

Newsletter No. 20 – 12 December 2007

New Labour and the Property Development Industry?

And so a change of power. Regardless of your joy or despair at the change in federal government, no one can deny it is the end of an era and a definitive changing of the guard. As to whether this has a dramatic affect on the property industry depends not so much on property specific issues, as it depends on broad based economic data.

As we've discussed in previous newsletters, the North Queensland economy is being driven by many factors, not least of all is the minerals boom and Chinas' growing demand. Listening to the ABC news on the radio in the car this morning, the international talk was of more cuts in interest rates in the US, yet in Australia BIS Shrapnel predicted another 2-3, quarter percent rises in the next 12 months. Nowhere are our differences from the US economy seen more than in this one factor. The old adage that when the US sneezed Australia caught a cold, seems to have been cured by the medicinal relationships we have developed with our south east Asian neighbours.

So what will Labours affect be? The scaremongers among us have revived talks of the decline of negative gearing, the drying up of jobs and investor markets, and interest rates that are unsustainable. I myself am well and truly old enough to have experienced 18% lending rates but I also understand our place in, and the situation that, the world economy was in during those times. On the surface at least, new labour, would appear to be as far to the centre of political life as any labor government has been. Ten years ago the ratification of Kyoto would have been seen as a "commi plot", however climate change is now at the centre of the political main stream and it will be very interesting to see how the previously cautious right of centre, treat this issue now they are in opposition. I am willing to bet they will start to argue that not enough is being done to combat climate change!

So what does that all mean? In my opinion our economic fundamentals are strong and unless a new federal government does something to upset the relationships with our major trading partners, I can't see changes to workplace legislation and climate change issues, having an impact on the property development industry in the near future. The next great leap of faith for the property industry will be when China's economy starts to slow and demands for imports reduce. When is this? I believe after the Olympics China will have a good 12-18 months of renewed world investment interest taking it through to 2010. At that time however, we may well see some corrections, and the challenge will then be to read where we head from then on.

Perhaps we'll catch the China flu when they sneeze?

Impero Management Group

Impero's perspective is always on the bigger picture, whilst ensuring that individual projects are feasible in the short term it is imperative that the motivation of the client, state of the market, competition and future trends are all considered in a complete property development package.



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Impero specialize not only in Project Management and Development Delivery, but we are also registered Land Economists with the Australian Property Institute. We provide holistic research and analysis of property markets, regional issues, and general economic trends, that all come together to affect the property industry and its future.

If at any stage Impero can assist you or your clients with Property Development Solutions, please don't hesitate to contact us.

Merry Christmas

2007 has certainly been a hectic year for all concerned in the industry. Thank you to all those who have supported us and provided us with challenges. You know who you are! We very much look forward to working with you all again in the New Year and providing our unique level of property expertise.

Cheers and all the best for 2008.....

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