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The Month In Review

2013 MAY

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Peace of mind for your property decisions.

Eye Candy

'What the big money will buy'

Sometime property can be a bit "Zoolander" – really really ridiculously good looking! Every city, town, village and hamlet has them. They are the "lotto" houses where you can dream about lounging by the dollar shaped pool sipping a Krug 1928 and planning the next sojourn to Necker Island.

We are talking about the very aloof end of the market. It is here that buyers become impervious to trifling movements of things like interest rates, and much keener to ensure that political turmoil in a far off island state doesn't interfere with their gold mining exploration.

The very upper echelon of our markets has much to tell us about big picture confidence and how well we are doing as a whole economically. It's during moments of abundance that we see 'money is no object' sales which leave most regular people's heads spinning.

The expensive sector is one which isn't always savvy, but it is often brave. It's an entertaining and informative spectator sport. It's also a voyeuristic segment for the rest of us. Who doesn't want to have a natter in the lunch room with their fellow cubical dwellers about some of the astounding property sales they've just read about?

Welcome to the Month In Review that you've been waiting for.

We have gathered together a terrific assessment of the highs and lows of the elite end of Australia's real estate. Our professionals are letting you know just how the moneyed half is faring right now and we've even got a couple of sales that you can enjoy drooling over – all under the guise of 'market research' of course.

If you're wanting to skip these treasures and head straight for our commercial section, then this month it's a take on the retail sector. The very good retail sector. The very very very good retail sector – you get the idea! Our prime quality professional will let you in on all there is to know about the very best retail in their patch.

So there you are reader – a blue chip edition of your favorite market reviewing monthly mail out. Make sure you pore over the info, but don't stop there. After a long talk with our team, you might find a savvy investment portfolio results which will bring you ever closer to the nice house on the hill.

Enjoy.

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1 May 2013

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QS Corner

Tax Time is fast approaching – Get prepared

By now the excitement and rush of Christmas, New Year and Easter are a faint and distant memory as the end of the financial year is fast approaching. This is a time not traditionally recognised for widespread joy and anticipation but, rather a time when you either owe or receive money back from the Tax-man.

If you are a property investor, it is never too early to get your house in order, making sure you have all the relevant documentation organised and ready to go before you visit your accountant. These documents include all receipts on repairs and maintenance, statements including all bank, property management and strata, group certificate and finally your Tax Depreciation Schedule.

It pays to be organised and it pays to do your homework on what exactly it is that you can and cannot claim against your taxable income.

So do you know what those deductions are and how to claim them? When it comes to renting out your investment property, whether you own the property, renting out part or all of it or even a commercial property owner-occupier, there are many items you can claim. It is not just those investors who are negatively gearing their investment property that reap all the rewards. Every investor has the same opportunity to claim for tax benefits you've just got to know what they are.

It would be agreed that the most commonly claimed deductions are for the repair and maintenance on capital works to a property, along with managing agents fees, landlord insurance, water and council rates, strata fees (if the property is strata titled) and all directly related expenses suitably associated with the investment. Some costs are tax deductible in the year you incur them, whereas others can be used to reduce your profit, or capital gain. However you can also claim some interest, legal costs and other expenses associated with the purchase of the investment property.

While the above are the most commonly known and claimed expenses, claiming depreciation on the wear and tear of your property is one that sometimes slips through unclaimed and as a direct result there could be literally thousands of dollars that can be claimed on your investment property. The concept is the same as if you were claiming depreciation on your car that was used for income generating purposes. A big misconception is that people do not associate the idea of depreciation with property, because as an investor all that you want your property to do is appreciate in value.

While the land component is usually the one that appreciates, the actual dwelling, the bricks and mortar, carpet, blinds and kitchen appliances, they wear out and depreciate. It is for this reason the ATO allows owners of investment properties to claim annual deductions for depreciation on their properties.

The best way to have your property correctly assessed for depreciation is to engage in the service of a fully qualified and appropriately licensed Quantity Surveyor who is also a registered Tax Agent. This way what you claim will be in accordance with the ATO's guidelines and the reassurance that a qualified professional is ensuring that all depreciable items are accounted for and not overlooked, therefore maximising your return and reducing the amount of tax you pay.

It is important to do you homework on the tax benefits, rules and guidelines when it comes to property investment. Its important to talk to your accountant or financial advisor, not just at tax time but well before you buy your investment property, this way you will know exactly what your financial options, benefits and risks are. They are paid professionals who are well informed in these areas.

Herron Todd White are more than just property valuers, we are fully qualified and accredited property advisors, in all areas and class of property. If you or someone you know needs tax depreciation advice on your investment property please do not hesitate to contact us at tds@htw.com.au, because we have fully qualified Quantity Surveyors who are ready to help

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Commercial Overview

There is no denying that buyers like to run to quality in times of trouble. The retail sector has been dealing with some difficult phases of late, but there will always be a purchaser for a blue-chip investment.

This month, our commercial valuers give you a great guide on what is prime retail real estate in their areas. This edition covers the very best retail you can place in your portfolio, and also gives plenty of advice on where this sector is likely to head in the future.

Sydney

Sydney Metropolitan

Consumer spending has retracted over the past few years and retailers have been left with tough trading conditions. Historically, prime retail locations have been closely associated with retailing of luxury goods such as high-end fashion, but while discretionary spending in this category shrunk considerably, spending on food retailing remained strong. While fashion retailing continues to serve as an important element in the retail performance of Sydney's major shopping strips, retail areas which also contain prominent café, restaurant and bar culture, and in some cases close proximity to tourist destinations, have fared well in a challenging retail environment. These attributes along with other key factors such as retailer demand, geographic location, and demographic profile, highlight the following areas as what we consider to be blue chip retail investments in the Sydney metropolitan region, excluding the CBD.

Manly

The Corso, the main pedestrian walkway between Manly Beach and Manly Wharf, serves as both a promenade area as well as providing direct pedestrian access from Manly's commercial precinct to public transport. Manly Beach continues to draw a high proportion of Sydney's tourist population, and for these reasons this prime retail strip has remained a desirable location for retailers. Strong retailer demand has helped keep retail vacancy very low along The Corso and rents have remained high as a result. Retail net passing rents along this retail strip are currently averaging $1,255 per square metre per annum, while recent sales of prime retail shops have shown analysed yields averaging 7.51%.

Bondi Beach

Bondi's unfaltering ability to attract strong volumes of domestic and international visitors continues to generate strong business for retailers along Campbell Parade, the main retail strip fronting Bondi Beach. Net passing rents along Campbell Parade are among the highest being achieved between non-CBD retail strips, averaging $1,760 per square metre per annum. Analysed yields from recent sales are showing an average return of 6.81%.

Balmain

Businesses in Balmain are supported by a steady mix of demand from local residents and visitors who are drawn to its cosmopolitan atmosphere, good quality cafés, restaurants and lively pub establishments. Balmain's prime retail strip along Darling Street, which contains a high concentration of such establishments, has benefited from this steady demand. Net passing rents along Darling Street are currently averaging $1,090 per square metre per annum while analysed yields range from 5.35% to 6.58%.

Newtown

Newtown has developed its reputation as a hotspot for music, art and culture. Newtown's King Street, a major access road stretching through to St Peters, is littered with such attractions and is also a popular destination for food, boutique fashion, and gifts retailing. Prime retail vacancy along King Street has remained tight and the strip is currently achieving net passing rents which average $1,120 per square metre. Recent sales along this strip are showing analysed yields averaging 7.17%.

Canberra

We are unaware of any significant retail property sales during the course of 2012 and the first quarter of 2013. DFO Canberra along with a number of other national DFOs were placed in the market but no transaction has eventuated for Canberra.

Retail sales activity is reported by the ABS in the ACT as being in positive territory with a recorded growth in February of 2.6% in seasonally adjusted terms - nationally the figure was 1.2%. In trend terms the figures were 0.4% for both the ACT and nationally.

The Majura Park Shopping Centre opened in the Canberra Airport Business Park in March 2012 – comprising circa 22,000 square metres and including a full scale supermarket operated by Woolworths and a Big W store. The area has become a significant shopping destination with a Masters – circa 15,000 square metres store having opened in July 2012 to join the new centre and other freestanding stores including Costco, Jim Murphy Liquor and Pet Barn.

Anecdotally it appears that the ACT still continues to lead the nation in the number of metres of retail space per head of population.

Wollongong

Crown Street Mall continues to be the blue chip location for retail real estate in the Illawarra although the pending completion of GPT's West Keira development is expected to change the dynamics of the CBD retail sector with the Stocklands Shellharbour expansion/upgrade expected to have a larger impact on a regional level. Other strip retail locations of note include Kiama, Shellharbour Village and Thirroul with all areas being tightly held.

On the investment side, the most notable sale in the market in the last one to two years was for Centro Albion Park in February 2012 for $15.5 million, a yield of 9.6% based on the reported fully leased net income. At the smaller private investor level the recent sale in February 2013 of 1/138 Crown Street (a 143 square metre strata unit fully leased to Specsavers) typifies prime retail rates and yields with the $690,000 transaction reflecting a yield of 7.3% and rate per square metre of building area of $4,825.

Central West NSW

DUBBO

The retail property market remains subdued in central west NSW mainly as a result of reduced supply. There have been few sales to accurately gauge the investment market. Real estate agents report strong demand for well secured property with strong lease covenants. Conversely properties with vacancies or requiring capital expenditure or redevelopment are very difficult to sell with limited buyer interest.

....our research indicates that a good quality retail building with a good lease covenant, will still produce a sale with a strong yield....

Most lease reviews are seeing limited capital growth in rent with results generally remaining at current levels or increasing by CPI.

The gap in investment yields between well secured national tenanted properties and locally tenanted properties also appears to be widening and investors are looking for greater certainty in their investments with preference for terms of five years or more. Well secured investments can show between 6.5% and 7% with fringe or vacant property showing upwards of 10%.

Newcastle

The inner Newcastle retail market has been weak for some time. Even preceding the GFC the decentralisation of retail away from the inner city has been a feature of the makeup of Newcastle for many years. Blue chip retail outlets include those that are tenanted by major national tenants and yields for this type of property have been affected the least since the market downturn, when compared to secondary retail space.

Our research indicates that a good quality retail building with a good lease covenant, say a lease expiry of over five years to a national, will still produce a sale with a strong yield. However once that lease expiry comes close and there isn't some degree of surety of tenure the yield can readily expand by 200 basis points or more. It appears the key driver for mid-range investment property is the lease covenant, even more so than location (i.e. regional versus inner city) or quality of the improvements.

There is relatively good demand for blue chip retail outlets in and around core retail areas such as Charlestown and more so in Kotara where the Westfield Kotara shopping Centre is shadowed by a larger and modern bulky goods precinct with all major national players in place. At this stage we can say that there are very few blue chip retail properties within the Newcastle CBD, which is a sorry state of affairs, however with Stockland in possession of a major piece of retail land in the city surely that is set to change.

NSW Mid North Coast

Along the Mid North Coast the blue chip commercial and retail investment properties generally make up only a very small percentage of the commercial market. These types of property are usually located within the major towns, with Port Macquarie the largest town in the region.

In Port Macquarie the most recent blue chip sale would be Dan Murphys Liquor which is located on the periphery of the CBD. It sold in March 2012 for $8.25 millon with a net yield of 6.84%, with the selling agent noting that to obtain a sub 7% yield for a regional town was a "very strong result in this price bracket".

Coffs Harbour

Coffs Harbour has generally experienced a low level of retail sales activity due to a limited offering of prime property. Yields are generally considered stable in the 7% to 8.5% range for strong leases in prime locations.

There is some price sensitivity for rentals given the soft economic conditions with most retailers indicating lower levels of turnover.

The upgrade of facilities including a multi-tier covered car park at Park Beach Plaza Regional Shopping Centre and the redevelopment of Coffs Central in the CBD have confirmed positive influences on those facilities and surrounding development.

NSW Far North Coast

The Blue Chip Retail market for the NSW North Coast varies due to the wide variety of commercial retail property types and markets.

Byron Bay has some of the highest retail rental rates on the North Coast in regards to blue chip retail. However Byron Bay is strongly driven by the tourist sector and the fickle nature of the tourism market over the past four years has influenced fluctuations within a relatively small geographic area.

The Byron Bay blue chip retail market has traditionally had rental levels two to three times that being achieved in other areas of the North Coast. Rental rates in secondary locations range from $300 to $600 per square metre per annum while premium locations ranging from $800 to $2,000 per square metre per annum. There has been significant softening of yields for Byron Bay blue chip retail, with traditional yields of 5% to 6% (and as low a 3% in the peak of the market) softening to yields of 7% to 8% in current times.

....along the Mid North Coast the blue chip commercial and retail investment properties generally make up only a very small percentage of the commercial market....

In terms of larger blue chip commercial investments, there has been a recent sale of fast food outlet in Casino that is subject to a long term lease (9+5+5 years) to a national franchise. The sale price of $1.78 million represents a passing yield of 7.07% and an analysed yield of 7.49%. This recent sale is indicative of blue chip investments with long term lease to national tenants maintaining good market interest with yields being maintained at a relatively low level in comparison to local tenants on similar to shorter leases.

Another sale of a blue chip commercial investment which supports the current market interest for investments with long term leases to national tenants is the Dan Murphy's outlet in Lismore which was purchased for $6.13 million. The sale analyses to a yield of 7.19% which is again relatively low in comparison to that of local Lismore tenants on similar to shorter leases.

Regional Victoria

BENDIGO

Conditions in the commercial office space sector remain tight, though there should be some easing over the next 12 months with an increase in supply coming on line.

Investment grade commercial property continues to perform well in Bendigo on the back of a tightness in supply, with investors chasing higher yields as a consequence of the low returns on offer elsewhere in the current low interest rate environment. Additional stimulus to the local economy is expected with the commencement of the $630 million hospital development, with the Exemplar consortium, including Lend Lease, recently announced as the preferred bidder after a protracted tender process.

We are still seeing strength in the sub $350,000 market for industrial property, driven by an undersupply of appropriately sized allotments and developments. Conditions are tougher at higher price points, with lower demand for larger lots and bigger sheds. Conditions in the East Bendigo precinct remain subdued, with greater interest in industrial estates to the south of Bendigo, such as the Golden Square industrial precinct.

Conversely conditions are tougher at the lower end of the retail market, consistent with difficult trading conditions being encountered by many small operators, though vacancy rates seem to have stabilised. However, well located larger retail sites continue to be tightly held, with limited vacancy. Of note was the relocation of Brewhouse Coffee Roasters from Golden Square to larger premises of approximately 700 square metres at 402 Hargreaves Street in the CBD. With a reported $1 million fitout, the operators are expecting to double coffee output to 2000 cups a day, clearly expressing confidence in the ongoing growth of a café culture in Bendigo.

....rental rates in Langtree Mall have suffered, while rates in Centro have firmed....

ECHUCA

Good results have been achieved for several blue chip properties within the Echuca CBD with several more currently listed with varying degrees of interest. Like most centres secure tenancies with good quality leasing covenants are critical to achieving yields in the sub 7% range. While several properties have sold with yields close to 5% in the main Hare Street strip, there is a very attractive, securely leased building currently up for auction in Annesley Street which is likely to attract very good interest (however we may be slightly biased).

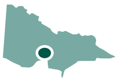
MILDURA

Mildura's traditional retail apex is the Langtree Mall and its surrounds, however there has been a steady trend for retailers to move to the large Mildura Centro regional shopping centre on Fifteenth Street. The availability of carparking (with shade sails) seems to be one of the main factors attracting shoppers to the Centro facility, but the presence of national retailers such as JB Hi-Fi, Target, Big W, Harvey Norman, supermarkets and Bunnings in the Fifteenth Street precinct seem also to be pulling shoppers away from the traditional pedestrian only Langtree Mall.

As a result, rental rates in Langtree Mall have suffered, while rates in Centro have firmed. There has been much debate over provision of additional carparking in the city centre, including whether the Langtree Mall should be turned into a one way street, with angled car parking available.

The recent listing of one of Mildura's prime corner retail buildings, adjoining the entrance to the Langtree Mall, will be an interesting test of investor sentiment. This building is fully let, with a passing net income of $252,000 per annum and an asking price of $3.1 million plus. The listing of this prime building will be a good barometer of investor enthusiasm for prime location and secure yields.

A total of 15 commercial properties were advertised for sale by tender in late 2012 by Receivers of the Dunning portfolio and five of these have sold. Placing so many properties on the market at once in Mildura has had a flooding effect and four of the five have shown softer levels than had previously occurred. A further nine shops have also been advertised by Receivers of another portfolio. It is considered that yields for commercial property have softened by up to 1% over recent times.



Melbourne

Despite the continual overall subdued property market, prominent retail precincts appear to be unaffected. Investors still make up a large percentage of the purchaser group and strong results have been achieved in recent times within these prime areas. Noted below are highlights for the first quarter of 2013, which indicates the continued demand for good quality retail assets within these localities.

Melbourne Central Business District

The Melbourne CBD continues to outperform other retail precincts with rentals within the super prime strip of the Bourke Street Mall reaching rental levels of $10,000 per square metre and above, while other localities such as the prime Swanston Street and areas towards the Paris-end of the CBD are showing signs of increased investor demand and an upward trending in capital values. Just within the first quarter of 2013, we have seen a number of major investment sales within the CBD market:

Date	Address	Sale Price ($)	Area (m^2)	Capital Value per Square metre	Yeild (%)
March 13	222-224 Swanston St Melbourne	$8 million	320		3.66
March 13	188 Lt Collins St Melbourne	$1.65 million	32.5	$50,769	5.67

The sale at 188 Little Collins Street reflected a record high rate per square metre of capital value for properties outside of Swanston Street and the property is occupied by international tenant Fred Perry with a new five year lease with a further five year option available, at a current rental of $2,880 per square metre. Competition for these prime retail spaces with secure lease profiles remains fierce with the expansion of international retailers, which is currently set to trend up. The latest international brand reported to enter the market within the next year is luxury brand Dolce and Gabbana, who is expected to occupy the space at 171 Collins Street, and a mystery international retailer who is tipped to occupy several levels across the renowned GPO heritage building.

Suburban Prime Retail Strips

Melbourne is known as being the strip shop retail capital of Australia with each prominent strip encompassing a unique nature and theme. The retail strips of the inner eastern suburbs in particular have also reported promising transactional activities. Examples of recent major transactions are as follows:

Date	Address	Sale Price ($)	Area (m²)	Capital Value per Square metre	Yeild (%)
March 13	969-975 High St Armadale	$5.82 million	550	$10,582	4.38
March 13	686 Rurke Rd Camberwell	$2.11 million	168	$12,560	4.11
March 13	694 & 696 Glenferrie Rd Hawthorn	$5.62 million	314	$17,898	4.5

Other examples of prominent retail strips within Melbourne include Church Street, Brighton; Koornang Road, Carnegie; Whitehorse Road, Balwyn and Glenferrie Road, Malvern. These well performing retail precincts have historically strong tenancy profiles which appear to be the main driver of continual investor demand.

Adelaide

With the exception of regional and sub-regional shopping centres, within metropolitan Adelaide blue chip retail locations are limited to the traditional strip shopping along Jetty Road, The Parade Norwood and King William Road Hyde Park in conjunction with the CBD.

The parade Norwood and King William Road are located within high socio economic areas and are dominated by high end retail shops and cafés. The Parade Norwood is supported with two supermarkets, the well regarded Foodland housed within a relatively new shopping centre as well as the Coles located on the opposite side of the road within a somewhat more dated centre.

....all retail localities are currently adversely impacted by depressed trading conditions and increasing vacancies

The proposed redevelopment of the Norwood Mall by Coles has been spruiked for some time. However we understand that the current proposal is for the removal and reconstruction of the entire complex including 30 specialty shops and an underground car park. Reportedly construction is due to commence in late 2013 but is in its planning stage with no publicly available information.

The map below shows the Norwood Mall (blue) and Foodland centre (red). There is some conjecture about the exact size of the development area as it is unclear how many of the individual shops fronting the Parade have been acquired by Coles over the years, however any development of this size will have a significant impact on the entire Parade retail precinct.

Google Earth

Like all retail localities Jetty Road has struggled over the past few years with increased business failures and reduced consumer confidence leading to increased vacancy rates and reduced achieved rentals. According to Savills Research the Jetty Road vacancy rate remains the lowest of the three key retail strips at 5.42%, however this is significantly higher that the 2% vacancy rates quoted by CBRE in late 2009.

Yields achieved within the CBD remain between 5% and 7.5% with other CBD retail slightly higher at 6% to 8%. However given the retrospective nature of this data this has not yet incorporated the impact of Rundle Place's opening. Rundle Place is the largest retail development within the CBD since the Myer Centre in the early 1990's and its opening has altered the retail environment in the CBD and more particularly Rundle Mall. Numerous tenants are vacating shops within the mall and other surrounding centres to open in Rundle Place.

It is reasonable to expect a certain period of uncertainty immediately after the centres opening but ultimately we expect Rundle Place to have a positive impact to the retail environment in the CBD. It is possible that Rundle Place's opening when coupled with the Rundle Mall refurbishment will lead to a recovery of the CBD as a retail destination.

All retail localities are currently adversely impacted by depressed trading conditions and increasing vacancies. The subsequent impact this is having on the sustainability of rentals and the perceived reduction in security of some tenants, has resulted in reduced capital values.

Brisbane

The first quarter of calendar year 2013 has seen an increased, albeit low level of activity in the Brisbane retail property market. Having said that, there are still lingering concerns with regard to depressed consumer confidence, ongoing finance constraints and a three and a half year high in the unemployment rate. These concerns may manifest themselves as a likely interest rate reduction of 25 basis points at the May meeting of the RBA.

Transactions occurring in the Brisbane retail property market in the sub $15 million sector are reflecting a range of yields dependant on the price point, location and the investment profile of the particular property. Centres over $15 million are attracting higher yields and generally being purchased by local private syndicates, high net worth individuals or institutional funds.

The sub $5 million market continues to remain in strong favour with investors resulting in yields remaining relatively firm and ranging between 7.5% to 9%. An example of this is the recent sale of 192 Gympie Road, Kedron which sold fully leased to three tenants for $1.93 million at an analysed yield of 7.7%.

Retail centres with a higher price point over $5 million are generally achieving softer yields of between 8.5% and 10% due to the current difficulties associated with obtaining finance for assets at this price point. An example of this is the recent sale of the Daisy Hill Shopping Complex which is a neighbourhood shopping centre anchored by an IGA with 11 specialties which sold for $6.35 million at an analysed yield of 8.76%. Secondary properties are reflecting yields of 9.5% to 11%.

Typically, centres selling on firmer yields will be in primary locations and provide opportunity for rental reversion, redevelopment or refurbishment. Conversely, centres which are selling on softer yields are generally in a secondary location with higher vacancy levels, low WALE's, rental arrears or a poor tenancy mix.

....Surfers Paradise is the one of the most recognisable retail precincts in the nation, being underpinned by a long-established tourism market....

Gold Coast and Tweed Coast

With some of the highest retail rental rates in the country, the Gold Coast undoubtedly has its fair share of blue chip retail. The fickle nature of this market however, will influence dramatic fluctuations within a relatively small geographic area.

In a broad sense, the Gold Coast's prime retail areas are the beach side precincts at Main Beach, Surfers Paradise, Broadbeach and, to a lesser extent, Burleigh Heads.

Each of these areas has performed very differently in the face of a challenging retail market over the past five years.

In its heyday, Main Beach was probably one of the Coast's strongest performers, consistently achieving low vacancy and strong rental rates, on the back of a thriving nightlife.

The GFC hit this area hard; reduced discretionary income directly impacted business turnover, flowing on to increased vacancy rates and downward pressure on rental levels. These factors, coupled with increased yields, had a significant adverse impact on property values.

The two most recent sales within the strip are Angel Place ($5.6 million in March 2012) and The Village Centre ($7.25 million in May 2012). While showing an analysed yield variation of around 0.75% (7.7% as opposed to 8.54%), the latter property, in fact, shows a higher rate per square metre, due to its superior position and achievable rental rates.

Surfers Paradise is the one of the most recognisable retail precincts in the nation, being underpinned by a long-established tourism market. While being faced with fluctuating performance over the past few years, its central position will undoubtedly cement its place as the heart of the Gold Coast for the foreseeable future.

Cavill Mall is the epicentre of this precinct which is tightly held amongst a few select investors. Notwithstanding this, The Paradise Centre (formerly Centro Surfers Paradise) reportedly sold in late 2012 for $162.5 million representing the largest single retail transaction on the Gold Coast for some time.

The Paradise Centre

Also of note is a small retail unit on the corner of Cavill Mall and Orchid Avenue. This 40 square metre unit was sold in February 2012 for a record price of $59,000 per square metre. This astounding result was on the back of a high passing rental rate of $4,200 per square metre and reflected a particularly firm yield of 6.3%.

Broadbeach has historically played second fiddle to Surfers Paradise, but has witnessed a resurgence of local patronage over the past decade. The reason for this has been the development of projects such as The Wave, Aria, Broadbeach on the Park and, also more recently, The Oracle.

While being a thriving nightspot on weekends, the increased amount of competition introduced to these areas is continuing to place downward pressure on rental levels, particularly for those premises that initially struck their leases some five years ago.

Broadbeach has witnessed fairly consistent yield levels over the past few years, generally in the range of 8.5% to 9.5%. However falling rental levels may impact the value of properties in this area going forward.

Interestingly Burleigh Heads is facing a similar problem, but for different reasons.

Burleigh Heads has long been a thriving local retail area popular with tourists and locals alike. Over more recent times there has been a resurgence of new restaurants and eateries being established on and around the James Street area.

James Street

This surge of activity has helped underpin rental rates, still generally within the range of $700 to $800 per square metre. Investment yields however, have increased substantially. While a return on investment as low as 5% was once acceptable for this area, the conservative investors of todays market are no longer willing to pay a healthy premium for 'blue sky'.

All of these beach side retail precincts have a few key elements in common. Underlying demand from tenants in these locations will ensure vacancies are filled at the right price, and the relatively rare chance to invest in such areas will, most likely, continue to hold yield levels at a notably lower level than the market in general.

While one cannot ignore the challenge these properties still have lying ahead, one cannot deny that a select few properties in these prime retail locations will be viewed by the market as blue chip investments for the foreseeable future.

Sunshine Coast

The blue chip retailing areas on the Sunshine Coast are typically considered to be Hastings Street in Noosa Heads and Mooloolaba Esplanade at Mooloolaba.

These retail areas are predominately tourist retail based and over the past three years have noted increasing vacancy levels, decreasing effective rentals and drops in achieved yields for recent sales. This has mainly been due to drops in overall tourist and visitor numbers to these areas.

Over the past three years both areas have undergone significant streetscape works also, which have finalised and have improved overall pedestrian access in these areas. Mooloolaba Esplanade has also noted completion in early 2013 of a redevelopment, which is adding an approximate further 500 square metres of retail space, though we note that approximately half of this has been leased to a national retailer. A redevelopment is currently also underway in Hastings Street, which will add approximately 200 square metres of retail space.

During 2010, 2011 and the first six months of 2012 we saw very limited sales activity within these locations. However, over the past six to nine month period we have seen sales in each location.

In Hastings Street we have noted two street frontage sales in late 2012 to indicate value levels. The street front stratas were 65 square metres and 53 square metres and sold for $21,958 per square metre and $31,132 per square metre respectively. The first sale within the Bella Casa complex had a month to month tenant in place with an analysed yield of 7.79% and the second sale within The Emerald complex had a national retailing tenant in place with an analysed yield of 7.84%.

In Mooloolaba we noted two sales also with both leased to national tenants. The first sale had Just Jeans as a tenant and sold for just over $2 million to a local investor. This property sold in a short time frame under somewhat slightly forced circumstances with a yield of 8.97% or $15,767 per square metre. A 7 Eleven leased strata sold in early 2013 to a local investor for $2.15 million with a yield of 8% or $18,220 per square metre.

These sales indicate overall softening of yield levels of up to approximately 200 basis points since the market peak in 2008. However, while these areas have softened, they are still considered the peak retailing areas on the Sunshine Coast with vacancy levels for street frontage space typically well below other retail strips.

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Southern Queensland

TOOWOOMBA

There has been a number of recent retail investment properties sold in the Toowoomba market. The yields achieved for retail properties in Toowoomba can vary greatly depending on:

- Quality of tenant – premiums paid for national tenants and for long term leases;
- Price point – the lower the price, the higher number of potential buyers;
- Retail type – yields can vary for each subtype such as convenience shopping centres, fast food, bulky goods etc.

The sales of note include:

- Highfields Plaza – A neighbourhood shopping centre located in a fast growing suburb positioned to the north of Toowoomba. The centre is anchored by a Coles supermarket and sold for $11.5 million. Analysed yield of approximately 9.6%.
- ANZ Bank – 367 Ruthven Street Sold for $2.92 million. Analysed yield of 8.35%.
- Snap Fitness – Corner James and West Streets Sold for $1.94 million. Analysed yield of 8.46%.
- 122 Herries Street – Leased to Blockbuster Video and Domino's Pizza. Under Contract for $1.85 million. Analysed yield of 7.47%.

The above sales show how retail yields can vary with a broad range of between 7.47% and 9.4% achieved.

Central Queensland

BUNDABERG

Passive investment yields for blue chip properties generally range between 8% and 9%. There is market evidence for properties in the $1 million to $2 million price bracket at 8.5% and 9% for large bulky goods retail buildings with five year leases in place to national tenants. Properties above this price range do not sell regularly, however we are aware of a large retail property in Bundaberg which is under negotiation for sale at approximately 9% in a prominent retail precinct and a national retail tenant. Anecdotal evidence indicates that retail trade has been positive for some non flood affected retailers due to the temporary closure of a sub regional shopping centre in Bundaberg after flooding in 2013.

HERVEY BAY

The prime locations for retail property are sites with frontage to the Esplanade or Boat Harbour Drive or within the five major shopping centres such as Eli Waters, Pialba Place, Bay Plaza, Urangan Central and Stockland Shopping Centre.

There continues to be very little activity in the retail market. Sales and leasing activity is fairly limited with few transactions in recent years. Although there is no evidence, other commercial property appears to be achieving 8% to 10% yields for investment property across the Fraser Coast. The lower yields are generally for sub $500,000 property. Landlords appear to be very negotiable on rental rates depending on terms. Maintaining occupancy during this time remains a focus as tenants approaching review have ample property to consider. Any vacant retail space is proving difficult to lease. A majority of leases being negotiated to local tenants are generally for shorter terms of one or possibly two years with market reviews at options.

....passive investment yields for blue chip properties generally range between 8% and 9%....

Fraser Coast has already had the benefit of the 2013 Scout Jamboree and Qld Junior Surf Lifesaving Championships to boost the retail sector. Approximately 6000 visitors have just arrived for the 2013 Ulysses Club AGM plus events such as the Campervan and Motorhome Club of Australia Rally in May, the Queensland Touch Football Junior State Cup and Queensland Music Teachers Conference in July will all help bring much needed economic stimulus to the region.

Stockland announced this week that construction is about to commence on the expansion of Stockland Hervey Bay. The reported $115 million redevelopment will generate in the order of 250 jobs and on completion, the centre will occupy approximately 35,000 square metres. A proposed $20 million to $25 million shopping centre in Urangan was approved late 2012. The centre is reported to include a McDonald's, IGA, medical centre and other retail and fast food outlets with 266 parking spaces. Station Square in Maryborough has an application before Council for extensions on the western and northern ends of the existing centre. Stockland are yet to commence extension to the Hervey Bay Centre.

MACKAY

The Mackay retail market is predominantly centred around the major shopping centre precincts of Canelands Central (Mackay City), Northern Beaches and Mount Pleasant. Retail space within Mackay has expanded significantly in recent years.

Canelands Central Shopping Centre was extended from 39,000 square metres to 62,500 square metres. It now includes Myer and 240 speciality stores.

Northern Beaches Central Shopping Centre Stage Two has recently been completed and comprises a Woolworths supermarket, McDonalds and a further 20 speciality stores. Further development in the Northern Beaches precinct is proposed.

A Woolworths supermarket of 3,200 square metres, ten speciality shops, a takeaway / fast food restaurant with drive through facilities and Caltex/Woolworths service station has recently been completed at Boundary Road, Ooralea.

There have been two significant sales of retail accommodation in Mackay in the recent past and both of these have been in the Mount Pleasant bulky goods retail precinct. The first is the former WOW Sight and Sound Building which sold in May 2012 for $5.1 million and was largely vacant. The second was the Northpoint Retail Complex which sold at $15.6 million in May 2012 to show a yield of approximately 10.7%. Tenants in Northpoint include Amart All Sports, BCF, The Good Guys, Reece, Outdoor Furniture Specialists, Curtain Wonderland, Toyworld and Snooze.

GLADSTONE

The prime location for retail type properties in Gladstone is the Hanson Road Precinct. Hanson Road is a four lane main arterial road which connects the Gladstone City Centre with traffic entering Gladstone from the North. Good quality showrooms, offices and warehouses line Hanson Road with light industrial workshops in lesser exposed areas of the precinct. Property in this precinct, especially fronting Hanson Road is generally tightly held.

A recent sale of a blue chip retail property in Gladstone is the Gladstone Homemaker Centre situated on the Dawson Highway in Clinton. The Gladstone Homemaker Centre is the only bulky goods centre in the Gladstone region and was opened in 2007. The property is anchored by Bunnings and the centre incorporates other major tenants including Harvey Norman, Betta Electrical, BCF, Pillow Talk and three other local retailers. Bunnings Warehouse Property Trust purchased the property in September 2012 for $27 million. The sale reflected a passing yield of approximately 8.8%.

Cairns

The Cairns retail market has progressively faded since the start of 2008 as a result of the local economic downturn leading to reductions in consumer and tourism spending. Though we now perceive the Cairns retail market to be at or near the bottom of the cycle, the slow state of the economic recovery in Cairns means that the retail property market has remained flat. It must be also said that retail property sales in Cairns are extremely sporadic, with most sales involving retail property being of mixed use retail / office buildings or tenant buyouts of single premises.

During 2009 to 2010 there was increase in vacancy levels in the retail sector resulting from a number of business closures attributed to the tough economic environment. However the increase was only a relatively mild increment to the high levels of long term vacancies in some areas that pre-dated the downturn. High exposure CBD space remains reasonably well occupied, with vacancies most noticeable in the lesser exposure locations and/or on the CBD fringe. Rents during 2012 were generally stable, showing ranges of $600 to $1,000 per square metre per annum for prime CBD space, and $1,000 to $2,500 per square metre per annum in key tourist precincts such as the Cairns Esplanade. However recent signs are that CBD prime rents are starting to strengthen, which may well be the proof that the market has bottomed.

Blue chip retail located within the main Esplanade tourist strip as well as the central business district show low vacancies, though there is also limited demand from new businesses. There remains good investor demand for well leased properties.

Townsville

Townsville's blue chip retail centres are the regional and sub-regional shopping centres, which are typically located on arterial roadways with high profile exposure, access and visibility. These centres are generally tightly held with ownership being mostly by syndicates.

In 2012 Centro Townsville, a sub-regional centre was purchased by Stockland for a reported $36.5 million. The centre has a GLAR of 13,670 square metres and is anchored by Kmart, Coles supermarket and a mini major Commonwealth Bank, along with 25 speciality retailers. The complex is situated on a 4.2 hectare site at one of Townsville's busiest intersections and is located diagonally opposite Stockland Townsville's Regional centre and Myer.

Other blue chip retail opportunities in our area under $5 million are the fast food and suburban convenience centres. These centres normally provide between 500 square metres and 2,000 square metres of gross lettable retail space. Over the past few years there has been a number of these new centres constructed, typically being located along transport nodes in growing urban and suburban catchment areas. These types of retail investments generally have strong underlying land values with strong tenancy mixes and attractive lease expiry profiles (WALE).

Fast food retail centres are located in high profile positions with easy access and in many cases in clusters along with other fast food tenancies and or key convenience retail offerings. A recent sale of a three tenancy retail building comprising a drive thru Red Rooster, Pizza Hut and Sunshine Kebabs sold for $2.3 million with a resultant net yield of 9.6% and a WALE of 4.23 years.

....Townsville's blue chip retail centres are the regional and sub-regional shopping centres, which are typically located on arterial roadways with high profile exposure....

The neighbourhood and suburban convenience centres are positioned along with these fast food retailers in areas of strong growth and expanding catchments. The tenancy mix is highly biased towards convenience including food retailers, and key retail such as bottle shops, bakers, hairdresser, newsagents, convenience store, butchers and other food outlets (ie. pizza, noodles, chicken, subway, etc.).

These property types are generally tightly held, particularly for those that have secure and attractive tenancy profiles and proven income streams. Broadly, mainstream yields typically range between 8.5% and 9.5%.

Darwin

The Darwin retail market can be described as follows:

Regional centre	Casuarina
Sub-regional	Palmerston
Convenience	Coconut Grove (WW)
	Coolalinga (WW)
	Humpty Doo (WW)
	CBD – Mitchell centre (Coles)
	CBD – (WW)
Proposed	Casuarina extension for new Myer plus 50 specialties
	Coolalinga new site for a Coles, Kmart and specialties
	Gateway Palmerston – 2 DDS and 2 Supermarkets

The introduction of a Myer department store (12,000 square metres) at Casuarina will significantly strengthen this centre's dominance as the NT's premier retail centre. The range of retailers at Casuarina cannot be easily replicated in this relatively small market and places this regional centre in a unique position to other Australian capital cities, given it has no real competitive threat.

The CBD retail market looks under serviced with WW overtrading and approximately 400 additional residential units planned for construction in the next 18 months. The challenge is to identify a suitable sized site within the CBD that is feasible and capable of development. Ideally any development should include a discount department store. Myer considered many CBD options but elected to go to Casuarina.

The planned Coolalinga development will establish itself as the sub-regional centre for consumers north of that locality for the medium term.

....the sentiment of consumers appears to have changed to be more conservative with a focus on repaying and reducing debt levels....

Alice Springs

The retail sector in Alice Springs has had some tough times over recent months due in part to low inbound tourist numbers as a result of having only one airline servicing the town. With the return of Tiger Airways in April local tourism operators have already reported a jump in visitor numbers which should bode well for local retailers should visitor numbers continue to increase. The Todd Mall redevelopment is also progressing and traffic flow to the northern end of the mall should also provide a welcome boost to the town centre.

There have been no retail sales transactions of note over the past six months and retail leasing activity has also been relatively slow. This not surprising given the conditions noted above and given the pending arrival of Bunnings. Would be retailers may hold off until the impacts to the retail sector in town are known.

Recent leasing transactions include the take up of approximately 875 square metres by Best and Less on a long term lease and a smaller food retailer close to the southern end of Todd Mall in Gregory Terrace, which has traditionally been a tourist hub however has suffered high vacancy levels over recent years.

Perth

The Perth market continues to outperform all other major Australian capital cities, however the Perth market is still operating below long term averages indicating that the retail environment may have shifted. The sentiment of consumers appears to have changed to be more conservative with a focus on repaying and reducing debt levels, a sentiment that has been apparent across a number of sectors since the GFC.

Another major issue is the rapid growth in online spending and the strong Australian dollar which makes buying from overseas sites cheaper for consumers thus resulting in even lower spending in physical retail stores.

The constant media coverage reflects a solemn outlook for the Australian retail sector, with Perth's major department stores forecasting down grade profits for the first half of 2013. However with the strong economy and the increase in activity, the long term outlook for retailing in Western Australia remains positive.

The majority of new retail space in the Perth CBD has come about with the development of new office buildings and State reform, including the deregulation of retail trading hours, the facilitation and creation of small bars and the activation of upper floors of tenants. This could bring a new dynamic to the CBD as well as an eclectic mix of tenants and consumers.

This new development and revitalisation of the city continues to define the Perth CBD as prime retail investment is predominately in traditional precincts such as the Murray and Hay Street Malls, the heritage precinct of King Street and the up and coming Wesley quarter. Market yields reported for these areas are traditionally 7.25% to 9% for ground floor premises.

Additionally, sub-regional enclosed shopping centres such as Karrinyup, Claremont Quarter and Garden City all located within a 15 kilometre radius of the Perth CBD are considered prime retail precincts due to their large catchment pool and adequate tenant mix. Reported market yields are in the order of 8% to 9% in these centres.

Major activity in these sub-regional shopping centres include a 50% interest sale of the popular Claremont Quarter Shopping, which sold for $171.5 million, reflecting $5,717 per square metre, additionally the Karrinyup Shopping complex is expanding David Jones by 6,200 square metre.

South Western WA

The word on the street is that consumers are opening up their pockets and beginning to spend. The trouble is that it doesn't appear to be on our streets. Retail businesses in the region are still struggling with one local commercial agent suggesting that a very high percentage of retail businesses are still doing it tough. Consequently, there is little to no interest in retail leasing. Strangely however, agents have also commented that there is very little objection to increases. This could possibly be due to the high cost involved with contesting any increase through valuations, etc. which potentially eat into any gains that could be made.

The retail vacancy rate in Busselton, WA has recently increased, thanks to the recent completion of the new Woolworths Shopping Centre on the corner of Queen and Duchess Streets in the centre of town. The complex also includes five specialty shops and a further seven retail shops.

Retail premises in the cities of Bunbury and Busselton have historically been tightly held, and there has been very little in the way of recent sales evidence. Currently in Busselton there is only one shop for sale on the main street and one strata titled shop in the arcade of Fig Tree Lane.

Historically, punters have been all too willing to pay a premium for well located retail properties at yields as low as 5%, when the better performing properties appear to be the smaller strata titled retail properties which are showing a greater return, and for which there appears to be some demand from self managed super funds.

Until consumer confidence improves to the point where the locals start opening up their pockets, your investment dollar would be better spent elsewhere.

Residential Overview

Blue-chip real estate often operates at a pace all its own, but it also telegraphs the level of confidence in the Australian economy. It is a sector which speculates when time are good, and plays hard-ball when things are rough.

In this month's mail-out, we do an office by office summary of the prestige residential markets around Australia. There are also some great examples of recent sales to ponder over and advice on where this markets looks to be going.

Sydney

Sydney high end prestige dwellings are considered to be over $10 million, and super prestige dwellings over $20 million, with high end prestige apartments over $7.5 million, and super prestige apartments over $12.5 million.

When we are considering super prestige property, or the very, very best residential property that Sydney has to offer, the greatest concentration of these style of homes are in the traditional blue ribbon localities including Darling Point, Point Piper, and Vaucluse, with the greatest concentration of super prestige apartments situated in the inner city, CBD, and harbour fringe.

While other Sydney localities such as Mosman, also have some homes of this nature, they are much fewer and farther between.

These traditional blue ribbon areas listed above are considered to be best of the best due to their close proximity to the CBD, local amenities, harbour and beaches, with the very mention on their name lending prestige and sophistication to all who reside within.

Additionally, the greatest concentration of prime harbour front sites are within these suburbs, and when one speaks of super prestige in the Sydney market, most people instantly envisage their own private harbour frontage, with either a sandy beach, or boat mooring, and point blank harbour or city skyline views, or a whole or multi-floor penthouse apartment with extensive facilities including a concierge, private lift access, private lap pool, expansive views, and exceptional finishes.

As mentioned, super prestige within the Sydney context is generally considered to be those homes in excess of $20 million, and those apartments in excess of $12.5 million. While this may be considered the entry point to the elite of the Sydney residential market, this is by no means the top of the market.

The current Sydney dwelling price record is held by a reported $53 million paid for Villa Veneto on Wolseley Road, Point Piper, comprising a 1,426 square metre harbour front site with expansive views, improved with a modern Georgian-revival 6-bedroom plus 9-bathroom home costing a reported $15 million to construct. This property however transferred at $44 million on settlement, casting doubt on the record setting price.

The current Sydney apartment record is held by a 12th floor penthouse apartment in the Benelong building on Circular Quay, purchased for $16.75 million in 2008.

While the amounts mentioned above sit well and truly in the upper echelons of the Sydney residential market, it is possible that these amounts could be eclipsed should any of the tightly held trophy homes and apartments throughout these prime areas be released to the market.

In general terms, the Sydney superior prestige residential market remains fairly stagnant, and remains classified as a buyers market, with a number of properties quietly listed for sale, some for extended periods.

Market conditions and value levels weakened significantly for premium property during 2008 and 2009 due primarily to the impact on economic and financial stability from the global financial crisis.

Since this time we have noted an increase in both buyer interest and transaction activity through premium values, though confidence in the premium prestige market remains low, with negligible capital growth expected.

Throughout 2012 and into 2013, forces including a somewhat volatile equities market, continuing instability in global economic conditions, and with business and consumer confidence at a low ebb, weakness in premium prestige residential market performance is expected to continue.

However, given that the Australian economy is performing more strongly than that of the US and Europe, we are seeing an increase in demand from expatriate buyers, and a significant increase in demand from Chinese nationals (particularly with the recent addition of a significant investor visa which simplifies and fast tracks visa's for foreigners with more than $5 million to invest).

....we have seen a significant improvement in the past three months in property sales in excess of $2 million....

In general terms, supreme property remains a desirable commodity. These homes and apartments are scarce, and generally highly unique in nature. Given the value levels involved, the depth of potential purchasers is very thin, and initial asking prices are generally buoyant. However, negotiation periods on these homes can be protracted, with final selling prices still reflective of the potential purchaser's perception of relevant local and global market conditions, their own liquidity, and the individual character and calibre of the property in question.

Recent sales of interest include –

A 778 square metre site in an area of Bronte (in the Eastern Beaches) known as The Cutting, which sold for $16.5 million, setting a price record. Research indicates this property was purchased for $225,000 in 1981.

A 5,500 square metre site in Palm Beach (in the far Northern Beaches) set opposite beach and ocean foreshores, improved with a substantial period home which sold for $22 million in 2012.

NB: No photos included due to possible copyright issues

Northern Sydney

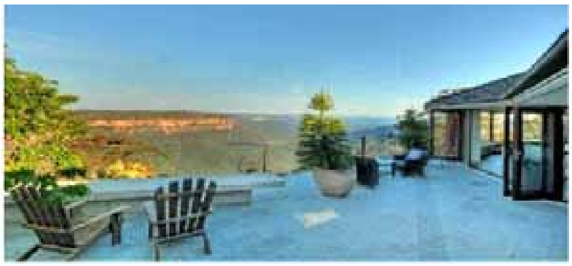
We have seen a significant improvement in the past three months in property sales in excess of $2 million. There appears to be more confidence in the market as a result of improved returns on shares and job security.

Properties are now selling within a reasonable marketing period of two to three months where previously (2011/2012) these properties were harder to shift. Sale prices in this category are now close to (within 5%) of those prices achieved at the last peak of the market in 2009/2010.

This is shown by the recent sale of 10 Ryries Parade, Cremorne - sold recently at $2.805 million in eight weeks with a prior sale in February, 2009 for $3.025 million. There were no significant improvements or deterioration affecting this property in the interim.

Currently the prestige market (above $2 million) of the lower North Shore/Northern Beaches is also being driven by empty-nesters looking for good quality and well appointed apartments/residences with flexible floor plans, close to beaches/entertainment. This market is downsizing from larger family homes.

The more traditional upper North Shore grand residences on large parcels of land are now less desirable due to the maintenance required, smaller families and a time-poor lifestyle. These properties are more difficult to sell.



Greater Western Sydeny

When discussing prestige property throughout Western Sydney one needs to acknowledge the variety of sub markets and price points it has to offer. The driving force behind the prestige market differs greatly from the first and second home buyer market as potential purchasers are not as concerned with current interest rates or employment figures. In recent years the prestige market experienced a downturn after the global financial crisis. Currently overseas markets are still shaky but Australia has seemed to negotiate its way through recent market troubles with some strong prestige market sales.

Off the plan units in Parramatta CBD have been popular with the investor market, but are generally not considered prestige. A recent development called "V" by the developers Crown is trying to buck the trend by providing a high quality development selling a number of two bedroom plus study units for low $700,000s and three bedroom units for around the mid $800,000s, marketed towards cashed up downsizers and wealthy professionals. This development is one of a variety of new developments within the Parramatta CBD. The valuers have noted that resales of slightly older units of a lessor quality are selling around the low $500,000s illustrating the vast gap in price between established units and off the plan prestige units.

Heading further west to the Blue Mountains a recent sale of a prestige home sold for a staggering $3.25 million. The property known as Eagles Nest has a long history of being one of the most sought after properties in the upper Blue Mountains. Situated on Sublime Point Road, the architecturally designed dwelling is perched on the edge of an escarpment with breath taking views over the Jamison Valley. The 6-bedroom, 5-bathroom dwelling has been well refurbished and nearly every room takes in the views. The property previously traded for $2.2 million in 2006, showing that there are purchasers out there with deep pockets if the right property comes along.

Southern Sydney

Prestige properties, usually considered above $2 million, in the southern suburbs of Sydney mainly consist of waterfront properties along the Georges and Port Hacking rivers as well as large modern houses along the foreshores of Botany Bay. Like other parts of the Sydney prestige market, confidence is starting to come back into this market after being mainly subdued since the global financial crisis.

In December last year, a large riverfront property in Burraneer sold for $5.5 million while a riverfront property in South Cronulla sold for $6.15 million in September, 2012. Both properties were sold after reasonably short marketing periods of less than six months. Prior to this, marketing periods of over 12 months were common in this sector, with owners either faced with heavily discounting their initial asking prices or withdrawing their properties from sale.

This market is expected to improve further throughout the next 12 months as buyers continue to come into the market on the back of an improving share market and increased confidence in global economies.

Canberra

For a capital city with a fairly small population of just under 400,000, Canberra has its fair share of prestigious properties and niche up market suburbs in which locals aspire to live in. On top of the local interest in prestigious property, many interstate and foreign representatives who work in Canberra, spike up interest and demand in these elite neighbourhoods and properties.

The one particular area in Canberra that can lay claim to being the most prestigious is the inner south. You only have to look at the median home prices across Canberra in 2012 to see evidence of this. The median home price in the inner south in 2012 was just under $1 million. The median home price across the whole of Canberra was just over $500,000. That is roughly half the median price of the inner south illustrating the status of the inner south within Canberra as a prestigious location.

....suburbs on the Northern Beaches from Stanwell Park down to Woonona often provide sales at the top end of the Illawarra market....

What differentiates the inner south with most other suburbs is land size. One example of this is a recent sale in the inner south suburb of Forrest in which the property was located in Tennyson Crescent on a block of land over 3,000 square metres. The property sold for $3.6 million, this is considered to be prestigious in Canberra.

In the current Canberra market there is a shade of uncertainty looming over the property market due to the upcoming federal elections. In any climate where market conditions remain uncertain the outliers are generally the first type of properties to feel an impact. Top end properties are no exception. While there is always an element of demand for these tightly held properties a small percentage of downward shift at this pricepoint can appear far more severe than properties at lower to mid points in the market. Other suburbs such as Yarralumla, Deakin and Griffith also present a strong mix of Embassies in amongst the prestigious local properties, ensuring that there is limited supply of high end property hitting the market at any point in time.

Wollongong

Within the Illawarra the ocean is the dominating feature when it comes to the top end of the residential market. Whether a property has direct access to it, is situated on a cliff above it or has extensive views of it, it will generally be accompanied by a price tag in the upper end of the market. Prestige housing is generally defined as in the order of $1.5 million and above, super prestige over $2 million.

Suburbs on the Northern Beaches from Stanwell Park down to Woonona often provide sales at the top end of the Illawarra market. A great example of this is the recent sale in sought after Stanwell Park of an older, 2-storey, 6-bedroom clad dwelling with great views and beach front location. The house has direct access to the beach and unobstructed views from most rooms. It sold in February this year for $2.5 million.

In Wollongong itself, Cliff Road continues to be an enviable address with houses and units enjoying ocean views and the close proximity to north and city beaches, the Belmore Basin harbour and the CBD. Penthouse or sub-penthouse units on Cliff Road regularly top the $1 million price barrier, although the number of transactions has slowed in the past 12 months. Stand alone houses are very rarely traded on this strip. The most recent prestige house sale was at 38 Cliff Road which sold for $4 million in June 2012. This is a circa ten year old luxury home with three levels of living over a ground floor garage. Features 5-bedrooms, 7-bathrooms and car accommodation for over ten vehicles. Unrestricted ocean, beach and harbour views.

An example of a prestige unit sale is a two level 3-bedroom penthouse unit was sold in Church Street in November 2012 for $1.315 million. The unit has extensive 180 degree ocean views and an extensively fitted out courtyard and cabana area plus a 3-car basement garage.

Further south of Wollongong and the criteria for premium property is the same. Suburbs and towns such as Shellharbour, Barrack Point, Kiama and Gerroa/Gerringong continue to provide the highest level of sale prices for properties that feature the ocean. Examples of sales are:

31-33 Pheasant Point Drive Kiama. Sold in April 2012 for $2.85 million.

It is a modern architect designed dual storey 4-bedroom, 5-bathroom dwelling with 2-car garage. Built in 2011. Features uninterrupted ocean and headland views with north aspect. Inground pool and landscaped gardens. Ducted a/c, high quality PC items and lift to lower floor. Land Area 1467 square metres.

1 Boollwarroo Parade Shellharbour. Sold in April 2012 for $1.82 million.

Architect designed modern two storey 4-bedroom and 3-bathroom dwelling with 2-car garage and 3-car carport. Built circa 2003. Land Area 538 square metres. Situated on a level lot with uninterrupted and never built out ocean views. Walking distance to Shellharbour Village. Inground pool, established gardens.

Moving away from the ocean the top end of the market is still comfortably over $1 million. However instead of direct ocean views, these properties tend to be rural acreage sites featuring quality dwellings. Areas such as Berry, Jamberoo, Knights Hill and Avondale all offer properties towards the top end of the market.

Overall demand in the top end of the market has slowed over the past two years and properties over the $1.5 million mark are experiencing longer selling periods due to lower confidence and a sluggish economy. There is still a large influence on this upper end from cashed up Sydney buyers due to easy accessibility and relative affordability.

....the upper end of the market ($1.3 million to $2 million) has softened over the past 12 months....

Continued unease over jobs in the Illawarra still tends to pervade the market, and until certainty around jobs in the coal mines and steelworks returns, there is bound to be some trepidation in the market.

Southern highlands

Wingecarribee Shire is located 75 kilometres from the south western fringe of Sydney and comprises some 2,700 square kilometres. The area is known more generally as the Southern Highlands. The Shire is an important catchment area for water supply to Sydney, Wollongong and the Northern Shoalhaven. Much of the Shire is located at or higher than 640 metres above sea level. The main towns are Bowral, Moss Vale, Mittagong and Bundanoon, with smaller towns throughout the area. The pattern of development is one of small towns and villages, separated by a semi rural landscape. The towns scattered throughout the Shire collectively represent 17% of the population as do rural districts Shirewide. As at Census 2011, the Statistical Local Area population was 44,395. Population growth has averaged 1% per annum for the five year period 2006 to 2011 (5.02%), median age is 45, (up from 38 in 2006) reflecting a mix of families, couples and retirees moving into the Southern Highlands predominantly from Sydney and Canberra.

The upper end of the market ($1.3 million to $2 million) has softened over the past 12 months, with a range of residential, rural/residential stock available in this price bracket typically located in Mittagong, Bowral, Burradoo or Moss Vale and are on 1,000 square metres (quarter acre) to 2 hectares (5 acres). It is fair to say that the vagaries surrounding the global and domestic economies continues to impact buyers confidence, both owner-occupiers and investors across the regional property markets.

Notwithstanding, there are still some high sales occurring.

Burradoo Property

The prestige market starts realistically from $2 million and usually peaks around the $6 million. The prestige market for the Highlands comprises of hobby farms and rural retreats for the wealthy.

Mittagong Prestige Property

We do note that there has been a sale at $8.5 million. This would be considered super prestige and historically there have been higher sales of larger rural holdings.

Super Prestige Property

Currently the market is questioning whether or not the bottom of the cycle has been reached, or if a further weakening is to come. The outlook for prestige properties in the Southern Highlands is soft, with the potential for some further weakening of prices.

Southern Tablelands

After experiencing good growth from 2009 to 2012, the regional city of Goulburn is now stable. The upper end of the Goulburn market is really $500,000 to $600,000. The prestige market in Goulburn starts from say $600,000 and the ceiling would be around $1.2 million. We do acknowledge that there have been some larger rural holdings that have traded in excess of this amount. Within the regional city, several renovated character homes on large allotments have sold for between $600,000 and $750,000, most notably on Hurst and Cowper Streets.

Goulburn Character Home

The main prestige property type however is rural residential. Properties range from 2 hectares (5 acres) to 80 hectares (200 acres) in size, with a large modern home and are hobby farms or rural retreats. Lately there have been prestige sales in Brisbane Grove, Run-o-waters, Mummel, Laggan and Roslyn.

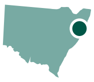
Run-o-waters Executive Residence

There has also been a Brisbane Grove sale recently for $2.4 million. This was a substantial prestige home on 10 hectares (25 acres) and is considered to be super prestige for the region.

Goulburn super prestige property

Over the past few years the prestige market has been slightly weak and the outlook is slow and steady.

Photographs sourced from Australian Property Monitor.



Newcastle

The high priced suburbs in Newcastle generally revolve around the beachside locations; they are the traditionally strong original suburbs of Newcastle. If you dropped a large stone on Bar Beach the ripples that would extend outwards would incorporate Merewether, The Hill, The Junction and Cooks Hill. Each of these locations are well-established, high-priced performers from a capital growth perspective. Then as we extend outwards from these suburbs, the performance and price starts to drop accordingly. You'll eventually hit the outer suburbs of Newcastle where prices are more affordable with only the occasional property that has been over capitalised for the location to pique your prestige property interests.

Which suburb is the MacDaddy? That's Merewether of course. A perennial grand finalist always hanging around in September and apart from an occasional flat performance generally is in the discussion come finals time. Always good for a salary cap investigation or two to keep it honest! If we want to torture this metaphor any further, and if you have read a few of these columns over time you know that we will with gusto, Cooks Hill and The Junction are solid top eight candidates, occasionally just missing finals contention but generally making up the numbers for the first few weeks of the semis. The Hill – where does The Hill fit? It's the grand old dame, possibly a South Sydney that has a long and proud history but generated little excitement in recent times. At the time of writing South Sydney had awakened and looked the goods. Hopefully so will The Hill.

....the high priced suburbs in Newcastle generally revolve around the beachside locations; they are the traditionally strong original suburbs of Newcastle....

Merewether recently has seen some strong sales and we are aware of a couple recently that have yet to settle, although are reportedly under contract for $3 million and $3.35 million. These sales are not confirmed nor is much information actually available in the marketplace on them, however if they proceed they will be the highest priced sales that have occurred for sometime in Newcastle not involving Nathan Tinkler.

Moving away from the usual suspects of Newcastle's prestige property locations, there are other locations with strong prices, although generally in smaller areas than entire suburbs. Lake Macquarie has property in Dudley with good ocean views. There is a tight pocket along Burwood Rd, Whitebridge which always shows good levels of demand. You could also pluck various streets in Redhead, Caves Beach, Belmont and maybe half a dozen other locations and make a strong case for them being prestige locations with plenty of upside.

Soldiers Point Road and Danalene Parade in Soldiers Point and Corlette respectively can fetch some good prices; however these have reduced in recent years due to the ongoing financial issues that plague the world. It might even be time to consider the Nelson Bay area again with prices having reduced significantly over the past several years. The rhetorical question of the day is; is it ready to kick finally? Rhetorical meaning we have no answer to that so don't bother with the follow up question!

Prestige property has been subdued from an activity perspective over the past few years with prices lower than historic levels generally transacting. We have also noticed some areas like the previously mentioned Nelson Bay area and the western side of Lake Macquarie where many high priced properties have remained on the market for lengthy periods and seen substantial discounting prior to either sale or the property being removed from the market.

NSW Central Coast

Where are we with the prestige property market on the Central Coast of New South Wales is the question we'll be tackling this month.

For the record, and we hope our readers agree with our view that properties in the Gosford Local Government having a value over $2.5 million and those above $1.5 million in the Wyong Local Government Area would qualify as being within the prestige property market.

As always though, anyone with an alternate view on this is more than welcome to call and discuss.

The Central Coast region of New South Wales is just north of the Sydney metropolitan area and in many ways, our property market mimics the Sydney market - after a short lag. Whether the market is hot or cold in Sydney, you can expect that the same will happen here on the coast a few months later. This can only be tempered by the lions and bulls of our region.

The premium or prestige property market on the Central Coast has two main guises - ocean or waterfront areas, be it dwellings or units and a few pockets of rural residential areas.

Starting with the oceanfronts, by far the most expensive pieces of real estate are found at Wamberal, Avoca Beach or North Avoca. These are true oceanfronts - out the door, grab the board and pick your wave type of property. When they occur, we see $3 million plus price tags in these locations with the main variant in price being the standard of house on the land and whether being seen is important.

More recent sales include;

- A renovated beachfront at 13 Pacific Street, Wamberal in September 2012 for $2.7 million
- An original beachfront dwelling at 147 Avoca Drive, Avoca Beach in April 2012 for $3.3 million – a fall of 8.3% over the last sale in 2007.
- Architect designed penthouse unit at 132 Terrigal Esplanade in January 2013 for $2.82 million – a slight increase over the previous sale in 2008 at $2.75 million

Another suburb that comes to mind is Pearl Beach. It has a beach, a very pleasant one where the refined types can relax on the sand with a book while the children play in waves lapping at the shore. No surfing here though. Protocol dictates that when in Pearl Beach, we visit the café before hitting the beach. And why not, such is the area's ambience. Another item of importance in Pearl Beach is the architect's name attached to the dwelling.

This is a popular place for Sydney's rich and famous to escape, relax and be anonymous. For this reason, price becomes secondary to the other factors and this is best illustrated by the December 2012 purchase of 29 Green Point Road for $3.95 million.

....the premium or prestige property market on the Central Coast has two main guises - ocean or waterfront areas, be it dwellings or units and a few pockets of rural residential areas....

Other beachside locations include Killcare, MacMasters Beach, Copacabana, Terrigal, Forresters Beach, Bateau Bay, Toowoon Bay and Blue Bay, The Entrance North and Norah Head. Some of these areas also include true beachfronts, and while no less desirable locations, they have a lower price tag of between $1 million and $2 million.

An elevated, original 1980s two story brick and tile beachfront at Toowoon Bay sold in January this year for $1.5 million.

Away from the water, if you are the type who enjoys the secluded, quiet and relaxed lifestyle tucked away in a leafy rural outlook then Matcham and Holgate might do. These are always popular locations where big sales are regular. When we breach the $2 million mark there have been some wonderful examples of prestige rural/ residential properties being sold.

So what would you expect to see if you were buying one of these prestige rural properties? As a buyer you would expect nothing less than a 4-bedroom plus homestead, a large pool, tennis court, inlaw accommodation, horse paddocks/stables, cleared well maintained grounds for the occasional game of croquet and an ornamental watercourse.

But look out - the most recent big sale occurred on the Scenic Highway between Terrigal and Avoca Beach. With great ocean, lake and headland views to be had, the prize here is a glorious mansion that would look very comfortable in the international property brochures.

As mentioned, we've set a benchmark of $2.5 million plus in the Gosford LGA and $1.5 million in the Wyong LGA. What we have is that the market is very limited in the prestige property segment when you consider you could count on your fingers and toes the total number of sales annually. We have gathered data from our internal sales database on sale volumes from 2011 and have broken the annual sales into the four quarters of the year. As at our deadline, this table below shows sale transactions over $2.5 million in the Gosford LGA and $1.5 million in the Wyong LGA.

Sales volumes above $2.5 million in Gosford LGA

Year	Qrt 1	Qtr 2	Qtr 3	Qtr 4	Total
2011	2	2	5	0	9
2012	1	3	1	3	8
2013	1	-	-	-	1

Sale volumes $1.5 million in Wyong LGA

Year	Qrt 1	Qtr 2	Qtr 3	Qtr 4	Total
2011	2	3	0	0	5
2012	3	1	1	1	6
2013	1	-	-	-	1

The table indicates to us that while limited, sales in the local prestige property market are reasonably consistent across a two to three year spread. When analysing the timing of these sales, we considered whether they range anywhere from dividend payments on the share portfolio, executive performance bonuses and sales of existing properties.

On the strength of reports from mainstream observers though dividends are down and executive bonuses are becoming rare - we abandoned this line of analysis for another time and will revisit when these influences come back.

In closing, when looking at the hard data we found that properties in the prestige segment of the local market started with a high and somewhat optimistic listing price. A longer than 12 month marketing campaign has been noted in many cases and once a prestige property sells, our research reveals the difference between the initial listing price to the sale price ranged from a 15% to 25% price reduction.

This indicates that the Central Coast prestige market is presumably no different to many coastal regions in that it is one of a buyers market with limited demand at present.

NSW Mid North Coast

The high-end or prestige market along the Mid North Coast is generally located along the ocean strip or within canal or riverfront estates, with some pockets of prestige rural/residential areas close to Port Macquarie and to south of Forster with lake frontages and views.

This prestige section of the property market comprises a small percentage of overall properties within the region, with less than 5% of properties selling for over $1 million.

Within the coastal town and villages we have seen prestige properties (houses and units) selling for well in excess of $1 million, providing they have excellent coastal and beach views and, preferably, easy beach access.

We have seen extended selling periods and falls in value for these properties over the past two years. Some examples of the fall in values include a prestige, centrally located riverfront unit in Port Macquarie which sold near the peak of the last boom for $1.45 million recently selling for $1.07 million and a canal front property that sold in 2011 for $1.2 million recently re-selling for $1 million. The above unit was listed for sale since mid 2009 at a much higher asking price than what was achieved at sale, with most other prestige properties requiring selling periods of up to a year or even longer.

The cashed-up buyers, for who money is no object have been happy to purchase these prestige properties, and they see them as a good buy at present. A high proportion of buyers appear to be non-local investors who view their purchase as an interim holiday house with excellent future capital gain once the market improves.

Localities which are seen to be exclusive and desirable at present include the beachfront suburbs within the major coastal towns of Port Macquarie and Forster, and some of the smaller coastal villages including Blueys Beach, Boomerang Beach and Elizabeth Beach. The small locality of Coomba Park and nearby rural localities have also achieved some high value sales for smaller rural/ residential properties with good lake views and frontage.

NSW Far North Coast

The top end or prestige market within regions of Northern NSW generally relate to properties priced at $1 to million to $1.5 million and above. Suburbs or localities which generally include prestige residential properties include Yamba, Ballina, East Ballina, Lennox Head, Brunswick Heads, Ocean Shores/New Brighton. There are also prestige properties located within Lismore, Casino and Kyogle, however, the price points vary greatly to the coastal localities. The super prestige properties or the higher priced prestige properties are situated within Byron Bay and its surrounding localities, including Suffolk Park and Broken Head. These super prestige properties generally relate to properties priced above $2 million and extends to $10 million or above.

The super prestige property market within Northern NSW also includes rural residential properties situated within the hills west of Byron Bay, including suburbs or localities such as Ewingsdale, Coopers Shoot, St Helena, Possum Creek, Coorabell, Bangalow, Myocum and Federal. Prestige rural residential property is also located within the rural localities surrounding Mullumbimby, Alstonville and Ballina/Lennox Head.

Attributes which define the high end property market within the suburban localities include location (being within close proximity to the town CBD and facilities), frontage or proximity to beaches, rivers, etc, views and the quality of the improvements. In regards to rural residential properties, defining attributes include privacy, provision of coastal or panoramic mountain views, quality and useable nature of land, location being within close proximity to facilities such as towns with shops and schools and the quality of the improvements.

The exclusive Wategos Beach precinct within Byron Bay is commonly known on the NSW North Coast for super prestige properties Wategos Beach comprises a total of approximately 90 properties, 15 of which are situated along the beachside Marine Parade. This precinct is situated below the Cape Byron Lighthouse and the majority of properties have a north aspect over the beach, ocean, Julian Rocks and mountain ranges to the northwest. Since the mid 1990s Wategos Beach has continued to establish itself as a prestigious enclave. Due to limited stock available for properties within Wategos Beach, premiums have historically been paid for available product. However due to the continuing soft market conditions, there has been a noticeable reduction in asking prices.

....specialist real estate agents who actively market high quality houses in Byron Bay beachside localities (including the Wategos precinct) report of generally limited demand and enquiry over the 2012 calendar year....

Properties currently for sale within Wategos have list prices ranging from $2.7 million to over $7 million for properties located along Marine Pde. Agents are currently reporting that there are expressions of interest in properties (generally those priced between $2.7 million and $4.5 million) however it is very difficult to obtain any form of commitment from potential buyers within close proximity to the current asking prices. Most reported offers are considered to be opportunistic and are generally disregarded by vendors.

Prior to 2011 $3 million was thought to be a starting or buy-in point to purchase property within Wategos Beach. There are now properties being marketed and sold for less then $3 million. This is evidenced by the sale of vacant land located at 28 Brownell Dr in August 2012 for $2 million. The property was previously purchased in February 2004 for $2.45 million(improved with a basic original home at the time).

Specialist real estate agents who actively market high quality houses in Byron Bay beachside localities (including the Wategos precinct) report of generally limited demand and enquiry over the 2012 calendar year. However there has definitely been more enquiries since the end of 2012. This increased enquiry has resulted in several prestige sales within Wategos Beach.

Recent sales of super prestige property within Wategos Beach include the sale for $5.6 million of a property located on Brownell Drive. The property comprises a three storey, circa 2011, architect designed, modern style home comprising 4-bedrooms, 5-bathrooms and a 3-car garage.

21 Brownell Drive

The 'Watermark at Wategos', located on Marine Parade also sold in April 2012 for $9 million. This is a quality built residence which comprises three suites utilised for holiday letting purposes. The property is located in a beachfront position and provides unrestricted views to the north. The property was previously listed for sale with an asking price of $12 million plus.

29 Marine Parade

At the other end of the spectrum, the prestige market within the Lismore region is generally limited with most residential properties very rarely breaking the $600,000 - $650,000 ceiling.

In recent years, following the development of modern 4- to 5-bedroom, 2-bathroom homes with double garages in the developing residential estates of Goonellabah and Lismore Heights, there has been a general indication that $550,000 is the benchmark for what is considered a new product.

Sale prices above this level and beyond $600,000 are (within the context of Lismore) considered to be prestige properties. In such cases there are contributing factors that add prestige appeal to these properties i.e. inground swimming pool and 3rd or 4th bathroom, northerly aspect with wide panoramic rural/urban views and high quality kitchen/bathroom appointments. It is also expected that the living floor area is substantially larger being 250 to 300 square metres plus.

Closer to the town centre of Lismore, prestige type properties (if any) are primarily attributed to their proximity to the CBD i.e. shopping, schools and hospital or the properties possess unique characteristics such as the pre 1900s to early 1900s fully restored timber heritage homes within Girards Hill and central Lismore.

Outside the Lismore city limits, the prestige home is characterised by large living areas, good rural views, well established landscaping and usually an inground pool. Typically rural residential properties in excess of $600,000 generally have 1 or 2 acres and are located within the rural residential areas of Richmond Hill, Mcleans Ridges or Chilcotts Grass/Tregeagle and further east of Lismore City.

The areas of Casino and Kyogle are generally not synonymous with prestige unless the property comprises 40 hectares with a large homestead with extensive river frontage and a wide scope of ancillary improvements. Residential houses in these areas very rarely exceed $450,000.

The market for prestige properties within Lismore and its surrounding localities is also currently slow and limited to high net worth individuals (which are not exactly in high supply). In that sense, the outlook is also fair to moderate.

Further south along the NSW North Coast, the Yamba prestige market has been moderately active in recent times with both local and interstate purchasers reported. Properties with a price range of above $1 million are generally considered prestige in Yamba and feature either a prime location on Yamba Hill and/or feature ocean or river views. Prestige properties for sale can typically have selling periods of up to two years. Due to an increased number of properties listed for sale above $1 million buyers are taking advantage of an increased ability to choose a favourable deal. Currently there are ten prestige residential properties listed for sale in Yamba. In recent times listing prices have been reduced in line with the general market. In some cases of extreme pressure prices have been reduced up to 20% to 30% in order to achieve a quick sale.

Since February 2012 four prestige property sales have occurred in Yamba. Two prestige quality units on Yamba Hill both having excellent ocean views sold for $1.386 million and $1.4 million. In west Yamba a high quality dwelling on the Clarence River sold for $1.575 million. The highest sale in recent times occurred in January 2013 at $1.75 million for a recently refurbished part two level dwelling with 4-bedroom 2-bathroom 2-car accommodation located opposite Convent Beach featuring excellent Pacific Ocean views. The top end of the market in Yamba is expected to be active as external economic pressures impact upon the necessity of owners to hold property of this sort.

Coffs Harbour

The prestige property market $1 million plus in Coffs Harbour and environs is particularly soft with a low volume of prospective purchasers against a reasonable level of supply. The prestige market is predominantly linked to coastal residential property north of, or in the city, or high quality rural residential holdings.

There is a price sensitivity and vendors are being conditioned to negotiation in order to meet the market and sell within reasonable marketing period. There has been a low level of top end sales activity but evidence suggests decreases in the vicinity of 10% to 25% depending on vendors motivation.

....the market for prestige properties within Lismore and its surrounding localities is also currently slow and limited to high net worth individuals....

During 2012 there were eight sales recorded between the northern beaches and Coffs Harbour at a price range between $1 million and $1.65 million. There are no sales recorded in 2013 in this price bracket. The highest sale was for modern high quality beach front property to a local purchaser.

Rural Residential

There has been limited sales in the rural residential lifestyle premium market. A 21 hectare riverfront property featuring a mudbrick 500 square metre residence, guest accommodation, pool, studio and significant infrastructure transacted in early 2012 for $1.4 million after a two year marketing period, originally asking $3 million.

A 2 hectare property in Crossmaglen transacted at $1.125 million in mid 2012 which represented a 25% decrease from the previous sale established eight years prior.

Southern NSW and Northern Victoria

ALBURY

The Australian Reserve Bank's official cash rate has stood at 3% since the beginning of December, dragging down real borrowing costs below their long-run average rates. However as most households are still heavily in debt it is not surprising that on the whole they are not responsive to low interest rates and further borrowing, a fact the property market in southern New South Wales and northern Victoria reflects.

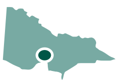
Regional markets usually lag behind their metropolitan counterparts and any movement in the Melbourne market has yet to be reflected further a field. House prices on average have yet to reach their pre-GFC heights and high end properties outside of the main regional centres, being particularly sensitive to slow markets, are experiencing longer selling periods. Purchasers are seeking refuge in low to mid end properties and residential units sales also remain robust.

Within most regional centres there is a barrier for most vendors selling properties over the $350,000 level. This phenomenon has existed throughout 2012 and into 2013 and has persisted through interest rate cuts as potential purchasers are not prepared to breach a borrowing threshold in the current economic climate.

The one exception within the southern New South Wales and northern Victoria region is Albury city, which has experienced increased demand in primary locations close to the town centre and the family friendly suburb of Thurgoona. Although interest rate cuts passed on the by the major lenders may influence certain sectors of the market it is complimented by Albury's robust micro-economy and positive perception among the city's residents. For the other centres to follow Albury's lead an increase in public confidence is necessary accompanied by a general reduction is household debt. For local exporters to become more competitive internationally a weaker Australian dollar would assist to this end.

Within the region the low OCR has on the surface had little effect upon the residential market as a whole, highlighting that monetary policy should emphasise influencing the public's perception rather than encouraging them into actual action.

....the health of the prestige and super prestige housing market does not necessarily run parallel to that of the apartment market....



Melbourne

Toorak, East Melbourne, Brighton, Canterbury and Kew are just a few of the Melbourne suburbs with median house values above $1 million. Sales of some of the larger prestige and super prestige properties in these areas make news headlines only for their sheer grandeur. Yet the performance of these types of properties is affected by economic factors like any other real estate market. During the global financial crisis the prestige and super prestige property market was hit hard. Holiday homes were generally the first to be put on the market, followed by investment properties and then personal homes. Given that many high income earners were seeing considerable losses in the share and property markets, as well as job losses, those who were highly leveraged and not able to cover the debts were forced to sell.

Conditions today are markedly different. Consumer and business confidence has increased, interest rates are low, and the outlook for the USA is brighter while Europe is still trying to push through its economic issues. All these factors are having a flow on effect to the share market. Buyers in the prestige and super prestige price range of +$3 million and +$5 million respectively now have the capacity to buy, and vendors are willing to sell.

So what can a few spare million buy in Melbourne? The St Kilda home of a television personality and businessman on Fitzroy Street sold for $7 million late last year. Originally two 3 storey victorian terraces, the property was renovated into one modern residence equipped with rooftop infinity pool and cinema.

Changes to foreign policy and China's property laws have had a visible impact on the high end residential market. Chinese investors who face tough property investment restrictions in their own country are looking to Australia as a safe and lucrative place to invest. The government's introduction of the Significant Investor Visa which was introduced on 24 November 2012 is already showing signs of prevalence particularly in the apartment and prestige market - the government will fast track residency for investors who invest at least $5 million in the Australian economy.

The health of the prestige and super prestige housing market does not necessarily run parallel to that of the apartment market. The housing market in areas such as Toorak and Balwyn are driven by sellers due to the lower level of stock and high interest from international investors. Some properties are transacting well above market value to overseas investors. While the prestige detached housing market is leaning towards a seller's market, the high stock level of prestige inner city apartments is creating a favourable environment for buyers. There is a hangover of stock, particularly in the Docklands. Given the high proportion of land value for prestige and super prestige properties, there is room and often capital to be gained from renovation or new buildings. Buyers are able to upgrade or build a property to have all the luxuries such as a swimming pool, tennis court, lift, library, cellar, cinema, dressing room and a four car garage attached to the house with all the latest technology integrated. Prestige apartments on the other hand do not provide as much room for improvement and buyers often want all the boxes ticked given the higher supply available to choose from.

Australia's foreign policy and China's restrictive property laws are unlikely to change in the short to medium term. And with strong demand from international investors, the outlook for prestige and super prestige property looks positive, particularly for houses where an under supply may eventuate.

Regional Victoria

BENDIGO

With regional unemployment remaining below the national average, relatively low mortgage interest rates, continuing strong population growth within the region and optimism about the economic flow on effects of the aforementioned Bendigo hospital project, the residential market has firmed after growing by around 5% in 2012. Local agents continue to report an increase in inquiry levels, with well located and priced properties enjoying short selling periods and strong interest, particularly in the CBD fringe areas such as Flora Hill and Quarry Hill. Residential land sales are continuing to tick over, with new estates such as Rubicon Rise at Jackass Flat and Marong Links to the west of Bendigo showing good sales rates. However it would appear that things are tougher in the house and land package segment of the market, with a current incentive of a $10,000 debit card at the Evergreen Waters estate for the first 10 purchasers of a house and land package in April.

Meanwhile, no doubt to the relief of many, the five year old saga of the circa 1850s mansion Fortuna Villa appears to have finally drawn to a close, having sold under the hammer for $3 millio in a well attended auction at the Capital Theatre. The successful bidder was identified as Spiros Kolaitis, who it is reported was bidding on behalf of the consortium with Chinese backing.

ECHUCA

The top end of the market has seen strong demand in recent times for well finished dwellings with excellent presentation as exemplified by sales on the dry side of Wharparilla Drive for in excess of $1.1 million. A top quality centrally located townhouse sold for $150,000 more than it had previously sold for in 2009; a record price for a residential dwelling in the Moira Park estate of Moama at $640,000; and a good quality residential property rumoured to have sold for in excess of $500,000 in the adjoining Highlands estate. Previously the highest residential sale had been $500,000 within the Highlands/ Moira/Maiden estates. In combination with several other strong sales there appears to be sufficient demand for top end well presented residential property in addition to the very well sought after centrally located and riverfront properties within Echuca / Moama.

GIPPSLAND

Wellington Shire and Latrobe Valley

The properties that are considered prestige within the Traralgon and Sale marketplaces are properties located within close proximity to the city centre and certain rural residential locations. Prestige price points are generally reflected in the $700,000 plus area. Specifically in Sale this is older style renovated dwellings on large residential blocks located south east of the city centre but within about a kilometre radius and modern/new rural residential large dwellings located on acreage being approximately three to five kilometres east and south east of the city centre. Traralgon is very similar with the older style renovated housing located immediately north and west of the city centre and the rural residential properties generally located to the west approximately three to five kilometres from the city centre.

The prestige market is currently a buyers market. Due to the slow market in the previous two years, the prestige market properties have been dropping there prices in recent times. New houses are seen to be over-capitalised. However prestige market properties only come on the market rarely and occasionally there are some buyers out there who have been waiting for these properties and the price achieved on occasions can be a surprise.

With the prestige market being a buyers market at the moment, it is probably the best opportunity in years to achieve a high end property at a reasonable price.

Baw Baw Shire

The properties at the top end of the market in the Baw Baw region are typically large homes on acreage, often with extensive infrastructure that caters for horses and associated activities. However, recently there have been several sales in excess of $1 million in the region that have been on allotments between 4,000 and 10,000 square metres which have been architecturally designed homes with a building area well in excess of 350 square metres. These homes mostly have all of the best features including a variety of styles of pools and spas, dedicated theatre/ music rooms, games rooms and putting greens. After a slow 2012, buyers in this price range have returned to the market with a vengeance. Many of these properties have sold recently after relatively short marketing periods. The highest recent sale was a 31 hectare property that sold late last year for $2.5 million which featured a two story dwelling of approximately 450 square metres, pool, numerous outbuildings including a renovated caretakers cottage and lake with boat shed.

....due to the slow market in the previous two years, the prestige market properties have been dropping there prices in recent times....

East Gippsland

High end properties in the East Gippsland region typically feature waterfront properties, for example on the Paynesville Canals, with water access and jetty berths. Ocean views at Lakes Entrance also rate well with high level buyers.

In the Bairnsdale region, rural residential properties with extensive ancillary improvements such as pools, tennis courts, and shedding can reach into the high $700,000 to low $900,000s. These homes are generally very high quality and are in excess of 300 square metres in size.

MILDURA

For most people, the best thing about living in Mildura is the majestic Murray River. It was the ability to draw irrigation water from the river which attracted the first development in the area in the 1890s, and residents have enjoyed using the river for recreational activities ever since.

It is no surprise therefore that the most prestigious residences in our area overlook the river. When Victoria was originally surveyed, the relevant authority decided at the time to leave a 'three chain' (60 metres) wide Crown Reserve along the length of the Victorian side of the Murray River. NSW has no such restriction on housing fronting the river, and so the best houses in the area are almost universally located on the NSW side of the river close to the water.

An interesting historical fact is that most of the pioneering settlers chose not to build in close proximity to the river, presumably for fear of either flooding or more likely their children (or themselves) drowning. It was only in the 1970s that people on the NSW side of Sunraysia started to build dwellings which captured views of the river, and since then the standard and value of such dwellings has steadily improved. Carramar Drive has traditionally been the most prestigious riverfront location however Riverbend Estate now has a higher proportion of newer and more upmarket houses. Carramar was developed in the late 1970s, with some 4000 square metre lots selling after the developer went bust for $7,500. At the peak of the market those lots showed a land component of over $1.2 million, a solid capital growth. Recent sales indicate a land component of around $800,000.

The highest residential sale in the Sunraysia area occurred in late 2006, when a well renovated dwelling on a 4,003 square metre lot fronting Carramar Drive, Gol Gol sold for $2.95 million. While there have been several sales over $2 million since that date, it is clear that values have reduced by up to 30% in the past three to four years. Buyers of river front land or established dwellings have become more selective, and vendors have had to adjust their expectations if they wish to secure a sale.

Adelaide

Prestige properties in Adelaide can be found in the suburbs North Adelaide, Medindie and Gilberton located in the inner north; Unley Park and Hyde Park in the inner south, and in Springfield which is slightly further south at the start of the foothills; St Peters and College Park in the inner east, and in most suburbs along the esplanades of metropolitan beaches to the west of Adelaide including Glenelg, Somerton Park, Grange and Tennyson.

Medindie Mansion

We believe that prestige property generally would fall into the two million to four million dollar range and that any property above this would be considered to be super prestige. For apartments the price range is around one and a half million to three million dollars for prestige and above for super prestige and in general these would tend to be sub penthouses and penthouses located in Adelaide and North Adelaide, the Air apartments on the southern fringe of the city and various beach or waterfront apartments located mostly at Glenelg.

The expectation for any prestige property is for a high level of amenity with a high quality finish. Liveable area has to be significant and exceed 250 square metres providing three plus bedrooms, two plus bathrooms, both formal and informal living areas and often include additional areas such as home theatre, parents retreat, study or home office, butler's pantry the list goes on. Outside improvements include at a minimum a swimming pool and outdoor entertaining area and may include a tennis court. Grounds are landscaped and well established and maintained and often exceed 1,000 square metres.

....the highest residential sale in the Sunraysia area occurred in late 2006, when a well renovated dwelling on a 4,003 square metre lot fronting Carramar Drive, Gol Gol sold for $2.95 million....

It is worth remembering that the prestige property market of Adelaide represents only a very small proportion of residential property sales in any given year.

The prestige property market tends to be reasonably unaffected by the conditions that bear heavily upon the general property market such as interest rates, cost of living and unemployment rate, however roughly in line with the general market the prestige property market has been soft since late 2010. With limited activity over this time it appears as though currently interest is improving and sales activity may also be starting to increase.

The most significant sale over the last twelve months settled at the start of this year and was a mansion at Medindie which sold for $4.917 million. This extensive circa 1900 character dwelling of over 600 square metres accommodates 5-bedrooms and 4.5-bathrooms, formal and informal living areas, butler's pantry, study, cellar, outdoor entertaining and detached workshop and studio. Situated on attractive landscaped grounds of just under 4,000 square metres the property also features a swimming pool and north south tennis court.

Currently on the market is the penthouse of the recently completed The Wave building, a mixed use high rise building located in the frame of the Adelaide CBD. The penthouse is located over the tenth and eleventh floor with two storey windows to the main living area providing expansive views over the southern parklands to the foothills and back over the city itself. It is one of four residences which share the rooftop pool. The apartment provides just under 500 square metres of living space with 3-bedrooms, 3-bathrooms, 5-car spaces, private lift access and all the additional extras that you would expect of a property of this offering. With an asking price of $5.9 million it is the most expensive apartment in Adelaide and it has been on the market since the middle of 2012.

Wave Penthouse

Currently we are in a buyer's market. Lack of competition and sales is making it difficult to ascertain the value of many of these properties and it often comes down to what the buyer is willing to pay or what the vendor is willing to except, which can translate to extended time on the market.

Overall Adelaide's prestige market tends towards being a rational market with buyers and sellers fairly equally balanced.

We find it difficult to overtly generalise within this sector where often it comes down to the individual offering of the property itself and the specific motivations of the individuals involved.

Mount Gambier

Recent evidence indicates a slowing in the overall levels of demand and number of transactions recorded, with the median price dropping from $220,000 to $197,000 for a single, detached residence, and for units from $167,000 to $143,000. While we recognise there have been several sales which have recorded prices towards the higher end, general oversupply and recently declining consumer confidence suggest adopting a more conservative approach to this evidence is most prudent for lending purposes.

The main factors attributing to this market segment are heavily dependant on local economic factors, particularly employment and long term security in the industries which have historically supported the region. The recent destabilisation that has occurred across each of these industries has resulted in less disposable income for households and in many instances families have been forced to downsize. After a buoyant few years in new construction for properties in a value range toward the higher end of $350,000 to $450,000, we are seeing evidence which suggests this style of accommodation has declined in the vicinity of 15% to 20%.

While the local economic markets remain volatile, we do not anticipate a period of recovery for the short term. This being said, rental yields for properties across the board remain strong.

Mount Gambier City

While the more recent trend for property values has been in decline, several benchmark sales have bucked this trend, resulting in some investor confidence returning to the property market.

In particular 22 Jardine Street, Mount Gambier reached the highest sale price recorded in the city at $970,000 (September 2012). The property is a prestigious character home located in the CBD, on a site area of 3,202 square metres.

Comprising 4-bedrooms, 2-bathrooms and three separate living areas, the property is Circa 1890s, with a living area of 320 square metres. The property presented in very good condition including original stain glass windows, renovated European style kitchen, period features throughout, converted outbuildings, inground pool and desirable views south over the city. This is clearly a benchmark property and recording a sale at this level is a unique result.

Robe

Robe has remained consistent in value levels with limited evidence to suggest an overall decline in values. In this instance it is reasonable to say that the market is nearing its peak. Two of the highest sales are indicative of a holiday rental component, with strong yields for high quality accommodation.

In particular, 21 Wrattonbully Road Robe, previously known as Aloha apartments, sold for $1.15 million comprising a two story purpose built holiday townhouse on a site area of 332 square metres. The property is circa 2010 comprising 4-bedrooms and 2-bathrooms with a living area of 227 square metres. Features of the property include panoramic views, high quality furnishings and a prestigious location including access to the beach and town centre. This property is recognised as a benchmark property and recording a sale at this level continues to strengthen investor demand.

Brisbane

As a capital that's come of age we are now enjoying the delights of the super wealthy docking upon the Brisvegas property shores. That said, we do not have a harbor (Sydney), and the city is reasonably bereft of "old money" (Melbourne) so we make do with whatever natural delights can be exploited in bringing in the big dollars for our bricks and mortar.

Brisbane's successful high-end sales revolve around great views, riverfront locations, addresses with established cache and land size in built up suburbs., We are also enjoying an increase in supply of the elite unit market with developers willing to take a punt on snagging a few million dollars for their penthouses and sky-homes.

Prestige for our city will set you back $2 million to $5 million while the super prestige market is $5 million plus – keeping in mind that there are extremely few sales above $10 million around these parts. Mind you, there are a few who'd like to think they'd crack the $10M mark – but they'd be wrong. There just aren't that many buyers around able, or willing, to bank on money like that in Brisbane yet.

These price brackets are considered applicable to both units and houses, with a concentration of the upper-realm attached housing market in New Farm, Newstead and the CBD. We were seeing quite a few of the big dollar unit listings in the Scott St development in Kangaroo Point, but there have been a number of Mortgagee-in-possession (MIP) transactions and that's taken the shine off a little.

If you have the readies and want some land, then you'll be requiring Jeeves to take the limo to Hamilton, Ascot, Clayfield and along our river - New Farm, Newstead, Hawthorne, Bulimba, Norman Park, East Brisbane, Chelmer, Tennyson, Graceville, West End and Yeronga all have water lapping at the shores of the expensive real estate.

The stand-out feature of this market is the dramatic difference between the height of the prestige cycle and the lows. 2007 had the big drivers of a prestige market at full blast - strong liquidity, more flexible lending criteria, high levels of confidence and booming equities. It's fair to say the fuel on the fire for this market sector revolves around speculation, confidence and liquidity.

At present, the prestige market is still skewed towards buyers with property that is not considered traditionally a prestige location, or a property below par, impacted by heavy discounting. So often too much is paid for these properties in the good times with some buyers feeling as if they're not really playing with their own money but rather being swept up in confidence and upon their new found wealth achieved in other investments. Many listings end up as stalled attempts to sell due to an underwhelming market response.

For anyone operating in these heady climbs, the outlook remains generally subdued. There are interested parties out there but they are happy to wait until they find exactly what they are looking for. In terms of units, there's still quite a bit of stock available. The main impact will be business confidence as this sector seems impervious to interest rate movements. We also believe the extended election campaign may have an impact with people delaying decisions until they know what might happen with the Carbon Tax, Mining Tax etc. Typically this sector is also the last beneficiary of any uplift in a market cycle.

As far as mouthwatering sales full of intrigue, romance and scandal, look no further than the Tahitian Prince's palace. Once he had been safely ensconced to his cell for fraud, the state disposed of the unit at 91 Moray St, New Farm for the royal sum of $5,650,000 which is the same amount Joel Morehu-Barlow, I mean Queensland Health, paid for it in 2010.

We've noticed the Pier unit development at Newstead has had an effect on the $2M to $5M bracket, but this project also hosted "the big one" with Pier's penthouse fetching $14M off-the-plan. It was, however, 1,000 square metres of unit which is substantially larger than most suburban blocks of land.

Other recent sales include 55 Markwell Street, Hamilton which sold in August 2012 $5.3M. This is a 2,312 square metres near rectangular shaped, inside allotment which is well elevated and has expansive views incorporating the Brisbane River, Gateway Bridge, city skyline and surrounding area. The property is improved with a circa

1985 dwelling which was extensively renovated circa 2000 and provides a high standard of four bedroom, four bathroom home. The property also features extensive landscaping and inground pool. The property includes a self-contained chamferboard cottage to the rear of the site. This house previously sold in March 2007 for $9,000,000.

Finally we have 600 Rochedale Rd, Rochedale which sold in March 2012 for $3.55M. A 12.07 hectare hatchet shaped inside allotment improved with a three level, architecturally designed rendered masonry and concrete tile prestige dwelling with construction originally being commenced in the mid 1990's and ultimately completed in 2002. The dwelling provides a very good standard of seven bedroom, six bathroom accommodation with a living area of almost 2,000 squre metres, plus outdoor areas. The home includes a cinema, studio, grotto, steam room and sauna. Ancillary improvements include an inground swimming pool, tennis court and dam. The home also has a four car lock-up. The property was sold under MIP circumstances. We've been told that there were 16 bidders on the property with the dwelling being sold at auction.

Gold Coast and Tweed Coast

The prestige market or 'the big end of town' is the sector that creates headlines. It seems that nearly every month now we read or hear about a prestige property that has a massive wow factor which has been sold under the hammer and is the "deal of the century"

Over the last couple of months agents feedback is that presentation is one of the most important attributes not just prestige but all property categories. Buyers will penalise you on price if the property is untidy, dated appearance or needs repairs.

Sales over $1 million still only equate to approximately 2% of the market, so it is tough going for agents.

There appears to be an upturn in the interest levels for the luxury end of the prestige market, ie. over $5 million. 7B Winchester Street, Southport sold at auction in July last year for $9.5 million. The under bidder on that property went and bought 2 Shearwater Street, Runaway Bay for $8.75 million. With these two buyers now out of the market, who was going to be available for 5 McMillan Court, Southport? At the auction, the bidding started at $7.5 million and continued strongly with six bidders, it eventually sold for a price of $9.8 million.

McMillan Court

These sales, along with another at Sanctuary Cove for $12.5 million, would suggest there is more activity in the prestige market than there has been in recent years.

Besides availability of cash, confidence in the market seems to be the main driver and with the GFC starting to become a memory it appears that the market has levelled out. We are seeing more activity and in some cases sale prices are exceeding expectations albeit still well short of the boom years prices.

The prestige unit market is probably more considered to be unit sales above the $1 million to $1.5 million range and this market is more volatile compared to housing. The luxury market probably refers more to either beachfront units and penthouse sales which may have achieved sale prices in excess of $4 million in a strong market and are now selling for prices above the $2 million to $3 million range.

The main suburbs which are considered prestige in terms of highrise units are in central beachside locations such as Surfers Paradise, Main Beach and Broadbeach. There has been a number of high quality, modern developments completed since the property market boom in 2007 including Soul, The Hilton, The Oracle, and Eclipse to name a few.

Prestige units are considered to be penthouse, sub penthouse or entire level units. Usually situated on beachfront or esplanade front positions. Usually a prestige unit will be located towards the upper end of the development on one of the higher floor levels, and appreciating expansive views; and or having significantly larger floor areas than other units in the development; and or include a very high quality, modern fit-out.

....there is still uncertainty as to whether the market has bottomed for the prestige unit category or not....

At present, there a number of good buying opportunities available due to the market being subdued. With settlements occurring in Soul, The Hilton and The Oracle during 2012 and 2013, there has been a significant amount of forced sales as prospective purchasers have not been able to finalise a contract. This is as a result of buyers purchasing 'off the plan' during 2007 to 2009 when the market conditions on the Gold Coast were substantially stronger than they are at present with many buyers finding it hard to come up with the funds to finalise the off-the-plan contracts and defaulting, those who do have the funds know that now is a good time to be buying and are using this to their advantage.

There is still uncertainty as to whether the market has bottomed for the prestige unit category or not. The number of sales in excess of $1 million has declined this year which may mean that some vendors are not under as much pressure to sell and are now looking at holding on their assets until a later date when market conditions are more in their favour. Alternatively, they may not be able to afford to sell at current prices.

An interesting recent sale within The Wave at Broadbeach was Lot 3001 which originally sold in March 2007 (at the peak of the Gold Coast property market) for $1.395 million. The unit has recently sold for a similar amount at

$1.35 million in January 2013 which has bucked the trend but shows quality product, in quality locations attracts buyers.

The Wave

Prestige Rural Lifestyle

"Prestige rural lifestyle" – a term that was once synonymous with city buyers and corporate high flyers with disposable incomes looking for a "tree change" pre GFC has now dwindled to somewhat of a whisper around the Gold Coast region.

From a purchasers perspective, there is no doubt that the prestige rural residential market, much like the prestige residential market on the Gold Coast is currently buyer friendly for those with enough income to turn their dream rural escape in to reality.

From a vendors perspective, local agents who actively market high end rural residential properties report of slow and restricted levels of interest from prospective buyers and advise that vendors have to swallow hard and incorporate a realistic perception of what they might be able to achieve as a sale price in such a softened market. Furthermore, in order for a vendor to obtain a respectable sale price, it is advisable that the dwelling and structural improvements are in good condition with a modern appearance and present well due to buyers having a substantial choice of on the market properties and generally not wanting to spend additional time and funds on refurbishment works after purchase.

So let's look at some recent sales. The first sale is located within the southern Gold Coast suburb of Currumbin Valley which is highly sort after due to it offering some of the prettiest rural lifestyle land available that can incorporate pockets of remnant rainforest with waterfalls as well as good sections of creek flats all within ten minutes' drive to the beach. 1031 Currumbin Creek Road has just sold in January for $2.5 million, a cool $1.15 million shy of its previous 2007 selling price of $3.65 million. This property is regarded as one of the best amongst Currumbin locals and comprises of a gently undulating 2 hectare allotment that is extensively landscaped with manicured gardens being bounded by Currumbin Creek along two sides. The property is improved with a large, superb quality, four bedroom, lowset homestead featuring large kitchen with walk-in cool room, informal and formal living areas and two fireplaces as well as a basement garage. The property also features a large American style barn with two bedroom, two bathroom guest accommodation as well as an office, workshop, kitchen and large entertainment area.

The second sale worth mentioning is 7 Sunnymeade Place, Mudgeeraba. The property sold in December last year for $2.9 million. The locality of Mudgeeraba is situated on the central western Gold Coast being within some 10 kilometres west of the coastline at Burleigh Heads, to the west of the Pacific Motorway and is well serviced being within close proximity to the Robina Town Centre and train station and is within two minutes' drive of Somerset College. The property itself is situated within a prestige, small, gated community estate known as "Jabiru". The property comprises of an elevated, 5,281 sqm block improved with a modern, part three level high quality dwelling which has the accommodation of 5- bedrooms, 5- bathrooms and 3- car garage. The home offers large living areas, billiards room, media room, gymnasium, sauna and steam room as well as a large swimming pool with spa and child playground equipment. The property has excellent presentation with well-manicured gardens and offers good privacy being located at the end of a cul de sac. The property also appreciates excellent elevated ocean/coast and city skyline views towards the north-east through to the south-east.

Sunshine Coast

When we talk about the prestige markets on the Sunshine Coast, there is certainly a wide choice. From the beach, river and canal front area along the coast to the hinterland and Blackall Range areas, there is a wide cross section of property types to appeal to many areas of the market place.

At the outset, it must be acknowledged that the prestige market has been one of the most impacted markets on the Sunshine Coast. These properties are generally lifestyle type properties and are more of a 'want' rather than a 'need'. Subsequently some of the down pressure on values was quite significant with values now being well below replacement cost.

....when we talk about the prestige markets on the Sunshine Coast, there is certainly a wide choice....

This is especially the case in the northern area of the coast around Noosa as there are a larger number of holiday homes when compared to the rest of the Sunshine Coast. When the pressure came on, owners had a choice of selling the holiday home or the principle place of residence. The choice was easy, the holiday homes went on the market and then standard market forces kicked in, supply up and demand down.

Over the past six or so months we have really started to see activity in this sector pick up. This has however occurred on the back of vendors finally meeting the market and reducing prices. The key ingredient is that the market makeup has changed. An example of this is the Noosa Waters canal estate. When supply was at its peak there were in excess of 60 water front properties on the market. At the moment, with the increased volume of sales, there are circa 30 waterfront properties on the market. The main feedback has been that purchasers have begun to perceive real value and as confidence has improved in their own situation, they have been prepared to pick up these properties at reduced prices.

The sting in the tail is the purchaser that has not done their research or sought out some good independent advice. With the change of sentiment in the market, we have already seen some transactions that have occurred that are well above the market. Usually the purchasers are time poor, trying to look at properties and purchase remotely. All factors that are fraught with danger if you are trying to buy at the right price.

On the central and southern areas on the coast, there have been some big ticket properties that have sold recently which is a good sign. But once again, these have been on the back of vendors meeting the market and prices being below replacement cost. Some of these sales include:

- 7 Minyama Island, Minyama sold in December 2012 for \$6.75 million after reportedly costing in excess of \$8 million.
- 31 Carwoola Crescent, Mooloolaba sold in November 2012 for \$3.9 million after reportedly costing in excess of \$5.5 million.
- 15 Burgess Street, Kings Beach sold in October 2012 for \$3.1 million after the property was listed for sale in 2010 for \$4.5 million and being reduced to \$3.6 million in 2011.

We have touched on just the coastal housing market. The same applies for the prestige unit and rural residential markets with values being off from the peak by up to 40% All in all, the prestige markets have been significantly impacted in the downturn with value levels now aligned more to 2002/2003 levels. What this leads too is a good opportunity for purchases to pick up some good properties at great prices, but remember 'caveat emptor', and make sure you get some good independent advice so as to maximise these opportunities.

Southern Queensland

TOOWOOMBA

The Toowoomba prestige property market has experienced a decline in the volume of sales since 2009 with the post-GFC market. The prestige market in Toowoomba is generally considered to be in excess of the \$800,000 price point. Sales activity in the \$1 million plus bracket has been extremely slow with just five sales in 2012, however 28 sales were achieved in the \$800,000 to \$999,999 price range.

We are aware of at least five sales in the first three months of 2013 that have sold between \$800,000 and \$999,999 and two sales over \$1 million. A Federation dwelling situated on the range escarpment has recently sold for \$1.7 million and is the highest sale for over 12 months. These are positive signs for the market.

East Street

Homes in the prestige market are traditionally found in the eastern suburbs of East Toowoomba, Redwood, Mount Lofty and Middle Ridge. We are aware of a selection of new, resort-style homes developed on acreage lots across the western suburbs of Drayton and Darling Heights in the past 12 to 18 months.

A number of high quality, prestige dwellings remain on the market with limited buyer enquiry reported by agents. Asking prices in excess of \$2 million are being sought for two properties in the Kara View Estate, with no serious buyer enquiry available at present.

Kara View Court

A buyers market currently exists with good value for money currently available in the prestige sector. Selling periods for million dollar homes in Toowoomba can exceed two years despite, in some instances, significant reductions in asking prices. \$1 million would appear to have created a ceiling in the market with a couple of recent sales in the \$900,000 price range demonstrating good value for money. A quality, renovated dwelling has recently sold in Middle Ridge for \$975,000 with very good buyer interest reported by the agent.

Glencoe Court

A large, architect designed dwelling has recently sold at auction in the western suburb of Cotswold Hills for \$1.25 million. In excess of 800 square metres in size, this dwelling presented in a good but dated condition and would have benefitted from renovation. Sold mortgagee in possession after a two year prior selling campaign.

Boundary Strees

The prestige unit sector is limited to three high rise complexes – The Parks, Cottesloe Crest and The Grosvenor. Sales activity on these complexes has traditionally been limited with no prestige unit sales recorded since 2011. Prestige units appeal to a very small sector of the Toowoomba market and the slow sales rate of the most recently completed complex, The Grosvenor has stymied any additional activity in this sector.

IPSWICH

The prestige market in Ipswich and surrounding areas is thinly traded and accounts for a very small percentage of the overall market. Properties marketed in this sector are unique in nature and have specific qualities. The market for prestige in this area is considered to be property above $700,000 and super prestige over $1.5 million.

The areas for prestige property can be broadly summarised as follows; inner Ipswich, Brookwater, inner rural residential and lifestyle rural property.

Inner Ipswich prestige is typified by grand colonial residences and large Queenslanders with those on Denmark Hill having a panoramic vista of the city. Typically these properties will have in excess of 5-bedrooms and include a pool.

....the prestige market price point in the region is considered to kick in at about $600,000, and include renovated and/or spacious Queenslander style dwellings ....

Brookwater is a purpose built golf course estate located to the east of Ipswich. The suburb is surrounded by Augustine Heights and Springfield Lakes and was developed as a prestige location. Properties at the higher end of this market at typified by architecturally designed modern residences with those fronting the golf course achieving higher values.

Inner rural residential comprises the areas of Deebing Heights, Karalee, Chuwar and Karana Downs and land sizes in this market range between 4,000 square metres and 3 hectares. The is a mixture of ages and housing types in these locations. However the prestige end of the market expects a large floor area, pool, shed and established landscaping.

Lifestyle rural property surrounds Ipswich and includes some of the best locations South East Queensland has to offer. Prestige areas are located surrounding Wivenhoe Dam in the Scenic Rim and the Eastern Lockyer Valley. Purchasers in these markets are looking for a substantial residence, sheds, a good view and lifestyle appeal.

The market is generally subdued for prestige at present and the market is likely to be thinly traded for the foreseeable future. The rural lifestyle is the most likely sector to move in the near future with two strong sales recently occurring.

The first sale was of a property comprising a mix of freehold and leasehold land fronting Wivenhoe Dam. The property has direct dam access and good water views. The property is improved with an architecturally designed residence that was modelled on a ship and comprises three levels of living. The site is improved with a swimming pool, multiple sheds and cattle handling facilities and is located on 30.11 hectares. The property was sold in January 2013 for $1.15 million and included machinery valued at $30,000.

The second sale was of a property at Milford in the Scenic Rim. The property comprises a cleared undulating allotment of 16.08 hectares with mountain and valley views. The property is improved with a substantial 5-bedroom 3-bathroom residence with a floor area in excess of 600 square metres. The site is improved with fencing and two dams. The property was sold in February 2013 for $950,000.

Central Queensland

ROCKHAMPTON

In the Rockhampton region the majority of sales activity is in the lower more affordable price range (less than $350,000) by first home owners and investors. As you go up the price scale sale volumes reduce and purchasers are more likely to be owner-occupiers upgrading from their existing homes.

The prestige market price point in the region is considered to kick in at about $600,000, and include renovated and/or spacious Queenslander style dwellings or modern two storey homes in the south Rockhampton suburb of The Range. North of the Fitzroy River, sales over this price point usually include modern large brick/rendered block onground or two storey dwellings in the north Rockhampton suburbs of Frenchville and Norman Gardens.

We consider the super prestige market price point for the region to be $850,000 plus. This top end of the market is very thinly traded in the City of Rockhampton, and we expect this trend to continue into the foreseeable future. During 2009 to 2010 only 12 properties sold for over this price point. Of these only seven sold for greater than $1 million, with the highest selling for $1.5 million in 2010. Since January 2011 only seven sales have occurred over

$850,000, with the highest sale during this period being in November 2012 for $1 million.

This sale was of a historically iconic home known as Clancholla House. Located on 8607 sqm of land in the centre of The Range, this 5-bedroom 2-bathroom midset timber dwelling was built in 1922 and has played host to a number of visiting dignitaries including Princess Alexandra in 1959. Although the home offers about 450 square metres of living area, at time of sale it did require some general maintenance.

On the Capricorn Coast the prestige residential market is considered to have a similar price point. However since the GFC this top end of the market has shown significant signs of slowing and reduced sale prices. We consider that potential purchasers looking to spend over $850,000 in a coastal town/city are comparing available properties on the Gold Coast and Sunshine Coast with those available in this region. Since the start of 2012 there have only been four sales over $850,000 with most of these sales falling between $950,000 and $1.6 million.

The stand out sale on the Capricorn Coast during this period is 42 The Esplanade, Cooee Bay which sold in September 2012 for $2.75 million. The property is located opposite the beach and comprises about 580 square metres of living over four levels. The dwelling is one of the largest on the coast and offers a home theatre and uninterrupted ocean and beach views.

HERVEY BAY

Being a regional area, the Fraser Coast prestige market is limited in size and scope but a number of large and good quality properties are on the market, frequently in waterfront or near locations. Market transactions have been very limited in the recent 18 months with few sales occurring and with considerable over supply available. Values have dropped significantly since around 2008. This is definitely a buyers market and those with both the finance and a medium term time frame must surely be attracted to the value currently available.

Prestige property in this region can arguably be considered to be homes over say $700,000. These are predominantly situated on or close to the waterfront in well regarded Hervey Bay suburbs such as Dundowran Beach and Point Vernon. There are also a number of homes available in well regarded but non waterfront locations in Hervey Bay as well as a limited number of riverfront homes in Maryborough.

An internet search readily identifies available properties, some having been listed for lengthy periods. Realestate.com.au lists 23 Ocean Park Drive, Dundowran Beach at $830,000 having last sold in 2005 for $970,000. This is a large contemporary two storey home with ocean views over a reserve, inground pool and with a land area of 4,348 square metres.

Well located and good quality units are available along the Hervey Bay esplanade in modern multi level complexes. Mortgagee in possession sales have impacted the market with some sales at around half the original purchase price. Again buyers with a longer term horizon must be attracted to some of these properties available which are well below construction costs. Unit buyers in Rainbow Beach can find good quality units at up to 60% below sale prices at the peak of the market. Unit 2/7 Ocean View Parade sold mortgagee in possession in October 2012 for $718,000 having sold originally in 2008 for $1.95 million. This is a spacious 3-bedroom unit over two levels in a small modern complex of six units and enjoying excellent northern ocean and Fraser Island views. A number of other similar type units remain on the market in this small coastal township which is significantly oversupplied.

....purchasers within the prestige price range would expect exceptional quality fixtures and fittings, typically offering 200 square metres of living or more....

MACKAY

In Mackay, 2012 saw an increase in the $1 million plus sales recorded than in the previous three years. Sales were recorded across the Mackay area, with properties ranging from large modern prestige dwellings in good quality estates like Settlers Rise at Erakala, to the more traditional prestige suburb of Dolphin Heads where established 1980s style large executive homes again attracted the big money. Properties on Admiral Drive and Ian Woods Drive Dolphin Heads offer large elevated oceanfront parcels with panoramic ocean and off shore island views.

Without a doubt though, the jewel in the crown was the sale of arguably the best residence in Mackay, which sold in excess of $2.6 million, the highest residential sale seen in Mackay for some time. This architecturally designed home boasts a reported 1100 square metres of total dwelling area offering spacious 6-bedroom 4-bathroom internal accommodation. Features of this home are endless with state of the art C-Bus and entertainment systems including home theatre and integrated audio throughout, refrigerated cold room and wine cellar off the main bar in the theatre room, large gourmet kitchen with full butlers pantry. The property is located on elevated acreage offering good suburban and distant ocean and offshore island views. Feature ancillary improvements include inground swimming pool and full sized tennis court.

While volumes were strong in 2012, this has reduced considerably in the latter part of 2012 and into 2013, with limited activity in the $1 million plus range so far this year.

GLADSTONE

Prestige properties within the Gladstone region are considered to be over the $950,000 price range. These properties would typically be located within inner city locations such as South Gladstone, West Gladstone, Gladstone City and Barney Point. These properties would offer beachfront locations or elevated positions with good harbour views.

Prestige properties within surrounding localities of Boyne Island and Tannum Sands would typically be within the same price bracket within close proximity to the Tannum Sands Beach or the Boyne River.

Purchasers within the prestige price range would expect exceptional quality fixtures and fittings, typically offering 200 square metres of living or more. These properties would also include above average ancillary improvements such as an inground swimming pool.

The prestige residential market within Gladstone and Boyne/Tannum are thinly traded with very few prestige properties on the market. Current market conditions in the location are slow with prices decreasing. The most active purchasers are local first home buyers or second home buyers upgrading within the $400,000 to $500,000 price range.

Prestige units within Gladstone are The Aspex apartments which overlook the marina and within close proximity to Gladstone City. These units have decreased considerably with the typical prices achieved in the peak 2011 market of up to $1.525 million. Current listings within this complex start from $690,000 and have been listed for an extended marketing period with little interest. Some units within this complex are listed for sale well below purchase price.

Cairns

The prestige housing sector in Cairns starts in the current market climate at about $750,000, with the super prestige sector cutting in at about $1.5 million.

The market essentially consists of four elements:

- beachfront houses along the northern beaches;
- homes in the more elevated areas of suburbs such as Edge Hill, Whitfield, Mooroobool, Earlville and Bayview Heights;
- some acreage properties in the northern beaches suburbs such as Kewarra Beach; and
- a small number of penthouse and sub-penthouse apartments in areas such as the CBD, Palm Cove and Trinity Beach.

Houses in the $750,000 plus category are thinly traded, with entrants into the sector often tending to custom build rather than purchasing an established home. There were 62 house sales in Cairns priced at $750,000 or more during 2012 out of a total market of approximately 2,000 house sales. Of these six were priced at $1.5 million or more. They were also 12 apartment sales over $750,000 during 2012, all in the $750,000 to $1.5 million price range.

Conditions in the prestige sector have been slow, but properties are nevertheless starting to turn over again as some activity starts to return to the market. However it remains very much a buyers market. We expect the market to slowly improve as local economic conditions continue to slowly recover, though lagging the market in general due to the shortage of buyers with the resources to participate in this sector.

Around the Cairns region there are also small pockets of prestige housing located in Port Douglas, especially on Wharf Street / Flagstaff Hill, and some in Mission Beach.

Townsville

The prestige market of Townsville is generally centralised around the suburbs of Castle Hill, North Ward and Townsville City on the Slopes of Castle Hill and Melton Hill. These are inner city locations within close proximity to the CBD and the Strand/Cleveland Bay.

Property considered prestige and super prestige in the current market are located within these desirable inner city suburbs with price points generally starting from $1 million with a number of sales around the $1.25 million price point. The main attributes of these properties are elevated ocean views, size of dwelling and the quality of fit-out. These properties are a combination of modern newly constructed homes, along with older style fully renovated homes.

....houses in the $750,000 plus category are thinly traded, with entrants into the sector often tending to custom build rather than purchase....

This prestige market has been hit hard since the market peak in 2007, with substantial price falls from peak, to the current market. It is very much a buyers market and unless vendors are motivated to sell, now is not considered a good time to put a prestige property to market.

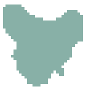
The prestige market has been relatively thinly traded with around 20 house transactions occurring over the past two years within these inner city suburbs. Some recent examples of prestige sales include:

- Circa 1997 three level home with 450 square metres of main living area. Comprises 4-bedrooms plus study, 3-bathrooms, pool, extensive balconies, cellar, coldroom and has extensive ocean views. Sold early

2013 for $1.95 million.

- A 4-bedroom, 3-bathroom penthouse unit with a main floor area of around 270 square metres in a complex completed in 2009. It has marina and ocean views and sold in mid 2012 for $2 million. Showed a decline in value of around 20% from previous sale in 2009.

Confidence in the prestige market is closely aligned with overall economic confidence and stability. The outlook for this market is likely to see it remain subdued throughout 2013 as the residential market continues to consolidate and build in confidence.



Tasmania

The prestige market in Tasmania is comparably smaller than the mainland states in terms of both size and value. The price point for entry into this market can be generalised as above $1 million, however the properties which would be considered prestige are limited to areas with views and/or water frontage. The suburb which most regularly contains sales considered to be in the prestige market is Battery Point.

Located on the door step of the Hobart CBD and the Salamanca district, Battery Point is characterised by a large amount of historically significant property in a village like setting with few high density developments. The lofty property values in this area are underpinned by the high value of land, with the value of most blocks able to buy you a nice home in most other suburbs of Tasmania.

While the Tasmanian property market overall has been performing rather poorly, the prestige market segment appears to be remaining stable, albeit with some volatility. Battery Point is a very well held suburb which according to agents is particularly popular among mainlanders looking to relocate to Hobart. The uniqueness of the properties, popularity of the suburb and its tightly held nature have all contributed in maintaining the values of this particular prestige market segment.

A particularly impressive home which has recently sold is 58A Napoleon Street, Battery Point for $2.57 million. With water frontage and views to the Wrest Point Casino this 4-bedroom, 3-bathroom property was originally built in 1962 and has been completely renovated and extended. Designed by Maria Gigney the property now incorporates a large amount of glass and steel with timber accents together with an indoor pool which can be covered by custom built boards to double as an entertainment deck.

Darwin

When you think about prestige property, waterfront dwellings instantly spring to mind and Darwin is no different. It has got a wealth of water front suburbs, with the top inner suburbs including Larrakeyah, Fannie Bay, Nightcliff and Bayview boasting sales over $1.3 million. But it's not just waterfront properties commanding the big price tags.

Marrara, which backs onto Darwin Golf Club and Knuckey Lagoon, a rural residential suburb (approximately 18 kilometres from the CBD) with 1 and 2 hectare blocks also offers somewhere to splash your cash. All over Darwin there has been heightened activity over the past 12 months and the market has seen approximately 20 properties sell for more than $1.3 million in the greater Darwin area.

Arguably Darwin's finest two streets are Larrakeyah Terrace in Larrakeyah and East Point Road in Fannie Bay. Properties in these streets enjoy views across Darwin Harbour and Doctor's Gully, and across the foreshore and Fannie Bay. These locations are held very tightly, with very few on market transactions occurring. The most recent settled sale within these locations was 126 East Point Road, Fannie Bay which sold for $2.4 million. There has also been a sale in the Cullen Bay precinct of Larrakeyah, for a modern Bali styled dwelling that has reportedly sold for over $5 million but it is still under contract and can't be confirmed as yet.

....it's expected that the prestige dwelling market in Darwin will remain fairly stable....

The market for prestige dwellings in Darwin's inner suburbs is quite strong at present with the traditionally popular suburbs of Larrakeyah, Fannie Bay, Parap and Bayview being less volatile than mortgage belt locations. These areas continue to be underpinned by proximity to the CBD and standard of dwelling.

Taking advantage of the Top End tropical climate is also another major feature of prestige dwellings. High end properties in Darwin boast excellent outdoor living spaces, often centred around swimming pools, established gardens, barbecues and outdoor cooking facilities. With the climate allowing for outdoor living all year round, the increased outdoor living space is an attribute of prestige dwellings in Darwin unlikely to be given such prominence in prestige dwellings in the southern states.

It's expected that the prestige dwelling market in Darwin will remain fairly stable. The lack of waterfront locations, coupled with the desire to occupy the inner suburban locations as mentioned, will continue to underpin the value associated with these areas in the medium to long term.

Alice Springs

The prestige property market in Alice Springs would typically be associated with a modern or substantially renovated minimum 4-bedroom house in the suburbs of Desert Springs or Stirling Heights, with a number of high quality dwellings situated in the rural residential suburb of Ross, south of the CBD. Such homes would normally be priced from $700,000 and up to $1.1 million to $1.2 million in prime locations with golf course frontage.

The prestige residential property market in Alice Springs has traditionally been tightly held with low transaction numbers for houses above $700,000. In the March 2013 quarter there were only two sales above this level (excluding rural residential) with a fall in the upper median (3rd quartile) house price to the year to March 2013 of approximately 1.1% which was in line with the broader market.

A recent sale in Desert Springs for a 4-bedroom, 3-bathroom house for $880,000 provides a good example in this segment for a very good location with renovated home, however without golf course frontage.

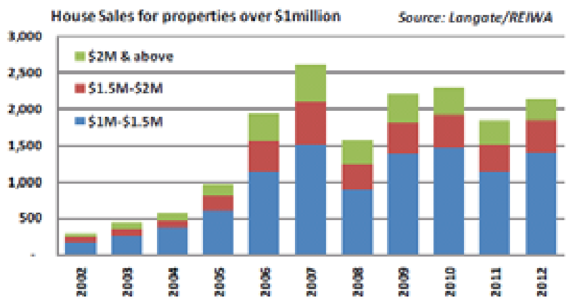
....house sales in the $1 to $2 million market are showing a general increase in activity while the $2 million plus market continues to trend down....

This sector has historically tracked in line with the broader market and therefore is contingent upon the broader economic conditions in town remaining stable. The additional supply of this type of dwelling from Stirling Heights should owners move on may add to downward pressure on this segment with buyers having the upper hand in over supplied conditions.

Perth

There has been an upturn in the Perth market with both sales and price which is encouraging after three years of sluggish sales. Our team and our discussions with agents are reporting an increasing shortage in properties in popular price ranges especially around the median of $510,000 and below, indicating that the market is reacting to pent-up demand in the first home buyer and trade up buy markets.

House sales in the $1 to $2 million market are showing a general increase in activity while the $2 million plus market continues to trend down since the peak of 2007. The 10 year graphic presented below illustrates the volume of sales in each of the $1 million plus sales categories increasing dramatically from 2005 as prices increased significantly during the 2004 to 2007 boom. However since 2007, the market has been on a rollercoaster with variable turnover and price volatility with the upper end market experiencing turnover peaks in 2007 and again in 2009/10 after the GFC dip in 2008.



The primary attributes of the upper end market is location and accessibility between the ocean and CBD. The well established and prestigious western suburbs have always been known as home aspiration suburbs with all recording median house prices of over $1 million. The most expensive residential property was sold in this precinct in 2009 for a record of $57.5 million located in the river side suburb of Mosman Park. The property is set on a 7,500 square metres elevated lot with primary frontage of the Swan River.

The surrounding suburbs such as Peppermint Grove, Nedlands, Dalkeith, Cottesloe, City Beach, Claremont and Swanbourne are all known to be larger lots with a mixture of older, heritage style properties as well as modern, high quality designed freestanding dwellings, benefiting from either close proximity to the river and CBD or the ocean, however both benefiting from views.

While there has been no exceedingly high priced sales across 2012, the volume of sales over $1 million is increasing which signals positive signs for the Perth market as areas which commonly reflect this sales categories are known as Perth's prestigious and high end suburbs.

South Western WA

Prestige residential sales were hard to come across in our neck of the woods following on from the GFC however the drought appeared to break in October 2011 with a $3.8 million sale of an award winning home in Eagle Bay. Since then there has been a regular flow of sales above $3 million in the region. In Eagle Bay alone there have been sales of $3.4 million, $3.3 million, $4.2 million and $4.4 million. Other nearby coastal localities have also seen a $4.25 million sale of a prestige strata home situated within the Bunker Bay Resort, $4.2 million for an executive standard home situated directly opposite the ocean in Dunsborough, a $3.5 million sale of an oceanfront property in Siesta Park and two oceanfront sales of $3.15 million and $3.5 million in Marybrook. We are also aware of an Oswald Down South display home, close to the centre of Dunsborough, which is currently under offer for $3.1 million.

While it is difficult to split the prestige homes from either standard residential homes or rural residential homes in most areas, the majority of homes in Eagle Bay are considered prestige homes. It is therefore interesting to note that the median house price in Eagle Bay is currently greater than it was at the peak of the market in 2007.

While the majority of these comprise large quality homes with excellent bay views, there is also a huge premium being paid for properties which have direct beach frontage. Given the potential rise in sea levels as a result of global warming these punters must be backing that they will be closer to the foreshore rather than under it. Our observations have been that the properties selling that do not have direct beach frontage are immaculately presented, executive standard dwellings, which have excellent ocean views with everything in place and nothing further to be done.

Where is the demand coming from? Obviously from the top end of town and predominantly from the mining sector.

Can this activity be maintained? In the short term it would appear so, given the continuing strong performance of the mining sector, the absence of margin calls and the limited supply of properties with ocean views or direct ocean frontage. However, time will tell whether it can be maintained once the demand for resources begins to slow.

Esperance

Following from our residential round up in February, vacant land sales in Castletown have continued to remain strong with a relatively high volume of transactions now between $145,000 and $150,000 in Le Grande estate and $170,000 to $190,000 in Flinders with the supply of vacant sites reducing accordingly and the potential for upward pressure on land values in this area if demand remains and supply reduces. We noted in the previous round up there had been no sales in the Castletown area over $500,000 however since February three sales in excess of this amount have occurred and interest in other property within this value range and higher is improving.

In other parts of Esperance of note, West Beach has continued to provide stability with regular sales over all value ranges. In particular, a property that sold in March 2012 for $1.35 million has been recently resold for $1.45 million. The improvement in value itself is encouraging as is the sale period, less than nine months, for a property in this value range of which there are very few in the area and a limited number on the market. Other sales include an executive style dwelling with some restricted ocean views selling for $725,000 and within the Esperance suburb itself, a strata unit with ocean views selling for $950,000 and another detached dwelling on a small strata sized lot with little to no views selling for $700,000.

Rural residential lifestyle properties in surrounding suburbs such as Pink Lake, Windabout and Myrup have also seen increased demand and market activity over recent months. Values vary as widely as the differences in the standard of improvements themselves but for a market of this size, there has been a notable increase in the volume of transactions.

At the other end of the scale, Nulsen has some of the most affordable housing in the district, if not the state, with values firming further as we proceed into 2013. The rental market is also remaining strong and investors are realising the return on property in Nulsen is exceptional when compared to other.s

So the first few months of the year have seen consolidation in sales volumes and improvement in the underlying land values, especially in the well established suburbs. Seasonal influences are sound also with an early start to the season which if it holds, and interest rates remain relatively low, should auger well for further investment in the district as the year progresses.

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Rural – Market Directions

The rural sector in Australia is in an interesting state at present with financial pressure and dry conditions in many regions highlighting the risks associated with being a primary producer. A landholder meeting held in the west attracted 1000 growers and called for more support from government and financiers to assist the grains industry through this time. The dry conditions in north west Queensland and the Barkly Tablelands in the Territory have seen a significant downward movement in price for cattle with many either selling for what they can get, or seeking agistment or new country to purchase to buy grass.

The level of mortgagee sales is increasing nationally with the northern cattle market the biggest commodity area impacted. Continued uncertainty surrounding the live export industry suggests confidence and hence buyer activity may be some time off.

In this month's update we look at some of the market impacts that are influencing buyers and sellers in each region. There is still a general lack of sales activity nationally but we do report some sales in the NSW north coast for coffee plantations, mining purchase in the southern Queensland market which has not been present for some time and we understand there may be some advanced negotiations on some Kimberley assets which may be able to be discussed next month.

The reduced sales activity has also seen requests from some clients for the development of another valuation approach which is focused on the gross income and property production assessment. It has always been considered that an income model for rural is difficult to build into a recognised valuation methodology. It does appear now that buyers are seeking to really understand the capacity for a property to produce and generate cash flow to support any investment. International purchasers are focused on this assessment which is a universal basis for comparison when capital is competing in a global market.

There are issues in this income assessment approach, one being the source of truth for the production or turnoff rates from each property as well as the fact every property is managed differently. I would be happy to discuss with interested parties development of this concept to determine if it is an approach that could be developed over time to support the current basis of valuation which is comparable sales.

Please enjoy this month's updates from around the country

Tim Lane Ph: (07) 3319 4400

1 May 2013

Northern NSW

Continued generally wet conditions have prevailed during March and early April.

Sugar Cane

The North Coast sugar industry is expecting a crop of up to 1.4 million tonnes of sugar cane for the 2013 season, following crop damage from the January and February flood events.

Macadamias

The harvest is to commence soon. Prices are expected to be around $3 per kilogram nut in shell at 10 % moisture.

Dairy

Media reports that Norco, the local milk processor has reached agreement with Coles to supply and bottle the $1 per litre Coles house brand milk. Reportedly Norco is considering taking on more suppliers and will upgrade its Gold Coast plant. This appears to be a positive outcome for local dairy farmers as reportedly Norco will be able to maintain current farm gate prices.

Summer crops

Soya bean crops are approaching harvest in the Richmond Valley in the next month although persistent rainfall has required vigilant pest control. Market conditions for cropping properties remains difficult.

Property market

Separate coffee plantations have sold. One was a 75,000 tree plantation at Mountain Top near Nimbin with a coffee processing facility and 100 megalitre water storage. The other was a 10,000 tree plantation with a substantial residence at Dalwood near Alstonville has sold.

Generally the market continues to be a buyers market.

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Southern NSW

It has been a fairly dry start to 2013 in Southern NSW and Northern Victoria. The Albury airport weather station recorded 2 milllimetres of rain in February, 51 millimetres in March and 7 millimetres to date in April. Winter crops and pastures are currently being sown in the region and most farmers are hoping for a solid autumn break after a fairly dry start to the season. As a result of these dry conditions and the low soil moisture profiles, the DPI April Grains Report forecast winter crop sowings are down right across the board, with wheat down 3% and canola down 32%, on last year's plantings. However rainfall totals have varied, with some areas in the Upper Murray experiencing high rainfall totals since Christmas provided some of the best pasture growing conditions in many years.

Further west the rice harvest is currently underway with many growers reporting solid yields after high water allocations and a hot, dry summer providing good growing conditions. This will result in the highest Australian rice crop in a number of years supplying a good cash injection into the bank accounts of many Riverina Irrigators.

The permanent water market in NSW for High and General Security water has been steady with water still in demand with reported limited supply in the market. The most recent WaterNET monthly report indicates NSW Murray High Security is trading between $1,570 and $1,580 per megalitre, while NSW Murray Low Security at $750 per megalitre. In Victoria, buyers have returned to the market with High Reliability Water trading at between $1,300 and $1,400 per megalitre in both the Murray and Goulburn systems.

The high demand for irrigation water over the summer has resulted in a continued reduction in water storage levels in the Hume Dam currently at approximately 46.9%. However Dartmouth Dam, the largest capacity dam in Victoria remains nearly full at 92.7%.

With regard to rural property sales, there has been strong activity in the area since July 2012 particularly through the Holbrook and Culcairn districts north of Albury and the Howlong and Corowa district west of Albury. It appears that a price equilibrium has now been established between buyers and sellers after a number of years where very few sales occurred. Landholders are now more realistic with their price expectations and purchasers in these areas now have improved confidence with clear market evidence and a run of three fairly good seasons which has generally improved cash positions.

....the rice harvest is currently underway with many growers reporting solid yields after high water allocations and a hot, dry summer providing good growing conditions....

There is also evidence of increased corporate activity in the dryland cropping areas of Southern NSW, however it appears that most corporate interests are typically seeking larger scale holdings, predominantly in the $10 million and above price range.

While sales activity and buyer enquiry have increased, there has been limited evidence that values have moved upward. Any upturn in land values will strongly depend on good seasonal conditions and solid commodity prices over the next 12 months.

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Regional Victotia

ECHUCA

The market for rural properties is really at an interesting stage of the cycle with several properties coming up for sale in the coming weeks. These include Windsome Lees, (Tocumwal) a riverfront vineyard located just out of Tocumwal, while several large scale offerings have also been made in the Mallee with tenders having closed several weeks ago. There continues to be good levels of activity for smaller holdings which can be relatively easily acquired but few larger scale going concern sales. The dry condition have most on tenterhooks as we wait to see what the viability of the cropping sesaon will be while most with access to irrigation water have been participating in the temporary trade market to ensure a start with many looking to secure water for carryover. Most are paying between $50 to $55 per megalitre for their temporary water.

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MURRAY RIVERINA

The market for broadacre irrigation holdings has remained steady to a slight rise in value rise in value. This would be expected with the general rural outlook much more positive on the back of excellent 2010, 2011 seasons and a reasonable 2012 season.

A dry start to the year and a three month forecast for average rains has curbed enthusiasm in the area to a degree, however the local area is looking forward to a good rice crop with harvesting commencing now.

The market for dry grazing country has been static to showing a slight rise.

Overall agents are reporting improved enquiry, largely due in our opinion to good grain prices and a successful rice crop.

The market for General Security class water (Murray Valley) has been hovering around $700 to 750 per unit (down from a high of $1,200 per unit as a result of government buybacks), while the market for Murray Irrigation Limited Water and Delivery entitlements (General security class water) is around $550 to $600 per unit.

The market for High Security class water Murrumbidgee and Murray Valleys has fallen over the past three years from a high of $3,000 to $3,500 per unit to around $1,500 per unit.

....the almond industry is one of the fastest growing agricultural sectors in Australia and is now a major industry in north west Victoria....

Permanent bore water during the drought in the Murray aquifer stretching from Corowa in the east to Swan Hill in the west on the NSW side of the border was trading for as high as $1100 per megalitre during the 2006/2009 drought. Due to the dry start to the season and higher temporary water prices, there has been a lift in interest in permanent bore water with a recent trade at $500 per unit.

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GIPPSLAND

Sales activity in the Macalister Irrigation District has been slow over the previous 18 to 24 month period, and is expected to continue that way despite the interest rate cuts. Corporate investors are the most likely purchasers of dairy farms, with price levels remaining consistent over the previous two to three years.

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Craig McMillanPh: (03)

MILDURA/SUNRAYSIA

Activity in the rural scene over the past month includes the completion of the wine grape harvest while the fresh fruit table grape harvest is nearing completion with only the final pick of the later varieties remain to be harvested.

In general the majority of growers appear satisfied with the season. While wine grape price levels have remained at similar levels to the 2012 harvest, it is reported that yields and quality of fruit has been much better this year and the majority of fruit has been taken by the wineries.

The almond industry is one of the fastest growing agricultural sectors in Australia and is now a major industry in north west Victoria. Olam Orchards Australia, which produces around 50% of Australia's almonds from 12,000 hectares of orchards in the Sunraysia region, has recently opened the $60 million highly automated almond processing plant at Carwarp, just south of Mildura. The 15,000 square metre building will operate all year round with an expected 120,000 tonnes of almonds to be processed in the first 12 months and by 2016 the company expects to process 160,000 tonnes of almonds from their various orchards in the district.

Nearby to the Olam almond plant, the first ten of 40 sun-tracking mirror dishes installed by Silex Systems are in operation with solar power generated flowing into the national grid. The State and Federal Government supported 1.5 megawatt facility will undergo a one year performance assessment period and if the facility operates as expected then it is proposed to expand the operation to a full scale $400 million, 100 megawatt solar power station project making it one of the largest in the country.

The rains have not arrived for the dry land sector and it is noted that many growers have commenced sowing their crops 'dry' over the past ten days of April. It is becoming critical that the rains do arrive in the next couple of weeks.

The dry conditions do not appear to have impacted on value levels as the latest sales remain at firm levels in the Mallee region in particular with notable sales in the Patchewollock and Turriff areas south of Ouyen over the past month. The sales show levels around the $1,235 per hectare for lighter sandy country in an area with an annual rainfall of around 300 millimetres.

On the pastoral scene two sections of the large Turlee station in south west NSW (80 kilometres north east of Mildura) sold under the hammer on the 17th April, however the main section of the holding remains unsold with negotiations continuing. Of the two sections that sold levels of between $66 per hectare and $78 per hectare were achieved.

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Country NSW

Throughout the central division of New South Wales the continuing dry conditions are currently impacting on the winter cereal season across most dryland farming areas from Walgett, Dubbo through to the southern areas of Condobolin. Further rainfall events will be required to enable enough moisture for cropping activities to get underway.

Now that the last watering of the cotton crop within the Macquarie Valley and most other valleys has been undertaken, the picking is underway in areas. The demand for both permanent water transfers and temporary transfers has softened and this has been reflected in the marketplace with some slight softening of the Macquarie River general security values evident; however, this is a normal part of the seasonal fluctuations and we do not view this as a long term trend for the general security entitlements within the Valley.

Recent auctions indicate that there is still continued strength of interest for good quality properties. The sale of Inverary Downs located approximately 15 kilometres south of Spring Ridge, consisted of approximately 850 hectares overall of which there was 450 hectares of developed flood irrigation. The majority of this property was situated on the prime area of the Liverpool Plains. The property was offered with both bore water entitlements and surface water harvesting rights from the Yarraman Creek. Agents reported elevated levels of interest while the property was passed in for $8.1 million; it was sold soon after for a higher figure. While the exact sale price has yet to be disclosed, early indications of value would indicate that the good quality Liverpool Plains grey cracking clay country has sold in excess of $6,000 per hectare. The property was purchased by neighbouring interests.

....the demand for both permanent water transfers and temporary transfers has softened and this has been reflected in the marketplace with some slight softening of the Macquarie River general security....

There was a further sale under the hammer at Dubbo of a property called Eulandool. This property was approximately 30 kilometres south east of Dubbo and was 1,130 hectares in size and included an above average homestead that had been restored and presented very well, a second homestead, cottage, a multi purpose sheep handling centre and sundry shedding. The country was approximately 50% cultivation and 50% grazing with soils predominantly red brown loams. The property was to be offered as a whole and if not sold, it was to be offered in smaller portions. However there were interested parties in the property as a whole and the property sold for $3.25 million. There was an opening bid of $3 million, a second bid of $3.05 million and the winning bid of $3.25 million. All in all a pretty easy auction for the agent Richard Gemmell. There were a number of disappointed prospective purchasers as there was large interest in the smaller sub-divided blocks on the holding. The property was purchased by local interests and the sale equated $2,873 per hectare or $1,162 per acre overall which we consider a strong result for a property within the area. The vendor was keen to sell as he had purchased rural property elsewhere and overall it was a positive result.

We have been reviewing a number of properties with irrigation bore entitlements recently and there appears to be an interesting development with bore water entitlements. Previously during the depths of the drought, when the properties with bore water entitlements were the only irrigation entities able to produce and forward sell commodities to take advantage of market trends, we believe that there was a valid argument at that stage to indicate values of bore water would be similar to those of high security entitlements. In the Macquarie Valley at the time high security entitlements were selling for approximately $3,000 per megalitre however the market would only ever indicate that it was prepared to pay approximately $800 to $1,000 per megalitre for these bore entitlements. Interestingly enough now that the seasons are more positive and generally surface water availability is good, there will be an expectation that the value levels for bore water would soften considerably due to the extra costs of extraction which can be up to $80 to $100 per megalitre as opposed to extracting from the river which can be $20 to $30 per megalitre.

Our research into the market would indicate that, despite these potential softening influences, the market is still prepared to pay similar value levels that existed during the drought. Our investigations also indicate that part of the influences comes from the fact that bore irrigation entitlements, while transferable, are slightly more difficult. There are a number of different conditions applied to each and every aquifer and this slight perceived difficulty in transferring, coupled with the additional expense to extract, are seeing value levels for bore entitlements remain steady.

Contact:

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Southern Queensland

The summer grain harvests are nearing completion and early signals are emerging of mixed yields and grading across the inter Downs, however overall considered reasonable on initial reports. On the positive side, winter plantings on the Downs will be boosted by solid moisture profiles on the back of those recent unseasonable storm rainfalls that were received in mid April. Further west of Roma however it was been a very disappointing summer season overall. Those properties that were affected by lightning strike bushfires in late Spring last year, have seen very little precipitation over those blacken grounds. This will have a significant impact on those cattlemen that incurred large areas of bushfire damage or those that were hedging their bets on a typical summer, however now might be forced to reduce stocking numbers leading into those traditional dry winter periods. The Roma store market yarded some 7,900 head the week prior to Anzac Day. There was a general softening in cattle values overall and those secondary cattle or hollow cows were downgraded the hardest. At present the cattle market is tip toeing around the uncertainty of the winter months ahead especially with large numbers of cattle from Northern Queensland making there way down to Central Queensland as they too missed out on the wet season.

On the property market front activity is still slow to ramp up after the traditional quiet Christmas period. We are aware of a number of contacts of sale, one within the Bell area being some 450 hectares of mixed farming country and the other being a 5,000 hectares of breeder/fattening country south of Mitchell. We are also aware of a sale to the west of Taroom which is also under contract. It appears to have been purchased at what can be regarded as strong values. All three properties are still to go unconditional and will be able to release details in later additions of the Month in Review once confirmed.

Contact:

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Doug Knight Ph: (07) 4639 7600

Far North Queensland

Patchy rainfall across pastoral regions has resulted in generally below average wet season rainfall across most districts which in turn has triggered a sell-off in cattle as graziers reduce numbers. There has been little sales activity in the pastoral areas which is normal for this time of the year. In coastal areas sales of sugar cane and banana properties are also scarce despite a plethora of properties on the market. It would appear there is some consolidation going on in both sectors with larger banana growers looking for opportunities away from the coast to mitigate cyclone risk and mid tier growers finding it hard to make profits at current price levels. Of note in the sugar sector is the recent defection of a number of canegrowers that were supplying the Tablelands Mill to Mackay Sugar's Mossman Mill. This will leave a massive supply deficit to the Tablelands Mill and could lead to further inducements to growers to grow sugar cane on the Tablelands.

....on the property market front activity is still slow to ramp up after the traditional quiet Christmas period....

Key sales that have occurred in recent times include two large banana farms at Mareeba for $8 million and $3.8 million respectively and the sale of the former DPI Southedge Research Station for $1.3 million.

Contact:

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Northern Queensland

The year to date has seen a significant movement of cattle from most of North Queensland due to the poor wet season. There are some areas (Georgetown, Mount Surprise, etc.) which have benefited from good rains. Some areas in the Croydon and Hughenden / Richmond districts were lucky to get the odd shower.

Graziers have been trying their best to keep their breeder nucleus so that if it rains next season, they have breeders ready to go.

It's seasons like these where the safety of the forest country comes to the fore. Up for sale in the Croydon - Georgetown areas are Lotus Vale/Stirling, Mayvale, Langlovale, Claraville and Prestwood. Enquiry for these blocks have included grass buyers. No doubt there will be a contest for some of this country.

Up until recently the Downs had hayed off and there were paddocks with limited feed reserves.

To the south east of Richmond there was some tighter Downs country that had benefited from isolated showers a month or two ago. This area still had tussocks that were green and growing.

In the recent month a band of rain did fall and while a fair proportion of the hayed of Downs has turned black, there is a surprising amount of herbage growth. Some areas where one would have thought any rain would have turned the remaining grass black, has actually struck and is growing on the back of this rain.

....the marketing season gets underway this month, we will report the progress of the sales as they occur....

Many readers who recall when it was dry in 2008 in the western Gulf and Barkly districts will remember the significant number of grass sales that occurred in both the eastern Downs (Richmond, Hughenden to Muttaburra and Aramac areas). There were also sales in the Croydon - Georgetown area which provided security for breeding stock. This year appears to be different from 2008.

In 2008 the market was used to property value increases from the boom and there was equity available to make these purchases. Due to the highly geared balance sheets of some graziers this time round, these graziers have sought to sell stock and take the lower prices on the chin. Those with suitable serviceability and balance sheets have the choice of purchasing a block with grass and safety. Acquisitions and enquiry for grass sales appears to be less than in 2008.

The marketing season gets underway this month, we will report the progress of the sales as they occur.

Contact:

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Central Queensland

The rate of sales in the Central Queensland area appears to be improving as we continue into the 2013 year. Demand for grass in the northern parts of the state has recently assisted the Central Queensland market on a number of occasions.

After the recent sales of the Brigalow Research Station at Moura and Tarewinnabar at Rolleston, Plattaway Station indicates some stabilisation for rural land values. Plattaway comprises 5,786 hectares or 14,298 acres and sold at auction for $5.1 million. This reflects an improved rate of $881 per hectare ($357 per acre) or about $2,900/AE area. We note the former sale of the property in November 2008 for $7.35 million, which reflects a 30% reduction in value. .

A number of iconic properties remain on the market and are scheduled for auction this month. We look forward to reporting more on these properties as we test the market in the next edition of the Month in Review.

Contact:

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Northern Territory

The pastoral property market in the Top End has remained relatively quiet for another month with limited market enquiry evident. A large number of properties are on the market, either officially or unofficially, but there are very few cashed up buyers.

Those buyers that do remain, are much more focused on the current productivity of each property. Gone are the days when purchasers would factor in the potential of a property when making their investment decisions. It is true that virtually every pastoral property in the Top End would have the capacity to carry more cattle through investment in water, fencing and yard infrastructure to open up more country for grazing. However it is also true that the costs involved in such developments (including the significant cost of time to bring it to full production) means that the economics are not as attractive as it would have been three years ago.

While most of the (limited) buyer enquiry is directed toward some of the larger scale pastoral properties, we understand that the sale of a smaller East Kimberley property is approaching its final stages. We hope to be able to report on this sale shortly, as it will help to set a benchmark as to where the value parameters of such subjects now sit.

Contact:

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South Western WA

Colin heads country as competition heats up for CBH

In Western Australia incumbent Liberal Party Premier Colin Barnett has headed out into the wheat belt to meet with farmers, along with the new Agriculture Minister, Liberal MLC Ken Baston. This has seen a shift from the usual National Party member who would normally take the Agricultural Minister's position.

A number of points were discussed, with one of the main issues being that growers feel they are at a disadvantage when competing in a global market as major competitors (America and Europe) are being subsidised by government. In brief, the result of the visits was that while the State acknowledges the problems the agricultural industry is facing, they will not be assisting with reducing farm debt but will look at red tape impacting farmers.

A possible saviour touted by some producers is corporatisation of the CBH (Co-operative Bulk Handling) Group which they have a share in. With figures from $5 billion to $10 billion of equity possibly to be realised by the shareholders, this will greatly assist in paying down debt for many. On the other hand, the result of this could be an increase in transport/storage costs to the farmers, however this may be combated by emerging competition.

Bunge, the international commodity handler, has reportedly started work on its facility in the port city of Bunbury in the state's south west. This will see grain being shipped from the port that has been sourced from growers in the south west and great southern.

It is also reported that Heilingjiang Feng Agricultural (HFA), who have purchased arable properties in the southern districts of the state, and are planning to ship grain from the southern port city of Albany with the assistance of Vicstock Grain, a Victorian based company. What will this competition mean for CBH and the grain industry? Well, to quote one of the men who is considered to have built America

"And while the law of competition may be sometimes hard for the individual, it is best for the race, because it ensures the survival of the fittest in every department. "

Andrew Carnegie

With the state and federal governments not willing to subsidise agriculture, it is becoming more and more evident that the Western Australian grain industry is playing by the rules of a global market, in what may be considered to be in a disadvantaged position in comparison to some of the competitors.

Further, by a very rough comparison to the UK, which is subsidised under the European Common Agricultural Policy, average arable land values are equivalent to say $33,000 per hectare based on current exchange rates with an average yield of say 10 tons per hectare of wheat or $3,300 per ton of investment. By comparison, in the Western Australian high rainfall areas where land values are say $3,500 per hectare with an average yield of say 3 tons hectare or $1,166 per ton of investment. This means that purely based on investment, the land values per ton of production, Western Australia's high rainfall areas are at a significant advantage in comparison to some global competitors when investing.

While this is very much a kitchen table analysis it does highlight that there are many ways to achieve a competitive advantage and that maybe looking at a different approach to assessing investment in land is the answer.

So while some indebted growers who will not be cropping this season are sitting down pondering what the future holds, others are setting up their seeders and sitting on their tractors wondering what the season holds for them.

Contact:

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Comparative Property Market Indicators -April 2013

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 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 - April 2013

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 Queensland Property Markets

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

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

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

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

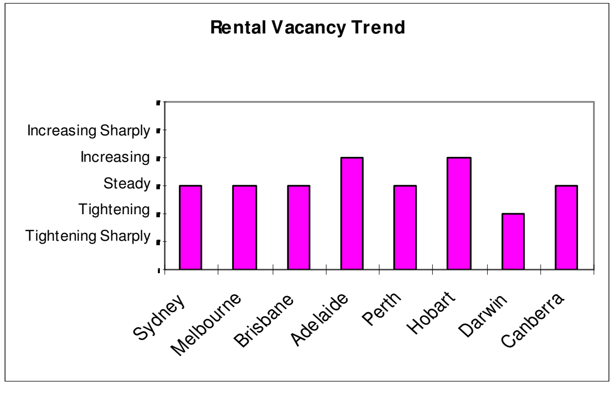
Adelaide	(08) 8231 6818
South West WA (Bunbury/Busselton)	(08) 9791 6204/ (08) 9754 2982
Perth	(08) 9388 9288
Darwin	(08) 8941 4833

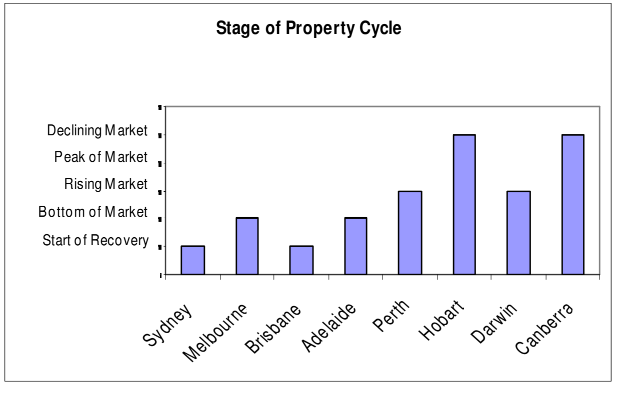
Capital City Property Market Indicators as at April 2013 – Houses

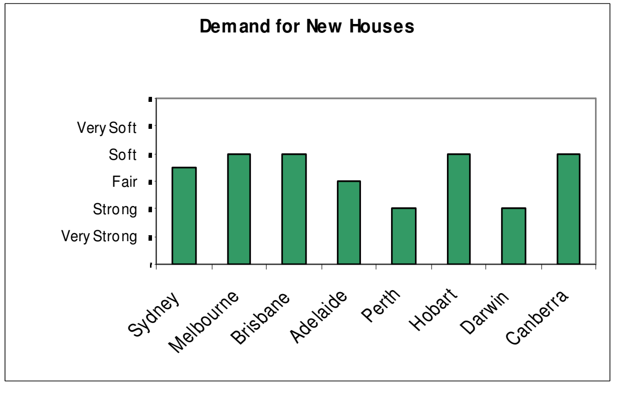
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Balanced market	Balanced market	Balanced market	Balanced market	Shortage of available property relative to demand	Over-supply of available property relative to demand	Severe shortage of available property relative to demand	Balanced market
Rental Vacancy Trend	Steady	Steady	Steady	Increasing	Steady	Increasing	Tightening	Steady
Demand for New Houses	Soft - Fair	Soft	Soft	Fair	Strong	Soft	Strong	Soft
Trend in New House Construction	Steady	Declining	Steady	Increasing	Increasing	Steady	Increasing	Steady
Volume of House Sales	Increasing	Declining	Increasing	Steady	Increasing	Steady	Increasing	Steady
Stage of Property Cycle	Start of recovery	Bottom of market	Start of recovery	Bottom of market	Rising market	Declining market	Rising market	Declining market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Occasionally	Frequently	Occasionally	Occasionally	Frequently	Occasionally	Occasionally	Occasionally

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

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





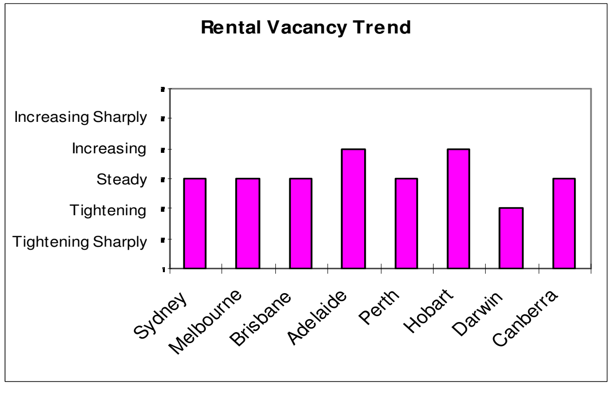


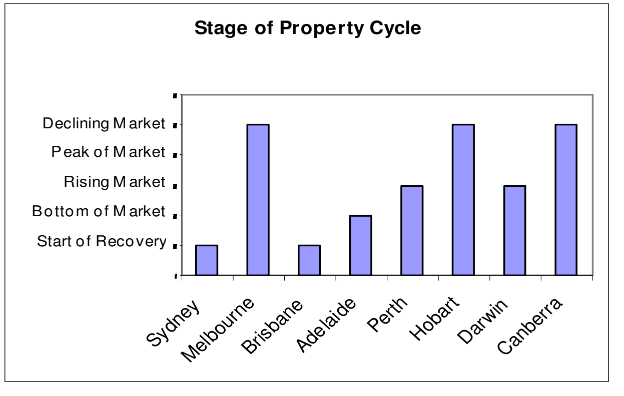
Capital City Property Market Indicators as at April 2013 – Units

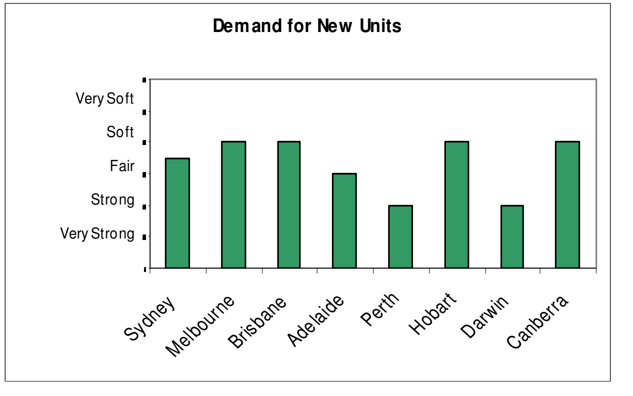
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Shortage of available property relative to demand	Balanced market	Balanced market	Balanced market	Shortage of available property relative to demand	Over-supply of available property relative to demand	Severe shortage of available property relative to demand	Balanced market
Rental Vacancy Trend	Steady	Steady	Steady	Increasing	Steady	Increasing	Tightening	Steady
Demand for New Units	Soft - Fair	Soft	Soft	Fair	Strong	Soft	Strong	Soft
Trend in New Unit Construction	Increasing	Declining	Steady	Steady	Increasing	Declining	Increasing	Steady
Volume of Unit Sales	Increasing	Declining	Increasing	Steady	Increasing	Steady	Increasing	Steady
Stage of Property Cycle	Start of recovery	Declining market	Start of recovery	Bottom of market	Rising market	Declining market	Rising market	Declining market
Are New Properties Sold at Prices Exceeding Their Potential Resale Value	Frequently	Very frequently	Occasionally	Occasionally	Frequently	Occasionally	Occasionally	Occasionally

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

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





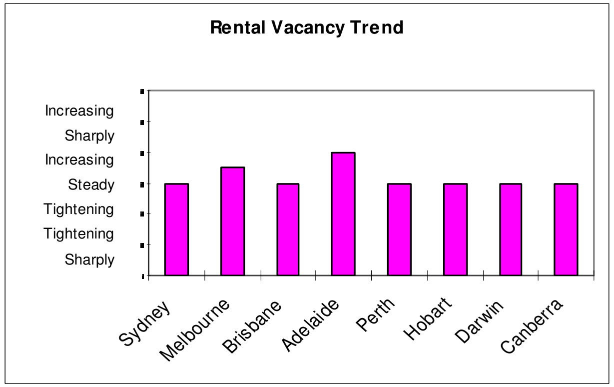


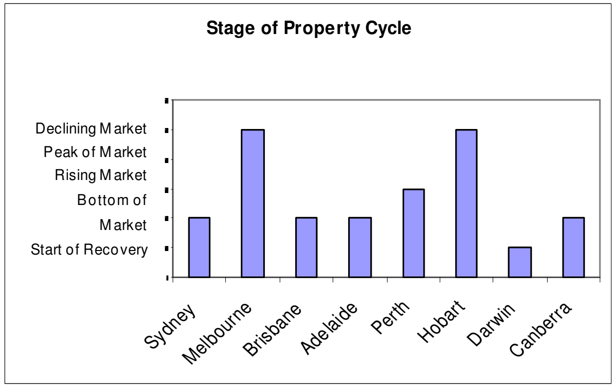
Capital City Property Market Indicators as at April 2013 – Retail

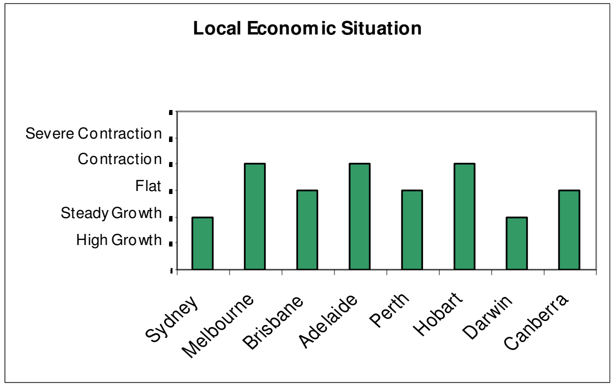
Factor	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Rental Vacancy Situation	Over-supply of available property relative to demand	Balanced market - Over-supply of available property relative to demand	Balanced market	Over-supply of available property relative to demand	Balanced market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

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

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



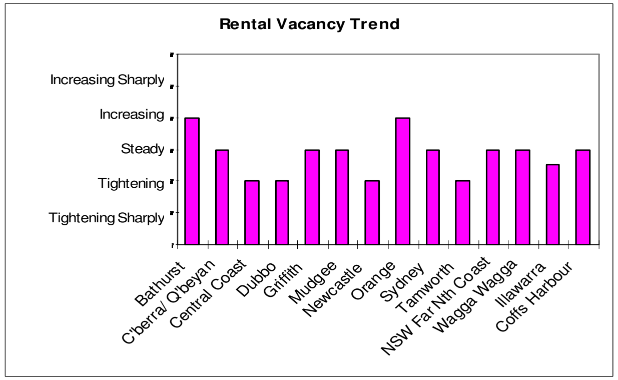


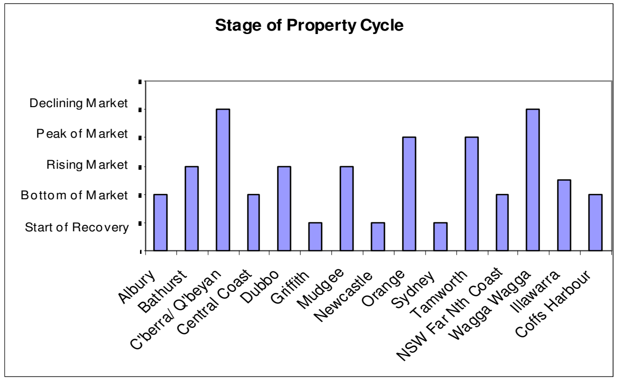


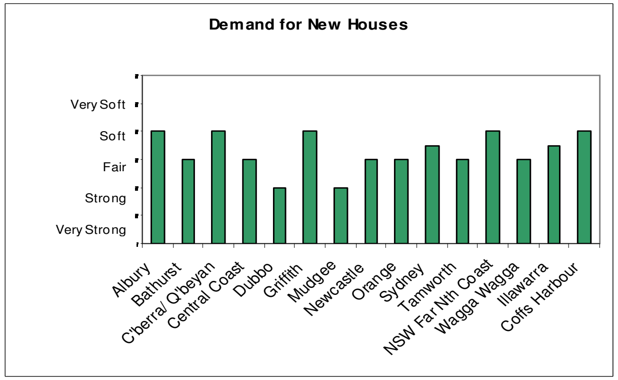
New South Wales Property Market Indicators as at April 2013 – Houses

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

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



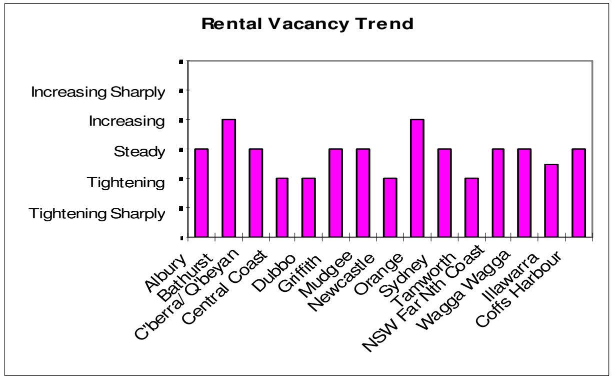


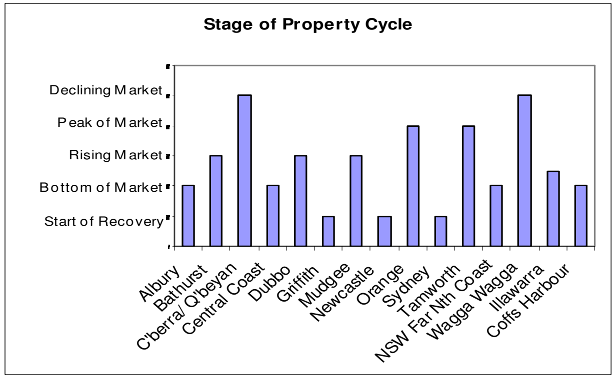


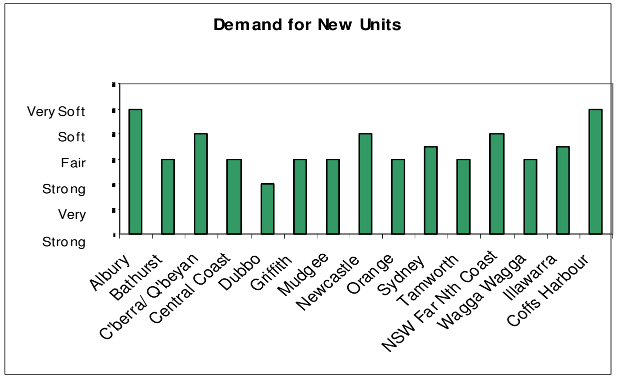
New South Wales Property Market Indicators as at April 2013 – Units

Factor	Albury	Bathurst	Canberra/ Q'beyan	Central Coast	Dubbo	Griffith	Mudgee	New-castle	Orange	Sydney	Tam-worth	Tweed Coast	Wagga Wagga	Wollon-gong	Coffs Harbour
Rental Vacancy Situation	Balanced market	Shortage of available property relative to demand	Balanced market	Shortage of available property relative to demand	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	Balanced market	Shortage of available property relative to demand	Shortage of available property relative to demand	Balanced market - Over-supply of available property relative to demand	Balanced market	Shortage of available property relative to demand - Balanced market	Over-supply of available property relative to demand
Rental Vacancy Trend	Steady	Increasing	Steady	Tightening	Tightening	Steady	Steady	Tightening	Increasing	Steady	Tightening	Steady	Steady	Tightening - Steady	Steady
Demand for New Units	Very soft	Fair	Soft	Fair	Strong	Fair	Fair	Soft	Fair	Soft - Fair	Fair	Soft	Fair	Soft - Fair	Very soft
Trend in New Unit Construction	Declining	Steady	Steady	Steady	Increasing	Declining	Steady	Declining	Steady	Increasing	Declining	Declining - Steady	Steady	Declining - Steady	Declining
Volume of Unit Sales	Steady	Steady	Steady	Steady	Increasing	Increasing	Steady	Steady	Declining	Increasing	Steady	Increasing - Steady	Steady	Increasing - Steady	Steady
Stage of Property Cycle	Bottom of market	Rising market	Declining market	Bottom of market	Rising market	Start of recovery	Rising market	Start of recovery	Peak of market	Start of recovery	Peak of market	Bottom of market	Declining market	Bottom of market - Rising market	Bottom 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	Occasionally	Occasion-ally	Occasion-ally	Occasion-ally	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*







Herron Todd White
Independent Property Advisors

New South Wales Property Market Indicators as at April 2013 – Retail

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

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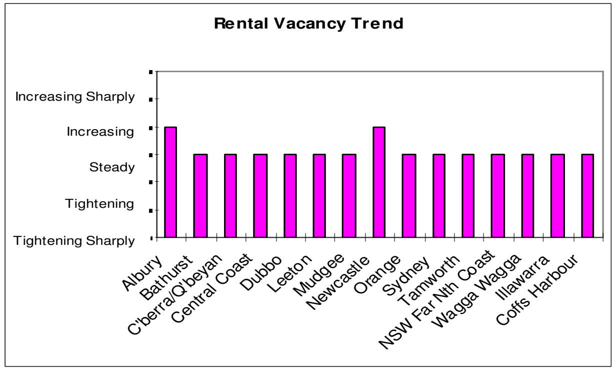

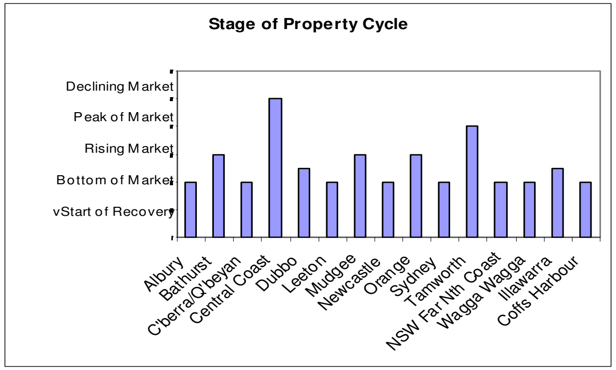

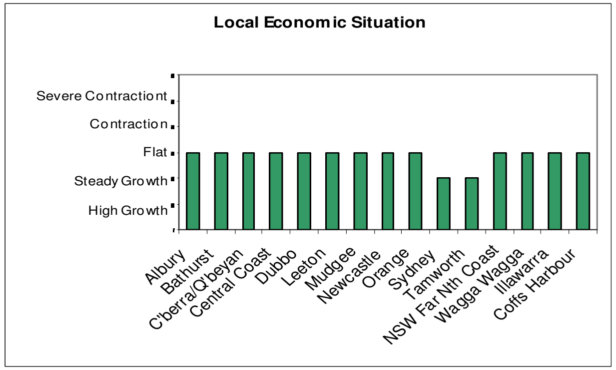

Victoria/Tasmania Property Market Indicators as at April 2013 – Houses

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

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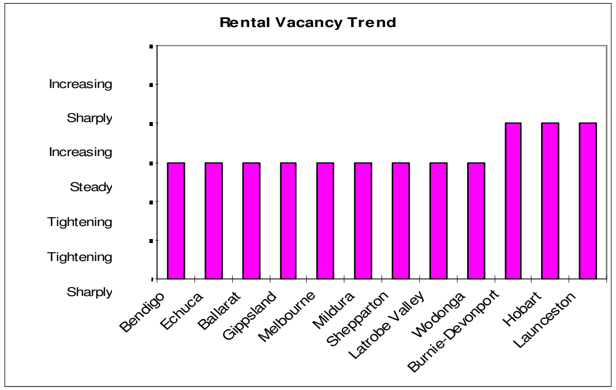

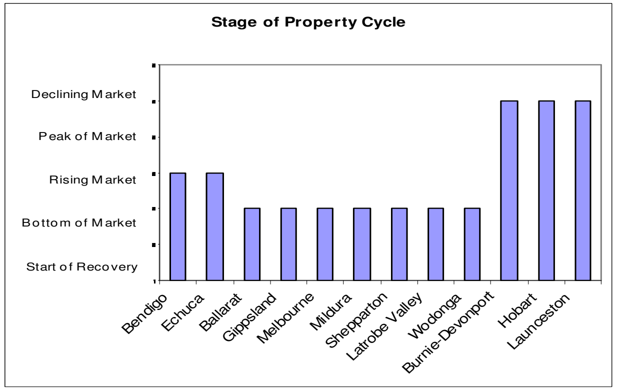

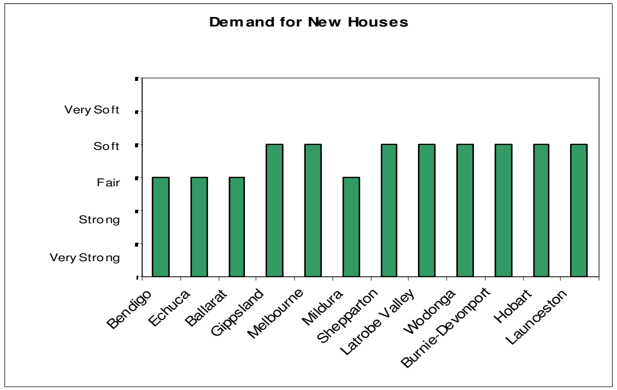

Victoria/Tasmania Property Market Indicators as at April 2013 – Units

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

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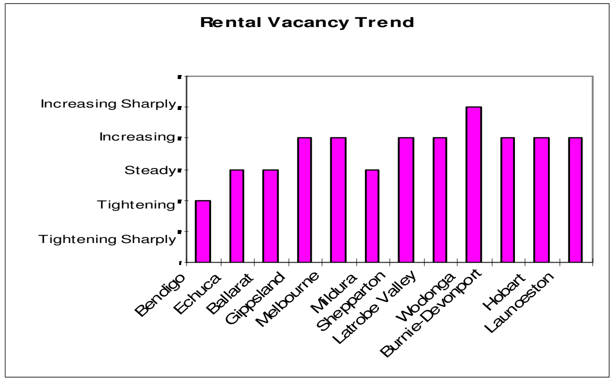

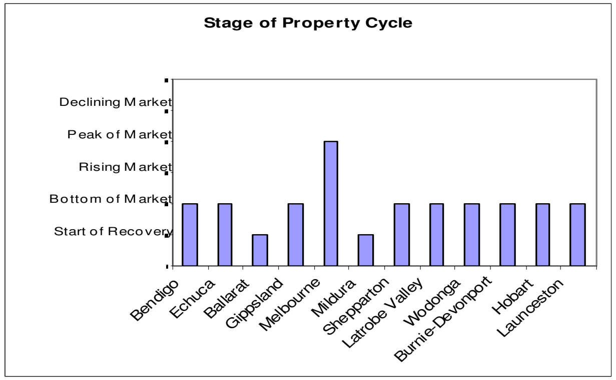

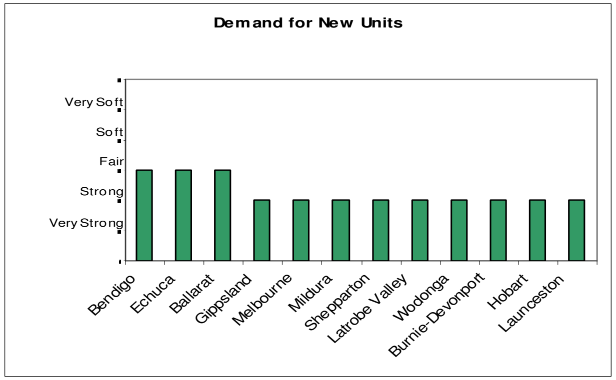

Victoria/Tasmania Property Market Indicators as at April 2013 – Retail

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

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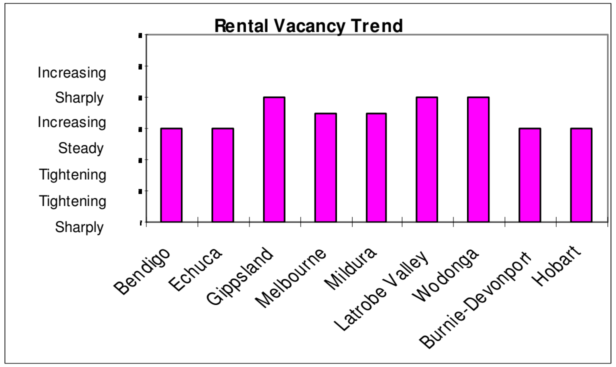

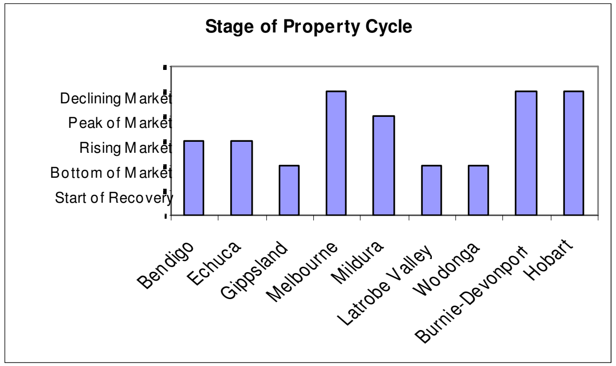

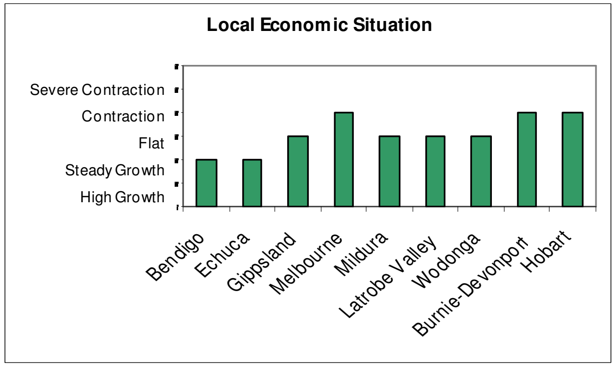

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Queensland Property Market Indicators as at April 2013 – Houses

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

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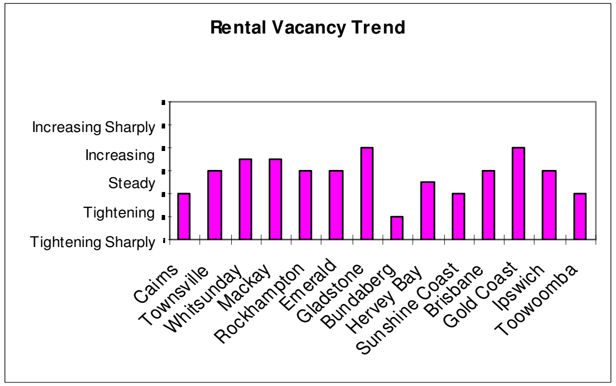

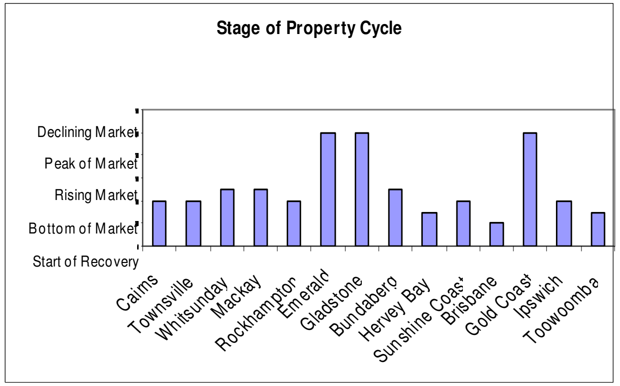

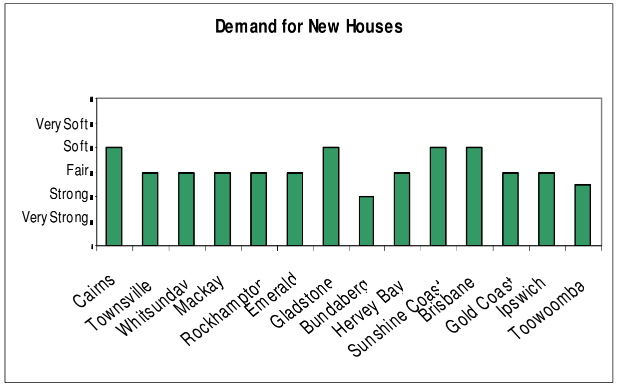

Queensland Property Market Indicators as at April 2013 – Units

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

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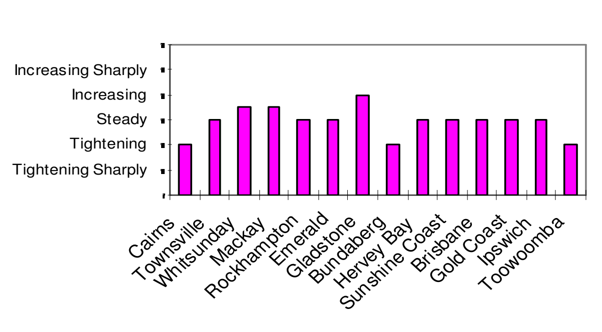
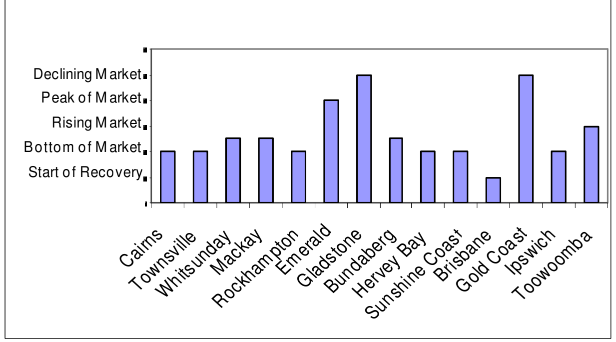
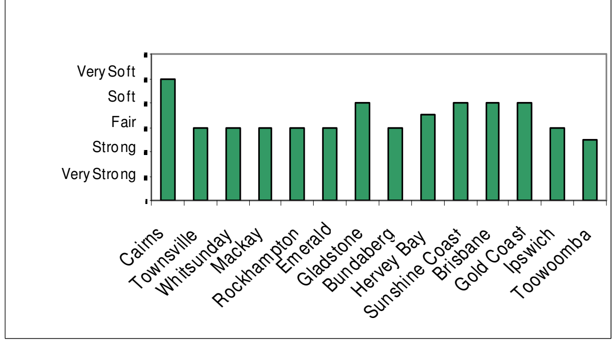


Rental Vacancy Trend



Stage of Property Cycle



Damand for New Units

Queensland Property Market Indicators as at April 2013 – Retail

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

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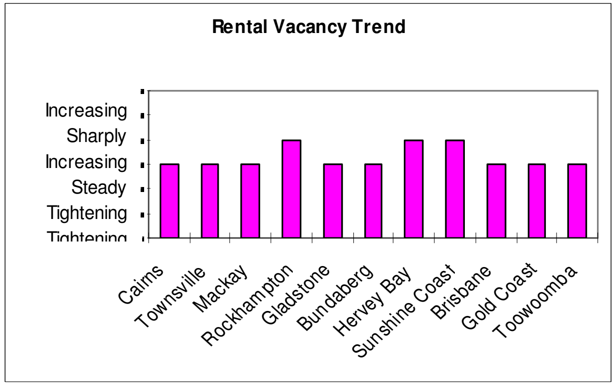

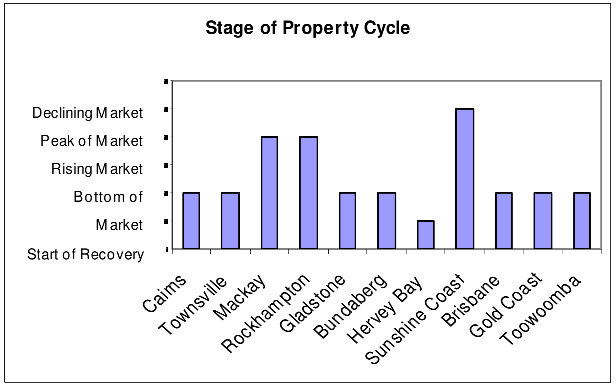

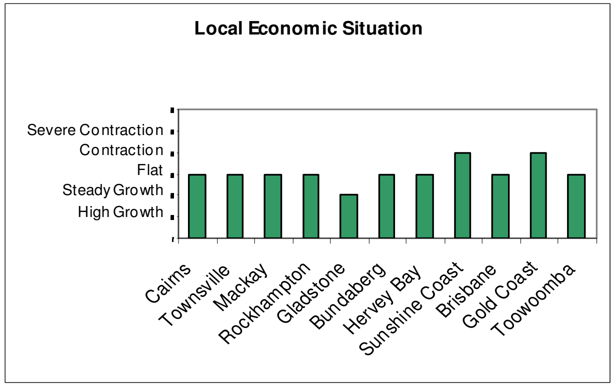

Northern Territory, South Australia & Western Australia Property Market Indicators as at April 2013 – Houses

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

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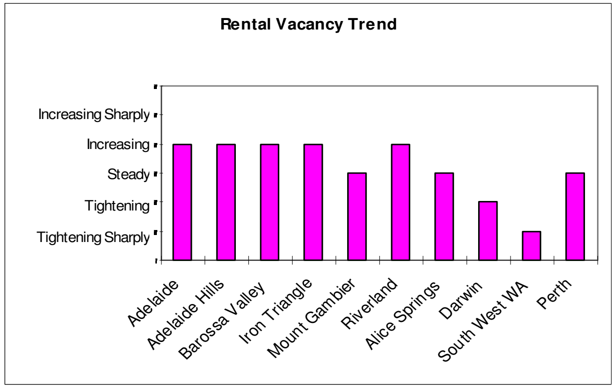

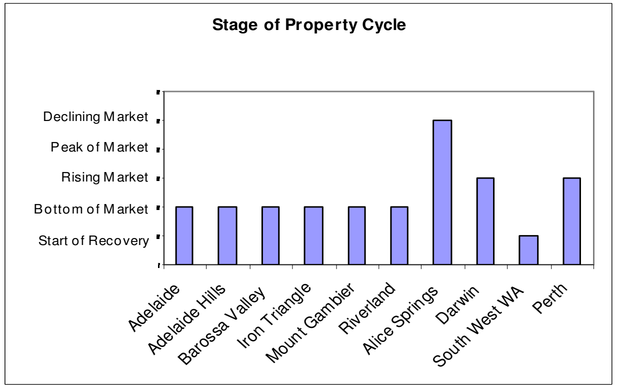

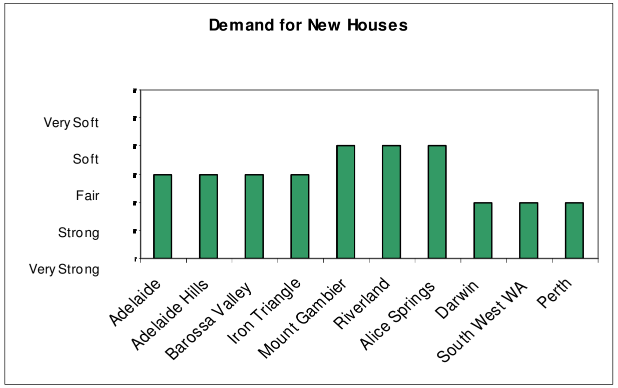

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Northern Territory, South Australia & Western Australia Property Market Indicators as at April 2013 – Units

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

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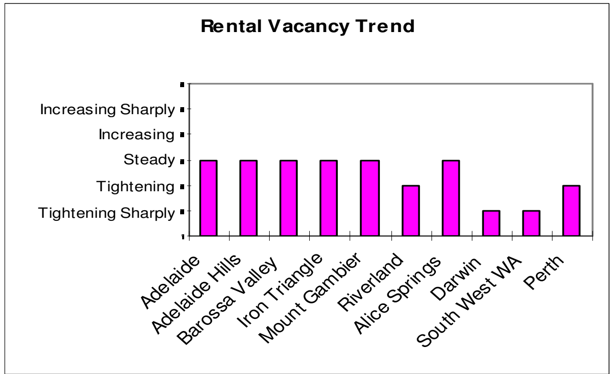

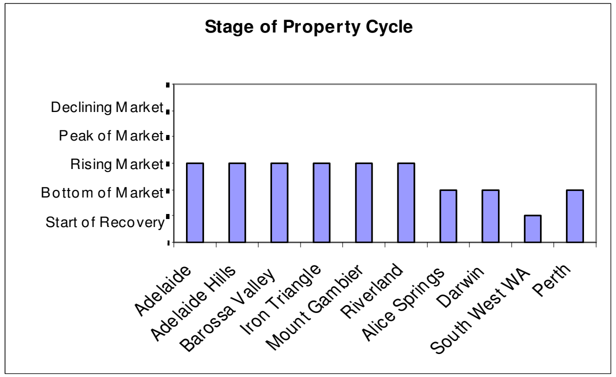

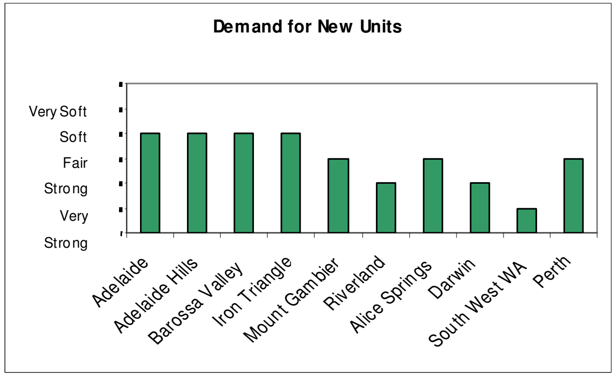

Northern Territory, South Australia & Western Australia Property Market Indicators as at April 2013 – Retail

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

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