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temporary water trades  
permanent entitlement sales  
water market advice and strategy

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# «talkingwater»

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## from the desk



### Permanent water market

As we all know the drought, low water allocations and rising input costs have a dramatic impact on local irrigators in recent times. Whilst farm income has reduced, one small positive for local irrigators is the recent increases in value of their permanent water entitlement.

Since unbundling and the freeing up of the water market permanent water entitlements have become an important tradable commodity. This allows irrigators freedom to sell all or part of their water entitlement for various reasons including paying down debt, diversifying into other assets or exiting the industry completely. Indeed in the current environment the method to maximize the total value of an irrigation property may be to sell the water and land components separately rather than as a going concern.

Fortunately there are currently many buyers looking to purchase permanent water entitlements. Such buyers active in the market include:

- Local growers looking to increase their plantings and hedge against low future allocations;
- Interstate growers looking to diversify their water holdings to incorporate entitlements from various states with different allocation characteristics;
- Managed investment schemes;
- Federal and State Government departments as part of their buyback program. Given the strong demand from competing buyers this has resulted in significant price increases over recent months.

The current market value for some of the permanent water types are in the order of:

Vic Lower Murray / FMIT High Reliability  
- \$2300 to \$2400 / ML

NSW Murray Valley High Security  
- \$2400 to \$2500 / ML

NSW Murray Valley General Security  
- \$1000 to \$1050 / ML

Western Murray Water Entitlements  
- \$2000 to \$2100 / ML

Given the complexity of the permanent water market for those considering selling it is recommended to contact your water broker. They can advise which buyers would be most suited to your particular category or permanent entitlement and also the method of sale to achieve the highest possible price. The different methods of sale can include auction, private treaty or expression of interest. They can also provide advice on other important issues such as the best time of the year to sell, whether to include some allocation or not and talk you through the conveyancing and settlement process.

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