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Darwin – Future Prospects

TERRY RYDER, DIRECTOR, HOTSPOTTING.COM.AU

Many property investors have bought in Darwin because of the proposed Inpex gas facility. This \$12 billion project, if it goes ahead, will be the biggest project ever developed in the Northern Territory.

Since being first announced in 2008, the project has had an element of uncertainty, with a final investment decision delayed by the proponents. But the gas plant appears increasingly likely to proceed. One of the project's partners, France-based Total, says there is no chance the Inpex gas processing project will be moved from Darwin. Total's Asia Pacific division head Jean-Marie Guillerrou says Darwin is the best option for the project and "there is no turning back".

Inpex, a Japanese resources company, agreed to come to Darwin in September 2008, but a final investment decision has been pushed back several times. A final decision is now expected at the end of 2011, with production to start in the fourth quarter of 2016. Inpex has called for tenders to build some of the project elements, including a pipeline to Darwin.

Darwin is tipped to be an international energy resources hub within a decade. The ConocoPhillips LNG plant at Wickham Point has been operating for six years and the Inpex operation should be under way by 2016. By that time, the supply industry in Darwin will be "a huge business" according to Chief Minister Paul Henderson who says: "The offshore gas industry is expected to be the biggest driver of NT's economy over the next 40 years."

The Territory Government is seeking companies to build and operate a marine supply base in Darwin. The base will be developed next to East

Arm Wharf. Many of the companies based at the site will serve the oil and gas industries in the Timor Sea.

The supply industry is already worth \$150 million a year to Territory business and is expected to grow strongly. The giant Bayu-Undan gas field is largely serviced from Darwin and the Sunrise floating platform will use the city for food, maintenance and transport. If the \$12 billion Inpex project proceeds, the supply industry will be a multi-billion-dollar business.

Resources is a key feature of the Northern Territory economy and property values in Darwin. Upcoming new developments include a rare earths mine by Arafura Resources, which plans to conduct mining operations near Aileron. But the processing plant will be built at Whyalla in South Australia.



Two exploration companies are targeting a big iron ore deposit - abandoned by BHP 60 years ago - in the Roper Bar region of the Territory, near the Gulf of Carpentaria. Western Desert Resources and Sherwin Iron hope to create an iron ore province that could be shipping iron ore to Asia's steel mills within a few years.

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But NT mining experts say the companies face the same problem that BHP did in the 1950s – finding enough high-quality direct shipping ore to make projects economical. The proposed mine sites, which are 100km apart, are in isolated areas and would require huge spending on roads, rail and a port. Both companies are preparing feasibility studies - expected to be completed by mid-2011. The target area takes in the proposed Linmen National Park and environmental groups are likely to oppose mining.

Rio Tinto will spend \$100 million fixing a loading system that spews alumina hydrate into the sea. Rio Tinto is spending \$5 million to improve loading and dust control at the Alcan operation near Nhulunbuy but says that the whole system will eventually have to be replaced. Each export shipment carries about 40,000 tonnes of alumina.

Iron ore miners want to build a 4km long wharf for export on the coast of the Gulf of Carpentaria below the Roper River. Sherwin Iron and Western Desert Resources made the uncosted announcement in December. The project - which will be the Territory's second port - would export up to 10 million tonnes each year by 2015, mostly to China. The joint venture is looking for other resource companies and clients to invest in the so-called Gulf Infrastructure Services project. The facility would have storage capacity and a wharf up to 4km long for barge loading.

A new uranium mine is planned near Alice Springs, although the Territory Government is opposing the proposal.

Tenax Energy has the first stage of approvals to set up tidal-power turbines off the Territory coast. Tenax has been granted a licence to occupy an area in Clarence Strait, but is yet to obtain regulatory approvals. Tenax managing director Alan Major says the NT is in a unique position, with thousands of kilometres of coastline and some of the best tides in the world.

“With the growth in the Darwin region in the residential and industrial sectors, we see it as imperative that large-scale, renewable energy generation is made available,” he says.

Within Darwin, infrastructure proposals include a \$300 million prison next to Robertson Barracks. The prison will house 800 inmates.

The Territory's key industrial land release is the Marine Supply Base. It will be developed next to East Arm Wharf and be the heart of Darwin's oil and gas supply industry. National and international enterprises have shown an interest in overseeing the base.

A new industrial precinct is to be opened between Darwin and Palmerston. The Wishart Business Precinct will cover 302ha along the west side of Wishart Rd. The precinct, which is zoned light industrial, will eventually have 500 lots. The first 39 are now on the market and prices range from \$250 to \$432 per square metre.

An abattoir is also planned for Darwin. David Farley, managing director of AAco, says all meat currently is freighted from interstate but the price per kilogram will fall substantially when it is produced locally. The abattoir is expected to be built on the outskirts of Darwin and be open by 2012. Farley says the processing plant would cost \$35 million to build and equip, plus \$12 million for land and infrastructure. The need for an abattoir in northern Australia has become critical following Indonesian restrictions on imports of live cattle from Australia.

The first 116 energy-efficient homes of a new suburb in Darwin's north will be ready to sell to the public in 12 months. Muirhead - off Lee Point Road - will be a mixture of Defence, public and private houses which will each have a six or seven star energy rating.

Defence Housing Australia will build the new suburb of 1100 homes, with 770 of those dwellings to be sold off to the public. More than 300 will house Defence families and about 25 will be used for public housing. It is expected houses will sell in the new suburb for between \$550,000 and \$800,000.

More than 450 old Defence houses have been saved from demolition and given to developers to relocate and sell. Defence had planned to demolish 61 ageing houses at Larrakeyah Barracks and 395 at RAAF Darwin. But Defence has agreed to give most of these houses to the Territory Government instead - who will negotiate with developers to relocate and sell them to families. Some properties will need to be demolished. Defence has already started moving families to the new suburb of Lyons.

Headworks for the new suburb of Zuccoli are expected to start in early 2011. Chief Minister Paul Henderson says stage one of the development will introduce 400 lots into the market. He called for developer expressions of interest to build the suburb- which will need a mix of three-bedroom homes, duplexes and medium-density development. Henderson says the suburb will come on the market at the same time as Bellamack, Johnston and Muirhead - which will introduce competition to the housing market.

Terry Ryder has 29 years experience as a real estate researcher, writer and investor. He does not, however, have a crystal ball. There are no guarantees in real estate, particularly in turbulent economic times. To find out what Terry believes are the future prospects for investing in the Darwin property market, please visit his website: www.hotspotting.com.au. You can also follow him on Twitter @hotspotting.

Is There Anything Better Than Auction?

GARY PITTARD

Is there any better way to sell than by auction? Many agents will say, "No!" but then again, they're trained to say that.

There can be no doubt that auctions often get a high price, but can they guarantee to get the highest price?

Buyers Agents represent purchasers, and not home sellers. A Buyers Agent assists purchasers to buy cheaply. This is what one Buyers Agent ** had to say about auctions:

"I attend many auctions and bid for properties on behalf of my clients. At the majority of the auctions where we were successful, we had 'money left on the table' – that is, we spent less than our authorised limits." **

**** Patrick Bright - Buyers Agent & Author of "The Insider's Guide to Saving Thousands at Auction"**

No negotiation expert favours allowing competing parties in a negotiation to hear what another party has offered, yet this is what auction does.

A better alternative to auction is to negotiate privately using the Buyers' Price Declaration.

Based upon an idea developed by economist the late William Vickery – one of several ideas that earned him the Nobel

Prize for Economics – this negotiation tool is demonstrably better than auction for sellers, buyers, and agents.

With the Buyers' Price Declaration, no competing party is privy to another party's offer.

This means that each buyer must offer his or her highest price without being influenced by what somebody else may have offered.

Ask your agent about negotiation with a Buyers' Price Declaration. If he or she still insists on auction, insist upon a price guarantee.

Hire a Specialist

If you follow this advice you will seek out a professional salesperson – a trained negotiator – who uses the Buyers' Price Declaration as a means to obtain the highest possible price for you.

You should understand, however, that few agents know this tool and understand how to use it.

This means that if you tell an 'auction specialist' (usually recognised by the fact that the salesperson 'pushes' auction to



you), that you do not want to auction and then force that person to handle your sale by Private Treaty, you will have working for you a salesperson that is out of his or her depth.

A Private Treaty specialist seldom does auctions. He or she is a specialist in negotiating high prices, face to face.

But just because your agent claims to be a Private Treaty specialist this does not automatically mean that he or she knows and uses the Buyers' Price Declaration.

Ask questions. Discover whether your preferred choice of agent understands the principles of negotiation and the Buyers' Price Declaration. ■



Cate Killiner Real Estate is a fantastic agent to deal with! As a first home buyer Cate made me feel 100% at ease – recommending everything and hiding nothing. You don't get a typical salesperson with Cate Killiner Real Estate, just down-to-earth but professional service and advice that can be relied upon.

Irma Lamaya



Properties Sold - Northern Suburbs April 2011

Unit No.	Street No.	Street	Suburb	Sold Price
	56	BRITOMART GDNS	ALAWA	479000
	207	TROWER RD	ALAWA	530000
	14	DRIFFIELD ST	ANULA	482500
	38	DRIFFIELD ST	ANULA	485000
5	41	ELLENGOWAN DR	BRINKIN	370000
12	8	GIUSEPPE CT	COCONUT GROVE	384000
19	29	SUNSET DR	COCONUT GROVE	440000
	17	NEWELL CRES	JINGILI	410000
	35	GADEN CCT	JINGILI	643000
	8	EATON PL	KARAMA	465000
	7	CREBER CT	KARAMA	485000
	17	FOURCROY ST	KARAMA	523000
	5	COPRA CRES	KARAMA	568000
	5	ROSEWOOD CRES	LEANYER	600000
	11	HUMBERT ST	LEANYER	635000
	132	LEANYER DR	LEANYER	660000
	20	GARRKKAR ST	LYONS	865000
10	50	ABBOTT CRES	MALAK	320000
	40	MALAK CRES	MALAK	505000
	14	HUMMEL CT	MALAK	556000
	12	HUMMEL CT	MALAK	570372
	11	CARNOUSTIE CCT	MARRARA	690000
	6	TROON PL	MARRARA	730000
1	56	SABINE RD	MILLNER	400000
	15	THORNTON CRES	MOIL	472000
	30	GOODMAN ST	NAKARA	530000
11	55	ARALIA ST	NIGHTCLIFF	180000
6	70	KURRAJONG CRES	NIGHTCLIFF	330000
3	12	POINCIANA ST	NIGHTCLIFF	385000
2	10	SANDALWOOD ST	NIGHTCLIFF	460000
	6	MYRTLE ST	NIGHTCLIFF	725000
311	71	C PROGRESS DR	NIGHTCLIFF	944500
	5	MIMOSA ST	NIGHTCLIFF	1600000
5	42	SERGISON CCT	RAPID CREEK	340000
4	56	CHAPMAN RD	RAPID CREEK	350000
1	9	HOLLAND PL	RAPID CREEK	365000
	10	DIOCTITIS ST	WANGURI	625000
	36	WHIMBREL CRES	WULAGI	470000
	62	WULAGI CRES	WULAGI	480000



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