

Australian bred GLOBAL CURRENCY

THE ATTRACTIONS OF BUYING AND RACING A HORSE IN AUSTRALIA ARE OBVIOUS

The exploits of globe-trotting Australian racehorses on the international racing scene not only proves their standing on the global stage it also heralds the investment opportunities for Northern Hemisphere players in the Australian bloodstock industry. The Australian industry is dynamic and youthful affording endless opportunities and significant comparative advantages due to the cheaper production costs and favourable exchange rates. All the right indicators are present – the product is performing, comparatively better valued and the right people have already invested: so why be left behind any further?

Adrian Nicoll of the BBA (Ireland), a regular visitor to Australia,

is one of the European pioneers who has enjoyed great success in Australia. Nicoll has particularly had great success with purchasing fillies in Australia including last seasons Champion 3YO Filly Serenade Rose (02 Stravinsky – Rose of Tralee by Sadler's Wells).

"Firstly, it is much easier to obtain black type for fillies in Australia as opposed to Europe," reasons Nicoll. "Secondly, with European money it is much easier to buy fillies at the top end of the market in Australia. In Europe it is very hard to buy the top fillies and broodmares. However, the second hand market for good fillies in Australia, such as Serenade Rose, has become much

stronger in recent years."

Nicoll is not alone in his assessment of the opportunities on offer in Australia. "A black type winner is a valuable commodity anywhere. Buying a yearling in Australia and racing it down there means that you pay less to get the same product," says Dermot Farrington like Nicoll a regular visitor to Australia.

"You can buy a yearling in Australia, race it down there and in the end you will pay far less for the same product than if you performed the exercise in Europe. In Europe you need a very good horse to pay its way. In Australia the training costs are half the price and once you get a horse winning at metropolitan level it should pay its way," says Farrington.

European agent Andrew Mead, who has enjoyed success in Australia first-hand, is another to endorse the view that Australia is an attractive proposition. Mead was a part-owner of the Gary Portelli-trained Forest Express a stakes performer in Australia that was purchased for A\$2,400 and subsequently sold in Europe for 400,000 guineas. "The return to cost ratio is so much better in Australia than compared to England, I'm surprised more people are not investing there."

Mead is active within Australia and has several Australian clients that he acts for and he has interestingly noticed an increase in activity from Southern Hemisphere breeders in the European market. "With the buoyant local market, more and more Australian breeders are now looking to upgrade with quality European fillies and this can only enhance the Australian horse in the long run."

Another to have witness the increase in activity internationally by Australian owners and breeders is Australian based bloodstock agent and Australian Keeneland representative Vin Cox. "It's attractive for Australians to attend the sales in the Northern Hemisphere to buy outcross blood. Australian families are very dominated by the Danzig and Danehill lines whereas there are many more lines available in the Northern Hemisphere. Bloodlines and pedigrees are a highly tradable commodity; and are now recognised on all continents."

The result for a Northern Hemisphere buyer visiting Australian shores is that they are increasingly able to purchase horses by the stallions and from the very families they can only covet in the Northern Hemisphere. "In Australia you can find yearlings from Northern Hemisphere families; either a generation away from very superior families or ones with pedigrees where part of the family has recently evolved in the Northern Hemisphere," commented Dermot Farrington.

Further, "if you can obtain black type on a horse from a Northern Hemisphere family, you can bring it back to the Northern Hemisphere where it can slot right back in. Fillies with European pedigrees can be sent straight back to a captive market in Europe," said Farrington.

A scenario like this should excite potential Northern Hemisphere

investors and justifies the worth of the Australian market as a serious investment – it is a value adding process that can prove extremely lucrative if executed successfully.

The racing industry in Australia is very vibrant and well structured with many opportunities to add black-type to Australian purchased horses. It is also far more accessible and affordable than most Northern Hemisphere countries, "There is a real fun element to racing in Australia. Trainers such as David Hayes and Lee Freedman are top class trainers. They are also great personalities and combine this with world-class training facilities," Nicoll says. "Syndication and partnerships are a lot more common in Australia than in Europe. You will see horses with 10 owners listed on the race card in Australia where as this would never happen in Europe. Such arrangements make ownership far more affordable."

Another fact that reinforces the growing strength and international sophistication of the Australian market is the active participation and large capital investment in Australia by both Coolmore and Darley. Their presence in the Australian industry is significant and should be an indicator to other players in the Northern Hemisphere that Australia is a country to seriously consider investing in.

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Above and beyond the comparative value of the Australian horse on the international market is the fact that Australian bred horses continues to perform exceptionally well on the international stage. Such performances cannot be overlooked and further enhance confidence in the Australian market.

"What has also made a difference is the quality of the Southern Hemisphere horses that have come up to Europe and raced against the best European horses in recent years,"

says Farrington. "This has done wonders to strengthen European perceptions of the quality of the Australian thoroughbred."

"Whereas Australian racing performances were traditionally only recognised in Asia, the Northern Hemisphere has taken note of Australian horses in recent years," Cox says. "Australian horses that have gone to the Northern Hemisphere to race have been very competitive, despite the fact that they may not have dominated in Australia. Choisir was rated 108 before racing in Europe. On his return he was rated 121. That cannot have been simply due to air miles."

Australia is more accessible then it ever has been to the Northern Hemisphere and our Thoroughbred market is ready made for further Northern Hemisphere involvement and investment. "The Australian market is just coming onto the radar; and it is not even close at the moment to a euphoric market," Cox says.

"The whole industry is becoming a far more marketable product, and in Australia it is a young, vibrant industry especially compared to the Northern Hemisphere. It is fun and sociable to go racing in Australia and this is another reason why the Australian industry continues to attract new investors."



TAKEOVER TARGET.

Inglis graduate winning the King's Stand Stakes at Royal Ascot in 2006