

NEWMAN MARKET DRIVERS

Newman – your opportunity to ride the resources boom

NEWMAN IS LOCATED ABOUT 1184km northeast of Perth and 15km north of the Tropic of Capricorn, situated within the Pilbara region along the Great Northern Highway.

The town was established in the late 1960s by Mount Newman Mining Company and today is considered a model mining town servicing the iron ore mining development at Mount Whaleback, one of the largest projects owned and operated by BHP Billiton.

Located within a real oasis in the outback Newman's town layout consists of shopping centres and hotels as its core, surrounded by residential areas and many industrial activities on its outskirts.



The iron ore industry in Western Australia

BHP Billiton Iron Ore is one of the world's premier suppliers of iron ore, employing 13,000 people across the Pilbara. Mining operations are supported by the town of Newman while Port Hedland houses the company's port and rail facilities.

The massive Mt Whaleback mine is the biggest single-pit open-cut iron ore

mine in the world being more than five kilometers long and nearly 1.5 kilometers wide.

Adjacent are smaller deposits, Orebodies 29, 30 and 35. Smaller satellite mines – Wheelarra and Orebodies 18, 23, 24 and 25 are located outside the town of Newman. The Yandi and Area C mines are located about 100 km north-west of Newman. The Yarrie mine is 200 kilometers east of Port Hedland.



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The market

As the project expansions develop in the coming years the demand for housing, rentals and investment properties in the town of Newman will greatly increase, far outweighing the supply; a fact we already started to see at the end of 2011 with rental returns above 11% and median house price increases of 24.1% (as a 5 year average).

The life span for some of the major projects mentioned above is around 30 years. The estimated ore body in the Hamersley Range is said to contain 33 billion tons of iron ore.

A major rise in Newman's population, and plans for improved infrastructure is expected to cause the same style of property market we see in Port and South Hedland today (2011).

Currently Port & South Hedland have outstanding capital growth and rental returns, directly linked to the mining sector, paving the way for the Newman property market to achieve similar results.

Investors have the opportunity to capitalise on the expected growth and sustainability provided by the major mining projects and future plans for the town of Newman.

Rental demand

The typical lease in Newman is a mixture between corporate, government and a small number of private leases.

The majority of residential properties are rented by local companies, providing housing for their staff. These companies are directly linked to mining industry and typically take a minimum 12 month lease with 24 month leases not being uncommon given the demand for housing and limited supply.

Government tenants include health, teaching & police employees to name a few. These government leases are generally longer than a corporate lease however with the security of a longer lease comes the trade of a slightly lower return.



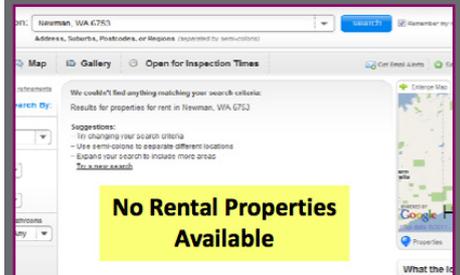
Pilbara rents hit \$3000

PHILIPPA PERRY, The West Australian



'All house prices in the town are principally driven by rental yield, the market went largely unaffected by the recent Global Financial Crisis.'

– Flynn De Freitas.



'There is an opportunity to get into the market now before it fully develops, much like the savvy investors did in Port Hedland and Karratha five years ago.'

– Crawford Realty.

Rentals hit paydirt

\$2000 a week for a run-down weatherboard



'Due to the meteoric growth in the mining and resources sectors ... extreme pressure has been placed on Newman's ability to accommodate the associated influx of labour into the region.'

– Shire of East Pilbara.

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IN THE MEDIA – The production and expansion plans for mines in the Newman area continue to make news.

BHP to spend \$US698m on WA iron ore mine

BHP Billiton has approved a \$US698 million (\$A687.72 million) investment to develop its share of an iron ore mine near Newman in Western Australia. The proposed new mine will have an expected capacity of 17 million tonnes per annum.

Production is expected to start in the second half of calendar 2012.

The mining giant also gave the green light for development of the \$US597 million Yarnima Power Station to secure future power supply for its Pilbara iron ore mines.

BHP Billiton Iron Ore president Ian Ashby said the development highlighted the mining giant's ability to leverage existing infrastructure to sustain current production. The Mt Whaleback mine was established in 1968 and is the biggest single-pit open-cut iron ore mine in the world at more than 5km long and nearly 1.5km wide.

The West Australian
November 16, 2011

Whale of a pit irons out ore record



HIDDEN in the Pilbara, just out of Newman, is a hole big enough to fit Subiaco Oval nearly 29 times in length and more than 12 times in width.

That hole – BHP Billiton's Mt Whaleback mine – has helped the resources giant break another record, producing 36.5 million tonnes of iron ore from its Pilbara operations in the three months to September 30.

That's almost 25 per cent more than the same period last year.

According to Geoscience Australia, at 5.5km long and nearly 2km wide, Mt Whaleback is the biggest single-pit open-cut iron ore mine in the world.

Once completed, its depth will be twice the height of the almost-finished City Square tower in Perth's CBD, which is 250m.

Geoscience Australia mineral resources section leader Aden McKay said the mine had capacity to produce about 30mt of iron ore a year and the Mt Newman hub, which includes Mt Whaleback and 13 other mines, accounts for 124mt a year.

The best part of Mt Whaleback for BHP is the high grade of the ore.

Mt Whaleback is 2.5km longer and about 2km wider than Kalgoorlie's famous Super Pit. Just like its southern cousin, it attracts tourists with 6000 visitors in the past year.

Rio Tinto's biggest mine, Yandi-coogina, also a tourist site, is expected to stretch more than 20km.

Rio hopes to produce 144mt in 2011, with targets of 350mt a year by 2020 and an ultimate goal of 450mt.

Business News
October, 2000

Newman plans population growth

Newman is on its way to become major regional hub with 15,000 people under a State Government plan.

Lands Minister Brendon Grylls is now giving Newman residents the chance to have their say on a visionary new plan to grow the town.

The draft Newman Revitalisation Plan was developed by Landcorp and the Shire of East Pilbara to guide the town's future growth as part of the Liberal-National Government's Royalties for Regions 'Pilbara Cities' initiative.

Mr Grylls said the plan represented an important first step in the revitalisation process, which would ultimately deliver a vibrant town with significant economic potential.

"To demonstrate its commitment to achieving this vision, the State Government has allocated \$20 million through the Royalties for Regions to fund major improvements to the town," he said.

PerthNow Website
April, 2011

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Current projects and future expansion

BHP Project RGP4 (Rapid Growth Project) at the Area C mine approximately 130km North of Newman has now been completed and is serviced by workers from Newman and the fly-in-fly-out workforce living in Newman and the surrounding mining camps on-site and in the township.

The RGP5 and RGP6 mining expansions are also in close proximity to Newman at the mines of Yandi and Jimblebar respectively and together have 7 billion dollars of funding approved for expenditure.

RGP5 being in its latter stages at the end of 2010 BHP is now gearing up for its RGP6 expansion at the Jimblebar mine which will continue into 2014 and generate around 7500 jobs over the course of the project in the North West region including Newman, Karratha and Port Hedland.

All the mines around Newman and approved projects such as FMG Chichester expansion, Solomon stage 1 and 2, Hancock Prospecting Roy Hill iron ore will be contributing together over 25 billion dollars of expenditure on mining expansions in the Pilbara region of Western Australia.

These major mining projects are looking to at some time or another be running concurrently which will mean a massive expansion in infrastructure, workforce and government spending in these localities.

Due to Newman's direct link to the vital towns of Port Hedland and Karratha and its geographical proximity to the Hamersley Range (the source of the majority of Western Australia's iron ore deposits), the town will continue to be used as a main support town to supply workers and services to the mines close by and in turn be supported by that workforce for the local businesses and mine support industries in town.



Contact us to secure your positive cashflow investment property today, and be well positioned to achieve significant capital growth.

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