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Location Report

A joint publication of Mitchells Realty & Ryder Property Research



HERVEY BAY Fraser Coast, Qld

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HERVEY BAY

Fraser Coast, QLD

Highlights

- Strong population growth
- Tourism industry
- Affordable housing
- \$455 million - new solar farms
- Emerging medical precinct
- \$300 million coal mine
- \$116 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	\$312,000	Torquay	\$325,500	Pialba	\$240,000
Point Vernon	\$338,000	Urangan	\$350,000	Torquay	\$240,000
Scarness	\$309,975	Urraween	\$380,000	Urangan	\$265,000

With rental demand soaring and employment figures expected to improve on the back of new infrastructure and development projects, Hervey Bay is expected to continue to perform well and head into a period of solid price growth.

Like most parts of Australia the unemployment rate within the Fraser Coast region has increased in the past year - but Hervey Bay with its large retiree population (almost a third of residents are aged over 65) is not expected to feel the affects of the employment downturn on its economy or property market as strongly as other regions.

There are a number of new projects in the pipeline, many of which are now under way, which are expected to ease those unemployment issues in the coming months. Those increased employment opportunities are expected to put further pressure on the rental market, which agents report is the tightest in 30 years at just 1.1%.

Among the biggest projects in the pipeline are 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 coastal lifestyle make Hervey Bay an appealing prospect.

Economy and Amenities

Hervey Bay offers a relaxed coastal lifestyle, with affordable price points suitable for retirees and young families. The majority of suburbs have median house prices below \$350,000 with the unit market even more affordable.

The city has a subtropical climate with temperatures which range between 14 and 23 degrees in winter and 22 to 29 degrees in summer. It has pristine beaches and is the largest population centre within the Fraser Coast Region.

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, although the COVID-19 pandemic has affected that in recent months. During a "normal year" 150,000 overseas tourists visit the region pouring \$37 million into the local economy.

Many operators will now refocus and seek to take advantage of a domestic tourist market. Hervey Bay's beautiful beaches, whale watching tourism and the World Heritage-listed Fraser Island and Lady Elliot Island will all prove popular drawcards for Queenslanders forced to "holiday at home".

Hervey Bay's sheltered waters make it suitable year round for water sports and fishing.

Along Hervey Bay Esplanade are restaurants, cafes, shops, parklands, piers and a marina which have all recently benefited from an \$8 million makeover.

Fortunately, about a fifth of the local workforce is employed within the health care industry and sugar continues to be a major contributor to the economy, with that industry supporting around 500 jobs and injecting \$101 million into the economy in 2018.

- Transport and Access

While air travel is reduced at the moment, Hervey Bay has an airport run by the Council which has flights connecting to Brisbane, Sydney and Lady Elliot Island in addition to charter flights to nearby Fraser Island. 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.



Location

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



Population and Demographics

- Population 2016: 52,000
- Unemployment (Fraser Coast) JULY 2020: 10.2%

Disability pensioners represent 6.32% of Hervey Bay's population, compared to 3.23% nationally (NIEIR).

Source: 2016 Census 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

- Education

There are 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 is the largest fully-enclosed airconditioned mall between Rockhampton and Maroochydore with more than 90 specialty stores. Other major retail centres include Pialba Place Shopping Centre with more than 30 specialty stores anchored by Coles and Big W.

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

Demand for property in the Fraser Coast, based on Hervey Bay, has remained strong despite the impacts of the pandemic period - and some locations have recorded good price growth.

In the past 12 months Wondunna has recorded the most substantial median house price growth in the region.

Its median house price rose 21%, based on 55 sales, to \$470,000. Local agents report interstate buyers are drawn by the appeal of the warm climate and laid-back lifestyle of the suburb where you can buy a new four-bedroom home with all the bells and whistles and still get plenty of change from \$500,000.

Craignish also achieved a solid 9% growth in its median price in the past 12 months, hitting \$500,000 based on 51 house sales.

Urangan continued to be one of the most in-demand suburbs for houses and units with 355 properties - 252 houses and 103 units - changing hands in the past 12 months.

Other suburbs to record strong sales levels included Urraween where 143 houses sold in the past 12 months and Port Vernon where 129 houses changed hands.

Despite strong demand for housing, median house prices in Hervey Bay region remain relatively affordable - which, coupled with a relaxed coastal lifestyle, good schools and plenty of amenity make it an appealing location for young families.

HOME OWNERSHIP

40% own their homes outright

24% own with mortgages

31% rent their homes

Source: 2016 Census

The majority of suburbs recorded median house prices of below \$350,000 and median unit prices below \$300,000.

Property valuation firm Herron Todd White has identified the Hervey Bay region as a rising market for both houses and units.

It says property values have remained stable in the area and there have been a considerable increase in the number of blocks of land which sold in the past few months, as a result of the Federal Government's HomeBuilder package.

Land sales and the subsequent construction of homes are expected to sustain the local building industry for at least 12-18 months.

Valuers report high demand for properties in the sub-\$300,000 range, which are in low supply, is pushing prices up.

Rental properties are also in high demand within the region with SQM Research figures revealing a vacancy rate of just 1.1% in Hervey Bay, down from 2% in April and well below the 3% which represents a balanced market.

Tight vacancy rates have resulted in increased rents within the region with asking rents for houses up by 2.4% in the past quarter and 27.1% in the past year.

Unit asking rents have not performed as strongly but are still up by 0.3% for the quarter and 11.4% for the past 12 months.

Rental yields remain strong for both houses and units in the Hervey Bay region, particularly compared with its capital city Brisbane. Whereas Brisbane has a median yield of around 4% for houses, almost every suburb in Hervey Bay exceeds that. The best performer Eli Waters has a median yield of 6.1% for houses and Pialba has a median of 6.9% for units.

Residential Tenancies Authority figures reveal the number of renters increased in the June Quarter 2020 when 676 new bonds lodged in Hervey Bay compared with the June quarter of 2019 when 623 bonds were lodged.

Some of this increased demand is likely to be the result of owners of properties normally rented out for short-term holiday rental instead searching for permanent tenants during the pandemic shut down. For those wishing to buy property in Hervey Bay stock has been low for some time, but has started to slowly increase in recent months as the economy settles down and vendors begin to feel more confident about listing again.

The Fraser Coast 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, population growth is projected to increase by approximately 20,000 people in the decade to 2026 and reach 145,000 by 2036.

The 2016 Census revealed interesting information which reflects the affordability and popularity of the Hervey Bay property market.

Householders who own their own homes outright rose from 25% in 2011 to 40% in 2016, while those renting fell from 37% in 2011 to 31%.

Households paying off a mortgage fell from 38% to 24%.

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	53	\$500,000	9%	2 %	4.4 %
Dundowran Beach	6	\$557,500	-5 %	1 %	3.9 %
Eli Waters	85	\$326,000	0 %	0 %	6.1 %
Kawungan	89	\$347,000	-4%	1%	5.5%
Pialba	63	\$312,000	2 %	2%	6%
Point Vernon	129	\$338,000	4%	1%	5.5%
Scarness	61	\$309,975	2 %	0 %	5.7%
Toogoom	71	\$345,000	1.4 %	0%	5.1%
Torquay	101	\$325,500	-3 %	0 %	5.4 %
Urangan	252	\$350,000	3 %	1 %	5.2 %
Urraween	143	\$380,000	1 %	1 %	5.3 %
Wondunna	55	\$470,000	21%	0 %	4.1%

The Hervey Bay apartment market can be summarised as follows:

Suburb	Sales Units	Median Units	1-year Growth	Growth Average	Median Yield
Pialba	35	\$240,000	-18 %	-1 %	6.9 %
Scarness	36	\$273,500	0%	0%	5.7%
Torquay	41	\$240,000	2%	0%	6.7%
Urangan	103	\$265,000	3%	0%	6.1%

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.

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.

CORE INFLUENCES

Government Policy

Sea Change

Lifestyle Factors

Downer EDI, Maryborough, has secured a \$336 million contract to modify 75 new train carriages for disability access while Rheinmetall and firearms supplier NIOA are spending \$60 million on a new munitions factory.

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

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 have been gaining momentum in the last 12 months.

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 \$116 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.

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.

Major projects currently impacting the region are:

INFRASTRUCTURE – HEALTH & MEDICAL FACILITIES

Project	Value	Status	Impact
Fraser Coast Hospice Fraser Coast Regional Council	\$7 million Fraser Coast Council will supply the land, \$7mil will be funded by the Federal Govt	Proposed Expected to be operational by mid-2021	
New Royal Flying Doctor Aeromedical Training Centre, Bundaberg	\$15 million	Proposed	
New Maryborough Emergency Dept State Govt	\$10 million	Completed	



- 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.

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 (Eco Energy sold the project to a Chinese buyer in Dec 2018)	Jobs: 120 construction 17 operational
New solar farm, Susan River ESCO Pacific	\$175 million Would power 50,000 homes	Completed	
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	TBA Would power 30,000 homes	Approved	Job: 300 construction 10 operation
Maryborough electricity grid upgrade State Govt	\$98 million	Approved	

COMMERCIAL DEVELOPMENTS

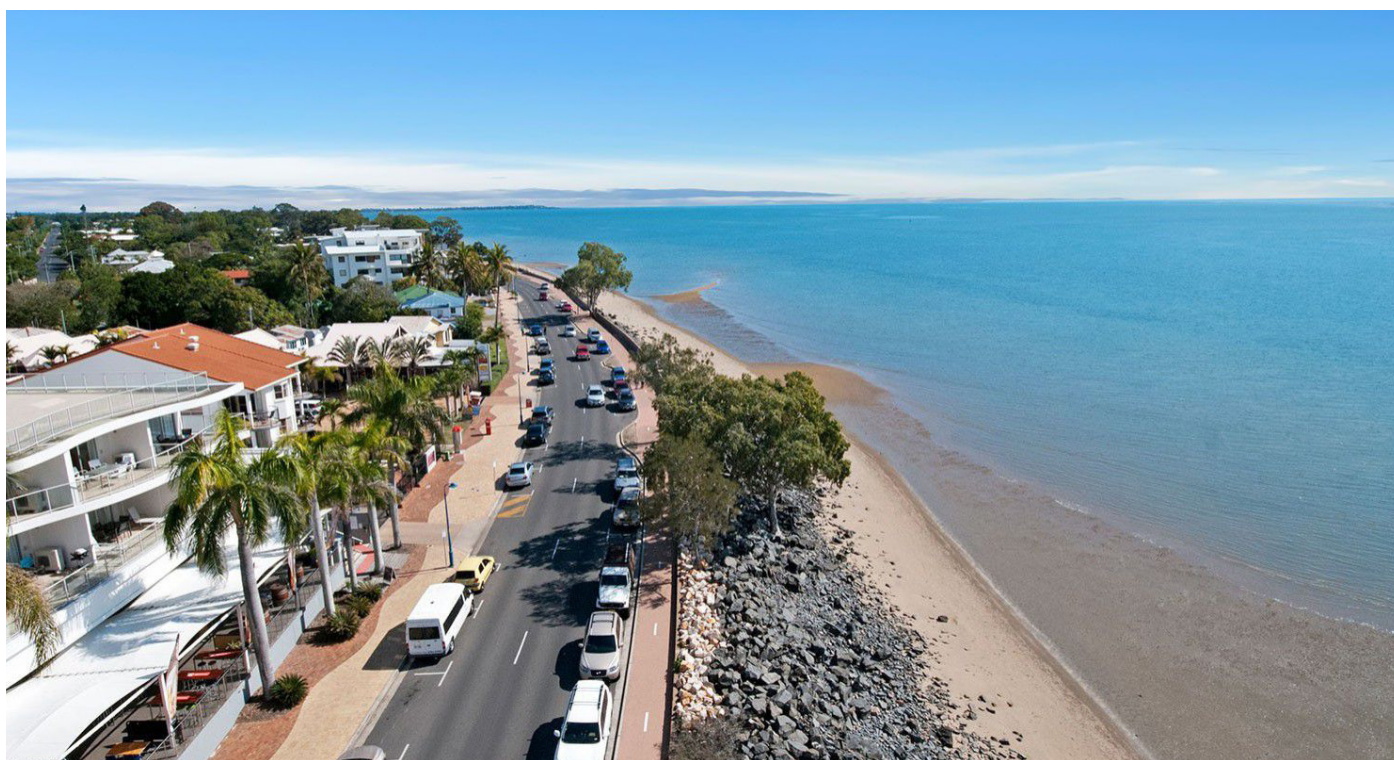
Project	Value	Status	Impact
Mary Harbour development MSF Sugar	\$660 million 250-berth marina, 1,800 dwellings and a 100-room hotel	Proposed	Would house 3,500 residents
Engineering contract, Downer EDI, Maryborough	\$336 million	Under construction Contract is to be fulfilled by 2024	75 New Generation Rollingstock will be modified for disability access
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

INFRASTRUCTURE – EDUCATION

Project	Value	Status	Impact
Hervey Bay High School performing arts centre	\$10 million	Approved Tenders were called for in February 2020	Jobs: 34
New campus, Bayside Christian College, Nikenbah	\$8 million	Under construction	The extension will house Years 11 & 12

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
Urraween/Boundary Road Extension, Hervey Bay	\$8 million Funded by the Federal Govt	Proposed	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	
Hervey Bay Airport redevelopment	\$27 million	Underway	The new infrastructure will attract aviation and manufacturing businesses



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
Highrise 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

