



**MITCHELLS**  
REALTY

**Hotspotting**

by Ryder



Finding tomorrow's hot property, **TODAY**

# Location Report

A joint publication of Mitchells Realty & Ryder Property Research



## HERVEY BAY Fraser Coast, Qld

June 2018

**For more information contact:  
Mitchells Realty**

40 Miller St, Urangan  
Hervey Bay QLD 4655  
[scott@mitchellsrealty.com.au](mailto:scott@mitchellsrealty.com.au)  
[www.mitchellsrealty.com.au](http://www.mitchellsrealty.com.au)



# 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	\$313,000	Torquay	\$328,000	Pialba	\$250,000
Point Vernon	\$330,000	Urangan	\$332,000	Torquay	\$250,000
Scarness	\$305,000	Urraween	\$364,000	Urangan	\$263,000

Hervey Bay has been showing signs of elevated sales activity in its residential property market over the past 18 months and is poised for a period of solid price growth, with some suburbs already delivering double-digit rises in their median house prices.

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.

The biggest employers are:

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

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

Historically, tourism has been the region’s backbone and it remains important.

A 2017 survey produced by Tourism Research Australia shows 151,000 international tourists visited the region, an increase of 15% from the previous 12 months, and they spent \$37 million, a rise of 3%.

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.

### - 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.

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 (Wide Bay) February 2018: 8.9%
- 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 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 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

The Fraser Coast region, centred on Hervey Bay, is steadily improving, mainly due to improved employment prospects in tourism, construction and health.

Research by Herron Todd White (HTW) confirms that both the Hervey Bay house market and unit market are in a recovery phase.

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

## HOME OWNERSHIP

**40% own their homes**

**24% have mortgages**

**31% rent their homes**

Source: 2016 Census

This is partly the result of a suite of incentives introduced by Fraser Coast Regional Council to boost home ownership, especially for first-home buyers.

The increase in building approvals has been small but steady. The number of annual approvals has grown from 669 to 715 to 875 in the last three years.

Construction continues to increase, with a majority of builders reporting busy schedules, says HTW. There are still additional stages of estates being developed, as well as smaller infill developments.

Affordability is a major appeal, especially when compared to other seaside locations like the Sunshine Coast. At least eight Hervey Bay suburbs offer houses priced under \$350,000.

The median house price in Pialba is \$313,000 following a 12% increase in the last 12 months. Scarness has delivered a 10% uplift to achieve a median price of \$305,000.

Long-term growth rates (the average annual growth in median house prices over the past 10 years) remain low or negligible.

Another positive factor is the level of rental yields, which are around 5.0–6.0% in many suburbs.

Since 2010, unit construction has eased, leaving the property market mix at about 16% units and 81% standalone houses. The attractiveness of the unit market is the pricing, with median prices generally in the \$200,000s, and good yields of around 5.5–6.5%.

Units in Pialba, Scarness, Torquay and Urangan typically rent for \$280-\$325 a week.

According to *sqmresearch.com.au*, the vacancy rate in the Hervey Bay market (postcode 4655) is 2.3%. Apart from part of 2017, it has been consistently below 3% for the past 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 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	\$460,000	4 %	2 %	4.2 %
Dundowran Beach	61	\$550,000	6 %	1 %	4.0 %
Eli Waters	87	\$325,000	-1 %	0 %	5.6 %
Kawungan	111	\$343,000	1 %	0 %	5.2 %
Pialba	60	\$313,000	12 %	1 %	5.1 %
Point Vernon	134	\$330,000	8 %	1 %	5.2 %
Scarness	62	\$305,000	10 %	0 %	5.1 %
Toogoom	92	\$303,000	-5 %	-2 %	5.5 %
Torquay	82	\$328,000	0 %	0 %	5.1 %
Urangan	213	\$332,000	2 %	1 %	5.2 %
Urraween	168	\$364,000	1 %	0 %	5.3 %
Wondunna	60	\$450,000	-5 %	1 %	5.8 %

The Hervey Bay apartment market can be summarised as follows:

Suburb	Sales Units	Median Units	1-year Growth	Growth Average	Median Yield
Pialba	42	\$250,000	-15 %	2 %	6.1 %
Scarness	38	\$270,000	0 %	0 %	5.6 %
Torquay	56	\$250,000	8 %	-1 %	5.8 %
Urangan	104	\$263,000	3 %	-3 %	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

Hervey Bay is slowly but surely moving into a notable recovery phase.

Proactiveness by Fraser Coast Regional Council has encouraged a wave of construction projects tailored to encourage a diverse range of demographics and industry.

A major 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.

### CORE INFLUENCES

Government Policy

Sea Change

Boom Towns

Tourism is being massaged through the construction of eco and other resorts and the introduction of RV parks.

Stockland Shopping Centre has had a \$116 million expansion 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. 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.

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.

MSF Sugar has been working on the plan for about eight years. The latest reports indicate MSF Sugar is seeking a partner in the project.

## 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

### COMMERCIAL DEVELOPMENTS

Project	Value	Status	Impact
Mary Harbour development  MSF Sugar	\$660 million 300-berth marina, 1,800 dwellings and a 100-room hotel	Proposed	Would house 3,500 residents

## RESOURCES AND ENERGY

Project	Value	Status	Impact
New solar farm, Aramara Eco Energy World	\$280 million Would power 55,000 homes	Approved	Jobs 120 construction 17 operational
New solar farm, Susan River ESCO Pacific	\$175 million Would power 50,000 homes	Under construction	Jobs 150 construction
Teebar solar farm, Tiaro	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 Renwable Energy System Technologies	TBA Would power 30,000 homes	Approved	Jobs 300 construction 10 operation



## 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

