Our research indicates that there has been a number of transactions recently involving local buyers looking to expand their existing land footprints despite the dry conditions. Increases in livestock prices along with low interest rates have led to a 20% increase in land values in the region over the past 12 months. We have noticed that demand for pastoral grazing land is currently outstripping supply with active buyers comprising a mix of corporate and local family operators. We expect that current strong livestock commodity prices will continue to fuel demand for pastoral property in the region in the second half of 2019. In the event that conditions continue to remain dry, market participants may act prudently before making an investment decision.

The following factors are considered to be impacting the current NSW pastoral market:

- Strong commodity prices for mutton, lambs, wool and goats. Meat sheep in particular has transformed profitability within many pastoral operations through improved lambing percentages and strong growth rates. Cattle prices are also relatively firm.
- The wool market surged to record highs throughout 2018 and early 2019. More recently however, the market has pulled back but is still considered favorable for wool growers. Offshore demand is the main market driver with demand primarily from China heavily influencing prices.
- Australia’s sheep flock numbers are at historical lows as is the national cattle herd size which is still in a rebuilding phase.
- A softening Australian Dollar has benefited commodity prices (particularly wool) however this may also increase some input costs such as diesel.
- Interest rates are low and stable.
- The market’s recognition of lower operating expenses associated with pastoral grazing in comparison with higher rainfall areas (no fertiliser or pasture development and reduced animal health treatments).