

# Northern Territory-Kimberley

## TNRM Symposium on Land Values, Lending Practices and Land Condition

Frank Peacocke, Herron Todd White NT, March 2020





VALUER TAKES THE POSITION OF:

A WELL INFORMED BUYER

or

A WELL INFORMED SELLER

NEITHER OF WHOM ARE **OVERANXIOUS**





# DEFINITION OF MARKET VALUE:

WILLING BUYER - WILLING SELLER

*“the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing, where the parties had each acted knowledgeably, prudently and without compulsion”.*



# STARTING OFF THE VALUATION

## INFORMATION REQUEST:

- CURRENT INFRASTRUCTURE MAPPING
- STOCKING HISTORY
- RAINFALL RECORDS
- “BLUE BOOK” - OTHER LAND CONDITION REPORTS
- RELEVANT CAP EX



# Typical Inspection



Between 100km and 800km **flying** per property



Between 100km and 300km **driving** per property



Heavy reliance on up to date **infrastructure mapping**

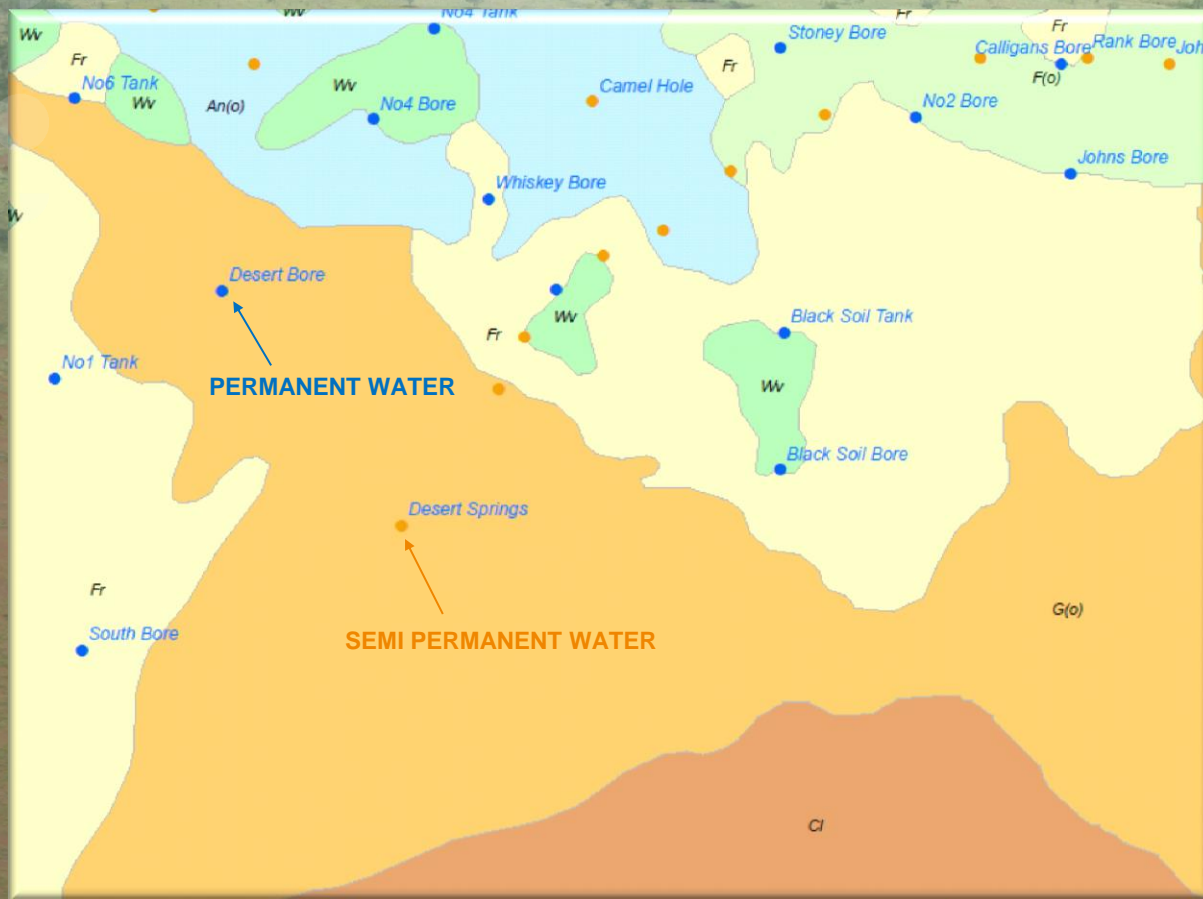


150 to 450  
infrastructure **photos**  
per lease

# Estimating Carrying Capacity

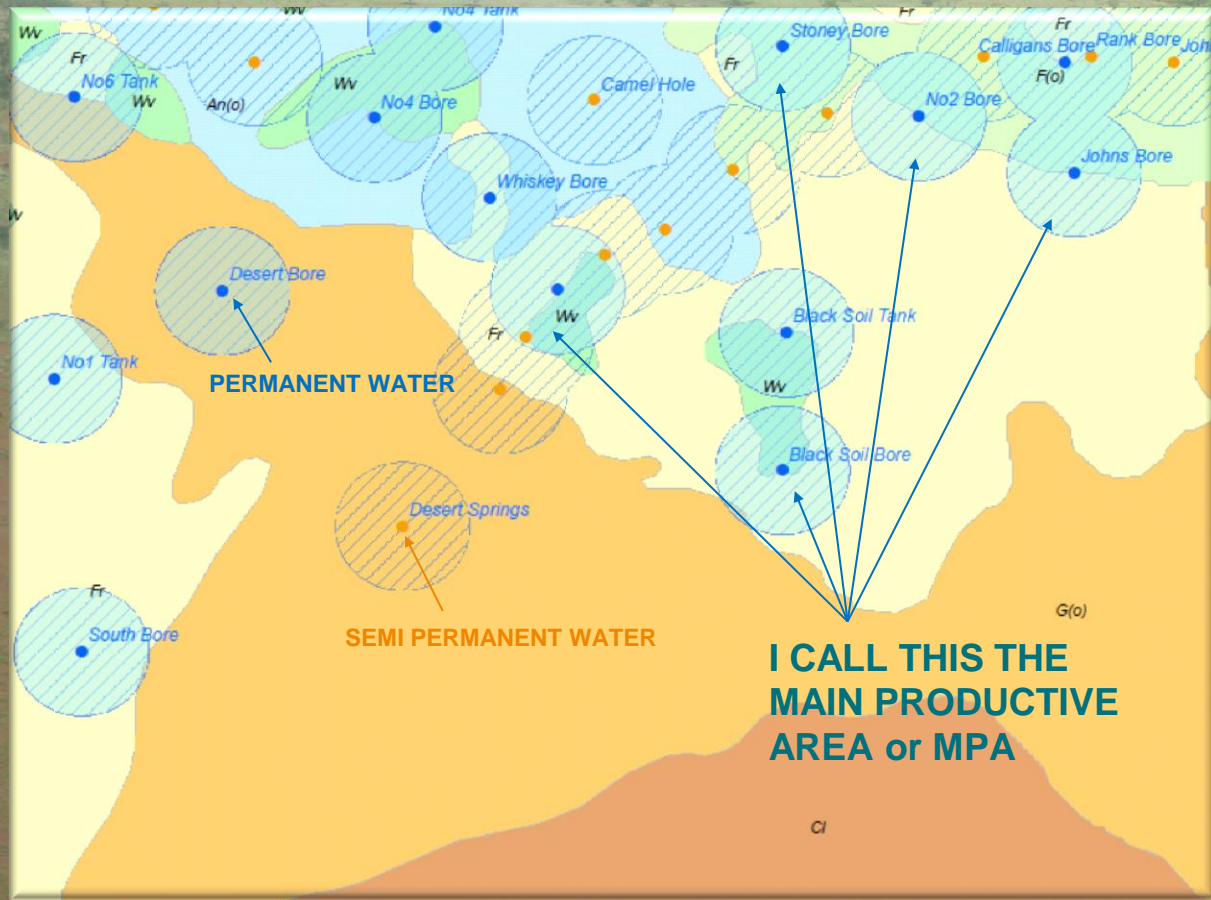
- Apply the latest in scientific research data and methodology available to develop sustainable carrying capacity estimates for the land types of the NT.
- Combine this with the experience of NT producers, expert opinions and grazing records where available (and appropriate)
- We also needed:
- Land system data and relevant reports
- Accurate recording of all permanent and semi permanent water points
- to generate a map for the property – here's an example:





#### LAND SYSTEMS

-  ANTRIM
-  COOLINDIE
-  FRANKLIN
-  FRAYNE
-  GEEBEE
-  WAVE HILL




## LAND SYSTEMS

 **ANTRIM**

**COOLINDIE**


**FRANKLIN**

FRAYNE

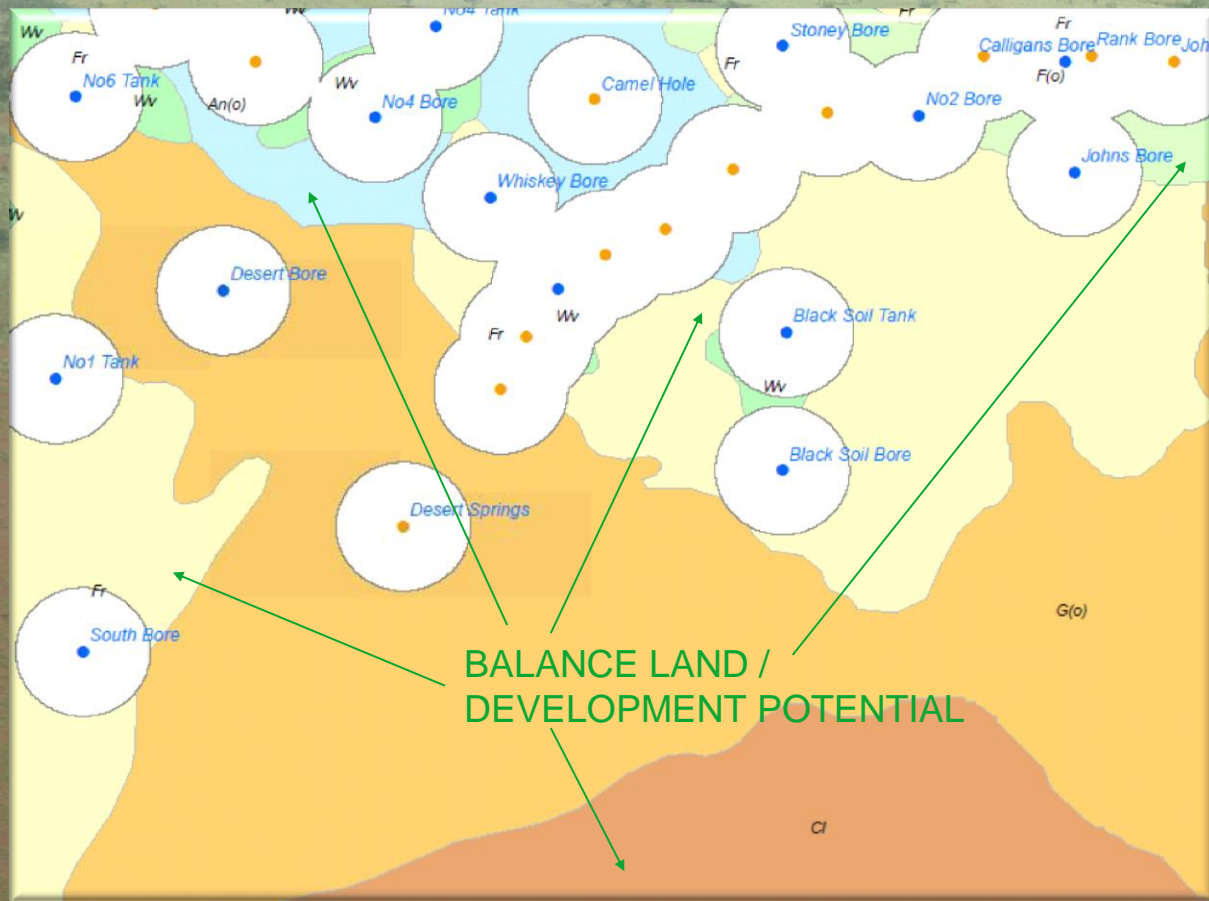


WAVE HILL



3km Grazing Radii





#### LAND SYSTEMS

- ANTRIM
- COOLINDIE
- FRANKLIN
- FRAYNE
- GEEBEE
- WAVE HILL



# DECIDE ON LAND CONDITION

Determines the capacity of grazing land to produce useful forage.

A measure of how well the grazing land ecosystem is working.

Rating	Soil	Pasture	Weed	Woodland	Pasture Growth
<b>A</b> All of these features	No erosion and good surface condition	Good coverage of 3P grasses*, little bare ground (<30%) in most years	Few weeds and no significant infestations	No signs of woodland thickening	<b>Max 100%</b>
<b>B</b> (At least one or more of these features)	Some signs of previous erosion and some current signs of erosion	Some decline in the presence of 3P grasses and/or bare ground( more than 30%, but less than 50% in most years)	Small infestations of weeds	Some thickening in the density of woodland plants	<b>Falls to 75%</b>
<b>C</b> (One or more of these features)	Obvious signs of past erosion and/or current susceptibility to erosion	General decline in the presence of 3P species and/or bare ground (>50% in most years)	Obvious presence of weeds	General thickening in the density of woody plants	<b>Falls to 45%</b>
<b>D</b> (One or more of these features)	Severe erosion, scalding or compaction resulting in a hostile environment for plant growth	General lack of and perennial grasses or forbs	Large weed infestations covering significant areas	Thickets of woody plants that cover significant areas	<b>Falls to 20%</b>

\*3P grasses = Palatable, Productive, Perennial

Source: NT Government



# Calculating Carrying Capacity

Land System		3km GR (sqkm)	Pasture kg/Ha	Utlns	Access	Animal Intake	Land Condition	AE/sqkm	CC (AE)
<b>Main Productive Area</b>									
<u>Grazing access year-round:</u>									
Wave Hill	Grey or brown cracking clays, small areas of brown loams to red clays. Mainly Bluegrass, Mitchell, Panicum, Feathertop, small areas of ribbon or limestone.	57.9	2,425	20%	100%	2,920	B	16.6	962
Frayne	Mainly brown loams, some cracking clay. Mainly Kangaroo, White, Ribbon, some Bluegrass, Panicum, Feathertop.	67.3	1,700	15%	100%	2,920	B	8.7	587
Antrim	Mostly rocky outcrops with basalt boulders and pockets of red clay soils. Limestone grass, Spinifex, Annual Sorghum.	37.8	1,900	10%	100%	2,920	B	6.5	246
Geebee	Sandy loams and clay loams over laterite. Soft Spinifex, Wiregrass.	43.9	850	10%	100%	2,920	B	2.9	128
Franklin	Mainly shallow reddish soils with laterite, some loam and clay soils. Mainly Soft spinifex, Annual Sorghum, some Themeda, Whitegrass.	169.4	700	5%	90%	2,920	B	1.1	183
Coolindie	Deep red and yellow sands. Soft Spinifex.	0.0	650	5%	100%	2,920	B	1.1	0
<b>Total: Year-round grazing</b>		<b>376</b>						<b>5.6</b>	<b>2,106</b>
<u>Wet season grazing only: *</u>									
5% highly productive (20.8 AE/sqkm), 81% moderate (8.1 - 10.9) & 14% low productivity (1.1 - 2.9)		115					A-B	6.9	795
<b>Main Productive Area</b>		<b>491</b>						<b>5.9</b>	<b>2,901</b>
<b>Area Outside 3km radii comprising:</b>									
<u>Land suitable for grazing expansion</u>							A-B		
2% highly productive (20.8 AE/sqkm), 17% moderate (8.1 - 10.9) & 81%		1,069					<u>Potential</u> additional CC:	<u>4.9</u>	<u>5,257</u>
<u>Land NOT suitable for grazing expansion</u>									
100% low productivity (1.3 - 1.4AE/sqkm)		712						<u>1.4</u>	
Sub Total: balance Land outside of 3km radii		1,782							
Total									2,901
<b>Adopt</b>		<b>2,273</b>						<b>1.3</b>	<b>2,900</b>

# Carrying Capacity Challenges

- Often “back of the envelope” stocking history
- Land condition sometimes difficult to accurately estimate
- Limited GRASP model calibration data
- Limited sustainable utilisation rates for lighter soils
- Variable resolution land type mapping across the NT
- Accounting for impact of supplement
- Impact of Buffel grass (mainly in Alice Springs region)



# VALUATION CALCULATIONS

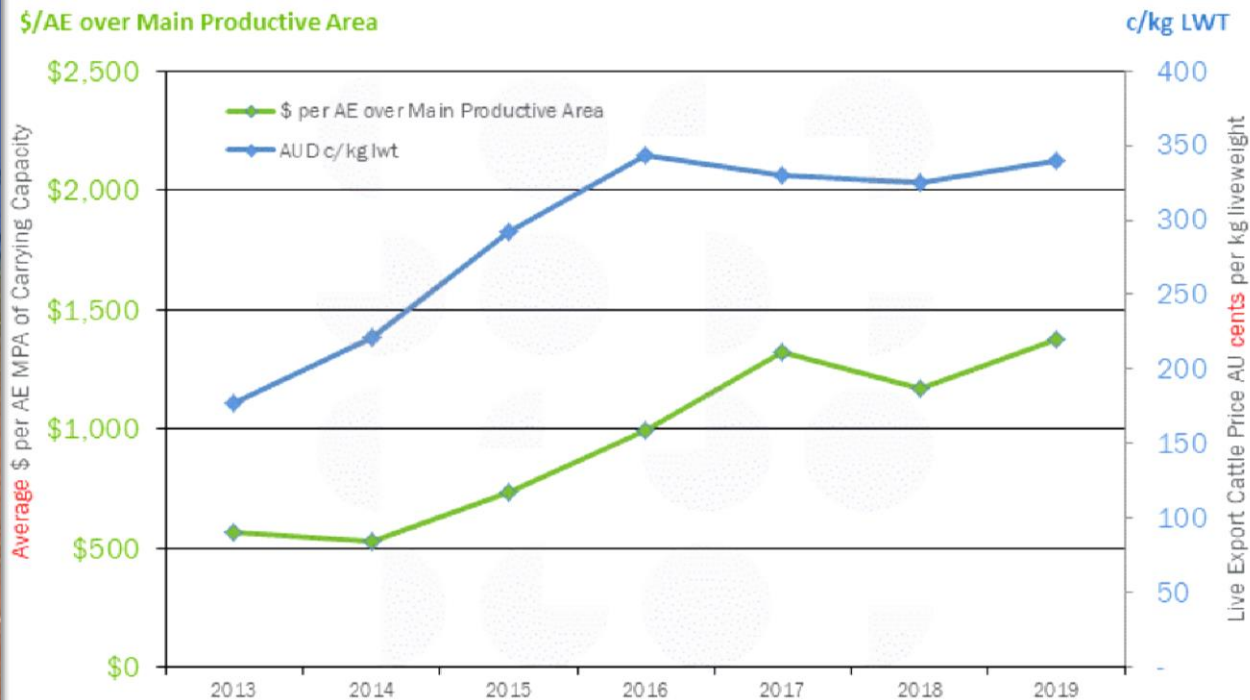
Country Classification	Area sqkm	CC Rate (AE/sqkm)	AE's	\$/sqkm Ex Struct Rate	\$/AE Ex Struct Rate	Value
<b>Main Productive Area (MPA)</b>						
<u>Year-round grazing</u>						
14% highly productive (16.6 AE/sqkm), 16% moderate (6.5 - 8.7) & 81% low (1.1 - 2.9)	376	5.6	2,106	\$5,598	<b>\$1,000</b>	\$2,105,869
<u>Wet season grazing *</u>						
5% highly productive (20.8 AE/sqkm), 81% moderate (8.1 - 10.9) & 14% low productivity (1.1 - 2.9)	115	6.9	795	\$6,902	<b>\$1,000</b>	\$795,164
Sub total MPA	491	5.9	2,901	\$5,903	\$1,000	\$2,901,034
<b>Area outside of MPA comprising:</b>						
<u>Land suitable for grazing expansion</u>		<u>Potential</u>	<u>additional CC:</u>		<u>\$/ Potential</u>	<u>AE:</u>
2% highly productive (20.8 AE/sqkm), 17% moderate (8.1 - 10.9) & 81% low productivity (1.1 - 2.9)	1,069	4.9	5,257	\$2,421	\$492	\$2,588,796
<u>Land NOT suitable for grazing expansion</u>						
100% low productivity (1.3 - 1.4AE/sqkm)	712	1.4				Nil
Land Improved Ex Struct	2,273			\$2,415	\$1,892	\$5,489,829
Plus added value of buildings & yards						\$1,200,000
Total				<u>Overall Value Rates</u>		\$6,689,829
<b>Adopt</b>	<b>2,273</b>	<b>1.3</b>	<b>2,900</b>	<b>\$2,947</b>	<b>\$2,310</b>	<b>\$6,700,000</b>
* Country grazed over the wet season based on seasonal waters (effectively spelled over the dry).						

A satellite map of the Northern Territory and Kimberley region in Australia. The map shows a complex network of white lines representing pastoral lease boundaries. A prominent yellow line traces a path through the region, likely indicating a major road or boundary. The terrain is a mix of green, brown, and red, reflecting different land types and vegetation. The surrounding oceans are a deep blue. The text "2019 NT-KIMBERLEY PASTORAL MARKET" is overlaid in the center in white capital letters.

# 2019 NT-KIMBERLEY PASTORAL MARKET



### NT Pastoral Prices (\$/AE over MPA) vs Live Export Cattle Prices

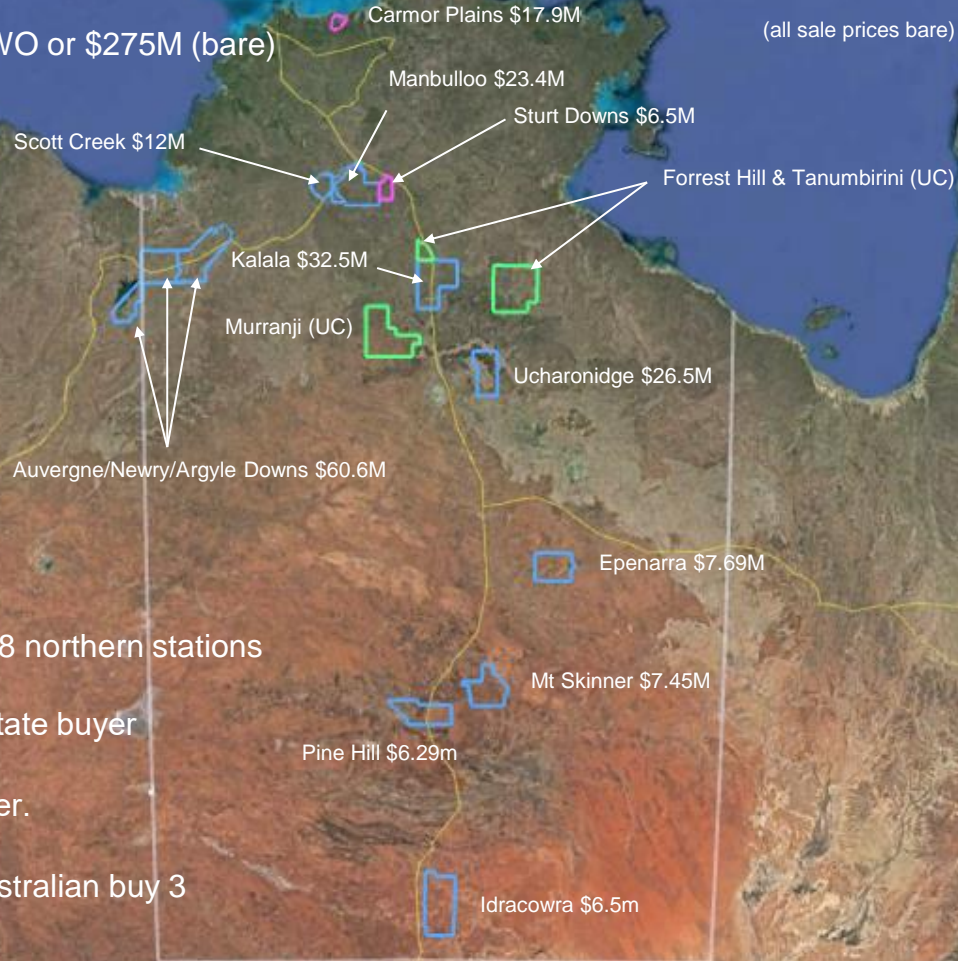


Source: HTW (Northern Territory) Analysis of settled sales, MLA

➤ 13 Transactions (16 stations)

➤ \$355M WIWO or \$275M (bare)

(all sale prices bare)



#### BUYER PROFILE:

- 4 overseas buyers pick up 8 northern stations
- "Ucharonidge" to NT/interstate buyer
- "Epenarra" to Queenslander.
- 2 locals and one South Australian buy 3 Alice Springs stations.



## KEY SALES

Langehoven family - South Africa

Mt McMinn &  
Big River (2018)

Kalala (3,883sqkm) \$32.5M

Forrest Hill (591sqkm) UC

Tanumbirini (5,001sqkm) UC

\$1,050 to \$1,100/AE (developed country only, ex structures)

\$1,300 to \$1,630/AE (overall)



## KEY SALES

Buratovich family - Argentina



\$990 to \$1,400/AE (developed country only, ex farming, ex structures)

\$1,580 to \$3,500/AE (overall)

Primarily interested in farming and diversification permits

Sub-lease the rangelands

Obtaining diversification/clearing permits very problematic



## ADVERTISED FOR SALE

"Mary River West" 932sqkm

"Stapleton" 598sqkm

"Lakefield" 586sqkm

"Tarlee" 597sqkm

"Middle Creek" 602sqkm

"Broadmere" 2,590sqkm

"Wollogorang" (& "Wentworth") 7,051sqkm

"Neutral Junction" 4,609sqkm



A satellite map of the Northern Territory and Kimberley region in Australia. The map shows a dense network of land parcels outlined in white, with major roads highlighted in yellow. The terrain is a mix of green, brown, and red, indicating different land types and vegetation. The text "2019 NT-KIMBERLEY KEY FREEHOLD SALES" is overlaid in the center in white.

# 2019 NT-KIMBERLEY KEY FREEHOLD SALES



# NT FREEHOLD SALES

Darwin

Douglas Daly

Katherine

ORIA

Balongilly Farms (691ha)

March 2019 for \$6.65M

\$27,850 per planted ha

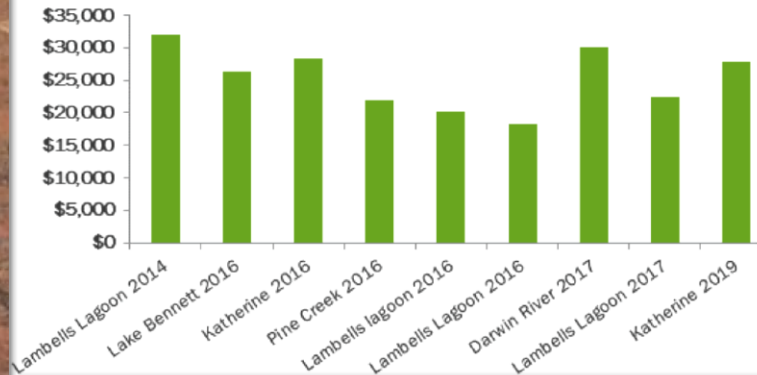
Kingfisher (2,024ha) \$3.25M

\$3,500/ha cleared/pasture improved

135% pa increase on \$1,500/ha 2017 price



\$/planted ha: Northern Territory Mangos







## ORD RIVER IRRIGATION AREA

March 2020 WA SAT hearing  
may reduce 17ML/ha  
allocations by 30%



Around 300ha trial area  
leased from MG Corp to  
Cubby Farming

3 sales in 2018 show between  
\$10,000 & \$11,000/green ha



# Disclaimer

The information contained in this report is provided in good faith and has been derived from sources believed to be reliable and accurate. However, the report is not intended to be comprehensive or render advice and neither Herron Todd White nor any persons involved in the preparation of this report accepts any form of liability for its contents. This report has copyright and cannot be reproduced without written permission of Herron Todd White.