and office rental averaging in the low $200's per square metre. While there is some demand for owner occupied office space in Bunbury it is not significant, and is not currently putting any pressure on rental rates or capital values.

The supply of good quality office space in Busselton is even lower, with only two offices currently on the market and many offices currently situated in retail premises. There appears to be a stronger demand for owner occupied office space in Busselton given the slightly higher rental values which are currently averaging $235 to $245 per square metre, and recent rental as high as $270 per square metre.

If rental values increase further then the demand for owner occupied office space is likely to increase. However the lack of supply of good quality strata office space is a significant issue which could place upward pressure on this section of the market going forward.

Herron Todd White
Independent Property Advisors

Residential Overview

The business of property has been driven over the past few years to a large extent by the investor. Most of the fluctuations have hinged heavily on how these buyers and sellers see the economic outlook and its impact on their portfolios but what about those that drive the market by buying homes for what they were intended – a place to live. The owner-occupier in residential markets has a relationship to the property they buy and although it may ultimately become part of their investment portfolio, there is no doubt that the place you occupy needs to have a certain something you like. This month we look at the machination of the owner-occupier market throughout the country.

Sydney

Bankstown/Fairfield/Liverpool – occupiers tend to be first time buyers and long term owners with family. These areas are popular for investment units which achieve a high rental income. Owners will not be deterred by the current market situation with the rental stream still quite strong and few or no issues trying to rent out their properties.

Bankstown – Most owners are looking for residential units or detached houses. In recent times areas such as Revesby, Padstow and Picnic Point have seen a large number of duplexes being built which have been quite popular. Over the years prices for duplexes have been on the increase, and currently range from $550,000 to $650,000.

Liverpool/Fairfield - Is popular with units around the CBD with, plenty of developments which have held back the prices. Detached dwellings are usually older style homes, however in suburbs such as Abbotsbury and Cecil Hills, we see mainly single/two level detached dwellings on large land parcels. The majority of these properties range from $550,000 to $900,000 depending on the quality of the dwelling. In both areas the market has been a little slow. Despite the lack of properties on the market, agents have advised they are still being sold.

Auburn/Holroyd – These areas are quite popular with home owners. Over the past six months there have been very few sales of properties sold above $600,000 with any prospective vendors adopting the 'wait and see' mentality, to see how the market recovers in the future. In Auburn fibro dwellings on large blocks close to shops and schools are quite popular and premiums are paid to secure these properties. They are usually purchased by large families with plans to knock down and rebuild a brand new home.

CBD/Eastern Suburbs

In the CBD and eastern suburbs, single professionals and young couples tend to favour units in the CBD, in fringe suburbs such as Surry Hills, Darlinghurst, Redfern, Camperdown and Newtown, along with beachside suburbs such as Bondi Beach and Coogee. These suburbs provide proximity to employment in the CBD along with good public transport, public amenities and nightlife destinations. These buyers tend to favour properties in the $500,000 to $1 million range.

Young families tend to favour houses and townhouses slightly further away from the CBD, including suburbs such as Kingsford, Maroubra and Matraville. These areas provide good access to public transport, shopping, schools and beaches. These buyers tend to favour properties in the $750,000 to $1.25 million range.

More established families, or those looking to upgrade, tend to look to houses in suburbs such as Kensington, Randwick and Bondi, or terraces close to the city in suburbs such as Paddington and Surry Hills. These type of properties tend to range from $1 million to $3 million.

Retirees that decide to stay in the same area tend to down-size to modern duplex dwellings and townhousesn which require less maintenance, but still provide access to services they are familiar with.

Properties over $2 million in these areas have struggled over the past few years and provide the best opportunities for owner-occupiers to take advantage of a deflated market.

Southern Suburbs

Young singles and professionals look to units and townhouses close to major train stations such as Sutherland, Hurstville, Kogarah and Rockdale and close to the beach at Cronulla. These buyers tend to favour properties in the $350,000 to $600,000 range.

Young families favour houses in more affordable suburbs such as Engadine, Jannali and Peakhurst. These suburbs provide good access to local amenities and have seen steady growth in the past couple of years. These buyers tend to favour properties in the $600,000 to $1 million range.

More established families tend to prefer housing closer to the coast. Suburbs such as Cronulla, Caringbah South, Brighton-le-sands and Sans Souci are popular amongst this group, with most properties in the $1 million to $2 million range.

Retirees are attracted to units, villas and townhouses in beachside suburbs such as Cronulla, Sans Souci and Brighton-le-sands.

While the lower and middle parts of the market have seen steady growth in recent times, properties above $1 million in the south provide the best opportunities for owners-occupiers looking to upgrade in the current market.

Canberra

Canberra has a mix of owner-occupiers with both young professionals and families active and well-researched in the market.

The typical young professional looks to invest in units in locations like Belconnen / Bruce or Inner North and Inner South. They are normally looking for life style accommodation close to entertainment, nightlife and sports facilities.

At the other end of the scale there are families looking for larger blocks and larger houses. Established locations throughout Woden / Weston and the Inner North have historically returned positive capital growth over the life of such a long-term investment.

....the market performance for established, central locations remains strong, with Canberra being a popular location for young families and young professionals....

New 1- bedroom units in areas such as Belconnen and Bruce start from the early to mid $300,000's and increase to $400,000 for Inner North suburbs. Free-standing houses throughout Tuggeranong, Belconnen and Gungahlin generally start in the late $300,000's and prices for more desirable locations such as Ainslie, Turner and Yarralumla generally start from $600,000 for a free-stranding dwelling.

The market performance for established, central locations remains strong, with Canberra being a popular location for young families and young professionals. Recent interest rate cuts should fuel further activity in the market.

Wollongong

In the general Wollongong area there is a broad range of typical owner-occupiers. Close to the CBD the entry point for 1- bedroom units starts at around $150,000 for an older unit without car parking. Generally close to all amenities and the beach, these represent an affordable first choice in property. We are seeing these units bought by interstate and international buyers for their student children, while attending the well regarded local university. Buyers in this sector are usually students or professional singles entering the market.

In the standard dwelling market there are opportunities throughout Wollongong as in most areas. The typical owner-occupier close to Wollongong CBD is a family and entry level is around $400,000, and less to the south.

Location is important and a quick commute by car or rail means higher prices for those suburbs. There are many owner-occupiers in the northern suburbs above Balgownie, attracting many families close to good schools and the opportunity to work in Sydney without an extended commute time.

Price points in the northern suburbs start at $400,000 for standard residential housing up to over $1 million in the northern beaches. A broad range is available throughout the whole of the Illawarra.

Prices are holding, despite a general downturn in industry in the area and looming higher unemployment figures. Other employment options are available and the region has always been resilient in terms of looking for other opportunities particularly in higher education and IT.

Opportunities exist in the inner areas within three to five kilometres from the CBD for long term growth given the employment hub and university located close by.

In addition it is close to good beaches and multi-modal public transport links.

Southern Highlands

In the Southern Highlands there are a variety of owner-occupiers. They range from first home buyers, singles, couples, nuclear families and retirees. These buyers are mainly looking for a detached house, on slightly above average land size of 700 to 4,000 sqare metres. Some buyers are also after bigger land/rural residential properties/hobby farms.

The residential property market in the Southern Highlands has weakened in recent years and is currently considered to be steady. Properties that are in good condition and realistically priced will still sell and maintain their values. Properties in secondary locations, or in poor condition, tend to sit on the market for longer and have reduced buyer interest. That being said there are opportunities through renovation to achieve capital growth in this area.

....the first homebuyers that are looking for more house for their money tend to gravitate toward the fringe areas of the established metro areas....

One of the main drivers in this property market is the Sydney buyer and the general influence of the Sydney property market. Many people from Sydney try a 'treechange' and relocate from Sydney to the Southern Highlands. Employment and commuting times are big factors in this decision for families. This region is also a popular destination for retirees who can have most major services available, have the quiet lifestyle and be within one and a half to two hours drive from Sydney, an hour from the coast and two hours from Canberra.

Newcastle

Before we commence proceedings please note the following comment. This column is going to be heavy on stereotypical generalities so I'll get the blanket disclaimer out of the way early so we can get to the good stuff. This week's topic asks us to make judgment calls on what a typical owner-occupier is and what motivated and drives an owner-occupier to live and purchase where they do. As we know every owner-occupier is different in almost every instance and we will paint broad brush strokes rather than pick out the fine detail. Think of me as Rolf Harris rather than MC Escher, although I'm not adverse to misdirection!

The broad demographic profile of what constitutes a typical owner-occupier in the Hunter Valley varies greatly depending on what location you are considering. Mining interest in the Upper Hunter Valley is dominating the economic landscaping of regional towns like Maitland, Cessnock, Singleton and Muswellbrook and all points in between. The owner-occupier in these parts tends to be younger fledgling families starting out on life's journey. Many of these owner-occupiers either work in the mines or work in areas which service the mines in some capacity. Quite often the well remunerated home tends to be at most five years and offers four or five bedrooms along with at least a couple of bathrooms. The difficulty is this is the same type of property that investors are also interested in, increasing the potential pool of purchasers.

Owner-occupiers in Newcastle and Lake Macquarie are all over the place like a best man at one am in the morning, having delivered a particularly unimpressive speech and halfway through his second bottle of Tequila after being cold shouldered by at least 66% of the bridal party. First home buying owner-occupiers gravitate to both old and new. Some first home buyers are looking for location and buy an older house which may need some work. Pick any one of the following suburbs.; Cardiff, Mayfield, Lambton, Anna Bay, Medowie and Metford. You could also probably include another dozen suburbs with equal claim. I'll also point out that in the case of Anna Bay and Medowie, older is a comparative statement.

The first homebuyers that are looking for more house for their money tend to gravitate toward the fringe areas of the established metro areas. This includes Gillieston Heights, Aberglasslyn, Fletcher, Cameron Park, Tanilba Bay and Corlette. Here buyers get a project styled home for $450,000 or less, with 4- bedrooms, 2- bathrooms and an inbuilt double garage. buyers also get a few months of hard labour on wheelbarrows and shovels landscaping their piece of paradise, as project homes generally come with the bare minimum of landscaping. Corlette and Tanilba Bay are interesting in that there is strong exposure to Williamtown Airport and RAAF base which is a larger employment generator.

The most likely candidates for owner-occupiers however are the higher priced properties with prime location or views. Dudley, Redhead, Merewether, The Junction Bar Beach and select locations within Soldiers Point, Nelson Bay and Hawks/Nest Tea Gardens. In these locations the entry level price is often too high for investors with the returns comparatively poor. In areas like Hawks Nest / Tea Gardens, many of the owner-occupiers are actually absentee owners with a second or holiday home that is used at various times throughout the year. Many of these houses sit vacant for large periods of time but are not available for rent and do not make a return for the owner.

Owner-occupiers vary in their motives, desires and the price point they can afford. Many owner-occupiers live in areas they might not otherwise live for varied reasons. It might be to be located within a particular school zone. It might be proximity to jobs or study. It might be proximity to family or friends. Or it might be that they moved on Christmas Eve once a few years ago, it was 35 degrees, and only had two people moving a households worth of furniture. It might even have been that during the move, a TV was dropped and fingers were sliced open on a cracked piece of glass (which before it broke was a fine dining table) and having finally got moved in, they vowed never ever to move again ever. That felt good to say that, therapy huh!

NSW Central Coast

Owner-occupier options

The Central Coast region of New South Wales is situated immediately north of the Sydney Greater Metropolitan Area. It is made up of the Gosford and Wyong Local Government Areas (LGA) and according to the Australian Bureau of Statistics 2006 census, it had a population of just under 300,000.

The spread of real estate across the region is varied. And although there are a number of sub categories, the types of real estate can be categorised into four main types;

* Residential estates

* Beach and other waterfront areas

* Rural/residential locations

* Residential units

This months review is dedicated to the owner-occupier market and apart from the unit market, each category is dominated by this. We have viewed a cross section of each category to see what's happening here and the drivers of these markets. Starting with what is considered to be typical residential areas, we see;

Terrigal

Detached housing represents about 80% of development within Terrigal. Although there are still purchases below $400,000 occurring, values usually range upwards of this amount to well over the $2 million mark. As at May 2012, the median sale price is $540,000, which is both attractive and affordable to the average family.

It is very much the family location with around 70% of housing being owner occupied and about 35% of housing with children. We attribute this high owner occupation rate to the proximately of beaches, good schools, shopping and parks. The lifestyle it provides does not seem to have deterred those working outside of the area with an overwhelming 80% of people travelling to work by car.

Umina Beach

Located toward the southern end of the region, housing is generally older style, but renovations and new development are commonplace. Again, detached housing represents about 80% of development within Umina Beach. Housing values usually range upwards $300,000 to the high $600,000's. The median sale price in Umina Beach has generally hovered around the $350,000 mark for the past five years, which is both attractive and affordable.

With this level of affordability, it is not surprising to find the area is popular with first home buyers looking to establish themselves in the real estate market. It is very much the family location with around 70% of housing being owner occupied and about 25% of housing with children.

Umina Beach could be viewed as an area to be watched. The combination of a relative level of affordability and improvements to local infrastructure and services has the potential to produce a stable level of future growth.

Woongarrah

This is one of the newer suburbs in the region and an interesting location which is located just off the F3 Freeway, toward the northern end of the region.

At this time, the area is almost exclusively developed with detached, single dwellings with a current median sale price of $420,000, an increase of around 10% on 2007 values.

Again, this is both attractive and affordable to the average family, but as it is considered to be representative of a typical 'mortgage belt' area, it has seen more than a comfortable level of mortgagee initiated sales over the past several years.

....located toward the southern end of the region, housing is generally older style, but renovations and new development are commonplace....

Driving through this area it is readily apparent that it is a family location - the family wagon, kids playing on the street, etc. give this away and the statistics tend to confirm this. The most telling and overwhelming age demographic is the 0 to 9 year and 30 to 39 year age groups and a whopping 55% of houses with children - a true family area in anyone's language.

It seems to us that Woongarrah epitomises the owner-occupied/family location and we attribute this to the newer housing available at affordable prices, the advantage of the coast lifestyle, plenty of schools and good shopping.

Herron Todd White
Independent Property Advisors

Bateau Bay

This is one of the more established localities in the region situated toward its middle. Housing is mixed in terms of age with older and new developments occurring, particularly on the eastern side near the beach and golf course. Again, detached housing represents about 80% of development within Bateau Bay. Housing values usually range upwards of $300,000 with the median sale price in Bateau Bay being currently $378,000.

Owner-occupiers seem to account for around 80% of housing with about 81% of housing with children.

These statistics and a drive around the area suggest that Bateau Bay is not a 'showy' area, but one of the more established suburbs on the coast. It could be said that it is a location preferred by long term residents of the coast with subsequent generations also tending to buy into the area.

Other observations

There are close to 150 suburbs on the Central Coast Region according to the Geographical Names Register and the four suburbs mentioned here provide a small snapshot of what we consider to be typical owner occupied locations. Perhaps the most common similarity between these suburbs and for that matter across the region, is the need to travel for work. With the absence of a good public transport system just 11% of households across the region don't have a car. Contrast this to Surry Hills, an inner Sydney suburb, where it is noted that 47% of households don't have a car.

For those looking for a bit of space around them, areas such as Matcham/Holgate and Jilliby also show high levels of owner occupancy.

....owner-occupiers seem to account for around 80% of housing with about 81% of housing with children....

With Matcham, in the Gosford LGA showing a 93% owner occupancy rate and Jilliby, in the Wyong LGA, at around 88%, these are typical of the levels of owner occupants we would expect to see in areas providing a rural residential lifestyle.

Typically, housing in these areas are set on land holding ranging upwards of one hectare and comprise larger dwellings with a higher standard of ground improvements, such as large swimming pools, tennis courts and in many cases, horse related improvements. The main point of difference in these areas is the level of affordability.

The median sale price in Matcham hovers around the $1 million mark, but sale prices between $2 million and $3 million is not uncommon. Jilliby on the other hand has a median sale price of $717,000 at present, but we often witness sales occurring at prices well above this level. From our own experience we would say that owners of properties in these areas are generally professionals with a mixture of those commuting outside of the area for work.

NSW Far North Coast

The residential owner-occupier market represents the vast majority of sale activity which is currently occurring on the NSW Far North Coast. The owner-occupier market comprises a wide range of product with various price points situated within the differing North Coast localities.

The majority of owner-occupier buyers within the NSW Far North Coast are typically nuclear families looking to trade up. To a lesser extent, other types of owner-occupier buyers within the NSW Far North Coast include first home buyers, retirees and single professionals whose employment is based in a major regional centers (i.e. Lismore and Grafton) however they want to reside in a more coastal location (such as Byron Bay, Lennox Head, Ballina or Yamba).

Within the more rural based centers of Kyogle, Casino and the surrounding villages of Lismore, owner-occupiers are generally nuclear families. However, there are an increasing number of retirees and single parent families emerging in relation to changing social structures.

In most instances the key ingredients to an owner-occupier property selection in these rural based centers is proximity to services (particularly for retirees in regard to shopping facilities, etc., and proximity to schools for younger families). Other requirements include the condition of the property and the size of house. Given the small size of most rural based villages, the character of the immediate surrounding area is also a factor. These 'character' requirements include the quietness of the area, the absence of 'social issues' and that the area is considered safe.

Owner-occupiers in these more rural based areas tend to favor detached houses, given that the overall price range of $200,000 to $500,000 allows for a wide variety of housing types and era to suit the varied tastes of different property owners. For example, the early 'federation' style timber homes on large blocks needing a bit of work close to the town CBD or the more modern style brick and tile home with up-to-date appointments situated within five kilometres of the town centre.

Within the regional centre of Lismore and the coastal townships such as Byron Bay, Lennox Head, Ballina and Yamba, owner-occupiers are particularly looking for detached houses in the lower to middle range of the market. There continues to be little interest in the upper pricing levels of the residential market.

The price points favored by owner-occupiers within the Lismore region generally range in the order of $300,000 and for the coastal areas, in the order of and up to $650,000. There continues to be a large number of homes currently listed for sale on the market within the price ranges favored by owner-occupiers. Consequently it remains a buyers market and intending purchasers are able to be selective.

Traditionally residential home units on the North Coast tend to have more appeal to the investor/rental market. though presently there is little investment/investor activity taking place. There is however some interest in the residential home unit market from the older demographic sector of owner-occupiers. These owner-occupiers generally want to downsize and reside in a low maintenance and more centrally located property.

At present the owner-occupier market is holding up the residential property market on the North Coast with little activity shown by investors. It is difficult to see any major changes in the near future as most owner-occupiers who are actively seeking property are still reticent and holding out for something better in light of a continuing uncertain economic climate.

The carbon tax compensation, recent interest rate cuts and budget 'incentives for families may provide some assistance and give the mortgage market a reprieve (as some market commentators have suggested). However, it is unknown if any of these factors will have any affect on the current property market. In reality, there is likely to be no major changes to current soft market conditions due to the current uncertainty in the economy and the ongoing economic sagas in Europe and its perceived inference on the world and national market. These factors result in reduced consumer confidence and affect any potential buyer's appetite for purchasing real estate.

NSW Mid North Coast

There is no hard and fast rule about what is the make up of a typical owner-occupier in the mid North Coast of New South Wales, except to say collectively they are a lucky bunch.

To understand the regions' market, it's worthwhile looking at a few interesting statistics from the ABS 2006 census. The median age for Australia as a whole was 37 years compared to Forster (50 years), Port Macquarie (45), Taree (42) and West Kempsey (41). The median weekly household income for Australia was $1,027 compared to Forster ($629), Port Macquarie ($703), Taree ($601) and West Kempsey ($581). The percentage of rental property Australia wide was 27.2% compared to Forster (27.2%), Port Macquarie (29.3%), Taree (33.7%) and West Kempsey (36.2%). These statistics show the region has a more elderly population, they earn less to that of the nation as a whole and the higher domination of investors is an overall reflection on affordability.

....the wide range of affordable property creates opportunities for first home buyers to enter the property market in their early 20's....

Investors in the region tend to focus on yields, meaning they target the lower priced end typically being dated (pre-1975) houses and units which give the best returns, or capital growth where the land value component might significantly outweigh the improvements (which are often quite dated). We can thus expect a typical owner-occupier to be seeking and attaining a higher standard and quality of internal living conditions to that which investors provide their tenants.

The wide range of affordable property creates opportunities for first home buyers to enter the property market in their early 20's, making age be less of a barrier to owning a property than in more expensive jungles such as Sydney. In the main cities and towns, lower end property suitable to first home buyer owner-occupiers would include units priced as low as $125,000 in Forster, $150,000 in Port Macquarie, and there is ample houses available in the $150,000 to $200,000 price range in both Taree and Kempsey.

In Port Macquarie and Forster, owner-occupier families are not going to be favouring a comfortable lifestyle over location and so we could expect them to be more likely living in a modern house on the growing urban fringes or in a brick house constructed from the 1970's onwards. Therefore we can expect an owner occupying family to be in the mid range price bracket. This translates to around say $325,000 to $525,000 in Port Macquarie and Forster.

In Kempsey and Taree there is a higher ratio of older houses to modern houses so there is a greater likelihood of owner-occupiers living in something more dated than those of their counterparts in Port Macquarie and Forster. The typical owner occupying family in the mid range price bracket will translate to around $200,000 to $400,000 in Taree and Kempsey.

Over the last few decades the Mid North Coast has proven an attractive migration ground for retirees of which a good portion comprise owner-occupiers. While the young at heart can be found in premium priced mansions perched on the highest mountain tops ($750,000+ sales are not uncommon in Port Macquarie or Forster for a cashed up retiree from Sydney), there is a gradually growing market in medium density housing such as modern villas upon level land close to the original town centres. In Port Macquarie and Forster we see modern villa accommodation trading at $275,000 to $375,000 and at $230,000 to $330,000 in Taree. In Kempsey it appears there is a lack of demand for villas however coastal South West Rocks to the east villas selling in the $230,000 to $330,000 price range though in the past 12 moths these sales have slowed to a trickle.

In viewing the overall market along the Mid North Coast, our research has found that, in terms of the number of sales taking place, the more affordable priced property is currently the best performing. This price bracket will contain a higher number of investors due to it being more readily tradable.

We are finding the number of sales occurring in the mid price range bracket continuing to remain subdued as the year 2012 progresses. Owner-occupier families in particular appear to be further exercising caution in this uncertain market. Higher end property, which is almost exclusively the domain of owner-occupiers, is even weaker still and statistics indicate marginal falls in premium values may be underway. The recent lowering of interest rates might spark some increased activity though evidence is yet to be seen.

Melbourne

The outer north-eastern suburbs of Melbourne, generally located within the Nillumbik and Banyule Shire's, stretches from Ivanhoe to Strathewen. Within this area there is a diverse range of property, from strata unit/townhouse developments, to prestige family homes and larger rural properties, ranging in price from approximately $400,000 to $1.5 million plus. Having a diverse range of property results in a diverse range of buyer, however there is a particular type of purchaser seen in this general locality – the nuclear family.

....the general family home in these localities are often circa 1985....

The north-eastern suburbs are dominated by larger homes on larger allotments, which is the attraction to these 'family' buyers. While the area is considered outer, most suburbs are located within a 30 minute commute to the Melbourne CBD. An extensive link of freeways and main thoroughfares have brought these outer suburbs closer to the city, making them more appealing in value for money terms. Over the past five years, suburbs such as Greensborough, Eltham and Montmorency have experienced substantial growth in median house prices, as seen in the growth chart attached. These have now become popular suburbs, particularly with developers looking to capitalise on the larger allotments with two to three unit townhouse developments. For the family buyer, these suburbs are considered green family environments, being heavily timbered within close proximity to schools, parks, local shops, recreational centres and the train lines.

The general family home in these localities are often circa 1985, three to four bedrooms, approximately 170 to 240 square metres of building area, and are located on between 750 to 1,000 square metre allotments. Buyers coming into suburbs such as Eltham and Montmorency are generally not overly concerned with the condition and presentation of a house, as it is ultimately a long term investment which will be renovated over time. Buyers tend to look for a good structure and floor plan on a large site, with young children and a growing family in mind.

In addition to the family buyer, the recently developed two to three unit townhouse developments have become a popular option for retirees and young professionals, particularly in suburbs such as Rosanna, Viewbank, Greensborough and Macleod. With several offering a purchase price under $500,000, there has been a growing popularity for this type of property within the last three years.

As mentioned earlier, the price range for the outer-northern suburbs is quite diverse. The inner suburbs such as Ivanhoe demand higher prices, with a median house price over the past six months at approximately $730,000 on a median land size of 660 square metres. Mid-range suburbs such as Eltham and Montmorency recorded a median house price over the last six months at approximately $575,000, on a median land area of 886 square metres. Outer rural suburbs such as Research, Kangaroo Ground and Cottles Bridge recorded a median house price over the last 6 months of approximately $630,000, on a median land area of 4,200 square metres.

Market conditions in recent months in the outer north-eastern suburbs have softened slightly, with a reduction in sales volumes and prices. Local estate agents in recent weeks however have reported an increase in interest and enquiry for the family home, although still finding it tough to close deals. Reports indicate prospective purchasers are more cautious than ever as a flow on from uncertainty in interest rates and the global economy. The outer suburbs are not as volatile as the inner suburbs, with slower and delayed increases and reductions in values. Research indicates a relatively steady market in these areas for the next six months, particularly in suburbs past Rosanna.

Regional Victoria

SALE

There is a strong owner-occupier market through Sale. This area is noted as being a strong family town, with evidence of people staying long term. This is seen in Defence Housing with the RAAF Base. Quite often when Officers are posted to Sale, some are staying and buying for their children's benefits due to good schooling.

Owner-occupier price points are generally standard 20-30 year old brick veneer homes around $250,000 to $325,000, or 10 to 20 year old or modern/new dwellings in the $325,000 to $425,000 bracket. Even though the market is considered flat, owner-occupier opportunities remain steady due to local impacts of ESSO Offshore Drilling, the ESSO Gas Plant and RAAF Base employment.

Morwell

The owner-occupier market generally is at the mid to high point values within Morwell e.g. $200,000 to $350,000. The $100,000 to $200,000 bracket is a strong investor market with high rental returns. However quality of these properties is generally low and they are generally 'commission' style houses.

Traralgon

This area is similar to Sale with price points. However instead of the RAAF Base and ESSO, Traralgon relies on power station and paper mill employments.

Beach Areas of Loch Sport, Golden Beach, Seaspray

Generally this area has a low owner-occupier ratio with the majority of properties being holiday rentals that are only busy at peak seasons. The market is slow throughout these areas.

Overall owner-occupiers are staying where they are and being more cautious in the current market. The options of renovating or extending seems to be more popular than moving or building.

East Gippsland Region

The East Gippsland region sees the nuclear family as the predominant owner-occupier, followed by couples and retirees. At present with a general softening of home values there has been good opportunity for buyers to enter the market or to upgrade their existing property.

There are numerous options for families in terms of new estates, established homes and rural residential property. Rural residential property is gaining in popularity when buyers compare the costs of a new home in a modern subdivision against the benefits of an established rural property with extra space, features and peace and quiet.

Older people downsizing are a significant part of the local market, both as vendors and purchasers as they move to a more manageable sized home, commonly moving from a rural residential property to a house or unit in town.

MILDURA

The majority of house sales in the Mildura area involve owner-occupiers. Mildura's housing is affordable by national standards, and so for many people it makes sense to buy rather than rent. To a certain extent the tight rental market also influences people who move to Mildura to buy rather than jostle for the available rental accommodation.

Owner-occupiers are mostly on the look out for free standing dwellings, with at least three bedrooms and two bathrooms. They will be targeting mostly modern (1990 onwards) dwellings. Prices for this type of dwelling start at around $230,000, and for $350,000 it is possible to buy a substantial 4- bedroom home in a well regarded part of Mildura.

....agents are reporting that buyers remain cautious, and that obtaining finance remains an issue for some buyers....

While investors are active in the sub $300,000 market, above this level owner-occupiers have it pretty much all to themselves. Rental returns decline, on a percentage basis, above this price point and investors would prefer to buy two $200,000 houses than one $400,000 house.

The weak housing market experienced during the past four to five year period has meant that it is often possible to buy an established, modern dwelling for less than replacement cost. This has motivated many people to trade up to better standard housing during this period. For most owner-occupiers this is a lifestyle decision, rather than seen as an opportunity for capital growth.

Agents are reporting that buyers remain cautious, and that obtaining finance remains an issue for some buyers. We envisage values will remain stable until there is a widespread improvement in confidence levels.

BALLARAT

The traditional owner occupier in the Ballarat area differs across the city. The typical family with one to four children are the owner occupiers in the outer suburbs of Delacombe, Alfredton, Mount Clear and Ballarat North while the inner city areas of Ballarat Central, Soldiers Hill, Lake Wendouree and Newington generally comprise older couples or young professionals as owner occupiers. This creates a two distinctly different markets. The young professionals and elderly couples are usually looking for neat, tidy low maintenance properties close to facilities while the priority for the young families is space in larger houses and larger blocks.

Price points for owner occupiers can differ greatly depending on household income but generally families in the outer areas are not wanting to spend over $450,000 and the same would be true for the professionals and inner city people. The relative affordability of the Ballarat property market allows owner occupiers to buy a modern 4- to 5- bedroom, 2- bathroom brick veneer home with double garage set on a 600 to 800 square metres residential block in the outer suburbs, or a renovated character weatherboard home within close proximity to the CBD.

The market for these types of properties is currently considered to be soft as buyers are maintaining a cautious approach due to a significant amount of uncertainty surrounding global financial markets and recently the tough budget and its possible negative future impacts for the economy. In saying this it creates a great opportunity for buyers in a strong position.

Adelaide

Owner-occupiers of residential property in Adelaide are singles, couples, families, empty nesters and retirees and can be found spread throughout the metropolitan area in varying styles of accommodation.

Traditionally when thinking about the typical owner -occupier, a family in a detached dwelling with a decent sized yard somewhere in the suburbs would have been the image that springs to mind. However as lifestyle has evolved and changed over time there is now, more than ever, greater importance put on open plan style accommodation, inclusions of a media room or home theatre and low maintenance outdoor living areas at the expense of the large backyard.

Inner suburbs generally have a higher proportion of investment properties to owner occupied as investors capitalise on the popularity of the near city location and well established services and amenities of the areas. With limited land available in these suburbs housing has slowly been increasing in density as sub division of larger properties and increased numbers of attached court yard style dwellings replace existing property. Where inner suburbs have a lower percentage of units and high density development there is lower number of investors.

The Adelaide CBD itself has always been investor dominated however with greater acceptance of high density living and the convenience of having everything on ones door step there has been a slight increase in owner-occupiers moving into the city. In recent times improved amenities, in particular supermarkets, upgrading and improvement of housing and new residential developments catering to a changing market has definitely contributed to this. The Adelaide City Council has gone one step further and offering rate discounts specifically to owner-occupiers.

....inner suburbs generally have a higher proportion of investment properties to owner occupied as investors capitalise on the popularity of the near city location....

Over the first decade of the 2000's property prices increased steadily however low interest rates together with the introduction of the first home buyers grant and subsequent boost encouraged a significant increase in purchases of existing dwellings and building of new homes by owner-occupiers, in particular in the outer northern and outer southern suburbs of Adelaide. These suburbs tend to be characterised by 3- bedroom generic style detached housing. Entry point into these areas has retracted by around 10 percent in the last 18 months or so and currently sits at around $200,000 for older housing and higher for newer housing. The low entry point of this market means that investors are also active in these areas with yields of around 4 to 5 percent achieved. The supply of these properties continues to increase and this may result in an increase in vacancies or inferior quality tenants being selected.

The prestige property market with houses upwards of around $1.5million

This market is has also declined and now is one of the best times to purchase in the prestige markets at levels below the past few years. Typical purchasers of prestige properties are those with young families or older families who are upgrading from smaller prestige properties. There are few investors in this market due to the low returns with rental prices generally being below $1,000 to $1,200 per week. The outlook for this market is much of the same into the future. Therefore there should be good buying in this prestige market into the medium term.

The owner-occupier sector is in line with current residential market conditions which have been slow since the end of 2010 with declining prices over this time. With consumer confidence low and the constant uncertainty surrounding international markets in recent times, there had been a tendency to stay put and upgrade/renovate or extend existing property rather that chance the risk of buying and selling in todays market.

Brisbane

It's been difficult to avoid the bubbling enthusiasm across the headlines in recent weeks as all those with an eye on the market get a whiff of a turnaround. It doesn't seem to take much for the observers to get excited… and why shouldn't they? There has been nothing but lacklustre performance for a few years now so any sign of an upswing is sure to be pounced upon. What is a bit more unusual with recent SE Qld articles is that everyone wants to be the first to call the bottom of the market and blue skies ahead and if some of the wags are any indication, look our for solid capital gains by early next year. The reality on the ground is this – most agents are stating with certainty that there has been an improvements in the number of buyers under $500,000 with the vast majority being investors. Most agents who speak openly and honestly will tell you that this is a good sign but let's not start popping the corks just yet. We would also say that many who have made the positive the call on the sub half million property turnaround will just as quickly remind you that over $500,000 property is still a ghost town. Watch this space for more news in coming months.

In terms of owner-occupiers, Brisbane is a broad church. We can cater to most market sectors and it would be no surprise to regular readers to realise that price usually relates directly to the distance from the CBD. Once again it is all about the hum drum fundamentals. Owner-occupiers with the ready dollars are sure to be found in the near city suburbs where their security is best served. Stay within the magic 5km mark my friends and you can't go wrong. Our perennial favourite Paddington still has solid, flood free dongers available and whilst a purchase at $650,000 to $700,000 won't have you in a palace, it will have you sitting pretty for the eventual upswing.

When thinking about owner-occupiers it's hard to avoid the traditional nuclear family. Whilst they are slowly becoming a softer percentage of the overall household makeup, mum, dad and the kids still need a place to live with good schools and transport. If you are on the south Moorooka or Tarragindi will probably lock in a well serviced and traditional house below $600,000. These sorts of areas mean a solid little piece of real estate with some leafy suburb appeal.

For those single person owner-occupiers out there, a unit is the obvious choice and once again, without too many dependents taking a chunk of your weekly wage, now would be the time to step up and get as close as possible to the CBD. If you score a solid second hand unit in an area like Auchenflower or Toowong, then there is little chance of much pain so long as you stay above the floodline. The flow on advantage is that if you choose to move onto something else in the future, renters will be treading on each other to secure a lease.

The more budget conscious owner-occupier can look further afield. The good thing here is that there have been plenty of bargains lately. The downside is that growth potential has been a touch soft. You can still find good quality property in areas such as Albany Creek or Eatons Hill for a fair price. It's even cheaper if you hit out to Strathpine or beyond. There will be land and services but don't expect capital growth like an inner city locale. Just enjoy the long term potential for now.

Owner-occupiers have been a staple of the Brisbane market and whilst trade has been slow, those with dollars are on the hunt. The feeling is that things are affordable but let's not get caught up in the hype. A positive medium to long term outlook should be your catchcry as we journey into the second half of 2012.

Gold Coast and Tweed Coast

Central Gold Coast

As price levels continue to soften there seems to be some repositioning occurring. An example of this is that older/dated waterfront houses are being purchased by owner-occupiers for what seems to be bargain prices e.g. 14 Eady Ave Broadbeach Waters purchased in 2008 for $1.42 million, sold $870,000 in January 2012. Debt pressure appeared the likely reason, the dwelling was an incomplete renovation on good water. Another is 9 Grant Broadbeach Waters purchased November 2007 for $1.4 million, resold January 2012 for $935,000. The property comprises an original 1980's dwelling on good water.

Many of these properties were purchased on the expectation of capital growth. The owners have been heavy carrying debt and watching values decline for so long that some owner-occupiers are biting the bullet, downsizing and losing the debt. Conversely those not in debt are upgrading to water front properties as the price gap between water front and non-water front properties is the closest we've ever seen it.

Agents are continuing to report almost all activity is price driven. If an advertised price is too high, no one calls or attends open homes. If priced right, the property will sell. More activity is being experienced in lower price brackets. We are not aware of much activity the from the first home buyer market. Most buyers have little interest in purchasing properties that require renovation and repairs, unless they can purchase them at a significantly discounted price which will show a healthy profit for their time and risk. Buyers today are being very conservative and will prefer to purchase a modern style dwelling which doesn't require any work and have any risk and there are plenty of these to choose from.

In the home unit market prices continue to soften, as investors are presetly not very active. Those that are, are following the mortgagee in possession properties and are not too fussed on which one they get, as long as it's cheap. Body corporate fees have a big influence on marketability - more for the investor.

There is probably some resistance or inability to borrow which is having a negative impact on buyers expectation on price levels and on owners decisions wether or not to undertake renovations.

....agents are continuing to report almost all activity is price driven....

The difficulty in today's market is that with an increasing number of mortgagee in possession sales the market doesn't appear to have bottomed. For someone buying the subject property this creates an issue as it is unclear what the property may be worth in a declining market once the repairs and refurbishment have been completed.

Northern Gold Coast/Broadwater region

Owner-occupiers appeared to be stepping into the Gold Coast north region after Christmas with an elevated volume of dwelling sales occurring in Ashmore, Southport, Labrador and Runaway Bay. Mortgagee activity has been putting downward pressure on the market. Buyers have stopped sitting on their hands and are starting to get into the action.

Typical 3- or 4- bedroom homes selling in this region are mainly being purchased by couples or families. Prospective buyers who have been in townhouses or units are now finding they can finally afford the switch. At this stage it still appears investors are holding fire.

Notable sales in the Gold Coast north region include:

25 Boronia St, Southport – Sold at auction March 2012 for $410,000. Central location to shops, parks and schools. Very nicely presented 4- bedroom, 2- bathroom renovated dwelling. Value for money!

3 Saltash St, Labrador – Sold prior to auction February 2012 for $337,500. Near entry level price for this area of Labrador. Original 4- bedroom, 1- bathroom dwelling with single garage. Cheap but neat.

3 Daru Av, Runaway Bay – Sold at auction March 2012 for $440,000. Typically this would have been in the $600,000's at market peak. Eastern side of Bayview Street, 616 square meter corner block and northerly aspect. Sold in only fair condition via receivers and good capital growth potential. Close to Broadwater, parklands and Runaway Bay Shopping Village. Broadwater bargain.

The above mentioned properties tick the boxes for small families and all provide some scope for the new owners to improve/renovate to suit their needs and make a sizeable return upon sale in the future.

....generally market conditions in Palm Beach for owner occupied type properties are subdued, with market conditions and value levels softening over the past six to 12 months....

Southern Gold Coast

I guess like any location, owner-occupiers can target any type of residential property depending on their individual circumstances. In Palm Beach on the southern Gold Coast you have a mix of properties available to owner-occupiers. These being your standard walk-up units, medium to highrise units, basic houses to prestige houses on dry allotments, the canal or beach front.

Given current market conditions in Palm Beach a basic 2- bedroom, 1- bathroom lowrise unit can be purchased for between $200,000 to $250,000. This type of property would typically suit a young single/couple who are buying their first home. Entry prices are now very affordable in this price bracket and I believe ownership is a superior option to renting for a similar outlay.

The next step up is the larger medium/highrise units which can now be purchased for between $400,000 to $550,000, depending on various factors. Typically the owner-occupiers of this type of property would be retirees both local and interstate who are wanting to downsize and make a sea change. These properties are generally close to the beach with good views of the ocean.

Also found in Palm Beach is a wide mix of houses. These include:

- basic 1950's cottages on a 405 square meter allotment, with typical owner-occupiers being young families with one or two children who like to be close to the beach.
- semi-modern, brick and tile homes with three or four bedrooms, two bathrooms and a double garage, with typical owner-occupiers being families who have upgraded from the 'beach shack' and wanting more land and a bigger, more modern home. Generally these properties are further from the beach.
- the basic to good quality homes which are located on the canal or the beach front, typical owner-occupiers with a larger family, however each would be different based on circumstances.

Generally market conditions in Palm Beach for owner occupied type properties are subdued, with market conditions and value levels softening over the past six to 12 months. It will be interesting to see how the RBA May interest rate cuts affect the owner-occupier market in Palm Beach. To date these cuts appear to have had minimal impact. Buyers may be waiting for stamp duty concessions which are due to take effect from 1 July 2012.

Sunshine Coast

The Sunshine Coast property market is very broad and diverse, with many different types of properties through all value sectors. The best way to gauge owner-occupiers and their options is by looking at a few different scenarios that may shed some light on what can be done.

Owners that are looking to upgrade their property are in a bit of a tough situation, however by looking at the process pragmatically, a good result can be achieved.

For example, if the current property is situated in the $400,000 to $600,000 value range and the owners are looking to upgrade their property into either a better area or a better home of say, $800,000 to $900,000, then as the saying goes, 'what they lose on the swing, they will make up on the roundabout'. The owners will have the benefit of moving into a price sector where there has been more 'pain felt' then where they are currently positioned. This means that, while their property may have declined in value of say 10%, the property that they are upgrading into may have declined by say 20%. After all things being equal, this could lead to a potential $100,000 to $150,000 net gain. Not bad.

....with all the uncertainty around the marketplace, we as owner-occupiers have tended to batten down the hatches....

It all sounds good on paper, however it is a very tough decision to take a loss in your current property with a view of trying to buy well into the upgraded property. So if the decision to sell the current property proves too difficult, then maybe the next option to consider is to renovate? Renovations have certainly become very popular if the up graders have not been able to achieve the price of the current property. Given that the local economy has been quite depressed, costs for undertaking renovations have become a viable alternative with a lot of renovation works being undertaken.

With the ageing population we have also seen downsizing occur. Usually these properties have been owned for an extended period of time, with little or no debt against them. Subsequently, the decline in values over the past few years have only meant a paper loss to the vendor. These down sizes are looking at properties that have generally a lot less maintenance, with an ability to lock and leave and go away on a trip. Small lot housing and good livable size apartments, both with double car spaces and close to amenities are popular choices.

With all the uncertainty around the marketplace, we as owner-occupiers have tended to batten down the hatches, This is human nature. Sometimes, just sometimes it pays to have a look at what options are out there. Some of the greatest increases in our personal wealth can be achieved through our principal place of residence. After all, the games are tax-free and our decisions are usually long-term.

Southern Queensland

The owner - occupier sector of the market has been more active than the investor component in Toowoomba despite the increase in stamp duty for non-first home buyers in 2011. This impacted on the investment market, however owner - occupier sales have remained steady.

The upper price brackets in Toowoomba, namely those in East Toowoomba, Middle Ridge, North Toowoomba, Mount Lofty, Newtown, Glenvale, Cotswold Hills and Highfields are dominated by owner - occupiers, as rental demand and associated yields fall away in this market segment.

Owner - occupiers tend to seek out dwellings with renovation potential or modern/renovated dwellings where limited maintenance and up-keep is required. An example of a new home buyer is the sale of a display home in Middle Ridge that has been bought for owner-occupation. It sold for low $500,000's.

Middle Ridge

The following is an example of a renovated colonial dwelling in Newton bought by a local owner - occupier for low $400,000's.

Newtown

Activity is stronger in the lower price brackets where first home buyers have a greater influence on the market. We highlight the sale of an older dwelling with full internal renovation that recently sold for mid $200,000's in the suburb of Harristown.

Harristown

Median values for single unit dwellings in Toowoomba are hovering just below $300,000, however we expect this figure to rise as the influence from the expansion of new housing estates across the southern and western parts of town take effect.

Agents are reporting increasing buyer inquiry with some properties selling within a week of listing, mostly to owner - occupiers.

Our research has indicated that properties which are poorly presented, in secondary localities or require maintenance are subject to reduced buyer inquiry with the lower number of investors in the market allowing owner - occupiers to be more discerning in their decision making process.

Central Queensland

ROCKHAMPTON

Over recent years low vacancy rates and growth in rental returns in the Rockhampton region have contributed to the majority of buyers in this market being investors. Owner-occupiers contribute to a relatively small percentage of sales.

....the volume of sales above $550,000 has reduced significantly over recent years with some list prices requiring reduction to secure a sale after extended selling periods....

Traditionally the owner-occupiers in the Rockhampton region are the nuclear family, with single professionals on the increase. These buyers are predominately in the mid to higher price range of $350,000 to $550,000. The style of dwelling can vary from modern onground brick dwellings located in North Rockhampton to lowset/highset timber dwellings which are located south of the Fitzroy River in the older residential suburbs such as Allenstown, Wandal and The Range. These older Queenslander style homes tend to attract buyers who enjoy the prospect of maintaining/renovating these dwellings. The location of the owners' place of work, schools and shops can also contribute to where owner-occupiers choose to purchase a home. The volume of sales above $550,000 has reduced significantly over recent years with some list prices requiring reduction to secure a sale after extended selling periods.

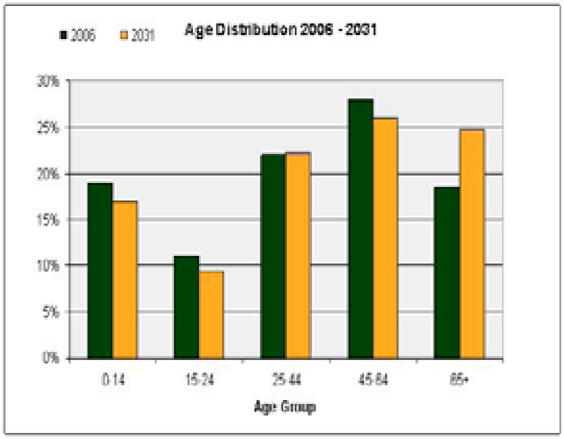
Future Outlook - If rents continue to rise and interest rates remain low (or fall further), existing tenants may consider the idea of purchasing their own home a realistic option.

HERVEY BAY

The typical owner-occupier could be regarded as evenly spread throughout most of the Fraser Coast, with only a few select areas that could be classified as rental domains. Owner-occupiers make up a large percentage of the population, with a sizeable portion within the age category between 25 and 64 years to age. Most families prefer to stay close to schools and services, therefore the central suburbs like Kawungan, Scarness, Torquay and Urangan are popular choices in Hervey Bay. Point Vernon is a favoured choice for retirees, with a quieter, slower lifestyle and the boat ramp nice and close at Gatakers Bay.

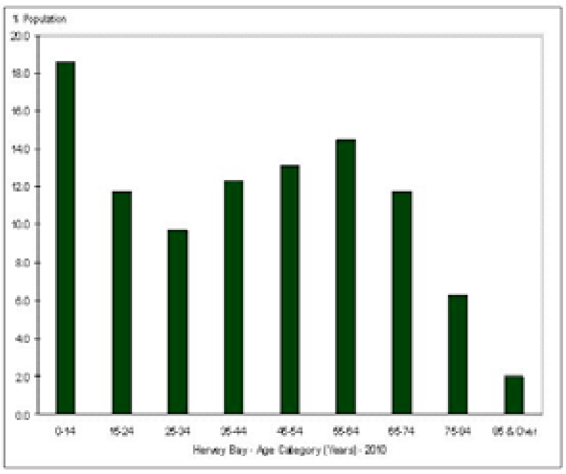
The majority of owner-occupiers in the Fraser Coast prefer a detached dwelling with a standard variety of ancillaries. House and land packages are still an attractive choice for prospective purchasers, with most homes below the $350,000 mark. These homes provide turn-key 4- bedroom, 2- bathroom accommodation on lots under 600 square metres on the fringe of Hervey Bay. Residents who prefer to be closer to the beach or CBD, have a wide range of existing stock to choose from, with most vendors negotiable on terms and price depending on individual circumstances.

Factors such as employment and interest rates play a big role in the owner-occupier market. Currently the market is still very slow, with agents reporting a minimal rate of enquiry. Maryborough housing stock in the sub $250,000 is still turning over, however homes are remaining on the market longer with sluggish demand.



Source: ABS

The above graph depicts the age distribution up to 2031 for Hervey Bay, with a slight decline in 45 to 64 year olds, and a considerable increase for the 65 plus age group. Smaller housing on higher density lots may be a feasible solution as more and more senior residents choose to remain in their own home for longer.



Source: ABS

The above graph indicates a high proportion of residents in the 0 to 14 age group, and a stable middle age attendance for 2010 in Hervey Bay. This breakdown shows quite a reasonable proportion of the population to be within that 'family' age category, with approximately 20 per cent of the population over 65 years of age.

Cairns

The conventional wisdom is that being a transient city, Cairns has a high proportion of renters in its population, with the counterpart that it has a lower than average incidence of owner-occupiers in its property base compared to other Australian cities. Nevertheless with the slow state of the present market, in particular the investor market, it seems to be intending owner-occupiers that are sustaining the majority of current property market activity.

Owner-occupiers appear to buy across the entire spectrum of property types, whether that be houses, apartments or acreage properties. While represented across the entire spectrum of locations, owner-occupiers appear to show a higher degree of concentration either in the older established suburbs or in areas such as Redlynch.

With Cairns being a buyers market, we are seeing some former rental properties being snapped up for owner occupation while the price is right. This is further reducing the supply of rental properties in an already tight rental market, and may have the spiralling effect of inducing even more people to buy rather than rent due to the looming rental shortage. However there is also a degree of buyer hesitancy in the apartment market due to the hike in ownership costs arising from higher strata building insurance / body corporate charges.

....owner-occupiers appear to buy across the entire spectrum of property types, whether that be houses, apartments or acreage properties....

Townsville

The city of Townsville city is the largest city in northern Australia with an estimated resident population for the local government area of 185,768 at 30 June 2010.

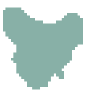
The owner-occupiers in this market comprise a mix of all household types including families, singles, couples, retirees and empty nesters. Although these types of households are not specifically linked to any general locality, we see higher concentrations of families in the suburbs of Annandale, Douglas, Kirwan, Mount Louisa, Burdell, Bushland Beach and Fairfield Waters as these suburbs offer the amenity and facilities to cater for families. Singles and young professional couples are generally attracted to the inner city localities of West End, North Ward, South Townsville, etc., while the empty nesters and retirees are located throughout.

Within the owner-occupier market we are seeing a mix of upgraders looking to trade up and enter into the $350,000 to $490,000 price bracket, along with retirees and empty nesters selling up the family home (which in most cases carries minimal debt) and downsizing to smaller homes on small lots or moving into the unit market.

First home buyers are active in the market typically within the lower price bracket of $250,000 to $350,000. These buyers are looking towards the retiree and empty nester stock with the view of renovating. This generational shift will perhaps see some of the older suburbs such as Currajong and Gulliver, undergo a rejuvenation process.

With the rental market continuing to tighten and rents on the increase, we are seeing that the softer price points for residential property are starting to attract buyers out of the rental market. Activity and confidence continues to build, although prices and sales remain soft and patchy.

There remains good opportunity for owner-occupiers in this market as there is still an element of 'hurt' for some vendors, which is making it very much a buyers market. On the negative side, the impact of sky rocketing insurance costs associated with strata titled units may see potential downsizers (in particular retirees) and singles reconsider the unit market while this issue of escalating insurance costs remains unresolved.



Tasmania

The market for owner-occupiers within Tasmania is typically not defined to a particular area or property type. The only exception to this generalisation is perhaps the lower socio economic areas which are clearly not attractive to the average owner-occupier, with most choosing this market due to affordability and budgetary constraint, rather than appeal. Similarly there does not appear to be an obvious type of owner-occupier within the market, with families, single professionals and retirees all represented.

The type of property an owner-occupier would consider for purchase is selected primarily on the basis of whether that location or dwelling meets the needs of the purchaser. Families are drawn towards the well serviced suburbs and are not overly represented in the inner city apartment or units market. Conversely, the location and low maintenance of inner city living appeals to singles, young couples and retirees.

Another obvious determining factor in regard to owner-occupiers purchasing decisions is budget. The Tasmanian market still remains affordable, with recent price corrections making this even more so. First home buyer owner-occupiers purchasing will generally be in the market to purchase existing housing stock in the established suburbs surrounding Launceston and Hobart. The Launceston market typically begins at $250,000 with the Hobart market beginning at a slightly higher price point of around $300,000, which is reflective of the higher median price bracket.

The rise in unemployment to above 8% (including a 3% rise this calendar year), combined with continuing economic uncertainty continues to impact upon the owner-occupier market. Despite low interest rates the market is generally lacking confidence and hence is hesitant to commit to any unnecessary spending. There is price weakness across all Tasmania locales with the actual amount of retraction governed by locale and the state of repair of the property. Simply, with reduced demand, reduced sale volumes and extended selling periods; interest rates must fall for meaningful price support to occur. The recent interest rate cuts have yet to impact on the market.

Darwin

Like all capital cities Darwin does have its place for the owner-occupier market. The owner-occupier markets dominate in some areas more than others, and are usually located in the more established areas and situated around schools.

Darwin boasts a mix of housing options throughout most suburbs catering for a variety of purchasers ranging form the owner-occupier through to the investor. There is no distinct area devoted solely to housing owner-occupiers, but again there are some areas that are more predominant then others.

The Darwin locality's typical owner-occupier comprises a mix of nuclear families, young couples and professionals. It is fair to say that the owner-occupier (particularly nuclear families) make up a significant portion of the northern suburbs, as well as these areas close to the city including Parap, Fannie Bay and Stuart Park, which are more established areas. The established areas of Palmerston could also be included. These owner-occupiers usually look to detached houses over units/townhouses which are more commonly owned by investors. Property activity in the Darwin CBD and new developing suburbs at Palmerston including Bellamack and Johnston, are usually driven by the investor market.

....Darwin boasts a mix of housing options throughout most suburbs catering for a variety of purchasers ranging form the owner-occupier through to the investor....

The other area to mention is the rural residential area which comprises a large majority of owners occupiers with a larger percentage of young couples (compared to urban areas) obtaining their place within this rural property market. The reason being, there hasn't been a great demand by tenants for this area.

The following are the price points for these typical owner-occupier locations and what that price affords:

Northern suburbs

Can range from $500,000 to $700,000 which would allow purchase of a three to four bedroom house on a typical 800 square metre block.

Inner Darwin suburbs

$800,000 plus would buy a three to four bedroom house on an average 1,000 square metre block.

Palmerston

Can range from $350,000 to $600,000 which would purchase a three to four bedroom house on an 800 square metre block.

Rural/Residential

Vacant blocks start from $300,000 (Herbert/Humpty Doo areas) and established properties would sell from $550,000 plus.

The owner-occupier market at this stage looks promising as property markets recover from the depressed market early last year. This arrives on the back of the construction of the Inpex project which is in its early stages. Given the local impact of the Inpex project on the Darwin locality, we expect that the residential market, including the owner-occupier market, will see increasing property demand particularly for detached dwellings in Darwin's northern suburbs and Palmerston area.

Perth

Owner-occupiers encompass the largest purchaser demographic in most suburbs across the Perth Metropolitan Region. However, it should be noted that some suburbs generally hold a greater edge in attracting the first home owner sub market section of this demographic.

In particular, mortgage belt areas situated on the fringes of the Perth Metropolitan such as Clarkson, Ellenbrook, Byford and Baldivis appeal largely to young families. These suburbs are traditionally characterised by larger master planned communities conducive to these markets with schools and community centres within close proximity. However buyers need to weigh up this lifestyle with the prospect of low capital growth attributed to strong continual supply of land.

Another emerging trend across the region is secured residential developments geared toward the rapidly expanding 'fly-in-fly-out' population. This sub market generally comprises of single, young first home owners requiring secure lock and leave accommodation, generally on the fringes of the Perth CBD. These properties generally offer low maintenance residential apartments within secure developments within suburbs such as Burswood, Victoria Park, Subiaco and Leederville.

It should be noted that while some suburbs are generally favoured more so than others by owner-occupiers, suburbs such as Bentley and St James are strong investor markets. This is a result of the high university student population who attend the nearby Curtin University, resulting in above average rents achieved in comparison to other surrounding suburbs.

Other near city suburbs such as Morley, Nollamara and Belmont are seeing a greater influx of 'mum and dad' developers as a result of the re-development potential of older residences on large subdivisible allotments. These duplex to quadruplex unit developments subsequently attract firm interest from a wide market demographic but mostly from the first home owner segment.

Similarly, the Perth CBD has traditionally attracted a higher level of investors as a result of firm yields in the face of growing rental demand. However, it should be pointed out that the last 18 months has seen an increasing number of 'empty nester' owner-occupiers calling the CBD home. This older demographic is attracted to the vibrancy and proximity to retail, river, public transport and restaurants that the city offers. Again, like the fly-in-fly-out workers, the 'empty nesters' who generally head north in the winter months to escape the cold weather want a lock and leave solution and low maintenance that apartment living affords.

....another emerging trend across the region is secured residential developments geared toward the rapidly expanding 'fly-in-fly-out' population....

As always, price, affordability and value for money still reign in any owner-occupier or investor market.

South Western WA

Where do the owner-occupiers live? Bunbury and Busselton, as major centres in the area, are dominated by the owner-occupier market. Bunbury has traditionally been a base for industry, with a port and, more latterly, as a source of fly-in-fly-out workers. Consequently most residences have traditionally been owner occupied.

The short answer is that the owner-occupiers are spread right across the area from the lower priced properties, right up to the top of the market.

What is the market doing? It appears that the bottom of the market (up to $400,000) is tracking quite nicely with good sales volumes. The total number of properties on the market is not diminishing, however as fast as they are being sold they are being replaced with new houses on the market. The first home buyers appear to be active, but the investors have slowed slightly. As the expansion of Worsley winds down, the demand for rentals (particularly in the top end of the market) has reduced. Anecdotally some properties previously rented for up to $700 per week are now only able to achieve around $450.

The market over $500,000 still remains sluggish, and there remains a section of owner-occupiers with little equity in their property as a result of purchases being made at the top of the market, these occupiers simply cannot move at this time.

Where are the good buys? We keep coming back to the fundamentals of locality and the areas that have held their value. These are the traditionally popular areas of South Bunbury and West Busselton. Other newer areas are still popular, but showing little growth, and it seems likely that growth will only be in line with inflation for some time yet, but at least the decline in value seems to have stopped.

Overall not the doom and gloom we have seen over the last several years but certainly a long way from boom conditions.

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Rural – Market Directions

Across Australia activity in the rural property market remains subdued, possibly with the exception of parts of southern New South Wales and north east Victoria, as David Shuter reports a couple of stronger sale and a changing outlook in this area.

The Beef Australia 2012 exposition was held in Rockhampton this month and was well attended by the industry and public alike. Several quality properties were offered for sale at auction during this event but with limited success. Agents are reporting fair to good interest in quality blocks in Central Queensland however like in most areas there is still a difference between vendor/purchaser expectations. Most of the market interest has originated from mining or infrastructure acquisitions which in recent times have provided the financial foundations for most rural property transactions in this area.

Northern Australian pastoral markets have been slow as we enter what has historically been the selling season. Our Darwin office reports a low level of activity and has provided a list of known NT listings. The north Queensland pastoral market is reflective of the conditions in the NT and elsewhere, with a grazing property bought with intent to develop to tourism forming one of the only recent sales.

In the south east of Australia our Mildura office discusses the results of the closing grape harvest and also the growing Almond industry in the Murray region. Some market parameters for waters values in this area have been established after a recent Government tender which saw around 111 gigalitres of water traded.

Western Australia has seen some welcome rain and we report some recent market activity with Hassad Australia acquiring several properties in the southern part of the State.

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1 June 2012

Northern NSW

Wet conditions prevailed throughout April. May has brought much needed drier weather.

Sugar Cane

The sugar cane harvest is expected to commence in June. Crop yields are expected to be down due to consistently wet conditions over the past two years.

A cane farm at Dulguigan near Murwillumbah is to be put to auction on the 20th of June. It comprises 106.75 hectares predominantly planted to sugar cane and includes a house and sheds. This market sector has declined in recent years.

Macadamias

Wet conditions have delayed macadamia harvesting.

Cattle

"Booky" a 965 hectare cattle property located about 37 kilometres north east of Tenterfield with a stated carrying capacity of 550 breeding cows was passed in at auction but sold to local interests for an undisclosed price.

"Newbold Grange" a 372 hectare cattle property with stated carrying capacity of 250 breeding cows, Clarence River frontage and historic homestead located at Lilydale northwest of Grafton was passed in at auction on 28 March 2012 for $1.75 million and sold for an undisclosed higher value to local interests.

Summer Cropping

Harvesting of soya bean crops has been disrupted by the wet conditions and anecdotal reports are that some crops may not be harvested.

General

Purchasers remain cautious with the background of global economic uncertainty and volatility also contributing to local specific issues. Vendors that are prepared to meet the market at the current lower than historical market peaks are able to sell.

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Southern NSW

It looks like we might have lift-off Houston!! Well maybe we have started the countdown. Market activity for rural properties in southern New South Wales and north east Victoria seems to be gathering momentum. There have been a couple of strong sales in the area including the sale of "Ulladulla" at Holbrook before it was advertised and was really known to be on the market.

We have been predicting a strengthening in the market due to a number of factors (good seasonal conditions, relatively strong commodity prices, the value of the Australia dollar starting to drop, strong demand from corporate and overseas investors, etc.), and it looks like this prediction may be coming to fruition. Most local agents are reporting better listings starting to come onto the market, and they are also saying that there has been good responses from advertisements and enquiry for good quality properties. Maybe this is the start of the turn and what is likely to follow the lift in demand is an increase in price - maybe. And all this is occurring outside the usual selling seasons in this area which have historically been autumn and spring.

The area is starting to recover from the severe flooding in March, and some areas are in fact needing rain. There is plenty of sub soil moisture, but we have not had any general rainfall for about eight weeks and the top layer has become quite dry. Croppers are about half way through sowing winter cereal crops but many have stopped sowing as they feel it is a bit risky to continue to dry sow. There doesn't appear to be any rain on the near horizon, so many are just waiting to see what happens over the next month or so.

As there has been little or no irrigation carried out in the irrigation areas the storages are remaining full or near full. On the Murray system Dartmouth is at 82% and Hume is at 87%. Similar water levels are being experienced on the Murrumbidgee. All irrigation districts have 100% allocations at present, but little water is being used for irrigation.

Things are still looking good going into winter with plenty of pasture available for stock, but many croppers are starting to take a 'wait and see' approach to sowing winter cereals.

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Regional Victotia

There has been little activity in the rural scene over the past month. The wine grape and fresh fruit table grape harvests are virtually complete and in general the majority of growers appear satisfied with the season. In particular there appears to be some light at the end of the tunnel in the wine grape sector with slightly improved prices paid and a more positive outlook moving forward.

The dried fruit growers have completed a difficult season with wet weather at critical times having an impact on much of the fruit with Botrytis and fruit discolouring occurring. The wet and humid conditions and good heavy crop resulted in a large area being affected by the disease. The variety affected the most with darker fruit was Sunmuscat, however overall the fruit weighed well but reduced prices resulted due to the discolouring.

The rains have not arrived for the dry land sector and with many growers planting the majority of their crop 'dry' it is becoming critical that the rains arrive in the next week or so.

....as there has been little or no irrigation carried out in the irrigation areas the storages are remaining full or near full....

The almond industry is one of the fastest growing agricultural sectors in Australia. A recent report from the Almond Board of Australia states that the total area of almond orchards has grown five fold over the past ten years with the majority of this growth in the Murray region. There is a very positive outlook for almonds on the world scale however while the industry and demand for almonds is very strong, the exchange rate is hurting the returns of Australian producers significantly. The break even in this region is around $5 per kilogram however current producer returns are around $4 per kilogram so any drop in the Australian dollar will be of benefit to these producers. It is noted that Australia currently produces approximately 3.5% of the worlds annual crop but it is forecast that this will rise to around 8% as current plantings reach maturity in the next few years.

In regard to the local water market the recent Government tender resulted in value levels as set out below. In total approximately 111 gigalitres was traded in the tender which in dollar terms amounted to $140 million.

- The average for Victorian Murray River High Security water below the Barmah Choke was $1,707 per ML with a high of $1,823 per ML achieved.

- The average for New South Wales Murray River High Security water below the Barmah Choke was $1,748 per ML with a high of $1,895 per ML achieved.
- The average paid for General Security water was $792 per ML.

There have been no significant sales in the region over the past month.

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Far North Queensland

The broader rural market remains subdued however agents are reporting increased enquiry levels in relation to Gulf breeding properties however there still remains a differential between buyers and sellers price expectations. There are a number of properties actively or passively on the market and we could see some buyers return to this market now that values have come back from peak. The recent sale of 'Crystalbrook Lake' at Chillagoe for $2.2 million is reflective of where the market has moved to, albeit this property was purchased largely to develop towards tourism. The property 'Curraghmore' which is some 64,300 hectares is coming up to auction in May. There has been strong interest in this property given its perpetual leasehold and freehold tenure and proximity to Cairns.

....there are a number of properties actively or passively on the market and we could see some buyers return to this market now that values have come back from peak....

The most active sector of the local property market and indeed industry secter is sugar, with Maryborough Sugar (MSF) announcing a possible upgrade of the Tablelands Mill and Mackay Sugar purchasing the Mossman Mill. Mossman Mill is now actively chasing supply on the Tablelands in competition with MSF. This competition for supply security has seen the sale in one line of 23 of the 24 former Rewards tree farms in the Innisfail region to MSF. The greater majority of former tree plantations on the Cassowary Coast have now been sold back to cane growers and this land will come back into production over the next several years.

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Northern Queensland

Grazing

The wet season across the North has left the autumn/winter prospects with a good outlook and a good body of pasture across the general area. Muster work has commenced throughout the region and young cattle should start to move through the selling outlets. Labour continues to be an issue for some property managers as pastoralists compete with miners for a workforce.

In recent months there have been several successful 'at arms length' property transactions. This does not mean that one should get excited about value levels but the sales do reinforce the premise that good properties do create some interest. It is the downs properties that appear to be the properties of interest in general.

Cane (Burdekin and Herbert Areas)

It is getting closer to harvest time. The crop in both regions is looking very good and expectations are for a very rewarding season. Sales within the Burdekin remain somewhat sluggish for the year. The Herbert area on the other hand has seen the complete disposal of the Great Southern timber plantations to local sugar industry identities including Sucrogen. Settlements for these 12 properties have commenced or are completed. It would appear that all purchased properties will revert to cane. The effect of this dispersal is that the growers geared for expansion have purchased these lands and there may now be a lag period between these sales and the next true cane farm sales as most potential purchasers have been involved with the Great Southern Dispersal Sale.

Horticulture (Bowen and other areas)

There has been some interest in irrigation land (horticultural farms) in the Bowen area. It is rumoured that there could be two reasonable sales currently under contract and awaiting settlement. Tomato and capsicum picking should have commenced while heavy crops like pumpkin and squash are fetching around the $2,000 per tonne which is pleasing to many.

Overall, the rural sector continues with reasonable confidence but no major increase in the returns from the commodity grown. Costs continue to escalate, and commodity prices continue to hover within set parameters.

Of note, it is with some humour attached; industry scientists have been funded to lead a study to determine the amount/volume of gas emissions of our northern cattle herd. It is felt that the northern herd may emit less gaseous matter than the southern herd. The question is how will any proposed tax be calculated and will there be a carbon tax discount for a less gaseous herd? While this question is being floated around our graziers will have to ponder further on their livestock genetic options. Everything is presently up in the air.

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Northern Territory

As the northern mustering season is swinging into gear for the pastoralists, so too should the property inspection and selling season for the agents, but it's actually all looking just a bit flat at the moment. Although cattle numbers to Indonesia through the Port of Darwin were slightly higher at the beginning of May compared to the same time last year, the outlook for the next few months is not that exciting for the cattlemen of the north as the balance of available export permits is nearly spent. Many in the pastoral industry that this HTW office have spoken with recently, are conveying their lack of confidence in things getting better on the live export front any time soon. Most aren't anticipating any significant shift by the Indonesians to lift the number of permits in the short term. Despite this general air of pessimism amongst the pastoralists, property marketing agents are continuing to field enquiry from domestic and international sources – but still no sale contracts to speak of.

We have put together a list of pastoral properties we know are being actively marketed on the nation's rural property marketing web sites. The number has dwindled by about eight stations since around February. Not because the properties have been sold, but more likely that vendors do not want to continue to test the current market in conditions that so obviously favour buyers. A list (not exhaustive) of properties listed for sale across the NT and the Kimberley (that we are aware of) around the date of writing are as follows -

Katherine/Sturt Plateau/Roper/VRD:

1. Bunda: 1,788km2. VRD
2. Bullo River: 1,627km2. VRD
3. Riveren: 3,016km2. VRD
4. Inverway: 2,538km2. VRD
5. Killarney/Birrimba: 5,414km2 VRD
6. Mountain Valley 2,813 km2 Central Arnhem Region
7. Maryfield: 2,013 km2 Sturt Plateau (being offered with Mountain Valley)
8. Western Creek: 1,020 km2 Sturt Plateau
9. PL 1202 (part Shenandoah): 1,413 km2 Daly Waters
10. Forrest Hill: 539 km2 Daly Waters

Central Australia:

11. Narwietooma: 2,590 km2. Central Australia
12. Mount Doreen: 7,337 km2
13. Mount Ebenezer: 1,640 km2. - Central Australia
14. Maryvale: 3,244 km2. - Central Australia
15. Pine Hill: 2,752km2. - Central Australia

Other NT/Kimberley:

16. Ban Ban: 1,873 km2 - Darwin Region
17. Brooking Springs: 1,939 km2. Fitzroy Crossing - Kimberley Region

Stations dropped from this list since February (around eight, seven of which are in the live export reliant north) amass 15,600km2 and all of which are still taking enquiry by agents.

....it looks like the northern pastoral industry will just have to wait a little longer before breeding and operational strategies can be set....

Other significant news related to Top End pastoral industry includes the recent federal budget paper revelation that a class legal action by two groups of pastoralists are well underway (as eluded to in the introduction to this section of the Month in Review); and the prospect of AACo's 1,000 head per day abattoir near Darwin (which could potentially offer another market for a portion of the northern industry's cull cow turn-off which looks shaky as the debate rages between AACo and the NT Government about major infrastructure funding. It looks like the northern pastoral industry, which is becoming a little desperate for alternative cattle markets, will just have to wait a little longer before breeding and operational strategies can be set.

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South Western WA

And they are off……seeding begins after break in the season.

Rain events across the majority of cropping districts within the state are very welcome and have kick started the seeding for the 2012/13 harvest. The main increases in cropped areas for 2012 appear to be in canola, with many growers having increased the areas of canola in their cropping programs. This is a result of current / predicted high canola prices as demand from Europe continues to be generated by the bio fuels market. It is also noted that a number of producers have also scaled down operations this year with a notable Western Australian grower reducing his mammoth cropping program from 100,000 hectares plus to 60,000 to 70,000 hectares this season. It continues to be evident that growers are taking a hard look at their enterprises and rationalising operations where necessary.

It has been confirmed in the media that Hassad Australia (HA), an Australian business established by the Qatar based Hassad Food company, has continued its acquisition in Australia by purchasing 14,672 hectares in Jerramungup, 8483 hectares in Bindi Bindi and 8340 hectares in Esperance in April 2012. Of course there have been rumours over the values that have been paid and these rumours have been strongly denied by HA. It is reported that the purchases were made based on independent valuations. This has provided good news to the vendors involved in the deals, one of whom has been employed by HA as the aggregations property manager. It has been noted however, that HA have a finite plan for investment in properties which is almost complete. So those farmers living in hope that HA may come knocking on their door could be disappointed.

On the south west coast of WA an unprecedented and unusual deal has been brokered. This has seen Brownes Dairies purchase 3,200 cows from share farmers who are part of the Lactanz operation located in the Scott River locality. The objective of this deal is to reportedly sure up supplies to the dairy as speculation continues over security over supplies with a Chinese operator recently purchasing the Ravenhill dairy and reportedly trying to broker deals in the main Scott River dairy producing area.

The property market continues to be slow, with some interest reportedly coming back into the market, However the purchaser profile appears to be shifting from a previous average of 80% farmer purchases within most districts, to an estimated 50% to 60%, with national and international investors making up the majority of the remaining percentage.

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Comparative Property Market Indicators - May 2012

The following pages present a generalised overview of the state of property markets in Capital City, New South Wales/ACT, Victoria/Tasmania, Queensland and 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 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
Bendigo	(03) 5480 2601
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 2012

The following pages present a generalised overview of the state of property markets in Capital City, New South Wales/ACT, Victoria/Tasmania, Queensland and 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 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

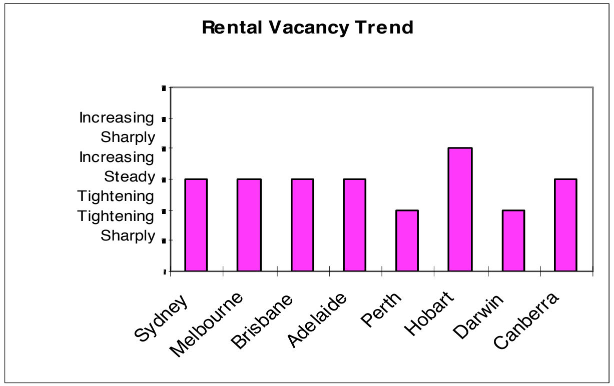
To discuss the applicability of the South Australian/Northern Territory and Western Australian indicators to individual properties or situations, contact your local Herron Todd White office:

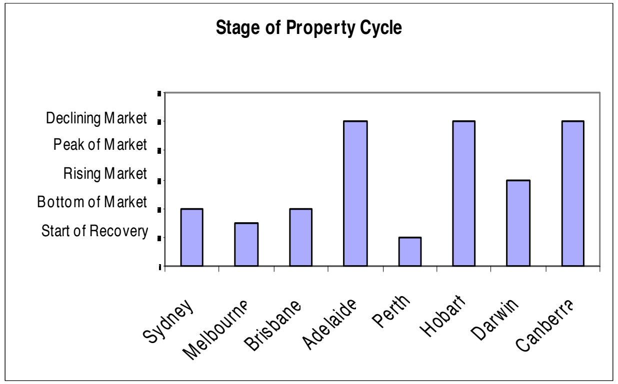
Adelaide	(08) 8231 6818
South West WA (Bunbury/Busselton)	(08) 9791 6204/ (08) 9754 2982
Perth	(08) 9388 9288
Darwin	(08) 8941 4833

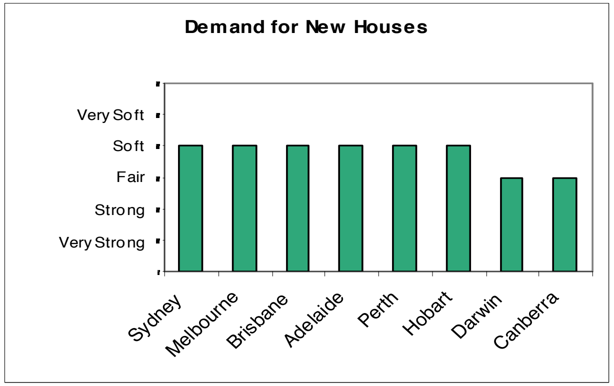
Capital City Property Market Indicators as at May 2012 – Houses

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





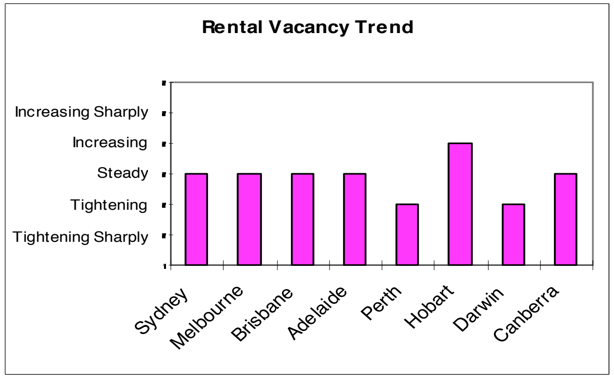


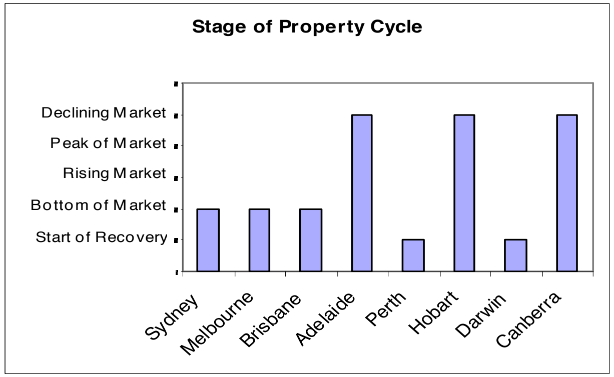
Capital City Property Market Indicators as at May 2012 – Units

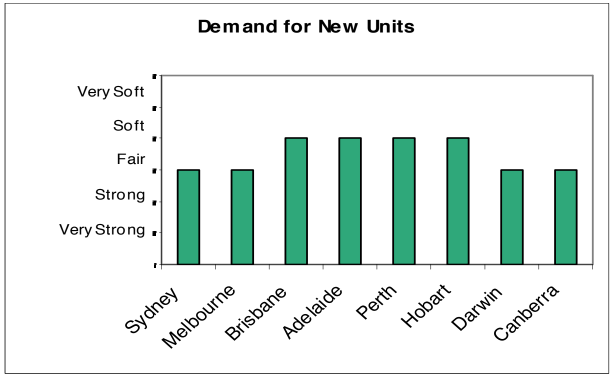
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Shortage of available property relative to demand	Balanced market	Balanced market	Balanced market	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to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





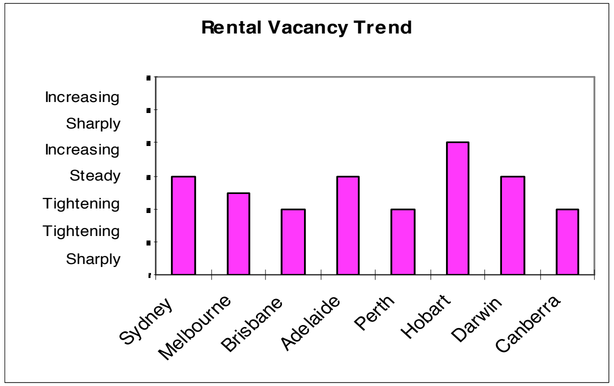


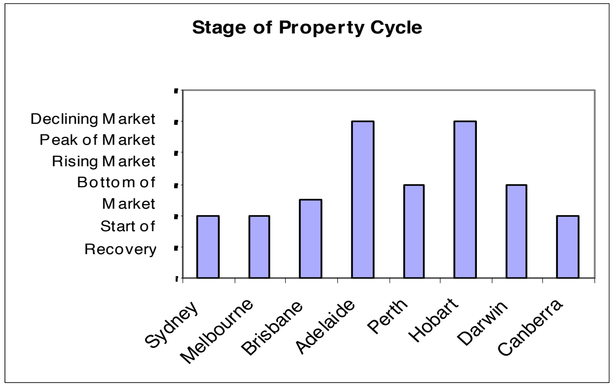
Capital City Property Market Indicators as at May 2012 – Office

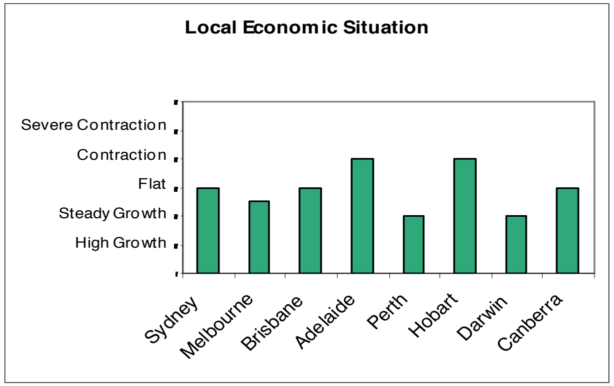
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Over-supply of available property relative to demand	Shortage of available property relative to demand - Balanced market	Balanced market	Balanced market	Shortage of available property relative to demand	Balanced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





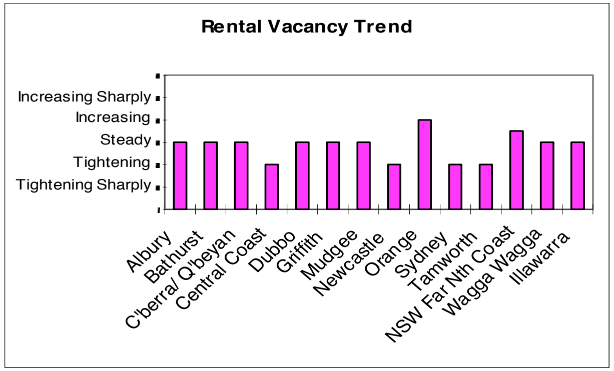


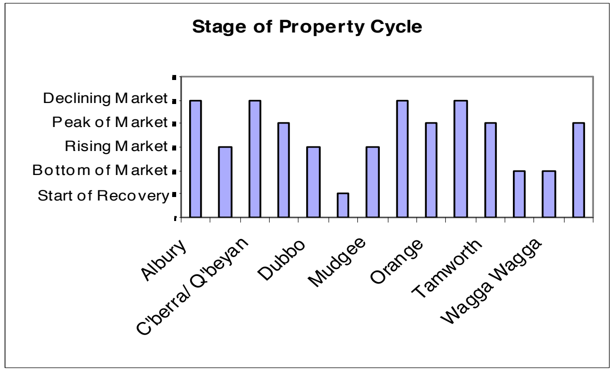
Herron Todd White
Independent Property Advisors

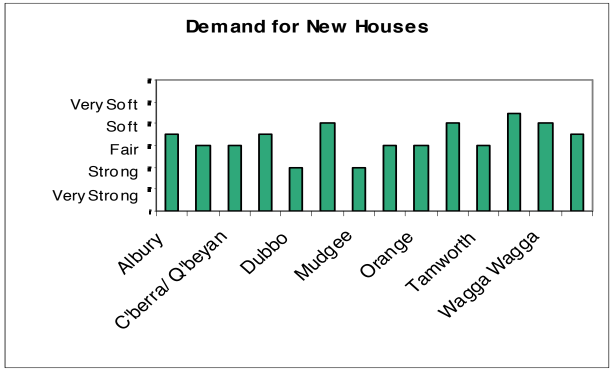
New South Wales Property Market Indicators as at May 2012 – Houses

Factor	Albury	Bathurst	Can-berra/ Q'beyan	Central Coast	Dubbo	Griffith	Mudgee	New-castle	Orange	Sydney	Tam-worth	Tweed Coast	Wagga Wagga	Wollon-gong
Rental Vacancy Situation	Shortage of available property relative to demand - Balanced market	Severe shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market - Over-supply of available property relative to demand	Balanced market	Balanced market
Rental Vacancy Trend	Steady	Steady	Steady	Tightening	Steady	Steady	Steady	Tightening	Increasing	Tightening	Tightening	Steady - Increasing	Steady	Steady
Demand for New Houses	Soft - Fair	Fair	Fair	Soft - Fair	Strong	Soft	Strong	Fair	Fair	Soft	Fair	Very soft - Soft	Soft	Soft - Fair
Trend in New House Construction	Declining	Increasing	Steady	Declining	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Declining	Steady	Steady
Volume of House Sales	Steady - Declining	Steady	Steady	Steady - Declining	Increasing	Increasing	Increasing	Steady	Steady	Steady	Steady - Declining	Increasing	Steady	Steady
Stage of Property Cycle	Declining market	Rising market	Declining market	Peak of market	Rising market	Start of recovery	Rising market	Declining market	Peak of market	Declining market	Peak of market	Bottom of market	Bottom of market	Peak of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasion-ally	Occasion-ally	Occasion-ally	Almost never - Occasion-ally	Occasion-ally	Occasionally	Occasionally	Occasion-ally	Occasion-ally	Occasion-ally	Occasion-ally	Occasion-ally	Occasion-ally	Occasion-ally

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 2012 – Units

Factor	Albury	Bathurst	Can-berra/ Q'beyan	Central Coast	Dubbo	Griffith	Mudgee	New-castle	Orange	Sydney	Tam-worth	Tweed Coast	Wagga Wagga	Wollon-gong
Rental Vacancy Situation	Shortage of available property relative to demand - Balanced market	Severe shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand - Balanced market	Severe shortage of available property relative to demand	Balanced market	Severe shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market - Over-supply of available property relative to demand	Balanced market	Balanced market
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Tightening	Increasing	Steady	Tightening	Steady - Increasing	Steady	Steady
Demand for New Units	Soft - Fair	Fair	Fair	Soft	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Very soft - Soft	Soft	Soft - Fair
Trend in New Unit Construction	Declining significantly	Steady	Steady	Declining	Steady	Declining	Steady	Declining	Steady	Steady	Steady	Declining	Declining	Steady
Volume of Unit Sales	Steady - Declining	Steady	Steady	Steady - Declining	Increasing	Steady	Increasin g	Steady	Steady	Steady	Steady - Declining	Declining	Steady	Steady
Stage of Property Cycle	Declining market	Rising market	Declining market	Bottom of market	Rising market	Start of recovery	Rising market	Declining market	Peak of market	Bottom of market	Peak of market	Bottom of market	Bottom of market	Peak of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasion-ally	Occasion-ally	Occasion-ally	Almost never	Occasion-ally	Occasion-ally	Occasion ally	Almost never	Occasion-ally	Frequently	Occasion-ally	Occasion-ally	Occasion ally	Occasion-ally

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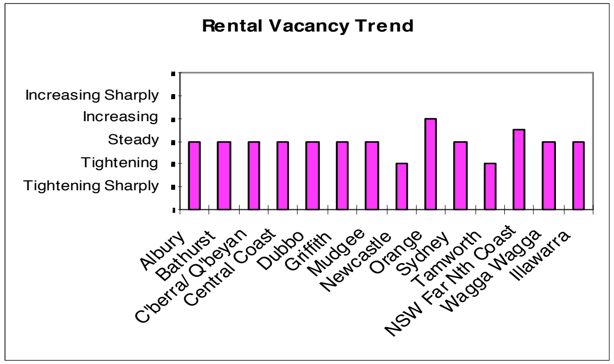

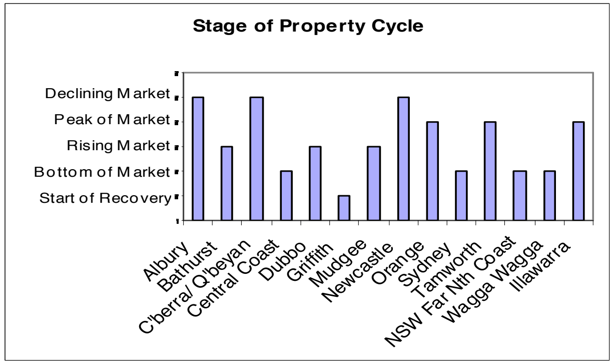

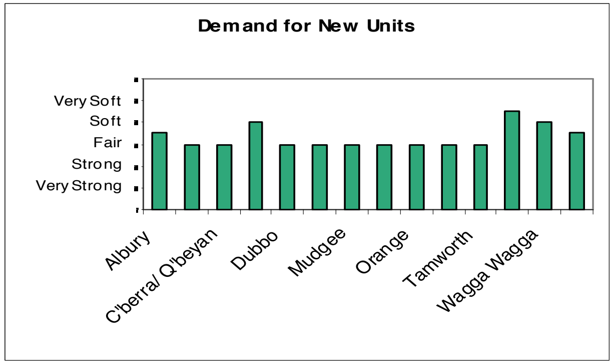

New South Wales Property Market Indicators as at May 2012 – Office

Factor	Albury	Bathurst	Can-berra/ Q'beyan	Central Coast	Dubbo	Griffith	Mudgee	New-castle	Orange	Sydney	Tam-worth	Tweed Coast	Wagga Wagga	Wollon-gong
Rental Vacancy Situation	Large over-supply of available property relative to demand	Balanced market	Large 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	Over-supply of available property relative to demand	Over-supply of available property relative to demand	Shortage of available property relative to demand	Over-supply of available property relative to demand	Balanced market	Balanced market - Over-supply of available property relative to demand	Large over-supply of available property relative to demand	Shortage of available property relative to demand - Balanced market
Rental Vacancy Trend	Increasing	Steady	Tightening	Steady	Steady	Steady	Steady	Tightening	Tightening	Steady	Steady	Steady	Increasing	Tightening - Steady
Rental Rate Trend	Declining	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Increasing	Stable	Stable	Declining - Stable	Declining	Stable
Volume of Property Sales	Declining significantly	Steady	Steady	Declining	Steady	Declining	Steady	Steady	Steady	Increasing	Steady	Declining	Declining significantly	Steady
Stage of Property Cycle	Declining market	Declining market	Bottom of market	Declining market	Rising market	Bottom of market	Bottom of market	Bottom of market	Rising market	Bottom of market	Peak of market	Bottom of market	Declining market	Bottom of market
Local Economic Situation	Contraction	Flat	Flat	Flat	Flat	Flat	Flat	Steady growth	Steady growth	Flat	Steady growth	Flat - Contraction	Contraction	Flat
Value Difference between Quality Properties with National Tenants, and Comparable Properties with Local Tenants	Large	Significant	Very large	Large	Significant	Large	Significant	Large	Small - Significant	Significant	Significant	Significant	Large	Significant - Large

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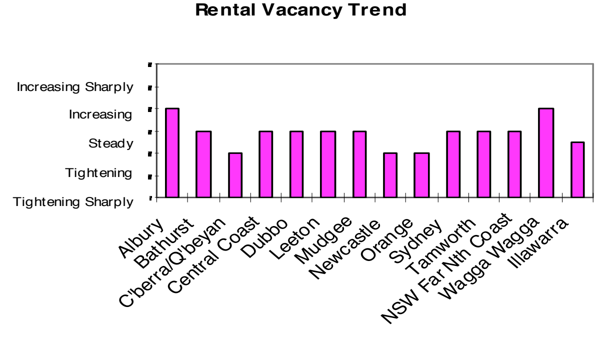
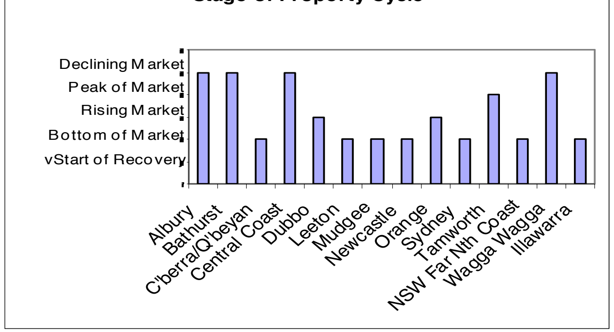
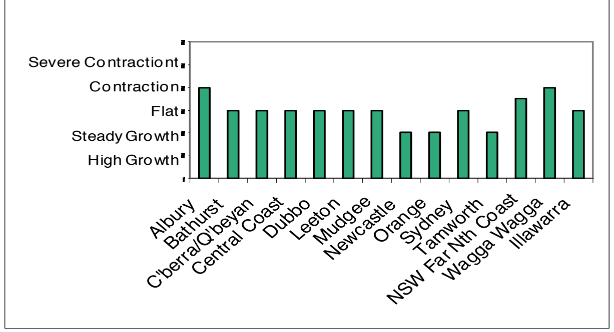






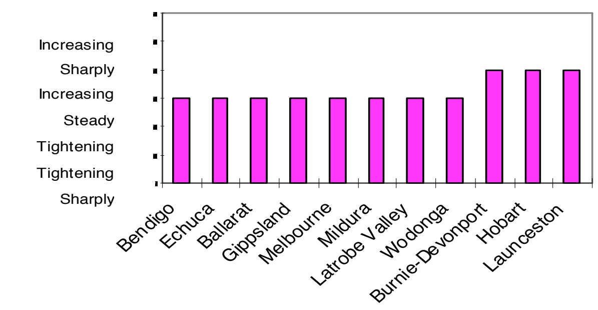
Victoria/Tasmania Property Market Indicators as at May 2012 – Houses

Factor	Bendigo	Echuca	Ballarat	Gippsland	Melbourne	Mildura	Latrobe Valley	Wodonga	Burnie/Devonport	Hobart	Launceston
Rental Vacancy Situation	Balanced market	Balanced market	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	Balanced market	Balanced market	Balanced market
Rental Vacancy Trend	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Steady	Increasing	Increasing	Increasing
Demand for New Houses	Fair	Fair	Strong	Soft	Soft	Soft	Soft	Fair	Soft	Soft	Soft
Trend in New House Construction	Steady	Steady	Steady	Declining	Steady	Increasing	Declining	Declining	Declining	Declining	Declining
Volume of House Sales	Increasing	Steady	Steady	Declining	Increasing - Steady	Increasing	Declining	Declining	Declining	Declining	Declining
Stage of Property Cycle	Bottom of market	Start of recovery	Bottom of market	Declining market	Start of recovery - Bottom of market	Bottom of market	Declining market	Peak of market	Declining market	Declining market	Declining market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Almost never	Almost never	Occasionally	Occasionally	Occasion-ally	Occasion-ally	Occasion-ally	Almost never	Almost never	Almost never	Almost never

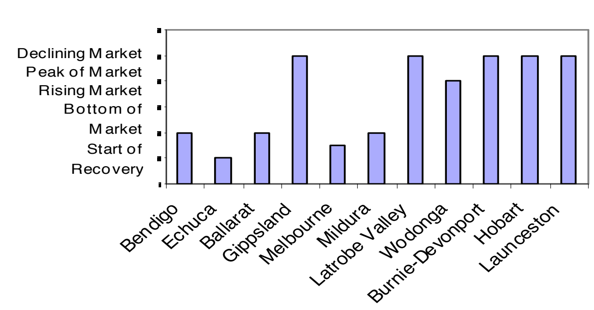
Red entries indicate change from previous month to a higher risk-rating

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

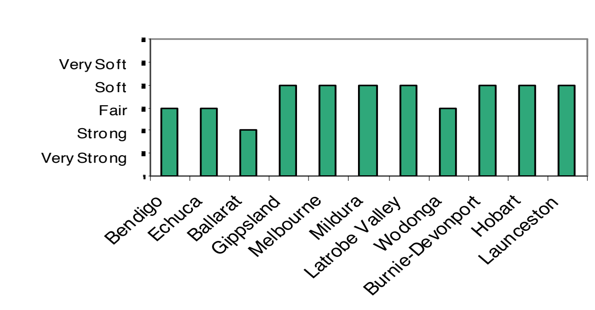
Rental Vacancy Trend



Stage of Property Cycle



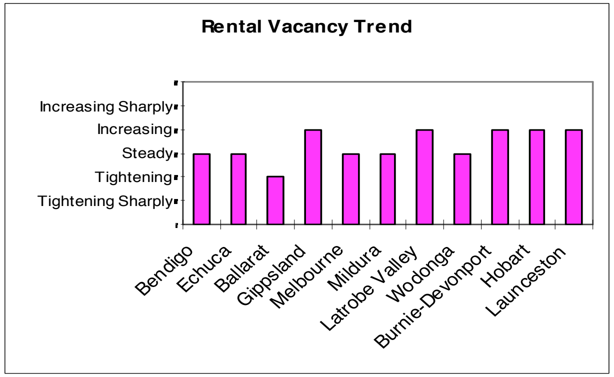
Demand for New Houses

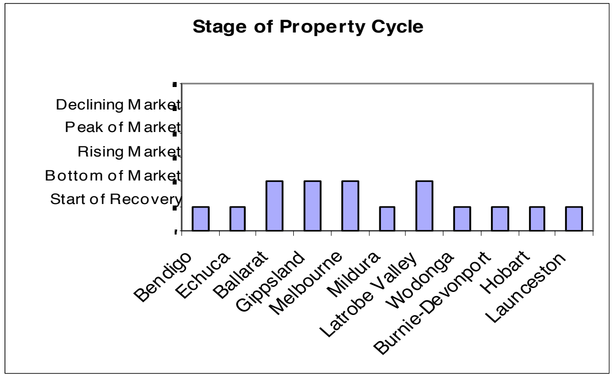


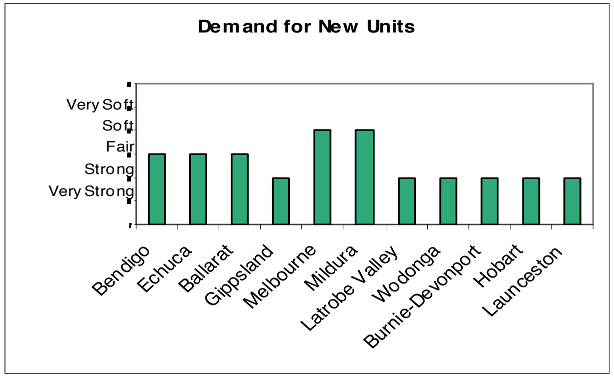
Victoria/Tasmania Property Market Indicators as at May 2012 – Units

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







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Victoria/Tasmania Property Market Indicators as at May 2012 – Office

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

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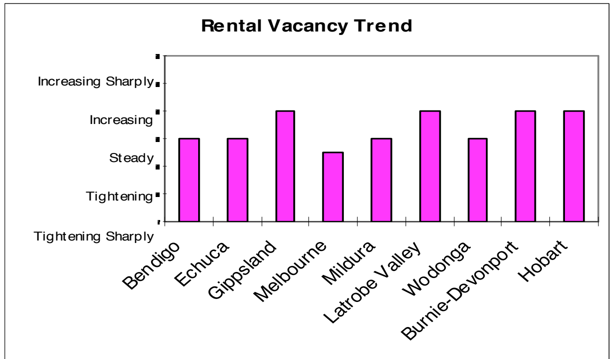
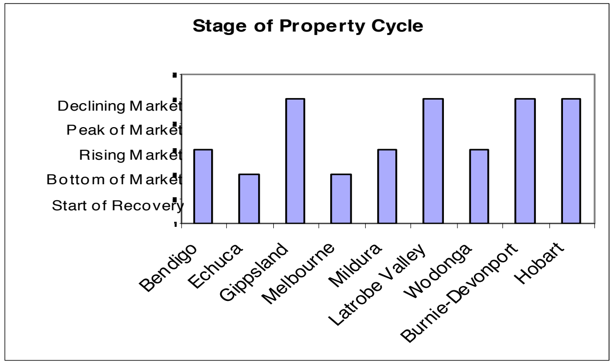
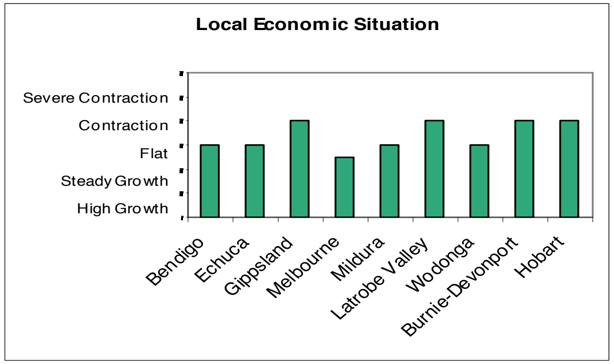
Blue entries indicate change from 3 months ago to a lower risk-rating







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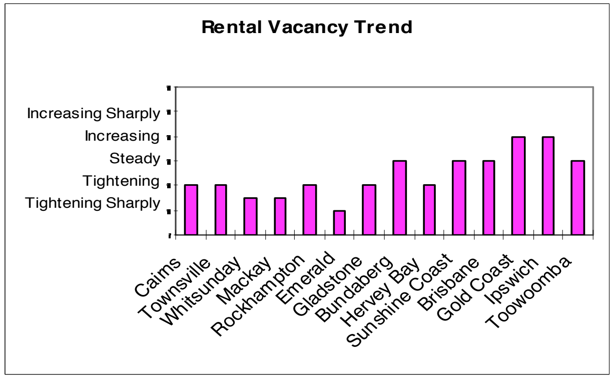
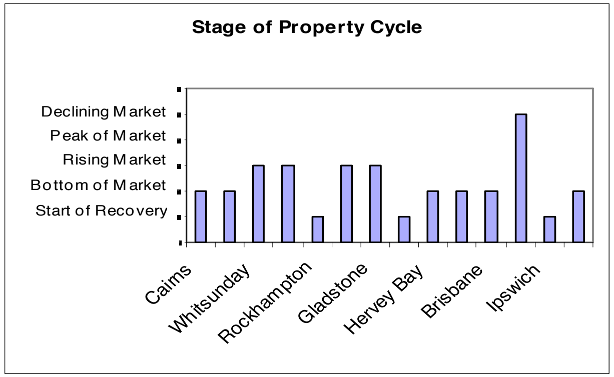
Queensland Property Market Indicators as at May 2012 – Houses

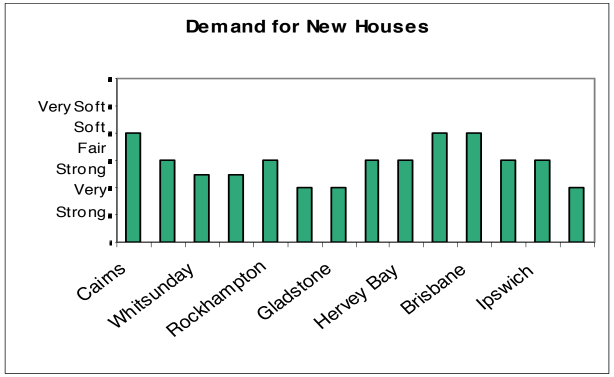
Factor	Cairns	Townsville	Whitsunday	Mackay	Rockhampton	Emerald	Gladstone	Bundaberg	Hervey Bay	Sunshine Coast	Brisbane	Gold Coast	Ipswich	Toowoomba
Rental Vacancy Situation	Shortage of available property relative to demand	Shortage of available property relative to demand - Balanced market	Severe shortage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







Herron Todd White
Independent Property Advisors

Queensland Property Market Indicators as at May 2012 – Units

Factor	Cairns	Towns-ville	Whit-sunday	Mackay	Rock-hampton	Emerald	Glad-stone	Bunda-berg	Hervey Bay	Sun-shine Coast	Brisbane	Gold Coast	Ipswich	Too-woomba
Rental Vacancy Situation	Balanced market	Shortage of available property relative to demand - Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand	Shortage of available property relative to demand	Severe shortage of available property relative to demand	Severe shortage 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	Tightening	Tightening	Tightening	Tightening	Tightening	Tightening sharply	Tightening	Steady	Steady	Increasing	Steady	Steady	Steady	Steady
Demand for New Units	Very soft	Fair	Fair	Fair	Fair	Strong	Strong	Very soft	Very soft	Soft	Soft	Soft	Soft	Strong
Trend in New Unit Construction	Declining	Steady - Increasing	Steady	Steady	Steady	Increasing	Increasing	Declining significantly	Declining significantly	Declining	Steady	Increasing	Steady	Steady
Volume of Unit Sales	Steady	Increasing	Steady	Steady	Declining	Steady	Steady	Steady	Increasing - Steady	Steady	Steady	Increasing	Increasing	Steady
Stage of Property Cycle	Bottom of market	Bottom of market	Rising market	Rising market	Bottom of market	Rising market	Rising market	Bottom of market	Declining market	Bottom of market	Bottom of market	Declining market	Bottom of market	Bottom of market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasion-ally	Occasion-ally	Occasion-ally	Occasion-ally	Almost never	Occasion-ally	Occasion-ally	Almost never	Occasion-ally	Occasion-ally	Occasion-ally	Very frequently	Occasion-ally	Occasion-ally

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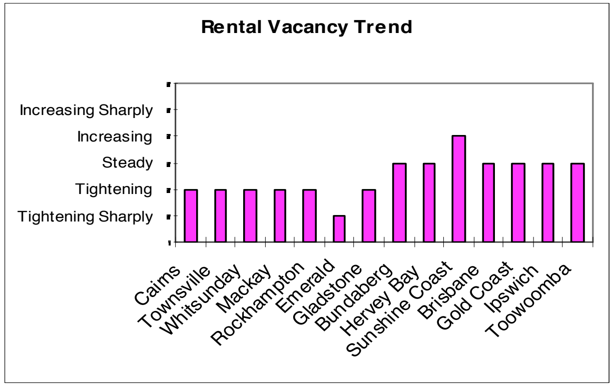
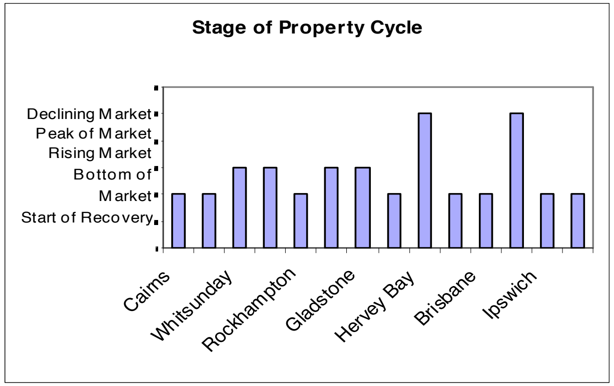
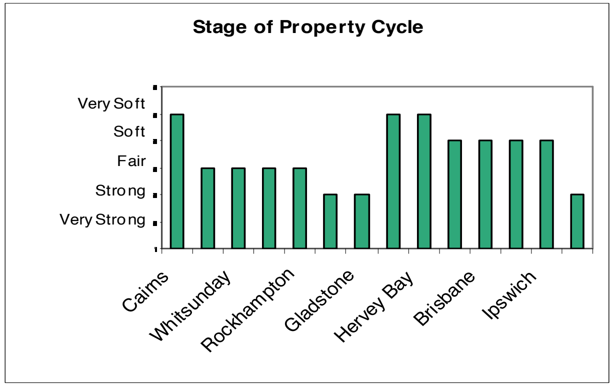
Blue entries indicate change from previous month to a lower risk-rating





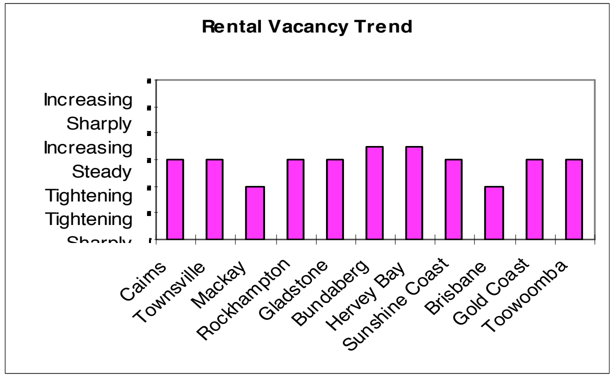


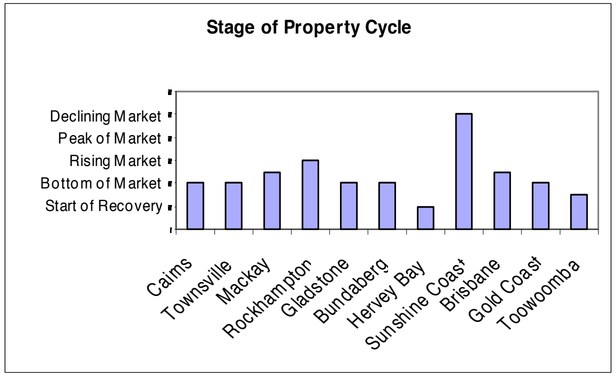
Queensland Property Market Indicators as at May 2012 – Office

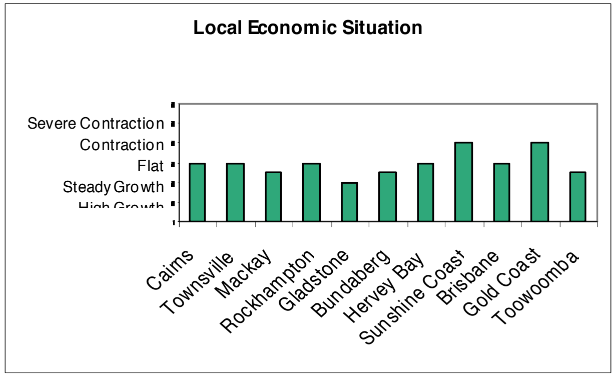
Factor	Cairns	Townsville	Mackay	Rock-hampton	Gladstone	Bundaberg	Hervey Bay	Sunshine Coast	Brisbane	Gold Coast	Too-woomba
Rental Vacancy Situation	Over-supply of available property relative to demand	Balanced market	Shortage of available property relative to demand	Balanced market	Balanced market	Balanced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

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





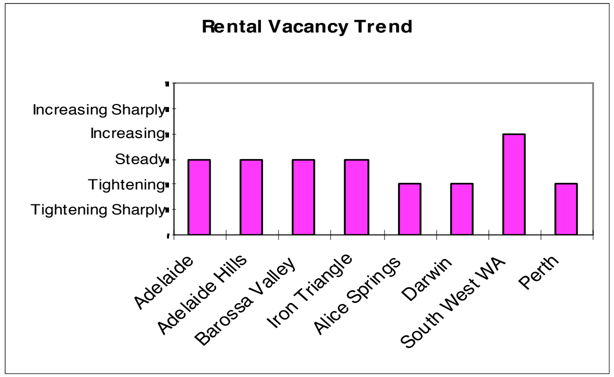


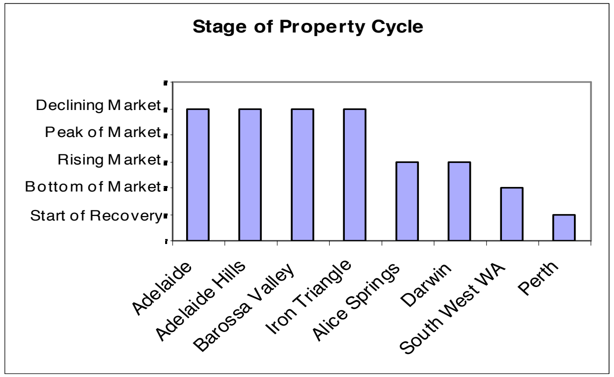
Northern Territory, South Australia & Western Australia Property Market Indicators as at May 2012 – Houses

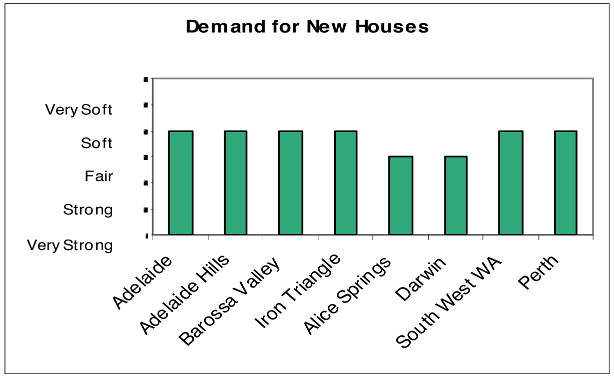
Factor	Adelaide	Adelaide Hills	Barossa Valley	Iron Triangle	Alice Springs	Darwin	South West WA	Perth
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market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

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



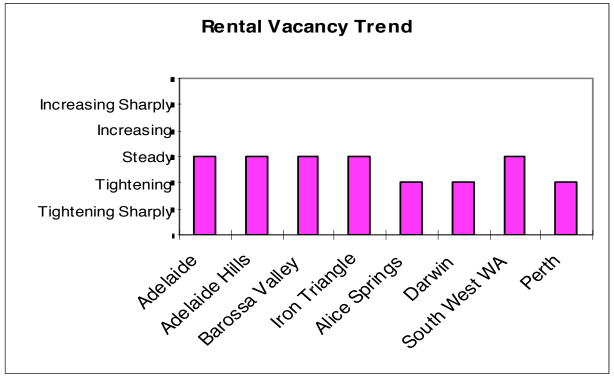


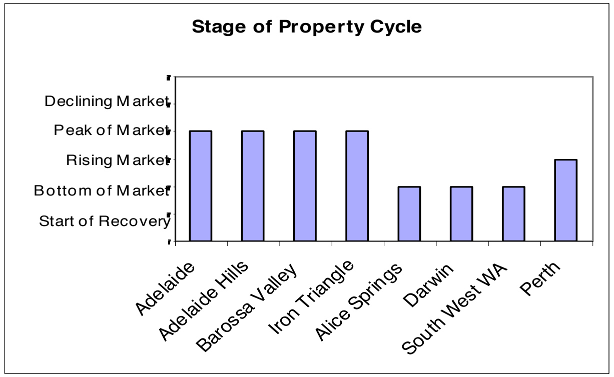


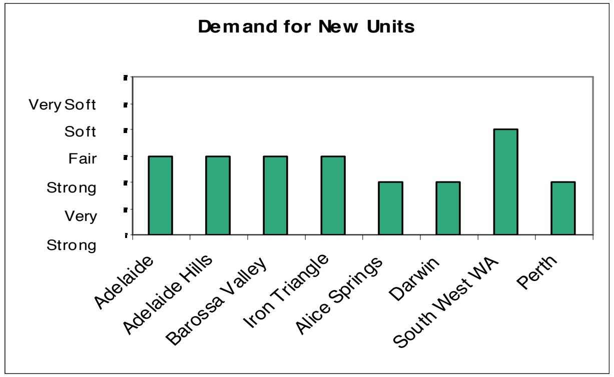
Northern Territory, South Australia & Western Australia Property Market Indicators as at May 2012 – Units

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

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 2012 –

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

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