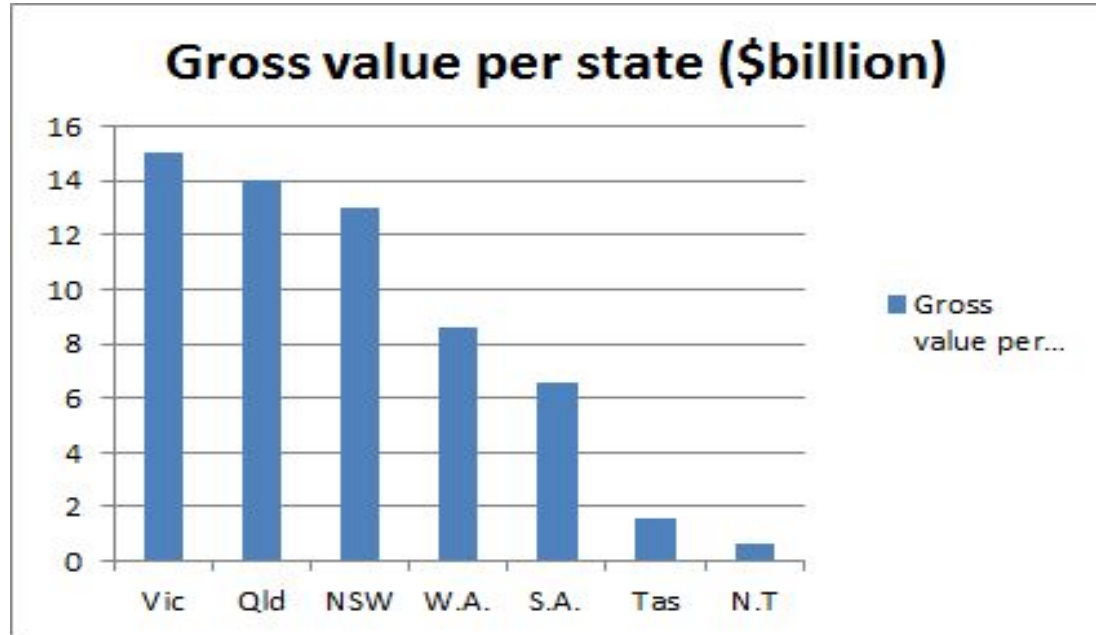


South East Rural Australia Market Update

Graeme Whyte
February 2020



Where does Victoria fit?



Source: Aus Dept. Agriculture

What we said last year - themes for 2019

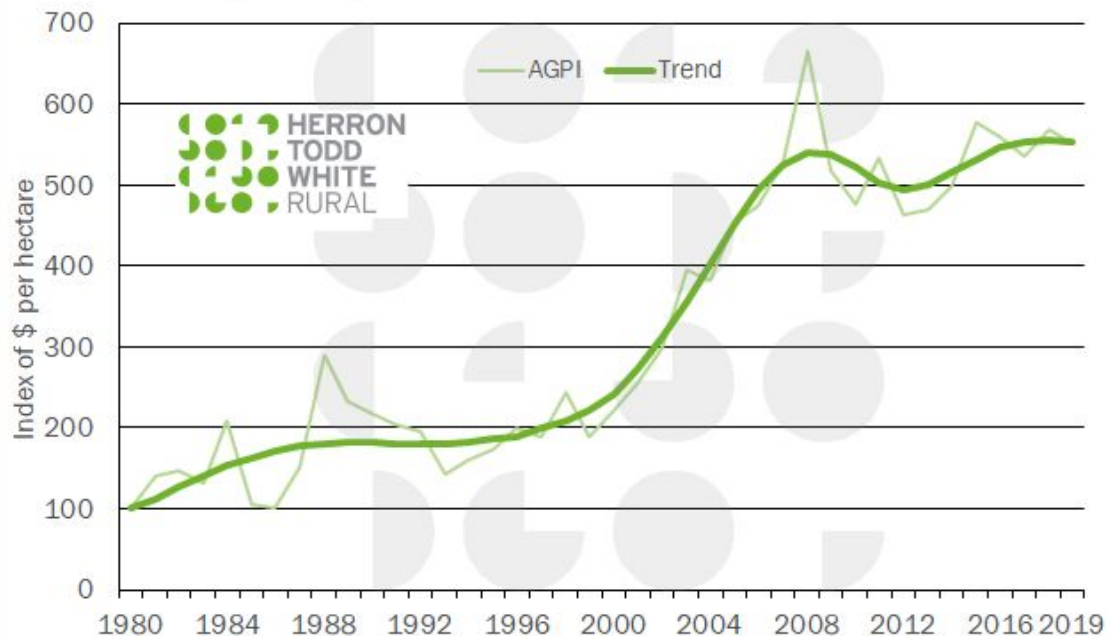
- Drought starting to bite in many areas
- Rising input costs
- Fewer quality/scale properties on market

Victoria - 2019 what did happen?

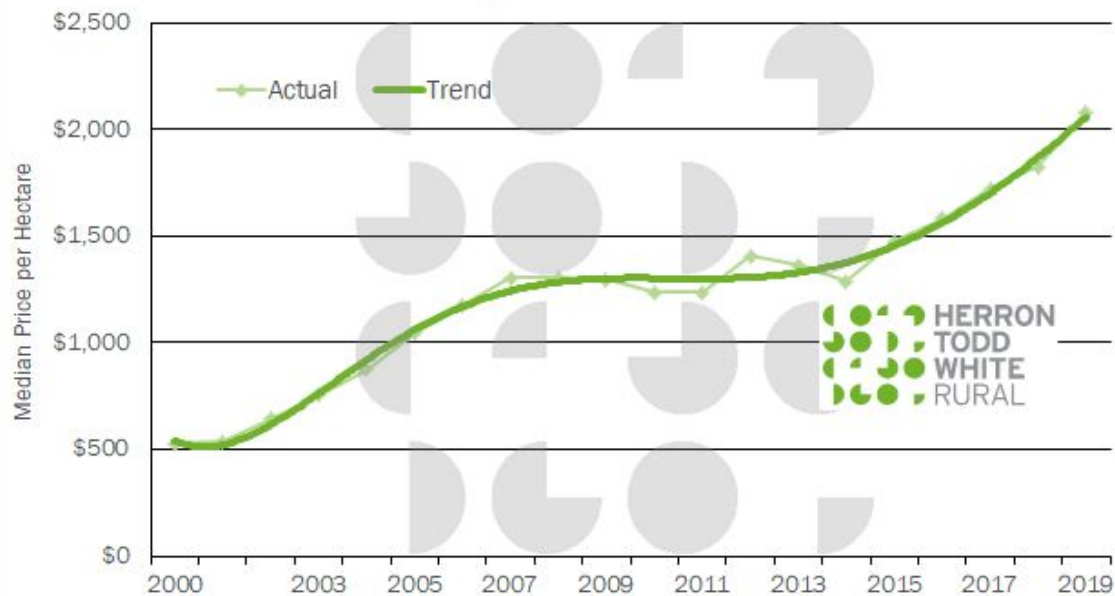
- A divided state
- Northern Vic struggles due to drought
- Central and southern Vic buoyant
- Dairy industry in southern Vic and Tas continues resurgence
- Farmer confidence maintained at levels higher than other states. (source: Rabobank survey)
- Significant rise in (most) land values
- Fewer sales
- Limited stock of larger scale rural property available
- Increasing demand for leasing cropping country

Australian Grazing Property Index

Properties >2,000 Hectares - Base of Index 1980 = 100



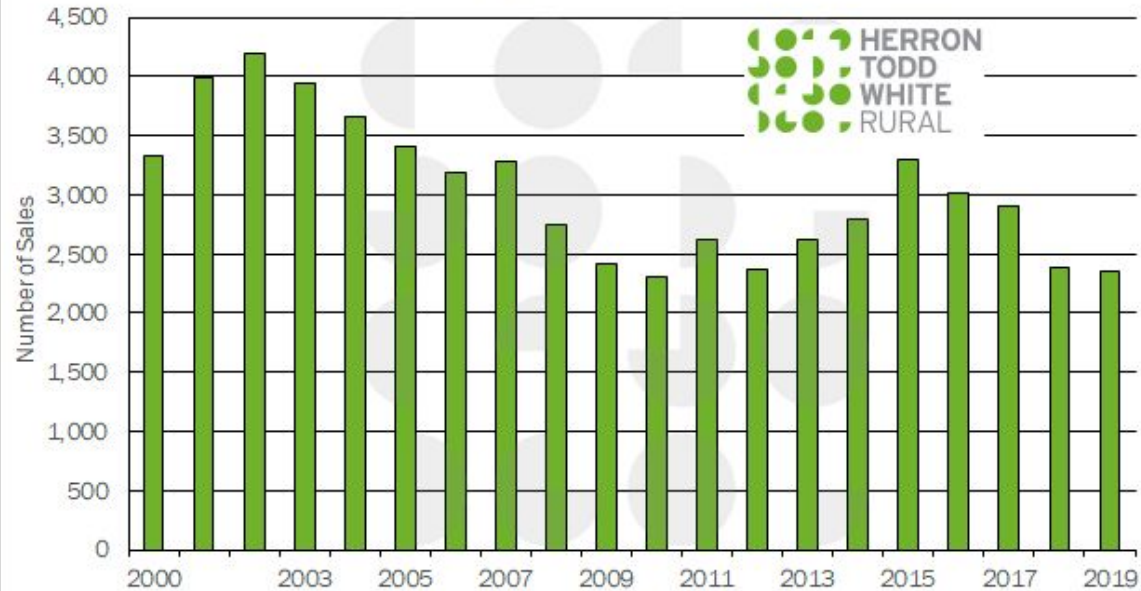
National Broadacre Property Prices Properties ≥ 250 Hectares



Source: HTW Analysis of RPDData

National Broadacre Property Sales

Properties ≥ 250 Hectares



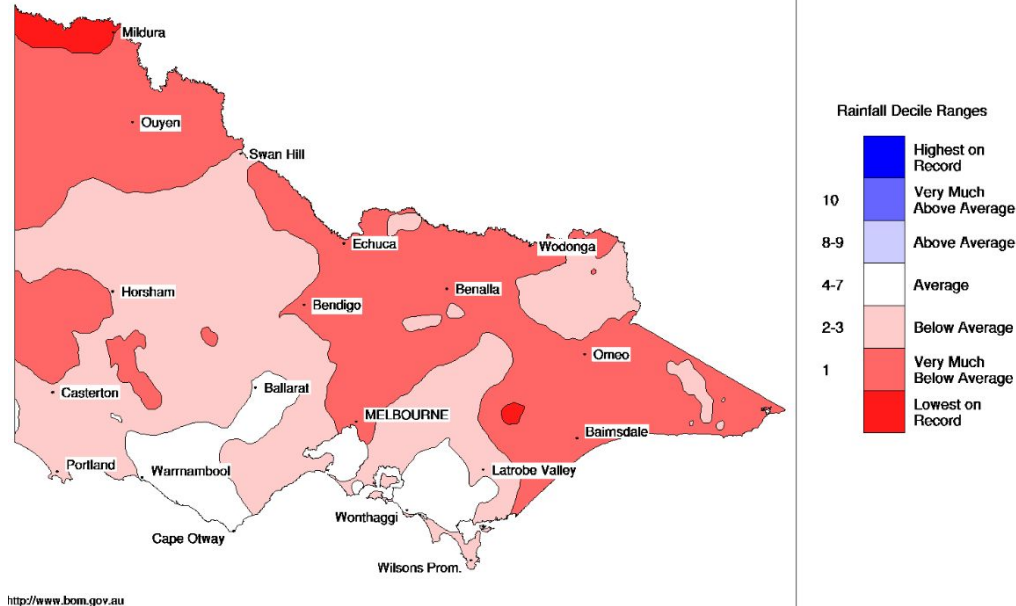
Source: HTW Analysis of RPData

Rainfall 2019

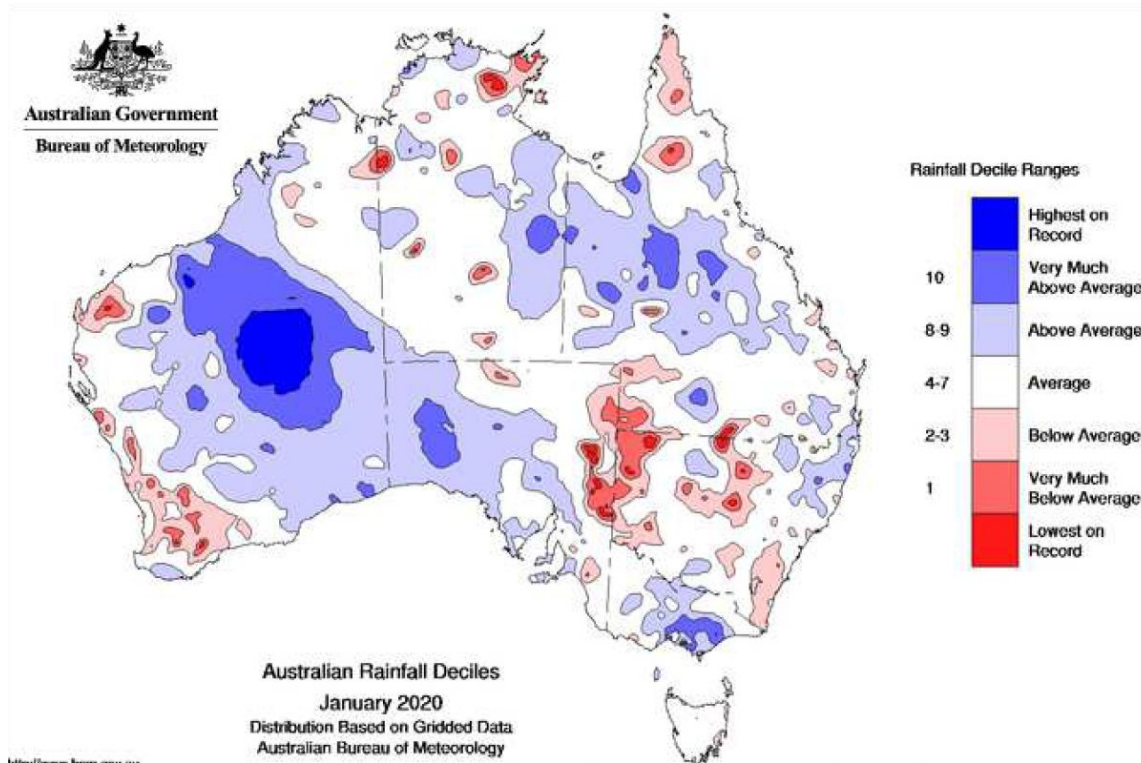
Victorian Rainfall Deciles

1 January to 31 December 2019

Distribution Based on Gridded Data
Australian Bureau of Meteorology



Feels like things are changing.....



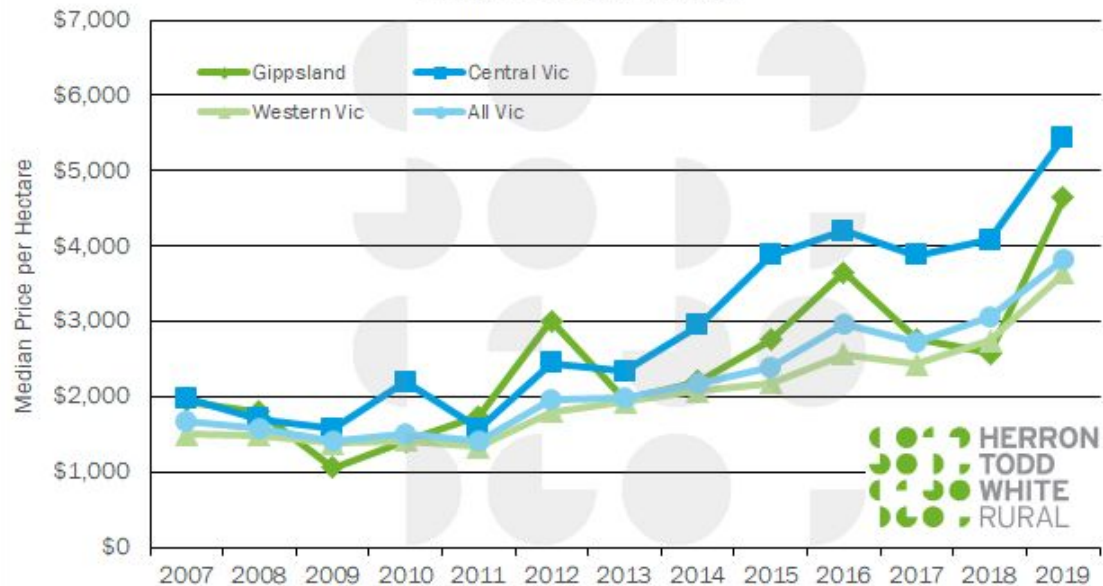
Temp Water Leasing

Murray River - zone 7



Source: Ruralco Water Brokers

Vic Broadacre Property Prices Properties ≥ 150 Hectares

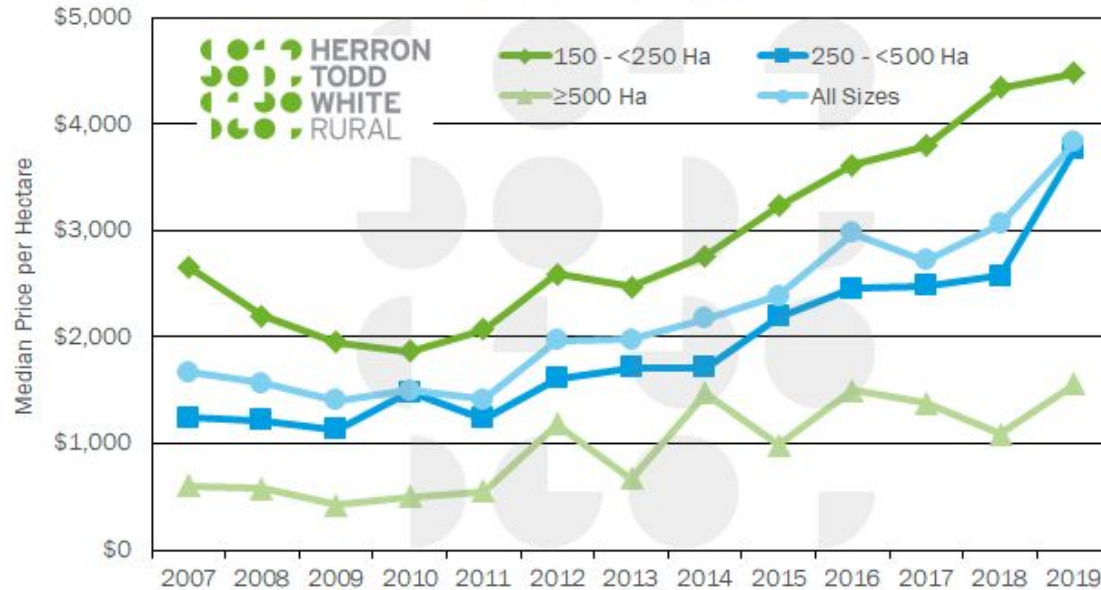


Source: HTW Analysis

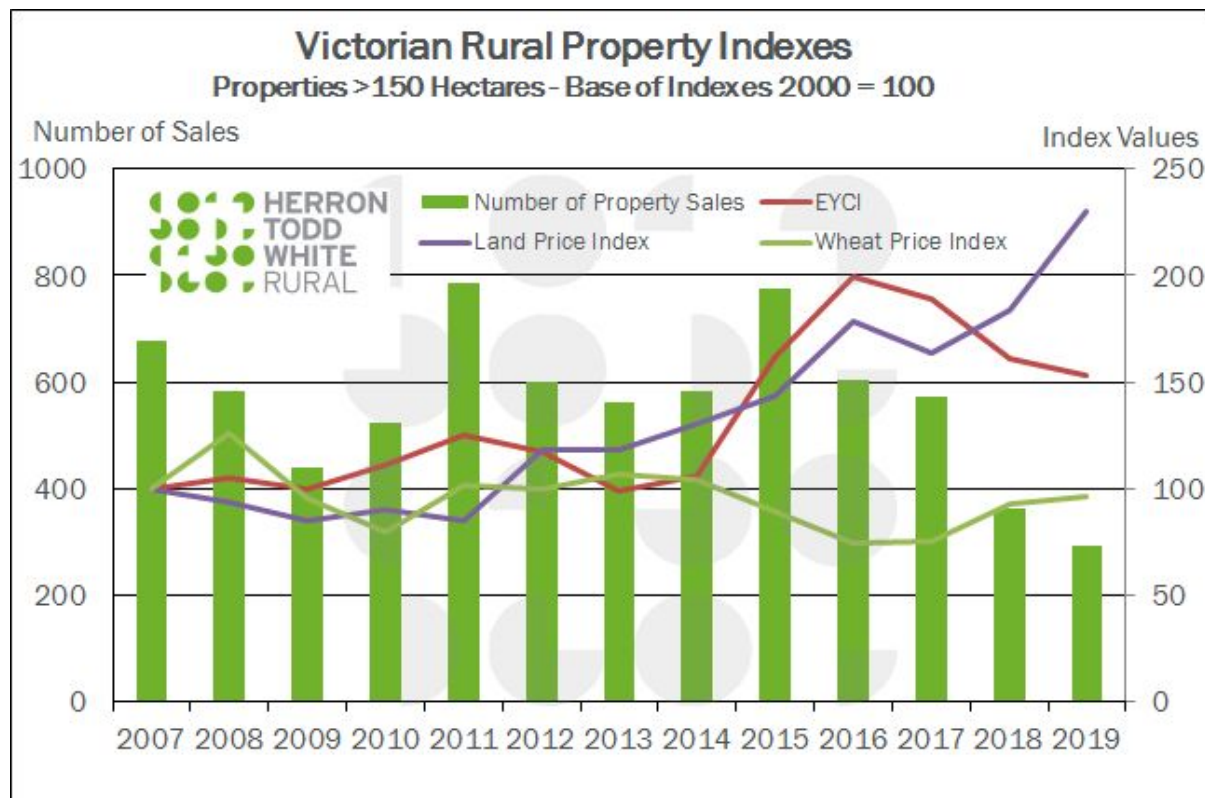
HERRON
TODD
WHITE
RURAL

Vic Broadacre Property Prices

Properties ≥ 150 Hectares

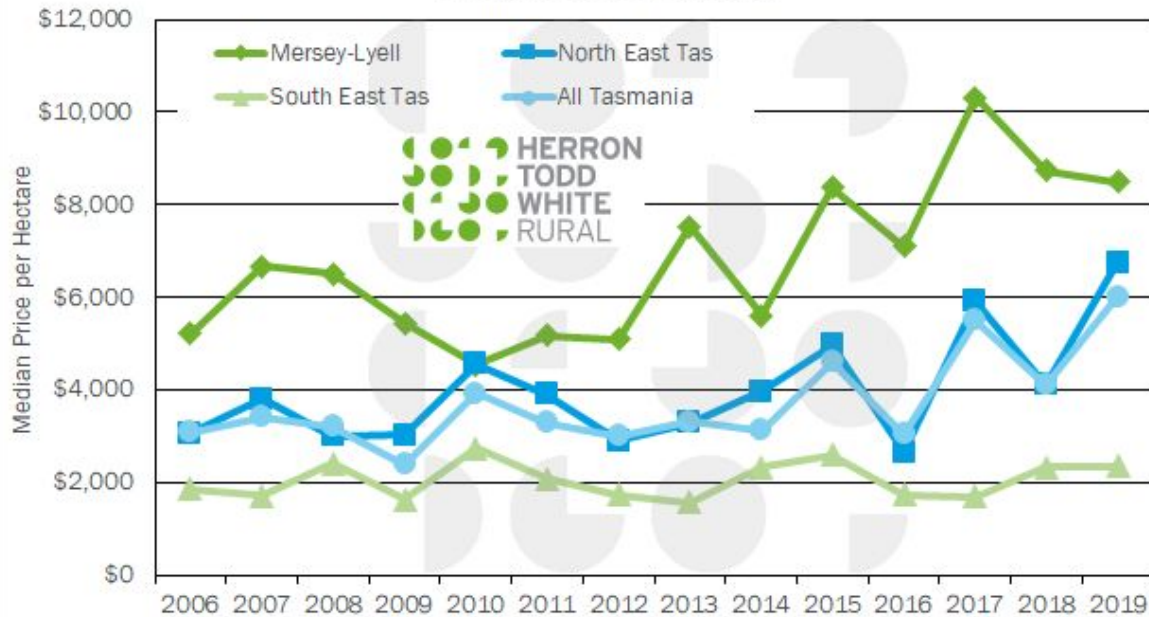


Source: HTW Analysis



Tas Broadacre Property Prices

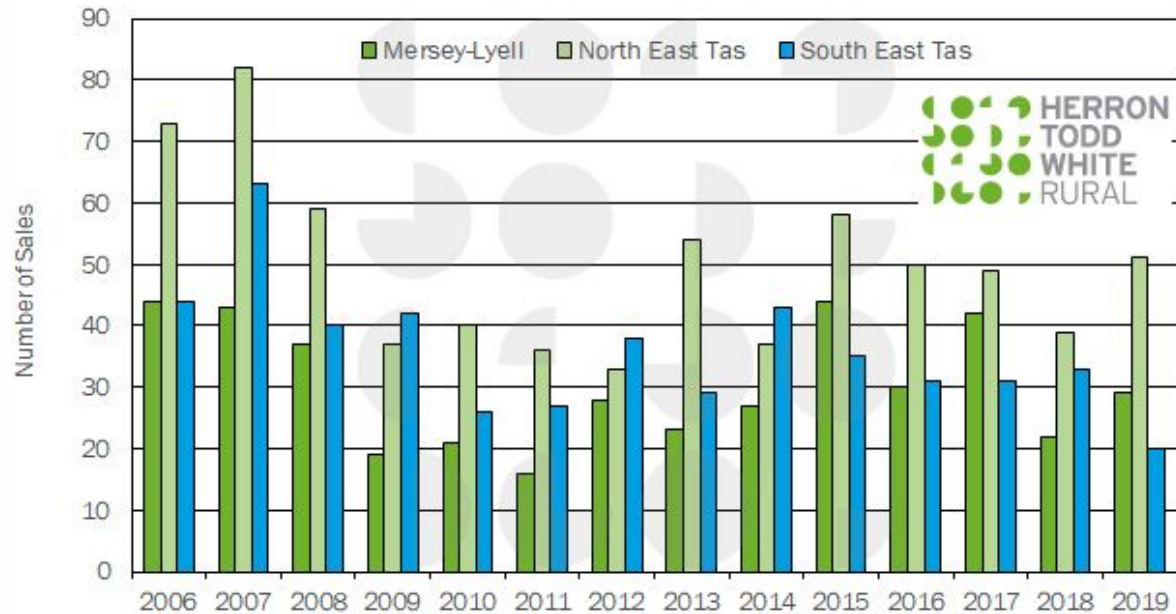
Properties ≥ 100 Hectares



Source: HTW Analysis

Tas Broadacre Property Sales

Properties ≥ 100 Hectares



Source: HTWAnalysis

Dairy Sector

- Milk prices up by 40% in 3 years
- Average seasons in S-W Vic and western Gippsland
- Land values rising slightly in southern Vic - \$8,000/ha to \$10,000/ha now common
- Changing land use in northern Vic (and southern NSW)

Cropping

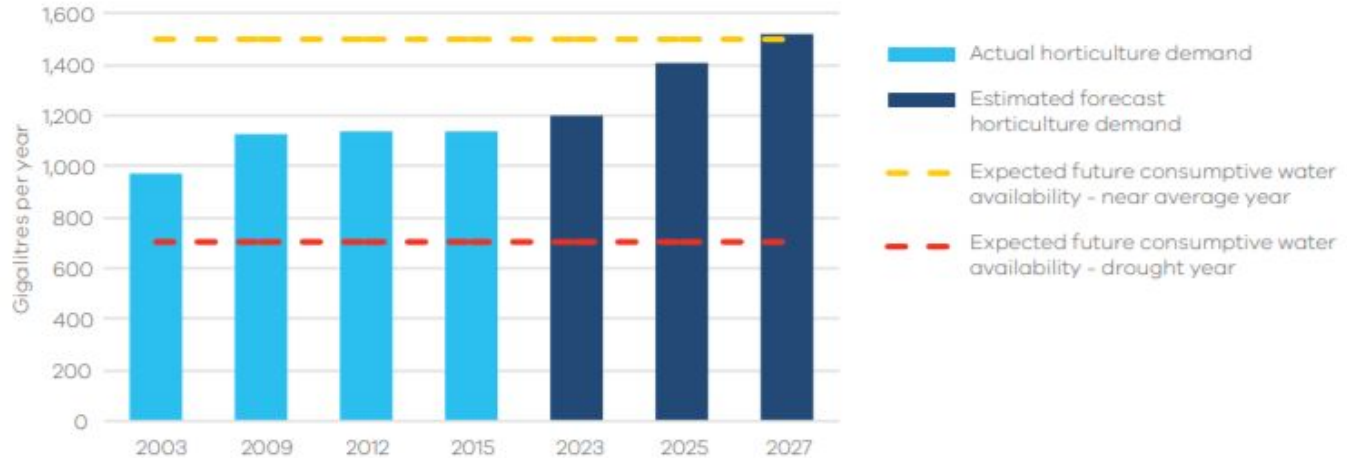
- Wimmera and central Vic continue strong growth
- \$6,000/ha - \$7,500/ha now common
- Strong demand for land
- Leasing now more common
- Mallee also rising
- \$1,850/ha - \$3,500/ha now common

Horticulture

- Land values for most crops were stable through 2019
- Fewer sales
- Commodity prices good
- Wineries chasing red grapes; prices have risen
- Expansion of most crops slowing - limited by water

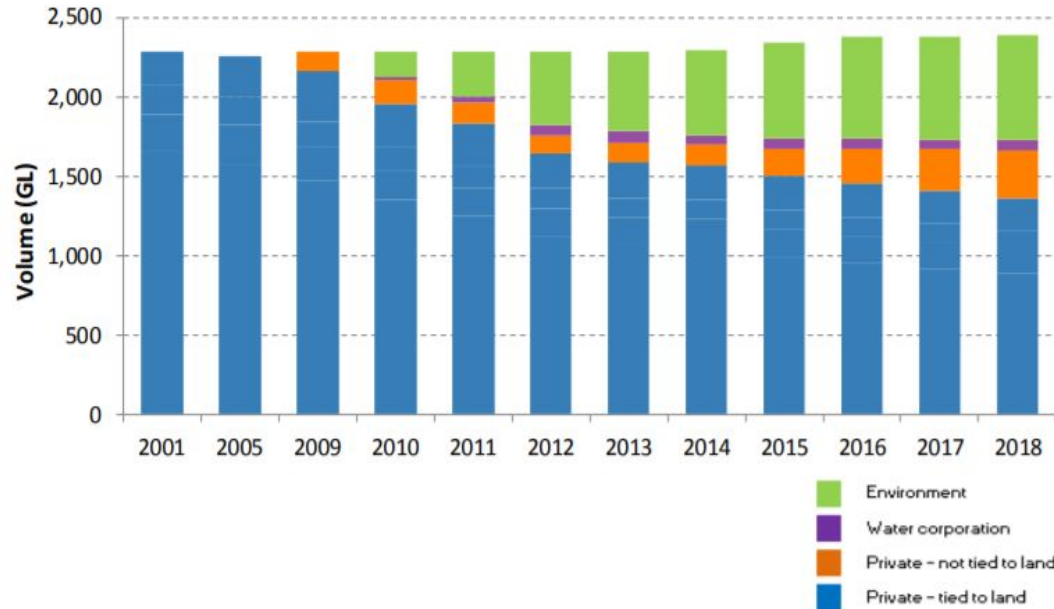
What happens in a dry year?

Horticulture demand and consumptive water availability - downstream of Barmah Choke in Victoria, NSW and South Australia



The yellow and red lines include an allowance of 200 GL for water traded in from the Goulburn and Murrumbidgee valleys. Trade assumptions are approximate and will vary year on year depending on seasonal conditions, crop prices and other drivers.

Changing ownership of Vic. Murray Water Shares



Source: Vic Water Register

2020 - The year ahead

- Fundamentals look good for most
- Cheaper feed will help intensive industries
- Will Covid -19 get worse or better ??



Disclaimer

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