Rural

HERRON
TODD
WHITE
RURAL

Overview

Well, it's official! The humble avocado, the reason why many young people apparently cannot buy a home, is well and truly the new black in the agricultural world with everyone wanting a piece of the action. The recently reported sale of Jasper Farms in Western Australia for around $180 million for 360 hectares of developed orchard ($500,000 per hectare) puts the avocado right at the top of the tree in the horticultural stakes for values paid. The smashed avo brekky looks like being on the menu for a long time to come and at the values reported there will be plenty of people looking for opportunity to maybe enter the sector via established or more likely greenfield development.

In one sense this sale sort of sums up the 2017 year - horticulture big sales were evident for most of the year with generally rising values in most commodity classes. Almond sales have slowed to almost none but this is more a factor of no supply versus no demand; there is still plenty of pent up demand it appears. Recent plantings for the past three years will start to come into production phase and this is expected to see annual yields for 2018 nationally at around 90,000 tonnes, more than double what it was in 2011. Investors are also still seeking macadamia, lime and many other permanent tree crop opportunities across the country.

This horticulture interest has taken the beef story off the front page as such and sales rates have slowed down in the past six to eight months. The shift of the cattle pricing downwards, processor margins, export conditions, etc have all combined to take some steam from the market, but values are still at peak or close to peak levels historically. There is still demand out there but like most agricultural assets there is now very limited supply.

2017 has been a year more for the niche asset type however as we have reported throughout the year, most regions and commodities have had solid annual gains in values. Really only dairy and some assets in the poultry sector have struggled due to commodity prices falling or structural reform in the poultry sector in Queensland and Victoria. Will the trend continue into 2018? Does the market start to draw breath? Are the capital and returns they seek able to find value at current asset levels? Some of those questions will be addressed at our 2018 annual market updates in Melbourne on 28 February and Brisbane on 2 March - note your calendars accordingly.

I would like to thank our readers for taking the time to read and at times provide feedback on our updates and wish everyone well for a safe and happy festive season.

Contact:
Tim Lane - National Director, Rural
ph: 07 3319 4400

Murray Riverina

From the same time last year the market has launched into new records in many market segments. Record prices for land reported at Dookie ($4,200 per acre), secondary country at Quambatook (over $1,100 per acre) and southern Riverina prices for cropping land starting at $1,000 per acre suggest croppers have had a good time of it of late. This is part confirmed by activity in the corporate sector which has seen strong financial performance and a large aggregation acquisition around Boort for in excess of $20 million. Low interest rates and average seasons and prices in conjunction with improved technology appear to be propelling the market further in this segment. Interestingly there appears to have been some recovery in the horticultural space, some improvement in market activity, reasonable levels of value being achieved for stone fruit properties and some reinvestment by participants in new packing sheds and infrastructure. We note that in all instances, varieties need to be right and the age profile of the orchard needs to provide for improving yield potential in the coming years.

Contact:
David Leeds - ph: 03 5480 2601

North Queensland

Around the Ridges for 2017

Both the Charters Towers Regional and Flinders Shire Council areas ran a competitive race this year for the highest rural property sales activity across north and north-west Queensland.

Charters Towers is expected to take second place, with ten sales including the recently announced sale of Longton, Narellan and Natal Downs as an aggregated sale.

Flinders Shire has seen eight sales so far in 2017. This is expected to increase to eleven as there are a couple of sales in process at present. Perhaps a late sprint for the finish line, one might say!

The remaining shires across the north and north-west saw between zero (five of eight other shires) and one sale each for Richmond, Etheridge and the Tablelands Regional Council.

The reduced activity in these other shires is not a negative. Many of these property owners are sitting still, consolidating and going about their day to day business affairs. Should the opportunity to buy a good property arise, then the deal will be on.

For some shires, they have their own micro cycles. Take the Croydon Shire for instance. Typically, if it's dry on the downs, then the market demand switch is on; if there is grass on the downs, then the market demand switch is off!!

That being said, watch that space. Lately, there has been an increase in market enquiry in the Croydon, Georgetown and Mount Surprise areas. This is against the micro cycle trend mentioned in the previous paragraph. There are some prudent families carefully doing their figures to see if the apparent low cost, reliable rainfall breeding country is now priced correctly and coming into vogue. Perhaps this is an indicator of lack of supply of heavier carrying breeder country or the market indicating that the heavier country has reached its current price ceiling. Only time can tell for that one.

By year end, cattle station sale volumes are likely to be between 25 and 30 across the north. This is around the long term annual market volume average.

Neither of the last two years sales volume in this shire reflect the normal, long term sale volume. Apart from the rain last year and continued good cattle prices, some of this has been driven by family succession activity.

After allowing for cattle, plant and equipment, the market turned over $31,098,740 (to date) in 2017 for a total of 154,740 hectares (382,370 acres). From an area (hectares or acres) perspective, this is about double the area that sold last year, due to the average size of stations sold being larger.

It would be wrong to simply divide this price by the area sold to play with average rates due to the mix of forest country and downs country sold.

Of the eight settled sales to date, three have been forest country, one has broken black soil amongst forest and four have been downs country.

Council area	Number of sales >2,500ha	2017 Total Area (ha) sold	Combined bare sale prices	2016 Total Area (ha) sold	Combined bare sale prices
Charters Towers Regional	10	521,143.99	$84,125,000	229,519.64	$29,730,520
Flinders Shire	8	154,740.02	$31,098,740	73,416.11	$31,098,740

Flinders Shire

For the Flinders Shire, eleven sales this year is slightly up from the seven sales in 2016. Most of the current phase of sales has occurred since August 2016 following the late rain.

From an area perspective the split this year has been 50:50 forest country and downs. Perhaps you can see why picking up a calculator and dividing the combined sale price by the total area sold would be imprudent to say the least.

As a point of interest, last year the split was 35% forest and 65% downs.

The range of forest country rates (bare of livestock, plant and equipment) has been from $50 per hectare to $175 per hectare ($20 per acre to $70 per acre). Obviously the variation of forest type and rough country is relevant in this range.

The range in downs country rates (bare of livestock, plant and equipment) has been from $283 per hectare ($115 per acre) to $338 per hectare ($137 per acre). Varying dynamics relating to buyer motivation have been at play this year.

The time on market has been short this year with three auctions and the rest being a mix of private treaty and family succession negotiation.

Charters Towers Regional Council

This market area has seen a shift in dynamics.

Last year, some of the sales were as a result of vendor circumstance. This year there has been a good mix of vendor and purchaser decisions, a healthier market situation.

For the year to date, 521,143 hectares (1,287,770 acres) has changed hands in this shire. This is more than twice (2.3 times) that of the 229,519 hectares (567,152 acres) sold in 2016.

After allowances for cattle, plant and equipment, $84,125,000 of property has changed hands in this shire this year to date. In 2016, this was $29,730,520. This year, the combined price of cattle stations sold was 2.8 times what it was last year.

This is largely due to the sale of the Longton, Natal Downs and Narrelan aggregation which is of a scale and market segment that is not reflective of the day to day cattle station size and value in the shire.

For both this year and last year, excluding the sale of this large aggregation, the range of property sizes are from 5,163 to 56,600 hectares with most of the sales within the lower half.

Of the stations sold in this shire, there has been a good mix of forests (granites, basalts and desert uplands). The average sale rate per hectare in 2017 (excluding the Longton, Narellan and Natal Downs aggregation) was $260 per hectare ($105 per acre) bare.

Yes, this does confirm some degree of market movement from the $129 per hectare in 2016, however you would be wrong to assert that to the full extent.

The change in vendor and purchaser situations as previously mentioned has a large part to play. Another contributor is simply the types of cattle stations sold.

In 2016, not many smaller, entry level stations sold. There was a bit more of the granite type forest in this mix as well.

Marketing periods in this shire for correctly priced stations have been short. Most transactions have been negotiated privately.

Wrap Up

In general for the year:

- Graziers are aware that the cattle market dynamics are changing;
- Property owners are aware that while there have been some good prices paid for some stations, there has not been any light carrying or harder country sell either to balance the market trend of price consolidation;
- There are some property owners who want to consolidate their position irrespective of the property market movement;
- There are station owners who would buy if the opportunity arose to buy good quality stations nearby existing country;
- There has been an increase in cattlemen who are discussing their due diligence on operating costs so that they know the costs of each country type to produce a weaner or grow a steer;

- There is increased discussion about the link between country condition, animal production and business performance;
- Access to capital is still tight, however there are avenues emerging for development projects and expansions;
- There is optimism in the oncoming wet season.

On that note, all the best for family time over a jolly wet season and may there by plenty of calves to brand in 2018.

Contact:
Roger Hill - ph: 07 4724 2000

Central Queensland

Holy Moly

When looking back on the year that was for the Central Queensland property market there are a few distinct sales that have set new benchmarks in almost every region. Throughout the later part of 2016 and early 2017 we found ourselves saying "holy moly, I didn't see that coming" when speaking of the latest property transaction which stretched parameters to higher levels. As the year has progressed we now find ourselves saying "holy moly, I should be surprised, but I'm not", as the elastic fibres of the rural property market are again stretched further.

Before being game enough to give our predictions on where things will go from here, we have first put together a schedule of marquee sales in each local government area (LGA) within our Central Queensland region. We have grouped together the LGAs based on their geographical location and similar market traits.

Rockhampton - Livingstone– Gladstone– Isaac (eastern side) Shires/Regional Councils

These regions take in the majority of the coastal country from north of Bundaberg to south of Sarina and have seen strong growth across all market sectors. We have observed increased demand for smaller scale inferior quality coastal range breeder blocks from starter block buyers up to about $1.5 million due to better quality blocks becoming less affordable. Demand for larger scale breeder blocks has increased substantially which is likely driven by established operators looking to shore up stock supplies (weaners) under continued strong competition at market.

Benchmark/Marquee Sales:

- Galloway Plains, via Calliope - $15 million (WIWO) – 12,335 hectares at $892 per hectare
- Balmoral, via Rockhampton - $3 million - 2,507 hectares at $1,196 per hectare
- Tedlands, via Sarina - $9.1 million (WIWO) – 3,286 hectares at $2,030 per hectare

Isaac (western side) - Central Highlands – Banana Shires/Regional Councils

These regions take in the vast majority of the brigalow belt country and have probably seen the strongest competition in Queensland over the past 24 months across all market sectors. We have seen beast area values creep up to $6,000/AE (adult equivalent) which is in line with and in some cases surpasses the previous records set in the 2007/2008 boom.

Benchmark/Marquee Sales:

- Mayfield, via Dingo - $8.5 million – 4,242 hectares at $2,004 per hectare
- Murraway, via Moura - $10.025 million – 3,999 hectares at $2,507 per hectare

Interestingly, both these sales previously transacted in mid to late 2013 and show increases in value of 62% and 47% respectively. These sales show the most rock solid evidence of percentage increases in value over this period.

North Burnett / South Burnett Regional Councils

Although a lesser volume of sales, especially at the higher end above $5 million, these regions have also shown strong growth in the grazing sector.

Benchmark/Marquee Sales:

- Camelot, via Monto - $7.45 million – 6,126 hectares at $1,563 per hectare (ex. forestry lease)

- Stockhaven, via Gayndah - $3.4 million - 3,816 hectares at $460 per hectare

Barcaldine Regional Council - Blackall Tambo Regional Council
Sales evidence has been very limited with the only sales being properties that were still carrying good feed reserves and consequently set new benchmark parameters for their respective locations.

- Spring Creek, via Jericho - $4.15 million - 9,254 hectares at $448 per hectare
- Isoroy, via Tambo - $6,861,900 - 9,290 hectares at $739 per hectare

Longreach / Winton Shire Councils
Despite still suffering form the effects of the worst drought in living history, the property market in these regions has remained relatively stoic, although some sales are showing a slight softening of values from 2016 rates. Again there was a very limited number of transactions over the past 12 months in these areas.

Benchmark/Marquee Sales:

- Pauralos Park, via Winton/Longreach - $2.4 million - 10,265 hectares at $234 per hectare
- Roseneath, via Longreach - $4.8 million - 20,210 hectares at $238 per hectare
- Myrtle Farms, via Aramac - $1.85 million - 6,597 hectares at $280 per hectare

Interestingly, the sale of Myrtle Farms shows a 13.5% increase in value from its previous sale in mid 2013.

Barcoo Shire Council - Diamantina Shire Council
Even during boom periods these markets show a very limited number of sale transactions, especially as the majority of the larger holdings are corporate owned. There are only a couple of smaller transactions to mention with no great variance in value parameters from previous market evidence.

Benchmark/Marquee Sales:

- Juno Downs, via Jundah - $1.7 million - 28,932 hectares at $59 per hectare
- Maxvale, via Jundah - $1.2 million - 13,495 hectares at $89 per hectare

We note the recently offered Coniston Station which is a larger scale holding (28,500 hectares) relative to the above, is reportedly under contract for $3.6 million after passing in at auction which at that level would appear to be a new district benchmark.

Predictions
Unfortunately we do not have a crystal ball, however what we can provide is our opinion on some of the fundamentals which have been driving the rural property market in recent times. For this piece we have broken our commentary up into two main areas, east of the Drummond Range and west of the Drummond Range. To provide some context for readers not so familiar with our regions, the Drummond Range is located between Emerald and Alpha, with the eastern side being not so affected by drought in recent years and the western side being very heavily drought affected, especially from Jericho west.

East of the Drummond Range
Our view is that as the cattle market appears to have peaked and interest rates are more likely to go north than south, we believe the property market in this region will begin to plateau. If values continue to rise without any further increase in commodity prices (very unlikely in the short to medium term based on global commodity pricing) the sustainability of these values would become highly questionable. This being said there is currently very limited supply which will create strong competition until supply increases.

West of the Drummond Range
Most sales in 2017 have shown mixed results as the potential buyer pool declines. The majority of potential purchasers, from the eastern and southern districts of Queensland where drought conditions have been less prevalent, are waiting for the season to break. Northern cattle producers, traditionally active in the central western Queensland land market, are rebuilding herd numbers after severe drought conditions and are not looking to expand at present.

Once widespread rains have occurred (hopefully sooner rather than later), property listings could outstrip demand as many properties with limited feed supplies have been withheld from market. However, while interest rates remain low and cattle (along with sheep and wool) prices remain strong, the fundamentals underpinning the property market should see values remain more resilient. We believe the eastern and southern buyers will play a considerable role in absorbing supply as pricing in their local regions appears relatively inflated at $4,500 to $6,500 per adult equivalent versus $2,500 to $3,000 per adult Equivalent. We will politely reserve our comments on what may transpire if widespread rainfall is not received.

Contact:
Michael Chaplain, Will McLay and Chris Dyer
ph: 07 4927 4655

NSW Far North Coast

The rural property market has been strong throughout 2017. Macadamia nut tree farms have been a feature and remain in strong demand. Established productive macadamia farms have sold in the general range of $50,000 to $85,000 per planted macadamia tree hectare for flood free red basalt farms. Flood liable sugar cane farms have been in strong demand for expansion of the macadamia industry. Values paid have been up to $17,000 per hectare for land to be planted. An ex. managed investment scheme forestry plantation property at Lawrence was purchased for $3.925 million for macadamia nut tree planting. This 1,393 hectare property was planted to about 940 hectares of timber plantation. This represents an overall value of $4,171 per hectare for the timber planted land.

The broad acre market was dominated by the sale of 46 ex. managed investment scheme forestry properties covering about 19,650 hectares for a total value of $34.93 million (average value overall of $1,778 per hectare). Purchasers were predominantly beef cattle graziers planning to remediate the land for beef cattle grazing in response to the strong cattle prices. Other purchasers were interested in the land for establishment of farms for macadamia nut trees, blueberries and the company that owns the co-generation electricity plants at Condong and Broadwater sugar mills was securing supply of the plantation timber for wood chip for burning fuel for the boilers. A reported increase in world market prices for wood chip has resulted in some wood chip from timber plantations delivered to the port at Brisbane as well as the previously stated local demand for wood chip for the co-generation electricity plants at the sugar mills. This demand for wood chip has resulted in the purchasers of the ex. managed investment scheme forestry properties being paid a royalty per tonne for the clearing of the timber plantations. This has been a significant advantage in defraying the cost of remediating the land because for many properties prior to this it was a cost to remove the plantation timber.

The Green Pigeon avocado farm located at Green Pigeon north-east of Kyogle sold for a reported amount of $5.12 million and indicates over $100,000 per planted avocado tree hectare.

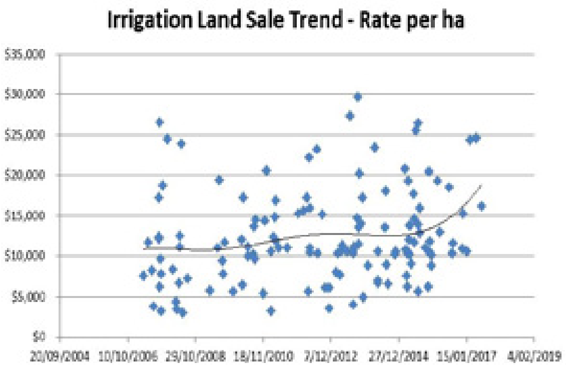
The rural residential lifestyle market has been very strong close to the coast, contributing to increasing land values for farms.

Contact:
Paul O'Keefe - ph: 0409 763 573

Tasmania

The rural property market in Tasmania has performed better than expected in 2017. Land values have been very slow to recover since the decline of farm land values following the timber boom in 2012 and confidence in rural investment growth has been limited. The significant boost in confidence in the agricultural industry over the past two years coupled with the tightening of supply and rocketing price movement for quality rural assets on the mainland has seen demand for rural assets in Tasmania improve significantly over 2017. The current oversupply of poppies and low prices has seen many farmers concentrate on irrigated grazing or alternate crops over the past twelve months.

Of particular note is the significant increase in interstate, corporate and international interest and investment into Tasmanian agriculture in recent times as a result of the comparatively high prices of land and water on the mainland. Permanent plantings such as stone fruit and cherries or irrigated crops such as berries have been a particular focus. Consequently irrigated land values are on the rise as indicated by the below graph. Secure, good quality irrigation water remains important following a dry year in many areas.



View of the South Esk River in the Fingal Valley

South West Victoria and South Australia

2017 proved to be a challenging year for farmers in western Victoria and South Australia as a result of a number of external factors largely linked to weather events and commodity prices.

The dairy regions in south-western Victoria and south-east South Australia remained quiet in 2017 as a result of the 2016 milk price cuts and continued challenges of the rising costs of production. The resulting movement in land values in these higher priced areas remained relatively static but more generally we did not see the big declines in land value that many first thought. Much of this decline was buffered by the strong beef industry and low feed grain prices earlier in the new year, enabling dairy farmers to ride the wave without widespread turmoil. The current strong grazing and livestock industry has prompted quick development of a number of saleyard facilities around the region with the new Mortlake and Ballarat sale yards currently under construction.

Photos below:

Mortlake

Ballarat Development

Further north, mixed farming land displayed significant increases in value especially around Lake Bolac, Skipton and Glenthompson with both graziers and cropping farmers fighting for supply of good quality land amongst the bigger buyers such as Corinella, Laguna Bay and high net worth individuals. Sales of up to $10,000 per hectare are occurring in this area for quality cropping country. Other cropping regions such as the Wimmera and lower Mallee continued to see improving prices following a bumper 2016 harvest and closely following 2017 season.

The 2017 growing season saw varying levels of success throughout south-eastern Australia with much of South Australia's Eyre Peninsula and mid-north regions experiencing below average rainfall and a poor season. The current 2017 harvest is well underway across Victoria and South Australia at present, with Victoria and southern Western Australia considered the shining lights for grain production in 2017 due to average rainfall and long growing season for most areas. Closer inspection and recently harvested crops suggest that the impact of frost has been far more widespread than first thought and many southern growers are now deciding to cut crops for hay rather than harvest.

Land prices for most commodities improved significantly throughout 2017 with the exception of some of the secondary stock in the poultry and dairy sectors. The majority of cropping and grazing regions throughout South Australia and western Victoria experienced continued growth throughout 2017. The depth of buyers appears to be diminishing in some markets which may have an impact on the rate of growth going forward.

Wimmera Canola Crop

Contact:
Angus Shaw - ph: 03 5332 7181

New England and North West

The rural property market throughout the New England and North-West saw a period of strong growth stemming from early to late 2016 with a number of significant sales particularly for large aggregations. The trend throughout 2017, particular the Tamworth region, showed signs that the market was cooling which was a result of a number of factors including the lack of listings for large aggregated properties, lower than average rainfall particularly from April 2017 to September 2017 and a decrease in overseas interest leading to lower levels of demand.

Throughout 2017 the majority of rural sales over 400 hectares in the Tamworth LGA were north of Tamworth in areas that still offered scale however were still affordable especially for existing landholders looking to expand.

Closer to Tamworth the recent re-sale of Mountview at Moonbi for $8.5 million in April 2017 showed a 47% increase from the previous sale of $4 million in June 2013. A significant amount of capital expenditure was invested into the property since purchase to the existing buildings, pasture improvement and fencing.

Rural sales throughout the New England region particularly from Armidale to Glen Innes continued to show strong results with buyers attracted by the high, more reliable rainfall areas for added security. The majority of sales were for cattle properties.

Sales of note included Glen Alvie at Ebor in June 2017 for $17.5 million. This property was located within a 1,250 millimetres average rainfall area and represented the strength of the Ebor market indicating a $/cow area of around $10,000.

Another recent sale of a highly developed property in a high rainfall area was Elderberry at Guyra for $5.555 million in April 2017 indicating a $/cow area of just under $10,000.

We also note that since the cattle and sheep prices strengthened and remained at record levels there was a noticeable increase in family farming operations expanding their existing operations with a particular focus on purchasing neighbouring properties before they hit the open market.

Contact:
Angus Ross - ph: 1300 784 899

Central Tablelands, Southern Tablelands (and Monaro)

This year has seen a great deal of positivity in the rural market across the Central and Southern Tablelands. There has been a continuation of the strong and busy rural property market seen in 2016 with buyer interest coming from a broad cache of buyer types. Several of the key and indicative sales that occurred in 2017 are:

Kyle, Berthong is a productive 897 hectare mixed farming property located 28 kilometres west of Young. It was purchased by a local farming family for $6.7 million.

For the market of properties within a reasonable proximity to Sydney with good highway access we saw Bandanora, Capertee, a well improved 1,053 hectare mostly open property sell for $5.2 million to a large equine oriented buyer. Warrawang, Mount Lambie (445 hectares) sold for $3.105 million to a Sydney purchaser.

Perhaps the most reported sale in the Central Tablelands in 2017 was The Bridge, Borenore. This is a 613 hectare property with substantial residential improvements located between Orange and Molong. It was sold for $7.8 million at a very well attended auction that included a number of active bidders.

A key re-sale in 2017 was Wingarra, Bylong, a productive 910 hectare Bylong Valley mixed farming property which sold at auction in Sydney for $4.5 million. It previously sold for $4.175 million in September 2014. Another re-sale of note in 2017 was Arkendeith, Mount David, a productive 647 hectare grazing property located 55 kilometres south of Bathurst which sold at auction for $4.7 million. It previously sold in 2010 for $2.625 million.

Several Monaro Plains sales in 2017 marked continued market growth from 2016 in that region. Rockybah, Nimmitabel, a 1,379 hectare part open, part timbered property sold in May 2017 for $2.65 million, indicating $1,820 per hectare. Also, Murlingbung, Berridale (1,304 hectares) sold for $3 million indicating $2,301 per hectare for good Monaro Plains grazing country.

In the Central and Southern Tablelands, 2017 has seen a great deal of sales activity and may be reflected on as very much a year of sales.

Contact:
Craig Johnstone - ph: 1300 784 899

South West WA

This year has been eventful for many in Western Australia with the completion of the new stadium and a new Labor state government coming into power. It has also been a year of extremes with unprecedented monsoon like rainfall early in the year along areas of the south coast creating mass flooding with many people being left stranded and enduring damage to property and infrastructure. On the flip side, it was a dry start for many others across the state with dry seeding and some miserable looking crops in June and July looking like a poor year ahead. Late solid winter rainfall helped crops recover and total tonnage has been upgraded to 13 million tonnes - it is looking like the result could be an average harvest this year.

Sales activity during 2017 has been steady with landgate records indicating that 316 sales of rural property in excess of 100 hectares settled so far this year, down in comparison to 535 sales in 2016. This reduction in activity is indicative that demand is catching up with supply especially for the larger scale properties which have seen strong levels of demand from corporate and overseas purchasers in the past five years. A notable sale in 2017 which continues the some strong activity along the south coast is Willyama Station for $30 million in March 2017. This property is extensively developed for cropping purposes and is located in a high rainfall area which is considered to perform well year on year.

The pastoral regions continued to see some activity with reports of Harold Mitchell selling Yougawalla Pastoral Company for in excess of $70 million (to be confirmed) to an overseas investor, confirming the continued appetite for Western Australian beef properties.

Overall, confidence continues to grow however weather events of this year have highlighted the risk outside of the sphere of influence. The hope is that all have a better than expected harvest this year which will continue to drive market activity across the regions.

Contact:
David Abel - ph: 08 9388 3274

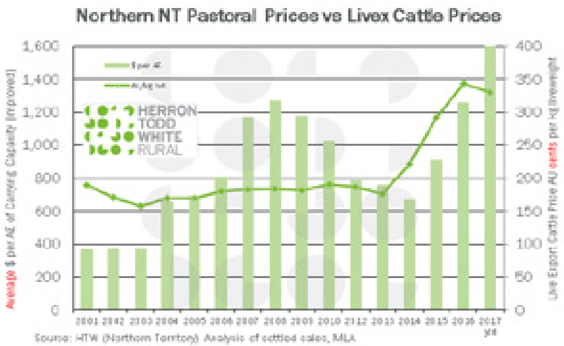
Northern Territory

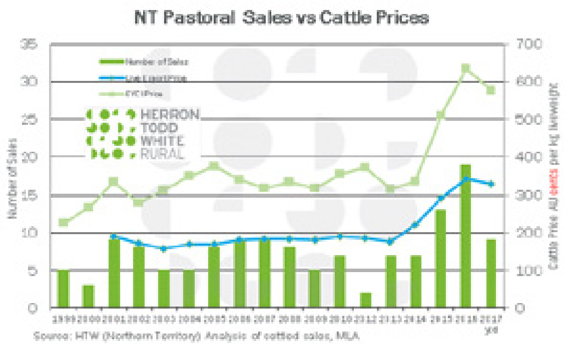
Pastoral Leasehold

The most recent pastoral transaction to settle in the Northern Territory was 'Broadmere Station' in the Roper Gulf district (2,590 square kilometres, sold for $7 million bare) brings the total pastoral land sales to around $100 million (across nine sales), down from the record breaking $395 million reached in 2016 (across 19 sales) and $155 million in 2015 (13 sales). It's also below the average for the preceding ten years which sits around $119 million of pastoral real estate sold in the NT per annum. Nevertheless, as can be seen in Table 1 the $/AE improved (or Beast Area Values) continued to strengthen, partly on the underlying confidence that cattle prices (live export and domestic) should remain at above historic levels (despite the weakening of both throughout 2017), and the relatively limited supply of properties that hit the market this year also appears to have underpinned strong competition between buyers. And well, what if western Queensland gets some good rain?

One significant process to keep an eye on in 2018 will be the proposed changes to the NT Pastoral Land Act and Pastoral Land Regulations which, if legislated, will allow for the grant of a sublease of a pastoral lease for non pastoral purposes and for the sublease to be registered on the title as security.

Table 1





Freehold

In the year to date around $12.8 million worth of commercial-scale freehold farming country has sold in five transactions throughout the Northern Territory which was down on the $62.8 million in 2016 (across 18 sales) and $20.4 million in 2015 (over nine sales). As a benchmark, the $/ha paid for cleared hay growing or improved pasture grazing country (mainly in the northern half of the NT) has strengthened only moderately over the past three years, compared that is, to the significantly greater increase in grazing land values on the pastoral leasehold side. Despite this, the supply of freehold land with a combination of large areas of cleared land (or clearing approval), water allocation and the right soils remains fairly tight and subsequently has potential NT farmers (including foreign buyers) looking at pastoral leasehold land and its potential for landing a diversification permit (or a potential sublease as mentioned previously) to develop land for farming. With improving profits from record live export prices local cattlemen have also been more active in acquiring smaller freehold (depot type) blocks. We note that the $12.8 million in 2017 sales included one mango plantation (around $1.1 million) however we are aware of advanced negotiations on two more mango plantations with a combined probable selling price of around $8.6 million (bare of crop, P&E). In 2016, around $20.8 million worth of mango plantations sold across seven transactions. The $/ha paid for mango plantation area has also strengthened to a moderate degree and most of the sales have been existing growers expanding their NT operations.

Contact:
Frank Peacocke - ph: 08 8941 4833

Rural