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# Location Report

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## **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
- \$87 million digital hospital
- First home owner rebates
- \$116 million shopping centre expansion
- Bruce Highway upgrade
- \$660 million Mary Harbour devt.

Suburb - houses	Typical prices	Suburb - houses	Typical prices	Suburb - units	Typical prices
Pialba	\$285,000	Torquay	\$330,000	Pialba	\$293,000
Point Vernon	\$310,000	Urangan	\$317,000	Torquay	\$247,000
Scarness	\$270,000	Urraween	\$358,000	Urangan	\$259,000

Hervey Bay has been showing signs of elevated sales activity in its residential property market over the past 12-18 months and is poised for a period of solid price growth.

Having been one of Queensland's leading population growth regions for many years, Hervey Bay attracted developers in large numbers and the result was an oversupply of dwellings, which suppressed capital growth from 2009 to 2012.

The surplus now has been absorbed and the market has recently experienced increased sales activity and some movement in rents, with prices starting to follow.

The Fraser Coast Council is encouraging construction activity and major projects are in the pipeline. The creation of a regional medical precinct is attracting workers which, in turn, is generating higher rental returns.

## Economy and Amenities

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

Historically, tourism has been the region’s backbone and it remains important – Hervey Bay ranked No. 10 on a list of Australia’s best-value destinations for 2015.

But today, manufacturing and health care are among Fraser Coast’s largest industries, alongside tourism.

Tourism is focussed on World Heritage-listed Fraser Island, Lady Elliot Island and Hervey Bay’s calm beaches and laidback lifestyle.

Until recently, whale watching was considered the primary tourist attraction, but this industry is now losing some of its lustre with the whales attracting 50,000 visitors in 2013, a decrease from 85,000 in 1999.

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 are emerging as a major drawcard for tourists. In July 2016, the Fraser Coast secured the Junior State Cup touch carnival as an annual event until 2022. Over the next five years it will inject \$40 million into the local economy as Queensland Touch’s biggest event.

In 2014 there was the Hervey Bay Whale Festival, Relish Food and Wine Festival and the Mary Poppins Festival which generated \$41 million in economic activity for the region. The annual Hervey Bay Seafood Festival attracts around 10,000 visitors.

The Australian Offshore Superboat Championships were held in November 2014 and attracted about 20,000 people over three days, resulting in direct spending of \$3.4 million. The race was broadcast via free-to-air TV to 500,000 viewers worldwide.

There is the recently-completed \$5 million Fraser Coast Cultural Centre, an all-weather attraction using interactive technologies to showcase the region’s special environment and the \$12 million educational water park, WetSide.

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.



### 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 2011 Census: 95,300
- Projected population 2031: 164,000
- Unemployment (Wide Bay) November 2016: 9.5%
- Disability pensioners represent 6.32% of Hervey Bay’s population, compared to 3.23% nationally (NIEIR).

Source: ABS

### 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

## - 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.

In FY2015, 179,000 passengers passed through the terminal.

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. The revamped centre now features Coles, Kmart, Best & Less and Harris Scarfe, three mini-majors and 70 new stores. In late 2014, Spotlight, Adairs and Robins Kitchen were added to the mix, with Spotlight employing 30 people.

Pialba Place Shopping Centre, in conjunction with Coles, underwent a \$10 million expansion while Aldi opened a new supermarket in Urangan in February 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

### HOME OWNERSHIP

25% own their homes

38% have mortgages

37% rent their homes

Source: 2011 Census

In July 2016, research by Herron Todd White (HTW) confirmed that both the Hervey Bay house market and unit market were entering a recovery phase.

The observation followed increased construction activity geared towards first-home buyers in 2015 and 2016. During this time, residential construction was stimulated through an initiative by the local Council and Federal Government when \$12,000 grants for new land or house-and-land packages were offered to property buyers.

The scheme has proven so popular, it has been extended to 31 March 2017; but it only applies to select estates:

- Neighbourhood Park Estate
- Augustus Estate
- Kingston Hervey Bay
- The Springs Hervey Bay
- Highview Estate
- Hervey Bay Heights.

The market turnaround has led to a slow but steady rise; several suburbs have good sales momentum, including Urangan, Scarness and Torquay, as well as the neighbouring town of Maryborough.

Torquay and Wondunna are leading the way with median price increases of 9% and 6% respectively in the last 12 months, according to CoreLogic.

Long-term growth rates (the average annual growth in median house prices over the past 10 years) remain modest, the best of these being found in Craignish, Point Vernon and River Heads where the rates are 3%.

This means Hervey Bay homes are affordable, with median house prices \$350,000 and under in nine suburbs, including Pialba and Scarness where prices are below \$300,000.

Another appealing factor is the level of rental yields, which are around 5.0% and 5.5% in most suburbs.

The move towards smaller lots sizes (350–500m<sup>2</sup>) is now encouraged by Council with many new estates being developed in this higher-density format.

Some of the new estates can be found in Urangan, Wondunna, Kawungan, Urraween and Pialba.

Since 2010, unit construction has eased, leaving the property market mix at about 10% units and 88% standalone houses. The appeal of the unit market is the pricing, with median prices generally in the \$200,000s, and good yields of around 6%.

Median house rents for Hervey Bay range from around \$300 a week in River Heads and Pialba, to \$370 in Craginsh and \$450 in Dundowran Beach and Wondunna.

Units in Pialba, Scarness, Torquay and Urangan typically rent for around \$278-\$318 a week.

According to sqmresearch.com.au, vacancies in the Hervey Bay market (postcode 4655) are 2.9% and have been consistently below 3% for five years.

New building projects throughout the Hervey Bay area have brought workers to the region, helping to absorb the previous over-supply of dwellings.

## The Hervey Bay house market can be summarised as follows:

Suburb	Sales Houses	Median Houses	1-year Growth	Growth Average	Median Yield
Booral	26	\$368,000	0 %	2 %	5.0 %
Craginsh	37	\$410,000	1 %	3 %	4.7 %
Dundowran	21	\$365,000	-3 %	2 %	5.2 %
Dundowran Beach	50	\$525,000	-3 %	2 %	4.5 %
Eli Waters	81	\$325,000	0 %	1 %	5.6 %
Kawungan	98	\$332,000	-1 %	1 %	5.3 %
Pialba	49	\$285,000	3 %	1 %	5.5 %
Point Vernon	137	\$310,000	-4 %	3 %	5.5 %
River Heads	41	\$320,000	-4 %	3 %	4.9 %
Scarness	61	\$270,000	0 %	0 %	5.7 %
Toogoom	66	\$310,000	0 %	0 %	5.4 %
Torquay	111	\$330,000	9 %	1 %	4.9 %
Urangan	190	\$317,000	1 %	1 %	5.1 %
Urraween	168	\$358,000	2 %	1 %	5.2 %
Wondunna	63	\$475,000	6 %	2 %	4.9 %

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	63	\$293,000	15 %	2 %	5.2 %
Scarness	33	\$263,000	-2 %	-1 %	5.7 %
Torquay	49	\$247,000	17 %	-3 %	5.8 %
Urangan	89	\$259,000	-6 %	-1 %	6.4 %

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 Fraser Coast combines an affordable lifestyle in a stunning natural setting, an ideal climate for a year-round outdoor lifestyle and a progressive business culture that encourages investment and growth," says the Fraser Coast Regional Council.

"The region has two airports, with direct flights to Sydney and Brisbane daily. Developed business parks and industrial land are available and pre-approved throughout the region."

The Council has been proactive in generating economic activity and jobs through construction projects. Incentives to build homes and stimulate the economy were introduced, industrial estates were expanded and an aviation precinct was established, leading to increased construction activity.

Numerous residential developments are now under way. For more details, see the tables at the end of this report.

On a broader scale, two solar farms have been approved and are under construction, delivering 250 construction jobs.

Accompanying this building activity, the Queensland Government is spending \$572 million on infrastructure in the Wide Bay Region. Announced in the FY2016 State Budget, the work is generating around 1,500 new jobs.

Examples of the work include:

- \$58 million on school maintenance
- \$181 million on energy and water infrastructure
- \$217 million on transport infrastructure
- \$38 million on disaster relief
- \$47 million on infrastructure and planning
- \$27 million on education and training.

## CORE INFLUENCES

Government Policy

Sea Change

Boom Towns

### - CBD Revitalisation

The Hervey Bay Regional Council endorsed the CBD Renewal Master Plan in March 2015. A luxury hotel, multi-level car parks and outdoor eateries are included in a plan to turn Hervey Bay into a "modern, innovative" city.

The CBD renewal plan was followed by the adoption of the Hervey Bay Esplanade Tourist Precinct Master Plan in October 2015. The 10km project will create features like a youth adventure park, rock pool and an extension to the Urangan Pier over the next 20 years.

### - Medical facilities

The Fraser Coast Regional Council has plans to transform Urraween into a medical precinct. The Medical Precinct incorporates:

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

In March 2016 HTW reported: “The steady rise in rental return over the past eighteen months has been stimulated by the ongoing influx of personnel for the new medical facilities in Urraween. A tenant can now expect to pay between \$360 and \$440 for a new four-bedroom, two-bathroom dwelling with double lock-up garage.”

### - Retail expansion

The \$116 million expansion of the Stockland Hervey Bay Shopping Centre, completed late in 2014, is further evidence of the evolution of the Hervey Bay economy. The extension created 1,400 new operational jobs while visits to the shopping centre have increased 40% since opening. It indicates considerable confidence in the region’s future.

Pialba Place Shopping Centre has also had a \$10 million expansion; McDonalds and Domino’s pizza have opened stores in the region in 2016.

### - 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. The precinct 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, if it gets off the ground.

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 residential precinct housing 3,500. A village centre, waterfront boardwalks, a four-star, 100-room resort and conference facilities are included in the plans.

MSF Sugar had been working on the plan for about eight years when a controversial sugar industry bill was passed in the Queensland Parliament in December 2015.

At the time, the CEO of MSF Sugar – Mike Barry – said the bill had created “uncertainty and discomfort” for the company and its shareholders, leading to the decision to put plans for the Mary Harbour development and expansions at the sugar mill on hold.

A subsequent report in March 2016 indicates the plan will go ahead, with MSF Sugar seeking a partner in the project.

## Major projects currently impacting the region are:

### II INFRASTRUCTURE – SPORT AND ENTERTAINMENT

Project	Value	Status	Impact
Fraser Coast Sports Precinct Fraser Coast Regional Council	\$56 million Would cater for a multitude of sports and be built in 5 stages	Proposed Is reliant on funding from the State and Federal Governments	

## INFRASTRUCTURE – TRANSPORT

Project	Value	Status	Impact
Bruce Highway upgrade, Hervey Bay to Brisbane State and Federal Governments	\$8 billion Reduce congestion and flooding, and improve overall safety	Under construction	
Scrub Hill Road upgrade State Government	\$26 million Upgrade the intersection near Yarrilee State School and Xavier College	Approved Expected to be completed by mid-2018	
Refurbishment of long distance trains, Maryborough Downer EDI	\$24 million	Completed	

## INFRASTRUCTURE – HEALTH AND MEDICAL FACILITIES

Project	Value	Status	Impact
Hervey Bay Hospital expansion	\$44 million	Under construction Completion expected mid-2018	Jobs 170 construction
Aged Care facility, Kawungan OzCare	\$40 million 150 beds	Under construction Expected to be completed in mid-2017	Jobs 100 operational
Yaralla Place aged care facility extension PresCare	\$20 million An extra 100 beds	Proposed The Federal Govt will fund \$2.5 mil	Jobs 110
New Regis aged care facility, Hervey Bay	TBA 90 beds	Proposed \$5.5 mil will be funded by the Federal Government	
New aged care facility, Urraween Premier Health Care	\$30 million 145 beds	Under construction Expected to be completed in mid-2017	Jobs 200 construction 150 operational

## RESIDENTIAL DEVELOPMENTS

Project	Value	Status	Impact
Dundowran residential project, Grinstead Rd Leda Devts	TBA 1,000 lots	Approved Approved by Fraser Coast Regional Council in October 2013	
Augustus Estate Urraween Rd and Hervey Bay Road Villa World	\$250 million 800 lots	Under construction	
Dundowran residential project Leda Devts	\$25 million 80 lots, licensed club and sports fields	Approved Approved by Council in October 2013	
Eli Waters development Villa World	\$15 million 48 lots	Under construction	
Mariners Cove residential estate Eli Waters	TBA 529 lots	Approved Approved by Council in June 2013	
Diamond Waters Hervey Bay resort, Eli Waters	\$60 million 350 units and an 18-hole golf course	Approved Approved by Council in March 2013	
RV Homebase, Tinana expansion	\$23 million 86 extra lots	Under construction	
Over 50s lifestyle resort, Howard AHC	\$60 million Includes 212 RV-friendly homes, 47 units and a 75-bed aged care facility	Approved	
The Springs, Nikenbah	\$25 million 450 lots	Under construction	
Highrise devt, Urangan Anscape P/L	TBA 390 apartments, mixed-use tourism and retail	Proposed	
The Anchorage Lifestyle Living resort	\$45 million 117 villas	Proposed	

## RESIDENTIAL DEVELOPMENTS

Project	Value	Status	Impact
Aged Care facility, Pialba OzCare	\$40 million 150 beds	Under construction Expected to be completed mid-2017	Jobs 100 construction 80 operational
Padman Health Residential Care Urraween	\$30 million 145 beds	Under construction Expected to be completed in mid-2017	Jobs 70-80 operational
Flamingo Park, Kawungan	TBA 70 new lots	Under construction	
Huntingdale Woods (Stages 3-7)	TBA 83 new lots	Under construction	
The Sanctuary Estate, Eli Waters	TBA 175 lots in 5 Stages	Approved	
Residential devt, Madsen Rd, Urraween	TBA 148 lots in 9 Stages and 60 RV home sites	Approved	
Residential devt, Boundary Rd, Wondunna	TBA 94 lots	Approved	

## RESOURCES AND ENERGY

Project	Value	Status	Impact
New solar farm, Aramara Eco Energy World (EEW) Australia	\$280 million Would generate enough electricity to power 55,000 homes	Approved Work is expected to start in 2017	Jobs 150 construction 17 operational
New solar farm, Susan River ESCO Pacific	\$175 million Would generate enough electricity to power 50,000 homes	Approved Work is expected to start in 2017	Jobs 100 construction

## COMMERCIAL DEVELOPMENTS

Project	Value	Status	Impact
Hervey Bay Boat Club expansion	\$70 million A residential complex, 100-room hotel, 1,000-seat conference centre and retail	Proposed	
New Urangan shopping complex	\$25 million Includes McDonald's, a medical centre and an Aldi supermarket	Completed	
Station Square expansion, Maryborough	\$25 million A Woolworths supermarket and 30 new stores	Approved Approved by the Council in July 2015	
Mary Harbour development MSF Sugar	\$660 million A 250-berth marina, town centre, 4-star resort and residential precinct to house 3,500	Proposed	

