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Location Report

A joint publication of Mitchells Realty & Ryder Property Research

HERVEY BAY **Fraser Coast, Qld**

October 2021

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HERVEY BAY

Fraser Coast, QLD

Highlights

- Strong population growth
- Affordable housing
- Tourism industry
- Emerging medical precinct
- \$755 million in new solar farms
- \$300 million coal mine
- \$115 million shopping centre expansion
- Bruce Highway upgrade
- \$660 million Mary Harbour project

Suburb - houses	Typical prices	Suburb - houses	Typical prices	Suburb - units	Typical prices
Pialba	\$400,000	Torquay	\$385,000	Pialba	\$260,000
Point Vernon	\$410,000	Urangan	\$385,000	Torquay	\$275,000
Scarness	\$365,000	Urraween	\$425,000	Urangan	\$315,000

With sales numbers rising and rental demand soaring, Hervey Bay delivered solid price growth in 2020. This has continued into 2021 and now double-digit annual growth in median prices is common in this region.

The enticing mix of affordability and relaxed coastal seaside lifestyle has catapulted Hervey Bay into the highly-desirable category for retirees, first-home buyers and a broader mix of nationwide buyers.

Construction is playing a key role in boosting the economy with several major projects across the commercial, resources, residential and transport sectors in the pipeline. These include an evolving health/education hub, aviation precinct and a major harbour front development.

Among the biggest projects in the pipeline is the Hinkler Regional Deal, which has attracted a \$173 million contribution from the Federal Government. The project is expected to contribute significantly to the economic growth and longer-term employment prospects of the region. Roads and general infrastructure will be improved, providing an important lure for new industries.

New employment prospects coupled with an enviable and affordable coastal lifestyle make Hervey Bay an appealing prospect.

Economy and Amenities

Hervey Bay has been described as “sea change for battlers”, both for retirement and for young families seeking affordability with lifestyle.

It offers a relaxed bayside lifestyle at prices within reach of most individuals and families and has become a popular choice for retirees.

ABS data analysed by CoreLogic reveals the Fraser Coast is ranked second out of the 10 most popular places in Queensland for retirees.

The biggest employers are:

- Healthcare and social assistance 21%
- Retail 14%
- Accommodation and food services 11%
- Education and training 10%.

Historically, tourism has been the region’s backbone and it remains important. A 2017 survey by Tourism Research Australia showed 151,000 international tourists visited the region, an increase of 15% from the previous 12 months, and they spent \$37 million.

Tourism is focused on whale watching, World Heritage-listed Fraser Island, Lady Elliot Island and Hervey Bay’s calm beaches and laid-back lifestyle.

Hervey Bay’s sheltered waters make it suitable year round for water sports and fishing. Along the Hervey Bay Esplanade are restaurants, cafes, shops, parklands, piers and a marina which have all recently benefited from an \$8 million makeover.

Events such as sporting, food and wine and speed boat carnivals together with the Hervey Bay Whale Festival attract thousands of visitors annually.

While tourism is seasonal, the recent construction of a \$20 million marine ship lift in Urangan will provide 100 jobs all year round. The lift will enable barges, fishing vessels and other 300-tonne ships to be repaired at Hervey Bay instead of having to travel to Brisbane or Cairns.

Sugar is an important agricultural product in the area with the industry supporting around 500 jobs. In FY2018, \$101 million was injected into the economy by the sugar industry.

- Transport and Access

The council operates the Hervey Bay Airport, which has flights connecting to Brisbane, Sydney and Lady Elliot Island. Frequent charter operations are conducted to nearby Fraser Island.



Location

- 295km north of Brisbane
- 35km north-east of Maryborough
- On the coast facing Fraser Island
- LGA: Fraser Coast Regional Council.



Population and Demographics

- FRASER COAST LGA
- Population 2016 (census): 102,962
- Population 2020 (estimate): 108,183
- Unemployment (Fraser Coast) March 2021: 12.6%

Source: 2016 Census, .id and Qld Treasury

TOURISM FAST FACTS:

- 662,000 visitors per year
- \$360 million direct expenditure
- \$650 million indirect expenditure
- 6,000 direct & indirect jobs.

Source: Fraser Coast Tourism

Hervey Bay is serviced by the tilt train which has connections from Maryborough West or nearby Howard. The city also has passenger ferries to Fraser Island, as well as vehicle ferries.

- Education

There are around 40 schools, both public and private, across the Hervey Bay region.

Tertiary education is provided through the Wide Bay Institute of TAFE and the University of the Sunshine Coast which recently merged with the University of Southern Queensland.

- Retail

Stockland Hervey Bay recently completed a \$116 million expansion. Pialba Place Shopping Centre, in conjunction with Coles, underwent a \$10 million expansion while Aldi opened a new supermarket in Urangan in 2017.

Other shopping centres are located at Urangan and Eli Waters, while hardware store Bunnings has a retail outlet and a warehouse in Hervey Bay.

Property Profile

“Historically property priced below \$350,000 was an active market ... this price point has risen to almost \$500,000.”

Herron Todd White, April 2021

Demand for property in the Fraser Coast, based on Hervey Bay, has been strong since the onset of the pandemic period - and double-digit price growth is now common.

This region is a natural beneficiary of the Exodus to Affordable Lifestyle trend.

Local agents report interstate buyers are drawn by the appeal of the warm climate and laid-back lifestyle of Hervey Bay where you can buy a new four-bedroom home and still get plenty of change from \$500,000.

Added benefits include good schools and plenty of amenity which make it an appealing location for young families and first-home buyers.

First-time buyers have become a major presence due to the availability of various grants, including the Federal Government HomeBuilder Grant and the Regional Home Building Boost Grant from the Queensland government.

HOME OWNERSHIP

40% own their homes outright

24% own with mortgages

31% rent their homes

Source: 2016 Census

Combined, these grants have provided FHBs with a total of \$45,000 in grants to build a new home.

Another indication of their growing presence comes from the ABS which says home loans for FHBs are at their highest level since 2009.

Consequently, building approvals have increased – stimulating the construction industry, but depleting stocks of available vacant land. As a result, property prices are rising. Renovations have also become popular – property valuer Herron Todd White says a shortage of building supplies and tradesmen is driving costs up and further delaying projects.

“Historically property priced below \$350,000 was an active market, however now with limited stock and rising prices across most asset classes, including house and land packages, this price point has risen to almost \$500,000,” said HTW in its April 2021 edition of *Month-in-Review*.

Construction has taken a big leap in the past year with the number of building approvals for the Fraser Coast rising from 767 in FY2020 to 1,178 in FY2021.

Nevertheless, home buyers can still find established houses priced around or below \$400,000, though listings are at their lowest point for over a decade.

The median house price in Pialba is \$400,000 following a 23% increase in the past 12 months, according to CoreLogic. Toogoom has had a 22% rise in its median house price to \$430,000, while the median price in Kawungan is up 21% to \$420,000.

The highest turnover of houses was recorded in Urangan which, with 313 annual sales, produced a median house price of \$410,000.

Suburbs with median house prices under \$400,000 include Eli Waters (\$395,000), Scarness (\$365,000) and Torquay (\$385,000).

The price growth recorded over the past 12–18 months is bumping up the long-term capital growth rates. In 2018, price levels across most suburbs hadn't increased for 10 years.

Now, the capital growth rates (the average over the past decade) have risen to 2–3% per year in many suburbs, with Craignish, Dundowran Beach and Toogoom recording an average of 4% per year.

Listings for rental properties are also at their lowest point for 10 years, says SQM Research.

This is keeping vacancies tight – 0.9% – and favouring landlords through rising rents. The median house rent has risen 16% in the past year to \$560 a week.

Investors can expect a rental return of 5.5% in Eli Waters based on a median weekly rent of \$420. Five other suburbs will provide a yield of 5% or higher.

Units generally provide returns between 5.5% and 6.5%. The median rent of \$330 per week will deliver a yield of 6.5% in Pialba.

Urangan and Torquay have each recorded over 100 unit sales in the past year. This marks a significant increase since 2019, mainly due to new developments. Sales in Urangan are up 60%, while Torquay is up 72%.

But with a median price of \$275,000, Torquay units remain highly affordable.



The Fraser Coast (which includes Maryborough and many small regional towns) is one of Queensland’s fastest-growing economic regions, having experienced an increase in population of approximately 18% since 2006.

With its lifestyle, location and business opportunities as major drawcards, its population is projected to increase by approximately 30,000 people in the next 20 years.

Most new residents are expected to settle in suburbs like Craignish and Dundowran.

The list below provides a sample of the Hervey Bay house market:

Suburb	Sales Houses	Median Houses	1-year Growth	Growth Average	Median Yield
Craignish	81	\$555,000	11 %	4 %	4.3 %
Dundowran Beach	89	\$675,000	18 %	4 %	3.7 %
Eli Waters	114	\$395,000	20 %	2 %	5.5 %
Kawungan	154	\$420,000	21 %	3 %	5.3 %
Pialba	112	\$400,000	23 %	3 %	5.2 %
Point Vernon	202	\$400,000	16 %	3 %	4.9 %
Scarness	118	\$365,000	13 %	3 %	5.0 %
Toogoom	144	\$430,000	22 %	4 %	4.9 %
Torquay	143	\$385,000	17 %	2 %	5.1 %
Urangan	313	\$410,000	17 %	3 %	4.8 %
Urraween	230	\$425,000	14 %	3 %	5.1 %
Wondunna	112	\$520,000	9 %	2 %	4.3 %

Source: CoreLogic. “No. of sales” is sales over the past 12 months. “snr” = statistically not reliable. “Growth ave.” is the average annual growth in median house prices over the past 10 years.

The Hervey Bay apartment market can be summarised as follows:

Suburb	Sales Units	Median Units	1-year Growth	Growth Average	Median Yield
Pialba	66	\$260,000	12 %	0 %	6.5 %
Scarness	66	\$310,000	15 %	1 %	5.5 %
Torquay	117	\$275,000	3 %	2 %	6.1 %
Urangan	158	\$315,000	17 %	1 %	5.6 %

Source: CoreLogic. "No. of sales" is sales over the past 12 months. "snr" = statistically not reliable. "Growth ave." is the average annual growth in median house prices over the past 10 years.

Future Prospects

The Bundaberg–Hervey Bay region is set to benefit from the \$260 million Hinkler Regional Deal - a 5-year plan with commitments from the Federal Government, Bundaberg Regional Council and Fraser Coast Regional Council.

The Federal Government has committed \$173 million towards the deal with \$90 million being contributed by Bundaberg and Fraser Coast Regional Councils and other key partners.

The focus of the plan is to provide economic growth and long-term employment.

Some of the priority projects include:

- Delivery of the Hervey Bay CBD Master Plan with a new council administration building and enhanced the cultural precinct;
- Expansion of the University of the Sunshine Coast Fraser Coast campus to include student accommodation in the CBD;
- Transforming Urangan Harbour into a tourist destination with commercial, retail and hospitality outlets;
- Developing the next stages of the Fraser Coast Sports and Recreation Precinct to potentially host large sporting carnivals and to create an indoor sports complex.

The first stage of the Fraser Coast Sports and Recreation Precinct has already been opened. At a total cost of \$55 million, the complex will be developed in stages over 20 years.

Upon completion, the complex will comprise a stadium, numerous football fields, tennis and netball courts, club house and other facilities, at Nikenbah.

CORE INFLUENCES

Government Policy

Sea Change

Lifestyle Factors

Numerous small transport and other infrastructure projects are included in the Hinkler Deal, for example, the Hervey Bay CBD has been earmarked for a \$40 million upgrade. Some of these projects are listed in the tables at the end of this section.

There are also some independent projects in the pipeline. The council's administration building in Maryborough has reached the end of its serviceable life and needs to be demolished. Several development proposals have been submitted for the replacement premises to be built in the Maryborough CBD with six sites being shortlisted for the project.

- Engineering Contracts

Since 2019, rail manufacturing firm Downer, based in Maryborough, has been refurbishing rolling stock in an \$85 million contract with the Queensland Government.

Other government engineering contracts in the pipeline would see \$600 million spent on 20 new trains and \$300 million spent on refurbishing and maintaining the existing fleet.

There is also a \$60 million munitions factory under construction, keeping 90 workers busy. With financial backing from both the State and Federal Governments, the factory will eventually supply the Australian Defence Force and allied forces globally.

In providing support to these manufacturing projects, the State Government has committed \$98 million to upgrade Maryborough's electricity grid.

- Hervey Bay Medical Precinct

These projects will follow the wave of construction brought about by the local Council's proactive policies.

An example of the Council's focus is a medical precinct at Urraween and given the high number of retirees in the area, this is accompanied by numerous new retirement villages and aged-care facilities across the region. The Hervey Bay Hospital is also being expanded.

As the medical facility develops, there is a steady influx of personnel to the new facilities.

The Medical Precinct incorporates:

- The Hervey Bay Public Hospital;
- St Stephens Private Hospital;
- Medical Place;
- The southern end of the Fraser Shores Retirement Living development site;
- The approved commercial development on the southern side of Urraween Road; and
- The TAFE East Coast campus site.

Tourism is being massaged through the construction of eco and other resorts and the introduction of RV parks. According to HTW, RV parks are gaining momentum.

Another boost will come through the construction of the proposed Whale Heritage and Marine Experience Centre at Urangan Marina. The \$33 million project would focus on the marine tourism experience, confirming Hervey Bay's place as Australia's premier whale watching destination.

Regional Tourism Satellite Accounts data released in December 2019 show tourism accounts for \$478 million of the Fraser Coast's gross regional product and supports 5,000 local jobs.

Stockland Shopping Centre has had a \$115 million expansion, making it the largest fully-enclosed air-conditioned mall between Rockhampton and Maroochydore with more than 90 specialty stores and the CBD is being revitalised with outdoor eateries, an adventure park and rock pool.

Meanwhile, there are plans for an Aldi store at Eli Waters.

The Queensland Government has budgeted to spend \$572 million on infrastructure in the Wide Bay Region and this work is generating around 1,500 new jobs.



On a broader scale, several resources projects are approved and promise to bring hundreds of jobs. More detail about these can be found in the tables on the next page.

- Aviation Industrial Parks

Several industrial parks offer business and employment opportunities. These include the \$100 million Hervey Bay Airport Industrial Park, which is near the redeveloped airport.

It is the only industrial park in Queensland with direct-access air freight services allowing for express logistics support to industry and is ideal for avionics and warehousing businesses.

The airport industrial park sits alongside Avion - Fraser Coast Airside Precinct, a 12ha logistics hub, which is home to eight aviation-related businesses. It has the long-term potential of creating 2,400 jobs.

- Mary Harbour Project

A major coup for the region will be the \$660 million Mary Harbour project. An application for the development has been lodged with Council for assessment.

Steered by MSF Sugar, the development would see a man-made harbour spanning 2km along the Mary River at Granville, a 250-berth marina and a residential precinct housing 3,500.

A village centre, waterfront boardwalks, a four-star, 100-room resort and conference facilities are included in the plans.

Major projects currently impacting the region are:

INFRASTRUCTURE – TRANSPORT

Project	Value	Status	Impact
Bruce Highway upgrade, Hervey Bay to Brisbane State and Federal Governments	\$8 billion Multi-stage project with upgrades from Brisbane to Hervey Bay	Under construction	Reduce congestion and flooding, and improve overall safety
Bruce Highway upgrade, Maryborough to Gin Gin State Government	\$30 million Funded in the Covid Recovery Plan	Approved	
Bruce Highway upgrade, Gympie to Maryborough State Government	\$8 million Funded in the Covid Recovery Plan	Approved	
Urraween/Boundary Road Extension, Hervey Bay	\$21 million Funded by the Federal Govt	Approved Preliminary work has commenced	Would provide an alternative east-west route other than Boat Harbour Dr
Floodproofing of Torbanlea-Pialba Rd	\$24 million Funded by the Federal Govt	Proposed	
Intersection upgrade: Pialba Burrum Heads Rd & Hervey Bay Maryborough Rd	\$36 million	Proposed	
Hervey Bay Airport redevelopment	\$27 million	Under construction	The new infrastructure will attract aviation and manufacturing businesses

RESOURCES AND ENERGY

Project	Value	Status	Impact
New wind farm between Gympie and Maryborough Forest Wind Holdings	\$2 billion Would power 127,000 homes	Approved	Jobs: 450 during construction
New solar farm, Aramara Eco Energy World	\$280 million Would power 55,000 homes	Approved	Jobs: 150
New solar farm, Woolooga Lightsource BP	\$130 million	Under construction	
Teebar solar farm, Tiaro Teebar Clean Energy	TBA (Stage 1 - \$80mil) Would power 15–20,000 homes	Approved	Jobs: 100 construction
Colton Coal mine New Hope Group	\$300 million	Approved	Jobs: 120 construction 120 operational
Munna Creek solar Farm Renewable Energy System Technologies	\$300 million Would power 30,000 homes	Approved	Job: 300 construction 10 operation
Maryborough electricity grid upgrade State Government	\$100 million	Approved	



COMMERCIAL DEVELOPMENTS

Project	Value	Status	Impact
Mary Harbour development MSF Sugar	\$660 million 250-berth marina, 1,800 dwellings and a 100-room hotel	Proposed	Would house 3,500 residents
Engineering contract, Downer EDI, Maryborough	\$85 million	Under construction Contract is to be fulfilled by 2024	75 New Generation Rollingstock will be modified for disability access
Train building contract, Downer EDI, Maryborough	\$600 million	Proposed	Jobs:690 20 trains are to be built
Wide Bay Motor Complex	\$30 million	Approved Land tenure needs to be resolved before proceeding	
Munitions factory, Maryborough Rheinmetall JV NIOA Munitions	\$60 million	Under construction Expected to be operational by 2022	Jobs:100 operational
Astro Aero aircraft factory, Hervey Bay Airport Astro Aero	\$12 million Would make 25 aircraft a year	Approved	Jobs: 200 operational
Whale Heritage and Marine Experience Centre, Urangan Fraser Coast Council	\$33 million	Approved	A tourist attraction with cafe & restaurants



RESIDENTIAL DEVELOPMENTS

Project	Value	Status	Impact
Dundowran residential project, Grinstead Rd Leda Devts	TBA	Approved	2,000 lots are planned
Augustus Estate Urraween Rd and Hervey Bay Road Villa World	\$250 million	Under construction	800 lots are planned
Mariners Cove residential estate Eli Waters	TBA	Under construction	529 lots are planned
Diamond Waters Hervey Bay resort, Eli Waters	\$60 million	Approved	350 units and an 18-hole golf course
Higrise project, Urangan Anscape P/L	\$130 million 390 apartments, mixed-use tourism and retail	Approved	Jobs: 300 during construction
The Sanctuary Estate, Eli Waters	TBA	Approved	175 lots are planned
Latitude25 RV Lifestyle Community, Nikenbah	\$100 million	Approved	Includes 280 homes, clubhouse and a health hub
The Springs Hervey Bay, Nikenbah	\$75 million	Under construction	300+ lots are planned