UDIA Rockhampton / Yeppoon

"STATE OF THE MARKET"

31 October 2008

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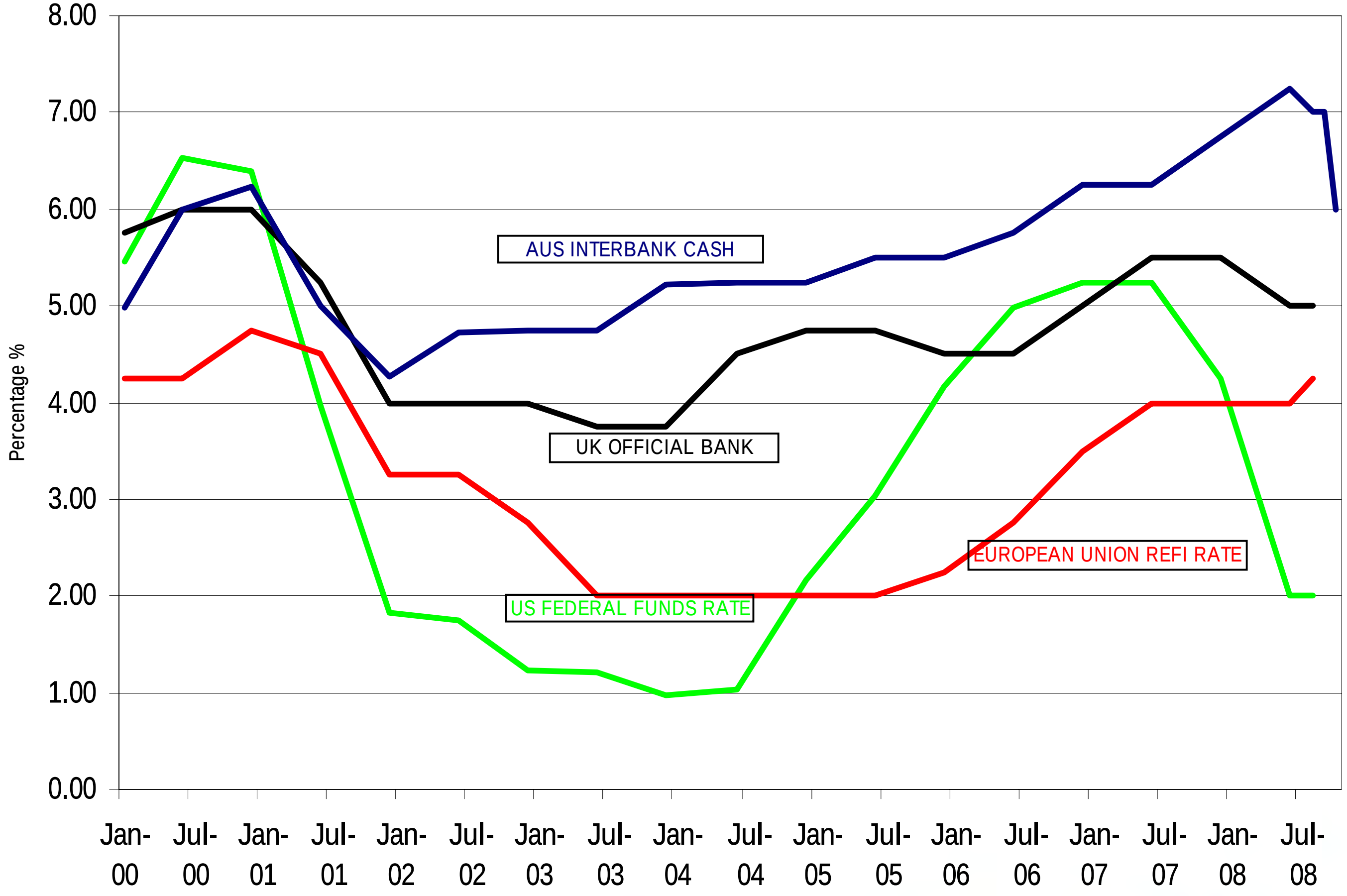
07 56575123

urban growth and infrastructure

CONICS

Economic Overview – Australia



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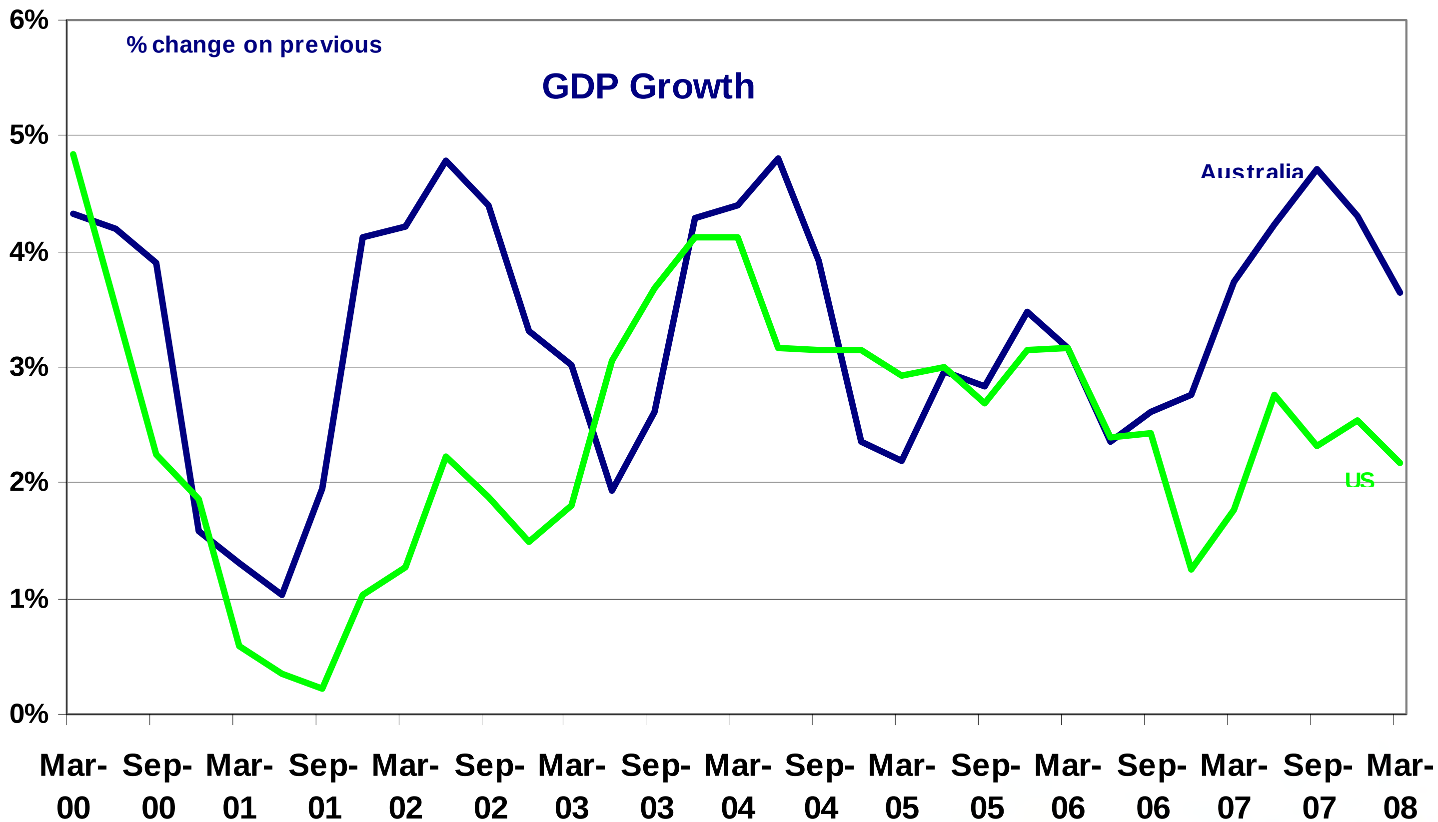
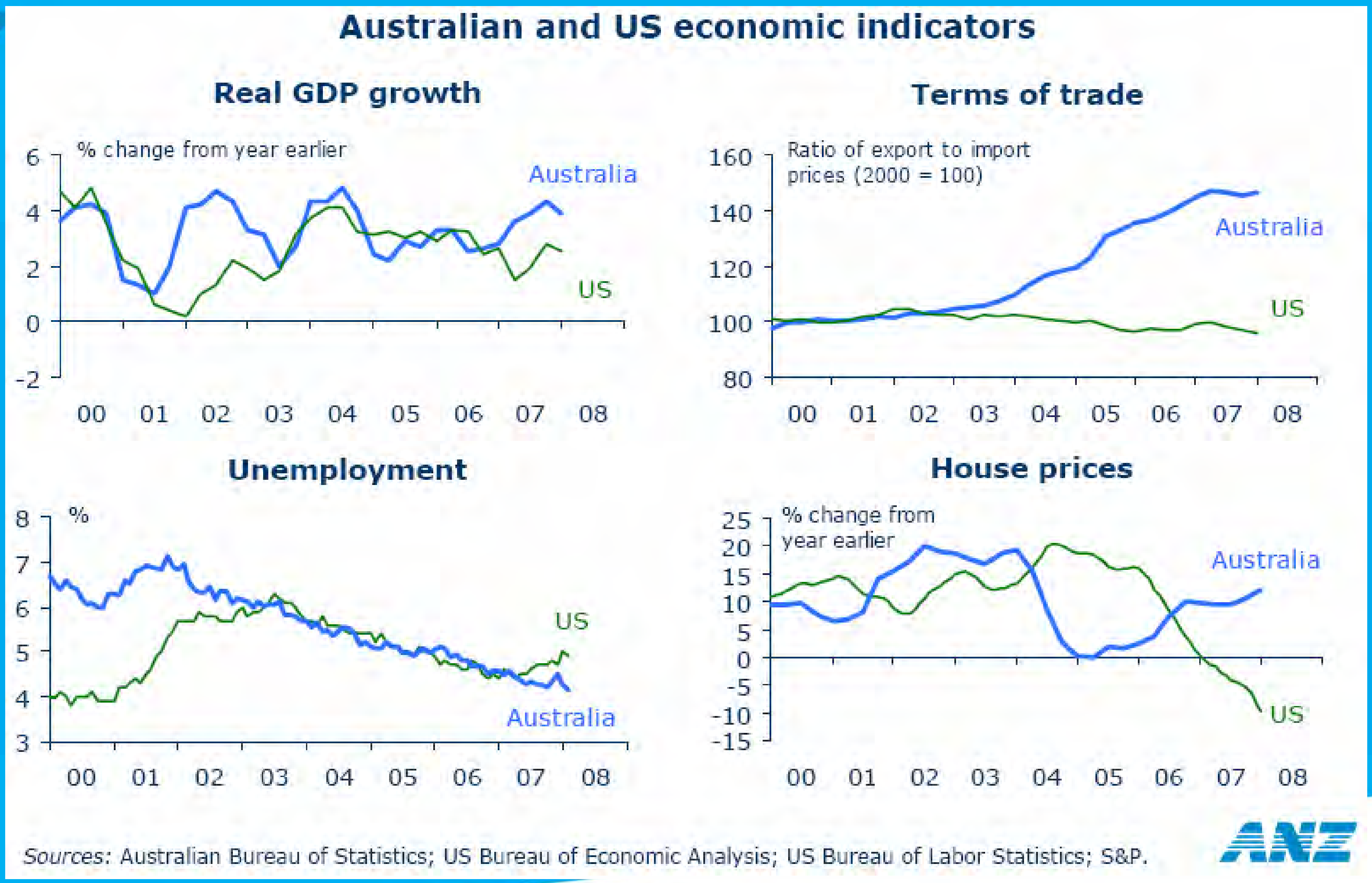
Australian & US Economic Indicators





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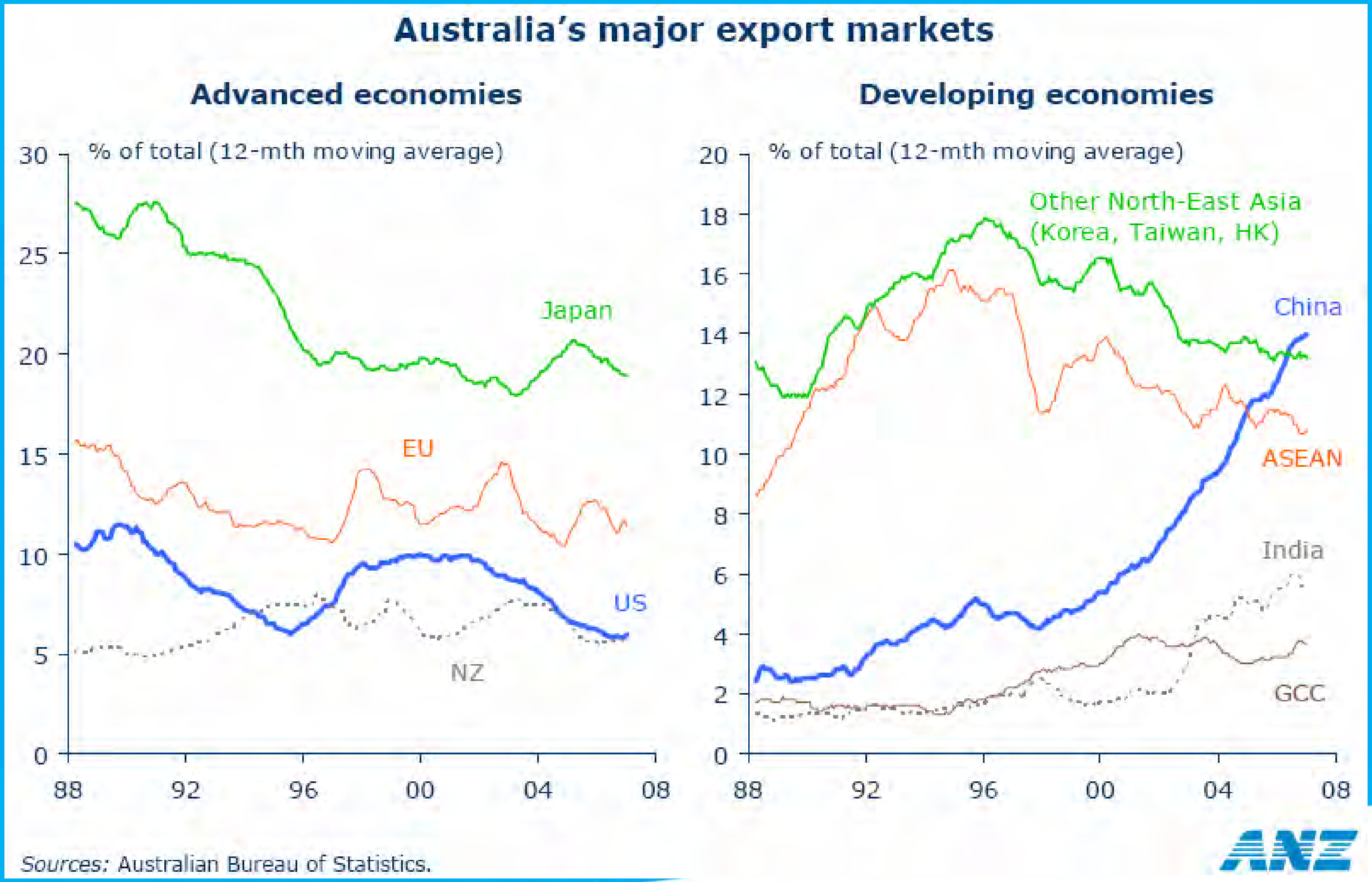

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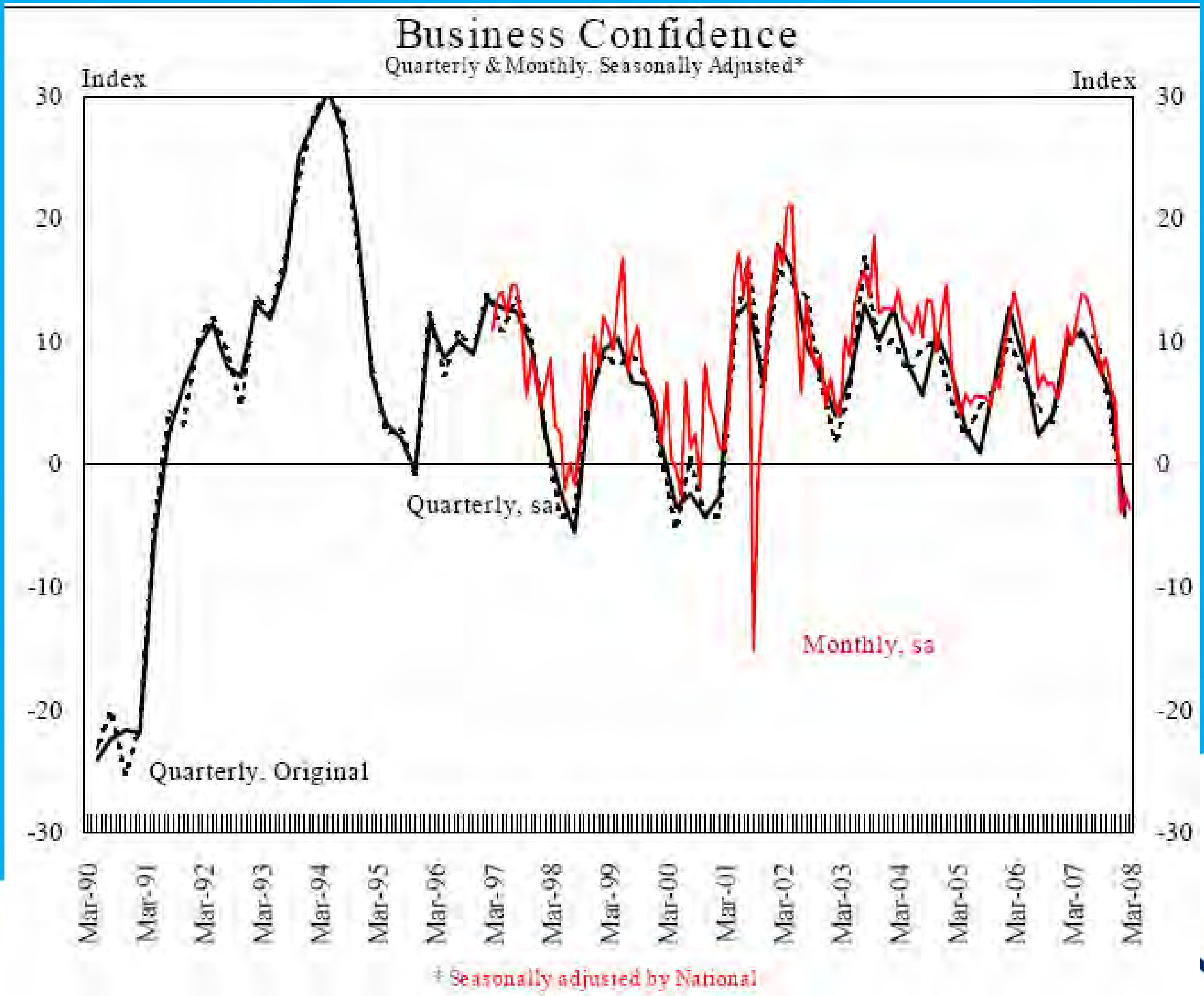
Economic Overview – Australia

- BUSINESS CONFIDENCE NAB Survey Australia



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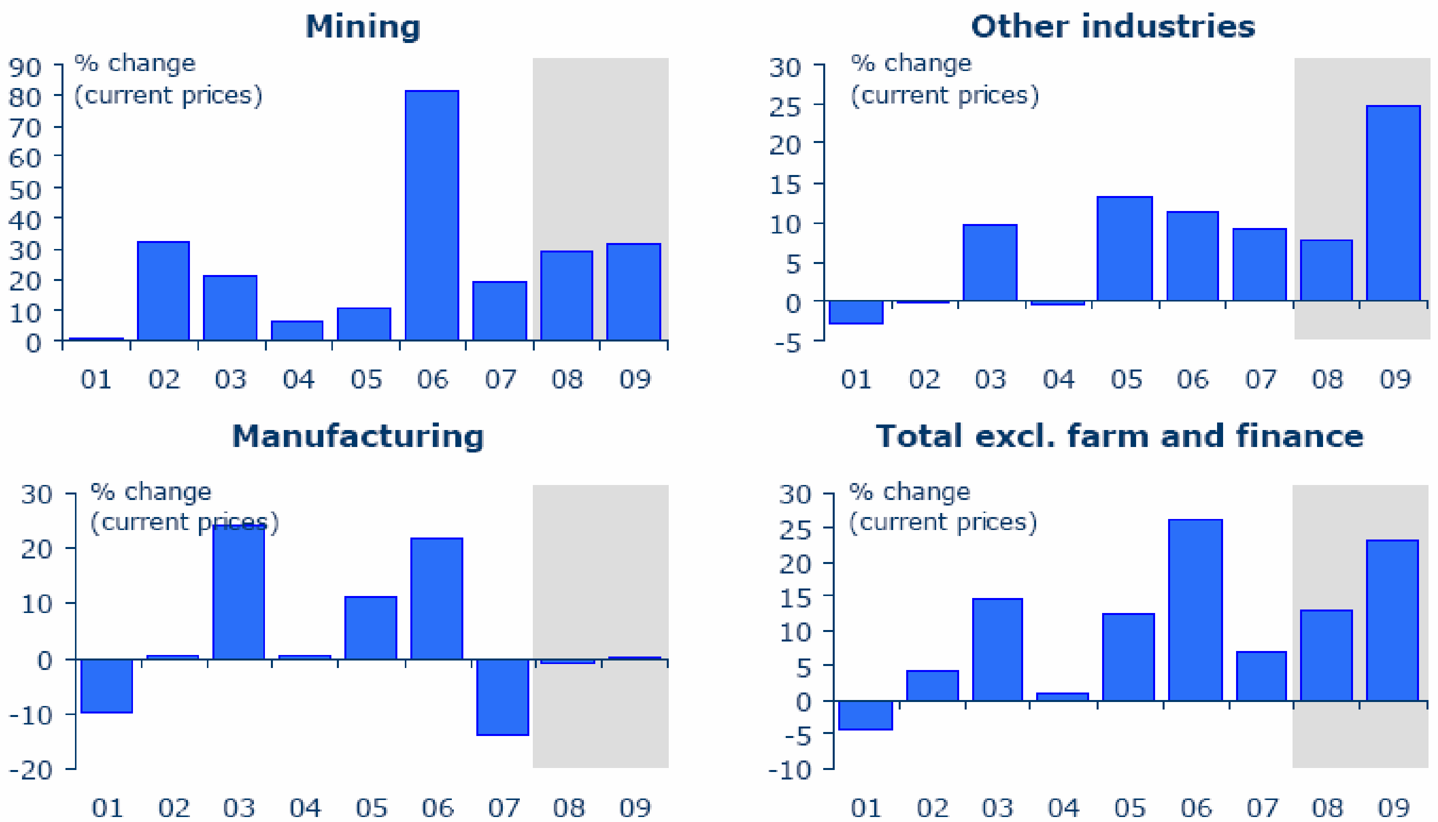
Actual and projected capital expenditure



Note: Data are for financial years ended 30 June. Projections for 2007-08 and 2008-09 are based on expected levels of capital expenditure reported to the ABS in its January-February 2008 survey, adjusted for the extent to which expectations in this survey have been realized over the five years to 2006-07. *Sources:* ABS; ANZ.

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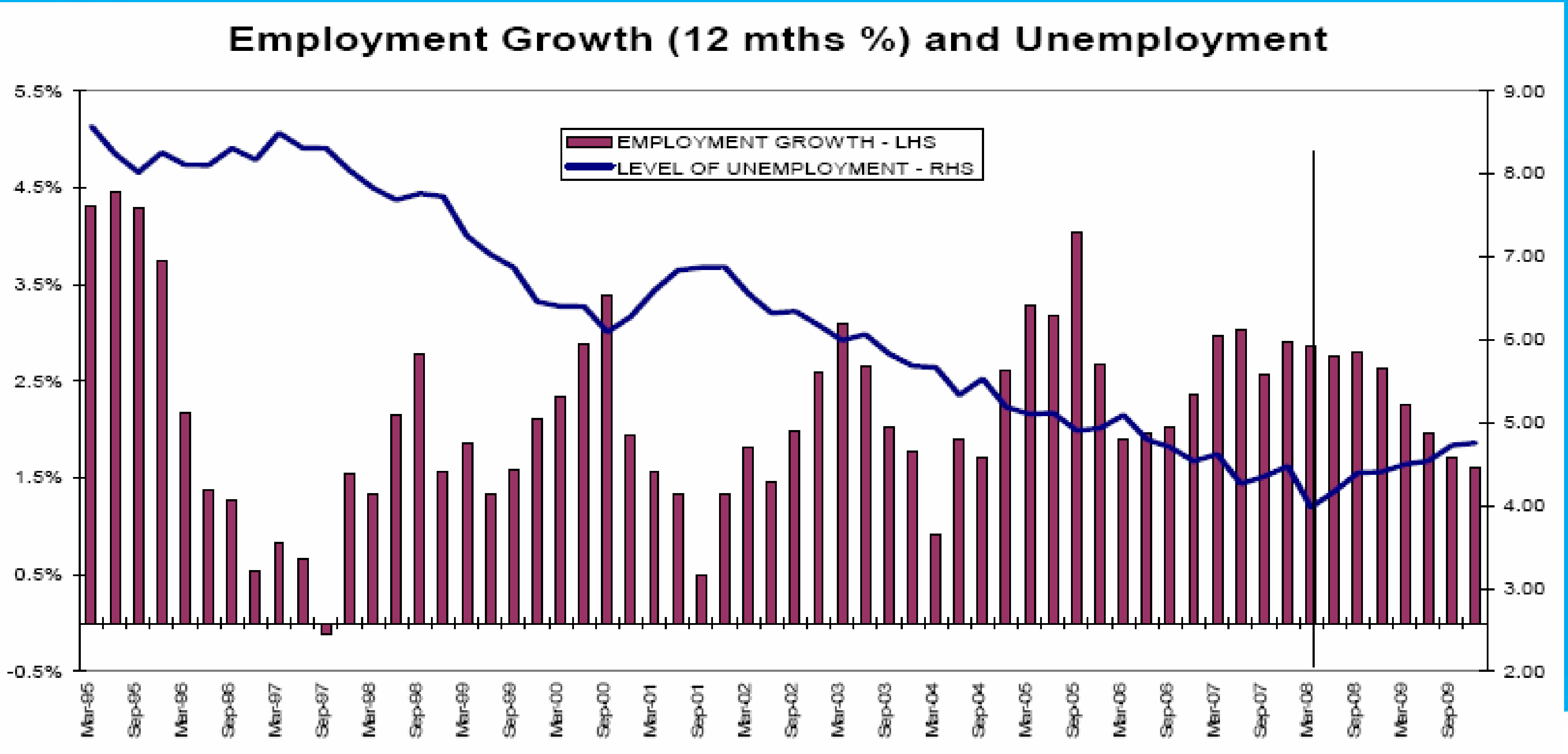
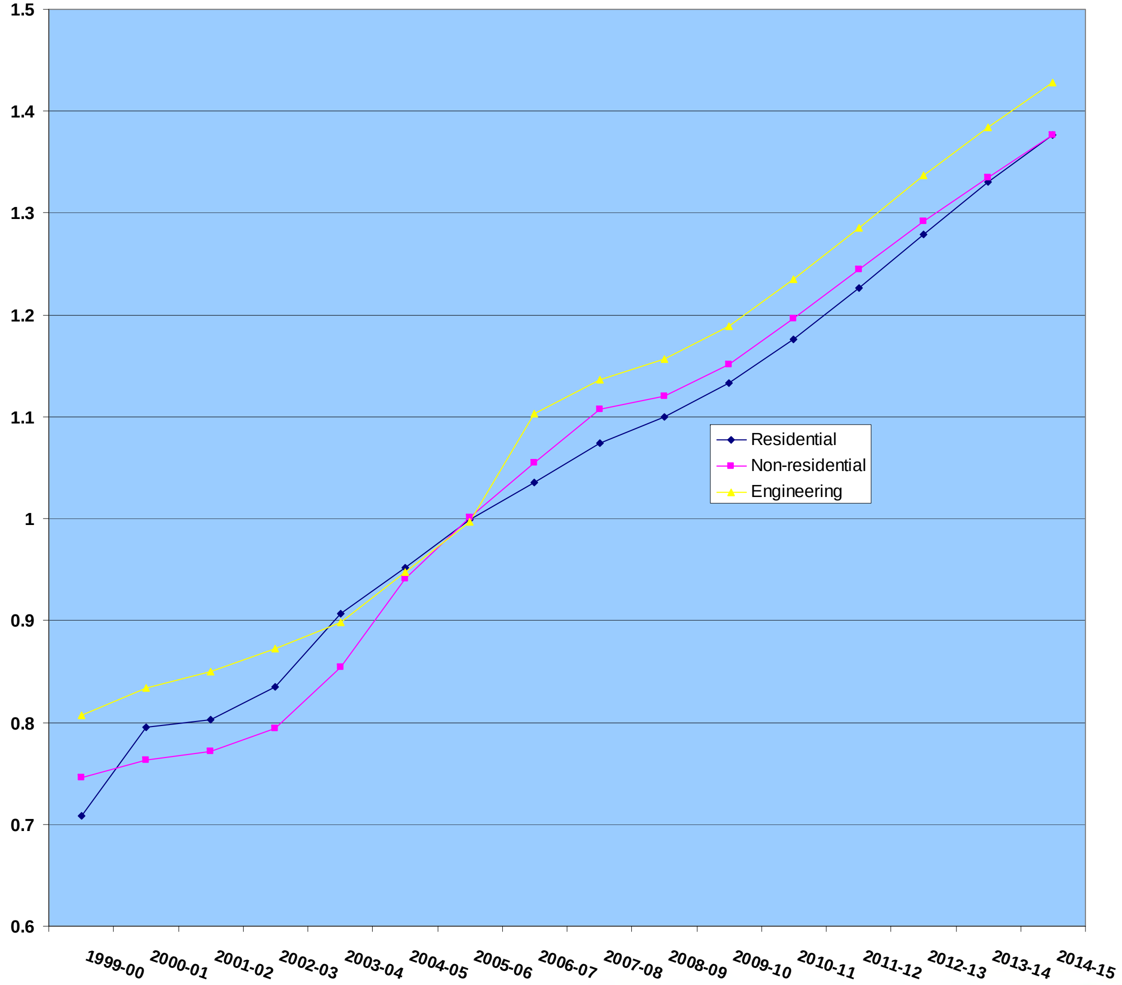
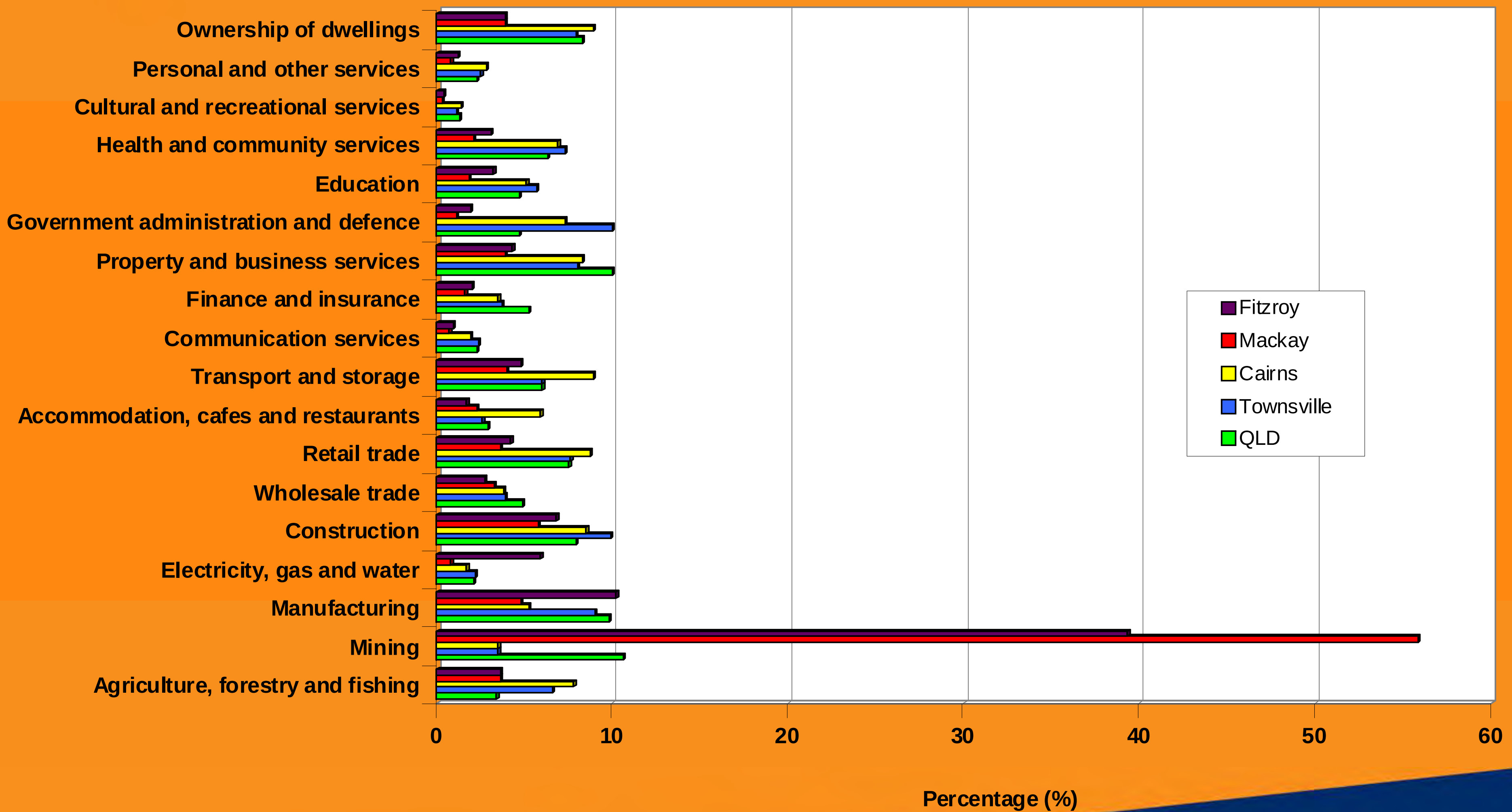
NAB Bus. Confidence – Employment future



Property Market Indices
Construction Price Index



Gross Regional Product 2005 -06 (Value Add)



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Real Gross Regional Product - Queensland

Region (a)	2000-01	2005-06	Average annual growth
	$m	$m	Per cent
Brisbane	65,482	85,317	5.4
Gold Coast	na	18,340	na
Sunshine Coast	na	9,375	na
West Moreton	na	1,642	na
Moreton (b)	20,745	29,357	7.2
South East QLD	*86,227*	*114,674*	5.9
Wide Bay-Burnett	6,545	7,815	3.6
Darling Downs	**7,385**	**9,119**	**4.3**
South West	1,876	1,663	-2.4
Fitzroy	12,041	14,126	3.2
Central West	774	557	-6.4
Mackay	10,468	13,698	5.5
Northern	7,526	8,557	2.6
Far North	8,042	9,055	2.4
North West	4,745	4,719	-0.1
Total Queensland	**145,629**	**183,983**	**4.8**
Rest of Australia	674,929	783,471	3.0

(a) 2000-01 estimates align with the Statistical Division boundaries set out in ASGC 2001 while 2005-06 estimates are presented using ASGC 2006

Source: Office of Economic and Statistical Research, Queensland Treasury

THE AUSTRALIAN

FINANCIAL REVIEW

AUGUST 16-17, 2008 | WEEKEND EDITION | PRICE $3.00

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David Deverall, CEO of Perpetual

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CONICS

Southerners reckon our lifestyle sucks

ALYSSA BETTS

August 21st, 2008

HIGH on cold-and-flu tablets they have cooked up a "Quality of Life Index" and - apparently - you definitely wouldn't want to live in the Territory.

The "index" attempts to rank 590 places across the country according to how "liveable" they are. Darwin came 467th and Alice Springs 507th. Litchfield was the highest Territory entry at 284.

Tim Crawford, the senior analyst who helped to put together the research for BankWest's list, admitted he had never been to Litchfield.

"What we did is look at 10 different indicators across Australia using government data and the like," Mr Crawford, based in Sydney, said.

Down at East Point with a rod and a quiet beer, Parap's Matt

WE LOVE IT! Parap's Matt Verdooran and Tammy Waddell are not too worried about a new index that ranks Darwin 467th best place to live in Australia. They carry on with rod and brew enjoying another spectacular NT sunset at East Point. Picture: Chloe Erlich

WEATHER

Darwin
Fine, dry. Windy.
Hi: 32C Low: 19C
More Weather

TODAY'S PAPER

MISSED SOMETHING?

Review news archives from:
- Yesterday
- Wednesday, 20-Aug

Affordability & Changing Consumer Expectation

- We now deliver (and mandate) a fully finished product.
- While the ‘starter suburbs’ were never very attractive in the early years they did provide a real way into home ownership.
- Higher levels of expectation on Local Government (no longer rates, roads and rubbish).
- Many local politicians are seeking to ‘keep rate increases to CPI’ – this decreases the opportunity to instigate change.
- Compare the current situation with the stories our parents and grandparents tell of their first homes.
- Higher expectations from the market and approving authorities lead to a more expensive house.

Affordable, small footprint housing?

So what does affordable, high density , low environmental small footprint housing look like?

Medium Density Affordable Housing???

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Population and Demographics

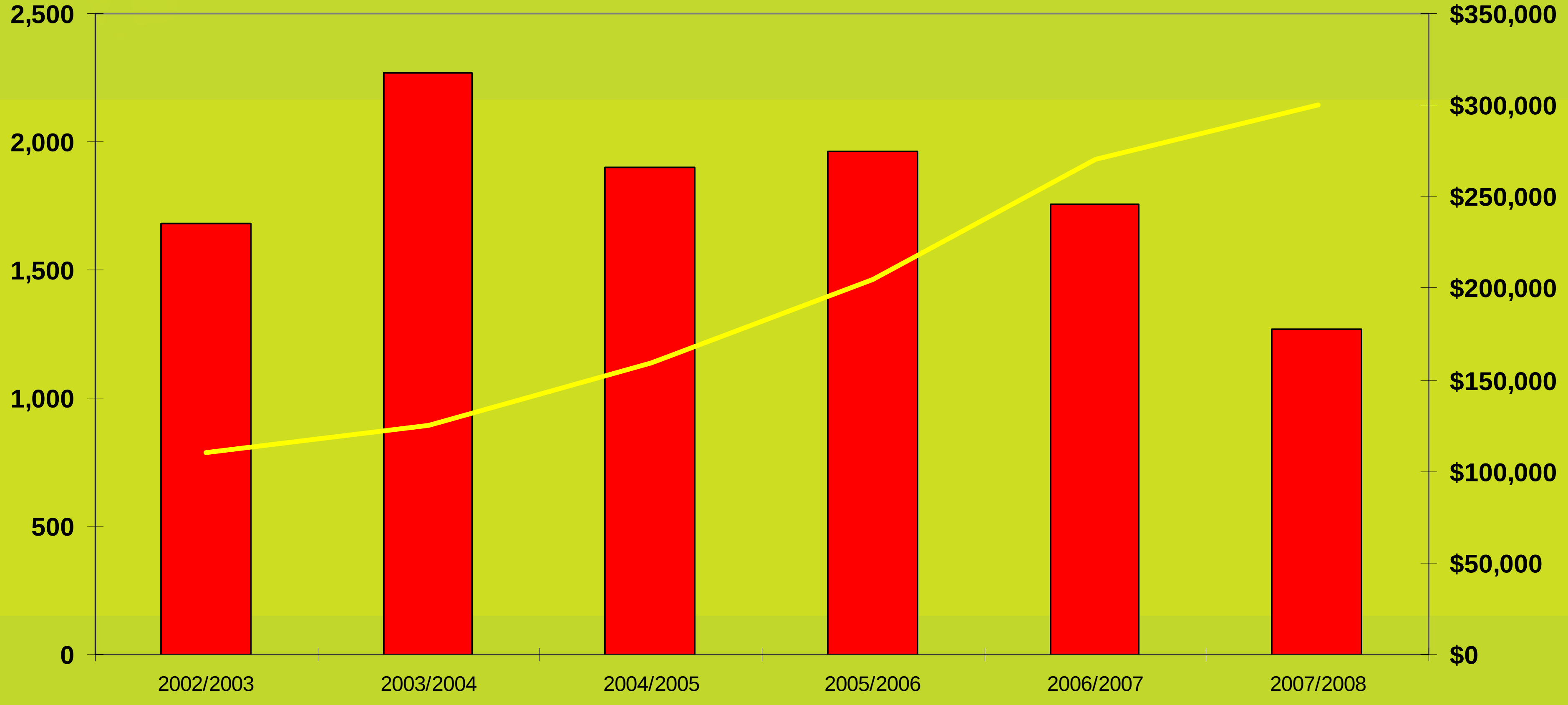
	2001	2006	2001 - 2006 p.annum	
Rockhampton ®	98,225	107,630	1,881	1.80%
Gladstone ®	46,369	53,974	1,521	3.10%

Population Rockhampton Region

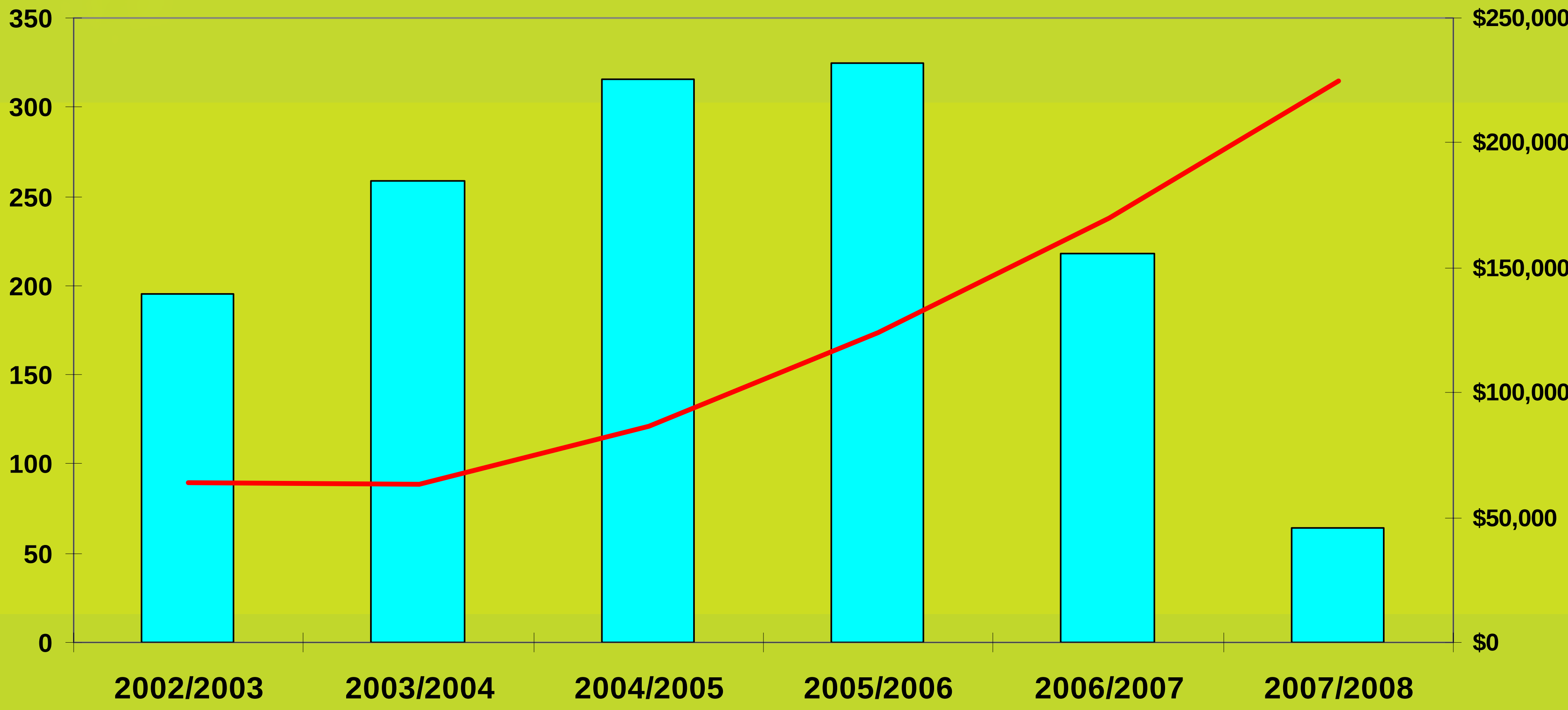
– 900 approvals

PIFU projections for 2011 is between 106,700 to 109,900

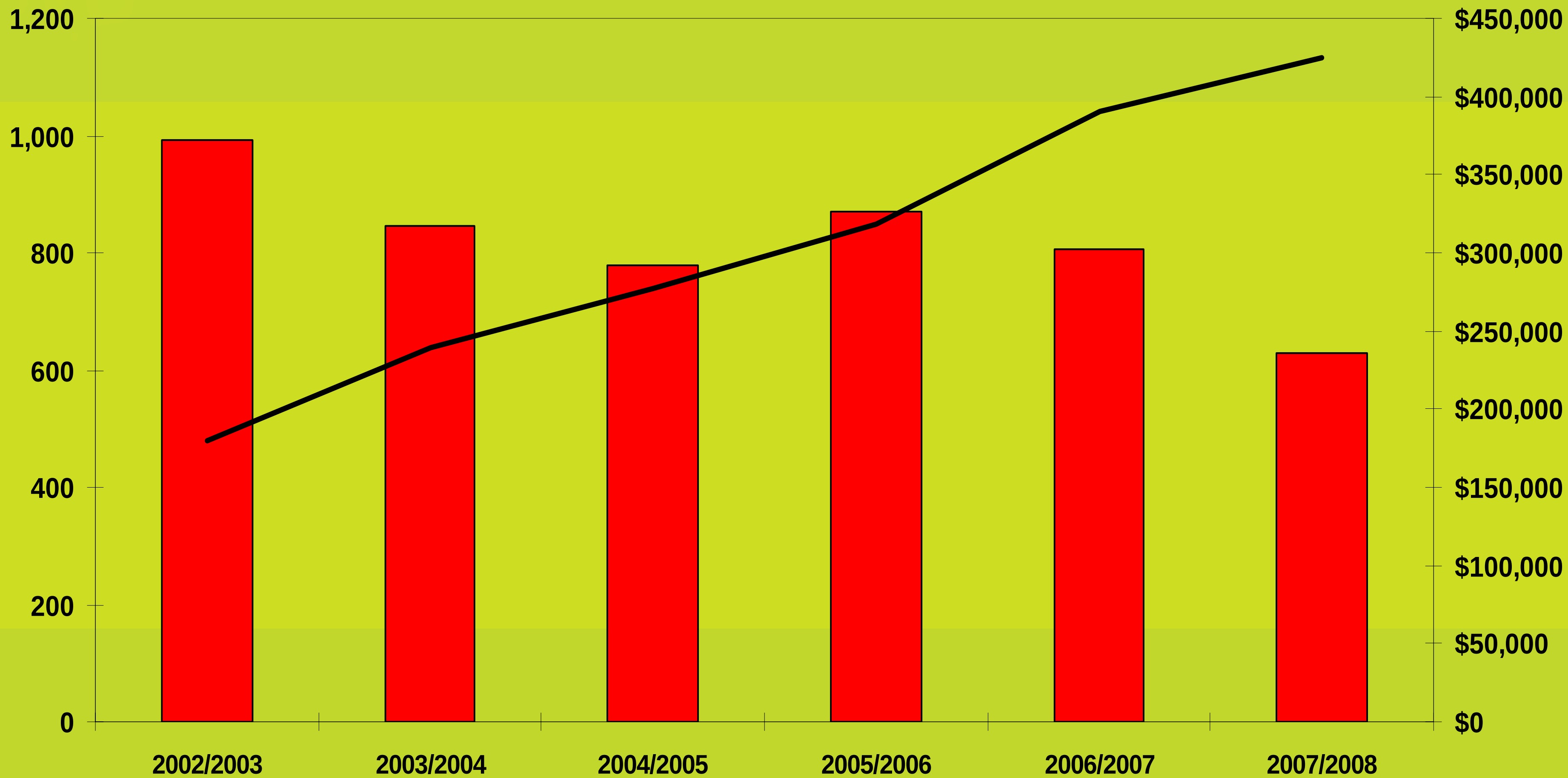
Rockhampton House Market



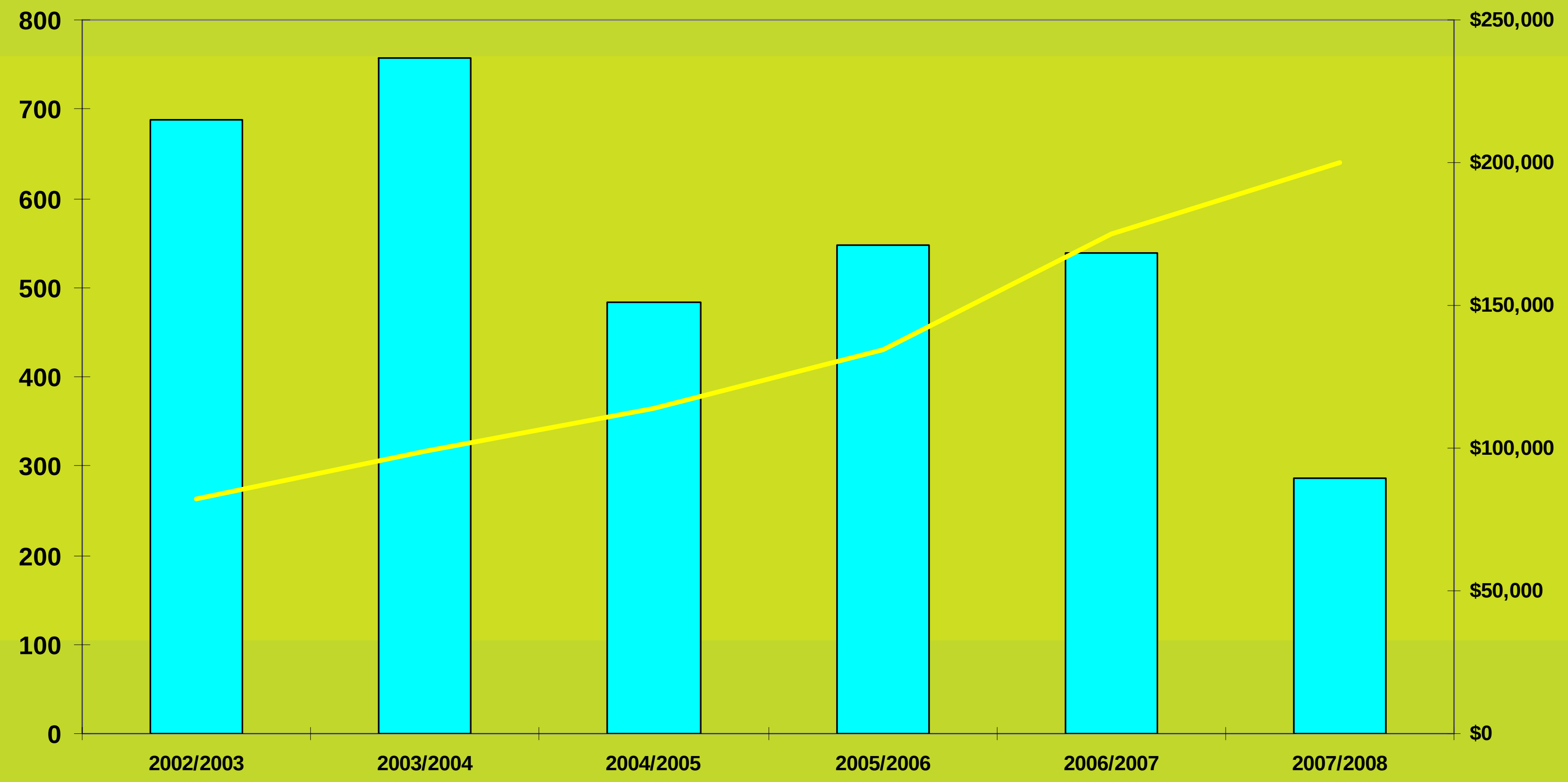
Rockhampton Land Market



Livingstone House Market Cycle



Livingstone Land Market



What does all this mean?

The creation and continued evolution of where we live, work and play is a complex interaction of what people want, what they can afford, what they need, how the three levels of Government legislate, the attitudes of the broader community and demographic and social change.

The development industry will continue to walk the tightrope of these often competing goals and aspirations, with successful developers catering to the correct (and ever changing) blend of interests.

What does all this mean?

Government and Developers

- Less broad scale one size fits all approach to planning, design and building.
- Be brave when it comes to product , tenure, adaptability and location (the Banks and financiers need to be brought along on this journey)
- Local Authorities currently lack flexibility and resources to accommodate a ‘new’ solution.
- Less emphasis on hard infrastructure and more emphasis on the community aspects.

What will be the impact on the market?

- The majority of the housing product will be 'suburban' in flavour with many people preferring a 'torrens title' solution.
- The market will be increasingly looking for a 'low foot print' solution driven by cost (esp after the introduction of carbon trading) and the desire to be green.
- "Buying back time" will see a desire for more local connections reducing the travel time of the journey to work.
- Communities will become more self contained (more local, nearby work and required services).

Looking to the future....

- What are the expectations of the next generation of home owners?
- How will they fund a home and what does this mean for design, production and marketing?
- Is there a straight line connection between demographics and product?
- Will houses get smaller and smaller and will the numbers of people in each house continue to decline?
- How will the planning polices of today shape the communities and housing product of tomorrow?
- What does it take to 'be brave' when designing, building, funding and marketing of new types of housing?
- The communities of tomorrow are being shaped by the planners, governments, designers, developers and homeowners of today.
- What should the balance be between 'now' and 'when'

Thank you

The document contains a series of projections and forecasts that have been prepared on the basis of the best available information. Due to the dynamic nature of many of these issues and the number of variables involved, Conics can give no guarantee that these projections and forecasts will be realised.