

SE **Business - Commercial Property**
HD **Poultry, dairy boost agribusiness**

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WC 484 words

PD 30 July 2014

SN The Age

SC AGEE

ED First

PG 35

LA English

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Agribusiness has bottomed out and a recovery in the sector, particularly the poultry and **dairy** industries, will stimulate the **property** market, a report says.

Colliers International said Australia and New Zealand's agricultural commodities had a positive outlook this year with many regions on the road to recovery.

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The **firm**'s Rural and Agribusiness Research and Forecast Report 2014 said the best-performing agribusiness enterprises were Australia's poultry sector and New Zealand's **dairy** industry, which were growing significantly and stimulating the **property** market. An upturn was influenced by the improved global economy, increased food demand and the improving availability of finance, Colliers' rural and agribusiness director Tim Altschwager said.

"The poultry sector is arguably the best financially performing agribusiness enterprise in Australia, currently based on the projections which show that chicken meat is to remain Australia's most consumed meat in the medium term," he said.

Rising investor demand was creating passive investment opportunities for assets on **sale**-and-leaseback models with long terms of 10 to 20 years and double-digit yields, he said.

"Syndicates of private investors are developing and owning the new-age broiler farms producing **millions** of chickens per annum."

Sophisticated investors had an opportunity to take a larger share of the market, which was 70 per cent controlled by two processing companies, Ingham and Baiada.

New Zealand's **dairy** market was strong and Australia's improving with about 40 per cent of **milk** production exported, mainly as powder or processed product, driven by **Chinese** demand, the report said.

But while the offshore appetite for **dairy** assets was increasing, a lack of institutional-grade assets was a "primary drag" on market growth.

Established cotton growers were looking to diversify into other regions, focusing particularly on the Murrumbidgee Valley and encouraged by lower land values and water security, the report's author, Mark Courtney, said.

Sentiment suggested asset values in Australia's **wine** industry were probably past the "bottom of the cycle". Opportunities for counter-cyclical investors to take advantage of low entry costs were still available in warm climate regions, and some highly regarded cool climate regions were lagging behind the Barossa Valley's recovery, Mr Courtney said.

Land values for beef producers remain below pre-GFC levels with some sales in drier areas recording significant price reductions.

"Notably, as most receiver stock is moving, the level of **transactional** activity appears to be accompanied by a slight rise in market confidence," the report said.

In New Zealand, continued domestic and offshore **purchases**, especially in the **dairy** sector, remain a market-defining feature.

"Overseas buyers for both forestry and farming assets are seeking opportunities as major North American, European and Asian funds looking to balance portfolios, and to take advantage of New Zealand's safe investment status and proximity to a protein-hungry Asia," it said.

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