UDIA REGIONAL BRANCH

"STATE OF THE MARKET"

TOWNSVILLE

28 August 2008

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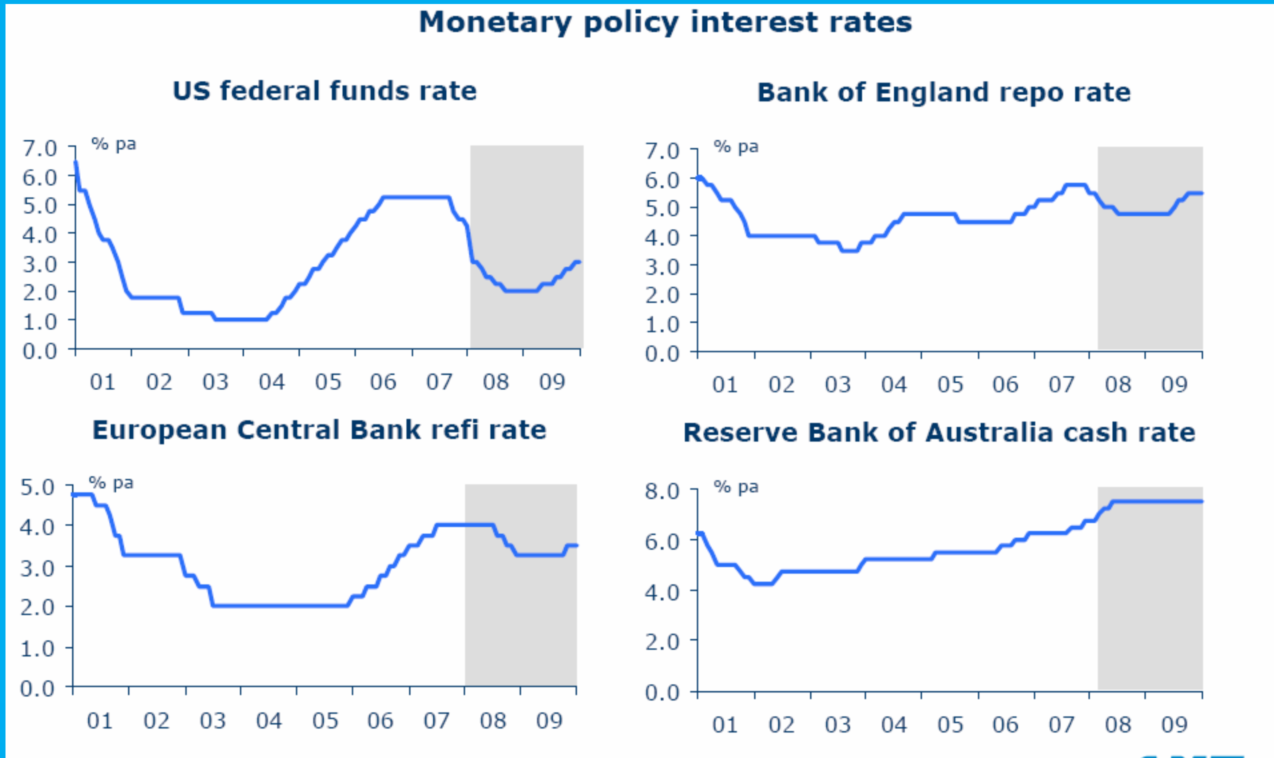
urban growth and infrastructure

CONICS

Economic Overview – Australia

INTEREST RATES Vs INFLATION

Reserve Bank Monetary policy is a Blunt Instrument



Sources: Federal Reserve; Bank of Japan; European Central bank; Bank of England; ANZ.

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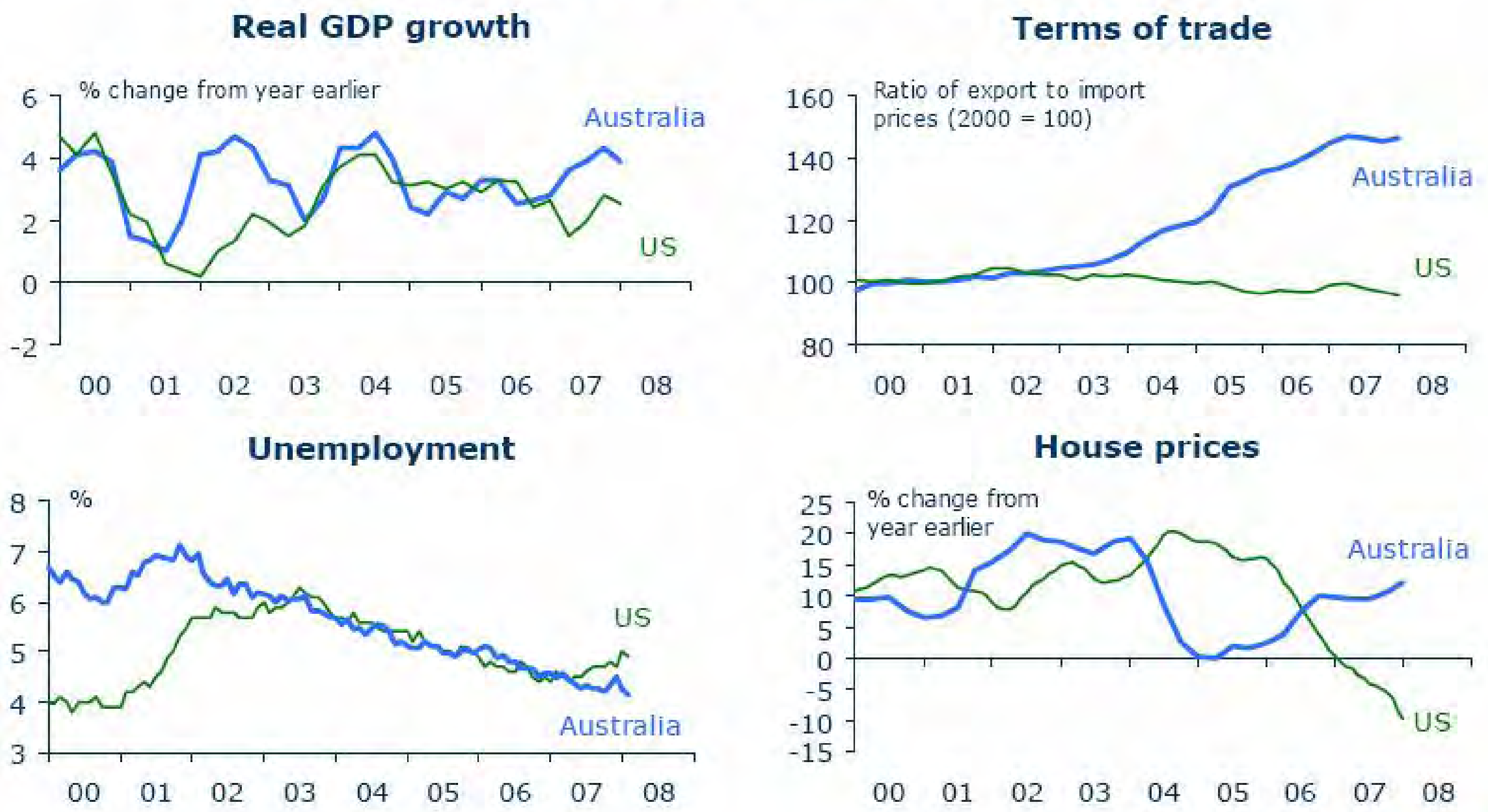
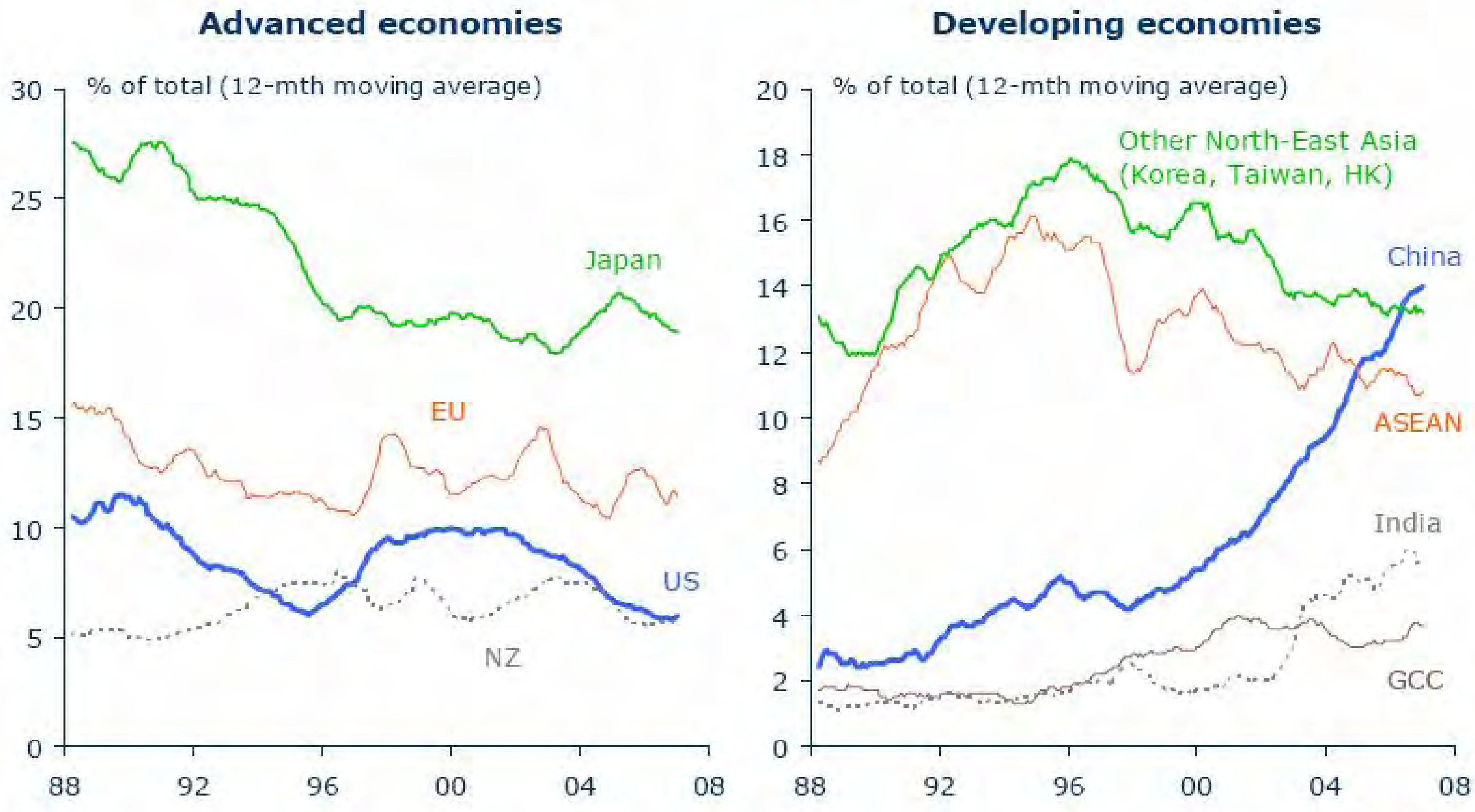
Australian and US economic indicators



Sources: Australian Bureau of Statistics; US Bureau of Economic Analysis; US Bureau of Labor Statistics; S&P.

ANZ

Australia's major export markets



Sources: Australian Bureau of Statistics.

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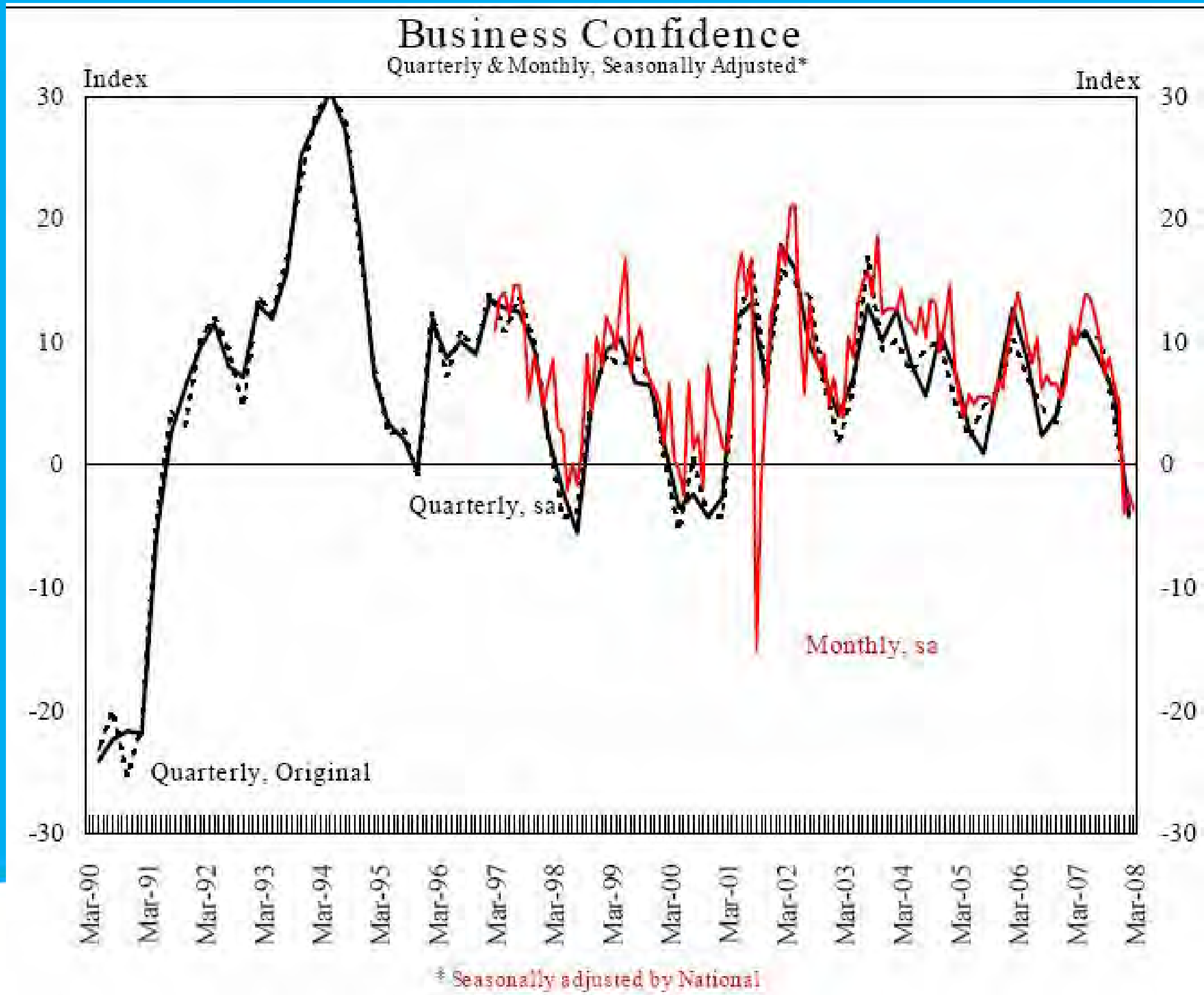
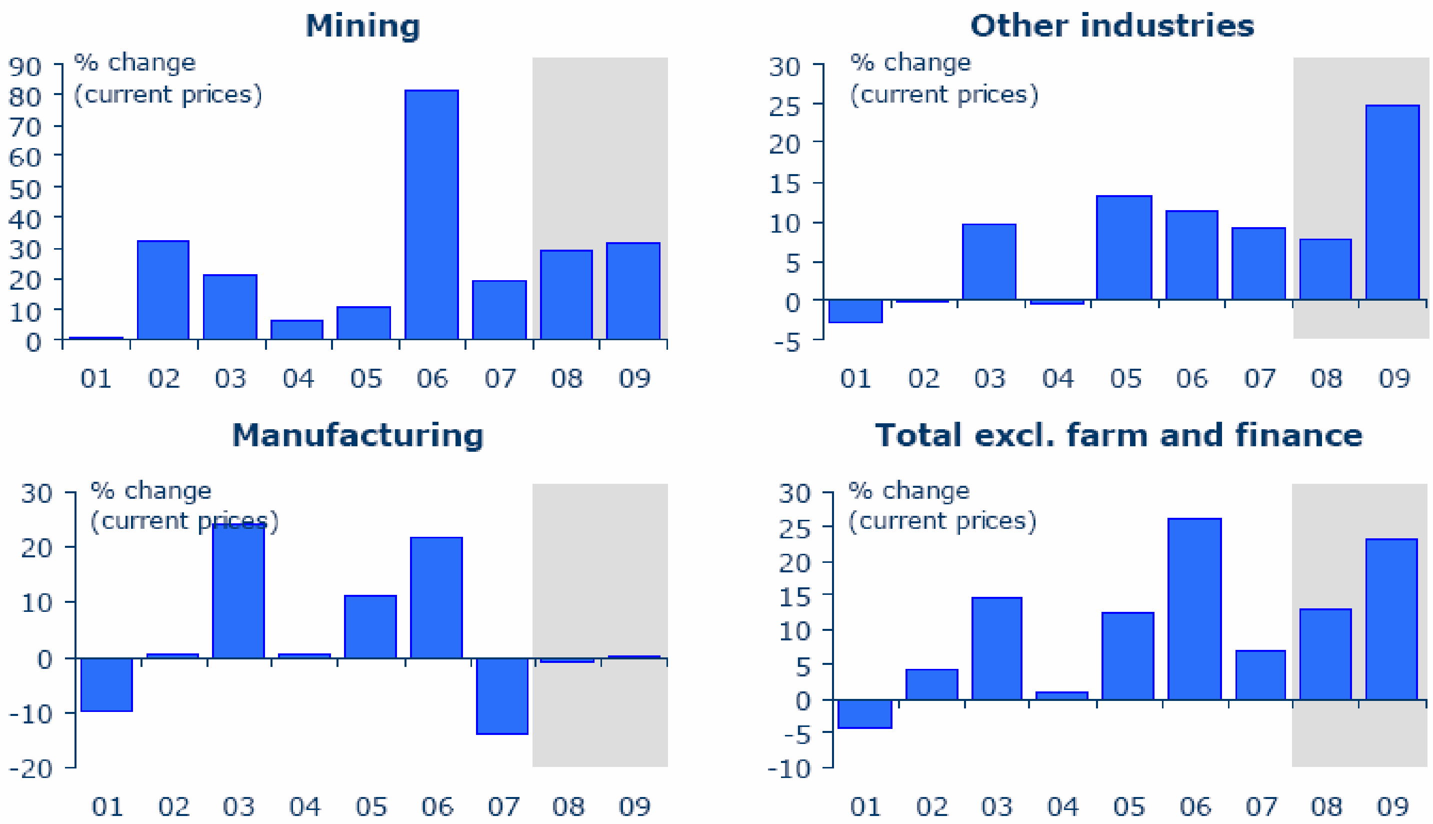
Economic Overview – Australia

- BUSINESS CONFIDENCE NAB Survey Australia

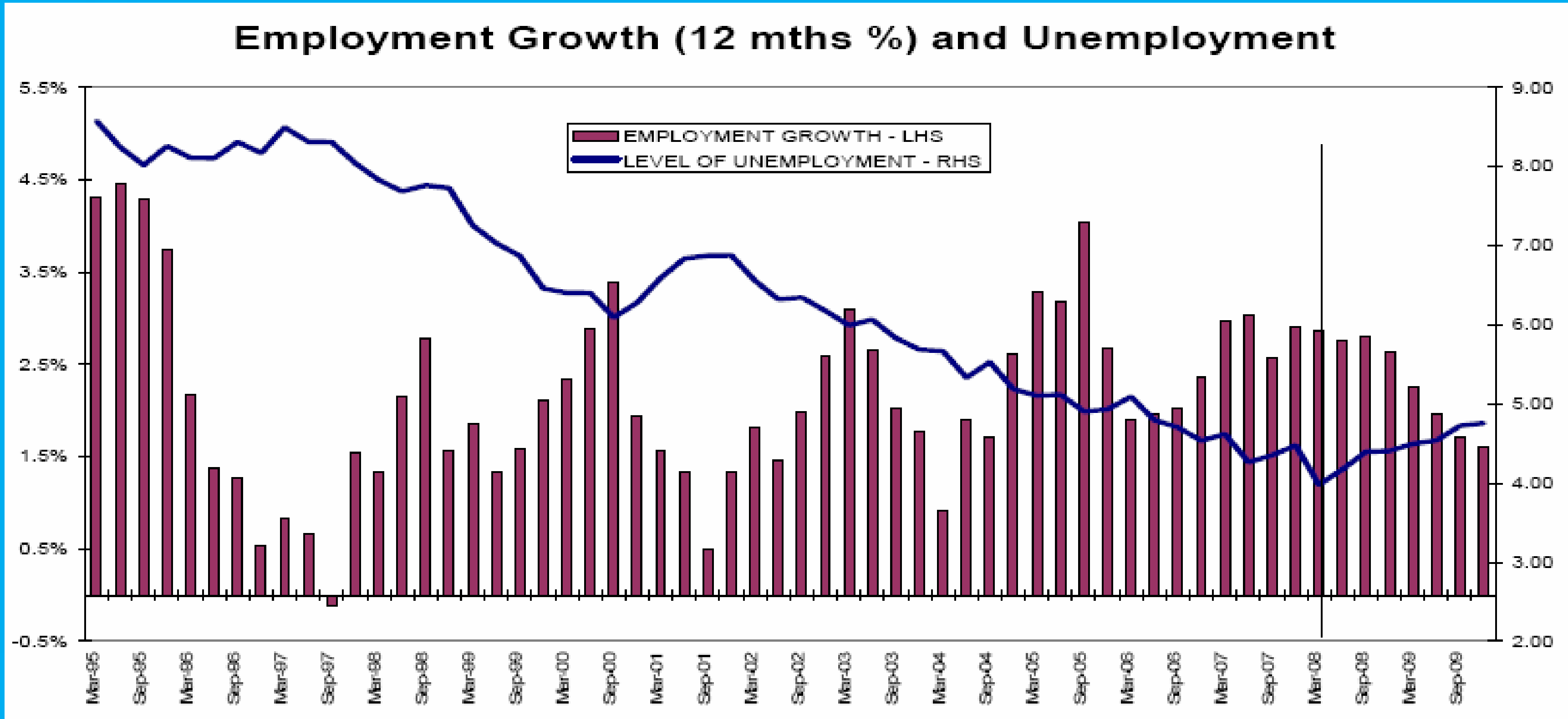


Actual and projected capital expenditure



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.

NAB Bus. Confidence – Employment future



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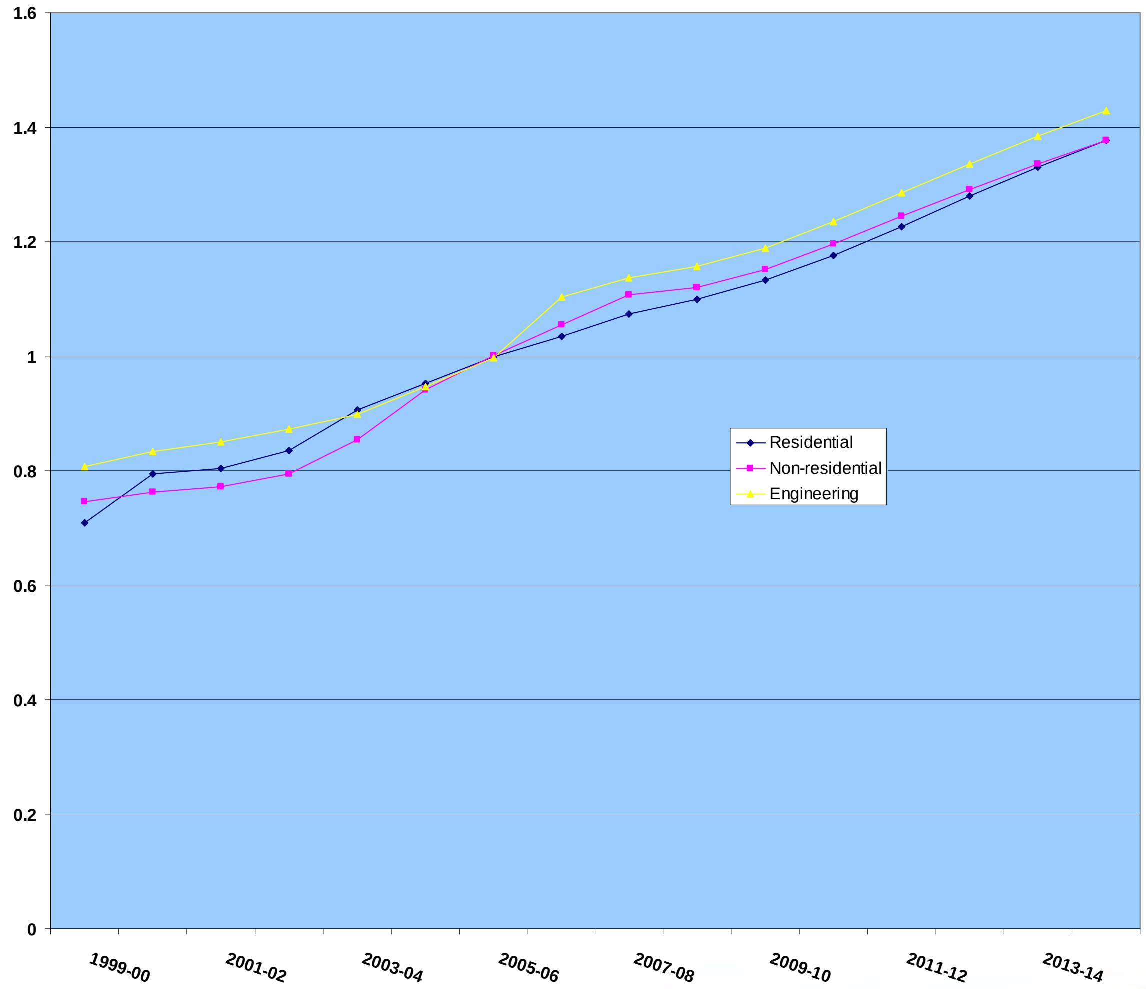
CONICS

Property Market Indices
Construction Price Index

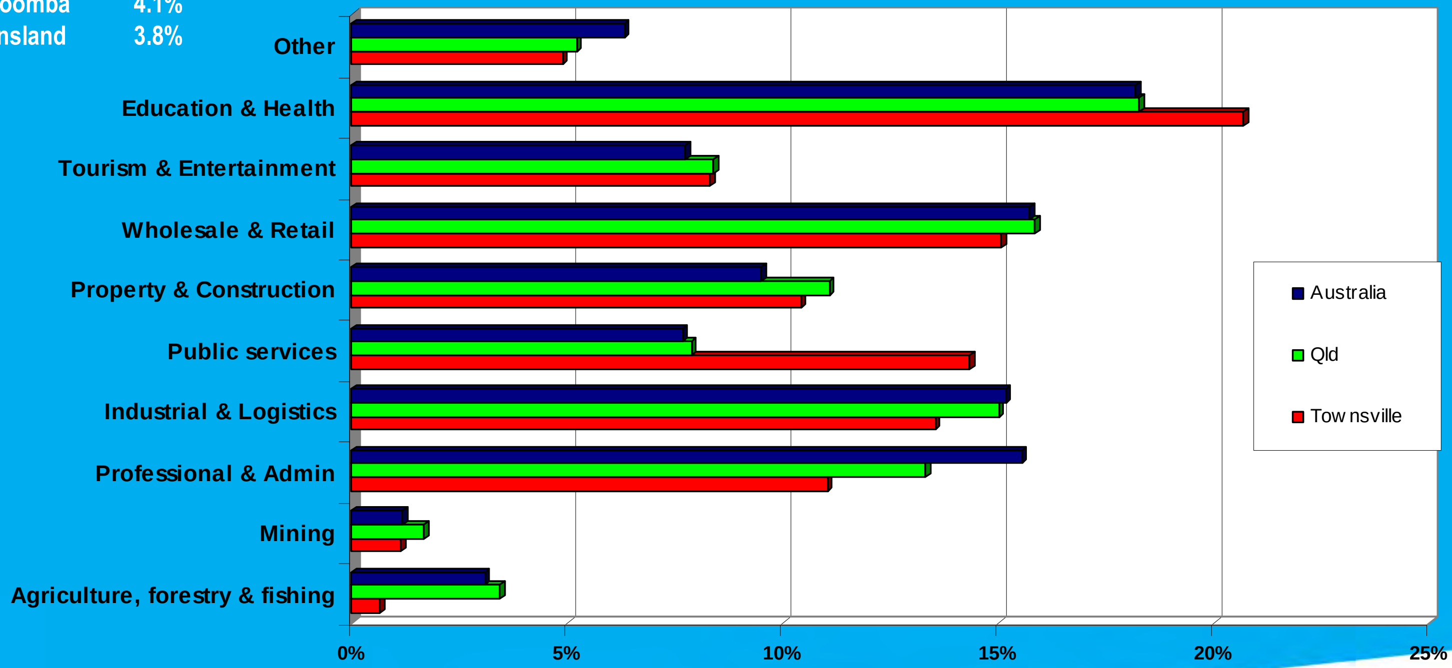


Townsville - Employment Profile

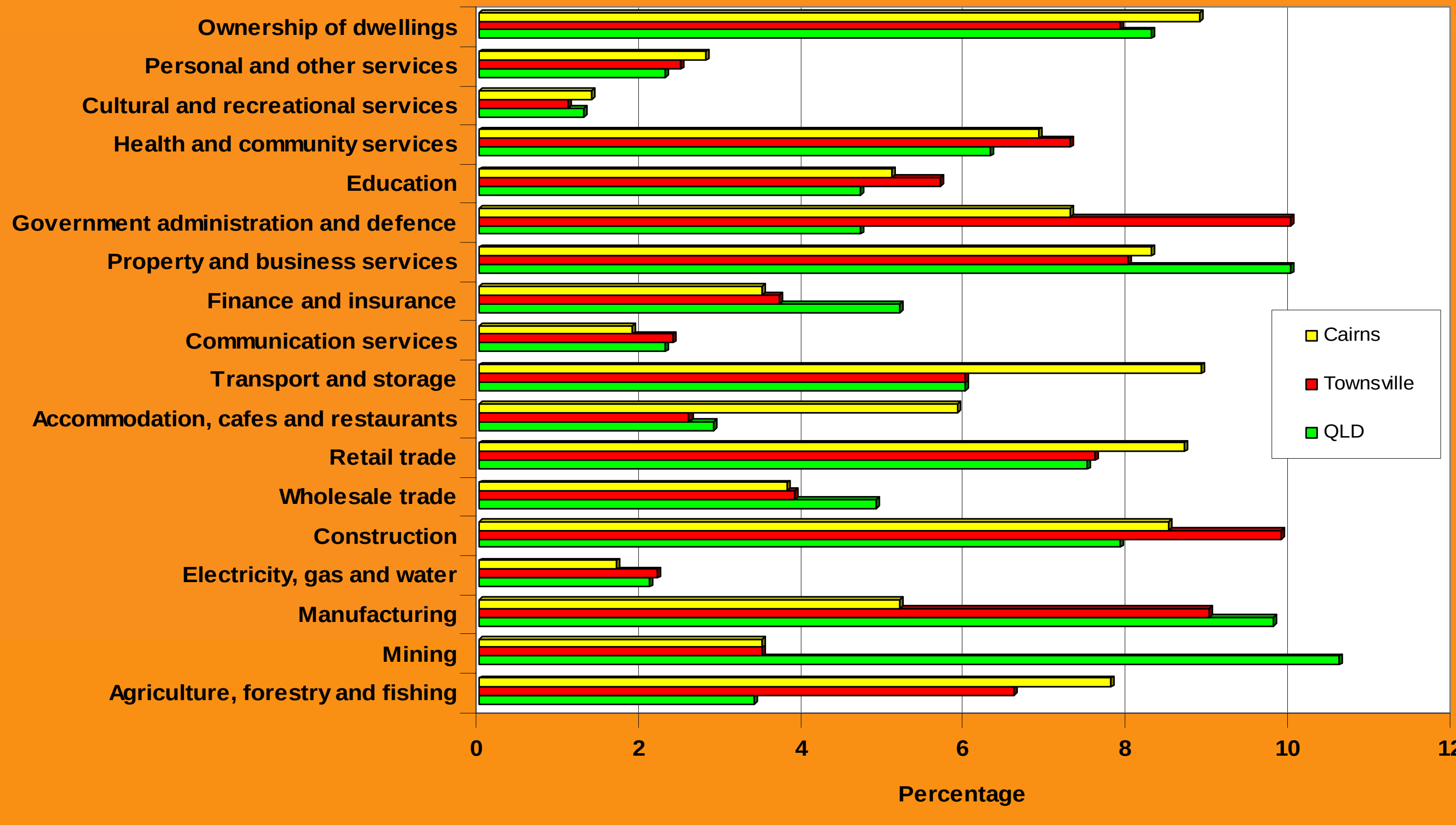
Labour Market

Unemployment Rate

Toowoomba	4.1%
Queensland	3.8%



TOWNSVILLE –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

SMART MONEY

Can hedge funds help you beat the market?

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MONEY MOVERS

Deverall tries to get Perpetual back on track

KAREN MALEY 14

David Deverall, CEO of Perpetual

THE CORPORATION

Making sure your company speaks the same language

HEAD NORTH . . . MAKE MONEY

As one boom cools another heats up. Why power is shifting to Queensland

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$2bn for cars but no relief on tariff cuts

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Tax man to look into DIY

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Macquarie's big green grab

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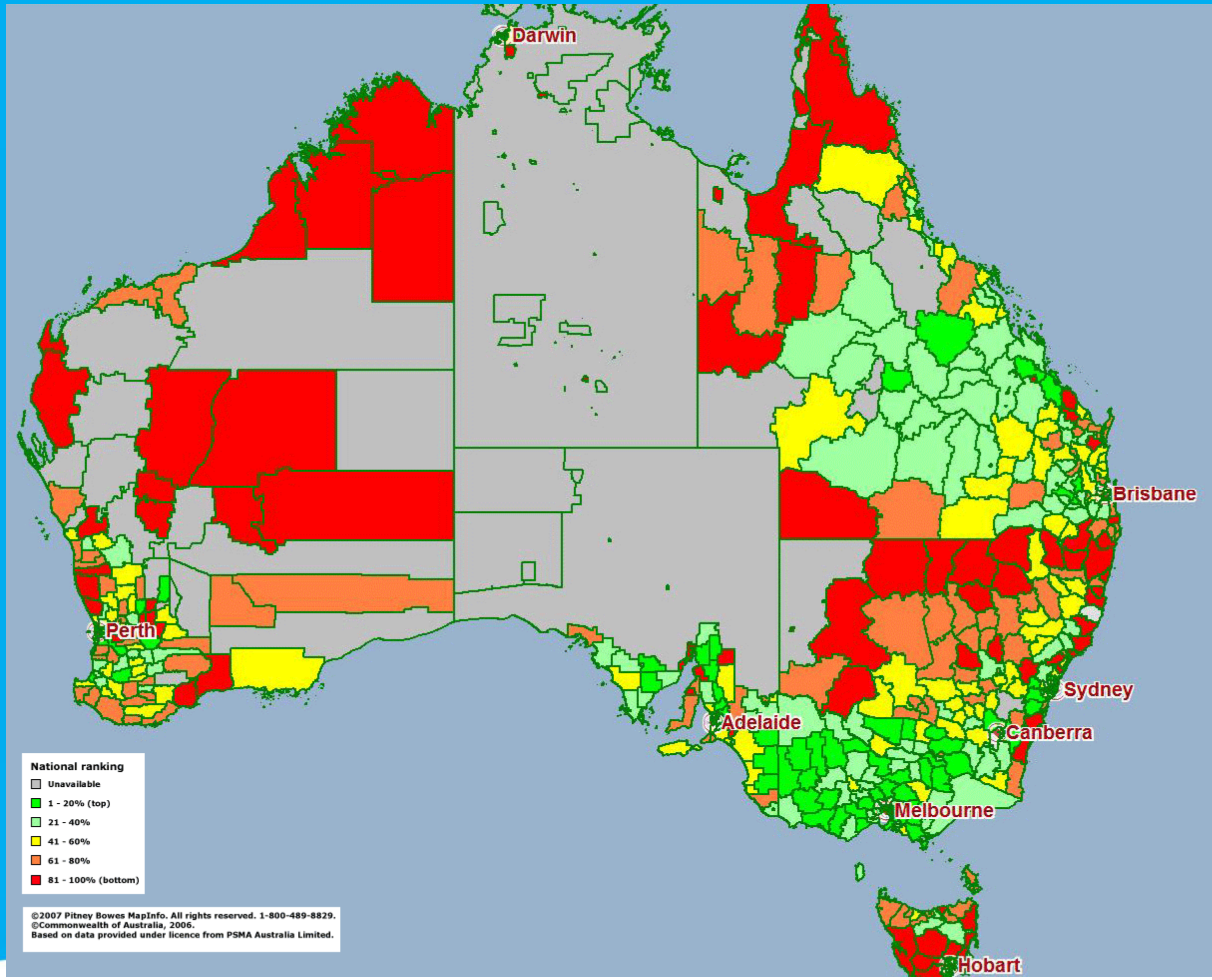
Liveability – Bankwest Style



NORTHERN TERRITORY NEWS

03:18 am DRUG-SMUGGLING PIGEON BEHIND BARS 03:05 am ONE DEAD AS TWO QUAKES HIT 02:56 am IMPLANTS HELP TRACK

HOME
- News
- Election 2008
- Sport
- Breaking News
- Business
- Entertainment
- Darwin Festival 2008
- Pride of Australia
- Travel NT
- Games
- Horoscopes
- Buy a Photo

LET US KNOW
- News Tip
- Your Pictures
- Letter to the Editor
- Fishing
- Sport

CLASSIFIEDS
- Flea Market
- CareerOne
- CarsGuide

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

NEWS
Teens not guilty of bash attack
Driver fighting for his life

MISSED SOMETHING?

Review news archives from:

- Yesterday
- Wednesday, 20-Aug

Medium Density Housing is a ‘lifestyle disadvantage’?

Places were ranked according to 10 key indicators, including levels of home ownership, detached housing, health, property-related crime, high school enrolment, income, and volunteering.

Mr Crawford said Darwin's ranking was let down by low levels of home ownership, higher levels of medium-density housing, and higher levels of crime.”

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.
- You will get a different answer when you educate the marketplace.

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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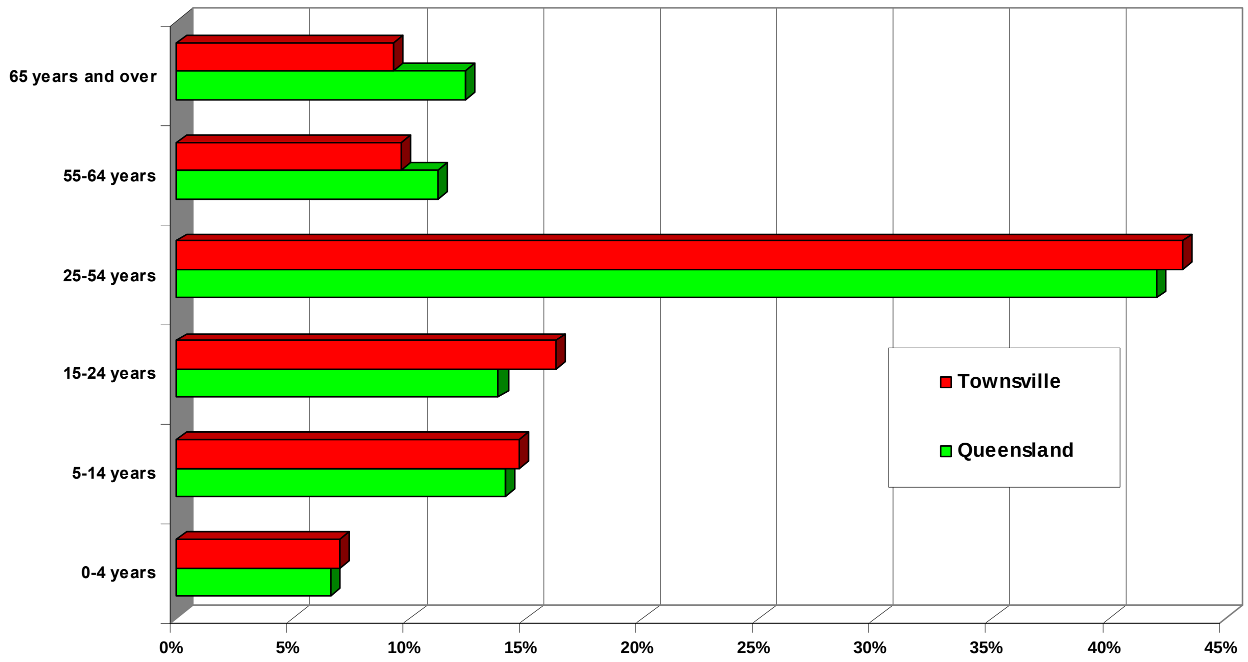
CONICS

Population and Demographics

- Townsville share – 4.1% of QLD
- Population growth
  - 169,484 Growth Av. Annual 2.8%
  - 4,182,062 Growth Av. Annual 2.5%
- Age profile Townsville Vs Queensland



Population Projections

Future Trends

Population projections published by the Department of Local Government and Planning in 2006 indicate that the population of the Thuringowa (C), Townsville (C) region will increase from 144,789 in 2001 to 220,136 in 2026.

The annual average growth rate between 2001 and 2026 in the Thuringowa (C), Townsville (C) region is projected to be 1.7 per cent. Tl compares with an annual average growth rate of 1.7 per cent for the State. As a result, the region's share of Queensland's population is projected to be 3.9 per cent in 2026 compared with 4.0 per cent in 2001.

Table 2. Population projections, medium series, Thuringowa (C), Townsville (C) region and Queensland, 2001 to 2026

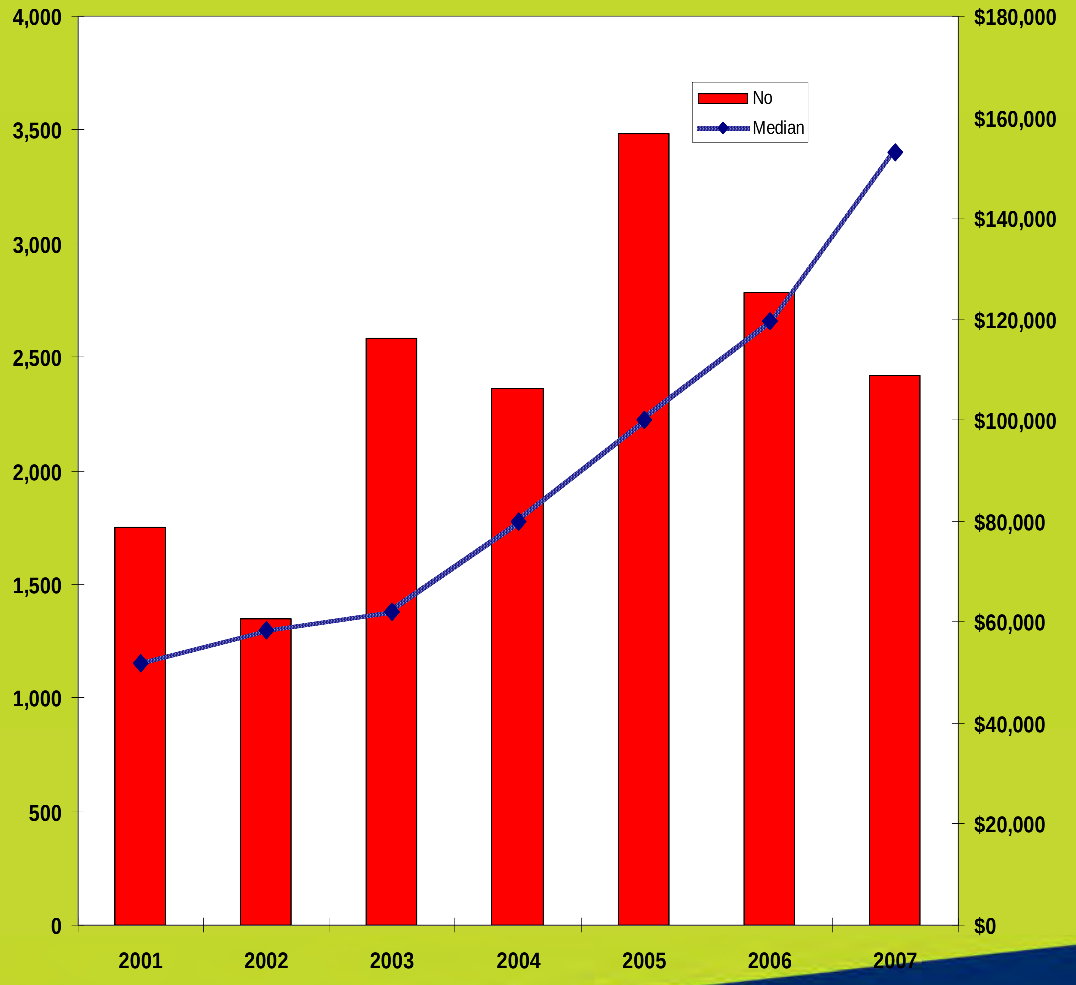
	Region	Queensland	Region as a percentage of Queensland
	number		per cent
2001	144,789	3,628,946	4.0
2006	164,008	4,041,368	4.1
2011	181,951	4,428,138	4.1
2016	196,789	4,823,408	4.1
2021	208,236	5,211,995	4.0
2026	220,136	5,583,956	3.9
Annual average growth rate 2001-2026 (per cent)	1.7	1.7	. .

. . not applicable

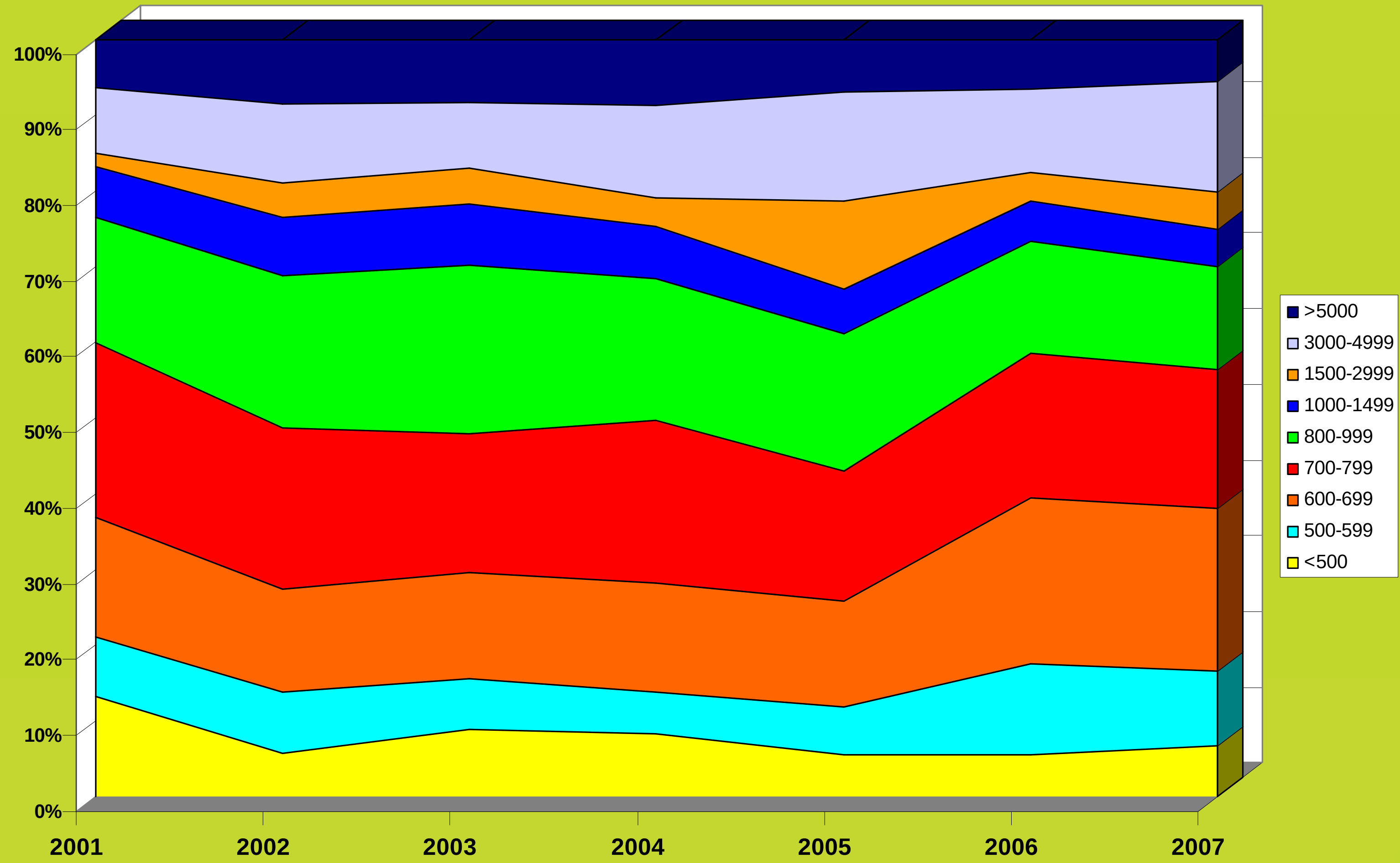
Note: Future Trends data is not comparable to Estimated Resident Population (ERP) due to ERP using more up to date/revised data

Townsville Residential Land Market

- Sales cycles graph
- Price categories over time
- Rental vacancy trends $ %vacancy
- Affordability Issues



Land Market – Lot Size (Sq M)



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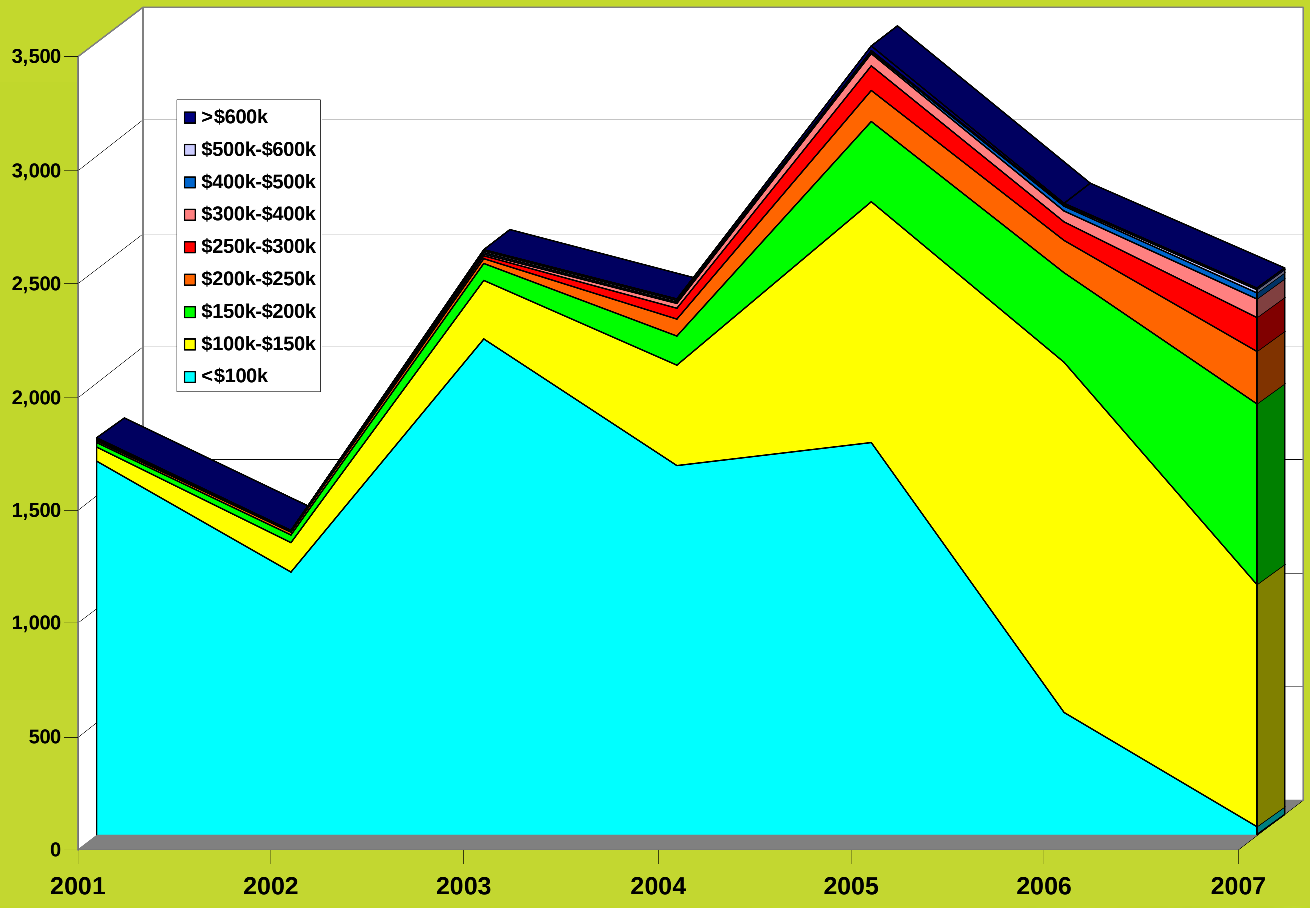
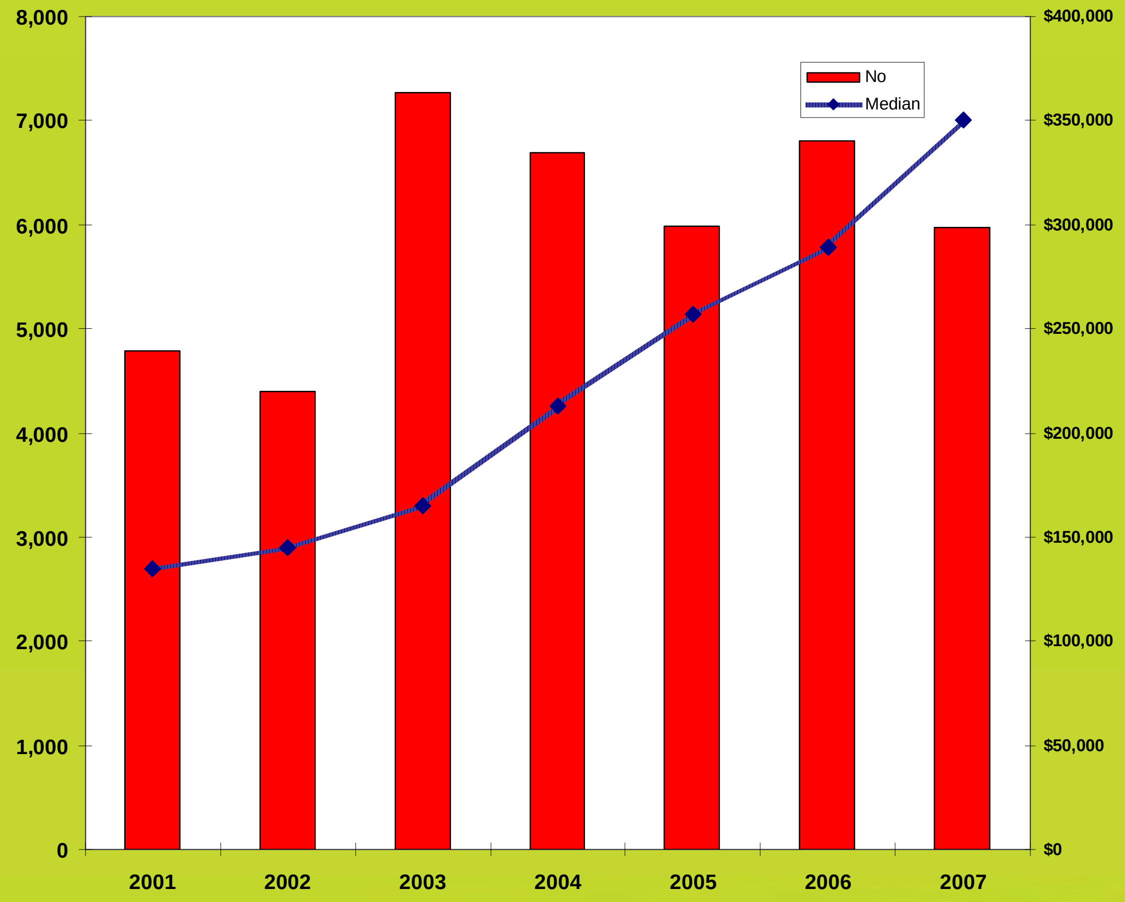
Residential Land Market



Townsville House Market Cycle



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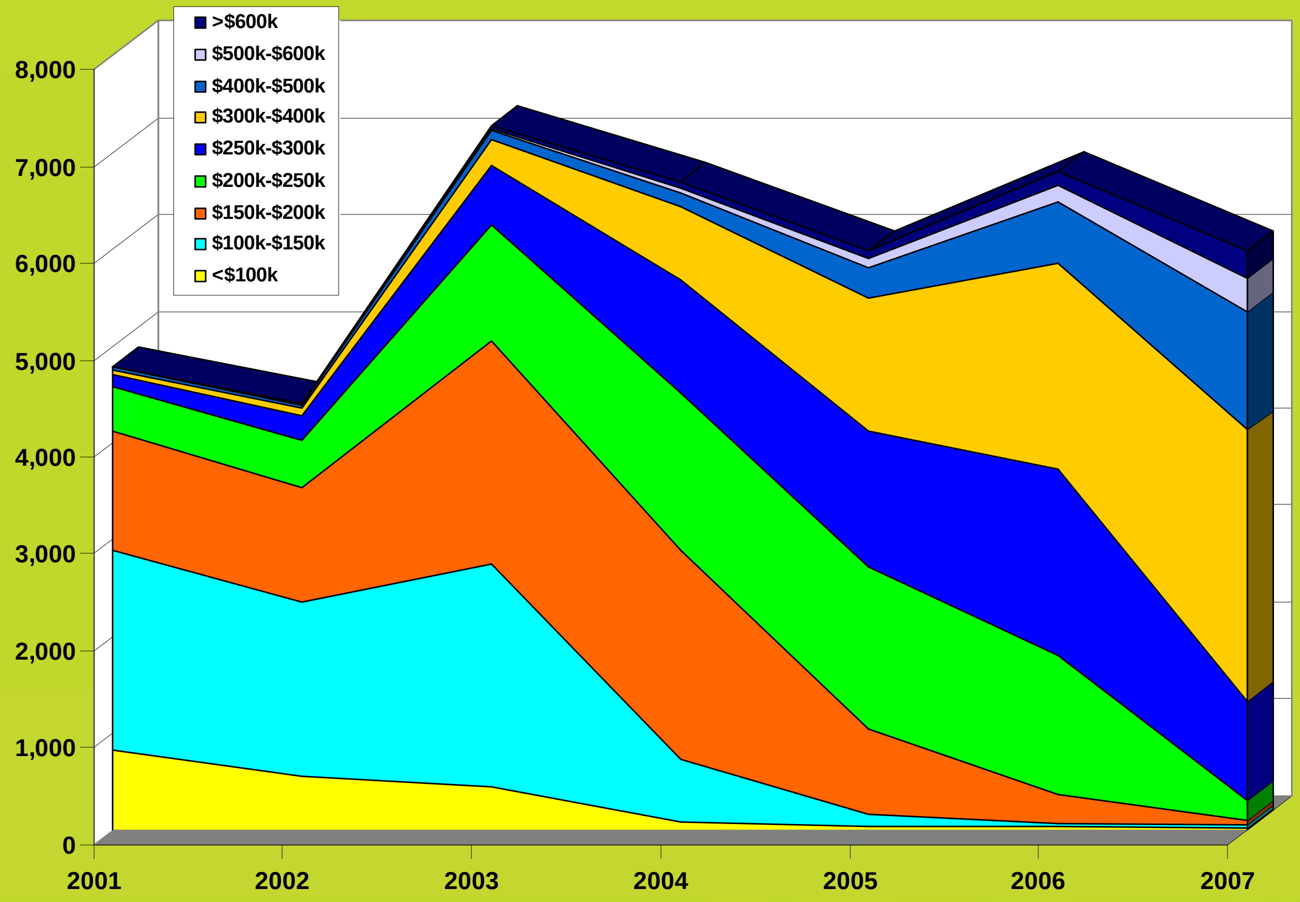
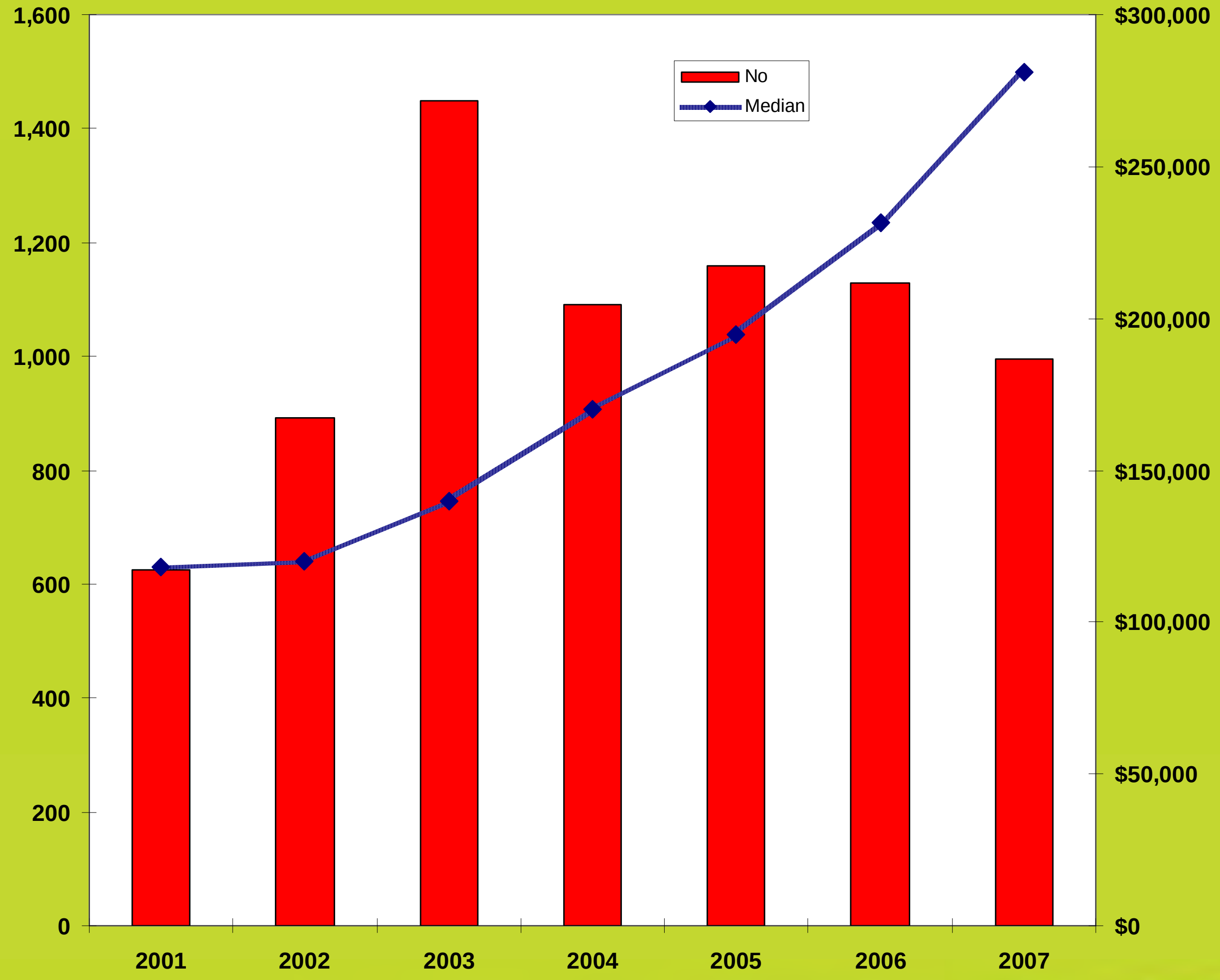
Townsville House Market Price Ranges



Townsville Unit Market Cycle



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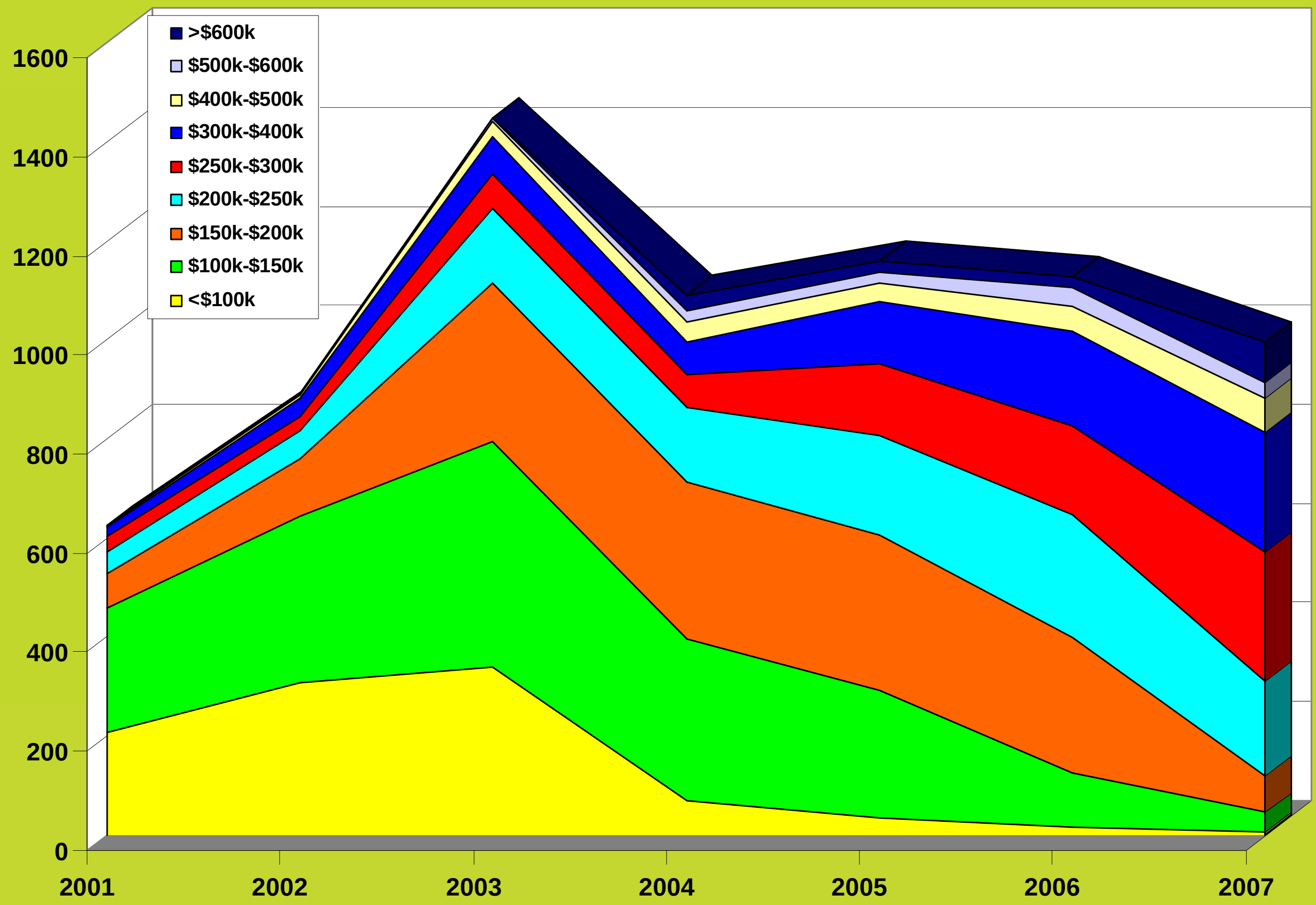
Townsville Unit Market Price Ranges



Townsville Commercial Office Market

City Centre

Business Parks

Fringe

Decentralisation?

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.
- Where people live, where people w
  play will be i

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).
- These ‘community’ aspects are in reach off all people – the beachhouse may not be.

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 homeow
- What should the balance

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.