



Stockland

CEDA Lunch – Wednesday 2 April 2008

Matthew Quinn

- The global meltdown
- The impact on property
- Our strong position

The global meltdown

The financial world had a great party



The global meltdown

But the party is over



The global meltdown

And we're now seeing... those who can drive home



The global meltdown

...and those who can't



The global meltdown

Why did the party last so long?

- Wall of money
- Cheap capital
- Risk was ignored
- And the regulators were three steps behind

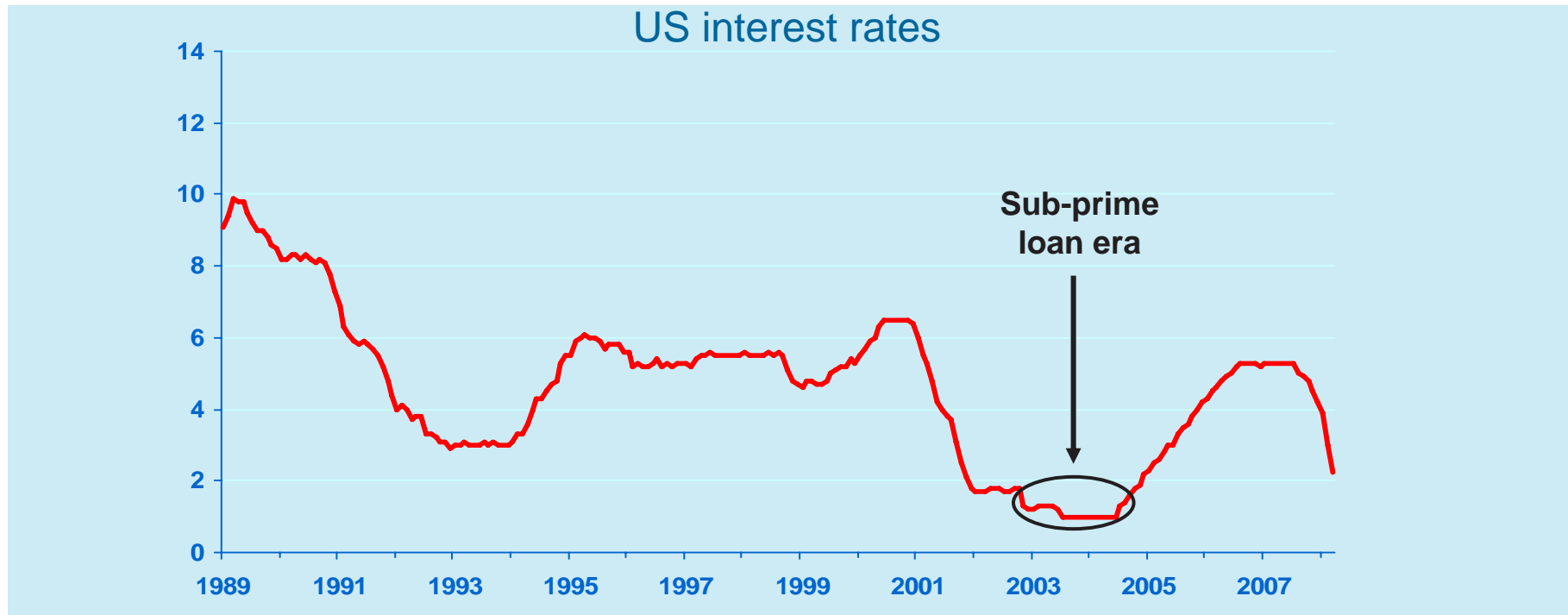
The global meltdown

Share prices rocketed



The global meltdown

And interest rates were very low (too low?)



The global meltdown

In came the gatecrashers



Predatory Lending Association

- North Carolina Crisis
- Military Loan Finder
- Working Poor Finder
- Racial Profiling Tools
- Myth vs. Reality
- Payday Loan Calculator
- Industry Threats
- Blacklist
- Military Loan Crisis
- About Payday Loans
- About The PLA
- Cash Claw - PLA Blog
- Discussion Forum

Breaking News

Latest Blog Post
[One Way Ticket to Our Blacklist](#)

Payday Loans for Seniors
[Learn how](#) to encourage senior citizens to use payday loans for their prescription drug co-pays.

Make Your Voice Heard
[Write your representatives](#) to tell them the truth about the PLA and payday lending.

Home | Discuss | Blog | Contact Us | Join PLA | Member Login:

Meet the Working Poor

Who are the working poor? The working poor are the new American middle class. This exciting, fast growing demographic includes: military personnel, most minorities, and a growing percentage of the middle class. The PLA also targets the [retired poor](#), who often use payday loans for their prescription drug co-pays.



Why are the working poor so profitable? The 2 week term of a payday loan traps the working poor in a [debt trap](#). When they are unable to pay back the original loan, they must take out a new loan and pay new loan fees.

Questions about the working poor? Ask other members of the lending community in our [discussion forum](#).

[Discussion Forum](#)

Profit from the working poor. Who are they?



Predatory lending vs. indentured servitude. Our response.



Payday or Predator?
We are embracing the term predator, which connotes strength and opportunity. After all, the American Eagle is a predator.

"I paid for my prescription drug co-pay with a payday loan."

Abe S.
Phoenix, Arizona

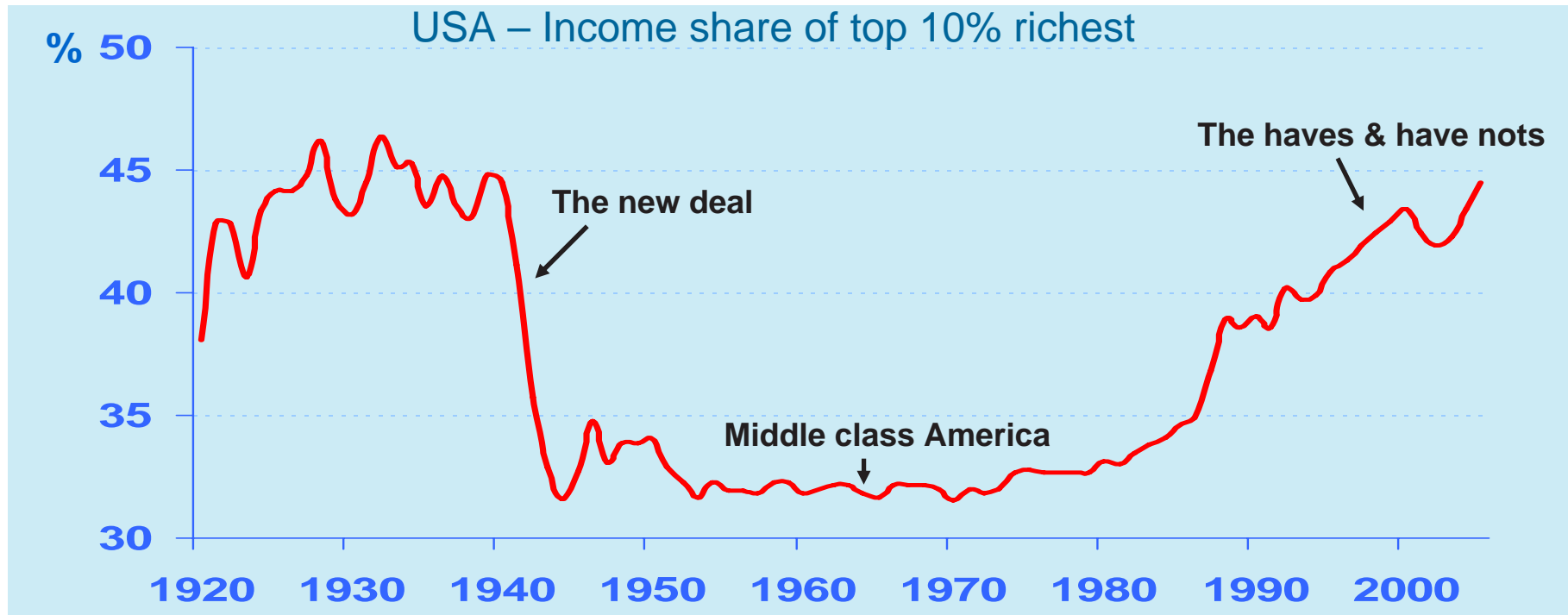
Rise to the Max APR

Profit per year: \$787.50
APR: 456%

Fee per \$100:	<input type="text" value="\$17.50"/>
Term in days:	<input type="text" value="14"/>
Loans per year:	<input type="text" value="9"/>
Loan amount:	<input type="text" value="\$500"/>

The global meltdown

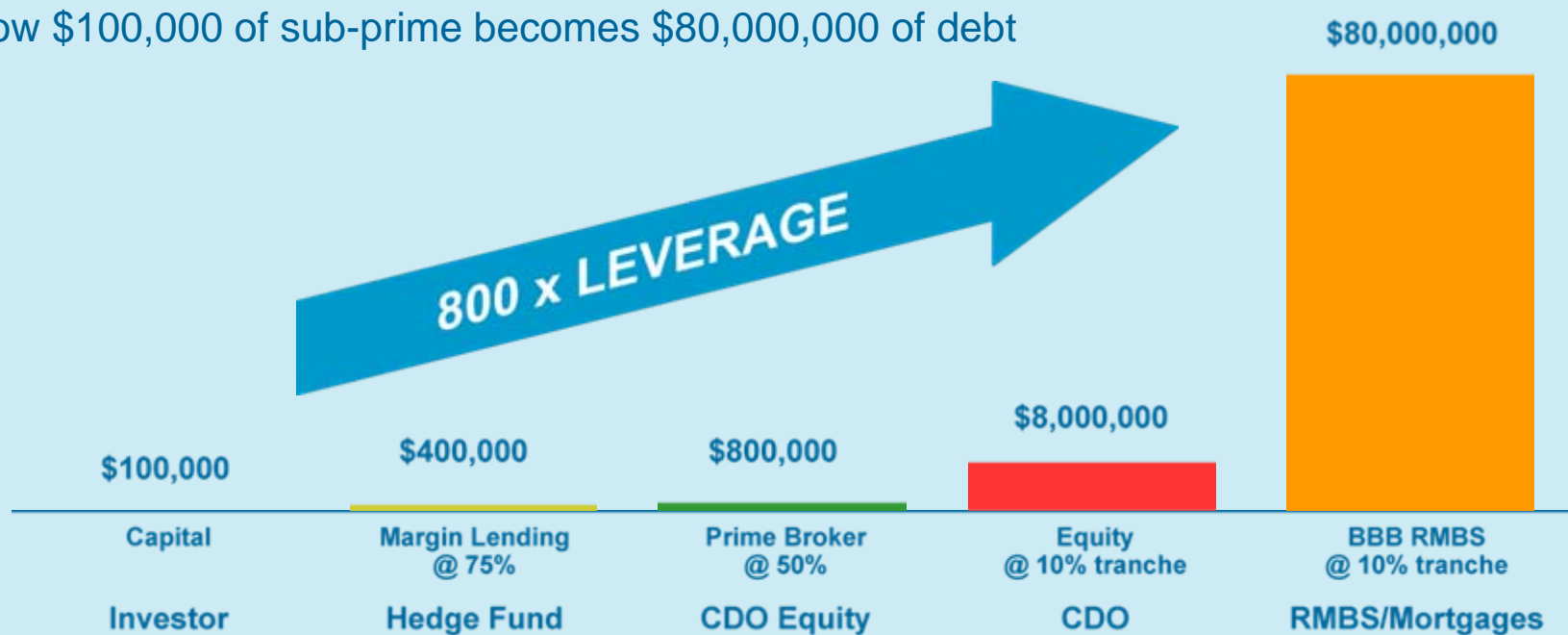
And there were plenty of prey



The global meltdown

...add in the financial engineers

How \$100,000 of sub-prime becomes \$80,000,000 of debt



Source: UBS

The global meltdown

Helped by a lax system asleep at the wheel

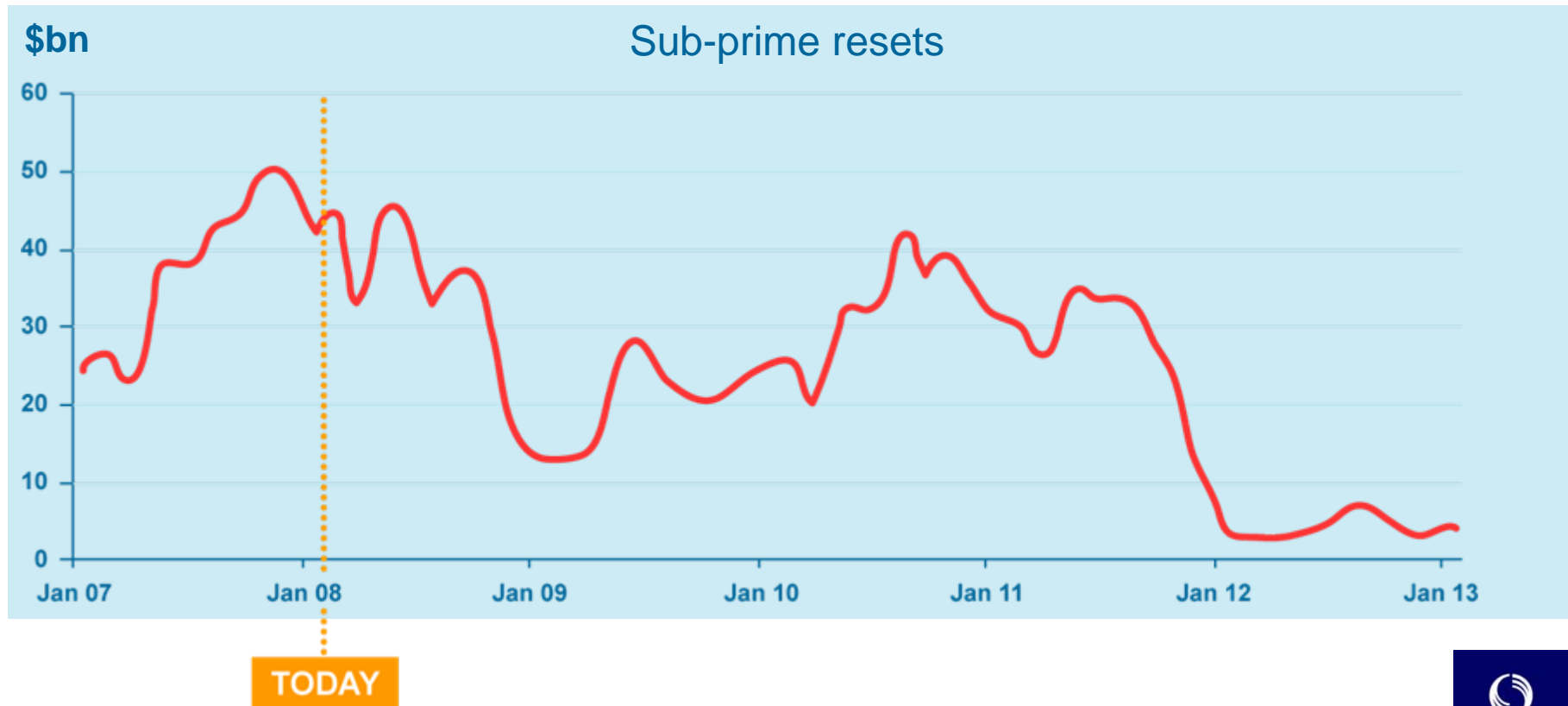
THE AUSTRALIAN FRIDAY MARCH 14 2008

THE WALL STREET JOURNAL.

US to unveil a sweeping revamp of credit market rules

The global meltdown

And you're asking for a problem...



The global meltdown

It's now hit the fan ... how far will it spray?



The global meltdown

But, it's not about sub-prime this, sub-prime that
It's really about...

Those who were sensible...



and those who were silly



The impact on property

Strong property fundamentals

- Good demand
- Supply constraints
- Rising rents

But can it last?

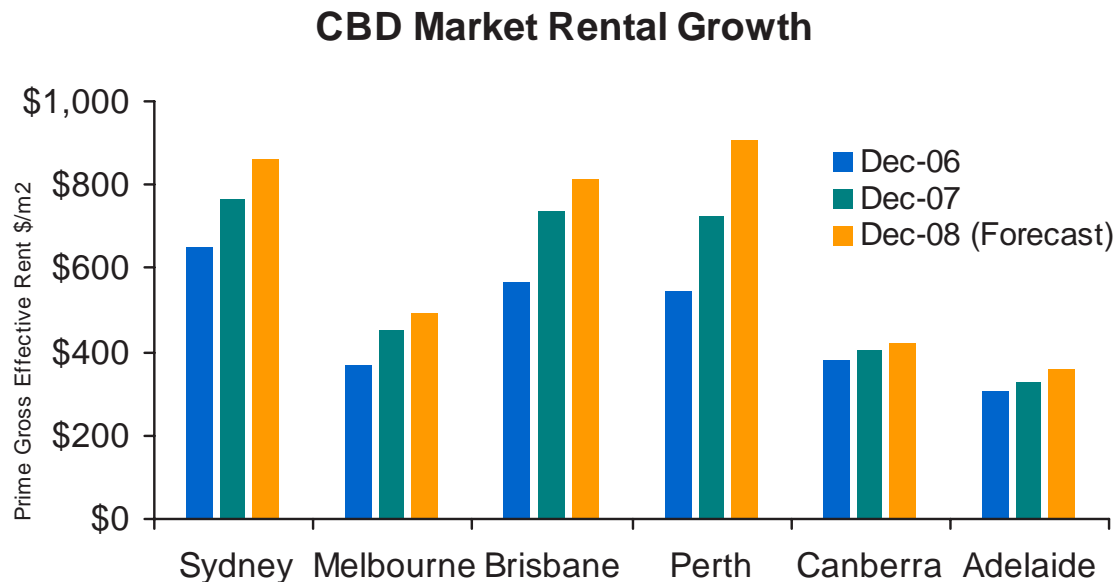
- Rising interest rates
- Consumer & business confidence ↓
- Economic growth?

Concern about values

- Credit crunch
- Forced sellers?
- Centro contagion

Strong fundamentals – Office markets

- Office vacancies at record lows – 3.5% nationally
- Decent demand in key markets – financial services sector?
- Credit crunch will dampen supply even further

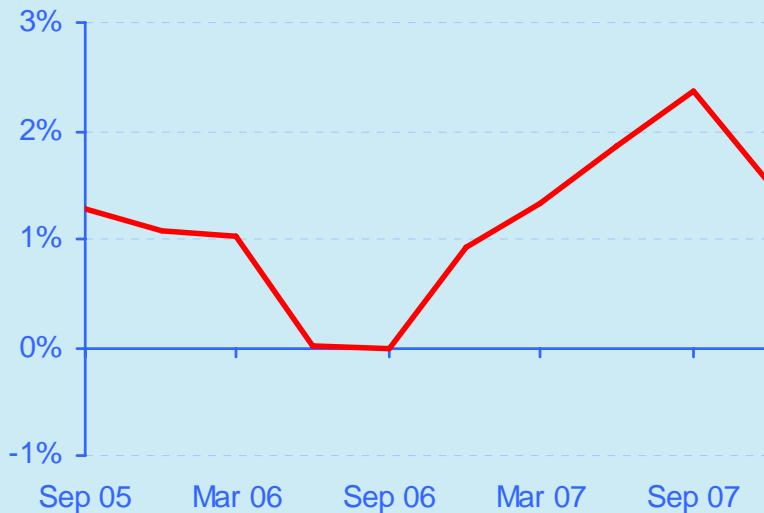


Source: CBRE Research, Stockland

Strong fundamentals – Retail

Strong labour market and real income growth has driven buoyant retail sales

Real Wage Growth

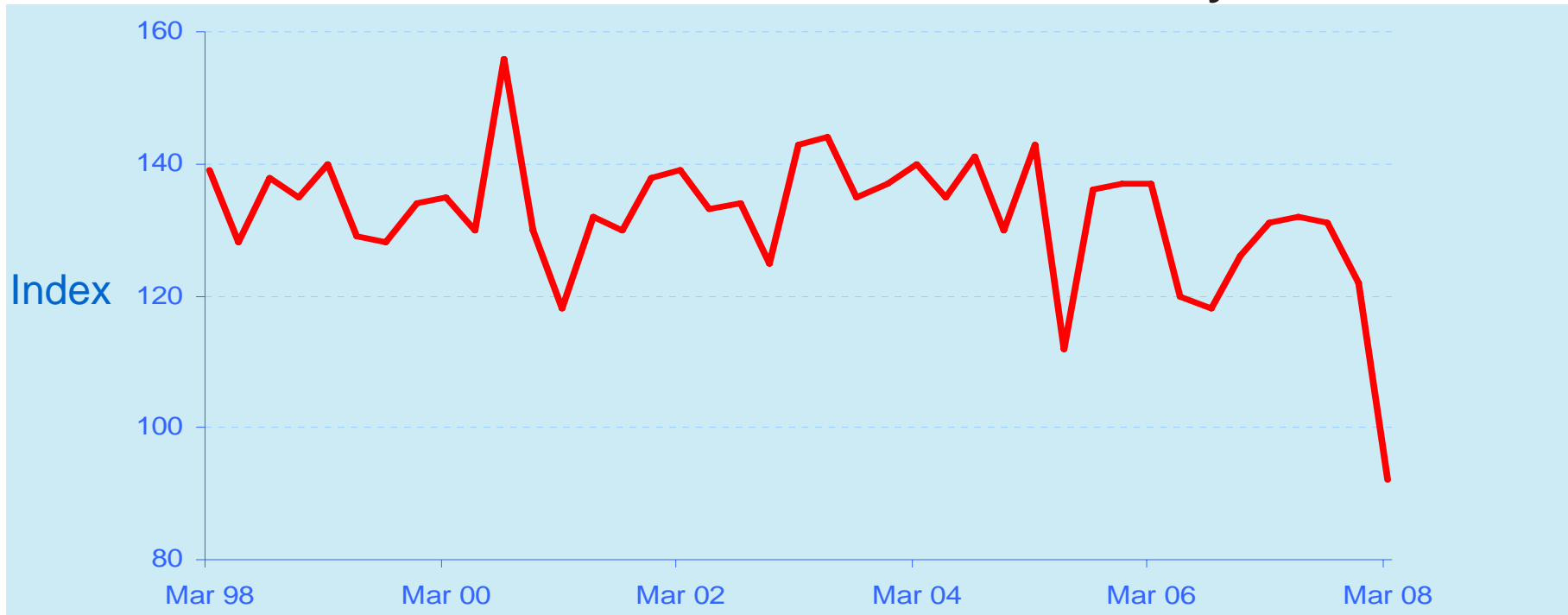


Retail Sales Growth



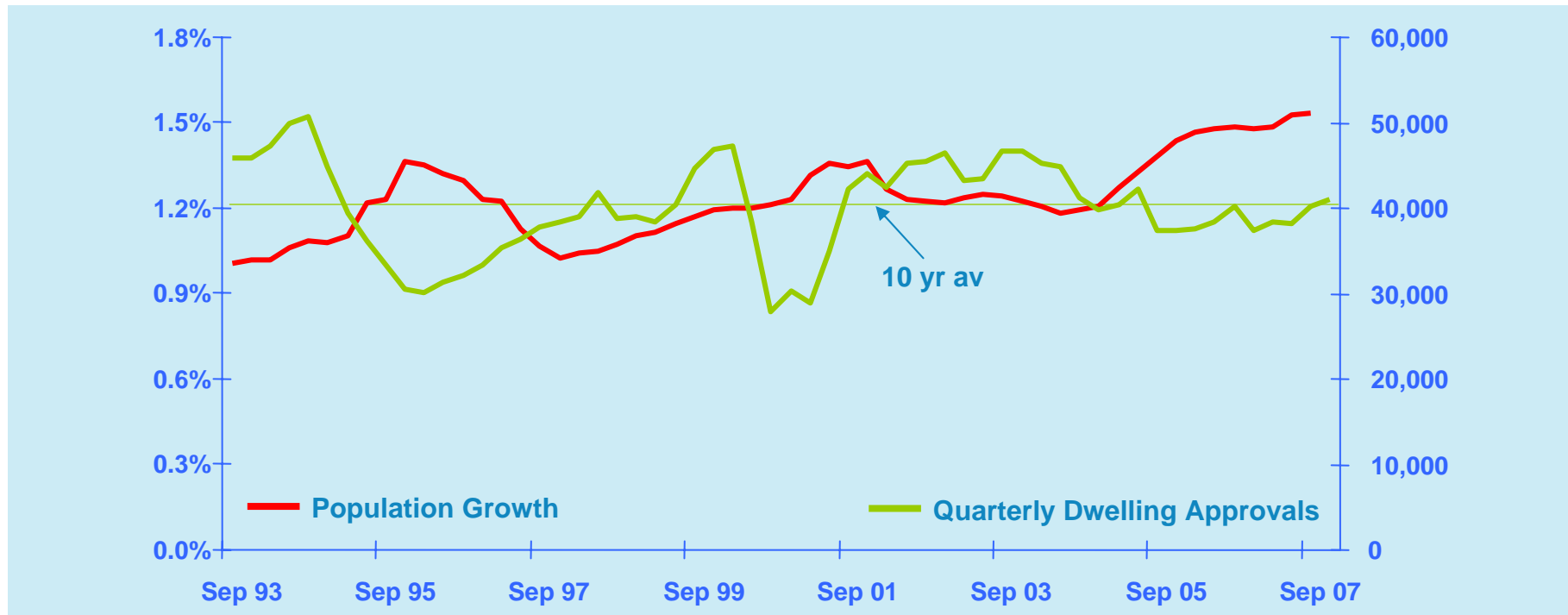
Strong fundamentals - Retail

BUT consumer sentiment is a real worry



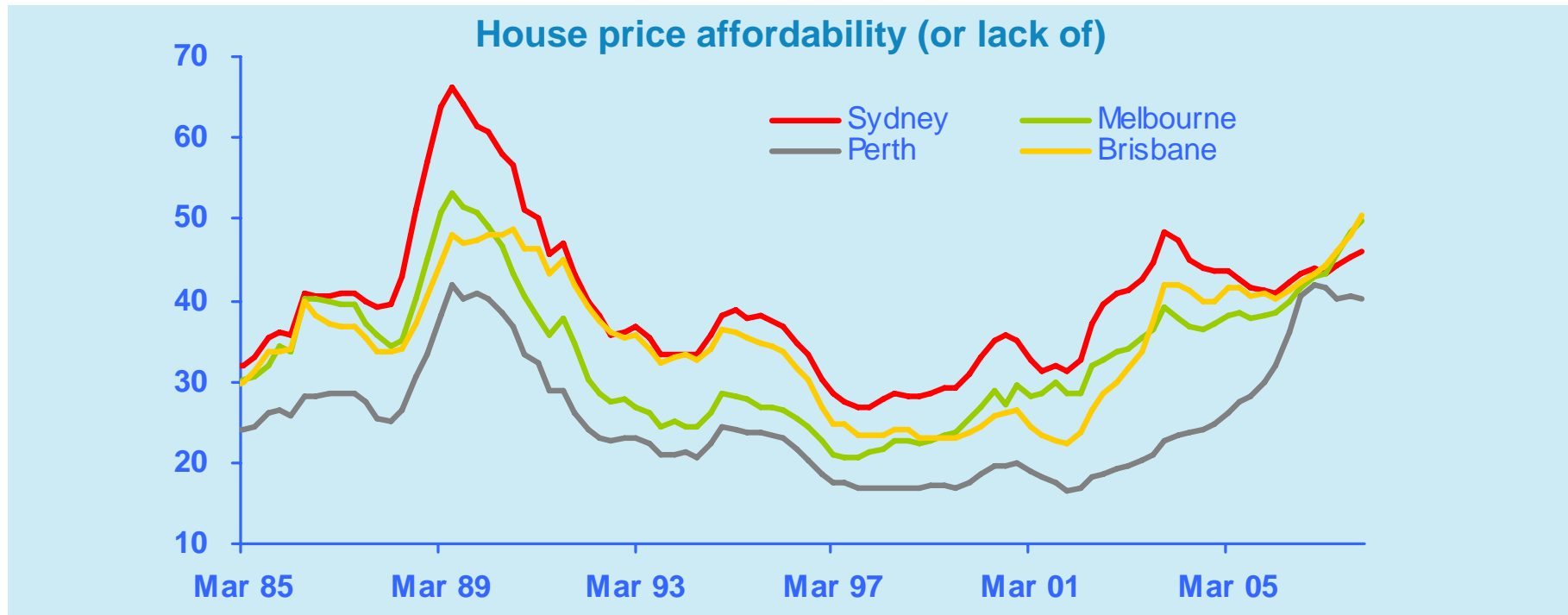
The big housing conundrum

Rising population growth drives strong residential demand
But we're not building enough houses



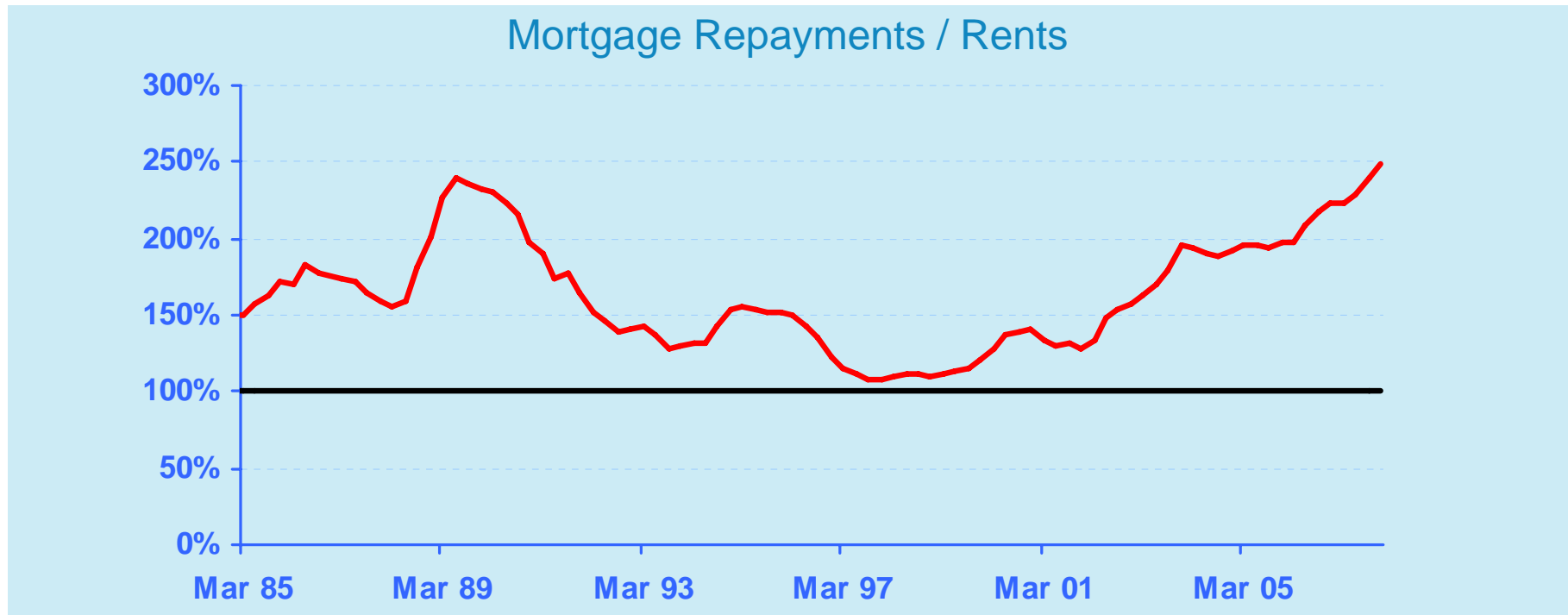
The big housing conundrum

Driving house prices up and reducing affordability



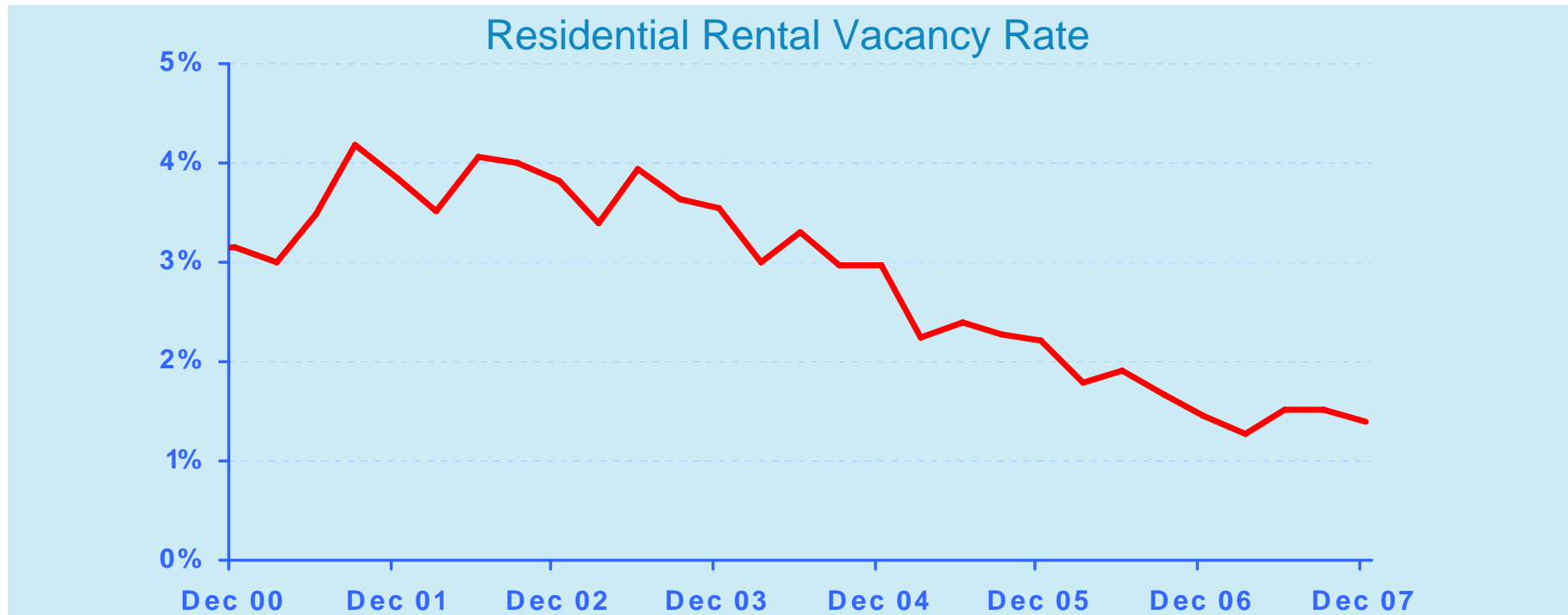
The big housing conundrum

Making it cheaper to rent



The big housing conundrum

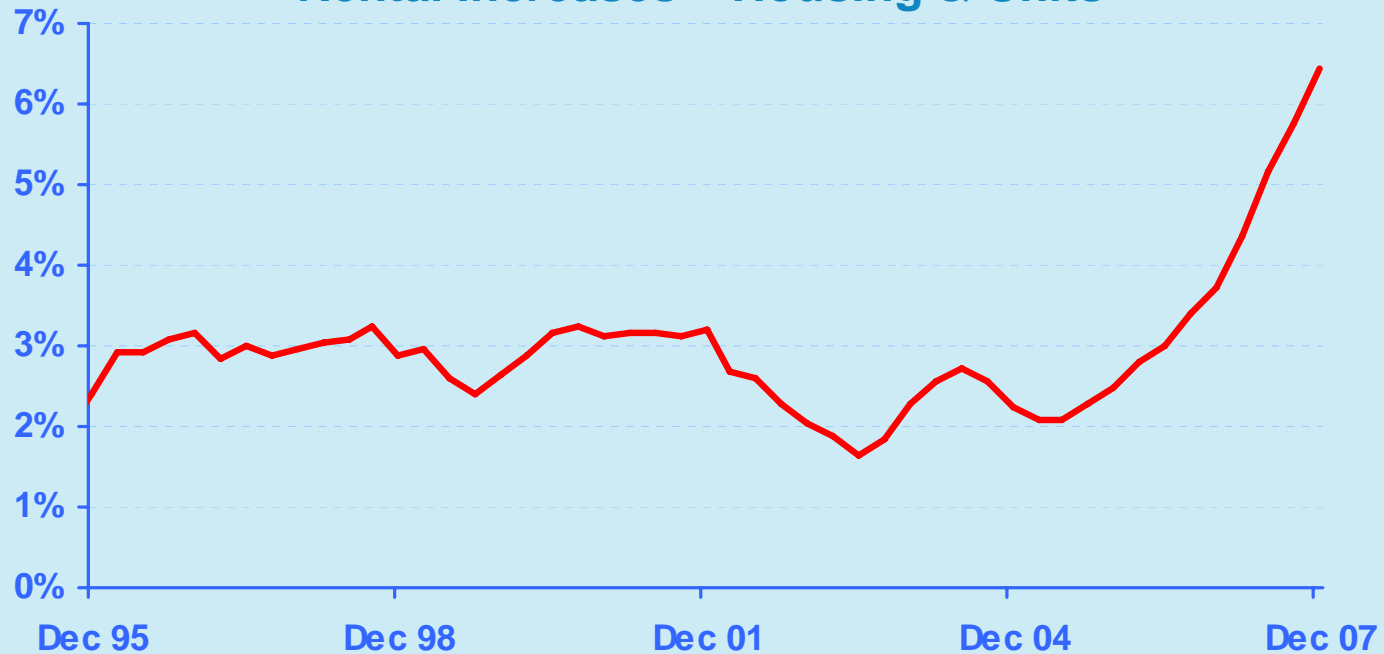
Driving the rental vacancy down



The big housing conundrum

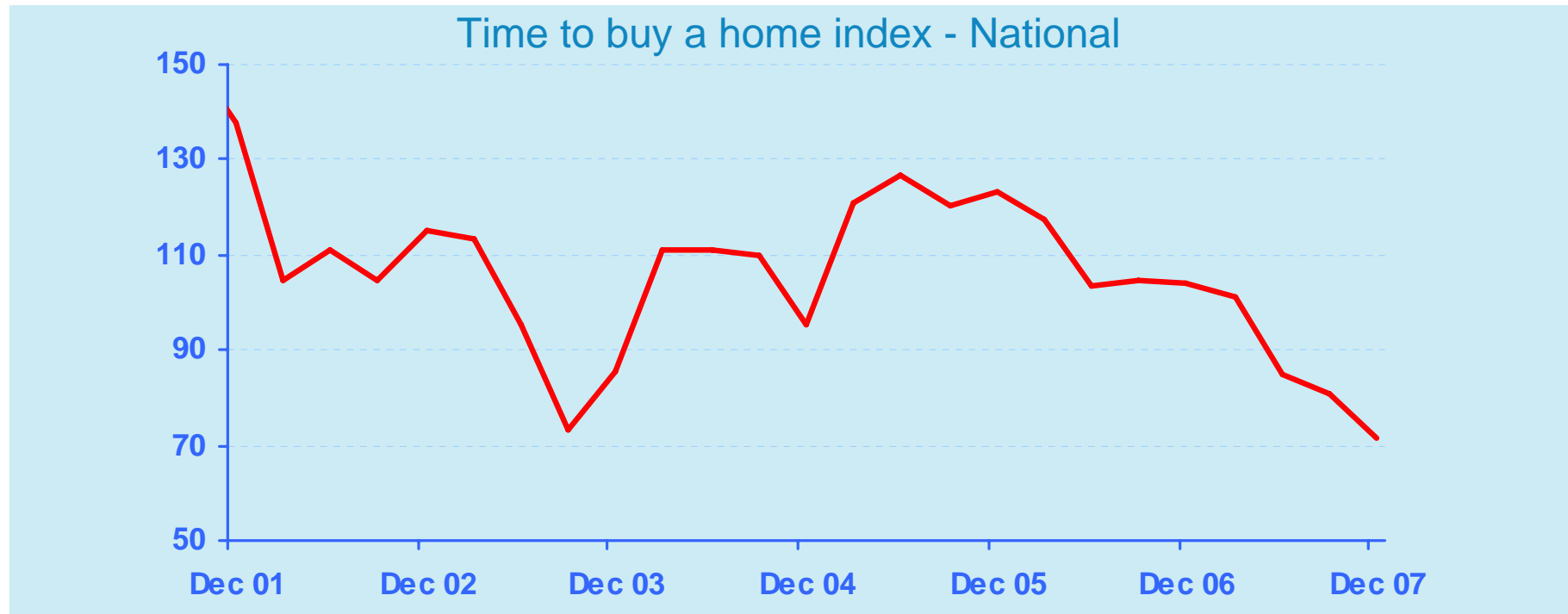
But rents are now ballooning

Rental Increases – Housing & Units



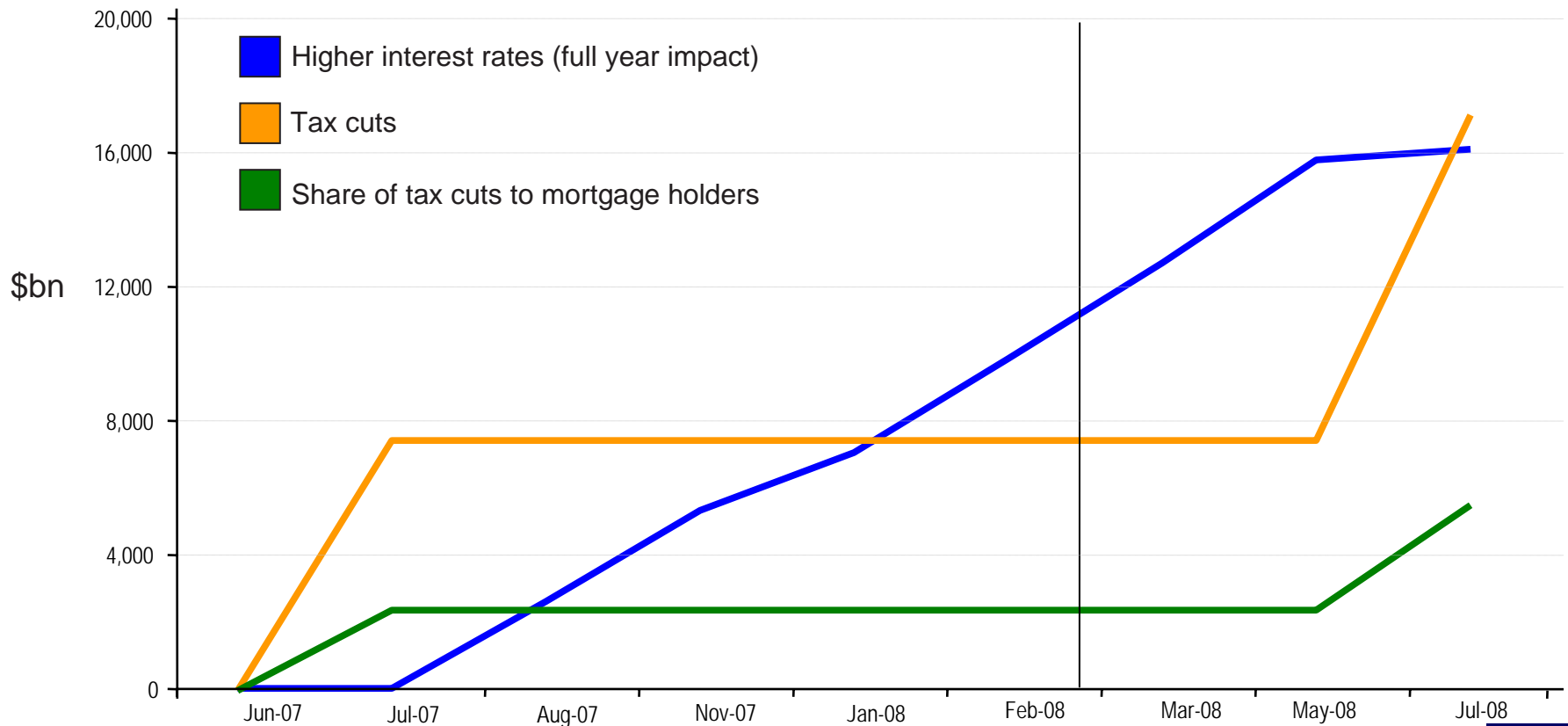
The big housing conundrum

Making “middle Australia” very angry (where do they live?)



The big housing conundrum

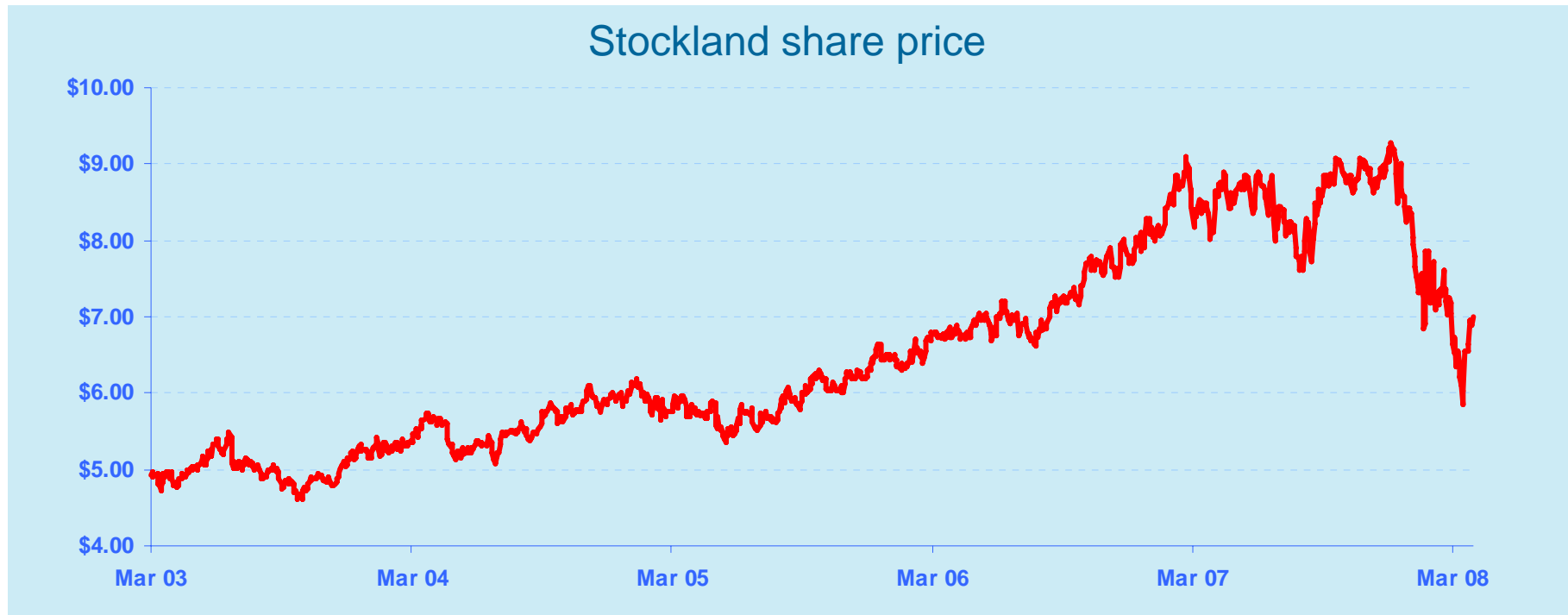
Especially when they're hit by the interest and don't get much of the tax break



Source: UBS

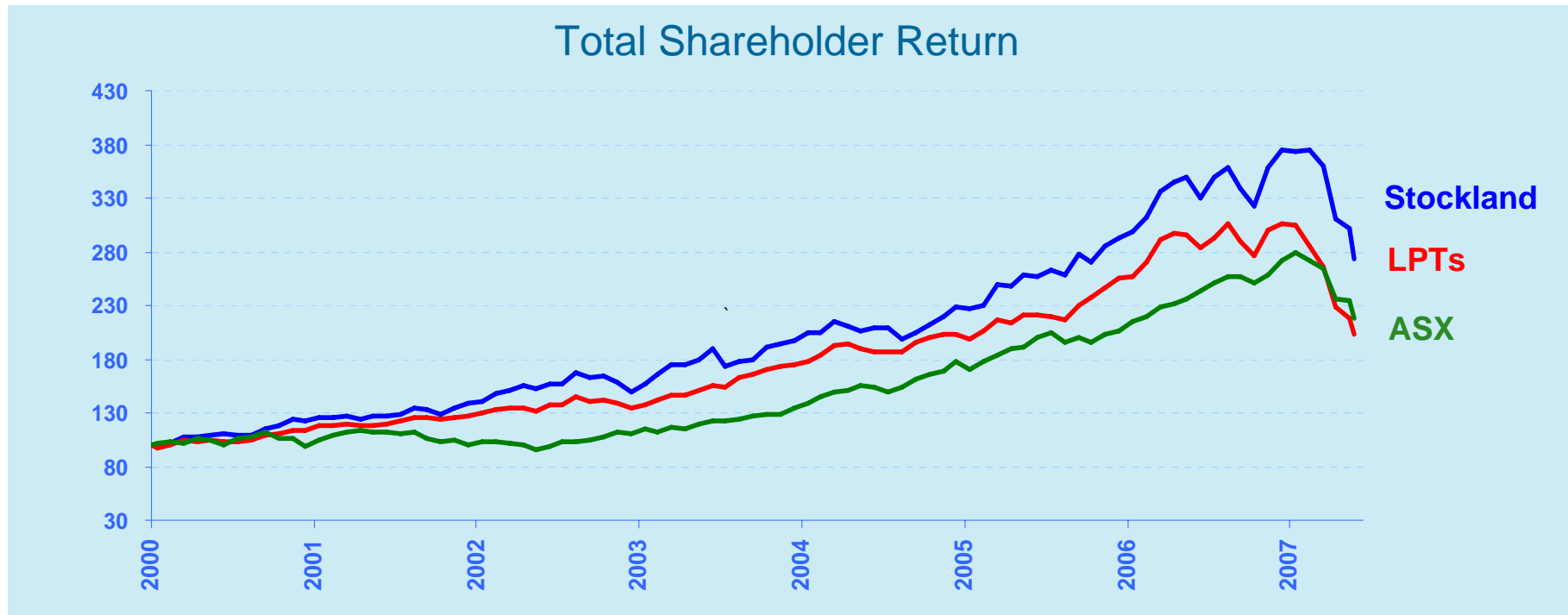
Our strong position

Despite the strong fundamentals, we've all been crunched



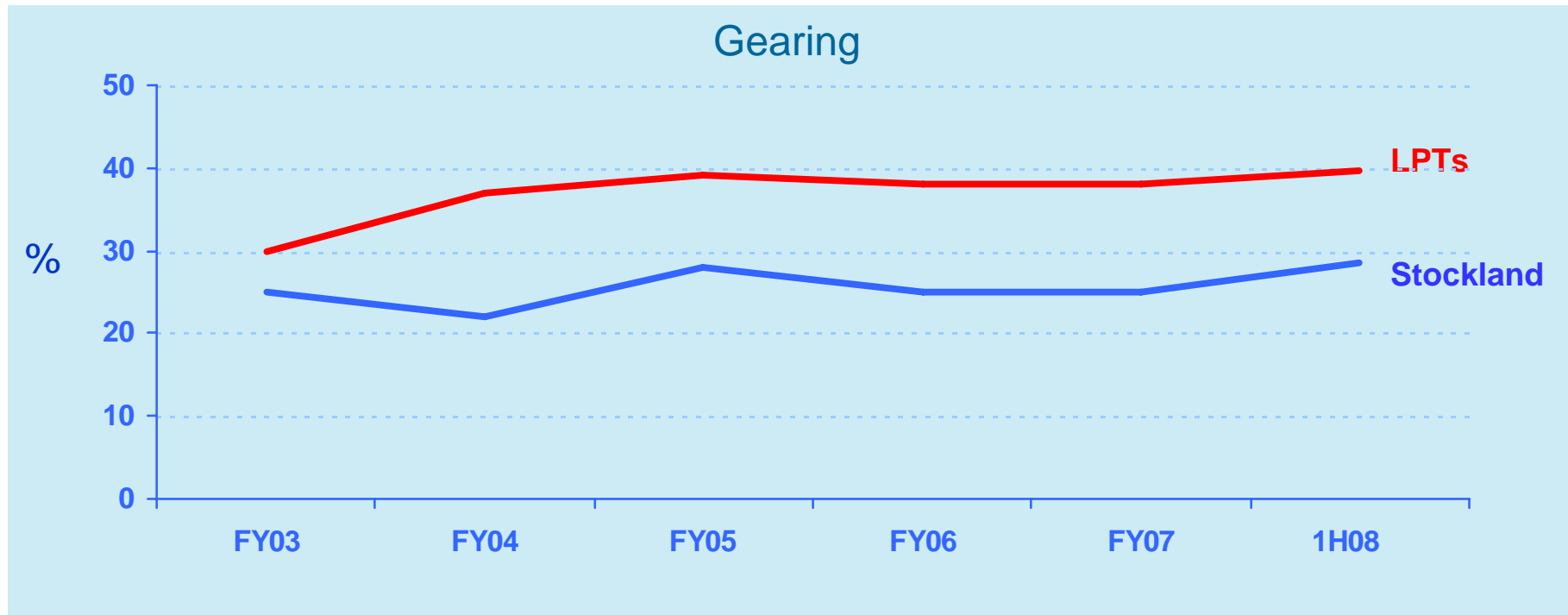
Our strong position

But it's all relative – we've really outperformed



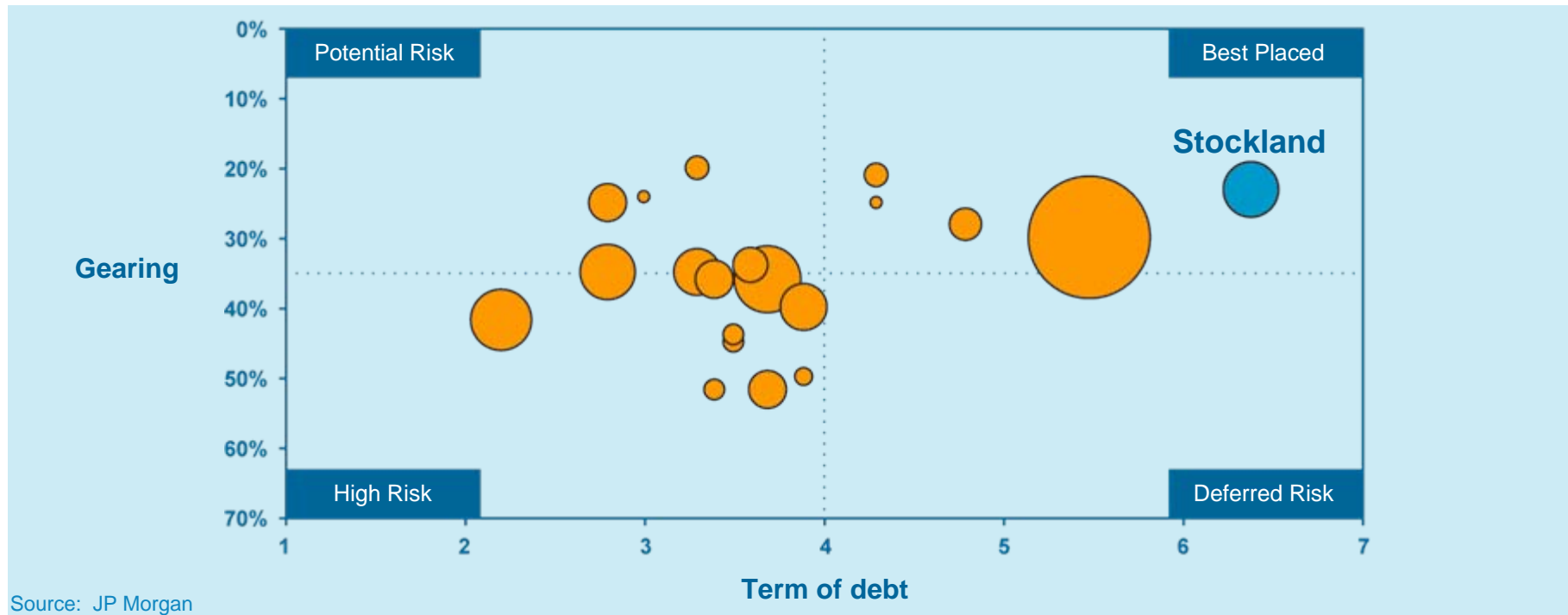
Our strong position

Why... because of our strong balance sheet



Our strong position

Our good debt management



Source: JP Morgan

Our strong position

And our strong profit growth



Our strong position

We also look after our people



Our strong position

And we care about our footprint



So in summary ...

- The credit crunch is a major concern
- It's still got a way to go
- We're all being impacted ...
- ... despite strong property fundamentals
- We're in very solid shape to deal with it
- By keeping on doing what we're doing and doing it well

PS No more rate rises needed – it's getting very painful



thank you