



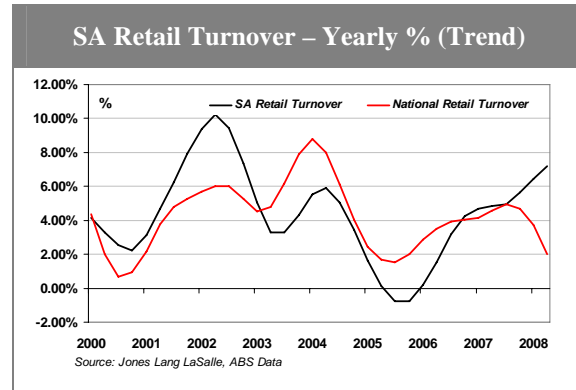
## South Australia

### STATE OVERVIEW

State Final Demand (SFD) increased by 3.3% in the 12 months to June 2008, with the South Australian economy performing strongly despite the negative impact of the drought.

As strong demand continues, cost pressures are mounting, with Adelaide recording a slightly higher CPI than the national average (+4.5) of +4.6% over the twelve months to June 2008.

Despite a drop in total employment in August, the unemployment rate decreased to a low of 4.4%, partly due to a fall in the participation rate. Although interest rates, fuel prices and food prices remain high, Adelaide continues to buck the national trend with retail turnover maintaining strong growth for the last five consecutive months, increasing by 7.2% (June 2008) over the last 12 months, compared to the national increase of 2.2%.

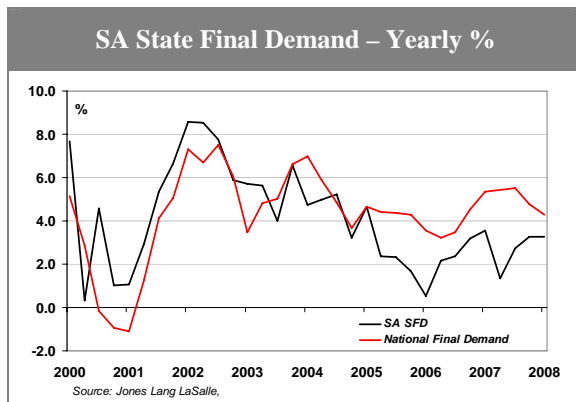


### OUTLOOK

Looking forward, Gross State Product (GSP) growth is forecasted to average 2.3% over the next 5 years, slightly higher than the previous 5-year average, underpinned by strong economic fundamentals and the associated direct and indirect spin offs from the mining and defence industries.

With the local economy still projecting relatively strong growth, inflationary pressures are set to continue with CPI forecast to remain above 3% until around 2010.

Strong population is set to continue, supported by high levels of overseas migration. The Adelaide unemployment rate is forecast to remain relatively high compared to most other states over the next 5 years, however, with mining activity expected to strengthen from 2009 onwards, there is a possibility the unemployment rate may fall below the projected level.



### SOUTH AUSTRALIA AT A GLANCE

Indicators	Period (y-o-y %)	South Australia	Australia
Demand Growth (SFD)	June 2008	3.3%	4.4%
Economic Growth (GSP*)	June 2008	3.7%	2.7%
CPI / Inflation	June 2008	4.6%	4.5%
Labour Price Index	June 2008	4.6%	4.2%
Retail Sales	July 2008	7.2%	2.2%
Total Employment Growth	August 2008	1.8%	2.3%
Unemployment Rate	August 2008	4.4%	4.1%
Official Cash Rate	As at 3 Sept 08	NA	7.0%

Source: Jones Lang LaSalle, ABS, RBA. \*GSP was derived from access economics figures.

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